

## CSR Policy 3: Human rights and labor

**We will respect human rights and diversity, work to improve the welfare of employees, and realize a safe and comfortable workplace.**

### Basic approach

#### Basic Policy on Human Rights

The Company will support international human rights standards, such as the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact, and will act in accordance with the policy below based on the United Nations' Guiding Principles on Business and Human Rights.

1. We never engage in child labor or forced labor.
2. We comply with regulations on working hours, holidays, and minimum wages stipulated by the law.
3. We do not discriminate people in terms of hiring, promotions, and career advancements.
4. We do not allow any harassment that harms workers or the work environment.
5. We endeavor to prevent accidents and disasters by prioritizing the health and safety of the workplace and workers.
6. We have proper and faithful discussions with labor representatives.

We will check the status of compliance with items 1-6 of the above policy and work to build a system for identifying, preventing, and mitigating any negative impact on human rights related to the Company's business activities.

In the event that it becomes clear that the Company has caused or contributed to a negative impact on human rights, we will work to remedy or correct the situation through proper procedures.

### Promotion system and governance

Human rights and the labor environment are the foundation of compliance as well as essential elements for improved corporate value. As such, the Compliance Committee, which is chaired by the President & CEO and consists of directors in charge of Internal management control, officers in charge of the respective divisions, and others, collaborates across divisions to ascertain the issues related to human rights and the labor environment and make improvements. The Committee also reports to the Board of Directors as necessary.

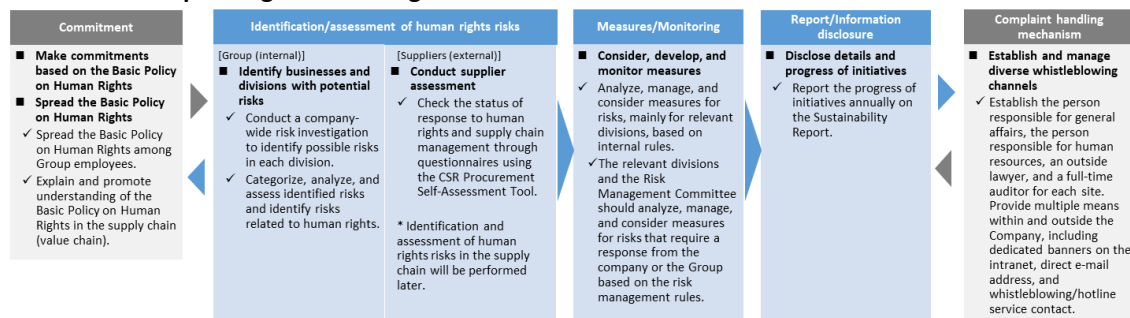
#### Initiatives on respect for human rights

The Group has established the Compliance Regulations as well as the T. Hasegawa Corporate Code of Conduct to be followed by all employees as they engage in business activities, and they include items related to respect for human rights. We strive to make sure all of our employees are aware of the Code of Conduct in order to spread awareness of respect for human rights and prevent issues related to human rights.

• **Response to human rights risks**

The Group identifies human rights risks that should be dealt with in order to prevent or mitigate the negative impact of business activities on human rights. We take measures for identified risks and regularly monitor and disclose information to improve our efforts.

• **Process for responding to human rights risks**



• **Identifying human rights risks**

The risk survey of divisions conducted jointly every year by the Risk Management Committee and the Compliance Committee incorporates the viewpoint of human rights risks. Human rights risks extracted by the survey are categorized, and businesses and divisions that are at risk are identified.

• **Evaluation of human rights risks**

Currently, the Group organizes and responds to the following main human rights risks.

Identified human rights risks (The Group)	Response policy	Response results for FY2022
Harassment	Encourage employees to correctly understand harassment and create a comfortable workplace with no harassment.	<ul style="list-style-type: none"> <li>Harassment prevention training was provided to all management positions.</li> <li>Posters were displayed to raise awareness.</li> </ul>
Personal data breach	Manage properly in accordance with law.	<ul style="list-style-type: none"> <li>Internal rules on personal information were revised.</li> <li>Raising awareness through internal notifications</li> </ul>
Improper use of social media	Increase the understanding of employees on the impact of social media.	<ul style="list-style-type: none"> <li>Warnings regarding the use of social media were sent through internal notification once a year.</li> <li>Risks associated with social media were explained as part of new employee orientation to raise their awareness.</li> </ul>
Blocking of labor-management consultation	Stipulate in the basic policy that the Company will appropriately and sincerely discuss with the representative of workers.	<ul style="list-style-type: none"> <li>As a rule, a consultation was held every month, with a total of 49 labor-management consultation sessions by the headquarters and branches.</li> </ul>
Overwork	Observe the working hours prescribed by law and develop an environment in which employees can work comfortably.	<ul style="list-style-type: none"> <li>An agreement was entered into regarding the upper limit of overtime work by taking into consideration the adverse impact on health.</li> <li>A system that generates an alert when the upper limit of overtime working hours is approached as a warning was installed.</li> </ul>
Discrimination	No discrimination is allowed.	<ul style="list-style-type: none"> <li>The T. Hasegawa Corporate Code of Conduct was distributed to all employees to familiarize them with it.</li> </ul>
Occupational health and safety	Develop a safe work environment that will not cause a labor accident, create work procedures, and disseminate them to all workers.	<ul style="list-style-type: none"> <li>Scheduled maintenance and upgrade of equipment</li> <li>Regular safety patrol</li> <li>Regular safety education</li> </ul>

- Measures and monitoring of human rights risks

We have developed internal rules, and are analyzing, managing, and considering measures for risks, mainly for relevant divisions. In addition, the relevant divisions and the Risk Management Committee analyze, manage, and consider measures for risks that require a response from the company or the Group based on the risk management rules.

- **Establishment of a whistleblowing service**

As part of our complaint handling mechanism, we have established the person responsible for general affairs, the person responsible for human resources, an outside lawyer, and a full-time auditor for each site as the whistleblowing/hotline service contact. The service can be accessed from multiple locations inside and outside the Company from the dedicated banners on the intranet and direct e-mail address.

- **Providing harassment prevention training**

Harassment in the workplace not only damages the personality and dignity of the person who is harassed, but also results in a loss of desire to work or self-confidence or may even cause the mental health to deteriorate. Based on the Company's conviction that harassment shall not be allowed, we provide a wide range of training intended to enlighten employees and prevent harassment. In addition to the training intended for new managerial staff, which we provide every year, we also provided training for senior management level in FY2022.

#### SDGs that we are targeting



## [Human resources development]

### Risks, opportunities, and strategies

#### Risks

- If there are not enough human resources with appropriate skills, business operations will be suspended, and skills transfer will be difficult.

#### Opportunities

- Increased employee motivation
- Increased production efficiency as a result of improving the work environment

#### Strategies

In accordance with the management policy to create a safe and comfortable work environment for our employees, we seek to create an energetic corporate culture in which human resources can grow and maintain their motivation, and we are committed to providing employees with opportunities to advance their career fairly and without regard to race, nationality, gender, religion, disability, or other attributes.

## Education system

	Tier-specific training		Skill improvement			By job category			
	Shared values	Training content				Research	Manu- facturing	Sales	
Senior management level	Basic management skills	Senior management training	Language training	Support for acquiring qualifications	Support for online study	Harassment prevention training	Training programs at other divisions*	Human resource development program for mid-career employees On-the-job Trainer training	Sales instruction manual
Manager level	Understanding managerial roles	Training for new managerial staff							
	Promoting autonomy and growth of subordinates	Management training							
Key position level	Fostering awareness of participation in management	Junior board							
	Engaging others to improve results	Mid-career employee training							
Office work level	Learning about the Company	Internal seminars							
	Autonomous action	Third year training New employee orientation							

\* Program to improve the knowledge and skills of employees who have been with their divisions for around three years by providing training at a different R&D center.

## Ensuring diversity in the appointment, etc., of core human resources

• Our approach to ensuring diversity

The Company respects the diversity of individual employees and has actively appointed excellent human resources to management positions regardless of gender or nationality, or whether or not they are mid-career workers. After appointing such employees to management positions, we continue to provide education, including management training, to improve their skills. The Company seeks to further increase the percentage of women in management positions and will appoint women and mid-career workers to move on to management positions in an attempt to address the ever-changing management environment. We will also continue to appoint talented foreign nationals to expand our overseas business based on the growth strategy.

[Voluntary and measurable targets and status of ensuring diversity]

Item	Current status	Target	Time of achievement
Percentage of women in management positions	17.1%	18% or more	End of Sep. 2024
Percentage of mid-career workers in management positions	18.2%	Maintain 18% or more	End of Sep. 2024
Percentage of management positions filled by foreign nationals	33.3%	30% or more	Maintain the current status

\* The current status represents the result as of the end of September 2022.

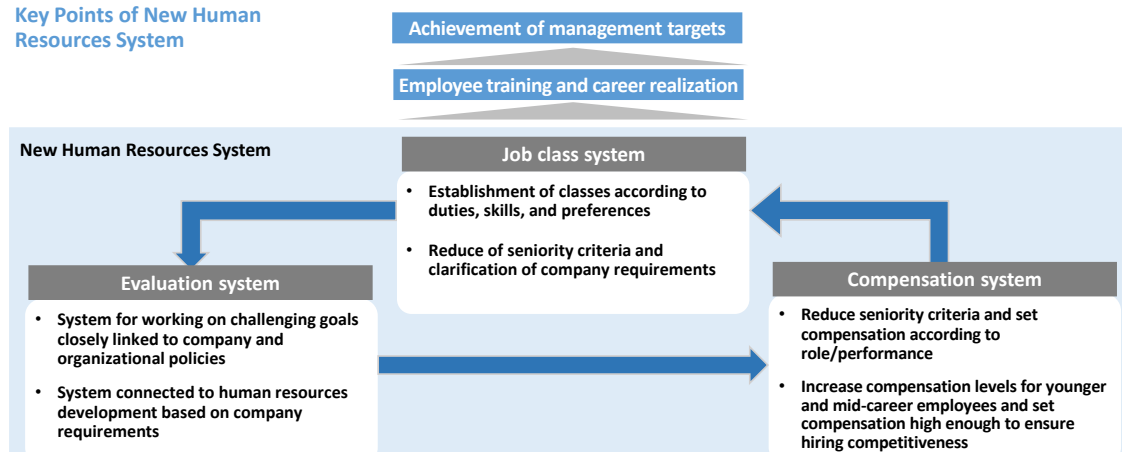
## Main FY2022 initiatives

### Human resources system reform

We review the entire personnel system, including the job class system, evaluation system, compensation system, and human resources development.

By clarifying the roles required by the Company (job class system) and introducing a corresponding evaluation system, we have established a human resources system where the compensation is commensurate with the performance. In FY2022, we reformed the system (excluding the compensation system) in advance.

#### Key Points of New Human Resources System



#### Policy on the human resources system

This policy awards people who work hard and creates a corporate culture that encourages people to take on challenges in response to changes.

#### Evaluation system

• Our approach to the evaluation system

The evaluation system is not only a system for evaluating employees' performance, but also used as a tool to promote the achievement of company-wide and organizational targets, as well as the growth of individuals. Therefore, the actions expected of employees are clarified and the degree of fulfillment of required actions, roles, and specialty and the level of actual achievements are evaluated. Since the results of evaluating employees' performance encourage individuals to grow, we utilize the evaluation system as the foundation for developing human resources.

• Important points of the evaluation system

Evaluation of achievements

Employees should work on challenging goals that are closely linked to the policy of the Company or their organizations, and they are expected to obtain measurable achievements that are linked to the company-wide target. In addition to results, the relevant process is evaluated and the results are reflected mainly in their bonuses.

Evaluation of actions

The evaluation should be a system that leads to human resource development based on elements required by the Company. The Company also evaluates whether expected actions corresponding to the job class and course were taken. The results are reflected in the job class (promotion) and salary of the relevant employee.

In any evaluation, an interview with the superior of the employee is required and human resources are developed by providing appropriate feedback.

#### Having a proper interview for the performance evaluation and development of employees

We have introduced a cloud-based human resources evaluation system service in line with our new human resources system reform.

The system allows the Human Resources Division to easily check target setting and records of each interview held as part of the evaluation, as well as to check the interview status of the people to be evaluated.

## **Promotion of career development**

### **Understand the roles at each tier and acquire the required skills**

- Tier-specific training  
We conduct training for new employees, mid-career employees, and new managerial staff. The purpose of the training is for employees to understand the roles at each tier and acquire skills. We implement a PDCA cycle and work to make improvements in the planning and management of training.

### **Support employees' self-learning and growth**

- Online study support system  
We organize courses to meet a wide range of needs and promote self-enlightenment. Starting from FY2020, we raised the percentage of subsidy for course fees for people who have completed the course with a good grade in an attempt to further encourage them to improve their skills.
- Support system for acquiring qualifications  
When acquiring qualifications approved by the Company, such as those for certified public tax accountants and labor and social security attorneys, the Company pays up to half of the course fees. In addition, employees who have met certain requirements, such as those who have acquired a TOEIC score designated by the Company, are provided with an incentive.
- Internal seminars  
Employees from each division of the Company serve as lecturers on the operations of their respective divisions and other current information. This allows participants to not only gain an understanding of the entirety of T. Hasegawa, but also the connection and relationship between their own divisions and the division of the lecturer, which can be of help to their own business. By teaching others, the lecturers themselves can also deepen their understanding of the operations of their own divisions.
- Life planning seminars  
The Company pays the full amount of fees to employees and their spouses who wish to attend external seminars on living a fulfilling second life after retirement.
- Re-employment support for those who are resigning from the Company upon reaching the retirement age  
We offer a "Re-employment Support Program," which provides re-employment know-how to those seeking re-employment, and a "Second Life Program," which is for those seeking to start their own businesses or relocate to overseas, etc., to help those who wish to set out on a new path after reaching the retirement age.

### **Foster management awareness among younger employees**

- Junior board  
We provide selective training to cultivate the ability to have a medium- to long-term vision, acquire business management skills, and raise the awareness of participating in management.

### **Support the development of global human resources**

- Language training  
The Company covers the full costs of language lessons by native speakers for employees who need English or Chinese language skills.

- Training before overseas assignment  
The Company invites outside lecturers to provide lectures to employees assigned to overseas subsidiaries on the cultures, laws, and business practices of the countries where they have been assigned.

#### **Support management that encourages growth and autonomy**

- Management training  
The purpose of this training is to help managers to understand and practice management that encourages the growth and autonomy of their subordinates. To ensure that everyone has the same perspective and mindset, the course is open to employees who are in management positions for a certain period of time.

#### **Train senior management**

- Senior management training  
Sixteen members of senior management took a business school course.

### **Plan for the future**

#### **Promotion and management of the human resources system reform**

Using the evaluation system introduced in FY2022, we started to operate a new compensation system in April 2023.

#### **Compensation system**

- Our approach to the compensation system  
In order to encourage employees to achieve the actions and results expected from them, we will focus on treating the desired actions and results to appropriately guide employees in developing an interest and making efforts.
- Important points of the compensation system  
Seniority-based wages are discontinued and the weight of the seniority criteria is reduced. In addition, a managerial position allowance is established to reward the relevant role. Bonus payments to employees are balanced by distributing payments according to the performance evaluation of each individual, and high performance will be rewarded accordingly. In order to hire excellent human resources as mid-career hires, we have revised the compensation levels, in which the mid-career employees are treated well.

#### **Providing training to those who evaluate employees' performance in line with the human resources system reform**

We will continue to provide training to those who evaluate employees' performance so that they understand the intent of the new human resources system reform and perform proper evaluation and development.

- Related data (Reference: ESG Databook 2023)

## [Creating safe and rewarding workplaces]

### Risks, opportunities, and strategies

#### Risks

- Occurrence of occupational accidents
- Receiving administrative punishment, facing a lawsuit or ruined reputation as a result of an occupational accident
- Loss of talented human resources due to deterioration of the work environment
- Resignation from work for nursing care and childcare
- Increased difficulties in hiring due to reputational damage

#### Opportunities

- Increased job application rate and employee retention rate
- Increased production efficiency as a result of improving the work environment

#### Strategies

In accordance with the management policy to create a safe and comfortable work environment for our employees, we seek to create an energetic corporate culture in which human resources can grow and maintain their motivation.

#### Programs for a comfortable work environment

Program	Description
Self-assessment system	The system allows employees to inform the company not only of their work but also of their personal circumstances for the purposes of revitalizing the workplace, ensuring appropriate and effective allocation of personnel, and utilizing human resources effectively.
No Overtime Day	Every Wednesday is designated as No Overtime Day, which is intended to review the way we work and increase operational efficiency. At the same time, by reducing overtime work, we encourage employees to enhance their private lives and lead healthy lives.
Leave and reduced working hour system for child or nursing care	Leave: Employees who have applicable family members can take 5 days (or 10 days if they have two or more family members requiring care) of paid leave per year. Reduced working hours: Employees who have applicable family members can reduce their working hours to five or six hours per day.
Hour-based paid leave system for child or nursing care	The system allows employees to take family care or nursing care leave on an hourly basis.
Job search registration system for employees who left their jobs for child or nursing care	The system provides information on relevant job openings to employees who resigned for reasons such as child or nursing care and wish to receive mid-career recruitment information.
Commendation for long service	Employees who have reached their 15th, 25th, and 35th work anniversaries are granted special incentive leave and presented with an award.
Cultural and sporting events	We hold company-wide events such as sports competitions, workplace events such as going to theatres, and various club activities as voluntary participation events for employees to promote



Program	Description
	friendships with other employees outside of work and motivate them for work.

**Fair treatment and evaluation of non-full-time employees**

- Payment of the same family allowances, housing allowances, and congratulatory or condolence money as those for full-time employees
- Enhancement of long-term absence and leave systems
- Introduction of an evaluation system to have follow-up interviews
- Reflection of evaluation results in salary and bonuses to increase employee motivation

Note that the Company pays at least the minimum wage in any employment category required by the prefecture where each of our sites is located.

**Obtaining the “Kurumin” certification logo**

In 2022, the Company was certified for the third time for conforming to standards based on the Act on Advancement of Measures to Support Raising Next Generation.



**Occupational health and safety initiatives**

We work to improve the workplace sanitation by placing top priority on ensuring occupational safety and disaster prevention. The company-wide Environmental Safety Committee formulates company-wide policies and activity plans, and each site works on workplace environment safety and security and disaster prevention activities in compliance with the Fire Service Act and other laws and regulations related to safety and disaster. At a workplace that handles chemical substances at the Fukaya Production Center, the Environmental Safety Committee serves as the main body to regularly patrol the workplace and check and improve hazardous locations.

**System for hazard identification, risk assessment, and incident investigation**

A monthly Occupational Safety and Health Committee meeting is held at each site. They deliberate and share information on safety and health activities while looking at the cause analysis of and measures for accidents and occupational accidents and the status of those who are absent due to illness. Furthermore, the division head of each workplace identifies the hazard in work and assesses risks in the workplace, and then takes action appropriately. They communicate the danger of handling chemical substances and their toxicity, in particular, to all employees, and regularly measure the organic solvent concentration in the work environment to assess its effect on the health of employees. We take measures to reduce occupational accidents and to prevent health issues at the Fukaya Production Center as a whole.

In the event of a serious accident or an occupational accident, a company-wide Accident Investigation Committee is established. We have established a framework of reporting the accident to the Committee quickly, investigating causes, developing recurrence prevention measures, and implementing the measures.

On September 15, 2022, there was a serious accident resulting in the death of one employee and injury of two employees. Accordingly, an Accident Investigation Committee was established to investigate the causes of the accident and develop recurrence prevention measures. The details on the investigation of causes of the accident and proposals on recurrence prevention measures by the Accident Investigation Committee were announced on November 11 of the same year. We take this accident, which resulted in a fatality and injuries, seriously. In order to prevent such an accident from occurring again, we will

ensure that the following recurrence prevention measures are steadily implemented, as well as build a proper and effective management system.

- Changing the manufacturing processes
- Improving the work area (air supply, local ventilation, etc.)
- Permanently installing a carbon monoxide concentration measurement instrument, installing an alarm system, etc.
- Providing safety education and training

In FY2022, six occupational accidents (including one fatal accident) occurred at Fukaya Production Center. We took measures to prevent occupational accidents from occurring again, including making improvements to hazardous locations based on special safety patrol and making sure that all employees are trained. Going forward, we will thoroughly investigate and take corrective action for potential risks and root causes of occupational accidents to eliminate them.

#### **System to improve a series of processes**

Based on audits of factories by the company-wide Environmental Safety Committee regarding environmental safety and work safety, we quickly improve matters requiring improvement and summarize such activities in Corrective Action Reports.

#### **System for employees to report on danger**

At the Fukaya Production Center, employees provide information on near misses and improvement requests during morning meetings and safety roundtables at each workplace so that an understanding on the potential danger at the workplace can be shared among all members. The Occupational Safety and Health Committee has also built a system to report on near misses and applied it to other workplaces. We take measures to reduce risks for reported near misses.

#### **Providing training on safety and health to employees**

The Fukaya Production Center regularly holds occupational safety workshops for all employees in an effort to raise employee awareness with respect to safe work. Our employees also actively participate in outside lectures to obtain the qualifications necessary for work.

### **Main FY2022 initiatives**

#### **Support for new and mid-career hire employees**

- In order to eliminate the anxieties associated with doing their first full-time job, we have introduced a mentor system for new employees, in which young employees who are close in age regularly interview them and provide mental support and other support for developing their careers.
- We have one-on-one interviews with individual mid-career hires to address any anxiety that they may feel about the new environment, so that they can exercise their ability as soon as possible.

#### **Initiatives for developing a comfortable work environment**

- Adoption of staggered work hours
- Addition of short work shift patterns for child and nursing care

#### **Encouragement to take paid leave**

- We encourage division heads to let their employees take paid leave.

#### **Understanding employees' requests through labor union meetings**

- In order to understand employees' requests properly, a meeting with the labor union is held every month.

#### **Occupational health and safety initiatives**

- Prevention of overwork and interviews with industrial physicians: We ask employees who have worked overtime exceeding the level set out in the internal regulations if they would like to have an interview with an industrial physician. We also encourage them to be aware of their physical health.
- Health checkups: Employees who are 35 years of age and older can receive a full medical examination at the Company's expense, and we encourage them to actively undergo health checkups.
- Stress checks: Conducted once a year, and the group analysis results are used in mental health care. We recommend employees who were determined to have elevated stress levels to talk with an industrial physician.
- Provision of health-related information: We distribute a monthly insurance newsletter. We have an industrial physician go over the health checkup results and encourage applicable employees to undergo an examination. Information on health issues and work environment from industrial physicians is posted on the bulletin boards in the Company.

■ Related data (Reference: ESG Databook 2023)

#### **Plan for the future**

In order to further promote the creation of a safe and rewarding workplace in accordance with the Basic Policy on Human Rights, we will undertake the following initiatives.

- We will develop and create a system for human rights due diligence.
- We will continue the human resources system reform so that employees will be motivated to engage in work.
- We will continue to consider an environment and system for the elderly to work comfortably.
- We will continue to consider an environment and system for handicapped people to work comfortably.