

Takara Group Sustainability Policy

Basic Policy

Based on our corporate philosophy, which is "Contributing to the creation of a vital society and a healthy lifestyle through our fermentation technology and biotechnology in a way that achieves harmony with nature," the Takara Group has benefited society by unlocking new potential in the culinary, lifestyle, and life science fields through our fermentation technologies for traditional Japanese sake and our cutting-edge innovation in biotechnologies and by continuing to create new value.

The preservation of a rich natural environment is a major premise for the business continuity of the Takara Group, which engages in business activities on the basis of the bounty of diverse natural resources such as grains, water, and microorganisms. In addition, in handling business related to food and medicine, the Takara Group's most important theme is to deliver safe and reliable goods, products, and services. At the same time, we must also address various social issues, including those related to alcohol.

The social environment surrounding the Group has undergone rapid change, and with the need for a global response to such diverse issues as climate change, biodiversity conservation, resource conservation, and respect for human rights, corporate entities face an increasing responsibility to create a sustainable society.

The Group's Vision is "Smiles in Life ~Smiles are Life's Treasure~" as our vision, declaring that we will continue to take on the challenge of filling the

lifestyles of people around the world, living, and the life of others with smiles. In order to continue to achieve the creation of social value through business activities into the future, it is necessary to take greater initiatives to resolve various social issues than ever before, and we formulated the Takara Group Sustainability Policy.

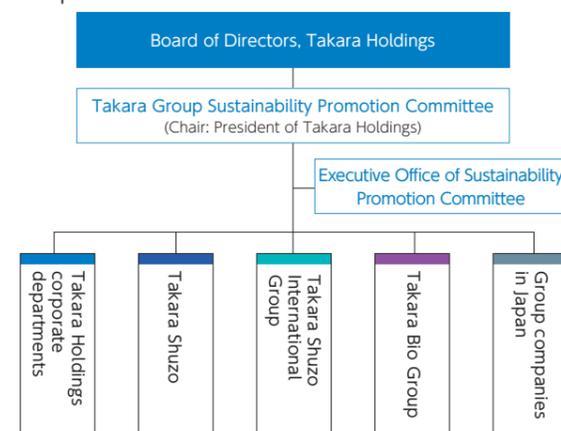
The Takara Group Sustainability Policy identifies 10 material issues, including "safety and security," with regard to social issues surrounding the Takara Group, and sets policies for addressing each of them. The Takara Group Sustainability Vision, which sets specific medium- to long-term goals based on these policies, has been formulated.

The Takara Group will contribute to the realization of a sustainable society by continuing to create social value through our business activities, aiming to be a corporate group that is trusted by all of stakeholders.

Sustainability Promotion Committee

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. Based on the decisions made by this committee, the Executive Office of Sustainability Promotion Committee establishes and implements specific activities for each Group company.

Composition of the committee



For details, please visit Takara Holdings' website "TaKaRa Group Sustainability."
<https://www.takara.co.jp/english/sustainability/index.html>



Environment

The preservation of a rich natural environment is a major premise for the business continuity of the Takara Group, which engages in business activities on the basis of the bounty of diverse natural resources such as grains, water, and microorganisms. In order to address environmental problems such as climate change, the Takara Group has formulated the Takara Group Environmental Policy.

Energy for Takara Holdings Corporate History Museum goes 100% carbon-free

On April 1, 2023, the Takara Holdings Corporate History Museum switched to using electricity from renewable energy sources in order to go carbon-free.

As the Museum's facilities are fully electric, the energy used in the Museum is carbon-free.



Recipients of assistance from Takara Harmonist Fund for fiscal year 2023 selected

Takara Holdings established the Takara Harmonist Fund in 1985, and ever since has carried out annual activities for protecting Japan's forests, grasslands, and aquatic environments, in addition to offering assistance for research and other efforts toward safeguarding the wildlife in these habitats. The selection of recipients of assistance is carried out by a steering committee comprised of experts specialized in the natural sciences, and a grant awarding ceremony has been held.



Grant awarding ceremony

Red-rumped swallow

Tomatin Distillery awarded Sustainable Distillery of the Year

The Tomatin Distillery Co. Ltd (UK) was named "Sustainable Distillery of the Year" at the Icons of Whisky Awards 2023 organized by Whisky Magazine.

The Distillery is working with fellow members of the Scotch Whisky Association towards achieving the ambitious target, for the industry, of reducing all greenhouse gas emissions, including CO₂, to virtually zero (net zero emissions) in our operations by 2040, and this initiative was recognized.



In fiscal year 2023, ten activities and studies related to the conservation of the natural environment, including a study aimed at discovering the reasons behind the decline in the red-rumped swallow population during the mating season, were selected. During 38 years of the program, a cumulative total of 194,461,000 yen has been granted to 411 recipients. The Takara Group will continue to promote the preservation of biodiversity and rich natural environment by offering assistance to activities and research for protecting and improving Japan's natural environments.



Observation of cicada eclosion (Miyashiro Water and Green Network, an NPO corporation)

Response to climate change issues

Formulating a roadmap to reduce CO₂ emissions

The Takara Group has set CO₂ emissions reduction targets in its Sustainability Vision, formulated a roadmap for reduction, and created a plan for measures to reduce emissions.

FY2030	<ul style="list-style-type: none"> Reduce CO₂ emissions at Takara Shuzo and Takara Shuzo International Group production sites by 46% compared with FY2018 Reduce CO₂ emission intensity (CO₂ emissions per net sales) at Takara Bio Group by 50% compared with FY2018
FY2050	<ul style="list-style-type: none"> Net zero CO₂ emissions for the entire Takara Group

Reduce CO₂ emissions from production processes

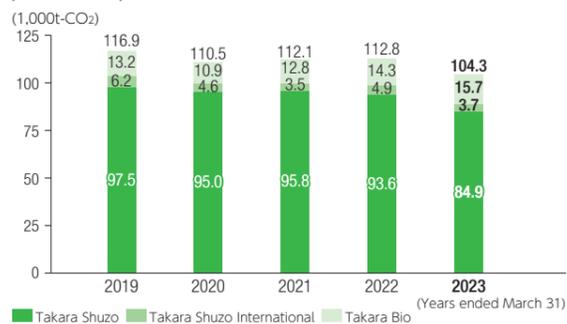
The Takara Group's total CO₂ emissions in production processes for fiscal year 2022 was 104,300 t-CO₂, a 7.5% year-on-year decrease. The decrease was because CO₂ emissions from Takara Shuzo's production processes, which comprise 80% or more of the entire Group's CO₂ emissions, were 84,900 t-CO₂ for the same period, a decrease (9.3%) year on year thanks to initiatives such as upgrading to a high-efficiency boiler, converting the heavy oil boiler to a gas boiler, and reusing the waste heat from hot water for sterilization.

In addition, CO₂ emissions from the Takara Shuzo International Group for fiscal year 2022 decreased by 24.5% year on year partly due to the use of a biomass boiler at The Tomatin Distillery, and CO₂ emissions from the Takara Bio Group increased by 9.7% due to full operation of the Center for Gene and Cell Processing II.

Examples of initiatives to reduce CO₂ emissions from production processes

- Installing energy-saving equipment such as high-efficiency gas boilers, and converting the heavy oil boiler to a gas boiler
- Reusing the waste heat from hot water for sterilization
- Promoting the use of co-generation (combined heat and power) systems

Changes in CO₂ emissions from the Takara Group's production processes



<Scope of calculations>
Takara Shuzo Co., Ltd., Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd. (China), The Tomatin Distillery Co. Ltd, Takara Bio Inc., Takara Biotechnology (Dalian) Co., Ltd. (China), DSS Takara Bio India Pvt. Ltd., Takara Bio USA, Inc. * Results included Mizuho Norin Co., Ltd. and Kinoko Center Kin Inc. till February 2019.

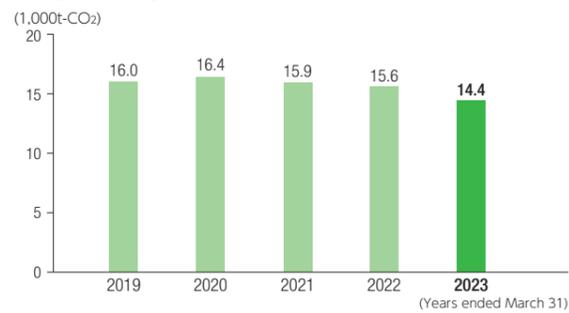
Reduce CO₂ emissions from transportation processes

At Takara Shuzo, we are promoting high-efficiency transportation, energy-saving vehicle operations, heat pump installation, and modal shifts, improving loading efficiency for products shipped by truck, and taking other measures to reduce CO₂ emissions during product transportation. In fiscal year 2022, CO₂ emissions from transportation processes were 14,400 t-CO₂, a 7.7% year-on-year reduction.

Examples of initiatives to reduce CO₂ emissions from transportation processes

- Modal shifts to ferries, rail cars, etc.
- Production closer to the area of consumption in order to reduce shipping between east and west bases
- Developing high-capacity cargo trucks with our transportation subsidiaries

Changes in CO₂ emissions from Takara Shuzo's transportation processes

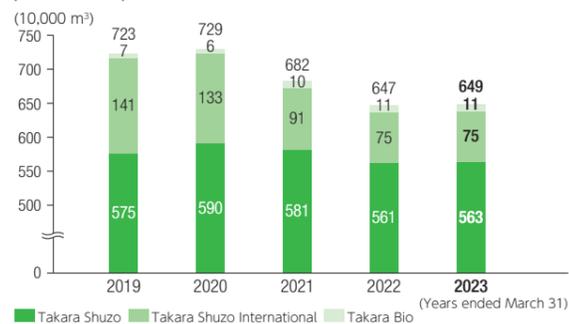


Sustainable water resource use

Limiting water usage in production processes

The Takara Group's total water usage in production processes for fiscal year 2022 was 6.49 million m³, a 0.3% year-on-year increase.

Changes in water usage in the Takara Group's production processes



<Scope of calculations>
Takara Shuzo Co., Ltd., Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd. (China), The Tomatin Distillery Co. Ltd, Takara Bio Inc., Takara Biotechnology (Dalian) Co., Ltd. (China), DSS Takara Bio India Pvt. Ltd., Takara Bio USA, Inc. * Results included Mizuho Norin Co., Ltd. and Kinoko Center Kin Inc. till February 2019.

Limiting waste generation

Reduce plant waste volume and promote a circular economy through recycling

In Takara Shuzo plants, waste products generated include by-products such as shochu lees and the like, as well as wastewater treatment sludge, and shipping materials for raw ingredients, containers, etc. For this reason, we are striving to reduce the volume of waste generated in our plants, which includes continuing to reuse 99% or more of waste, by making efforts to effectively utilize the waste, such as repurposing food-based by-products (such as shochu lees) into feed and fertilizer.

The volume of waste generated by Takara Shuzo in fiscal 2022 was 4,662 tons, and the reuse rate was 99.0%.

Examples of initiatives for reducing waste products

- Installing equipment for converting shochu lees into feed
- Reducing wastewater treatment sludge

Changes in waste generation and reuse rate at Takara Shuzo



Pick up! Equipment for converting shochu lees into feed

At our Kurokabegura, we promote "Zero Emissions" through installing equipment for converting shochu lees into feed. With this equipment, the effective ingredients in shochu lees from wheat or potatoes can be reused as raw materials for blended feed. In addition, the tiny amount of remaining alcohol is recovered and used to fuel the boilers in the facility.



Equipment for converting shochu lees into feed at Kurokabegura

Initiatives to reduce food loss

Takara Shuzo uses scarce Japan-produced fruits as raw materials for some of its products. Fruits have other edible and tasty parts besides their juice. However, most of them are thrown away without being used once squeezed to extract the juice. We are working to reduce food loss by developing technologies to extract tasty parts from unused areas such as the pericarp and improving the use rate of Japan-produced fruits.



Takara Can Chu-Hi Sumika

Response to environmentally conscious product packages and packaging

Develop environmentally conscious products

Takara Shuzo is procuring materials and developing products that take the 3Rs (reduce, reuse, recycle) into consideration. As an independent initiative, the 4th R (refuse), in addition to the 3Rs, Takara Shuzo is selling shochu by weight. Shochu is put into specialized tanks at our plants and sent directly to retail stores, where customers bring empty containers such as plastic PET bottles from their homes and fill the exact amount they need from the specialized tanks when making a purchase. In such a way, customers purchase only the needed amount of contents without purchasing new containers. This helps to save resources and reduce waste. From 1998, when these efforts started, to the end of March 2023, we have been able to conserve the equivalent of approximately 10.18 million 2.7-liter PET bottles.

We are promoting the use of paper with forest protection certification in paper carton products and packaging cardboards, as well as the use of biomass ink. We are also making bottles and cans lighter, and abolishing labels and stickers.

Takara Bio is promoting the use of aluminum-free packages in one-sided aluminum pouches for reagents. We are also facilitating the use of paper with forest protection certification and vegetable oil-based ink in paper packages.



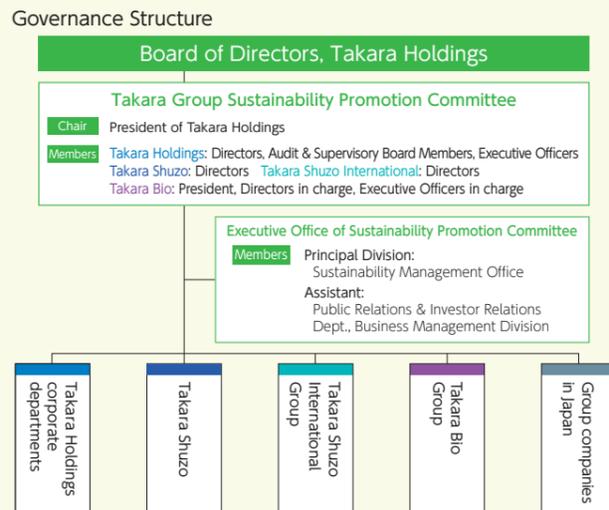
Takara Ryori no Tame no Seishu using paper with forest protection certification

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. **Impact on crop yields**
- 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"> Promoting initiatives to reduce CO₂ emissions and increasing the ratio of renewable energy Promoting modal shifts (in Japan) Promoting the use of renewable energy (installation of solar panels, etc.) Converting company vehicles to EVs
	Increase in costs of containers and packaging materials	Medium-term	Medium; Medium	<ul style="list-style-type: none"> Switching to recycled containers and low-carbon alternative containers Obtaining certification for paper and cardboards (e.g. FSC, PEFC) Use of biomass materials for soft packaging materials and printing Reducing weight of packaging materials (making bottles and cans lighter and abolishing labels and stickers)
Physical risk	River flooding (flood damage)	Long-term	4.0°C Scenario: Large	<ul style="list-style-type: none"> Decentralization of production sites in Japan Survey and examination of countermeasures for sites where large-scale flooding is expected
	Coastal flooding (flood damage)	Long-term	Large	
	Impact on crop yields (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

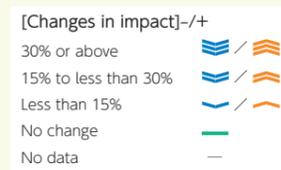
Opportunities	Content	Measures
Opportunities	Impact on cost of switching to energy-saving equipment	<ul style="list-style-type: none"> Installing low-carbon equipment (converting the heavy oil boiler to a natural gas boiler) Using a biomass boiler at Tomatin
	Impact of energy conservation promotion on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

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"> Continue stable procurement through cooperation with producers Surveying and diversifying suppliers to reduce procurement risk Survey and examination of raw materials compatible with climate change
Corn (yield)	United States	↑	↑↑	
Paddy rice (yield)	Japan	↑	↑↑	
Paddy rice (yield)	China	↑	↑	
Paddy rice (yield)	United States	↑	↑	
Barley (yield)	UK	↑	—	



Indicators and Targets

The Takara Group has set CO₂ emissions reduction targets in its Takara Group Sustainability Vision. Takara Shuzo and Takara Shuzo International Group have set CO₂ 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 ₂ emissions at production sites by 46% compared with FY2018.	Compared to FY2018: 15% reduction CO ₂ emissions: 88,616 (t-CO ₂)
	Takara Bio Group	Reduce CO ₂ emission intensity (CO ₂ emissions per net sales) by 50% compared with FY2018.	Compared to FY2018: 45% reduction
	Takara Shuzo (Distribution)	Reduce CO ₂ emission intensity (CO ₂ emissions per sales volume) from shipping by 10% compared with FY2018.	Compared to FY2018: 9% reduction
2050	Entire Group	Net zero CO ₂ emissions	—

Scope 1 and Scope 2 Total CO₂ Emissions of Takara Shuzo and Takara Shuzo International Group

* Production sites 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 ₂ e			
		FY2021	FY2022		
Scope1+Scope2		104,859	90,158		
	Scope1	84,081	68,999		
	Scope2	20,778	21,159		
Category		FY2021	FY2022	Calculation method	
Scope3					
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	16,226	Calculated based on the amount of fuel and electricity used
	Category 4	Upstream transportation and distribution	112,830	105,474	Calculated for the logistics of procured raw materials, containers, and packaging materials
	Category 5	Waste generated in operations	947	862	Calculated for heavy waste
	Category 6	Business travel	235	230	Calculated for employee business travels
	Category 7	Employee commuting	586	574	Calculated for employee commuting
	Category 8	Upstream leased assets	—	—	Not included in the calculation
Downstream	Category 9	Downstream transportation and distribution	5,300	5,092	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
	Category 12	End-of-life treatment of sold products	52,579	50,813	Calculated for waste from products sold
	Category 13	Downstream leased assets	267	262	Calculated for instruments leased to outside parties
	Category 14	Franchises	—	—	Not included in the calculation
	Category 15	Investments	—	—	Not included in the calculation
Scope1+Scope2+Scope3		927,877	884,107		

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)



Responsible Alcohol Producer

Alcohol has played an important role as a communication tool for facilitating human relationships since ancient times. However, it sometimes causes so-called alcohol-related issues, including the consumption of alcohol by those under the age of 20 and drunk driving.

The Takara Group believes that tackling alcohol-related issues head-on is an important responsibility as a company that manufactures and sells alcoholic beverages, and we have therefore established, and are working on, the Basic Policy on Responsible Drinking.

Spreading awareness on the appropriate consumption of alcohol

Educational efforts using our website and pamphlets

In 1985, Takara Shuzo launched the "Say No" campaign focusing on the "appropriate day, appropriate sake, and appropriate manner" proposal to foster harmony between society and drinking. The next year, 1986, Takara Shuzo published "Say No Book," a pamphlet that provided a description of appropriate drinking practices. In 1995, the pamphlet title was changed to "Say No! press," and in 2009, we updated the publication and published "Maintaining a Positive Relationship with Alcohol," a booklet calling for appropriate drinking practices. We distribute this booklet to various organizations. It is also available on Takara Shuzo's website (only available in Japanese).



The "Maintaining a Positive Relationship with Alcohol" booklet

Conscientious product labeling

Takara Shuzo displays the prohibition of underage drinking on product packages since 1995 and, warnings about the risk of drinking for expectant or nursing mothers since 2004 to prevent drinking while pregnant or nursing.

Takara Shuzo discloses the amount of alcohol contained in all category products on its website. We plan to display the information on the packages of all consumer products sold in Japan, except for alcohol-based seasoning, by fiscal year 2025. In particular, we plan to complete the information display on ready-to-drink products by the end of fiscal year 2023.



Age certification system when accessing website

In 2019, Takara Shuzo introduced an age certification system for access to web pages related to alcoholic beverages on its website to prevent underage drinking.



Age certification system

Implementation of responsible marketing

Implement responsible advertising

Takara Shuzo complies with the industry's voluntary standards for advertisements. Takara Shuzo displays various warnings, while not using expressions that would induce underage drinking on TV commercials on alcoholic beverages, newspaper, magazine advertisements, etc. In addition, Takara Shuzo has established its own internal voluntary standards covering a wider range of fields than the industry's voluntary standards. We are striving to ensure and maintain the status of having no cases of violating the industry's voluntary standards by appropriately implementing even stricter internal voluntary standards.



Safety and Reliability

As a company involved in food and medicine, the Takara Group believes that it is important that customers find us reliable. In order to continue to be a corporate group trusted by customers into the future, we have established, and are working on, the Takara Group Quality Policy.

Ensuring safe and reliable quality at Takara Shuzo

Examine compliance with laws, regulations, and voluntary standards at the design stage

We check legality and the suitability of label descriptions using design review methods addressing all aspects of designs at the stages of product design, including raw materials, package and wrapping, and manufacturing processes. This allows us to create products after eliminating the possibility of inferior quality and inappropriate information provision at the design stage, and after confirming that product designs are as satisfactory as possible.

Stable procurement of raw materials whose safety has been confirmed

With regard to procuring raw materials, we strive to use only raw materials for which we have confirmed the entire procurement route without exception and that have warranties attesting to their safety and legality in quality. In addition to these efforts, we conduct regular quality audits of suppliers that supply raw materials and carry out analysis of residual pesticides/herbicides, heavy metals, stable isotope ratios of alcohol imported from overseas, etc. according to the conditions of raw materials and



Stable isotope ratio mass spectrometer

suppliers, in order to improve the reliability of raw material quality by ensuring that any hazardous substances or foreign materials are not mixed in the raw materials.

Maintain and improve manufacturing lines that ensure safe and reliable quality

Manufacturing lines at our plants incorporate new technologies, and strict management of equipment maintenance and production processes ensures high quality. With inspection machines, we inspect all products for external appearance, foreign substances, and labeling/printing. Furthermore, in the inspection department, organoleptic inspections are carried out by expert panelists, and ingredient



Interior of inspection machine

analysis and inspections are handled by state-of-the-art analytic instruments. Under the Medium-Term Management Plan for 2025, we are investing ¥14.3 billion in an effort to create safe and reliable products.

Ensuring safe and reliable quality at Takara Shuzo International Group

Efforts toward the establishment of a global quality assurance system

At meetings regularly held with the executives of our overseas group companies, Takara Shuzo International works to share our quality policies and communicate with the administrative departments. In coordination with the Quality Assurance Department of Takara Holdings, the Takara Shuzo International conducts quality audits on its overseas group companies to strengthen quality control systems and improve processes in the group companies.

Takara Group Quality Policy

Based on our corporate philosophy, which is "Contributing to the creation of a vital society and a healthy lifestyle through our fermentation technology and biotechnology in a way that achieves harmony with nature," we will bring safe and reliable products and services to customers throughout the world.

- 1 We will listen carefully to our customers and pursue quality that satisfies them.
- 2 We will work together as a group on quality assurance activities throughout the entire process until products are delivered to customers.
- 3 We will comply with the relevant laws, regulations and voluntary standards.
- 4 We will live up to the trust of our customers by making efforts to provide them with appropriate information that is easy to understand.

Ensuring safe and reliable quality at Takara Bio Group

Efforts for quality control

The Takara Bio Group, in an effort to ensure safe quality, complies with the quality management system (ISO 9001, etc.) and maintains related certifications and strives to increase product quality and customer satisfaction. The Center for Gene and Cell Processing, which provides CDMO services, has established a quality control system in compliance with GMP/GCTP*, and has obtained manufacturing license and manufacturing registration for special cell processing products, regenerative medical products, pharmaceutical products (including biological products), and in-vitro diagnostics agents. In addition, our laboratories for genetic analysis services and testing have acquired a recognition from CAP-LAP and are registered as clinical testing laboratories.

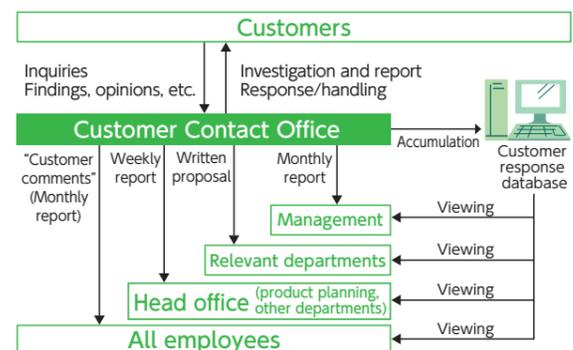
We will strive to maintain these certification systems and business licenses and aim to expand the scope of certification as necessary.

* Manufacturing control and quality standards for pharmaceuticals and regenerative medical products

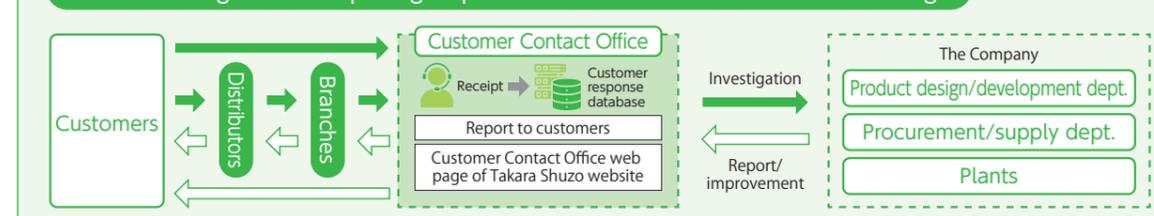
Appropriate disclosure of product information

We actively publish materials related to product safety. We disclose and provide appropriate information in accordance with laws and regulations in various languages, including product manuals, Certificate of Analysis (CoA), SDS (Safety Data Sheet), the indication of poisonous or deleterious substances in accordance with the Poisonous and Deleterious Substances Control Act, and the labeling of products that fall under living modified organism (LMO) based on the Act on the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms (the Cartagena Act).

Internal feedback on customer comments



Flow of investigation and reporting on products on which customers sent their findings



Efforts of Customer Contact Office

Pursue customer satisfaction

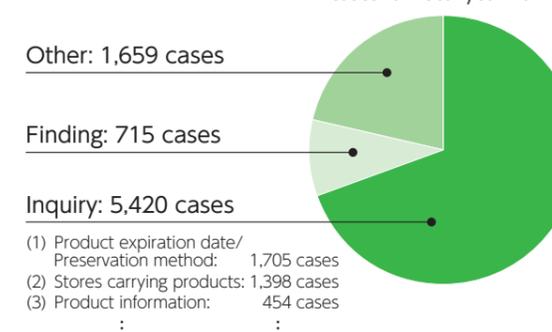
The Customer Contact Office receives approximately 7,800 comments a year. These include a wide variety of inquiries, feedback, and complaints about products, and Takara Shuzo listens carefully to each of these comments, striving to deliver products and improve services in order to satisfy customers.

We have voiced a declaration of conformity to ISO 10002 (targeting management systems for handling customer requests and complaints) and thus clarified our specific efforts and responsibilities to improve customer response, thereby continually striving to improve these processes.

We launched toll-free telephone service in May 2023 to receive comments from more customers.

Number and breakdown of customer contact cases

7,794 cases for fiscal year 2022



Examples of improvements made based on customer comments

Changing label specifications of Takara Shochu large PET bottle products

Customer comments: Difficult to remove labels, making it difficult to sort the garbage

The labels were made easier to remove compared to current products when sorting garbage after drinking.





Wellness

As a company involved in food and medicine, the Takara Group aims to contribute to a healthy lifestyle. We will work to create a society where people can continue to enjoy a healthy lifestyle, including through the development of revolutionary biotechnologies such as gene therapy, the supply of related services, and the development of health-conscious products.

Supply of health-conscious products

Development of non-alcoholic products

Takara Shuzo is actively engaged in the development of health-conscious products. *Takara Karakuchi Zero Ball* is a non-alcoholic beverage perfect for meals with a crisp and dry flavor offering a satisfying experience through our unique technology. It is not only alcohol-free, but also containing no calories, no carbs, no added sweeteners, and no purines.



Development of products with no or low carbs

Takara Shochu Highball is a dry flavored chu-hi that pays tribute to the taste of the shochu highball originated from cheap saloons in Tokyo's colorful *shitamachi* (lower city) districts in the early 1950s (shochu highball is said to be the origin of the word "chuhai"), created by leveraging Takara Shuzo's proprietary technologies. Its features of containing no purines, no added sweeteners, and no*1 or low carbs, in addition to the strong satisfaction and dry flavor based on Takara Shochu with the alcohol content of 7%, have been endorsed not only by existing chu-hi drinkers, but also by health-conscious customers.

*1 Labeled no carb when a product contains less than 0.5g of carbohydrates per 100ml in accordance with Japan's Food Labeling Standards.



Carbohydrate-free, dry flavored *Takara Shochu Highball Dry* 350ml



Promoting the lack of added salt in our cooking sake

Takara Ryori no Tame no Seishu is a salt-free sake made with 100% Japanese rice, with a focus on making dishes more delicious. Takara Shuzo's proprietary *Umami Appu Kobo* (umami-boosting yeast) used in the product is effective in giving an extra well-seasoned flavor and umami while eliminating raw odors.

In the current market of broadly-defined cooking liquor for home use (excluding substitute of sake for drinking), salt-added cooking liquors account for 65%*2 of the market. However, the fact that there are cooking liquors containing salt has not been really recognized. Takara Shuzo is disseminating information by highlighting reduced salt content, including the fact that the cooking liquor it manufactures and sells does not contain salt and is also making an appeal to customers that there is a difference between cooking liquors and salt-added cooking liquors.

*2 Source: Intage SRI. Sales amount from April 2022 to March 2023

Takara Ryori no Tame no Seishu Kome Koji Tappuri 2-bai 500ml *Rakuraku Chosetsu Bottle*, a salt-free cooking sake



Offering organic, vegan, and food-allergy-conscious products

Due to its healthy image, Japanese food is increasingly gaining recognition overseas. Tazaki Foods Ltd., a Japanese food wholesaler in the U.K., offers a lineup of more than 220 items including organic and vegan products and gluten-free and other food-allergy-conscious products to meet customers' needs.



Yutaka Vegan Edamame Gyoza



Yutaka Gluten Free & Organic Konjac Noodles



Yutaka Reduced Salt Gluten Free Soy Sauce

Support for the development of global life science research

Takara Bio provides a variety of products and services amounting to 10,000 items, from basic research to industrial application in the life science field. We are working to establish production facilities in a global and multipolar manner in Japan, the United States, Europe, and China, providing support for the development of global life science research through the stable supply of products.



Takara Bio's research reagents

Contribute to the life science community

Takara Bio supports life science communities by sponsoring various academic meetings and events related to life sciences and biotechnology, such as seminars for biotechnology researchers. We strive to promote the understanding of biotechnology in society by participating in university or group seminars and holding public relations workshops for university students.

We are also driving commercialization of technology seeds originating from academia through open innovation.



Technology seminar

Application of genetic analysis technology to testing and diagnostics

Takara Bio Group is focusing on the development of global products that align with the characteristics and demand of regions across the globe as well as products to test for viruses that cause infectious diseases, based on genetic engineering technologies it has developed in the research reagents business.



Takara SARS-CoV-2 Direct PCR Detection Kit, an in-vitro diagnostic agent

Initiatives for the development of gene therapies

Takara Bio is advancing the development of gene therapy technologies that fulfill unmet medical needs through the development and practical application of drug discovery platform technologies that utilize gene and cell technologies. In addition, we are promoting the CDMO business to support the development and manufacture of regenerative and cellular medicine and gene therapy products and also working on the development and sales of ancillary materials that support new modalities.



CDMO business

Example of development of academia technology seeds (fiscal year 2022)

In the gene therapy field, Takara Bio entered into a license agreement with University Health Network in Canada on the exclusive use of the patent relating to JAK/STAT cytokine signaling technology and has started a clinical trial for CD19 JAK/STAT CAR-T therapy (TBI-2001) at Princess Margaret Cancer Centre (Toronto, Ontario, Canada), where joint development is in progress.



Human Resources

In the Takara Group, we take the perspective that personnel are crucial business assets and view them as valuable human resources. Because we believe that a company is an organization comprising all of its individual employees and that the collective power of those human resources is the source of a company's sustainable growth and development, we also believe that maximizing the potential of individuals and organizations by investing in our human resources is indispensable for further increasing corporate value and achieving Group growth. Along with establishing a workplace offering both rewarding work and job satisfaction as well as a corporate culture that nourishes people, we are successfully fostering human resources who can be responsible for the next generation of the Group and take charge of global business growth as well as promoting the active involvement of diverse human resources.

Fostering human resources

Implement measures to foster human resources responsible for next generation

Aiming to foster human resources who can be responsible for the next generation of the Group, Takara Holdings, Takara Shuzo, and Takara Shuzo International have been providing executive candidate development training for managerial positions primarily in their forties since fiscal year 2018 and workplace leadership development training for technicians or engineers in factories since fiscal year 2022. In fiscal year 2022, nine employees participated in the training for executive candidate development, bringing the total number of participants since fiscal year 2018 to 40. Meanwhile, 14 employees participated in the training for workplace leadership development in fiscal year 2022. The Group will continue its efforts to train human resources that will support the Group into the future.

We will also foster our global human resources and continue to acquire global human resources to realize global business growth.

Promoting the active involvement of diverse human resources

Promoting the active involvement of female employees

The Takara Group is moving forward with initiatives in every Group company in line with an action plan that is based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace ("Female Participation Promotion Act") to further promote the advancement of female employees' careers. Furthermore, three companies — Takara Holdings, Takara Shuzo, and Takara Shuzo International — aim to increase the number of women in managerial positions even further. The companies plan to appoint at least 50 women by fiscal 2030 as a mid- to long-term target, compared with 39 women in managerial positions as of April 2021. By April 2023, a total of 22 women were newly appointed to manager and assistant manager positions. The proportion of women in managerial positions was 6.7% as of April 2023 and the companies plan to increase the proportion to 10% or more by the end of fiscal 2025.

Initiatives on promoting the active involvement of female employees are available on the websites of Takara Holdings, Takara Shuzo, and Takara Bio.

Promote the active involvement of senior human resources

Takara Holdings, Takara Shuzo, Takara Shuzo International, and Takara Bio have a re-employment system in place, allowing those who wish to work past the retirement age of 60 to do so until they turn 65. During the three years from FY2020 to FY2022, the ratio of employees who were re-employed after reaching their retirement age was 81% in Takara Holdings, Takara Shuzo, and Takara Shuzo International combined and 89% in Takara Bio.

In October 2022, Takara Holdings, Takara Shuzo, and Takara Shuzo International introduced a continuous employment system for employees up to the age of 70 as part of efforts to secure job opportunities for people up to 70 years old. Takara Bio introduced the system in April 2023.

Promote the hiring of people with disabilities

When hiring people with disabilities, we ensure that our workplaces are conducive to allowing these individuals to exercise their talents. Approaches to doing so include understanding the individual's work skills, securing and developing a range of work tasks suited to the person's circumstances, and improving the workplace environment. Additionally, people with disabilities participate in professional work alongside able bodied employees as we strive to create an environment in which they will feel a sense of purpose in their job.

As of April 1, 2023, there were eight employees with disabilities working at Takara Holdings (in comparison to the statutory required number of six and employment rate of 2.78%), 32 at Takara Shuzo (against the statutory required number of 29 and employment rate of 2.49%), and 19 at Takara Bio (against the statutory required number of 19 and employment rate of 2.30%).

Achieving a comfortable workplace environment and a work-life balance

Prevent long working hours

In the Takara Group, each workplace engages in initiatives such as not permitting over 60 hours of overtime per month or working on Sundays as a rule, and automatically turning off lights after 9 p.m. In addition, supervisors thoroughly manage the status of employees' overtime working hours. Furthermore, the person in charge of managing overtime working hours in each workplace and the Personnel Division also confirm the status of

overtime working hours in the middle of each month. Under the Article 36 Agreement, we limit the maximum extended working hours to 75 hours per month. We also ensure that the total hours of overtime work and work on holidays in excess of 40 hours a week do not exceed 80 hours a month.

Promote diverse working styles

As an effort to support employees in fulfilling work and family responsibilities, Takara Holdings, Takara Shuzo, and Takara Shuzo International expanded the work-from-home system that was previously available only for employees with parenting and long-term care giving responsibilities to all employees, except those whose duties require them to come to the workplace such as plant floor workers. In addition, while only half-day paid leave was previously available when taking annual paid leave on the days when employees work from home, the system for paid leave was expanded in April 2022 to allow them to take annual paid leave by hour in order to promote diverse working styles.

Takara Bio is reviewing its work arrangements in combination with its efforts to improve productivity. And as an effort to support its employees in fulfilling work and family responsibilities, the company offers shorter work hours until their children complete the

fourth grade in primary school (until three years old under law). The company also allows its employees who are working shorter hours to raise children to use the flextime system.

Ensure workplace safety and sanitation

The Takara Group strives to create a workplace environment that is safe and healthy, and comply with laws and regulations concerning safety and health. In the event any disaster occurs in connection with our business, we will minimize the accident and take recurrence prevention measures, while immediately implementing the required procedures such as filing reports and notices.

Furthermore, as part of our mental health support for employees, our Group companies engage an external institution to conduct stress checks every year to prevent mental health problems and help employees recognize any stress they are going through. The employees who have been diagnosed as having an increased level of stress will meet an industrial physician if they wish to do so. And if the physician deems that measures need to be taken to improve an employee's working conditions, we take action accordingly. Through this and other initiatives, we endeavor to prevent mental health problems among our employees.

Employee data

Theme	Classification	Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Promoting the active involvement of diverse human resources	Employees	Number of full-time employees (as of April 1)	People	1,352	1,340	1,336	1,314	1,269
		Male	People	1,178	1,160	1,141	1,117	1,074
		Women	People	174	180	195	197	195
		Ratio of women	%	12.9	13.4	14.6	15.0	15.4
		Average years of service (for full-time employees as of April 1)	Year	22.8	22.6	22.4	22.7	22.6
		Male	Year	23.2	23.2	23.1	23.4	23.4
		Women	Year	19.7	18.8	18.2	18.7	18.5
		Number of new graduate hires (university and graduate school graduates)	People	23	33	33	15	23
		Male	People	15	18	17	8	12
		Women	People	8	15	16	7	11
	Ratio of women	%	34.8	45.5	48.5	46.7	47.8	
	Turnover rate within three years (new graduate hires)	%	5.9	23.1	13.3	6.3	10.9	
	Promoting the active involvement of female employees	Number of women in managerial positions (as of April 1)	People	15	16	17	19	22
		Ratio of women in managerial positions (as of April 1)	%	3.6	3.8	4.0	4.5	5.3
		Number of newly appointed women in managerial positions	People	2	1	2	2	4
		Number of women in management positions (as of April 1)	People	30	34	34	39	41
	Promoting the active involvement of seniors	Ratio of women in management positions (as of April 1)	%	4.8	5.4	5.5	6.2	6.7
		Number of newly appointed personnel in management positions	People	7	5	4	8	9
Promoting the hiring of people with disabilities	Number of employees re-employed after retirement	People	36	34	35	39	39	
	Ratio of employees with disabilities (Takara Holdings as of April 1)	%	2.00	2.70	2.78	2.65	2.44	
Acquisition of diverse human resources	Ratio of employees with disabilities (Takara Shuzo as of April 1)	%	2.59	2.56	2.59	2.69	2.59	
	Mid-career hiring ratio (including full-time employees)	%	18.9	21.3	23.3	41.4	31.9	
Achieving a comfortable workplace environment and a work-life balance	Working hours	Total working hours	Hours	1,880.37	1,856.21	1,845.17	1,862.05	1,862.49
		Overtime working hours	Hours	130.98	135.12	103.55	137.20	136.45
	Taking paid leave	Ratio of paid leave taken	%	64.2	69.1	66.4	69.1	76.5
		Number of employees taking childcare leave	People	4	8	6	8	10
	Taking childcare leave	Male	People	0	2	0	3	6
		Women	People	4	6	6	5	4
		Reinstatement rate from childcare leave	%	100.0	87.5	100.0	100.0	100.0
	Industrial accidents	Ratio of childcare leave taken by male employees	%	0.0	7.4	0.0	18.8	27.3
		Frequency rate of industrial accidents*	—	1.09	0.74	0.36	1.09	0.74
	Working from home	Industrial accidents severity rate	—	0.004	0.007	0	0.034	0.003
Number of employees using the work-from-home system		People	—	—	942	927	924	

(Total of Takara Holdings, Takara Shuzo, and Takara Shuzo International)

* Frequency rate of industrial accidents: (total number of absence from work and death + accidents not accompanied by lost worktime) / total number of hours actually worked × 1,000,000

For employee data of Takara Bio, please visit Takara Bio's website.
<https://ir.takara-bio.co.jp/en/sustainability/human.html>





Well-Balanced Diet

The Takara Group will increase the value and appeal of *washu* and Japanese food, and will bring rich diet filled with connections between people throughout the world by leveraging our position as a top manufacturer of *washu*, and our Japanese food wholesaling network overseas.

Providing the richness of alcohol and food

Conveying the "joy" and "tastiness" of drinking sake to the world

The *Sho Chiku Bai Shirakabegura Mio Sparkling Sake* has been tasted as a gateway to sake in about 40 countries in the world. By rolling out a universal visual advertisement with the "THE JAPANESE SPARKLING SAKE" catch phrase that represents a typical Japanese sparkling sake and cultivating the *Mio Sparkling Sake* into a global brand, we will promote the excellence of sake domestically and overseas.



THE JAPANESE SPARKLING SAKE visual

Conveying the appeal of alcohol-based seasoning

We provide information on alcohol-based seasoning, with a focus on Takara Hon-mirin, our top brand for Hon-mirin, and *Takara Ryori no Tame no Seishu*, a salt-free cooking sake. We are regularly conveying the tastiness of dishes, primarily Japanese cuisine, using sake through our official social media "Takara Cooking Notebook."



Takara Cooking Notebook

Conveying and providing the appeal and new value of Japanese food

The Takara Shuzo International Group is supplying local Japanese restaurants, supermarkets, and retailers with *washu* and a variety of Japanese food ingredients such as rice, laver, soy sauce, vinegar, and complementary products, which are essential for Japanese food. In order to further promote the spread of *washu* and Japanese food overseas, we are also pursuing initiatives such as participating in exhibitions held in various regions and disseminating information at showrooms.



Exhibition room for sake brewing equipment at Takara Sake USA Inc.

Takara Sake USA, which produces *washu*, particularly sake, in Berkley, California, the U.S., exhibits sake brewing tools to give a feeling of traditional sake making. This exhibition along with the Tasting Room bring enjoyment to many visitors.

Mutual Trading Co., Inc., one of the oldest Japanese food wholesaler in the U.S., which was established in Los Angeles in 1926, hosts the Japanese Food & Restaurant Expo, an exhibition and sales event for those involved in the restaurant business, and disseminates information to further promote the spread of *washu* and Japanese food in the U.S.



Japanese Food & Restaurant Expo

In addition, Mutual Trading has established Miyako Sushi & Washoku School to train future Japanese food or sushi chefs and Sake School of America to offer seminars on *washu*, working on conveying *washu* and Japanese food culture.



Sake School of America

As the largest Japanese food wholesale network in Europe, the Foodex Group, which operates in 6 European countries, mainly France, has L'ATELIER DU SAKE, a *washu* showroom in Paris, where dedicated sommeliers are working to spread *washu*. The Foodex Group participates in various exhibitions, including Sirha, Europe's largest international food service trade fair, which attracts more than 200,000 visitors. In addition, as part of the Project to Disseminate the Certification of Cooking Skills for Japanese Cuisine in Foreign Countries by the Ministry of Agriculture, Forestry and Fisheries, the Foodex Group is



A sake sommelier

striving to promote the spread of traditional Japanese food culture by supporting seminars that introduce to local chefs traditional Japanese cooking techniques, such as fresh fish *Ikejime* technique.



L'ATELIER DU SAKE

In the U.K., we have a special booth for the *Sho Chiku Bai Shirakabegura Mio Sparkling Sake* at Hyper Japan, the largest Japanese cultural event in the U.K., every year. In the U.K., the taste of the *Mio Sparkling Sake* is also highly praised and is increasingly gaining popularity particularly among young men and women.

Tazaki Foods Ltd., which is operating its business since 1978, offers products under its signature Yutaka brand. The Yutaka brand now offers more than 190 items. They are available not only in U.K. but also in more than 16 countries in and outside Europe.



Hyper Japan

Conveying the appeal of authentic Japanese cuisine

The Japanese Cuisine Taught by Famous Chefs Course, co-hosted by Takara Shuzo and the NPO Japanese Culinary Academy, began in 2009 and has been held 50 times up until 2022. Although lectures were distributed via live streaming in 2020 and 2021 due to the COVID-19 pandemic, we were able to invite participants to a venue and hold a course in 2022 as before. It has been well received by the participants as they can learn about authentic Japanese cuisine and the proper use of alcohol-based seasoning directly from Kyoto's top chefs.



Japanese Cuisine Taught by Famous Chefs Course



Procurement

In order to continuously provide customers with safe and reliable products and services, it is essential for us to continue sustainable transactions with suppliers who are our business partners. The Takara Group aims to realize sustainable procurement by ensuring the safety and quality of raw materials and more, and by also considering the social responsibility of the entire supply chain, including consideration for the environment and human rights as well as compliance with laws and social ethics based on the Takara Group Procurement Policy.

Collaboration with suppliers

Requesting suppliers' compliance to ensure sustainable procurement

Takara Shuzo has formulated the Sustainability Procurement Guidelines that give consideration to the environment and social environments.

Aiming to promote sustainability, we are making the Guidelines known to all of our suppliers and requesting their understanding.

Audits at suppliers' factories

Takara Shuzo conducts audits on supplier plants as necessary to confirm compliance with the Sustainability Procurement Guidelines. If the compliance status is insufficient, we ask for improvement or propose improvement plans.



Supplier auditing

Requirements in the Sustainability Procurement Guidelines

- 1 Ensuring safety and reliability
- 2 Consideration for the global environment
- 3 Human rights, labor, and health and safety
- 4 Compliance with laws and social norms
- 5 Information security
- 6 Social contribution

Takara Group Procurement Policy

- 1 **Ensuring safety and quality**
In accordance with the Takara Group Quality Policy, we will promote activities aimed at ensuring a high level of safety and quality.
- 2 **Consideration for the environment**
Based on the Takara Group Environmental Policy, we will engage in activities with consideration for the global environment.
- 3 **Consideration for human rights**
In accordance with the Takara Group Human Rights Policy, we will engage in activities with consideration for human rights.
- 4 **Compliance with laws and social ethics**
In accordance with the Takara Group Compliance Action Guidelines, we will comply with laws and social ethics. We will not request entertainment or gifts from suppliers, nor will we be the recipient of entertainment that exceeds the boundaries of common sense.
- 5 **Equitable and fair transactions**
We will treat all suppliers with common sense and honesty and conduct equitable and fair transactions. When selecting suppliers, we will make our decisions after equitable and fair comparisons and evaluations, based on quality, price, delivery date, technical capabilities, supply capacity and other conditions.
- 6 **Maintaining information security**
We will appropriately manage confidential information and personal information obtained during procurement activities.
- 7 **Expectations of suppliers**
With regard to the above, we expect the same considerations from our suppliers, and will endeavor to promote initiatives throughout the entire supply chain.



Human Rights

The Takara Group has formulated the Takara Group Human Rights Policy to respect the human rights of all stakeholders and is promoting various initiatives, including education and training.

Respect for human rights

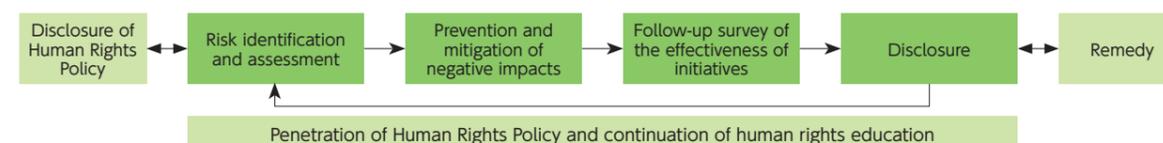
Implementing programs to enhance understanding of human rights

Internally, we conduct a program designed to enhance the understanding of human rights including on the Takara Group Human Rights Policy. The program is provided through compliance education by e-learning, new employee training, training sessions targeting different job levels, and so on, to promote human rights education within the Group. In fiscal year 2022, we continued to hold a program themed on Business and Human Rights in the training session for risk compliance leaders across the entire Group, followed by workplace education provided by the risk compliance leaders.

Implementation of human rights due diligence process

In fiscal year 2022, we continued to implement initiatives that have already been put into action within the Takara Group as part of human rights due diligence process. Under the leadership of a newly established cross-organizational working team, we addressed current issues of human rights due diligence process through efforts such as updating risk response maps (identifying potential human rights risks), carrying out analysis based on interviews with suppliers and identifying risks, conducting employee awareness surveys as a method of identifying human rights risks, and enhancing human rights education programs.

Human rights due diligence process based on the Guiding Principles on Business and Human Rights



The Takara Group Human Rights Policy

Recognizing that the Takara Group may potentially affect the human rights of various stakeholders, including business partners, customers, and local communities, in addition to our employees, through our business activities, we respect human rights as set out in the United Nations' International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. This Policy applies to all officers and employees of the Takara Group. We also request business partners to support and comply with this Policy.

- We will comply with the laws and regulations of each and every country in which we conduct business activities.
- We will respect the diversity, personality, and individuality of all stakeholders and will not allow any irrational discrimination on the grounds of birth, nationality, race, ethnicity, creed, religion, gender, age, disability, sexual orientation, gender identity, employment status, hobbies, educational background, etc.
- We support the right to freedom of association and the right to collective bargaining. Illegal child labor and forced labor are not permitted in domestic and overseas working environments.
- We will establish and operate whistleblowing contacts within the Company and at an external third party organization for reporting violations of laws, regulations, and internal regulations including this Policy. In addition, we will prohibit any disadvantageous treatment of whistleblowers on the basis of such whistleblowing.
- We will extensively convey our Human Rights Policy to our employees, and provide ongoing education and training.



Community

The Takara Group will contribute to the development of local communities by seeking communication with local communities, recognizing their needs and issues, and undertaking initiatives to resolve them.

The needs and issues of local communities are diverse and are likely to change with the times. These range from global issues such as climate change, to local issues such as garbage, the education of children who will be responsible for the next generation, promotion of the economy and culture, and large-scale disaster support.

As a good corporate citizen, we strive to understand what challenges our local communities are facing and what they require through communication with stakeholders. We will then consider what we can do for the needs and challenges we have identified and take actions to contribute to the development of local communities.

Environmental education for children

Takara Shuzo Farm School

Since 2004, Takara Shuzo has been providing an environmental education program, the Takara Shuzo Farm School, for the purpose of teaching children who will lead the future the importance of protecting the natural environment and its biodiversity and conveying the preciousness of natural bounty.

We could not hold the Farm School for the past few years due to COVID-19 pandemic, but in 2023 we hosted three classes, including rice farming experience and nature observation in a rice field in Nantan, Kyoto Prefecture, targeting elementary school students and their families.

In 2022, we also launched the Online Farm School on Takara Shuzo's website, providing a system that allows more people to participate.



Hands-on Paddy Field in Sonobe-cho Nie, Nantan City, Kyoto Prefecture



Removing weeds

Takara Shuzo Eco-School

Since 2012, we have been conducting an environmental education program, the Takara Shuzo Eco-School, for third to sixth grade elementary school students and their families, in which they can learn with fun about the current situation of waste problems and how to reduce waste while experiencing recycling. In 2023, classes were held in Kyoto City and also Koto-ku, Tokyo.

Takara Bio conducts on-site bio classes at elementary schools

Since 2018, as part of the comprehensive learning curriculum stipulated by the Ministry of Education, Culture, Sports, Science and Technology in the education curriculum guidelines, we have been conducting on-site classes at elementary schools in Kusatsu, Shiga Prefecture. To have children deepen their understanding of biotechnology, we introduce in an easy-to-understand manner the content of our work, including research on cancer therapeutic agents as a typical example, as well as videos of our employees actually working in the laboratory. We are working to have children learn independently and find an opportunity to think about how they live their lives, not only through textbooks but also cross-cutting, comprehensive, and exploratory learning experiences.

Promotion of local economies

Continually foster community-based products

We develop and nurture products that are loved by local residents and have their roots in their local communities using carefully chosen ingredients from around Japan that are unique to each locality. Examples include *Takara CRAFT* chu-hi, which is made from rare gifts of nature and creates a connection between agricultural producers and consumers.

In addition, in response to the issue of labor shortages during harvest season due to the aging of population in each production area, we began activities for our company employees to visit production areas to assist with the harvesting.



Odawara lemon harvesting volunteers



Governance

The Takara Holdings Corporate Governance Policy <Basic Policy>

The Company has formulated "TaKaRa Group Challenge for the 100th," our long-term management vision ending in the fiscal year ending March 31, 2026, which is the 100th anniversary of the Group's foundation. The Challenge sets forth "Where the Takara Group wants to be (Vision)*" as well as management strategies and business strategies in order to achieve this Vision.

The company believes that achieving this Vision will lead to the sustainable growth of the Group and an increase in corporate value over the medium- to long-term, and that what is required to effectively and efficiently realize this Vision is a corporate governance structure that

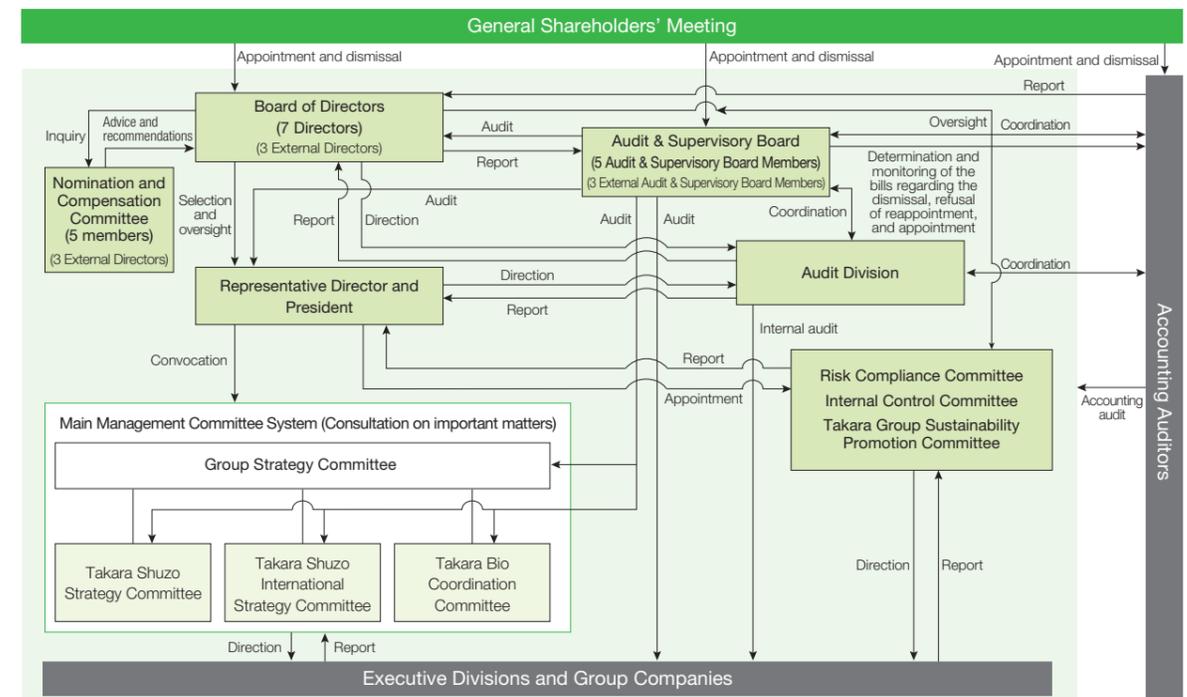
ensures a transparent, fair, speedy and resolute decision making. At the same time, we also believe that to continue to be a trusted corporate group, we need a structure that respects the positions of stakeholders, including shareholders, customers, employees, creditors, and local communities, and enables us to make efforts in appropriate communication.

The Company aims for sustainable growth and an increase in corporate value over the medium- to long-term by establishing a corporate governance structure based on the above policy, and will make efforts in accordance with the specific policies set forth in the Takara Holdings Corporate Governance Policy.

* "Where the Takara Group wants to be (Vision)"
Smiles in Life - Smiles are Life's Treasures

The Takara Group is committed to enriching the homes, lifestyles, and lives of people around the world with smiles. Leveraging our expertise in the pursuit of delicious taste and innovative biotechnologies, we are a corporate group who safely and securely provide diverse value across the *washu*, Japanese food, and life science sectors.

Corporate Governance System (As of June 29, 2023)



Note: The role of the Takara Bio Coordination Committee is to report on the business activities of Takara Bio Inc. The committee does not inhibit Takara Bio's autonomy, and its prior approval is not required for the decisions of Takara Bio's Board of Directors.

Promotion of corporate governance

Corporate governance structure

As a holding company that manages a corporate group, Takara Holdings has decided that the following framework will be most appropriate for the Takara Group to ensure highly effective supervision and audits of corporate management. Hence, we have adopted a system of a Company with an Audit & Supervisory Board as our corporate governance structure.

▶ The Board of Directors makes important management decisions and supervises the execution of operations. The Board consists of executive Directors with high level of expertise and experience related to our businesses and multiple independent external Directors with a wealth of experience and a broad view who are capable of offering advice and suggestions from the perspectives of all stakeholders including shareholders.

▶ Audit & Supervisory Board Members with the knowledge of finance, accounting, and legal affairs, including independent external Audit & Supervisory Board Members with a wealth of experience and a broad view, comprise the Audit & Supervisory Board. Each Audit & Supervisory Board Member effectively exercises their function and authority to audit the execution of operations by Directors.

With these frameworks in place, external Directors and Audit & Supervisory Board Members monitor, supervise, and offer advice on Directors' business management and performance of duty according to their roles and functions from their independent and objective standpoint, thereby providing highly effective supervision.

Directors and Board of Directors

From among those who meet certain criteria, persons who are deemed to be best suited from the viewpoint of mutually complementing the execution of operations and enhancing supervisory functions are appointed as Directors, regardless of gender, nationality, career, and age, among others, by taking into account the candidates' skills, knowledge, experience, and specialization. This way we ensure the diversity necessary for the Board of Directors as a whole. Currently, three of our seven Directors are external Directors, and two of our Directors are women.

The term of office for our Directors is one year in order to respond promptly to changes in the management environment and to ensure the clarity of Directors' management responsibilities.

Audit & Supervisory Board Members and Audit & Supervisory Board

Takara Holdings appoints individuals with the knowledge of finance, accounting, and legal affairs as Audit & Supervisory Board Members in order to ensure functions necessary to perform the roles and responsibilities of the Audit & Supervisory Board Members and Audit & Supervisory Board. Currently, of the five Audit & Supervisory Board Members, three are external Audit & Supervisory Board Members.

Areas of Expertise and Experience of Directors (Skill Matrix)

Name	Corporate management Management strategies	Finance Accounting Tax affairs	Legal affairs Compliance	Human resources Labor affairs	Research and development Product technologies	Brand strategies Marketing	Overseas business Internationality
Mutsumi Kimura	●	●	●	●			●
Hideo Takahashi			●	●			
Koichi Nakao	●		●	●	●	●	●
Keisuke Mori	●	●					
Masako Tomotsune			●	●			
Tomoko Kawakami	●					●	●
Takao Motomiya		●	●				

Supervisory Board Members, and three have extensive knowledge about finance and accounting.

Appointment of independent officers

Takara Holdings has established criteria for independent officers, which are more rigorous than those specified by the Tokyo Stock Exchange, and it designates all of the external officers who are deemed to be independent by meeting these criteria as independent officers. Currently, a total of five officers are designated as independent officers. They are External Directors Masako Tomotsune, Tomoko Kawakami, and Takao Motomiya, and External Audit & Supervisory Board Members Toshihito Yamanaka and Akiko Yoshimoto.

Nomination and Compensation Committee

To ensure the independence and objectivity of the Board of Directors' functions regarding the nomination of Director candidates and Director compensation, Takara Holdings has established the Nomination and Compensation Committee with a majority of independent external Directors under the Board of Directors and ensures their appropriate participation.

Officer compensation

Compensation for Directors and Audit & Supervisory Board Members is determined based on the Rules for Compensation of Officers approved by the Board of Directors within the range of the amount for each based on resolutions at the general shareholders' meeting. Compensation for Directors is determined by the Representative Director and President delegated by resolution of the Board of Directors, upon deliberation by the Nomination and Compensation Committee; while compensation for Audit & Supervisory Board Members is determined by deliberation by the Audit & Supervisory Board Members. Revisions to the Rules for Compensation of Officers relating to Directors are based on resolutions by the Board of Directors, while revisions relating to Audit & Supervisory Board Members are subject to consultation with the Audit & Supervisory Board Members.

Compensation for executive Directors consists of a fixed amount of compensation in accord with the Director's title and role, plus performance-linked compensation to enhance incentive, while compensation for external Directors and Audit & Supervisory Board Members consists of a fixed amount of compensation only, taking their role into consideration.

The amount of performance-linked compensation for each executive Director is determined based on the amount of performance-linked compensation paid for the previous fiscal year and each of their performance evaluation points of the previous fiscal year.

The performance evaluation points for the previous fiscal year is calculated using consolidated operating income as the primary evaluation indicator. This is because consolidated operating income is positioned as the most important management indicator.

Reasons for Appointment as External Officers and Attendance at the Board of Directors' Meetings and Audit & Supervisory Board Meetings (fiscal year ended March 31, 2023)

Position	Name	Reasons for Appointment	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Meetings
External Director	Masako Tomotsune	As an attorney, Masako Tomotsune possesses broad knowledge as well as extensive experience and track record related to corporate law and other matters. The Company has determined that these qualifications will be useful in the further enhancement of its management structure.	14 out of 14 meetings	—
External Director	Tomoko Kawakami	Tomoko Kawakami has been involved over many years in the academic field of economics at Waseda University and elsewhere, in addition to research activities related to marketing and other fields. The Company has determined that her broad knowledge, extensive experience, and track record in these areas will be useful in the further enhancement of its management structure.	14 out of 14 meetings	—
External Director	Takao Motomiya	Takao Motomiya served in key positions at the National Tax Agency and other organizations. The Company has determined that his broad knowledge as well as extensive experience and track record related to tax affairs will be useful in the further enhancement of its management structure.	—	—
External Audit & Supervisory Board Member	Toshihito Yamanaka	Toshihito Yamanaka served in key positions at Mizuho Bank, Ltd. and Mizuho Corporate Bank, Ltd., and the Company has determined that his broad knowledge and many years of experience and track record in financial institutions will be useful in the further enhancement of its audit structure.	14 out of 14 meetings	13 out of 13 meetings
External Audit & Supervisory Board Member	Satoshi Matsunaga	Satoshi Matsunaga served in key positions at The Norinchukin Bank, and the Company has determined that his broad knowledge and many years of experience and track record in financial institutions will be useful in the further enhancement of its audit structure.	14 out of 14 meetings	13 out of 13 meetings
External Audit & Supervisory Board Member	Akiko Yoshimoto	Akiko Yoshimoto served in key positions at the Ministry of Health, Labour and Welfare and other organizations, and the Company has determined that her broad knowledge as well as extensive experience and track record related to labor laws and systems, etc. will be useful in the further enhancement of its audit structure.	—	—

Compensation for Directors and Audit & Supervisory Board Members (fiscal year ended March 31, 2023)

Officer category	Fixed amount of compensation		Amount of performance-linked compensation		Total (Millions of yen)
	Number of eligible officers	Total amount (Millions of yen)	Number of eligible officers	Total amount (Millions of yen)	
Directors (External Directors)	9 (3)	90 (18)	6 (—)	90 (—)	180 (18)
Audit & Supervisory Board Members (External Audit & Supervisory Board Members)	5 (3)	91 (49)	— (—)	— (—)	91 (49)
Total (External Officers)	14 (6)	181 (68)	6 (—)	90 (—)	271 (68)

- Notes: 1. The amount of compensation and other benefits for Directors does not include the employee salary component for Directors serving concurrently as employees.
2. At end of the fiscal year under review, the number of Directors was six (including two external Directors) and the number of Audit & Supervisory Board Members was five (including three external Audit & Supervisory Board Members). The reason for the discrepancy with the above-noted number of Directors is that it includes three Directors (including one external Director) who retired during the fiscal year under review.
3. Performance-linked compensation is determined by the Representative Director and President, upon deliberation by the Nomination and Compensation Committee, based on the amount of performance-linked compensation paid for the previous fiscal year and each of their performance evaluation points of the previous fiscal year. The performance evaluation points for the previous fiscal year is calculated using consolidated operating income as the primary evaluation indicator. This is because consolidated operating income is positioned as the most important management indicator.
4. The 108th General Shareholders' Meeting held on June 27, 2019, approved an annual amount of up to ¥136 million as fixed compensation for Directors (of which up to ¥30 million is for external Directors). Furthermore, the 104th General Shareholders' Meeting held on June 26, 2015, approved an annual amount equivalent to 1% of consolidated operating income of the previous fiscal year as performance-linked compensation (for Directors other than external Directors). These amounts do not include the employee salary component for Directors serving concurrently as employees. The 106th General Shareholders' Meeting held on June 29, 2017, approved an annual amount of up to ¥120 million as compensation for Audit & Supervisory Board Members.

Assessment of effectiveness of the Board of Directors

Takara Holdings assesses the effectiveness of Board of Directors with a focus on the operation of Board of Directors every year. An overview of the results of the assessment for the fiscal year ended March 31, 2023, is as follows.

1 Assessment method

As part of Takara Holdings' continued efforts to improve the operation of Board of Directors' Meetings in the fiscal year ended March 31, 2023, all Directors and Audit & Supervisory Board Members evaluated the following categories on a five-point scale and filled out open-ended questionnaires. The compiled results were discussed at the Board of Directors' Meeting on May 11, 2023.

- (1) Agenda items, (2) Convocation procedures, (3) Meeting materials, (4) Explanation, discussion, and decision-making, (5) Meeting minutes, (6) Yearly schedule

2 Overview of assessment results

It was determined that Board of Directors operate properly for the most part and are effective. However, we also realize that challenges remain with deepening discussions in the Board of Directors' Meetings. We will continue taking measures to rectify identified issues, and keep striving to increase the effectiveness of the Board of Directors by evaluating the results of those measures and applying that to make further improvements.



Consider optimum corporate governance

As a holding company, Takara Holdings has established the "Rules and Regulations for Overseeing Group Companies" that specify matters necessary to manage the Group companies. We require these companies to regularly report on their business activities while ensuring that they maintain their uniqueness and autonomy, and to discuss material matters with us before making any decisions or report decisions to us as soon as they are made. This way we support their appropriate risk-taking while supervising their execution of operations.

We have meeting bodies in place as described below in order to ensure that operational decisions are made and information is delivered properly and promptly.

- ▶ The Group Strategy Committee meets at least six times a year as a rule to discuss material matters related to the overall management of the Takara Group, review each Group company's performance, and report updates on activities.

- ▶ The Takara Shuzo Strategy Committee and the Takara Shuzo International Strategy Committee each meet once a month as a rule to hold preliminary discussions on material matters, including the matters to be resolved at the Boards of Directors of Takara Shuzo Co., Ltd. and Takara Shuzo International Co., Ltd., report on these matters, and provide updates on relevant activities.
- ▶ The Takara Bio Coordination Committee meets once a month as a rule to make an ex post facto report on material matters including the matters resolved at the Board of Directors of Takara Bio Inc., which is a listed subsidiary of Takara Holdings, as well as updates on relevant activities.
- ▶ Each of the other subsidiaries holds the Strategy Committee and the Consultation and Coordination Committee four times a year as a rule to hold preliminary discussions on material matters, including the matters to be resolved at the Board of Directors of each of these subsidiaries, report on these matters, and provide updates on relevant activities.

About Our Listed Subsidiary Takara Bio Inc.

As of June 29, 2023, Takara Holdings is the parent company of Takara Bio Inc. (Tokyo Stock Exchange Prime Market; Securities code number: 4974, hereinafter referred to as "Takara Bio"), holding 60.93% of the voting rights of Takara Bio.

On April 1, 2002, Takara Bio was spun off from the parent company as a wholly owned subsidiary to take over Takara Holdings' biomedical business unit. Subsequently, the ratio of voting rights held by Takara Holdings was reduced to its current level through third party capital increase by Takara Bio, public subscriptions, the issuance of bonds with stock acquisition rights, and other corporate actions.

As of the end of March 2023, the Takara Group consists of Takara Holdings that is a holding company, 61 subsidiaries, and two affiliates. Takara Bio is positioned as the subsidiary specializing in life science to promote the Biomedical Business for the Group. Takara Bio is not a competitor of the Takara Group's any other segment, and has only limited dealings with Takara Holdings.

Takara Bio is a growing enterprise of great promise in the Takara Group. We believe that having Takara Bio in our business portfolio is extremely important for maximizing the Group's corporate value in the future.

In order to further accelerate the growth of our Biomedical Business, Takara Bio needs to have its own means of financing. Moreover, to hire and train talented employees and further advance the management of Takara Bio, it is vital to maintain Takara Bio as a listed subsidiary.

The Takara Bio Corporate Governance Policy specifies that one-third or more of Directors at

Takara Bio (three out of nine) must be independent external Directors with no vested interest in Takara Bio or Takara Holdings. Hence, we believe that we have the system in place for protecting the rights of Takara Bio's minority shareholders and ensuring independent decision-making. Furthermore, three of the five Audit & Supervisory Board Members at Takara Bio are independent external Audit & Supervisory Board Members. For the purpose of protecting the interests of Takara Bio's minority shareholders, a special committee consisting of at least three independent members, including external officers, has been established. The committee deliberates and examines matters related to important transactions or acts that constitute conflicts of interest between Takara Holdings or its subsidiaries and the minority shareholders of Takara Bio, and offers the results thereupon as advice and suggestions to the Board of Directors of Takara Bio.

Takara Holdings has established the Rules and Regulations for Overseeing Group Companies from the viewpoint of consolidated business administration. The objective of these Rules and Regulations is to ensure that our Group companies maintain their uniqueness and autonomy while the corporate value of the overall Group is maximized. We apply the said Rules and Regulations to Takara Bio and receive reports on matters resolved at Takara Bio's Board of Directors and other actions, while we do not require Takara Bio to request a prior approval from us on the matters to be resolved by its Board of Directors. Hence, Takara Bio runs its business independently.

Takara Group Compliance Action Guidelines <Basic Policy>

The Takara Group aims to achieve corporate philosophy, "Contributing to the creation of a vital society and a healthy lifestyle through our fermentation and biotechnology, emphasizing harmony with nature." In the process of realizing it, we perform business activities honestly and fairly under the TaKaRa Five Values, which are the shared values of the Group.

- (1) We will comply with laws and regulations in Japan and overseas, fully recognize social ethics, and act with common sense and responsibility as a member of society.
- (2) We will work to lower environmental burdens, and contribute to the development of life science that values the dignity of life.

- (3) We will conduct sustainable business activities that are widely useful to society by pursuing profit through fair competition rather than pursuing profit in a manner contrary to these Action Guidelines.
- (4) We will comply with employment regulations, and will not engage in any unfair or dishonest practices in violation of employment regulations.
- (5) We will always draw a line between public and private matters, and will not pursue personal gain by using corporate assets, information, business authority, or position.

Promotion of compliance

Reinforce the compliance promotion structure

The Takara Group has established the Risk Compliance Committee chaired by the President of Takara Holdings and including all members of the Board of Directors of Takara Holdings in order to ensure trustworthy and fair corporate activities and is undertaking a reinforcement of the Group-wide risk management and compliance promotion structure. Our goal is to prevent serious noncompliance, including corrupt practices, and to fulfill the corporate social responsibility of the entire Takara Group and increase the Group's corporate value by ensuring that all employees understand the Takara Group Compliance Action Guidelines, ensuring each Group company's proper compliance and taking risk management measures in accordance with the guidelines.

Implement compliance education

In order to enhance employees' compliance awareness, the Takara Group issues compliance newsletters that deal with compliance-related subjects familiar to its employees and offers an e-learning course every month. We also provide annual training for each job level, including risk and compliance seminars for top management led by guest specialists, training sessions for new managers, and new employee training, along with annual group training based on Takara Group Compliance Action Guidelines for risk compliance leaders who promote workplace compliance

education. The group training is designed to advance the leaders' understanding of their role, respect for human rights, and prevention of unfair practices as well as understanding of the key and relevant compliance-related subjects. Furthermore, based on these subjects that the group training deals with, the compliance leaders provide on-the-job training at their offices as part of our company-wide compliance education.

Appropriately operate the whistleblowing system

We have helplines in place inside as contacts for whistleblowers in the event that they have noticed any legal infringements, unfair practices, or acts that violate social ethics, such as bullying or harassments, and outside the Company (i.e., third-party organizations) for securing the anonymity of the whistleblowers. We operate these helplines in accordance with Japan's Whistleblower Protection Act and the Helpline Rules in order to ensure that whistleblowers do not receive disadvantageous treatment due to the reports they have made. The Company gives full consideration to maintaining confidentiality when investigating reports and takes appropriate action based on confirmed facts.

Our Group companies in overseas locations also have their local whistleblowing hotlines and have established and operate processes that allow their local employees to directly contact the helpline in Japan for reporting and consultation through a third-party organization.

Reinforcement of the risk management structure

Promote risk management (normal risk management)

The Takara Group strives to prevent the materialization of risks and to mitigate risks by thoroughly checking each workplace for any potential risks and taking preventive measures according to the findings. We also confirm the effectiveness of these measures against risks annually and review these measures if necessary. We repeat these activities every year and report the results to the Risk Compliance Committee.

Promote crisis management (emergency risk management)

We have a Business Continuity Plan (BCP) in place based on the scenario of a large-scale earthquake and other emergencies. Specifically, in addition to taking such steps as ensuring electric power at our production sites through the introduction of private electricity generating equipment, enhancing the reliability of information dissemination, and preparing backup offices in case the regular offices are devastated, we ensure the effectiveness of our BCP by conducting emergency drills according to the plan.

Moreover, in the event of situations with a possibility of endangering life and limb or those that could seriously impact on corporate confidence or assets, we establish an Emergency Response Headquarters while cooperating with each department to take prompt and targeted action.

We will continue to improve the BCP.

Areas of Activities for Risk Management and Compliance Promotion



The Takara Group has defined "compliance" and "risk management" as the areas of activities for Takara's risk management and compliance promotion, and further classified risk management into "risk management" for preventing risks surrounding companies and "crisis management" that sets forth actions to take in an emergency.

Status of activities for each materiality

Materiality	Target indicators	Target figures	Activities in fiscal 2022
Safety and Reliability	FSSC22000 certification at all six plants in Japan	Maintain certification [TS]	Maintained FSSC22000 certification at all six plants in Japan
	Completion rate for the auditing and quality control assessment of new outsourcing contractors and raw material suppliers	Maintain a completion rate of 100% [TS]	Completion rate: 100%
	Completion rate for checking the safety of raw materials with warranties	Maintain a completion rate of 100% [TS]	Achieved a safety check completion rate of 100%
	The Quality Control Department provides training sessions to improve the knowledge of Customer Contact Office staff members	At least once a year [TS]	Conducted in September 2022
	Completion rate for testing the degree of understanding of the manual to improve the quality of responding to customers	100% [TS]	Completion rate: 100%
	ISO certifications obtained by business offices, licenses, registrations, and the like necessary for operating business	Maintain certifications, licenses, registrations, and the like [TBG]	Maintained certifications, licenses, registrations, and the like
Human Resources	Rate of Takara Shuzo's products in compliance with food laws and regulations in export destination countries	Maintain a completion rate of 100% [TSIG]	Compliance rate: 100%
	Newly appoint women to manager and assistant manager positions	Appoint at least 50 women by the end of fiscal 2030 [TH, TS, TSI]	Total 22 (As of April 1, 2023)
	Percentage of employees with disabilities	Maintain the level at the statutory rate of 2.3% or more [Domestic Group Companies]	[TH] 2.78% [TS] 2.49% [TB] 2.30% (As of April 1, 2023)
	Total working hours	Reduce total working hours by fiscal 2025, compared to fiscal 2020 [Domestic Group Companies]	[TH, TS, TSI] 1,862.49 hours, up 17.3 hours (compared to fiscal 2020) [TB] 1,883.22 hours, down 31.7 hours (compared to fiscal 2020)
Wellness	Percentage of paid leave taken (number of days taken)	Increase the percentage by fiscal 2025, compared to fiscal 2020 [Domestic Group Companies]	[TH, TS, TSI] 76.5%, 10.1% improvement (compared to fiscal 2020) [TB] 67.8%, 17.6% improvement (compared to fiscal 2020)
	Reinstatement rate for employees who take childcare leave	Maintain a 100% reinstatement rate [Domestic Group Companies]	Maintained a 100% reinstatement rate
	Recognition of salt-free cooking liquor	35% in fiscal 2030 [TS]	24% (As of March 2023)
Responsible Alcohol Producer	Lineup of organic and vegan products	1,369 items in fiscal 2025 [TSIG]	1,269 items (As of December 2022)
	Lineup of food-allergy-conscious products (gluten-free and other food-allergy-conscious products)	1,540 items in fiscal 2025 [TSIG]	1,490 items (As of December 2022)
	Number of views of Takara Shuzo's website page on spreading awareness on the appropriate consumption of alcohol	20% increase in fiscal 2022, and 50% increase in fiscal 2025 (compared to fiscal 2020) [TS]	6% increase in fiscal 2022 (compared to fiscal 2020)
Environment	Number of cases of violating the voluntary standards on advertisements	Maintain the status of having no cases [TS]	Maintained the status of having no cases
	Display the amount of alcohol contained on packages of products	Display on packages of all consumer products (except for alcohol-based seasoning) by fiscal 2025 [TS]	Started display of information on ready-to-drink products in September 2021. Display on the rest of the products began in October 2022. Moved up the target date for ready-to-drink products to fiscal 2023.
	Display warnings about the risk of drinking for expectant and nursing mothers, and warnings to raise awareness on the appropriate consumption of alcohol	Display on packages of all consumer products (except for alcohol-based seasoning) by fiscal 2025 [TS]	Warnings for expectant and nursing mothers are displayed on all products. Warnings to raise awareness on the appropriate consumption of alcohol are displayed on all products over 2 liters. Display on products of 2 liters or less began in October 2022.
	Completion rate for e-learning and other educational programs on the appropriate consumption of alcohol	Completion rate of 100% by employees of all domestic Group companies [Domestic Group Companies]	100% implemented
	CO ₂ emissions (production sites)	Reduce CO ₂ emissions by 46% by fiscal 2030 (compared to fiscal 2018) [TS, TSIG]	Takara Shuzo + Takara Shuzo International Group CO ₂ emissions in fiscal 2022: 15.0% decrease (compared to fiscal 2018)
	CO ₂ emissions	Reduce CO ₂ emission intensity by 50% by fiscal 2030 (compared to fiscal 2018) [TBG]	Takara Bio Group CO ₂ emission intensity: 45% decrease (compared to fiscal 2018)
	CO ₂ emissions (distribution)	Reduce CO ₂ emission intensity by 10% by fiscal 2030 (compared to fiscal 2018) [TS]	Created CO ₂ emissions roadmaps for Takara Shuzo, Takara Shuzo International Group, and Takara Bio Group. Working to introduce specific measures for achieving the 2030 target, such as upgrading to energy-saving equipment, installing biomass boilers, installing solar panels, and using renewable energy sources.
	CO ₂ emissions	Achieve net zero CO ₂ emissions by fiscal 2050 [TG]	Takara Shuzo CO ₂ emissions intensity (distribution): 9.1% decrease in fiscal 2022 (compared to fiscal 2018)
	Water usage	Reduce units of water usage by 15% by fiscal 2025 (compared to fiscal 2017) [TS]	Units of water usage decreased by 6.9% (compared to fiscal 2017)
	Governance	Reuse rate of waste generated in production processes	Continue reusing 98% or more of waste [TS]
Use of paper with forest protection certification in paper carton products		100% usage by fiscal 2030 [TS]	Implementation rate: 33.3%
Usage rate of biomass ink in paper and plastic labels		100% usage by fiscal 2025 [TS]	Usage rate: 42.9%
Usage rate of paper with forest protection certification in paper packaging		100% usage by fiscal 2025 [TBG]	Implementation rate: 55%
Usage rate of aluminum-free packages in one-sided aluminum pouches		100% usage by fiscal 2025 [TBG]	Used gradually with the start of a new lot
Usage rate of vegetable oil-based ink in paper packages		100% usage by fiscal 2025 [TBG]	Usage rate: 55%
Regularly hold Risk Compliance Committee meetings		Twice per year [TG]	Implemented twice
Hold compliance training sessions		Once per year [TG]	Implemented once
Well-Balanced Diet	Conduct compliance on-the-job training	Four times per year [TG]	Implemented four times
	Monitor the state of risk management	Once per year [TG]	Implemented once
	Regularly hold various drills	Once per year [TG]	Held various drills once or more per year
Procurement	Number of social media followers, with a focus on Mio Sparkling Sake	300,000 or more followers by fiscal 2025 [TS]	155,000 (As of March 2023)
	Development of exclusive overseas products and overseas business company products	20 items by fiscal 2025 [TSIG]	12 items (As of December 2022)
Community	Number of export destination countries for washu	100 countries by fiscal 2030 [TSIG]	57 countries (As of December 2022)
	Number of followers on Takara Shuzo's official Facebook page	200,000 or more followers by fiscal 2025 [TS]	135,697 (As of March 2023)
Community	Dissemination of Sustainability Procurement Guidelines	To all suppliers [TS]	100% implemented
	Activities to support local fruit farms	20 activities by fiscal 2030 [TS]	Implemented 7 activities

<Intended organizations>

[TG] Entire Takara Group, [TH] Takara Holdings, [TS] Takara Shuzo, [TSI] Takara Shuzo International, [TSIG] Takara Shuzo International Group, [TB] Takara Bio, [TBG] Takara Bio Group [Domestic Group Companies] Takara Holdings, Takara Shuzo, Takara Shuzo International, Takara Bio, Taihei Printing, Kawahigashi Shoji, Total Management Business, Takara Butsuryu System, TB, Takara Yoki, Takara Bussan, Luc Corporation, Tokyo Mutual Trading

Messages from External Directors

I will work to raise enterprise value by incorporating the perspective of stakeholders into management.



Masako Tomotsune
(Appointed June 28, 2018)
External Director

Under the Medium-Term Management Plan for 2025, external directors also take part in prior discussions, and with “Smiles in Life – Smiles are Life’s Treasures” as its Vision, the plan sets forth the aims of investing in growth fields, human capital, and IT, promoting sustainability, and strengthening investor relations. With regard to IR, I am taking a more active role by participating in interviews and small meetings with investors and briefings for individual investors led by the Public Relations & Investor Relations Dept., and I communicate the invaluable opinions of investors within the company and make sure they are drawn on. In addition, for IT, we are implementing DX initiatives that include creating and applying rules for the use of generative AI and raising business efficiency by updating internal systems and using digital signatures. For sustainability, we make

disclosures based on the TCFD framework, conduct human rights due diligence, and have expressed our support for the WHO’s global strategy to reduce the harmful use of alcohol.

Aiming to realize the Medium-Term Management Plan for 2025, executives and employees are seriously engaged from their respective positions in a way that is true to Takara. A general atmosphere is starting to take hold that is aimed at changing the company for the better without being constrained by past precedent. This includes the project to renew business processes and the corporate culture to foster a sense of satisfaction by promoting sustainability and raising employee engagement. I expect these changes and our human resources to drive the medium- to long-term growth of the Takara Group going forward.

As an external director, I actively speak at various meetings from a medium- to long-term perspective, and I ask questions in advance at these meetings, consult with the other external directors, and collaborate with Audit & Supervisory Board Members. Specifically, I have spoken on a priority basis about promotion of women’s active involvement, respect for diversity, human rights, compliance, and reinforcement of governance, drawing on my knowledge as an attorney, and also about human capital management, including human resources development, and promoting sustainability.

Going forward, I intend to give every effort to incorporating the perspectives of stakeholders into management to raise the medium- to long-term enterprise value of Takara Holdings while also constantly monitoring the ever changing situation in society.

We will aim to realize our Vision by linking together societal and corporate sustainability.



Tomoko Kawakami
(Appointed June 27, 2019)
External Director

I am Tomoko Kawakami, an external director of Takara Holdings and a professor at Waseda University. With a well-balanced business portfolio, Takara Holdings was able to achieve steady growth even during the COVID-19 pandemic. At the same time, with the protracted Ukraine situation, economic slowing in the U.S. and Europe caused by inflation and monetary tightening, the need to address global environmental issues, and the impact of generative AI, which spread rapidly in 2023, tackling new management issues has become an imperative.

Even in my area of research, new fields have arisen. Purpose-driven marketing emphasizes the reason for a company’s existence in society, and sustainable marketing involves establishing financial

targets in tandem with solutions to social issues. It is now difficult for companies that only pursue financial results to earn strong evaluations from customers and investors. I perceive this acutely every day at the business school where I interact with businesspeople from various industries.

Takara Holdings has established its Medium-Term Management Plan for 2025 with a close eye on this trend. The core thinking behind it is linking societal sustainability—the response to climate change and human rights—with sustainability brought about by providing value over the long term through a company’s earning capacity.

Based on this thinking, Takara Holdings updated its Vision to “Smiles in Life – Smiles are Life’s Treasures.” This can be seen as the company’s

purpose, the clear expression of its raison d’être. This is also related to the importance of human capitalism for it is people who create the value that makes people smile. Generative AI is also a tool for people, one that has meaning when it is used to generate smiles, which are life’s treasures.

As a specialist, I will continue to provide management advice so that stakeholders can live happy lives filled with smiles thanks to the purpose-driven management of Takara Holdings.

Drawing on my experience thus far, I will work for the sustainable growth of the Group as a whole.



Takao Motomiya
(Appointed June 29, 2023)
External Director

I am Takao Motomiya and I was recently appointed an external director of Takara Holdings.

Takara Holdings was originally a sake maker and has a wealth of history, but it has not rested its laurels on tradition; it has flexibly responded to changes in society and the environment, manufacturing alcoholic beverages overseas and expanding into the bio business, for example, and it now conducts Group management through Takara Shuzo, Takara Shuzo International, and Takara Bio, operating companies with differing characteristics.

The products and services handled by these businesses are deeply related to people’s health and daily lives. They are subject to both legal and social regulations, so precise management and a

high level of compliance are required at every stage from manufacture to sale.

At the Ministry of Finance and National Tax Agency, I was involved in the planning and appropriate execution of tax law, improvements to tax administration, and the appropriate management of liquor tax administration. With regard to liquor tax administration, I worked on initiatives aimed at the sound development of the alcoholic beverages industry, and in my role I became aware of the importance of listening to the opinions of people in differing positions and with differing interests, including people in the alcoholic beverages industry, relevant ministries and agencies, institutes, and consumers. The same has been the

case in my experience as a certified tax accountant. I work to provide advice after fully learning about the client’s situation and to ensure that tax obligations are appropriately met as prescribed by laws and regulations related to taxation.

Drawing on this experience, I will make every effort to fulfill my role as an independent external director by providing advice and overseeing management from the standpoint of the entire Group’s sustainable growth and higher enterprise value over the medium to long term and by ensuring that the opinions of various stakeholders, starting with minority shareholders, are utilized.

Thank you in advance.