

**Alcoholic beverages and soft drinks business**

Reference: "Practical guide for Scenario Analysis in line with the TCFD recommendations 3rd edition," Ministry of the Environment (March 2021)

Target scope: Worldwide, all businesses, the entire Group, the entire supply chain

Time horizon: Short term (current-2025), medium term (around 2030), long term (around 2050)

| (1) Assess materiality of climate-related risks  |   |   |   |  |   |  |   |             |                  |                    |
|--|---|---|---|--|---|--|---|-------------|------------------|--------------------|
|  | Risk/opportunity categories   |   | Major aspects and policy actions  | Risk/opportunity factors   | Business impact   | Business impact metrics<br>(Impact in terms of the Company's business accounting)  | Time horizon  | Probability | Degree of impact | Overall assessment |
|  | Risks   | Transition risks  | Policy and legal  | Enhancing regulations on GHG emissions, imposing greater obligations on information disclosure   | <b>Strengthening responses to various new regulations</b>   | Increase in response costs (such as labor costs) as new regulations are enforced and environmental measures are strengthened | Increases in fixed manufacturing costs, fixed selling costs, selling overhead costs, and fixed administrative costs | Short term  | High             | Small              |
| <b>Introduction of carbon taxes (or similar taxes)</b>   |   |   |   |  | (1) Pressure on operating income from taxation based on own emissions<br>(2) Increase in procurement costs for existing energy<br>(3) Increase in procurement costs for existing materials (e.g. plastics) such as petroleum fuel materials | Increase in variable manufacturing costs / Decrease in operating income  | Short to medium term  | High        | Large            | Large              |
| <b>The Act on the Rational Use of Energy becomes stricter</b>                                    |   |   |   |  | Increase in capital costs for transition to energy-saving equipment, increase in energy costs for the purchase of clean energy, etc.  | Increases in variable manufacturing costs (water and utility costs) and fixed manufacturing costs (equipment costs)          | Medium to long term   | Medium      | Large            | Large              |
| <b>Introduction and strengthening of laws and regulations related to raw material production</b> |   |   |   |  | Increase in procurement costs due to the establishment and strengthening of regulations on the use of water, chemicals, pesticides, etc. in the course of raw material production   | Increase in variable manufacturing costs (raw material costs)  | Medium to long term   | Medium      | Medium           | Medium             |
| Physical risks   |   | Acute physical risks  | Event-driven risks, including severity of extreme events such as cyclones or floods | <b>Reduction of manufacturing capacity</b>   | Reduction or loss of manufacturing capacity due to water pollution and water shortages, and increase in capital investment related to countermeasures and restoration   | Decrease in net sales / increase in fixed manufacturing costs  | Short term  | Small       | Large            | Medium             |
|  |   |   |   | <b>Response to water pollution</b>   | Reduction or loss of manufacturing capacity due to damage to plant facilities caused by major typhoons or abnormal rainfall, and increase in capital investment related to countermeasures and restoration                                  | Decrease in net sales / increase in fixed manufacturing costs  | Short term  | Medium      | Medium           | Medium             |
|  | <b>Closure of manufacturing sites and decrease in the number of tourists due to increasing severity of extreme weather events</b> |   |   | Fragmentation of the value chain due to extreme weather events and rising sea levels, and the resulting reduction or loss of manufacturing capacity and decrease in tourists | Decrease in net sales   | Medium to long term  | Medium  | Large       | Large            |                    |
| Opportunities  | Resource Efficiency   | <ul style="list-style-type: none"> <li>■ Use of more efficient models of transport</li> <li>■ Use of more efficient production and distribution processes</li> <li>■ Use of recycling</li> <li>■ Move to more efficient buildings</li> <li>■ Reduced water usage and consumption</li> </ul> | <b>Development of new technologies and materials</b>                                | Reducing procurement costs by utilizing new agricultural technologies and adopting new materials   | Decrease in variable manufacturing costs  | Medium to long term  | Medium  | Medium      | Medium           |                    |
|  |   |   | <b>Making resource recycling measures profitable</b>                                | Contribution to profit by selling recycled products, such as those made from malt lees and other waste materials   | Increase in net sales   | Short to medium term   | Large   | Small       | Small            |                    |
|  |   |   | <b>Transportation efficiency</b>  | Reduction of GHG emissions in line with lighter containers and more efficient transportation, and resulting tax burden reduction   | Increase in operating income  | Medium to long term  | Medium  | Medium      | Medium           |                    |
|  | Energy Source   | <ul style="list-style-type: none"> <li>■ Use of lower-emission sources of energy</li> <li>■ Use of supportive policy incentives</li> <li>■ Use of new technologies</li> <li>■ Participation in carbon market</li> <li>■ Shift toward decentralized energy generation</li> </ul>             | <b>Use of new technologies</b>  | Reduction of consumption of oil resources through the development of new technologies  | Decrease in variable manufacturing costs  | Medium to long term  | Small   | Small       | Small            |                    |
|  |   |   | <b>Stabilization through dispersion of energy usage</b>                             | Diversification of energy procurement risks through the adoption of new energy (such as hydrogen) and renewable energy   | Decrease in variable manufacturing costs  | Medium to long term  | Medium  | Medium      | Medium           |                    |