Corporate Governance Report

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Takara Holdings Inc.

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The corporate governance of Takara Holdings Inc. (hereinafter the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

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 Company and the Takara Group (hereinafter the "Group") benefits 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 Company has established a long-term management plan, "TaKaRa Group Challenge for the 100th," which will end in the fiscal year ending March 31, 2026, the 100th anniversary of the Group's foundation. Under this plan, we have established the Group's vision* as well as management and business strategies to achieve this vision.

The Company believes that achieving this vision will lead to the achievement of continuous growth and an increase in corporate value of the Group over the medium- to long-term and that the effective and efficient achievement of this vision requires a corporate governance structure that provides transparent, fair, timely, and resolute decision-making. At the same time, we also believe that to remain a trusted corporate group, we need to have in place a structure that respects the perspectives of stakeholders, including shareholders, customers, employees, creditors, and local communities, as well as enables appropriate communication.

The Company shall establish a corporate governance structure based on the above stance to achieve continuous growth and an increase in corporate value of the Group over the medium- to long-term, and is making efforts in accordance with the specific policies set forth in the Takara Holdings Corporate Governance Policy, which is posted on the Company's website.
(Takara Holdings Inc. "Corporate Governance"
https://ir.takara.co.jp/en/Management/CorporateGovernance.html)

*Vision: "Smiles in Life"
The Takara Group continuously strives to use its proprietary technology to produce great-tasting products and revolutionary biotechnology to safely and reliably deliver diverse value in the JTAB (Japanese Traditional Alcoholic Beverages), Japanese food, and life science categories and help create worldwide lifestyles and lives full of smiles.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

(Supplementary Principle 4.1.3 and Supplementary Principles 4.3.2 and 4.3.3 Succession Planning/The Procedures for Appointment/Dismissal of the CEO)
Descriptions are based on the Code as revised in June 2021.
The Company recognizes that the establishment of a process for the election of the CEO, etc. and the development of the next generation of the senior management (a succession plan) is a significant issue for the achievement of continuous growth and an increase in corporate value over the medium- to long-term. At present, the Company provides training programs as part of its plan for the development of the next generation of the senior management. Going forward, in addition to enhancing these programs, the Company shall comprehensively examine the formulation of requirements and development policies for the CEO, etc., appointment and dismissal procedures, and the system for supervision thereof by the Board of Directors in light of the business environment and corporate culture of the Company.

(Principle 4.2 Roles and Responsibilities of the Board of Directors (2) and Supplementary Principle 4.2.1 Share-Based Compensation System)
At the Company, important matters for corporate management shall be fully discussed at various committees comprised of directors and Audit & Supervisory Board members, including external directors, and operating officers. Based on the discussion, the matters shall be resolved at the Board of Directors or decided by the senior management ultimately.

Upon delegation by a resolution of the Board of Directors, following deliberation by the Nomination and Compensation Committee, the President shall determine the amount of compensation for directors of the Company. The amount is determined based on the Rules for Compensation of Officers approved by the Board of Directors within the range of the ceiling on the total amount of compensation approved by the general shareholders' meeting. Any revision to the provisions of the Rules for Compensation of Officers concerning directors shall require a resolution of the Board of Directors.

Compensation for executive directors of the Company consists of fixed compensation based on positions and roles and performance-based compensation for the purpose of strengthening incentives. Compensation for external directors consists solely of fixed compensation, considering their roles.

Fixed compensation for directors of the Company shall be paid at a fixed time every month, and the amount shall be determined based on positions and roles by comprehensively taking into consideration the business performance of the Company, economic conditions, and other factors.

Performance-based compensation for executive directors of the Company shall be paid at a fixed time every month, and the amount shall be determined based on the amount of performance-based compensation paid in the previous fiscal year and the individual's performance evaluation score for the previous fiscal year. The main indicator used for calculating performance evaluation scores for the previous fiscal year is consolidated operating income, which the Company considers as the most important management indicator.

The amount of compensation for each executive director of the Company is determined so that the ratio between the amount of fixed compensation and the standard amount of performance-based compensation will be 1:1 for all positions in principle.

The President, to whom the authority to determine the amount of compensation for directors of the Company is delegated by a resolution of the Board of Directors, shall be authorized to determine the amounts of fixed compensation and performance-based compensation for each director in accordance with this Policy. To ensure that such authority is exercised appropriately by the President, such decisions by the President shall be made through deliberations by the Nomination and Compensation Committee.

The Company currently has not adopted any compensation system that is linked to medium- to long-term business results or based on shares. However, the Company recognizes that a system of incentives for directors aimed at sustainable growth is a significant management issue, and will continue to comprehensively consider establishment of such systems, including the method for determining compensation as a whole.

(Supplementary Principle 4.11.1 Policy on the Balance between Knowledge, Experience and Skills of the Board of Directors as a Whole, and Also on Diversity and Appropriate Board Size)
The Company believes that the roles and responsibilities of the Board of Directors are extremely important for the achievement of continuous growth and to increase corporate value over the medium- to long-term and that it is extremely important to continuously examine the composition of the Board of Directors for the continuous improvement in its effectiveness. The Company will continue to examine according to the business environment and business characteristics, etc. including the appointment of persons with management experience at other companies as independent external directors.

[Disclosure Based on the Principles of the Corporate Governance Code] Updated

(Principle 1.4 Cross-Shareholdings)
In our Group, the Company and Group companies may strategically hold shares of the companies that have business relationships with individual companies in the Group. Such strategic holding of shares shall be implemented only if the Board of Directors of the Group company intending to purchase said shares acknowledges that the shareholding is reasonable as a means of business alliance, maintenance and enhancement of transaction, etc., and in view of the benefits and risks. With regard to the individual shareholdings, the Board of Directors of the Company shall annually judge whether to continue to hold shares through the examination in terms of the contribution to the achievement of continuous growth of the Group and an increase in its corporate value over the medium- to long-term, and disclose the results of its judgement. For shareholdings acknowledged to have no economic rationale, cross-shareholdings shall be reduced through sale in a timely manner upon consultation with the company in question. Meanwhile, on being informed by a company that holds cross-shareholdings of the Company's shares (the shareholder of cross-held shares) that the company in question intends to sell the Company's shares, the Company shall respect the said intention. With respect to exercising the voting rights of the companies in which shares are held, each Group company shall, based on the examination of all proposals, in principle, judge comprehensively whether or not the proposal contributes to the achievement of continuous growth of the Group and an increase in its corporate value over the medium- to long-term and the shareholders' common interest of the Group and the invested company so as to exercise them appropriately. This includes opposing proposals in cases when earnings have been poor for a certain period, when it is acknowledged that management strategy or financial strategy will damage shareholder interests, when illegal or anti-social acts are acknowledged, and other similar cases.
The results of the examination concerning whether to hold cross-shareholdings are disclosed on the Company's website under "Corporate Governance," etc.

(Principle 1.7 Related Party Transactions)
The Company shall request annually each of its officers to submit a written confirmation of transactions between the related-parties of the Company in order to identify the existence of the transactions with officers or their relatives, or with companies in which those officers or their relatives hold a majority of the voting rights or serve as a representative. With regard to the competing transactions and transactions involving conflict of interests of directors, the Company shall conduct them in compliance with laws and regulations and the Rules of the Board of Directors and with an approval by the Board of Directors, and report to the Board of Directors its results after the relevant transaction without delay.

(Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources)
The Company discloses measurable goals for promoting the active involvement of diverse human capital, including the active participation of women, and their status on the website, etc., which are based on our views for promoting the active involvement of diverse human capital presented in the Takara Group Sustainability Policy. In addition, to expand and grow business overseas, we promote foreign nationals to officers and senior management positions in overseas Group companies.

The Company discloses the human resources development policies we undertake for human capital who are able to achieve global business growth and be in charge of the Group's next generation to further increase corporate value, and the initiatives we take to ensure a comfortable workplace environment and work-life balance, as well as the status of their implementation.

(Principle 2.6 Roles of Corporate Pension Funds as Asset Owners)
The Company operates a defined benefit corporate pension plan which is based on a contract. With regards to the management of the reserve fund for the defined benefit corporate pension plan, the policy asset allocation shall be established from a medium- to long-term perspective based on the basic policy and investment management guidelines and presented to the asset manager. In addition, the Company shall regularly monitor the status of investment management by the asset manager and conduct reviews as necessary. The Company shall give consideration to the perspectives of knowledge and experience in the assignment of persons to engage in the administration of the corporate pension plan. The voting rights of shares held as part of the pension plan assets shall be exercised in accordance with the judgement criteria of the asset manager, and there are no matters that constitute a conflict of interests.

(Principle 3.1 Full Disclosure)
The Company discloses and provides the information listed below to ensure effective corporate governance.

(i) The corporate philosophy and management plan, etc. are disclosed on the Company's website and in TaKaRa Group Reports (Integrated Reports), materials for financial results briefings, securities reports, timely disclosures and news releases, etc.
(ii) The basic stance and policies on corporate governance are disclosed in this report, the Company's website and in Integrated Reports, etc.
(iii) The policy and procedure on compensation for directors are disclosed in securities reports, etc.
(iv) The policy and procedure on the appointment and dismissal of the senior management and nomination of candidates for directors and Audit & Supervisory Board members are as described below.

<Policy and procedure on the appointment and dismissal of the senior management and nomination of candidates for directors and Audit & Supervisory Board members>
1. With regard to the appointment and dismissal of the senior management, the President shall make proposals to the Board of Directors, which shall be resolved at the meetings of the Board of Directors in light of the following standards (1) and (2). With regard to the candidates for directors, the President shall, following deliberation with the Nomination and Compensation Committee, make proposals to the Board of Directors, which shall be resolved at the meetings of the Board of Directors in light of the following standard (1):
(1) Appointment of the senior management and nomination of candidates for directors
- A person with an ability to acknowledge and solve the management issues from the perspectives of his/her excellent characters and insights and the management overall;
- With regard to executive directors, a person with the sufficient expertise, experience and achievements in specialized fields as well as high capability in organizational management;
- With regard to external directors, a person with an abundant experience in that person's field who possesses the capability to make advice and recommendations to secure the propriety and appropriateness of the decision-making by the Board of Directors from an independent standpoint.

(2) Dismissal of the senior management
- It is recognized that the person has breached laws and regulations, the Articles of Incorporation or other internal rules and caused the Company to suffer significant losses or serious impediment to the business;
- It is recognized that there has been serious impediment to the execution of his/her duties;
- It is recognized that the person has a socially reprehensible connection with anti-social forces;
- It is recognized that each of the requirements for the appointment standards in (1) above is clearly lacking.

2. Proposals on the nomination of candidates for Audit & Supervisory Board members shall be made by the President to the Board of Directors after discussion with other representative directors and receiving the consent of Audit & Supervisory Board, and resolved at the meetings of the Board of Directors in light of the following standards:
- A person with an ability to acknowledge the management issues from the perspectives of his/her excellent characters and insights and the management overall, monitor, and provide advice and recommendations from an independent standpoint to secure the propriety and appropriateness of the decision-making by the Board of Directors;
- With regard to Audit & Supervisory Board members from within the Company, a person with sufficient expertise, experience and achievements in specialized fields;
- With regard to external Audit & Supervisory Board members, a person with an abundant experience in that person's field.

(v) Reasons for nomination of each of the candidates for directors and Audit & Supervisory Board members are disclosed in the convocation notice of the general shareholders' meetings.
- With regard to the disclosure of information, including disclosure in accordance with laws and regulations, the Company shall, based on the stance of the Board of Directors, strive to prepare information in a clear and concise manner so that all stakeholders can accurately understand its contents. Meanwhile, the Company shall make information disclosure in English, bearing in mind the proportion of overseas investors as necessary.

(Supplementary Principle 3.1.3 Sustainability Initiatives)
We disclose the Company's sustainability initiatives in the Takara Group Sustainability Policy and the Takara Group Sustainability Vision.

The Company believes that training human resources who are able to achieve global business growth and be in charge of the Group's next generation is a significant management issue for the achievement of continuous growth and increase in corporate value over the medium- to long-term, and we promote the initiatives disclosed in the Takara Group Sustainability Policy and the Takara Group Sustainability Vision.

In addition, the Group recognizes that reinforcing our technical prowess, product competitiveness, and brand position are extremely significant management issues, and appropriately promotes the creation of, acquisition of rights to, and the management and exercise of intellectual property to increase the accumulated technology, including know-how, and brand value of products.
We also consider and respond to the impact of climate change on the sustainability of business based on the TCFD framework, and disclose related information on our website, etc.
(Takara Holdings Inc. "Disclosure based on the TCFD framework"
https://www.takara.co.jp/sustainability/tcfd/index.html)

(Supplementary Principle 4.1.1 Scope of Delegation to the Management)
The Company shall stipulate the following items, among others, as the matters to be resolved at the Board of Directors in the Rules of the Board of Directors, and delegate matters other than those to the management team comprised of representative directors and executive directors, etc.
(i) The basic management policy of the Company and its Group companies;
(ii) The long-term and medium-term management plan and annual budgets;
(iii) Proposals to be made at the general shareholders' meetings;

(iv) Matters that meet the criteria of specific amounts, etc. of the significant business executions prescribed in the Companies Act, including disposal and acquisition of significant assets; and
(v) Other matters stipulated in laws and regulations, or the Articles of Incorporation as well as significant matters that affect the status of operation, business and finance and the business results, etc. of the Group.

(Principle 4.9 Independence Standards and Qualifications for Independent Directors)
The independence standards for independent directors of the Company are as described in this report under "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation [Independent Directors/Audit & Supervisory Board Members] Matters relating to Independent Directors/Audit & Supervisory Board Members <Independence standard for outside officers>."

(Principle 4.10.1 Establishment of an Independent Nomination and Compensation Committee)
The Company has established the Nomination and Compensation Committee, mainly comprised of independent external directors, under the Board of Directors, to ensure independence and objectivity in the Board of Directors function in relation to the nomination of candidates for directors and compensation of directors, etc. The Nomination and Compensation Committee will be involved appropriately in these issues.

The Nomination and Compensation Committee comprises at least three members, of which a majority shall be independent external directors, with the chairperson elected from such independent external directors to ensure the independence of such Committee. The Committee deliberates on matters and provides recommendations and advice to the Board of Directors ahead of Board of Directors resolutions concerning the nomination of candidates for directors and the compensation of directors, etc.

(Supplementary Principle 4.11.1 Policy on the Balance between Knowledge, Experience and Skills of the Board of Directors as a Whole, and Also on Diversity and Appropriate Board Size)
The Company shall appoint as directors the persons deemed most suitable from the perspectives of mutually complementing the execution of business and strengthening the oversight functions of the Board of Directors based on each of their skills, knowledge, experience, expertise, etc. from among persons who meet the criteria described in the aforementioned <Policy and procedure on the appointment and dismissal of the senior management and nomination of candidates for directors and Audit & Supervisory Board members>"(1) Appointment of the senior management and nomination of candidates for directors" without being restricted by gender, nationality, work experience, and age, etc. The Company believes that this approach secures the required diversity of the Board of Directors as a whole. At present, three out of the Company's six directors are external directors, and two directors are female. In addition, the Company appoints Audit & Supervisory Board members who possess financial, accounting, and legal affairs knowledge, and it has appointed three Audit & Supervisory Board members with sufficient financial and accounting knowledge.

The Board of Directors of the Company is comprised of executive directors with high-level specialist knowledge and experience in each business and independent external directors with extensive experience and broad insight who provide advice and recommendations, etc. based on the perspective of all stakeholders, including shareholders, in light of their respective very high-levels of expertise. This achieves both diversity and appropriate size when conducting group management as a holding company and is currently considered to be the best structure.

The Company believes that the roles and responsibilities of the Board of Directors are extremely important for the achievement of continuous growth and to increase corporate value over the medium- to long-term and that it is extremely important to continuously examine the composition of the Board of Directors for the continuous improvement in its effectiveness. The Company will continue to examine according to the business environment and business characteristics, etc. including the appointment of persons with management experience at other companies as independent external directors. A skills matrix of the Board of Directors is presented in "Reference Material 3: Expertise and Experience of Directors (skills matrix)" in this report.

(Supplementary Principle 4.11.2 Concurrent Positions of External Directors and External Audit & Supervisory Board Members)
The Company currently has three external directors and three external Audit & Supervisory Board members. The maximum number of other listed companies concurrently served by the external directors is two, thus, enough time required to appropriately fulfill their roles and responsibilities as external directors is ensured. Furthermore, positions of external directors and external Audit & Supervisory Board members held at other companies are described in this report under "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation [External Directors' Relationship with the Company (2)] and [External Audit & Supervisory Board Members' Relationship with the Company (2)]."

(Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors)
The effectiveness of the Board of Directors of the Company has been evaluated each year from the perspectives of its administration as a committee and its function as an organization to increase corporate

value over the medium- to long-term. An outline is disclosed on the Company's website under "Corporate Governance," etc.

(Supplementary Principle 4.14.2 Training Policy for Directors and Audit & Supervisory Board Members)
The training policy for directors and Audit & Supervisory Board members is as follows.
<Training policy for directors and Audit & Supervisory Board members>
At the Company, persons with the expertise necessary to appropriately fulfill their expected roles and responsibilities serve as directors and Audit & Supervisory Board members. After their appointment, they continuously strive to improve their competence, including acquisition of the requisite knowledge. In this regard, the Company has established a policy for the training for directors and Audit & Supervisory Board members, for an even deeper understanding of their roles and responsibilities, as follows:

1. The Company provides and arranges for directors and Audit & Supervisory Board members opportunities for training and knowledge acquisition on the followings, depending on their experience and expertise, and helps with expenses thereof:
(1) Finance, accounting and tax as well as corporate finance;
(2) Laws and regulations related to the Companies Act and the Financial Instruments and Exchange Act as well as corporate governance.

2. The Company annually holds the Compliance Top Seminar inviting external lecturers.

3. Upon new appointment of external directors and external Audit & Supervisory Board members, the Company provides a training program consisting of a curriculum that includes explanations of the Group's management policies, business strategies, and each business as well as plant and other site visits. Subsequently, through the provision of information as necessary, the Company shall regularly offer supports for acquiring knowledge necessary in order to fulfill their roles and responsibilities.

(Principle 5.1 Policy for Constructive Dialogue with Shareholders)
With the aim of the achievement of continuous growth of the Company and an increase in its corporate value over the medium- to long-term, the Company shall strive to proactively respond to the requests for a dialogue (an interview) from shareholders and investors to a reasonable extent and work to develop the system to promote a constructive dialogue with shareholders through the establishment of the Basic Policy on Constructive Dialogue with Shareholders.

<Basic policy on constructive dialogue with shareholders>
Aiming to contribute to the achievement of continuous growth of the Company and an increase in its corporate value over the medium- to long-term, the Company shall strive for the constructive dialogue (interview) with shareholders.

- The Investor Relations Department shall serve as the main point of contact for constructive dialogue with shareholders and work organically with the General Affairs Department that manages the shareholders' register. The director in charge of investor relations controls and strives to develop the system therefor.
- The director in charge of the relevant departments, etc. shall deal with interview requests from shareholders, based on the character and holding status of the Company's shares of the shareholder and the reason for the interview request, to a reasonable extent.
- The Company established the system that delivers all information necessary for the constructive dialogue with shareholders to the Investor Relations Department, the main point of contact for shareholders, through committees and other means.
- The Company shall strive to enrich the contents and quality of individual interview, financial results briefings for institutional investors, briefing session for individual investors, inquiries via telephone or website, as a means of dialogue with shareholders.
- Opinions and other feedback from shareholders obtained through the dialogue shall be shared internally by means of the reporting at the Board of Directors, etc. and communication between related parties as necessary.
- The Company shall not communicate any insider information through the occasion for the dialogue as above by providing thorough education and training with the person in charge to that effect. If, irrespective of intention or negligence, a leakage of insider information should occur, the Company shall communicate the fact to the counterparty on the spot and immediately disclose the fact according to the established procedures.

<Status of implementation of dialogue with shareholders>

The status of implementation of dialogue with shareholders for the fiscal year ended March 31, 2024 and other matters are described below.

1. Content of implementation and major responsible persons
- Financial results briefings (May and November): Representative Director and President
- Small meetings (June and March): Director in charge of the IR Division, President of Takara Shuzo International Co., Ltd.

- Individual IR interviews (127 times): Mainly General Manager of Public Relations & Investors Relations Department
- ESG interviews (twice): General Manager of Sustainability Promotion Office, General Manager of Public Relations & Investors Relations Department
- Briefings for individual investors (three times): Director in charge of the IR Division

2. Outline of shareholders who conducted dialogue
Institutional investors in Japan and overseas, securities analysts, etc.

3. Main themes of dialogue and major interests of shareholders
- Overview of financial results (outline, status by segment, difference from results forecasts, etc.)
- Outlook for the fiscal year ending March 31, 2025 (market conditions, status of cost, competition, etc.)
- Progress of key targets of the Medium-Term Management Plan (brand development, base expansion, etc.)
- Long-term business strategies

4. Feedback of shareholders' opinions to the management
The opinions and concerns identified during these interviews with shareholders are fed back to the Representative Director and President and other officers as appropriate, in addition to regularly reporting at internal meetings (June and December).

[Measures for a management approach that is conscious of cost of capital and stock prices]
In the Group's Medium-Term Management Plan for 2025, which is effective from the fiscal year ended March 31, 2024, we have set a management policy of "ensuring ROIC-driven corporate management is practiced across the Group and investing in business in growth and high-priority fields." Based on this plan, we will invest approximately 88.0 billion yen—exceeding our operating cashflow—mainly in growth and high-priority fields over three years, and aim to post an ROE of 9.0% or more and an ROIC of 7.5% or more for the fiscal year ending March 31, 2026.
In the fiscal year ended March 31, 2024, which is the first year of the Medium-Term Management Plan for 2025, we invested 27.0 billion yen mainly in business in growth and high-priority fields in line with the policy. On the other hand, net sales and profits declined mainly due to a large decrease in sales of COVID-19 related testing reagents, while net assets increased due to increases in valuation difference on available-for-sale securities and foreign currency translation adjustment. As a result, ROE was 7.5% and ROIC was 4.8%, both below those for the fiscal year ended March 31, 2023. ROIC was lower than the Group's WACC which is regarded to be slightly more than 6%. PBR also stayed at around 1X, and therefore we believe that activities for increasing corporate value need to be further strengthened.
In light of these circumstances, the Group aims to shift to an upward trend in earnings for achieving the target ROE and ROIC in the Medium-Term Management Plan for 2025, as well as further promotes initiatives for increasing capital efficiency, such as investing in business in growth and high-priority fields carefully selected by evaluation with the Net Present Value (NPV) method or other methods and reducing cross-shareholdings. In addition, we will accelerate penetration of the ROIC management by adding the degree of achievement of the target ROIC to the performance evaluation indicators for the officers in the positions of heads of workplaces or higher from the fiscal year ending March 31, 2025. Furthermore, we will make efforts to promote the understanding of the Group among respective stakeholders, including investors, by providing more information as a corporate entity.
The details of the business strategies for the fiscal year ending March 31, 2025 are published in IR Events under INVESTOR RELATION of our website, titled Briefing Session for Financial Statements for the Fiscal Year Ended March 31, 2024. (Takara Holdings Inc. "IR Events"
https://ir.takara.co.jp/en/Library/IRMaterials/main/011112/teaserItems3/0112/linkList/0/link/presentation_240514.pdf

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%

[Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	35,294,300	18.08
Custody Bank of Japan, Ltd. (Trust Account)	14,571,800	7.46
Mizuho Bank, Ltd.	9,738,000	4.99
The Norinchukin Bank	9,500,000	4.87
Meiji Yasuda Life Insurance Company	5,370,000	2.75
Bank of Kyoto, Ltd.	5,000,000	2.56
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,878,000	1.99
KOKUBU GROUP CORP.	3,489,500	1.79
Takara Group Employees' Shareholding Association	3,167,376	1.62
Japan Alcohol Trading Co., Ltd.	3,000,000	1.54

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation Updated

(Note) The percentage of shares owned is calculated with the exclusion of treasury stock (1,995,688 shares).

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Foods
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances Which May Have Material Impact on Corporate Governance Updated

[Concerning the Company's listed subsidiary Takara Bio Inc.]
As of June 27, 2024 (hereinafter, "as of the date this report is filed"), the Company is the parent company of Takara Bio Inc. (listed on the Prime Market of the Tokyo Stock Exchange, Securities Code 4974; hereinafter "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 the Company's biomedical business unit. Subsequently, the parent company's share of voting rights was reduced to its current level through third party capital increases, public subscriptions, the issue of bonds with

stock acquisition rights, and other corporate actions carried out by Takara Bio.

As of March 31, 2024, the Group comprises the Company, which is a holding company, 66 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 any other segment in the Group and has only limited dealings with the Company.

[The significance of having a listed subsidiary and measures to ensure the effectiveness of the governance system of the listed subsidiary in light of the views and policies concerning the Group's management]

<Views and policies concerning the Group's management>

- 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 Company and the Group benefits 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 Company believes that achieving the vision in the long-term management plan, "TaKaRa Group Challenge for the 100th," which will end in the fiscal year ending March 31, 2026, the 100th anniversary of the Group's foundation will lead to an increase in corporate value of the Group as a whole.
- To achieve the vision, the Company's basic approach is to respect the independence of each Group company, and have each company increase the speed of its management through independent management and pursue business outcomes to the utmost extent. The Company also believes it is important to integrate the business plans of each company for the overall optimization of the Group and to decide on the effective allocation of management resources such as funds and personnel by continuously identifying and analyzing the status of business execution.
- This is a system that consolidates management resources and aims for growth in three business segments: Takara Shuzo, which handles our domestic business, Takara Shuzo International Group, which handles our international business, and Takara Bio Group, which handles our Biomedical Business. We have clarified the division of roles between the business companies that give undivided attention to promoting above businesses and the Company, which strongly supports the business of each company and leads the overall management of the Group.

<Significance of having a listed subsidiary>

- Takara Bio is a growing enterprise of great promise in the Group. We believe that having Takara Bio in our business portfolio is extremely important for maximizing the Group's corporate value in the future.
- We also believe that Takara Bio needs to have its own means of financing in order to further accelerate growth of our Biomedical Business. Moreover, to hire and train talented employees and further advance the management of Takara Bio, we believe it is vital to maintain Takara Bio as a listed subsidiary.

<Measures to ensure the effectiveness of the governance system of the listed subsidiary>

- The Takara Bio Corporate Governance Policy stipulates that one-third or more of directors at Takara Bio (three out of nine as of the date this report is filed) must be independent external directors with no vested interest in Takara Bio or the Company. Hence, we believe that we have a system in place for protecting the rights of Takara Bio's general 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.
- In addition, for the purpose of protecting the interests of Takara Bio's minority shareholders, Takara Bio deliberates and considers matters related to important transactions and acts in which the interests of the Company or its subsidiaries conflict with the interests of Takara Bio's minority shareholders, in a special committee composed of three or more independent members, including external directors. Takara Bio advises and recommends the results to the Board of Directors of Takara Bio.
- The Company 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. In the said Rules and Regulations, the Group companies are classified according to their attributes, including capital relationships. Although we apply the said Rules and Regulations to Takara Bio, the Company does not require preliminary discussions or prior approval on material matters, including the matters to be resolved at the Board of Directors, and provides for reporting only, based on the classification of the Rules and Regulations. Hence, Takara Bio runs its business independently.
- Mutsumi Kimura, the Representative Director and President of the Company, concurrently serves as a director of Takara Bio. He was, however, invited by Takara Bio based on the judgment that his experience and knowledge gained through his management of Takara Bio in the past would be useful to Takara Bio and not for the purpose of the Company controlling Takara Bio. Furthermore, in receiving the proposal of agenda items for the appointment of corporate executives of Takara Bio, the Company does not engage in the nomination process in advance.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with an Audit & Supervisory Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	7
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors Updated	6
Appointment of External Directors	Appointed
Number of External Directors	3
Number of External Directors Who Are Designated as Independent Directors	3

External Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masako Tomotsune (Name on family registry: Masako Izaki)	Lawyer											
Tomoko Kawakami	Academic											
Takao Motomiya	Tax accountant											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the Company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which the Company's external directors/Audit & Supervisory Board members are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

External Directors' Relationship with the Company (2) Updated

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Masako Tomotsune (Name on family registry: Masako Izaki)	○	[Concurrent positions] Partner of Tanabe & Partners Outside Director (Audit and Supervisory Committee Member) of The Kodensha Co., Ltd. Evaluation Committee and Compliance Committee of The Agriculture and Livestock Industries Corporation	The Company judges that her broad knowledge and abundant experience and track record in corporate legal affairs as an attorney can be incorporated in the further enrichment of the Company's management structure. In addition, the Company judges her to be a person with independence without risk of conflict of interest with general shareholders according to the independence standard for outside officers (see the under-mentioned [Independent Directors/Audit & Supervisory Board Members] "Matters relating to Independent Directors/Audit & Supervisory Board Members"). Therefore, the Company designates her an independent director.
Tomoko Kawakami	○	[Concurrent positions] Professor, Waseda Business School, Graduate School of Faculty of Commerce, Waseda University Outside Director, Open Up Group Inc.	The Company judges that her broad knowledge and abundant experience and track record through her involvement with research activities on business administration and marketing over many years at Waseda University and elsewhere can be incorporated in the further enrichment of the Company's management structure. In addition, the Company judges her to be a person with independence without risk of conflict of interest with general shareholders according to the independence standard for outside officers (see the under-mentioned [Independent Directors/Audit & Supervisory Board Members] "Matters relating to Independent Directors/Audit & Supervisory Board Members"). Therefore, the Company designates her an independent director.
Takao Motomiya	○	[Concurrent position] Tax accountant, Takao Motomiya Certified Tax Accountant Office, Auditor of Public interest incorporated foundation	The Company judges that his broad knowledge and abundant experience and track record in taxation through successive jobs in important positions at the National Tax Agency, etc. can be incorporated in the further enrichment of the Company's management

		The Brewing Society of Japan	structure. In addition, the Company judges him to be a person with independence without risk of conflict of interest with general shareholders according to the independence standard for outside officers (see the under-mentioned [Independent Directors/Audit & Supervisory Board Members] "Matters relating to Independent Directors/Audit & Supervisory Board Members"). Therefore, the Company designates him an independent director.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination and Compensation Committee	Nomination and Compensation Committee
Total Committee Members	5	5
Full-time Members	0	0
Internal Directors	2	2
External Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	External Director	External Director

Supplementary Explanation

The Company has established the Nomination and Compensation Committee, mainly comprised of independent external directors, under the Board of Directors, to ensure independence and objectivity in the Board of Directors function.

<Composition of the Committee>
Chairperson Masako Tomotsune (External Director)
Member Tomoko Kawakami (External Director)
Member Takao Motomiya (External Director)
Member Mutsumi Kimura (President of the Company)
Member Hideo Takahashi (Managing Director)
<Matters to be discussed>
- Matters concerning candidates for directors to be proposed to the general shareholders' meeting
- Matters concerning revisions to the maximum amount of compensation for directors to be proposed to the general shareholders' meeting
- Matters concerning compensation of individual directors
- Other matters concerning nomination and compensation of directors

[Audit & Supervisory Board]

Establishment of an Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	5

Cooperation among Audit & Supervisory Board Members, the Accounting Auditor and the Internal Audit Division

The Company's Audit & Supervisory Board members, the accounting auditor and the internal audit division (Audit Division) aim for mutual cooperation, regularly exchanging information and opinions and consulting in relation to the audit policy, the audit plan and the status of audit implementation.

Appointment of External Audit & Supervisory Board Members	Appointed
Number of External Audit & Supervisory Board Members	3
Number of External Audit & Supervisory Board Members Who Are Designated as Independent Audit & Supervisory Board Members	2

External Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Toshihito Yamanaka	From another company							△						
Satoshi Matsunaga	From another company							○						
Akiko Yoshimoto	Other													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. Audit & Supervisory Board member of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board member
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board member himself/herself only)

k. Executive of a company, between which the Company's external directors/Audit & Supervisory Board members are mutually appointed (the Audit & Supervisory Board member himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board member himself/herself only)
m. Others

External Audit & Supervisory Board Members' Relationship with the Company (2) Updated

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Toshihito Yamanaka	○	-	The Company judges that his broad knowledge and many years of business experience and track record at financial institutions through successive jobs in important positions at Mizuho Bank, Ltd. and Mizuho Corporate Bank, Ltd. can be incorporated in the further enrichment of the Company's audit structure. He was a business executive of Mizuho Bank, Ltd., which is listed as a "Major Lender" in the Company's Business Report (however, the amount of loans was less than 2% of consolidated total assets of the Company). However, he retired from the bank in June 2013 and the Company judges him to be a person with independence without risk of conflict of interest with general shareholders. Therefore, the Company designates him an independent Audit & Supervisory Board member.
Satoshi Matsunaga		-	The Company judges that his broad knowledge and many years of business experience and track record at financial institutions through successive jobs in important positions at The Norinchukin Bank can be incorporated in the further enrichment of the Company's audit structure. He was a business executive of The Norinchukin Bank, which is listed as a "Major Lender" in the Company's Business Report (however, the amount of loans was less than 2% of consolidated total assets of the Company). Except for this, there is no conflict with the independence standard for outside officers (see the under-mentioned [Independent Directors /Audit & Supervisory Board Members] "Matters relating to Independent Directors/Audit & Supervisory Board Members"). He resigned from The Norinchukin Bank effective June 28, 2021.

Akiko Yoshimoto	○	[Concurrent positions] Senior Advisor, Boston Consulting Group Outside Director, TOENEC CORPORATION	The Company judges that her high level of knowledge and her experience and track record from her abundant work experience in the area of labor laws and systems, etc. to date through successive jobs in important positions such as at the Ministry of Health, Labour and Welfare can be incorporated in the further enrichment of the Company's audit structure. The Company judges her to be a person with independence without risk of conflict of interest with general shareholders according to the independence standard for outside officers (see the under-mentioned [Independent Directors/Audit & Supervisory Board Members] "Matters relating to Independent Directors/Audit & Supervisory Board Members"). Therefore, the Company designates her an independent Audit & Supervisory Board member.

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members Updated	5

Matters relating to Independent Directors/Audit & Supervisory Board Members

The Company designates all outside officers who meet the qualifications to be independent officers as independent officers.

The criteria for judging the independence of external directors and external Audit & Supervisory Board members of the Company are as follows.

<Independence standard for outside officers>
The Company deems an external director or an external Audit & Supervisory Board member (collectively, the "outside officer") to have independence against the Company if he or she satisfies all of the following requirements:

1. An outside officer who currently satisfies and has satisfied at any time in the past the following requirement:
An outside officer shall not be a person who performs executive roles (executive director, executive officer, manager or other employee; hereinafter the same) of the Company, its subsidiaries or affiliates (collectively, "the Group");

2. An outside officer who currently satisfies and has satisfied in the last five years all of the following requirements:
(1) An outside officer shall not be a major shareholder of the Company (entities that directly or indirectly own 10% or more of the total voting rights of the Company) or shall not be a person who performs executive roles therein;
(2) An outside officer shall not be a company nor any other organization of which the Group own 10% or more of the total voting rights, or shall not be a person who performs executive roles therein;
(3) An outside officer shall not be a major business partner of the Group (entities with which the Company's transaction amounts exceed 2% of the Company's consolidated sales in a certain business year of the Group) or shall not be a person who performs executive roles therein;
(4) An outside officer shall not be a party for whom the Group is a major business partner (entities whose transaction amounts with the Company exceed 2% of their consolidated sales in a certain business year) or shall not be a person who performs executive roles therein;
(5) An outside officer shall not be a major lender of the Group (entities from which the Group borrows and

whose outstanding loans to the Group exceed 2% of the consolidated total assets of the Company. However, the entities stated as “Major Lenders” in the business reports and other statements of the Group deemed as such, irrespective of the above.) or shall not be a person who performs executive roles therein;
(6) An outside officer shall not be a professional service provider including attorney, certified public accountant, licensed tax accountant and consultant, etc. who receives compensation, etc. more than 10 million yen per year other than compensation for an officer from the Group (In case where the entity is a corporation or other organization, refers to a person who provides the service belonging thereto);
(7) An outside officer shall not be an accounting auditor of the Group (In case where the entity receiving such compensation, etc. is a corporation or other organization, refers to a person who executes business belonging thereto);
(8) An outside officer shall not be a person who receives donations more than 10 million yen per year from the Group (In case where the entity is a corporation or other organization, refers to a person who executes business belonging thereto);
(9) An outside officer shall not be a person who performs executive roles at companies which have a relationship involving cross-assumption of office of outside officers (relationship in which person who performs executive roles of the Group serves as outside officer of a company other than the Group and, at the same time, person who performs executive roles of the company other than the Group serves as outside officer of the Company); and
(10) An outside officer shall not be a relative (spouses and relatives of up to the second degree of kinship) of person who performs executive roles of the Group (In case of employees, refers to a person in higher positions than the heads of departments or similar.) to whom any of items (1) through (9) apply (In case of an employee who performs executive roles of companies, refers to a person in higher positions than the heads of departments or similar. In case of a person who belongs to organizations other than companies, refers to a person who executes significant operations.)

3. There are no circumstances that would reasonably be considered to prevent an outside director from fulfilling his/her duties as an independent outside director.

In addition, Furthermore, Takao Motomiya is an auditor of the Brewing Society of Japan, a public interest incorporated foundation, and our subsidiaries may receive yeast for alcoholic beverage production from the society, but the annual transaction amount is very small, less than 2 million yen.

[Incentives]

Incentive Policies for Directors	Performance-based Compensation

Supplementary Explanation

Recipients of Stock Options	

Supplementary Explanation

-

[Director Compensation]

Disclosure of Individual Directors’ Compensation	No Individual Disclosure

Supplementary Explanation Updated

[The total amount of compensation, etc. in the fiscal year ended March 31, 2024]
Total amount of compensation, etc.: 168 million yen for seven directors (including 22 million yen for three external directors)
(of which, amount of fixed compensation: 86 million yen for seven directors (including 22 million yen for three external directors))
(of which, amount of performance-based compensation: 81 million yen for four directors (for directors other than external directors))
(Note 1) The amount of compensation for directors, etc. does not include the employee salary component for directors serving concurrently as employees.
(Note 2) The past results for consolidated operating income, which is the main evaluation indicator for the decision on performance-based compensation, are as follows.

The fiscal year ended March 31, 2021 - Actual result: 21,595 million yen

The fiscal year ended March 31, 2022 - Initially forecast result: 33,445 million yen The fiscal year ended March 31, 2022 - Actual result: 43,354 million yen The fiscal year ended March 31, 2023 - Initially forecast result: 31,777 million yen The fiscal year ended March 31, 2023 - Actual result: 37,945 million yen	
Policy on Determining Compensation Amounts and Calculation Methods Updated	Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

(1) Details of the policy on determining amounts of compensation for directors, etc. and the determination method, etc.
Compensation of directors shall be decided by the President as delegated by a resolution of the Board of Directors following deliberation by the Nomination and Compensation Committee. The amount is determined based on the Rules for Compensation of Officers approved by the Board of Directors within the range of the ceiling on the total amount of compensation approved by the general shareholders' meeting. Any revision to the provisions of the Rules for Compensation of Officers concerning directors shall require a resolution of the Board of Directors.

Compensation for executive directors consists of fixed compensation based on positions and roles and performance-based compensation for the purpose of strengthening incentives. Compensation for external directors consists solely of fixed compensation, considering their roles.

(2) Details of the policy on determining performance-based compensation for executive directors and the determination method, etc.
The individual performance-based compensation for executive directors shall be determined based on the amount of performance-based compensation paid in the previous fiscal year and the individual's performance evaluation score for the previous fiscal year.

The main indicator used for calculating performance evaluation scores for the previous fiscal year is consolidated operating income, which the Company considers as the most important management indicator.

(3) Date of the general shareholders' meeting resolution concerning compensation for directors, etc. and details of such resolution
With regard to the maximum amount of compensation for directors, the 108th Annual General Meeting of Shareholders held on June 27, 2019 approved the fixed annual compensation of up to 136 million yen (up to 30 million yen for external directors). As for performance-based compensation (for directors who are not external directors), the 104th Annual General Meeting of Shareholders held on June 26, 2015 approved an annual amount that is equivalent to up to 1% of consolidated operating income for the previous fiscal year (however, these amounts do not include the employee salary component for directors serving concurrently as employees).

[Supporting System for External Directors and/or Audit & Supervisory Board Members] Updated

Upon new appointment of external directors and external Audit & Supervisory Board members, the Company provides a training program consisting of a curriculum that includes explanations of the Group's management policies, business strategies, and each business as well as plant and other site visits. Subsequently, through the provision of information as necessary, the Company shall regularly offer supports for acquiring knowledge necessary in order to fulfill their roles and responsibilities. In addition, when the Board of Directors and other important committees of the Group are convened, the agenda and materials are forwarded in advance, as necessary, with explanation provided by relevant division, with a system that enables the appropriate execution of their duties.

Furthermore, when executing their work as external Audit & Supervisory Board members, opportunities are created to receive explanation from Audit & Supervisory Board members from within the Company and the internal audit division (Audit Division), as necessary, with a support system so that there is no difference in the level of understanding with Audit & Supervisory Board members from within the Company.

[Retired Presidents/CEOs Holding Advisory Positions (Adviser, Consultant, etc.)]

Information on retired presidents/CEOs holding advisory positions (adviser, consultant, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part-time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Hisashi Omiya	Honorary Chairman	External activities	Come to work as necessary, with compensation	June 29, 2022	Not Determined

Number of retired presidents/CEOs holding advisory positions (adviser, consultant, etc.)	1

Others

Internal rules on honorary chairman etc. are established in accordance with a resolution of the Board of Directors. The appointment of honorary chairman is also a matter for resolution by the Board of Directors.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

(1) Outline of the current system
The Company is a company with Audit & Supervisory Board members as well as being a company with an Audit & Supervisory Board.

- Directors and Board of Directors

The Company shall appoint as directors the persons deemed most suitable from the perspectives of mutually complementing the execution of business and strengthening the oversight functions of the Board of Directors based on each of their skills, knowledge, experience, expertise, etc. from among persons who meet certain criteria without being restricted by gender, nationality, work experience, and age, etc. The Company believes that this approach secures the required diversity of the Board of Directors as a whole. As of the date this report was filed, three out of the Company's six directors (The Articles of Incorporation stipulate that the number of members is seven.) are external directors, and two directors are women. In addition, the term of directors is one year to enable swift response to the business environment and to clarify management responsibility.

- Audit & Supervisory Board members and Audit & Supervisory Board

The Company appoints Audit & Supervisory Board members who possess financial, accounting, and legal affairs knowledge, in order to ensure functions necessary to perform the roles and responsibilities of the Audit & Supervisory Board members and the Audit & Supervisory Board. As of the date this report was filed, three out of the Company's five Audit & Supervisory Board members are external Audit & Supervisory Board members. In addition, three out of the Company's five Audit & Supervisory Board members have sufficient financial and accounting knowledge.

As a holding company, the Company 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.

a. 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 Group, review each Group company's performance, and report updates on activities.
b. 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 the Company, 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.

In addition, pursuant to the provision of Article 426, Paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation that the liability for damages of directors and Audit & Supervisory Board members (including those who were previously directors and Audit & Supervisory Board members) for negligence of their duties may be exempted by a resolution of the Board of Directors within the statutory limit. This is for the purpose of enabling directors and Audit & Supervisory Board members to adequately fulfill their expected roles. In addition, pursuant to the provisions of the Articles of Incorporation in accordance with Article 427, Paragraph 1 of the Companies Act, the Company has entered into a liability limitation agreement with external directors and external Audit & Supervisory Board members to the effect that "the maximum amount of liability shall be the sum of the amounts set forth in each item of Article 425, Paragraph 1 of the Companies Act."

(2) Status of audit
The status of the audit for the fiscal year ended March 31, 2024 is described as follows.

1. Status of the Audit & Supervisory Board members' audit
The Audit & Supervisory Board of the Company comprises five members, including three who are external Audit & Supervisory Board members. The Audit & Supervisory Board sets the audit policy and audit plan, and accordingly, each Audit & Supervisory Board member attends important committee meetings such as the Board of Directors and the Group Strategy Committee, examines operations, assets and important documents and regularly exchanges opinions with the representative directors and receive reports on the status of execution of duties from the directors, etc. in charge of each division and requesting explanations as necessary, through which he or she audits the execution of the directors' duties.
Standing Audit & Supervisory Board member Teruaki Mitsui, through his business experience as the person responsible for the Company's accounting division and both standing Audit & Supervisory Board members Toshihito Yamanaka and Satoshi Matsunaga, through their many years of business experience, etc. at financial institutions, respectively possess considerable knowledge concerning finance and accounting.

In the fiscal year under review, the Company's Audit & Supervisory Board convened 14 times, and The attendance of each Audit & Supervisory Board Member is as follows:
・Teruaki Mitsui, Toshihito Yamanaka, Yoichi Suzuki, Satoshi Matsunaga and attended all 14 meetings.
・Kumiko Kitai, who retired from her position at the conclusion of the 112th General Meeting of Shareholders due to the expiration of her term of office, attended all four meetings of the Audit & Supervisory Board held during her term of office.
・Akiko Yoshimoto, who was newly appointed at the 112th General Meeting of Shareholders, has attended all 10 meetings that have been held since appointment.

In addition to confirming whether or not there has been any misconduct in the execution of duties by directors and the status of compliance with laws and regulations and the Articles of Incorporation, the Audit & Supervisory Board conducted its audit by focusing on key matters including the construction and operational status of internal control systems at subsidiaries of the Takara Shuzo International Group, Domestic group company core system reconstruction project initiatives, the Group's human capital management initiatives, and initiatives of employee engagement improvement.

The activities of the standing Audit & Supervisory Board members included interviews with the Company and 5 divisions at the Group's head office, and audits through visits or remotely to 11 offices including 4 plants and 4 branches of Takara Shuzo Co., Ltd. as well as 6 offices of 5 other subsidiaries in Japan and 7 overseas subsidiaries of the Takara Shuzo International Group. Apart from the aforementioned key matters, surveys were conducted of the business and assets. In addition, the standing Audit & Supervisory Board members received every month in principle reports of the internal audit results from the internal audit division as well as audit reports from the Audit & Supervisory Board members of the main subsidiaries.

The activities of the non-standing Audit & Supervisory Board members included receipt of reports about the details and results of the aforementioned activities of the standing Audit & Supervisory Board members at the Audit & Supervisory Board, etc. and expression of opinions from the position of independent external Audit & Supervisory Board members. In addition, they visited workplaces as necessary and examined the business and assets.

With regard to cooperation with external directors, sessions for exchanging opinions were held two times a year between the Audit & Supervisory Board members and external directors, where information and awareness were shared based on the details of the status of the audit and other matters.

In terms of cooperation with the accounting auditor, in addition to receiving an explanation of the plan for the accounting audit, Audit & Supervisory Board members received quarterly reports concerning the results of reviews and progress updates of the fiscal year audit, exchanging opinions as necessary. In selecting Key Audit Matters (KAM), regular discussions with the accounting auditor were held to exchange opinions and share information and awareness.

2. Status of the internal audit
The internal audit of the Company strives to ensure the appropriate execution of duties by establishing an Audit Division that is independent from the divisions subject to audit, with a structure of six people who conduct an operational audit, accounting audit and internal controls audit based on Internal Audit Rules and implement measures as necessary in light of the results of such internal audit.

The Audit Division, the Audit & Supervisory Board and the accounting auditor aim for mutual cooperation, regularly exchanging information and opinions and consulting in relation to the audit policy, the audit plan and the status of audit implementation. In addition, the Audit Division and each Audit & Supervisory Board member obtain necessary information by attending internal control related meetings and interviewing internal control related divisions such as General Affairs and Accounting Departments, and the accounting auditor also interview these internal control related divisions as necessary, so as to conduct effective audits

respectively.

The Audit Department has two reporting channels: the Representative Director and the Board of Directors. In addition to it, reporting directly on the status of the audit to the Board of Directors (twice a year) and the Audit & Supervisory Board (in principle once a month), the internal audit division reports to all officers (including external officers) on individual audit matters as appropriate, maintaining the coordination between the internal audit division and the Board of Directors and Audit & Supervisory Board respectively.

3. Status of the accounting audit

(i) Name of the audit firm
Deloitte Touche Tohmatsu LLC

(ii) Period of continuous audits
56 years

(iii) Names of the certified public accountants who executed audit duties
Designated limited liability partner: Takashi Ishii
Designated limited liability partner: Tomomi Tsuji

(iv) Composition of the assistants providing auditing service
Those who supported the Company's accounting audit duties included 7 certified public accountants and 20 other assistants.

(v) Policy and reason for appointing the audit firm
In selecting an audit firm, the Company comprehensively considers aspects such as the independence and other qualifications of the audit firm, the appropriateness of the quality control system, the independence and expertise of the audit team, the adequacy of the audit plan, the appropriateness of the audit fee, the global audit structure and the status of audit activities.

In case where an accounting auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall dismiss the accounting auditor upon consent of all Audit & Supervisory Board members.

In addition, in cases where it is deemed difficult for the accounting auditor to properly perform duties, or in the event that it is deemed appropriate to change the accounting auditor in order to enhance the appropriateness of the audit, the Audit & Supervisory Board shall determine the contents of the proposal to be submitted at the general shareholders' meeting on the dismissal or non-reappointment of the accounting auditor.

(vi) Evaluation of the audit firm by the Audit & Supervisory Board members and the Audit & Supervisory Board
The Company's Audit & Supervisory Board members and the Audit & Supervisory Board confirm the audit plan and the status of the execution of the audit duties at regular consultation meetings with the accounting auditor, etc., and receive explanation of matters related to the performance of duties of the financial auditors as provided for in Article 131 of the Regulations on Corporate Accounting, while also conducting interviews of the Accounting and Financial Department and Audit Division concerning the status of the accounting auditor's execution of duties. On top of this, the Company evaluates aspects such as the independence and other qualifications of the audit firm, the appropriateness of the quality control system, the independence and expertise of the audit team, the adequacy of the audit plan, the appropriateness of the audit fee, and the adequacy of the status of the global audit and communication with the Company based on the Evaluation Criteria for the Accounting Auditor resolved at the Audit & Supervisory Board, and comprehensively judges whether or not there are any grounds for the dismissal or non-reappointment of the accounting auditor.

In light of the above, we evaluated there is no problem with execution of duties by the accounting auditor and resolved to reappoint Deloitte Touche Tohmatsu LLC.

4. Details of audit fees, etc.

(i) Compensation for the certified public accountant, etc. (a: compensation for audit and attestation service, b: compensation for non-audit services)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
The Company	a. 66 million yen b. -	a. 68 million yen b. -
Consolidated subsidiaries	a. 70 million yen b. 2 million yen	a. 71 million yen b. -
Total	a. 136 million yen	a. 139 million yen

	b. 2 million yen	b. -

*Non-audit services performed for the consolidated subsidiaries consist of advice and guidance on the response to climate-related financial information disclosure during the fiscal year ended March 31, 2023.

(ii) Compensation for the same network as the certified public accountant (Deloitte Tohmatsu Group) (excluding (i))

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
The Company	a. - b. 29 million yen	a. - b. 56 million yen
Consolidated subsidiaries	a. 250 million yen b. 172 million yen	a. 313 million yen b. 201 million yen
Total	a. 250 million yen b. 201 million yen	a. 313 million yen b. 257 million yen

*Non-audit services performed for the Company during the fiscal year ended March 31, 2023 include taxation-related services, and non-audit services performed for the Company during the fiscal year ended March 31, 2024 include advisory services related to the reconstruction of the domestic group's core system and taxation-related services.
In addition, non-audit services performed for the consolidated subsidiaries consist mainly of due diligence services relating to business combination during the previous consolidated fiscal year, and mainly of taxation advisory services during the current consolidated fiscal year.

(iii) Details of other significant compensation related to audit and attestation service
Comprises mainly of compensation paid by FOODEX S.A.S. and its consolidated subsidiary to the KPMG Group, etc.

(iv) Decision-making policy of audit compensation
Not applicable.

(v) Reason for the Audit & Supervisory Board's consent to the compensation of the accounting auditor
The Audit & Supervisory Board obtained necessary materials and received reports from directors, relevant internal divisions, and the accounting auditor and confirmed the details of the accounting auditor's audit, the status of execution of duties, and the transition of audit fees, among other factors. As a result of the examination, the Audit & Supervisory Board has given its consent to the compensation for the accounting auditor, etc. in accordance with Article 399, Paragraph 1 of the Companies Act.

3. Reasons for Adoption of Current Corporate Governance System

(1) Reason for adopting the current system
As a holding company that manages a corporate group, the Company has decided that the following framework will be most appropriate for the 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.

a. 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.
b. 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 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.

(2) Mutual cooperation between the supervision and audit by external directors and external Audit & Supervisory Board members, internal audit, audit by the Audit & Supervisory Board members, and accounting audit as well as their relationship with the internal control division
External directors attend the Board of Directors' meetings as well as other important meetings, and contribute to the further enhancement of the supervisory function of the Company's Board of Directors over business execution such as by making statements from a more objective standpoint, backed by their experience, knowledge and broad insight. Furthermore, while aiming for mutual cooperation by exchanging information and opinions between the Audit Division, Audit & Supervisory Board and the accounting auditor as appropriate and sharing the results as necessary, as members of the Board of Directors, they aim to ensure the appropriate execution of business by offering opinions and advice as needed in relation to reports from internal control-related divisions.

External Audit & Supervisory Board members attend meetings of the Board of Directors and the Audit & Supervisory Board as well as other important meetings, and contribute to the further enhancement of the function of the Company's Audit & Supervisory Board such as by making statements from a more objective standpoint, backed by their experience, knowledge and broad insight. Furthermore, while aiming for mutual cooperation by exchanging information and opinions between the Audit Division and the accounting auditor as appropriate and necessary, as members of the Audit & Supervisory Board, they aim to ensure the appropriate execution of business by offering opinions and advice as needed in relation to reports from internal control-related divisions.

In addition, the General Affairs Department serves as the point of contact for external directors and external Audit & Supervisory Board members and is responsible for all internal communications and coordination necessary for delivering information.

We believe the status of appointment of the Company's external directors and external Audit & Supervisory Board members is appropriate in terms of fulfilling the important function and role in the Company's corporate governance.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholders' Meetings and Ensure the Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholders' Meeting	Notification is sent at least three weeks before the date of general shareholders' meetings.
Allowing Electronic Exercise of Voting Rights	Voting rights are exercisable via the Internet.
Participation in Electronic Voting Platform and Other Initiatives Aimed at Facilitating the Exercise of Voting Rights by Institutional Investors	The Company participates in the electronic voting platform operated by ICJ, Inc.
Providing Convocation Notice in English	The Company prepares an English version of the Convocation Notice (Summary) and discloses it on the Company's website on the same day as the Japanese version.
Other	The Convocation Notice for general shareholders' meetings and other matters subject to measures for electronic provision are posted on the Company's website under "Stock and Bond Information" within IR Information before dispatching printed copies of the Convocation Notice. (https://ir.takara.co.jp/en/Stock.html)

2. IR Activities Updated

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	Posted on the Company's website under "Disclosure Policy" within IR Information. (https://ir.takara.co.jp/en/DisclosurePolicy.html)	
Regular Investor Briefings for Individual Investors	The Company holds briefing sessions for individual investors a few times each year, focused on securities firms.	No
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial results briefings for analysts and institutional investors twice a year (May and November). The most recent financial results briefing was held on May 14, 2024 and the contents of the briefing are posted on the Company's website.	Yes
Posting of IR Materials on Website	The IR Information section of the Company's website includes information for shareholders and investors such as financial results, non-financial timely disclosure materials, securities reports, quarterly reports, materials for financial results briefings, Integrated Reports, Investors' Guide, the Takara Holdings Corporate Governance Policy, Corporate Governance Report, and convocation notices for general shareholders' meetings. (https://ir.takara.co.jp/en/Top.html)	
Establishment of Department and/or Manager in Charge of IR	Department in charge of IR: Public Relations & Investor Relations Department Director in charge of the IR Division: Hideo Takahashi, Managing Director Person responsible for inquiries concerning IR operations: Masakazu Usami, General Manager of Public Relations & Investors Relations Department	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Takara Holdings Corporate Governance Policy (https://ir.takara.co.jp/en/Management/CorporateGovernance.html), and The Takara Group Sustainability Policy (https://www.takara.co.jp/english/sustainability/policy.html) indicates the policies concerning the appropriate cooperation with stakeholders and respect for the rights and positions of these stakeholders.
Implementation of Environmental Activities, CSR Activities etc.	In conjunction with the establishment of the long-term management plan, "TaKaRa Group Challenge for the 100th," the Company has indicated ten important issues (materiality) such as safety and reliability concerning social and environmental issues surrounding the Group, and announced the Takara Group Sustainability Policy, which indicates the initiatives to address each such issue. The Company established the Takara Group Sustainability Vision in June 2021 to set specific medium- and long-term targets in accordance with this policy. Activities based on these are announced on the Company's website under "Sustainability" (https://www.takara.co.jp/english/sustainability/index.html) and in TaKaRa Group Reports (Integrated Reports), etc. (https://ir.takara.co.jp/en/Library/AnnualReport.html)
Development of Policies on Information Provision to Stakeholders	The basic policy is posted on the Company's website under "Disclosure Policy" within IR Information. (https://ir.takara.co.jp/en/DisclosurePolicy.html) In addition, the policy concerning appropriate information disclosure and transparency is similarly indicated in the Takara Holdings Corporate Governance Policy. (https://ir.takara.co.jp/en/Management/CorporateGovernance.html)

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

(1) Status of internal control systems
The Company has established a system for ensuring the appropriateness of business operations in accordance with Article 362, Paragraph 5 of the Companies Act by passing the following resolution at the Board of Directors meeting held on April 25, 2018.

a. The Group's corporate philosophy and its efforts to conduct trustworthy and fair corporate activities
The corporate group made up of the Company and its subsidiaries (hereinafter "the Corporate Group") is founded 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," and always conducts trustworthy and fair corporate activities. Here, to ensure trustworthy and fair corporate activities, the Company has established the Risk and Compliance Committee chaired by the Company's President as an organization to oversee the compliance activities of the Corporate Group as a whole. This committee has established the Takara Group Compliance Action Guidelines with the following basic views, and each and every officer and employee of the Corporate Group conducts their everyday business activities in accordance with these guidelines.

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.

b. A system to ensure that the directors and employees of the Corporate Group comply with laws and regulations and the Articles of Incorporation in the execution of their duties

(i) The code of conduct relating to laws and social ethics that every individual officer and employee of the Corporate Group should observe is clarified in the Takara Group Compliance Action Guidelines. Officers and employees of the Corporate Group are educated through group training and routine guidance in the workplace, etc.
(ii) We take resolute action against anti-social forces by complying with such action guidelines and will not have any relationship with them.
(iii) We have established and operate a help line as a whistleblowing contact within the Company and at an external third party organization in the event that an officer or employee discovers a violation of laws or regulations or a wrongful act in the course of the Corporate Group's operations, and when resolution or prevention of the problem through the usual procedures and methods of business execution is difficult or impossible. Disadvantageous treatment of whistleblowers due to their actions such as reporting shall be prohibited, and the entire Corporate Group shall be informed to this effect.
(iv) The Company strives to ensure appropriate execution of duties by implementing internal audits in accordance with the Internal Audit Rules and taking necessary measures in light of such internal audit results. The division responsible for internal audits is an independent organization to ensure adequate check function on divisions and other units that are subject to audit.
(v) The Corporate Group has established, and evaluates and improves, a company-wide system to ensure the reliability of the financial reports and continuously enriches these systems.

c. A system to store and manage information relating to the execution of duties by directors of the Company and a system for reporting matters related to the execution of duties by directors of the Company's subsidiaries to the Company

(i) The Company has established Information Management Regulations, and together with appropriately confirming the status of execution of duties by directors and employees after the fact, prepares and operates a basic system to prevent and mitigate risks caused by handling information.
(ii) The Company prepares and operates rules and handling guidelines sequentially and individually in relation to the period of storage and management system for individual specific information (including the information security system), etc.
(iii) The Company has established Rules and Regulations for Overseeing Group Companies concerning the relationship between the Company and its subsidiaries. While maintaining the uniqueness and autonomy of each subsidiary, the Company regularly receives reports from its subsidiaries on their business activities, etc. and also consults with them in advance about important projects or promptly receives reports after the fact.

d. Rules and other systems concerning the management of the risk of loss for the Corporate Group

(i) The Risk and Compliance Committee is responsible for overall risk control of the Corporate Group. Under the supervision of the committee, each division in charge is engaged in activities to prevent and mitigate risks surrounding the Corporate Group concerning laws and social ethics, product safety and quality, and health and safety, among others.

(ii) When there is an emergency, the Risk and Compliance Committee establishes an Emergency Response Headquarters, as necessary, in accordance with the predefined Takara Group Emergency Response Manual, to deal with such situation.

e. A system to ensure that execution of duties by the directors of the Corporate Group is conducted effectively

(i) The following committees are established and operated for the purpose of ensuring appropriate and prompt decision-making and information provision in the execution of business operations by the Corporate Group.

1) Group Strategy Committee consults on important matters concerning the overall group management of the Corporate Group, reviews the performance of each group company, and reports on the status of its activities. As a rule, it meets at least six times each year.
2) Takara Shuzo Strategy Committee conducts prior consultation and reports on important matters such as issues to be resolved at the Takara Shuzo Co., Ltd. Board of Directors, and reports on the status of its activities. As a rule, it meets once each month.
3) Takara Shuzo International Strategy Committee conducts prior consultation and reports on important matters such as issues to be resolved at the Takara Shuzo International Co., Ltd. Board of Directors, and reports on the status of its activities. As a rule, it meets once each month.
4) Takara Bio Coordination Committee reports on important matters such as issues to be resolved at the Takara Bio Inc. Board of Directors and on the status of its activities. As a rule, it meets once each month.
5) Strategy Committee and the Consultation and Coordination Committee conduct prior consultation and report on important matters such as issues to be resolved at other subsidiaries' Board of Directors, and report on the status of their activities. As a rule, they meet respectively at each company four times each year.

(ii) The Company has established Rules for Officer Duties and Rules on Division of Authority for the Organization and Duties to clarify the internal chain of command and division of duties and has prepared and operates a system for appropriate and swift decision-making and execution by directors and employees.

(iii) The Company is continuously engaged in initiatives such as the rationalization, acceleration and digitization of operations to ensure efficient management of each division in charge and cross-division project teams organized as needed based on supervision and instruction from the Board of Directors and each director.

(iv) Internal audits are conducted from the perspective of efficiency, and necessary measures are taken based on the results of such internal audits to ensure the efficiency of the execution of duties.

f. Matters concerning employees who are requested by Audit & Supervisory Board members to assist them in their duties, matters concerning the independence of such employees from directors, and matters related to ensuring the effectiveness of instructions by Audit & Supervisory Board members to such employees

(i) When Audit & Supervisory Board members require the assignment of employees to assist them in their duties, Audit & Supervisory Board members shall appoint such employees after ensuring independence from directors with respect to the chain of command under which such employees are placed and the status and treatment of such employees, as well as establishing a system to ensure the effectiveness of instructions given to such employees by the Audit & Supervisory Board members.

g. A system for reporting to Audit & Supervisory Board members and a system to ensure that those who report to Audit & Supervisory Board members are not treated disadvantageously for having made such reports

(i) Audit & Supervisory Board members attend the Board of Directors and the Group Strategy Committee and inspect draft plans and other important documents for business execution to grasp the process of important decision-making and the execution of business. In addition, the Audit & Supervisory Board members request, as necessary, explanations from the directors and employees of the Corporate Group by attending important meetings such as the Strategy Committee and Coordination Committee of each subsidiary and by other means.

(ii) When directors discover facts that could cause serious damage to the Company, they must report such facts to the Audit & Supervisory Board members in accordance with laws and regulations.

(iii) The Company prohibits any person who has made a report to Audit & Supervisory Board members from being treated disadvantageously for the reason of having made such report, and makes this known to the entire Corporate Group.

h. Matters concerning policies on the processing of expenses or debts that arise in the execution of duties by Audit & Supervisory Board members and other system to ensure the effectiveness of the audit by Audit & Supervisory Board members

(i) In the event that an Audit & Supervisory Board member makes a request for prepayment of expenses or other payments arising from the execution of his/her duties, the Company promptly settles such expenses or debts, except in cases where it is deemed unnecessary for the execution of such Audit & Supervisory Board member's duties.
(ii) Audit & Supervisory Board members maintain close cooperation with the division in charge of internal audits in order to conduct effective and efficient audits.

2. Basic Views on Eliminating Anti-Social Forces

The code of conduct relating to laws and social ethics that every individual officer and employee of the Group should observe is clarified in the Takara Group Compliance Action Guidelines. Officers and employees of the Group are educated through group training and routine guidance in the workplace, etc. The Company takes resolute action against anti-social forces by complying with such action guidelines and will not have any relationship with them.

The Takara Group Compliance Action Guidelines stipulate the basic policy on severing relations with anti-social forces as follows.

"The Takara Group will take a resolute stance against anti-social forces such as corporate racketeers (*sokaiya*) and organized crime groups, and will have no relationship with them. Even in the event that we receive unreasonable demands, we will deal with them in a resolute manner and will not attempt to resolve them by handing over money or goods. We will not engage in any transactions with anti-social forces or business partners who have relationships with anti-social forces. (We will always strive to act in a sensible manner with basic legal knowledge, social common sense and a sense of justice to avoid involvement in illegal or anti-social activities. Also, we will not use anti-social forces for the purpose of gaining profit for the Company or ourselves.)"

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
-

2. Other Matters Concerning Corporate Governance System

[Outline of the Timely Disclosure System]

The status of the Company's internal system for the timely disclosure of corporate information is as follows:

(1) Basic Stance on the Timely Disclosure of Corporate Information
The Company and Group companies strive to further increase the confidence in the Company and obtain an appropriate evaluation of the Company's corporate value in the capital markets by respecting laws and regulations such as the Financial Instruments and Exchange Act and the Securities Listing Regulations and their Enforcement Regulations stipulated by the Financial Instruments Exchange (hereinafter "Timely Disclosure Rules"); maintaining internal systems relating to disclosure of material information prescribed in internal rules, "Rules for Management of Significant Information;" and disclosing information in a timely, appropriate and fair manner.

(2) Internal Systems Relating to the Timely Disclosure of Corporate Information
<Gathering information>
<1> When a head of department or office in each of the Company's divisions becomes aware of material information regarding the Group that fall under the category of timely disclosure information or that are not clearly outside the scope of timely disclosure information in relation to the work for which he/she is in charge, such information shall be gathered at the Public Relations & Investor Relations Department.

<2> The person in charge of disclosure information for Group companies (the President or the person designated by the President of the company concerned, if there is any) shall, in addition to receiving reports from each Group company in accordance with the Rules and Regulations for Overseeing Group Companies and the Rules for Handling the Group's Important Matters, gather material information at the Public Relations & Investor Relations Department by consulting and communicating with the management committee system prescribed in the Committee Rules.

<3> When a head of department or office in each of the Company's divisions or the person in charge of disclosure information at a Group company becomes aware of an emergency such as an accident or disaster, such information shall be gathered at the General Affairs Department in accordance with the Emergency Response Manual.

<4> The person in charge of disclosure information for listed subsidiary groups shall gather, examine, decide and disclose material information in line with the information disclosure policy of the listed subsidiary, and after deciding on disclosure, promptly report such timely disclosure information to the Company's Public Relations & Investor Relations Department.

<Examination of timely disclosure>
<1>The director in charge of Public Relations & Investor Relations shall examine and judge matters such as the necessity of timely disclosure, disclosure method, timing of disclosure and disclosure content (documents) for the material information collected as outlined above, and submit such information to the institution, etc. that makes decisions on timely disclosure.

<2> Information gathered in accordance with the Emergency Response Manual shall be examined and judged for disclosure at the Emergency Response Headquarters.

<Decision on timely disclosure>
<1> The decision on timely disclosure shall be made by the President, but should the President have an accident, the decision shall be made by the director in charge of Public Relations & Investor Relations. The director in charge of Public Relations & Investor Relations shall, report the method, timing and content (documents), and other matters related to disclosure to all directors and Audit & Supervisory Board members of the Company promptly after the decision on timely disclosure or, in the case of emergency or other unavoidable circumstances, without delay after disclosure.

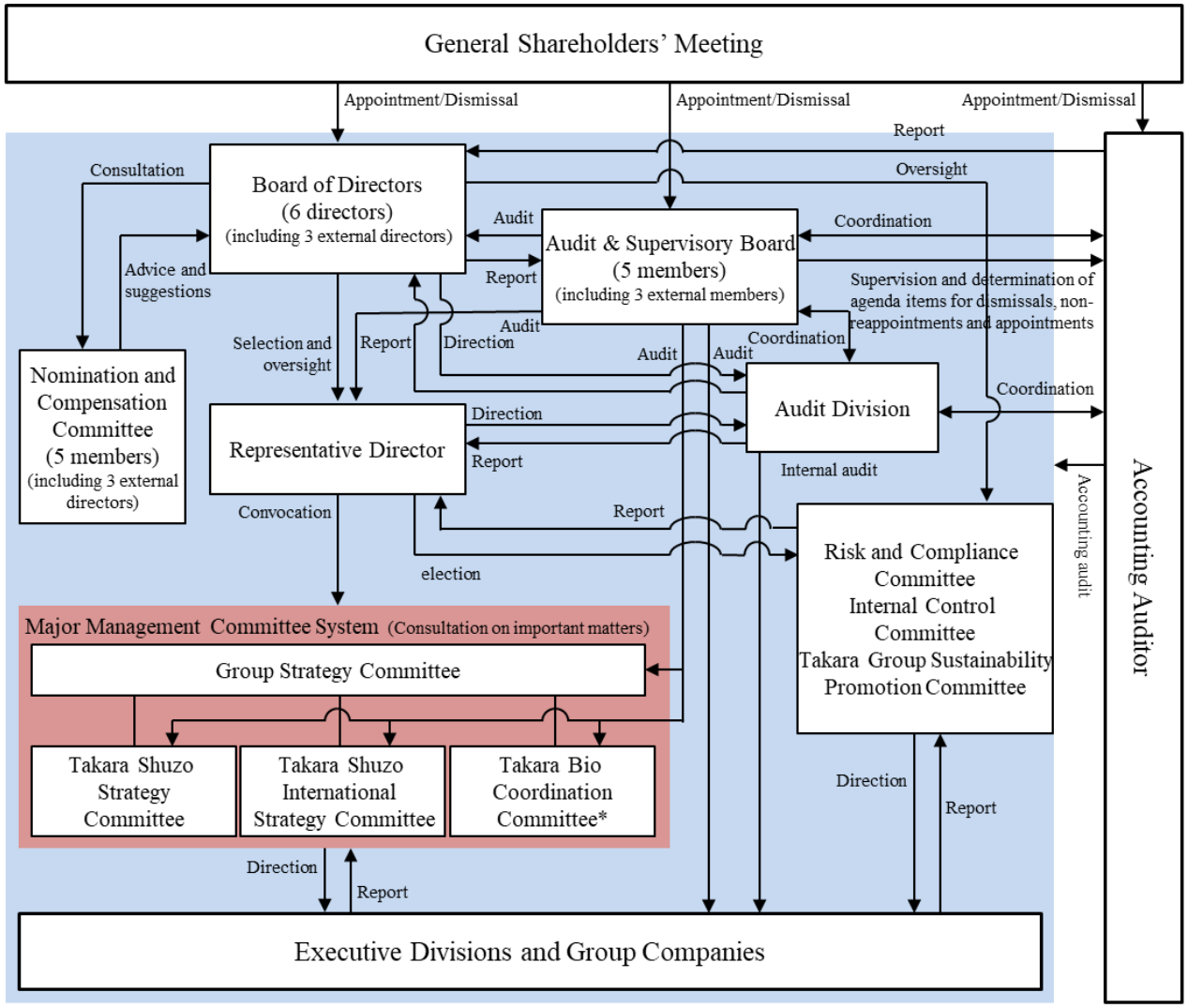
<2> The decision on timely disclosure of information gathered in accordance with the Emergency Response Manual shall be as set out in <1> above.

<Timely disclosure>
The director in charge of Public Relations & Investor Relations is responsible for the timely disclosure of information that is determined to be disclosed in a timely manner as described above, in accordance with the Timely Disclosure Rules stipulated by the Financial Instruments Exchange. In addition, when deemed necessary at the discretion of the director in charge of Public Relations & Investor Relations, such information will be posted on the Company's website and released to the media.

Please refer to the Takara Holdings Disclosure Policy posted on the Company's website for details of material information, including timely disclosure information, and the disclosure method.
(https://ir.takara.co.jp/en/DisclosurePolicy.html)

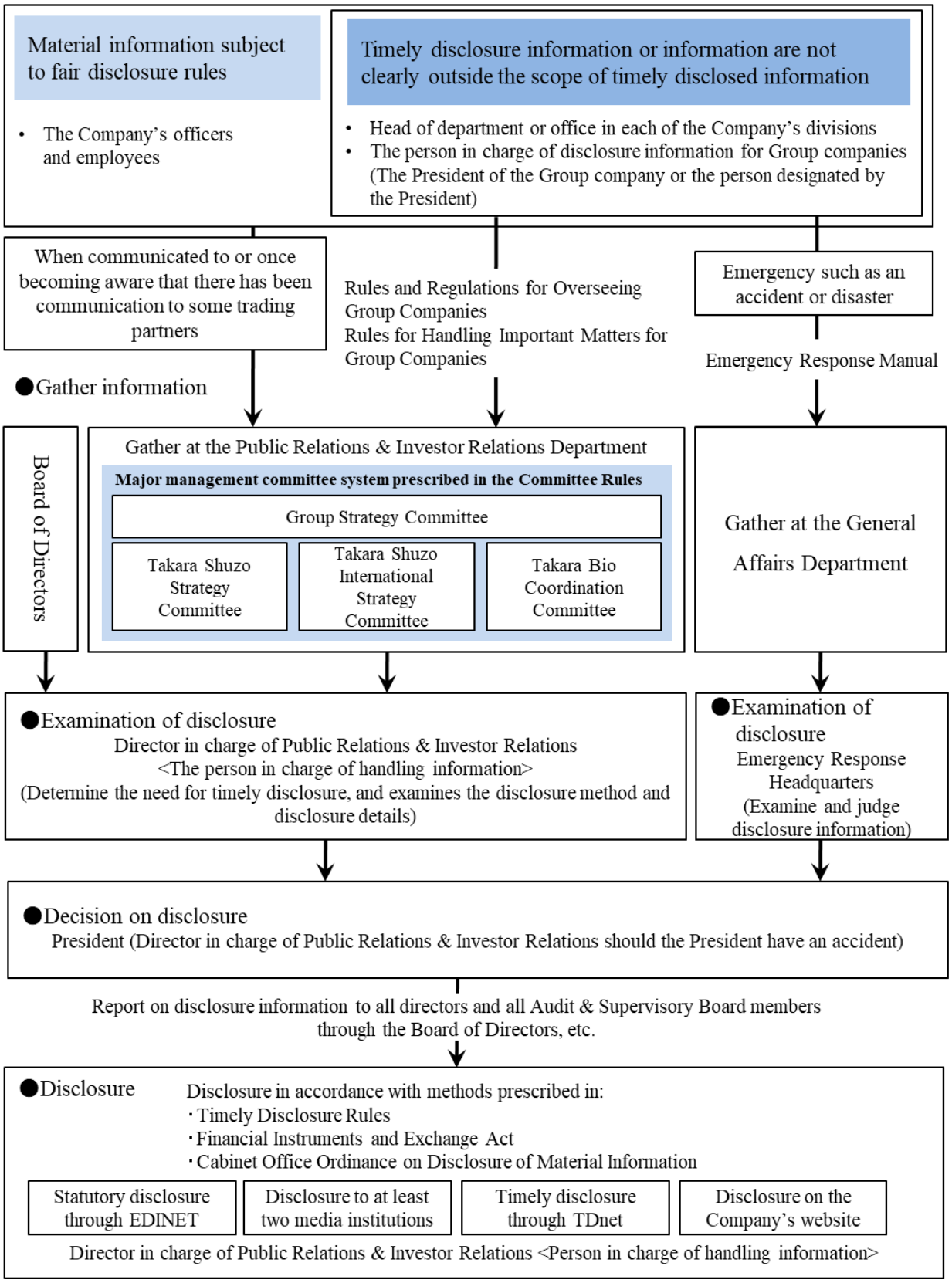
[Reference Material 1: Corporate governance structure]

(As of Jun 27, 2024)



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

[Reference Material 2: Outline of the internal structure for disclosure of corporate information]



[Reference Material 3: Expertise and Experience (skills matrix)]

＜Director＞

Name	Corporate Management / Management Strategy	Finance / Accounting / Taxation	Legal / Compliance	HR / Labor	Research and Development / Product Technology	Brand Strategy / Marketing	Overseas Business / Internationality
Mutsumi Kimura	●	●	●	●			●
Hideo Takahashi			●	●			
Keisuke Mori	●	●					
Masako Tomotsune			●	●			
Tomoko Kawakami	●					●	●
Takao Motomiya		●	●				

＜Executive Officer＞

Name	Corporate Management / Management Strategy	Finance / Accounting / Taxation	Legal / Compliance	HR / Labor	Research and Development / Product Technology	Brand Strategy / Marketing	Overseas Business / Internationality
Koichi Nakao	●		●	●	●	●	●
Kenji Murata	●				●	●	
Minori Mori	●					●	●
Masanao Suzuki	●			●			
Mineo Kawashima	●		●				
Kei Sato	●					●	