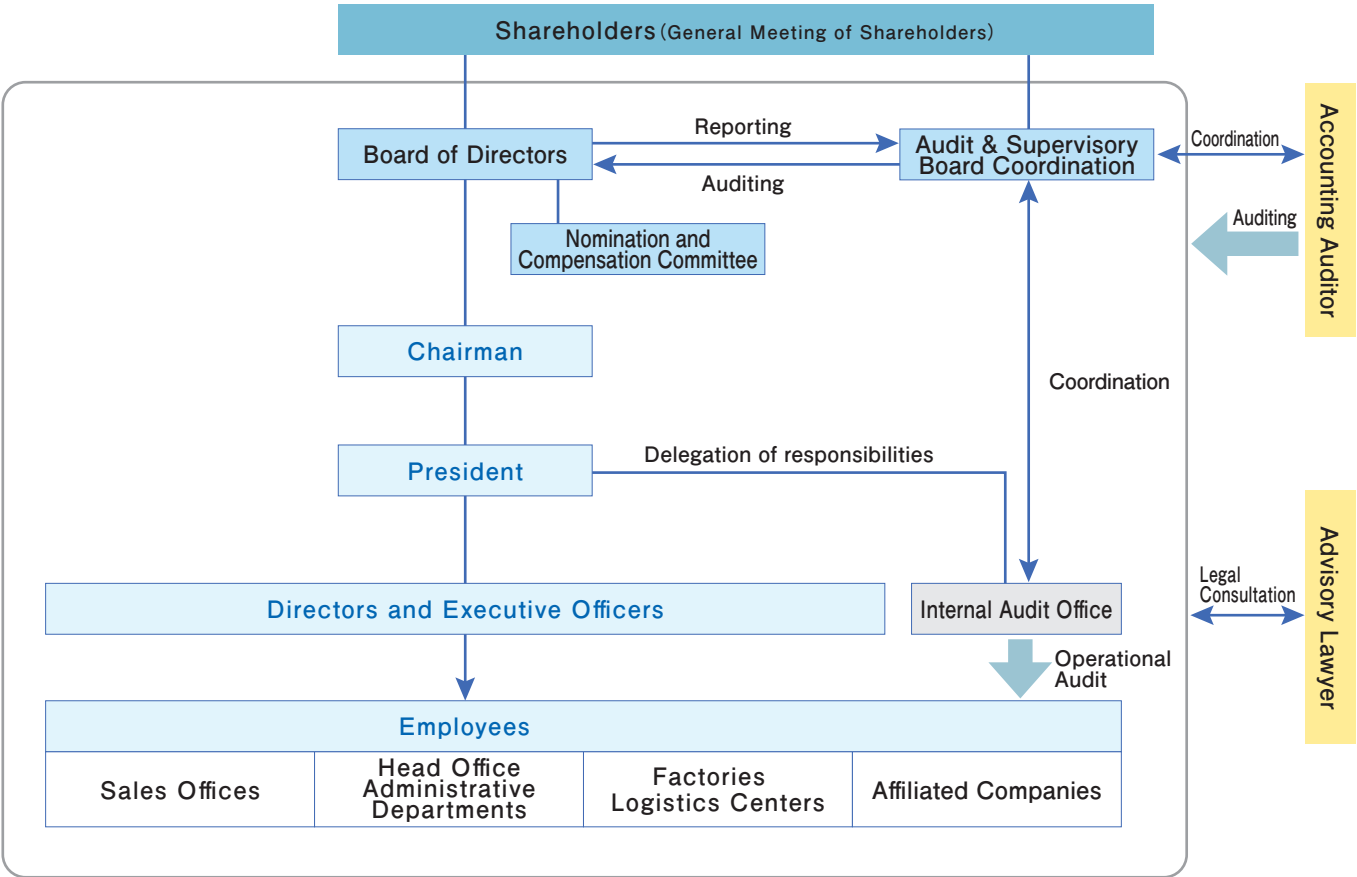


Corporate Governance Framework and Explanation



Basic Approach to Corporate Governance

To improve the soundness and transparency of management in the pursuit of sustainable growth and high earnings capability for our company, we believe it is important to have in place a management organizational structure and mechanisms that facilitate the swift implementation of necessary measures and, therefore, have made stronger corporate governance one of our top management priorities. The Audit & Supervisory Board system, which we have adopted as our corporate governance system, utilizes an Audit & Supervisory Board to audit the Board of Directors. Two of the four Audit & Supervisory Board members are outside members who monitor the Company from a fair and neutral standpoint, thereby facilitating a system in which the management monitoring function is fully implemented. Among the three Audit & Supervisory Board Members, two are outside members, ensuring impartial and neutral oversight. This framework establishes a fully functional supervisory system for company management.

Board of Directors

The Board of Directors is comprised of eight directors (three of whom are outside directors), and it meets, with Audit & Supervisory Board members in attendance, to decide on the Company's important business operations and to supervise the execution of duties by the directors. Individuals who have extensive experience and insight into corporate management, and who can provide advice and supervision from a fair and neutral standpoint, are invited to serve as outside directors. Additionally, to establish a management system that can respond quickly and accurately to changes in the rapidly changing business environment, we clearly define the roles and responsibilities of directors, who are in charge of management decision-making functions and the supervision of business execution, and of executive officers, who are responsible for business execution, to accelerate management strategy decision-making and further strengthen our supervisory and business execution systems.

Audit & Supervisory Board

We have adopted an Audit & Supervisory Board system, which is comprised of three Audit & Supervisory Board members (two of whom are outside members). The Audit & Supervisory Board audits the execution of duties by directors from the perspective of legality and propriety and strives to ensure management transparency and stronger monitoring functions. Individuals who have extensive experience and insight into corporate management, as well as expertise in areas such as corporate legal affairs and corporate finance, are invited to serve as outside Audit & Supervisory Board members. Audit & Supervisory Board members attend meetings of the Board of Directors and other important meetings, express their opinions as necessary, and seek to ascertain important decision-making processes and the status of business execution. Also, in addition to conducting interviews and engaging in opinion exchange with the representative director as appropriate, to improve the quality of audits by increasing the effectiveness of internal audits, Audit & Supervisory Board audits, and accounting audits, the Audit & Supervisory Board members report on audit results, engage in opinion exchange, etc., as part of efforts to strengthen cooperation.

Nomination and Remuneration Committee

We have voluntarily established a Nomination and Remuneration Committee to ensure objectivity and transparency regarding the nomination and remuneration of directors. The members of this committee are internal directors and outside directors, with half of the members being outside directors.

Determination of Compensation for Executives and Directors

<Policy>
Compensation for directors (excluding non-executive directors) is structured to reflect company performance and the responsibilities of each position. It comprises three components: base salary, which is a fixed monthly remuneration; short-term incentive compensation, which consists of performance-based bonuses; and long-term incentive compensation, which is provided through a stockholding program for executives. Compensation for non-executive directors consists solely of base salary, reflecting their role and independence. Compensation for non-executive directors consists solely of base salary, reflecting their role and independence.

<Procedures>
To ensure objectivity and transparency, the voluntary Nomination and Compensation Committee, with a majority of its members being outside directors, deliberates within the total compensation framework approved at the General Meeting of Shareholders. Based on these deliberations, the Board of Directors makes the final decision.

Appointment and Dismissal of Senior Management and Nomination of Director and Auditor Candidates

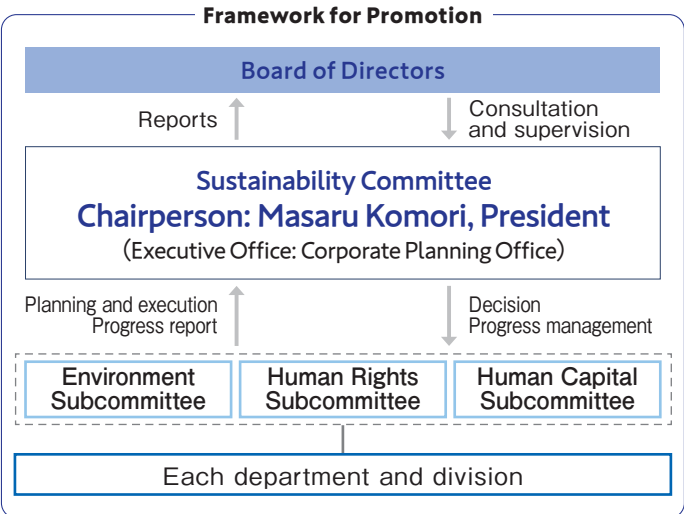
<Policy>
For executives and director candidates, we select individuals with a well-balanced mix of diverse knowledge, experience, and skills necessary for management decision-making. For auditor candidates, we appoint individuals with extensive experience and expertise in corporate management, finance, accounting, and legal affairs.

<Procedures>
To ensure objectivity and transparency, the voluntary Nomination and Compensation Committee, which consists of a majority of outside directors, reviews executive and director candidates. The Board of Directors makes the final decision. For auditor candidates, the selection process follows established policies. The President and the director in charge of human resources draft the proposal, which is then approved by the Audit & Supervisory Board before the Board makes the final decision.

Sustainability Promotion Framework

Positioning of the Sustainability Committee

We have established a Sustainability Committee chaired by the President and Representative Director, and under this committee, we have established the Environmental Subcommittee, Human Rights Subcommittee, and Human Capital Subcommittee. The committee meets at least twice a year to deliberate and report to the Board of Directors on important matters regarding sustainability policies and challenges, as well as to conduct important strategic discussions and decision-making focused on enhancing long-term corporate value. The Board of Directors provides deliberation and supervision based on the committee's deliberations and reports. Each subcommittee manages the progress of activity plans formulated and promoted under its responsibility. In collaboration with the Sustainability Committee, they play a role in examining and executing more specific initiatives at the operational level in line with management strategies.



Sustainability Policy












Under our corporate philosophy—
Living Standard, Ethical Standard, and Quality Standard

—the Takara standard Group aims to contribute to the realization of a sustainable environment and society by addressing social challenges through its business activities while enhancing corporate value.

1. Through our business activities, we will continue to provide a more comfortable life and will contribute to the realization of a sustainable environment and society by addressing social issues.
2. We will work to reduce environmental impact, protect the environment in all our business activities, and aim to coexist with nature.
3. We will strive to create a corporate culture that respects diverse individuality and enables employees to fully demonstrate their abilities. We aim to be a healthy company where employees feel motivated and their work is rewarding.
4. We will conduct fair and honest business activities in compliance with laws and regulations. We will strive to build relationships of trust with our diverse stakeholders and will engage in fair information disclosure and constructive dialogue.

Skills Matrix of Directors and Audit & Supervisory Board Members

In alignment with the Company’s medium- to long-term management direction and business strategy, and to realize the objectives of the Medium-Term Management Plan 2026, we have identified the essential skills (knowledge, experience, and expertise) that the Board of Directors should possess to fulfill its decision-making and supervisory functions effectively. The key areas of expertise expected from directors are defined as follows: (1) Corporate management, (2) Finance and accounting, (3) Compliance and risk management, (4) Global business, (5) Sales and marketing, (6) Human resources strategy, (7) Procurement, manufacturing, and logistics, (8) DX and IT, and (9) ESG (Environmental, Social, and Governance)

	Name	Position	Gender	Attendance at Board of Directors Meetings in FY2024	Attendance at Audit & Supervisory Board Meetings in FY2024	Corporate Management	Finance & Accounting	Compliance & Risk Management	Global Business	Sales & marketing	Human Resources Strategy	Procurement, Manufacturing, and Logistics	DX・IT	ESG
Directors	 Takeo Watanabe	Chairman	Male	12/12times	—	●	●		●			●		●
	 Masaru Komori	President, and Executive	Male	12/12times	—	●	●		●	●				●
	 Yoji Ito	Representative Director, Vice Chairman, and Executive Officer	Male	12/12times	—			●			●	●	●	
	 Yoshimichi Shirasaka	Director and Senior Executive Officer	Male	9/9times	—		●	●		●	●			
	 Hidetaka Yoshikawa	Director	Male	12/12times	—	●		●	●	●				●
	 Kazumi Maeda	Director (Independent Outside)	Female	12/12times	—				●		●			
	 Tamaki Sawamura	Director (Independent Outside)	Female	9/9times	—					●			●	
	 Yukio Iimura	Director (Independent Outside)	Male	—	—	●	●		●			●		●
Auditor	 Hiroshi Kondo	Full-time Auditor (Independent Outside)	Male	12/12times	13/13times		●	●			●		●	
	 Hiroshi Hata	Full-time Auditor	Male	12/12times	13/13times		●	●		●				
	 Saeko Fujita	Auditor (Independent Outside)	Female	—	—		●	●						●

(Notes) ・Mr. Yoshimichi Shirasaka and Ms. Tamaki Sawamura were newly appointed at the 150th Annual General Meeting of Shareholders held on June 26, 2024. Therefore, the number of Board meetings they attended differs from that of other directors.
・Mr. Yukio Iimura and Ms. Saeko Fujita were newly appointed at the 151st Annual General Meeting of Shareholders held on June 25, 2025, and thus did not attend any meetings in FY2024.
・Among the skills held by each individual, the main ones are marked with a black dot (●). Note that the above list does not represent all of each individual's knowledge and experience.

Policy on Constructive Dialogue with Shareholders and Investors

We recognize that engaging in dialogue with shareholders is essential to achieving sustainable growth and enhancing long-term corporate value. It is crucial to foster an understanding of our management policies and financial position while earning trust and a fair evaluation. Under the supervision of the officer in charge of investor relations (IR), designated IR department personnel handle shareholder meetings and investor interviews. Depending on the purpose and significance of the meeting, the IR officer may also participate. Additionally, if shareholders request meetings with directors, including independent outside directors or auditors, and if deemed necessary based on the request, such meetings will be arranged with IR personnel or other relevant members present. The IR officer and the IR department also work closely with various departments within the company to ensure smooth communication. Feedback and requests from shareholders are shared with senior management to identify and address relevant issues. Investor dialogues focus on topics related to the company's sustainable growth and long-term corporate value enhancement. Furthermore, we take appropriate measures to prevent the leakage of insider information during these discussions.

Status of Implementation of Dialogue with Shareholders and Investors (FY2024)

	Implemented by	Number of companies and meetings
Meetings with institutional investors	President IR officer IR general manager Staff in charge of IR	Overseas: 11 companies, 15 meetings Domestic: 20 companies, 29 meetings
Institutional investor briefings	President	2 sessions
Briefings for retail investors	President	2 sessions
General Meeting of Shareholders	All directors and audit & supervisory board members	1 session

In-house feedback

- Main feedback received
- Board of Directors (6 times)
 - ・Improvement of capital efficiency
 - ・Status of IR activities
 - ・Status of shareholders
 - Management and related departments (as needed)
Related themes, including the above
- Matters incorporated based on dialogue
- ・Raised ROE targets with awareness of the cost of shareholders' equity
 - ・Implemented dividend increases and treasury share purchases to improve capital efficiency and enhance shareholder returns
 - ・Newly held financial results briefings for institutional investors at the fiscal year-end and 2Q (attended by the President and Representative Director)
 - ・Held briefings for retail investors attended by the President and Representative Director
 - ・Issued the company's first integrated report
 - ・Simultaneous Japanese and English disclosure of Q3 financial results presentation materials