

Information Disclosure Based on TCFD Recommendations

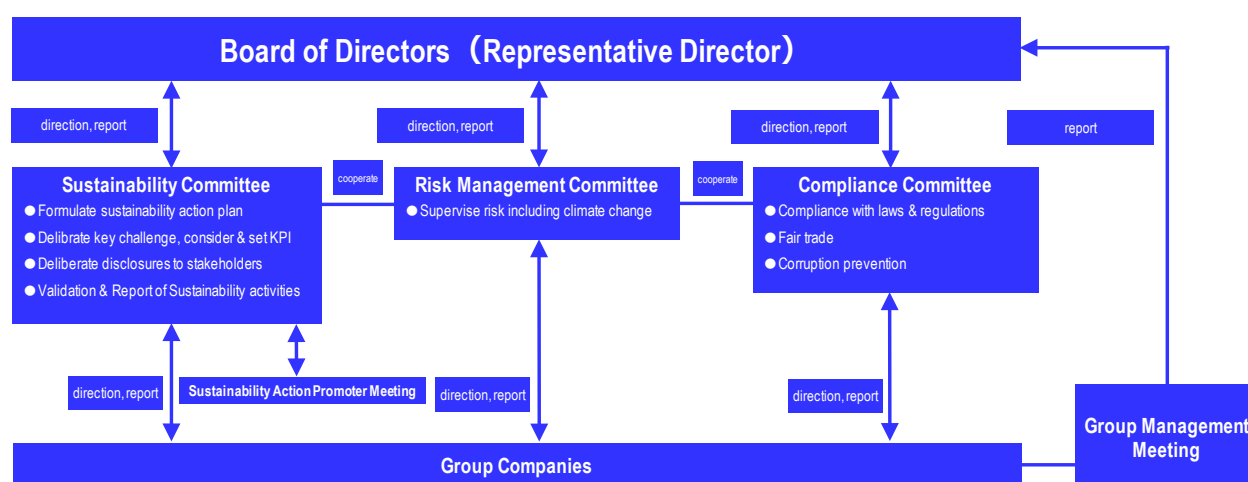
HOKKAN Group recognizes climate change measures as the challenge of business management and acknowledges risks and opportunities related to climate change may significantly influence the business strategy. In 2021, the Group has newly established the “Basic Environmental Policy” upholding “to take climate change measures” as 1st step and set a new target as “to become carbon neutral by 2050.” On February 2022, in order to pursue the measures proactively, the Group endorsed the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Based on the framework of the Recommendations, we will analyze and take countermeasures against the risk and opportunity that climate change may trigger and disclose related information.

I. Governance

①-1 Establishment of Governance

In order to pursue climate change measures as one of the key challenges of Group’s business management, the Group has established the Sustainability Committee chaired by the Representative and President Director. In the meeting of Risk Management Committee and Sustainability Committee shown in the governance structure diagram below, which are held twice a year, discussions on risks and opportunities related to climate change are conducted at every meeting. These discussions contribute to formulating policies and strengthening initiatives. In the meetings attended by the board of directors, for which the CEO is responsible, the results of monitoring our group's sustainability activities are reported and the formulation and direction of objectives in the activities are confirmed, and they are properly promoted and supervised.

①-2 Governance System



①-3 Meetings & Roles in Governance System

Meetings	Role	Frequency
Board of Directors Meeting	Chaired by the Representative Director monthly. Oversees management of group companies for sustainable growth and to increase the corporate value in a mid-long term.	Monthly
Sustainability Committee	Held twice a year in principle, matters related to sustainability activities, including measures against climate change are discussed, in align with our management philosophy and basic sustainability policy. Additionally, we discuss, set, and verify the social issues that the entire group should tackle, as well as KPIs and objectives. Specific implementation measures, and the progress of each group company is confirmed and discussed based on the content reported at the "Sustainability Activities Promotion Meeting", which consists of sustainability promoters from each group company.	Twice a year
Risk Management Committee	To be held twice a year generally, to supervise the risk management of the whole group, identifying the risk periodically in order to mitigate the risk.	Twice a year
Compliance Committee	To be held quarterly generally. Establish rules & guidelines and conduct education & training to ensure appropriate operation by gathering information of laws, regulations, and government instructions following the reports of compliance activities of our Group.	Quarterly
Group Management Meeting	To be held monthly generally. To deliberate important management challenges of the whole group, business unit, and each company.	Monthly

II. Strategy

②-1 Identification of Risk and Opportunity / Resilience

In order to assess the impact of climate-related risks and opportunities on our Group's business, strategy, and financial planning, our Group continuously conducts scenario analysis, referencing climate-related scenarios from the IPCC (Intergovernmental Panel on Climate Change) and IEA (International Energy Agency). Based on these scenarios, we have envisioned a world with temperature increase of 1.5°C to 2°C (mainly using SSP1-1.9, SSP1-2.6, RCP2.6, SDS, NZE) and 4°C (mainly using SSP5-8.5, RCP8.5), and identified the following key risks and opportunities.

Classification and Type of Risk			Timeframe	Impact to business / finance				Our Actions, Plans
				1.5℃~2℃		4℃		
Transition Risk	Government Policies & Regulations	Strengthening Carbon Pricing	Medium-term	Increased costs due to the introduction of new carbon taxes and strengthening of GHG emission trading systems	Major	Carbon pricing will not be strengthened	—	Monitor government policies & regulations Investment in energy-saving equipment and promotion of renewable energy procurement and emission trading
		Taxation on Products Made with Primary Plastics	Medium-term	Increased operational costs due to the introduction of plastic tax	Minor	Plastic tax will not be implemented	—	Improvement in the use of recycled materials
	Technology	Adapting to Environmentally Conscious Plastic Products	Short to Medium-term	Increased development costs and raw material procurement costs due to the response to environmentally conscious plastic products	Medium	Demand for environmentally conscious plastic products remains unchanged	—	Promotion of environmentally conscious plastic products development of raw material procurement strategy
	Market	Changing Consumer Environmental Awareness	Medium-term	Decreased sales due to delay in response to environmentally conscious products	Medium	Consumer environmental awareness does not improve	—	Monitor market trends Development of environmentally conscious products
		Fluctuations in Raw Material Prices	Short-term	Increased raw material procurement costs due to the introduction of carbon tax	Minor	New carbon tax will not be implemented	—	Improvement in usage ratio of recycled materials
	Reputation	Trade Suspension due to Delay in Response to Environmentally Conscious Products	Short to Medium-term	Decreased Sales due to Trade Suspension from Customers	Major	No trade suspension occurs	—	Development of environmentally conscious products Timely disclosure of business strategy
Physical Risk	Acute Physical Risk	Increase in Flooding	Long-term	Decreased sales due to business shutdown	Medium	Decreased sales due to business shutdown	Major	Design & enhance BCP
	Chronic Physical Risk	Occurrence of Droughts	Short to Medium-term	Decreased sales due to water usage restrictions	Minor	Decreased sales due to water usage restrictions	Minor	7% reduction in water intensity by 2030 (compared to the baseline of 2019)
		Decrease in Food Crop Yields	Short to Medium-term	Decreased sales of canned products due to decreased yield of food ingredients	Minor	Decreased sales of canned products due to decreased yield of food ingredients	Minor	Collaboration with brand owners
		Rising Risk of Heatstroke among Employees	Long-term	Increased health hazards, Decreased sales due to decreased labor productivity	Minor	Increased health hazards, Decreased sales due to decreased labor productivity	Minor	Working environment improvement

Classification and Type of Opportunity		Timeframe	事業/財務影響				当社の対応・検討方針
			1.5℃～2℃		4℃		
Promote resource efficiency	Installation of Facilities for GHG Emissions Reduction	Short to Medium-term	Decreased operational costs through production facility efficiency improvement	Medium	No introduction of facilities for GHG emissions reduction	－	Promotion of investment in energy-saving equipment
Product & Service	Increase in demand for beverages	Long-term	The increase in sales accompanying the rise in demand for beverages due to the increase in temperature	Minor	The increase in sales accompanying the rise in demand for beverages due to significant temperature increase	Medium	The expansion of beverage manufacturing scale
	Increasing Demand for Environmentally Friendly Products	Medium-term	Increased sales due to the increased demand for environmentally conscious products	Medium	No increase in demand for environmentally conscious products	－	Development of environmentally conscious products Prepare new business plan

※Time frame : Short-term : within 3 years, medium-term : within 3 to 10 years, long-term : 10 to 30 years

※Scope : Group-wide both domestic and abroad (including supply chain)

※Financial Impact : Small : Less than 1 billion yen, Medium : Less than 5 billion yen, Large : 5 billion yen or more

②-2 Future Efforts

As a result of conducting scenario analysis, under the 1.5°C to 2°C scenario, significant risks such as increased costs due to enhanced carbon pricing, cessation of transactions due to delays in responding to environmentally friendly products, and operational stoppages due to flooding was confirmed. In addition, based on currently published literature on water stress and natural resources, it was reaffirmed that under the 4°C scenario, the financial impact of operational stoppages due to flooding would be extremely significant for our Group's business.

In response to these risks, we will continue to promote initiatives such as investment in energy-saving equipment, procurement of renewable energy, promotion of emissions trading, sales promotion of environmentally friendly plastic products, development of new environmentally friendly products, and strengthening of business continuity plans. Furthermore, we will introduce Internal Carbon Pricing (ICP) from the fiscal year 2024, and all employees will engage in activities to raise awareness of decarbonization.

On the other hand, under the 1.5°C to 2°C scenario, we recognize that key opportunities include being able to systematically reduce energy costs by introducing facilities aimed at reducing GHG emissions, and increasing demand for environmentally friendly products as consumer ethical consumption consciousness improves. In both scenarios, we recognized the opportunity for an increase in demand for soft drinks due to the effect of rising average temperatures. However, we recognize that if we do not promote decarbonization to curb future temperature rises, business continuity will become difficult. Going forward, we will actively address climate change issues and enhance our resilience.

In order to continue providing products needed by our customers and society, we will regularly assess and manage climate-related risks and opportunities and refine our scenario analysis to contribute to the sustainable growth of our company.

III. Risk Management

③ Risk Management System

The Group-wide risk is mainly managed and controlled by the Risk Management Committee. The Committee meeting is held twice a year chaired by our President & Representative Director. Risks, including climate change matters, are identified periodically, and minimized by continuing to tackle each identified risk. As well, since our group have numerous business operations, directors and executive officers of each group companies takes the lead to manage such risks.

In unexpected circumstances, the Crisis Management Task Force lead by the Representative and President Director shall be set up rapidly responding to prevent additional damage and to mitigate the influence.

Transition and physical risks related to climate change are identified and evaluated by each group company. Such risks are treated as risks which may have financial effect and deliberated in the "Risk Management Committee" to enhance efforts. The result of the deliberation is recommended and reported to the board of directors for appropriate supervising system.

IV. Metrics and Targets

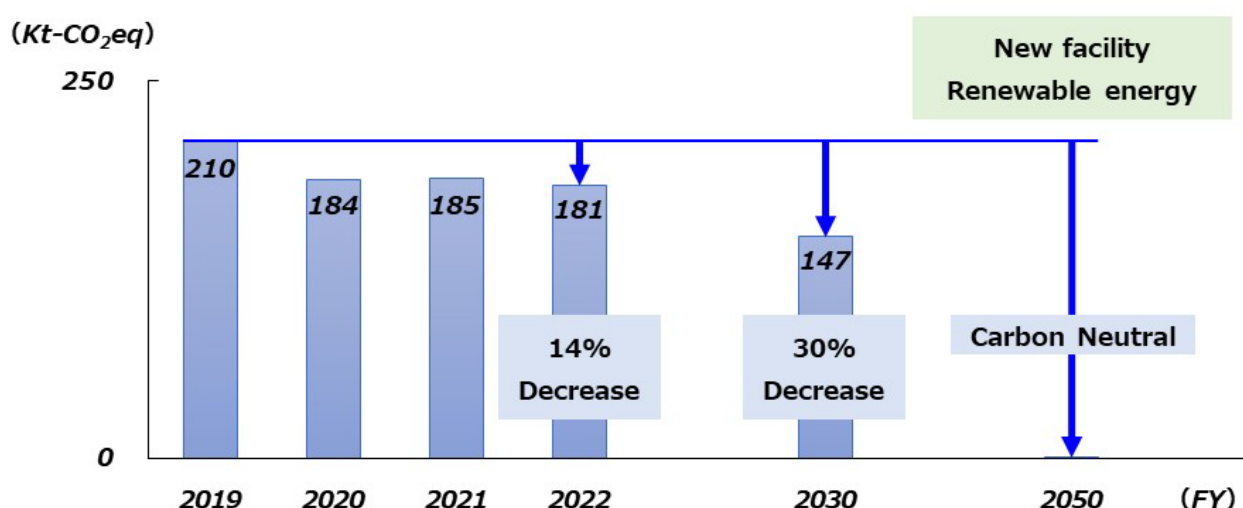
④-1 Greenhouse Gas Emissions Reduction Targets

Regarding the climate change issue, the Group established the long-term target of aiming for “carbon neutral” by fiscal year 2050 for Scope 1 and 2 greenhouse gas emission. For the medium-term target, we aim to reduce 30% of Scope 1 & 2 and 20% of Scope 3 by fiscal year 2030 each compared to fiscal year 2019.

Unit : Kt-CO₂eq

	FY 2019 Result	FY 2020 Result	FY 2021 Result	FY 2022 Result	FY 2030	FY 2050
Scope1,2	210	184	185	181	147	Net zero emissions
Scope3	481 ^{※3}	462	506	477	384 ^{※3}	

○ GHG Emissions Trend (Scope 1, 2)



※1 For the fiscal year 2020, we focused on two domestic companies (HOKKAI CAN CO., LTD. and NIHON CANPACK CO., LTD.) that account for over 90% of domestic emissions.

※2 For the fiscal year 2020, we focused on four domestic companies (HOKKAI CAN CO., LTD. , NIHON CANPACK CO., LTD. , OS MACHINERY CORP. , and KE·OS MACHINERY CO., LTD.) that account for over 90% of domestic emissions.

※3 Revised due to the expansion and recalculation of targeted products (HOKKAI CAN CO., LTD.).

④-2 PET Bottle Resource Circulation Goal

【Basic Concept】

◎ We will promote environmentally conscious design that takes into account environmental impact while maintaining the functionality of the containers.

◎ In order to contribute to the resource circulation cycle, we will promote the expanded use of recycled materials (such as bottle-to-bottle recycling).

“We aim to achieve a 50% usage of recycled materials in PET bottles by 2030.”