TAKASAGO

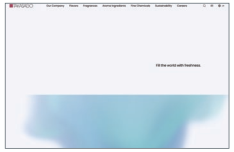
Sustainability Report 2025

CONTENTS

CORPORATE COMMUNICATION TOOLS


Sustainability Report 2025 (Japanese Edition)


Sustainability Report 2025


Corporate website


LinkedIn TAKASAGO site

Cover Picture

This year's cover features "Bouchon Eucalyptus," a perfume bottle by René Lalique from the Takasago Collection®. Eucalyptus, known for its pure fragrance, symbolizes rebirth and new beginnings. Its resilience in harsh environments reflects TAKASAGO's commitment to a sustainable future.

Corporate Vision

Create New Value Through Innovation Rooted in *Kaori*

In 2020, TAKASAGO celebrated its 100th anniversary. With the corporate philosophy "Contributing to Society through Technology" in mind, we have added the corporate mission, "Create new value through innovation rooted in *kaori* (aroma in Japanese)." The corporate mission is incorporated in the essence of TAKASAGO, which our predecessors have cultivated over the past 100 years. Currently, we maintain offices, production sites and R&D centers in 28 countries and regions. Through our network of global research, production, creativity and marketing, we develop products tailored to the needs of individual markets. By utilizing our technologies and our global network, we will continue to develop high-quality and innovative products that contribute to cultural and social progress.

We have established Vision 2040 as a vision of ourselves in 2040. With Vision 2040's slogan, "Care for People, Respect the Environment," we have been pursuing advanced technologies to enrich and bring well-being to daily life. We will work in harmony with nature and apply its blessings to contribute to the sustainability of the natural environment. Through those activities, we aim to remain an indispensable company.

Corporate Philosophy

Contributing to Society through Technology

Corporate Mission

Our mission is to create new value through innovation rooted in *kaori*

(*kaori*: aroma in Japanese)

Vision 2040

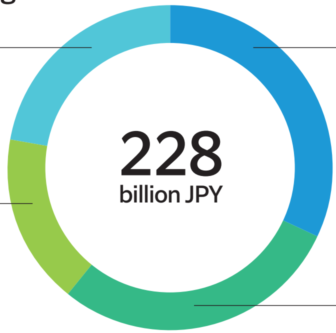
Care for People, Respect the Environment

Our vision is to be:

1. Proud of our culture of respect, diversity and inclusion
2. In harmony with nature, enriching and bringing well-being to daily life
3. Full of hope and ambition, confidently taking on new challenges
4. Eager to continue to innovate and remain an indispensable company

TAKASAGO Highlights

2024 Sales Turnover by Region



Asia Pacific
50billion JPY 22%

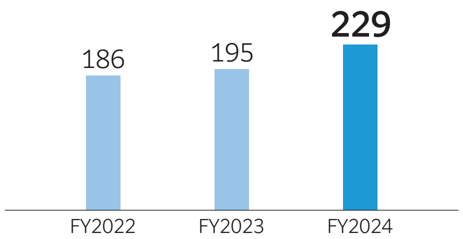
Japan
72billion JPY 32%

EMEA*
39billion JPY 17%

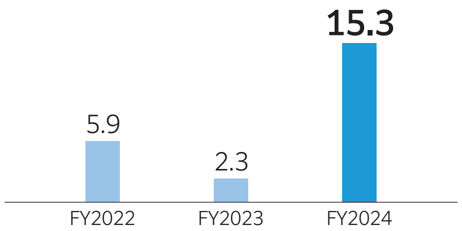
Americas
67billion JPY 29%

* Europe, the Middle East, and Africa

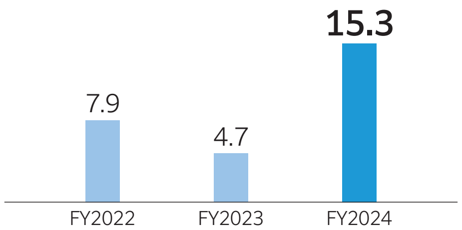
Sales Turnover
(billion JPY)



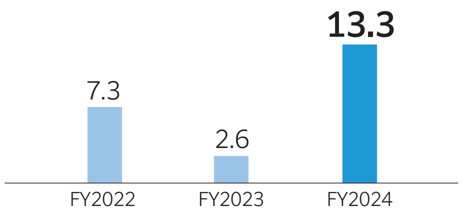
Operating Income
(billion JPY)



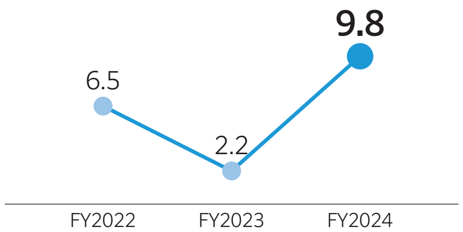
Ordinary Income
(billion JPY)



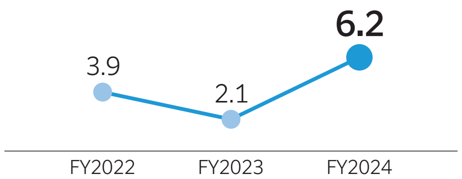
Net Income
(billion JPY)



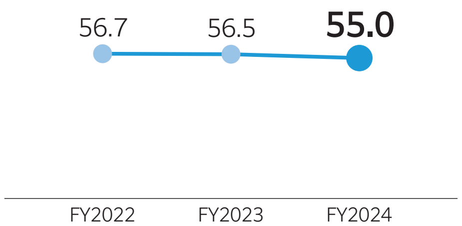
ROE
(%)



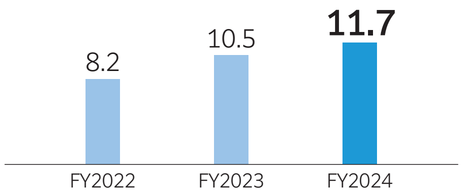
ROA
(%)



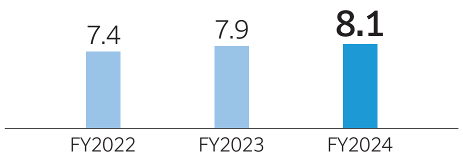
Equity Ratio
(%)



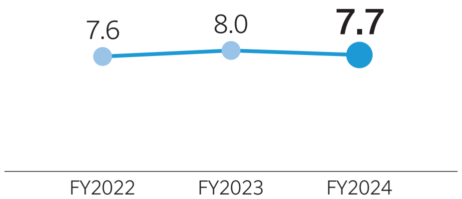
Capital Investment
(billion JPY)



Depreciation Expense
(billion JPY)



R&D Expense to Sales Turnover
(%)



Global Network

Examples of Our Locations

Asia/Pacific

Japan	Takasago International Corporation
Australia	Takasago International (Singapore) Pte. Ltd.Australia Branch Office
Singapore	Takasago International (Singapore) Pte. Ltd.
Philippines	Takasago International (Philippines), Inc.
Thailand	Takasago Import and Export (Thailand) Ltd.
Indonesia	PT. Takasago International Indonesia
India	Takasago International (India) Pvt. Ltd.
Pakistan	Takasago International (Pakistan) Pvt. Ltd.
China	Shanghai Takasago-Union Fragrances & Flavors Co., Ltd.
	New Takasago International (Zhangjiagang)Co., Ltd
Korea	Takasago International Corporation (Korea)
Malaysia	Takasago International (Malaysia) Sdn.Bhd.
Myanmar	Takasago International (Singapore) Pte. Ltd. Yangon Branch Office
Taiwan	Takasago International Corporation Taipei Representative Office
Vietnam	New Takasago International (Vietnam) Co., Ltd.

Europe/Middle East/Africa

France	Takasago Europe Perfumery Laboratory S.A.R.L.
Germany	Takasago Europe G.m.b.H.Headquators
Italy	Takasago International (Italia) S.R.L.
Spain	Takasago International Chemicals (Europe), S.A.
United Kingdom	Takasago (U.K.) Ltd.
Russia	Takasago Europe GmbH Moscow Representative Office
Turkey	Takasago International Turkey Esans Ve Aroma San. TIC. A.S.
United Arab Emirates	Takasago Europe Perfumery Laboratory S.A.R.L. Dubai Branch Office
Morocco	Societe Cananga S.A.R.L
South Africa	Takasago International Corporation South Africa (Pty) Ltd.
Madagascar	Takasago Madagascar S.A.

The Americas

U.S.A.	Takasago International Corporation (U.S.A.)
Mexico	Takasago De Mexico S.A. De C.V.
Brazil	Takasago Fragrâncias E Aromas Ltda.

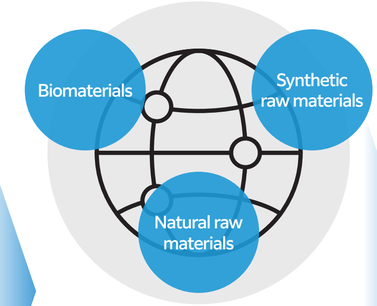
TAKASAGO's Value Chain

We operate R&D centers, manufacturing sites, and sales offices across 28 countries and regions, striving daily to enrich people's lives. Through our marketing activities in each area, we capture the unique preference and needs of each country and region, incorporating them into our research and development. This allows us to offer products and services tailored to diverse markets. Additionally, by leveraging our global network, we build optimized supply chains and establish efficient and sustainable processes, from raw material procurement to manufacturing and logistics. Our goal is to deliver value that exceeds customer expectations and to grow together as a trusted global business partner.

Marketing and R&D

We leverage our global network to carry out marketing activities and research & development tailored to each area. Additionally, our R&D headquarters in Japan serves as a core hub, widely sharing research outcomes with various locations across the globe.

Raw Materials Procurement



We optimize and manage global supply chains. We aim to build a stronger and more sophisticated global supply chain while responding to changes in global conditions and sustainability issues.

Production and Quality Assurance

We have a total of over 20 manufacturing sites in Japan and overseas. We have achieved a globally coordinated manufacturing system at each of our bases, and we have established business continuity plans (BCPs). To provide our customers with globally consistent quality, we have established the One TAKASAGO Quality Assurance Concept in which the quality assurance departments in each country are integrated into one organization.

We provide flavors that impart highly desirable aromas and tastes to beverages, desserts, confectioneries, dairy products and prepared foods, as well as food ingredients such as fruit juices, coffee and tea.

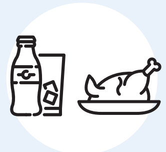
We create and supply fragrances for use in products such as perfumes, cosmetics, shampoos, detergents, air fresheners and bath salts that have excellent residual fragrance, diffusion and stability.

We develop optically active, innovative and unique aromatic materials and use them in the creation of the highest quality flavors and fragrances.

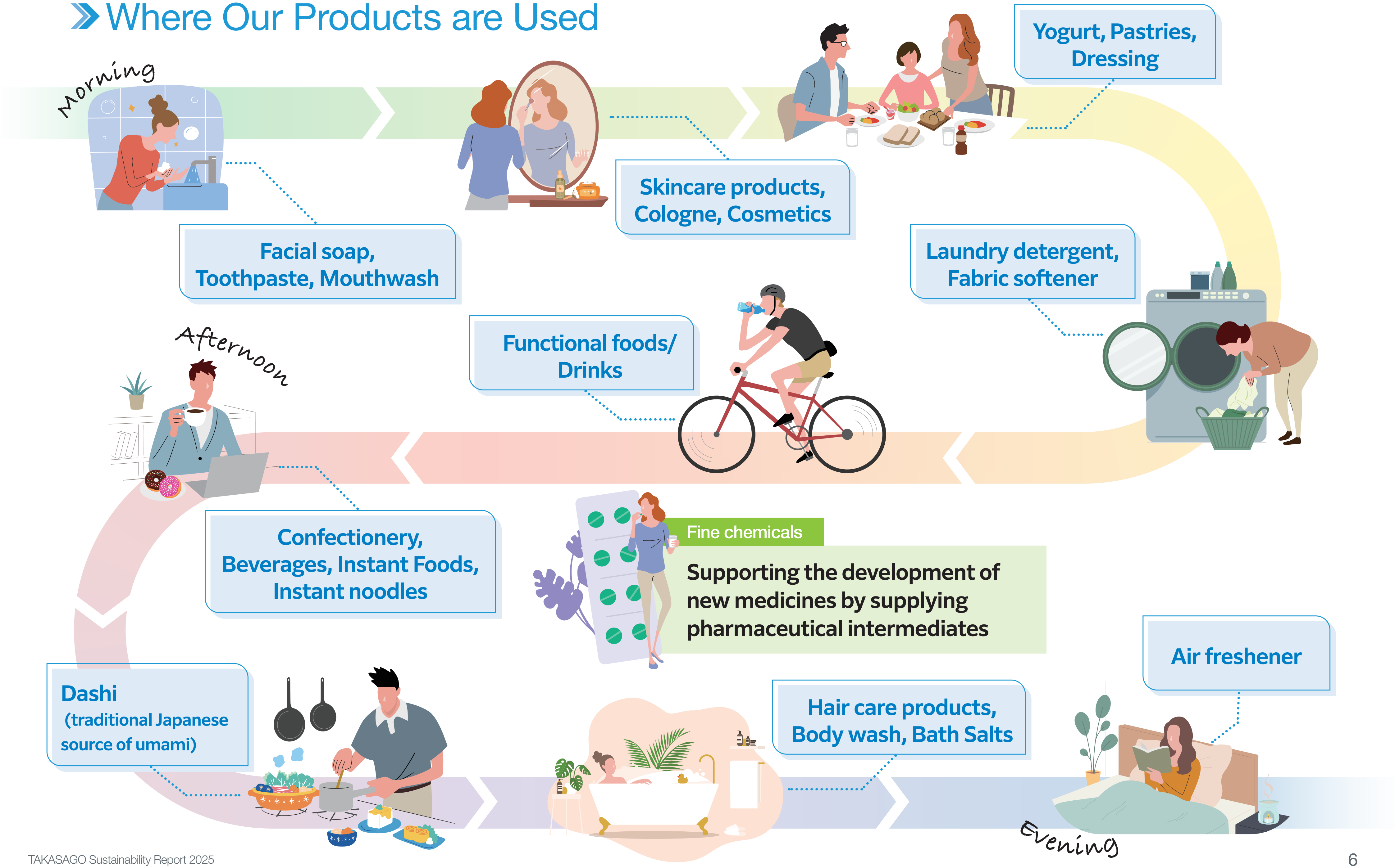
We provide pharmaceutical intermediates manufactured using asymmetric synthesis technology, original catalysts and functional materials such as Organic Photoconductors that support the electronics industry.

Customers

Consumers



Where Our Products are Used



TAKASAGO's Value Creation Story

Satoshi Masumura
President and
Chief Executive Officer

Message from President and CEO

Progress of the New Global Plan-2 (NGP-2) Medium-Term Management Plan

For the fiscal year ending March 31, 2025, the Japanese economy demonstrated a moderate recovery, albeit with pockets of weakness in certain sectors. Globally, economic growth proceeded at a tempered pace, yet the outlook remained clouded by persistent geopolitical risks—including the conflicts in Ukraine and the Middle East—and heightened recessionary concerns in key markets such as China, Europe, and the United States. In the flavor and fragrance industry, sales trends mirrored the broader domestic and international economic landscape, maintaining overall stability.

Against this backdrop, the Takasago Group has been advancing its medium-term management plan, the *New Global Plan-2* (fiscal years 2024–2026), under the banner of our long-term *Vision 2040*, which carries the guiding principle: **Care for People, Respect the Environment**. In FY2024, net sales rose 17.0% year-on-year to a record high of JPY 229.2 billion, while operating profit surged by 562.4% to JPY 15.3 billion, also an all-time high.

By business segment, *Flavors* achieved a 9.8% sales increase, primarily driven by robust beverage sales in the United States. *Fragrances* expanded 18.8%, aided by operational improvements from the rollout of our new ERP system. *Aroma Ingredients* posted a 20.7% increase, propelled by strong demand for high-value specialty products. *Fine Chemicals* experienced an exceptional 84.0% surge, buoyed by the solid performance of pharmaceutical intermediates.

Regionally, Japan saw steady growth in beverage-related flavors and laundry product fragrances, with profitability boosted by optimized product composition in Aroma Ingredients and increased Fine Chemicals sales. In the Americas, improved gross margins—achieved through a more strategic product mix, pricing adjustments, and raw material cost optimization—combined with enhanced delivery scheduling to lift both sales and profits. European subsidiaries, notably in France and Germany, mirrored this positive trajectory. In Asia, strong performances in Singapore and Indonesia further contributed to higher revenue and earnings.

Looking ahead to FY2025, the second year of NGP-2, we anticipate moderate economic growth supported by accommodative financial conditions in Japan and other favorable factors. Nonetheless, uncertainty remains elevated due to ongoing geopolitical tensions, trade policy shifts, and their ramifications for major economies. While the industry may face headwinds in the United States, growth opportunities are expected to persist in Southeast Asia, with steady expansion in mature markets such as Europe and North America, and in emerging markets including China, Latin America, and the Middle East.

Within NGP-2, we have articulated three core policies: growth expansion overseas, profitability improvement in Japan, and sustainable management. For each, we have defined key success factors and established KPIs to ensure strategic alignment and measurable progress. These factors serve as a clear roadmap for our priorities and signal our intentions to all stakeholders.

Vision 2040

Care for People, Respect the Environment

Our vision is to be:
1. proud of our culture of respect, diversity and inclusion
2. in harmony with nature, enriching and bringing well-being to daily life
3. full of hope and ambition, confidently taking on new challenges
4. eager to keep innovating, remaining an indispensable company

Sustainable Management Initiatives

Among our top priorities under NGP-2 is addressing climate change. Under *Sustainability 2030*, we continuously monitor greenhouse gas (GHG) emissions as a KPI. Since announcing alignment with the TCFD recommendations in April 2020, our GHG reduction targets have been validated by the Science Based Targets initiative (SBTi). In April 2025, we updated our corporate targets to align with the 1.5°C pathway, committing to achieve net-zero GHG emissions across our value chain by FY2050—targets that have been approved by SBTi.

To achieve Scope 1 and 2 reductions, we will intensify energy-efficiency initiatives and expand the use of renewable electricity. For Scope 3, we continue to strengthen supplier engagement, leant through participation in Japan's Ministry of the Environment Supply Chain Decarbonization Support Project, focusing on data collection for raw material carbon footprints and collaborative dialogues with suppliers.

Biodiversity preservation is equally critical, given our reliance on natural raw materials such as citrus, mint, vanilla, coffee, and myrcene. Through the *Takasago Global Procurement Sustainability Key Initiatives* (TaSuKI), we are advancing responsible sourcing programs. A notable example is our grapefruit tree-planting project in Florida, initiated in 2019 to address climate- and disease-related production declines. In 2024, we harvested the first sustainable grapefruit essential oil from this initiative, now incorporated into our product creation processes. Planting is scheduled for completion by the end of 2025.

In product development, "SDGs-conscious development of new products and materials" is a central success factor. We continue to expand technologies such as continuous flow and catalyst systems that conserve energy and resources, biodegradable aroma ingredients, and environmentally friendly fragrance capsules. We are also leveraging biotechnology to produce nature-derived ingredients, as demonstrated by our 2024 partnership with NEDO on bio-upcycling technologies to transform unused organic residues into high-value aroma compounds.

Outlook for the Second Year of NGP-2

For FY2025 (ending March 31, 2026), we aim to increase sales by 0.3% year-on-year to JPY 230 billion, while operating income is projected at JPY 12.5 billion, reflecting an anticipated 18.5% decrease from the prior year. These targets factor in continued tariffs and duties on imported raw materials in the US and China, prompting cost-control measures through price reviews and procurement optimization.

Capital investment priorities include the September 2025 completion of a new pharmaceutical intermediates' facility at our Iwata factory, strengthening Fine Chemicals capacity. In May 2025, we inaugurated the *Taste Innovation Centre* in Bengaluru, India, to deepen market insights and co-create value with local consumers. Additionally, we are implementing the Global SAP Project to integrate ERP systems and enhance corporate functions.

Guided by *Vision 2040* and its principle **Care for People, Respect the Environment**, we view NGP-2 as a critical stage in our transformation journey. By executing our strategies with discipline, we will accelerate growth, strengthen market presence, and deliver sustainable value for stakeholders worldwide.

Message from Senior Vice President

Sustainability at Takasago

Under the New Global Plan-2 (FY2024–FY2026), the Takasago Group has positioned **Sustainable Management** as a core pillar of its corporate strategy, aiming both to address pressing social issues and to enhance long-term corporate value. I am pleased to present key achievements from the first year of NGP-2.

Climate Change Response

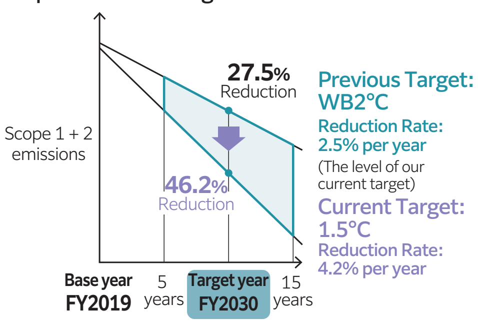
Our Journey and Future Direction:

We have long advanced both climate change adaptation and mitigation in alignment with international frameworks. In 2020, we disclosed climate-related information in line with the TCFD recommendations, and in 2021, obtained Science Based Targets (SBT) certification. For Scopes 1 and 2, we have introduced renewable energy, promoted energy-efficiency initiatives, and established systems for Life Cycle Assessment (LCA) calculation. For Scope 3, we have focused on reducing emissions from raw material procurement and on developing lower-impact products through innovations in biochemistry and continuous flow reaction technologies.

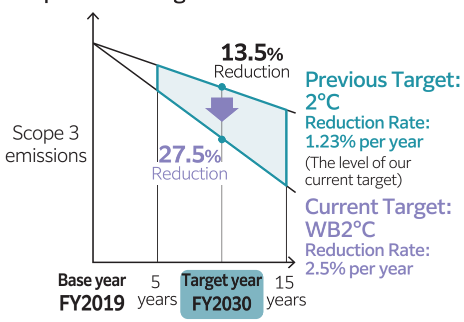
In FY2024, aligning with global trends, we resolved to raise our SBT target ambition to the **1.5°C pathway** to accelerate GHG reduction efforts. This enhanced target—covering both Scope 1 & 2 and Scope 3—will be officially certified by the SBTi in April 16, 2025.

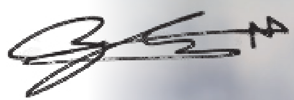
The Takasago Group updated the greenhouse gas emission reduction targets, which were approved as 1.5-degree/Net Zero science-based targets by SBT initiative | Takasago International Corporation

Scope 1 & 2 New Targets in line with 1.5°C



Scope 3 New Target in line with 1.5°C





Tatsuya Yamagata
Senior Vice President
General Manager of GIHQ
(Sustainability, Global)

Respect for Human Rights

Our Journey and Future Direction:

Since formulating our Human Rights Policy in 2019, we have conducted human rights due diligence annually. We are continuously strengthening our understanding of, and response to, human rights risks across the supply chain, implementing ethics audits via SEDEX and on-site assessments conducted by Takasago employees.

Given that many of our natural raw materials—such as vanilla, cacao, coffee, and botanical ingredients for essential oils—are sourced globally, we reinforce our audit protocols in cooperation with our overseas bases, referencing resources such as lists published by the U.S. Department of Commerce. These measures ensure ethical sourcing practices are embedded across our operations.

TAKASAGO - Framework for Human Rights Initiatives

Commitment through Policy
The Takasago Group Human Rights Policy was approved by the Board of Directors in May 2019.
It was partially revised in March 2021 with the addition of the annexed "Key Human Rights Issues."

Implementation of Human Rights Due Diligence

Remediation Mechanisms (hotline)
We have the hotline system in each sites.

These efforts are aligned with the UN Guiding Principles on Business and Human Rights and Japan's National Action Plan (NAP) on Business and Human Rights.

Diversity, Equity and Inclusion (DE&I)

Our Journey and Future Direction:

We identified Diversity & Inclusion as a key management priority and formalized our DE&I Policy in 2022, aiming to foster sustainable growth over the next century through diverse talent and flexible working styles.

In 2024, with the publication of our first Integrated Report, we articulated our vision for **maximizing human capital value**. This report clarified our objectives, outlined the benefits DE&I brings to the Group, and underscored our belief that organizational growth stems from the development of individual capabilities. The same principle applies to our sustainability team—where each member's personal growth fuels collective progress.

Occupational Health and Safety

Our Journey and Future Direction:

Building on the lessons of the 2013 fire incident, we have fostered a deeply rooted safety culture. Through our monthly Safety Council meetings and the annual Takasago Safety Day, we reinforce safety awareness across the Group.

On *Takasago Safety Day* in April 2025, employees at all Takasago sites worldwide participated in a unified program under the theme of strengthening risk assessment. This initiative highlighted the critical role of proactive hazard identification in ensuring operational safety. Our ongoing commitment is embodied in our guiding principle: *"All employees go home with a smile."*

Closing Remarks

This report has outlined our sustainability initiatives in climate change mitigation, human rights protection, DE&I promotion, and occupational health and safety. Further details can be found in *Sustainability 2030*, our long-term action plan, available on the Takasago website.

As a company committed to sustainable growth for the next 100 years, we will continue to address global social challenges with determination and transparency. We look forward to your continued understanding and support for *Sustainability at Takasago*.

Business Strategy

TAKASAGO has formulated a new Mid-Term Management Plan, New Global Plan-2 (NGP-2) from FY2024 to FY2026, aiming to get closer to our vision stated in Vision 2040.

There are three basic policies in NGP-2.

1) Growth expansion Overseas
2) Profitability improvement in Japan
3) Sustainable management

To achieve the NGP-2 targets, we have set key success factors for each policy.

To enable the entire Group to share goals and pursue them as One Takasago, we will have leaders provide stronger leadership and enhance global communication, and this will increase employee motivation.

NGP-2 New Global Plan-2

Basic Policies

Key Success Factors

- Business segment development strategy
- Developing new customers
- Expansion of Gross Profit
- Optimization of supply chain
- Creating competitive technologies leveraged by state-of-the-art science

- Optimization of Gross Profit
- Cost structural reform
- Developing new business opportunities
- Pursuing efficiencies in flavor and fragrance manufacturing
- Creating a future vision of chemical business, and restructuring the chemical production system
- Optimization of supply chain
- Creating competitive technologies leveraged by state-of-the-art science

- Sustainability 2030 execution
- Enhance corporate functions
- Maximizing human capital value
- Operational excellence
- SDGs-conscious development of new products and materials

Policy and Plans for Sustainability

TAKASAGO set sustainable management as one of the three basic policies in the new mid-term management plan, NGP-2. Following the Sustainability Basic Policy developed in 2021, we will strive to accelerate related activities.

A Sustainability Basic Policy

The policy has been developed as basic principles for our actions regarding sustainability. Based on the Care for People, Respect Environment statement in our Vision 2040, TAKASAGO respects all kinds of values and aims to live in coexistence with nature. Through fair and transparent corporate activities, we will continue to address social issues and contribute to sustainability in all forms.

B Materiality

Our material issues are designed to describe relevant priority issues that we need to tackle. They are reviewed and discussed every year.

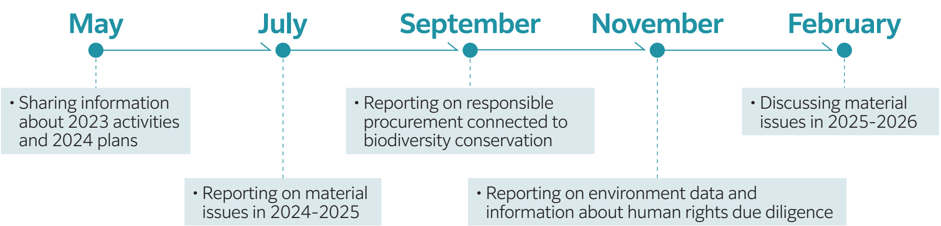
C Sustainability 2030

Sustainability 2030 includes concrete plans to achieve each objective regarding our material issues.

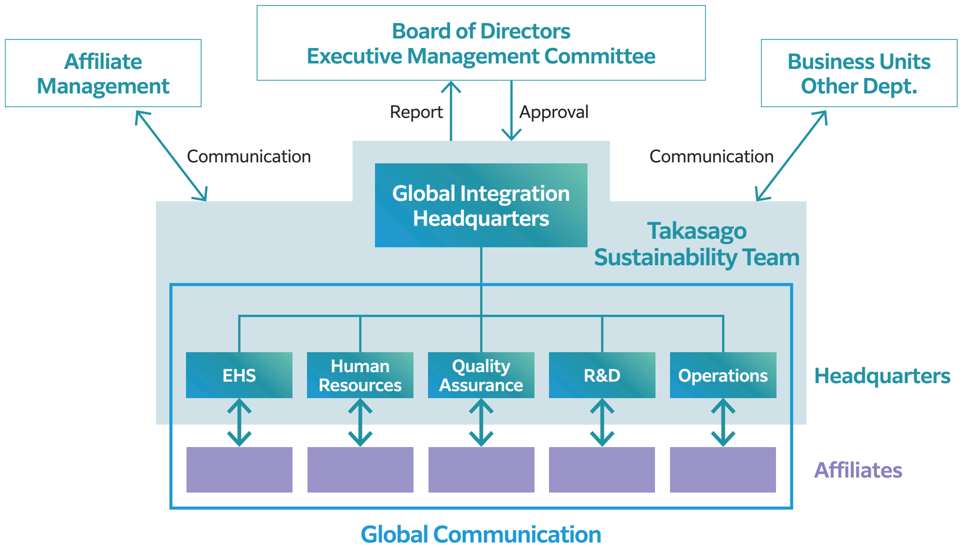
Sustainability Governance

The Takasago Sustainability Team was formed in 2017 to ensure that all our activities are globally aligned with the vision and strategy and action plans are executed in a timely and appropriate manner. The team performs five key corporate functions: EHS, Human Resources, Quality Assurance, Operations and R&D. The general manager of the Global Integration Headquarters leads the team and communicates information about key sustainability matters to the Board of Directors. Corporate officers and representatives involved in each function participate in the activities of the Sustainability Promoting Committee, which meets around once every three months at Headquarters to exchange information and their concerns and monitor the progress of our activities. Individual teams are responsible for communicating information about their functional areas around the globe and developing their own action plans following the corporate strategy.

The Main agenda of the Sustainability Promoting Committee in 2024.



sustainability action plan and information about individual sustainability issues are reported to the Board of Directors for discussion and decision-making. In 2024, the Board of Directors deliberated 3 matters related to sustainability and received 9 reports related to sustainability. Information about the agenda of the Board of Directors regarding sustainability in 2024 is reported in the corporate governance section of this report.



Board of Directors

The Board of Directors is the governance body of TAKASAGO. It is chaired by our president and CEO. At its meetings, the Board of Directors discusses and makes decisions on key management issues and strategies, but sustainability matters are also included on its agenda. As part of our Group's approach to sustainability, we identify material issues every year, which are discussed and approved by the Board of Directors. In addition, the Sustainability 2030 medium-to-long-term

Executive Management Committee

The corporate officers (senior vice presidents and vice presidents) are assigned by the Board of Directors to lead the divisions. Most of them are the general manager of a division reporting directly to the CEO and president. Following internal regulations, the corporate officers discuss and approve issues brought to them. Sustainability related matters are also discussed by the corporate officers and discussed at meetings of the Board of Directors as necessary.

Materiality Assessment

TAKASAGO conducted the assessment of its material issues taking external opinions into consideration. The material issues, which are reviewed every year, are identified based on global trends, sustainability indexes and standards such as the Global Reporting Initiative (GRI), the Dow Jones Sustainability Index (DJSI) and Sustainability Accounting Standards Board (SASB) Standards and trends in our industry. Identified issues are discussed by the sustainability team and thoughts and opinions are exchanged with stakeholders. In defining the current material issues, we exchanged thoughts and opinions with women and labor unions. The draft material issues are then brought to the corporate officers and the Board of Directors for further discussion and decision-making. Through these actions, we address global issues and fulfill our corporate responsibilities as a member of society. This also helps enhance the corporate value of the Group over the long term.

Process of Defining Materiality

Identify material issues by examining global trends and industry trends in addition to the current materiality → Exchange thoughts and opinions with stakeholders → Discussion within the Sustainability Promoting Committee → Discussion and approval by the Board of Directors

Assessment Method

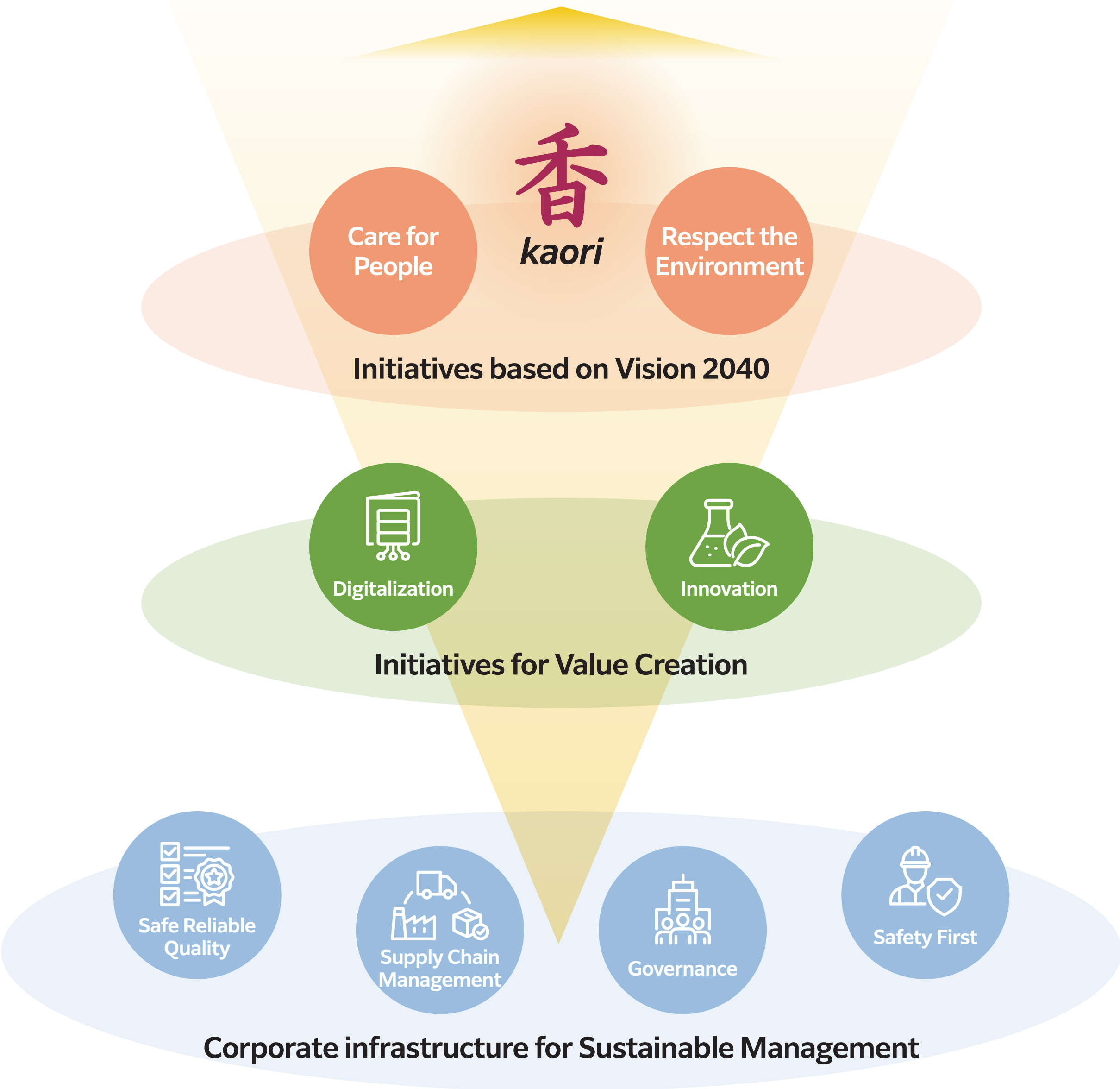
TAKASAGO assesses the materiality of issues based on the double materiality principle, considering the issue's internal impact on the business as well as its external impact on society and the environment. Through this assessment, we identify key issues for long-term value creation.

Materiality 2025-2026

Materiality	Details	Sustainability 2030	Related SDGs
Kaori: Aroma in Japanese	Contribution to QOL/well-being through kaori	—	3
Care for People	Improving employee engagement (e.g., supporting employee growth, promoting health management), diversity and inclusion, respect for human rights	Human rights, local communities	1, 3, 4, 5, 8, 10, 16, 17
Respect the Environment	Climate change mitigation and adaptation, reduction of environmental impact, efforts to conserve biodiversity	Climate change, Environmental impact reduction	1, 11, 12, 13, 14, 15
Safety First	Compliance with EHS laws and regulations, risk assessment, chemical management	Occupational health and safety	2, 8, 9, 12
Supply Chain Management	Pursuit of resilience in raw material sourcing, implementation of responsible sourcing, safe, secure, stable and highly efficient production activities in line with Vision 2040, Care for People, Respect Environment, promotion of sustainable logistics	Responsible sourcing	1, 4, 12, 14, 15, 17
Governance	Compliance with laws and regulations, fair and transparent management, risk management, enhancement of medium- to long-term corporate value	—	8, 9, 16
Digitalization	Strengthening of IT security, global integration of ERP and satellite systems, automation of manufacturing, use artificial intelligence (AI) and IoT technologies, paperless operations	—	9
Innovation	Open innovation, development of bio-production technology, continuous flow technology and catalysts, artificial intelligence (AI), receptor assays	Green chemistry	2, 3, 4, 6, 7, 8, 9, 12, 13, 14, 15
Safe Reliable Quality	Legal compliance and appropriate quality assurance, traceability, quality control	Transparency	9, 16

Materiality

TAKASAGO has simplified the relationship between our materiality and presented it in the diagram below to ensure that the message is easily conveyed to all stakeholders. Materiality is essential factors for our achievement our vision, Contributing to Society. Internally, materiality are prioritized in a materiality matrix.



香 (*kaori* : aroma in Japanese)

Sustainability 2030

To achieve our targets related to our materiality, we have formulated Sustainability 2030, a mid-long term sustainability action plan which was launched in April 2021. The status of the activities in line with this action plan is regularly reported at Board of Directors meetings.

The following is a summary of the progress of major activities in 2024.

Please see the related pages for detailed information about activities and future initiatives.

	Item		Phase2 (2024-2026) Targets	Actions Taken in 2024	Progress in Phase 2	Related Pages
1	Climate Change		Obtain SBTi certification and establish an approach to the reduction of GHG emissions	**Scope 1 and 2 emissions reduction** Takasago Group globally promotes energy saving activities and the introduction of renewable energy. **Scope 3 emissions reduction** The Procurement Division has established a supplier engagement program. This was followed by the establishment of our Scope 3 GHG emissions reduction program. Through these engagement activities, we collect LCA (CFP) information about raw materials and engage in dialogue to enable the decarbonization of the supply chain.		P18, 30-32
2	Reduction of Environmental Impact	Reduction of GHG emissions	27.5% reduction of GHG emissions by 2030 vs. 2019 (PreviousTarget)	15.3% decrease compared with the base year (FY2019)		P18, 31-33
		Reduction of water usage	1% reduction of water usage by 2023 (10% reduction by 2030 vs 2020)	5.6% decrease compared with base year(FY2020)		P34
		Reduction of waste generation	0.5% reduction of waste generation by 2023 (5% reduction by 2030 vs 2020)	The waste generation intensity decreased 4.1% compared with the base year(FY2020). 1.8% of the waste generated by the group as a whole was disposed to landfills (1.34% in the previous year).		P35
3	Occupational Health and Safety	Compliance	• Develop EHS compliance management • Implement an EHS compliance check	The Takasago Group is promoting many initiatives such as compliance education, improvement initiatives supervised by external OHS experts, and the implementation of the PDCA cycle within an ISO 45001 system.		P20, 35-36
		Incident response	Risk assessment	The Takasago Group is promoting many initiatives such as risk assessment workshops, risk assessment trainer education programs and incident diagnosis initiatives.		P35-36
		Improve work-life balance	Provide training	EHS education programs, risk assessment workshops, various e-learning programs for OHS, etc.		P44
4	Local Communities		Develop an annual plan for social contribution activities at each individual site	Developed an annual plan at each individual site.	-	P69-70
5	Green Chemistry		Development of eco-friendly technologies and products	Promoted projects including projects improving products' biodegradability	-	P25, 60-63
6	Responsible Procurement	Raw Material Procurement	Implementation of the Responsible Sourcing Policy	**Takasago Responsible Sourcing Policy (TRSP)** 74% of all of our suppliers have agreed to the TRSP. **Sedex** Takasago Group has linked with 300 corporation/400 sites via the Sedex platform.		P22, 50-51
7	Human Rights		Establish improvement scheme on human rights and working environment, utilizing the knowledge of third-party organizations	In 2024, SMETAs (Sedex audits) were conducted at 5 manufacturing sites. Most sites have received a SMETA every three years.		P19, 82
			Conduct Human Rights Due Diligence regularly	Conducted group-wide human rights due diligence in 2024. No human rights violations were reported at Group companies.		P19
8	Transparency	Disclosures of non-financial information	Enhance the content of the information disclosed	**Sustainability report** The Takasago Group publishes the Sustainability Report every year, and we disclose information about our activities through our website and LinkedIn. **Disclosure requirements** The Takasago Group responds to the CDP, EcoVadis, Sedex, and other ESG index SAQs.		P1, 68, 71
		Disclosure of information such as the environmental impact of products	Implement LCA and Sustainability ID Score	**LCA project to enable external authentication by a third party** We have started a project through which LCA processes are authorized by a third party.		P32

Materiality 1 Climate Change

Basic Approach

The Takasago Group understands that climate change is an important issue that must be addressed from a long- term global perspective and has identified it as an item of very high importance among its material issues. The group will continue to work on climate-related issues to contribute to the achievement of a carbon-neutral society.

Strategy

To conduct business activities in line with the Paris Agreement, TAKASAGO has formulated a strategy for addressing climate change based on the TCFD recommendations. The Takasago Group is also focusing on disclosing climate-related information. Our group has responded to CDP surveys through its supply chain program since 2010. The group's score in the CDP's Climate Change program in 2024 was B.

CDP Discloser 2024

2024 Progress and Results

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

TAKASAGO has been reducing greenhouse gas (GHG) emissions in line with its science-based reduction targets. To accelerate our reduction activities, in 2025, we updated our near-term targets to 1.5 °C targets and formulated net-zero targets. We strive to reduce GHG emissions to achieve our new targets, which have been approved as science-based targets by the Science Based Targets initiative (SBTi).

Near-term targets	Net-zero targets
Timeframe: by FY2030 with FY2019 as the base year ● **Reducing scope 1 and scope 2 emissions 46.2%** ● **Reducing scope 3 GHG emissions 27.5%**	**We commit to achieving net-zero greenhouse gas emissions throughout the value chain by 2050.**

Scope 1 and Scope 2 emissions (from our operations)

Scope 1+2 emissions in FY2024	% of renewable energy-derived electricity
-15.3%	**32.6%**
GHG emissions Scope 1+2 since FY2019	Our target is 30% by 2030

Contributing to the establishment of a carbon-neutral society, we are focusing on energy saving activities, process innovation and upgrading equipment to improve energy efficiency. Best practices are shared globally through EHS management. Our group is also utilizing electricity derived from renewable energy sources, which has contributed to the reduction of our Scope 2 emissions.

Scope 3 emissions (from our supply chain)

In 2024, our procurement division accelerated supplier engagement activities which includes the collection of LCA information. Through engagement activities with our suppliers, we will implement emissions reduction measures for the decarbonization of our supply chain.

Future Efforts

TAKASAGO also plans to strengthen engagement with our customers through the promotion of the LCA calculation of the environmental impact of our products. In addition, to address climate-related opportunities and risks, we will continue to promote green chemistry and enhance the resilience of our supply chain. The Takasago Group is accelerating its efforts to address climate change, and it is taking concrete steps to implement various actions to contribute to a carbon neutral society.

Materiality 2 Respect for Human Rights

Basic Approach

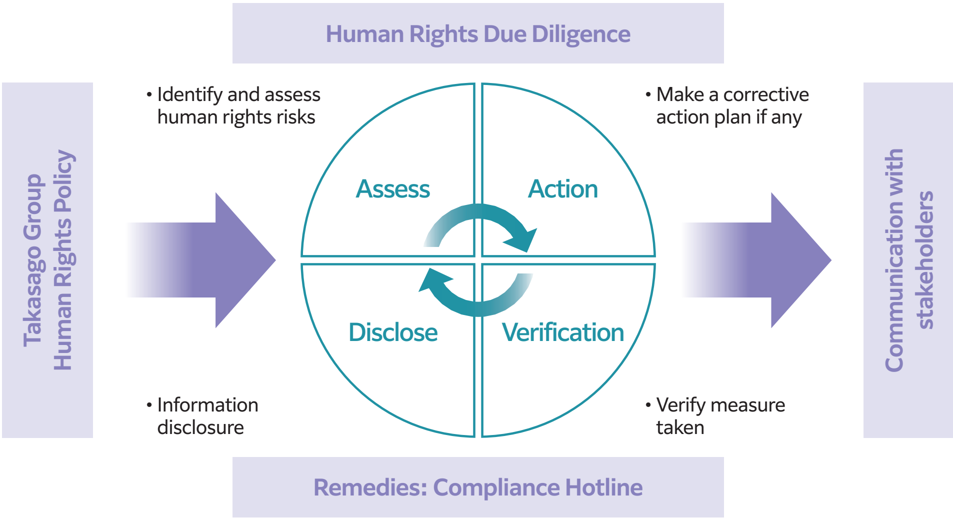
The Takasago Group is committed to respecting human rights in its business activities. To further clarify our stance in this area, we developed The Takasago Group Human Rights Policy in 2019. In addition, we established a procedure for human rights due diligence* referencing guidance published by the Japan Business Federation. In 2021, we summarized a wide range of human rights issues as Priority Human Rights Issues and added them to the Policy. We also incorporated them into The Takasago Group Supplier Code of Conduct to strengthen human rights initiatives throughout our supply chain. We explain the Code of Conduct to our suppliers from whom we procure not only raw materials but also goods and services and ask them to comply with the Code of Conduct to promote human rights protection throughout the entire supply chain.

*Human rights due diligence is the process starting with the identification of human rights risks and including the responses to issues and the disclosure of information.

Strategy Annually Conducting Human Rights Due Diligence

We have been continuously conducting human rights due diligence since 2019. The checklist is updated annually in light of business activities and global conditions. In 2024, there were no human rights violations or risks that could lead to human rights violations at any of our locations.

In addition, there were no reports that human rights related to the freedom of association or collective bargaining could be at risk. In 2024, five manufacturing sites underwent SMETA audits and received third-party confirmation. We also conduct CSR audits of our suppliers. This is presented in the raw material procurement part of this report. Through ongoing human rights due diligence and multifaceted efforts, we will continue to promote business activities based on respect for human rights.



Training

We provide human rights training to employees. In 2024, we conducted a video training program on business and human rights in Japan. We will continue the training program to ensure that human rights are respected in our corporate activities.

A Living Wage

The Takasago Group commits to paying wages that meet or exceed the minimum required to cover the basic needs of workers and their families, taking into consideration their place of residence, etc. In addition to management accounting processes, we monitor the human rights aspects of employees' wages and confirm that we are paying above the minimum wage mandated by law in each region in which we operate. A living wage is one of the issues examined in the ethical audits that our company undergoes. Our labor practices include having third parties verify that we pay a living wage.

Materiality 3 Safety First

Basic Approach

The Takasago Group ("Takasago") believes that ensuring the safety and health of our employees is the foundation of the Takasago's sustainable growth. Takasago will continue our efforts to create a safe and secure workplace so that all employees can concentrate on their work without anxiety. Takasago also recognizes the importance of safe operations in light of incidents and occupational injuries that have occurred in the past and it is determined to put "safety first" into practice.

Strategy: Promotion of Occupational Health and Safety

Takasago has established the Global EHS Committee ("GEC") to promote the standardization of EHS activities and appropriately implement the plan globally by utilizing its ISO 45001 occupational health and safety management system. The GEC aims to create a safe, healthy and comfortable workplace environment by promoting preventive activities through risk assessment, compliance with laws and regulations, appropriate chemical substance management and work management, implementing highly effective recurrence prevention measures through analysis of the causes of incidents and prioritizing safety activities through the analysis of trends based on the results of various verifications.

2024 Progress and Results

In FY2024, there were 4 incidents (lost-time injuries)*1 at domestic sites and 28 incidents (lost-time injuries)*2 occurred at overseas sites. In the event of an occupational injuries, Takasago systematically identifies the underlying factors, particularly from the perspectives of the employees and the organizations, eliminates dangerous operations and work and implements machinery and management safety measures. The results of cause analyses and countermeasures are reviewed by the EHS Headquarters ("EHS HQ"), and example countermeasures are shared throughout Takasago to prevent similar occupational injuries.

*1 Incidents based on common reporting rules for domestic bases (work-related injuries)
*2 Incidents based on common reporting rules for overseas bases (work-related injuries)

ISO management system

In FY2020, Takasago acquired both the ISO 14001 certification of its environmental management system and ISO 45001 certification of its domestic production sites. In FY2021, TAKASAGO's R&D headquarters in Japan and eight overseas production sites acquired ISO 45001 certification. In addition, three overseas production sites acquired the certification in FY2022. Takasago will continue to strive to eliminate incidents and occupational injuries through the appropriate operation of its globally integrated environmental, health and safety management system.

Recent efforts

2018	Takasago created global guidelines regarding the environment and health and safety called the Minimum EHS Requirements.
2019	EHS HQ began EHS Inspections to check the implementation of the Minimum EHS Requirements at overseas production sites.
2021	Since the COVID-19 pandemic made travel to overseas sites impossible, EHS HQ established a Remote EHS Inspection method using a web conferencing system and conducted an EHS inspection of the Mexico site in March 2021.
2022	For the first time in three years, EHS HQ went on a business trip and conducted EHS inspections at a site in Mexico.
2023	EHS HQ conducted a remote EHS Inspection of a location in France.
2024	EHS HQ went on business trips and conducted EHS inspections at sites in Indonesia, France, Germany and Spain.

Takasago believes that the leadership and commitment of top management at each site, including but not limited to awareness, response, active support and feedback, are very important in the promotion of occupational health and safety activities.

The EHS HQ has provided education to the top management at each site in Japan to reaffirm their role in ensuring safety and managing the necessary resources.

Future Efforts

TAKASAGO's ultimate goal is to achieve zero serious incidents. We are working to achieve this goal by sharing the lessons learned from incidents (occupational injuries) that occurred within the Group and the good practices implemented at each site within the company. Takasago will review lockout/tagout (LOTO) rules and static electricity control rules based on the results of risk assessments to prevent incidents that could lead to serious incidents (occupational injuries).

Takasago assigns EHS managers to major production sites globally and promotes safety and health activities in accordance with the conditions of each country and production site. Takasago has set up EHS managers at each production site in Japan and overseas, and promotes safety and health activities according to the conditions of each country and each production base.

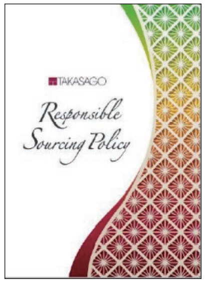
Takasago will continue to improve the occupational safety and health system and promote risk reduction initiatives by regularly understanding the occupational safety and health activities at each site and the status of occupational injuries.

Materiality 4 Responsible Procurement

Basic Approach

As you are aware, the diverse challenges that we face globally, which include environmental concerns such as the exhaustion of resources and global warming and social issues including the prevention of workplace accidents and human-rights issues, are increasing and becoming more serious. This requires that companies act with agility in their responsible procurement activities to ensure the sustainability of their procurement is based on strong and reciprocal relationships with partners and on transparent transactions. It is only when we cooperate with our business partners throughout the supply chain that we can implement the necessary action plans to optimize sustainable supply chains via the assessment of risks and implement kaizen or continuous improvement.

Strategy: Implementation of the Takasago Responsible Sourcing Policy



We have established the Takasago Responsible Sourcing Policy and are requesting that our business partners and their sub-contractors share and understand this policy and the underlying concept by distributing and submitting agreement forms.

In addition, in order to confirm compliance and investigate the risks and the potential impact of procurement activities in the fields of human rights, labor, the environment and anti-corruption, we ask our suppliers to respond to the Takasago Responsible Sourcing Policy self-assessment questionnaire or the Sedex questionnaire. If the possibility of an adverse effect on the supply chain is confirmed, we will immediately make an improvement plan and take corrective measures in cooperation with our stakeholders such as suppliers. We visit suppliers who are exposed to risks related to ESG and assess them with third party auditors based on global standards such as the ISO 26000 and SMETA standards.

2024 Progress and Results

Since beginning to distribute the Takasago Responsible Sourcing Policy to all Takasago group raw materials suppliers in 2021, we have continued to share the policy with all new suppliers. We obtained agreement forms from approximately 890 (74%) of the about 1,200 suppliers in 2024. We also asked the suppliers who have submitted the agreement form to join Sedex or respond to the self-assessment questionnaire established by our policy to check their compliance. After providing feedback to around 300 suppliers who responded to Takasago Responsible Sourcing Policy Self-Assessment Questionnaire, we sent feedback regarding the Sedex SAQ to 260 suppliers (380 sites) we have linked to on the Sedex platform to ask them to improve their activities related to sustainability.

We identified high risk suppliers based on a methodology established with a third-party organization in 2023. In April 2024, we conducted a pilot on-site assessment of a supplier together with a third-party auditor using criteria we established. We continuously followed up on non-conformities identified during the assessment so that the supplier was able to understand the global standard and improve their situation.

Future Efforts

In 2024, we introduced a system (Coupa CSO) for collecting supplier information and agreements. We will continue to obtain Takasago Responsible Sourcing Policy agreement forms from our suppliers using the new system. We request that suppliers who have submitted the agreement form join Sedex or respond to the self-assessment questionnaire established by our policy. We will continue to provide feedback to the suppliers who respond, and if there is a need for improvement, we will work together with the supplier to improve. We plan annual on-site assessments to identify high-risk suppliers, conduct assessments and request necessary improvements.

Materiality 5 Digitalization

Basic Approach

The Takasago Group is focusing on the continued development and utilization of IT as corporate infrastructure for sustainable growth. In addition to the global integration of ERP and satellite systems, the automation of manufacturing, and the use of artificial intelligence (AI), we are also promoting a paperless work environment that can flexibly accommodate remote work.

Strategy

We consider digitalization to be an indispensable strategy for realizing the standardization of our operational flows as well as to improve the productivity of TAKASAGO under the One Takasago concept. Furthermore, the continuous enhancement of IT security is an urgent issue in responding to increasingly diverse and sophisticated cyber-attacks. We continue to implement measures to prevent attackers from entering our network by using vulnerability assessment tools for example.

We have compiled these issues into Takasago GIT Strategy — 4 Platforms,* a blueprint for the period up to 2030. In line with this blueprint, we will steadily improve and utilize IT, which supports the foundation of our group's corporate activities, and strengthen security in a step-by-step manner.

*4 Platforms: IT Security Enhancement, GSAP/Integration of Satellite Systems, Digitalization of Corporate Divisions and Other Management

IT Security Enhancement

The improvement of digital security measures is positioned as one of the most important initiatives. Technical measures that we are planning include the global implementation of multi-factor authentication and vulnerability assessment tools and the establishment of a dedicated global security team. On the software side, Takasago is strengthening its awareness-raising activities by regularly reviewing internal rules and making ongoing e-learning programs and training available to employees.

Global SAP Project

Our group started the deployment of the Global SAP at each site after the development of the Global Template. We introduced the system and started its operation at our Singapore site in 2022, our USA site in 2023, and our French site in 2025. We are continuing to further deploy the system to other sites in the future.

Scope for the Modules

In addition to integrating our ERP systems with SAP globally, the main focus of this project is to align business processes with the Takasago Best Practices, starting with overseas sites.

After 2025, the scope of implementation will be expanded to include R&D and Safety & Regulatory Affairs.

Voice

Harmonization of the Flavor Raw Material Codes Used in GSAP by Affiliates

Shinichi Ishida
Director, Corporate Quality Assurance Headquarters

To date, we have been harmonizing the global specifications of FL raw materials.

However, since each site was using its own raw material codes, as long as the supplier was decided and the specifications and legal safety information were consistent, the raw material codes could be registered in each system without conflicts between sites.

Since the introduction of GSAP, it has become necessary to harmonize the sites and integrate the codes.

By doing this, it is possible to centrally manage registration, which has the following benefits.

- Improved visibility of purchasing activities for the harmonization of raw materials and registered suppliers
- Acceleration of supplier registration for raw materials when common raw materials are handled at multiple sites
- Prior harmonization/confirmation of specifications — Each site only needs to check the impact on sensory evaluation in local recipes.
- Global raw material updates can be done using only a single code
- The consistency status of all purchasing organizations can be easily tracked
- Facilitation of the transfer of recipes
- Facilitation of the traceability of raw materials throughout the supply chain
- Because a raw material list is available it is possible to quickly respond to the transfer of production, facilitating business continuity planning.
- Increased understanding of each purchasing organization's operations
- Increased opportunity to learn best practices from each other in the promotion of global governance

Voice

GSAP: A Collective Success at TEPL

Vanessa Aubert
Global SAP Project TEPL Site Coordinator

The implementation of GSAP at TEPL marks a major milestone in the evolution of our company.

This achievement would not have been possible without the dedication and involvement of all employees. Management, team leaders, experts, and staff joined forces to align TEPL with the Global Template, leveraging their skills for this strategic project.

All TEPL Team members consistently communicated about GSAP, sharing each step of the journey to explain changes and unite the teams. This ongoing transparency helped build strong collective momentum and a real sense of belonging around a project where everyone played a part.

A special mention goes to all the LFLs, who did remarkable work by fully embracing their roles and acting as key relays between the project and operational teams.

To move forward, teams had to let go of their usual ways of working and will now need to rebuild new habits and shared reference points.

All communication bridges between departments must be reestablished to ensure efficient collaboration.

Close cooperation with Global teams and our partner was also key. The site coordinator's role was to foster positive interactions between project stakeholders and affiliate.

Thanks to this synergy and a strong team spirit, we achieved our ambitious Go Live target on June 2.

This achievement is a source of pride for all TEPL employees. While challenges remain to fully stabilize the subsidiary and meet our clients' expectations, we are confident that our ability to overcome obstacles will lead us to continued success.

Materiality 6 Green Chemistry

Basic Approach

Based on our corporate mission, "Create new value through innovation rooted in *kaori* (*kaori*: aroma in Japanese)," we have set two key success factors, creating competitive technologies leveraged by state-of-the-art science and the SDG-conscious development of new products and materials, for R&D in the NGP-2 period, and green chemistry plays a vital role in solving these issues.

We are working to design new processes that take environmental load reduction and energy efficiency into consideration and are working to develop unique materials and products utilizing renewable raw materials or unused resources in line with the SDGs. Through these eco-friendly R&D activities, we are advancing green chemistry aiming to achieve Vision 2040, Care for People, Respect the Environment.

Strategy: Promote Eco-Friendly R&D Guided by the Twelve Principles of Green Chemistry

We facilitate the efficient use of water and the reduction of greenhouse gas emissions to reduce environmental load by utilizing our unique catalytic technology, introducing white biotechnology and designing eco-friendly processes. At the same time, to efficiently use limited natural resources, we are also actively working to explore and utilize renewable raw materials, reduce the use of natural raw materials by developing and switching to alternative materials and utilize unused resources. We contribute to the realization of a sustainable society through these eco-friendly R&D activities.

2024 Progress and Results

In the development of aroma ingredients, we have been promoting a conversion from petroleum-derived raw materials to renewable raw materials such as BIOSWITCH®. We focus on bio-based and biodegradable flavor and fragrance materials developed from renewable raw materials, and we are introducing these materials to the market as Sustainable Scent™ products. In 2023, NEDO (New Energy and Industrial Technology Development Organization) selected us to participate in a new project advancing bio-upcycling technology to convert unused organic residues into valuable aroma ingredients. We will promote R&D in the area of advancing bio-upcycling technologies for the efficient conversion of unused organic residues into valuable aroma ingredients.

In the field of organic synthesis, the Molecular Transformation Laboratory, which is responsible for the development of aroma ingredients and catalysts, and the Process Research Laboratory, which is responsible for process development, collaborate from the early stages of research to establish manufacturing processes with a strong awareness of green chemistry.

In addition, the manufacturing and process development departments cooperate to improve processes for existing products and launch new manufacturing items by collecting reaction data and utilizing process simulators to ensure safety and achieve energy-efficient operations. We use ligands in our catalysts, such as BINAP and SEGPHOS®, which have a significant impact on catalyst performance. Some derivatives of BINAP, although they are high performance, are difficult to use industrially because they require multiple reactions to produce. We have developed a process that reduces the number of reactions from four to one, enabling their industrial use. We will continue to develop catalysts for the construction of green processes that are compatible with scaled-up manufacturing.

Future Efforts

Along with our strategy based on Vision 2040, Care for People, Respect the Environment, we will continue to push forward with eco-friendly R&D activities with a focus on green chemistry to address the key success factors during the NGP-2 period.

Environment, Occupational Health & Safety

Global EHS Management

EHS Headquarters ("EHS HQ") defines TAKASAGO EHS Mission as follows:
EHS Mission
To build a sustainable EHS culture, Takasago will:

- Fulfill the legal, stakeholder, and other requirements applicable to our operations.
- Identify and control the risks inherent to our activities, to avoid incidents, illnesses and a negative environment.
- Imagine and realize initiatives for the conservation of natural resources, prevention of pollution and reduction of our carbon footprint.
- Incorporate environmental protection, safety and occupational health in our business plan and decision-making.

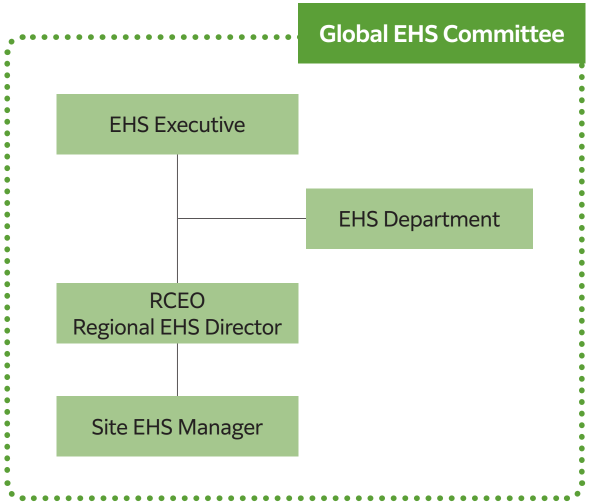
Sustainability 2030, a 10-year plan for sustainability promotion activities from FY2021 to FY2030, has also been launched alongside the EHS Mission.

In Sustainability 2030, EHS HQ set goals related to its EHS activities, including, but not limited to, climate change (reduction of greenhouse gas ("GHG") emissions), reduction of environmental impact (sustainable use of resources and prevention of pollution) and occupational health and safety.

At the end of the first 10-year plan, the goals of the EHS activities had been successfully achieved.

To promote the standardization of EHS activities and implement the plan globally through the operation of the above management system, Takasago has organized the Global EHS Committee ("GEC"). The GEC, chaired by the EHS Executive, Tatsuya Yamagata, is composed of officers in charge of EHS at our production sites.

Global EHS Committee



EHS Statement

Takasago has established the EHS Statement as one part of the foundation of the management of the entire group.

This EHS Statement is written in 11 languages to share the Takasago Group's vision and values for its EHS activities with all of TAKASAGO's employees in the 28 countries in which it operates.

The EHS Statement states that in all its business activities, EHS is the highest priority.

Biodiversity Conservation Initiatives

The flavors and fragrances industry has been supported by the various benefits of biodiversity. TAKASAGO uses hundreds of natural ingredients from around the world, and these diverse natural resources are used in the production of flavors, fragrances and aroma-ingredient products. Biodiversity underpins TAKASAGO's product portfolio, enabling a wide variety of flavor and fragrance expressions.

Policy and Commitment

As a well-regarded company that respects the global environment and local communities, we have established the Takasago Group Biodiversity Guidelines.

Takasago Group Biodiversity Guidelines

1. Incorporate concern for biodiversity into all of the Group's activities by ensuring management that is engaged in recognizing the impact of our corporate activities on biodiversity and the potential impact on our existence.
2. Continuously make efforts to improve raw material procurement for conservation and regenerations of ecosystem and sustainable use.
3. Promote the development and the improvement of technology, product, and process that will contribute to the conservation of ecosystem and biodiversity.
4. Collaborate with internal and external stakeholders to make advancements in biodiversity conservation.

In 2024, we committed to the Keidanren Initiative for Biodiversity Conservation. Our group promotes the conservation of biodiversity to establish a sustainable society.

Keidanren Initiative for Biodiversity
Since 2009

Risk Assessment

Referencing the TNFD's* globally endorsed biodiversity framework, we use the LEAP framework and location-specific approaches to understand how our natural resources are used in our value chain, assess risk, dependency and impact, and formulate countermeasures. The results are integrated into our company-wide risk management processes. Significant environmental risks are discussed by the Risk Management Committee, which is made up of directors and executive officers.

*The Taskforce on Nature-related Financial Disclosures aims to establish a framework for companies and organizations to assess the impact of their economic activities on the natural environment and biodiversity and disclose this information.

In particular, the loss and reduced availability of natural raw materials is identified as the greatest nature-related risk, as our business is highly dependent on natural raw materials.

Main nature-related risks identified

Upstream Supply chain	• Loss/reduced availability of natural raw materials • Increase in prices of natural raw materials
Our operations	• Decrease in available water resources • Suspension of operations due to severe disasters associated with ecosystem degradation • Operations impacted by tighter legislation
Downstream Consumers, markets, local communities	• Market changes associated with people being oriented toward sustainability • Abandonment of corporate brands

Our Initiatives

Our group is implementing various measures to contribute to the conservation of biodiversity through our business activities. The progress achieved by TAKASAGO in 2024 includes the group's establishment of a Safety Committee for Genetic Modification Experiments, etc., in accordance with the Cartagena Laws. We deliberate the safety of genetically modified technology from a scientific point as well as its conformity with laws and regulations and internal standards to promote appropriate R&D activities.

Initiatives	Management of wastewater and waste
	Involvement in nature conservation activities in local communities
	Integrated activities upstream in the supply chain (TaSuKI program)
	Commitment to zero deforestation
	Use of certifications (use of the RSPO certification for palm-derived raw materials)
	Appropriate use of genetic resources and compliance with Cartagena Laws

Opportunities

TAKASAGO will take advantage of various opportunities through these actions and integrate them into our business strategy. We focus on developing low environmental impact products to reduce our dependence and impact on natural resources and to increase sales in markets where consumers' environmental awareness and preferences are changing. We also promote the use of certified products, including RSPO certified products. Currently, TAKASAGO has four manufacturing sites that have acquired Mass Balance certification, one of the RSPO supply chain certifications, and we plan to further promote the acquisition of certifications.

Column

TAKASAGO's environmental stewardship

1) Life cycle assessment initiatives

TAKASAGO has long been involved in life cycle assessment (LCA) initiatives as a tool to understand the environmental impact of our products. As climate change intensifies, we are focusing on LCAs of the carbon footprint (CFP) of products. Currently, we are working on LCA/CFP calculations and obtaining external certifications, particularly for our aroma ingredient products. By the end of FY2025, the calculation process for approximately 80% of the product portfolio (in terms of sales value) will have been certified by a third-party organization.

The calculated CFPs are used to provide information to customers and for the calculation of company's own GHG emissions. The results of analyses obtained using LCAs help us identify energy use and GHG emissions reduction targets and implement appropriate reduction activities.

2) Efforts to address air pollution

TAKASAGO handles volatile chemicals and is committed to reducing its environmental impact on the atmospheric environment by introducing equipment such as water scrubbers to collect and remove pollutants, odors and particulates before they are released. Furthermore, regarding odors, we confirm that they are not being released into the surrounding environment through regular patrols. We will continue to carry out the regular analysis of regulated chemicals (including NOx and SOx) and their quantities, monitor ambient air quality and introduce appropriate mitigation measures, processes and equipment.

Approach to Climate Change

TCFD Recommendations

Takasago International Corporation expressed our support for the TCFD recommendations in November 2019. We will continue to work to realize a carbon-neutral society by formulating climate change strategies and disclosing information in line with the recommendations.

Governance	The Takasago Group is committed to improving the governance of our group regarding climate change. Climate change is positioned as a material issue, and climate issues, including risks and opportunities, are handled by the Executive Officer (Director) in charge of the Corporate HQ and are regularly discussed by the Board of Directors. In 2024, the Board of Directors discussed the updating of our GHG emission reduction targets, in addition to the regular assessment (once a year). Our EHS HQ discusses specific issues related to energy and greenhouse gases in depth and considers countermeasures.
Strategy	Our sustainability team conducts qualitative and quantitative climate-related scenario analyses to identify risks and opportunities over a medium- to long-term time horizon beyond 2030. Specifically, these include several representative concentration pathway (RCP) scenarios ranging from low (1.9) to high (8.5), as well as various scenarios developed by international organizations such as the International Energy Agency (IEA). **Risks and countermeasures** • Transition risks such as tighter legislation and carbon taxes • Reputational risks • Physical risks (including in the value chain) such as disasters (heavy rainfall and catastrophes). We have planned appropriate measures to address these risks. Physical risks in particular have the potential to significantly impact the continuity of our business. They are therefore addressed through company-wide policies and context-specific plans. We develop corporate and site/product-specific business continuity plans (BCPs) and strengthen plant infrastructure to reduce the impact of risks. Takasago West Japan, the newest flavor manufacturing site in Japan, was established in full consideration of BCPs, including the avoiding of natural disaster risks and the availability of transportation infrastructure. In the supply chain, we are strengthening resilience by strategically promoting multi-company procurement and upstream integration. **Opportunities** • Improvement of energy efficiency and profitability through the reduction of energy costs. • Strengthening of energy security and resilience • Expansion of business opportunities using low-carbon products and technologies In particular, the promotion of the development of low-carbon products and technologies is incorporated into our corporate R&D strategy, and we continue to promote green chemistry.
Risk management	The Takasago Group regularly identifies significant business risks and takes measures to avoid or mitigate their impact to maintain stable business activities. Our group has established a Risk Management Committee to enable the Board of Directors to comprehensively assess risks that could lead to losses by analyzing and assessing the impact of specific risks on the management of businesses based on reported situations and findings, and to deliberate and formulate countermeasures. The assessment of climate-related is integrated into the corporate risk assessment process. We assess the impact of transition risks (e.g., regulatory, technological and reputational risks) and chronic and acute physical risks throughout the value chain on our businesses using several time horizons (short, medium and long term).
Metrics and Targets	The Takasago Group monitors and discloses GHG emissions and reduction rates as KPIs to address climate change issues. GHG emissions are a key metric for us, and they are verified by a third party. For details, please refer to the environmental data section of this sustainability report. In 2024, our group updated its GHG emissions reduction targets, taking into account the progress in reducing GHG emissions, social conditions and climate change risks and opportunities.

GHG Emission Reduction Targets

In 2025, TAKASAGO updated our GHG reduction targets and formulated targets consistent with the 1.5 °C standard which were approved as science-based targets by the SBT Initiative. The new reduction targets are as below.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The Takasago Group GHG emissions reduction targets

Near-term targets

Takasago International Corporation commits to:

- Reducing absolute scope 1+2 GHG emissions 46.2% by FY2030 from the base year, FY2019.
- Reducing absolute scope 3 GHG emissions 27.5% within the same timeframe.

Long-term targets

We commit to reducing absolute scope 1+2 and scope 3 GHG emissions 90% by FY2050 from the base year, FY2019.

NET-ZERO target

We commit to reaching net-zero greenhouse gas emissions across the value chain by FY2050.

Decarbonization Strategy

To achieve our science-based targets, TAKASAGO has identified reductions and developed a program of reduction activities. A range of measures are currently underway, and in the future we will consider offsetting, e.g., purchasing carbon credits and investing in carbon removal technologies.

We are also focused on product LCAs, identifying the environmental impact of our products and using this information to provide inventory information and decarbonization strategies. In 2024, our group promoted CFP calculations and the external certification of AI products. LCAs are also used for our own calculation of Scope 3 emissions.

We will continue with our decarbonization strategy to further contribute to a carbon-neutral society.

Our Initiatives to Achieve Our Emissions Targets: Scope 1+2

The Takasago Group monitors energy consumption and promotes the reduction of Scope 1+2 emissions through various measures under its energy management program.

- Renovation of equipment such as boilers, refrigerators, HVAC systems, etc. to increase energy efficiency
- Renovation of buildings to increase energy efficiency, such replacing older lights with LED lights
- Promoting the use of waste heat recovery systems and cogeneration equipment.
- Promoting the switch to more eco-friendly fuels (e.g., from heavy oil to LNG)
- Utilizing renewable energy
- Process innovation considering production efficiency
- Promoting the implementation of energy management/monitoring systems
- Automating facility operations, reviewing operation methods and changing production processes
- Appropriately maintaining and inspecting facilities
- Providing environmental education, including employee training programs specific to energy and climate change
- Setting intensity targets and monitoring progress

In Japan, the Energy Management Committee has been promoting measures in line with the energy consumption reduction targets on a per-unit basis, and energy-saving inspections, a type of internal audit, are carried out to implement further improvements across the group.

Our Initiatives to Achieve Out Emissions Targets: Scope 3

Regarding the reduction of Scope 3 emissions, we recognize that Category 1 emissions (purchased goods and services) are the largest amount of emissions. We have started supplier engagement activities in line with climate change measures

- Expanding the collection of LCA information from suppliers
- Promoting dialogue and partnerships with suppliers and other stakeholders
- Evaluating and selecting suppliers based on their climate change initiatives

In addition, we are working to reduce Scope 3 through various measures such as more efficient logistics (Category 4) and the reduction of the amount of waste (Category 5).

Environment

Energy and Emissions

Most of the energy used by us is purchased electricity used at production sites and offices.

We are committed to reducing energy consumption and CO_2 emissions at our sites and we are doing this by adopting energy- and resource-saving equipment and processes, reviewing our equipment operation methods, promoting LED lighting, and conducting regular equipment maintenance and inspections. Additionally, we are installing solar power generation equipment at some overseas production sites. Moving forward, we will continue to reduce energy consumption and promote the use of renewable energy and the switch to fuels with low CO_2 emissions.

2024 Progress
Scope 1 and 2 Emissions

In 2024, energy use was reduced by 11% per metric ton of product produced through the continuation of energy conservation activities at each site. This led to a significant reduction of 15% in emissions compared to the SBTi base year, 2019. In FY2024, 33% of the electricity used was procured from renewable energy sources (including purchased renewable energy credits (RECs)). We remain committed to reducing emissions in pursuit of the SBTi targets.

Scope 3 Emissions

The category that accounts for the largest proportion of Scope 3 emissions is Category 1, purchased goods and services. We are focusing our reduction strategies on this category and promoting the improvement of calculation methods, including the incorporation of data specific to raw material suppliers.

Energy consumption within the organization

	2023 (restated)	2024	Changes in %
Fuel consumption within the organization from non-renewable sources (GJ)			
Town Gas	322,955	340,034	5.3%
LP Gas	9,539	5,926	-37.9%
LNG	52,192	60,870	16.6%
Natural gas	29,661	32,952	11.1%
Residual Fuel Oil	35,474	36,135	1.9%
Gas/Diesel Oil	6,508	8,342	28.2%
Kerosene	179	222	24.0%
Gasoline	9,236	8,643	-6.4%
Waste Oil	56,492	34,404	-39.1%
Fuel consumption within the organization from renewable sources (GJ)			
Bioethanol	228	361	58.3%
Biomass incinerated	32,910	32,447	-1.4%
Electricity and steam purchased for consumption from non-renewable sources (GJ)			
Electricity purchased	558,684	503,052	-10.0%
Steam purchased	44,878	42,727	-4.8%
Electricity from renewable sources (GJ)			
Purchased	178,199	236,426	32.7%
Self-generated	1,562	3,604	130.8%
Total energy	**1,338,696**	**1,346,146**	**0.6%**

Energy intensity

	2023 (Restated)	2024	Changes in %
Energy intensity (GJ per metric ton of finished products)	18.37	16.33	-11.1%

Greenhouse gas (GHG) Emissions (scope 1 + 2)

*Gases included in the calculation of Scope 1 emissions: CO_2, CH_4, N_2O, HFCs, SF_6 and NF_3, or all of the greenhouse gasses we emit.

	2023 (Restated)	2024	Changes in %
Direct and energy indirect GHG emissions in metric tons of CO_2e			
Scope 1*	28,866	30,887	7.0%
Scope 2	30,144	25,913	-14.0%
Total (Scope 1 + 2)	**59,009**	**56,800**	**-3.7%**

GHG Emissions Intensity (Scope 1 + 2)

	2023 (Restated)	2024	Changes in %
Total (Scope 1 + 2)	**0.81**	**0.69**	**-14.6%**

Other Indirect Greenhouse Gas (GHG) Emissions (Scope 3)

		CO_2 emissions (MT)	Percent of total GHG emissions
Cat 1	Purchased goods and services	844,989	85.51%
Cat 2	Capital goods	33,626	3.41%
Cat 3	Fuel- and-energy-related activities	15,451	1.56%
Cat 4	Upstream transportation and distribution	26,207	2.65%
Cat 5	Waste generated in operations	3,941	0.40%
Cat 6	Business travel	540	0.05%
Cat 7	Employee commuting	5,841	0.59%
Cat 8	Upstream leased assets	N/A	N/A
Cat 9	Downstream transportation and distribution	N/A	N/A
Cat 10	Processing of sold products	N/A	N/A
Cat 11	Use of sold products	N/A	N/A
Cat 12	End-of-life treatment of sold products	718	0.07%
Cat 13	Downstream leased assets	61	0.01%
Cat 14	Franchises	N/A	N/A
Cat 15	Investments	23	0.00%
Scope 3		**931,398**	**94.25%**
Scope 1		**30,887**	**3.13%**
Scope 2		**25,913**	**2.63%**
Total GHG emissions		**988,199**	**-**

*Emissions period is 01 April 2024 to 31 March 2025
*Figures are rounded to the nearest unit. As a result, the total may not necessarily match the sum of the constituent figures.

See the Statement

Water and Effluents

We recognize that water is an essential resource for the stable continuation of our business activities.

At present, our production sites in Japan and overseas are able to stably secure sufficient quality water in sufficient quantities, but we are promoting the sustainable use of water resources, focusing on reducing the amount of water used at production bases by improving the efficiency of water use in the manufacturing process and examining the possibility of reusing water in anticipation of the increased risk of a decline in the amount of water available and its quality due to changes in the climate and other factors.

The total amount of water withdrawn in FY2024 decreased 1.7% compared to the previous year due to a decrease in production quantity. The amount of water withdrawn at sites located in areas with high water stress accounted for 72% of the total, and the amount of water used in these areas decreased by 6.4% compared to the previous year.

Total Water Withdrawal by Source

Water withdrawal (ML)	2023 (Restated)		2024	
	All areas	Areas with water stress	All areas	Areas with water stress
Third-party				
Municipal water	619	79	660	88
Industrial water	383	0	409	0
Rain water	0	0	0	0
Groundwater	2,036	0	1,919	0
Total water withdrawal	**3,038**	**80**	**2,988**	**88**

At some of our production sites, we draw groundwater in quantities approved for production purposes.

Water Discharge by Destination

Water discharge (ML)	2023 (Restated)		2024	
	All areas	Areas with water stress	All areas	Areas with water stress
Surface water	2,397		2,246	
Groundwater	0		0	
Third-party	449		496	
Total water discharge	**2,847**		**2,742**	

At production sites that discharge water into natural bodies of water, we biochemically treat water before discharging it to purify the water to below the standard level.

We have established a management system to ensure that all wastewater complies with the environmental standards and related regulations in place at each business site, and we are continuously implementing initiatives to minimize the impact on the local environment.

Water discharge by level of treatment

Water discharge (ML)	2023 (Restated)		2024	
	All areas	Areas with water stress	All areas	Areas with water stress
No treatment	114		114	
Primary treatment	37		47	
Secondary treatment	2,696		2,582	
Total water discharge	**2,847**		**2,742**	

Water Consumption

Water consumption (ML)	2023 (Restated)		2024	
	All areas	Areas with water stress	All areas	Areas with water stress
Total water consumption	**192**	**8**	**245**	**10**

Column

Water risk initiatives

We have promoted water risk initiatives in parallel with the reduction of environmental impact.

Our team assesses water-related risks within the scope not just our direct operations but also upstream in the value chain (our supply chains) and downstream (the product use phase). In particular, as we are exposed to risks because our manufacturing processes depend on and affect water, we do risk assessments that include the quantity of water available in the future, future water quality-related risks, impact on local stakeholders, potential regulatory changes at the local level and other aspects of risk at our manufacturing sites. We use the WWF-DEG (German Investment and Development Company) Water Risk Filter as a global tool for implementing our water risk assessments.

Based on the results of the assessments, we are aware of the water resources that our operations are dependent on and the water-related risks which may impact them, and we manage and address these risks appropriately. Our initiatives include the introduction of water reuse technologies and equipment to promote the recycling and more efficient utilization of water, water quality surveys of the water we intake and release and groundwater pollution management and rainwater harvesting systems.

Waste

Takasago is working to reduce waste generation by promoting the separation of waste for recycling and improving product design and production processes. When waste is generated, we prioritize recycling and work to reduce the amount of waste disposed of in landfills. We also properly manage waste disposal contractors to prevent improper waste disposal, such as illegal dumping.

Waste by Type and Disposal Method

Hazardous waste (as defined by local regulations) (tonnes)	Onsite	Offsite	Total
Recycling	0	2,033	2,033
Incineration	1,497	168	1,665
Landfilling	0	26	26
Total hazardous waste	**1,497**	**2,227**	**3,723**

Non-hazardous waste (tonnes)	Onsite	Offsite	Total
Recycling	625	13,925	14,550
Dehydration	7,255	0	7,255
Incineration	1,519	1,801	3,320
Landfilling	32	307	338
Total non-hazardous waste	**9,431**	**16,033**	**25,464**

Approximately half of the industrial waste generated by us is plant and animal residue that is inevitably generated in the process of manufacturing products, such as coffee grounds, tea leaves, and fruit peels. Because it is difficult to control the generation of this waste, we aim to maintain a recycling rate of 99% or more.

In fiscal 2024, 1.8% of the waste generated by the entire group was disposed of in landfills.

Environmental Compliance

Ensuring compliance with environmental laws and regulations is the most critical issue in our corporate activities. We are committed to achieving continuous improvement and reducing risk through the regular evaluation of compliance and internal audits leveraging the ISO 14001 framework.

In fiscal 2024, there were no major violations of environmental laws or penalties imposed on the Group. We are committed to maintaining and strengthening compliance across all our sites.

Occupational Health and Safety (OHS)

Takasago is globally advancing its acquisition of the ISO 45001 certification of its occupational health and safety management system ("OHSMS"), in addition to the ISO 14001 certification. To date, a total of 21 sites globally have acquired the certification.

Takasago will continue to strive to eliminate accidents and occupational injuries through the appropriate operation of its globally integrated environmental, health and safety management system.

Incident Reporting Rule and Incident Investigation

EHS HQ established reporting rules for incidents (including occupational accidents) in 2020. This has enabled the entire group to receive and share incident information in a timely manner in accordance with these rules.

Investigating the cause of incidents is very important from the perspective of preventing incidents that are the same or similar. Once EHS HQ receives an incident report from the site where an incident occurred, EHS HQ reviews the incident's description, causes and corrective actions to ensure the accuracy of the investigation conducted at the site.

Hazard Identification, Risk Assessment

TAKASAGO's Occupational Health and Safety Risk Assessment ("OHS RA") Rules apply at all of its production sites unless there are relevant local legal requirements that are more stringent. Takasago evaluates the occupational health and safety risks impacting all employees, including workplace hazards, based on these rules. EHS HQ is currently working to strengthen OHS RA globally by conducting RA training and developing procedures supplemental to the OHS Rules.

OHS Communication and Inspection

Global EHS Meetings are held at least four times a year to share information related to EHS.

EHS HQ conducts EHS inspections at several production sites every year.

Since 2019, EHS HQ has conducted the following EHS Inspections of overseas production sites.

2019	U.S.A., India, Singapore	onsite
2020	Mexico	remote
2021		Not implemented due to COVID-19
2022	U.S.A., Mexico	onsite
2023	France	remote
2024	Indonesia, France, Germany, Spain	onsite

Employee Occupational Health and Safety Training

To promote OHS improvement activities, it is necessary for all workers to correctly understand and be aware of their roles and responsibilities.

To this end, we are working to improve our capabilities through a variety of education and training programs, including the training of officially certified OHS personnel and education for workers who require specialized knowledge and skills for hazardous work.

EHS HQ held an OHS RA workshop to learn the information and practical awareness that is needed to promote OHS RA.

Occupational Injuries (Work-related Injuries)

EHS HQ is preparing to aggregate its OHS data, including information about occupational injuries and illnesses using T-ReCS®. Moreover, EHS HQ plans to build a more efficient system to aggregate data globally.

In FY2024, there were 4 incidents (lost-time injuries) in Japan and 28 incidents (lost-time injuries) at overseas sites. The occupational injury frequency rate was 3.47%, and the severity rate was 0.10%.

The main types of work-related injuries were "contact with high temperature objects" and "injuries caused by unnatural postures or movements." There were no fatal work-related injuries in the same period.

TAKASAGO Safety Day 2024

On April 10, 2024, the 11th Takasago Safety Day was held with the pledge to "Never again allow an incident like the one that occurred in 2013." The theme for the 11th event in 2024 was Static Electricity – Understanding Risks and Control Measures to coincide with the formulation and implementation of the Takasago Group's Static Electricity Safety Guidelines following a review of the existing rules on the elimination and control of static electricity, which was thought to be the cause of the fire in 2013. All members of TAKASAGO took this opportunity to reconfirm the risks of static electricity and review management measures such as the removal and suppression of static electricity.

At each site, the core time program consisted of a message from the CEO, a message from the EHS executive, the Education Video on Static Electricity and a lecture by a consultant who helped to formulate the Takasago Group's Static Electricity Safety Guidelines.

We then carried out education and training programs using various innovations, such as inspections of earthing points and wires, and we conducted risk assessments related to static electricity.

Fortunately, we have not experienced any incidents that we believe were caused by static electricity since the fire in 2013, but this has been an opportunity for the entire Takasago group to work together on measures to prevent static electricity incidents, and we have been able to increase awareness of incident prevention.

Social Responsibility and Coexistence

Relationship with Stakeholders

Takasago Group, with over 100 years of history, is committed to coexisting with our stakeholders and advancing our corporate activities to build a more sustainable future.

Customers

As a leading company in the flavor and fragrance industry, TAKASAGO has continued its research and development activities creating innovative and valuable products. Leveraging our global network, we aim to exceed customers' expectations by delivering exceptional value and positioning ourselves as a trusted global business partner.

Suppliers

Responsible sourcing practices and collaboration with partners are essential parts of the establishment of a sustainable business. To promote responsible sourcing practices and assess our impact on upstream suppliers and communities, we conduct regular surveys, reviews and site visits, meetings with local suppliers to identify concerns. Once we have determined the extent of any impact we may have, we work with our suppliers and communities to recommend strategies.

Employees

The creativity of each employee is our most valuable asset. TAKASAGO's superior technology is created due to the united efforts of highly individualistic employees in our many divisions. We are dedicated to engaging in the development of human resources and creating work environments that are both comfortable and fulfilling.

Shareholders and Investors

We strive for sustainable growth through sound and transparent corporate management, aiming to distribute profit appropriately and enhance communication with shareholders and investors, both domestically and internationally. In NGP-2, we have set the target of maintaining a consolidated payout ratio of at least 30% and achieving a return on equity of 2.0% in the final fiscal year, implementing dividends based on business performance.

Local Communities

The Takasago Group places great importance on living in harmony with local communities and actively engages with communities through environmental conservation activities and other activities to contribute to the local community at all our sites. We strive to maintain good communication with local people and contribute to the development of local communities while working together with them as a trusted partner.

Employee Growth and Respect for Diversity

Message from General Manager, Human Resources and General Affairs Division
Motonobu Sekine

The Takasago Group management is committed to creating a workplace where every employee can feel fulfillment and happiness.

We strive to build an environment where people from diverse backgrounds can work with joy and a sense of purpose, support each individual's growth and promote management practices that enable a healthy work-life balance.

Through these initiatives, we aim to foster a highly satisfying workplace and contribute to society through sustainable business activities.

Basic Approach

TAKASAGO believes that our employees are essential to the company's growth.

As a global company that continues to create new value through innovative technologies rooted in fragrance, we aim to contribute to a sustainable society. In doing so, we respect human rights, comply with relevant laws, international rules and their underlying principles, and act with a strong sense of ethics. We have established the following principles to guide our conduct.

Furthermore, TAKASAGO became a signatory to the United Nations Global Compact in 2017 and conducts business activities in alignment with its Ten Principles. Regarding labor practices, we strive to improve workplace environments based on the four principles listed below.

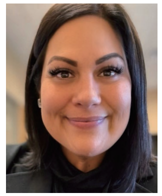
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Global Efforts

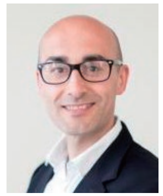
The Global HR Team, chaired by the Head of Corporate Headquarters and composed of HR Directors from key locations, formulates group-wide HR policies, develops related systems, and facilitates information sharing. One such effort is the establishment of a performance evaluation system that enables fair assessment of employees who take on global roles and responsibilities in addition to their local duties. We will continue to enhance our organizational infrastructure to support cross-regional corporate activities.

Tatsuya Yamagata (Chairperson)

Motonobu Sekine



Alessandra Macchia-Aguila (U.S.A.)



Frédéric Gutierrez (France)

Nora Rahmaoui (Germany)

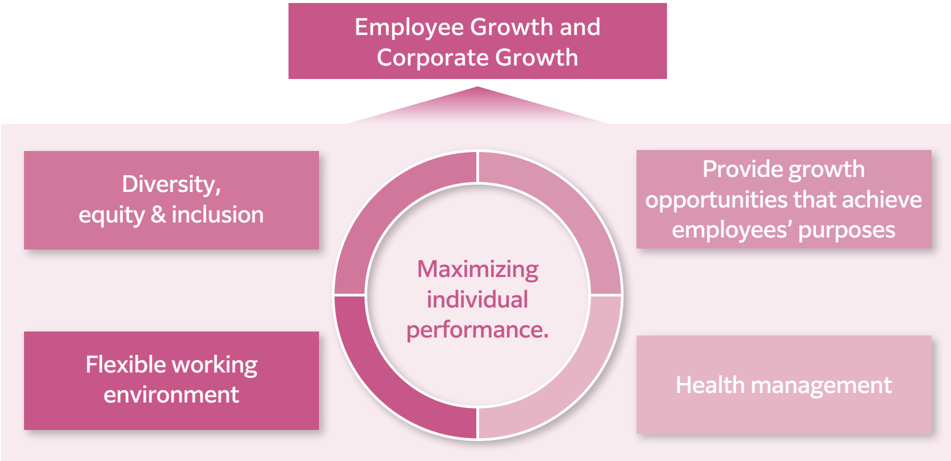
Andres Delicado (Spain)

Elaine Tay (Singapore)

Initiatives to Maximizing Human Capital Value

TAKASAGO celebrated its 100th anniversary in 2020 and is now aiming to realize sustainable management for the next 100 years.

We consider the skills and knowledge of our employees to be vital capital and are committed to creating a diverse, inclusive, and attractive work environment. By supporting employee growth and improving productivity, we strive to maximize individual performance and achieve further corporate development. To foster a virtuous cycle in which both employees and the company grow together, we are advancing the following four Initiatives.



1 Diversity, equity and inclusion–Building a foundation where diverse talents can thrive
2 Provide growth opportunities that achieve employees' purposes –Creating a workplace where employees find purpose and motivation
3 Flexible working environment – Realizing a healthy work-life balance
4 Health management– Enhancing the vitality of every employee

1 Diversity, Equity and Inclusion (DE&I)

TAKASAGO is committed to providing equal opportunities to all employees and cultivating a workplace that respects diverse values.

By fostering an environment where everyone can be themselves and fully utilize their strengths, we aim to unlock the potential of each individual and drive the creation of new value.

In 2022, we formulated our Diversity, Equity and Inclusion Policy, and each site has developed a three-year implementation plan based on it tailored to local circumstances. Specific activities include practices in recruitment and the provision of related training.

Promoting DE&I is essential for ensuring fairness in the workplace and preventing discrimination and harassment.

Diversity, Equity and Inclusion Policy

TAKASAGO operates in 28 countries and regions, including Japan. Diversity, not only in terms of age and gender but also across a wide range of human resources, is one of our core values.

With over 4,000 employees across the group, we are committed to fostering a virtuous cycle of the mutual growth of employees and the company.

Global workforce distribution (as of the end of March 2025)	Number of Employees (persons)	Male (persons)	Female (persons)	Under 30 years old (persons)	30–50 years old (persons)	Over 50 years old (persons)
Total	**4,486**	**3,157**	**1,329**	**764**	**2,551**	**1,171**
Japan	1,743	1,345	398	285	890	568
Americas	842	481	361	129	441	272
Europe	823	441	382	105	512	206
Asia (excluding Japan)	1,078	890	188	245	708	125

(Includes directly employed staff at equity-method affiliates)

Workplace customs and cultural norms differ across countries, and even in Japan, job mobility is becoming increasingly common. In response, Takasago actively promotes mid-career recruitment alongside the traditional hiring of new graduates.

According to 2023 statistics,* the average length of service at Japanese companies is 13.4 years, with a turnover rate of 15.4%. In the manufacturing industry, these figures are 16.3 years and 9.7%, respectively.

At Takasago International Corporation, the average length of service in FY2023 was 17.5years, in FY2024 was 17.4 years, and the turnover rate was 2.3% and 2.1%.

While the chemical industry tends to have a longer average tenure (15.6 years) in Japan, we believe that long-term service at our company contributes to the accumulation of knowledge and experience, which in turn supports the sustainable growth of TAKASAGO.

In FY2024, TAKASAGO hired a total of 585 new employees and saw 377 employees leave across its global operations.

*Source: Ministry of Health, Labour and Welfare – 2023 Employment Trends and Basic Survey on Wage Structure

Recruitment and Retention in Takasago International Corporation (FY2024)

Takasago International Corporation (FY2024)	Number of employees (persons)	Male (persons)	Female (persons)
New hires	48	33	15
— New graduate hires	32	21	11
— Career hires	16	12	4
Turnover	21	16	5
Turnover rate	2.1%	2.2%	2.0%
Ave. length of employment	17.8 years	18.3 years	16.6years

At Takasago International Corporation, there are no unjustified wage disparities based on gender or location in terms of base salaries. In 2024, Takasago International Corporation's the gender pay difference for all employees, based on total compensation, was 83.8%. This difference is considered to be primarily due to differences in allowances and a higher proportion of male employees in older age groups with longer years of service. Globally, the gender pay difference ranges from around 45% to over 200%, depending on the location. These variations are understood to be influenced by differences in job types and employment structures in different locations. Additionally, no employees at our global sites are paid below the applicable local minimum wage, and remuneration systems are designed to be in compliance with the labor laws of each individual country that we operate within.

Takasago International Corporation FY2024 Starting Salary

	Starting salary (JPY)	Compared to Tokyo's minimum wage (%)
Master's degree	244,900	142.3%
Bachelor's degree	226,400	131.5%

Note: Based on Tokyo's minimum wage of JPY 1,163/hour, Annual working hours: 1,776 hours, Estimated monthly salary at minimum wage: 1,163 yen × 1,776 hours ÷ 12 months = 172,124 yen
There is no regional disparity and gender within Takasago International Corporation data,

Advancing Gender and Cultural Diversity

At Takasago International Corporation, the ratio of female managers reached 18% in FY2024, achieving the initial target. We have now set a new target of 20% by the end of FY2027, and each global affiliate is establishing its own targets to promote gender diversity.

As part of our efforts to develop globally active talent, Takasago International Corporation proactively hire foreign nationals in Japan.

In FY2024, two foreign nationals joined our company, bringing the total number of nationalities represented among our employees to seven.

Post-Retirement and Inclusive Employment

At Takasago International Corporation, we actively promote post-retirement reemployment and the employment of people with disabilities.

In Takasago International Corporation, our reemployment program, the reemployment request rate was 80% during the past 3 years (from September 2022 to March 2025), and all applicants were rehired.

We also support life planning for employees nearing retirement by offering seminars on post-retirement lifestyles and financial planning.

After retirement, employees are eligible to join the Koyu-kai, a network of former Takasago employees that hosts regular gatherings and social events.

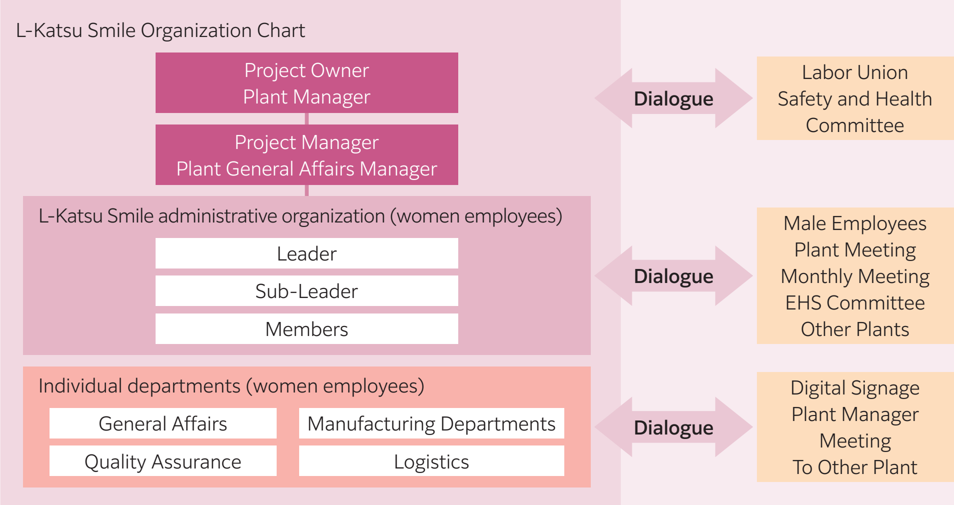
Currently, our people with disabilities employment rate are 1.83% in Takasago International Corporation. We continue to develop an inclusive workplace that enables all employees to fully demonstrate their abilities and build systems that support their long-term engagement.

Initiatives for Creating a Supportive and Empowering Workplace for Women

In TAKASAGO, it has become commonplace for women to work at production sites, and we are actively working to improve the workplace environment by incorporating diverse perspectives. We believe that creating a comfortable and inclusive work environment for all employees forms a foundation for enabling diverse talent to fully demonstrate their capabilities, thereby contributing to the sustainable growth of TAKASAGO.

One example of these initiatives we would like to introduce is the L-Katsu* Smile activities at our Kashima Factory, which have yielded particularly notable results.

L-Katsu Smile is an initiative led by women working at the Kashima Factory to create a workplace environment from a long-term perspective, looking 10-20 years into the future. Established in 2021, the initiative's administrative organization has been facilitating discussions throughout the Factory to envision and realize a workplace where actively participating women is the norm.



*"L-katsu" is a coined term that represents initiatives to promote women's active participation. The "L" stands for "Lady" (women), "Lively" (energetic), and is also associated with the Japanese word "eru", meaning "to gain" or "to a cquire." The word "katsu" refers to "katsudō", meaning "activity."

Specific activities and achievements include support for the preparation of presentation materials and meeting minutes, as well as improvements to facilities such as changing rooms and restrooms. The initiative has also addressed physical tasks in manufacturing, which had previously posed barriers to women's participation, leading to the automation of certain processes.

To promote work styles that align with changes in women's lives and life events, the understanding and cooperation of male employees is also considered key. By fostering a shared vision of an ideal workplace, the entire Factory is working toward an environment where everyone can thrive and work comfortably.

These efforts and achievements are reported to the directors, including the General Manager of the Human Resources and General Affairs Division. Beyond the factory itself, we are promoting the development of inclusive workplaces across the entire Group so that diverse talent can excel, thereby advancing sustainable management.

Message from Kashima Factory Manager

My impression of the Kashima factory was positive, and, as expected, there were also some challenges. One of these was unconscious biases related to gender. It is necessary to change common assumptions that unconsciously determine roles based on gender for Takasago International Corporation to continue being chosen as a workplace in the future.

I believe that there are barriers to women working on the flavor manufacturing floor due to the frequent handling of hazardous materials and the manual labor required, which is influenced by fire safety regulations.

Since becoming the Kashima plant manager, I have regularly held meetings with every employee. While discussing careers is certainly important, I also value engaging in casual conversations to build rapport.

During a meeting with a woman who is an employee, an interesting topic came up. She said she wanted to improve her presentation and minute-taking skills, but she felt that she wasn't being given the opportunity to take part in high-responsibility projects because of considerations for women. Male executives might think they are being kind, but I felt that it needs to be changed. In L-Katsu Smile activities, we provide ideal opportunities to improve minute-taking and presentation skills. Nowadays, women are increasingly prominent in large events such as Kaizen presentations, which are observed by all employees.

In another meeting, an employee mentioned that the torque required to tighten the caps on product containers is so high that after work, they struggle to hold a knife to prepare dinner. This conversation led to the development of the industry's first automatic capper. Male executives tend to think that physically demanding tasks should be left to men, but by taking on the challenge of automation, we succeeded in eliminating manual labor for everyone. This success was also welcomed by male employees. The barriers faced by women were equally burdensome for men.

One example of unconscious bias that has been a lesson for me is the thought that if you don't hear complaints, there must be no problems. The suggestions from L-Katsu Smile included issues related to changing rooms, toilets, lunches and uniforms. Many of these were recognized as issues only after receiving the suggestions. I feel that the activities of L-Katsu Smile have the power to change the mindset of each factory employee. By trusting each other and working together, we aim to contribute to the future of the Takasago Group.

Message from the L-Katsu Smile Office

I have seen delightful changes since we launch L-Katsu Smile. The most significant change I feel is the shift in the awareness of my women colleagues. At the beginning of our activities, we held meetings and conducted surveys to listen to people's candid impressions for L-Katsu Smile. The feedback we received at that time included many negative opinions, such as "Even though there are no particular complaints, what is the purpose?" and, "Nothing will change anyway." Our anxiety grew because we were also not confident. We continued to hold strategy meetings with members. When we were uncertain, we held meetings with all women employees to exchange opinions, and we also sought advice from the factory manager without hesitation—until we were satisfied. As a result, we established a policy to address everything, assuming that things might have become commonplace and no longer questioned. Under this policy, the gaps between the ideal state and the current situation regarding work clothes, changing rooms, toilets, and menstruation have become apparent. By clarifying the issues which are familiar to us, discussions with executives progressed, and results that made women feel happy began to emerge. From there, I felt that we succeeded in gaining the trust of women employees. Recently, we conducted a survey to prepare for discussions about the careers of employees who are women. We will continue to discuss the vision of the factory in consideration of life events that women uniquely experience, and we hope to contribute to the creation of a wonderful factory where women can work energetically and with smiles for years to come.


L-Katsu Leader Yukie Nabemoto and L-Katsu members

2 Providing Growth Opportunities that Achieve Employees' Purposes

TAKASAGO recognizes that employees are essential to the company's success.

Accordingly, we are committed to creating an environment where employees can fully leverage their abilities and continue to grow.

We provide structures that support employees' motivation to advance their careers and provide various skill enhancement opportunities, including on-the-job training (OJT) and external training programs.

We also encourage employees to acquire a wide range of specialized skills to adapt to the evolving business environment, thereby enhancing the Group's overall competitiveness.

Training programs are conducted across all global sites. These include both e-learning and in-person sessions, depending on the region. In particular, training related to information systems is provided through standardized e-learning programs across all Takasago sites worldwide.

Employee education at Takasago International Corporation

- **Takasago College (established in 2009):** A structured training system aimed at fostering talent across TAKASAGO.
- **Foundation Course:** Increases understanding of job responsibilities and enhances work execution skills and communication abilities.
- **Specialist Course:** Develops logical thinking and creativity while fostering the distinctive strengths associated with "Takasago style."
- **Correspondence Courses:** Subsidized training for skill and career development.

Training and Development Indicators in Takasago International Corporation.

Average training hours per employee	3.61 hours
Average training cost per employee	JPY 13,930
Participation rate and number of enrollees in correspondence courses	244 people, 24.0%

Based on HR & GA-led training programs only.

Overview of global training programs

In Takasago International Chemicals (Europe), S.A. (TICSA), TICSA training week is held annually. The last training week was primarily dedicated to Environmental, Health, and Safety (EHS). It is a unique opportunity for all staff to engage in continuous learning and improvement. During these days, various training activities are conducted, ranging from practical workshops to theoretical seminars, focused on the importance of workplace safety, environmental protection, and health promotion.

Training Week included 40 training courses, more than 1,700 training hours, including Takasago Safety Day and Antiharassment training, and all employees have taken at least one training course.

Furthermore, some Quality Control and R&D staff went to Paris to receive specific odor training in TEPL, adding additional value to Training Week. Additionally, emergency response teams, including both leaders and team members, attended training that included practical exercises and drills to prepare employees to respond effectively to any eventuality.

In addition to technical training, the week is designed to foster teamwork and strengthen interpersonal relationships within the company. The activities are structured so that all employees, regardless of their role, can collaborate and contribute. Courses are organized in a way that requires cooperation and the exchange of ideas.

The last day of Training Week culminated in a special celebration: paella for all staff members. This event not only marked the end of an intense week of learning but also served as a moment of relaxation and shared enjoyment. Employees had the opportunity to socialize in an informal setting. The combination of training and socializing reinforces the company's commitment to the safety, health, and well-being of its employees, creating a solid and united organizational culture.

Self-Reporting System

At Takasago International Corporation, we have introduced a self-reporting system through which employees can directly share information regarding their work conditions and personal circumstances with the General Manager of Human Resources, bypassing their direct supervisors.

This system, implemented at Takasago International Corporation, allows employees to express their interest in new roles or raise any concerns about their current work situation. Although utilization of the system is voluntary, approximately 90% of employees utilize this system.

In addition, supervisors conduct regular performance and career development reviews, ensuring continuous dialogue regarding the individual growth and aspirations of employees.

3 Flexible Working Arrangements

TAKASAGO values a healthy work-life balance and strives to create an environment where employees can work flexibly. We believe that a workplace conducive to productivity and job satisfaction contributes to the overall growth of the Group.

■ Takasago International Corporation Systems

Support for childcare

- Childcare leave, Paternity leave, Shortened working hours to care for children, Childcare time, Nursing leave
- Parental leave at Takasago International Corporation is provided as follows:

Childcare leave usage at Takasago International Corporation (FY2024)	Eligible employees	Number of users	Usage rate (%)
Men	24	28	85%
Women	7	7	100%
Total	31	35	88%

Support for caregiving

- Caregiving leave, Shortened working hours for caregiving, Caregiving leave: Up to five days per year per person requiring care
- Takasago has been awarded the Tomonin mark by the Ministry of Health, Labour and Welfare in recognition of its efforts to support employees balancing work and caregiving responsibilities.
- Leave Programs: Annual paid leave (available in one-hour increments), refresh leave, volunteer leave, etc.
- Flexible Work Arrangements: Flextime and remote work systems are implemented at selected business sites.

Our global sites also promote a healthy work-life balance by implementing flexible work arrangements, including remote work, in accordance with local regulations and needs.

Voice

Kazuyasu Hasegawa
Corporate Supply Chain Management Division
Takasago International Corporation

In my department, male employees had never previously taken parental leave, but because I had consulted with my supervisor in advance and received additional staff support, I was able to take parental leave smoothly.

Though being a first-time parent is challenging, the time I spent with my family was invaluable, and it was an incredibly fulfilling experience.

Moreover, by taking time off from work, I was able to reflect deeply on my family, career, and life, which turned out to be a precious opportunity.

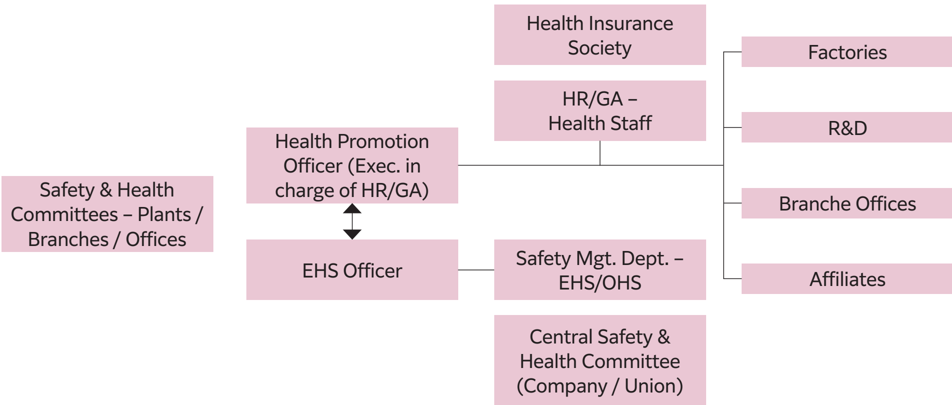
My return to work proceeded smoothly, and while I am engaging in the same tasks I was doing before I took leave, I have been able to adjust my work schedule and take paid leave as needed to accommodate my family circumstances.

Thanks to the understanding of my family and colleagues, I have been able to effectively balance family and work.

4 Health management

TAKASAGO believes that supporting the physical and mental health of employees is essential to the sustainable growth of the company. We foster a safe and inclusive workplace environment where individuals can thrive, respecting diversity and enabling each employee to fully demonstrate their potential. As part of our health and productivity management activities, we conduct regular health checkups and mental health programs to maintain a workplace where employees feel safe and motivated. While the following initiatives are primarily based in Japan, our global sites also provide annual health checkups and age-appropriate medical screenings and training programs.

Organizational structure for health management



Activities at Takasago International Corporation

- Annual Health check-ups conducted for all employees. FY2024 participation rate: 100%
- Overtime Management with physician interviews when exceeding legal limits. FY2024 average overtime: 9.4 hours
- Stress Checks implemented company-wide. FY2024 participation rate: 92.1%
- Employee Engagement promoted through internal activities and events.
- Certified as a Health and Productivity Management Organization (Large Enterprise Category) for four consecutive years.

Overview of initiatives at overseas sites

- Annual health check-ups and assessments of psychosocial risks
- PSA level analysis for employees above a certain age

Employee Benefits

TAKASAGO provides a wide range of employee benefits at each of its locations, forming the foundation for an environment in which employees can work with peace of mind and fully demonstrate their abilities. These benefits include social insurance programs, employee stock ownership plans, savings plans, cafeteria plans, and housing allowance systems.

We place great importance on maintaining a fair working environment regardless of employment status. Non-regular employees are eligible for the same benefit allowances, health insurance subsidies, and caregiving allowances as regular employees, in accordance with their employment contracts. They are also eligible to utilize flexible working systems, such as staggered working hours and remote work, implemented at their respective sites.

Labor-Management Relations

TAKASAGO respects the freedom of association and the right to collective bargaining. We actively engage in dialogue with the Takasago International Corporation Labor Union, which operates under a union shop system, to address a wide range of issues related to corporate activities. As of FY2024, 48% of all employees, including management-level staff, are union members who are subject to the collective labor agreement.

In addition, safety and health committees, established through labor-management cooperation, are held at all business sites. These committees cover 100% of employees.

Labor-management dialogue is actively promoted at our overseas locations as well. At Takasago Europe GmbH (TEG), nine employees have been elected to serve as members of the company's works council, which acts as the employee representative body. Their term of office is four years. One member serves full time, while the remaining eight perform works council duties in addition to their regular responsibilities at TEG.

The works council has various rights and plays a significant role in workplace matters, including working hours, the promotion of gender equality, the integration of people with severe disabilities, and improvements to the working environment for foreign employees.

Voice

TAKASAGO Labor Union Team (FY2024)
Takasago International Corporation

Through discussions between labor and management, we strive to create a comfortable workplace for all of the employees and to improve our standard of living.

To ensure business operations are appropriate through the cooperation of labor and management, we have established a number of forums to discuss various issues, such as the Labor-Management Council, where management and employees discuss business conditions, the Central Safety and Health Committee, which discusses occupational safety matters, and the Central Benefits Committee, which discuses welfare programs.

This fiscal year, management responded satisfactorily to our request for a base salary increase during the *shunto* (spring wage negotiation) in line with the inflation over the past few years.

In addition, we strengthened our follow-up with our foreign employees to increase the comfort of work spaces through various means as the number of foreign employees has been increasing recently and demands are now more diverse.

Production

Message from General Manager, Corporate Supply Chain Management Division
Naoki Mizuno

Phase 2 of Sustainability 2030 began in fiscal 2024. With aim of achieving resilience and sustainability demanded in the SCM 5.0 era, we are focusing on acquiring new capabilities and building a foundation through the visualization, reevaluation and redesign of our supply chain network to rebuild a system that can respond quickly and flexibly to change. In fiscal 2025, we will continue to strengthen the domestic supply chain and engineering chain, including sales, research, procurement, purchasing, production and logistics operations, and further strengthen the structure of the TAKASAGO global network, which includes integrated overseas partners. In addition, by building new relationships with customers and business partners and strengthening mutually beneficial partnerships, we will dynamically and sustainably manage the supply chain in line with the new era and in ways unique to TAKASAGO. We believe that revitalizing and optimizing the domestic and overseas supply chains of the entire TAKASAGO will lead to earning the trust of all stakeholders, sustainable growth, and the rapid development of TAKASAGO.

Establishment of Corporate Supply Chain Management Division

In 2024, we established Corporate Supply Chain Management Division by integrating the Production Division and Supply Chain Division and transferring our ordering and purchasing management functions for some raw materials from the Procurement Division. Under the leadership of Corporate Supply Chain Management Division, we will centrally manage the supply chain domains of our domestic and overseas bases and build a structure to promote kaizen toward the optimization of domestic and overseas supply chains and the maximization of the value of human capital, which have been identified as key success factors (KSFs) in NGP-2, and further strengthen our efforts.

Strengthening the Supply Chain

We are strengthening horizontal cooperation to promote cooperation between and competition with each business division and related department, and to achieve mutual understanding and optimization. In Japan, during Plant Managers' meetings, we communicate company policies, understand the production status, share information about new and existing technologies, issues and other information, understand the status of departments, and develop human resources by strengthening communication. In the overseas supply chain division, we are strengthening horizontal cooperation through the GSCM Committee to increase mutual understanding.

In addition, our group has formulated the Corporate Production Policy so that production and sustainability activities can be carried out with consistent objectives in global functional areas. We are promoting the standardization of work standards by deploying the TAKASAGO STANDARD at manufacturing sites. By taking advantage of the characteristics of each site and promoting production activities with a sense of unity as TAKASAGO in global activities, we aim to build a product delivery system that can be trusted by customers around the world.

Corporate Production Policy

We will implement the following in our production activities.

- We will maintain a safe, secure, and stable production system and fulfill our supply responsibilities by making products that meet customer needs.
- We will always pursue highly efficient production activities by improving manufacturing technology and thoroughly controlling production.
- We will strictly comply with laws and regulations and promote production activities that respect human rights and protect the environment.

Responding to Global Core Systems

We are actively participating in global core systems. We are cooperating and supporting production sites in Singapore and the United States, which have already entered the market, and in France, which is scheduled to begin operating in 2025. We visit each plant to exchange opinions and share information about issues with them as part of activities aimed at introducing their practices in Japan. The establishment of Corporate Supply Chain Management Division has resulted in our having a more organized and integrated structure. In the future, business processes will be integrated globally through core systems, so we aim to establish best practices.

Promotion of Small Group Activities

We continue to promote small group activities such as 5S KAIZEN and Zero Disaster Prevention activities. Regardless of the age or employment status of employees, the opinions of each individual who works at our plants are the basis for our activities, and synergy is enhanced by exchanging opinions and information about issues. We are continuing to implement the TA-KAIZEN Program that began last year, and by cooperating with global production sites through 5S Kaizen activities, we will promote the sharing of expertise regarding the improvement of production efficiency, human resource exchanges and human resource development.

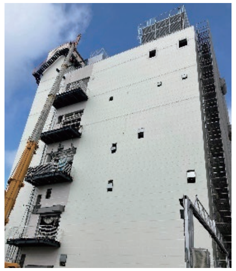
Capital Investment

TAKASAGO is implementing capital investment measures related to manufacturing under a capital policy that considers the cost of capital. We aim to expand sales and operating cash flow by promoting growth investments.

Growth investments (for production)

As part of our growth investments, we will invest approximately ¥8 billion in the Iwata Factory, and the pharmaceutical intermediate manufacturing facility for our FC business is scheduled to be completed in 2025. The purpose of this investment is to meet the strong overseas demand, especially from major pharmaceutical manufacturers in the United States. We plan to build an environmentally conscious manufacturing plant that will increase safety and reduce our workers' workload and the energy and water resources we use.

We also plan to actively invest in digital transformation (DX). Through the DX of manufacturing sites, we will restructure business systems and processes, improve productivity and production efficiency, eliminate human resource shortages and concerns about the passing down of technologies, and we will aim to create manufacturing sites that continually evolve.



General investment (for production)

Regarding existing facilities, each production site is strengthening its preventive maintenance and steadily updating facilities based on facility plans that take into account not only productivity, quality and economics, but also safety and environmental impact. By continually and efficiently updating production facilities, we build resilient supply chains.

Recyclable Raw Materials and Packaging Materials

In 2024, 42.0% of the raw materials used by our group were renewable, compared with 45.1% in 2023 and 50.0 in 2022.* Our group has developed high value-added materials derived from renewable resources. We will promote the use of bio-based materials and raw materials to reduce waste and protect natural resources.

Due to safety regulations, our group does not use recycled materials in containers that come in contact with products. Therefore, recycled pallets are used only in some storage areas. Recycled materials (paper and steel) are used in cardboard packaging and steel drums. We also reuse intermediate bulk containers (IBCs), steel drums, and pallets as long as there are no potential safety risks.

*Renewable raw materials: Renewable resources are natural resources that are self-replenishing in excess of human consumption through biological reproduction, natural cycle processes and other positive actions. The renewable raw materials ratio was calculated based on the GRI Standard Japan guidelines.

Logistics

Corporate Logistics Policy

The Takasago Group has established the Corporate Logistics Policy as its principles for logistics in accordance with the Charter of Corporate Behavior which includes consideration of the environment and local communities.

We practice the following in our logistics activities:

- Continuously striving to provide the highest level of customer service while providing a safe and stable source of supply.
- Constantly pursuing excellence in our logistics operations, systems and processes.
- Persisting in the observance of all relevant laws and regulations, respect for human rights, being fair and considering environmental preservation.

Streamlining for Prompt and Efficient Operations

Global affairs remain volatile due to inflation, unstable energy prices, international conflicts, and trade friction. The impact of these matters on global trade logistics has been varied, including the rerouting of airplanes due to the Russian airspace ban and the rerouting of vessels around Africa's Cape of Good Hope due to the Suez Canal issue. In addition, environmental concerns and regulations are becoming more important, and the cost of logistics is expected to continue to rise in the future.

These challenges cannot be addressed by one company, and cooperation throughout the entire logistics supply chain is essential. The Takasago Group is working to optimize inbound and outbound logistics efficiency where we can control it. Embracing digital technology is one of the keys to sustainable logistics. This minimizes the time and costs involved in transporting goods and establishes a prompt and efficient logistics process. Specific initiatives include the following: *

1. Data analysis and forecasting: Some sites use data analysis and demand forecasting to accurately predict logistics needs and allocate appropriate resources to optimize inventory and ensure smooth operations.
2. Technology: We leverage cutting-edge technologies to automate and streamline logistics processes. For example, we utilize warehouse management systems and track delivery status in real time.

*Including plans

Cooperation with Logistics Partners

Currently, the labor shortage is a particularly important social issue, and laws regarding working hours are being revised. Our business is sustained through close partnerships with a diverse network of logistics providers, and it is crucial to improve the operational efficiency of every step in the supply chain logistics, including processes done by shippers.

Our logistics team are working to build successful relationships with our logistics partners through opportunities such as meetings with them to exchange information and learn about their situation and what can be improved. To address concerns that we identified, we changed our workflow to sort and palletize shipments before pick-up to reduce handling time. In addition, we are sharing shipping information with our transport partners using data transfer systems.

Reducing Emissions from Goods Transport

In operations transporting cargo from factories to product warehouses, we are working to reduce the number of vehicles by adjusting collection dates and improving load efficiency.

As a part of our commitment to sustainability, we work to optimize our logistics network, including the adjustment of distribution bases to shorten transportation and distribution distances and reduce emissions.

Waste Management and Recycling

When consigning waste transportation and disposal tasks, we contract with companies that are certified as excellent by local governments and visit their sites to reduce the risk of compliance violations. We are able to trace the progress of waste transportation, storage and disposal online using the e-manifest system.

Some of our food waste is processed using methane fermentation technology that generates biogas from the organic substances in waste, making it possible to recover energy.

Procurement

Message from General Manager of Procurement Division
Kenji Yagi

A wide variety of raw materials ranging from natural essential oils to aroma chemicals and solvents are required in the flavor and fragrance industry, and procurement is intrinsically linked to efforts to address such sustainability issues as human rights and the environment. In pursuit of a stable supply of raw materials, the Procurement Division is working to integrate initiatives related to quality & cost optimization and responsible procurement, which are sometimes considered a tradeoff. We believe that the key to sustainable management is to build mutually beneficial relationships with partners with whom we are aligned in terms of our medium- to long-term vision. To this end, we strive to obtain a wide range of information from quality, technology, and ethical perspectives including on-site visits and audits. In addition, as the raw materials procured by the Takasago Group come from all over the world, based on the challenges in each supply chain, we will establish a global procurement system which enables us to improve traceability and promote supplier engagement.

Responsible Procurement

Takasago values sustainability in its business activities. It is essential that we source the raw materials used by our business units in responsible ways and in alignment with the needs and aspirations of customers and society. We use approximately 12,000 different raw materials sourced from more than 1,000 suppliers all over the world. Of these, about 4,000 raw materials are natural ingredients derived from natural sources such as fruits, vegetables, plant roots, leaves and flowers. The other 8,000 raw materials are aroma ingredients produced using sophisticated chemical technologies. Some of them are derived from natural gas or naphtha while others are derived from natural sources such as pine trees. They can provide a unique sensory profile that does not exist in nature, and can be alternatives to precious ingredients derived from animals such as musk, ambergris, etc. To punctually supply appropriately priced high-quality raw materials to our facilities around the world, our global procurement team communicates through our global network to enhance our procurement activities.

In June 2017, Takasago signed the UN Global Compact (UNGC) and we continue our efforts to align with the UN Global Compact's Ten Principles in the areas of human rights, labor, the environment and anti-corruption. We are also striving to achieve procurement that is as sustainable as possible while also focusing on compliance with the laws in each country, respect for human rights, environmental conservation, fair business practices and involvement and development in local communities.

In order to build fair and trusting relationships with worldwide business partners to enable responsible sourcing, we have established the Corporate Procurement Policy, the Corporate Procurement Guidelines, the Takasago Group Supplier Code of Conduct and the Takasago Responsible Sourcing Policy.

Corporate Procurement Policy

Takasago is working towards improving its responsible procurement of raw materials, packages and all services for sustainable economic growth and the mitigation of social issues. Our corporate procurement policy concisely shows our position on responsible procurement. The full statement is available at

https://www.takasago.com/en/sustainability/visitor/procurement.html

Corporate Procurement Guidelines

The Corporate Procurement Guidelines embody the Corporate Procurement Policy. The Guidelines, which procurement staff comply with, cover fundamental subjects such as compliance, fair trade, anti-corruption, human rights and environmental protection that must be aligned with the concept of responsible procurement. We periodically review and update the guidelines to align them with changing global trends, including the increased importance of sustainability. To ensure their implementation, the group's global procurement training program includes sessions on the Corporate Procurement Guidelines as well as other basic corporate policies.

Takasago Group Supplier Code of Conduct and Takasago Responsible Sourcing Policy

To ensure that we maintain the high level of trust that society has in us, we respect and value our business partners who are focused on environmental and social responsibility. We are continuously sharing the Takasago Group Supplier Code of Conduct, as well as the Takasago Responsible Sourcing Policy, with our business partners to encourage them to understand our policies and expectations. The Takasago Responsible Sourcing Policy has been verified and recognized by Ecocert Expert Consulting (the Ecocert Group) as being in line with the global standards such as ISO 26000 practices and the Sedex Members Ethical Trade Audit (SMETA) principles.* By collecting an agreement form from our business partners and implementing the Takasago Responsible Sourcing Self-Assessment Questionnaire (TRSP SAQ), we are actively ensuring our business partners understand and are aligned with the policy. To further engage with our business partners, we are sending them feedback on their replies to our TRSP SAQ, as well as the Sedex SAQ, to further improve the situation in the supply chain.

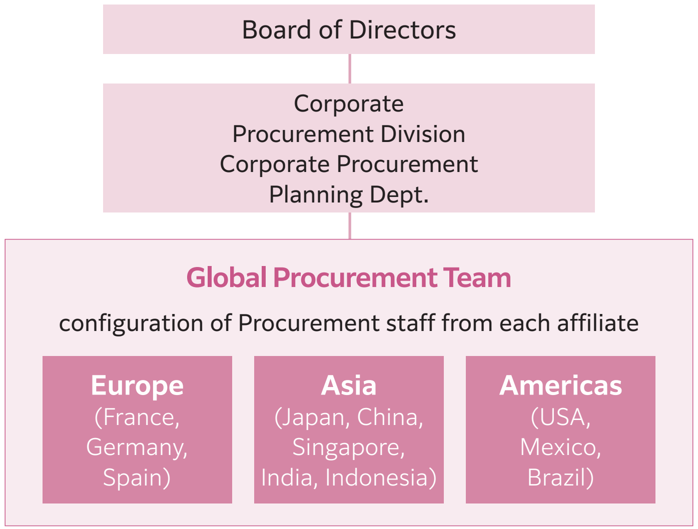
*An auditing methodology providing a compilation of best practices for ethical auditing techniques

Global Procurement Team

We have established our Corporate Procurement Policy, which clearly states our basic understanding and requirements for procurement activities in accordance with our corporate vision and mission. Also, to ensure the appropriateness of business procedures in accordance with the Corporate Procurement Policy, we have established the Corporate Procurement Guidelines. In addition to this policy and these guidelines, to promote sustainable procurement activities that take into consideration human rights, labor, health and safety and the environment, we have established the Takasago Responsible Sourcing Policy, which is aligned with the ISO 26000 standard as well as the SMETA principles and which supports the UN's 17 Sustainable Development Goals. Our sustainability promotion division, business divisions, other related divisions and overseas affiliates communicate to ensure that all employees are aware of and thoroughly adhere to these policies.

Teamwork is one of the things most valued by Takasago, alongside technology and trust. This is particularly the case in procurement. We established the Global Procurement Team, which includes delegates from 12 global production sites, to align with the concept described in the Corporate Procurement Policy and to optimize operational processes. We schedule an annual meeting at the headquarters, various workshops, regional meetings, on-site visits and training via a matrix-like structure by region, global ingredient category management and other global strategic corporate initiatives. In pursuit of the securing of a sustainable and stable supply of raw materials, we will continue to work toward the integration of initiatives related to quality and cost optimization and responsible procurement, which sometimes appear difficult to achieve in a compatible manner.

The Takasago Global Procurement Organization



The Role of Procurement in the Future

Takasago Global Procurement ensures the timely supply of quality raw materials while ensuring security, safety and economic appropriateness to effectively operate our global production sites around the world. To achieve this mission, it is crucial for us to fairly and reliably develop and maintain business partnerships for the long term for the procurement of raw materials and also other services. We believe we should share values such as respect for the global environment with our partners, including every upstream stakeholder in our supply chains, to ensure that we are a well-regarded and trustworthy company.

As we all are aware, our global challenges, which vary from environmental concerns such as the exhaustion of resources and global warming to social issues including workplace accidents and human-rights issues, are increasing and becoming more serious. We pursue resilient raw material procurement to ensure it is sustainable by integrating our responsible procurement and quality and cost optimization initiatives based on strong mutual relationships with our partners through highly transparent transactions.

As we move toward a brighter future for society, we will design an innovative supply chain model in which every stakeholder shares values such as coexistence, co-prosperity and *kyousei* (共存､共栄､共生) to realize an environment of empathy, sympathy and collaboration (共感､共鳴､共働).

Global Procurement Training

Since 2020, we have provided training for procurement staff through the Procurement Academy e-training program. The programs cover fundamental and advanced topics such as policies, guidelines, IT literacy, sustainability, knowledge of ingredients and packages, sourcing techniques and other areas. The aim is to share valuable knowledge regarding procurement, intergroup networking and teambuilding, as well as to increase the capabilities of the global procurement staff.

We re-started face-to-face training in 2024 to increase mutual understanding. Participants discussed issues with not only with members of the procurement team, but also with the staff of factories and the R&D and business divisions, enabling them to learn a lot that will be useful in their daily work and communication.

Voice

José Antonio Ramírez
Takasago De Mexico S.A. De C.V.

Attending the HQ training program in Japan was an amazing experience. I was able to spend time with procurement team colleagues and had opportunities to talk with team members from other areas. We were able to discuss needs and wants through people asking simple questions such as, "Who should I check with about this topic?"

During this week we discussed Takasago Group projects we are involved in and initiatives to achieve our goals, such as providing support for discussions with local supplier, similarities or differences between procurement processes for creating synergy or improving current processes.

We also had the opportunity to train using Takasago tools like TRMDB,* rather than just one SAP tool, to check all of the information about raw materials, including volume, prices and suppliers. TRMDB has really helped me in my work every day.

These are just some of the great experiences during an amazing week at the HQ in Japan.

Thank you again for this opportunity to visit the HQ and one of the manufacturing sites, to spend time with colleagues, get all the knowledge and tools available to Takasago's procurement team around the world, and have wonderful lunches. Thank you so much.

*Takasago Raw Material Database (global Takasago raw material information analysis tool)

Polina Bespiatov
Takasago Europe GmbH (Germany)

Training program experience in Japan and its benefits for sustainable procurement

The training program in Japan was a valuable opportunity to strengthen global cooperation and continue to develop sustainable procurement strategies.

Through direct interactions with international colleagues, I increased my understanding of the procurement strategies of our sister companies and learned best practices for conserving resources and increasing efficiency.

This also motivated me to take on the responsibility of being a sustainability consultant for strategic purchasing at the beginning of 2025 and to support Takasago in implementing sustainability goals.

In particular, working with sustainable raw materials was a valuable experience that will help us advance sustainability. It will help us improve transparency in the supply chain, reduce emissions and identify and use sustainable materials in the future.

Overall, the training program has increased my expertise in strategic procurement. This shows that close international cooperation is an essential part of designing sustainable and economically successful procurement processes for the long term.

Riyaz Ahmed
Takasago International (India) Pvt. Ltd.

Thank you so much for organizing the global procurement training program. Participating in it was a wonderful experience, and I truly enjoyed interacting with all our procurement colleagues. It was also a great opportunity to engage with team members from other areas and gain insight into their current processes, needs, and requirements.

Throughout the week, we examined various topics such as the organizational structure, affiliate procurement processes, the TRMDB,[1] Coupa,[2] flavor material harmonization, Mintec[3] and sustainability initiatives. We also had the chance to visit a factory and experience the local culture. Through the training sessions, we had access to valuable information in TRMDB about raw materials and their volume, prices and suppliers which we will be able to use in our work every day.

Once again, thank you so much for this opportunity.

1 Takasago Raw Material Database (global Takasago raw material information analysis tool)
2 A system used for requests for quotations and questionnaires sent to suppliers
3 A provider of global commodity price data, prices forecasts and market intelligence

Collaboration with a Third Party

To further respond regarding its responsible procurement aspirations, the Takasago group has joined social organizations promoting sustainable and ethical sourcing.

In early 2016, we joined the Supplier Ethical Data Exchange (Sedex)[1] (AB membership), facilitating the assessment of suppliers in the areas of work environment, health and safety, environmental management and ethical business practices. Using the world's largest collaborative platform for sharing supply chain data globally along with a separate supplier questionnaire, we ensure an ethical supply chain. We have asked suppliers to become Sedex members or respond to our self-assessment questionnaire so that we can monitor their compliance with the Takasago Responsible Sourcing Policy. By the end of fiscal 2024, we had provided feedback regarding Sedex SAQs to approximately 260 companies (380 factories) that we are linked to on the Sedex platform, requesting that they improve their sustainability activities.

Using a method for identifying high-risk suppliers that we established with a third-party organization in 2023 and criteria for verifying on-site compliance, we conducted a pilot on-site assessment of suppliers in April 2024 together with a third-party auditor. We continuously followed up on non-conformities identified during the assessment to ensure that suppliers understand the global standard and improve their situation. We have identified high-risk suppliers and developed an on-site assessment plan for 2025. We will implement a PDCA cycle of on-site assessments every year to address human rights and environmental risks in the supply chain.

Soon after signing the United Nations Global Compact in 2017, we joined the Global Compact Network Japan (GCNJ)[2] to learn about ESG trends and the promotion of sustainable supply chains. In fiscal 2024, as one of the GCNJ Supply Chain group steering committee members, we participated in meetings for the formulation of the medium-term action plan and contributed to the creation of a proposal regarding the idea form of CSR procurement and sustainable procurement in Japan.

The Takasago Group is also a member of the Roundtable on Sustainable Palm Oil (RSPO)[3] and the Japan Network for Sustainable Palm Oil (JaSPON)[4] for the promotion of a sustainable palm supply chain, and it has obtained the RSPO certifications shown in the table below. We supply RSPO-certified products according to our customers' needs. We also hope to respond to the shared responsibility defined by the RSPO in order to increase the consumption of certified palm products.

Affiliate	Scope	Year
Takasago International Corp. (U.S.A.)	Fragrances	2021
Takasago Europe Perfumery Laboratory S.A.R.L.	Fragrances	2019
Takasago International (Singapore) Pte. Ltd.	Fragrances	2022
	Flavors	2022
Shanghai Takasago-Union Fragrances & Flavors Co., Ltd.	Fragrances	2022

1 An online platform for sharing information on ethical and responsible practices.
2 An organization supporting the voluntary strategic actions of Japanese member companies and organizations toward the achievement of the ten principles of the UN Global Compact and the SDGs.
3 A social organization trying to transform the palm oil industry to ensure its sustainability and reduce its impact on the environment.
4 A platform for the sustainable procurement and consumption of palm oil in Japan.

TaSuKI Update

TaSuKI (Takasago global procurement Sustainability Key Initiatives) is a dedicated organization within procurement established to restore full sourcing control on selected key ingredients while addressing core CSR expectations.

1. Overview

Given the exceptional turmoil experienced in 2024 and 2025 in the patchouli market in Indonesia and the citrus market in the Americas, the TaSuKI model of vertical integration proved once again to be a winning strategy for navigating crises.

Takasago received valuable insight into market dynamics directly from hundreds of smallholders through our TaSuKI local sourcing presence in Indonesia enabling us to secure our supply of patchouli. The supply that Takasago required was secured upcountry, processed at the Takasago Indonesia plant and seamlessly supplied to all of our affiliates and clients.

Takasago also achieved another major TaSuKI success with Florida grapefruit, as the first trees planted several years ago reached maturity and provided the first kilograms of commercial oil which can be used by Takasago creation teams around the world.

2. Ongoing Projects

Patchouli Indonesia

Upcountry sourcing and local value creation – TaSuKI Originals, Care and Comply

During 2024, patchouli price reached a historical peak of USD 250/Kg. The fundamental reasons for this were that supply was still limited due to the long drought in 2023 and production was low due to the price being low in 2022. It took time to resume production due to the limited availability of seedlings. Buyers were competing to secure supply which fueled speculation and worsened the situation.

Despite the crisis of limited supply and a skyrocketing price, the TaSuKI concept proved to be correct. It works to secure supply and enhance competitiveness which has major advantages for the business. Beyond that, traceability was improved, as the sources of raw materials, the farmers and the areas, are known using polygonal mapping. The greater information about the people and areas we are sourcing from will be used to design further community development activities aligned with our CSR and sustainable development requirements.

Being present in the country of origin and fully backward integrated makes us more agile and makes it possible to accurately mitigate risks using real-time market insight and market intelligence. The next task is leveraging TaSuKI presence and expertise for other ingredients.

- Visiting patchouli farmers and distillers upcountry is critical to understanding market dynamics and building long term relationships.

France Lavandin Grosso

Pioneering for 10 Years – Farm to Fragrance – Lavandin Agreement – TaSuKI Originals, Care and Comply

Unfortunately for farmers and distillers, the market price of lavandin grosso remained depressed in 2024 due to oversupply and the still-ample carry-over stock. This is the third year in a row where market prices are mostly below production costs.

Therefore, as last year, Takasago supported SCA3P Cooperative farmers to navigate this long crisis and bought more lavandin grosso than initially set according to the terms of our long-term cost-plus agreement.

Takasago also supported SCA3P Cooperative's farmers who worked hard to obtain UEBT certification and therefore prioritized sourcing from those UEBT certified farmers.

Florida Grapefruit

Sustainable Grapefruit: Planting of New Groves – TaSuKI Originals, Care and Comply

A major milestone in our sustainability journey was reached in 2024. Following the long-term agreement signed in 2019, sustainably sourced grapefruit oil from Florida is now available. New plantations established under this initiative have begun yielding fruit, and in 2024, they provided the raw materials for the first commercial production of grapefruit oil. This sustainably produced oil is now accessible to Takasago's Creation Teams worldwide through the TaSuKI program.

Through this agreement, Takasago is strengthening its connection to the feedstock, providing direct support to growers and ensuring a more sustainable and resilient supply chain.

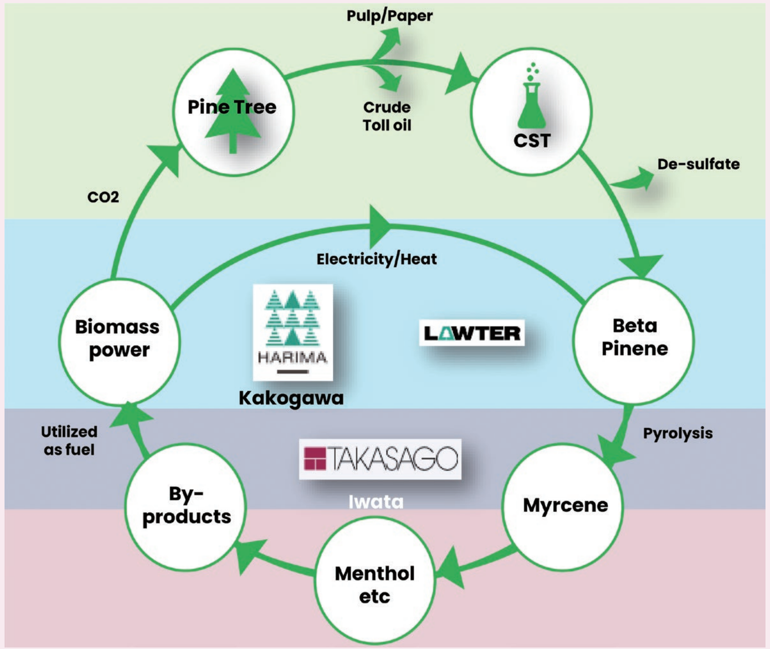
Looking ahead, the final phase of planting will be completed in 2025, bringing the total to 150,000 new grapefruit trees in Florida. This effort is part of our commitment to reviving grapefruit production, which has been in decline for the past 20 years.

By investing in sustainable agriculture, we are ensuring a stable, high-quality supply of natural citrus ingredients while supporting the long-term health of the industry and the growers who make it possible.

Sustainable Turpentine

Strengthen Procurement for Green Chemistry – TaSuKI Originals, Comply and Share

In March 2020, Takasago International Corporation announced the acquisition of a stake in Lawter B.V. and accordingly signed an agreement with shareholders of Harima Chemicals Group, the parent company of Lawter B.V. This agreement will strengthen Takasago's procurement activities, specifically for the production of ℓ -menthol which uses Takasago's core green chemistry technology. Pine chemicals, chemicals derived from pine trees, are utilized in various products including resin, electronics components and chemicals. Crude sulfate turpentine (CST) and gum turpentine are important raw materials for aroma chemical. However, demand for gum rosin, one of the co-products of gum turpentine, has been decreasing in recent years, causing the availability of gum turpentine to be unstable and prices to fluctuate. Additionally, consumers today are paying more attention to responsible procurement and supply chain transparency, which is increasing the importance of backward integration.



Lawter B.V. provides Takasago with CST and related materials, the primary raw materials for many strategic aroma chemicals. They come from paper mill companies, which are considered to be a source that is less susceptible to supply and price fluctuations and that has better traceability. Takasago aims to secure a more stable supply of this key raw material by strengthening this upstream partnership.

In April 2023, Harima Chemicals Group opened a facility for the production of Myrcene on the premises of its manufacturing hub in Japan, the Kakogawa Plant. The energy required in the operation of the plant will be primarily self-generated from renewable energy sources and carbon-neutral fuels, making it a truly sustainable facility. We are also establishing a recycling-oriented business model in which by-products derived from process of ℓ -menthol production at our Iwata Plant are utilized as fuel for biomass boiler at their Kakogawa Plant. Through partnerships like this, we ensure sustainable procurement as well as enhanced traceability and promote initiatives to reduce GHG emissions throughout the supply chain.

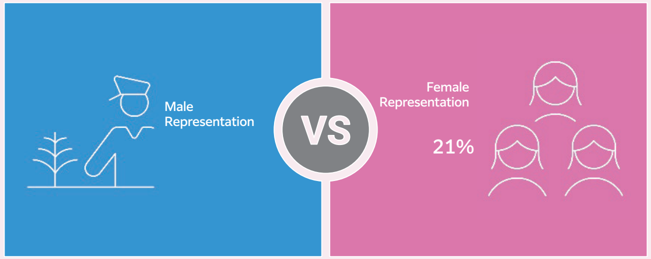
2024 — Annual Takasago Madagascar Certified Vanilla Network Sustainability Report

Fig.1: Meeting between vanilla growers and Takasago Madagascar's certification teams

Historical: Under the management of Takasago Madagascar SA, the sustainable vanilla network project is a direct collaboration with vanilla producers from three cooperatives. The collaboration began in 2020 and has included activities to introduce Organic, Fair For Life and Rainforest Alliance-Union for Ethical BioTrade referential.

Over the last few years, traceability and sustainability development activities with members are gaining momentum. Beside the challenges, today's members continue to be highly motivated despite the current market difficulties and low prices.

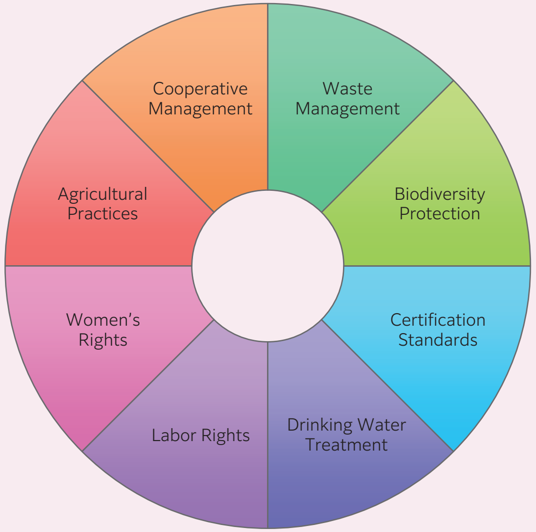
Diversity: One of the characteristics of our network, as seen in the good representation of women among the producers in a total of eleven villages.



Certification: All of the audits for the three existing certifications conducted this year were conducted with zero or minor non-conformities.

Activities for 2023-2024: There were eight major social and environmental priorities:

2024: Focus on Achieving Sustainable Development Through Producer Activities



Training and activities to ensure results regarding:

- The reduction of waste discharge and the building of water points in villages
- No hunting of wild and/or protected animals
- Compliance with laws and regulations: successful certification audits with minor non-conformities
- Drinking water in every household
- No child labor
- The role of women in society
- Increasing yield and insuring absence of vanilla plant diseases
- Cooperative training on the path to good governance
- Improved living conditions for member households

Community development initiatives:

Public Lighting – Enhancing visibility and safety in public spaces.

Accessibility – Making facilities and services available to everyone.

Transparency – Promoting open communication and information sharing.

Reforestation – Planting trees to boost income and environment.

Education Access – Ensuring children can reach educational facilities.

Health Services – Providing clean drinking water and healthcare.

2023-2024 RESULTS IN BRIEF

Improving public lighting:
Equipment and services provided in eight villages.
Improving infrastructure:
One last bridge reparation ongoing before finalization to improve access to two villages.
Promoting transparency:
One last meeting room to be finalized to reach the goal.
Reforestation:
Done with objectives to improve members' revenue.
Improving school access:
Services provided in five villages.
Health and drinking water:
Still ongoing with building of drinking water supply systems and the rehabilitation of water gravity system in five villages.

Completed activities ◆
Activities in progress ◆
Activities awaiting preliminary technical study ◆

Perspectives for 2025:

The coming years will focus on education and health.

Hokkaido *Shiso* (Perilla) Oil

TaSuKI Originals, Care and Comply

Shiso is a typical Japanese herb and one of the most familiar foods for Japanese people. We have been producing shiso (Perilla) oil for over 40 years since 1980 in partnership with an agricultural cooperative involving local farmers in Hokkaido, the northern island of Japan. A distillation facility in the Okhotsk region previously produced natural menthol. Although production gradually declined as a result of competition from other countries, the distillation technology and facility are still fully utilized by Takasago to produce shiso oil.

However, the lack of successors, the aging of agricultural workers and the decrease in the working population have been major issues in recent years, not only in Hokkaido but in Japan as a whole, and shiso cultivation is not an exception to this.

In addition to continuing our long-term agreement with the agricultural cooperative, we have been sending employees to the area every year since 2022 during the harvest season in September to provide the support to farmers. One of our objectives is to connect with farmers and understand their thinking and the difficulties of the harvesting process. Through this support, we have come to understand that, in the series of processes required to produce shiso oil, harvesting and drying are the most burdensome tasks for the farmers.

Going forward, we will work with the agricultural cooperative and farmers to reduce the required workload in these processes. We are committed to maintaining our good partnership with the local community and promoting sustainable procurement initiatives.

Research & Development

Message from General Manager, Corporate Research and Development Division
Fumihiro Yanaka

Based on our corporate philosophy, "Contributing to Society through Technology," our corporate mission, "Create new value through innovation rooted in kaori (kaori: aroma in Japanese)," and Vision 2040, "Care for People, Respect the Environment," which is a vision for a period that includes the milestone of our 100th anniversary, R&D plays an important role in the improvement of quality of life (QoL) by developing unique and superior technologies and products through the organic and functional integration of three types of innovation (concept innovation, product innovation and process innovation) and open innovation through active collaboration with external partners.

To solve issues globally recognized by the SDGs, we promote eco-friendly R&D with green chemistry always in mind, and to reduce environmental load, we utilize our unique catalytic technology, introduce white biotechnology and design eco-friendly processes so that we can facilitate the efficient use of water and the reduction of energy usage and greenhouse gas emissions. In addition, to efficiently use limited natural resources, we are also actively working to explore and utilize renewable raw materials and reduce the use of natural raw materials by developing and switching to alternative materials and utilizing unused resources.

R&D Framework

Our basic R&D division is working closely with overseas flavor and fragrance R&D centers and actively advancing R&D activities to meet global needs. We continue to work together with overseas R&D centers and steadily proceed with the overseas expansion of our technologies and products to, for example, modify the flavor profile of low salt/sugar/fat consumer products and plant-based food and to respond to demand for natural and environmentally friendly flavor and fragrance materials.

INNOVATION

Development of Sustainable Chocolate Flavorings

Chocolate is one of the world's favorite sweets. However, the price of cacao, the raw material for chocolate, has been soaring. In 2024, its price tripled compared to 2023 and has remained high ever since. This is due to poor cocoa harvests in major cocoa-producing countries such as Ivory Coast and Ghana, caused by unseasonable weather and a disease affecting the plant. Even worse, this is not a temporary situation. Issues such as climate change and financial difficulties in cocoa-producing countries may mean that cocoa harvests remain poor.

The sweet aroma of chocolate attracts people, making it one of the most in-demand food flavorings. Chocolate flavorings often contain aromatic extracts of cacao (cacao oleoresin), which have been strongly affected by the cacao shock. Therefore, to reduce dependence on these valuable natural raw materials, we have developed a cacao oleoresin extender, taking advantage of our cutting-edge analytical technologies and formulation techniques. In addition, we have developed a thermal reaction flavoring material inspired by the chocolate production process. This new ingredient has a natural chocolate-like profile but is produced from non-cacao raw materials. These technologies have already received positive feedback from many customers and in some cases has resulted in new business.

This concept has been applied to solve similar problems with other natural raw materials such as citrus and mint essential oils. By providing sustainable flavorings to the market, we will reduce our dependence on natural raw materials and contribute to the stable supply of flavorings.

Development of Sustainable Fragrance Products

Under our Vision 2040 principle, "Care for People, Respect the Environment," our company emphasizes sustainability and focuses on developing sustainable fragrance compounds.

As part of our sustainable sourcing efforts, our corporate group promotes the responsible raw material procurement program, TaSuKI (Takasago Global Procurement Sustainability Key Initiatives).

We develop sustainable and highly traceable products using ingredients such as UEBT (Union for Ethical Bio Trade)-certified Lavandin Grosso Oil and rare Vanilla Absolute from Madagascar. This has improved both the quality and supply stability of ingredients that were once known for unstable sourcing, allowing us to submit consistent proposals to our customers.

Moreover, patchouli oil, which we have worked on for many years, will be fully incorporated into the TaSuKI program starting in 2025. This natural material, which imparts depth to fragrance, is now being used sustainably in fragrance design, opening new possibilities in fragrance creation.

Additionally, our group is advancing the development of aroma ingredients derived from renewable raw materials through green processes such as fermentation and catalytic reactions. Our representative initiative, the Sustainable Scent™ series of products, offers excellent biodegradability and has obtained the USDA Certified Biobased Product (100%) certification. These products are now deployed as fragrance ingredients and have been widely adopted in our customers' fragrance products. The introduction of these ingredients contributes to reducing the environmental impact throughout the entire product lifecycle.

Furthermore, in consideration of the finite nature of natural resources, our proprietary AROMASCOPE® method allows us to collect and analyze fragrance molecules without harming rare plants, enabling the recreation of their scents. This technology helps us protect valuable natural materials, promote fragrance diversity and richness, and pass on their value to future generations.

In addition, we provide environmental data related to fragrance compounds, such as CO_2 emissions and biodegradability, supporting environmentally conscious product design and development.

Moving forward, we will continue to integrate fragrance formulation technology with sustainability efforts in raw material development and sourcing, pioneering the future of the fragrance industry and delivering lasting sustainable value.

BIOSWITCH® Aroma Ingredients

- Development of bio-based and biodegradable aroma ingredients

TAKASAGO's history with aroma ingredients began in 1920 and "Symbiosis with Nature" is a part of TAKASAGO's heritage. In 1983, we established the asymmetric synthetic method and applied it in the industrial production of ℓ-menthol.

From the 1990's, our main focus was expanding this asymmetric technology to manufacture optically active aroma ingredients using CHIRAL SWITCH to provide TAKASAGO's CHIRAROMA® products. Now we have a diverse CHIRAROMA® ingredients palette.

Recently, we have been investigating R&D utilizing renewable/bio-based materials to displace the need for non-renewable petroleum-based chemicals under the BIOSWITCH® branding.

In 2014, Takasago became the first in the industry to disclose the bio-based percentage of its aroma ingredients, and now it discloses the status of CHIRAROMA®, such as biodegradability, ISO 16128 and nature identical. In 2021, several ingredients were additionally certified under the United States Department of Agriculture's BioPreferred Program.

We are currently developing environmentally benign biodegradable aroma ingredients and energy-efficient manufacturing processes involving catalysis.

Experience-Driven Product Design to Reduce Food Loss: Insights from Experience Sampling Analysis

Recognizing that the reduction of food loss is an important issue, we are working on a new approach to product design to contribute to the realization of a sustainable society.

In a study, we introduced a new method called the Experience Sampling Method (ESM) for the sensory evaluation of food and beverage products. This goal of this method is to capture more realistic eating and drinking experiences by repeatedly recording the momentary impressions that consumers experience in their everyday lives. For example, in the case of coffee, we measured in detail the changes in people's impressions during the process of consuming the product and also collected previously unmeasured data such as drinking time and leftovers.

By creating a prediction model based on the data, we have clarified flavor characteristics that affect people not finishing their drinks, in addition to the conventional design goals regarding willingness to purchase and preference. We expect that designing products that reflect the results of this research may contribute to the reduction of food loss by curbing people's behaviors where they do not finish and throw away food and beverages.

Food loss is a global issue and more attention is being paid to reducing it around the world. It is included in the Sustainable Development Goals (SDGs). In developed countries in particular, the main causes of food loss is foods going unsold, being returned, or going uneaten. To prevent future environmental degradation and food shortages, it is essential for not only companies but also society as a whole to take measures. We will actively utilize the knowledge gained through this research to contribute to the realization of sustainable food.

GREEN CHEMISTRY

Process Innovation

- Approach promoting energy-saving activities and waste reduction

Our R&D and manufacturing activities are oriented toward Green Chemistry, based on the well-known 12 principles. We are working to reduce the environmental impact in all processes, from the selection of raw materials to their manufacture and use and to their disposal. We are focused on using more sustainable or renewable feedstocks, waste reduction and energy conservation.

The Molecular Transformation Laboratory, which is responsible for the development of aroma ingredients and catalysts, and the Process Research Laboratory, which is responsible for process development, collaborate from the early stages of research to establish manufacturing processes with a strong awareness of green chemistry.

In addition, the manufacturing and process development departments cooperate in the improving processes used for existing products and launching new manufacturing items by collecting reaction data and utilizing process simulators to ensure safety and achieve energy-efficient operations. We will continue to take on the challenge of balancing our concern for the global environment with the enhancement of corporate value by utilizing the latest science and technology, including our key catalyst technologies for asymmetric hydrogenation and coupling reactions and our flow synthesis technology.

Development of Special Catalysts

- Efforts to reduce environmental impact

Catalysis, which is one of the embodiments of the 12 principles of Green Chemistry, enables the reduction of the raw materials used, the waste generated and the energy consumed and enables the use of safer and even harmless reagents. Since the establishment of the ℓ-menthol process in 1983, we have worked to develop catalysts for various transformations and leveraged them in commercial manufacturing. In order to incorporate catalytic reactions into the production of aroma ingredients and pharmaceutical intermediates, it is necessary to supply catalysts that are both economical and of stable quality.

We use ligands in our catalysts, such as BINAP and SEGPHOS®, which have a significant impact on catalyst performance. Although they are high performance, some BINAP derivatives are difficult to use industrially because they require multiple reactions to produce. We have developed a process that reduces the number of reactions from four to one, making industrial use possible. We will continue to develop catalysts for the construction of green processes compatible with scale-up manufacturing.

Aroma Ingredient R&D Using White Biotechnology

Takasago has been studying the production of aroma through biotechnology for over 50 years. Centre Ingredient Technology Inc., which joined TAKASAGO in 2016, manufactures natural aroma ingredients using highly efficient fermentation and downstream processes, such as aroma recovery technology. It is a major Takasago manufacturing site.

In addition, Takasago is enhancing precision fermentation technology by participating in Japanese government projects and collaborating with academic partners. Since 2020, we have been working on a bio-production project led by NEDO (New Energy and Industrial Technology Development Organization). In 2023, NEDO selected us to participate in a new "Advancing bio-upcycling technology to transform unused organic residues into valuable aroma ingredients" project. We will promote R&D in the area of advancing bio-upcycling technologies for the efficient conversion of unused organic residues into valuable aroma ingredients.

Additionally, guided by our Vision 2040, "Care for People, Respect the Environment," our new mid-term management Plan and our New Global Plan-2 (NGP-2), from FY2024, we will accelerate upcycling and bioproduction R&D to contribute to the bioeconomy and a circular society guided by our slogan, "Symbiosis with Nature."

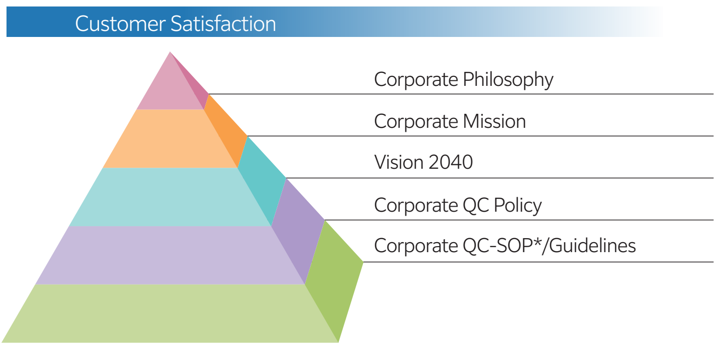
Quality Assurance

TAKASAGO is a committed valuable partner of our customers, meeting all their product quality, regulatory and safety requirements. The mission of the Corporate Quality Assurance Headquarters (QAHQ) is to ensure that Takasago supplies safe, wholesome and reliable fragrances, flavors, aroma ingredients and fine chemicals that comply with the safety and regulatory requirements of local governments, customers and trade associations. To achieve this mission, we promise to pursue no complaints, no non-conformities and no defects, no errors.

Quality Assurance Organization

Takasago QAHQ strives to ensure that Takasago consistently delivers high-quality products and ensures that our customers' needs are met. QAHQ is an independent organization within Takasago composed of quality assurance departments around the world that operate under the One Takasago Quality Assurance Concept. QAHQ includes four centers: the Global Flavor QC Center (FLQC), the Global Fragrance QC Center (GFQC), the Global Flavor Regulatory Center (GFRC) and the Global Fragrance Safety and Regulatory Affairs (GFSARA) Center which operate globally and closely with local affiliates. These four centers are responsible for the development and implementation of global policies and guidelines under a globally standardized operation process. Both Flavor and Fragrance QC Centers strive to standardize, maintain and enhance the QC testing skills of the local QC team by conducting sensory evaluation, physicochemical testing and microbiological testing proficiency tests. Both QC Centers support the quality standardization of raw materials which are used globally to provide the same quality products in collaboration with the procurement department. We believe these activities will contribute to not only the quality aspect of all products that we manufacture, but also to ensure that a continuous supply of products can be provided to our customers when the business continuity plan (BCP) must be implemented. Aside from the globally recognized regulations, both GFRC and GFSARA actively participate in international, regional trade associations and working groups to stay up to date on the latest regulatory information and changes globally and regionally. This information is kept up to date and shared with the members of global affiliates. Alerts containing the latest information enable all team members at all affiliates to use the latest regulatory information for product labeling, customer support and informative purposes. This has allowed the local affiliates to consistently provide the support that our customers need.

The global regulatory teams have been also very effective in developing new functionality to prepare for new regulatory requirements. This includes the development of new auto-generated forms to address new regulatory requirements and support new customer requirements. In addition, the global regulatory teams have an error tracking system to document issues and share information about them between affiliates to correct and avoid similar issues in the future. This allows the global teams to be more effective in developing proactive policies and procedures to reduce non-conformity across the globe. Thus, Takasago QAHQ is able to provide support for the highest quality products to meet or exceed all of our customers' expectations worldwide.



* SOP: Standard Operating Procedure

QC Policy, SOPs and Guidelines

TAKASAGO's Corporate QC Policy was developed based on our Corporate Philosophy, Corporate Mission and Charter of Corporate Behavior. The policies promote a globally consistent quality mindset and systems that not only meet our customer's expectations, but also ensure the appropriate and timely improvement of our day-to- day activities in line with the Corporate QC Policy, global QC Standard Operating Procedures (SOPs) and guidelines which were established to standardize detailed QC procedures across all business units and affiliates. These guidelines are also incorporated in the local quality management procedures and practices to ensure the global alignment of QC management.

Global Meetings

To provide safe and secure quality that meets the needs of our customers and the market, we regularly hold global meetings to discuss how to respond to the latest laws, regulations and customer needs and how to update our QC policies and guidelines.

We also discuss common issues and concerns, and work to implement and share efforts to resolve them. Through these global meetings, we are able to continuously improve so that we can provide the same level of quality and service to all customers around the world. For example, at the Global QC Center, we are continually exchanging information, sharing and utilizing best practices, setting and measuring KPIs, sharing information about improvements and discussing their effects.

Training Programs

To enhance and maintain the highest level of quality and service, all Takasago Flavor and Fragrance QC teams participate annually in global training sessions provided by the Global QC Centers. The Global QC Centers are technical support groups within Takasago QAHQ that build globally aligned QC systems and train the local QC teams of all Takasago affiliates. The technical supervisors of the Global QC Centers coordinate regular training programs to ensure up to date competencies and skillsets. This globally coordinated and operated system is the key to ensuring that the same high-quality service is being offered and that our products consistently meet or exceed all of our customers' requirements. Recent flavor QC training conducted by flavor technical supervisors has included training on organoleptic evaluation, gas chromatography methods, maintenance procedures, technical laboratory best practices and quality systems designed to provide the same high-quality services to all customers around the world. These training programs are also designed to respond to local needs to improve and enhance specific analytical areas. Our proactive activities help to align and streamline QC best practices, and in turn encourage the identification of issues and improvement of the efficiency of procedures, resulting in less waste and greater consistency across all our affiliates. Additionally, we conduct proficiency testing globally based on TAKASAGO's ISO/IEC 17025 accreditation certification. This helps to confirm and standardize QC testing skills and maintain the highest level of proficiency as well as motivating the QC staff members. As for Takasago fragrance affiliates, representatives of the QC teams attended olfactive intensive training at the Fragrance QC Center. The training consists of smelling natural raw ingredients and finished products to understand their complex nature and characteristics. The training also includes discussions sharing the expected raw material and finished product quality. After the training, attendees who were technical representatives support certified leads with daily olfactive training at their site and serve as sensory contact for the key site Global Fragrance QC center. All training results are shared with global and local management to ensure that the lessons and skills learned are effectively reflected and utilized as part of all local QC teams' daily activities as well as continuous improvement plans. This is a crucial part of TAKASAGO's efforts to continuously supply the highest quality products to our customers anywhere in the world. These global training programs contribute to the standardization of the quality of Takasago products and improve the teamwork of all the QC teams as One Takasago.

Compliance with Laws and Regulations Related to Chemical Substances

It is TAKASAGO's global policy to comply with the latest laws and regulations. Takasago fully supports the objective of the chemical legislation around the world to improve safe and sustainable use of chemicals and to improve the quality of life of all citizens of the world and the environment. To conduct our business globally, the Takasago Group complies with laws, regulations, and relevant standards on product quality and safety, the environment and chemical substances as well as on accounting, taxes, labor and transactions in each country and region. This includes compliance with laws and regulation related to chemical substances, and the Takasago Group considers this to be a top priority. We continuously monitor and complete regulatory activities to ensure that we meet local regulatory requirements around the globe. This applies to the four business pillars of the Takasago Group, the Fragrance, Flavor, Aroma Ingredients and Fine Chemicals divisions. To comply with the regulations of various regulatory bodies, the Takasago Group works as a global team to ensure that registration activities around the globe are conducted efficiently, minimizing redundancy in testing and expediting registration. As we look towards 2025 and beyond, there are number of new chemical laws that are currently being written and may require the Takasago Group to conduct additional registration activities. These laws include UK REACH, potential updates to the EU REACH requirements, Turkey-REACH and other chemical legislation. As new chemical legislation is enacted, the Takasago Group will be ready to work proactively to meet new compliance requirements. GFSARA continuously monitors continually changing global regulations, customer requirements, standards and guidelines by communicating with trade organizations such as the IFRA,[1] IOFI,[2] FEMA,[3] EFFA,[4] ACI,[5] PCPC[6] and many other international and regional trade associations. Information is shared promptly with each affiliate around the world, guaranteeing that Takasago can provide safe and reliable products all over the world in a consistent manner.

1 IFRA: International Fragrance Association
2 IOFI: International Organization of the Flavor Industry
3 FEMA: Flavor and Extract Manufacturers Association
4 EFFA: European Flavour Association
5 ACI: American Cleaning Institute
6 PCPC: Personal Care Products Council

Certifications

Takasago promotes the acquisition of quality management system certifications such as ISO 9001, FSSC 22000/ISO 22000, the GFSI and other internationally recognized quality and safety standards that are appropriate for the products we manufacture. A new flavor and fragrance facility was built in Indonesia and obtained ISO 9001 and FSSC 22000 food safety certifications specifically for flavor facilities in March of 2020. The introduction of these international standard systems is a key element for globalization rather than a part of local activities across all of Takasago. We are confident that these internal standards drive us to promote better quality services and increase customer satisfaction. To continue moving forward, Takasago is in the process of implementing a program designed to integrate systems from the FSSC 22000 viewpoint of hazard analysis.

On-Site Audits

To further strengthen the group's quality management, global QC centers routinely conduct on-site audits of all manufacturing sites to ensure their systems are consistently improving as well as meeting or exceeding all established requirements and standards, and that they are aligned with TAKASAGO's business plan, objectives and quality control policy. Customer Health and Safety TAKASAGO develops and manufactures a wide range of products across four of its business pillars: Fragrances, Flavors, Aroma Ingredients and Fine Chemicals. As an integral part of the creation and production processes, Takasago continually evaluates all products for their health and safety compliance. This approach is applied from the research and development stages up to the manufacturing and delivery stages of our products.

Takasago has not identified any instances of non- compliance with regulations or voluntarily adopted rules.

Marketing and Labeling

All of TAKASAGO's sales are through business-to business channels. None of our products are sold directly to end consumers. Our fragrances and flavors are sold to companies manufacturing consumer goods, who incorporate them into their products that are sold to the general public. Our aroma ingredients are sold to other flavor and fragrance companies, and consumer product companies for use in the creation and manufacture of their own compounds and final products. Takasago fine chemicals are generally used as intermediates for the manufacturing of pharmaceuticals and chemicals. When supplying our products to our customers, Takasago provides the product information of all of the products we manufacture as required by regulations and/or the customer. This typically includes one or more of the following:

- Sourcing of the raw materials used in the manufacturing of our products
- Composition of our products (dependent on disclosure)
- Safety data sheets (which highlight components that may have a health or environmental impact)
- Information on the safe use of our products

During the reporting period, Takasago has not identified any incidences of noncompliance regarding product information or labeling.

Response to Kosher and Halal Needs

Takasago respects local cultures and customs, and actively creates products that reflect our values. Some local cultures and customs require strict adherence to religious precepts, and we have worked to expand our products that comply with these precepts, so they can be consumed with peace of mind. Well-known religious precepts include the Jewish kosher dietary regulations and the Islamic halal regulations. Both have the meaning of "forgiveness" and are strictly adhered to as a fundamental part of each religious person's life based on their religious beliefs.

TAKASAGO's kosher certified products are primarily supplied from factories in the United States. Our halal products are primarily supplied from our factories in Singapore and Malaysia. Our factories in Japan supply products and manufacture intermediate products for customers in the United States and Southeast Asia and have traditionally supplied synthetic flavors and food flavors that meet kosher requirements. In addition, our flagship product, ℓ-menthol, is also halal certified. Moving forward, Takasago will continue to increase the number of products that are kosher and halal certified and will further enhance the manufacturing and supply of products that are friendly to the global environment and compatible with local cultures and customs.

Strengthening GMP Manufacturing Quality Assurance

Takasago has been manufacturing pharmaceutical intermediates and other fine chemicals (e.g. catalysts used for chiral chemistry synthesis) for over 30 years at Iwata Factory, supplying pharmaceutical intermediates that is manufactured into life-saving medicines all over the world. We are currently embarking on enhancing our quality assurance capabilities to manufacture against the highest industry standards and in accordance with pharmaceutical GMP requirements. The project is endorsed by Takasago Senior Management and lead by Dr. Chris Choi, Director of GFSARA, Corporate Quality Assurance Headquarters.

Voice

Takeshi Nagasawa
Corporate Quality Assurance Headquarters

I am currently working on the implementation of the EHS module at our global sites. This project aims to strengthen regulatory compliance and safety (GHS) management systems globally, while enhancing efficiency across all sites. In April 2025, user training and User Acceptance Testing (UAT) were conducted to optimize the functions and information required by each site. This initiative is expected to establish a sustainable global operational framework.

I would like to take this opportunity to express my heartfelt gratitude to everyone for their daily guidance and support.

Stakeholders and Investors

Through sound and transparent corporate management facilitating sustainable growth, TAKASAGO strives to appropriately return profits to shareholders and enhance communication with shareholders and investors.

Investors Relations (IR)

The Takasago Group discloses corporate information to shareholders and investors in a timely and appropriate manner. As part of our efforts to improve our IR activities, we publish the Newsletter to Shareholders twice a year while also disclosing related documents and press releases on the IR section of our website to expand the investor community and enable shareholders and investors to deepen their understanding of our business activities.

In addition, we hold financial result briefings twice a year (May and November), and our president and officers directly communicate with institutional investors and analysts. The details of the briefings are also disclosed on our IR site. In FY2024, IR briefings were also held on the status of initiatives related to actions to implement management that is conscious of the cost of capital and the stock price.

ESG Investment Initiatives

The Takasago Group recognizes that environmental, social and governance initiatives enhance corporate value. Now, all shareholders are paying attention to ESG indexes and we are working to improve the ratings we receive from rating agencies and our reputation with rating agencies.

General Meeting of Shareholders

To ensure that as many shareholders as possible can attend general meetings of shareholders, we avoid days on which many companies hold their general meetings of shareholders. We endeavor to send out convocation notices early, sending them at least three weeks before the general meeting of shareholders and publishing them on the Internet. In addition, to increase convenience for the shareholders who are absent on the day of the meeting, our group established a system for exercising voting rights via the internet.

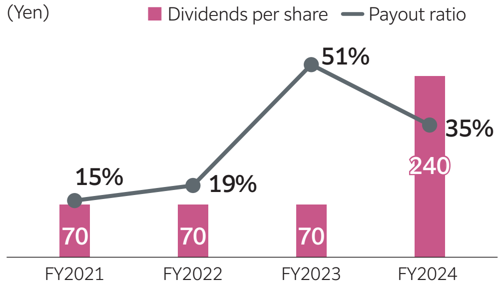
Shareholder Returns

As our basic policy based on shareholder-oriented management, we pay stable dividends that take performance levels and other factors into account with the goal of achieving a management structure that ensures higher profits.

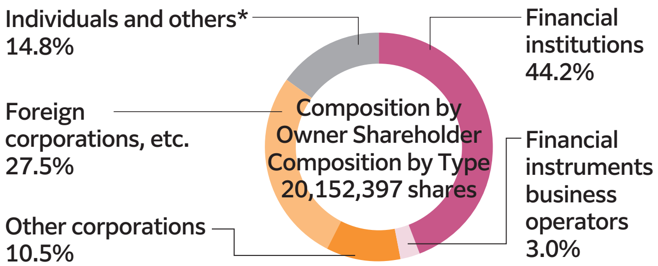
In the capital policy in the current NGP-2 medium-term management plan, a dividend payout ratio of 30% (for the period) and a DOE of 3.0% (for the period) have been set. For the fiscal year ending 2025, an interim dividend of JPY 80 per share and a year-end dividend of JPY 160 per share were paid, for an annual dividend of JPY 240 per share. For the fiscal year ending 31 March 2026, TAKASAGO plans to pay an interim dividend of JPY 120 and a year-end dividend of JPY 120, for an annual dividend of JPY 240 per share (A stock split is planned for September 2025, but these amounts do not take this split into account.).

We implement our capital policy by balancing the cash flows generated from our business activities and the sale of non-business assets between investing in growth areas, strengthening our financial base and returning profits to shareholders.

Dividends per share



Distribution of shares



As of March 31, 2025
*Individuals and others includes 3.3% held as treasury stock.

Engagement with Local Communities

Japan

Paris and Perfume: The World of Perfume Bottles (Flacons) Adorned with History Exhibition Held

We exhibited perfume bottles and posters from Paris-based perfume makers, fashion designers, jewelers, etc. at the Takasago Collection Gallery in our head office. The exhibition ran for about six months and 2,300 people visited it.

The 2024 Noyori Prize Goes to Prof. Thorsten Bach

The winner of the 2024 Ryoji Noyori Prize is Thorsten Bach, a professor at the Technical University of Munich. Sponsored by Takasago International Corporation, the prize was established in 2002 by The Society of Synthetic Organic Chemistry, Japan (SSOCJ) in commemoration of Professor Ryoji Noyori's winning the 2001 Nobel Prize in Chemistry as well as the 60th anniversary of SSOCJ. The purpose of the prize is to recognize and encourage outstanding contributions to research in asymmetric synthetic chemistry defined in its broadest sense, regardless of the age or nationality of the people involved. The prize, which consists of a certificate, a medallion, and $10,000, is awarded every year to a recipient meeting the above criteria. The International Prize Committee selects a recipient, and the recipient delivers a prize lecture at the annual general meeting of the SSOCJ at which the Prize is presented.

Cleanup Activities in Areas Surrounding Our Manufacturing Sites

Each of our manufacturing sites and affiliated companies participates in cleanup activities in the municipality where they are located and the surrounding area. In addition to beautifying the community, these activities provide an opportunity to communicate with local residents.

Donation of Soil Derived from Waste Residue

Takasago Coffee Co., Ltd. and Takasago Food Products Co., Ltd. have been donating soil derived from waste residue, such as coffee grounds, for over 11 years and 7 years, respectively. The soil has been donated to the boards of education of Iwata City and Fukuroi City, where the company's plants are located, as well as the neighboring city of Hamamatsu, and is used in school gardening and science classes.

Singapore

Takasago International Singapore Celebrates the 40th Anniversary of the LASALLE College of the Arts with a Bespoke Fragrance

Takasago International Singapore (TIS) has been collaborating with LASALLE College of the Arts in Singapore since 2016 to connect aspiring Asian fashion designers with fragrances. Takasago has expanded the students' creative fashion projects by adding the element of scent. This year, TIS has partnered with LASALLE to create a fragrance that celebrates the college's 40th anniversary. LASALLE's 40th anniversary is not only a celebration of its legacy but also a moment of unity and pride for Singapore's vibrant arts community. TIS is deeply honored to have been a part of this journey and looks forward to continuing its partnership with LASALLE, supporting its mission of inspiring and empowering the next generation of artists and creators.

U.S.A.

Captures the Spirit of The Rolling Stones in a Bold New Fragrance

Takasago International Corporation (U.S.A.)'s Fine Fragrance team is celebrating the launch of RS No. 9, an unforgettable new fragrance inspired by the legendary band The Rolling Stones. This marks The Rolling Stones' first-ever foray into fine perfumery. RS No. 9 translates the band's history from rebellious rockers to cultural icons, capturing their timeless style and the sense of freedom their music continues to inspire. Housed in a striking bottle adorned with song lyrics, RS No. 9 bridges the worlds of music and fine fragrance, appealing to both avid fragrance enthusiasts and music fans. It offers a unique opportunity to experience the distinctive character of the Rolling Stones in a fine fragrance.

France

Donation of PCs and other IT equipment

Takasago Europe Perfumery Laboratory S.A.R.L. (TEPL) donated IT equipment to the Institut Supérieur des Techniques de la Performance (ISTP). ISTP is an educational institution that specializes in training engineers and features a curriculum closely linked to industry.

Humanitarian Aid for Senegalese Children

TEPL donated to Les Cantines du Sourire , an association whose goal is to finance breakfasts for three classes of children aged 3 to 6 at a school in Saint-Louis, Senegal. Providing breakfasts to schoolchildren helps to fight malnutrition and absenteeism.

In 2024, TAKASAGO donated for 6,000 breakfasts and repair some classroom windows.

Cosmetic Executive Women and Fragrance Foundation

As part of its contributions to the fragrance industry and the local community, TEPL is engaged in supporting the Fragrance Foundation France Awards in 2023 and 2024, and supporting Cosmetic Executive Women (CEW)'s beauty care activities for hospital patients, and TEPL is committed to preserving the culture of the art of fragrance and contributing to local communities through donations to the François Coty Association.

School of Perfume, Cosmetics and Aromas

Takasago is an important player in the training of future creative teams in the world of perfumery. Every year we train students from the renowned perfumery school ISIPCA and other schools.

13 students were trained in 2024.

Spain

Plant Visits by Vocational and University Students

Takasago International Chemicals (Europe), S.A. (TICSA) offers several internships for students each year.

External Evaluations and Networks

Takasago Group joined the United Nations Global Compact in 2017 as a part of its sustainability activities. Below are some of the organizations that have evaluated the group and networks that we have been a part of in 2024.

Surveys and evaluations marked with Japan are limited to Japan.

External Evaluations

CDP	An international organization assessing corporate environmental performance using disclosed information. Our 2024 rating is B for Climate Change, B- for Forests, and B for Water Security.
FTSE Blossom Japan Index Series	Since 2022, we have been selected to be a constituent of this ESG investment index recognizing companies with strong ESG performance.
Climate Leaders in Asia-Pacific	For the second year in a row, the company has been selected as one of the most active companies in the Asia-Pacific region in terms of combating climate change.
Nikkei SDGs Management Survey	Rated ★★★☆ (3.5 stars) in a corporate survey of SDG initiatives.
Toyo Keizai CSR Survey	The survey was conducted from a CSR and ESG perspective, and we earned particularly high marks for corporate governance and environmental responsiveness.
Certified Health & Productivity Management Organization (METI & Nippon Kenko Kaigi)	Recognized as an excellent corporation that promotes employee health for the fourth consecutive year.
EcoVadis Sustainability Rating	Received a high score in this global sustainability assessment by EcoVadis.

Networks

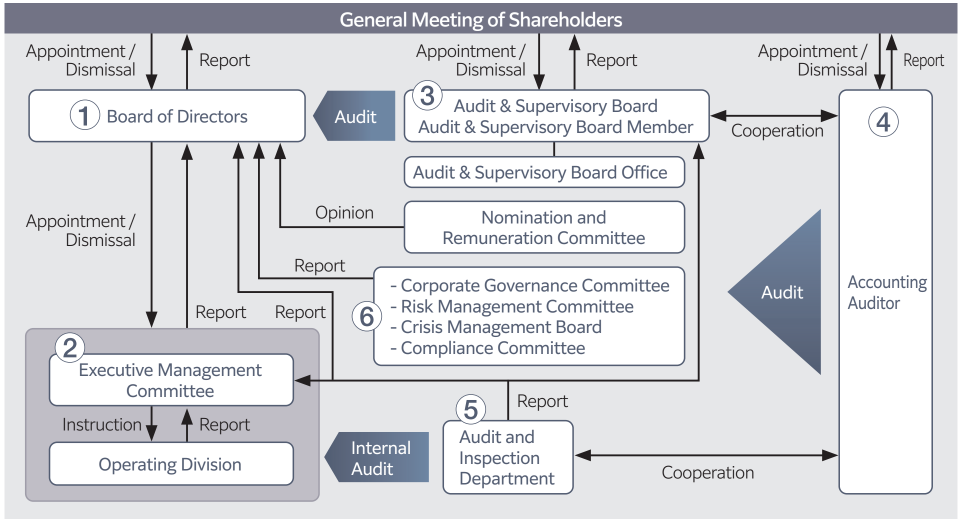
Global Compact Network Japan (GCNJ)	We have been a member of the Japan Network of the UN Global Compact since 2017.
Science Based Targets initiative (SBTi)	We set and promote science-based greenhouse gas reduction targets. Our reduction targets have been approved in line with the well-below 2 °C standard for 2021 and the 1.5 °C standard for 2025.
Task Force on Climate-related Financial Disclosures (TCFD)	We announced our support for the TCFD in 2020, and to date we have been disclosing climate-related financial information in compliance with its recommendations.
Japan Climate Initiative (JCI)	Since 2018, we have been participating in this Japan-originated collaborative initiative to promote climate change action.
Roundtable on Sustainable Palm Oil (RSPO)	Member of RSPO promoting sustainable palm oil procurement since 2017.
AIM-Progress Responsible Sourcing Initiative	Member of this global initiative for responsible sourcing in the supply chain since 2024.
Supplier Ethical Data Exchange (Sedex)	An information sharing platform for building an ethical supply chain. In 2016, we became an AB member, which allows us to evaluate suppliers.
Sustainable Vanilla Initiative (SVI)	We have been participating in this organization dedicated to the sustainability and improvement of the vanilla industry since 2022.
Japan Sustainable Palm Network (JaSPON)	We have been participating in this domestic network for promoting sustainable procurement since 2020.
Keidanren Initiative for Biodiversity	We have endorsed the Keidanren's initiative to conserve biodiversity since 2024.
IFRA-IOFI Sustainability Charter	In 2020, we became a signatory to the global sustainability charter for the fragrance industry.
Declaration of Partnership Building	We have supported this fair business partnership declaration promoted by the Small and Medium Enterprise Agency since 2024.
Forward Faster (UN Global Compact Initiative)	We became a signatory to the UNGC's "Forward Faster" initiative to accelerate sustainability goals in 2024.
"Tomonin" Logo for Supporting Work-Care Balance (Ministry of Health, Labour and Welfare)	A Ministry of Health, Labour and Welfare-approved logo promoting a healthy work-care balance.

Governance

Corporate Governance

Our Approach to Corporate Governance

The Takasago Group strives to enhance the appropriateness of its management decisions, its checks on the management process and the transparency of its management through the disclosure of information to ensure the appropriateness of corporate governance. Aiming to achieve sustainable growth and enhance corporate value over the medium and long term, we have established the Basic Corporate Governance Policy by resolution of the Board of Directors. It is available on the Group's website.



1 2 Board of Directors and Executive Officers System

In principle, the Board of Directors meets once a month, and extraordinary meetings are held as necessary. Directors ensure the fairness and transparency of management by supervising management and make the best possible decisions through the development of management strategies and plans and decisions regarding important investment projects and other business operations. At the same time, by setting the term of office of directors to be one year, we ensure sufficient opportunities for earning the confidence of the general meeting of shareholders, clarifying management responsibilities and strengthening functions for sustainable management. We have introduced an executive officer system to ensure the efficiency of management decision-making by the directors and the speedy execution of business operations and are working to differentiate the corporate governance function of the Board of Directors from the executive officers' execution of business operations. In general, the Executive Management Committee meets once a month to discuss important management issues. Executive officers from the overseas offices attend once a quarter. The Group positions the committee as a place for sharing information and discussing global matters.

3 4 5 Board of Auditors, Corporate Auditors, Internal Audits

In principle, the Board of Corporate Auditors meets once a month, and extraordinary meetings are held as necessary. The corporate auditors cooperate closely with the accounting auditor and exchange opinions and information. The Internal Audit Department reports the results of internal audits to the Corporate Auditors, and the Corporate Auditors may utilize the Internal Audit Department as necessary. In addition, the Corporate Auditors' Office has been established to assist the Corporate Auditors in their duties. The Board of Corporate Auditors functions more effectively by ensuring that the Corporate Auditors utilize their experience to audit management from a fair and neutral standpoint, working closely with the Internal Auditing Department and the Accounting Auditors.

⑥ Authorized Committees

Corporate Governance Committee	The committee is chaired by the President and is composed of directors, executive officers and other members. The committee deliberates important matters related to corporate governance with the aim of continuously enhancing corporate value.
Risk Management Committee	The committee is chaired by the President and is composed of the general managers of each division. To enable the Board of Directors to comprehensively identify and assess risks that could impact the Group we have strengthened our management system and are continuously deliberating and formulating measures to prevent these risks from impacting the group or mitigate their impact.
Crisis Management Board	We have established a system that enables headquarters and affiliates to respond promptly to emergencies, should one occur. We regularly review the reporting and instruction routes linking the Crisis Management Board (located at headquarters) and affiliates to ensure the smooth transmission of important orders and guidance. In addition, to prepare for large-scale disasters and emergencies, The Takasago Group has developed and formulated standardized business continuity plan (BCP) procedures.
Compliance Committee	The committee is chaired by the President and composed of directors and full-time corporate auditors. The committee deliberates and promotes important matters for the establishment and thorough implementation of a compliance system.

Effectiveness of the Board of Directors

With the aim of enhancing the effectiveness of the Board of Directors and further improving our corporate value, we have evaluated the effectiveness of the Board of Directors. A summary of the results of these evaluations is disclosed on our website.

Evaluation Method

We distribute an anonymous questionnaire to all of Directors and Auditors, asking them to provide rating-scale evaluations and written comments on multiple aspects of the effectiveness of the Board of Directors. Responses were received from all members. Based on the aggregated responses, the Board of Directors conducted deliberations to evaluate its effectiveness in FY2024.

The key items covered in the questionnaire
- ✓ Composition of the Board of Directors
- ✓ Operation of the Board of Directors
- ✓ Roles and responsibilities of the Board of Directors
- ✓ Performance of individual Directors and Auditors
- ✓ Support structure for the Board of Directors
- ✓ Relationships with stakeholders

Summary of FY2024 Evaluation Results

A high percentage of responses to many items in the questionnaire indicated that the Board of Directors is either “performing well” or “somewhat meeting expectations.” Considering the results and the comments provided, and following thorough discussions by the Board of Directors, we have concluded that the effectiveness of the Board of Directors has been ensured as a whole. Regarding our proactive efforts to provide information to contribute to constructive dialogue with shareholders, which have been an issue since FY2023, we confirmed that the Board of Directors actively and dynamically engaged in discussions, based on the recognition that addressing sustainability issues, as well as management approach mindful of capital costs and stock prices, are critical management priorities for our company.

Meanwhile, it was noted that while improvements have been made on the following points, the current situation remains insufficient. As such, we shared the understanding that these will be future discussion topics for the Board of Directors.

Future discussion topics for the Board of Directors

-Although the Board of Directors is actively working to enhance discussions on major directions, such as corporate strategy, it will continue its efforts for further enrichment.

-In formulating capital policies, such as investments in facilities and equipment, research and development, and human capital, aimed at sustainable growth and the enhancement of medium- to long-term corporate value, the Board of Directors will further deepen discussions with a focus on capital costs.

Based on the results of this evaluation, the Board of Directors will continue to engage in thorough discussions and, by addressing the above-mentioned issues, further enhance the effectiveness of the Board while striving to achieve higher corporate value.

Remuneration System

Basic Policy

(i) Remuneration, etc. for executive directors shall be appropriate, fair and balanced to motivate the executive directors to contribute to the Takasago Group's sustainable growth and the enhancement of corporate value over the medium to long term.

(ii) Remuneration, etc. for executive directors shall be determined by the Board of Directors in accordance with the policy described in the preceding paragraph, within the amount resolved at the General Meeting of Shareholders, reflecting some performance-linked elements and linked to medium- to long-term business performance, respecting the reports of the Nomination and Remuneration Committee.

(iii) Remuneration, etc. for Outside Directors shall be fixed remuneration only, reflecting their responsibilities as Outside Directors, and shall not include stock-related remuneration or variable bonuses.

Fixed Salary

Fixed remuneration is remuneration paid monthly to each director in accordance with their position and responsibilities, and the level of individual remuneration shall be determined in consideration of business performance, past results, the level of employee salaries and the level of remuneration paid by other companies.

Variable Bonuses

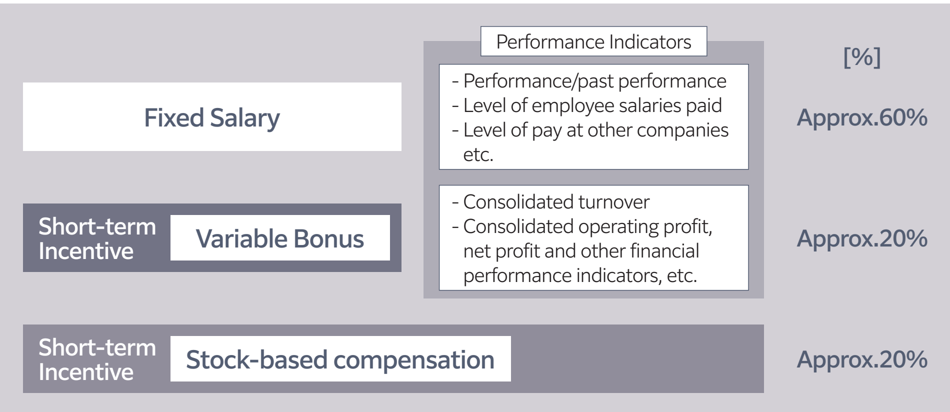
The amount of variable bonuses shall be determined based on performance indicators such as consolidated net sales, consolidated operating income and net income attributable to shareholders of the headquarters for each fiscal year, as well as by taking everything including the degree of achievement of the priority measures set by each director into consideration.

Stock-based Compensation

Stock-based compensation consists of restricted-stock remuneration and monetary remuneration linked to the stock price. Restricted-stock remuneration is paid to eligible directors at a certain time each year based on the approval of the Board of Directors in the form of monetary compensation claims, and the directors use all of these monetary compensation claim to pay for shares of the Company's common stock. The Board of Directors decides on the number of shares to be allocated to each individual, respecting the reports of the Nomination and Remuneration Committee.

Remuneration Structure for Executive Directors

Remuneration for executive directors consists of fixed salary, variable bonuses that mainly reflect short-term performance, and stock-based remuneration that contributes to the medium- to long-term improvement of corporate value through the continued promotion of the sharing value with shareholders. In principle, the composition ratio for each type of remuneration (in the case that the bonus is paid in full) shall be set so that, in general, fixed salary is approximately 60%, variable bonuses are approximately 20%, and stock-based remuneration is approximately 20%.



Determination of Details of Individual Remuneration of Directors

The Board of Directors shall pass a resolution to mandate the President determine the amounts of the fixed salaries and variable bonuses to be paid to each individual director and shall mandate specific details for the President. In determining the amount of compensation, the President shall respect the reports of the Nomination and Compensation Committee.

Total remuneration by officer category

[million yen]

Category	Total remuneration	Total amount of remuneration by type			The number of officers
		Fixed salary	Variable bonus	Stock-based compensation	
Directors (excluding outside directors)	187	87	49	51	8
Auditors (excluding external auditors)	18	14	3	-	1
Outside directors	42	37	5	-	7

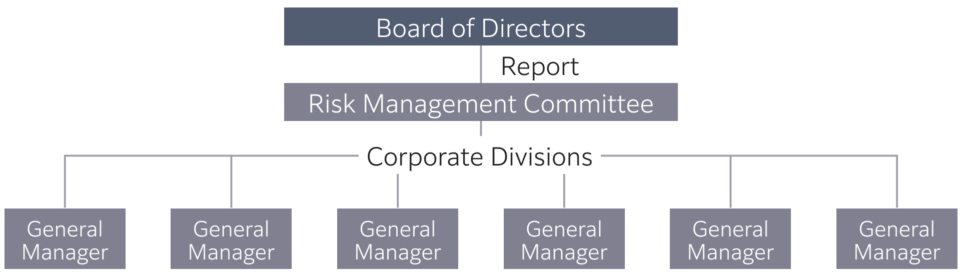
Risk Management

Approach to Risk Management

The Takasago Group values the environment, society and the sustainability of its business. To fulfill our responsibilities to every stakeholder, we regularly monitor and identify risks that could potentially affect the stability of our business while striving to maximize stakeholder value. To manage risks, the Takasago Group's Risk Management Committee reviews the risks the company faces twice a year. We identify and evaluate the risks that may hinder business continuity and affect our financial position and operations and the Risk Management Committee weighs their impact. Since our products are used as the raw materials of many final products and our stopping production would impact the supply of many final products, we consider issues that may affect the continuity of production to be major risks. Therefore, we consider countermeasures for each identified risk and review them periodically. For compliance-related risks, we also conduct internal and external audits and other due diligence activities as a part of our management of these risks.

The risks identified by the committee are reported at meetings of the Board of Directors for further review. The committee is composed of members of the Board of Directors and general managers so that we can monitor the identified risks at both the board and executive levels.

Risk Management Structure



The internal control system and risk management process are reviewed by the Board of Auditors, and our Audit Department conducts various internal audits to assure the effectiveness of our risk management and compliance processes. In addition, The Takasago Group undergoes external audits to verify and further ensure its adequacy and effectiveness. The Takasago Group has established and maintained quality, safety, and other management systems to strengthen its risk management activities.

Crisis Management

The Takasago Group has established a crisis management system, including a business continuity plan (BCP) which enables the group to take necessary precautions to address possible disasters and emergency situations. All of the procedures are to help effectively minimize the impact of a crisis when it occurs and immediately restore normal operations. The Crisis Management Board has been established within the Corporate Headquarters in Tokyo. In the event of a crisis, no matter where it arises, the Crisis Management Board organizes meetings to manage the situation and provide instructions.

Education and Training to Manage Risk and Respond to Crises

The Takasago Group recognizes the importance of each person's risk management skills. We conduct various education and training programs such as emergency response training, comprehensive disaster training, safety confirmation training, and IT security training programs, which include targeted attack email and other training programs. We focus on training on our risk management principles throughout the organization.

Identified Risks and Mitigation Initiatives

TAKASAGO identifies and reviews company-specific risks in consideration of their likelihood and the size of their impact. We conduct various initiatives to mitigate these risks, and incorporate risk criteria into our business activities, including the development of products and technologies.

Identified Risk	Details and Initiatives
1 Climate change	**Details:** The Takasago Group's business can be impacted by the unexpected fluctuation of weather, extreme weather events or irregular, unseasonable weather. **Initiatives:** Action plan in line with the TCFD recommendations, GHG emissions reduction initiatives, promotion of the development of eco-friendly products and technology following the principle of Green Chemistry.
2 Procurement	**Details:** Rising raw material prices or supply chain disruptions due to geopolitical risks, accidents at suppliers, etc. **Initiatives:** Responsible sourcing activities, diversification of procurement methods (including multi-company procurement), promotion of collaboration with suppliers
3 Globalization	**Details:** The disruption of politics, the economy or society and many other factors caused by emergent situations such as terrorism, war, pandemic, etc. could significantly affect the group's business performance and financial condition. **Initiatives:** Monitoring of the situation in each country and region in which our group conducts business
4 Economic conditions/ exchange rates	**Details:** A future recession or economic downturn of our main markets, both in and outside Japan, or a large fluctuation of exchange rates **Initiatives:** Expansion of the Group's business portfolio and operations in countries and regions, business plan that incorporates exchange rate fluctuations
5 Product research and development	**Details:** Delayed development or unforeseen changes in consumers' preferences **Initiatives:** Open innovation, intellectual property strategy, promotion of Green Chemistry based on the SDGs
6 Sales	**Details:** Industry reorganization due to the acquisition of competitors or other factors, or new competitors **Initiatives:** Development of value-added technologies and products
7 Product quality	**Details:** Risk that we may incur financial losses due to customer complaints, recalls or the loss of the trust of our stakeholders due to the willful contamination of products, products being damaged during transportation or other incidents. **Initiatives:** Strengthen QC management, development and manufacturing that comply with laws and regulations, employee training
8 Disasters/accidents	**Details:** Natural disasters or accidents that occur in areas where our production sites are located could damage production facilities and disrupt procurement, distribution and sales. **Initiatives:** Strengthening of crisis management, diversification of procurement methods (including multi-company procurement), employee training
9 Information security and system operation	**Details:** There are risks that events such as the leak of confidential or personal information held by the group caused by an attack on its servers, the illegal access of its systems, a computer virus or other factors that are out of the Group's control may occur. In addition, there is a possibility of delays in production and sales due to system-specific issues and a lack of proficiency **Initiatives:** Strengthening of IT security, IT security training for employees, employee training for the introduction of a new system
10 Compliance	**Details:** It is possible that new laws, regulations, or relevant standards that are enacted could significantly impact our business performance, hindering the group's business activities or forcing additional investments to address the situation. **Initiatives:** The gathering of information about laws and regulations related to our business, employee training, formulation of guidelines and manuals for each law or regulation
11 Human resources	**Details:** There is risk that the group could fail to sufficiently secure and develop human resources **Initiatives:** Global promotion of human resource development, promotion of the global relocation of our staff

IT Security

Amid the frequently occurring cyber-attacks, our group is strengthening its IT security across the globe. The Takasago Group formulated a ten-year IT security plan for ensuring cyber security until 2030. Following this plan, we implemented various measures to defend our IT devices from attacks.

Information Security Policy

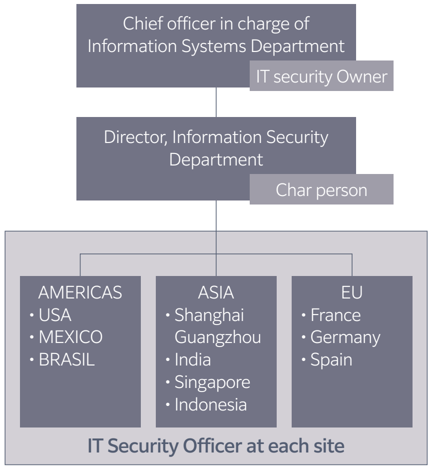
The Takasago Group has created its Information Security Declaration. We promise to continuously improve our IT security system and monitor and respond to security threats.

Information Security Declaration

1. We collect, use and provide information in accordance with the relevant internal regulations in all our business activities.
2. We take appropriate and timely action to prevent any illegal access or disruption of our IT systems to stop any loss, leakage or falsification or disruption of our information assets.
3. We strictly comply with the regulations and guidelines mandated by the basic policies on information security.
4. We ensure that all employees are aware of the importance of information security and their proper use of information.
5. We make every effort to ensure information security through regular inspections, evaluations, audits and the strict observance of the basic policies and guidelines on information security.

Global IT Governance

The Takasago Group established its Global IT Organization, which reports to the Board of Directors and is led by the manager of our headquarters IT department. The organization includes a global team of IT security experts, and TAKASAGO has established a monitoring system that operates 24 hours/365 days a year. Internal IT audits are also conducted regularly by the Audit Department to ensure that IT systems and operational processes are appropriate.



Measures

In terms of physical measures, we have introduced tools and device authentication with the goal of preventing attacker intrusions. In 2024, we continued to improve our security monitoring tools and vulnerability assessment tools. We are also monitoring the number of IT incidents. In 2024, our group identified no IT incidents that were the result of external attacks. We have further improved and strengthened our IT security. In addition, a BCP has been developed to ensure prompt recovery in the event of a security incident. The Takasago Group has strict rules regarding employee responses to security events. We established IT help desk team, who are the support staff and contact people regarding IT issues. The help desk is the starting point for employees who have noticed something suspicious, and there is an escalation process following initial reports.

Education and Training

We are continually increasing employee awareness through training and notifications. In 2024, the Takasago IT team conducted increased IT training programs, such as e-learning or phishing email training programs, quarterly. Over 3,800 employees (98% of all employees) have participated in the training programs. We continue to review the results of the training programs and to improve them to make them more effective.

Collaboration with External Stakeholders

It is difficult to maintain a high level of security governance by ourselves. The Takasago Group is working to enhance IT security by collaborating with IT infrastructure companies, experts, consultants and auditors. We also conduct third-party vulnerability analyses to correct our IT vulnerabilities.

Work-from-Home Environment

Additionally, the following necessary digital tools and systems for connecting to the company's systems are in place for our employees working from home:

- Secure connection through a cloud system when accessing the company's systems from home via the Internet.
- Security patches and an automatically updating anti-virus system that protects employees working from home.
- Updated detailed rules for using applications and digital tools that consider the work-from-home environment.

Business Ethics

The Takasago Group believes that business ethics are one of its top priority management issues and strives to continuously improve its compliance system while ensuring fair and proper business activities and effective corporate governance.

Approach to Business Ethics

WE SUPPORT UN GLOBAL COMPACT

The Takasago Group has formulated the Group's Corporate Charter and Code of Conduct as ethical principles for acting with high ethical standards. In 2017, our group signed the UN Global Compact, and it practices ethical business activities in line with the UN Global Compact's principles regarding human rights, labor, environment and anti-corruption. In 2024, we officially endorsed the Council for the Promotion of Partnership Building for the Future in Japan, and published our Declaration of Partnership Building. The Takasago Group has declared that we will focus on "co-existence and co-prosperity and new partnerships throughout the supply chain." The Takasago Group aims to enhance value across the supply chain in alignment with our Vision 2040, Care for People, Respect the Environment.

パートナーシップ構築宣言

Governance

The Takasago Group has strengthened governance to ensure compliance with laws and regulations and to build and ensure a compliance system in accordance with our Corporate Charter and Code of Conduct. The Compliance Committee, chaired by the President and comprising full-time directors and auditors, has been established to discuss and promote important matters. In addition, the Audit Department conducts internal audits from the perspective of compliance as well as operational audits to verify the adequacy and effectiveness of the internal control system and the compliance situation, thereby ensuring thorough legal compliance. The Compliance Committee deliberates and formulates measures to handle issues relating to compliance violations and suspected compliance violations reported by internal audits.

Anti-corruption Initiatives

To ensure business activities are ethical, TAKASAGO focuses on developing corporate ethics guidelines (including matters such as bribery policies and conflicts of interest guidelines), developing control procedures and processes, and developing an on anti-corruption practices training system for employees. In 2024, we provided all employees with an e-learning compliance training program. In addition, employees are provided with a fair competition practices training program to ensure compliance with the competition laws of various countries, including the Antitrust Law in Japan.

Approach to Anti-Bribery

The Takasago Group understands that corporate bribery and the provision of excessive benefits are impediments to fair competition and a serious threat to corporate credibility. Based on this, we have established TAKASAGO Anti-Bribery Policy to ensure fair and ethical business activities by preventing bribery involving the employees or officers of TAKASAGO companies, ensuring compliance with the bribery laws and regulations of the countries and regions where we do business and prohibiting bribery without exception.

Following this policy, we do not engage in any corrupt practices (bribery, fraud, embezzlement, extortion, bid rigging, insider trading, money laundering, abuse of authority, obstruction of justice, facilitation payments, etc.) prohibited by applicable laws and regulations. The Takasago Group Anti-Bribery Policy stipulates that education and training be implemented and that a consultation and reporting system be established.

The Takasago Group established standards for the disciplinary actions to be taken in the event of a violation of this policy, i.e., warnings or dismissal, and a zero-tolerance policy is included in our employment regulations at each site. In 2024, our group conducted an anti-bribery e-learning training program for management-level employees.

Approach to Eliminating Organized Crime

Our position against organized crime is clearly stated in our Charter of Corporate Behavior and Code of Conduct as well as The Takasago Group Supplier Code of Conduct. We encourage the entire group and also our supply chain to work together to eliminate organized crime. Furthermore, in response to the Tokyo Metropolitan Government's policy of eliminating organized crime groups, we have included a clause regarding the elimination of organized crime into our basic transaction contracts. The Takasago Group will continue our efforts to establish a company-wide system to ensure corporate ethics and increase its effectiveness.

Compliance Hotline

The Takasago Group has a compliance hotline that enables all employees and other stakeholders such as suppliers and customers to report any compliance issues through the hotline and all of the information submitted to the hotline will be handled in the strictest confidence. Posters advertising the hotline have been displayed at offices and factories to ensure that our stakeholders know how to report any issues they discover. In FY2024, the number of consultations was 5 for the entire Group. No serious discrimination issues were reported.

Whistleblowing Mechanism in Japan: the Window to Tomorrow

The Takasago Group's Japan sites have established the Window to Tomorrow hotline which is available to all people engaged in our business. The details of whistleblowing reports are reported to the Compliance Committee to increase employees trust in the whistleblowing system and promote its use. In addition, our internal regulations stipulate that employees shall not be treated unfavorably due to their reporting matters to the compliance hotline or consulting it (zero tolerance for retaliation), that the confidentiality of information is guaranteed and that anonymous reporting is possible.

Collaboration with External Experts

TAKASAGO ensures that it has a compliance system that involves external legal experts. A member of the Compliance Committee is a lawyer and our compliance hotline includes an external contact person that is a member of a law firm. External legal experts advise us on the improvement of compliance issues and the promotion of compliance.

Ethical Audits by External Third Parties

To operate our business sustainably, we need to understand our own business practices, enhance our business ethics and ensure that we comply with the principles of social responsibility. Our group utilizes SMETA* to conduct the third-party ethics auditing of our own manufacturing sites. Through SMETA, we properly confirm that the compliance systems of our sites are functioning and strive to improve them in accordance with the results of audits.

In FY2024, Takasago Group conducted SMETAs at 5 manufacturing sites. We have created a plan for regularly implementing SMETAs around the world and have conducted them at 100% of our main our manufacturing sites over the five-year period from FY2020 to FY2024. SMETAs check the following items in line with the ETI Base Code established by the International Labour Organization. All issues found in these audits have been corrected and addressed. We will continue to implement SMETAs to reenforce our ethical corporate culture.

*Sedex Members Ethical Trade Audits (SMETAs) are audits using Sedex's social auditing methodology, the most widely used social audit in the world. A SMETA assesses a site based on 4 pillars: labor, health and safety, the environment and business ethics.

Major SMETA issues

- Appropriate working and employment conditions
- No discrimination and harassment
- Freedom of association and the right to collective bargaining are respected
- Safe and hygienic working environment
- Environmental standards meet local and national laws and requirements
- Compliance (regarding bribery, corruption and any improper business practices) with local and national laws and requirements

Tax Strategy

The Takasago Group recognizes that the payment of taxes is one of the most basic and important social responsibilities that companies must fulfill, and we believe that the proper payment of taxes plays an important role in the development of the countries and regions in which we do business.

Policy on Tax Strategy

The Takasago Group has a group-wide tax policy that includes the principles below.

- We do not engage in tax planning or use tax havens to avoid taxes, and we comply with the laws and regulations of each country and region and the guidelines established by the Organization for Economic Cooperation and Development (OECD), including transfer pricing using the arm's length principle.
- We build and maintain good relationships with tax authorities in each country and region and respond to their requests in good faith. In addition, we strive to ensure transparency and trust in the tax authorities of each country and region by appropriately disclosing the information required by applicable laws and regulations.
- We do not transfer value created to low tax jurisdictions or use tax structures without commercial substance.
- We establish operational and governance structures to manage tax risks and the impact of taxes and ensure compliance with the laws and regulations of each country.

Tax Governance, Control, and Risk Management

The Takasago Group has established a scheme for enhancing tax compliance. The Accounting and Finance Division is responsible for taxation, and the tax staff at each site share information quarterly and understand tax risks.

Our group has reduced tax risks by securing and training appropriate human resources while strengthening cooperation with internal departments and external experts such as certified public accountants and tax accountants. In addition, we comply with laws and regulations and strengthen risk management by sharing information about legal decisions and lawsuits provided by the tax authorities of various countries and regions.

We recognize not only the tax risks, but also the social and business impact of taxation, and we believe that appropriate taxation leads to sustainable corporate value.

The Takasago group's financial information, including tax information, is audited by an independent third party and disclosed.

Amount of Taxes Paid and Effective Tax Rate

In the fiscal year 2024, TAKASAGO paid taxes of 1,781 million yen. Accrued corporate taxes were 815 million yen.

The effective tax rate for fiscal year 2024 was 22.8%. This is 7.8 percentage points less than the statutory tax rate of 30.6%. The difference was attributable to the impact of the valuation allowance and other factors.

[Million Yen]

Financial Reporting	FY2023	FY2024
Earnings before tax	4,911	17,690
Reported taxes	2,088	4,038
Effective tax rate (%)	42.5	22.8
Taxes paid in cash	1,510	1,781
Cash tax rate (%)	30.7	10.1

Corporate Profile

Company Name: TAKASAGO INTERNATIONAL CORPORATION

Headquarters: Nissay Aroma Square 17F 5-37-1, Kamata, Ota-ku, Tokyo 144-8721, Japan
Tel: 81-3-5744-0511 Fax: 81-3-5744-0512

Founded: February 9, 1920

Representative Corporate Executive Officer: Satoshi Masumura

Description of Business: Manufacturing and sale of flavors, fragrances, aroma ingredients and fine chemicals.

Capital: 9,248 million yen

Stock Listing: Tokyo (Stock Exchange) Prime Market

About This Report

Publication Date

08, 2025

Scope and Boundaries

The scope of this report is the Takasago group.
This includes consolidated subsidiaries as well as non-consolidated subsidiaries defined using the equity-method.
Some information includes information about the head office alone.

Period Covered

Fiscal 2024: In this report, the term "Fiscal" is as follows:
From April 1, 2024 to March 31, 2025 for Japan/From January 1, 2024 to December 31, 2024 for other areas

- If any data covers a different period, the period is described.
- Some of the latest information is included.
- The EHS data covers the period from April 1, 2024 to March 31, 2025, regardless of the country.
- Some of the information in this report reflects the most recent updates available at the time of publication.

External Assurance

GHG emissions and water withdrawal were verified by a third party based on the results of activities, except category 6 and category 13 in Scope 3.

Guideline Referenced

GRI Standards See the GRI Index

Notes regarding forecasts and forecasts: Forecasts and projections contained in this report are forward-looking statements based on various assumptions and plans. These forward-looking statements involve risks, uncertainties, and other factors that may cause actual results and performance and other future statements to differ.
The forecast for FY2025 is as of the announcement of financial results in May 2025.