

November 3, 2022

〒150-8522

4-20-1 Ebisu, Shibuya-ku, Tokyo

Sapporo Holdings Co.

Mr. Mackenzie Clugston, Outside Director

Mr. Tetsuya Shoji, Outside Director

Mr. Toshihiro Uchiyama, Outside Director

Mr. Shuji Fukuda, Outside Director, Member of Audit and Supervisory Committee

Mr. Kotaro Yamamoto, Outside Director, Member of Audit and Supervisory Committee

250 North Bridge Road

#13-01 Raffles City Tower,

Singapore

3D Investment Partners Pte.

#### Requests to Outside Directors

Dear Outside Directors of Sapporo

Thank you for sending us the "Response to Your (3D's) Request" (the "Letter") dated October 28, 2022. We would like to communicate our thoughts on the letter as follows.

Firstly, we are deeply disappointed that the Outside Directors have responded in the manner described in the letter, despite our submission of the 212-page presentation "3D Corporate Value Enhancement Plan" (the "3D Plan") dated September 21, 2022.

In the letter, you merely state in abstract terms that you will fulfill your role as an outside director and make no mention of your recognition of the management issues that we have pointed out. Furthermore, the letter makes no mention of the necessity for an examination and evaluation of the management plan led by the Outside Directors, which we had requested, as well as the objective examination of the 3D Plan, and the evaluation of the new Medium Term Management Plan (the "MTMP") using the 3D Plan as a comparison with the commitment of delivering a robust MTMP. As a result, we understood that the Letter was a rejection of our requests.

In the July 7, 2022 presentation "How Your Company is Viewed in the Market", we indicated Sapporo's management issues and failures in achieving the majority of previous management plans' targets. We also stressed the necessity for the Outside Directors to be truly independent from Inside Directors, to reexamine management policy from a different perspective than Inside Directors, and to supervise and advise management based on the results of the reexamination. Thus, we requested the establishment of a Strategic Review Committee consisting solely of Outside Directors. However, the Board of Directors rejected the establishment of a Committee, deeming it unnecessary as discussions and deliberations already occur within the Board, which include Outside Directors.

Our requests to the Outside Directors are not unreasonable in light of the defined roles of outside directors. On the contrary, our requests correspond to main responsibilities of outside directors prescribed by the "Corporate Governance Code" with which the Company complies, as well as with the various guidelines formulated based on the Code.

In other words, the request for Outside Directors to lead an objective examination of management policy and an evaluation of 3D's Plan alongside the new MTMP is based on the generally expected responsibilities of outside directors on business portfolio management, which should not be bound to internal constraints or interests (Practical Guidelines for Independent Directors 2.1.2 · Practical Guidelines for Business Transformations - Toward Changes to Business Portfolios and Organizations (Business Transformation Guideline) 3.2.1 · Practical Guidelines for Group Governance Systems (Group Guideline) 3.2). In addition, when a shareholder submits a plan to enhance corporate value based on a rational basis, outside directors are expected to seriously examine the given plan (Business Transformation Guideline 4.3), and if the shareholder's opinion could be useful for creating sustainable growth and medium to long-term enhancement of corporate value, outside directors should reflect it in the discussion at the board meeting (Corporate Governance Code Principle 4-7 (i) (iv) · Practical Guidelines for Independent Directors 2.1.2 and 6.1, · Business Transformation Guideline 3.2 · The Practical Guidelines for Corporate Governance Systems (CGS Guidelines) 2.2.4 in Appendix 1).

Considering the fact that Outside Directors are expected to play a key role in leading discussions on the business portfolio and ensuring that shareholders' opinions are reflected in the Board of Directors' discussions, we proposed the establishment of a Strategic Review Committee consisting solely of Outside Directors, believing it would enhance

boardroom discussion (Corporate Governance Code Supplementary Principle 4-8-1) <sup>1</sup>. The fact that the Board of Directors has not been able to achieve most of its past management plans due to a questionable independent review process also emphasizes the necessity for the establishment of a Strategic Review Committee from our perspective.

As described above, all our requests are reasonable and have a rational basis. Nevertheless, we are puzzled and disappointed that the gap in expectations between us and the Outside Directors has not been bridged.

We believe that the fundamental cause of this expectation gap in the role of Outside Directors, is the lack of meaningful discussions with shareholders regarding management issues and other matters, both in terms of quality and quantity. In other words, we believe that a lack of input from shareholders may have caused the Outside Directors to perceive that our requests, which are based on the Corporate Governance Code (and other various guidelines), as unique requests rather than a shared expectation from shareholders.

Therefore, to resolve said issues such as a suspected lack of input from shareholders, we request the Outside Directors to take the following actions.

1. Prior to the announcement of the new MTMP <sup>2</sup>, Outside Directors should meet with the portfolio managers of Sapporo's major institutional investors<sup>3</sup> to obtain a wide range of opinions on Sapporo's management issue. (Practical Guidelines for Independent Directors 6.1 and Business Transformation Guideline 3.2.2)
2. Outside Directors should jointly explain to shareholders the results of the feedback sessions. (Corporate Governance Code Principle 5-2, Practical Guidelines for Independent Directors 6.2 · CGS Guidelines 8 in Appendix 1)
3. Outside Directors should comprehensively reflect this range of opinions in the new MTMP. (Corporate Governance Code Principles 4-7(i)(iv) · Practical Guidelines for Independent Directors 2.1.2 and 6.1 · Business Transformation Guideline 3.2 · CGS Guidelines 2.2.4 in Appendix 1)

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<sup>1</sup> In Business Transformation Guideline 4.3, it is pointed out that it is meaningful to establish a committee for conducting a Strategic Review Committee (a strategic review of a business with the aim of maximizing corporate value).

<sup>2</sup> We believe that the announcement of the new mid-term plan should be postponed until some point before the AGM in March 2023, and only after the Outside Directors have completed their dialogue with shareholders. It is the responsibility of outside directors to ensure that the board of directors reflects the opinions of shareholders in the process of formulating strategies (Corporate Governance Code, Principle 4-7(i)(iv) · Practical Guidelines for Independent Directors 2.1.2 and 6.1 · Business Transformation Guideline 3.2 · CGS Guidelines 2.2.4 in Appendix 1), and Sapporo should not finalize its MTMP without obtaining fully such viewpoint.

<sup>3</sup> The attached list of institutional investors who are shareholders of Sapporo is based on publicly available information and is intended to be used as a list of potential candidates for interviews. However, this list does not cover all institutional investors. We believe that it would be desirable for Sapporo to hold additional interviews with other shareholders, including institutional investors that are not listed in the attached list.

4. When the new MTMP is announced, all Outside Directors should be present to explain how shareholder concerns have been addressed, the reasons for any opinions excluded, how they plan to uphold shareholders' interests in the future, and how they understand their own role at Sapporo going forward. (Corporate Governance Code Principle 5-2, Practical Guidelines for Independent Directors 6.2 • CGS Guidelines 8 in Appendix 1)

Finally, we look forward to providing all the support we can to help Sapporo resolve management issues, achieve meaningful and sustained growth in corporate value, and bring to fruition the interests of all stakeholders, including shareholders. We commit to continued constructive dialogue.

**Appendix: List of Institutional Investors whose Opinions Should be Heard (at a minimum)**

*Japanese Institutional Investors (in alphabetical order)*

- *Asset Management One*
- *Daiwa Asset Management*
- *Meiji Yasuda Life Insurance Co.*
- *Mitsubishi UFJ Kokusai Asset Management*
- *Nikko Asset Management*
- *Nissay Asset Management*
- *Nomura Asset Management*
- *Norinchukin Zenkyoren Asset Management*
- *Okasan Asset Management*
- *Pension Fund Association (PFA)*
- *Resona Asset Management*
- *Shinkin Asset Management*
- *Sumitomo Mitsui DS Asset Management*
- *Sumitomo Mitsui Trust Asset Management*
- *Tokio Marine Asset Management*

*Overseas Institutional Investors (in alphabetical order)*

- *Amundi Asset Management*
- *California Public Employees' Retirement System (CalPERS)*
- *Credit Suisse Asset Management*
- *Dimensional Fund Advisors*
- *Fidelity International*
- *Fidelity Investments*
- *Franklin Templeton Investments*
- *HSBC Global Asset Management*
- *J.P. Morgan Asset Management*
- *Janus Henderson Investors*
- *Norges Bank Investment Management*
- *Nuveen*
- *Pictet Asset Management*
- *Robeco Institutional Asset Management*
- *UBS Asset Management*