

Last update: June 27, 2019

Takara Bio Inc.

Koichi Nakao, President

Contact: Shuichiro Matsuzaki,

Executive Vice President

Securities Code Number: 4974

<http://www.takara-bio.com>

The current status of the Takara Bio (The Company)'s corporate governance is as follows.

I. Basic Concept of Corporate Governance and Basic Information including Capital Structure and Corporate Attributes

1. Basic Concept

Guided by Takara Bio's corporate philosophy of "contributing to the health of humankind through the development of revolutionary biotechnologies such as gene therapy," the Company recognize a basic policy of achieving sustainable growth and increasing corporate value over the medium- to long-term by fulfilling its corporate social responsibility and living up to the expectations of all stakeholders including shareholders. The Company works to strengthen corporate governance to undertake honest and fair business activities with ensured transparency, improved efficiency and agility of management.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

(Supplementary Principle 4.1.3, Supplementary Principle 4.3.2 and Supplementary Principle 4.3.3)

The Company recognizes that the establishment of processes for the selection of the successor of the CEO and other positions and the development of the next generation of senior management are an important business topic in order to boost medium-to-long-term corporate value and achieve sustainable growth. Executive Officers who are not Directors shall attend the Board of Directors meetings as management in order to participate as observers in the crafting of company visions and specific business strategies.

The Company holds the requirements for and the selection of a development plan of CEO, etc., and the procedures related to their appointments or dismissals, all of which are subject to the supervisory functions of the Board of Directors meetings. These matters shall be comprehensively discussed based on the business environment surrounding the Company and corporate culture and other factors.

(Supplementary Principle 4.2.1)

The Company has implemented a cash remuneration system linked to medium-to-long-term earnings. However, it has not implemented a company stock remuneration system. The Company acknowledges that incentives to Directors for sustainable growth is an important business topic. The Company will comprehensively consider issues related to remuneration determination methods, including the balance of cash and company stock remuneration.

(Supplementary Principle 4.10.1)

Upon the Board of Directors deliberating about important matters, especially matters related to the nomination of senior management and candidates for Directors, as well as related party transactions, the Company will seek the appropriate participation and advice of independent External Directors. This system is expected to maintain the independence and objectivity of the functions of the Board of Directors at a set level. The Company shall consider other measures as needed, including voluntary measures, in order to further strengthen the independence and objectivity of the Board of Directors meetings.

[Disclosure Based on the Principles of the Corporate Governance Code] Update

The Company has formulated the "Corporate Governance Policy" with respect to fundamental policies and situation of efforts to corporate governance including disclosure based on the principles of the Corporate Governance Code and posted it on the website.

Takara Bio "Corporate Governance"

URL: <http://ir.takara-bio.co.jp/en/management/governance.html>

2. Capital Structure

Foreign Shareholding Ratio Update

Less than 10%

[Status of Major Shareholders] Update

Name	Number of Shares Held	Ratio (%)
Takara Holdings, Inc.	73,350,000	60.91
Japan Trustee Services Bank (trust account)	4,307,200	3.58
The Master Trust Bank of Japan, Ltd. (trust account)	2,605,100	2.16
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	1,176,300	0.98
Japan Trustee Services Bank, T5	1,026,300	0.85
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	722,400	0.60
JP MORGAN CHASE BANK 385151	719,244	0.60
Japan Trustee Services Bank, T1	682,100	0.57
Japan Trustee Services Bank, T2	638,200	0.53
BBH/SUMITOMO MITSUI TRUST (UK) LIMITED FOR SMT TRUSTEES (IRELAND) LIMITED FOR TOKIO MARINE JAPANESE EQUITY FOCUS CLT AC	611,400	0.51

Controlling Shareholders (excluding Parent Company)	-----
Parent Company	Takara Holdings Inc. (Listing : Tokyo) (Code 2531)

Supplemental Information

3. Corporate Attributes

Listed Stock Exchanges and Market Segment	First Section of the Tokyo Stock Exchange
Fiscal Year-End	March
Business Sector	Chemicals
Number of Employees (Consolidated) at the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥10 billion or more and less than ¥100 billion
Number of Consolidated Subsidiaries at the End of the Previous Fiscal Year Update	Less than 10

4. Policy on Measure to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders

The Company is engaged in business operations which maintain its uniqueness and independence in the Takara Holdings Group. The Company does not conduct transactions with the parent company which benefit the parent company and harm the Company or minority shareholders. With its parent company, the Company has transactions including the Company's license for use of trademarks, outsourcing of computer-related services and lease of information related equipment. The Company also has transactions with other parent group companies, including the sale of products and leasing of real estate (the Company's office buildings). However, the Company maintains a basic policy of deciding transaction details, including monetary sums, after discussing and negotiating based on the individual case and market values, as it does when conducting transactions with other companies.

5. Special Circumstances Which May Have Material Impact on Corporate Governance Update

As of March 31, 2019, Takara Holdings Inc. (listed on the First Section, Tokyo Stock Exchange; securities code 2531) is the parent company of the Company, owning 60.92% of the voting rights in the Company. The relationship between the Company and Takara Holdings is as follows:

1. Position of the Company in the Takara Holdings Group (Takara Holdings and its associated companies)

The extraordinary general meeting of shareholders of Takara Shuzo Co., Ltd. (now Takara Holdings Inc.), held on February 15, 2002, approved the proposal to spin off the operations of the company's alcoholic beverage and food business, and the biotechnology business with the aim of making the most of the special characteristics of each respective business as well as creating a business environment for increasing growth potential and competitiveness in both. On this basis, Takara Shuzo and the Company were established on April 1, 2002, through a corporate split, with each company becoming a fully owned subsidiary of Takara Holdings. Since then, Takara Holdings decreased the ownership of voting shares in the Company to 60.92%, through a third-party allotment of new shares by private and public offering.

The Takara Holdings Group consists of Takara Holdings Inc., which is a holding company, and 62 affiliated companies (60 subsidiaries and 2 associated companies). Within the Group, the Company is positioned as a subsidiary specializing in the biotechnology business, and it promotes the biotechnology business along with its 9 affiliated companies (subsidiaries).

2. The food business of the Takara Holdings Group

Takara Healthcare Inc., which specializes in marketing and sales of functional foods of Takara Holdings Group companies, was founded on September 7, 2006, as a 100%-owned subsidiary of Takara Holdings Inc. Following the establishment of Takara Healthcare, the Company appointed Takara Healthcare as its sales agent for functional foods on October, 1, 2005. Since then, the Company's functional foods were sold to customers through Takara Healthcare, but the type of transactions changed to the outsourcing and contracting of manufacturing and R&D in April 2016. The Company's functional food business has been succeeded to Shionogi Healthcare Co., Ltd. pursuant to simplified absorption-type company split with the effective date January 1, 2019. For the fiscal year ended March 31, 2019, the Company's transactions with Takara Healthcare amounted to ¥403 million.

3. Management of Group companies by Takara Holdings Inc.

Takara Holdings Inc. has established and operates the Takara Holdings Group Company Management Rules from the standpoint of consolidated business management. However, its objective is to maintain the independence and autonomy of Takara Holdings Group companies while seeking to maximize the corporate value of the entire Takara Holdings Group. The rules are also applicable to the Company, and the Company reports on the decisions made at the meetings of its Board of Directors to Takara Holdings. However, the Company is not required to gain prior approval from Takara Holdings for the resolutions of its Board of Directors, and runs its business operations independently.

Furthermore, various meetings have been established within the Group. Those pertinent to the Company are the "Group Strategy Meeting", "the Biotechnology Business Report Meeting", and the "Takara Group Business Plan Meeting". These meetings are intended to foster reporting between Group companies. In their current form, they do not impede the independence and autonomy of the Company.

The current officers who hold positions in both the Company and Takara Holdings are as follows:

Hisashi Omiya (Chairman of the Company, Representative Director and Chairman of Takara Holdings Inc.)
Koichi Nakao (Representative Director and President of the Company, Director of Takara Holdings Inc.)

As a Director of Takara Shuzo Co., Ltd, Hisashi Omiya contributed to the management of the biotechnology business before the Company was established. The experience and knowledge developed in this role was determined to be useful for the Company. Koichi Nakao was also appointed Director from a perspective of consolidated management in the holding company structure of Takara Holdings Inc. These appointments were not intended to give Takara Holdings Inc. control over the Company.

II. Status of Business Management Organizations Concerning Business Decision-making, Execution and Supervision, and Other Corporate Governance Systems

1. Organizational Composition and Operation

Form of Organization	A company with Board of Auditors (Audit & Supervisory Board)
-----------------------------	--

[Matters Related to Directors]

Number of Directors Stipulated in Articles of Incorporation	10
Term of Office for Directors Stipulated in Articles of Incorporation	1 year
Chairman of the Board of Directors Meetings	President
Number of Directors Update	9
Appointment of External Directors	Appointed
Number of External Directors Update	3
Number of External Directors Designated as Independent Executive Update	3

Relationship with Company (1)

Name	Attribute	Relationship with Company (※)												
		a	b	c	d	e	f	g	h	i	j	k		
Jawaharlal Bhatt	From other Company													
Nobuko Kawashima	Academic													
Kazuko Kimura	Academic													

* Category for the relationship with the Company

* “○” is put if the principal presently satisfies or has recently satisfied the condition, and “△” is put if the principal satisfied the condition in the past.

* “●” is put if a close relative presently satisfies or has recently satisfied the condition, and “▲” is put if a close relative satisfied the condition in the past.

a A person who executes business in a listed company or a subsidiary of a listed company

b A person who executes business or a non-executive director in the parent company of a listed company

c A person who executes business in a sister company of a listed company

d A supplier of which a listed company is a major customer, or, if the supplier is a corporation, a person who executes business in the corporation

e A major customer of a listed company, or, if the customer is a corporation, a person who executes business in the corporation

f A consultant, professional accountant or lawyer who receives a large amount of money and other economic benefits other than officers' compensation from a listed company

g A major shareholder of a listed company (if the major shareholder is a corporation, a person who executes business in the corporation)

h A person who executes business (limited to the principal) in a corporation that is a customer of a listed company other than customers falling in either category of d, e and f above

i A person who executes business (limited to the principal) in a corporation at which an External officer of the company concurrently has a position of External officer

j A person who executes business (limited to the principal) in a corporation to which a listed company offers donation

k Others

Relationship with Company (2) Update

Name	Independent Director	Supplementary Explanation to Corresponding Item	Reason for Appointment
Jawaharlal Bhatt	○	Independent Director	Jawaharlal Bhatt possesses abundant experience and knowledge gained through his involvement with business operation and corporate management in medical and healthcare-related companies overseas. He meets the criteria for candidates for External Director established by the Company, and is expected to apply his expert knowledge to strengthen the management system of the Company. The Company considers that he maintains the attributes of neutrality and fairness as an independent director who is without any fact itemized by the Tokyo Stock Exchange as facts that could cause conflicts of interest against common shareholders, and who satisfies the Company's criteria for

			independence of External Directors. Therefore, the Company nominated him as a candidate to continue serving as an independent Director.
Nobuko Kawashima	○	Independent Director	Nobuko Kawashima has extensive research experience in subjects including creative economy and corporate social responsibility. She meets the criteria for candidates for External Director established by the Company, and is expected to apply her expert knowledge to strengthen the management system of the Company. The Company considers that she maintains the attributes of neutrality and fairness as an independent director who is without any fact itemized by the Tokyo Stock Exchange as facts that could cause conflicts of interest against common shareholders, and who satisfies the Company's criteria for independence of External Directors. Therefore, the Company nominated her as a candidate to continue serving as an independent Director.
Kazuko Kimura	○	Independent Director	Kazuko Kimura is a specialist in the area of quality control of pharmaceutical distribution, eradication of substandard and falsified medicines, support of development of anti-counterfeit technologies, and education of specialists. The Company considers that she maintains the attributes of neutrality and fairness as an independent director who is without any fact itemized by the Tokyo Stock Exchange as facts that could cause conflicts of interest against common shareholders, and who satisfies the Company's criteria for independence of External Directors. Therefore, the Company nominated her as a candidate to continue serving as an independent Director.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee

None

【Matters Related to Audit & Supervisory Board Members】

Establishment of the Audit & Supervisory Board	Established
Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	5

Cooperation among Audit & Supervisory Board Members, Accounting Auditor and Internal Auditing Department **Update**

The company's Audit & Supervisory Member

Members work with the Internal Auditing Department (four full-time Internal Auditors) and verify the effectiveness of Internal Control System. Further, the Company meets with the Accounting Auditor, Deloitte Touche Tohmatsu LLC several times a year, in order to make the mutual report concerning audit plan, results, etc., coordinated audit and exchange information.

The Internal Auditing Department makes the audit of the Company and its subsidiaries with Audit & Supervisory Board Members from standpoint of legality and law compliance. The results are reported to President & Representative Director, and are shared with Takara Bio Compliance Committee and Internal Management Department such as Finance Department and others to operate the Internal Control System.

Appointment of the External Audit & Supervisory Board	Appointed
Number of External Audit & Supervisory Board Members Stipulated in Articles of Incorporation	3
Number of External Audit & Supervisory Board Members who are Independent Auditors	3

Relationship with Company (1)

Name	Attribute	Relationship with Company (※)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Kunihiko Kamata	Attorney													
Yasuo Himeiwa	Certified public accountant													
Masaaki Makikawa	Academic													

* Category for the relationship with the Company

* “○” is put if the principal presently satisfies or has recently satisfied the condition, and “△” is put if the principal satisfied the condition in the past.

* “●” is put if a close relative presently satisfies or has recently satisfied the condition, and “▲” is put if a close relative satisfied the condition in the past.

past.

- a. A person who executes business in a listed company or a subsidiary of a listed company
- b. A non-executive director or an accounting advisor in a listed company or a subsidiary of a listed company
- c. A person who executes business or a non-executive director in the parent company of a listed company
- d. A company Auditor of a parent company of a listed company
- e. A person who executes business in a sister company of a listed company
- f. A supplier of which a listed company is a major customer, or, if the supplier is a corporation, a person who executes business in the corporation
- g. A major customer of a listed company, or, if the customer is a corporation, a person who executes business in the corporation
- h. A consultant, professional accountant or lawyer who receives a large amount of money and other economic benefits other than officers' compensation from a listed company
- i. A major shareholder of a listed company (if the major shareholder is a corporation, a person who executes business in the corporation)
- j. A person who executes business (limited to the principal) in a corporation that is a customer of a listed company other than customers falling in either category of f, g and h above
- k. A person who executes business (limited to the principal) in a corporation at which an External officer of the company concurrently has a position of External officer
- l. A person who executes business (limited to the principal) in a corporation to which a listed company offers donation
- m. Other

Relationship with Company (2)

Name	Independent Director	Supplementary Explanation Corresponding Item	Reason for Appointment
Kunihiko Kamata	○	Independent director	Kunihiko Kamata possesses abundant experience and knowledge as an attorney-at-law. He meets the criteria for candidates for External Director established by the Company, and is expected to apply his expert knowledge to the management of the Company and express his opinions at the Board of Directors meetings and the Board of Auditors from an independent and objective standpoint, thereby ensuring effective management oversight. The Company considers that he maintains the attributes of neutrality and fairness as an independent director who is without any fact itemized by the Tokyo Stock Exchange as facts that could cause conflicts of interest against common shareholders, and who satisfies the Company's criteria for independence of External Directors. Therefore, the Company nominated her as a candidate to continue serving as an independent Director.
Yasuo Himeiwa	○	Independent director	Yasuo Himeiwa possesses abundant experience and knowledge in subjects including financial affairs and accounting as a certified public accountant. He meets the criteria for candidates for External Director established by the Company, and is expected to apply his expert knowledge to the management of the Company and express his opinions as to management transparency and objectivity. The Company considers that he maintains the attributes of neutrality and fairness as an independent director who is without any fact itemized by the Tokyo Stock Exchange as facts that could cause conflicts of interest against common shareholders, and who satisfies the Company's criteria for independence of External Directors. Therefore, the Company nominated her as a candidate to continue serving as an independent Director.
Masaaki Makikawa	○	Independent director	Masaaki Makikawa engages in research operation of the government projects and a number of contracted research and academic-industry collaborative research in the field of medical engineering and biomedical engineering. He meets the criteria for candidates for External Director established by the Company, and is expected to apply his expert knowledge to the management of the Company. Company considers that he maintains the attributes of neutrality and fairness as an independent director who is without any fact itemized by the Tokyo Stock Exchange as facts that could cause conflicts of interest against common shareholders, and who satisfies the Company's criteria for independence of External Directors. Therefore, the Company nominated her as a candidate to continue serving as an independent Director.

【Independent Executives】

Other Items Related to Independent Executives

The Company's basic policy is to assign at least one-third of Directors as independent External Directors, giving overall consideration to business characteristics and the environment surrounding the Company, etc. based on the purpose of the Corporate Governance Code. In accordance with this basic policy, the Company has a system with three independent External Directors assigned to multiple roles, and has established systems for them to communicate and coordinate with the management group and to cooperate with the ASB Members or Audit & Supervisory Board to exchange information and share awareness.

【Matters Related to Incentives】

Provision of Incentives to Directors Update	Introduction of a performance-linked remuneration system
--	--

Supplementary Explanation Relating to the Relevant Item

For details, refer to "Policy for Determining Amount and Calculation Method of Remuneration" mentioned below.

Recipients of Stock Options	
------------------------------------	--

Supplementary Explanation Relating to the Relevant Item

【Matters Related to Remuneration to Directors】

Disclosure of individual remuneration to Directors	Not disclosed individually
---	----------------------------

Supplementary Explanation Relating to the Relevant Item Update

The total amounts of remuneration for 9 Directors for fiscal year 2018 are 262 million JPY, of which 13 million JPY is paid to two External Directors. (The amounts of fixed remuneration for 9 Directors are 146 million JPY, of which 13 million JPY is paid to two External Directors.) (The amounts of performance-linked remuneration for 7 Directors excluding External Directors are 114 million JPY.)

(Note 1) The amounts of remuneration for Directors does not include the remuneration portioned into Employee for Employee-Director.

(Note 2) The number of Directors excluding External Directors includes a Director retired at the close of the 16th Ordinary General Meeting of Shareholders held on June 22, 2018.

Policy for Determining Amount and Calculation Method of Remuneration	Established
---	-------------

Disclosed Details of Policy on Determining Remuneration Amounts and Calculation Method

Matters related to policy on determining remuneration amounts and calculation method

1. Basic concept

The basic concept related to remuneration to Directors is based on a remuneration system with annual scheme, aimed at appointing competent personnel resources to management, motivating implementation of management strategy and maximizing corporate value. Based on the performance evaluation method approved by the Board of Directors held on January 29, 2016, the amount of remuneration to Directors is determined within the limit of remuneration resolved in the Ordinary General Meeting of Shareholders by the President and CEO authorized in the Board of Directors taking account of their position and individual contributions to the financial results and others.

2. Remuneration system

The remuneration to Directors comprises the fixed remuneration and the variable performance-linked remuneration reflecting the financial results, in order to take account of the responsibility of Directors and contributions to the financial results. The fixed remuneration is set at 50% of amount of remuneration for the previous fiscal year, and the variable performance-linked remuneration is determined by the Company-level performance evaluation and the unit-level performance evaluation on the basis of 50% of remuneration for the previous fiscal year on determining the variable performance-linked remuneration. Further, the fixed compensation system is employed to Directors being independent from business execution and Audit & Supervisory Board Members within the limit of remuneration resolved in the Ordinary General Meeting of Shareholders.

3. Calculation method of the variable performance-linked remuneration

The calculation method of the variable performance-linked remuneration to Directors in charge of business execution is based on the evaluation of company-level performance (at the ratio of 35%) and unit-level performance (at the ratio of 15%) on the basis of comparison to budget and previous year of operating income.

The Company-level performance evaluation is set between lower limit of 90% and upper limit of 110%.

The unit-level performance evaluation is set within a range of 80% to 120%.

4. Resolution of the Ordinary General Meeting of Shareholders on remuneration to Directors
An overview of resolution of the Ordinary General Meeting of Shareholders on remuneration to Directors are shown as below.
 - i) Resolution date of the Ordinary General Meeting of Shareholders
June 23, 2017
 - ii) Directors
Fixed remuneration
Performance-linked remuneration: Annual amount is within 184.8 million JPY (including within 30 million JPY to External Directors)
It is the amount within 5% of consolidated operating income on a yearly basis in the previous fiscal year.

【Supporting System for External Directors and/or the Audit & Supervisory Board Members】 Update

Upon the convocation of a Board of Directors meeting, External Directors of the Company will be given proposals, other related materials before, and briefings from Directors in charge as needed. In this system, External Directors monitor the execution of duties of Directors.

In this system, the Company's External Audit & Supervisory Board Members shall attend the Board of Directors meetings and other important meetings, receive reports on execution of duties by Directors, etc., view important documents, and audit the execution of duties. Furthermore, Internal Auditing Department shall provide supplemental explanations as needed, including collaborating with the Internal Auditing Department (four full-time Auditors).

2. Matters on Functions of Business Execution, Audit and Supervision, Nomination, Remuneration Decisions (Overview of Current Corporate Governance System) Update

The Company has adopted an Audit & Supervisory Board system, and three of the five Audit & Supervisory Board Members are external. In this system, Audit & Supervisory Board Members shall attend the Board of Directors meetings and other important meetings, receive reports on execution of duties by Directors, etc., view important documents, and audit the execution of duties.

The Board of Directors consists of nine Directors (including three External Directors) who meet whenever necessary in addition to the regular monthly Board of Directors meetings. The Board makes decisions on management policies, matters stipulated by laws and regulations, and important issues concerning the management of the Company, as well as oversees the execution of duties by Directors. Furthermore, by Executive Officers (eight persons, excluding Directors who are also Executive Officers) participating as observers in the Board of Directors meetings, this system strengthens the reporting function for the execution of duties and allows for timely mutual understanding and confirmation of intentions of management.

Deloitte Touche Tohmatsu LLC conducts accounting auditing for the Company. The audit for the fiscal year ended in March 2019 was conducted by Hiroshi Yamaguchi and Seiichiro Nakashima, certified public accountants of Designated Unlimited Liability Partner, Deloitte Touche Tohmatsu LLC. Nine other certified public accountants and nine other people assisted in these auditing activities.

The Company also receives advice as needed from attorneys regarding company management and day to day operations.

Pursuant to the provision of Article 426, paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation to exempt the liabilities of damages of Directors and Audit & Supervisory Board Members (including former Directors and Audit & Supervisory Board Members) due to neglect of duties to the scope of the legal limit allowed by laws and regulations by a resolution of the Board of Directors meetings. The objective for this provision is to ensure that Directors and Audit & Supervisory Board Members can fully enact their expected roles. Furthermore, based on provisions of its Articles of Incorporation pursuant to the provisions of Article 427, paragraph 1 of the Company Act, the Company has entered into an agreement with External Directors and External Audit & Supervisory Board Members which limits their liabilities of damages to the legal minimum set in Article 425, paragraph 1 of the Company Act.

3. Reasons for the Adoption of the Current Corporate Governance Structure

As a company based in highly specialized research and development, the Company has determined that the most appropriate corporate governance system would be the current one, in which Directors who are deeply knowledgeable about these businesses would be able to actively make decisions based on a clear awareness of being related to results and the need for swift choices while monitoring business execution. Furthermore, highly independent External Directors who possess knowledge and experience related to these businesses would work with the Audit & Supervisory Board to monitor and audit business execution.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights Update

	Supplementary Explanation
Early Notification of General Shareholder Meeting	The notice is sent at least three weeks prior to the day of the meeting.
Scheduling of General Shareholder Meeting Avoiding Peak Day	The General Meeting of Shareholders is scheduled through avoiding peak day, allowing many shareholders to be participable. The 13 th Ordinary General Meeting of Shareholders was held on June 23, 2015 The 14 th Ordinary General Meeting of Shareholders was held on June 24, 2016 The 15 th Ordinary General Meeting of Shareholders was held on June 23, 2017 The 16 th Ordinary General Meeting of Shareholders was held on June 22, 2018 The 17 th Ordinary General Meeting of Shareholders was held on June 21, 2019
Allowing Electronic Exercise of Voting Rights	The shareholders have been able to exercise voting rights by electronic means since the 16 th General Meeting of Shareholders.
Participation in Platform for Exercise of Voting Rights by Electromagnetic Means and Other Measures to Enhance Environmental for Exercise of Voting Rights by Institutional Investors	The Company participates in the platform for electronic exercise of voting rights for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English	English translation (summary) of the convocation notice is published on the Company's website on the same day as Japanese.
Others	The convocation notice and matters disclosed on the Internet are disclosed on the Company's website ahead of sending the printed notice. Materials available at http://ir.takara-bio.co.jp/ja/stock/meeting/html The Company convenes the General Meeting of Shareholders to present material to shareholders utilizing the large screen to explain performance and business plan, and posts results of the voting rights on the extraordinary report available on its website.

2. IR Activities Update

	Supplementary Explanation	Explanation by the representative in person
Preparation and Publication of Disclosure Policy	The policy is provided via the Company's website. Takara Bio "Disclosure Policy" Materials in Japanese available at http://ir.takara-bio.co.jp/ja/policy.html Materials in English available at http://ir.takara-bio.co.jp/en/policy.html	
Periodic Briefings to Individual Investors	(Timing) The Company holds briefings three or four times between December and January every year. (Description) The Company provides the explanation of the detailed financial results and business measures for approximately 1 hour, and thereafter has a Q&A session. (Participants) It is aimed at 50-100 individual investors.	Yes
Periodic Briefings for Analysts and Institutional Investors	The Company holds Financial Results Briefings twice a year when it announces its 2Q and 4Q business results. Conference is individually held when quarterly results (including full-year and half term) are released. In addition, interview and seminar are given in response to requests.	Yes
Periodic Briefings for Overseas Investors	Currently, foreign shareholding ratio is not necessarily high, however, event conferences for foreign investors to be interviewed by securities company and conference calls are given as needed.	No
Publication of IR Materials on the Website	The Company, on the Website, holds IR information including Financial Statements, Annual Securities Reports/Quarterly Securities Reports, Presentation Materials for Financial Results, Annual Report, Timely/Voluntary Disclosure Materials Materials in Japanese available at http://ir.takara-bio.co.jp/ja/library.html Materials in English available at http://ir.takara-bio.co.jp/en/library.html	

**Establishment of a Division
(Appointment of an Officer) in
Charge of IR**

Department in charge: PR and IR Department
Manager in charge of IR: Akira Kawamura, General Manager of PR
and IR Department

3. Status of Efforts to Respect the Standpoint of Stakeholders

Supplementary Explanation	
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company stipulates respect for the position of stakeholders in the TaKaRa Group Code of Conduct for Compliance.
Implementation of Environmental Activities, CSR Activities etc.	Based on the TaKaRa Group Code of Conduct for Compliance, the Company engages in environmental protection activities, resource conservation and energy conservation in compliance with environmental laws and regulations, as a crucial part of the ongoing efforts for well-balanced global environmental issues and business activities. Also, the Company works on reducing environmental burdens in all operational procedures including R&D, material procurement, manufacturing, distribution, sales and consumption.
Development of Policies on Information Provision to Stakeholders	Based on the TaKaRa Group Code of Conduct for Compliance, the Company disclose corporate information such as financial description and business activities in a timely and appropriate manner, provides corporate philosophy and policy in fairly and adequately, and strives for better communication by facing with critical opinions and sincerity thereof. The basic policy on information disclosure is available from the Company's website at http://ir.takara-bio.co.jp/en/policy.html . Also, the policy on appropriate information disclosure and ensued transparency is available at http://ir.takara-bio.co.jp/en/management/governance/main/03/teaserItems1/0/linkList/0/link/CG%20policy_en_20190814.pdf .

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development Update

Based on Article 362, paragraph 4, item 6 of the Companies Act and Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, the Company made the following determinations regarding the development of the systems necessary to ensure proper operations of a corporation and ensure that the execution of duties of Directors complies with law and regulations, and the Articles of Incorporation.

1. Systems to ensure that the execution of duties of Directors and employees complies with laws and regulations, and the Articles of Incorporation, as well as ensure the properness of operations in the Company and the corporate group comprised of the parent company and its subsidiaries.
 - i) Takara Bio Compliance Committee, chaired by the Company's President, is established and operated as the organization which supervises compliance activities for the Company Group.
 - ii) This committee falls under the compliance committee (which includes committee members and working members dispatched from the Company) established in the parent company, Takara Holdings Inc. The committee determines the Compliance Action Guidelines, which stipulates the action guidelines related to laws and social ethics with which each and every officer and employee of the Company Group should comply, and also educates officers and employees in the Group through group training sessions and everyday workplace instruction.
 - iii) These guidelines take a firm stand against anti-social forces and strictly prohibit any association with such groups.
 - iv) In case that an officer or employee discovers any violation of laws and regulations or illegal act within the operations of the Group, and standard operational methods and procedures are unable to solve or prevent the problem, helplines are installed and operated as communication portals in the Compliance Promotion Department of Takara Holdings Inc. and external third-party institutions. The overall Group has been informed that any employee who reports a problem will not receive disadvantageous treatment due to this action.
 - v) The Company conducts internal auditing based on the Internal Audit Regulations. The Company will strive to ensure proper execution of duties by taking necessary actions based on the results of internal audits. Furthermore, the responsible departments conducting internal audits shall be independent to ensure proper oversight functions for Auditing Departments, etc.
 - vi) The Company Group shall comply with the rules for listed companies set by related laws and regulations and the Tokyo Stock Exchange, and establish the company-wide systems to ensure the reliability of financial reports. The Company Group also shall consistently enhance the systems through its assessment and improvement.
 - vii) In terms of the relationship between the Company and its parent company, Takara Holdings Inc., a holding company has been established from the standpoint of consolidated business management. Its objective is to maintain the independence and autonomy of Takara Holdings Group companies, including the Company, while seeking to maximize the corporate value of the entire Takara Holdings Group. The Takara Holdings Group Company Management Rules are also applicable to the Company, and the Company regularly reports on the decisions made at the meetings of its Board of Directors and the status of business activities of subsidiaries to Takara Holdings.
 - viii) In terms of the relationship between the Company and its subsidiaries, the Company shall receive regular reports on business activities while maintaining the independence and autonomy of the subsidiaries. In principle, important matters shall be discussed beforehand. The Company's Audit & Supervisory Board Members and the responsible departments conducting internal audits shall work together to conduct audits on a regular basis from a perspective of ensuring proper execution of operations.
2. Systems to store and manage information related to the execution of duties of the Directors

In order to appropriately and subsequently confirm the status of the execution of duties of Directors and employees, the Company shall set internal rules related to drafting guidelines, storage period limits, and management systems (including information security systems) of records of execution of duties, including minutes of General Meetings of Shareholders, minutes of the Board of Directors meetings, approval documents (documents of decisions made by the President, etc.), and other documents related to decision making.
3. Rules and other systems to manage the risks of loss
 - i) The Takara Bio Compliance Committee supervises overall "crisis management" in the Company Group. Under the supervision of this committee, initiatives are conducted in each responsible department to prevent or mitigate risks facing this group, including matters of "laws and social ethics," "safety and quality of products and merchandises," and "safety and health."
 - ii) In case of emergency, the Company shall respond based on the "Takara Group Emergency Response Manual" and establish an emergency response headquarters as needed, centered around the President and officers in charge of compliance matters.
4. Systems to ensure the effective execution of duties of Directors
 - i) The Company shall hold a regular Board of Directors meeting once a month, and other meetings as needed, as part of the system to ensure the execution of duties of Directors is conducted efficiently.
 - ii) The Company establishes a system for Directors and employees to execute duties and make decisions properly and promptly through the creation of the "Rules for Dividing Roles and Responsibilities" and the "Rules for Authority" in order to clarify the internal line of command and the division of roles and responsibilities.
 - iii) Under the supervision and instruction of the Board of Directors or individual Directors, each responsible department or, as needed, cross-department project team, shall consistently take measures for the streamlining, acceleration, and electrification of operations which aim to ensure the efficiency of management.
 - iv) Internal audits shall be conducted from an efficiency perspective. Based on the results of pertinent internal audits, the Company shall take necessary measures and strive to ensure the efficiency of the execution of duties.
 - v) The Company shall establish a management system along the standards of the Company in its subsidiaries.
5. Matters concerning the employees to assist the Audit & Supervisory Board Members in their duties when the Audit & Supervisory Board Members request the assignment thereof and matters concerning the independence of the employees from the Directors.

When an Audit & Supervisory Board Member requires an employee to assist the duties of the Audit & Supervisory Board Member, the pertinent employee shall only be enlisted into this role after ensuring their independence from Directors in terms of their position, benefits, and chain of command.
6. Systems for Directors and employees to report to Audit & Supervisory Board Members and other systems to ensure Audit & Supervisory Board Members conduct audits effectively
 - i) Audit & Supervisory Board Members shall, in addition to the Board of Directors meetings, attend important meetings, such as the strategy meetings of the business unit, in order for them to grasp the status of important decision making processes and business execution. They may view minutes of the Board of Directors meetings, approval documents (documents of decisions made by the President, etc.), and other important documents related to business execution. They also possess the right to request explanations from Directors or employees if necessary. Furthermore, responsible departments conducting internal audits shall work closely with Audit & Supervisory Board Members in order to conduct effective and efficient audits.
 - ii) If Directors discover a fact which may cause significant damage to the company, they must report this to Audit & Supervisory Board Members according to laws and regulations. If Directors of subsidiaries discover a fact which may cause significant damage to the subsidiary, they shall report to the Audit & Supervisory Board Members of the Company through the department that is in charge of managing the pertinent subsidiary.
 - iii) Directors and Audit & Supervisory Board Members of the Company shall ensure that persons reporting matters described above shall not receive disadvantageous treatment due to the report.

7. Matters concerning guidelines related to the processing of expenses or obligations arising from the execution of duties by Audit & Supervisory Board Members

When an Audit & Supervisory Board Member requests the Company to make an advance payment or reimbursement of the expenses arising from the execution of duties, the Company shall promptly process the expenses or obligations, excluding cases where the costs are deemed not to be necessary for the execution of duties of the Audit & Supervisory Board Member.

Please refer to “Reference Material: Figure 1” at the end of this document.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

The Company takes a firm stand against anti-social forces which threaten social order and the corporate soundness. The Company strictly prohibit any association or transaction with such forces and any company, organization, or individual who is connected with such forces. The Company’s basic view is clarified in the Compliance Action Guidelines described above, which stipulates the action guidelines related to laws and social ethics with which each and every officer and employee should comply. The Company is spreading awareness of these guidelines. The Company has distributed a portable manual booklet indicating the guidelines to each officer and employee so that they can access them whenever needed. Furthermore, the Company has designated the General Affairs Department as the department overseeing the response and has been working to gather information from local companies and external specialized organizations, such as the local police. The Company takes such measures to respond with close collaboration with the pertinent organizations upon occurrence of such an event.

V. Others

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation

2. Other Matters Concerning to Corporate Governance System **Update**

The Internal Systems related to timely disclosure of the Company's information is as follows:

The Company is providing timely and appropriate disclosure of company information to investors based on the laws and regulations related to securities exchanges, regulations of the Tokyo Stock Exchange, and the internal rules "Rules for Management of Significant Information".

The creation, gathering, and disclosure of the Company's information is conducted as follows:

1. In accordance with the guidebook on the timely disclosure of company information, the department which oversees information (including the Company's subsidiaries) shall promptly report to the PR and IR (excluding financial information), and Finance (financial information) Departments when there is information which requires disclosure.
2. After receiving this report, the PR and IR or Finance Departments shall verify the pertinent information and promptly report to the General Affairs Department, where information for the entire company is compiled.
3. The officer in charge of handling internal information (officer in charge of General Affairs Department) shall receive the report from the General Affairs Department, and deliberate on the need, content, and method for disclosing the information alongside officers in charge of the PR and IR, or Finance departments, or other Supervisory Departments.
4. Each Director will see the results of these deliberations and after hearing opinions, the determinations will be reported to the Board of Directors meeting. If the pertinent information is a matter to be resolved by the Board of Directors, the Board of Directors shall resolve the matter and determine the need for disclosure. If the pertinent information is not a matter to be resolved by the Board of Directors, it becomes a matter to be reported. Depending on the case, based on the mindset of timely disclosure, the information may be disclosed with the approval of the Representative Director and President.
5. This information shall be regularly disclosed through the means set by the Tokyo Stock Exchange by the person responsible for the handling of information, who is notified the Tokyo Stock Exchange beforehand. This information is also posted on the Company's website. As needed, the Company will also hold a press conference or posting of materials to the press club.

Please refer to "Reference Material: Figure 2" at the end of this document.

Fig.1 Schematic Diagram of Corporate Governance System

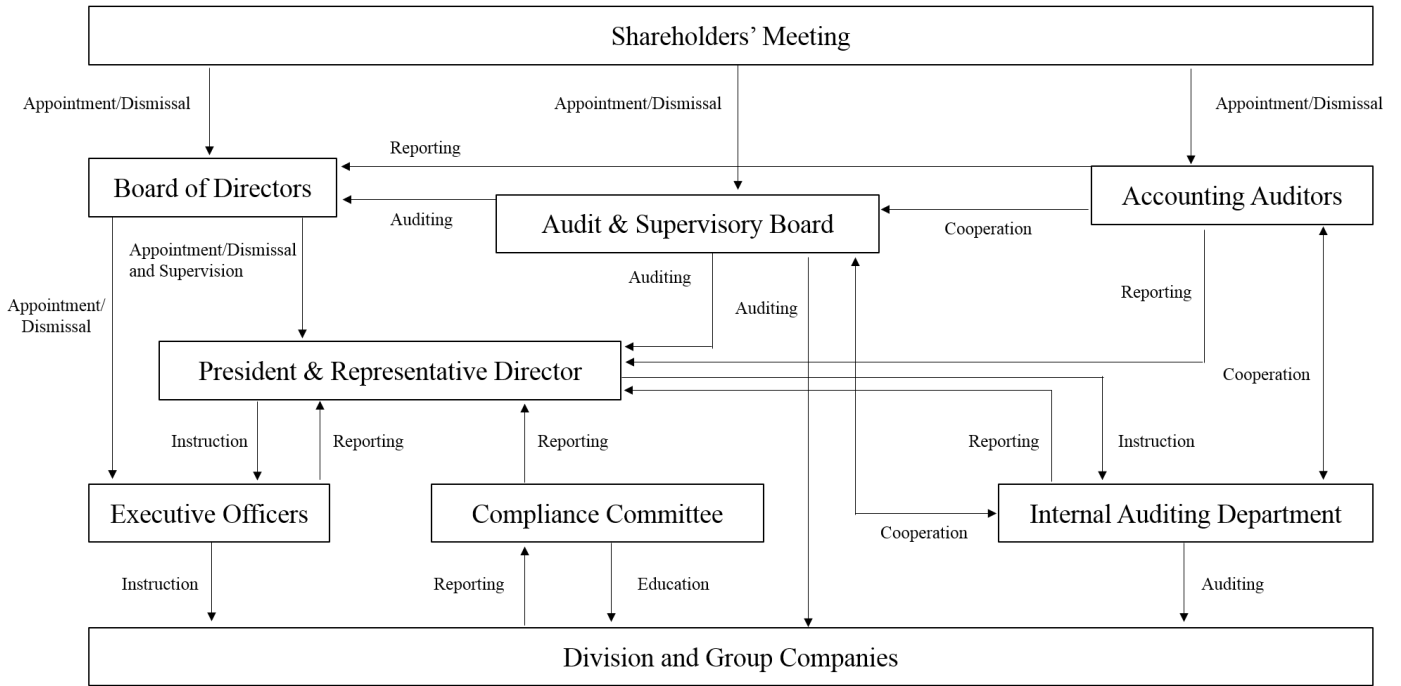
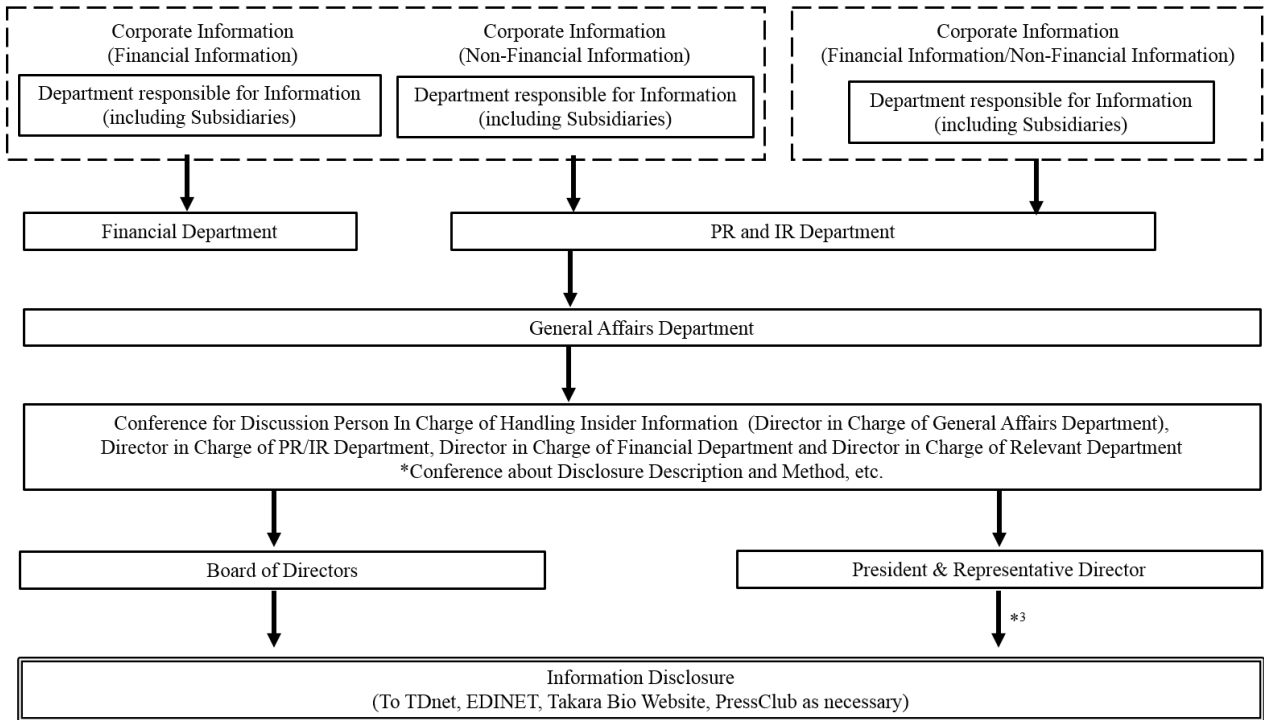


Fig.2 Schematic Diagram of Disclosure of Corporate Information

A. Information Requiring Timely Disclosure*1

B. Information Subject to Fair Disclosure Rules*2



(*1, 2) It includes unclear information which is not corresponding.

(*3) As for facts of incident, there is disclosure upon approval by president in accordance with timely disclosure policy in some cases