TAKASAGO

Sustainability Report 2026

This year's cover features the poster for "Light and Fragrance: A Collection of Glass Perfume Bottles" at the Takasago Collection® Gallery. Glass has long evolved alongside fragrance through technology and creativity. Its history reflects the Takasago Group's vision for a sustainable future.

Through our Flavors, Fragrances, and Aroma Ingredients businesses, we create *"kaori"* bringing richness and well-being to people's lives.

We use the term *"kaori"* to encompass the diverse aromas and the value created through our activities. From flavors that enhance the taste and enjoyment of food and beverages, to fragrances that enrich everyday life, and the aroma ingredients that support them, *"kaori"* represents the common value that connects the businesses of the Takasago Group.

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About This Report

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Reporting Period: FY2025 (April 1, 2025–March 31, 2026).
Some activities and information from FY2026 are also included.
Japan: April 1, 2025–March 31, 2026
Outside Japan: January 1, 2025–December 31, 2025
EHS data: April 1, 2025–March 31, 2026 (for all countries)
Reporting Scope: Takasago International Corporation and its Group companies
(including consolidated subsidiaries and non-consolidated subsidiaries accounted for using the equity method)
Third-party Assurance: GHG emissions (excluding Scope 3 Categories 6 and 13) and water withdrawal
Reference Guidelines: Global Reporting Initiative (GRI) Standards

Cautionary Statement Regarding Forward-looking Information
The forecasts and outlooks presented in this report are forward-looking statements based on various assumptions and plans. These forward-looking statements involve risks and uncertainties, and actual results or performance may differ materially from those expressed or implied in these statements. The forecast for FY2026 is based on the financial results announced in May 2026.

Rounding of Figures
Figures in this report have been rounded, including rounding to the nearest decimal place. As a result, totals or percentages may not exactly correspond with the sum of the individual figures.

Corporate Vision

TAKASAGO celebrated its 100th anniversary in 2020. Since our founding, we have upheld our Corporate Philosophy, "Contributing to Society through Technology." Based on this philosophy, we operate our business under our Corporate Mission, "Our mission is to create new value through innovation rooted in *kaori*."

Today, we operate in 28 countries and regions around the world. By providing products that reflect local cultures, preferences and market needs, we continue to grow as a globally trusted company.

Based on this global business foundation, we have established Vision 2040 as our long-term vision. Under the slogan "Care of People, Respect the Environment," we aim to realize a sustainable society by improving well-being and living harmony with nature.

To achieve this vision, we are implementing our medium-term management plan, New Global Plan-2 (NGP-2), whose final year is fiscal 2026. Under this plan, we have focused on "Growth expansion overseas," "Profitability improvement in Japan," and "Sustainable management," while strengthening our business foundation and pursuing sustainable growth.

We will continue to create sustainable value through initiatives related to Sustainability 2030, maximizing human capital value, and the development of products that contribute to solutions to the SDGs.

We will continue to leverage our strong technological capabilities and global network to create new value while living in harmony with nature. Through these efforts, we aim to remain an indispensable and unique 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

NGP-2 New Global Plan-2

Basic Policies

Key Success Factors

Growth expansion Overseas

- 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

Profitability improvement in Japan

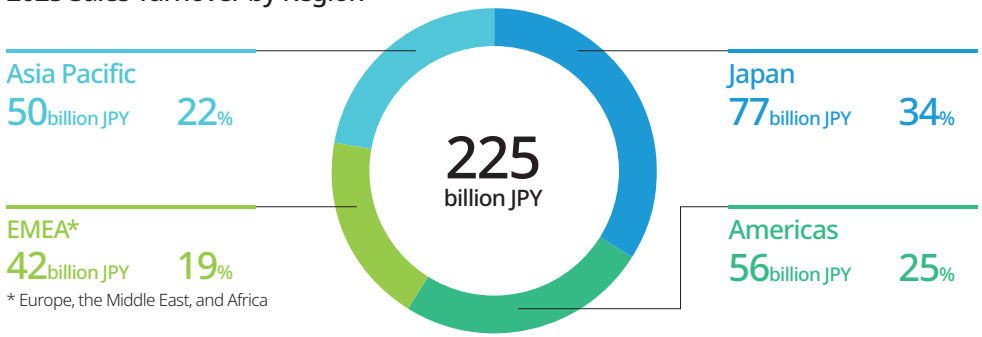
- Optimization of Gross Profit
- Cost structural reform
- Developing new business opportunities
- Pursuing efficiencies in flavor and fragrance manufacturing
- Creating a future vision of chemical business, and restructuring the chemical production system
- Optimization of supply chain
- Creating competitive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

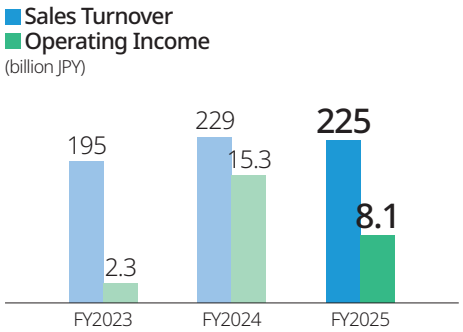
Sustainable management

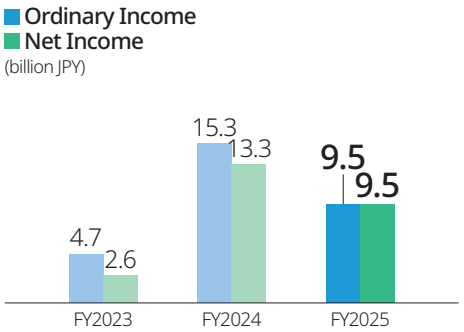
- Sustainability2030 execution
- Enhance corporate functions
- Maximizing human capital value
- Operational excellence
- SDGs-conscious development of new products and materials

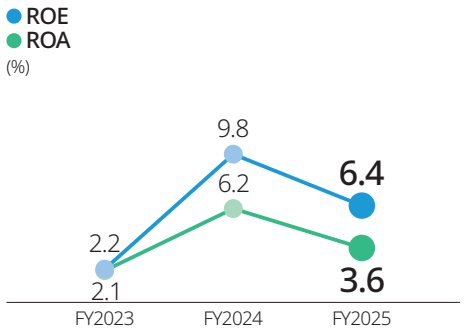
TAKASAGO Highlights

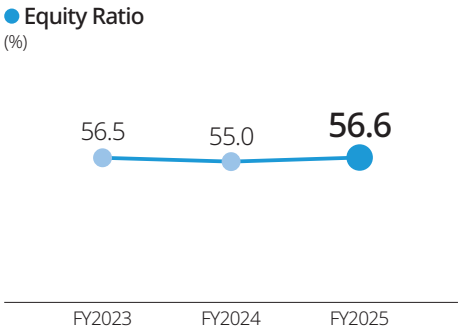
2025 Sales Turnover by Region

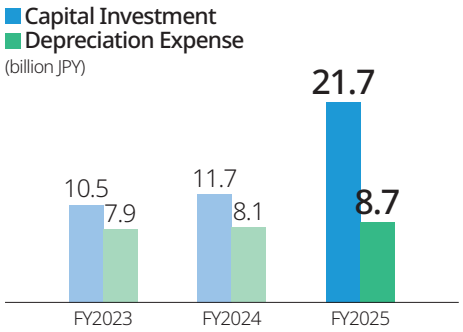


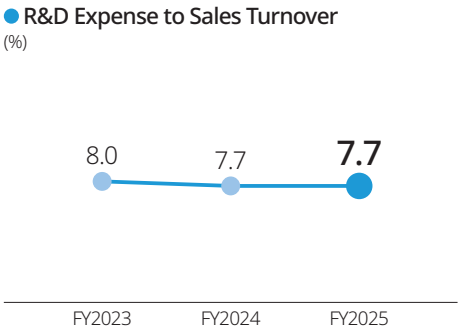


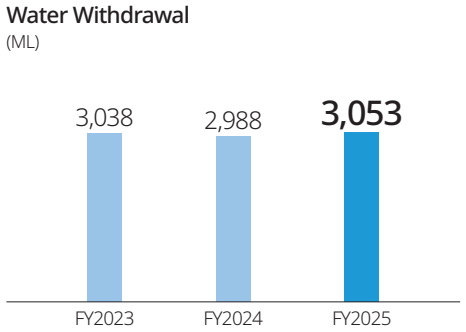


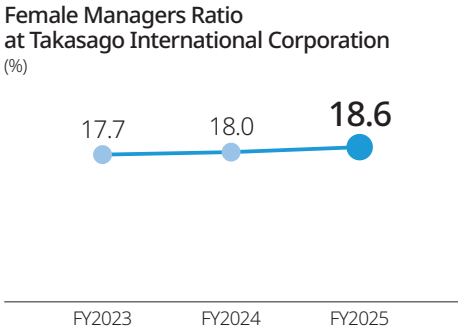


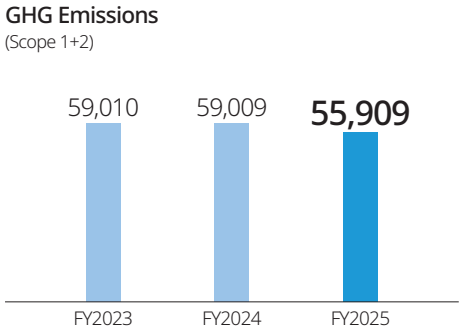


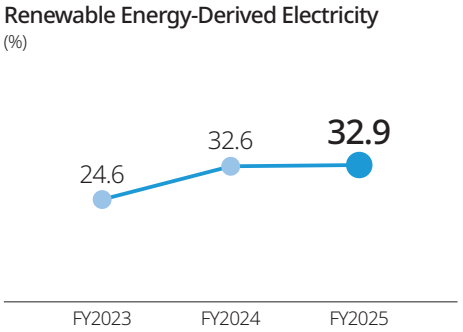




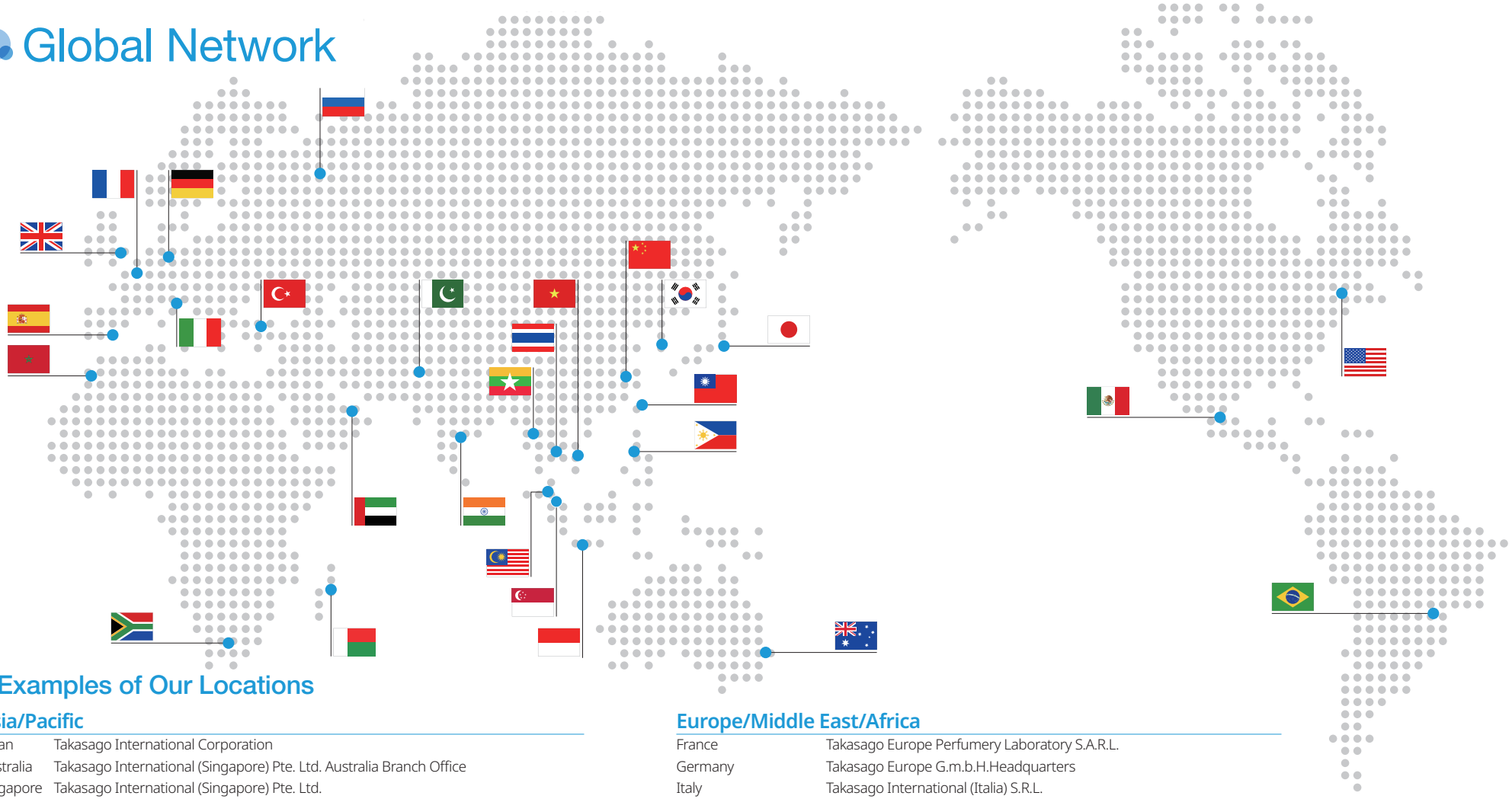








Global Network



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.
	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	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.Headquarters
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.

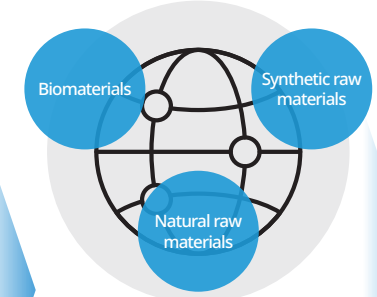
TAKASAGO's Value Chain

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

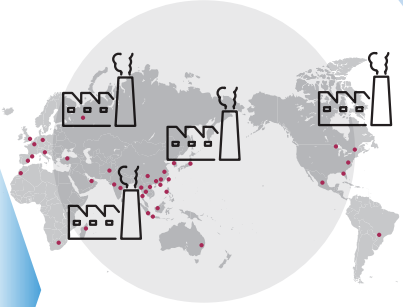
We leverage our global network to carry out marketing activities and research & development tailored to each area. Additionally, our R&D headquarters in Japan serves as a core hub, widely sharing research outcomes with various locations across the globe.

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 sites, 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

- Food/ Beverage Manufacturers
- Daily Goods Manufacturers
- Pharmaceutical Manufacturers

Consumers

Where Our Products are Used

TAKASAGO enriches everyday life through fragrance, flavor, and technology.

Morning

Start Your Day

Enhancing Flavor and Taste

Yogurt, jams, soups, and more

Everyday Personal Care

Facial cleansers, toothpaste, mouthwash, and more

Daytime

For an Active Day

Supporting a Healthy Lifestyle

Sports drinks, energy drinks, and more

Bringing Great Taste to the Table

Seasonings, instant foods, and more

Supporting a Clean and Comfortable Home

Laundry detergents, fabric softeners, and more

Evening

Time to Relax

Hair Care and Skin Care

Hair care products, cosmetics, and more

Moments of Relaxation

Aroma Candle, recreational drinks, and more

Supporting Patients Awaiting Treatment

Pharmaceutical intermediates, catalysts, and more

For more than 100 years, TAKASAGO has contributed to better living and a more sustainable society through technology and innovation.

TAKASAGO's Value Creation Story

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- Climate Change
- Respect for Human Rights
- Safety First
- Sustainable Procurement
- Creating Value through Digitalization
- Green Chemistry

Naoki Mizuno
President & COO

Our Vision from President and COO

In June 2026, I became Representative Director and President of Takasago International Corporation. First, I would like to express my gratitude to all our stakeholders for their continued support and kindness.

As I take on this role, I wish to reaffirm our core values: our corporate philosophy, "Contributing to Society through Technology," and our corporate mission, "Create New Value through Innovation Rooted in kaori (aroma in Japanese)." Even in a rapidly changing business environment, we continue to conduct our business activities based on these values to respond flexibly and promptly to stakeholder's expectations, striving to grow sustainably, contribute to society and enhance our corporate value.

Summary of financial performance for FY2025 and the progress of the Mid-Term Management Plan, New Global Plan-2 (NGP-2), as it enters its final year.

In FY2025, the Takasago Group's net sales decreased 1.8% from the previous fiscal year, totaling 225.1 billion yen. Operating profit also decreased 47.0% from the previous fiscal year, totaling 8.1 billion yen.

By business segment, net sales in Flavors increased 2.3% due to the strong sales in the beverage sector and emerging markets. Net sales in Fragrances increased 1.8% due to the good performance of air care and fabric care products. Regarding Aroma Ingredients, net sales of high-value specialty products were strong, resulting in a 3.2% increase in net sales. In Fine Chemicals, net sales decreased 48.9% year on year due to the postponement of shipments of overseas pharmaceutical intermediates, an area in which we need to enhance quality control systems for major customers.

By area segment, in Japan, we achieved revenue growth driven by steady performance in the beverage sector of the flavor business, but operating profit declined partly due to a decrease in exports of pharmaceutical intermediates in the Fine Chemicals business. In the Americas, shipments declined in the Flavors, Fragrances, and Fine Chemicals

business, resulting in a decrease in both revenue and profit. In Europe, revenue increased due to the strong performance of a German subsidiary, but profits declined due to a French subsidiary adjusting shipments in association with the implementation of a new ERP system. In Asia, revenue and gross profit both increased as our products for beverage and fabric care were performing well in China, and gross profit improved due to raw material optimization efforts.

The Takasago Group is implementing our FY2024-2026 medium-term management plan, New Global Plan-2 (NGP-2), under our long-term vision, Vision 2040, with the slogan, "Care for People, Respect the Environment."

In the current fiscal year (FY2026), the last year of NGP-2, we are targeting sales of 240 billion yen, a 6.6 % year-on-year increase. Our operating income target is 11 billion yen, 35.3% up from the previous year. While we are concerned about rising costs and potential supply disruptions in our procurement of raw materials due to rising crude oil prices caused by the instability in the Middle East, we will strive to minimize the impact of these issues by adjusting sales prices, optimizing our procurement of raw materials and other initiatives.

Our group set three basic policies in NGP-2: growth expansion overseas, profitability improvement in Japan, and sustainable management. Our key initiatives for growth expansion overseas include the construction of global infrastructure and a production/supply system to expand business for multinational customers and developing emerging markets such as the Middle East, Latin America, and India. Regarding the improvement of profitability in Japan, we are driving the growth of sales in high-value-added segments in both the Flavors and Fragrances businesses while also reducing costs by optimizing raw materials, improving production and increasing logistics efficiency. In the Aroma Ingredients business, we are expanding sales of high-value-added specialty products, and in the Fine Chemicals business, we invested in manufacturing facilities for pharmaceutical intermediates at the Iwata site (completed in September 2025), thereby increasing production capacity for business growth. In FY2026, we will further accelerate the initiatives we have built up over the past two years and work together as a group to achieve our goals.

Initiatives related to Sustainable Management, one of the basic policies of NGP-2.

In line with the basic policy of sustainable management in NGP-2, we are contributing to solutions to social issues through the implementation of Sustainability 2030 and enhancing our corporate functions to promote sustainable management. Here, I will explain the progress of our main initiatives for sustainability.

Addressing Climate Change

In 2025, with the aim of further contributing to a carbon-neutral society, we updated our greenhouse gas reduction targets in alignment with the 1.5 °C scenario. We also established a net-zero target, and these targets were re-approved as science-based targets by the Science Based Targets initiative (SBTi) in May 2025. We will pursue further reductions in Scope 1 and 2 emissions, which are derived from energy consumption, by intensifying energy-saving initiatives and increasing the use of electricity generated from renewable sources of energy. Regarding Scope 3 emissions, which are supply chain emissions, we previously participated in the Ministry of the Environment's Supply Chain Decarbonization Project. Based on the insights gained from this project, we have promoted reduction activities.

Sustainable Procurement

In 2025, we made significant progress in our sustainable procurement initiatives.

Our group uses many natural raw materials, such as citrus, mint, vanilla, coffee and myrcene, which is the starting material for synthetic menthol. Therefore, sustainable procurement activities are very important. While we have already implemented a range of measures, we established the Sustainable Procurement Office in October 2025 to oversee our sustainable procurement strategies and activities. Then, in February 2026, we joined Together for Sustainability (TfS), an industry-wide initiative in the chemical sector. Through the establishment of this specialized organization and participation in external initiatives, we will strive to advance our initiatives. Regarding the above Scope 3 emissions, we are working to decarbonize our entire supply chain by collecting carbon footprint data on raw materials and engaging with suppliers on climate change issues.

In addition, we are currently advancing our proprietary Takasago Global Procurement Sustainability Key Initiatives (TaSuKI) . One of its flagship activities is a grapefruit tree planting project in Florida in the USA, a world-leading citrus-producing region where we have established long-term partnerships with local essential oil processors and citrus farms. Launched in response to declining production due to climate change and disease, this project has begun producing high-quality essential oils, and we will enter a phase of expanding harvest volume. Under TaSuKI and for commodities other than citrus, we will also work together with local agricultural communities to address social challenges and build a sustainable and resilient supply chain.

SDG-conscious development of new products and materials

We believe that our low-environmental-impact products and technologies will contribute to solutions to SDG issues and enable us to capture many business opportunities. Our group continues to deepen our efforts in areas such as our continuous flow technology and catalyst technology for energy and resource conservation, the development of eco-friendly encapsulated fragrances, and the development of highly biodegradable aroma ingredients. We are also focusing on using biotechnology to develop low-environmental-impact nature-derived materials. In 2025, building on insights gained from the Development of Bio Production Technology to Accelerate the Realization of Carbon Recycling project, which was previously selected by the New Energy and Industrial Technology Development Organization (NEDO), we successfully achieved the fermentation-based production of a rose-scented material using previously unused woody biomass. Additionally, we are currently advancing a project that has been selected by NEDO on the theme of "Advancing bio-upcycling technology for the valorization of unused organic residues into valuable aroma ingredients." To make effective use of limited natural resources, we are actively working to explore and utilize renewable resources, reduce the use of natural raw materials through the development of alternative materials, and utilize unused resources.

We are implementing many different initiatives in each of the ESG areas. We will continue to pursue sustainable management and carefully execute each initiative to enhance long-term corporate value and realize a sustainable society.

Message to Our Stakeholders

I believe that to pursue sustainability, we must collaborate with our stakeholders. We are committed to engaging with our stakeholders and fostering relationships based on trust, as we strive to balance the sustainable enhancement of corporate value with our contributions to society. We deeply appreciate your continued trust and long-term support as we strive to further progress and develop as the Takasago Group.

Integrity is at the core of Takasago's DNA. We view this as an asset that we have cultivated over the years and a strength that will remain unchanged in the future. In our sustainability initiatives, including addressing environmental issues, respecting human rights, and ensuring strict compliance, we aim to sincerely address each challenge we encounter to continue to be a global trusted company.

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

Sustainability Initiatives from Senior Vice President

At Takasago Group, we have positioned **Sustainable Management** as one of the core principles of our medium-term management plan, *New Global Plan-2 (NGP-2)*. Through our business activities, we strive to address social challenges while enhancing corporate value.

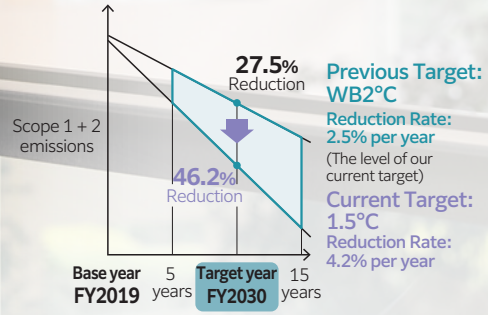
Fiscal 2026 marks the final year of NGP-2. It is an important milestone for us to assess the progress we have made while laying a solid foundation for our next stage of sustainable growth.

Climate Change

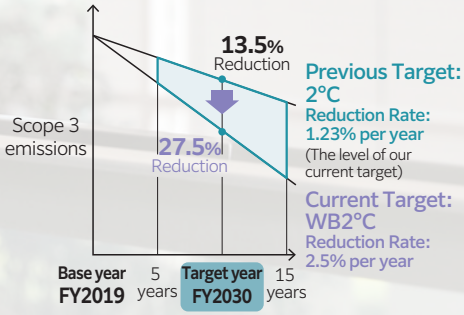
Climate change is one of the most significant management challenges facing our Group. We are advancing global initiatives to reduce greenhouse gas emissions across our operations.

In 2025, our greenhouse gas reduction targets were validated by the Science Based Targets initiative (SBTi), including approval of our 1.5°C target and Net-Zero target. Building on this achievement, we are accelerating the adoption of renewable energy and implementing energy-efficiency initiatives throughout our global operations.

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



Scope 3 New Target in line with 1.5°C



Going forward, we will continue to balance business growth with environmental responsibility and contribute to the realization of a more sustainable society.

Respect for Human Rights

Respect for human rights is a fundamental element of our sustainability strategy.

Based on our Human Rights Policy, we conduct annual human rights due diligence across our operations.

As a company that sources natural raw materials, we have traditionally focused on labor conditions at production sites. In recent years, we have expanded the scope of our assessments to include potential impacts on business partners and local communities.

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.

In fiscal 2026, our headquarters undergo a SMETA audit. We will continue strengthening our commitment to human rights throughout our entire supply chain.

Diversity, Equity & Inclusion (DE&I)

We believe that a diverse and inclusive workforce is a key driver of sustainable growth and innovation.

To maximize the value of our human capital, we are promoting initiatives such as advancing women's leadership and recruiting and developing employees with diverse nationalities and backgrounds. We have established a target of achieving a 20% ratio of women in management positions by the end of fiscal 2027.*

As a global organization, Takasago Group benefits from employees representing a wide range of cultures and nationalities. Across our overseas operations, we continue to foster inclusive leadership and flexible work practices that enable every employee to realize their full potential while bringing diverse perspectives to innovation.

* In Japan, initiatives to advance women in leadership are aligned with the Japanese government's policy.

Occupational Health and Safety

The fire accident that occurred in 2013 remains an important lesson for our Group. Since then, we have continuously worked to strengthen our safety culture, recognizing that safety is the foundation of all business activities.

As more employees join the company without firsthand knowledge of the accident, it is increasingly important that we preserve its lessons. Through risk assessment training and ongoing safety dialogue, we are committed to passing on a strong safety mindset to future generations.

Guided by our commitment that **every employee returns home safely with a smile at the end of each working day**, we will continue to promote a safe and healthy workplace for all.

Materiality

In this year, we created a Group-wide materiality panel and distributed it to our business sites around the world.

Materiality should not only be understood by management but also embraced by every employee and reflected in their daily work. By making our materiality a shared language across the Group, we will further strengthen our sustainability initiatives.

Looking Ahead

As we enter the final year of NGP-2, Takasago Group is building on the progress we have made and preparing for the next phase of sustainable growth.

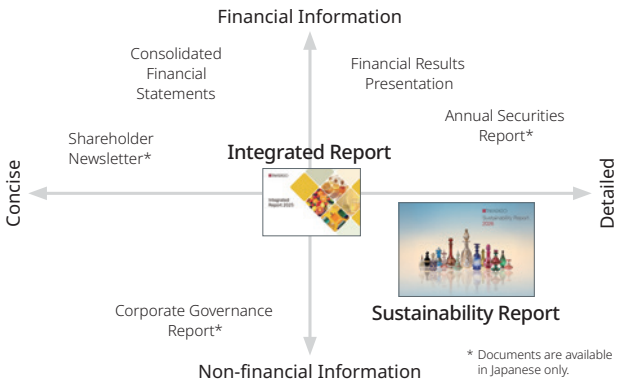
Looking toward the achievement of **Sustainability 2030**, we will continue addressing our key sustainability priorities—including climate change, human rights, diversity, equity and inclusion, and occupational health and safety—while creating value for society through our business.

By integrating sustainability into every aspect of our operations, we aspire to remain a trusted company and achieve sustainable growth for the next 100 years and beyond.

Stakeholder Engagement

With over 100 years of history, TAKASAGO will continue to pursue its business activities while fostering harmony with stakeholders to realize a more sustainable future.

Stakeholder Communication Channels



Corporate website

LinkedIn TAKASAGO site

Customers

As a leading company in the flavors and fragrances industry, TAKASAGO has continued its advanced research and development activities to create innovative and valuable products. We will continue to leverage our global network to provide value that exceeds customer expectations and aim to be our customers' global business partner.

Business Partners

To achieve a sustainable business, it is necessary to collaborate with partners and engage in responsible sourcing. We promote responsible sourcing and regularly visit our business partners' sites, meet with stakeholders and conduct assessments to identify potential concerns and impacts on upstream suppliers and communities. Based on the identified impacts. We work together with customers and communities to implement appropriate strategies to address the issues we identify.

Employees

Each employee's creativity is the driving force behind creating new value. Our diverse employees engaged in a broad range of corporate functions collaborate to develop our technologies. We are committed to maximizing the value of our human capital and creating a workplace that is both comfortable and rewarding.

Investors

We aim to achieve sustainable growth through sound and transparent management while providing appropriate returns to shareholders, We also seek to enhance communication with shareholders and investors in Japan and overseas. Under our NGP-2 mid-term management plan, we set a target consolidated payout ratio of 30% more and a return on equity ratio of 3.0% in the final year of NGP-2, and we aim to provide stable dividends based on our performance.

Local Communities

TAKASAGO values harmony with local communities and actively engages in environmental conservation and community activities at all of its sites. We communicate openly with local stakeholders and aim to grow together with local stakeholder as a trusted partner while contributing to the development of local communities.

Sustainability Governance

Basic Policy

TAKASAGO set sustainable management as one of the three basic policies in the 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
This policy has been developed as basic principles for our actions regarding sustainability. Based on the Care for People, Respect the Environment statement in our Vision 2040, TAKASAGO respects people's diverse values and aims to live in harmony with nature. Through fair and transparent corporate activities, we will continue to address social issues and contribute to sustainability in all forms.

B Materiality
We identify material issues to describe the important priority issues we need to address. 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

TAKASAGO established the Sustainability Promotion Team in 2017 to strengthen sustainability initiatives across the Group. The Global Integration Headquarters leads activities across business operations and key corporate functions, procurement and logistics. Sustainability Promotion Meetings are held every two to three months to share information, discuss issues, and monitor progress. The people implementing these activities also work together globally to promote action plans aligned with the Company's strategy.

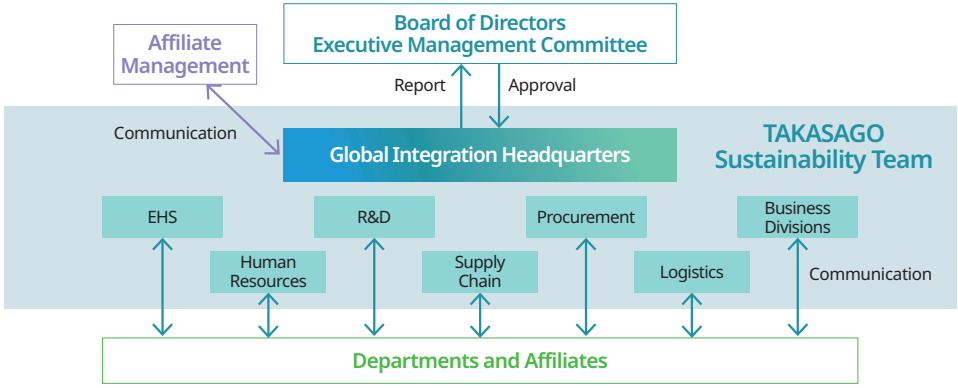
Major Items on the Sustainability Promoting Committee's Agenda in 2025

Board of Directors

The Board of directors discusses the materiality assessment process and approves the final list of identified material issues, and it receives reports on and discusses sustainability related issues, including Sustainability 2030, TAKASAGO's sustainability action plan. The sustainability-related matters examined in FY2025 included one item that was deliberated by and 11 items that were reported to the Board of Directors.

Executive Management Committee

TAKASAGO has introduced an executive officer system to support efficient management and quick decision-making. Many executive officers are division heads reporting directly to the President. Executive Management Committee meetings are held once a month. Sustainability-related material issues, including materiality assessments, are discussed at these meetings and then reported to and approved by the Board of Directors.



Materiality Assessment

TAKASAGO incorporates external opinions and perspectives when identifying material issues. Material issues are reviewed every year referencing international frameworks and standards such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards (SASB).

TAKASAGO engages in a dialogue with stakeholders to discuss and identify issues which are discussed by the Sustainability Promoting Committee and then reviewed and approved by the Management Committee and the Board of Directors.

Through these efforts, we aim to address social issues and enhance corporate value.

Material Issue Identification Process

1 Identification of Issues	2 Dialogue with Stakeholders	3 Internal Review	4 Approved by Management
Important issues are identified based on social trends, industry trends, and existing material issues.	Identified issues are validated by engaging in a dialogue and exchanging opinions with stakeholders.	Identified issues are reviewed by the Sustainability Promotion Committee and other members of management.	The material issues are approved by the Management Committee and the Board of Directors.

Evaluation Methods

TAKASAGO identifies important issues that contribute to long-term corporate value based on the double materiality principle, which considers both:

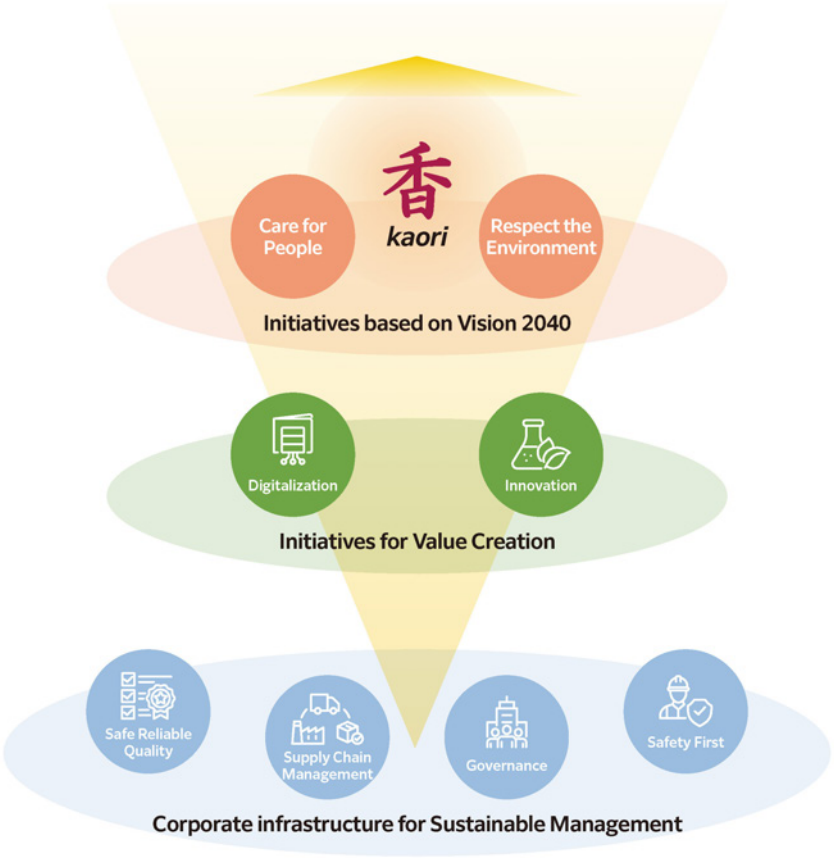
- Financial impacts on the business
- Impacts on society and the environment

In FY2026, we also reviewed our material issues based on risks, opportunities and changes in the internal and external environment.

The results of the review enabled us to confirm that no changes were necessary, and therefore we maintained the same materiality topics in FY2025.

Materiality 2026-2027

Based on the four corporate foundations for sustainable management, TAKASAGO aims to enhance value through digitalization and innovation. Materiality 2026-2027 reflects our image of our business activities, centered on kaori and guided by the Vision 2040 theme of "Care for People, Respect the Environment", while contributing to society through our business activities.



香 (*kaori* : aroma in Japanese)

Materialities and Outcomes

Our materialities, identified as priority issues to be addressed through our business activities, define the role we must fulfill as a Group in achieving a sustainable society, taking into account stakeholder expectations and evolving social challenges.

Topic	Outcomes	Sustainability 2030	Related SDGs
香 *Kaori*	Contributing to enriched lifestyles and enhanced well-being through the power of flavor and fragrance	—	3
Care for People	Respecting human rights and fostering an inclusive workplace culture where diverse talent recognizes each other's value and can maximize their potential	Human Rights, Local Communities	1, 3, 4, 5, 8, 10, 16, 17
Respect the Environment	Striving for harmony with the global environment by reducing environmental impacts and promoting sustainable business activities	Climate Change, Reduction of Environmental Impact	1, 11, 12, 13, 14, 15
Innovation	Creating new value through research and development capabilities and technological innovation while contributing to the resolution of social and environmental challenges	Green Chemistry	2, 3, 4, 6, 7, 8, 9, 12, 13, 14, 15
Digitalization	Creating new value through digital technologies and data utilization, supported by robust IT infrastructure and cybersecurity capabilities	—	9
Safety First	Fostering a safety-first culture and achieving zero occupational accidents while creating a safe and sustainable workplace environment	Occupational Health and Safety	2, 8, 9, 12
Supply Chain Management	Building a resilient and responsible supply chain and promoting sustainable procurement practices	Responsible Procurement	1, 4, 12, 14, 15, 17
Governance	Strengthening the management foundation that supports sustainable growth through effective corporate governance and risk management	—	8, 9, 16
Safe Reliable Quality	Enhancing our value as a trusted partner by consistently delivering safe, reliable, and high-quality products that exceed customer expectations	Transparency	9, 16

Sustainability 2030

To achieve our materiality-related targets, TAKASAGO implements various initiatives based on our Sustainability 2030 medium- to long-term sustainability action plan formulated in 2021. Progress on each initiative under the plan is reported regularly to the Board of Directors.

Please see the related pages for detailed information about these actions.

	8 issues	Phase2 (2024-2026) Targets	Key Progress and Activities/Topics in FY2025	Progress in Phase 2	Related Pages
1	Climate Change	Formulate science-based GHG reduction targets and an approach to reducing GHG emissions	• Update GHG emissions reduction targets to the 1.5 °C framework • Conduct energy-saving initiatives and supplier engagement activities and use electricity derived renewable sources of energy Scope 1+2: 16.7% decrease		P18, 28-31
2	Reduction of Environmental Impact	• 1% annual reduction of water usage (withdrawal) • 0.5% annual reduction of waste generation	With an ISO 14001-based environmental management system, systematically promote water conservation and resource-saving initiatives at each site. Water usage: 3.5% decrease Waste generation intensity: 2.3% increase compared with FY2020.		P27, 31-32
3	Occupational Health and Safety	• Develop an EHS compliance management system • Assess risks	With an ISO 45001-based occupational health and safety management system, set goals regarding the prevention of workplace accidents at each site and promote continuous improvement activities through risk assessments.		P2, 33-35
4	Local Communities	Social contribution initiatives based on plans at each site	• Special exhibition: Miyabi : Japanese Elegance—1400 Years of Incense Culture • Collaboration to Recreate the Scent of Ranjatai	-	P67
5	Green Chemistry	Development of eco-friendly products and technologies	• Develop low-environmental-impact products • Develop bio-manufacturing technologies through NEDO projects	-	P24, 57-60
6	Responsible Procurement	Implementation of the Responsible Sourcing Policy (Current: Sustainable Procurement Policy)	• Continue to advance responsible procurement activities and CSR audits • Establish the Sustainable Procurement Committee and participate in the chemical industry's Together for Sustainability(TfS) initiative		P21, 45-56
7	Human Rights	• Conduct human rights due diligence activities regularly • Third-party improvement scheme	• Conduct group-wide human rights due diligence activities in FY2025 • Have third-party ethics audits conducted at 8 sites		P19, 78
8	Transparency	Enhanced disclosure of non-financial information	Earn high ratings from the FTSE Blossom Japan Index and the Morningstar Japan Equity Gender Diversity Tilt Index.		P1, 13, 68

Key Initiatives for FY2026

- Accelerating decarbonization
- Continuing to foster a safety culture
- Enhancing human rights due diligence
- Promoting sustainable procurement through full-scale participation in TfS
- Improving ESG ratings

Contributing to a sustainable society

Issue 1 Climate Change

Basic Approach

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

Near-term targets	Net-zero targets
Timeframe: by FY2030 with FY2019 as the base year ● Reduce scope 1+2 emissions 46.2% ● Reduce scope 3 emissions 27.5%	Achieve net-zero greenhouse gas emissions throughout the value chain by 2050

2025 Progress and Results

Disclosure of Information Related to Climate Change

TAKASAGO 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 2025 was B, and TAKASAGO was selected as a Supplier Engagement Leader in the Supplier Engagement Assessment.

Scope 1 and Scope 2 Emissions (From Our Operations)

Scope 1+2 emissions In FY2025	% of renewable energy-derived electricity
-16.7% .VS FY2019 as the base year	32.9%

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. Our group is also utilizing electricity derived from renewable energy sources, which has contributed to the reduction of our Scope 2 emissions. Through these activities, we are continuously reducing GHG emissions.

Scope 3 Emissions (From Our Supply Chain)

In 2025, our procurement division has 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 the supply chain.

Future Efforts

TAKASAGO places climate change issues at the core of its sustainability strategy, aiming to mitigate risks and create opportunities for sustainable growth. In addition to steadily implementing the roadmap measures for reducing GHG emissions, we are also committed to promoting green chemistry and strengthening the resilience of our supply chain.

Moving forward, we will continue to collaborate with our stakeholders to further strengthen our response to climate change through the transparent disclosure of information and effective initiatives, striving to contribute to the realization of a carbon-neutral society.

Issue 2 Respect for Human Rights

Basic Approach

TAKASAGO promotes business activities that respect human rights. In 2017, we signed the United Nations Global Compact (UNGC) and support its ten principles. We also conduct our activities based on the UN Guiding Principles on Business and Human Rights (UNGP) and respect internationally recognized human rights.

We have established the TAKASAGO Human Rights Policy and the Sustainable Sourcing Policy. These policies define our basic approach to respecting human rights throughout our operations and supply chain. We also identify key human rights issues and continuously conduct human rights due diligence activities.

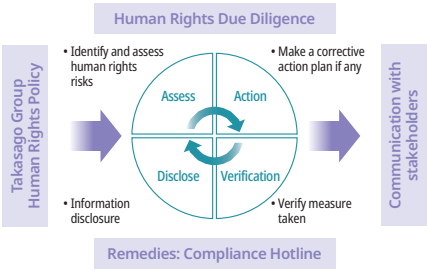
We will continue to promote our efforts to protect human rights.

Strategy Continuous Implementation of Human Rights Due Diligence Activities

TAKASAGO has been conducting human rights due diligence activities continuously since 2019. Based on changes in our business and society, we are focused on human resources, health and safety, production and procurement, and we work to identify human rights risks.

We identify risks related to forced labor, child labor, discrimination, freedom of association, health and safety, and harassment. These risks are assessed for employees, workers in the supply chain, local communities around our sites, vulnerable groups including children, and our own employees. We update our checklist every year.

At Takasago International Corporation, we conducted face-to-face interviews with relevant departments. We also use this process for all group companies in Japan and major overseas sites. All sites in Japan and overseas are included in the scope of our activities, and we confirm the information provided in responses to our checklist and compliance with our Human Rights Policy. In 2025, we also focused on complaints from business partners and local communities.



To identify supply chain risks, the Procurement Department conducts supplier assessments and CSR audits. We require that new suppliers agree to our policies and complete the Sedex*1 Self-Assessment Questionnaire (SAQ). When risks are identified, we work with suppliers to take corrective actions. For more information, please refer to the "Sustainable Procurement" and "Procurement" sections.

We are also strengthening our grievance mechanism in the supply chain by including our reporting contact information in purchase orders at all sites.

In addition, all of the Group's manufacturing sites undergo SMETAs*2 to check their labor, human rights, and health and safety conditions.

As a result of these efforts, no major human rights violations have been identified. However, some areas for improvement were noted, and we have shared them internally and taken corrective and preventive actions. We will continue to review and improve our processes to reduce human rights risks.

Training

We provide human rights training and education to all employees of Takasago International Corporation, including management. Group companies also conduct training in line with their specific situation, In 2025, we provided a video training program on unconscious bias to improve employees' understanding of this issue.

We will continue to provide training to increase awareness of human rights.

A Living Wage

TAKASAGO pays wages that support an adequate standard of living for employees and their families, considering local conditions. We monitor wages not only from a management perspective but also from a human rights perspective, and confirm that wages meet or exceed the minimum wage levels in each region. Wages are also checked as part of SMETAs by third-party auditors.

*1 Sedex is an online platform for sharing information on ethical and responsible practices.
*2 SMETAs are Sedex Members Ethical Trade Audits. Thay are third-party audit method that assess suppliers from the perspective of labor, human rights, health and safety, the environment and business ethics.

Issue 3 Safety First

Basic Approach

TAKASAGO believes that ensuring the safety and health of our employees is the foundation of our sustainable growth. TAKASAGO will continue our efforts to create a safe and secure workplace so that not only our own employees but also those of our partner companies and on-site contractors 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 the analysis of the causes of incidents and prioritizing safety activities through the analysis of trends based on the results of various verifications.

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.

Takasago Safety Day 2025

Takasago Safety Day was established in 2013 with the pledge to "Never again allow an incident like the one that occurred in 2013." It was celebrated on April 10, 2025, marking the 12th anniversary of the event. Since the 2013 fire incident, thanks to the efforts undertaken throughout the group, we have fortunately not experienced any major incidents or occupational injuries. However, minor incidents and occupational injuries continue to occur. An analysis of their causes revealed that a significant portion stems from a lack of systems"(inadequate risk management). Therefore, the theme for 2025 was "Eliminating incidents and occupational injuries through EHS risk management: aiming for a safer workplace."

At each site, the core time program consisted of a message from the CEO, a message from the EHS executive, and an educational video by our EHS consultant.

It was a day dedicated to raising awareness throughout the group regarding the elimination of incidents and occupational injuries.

Issue 4 Sustainable 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 sustainable 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 Sustainable Procurement Policy

We revised the content of the Takasago Responsible Sourcing Policy, which was established in January 2020, publishing the new version of this policy, the Takasago Sustainable Procurement Policy, in July 2026.

We will continue to distribute Takasago Sustainable Procurement Policy agreement forms to our business partners and their subcontractors and have them submit the forms to us to ensure they understand and share this policy and its underlying principles. Until 2025, we requested that suppliers complete the Takasago Responsible Sourcing Policy Self-Assessment Questionnaire (SAQ) and the Sedex questionnaire to verify compliance in the areas of human rights, labor, environment and anti-corruption, and to investigate the risks and potential impacts of procurement activities. In FY2026, we began using the EcoVadis platform. If these investigations identify anything that may potentially have an adverse impact on our supply chain, we will work with suppliers and other stakeholders to immediately develop improvement plans and implement corrective measures. For suppliers exposed to ESG-related risks, we conduct on-site inspections and have third-party auditors evaluate them based on global standards such as the ISO 26000 and SMETA standards.

2025 Progress and Results

In 2025, approximately 870 of our approximately 1,400 suppliers submitted procurement policy agreement forms (63%). In FY2026, we have included ESG clauses in our basic transaction agreements and we request strict adherence to the Takasago Sustainable Procurement Policy. Furthermore, we are requesting that suppliers who have submitted agreements join Sedex or complete a self-assessment questionnaire based on our policy to confirm their compliance. By the end of March 2025, we provided feedback on Sedex SAQs to approximately 260 companies and 380 factories linked on the Sedex platform. We engaged in dialogues with 27 of these suppliers via email and telephone, online and in-person meetings to encourage improvements.

Based on the methodology established with a third-party organization in 2023, we annually identify high-risk suppliers and conduct on-site audits of them. In FY2025, we conducted two on-site assessments and received non-conformity correction action plans from our suppliers. We continuously followed up on the non-conformities found during the assessments, ensuring the suppliers understood global standards and could improve their situations. Based on the results of the audits, we reviewed our audit standards, procedures, and SAQs internally to improve our understanding of our intentions for suppliers and third-party auditors.

Future Initiatives

We will continue to obtain suppliers' agreement to the Takasago Sustainable Procurement Policy. Suppliers who submit agreement forms are asked to join Sedex/EcoVadis or complete our self-assessment questionnaire as detailed in our policy. We will continue to provide feedback to suppliers who respond to these surveys and work with them to make improvements where necessary. We plan annual on-site assessments to identify high-risk suppliers, conduct assessments, and request necessary improvements.

Issue 5 Creating Value through Digitalization

Strategy Leveraging Data and Digital Technologies to Create New Value

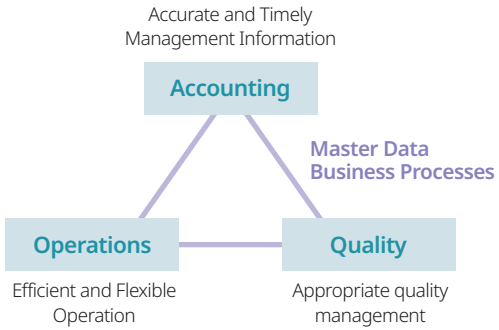
By making full use of digital technologies, the Takasago Group, as a manufacturer of flavors, fragrances, aroma ingredients, and fine chemicals, has been advancing digitalization across its operations, with a particular focus on operational excellence, quality management, business efficiency, and data utilization. By accelerating these initiatives with greater agility, the Group aims to further enhance operational efficiency, strengthen its competitiveness, and create sustainable corporate value.

Global SAP Project

The Global SAP Project, launched in 2020 with the development of global templates, is currently progressing through its fourth overseas deployment. The project not only provides timely visibility into management information across our global operations, but also enhances operational efficiency and standardizes business processes through the use of a common template based on Takasago's best practices. This standardization has further facilitated the sharing of expertise and personnel across sites.

In addition, the system operates on One Instance (a single global platform), enabling the sharing of master data across sites. As a result, raw material codes have been standardized globally, simplifying the transfer of manufacturing recipes and know-how between sites. Going forward, we will continue expanding the system across our major overseas sites while leveraging this digital foundation to incorporate advanced technologies, including AI, and drive further productivity improvements.

Introducing TAKASAGO Best Practices



Digitalization Initiatives for Value Creation

Research and Development

In the field of R&D, we are leveraging AI and data analytics technologies to support research activities, promote the accumulation and utilization of knowledge, and accelerate innovation. In flavor and fragrance development, Ai-T-Aroma™, AI platform powered by our proprietary algorithm, and SensAI™, introduced in 2025, enable formula creation by utilizing decades of accumulated expertise, formula data, and market trend insights, and are being increasingly applied in practice. In aroma ingredients development, we are accelerating the discovery of new compounds through another proprietary AI that predicts scent notes from molecular structures, enabling the efficient identification of promising candidates prior to prototyping.

In addition, we are introducing computational science platforms and cloud-based electronic laboratory notebooks to further enhance data-driven prediction and simulation capabilities, thereby strengthening the foundation for advanced research and development

Operations

At our overseas locations, a Manufacturing Execution System (MES) has been implemented to provide real-time visibility into operational status, production progress, and quality data. By integrating production performance data with our ERP systems, we optimize workforce allocation and raw material inventories, while leveraging the data to support capacity planning and monitor equipment utilization. In addition, by utilizing operational data for cost management and deploying business intelligence (BI) tools, we enhance management visibility and enable timely, data-driven decision-making, thereby supporting more sophisticated and effective management.

In Japan, we utilize a traceability system and a food defense system centered on surveillance cameras. By digitally managing data and operational records from raw material receipt through weighing, manufacturing, filling and shipment, we enable rapid

traceability investigations and mitigate operational risks. In addition, we are advancing the implementation of an MES designed to integrate with the Global SAP platform. This initiative will enable centralized management of production information and optimization of manufacturing processes, supporting the development of a more advanced and efficient production system.

Quality Assurance

In addition to overseeing pharmaceutical GMP products, the Quality Assurance Department is promoting data integrity (DI) initiatives in the Flavors and Fragrances business to enhance data accuracy and reliability. As part of these efforts, we have implemented a system that automatically transfers data from analytical instruments to our core systems, eliminating manual data entry, reducing the risk of human error, and improving operational efficiency.

We are also exploring the broader application of AI, including the development of systems capable of automatically evaluating and approving raw material analysis reports. For pharmaceutical GMP products, we continue to advance data integrity by digitalizing and systematizing the entire data lifecycle. Through minimizing human intervention, we are strengthening data reliability, reducing operational risk, and building a more efficient and robust quality assurance framework.

Operational Efficiency

We are promoting the development of a safe and reliable environment for the use of artificial intelligence (AI). As part of this initiative, we have introduced Microsoft Copilot Chat and established an environment in which all employees can utilize generative AI. Through the use of generative AI, we are improving the efficiency of day-to-day tasks such as information gathering, document preparation, data organization, and meeting minute creation, while enhancing the productivity of each employee. We have also established Guidelines for the Use of Generative AI and ensure its appropriate utilization with due consideration for information security and the protection of confidential information. In addition, we are expanding the adoption of various generative AI tools across the Group. By leveraging these technologies to enhance operational efficiency and productivity, we seek to empower employees to focus on higher-value activities, thereby fostering innovation, individual growth, and sustainable organizational development.

Strengthening IT Security

To drive value creation through digitalization, a robust and resilient IT security framework is essential. On the technical front, we are advancing the global deployment of multi-factor authentication and AI-powered vulnerability assessment tools. By enhancing diagnostic accuracy and optimizing response prioritization through AI, we enable timely and effective responses while strengthening our defenses against unauthorized access and cyber threats. In addition to continuous oversight by our global security team, we have implemented 24/7 security monitoring tools and services to continuously oversee our networks, servers, and other critical systems. On the human side, in addition to providing e-learning programs for all employees, we are enhancing individual security awareness through targeted phishing simulations and regular reviews of internal policies and procedures. Through these ongoing efforts, we continue to strengthen our cybersecurity capabilities and build a secure and reliable IT environment.

Issue 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 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 emission 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.

2025 Progress & 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. TAKASAGO has also participated in Japanese government–supported projects led by NEDO (New Energy and Industrial Technology Development Organization), beginning with the Development of Bio based Product Manufacturing Technologies to Accelerate Carbon Recycling project. In addition, under a Bio-Monodukuri innovation program since 2023, TAKASAGO was selected to participate in the "Development of Bio Upcycling Technologies to Produce Valuable Chemicals from Underutilized Resources project". Through this initiative, we are helping to make more effective use of underutilized resources, improving the efficiency of the development of highly productive microbial strains, and facilitating society's adoption of aroma ingredients produced through Bio-Monodukuri : Advancing Sustainable Material Production through Biological Systems.

In the field of organic synthesis, the group bases all of its activities, from R&D to manufacturing, on the 12 Principles of Green Chemistry, and we work to reduce environmental impact throughout the entire lifecycle of our products, from raw material selection to disposal. The Molecular Transformation Laboratory and the Process Research Laboratory collaborate from the early stages of research to promote safe process design utilizing reaction engineering data and process simulations. At the same time, we foster a safety culture through education and dialogue, ensuring that a safety first awareness and behaviors are shared at every stage of design, development, and operation.

We use ligands in our catalysts, such as BINAP and SEGPHOS®, which have a significant impact on catalyst performance. It is difficult to use some derivatives of BINAP industrially, even though they are high performance, because they require multiple reactions to produce. We have developed a process that reduces the number of reactions from four to one, enabling 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

26 Global EHS Management

27 Biodiversity

28 Climate Change

30 Environment

33 Occupational Health and Safety (OHS)

35 Process Safety Management

Global EHS Management

EHS Headquarters ("EHS HQ") defines the 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.

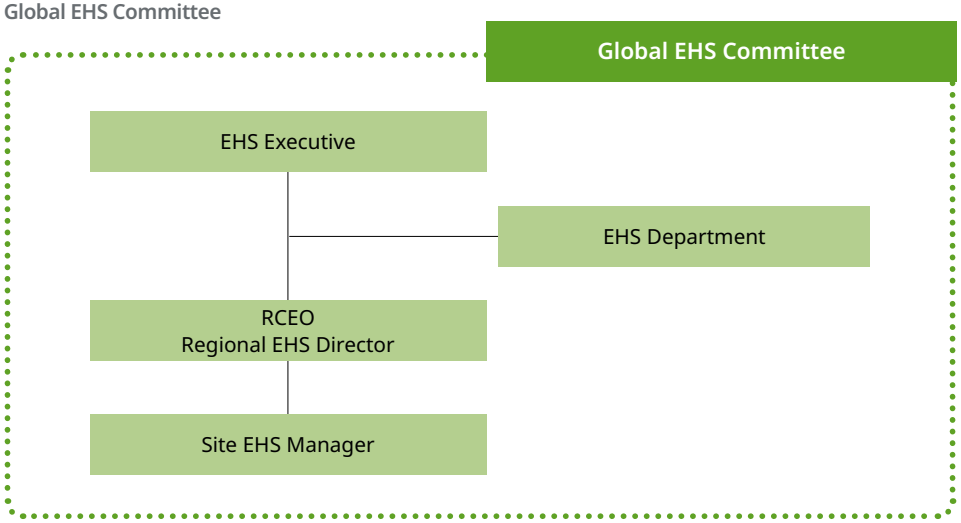
Sustainability 2030, a 10-year plan for sustainability promotion activities from FY2021 to FY2030, has also been launched alongside the EHS Mission.

In Sustainability2030, 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.

The EHS goals in this 10-year plan have been achieved again this fiscal year, which marks the halfway point of the plan.

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 as a whole.

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.

EHS Statement

E Environment
H Health
S Safety

Acting as a global enterprise based on the philosophy of contributing to society through technology, the Takasago Group ensures compliance with laws and internal guidelines and standards, responds to society's demands for preserving the global environment and protecting people's health and safety, and aims to be a company that contributes to the realization of sustainable society.

1. We hold EHS as a value in all of our business operations.
2. We work to maintain and enhance EHS activities in coordination with our employees and internal and external stakeholders.
3. We endeavor to protect the environment and create a work environment where employees can work in a safe and healthy manner through the assessment and mitigation of EHS risks from our business activities.
4. We set specific goals for EHS activities and continually improve our management system to achieve them.

June 25, 2026
Naoki Mizuno
President and Chief Operating Officer
Takasago International Corporation

TAKASAGO

Biodiversity

TAKASAGO sources hundreds of natural ingredients from around the world and its growth has been facilitated by the various benefits of biodiversity. To achieve global mission of being nature positive by 2030, we conserve biodiversity throughout our entire value chain based on the TAKASAGO Group Biodiversity Guidelines.

1. Incorporate a concern for biodiversity through management engagement recognizing the impacts of our corporate activities on biodiversity and potential affects to 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. To realize a sustainable society, we establish biodiversity-related targets and implement mitigation measures to prevent and minimize the loss of nature's functions and to restore nature and enable it to recover.

Risk Assessment

Referencing the TNFD's*1 globally endorsed biodiversity framework, we use the LEAP 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. At the same time, we are focusing on developing low environmental impact products to reduce our dependence and impact on natural resources, and to continue growing even in markets where consumers' environmental awareness and preferences are changing.

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 (if no progress is achieved)

*1 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.

Zero Deforestation Commitment

We are committed to contributing to the conservation of forests through the elimination of ecosystem conversion and deforestation associated with our business activities throughout the entire value chain. Specifically, within our supply chain, we identify commodities involving high deforestation risks and implement responsible procurement practices. Regarding palm oil derivatives, we utilize certified products as a member of the RSPO.*2 Currently, TAKASAGO has four manufacturing sites globally that have obtained Mass Balance certification, one of the RSPO supply chain certifications, and we plan to further promote the acquisition of certifications.

*2 The Roundtable on Sustainable Palm Oil is an initiative that operates an international certification system aimed at promoting the sustainable production and use of palm oil. TAKASAGO became a member in 2017.

Climate Change

Approach to Climate Change

Task Force on Climate-related Financial Disclosures (TCFD) recommendations

TAKASAGO will continue to work to realize a carbon-neutral society by formulating climate change strategies and disclosing information in line with the TCFD recommendations.

Governance

TAKASAGO 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 Sustainability and are regularly discussed by the Board of Directors. In addition to the regular assessment (once a year), the Board of Directors discussed climate change-related issues on two occasions in FY2025. 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

TAKASAGO 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

Our 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. In FY2025, our group updated its GHG emissions reduction targets, and these were approved as science-based targets. For details, please refer to the environmental data section of this sustainability report.

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

Near-term targets

- ✓ Scope 1+2 GHG emissions: 46.2% reduction by FY2030 from the base year, FY2019.
- ✓ Scope 3 GHG emissions: 27.5% reduction within the same timeframe.

Long-term targets

Scope 1+2+3 GHG emissions: 90% reduction by 2050 from the base year, 2019.

Net-zero target

Net-zero greenhouse gas emissions throughout the value chain by 2050.

Initiatives to Achieve Our Emissions Targets: Scope 1+2

We monitor energy consumption and GHG emissions and conducts various initiatives to reduce emissions derived from the use of energy.

- 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)
- Appropriately maintaining and inspecting facilities
- 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
- Providing environmental education, including employee training programs specific to energy and climate change

In Japan, the Energy Management Committee has been promoting measure 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 throughout the group.

Initiatives to Achieve Our Emissions Targets: Scope 3

We recognize that Category 1 emissions (procurement activities) are the largest amount of emissions, so we are currently focusing on supplier engagement activities.

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

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

Life Cycle Assessment

To promote the reduction of emissions throughout the value chain, TAKASAGO is also focusing on product life cycle assessments (LCAs). We use the findings from these LCAs to not only provide information to our customers but also identify GHG emission hotspots and implement reduction initiatives. By FY2025, we had completed Carbon Footprint calculations and external certification for over 80% of our Aroma Ingredients product portfolio (in terms of sales value).

Toward a Carbon-Neutral Society

To further contribute to a carbon-neutral society, our group will steadily implement reduction initiatives and advance decarbonization efforts. We will consider offsetting residual emissions that are difficult to reduce for technical reasons by purchasing reliable carbon credits and investing in carbon removal technologies.

Environment

Energy and Emissions

Purchased electricity is our largest source of energy consumption, used primarily 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.

2025 Progress
Scope 1 and 2 Emissions

In 2025, energy intensity was maintained at a level comparable to the previous year through continued energy conservation efforts at each site. In addition, emissions were 17% lower than the SBTi base year of 2019. In FY2025, 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.

Energy consumption within the organization

	2024 (restated)	2025	Changes in %
Fuel consumption within the organization from non-renewable sources (GJ)			
Town Gas	340,034	308,567	-9.3%
LP Gas	5,926	6,288	6.1%
LNG	60,870	63,733	4.7%
Natural gas	32,952	77,967	136.6%
Residual Fuel Oil	36,135	34,237	-5.3%
Gas/Diesel Oil	8,342	9,693	16.2%
Kerosene	222	541	143.7%
Gasoline	8,643	9,017	4.3%
Waste Oil	34,404	24,144	-29.8%
Fuel consumption within the organization from renewable sources (GJ)			
Bioethanol	361	410	13.6%
Biomass incinerated	27,482	5,735	-79.1%
Electricity and steam purchased for consumption from non-renewable sources (GJ)			
Electricity purchased	503,052	515,623	2.5%
Steam purchased	42,727	42,277	-1.1%
Electricity from renewable sources (GJ)			
Purchased	236,426	246,533	4.3%
Self-generated	3,604	3,905	8.4%
Total energy	**1,341,181**	**1,348,671**	**0.19%**

Energy intensity

	2024 (Restated)	2025	Changes in %
Energy intensity (GJ per metric ton of finished products)	16.33	16.34	0.06%

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

Gases included in the calculation of Scope 1 emissions: CO_2, CH4, N2O, HFCs, SF6 and NF3, or all of the greenhouse gasses we emit.

	2024 (Restated)	2025	Changes in %
Direct and energy indirect GHG emissions in metric tons of CO_{2e}			
Scope 1	30,887	30,244	-2.1%
Scope 2	25,913	25,665	-1.0%
Total (Scope 1 + 2)	**56,800**	**55,909**	**-1.6%**

GHG Emissions Intensity (Scope 1 + 2)

	2024 (Restated)	2025	Changes in %
Total (Scope 1 + 2)	**0.69**	**0.68**	**-1.7%**

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.

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

		CO_2 emission (MT)	Percent of total GHG emissions
Cat 1*	Purchased goods and services	935,264	84.83%
Cat 2	Capital goods	61,897	5.61%
Cat 3*	Fuel- and-energy-related activities	12,986	1.18%
Cat 4*	Upstream transportation and distribution	26,163	2.37%
Cat 5*	Waste generated in operations	4,287	0.39%
Cat 6	Business travel	578	0.05%
Cat 7*	Employee commuting	4,398	0.40%
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	738	0.07%
Cat 13	Downstream leased assets	61	0.01%
Cat 14	Franchises	N/A	N/A
Cat 15*	Investments	274	0.02%
Total Greenhouse Gas Emissions			
Scope 3		**1,046,646**	**94.93%**
Scope 1		**30,244**	**2.74%**
Scope 2		**25,665**	**2.33%**
Total GHG emissions		**1,102,555**	**-**

* Subject to third-party verification.
Emissions period is 01 April 2025 to 31 March 2026
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 sites 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 FY2025 increased 2.2% compared to the previous year due to an increase in production quantity. The amount of water withdrawn at sites located in areas with high water stress accounted for 3.2% of the total, and the amount of water used in these areas increased by 10.2% compared to the previous year.

Total Water Withdrawal by Source

Water withdrawal (ML)	2024 (Restated)		2025	
	All areas	Areas with water stress	All areas	Areas with water stress
Third Party				
Municipal Water	660	88	649	95
Industrial Water	409	0	421	0
Surface water	0	0	0	0
Groundwater	1,919	0	1,983	2
Rain water	0.017	0	0.015	0
Total Water Withdrawal	**2,988**	**88**	**3,053**	**97**

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

Water Discharge by Destination

Water discharge (ML)	2024 (Restated)		2025	
	All areas	Areas with water stress	All areas	Areas with water stress
Surface water	2,246		2,258	
Groundwater	0		26	
Third-party	496		500	
Total water discharge	**2,742**		**2,784**	

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)	2024 (Restated)		2025	
	All areas	Areas with water stress	All areas	Areas with water stress
No treatment	114		123	
Primary treatment	47		41	
Secondary treatment	2,580		2,618	
Tertiary treatment	2		2	
Total water discharge	**2,742**		**2,785**	

Water Consumption

Water consumption (ML)	2024 (Restated)		2025	
	All areas	Areas with water stress	All areas	Areas with water stress
Total water consumption	**245**	**10**	**268**	**14**

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	2,258	2,258
Incineration	1,474	93	1,567
Landfilling	0	43	43
Total hazardous waste	**1,474**	**2,394**	**3,869**

Non-hazardous waste (tonnes)	Onsite	Offsite	Total
Recycling	896	14,888	15,784
Dehydration	6,152	0	6,152
Incineration	1,191	2,284	3,475
Landfilling	0	128	128
Total non-hazardous waste	**8,239**	**17,300**	**25,539**

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 FY2025, 0.6% of the waste generated by the entire group was disposed of in landfills.

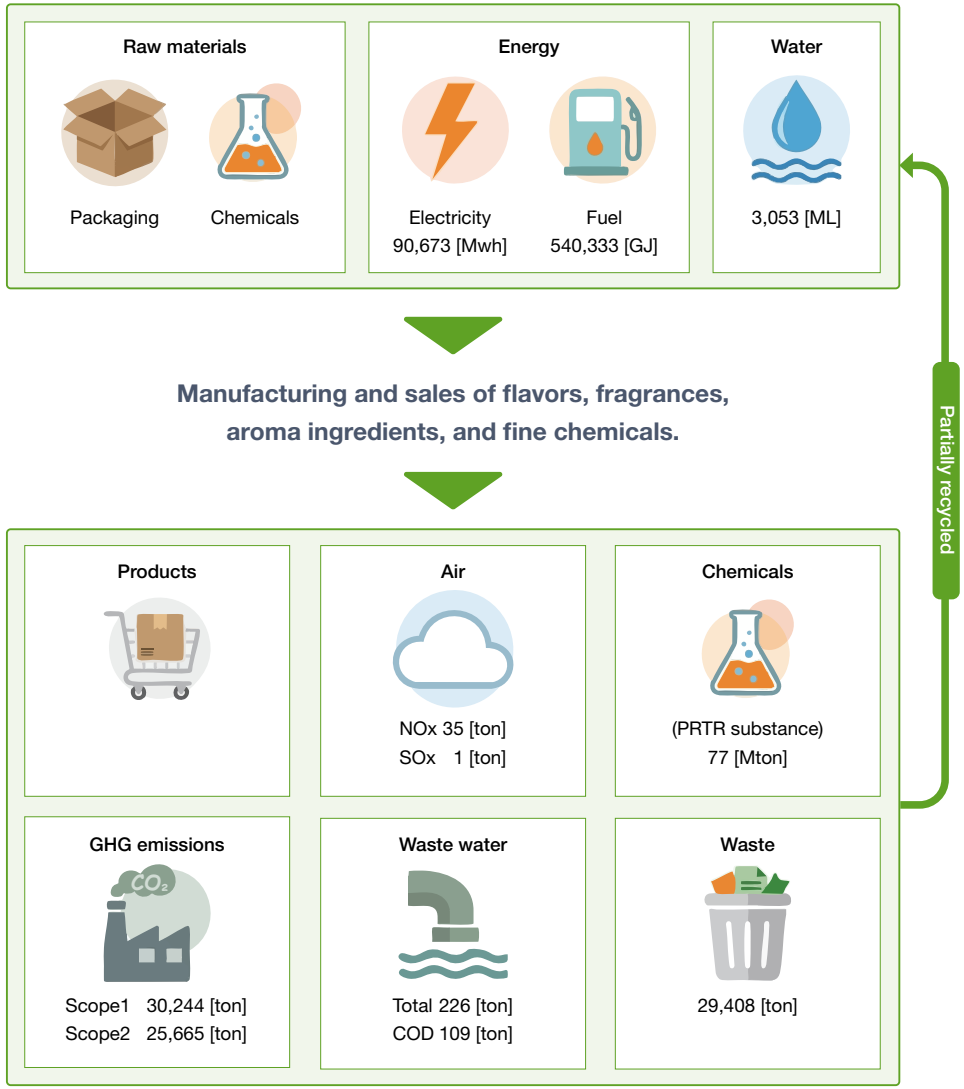
Environmental Compliance

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 FY2025, 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.

Material Balance

As described above, TAKASAGO practices environmental management by accurately assessing and appropriately managing the environmental impact of our business activities.



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 injuries and occupational injuries through the appropriate operation of its globally integrated environmental, health and safety management system and further strengthen governance in the area of occupational safety.

Incident Reporting Rule and Incident Investigation

TAKASAGO's ultimate goal is to achieve zero serious incidents. To achieve this, we have established reporting rules for EHS-related incidents, including occupational injuries. 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. TAKASAGO adopts two approaches to hazard identification: a task based method that focuses on processes and work procedures, and an area based method that takes a broader view through site patrols. By combining these two methods, we aim to

ensure that all potential hazards are identified without omission. EHS HQ is currently working to strengthen OHS RA globally by conducting RA training and developing procedures supplemental to the OHS Rules.

Measures Against Fires and Explosions Caused by Static Electricity

Based on the lessons learned from a fire caused by static electricity that occurred in April 2013, the Takasago Group established our Requirements for Avoiding Electrostatic Hazards to prevent static electricity–related incidents. Fires and explosions can significantly impact the surrounding environment and business continuity. We are strongly committed to ensuring that incidents like this one never happen again, and we continue to implement preventive measures throughout the Takasago Group.

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
2025	Brazil, China (Guangzhou)	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 FY2025, there was 2 incidents (lost-time injuries) in Japan, and 22 incidents (lost-time injuries) at overseas sites. The lost time injury frequency rate was 2.53, the severity rate was 0.06.

The main types of work-related injuries were “falls” and “caught between”. There were no fatal work-related injuries in the same period.

Chemical Management

TAKASAGO has developed the Chemical Substance Management System support tool that enables users to easily confirm the regulatory status of chemical substances that must be managed in TAKASAGO activities in Japan. We are promoting its use throughout the applicable sites. In FY2025, as part of this system, we developed a function that allows users to individually confirm how the chemical substances used in products, intermediates, and raw materials are regulated under the regulatory requirements in Japan related to occupational safety and health. By linking legally required management obligations to the applicable substances within the system, we expect to improve the accuracy of compliance assessments.

Process Safety Management

Our company is currently introducing process safety management using a chemical synthesis plant as a model. Process Safety Management (PSM) is one type of safety management alongside OHS. While OHS focuses on occupational safety, PSM focuses on process safety, focusing on whether a plant can cause fires, leaks, or explosions. PSM assesses the possibility of equipment damage, environmental pollution, and harm to humans caused by process accidents, and takes countermeasures to ensure safe, secure, and sustainable operations. PSM is already widely implemented overseas, and our goal is to ensure safety management that meets global standards.

Important Elements of Process Safety Management

Process Safety Information: PSI Collect, maintain, and provide accurate and reliable information necessary for safe design, operation, maintenance, and change management
Process Hazard Analysis: PHA Identify and evaluate process hazards, clarify risks, and prioritize mitigation measurement
Management of Change: MOC Evaluate, approve, and properly manage the impact of changes in equipment, procedures, materials, and conditions on process safety in advance
Mechanical Integrity: MI Ensure proper design, installation, inspection, and maintenance of equipment to prevent major accidents caused by deterioration or failure
Incident Investigation Analyze the causes of incidents and accidents, implement preventive measures, and improve overall organizational safety performance

Chemical Substance Exposure Measures

As part of our EHS efforts, we are working on exposure measures in manufacturing using a chemical synthesis plant as a model case. We are taking measures to prevent raw materials and products from being released into work areas and to reduce the impact on the surrounding environment and the exposure of workers to chemical substances. We are working with outside contractors to do surrogate testing using substitute substances to quantify the effects of our measures, and we are working with consultants to continuously implement reduction measures.

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Employee Growth and Respect for Diversity

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

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.

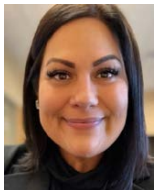
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination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

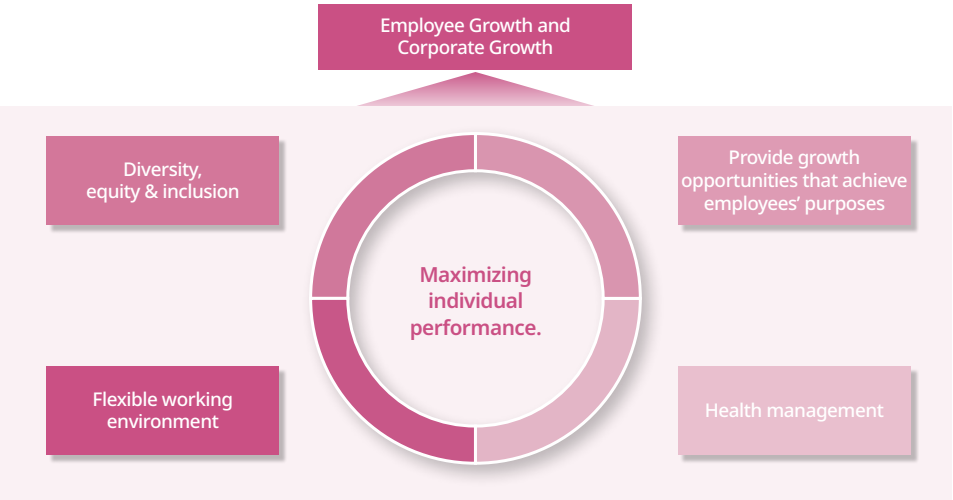
Andres Delicado (Spain)

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

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 values.

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. Since then, we have been promoting various initiatives in line with these plans. Specific activities include practices in recruitment and the provision of related training. Through these activities, we are steadily making progress.

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

Full version of Takasago Group Diversity Equity & 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 2026)

	Number of Employees (persons)	Male (persons)	Female (persons)	Under 30 years old (persons)	30-50 years old (persons)	Over 50 years old (persons)
Total	4,853	3,057	1,796	845	2,641	1,367
Japan	1,760	1,354	406	273	884	603
Americas	941	521	420	165	464	312
Europe, Middle East & Africa	969	539	430	155	536	278
Asia-Pacific (excluding Japan)	1,183	643	540	252	757	174

(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 2024 statistics, the average length of service at Japanese companies is 12.4 years, with a turnover rate of 14.2%. In the manufacturing industry, these figures are 17.2 years and 8.8%, respectively.

At Takasago International Corporation, the average length of service in FY2024 was 17.8 years, in FY2025 was 18.1years, and the turnover rate was 2.1% and 1.7%.

While the chemical industry tends to have a longer average tenure (15.2 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 FY2025, TAKASAGO hired a total of 707 new employees and saw 362 employees leave across its global operations.

Source: Ministry of Health, Labour and Welfare – 2024 Employment Trends and Basic Survey on Wage Structure

Recruitment and Retention at Takasago International Corporation (FY2025)

	Number of employees (persons)	Male (persons)	Female (persons)
New hires	47	24	23
-New graduate hires	32	15	17
-Career hires	15	9	6
Turnover	18	11	7
Turnover rate	1.7%	1.3%	2.3%
Average length of employment	18.1 years	18.7 years	16.5 years

At Takasago International Corporation, there are no unjustified wage disparities based on gender or location in terms of base salaries. In 2025, the gender pay difference for all Takasago International Corporation employees, based on total compensation, was 83.1%. 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 ratio, based on the average total remuneration of all employees at major locations, ranges from 48.8% to 110.7%. 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 FY2025 Starting Salary

	Starting salary (JPY)	Compared to Tokyo's minimum wage (%)
Master's degree	259,800	143.2%
Bachelor's degree	240,700	132.7%

Note: Based on Tokyo's minimum wage of JPY1,226/hour, Annual working hours: 1,776 hours, Estimated monthly salary at minimum wage: 1,226yen×1,776 hours ÷ 12 months = 181,448 yen
There are no regional or and gender disparities in Takasago International Corporation data,

Advancing Gender and Cultural Diversity

At Takasago International Corporation, the ratio of female managers reached 18.6%, achieving the target of 18% by the end of FY2024.We have set the new target of 20% by the end of FY2027, and each global affiliate is also establishing its own targets.

In Japan, these initiatives are aligned with the government's objective of increasing the proportion of women in leadership positions to approximately 30%.

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

In FY2025, 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.

Takasago International Corporation has a reemployment program, and the reemployment request rate was 82% during the past 3 years (from September 2023 to March 2026), 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, Takasago International Corporation's people with disabilities employment rate is 1.96%. 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.

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

- New Employee Training Program
- Career Design and Development Training
- Management Training Program
- Workshop for Line Managers
- Takasago College
- Correspondence Courses

Training and Development Indicators in Takasago International Corporation.

Average training hours per employee *1	4.08 hours
Average training expenses per employee	JPY 46,676
Participation rate and number of people enrolled in correspondence coerces	229 people, 21.1%

Training hours and expenses exclude training conducted by employees for other employees.
*1 Based on HR&GA-led training programs only.

Takasago College, our Corporate University Offering Structured Training Programs

In May 2009, we established Takasago College, our corporate university, as part of a broader initiative to strengthen our human resources in anticipation of our 100th anniversary in 2020. This initiative is designed to develop our employees, who are some of our most important assets underpinning the sustainable growth of TAKASAGO. It continues to serve as a core pillar of our human resource development efforts.

Takasago College operates under the theme "Refining People, Refining Technology. Rediscovering TAKASAGO," and its goal is to equip employees with the knowledge and skills befitting a leading global company. By enhancing each employee's expertise while fostering mutual understanding across departments and functions, the program contributes to the strengthening of the organization's comprehensive value creation capabilities.

Guided by the concept of an educational institution "by employees, for employees," Takasago College is characterized by its internal instructor system. In this framework, participants take on the role of instructors, promoting knowledge sharing and creating a continuous cycle of learning. It also provides opportunities for employees to increase their understanding of each other's roles and responsibilities, thereby fostering organizational cohesion.

Subsequently, as part of our efforts to enhance the program, we introduced specialized courses incorporating external expertise. By integrating knowledge that has been developed internally with the latest external insights and technologies, we promote the acquisition of more advanced and practical skills. These efforts contribute to the improvement of operational excellence and the creation of new value in our workplaces.

The program consists of the following two course categories:

Foundation Course

Participants serve as instructors, sharing knowledge about their departments and responsibilities. This fosters a deeper understanding of the company while encouraging a proactive approach to learning.

Advanced (Specialized) Courses

These courses incorporate the expertise of external instructors to develop advanced professional skills. The knowledge gained is applied in everyday operations, contributing to innovation and enhancing business performance.

From fiscal year 2025, in addition to the traditional nomination-based participation system, we increased the opportunities that employees have to enroll voluntarily. This enables employees to take a more self-directed approach to learning in line with their individual career aspirations and development needs, further promoting reskilling and upskilling.

Through these initiatives, we are fostering an environment in which diverse talent can maximize their potential while strengthening our human resources to enhance sustainable corporate value.

Going forward, we will continue to advance our human resource development initiatives centered on Takasago College, thereby strengthening the Group's competitiveness and contributing to the creation of value for society.

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 (FY2025)

	Eligible employees	Number of users	Usage rate (%)
Men	24	26	92%
Women	7	7	100%
Total	31	33	93%

Support for caregiving

- Caregiving leave, Shortened working hours for caregiving: 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

Katsuaki Watanabe
Global Management Department
Corporate Administration Division,
Takasago International Corporation

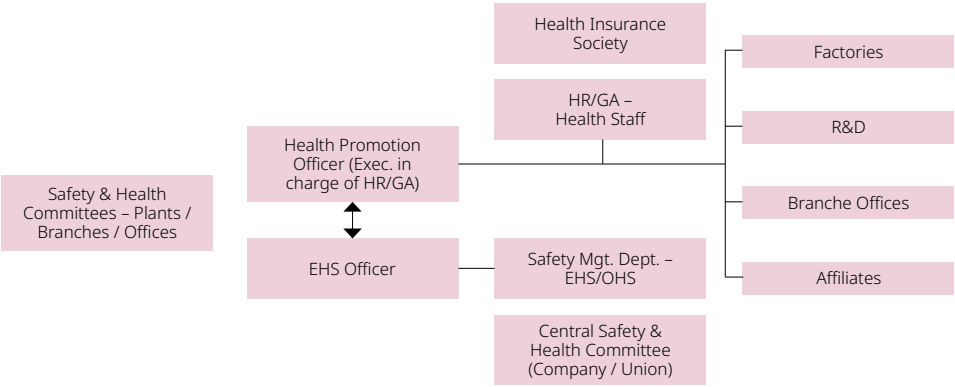
I took 14 months of parental leave following the birth of my twin daughters, my first children. Raising twins without support from nearby family members was both demanding and challenging, and sleep deprivation and frequent hospital visits were among the difficulties I faced. In retrospect, this period was an irreplaceable and invaluable experience that allowed me to deepen my relationships with my wife and daughters.

Since returning to work, I have been balancing my job and childcare by flexibly using staggered working hours and other arrangements. Throughout the company, more male employees are taking parental leave regardless of department, which has further strengthened my appreciation of Takasago's inclusive and supportive corporate culture. I remain sincerely grateful for the understanding and encouragement of my colleagues, and I strive to increase my work efficiency while fulfilling my responsibilities every day.

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
  FY2025 participation rate: 100% (excluding employees who are on leave, such as childcare leave.)
- Overtime Management including physician interviews when legal limits are exceeded
  FY2025 average overtime: 11.5 hours
- Stress Checks implemented company-wide
  FY2025 participation rate: 90.9%
- Employee Engagement promoted through internal activities and events

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 FY2025, 51% 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 labormanagement cooperation, are held at all business sites. These committees cover 100% of employees.

Voice

TAKASAGO Labor Union Team (FY2025) 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.

In this fiscal year, during the shunto (spring wage negotiations), we requested an increase in base pay in light of the price increases over the past few years, and despite the challenging performance of the business in Japan, we received a response from management that was satisfactory to a certain extent.

Additionally, we are currently negotiating to establish a new selection allowance for union members with national qualifications who become on-site supervisors.

Supply Chain Management

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

Supporting Sustainable Growth with an Optimized Supply Chain Foundation

To respond flexibly to an increasingly uncertain and rapidly changing business environment, it is essential to build an organizational structure that combines speed and resilience. At the core of this foundation lies the accurate and timely sharing of information. Beyond that, we believe that empathy cultivated through proactive, face-to-face dialogue and increased mutual understanding enables constructive discussions that respect people's diverse perspectives and leads to the creation of new and effective initiatives.

In the 2026-2027 fiscal year, we will continue to place empathy at the center of our efforts while further advancing the visualization of on-site processes. By strengthening the Kaizen cycle from the identification of issues to the planning and execution of countermeasures, we aim to drive continuous improvement. Building an optimized supply chain foundation remains our critical mission.

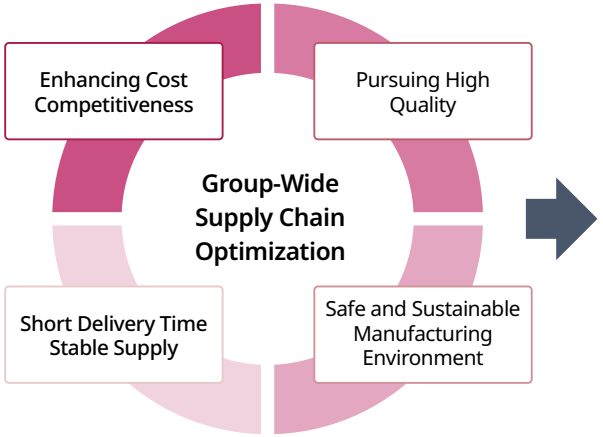
Supply Chain Optimization

In our global activities, the TAKASAGO Group aims to optimize both local and global operations, promote production activities based on its Kaizen culture, and build a product supply system trusted by customers around the world by continuing to strengthening governance. This year, participants from overseas and domestic sites met face to face to share issues and work to identify and visualize intermediate issues. Through face-to-face meetings, mutual understanding and empathy, they achieved advancements regarding these issues. By capitalizing on various opportunities to

engage in a dialogue and establish relationships with a number of related departments, not just specific meetings, we are strengthening horizontal cooperation and driving our establishment of a resilient supply base and our formulation of implementation standards for a stable supply system.

Promotion of Small Group Activities

We continue to promote small group activities such as 5S KAIZEN and Zero Disaster Prevention activities. In the program that we are expanding to our overseas bases this year, we used the "think and apply spontaneously" method, which is an upgrade from our "know and learn" method. By mastering this method, we aim to enable individual sites to independently implement activities. In addition, through activities we are promoting the sharing of know-how regarding the improvement of production efficiency and the exchange and development of human resources through horizontal collaborations between global production sites.



Key Strategies

- Enhancing the global supply chain
- Small group activities such as 5S Kaizen activities or Zero-Accident activities
- Strengthening human resource development and engagement
- Making appropriate capital investments

Digital Transformation to Improve Efficiency

We are digitally transforming and reconstructing business systems and processes to improve productivity and production efficiency. We are also considering the use of AI to resolve concerns about the human resource shortage and technology succession, and we are aiming to create continuously evolving manufacturing sites.

Logistics

Corporate Logistics Policy

TAKASAGO 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.

Enhancing Efficiency and Resilience in Logistics

Global logistics continues to face mounting uncertainty driven by inflation, energy price volatility, geopolitical conflicts, and trade frictions. These factors have led to longer transit times, higher costs, and the need for alternative transportation routes. At the same time, environmental regulations are becoming more stringent.

These challenges cannot be addressed by any single organization on its own. Building a more sustainable logistics system requires close cooperation across the entire supply chain. We are working to strengthen logistics operations within our areas of control by improving visibility and efficiency. 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 state-of-the-art technologies to automate and streamline logistics processes. For example, we utilize warehouse management systems and track delivery status.

* Including plans

Optimizing Through Partnerships

Labor shortages and regulatory changes are becoming critical concerns in logistics. We are streamlining shipper operations to reduce operational burdens.

Our logistics team engages with logistics partners by regularly communicating with them and visiting sites to better understand operational challenges and identify opportunities for improvement. Based on these conversations, we have redesigned pre-shipment workflows for loading cargo onto pallets to reduce the sorting workload after collection at our Hiratsuka Distribution Center.

Digital technology is a key enabler of these efforts. We use electronic data interchange (EDI) systems to integrate shipping data into carriers' systems, reducing the need to manually prepare waybills and enabling both parties to track delivery status.

Reducing the Environmental Impact of Transportation

Logistics efficiency and environmental responsibility go hand in hand. Fewer vehicle runs means lower fuel consumption, lower emissions, and lower cost. In our factory-to-warehouse operations, we work to reduce vehicle runs by improving load efficiency. When chartering vehicles for customer deliveries, shipments are grouped by date and region and dispatched accordingly.

As a part of our commitment to sustainability, we are also engaged in the longer-term work of optimizing our logistics network, including the adjustment of distribution bases to shorten transportation distances and the time goods spend in transit and reduce carbon emissions.

Managing Waste Responsibly and Resource Circularity

The responsible management of the waste generated at our facilities is an integral part of how we operate. For waste collection and disposal, we contract exclusively with operators holding "excellent" certifications from prefectural authorities and regularly visit sites to see for ourselves how waste is being handled.

Full traceability is maintained using the electronic manifest system, which provides records of each waste stream from our facilities through to final disposal.

A portion of our food waste is converted into renewable energy. Organic material is processed using methane fermentation technology, generating biogas that is subsequently converted into electricity.

Procurement

Message from the General Manager
Kenji Yagi
Procurement Division

In our raw material procurement, we of course aim to secure appropriate quality, fair prices, and the right quantities at the right time. But we also promote "sustainable procurement" that addresses issues such as climate change, deforestation, and human rights to meet the needs and expectations of our customers and society.

As a company that sources a wide variety of raw materials from around the world, we recognize that we have a social and environmental impact across a broad value chain.

Transparency is a high priority. And we work to improve traceability and take responsibility for our decisions.

The business environment is constantly changing, and no one can build a sustainable supply chain overnight or do it alone. We will continue to collaborate with stakeholders throughout the value chain. We will appreciate your continued support.

Sustainable Procurement

TAKASAGO values sustainability in its business activities. It is essential that we source the raw materials used by our business units in sustainable 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 addition, TAKASAGO has recently joined Together for Sustainability (TfS), a global initiative dedicated to evaluating, auditing, and improving sustainability throughout the supply chains in the chemical industry. Through our participation in TfS, we are committed to contributing to the development of more sustainable and responsible supply chains around the world.

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

Corporate Procurement Policy

TAKASAGO is working towards improving its sustainable 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 sustainable 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 sustainable 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 CoC/Takasago Sustainable Procurement Policy (TSPP)

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 Sustainable Procurement Policy, with our business partners to encourage them to understand our policies and expectations. The Takasago Sustainable Procurement Policy has been verified and recognized by Ecocert Expert Consulting (the Ecocert Group) as being in line with 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 Sustainable Procurement Policy Self-Assessment Questionnaire (TSPP 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 TSPP SAQ, as well as the Sedex/Ecovadis SAQ, to further improve the situation in the supply chain.

* A social audit standard developed by Sedex, which consolidates best practices regarding social and environmental responsibility.

Procurement Management Promotion Organization

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

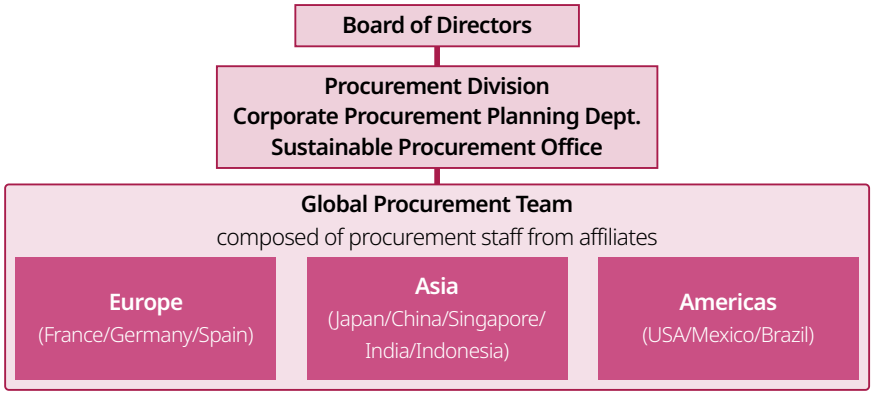
established the Takasago Sustainable Procurement Policy, which is aligned with the ISO 26000 standard as well as the SMETA principles and which supports the UN's 17 Sustainable Development Goals. Our sustainability promotion division, business divisions, other related divisions and overseas affiliates 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 October 2025, we established the Sustainable Procurement Office (SPO) within the Head Office Procurement Division's Corporate Procurement Planning Department. Many sustainability challenges, such as responses to climate change and respecting human rights throughout the supply chain, are closely linked to the procurement of raw materials. In particular, promoting sustainable procurement initiatives, including measures to move toward the realization of a decarbonized society and ensure the traceability of raw materials, requires close coordination between business units as well as domestic and overseas production sites. This office was established to strengthen our responses to these challenges and to serve as a core organization leading these efforts. In addition, it acts as a point of contact for external initiatives and industry organizations related to sustainable procurement, enabling the Company to accurately identify external trends and requirements so that initiatives throughout the Group can reflect them.

In pursuit of the sustainability of our stable procurement of raw materials, we will continue to work toward the integration of initiatives related to quality and cost optimization and sustainable procurement, which sometimes seem difficult to achieve in a compatible manner.

The Takasago Global Procurement Organization



Sustainable Procurement Office

In October 1st 2025, the Sustainable Procurement Office (SPO) was established to manage our Sustainable Procurement strategy and activities. The SPO operates under the oversight of the Sustainable Procurement Steering Committee, a trans-functional and cross-divisional body which met for the first time in January 2026. The committee validates priorities, monitors progress and ensures coordination between the different functions and divisions involved as well as the alignment with our Sustainability 2030 and our New Global Plan-2 (NGP-2).

In addition, the Sustainable Procurement Office is directly connected to the Chief Procurement Officer (CPO), who is a member of the Executive Management Committee, ensuring the offices activities are aligned with the Group's strategic priorities and decisions.

The Group is further structuring its sustainable procurement strategy with the clear priorities of ensuring the sustainability of raw materials and suppliers, decarbonizing the value chain and engaging with suppliers. In parallel, a more harmonized approach to risk

management is being deployed at the global level, ensuring the more consistent identification, assessment and mitigation of sustainability-related risks. More information about is included beginning on page 50.

The Group joined the Together for Sustainability (TfS) initiative on February 2026 to contribute to the collective transformation of procurement practices within the chemical industry and foster greater alignment on standards, tools and supplier expectations.

A structured approach to decarbonization has been initiated, including the definition of a baseline, the deployment of measurement tools and the identification of key emission hotspots throughout the value chain.

ESG Program for Takasago Supplier

1. Implementation of Takasago Group Supplier Code of Conduct and Takasago Sustainable Procurement 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 Sustainable Procurement Policy (TSPP), with our business partners to encourage them to understand our policies and expectations. The Takasago Sustainable Procurement Policy has been verified and recognized by Ecocert Expert Consulting (the Ecocert Group) as being in line with 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 Sustainable Procurement Policy Self-Assessment Questionnaire (TSPP 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 TSPP SAQ, as well as the Sedex SAQ, to further improve the situation in the supply chain. Moreover, we regularly submit reports on our sustainable procurement activities to the Board of Directors and promote these initiatives by monitoring progress and reviewing and approving key matters.

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

2. Basic Transaction Agreement

In 2026, TAKASAGO updated its Basic Transaction Agreement, which serves as the foundation for its transactions with suppliers, to reflect changes in legislation and social conditions. The agreement includes provisions addressing ESG (E: Environment, S: Social, G: Governance) issues, and it requires compliance with the Takasago Supplier Code of Conduct, Takasago Corporate Procurement Policy and TAKASAGO Sustainable Procurement Policy. For certain commodities, we prioritize suppliers with excellent ESG performance in our supplier selection and contracts. For example, for patchouli from Indonesia and vanilla from Madagascar, we prioritize purchasing from certified suppliers.

3. Training and Dissemination of Information about the Supply Chain ESG Program to Internal Procurement Personnel

I. Providing ESG Training to our Internal Procurement Personnel
We regularly conduct training and awareness-raising initiatives regarding ESG topics, not only for procurement staff but also for other relevant employees. These initiatives focus on the significance of sustainable procurement practices and our supply chain ESG programs. In addition, ESG-related goals and sustainable procurement objectives are incorporated into the performance evaluations of procurement staff.

II. Global Procurement Training
Since 2020, we have provided training for procurement staff through the Procurement Academy e-training program. The program covers 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.

2025 Global Procurement Training

Voice

Jose Ortuno,
Takasago International Chemicals (Europe) S.A

Attending the Procurement Training Week was a unique opportunity for high-level business and personal development. The TIC Procurement team puts in a tremendous effort to prepare high-quality training content for the members who attend, with the total commitment of all its members, who welcomed us from the very beginning, accompanying and supporting us in all aspects of the training program, and also supporting us in our daily work to make this experience, away from home and outside our comfort zone, truly enjoyable. That said, the amount of content covered and the workload are high and demanding. After attending the training sessions on TRMDB, Coupa CSO, NISO, TaSuKI, CSR, GHG, RSPO, Sedex... you become more aware that working in a multinational group, and we must get the job done, but we must do it in a way that benefits both us and the rest of the Group. We share information, objectives, and goals related to sustainability, quality, economics, and ethics. We have specific objectives, and these contribute to a larger group goal. I can only recommend the training experience for its high quality of instruction and for the personal experience of meeting and putting faces to the colleagues you'll be working with at some point.

Ling Zhang,
Takasago International (Guangzhou) Co., Ltd.

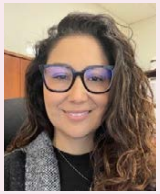
Thank you for organizing the procurement training program. It was a very special experience for me; the first time for me to go to a foreign country and spend an amazing week with team members from global. We communicated and engaged in a lot of activities, covering all aspects of our work, and we created very wonderful memories.

The sessions provided a comprehensive overview of HQ procurement functions at the group level, covering key areas such as organizational structure, procurement strategy, policies and guidelines, as well as social responsibility and sustainability. It provided a clear, high-level roadmap of the entire organization and crucially clarified how my specific function supports the broader strategic objectives.

And showed us what platforms and tools we have (like TRMDB, Coupa), and how to use them. We are able to utilize them to increase work efficiency and do our jobs better.

Overall, this training has broadened my perspective on procurement and inspired me to think more strategically and responsibly in my work. I am applying what I've learned to contribute more effectively to the team and the organization's goals.

Ivone Santacruz,
Takasago International Corporation (U.S.A.)



Joining the training program at the Japan headquarters was an invaluable and amazing experience that strengthened global collaboration across the procurement team. Throughout the week, there were meaningful discussions with colleagues from procurement and other departments about shared needs, process variations, and opportunities to create synergies and improve workflows.

A major highlight was learning about TaSuKI, including all aspects of the program, its purpose, and the various crop related initiatives designed to support affiliates around the world. Understanding the meaning behind the TaSuKI logo, which symbolizes connection, continuity, and shared responsibility, was especially impactful. It emphasized how each of us plays a role in responsible sourcing and contributes to the broader sustainability goals of the Takasago Group.

We also learned about different digital tools that support our work globally, including TRMDB, which allows us to search for information from other affiliates regarding raw materials. This tool will be especially useful in improving transparency, alignment, and decision making across the procurement network.

Overall, the week not only enhanced my expertise in strategic procurement but also demonstrated how Takasago is doing an exceptional job advancing sustainability across the organization. The experience highlighted the importance of strong international cooperation in building responsible, and efficient procurement processes. Thank you for this amazing opportunity, and many thanks to the procurement team at headquarters for hosting us throughout the week.

Supply Chain ESG Screening

TAKASAGO selects suppliers based on risk assessments that consider not only business relevance such as transaction volume, QCD (Quality, Cost, Delivery), and relationships, but also the magnitude of the ESG risks (Environment, Human Rights, Labor, Anti-Corruption, and other risks) in the supply chain, country risks, sector-specific risks, and commodity-specific risks. We identify suppliers crucial to business continuity, such as those with high purchase amounts and key raw material suppliers, as major suppliers. We closely cooperate with these major suppliers and conduct further assessments (Sedex, EcoVadis SAQ, SMETA, CSR audits based on our standards aligned with SMETA, TfS audits, etc.) and support (SAQ feedback, interviews, follow-up on corrective actions, cooperation in improvements, etc.).

These results are shared with our Chief Procurement Officer (CPO) and our procurement strategy reflects them. Beginning in FY2025, TAKASAGO has been aiming to integrate sustainability into its QCD as an NGP-2 target, and we are reviewing our procurement practices accordingly.

Performance / KPI

Supplier screening (2025)	
Number of major tier 1 suppliers:	326 companies
Percentage of spending that involves major tier 1 suppliers	84.5%
Number of major non-tier 1 suppliers*	0 companies
Total number of major suppliers (tier 1 and non-tier 1)	326 companies

* We do not screen non-primary suppliers.

Supplier Assessment

TAKASAGO distributes the Takasago Group Supplier Code of Conduct and the Takasago Sustainable Procurement Policy to all new business partners. A basic transaction agreement including a clause that states the supplier agrees to the policy is signed or the supplier submits a letter of agreement to the policy. Minimum requirements are confirmed through surveys, etc., and if the standards are not met, the business partner is encouraged to review the issues and improve. If the minimum requirements are not met within a certain period, the business partner will be excluded from transactions. Until FY2025, ESG-related risk assessments were conducted using Sedex and our SAQ, but from FY2026 onwards, the group will also use risk assessments by EcoVadis.

We confirm the risk levels of our existing business partners annually based on the high-risk supplier identification methodology established in FY2024 in collaboration with a third-party organization. This methodology enables us to comprehensively assess the supplier's risk level in consideration of country risks, supplier-specific business risks, raw materials risks, process risks, and environmental and human rights risks. Based on the results of these evaluations, we will request that high-risk suppliers undergo an SMETA audit or an audit based on the Takasago Sustainable Procurement Policy. Audits based on our standards will be conducted by trained auditors from a third-party organization, accompanied by members of our procurement teams, and they include on-site inspections, document checks, and worker interviews. If corrective actions are necessary, we will provide support and advice to the supplier to facilitate their understanding and growth. Beyond the audited business partners, we also communicate with and provide guidance to other parties to reduce ESG risks and improve the sustainability of our supply chain.

Example Achievements and Improvements

In FY2024, we conducted our first pilot audit based on our standards, and in FY2025, we audited two suppliers. Based on the situations identified, we received corrective action plans from our business partners and confirmed that these plans were being implemented through follow-up audits (online meetings and submission of photographs and supporting documents). Specifically, suppliers adjusted working hours and wages in accordance with local laws and changed operations to regularly check the ESG status of their upstream business partners.

Support for Business Partners

For suppliers who have responded to Sedex's SAQ or our SAQ, we provide feedback, explain areas requiring improvement, and ensure their understanding. In 2023, we provided feedback to approximately 300 suppliers who responded to our SAQ, and in 2025, we provided feedback to approximately 260 suppliers (380 factories) who responded to the Sedex SAQ, supporting the improvement of their sustainability activities. When providing feedback, we display the average score as a benchmark to help suppliers understand the gaps between them and other suppliers. Furthermore, if a supplier seemed unsure of how to respond to a matter, did not understand, or was perceived to be high-risk, we conducted individual online or in-person meetings to provide explanations and encourage understanding and growth. The number of suppliers with whom we communicated individually after providing feedback was 27 companies in 2023 and 24 companies in 2025.

Soon after signing the UN Global Compact in 2017, TAKASAGO joined the

Global Compact Network Japan (GCNJ) to learn about ESG trends and the promotion of sustainable supply chains. Since 2022, we have served as a managing member of the GCNJ Supply Chain peer-learning group, and we participated in the Medium-Term Activity Plan Formulation Committee in 2024. TAKASAGO contributed to the creation of the Ideal Approach to CSR/ Sustainable Procurement, recommendations document published in July 2025. Participating in these external initiatives and communicating with client companies and business partners on an equal footing supports the understanding and dissemination of information about sustainable procurement.

Technical Support

TAKASAGO provides technical support, including the provision of information and training, to improve the capabilities and sustainability of business partners and enable them to perform better.

Specifically, we trace high-priority raw materials back to their origins, and we develop production site support activities. As described in the Takasago global procurement Sustainability Key Initiatives (TaSuKI) section on page 52, we provide information and training to realize sustainable production activities in the places of origin of our raw materials, including support for obtaining Fair for Life and other certifications, school support, and research and sharing of information about cultivation and curing methods, to help meet the needs of producers.

Performance

Supplier Assessment (FY2025 Data)	
Number of business partners evaluated through document surveys and on-site visits	563 companies
Percentage of major business partners that were evaluated	60%
Number of suppliers (including primary suppliers) assessed that did not meet our standards	60 companies
Percentage of our business partners who did not meet our standards who have taken corrective actions or submitted corrective action plans	85%
Number of suppliers who did not meet our standards and subsequently completed a corrective action plan (including primary suppliers)	18 companies
Number of business partners whose corrective action plans we supported	3 companies
Percentage of business partners who received support for the implementation of corrective action plans	5%
Number of major business partners who received support from us	6 companies
Percentage of major business partners who received support from us	1.8%

The Role of Procurement Going Forward

Takasago Global Procurement is committed to ensuring the stable and efficient operation of production sites worldwide by securing a stable supply of raw materials and various services at appropriate prices, while maintaining high standards of quality, safety, and compliance. To achieve this mission, we position our suppliers as important business partners and work to build and maintain long-term, sound partnerships based on fair and transparent transactions.

In recent years, environmental and social risks and opportunities, such as issues regarding responses to climate change, the sustainable use of resources, occupational safety, and respect for human rights, have increasingly extended throughout supply chains. As a result, it is necessary to appropriately manage these issues in our procurement activities. We recognize these challenges are important management issues, and we believe it is essential that we share common values and responsibilities with our stakeholders, including people upstream in our supply chains for purchased goods and services. Based on this understanding, we promote procurement activities that strike a balance between sustainable procurement and the continuous enhancement of quality and cost competitiveness. Specifically, we work to identify and mitigate environmental impacts and human rights risks within the supply chain, enhance the transparency of procurement processes, and develop a resilient raw material procurement structure that is robust against various risks. In addition, through close collaboration with internal departments and domestic and overseas production sites, as well as cooperation with suppliers, industry associations, and external initiatives, we strive to enhance the sustainability of the entire supply chain.

Through these initiatives, we aim to realize coexistence, co-prosperity, and symbiosis (共存、共栄、共生), together with all stakeholders. By fostering empathy, resonance, and collaboration (共感、共鳴、共働), we seek to establish a value chain model that leads to the creation of new value for a sustainable future.

TaSuKI Update

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

1. Overview

Again in 2025-2026, the world, more than ever, proved to be in an era of VUCA. This unfortunately seems to be the new norm. Our natural ingredients supply chains have normally been driven by fundamentals such as long-term supply and demand and weather patterns. This has dramatically changed lately, and the impact of trade wars and armed conflicts fueled volatility, speculation and short-term decision making. This is bad for many of the smallholders from whom we source often unique natural ingredients. Their time is dictated by nature and agronomy, and they aspire to earn predictable, stable and sustainable income.

Fortunately, our TaSuKI long term sourcing strategies support them during these difficult times. We live up to our long-term commitments through continuous, not stop-and-go, sourcing and a manufacturing presence at the places of origin which provides producers with regular income. We leverage our local presence and develop new ingredients with producers which supports the diversification of revenue. TaSuKI enables us to deepen our relationships with the producers through direct business opportunities, which in turn supports the traceability of raw materials, our intelligence gathering activities and our agility. It is now a proven and virtuous win-win business model.

2. Ongoing Projects

France Lavandin Grosso

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

2025 is a very important milestone. It is the fifth anniversary of the TaSuKI long term agreement with the SCA3P Farmers' Cooperative. This agreement was designed and implemented to provide stable and fair revenues to SCA3P farmers while mitigating unfavorable market volatility. In turn, SCA3P farmers are able to continue to produce the iconic lavandin grosso. This enables TAKASAGO to ensure a traceable supply for ten years at a stable and fair price, irrespective of any potentially unfavorable impact that climate change or crop diseases may have.

Five years on, we can confirm that the achievements are far beyond expectations and fully aligned with the requirements of Takasago's customers

- A sufficient quantity and quality of lavandin grosso supplied by SCA3P to TAKASAGO affiliates was secured for the fifth consecutive year, ensuring business continuity.
- Farmers continue to be engaged in and committed to supplying sustainable lavandin grosso to TAKASAGO. One hundred percent of the lavandin grosso supplied by SCA3P to Takasago was UEBT certified for the third consecutive year, as requested by some clients.
- TAKASAGO procured fully traceable lavandin grosso directly from farmers.
- Finally, TAKASAGO supported farmers by providing fair and sustainable income during difficult times for three consecutive years

🙏 Thank you to Sylvain Eyraud for highlighting this #ethical and #sustainable partnership, which ensures fair remuneration for our member #producers, based on their production costs, while also securing long-term volume commitments for both parties.

From SCA3P's Commercial Director on LikedIn

Patchouli Indonesia

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

After reaching an all-time high, the price of patchouli oil began trending downward in 2025. The high price has attracted many new patchouli farmers, not just people who have historically farmed it, and this has increased the availability of the raw materials, improved supply conditions and contributed to the softening of the price. This adjustment is a healthy correction bringing back patchouli oil demand and enabling its usage in new fragrance formulations.

However, without a commitment from buyers to continuously buy the produced patchouli, the downtrend could put significant pressure on producers. Some buyers may pause their buying and wait for the price to bottom out before resuming buying. There may be short-term advantages to this, but it risks undermining the long-term sustainability of the supply chain.

The design of the TaSuKI sourcing model is different. There is no speculation. We work closely with small farmers and local distillers in Indonesia, acknowledging their critical role in ensuring long-term supply and product quality. Rather than taking a purely transactional approach, we remain committed to buying throughout the market cycle, providing stability and reliability to our producers.

Building on our commitment to long-term partnerships and responsible sourcing, we continue to increase the traceability of our Patchouli oil supply chains by mapping plantation areas using polygons in our existing traceability system. Increasing the visibility of the origins of our raw materials continues to be a key priority for us, as it enables us to ensure both product integrity and accountability at every stage of production.

Moving forward, our key priorities include enhancing traceability, reducing the environmental impact of processing activities, and deepening our long-term partnerships with our producers. Through continuous improvement and closer collaboration, we aim to create a more sustainable and resilient Patchouli oil supply chain.

Florida Grapefruit

Takasago's Sustainable Grapefruit Initiative enters a New Phase of Growth – TaSuKI Originals, Care and Comply

Takasago's commitment to sustainability and long-term supply chain resilience continues to bear fruit—literally. Building on its innovative tree funding agreement with The Scott Family Companies and Peace River Citrus Products (PRCP), the company now celebrates a major milestone: the grapefruit trees planted under this initiative are entering their fourth year of growth, and production is significantly increasing

With all trees successfully planted, the program has officially completed its planting phase and is now transitioning into the period in which the increase of the yield will accelerate. This progression marks a critical step forward, not only for Takasago's sustainable sourcing strategy but also for the broader recovery of Florida's grapefruit industry.

For more than two decades, grapefruit production in Florida steadily declined, largely due to challenges such as citrus greening (Huanglongbing) and severe weather events. Takasago's initiative represents a tangible effort to help reverse this 20-year downward trend. By investing directly in grove development and fostering strong, long-term partnerships, the company is actively contributing to the revitalization of this vital agricultural sector.

A key moment reinforcing this commitment took place in March 2026, when Takasago President Masumura-san visited the grapefruit groves in Florida. During his visit, he engaged in face-to-face discussions with The Scott Family Companies, local growers, and PRCP, who are the citrus processor integral to this initiative. These conversations underscored their shared vision and increased the alignment of all of the program's partners, reaffirming their collective dedication to the long-term future of grapefruit production in the region.

This initiative remains a cornerstone of the Takasago global procurement Sustainability Key Initiatives (TaSuKI), exemplifying how vertical integration and responsible sourcing can make it possible to secure high-quality raw materials while supporting environmental and economic sustainability.

As production continues to rise, Takasago's sustainable grapefruit essential oil program stands as a powerful example of industry leadership. It demonstrates how collaboration, resilience, and long-term investment can create a more sustainable and prosperous future for both the flavor and fragrance market and the agricultural communities it depends on.

Madagascar Vanilla

Sustainable Network Report - TaSuKI Originals, Care and Comply

2025 has been a defining year for the vanilla sector, characterized by exceptionally low prices driven by a global oversupply. This environment has created structural risks for the years ahead, weakened farmer incomes, threatened the resilience of the producing communities, and put long-standing agricultural heritage at risk.

At the same time, 2025 has also highlighted the critical role of the private sector in shaping a more sustainable future for vanilla. Through the Sustainable Vanilla Initiative (SVI), industry stakeholders continue to align around the shared ambition of reaching 50% sustainably sourced vanilla by 2030. As an active member of SVI, our sustainable vanilla network remains fully committed to this objective. In a challenging market context, we continue to invest in responsible sourcing models that protect farmer livelihoods, preserve quality, and contribute meaningfully to the collective transformation of the vanilla value chain.

Over the past years, Takasago Madagascar has been engaged in developing with vanilla farmers an integrated sustainable model that combines environmental responsibility, social impact and economic performance. Structured around five key programs (education, biodiversity, infrastructure, health and empowerment), this model has reached a stage of maturity.

Now fully operational and scalable, the focus has shifted from implementation to impact optimization. Our priority is now to maximize the long-term resilience of both the communities and the ecosystems we protect.

Performance score and recognition

Our commitments translate into compliance with the most demanding standards, validated through external audits with zero or only minor non-conformities at Takasago Madagascar.

- ✓ Overall sustainability score: 75.7% (2025 audit)
- ✓ Consolidated certifications: Fair for Life (fifth year), Organic NOP/EU (fourth year), Rainforest Alliance – UEBT (third year)

✓ Governance: Cooperative structure with 26% of board members being women, reflecting the commitment to strengthening women's representation in decision-making bodies

2025 Sustainability activities mark a period of continuity in our ongoing initiatives.

Economic Support

In a low-price vanilla market, our sustainable sourcing model acts as a stabilizer by guaranteeing a minimum purchase price aligned with real agricultural costs (PMG), protecting farmer livelihoods and preventing disengagement. This ensures continued investment in proper cultivation and curing practices, preserving both quality and supply reliability over the long term. By maintaining traceability and consistent standards, we reduce long-term procurement risks and avoid the boom-bust cycle typical in conventional sourcing. Ultimately, this approach transforms vanilla from a volatile commodity into a resilient, value-driven supply chain.

Infrastructure and Human Capital Development in 2025

Healthcare: Basic Health Center constructed to provide essential local access to healthcare

Education: New classrooms constructed

Connectivity: Concrete road constructed in a key village, resolving a historical bottleneck that hindered farmer mobility

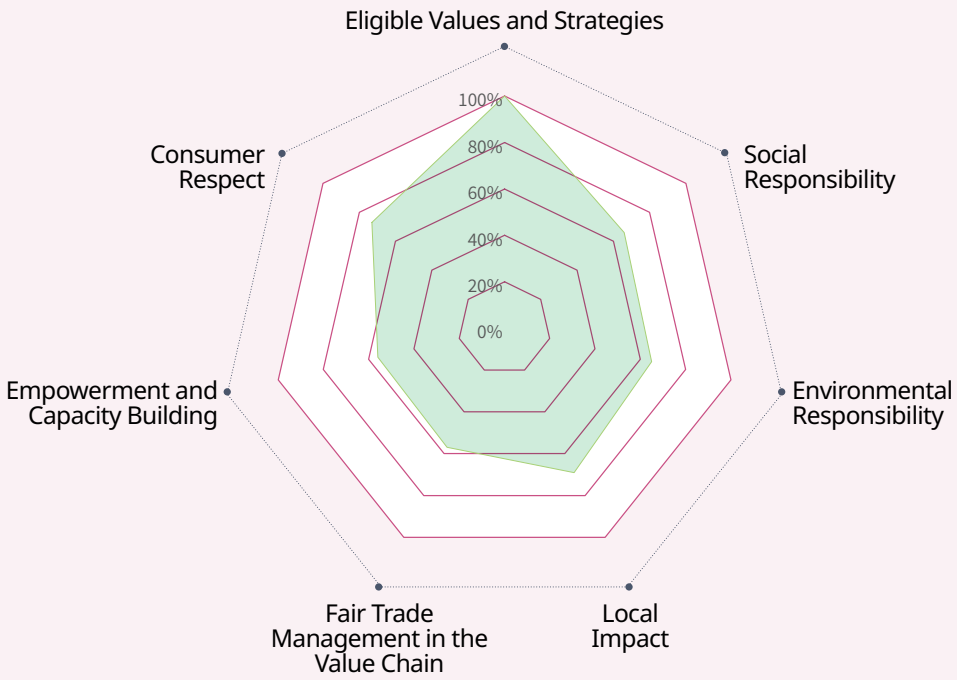
Training: Continuous training programs for 100% of farmers maintained (sustainable agriculture, environment, management, health, and human rights).

Innovation and Digital Traceability

Successful deployment of a monitoring system and technologies to map and monitor vanilla quality.

2026 Outlook: Community health is being prioritized, indicated by the installation of drinking water supply infrastructure throughout the sustainable network villages.

Sustainability & Supply Chain Management



Overall Sustainable Score: 75.7% (Audited in 2025)

Hokkaido Shiso (Perilla) Oil

TaSuKI Originals, Care and Comply

Shiso is one of the most representative Japanese herbs, deeply rooted in Japanese food culture and everyday life. We have been producing Shiso (Perilla) Oil for more than 40 years since 1980, in partnership with an agricultural cooperative consisting of farmers in Hokkaido. At a distillation facility located in the Okhotsk region, Natural Menthol was once produced. However, intensifying international competition gradually led to a decline in production. Nevertheless, the distillation technology and equipment cultivated over many years are now utilized for the production of shiso oil, supporting manufacturing rooted in the local community.

In recent years, Japan's agricultural sector has faced serious challenges, including an aging workforce and a declining number of workers due to a lack of successors, and shiso cultivation is no exception.

In response, we have maintained a long-term agreement with the agricultural cooperative while continuing to provide support closely aligned with the conditions in production communities. Specifically, we have been sending our employees to the region each September during the harvest season to assist with harvesting operations. 2025 is the fourth year of this initiative. In addition, we started the trial introduction of mechanization in the drying process, with the aim of reducing the burden on producers. The goal of this trial is to balance an increase in work efficiency and a reduced workload by carefully incorporating feedback from farmers.

Going forward, we will continue to value our strong partnerships with the agricultural cooperative and farmers and promote sustainable procurement activities while addressing regional challenges and creating shared value.

Recyclable Raw Materials and Packaging

In 2025, 46.9% of our group's raw materials used were renewable, compared with 42.0% in 2024, 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. Through these activities, we aim to increase the amount of recycled and renewable raw materials and packaging used.

Due to safety regulations, our group does not use recycled materials in containers that come into contact with products. Therefore, recycled pallets are used only in some storage areas. Recycled materials (used 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 can be self-replenished at a pace that outstrips 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.

Research & Development

Message from the General Manager
Makoto Emura
Corporate Research and Development Division

Based on our corporate philosophy, "Contributing to Society through Technology," 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 the period that includes the milestone of our 100th anniversary, R&D plays an important role in improving quality of life (QoL) by developing unique, superior products and technologies through the organic and functional integration of three types of innovation (concept innovation, product innovation and process innovation), along with 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. Meanwhile, to reduce the 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 reduce energy usage and greenhouse gas emissions. In addition, to make efficient use of 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 is actively advancing R&D activities to meet global needs. We continue to work with overseas R&D centers while steadily proceeding 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

Flavors for Bean-less Coffee

Coffee is a widely enjoyed beverage, valued for its rich flavor. In addition to being brewed from beans, it is also used in a variety of food products, including ready-to-drink (RTD) beverages, confectioneries, and dairy products, where its flavor plays a key role in determining overall taste and product value.

In recent years, global coffee consumption has continued to grow, driven not only by traditional markets such as Europe, the United States and Japan, but also by expanding demand in emerging markets, particularly in Asia. At the same time, a serious issue known as the "Coffee 2050 Problem" has received growing attention. Due to climate change, it is projected that land suitable for coffee cultivation will decline significantly by 2050, raising concerns about reduced production, rising prices, and quality instability.

In response to these challenges, coffee alternatives that reduce or eliminate the use of coffee beans have begun to emerge, particularly in the instant coffee and RTD beverage markets. As a result, there is growing demand for flavors that can deliver the characteristic taste and appeal of coffee without relying on coffee-derived ingredients.

To address this need, we have developed flavors capable of reproducing the distinctive taste of coffee without the use of coffee-derived materials. By leveraging our advanced analytical technologies, the expertise of our flavorists, and proprietary flavor ingredients to reconstruct the key components of coffee flavor, we have successfully created flavors that authentically capture its essence.

The flavors we have developed are of a high standard. As they do not rely on natural coffee ingredients, we can ensure a stable supply and consistent quality. This enables us to contribute to the development of sustainable products that successfully combine excellent taste with sustainability.

We will continue to develop environmentally conscious, high-value flavor solutions in pursuit of a more sustainable society.

Learning from Nature and Fragrance Development

For those involved in fragrance creation, nature is the very foundation for learning about scents and refining their expression. Accordingly, there is a growing need to understand nature not merely as a consumer object while minimizing environmental impact, and to pass this knowledge on to future generations. Against this backdrop, TAKASAGO has accumulated approximately 40 years of technology, resulting in the development of its AROMASCOPE® method.

In the AROMASCOPE® method, headspace analysis is used to capture and analyze fragrance components released into the space surrounding a target. One of the features of this technology is that it can capture fragrances in their natural state without harming living flowers or plants. While the fragrance of essential oils and extracts obtained through distillation or solvent extraction may change due to the effects of heat and solvents, using the AROMASCOPE® method, it is possible to record the natural fragrance profile released in-situ. This is an effective method for analyzing rare plants and subjects where environmental impact considerations are necessary.

In the fragrance laboratory, the results of these analyses results are a starting point for considering which elements to retain and which characteristics to emphasize. Through these processes, fragrance formulation design evolves from mere blending to a design based on an understanding of natural properties. Moreover, the ability to obtain fragrance information without harming rare plants is significant not only in terms of biodiversity considerations, but also in the long-term accumulation of knowledge derived from nature, which can be utilized in future fragrance creation activities.

We will continue striving to sustainably develop fragrances that harmonize with the environment, contributing to the realization of a sustainable society.

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.

Since the 1990s, our main focus has been on expanding this asymmetric technology to manufacture optically active aroma ingredients using CHIRAL SWITCH to provide Takasago's CHIRAROMA® products. We now 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. Today, it also discloses information about biodegradability, ISO 16128 compliance and nature identicality. 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.

Development of Freshness Enhancement Technology Using GWAS Data

Olfaction not only drives "wanting" motivation (the desire to eat), but also generates "liking," the pleasant sensation when perceiving food as enjoyable, so it significantly influences the formation of food preferences. In particular, perceived freshness during eating and drinking is highly preferred and strongly impacts eating behavior.

In recent years, increasing attention has been paid to genome-wide association studies (GWAS), which utilize genomic data from hundreds of thousands of individuals to identify genes associated with food consumption and preferences. By focusing on GWAS data related to fruit consumption, our group identified the olfactory receptor OR6B1, which is strongly associated with the consumption of fresh fruits but not dried fruits.

Furthermore, through receptor assays and sensory evaluation studies, we demonstrated that the perceived freshness of foods increases as OR6B1 responses

are enhanced, and conversely, is diminished when OR6B1 responses are inhibited. We have identified flavor compounds that enhance OR6B1 activity as key contributors to the enhancement of freshness. By incorporating these compounds into flavor formulations, we have successfully developed highly palatable flavors with enhanced freshness characteristics.

The freshness-enhancing technology meets consumer needs for freshness across a wide range of consumption occasions and enriches everyday life. By compensating for the loss of freshness in foods caused by processes such as concentration and reconstitution or long-term storage, this technology is expected to improve consumer satisfaction while also contributing to the reduction of food loss.

Initiatives to Move Toward Sustainable Vanilla Production

Vanilla is a climbing orchid plant native to Central America. The sweet, rich aroma extracted from its fruit, vanilla beans, is widely loved not only as a flavor for foods such as ice cream, but also as a key ingredient in fine fragrances. TAKASAGO has established a joint venture with a local company in Madagascar, one of the world's leading vanilla-producing regions, to handle everything from vanilla bean procurement to manufacturing in an integrated manner and deliver vanilla of the highest possible quality.

After harvest, vanilla beans undergo a maturation process known as "curing," during which their signature sweet aroma is developed. Traditionally, it has been difficult to evaluate the quality of the aroma that will emerge after curing when the beans are still green immediately after they are harvested. This has been a longstanding challenge in the procurement of green vanilla beans.

To overcome this challenge, we have been developing a method to predict post-curing aroma quality based on the appearance and characteristics of green vanilla beans. We have installed a greenhouse near Hiratsuka laboratory because a sufficient volume of green vanilla beans is necessary for the development of this approach, and we have conducted extensive verification trials using green vanilla beans harvested at the facility.

TAKASAGO is globally rolling out its La Vanille T® vanilla brand, which blends Madagascar's rich traditions with Takasago's proprietary technologies. This initiative will enhance the quality assurance of Takasago's vanilla. In addition, by improving the quality of Takasago's vanilla, it is expected that the initiative will bolster the brand value of Madagascar's vanilla and ultimately contribute to the preservation of Madagascar's vanilla culture.

Green Chemistry
Process Innovation

- Moving Toward a Green and Safe Manufacturing Future

TAKASAGO bases all of its activities from R&D through manufacturing on the 12 Principles of Green Chemistry, and it works to reduce its environmental impact throughout the entire product lifecycle, from raw material selection to disposal. In addition to promoting the use of sustainable raw materials, efficient chemical transformations, energy savings and waste reduction, we emphasize Process Hazard Analysis (PHA) from a Process Safety Management (PSM) perspective, conducting systematic and continuous evaluations of inherent process risks to prevent accidents before they occur. The Molecular Transformation Laboratory and the Process Research Laboratory collaborate from the early stages of research to promote safe process design utilizing reaction engineering data and process simulations. At the same time, we foster a safety culture through education and dialogue, ensuring that safety first awareness and behaviors are shared at every stage of design, development and operation. Moreover, to enhance the effectiveness of PHA, we incorporate diverse perspectives from design, operations and maintenance, advancing the accumulation and application of knowledge related to process safety. By leveraging advanced technologies such as catalyst technologies and flow synthesis, we will continue our efforts to achieve both environmental stewardship and enhanced safety while increasing corporate value.

Development of Special Catalysts

- Efforts to reduce environmental impact

Catalysis, one of the ways in which the 12 principles of Green Chemistry are embodied, makes it possible to reduce the volumes of raw materials used, waste generated and 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. Some BINAP derivatives, 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 industrial use. We will continue to develop catalysts for the construction of green processes compatible with scaled-up manufacturing.

Aroma Ingredient R&D by White Biotechnology

Since its establishment, TAKASAGO has commercialized aroma ingredients through organic chemical synthesis using plant derived terpenes as starting materials. In recent years, we have been actively developing biotechnologies that enable the direct production of natural aroma ingredients from renewable natural resources, earning increasing recognition from the global market. These materials are developed to meet the expectations of our customers, as well as those of our in-house flavorists and perfumers, while complying with the EU Natural standard, Kosher and Halal certifications, and they are used as environmentally friendly and sustainable raw materials.

Our affiliates, Takasago Food Products Co., Ltd., in Japan and Centre Ingredient Technology, Inc. (CIT) in the United States have manufactured natural aroma ingredients. CIT possesses advanced production technologies and pilot-scale facilities that are essential for industrialization. By applying precise reaction control technologies through continuous bioprocess monitoring, together with highly efficient distillation technologies that enable the production of high purity ingredients, we manufacture and supply products such as γ-decalactone, γ-octalactone, γ-nonalactone, δ-decalactone, phenylethyl alcohol, and hexanal. In addition, our pilot-scale facilities support the development of new materials, contributing to the ongoing expansion of our natural aroma ingredient portfolio.

Furthermore, TAKASAGO has participated in Japanese government-supported projects led by NEDO (New Energy and Industrial Technology Development Organization), beginning with the Development of Bio based Product Manufacturing Technologies to Accelerate Carbon Recycling project". From FY2022 through FY2024, the Company contributed to the "Demonstration of Industrial Material Production Systems project". Through these initiatives, we have continuously promoted research and development with the goal of realizing a society with a bioeconomy. In addition, under a Bio-Monodukuri innovation program since 2023, TAKASAGO was selected to participate in the "Development of Bio Upcycling Technologies to Produce Valuable Chemicals from Underutilized Resources project". Through this initiative, we are helping to make more effective use of underutilized resources, improving the efficiency of the development of highly productive microbial strains, and facilitating society's adoption of aroma ingredients produced through Bio-Monodukuri : Advancing Sustainable Material Production through Biological Systems.

Guided by our Vision 2040, "Care for People, Respect the Environment," TAKASAGO is committed to harmonizing aroma ingredients production through bio manufacturing (white biotechnology), including the upcycling of underutilized resources, and will continue to contribute to the advancement of a sustainable bioeconomy and the realization of a circular economy.

Quality Assurance

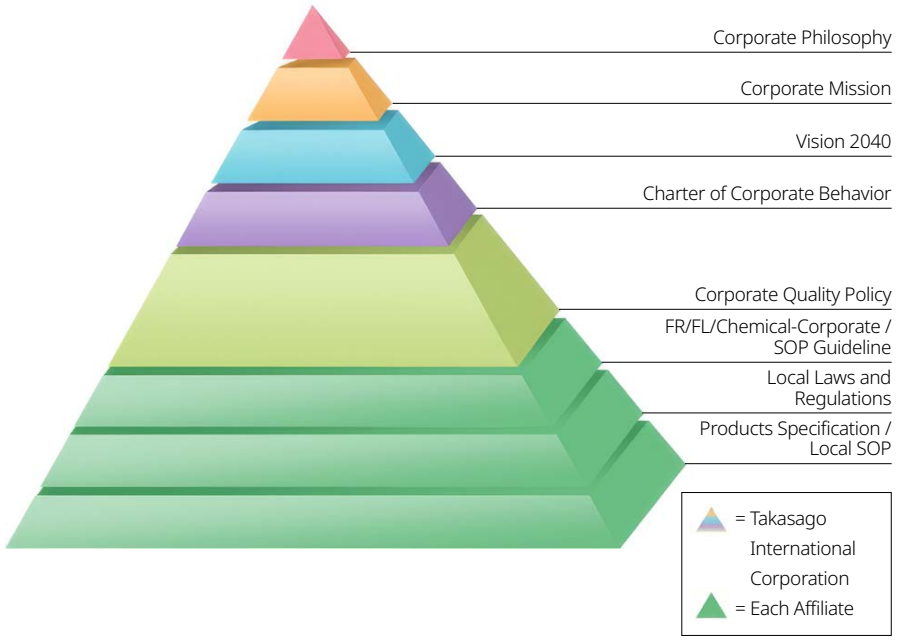
TAKASAGO is committed to complying with the safety and regulatory requirements of governments, customers, and industry associations and to supplying safe, wholesome, reliable, and high-quality flavors, fragrances, aroma ingredients, and fine chemical products. To achieve this mission, we promise to pursue zero complaints, zero non-conformities, zero defects and zero documentation 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 evaluations, 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 aspects of all the products that we manufacture, but also to ensuring 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 of the team members of all of Takasago's affiliates to use the latest regulatory information for product labeling, customer support and informative purposes. This has enabled local affiliates to consistently provide the support that our customers need.

The global regulatory teams have been also very effective in the development of new features 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 with affiliates to correct and avoid similar issues in the future. This allows global teams to be more effective in their development of proactive policies and procedures to reduce non-conformities globally. Thus, Takasago QAHQ is able to provide support for the highest quality products to meet or exceed all of our customers' expectations around the world.

Customer Satisfaction



Quality Policy, Guidelins and SOPs

TAKASAGO's Corporate Quality 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 Quality Policy, Guidelines and global Standard Operating Procedures (SOPs) which were established to standardize detailed QC procedures across all of our business units and affiliates. These guidelines are also incorporated in local quality management procedures and practices to ensure the global alignment of Quality management.

Compliance with Laws and Regulations

It is TAKASAGO's global policy to comply with the latest laws and regulations. TAKASAGO fully supports the objectives of chemical legislation around the world to improve the 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, TAKASAGO 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 regulations related to chemical substances, and TAKASAGO 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 TAKASAGO, the Fragrance, Flavor, Aroma Ingredients and Fine Chemicals divisions. To comply with the regulations of various regulatory bodies, TAKASAGO works as a global team to ensure that registration activities around the globe are conducted efficiently, minimizing redundancy in testing and expediting registration. There are number of new chemical laws that are currently being written and may require TAKASAGO 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, TAKASAGO 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. 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.

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 share and implement 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 of Takasago's 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 program consists of smelling natural raw ingredients and finished products to understand their complex nature and characteristics. The training program also includes discussions sharing the expected raw material and finished product quality. After the training program, 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 in 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.

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. Our 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 "permissible " 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.

Voice

Ryotaro Akiyama
Associate Director
Corporate Quality Assurance Headquarters
Takasago International Corporation

In my department, TAKASAGO is reinforcing the system to ensure that TAKASAGO continues to provide safe, high-quality products to customers around the world. Its main operations are to formulate and revise global policies and guidelines for quality assurance and quality control, to strengthen cooperation with overseas bases, and to support compliance with laws and regulations and quality requirements in each country.

In the fiscal year under review, we participated in efforts to strengthen GMP in the fine chemicals business, revised the Corporate Quality Policy, established the GMP Policy, and strengthened the Quality Management System (QMS) at the Iwata Plant, which serves as the basic policy for quality management. This was my first opportunity to review the globally unified quality management principles, and I felt that it was difficult to express in words the expectations for quality that society and customers demand, as well as the quality assurance that TAKASAGO is aiming for. In the area of QMS, I was responsible for reviewing standard operating procedures (SOPs) for implementation in accordance with the International Conference on Harmonization (ICH) guidelines. This was a valuable opportunity to learn about ICH thinking and to reaffirm the importance of the SOP, and to broaden their knowledge and perspectives.

The creation of a quality assurance system does not end, and continuous improvement is required. In the future, we intend to continue to strengthen our global quality assurance system and contribute to quality improvement in cooperation with relevant parties both inside and outside the company.

Strengthening Quality Assurance Based on GMP

Fostering a Quality Culture in GMP and Data Integrity

TAKASAGO, as a company supplying pharmaceutical intermediates and fine chemical products used in pharmaceutical manufacturing, has positioned Good Manufacturing Practice*1 (GMP)-based manufacturing and quality control at the core of its business activities. We believe that compliance with internationally harmonized quality standards is essential to building a highly reliable global supply chain, and that it is our important social responsibility to contribute to the stable supply of safe and reliable pharmaceutical products for patients.

Takasago's quality risk management is based on ICH Q7, an international guideline for pharmaceutical regulations, covering all processes from the acceptance of raw materials to manufacturing, testing, and shipping decisions. We are also working on consistent quality assurance and continuous improvement through the appropriate operation of GMP processes such as change control, deviation control, corrective and preventive actions (CAPA), and document control. In addition, as a foundation to support quality assurance activities, we are continuously working to develop human resources, and are working to raise the quality awareness and expertise of each and every employee through education, training, and evaluation of competence in the areas of GMP and Data Integrity*2 (DI).

In order to further strengthen the quality assurance system, we promoted the strengthening of DI as a priority measure last year. DI is an important effort to ensure the integrity, accuracy, and consistency of manufacturing and quality testing data and to support the reliability of quality assurance. DI is also an important requirement in pharmaceutical-related laws and regulations in each country. Along with promoting data management based on the ALCOA+ Principles, efforts were made to improve

*1 Manufacturing and quality control standards to ensure the quality and safety of pharmaceuticals and pharmaceutical intermediates.
*2 Concepts for ensuring the accuracy, consistency, integrity, and reliability of manufacturing and test data.

data reliability through appropriate access management in both electronic and paper media, use of audit trails, measures to prevent falsification of records, and operation management of computerized systems. This year, we reviewed the Corporate Quality Policy and established a new GMP Policy in order to clarify our shared global philosophy and action guidelines on quality. In this way, we share common values and action guidelines for quality assurance that the Takasago Group aims to achieve, and promote the cultivation of a quality culture.

Going forward, TAKASAGO will continue to steadily implement GMP based on ICH Q7, while further strengthening the quality assurance system by consolidating DI, fostering human resources, and cultivating a quality culture. We will contribute to the realization of a sustainable society by responding to society's trust as a company that supports the pharmaceutical industry through the stable supply of high-quality and highly reliable products.

ESG Ratings and Engagement with Investors

TAKASAGO transparently discloses ESG information and maintains a dialogue with investors. We will continue to engage with investors to enhance corporate value and contribute to the realization of a sustainable society.

Engagement with Investors and Information Disclosure

TAKASAGO communicates information about its initiatives to enhance corporate value from both financial and non-financial perspectives at our Annual General Meetings of Shareholders and earnings briefings (held twice a year) and through the information disclosed on our IR website and in the Integrated Reports and Sustainability Reports that we publish.

We also hold meetings and provide other opportunities to engage in a dialogue with institutional investors in Japan and overseas and provide explanations regarding our medium- to long-term growth strategies and sustainability initiatives.

Responses to ESG Rating Agencies

TAKASAGO is evaluated by ESG rating agencies such as CDP, EcoVadis, and S&P Global, and we strive to enhance the information we disclose about our ESG initiatives and improve the evaluations we receive.

Inclusion in ESG Indices

TAKASAGO has been included in various ESG indices based on the evaluations by ESG rating agencies. For details, please refer to the External Evaluations and Networks Section.

Engagement with Local Communities

Policy on Engagement with Local Communities

TAKASAGO values coexistence with local communities and actively engages in environmental conservation and community contribution activities at its sites around the world. While deepening our ties with local communities and contributing to the realization of a sustainable future, we also leverage our expertise as a flavor and fragrance company to promote culture and education in ways that convey the appeal of aromas. Grounded in the technology and spirit of innovation we have cultivated since our founding, we strive to contribute to the development of local communities and to be a trusted partner.

Here, we would like to introduce our social contribution activities in FY2025. For details about the activities at each site, please visit our website.

Special Exhibition, Miyabi: Japanese Elegance — 1400 Years of Incense Culture

Following last year's Paris and Perfume exhibition, the Takasago Collection® Gallery, located within TAKASAGO HQ, hosted the Miyabi: Japanese Elegance — 1400 Years of Incense Culture special exhibition in 2025. The incense culture of Japan has a history stretching back more than 1,400 years to fragrant woods drifting ashore on Awaji Island in the year 585. Centered on the theme of miyabi (elegance), the exhibition showcased incense implements from the Takasago Collection® and explored the significance of incense in Japanese culture. Additionally, as part of the events related to the exhibition, we held the Monkō (Incense Appreciation) Experience and the Incense Culture Seminar which were open to the public.

Recreating the Scent of Ranjatai

TAKASAGO recreated the scent of the legendary incense Ranjatai (Oujuku-kō), which is housed in the Shosoin Repository, by analyzing its aromatic components. The fragrance was featured in the Shosoin THE SHOW exhibition held in Japan in 2025, where visitors could actually experience this historic scent. During the exhibition, talks featuring our researchers were held, and an NHK TV program showcasing our researchers and perfumers involved in this extraordinary project was broadcast.

The 2025 Ryoji Noyori Prize Winner is Prof. Manfred T. Reetz

The winner of the 2025 Ryoji Noyori Prize is Professor Manfred Reetz, Emeritus Director and Head of the External Research Group Biocatalysis at the Max-Planck-Institute für Kohlenforschung in Germany. The Ryoji Noyori Prize, sponsored by our group, was established in 2002 by the Society of Synthetic Organic Chemistry, Japan (SSOCJ) in commemoration of Professor Ryoji Noyori's winning of the 2001 Nobel Prize in Chemistry as well as the 60th anniversary of the SSOCJ. The purpose of the Prize is to recognize and encourage outstanding contributions to research in asymmetric synthetic chemistry defined in its broadest sense without regard to age or nationality. The Prize, which consists of a certificate, a medallion, and $10,000, is bestowed 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.

Naming Rights Agreement with the Nara Institute of Science and Technology

TAKASAGO is promoting industry-academia collaboration to support education and research, with the goal of providing a better learning environment for students and researchers. As part of this initiative, in 2025, we entered into a naming rights agreement with the Nara Institute of Science and Technology (NAIST). Under this agreement, the seminar hall facility will be operated under the name TAKASAGO Seminar Hall through FY2027.

Participation in the Republic of Madagascar Pavilion at Expo 2025 Osaka

We supported the Madagascar Pavilion exhibition at Osaka Expo 2025. The exhibition highlighted the intricate and delicate processes involved in the centuries-old traditional production of vanilla beans, as well as our vanilla business in Madagascar. We hoped to convey the true value and authenticity of vanilla and increase people's understanding of Madagascar Bourbon vanilla.

External Recognition and Memberships

TAKASAGO started to engage in sustainability at an early stage, including its signing of the United Nations Global Compact in 2017. This section introduces information about FY2025 ESG evaluations of TAKASAGO and the initiatives we participate in and support.

ESG Ratings & Assessments

CDP (Carbon Disclosure Project)	A global non-profit organization that evaluates environmental disclosure. In 2025, we received scores of B for Climate Change, B- for Forests, and B for Water Security, and were selected as a Supplier Engagement Leader.
S&P Global (Corporate Sustainability Assessment)	An ESG assessment for investors. We respond to this assessment.
FTSE Blossom Japan Index	An ESG index composed of leading Japanese companies with strong ESG performance. We are included in this index.
FTSE Blossom Japan Sector Relative Index	An ESG index composed of Japanese companies with relatively high ESG performance within each sector. We are included in this index.
S&P/JPX Carbon Efficient Index	A Japanese ESG index composed of companies with high carbon efficiency. We are included in this index.
Morningstar Japan ex-REIT Gender Diversity Tilt Index	A Japanese equity index that includes companies with strong gender diversity performance. We are included in this index.
EcoVadis	An assessment of sustainability performance in the supply chain. We respond to this assessment.
Asia-Pacific Climate Leaders	A selection of companies actively addressing climate change. We have been selected for three consecutive years.
NIKKEI Sustainable Management Survey, SDGs Edition	A Japanese survey evaluating corporate initiatives related to the SDGs. We received a rating of 3.5 stars.
Toyo Keizai CSR Survey	A survey evaluating CSR and ESG initiatives. We respond to this survey and have received high evaluations.

Global Initiatives

Global Compact Network Japan (GCNJ) | Forward Faster (UN Global Compact Initiative)	A United Nations-led framework that sets principles on human rights, labor, and the environment. We joined the Japan Network in 2017 and signed Forward Faster in 2024.
Task Force on Climate-related Financial Disclosures (TCFD)	A framework that recommends the disclosure of climate-related financial risks. We expressed our support in 2020 and continue to disclose information in line with it.
Science Based Targets initiative (SBTi)	An initiative that validates greenhouse gas reduction targets based on scientific evidence. Our targets were approved at the 2 °C level in 2021 and updated to the 1.5 °C level in 2025.
IFRA-IOFI Sustainability Charter	A global charter that promotes sustainability in the fragrance industry. We signed it in 2020.

Sustainability Sourcing and Supply Chain Management

Together for Sustainability (TFS)	An international initiative of chemical companies to promote responsible sourcing. We have participated since 2025.
AIM-Progress	A network of companies in the FMCG sector promoting sustainable sourcing. We joined in 2024.
Sedex	A platform for sharing information on labor, ethics, and environmental practices. Since 2016, we have been an AB member, which allows us to conduct supplier assessments.
Sustainable Vanilla Initiative (SVI)	An initiative promoting sustainable vanilla sourcing. We have participated since 2022.

Certifications and External Partnerships

Roundtable on Sustainable Palm Oil (RSPO)	An organization that promotes sustainable palm oil production and sourcing. We have been a member since 2017.
Japan Climate Initiative (JCI)	Japan's first collaborative initiative aimed at promoting climate action. We have participated since 2018.
Japan Sustainable Palm Oil Network (JaSPON)	A network in Japan promoting the use of sustainable palm oil. We have participated since 2020.
Biodiversity-related Initiatives	A Keidanren initiative aimed at conserving and restoring biodiversity. We have participated since 2024.
Declaration of Partnership Building	A declaration by Japan's Small and Medium Enterprise Agency to promote fair business practices. We expressed our support in 2024.
Tomonin Mark (Support for Work–Care Balance)	A certification recognizing companies that support work-care balance.

Governance

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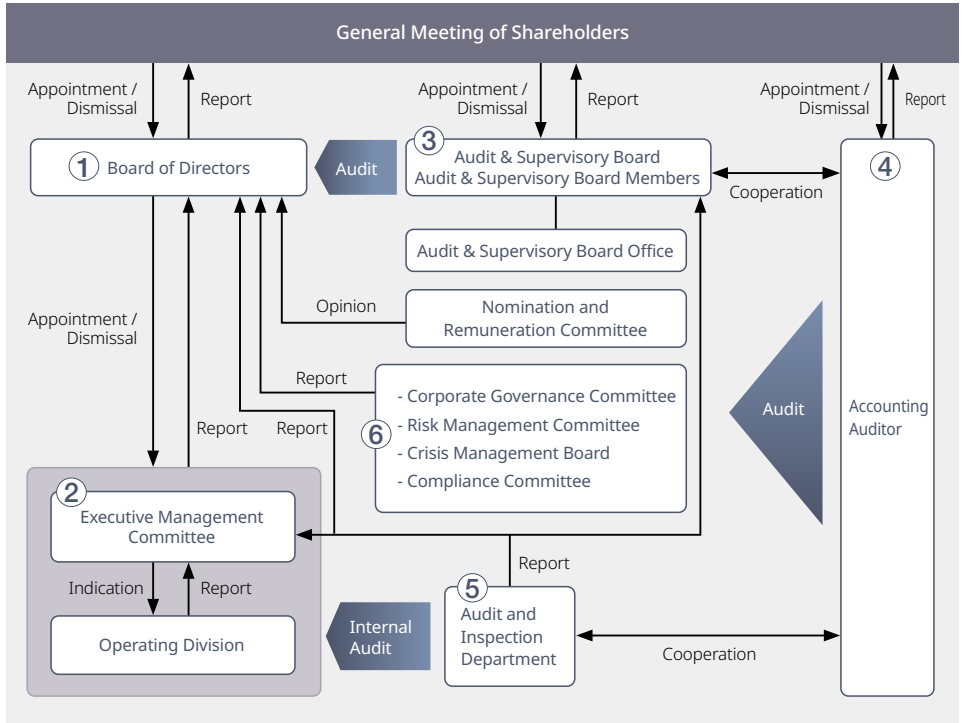
Corporate Governance

Our Approach to Corporate Governance

TAKASAGO 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, TAKASAGO has developed and formulated standardized BCP (Business Continuity Plan) 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 FY2025 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. While we have been continuously working to address the issues identified last fiscal year, the standards for evaluating these matters have become even more stringent, driven by increased awareness among executives and rising expectations from stakeholders.

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

- Further enhancing Board deliberations on key strategic matters, including corporate strategy
- Further enriching Board discussions on capital allocation by incorporating the cost of capital into decisions regarding capital expenditures, R&D investment, and human capital investment, with the aim of achieving sustainable growth and enhancing corporate value over the medium to long term.

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'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 stockrelated 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

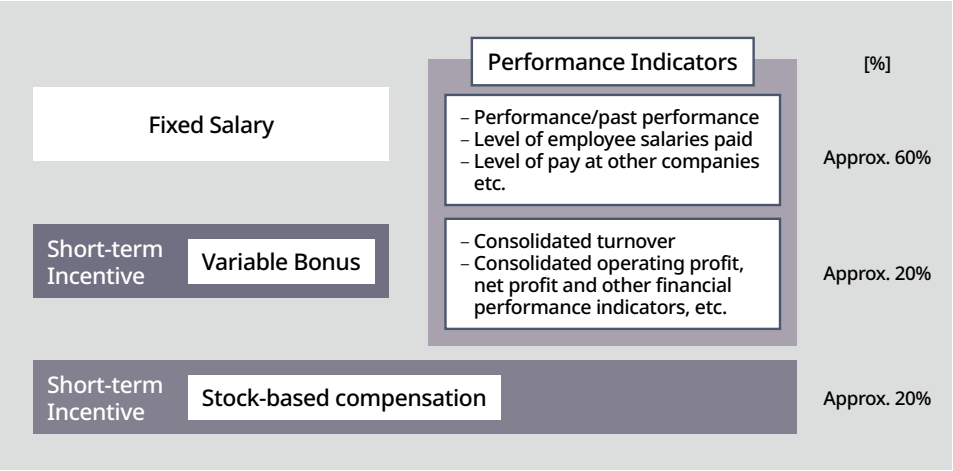
The amount of variable bonuses shall be determined based on performance indicators such as consolidated net sales, consolidated operating income and net income attributable to shareholders of the headquarters for each fiscal year, as well as by taking everything including the degree of achievement of 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)	211	81	82	46	7
Auditors (excluding external auditors)	19	15	3	-	2
Outside directors	46	41	5	-	6

Risk Management

Approach to Risk Management

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, TAKASAGO holds Risk Management Committee meetings twice a year. This committee identifies potential risks that could hinder business continuity, conducts risk assessments based on impact and likelihood, defines risk tolerance levels, establishes policies, develops countermeasures for each identified risk, and reviews these measures on a regular basis.

Risks identified by the committee are reported to the Board of Directors for further review. The committee is composed of members of the Board of Directors and executive officers, and it manages business risks at both the board and executive levels.

Our products are used as raw materials in many final products, and since a halt in production would affect the supply of many finished goods, we consider any issues that could impact the continuity of production to be a significant risk. We have formulated a Business Continuity Plan (BCP) as a key measure.

Risk Management Structure

Verification of the Risk Management Process

To ensure the effectiveness of the risk management process, we conduct internal audits and use other means to verify each stage of the process, including risk identification, assessment, response, and monitoring. Within our group, the Board of Corporate Auditors audits the internal control system and risk management. In addition to internal audits conducted by the Audit Department, we ensure the effectiveness of our risk management processes through internal audits of management systems and human rights due diligence. Furthermore, we verify their effectiveness through audits and reviews conducted by external, independent third parties, including financial audits, management system certification audits, ethics audits, and the third-party assurance of sustainability information.

Crisis Management

TAKASAGO has established a crisis management system, including a BCP which enables the group to take the 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

TAKASAGO 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

GO 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.

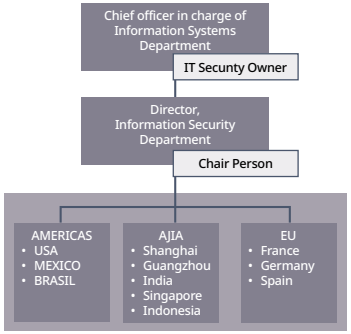
	Identified Risks	Details and Initiatives
1	Climate Change	**Details:** TAKASAGO's business can be impacted by the unexpected fluctuation of weather, extreme weather events or irregular, unseasonable weather. **Initiatives:** Action plan in line with the TCFD recommendations, GHG emissions reduction initiatives under SBT targets, 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 Rate	**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	Products Research and Development	**Details:** Delayed development, loss of competitive advantage, entry of competitors due to the obsolescence of technology and intellectual property. **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, impact of competition to secure the position as core suppliers. **Initiatives:** Providing our unique value, offering differentiated products and services, refining our strategies based on the optimal allocation of global resources.
7	Product Quality	**Details:** In the event of serious quality complaints or issues, or concerns regarding product safety or environmental issues, this could lead not only to financial losses due to recalls but also to a loss of trust from customers and other stakeholders. **Initiatives:** Continuous improvement through quality management based on the Takasago Group's Quality Policy, enhance our quality management system, ensure data integrity, and thoroughly implement traceability.
8	Accidents/Disaster	**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, establishing BCPs, diversification of procurement methods (including multi-company procurement), employee training.
9	Information Security	**Details:** Financial and reputation risks that event 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, the impact on financial performance due to issues specific to the introduction of a new system 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, the risk of losing stakeholder trust due to compliance violations. **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 relocation and development globally, securing talent in the global market.

IT Security

Amid frequent cyberattacks, TAKASAGO commits to further enhancing our security standards in accordance with our global IT policy. To ensure data integrity and protection, we will rigorously monitor and respond to information security threats and strive to continuously improve our IT security system.

Global IT Governance

We recognize that IT security risks are key business risks, and we have established a global IT governance committee led by the Executive Officer (Director) in charge of the Information Systems Department and the manager of IT Department, who serves as its chair. IT security risks are managed in conjunction with the company-wide risk management process, and significant risks are reported to the Board of Directors and the Risk Management Committee. Our group has a global team of IT security experts, and it has established a monitoring system that operates 24 hours/365 days a year.



Risk Management

TAKASAGO has established a comprehensive IT security risk management system based on the ISO/IEC 27002 standard, and it continuously identifies, assesses, addresses, monitors, and mitigates risks related to information assets. Currently, we implement various measures in accordance with our 10-Year IT Security Plan through 2030. Specifically, we are strengthening IT regulations in areas such as access control, encryption, log monitoring, incident response and supply chain management, in addition to promoting the introduction of security tools and device authentication. We regularly evaluate our IT management system and the effectiveness of its operations through internal audits.

Incident Response

To enable swift and appropriate initial responses to incidents, we have established response procedures and clarified reporting channels. We have also established a clear escalation process to ensure that employees can report incidents and vulnerabilities in a timely manner. Employees are required to promptly report incidents to the relevant department manager or specialized department in accordance with established reporting channels. If a serious incident occurs, in addition to the prescribed response measures, a report is submitted to senior management. Following an incident, we conduct a root cause analysis and formulate measures to prevent recurrence. By sharing these results throughout the organization, we drive continuous improvements. To prepare for any security incident, we have established BCPs to ensure rapid recovery, and we have built a system that enables us to continue operations even when an incident occurs. In FY2025, no critical IT incidents or threats were identified.

Employee Training

To clarify the roles and responsibilities of all employees regarding the proper handling of information assets and incident response procedures, and to ensure security throughout the organization, we regularly conduct training, including simulations of targeted phishing emails, in addition to reinforcing basic IT security knowledge. In FY2025, the TAKASAGO IT team conducted IT training programs that 4,045 employees (98% of all employees) have participated in. Through training, we establish an organization in which every employee is aware of IT risks and is able to act appropriately.

We are working to strengthen our IT security by collaborating with IT infrastructure providers, external IT experts, and IT consultants, and by implementing external audits. Furthermore, to identify and address vulnerabilities inherent in our systems, we conduct third-party vulnerability assessments and implement countermeasures for continuous improvement.

Business Ethics

TAKASAGO believes that compliance is one of its top priority management issues, and it strives to continuously improve its compliance system while ensuring fair and proper business activities and effective corporate governance.

Approach to Business Ethics

TAKASAGO 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 2025, we revised our Corporate Charter and Code of Conduct to formalize our commitment, and we strictly prohibit all forms of corruption or fraudulent activity, including bribery, money laundering, fraud, embezzlement, collusion, abuse of authority, obstruction of justice and facilitation payments, for the purpose of obtaining an unfair advantage or other benefits. TAKASAGO will continue our efforts to establish a company-wide system to ensure high corporate ethical standards and increase its effectiveness.

Governance

TAKASAGO has strengthened governance to ensure compliance with laws and regulations. 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, chaired by the President and comprising full-time directors and auditors, deliberates and formulates measures to handle issues related to compliance violations and suspected compliance violations reported by internal audits.

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.

Anti-corruption Initiatives

To ensure ethical business activities, TAKASAGO focuses on anti-corruption practices training for employee, in addition to developing guidelines on corporate ethics (including guidelines on conflicts of interest and rules regarding corrective or disciplinary actions when the Employment Rules are violated) and control procedures and processes (including the clarification of the authority to approve charitable contributions or sponsorships and guidelines and workflows for business dining and gifts). We provided employee training on fair competition practices to ensure compliance, including training on the competition laws of various countries such as the Antitrust Law in Japan and the Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators, which began to be enforced in 2026.

Approach to Anti-Bribery

Our group has established the Takasago Group Anti-Bribery Policy to ensure fair and ethical business activities by preventing bribery involving TAKASAGO's employees or officers, ensuring compliance with the bribery laws and regulations of the countries and regions in which we do business and prohibiting bribery without exception. The policy stipulates that training be implemented, and we regularly conduct anti-bribery e-learning training programs for management-level employees.

Compliance Hotline

TAKASAGO has a compliance hotline that enables all employees and other stakeholders such as suppliers and customers to report any compliance issues. We are increasing users' awareness of the hotline by posting information in offices and notifying our business partners of it. In FY2025, 4 people consulted the hotline groupwide. No serious discrimination issues were reported.

Whistleblowing Mechanism in Japan: Window to Tomorrow

TAKASAGO's Japan sites have established the Window to Tomorrow hotline, which is available to all people engaged in our business. The details of the whistleblowing matters are reported to the Compliance Committee to improve the reliability of the whistleblowing system and encourage its use. In addition, our internal regulations stipulate that employees shall not be treated unfavorably due to their reporting matters to or consulting with the hotline (zero tolerance for retaliation), that the confidentiality of the information submitted is guaranteed and that it is possible to anonymously report issues.

Collaboration with External Experts

TAKASAGO has established an effective compliance system by collaborating appropriately with external legal experts, such as attorneys. In addition, our internal whistleblowing channel, Window to Tomorrow, includes an attorney from a law firm that serves as an external contact. This ensures the independent of the reporting channel, and it enables individuals to consult directly with the law firm without going through the company.

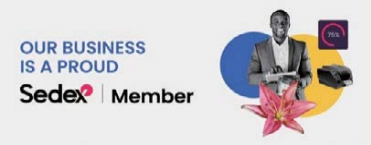
Corruption Risk Assessment

TAKASAGO regularly identifies and assesses risks associated with its business activities. Regarding corruption risks, relevant departments identify risks, primarily in areas such as overseas operations, transactions involving third parties, and business operations that involve contact with regulatory authorities, and these risks are evaluated by the Risk Management Committee. In addition to internal control systems such as existing compliance frameworks, internal audits, and whistleblowing channels, we utilize external audits in our efforts to identify signs of corruption.

Ethics 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. TAKASAGO utilizes SMETA* to conduct the third- party ethics auditing of our own manufacturing sites. Through SMETA, we properly confirm compliance situations and strive to improve them in accordance with the results of audits.

* 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.



In FY2025, our group conducted SMETAs at 8 manufacturing sites. We have created a plan for regularly implementing SMETAs across the globe and have conducted them at 100% of our main manufacturing sites over the five-year period from FY2021 to FY2025. 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 reinforce our ethical corporate culture.

Major SMETA issues

- Working and employment conditions, including wage systems
- No discrimination or harassment
- Freedom of association and the right to collective bargaining are respected
- Safe and hygienic working environments
- 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

TAKASAGO 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

Our group has a group-wide tax policy that includes the principles below:

- We comply with the tax laws and regulations of each country and region in which we operate.
- We do not engage in tax planning or use tax havens to avoid taxes, and we comply with the global principles 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 to 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.

Regarding financial reporting, including tax matters, TAKASAGO implements internal control activities under the supervision of the Board of Directors in accordance with our Basic Policy on the Establishment and Operation of Internal Controls over Financial Reporting.

Tax Governance, Control, and Risk Management

Our 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. TAKASAGO's financial information, including tax, is audited by an independent third party and disclosed.

Amount of Taxes Paid and Effective Tax Rate

In the fiscal year 2025, TAKASAGO paid taxes of 4,170 million yen. Accrued corporate taxes were 1,789 million yen. The effective tax rate for fiscal year 2025 was 26.2%. This is 4.4 percentage points less than the statutory tax rate of 30.6%.

[Million Yen]

Financial Reporting	FY2024	FY2025
Earnings before tax	17,690	13,714
Reported tax	4,038	3,590
Effective tax rate (%)	22.8	26.2
Taxes paid in cash	1,781	4,170
Cash tax rate (%)	10.1	30.4

Corporate Profile

Company Name	Takasago International Corporation
Head Office	Nissei Aroma Square 17F 5-37-1 Kamata, Ota-ku, Tokyo 144-8721, Japan Tel: +81-3-5744-0511
Established	February 9, 1920
Representative Corporate Operating Officer	Naoki Mizuno (as of June 25, 2026)
Business Activities	Manufacturing and sale (including import and export) of flavors, fragrances, aroma ingredients and fine chemicals
Net Sales (Consolidated)	JPY 225 billion (in the fiscal year ended March 31, 2026)
Capital	¥9.2 billion