

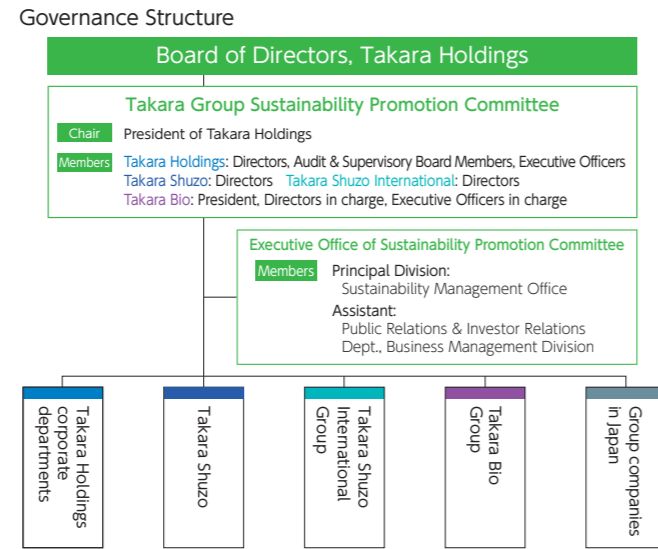
# Disclosures based on the TCFD framework

The Takara Group positions the harmonization of its business activities with global environmental preservation as one of its key challenges, and is actively implementing these initiatives. Recognizing that climate change is an important issue that has an impact on the sustainability of business, the Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has joined the TCFD Consortium. We will continue to assess and respond to risks and opportunities related to climate change in accordance with the TCFD framework, disclose relevant information, and engage in dialogue with stakeholders.

## Governance

The Takara Group has established the Takara Group Sustainability Promotion Committee chaired by the Representative Director and President of Takara Holdings, under the supervision of the Board of Directors. The committee assesses the risks and opportunities that climate change poses to business, formulates strategies, and discusses targets, etc. In addition, as a subordinate organization of the Takara Group Sustainability Promotion Committee, the Executive Office of Sustainability Promotion Committee has been established to deal with climate change issues. The Executive Office of Sustainability Promotion Committee sets out and implements specific activities for each Group company based on decisions made by the Takara Group Sustainability Promotion Committee.

These sustainability initiatives, including climate change issues, are reported to the Board of Directors by the Takara Group Sustainability Promotion Committee.



## Risk Management

The Takara Group identified risks and opportunities for Takara Shuzo Co., Ltd. and the Overseas Alcoholic Beverages Business of Takara Shuzo International Co., Ltd. (Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd., and The Tomatin Distillery Co. Ltd). As a process to identify them, we extracted potential risks and opportunities for transition risks and physical risks by referring to experts' opinions and published reports, and selected risks and opportunities that are expected to have a significant impact over the short-, medium-, and long-term period, taking into account the likelihood and magnitude of impact. The Takara Group Sustainability Promotion Committee reports to the Board of Directors on the details of identified risks and opportunities and the countermeasures.

## Strategy and Scenario Analysis

In addition to Takara Shuzo Co., Ltd., which was analyzed in fiscal year 2021, the Takara Group expanded its scope to include the Overseas Alcoholic Beverages Business of Takara Shuzo International Co., Ltd. (Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd., and The Tomatin Distillery Co. Ltd) in fiscal year 2022, and conducted a scenario analysis to understand the impact of climate change risks and opportunities on the business and consider countermeasures to be taken.

In this analysis, we referred to RCP 2.6 (below 2°C scenario) and RCP 8.5 (4°C scenario) based on AR5 of IPCC (Intergovernmental Panel on Climate Change) for physical risks, and APS scenario (below 2°C scenario) and NZE2050 scenario (1.5°C scenario) based on WEO of IEA (International Energy Agency) for transition risks to analyze and examine the impact of climate change.

### Business Risks and Opportunities due to Climate Change

**Transition risk**

As the temperature rise is limited to less than 2°C and strict environmental regulations are introduced to achieve carbon neutrality, the adoption of carbon tax will force up the prices of containers and packaging materials and increase energy costs, causing an impact on our business.

**Physical risk**

As the temperature rise will be about 4°C, damage due to storm surges and floods caused by sea level rise will have a significant impact on our operations. In addition, it has been found that the amount of yield of crops, which are raw materials, is greatly affected by rising temperatures.

**Opportunities**

We think that the reduction of operating costs through promotion of energy conservation efforts such as the introduction of energy-saving equipment as well as increased demand for ethical consumption and eco-friendly products will become business opportunities for us.

Going forward, we will continue to review risks and opportunities and give shape to measures to be taken, and reflect them in our medium- to long-term management strategies, thereby striving to improve the resilience of our strategies.

## Business Risks and Opportunities due to Climate Change

Risk	Content	Period*1	Impact**2	Measures
Transition risk	Increase in energy costs due to carbon tax	Medium-term	1.5°C Scenario: Medium; 2.0°C Scenario: Medium	<ul style="list-style-type: none"> <li>Promoting initiatives to reduce CO<sub>2</sub> emissions and increasing the ratio of renewable energy</li> <li>Promoting modal shifts (in Japan)</li> <li>Promoting the use of renewable energy (installation of solar panels, etc.)</li> <li>Converting company vehicles to EVs</li> </ul>
	Increase in costs of containers and packaging materials	Medium-term	Medium; Medium	<ul style="list-style-type: none"> <li>Switching to recycled containers and low-carbon alternative containers</li> <li>Obtaining certification for paper and cardboards (e.g. FSC, PEFC)</li> <li>Use of biomass materials for soft packaging materials and printing</li> <li>Reducing weight of packaging materials (making bottles and cans lighter and abolishing labels and stickers)</li> </ul>
Physical risk	River flooding (flood damage)	Long-term	4.0°C Scenario: Large	<ul style="list-style-type: none"> <li>Decentralization of production sites in Japan</li> <li>Survey and examination of countermeasures for sites where large-scale flooding is expected</li> </ul>
	Coastal flooding (flood damage)	Long-term	Large	
	Impact on crop yields (see below for details)			(See below for details)

\*1 Medium-term until around 2030; Long-term until around 2050  
 \*\*2 Impact on financial indicators: Large 5% or more; Medium 1-5%  
 Transition risk is the impact on consolidated operating income, and physical risk is the impact on consolidated net sales, consolidated property, plant and equipment, and consolidated inventories

## Opportunities

Opportunities	Content	Measures
Opportunities	Impact on cost of switching to energy-saving equipment	<ul style="list-style-type: none"> <li>Installing low-carbon equipment (converting the heavy oil boiler to a natural gas boiler)</li> <li>Using a biomass boiler at Tomatin</li> </ul>
	Impact of energy conservation promotion on cost reduction	<ul style="list-style-type: none"> <li>Installing energy-saving equipment that reduces operating costs</li> <li>Considering the promotion of the reuse of waste heat (use of heat pumps, etc.)</li> </ul>
	Increase in demand for eco-products (demand for ethical consumption)	<ul style="list-style-type: none"> <li>Product development consistent with ethical consumption (Takara Can Chu-Hi Sumika, Takara CRAFT, etc.)</li> <li>Initiatives for environmentally friendly products and certified products</li> </ul>

## Impact on crop yields

In addition to Takara Shuzo Co., Ltd., which we have analyzed up until now, we have expanded our scope to include the Overseas Alcoholic Beverages Business of Takara Shuzo International Co., Ltd. (Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd., and The Tomatin Distillery Co. Ltd), and analyzed the impact of temperature rise on yields for four items that account for a large proportion of raw material use.

### Global average temperature rise (°C) and changes in impact since pre-industrial times

Item	Major country of origin	2.0°C	4.0°C	Measures
Sugarcane (yield)	Brazil	↓	↓↓	<ul style="list-style-type: none"> <li>Continue stable procurement through cooperation with producers</li> <li>Surveying and diversifying suppliers to reduce procurement risk</li> <li>Survey and examination of raw materials compatible with climate change</li> </ul>
Corn (yield)	United States	↓	↓↓	
Paddy rice (yield)	Japan	↓	↓↓	
Paddy rice (yield)	China	↓	↓	
Paddy rice (yield)	United States	↓	↓	
Barley (yield)	UK	↓	—	

[Changes in impact]-/+  
 30% or above: ↓↓↓ (orange), ↑↑↑ (orange)  
 15% to less than 30%: ↓↓ (blue), ↑↑ (blue)  
 Less than 15%: ↓ (blue), ↑ (blue)  
 No change: — (green)  
 No data: — (grey)

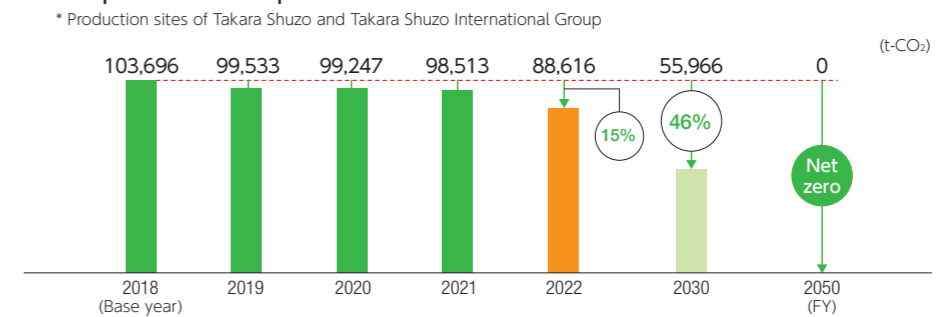
## Indicators and Targets

The Takara Group has set CO<sub>2</sub> emissions reduction targets in its Takara Group Sustainability Vision. Takara Shuzo and Takara Shuzo International Group have set CO<sub>2</sub> emissions targets in Scope 1+2 for their production sites.

### Targets and Progress for FY2022

Year achieved	Scope	Indicators and targets	FY2022 results
2030	Takara Shuzo/Takara Shuzo International Group	Reduce CO <sub>2</sub> emissions at production sites by 46% compared with FY2018.	Compared to FY2018: 15% reduction CO <sub>2</sub> emissions: 88,616 (t-CO <sub>2</sub> )
	Takara Bio Group	Reduce CO <sub>2</sub> emission intensity (CO <sub>2</sub> emissions per net sales) by 50% compared with FY2018.	Compared to FY2018: 45% reduction
	Takara Shuzo (Distribution)	Reduce CO <sub>2</sub> emission intensity (CO <sub>2</sub> emissions per sales volume) from shipping by 10% compared with FY2018.	Compared to FY2018: 9% reduction
2050	Entire Group	Net zero CO <sub>2</sub> emissions	—

### Scope 1 and Scope 2 Total CO<sub>2</sub> Emissions of Takara Shuzo and Takara Shuzo International Group



### GHG Emissions of Takara Holdings and Takara Shuzo in FY2022

Takara Holdings and Takara Shuzo calculate Scope 1+2+3 greenhouse gas (GHG) emissions. Going forward, we will work to grasp our Group-wide GHG emissions.

		Unit: t-CO <sub>2</sub> e				
		FY2021	FY2022			
<b>Scope1+Scope2</b>		104,859	90,802			
	Scope1	84,081	69,280			
	Scope2	20,778	21,522			
Category		FY2021	FY2022	Calculation method		
<b>Scope3</b>		823,018	816,932			
Upstream	Category 1	Purchased goods and services	625,373	605,552	Calculated for procured raw materials, containers, and packaging materials	
	Category 2	Capital goods	6,221	8,864	Calculated for purchased facilities and instruments	
	Category 3	Fuel- and energy-related activities not included in Scope 1 and 2	18,680	18,450	Calculated based on the amount of fuel and electricity used	
	Category 4	Upstream transportation and distribution	112,830	120,885	Calculated for the logistics of procured raw materials, containers, and packaging materials	
	Category 5	Waste generated in operations	947	864	Calculated for weight of waste	
	Category 6	Business travel	235	230	Calculated for employee business travels	
	Category 7	Employee commuting	586	575	Calculated for employee commuting	
	Category 8	Upstream leased assets	—	—	Not included in the calculation	
	Category 9	Downstream transportation and distribution	5,300	4,408	Calculated for shipping logistics	
	Category 10	Processing of sold products	—	—	Not included in the calculation	
	Category 11	Use of sold products	—	—	Not included in the calculation	
	Downstream	Category 12	End-of-life treatment of sold products	52,579	50,813	Calculated for waste from products sold
		Category 13	Downstream leased assets	6,408	6,291	Calculated for instruments leased to outside parties
		Category 14	Franchises	—	—	Not included in the calculation
		Category 15	Investments	—	—	Not included in the calculation
<b>Scope1+Scope2+Scope3</b>		<b>927,877</b>	<b>908,476</b>			

Scope 1: Direct emissions of greenhouse gases by the business itself (fuel combustion, industrial processes)  
 Scope 2: Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies  
 Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the activities of the business)