



SAPPORO



SAPPORO HOLDINGS LIMITED
Integrated Report 2021

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Editorial Policy

Sapporo Group's integrated report serves to inform all stakeholders about our distinct value as a group with highly unique brands and expresses our commitment to contribute to the evolution of creative, enriching, and rewarding lifestyles.

Integrated Report 2021 seeks to inform readers about the Sapporo Group's vision, strategy, materiality, and governance aimed at improving medium- to long-term corporate value with a focus on our value creation story. In compiling this report, we have created a cross-functional project team to promote collaborative efforts toward information collection and content creation.

Going forward, we will continue to utilize the integrated report as an engagement tool for all stakeholders, including shareholders and investors, while striving to improve our corporate value.

July 2022

Information Framework

For more information regarding financial and non-financial matters, please visit the Company website.

Integrated Report

Financial and sustainability information pertaining to the Sapporo Group

<https://www.sapporoholdings.jp/en/ir/library/factbook/>



Securities Report

Business overview and description, operating status, financial statements, and other related information (Japanese only)

https://www.sapporoholdings.jp/ir/library/securities_report/

Financial Presentation Materials

Information related to the management plan and financial results

<https://www.sapporoholdings.jp/en/ir/library/description/>

Sustainability Book

Information regarding the Sapporo Group's sustainability-related initiatives (Japanese only)

https://www.sapporoholdings.jp/en/csr/sustainability_book/



Corporate Governance Report

Information related to corporate governance, including basic stance and description of organizational system

https://www.sapporoholdings.jp/en/csr/governance/policy/pdf/basic_governance_approach_2022.pdf

ESG Data

Environmental, social, and governance (ESG)-related data for previous fiscal years

<https://www.sapporoholdings.jp/en/csr/esg/>

Forward-Looking Statements

Statements in this integrated report with respect to the Company's forecasts, performance or otherwise, are based on the Company's judgments in light of the latest information available as of the publication of this report and contain potential risks and contingencies. For that reason, please be aware that, due to various changing factors, actual results may vary from the forecasts published in this report.

Period Covered

This report covers the fiscal year ended December 2021 (Jan. 1, 2021–Dec. 31, 2021). However, it may refer to events before or after this period as necessary.

Organizations Covered

Sapporo Holdings Limited and Group companies

Referenced Guidelines

- VRF (Value Reporting Foundation), International Integrated Reporting Framework
- Ministry of Economy, Trade and Industry, Guidance for Collaborative Value Creation
- GRI (Global Reporting Initiative), Sustainability Reporting Standards (International guidelines on corporate sustainability reporting)
- International Organization for Standardization, ISO 26000 (Guidance on social responsibility)
- Ministry of the Environment, Environmental Reporting Guidelines 2018



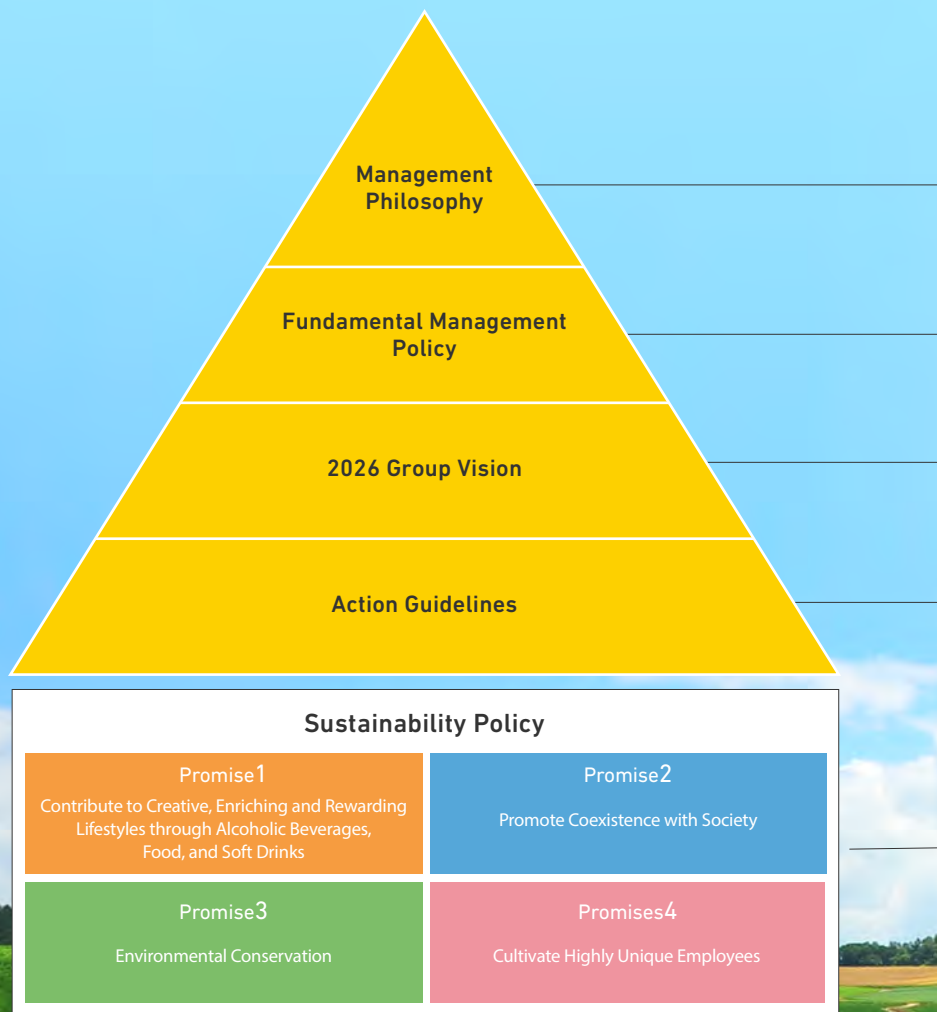
Supported Initiatives

- UN Global Compact
- The SDGs (Sustainable Development Goals)
- The TCFD (The FSB's Task Force on Climate-related Financial Disclosures)



Management Philosophy Framework

The Sapporo Group is committed to “the realization of a sustainable society” and “sustained growth of the Group” and is therefore working under its Sustainability Policy to create value leading to solutions for global issues. By doing so, it is working to realize its Management Philosophy: “Sapporo will contribute to the evolution of creative, enriching, and rewarding lifestyles.”



As an intrinsic part of people’s lives, Sapporo will contribute to the evolution of creative, enriching, and rewarding lifestyles.

The Sapporo Group strives to maintain integrity in corporate conduct that reinforces stakeholder trust and aims to achieve continuous growth in corporate value.

The Sapporo Group will be a company with highly unique brands in the fields of Alcoholic Beverages, Food, and Soft Drinks around the world.

- 1 Make customers’ lifestyles around the world more fulfilling by creating new value through the pursuit of innovation and quality
- 2 Strive to provide products and services and to nurture brands that foster communication among customers
- 3 Practice efficient management in tandem with addressing changes in the environment

With the earth, in harmony with society, from the start, to bring smiles to people.

Cover Story: Achieving Creative, Enriching, and Rewarding Lifestyles

Our Brewing Commitment Focused on Raw Materials

Since its founding, the Sapporo Group has been committed to ensuring quality from carefully selecting fields and conducting research on raw materials based on the conviction of making great-tasting beer using superior raw materials. Today, we continue to develop and breed new varieties of barley and hops at our business locations inside and outside of Japan through cooperation with universities, research institutes, seedling companies and hops dealers. At the same time, our “field men,” as experts in raw materials, visit growers around the world to implement collaborative contract farming in our continuous effort to craft great-tasting beers from the highest quality raw materials.



Cover Story: Achieving Creative, Enriching, and Rewarding Lifestyles

Sustainable Urban Development— Together with People and the Environment

We operate Sapporo Factory in Sapporo and Yebisu Garden Place in Ebisu, and Ginza Place in Ginza, each an area with historical ties to the Sapporo Group. We are working to energize communities together with local residents and governments with these business facilities as our focal point. In addition, we are also working to address environmental needs, such as by switching to renewable energy in aiming to achieve a decarbonized society. Our goal is urban development that provides luxurious time and space for everyone who gathers at our facilities.



Cover Story: Achieving Creative, Enriching, and Rewarding Lifestyles

Premium Beers Crafted by Beer Meisters

The Sapporo Group emphasizes quality and safety through all stages from research and product development to raw materials procurement, manufacturing, distribution, and sales. We continue to ensure the great taste of our products up to the moment they are delivered to customers. At our beer halls, we perform through management of temperature, gas pressure and cleanliness routines, not to mention continuously researching and refining pouring techniques to ensure every glass delivers that great beer taste with a rich and creamy head. This emphasis on the details results in the highest quality of draft beer as well as creates invaluable moments for our customers.



Message from the President



Masaki Oga

President and Representative Director

We will make steady forward progress toward the Group Vision showcasing the pioneer spirit honed since our founding.

Tackling the Challenges of New Value Creation to Build on Our Strengths as a Company with Highly Unique Brands

Our long-term management vision SPEED150, ending in fiscal 2026, our 150th anniversary, contains the Group Vision of “a company with highly unique brands.” The Sapporo Group is working toward the sustainable enhancement of corporate value, with our brand assets cultivated over our 140-year history as the driving force behind growth. A brand symbolizes the trust we have cultivated with stakeholders. We believe that a brand is built atop a number of elements, including our long-standing strengths of products and marketing, innovation and quality, and human resources, along with customer experience and engagement.

I believe there are three vital ingredients to elevating brand value; namely, uniqueness, continuity and timelessness. By constantly developing new markets since our founding, the Sapporo Group has created a number of unique products that deliver enriching and rewarding lifestyles. This process of value creation has fostered deep trust in our brands and earned the support of consumers over the years. Going forward, the Sapporo Group will maximize its brand value by tackling the challenges of new value creation while showcasing our “Pioneer Spirit”.

Message from the President

Increased both Sales and Profits in Fiscal 2021 Despite the Extremely Challenging Operating Environment

Fiscal 2020 marked the start of Group Management Plan 2024, which is our Second Medium-Term Management Plan under SPEED150. Following the outbreak of the COVID-19 pandemic, however, we experienced a greater-than-anticipated drop in demand in the Group's businesses, including restaurants, on-trade alcoholic beverages, and vending machines. In fiscal 2021, Japan was impacted by the pandemic even more than in fiscal 2020, but we managed to increase sales and profits, driven by the sales growth of RTD* products, rising sales of alcoholic beverages in the United States, and the effects of cost structure reforms.

The sudden and drastic changes in operating environment caused by the pandemic have meant that our business performance lags behind the initial forecast. Yet, in contrast, our key measures under the basic policies of the management plan are progressing roughly as planned. They include establishment of simple and compact head office functions, strengthening of governance, structural reforms in the restaurant and soft drinks businesses, and strengthening of our Japanese and overseas alcoholic beverages businesses. In fiscal 2022 and beyond, we will push ahead with our growth strategy and structural reforms with an even greater sense of speed in execution.

* Ready-to-drink: Low-alcohol beverages that are packed in single-use containers for immediate consumption.

Concentrating Management Resources on the Growth Fields of Each Segment

Under Group Management Plan 2024, we will focus on core businesses and build resilience as well as accelerate global expansion as the pillar of our growth strategy. We will focus management resources on our core Alcoholic Beverages business, mainly beer, and seek to further strengthen market



Long-Standing Brand Assets as a Growth Driver



competitiveness and earnings power.

The Sapporo Group owns the powerful beer brands of Black Label and Yebisu. Black Label has seen sales of its canned products increase for seven consecutive years, while Yebisu, which stands as a symbol of premium Japanese beer, also recorded an increase in sales of canned products over the previous year. The revisions to liquor tax law in Japan being implemented in stages up to October 2026, when tax rates will be harmonized, should provide a tailwind to the Japanese beer business. Looking ahead, we will seek to maximize brand power by continuing to propose a higher dimension of value.

In terms of global expansion, we posted record high sales volume in the United States in fiscal 2021. Going forward, we will redouble efforts to expand into the off-trade market to further increase sales of Sapporo Premium Beer, our mainstay product in the United States. At the same time, we will work to increase the sales mix of mid- to high-priced products and expand our RTD products in Canada. In the near future, we plan to secure a production site in the United States to optimize production, distribution and sales systems to further accelerate growth of the Alcoholic Beverages business in North America.

Furthermore, we will focus management resources on growth fields within the Food & Soft Drinks business. For example, in recent years, there has been growing demand for lemon-based products, such as POKKA Lemon, buoyed by the rising health consciousness of consumers during the pandemic. We will accelerate the growth of these products and focus on development of new products using plant-based ingredients. As part of this, we concluded a business partnership agreement

with Yakult Honsha Co., Ltd. in November 2021. Through this partnership, we will develop products that deliver new health value to customers by combining Yakult's lactic acid and fermentation technology with POKKA Sapporo Food & Beverage's plant-based ingredients.

Growth Strategy of the Real Estate Business, a Foundation of Stable Earnings

Our Real Estate business centered on Yebisu Garden Place represents a stable earnings base underpinning the Group's operations. Our proactive involvement in community development in Ebisu and Sapporo, among other locations, through the Real Estate business not only increases the appeal and brand value of communities, but also helps to enhance the brand value of the Group's products. For this reason, we consider this segment to be a "brand value creation business."

The cornerstone of our growth strategy in the Real Estate business is adding value to Yebisu Garden Place. Amid the changing social and business landscape caused by the pandemic, the value sought after in real estate is also changing. Seizing this as an opportunity, we will add new functions and value to our real estate to boost earnings and enhance the appeal and brand value of communities. Currently, we are revitalizing Center Plaza, which we plan to fully open in November 2022.

Thinking only of rental real estate as a means to grow the entire Real Estate business ignores a number of opportunities. Therefore, we will pursue new real estate businesses in an effort

Message from the President

to increase earnings. These include the VA (Value Add) business, where we purchase a property to renovate for resale after adding value, and equity investments in private-placement funds, among others.

Structural Reforms for Concentrating Management Resources in Growth Fields

We must speed up the pace of structural reforms in order to accelerate these growth strategies. The Group's business portfolio comprises the three segments of Alcoholic Beverages, Food & Soft Drinks and Real Estate, and for the time being there is no need to make major changes to this structure. However, we must reorganize this portfolio in each business segment in the optimal way, clarifying which of these businesses to position as growth businesses requiring greater concentration of management resources or businesses to shrink or exit.

In fiscal 2021, we focused on structural reforms in the Restaurant business to address declining demand for eating out by closing unprofitable restaurants and opening new low-cost ones. In fiscal 2022, we will pursue structural reforms in the Food & Soft Drinks business by restructuring the business locations of Shinsyu-ichi Miso Co., Ltd., selling our shares in PokkaCreate Co., Ltd., and dissolving one of our vending machine operator subsidiaries. We plan to usher in additional structural reforms

with an eye toward the profitability and future growth of each business from a mid- to long-term perspective.

Changing the Way We Work and Do Business with DX

We were able to transition to work from home during the COVID-19 pandemic easily thanks to the effects of our IT infrastructure upgrades made in fiscal 2019. Also, we have promoted paperless and digital operations along with the automation and digitization of production facilities from an early stage. However, these are just the beginning of the Group's digital transformation (DX). DX involves not only increasing productivity using advanced digital technologies, but also fundamentally transforming the way we work and do business. This is because we believe that these initiatives will transform people's lives and society as a whole for the better.

One example of our DX initiatives is UchiRepi, an app for proposing recipes born from an in-house contest for new business ideas. This app will link purchase information of ingredients in the supermarket, information on food in users' refrigerator, and recipe information provided by Sapporo Group Companies and partner companies. Utilizing this data, AI will propose recipes based on the available ingredients in users' refrigerators, recommend buying new ingredients, and set up users' cooking appliances based on the recipe.



Currently, we are in the process of beta testing the app. We have received a strongly positive response from customers and talk of collaboration from supermarkets and food manufacturers, indicating steady progress is being made toward the official release slated for summer 2022. I expect that the app can result in new business models involving customers and companies from different industries.

In March 2022, the Sapporo Group established a Groupwide DX policy based on the three pillars of increase customer contact points, expand existing and new businesses, and workstyle reforms, in order to further accelerate new challenges using DX. Toward this end, we will work on developing and securing human resources

“ New DX-Driven Business Models will Improve People's Lives and Society as a Whole ”

Message from the President

capable of promoting DX, reinforcing our DX promotion structure, improving the IT environment, and reforming operational processes.

Implementing Sustainability Management as a Focal Point of Management Strategy

Beer is made from the rich bounty of nature including barley, hops, and water. With beer as its core business, the Sapporo Group has always valued harmony with nature and local communities more than anything else. This stance continues to be passed down today. However, during this time of more complex social issues, companies need to proactively work toward resolving a broader range of social issues while striking a balance between economic value and social value through business activities.

In order to be a company essential to society in the future, one of the basic policies of our management plan is to promote sustainability management, making this a focal point of our management strategy. Furthermore, we established a sustainability policy to serve as a guideline for our actions, and we summarized the material issues of sustainability under the four promises of “contribute to creative, enriching and rewarding lifestyles through ‘alcoholic beverages, food and soft drink,’” “promote coexistence with society,” “environmental conservation,” and “cultivate highly unique employees.” By promoting sustainability management, we intend to contribute to the United Nations’ “Sustainable Development Goals” and achieve sustainable society and the sustainable growth of the Group.

Within environmental conservation, the prevention of global warming is one of our top priority issues since it is becoming a genuine problem worldwide. For this reason, we have established a target to achieve net zero CO₂ emissions from our own business locations by 2050. Furthermore, water

“ Human Capital as a Key Asset of the Sapporo Group ”

resource conservation is also a prominent issue facing us because of the large amount of water we use. We are also working toward co-existence with nature, including developing and commercializing new varieties of barley and hops resilient to climate change. We will continue to step up our initiatives as a material theme determining the sustainability of the Sapporo Group’s business and society as a whole. Furthermore, the Sapporo Group has endorsed the TCFD’s recommendations and is now working to proactively disclose information to stakeholders about our initiatives for environmental conservation.

People are the focal point of the Group’s business activities including our sustainability initiatives. Our people are indeed a vital asset of the Group. This is why we are focusing not only on skills building and professional growth, but also promoting diversity and inclusion, which includes empowering women, and health and productivity management. Through these initiatives, our focus is on the development of a caring and ambitious workplace environment where our diverse workforce can display their uniqueness and skills while creating new value together. We will further strengthen our initiatives toward respect for human rights not only within the Group, but across our entire value chain.

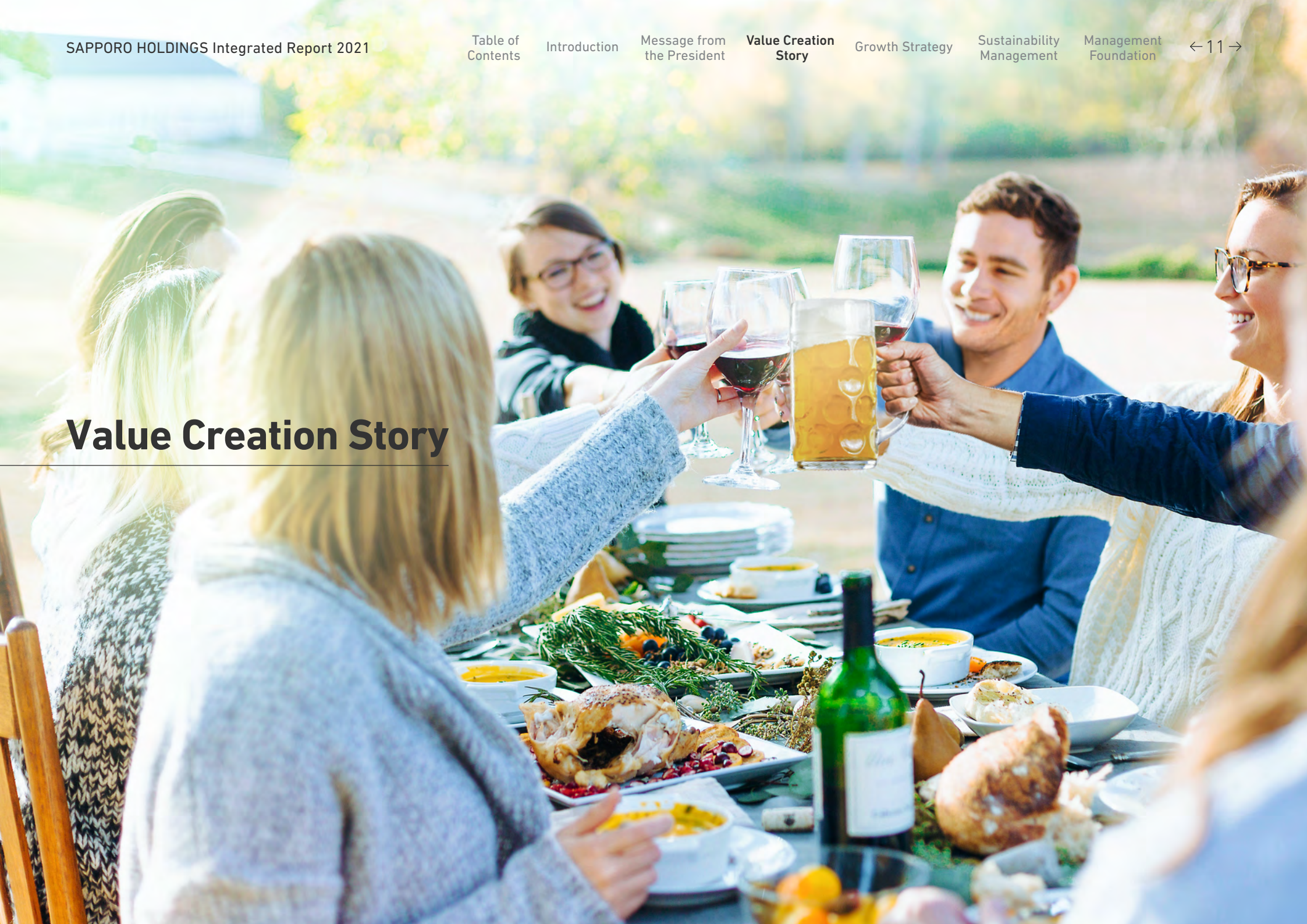
Enhancing Corporate Value over the Mid- to Long-Term

Since becoming President, I have paid close attention to making policies clearer, conveying them succinctly, and quickly pivoting to concrete action.

Currently, the operating environment faces increasing uncertainty, symbolized by the protracted COVID-19 pandemic and soaring energy and commodity prices driven by international conflict. I believe it is important for us to embrace new challenges with a strong conviction especially given this tough operating environment. This is because the probability of success is zero without tackling new challenges.

The Group’s star logo is based on the pole star, which served as a guidepost for the pioneers. In these turbulent times, we will continue to make steady forward progress toward our vision which acts as the North Star. I ask for the continued support and understanding of our stakeholders going forward.

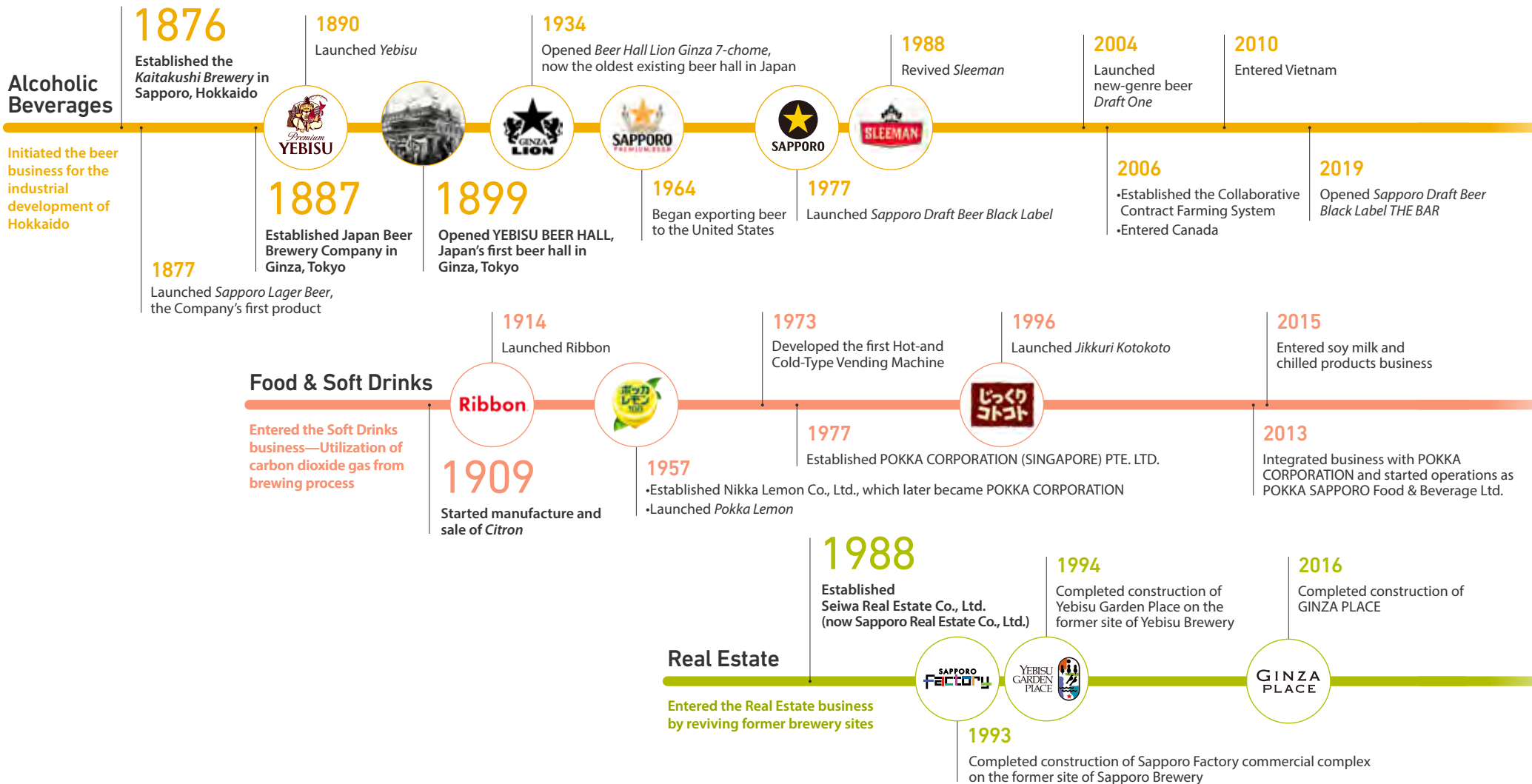
Value Creation Story



History of Value Creation

For over 140 years since our very beginning, the Sapporo Group has contributed to the evolution of creative, enriching, and rewarding lifestyles, with the “Pioneer Spirit” at the heart of our actions.

The many brands we have developed and refined in the process have become the driving force behind the Sapporo Group’s growth.



History of Value Creation



The first in Japan to brew beer domestically

The Kaitakushi Brewery, the roots of the Sapporo Group, was founded in 1876. In addition to our brewing business, we also began the cultivation of barley and hops in Hokkaido, which contributed to local industry and agriculture.



Bringing the delicious taste of lemons closer to consumers

Since the release of POKKA Lemon in 1957, we have continued to pursue the health benefits and expanded use of lemons in accordance with the consumer needs for over 60 years.

▶ See p. 30 for our lemon business strategy



Urban development in locations with connections to the Company

In the 1990s we redeveloped our former factory sites in Sapporo, the birthplace of the Sapporo Group, and Ebisu. Since then, we have made real estate one of our main businesses and continued our contribution to urban development.

▶ See p. 31 for our real estate strategy

Bringing the Sapporo brand to the world

We are expanding our international footprint. This has included earning the top market share for Japanese beer in the United States and becoming the first Japanese brewery to build a beer factory in Vietnam.

▶ See p. 28 for our overseas business strategy



Constantly taking the lead in tapping into undeveloped domains

Sapporo Bin-Nama, a precursor to the draft beer era

In the 1970's, when pasteurized bottled beer was the mainstream, we launched Sapporo Bin-Nama, which turned the beer industry's common sense on its head. Thereafter, we opened up a new market for draft beer.

*Established the long-standing customer nickname Black Label as an official brand name in 1989

▶ See p. 27 for our beer business strategy



Developing new businesses under the theme of food

In 2021, we launched UchiRepi, an app for sharing recipe suggestions, as a new business venture based on an idea from within the Group. We are now embracing new challenges led by the younger generation of employees.

▶ See p. 33 for details about UchiRepi (Japanese only)
<https://uchirepi.sapporoholdings.jp/>



Process of Value Creation

Brand assets are the source of our growth. We will continue to refine our brands in the Alcoholic Beverages, Food & Soft Drinks, and Real Estate businesses, and grow as a company with highly unique brands in contributing to the realization of a world brimming with life.

2026 Group Vision

The Sapporo Group will be a company with highly unique brands in the fields of "Alcoholic Beverages," "Food," and "Soft Drinks" around the world.

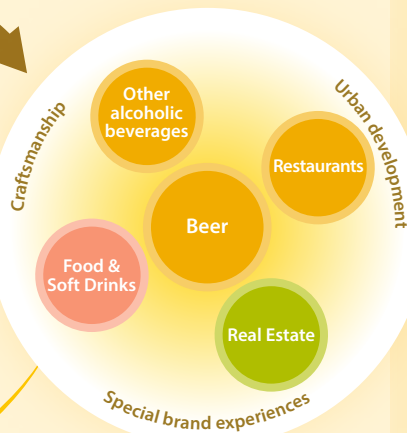
Sources of value creation ▶ P15

Business model ▶ P16



Utilization of brand assets

Refining Our Brand



Strong trust relationships

Support base for value creation

Digital Transformation (DX) ▶ P32

Sustainability management ▶ P34

Promise 1 Contribute to Creative, Enriching and Rewarding Lifestyles Through Alcoholic Beverages, Food, and Soft Drinks

Promise 3 Environmental Conservation

Promise 2 Promote Coexistence with Society

Promise 4 Cultivate Highly Unique Employees

Corporate governance ▶ P51

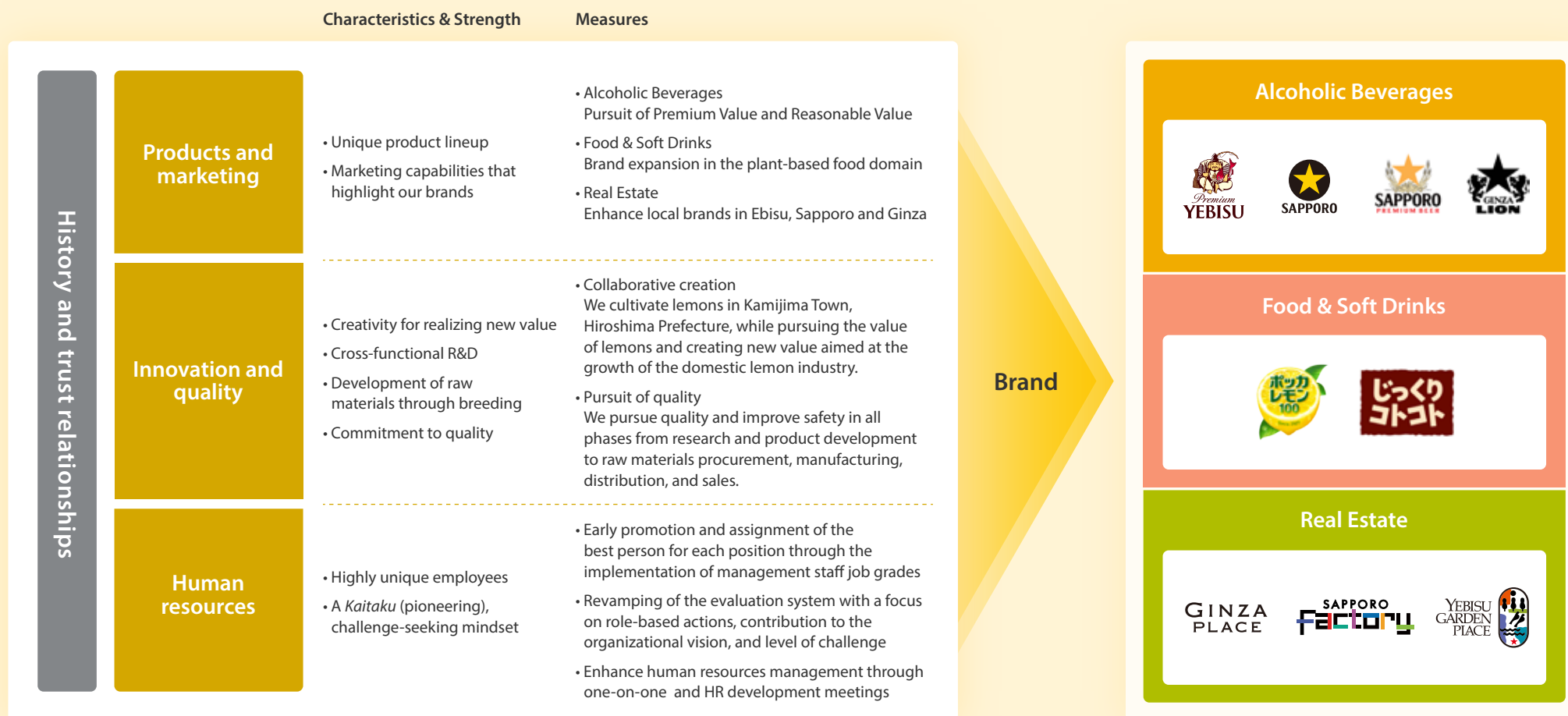
Providing Value to the World

We provide each customer with special times and experiences as a company with highly unique brands in contributing to the realization of a world brimming with life.



Sources of Value Creation

We will hone our strengths in products and marketing, innovation and quality, as well as human resources acquired over our 140 years of history to continuously elevate our brand assets, which are the source of the Group's growth.



Business Model

We provide customers with special brand experiences that are unique to the Sapporo Group by combining our craftsmanship in the Alcoholic Beverages and Food & Soft Drinks businesses and urban development in the Real Estate Business.



The Sapporo Group's Unique Business Approach

Craftsmanship

We procure the high-quality raw materials and manufacturing technologies that maintain the superior quality in keeping with our commitment to craftsmanship passed down since the Group's founding. We also strive to create new value such as health value and environmental value.

- Highly unique products and services that build trust
- Contribution to health
- Creation of contact points



Urban development

Through our urban development that values the locations with connections to the Company, including Ebisu, Sapporo, and Ginza, we will continue to contribute to the development of local communities.

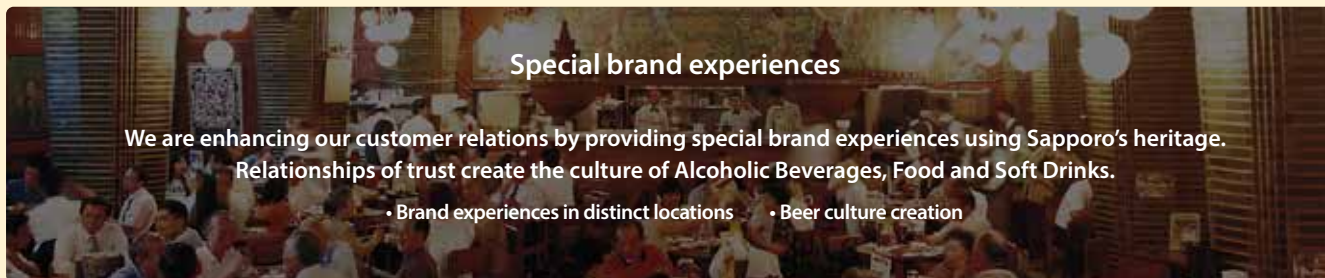
- Urban development that takes advantage of beer-related assets
- Coexistence with and development alongside local communities



Special brand experiences

We are enhancing our customer relations by providing special brand experiences using Sapporo's heritage. Relationships of trust create the culture of Alcoholic Beverages, Food and Soft Drinks.

- Brand experiences in distinct locations
- Beer culture creation



Roadmap to the Group's Long-Term Vision

We established the Sapporo Group Long-Term Management Vision "SPEED150" as the roadmap laying our journey towards 2026, our 150th anniversary. We will develop and strengthen the Group's brands along with the real estate business, positioning Alcoholic Beverages, Food and Soft Drinks as the Group's three core businesses.

Sapporo Group Long-Term Management Vision "SPEED150"

Three Major Strategic Themes

1. Establish Robust Profitability in the Japanese Alcoholic Beverages and Soft Drinks Businesses
2. Accelerate Growth in the "Food" Field
3. Promote Global Business Expansion

Management Platform

R&D

- Pursue innovative food value creation

HR

- Develop "Go Beyond Boundaries" personnel

Finance

- Enhance cash generation capabilities

2017 - 2019

The First Medium-Term Management Plan

Transformation of the Group management platform

Results

- Management by three business segments
- Withdrew from unprofitable business (Soft Drinks in North America)

Issues

- Compact headquarters

Continuous Growth in Existing Businesses

Results

- Steady growth of Sapporo Draft Beer Black Label and increased sales of RTD
- Ensured continuous/consistent earnings in the Real Estate Business

Issues

- Build resilience in the Domestic Alcoholic Beverages and Soft Drinks businesses

Produce Results in the Investment Business

Results

- Achieved profitability in businesses in Vietnam

Issues

- Restructuring and expansion of Alcoholic Beverages Business in North America

Capture Growth Opportunities

Results

- Operation of new equipment for chilled soups and soybeans
- Acquisition of Yasuma Co., Ltd.
- Establishment of Sapporo Europe B.V.

Issues

- Expand Food Business
- Nurture global human resources

2020 - 2024

Group Management Plan 2024

01

Focus on Core Businesses and Build Resilience

02

Accelerate Global Expansion

03

Establish Simple and Compact Organizational Structure

04

Promote Sustainability Management

2026 Group Vision

The Sapporo Group will be a company with highly unique brands in the fields of "Alcoholic Beverages," "Food," and "Soft Drinks" around the world.

Revised the Medium-Term Management Plan one year ahead of schedule given the changes in the market environment

Group Management Plan 2024

We are implementing the Group Management Plan 2024, a 5-year plan spanning fiscal 2020-2024, aimed at achieving the Group's long-term management vision of "SPPED150." In this plan, in order to increase the responsiveness of each business, the Sapporo Holdings will focus on functions such as group governance and management resource allocation, while each operating company will formulate and execute business strategies based on four basic policies.

Basic Policy

01 Focus on Core Businesses and Build Resilience

- Focus management resources on beer business
- Scale down or withdraw from low-return businesses and shift to "Food" and other growth fields

02 Accelerate Global Expansion

- Transfer all overseas businesses to operating companies, and deploy a consistent global brand strategy
- Strengthen earnings capacity with focus on North America and Asia Pacific, accelerate growth
- Nurture global human resources

03 Establish Simple and Compact Organizational Structure

- Restructure to realize downsized head office operations and easy-to-understand organizational structure and pursue business process re-engineering and digital transformation
- Designate governance, operating company support, and management resource allocation functions to Sapporo Holdings
- Fully transfer business promotion functions to operating companies to increase responsiveness

04 Promote Sustainability Management

- Balance social and economic value creation, primarily through measures such as producing our own high-quality raw materials
- Promote urban development in locations with connections to the Company, such as Ebisu, Sapporo, and Ginza
- Raise level of management transparency and fairness to meet the needs of the times

In fiscal 2022, we will strive to increase profits of the entire Group by continuing to implement structural reforms in the Restaurants and Food & Soft Drinks businesses to improve business profit. At the same time, we will shift management resources to growth fields including Domestic Alcoholic Beverages, Overseas Alcoholic Beverages, Lemons businesses in order to reach the fiscal 2024 target of 30 billion yen in core operating profit.

Financial Targets

Reach ¥30.0 billion in core operating profit in fiscal 2024

Key Indicators

Revenue growth rate	Core operating profit to revenue ratio	Annual overseas revenue growth rate
2% or more (annual average)	5% or more	1.6 times (compared with fiscal 2019)

Financial Policy

We will improve earnings capacity by making the same level of investment as cash flows from operating activities while emphasizing the profitability and efficiency of invested capital. In addition, we will maintain the same level of financial structure and financial stability as in fiscal 2019.

Key Indicators	Fiscal	Fiscal	Fiscal
	2019 results	2020 results	2021 results
Interest-bearing debt to EBITDA	5.2 times	8.1 times	6.3 times
Net debt-to-equity (D/E) ratio	1.2 times	1.5 times	1.1 times

Policy for Shareholder Returns

The Company regards the appropriate return of profits to shareholders as an important management policy and upholds a basic policy of stable dividends payments in consideration of its business performance and financial condition. As for the level of dividends to be paid going forward, the Company will take into account the dividend payout ratio and dividend on equity (DOE) ratio* while working to enhance its corporate value under Group Management Plan 2024. In the event that profit attributable to owners of parent fluctuates significantly due to temporary losses related to special factors or the recording of profits, the dividend payment amount may be determined after considering the impact of such fluctuations.

DOE ratio = Amount of dividends ÷ Amount of capital (i.e., total equity attributable to owners of parent)

Message from Managing Director (Corporate Finance)



Yoshitada Matsude

Managing Director
(Member of the Board)

The Sapporo Group will enhance corporate value with proactive and selective growth investments while maintaining financial soundness.

Increased Sales and Profits with Sales Growth of RTD Products and in the U.S. and the Results of Structural Reforms

In fiscal 2021, Japan's food and beverage industry continued to face a difficult operating environment following repeated state of emergency and measures to prevent the spread of COVID-19. The Sapporo Group was also affected by the pandemic in the domestic business more than in the previous fiscal year. Nevertheless, we recorded ¥437.2 billion in revenue (¥2.4 billion increase from previous year) and ¥8.1 billion in core operating profit (¥3.9 billion increase from previous year), resulting in

increased sales and profits compared to fiscal 2020, in which we recorded an operating loss. Although the on-trade alcoholic beverage business and restaurant business in Japan remained sluggish, sales of beers for home consumption were strong and RTD products, one of our growth fields, experienced sales growth. As for the overseas business, sales rose significantly in the United States. Moreover, efforts to cut costs through structural reforms, such as implementation of an early retirement incentive program and closure of unprofitable restaurants, also contributed to the improvement of our business performance.

Our net profit increased from the previous year by ¥28.4 billion to ¥12.3 billion through sales of investment properties. We have actualized unrealized capital gains to restore the lost capital from the previous year's loss, improving our financial structure.

While our operating environment has drastically changed due to COVID-19 following the formulation of our Group Management Plan 2024, the Group's direction for the medium-term remains unchanged. On the other hand, as it is crucial to generate early-stage results in order to achieve our medium-term targets, we need to accelerate our efforts going forward.

Focus Management Resources on Growth Fields of Each Business to Optimize Business Portfolio

The Sapporo Group will speed up its efforts to implement growth strategy and structural reforms aimed at achieving its targets. We aim to continue increasing the sales of beer (canned) in the Japanese Alcoholic Beverages business, as well as aim to increase sales of RTD, non-alcoholic beverages and low-alcohol beverages. For the overseas business, we will strive for further growth and strengthen earnings power of the Alcoholic

Message from Managing Director (Corporate Finance)

Beverages business in North America, where demand is strong. Going forward, we will continue to pursue growth by securing production bases in North America and exploring M&A in order to reach the targets for the final year of the plan.

We will re-examine the business portfolio within the Food & Soft Drinks business segment to improve profitability by strengthening our presence in the growth field of lemon-based products. As for the Real Estate business, we will continue to increase the property value of core facilities, including Yebisu Garden Place. Moreover, we will proceed with optimizing our property portfolio while aiming to increase earnings of new businesses through equity investments.

To optimize the business portfolio within each segment, we manage capital efficiency based on return on invested capital (ROIC) using the weighted average cost of capital (WACC) as a benchmark for each business.

We focus on return on equity (ROE) as an indicator that measures the capital efficiency of the whole company. While this was 2.6% in fiscal 2019, and fell to -9.9% in fiscal 2020, we have improved it to 7.9% in fiscal 2021. We are committed to optimizing our business portfolio and improving asset efficiency to maintain and improve ROE.

Execute Growth Investment Proactively with Consideration for Financial Soundness

Our financial policy aims to boost earnings power by making the same level of investment as cash flows from operating activities while emphasizing the profitability and efficiency of invested capital. Specifically, we will invest an amount relative to our operating cash flow within the period of the Group Management Plan 2024 and allocate half towards growth investment while keeping the remainder for maintenance investment. Going forward, we will continue to elevate our ability to generate operating cash flow through structural

reforms and business growth, while generating profit and strengthening our capital by executing efficient investments.

As indicators for our financial composition and financial soundness, we strive to maintain the same level of interest-bearing debt to EBITDA ratio and net debt-to-equity (D/E) ratio as with fiscal 2019. We plan to actively execute carefully selected growth investments while giving consideration to the balance of cash flow and debt, and debt and capital. Although our financial situation worsened momentarily in fiscal 2020, we were able to increase cash flows from operating activities thanks to business performance recovery fiscal 2021, as well as increased cash flows from investing activities by selling properties we owned to restore our interest-bearing debt to EBITDA ratio and net D/E ratio to the same level as in fiscal 2019. We continue to ensure our financial soundness that is capable of maintaining our current rating while aiming to establish a financial composition that can tolerate proactive growth investment and their risks.

It is our basic policy for shareholder returns to provide stable dividend payments in consideration of our business performance and financial condition. As for the level of dividends to be paid, we will take into account the dividend payout ratio and dividend on equity (DOE) ratio while working to enhance corporate value. In the event that our net profit drastically fluctuates due to special factors, the dividend amount may be determined after considering these impacts. Based on this policy, we paid a dividend of ¥42 per share in fiscal 2021.

The Sapporo Group strives to ensure profit through optimization of business portfolio and improve earnings power and financial base through accelerated implementation of growth strategy and cost structure reforms. We will meet the expectations of all stakeholders by achieving sustainable growth and enhancing our medium- to long-term corporate value. As the Director of Corporate Finance, I will continue to focus on internal management to support the Group's growth



from the financial perspective, while striving to improve dialogue with all shareholders and investors through proactive information disclosure and dissemination. I look forward your honest feedback and support as we move forward.

Message from Director (Human Resources)



We are developing
“Go Beyond Boundaries”
personnel who produce
new value.

Masashi Sato

Director

“Go Beyond Boundaries” as Our Basic Concept

The Sapporo Group's concept for personnel strategy is the directive “Go Beyond Boundaries.” We strongly support all employees of the Group in taking a new step forward beyond their own capacity or expertise, organizational boundaries and the borders of business and nations. At the same time, we are moving ahead with personnel system reforms that create greater flexibility, strengthen human resources, and encourage growth, while incorporating the perspective of diversity and inclusion. We are working to draw out the independence and ambition of our diverse workforce, shifting from management to support and from a seniority-based system to one that enables all human resources to play an active role.

As part of this, we made fundamental changes to the personnel systems of multiple operating companies in fiscal 2020. We have made great strides in educating our people about the purpose and gist of these changes. In addition, young employees are being selected for posts and projects traditionally staffed based on seniority, and I think that employees can feel the revitalization of the organization.

Developing Human Resources who can Play an Active Role Globally

One of the basic policies of Group Management Plan 2024 is to accelerate global expansion, and as part of this, we are focusing on cultivating global human resources. In North America, the Group has been developing business carefully localized to the region for more than half a century, and we are pursuing human resources development utilizing the know-how we have cultivated during this process.

Some specific measures include nomination-based training for managers and application-based training for young

employees. Also, to foster employee awareness more broadly, we are disseminating information from overseas bases to the company intranet and holding round-table discussions between executives of overseas subsidiaries and applicants. To improve language skills, we encourage employees to take TOEIC and we are preparing to make English the official language at Sapporo Breweries' International Division by 2024. Furthermore, to add diversity to our workforce, we will focus on hiring foreign nationals residing in Japan, such as conducting special recruiting of international students studying in Japan.

Viewing Difference as a Strength

Our diversity and inclusion initiatives have spanned more than 10 years, including promoting the active participation of women in the workplace. I feel that our introduction of various systems and efforts to change our mindset are steadily approaching a critical mass where it has become second nature for women to continue their careers at the Group with a sense of purpose. Currently, we are focusing on building a pipeline of human resources, such as developing female leaders involved in corporate management, with the aim to increase the ratio of female managers and female executives to 20% (at our 5 operating companies in Japan) by 2030.

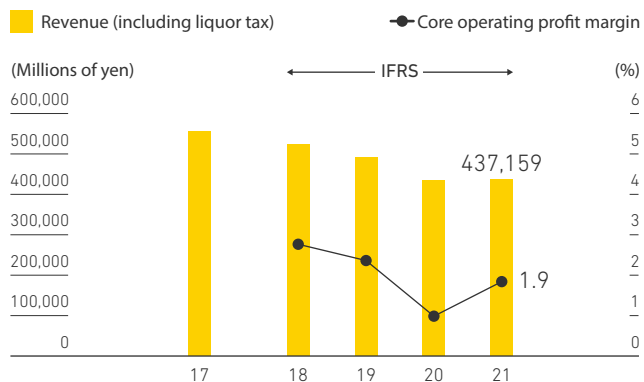
The Sapporo Business Contest, which was held to create innovation using our diverse workforce, yielded new food tech businesses, including the UchiRepi recipe proposal app. In this manner, our efforts to promote diversity and inclusion have helped to foster a culture that embraces new challenges across organizational lines.

We aim to be a corporate group of unique brand companies, where each and every employee is a brand unto themselves and our greatest asset. We hope that all employees will maintain a pioneering spirit as they achieve personal growth and make their individuality shine to the fullest.

Financial Highlights

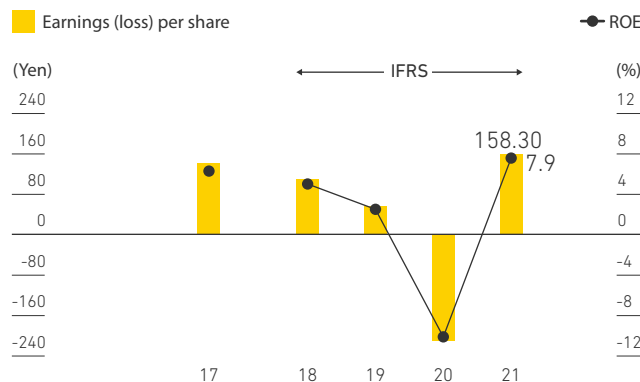
Note: Figures for fiscal 2017 are presented based on JGAAP. Figures from fiscal 2018 to fiscal 2021 are stated based on IFRS.

Revenue (Including Liquor Tax) / Core Operating Profit Margin*1



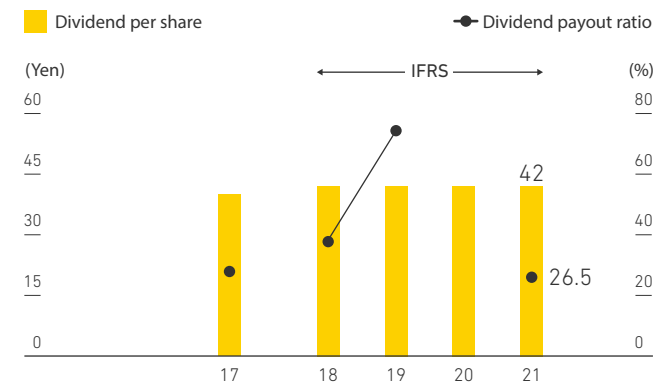
*1 Core operating profit margin is calculated as core operating profit ÷ revenue (including liquor tax).

Earnings (Loss) per Share / ROE*2

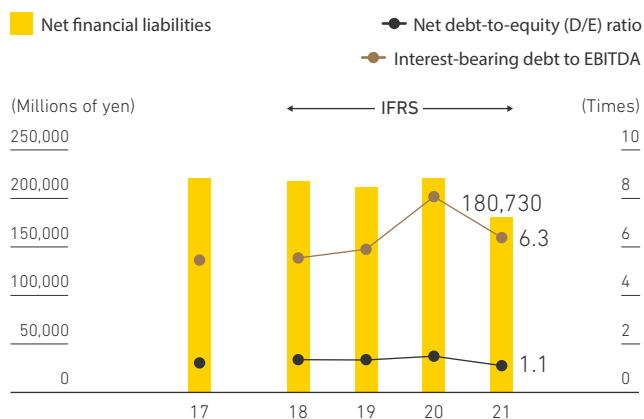


*2 Under JGAAP, ROE is calculated before goodwill amortization.

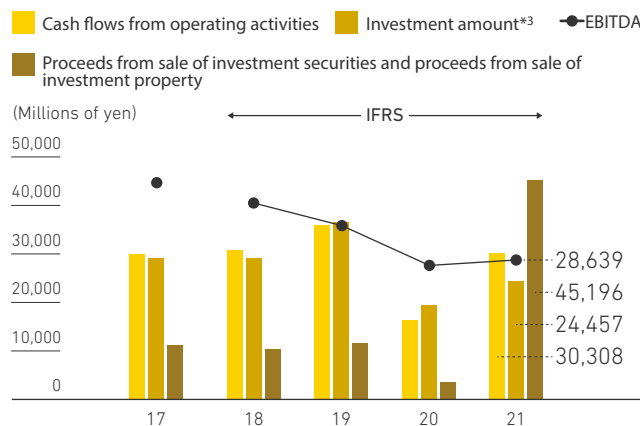
Dividend per Share / Dividend Payout Ratio



Net Financial Liabilities / Net Debt-to-Equity (D/E) Ratio / Interest-Bearing Debt to EBITDA

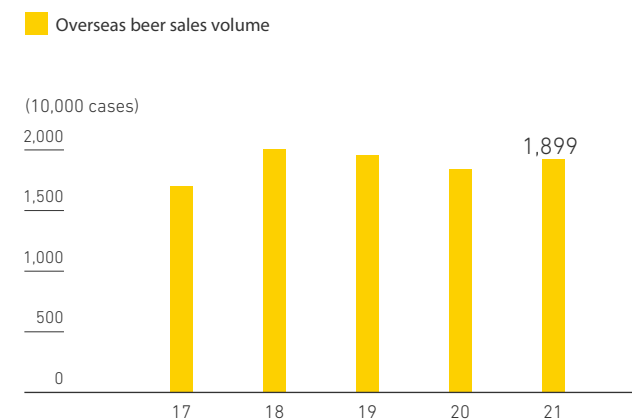


Cash Flows from Operating Activities and Status of Investments



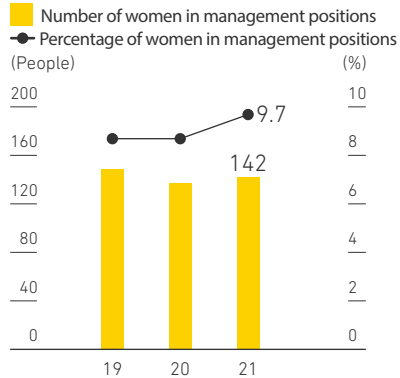
*3 Investment amount is calculated as cash flows from investing activities + proceeds from sale of investment securities and proceeds from sale of investment property.

Trends in Overseas Beer Sales Volume



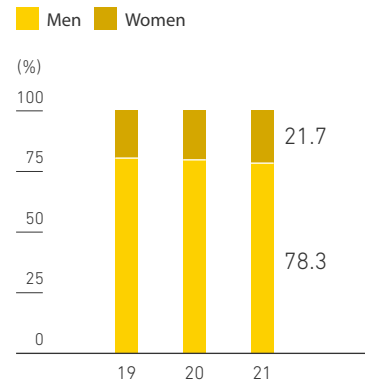
Non-Financial Highlights

Number and Percentage of Women in Management Positions*1



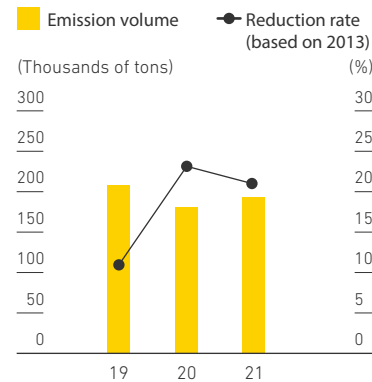
*1 Percentage of women in management positions at domestic and overseas Group companies

Ratio of Male to Female Employees*2



*2 Percentage of women who are full-time employees at major domestic operating companies

Trends in CO2 Emission Volume*3 / Reduction Rate*4



*3 Emission volumes from domestic and overseas operating companies
*4 Percentage of emission reductions at major domestic and overseas operating companies

Waste Recycling Rate (in fiscal 2021)

100%

At the 13 major domestic plants of Sapporo Breweries and POKKA SAPPORO FOOD & BEVERAGE, we are working to recycle waste materials, including by-products from manufacturing. In fiscal 2021, we achieved a recycling rate of 100%. In fiscal 2022, we will continue with these efforts.

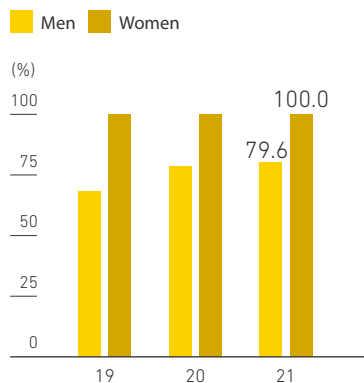
Percentage of Employees with High Engagement*5 (in fiscal 2021)

20.3%

Every year, we conduct an employee awareness survey to confirm engagement levels and to ensure not only that the Group is one in which its human resources are capable of being physically and mentally healthy, can take on challenges in new areas, and go beyond their boundaries with an energetic, bright, and forward-facing spirit but also that they are satisfied with their decision to work for the Sapporo Group.

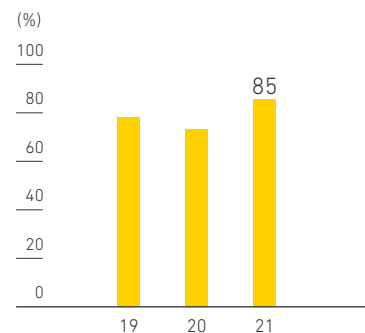
*5 Results for 10 domestic companies surveyed

Proportion of Employees Taking Childcare Leave*6



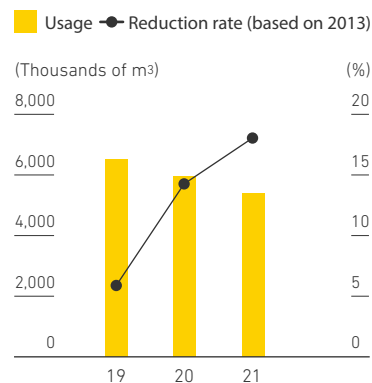
*6 Ratio of employees taking childcare leave (Sapporo Holdings and Sapporo Breweries)

Participation rate for Lifestyle-Related Health Checkups*7



*7 40 years or older at major domestic operating companies

Trends in Water Consumption*8 / Reduction Rate*9



*8 Usage of domestic operating companies
*9 Ratio of usage reduction of domestic operating companies

Percentage of Major Suppliers Meeting Sustainability Procurement Guidelines (in fiscal 2021)

100%

We implemented CSR procurement questionnaires at major suppliers of Sapporo Breweries and POKKA SAPPORO FOOD & BEVERAGE, asking for their understanding and cooperation regarding "sustainable procurement." In fiscal 2021, 100% of our major suppliers met our sustainability procurement guidelines.

Number of Local Partnerships (as of the end of December 2021)

63

We concluded a total of 63 local partnerships with prefectures, municipalities, universities, and other organizations throughout Japan. We are striving to realize a sustainable community by continuing our efforts to solve various social issues, such as contributing to the community, urban development, and disaster prevention support.

Growth Strategy



Business Overview

Domestically, business was impacted by the COVID-19 pandemic more so than in fiscal 2020, but we still managed to increase revenue and profits year on year by boosting sales of RTD and in the United States as well as cost structure reform.

Consolidated Group Revenue

¥437.2 billion

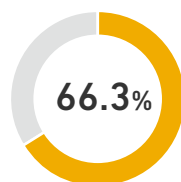
Consolidated Group Core Operating Profit

¥8.1 billion

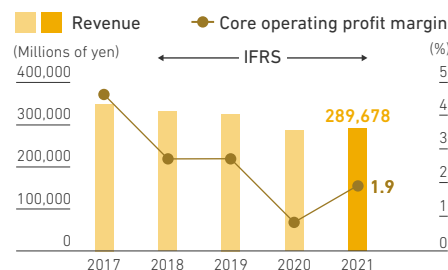
Alcoholic Beverages

- Japanese alcoholic beverages: Sales volume of on-trade beer-type beverages declined, but remained strong for canned products. RTD also recorded strong sales on the effects of bringing new products to the market.
- Overseas alcoholic beverages: Sales volume in the United States reached a record high on the enhancements made to off-trade products and the recovery in the on-trade market.
- Restaurants: The core operating loss declined amid the closure of unprofitable restaurants and lower cost structure.

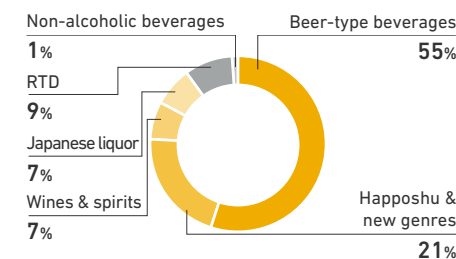
Revenue Breakdown



Trends in Revenue / Core Operating Profit Margin



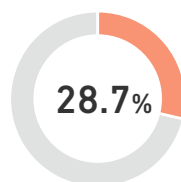
Sales value breakdown by alcoholic beverage category (domestic)



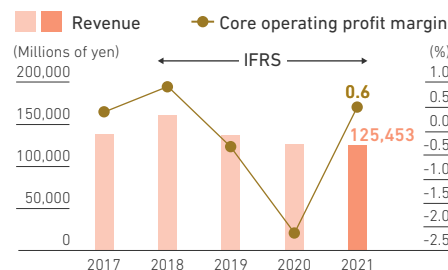
Food & Soft Drinks

- Kireto Lemon and Pokka Lemon 100 posted record high sales volumes.
- Plant-based milks saw sales volume growth on contributions from soy milk yogurts.
- Processed foods recorded a substantial increase in sales volume of cold-type canned soups

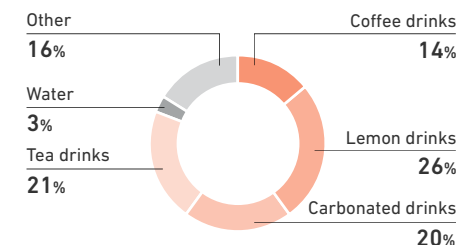
Revenue Breakdown



Trends in Revenue / Core Operating Profit Margin



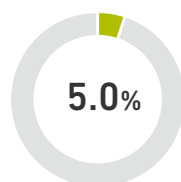
Breakdown of sales volume by soft drink type (domestic)



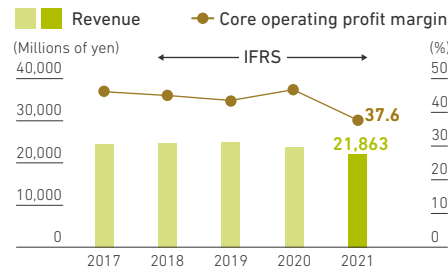
Real Estate

- Occupancy rates of properties owned mainly in the Tokyo metropolitan area, including Yebisu Garden Place Tower, declined due to the departure of some tenants.
- Multiple properties were sold including Ebisu First Square, generating cash of 41.9 billion yen, resulting in unrealized gains of around 23.2 billion yen.
- Implemented strategic reorganization of property portfolio through equity investments.

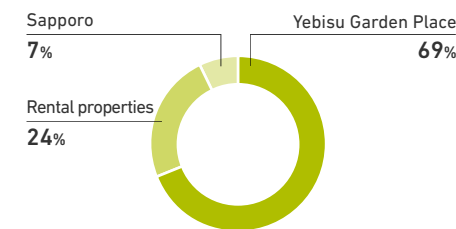
Revenue Breakdown



Trends in Revenue / Core Operating Profit Margin



Core operating profit breakdown



*Excludes corporate expenses

Alcoholic Beverages

Main Brands

- Beer-type beverages** Sapporo Draft Beer Black Label, Yebisu, Sapporo Gold Star, Sapporo Mugu to Hop
- RTD** Koime no Lemon Sour, Otoko Ume Sour
- Wine** Grande Polaire
- Spirits** Koime no Lemon Sour no Moto, Kokuimo
- Overseas** SLEEMAN, SAPPORO PREMIUM, Anchor
- Restaurants** GINZA LION BEER HALL, YEBISU BAR



Understanding of Business Environment

Opportunities

- Lower tax on beer from the consolidation of the liquor taxes on beer-type beverages
- Growing off-trade markets in Japan and overseas and diversifying needs for RTD, non-alcoholic beverages and low alcohol beverages

Countermeasures

- Increase attractiveness of beers using our diverse beer brands as the core competitive strength
- Expand new domains in Japan, such as RTD and low alcohol beverages
- Strengthen the off-trade beer business and expand RTD overseas

Risks

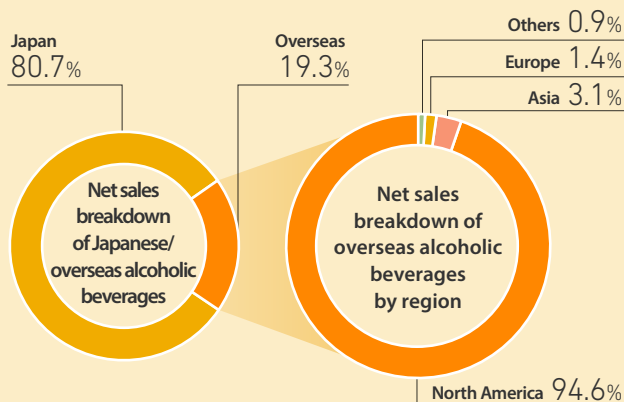
- Shrinking on-trade market and declining demand from visitors to Japan due to the COVID-19 pandemic
- Soaring cost of raw materials and logistics

Countermeasures

- Restaurants: Improve structure and strengthen brand dissemination for restaurant profitability
- Japanese alcoholic beverages: Decrease costs and increase prices of certain products
- Overseas alcoholic beverages: Maintain profitability by raising prices and optimize brewery locations

Main Sales Areas

Japan, Asia (Vietnam, Korea, Singapore, China, etc.), Australia, North America (Canada, U.S.), Europe



Future Management Strategy

Growth strategy

- **Continue to grow domestic beer business and expand RTD business**
We will continue working to strengthen our beer business with an eye toward liquor tax revision set for 2023. This involves further growing the Black Label and Yebisu brands (▶ p.27) and expanding the RTD business with a focus on Koime no Lemon Sour and Otoko Ume Sour. As part of these efforts, we will retool the Sendai Brewery of Sapporo Breweries to produce RTD, with operations slated to begin in October 2023. This will roughly double our RTD production capacity and allow us to shift production in-house, boosting profit margins.
- **Further expand the business and increase profitability in the North American market**
To build upon the strong sales of the SAPPORO PREMIUM and SLEEMAN brands in the North American market, we will expand our lineup of canned beers and RTD to achieve even greater sales growth. (▶ p.28)

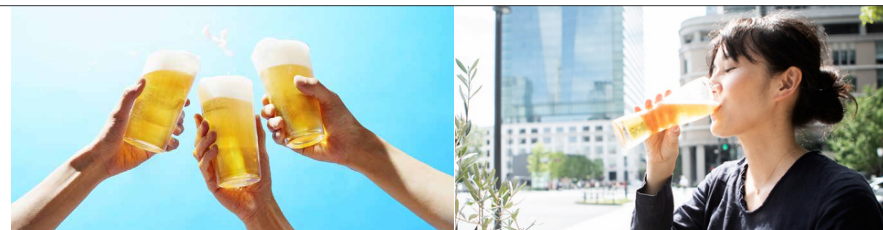
Structural reforms

- **Strengthen structure for profitability of restaurant business**
We are strengthening our management structure by reducing restaurant rents, controlling labor costs, and reviewing and reducing restaurant sales promotion expenses, which we have been promoting since fiscal 2020. On the other hand, we are researching new business regions and developing higher margin business models, and in fiscal 2022, we plan to open around 10 restaurants in the "compact, small-scale investment, suburban type" category. These measures coupled with a recovery from the COVID-19 pandemic is expected to result in significantly improved earnings in fiscal 2022.

Strategy 1

Strategy for Further Premiumization of Beers

Our beer brands are extremely unique and offer an appealing story. We will convey these traits to customers through novel brand experiences in an effort to make choosing beer more enjoyable.



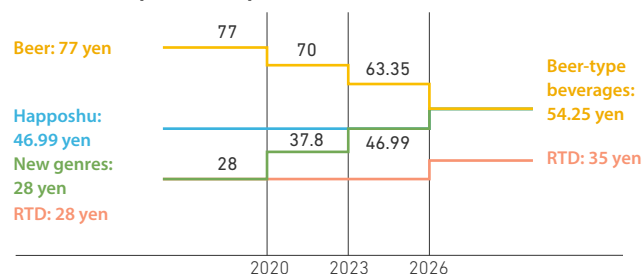
Background

Revitalization of beer market through expanded stay-at-home consumption and liquor tax revisions

In recent years, the domestic alcoholic beverage market has been shrinking due to the impacts of demographic decline, etc. Also, diversified customer preferences has led to the shrinkage of the market for beer-type beverages. Amidst this, we have continued to propose more attractive and diverse beer, helping to grow our sales volume of beer (canned) by 43% over the past decade.

Recently, stay-at-home consumption, which has become entrenched during the COVID-19 pandemic, has increased demand for off-trade beer products. Furthermore, liquor tax revisions that began in 2020 have lowered the tax rate for beer in stages, resulting in a standard tax rate for beer, happoshu, and new genres by 2026. This is expected to further revitalize the beer market.

Trends in Liquor Taxes per 350ml



Source: Prepared by Sapporo Breweries based on National Tax Agency documents

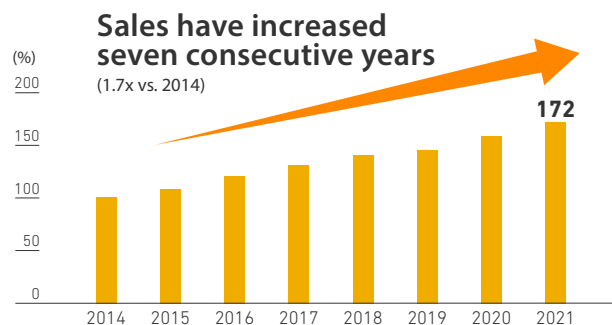
Strategy

Revamp Sapporo Draft Beer Black Label

Sapporo Draft Beer Black Label has seen its sales increase for seven consecutive years. We revamped the recipe from the February 2022 lot in order to further refine its great taste as draft beer. Even greater attention has been given to the brewing process and raw materials and to optimizing the recipe, aiming to achieve a perfect balance. Following this, we will evolve CLUB Black Label, a members only website, and build a new system for creating passionate fans by combining real and digital.



Shipments of Black Label (Canned) (vs. fiscal 2014)



Increase Yebisu brand's customer contact points

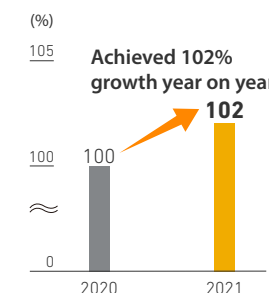
Since revising the Yebisu brand's concept to "Color Your Time!" in 2021, we have been promoting initiatives to provide new brand experience to customers. As part of this, we plan to launch a digital fan community in autumn 2022 to organically link our varied customer contact points. Additionally, in 2023, we plan to open a place with brewery at Yebisu Garden Place to bring customers a real brand experience.



Rolling out various products under the "Color Your Time!" concept



Yebisu Brand Total Shipments (Canned) (vs. fiscal 2020)



Strategy 2

Strengthening of International Alcoholic Beverages

In the overseas alcoholic beverages business, we will develop a consistent global strategy for brands and aim for sustainable profit growth while maximizing synergies with our local brands.



Background

Growing demand for off-trade beer at home in the North American market, positioned as a strategic market

We began exporting beer to the United States back in 1964. Later, we established Sapporo U.S.A. in 1984 and expanded sales channels mainly for Sapporo Draft Beer, which had been imported from Japan. This process has enabled us to establish a presence as a premium beer brand from Japan. In 2006, we acquired Sleeman Breweries Ltd., which has a strong reputation in the premium beer category in Canada. This was followed by the acquisitions of Anchor Brewing Company of the United States in 2017 and Wild Rose Brewery of Canada in 2019, solidifying our business foundation in the North American market.

There is robust demand for consumer products in the North American market, coupled with the recovery in on-trade products. Going forward, we will look to further grow sales by strengthening the RTD business as well as premium beers, one of our strengths.



1984-



2006-



2017-



2019

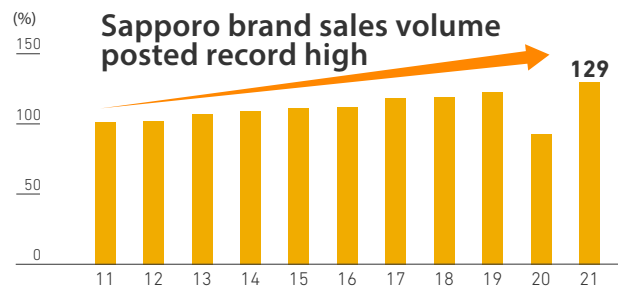
Strategy

Strengthen off-trade beer business in the United States

Our mainstay product, Sapporo Premium Beer, has been recognized as the best-selling Asian beer in the U.S. for 36 consecutive years. In fiscal 2021, we boosted sales of canned products, for which demand is increasing, and achieved record sales in the United States. In the future, while building on our strengths in on-trade, we will strengthen our expansion into the off-trade market, mainly chain stores, so that we can deliver our products to a wider range of customers in the United States.



Sales Volume Trends of Sapporo U.S.A. (Compared to 2011)

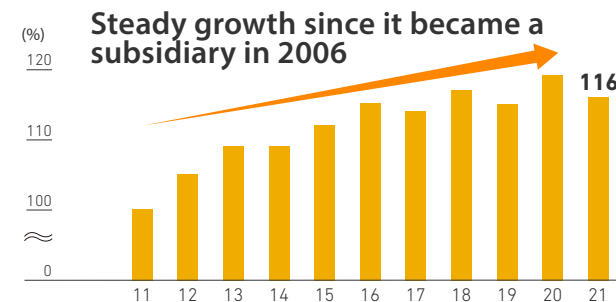


Position RTD business as the Second Pillar of Business in Canada

Sleeman Breweries Ltd., which is Canada's third largest beer maker, will look to develop the RTD business as a second pillar of its business in order to unlock additional growth. In 2021, the Group welcomed the addition of SoCIAL LITE, a pioneer brand in hard seltzers in Canada. Efforts are now underway to speed up growth in 2022 through the realization of Group synergies and establish a presence in the fast growing RTD market in North America.



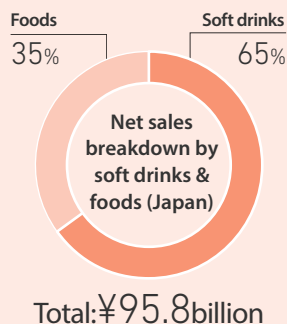
Sales Volume Trends of Sleeman (Compared to 2011)



Food & Soft Drinks

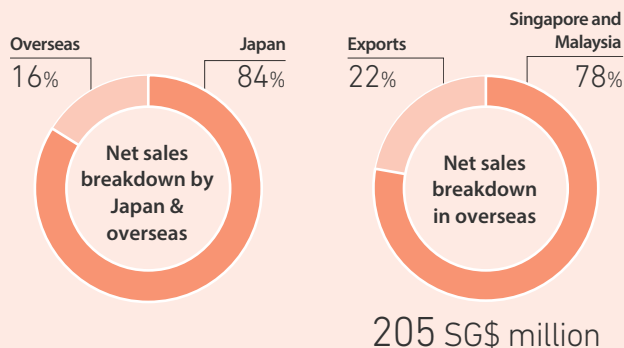
Main brands

- Lemon-based products** Pokka Lemon 100
- Soft drinks** Kireto Lemon, TOCHI and CRAFT, Gabunomi
- Soups** Jikkuri Kotokoto, Miko-chan
- Soy milk** Soyafarm, Soybio
- Others** Blue Seal
- Overseas brand** Pokka



Main sales areas

Japan and Asia (Singapore and Malaysia)



* Excluding consolidation adjustments

* Pokka brand

Understanding of Business Environment

Opportunities

- Rising health consciousness toward food and growing demand for lemon-based products
- Rising interest in plant-based protein
- Rising health consciousness in ASEAN and other export destinations

Risks

- Contracting demand for vending machines amid the growing number of people working remotely or from home
- Soaring raw materials and logistics costs

Countermeasures

- Add production facilities in response to growing demand, and redouble efforts to raise awareness through food education and proposals for new settings for food
- Commit additional management resources to the plant-derived material sector and overseas businesses with an eye toward the future

Countermeasures

- Restructure the vending machine business based on location and profitability, and strengthen sales channels for consumer products
- Increase prices for certain Japanese/overseas products and increase productivity through SKU* optimization

* SKU: Stock Keeping Unit; The smallest unit for managing order receiving/placement and inventories.

Future Management Strategy

Growth strategy

- **Expand sales in plant-derived material sector and accelerate growth of overseas businesses**

We will shift management resources to overseas businesses and the food sector for plant-derived materials including lemons. To grow total demand for lemon-based products, we will market the health value and seek to expand applications. We will also accelerate growth of overseas businesses mainly in ASEAN and other export destinations. (▶ p.30)

- **Strengthen product development through partnership with Yakult Honsha Co., Ltd.**

Pokka Sapporo Food & Beverage Ltd. concluded a business alliance agreement with Yakult Honsha Co., Ltd. for research and development of products in Japan that provide new health value, targeting the growing health foods and beverages markets. Going forward, both companies will combine their own respective strengths in health ingredients and technologies under the theme of “offering daily health and great taste derived from the power of plant-derived materials and lactic acid bacteria” to develop products with greater added value and to create new markets in Japan.

Structural reforms

- **Conduct structural reforms to shift management resources to growth fields**

In April 2022, we transferred all of the shares of PokkaCreate Co., Ltd. to C-United Co., Ltd., which owns and operates the Coffee-kan and Caffe Veloce chains, etc. We plan to dissolve Public Vending Service, a vending machine operator subsidiary, before the end of 2022. Furthermore, we sold the former site of Shinsyu-ichi Miso Co., Ltd.'s Higashikurume Factory, which closed in fiscal 2021. Through these structural reforms, we increased core operating profit, and we will now shift management resources to the main growth fields of the food sector for plant-derived materials and overseas businesses.

Strategy 1

Expand Plant-based Foods

In the Food & Soft Drinks sector, we will tackle the challenges in next-generation sectors centered around plant-derived materials to create new value aimed at establishing “a new normal for the future of food.”

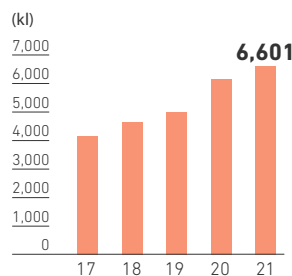


Background

Growing lemon-based product market

The market for lemon-based products continues to grow, driven by the tailwinds of rising consumer health consciousness during the COVID-19 pandemic, and expectations toward the health value of these products centered on vitamin C and citric acid. There is also growing opportunities for the use of lemon-based products to enhance flavor and change taste in everyday cooking and dishes.

Size of lemon-based product market



Strategy

Increase total demand for lemon-based products

POKKA SAPPORO Food & Beverage has established a medium-term target to double total demand for lemon-based products by 2026. In 2021, the Company's major brands Pokka Lemon 100 and Kireto Lemon each saw record high shipment volume. To further increase demand, the Company will use its official website and social media to disseminate various forms of health value inherent to lemon-based products to consumers. At the same time, the company will continue to acquire

evidence of the health benefits of lemon-based products through cooperation with outside research institutes including universities. By constantly pursuing the many possibilities of lemon-based products through product development in response to the diverse food preferences of customers and growth from seasonings to beverages, the Company will grow total demand for lemon-based products and achieve sustainable business growth.

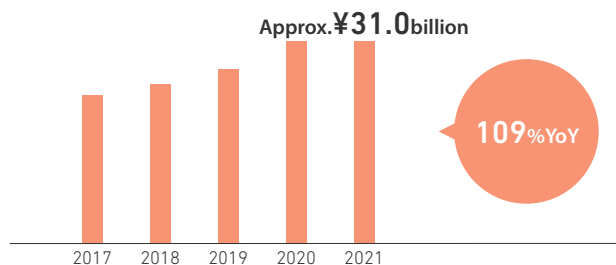


Kireto Lemon:
118%YoY
(Fiscal 2021)



Pokka Lemon 100:
107% YoY
(Fiscal 2021)

Net sales of Lemon business



Source: In-house performance figures, based on internal management amounts

Strategy 2

Accelerate Growth of Overseas Businesses

We aim to increase sales in ASEAN and other export destinations focused on the Pokka brand.

Background

Pokka brand growing worldwide

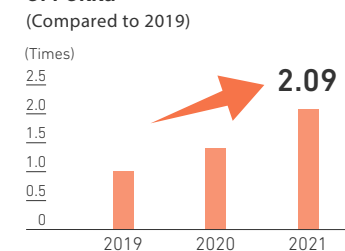
In 1977, we established POKKA CORPORATION in Singapore. Since then, the company established a strong presence in Singapore and now exports Pokka brand beverages to more than 60 countries around the world. In Singapore, the company maintains the number one market share in tea beverages.

Strategy

Seize rising health consciousness to grow business

POKKA (Singapore) steadily implemented structural reforms, improving its corporate structure so that it was able to generate stable profits even during the COVID-19 pandemic. The company will also jointly redevelop its sales, marketing and logistics basis by 2024 to establish logistics hubs and further streamline operations. To unlock additional growth, the company will now allocate management resources to overseas businesses to increase sales in response to the rising health consciousness of consumers mainly in ASEAN and other export destinations.

Trends in core operating profit of Pokka



Real Estate

Main Facilities

Yebisu Garden Place, Sapporo Factory, GINZA PLACE, and STRATA GINZA



Overview of main properties and occupancy rate: (average for January to December; tenanted basis)

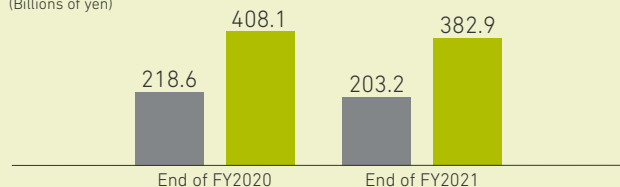
	Site area (m ²)	Floor area (m ²)	Average occupancy rate
Yebisu Garden Place*1	56,943	298,007	92%
Sapporo Factory	36,773	159,975	94%
GINZA PLACE	645	7,350	94%
STRATA GINZA*2	1,117	11,411	100%

*1 Occupancy rate shown for office areas

*2 Wholly-owned buildings shown. The Company owns 922m² (sectional ownership) of land and 89.72% of the building (co-ownership).

Market value of rental & other properties at fiscal year end

■ Book value ■ Market value
(Billions of yen)



Understanding of Business Environment

Opportunities

- Growing demand for small offices and co-working spaces
- Rising demand for offices with good environmental performance, such as decarbonization measures and use of renewable energy

Risks

- Changes in office demand due to diversification of working styles, such as remote work and working from home

Countermeasures

- Enhance connections with the local communities in Ebisu, Sapporo and Ginza, locations with historic ties to the Group, and increase brand value of the surrounding areas
- Increase value of Yebisu Garden Place Tower (introduce renewable energy and upgrade air conditioning system)
- Expand office area in Yebisu Garden Place to meet current needs

Future Management Strategy

Growth strategy

• Increase property value of Yebisu Garden Place

We aim to maintain and increase profitability and enhance brand value by improving the usability of facilities at Yebisu Garden Place in line with changing needs and providing new features and added value. We revamped part of the property into Center Plaza, which is scheduled to hold its grand opening in autumn 2022. This will transform the property into a hub not only for commercial tenants, but also for unique personalized living, offering a number of in-demand features including office square. In the office wing, we will continue investing in improved features aimed at creating comfortable spaces for office workers.

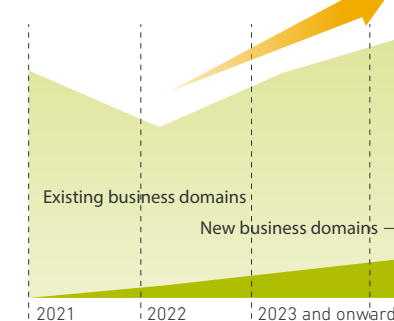
• Expand new business domains, such as equity investments and the VA business

With the aim of decentralizing risks and improving profits, we will promote a strategic reorganization of our property portfolio and expand earnings in new business domains by, for example, expanding equity investment in private placement funds and developing the VA (Value Add) securitization business*.

*A business that increases the value of newly acquired real estate and then sells it to earn capital gains.

Core operating profit plan

Profitability set to recover after 2022



Digital Transformation (DX)

The Sapporo Group will accelerate its DX strategy based on the new policy formulated, aiming to maximize customer value as well as continuously enhance corporate value.

Sapporo Group's DX Promotion Strategy

One of basic policies within Group Management Plan 2024 is "Establish Simple and Compact Organizational Structure." This policy aims to remove the complicated organizational structure and transform it into a business-centered structure capable of promptly responding to customers and a system that fosters customer-oriented value creation. We are promoting DX as part of this effort.

Furthermore, in order to accelerate these initiatives across the entire Group, we established the Sapporo Group DX Policy in March 2022. Digital transformation will be implemented

based on the four DX business environment improvements and three Group DX policies. We will foster continued growth alongside all stakeholders, aiming to maximize both customer value and corporate value.

DX Promotion Structure

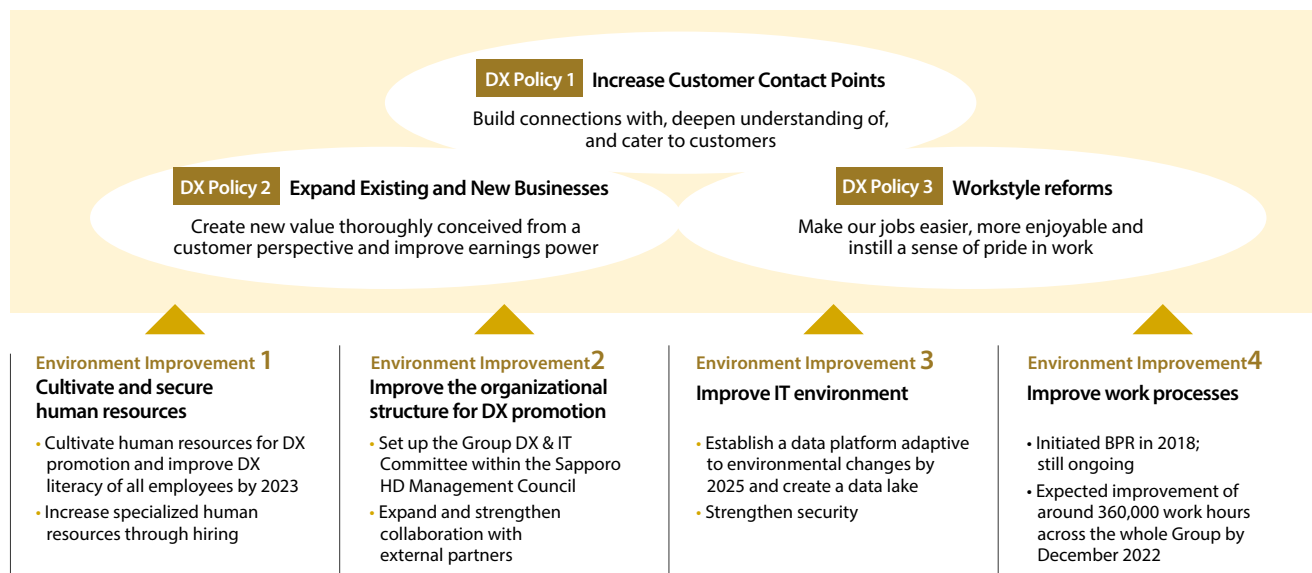
We established the Group DX & IT Committee under Sapporo Holdings' Management Council as an organization to lead DX promotion. The Committee, which is chaired by the officer in charge of DX and IT, and involves the DX and IT promotion department of each operating company, engages in

In focus

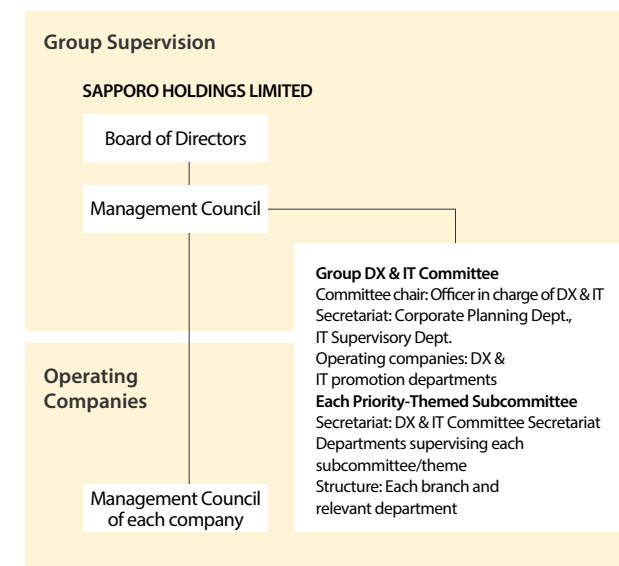
discussions on the direction of the Group's DX and IT strategy, as well as verifies the allocation of management resources related to Sapporo Holdings and each operating company's DX and IT. We will accelerate our DX efforts by providing support from multiple angles on the DX strategy of the entire Group.

In addition, the Committee will formulate priority-themed subcommittees as the need arises for themes and projects proposed by operating companies and convene meetings of necessary members for proceeding with discussions on each theme.

Three DX Strategies and Four Infrastructure Improvements



Sapporo Group's DX Promotion Structure



Digital Transformation (DX)

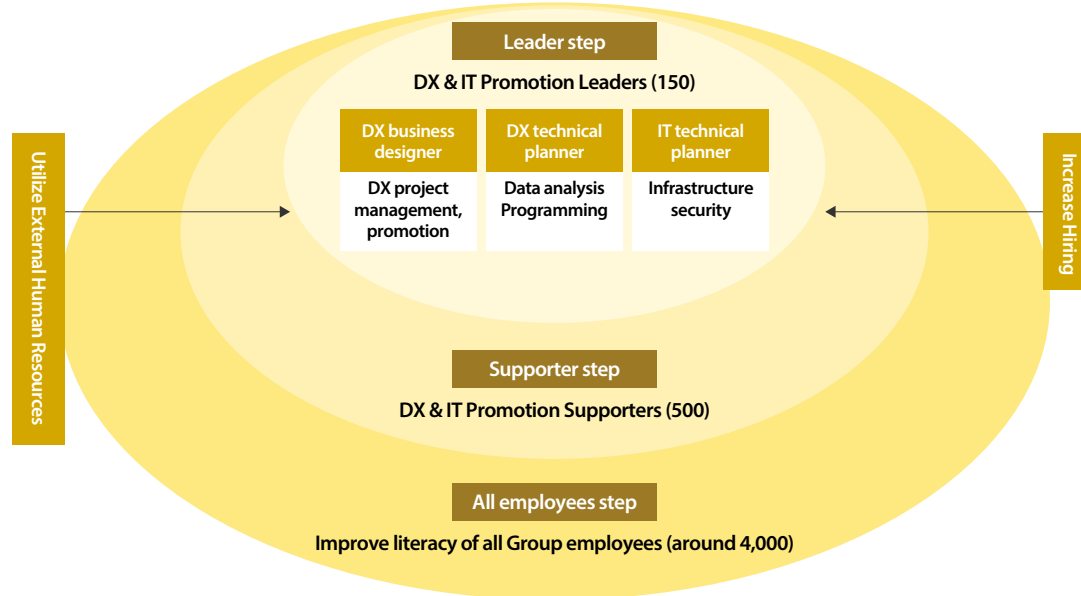
Develop DX capability of all employees through DX & IT Human Resources Training Program

We have launched the DX & IT Human Resources Training Program as part of our efforts to foster and secure human resources for the improvement of the DX business environment. This program, which utilizes an external training program, aims to foster human resources capable of implementing DX and IT projects, and consists of three steps. The first step involves all employees, targeting our entire workforce of around 4,000, and aims to foster human resources with basic knowledge of DX and IT through e-learning. The next supporter step aims to foster around

500 DX & IT Promotion Supporters, followed by the leader step, which aims to foster around 150 DX & IT Promotion Leaders. Together, we hope to improve the strategy implementation capability across the entire Group by 2023. For 2024 onward, we plan to create a system that enables self-driven human resource development within the Company.

Afterwards, we aim to implement continuous human resources training initiatives, such as forming both real and virtual communities, and develop a platform for trained human resources to get actively involved, with the aim of further expanding our DX and IT human resources.

Overview of the DX & IT Human Resources Training Program



*Applies to employees of Sapporo Holdings and its five main operating companies (Sapporo Breweries Ltd., POKKA SAPPORO Food & Beverage Ltd., Sapporo Group Foods Ltd., Sapporo Lion Limited, Sapporo Real Estate Co., Ltd.) (Includes certain subsidiaries and affiliated companies of each of the above. Restaurant employees are excluded.)

Example of DX Promotion

Reforms of the New UchiRepi App

- DX Policy 1** Increase customer contact points
- DX Policy 2** Expand existing and new businesses

We launched the beta version of our UchiRepi app in 2021, which enables us to communicate with customers through AI that suggests recipes using food ingredients available at home or provides a shopping list for groceries. Through UchiRepi, we are looking to create a food tech service that seamlessly connects cooking related experiences. We plan to release the official version of the app in summer 2022. Going forward, we hope to further develop the app with a BtoB business model in mind, which captures the needs of retail manufacturers to eliminate printed flyers and the needs of food makers to acquire real household data.



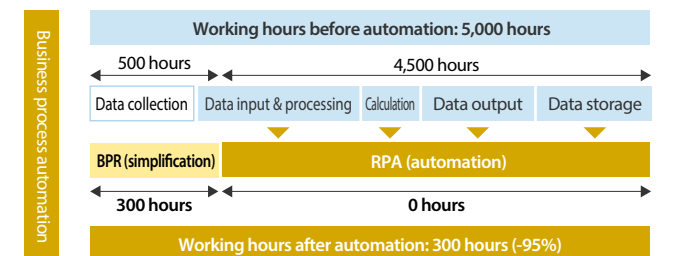
► **UchiRepi beta version website:** <https://uchirepi.sapporoholdings.jp/> (Japanese only)

Business Automation

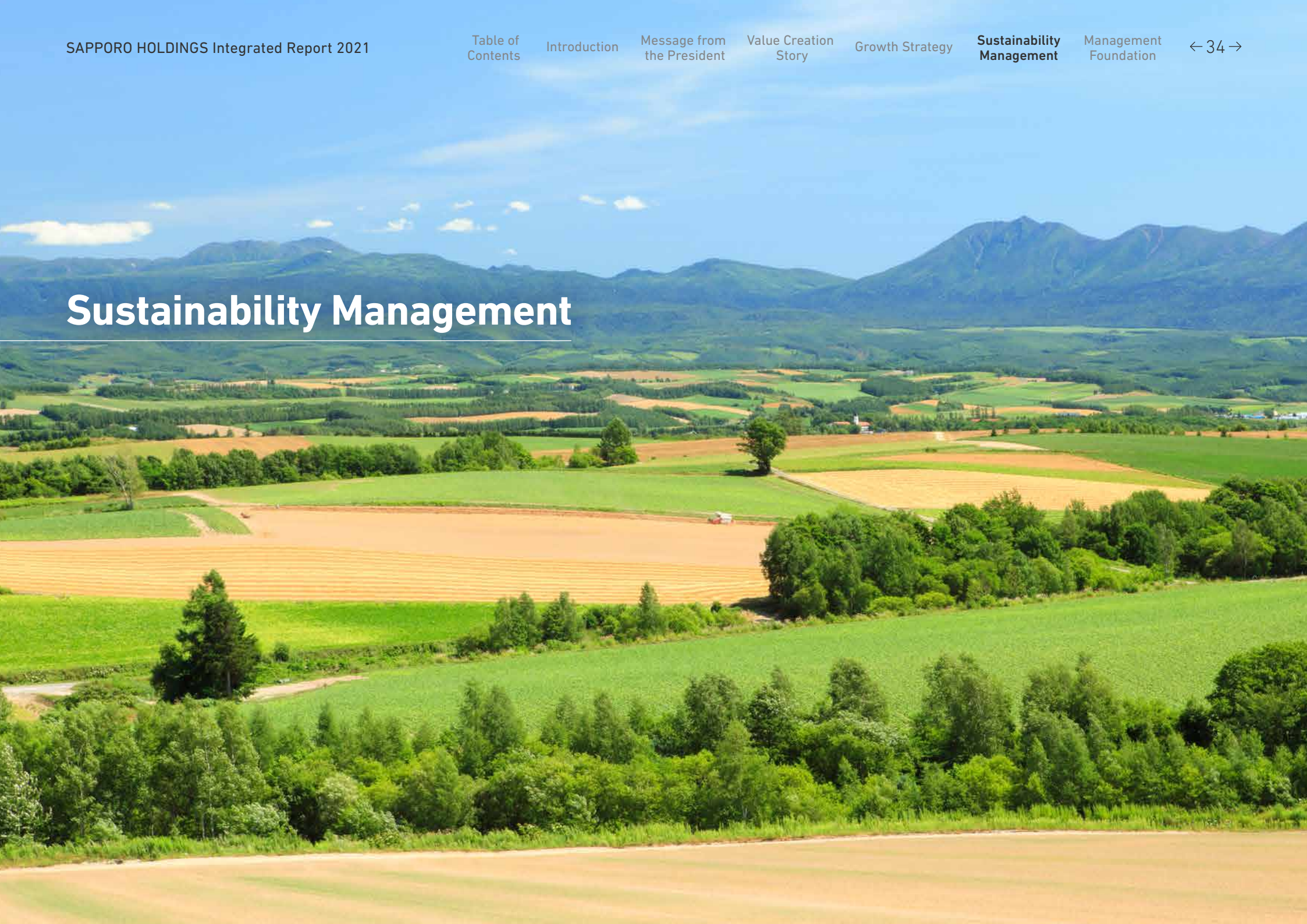
DX Policy 3 Workstyle reforms

One of our specific initiatives aimed at reforming workstyles is the thorough automation of simple tasks by adopting robotic process automation (RPA). To date, we have implemented automation for approximately 80 work processes, including data collection, processing, and storage, which has improved work efficiency by around 5,000 working hours. We plan to expand the scope of application for process automation going forward.

Automation of 95% of Data Collection, Processing, and Storage Processes



Sustainability Management



Sustainability Management

Sustainability Policy

The Sapporo Group promotes sustainability management based on its Sustainability Policy. Sustainability management for the Group refers to efforts executed through its business activities to address social issues such as climate change, food loss, marine plastic waste, and regional revitalization.

Drawing from partnerships between employees of the Sapporo Group and stakeholders around the world, we are working to realize a sustainable society by creating both social and economic value.

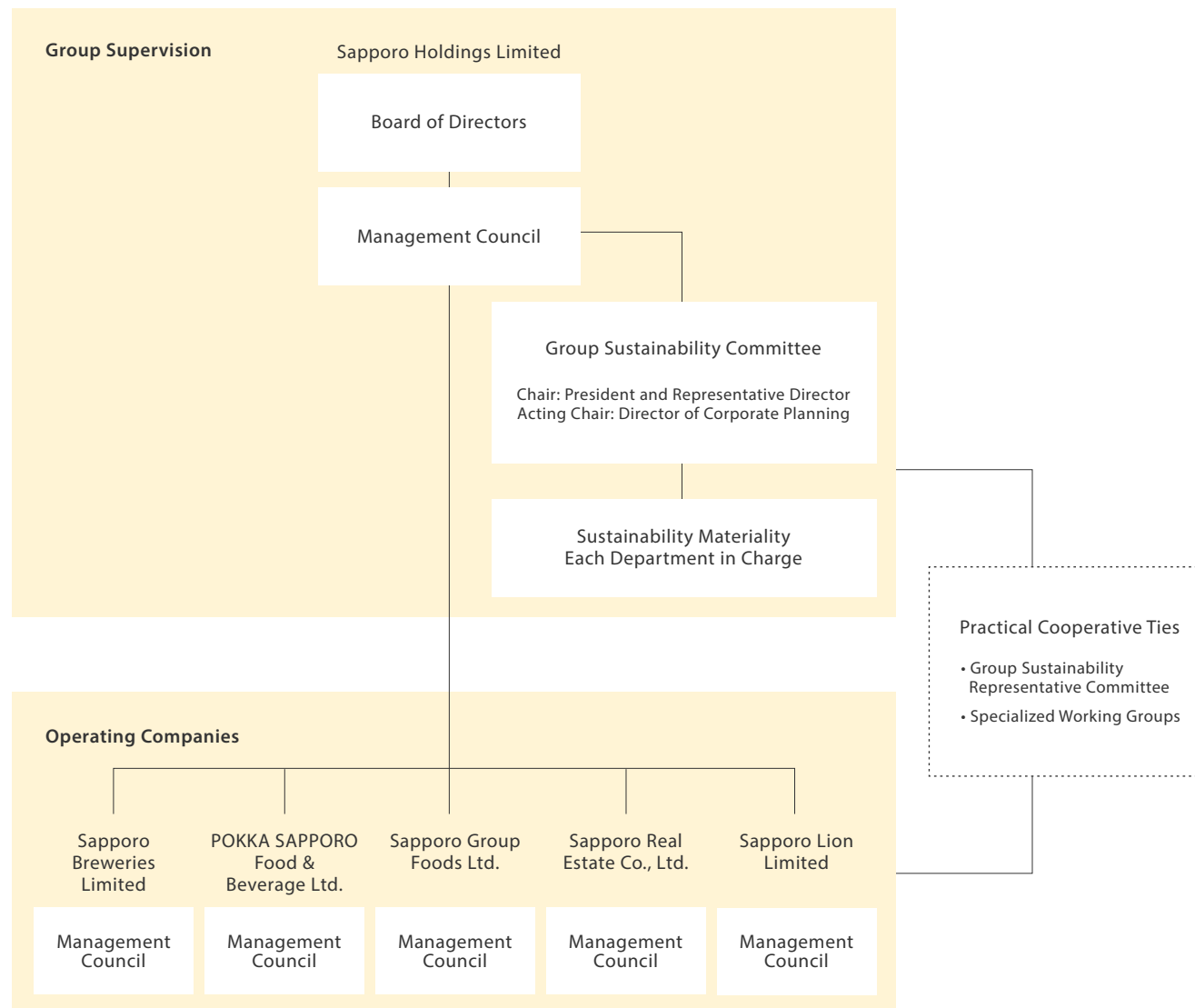
► **Sustainability Policy**

<https://www.sapporoholdings.jp/en/csr/plan/>

Sustainability Implementation Structure

Sapporo Holdings has formulated an overall policy for implementing the Sapporo Group's sustainability management and has established a Group Sustainability Committee. This committee is chaired by the president and representative director of the Company, who is responsible for coordination and adjustment within the Group.

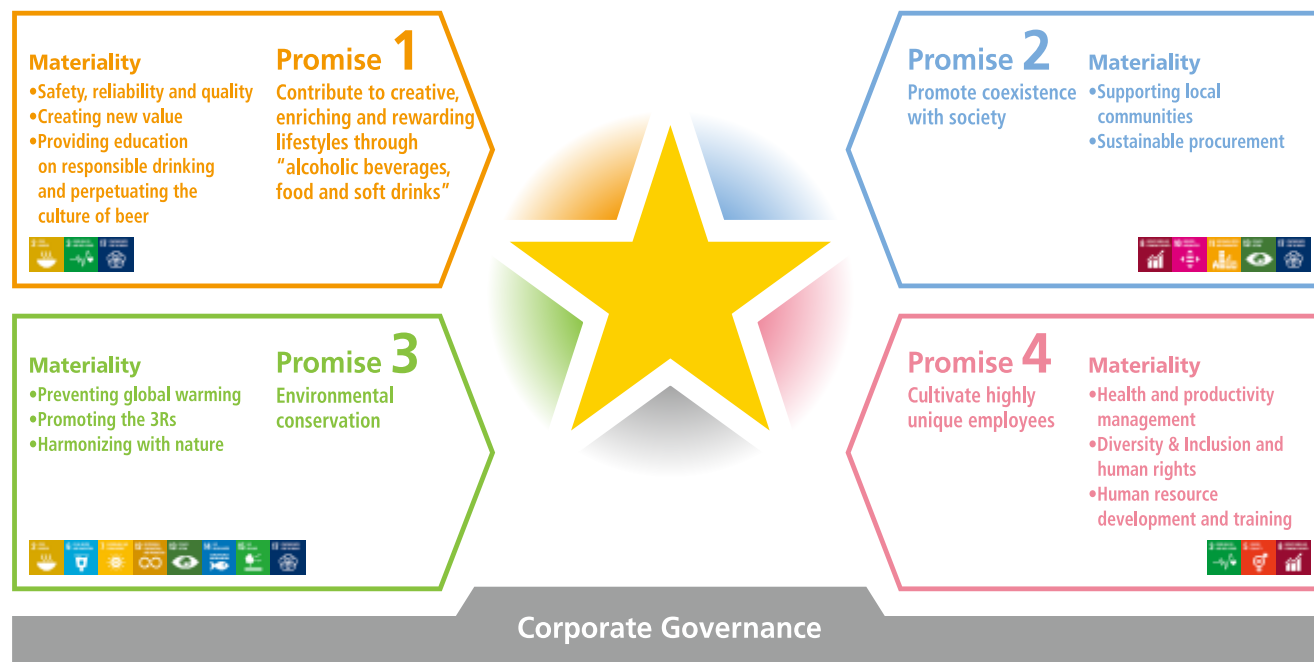
The Sapporo Group's Sustainability Implementation Structure (As of March 2022)



4 Key Promises and Materiality

Under our Sustainability Policy, we are promoting the Sustainable Smile Plan, a sustainability management strategy organizing the Group’s materiality into four promises forming the foundation of our actions, while cooperating with various stakeholders in the value chain.

Priority Challenges for Sustainability and 4 key promises

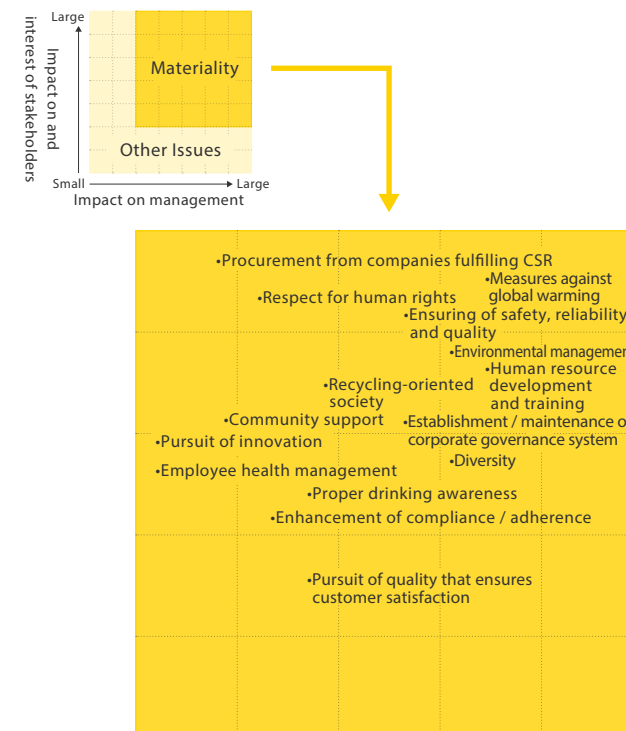


with the earth, in harmony with society, from the start, to bring smiles to people

Identifying and Updating Materiality

The Sapporo Group identifies and maps sustainability priority issues on a materiality matrix, with significance to stakeholders on one axis and significance to management on the other. From there, potential top materiality is analyzed from various perspectives, such as guidelines, and the viewpoints of both stakeholders and managers. Based on that analysis, the materiality is identified and updated.

Identifying Key Challenges



Promise 1
Targets and Results

Contribute to Creative, Enriching and Rewarding Lifestyles through Alcoholic Beverages, Food, and Soft Drinks

We will offer the joy of living and richer lives to our customers by creating new value through alcoholic beverages, food, and soft drinks.

List of Abbreviations

Sapporo Holdings Ltd.: SH Sapporo Breweries Limited: SB POKKA SAPPORO Food & Beverage Ltd.: PS
Sapporo Lion Limited: SLN Sapporo Real Estate Co., Ltd.: SRE Yebisu Garden Place: YGP
Sapporo Factory: SF Shinsyu-ichi Miso Co., Ltd.: SSI

Note: Items listed without reference to a specific subsidiary refer to initiatives undertaken by the Sapporo Group.

Materiality	SDGs	Medium- to Long-Term Targets to 2030	Results (2021)	Plan (2022)
Safety, reliability and quality		<ul style="list-style-type: none"> Continue our work of nurturing a corporate culture and training human resources to enhance the quality of Alcoholic Beverages, Food, and Soft Drinks while building an effective quality assurance system based on global-standard food safety systems Pursue appropriate quality levels in line with customer needs and work to eliminate quality-related problems associated with our products and services Aggressively introduce new technologies to materialize high-level quality more efficiently 	<ul style="list-style-type: none"> Obtained FSSC 22000 certification: PS Sendai Factory, SSI Kofu Factory and Uenohara Factory Continued with initiatives to utilize customer feedback in business activities Introduced remote audits at some business locations. Rolled out labeling checks using AI. Reviewed training on food safety and quality assurance 	<ul style="list-style-type: none"> Effectively develop, maintain, and operate a preventive quality assurance system in compliance with FSSC 22000 and HACCP Promote sustainability management by sharing customer feedback promptly and reliably Investigate methods to improve productivity for quality assurance activities
Creating new value	  	<ul style="list-style-type: none"> Promote research and development that fulfills the needs for "palatability" and "health benefits" by being quick to capture evolving changes Offer new value to customers through products that build on the research and processing technology of plant derived materials, a field where we hold an advantage Strengthen cooperation inside and outside the Group, efficiently acquire diverse technologies and promote innovation 	<ul style="list-style-type: none"> Introducing products with value in new sectors, such as The DRAFTY in the low-alcohol category and Koime no Lemon Sour in RTDs Verifying the new health functions of products that utilize lemon as a core material and soy milk yogurts in the food sector 	<ul style="list-style-type: none"> Continue with R&D and product development that can propose enriching lifestyles focused on deliciousness and health tailored to diversifying customer needs and new lifestyles
Providing education on responsible drinking and perpetuating the culture of beer		<ul style="list-style-type: none"> Promote educational programs aimed at eliminating inappropriate drinking, including underage drinking*, drunk driving and alcohol harassment <p>* In Japan, this refers to drinking before the age of 20.</p> <ul style="list-style-type: none"> Contribute to the creation of enriching and rewarding lifestyles through our endeavors to perpetuate the culture of beer in Japan with museums and open-factory visits and through support for the Association of Japan Beer Culture Study <small>SB SLN</small> 	<ul style="list-style-type: none"> Established "Promote Responsible Drinking" as a global slogan under the key theme of the same name Revised the Policy Related to Moderate Drinking Practices around the two pillars of the Sapporo Group, i.e., raising awareness of appropriate drinking and preventing inappropriate drinking Continued to provide support for the General Incorporated Association of Japan Beer Culture Study. The Japan Beer Certificate Examination for fiscal 2021 was held in June and November using CBT Disseminated information on beer hall culture through Ginza Lion Building, which is designated as a Registered Tangible Cultural Property 	<ul style="list-style-type: none"> Promote efforts to eradicate inappropriate drinking and raise awareness of appropriate drinking throughout society Labeling of net alcohol amount for beers and RTDs: Begin in January 2022 with canned products first. Reach implementation rate of 90% on canned products by the end of 2022 Continue to provide support for the General Incorporated Association of Japan Beer Culture Study. The Japan Beer Certificate Examination for fiscal 2022 is scheduled for September and October using CBT Continue to disseminate information on beer hall culture based on heritage value of Ginza Lion Building

Contribute to Creative, Enriching and Rewarding Lifestyles through Alcoholic Beverages, Food, and Soft Drinks

Promise 1

Promote Responsible Drinking

To achieve its Management Philosophy, the Sapporo Group is working toward value creation that resolves worldwide social issues.

When it comes to alcoholic beverages, appropriate drinking contributes to a healthy, bright and enriching lifestyle, while inappropriate drinking, which can harm a person's mental and physical health, has become a social issue. The Group recognizes that it is our social responsibility as a corporate group engaged in the Alcoholic Beverages business to address alcohol-related problems head on and endeavor toward solutions. Based on this, we endorse the global strategy to reduce the harmful use of alcohol, which was adopted by the WHO in 2010, and consider the promotion of responsible drinking to be a key sustainability theme.

Global slogan "Promote Responsible Drinking"

In 2021, the Sapporo Group adopted "Promote Responsible Drinking" as its global slogan to combat alcohol-related problems worldwide. Based on the Sapporo Group's Policy Related to Moderate Drinking, we are working to raise awareness of appropriate drinking and to prevent inappropriate drinking, with each and every employee playing a role in promoting initiatives.

► Promote Responsible Drinking

<https://www.sapporoholdings.jp/en/csr/quality/drinking/>

TOPICS

Began denoting net alcohol amount on labeling on products and our website

We began disclosing the net alcohol amount (g) included in our main alcoholic beverages manufactured and sold in Japan on the Sapporo Breweries website in June 2021. We began labeling net alcohol amount on our canned products in January 2022.



Joined the International Alliance for Responsible Drinking (IARD)

As a member of the Brewers Association of Japan, an organization affiliated with the Global Alcohol Producers Group (GAPG, currently IARD), Sapporo Breweries has stayed true to its commitment and worked to promote



moderate drinking practices during the five-year period starting in 2013. We will continue to step up our initiatives going forward.

Developing non-alcoholic beverages

If we are to popularize and grow our non-alcoholic beer taste beverages as means to prevent drunk driving and promote good health, it is important that these products feature flavor, quality, and functionality that will satisfy customers. In June 2020, we launched Sapporo Umami Shibori, the world's first non-alcoholic beer to utilize anserine to lower uric acid levels. This product has received praise from beer-loving customers who are conscious of their uric acid levels.



Introduced specialized serving glasses for alcoholic beverages








Introduced specialized glasses for alcoholic beverages at Sapporo Lion locations as part of strengthened measures to prevent accidental alcohol consumption. In fiscal 2021, there were zero instances of accidental alcohol consumption and drunk driving.

Promise²
Targets and Results

Promote Coexistence with Society



We will contribute to community development and solve issues as a member of local societies, in addition to creating a better future along with everyone in society.

Materiality	SDGs	Medium- to Long-Term Targets to 2030	Results (2021)	Plan (2022)
Supporting local communities	  	<ul style="list-style-type: none"> Contribute to regional development through each employee playing an active role in supporting their local community 	<ul style="list-style-type: none"> Delivered products to children's cafeterias, social welfare facilities, and essential workers including medical staff as a response to COVID-19 Released products made with local ingredients and regional limited edition products Supported Tohoku region reconstruction under the Tohoku Mirai Project 	<ul style="list-style-type: none"> Continue making concrete efforts to help resolve issues in local communities located near the business locations of Group companies
		<ul style="list-style-type: none"> Connect local communities through our products and services as we work together to solve problems Collaborate with administrative agencies and our partners to promote the creation of enriching towns in ways that help enhance the region's appeal SRE SLN 	<p>SRE</p> <p>YGP</p> <ul style="list-style-type: none"> Number of local partnerships: 63 (as of December 2021) Held study sessions on urban development. Implemented measures for local community revitalization, including the Ebisu Cultural Festival <p>SF</p> <ul style="list-style-type: none"> Started My Little Garden (Gardening in Sapporo Factory) <p>SLN</p> <ul style="list-style-type: none"> Incorporated ingredients grown in disaster-stricken region (Iwate, Miyagi, Fukushima, and Kumamoto prefectures) to convey the deliciousness of these regions' ingredients Conducted clean up activities around our beer halls, bars, restaurants, etc. and the head office 	<p>SRE</p> <p>YGP</p> <ul style="list-style-type: none"> Hold discussions on formulation of the Ebisu Urban Development Vision with local governments and nearby companies Continue building digital co-creation platform <p>SF</p> <ul style="list-style-type: none"> Carry out initiatives for development, reinforcement and expansion of community <p>SLN</p> <ul style="list-style-type: none"> Carry out initiatives for disseminating appeal in communities where our beer halls, bars, restaurants, etc. are located
Sustainable procurement	 	<ul style="list-style-type: none"> Have all major suppliers meet the sustainability procurement guidelines SB PS 	<ul style="list-style-type: none"> Held marketing policy information sessions "Toward Sustainable Procurement" to ask suppliers to meet the sustainability procurement guidelines CSR procurement survey: Sent the questionnaire in June and received responses in July (Target: 49 companies SB, 56 companies PS) <ul style="list-style-type: none"> - 100 percent of major suppliers (top 100 suppliers) met the sustainability procurement guidelines Conducted Supplier Satisfaction Survey in September <ul style="list-style-type: none"> - Responses from 52/56 companies (response rate of 93%) SB - Responses from 69/77 companies (response rate of 90%) PS 	<ul style="list-style-type: none"> Request understanding and cooperation from suppliers regarding the Sapporo Group Procurement Basic Policy and sustainable procurement Confirm supplier consent regarding the sustainability procurement guidelines Confirm status of sustainable procurement (via CSR procurement survey) Verify degree of implementation of fair and impartial procurement activities (via the Supplier Satisfaction Survey)

Promise³
Targets and Results

Environmental Conservation


In order to pass on the blessings of nature to the future, we will strive for environmental conservation at every phase, promoting active participation of all employees in environmental activities.

Materiality	SDGs	Medium- to Long-Term Targets to 2030	Results (2021)	Plan (2022)
Preventing global warming		<ul style="list-style-type: none"> Reduce CO₂ emissions at Company locations by 20% from 2013 levels (Operating Companies as of 2013) 	<ul style="list-style-type: none"> Reduced CO₂ emissions by 14% year on year Achieved target of 23% reduction from 2013 levels Conducted TCFD scenario analysis of agricultural raw material yields for beer Identified potential risks and opportunities and formulated strategy and targets 	<ul style="list-style-type: none"> Promote energy-saving initiatives. Reduce CO₂ emissions by 1.0% year on year Improve GHG emissions calculation method aligned with international standards and enhance information disclosure system Expand disclosures of financial impacts following the TCFD's recommendations
		<ul style="list-style-type: none"> Strive to reduce CO₂ emissions from value chains outside Company locations 	<ul style="list-style-type: none"> Calculated Scope 3 emissions for four major Operating Companies 	<ul style="list-style-type: none"> Calculate and disclose Scope 3 emissions for major Operating Companies
Promoting the 3Rs	      	<p>Water resources</p> <ul style="list-style-type: none"> Reduce total water consumption at our production factories by 10% from 2013 levels SB PS 	<ul style="list-style-type: none"> Reduced water consumption by 9% year on year. Achieved target of 14% reduction from 2013 levels 	<ul style="list-style-type: none"> Use water effectively <ul style="list-style-type: none"> Water consumption at domestic Company-owned breweries: Reduced 12.3% from 2013 levels SB, Reduced 0.5% per unit year on year PS
		<ul style="list-style-type: none"> Launch global measures against water-related risks to save water resources 	<ul style="list-style-type: none"> Using WRI's Aqueeduct, investigate water risks in 28 production bases in six countries and the sites of main suppliers of barley and hops. Also, conduct supplementary onsite investigations 	<ul style="list-style-type: none"> Expand disclosures of information related to water risks
		<p>Containers & packaging</p> <ul style="list-style-type: none"> Sustain and expand the use of lighter and simpler container packaging ("Reduce") Expand the use of recyclable materials to diminish our dependence on exhaustible resources for containers & packaging Contribute to the building of a sustainable, recycling-oriented society through strengthened collaboration and cooperation with outside parties 	<p>Plastics:</p> <ul style="list-style-type: none"> Formulated the Sapporo Group Plastics Policy and carried out specific initiatives at each company <ul style="list-style-type: none"> Recycled PET: Began using for wine and soft drinks SB PS, Switched to paper straws SLN, etc. <p>Paper packaging materials:</p> <ul style="list-style-type: none"> Began using short-flap cardboard boxes SB, etc. 	<ul style="list-style-type: none"> Reduce use of single-use plastics in containers and packaging, and increase use of recycled and biomass plastics <ul style="list-style-type: none"> Increase use of recycled materials in PET bottles and reduce their weight, etc. Reduce paper packaging and increase use of FSC certified paper <ul style="list-style-type: none"> Increase use of short-flap cardboard boxes and FSC certified paper, etc.
		<p>Wastes</p> <ul style="list-style-type: none"> Aim to reduce food loss at our food service outlets and in food distribution (Domestic Operating Companies) 	<ul style="list-style-type: none"> Reduced loss from wastes by reducing SKUs and establishing KPI for reducing inventories in each category 	<ul style="list-style-type: none"> Reduce food loss at our food service outlets and in food distribution (Domestic Operating Companies)
		<ul style="list-style-type: none"> Reduce waste generation and raise the rate of reused food waste to 50% by 2024 SLN 	<ul style="list-style-type: none"> Fiscal 2020 (April 2020-March 2021) results: 41.4%. Declined year on year due to impacts of COVID-19 SLN 	-
<ul style="list-style-type: none"> Strive to increase the waste recycling rate, and achieve to 100% at our major breweries** SB PS 	<ul style="list-style-type: none"> Achieved a 100% waste recycling rate at 13 major breweries 	<ul style="list-style-type: none"> Achieve a 100% waste recycling rate at major breweries SB PS 		

Promise³
Targets and Results

Environmental Conservation

In order to pass on the blessings of nature to the future, we will strive for environmental conservation at every phase, promoting active participation of all employees in environmental activities.

Materiality	SDGs	Medium- to Long-Term Targets to 2030	Results (2021)	Plan (2022)
Harmonizing with nature		<ul style="list-style-type: none"> Develop barley and hop varieties with more tolerance to climate change SB 	<p>Barley:</p> <ul style="list-style-type: none"> Making progress in selecting parental lines with resistance to Fusarium head blight and pre-harvest sprouting, and that can adapt to a broad range of environments <p>Hops:</p> <ul style="list-style-type: none"> Continued testing for establishment of simple root system evaluation system 	<p>Barley:</p> <ul style="list-style-type: none"> Cultivate parent cross-breeding group with resistance to Fusarium head blight and pre-harvest sprouting, and that can adapt to a broad range of environments. Begin selecting certain materials locally <p>Hops:</p> <ul style="list-style-type: none"> Establish an evaluation system for root systems in order to select genetic resources resistant to climate change Begin evaluating genetic resources using new root evaluation system
		<ul style="list-style-type: none"> Offer lifestyle alternatives that harmonize with nature for nearby residents, with a focus on Yebisu Garden Place and Sapporo Factory SRE 	<p>YGP</p> <ul style="list-style-type: none"> Continued discussions about the Green Project for creating a sustainable environment forming a foundation for communities <p>SF</p> <ul style="list-style-type: none"> Began rolling out My Little Garden (gardening at SF) Hold workshop for creating ornaments using wood from Christmas trees at ATRIUM in Sapporo Factory in cooperation with Hokkaido Prefectural Government as a form of tree cultivation and conservation initiatives 	<p>YGP</p> <ul style="list-style-type: none"> Implement measures for a sustainable and enriching environment in harmony with nature through the Green Project Utilize the urban farm (Yebisu Garden Farm) to hold events featuring food <p>SF</p> <ul style="list-style-type: none"> Hold events involving the community using My Little Garden Develop and grow community aimed at increasing value of Sousei East Area

For details regarding the Sapporo Group's Environmental Vision 2050 and ESG data, please visit the Company's website.

▶ **Environmental Vision:**

<https://www.sapporoholdings.jp/en/csr/earth/environment/target/>

▶ **ESG Data**

<https://www.sapporoholdings.jp/en/csr/esg/>

TOPICS

Introduced Renewable Energy at Yebisu Garden Place

In April 2022, Sapporo Real Estate Co., Ltd. switched the energy we procure and supply to Yebisu Garden Place, including tenants, to renewable energy. As a result, it is now possible to provide all tenants with electricity with 100% environmental value derived from renewable energy. The Group expects to reduce CO₂ emissions by approximately 8,000 tons per year and by approximately 13,500 tons per year when including tenants.

Introduced Solar Power Generation System at Sapporo Breweries' Gunma Brewery Ojima Plant

In January 2022, we introduced a solar power generation system using a PPA model* at the Ojima Plant of the Gunma Brewery. The system consists of 1,072 solar panels with a total panel area of approximately 2,500 square meters. Annual power generation is expected to be 627 MWh and CO₂ emissions are expected to be reduced by about 330 tons per year.

* Acronym for Power Purchase Agreement. A model in which an electric power company installs solar panels free of charge at a company and the company purchases electricity generated by these solar panels from the electric power company.



Promise 3

Environmental Conservation

Efforts Related to Climate Change

Information Disclosure Following the TCFD Recommendations

Sapporo Holdings agrees with the recommendations put forth by the Task Force on Climate-related Financial Disclosures, which encourage companies to evaluate and manage risks and opportunities associated with climate change and to disclose related information, and is therefore actively promoting such information disclosure.

At the same time, we recognize climate change as a highly important issue requiring a global effort. Therefore, we conduct scenario analyses to derive multiple hypothetical business environments as a means of resolving issues, both in terms of mitigation and adaptation. This process identifies risks and opportunities, and the results thereof are reflected in our strategies and initiatives.



Governance

The Sapporo Group has established the Group Sustainability Committee, chaired by the president of Sapporo Holdings, as an advisory body to the Management Council to aid the environmental management initiatives of each operating company and to promote and integrate the environmental conservation activities for the Group as a whole.

The Committee investigates a variety of issues based on social trends and the Group's environmental policy. In particular, climate change has been designated as a major issue, and the Sapporo Group has been making efforts to reduce its greenhouse gas emissions.

Along with this, Operating Companies have been developing environmental conservation frameworks that align with their business characteristics.

Strategy

In 2019, we formulated the Sapporo Group's Environmental Vision 2050, which aims to realize a carbon-free society. In addition to business structural reforms targeting decarbonization and thorough energy-saving measures, the Sapporo Group is working to prevent global warming by utilizing renewable energy.

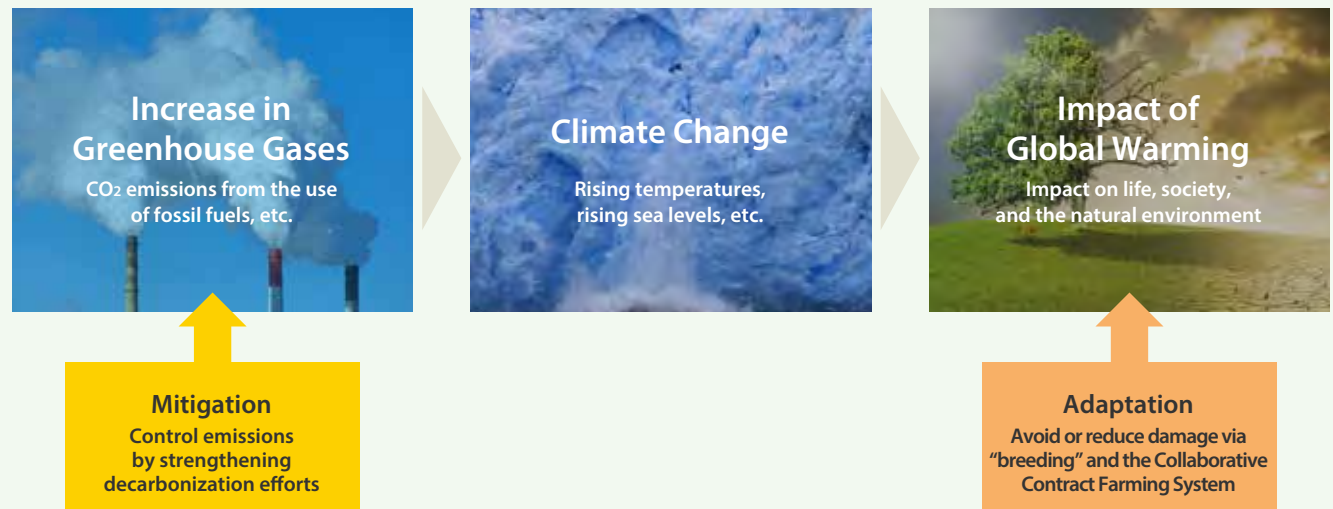
These efforts include cultivating our own barley and hops, prime ingredients used in our core beer business since its founding in 1876, while we have utilized the Collaborative Contract Farming System, our proprietary procurement system, since 2006. Looking to the future, we have taken into account the impact of the scenarios listed on the following page on the yield of raw materials and are working with universities, research

institutions, and suppliers in Japan and overseas to develop new varieties of raw materials at Sapporo Breweries' Raw Material R&D Center and to ensure stable procurement. Also, it is our policy to strengthen ties with suppliers to ensure stable procurement of secondary raw materials, such as rice and corn.

The entire Group will take on the challenge of resolving issues related to climate change, both in terms of mitigation*1 and adaptation*2, through its rigorous decarbonization efforts and its over 140 years of manufacturing raw materials. By doing so, the Sapporo Group will work toward becoming a resilient business entity and building a sustainable society.

*1 Mitigation involves limiting the emissions of greenhouse gases (as defined by the Ministry of the Environment).

*2 Adaptation involves taking appropriate action to prevent or minimize damage (as defined by the Ministry of the Environment).



Promise 3

Environmental Conservation
Efforts Related to Climate Change

Scenario Analyses

We have conducted scenario analyses within our core beer business, targeting procurement areas for raw materials used in beer, with the expectation that climate change will affect these areas. Based on scenario analysis data from the Food and Agricultural Organization of the United Nations (FAO) and other sources, and with adjustments made to account for abnormal weather and other factors, we anticipate three scenarios in which yield amounts could change by 2050, each with differing climate change, socioeconomic, and production related factors.

Scenario Analyses

+: Positive effect on agricultural yield
-: Negative effect on agricultural yield

	Temperature increase	Extreme weather (typhoons, floods, droughts, etc.)	Agricultural trends	Other social trends
Sustainability Scenario 1 —Progress	Rise in global temperature kept within 2 °C	Extreme weather increases to some degree (-)	Stricter regulations on use of chemical fertilizers, etc. (-)	Population growth, improved living standards, higher food demand, and higher food prices to a certain degree
Sustainability Scenario 2 —Level	Rise in global temperature cannot be kept within 2 °C	Frequent extreme weather causes widespread damage (-)	Selective breeding and increased capital investment (+)	Population growth, improved living standards, increased food demand, and higher food prices
Sustainability Scenario 3 —Stagnation	Rise in global temperature greatly exceeds 2 °C	Extreme weather grows in severity (-)	Agricultural damage grows due to rampant crop disease (-)	Soaring food prices, greater difficulty for those from poorer backgrounds to attain food

Forecast for Procurement Yields by Area / Country

In Scenario 1—Progress, it is assumed that agricultural yields will be negatively affected by restrictions on chemical fertilizers and other changes. In countries and areas where yield estimates are trending upward, yields may increase or stay level even under the negative factors in the table above.

- ↑ : Over 5% increase
- ➡ : Between 5% decrease and 5% increase
- ↓ : Over 5% decrease

Yield estimates are presented in comparison with yields in 2018 to determine whether levels will have increased, stayed even, or decreased by 2050.

Barley

	Progress	Level	Stagnation
Europe	↓	➡	↓
North America	↓	↑	↑
Oceania	➡	↑	➡
East Asia	↓	➡	↓

Corn

	Progress	Level	Stagnation
North America	↓	↓	↓
South America	↑	↑	↑

Hops

	Progress	Level	Stagnation
Europe	➡	➡	↓
North America	➡	➡	↓
Oceania	↑	↑	↑
East Asia	↑	↑	↑

Rice

	Progress	Level	Stagnation
East Asia	↓	➡	↓

Environmental Conservation

Efforts Related to Climate Change

Promise 3

Risks and Opportunities, Responses, and Measures

The results of the scenario analyses on the previous page have made it clear that in each scenario there will be areas showing a decrease in yields. Based on this understanding, an investigation has been conducted into the risks and opportunities facing the Sapporo Group, incorporating the effects of the three aforementioned scenarios and assuming one of them could become reality.

With regard to risks, the Group recognizes a potential

drop in product quality due to lower agricultural yields stemming from abnormal weather, stronger regulations, crop damage from diseases and harmful insects, and other factors. As for opportunities, the Group recognizes the potential for heightening its competitiveness by stabilizing quality via selective breeding, development of new cultivars and products, and other measures. Based on this consideration, we expect that strengthening mitigation and adaptation measures will greatly reduce the impact of risks and increase our ability to seize opportunities.

We will address the decreasing trend of yields in each area by looking at the differences in each area and securing a diverse range of suppliers. In addition, we intend to utilize the Collaborative Contract Farming System and promote the development and practical application of new cultivars to address stronger restrictions on chemical fertilizers and yield reduction and deterioration in quality from crop diseases. We consider these measures as effective responses and measures for any scenario.

Item		Risks and Opportunities	Responses and Measures
Risks	Transitional Risks	<ul style="list-style-type: none"> Strengthened regulations on agrochemicals in each country Increased costs due to introduction of carbon pricing in each country 	<ul style="list-style-type: none"> Maintain awareness of information related to agrochemical regulations and status of use Collect information on integrated pest management that can replace chemical pesticides, such as biological pest control and physical removal; maintain awareness of trends among producers Move forward with decarbonization initiatives (achieve 2030 and 2050 targets)
		<ul style="list-style-type: none"> Increased food demand due to global population growth, tightened export restrictions due to lower production stemming from abnormal weather, and rising procurement prices Delays in procurement of raw materials due to prevalence of new diseases and other factors 	<ul style="list-style-type: none"> Secure a diverse group of suppliers Collect information and maintain awareness of global trends and regulations related to import and export of food products Strengthen foundation for stable domestic production
		<ul style="list-style-type: none"> Drop in quality of raw materials due to abnormal weather 	<ul style="list-style-type: none"> Develop and spread high-yield cultivars of barley and hops with low risk of quality degradation from abnormal weather
	Physical Risks	<ul style="list-style-type: none"> Increased crop damage from diseases or harmful insects as a result of global warming 	<ul style="list-style-type: none"> Develop and spread new cultivars of barley and hops with high disease resistance Work with suppliers to establish a pest control system in a move toward introducing integrated pest management
<ul style="list-style-type: none"> Increased water risks due to heat waves from abnormal weather, droughts, and irregular rainfall, higher frequency of wind and water damage due to typhoons and torrential rains, and greater enormity of damage 		<ul style="list-style-type: none"> Conduct risk assessments targeting safety of water supply at existing sites, droughts, and abnormal weather 	
Opportunities		<ul style="list-style-type: none"> Increased competitiveness from more efficient production systems that utilize ICT and robots, stable quality through selective breeding, development of new cultivars for raw materials, new product development, and other factors 	<ul style="list-style-type: none"> Utilize new agricultural technologies in collaboration with partners in Japan and Overseas Develop and spread barley and hop cultivars that can help avoid or mitigate the effects of climate change (droughts, torrential rains, etc.)

Promise 3

Environmental Conservation

Efforts Related to Climate Change

Indicators and Targets

Based on the responses and measures listed on the previous page, we have set the following indicators and targets for the key initiatives of the Sapporo Group.

For mitigation measures, which aim to control greenhouse gas emissions, we have set medium- to long-term targets for reducing CO₂ emissions. As an initiative intended to achieve targets related to the value chain, we have begun the process of establishing new activities to reduce emissions in areas that utilize the Collaborative Contract Farming System in Japan and overseas. Going forward, we will expand these efforts to domestic cultivation areas while taking into account regulations such as those pertaining to agrochemicals.

For adaptation measures, which aim to avoid or reduce the damage caused by climate change, we have set new targets for primary agricultural raw materials used for beer, our core business. Looking ahead, we aim to develop and commercialize cultivars addressing factors in reduced yields and drops in quality, such as abnormal weather, including droughts and torrential rains, and water stress and diseases caused thereby.

We have set targets for other climate change-related items, listed under “Medium- to Long-Term Targets for Sustainability Materiality,” and are promoting efforts to reach these targets throughout the Group.

Mitigation

- Reduce CO₂ emissions from Group-owned bases by 20% by 2030 compared with 2013 levels
- Aim to reduce CO₂ emissions from Group-owned bases to zero by 2050
- Work to reduce CO₂ emissions throughout value chain
 - Activities to reduce CO₂ emissions to be carried out at all domestic production areas utilizing the Collaborative Contract Farming System by 2030

Adaptation

- Apply to register new cultivars of barley and hops by 2030 as a means to adapt to climate change
- Commercialize new barley and hop cultivars domestically by 2035 as part of efforts to adapt to climate change
- Develop and commercialize new environmentally adaptive cultivars in Japan and overseas (in addition to the cultivars above) by 2050



► **Sapporo Group Environmental Vision 2050**

<https://www.sapporoholdings.jp/en/csr/earth/environment/target/>

► **Sapporo Group Sustainability Book (Japanese only)**

https://www.sapporoholdings.jp/csr/sustainability_book/

Promise 3

Environmental Conservation

Plastics Reduction / Biodiversity

Initiatives to Reduce Plastic Use

We formulated the Sapporo Group Plastics Policy in October 2021. The Sapporo Group will accelerate initiatives including reduction of plastic consumption in our business activities to contribute to the building of a recycling-oriented society.

Targets and Initiatives of Group Companies

Sapporo Breweries

- As a general rule, we will prohibit the use of advertisements that are made of single-use plastics derived from fossil fuels by 2030 in Japan.
- We aim to increase the use of recycled raw materials in PET bottles of domestically manufactured wine to 50% by 2030.

POKKA SAPPORO Food & Beverage

- We aim to increase the use of recycled raw materials in PET bottle products to 50% by 2030.

Sapporo Lion Limited

- We have fully switched to paper straws from plastic straws.

The Sapporo Group Plastics Policy

To realize a sustainable society, the Sapporo Group will contribute to the building of a recycling-oriented society by taking the following steps to examine and tackle the plastics used in our business activities:

1. Review the situations in which plastics are used and eliminate unnecessary use.
2. Work to reduce the volume of plastics used.
3. Convert to highly recyclable designs, recycled materials, and biomass plastics.

► The 3Rs of containers, packaging, and materials

<https://www.sapporoholdings.jp/en/csr/earth/3r/container/>

Biodiversity Conservation Initiatives

The Sapporo Group is truly grateful for the blessings of nature. We consider biodiversity at every stage of our operations—from regional development to the cultivation of raw materials and production—and engage in a variety of conservation initiatives. We also work together with local communities to teach future generations about the importance of conserving biodiversity, and engage in various initiatives for biodiversity conservation through our products and services.

The Sapporo Group Biodiversity Protection Guidelines

The Sapporo Group conducts environmental conservation activities with the understanding that all environmental conservation efforts engaged in by the Group will ultimately lead to the conservation of biodiversity.

The Sapporo Group:

- Works at conserving biodiversity both in terms of business operations and social contribution
- Works at conserving biodiversity in terms of the entire lifecycle of its business activities
- Works at conserving biodiversity in cooperation with community members and NPOs
- Works aggressively at providing education on biodiversity to employees
- Works at conserving biodiversity in coordination with Group companies and by making use of their specific characteristics

► Biodiversity conservation initiatives

<https://www.sapporoholdings.jp/en/csr/earth/nature/biodiversity/>

TOPICS

Supporting the Keidanren Initiative for Biodiversity Conservation



We support the Keidanren Initiative for Biodiversity Conservation, which is prepared by the Japan Business Federation (Keidanren) and outlines specific policy and

initiatives on biodiversity and the Declaration on Biodiversity by the Japan Business Federation and the Keidanren Initiative for Biodiversity Conservation.

Operation of Yebisu Garden Farm

In 2020, Sapporo Real Estate Co., Ltd. launched an initiative for harmonization with nature which focuses on urban agriculture at Yebisu Garden Farm.



Use of CartoCan Since 1996

POKKA SAPPORO Food & Beverage Ltd. has been using paper containers for beverages called




CartoCan that uses 30% or more of domestic timber and also utilizes lumber from thinning. We are contributing to forest development with the use of CartoCan.

Promise4
Targets and Results

Cultivate Highly Unique Employees

We respect diverse employees and foster the development of an environment that allows each employee to demonstrate his or her ability to the maximum extent.

Materiality	SDGs	Medium- to Long-Term Targets to 2030	Results (2021)	Plan (2022)
Health and productivity management		<ul style="list-style-type: none"> Encourage employees and their families to raise their health awareness and effect behavioral change to maintain better health 	<ul style="list-style-type: none"> Fully banned smoking in company vehicles and initiated measures online to encourage employees to stop smoking Percentage of employees who smoke: 24% (2% reduction) SH SB PS SRE SLN Uptake rate of lifestyle-related health checkups for employees 40 years or older: 84.7% (approx. 10% increase) SH SB PS SRE SLN Percentage of employees who exercise regularly: 33% (2% increase) SH SB PS SRE SLN Work engagement: Deviation value increased 0.6, percentage of employees with high stress levels: 0.4% increase, etc. 2021 Certified Health & Productivity Management Outstanding Organization: Large enterprise category (White 500) SH SB PS , large enterprise category SLN , SME category (Bright 500) Yasuma Co., Ltd. 	<ul style="list-style-type: none"> Implement measures aimed at achieving each target indicator - Percentage of employees who smoke: 12%, uptake rate of lifestyle-related health checkups: 100%, percentage of employees who exercise regularly: 39% for men and 35% for women SH SB PS SRE SLN Reduce percentage of employees with high stress levels compared with the previous year SH SB PS SRE SLN
Diversity & Inclusion and human rights		<ul style="list-style-type: none"> Aim to realize an environment that encourages each employee to have a deeper understanding of diversity and to work with passion and vitality Raise the proportion of women in management and executive positions to 20% SH SB PS SRE SLN 	<ul style="list-style-type: none"> Implemented diversity and inclusion measures internally, including diversity and inclusion awareness survey and encouragement for men to take childcare leave Measures for supporting the success of women (dispatched employees to outside organizations), percentage of women in management positions (5 companies) 5.0% (4.2% in previous year) Fostered community of cancer survivors internally, held joint offsite training, and organized workshops Began updating the guidebook for balancing medical treatment and work Received fourth consecutive Gan-Ally-Bu Gold award SB 	<ul style="list-style-type: none"> Increase diversity and inclusion team capabilities over previous year (3.0 points) (Based on stress checks and employee awareness surveys) SH SB PS SRE SLN Percentage of women in management positions: 6.0% SH SB PS SRE SLN
Human resource development and training		<ul style="list-style-type: none"> Establish a system that encourages employees to shine, inspiring them to “carve out their own careers” Establish an environment where employees receiving cancer treatment and those providing nursing care can keep working Increase the ratio of employees with disabilities to 3% of the workforce 	<ul style="list-style-type: none"> Conducted in-house training on psychological safety, which is the basics of working one-on-one, at all departments SH SB Percentage of employees with disabilities: Held lecture by outside expert aiming to expand the range of work. Percentage of employees with disabilities: 2.64% SH SB 	<ul style="list-style-type: none"> Percentage of employees with disabilities: 2.7% SH SB Raise percentage of employees with high engagement over the previous year (20%) (Based on stress checks and employee awareness surveys) SH SB PS SRE SLN

A portion of the data presented here is also presented as results in the ESG Data section of the Company's website.

▶ ESG Data

<https://www.sapporoholdings.jp/en/csr/esg/>

Promise 4

Cultivate Highly Unique Employees

Diversity and Inclusion / Human Resource Development / Health and Productivity Management

Promoting Diversity and Inclusion

The Sapporo Group established the Diversity and Inclusion Promotion Group, believing that keys to meeting our Management Philosophy are to let the individuality of each and every person shine, let everyone compete with one another, accept differences and make them strengths. We are fostering a work environment that respects all forms of diversity including gender, age, disability, nationality, educational background, employment patterns, values, sexual orientation, and gender identity, embraces diversity, and where each and every employee can fully display their skills. We are committed to create conditions in which “women can naturally and continuously participate with a sense of satisfaction” as an avenue toward respecting and utilizing this diversity.

Human Resource Development and Training

Recognizing all employees as “human resources” vital to the company, we are working to provide support based on the business characteristics of Group Companies so that each employee can make the most of their individual strengths and take the initiative in their own career development. We are also enhancing the personnel system to increase the motivation of each employee.

Health and Productivity Management Initiatives

The Sapporo Group launched its Health and Productivity Management Project in 2017, and we have been making efforts toward reinforcing the health management promotion structures and foundations for boosting employee health awareness under the Sapporo Group Health Creation Declaration.

TOPICS

Dialogue with Diverse Human Resources

The Director of Human Resources actively held dialogue with a variety of human resources, and in the first round, we asked foreign national employees to talk openly about their work environment and anything they may have wondered about. We strive to raise awareness such as respect for diversity by sharing these discussions on the company’s intranet.



Key Initiatives	
Promoting the Success of Women	We are building a human resource pipeline by providing training for female employees so that they can have more involvement in management regarding decision-making and new value creation. We make active efforts to send female employees to seminars and cross-industry exchanges to encourage their own visions for leadership and to support their career development. We are committed to encouraging women’s independence and appetite to tackle challenges along with expanding opportunities in the workplace and supporting their growth.
Encouraging Men to Take Childcare Leave	We conducted a survey on “men and childcare” targeting male employees and identified issues such as anxiety about taking childcare leave and obtaining understanding of the workplace. We carry out awareness-raising activities such as seminars and promote the use of childcare leave by men with the aim of creating a workplace where “men also take childcare as a matter of course.”
Side Jobs Internally/Externally In-house Internships	Sapporo Holdings and Sapporo Breweries have introduced the in-house and external side job system and in-house internship programs for employees’ self-growth and proactive career visualization. We will draw out the challenges of each individual to support for growth and revitalizing the organization.
Fostering a Culture that Embraces Challenges	Sapporo Breweries conducted training on psychological safety for executives and all employees with the aim of fostering a culture in which employees are comfortable to display their individuality, respect and help each other, and take on new challenges. As we have seen results such as lively discussions, we plan to expand this training to other Operating Companies in the future.

Medium-Term Health and Productivity Management Plan (2018-2022)

Health investments	Results of health investments			Management issues to be resolved via health management
	Index 1 Measures and initiatives	Index 2 Changes in awareness and behavior	Index 3 Health-related goals	
Safeguarding lives	Promoting regular health check-ups	Employees in need of emergency treatment 100% of employees visit medical institutions	Improving health awareness Establishing exercise routines	Developing human resources
	Providing support for the time and costs involved in lifestyle-related health check-ups	Lifestyle-related health check-ups 100% of 40 and overs receive health check-ups		
	Promoting no-smoking	Consultations with smokers 100% of smokers consulted		
Promoting health	Establishing and using regional health nurses	Number of cases seen by public health nurses 1,500 cases per year	Improving health scores Decreasing smoking rates	Improving brand strength
	The good habits challenge	Number of campaign participants 80% or more		
Turning differences into strengths	Collaborating on projects with research departments	Frequency of collaborative projects with Group products Once or more per year	Improving work environments and job satisfaction	Improving attractiveness as place to work
	Analyzing and using comprehensive questionnaires	Comprehensive questionnaires 90% or higher response rate		

Promise 4

Cultivate Highly Unique Employees

Human Rights

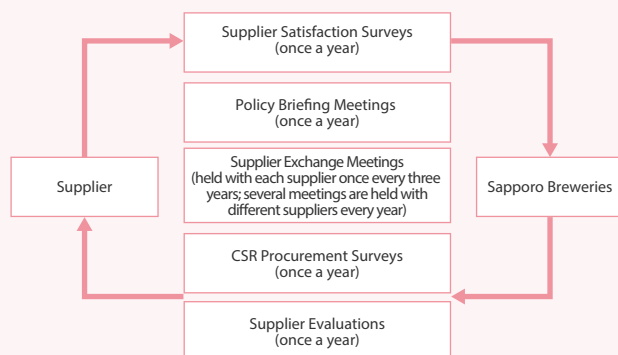
Sapporo Group Human Rights Policy

Sapporo Holdings recognizes that our business could directly or indirectly affect human rights in the course of its process and, to respect human rights of all people involved in our business, we have established the Sapporo Group Human Rights Policy, and with this policy, we are promoting approaches to respecting human rights.

Efforts with Suppliers

Based on the Sapporo Group Human Rights Policy, the Sapporo Group respects the human rights of its partners and ensures a work environment in which people are not unfairly discriminated against on the basis of race, ethnicity, nationality, creed, gender, religion, disability, sexual orientation, gender identity, or other reasons. In addition, through strengthening of relationship with suppliers, we will strive to promote understanding of the Sapporo Group Human Rights Policy throughout the supply chain.

Sapporo Breweries' Initiatives



Particularly Important Human Rights Issues (Priority)

Forced Labor and Child Labor:
Under the laws of each country and under the internal policies of each group company, we are making efforts to appropriately manage personnel affairs in a regionally-oriented manner without being engaged in any forced labor or child labor.

Discrimination and Harassment:
We respect diversity and the human rights of individuals. We eliminate any discrimination and harassment based on race, ethnicity, nationality, creed, gender, religion, disability, sexual orientation, and gender identity etc., and create a work environment where all employees are fairly treated.

Freedom of Association and the Right to Collective Bargaining:
We will respect the freedom of association and the right to collective bargaining in accordance with the applicable laws and regulations of the countries and regions where we do business. If the right to freedom of association and collective bargaining are restricted under national/regional laws and regulations in

contravention of international human rights standards, we will seek ways to honor these rights by establishing alternative means of dialogue with employees.

Operational Health and Safety:
We will keep updated on laws, regulations and rules concerning health and safety in workplace and the status of their implementation, and always strive to maintain a safe and healthy work environment.

Working Hours and Wages:
We will comply with all applicable laws and regulations related to working hours and wages of the countries and regions where we do business. We will work towards ensuring wages that enable our employees to meet their basic needs of living.

Autonomy and Challenge:
We aim to make the most of each person's strengths, to be healthy in mind and body, and to challenge new areas autonomously with a cheerful and positive energy.

TOPICS

Creating a Pleasant Work Environment Free of Discrimination and Harassment

The Sapporo Group respects the human rights of its employees and carries out various measures with the aim of creating a pleasant work environment free of discrimination and harassment.

To prevent human rights violations, we have established a consultation desk, promoted employee education and awareness-raising activities, such as online training and the

creation of opportunities for employees in the workplace to think about each other, and provide online training on how to respond to harassment consultations.

In addition, related parties who handle information at the consultation desk are required to submit a written pledge of confidentiality and to be mindful of preventing leaks of information that could identify the reporting party.

Sapporo Holdings and Sapporo Breweries conduct harassment training for new managers annually.

► **Respect for human rights**

<https://www.sapporoholdings.jp/en/csr/employee/diversity/respect/>

Management Foundation



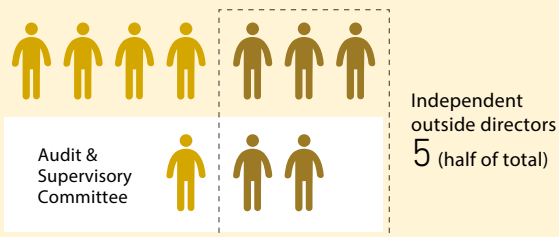
Corporate Governance Digest

Governance Digest

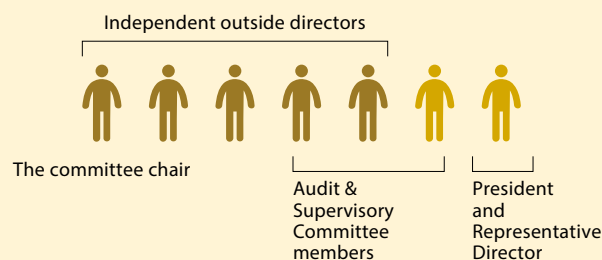
Format The Company has transitioned to a Company with an Audit & Supervisory Committee, a governance system with appropriate capabilities in terms of the audit and supervision of the Board of Directors. The transition was made in order to bring the transparency and effectiveness of corporate governance to a higher level and to increase corporate value by leveraging stronger monitoring functions over management to achieve management targets. Sapporo Holdings voluntarily established the Nominating Committee and the Compensation Committee in November 1998 in order to improve the transparency of management related to the membership and treatment of the Board of Directors and maintain a sound management structure.

Board of Directors

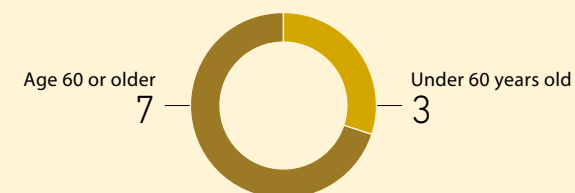
Constituent Members



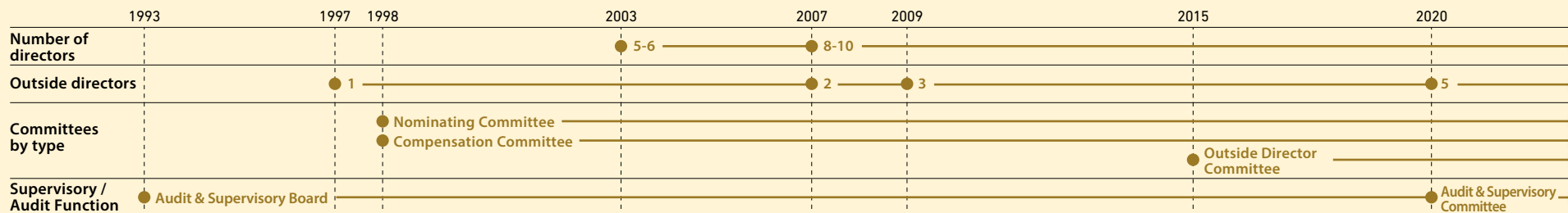
Nominating and Compensation Committees



By Age



History of Corporate Governance Reforms



Notes:

1. The Company began operations under a holding company framework in 2003.
2. The term of office of directors was shortened to one year from March 2005.
3. As the Company established an Audit & Supervisory Committee on March 27, 2002, the term of office of directors (excluding directors who are Audit & Supervisory Committee Members) became one year.

Message from an Outside Director



Helping to achieve the Group Vision harnessing my experience as senior management at an ICT firm

Tetsuya Shoji

Outside Director (Independent Officer)

Evaluation of the Group's governance

Q1. What are your thoughts after participating board meetings for the past year?

I have previously served on the Board of Directors of several companies, and if I was to compare this experience, I have to say that the Sapporo Group has a solid corporate governance system in place. Given it has only recently established an Audit and Supervisory Committee in fiscal 2020, I would have expected that the company would still have a few kinks to work out in fiscal 2021. However, I find that the company is adapting well by not merely operating based on a standardized institutional design change, but rather by blending the positive aspects of both the existing system as a company with an Audit & Supervisory Board and the new structure.

Q2. What approaches does the company take to encourage discussions at board meetings?

It is easy to share ideas freely with the Board of Directors. In fact, we have quite involved discussions at every meeting. While this was my first year on the board and there may still be nuances that I cannot grasp in discussions, I receive detailed supplemental briefings from other directors and the secretariat, facilitating my participation in discussions.

Moreover, the company has a Management Council, where decisions are made by operating officers separate from the Board of Directors. Proposals with a certain level of direction made at these meetings are then presented to the Board of Directors, which deliberates whether the conclusions of the Management Council represent the best options before making the final decision. For these deliberations, the minutes of Management Council meetings are provided in advance, serving as good reference because they clearly convey the type of opinions exchanged between each member and how they arrived at their conclusion. This

makes it possible for me to correctly decipher the intention and purpose of operating officers.

Moreover, the Board of Directors plays a key role in following up on past proposals. For example, sometimes we may not achieve the anticipated results from an investment. Therefore, we discuss issues such as why that was the case, were the risks known beforehand, and what improvement should be made, if any. Since not everything goes according to plan, it is important to enhance the quality of decision making following the PDCA cycle.

Areas I would like to handle as an Outside Director

Q3. Can you share advice on the Group's digital transformation (DX) based on your experience in ICT?

There are two parts to digital transformation (DX). There is defensive DX used to enhance work efficiency and productivity. Then there is proactive DX that aims to expand existing businesses or create new businesses by utilizing data. As for the Group's defensive DX, we are already quite advanced in terms of going paperless and automated production lines. By utilizing AI going forward, the Group should further enhance demand prediction, production management and distribution management by sharing the information and know-how of the production floor with the rest of the organization.

On the other hand, the Group will need to address proactive DX going forward. Since the Group has direct contact points with consumers in the restaurant business, it should further step up monitoring and analysis of data on customer habits and lifestyles to strengthen product development and marketing in anticipation of consumer needs, which will extend to the development of new business models.

In promoting DX, while it is not necessary to emphasize everything be done in-house, it is important to place personnel

Message from an Outside Director

who understand technology and to rigorously evaluate and manage vendors. On this note, the Group has been recognized for organizing a dedicated team for DX promotion and for our emphasis on securing and cultivating DX personnel.

I would like to use my knowledge of DX proposed to client companies at the NTT Group in providing advice and suggestions to the Board of Directors.

Q4. As an Outside Director, what activities would you like to focus on going forward?

Since I could not really travel in my first year due to COVID-19, in my second year I hope to visit various business sites to assess conditions firsthand. I have already visited the Chiba Brewery of Sapporo Breweries and was impressed with their initiatives for reducing food waste and loss and container recycling. However, such initiatives have their limitations if implemented only at one site. I believe business sites require assistance with understanding this from Sapporo Holdings, which will make the efforts more effective.

I have another example. As a result of my suggestion, the Sapporo Barbecue Restaurant in Chiba Brewery is considering creating a menu based on wild game meat. This is an idea for effectively using wild boar that were caught by local exterminators, conceived only by visiting and understanding the conditions onsite.

I hope to continue visiting as many business sites as possible in order to help bridge the gap between the current situation (as is) to what the Sapporo Group strives to become (to be) by gaining insight and appreciation.

Medium- to long-term growth

Q5. What are your thoughts on Group Management Plan 2024?

Our vision is to be a group of companies with highly unique brands in the fields of Alcoholic Beverages, Food, and Soft Drinks. Group Management Plan 2024 represents a step toward achieving this vision. Under the plan, Sapporo Holdings has presented an overarching direction for the Group comprising four basic policies, and in turn, each operating company plans and executes their own customized business strategy. The challenge going forward will be to closely monitor whether the vision and basic policies of Sapporo Holdings are synchronized with the execution of these strategies by each operating company. Sapporo Holdings will also play a key role in promoting mutual collaboration among operating companies, effective utilization of management resources, and maximization of synergies, with an eye toward total optimization Groupwide. While with the NTT Group, I served in senior management positions at both operating companies and the holding company, so I intend to utilize this experience to provide advice tailored to the unique situation of the Sapporo Group's operating companies and holding company.



Q6. What are your thoughts on the Group's directive of "Go Beyond Boundaries" as personnel strategy?

Every corporation requires the skill sets of experts. Yet, having a workforce with diverse skills and backgrounds—not just in a particular field—will make a corporation more resilient. With diversity and inclusion (D&I) as key, we interpret "Go Beyond Boundaries" as a message for employees to engage in friendly rivalry as they take a new step forward beyond their own capacity or expertise, organizational boundaries, and the borders of business and markets.

When I was President and CEO of NTT Communications Corp., I encouraged employees to change their mindsets using the slogan "Transform. Transcend." The message in this slogan shares a common ground with the Group's "Go Beyond Boundaries" concept, as I find the two to be closely related. Looking ahead, I will support the further promotion of D&I and crystallization of the Group's "Go Beyond Boundaries" concept.

Over the past year, I have met with a number of people at the Group, from senior executives to frontline employees. What impressed me the most was their devotion to the Sapporo brand and their efforts to make the brand even better. This passion will become a driving force behind the future of the Sapporo Group.

Corporate Governance

Basic Governance Approach

The Sapporo Group has enacted the Basic Policy on Corporate Governance for the purpose of specifying its thinking and operational policy regarding corporate governance, with the goal of attaining sustained growth and enhanced corporate value over the medium to long term, and in light of the purport and spirit of the Corporate Governance Code set forth in the Listing Rules of the Tokyo Stock Exchange.

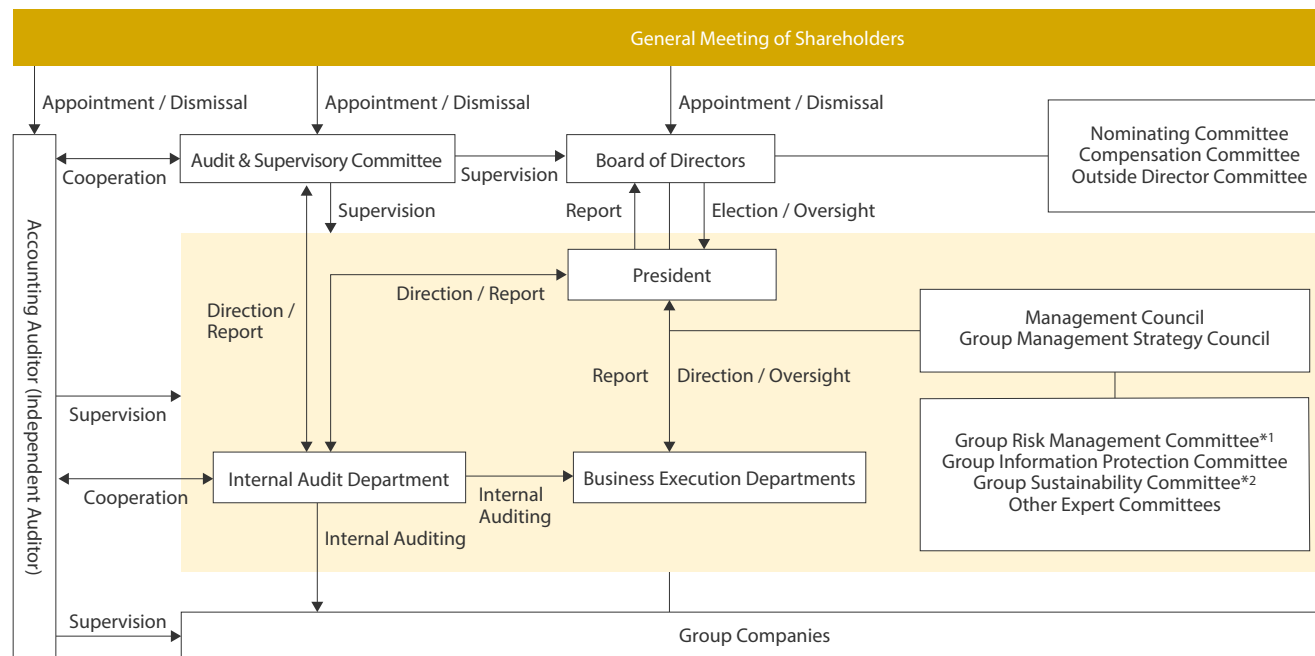
As part of the policy, the Group's basic philosophy is to regard strengthening and enhancing corporate governance as one of its top management priorities. The Group is working to clarify supervisory, business execution, and auditing functions throughout the Group under the holding company framework. The Group is also working to strengthen management supervisory functions to increase management transparency and achieve management goals.

For details on the Company's basic approach to corporate governance, management direction, and other policies, please refer to the Basic Policy on Corporate Governance.

► **Basic policy on Corporate Governance**

https://www.sapporoholdings.jp/en/csr/governance/policy/pdf/basic_governance_approach_2022.pdf

Corporate Functions and Internal Control Relationships



*1 Group Risk Management Committee chair: President and Representative Director
 *2 Group Sustainability Committee chair: President and Representative Director

Meetings of the Board of Directors and each Committee

		Board of Directors	Audit & Supervisory Committee	Nominating Committee	Compensation Committee
Number of meetings held		13	25	4	5
Attendance rate	All members	100%	100%	100%	100%
	Outside directors	100%	100%	100%	100%

Corporate Governance

Board of Directors

The Board of Directors performs a supervisory role and makes decisions on statutory matters and important matters related to business execution stipulated by the Board's regulations. The Board of Directors also nominates and supervises the business execution of the representative director, president, other directors with special titles, Group operating officers, and other key personnel.

Main agenda for board meetings in fiscal 2021

- Board of Directors' effectiveness assessment
- Progress update on Group Management Plan 2024
- Decision on the Sapporo Group Sustainability Policy
- Exchange of opinions on other important management topics relevant to corporate governance

Reasons for Appointment of Directors

Name	Reasons for appointment
Masaki Oga President and Representative Director Chairperson of the Board	Mr. Oga has served as representative director of the Company and president and representative director of an operating company. He has a wealth of experience, an extensive track record, and great insight as a manager. The Company has determined that he is the right person to promote Group management and strengthen the corporate governance of the Company.
Yoshitada Matsude Managing Director	Mr. Matsude served as the person in charge for many years in accounting and finance departments of an operating company and possesses comprehensive experience, knowledge and insight in accounting and finance. In addition, he has experience in production and marketing reforms while serving as president of a subsidiary. The Company has determined that he is the right person to promote the management and growth strategy of the Sapporo Group.
Masashi Sato Director	Mr. Sato has experience, knowledge and insight in overall corporate management, having a wealth of experience in the production engineering departments, including the engineering department of an operating company. He also has served as the person in charge for the corporate planning department of an operating company as a director. The Company has determined that he is the right person to promote the management and growth strategy of the Sapporo Group.
Rieko Shofu Director	Ms. Shofu has the experience, track record and knowledge of overall management, having served as the person in charge of the management strategy department of an operating company and the CEO of an overseas subsidiary. In addition, she possesses substantial experience in marketing brand strategy outside of the Company. Therefore, the Company has determined that she is the right person to formulate and promote the global expansion, management, and growth strategy of the Sapporo Group.
Mackenzie Clugston Outside Director Chair of Compensation Committee	Mr. Clugston has a wealth of experience, a rich track record, and great insight in the fields of diplomacy and trade in North America and Southeast Asia, where the Company is pursuing business development. Therefore, the Company anticipates that he can offer pertinent opinions and advice to the Board of Directors from his objective standpoint, independent of the management team engaged in executing the operations of the Company. The Company has also determined that he will contribute greatly to the corporate governance of the Company, which is moving forward with global expansion.
Tetsuya Shoji Outside Director Chair of Nominating Committee	Mr. Shoji has a wealth of experience, a rich track record, and great insight as the president of a business corporation. Based on his experience in planning, human resources, general affairs, global expansion, and the promotion of digital transformation (DX), the Company anticipates that he can offer pertinent opinions and advice to the Board of Directors from an objective standpoint, independent of the management team engaged in executing the operations of the Company. The Company has determined that he will contribute greatly to the corporate governance of the Company in such areas as the strengthening of the Group's management structure.
Toshihiro Uchiyama Outside Director Chair of Outside Director Committee	Mr. Uchiyama has a wealth of experience, an extensive track record, and great insight as the president of a business corporation. Based on his experience as an expatriate, and in the areas of procurement, corporate planning, IR and CSR, the Company anticipates that he can offer pertinent opinions and advice to the Board of Directors from his objective standpoint, independent of the management team engaged in executing the operations of the Company. The Company has determined that he will contribute greatly to the corporate governance of the Company in such areas as the strengthening of the Group's management structure.
Toshio Mizokami Director Chair of Audit & Supervisory Committee Statutory Audit & Supervisory Committee Member	Mr. Mizokami has gained substantial knowledge and experience in accounting and finance departments. He has also served as a director and as an executive Group operating officer of the Company and has a wealth of experience, a rich track record, and great insight. The Company has determined that he will audit and supervise the performance of duties by directors from an objective and fair perspective.
Shuji Fukuda Outside Director Audit & Supervisory Committee Member	Mr. Fukuda has a wealth of experience, rich track record, and great insight as the president of a business corporation. The Company anticipates that he will audit and supervise the performance of duties by directors from an objective and fair perspective based on his experience in the fields of finance, human resources and overall management.
Kohtaro Yamamoto Outside Director Audit & Supervisory Committee Member	The Company anticipates that Mr. Yamamoto is able to audit the performance of duties by directors of the Company from an objective and fair perspective, based on his wealth of knowledge and experience as a lawyer and on his expertise in the field of corporate law specializing in the Companies Act, Antimonopoly Act, international contracts, among others.

Corporate Governance

Directors' Skills Matrix

Name	Position and roles	Knowledge and experience of each Director						
		Corporate management	Finance Accounting	Legal Compliance Risk management	Personnel Human resources	Global operation	Sales Marketing	R&D Production engineering SCM IT
Masaki Oga	President and Representative Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
Yoshitada Matsude	Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Masashi Sato	Director	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Rieko Shofu	Director	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mackenzie Clugston	Outside Director	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>		
Tetsuya Shoji	Outside Director	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Toshihiro Uchiyama	Outside Director	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Toshio Mizokami	Director (Chair of Audit & Supervisory Committee, Statutory Audit & Supervisory Committee Member)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
Shuji Fukuda	Outside Director (Audit & Supervisory Committee Member)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
Kohtaro Yamamoto	Outside Director (Audit & Supervisory Committee Member)	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		

*The checked items do not represent the full extent of knowledge and experience of each director.

Corporate Governance

Independent Outside Directors

Under the holding company framework, five of the 10 members, or one-half, of the Company's Board of Directors are independent outside directors. This ratio is intended to improve the transparency of management and enhance monitoring to achieve management goals. All five have submitted notification to the Tokyo Stock Exchange and the Sapporo Securities Exchange of their independent director status as stipulated by the exchange's regulations. The independent outside directors are expected to objectively advise and supervise the management team from a neutral standpoint. At the 13 Board of Directors' meetings held in 2021, the independent outside directors gave advice and suggestions regarding the review of issues from an objective viewpoint independent of that of management.

Outside Director

Name	Important concurrent positions or occupations outside of the Sapporo Group	Policy on independence
Mackenzie Clugston	Outside Director of KAMEDA SEIKA CO., LTD. Professor under special tenure program of Kwansai Gakuin University Outside Director of NGK Spark Plug Co., Ltd.	In September 2016, Mr. Clugston assumed office as a consultant of the Company, and since then, the Company's management has been receiving advice from him. The annual compensation paid to Mr. Clugston was for his advice to the Company's management based on his experience and insight, and such compensation was ¥5.0 million or less. Accordingly, the Company has determined that Mr. Clugston is unlikely to have a conflict of interest with shareholders in light of the Standards for Independence of Outside Directors established by the Company. In March 2018, Mr. Clugston retired from his position as a consultant of the Company.
Tetsuya Shoji	Corporate Advisor of NTT Communications Corporation Outside Director of Mitsubishi Logistics Corporation Outside Director of Hitachi Zosen Corporation Outside Director of Japan Tobacco Inc.	Mr. Shoji was involved in business execution at NTT Communications Corporation until June 2020. Although there are currently transactions between NTT Communications Corporation and the subsidiaries of the Company, the amount of such transactions in the most recent business term was less than 0.2% of either the consolidated revenue of the Company or the consolidated revenue of NTT Communications Corporation. Accordingly, the Company has determined Mr. Shoji is unlikely to have a conflict of interest with shareholders in light of the Standards for Independence of Outside Directors established by the Company.
Toshihiro Uchiyama	Chairman of the Board of Directors of NSK	Mr. Uchiyama was involved in business execution at NSK Ltd. until March 2021. No transactions have or are being made between said firm and the Company or the Company's subsidiaries, and the Company has determined that Mr. Uchiyama is unlikely to have a conflict of interest with shareholders in light of the Standards for Independence of Outside Directors established by the Company.
Shuji Fukuda	Chairman and Director of Taiheiyo Cement Corporation Outside Director of Yakushima Denko Co., Ltd. External Audit & Supervisory Board Member of Tobu Railway Co., Ltd.	Mr. Fukuda was involved in business execution at Taiheiyo Cement Corporation until March 2018. Currently, although there have been transactions between said company and the Company's subsidiaries, the amount of such transactions in the most recent business term was less than 0.1% of either the consolidated revenue of the Company or the consolidated net sales of said company. Accordingly, the Company has determined Mr. Fukuda is unlikely to have a conflict of interest with shareholders in light of the Standards for Independence of Outside Directors established by the Company.
Kohtaro Yamamoto	Yamamoto & Shibasaki Law Offices Representative Lawyer	Mr. Yamamoto is currently a lawyer at Yamamoto & Shibasaki Law Offices. No transactions have or are being made between said law offices and the Company or the Company's subsidiaries, and the Company has determined that Mr. Yamamoto is unlikely to have a conflict of interest with shareholders in light of the Standards for Independence of Outside Directors established by the Company.

Outside Director Committee

In December 2015, the Company established the Outside Director Committee. This committee works to share information with the Company's independent outside officers pertaining to Groupwide management strategies, corporate governance policies, and other matters, thereby fostering and strengthening a mutual understanding.

Standards and Policies Regarding Independence of Outside Directors and Outside Audit & Supervisory Committee Members

Candidates for independent outside director positions, whether they be positions for members of the Board of Directors who serve concurrently on the Audit & Supervisory Committee or for members of the Board who do not, are recommended by the Nominating Committee, chaired by an independent outside director. These candidates meet the Standards for Independence of Outside Directors established by the Company, while they have a wealth of experience, track record, and insight into corporate management or certain specialist fields that will enable them to offer accurate proposals and advice on the Company's management issues.

Corporate Governance

Results of the Board of Directors' Effectiveness Assessment for Fiscal 2021

Every year, the Company conducts an analysis and assessment of the effectiveness of the Board of Directors based on the self-evaluations of each director. The Company also discloses an overview of the results of the analysis and assessment.

Initiatives in Fiscal 2021 in Response to the Results of the Board of Directors' Effectiveness Assessment for Fiscal 2020

In the assessment for fiscal 2020, we acknowledged and shared that we needed to discuss more deeply on the progress of the Medium-Term Management Plan and the execution of investment and loan projects based on a full understanding of the big picture and continuously monitor their progress.

Therefore, in fiscal 2021, we made the following efforts to clarify the points to be discussed at board meetings and improve the way they are assembled:

1. Progress of the Medium-Term Management Plan

The interim review of Group Management Plan 2024 was reported and discussed at the board meeting in August 2021.

2. Investment and loans

We have established and begun implementing a framework that clarifies the deliberation process for investment and loan projects of a certain size.

3. Risk-taking

We not only conduct regular reporting on risk projects that have traditionally been implemented within the Group, but also ensure a lead time for reviewing investment and loan projects to enhance the process of identifying risks and discussions on risk-taking.

Results of Board of Directors' Effectiveness Assessment for Fiscal 2021

With respect to the Board of Directors' effectiveness assessment for fiscal 2021, in continuation of similar practices in fiscal 2020, all directors took an anonymous survey. Feedback on the results of the survey was provided early, allowing for sufficient time to discuss the current situation and raise awareness of issues at the board meeting held in January 2022.

The results indicated that on more than 90% of the survey items comparable to those of 2020, we achieved the same or higher scores. It was judged via the survey that the effectiveness of the Board of Directors as a whole was ensured, including its composition, management, and roles and duties. In addition, we have confirmed that a certain level of progress was made in terms of the understanding of the big picture of the Medium-Term Management Plan and investment and loan projects and the monitoring of their progress, which were regarded as unresolved tasks in the 2020 assessment. On the other hand, we also acknowledged and shared that it is essential to further develop our discussions on the Group's management concept and strategy for each business.

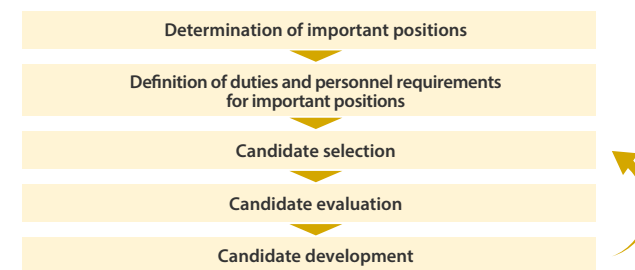
President's Successor Development Plan

The Nominating Committee, an advisory body to the Board of Directors, reviews the formulation and implementation status and conducts discussion on the selection of a successor for the President and Representative Director. Based on this, the Board of Director determines the successor.

The selection and dismissal of President and Representative Director is based on the right candidate with a wealth of experience, a rich track record, and great insight as an executive who can promote Group management and strengthen the corporate governance of the Company.

The Company works toward systematic cultivation of candidates, clarifying the requirements of corporate management to secure the next-generation of candidates who can respond swiftly to changes in the business environment. Officers decide a policy for the cultivation of all candidates and strengthen development through assessments, dispatching to outside training, and strategic assignments, etc.

Cultivation of Next-Generation Management Candidates



Group Operating Officers

The president oversees business execution across the entire Group based on the resolutions of the Board of Directors. Regarding business execution, the scope of authority afforded to management has been clarified, and there is a system in place that leverages advisory bodies such as the Management Council and the Group Management Strategy Council to facilitate flexible decision-making at the management level within the scope of said authority.

Furthermore, the Group's executive officers, who also serve concurrently as presidents and representative directors at major operating companies, commit to achieving the management goals applicable to their designated department and, after the responsibilities for achieving the Group's management goals have been clarified, to reporting to the president and representative director of the Sapporo Group on a monthly basis regarding the operational status of their department.

Corporate Governance

Nominating and Compensation Committees

Although Sapporo Holdings is a Company with an Audit & Supervisory Committee,* it has also established a Nominating Committee and a Compensation Committee with the goals of increasing transparency with respect to the nomination and remuneration of directors and the presentation of a sound management structure. All independent outside directors not concurrently serving on the Audit & Supervisory Committee, all members of the Audit & Supervisory Committee, and the president and representative director (or, when choosing a president and representative director from the Group executive officers, the chairman of the Board) comprise the seven members of both committees. Each committee is chaired by an independent outside director not concurrently serving on the Audit & Supervisory Committee.

* In keeping with the transition to a Company with an Audit & Supervisory Committee on March 27, 2020, directors were elected to serve on the Audit & Supervisory Committee in an observational role, but were given full duties from fiscal 2021.

Compensation for Board Members

The Company determines the amount of compensation paid to individual directors (excluding directors who are Audit & Supervisory Committee members) through the Compensation Committee based on resolution of the Board of Directors.

At the board meeting held on February 10, 2021, a resolution was passed on the policy for determining the compensation of individual directors (hereinafter, “policy on determination of officer compensation”), which was later revised at the board meeting held on March 30, 2021. A summary of the policy on determination of officer compensation is presented below.

1. Basic policy

- The basic compensation policy for directors of the Company (excluding directors who are Audit & Supervisory Committee members; hereinafter the same shall apply) is to employ a system under which compensation is linked to business performance and medium- to long-term corporate value, accomplished by combining monetary compensation and Company stock compensation for the purpose of contributing to the sustainable growth of the Company. Individual compensation is set at a level appropriate to the responsibilities of each director.
- Compensation for executive directors shall comprise monetary compensation and company stock compensation.
- Monetary compensation shall comprise (1) basic salary (fixed compensation) (2) performance-linked compensation within the maximum amount of compensation approved by the General Meeting of Shareholders.
- Company stock compensation shall basically comprise a performance-linked stock-based compensation system.
- Outside directors shall be paid basic salary only.

2. Basic salary

Directors of the Company receive a basic salary in the form of a fixed monetary amount provided monthly. Basic salary amounts are determined based on a comprehensive review, with consideration given to a director's position, common practices, and Company performance.

3. Performance-linked compensation

Performance-linked compensation is monetary compensation that is linked to the performance of duties in the previous fiscal year. The amount for each position is determined each fiscal year based on the degree to which targets for revenue and core operating profit are achieved. The resulting amount is added to the director's basic salary on a monthly basis.

4. Company stock compensation

Company stock compensation is performance-linked stock-based compensation. A point amount for each position is granted each fiscal year based on the degree to which targets for sales revenue and core operating profit are achieved. Upon retirement, each director receives an amount of Company shares according to their point total. Details are stipulated separately in the officer stock benefit rules.

5. Ratio

The standard ratio of basic salary to performance-linked compensation to Company stock compensation is 7:2:1, when the degree of achievement of performance targets is the highest possible.

6. Determination of compensation

Decisions regarding the compensation paid to each director are delegated to the Compensation Committee.

The Compensation Committee determines the basic salary of individual directors, amount of performance-linked compensation, and the number of points to grant for performance-linked stock-based compensation.

As a measure to ensure the appropriate execution of this authority, the Compensation Committee comprises all independent outside directors not concurrently serving on the Audit & Supervisory Committee, all directors who are the members of the Audit & Supervisory Committee, and the president and representative director. The chair of the Compensation Committee is selected from among the independent outside directors not concurrently serving on the Audit & Supervisory Committee.

Compensation Amounts for Board Members in Fiscal 2021

Classification	Payment recipient	Payment amount (Millions of yen)
Directors who are not members of the Audit & Supervisory Committee (including outside directors)	8(4)	158(29)
Directors who are members of the Audit & Supervisory Committee (including outside directors)	3(2)	42(19)
Total (including outside officers)	11(6)	200(48)

Corporate Governance

Revisions to the Policy on Determination of Officer Compensation

The Company made revisions to the policy on determination of officer compensation in accordance with a resolution at the board meeting held on February 10, 2022. The new policy took effect on April 1, 2022. An overview of the revisions is presented below.

- When calculating the Company stock compensation of executive directors, in addition to the degree of achievement of evaluation indicators (medium- to long-term financial indicators, ESG indicators, and employee engagement) that lead to the improvement of corporate value over the medium to long term, points calculated for each position will be awarded, and the number of shares of the Company will be paid according to the number of points granted after the resignation of each director. Cases of monetary payments as a proportion of performance-linked stock-based compensation are detailed separately under the officer stock benefit rules.
- The amount calculated according to the degree of achievement of performance-linked compensation and the Company stock

compensation will be reviewed, and the standard ratio of basic compensation, performance-linked compensation, and Company stock compensation will be 5:3:2 when the degree of achievement of the performance targets is the highest. Furthermore, the term “basic salary” has been changed to “basic compensation.”

- The payment of performance-linked compensation will be in a lump sum in April every year.

Audit & Supervisory Committee

Sapporo Holdings Limited has adopted the Company with an Audit & Supervisory Committee system to improve transparency and strengthen management oversight functions in order to achieve its management goals. This system has the function of auditing and supervising the execution of duties by directors on the Board.

In accordance with the audit policy stipulated by the Audit & Supervisory Committee and the audit plan including key audit items and division of duties, the members of the Audit & Supervisory Committee, in cooperation with the internal audit department, collect and share information by attending

meetings of the Board of Directors, Nomination Committee, Compensation Committee, Management Council and other important meeting bodies. Moreover, the Audit & Supervisory Committee is closely connected with the Internal Audit Department to ensure it maintains effective auditing and supervision. To facilitate this role, one inside Board member is appointed as a Statutory Audit & Supervisory Committee member. Regular opinion exchanges with the president and representative director typically involve this member, who also communicates with the Internal Audit Department, the Internal Control Department, and the Accounting Auditor.

About Independent Outside Audit & Supervisory Committee Members

The Audit & Supervisory Committee of Sapporo Holdings comprises three members, two of whom are independent outside Audit & Supervisory Committee members. Both independent outside Audit & Supervisory Committee members have submitted notification to the Tokyo Stock Exchange and the Sapporo Securities Exchange of their independent auditor status as stipulated by the exchange regulations. The independent outside Audit & Supervisory Committee members audit the duties executed by members of the Board from an objective and neutral standpoint, and offer input where fitting to preserve the propriety and appropriateness of decisions by Board members. Similarly, the independent outside Audit & Supervisory Committee members are expected to provide input where needed during discussions on proposals and fulfill a role to secure sound management.

At the 25 meetings of the Audit & Supervisory Committee held in 2021, the two independent outside directors who are Audit and Supervisory Committee members made accurate proposals and provided advice from an objective and neutral perspective independent of management, and played an appropriate role in ensuring the legality and appropriateness of decision-making.

Key Points of Revisions to the Policy on Determination of Officer Compensation

	Before (April 2021 to March 2022)	After (April 2022 onward)
Breakdown of Compensation	<p>7 2 1</p> <p>Basic salary Performance-linked compensation Company stock compensation</p>	<p>5 3 2</p> <p>Basic salary Performance-linked compensation Company stock compensation</p>
Evaluation Criteria for Company Stock Compensation of Executive Directors	<ul style="list-style-type: none"> Degree of achievement of targets for revenue and core operating profit as of each fiscal year-end date 	<ul style="list-style-type: none"> Degree of achievement of evaluation indicators (medium- to long-term financial indicators, ESG indicators, and employee engagement) that lead to the improvement of corporate value over the medium to long term Evaluation of each director

*Internal directors (excluding directors who are Audit & Supervisory Committee members)

*The ratio presented is for highest level of achievement of performance targets

Corporate Governance

Internal Audits

In keeping with the transition to a Company with an Audit & Supervisory Committee, the Internal Audit Department, an internal auditing organization independent of the executive chain of command, receives instructions from the representative director or the Audit & Supervisory Committee and audits all operations of the Company and its subsidiaries regarding compliance with laws, the Articles of Incorporation, and internal regulations, enabling dual reporting. Moreover, when performing duties assigned by the Audit & Supervisory Committee, employees of the Internal Audit Department are required to follow the instructions and orders of the committee exclusively.

Upgrading Internal Control Systems

To ensure thorough implementation of the basic policies decided by the Board of Directors and carry out ongoing development and strengthening of systems across the entire Group, the Board of Directors takes responsibility for appointing directors with specific responsibilities and promoting specific measures. Moreover, the Guidelines on the Construction of Internal Control Systems at Sapporo Group have been enacted to set out specific matters in relation to internal control systems at the Group, and these guidelines are used to confirm the level of progress being made in individual measures and to promote collaboration.

Strategic Holding of Shares

The Company operates such businesses as alcoholic and non-alcoholic beverages, food, and real estate, which are closely connected with its customers' lifestyles, and it believes it to be necessary—in terms of business strategy—to have cooperative relationships with many different companies along its supply chain, ranging from development to procurement, manufacturing,

logistics, and sales. Based on this viewpoint, the Company may in some cases own strategically held shares if, after comprehensively considering the state of such cooperative relationships, it finds that doing so would help raise corporate value over the medium to long term. The Board of Directors will regularly verify every year whether the Company's strategically held shares are appropriately owned and managed in accordance with its strategic holding policy. As a result of the abovementioned verification, the Company's strategically held shares that are not deemed to meet its strategic holding policy will be reduced.

Details of Verification Pertaining to Strategically Held Shares

In fiscal 2021, the Board of Directors verified whether the Company's strategically held shares were being appropriately retained and managed in accordance with its strategic holding policy from the viewpoints of objectives, risks, returns, capital efficiency, and other factors. As a result of the verification, the Company decided to sell a portion of its strategically held shares.

Exercise of Voting Rights Pertaining to Strategically Held Shares

In the exercise of voting rights pertaining to strategically held shares, the Company will comprehensively weigh the pros and cons from a medium- and long-term perspective, taking into consideration the Company's strategic holding policy and the common interests of the shareholders involved in investments. Regarding the contents of agenda and other issues pertaining thereto, the Company will, whenever necessary, have dialogues with the investee companies.

Promoting Compliance

The Group has set out the Sapporo Group Code of Corporate Conduct to provide a solid set of ethical guidelines to direct the conduct of all executives and employees. The Group Risk Management Committee has created a Groupwide compliance system and established Whistleblower Hotlines and a Helpline to help with the prevention and early detection of misconduct, with the General Affairs Department serving as secretariat. In addition, the Group Audit Department, which is an internal auditing body that is independent of the executive chain of command, audits the general business operations of Sapporo Holdings and its subsidiaries to ensure compliance with laws and regulations, the Company's Articles of Incorporation, and internal rules.

Internal Reporting System

In 2003, Sapporo Holdings formulated the Sapporo Group Corporate Ethics Hotline Regulations, with the goal of preventing or detecting at an early stage misconduct within the Group, and of nurturing high ethical standards. The regulations require people to report any misconduct they learn about, establish measures for preventing any disadvantage to whistleblowers, and provide a guideline for investigation and action based on the reported misconduct.

Risk Management

Basic Approach to Risk Management

The Sapporo Group ensures the longevity of its businesses by gaining a comprehensive understanding of the potential risks to both its businesses and the operating environment and by providing a high-priority response. We define risk as a “phenomenon that creates uncertainty for the future.” In turn, we classify risks as either an opportunity or threat. Risks are further divided into “broad risks” that have yet to materialize and “narrow risks” that have already come to light. Organizations address each type of risks they are in charge of in an effort to minimize threats and maximize opportunities by making risk management a focal point of operations.

The Management Council, Group Sustainability Committee, and Group Risk Management Committee maintain an awareness of their respective roles and set action plans according to their specific functions in order to address the risks of opportunities and threats. The Management Council and the Board of Directors receive reports from each organization on a quarterly or semiannual basis

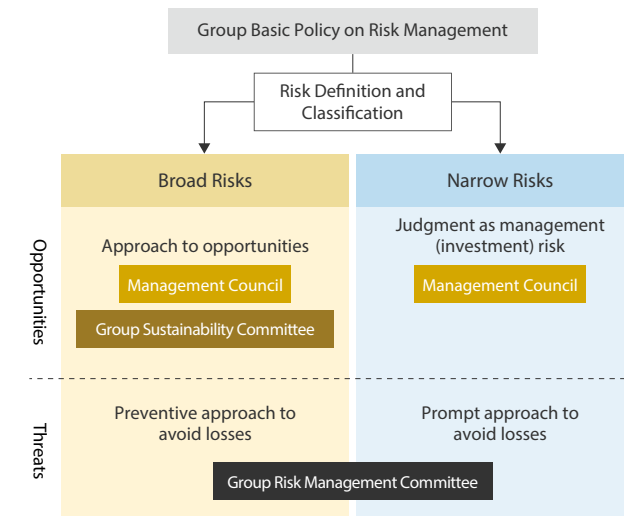
and monitors risk management activities.

The Group’s Risk Management Structure and Operational Flow

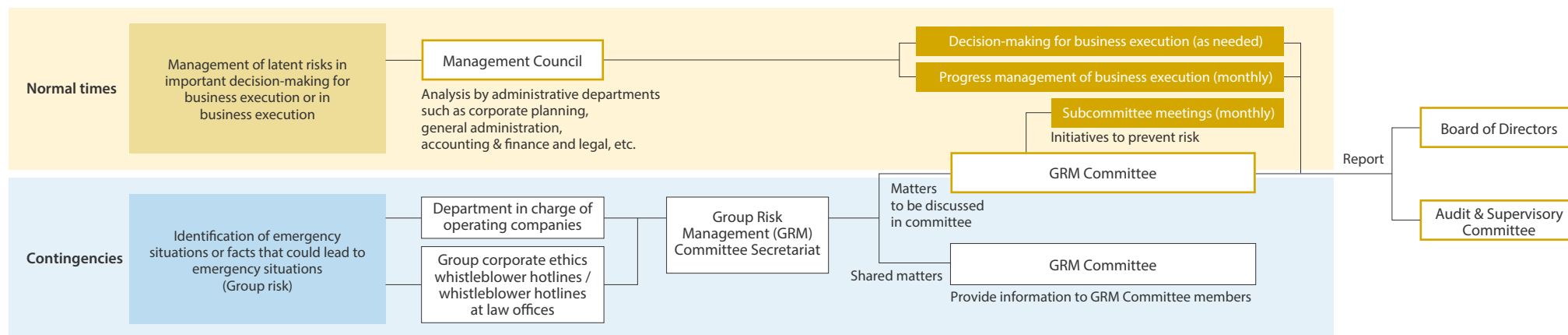
The Sapporo Group manages latent risks in important decision-making for business execution or in business execution through the Management Council. A system is in place where administrative departments such as corporate planning, general administration, finance and accounting, and legal analyze expected risks in response to the deliberations and reports of the Management Council and necessary reporting is carried out.

Upon identification of emergency situations or facts that could lead to emergency situations, the Group Risk Management Committee works with crisis management organizations at each operating company to discuss countermeasures including disclosure, address risks swiftly and properly in an effort to quickly resolve risks and mitigate risks.

Risk Definition and Classification



Operational Flow Regarding the Sapporo Group’s Risk Management



Risk Management

Major Business-Related Risks (Threats) and Countermeasures

Following is a list of risks applicable to the Sapporo Group, potential threats posed by these risks, and countermeasures.

Classification	Events	Details	Measures	
—	COVID-19 pandemic and other infectious diseases	If the negative economic impacts of a pandemic become protracted, disruptions in domestic and international supply chains, a decline in consumption, weak sales in the restaurant industry, and weaker demand for industrial-use products could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Respond based on new work rules, such as recommendations for remote work based on a government guide, etc. In the Real Estate business, undertake initiatives and reminders for preventing the spread of infections at commercial facilities, office buildings, etc. that are managed/operated by the Sapporo Group. 	
Strategic risks	Groupwide risks	Changes in economic conditions and population dynamics	<p>There is a possibility that a worsening economy caused by changes in economic conditions could lead to changes in shipments of main products, a downturn in prices of main products or decline in value of owned assets. These situations could have a negative impact on operating results or financial condition as a result of a more challenging competition environment. In addition, the Group may not be able to secure or cultivate the required human resources due to market contraction caused by declining birthrate and aging population or tougher competition for the hiring of employees.</p>	<ul style="list-style-type: none"> Gain an understanding of these trends and analyze their effects on business, and formulate a response plan and execute. Develop products that are appropriate for these shifting trends. Promote Groupwide utilization of human resources, personnel allocation plans, workstyle reforms, redouble BPR efforts, and the employment and flourishing of senior personnel.
		Climate change risks	If primary raw materials or necessary water resources cannot be secured due to future climate change, the Group may face opportunity loss due to cessation of operations. These situations could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Promote initiatives for the realization of a “decarbonized society,” “resource-recycling society” and “natural symbiosis society.” Carry out research and development in order to mitigate climate change-related risks to primary raw materials, and consider climate change risks when selecting growing areas.
		Impacts of legal systems	The establishment of new legal systems, etc., could have a negative impact on operating results or financial condition due to a drop in demand caused by restrictions on business activities or new costs for compliance with the new systems.	<ul style="list-style-type: none"> Continually monitor the situation of legal systems and implement forward-looking measures. Ensure proper understanding of and thorough compliance with laws and regulations through in-house training on legal affairs.
		Dependence on specific business fields	A decline in sales could be caused by factors such as price competition with competitors, changes in alcohol tax rates, changes in consumer preferences, price hikes of products, or a cooler than normal summer or longer than normal rainy season, amid declining demand in the domestic market. These situations could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Expand business activities into other business fields and international markets.
		International business activities	In addition to changes in economic trends, competition environment or foreign exchange rates, factors such as changes in legal systems concerning investment, trade, tax and foreign exchange, differences in business practices, labor relations, armed conflict, terrorism, infectious diseases or other political, social or economic disruptions could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Work closely with overseas subsidiaries to undertake appropriate management and support of business operations based on local operating environment. Establish business management and risk management structures. Decentralize risks by dividing portfolio by country.
		Impacts of technological innovations	Changes in consumer preferences, technological innovations or legal revisions could have a negative impact on operating results or financial condition in case of unpredictable changes in the business environment and declining competitiveness in the marketplace.	<ul style="list-style-type: none"> Continually engage in R&D and propose products that can deliver value commensurate with changes in consumer needs and lifestyle patterns.
		Food safety	The occurrence of quality or labeling issues related to products or raw materials could result in product recall, defective products unable to ship, or pursuit of product liability. The outbreak of food poisoning in the restaurants business could result in forced closure for a predetermined period, which could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Analyze possible society-wide risks and develop preventive measures. Undertake initiatives to establish a quality assurance system by, for example, raising awareness and providing training on risk management and risk communication to relevant departments of Group Companies.
		Safety of contract manufactured products and purchased products	The occurrence of quality issues beyond the scope of safety initiatives could have a negative impact on operating results or financial condition due to suspension of sales, product recalls, etc.	
		Price of raw materials and supplies	The cost of sales could increase due to a rise in the price of raw materials and supplies caused by volatility in product prices and foreign exchange rates, which could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Redouble efforts to gather the latest information on market conditions, decentralize and diversify suppliers, maintain appropriate inventory levels, carry out foreign currency hedging, and implement other necessary measures.

Risk Management

Major Business-Related Risks (Threats) and Countermeasures

Classification		Events	Details	Measures
Strategic risks	Groupwide risks	Risks in the supply chain	Higher costs and lost opportunities in the supply chain as a whole could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Gather information from suppliers related to crop conditions and cultivation of raw materials. Diversify transportation methods, such as use of co-deliveries.
		Business and capital alliances	Deterioration in the management and assets of the business of alliance partners or investee companies because these companies' results fell short of initial forecasts due to changes in market environment or business environment could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Implement detailed due diligence on financial details or contractual relationships with the said companies. Implement monitoring and appropriate risk assessments.
	Unique risks to each business	Alcoholic beverage issues	Regulations on alcoholic beverages are expected to become tighter worldwide in the future and a contraction in consumer demand for alcoholic beverages caused by rising health consciousness could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Carry out activities to raise awareness on how to eliminate irresponsible alcohol use, such as underage drinking, drinking and driving, and alcohol harassment. Expand business activities in other businesses.
Financial risks		Impairment of fixed assets	Impairment losses on fixed assets or goodwill from business combinations caused by weakened profitability or a downturn in market prices due to significant worsening in operating environment could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Take a careful approach to investment based on business environment and profitability.
		Financial liabilities	Financial liabilities may increase due to large-scale investments for growth strategy, and, if market interest rates rise or ratings agencies downgrade the Company's credit rating, the Company's interest burden could increase or financial conditions worsen, which could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Diversify sources of financing, rationalize borrowing periods, and procure necessary funds based on market rate environment. Execute foreign exchange forward and interest rate swap transactions to limit volatility risks.
		Retirement benefit obligations	Major changes in assumptions, such as fluctuations in the fair value of plan assets, fluctuations in interest rates, or changes in pension assets, could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Monitor returns.
Operational risks		Risks from natural disasters	The Group's buildings and facilities could be damaged in the event of earthquake, wind or water damage, or landslide greatly exceeding assumptions due to a large-scale natural disaster or secondary disasters. Additionally, product supply issues caused by the temporary suspension of operations or disruptions in logistics networks resulting in opportunity loss or losses on the disposal of products could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Strengthen safety and management systems at offices, commercial complexes, residences, and other facilities under possession. Ensure that a distribution network is in place for when a disaster occurs.
		Corporate governance risks	Deficiencies in the Group's corporate governance or internal control could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Strengthen operational supervision functions and develop/implement internal control at Group Companies.
		Compliance risks	The occurrence of acts within the Group in violation of laws, regulations or social requirements, such as illicit or criminal actions or bribery, could have a negative impact on operating results or financial condition. Additionally, the Company's brand and credibility could be negatively impacted if there is criticism of such actions on social media or in other media.	<ul style="list-style-type: none"> Raise awareness among employees and implement measures to prevent compliance violations by strengthening internal control. Share legal curriculum and information on laws and regulations internally in a timely manner.
		Risks of litigation or fines	There is a possibility of litigation involving product liability law, intellectual property law or tax issues or levying of fines, irrespective of actual violations of laws or regulations during the course of business activities in Japan and abroad. Depending upon the matter of litigation or the results of litigation, there could be negative impacts on the Group's operating results or financial condition.	<ul style="list-style-type: none"> Promote compliance through training that raises employee awareness, etc. Establish a system for litigation supported by specialized lawyers able to provide accurate advice and support for each legal field.
		Information security risks	Modification of important information or divulgence of personal information due to cyberattack of system malfunction could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Establish multi-tiered defense and monitoring systems for external attacks. Raise awareness among employees using e-learning, etc.
		Credit risk of customers	Trouble collecting receivables due to the sudden, unforeseen bankruptcy of a business partner or affiliate could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> Implement monitoring and appropriate risk assessments.

Board of Directors, Directors Who Are Audit & Supervisory Committee Members, and Group Operating Officers (As of March 30, 2022)

Board of Directors



(December 2, 1958)

Apr. 1982 Joined the Company
Oct. 2006 Director, Tokyo Headquarters Office, Tokyo Metropolitan Area Sales and Marketing Division of Sapporo Breweries Limited
Mar. 2009 Operating Officer, Director of Hokkaido Sales & Marketing Division of Sapporo Breweries Limited
Mar. 2010 Director (Member of the Board) and Managing Officer, Director of Marketing Department of Sapporo Breweries Limited
Mar. 2013 President and Representative Director of Sapporo Breweries Limited
Director (Member of the Board) and Group Operating Officer of the Company
Mar. 2015 Group Operating Officer of the Company
Jan. 2017 President and Group Operating Officer of the Company
Mar. 2017 President and Representative Director of the Company (up to the present)
Mar. 2022 Director of Sapporo Real Estate Co., Ltd. (up to the present)

Masaki Oga
President and Representative Director



(February 15, 1967)

Apr. 1989 Joined the Company
Mar. 2011 Director of Engineering Department of Sapporo Breweries Limited
Mar. 2016 Director of Sendai Brewery of Sapporo Breweries Limited
July 2019 Director of Sendai Brewery of Sapporo Breweries Limited
Director of Sendai Factory of SCM Headquarters of POKKA SAPPORO Food & Beverage Ltd.
Mar. 2020 Director (Member of the Board) and Executive Officer of POKKA SAPPORO Food & Beverage Ltd.
Mar. 2022 Director (Member of the Board) of the Company (up to the present)

Masashi Sato
Director



(June 19, 1950)

June 1982 Joined Ministry of Foreign Affairs, Trade and Development of Canada
Aug. 2000 Consul General of Canada in Osaka
Aug. 2003 Minister, Embassy of Canada in Japan
Aug. 2009 Ambassador of Canada to the Republic of Indonesia, to the Democratic Republic of Timor-Leste, and to the Association of Southeast Asian Nations (ASEAN)
Nov. 2012 Ambassador Extraordinary and Plenipotentiary of Canada to Japan
Sept. 2016 Consultant of the Company
Mar. 2018 Outside Director (Member of the Board) of the Company (up to the present)

Mackenzie Clugston
Outside Director (Independent Officer)



(January 2, 1966)

Apr. 1988 Joined the Company
Sept. 2010 Director of Accounting & Finance Department of the Company
Mar. 2011 Director of Accounting & Finance Department of the Company Director (Member of the Board), Director of Group Accounting & Finance Department of Sapporo Group Management Co., Ltd.
Mar. 2012 Director of Accounting & Finance Department of Sapporo Breweries Limited
Sept. 2016 Vice President and Representative Director of Miyasaka Brewery Co., Ltd. (currently, Shinsyu-ichi Miso Co., Ltd.)
Mar. 2018 President and Representative Director of Shinsyu-ichi Miso Co., Ltd.
Mar. 2019 Director of Accounting & Finance Department of the Company Director (Member of the Board), Director of Accounting & Finance Department of Sapporo Group Management Co., Ltd.
Oct. 2019 Director of Accounting & Finance Department of the Company Director (Member of the Board), Director of Accounting & Finance Department of Sapporo Group Management Co., Ltd.
Director and Executive Officer of Sapporo Real Estate Co., Ltd.
Mar. 2020 Group Operating Officer and Director of Accounting & Finance Department of the Company
Director of Accounting & Finance Department of Sapporo Breweries Limited
Mar. 2022 Managing Director (Member of the Board), Director of Accounting & Finance Department of the Company
Director of Sapporo Breweries Limited (up to the present)

Yoshitada Matsude
Managing Director



(July 13, 1967)

Apr. 1990 Joined Hakuhold Inc.
June 2007 Executive Manager of Corporate Design Department of Hakuhold Inc.
Aug. 2011 Corporate Officer and Executive Manager of Hakuhold Consulting Inc.
May 2015 President and CEO of Sensing Asia Ltd. (up to the present)
Apr. 2016 Deputy Director of Corporate Planning Headquarters and Director of Corporate Planning Department of POKKA SAPPORO Food & Beverage Ltd.
Mar. 2017 Director of Corporate Planning Headquarters and Director of Corporate Planning Department of POKKA SAPPORO Food & Beverage Ltd.
Mar. 2018 Group CEO of Pokka Corporation (Singapore) Pte. Ltd.
Jan. 2020 Group CEO of Pokka Pte. Ltd.
July 2020 Director (Member of the Board) and Senior Executive Managing Director of Sapporo Group Foods Ltd.
Mar. 2022 Director (Member of the Board) of the Company
Director of POKKA SAPPORO Food & Beverage Ltd. (up to the present)

Rieko Shofu (Rieko Fujino)
Director



(February 28, 1954)

Apr. 1977 Joined Nippon Telegraph and Telephone Public Corporation
June 2006 Senior Vice President, General Manager of the Personnel Department of Nippon Telegraph and Telephone West Corporation
June 2009 Senior Vice President
Head of General Affairs of Nippon Telegraph and Telephone Corporation
June 2012 Senior Executive Vice President
Representative Member of the Board of NTT Communications Corporation
June 2015 President & CEO
Representative Member of the Board of NTT Communications Corporation
June 2020 Corporate Advisor of NTT Communications Corporation (up to the present)
Mar. 2021 Outside Director (Member of the Board) of the Company (up to the present)

Tetsuya Shoji
Outside Director (Independent Officer)



(November 28, 1958)

Apr. 1981 Joined NSK Ltd.
June 2008 Vice President, Deputy Head of Corporate Planning Division HQ of NSK Ltd.
June 2009 Vice President, Head of Corporate Planning Division HQ of NSK Ltd.
June 2010 Senior Vice President, Responsible for IR and CSR Offices, Head of Corporate Planning Division HQ of NSK Ltd.
June 2012 Director, Senior Vice President of NSK Ltd.
June 2013 Director, Executive Vice President of NSK Ltd.
June 2015 Director, President and CEO of NSK Ltd.
June 2017 Director, President and CEO of NSK Ltd. (Position name in Japanese changed with English unchanged)
Apr. 2021 Chairman of the Board of Directors of NSK Ltd. (up to the present)
Mar. 2022 Outside Director (Member of the Board) of the Company (up to the present)

Toshihiro Uchiyama
Outside Director (Independent Officer)

Board of Directors, Directors Who Are Audit & Supervisory Committee Members, and Group Operating Officers

Directors Who Are Audit & Supervisory Committee Members



Toshio Mizokami
Director
Chair of Audit & Supervisory Committee
Statutory Audit & Supervisory Committee Member

(April 16, 1959)
Apr. 1984 Joined the Company
Mar. 2008 Director of Accounting & Finance Department of Sapporo Breweries Limited
Mar. 2011 Managing Officer, Director of Accounting & Finance Department of Sapporo Breweries Limited
Mar. 2012 Director of Accounting & Finance Department of the Company
Director (Member of the Board), Director of Group Accounting & Finance Department of Sapporo Group Management Co., Ltd.
Sept. 2013 Director (Member of the Board) of Sapporo Group Management Co., Ltd.
Mar. 2014 Director (Member of the Board), Director of Corporate Finance and Business Management Department of the Company
Mar. 2016 Managing Director (Member of the Board) of the Company
President and Representative Director of Sapporo Group Management Co., Ltd.
Mar. 2017 Executive Group Operating Officer of the Company
Mar. 2019 Statutory Audit & Supervisory Board Member of the Company
Mar. 2020 Director (Member of the Board) who is a Statutory Audit & Supervisory Committee Member of the Company (up to the present)



Shuji Fukuda
Outside Director
Audit & Supervisory Committee Member
(Independent Officer)

(December 20, 1951)
Apr. 1974 Joined Onoda Cement Co., Ltd. (currently Taiheiyo Cement Corporation)
Apr. 2008 Executive Officer, General Manager of Human Resources Department and General Manager of Personnel Business Operations Center of Taiheiyo Cement Corporation
Oct. 2008 Executive Officer and General Manager of Human Resources Department of Taiheiyo Cement Corporation
Aug. 2010 Director, Managing Executive Officer and General Manager of Human Resources Department of Taiheiyo Cement Corporation
Oct. 2010 Director and Managing Executive Officer of Taiheiyo Cement Corporation
Apr. 2012 President and Representative Director of Taiheiyo Cement Corporation
Apr. 2018 Chairman and Director of Taiheiyo Cement Corporation (up to the present)
Mar. 2019 Outside Director (Member of the Board) of the Company
Mar. 2022 Outside Director (Member of the Board) who is an Audit & Supervisory Board Member of the Company (up to the present)



Kohtaro Yamamoto
Outside Director
Audit & Supervisory Committee Member
(Independent Officer)

(October 19, 1955)
Apr. 1985 Registered as a Lawyer (Daiichi Tokyo Bar Association) Joined Yamashita & Oshima Law Offices
Sept. 1991 Registered as a Lawyer in the State of New York
Jan. 1994 Established Yamamoto Law Office (currently Yamamoto & Shibasaki Law Offices) (up to the present)
Apr. 2012 Vice-President of Daiichi Tokyo Bar Association
Mar. 2020 Outside Director (Member of the Board) who is an Audit & Supervisory Board Member of the Company (up to the present)

Group Operating Officers

Hiroyuki Nose

Executive Group Operating Officer
President and Representative Director of Sapporo Breweries Limited

Shinichi Soya

Executive Group Operating Officer
President and Representative Director of POKKA SAPPORO Food & Beverage Ltd.
President and Representative Director of Sapporo Group Foods Ltd.

Yuichiro Miyake

Executive Group Operating Officer
President and Representative Director of Sapporo Lion Limited

Hiroshi Tokimatsu

Executive Group Operating Officer
President and Representative Director of Sapporo Real Estate Co., Ltd.

Ten-Year Summary of Financial and Non-Financial Data

The Sapporo Group has voluntarily applied International Financial Reporting Standards (IFRS), beginning in fiscal 2018. Figures prior to fiscal 2017 have been rounded down to the nearest specified unit. Figures from fiscal 2018 onward have been rounded up or down to the nearest unit. Moreover, in fiscal 2019, Country Pure Foods, Inc. was classified under discontinued operations, thus discontinued operations are presented separately from continuing operations. Consequently, revenue, operating profit, and profit before tax for fiscal 2019 are shown based on values for continuing operations, and fiscal 2018 figures have been adjusted retroactively for comparative purposes.

For the Year:	JGAAP						IFRS			(Millions of yen)
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue	492,490	509,834	518,740	533,748	541,847	551,549	493,908	491,896	434,723	437,159
Revenue (excluding liquor tax)	379,792	395,377	401,813	418,319	424,059	433,260	370,797	371,100	328,583	331,191
Overseas revenue	-	-	-	-	-	-	74,246	71,232	65,520	74,487
Overseas revenue (excluding liquor tax)	53,370	72,227	77,262	94,550	86,846	91,937	-	-	-	-
Core operating profit*1	14,414	15,344	14,728	13,950	20,267	17,032	15,159	11,724	4,261	8,142
EBITDA*2	44,099	44,388	42,974	42,327	46,529	44,558	39,751	35,971	27,351	28,639
Profit before tax	10,512	16,562	2,694	11,690	16,403	17,801	10,629	11,588	(19,364)	21,185
Profit attributable to owners of parent	5,393	9,451	340	6,108	9,469	10,978	8,521	4,356	(16,071)	12,331
Capital expenditures (cash basis)	53,870	13,768	19,133	20,339	21,809	15,253	21,573	29,912	16,109	21,241
Depreciation	25,805	25,058	24,481	24,224	22,341	23,571	24,592	24,248	23,089	20,496
Goodwill amortization	3,879	3,985	3,764	4,153	3,920	3,954	-	-	-	-
R&D expenses	2,998	2,683	2,698	2,724	2,766	2,791	2,840	2,994	2,559	2,407
Cash flows from operating activities	29,618	32,861	22,284	35,265	32,570	30,005	30,830	36,069	16,466	30,308
Cash flows from investing activities	(59,485)	(13,268)	(17,229)	(9,755)	(27,586)	(17,823)	(18,727)	(24,930)	(16,000)	20,729
Cash flows from financing activities	30,159	(19,147)	(7,307)	(24,802)	(4,827)	(10,172)	(14,521)	(5,984)	4,138	(53,080)
At Year-End:										
Total assets	597,636	616,752	625,439	620,388	626,351	630,631	639,692	638,722	616,349	594,551
Total equity	134,946	155,366	160,004	163,822	166,380	177,663	164,735	174,524	149,551	163,327
Net financial liabilities*3	247,891	236,275	237,775	224,310	227,553	220,871	218,358	212,126	221,534	180,730
Other Indicators:										
Core operating profit ratio	2.9%	3.0%	2.8%	2.6%	3.7%	3.1%	3.1%	2.4%	1.0%	1.9%
Interest-bearing debt to EBITDA ratio (times)	5.6	5.3	5.5	5.3	4.9	5.0	5.5	5.9	8.1	6.3
Net debt-to-equity ratio (times)	1.9	1.6	1.5	1.4	1.4	1.2	1.3	1.2	1.5	1.1
Equity ratio	22.1%	24.6%	25.0%	25.5%	25.7%	27.5%	25.2%	27.3%	24.3%	27.3%
ROE (before goodwill amortization)	7.3%	9.5%	2.7%	6.5%	8.4%	8.9%	5.1%	2.6%	(9.9%)	7.9%
ROE	4.2%	6.7%	0.2%	3.9%	5.9%	6.6%				
Number of employees*4 (people)	7,264	7,434	7,014	7,484	7,858	7,902	7,904	7,736	7,592	6,872
Groupwide CO ₂ emissions (kt)	-	232.5	224.4	248.3	246.9	239.2	236.1	206.9	180.5	191.9
Domestic Groupwide water use (1,000 m ³)	-	6,861	6,492	6,498	6,500	6,409	6,061	6,511	5,902	5,363

*1 Core operating profit is calculated as revenue – cost of sales – selling, general and administrative expenses.

*2 Under JGAAP, EBITDA is calculated as operating profit + depreciation + goodwill amortization. Under IFRS, however, EBITDA is calculated as core operating profit + depreciation (excluding depreciation expenses on leased assets charged on the rent of restaurants).

*3 Net financial liabilities include commercial paper, but do not include the balance of leased liabilities.

*4 The number of employees is on a company-affiliated basis (including seconded employees from other companies) as of December 31 of each fiscal year.

▶ For other non-financial data, please refer to the URL on the right. <https://www.sapporoholdings.jp/en/csr/esg/>

Corporate Data (As of December 31, 2021)

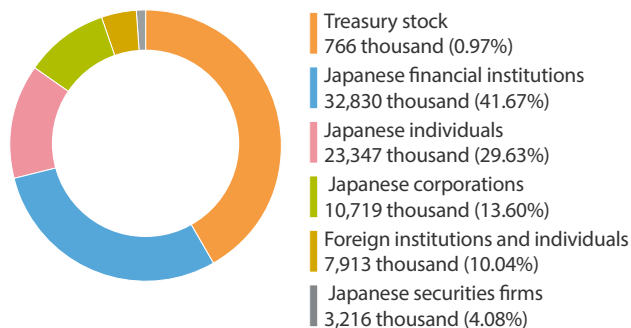
Corporate Information

Company Name	Sapporo Holdings Limited
Business	Holding company
Date of Establishment	September 1, 1949
Head Office	20-1, Ebisu 4-chome, Shibuya-ku, Tokyo 150-8522, Japan
Capital	¥53,887 million
Fiscal Year-End Date	December 31 on an annual basis
Number of Employees	6,872 (Consolidated) 116 (Parent company)

Stock Information

Total Number of Authorized Shares	200,000,000
Total Number of Issued Shares	78,794,298
Number of Shareholders	94,083
Stock Listings	Tokyo Stock Exchange, First Section (currently Prime Market) Sapporo Securities Exchange (Securities Code: 2501)
Shareholder Register Manager	Mizuho Trust & Banking Co., Ltd.

Breakdown of Shareholders by Investor Type



Major Shareholders

Name of Shareholder	Number of Shares (Thousands)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,070	15.47
Custody Bank of Japan, Ltd. (Trust Account)	2,892	3.71
Custody Bank of Japan, Ltd., as retirement benefit trust assets Mizuho Trust and Banking Co., Ltd.	2,442	3.13
Nippon Life Insurance Company	2,237	2.87
Meiji Yasuda Life Insurance Company	2,236	2.87
The Norinchukin Bank	1,875	2.40
Marubeni Corporation	1,649	2.11
Custody Bank of Japan, Ltd., as trustee for Mizuho Bank Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	1,594	2.04
Taisei Corporation	1,400	1.79
Mizuho Bank, Ltd.	1,106	1.42

Note 1: Shareholding ratios are calculated after deduction of treasury stock (766,690).
Note 2: The status of the above major shareholders is based on the shareholder register.

Outside Evaluations

Included in ESG indices

The inclusion of SAPPORO HOLDINGS LTD in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of SAPPORO HOLDINGS LTD by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

White 500*1 certified as an "Excellent Enterprise of Health and Productivity Management 2022" for the sixth consecutive year



Acquired "Platinum Kurumin*2" certification for the fifth consecutive year



Certified as an Enterprise Promoting the Success of Women Received "Eruboshi" Certification (Level 2)*3



Obtained the 4.5 Stars Smart Work Management Award



Received the "Award of Excellence" at the 4th Platinum Career Award



Received "Gold*4" in the "gan-ally-bu AWARD" sponsored by the "gan-ally-bu" for the fourth consecutive year



*When not otherwise specified, certified by Sapporo Holdings or the Group
*1 Sapporo Holdings, Sapporo Breweries, POKKA SAPPORO Food & Beverage (Sapporo Lion and Yasuma certified as an excellent corporation)
*2 Sapporo Breweries (POKKA SAPPORO Food & Beverage acquired "Kurumin" certification)
*3 POKKA SAPPORO Food & Beverage
*4 Sapporo Breweries (POKKA SAPPORO Food & Beverage was awarded Silver for the third consecutive year.)



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