Appendix II Regulations regarding sake

Definition of sake: Liquor Tax Act Article 3

“Sake” refers to any of the following alcoholic beverages with an alcohol content of less than 22%:

a. The filtered product of fermenting rice, koji rice and water;
b. The filtered product of fermenting rice, koji rice, water, sakekasu and other items specified in regulations (the total weight of such other items specified in regulations must not exceed 50% of the total weight of rice, including rice for making koji rice);
c. The filtered product of adding sakekasu to sake.

Items specified in regulations as ingredients of sake: Article 2 of Liquor Tax Act Enforcement Order

Items specified in regulations as ingredients of sake are alcohol, shochu, sugars, organic acids, amino acid salts and sake.

Labeling standards: National Tax Agency Notice “Sake brewing quality labeling standards”

1. When a sake product fulfills the brewing quality conditions shown in the righthand column of the table below, the container or packaging label of said sake may identify it with the corresponding special designation shown in the left-hand column.

<table>
<thead>
<tr>
<th>Special designation</th>
<th>Brewing quality requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ginjo-shu</td>
<td>Sake that has an inherently good flavor, color and luster and is carefully made with polished rice having a seimai-buai of no more than 60%, koji rice and water or with these ingredients together with jozo-alcohol</td>
</tr>
<tr>
<td>Junmai-shu</td>
<td>Sake that has a good flavor, color and luster and is made with polished rice, koji rice and water</td>
</tr>
<tr>
<td>Honjozo-shu</td>
<td>Sake that has a good flavor, color and luster and is made with polished rice with a seimai-buai of no more than 70%, koji rice, jozo-alcohol and water</td>
</tr>
</tbody>
</table>

General rules governing use of this table

(1) “Seimai-buai” means the weight of polished rice (defined as rice after removal of the bran, germ and other outer layers from dehusked rice, including polished rice that is used in the production of koji rice) as a percentage of the dehusked rice.
(2) “Polished rice” refers to the polished form of dehusked rice certified as Grade 3 or higher under the Agricultural Products Inspection Act.
Appendix II Regulations regarding sake

(3) “Kome-koji (koji rice)” refers to polished rice on which koji-fungi have been allowed to propagate and which has the ability to saccharify the starch in polished rice. In specially designated sake, the ratio of koji-mai (hereafter defined as the ratio by weight of koji-mai to polished rice) must be at least 15%.

(4) “Jozo-alcohol” refers to ethanol alcohol distilled from fermented starch or sugar-containing substances.

(5) In sake containing jozo-alcohol as an ingredient, the weight of said alcohol (converted to 95% alcohol) must not exceed 10% of the weight of polished rice.

(6) When determining whether sake complies with the standards for seimai-buai, the ratio by weight of koji-mai or the ratio by weight of jozo-alcohol to polished rice, any fraction of 1% shall be rounded down.

(7) Sake with “good flavor, color and luster” refers to sake with the intrinsic flavor, color and luster of sake without any abnormal taste or smell.

2. The label of specially designated sake, as described in the previous paragraph, shall use only the relevant special designation and shall not include similar words or words intended to convey the impression of superior quality, such as gokui (extra quality), yuryo (fine grade) or kokyu (premium). However, it is permissible to use the terms listed below, where relevant.

(1) For ginjo-shu products made only with rice, koji rice and water, the classification “junmai” may be used together with “ginjo-shu.”

(2) For ginjo-shu with an especially good inherent flavor, color and luster that is made with polished rice having a seimai-buai of 50% or less, the classification “daiginjo-shu” may be used.

(3) For junmai-shu or honjozo-shu that has an especially good flavor, color and luster, the classifications “tokubetsu junmai-shu” or “tokubetsu honjozo-shu” may be used in cases where objective criteria, such as the ingredients used or the manufacturing process, are explained on the container or packaging of said sake (if the seimai-buai is the basis of such explanation, the sake must have a seimai-buai of 60% or less).

3. The sake container or packaging shall bear a label indicating each of the following items, where relevant.

(1) Ingredients
   The ingredients used in the manufacture of the sake (except water) shall be listed using the ingredient terminology specified in the Liquor Tax Act. However, for the ingredients specified in the Liquor Tax Act Enforcement Order, it is permissible to use generally familiar terms or broad terms.
   In the case of specially designated sake, the seimai-buai shall be shown adjacent to the ingredient label.
   Ingredients: rice, koji-rice (other ingredients to be listed in descending order of weight).

(2) Date of manufacture
   One of the following methods must be used to indicate when sake was packed and sealed in containers for sale. However, for products bearing an age labeling (number of years of storage) in accordance with Paragraph 5, it is permissible to show the date on which the sake was shipped from the place of manufacture or, in the case of sake collected from a bonded area (excluding sake that falls under the provisions of Article 28-3-1 of the Liquor Tax Act, “Untaxed transactions,” on which tax has not been paid; the same applies hereinafter), the date of importation (month and year shown on the import permit as specified in Article 67 of the Customs Act, “Permission to export or import”) may be shown following the words “Date of importation” in place of the date of manufacture if the date of manufacture is unknown.
   a) Date of manufacture: Heisei 9, April
   b) Date of manufacture: 9.4
   c) Date of manufacture: 1997.4
   d) Date of manufacture: 97.4

(3) Precautions relating to storage or consumption
   Precautions relating to storage or consumption must be printed on the label of sake that has been shipped from the place of manufacture without undergoing any form of pasteurization after production.

(4) Country of origin
   For sake that has been collected from a bonded area (including sake that is repacked and sold after collection from the bonded area), the label must state the country of origin as indicated on the import declaration specified in Article 67 of the Customs Act.
   It is also permissible to indicate the production locality of the sake after the name of the country of origin.

(5) Labeling of products containing sake produced overseas
   If sake is produced domestically using both sake of domestic origin and sake of overseas origin, the label must state the name(s) of the overseas country or countries of origin and the ratio of such sake. When stating the ratio, it is permissible to indicate the relevant 1% range or to round down to the nearest 10% level and identify that as the minimum.

4. The items to be labeled in accordance with the previous paragraph must be printed clearly in a readily visible place on the sake container or packaging using Japanese characters of a uniform size, which must be no smaller than 8 points. However, for containers of 200 milliliters or less, it is permissible to use characters no smaller than 6 points.

5. When any of the following items are shown on a sake container or packaging, the rules applying to each item shall be observed.

(1) Variety of rice used
   When the ratio of a specific variety of rice used (refers to the weight of said variety as a percentage of the total weight of rice used in the manufacture of the sake) exceeds 50% (or if multiple varieties of rice are to be indicated, the combined weight of said varieties exceeds 50% of the total weight of rice used), the variety or varieties of such rice used may be indicated on the label. In such cases, the ratio of said variety or varieties must also be indicated.
Appendix II Regulations regarding sake

(2) Production locality
The production locality of sake may be indicated on the label if the sake was entirely produced in said locality (including the process of diluting with water).

(3) Age
The age of sake (refers to the number of years of storage from the day after the sake has been placed in a storage container until the date such storage ends) may be stated in years, with fractions of a year rounded down. If the sake contains a blend of sake products of different ages, the stated age must be that of the sake product with the youngest age.

(4) Genshu
The term “genshu” may be indicated on the label of sake that has not been diluted with water after production (or the amount of any water added alters the alcohol content by less than 1%).

(5) Namazake
The term “namazake” may be indicated on the label of sake that has not undergone any form of pasteurization after production.

(6) Nama-chozo-shu
The term “nama-chozo-shu” may be indicated on the label of sake that is stored without pasteurization after production, but is pasteurized at the time of shipment from the place of manufacture.

(7) Ki-ippin
The term “ki-ippin” may be indicated on the label of junmai-shu that has been produced entirely at a single place of manufacture.

(8) Taruzake
The term “taruzake” may be indicated on the label of sake that has been stored in a wooden cask and has acquired a wood aroma (including sake that has subsequently been transferred to a bottle or other container).

(9) Terms such as “gokujo,” “yuryo,” or “kokyu” intended to convey an impression of good quality
Terms such as “gokujo” (extra quality), “yuryo” (fine grade) or “kokyu” (premium) intended to convey an impression of good quality may be used on a label to indicate a product with an especially good flavor, color and luster in cases where there are multiple products of the same type or brand, provided the description can be justified in terms of objective criteria, such as the ingredients used and manufacturing process.

Use of the term “tokubetsu” is limited to “tokubetsu junmai-shu” and “tokubetsu hozamazake-shu.”

(10) Statement concerning awards
A statement concerning receipt of an award may be inserted on the label of sake stored in identical containers to sake that has received such an award from a public body (provided the method of assessing the quality is disclosed and the public body performs such quality assessments annually or at fixed intervals). The name of the body making the award and the year in which the award was received shall be indicated along with the statement concerning the award.

(Prohibitions)

6. The following may not be shown on the container or packaging of sake. However, the type of wording referred to in (3) is permissible if there is an explanation printed adjacent to said wording in characters at least as large as those specified in Paragraph 4 stating that the sake in question is not specially designated sake.

(1) Wording, such as “saiko” (best), “dai-ichi” (number one), or “daihyo” (leading), implying that the method of producing the sake or its quality is the highest in the industry;

(2) “By appointment to such-and-such public office” or similar wording;

(3) Wording similar to “specially designated sake” in the case of sake that is not specially designated sake.