

"Risks and Opportunities" Related to Business Activities in Reference to SASB Standards

<Risks>

Business Segment	Category	Risk	Value Chain	Countermeasures	Disclosure Location
Takara Shuzo, Takara Shuzo International Group	Environment	Increase in costs due to rising raw material prices	Upstream	・Supplier diversification	Disclosures based on the TCFD framework TAKARA HOLDINGS INC.
		Increase in water procurement costs	Upstream	・Reduction of water usage in production processes and introduction of water-saving equipment	Environment TAKARA HOLDINGS INC.
		Increase in costs to comply with GHG emission regulations (e.g., carbon pricing)	Upstream, our group	・Installation of energy-efficient equipment, such as high-efficiency gas boilers ・Fuel switching from heavy oil to liquefied natural gas (LNG) ・Installation of renewable energy ・Procurement of electricity from renewable energy sources	Environment TAKARA HOLDINGS INC.
		Decrease in revenue due to reduced production resulting from operational opposition and water withdrawal restrictions	Upstream, our group	・Use of environmentally friendly product packaging ・Assessment of water-related risks	Environment TAKARA HOLDINGS INC.
		Increase in costs due to reputational damage associated with compliance or non-compliance with recycling regulations	Our group, downstream	・Use of environmentally friendly product packaging	Environment TAKARA HOLDINGS INC.
		Increase in costs due to fuel price fluctuations	Upstream, our group, downstream	・Modal shift to ferries, rail, and other transport modes ・Localization of production (production closer to consumption areas)	Environment TAKARA HOLDINGS INC.
	Society	Increase in costs associated with discrimination-related litigation	Our group	・Compliance with labor laws and regulations ・Implementation of human rights due diligence ・Initiatives to prevent harassment	Human Rights TAKARA HOLDINGS INC.
		Increase in costs associated with strikes and labor disputes arising from low wages	Our group	・Compliance with labor laws and regulations ・Prevention of excessive working hours	Human Rights TAKARA HOLDINGS INC.
		Increase in costs associated with food safety incidents	Upstream, our group, downstream	・Promotion of obtaining food safety certifications ・Monitoring and compliance with overseas food safety regulations	Safety and Reliability TAKARA HOLDINGS INC.
		Increase in litigation-related costs and reputational damage due to misleading labeling	Our group, downstream	・Implementation of responsible marketing	Responsible Alcohol Producer TAKARA HOLDINGS INC.
		Increase in penalties and litigation costs due to violations of ingredient and labeling regulations	Our group, downstream	・Compliance with laws and voluntary standards for product labeling and advertising	Responsible Alcohol Producer TAKARA HOLDINGS INC.
		Decrease in revenue due to reputational damage arising from supplier sustainability issues	Upstream	・Request for supplier compliance with procurement guidelines ・Risk assessment of new and existing suppliers ・Supplier factory audit ・Supplier diversification	Procurement TAKARA HOLDINGS INC.
		Increase in costs due to higher alcohol taxes, stricter regulations, litigation, and reputational damage	Our group, downstream	・Awareness-raising through websites and printed materials ・Implementation of responsible advertising ・Careful consideration in product labeling ・Respect for the WHO Global Strategy on Alcohol	Responsible Alcohol Producer TAKARA HOLDINGS INC.
	Governance	Decrease in revenue due to loss of customer trust resulting from data breaches	Our group	・Promotion of crisis management (emergency risk management)	Corporate Governance Management Policy IR INFO
Takara Bio Group	Environment	Increase in penalties and preventive costs due to leaks of air and water pollutants	Our group	・Prevention of water pollution	Environment Materiality (Important Issues) Sustainability Takara Bio Inc.
		Costs arising from damage caused by fires or chemical leaks due to accidents	Our group	・Promotion of crisis management (emergency risk management)	Corporate Governance Management Policy IR INFO
	Society	Decline in demand due to stricter regulations on chemical products	Upstream, our group, downstream	・Maintenance of quality management systems (ISO 9001, etc.) ・Conformity to GMP, GCTP, and other quality, manufacturing, and safety standards ・Obtaining and maintaining third-party certifications	Safety Materiality (Important Issues) Sustainability Takara Bio Inc.
		Increase in costs due to litigation and business interruptions resulting from workplace accidents	Our group	・Creation of a comfortable workplace and work-life balance ・Ensuring occupational health and safety	Human resources Materiality (Important Issues) Sustainability Takara Bio Inc.
		Increase in costs associated with product recalls and litigation due to adverse effects or defects	Our group, downstream	・Maintenance of quality management systems (ISO 9001, etc.) ・Conformity to GMP, GCTP, and other quality, manufacturing, and safety standards ・Obtaining and maintaining third-party certifications	Safety Materiality (Important Issues) Sustainability Takara Bio Inc.
	Governance	Loss of sales opportunities due to insufficient understanding of regulations and consumer trends	Our group, downstream	・Provision of a wide variety of products and services in the life sciences field	Wellness Materiality (Important Issues) Sustainability Takara Bio Inc.
		Decline in revenue due to disruption in the supply of critical raw materials	Upstream	・Request for supplier compliance with procurement guidelines ・Supplier diversification	Procurement Materiality (Important Issues) Sustainability Takara Bio Inc.

<Opportunities>

Business Segment	Category	Risk	Value Chain	Mitigation Measures	Disclosure Source
Takara Shuzo, Takara Shuzo International Group	Environment	Decrease in operating costs due to improved water management	Our group	•Reduction of water usage in production processes and installation of water-saving equipment	Environment TAKARA HOLDINGS INC.
	Society	Increase in revenue through the provision of health-conscious products	Our group, downstream	•Development of products with no or low carbs •Promotion of salt-free cooking sake •Offering organic, vegan, and food-allergy-conscious products	Wellness TAKARA HOLDINGS INC.
Takara Bio Group	Environment	Avoidance of regulatory costs through the reduction of hazardous waste and promotion of recycling	Our group	•Maintenance of quality management systems (ISO 9001, etc.) •Continuation of a quality management system compliant with GMP and GCTP	Safety Materiality (Important Issues) Sustainability Takara Bio Inc.
		Increase in revenue due to enhanced competitiveness resulting from the development of energy-efficient and low-emission products	Our group	•Global product development tailored to regional characteristics and customer needs	Wellness Materiality (Important Issues) Sustainability Takara Bio Inc.
	Society	Improvement in productivity due to a safer working environment	Our group	•Ensuring occupational health and safety	Human resources Materiality (Important Issues) Sustainability Takara Bio Inc.
	Governance	Reduction in accident risk due to enhanced manufacturing process management	Our group	•Ensuring occupational health and safety	Human resources Materiality (Important Issues) Sustainability Takara Bio Inc.
		Increase in revenue due to expansion into GMO-friendly markets	Our group, downstream	•Development of new products and services •Sales through a global supply chain	Wellness Materiality (Important Issues) Sustainability Takara Bio Inc.