

Corporate Governance Report

TRANSLATION FOR REFERENCE PURPOSE ONLY

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

Last Update: June 17, 2022

Asahi Holdings, Inc.

Tomoya Higashiura, Representative Director, President & CEO

Contact: Corporate Planning & Communications Department

Securities Code: 5857

<https://www.asahiholdings.com/english>

The corporate governance of **Asahi Holdings, Inc.** (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Basic Policies for Corporate Governance

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

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

* “Asahi Holdings Corporate Governance policies” is posted on our website.

URL: <https://www.asahiholdings.com/english/sustainability/governance/>

* For the details of basic views above, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-I: General Provision and Annex document-1 The Asahi Way).

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company has implemented all of the Principles of the Corporate Governance Code.

For the implementation status of each Principle of Corporate Governance, please refer to “Implementation status for the Corporate Governance Code”. *

* Please refer to attachment of this Report.

[Disclosure Based on the Principles of the Corporate Governance Code] UPDATED

The Company discloses information based on Corporate Governance Code revised as of June 11, 2021.

[Principle 1-4 Cross-Shareholdings]

The Company may hold cross-shareholding relationship if we consider that the shareholding contributes to the maintenance or increase of Group’s corporate value by enhancing and building a business relationship.

Based on our capital costs, we will deliberate every year whether or not it is reasonable to hold cross-shareholding relationship after having considered the medium- and long-term economic reasonability and future prospect. If reasonability of cross-shareholdings is lost, we will promptly sell them.

We will exercise the voting right for the cross-shareholding after having considered comprehensively whether or not we

can expect the increase of corporate value of the issuer in addition to whether or not the proposal is consistent with our cross-shareholding strategy.

For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter- II: Relations with Shareholders and others / 6. Cross-Shareholding Strategy).

[Principle 1-7 Related Party Transactions]

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

For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter- II: Relations with Shareholders and others / 5. Prevention of Related Party Transactions).

[Principle 2-4 Ensuring Diversity, Including Active Participation of Women]

[Supplementary Principle 2-4-1 Ensuring Diversity in the Promotion to Core Human Resources]

In accordance with the diversity and inclusion principle, we will operate the recruitment, assessment and other relevant systems appropriately, so that a wide range of personnel may work exercising their characteristics and abilities irrespective of gender, age, race, nationality, religion, disorder and so that there is no inequality by reason of personal attribute.

We will provide all Group employees with an opportunity to participate in the training to obtain skill and capability required to be a professional who has expertise in addition to an opportunity for personnel development training for each tier.

We will also develop various frameworks to facilitate active participations by women and will promote a workplace environment where women can work and exercise abilities more. In particular, we have set “Increasing the percentage of women in managerial positions” as one of the “Priority SDG-related Goals” and the target is to reach the equal level of percentage of men by the end of FY2030. The aim is to create a company where women can play an active role in the workplace and fully demonstrate their abilities. We are working to improve our workplaces and raise career planning awareness, so that both men and women can reach their full potential.

For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-IV: Stakeholder Relationships / 4. Relationships with Employees).

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

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

For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-IV: Stakeholder Relationships / 6. Role of Asset Owner).

[Principle 3-1 Full Disclosure]

In order to gain support of various stakeholders, including shareholders, the Company will make sufficient considerations to achieve the proper information disclosure. When disclosing the information, we will endeavor to use plain and specific expressions so as to convey the information accurately to various stakeholders. In addition to the statutory disclosures, we will proactively disclose information considered to be important for various stakeholders, including non-financial information, on our website, etc.

(i) Business principals, business strategies and business plans

The Company has established the “Asahi Way” as a set of values for all employees. The Asahi Way is made up of Our Credo, Our Corporate Values, Our Employee Principles, and the Group Code of Conduct, and can be seen on our website, the convocation notice of General Shareholders Meeting, Integrated Report, etc. The Mid-term Business Plan is also disclosed on our website, Integrated Report, etc.

* Corporate Philosophy

URL: <https://www.asahiholdings.com/english/group/philosophy/>

* The Mid-term Business Plan

URL: <https://www.asahiholdings.com/english/ir/strategy/>

(ii) Basic views and guidelines on corporate governance

Please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-I: General Provision / 2. Basic Policies for

Corporate Governance).

(iii) Board policies and procedures in determining the remuneration of the senior management and directors

The Compensation Committee consisting of one Representative Director and two Independent Outside Directors will make proposals for the total amount of compensation of each Director excluding the Audit and Supervisory Committee Members and the basic system and level of compensation, which will be deliberated and decided at the Board of Directors meeting. For proposals by the Compensation Committee for individual assessment of Directors excluding the Audit and Supervisory Committee members, we will make a decision comprehensively by considering the annual and medium-term business prospect, level of individual contribution, dividend, balance with the compensation level of other companies, balance with the compensation level of senior management and employees, past payment, compensation system, etc.

For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 9. Determining Procedure of Compensation for Directors, Annex Document -6: Compensation Policies for directors and key management), and “Corporate Governance Report” (II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation, [Director Remuneration], Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods).

(iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors

The Nominating Committee consisting of one Representative Director and two Independent Outside Directors will make proposals to the Board of Directors with respect to the nomination and dismissal of the next Representative Director and the Director candidates in accordance with the assessment of the candidates in terms of business performance and level of achievement of targets and their quality as a director. The Board of Directors will deliberate and make final decisions. For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 8. Procedure of Nomination and Dismissing of Directors, Annex Document -5: Nomination Policies and Dismissal Criteria for Directors and Key Management Candidates).

(v) Explanations with respect to the individual appointments/dismissals and nominations

The Company will disclose reasons for nomination of each director candidate on convocation notice of General Shareholders Meeting. We will also disclose reasons for nomination of each Outside Director on “Corporate Governance Report” (II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation, [Directors]).

[Supplementary Principle 3-1-3 Initiatives for sustainability, investments in human capital and intellectual property, etc.]

<Initiatives for sustainability>

The Group contributes to effective use of resources and widespread environmental preservation based on the Purpose of “Totally Committed to Protecting the Natural Environment and Preserving Resources.” We believe that our business activities are our contribution to sustainability, and that our business growth directly contributes to solving social issues. Based on this belief, we set out priority issues, themes, and goals and take proactive actions to achieve them.

After announcing our goal to achieve carbon neutrality in 2050 and expressing our endorsement for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2021, we have been implementing information disclosure in line with the TCFD recommendations.

To strengthen the system for promoting these initiatives, in April 2022, the Company established the Sustainability Committee, which is headed by President & CEO. The Sustainability Committee deliberates on sustainability strategies, plans, policies, risk management and monitoring on a quarterly basis.

The details and the status of those initiatives are posted on our website and Integrated Report, etc.

* Sustainability Action

URL: <https://www.asahiholdings.com/english/sustainability/>

<Investment in human capital, etc.>

Since the Group’s medium- to long-term growth depends on the abilities and experience of individual employees, the Group is promoting human resource policies that are relevant to the times. In the 9th Mid-term Business Plan, in addition to once again thoroughly implementing the “ability-based and performance-based” approach, which will stimulate the entire organization and create a driving force for the company’s growth, we are also promoting work style reforms such as observing “rest intervals” of at least 11 hours before an employee can return to work the next day, and encouraging employees to take refreshment leave.

The details and the status of those initiatives are posted on our website and Integrated Report, etc.

* Work-Life Balance and Diversity, Human Resource Development, etc.

URL: <https://www.asahiholdings.com/english/sustainability/society/>

<Investment in intellectual properties, etc.>

The Group's Technical Research Center engages in research and development, engineering, quality assurance, environment and safety, and intellectual property management. The Center works with other technical and business departments to further contribute to society through improvements in quality and technological innovation and has created a large number of unique technologies in the fields of separation, recovery and processing of precious and rare metals and the detoxification and recycle of waste. In addition, the Center has a great deal of expertise on as-yet-undisclosed technologies in refining and analysis, which supports the high quality of our products and the company's ability to handle wide-ranging scrap and waste materials. We will continue to contribute to the creation of a sustainable recycling-oriented societies through the development of new technologies.

The details and the status of those initiatives are posted on our website and Integrated Report, etc.

* R&D / Technology

URL: <https://www.asahiholdings.com/english/group/study/>

[Principle 4-1 Roles and Responsibilities of the Board (1)]

[Supplementary Principle 4-1-1 Decision on the Scope of Matters Delegated to the Management and Disclosure of Summary]

The Board of Directors assumes responsibility for achieving the efficient and effective corporate governance under the entrustment of shareholders and for achieving Group's sustainable growth and increased corporate value over the medium- to long-term. The Board will deliberate and decide important managerial matters regarding the management basic policies, management strategies, business portfolio, medium-term management plan, annual plan, investment plan and other strategic directions. Important matters delegated, based on the company rules within the scope of laws and regulations and Articles of Incorporation, to Executive Directors are deliberated and decided by the Group Executive Committee.

For details, please refer to "Asahi Holdings Corporate Governance Policies" (Chapter-V: Corporate Governance Structure / 2. Board of Directors - Roles -).

[Principle 4-8 Effective Use of Independent Directors]

The Board of Directors comprises executive directors who are knowledgeable concerning their respective business, technical or administrative divisions, as well as outside directors with various types of expertise essential to corporate management. To further enhance the objectivity and independence of the Board of Directors and ensure that discussions are active and effective, the majority of members are Independent Outside Directors. The Board consists of two (2) Executive Directors and five (5) Audit and Supervisory Committee members, including four (4) Independent Outside Directors, two (2) of whom are women, for a total of seven (7) Board members. All Directors share their opinions actively and freely on important subjects such as the Group's management strategies and business plans.

In addition, in order to further strengthen cooperation between Independent Outside Directors and the Executive Directors and to establish a system that enables smooth communication and coordination, we appointed one of the Independent Outside Directors to serve as the Head of Independent Outside Directors.

For details, please refer to "Asahi Holdings Corporate Governance Policies" (Chapter-V: Corporate Governance Structure / 2. Board of Directors - Roles -, 3. Board of Directors - Composition -).

[Principle 4-9 Independence Standards and Qualification for Independent Directors]

In addition to the independence criteria stipulated under Japan's Companies Act and Tokyo Stock Exchange, the Company has independently established the "Independence Criteria for Independent Directors" and, given their backgrounds and relationship with Group, will appoint Independent Outside Directors able to fulfill duties required of an Outside Director in a position independent from the management of the Company.

For details, please refer to "Asahi Holdings Corporate Governance Policies" (Chapter-V: Corporate Governance Structure / 6. Directors and Outside Directors, Annex Document -4: Independence Criteria for Independent Directors).

[Principle 4-10 Use of Optional Approach]

[Supplementary Principle 4-10-1 Policies, Authority and Roles Concerning the Independence of the Composition of the Nominating Committee and Compensation Committee]

The Company has established a Nominating Committee, consisting of one Director and two Independent Outside Directors, as well as a Compensation Committee, as advisory bodies to the Board of Directors. The chairpersons of both committees are appointed from among the Independent Outside Directors. The aim is to ensure transparency, fairness,

and objectivity for the appointment and dismissal of directors and key management team members, as well as for the determination of director remuneration.

For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 8. Procedure of Nomination and Dismissing of Directors, 9. Determining Procedure of Compensation for Directors).

[Principle 4-11 Preconditions for Board Effectiveness]

[Supplementary Principle 4-11-1 Disclosure of View on Balance of Knowledge, etc., Diversity, and Scale of the Board of Directors as a Whole and a Policy and Procedures for Appointment of Directors]

The Board of Directors of the Company is operated by diversified personnel of an appropriate size, consisting of the Executive Directors who are familiar with the fields of businesses, technology and management and the Outside Directors who have the diversified expert knowledge necessary for the corporate management. We will select a person of superb personality and knowledge as a Director candidate irrespective of gender, nationality, work experience, age and any other personal attribute. The Executive Directors will consist of persons who are able to understand the Company’s business well and to make decisions and who have achieved good business performance. The Outside Directors who are also the Audit and Supervisory Committee members will consist of persons who have diversified expert knowledge of finance, law, management, etc. in terms of achieving an optimum combination of knowledge and experience as an Outside Director in a supervisory position. Moreover, we will develop a “skills matrix” that lists the knowledge, experience, abilities, etc. of each director and disclose it on our website and Integrated Report.

Ms. Miyoko Kimura, one of the Independent Outside Directors of the Company, has been engaged in business expansion of ASKUL Corporation as a director and has abundant business experience as corporate management.

For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 3. Board of Directors - Composition -).

* Director Skill Matrix

URL: <https://www.asahiholdings.com/english/sustainability/governance/>

[Supplementary Principle 4-11-2 Concurrent Positions of Directors]

A Director of the Company may concurrently serve as an Officer of no more than four listed companies, including the Company. We will annually disclose how many and what companies each Director concurrently serves as an Officer for in a convocation notice of General Shareholders Meeting, securities report, etc.

[Supplementary Principle 4-11-3 Disclosure of Summary of Analysis and Evaluation Results Concerning Effectiveness of Board of Directors]

The Board of Directors of the Company will analyze and evaluate the effectiveness of the entire Board annually. Questionnaire survey sheets with evaluation items will be distributed to all Directors and their answers will be collected. Based on the aggregate results, discussions for analyses and evaluations will be held at the Board of Directors meetings. The summary of their results will be disclosed on our website and Integrated Report.

For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 4. Board of Directors - Operation and Securing Effectiveness -).

* Evaluating the Effectiveness of the Board of Directors

URL: <https://www.asahiholdings.com/english/sustainability/governance/>

[Principle 4-14 Director Training]

[Supplementary Principle 4-14-2 Disclosure of Training Policy for Directors]

The Company will regularly provide the opportunity to acquire knowledge, information, etc. necessary for the directors to play their roles and fulfill their responsibilities, by inside specialists and outside instructors. In the fiscal year ended March 31, 2022, the Company conducted the training under the theme of “Corporate Governance Reform and Sustainability Management”.

For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 11. Policies of Training for Directors, Annex Document -7: Training Policies for Directors).

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]

For the purpose of promoting constructive dialogue with shareholders, Group will explain its vision and management policies, the basic policy regarding the business portfolio and the status of the review of such portfolio, including the medium-term business plan aiming at the sustainable corporate growth and increased corporate value over the medium-to long-term, in an understandable manner so as to gain support from the shareholders.

IR activities will be controlled by the Representative Director and the IR division. If requested by an individual shareholder, the Representative Director, a Director, including Outside Director, and the IR division will meet and

respond to the request, if needed. The IR division will play a central role to facilitate the IR activities in affiliation with internal relevant divisions.

The medium-term business plan and the quarterly financial result will be announced electronically on TDnet or our website promptly after resolution by the Board of Directors.

For institutional investors, we will hold a briefing for medium-term business plan, financial results, etc., which will be supplemented by subsequent questions and answers. Also, we will give an opportunity for such investors to understand our business if needed.

Matters known through dialogue with shareholders and investors will be immediately reported to the Executive Directors. In particular, important suggestions and indications by institutional investors, who are shareholders, will be reported promptly to all Directors, and also reported at the Board of Directors meeting if necessary, to be reflected in the management following discussions.

We will never transmit any insider information (i.e. unannounced important facts) to outsiders so as to secure the fair disclosure. The period between the day after the quarterly closing day and the date of financial report shall be defined as “silent period” during which we have to refrain from dialogue relating to financial information.

For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter- II: Relations with Shareholders and others / 3. Dialogue with Shareholders).

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders] **UPDATED**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	12,473,600	15.66
Custody Bank of Japan, Ltd. (Trust account)	5,070,800	6.37
Mitsuharu Terayama	1,793,490	2.25
STATE STREET BANK WEST CLIENT - TREATY 505234	1,597,400	2.01
Masamichi Terayama	1,484,690	1.86
Asahi Employee Stock Ownership Plan	1,428,900	1.79
CEPLUX-ERSTE GROUP BANK AG (UCITS CLIENTS)	1,162,300	1.46
CREDIT SUISSE (LUXEMBOURG) S.A. / CUSTOMER ASSETS, FUNDS UCITS	976,800	1.23
JP MORGAN CHASE BANK 385781	943,210	1.18
Custody Bank of Japan, Ltd. (Security investment trust account)	916,500	1.15

Controlling Shareholder (except for Parent Company)	-----
Parent Company	None

Supplementary Explanation **UPDATED**

* The information is based on stock ledger as of March 31, 2022. The Company conducted a stock split with a ratio of two-for-one on April 1, 2021.

3. Corporate Attributes

Listed Stock Market and Market Section UPDATED	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Type of Business	Nonferrous Metals
Number of Employees (consolidated) as of the end of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the end of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the end of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances which may have Material Impact on Corporate Governance

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	One Year
Chairperson of the Board	President & CEO
Number of Directors	7
Status of the Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yuji Kimura	Other											
Kyoko Kanazawa	Lawyer											
Yoshinori Hara	Scholar											
Miyoko Kimura	From another company											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

- Executive of the Company or its subsidiaries
- Executive or non-executive director of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- Executive of a company, between which and the Company Outside Directors/*kansayaku* are mutually appointed (the director himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yuji Kimura	○	○	Designated as Independent Director.	Based on his expertise and experience in environmental preservation, including waste treatment and recycling, the Company appointed him as Outside Director in order to receive his advice

				<p>regarding the Company's operation from an objective view, thereby helping to continuously and sustainably enhance the corporate value of the Company.</p> <p>[Designation as Independent Director] The Company has judged that no conflicts of interests will arise with the Company's shareholders in general. Therefore, under his approval, Board of Directors appointed him as Independent Director. In addition, he is not applicable to "additional disclosure requirements in terms of independency" regulated by Ordinance for Enforcement of the Listing Regulations.</p>
Kyoko Kanazawa	○	○	Designated as Independent Director.	<p>Based on her advanced legal knowledge as a lawyer and experience in outside director at other company, the Company appointed her as Outside Director in order to receive her advice regarding the Company's operation from an objective view, thereby helping to continuously and sustainably enhance the corporate value of the Company.</p> <p>[Designation as Independent Director] The Company has judged that no conflicts of interests will arise with the Company's shareholders in general. Therefore, under her approval, Board of Directors appointed her as Independent Director. In addition, she is not applicable to "additional disclosure requirements in terms of independency" regulated by Ordinance for Enforcement of the Listing Regulations.</p>
Yoshinori Hara	○	○	Designated as Independent Director.	<p>Based on his highly professional expertise and experience in all aspects of service innovation as the Dean and Professor of Graduate School of Management at Kyoto University, the Company appointed him as Outside Director in order to receive his advice regarding the Company's operation from an objective view, thereby helping to continuously and sustainably enhance the corporate value of the Company.</p> <p>[Designation as Independent Director] The Company has judged that no conflicts of interests will arise with the Company's shareholders in general. Therefore, under his approval, Board of Directors appointed him as Independent Director. In addition, he is not applicable to "additional disclosure requirements in terms of independency" regulated by Ordinance for Enforcement of the Listing Regulations.</p>
Miyoko Kimura	○	○	Designated as Independent Director.	<p>She has been engaged in business expansion of ASKUL Corporation as a Director, after launching the ASKUL business as one of its founders and serving as a Representative Director of ASMARU</p>

				<p>Corporation which was a subsidiary of ASKUL Corporation. Based on her abundant business experience as corporate management and her knowledge and actual experience in the marketing field, the Company appointed her as Outside Director in order to receive her advice regarding the Company's operation from an objective view, thereby helping to continuously and sustainably enhance the corporate value of the Company.</p> <p>[Designation as Independent Director]</p> <p>The Company has judged that no conflicts of interests will arise with the Company's shareholders in general. Therefore, under her approval, Board of Directors appointed her as Independent Director. In addition, she is not applicable to "additional disclosure requirements in terms of independency" regulated by Ordinance for Enforcement of the Listing Regulations.</p>
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[Audit and Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	5	1	1	4	Outside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed
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Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

<p>The Company has established and implemented each item below in "A Key Principle for Internal Control System".</p> <ol style="list-style-type: none"> 1. The Company assigns employees who assist the duties of the Audit and Supervisory Committee in the Secretariat of Audit and Supervisory Committee. 2. Appointment and relocation of the staff of the Secretariat of Audit and Supervisory Committee that assists such Committee in performing its duties requires prior consent of such Committee. 3. The Audit and Supervisory Committee shall have the right to direct and order the staff of the Secretariat of Audit and Supervisory Committee who assists the Committee in performing its duties to perform his/her duties.

Cooperation among Audit and Supervisory Committee, Accounting Auditors and Audit Department

<p>The Company has established and implemented basic policies in "Asahi Holdings Corporate Governance Policies" for appropriate cooperation and provision of information promptly among Audit and Supervisory Committee, Accounting Auditors and Audit Department.</p> <p>For details, please refer to "Asahi Holdings Corporate Governance Policies" (Chapter-V: Corporate Governance Structure / 7. Securing Proper Audit by Accounting Auditors / 10. Support for Directors).</p>
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[Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nominating Committee	Compensation Committee
All Committee Members	3	3
Full-time Members	1	1
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation UPDATED
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Both Nominating Committee and Compensation Committee are composed of three members, Mr. Tomoya Higashiura, Mr. Yuji Kimura and Mr. Yoshinori Hara, with Mr. Yuji Kimura, who is the Head of Independent Outside Director, serving as the chair of the both Committees. As the Company's President & CEO, Mr. Tomoya Higashiura has extensive managerial knowledge and experience, while Mr. Yuji Kimura and Mr. Yoshinori Hara are Outside Directors both of whom have abundant insights and background in management.

In the fiscal year ended March 31, 2022, the Nominating Committee was convened three (3) times while the Compensation Committee met two (2) times. All members attended all the committee meetings during their term in office.

For details, please refer to "Asahi Holdings Corporate Governance Policies" (Chapter-V: Corporate Governance Structure / 8. Procedure of Nomination and Dismissing of Directors, 9. Determining Procedure of Compensation for Directors).

[Independent Directors]

Number of Independent Directors	4
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Matters relating to Independent Directors

All Outside Directors meet the requirements for Independent Directors under the provisions of the Tokyo Stock Exchange and filed such status with the Exchange.

Moreover, the Head of Independent Outside Director is elected from among the Outside Directors so as to further strengthen cooperation between Independent Outside Directors and Executive Directors, and to establish a system that enables smooth communication and coordination. Mr. Yuji Kimura currently serves as the Head of Independent Outside Director.

[Independence of Outside Directors]

The Company secures independence of Outside Directors by establishing and observing "Independence Criteria for Independent Directors".

For details, please refer to "Asahi Holdings Corporate Governance Policies" (Annex Document-4 Independence Criteria for Independent Directors).

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation

The Company has "performance-based stock compensation plan" in place to enhance incentives for improving mid- to long-term corporate value and the number of shares to be granted is linked to the business performance target achievement ratio of "consolidated operating profits" of each fiscal year or other factors.

The base of performance-based compensation shall be consolidated operating profits which are profits gained from the main business and we believe it is the most appropriate as a management benchmark. The basic policy is that performance-based compensation shall account for 30% to 70% of the total if business performance targets are achieved. The structure and level of compensation is determined with an importance placed on objectivity in consideration of the level of compensation for directors at other companies, etc., the balance with those of the Group's employees, and other

factors.

For details, please refer to “Asahi Holdings Corporate Governance Policies” (Annex Document-6 Compensation Policies for Directors and Key Management).

Recipients of Stock Options

None

[Director Remuneration]

Disclosure of Individual Directors’ Remuneration

No Individual Disclosure

Supplementary Explanation **UPDATED**

Total compensation, etc., for the fiscal year ended March 31, 2022, is as follows:

Category	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)			Number of Directors subject to payment (persons)
		Cash compensation		Stock compensation	
		Fixed compensation	Performance-based compensation, etc.	Non-cash compensation, etc.	
Directors (excluding Directors serving as the Audit and Supervisory Committee Members) (Outside Directors)	134 (0)	65 (0)	55 (0)	14 (0)	4 (0)
Directors serving as the Audit and Supervisory Committee Members (Outside Directors)	37 (23)	37 (23)	0 (0)	0 (0)	6 (4)
Total (Outside Directors)	171 (23)	102 (23)	55 (0)	14 (0)	10 (4)

(Notes)

- The amount of compensation for Directors (excluding Directors serving as the Audit and Supervisory Committee Members) does not include the employee salaries of Directors who serve concurrently as employees.
- The base for performance-based compensation (bonuses and performance-based stock compensation) is consolidated operating profits which are profits gained from the main business and we believe to be the most appropriate as a management benchmark; actual results was 26,446 million yen. The amount of performance-based compensation (bonuses) of the Company is determined for each Director in accordance with their position points and contribution to business performance, after the total amount (including that for Corporate Officers and Directors of the Company’s subsidiaries) is calculated by multiplying the consolidated operating profit of the relevant fiscal year by a specific ratio.
- The performance-based stock compensation is a stock compensation plan (nonmonetary compensation, etc.) in which the Company’s shares are granted to eligible Directors in accordance with their positions and the achievement ratio of business performance targets. As the purpose of the plan is to enhance incentives for improving mid- to long-term corporate value, the points to be granted are linked to the business performance target achievement ratio of “consolidated operating profits” for each fiscal year. The eligible Directors are those who belong to the Company as of May 1, 2024 after the 9th Mid-term Business Plan ended. At the 12th Annual General Meeting of Shareholders held on June 15, 2021, a continuation of the performance-based stock compensation plan and the number of share points to be granted to Directors (excluding Outside Directors, part-time Directors and Directors serving as the Audit and Supervisory Committee Members) in office in a three-year period from fiscal year 2021 to fiscal year 2023 were resolved.

The performance-based coefficient is as follows:

Business performance target achievement ratio	Performance-based coefficient
100% or more	1.0
50% or more	0.5
Below 50%	0

- At the 6th Annual General Meeting of Shareholders held on June 16, 2015, it was resolved that the amount of cash compensation for Directors (excluding Directors serving as the Audit and Supervisory Committee Members) be up

to an annual 200 million yen (not including the portion of salary as employees). The number of Directors (excluding Directors serving as the Audit and Supervisory Committee Members) was five (5) at the conclusion of said General Meeting of Shareholders.

5. At the 6th Annual General Meeting of Shareholders held on June 16, 2015, it was resolved that the amount of cash compensation for Directors serving as Audit and Supervisory Committee Members be up to an annual 100 million yen. The number of Directors serving as the Audit and Supervisory Committee Members was four (4) at the conclusion of said General Meeting of Shareholders.
6. At the 12th Annual General Meeting of Shareholders held on June 15, 2021, a continuation of the “performance-based stock compensation” plan and in addition to the maximum amount of compensation as stated above, the amount of compensation, etc. and details thereof for the Company’s Directors (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors) in office in a three-year period from fiscal year 2021 to fiscal year 2023 were decided. The number of Directors (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors) was two (2) at the conclusion of said General Meeting of Shareholders. Furthermore, the upper limit of the total number of points that Directors may be awarded per fiscal year shall be 40,000 points, and the maximum number of the Company’s shares to be issued to Directors during the applicable period shall be 120,000 shares.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

1. Decision method of the decision policy

The Board of Directors of the Company consults with the voluntary Compensation Committee that consists of three (3) members including two (2) Independent Outside Directors about preparation of a draft plan of the Company’s Directors compensation, etc., and based on opinions received from the Committee, resolves a policy about decision on contents of compensation, etc. for each Director at a Board of Directors meeting of the Company.

2. Overview of contents of the decision policy

The Company makes a decision within the maximum amount of the board members’ compensation which was resolved at a General Meeting of Shareholders at the Board of Directors meeting based on opinions from the Compensation Committee that is an advisory body of the Board of Directors.

The compensation structure shall be developed so that incentives for improving business performance will be enhanced, and compensation for Directors (excluding those serving as the Audit and Supervisory Committee Members) consists of “basic remuneration,” “bonuses” and “performance-based stock compensation.” Compensation for Directors serving as the Audit and Supervisory Committee Members consists of “basic remuneration” only.

- 1) The amount of “basic remuneration” is determined for each Director in accordance with their duties and responsibilities.
- 2) The amount of “bonuses” is determined for each Director in accordance with their position points and contribution to business performance, after the total amount (including that for Corporate Officers and Directors of the Company’s subsidiaries) is calculated by multiplying the consolidated operating profit of the relevant fiscal year by a specific ratio.
- 3) The purpose of “performance-based stock compensation” is to enhance incentives for improving mid- to long-term corporate value and the number of shares to be granted is linked to the business performance target achievement ratio of “consolidated operating profits” of each fiscal year or other factors.

The base of performance-based compensation (bonuses and performance-based stock compensation) shall be consolidated operating profits which are profits gained from the main business and we believe it is the most appropriate as a management benchmark. The basic policy is that performance-based compensation shall account for 30% to 70% of the total if business performance targets are achieved. The structure and level of compensation is determined with an importance placed on objectivity in consideration of the level of compensation for directors at other companies, etc., the balance with those of the Group’s employees, and other factors.

3. The reason that the Board of Directors considered that contents of compensation, etc. for each Director for the fiscal year comply with the decision policy

For decisions on the content of compensation, etc. for each Director, the Compensation Committee made a comprehensive review of the draft plan, including its consistency with the decision policy, and the Board of Directors respects its opinions and determines if the decision policy was complied with.

For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 9. Determining Procedure of Compensation for Directors, Annex Document -6: Compensation Policies for

directors and key management).

[Supporting System for Outside Directors]

The Company has established the Audit and Supervisory Committee Secretariat as an organization that assists the Audit and Supervisory Committee to support the smooth operation of meetings of Audit and Supervisory Committee, etc. Also, in order to realize effective audit by Directors serving as Audit and Supervisory Committee, employees are assigned as staff to support such Directors by promptly providing necessary information to them. For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 10. Support for Directors).

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) **UPDATED**

For overview and actions to enhance corporate governance, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure).

< Board of Directors >

The Board of Directors is comprised of Executive Directors who are knowledgeable concerning their respective business, technical or administrative divisions, as well as Outside Directors with various types of expertise essential to corporate management. To enhance the neutrality and independence of the Board of Directors and have an adequate number of Directors for active, substantial and effective discussions at meetings, the majority of members on the Board of Directors are Outside Directors and it consists of seven (7) Directors, including four (4) Independent Outside Directors. The Board of Directors deliberate and decide on important managerial matters regarding basic management policies, management strategies, medium-term business plan, annual plan and other strategic directions. The Board of Directors’ meeting was held eight (8) times during the fiscal year ended March 31, 2022, and all Directors attended all the Board of Directors’ meetings.

< Audit and Supervisory Committee >

The main agenda of the Audit and Supervisory Committee meeting are determination of audit policy/audit planning, audit of financial results, determination of reappointment or non-reappointment of Accounting Auditor, approval of compensation of Accounting Auditors, determination of the opinions regarding personnel and remunerations of Directors, audit of business report/agenda of AGM, audit of internal control system, hearing regarding operations of overseas subsidiaries, audit of important request for approval, etc.

The Audit and Supervisory Committee meeting was held eleven (11) times during the fiscal year ended March 31, 2022, and the attendance at the Audit and Supervisory Committee meeting of each of the Audit and Supervisory Committee Members is as follows;

Yuji Kimura: 11 out of 11 meetings (100%)
Kyoko Kanazawa: 11 out of 11 meetings (100%)
Yoshikatsu Takeuchi: 2 out of 2 meetings (100%) (until June 2021)
Yoshinori Hara: 11 out of 11 meetings (100%)
Miyoko Kimura: 9 out of 9 meetings (100%) (from June 2021)
Mitsutoshi Kagimoto: 9 out of 9 meetings (100%) (from June 2021)

The meeting with Accounting Auditor was held seven (7) times, and periodical report from Audit Department was delivered six (6) times, which strengthened the collaboration with them.

<Nominating and Compensation Committees>

A Nominating Committee, consisting of three (3) members including two (2) Independent Outside Directors, as well as a Compensation Committee, have been established as advisory bodies to the Board of Directors, and the Chairperson of the both Committees is elected from among Independent Outside Directors. The aim is to further enhance corporate governance by ensuring transparency, fairness, and objectivity for the appointment and dismissal of Directors and key management team members, as well as for the determination of director remuneration.

<Group Executive Committee>

Important matters delegated to the Executive Directors are deliberated and decided by the Group Executive Committee. Other matters related to business execution are deliberated and decided by the Group’s key company management meeting.

< Internal Audit >

The Audit Department assesses the appropriateness and effectiveness of operations of the Group, while also auditing compliance with laws, regulations and company rules through well-planned and exhaustive audit by three (3) audit members. The Audit Department periodically exchanges information with Accounting Auditors, while regularly exchanges information and opinions with Audit and Supervisory Committee.

<Accounting Audit >

The Company has selected Ernst & Young ShinNihon LLC as its Accounting Auditor. The continuous audit period, the names of certified public accountants who performed duties and the composition of assistants engaged in audit duties during the fiscal year ended March 31, 2022 are as follows:

* Continuous audit period: 16 years

* Names of certified public accountants who performed audit duties: Mr. Toshinari Takeno and Mr. Hiroaki Hono

* Composition of assistants engaged in audit duties: 8 certified public accountants and 25 assistants in other duties

<Limited liability contract >

The Company and each Director (excluding any Director with executive authority over operations, etc.) signed a contract that limits the liability for compensation for damage set forth in Article 423, Paragraph 1 of the Companies Act under provisions set forth Article 427, Paragraph 1 of the same Act.

The limit amount of the liability for compensation for damage under such a contract is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

3. Reasons for Adoption of Current Corporate Governance System

Our organization design and basic framework of corporate governance are as below.

We believe that this is the most appropriate system to speed up the business operations and to enhance the function of supervising the business operations, giving the advice and supervising the conflict of interest.

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

For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure).

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholders Meeting and Smooth Exercise of Voting Rights UPDATED

	Supplementary Explanations
Early Notification of General Shareholders Meeting	In order for shareholders to give enough thought to the items of the Shareholders Meeting, the notification will be dispatched no later than approx. three (3) weeks prior to the date of the meeting. In addition, prior to sending the notification, the convocation notice is disclosed on the TDnet of the Tokyo Stock Exchange and the Company's website. * The date of dispatch of convocation notice of 13th General Shareholders Meeting in 2022: May 27, 2022
Scheduling General Shareholders Meeting Avoiding the Peak Day	AGM will take place more than approx. seven (7) days prior to the peak day. * The date of 13th General Shareholders Meeting in 2022: June 14, 2022
Allowing Electronic Exercise of Voting Rights	Electronic exercise of voting rights is available from the 7th General Shareholders Meeting in 2016.
Participation in Electronic Voting Platform	The Company participates in electronic voting platform operated by ICJ Inc. from the 7th General Shareholders Meeting in 2016.
Providing Convocation Notice in English	The full text of the convocation notice in English is posted on the TDnet of the Tokyo Stock Exchange and the Company's website.

2. IR Activities

	Supplementary Explanations	*
Preparation and Publication of Disclosure Policy	For the basic policy, please refer to "Asahi Holdings Corporate Governance Policies" (Chapter-III: Proper Disclosure, Chapter-II: Relations with Shareholders and others/ 3. Dialogue with Shareholders).	
Regular Investor Briefings for Analysts and Institutional Investors	Hold explanatory meeting at time of full-year and interim business result. Information meeting and small meeting are also held in a timely manner.	○
Regular Investor Briefings for Overseas Investors	Have dialogues with overseas institutional investors at time of full-year business result, mainly in Europe and U.S.A.	○
Posting of IR Materials on Website	Stock information, dividend information, timely disclosure materials, press releases, financial information, financial statements, financial results briefing materials for analysts and institutional investors, securities reports and quarterly reports, materials related to general meetings of shareholders, etc. are posted on the Company's website. English versions of above information are also available. URL: https://www.asahiholdings.com/english/ir/	
Establishment of Department and/or Manager in Charge of IR	Established in Corporate Planning & Communications Department, and appointed the person in charge.	

*Briefings by Representative Director

3. Measures to Ensure Due Respect for Stakeholders UPDATED

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	In order to achieve sustainable corporate growth and increased corporate value over the medium- to long-term in accordance with its corporate philosophy called the Asahi Way, the Group will fulfill its responsibility as a corporate citizen by meeting each stakeholder's expectations. For details, please refer to "Asahi Holdings Corporate Governance Policies" (Chapter-IV: Stakeholder Relationships for the basic policies).
Implementation of Environmental Activities, CSR Activities etc.	The Group is contributing to effective use of natural resources and environmental protection through Precious Metals Business and Environmental Preservation Business based on its Purpose of being "Totally Committed to Protecting the Natural Environment and Preserving Resources". We are also proactively working on CSR activities. Details of specific initiatives are as follows: <Expand precious metals recycling> About one-fourth of the world's gold supply comes from recycling. Recycled

precious metals have minimal impact on the environment because they are not mined. They also help promote sustainability because they can be repeatedly reused. Recycling is an important way to ensure the stable supply of precious metals needed in many fields. By fiscal 2030, we aim to achieve total annual recycling of 410 tons of four elements: gold, silver, palladium, and platinum. As recycling emits less CO₂ compared to mining and refining, achievement of this recycling target will also yield a CO₂ reduction effect.

<Contributing to increased proper industrial waste disposal>

Due to the increased economic activities of mass production, mass consumption and mass disposal, a shortage of final waste disposal sites has become a social issue in Japan.

In recent years, the problem of microplastics polluting the oceans and harming marine life has also become an international concern. This is often a result of the improper disposal of plastic materials, which end up in rivers and flow out to sea.

The Group disposes all wastes properly and aims to increase its total volume of properly handled industrial waste to 500,000 tons per year by fiscal 2030. We also plan to expand the detoxification and recycling of industrial waste, while helping to solve various social problems and promote a sustainable society.

<Initiatives for carbon neutrality>

Climate change is a common issue for all humankind, and various efforts are being made on a global scale to accomplish the matters agreed upon in the Paris Agreement. Climate change countermeasures are also becoming increasingly important in Japan. Notable examples include the government pledging to become carbon neutral by 2050 and raising its greenhouse gas emissions reduction target.

The Group recognizes that, reducing CO₂ emissions is one business materiality we must address. We are working to reduce CO₂ emissions from energy sources such as electricity and gasoline, with the goal of reducing CO₂ emissions by 50% (compared to the FY2015 level) by FY2030.

The Group declared in December 2021 that as another long-term goal, we aim to achieve carbon neutrality in FY2050 in Scope 1 (direct emissions from the company itself) and Scope 2 (indirect emissions due to energy used that was supplied by others). The Group also aims to disclose values and develop a long-term reduction plan for Scope 3 (indirect emissions aside from Scope 1 and 2, and emissions from others that are related to the company's activities).

Furthermore, The Group expressed the endorsement of the recommendations of the Task Force on Climate related Financial Disclosures (TCFD). We will promote information disclosure that aligns with TCFD recommendations.

<Generating power from waste>

Waste-to-energy is a power generation method that uses the heat generated from waste incineration. It produces high temperatures and high-pressure steam that turns a turbine and generates power. By taking advantage of the energy released during waste incineration to produce electricity, the Group can reduce the amount of fuel used, thereby reducing CO₂ emissions accordingly. The Group constructed a waste-to-energy power plant in the city of Kitakyushu. By achieving advanced and highly efficient heat recovery, we are helping to prevent global warming and build a low-carbon society

<Initiative for a hydrogen society>

From September 2021, the Group has been carrying out a demonstration on the "Development of a system for building a green hydrogen supply chain through effective use of by-products," for the "2021 Low Carbon Technology Research, Development and Demonstration Program" organized by the Ministry of the Environment.

The project is developing a hydrogen co-production system that can significantly reduce the cost of hydrogen production by utilizing unused power at our waste-to-

	<p>energy power plant and co-producing hydrogen and by-products. Furthermore, after the completion of the project, we will aim to contribute to making hydrogen widely available by producing and selling inexpensive hydrogen, which will in turn help reduce greenhouse gas emissions.</p> <p><Green bond issuance> A green bond is a bond used to finance projects that have an environmental improvement impact (green projects) including measures to combat global warming and promote renewable energy. As part of our initiatives to promote sustainable management, we have issued green bonds in March 2020 to secure the financing necessary to install eco-friendly facilities and equipment. This was the first green bond issued in the non-ferrous metal industry in Japan. This issuance has been recognized as a measure to help solve environmental problems, and it has received the highest rating of “GA1.”</p> <p>Please also refer to “Asahi Holdings Corporate Governance Policies” (Chapter-IV: Stakeholder Relationships). * Sustainability Action URL: https://www.asahiholdings.com/english/sustainability/</p>
<p>Development of Policies on Information Provision to Stakeholders</p>	<p>In order to gain support of various stakeholders, including shareholders, the Group will make sufficient considerations to achieve the proper information disclosure. For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-III: Proper Disclosure).</p>
<p>Others</p>	<p><Work-Life Balance Support> The Company is working to create workplaces where it is easy for employees to secure time off for family needs, such as childbirth, childcare, or home care for a relative. Our program providing shortened working hours after childcare leave can be used until the child graduates from elementary school, a benefit which greatly exceeds legal requirements. We have also introduced a telework system for employees who have young children, are providing home care, or are receiving medical treatment. This helps employees to work according to their circumstances.</p> <p><Promoting Health and Productivity Management> The Company is promoting health and productivity management based on the conviction that the physical and mental health of every employee is a primary management concern. We have been providing enhanced medical examinations that exceed the legal requirements, and the employee participation rate is very high. We have also implemented a system to ensure that employees get a rest interval of at least 11 hours from the time they finish work, to the time they begin work the next day. Based on recognition of these initiatives, we acquired certification from the Ministry of Economy, Trade and Industry as a 2022 Certified Health and Productivity Management Outstanding Organization. This has been a continuous acquisition since 2020.</p> <p><Kurumin Certification> On June 10, 2021, the Minister of Health, Labor and Welfare granted us Kurumin certification, recognizing us as a company that supports childcare. Kurumin certification is awarded to companies who implement action plans formulated in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, and meet certain other requirements. We've been formulating and implementing such action plans since FY2016, and have now met the criteria for recognition by achieving all the targets in the three-year plan we started in FY2018. These include providing support for returning to work after maternity leave, holding women's round-table talks, and extending the limit for shorter working hours for parenting (until completion of grade 6 of elementary school).</p>

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

- (1) Framework to ensure that the performance of duties by the Directors, Corporate Officers and employees of the Company and the subsidiaries are consistent with the laws and the Articles of Incorporation**
 - ① The Board of Directors has established the Asahi Way for the Directors and employees in order for the Directors, Corporate Officers and employees to comply with the laws, Articles of Incorporation and internal rules and to fulfill their duties.
 - ② The Company has distributed the Asahi Way to the Directors and employees so as to keep them informed of legal compliance. The Audit Department makes improvements and give guidance through the business audit.
 - ③ The Company has established the “Internal Control Promotion Meeting” consisting of Directors, responsible persons of various divisions, and Group Risk Management Department as an organization that controls the entire compliance in order to promote the construction, maintenance and improvement of the internal control system.
 - ④ To promote compliance, the actual situation of compliance is audited.
 - ⑤ In order to respond appropriately to any legal violation or other doubtful act under the laws which maybe discovered by a Director or an employee, we have developed and are operating a whistle-blowing system.
 - ⑥ We will never have any relationship, including business relationships, with anti-social forces which threaten the social order and sound corporate activities. In the event of an illegal request, we will take a firm attitude and respond to it organizationally in accordance with the laws and internal rules.
- (2) Framework for storage and management of information relating to business operations by the Directors and a framework for report to the Company about the matters relating to the performance of duties by the Directors and employees of the subsidiaries**
 - ① The Company appropriately controls the manner of storing, disposing of and otherwise managing the records and documents relating to the performance of duties and decision-making of the Directors and reviews the relevant rules from time to time when needed.
 - ② The Directors, Audit and Supervisory Committee Members and Accounting Auditor always have access to these information and documents.
 - ③ We manage the subsidiaries and they report important matters to us.
- (3) Rules and other frameworks for management for risk of loss in the Company and subsidiaries**
 - ① The Company has established the risk management rules and built a risk management system in accordance with such rules.
 - ② In order to evaluate risks in business activities and implement mitigation measures across the Group and properly identify potential risks in the Group's business execution processes and business structures, Group Risk Management Department will implement compliance risk management for each business unit, as well as strive to ensure appropriate governance in collaboration with the Audit Department.
 - ③ In the event of an unexpected event, we will discuss and make decisions at the management meeting, etc. and the responsible manager will inform such decisions to each division and plant. Each division and plant will take prompt actions to prevent damage from expanding and will take necessary measures to minimize the damage.
- (4) Framework to secure the efficient performance of duties by the Directors of the Company and subsidiaries**
 - ① The Board of Directors holds a meeting regularly no less than once every three months and from time to time when needed in order to determine the management policies and other important matters relating to the business strategies and to supervise the situation of business operations by the Directors.
 - ② In order to enhance the functions of the Board of Directors and improve management efficiency, the Board of Directors will hold an extraordinary meeting from time to time when needed in order to expeditiously make decisions on basic matters and important matters relating to the business operations.
 - ③ The Board of Directors drafts a mid-term business plan and a budget for each fiscal year to set the business target and supervises the progress.
 - ④ Regarding the business operations according to decisions made by the Board of Directors, we will establish the responsibility of the Directors for performance of duties and the procedures for performance so as to ensure the efficient performance of duties. Such procedures will be reviewed from time to time when needed.
- (5) Framework to secure the appropriateness of business of the corporate group consisting of the Company and subsidiaries**

- ① The Company has built a system to manage the subsidiaries and developed a system to report their business results, business activities and the like to the Board of Directors on a regular basis.
 - ② A manager of the Company serves as an officer of the subsidiary and develops a system to observe the appropriateness of such subsidiary's business.
 - ③ The Audit Department of the Company conducts the internal audit regularly or when needed and develops a system to report the result of audit to the Representative Director and President, the Audit and Supervisory Committee and the relevant divisions of the Company.
- (6) **Framework to appoint an employee who assists the duties of the Audit and Supervisory Committee of the Company, and the matters relating to the independence of such employee from the Directors (except those who are Audit and Supervisory Committee Members) and the matters relating to the assurance of effective instructions given by the Audit and Supervisory Committee to such employee**
- ① The Company has assigned an employee who assists the duties of the Audit and Supervisory Committee in the Secretariat of Audit and Supervisory Committee.
 - ② Appointment and relocation of the staff of the Secretariat of Audit and Supervisory Committee that assists such Committee in performing its duties requires prior consent of such Committee.
 - ③ The Audit and Supervisory Committee shall have the right to direct and order the staff of the Secretariat of Audit and Supervisory Committee office who assists the Committee in performing its duties to perform his/her duties.
- (7) **Framework where the Directors (except those who are Audit and Supervisory Committee Members) and employees of the Company and the Directors, Corporate Officers, employees and Auditors of the subsidiaries or parties who receive a report from aforementioned persons report to the Audit and Supervisory Committee of the Company, and other matters relating to reporting to the Audit and Supervisory Committee**
- ① The Directors (except those who are Audit and Supervisory Committee Members) and employees of the Company and the Directors, Corporate Officers, employees and Auditors of the subsidiaries or parties who receive a report from aforementioned persons promptly report the important matters relating to, without limitation, the management, the accounting division and division in charge of compliance and awards and penalties to the Audit and Supervisory Committee of the Company, in addition to the matters which conflict with the laws and Articles of Incorporation and the matters which may remarkably damage the Company and the subsidiaries.
 - ② In order to grasp the important decision-making process and the situation of its business operations, the Audit and Supervisory Committee Members may attend important meetings in addition to the meeting of the Board of Directors, access important documents relating to the business operations and request a Director or an employee to explain the situation when needed.
- (8) **Framework to ensure that no person who reported to the Audit and Supervisory Committee of the Company is treated disadvantageously by reason of the report**
 The Company will not treat any Officer or employee of the Company and the subsidiaries who reported to the Audit and Supervisory Committee disadvantageously by reason of such report.
- (9) **Matters relating to the policies for settlement of expenses or debts associated with the procedures for prepayment or reimbursement of expenses incurred for the performance of duties by the Audit and Supervisory Committee Members of the Company (limited to the performance of duties of the Audit and Supervisory Committee) and the performance of other duties**
 The Audit and Supervisory Committee Members may request the Company to repay the expenses required for the performance of their duties (limited to the performance of duties of the Audit and Supervisory Committee.)
- (10) **Other framework to ensure that the Audit and Supervisory Committee of the Company conducts audits effectively**
 The Audit and Supervisory Committee, Accounting Auditor and Audit Department cooperate with each other in audit tasks and the Director and the employees assist them in conducting audits efficiently.

2. Basic Views on Eliminating Anti-Social Forces

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

V. Other

1. **Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

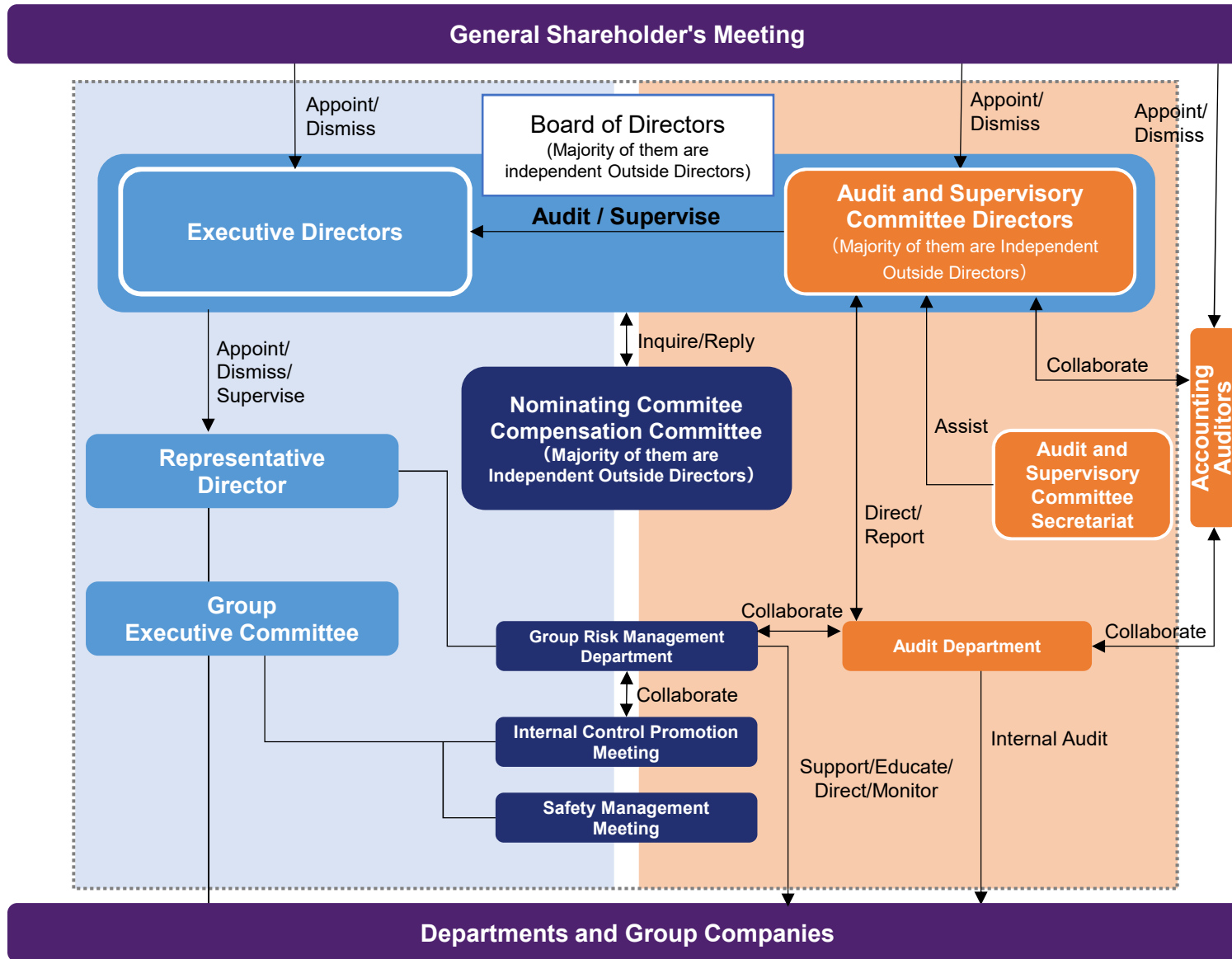
No anti-takeover measures is adopted in the Company.

In the event that our stock is subject to a takeover bid, we will take the following actions.

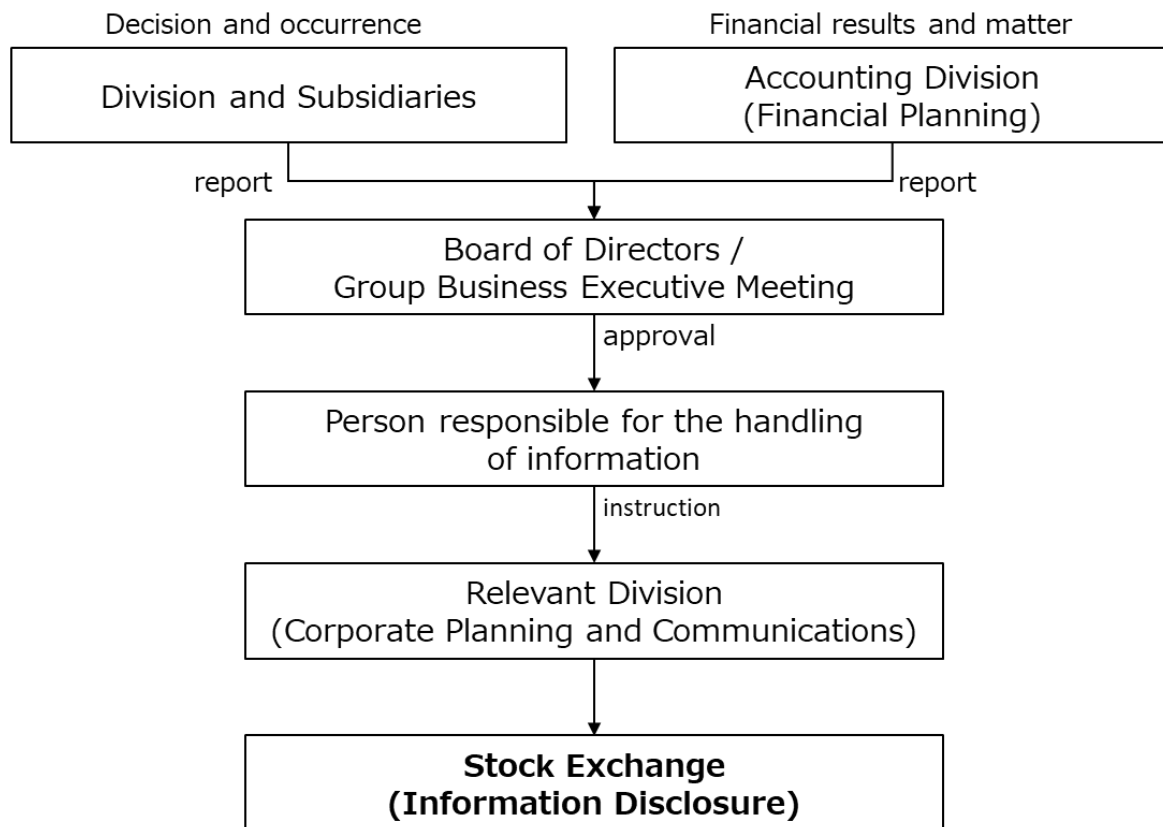
- 1) Will request the takeover bidder, etc. to explain specific measures to increase Group's corporate value after the change of control.
- 2) Will explain to the shareholders the specific measures to further increase Group's corporate value so as to gain their support.
- 3) Will not unreasonably prevent the shareholders from accepting the takeover bid from a standpoint of respecting their rights.

2. **Other Matters Concerning to Corporate Governance System**

Corporate Governance Structure



Overview of Timely Disclosure Framework



Implementation status for the Corporate Governance Code

*Our implementation status for each principle in the Corporate Governance Code is disclosed in "Asahi Holdings Corporate Governance Policies" as follows;

No	Corporate Governance Code		Status		Corresponding articles in Asahi Holding Corporate Governance Policies
			Comply	Explain	
1	Section 1 Securing the Rights and Equal Treatment of Shareholders	General Principle 1		●	Chapter-II: Relations with Shareholders and others
2		Principle 1.1 Securing the Rights of Shareholders		●	Chapter-II: Relations with Shareholders and others 1. Securing the Rights of Shareholders
3			1-1 ①	●	Chapter-II: Relations with Shareholders and others 2. General Shareholders Meeting
4			1-1 ②	●	Chapter-V: Corporate Governance Structure 1. Organization Design and Basic Framework 2. Board of Directors – Roles -
5		1-1 ③	●	Chapter-II: Relations with Shareholders and others 1. Securing the Rights of Shareholders	
6		Principle 1.2 Exercise of Shareholder Rights at General Shareholder Meetings		●	Chapter-II: Relations with Shareholders and others 2. General Shareholders Meeting
7			1-2 ①	●	Chapter-II: Relations with Shareholders and others 2. General Shareholders Meeting
8			1-2 ②	●	Chapter-II: Relations with Shareholders and others 2. General Shareholders Meeting
9			1-2 ③	●	Chapter-II: Relations with Shareholders and others 2. General Shareholders Meeting
10			1-2 ④	●	Chapter-II: Relations with Shareholders and others 2. General Shareholders Meeting Chapter-III: Proper Disclosure 2. Enhancement of Disclosure in English
11			1-2 ⑤	●	Chapter-II: Relations with Shareholders and others 2. General Shareholders Meeting
12		Principle 1.3 Basic Strategy for Capital Policy		●	Chapter-II: Relations with Shareholders and others 4. Basic Strategy for Capital Policy
13		Principle 1.4 Cross-Shareholdings		●	Chapter-II: Relations with Shareholders and others 6. Cross-Shareholding Strategy
14			1-4 ①	●	Chapter-II: Relations with Shareholders and others 6. Cross-Shareholding Strategy
15			1-4 ②	●	Chapter-II: Relations with Shareholders and others 6. Cross-Shareholding Strategy
16		Principle 1.5 Anti-Takeover Measures		●	Chapter-II: Relations with Shareholders and others 7. Anti-Takeover Measures
17			1-5 ①	●	Chapter-II: Relations with Shareholders and others 7. Anti-Takeover Measures
18		Principle 1.6 Capital Policy that May Harm Shareholder Interests		●	Chapter-II: Relations with Shareholders and others 4. Basic Strategy for Capital Policy
19		Principle 1.7 Related Party Transactions		●	Chapter-II: Relations with Shareholders and others 5. Prevention of Related Party Transactions
20	Section 2 Appropriate Cooperation with Stakeholders Other Than Shareholders	General Principle 2		●	Chapter-I: General Provision 1. Asahi Way Annex Document-1: Asahi Way
21		Principle 2.1 Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long- Term		●	Chapter-I: General Provision 1. Asahi Way Annex Document-1: Asahi Way
22		Principle 2.2 Code of Conduct		●	Chapter-I: General Provision 1. Asahi Way Chapter-IV: Stakeholder Relationships 4. Relationships with Employees
23			2-2 ①	●	Chapter-IV: Stakeholder Relationships 4. Relationships with Employees

Implementation status for the Corporate Governance Code

*Our implementation status for each principle in the Corporate Governance Code is disclosed in "Asahi Holdings Corporate Governance Policies" as follows;

No	Corporate Governance Code		Status		Corresponding articles in Asahi Holding Corporate Governance Policies			
			Comply	Explain				
24	Section 2 Appropriate Cooperation with Stakeholders Other Than Shareholders	Principle 2.3 Sustainability Issues, Including Social and Environmental Matters		●	Chapter-IV: Stakeholder Relationships 2. Relationships with Communities and Activities on Environment			
25			2-3 ①	●	Chapter-IV: Stakeholder Relationships 2. Relationships with Communities and Activities on Environment			
26		Principle 2.4 Ensuring Diversity, Including Active Participation of Women		●	Chapter-IV: Stakeholder Relationships 4. Relationships with Employees			
27			2-4①	●	Chapter-IV: Stakeholder Relationships 4. Relationships with Employees			
28		Principle 2.5 Whistleblowing		●	Chapter-IV: Stakeholder Relationships 5. Whistle-blowing System			
29			2-5 ①	●	Chapter-IV: Stakeholder Relationships 5. Whistle-blowing System			
30		Principle 2.6 Roles of Corporate Pension Funds as Asset Owners		●	Chapter-IV: Stakeholder Relationships 6. Role of asset owner			
31	Section 3 Ensuring Appropriate Information Disclosure and Transparency	General Principle 3		●	Chapter-III: Proper Disclosure			
32	Principle 3.1 Full Disclosure			●	(ALL) Chapter-III: Proper Disclosure (i) Chapter-I: General Provision 1. Asahi Way Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders (ii) Chapter-I: General Provision 2. Basic Policies for Corporate Governance (iii) Chapter-V: Corporate Governance Structure 9. Determining Procedure of Compensation for Directors Annex Document-6: Compensation Policies for directors and key management (iv) Chapter-V: Corporate Governance Structure 8. Procedure of Nomination and Dismissing of Directors Annex Document-5: Nomination Policies and Dismissal criteria for directors and key management candidates (v) Chapter-V: Corporate Governance Structure 8. Procedure of Nomination and Dismissing of Directors			
					33	3-1 ①	●	Chapter-III: Proper Disclosure 1. Basic Policies for Information Disclosure
					34	3-1 ②	●	Chapter-III: Proper Disclosure 2. Enhancement of Disclosure in English
					35	3-1 ③	●	Chapter-III: Proper Disclosure 1. Basic Policies for Information Disclosure Chapter-V: Corporate Governance Structure 2. Board of Directors – Roles - Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders
36	Principle 3.2 External Auditors			●	Chapter-V: Corporate Governance Structure 7. Securing Proper Audit by Accounting Auditors			
37		3-2 ①	●	Chapter-V: Corporate Governance Structure 7. Securing Proper Audit by Accounting Auditors				
38		3-2 ②	●	Chapter-V: Corporate Governance Structure 7. Securing Proper Audit by Accounting Auditors				

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No	Corporate Governance Code		Status		Corresponding articles in Asahi Holding Corporate Governance Policies	
			Comply	Explain		
39	Section 4 Responsibilities of the Board	General Principle 4		●		Chapter-V: Corporate Governance Structure 1. Organization Design and Basic Framework 2. Board of Directors – Roles -
40		Principle 4.1 Roles and Responsibilities of the Board (1)		●		Chapter-V: Corporate Governance Structure 2. Board of Directors – Roles -
41			4-1 ①	●		Chapter-V: Corporate Governance Structure 2. Board of Directors – Roles -
42			4-1 ②	●		Chapter-V: Corporate Governance Structure 2. Board of Directors – Roles - Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders
43			4-1 ③	●		Chapter-V: Corporate Governance Structure 8. Procedure of Nomination and Dismissing Annex Document-5: Nomination Policies and Dismissal criteria for directors and key management candidates
44		Principle 4.2 Roles and Responsibilities of the Board (2)		●		Chapter-V: Corporate Governance Structure 2. Board of Directors – Roles -
45			4-2 ①	●		Chapter-V: Corporate Governance Structure 9. Determining Procedure of Compensation for Directors Annex Document-6: Compensation Policies for directors and key management
46			4-2 ②	●		Chapter-V: Corporate Governance Structure 2. Board of Directors – Roles -
47		Principle 4.3 Roles and Responsibilities of the Board (3)		●		Chapter-V: Corporate Governance Structure 2. Board of Directors – Roles - 9. Determining Procedure of Compensation for Directors Annex Document-6: Compensation Policies for directors and key management Chapter-III: Proper Disclosure 3. Supervision by Board of Directors for Proper Disclosure Chapter-II: Relations with Shareholders and others 5. Prevention of Related Party Transactions
48			4-3 ①	●		Chapter-V: Corporate Governance Structure 8. Procedure of Nomination and Dismissing of Directors Annex Document-5: Nomination Policies and Dismissal criteria for directors and key management candidates
49			4-3 ②	●		Chapter-V: Corporate Governance Structure 8. Procedure of Nomination and Dismissing of Directors Annex Document-5: Nomination Policies and Dismissal criteria for directors and key management candidates
50			4-3 ③	●		Chapter-V: Corporate Governance Structure 8. Procedure of Nomination and Dismissing of Directors Annex Document-5: Nomination Policies and Dismissal criteria for directors and key management candidates
51			4-3 ④	●		Chapter-V: Corporate Governance Structure 2. Board of Directors – Roles -
52		Principle 4.4 Roles and Responsibilities of <i>Kansayaku</i> and the <i>Kansayaku</i> Board		Not applicable	Not applicable	
53			4-4 ①	Not applicable	Not applicable	
54		Principle 4.5 Fiduciary Responsibilities of Directors and <i>Kansayaku</i>		●		Chapter-V: Corporate Governance Structure 6. Directors and Outside Directors
55		Principle 4.6 Business Execution and Oversight of the Management		●		Chapter-V: Corporate Governance Structure 2. Board of Directors – Roles -
56		Principle 4.7 Roles and Responsibilities of Independent Directors		●		Chapter-V: Corporate Governance Structure 6. Directors and Outside Directors
57		Principle 4.8 Effective Use of Independent Directors		●		Chapter-V: Corporate Governance Structure 3. Board of Directors – Composition -
58			4-8 ①	●		Chapter-V: Corporate Governance Structure 6. Directors and Outside Directors
59		4-8 ②	●		Chapter-V: Corporate Governance Structure 6. Directors and Outside Directors	
60		4-8 ③	Not applicable	Not applicable		

Implementation status for the Corporate Governance Code

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No	Corporate Governance Code		Status		Corresponding articles in Asahi Holding Corporate Governance Policies
			Comply	Explain	
61	Section 4 Responsibilities of the Board	Principle 4.9 Independence Standards and Qualification for Independent Directors		●	Chapter-V: Corporate Governance Structure 6. Directors and Outside Directors Annex Document-4: Independence Criteria for independent directors
62		Principle 4.10 Use of Optional Approach		●	Chapter-V: Corporate Governance Structure 1. Organization Design and Basic Framework
63			4-10 ①	●	Chapter-V: Corporate Governance Structure 6. Directors and Outside Directors 8. Procedure of Nomination and Dismissing of Directors 9. Determining Procedure of Compensation for Directors
64		Principle 4.11 Preconditions for Board and <i>Kansayaku</i> Board Effectiveness		●	Chapter-V: Corporate Governance Structure 3. Board of Directors – Composition - 4. Board of Directors – Operation and Securing Effectiveness - 5. Audit and Supervisory Committee
65			4-11 ①	●	Chapter-V: Corporate Governance Structure 3. Board of Directors – Composition -
66			4-11 ②	●	Chapter-V: Corporate Governance Structure 3. Board of Directors – Composition -
67			4-11 ③	●	Chapter-V: Corporate Governance Structure 4. Board of Directors – Operation and Securing Effectiveness -
68		Principle 4.12 Active Board Deliberations		●	Chapter-V: Corporate Governance Structure 4. Board of Directors – Operation and Securing Effectiveness -
69			4-12 ①	●	Chapter-V: Corporate Governance Structure 4. Board of Directors – Operation and Securing Effectiveness -
70		Principle 4.13 Information Gathering and Support Structure		●	Chapter-V: Corporate Governance Structure 10. Support for Directors
71			4-13 ①	●	Chapter-V: Corporate Governance Structure 10. Support for Directors
72			4-13 ②	●	Chapter-V: Corporate Governance Structure 10. Support for Directors
73			4-13 ③	●	Chapter-V: Corporate Governance Structure 2. Board of Directors – Roles - 10. Support for Directors
74		Principle 4.14 Director and <i>Kansayaku</i> Training		●	Chapter-V: Corporate Governance Structure 11. Policies of Training for Directors Annex Document-7: Training Policies for directors
75	4-14 ①		●	Chapter-V: Corporate Governance Structure 11. Policies of Training for Directors Annex Document-7: Training Policies for directors	
76	4-14 ②		●	Chapter-V: Corporate Governance Structure 11. Policies of Training for Directors Annex Document-7: Training Policies for directors	
77	Section 5 Dialogue with Shareholders	General Principle 5		●	Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders
78		Principle 5.1 Policy for Constructive Dialogue with Shareholders		●	Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders
79			5-1 ①	●	Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders
80			5-1 ②	●	Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders Chapter-III: Proper Disclosure 1. Basic Policies for Information Disclosure
81			5-1 ③	●	Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders
82		Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans		●	Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders
83			5-2 ①	●	Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders