

June 10, 2024

To Our Shareholders and Investors

TAKARA STANDARD CO., LTD.

Supplementary Explanation for Proposal No. 3 of the 150th Annual General Meeting of Shareholders

We have learned that Institutional Shareholder Services, Inc., (“ISS”), a proxy advisory firm, had issued a report recommending to vote against the appointment of Mr. Yutaka Kondo, a candidate for outside Auditor listed in Proposal No. 3 “Election of 1 Audit & Supervisory Board Member” of the 150th Annual Meeting of Shareholders of TAKARA STANDARD CO., LTD. (“the Company”) to be held on June 26, 2024.

While the reasons for nominating as candidate for outside Auditor are as stated in the Notice of the 150th Annual Meeting of Shareholders, we hereby explain the Company’s opinion and ask for your understanding on the followings.

1. Contents of ISS’s Vote Recommendation

ISS is recommending to vote against Mr. Yutaka Kondo, a candidate of Proposal No. 3, claiming that the nominee for outside Auditor fails to meet ISS criteria on independence based on the fact that he had belonged to Mizuho Bank, Ltd. which is a significant shareholder (3.10%), a major lender and cross-shareholdings.

2. The Company’s Opinion

Mr. Kondo had belonged to Mizuho Bank, Ltd. from April 1985 to July 2013, and he has not been involved in the execution of business at the bank since August 2013. Since the bank is one of the multiple lenders to the Company with the amount of borrowings relative to the Company's total assets being insignificant, this does not affect his independence. He has extensive knowledge and experience of business management and financial institutions, and also vigorously conducts on-site inspections at each of the Company’s offices and plants. He has been nominated as an outside Audit & Supervisory Board Member with the expectation that he can provide useful opinions and advices regarding the management of the Company from an independent and impartial perspective, and that he can monitor the Company’s overall management to enhance the effectiveness of audits. In addition, he meets the requirements for an independent director stipulated by the Tokyo Stock Exchange and is not likely to have a conflict of interest with general shareholders. We believe that he is capable of contributing to improve our corporate governance in his role as an outside auditor.

If Proposal No. 2 (Election of 3 Directors) and Proposal No. 3 are approved at the Meeting, three of the nine members of the Board of Directors will be Outside Directors, and two of the four Audit & Supervisory Board Members, including Mr. Kondo, who is a candidate for reappointment, will be outside auditors, which will ensure diversity from various perspectives, such as length of service, gender, and previous skills and experience.

We ask that shareholders and investors understand our opinion when you exercise your voting rights.