

Sustainability Initiatives

1. CSR POLICY 1 PROCUREMENT

Promote responsible procurement throughout the entire value chain

1-1 Basic Concept

It is imperative for us to establish a supply chain that enables us consistent procurement of raw materials with high quality and at competitive prices. We will establish long term trustful relationships with our suppliers through fair, justifiable and highly transparent transactions. In order to achieve sustainable growth throughout the entire supply chain, we will promote procurement activities taking into consideration all the factors related to resources, environment and human rights.

PROCUREMENT POLICY OF T. HASEGAWA GROUP

1. TRADING IN COMPLIANCE WITH LAWS AND ETHICS

We will promote procurement activities together with our suppliers with high ethics and social decency that are in compliance with the laws and social norms of every country and region.

2. CONSIDERATION OF HUMAN RIGHTS

We will respect human rights without any discrimination under all situations and will not engage in activities that may lead to human rights violations throughout the supply chain.

3. CONSIDERATION OF THE ENVIRONMENT

We will work with all suppliers to reduce the environmental impact and engage in sustainable procurement activities with consideration to conserve the environment.

4. MUTUAL TRUST, COEXISTENCE AND CO-PROSPERITY WITH THE SUPPLIERS

We will make efforts to realize coexistence and co-prosperity with our business partners including suppliers by respecting our partners' positions with mutual trust under the competitive principles of fairness and equality.

5. SAFETY, SECURITY AND CUSTOMER SUCCESS

We will engage in procurement activities aimed at achieving customer success by providing our customers and the consumers beyond, products that are safe and in high quality.

Relationship with Stakeholders

According to the "T. Hasegawa Corporate Code of Conduct", we will endeavor to build an unwavering relationship between all of our stakeholders secured through trust. We will establish a long-term trust relationship with our suppliers with trading that are fair, equal and highly transparent.

• SDG Goals to Contribute



1-2 Governance Framework

The Purchasing Department will primarily engage in the procurement of raw materials. The Risk Management Committee which is a cross functional team of T. Hasegawa headed by the President and Representative Director with assistance from other directors being members, controls and verifies the activities of the respective department.

1-3 Risk and Strategies

-Risk

Inability to procure flavor and fragrance raw materials derived from natural resources due to climate change.

Stagnation of business activities and decline in corporate value due to delay in responding to the social and environmental issues within the supply chain.

-Strategies

Implement global procurement of raw materials

Search, evaluate and develop substitute raw materials

Require suppliers to engage in CSR by having them agree with our policies.

1-4 Main Initiatives Undertaken in 2020.

Received the Roundtable on Sustainable Palm Oil (RSPO) Certification. Signed the UN Global Compact.

Signed the IFRA-IOFI Sustainability Charter.

Procurement of Perilla Oil

In order to achieve sustainable procurement of perilla oil, an important flavor and fragrance raw material, we worked in collaboration with the Growers Union of Perilla by providing assistance to secure acceptable quality and sufficient quantity of oil for stable production through the following tactics:

- **Providing Seeds:** Annually providing seeds to growers for the purpose of maintaining quality and yield. With the cooperation of the nursery company, we are closely monitoring the situation and development of the production site.
- **Technical Assistance:** To increase productivity, we are dispatching research and technical staff to give support and assistance to production practices and/or improvements to equipment.
- **Quality Improvement Assistance:** To provide training and assistance to members of the agricultural cooperative on quality control.
- **Packaging Assistance.** To supply the packaging materials to the cooperative.
- **Production Facility Renovation Assistance.** To provide engineers and technical resources to assist in renovation of our suppliers perilla oil extraction system which may have become obsolete without our technical support.

1-5 Towards the Future

Beginning in Fiscal Year 2021 and the years beyond, we will promote sustainable procurement by strengthening our relationship with the suppliers through the initiatives indicated hereunder:

- Sharing raw material procurement policy with suppliers
- Request suppliers to promote Sustainability.
- Provide suppliers a copy of the CSR Procurement Self -Assessment Tool provided by the Global Compact Network Japan., and ask them to fill out the self-assessment tool for our supply chain sustainability analysis