

T.Hasegawa

Sustainability Report 2025



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About this report

The report aims to communicate the Group's relationship and its value creation to its stakeholders. In addition, we report on important initiatives based on the Group's CSR Policy, thereby continuing to promote our sustainability initiatives.

In principle, we publish a Sustainability Report once every year in May. We also prepare ESG Databook 2025 and the GRI Standards Index, which are supplementary materials and integral parts of this report. Furthermore, we will disclose the report after gaining the approval of the Strategy Committee, which consists of the

representative director and senior vice presidents appointed by the representative director.

Referenced guidelines

This report was created with reference to the GRI Standards.

Organization to be reported

In principle, T. Hasegawa Group. Note that "the Company" refers specifically to T. Hasegawa Co., Ltd.

Period covered by the report

In principle, FY2024 (October 1, 2023 to September 30, 2024). Some FY2025 initiatives are also disclosed.

For inquiries concerning this report,

contact the CSR Division of T. Hasegawa Co., Ltd.
E-mail : eco@t-hasegawa.co.jp

Date of publication

June 2025

Company overview

Consolidated performance(FY2024)

	(million yen)
Net sales	71,645
Operating profit	9,371
Ordinary profit	9,723
Net profit attributable to owners of parent	7,201

Over 120 years in business



T. Hasegawa was established in 1903, at the beginning of the flavor and fragrance industry in Japan. Since then, we have accumulated flavor and fragrance know-how for over 120 years as a leading company.

No. 2 market share in Japan



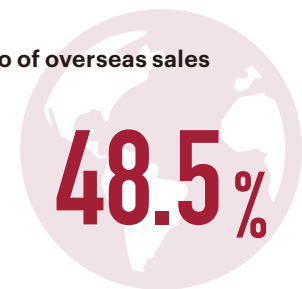
T. Hasegawa boasts the No. 2 market share in Japan and No. 10 in the world, with net sales of approximately 72 billion yen. We develop various processed foods, including beverages, daily necessities, and toiletry products from the aspect of flavor and fragrance.

Ratio of operating profit to sales



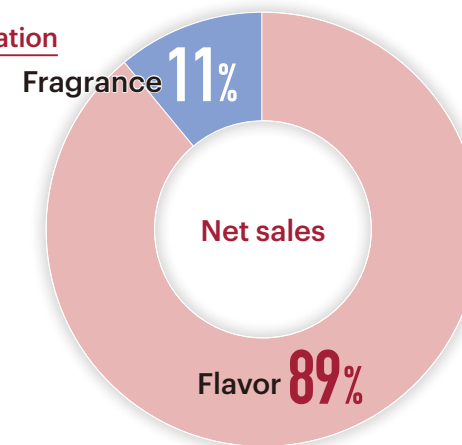
T. Hasegawa's ratio of operating profit to sales has remained high, at around 10% in past years. The company has engaged in sound management with high profitability since its listing on the stock exchange in 2000.

Ratio of overseas sales



T. Hasegawa's overseas sales now account for nearly 50% of our total sales, and we are developing into an increasingly global flavor and fragrance company.

Segment information



Flavor



Applications

Beverages, frozen and other desserts, confectioneries, dairy products, chewing gum, instant food, retort pouch food, animal feed, etc.

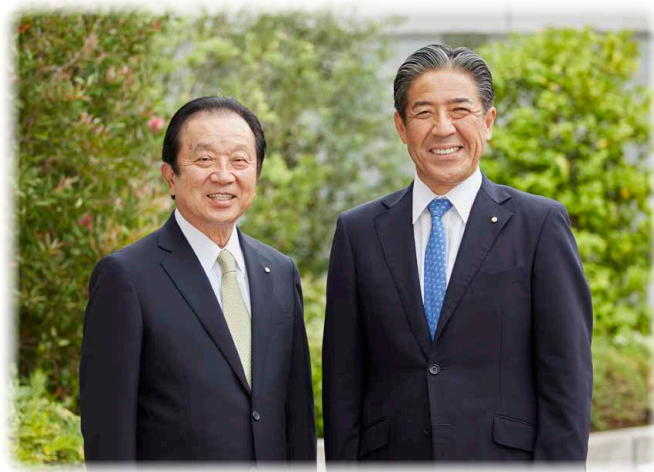
Fragrance



Applications

Perfumes, skin-care products, hair-care products, body-care products, bath additives, detergents, fabric softeners, air fresheners, etc.

Message from the President



Representative Director,
Chairman & CEO

Takao Umino

Representative Director,
President & COO

Kenji Hasegawa

I am Takao Umino, Representative Director, Chairman & CEO.

I would like to express my sincere gratitude for your continued support and cooperation in the corporate activities of the Group.

In October 2024, the Group has renewed its management structure.

I was appointed Representative Director, Chairman & CEO, and Kenji Hasegawa was appointed Representative Director, President & COO.

From now on, Hasegawa and I will work hand in hand to promote various sustainability measures.

Corporate statement

Looking at the global environment and developments in the world, climate change and natural disasters have exacerbated a wide range of social challenges, such as poverty, food shortages, and increasing income disparity between people all over the world. Furthermore, the flavor and fragrance industry is greatly affected by the declining birthrate and aging population in Japan, changes in consumer needs, and so on. Specifically, abnormal weather and loss of biodiversity due to climate change are expected to have a significant impact on the yields and quality of natural raw materials derived from plants

and animals, as well as on changes in customer needs and consumer trends as a result of temperature rises.

By accurately identifying such changes in customer needs and consumer trends, the Group has, since its founding, worked to help address various social issues, including food shortages, through initiatives such as developing flavor ingredients that serve as alternatives to depleting food resources and responding to increasing health consciousness. In FY2025, the Group established a new corporate statement: “To be a company that generates value and excitement to enrich lives, we utilize a broad range of technologies extending beyond flavors and fragrances.” This statement expresses the Group’s aspirations and the direction it seeks to pursue.

Moving forward, the Group will continue to act in accordance with the spirit of this corporate statement, striving as one to achieve sustainable growth and enhance corporate value.

In order to achieve sustainable growth for the Group, we need to build a resilient organization that can flexibly respond to changes in the business environment and unforeseen circumstances and strengthen our global expansion further while striving to expand our market share in the domestic market, which is maturing due to the declining birthrate and aging population. We will efficiently allocate management resources to the United States, which is our priority region, and to Asia, centering on China and Southeast Asia, to capture market growth potential and consumer preferences accurately. Furthermore, we will formulate and implement business strategies in response to changes in the business environment. We will also make investments to achieve sustainable growth in the future and aim to expand our business performance in overseas markets.

Improving corporate value and solving social challenges

The Group will center its efforts around three core strategies: expanding compound flavor and fragrance, increasing profitability in the domestic market, and driving growth in overseas markets. At the same time, we will promote sustainability initiatives, strengthen human capital, and pursue strategic selection and concentration of business operations.

Research

In Japan, under the Business Solution Division, which oversees sales, research, and marketing, we are attempting to refine existing technologies and develop new technologies by clarifying priority

areas in order to promote strategic research and development. Our aim is to improve our technological development capabilities, which will contribute to the sustainable growth of our Group. In addition, we will enhance our business acumen to capture market trends and our competitive mindset through collaboration with sales and marketing and differentiate ourselves from our competitors by developing products with unique characteristics. We will then focus on creating new value by leveraging outside knowledge and promoting technological innovation through the sharing and integration of intellectual assets. Furthermore, we will contribute to solving challenges facing society by utilizing the technologies we have developed in the flavor and fragrance business.

► Food (flavor)

In the Flavor Sector, we will continue to develop flavors by pursuing an ongoing expansion of health consciousness in society, which brings delicious taste to low-sugar, low-salt, and low-fat foods, as well as flavors that are stable and long-lasting, thereby ensuring safety and security as our first priority. In addition, we will focus our efforts on the development of flavors that can be used as substitutes for food materials to solve social challenges, such as the shortage of food resources.

► Fragrance

In the Fragrance Sector, we will work to continue expanding our market share in Japan by conducting thorough basic research and creating new fragrances with superior safety and stability. Overseas, we will endeavor to create fragrances preferred by local consumers based on the results of market research and preference surveys.

Sales

In the Sales Sector, through collaboration with research and marketing, we will strive to understand the potential customer desires by utilizing market research and analysis, thereby providing the right solutions that leverage our comprehensive strengths. Through these efforts, we aim to establish ourselves as a trusted partner to our customers, expand sales, and increase our sales share by contributing to customer success. We will also strengthen our search for and development of new customers and expand our sales base to support our future growth.

Procurement

To realize stable procurement of high-quality and price-competitive raw materials, we promote procurement activities that take into consideration resources, the environment, and human rights. We will engage in dialogue with our suppliers through supplier assessments and other means related to human rights, labor, the environment, fair

corporate activities, quality and safety, information security, supply chain, local communities, and corporate governance.

Production and quality control

We will promote further safety measures and develop an occupational health and safety system. We will also restructure our factories and integrate production equipment to accommodate changes in production items. Furthermore, we will promote coexistence with local residents by preventing the spread of odors around the factories and reducing GHG emissions over the long term. Efforts to improve manufacturing methods, review distribution systems, and optimize inventories will also continue to reduce manufacturing costs.

We will continue to place the highest priority on complete quality control and assurance of safety and attempt to provide safe and reliable products that satisfy our customers under a comprehensive quality assurance system covering research and development, raw materials procurement, production, and sales under the leadership of the Quality Assurance Division, which communicates directly with the President & COO.

Overseas expansion

The global flavor and fragrance market continues to grow at an average annual rate of around 3%. The Group will continue striving for sustainable growth by allocating management resources efficiently, expanding sales overseas, and further strengthening partnerships with customers.

In the United States, we are actively promoting local sales activities with the aim of increasing sales in the savory, health, and beverage segments. We will also work to expand our business in the U.S. market by leveraging synergies with ABELEI, which we acquired in September 2024, to broaden our sales channels in the Midwest region, and by promoting the application and expansion of Japanese technologies that are highly valued by our customers.

In China, the Group has established a new manufacturing subsidiary to prepare for the construction of a third production site aimed at increasing capacity. We are working to strengthen both our research and production systems, while also enhancing our sales operations by leveraging collaboration with R&D and utilizing our marketing capabilities. Through these efforts, we aim to expand sales by tapping into new sectors and uncovering latent demand.

In Southeast Asia, we are working to expand sales through collaboration between our manufacturing and sales base in Malaysia and our sales offices in Thailand and Indonesia. We have already

secured land in the Enstek Industrial Park in Malaysia for a new production facility and will increase production capacity to meet growing demand in both the Asian and halal markets. We will also accelerate our responsiveness to customer needs by promoting the use of our application laboratories, expanding our ingredient library, and improving efficiency through the use of flavor kits.

Sustainability

There is a greater demand for initiatives that not only pursue the growth of one's own company, but also build a sustainable society with a greater focus on its stakeholders. Amid these circumstances, we first organized CSR activities that we have engaged in for many years. Next, we expressed our support for the IFRA-IOFI Sustainability Charter and the UN Global Compact, which were both signed in 2020. Finally, we determined that our materiality is categorized into two types: solving social issues through our business process and by our products. Then, based on the materiality set forth, we have stipulated six CSR policies ("Procurement," "Environment," "Human rights and labor," "Quality safety," "Governance—Fair corporate activities," and "Innovation") in 2020.

We established the Sustainability Committee to promote initiatives under the six CSR policies. In March 2022, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and in June 2024, we disclosed information based on the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), integrating them with our TCFD-based disclosures.

We also identify human rights risks that should be dealt with to prevent or mitigate the negative impact of business activities on human rights. We take measures to address identified risks and regularly monitor and disclose information to improve our efforts.

Human capital

Since our founding, our people ("our human capital") have supported the Company. As the external environment changes on a daily basis, it is necessary to hire and develop human resources who can flexibly respond to change (without regard to race, nationality, gender, religion, disability, or other attributes) and enhance our human capital in order to solve a range of problems facing the world. The Group considers human resources as capital and promotes human capital management. This approach aims to maximize the value of human resources and increase corporate value over the medium to long term by continuously considering and implementing improvement measures.

In line with our management policy of promoting human capital management, enhancing employee engagement, and creating a comfortable working environment, we continue to align our management and human resources strategies through initiatives such as reforming our personnel systems and advancing talent development programs. We aim to build a workplace where employees embrace change, take on new challenges, and feel a sense of purpose and fulfillment.

Gaining and strengthening trust with stakeholders

As a member of society, the Group strives to gain and strengthen relationships of trust with each of its stakeholders.

For example, to ensure timely and appropriate information disclosure, transparency, and accountability to shareholders, we are strengthening IR activities by holding individual meetings with analysts and institutional investors, holding financial results briefings for institutional investors, and enhancing information disclosure.

Conclusion

To achieve the sustainable growth of the Company and the realization of a sustainable society, we must look not only one or two years from now, but also evolve with a broader perspective of the future 10 or 100 years ahead. The world of flavors and fragrances still leaves uncharted territory, but we have the latest science and the sensibilities we have inherited from more than a century of history. To pursue the limitless possibilities of flavors and fragrances, we aim to make proposals that exceed expectations as a partner in manufacturing by analyzing flavor and fragrance trends, developing new technologies, and strengthening our ability to make proposals that anticipate potential needs.

The world is facing a variety of challenges, such as worsening global environmental problems, maturing and diversifying markets, aging societies, and food resource shortages. To help address these issues, we aspire to be a company that goes beyond flavor and fragrance, leverages a broad range of technologies to create new value and inspiration, and contributes to a richer, more fulfilling life.

Value creation story

T. Hasegawa Group's vision for the future

We aim to be a company that goes beyond flavors and fragrances and that creates new value and inspiration through a wide range of technologies, contributing to a richer and more fulfilling life.

In FY2025, T. Hasegawa Group established its Corporate Message, Corporate Statement, and Action Guidelines. To provide products that customers can use with confidence, we act as a manufacturing partner by delivering proposals that exceed customer expectations and contribute to customer success. As a member of society, we also strive to build and strengthen trust-based relationships with all stakeholders, address social issues, and help create a more enriched society.

The T. Hasegawa Approach

Corporate Message

Better through Sensing



Action Guidelines

- ① We are dedicated to delivering safe and reliable products.
- ② We contribute to the success of our customers.
- ③ We collaborate to innovate products and services that surpass expectations.
- ④ We are committed to building a sustainable society.
- ⑤ We act with integrity.
- ⑥ We are committed to continuous learning and growth.
- ⑦ We embrace change and willingly take on new challenges.
- ⑧ We create a workplace that is inspiring and attractive to all.

Corporate Message

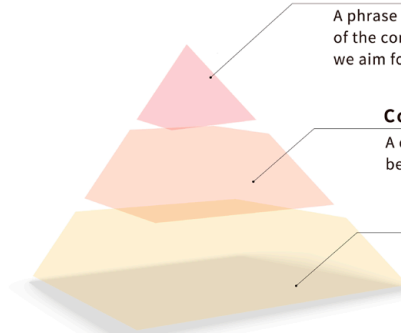
A phrase that encapsulates the ideal vision of the company. It provides a direction that we aim for to all stakeholders.

Corporate Statement

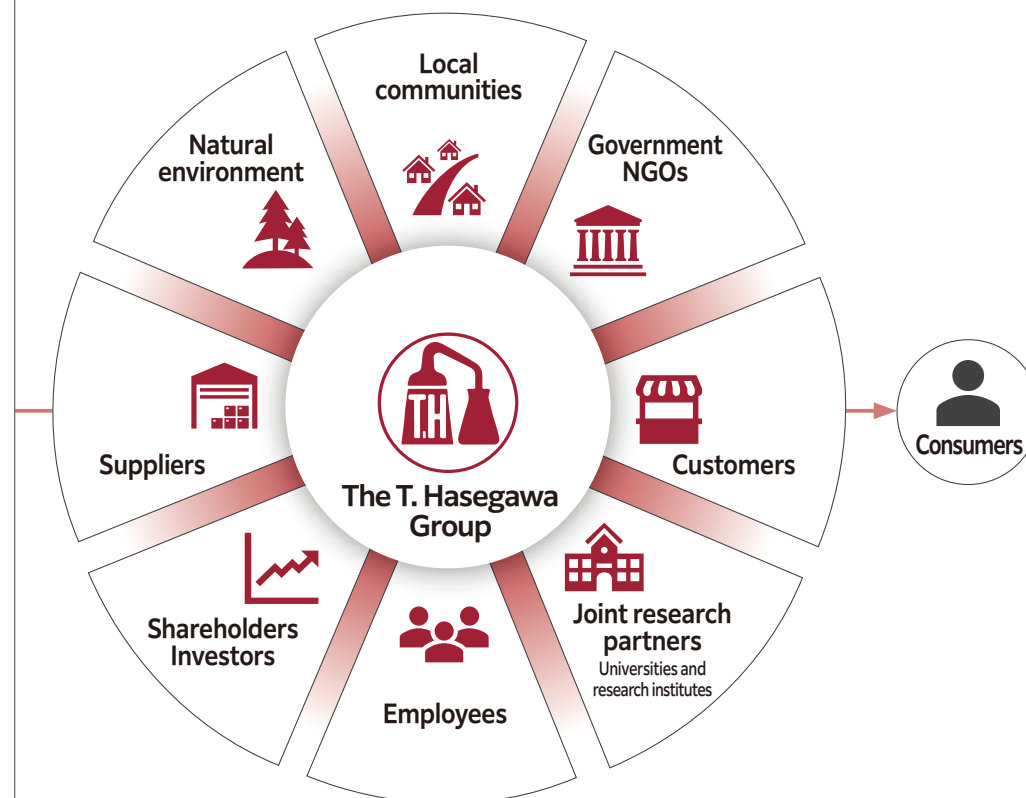
A concise sentence of the original concept behind the corporate message.

Action Guidelines

The mindset and awareness that executives and employees should possess for accelerating organizational growth.



Our stakeholders

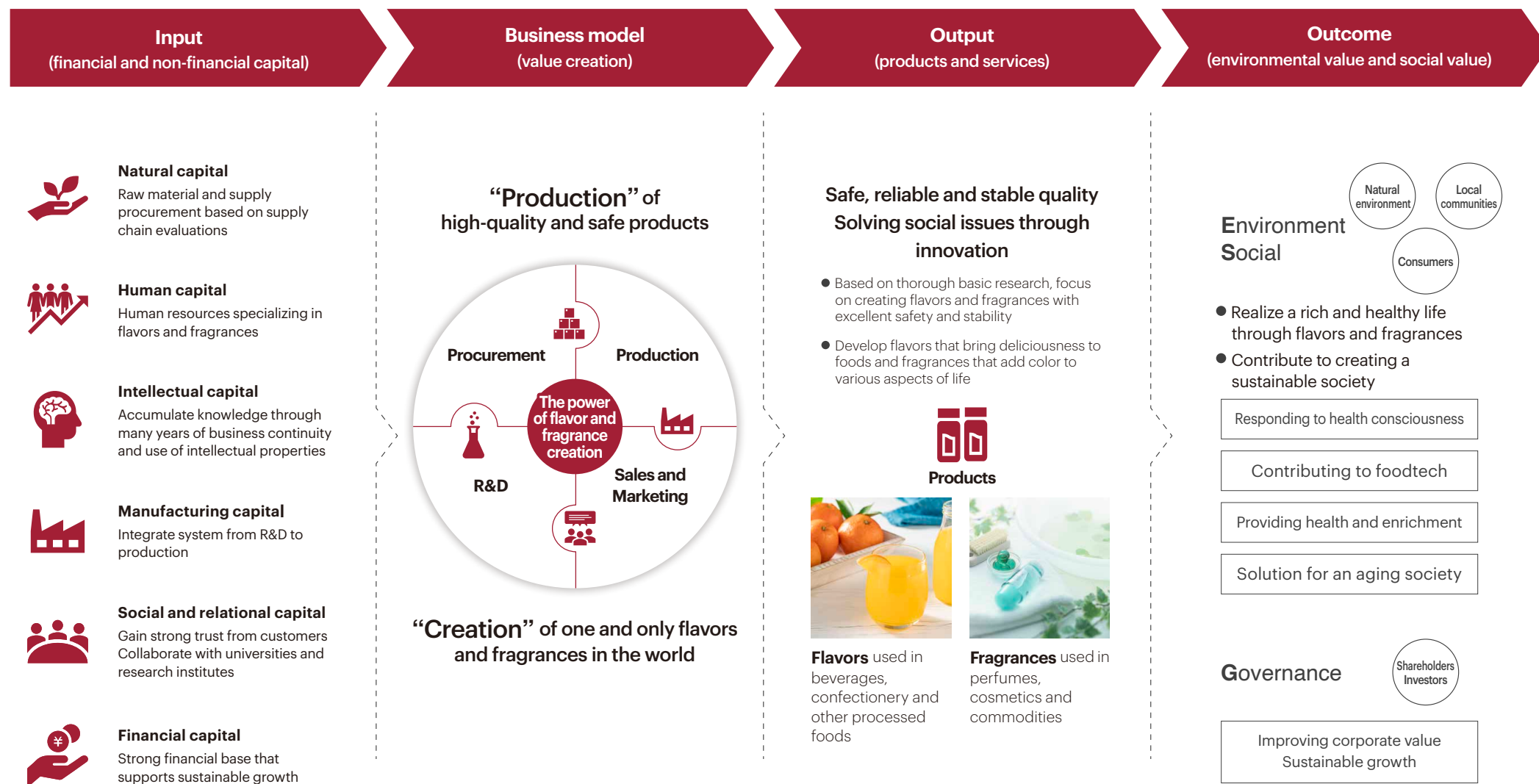


Value creation process/Coexistence with environment and community

While realizing an enriched and healthy life through flavors and fragrances, we contribute to establishing a sustainable society by solving social issues.

Through our value-creation process, which consists of “Creation” of unique flavors and fragrances in the world and “Production” of high-quality and safe products, we will contribute to the realization of affluent and healthy living by providing high value-added products. We will also use flavor and fragrance technology to solve social challenges and contribute to building a sustainable society.

For more details, please refer to [the T. Hasegawa Group value creation story \(PDF\)](#).



Sustainability promotion system

T. Hasegawa Corporate Code of Conduct

In FY2025, the T. Hasegawa Group* established a corporate statement that expresses the Group's aspirations and direction: "To be a company that generates value and excitement to enrich lives, we utilize a broad range of technologies extending beyond flavors and fragrances."

To realize this vision, we have established the T. Hasegawa Corporate Code of Conduct as a set of rules that each of us must observe and ensure that it is shared across the Group.

All executives and employees of the Group will fulfill their social responsibilities by understanding and adhering to this Code of Conduct and acting sincerely and fairly with high ethical standards.

List of key policies

◆ CSR Policy

◆ Environment

- [Environmental Philosophy](#)
- [Environmental Safety Policy](#)
- [ISO 14001 Environmental Policy](#)

◆ Society

- [T. Hasegawa Group Procurement Policy](#)
- [T. Hasegawa Group Supplier Guidelines \(PDF\)](#)
- [T. Hasegawa Group Supplier Selection Criteria \(PDF\)](#)
- [Basic Policy on Human Rights](#)
- [Occupational Health and Safety and Health Promotion Policy](#)
- [Quality & Food Safety Policy](#)

◆ Governance

- [Basic Policy on Corporate Governance \(PDF\)](#)
- [Policy on decisions regarding the remuneration, etc., of individual directors](#)
- [T. Hasegawa Group Policy on Bribery and Corruption](#)
- [T. Hasegawa Group Tax Policy](#)

T. Hasegawa Corporate Code of Conduct

1. Compliance with laws and regulations

We always pay attention to laws and regulations, work to understand them, and act based on social common sense.

2. Initiatives for environmental issues

As a member of society, we proactively work on environmental issues to protect the environment.

3. Opposition to antisocial forces

We stand firm against antisocial forces and organizations of a similar nature and never engage in any relations with such parties.

4. Respect for human rights

We respect the basic human rights of each individual and never engage in any unfair discrimination or harassment.

5. Respect for the rights of third parties

We respect the rights of third parties in pursuing the Company's business and will not infringe on any such rights.

6. Compliance with quality safety standards

We endeavor to provide safe products that comply with laws under a strict quality control system.

7. Prohibition of insider trading

We conduct fair stock trading and never conduct insider trading or any other suspicious stock trading.

8. Prohibition of conflict of interest

We do not conduct any act as listed below that will or could result in a conflict between our own and the Company's self-interest.

- (1) Becoming an officer or employee of a competitor of the Company
- (2) Promoting or supporting the sales activities of a competitor of the Company
- (3) Performing an act that competes with the business of the Company

9. Handling of information inside the Company

We are fully aware of the value of the information possessed by the Company and of the information provided by third parties.

We strictly manage such information by observing our company rules ("Confidential Information Management Rules" and "Rules Related to Information Inside the Company and to Insider Trading").

10. Actions towards customer

We do not engage in any act of entertainment or gift-giving that is regarded as bribery, nor any other act that deviates from socially accepted business practices.

11. Relationships with suppliers

- (1) We interact with suppliers with good sense and sincerity and treat them fairly and justly in business transactions.
- (2) We do not abuse the Company's dominant bargaining position to impose any unjustified disadvantages on suppliers.
- (3) We never accept rebates or kickbacks from suppliers.

Note: In some overseas locations within the T. Hasegawa Group, versions of this Code of Conduct have been adapted to reflect local circumstances.

CSR Policies

We have formulated CSR policies to guide the corporate social responsibility initiatives that the T. Hasegawa Group has traditionally pursued, and we are promoting these efforts through a company-wide implementation framework.

Basic approach and policy

◆ Formulation of CSR Policies

Based on the CSR activities that we have been conducting and our support for the IFRA-IOFI Sustainability Charter and the UN Global Compact, we considered our materiality from two aspects of solving social challenges (contributing through our business processes and contributing through our products), and we have established six CSR policies.

◆ CSR Policies: Formulation process and regular review

We formulate CSR Policies by considering materiality from the viewpoint of the Group and its stakeholders and then obtaining approval from the Strategy Committee, which consists of the representative director and senior vice presidents appointed by the representative director. Any future change to the CSR Policies must also be approved by the Strategy Committee.



The IFRA and the IOFI* share a common belief that establishing sustainability activities in a corporate business strategy is essential to achieving a prosperous and sustainable future. This shared belief is defined in the Sustainability Charter, which the Company signed.

IFRA-IOFI Sustainability Charter

1. Ensure responsible sourcing throughout the value chain.
2. Reduce our environmental footprint and address climate change.
3. Enhance the well-being of employees and ensure a rewarding labor environment.
4. Be at the leading edge of product safety.
5. Be transparent and a reliable partner for society.

We extracted issues from our corporate motto, business vision, risks, opportunities, and existing initiatives that should be examined. After that, we prioritized the extracted issues based on the expectations and requests of stakeholders and from the perspective of our business strategy. We also referred to international guidelines on the social responsibility of organizations, such as the GRI Standards.

The Sustainability Committee checked the validity of the extracted issues by discussing them with each division. They were confirmed as issues once they had been approved by the Strategy Committee. We considered the issues to be the Company's materiality issues and formulated six CSR policies.

The Strategy Committee reviews the CSR policies once a year. They are reviewed as necessary according to the progress of initiatives, changes in the social conditions, requests from stakeholders, etc.

* International Fragrance Association (IFRA);
International Organization of the Flavor Industry (IOFI)

Governance

◆ Development of a sustainability promotion system

In order to contribute to creating new value and inspiration through a wide range of technologies that are not limited to flavors and fragrances with the aim of contributing to a richer and more fulfilling life, we strengthen sustainability initiatives and ensure thorough risk management while capturing business opportunities through innovation.

The person in charge of sustainability in the Company is the CEO. Under this framework, we have established a Sustainability Committee to strategically promote sustainability initiatives, including matters stated in the CSR Policy and ESG, across the entire Group. The Committee develops group-wide business strategies related to sustainability, and deliberates and resolves important matters, including initiative details. Matters deliberated by the Sustainability Committee are referred and reported to the Strategy Committee and the Board of Directors as necessary. In addition, we delegate authority to related divisions depending on the matter.

Sustainability promotion system chart



◆ Overview of the Sustainability Committee

Objective

The objective of the Sustainability Committee is to strategically promote sustainability initiatives, including matters stated in the CSR Policy and ESG, across the entire Group.

Sustainability committee members

► Chairperson

Officer in charge or deputy officer in charge of internal management control

► Committee members

Committee members appointed by the Chairperson upon recommendation from the officers in charge of each division

► Secretariat

Corporate Planning Division and the CSR Division

Activities in FY2024







In FY2024, the Sustainability Committee met twice.

The committee reviewed the CSR policies, discussed the addition of SDGs icons, and deliberated on the publication of the Sustainability Report.



Strategies

◆ Relationship between the CSR Policies, risks, opportunities, and business strategies

Category	CSR Policy (materiality)		Business strategy/approach		SDGs that we are targeting
Social issues we aim to resolve through business processes	Procurement	We will promote responsible procurement across the value chain.	Expand business opportunities	<ul style="list-style-type: none"> Local procurement and production overseas 	
			Reduce risk	<ul style="list-style-type: none"> Ensuring the stock management of raw materials and diversification of the purchase channels Distribution of risks of local procurement and production in other countries Investigation and development of alternative raw materials Sustainability survey and support for suppliers 	
	Environment	We will learn the importance of reducing the environmental impact and actively engage in environmental protection and improvement activities.	Expand business opportunities	<ul style="list-style-type: none"> Response to social needs brought about by climate change 	
			Reduce risk	<ul style="list-style-type: none"> Environmentally friendly product design, manufacturing and environmental safety audits Effective use of waste products and installation of sufficient deodorizing equipment 	
	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.	Expand business opportunities	<ul style="list-style-type: none"> Improvement of production efficiency 	
			Reduce risk	<ul style="list-style-type: none"> Securing human resources Prevention and remedy for human rights violation Prevention of labor accidents 	
	Quality safety	We will become a leader in product safety.	Expand business opportunities	<ul style="list-style-type: none"> Building a system to provide safe, secure and diverse flavors and fragrances, etc., with high palatability 	
			Reduce risk	<ul style="list-style-type: none"> Development of an efficient production system and stable supply of products A reliable quality assurance system based on an enhanced inspection system and strict standard-setting Development of technicians who can produce quality products 	
	Governance Fair corporate activities	We will ensure the soundness, fairness, and transparency of management and become a reliable partner for society.	Reduce risk	<ul style="list-style-type: none"> High transparent management 	
	Innovation	We will contribute to resolving social issues through the flavor and fragrance business.	Expand business opportunities	<ul style="list-style-type: none"> Sustaining R&D investments Speedy development: accurately identify and rapidly respond to customer requests and latent needs Detailed response to customers Response to increased demand for alternative raw materials triggered by climate change 	

Indicators and targets

We set out KPIs and to confirm their progress in an attempt to effectively work on the CSR Policies (materiality).

CSR Policy (materiality)		KPI	FY2024 results	Evaluation of the progress/Future policy
Procurement	We will promote responsible procurement across the value chain.	<ul style="list-style-type: none"> Supplier assessment implementation rate FY2024: 80% FY2025: 85% 	<ul style="list-style-type: none"> Supplier assessment implementation rate: 82% completed (based on amount raised) 	<ul style="list-style-type: none"> Supplier assessment implementation rate: FY2025: 85% FY2026: 90%
Environment	We will learn the importance of reducing the environmental impact and actively engage in environmental protection and improvement activities.	<ul style="list-style-type: none"> Continuation of the ISO 14001 certification Energy consumption per unit 1.3% reduction compared to the previous year GHG emissions(scopes 1 and 2) 30% reduction in FY2024 compared to FY2013, 46% reduction by FY2030 compared to FY2013 Green power procurement Reduction in water usage per unit: 2.1% reduction compared to the previous year — 	<ul style="list-style-type: none"> Continuation of the ISO 14001 certification Energy consumption per unit 3.6% reduction compared to the previous year GHG emissions (set a target for each scope 1 and 2) 36% reduction compared to FY2013 Rate of green power procurement 18.3% Reduction in water usage per unit: 2.7% reduction compared to the previous year — 	<ul style="list-style-type: none"> Continuation of the ISO 14001 certification Energy consumption per unit 1.0% reduction compared to the previous year (FY2025) GHG emissions (set a target for each scope 1 and 2) 33% reduction compared to FY2013 (Target for FY2025) 46% reduction by FY2030 compared to FY2013 100% green power procurement rate by FY2029 Reduction in water usage per unit: 1.7% reduction compared to the previous year (FY2025) Reduction in water usage by 18% by FY2030 compared to FY2022
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.	<ul style="list-style-type: none"> Percentage of women in management positions More than 18% by FY2027 Percentage of mid-career workers in management positions More than 18% by FY2027 Percentage of management positions filled by foreign nationals Maintain 30% or more Interview implementation rate based on the new human resources system: 100% 	<ul style="list-style-type: none"> Percentage of women in management positions 16.8% Percentage of mid-career workers in management positions 16.8% Percentage of management positions filled by foreign nationals 40.0% Interview implementation rate based on the new human resources system: 100% (excluding employees who are absent from work) 	<ul style="list-style-type: none"> Percentage of women in management positions More than 18% by FY2027 Percentage of mid-career workers in management positions More than 18% by FY2027 Percentage of management positions filled by foreign nationals Maintain the status of 30% or more (Current status maintained) Implementation rate of interviews under the human resources system, excluding employees who are absent from work 100%
Quality safety	We will become a leader in product safety.	<ul style="list-style-type: none"> Continuation of the ISO 9001 and FSSC 22000 certifications Serious quality incidents with market recalls (number of recalls): 0 cases in the year 	<ul style="list-style-type: none"> A regular audit for ISO 9001 and FSSC 22000 was conducted. There were no serious remarks, so we were approved to keep the standards. Serious quality incidents: 0 cases 	<ul style="list-style-type: none"> Continue the management system certification and build a higher quality food safety system. —
Governance Fair corporate activities	We will ensure the soundness, fairness, and transparency of management and become a reliable partner for society.	<ul style="list-style-type: none"> Evaluation of the effectiveness of the Board of Directors: Once a year Rate of taking the compliance comprehension test: 100% Rate of taking the harassment prevention training (for new managerial staff): 100% Training on internal control (for new employees and new managerial staff): At least once a year Report on the progress of response to serious risks (follow-up): At least twice a year 	<ul style="list-style-type: none"> Evaluation of the effectiveness of the Board of Directors: Once a year Rate of taking the compliance comprehension test: 100% Rate of taking the compliance training (including harassment prevention; all employees, including executive officers, assigned employees, and temporary employees): 100% Training on internal control (for new employees and new managerial staff): Once a year each Report on the progress of response to serious risks (follow-up): Twice 	<ul style="list-style-type: none"> Evaluation of the effectiveness of the Board of Directors: Once a year We aim to continue achieving various indexes by continuing our compliance and risk management initiatives to reinforce the governance system and make it effective Rate of taking the compliance comprehension test: 100% Rate of taking the compliance training (including harassment prevention; all employees, including executive officers, assigned employees, and temporary employees): 100% Training on internal control (for new employees and new managerial staff): Once a year each Report on the progress of response to serious risks (follow-up): Twice
Innovation	We will contribute to resolving social issues through the flavor and fragrance business.	<ul style="list-style-type: none"> Ratio of the R&D expense to sales: Around 8% on a consolidated basis Continuation of open innovation 	<ul style="list-style-type: none"> Ratio of the R&D expense: 7.7% (consolidation) Number of joint research: 14 	<ul style="list-style-type: none"> Maintain 8% in the ratio of the R&D expense Search for new joint research and continue to strengthen the system to resolve social issues.

For ESG data other than the above, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).

Stakeholder engagement

Our Group views all organizations and people involved in the Group's value creation as stakeholders. We consider engaging in dialogue with stakeholders to be important and focus on gaining their trust.

Stakeholder	Basic approach	Main dialog method/case	Mainly related to CSR Policy
Customers	Build a relationship of trust with customers through the provision of safe and reliable products and aim to contribute to customer success.	<ul style="list-style-type: none"> Sales activities Understanding customer satisfaction Website Replying to supplier surveys 	CSR Policy 4: Quality safety CSR Policy 6: Innovation
Joint research partners: universities and research institutes	Endeavor to absorb cutting-edge research and improve technologies by sharing knowledge, exchanging views, etc.	<ul style="list-style-type: none"> Conducting joint research and dispatching employees to joint research partners Regular guidance and lectures by university professors, etc. Open innovation Participation in conferences and research groups 	CSR Policy 6: Innovation
Employees	Respect the diversity of each individual employee, foster a corporate culture that showcases the ability of individual employees most, and work to develop a comfortable work environment.	<ul style="list-style-type: none"> Tier-specific training Labor union Whistleblowing system Interview for performance evaluation by the Personnel Division (defining targets and mid-term and final evaluation) Stress check (once a year) Self-assessment system (once a year) 	CSR Policy 3: Human rights and labor
Shareholders/ Investors	Endeavor to improve sustainable growth and corporate value by building a relationship of trust with shareholders and investors through timely and appropriate information disclosure and communication opportunities under a reliable and transparent management system.	<ul style="list-style-type: none"> General meeting of shareholders (once a year) Financial results briefing (twice a year) IR individual meeting Various disclosure materials IR site 	CSR Policy 5: Governance Fair corporate activities
Suppliers	Build a long-term relationship of trust through fair, impartial, and transparent transactions in accordance with the T. Hasegawa Group Procurement Policy.	<ul style="list-style-type: none"> Purchase activities Supplier monitoring Accompanying site inspections Conducting questionnaire surveys 	CSR Policy 1: Procurement
Natural environment	Take into consideration global environment protection in all business activities.	<ul style="list-style-type: none"> Promoting GHG emission reduction measures Promotion of energy conservation measures (conversion to non-fossil energy) Holding Environmental Safety Committee meetings (facilities, R&D centers: every month; company-wide: 3-4 times per year) Management of ISO 14001 (external and internal audits: once a year, excluding the head office) Environmental safety audit (internal audit: once a year) Various patrols (safety, energy conservation, static electricity, fire preventive object, etc.: once a year) Resource conservation, and reduction and effective use of waste products (including some composting) 	CSR Policy 2: Environment
Local communities	Achieve harmonious coexistence with the local communities by contributing to resolving issues and developing the local communities through business activities.	<ul style="list-style-type: none"> Contribution to the local communities through business activities Implementation of environmental (odor) patrol (around each facility and R&D center) Implementation of community contribution activities 	CSR Policy 2: Environment CSR Policy 6: Innovation
Governments/ NGOs	Collaborate with governments and NGOs to resolve social issues through dialogues, participation in industry organizational activities, etc.	<ul style="list-style-type: none"> Participation in industry organizational activities Dialogues with governments/NGOs Compliance with related laws 	CSR Policy 5: Governance Fair corporate activities
Consumers	Contribute to the realization of affluent and healthy living through the final products in which our products are used.	<ul style="list-style-type: none"> Feedback through customers 	CSR Policy 4: Quality safety CSR Policy 6: Innovation

Involved initiatives

The Group is actively and continuously engaged in sustainability initiatives to contribute to the creation of a sustainable society where people can enjoy richer and healthier lives.

◆ Signing the IFRA-IOFI Sustainability Charter

We have already joined the Japan Flavor & Fragrance Materials Association (JFFMA), which is a member of the International Fragrance Association (IFRA). We are also a member of the International Organization of the Flavor Industry (IOFI). We contribute to various activities of these organizations on sustainability, including securing the safety of flavors and fragrances directly and by participating in JFFMA's activities.

The IFRA and the IOFI share a common belief that establishing sustainability activities in a corporate business strategy is essential to achieving a prosperous and sustainable future. This shared belief is defined in the Sustainability Charter. We emphasize sustainability the most and have been conducting various activities. We signed the Sustainability Charter on March 31, 2020, to express such activities as our commitment at a high level. To achieve a sustainable society, we will work on the following five domains stipulated in the Sustainability Charter.

IFRA-IOFI Sustainability Charter

1. Ensure responsible sourcing throughout the value chain.
2. Reduce our industries' environmental footprint and address climate change.
3. Enhance the well-being of employees and ensure a rewarding labor environment.
4. Be at the leading edge of product safety.
5. Be transparent and a reliable partner for society.

◆ Signing the UN Global Compact

T. Hasegawa signed the UN Global Compact, an initiative advocated by the UN, and was registered as a participating company on August 24, 2020. On the same day, we also joined the Global Compact Network Japan, a local network of UN Global Compact participants in Japan.

The UN Global Compact is a global framework for realizing sustainable growth. It encourages participating companies and organizations to commit to responsible and creative leadership and to serve as positive members of society.

We support the ten principles of "Human Rights, Labour, Environment and Anti-Corruption" outlined in the UN Global Compact. T. Hasegawa will continue to promote responsible management for all stakeholders in order to create a sustainable world.

UNGC 10 Principles

► Human Rights

Principle 1:
Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2:
Businesses should make sure that they are not complicit in human rights abuses.

► Labour

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

Principle 6:
The elimination of discrimination in respect of employment and occupation

► Environment

Principle 7:
Businesses should support a precautionary approach to environmental challenges.

Principle 8:
Undertake initiatives to promote greater environmental responsibility.



Principle 9:

Encourage the development and diffusion of environmentally friendly technologies.

► Anti-Corruption

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

◆ EcoVadis Rating

The T. Hasegawa Group has received high evaluations in the annual CSR (Corporate Social Responsibility) assessment conducted by EcoVadis (headquartered in France). In FY2023, we were awarded a Bronze Medal, and in FY2024, we received a Commitment Badge.

◆ CDP Rating

The T. Hasegawa Group responds to the CDP questionnaires, and in FY2024, received a score of Management Level (B) for both Climate Change and Water Security.

◆ Main organizations and initiatives

We support and participate in a wide range of global sustainability initiatives.

- United Nations Global Compact (UNGC)
- IFRA-IOFI Sustainability Charter
- International Fragrance Association (IFRA)
- International Organization of the Flavor Industry (IOFI)
- Roundtable on Sustainable Palm Oil (RSPO)
- Japan Sustainable Palm Oil Network (JaSPON)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Task Force on Nature-Related Financial Disclosures (TNFD)
- CDP
- EcoVadis
- Sedex
- Japan Chemical Industry Association
- Japan Flavor & Fragrance Materials Association



Social Contribution

Main initiatives

◆ Inspired by the creation of our Harumeki fragrance, we are establishing a new style of social contribution.

We participate in the tree planting program and the product development program hosted by the Harumeki Foundation established to support the visually impaired.

Harumeki refers to early blooming cherry blossoms characterized by their sweet scent and deep pink color. Although there is a wide variety of cherry blossoms, not many have a strong scent. Harumeki is one of the strongest scented cherry blossoms among them.

Inspired by the creation of the Harumeki fragrance, T. Hasegawa participates in some of the programs hosted by the Foundation.



1) Participation in the Tree Planting Program

The Harumeki Foundation hosts a program to promote diffusion of Harumeki and to support the visually impaired through donations to the Foundation, and T. Hasegawa participates in the program as well as contributes a certain percentage of the sales to the Foundation.

We also planted Harumeki trees at our R&D Center and Fukaya Facility.

2) Participation in the Product Development Program

The Harumeki Foundation hosts a program to develop products using our fragrance inspired by the Harumeki fragrance and to donate a certain portion of the sales to the Foundation.

We decided to participate in this program to support the product development.

T. Hasegawa continues its social contribution activities through the programs of the Foundation.

◆ Publication of “The Science of Flavors and Fragrances” and Donation of the Royalties

We published the second edition of our book titled “The Science of Flavors and Fragrances” on October 1, 2024 to contribute to the scientific



understanding of flavors and fragrances, which was originally released in 2013.

The royalties are continuously donated to the Japan Guide Dog Association to support guide dog training.

◆ Publication of “The Mysteries of Fragrance and Flavor” and Donation of the Royalties

We published a book in 2022 titled “An Illustrated Guide to the Mysteries of Fragrance and Flavor” that contains many illustrations. It explains complex contents in plain language as much as possible, even for non-specialists. An e-book edition was also released in December 2024.

The royalties are donated to Second Harvest Japan, a certified non-profit organization that operates as a food bank.



◆ Donation for the Noto Peninsula Earthquake Relief

The T. Hasegawa Group made a donation to support those affected by the 2024 Noto Peninsula Earthquake.

◆ Social Contribution Activities for Local Communities and Children

The T. Hasegawa Group has declared its support for the Children's Rights and Business Principles in its Human Rights Policy and engages in social contribution activities aimed at children and local communities. In FY2024, we carried out the following initiatives.

- Collaboration on an article about flavors and fragrances for a high school chemistry supplement
We cooperated in the publication of an article introducing flavors and fragrances as substances that are closely connected to our daily lives and enrich the world.
(Science View: Comprehensive Chemistry Reference / Edited by Jikkyo Shuppan Editorial Department)
- Supporting local traditions through community engagement
At our headquarters, we provide part of our premises for a traditional Inari Shrine as a member of the local neighborhood association. For generations, our employees have served as the administrative office, taking responsibility for the shrine's upkeep and festival operations. These efforts help to preserve local traditions and foster strong relationships with the community. We also participated in the 2024 festival alongside neighborhood residents.

- In times of emergency, the R&D Center provides drinking water and temporary shelter to nearby residents.
- We provide product samples and career information to public institutions, such as during the open day of the National Institute of Health Sciences.
- We organize welcome visits for local high school students near the R&D Center and provide career guidance.
In response to requests to “help students aspiring to pursue science-related fields develop a better understanding of future career options,” we offer tours of the research facility and share the excitement of scientific research, as well as the importance of academic learning.
- Researchers cooperate by giving lectures and talks at high schools and universities, particularly at their alma maters.
- Corporate Hometown Tax Contributions (Fukaya and Itakura)
We made donations to the municipalities where our facilities are located by utilizing Japan's corporate hometown tax program. The main initiatives supported through these contributions include the following:
Fukaya City
– industrial promotion, and zero-carbon city initiatives
Itakura Town
– employment expansion, enhanced support systems for marriage, childbirth, and child-rearing
- Five employees volunteered to participate in Fukaya City's comprehensive fire drill.
At the Fukaya Facility, they took part in distributing fire prevention awareness materials.
- T. Hasegawa (Shanghai) Co., Ltd. has implemented a public-interest scholarship project in collaboration with a university.
- T. Hasegawa U.S.A., Inc. engages in toy donation activities. The company partners with Toys for Tots, a toy collection program run by the U.S. Marine Corps Reserve, through which employees donate new toys that are distributed to children in need. This toy drive is held during the holiday season, typically beginning in October or November each year.

CSR Policy 1: Procurement

Basic approach and policy

In order to provide customers with products that can be used with peace of mind, it is essential to build a supply chain that enables stable sourcing of good quality and price-competitive raw materials.

By gaining their long-term trust with suppliers through fair, impartial, and transparent transactions, we will promote procurement activities that take into consideration resources, the environment, and human rights, so that the entire supply chain will be able to grow sustainably.

For the purpose of promoting responsible procurement across the entire supply chain, we have established the “T. Hasegawa Group Procurement Policy” and “T. Hasegawa Group Supplier Guidelines.” We request existing suppliers to submit a consent letter to our Supplier Guidelines, and also require new suppliers to do the same at the start of any business relationship.

T. Hasegawa Procurement Policy

1. Legal compliance and ethical transactions

We will observe laws and social norms in each country and region and promote procurement activities with high ethical standards and social good sense together with suppliers.

2. Considerations for human rights

We will respect human rights in every situation and endeavor to ensure that no activities that may violate human rights are conducted across the entire supply chain so that there is no discrimination.

3. Considerations for the global environment

Together with all suppliers, we will conduct sustainable procurement activities that take into consideration global environmental protection with an awareness of reducing the environmental impact.

4. Mutual trust, co-existence, and prosperity with suppliers

We will respect the standpoint of counterparties based on mutual trust according to the principles of fair and open competition and seek to co-exist and achieve prosperity together with all of our business partners, including suppliers.

5. Safety, security, and customer success

We will conduct procurement activities aimed at realizing customer success, safety, and security by providing safe and quality products to customers and, in turn, consumers.

Governance and risk management

Raw material procurement is mainly promoted by the Procurement Division. The Risk Management Committee is a Group-wide organization that is chaired by the CEO and consists of directors as members. It manages and verifies procurement-related risks. The Procurement Division collects risk information related to procurement and reports it to the Risk Management Committee.

Note that the Group does business with chemical manufacturers, flavor and fragrance manufacturers in the same industry, food additive manufacturers, food manufacturers, trading companies, contract manufacturers, and packaging material manufacturers.

In FY2024, the total number of suppliers that the Company had business with was around 400, with a total number of 3,000 purchased items. The main breakdowns are flavor and fragrance raw materials (natural and synthetic) and food (including food additives), which have the same percentage. The ratio of imports to domestic procurement is 35:65, and our suppliers are located in Japan, China, the United States, the European Union, the United Kingdom, India, Brazil, Argentina, and other countries around the world. A distinctive characteristic of our suppliers is that they engage in high-mix, low-volume production and offer raw materials with relatively high unit prices.

◆ T. Hasegawa Group Supplier Guidelines

For more details, please refer to [the T. Hasegawa Group Supplier Guidelines \(PDF\)](#).

◆ Related policies

- [CSR Policy](#)
- [Environmental Safety Policy](#)
- [Basic Policy on Human Rights](#)
- [Quality & Food Safety Policy](#)
- [T. Hasegawa Group Policy on Bribery and Corruption](#)
- [T. Hasegawa Group Tax Policy](#)

Strategies

◆ Increase in business opportunities

- Overseas local procurement and local production

◆ Measures

- Implementation of global raw material procurement
- Investigation and development of alternative raw materials
- Sustainability survey and support for suppliers

Implementation of supplier assessment

To promote responsible procurement, the Group conducts supplier assessments related to human rights, labor, the environment, fair corporate activities, quality and safety, information security, supply chain, local communities, and corporate governance.

In addition, when initiating new transactions, we request suppliers to

sign a consent letter to the T. Hasegawa Group Supplier Guidelines and conduct a supplier assessment using the CSR Procurement Self-Assessment Tool.

► FY2024 survey

Survey format:

Questionnaire using the CSR Procurement Self-Assessment Tool

Target:

Top 174 suppliers in terms of the purchase amount out of approximately 400 suppliers

Response rate:

97% (169 companies responded/174 companies surveyed)

► Trends, etc., based on the response

- ① Suppliers with a high scoring rate in corporate governance have built a sufficient CSR promotion system and tend to score high points overall.
- ② Even if they have not developed a CSR promotion system, the companies generally scored high points in quality and safety, which means they have effectively implemented quality management.
- ③ Some suppliers that scored relatively high points had low scores in human rights and supply chain. Consequently, human rights and supply chain management can be considered to be future issues, even for companies that have developed a CSR system to some extent.

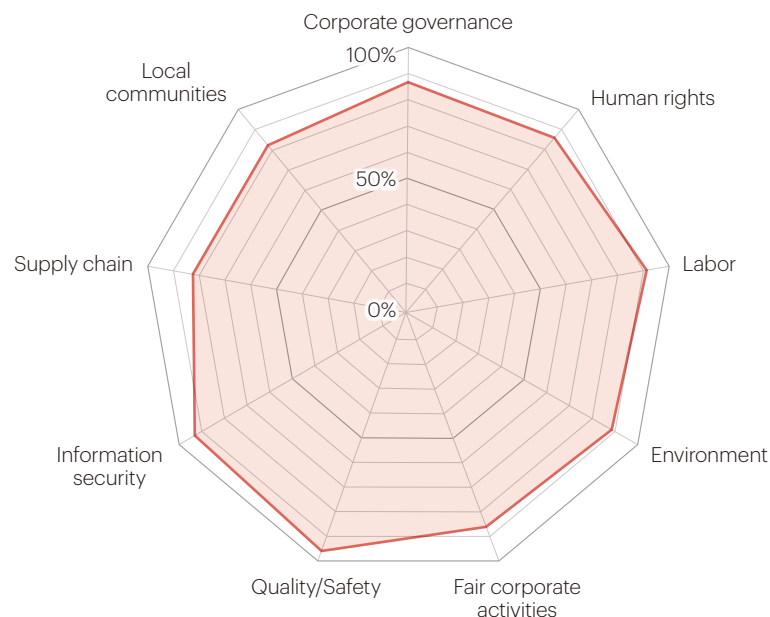
The response rate increased by 4 points compared to the previous year. While there were no major changes in overall trends, improvements were observed in areas such as environment, information security, and local communities.

Based on the questionnaire results, we understand that there were no suppliers with significant risks in the area of environmental practices, in terms of child labor or forced labor, or that the suppliers in which the freedom of association or the right of collective bargaining might be at risk.

► Implementation of supplier monitoring

The Group has been conducting on-site audits of product safety and quality at several of its suppliers on an ongoing basis, and these audits also include checks on the environment, human rights, and occupational safety. Based on the audit results, we have determined that no violations were identified in the areas of environmental or social compliance. If any issues are found, we conduct additional audits to investigate the root cause, request the submission of a corrective action plan, and follow up with the supplier until the issues are fully resolved.

Results of response from 169 companies (scoring percentage)



► Plan for the future

We will further advance the supplier assessment, extract issues based on survey results, and cooperate with suppliers to solve the issues together, thereby solidifying the relations with suppliers and promoting sustainable procurement.

- We will continue to share the T. Hasegawa Group Supplier Guidelines with more suppliers.
- We will continue to request suppliers in the supply chain to promote sustainability.
- We will continue to request responses from suppliers using the CSR Procurement Self-Assessment Tool from the Global Compact Network Japan.
- We will request overseas subsidiaries to conduct assessments of local suppliers and promote dialogue with domestic and overseas suppliers.

◆ Procurement training

To promote awareness and understanding of the T. Hasegawa Code of Conduct, the T. Hasegawa Group Procurement Policy, and the T. Hasegawa Group Supplier Guidelines, we regularly conduct training sessions for members of the procurement division.

Supplier engagement

To ensure that our suppliers understand and put into practice the T. Hasegawa Group's approach to responsible sourcing, we actively promote awareness of the T. Hasegawa Group Procurement Policy and the T. Hasegawa Group Supplier Guidelines. Specifically, we request both new and existing suppliers to sign a consent letter to the Supplier Guidelines. Through these efforts, we strive to reduce negative environmental and social impacts within our supply chain.

Procurement of certified raw materials

We purchase raw materials from certified farms through Japan Good Agricultural Practices (JGAP), ASIAGAP, or Rainforest Alliance.

► Procurement of perilla oil

We promote the active use of distinctive flavor and fragrance raw materials in Japan as part of our challenge to develop uniquely

Japanese flavors. To procure perilla oil, which is an important flavor and fragrance raw material, we collaborate with a producers' association, as described below, to support stable production in terms of quality and quantity, as well as for business continuation.

Provision of seeds:

We provide seeds to producers every year for stable quality and yield of perilla oil. With the cooperation of seed and seedling producers, we confirm the conditions of production sites.

Technical support:

To improve productivity, we dispatch researchers and engineers to give advice and support on production improvement and equipment modification.

Quality improvement support:

We dispatch researchers to provide training and support for quality inspection procedures that are difficult to learn only from a producers' association.

Supply of packaging, etc.:

We provide containers for filling and packaging materials to a producers' association.

Business continuity:

We promote planned procurement for years ahead that will not significantly increase or decrease the growing area so that producers' revenue will be stable.

Indicators and targets

The T. Hasegawa has set targets for supplier assessments and is working to improve its supply chain management. In FY2024, the supplier assessment implementation rate was 82% based on procurement value.

For more details, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).

CSR Policy 2: Environment ~Environmental management~

Basic approach and policy

We have established the Environmental Philosophy to clarify our stance towards environmental protection and have formulated the Environmental Safety Activity Policy and the Environmental Policy based on ISO 14001 in order to embody the philosophy.

Under various environmental policies, the Board of Directors holds overall supervisory responsibility for environmental management and promotes its implementation.

Environmental Philosophy

The T. Hasegawa Group recognizes that the important common issue facing all of humanity is to pass on this irreplaceable planet to future generations. As a comprehensive flavor and fragrance manufacturer, we give due consideration to environmental protection in all of our business activities.

Environmental Safety Policy

In addition to environmental protection, the Group also views security and disaster prevention, as well as chemical safety, as important corporate themes. As such, we incorporate these themes into our Environmental Safety Policy and engage in relevant activities.

Environmental Protection

1. Promotion of energy conservation
2. Reduction of GHG emissions
3. Conservation of resources and water
4. Promotion of effective waste utilization
5. Odor countermeasures and environmental pollutant emissions reduction
6. Strengthening of the environmental management system (EMS)
7. Promotion of green purchasing

Security and Disaster Prevention

1. Promotion of hazardous material safety measures
2. Promotion of disaster prevention and safety measures

Chemical Safety

1. Development of a chemical substance management system
2. Promotion of chemical safety measures

ISO 14001 Environmental Policy

As a comprehensive flavor and fragrance manufacturer involved in the production, research, and development of food flavors, cosmetic fragrances, synthetic flavors and fragrances, food additives, foods and cosmetic materials, the Fukaya Production Center and the R&D Center of T. Hasegawa Co., Ltd. recognize the importance of achieving harmony with the environment and aim to become companies that are trusted by society. To achieve this, we will conduct activities related to the environment in accordance with the following policies.

1. Promote resource conservation, water conservation, and energy efficiency, and to contribute to the protection of the global environment.
2. Promote the reduction of greenhouse gas (GHG) emissions.
3. Promote the reduction and recycling of waste products.
4. Promote coexistence with local communities by strengthening environmental management at applicable sites and surrounding areas and working to prevent pollution.
5. Comply with air, water, and other laws and agreements related to the environment.
6. Conduct internal audits, etc., to make continuous improvements to the EMS.
7. Provide environmental education to all employees to improve their environmental awareness.

◆ Relation with stakeholders

Information disclosure to customers

We disclose information via platforms such as the CDP, EcoVadis, and Sedex. We also respond to supplier surveys conducted by customers.

Environmental education for employees

We provide environmental education in a multifaceted approach as part of our efforts to improve environmental awareness among employees.

▶ Training and information provision via the intracompany website

We post environment-related pages on our intracompany website and provide a Sustainability Report and other environmental

information. Since FY2022, we have been providing e-learning classes on the basic knowledge of SDGs to all employees in Japan, including employees assigned to overseas offices (excluding employees who are absent for a long period of time). In FY2024, we conducted a comprehension test after the session and achieved a response rate of 100%. We disclose the response results on the intracompany website in an effort to improve employees' knowledge of sustainability.

▶ Internal environmental seminars

The Environmental Safety Committee, Education Committee, etc., of each factory plan and hold seminars and study meetings on environmental issues. In FY2024, we held internal seminars and study sessions on a wide range of topics, including sustainability, communication with external stakeholders, the relationship between ISO 14001 and the SDGs, ESG-focused management, and carbon neutrality.

▶ External environmental seminars

Employees involved in environmental safety work participate in professional seminars, lecture meetings, exhibitions, etc., in an effort to upgrade their environmental knowledge. In FY2024, we invited external lecturers to conduct training on water-related issues. We also participated in lectures on environmental technologies and attended exhibitions focused on environmental themes.

▶ Internal education

New employees undertake adequate education and training when they join the firm. We also provide sustainability training as part of our courses for newly hired employees. In FY2024, we conducted training sessions on topics such as the SDGs, carbon neutrality, wastewater treatment, and environmental regulations.

Environmental education under the environment management system (ISO 14001)

The Fukaya Facility, the Itakura Facility, and the R&D Center conduct education and training in a planned manner as part of our ISO 14001 environmental management system (EMS). We also strive to promote environmental conservation by utilizing ISO 14001 message boards and the intranet at each workplace to share the environmental policy, environmental promotion posters, and other environment-related information.

Information disclosure to stakeholders

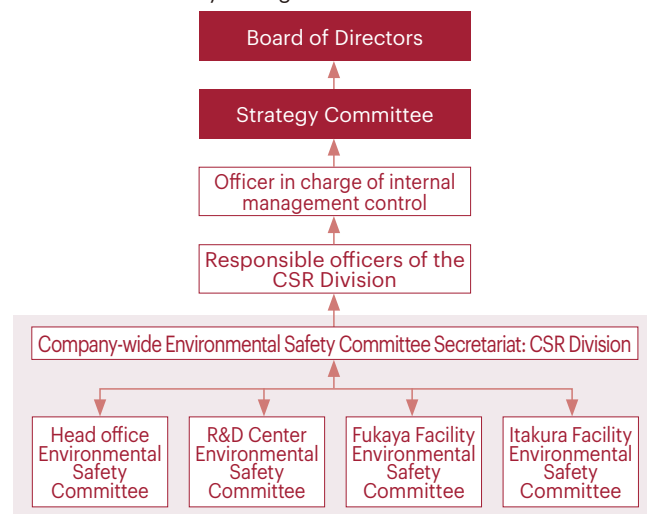
We post sustainability information (including this Report) on the Company website.

Governance and risk management

◆ Promotion system

We have built and promoted an environmental safety management system in accordance with the Environmental Safety Management Rules. In addition, we have obtained the ISO 14001 certification, an international standard for environmental management systems, at our Fukaya Facility, Itakura Facility, and R&D Center. The Production Division and the R&D Division jointly check and manage that the systems are functioning effectively. The Board of Directors holds overall supervisory responsibility for environmental management and, as necessary, receives reports from the chairperson of the company-wide Environment and Safety Committee to fulfill its oversight role.

Environmental safety management structure chart



(1) Company-wide Environmental Safety Committee

- ① The committee is chaired by the officer in charge (or deputy officer in charge) of internal management control overseeing the CSR Division, which serves as the secretariat. It is composed of the chairpersons,

vice-chairpersons, and other members of the Environment and Safety Committees at each site.

- ② The Committee receives reports on environmental safety activity plans, activity results, etc., from each site and coordinates activities from a company-wide perspective.
- ③ The Committee selects auditors of environmental safety audits (environmental protection in addition to security and disaster prevention) and conducts annual audits at each site.

(2) Environmental Safety Committee of each site

- ① We have established an Environmental Safety Committee at our head office, R&D Center, Fukaya Facility, and Itakura Facility. It is chaired by the factory director, etc., and held at these sites, excluding the head office, every month.
- ② We promote activities related to environmental protection as well as security and disaster prevention by establishing specific activity plans and targets in accordance with the activity policy determined by the company-wide Environmental Safety Committee.

(3) CSR Division

- ① The Division develops and promotes basic policies on CSR and the SDGs.
- ② This Division is responsible for the overall management of environmental safety activities.
- ③ The Division operates the company-wide Environmental Safety Committee as a secretariat and formulates and manages the progress of the non-fossil energy conversion plan.
- ④ The Division manages environmental safety audits as a secretariat, and compiles and reports the results to the Strategy Committee.
- ⑤ The CSR Division discloses sustainability-related information through our website and Sustainability Report. In addition, it periodically reviews the disclosed information.

Environmental management system based on ISO 14001

In 2001, the Fukaya Facility and the Itakura Facility obtained an ISO 14001 environmental management system (EMS) certification from the Japanese Standards Association and have since conducted relevant activities. Note that the current certifying body is DNV Business Assurance Japan Co., Ltd. The Production Division (Fukaya Facility and Itakura Facility) has a particularly large environmental impact compared to other divisions of the Company. Furthermore, the Division works on continuous improvement by implementing the

PDCA cycle, which is a core concept of the ISO 14001 system.

In June 2012, we added the R&D Center to the scope of certification in an attempt to strengthen the efforts of reducing environmental impact from the product design phase.

The Suzhou Facility in China has been certified since 2015. As of FY2024, four of the ten production and R&D sites of the Group have acquired ISO 14001 certification (the ratio of ISO 14001-certified sites is 40%).

Internal audits based on ISO 14001

An internal audit is conducted in accordance with the internal program as prescribed in the Environmental Manual.

When issues are identified, we take corrective actions promptly and share them with the related divisions to ensure continuous improvement.

Environmental safety audits by the company-wide Environmental Safety Committee

Since 1997, the Environmental Safety Committee has been conducting audits related to environmental protection and safety measures.

From 2008 onwards, we reorganized our auditing framework into three categories to conduct more detailed checks: Environmental Protection Audits, Security and Disaster Prevention Audits, and Occupational Safety and Health Audits. We select expert auditors for each audit category. They check for compliance with environmental laws, the status of activities, and the management status at relevant facilities while issuing an improvement recommendations report for matters that need to be enhanced. In response, the site to be audited creates an improvement plan for the issues that were pointed out and implements the improvements after reporting to the company-wide Environmental Safety Committee.

Since FY2024, Occupational Health and Safety Audits have been conducted mainly by the Health and Safety Committee of each site.

After deliberation by the company-wide Environment and Safety Committee, the audit results are reported to the Strategy Committee and, if necessary, to the Board of Directors for deliberation and reporting to the directors for their supervision. In FY2024, audits were conducted at each site in August, and the audit results were reported at the Strategy Committee in October.

Strategies

◆ Increase in business opportunities

- Response to social needs brought about by climate change

◆ Measures

- We will thoroughly comply with laws and respond to risks.
- We will solve environmental issues in accordance with the CSR Policies and incorporate them into our sustainable growth strategy.

◆ Related measures

- The Strategy Committee considers and decides on environmental targets from a long-term perspective.
- The company-wide Environmental Safety Committee manages the progress of policies and promotes awareness among the entire Group.
- We ensure that measures against global warming are taken (reduction of energy consumption and GHG emissions through the activities of the Environmental Safety Committee, effective use of resources and waste products through resource conservation, and composition of waste products).
- We continue to join the Global Compact Network Japan, CDP, EcoVadis, and Sedex and maintain transparency through information disclosure on the platforms.
- We expand transactions with customers by ensuring traceability.
- We develop, propose, and sell products that accelerate innovation and contribute to solving social issues.

◆ Information disclosure to stakeholders

We disclose the T. Hasegawa Group's ESG initiatives through platforms such as CDP, EcoVadis, and Sedex, while promoting issue identification and continuous improvement efforts. We also respond to supplier surveys from business partners as needed. In addition, based on the disclosure recommendations of the TCFD and TNFD, we conduct risk and opportunity analyses related to climate change and natural capital, and disclose the relevant information. We also publish sustainability-related information (including the Sustainability Report, ESG Data Book, and GRI Standards Content Index) on our website as appropriate.

◆ Environmental accounting

To promote our environmental conservation activities efficiently and effectively, we implement environmental accounting with reference to the Ministry of the Environment's Environmental Accounting Guidelines.

For more details, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).

Indicators and targets

We promote group-wide environmental management using indicators such as energy consumption, GHG emissions (Scopes 1, 2, and 3), and the effective waste utilization rate.

For more details, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).



CSR Policy 2: Environment ~Climate change~

Basic approach and policy

Climate change and the degradation of natural capital pose various risks, such as reduced yield and quality of natural raw materials and the tightening of related regulations. On the other hand, we also recognize numerous business opportunities, including increased demand for flavors used in alternative foods driven by rising environmental and health awareness, growing demand for environmentally friendly products such as plastic-reduction solutions, and enhanced reputation stemming from strengthened sustainability initiatives.

In response to these anticipated environmental changes, the Group aims to help solve global challenges that are not limited to flavors and fragrances, by leveraging a wide range of technologies to create new value and inspiration, contributing to a richer and more fulfilling life. In line with the Paris Agreement and the targets set by the Japanese government, we have committed to reducing GHG emissions by 46% by FY2030 compared to FY2013. We also comply with climate-related regulations, such as the Act on Rationalizing Energy Use and Shifting to Non-Fossil Energy (Energy Conservation Act) and the Act on Promotion of Global Warming Countermeasures, and submit the required reports accordingly. To align with the Paris Agreement, we submitted a commitment letter to the Science Based Targets initiative (SBTi) Secretariat on May 17, 2024, with the aim of submitting a completed SBTi Target Validation Application during FY2025. Through our entire value chain, we are advancing efforts to achieve carbon neutrality and nature positivity.

The Group expressed its support for the recommendations of the TCFD in March 2022. We are also working to disclose information in line with the recommendations of both the TCFD and the TNFD.

For more details, please refer to [the T. Hasegawa Group TCFD/TNFD Disclosures \(PDF\)](#).

Governance and risk management

◆ Governance

Climate- and nature-related risks and opportunities are managed within the Group's sustainability promotion system. The CEO is responsible for sustainability matters, including climate change and biodiversity.

For more details, please refer to [page 9 of the Sustainability Report: "Sustainability Promotion System."](#)

◆ Risk management system

The Group has established the Risk Management Committee, chaired by the CEO, as a cross-functional body to analyze, manage, and consider responses to various risks. Climate- and nature-related risks and opportunities that may affect the Group's business are identified and assessed using the LEAP approach recommended by the TNFD. The results of these analyses are reported to the Risk Management Committee and the Board of Directors, alongside other risk categories.

For more details, please refer to [page 53 of the Sustainability Report: "Risk Management."](#)

Strategies

◆ Scenario and LEAP analysis

The Group has integrated its nature-related risk analysis, based on the TNFD framework, into the climate-related risk analysis previously conducted under the TCFD, and discloses this information in a unified manner. Climate-related factors are encompassed within the scope of the TNFD disclosure recommendations, so we conducted our analysis using the LEAP approach suggested by the TNFD, while taking various scenarios into account.

For more details, please refer to [page 24 of the Sustainability Report: "Biodiversity."](#)

◆ Reduction of energy consumption

The Group takes the reduction of energy consumption as an important issue and is proactively working on it.

In addition to conducting company-wide energy conservation activities, we promote energy conservation by updating all boilers used in the Production Division to models with less GHG emissions and better combustion and fuel efficiency and by installing special high-voltage power receiving and transforming equipment and energy monitoring systems. The Fukaya Facility and the Itakura Facility, which are Type 1 Designated Energy Management Factories as defined by the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy (Energy Conservation Act), have established energy usage optimization standards and are working on energy conservation based on those standards.

In FY2024, we improved manufacturing processes, streamlined the formula, reviewed the use of steam to reduce loss, increased the efficiency of boiler operations, optimized air conditioning and lighting operating hours, and so on. As a result, we improved our unit energy consumption by 3.6%, achieving our target of 1.3% reduction from the previous year.

◆ Reduction of GHG emissions

Third-party verification of GHG emissions (Scopes 1 to 3) was conducted on a non-consolidated basis in FY2021 and has been conducted on a domestic consolidated basis since FY2022.

In FY2024, we reduced our Scope 1 and 2 GHG emissions by 11.6% compared to the previous year, achieving a 36.0% reduction relative to the FY2013 baseline towards our FY2030 target of a 46% reduction.

We will continue conducting third-party verification of GHG emissions to ensure the accuracy of our calculation methods and the reliability of our data.

As part of our reduction plan, we aim to achieve a 100% green power procurement rate by FY2029. Since December 2021, our headquarters building has maintained 100% green power usage. At the R&D Center, Fukaya Facility, and Itakura Facility, we have gradually increased the procurement ratio, reaching 18.3% in FY2024. Moving forward, we plan to expand this initiative across the entire Group.

We have submitted a letter of commitment to SBTi with the aim of having SBTi Target Validation verified by the organization and will continue our efforts to reduce GHG emissions over the medium to long term, including Scope 3 and overseas groups.

◆ Response to climate change through various initiatives

The T. Hasegawa Group supports the goals of the Paris Agreement and those set by the Japanese government and endorses organizations that promote action on climate change. We participate in and express our support for various climate-related initiatives and industry groups, including the TCFD.

The Japan Flavor and Fragrance Materials Association, to which we belong, is a member of the International Fragrance Association (IFRA), and we are also a member of the International Organization of the Flavor Industry (IOFI). Through direct involvement and participation in the activities of the Japan Flavor and Fragrance Materials Association, we contribute to sustainability-related initiatives, including efforts to ensure the safety of flavors and fragrances.

IFRA and IOFI share the common belief that embedding sustainability into corporate business strategies is essential for long-term prosperity and a sustainable future. This belief is formalized in their Sustainability Charter. We have long placed the highest importance on sustainability and have undertaken a variety of initiatives. To demonstrate our commitment at a higher level, we signed the above Sustainability Charter on March 31, 2020. We are working to reduce our environmental footprint, including GHG emissions, and to address climate change in pursuit of a sustainable society.

As a member of these industry associations, we regularly review their climate-related policies. If any such policy were to significantly diverge from the goals of carbon neutrality, such as those outlined in the Paris Agreement, or from the Group's own climate policy, we would engage in dialogue with the association and request that the policy be revised.

Indicators and targets

The T. Hasegawa Group has set targets related to GHG emissions and is actively addressing issues such as climate change and biodiversity.

For more details, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).



CSR Policy 2 Environment ~Biodiversity~

Basic approach and policy

Climate change and the degradation of natural capital pose various risks, such as reduced yield and quality of natural raw materials and the tightening of related regulations. On the other hand, we also recognize numerous business opportunities, including increased demand for flavors used in alternative foods driven by rising environmental and health awareness, growing demand for environmentally friendly products such as plastic-reducing solutions, and enhanced reputation from strengthened sustainability initiatives.

In response to these anticipated environmental changes, the Group aims to be a company that helps solve global challenges that are not limited to flavors and fragrances, by leveraging a wide range of technologies to create new value and inspiration and contribute to a richer and more fulfilling life. In line with the Paris Agreement and the targets set by the Japanese government, we have set a goal to reduce GHG emissions by 46% by FY2030 compared to FY2013. To pursue the certification from the Science Based Targets (SBT), which verifies alignment with the Paris Agreement, we submitted a commitment letter to the SBTi Secretariat on May 17, 2024.

We are advancing efforts across our entire value chain to achieve carbon neutrality and nature positivity.

The Group expressed its support for the recommendations of the TCFD in March 2022. We are also working to disclose information in line with the recommendations of both the TCFD and the TNFD.

For more details, please refer to [the T. Hasegawa Group TCFD/TNFD Disclosures \(PDF\)](#).

TNFD general requirements

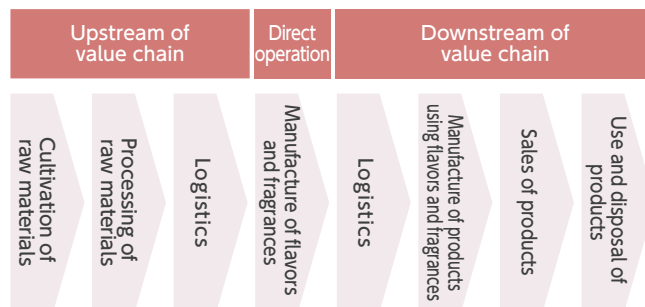
The following outlines the general requirements based on the disclosure recommendations of the TNFD.

◆ Application of materiality

In assessing nature-related risks and opportunities, we adopt a single materiality approach, consistent with company-wide risk management and TCFD disclosures, to evaluate the impact of natural capital on our business.

◆ Scope of disclosure

The scope of this disclosure analysis covers the Group's main business segment of the flavors and fragrances business (production and sales of flavors and fragrances). The production of flavors and fragrances uses a wide variety of raw materials, including petroleum-derived products, but for the analysis upstream in the value chain, we selected major plant-derived raw materials such as vanilla, coffee, and lemon, which are relatively more dependent on and influenced by natural capital, to be included in the analysis.



◆ Regions with nature-related issues

We identified the locations of raw material production sites, procurement sites within the scope of analysis, and all Group facilities, and assessed whether they fall within the priority areas defined by the TNFD. For procurement sites where precise location data could not be confirmed at this stage, we estimated approximate locations and ranges using publicly available information. Due to the difficulty of obtaining data, we have not yet identified specific locations for logistics and downstream areas of the value chain.

◆ Integration with other sustainability-related disclosures

Risks and opportunities related to climate change and biodiversity are organized in an integrated manner in this disclosure.

◆ Target period to be considered

For the assessment of risks and opportunities, we have established the following timeframes: short term (2024), medium term (2030), and long term (2050).

◆ Engagement with indigenous peoples, local communities, and affected stakeholders

The Group engages with stakeholders through supplier assessments and other activities in accordance with the T. Hasegawa Group Procurement Policy. For certain raw materials, we also visit production sites overseas to engage in direct communication with producers and suppliers.

Governance and risk management

◆ Governance

Climate- and nature-related risks and opportunities are managed within the Group's sustainability promotion system. The CEO is responsible for sustainability matters, including climate change and biodiversity.

For more details, please refer to [page 9 of the Sustainability Report: "Sustainability Promotion System."](#)

◆ Risk management system

The Group has established the Risk Management Committee, chaired by the CEO, as a cross-group organization to analyze and manage risks and consider countermeasures. Climate change and nature-related risks and opportunities affecting the Group's business are identified and assessed through an analysis based on the LEAP approach as indicated by the TNFD. The identified and assessed climate change and nature-related risks and opportunities, as well as other risks, are reported to the Risk Management Committee and the Board of Directors.

For more details, please refer to [page 53 of the Sustainability Report: "Risk Management."](#)

◆ Nature-related stakeholder engagement

With respect to human rights policies and engagement activities related to the assessment and management of nature-related dependencies, impacts, risks, and opportunities, as required under the TNFD disclosure recommendations, the Group promotes supplier engagement based on the T. Hasegawa Group Procurement Policy. We require our suppliers to respect human rights, and we engage with stakeholders through supplier assessments and other initiatives. In addition, for certain raw materials, we visit production sites overseas to engage in direct communication with producers and suppliers.

Strategies

◆ Scenario and LEAP analysis

The Group has been conducting integrated disclosure by adding the content of the nature-related risk analysis based on the TNFD to the climate change risk analysis based on the TCFD, which it has conducted up to now. In the analysis, the climate change component is included in the scope of the TNFD disclosure recommendations, so the analysis is conducted based on scenarios in accordance with the LEAP approach as indicated in the TNFD.

◆ Locate: Discovering contact with nature

We identified and estimated the locations of raw material production sites, procurement sites, and Group sites, and confirmed the locations of sites relevant to our business. We also evaluated the confirmed locations based on TNFD's LEAP approach and identified priority areas to be considered (priority areas).

- Northeastern Madagascar, where vanilla is grown, is located in an area of high biodiversity importance.
- Some of the lemons used by the Group are grown in Spain and Italy, both of which are water-stressed areas.

◆ Evaluate: Diagnosis of dependence and impact

Using ENCORE, a tool for identifying and assessing the dependence and impact of business activities on nature, we identified the nature and magnitude of dependence and impact related to each process in the value chain and summarized them in a heat map.

Heat map of dependence/impact * VH: Very High, H: High, M: Medium, L: Low, VL: Very Low

Process		Dependence																Impact														
		Livestock labor	Provision of textiles and other materials	Provision of genetic resources	Use of groundwater	Use of surface water	Fertilization	Maintaining soil quality	Ventilation by plants	Maintaining water circulation	Cleanup of contaminants	Dilution by water or air	Contaminant filtration	Reduction of noise and light pollution	Regulation of the flow of rivers, etc.	Climate stabilization	Disease control	Protection from wind and flood damage	Protection against soil erosion	Pest control	Use of water	Use of terrestrial ecosystems	Use of freshwater ecosystems	Use of marine ecosystems	Others	GHG emissions	Water pollution	Soil pollution	Air pollution	Solid waste	Noise/vibration, light pollution	
Upstream	Cultivation of raw materials	VL	M	M	VH	H	VH	VH	L	VH	H	M	M	M	H	VH	VH	VH	VH	VH	VH	VH	VH		L		H	H				
	Processing of raw materials				VH	VH		VL	VL	M	M	L	L	L		L		M	L			H	H			H	H	H	H	H		
	Logistics																H		M	M				M		H	L	L	H		H	
Direct operation	Manufacture of flavors and fragrances					H	H		VL	L	L	VL		VL	L		M	L			H	H				H	H	H	H	H		
Downstream	Manufacture of products using flavors and fragrances				VH	VH		VL		M	M	L	L	L				M	L			H					H	M	M	M	H	
	Sales of products											VL							L			H					H	H	M	M		

◆ Assess: Assessment of risk and opportunity

Based on the analysis conducted through the “Locate” and “Evaluate” phases, we identified risks and opportunities and assessed their potential impact on the Group. For physical risks, we carried out evaluations not only under a 4°C climate change scenario but also under conditions assuming a loss of natural capital and a decline in ecosystem services. For transition risks, we conducted evaluations under scenarios in which decarbonization is achieved (i.e., below 1.5°C or 2°C), as well as under scenarios where society shifts towards protecting natural capital. As for opportunities, in addition to the opportunity categories outlined by the TNFD, we also considered physical opportunities identified during our climate risk analysis—specifically those arising under a 4°C scenario.

The Group aims to contribute to a more enriched society and achieve sustainable growth by capturing business opportunities through innovation driven by the power of flavor and fragrance creation, while thoroughly managing risks associated with these challenges and opportunities.

Main risks and opportunities

Item	Category	Name	Description	Impact	Concept of impact	Term
Physical risk	Acute Chronic	Increased cultivation costs due to degradation of ecosystem services	Degradation of ecosystem services such as pollination services and maintenance of soil quality, as well as severe wind and flood damage due to climate change, and rapid increase in pest and disease damage, may lead to deterioration in the yield and quality of the raw material crops.	Medium	There are concerns about declining yields, declining quality, and rising prices for some of the raw materials being procured.	Short, medium and long term
	Acute	Interruption of manufacturing at suppliers due to drought	There is a possibility that production activities may be interrupted due to drought at factories and other facilities of suppliers.	Low	Based on the percentage of raw materials related to water scarce areas, the impact is expected to be limited.	medium and long term
	Acute	Distribution network disrupted by wind and flood damage	Wind and flood damage may disrupt the logistics network.	Low	There are concerns about difficulties in procurement, quality decline, and price increase of some of the raw materials we procure.	medium and long term
	Acute	Interruption of production at our Group sites due to wind and flood damage	Floods and other natural disasters may affect our group's locations, resulting in damage to facilities and equipment, interruption of business activities, and other effects.	High	There are concerns about damage to facilities and business interruption due to flooding in some locations at high risk of flooding.	medium and long term
	Chronic	Decrease in species available for flavor and fragrance creation	Extinctions and population declines of organisms may continue, reducing the number of species available for use for scent creation.	Medium	There are concerns that sales and profits will decrease due to a decline in R&D capabilities.	long term
Transition risk	Policy/Regulations	Increased cultivation costs due to environmental regulations	In areas where crops used as raw materials are grown, laws and regulations regarding the expansion of farmland and the use of fertilizers and pesticides are being strengthened, which may increase the cost of compliance for suppliers.	Low	Higher prices for raw material crops due to environmental regulations are expected to be limited.	medium and long term
	Policy/Regulations	Increased manufacturing costs due to environmental laws and regulations (suppliers)	The cost of compliance may increase due to stricter laws and regulations regarding greenhouse gas emissions, water withdrawal, pollutant emissions, and plastic disposal at factories and other facilities from which we procure.	Low	If the cost of response is passed on to prices, there is concern that raw material prices will rise.	medium and long term
	Policy/Regulations	Increased distribution costs due to environmental laws and regulations	In the logistics industry, more stringent laws and regulations on greenhouse gas emissions, air pollution, noise and light pollution, etc., may increase the cost of compliance.	Low	The impact is expected to be limited due to the low proportion of logistics costs in procurement costs.	medium and long term
	Policy/Regulations	Increased manufacturing costs due to environmental laws and regulations (Our Group)	More stringent laws and regulations on greenhouse gas emissions, water withdrawal, and plastic disposal at the Group's manufacturing sites could increase the financial burden of carbon pricing and equipment installation.	Medium	A certain degree of financial burden is expected to be incurred due to carbon pricing and equipment installation.	medium and long term
	Market	Increased demand for some raw materials	There is a risk that the demand for some raw materials as biomass fuels and biomass plastics may increase and prices may skyrocket.	Low	The impact is expected to be limited given the proportion of the subject raw materials to the total procurement items.	medium and long term
	Technology Market Reputation	Decrease in sales due to change in customer preferences	The Group's response to the growing customer preference for low environmental impact products and advanced environmentally friendly companies may be delayed, and its competitiveness may decline.	Medium	There are concerns that sales will decline due to delays in environmental response and R&D.	medium and long term
	Reputation	Deterioration of reputation due to adverse effects of suppliers	Damage to natural capital by suppliers may be discovered, and the Group's reputation may be harmed due to discrepancies with procurement policies.	Medium	There are concerns that a decline in ESG ratings could lead to share price declines and lawsuits.	medium and long term
	Reputation	Decline in ESG ratings	The Group's reputation could be harmed by delays in addressing and disclosing information on climate change, natural capital, and biodiversity.	Low	There are concerns that a decline in ESG ratings could lead to stock price declines and lawsuits.	medium and long term
Opportunity	Markets Products & Services Reputation Capital	Increase in sales due to change in customer preferences	The Group's progressive response to the growing customer preference for low environmental impact products and advanced environmentally friendly companies may improve the Group's competitiveness.	Medium	Sales are expected to increase through the development of environmentally friendly products and improved ESG assessment.	medium and long term
	Products & Services	Increased demand for beverages and chilled snacks due to rising temperatures	Rising temperatures are expected to increase sales of soft drinks, ice cream, and other cold beverages, and increase demand for added flavorings.	Low	For sports drinks, sales are expected to rise by several percent as of 2030 due to warmer temperatures. Sales of flavors and fragrances are also expected to increase.	medium and long term
	Markets Reputation	Improvement of ESG assessment	The Group's reputation could be enhanced by recognition of its progressive response to climate change and natural capital and biodiversity, as well as its information disclosure.	Medium	The ESG evaluation is expected to improve, leading to an increase in stock price.	medium and long term
	Cash Flow & Financing	Diversification of financing methods	Green finance financing may become more active.	Medium	It is expected that the cost of updating facilities with lower environmental impact and the cost of developing environmentally friendly products will become available through green bonds and green loans.	medium and long term

For more details on additional initiatives, please refer to the relevant sections of the Sustainability Report: “Environmental Management,” “Climate Change,” “Pollution & Waste,” “Water Resources,” and “Procurement.”

◆ Establishment of a biotope in the R&D Center

A biotope featuring mainly native plant species, along with a pond and stream, has been established on the R&D Center premises. It serves as a habitat for birds, amphibians, aquatic insects, and other local wildlife.



Birds, amphibians, aquatic insects, and other animals in the area use the biotope.



A biotope consisting of a pond and a stream has been established on the premises of the R&D Center.



A variety of plants, mainly native species, are planted in the biotope, offering changing scenery with each season.

Indicators and targets

Our Group in Japan has established indicators for spatial footprint, green areas, and related factors, and is addressing climate change and biodiversity issues.

For more details, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).

CSR Policy 2: Environment ~Pollution and Waste~

Basic approach and policy

Our Group takes pollution and waste initiatives as important business issues and has established an Environmental Safety Policy focused on the following themes: odor countermeasures and environmental pollutant emissions reduction, resource and water conservation, and promotion of effective use of waste products. We have set targets for volatile organic compound (VOC) emissions, landfill waste, the effective utilization rate of waste products, etc., and are working to reduce pollution and waste and promote the effective use of waste products.

Governance and risk management

For more details, please refer to [page 19 of the Sustainability Report: “Environmental Management.”](#)

Strategies

◆ Risk reduction

- Effective use of waste products and installation of sufficient deodorizing equipment

◆ Selection of waste service companies

For waste service companies subject to generator responsibility, we inspect treatment sites to ensure proper waste treatment; verify the details of their licenses and permits, treatment methods, and treatment capacity; and select companies while considering effective utilization of waste products. We also conduct regular inspections even after the outsourcing contract is signed, and we confirmed that there were no issues in FY2024.

◆ Management of waste products

With regard to in-house waste product management, we conduct an environmental safety audit once a year, as well as environmental management system (EMS) audits at ISO 14001 certified sites, to verify the status of management operations. If any issues are identified, corrective actions are promptly taken.

During the FY2024 environmental safety audit and EMS audit, it was confirmed that management was properly conducted.

◆ Effective use of waste products

Our Group manufactures a diverse range of flavor and fragrance products, which generate various waste. We work to effectively use such waste and proactively promote resource recycling of waste cans, paper, waste glass, oil, and so on. We also work to limit the generation of landfill waste.

Regarding our effective utilization rate of waste products, the target is to maintain an effective utilization rate of 95% or higher by FY2030, using FY2022 as the base year. The effective utilization rate of waste products for FY2024 was 96.5% (domestic consolidated: 96.9%).

The target for landfill waste is to maintain zero landfill waste through FY2030, using FY2022 as the base year, which we achieved in FY2024 as well.

We outsource a business operator that manufactures recycled cans to treat cans that are less likely to transfer the odor and another business operator with recycling technology to treat some waste liquid.

As seen in the enforcement of the Act on Promotion of Resource Circulation for Plastics (Plastic Resource Circulation Act) in Japan in 2022 and the intergovernmental negotiations to formulate a legally binding international document (treaty) concerning plastic pollution, we recognize the reduction and waste treatment of plastics as issues that require a more serious response.

Due to the characteristics of the flavor and fragrance products primarily manufactured and sold by our Group, plastic containers require high barrier properties. Even after filling, residual odors remain in the containers after use. Currently, the odor removal process results in increased GHG emissions and presents other challenges. Although it is difficult to reduce plastic containers, we separate plastics used within the Company that can be recycled and then make an effort to use them effectively.

At Koumi Compost Co., Ltd. in Koumi-machi, Minamisaku-gun, Nagano (45% investment by the Company), the large amount of residue generated after extracting natural products (botanical residue) from our Company goes through fermentation composting for use by highland vegetable farmers, as part of its efforts to

effectively use waste products. In addition, from the viewpoint of stable procurement of domestic raw materials for flavors and fragrances and the realization of a circular economy, the Company is conducting experimental cultivation of lemongrass using this compost in Koumi-machi.



Odor measures

As a company that manufactures flavors and fragrances, we pay extra attention to odor measures (Offensive Odor Control Act). We work to prevent the emission of odors by adopting deodorizing equipment using various deodorizing technologies. As a member of the local community, we also strive to build and strengthen relationships of trust with local governments and residents. At our R&D Center and Fukaya Production Center, we regularly conduct environmental (odor) patrols of the premises and surrounding areas.

Dust collection measures

At our facilities, dust collectors are installed in some manufacturing divisions as part of our efforts to improve the work environment during manufacturing.

Chemical substance management

◆ Compliance with laws and regulations on chemical substances

The components of flavors and fragrances that we handle are chemical substances, so we ensure compliance with the relevant laws and regulations as outlined below.

- Application for registration of new compounds based on domestic laws
- Issuing Safety Data Sheets (SDSs) in accordance with the Globally Harmonized System (GHS)
- Managing information and responding to international chemical regulation trends and domestic legal revisions
- Response of overseas subsidiaries

◆ Product risk assessment (risk assessment of chemical substances)

At our Fukaya Production Center, we conduct risk assessments of chemical substances based on the SDSs of raw materials and intermediate products, consider risk reduction measures, and reflect the results in work procedures. Factory employees regularly receive education on the danger, harm, and appropriate handling of chemical substances and chemical regulations in and outside Japan.

The R&D Center conducts risk assessments of all chemical substances used in the factories according to the Industrial Safety and Health Act, prepares a measure sheet according to the risk level, and puts it on the intracompany website.

At our overseas subsidiaries, we also implement management measures according to the actual situation there while ensuring compliance with local laws and regulations.

◆ Management of substances applicable to PRTR

At our Fukaya Production Center, we specify substances applicable to the Pollutant Release and Transfer Register (PRTR) and other substances to be voluntarily controlled and manage their emissions.

For more details, please refer to [page 41 of the Sustainability Report: "Quality Safety."](#)

Indicators and targets

We have set targets for volatile organic compound (VOC) emissions, landfill waste, and effective utilization rate of waste products, which are causes of air pollution, and is working to reduce pollution and waste and promote the effective use of waste products. In FY2024, we maintained a high level of achievement, with zero landfill waste and an effective utilization rate of 96.5%.

For more details, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).

CSR Policy 2: Environment ~Water resources~

Basic approach and policy

Our Group takes the effective use of water resources as an important business issue and has set a target for the amount of water used and is working to ensure the effective use of water resources.

Governance and risk management

For more details, please refer to [page 19 of the Sustainability Report: “Environmental Management.”](#)

Strategies

◆ Reduction of water usage

Our Group uses water in our manufacturing processes, as well as for cooling and cleaning.

At five of the ten sites that require water management plans, including both domestic and overseas sites, we are promoting the plan and are striving to ensure effective use of water resources. We are striving to reduce water usage by reducing the use of cooling water through the implementation of better manufacturing methods and by reducing the use of water through the optimization of cleaning methods and additions of cooling water recycling equipment. The Production Division in Japan, which uses a particularly high amount of water, reports monthly to the Environment and Safety Committee on the reasons for increases or decreases, as well as the reduction measures implemented. In FY2024, the amount of water use increased by 5.6% year on year due to an increase in production volume.

◆ Wastewater treatment

Since we installed a wastewater treatment system at the Fukaya Facility in 1969, we have been installing and upgrading wastewater treatment facilities in our production facilities using various water purification technologies, such as the activated sludge method, dissolved air floatation method, anaerobic method, coagulation and sedimentation method, and the membrane filtration method.

Wastewater from production facilities is treated through a tertiary treatment process. Wastewater from the R&D Center is treated until the secondary treatment process before being discharged to the

sewer system. We comply with wastewater standards in terms of regulation values, etc., as prescribed in the Water Pollution Control Law, prefectural ordinances, and agreements with communities.

◆ Water stress analysis

In addition to addressing climate change, our Group is working to establish a system for managing water risk strategies and initiatives through the company-wide Environment and Safety Committee, in response to the growing global interest in and importance of water resources.

We analyze water stress using the Aqueduct Water Risk Atlas from the World Resources Institute (WRI) and the WWF's Water Risk Filter. We recognize that water risk is not high in our production areas in Japan; however, four sites in our U.S. and China production areas have been identified as being under high water stress. For example, at our sites in China, where water stress is high, we have set a target of keeping water consumption per unit of production below the five-year average. To achieve this, we are focusing on measures such as increasing continuous production and reducing the frequency of equipment washing.

We recognize that water is a vital global resource and that strengthening water management is essential. We will continue to address this issue appropriately. We will continue working to reduce water usage while monitoring the progress of our measures for achieving our reduction targets.



Wastewater treatment
equipment (Itakura Facility)

Indicators and targets

In FY2024, we reduced water usage by 2.7%, exceeding our target of 2.1% reduction per unit of production year-on-year.

For more details, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).

CSR Policy 3: Human rights and labor ~Human capital~

Basic approach and policy

Our Group views human resources as capital and promotes human capital management, which aims to maximize the value of human resources and increase corporate value over the medium to long term by continuously considering and implementing improvement measures.

In accordance with our management policy of fostering a safe and comfortable work environment that enhances engagement through human capital management, as well as linking the management and human resource strategies, we seek to create an energetic corporate culture in which human resources can grow and maintain their motivation. We are committed to providing employees with opportunities to advance their careers fairly and without regard to race, religion, nationality, gender, age, disability, or other attributes.

In order to further promote the creation of a safe and rewarding workplace, we will undertake the following initiatives.

Governance and risk management

◆ Promotion system

Based on the management policy of fostering a safe and comfortable work environment that enhances engagement through human capital management, the Human Resources Division and each division plan to address various human resource policies and formulate them as activity policies for each fiscal year. The activity policy is approved by the officer in charge, and the outcomes are evaluated at the end of each fiscal year. Matters deemed important and achievements are reported to the Strategy Committee and Board of Directors by the officer in charge or their designee.

Strategies

◆ Expansion of business opportunities

- Increased employee motivation
- Increased production efficiency as a result of improving the work environment
- Enhanced our competitiveness in recruitment

◆ Measures

< Human resources system reform >

The Company introduced a new personnel system in FY2023 after a total review of its job class system, evaluation system, compensation system, and human resources development.

We have established a job class system that clarifies the roles required by the Company and introduced a corresponding evaluation system.

In addition, compensation is set in line with grade levels, providing compensation commensurate with performance regardless of length of service, gender, or other factors.

Evaluation system

Our approach to the evaluation system	The evaluation system is not only a system for evaluating employees' performance but also facilitates a tool to promote the achievement of company-wide and organizational targets and the growth of individuals. Therefore, the actions expected of employees are clarified, and the degree of fulfillment of required actions, roles, and specialties 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	<ul style="list-style-type: none"> ■ 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 company-wide targets. 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.

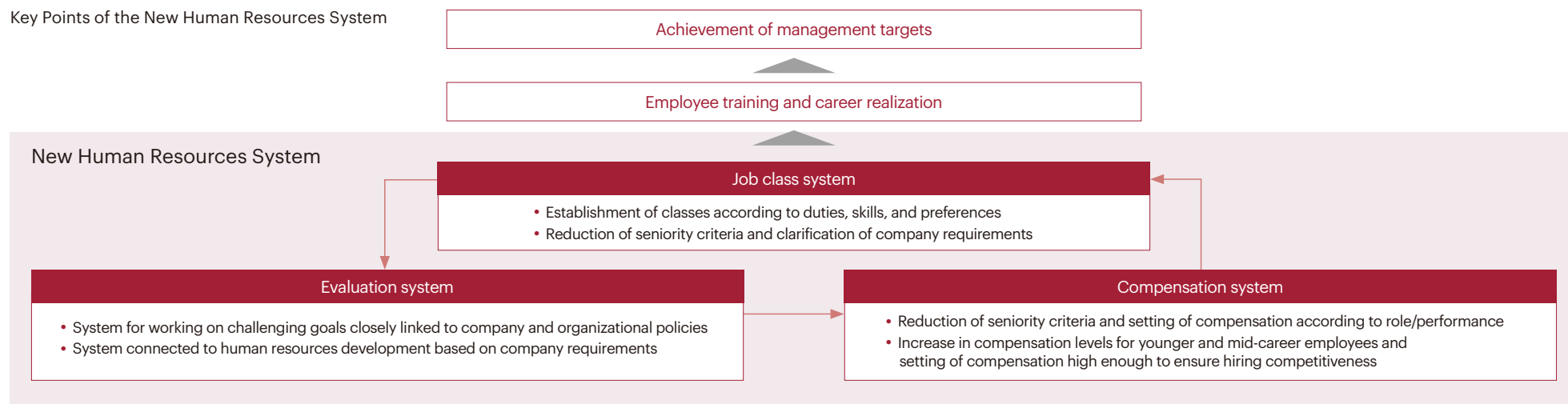
Compensation system

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 so that we can appropriately guide employees in developing an interest and making efforts.
Important points of the compensation system	Seniority-based wages, which were in the previous system, have been eliminated in order to alleviate the seniority criteria. Job performance wages are set according to grade level to match job performance and compensation. In addition, a managerial position allowance has been introduced to appropriately 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 so that the mid-career employees are treated well.

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

We have 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 the target setting and records of each interview held as part of the evaluation and to check the interview status of the people to be evaluated.

Key Points of the New Human Resources System



< Human resources development >

Human capital improvement initiatives

Education system

	Shared values	Tier-specific training	Company-wide training	By job category			By goal	Skill improvement		
				Research	Manufacturing	Sales				
Senior management level	Basic management skills	Senior management training	Compliance training, harassment prevention training, etc.	Training programs at other divisions*	Human resource development program for midcareer employees On-the-job trainer training	Sales instruction manual	Global human resource development program	Language training	Support for acquiring qualifications	E-learning for self-development
Manager level	Understanding managerial roles Promoting autonomy and growth of subordinates Analysis and implementation of management strategies	Training for new managerial staff Organizational capability training THBC Advance								
Key position level	Fostering awareness of participation in management Engaging others to improve results	THBC Basic Mid-career employee training								
Office work level	Learning about the Company Autonomous action	Internal seminars 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.

Promotion of career development

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.
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 gain not only an understanding of T. Hasegawa as a whole but also the connection and relationship between their own divisions and the division of the lecturer, which can help their own business. By teaching others, the lecturers themselves can also deepen their understanding of the operations of their own divisions.
Support employees' self-learning and growth	<ul style="list-style-type: none"> ■ E-learning for self-development In order to acquire a wide range of knowledge, we have an e-learning system that allows our employees to take courses at their own pace, regardless of time or location. There is no limit to the number of courses available, and there is no cost burden. ■ 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. ■ Life planning seminars We regularly offer external seminars to employees and their spouses who wish to participate in a fulfilling second life after retirement. ■ Re-employment support for those who are resigning from the Company upon reaching 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 overseas, etc., to help those who wish to set out on a new path after reaching retirement age.
Foster management awareness among younger employees	<ul style="list-style-type: none"> ■ TH Business College (THBC) The THBC provides people who are willing to learn on their own with opportunities to develop their skills, with the aim of acquiring business management skills and enhancing their sense of participation in management. THBC Basic: The course aims at mastering the basics of business management through lectures and exercises in areas such as critical thinking, finance and accounting, basic management strategy, and marketing basics. THBC Advance: The program provides practical training in management skills, management decision-making techniques, and analysis of business plans and strategies.
Support the development of global human resources	<ul style="list-style-type: none"> ■ 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 lecture employees assigned to overseas subsidiaries on the cultures, laws, and business practices of the countries where they have been assigned. ■ E-learning for employees assigned overseas We have introduced e-learning programs specialized in global human resource development for employees assigned to overseas subsidiaries. The content is designed to help them develop a broad range of skills and enhance their practical abilities.
Support management that encourages growth and autonomy	<ul style="list-style-type: none"> ■ Organizational capability training (formerly management training) This program is designed to enable newly appointed managers to understand and practice management that promotes the growth and autonomy of their subordinates as part of their training program. To ensure that all of those managers have the same perspective and mindset, this program is implemented in the year after they are promoted to management positions.

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.

< Respecting diversity and creating a comfortable workplace > Ensuring diversity in the appointment, etc., of core human resources ► Our approach to ensuring diversity

Our Group respects the diversity of individual employees and has actively appointed excellent human resources to management positions regardless of race, religion, nationality, gender, age, disability, or whether or not they are mid-career workers. After appointing such employees to management positions, we continue to provide education, including organizational capability training, to improve their skills. The Company seeks to continue increasing the percentage of women in management positions. As a result, it will appoint women and mid-career workers to move on to management positions in an attempt to address the ever-changing management environment. Our Group will also continue to appoint talented foreign nationals to expand our overseas business based on the growth strategy. At the same time, we will actively hire local employees and contribute to the development of the regions where we operate, while also expanding our overseas business.

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 2025, the Company was certified for the fourth time for conforming to standards based on the Act on Advancement of Measures to Support Raising Next Generation.



Support for new and mid-career hire employees

- Mentor System
To help relieve new employees who feel confused about working life and organizational activities and are anxious about performing their duties, young employees close to their age regularly meet with them to provide support for their mental and career development.
- Conducting one-on-one interviews
We provide support in helping individual mid-career hires to address any anxiety that they may feel about the new environment so that they can exercise their abilities as soon as possible.

Initiatives for developing a comfortable work environment

- Staggered work hours
- Short work shift for child and nursing care
- No Overtime Day
- Hour-based paid leave system
- Work-at-home system (introduced in FY2025)

Encouragement to take paid leave

- To promote the use of paid leave, the Human Resources Division regularly informs the heads of relevant divisions about their staff's leave status and works to create an environment that encourages them to take 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.

Indicators and targets

Our Group has set targets for the percentage of women in management positions, the percentage of mid-career workers in management positions, and the percentage of management positions filled by foreign nationals, and is working to improve these figures. The percentage of management positions filled by foreign nationals is maintained at 30% or higher.

For more details, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).

CSR Policy 3: Human rights and labor ~Human rights~

Basic approach and policy

We will respect human rights and diversity, work to improve the welfare of employees and realize a safe and comfortable workplace. In addition, we will promote respect for human rights in our business activities in accordance with our Basic Policy on Human Rights.

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

Basic Policy on Human Rights

Our Group will support international human rights standards, such as the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact, and the Children's Rights and Business Principles (CRBP). We will act in accordance with the policy below, which is based on the United Nations Guiding Principles on Business and Human Rights.

1. We never engage in child labor, forced labor or human trafficking.
2. We will comply with the working hours and holidays stipulated by the laws and regulations of the countries and regions where we conduct business activities, and work to reduce excessive working hours. In addition, we will comply with the principles of minimum wage and equal pay for equal work between genders, ensuring that the wages we pay exceed the minimum wage or meet the living wage.
3. We do not discriminate against people on the basis of race, religion, nationality, gender, age, disability, or any other factor in terms of hiring, promotions, and career advancements.
4. We will comply with laws and regulations applicable to the countries and regions where we conduct business activities, respect individual privacy, and strive to handle personal information appropriately.

5. We do not tolerate any form of harassment that harms workers or the workplace environment.
6. We endeavor to prevent accidents and disasters by prioritizing the health and safety of the workplace and workers.
7. We respect the right of workers to freedom of association and collective bargaining, and will have proper and faithful discussions with labor representatives.
8. We will give due consideration to ensuring that our decision-making, business activities, and products and services do not support or promote human rights abuses against consumers and indigenous peoples in local communities.

We will check the status of compliance with items 1-8 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.

The above human rights policy was approved by the Board of Directors of our Group on April 25, 2025.

Governance and risk management

◆ Promotion system

Human rights are the foundation of compliance and essential elements for improved corporate value. As such, the Compliance Committee (which is chaired by the Representative Director, Chairman & 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 issues related to human rights and the labor environment and make improvements. The Committee also reports to the Board of Directors as necessary.

Strategies

◆ Risks

Identification of 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, our Group organizes and responds to the following significant human rights risks in the business we handle. In addition, when assessing human rights risks, we identified significant human rights risks after obtaining the views of our employees, who are stakeholders of our Group. We will continue to engage with stakeholders in the process of identifying human rights risks.



Significant human rights risks in the businesses handled by our Group

Identified human rights risks (the Group)	Response policy	Response results for FY2024
Harassment	Encourage employees to correctly understand harassment and create a comfortable workplace with no harassment.	<ul style="list-style-type: none"> Compliance training, including harassment prevention, was conducted. Posters were intermittently displayed to raise awareness.
Personal data breach	Manage properly in accordance with the law.	<ul style="list-style-type: none"> For new employee training, the Information Systems Division issued a reminder regarding information leaks. Alerted employees about the risk of personal information leakage through the use of generative AI. Implemented information security training for officers and all employees.
Improper use of social media	Increase employee awareness of the impact of social media.	<ul style="list-style-type: none"> Warnings regarding the use of social media were sent through internal notification once a year.
Blocking of labor-management consultation	Establish a basic policy of appropriate and good faith consultation with worker representatives.	<ul style="list-style-type: none"> As a rule, a consultation was held every month, with a total of 49 labor-management consultation sessions by the headquarters and branches.
Overwork	Adhere to legally mandated working hours and make it a policy to provide a good working environment for employees.	<ul style="list-style-type: none"> An agreement was entered into regarding the upper limit of overtime work to avoid any adverse impact on health. A system has been introduced to issue alerts when the upper limits are approached, in order to raise awareness.
Discrimination	Clearly state in the Basic Policy on Human Rights that all forms of discrimination are not tolerated.	<ul style="list-style-type: none"> The T. Hasegawa Corporate Code of Conduct, which requires compliance with respect for human rights, was distributed and made known to all employees. Conducted training on human rights for all officers and employees
Occupational health and safety	Develop a safe work environment that will not cause a labor accident, create work procedures, and share them with all workers	<ul style="list-style-type: none"> Implemented equipment-related measures to prevent falls and entanglement. Implemented behavioral risk assessment, investigated manufacturing risks as necessary, and implemented safety training.

Implementation of supplier assessment

To promote responsible procurement, the Group conducts supplier assessments, including human rights and labor, through questionnaires.

For more details, please refer to [page 16 of the Sustainability Report: “Procurement.”](#)

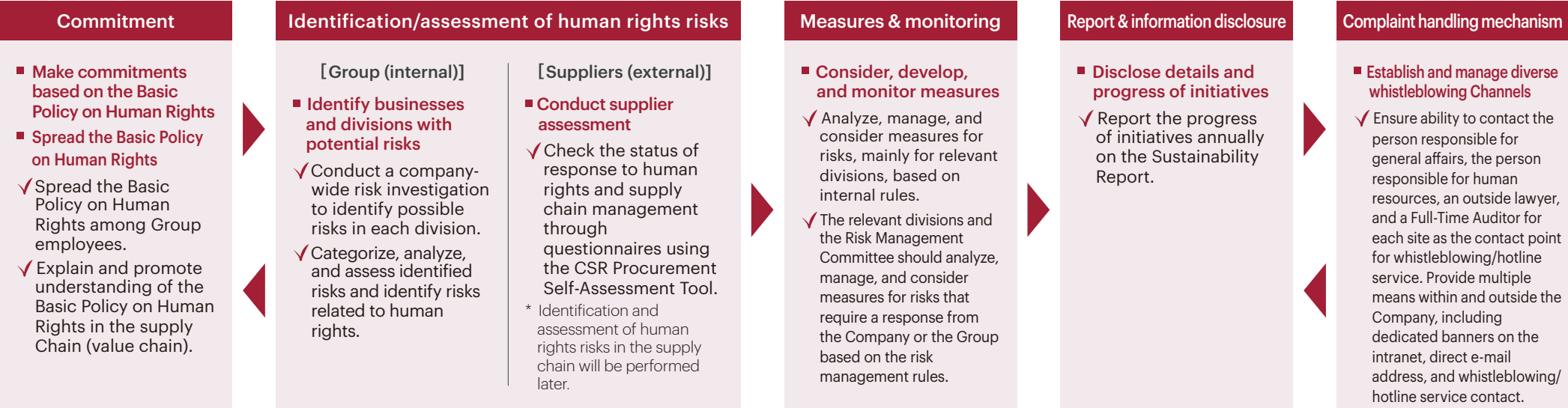
Response to human rights risks

The Group identifies human rights risks that should be addressed 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.

Measures and monitoring of human rights risks

Having developed internal rules, we analyze, manage, and consider 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.

Process for responding to human rights risks



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 both inside and outside the Company from the dedicated banners on the intranet and direct e-mail address. Confidentiality will be maintained, and personal information regarding the consultant and the content of opinions and consultations are strictly controlled and will not be divulged inside or outside the Company without the consent of the consultant.

We will conduct appropriate investigations based on the content of any whistleblowing reports or consultations received. If human rights violations such as discrimination or harassment are confirmed, we will take disciplinary actions, which may include warnings, reprimands, or salary reductions.

Providing harassment prevention training

Harassment in the workplace not only damages the personality and dignity of the person who is harassed, but it also results in a loss of desire to work or self-confidence or may even cause 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 FY2024, we conducted compliance training, including our harassment prevention program, for all employees using e-learning. This is an expansion of the training from previous years, which had targeted only newly appointed managers.

In FY2025, we will enhance the effectiveness of our current training for managers by adding content on communication channels and procedures for responding to whistleblowing reports and consultation requests.

Indicators and targets

Our Group defines human rights violations that violate laws as “serious human rights violations” and monitors them. No such cases occurred in FY2024.

For more details, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).

CSR Policy 3: Human rights and labor ~Occupational health and safety~

Basic approach and policy

The Group is committed to occupational health and safety as an important theme.

Occupational Health and Safety & Health Promotion Policy

The T. Hasegawa Group recognizes that ensuring the occupational health and safety and promoting the well-being of all employees is a vital responsibility. Accordingly, we have established the following policy on occupational health and safety and health promotion.

1. We regard occupational health and safety of our employees, including temporary employees and contractors, as the highest priority in the Group's business, and ensure a safe and comfortable working environment.
2. We comply with laws, regulations, and rules related to occupational health and safety.
3. Based on the recognition that employee health is the basis of everything we do, we support the maintenance and promotion of the physical and mental health of our employees.
4. We set goals and action plans for occupational health and safety and health promotion, review them periodically, and strive to continuously improve the work environment.
5. We provide opportunities for consultation and dialogue with our employees and seek their consultation and input on occupational health and safety and health promotion.
6. We provide ongoing training for employees on occupational health and safety and health promotion.

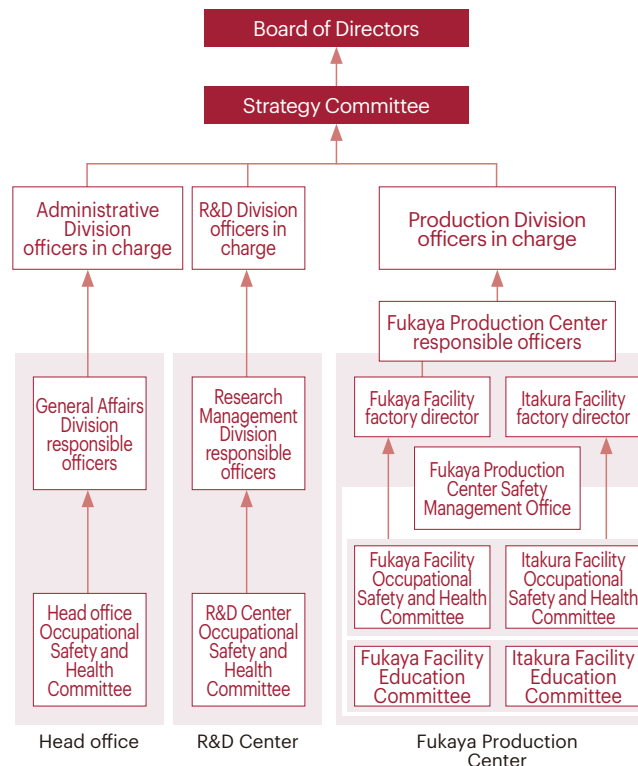
This occupational health and safety and health promotion policy, as described above, was approved by the Group's Board of Directors on November 28, 2024.

Governance and risk management

◆ Promotion system

We have established Occupational Safety and Health Committees at each site and are implementing measures to prevent personal hazards and health problems among our employees. We conduct risk assessments at workplaces once a year. We carry out careful risk assessments not only at existing operations, but also at the start of new operations, such as when new equipment is installed, to ensure that safety is a priority. In addition, regular reports on incidents are made to the Board of Directors twice a year. Whenever a serious incident occurs, it is reported to the Board of Directors in order to discuss the response to take.

Health and safety management system chart



Strategies

◆ Increase in business opportunities

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

We work to improve workplace sanitation by placing top priority on ensuring occupational safety and disaster prevention. At each site, the Occupational Safety and Health Committee develops activity policies and plans, and it 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.

System for hazard identification, risk assessment, and incident investigation

With the goal of eliminating occupational accidents, each site holds a monthly Occupational Safety and Health Committee meeting. The Committee deliberates and shares information on safety and health activities based on the analysis of factors and countermeasures for accidents and occupational injuries, as well as the situation of employees on sick leave. The Safety and Health Committee, established in accordance with the Industrial Safety and Health Act, includes managers and employees at each business site, labor union representatives, and industrial physicians. Furthermore, the division head of each workplace identifies workplace hazards, assesses risks, and implements appropriate countermeasures while listening to input from employees. In particular, they communicate the dangers of handling chemical substances and their toxicity to all employees while regularly measuring the organic solvent concentration in the work environment to assess its effect on the health of employees.

In the event of a serious accident or occupational accident, a company-wide Accident Investigation Committee is established. We have established a framework for quickly reporting accidents to the Committee, investigating causes, developing recurrence prevention measures, and implementing the measures. The Fukaya Production Center, which is our production factory, established a Safety Management Office in April 2023. It has been working to improve the workplace environment to prevent occupational accidents, which is its most important issue. We ensure that all employees check and follow the rules.

In accordance with the Occupational Health and Safety Management System Guidelines of the Ministry of Health, Labour and Welfare, we are operating and promoting an Occupational Health and Safety Management System for the Fukaya Production Center, which was established internally. To make sure we do not forget the industrial accident at the Itakura Facility that occurred on September 15, 2022, we have designated September 15 as Safety Day. With the aim of raising awareness of occupational safety, we promoted the development of a safe work environment and occupational safety education for all employees.

System to improve a series of processes

Until FY2023, the company-wide Environment and Safety Committee audited environmental and occupational safety issues at plants for prompt improvements and compiled them in Corrective Action Reports and other documents. However, starting from FY2024, the Occupational Safety and Health Committee at each site will take the lead in conducting audits on occupational safety.

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 all members can understand the potential danger there. The Occupational Safety and Health Committee also deliberates and takes risk reduction measures, which are deployed to other workplaces. In addition, hazard prediction activities (KY activities) engaged in work that may cause accidents and occupational injuries are conducted at each workplace to enable employees to foresee hazards in their own work and take preventive measures.

Providing training on safety and health to employees

The Fukaya Facility holds safety and health-related skills training for all employees (training upon hiring, training upon reassignment, periodic risk education, etc.) in an effort to raise employee awareness of safe work practices. Our employees also actively participate in outside lectures to obtain the qualifications necessary for work.

Employee health care

- Prevention of overwork and interviews with industrial physicians
We properly monitor the working hours of all employees, including managers, and confirm whether they wish to be interviewed by an occupational physician if they work long hours. 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 undergo health checkups actively.
- Stress checks
Stress checks are conducted once a year to promote employee awareness of stress and improve the work environment. We recommend employees with elevated stress levels to talk with an industrial physician.
In addition, the results of the group analysis are reported at the strategy meeting, and a debriefing session is held for each division, after which each division formulates and implements improvement measures.
- Provision of health-related information
 - Distribute a monthly insurance newsletter published by the health insurance association.
 - Industrial physicians check the results of health checkups and promote medical checkups to employees who need to take the necessary measures.
 - Information on health issues and work environment from industrial physicians is posted on the Company's bulletin boards.

Indicators and targets

The Group has set a target of zero occupational accidents for the period from FY2024 to FY2028. In FY2024, six occupational accidents were reported. Each case was investigated by the Safety and Health Committee at the respective site, with root causes identified and recurrence prevention measures formulated. These findings were shared company-wide via our internal intranet. We will continue to strengthen our efforts to enhance occupational health and safety.

In FY2024, our occupational accident severity rate was 0.06 (0.0598), which is 0.02 points lower than the industry average for the manufacturing sector (0.08).

We also manage key indicators such as the number of work-related fatalities, number of lost-time injuries, number of non-lost-time injuries, lost-time injury frequency rate, occupational accident severity rate, and occupational illness frequency rate.

For more details, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).



CSR Policy4: Quality safety

Basic approach and policy

In order to meet customer requirements for products that are safe and reliable to use, the Group has established a quality assurance system and prioritizes the supply of safe and reliable products.

Quality & Food Safety Policy

We will implement the following policies to provide customers with reliable products.

1. We value communication with our customers and we work to provide satisfying products that embody their needs.
2. In all processes, from R&D to raw material procurement, manufacturing, distribution, sales and administration, we steadily fulfill our roles and duties and provide quality products and services that our customers rely on.
3. We observe related laws and regulations, establish a quality assurance system that allows us to provide safe, high-quality products, and work continuously to make improvements.

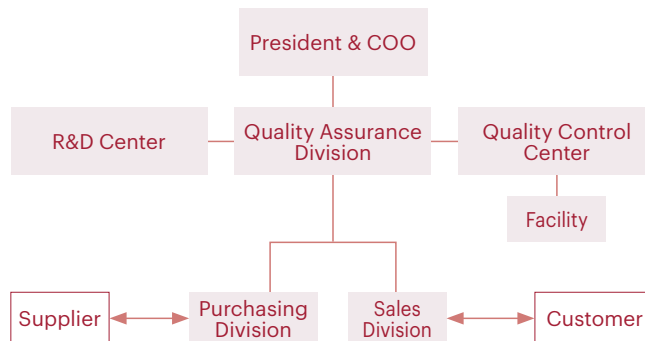
◆ Relation with stakeholders

We are committed to providing products that customers can use with a sense of security and that are valuable for customer success.

Governance and risk management

To ensure customers and consumers of the quality and safety of our products, we have built a quality assurance system led by the Quality Assurance Division, which communicates directly with the President & COO. We value communication with customers, and we promote quality and safety activities. All raw materials that we use are registered under the system. Only raw materials whose quality and safety have been verified are used to make sample pieces and products. We focus on providing high-quality products while also performing final inspections for all customers' products.

Quality assurance system chart



◆ Our quality assurance system

Quality Assurance Division

We confirm legal compliance at the raw material purchase stage to provide customers with products that they can use with peace of mind. In addition to complying with laws and regulations in Japan, we check laws and regulations of destination countries of export products for our overseas customers and provide products that comply with the laws and regulations of the respective countries and regions.

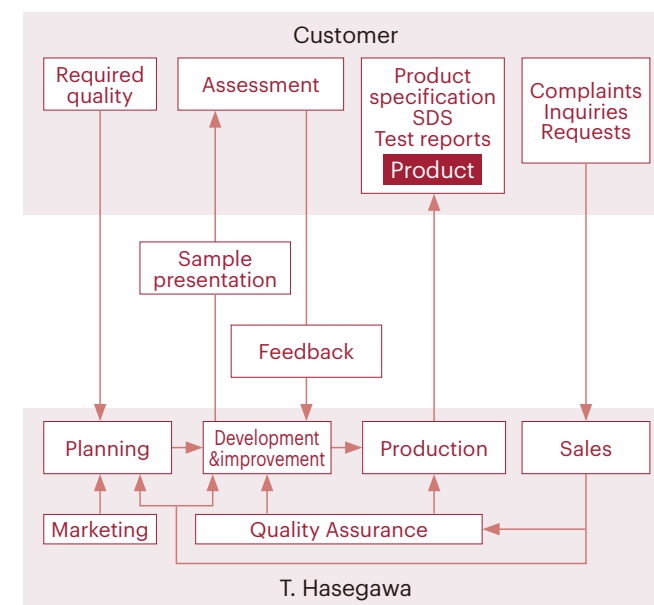
We also promote automatic creation (digitalization) of product specifications so that we can quickly provide customers with accurate information.

Quality Control Center

The Quality Control Centers of the Fukaya Facility and the Itakura Facility manage the plant quality system and conduct quality inspections of products manufactured at the facilities and purchased raw materials.

In quality inspections, we have established a system that allows us to carry out all inspections internally. Inspection results are automatically transferred from the inspection equipment to a computer system by an automatic transfer system. Measurement, pass/fail determination, and inspection card issuance are fully automated (digitalized), which helps to prevent transcription errors. As a company that handles scents, we are also working on training sensory inspectors. Only those who have been trained to distinguish scents and have passed our internal certification test are involved in sensory tests.

◆ Communication with customers



◆ Quality control from raw materials to products

We use a traceability system based on barcodes for processes from raw material acceptance to product shipment to ensure product quality so that our customers can use our products with a sense of security. All information is traceable under the system, from product lots to manufacturing records, product inspection results, lot numbers of raw materials used in the products, and raw material acceptance inspection results.

We check the quality and safety information for the raw materials that we use, including standards, allergies, and residual agrochemicals. We also confirm the compliance of compounds used in flavors and fragrances with related laws, including the Food Sanitation Act, the Fire Service Act, the Industrial Safety and Health Act, and the Act on the Regulation of Manufacture and Evaluation of Chemical Substances. By consistently using raw materials with guaranteed quality and creating quality products, we provide safe and reliable products and manufacture products while considering the environmental impact.

In addition, a traceability system allows information to be provided promptly in response to customer inquiries.

◆ Laws related to chemical substances and our compliance

From the viewpoint that the components of flavors and fragrances we handle are chemical substances, we actively and appropriately comply with related laws to protect the workers who are handling chemical substances during manufacturing and transport, ensure the safety of users, and conserve the environment.

① Application for registering new chemical compounds in accordance with Japanese laws

We perform the following in compliance with the Act on the Regulation of Manufacture and Evaluation of Chemical Substances:

- Notification concerning “Low Production Volume of New Chemical Substances”
- Request pertaining to “Small Production Volume of New Chemical Substances”

We perform the following in compliance with the Industrial Safety and Health Act:

- Application and registration of “New Chemical Substances”
- Application for “Small Production Volume of New Chemical Substances”

② Publication of Safety Data Sheets (SDSs) supporting the Globally Harmonized System of Classification and Labelling of Chemicals (GHS)

We issue SDSs and disclose information on substances subject to the law contained in flavor and fragrance products for all of our products so that customers will be able to use them safely. Applicable related laws are as follows:

- Industrial Safety and Health Act
- Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement (Chemical Substances Management Law)
- Fire Service Act
- Ship Safety Act
- Act on Prevention of Marine Pollution and Maritime Disaster (Marine Pollution Prevention Law)
- Poisonous and Deleterious Substances Control Law

For products to be exported, we also issue SDSs corresponding to the GHS system of the export destination country.

Raw material	Development		Manufacturing			Product
Raw material registration	Prototype production	Sample provision	Raw material acceptance	Manufacturing	Quality inspection	Follow-up
All raw materials are checked for legal compliance and safety. Only those that are approved can be registered as raw materials for use.	Flavor and fragrance products are developed according to customer requirements using registered raw materials.	We check the label and safety information based on laws and regulations and create safe and reliable samples.	All raw materials arriving at the plant undergo an acceptance inspection to confirm that they meet our standards.	We engage in high-quality product manufacturing through manufacturing control utilizing FSSC 22000-certified operations and a barcode system.	All products undergo a final inspection by the manufacturing batch to confirm that they meet the standards that have been established for each product.	After selling the products to our customers, we handle any complaints or inquiries that may arise.

③ Information management and response to chemical regulation trends in countries and law amendment in Japan

We obtain information on chemical-related regulation trends of countries and items listed in the registered chemical substance list (inventory) through law search databases in and outside Japan, as well as through industry organizations. We manage the chemical substances by registering information on how they are obtained in our internal system, and we use this data to respond to inquiries from customers.

As for the amendment of laws in Japan, we work to obtain notifications from relevant government offices as well as industry organizations. We collaborate with relevant divisions by responding to amendments to the Industrial Safety and Health Act and the Chemical Substances Management Law, which have frequently been amended, especially in recent years, when collecting raw material information and improving internal systems. We do so while considering the fact that the frequency of counting the emissions of flavors and fragrances applicable to the Pollutant Release and Transfer Register (PRTR), updating SDSs, and changing label indication, as well as the number of materials subject to risk assessment, will further increase in the future.

④ Response of overseas subsidiaries

Our overseas subsidiaries are also responsible for complying with chemical-related laws applicable to each site.

► China

(1) Main chemical management regulations applicable to our subsidiaries in China (Shanghai Facility and Suzhou Facility)

Safety production regulations: Work Safety Law of the People's Republic of China; Fire Control Law of the People's Republic of China; Regulations on the Control over Safety of Hazardous Chemicals; Measures for Administration of Hazardous Chemicals Registration; Catalog of Hazardous Chemicals; Safety Production License Ordinance; National Centralized Management Plan for the Safety Risk of Hazardous Chemicals; Notice on the Informatized Management of the Entry and Exit of Hazardous Chemicals and the Loading and Unloading of Hazardous Materials Based on the One Enterprise One Product One Code Policy (Shanghai Emergency Hazardous Chemicals [2024] No. 12)

Occupational health and safety: Law of the People's Republic of China on Prevention and Control of Occupational Diseases; Regulations on the

Management of Occupational Health at Workplaces; and Warning Signs for Occupational Hazards in the Workplace

Environmental protection regulations: Environmental Protection Law of the People's Republic of China; National Inventory of Hazardous Wastes; and Measures on the Management of Transfer of Hazardous Waste

(2) Application for registration and notification of new chemical substances

T. Hasegawa Flavours and Fragrances (Shanghai) Co., Ltd. has so far applied for a simplified single item registration in accordance with the "Measures for Environmental Management of New Chemical Substances" (Order No. 7 of the Ministry of Environmental Protection) and for notification of a second item in accordance with the "Measures for the Environmental Management Registration of New Chemical Substances" (Order No. 12 of the Ministry of Ecology and Environment; enforced in 2021).

(3) Submission of SDSs

We issue SDSs for all products that comply with GB 30000: Rules for Classification and Labeling of Chemicals, GB 12268: List of Dangerous Goods, and GB 2944: Classification and Code of Dangerous Goods.

► Malaysia

(1) Main chemical management regulations in our subsidiaries in Malaysia

Industrial Safety and Health Act 1994 (OSHA 1994)

Subordinate legislation of OSHA 1994: Occupational Safety and Health (Use and Standard of Exposure Chemical Hazardous to Health) Regulations 2000 (USECHH Regulations)

The Malaysia Facility only manufactures food flavors, so it does not have to register chemical substances. However, we internally manage records of substance names listed in the inventory of hazardous harmful chemical substances of CLASS Regulations 2013 (2013 Regulations on Classification, Labelling and Safety Data Sheets of Hazardous Chemicals).

(2) Submission of SDSs

We issue SDSs that comply with the CLASS Regulations 2013. We obtain SDSs of chemical substances used as raw materials of food flavors from suppliers and issue SDSs for samples and products according to customer requests.

► United States

(1) Main chemical management regulations applicable to our subsidiaries in the United States (2 sites in California and 1 site in Illinois)

Our subsidiaries in the United States only manufacture food flavors and not new chemical substances, so they are exempted from the law on applying for registration of new chemical substances. Under the chemical substance management law, Proposition 65 and the Emergency Planning and Community Right-to-Know Act (EPCRA) apply, specifically the Toxics Release Inventory (TRI) Tier II reporting requirement at our Illinois facility only. For Proposition 65, we provide statements prior to the customer's initial order for the product or at the customer's request.

(2) Submission of SDSs

We issue SDSs in compliance with the GHS for samples and products according to customer requests.

◆ Product risk assessment (risk assessment of chemical substances)

Factory employees regularly receive education on the danger, harm, and appropriate handling of chemical substances and chemical regulations in and outside Japan in order to appropriately manage the chemical substances handled by the Company as raw materials. In addition, we conduct risk assessments of chemical substances based on the SDSs of raw materials and intermediate products, consider risk reduction measures, and reflect the results in work procedures. We warn all workers who handle chemical substances of the toxicity of chemicals, provide precautions for handling chemicals, and provide exposure prevention measures (by installing local exhaust ventilation and wearing protective equipment).

The R&D Center conducts risk assessments of all chemical substances used in the factories according to the Industrial Safety and Health Act, prepares a measure sheet according to the risk level, and puts it on the intracompany website so that it will be available to employees at all times. We will also respond to an increase in substances subject to risk assessments in the future due to amendments to the Industrial Safety and Health Act.

At our overseas subsidiaries, we also take action according to the actual situation there.

► China

The Shanghai Facility and the Suzhou Facility independently manage chemicals according to the respective local requirements. They formulate and manage the following management measures from the perspectives of safety production, occupational health and safety, environmental protection, and production risk management.

- ① Obtain SDSs from raw material suppliers and register the information so that it can be searched on internal systems.
- ② Evaluate workshops in accordance with legal requirements to identify occupational hazards. Regularly inspect workshops every year, publicly announce the results, and put occupational health warning marks at workshops.
- ③ Store flammable, dangerous chemicals in specified warehouses.
- ④ Conduct a safety production risk assessment once a year to identify risks (such as the use, storage, and transport of dangerous chemicals) and establish control measures and emergency countermeasures to prevent production accidents from occurring.
- ⑤ Register information on fragrances produced at the Shanghai Facility and imported hazardous chemical substances on the website of the National Registration Center for Chemicals, generate QR codes, obtain updated registration certificates, and manage them in accordance with relevant requirements.

► Malaysia

In order to confirm that a risk assessment has been conducted for all chemical substances and to ascertain the impact of such substances on employees, our subsidiaries in Malaysia receive chemical substance health risk assessments by external authorized reviewers registered with the Department of Occupational Safety and Health (DOSH) of Malaysia in accordance with USECHH Regulations. Based on the risk assessment results and in accordance with relevant regulations, we installed local exhaust ventilation devices (fume hoods) at research labs and employed management measures to confirm the permissible exposure limit of employees. In addition, we provide protective equipment to employees approved by the Standard and Industrial Research Institute of Malaysia-Department of Occupational Safety and Health (SIRIM-DOSH).

► United States

At our subsidiaries in the United States, risk assessments of raw materials are conducted based on the hazard risk information for respiratory organs of the Flavor and Extract Manufacturers Association of the United States (FEMA) or other information provided by suppliers.

All employees receive hazard communication training. The facilities comply with the requirements of government agencies and the Division of Occupational Safety and Health (OSHA). Regarding exposure to employees' respiratory organs during flavor manufacturing, we observe the priority chemical substance list for health and safety provided by FEMA. Precautions on safety are all reflected in manufacturing process sheets so that employees can observe them.

◆ International standard certification ISO 9001

In 1998, we acquired an ISO 9002 certification for the quality management system at our facilities. In 2003, we changed the registration to an ISO 9001 certification. In 2007, we expanded the scope and acquired a certification covering the entire Company. With the strong leadership exemplified by the President & COO as top management, all employees involved in business activities cooperate in quality activities.

In 2012, we obtained a FSSC 22000 certification for our food safety management system and then began rolling out an integrated management system of ISO 9001 and FSSC 22000. However, in order to narrow down the activities at each division and focus on the most suitable standards, we have changed the scope of ISO 9001 to cover the head office, branches, sales offices, R&D Center, and fragrance facilities with the certification and to cover flavor facilities with only the FSSC 22000 certification since 2019.

In China, we acquired an ISO 9001 certification in Shanghai and Suzhou in 2004 and 2010, respectively. These certifications continuously guide our quality activities.

FSSC 22000

In 2012, all divisions associated with flavors obtained an FSSC 22000 certification for their food safety management systems. We acquired an international standard certification approved by the Global Food Safety Initiative (GFSI), which allowed us to reduce risks related to food safety and provide safe and reliable products that are recognized by our customers overseas and in Japan.

Since the FSSC 22000 standard specializes in food safety, we have changed the scope of the certification and have been obtaining it only at our flavor facilities since 2019.

We have also acquired certifications under international standards related to food safety at our overseas subsidiaries.

Overseas subsidiaries - Status of international food safety standards certification

Location	Certification type (year acquired)
China	FSSC 22000 (2012) (Only in Suzhou, where food flavoring essences are manufactured) (In China, ISO 9001 certification is ongoing in both Shanghai and Suzhou facilities)
Malaysia	HACCP (2011), ISO 22000 (2013), FSSC 22000 (2014)
United States (2 locations in California) (1 location in Illinois)	BRC (British Retail Consortium) Obtained Global Food Safety Standard Certification for two California locations (Cerritos in 2012 and Rancho Cucamonga in 2022). Obtained SQF (Safe Quality Food) food safety system for one Illinois location (ABELEI Inc.) in 2016. * Both BRC and SQF are among the GFSI-approved certification standard.

◆ Audit

Internal audit

We conduct the annual internal quality and food safety audit at all divisions subject to international standard certification. We provide specialized training to some employees, as well as those approved as internal auditors. By having employees audit one another, we can make detailed improvements to areas that we do not usually notice and enhance the efficiency of our operations. Findings are shared with other divisions to make ongoing improvements in every division.

5S Audit

Members from the Quality Control Center of the Fukaya Facility and the Itakura Facility enter the manufacturing area to conduct hygiene audits based on the 5S, which stands for Seiri (Sort), Seiton (Systemize), Seiso (Shine), Seiketsu (Standardize) and Shitsuke (Sustain), by using a method equivalent to that used in external audits according to ISO 9001 or FSSC 22000. The hygiene control of a factory forms the basis of food safety and helps prevent contamination by foreign matter or microorganisms.

In China (Shanghai and Suzhou), regular patrols and audits are conducted by the 5S Management Committee.

Management review

To provide information to management, we provide reports to review activities related to quality and food safety performed during the year. We conduct ongoing improvement activities by reflecting on the year's activities and receiving approval and assignments from management.

Religious Compliance Committee

To accommodate customers in Islamic regions with halal-certified products, as well as kosher-certified products in accordance with Jewish dietary laws, we have established a Religious Compliance Committee. The committee consists of members selected from relevant departments, including sales, R&D, production, and quality assurance. We also work closely with our overseas affiliates and external organizations to ensure proper management and ongoing compliance with halal and kosher certification requirements.

Response to complaints and the Quality Control Committee

When a complaint arises, quality-related divisions coordinate with each other to clarify the cause and countermeasures and quickly respond to the customer. Serious complaints are promptly reported to management, and proper measures are taken from the customer's perspective. Complaint information is shared at Quality Control Committee meetings and with related divisions to help prevent recurrence. When a manufacturing problem occurs, the cause and countermeasures are clarified in the same way as when dealing with complaints, and information is shared at Quality Control Committee meetings to help prevent recurrence.

Strategies

◆ Increase in business opportunities

- Increased trust owing to improved product quality

◆ Measures

- Investing in aging equipment
- Improving the skill level of inspectors
- Reviewing methods and manufacturing conditions
- Improving the manufacturing skill level through education and training
- Enhancing the production system (supply system)
- Reducing the lead time by promoting fully automated issuance of inspection cards (digital transformation)
- Developing the sensory skill of manufacturing personnel to differentiate taste and scent through sensory test division training

Customers will always require safety and security. We will work to enhance our quality assurance system and aim to achieve a level of quality that customers will continue to rely on. The Quality Assurance Division, which communicates directly with the President & COO, will lead our efforts to ensure close collaboration with the Quality Control Center of the Production Division and the Quality Assurance Divisions of our overseas locations to provide quality products that satisfy all customers both in Japan and abroad. At our factories, we will review the manufacturing methods and work to improve operations in order to reduce the number of complaints and further reduce the rejection of goods. In addition, we will conduct factory-wide activities to review work procedures and promote the visualization of work and stabilization of quality. We will continue to obtain the ISO 9001 and FSSC 22000 certifications to improve quality and maintain food safety.

Furthermore, the Production Division will proactively provide training for skill improvement at the R&D Center to develop highly skilled workers who can take on the responsibility for manufacturing high quality products. At the Quality Control Center, we will work to improve the skills of inspectors through education and training and enhance the inspection system with the aim of providing customers with high-quality products.

In our overseas locations, we will also continue to train employees involved in production, introduce an operational improvement suggestion program, and engage in process control in the Production Divisions in the same manner as the Company.

We also realize that properly managing chemical substances and considering the health and environment of our employees and local residents are important issues in building a sustainable society.

Going forward, we will continue to monitor trends in regulating related chemicals, including amendments to the Industrial Safety and Health Act, conduct risk assessments of applicable chemical substances, and reflect changes to SDSs.

◆ Continued enhancement of the promotion system Strengthening the development of the flavor and fragrance industry and responding to the environment surrounding the industry

We actively dispatch employees to serve as members of industry organizations in other countries in an attempt to respond to constantly changing legal information and develop the flavor and fragrance industry as a whole. We also joined organizations in Japan, including the Japan Flavor & Fragrance Materials Association (JFFMA) and the Japan Food Additives Association, as well as international industry organizations, such as the International Fragrance Association (IFRA) and the International Organization of the Flavor Industry (IOFI), as a special member of the JFFMA. We take quick and appropriate action for the entire industry regarding various regulations related to the industry and conduct activities that will help develop the entire flavor and fragrance industry.

In addition, we have joined the China Association of Fragrance Flavor and Cosmetic Industries (CAFFCI) in China and FEMA in the United States, and we dispatch employees as committee members to participate in the activities of industry organizations.

Enhancement of response to quality requirements in R&D

Various legal regulations are constantly changing, not only in Japan but also overseas. In order to promptly respond to such changes, reflect them in products, and communicate the information to customers, it is necessary to participate actively in activities of industry organizations to collect information. The collected information is registered in an internal database and quickly reflected in product information. Updated information can always be referenced by researchers, which allows them to develop products based on the latest information, and is also used to provide information to customers.

Enhancement of response to quality requirements in manufacturing processes

In the manufacturing process, we are always required to produce products with consistent quality. We assign codes to every raw material and product. By managing them using barcodes, we prevent incorrect raw materials from being input and products from getting mixed up. In our compound flavor and fragrance facilities and powder facilities, the system records measurement data from scales used to measure raw materials and fill products. The data is used in combination with barcode management to help manage manufacturing and ensure traceability. By installing IT in our facilities, we consistently provide products with the specified quality.

In FY2024, regular audits for ISO 9001 and FSSC 22000 were conducted continuously, and we received approval for maintaining the certifications with no serious findings. Audits have also been conducted and renewals granted for Halal and Kosher certifications.

As an initiative for food safety, we pruned trees within the factories' premises and strengthened rat-proof measures by installing rat-proof devices. The raw materials that we use are delivered from around the world. As such, we strengthened the acceptance and inspection work in cooperation with the Procurement Division. We worked to improve our services by promoting the direct delivery of samples from factories to customers with whom we have close business relationships, thereby increasing our response speed.

Employees engaged in the manufacturing of products for foods take courses on HACCP and work to gain knowledge on and raise awareness of food safety.

We also work to increase awareness of quality and food safety system requirements and improve the operations of standards by the employees of each division by providing courses on ISO 9001 and FSSC 22000.

Compliance initiatives

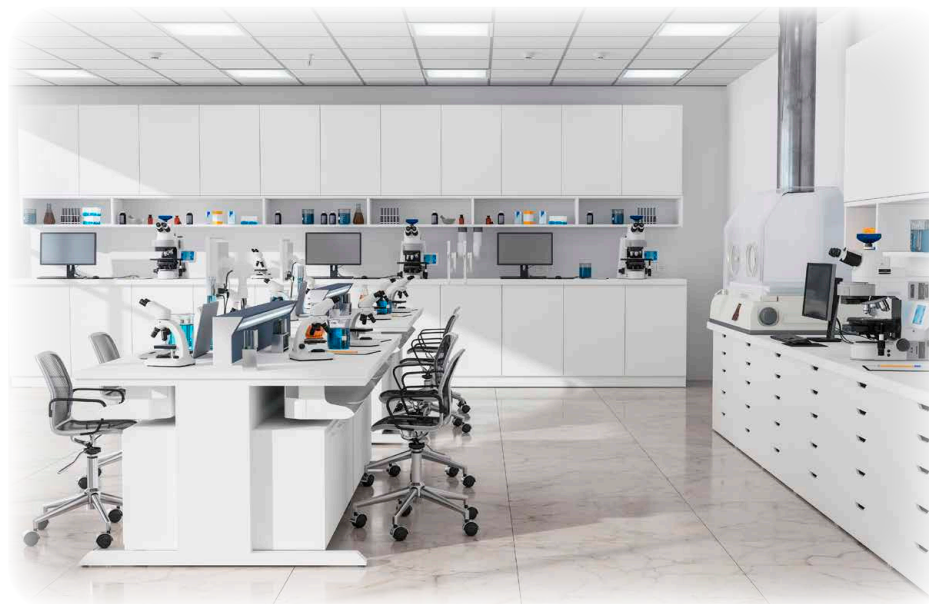
We believe employee awareness is important to provide customers with high-quality products, and we are engaged in activities to raise compliance awareness. We repeatedly provide quality management training on various occasions, including when employees join the Company and when they are promoted. In particular, legal

information changes on a daily basis, so we constantly collect information from industry organizations and various media and work to promptly communicate legal information to employees through intracompany websites, regular workshops, and various study sessions. Such information is posted on intracompany websites so employees can check these details at any time. Regular study sessions on food safety are held at the Fukaya Facility and the Itakura Facility to raise compliance awareness among employees.

Indicators and targets

The Group ensures strict control of manufacturing processes and provides training for employees in order to maintain its ISO 9001 and FSSC 22000 certifications. In FY2024, there were zero serious quality incidents requiring market recalls.

For more details, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).



CSR Policy 5: Governance—Fair corporate activities ~Corporate governance~

Basic approach and policy

The Group views corporate governance as a fundamental component of business management that serves as a system for monitoring and controlling corporate operations. We believe that when this function is weakened or lost, the risks of misconduct and business failure increase significantly.

The Basic Principles on Corporate Governance

As a listed company, we respect the following five basic principles of corporate governance. We will achieve sustainable growth and maximize corporate value through accurate and prompt management decisions as well as timely and appropriate execution of duties while enhancing the management check function and ensuring compliance (legal observance).

1. Protect shareholder rights and ensure equality
2. Build smooth relationships with stakeholders
3. Create a comfortable work environment for employees
4. Ensure timely and appropriate information disclosure and transparency
5. Enhance management supervision and ensure accountability to shareholders of the Board of Directors and the Audit and Supervisory Board

We have also published our [Basic Policy on Corporate Governance \(PDF\)](#) on our website, which was formulated in accordance with the principles of the Corporate Governance Code.

As a member of society, the Group aims to build and strengthen trust-based relationships with all stakeholders, and to create new value and inspiration through a wide range of technologies that are not limited to flavors and fragrances, contributing to a richer and more fulfilling life.

To fulfill its social responsibilities, grow sustainably, and improve long-term corporate value, our Group needs to make decisions rapidly and execute business flexibly while responding to the changing management environment under a highly reliable and transparent management system. Our Group regards corporate governance, which serves as the foundation of a highly reliable and transparent management system, as an important challenge and will continue to work on strengthening our governance system so that it remains effective.

◆ Approach to executive compensation

The Company determined the policy on decisions regarding the remuneration, etc., of individual directors during a Board of Directors meeting held on April 16, 2021.

Policy on decisions regarding the remuneration, etc., of individual directors

a. Basic policy

As the basic policy for the remuneration, etc., of the Company's directors, the remuneration system shall also be linked to shareholder returns so that it will adequately function as an incentive to increase motivation and morale for improving shareholder value and to continue to improve corporate value. Furthermore, the remuneration, etc., of individual directors shall be set at the appropriate level in light of their duties.

Specifically, the remuneration, etc., of internal directors shall include basic remuneration as fixed remuneration, bonus as performance-linked remuneration, and stock-based compensation stock option as non-monetary remuneration. The remuneration, etc., of outside directors shall be paid only as basic remuneration in light of their duties.

b. Policy on decisions regarding the basic remuneration (monetary remuneration), etc., of individuals (including the policy on deciding the time or conditions for granting remuneration)

As the fixed remuneration of the Company's directors, basic remuneration shall be paid at a certain time every month.

The amount of remuneration payment for individual directors pertaining to basic remuneration (fixed remuneration) shall be determined based on the corresponding level for the position within the remuneration limit approved by the resolution of the General Meeting of Shareholders while taking into consideration the performance, financial condition, economic situation, market level, etc.

c. Policy on decisions regarding the details of performance-linked remuneration, etc., and non-monetary remuneration, etc., and the calculation method for the amount or number thereof (including the policy on deciding the time or conditions for granting remuneration)

The upper limit for the total amount of bonus payment, which is performance-linked remuneration, shall be determined within the remuneration limit approved by the resolution of the General Meeting of Shareholders. With consolidated ordinary profit as the indicator for performance-linked remuneration, the payment amount shall be calculated by multiplying the payment unit (which is obtained by multiplying the incentive corresponding to the rate of achievement of the consolidated ordinary profit plan) with the factor corresponding to the position of

the director, while taking into account the performance evaluation of the director. This payment shall be made at a certain time every year.

Note that consolidated ordinary profit represents profit from overall management activities and is considered appropriate as an indicator to evaluate the performance of duties of directors. Therefore, consolidated ordinary profit shall be used as the indicator pertaining to performance-linked remuneration.

d. Policy on decisions regarding the details of non-monetary remuneration, etc., and the calculation method for the amount or number thereof (including the policy on deciding the time or conditions for granting remuneration)

As a stock-based compensation stock option, which is non-monetary remuneration, a share option that is granted by exercising the right at one yen for one share shall be granted once every year as a rule. Note that the number of options granted shall be determined based on the standard corresponding to the position within the remuneration limit approved by the resolution of the General Meeting of Shareholders.

e. Policy on decisions regarding the rate of the amount of fixed remuneration, performance-based remuneration, etc., or non-monetary remuneration, etc., to the amount of remuneration, etc., of individual directors

The remuneration, etc., of internal directors shall include basic remuneration (fixed remuneration), bonus (performance-linked remuneration), and stock-based compensation stock option (non-monetary remuneration). The remuneration, etc., of outside directors shall only include basic remuneration.

The rate of payment of the remuneration of internal directors shall be set at the appropriate rate so that it will adequately function as an incentive to increase motivation and morale for improving shareholder value and to continue to improve corporate value, while taking into consideration the post, duties, and trends of other companies with the same business scale as the Company, etc., in a comprehensive manner.

f. Matters related to decisions regarding the remuneration, etc., of individual directors

The amount of remuneration, etc., of individual directors shall be determined by the Board of Directors meeting within the remuneration limit approved by the General Meeting of Shareholders in light of the details of the deliberation at the Compensation Committee, a voluntary committee. Note that the Compensation Committee shall include the representative director and outside directors to ensure the transparency and objectivity of decisions pertaining to remuneration.

System

The Group will continue working to strengthen an effective corporate governance system, which serves as the foundation for a highly reliable and transparent management structure.

The Company adopted the Audit and Supervisory Board as its corporate governance system under the Companies Act of Japan. The Board of Directors makes important management decisions and supervises business execution, while auditors and the Audit and Supervisory Board, which are independent of the Board of Directors, audit the status of such business execution. We have also adopted the executive officer system and the group executive officer system to promote the appropriate division of roles between management and business execution, accelerate management decision-making, and strengthen business execution functions.

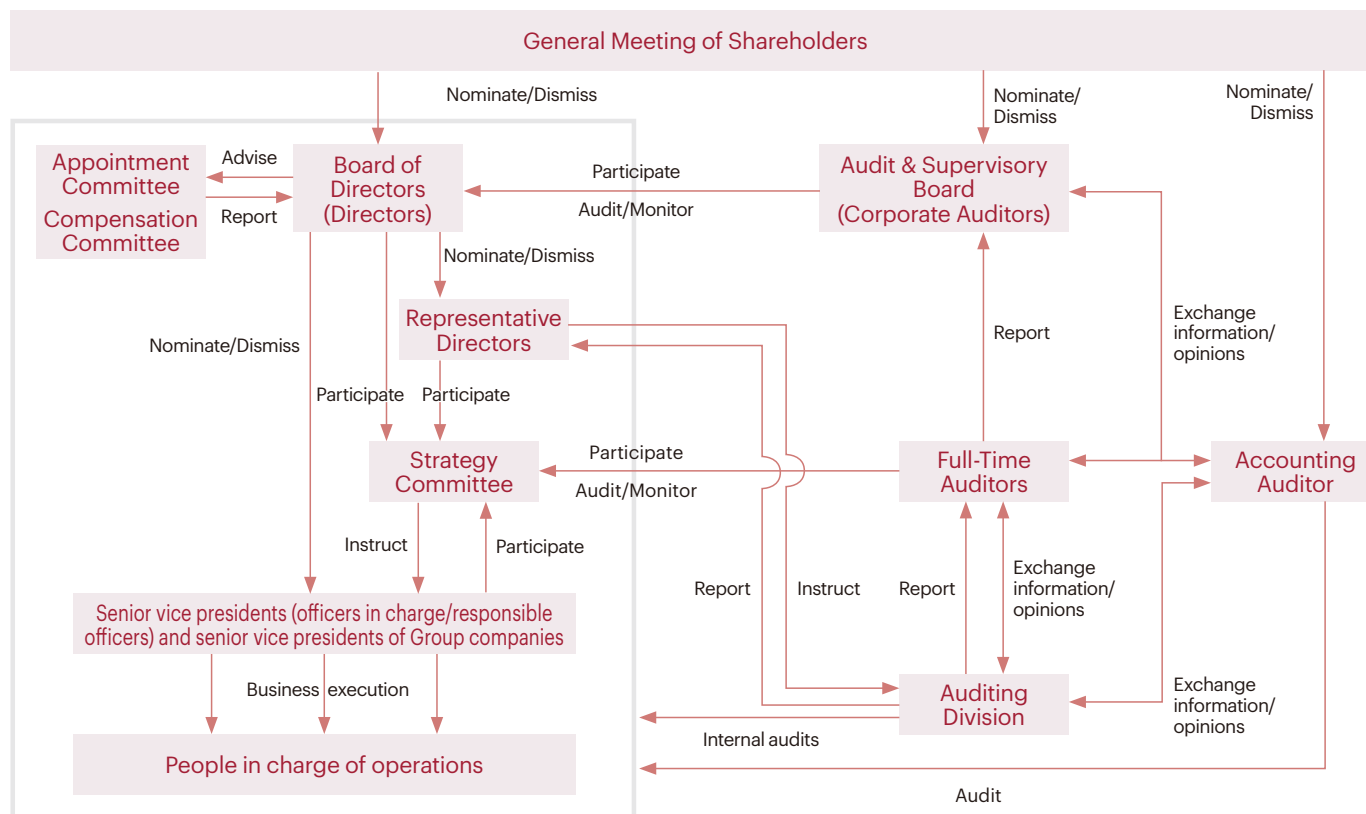
Furthermore, we have established three voluntary organs: the Strategy Committee*, Appointment Committee, and Compensation Committee*.

In FY2024, we held 12 meetings of the Board of Directors, where we made decisions on key management matters, including those required by laws and our Articles of Incorporation, as well as on business policies and budget planning. We also analyzed and evaluated monthly performance and deliberated from the perspectives of legal and statutory compliance and operational appropriateness.

* Strategy Committee: Flexibly deliberate on business execution, including the formulation of management strategies and key matters related to the operation of the Group.

* Appointment and Compensation Committee: Ensure transparency and objectivity in the selection of director candidates and the determination of their compensation.

Corporate governance structure



◆ Skill matrix of directors and auditors

(As of April 30, 2025)

Name	Title/post	Particularly important skills among required expertise									
		Corporate management Business strategy	ESG Sustainability	Quality	Sales Marketing	R&D	Production	Overseas strategy International	Accounting Finance	Human resources Human resource development	Legal affairs Compliance Risk management
Takao Umino	Representative Director, Chairman & CEO	●	●	●	●			●	●	●	●
Kenji Hasegawa	Representative Director, President & COO	●	●	●	●				●		●
Yoshiaki Chino	Representative Director & Deputy President	●	●	●	●	●	●	●			●
Minoru Nakamura	Director & Senior Executive Vice President	●	●				●		●	●	●
Tetsuya Nakamura	Director & Senior Executive Vice President	●	●	●		●	●	●			●
Masayasu Amaike	Director & Senior Executive Vice President	●			●	●	●	●			●
Shingo Ohkado	Outside Director	●			●			●			●
Akiko Izumi	Outside Director	●	●		●					●	
Paul Dupuis	Outside Director	●			●			●	●	●	●
Yuichi Tada	Outside Director	●	●		●			●		●	●
Takehiro Matsumoto	Full-Time Auditor	●						●	●	●	●
Tomoyoshi Arita	Outside Auditor								●		●
Kazuhiro Yamamura	Outside Auditor							●	●		●
Maki Suzuki	Outside Auditor										●

◆ Diversity of directors and auditors

To achieve corporate governance that will serve as the foundation of a highly reliable and transparent management system, the Group has set the number of directors at 10 or less in accordance with the Articles of Incorporation, with an appropriate number of directors to ensure active discussion and deliberation and prompt decision-making. In nominating directors and auditors, we promote diversity among the Board of Directors by taking into consideration their personalities, insight, extensive knowledge of various fields, experience, professional background, gender, and internationality such as race, ethnicity, nationality, country of origin, and age, regardless of whether they are internal or external, with the aim of enhancing corporate value over the medium to long term.

◆ Succession plan

The Group realizes that the planned development of successors to the representative director is important as a business strategy for continuing to improve our corporate value in the future. In accordance with the Basic Policy on Corporate Governance, we are working to develop successors in a planned manner so that candidates can gain experience while participating in management through business execution and attending important meetings, including Board of Directors meetings and the Strategy Committee. As a result, we are able to cultivate the abilities, experience, knowledge, skills, and other factors that are necessary to serve as a President & COO.

In order to ensure transparency and objectivity in the nomination of representative director candidates, relevant details are deliberated in the Appointment Committee (which is a voluntary committee comprised of the representative director and a majority of independent outside directors) and chaired by an independent outside director before they are reported to the Board of Directors. Based on reports and advice from the Appointment Committee, the Board of Directors continues to supervise the overall efforts for developing successors.

◆ Evaluation of the effectiveness of the Board of Directors

Once each year, the Company's Board of Directors analyzes and evaluates its effectiveness and discloses an overview of the results.

In FY2024, we conducted a questionnaire survey of all directors and auditors regarding the composition and operation of the Board of Directors, and the results of the survey were compiled, analyzed, and evaluated by the Board. As a result, we confirmed that the effectiveness of the Board is ensured.

Based on the results of this analysis and evaluation, in 2025, we will promote the sharing of materials that are easy to understand in terms of key points, as well as early reporting of information we learn and sufficient time for preliminary explanations, before discussing the approval agenda. In addition, we will work to increase opportunities to discuss business strategies and risks. Furthermore, we are considering conducting factory tours in Japan and visits to our overseas offices to promote understanding of outside directors on business details and business execution. We will also continue our efforts to improve governance by providing opportunities for regular meetings between outside directors, officers in charge, and senior vice presidents.

◆ PDCA cycle for improving the effectiveness of the Board of Directors



◆ Audit & Supervisory Board

The Audit and Supervisory Board is comprised of four auditors, including three outside auditors. In FY2024, the Board meeting was convened eleven times to receive reports on important audit-related matters and to discuss and resolve reported matters. The auditors also attended important meetings such as the Board of Directors meetings to audit and supervise the status of the directors' performance of duties. They exchanged views with the representative director, senior vice presidents, and division heads twice during the year. The Audit and Supervisory Board also audited subsidiaries and factories in accordance with audit plans. Furthermore, the auditors worked to increase audit functions by regularly exchanging views with an independent auditor and the Internal Audit Division.

◆ Appointment and Compensation Committee

The Appointment Committee, which is a voluntary committee comprised of the representative director and a majority of independent outside directors and chaired by an independent outside director, was convened three times in FY2024. In consultation with the Board of Directors, the Appointment Committee deliberates on matters pertaining to the election of candidates for directors and corporate auditors and reports the results of such deliberations to the Board. The Compensation Committee, which is a voluntary committee comprised of the representative director and a majority of independent outside directors and chaired by an independent outside director, was convened three times. In consultation with the Board of Directors, the Compensation Committee deliberates on the amount of compensation for directors and reports the results of such deliberations to the Board.

Strategies

◆ Disclosure of corporate governance report

The Company submitted a report on corporate governance to the Tokyo Stock Exchange to disclose information on the status of our corporate governance.

For more details, please refer to [the Corporate Governance Report \(PDF\)](#).

◆ Strengthening IR activities

The Company is strengthening its investor relations activities to ensure timely and appropriate disclosure (information disclosure), transparency, and accountability to shareholders. In FY2024, we held 55 individual meetings with analysts and institutional investors to deepen their understanding of the Group's management policies, global strategies, and capital policies. We also held two financial results briefings for institutional investors. Acting as a presenter, the Representative Director, Chairman & CEO provided a direct explanation to analysts and institutional investors regarding the Group's financial summary, management policy, global strategy, medium-term three-year plan, capital policy, and other details. In addition, IR-related materials (in Japanese and English) were disclosed on the Company's website to enhance information disclosure.

Indicators and targets

The Group's track record includes the number of directors (including the percentage of independent outside directors and the percentage of female directors), the number of Board of Directors meetings, the average attendance rate at Board of Directors meetings (directors and corporate auditors), the number of Audit and Supervisory Board meetings, and the average attendance rate at Audit and Supervisory Board meetings. In FY2024, the Board of Directors held 12 meetings, with an average attendance rate of 99%.

For more details, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).

CSR Policy 5: Governance—Fair corporate activities ~Compliance~

Basic approach and policy

The Group regards compliance as one of the most important issues in corporate activities. We have prescribed the compliance rules and the T. Hasegawa Corporate Code of Conduct to ensure that the execution of duties by all directors and all employees complies with laws and the Articles of Incorporation, as well as to fulfill the social responsibilities of a company and disseminate them to all directors and employees as part of efforts to ensure compliance.

◆ Establishment of a policy on bribery and corruption

We support the ten principles of “Human Rights, Labour, Environment and Anti-Corruption” outlined in the UN Global Compact and have established the T. Hasegawa Group Policy on Bribery and Corruption. The T. Hasegawa Group Policy on Bribery and Corruption is reviewed at the Compliance Committee meeting held every September and is reported to and supervised by the Board of Directors, along with the status of internal controls and deliberations by the Committee. T. Hasegawa will continue to promote responsible management for all stakeholders in order to create a sustainable world.

T. Hasegawa Group Policy on Bribery and Corruption

In recognition of the fact that corruption of any kind, including bribery, is absolutely unacceptable in the conduct of fair and equitable business activities, the T. Hasegawa Group established the following basic policy to ensure that our business activities comply with the laws and regulations of the countries and regions in which we operate.

The Basic Policy prohibits any form of corruption, including the offering of money, favors, or other benefits to local or foreign public officials or business partners for the purpose of seeking unfair advantage; bribery, including excessive entertainment and the giving or receiving of gifts; and unfair competition, including fraud, collusion, and cozy relationships.

1. The T. Hasegawa Group observes all laws and corporate ethics related to bribery and corruption prevention applicable in Japan and overseas in accordance with the “Compliance with laws and regulations,” “Actions towards customers,” and “Relationships with suppliers” sections stipulated in the T. Hasegawa employment regulations and the T. Hasegawa Corporate Code of Conduct and does not allow any act of bribery or corruption.
2. The T. Hasegawa Group will never demand profits that can be gained only through bribery, corruption, or other similar means under any circumstances. We also request cooperation from all domestic and overseas business partners involved in our Group’s business to understand the aim of this policy fully and to never look to the interest of the Group by such improper means.
3. The T. Hasegawa Group appoints the officer or the deputy officer in charge of internal management control as the chief supervisor for preventing bribery and corruption. We will work to improve the compliance system by implementing measures, including the provision of training to prevent bribery and corruption and the enhancement of the whistleblowing system.

* Corruption refers to any act of abusing one’s position or authority to gain an unfair advantage, including bribery, excessive entertainment, giving or receiving gifts, embezzlement, bid-rigging, collusion, and other forms of unfair competition, extortion, fraud, accounting irregularities, money laundering, and the like.

The above policy on bribery and corruption prevention was approved by the Group’s Board of Directors on November 28, 2024.

◆ Approach to animal tests

The Group has a policy of not conducting animal testing in any research and development for flavor and fragrance products and does not support any activities that involve animal testing.

Upon requests from the administrative authorities, however, animal testing cannot be avoided in some cases.

◆ Establishment of a tax policy

The circumstances surrounding tax have become more complicated due to our global development, so the Group is working to strengthen tax governance to appropriately respond to tax risks, etc., in the countries and regions where we operate. As part of this effort, we have established the T. Hasegawa Group Tax Policy with the aim of raising the awareness of all Group directors and employees on tax compliance.

T. Hasegawa Group Tax Policy

Basic policy

The T. Hasegawa Group observes laws and regulations in accordance with the T. Hasegawa Corporate Code of Conduct, fulfills its social responsibilities by properly performing tax obligations in its operating countries and regions, and aims to continue improving its corporate value.

1. Compliance with laws and regulations

The Group understands the legislative intent of tax-related laws and regulations in each country and region, and properly fulfills its tax obligations. We do not use tax incentives for programs that do not correspond to the actual business condition nor engage in tax avoidance using regions known as tax havens. In international transactions, we observe laws, regulations, and tax ordinances of countries and regions, as well as international taxation rules.

2. Ensuring transparency

The Group complies with relevant accounting and disclosure standards that should be complied with and works to disclose information to all stakeholders appropriately. Upon request from tax authorities, we will provide the necessary information and earn their trust. If any tax problem is pointed out, we will promptly implement improvement measures to prevent it from occurring again.

3. Minimizing the tax risk

Through a correct understanding of tax systems, the Group aims to minimize the tax risk and improve corporate value. For

transactions in business activities whose tax interpretation is unclear, we receive advice from experts to fully examine them and confirm with tax authorities as necessary in an effort to reduce the tax risk.

4. Tax governance

The Group receives advice from external experts regarding changes in the business environment and amendments to the tax system, etc., of each country and region to ensure that we accurately interpret tax laws and regulations. Each site responds to such changes in a timely and appropriate manner, and the Company has also established a system to share such information quickly.

The above tax policy was approved by the Group's Board of Directors on November 28, 2024.

System

The T. Hasegawa Group will continue its efforts to raise compliance awareness among each and every employee, while working in cooperation with Group companies to enhance and strengthen the overall compliance framework of the Group.

◆ Compliance Committee

The Compliance Committee was established in accordance with compliance rules. It is chaired by the Representative Director, Chairman & CEO, and includes directors as its members. The Compliance Committee regularly investigates whether there are any illegal activities in the Company for the purpose of preventing the occurrence of illegal activities, preventing the neglect or concealment of potential illegal activities, and promptly identifying any illegal activities, discussing countermeasures, and correcting them.

The Compliance Committee meets once a year to discuss important compliance-related matters and report the results of comprehension tests.

Compliance Committee members (as of November 21, 2024)

Committee Chair	Takao Umino (Representative Director, Chairman & CEO)
Vice Committee Chair	Kenji Hasegawa (Representative Director, President & COO)
Member	Yoshiaki Chino (Representative Director and Deputy President)
	Minoru Nakamura (Director and Senior Executive Vice President)
	Tetsuya Nakamura (Director and Senior Executive Vice President)
	Masayasu Amaike (Director and Executive Vice President)
	and ten other members
Observer	Takehiro Matsumoto (Full-Time Auditor)
Secretariat	General Affairs Division/Human Resources Division

Compliance Committee structure chart

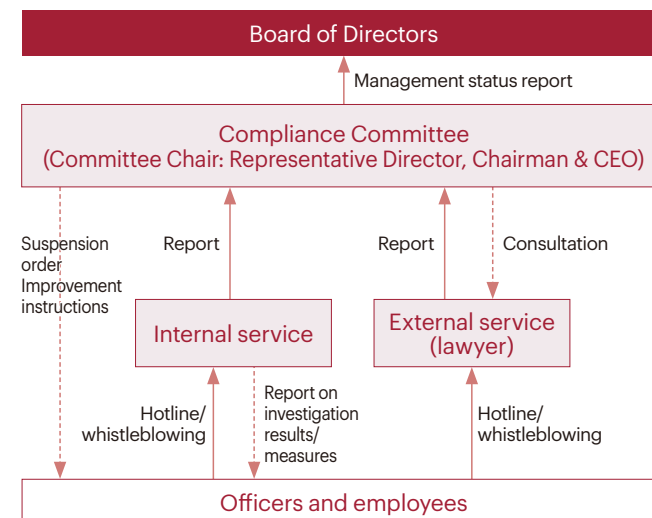


◆ Whistleblowing system

The Group has established a whistleblowing system to serve as a reporting channel for compliance violations and harassment, including embezzlement, excessive entertainment, the exchange of gifts, unfair trade practices, and all forms of bribery and corruption. In addition to multiple internal whistleblowing hotlines, we have also set up an external reporting hotline managed by an independent attorney, separate from executive management. We guarantee anonymity and confidentiality in our operation of the whistleblowing system. Under no circumstances will whistleblowers or those cooperating with investigations be subjected to disadvantageous treatment for reporting or consulting in accordance with applicable laws and the Compliance Regulations. In addition, the personal information of whistleblowers and any details that could lead to their identification are strictly managed by the whistleblowing hotline. The Compliance Committee and its Secretariat, in cooperation with the full-time auditors, are responsible for monitoring whether whistleblowers receive any disadvantageous treatment. This is clearly stated in the Compliance Regulations and thoroughly communicated to all directors and employees of the Group.

The Compliance Committee reviews the status of internal reports received through both internal and external whistleblowing hotlines at each Group company, conducts fact-finding investigations, considers necessary countermeasures, and regularly reports on the operation of the system to the Board of Directors.

Whistleblowing system



◆ Development and implementation of internal control

In order to ensure the reliability of financial reporting, we have established the rules on internal controls to develop and implement internal controls pertaining to financial reporting and built a system to evaluate the effectiveness of the internal controls appropriately.

Strategies

◆ Training and education on compliance

We distribute the T. Hasegawa Corporate Code of Conduct to all directors and employees to establish an environment where they can review it at any time. In addition, we strive to foster awareness of compliance by providing ongoing training and education regarding laws and regulations related to the execution of their duties at least once a year.

We conducted a compliance comprehension test for all employees, including directors, loaned employees, and temporary employees, to confirm whether they are aware of the Code that requires them to be sincere and maintain an ethical view. The content covers not only violations of laws and regulations, but also the T. Hasegawa Group's Code of Conduct, which includes policies on bribery and corruption prevention, and prohibition of insider trading, as well as the whistleblowing system and harassment prevention measures.

To promote a greater understanding of internal control, we will provide training for new employees, mid-career employees, and new managerial staff once a year.

◆ Internal audit

The Internal Audit Division conducts internal audits of the Company's operations based on the internal audit plan.

◆ Response to harassment

To prevent harassment in the workplace (including sexual harassment; harassment related to pregnancy, childbirth, childcare, and long-term nursing care leave; and abuse of authority), the Company and its subsidiaries prescribe and share matters that employees should observe and administrative measures to address problems arising from speech and behavior in the harassment prevention rules.

In addition, we are continuously working to prevent harassment by conducting harassment prevention training once a year for all directors and employees.

◆ Response to antisocial forces and organizations

Our Group takes a firm attitude towards antisocial forces and organizations that may pose a threat to social order and security, and will ban any relations with them. We also take strong action against

unreasonable requests from them. Given that the T. Hasegawa Corporate Code of Conduct has stated that effect, all directors and employees observe the Code. We constantly collect information from relevant administrative agencies and organizations, including the police. In the event of an incident, we have a system in place to deal with it promptly and systematically in close cooperation with such agencies, organizations, lawyers, and so on.

◆ Bribery and corruption prevention initiatives

To promote responsible management for all stakeholders in order to create a sustainable world, our Group believes that all our directors and employees must fulfill their social responsibilities by acting sincerely and fairly with high ethical standards.

Ethics audit

Our Group undergoes audits conducted by professional auditors in accordance with generally accepted auditing standards. These audits are designed to identify and assess the risks of material misstatements resulting from fraud or error. In addition, we design and perform audit procedures to address significant risks of misstatement.

In addition, we utilize the Sedex Members Ethical Trade Audit (SMETA) framework and undergo ethics audits conducted by third-party audit organizations. We will continue this practice and expand its implementation across all our sites. SMETA audit standards are based on international labor standards set by the International Labour Organization (ILO) and the Ethical Trading Initiative (ETI) Base Code. Key audit areas include appropriate working and employment conditions (such as working hours and wages), a safe and hygienic work environment, a workplace free from discrimination and harassment, and a corporate culture that rejects bribery and corruption, with compliance practices adapted to local communities.

In addition to the above, we proactively cooperate with audits conducted by business partners and other stakeholders.

Internal controls related to anti-corruption

Our Group conducts due diligence, including anti-corruption measures, for business activities that are considered to be relatively high risk, such as M&A and new facility construction.

We identify divisions, personnel (tiers), and business areas that are at high risk for corruption and implement measures to prevent it.

For example, the provision of entertainment must be approved in advance by an authorized person, in accordance with internal approval procedures and the rules of administrative authority. Entertainment and gifts are recorded in a logbook and submitted to the officer in charge on a quarterly basis.

Indicators and targets

Our Group aims to enhance and strengthen the compliance system across the Group by setting targets of a 100% participation rate in both the compliance comprehension test and harassment prevention training for all directors and employees. In FY2024, the compliance comprehension test achieved a correct answer rate of 99.9%, demonstrating that a solid understanding of various compliance rules has been firmly established across the Group.

In addition, we monitor the following key performance indicators: number of whistleblowing cases, number of serious compliance violations, number of compliance-related training held, total fines, number of employees disciplined for violating the Policy on Bribery and Corruption, total fines related to bribery and corruption, and so on. Serious compliance violations are those that affect the business continuity of our Group and cover all items included in the T. Hasegawa Corporate Code of Conduct. There were no significant compliance violations in FY2024.

For more details, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).

CSR Policy 5: Governance—Fair corporate activities ~Risk management~

Basic approach and policy

Our Group has developed internal rules on the risk management system based on the risk management rules, which stipulate that the analysis, management, and consideration of measures for risks must be performed, mainly for relevant divisions. The rules also stipulate that the Risk Management Committee, which is a cross-sectional organization of relevant divisions and the whole Group, must be established to analyze, manage, and consider measures for risks that require a response from the Group. In addition, we have established business continuity rules and their subordinate rules (which are guidelines for continuing the Company's business in the event of a contingency or crisis) and shared them with all directors and employees of the Company.

System

◆ Risk Management Committee

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 Group based on the risk management rules. The Risk Management Committee is a permanent, Group-wide organization chaired by the Representative Director and Chairman (CEO), and consists of directors as its members.

Risk Management Committee members (as of January 17, 2025)

Committee Chair	Takao Umino (Representative Director, Chairman & CEO)
Vice Committee Chair	Kenji Hasegawa (Representative Director, President & COO)
Member	Yoshiaki Chino (Representative Director and Deputy President)
	Minoru Nakamura (Director and Senior Executive Vice President)
	Tetsuya Nakamura (Director and Senior Executive Vice President)
	Masayasu Amaike (Director and Executive Vice President)
	and 11 other members
Observer	Takehiro Matsumoto (Full-Time Auditor)
Secretariat	Corporate Planning Division

◆ Risk identification process

The Group identifies risks by conducting annual Group-wide risk assessments in accordance with the risk management rules. The risk assessment analysis results are reported to the Risk Management Committee and the Board of Directors. The Risk Management Committee selects the priority risks to be monitored according to the analysis results and regularly checks them for progress.

◆ Initiatives of the Risk Management Committee

The Risk Management Committee discusses risk management plans, including risk analysis and management, evaluation reports on response to high-priority risks, annual risk management plans, and the planning and implementation of countermeasures. In FY2024, the Risk Management Committee was convened once.

Going forward, we will continue our efforts to reduce risks while monitoring mainly priority risks in accordance with the risk management plan formulated by the Risk Management Committee. We will regularly identify potential risks and work to avoid and reduce risks and prevent a crisis from occurring. Specifically, we will conduct annual risk assessments covering the Group companies once a year to identify company-wide risks. The Risk Management Committee will report the risk assessment analysis results and select priority risks. For identified priority risks, the Committee will report the progress (follow-up) to the Board of Directors twice a year to check on the progress of the necessary responses.

Risk Management Committee structure chart



◆ Main risks

The following stipulates the main risk items identified by the Group and the description of risks.

(As of December 20, 2024)

Risk item	Description of risks (impact on business performance if risks materialize)
Risks related to human rights	If an act that violates human rights were to occur in any business area involving the Group as a whole, it would lead to a loss of social credibility for the Group and affect its business performance.
Climate risks	Poor weather conditions will cause a slump in sales of final products in client industries (beverage industry, food industry, toiletries industry, etc.), which will affect the Group's business performance.
Raw material procurement risks	Damage caused by abnormal weather (cyclones, hurricanes, etc.) in production areas, social unrest (terrorism, war, infectious diseases, etc.), accidents at suppliers, etc., make it difficult to procure raw materials and affect our Group's business performance.
Disaster and other risks	Damage caused by natural disasters (earthquakes, typhoons, etc.) or social unrest (terrorism, war, infectious diseases, etc.) at our Group's production sites will affect our business performance.
Quality risks	Damages resulting from product defects, which affect the Group's business performance.
Economic and other risks	Economic conditions, economic trends, and financial conditions in the countries in which the Group operates, as well as trends in consumer spending, which are affected by these factors, may cause a slump in our customers' sales of final products, thereby affecting the Group's business performance.
Environmental risks	In the event of stricter environmental and other regulations in Japan or overseas, the Group's business performance will be affected by increased costs, restrictions on business activities, and other factors.
Impairment loss risks	If the market value of the Group's assets declines significantly or if the profitability of the business deteriorates, the application of impairment accounting will result in an impairment loss on fixed assets, which will affect the Group's business performance.
Subsidiary management risks	In addition to Japan, the Group has positioned overseas markets as growth drivers while strengthening its global operations in the Asian region (particularly in China and Southeast Asia) and the United States. However, in the event of fraud or misconduct due to insufficient management (corporate governance) of domestic and overseas subsidiaries, the Group's business performance will be affected by deterioration of the corporate image and loss of credibility.
Exchange rate fluctuation risks	Financial statement items denominated in local currencies of overseas subsidiaries are converted into yen for the purpose of preparing consolidated financial statements, and the exchange rate at the time of conversion affects the Group's business performance.
Information security risks	If information assets related to the Group's business activities are lost, destroyed, or leaked to outside parties due to cyber-attacks, computer virus infections, system failures, or other causes, it could lead to the suspension of operations and loss of the Group's social credibility, which would affect business performance.

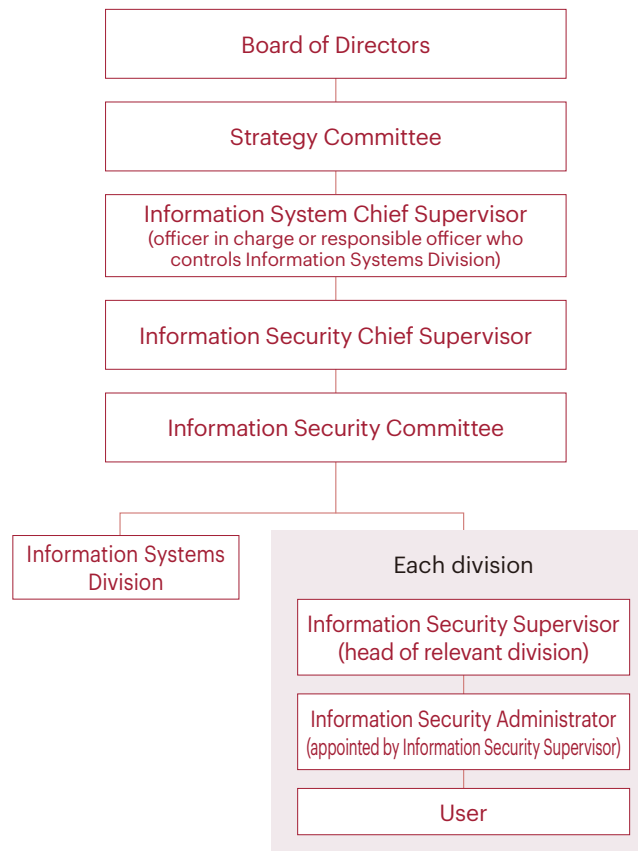
For details on the risks, refer to the Securities Report. [FY2024 Securities Report: Business and other risks](#)

◆ Information security

The Group ensures the appropriate use and management of its information assets by developing information security rules, including the Basic Policy on Information Security and Countermeasure Standards, and by developing an information security organizational structure. By combining multiple systems, security tools, and monitoring services, the Company has created an environment that enables early detection, defense, and response. In addition to focusing on warning all directors and employees regarding information security through regular education, notifications, etc., on information security, we regularly conduct training to handle and respond to incidents.

In FY2024, the Information Systems Division issued a reminder regarding information leaks for new employee training. Employees are alerted about the risk of leaking confidential information through the use of generative AI, and directors and all employees are provided with information security training.

Information security organization chart



- * The Information System Chief Supervisor shall be the officer in charge or responsible officer who controls the Information Systems Division. The Information System Chief Supervisor shall be responsible for supervising and managing company-wide information security. However, an Information Security Chief Supervisor may be appointed separately.
- * The Information Security Committee Chair shall be the officer in charge.
- * Under the Company's system, any important matters regarding information security are to be submitted and reported to the Strategy Committee and, as necessary, the Board of Directors.

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◆ Internal audit system

The Internal Audit Division conducts internal audits of the Company's operations based on the internal audit plan.

◆ Management of intellectual property rights

The importance of intellectual property rights is increasing year by year due to the growing awareness of them in society and various measures taken by the government. The Group has established the Legal Division as a division responsible for controlling intellectual property rights. The Legal Division acquires achievements obtained through research and development, etc., as intellectual property rights and utilizes them to provide the Group's high-quality and high-value-added products.

In addition, as part of our efforts to prevent the risk of third-party patent infringement, we conduct prior art searches in the early stages of development and hold monthly patent review meetings at our R&D center based on the patent information we have collected. As part of our efforts to prevent trademark and copyright infringement, we review documents to be sent externally before they are released. We also conduct intellectual property rights comprehension tests for employees in relevant divisions.

◆ Business Continuity Planning (BCP)

In order to continue business operations in the event of a contingency or crisis, we have established business continuity rules and business continuity guidelines. We share the content among all directors and employees and conduct firefighting training and safety confirmation training based on a large-scale disaster scenario.



Firefighting training at the Fukaya Facility



Firefighting training at the Itakura Facility

CSR Policy6: Innovation

Basic approach and policy

The T. Hasegawa Group is working to find unique flavors and fragrances by developing them and identifying new aroma components through technologies for creating fragrances, analyzing, synthesizing, and developing ingredients. The Group is also working to streamline and improve the efficiency of manufacturing methods in consideration of the environment and resource conservation. Responding to customer needs and potential demands while resolving social issues will lead to new product development and new business exploration from the perspectives of responding to health consciousness, contributing to foodtech, providing health and enrichment, and finding solutions for an aging society. Through flavors and fragrances, we aim to realize rich and healthy lifestyles and contribute to the creation of a sustainable society.

Contribution to society through the flavor and fragrance business

Responding to
health consciousness

Providing health and
enrichment

Contributing to foodtech

Finding solutions for an aging
society

◆ Relation with stakeholders

Customers

We provide the ideal flavors and fragrances for customer needs by providing high-quality and high value-added products.

Examples of customer success cases

We integrate marketing data and sensory evaluation data to visualize customer issues and make proposals that support product development. We have also developed a unique communication tool called Aroma Value Visualizer®, which visualizes the value of flavor and fragrance by combining physiological response measurements such as salivary gland activity and technologies, and Aroma Rainbow®, which expresses fragrance in color. We use these techniques and tools to share awareness of our customers' apparent as well as latent issues, so that we can respond accurately to customer requests.

Natural environment

We are developing flavors and ingredients that enhance taste and help supplement food resources whose supply has become unstable due to the impacts of climate change and other factors. In synthetic chemical studies, we aim to develop environmentally conscious ingredients by continuing to reduce the amount of solvent used and replace toxic substances with improved manufacturing processes while taking into account green chemistry. Specifically, we are using "The IFRA Green Chemistry Compass," published by the IFRA, to evaluate the conformity of our chemical processes to green chemistry based on the 12 articles related to green chemistry. This clarifies issues to be addressed and enables more efficient improvement activities. We contribute to reducing the thickness of PET bottles and saving resources through the development of ingredients that enhance the flavor of natural raw materials and other ingredients that supplement the sensation of carbonation, which will lead to the protection of biodiversity and food resources. As part of our own Circular Economy initiative, we have been experimentally cultivating lemongrass in Koumi-machi in 2023 using botanical residue compost from our affiliated company, Koumi Compost.

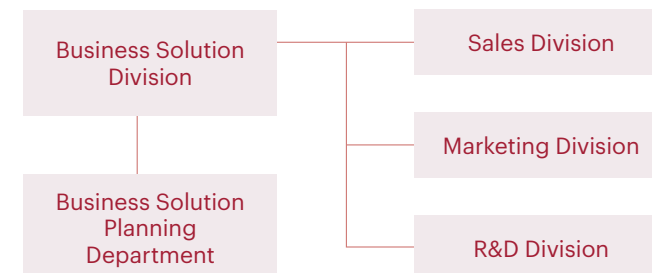
Joint research partners: universities and research institutes

Joint research partners: universities and research institutes
Through knowledge sharing and opinion exchange, we strive to absorb cutting-edge research and improve our technology.

Governance and risk management

The Business Solution Division, which was established in 2020, is strengthening collaboration between the Sales, Marketing and R&D Divisions. Under the strategy of the Business Solution Planning Department, we will systematically work to provide our customers with high-quality and high value-added products while aiming to help solve social issues and achieve sustainable growth. In addition, the R&D Center serves as the backbone of our flavor, fragrance, and ingredients development. The Flavor R&D Center, the Fragrance R&D Center, and the Technology R&D Center pursue research in their respective specialized fields and collaborate with each other to combine their achievements, thereby strengthening our research and development capabilities.

Organization chart



(1) Fragrance Division

The domestic market for cosmetic fragrances is now in a mature stage, and competition among domestic and overseas fragrance manufacturers is intensifying. In addition, we are also facing rising raw material prices due to changes in the resource environment. Under these circumstances, we have been working to continue improving our perfumery technology while placing the highest priority on safety, quality, and environmental issues. Furthermore, we have been conducting research and development in cooperation with sales and marketing. Utilizing our perfumery, analysis, and synthesis technologies, in FY2024, we continued to work on developing highly perfected fragrances with long-lasting and diffusive characteristics, proposed new product forms in terms of application, accurately identified customer needs based on preference and marketing surveys, and conducted research that led to cost reductions. As a result, many of our products have been adopted by customers both domestically and internationally.

As we continue promoting globalization, we are also further strengthening our technical support based on market research in overseas countries and regions while making every effort to acquire new customers.

Our Chinese subsidiary, T. Hasegawa (Shanghai) Co., Ltd., is strengthening sensory evaluation and research on applications in addition to its Perfumery R&D Division in order to respond to diversifying customer needs.

(2) Flavor Division

As consumer lifestyles and preferences continue to diversify, competition among manufacturers and retailers has intensified, resulting in shorter product life cycles. The Group conducts customer-oriented research and development to meet the increasingly diverse and fast-changing needs of our customers. For example, we have developed authentic-tasting flavors, new flavor ingredients created using advanced extraction and processing technologies, and flavor systems that combine taste-enhancing components such as richness boosters. We actively present these innovations to our customers and have responded to their needs through these tailored solutions. Furthermore, we conducted research and development on new applications of flavors, which resulted in the adoption of our manufactured goods in major new products by domestic and international customers in FY2024 as well.

In addition, as we aim for globalization, we are developing flavors that meet the unique tastes of each country and researching their applications to our customers' products. While strengthening technical support for our overseas subsidiaries and distributors in various countries, we have steadily increased our customers' adoption of our products.

The R&D Division of US subsidiary T. Hasegawa USA, Inc. has been expanding research on applications to customers' products and has been successful in acquiring new customers.

Our Chinese subsidiary, T. Hasegawa (Shanghai) Co., Ltd., is enhancing its R&D capabilities and improving operational efficiency by fully leveraging the functions of the new research building completed in November 2023.

Our Malaysian subsidiary, T HASEGAWA FLAVOURS (KUALA LUMPUR) SDN. BHD. is continuing to strengthen the R&D system to expand the sales of compounded flavors across various Asian countries, in addition to its core product of powder seasonings.

(3) Basic R&D Division (common to Fragrance Division and Flavor Division)

① Research on synthetic flavors and fragrances

We have developed synthetic flavors and fragrances that characterize the aroma of our products while also improving manufacturing

methods to streamline the manufacturing process of existing products and develop manufacturing methods for flavors and fragrances that consider environmental conservation (sustainability). As an example, for one of the synthetic raw materials in production, we have switched from a process that uses raw materials from rare plants to an upcycled process that uses by-products from the flavors and fragrances industry.

② Research on natural products

We have developed an aroma analysis method using various aroma collection methods and the latest analytical equipment to improve the accuracy of analysis of trace aroma components, thereby clarifying the composition of aroma components in many natural products and applying it to the development of flavor and fragrance products. In addition, we have been developing flavor materials using the extraction technology to utilize natural flavors as well as natural pigments, natural antioxidants, and other functional food materials as naturally derived materials. We are also developing fruit-based processed products that incorporate flavors designed with consideration for the final manufacturing process. Based on these technologies, we offer original solutions unique to the Company.

③ Research on sensory evaluation, physiological response, and biotechnology

We have developed original evaluation methods using measurement technologies in sensory evaluation and physiological response (head blood flow, muscle potential, etc.) and utilized them in our proposal activities. In addition, we conduct basic R&D on microorganisms and enzymes, as well as the development of flavor-enhancing ingredients through the application of these R&D results.

④ Other research related to flavor and fragrance development

We continued R&D on high value-added flavor and fragrance products using emulsification, powdering, and other formulation technologies suitable for flavor and fragrance applications, as well as rationalization through process improvements in flavor and fragrance manufacturing. Furthermore, we developed new, safe food ingredients that meet the needs of the market.

Strategies

◆ Increase in business opportunities

- Social challenges to which the Group can contribute with its technology
- Increasing interest and need for creating a sustainable society
- Possibilities of flavors and fragrances to create new value

◆ Measures

- Sustaining R&D investments
- Proposing activities using marketing data and AI
- Speedy development: accurately identifying and rapidly responding to customer requests and latent needs
- Detailing responses to customers
- Responding to increased demand for alternative raw materials triggered by climate change
- Absorbing advanced technologies and knowledge through active exchange of views with universities and research institutes

We set KPI for maintaining and improving the ratio of R&D expenses to net sales and for continuing open innovation, and will promote the continuous development of new technologies in collaboration with universities, research institutes, and other organizations in order to strengthen our product development and proposal capabilities. In addition, we will further strengthen our organizational structure.

◆ Development of an organizational structure

Collaboration between the Sales, Marketing and R&D Divisions to form the Business Solution Division has advanced, and the speed of responding to customers is accelerating. To achieve customer success, we have strengthened information sharing with reference to marketing data, technical materials and research results, with the aim of further promoting solution sales. We continue to focus on research and development to increase sales.

◆ T. Hasegawa Group's proprietary technologies

We introduce many of our proprietary technologies. Please see "[Original Technologies](#)" for details.

◆ Product development and proposals

We offer proposals that integrate marketing data with sensory evaluation data. We also promote the active use of intellectual property, such as sensory evaluation data, to strengthen the linkage between compounding, analysis, and application and to develop new, unique products.

Development of an alternative to gum arabic

Gum arabic is a natural emulsifying agent derived from the bark of Acacia trees, commonly used in foods worldwide for its high emulsifying properties. However, the social and political instability in the major production regions of gum arabic has raised concerns about supply reliability. In response, we have developed a sustainable alternative with emulsifying and dispersion properties equivalent to gum arabic by combining widely used food-grade protein and polysaccharide materials through the Maillard reaction.

These research findings were presented orally under the title “Analysis of Emulsifying Properties of Protein/Polysaccharide Complexes Formed by the Maillard Reaction” at the 71st Annual Meeting of the Japan Society for Food Science and Technology, held from August 29 to 31, 2024, at Meijo University (Tempaku Campus, Aichi Prefecture).

◆ External collaboration

To strengthen product development and proposals, we are striving to absorb cutting-edge research and improve technology through knowledge sharing and opinion exchange, and we are continuously promoting joint research with universities and research institutes.

Development of an orange juice alternative

We have been working on the development of an orange juice alternative by applying our emulsification technology for flavors, and have successfully created a proprietary ingredient (a patented emulsified flavor material currently under patent application). This new material has been shown to enhance the juiciness and mouthfeel of beverages, enabling product formulations that reduce the amount of orange juice used without compromising its flavor. To verify the effectiveness of this ingredient, we conducted not only sensory evaluations by expert panels but also analytical assessments using precision instruments. The results confirming its juice-substitution capabilities were presented at the 33rd Annual Meeting

of the Japan Soft Drink Association, held on October 8, 2024, at the Japan Education Center in Tokyo.

Due to rising prices and supply uncertainties surrounding orange juice caused by social conditions and climate change, our newly developed ingredient contributes to the stable supply and price stabilization of products that use orange juice.

* Some of the verification experiments were conducted as part of a joint research project with Yokohama National University.

◆ Contribution to society

Responding to health consciousness

► Bringing delicious taste to low-sugar, low-salt and low-fat foods

We develop ingredients that enhance sweetness, umami and saltiness in response to the development of products that pursue a “healthy and good taste” for customers. Furthermore, we also propose ingredients that add delicious flavor to food with reduced sugar and salt content. In addition, by developing products that impart a sense of fat and oil and a rich, full-bodied effect, we are proposing ingredients that add a sense of satisfaction to low-calorie, non-oil products.

Contributing to foodtech

► Solution for the lack of food resources

As part of the development of flavors to replace depleting food sources, we also offer a flavor series that can replace savory natural raw materials and alternative compounded flavors for citrus essential oils. To address the shortage of vanilla beans, we are developing materials that can produce a vanilla taste even when the amount of vanilla beans is reduced by applying compounded flavor and the heat reaction technology. In addition, we have developed a compounded flavor based on aroma analysis. By combining that flavor with emulsified oils and fats, we propose an ingredient that complements the flavor of milk even when the amount of dairy ingredients used is reduced.

For plant-based food, which effectively reduces the environmental impact, we have Plant React®, an ingredient that adds the flavor and taste of animal products without actually using animals and contributes to reproducing the distinct flavor.

Koku Jyuwa®, which is generated by using the power of enzymes in natural vegetable fats and oils, contributes to reducing the use of oil and fat ingredients with supply concerns by imparting a rich, full-bodied effect to foods.

Providing health and enrichment

► Bringing fragrance to living spaces and developing new technologies for skin care products

We are developing high value-added and long-lasting fragrance materials that can provide fragrance in situations where it is needed. We have also developed NANOLYS®, an innovative solution for all sensitive skin in the world.

For more information, please visit [NANOLYS](https://www.nanolys.com).

► Development of a method to express the relationship between flavor and emotional concepts

In recent years, product development has increasingly emphasized emotional concepts such as moods, feelings, or imagined scenes (for example, a shampoo for moments of relaxation, or coffee to enjoy on a day off). Focusing on the emotional aspects of aroma, we explored the relationship between origin-specific flavor characteristics and emotional concepts, using single-origin coffee as a case study. We prepared coffee extracts using dark-roasted beans from four representative origins—Brazil, Ethiopia, Colombia, and Guatemala—and conducted (1) a detailed flavor evaluation by expert panels, and (2) an emotional evaluation by general consumer panels. Through integrated analysis of (1) and (2), we confirmed that specific emotions and situations are associated with particular flavor characteristics (for example, coffee perceived as comforting by consumers tended to have a sweet aroma). In this way, by combining flavor evaluations by aroma experts (expert panels) with emotional evaluations by consumers (general panels), we established a method for visualizing the relationship between emotional concepts and aromas/flavors based on data.

These research findings were presented as a poster under the title “Development of a Method to Express the Relationship Between Flavor and Emotional Concepts in Single-Origin Coffee: Connecting Flavor and Emotion” at the 2023 Annual Meeting of the Japanese Society for Sensory Evaluation, held on November 26, 2023, at Tokyo University of Agriculture (Tokyo). The presentation received the Society’s Excellent Presentation Award.

Solution for an aging society

► Improving quality of life in hospitals and nursing homes

As a solution to various unpleasant odors in our daily lives, we research and investigate such odors themselves in detail and use the obtained data to develop fragrances that help reduce or eliminate them. In addition to developing masking materials for daily odors to improve the hospital and nursing care environment, we use near-infrared spectroscopy (NIRS) and develop Swallowing Map® as part of our efforts to facilitate eating and add good taste to nursing care food.

Indicators and targets

The Group uses indicators such as R&D expenses, number of patent applications, and number of joint research projects with external organizations.

In FY2024, the percentage of R&D expense was 7.7% (consolidated basis), and we conducted 14 joint research projects.

For more details, please refer to [the T. Hasegawa Group ESG Data Book \(PDF\)](#).

Better through Sensing

