

6. CSR POLICY 6 INNOVATION

Contribute to solving social challenges through the flavor and fragrance business

6-1. Basic Concept

• Basic Policy

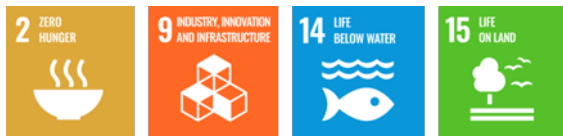
Our initiatives are related to the research into proprietary aromas and new aromatic ingredients making use of analysis, synthesis, compounding, material development while achieving rationalization and efficiency of our production procedures.

We lead to the development of new products and new business research activities by responding to the needs and potential demands of customers, which start with the resolution of social issues.

• Relationship with Stakeholders

Providing high quality and high added value, we provide the optimum "fragrance" that customers demand. By rationalizing and streamlining the manufacturing methods, it is possible to shorten the delivery, which leads to cost reduction for both our company and our customers.

• SDG's to Contribute



6-2. Governance Framework

The Business Solutions Division pursues to contribute to the resolution of social issues and achieve sustainable growth by strengthening cooperation among the Sales Division, Sales Planning Department, Marketing Department, and R&D Division. All department work together in unison to provide high-quality, high-value-added products to customers based on the strategies planned by the Business Solutions Planning Department.

The Flavor Institute, The Fragrance Institute and The Technical Institute all pursue specialized fields respectively but by having all three Institutes work together and by combining results, we are able to enhance our R & D capabilities.

6-3. Main Initiatives in Fiscal 2020

The core of aroma development rest on the shoulders of R&D Center (in Kawasaki City, Kanagawa Prefectures). We make our contributions to the creation of an enriched society through flavors and fragrances.

- Reduced energy consumption and attain reduction of CO2 by modifying the production procedures of citrus flavors
- Developed ingredients to mask odors
- Present ingredients for sensitive skin protection

■ Contributions we can provide to solving social challenges

(1) Food Shortage

We are focusing on the development, market analysis and sales promotion of flavors for alternative protein based products. By developing meat flavors for alternative protein products, it is possible to reduce livestock meat by using plant based substitutes.

Our Milk Colloid® and Utility Flavor® are becoming ingredients to compliment the loss of milk supply as a result of the decline in the number of dairy farmers. Our FATENHANCER® are displaying effects to suppress excessive calorie intake by imparting fat mimetic to low calorie and non-oil products.

(2) Food Loss

We contribute to the reduction of food loss by re-verification of our flavor shelf life; Re-verification of the quality assurance period of our flavor extends the shelf life of the customer's product inventory which contains the flavor.

(3) Health and Aging Society

We developed masking ingredients that help to mask odors and improve the environment at hospitals and nursing homes. With the application of Near Infrared Spectroscopy (“NIRS”) and through Mapping The Tongue™, we are engaged in the work to make nursing home food more delicious to eat.

■Details related to Innovation

Products · Solutions	Overviews · Initiatives
Solutions for an Aging Society	<ul style="list-style-type: none"> • Development of masking odors to improve the environment at hospitals and nursing homes. • As a part of our efforts in the field of "food" in a super-aging society, we are making nursing care food easier to eat and tastier (using and developing Near-infrared spectroscopy ("NIRS") and Deglutition Mapping™ (Myoelectric potential measurement)).
Solutions for Shortages of Food Resources	<ul style="list-style-type: none"> • Reduce consumption of livestock meat by utilizing meat flavors to food ingredients of botanical protein origin as part of efforts to combat forecasted food resource shortages in the future.
Carbonation Enhancer ®:	<ul style="list-style-type: none"> • Enhances the fizzy feeling of carbonated drinks. Enables thinning of PET bottle thickness. • The main ingredient of Carbonation Enhancer ® is Yuzunone which is an ingredient that T.Hasegawa discovered from a natural yuzu fruit.
HASEAROMA ®	<ul style="list-style-type: none"> • Our series of flavors rich in natural characteristics as a result of detailed research of the aroma of real food sources. Utilizing the combined T.Hasegawa technology of analysis, synthesis and compounding .We discovered the aroma of food by a variety of methods bearing in mind the concept of “making it more delicious” and adding to it a touch of creativity of the flavorists.
MARUKAJIRI Flavors ®	<ul style="list-style-type: none"> • Marukajiri means biting into a whole fruit in Japanese. Recreates experiences when one bites into a fresh whole seasonal fruit. • Flavor series developed by putting focus on the retro nasal aroma(plays an important role in the

Products · Solutions	Overviews · Initiatives
	<p>perception of deliciousness when eating food as the aroma passes from the mouth to the nose).</p>
Masking Flavors	<ul style="list-style-type: none"> • Masking agent developed to respond to the requirements of customers such as to improve the aroma of sweeteners, inhibit sourness, sour taste and bitterness, etc.. • There are aromatic ingredients that affects the overall aroma of food stuff. These aromatic ingredients were discovered from the food stuff during the development phase of the HASEAROMA® which involved the detailed research of aroma of food components. Having confirmed the effects, we are now utilizing them as flavors effective for masking.
BOOSTRACT ®	<ul style="list-style-type: none"> • Materials that give richness and mouthfulness to flavor. • Pursuit of deliciousness in food.
HASELATTE ®	<ul style="list-style-type: none"> • Materials that give the flavor of milk. • Pursuit of deliciousness in food.
HASELOCK ®	<ul style="list-style-type: none"> • Powdered Flavoring agent with excellent preservation stability. • Pursuit of deliciousness in food.
AQUASPACE AROMA ®	<ul style="list-style-type: none"> • Natural and fresh fragrances for fragrance products. • Captures, analyzes and recreates aromatic ingredients of botanicals without collecting the actual plants.
Utility Flavors ®	<ul style="list-style-type: none"> • Aroma modifying ingredients to enhance oily and milk fat features. • Applicable to low fat food, refrigerated snacks, desserts, beverages, breads, bakery products, cream stews, etc. • Effective to mask sourness and protein odors.

Products · Solutions	Overviews · Initiatives
FATENHANCER®	<ul style="list-style-type: none"> • Ingredients to impart cooked oily aroma and koku(bodily character)to low calorie low fat foods, non-oil products, etc.
ReplaTH®	<ul style="list-style-type: none"> • Flavor-improving materials to replace savory natural raw materials that are subject to soaring price and instability in quality.
MILK COLLOID®	<ul style="list-style-type: none"> • Enhances milk fat feeling without using any milk products, providing solutions to the shortage of dairy ingredients.
Natural Light Degradation Inhibitor	<ul style="list-style-type: none"> • Ingredients introduced to respond to the requirements to make PET bottles more lighter in weight.
Hasegawa Seasoning Oil	<ul style="list-style-type: none"> • Aroma improving ingredients/animal fats and vegetable oil in which the flavors of the material and the flavor produced by heating are transferred. Such flavors are created in operation process such as heating and stirring. • Also known as aroma oil, seasoning oil. • Enhances aroma and deliciousness of processed food.
The Harumeki Foundation	<ul style="list-style-type: none"> • Participated in the tree planting program and product development program of the Harumeki Foundation which was founded to support people with visual disabilities. • Supported product development and also part of the sales were donated to the Foundation.

■ DATA

Environment

		Fiscal 2018	Fiscal 2019	Fiscal 2020	
Energy Usage	GJ	324,397	325,457	303,851	
CO ₂ Emission	t	18,677	18,485	17,083	
Production	t	13,510	13,726	13,633	
Air	SOx	kg	0	0	
	NOx	kg	6,505	6,178	7,881
Water Quality	BOD	kg	1,219	1,630	1,257
	SS	kg	1,094	1,099	1,030
	Discharge	m ³	360,770	379,558	363,871
Water Usage	m ³	471,065	489,905	463,648	
Waste generated	t	6,718	6,680	6,046	

Human right & Labor

	Fiscal 2018	Fiscal 2019	Fiscal 2020
Officers (Men)	10	10	11
Officers (Women)	1	1	1
Employees (Men)	653	666	672
Employees (Women)	316	332	333
Full Time Contract Employees (Men)	46	47	56
Full Time Contract Employees (Women)	7	10	15
Rate of employees covered by Union Agreement (against total employees)	54.4%	54.5%	54.0%
Rate of employees covered by Union Agreement (against non-managerial full time employees)	92.6%	93.3%	95.3%
Paid leave utilization rate	57.8%	59.7%	63.6%
Job turnover rate (past 3 year average of employees who left for personal reasons)	1.6%	1.6%	1.4%
Total number of employees who took maternity leave (Men)	2	1	3
Total number of employees who took maternity leave(Women)	9	13	12
Total number of employees who returned to work during the reported period(Men)	2	1	3
Total number of employees who returned to work during the reported period(Women)	16	9	10
Total number of employees still working 12 months after returning to work from maternity leave (Men)	1	2	1
Total number of employees still working 12 months after returning to work from maternity leave (Women)	14	16	9
Rate of employees who returned to work after maternity leave(Men)	100%	100%	100%
Rate of employees still working 12 months after returning to work from maternity leave(Men)	100%	100%	100%
Rate of employees who returned to work after maternity leave(Women)	100%	100%	100%
Rate of employees still working 12 months after returning to work from maternity leave(Women)	100%	100%	100%

Governance

	Fiscal 2018	Fiscal 2019	Fiscal2020
Directors (number of persons)	10	9	8
Outside directors (number of persons)	2	2	2
Board of Directors Meeting held(days)	11	12	11
Auditors (number of persons)	4	4	4
Outside auditors (number of persons)	3	3	3
Board of Auditors Meeting held(days)	10	11	12