TCFD Disclosure

SGS has prepared this report to disclose its actions around its climate governance, strategy, risk management, and metrics and targets in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), in The Final Report of Recommendations of the TCFD (June 2017). All recommended disclosures within the TCFD framework have been included in this document.

Governance

Disclose the organization's governance around climate-related risks and opportunities.

a) Describe the Board's oversight of climate-related risks and opportunities.

Suntory Global Spirits' governance of climate-related risks is similar to that of the parent company, Suntory Holdings, and extends to its subsidiary, Jim Beam Brands Co. The Global Risk and Compliance Committee (GRCC) provides oversight of the risk and compliance issues ensuring that it effectively identifies, assesses, and manages risks, including climate-related risks. The GRCC reports regularly to the Executive Leadership Team (ELT), and upon request, assists members of management with preparing periodic reports to the Suntory Global Spirits Board of Directors.

Proof Positive, SGS' sustainability program focused on nature, consumers, and the community, is responsible for setting the strategy, tracking targets, and supporting the GRCC in implementing mitigation measures for identified risks.

Suntory Global Spirits' Board and ELT are committed to fostering a culture of risk awareness throughout the organization, supporting the Suntory Global Spirits GRCC in its endeavors to safeguard the company's assets and reputation, and promoting sustainable environmental practices.

b) Describe management's role in assessing and managing climate-related risks and opportunities.

The GRCC is chaired by the Chief Environmental Sustainability & Enterprise Risk Management Officer and includes members from senior leadership representing key functions of the business such as Legal & Compliance, Finance, Supply Chain, and HR. The GRCC oversees the evaluation of risk and compliance issues, implementation and completion of risk mitigation plans, and integration into strategic planning over short, medium, and long-term. Annually, risks to the company are assessed for impact, likelihood, and management preparedness. To facilitate informed decision-making, the GRCC meets at least two times a year to discuss key risk exposures and the adequacy of the risk management framework. This oversight ensures that the company remains proactive in managing risks and can capitalize on opportunities in a dynamic business environment.

The Proof Positive strategy and goals are owned by members of the ELT, including the CEO, as well as representatives from Supply Chain, HR (which also oversees Communications), and Legal. Climate-related opportunities and strategy are managed and implemented by the Chief Environmental Sustainability & Enterprise Risk Management Officer. Members of the ELT responsible for Proof Positive convene at least two times a year to discuss strategy and opportunities.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

SGS has identified several climate-related risks and opportunities facing the company through a third-party analysis conducted in 2024. Climate-related physical and transition risks were identified over the following time horizons:

- Short-term: 1-5 years (2025-2030)
- Medium-term: 5-10 years (2030-2035)
- Long-term: 10-50 years (2035-2075)

SGS identified the following physical and transition climate-related risks in the short term:

1) **Acute physical risks**: Extreme weather has been identified as the most critical acute risk to the business, based on the number of affected sites (impacting half of screened sites) and past impacts to business operations. Specifically, many of the U.S. sites and suppliers are exposed to tornadoes, heat waves, and cold wave events. Others at high risk of extreme weather events are located in India and Japan.

2) **Chronic physical risks**: Water stress is the most critical chronic risk identified, evaluated as a high risk to SGS' direct operations and co-manufacturing facilities in India and Spain. Potential impacts associated with water stress include increasing costs for water usage and long-term relocation of water-dependent processes. Drought and water stress also impact SGS' supply chain sites, primarily locations in the UK, Spain, and Mexico.

3) **Regulatory transition risks**: GHG pricing policy is a critical transition risk to SGS, impacting nearly two-thirds of sites assessed in the risk screening process across the company's international portfolio. Current emission trading schemes and carbon taxes, which are primarily focused on the energy sector and heavy industry, are expected to expand into the food and beverage and agriculture industries. Additionally, SGS recognizes increasing disclosure and compliance expectations as carbon pricing policies develop.

The risks summarized above are expected to vary over time, and the intensity of risks is dependent on future climate scenarios. As described in **Strategy** disclosure c) below, SGS undertook scenario analysis as part of their risk screening exercise, which indicated how the risks were expected to develop in the medium and long term. In the medium term, the high risk of extreme weather events will likely increase and spread across all scenarios, affecting sites in Canada, Mexico, and New Zealand. Wildfire risk, a medium-level risk in the short term, will likely increase to a high risk in the medium term, impacting sites in Canada, China, Mexico, India, Spain, and the U.S. Water-related risks will likely become more relevant in the long term: inland/riverine flooding is a high risk for a minority of sites in the short term and spreads to just under half of screened sites in the long term (for Representative Concentration Pathway (RCP) 4.5 and 8.5 scenarios[1]). The number of sites exposed to high drought-related risks is expected to triple

[1] Intergovernmental Panel on Climate Change (IPCC): Sixth Assessment Report (AR6).

between the short term and the long term. Drought-related risks are concentrated in Spain and India in the short term, and are expected to impact operations across Mexico, Asia, and Europe, including the UK, in the long term.

Opportunities identified include:

1) **Supply chain engagement:** SGS recognizes the ability to work closely with suppliers as an opportunity to improve the reliability of raw materials and make informed decisions to reduce the environmental impact of their value chain.
2) **Renewable electricity procurement:** SGS continues to leverage opportunities associated with clean energy procurement, such as green tariffs, green supply contracts, and power purchase agreements, to make progress towards existing carbon reduction targets. Continuation of these investments will minimize risks associated with GHG pricing policies and reduce the carbon intensity of our product.
3) **Resource Efficiency:** SGS has identified opportunities to optimize water and energy use. Minimizing the demand for water and energy resources reduces operating costs and lessens the environmental impact of our operations.

Potential impacts of the identified climate-related risks have been assessed through a financial screening process, which focused on business interruption resulting from physical risks. Physical risks were determined to be most critical for the analysis because of the exposure to acute risks across the enterprise. The financial screening used probabilistic modeling to capture the likelihood and range of impacts of extreme weather events (e.g., hurricanes, tornadoes, cold and heat waves), wildfires, and flood risks with respect to business interruption (i.e., downtime days) and damage to facilities and inventory. The results showed material annualized impact from the combined effect of climate-related risk exposures under a worst-case scenario modeling approach. The scope of this financial screening was agnostic to existing mitigation measures in place, which are described in Strategy disclosure b), below.

Physical risks not captured in the financial screening are assessed for materiality based on the threat posed to business-critical resources, such as water and raw commodities. The potential financial impact of climate-related transition risks was focused on GHG pricing and was assessed using scenario policy details from the International Energy Agency (IEA) World Energy Outlook (WEO)[2] scenarios described below.

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

For SGS, a business intensely reliant on water and agricultural goods, climate-related physical risks are a constant consideration for resilience. Management of water-related risks is a key aspect of business strategy and a source of significant investment to ensure continuity and secure future production. Business continuity in the face of increasing acute physical risks is another area of strategic consideration and investment – the network of co-manufacturing and commodity suppliers has been expanded to reduce sole-sourcing and improve redundancy.

[2] International Energy Agency (IEA): World Energy Outlook (WEO) 2023.

Measures and projects implemented to date are presented in the following table under three categories:

Employee preparedness	***Community engagement***	***Capital improvements***
• All manufacturing plants have established emergency action plans that include flood protection protocol and staff training on risk response and return-to-operations. • Hazardous materials are stored away from potential flood areas. • Snow and ice removal equipment is made available at applicable sites to support business continuity.	• Operations in critical and/or high-risk regions, including Scotland, Kentucky, India, Mexico, and Spain, are involved in water sustainability and replenishment initiatives within their communities. • SGS collaborates with local agencies to identify floodplains and mitigation options near sites. • Plans have been developed with local water providers to manage short-term source vulnerabilities.	• SGS has invested in building upgrades to withstand extreme weather, including the development of tornado-safe locations where relevant. • Portable heating and cooling units are available at most sites for extreme temperature events. • Back-up water storage capacity has been installed at key company-owned operational sites, and some have back-up electricity and fuel supplies. • Closed-loop cooling systems have been implemented within owned operations to reduce water usage. • Use of recycled water in non-contact applications in operations with high water stress risk (India).

Climate-related transition risks are a core consideration of business strategy, reflected by the ambitious decarbonization targets set in 2021 and progress made since then (see the **Metrics and Targets** section below). Significant financial investment and planning has been undertaken toward the modernization of sites and engagement with the supply chain in pursuit of those targets. Renewable electricity is used exclusively across all direct operations to reduce Scope 2 emissions, and projects are being piloted to electrify and reduce activities that generate Scope 1 emissions. SGS has also established a Scope 3 Working Group to ensure sustainability considerations are integrated into supplier engagement initiatives and support close collaboration with suppliers to address value chain emissions. This includes SGS's Maturity Mountain supplier engagement program, which evaluates suppliers' decarbonization readiness and charts a collaborative pathway for emissions reductions. More details on SGS' low-carbon transition planning can be found in the latest annual sustainability report on the company's Sustainability webpage.

c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

As part of SGS' climate risk screening, scenario analysis was performed using three distinct scenarios for each risk type. The low emissions scenario assumes an "abrupt transition" to a low carbon economy (Net Zero by 2050), with ambitious energy transition activities resulting in global warming of less than 1.5°C by 2100. The medium emissions scenario assumes a "planned transition" to a low carbon economy, with major energy transition delayed 15-20 years from today and the resulting actions limiting warming to 2-3°C by 2100. Finally, the high emissions scenario assumes "business as usual", where few substantive transitions take place (no new policies are added) and resulting in 4-5°C of global warming by 2100.

The scenario analysis included data and insights from two publicly available sources:

- IPCC RCP 1.9, 4.5, and 8.5 scenarios; and
- The IEA WEO Net Zero Emissions by 2050 (NZE), Announced Pledges (APS), and Stated Policies (STEPS) scenarios.

The frequency of most physical risk events was found to increase across all the scenarios with time, with a greater magnitude in the long term in the high emissions (RCP 8.5) scenario compared to the other scenarios. Increases in exposure to specific risks and geographies are outlined in **Strategy** disclosure a) above. The business response in the short and medium term is centered on investment in energy and water efficiency to reduce utility demand. Long-term strategy responses under consideration include engagement with supply chain partners to ensure business continuity and careful use of scarce resources. These strategies will be evaluated on a regular basis and adjusted as appropriate to match developing physical risk exposures.

The most relevant transition risk posed to SGS is the implementation of GHG pricing policy. SGS used the IEA scenarios to determine the financial impact of GHG pricing in the different time horizons and transition risk scenarios, under SGS' expected emissions reduction trajectory. In the short and medium term, SGSs will continue to monitor the GHG pricing landscape related to operations in Canada, Ireland, and Spain as recommended by the STEPS scenario. Additionally, operations in advanced economies with net zero targets, such as the UK, the U.S., and Japan, will be monitored for the adoption of a carbon price. SGS' goal to achieve net-zero emissions throughout the value chain by 2040 will help mitigate these transition risks. In the short term, SGS will continue to engage with suppliers to assess readiness for a low-carbon transition. In the medium and long term, SGS will collaborate with partners to further reduce value chain emissions.

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

a) Describe the organization's processes for identifying and assessing climate-related risks.

SGS engaged a third party to conduct a risk screening of 26 direct operating sites, 31 offices, and 102 supply chain locations, including 39 warehouses and logistics warehouses and 14 co-manufacturing sites. The third party assessed each location against publicly available climate-related risk indicator data for climate-related physical and transition risks. Physical risks assessed included: water stress, drought, inland/riverine flooding, coastal flooding, wildfire, and extreme weather events (heat stress, cold wave, tornado, and hurricane). Transition risks assessed included: greenhouse gas pricing policies, state and federal GHG reduction targets and commitments, and climate adaptation capacity.

The most important climate-related physical risks for active management were chosen based on the results of the screening, site or regional criticality, and past impacts. Transition risks associated with GHG pricing and net-zero emissions targets have been highlighted due to the level of exposure to the enterprise, relevance to the food and beverage industry, and potential for material business impact.

b) Describe the organization's processes for managing climate-related risks.

Climate-related risks are prioritized for active management depending on their exposure level (likelihood and impact), and management's preparedness, as determined by the SGS Global Risk Compliance Committee (GRCC). Risk materiality is assessed based on the potential magnitude of impact as a percentage of gross profit and the likelihood of impact.

SGS' management of transition risks is driven by the established goal of net-zero carbon emissions throughout the value chain by 2040. This target puts SGS on an equivalent, if not more ambitious, reduction path than the jurisdictions in which they operate and minimizes the future impact of GHG pricing. More details can be found in **Strategy** disclosure b) above.

SGS has implemented several adaptation measures to manage current and future physical risk events. Management of water-related risks is particularly important to SGS — water-related targets have been established to reduce usage, increase replenishment, and restore watersheds in operating regions. More details on measures and projects implemented to manage climate-related physical risks can be found in **Strategy** disclosure b) above.

c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.

As described in the **Governance** section above, climate-related risks are considered by the GRCC, which oversees enterprise-wide risk management and manages all sources of material risk to the company. This encourages a holistic approach to risk management.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

SGS finds the following metrics to be the most useful in driving meaningful organizational climate-related action:

Indicator	***Metrics Tracked***	***KPIs***
GHG Emissions	Absolute Scope 1, 2, and 3 emissions	Data is detailed in **Metrics and Targets** disclosure b) below
Transition Risks	Percentage of facilities in jurisdictions with carbon taxes proposed or in place, national or local GHG reduction targets, and jurisdictions with other GHG regulations in place	• 61% of screened sites are in jurisdictions (either state or country) with an implemented emissions trading scheme or carbon tax. • 84% of screened sites are in jurisdictions with established or developing net zero targets at the state or national level. • Direct operations in jurisdictions with an implemented emissions trading scheme or carbon tax contributed 18% of production volume in 2023. Jurisdictions with net zero targets at the state or national level account for 86% of production in 2023.
Physical Risks	Percentage of screened value chain in locations deemed high-risk by the relevant risk indicator data	• 32% of direct operations and 22% of screened supply chain sites are in regions with high water stress risk. • 23% of direct operations and 19% of screened supply chain sites are in regions with high drought risk. • 2% of direct operations and 2% of screened supply chain sites are in regions with high coastal flood risk. • 16% of direct operations and 25% of screened supply chain sites are in regions with high inland/riverine flood risk. • 19% of direct operations and 20% of screened supply chain sites are in regions with high wildfire risk. • 53% of direct operations and 47% of screened supply chain sites are in regions with high extreme weather risk.
Remuneration	SGS provides annual compensation incentives linked to performance against water usage and other sustainability targets like reforestation and energy intensity.	
Climate-Related Opportunities	Percentage of direct spend with priority suppliers engaged in SGS's Maturity Mountain program in 2024.	***22%***

b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

Absolute GHG Emissions[3] ($MTCO_2e$)	***2019***	***2021***	***2022***	***2023***	***2024***
Scope 1	192,926	216,986	213,808	206,345	173,190
Scope 2 (market-based)	65,212	4,356	0	0	0
Scope 3	687,413	748,626	794,038	707,333	662,717

c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

As part of the Proof Positive Strategy, SGS has set targets associated with four categories: water, climate, forest & field, and packaging. More details on the to-date performance can be found in the latest annual sustainability report on the company's Sustainability webpage. See the Integrated Disclosures based on the Recommendations of the TNFD and TCFD for specific updates by parent company, Suntory Holdings.

Category	***Target Details***
Climate	• Reduce Scope 1 and 2 greenhouse gas emissions 50% by 2030 from a 2019 baseline. In 2024, SGS achieved a nearly 33% reduction since 2019. • Reduce Scope 1, 2, and 3 greenhouse gas emissions 30% by 2030 from a 2019 baseline. In 2024, SGS achieved an approximately 11% reduction in Scope 1, 2 and 3 emissions since 2019. • Achieve net zero carbon emissions throughout our value chain by 2040.
Water	• Reduce water usage rate by 50% per unit produced by 2030 from a 2015 baseline. In 2024, water usage per unit was reduced by 53% from 2015. • Replenish more water than used in direct operations operating in high-risk watersheds by 2040. • Protect and improve watershed sustainability through Natural Water Sanctuary initiatives by 2040 from a 2019 baseline.
Forest & Field	• Plant more trees than harvested to make new barrels by 2030 from a 2019 baseline. • 50% of key ingredients sourced from regenerative agriculture practices by 2030. • 100% of key ingredients sourced from regenerative agriculture practices by 2040
Packaging	• Use 100% recyclable packaging across our portfolio by 2030 from a 2019 baseline. In 2024, 92% of packaging was designed for recycling globally. • Use 100% rPET or bio-based materials in PET bottles by 2030. • Use 40% recycled materials by weight across our packaging portfolio by 2030.

[3] Absolute GHG Emissions includes Suntory Global Spirits owned and operated sites and value chain emissions. Japan-based operations emissions are excluded.