

4. CSR POLICY 4 QUALITY SAFETY

We will be the leader of Product Safety

4-1 Basic Concept

• Basic Policy

In order to meet the demand of our customers for “safe and secure to use”, we have established a quality assurance system that places importance in supplying safe and secure products.

• Relationship with Stakeholders

We aim to continue providing our customers with products that are safe and secure to use and also with values that leads to customer success.

Product Quality/Food Safety Policy

We will implement the following policies to provide our customers with products that are safe to use.

1. We value engaging in communication with our customers to provide products that meet or exceed the needs of our customers.
2. From R & D to raw material procurement, production, logistics, sales and administration, every department will fulfill its duty, to provide our customers the highest quality products and services.
3. We comply with related laws and regulations in establishing a quality assurance system that provides products that are safe and high in quality as we continually make improvements.

• SDG's To Contribute



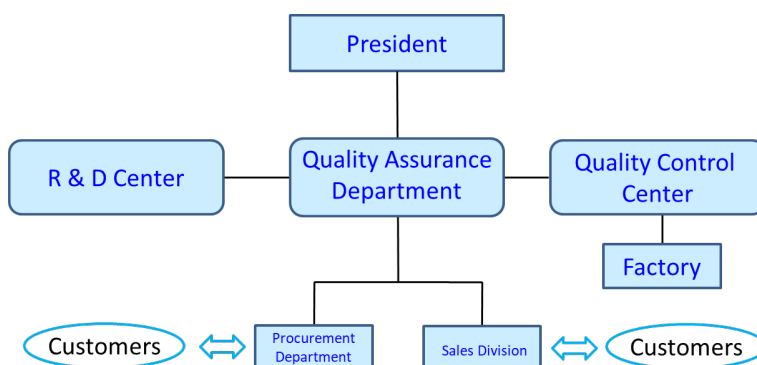
We have a traceability system that uses bar codes to track raw materials from the point of receiving through all the way to product shipment so that our customers may feel safe to use our products. We are able to track finished product lot numbers, production records, product test results, lot numbers of the raw materials used in the products and all the records of tests conducted on the raw materials upon receiving. We check quality and safety related information such as the specifications, allergens and residual pesticides for all the raw materials used. For compound flavors and fragrances, we confirm that they comply with the related laws and regulations such as the Food Sanitation Act, Fire Service Act, Occupational Safety and Health Act, Regulations related to Chemical Substance Reviews and Production. We always use raw materials that are guaranteed and reflect the quality of such raw materials to our products. We produce products that are safe and secure to use and to minimize environment footprint.

We publish Safety Data Sheet (“SDS”) conforming to Globally Harmonized System of Classification and Labelling of Chemicals (“GHS”) to disclose information regulated by law. Through our traceability system, we are able to trace information which allows us to reduce the time required to respond to the request from our customers and provide information in a timely manner.

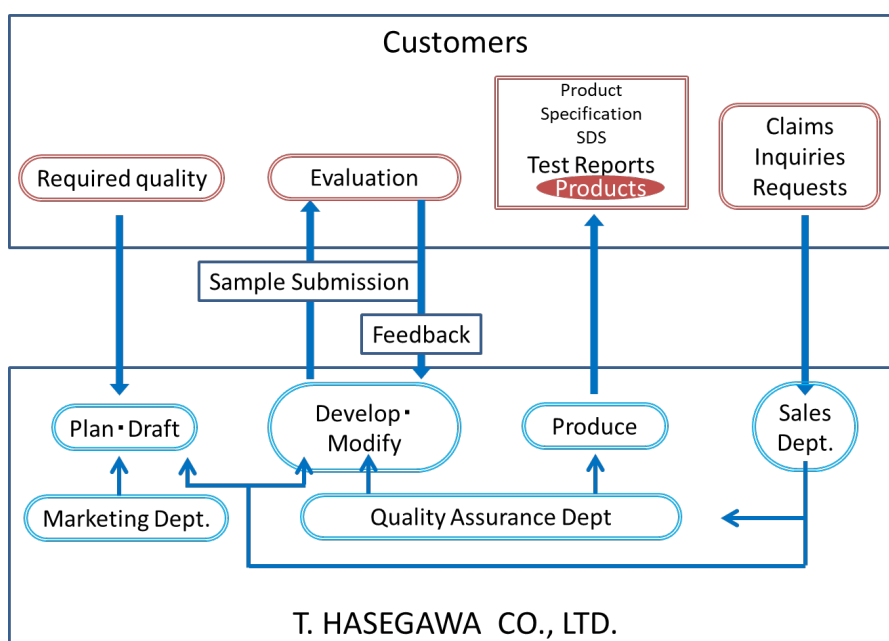
4.2. Governance Framework

To guarantee the quality and safety of our flavor and fragrance products to our customers, we have established a quality assurance system led by the Quality Assurance Department which is under the direct control of the President and Representative Director. All raw materials used at our company are registered in our raw material lists by the Quality Assurance Department. Only those raw materials with quality and safety checks having been completed are used for samples and finished product production. We conduct completion tests against all products that we supply to our customers to make sure that we provide high quality products.

■ Quality Assurance System



■ Communication with clients



■ Quality Control from Raw Materials to Products

Raw Materials	Development		Production	Products		
Registering Raw Materials	Developing Samples	Submitting Samples	Receiving Raw Materials	Producing	Inspecting Quality	Following Up
All raw materials are checked for regulation compliance and safety confirmation. Only approved raw materials are registered as raw materials allowed to be used.	Using registered raw materials, we develop flavor and fragrance products that meet the requirements of our customers.	We conduct safe and secure sample work by confirming labelling information based on laws and regulations as well as safety information.	All raw materials received at the factory are inspected upon delivery to confirm that they conform to our specifications. In Fiscal 2020, about 9,000 items of raw materials were inspected.	We produce high quality products through the utilization of FSSC2200 and the bar coding system.	All products undergo completion test per each production lots to make sure that they conform to each specific product specifications. In Fiscal 2020, about 26,200 products were inspected.	We respond to claims and inquiries after the products are sold to the customers.

(1)Quality Assurance Department

At the time of purchasing raw materials, we confirm that they are in compliance to the laws and regulations. We require products not to just comply with Japanese laws, but also in response to our overseas customers, we confirm the acceptance to local country and region laws and regulations.

(2)The Quality Control Department

The Quality Control Department at the factories conduct the QC activities like quality checks on the finished products and incoming raw materials purchased. Every product and raw material handled at the factories are checked for quality. We have internal systems and equipment in place to conduct tests and continually upgrade equipment necessary in maintaining the quality of our product and raw materials. The test results are uploaded by the autonomous transfer system to our computer system whereby the data provides recorded numbers, determination of pass or fail, and printouts of test results. This helps to prevent tampering of data. As a flavor and fragrance company, we also put emphasis on cultivating sensory expert personnel. Sensory experts have accumulated many hours of training to distinguish different odors and have passed sensory certification tests.

(3)ISO9001

We received the global standard Quality Management System Certification for ISO9002 for both Fuakaya and Itakura factories in 1998. In 2003, we transferred over to ISO9001 and then expanded the certification to cover R&D center in 2007. Under the President and Representative Director, all employees fully cooperate and participate in our quality control system. Acquiring the Food Safety Management System FSSC22000 in 2012, we have been deploying a consolidated management system of ISO9001 and FSSC22000 since 2019. Each department adopts the optimum standard: the headquarters, sales branches and offices, the R & D Center and the fragrance factory are covered by the requirements of ISO9001 whereas the flavor factories are covered by the FSSC22000 Certification.

(4)FSSC22000

We received the FSSC22000 Food Safety Management System Certification for Fukaya factory, Itakura factory and R&D Division in 2012. By acquiring an international standard recognized by GFSI (Global Food Safety Initiative), we are able to reduce the risk associated with food safety which is recognized by our customers. Since R&D center is covered by ISO9001, we decided to exclude R&D Division from subjects of FSSC22000 to avoid overlap in 2019 so that it is valid only for Fukaya factory and Itakura factory.

(5)Internal Audits

We conduct internal audits related to quality and food safety once per year. Internal auditors have received training as auditors and are useful in coming up with detailed improvement ideas which leads to the elimination of unnecessary or wasteful elements of work. The suggested points are also shared with other departments to conduct continuous improvement initiatives.

(6)5S Audits

At the Fukaya and Itakura factories, members of the Quality Control Center enter the production areas and conduct sanitary audits based on 5S Activities (Seiri (Organize), Seiton (Tidy up), Seiso (Clean up), Seiketsu (Keep clean), and Shitsuke (Discipline)). Sanitation control inside the factories are the basics of Food Safety and is useful to prevent contamination by foreign matter and microbes.

(7)Management Review

Annual reviews of the quality and food safety activities are provided in a report to top management. By reviewing the annual activities, top management makes strategic direction and plans what initiatives we will engage for continuous improvement.

(8) Compliance Initiatives

Employee engagement and awareness in compliance for food safety is important in providing high quality products to our customers. We conduct repetitive education and training on quality matters upon hiring new employees and regularly thereafter on a timeline prepared by the QC department. Since laws and regulations change frequently, we promptly convey information related to laws and regulations to our employees through the internet, regular training sessions and lectures from industry related associations and third-party suppliers, vendors or customers. At the factories, we hold regular training sessions related to food safety to increase compliance awareness among the employees.

(9) Internal Halal Committee

We have received Halal certification for export products to Southeast Asia to achieve safe and secure supply of our products. We have established an Internal Halal Committee comprised of members from sales, R & D and production to share information related to Halal matters and to maintain and control the Halal Certification. We also signed an Advisory Agreement with the Nippon Asia Halal Association to assist with compliance and continuous improvement.

(10) Actions Taken When Claims are Received and the Role of the Quality Control Committee

When claims are received, the Quality Assurance Department and the Quality Control Center work together to verify the causes and work on the countermeasures of the claim and respond promptly to the customers with a root cause analysis. In the event of serious claims, top management is notified immediately and appropriate actions are taken. The information related to the claims are shared by the Quality Control Committee, horizontally deployed to other related departments to be used to prevent any quality issue recurrences.

4.3. Strategies

• Continuous Enhancement of Governance

(1) To respond to the constantly changing information related to the laws and regulations, we participate and are members of industry related associations. We are active members of International Fragrance Association (IFRA) and International Organization of the Flavor Industry (IOFI), and dispatch our employees as committee members to Japan Flavor & Fragrance Materials Association (JFFMA) and The Japan Food Additives Association to participate in the meetings of these associations. We are engaged in activities for the development of the flavor and fragrance industry.

(2) Reinforcing Quality at the R & D Level

Globally, laws and regulations change regularly and we proactively obtain information from industry associations to maneuver with those changes, while being able to convey proper information to our customers. The information received from outside resources is evaluated and recorded into an internal data base and utilized immediately. The updated information is accessed by researchers in the development of new products. We utilize this setup not only to provide newer information to the customers but also to develop better products.

(3) Reinforcing Quality during the Production Process

Products with consistent quality are demanded of the production process. We assign codes to all raw materials and finished products. By using a bar code management system, we prevent mixing of erroneous raw materials and product mishandling. At the factories, the scales and balances used for measuring or weighting raw materials are registered in production control system. Data collected from the scales and balances and automatically entered to the system are matched with data from the bar code management system for ensuring accurate traceability. We aim to provide products with consistent quality at the factories utilizing technology.

4-4. Major Initiatives of Fiscal 2020

We received standard annual audits of ISO9001 and FSSC22000 with no major issues and continuation of our certifications under both. Audits for Halal were also completed and renewal certification was approved. Further food safety initiatives were undertaken such as the installation of additional security cameras, a control system to monitor entry and exit of rooms and pest control devices. Also at the factories, we have business improvement proposal system in place and approximately 1,500 proposals were submitted by the employees during the fiscal year. Employees are committed to providing products with awareness towards quality and food safety.

4-5. Towards the Future

We will continue to enhance our quality assurance system so as to maintain continuous trust in our quality from our customers. The Quality Assurance Department is in direct control from the President and Representative Director. The Quality Assurance Department will work together with other division such as Quality Control Center of the production division and quality control departments of our overseas locations to provide products with quality satisfactory to all of our customers both domestically and globally.