



# 2019 CSR REPORT

*Giving greater happiness to a greater  
number through beauty & health*



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## TOP COMMITMENT

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**Yoshinori Iwase**

**President and Representative Director**

**Iwase Cosfa Co., Ltd.**

Iwase Cosfa Corporation was founded in 1931 by Kenjiro Iwase, who adhered to the traditional philosophy of the Omi merchants, the “Sanpo Yoshi”. During its 90 years of existence, the company have been striving to contribute to society through the development of its corporate business, by respecting its corporate philosophy of “Harmony and Progress”, and its corporate ethics of “Giving greater happiness to a greater number through beauty and health”.

During the 21st century, various values and questions have emerged concerning the importance for companies to contribute to society.

To this date, Iwase Cosfa has been working on several responsible projects, such as developing a comfortable work environment, promoting ISO 14001’s environmental conservation activities as well as enhancing ISO 900’s customer satisfaction and corporate governance, contributing to local communities and providing honest information about its products.

From now on, the company will pursue its sustainable activities by promoting corporate social responsibility based on the following seven items:

- ① Corporate Governance
- ② Human Rights
- ③ Work Conditions
- ④ Environment
- ⑤ Compliance
- ⑥ Consumer Rights
- ⑦ Contribution to Local Communities

To that end, we will implement considerations to social responsibility in our management policy and communicate openly about it. The CSR Promotion Office will be established in order to ensure this implementation. Based on our corporate philosophy, we will work together to promote CSR activities.

## EDITORIAL POLICY

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This report consists of the revised version of Iwase Cosfa Group's first corporate social responsibility report. It symbolizes its engagement toward a greater accountability and communication with its stakeholders.

### Period Covered by the Report

The primary focus of the CSR Report is fiscal 2018 (January 1, 2018 – December 31, 2018).

### Guidelines Consulted

The Global Reporting Initiative's Standards, ISO26000, EcoVadis, Global Compact Ten Principles and other guidelines were consulted during the preparation of the reported information.

### Organizations Covered by the Report

In this report, "Iwase Cosfa" means the Iwase Cosfa Group.

The report covers Iwase Cosfa Corporation (Japan) and its 7 subsidiaries. Exceptions to this have been clearly stated in the report.

### Issuing Period

Issued: February 2020

Next issue: scheduled for September 2020

#### Membership

**Keidanren (Japan Business Federation)**

**Global Compact Network Japan**

**RSPO (Roundtable on Sustainable Palm Oil)**

**CDP (Carbon Disclosure Project) Worldwide Japan**

#### Corporate Social Responsibility (CSR) Platforms

**SEDEX (Supplier Ethical Data Exchange):** Sedex is used to manage our performance on labour rights, health & safety, the environment and business ethics.

**ECOVADIS:** EcoVadis operates a collaborative platform providing sustainability ratings for global supply chains.

## IWASE COSFA'S SUSTAINABILITY

### Approach to Sustainability

Based on the philosophy of “Giving greater happiness to a greater number through beauty and health”, Iwase Cosfa aims to realize a sustainable society through the development of its businesses.

In our medium-term management plan, we have developed a mid- to long-term vision that can be described as follows: “As the most trusted professional trading company in the field of beauty and health, we aim to continue to contribute to the enrichment of people’s lives around the world”. Along with its business development, Iwase Cosfa will strive to develop local communities and will work to resolve social issues through business. In addition, by working on our corporate social responsibility together with our supply-chain and providing high-quality services, we strive to embody the Japanese “Sanpo-Yoshi” spirit (three-way satisfaction): good for the seller, good for the buyer, and good for society, and will promote management that creates beauty and health.

The impacts of the business activities of Iwase Cosfa on the interests of its stakeholders -shareholders, customers, employees, suppliers, business partners, local communities, and other organizations- and the global environment are taken well into consideration by the company. Iwase Cosfa will keep striving to increase corporate value by generating economic and social value and contributing to the development of a sustainable society.

### Our CSR Policy

Through social contributions based on the philosophy of “Giving greater happiness to a greater number through beauty and health”, we aim to realize a sustainable society and respect human rights, as well as endeavor to respond to issues in and the expectations of society by way of operational transparency, dialogue and cooperation with stakeholders with a view toward promoting corporate management which makes for people’s beauty and health.

#### 1. To customers

- We firmly comply with all laws and regulations.
- We fully protect customer and personal information.
- We provide accurate product information.
- We work to improve our knowledge and technology to respond to our customers and partners’ needs.

#### 2. To our partners

- We conduct business in an honest, fair and equitable manner with a sense of integrity.
- We comply with international standards and treaties advocated by the United Nations and the International Labor Organization (ILO), as well as the Japanese Labor Standards Act of 1947. All forms of forced labor and child labor being harmful, dangerous and hindering the sound development of children, we and our business partners are not allowed to engage in such practices. We do not purchase raw materials and products produced by such labor.

#### 3. To employees

- We will prioritize workplace safety and create a comfortable working environment that provides a sense of fulfillment.
- We will emphasize communication and aim to build a transparent organization.
- We will support women’s advancement in the workplace.

#### 4. Caring for the environment

- We will promote environmental conservation measures.
- We will emphasize products that have smaller ecological footprints.

#### 5. Social and community contribution activities

- As a member of the community, we value interaction with the community and society.
- We proactively take part in social and community contribution activities.

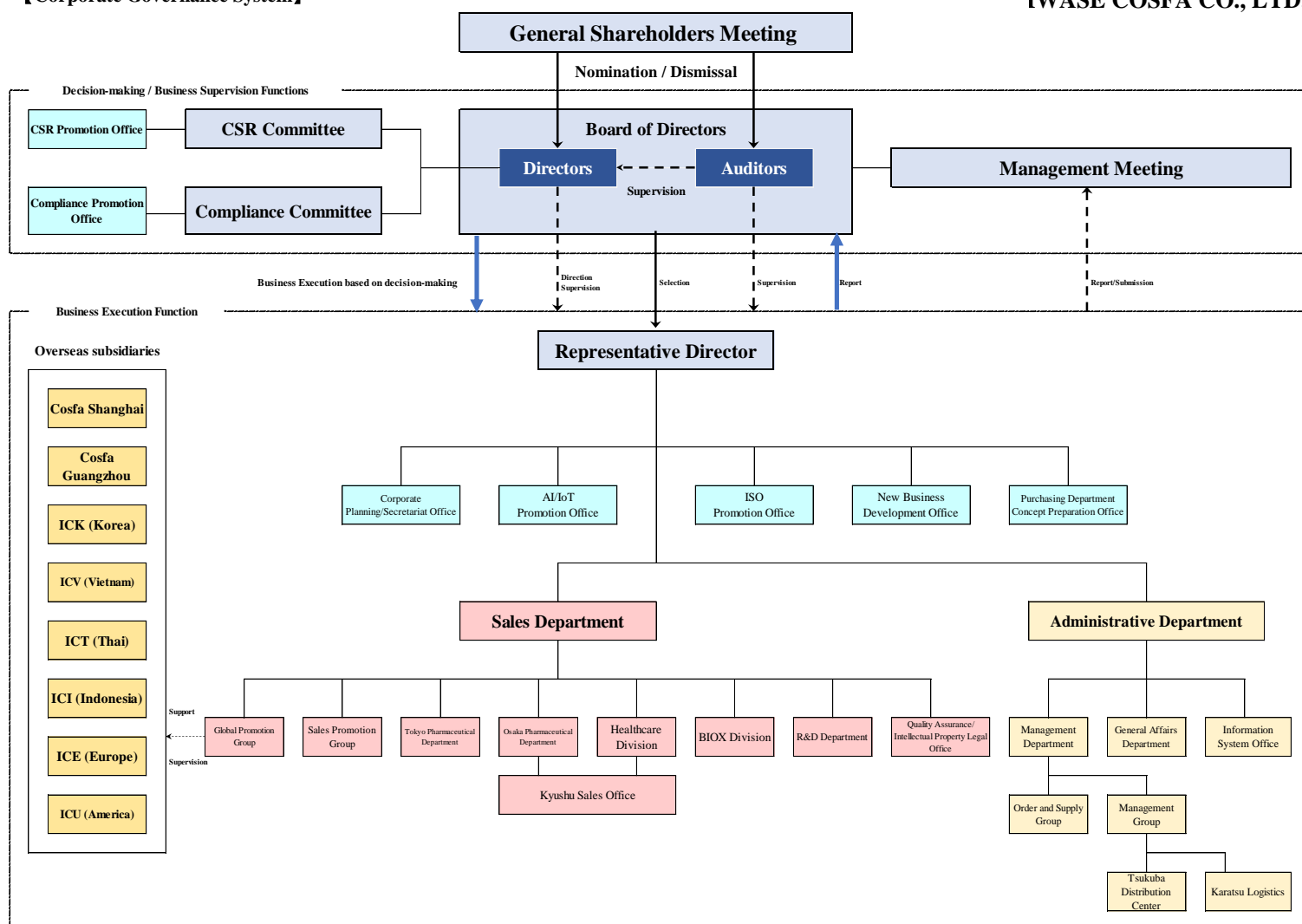
#### 6. Reporting

In the light of our aspirations above, we publish an annual CSR report to publicize our efforts both inside and outside the company.

### Corporate Governance System (Organizational Chart)

#### 【Corporate Governance System】

IWASE COSFA CO., LTD.



As of January 1st, 2020

## CORPORATE INITIATIVES





### United Nations Global Compact

The United Nations Global Compact is a set of voluntary action principles for corporations proposed by former UN Secretary-General Kofi Annan at the World Economic Forum held in Davos, Switzerland in January 1999.

Participating corporations are asked to support and put into practice ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. As of November 2019, over 13,900 corporations, labour unions, and civil society organizations from around the world are participating in the UN Global Compact.

In November 2019, Iwase Cosfa signed and pledged its support for the UN Global Compact. The Group will respect its commitment by sharing its Communication On Progress (COP) in the next CSR Report (2020).

#### Ten Principles of the UN Global Compact

<b>HUMAN RIGHTS</b>  <ol style="list-style-type: none"> <li>1. Businesses should support and respect the protection of internationally proclaimed human rights; and</li> <li>2. make sure that they are not complicit in human rights abuses.</li> </ol>	<b>ENVIRONMENT</b>  <ol style="list-style-type: none"> <li>7. Businesses should support a precautionary approach to environmental challenges;</li> <li>8. undertake initiatives to promote greater environmental responsibility; and</li> <li>9. encourage the development and diffusion of environmentally friendly technologies.</li> </ol>
<b>LABOR</b>  <ol style="list-style-type: none"> <li>3. Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining;</li> <li>4. the elimination of all forms of forced and compulsory labor;</li> <li>5. the effective abolition of child labor; and</li> <li>6. the elimination of discrimination in respect of employment and occupation.</li> </ol>	<b>ANTI-CORRUPTION</b>  <ol style="list-style-type: none"> <li>10. Businesses should work against corruption in all its forms, including extortion and bribery.</li> </ol>



## Sustainable Development Goals (SDGs)



To promote its CSR initiatives, Iwase Cosfa has set out CSR related issues, objectives, and targets as follows. The Group's priority themes are set out to conform with the sustainable development goals (SDGs), which it supports.

The SDGs are a clear statement of global priorities and visions that need to be realized by 2030. It aims to eliminate poverty and ensure that all people can live in peace and prosperity, with consideration given to balancing sustainable growth and respect of the limits of the Earth.

As a corporate member of Global Compact Network Japan, we will continue to raise awareness of the SDGs in our business organizations, to reflect them in our business strategies, and to ensure that our business activities are always guided by a determination to contribute to the achievements of the SDGs. In the near future, Iwase Cosfa will give SDGs badges to its employees and encourage them to wear them.

## 2018 Initiatives

## CSR Operation Management List

2018/1/1 ~ 2019/3/31

Date of Revision : 29/03/2018

CSR issues	Initiatives (CSR objectives)	Implementation Items	Supervisor	Relation to SDGs					Evaluation
Corporate Governance	1 Maintenance of Corporate Governance regulations	1 Review and revision of Corporate Governance Rules	Management (Corporate Planning Office)	8 DECENT WORK AND ECONOMIC GROWTH	16 PEACE, JUSTICE AND STRONG INSTITUTIONS				Completed
		2 New Compliance rules (prevention of corruption, compliance with antitrust laws, prohibition of anti-competitive behavior, etc.)	Corporate Planning Office	8 DECENT WORK AND ECONOMIC GROWTH	16 PEACE, JUSTICE AND STRONG INSTITUTIONS				Completed
		3 Implementation of accounting regulations	General Affairs Department	8 DECENT WORK AND ECONOMIC GROWTH	16 PEACE, JUSTICE AND STRONG INSTITUTIONS				Incompleted
	2 Publication of a CSR Report	1 Realization of a CSR Report	CSR Promotion Office	17 PARTNERSHIPS FOR THE GOALS					Incompleted
Human Rights	1 Active promotion of female managers (environmental maintenance for active promotion of women)	1 Numerical targets setting regarding promotion of female managers	Management (General Affairs Department)	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES			Increase of female managers achieved
	2 Employment of people with disabilities	1 Achieving the legally mandated employment rate for persons with disabilities	Management (General Affairs Department)	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES				Achieved
Labor	1 Reforming work environment	1 Implementation of the "No overtime hours work day": every Wednesday + 2 Fridays/month	General Affairs Department	3 GOOD HEALTH AND WELL-BEING	8 DECENT WORK AND ECONOMIC GROWTH				Implemented
		2 Compliance with the revision of the Japan Labor Standards Act (Survey/Comprehensive points)	General Affairs Department	3 GOOD HEALTH AND WELL-BEING	8 DECENT WORK AND ECONOMIC GROWTH				Implemented
Environment	1 Energy saving and Carbon neutral	1 Sales promotion of raw materials that can reduce environmental impact and risks Participation to the RSPO (Sustainable Palm Oil)	Cosmetic Department	3 GOOD HEALTH AND WELL-BEING	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND	Implemented
Fair Business Activities	1 Raising CSR compliance awareness (prevention of corruption, compliance with antitrust laws, prohibition of anti-competitive behavior, respect for copyright, patent rights, etc.)	1 CSR procurement initiatives	Cosmetic Department	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS	Implemented
		2 CSR training for employees. (Text distribution / lectures)	CSR Promotion Office	4 QUALITY EDUCATION	5 GENDER EQUALITY	16 PEACE, JUSTICE AND STRONG INSTITUTIONS			Implemented



## 2019 initiatives

## CSR Operation Management List

2019/4/1 ~ 2020/3/31

Date of Revision : 04/04/2019

CSR issues	Initiatives (CSR objectives)	Implementation Items	Supervisor	Relation to SDGs				
Corporate Governance	1 Maintenance of Corporate Governance regulations	1 Review and revision of Corporate Governance Rules	Corporate Planning Office	8 DECENT WORK AND ECONOMIC GROWTH	16 PEACE, JUSTICE AND STRONG INSTITUTIONS			
		2 Implementation of accounting regulations	General Affairs Department	8 DECENT WORK AND ECONOMIC GROWTH	16 PEACE, JUSTICE AND STRONG INSTITUTIONS			
	2 Publication of a CSR Report	1 Realization of a CSR Report	CSR Promotion Office	17 PARTNERSHIPS FOR THE GOALS				
Human Rights	1 Active promotion of female managers (environmental maintenance for active promotion of women)	1 Promotion of Women's Advancement in the Workplace Act ("Eruboshi": L Star mark acquisition)	Management (General Affairs Department)	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES		
	2 Employment of people with disabilities	1 Achieving the legally mandated employment rate for persons with disabilities	Management (General Affairs Department)	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES			
Labor	1 Reforming work environment	1 Continuation of the "No overtime hours work day": every Wednesday + 2 days/month	General Affairs Department	3 GOOD HEALTH AND WELL-BEING	8 DECENT WORK AND ECONOMIC GROWTH			
		2 Roundtable conference organization between employee representatives and executives (Osaka Head Office / Tokyo Head Office)	CSR Promotion Office	8 DECENT WORK AND ECONOMIC GROWTH				
		3 Compliance with the revision of the Japan Labor Standards Act (e.g.: introduction of the work-time interval system)	General Affairs Department	3 GOOD HEALTH AND WELL-BEING	8 DECENT WORK AND ECONOMIC GROWTH			
Environment	1 Energy saving and Carbon neutral	1 Sales promotion of raw materials that can reduce environmental impact and risks	General Affairs Department	3 GOOD HEALTH AND WELL-BEING	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER
Fair Business Activities	1 Raising CSR compliance awareness (prevention of corruption, compliance with antitrust laws, prohibition of anti-competitive behavior, respect for copyright, patent rights, etc.)	1 CSR procurement initiatives Suppliers support	Cosmetic Department	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
		2 CSR training for employees. (Text distribution / lectures)	CSR Promotion Office	4 QUALITY EDUCATION	5 GENDER EQUALITY	16 PEACE, JUSTICE AND STRONG INSTITUTIONS		
Contribution to local communities	1 Contribution to the economical and social development of local communities	1 Issuance of privately-subscribed CSR bonds (donation of a portion of the Company's interests to local schools)	General Affairs Department	4 QUALITY EDUCATION	11 SUSTAINABLE CITIES AND COMMUNITIES	17 PARTNERSHIPS FOR THE GOALS		

## SMETA Audit

Iwase Cosfa Corporation (Japan) took part to the SMETA 4 Pillar Audit (Sedex Members Ethical Trade Audit) in 2019, March 5th.

The audit was performed by Bureau Veritas Japan and the results were shared on SEDEX collaborative platform, making them available to companies all around the world.

## Contribution to Local Communities

### Osaka University Foundation for the Future

Iwase Cosfa supports the Social Robot Research Fund of the Osaka University Foundation for the Future.



### iPS Cell Research Fund

In respect with our philosophy of "Beauty and health" and by promoting management that creates the beauty and health of people, we support and cooperate with the Kyoto University's Center for iPS Cell Research and Application (CiRA).

### Osaka University Hall establishment

Since Iwase Cosfa and the Osaka University share the same founding year, we supported the University's 70th and 80th anniversary projects.

### The Michinoku Future Fund

Iwase Cosfa endorses and aids the MICHINOKU Future Fund, a scholarship supporting the educational advancement of children who lost one or both parents in the Great East Japan Earthquake.



### Blue Clover Campaign

We contribute to the "Blue Clover Campaign" through the support of "BLUE CLOVER JOYX OPEN", which conveys the correct knowledge of prostate cancer and the importance of "early detection and appropriate treatment".



Iwase Cosfa received a letter of appreciation from the city of Osaka for its industrial waste reduction activities and proper waste treatment.



### The Smokey Mountain Baseball Project (SMBP)

In 2012, Iwase Cosfa sponsored the launching of this social project for children living in the area of the Smokey Mountain in Manila (Philippines). The children are accompanied by some Japanese baseball players from the Nippon Professional Baseball Organization, who teach them how to play baseball on Manila's baseball field.

Through baseball, the project intends to make them want to take actions to achieve permanent work peace when they will reach adulthood.

### The Japanese Red Cross Society

The Japanese Red Cross Society conducts relief activities when major disasters take place. Large earthquakes which frequently occur in Japan (such as the 1923 Great Kantō earthquake, the 1995 Great Hanshin earthquake and the 2011 Tōhoku earthquake and tsunami) are an area of work for the society.

Iwase Cosfa has always supported the Red Cross Society when such disasters took place. In 2018, the Group donated consequent amount of money to the Society in order to help victims of major natural disasters.

- July 2019  
West Japan heavy rain donation
- September 2019  
Hokkaido Eastern Iburi Earthquake donation

Iwase Cosfa will continue to engage and work as a socially responsible company on upholding the values of solidarity and helping victims of such traumatic events.

### Donation to Educational Institutions

On April 25, 2019, Iwase Cosfa issued an SDGs' private placement bond (named Kids'Na", after "Kizuna"=Bond) at the Osaka City Shinkin Bank. This private placement bond is the first SDGs private placement bond to be made in this Shinkin Bank and is a donation-type private placement bond (amount issued: 200,000,000 yen) that donates goods corresponding to 0.2% of the issued amount to schools designated by the Company.

Along with the issuance, four accordions were donated to the Osaka Municipal Kaihei Elementary School, the home school of the President Kenji Iwase, and a presentation ceremony was held in May.

Through SDG activities promoted by the Company, we will strive to contribute to the community that we have been taking care of for many years.



## KEY ISSUE 1: BUSINESS ETHICS

### Charter of Corporate Behavior

Iwase Cosfa Co. adheres to the Charter of Corporate Behavior of the Keidanren (Japan Business Federation), a code of conduct that dictates rules that Japanese corporations must respect, acting with a high sense of ethics and responsibility in order to gain society's trust. These rules enable Japanese companies to fulfill their global social and environmental responsibilities.



Keidanren  
Policy & Action

The Charter aims to ensure the respect of human rights, compliance with laws and regulations, ethical corporate behavior, and contribution toward sustainable development.

### Compliance Charter

The Compliance Charter established by Iwase Cosfa stipulates matters that all executives and employees of the company (including contract employees, commissioned employees, seconded employees, temporary workers, and other individuals engaged in the company's operations) must observe with the aim of earning the trust of society.

Iwase Cosfa Japan employees are systematically trained on Iwase Cosfa's Compliance and receive on their first day a Compliance Handbook which contains the Compliance Charter and three helplines (a regular one, a women only line, and a lawyer line) that allow them to report any action of non-conformity.

The Compliance Charter deals with topics such as:

- Corruption: (article 4 paragraph 6)
 

“Do not provide public officials or their equivalents with money, gifts, entertainment, or other economic benefits;

Do not make payments to agents, advisors, consultants, etc. if such payments are expected to be used for illegal approaches to public officials or their equivalents;

Do not exchange with executives or employees of business partners money, gifts, entertainment or other economic benefits that exceed socially accepted standards. The amount should not exceed 1000 USD.”
- Protection of Information: (article 4 paragraph 7)
 

“Keep the company's confidential information and customer information under strict control and do not divulge it to third parties. Do not use such information for purposes other than Iwase Cosfa's business;

Strive to protect personal information and do not divulge it or use it for purposes other than the ones it was meant for;

Handle confidential information disclosed by third parties in the same way as Iwase Cosfa's confidential information.”
- Reporting Obligation: (article 4 paragraph 13)
 

“If you discover that an executive or employee performed or is suspected of performing an act that violated any of the Compliance Standards, you must report to or consult the Secretariat of the Compliance Committee (Compliance Promotion Office) or the internal or external section of the Compliance Counter;

Executives and employees must fully cooperate in investigations into such violations.”

<https://www.cosfa.co.jp/english/company/pdf/compliance-charter-2019-en.pdf>

### Objective

We are committed to reinforce employees' adherence to our Compliance Charter in order to promote truthful and respectful behaviors in our Group.

### Targets

- ➔ Iwase Cosfa's will send the Compliance Handbook to all Group's employees. The Handbook will be made available online on a shared platform.
- ➔ The Group will also implement a confirmation process for new employees to make sure they have read and understood the content of the Compliance Charter. The same shall apply if the Compliance Charter is to be modified.

## Risk Management

As a cosmetics materials trading company, Iwase Cosfa constantly practices quality management as part of improving customer satisfaction. Based on these practices, the Company has acquired the ISO9001 certification and has worked in order to improve the quality of its services. Iwase Cosfa regularly plans and formulates issues that need to be addressed, thus operating a PDCA cycle with the aim of improving customer satisfaction through its business activities.

By acting on risks that have a significant impact on "smooth business transactions", the Company works to maintain the safety, health and profits of its employees and ensure the soundness of its management resources. Iwase Cosfa also contributes to society through the provision of services and information and strives for its sustainable development.

The Company and its employees must take responsible actions in order to anticipate the occurrence of risks and to enable prompt recovery, including the minimization of management damages and its external impacts.

### Risk Management Action Guidelines

1. Apply and respect our ISO9001 and ISO14001 certifications, identify critical risks and build and maintain an internal Risk Management System (according to JIS.Q2001).
2. Strive to prevent or minimize risk damage.
3. Set Risk Management related targets in each department, comply with laws and policies and strive to maintain and improve the Risk Management System.

### Emergency Management

Iwase Cosfa has determined potential emergencies that could disturb the Group's regular management operations and have negative impacts on its stakeholders. Those emergencies are as follows:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Bankruptcy of an important business partner</li> <li>• Compliance violations (unfair benefits, insider trading)</li> <li>• Leakage of personal information</li> <li>• Significant leakage of sales information</li> <li>• Information system disaster</li> <li>• Employee's injury/death due to serious accident</li> <li>• Important industrial accident</li> <li>• Environmental pollution</li> </ul> | <ul style="list-style-type: none"> <li>• Loss due to natural disasters such as earthquakes and typhoons</li> <li>• Outbreak of fire</li> <li>• Bad management reputation</li> <li>• Abduction of employees/executives</li> <li>• Important damages due to accidents/robbery</li> <li>• Third party related vandalism/business Disruption</li> </ul> |
|--|---|

If such emergencies occur, Iwase Cosfa commits to put the lives of its customers, business partners and employees first and disclose information quickly and accurately inside and outside the company. Emergencies measures have been taken and communicated to relevant departments. An emergency policy is available for all Iwase Cosfa employees.

## Indicators and Commitments

**Table 1. Business Ethics Indicators**

Indicators	2017	2018
Number of Ethics Politics Breaches	0	1
Number of Regulatory Penalties, Settlements, Voluntary Disclosures	0	0
Number of Information Security Breaches	0	0

### Objective

We will keep preventing corruption as well as significant information leakage during transactions with customers.

### Targets

- Do our best to keep to zero the number of ethics politics breaches, regulatory penalties, settlements and information security breaches for the years to come.
- Implement an anti-corruption and bribery prevention related training that every new employee will have to attend (by 2020).
- Implement regular internal surveys regarding corruption and bribery awareness (by 2021).

## KEY ISSUE 2: LABOR & HUMAN RIGHTS

### Modern Slavery Statement

The UK modern slavery act states that a company must publish an annual statement if it has sales of more than £36 million and if some or all of its business is in the UK. It must confirm the steps taken to ensure slavery and human trafficking are absent from the business and supply chain or they must declare that no steps have been taken.

Iwase Cosfa joined the signatories in 2019, releasing its first statement, thus engaging in the fight against all forms of modern slavery.

<http://www.cosfa.co.jp/english/company/pdf/SlaveryStatementFY2019-en.pdf>

### Employees' Health and Safety

We make sure that workers can peacefully work in a secure and safe work environment.

#### Raw Materials Storage:

Being a distributor, Iwase Cosfa's biggest safety risk lays in its warehouse in Tsukuba, where raw materials are being stocked in big quantities. The warehouse is divided into different storage spaces based on the raw materials' nature, thus reducing fire risks and products degradation.

#### Safety Data Sheet (SDS):

The SDS is a detailed informational document describing the physical, health and environmental health hazards, protective measures and safety precautions for handling, storing and transporting the chemical.

Iwase Cosfa asks its suppliers to prepare SDS for every product they buy and make sure that those measures and safety precautions are being thoroughly respected by employees.

**Table n°2. Work Accident**

Indicator	2017	2018
Work Accident Number	0	0

#### Objective

We will promote the maintenance of good health and the creation of a safe working environment.

#### Targets

→ Iwase Cosfa will do its best to keep to zero the number of work-related accidents.



## Work Conditions

Iwase Cosfa is continuously working to improve its work environment.

### Iwase Cosfa Japan “No Zangyo Day” (No Overtime Working Day)

In order to protect its employees from the dangers of overtime work, Iwase Cosfa decided to implement in 2017 in Japan the “No Zangyo Day”, which takes place every Wednesday and enable employees to leave the company at 17:30. Department heads are responsible for clearing the offices until the last departure.

In 2019, the Company extended its “No Zangyo Day” policy by enabling its employees to choose two days a month during which they do not do any overtime work. Iwase Cosfa will continue to respect this policy, in an effort to continue to protect its employees’ mental health.

### Roundtable Meeting Between Employee Representatives and Directors

Iwase Cosfa’s Board of Directors and employee representatives have an annual meeting where employees’ voices can be heard. Prior to the meeting, employees are asked to give their suggestions for a better work environment. Suggestions that received the most success are then discussed during the meeting in order to assess their feasibility.

Iwase Cosfa Japan “No Zangyo Day” but also many other initiatives have been taken thanks to this annual event, which enables the Company to keep close ties with its employees.

### “Free Address”

In order to create a stimulating work environment, Iwase Cosfa Japan have put into place “free addresses” for its sales department employees. Every day, employees can choose from a variety of seats as they please, which allows the creation of an environment with easier communication.

**Table n°3. Working Hours / Rate of Taking Paid Holidays**

Indicator		FY2017	FY2018
Average Designated Overtime Hours Worked /person/month	IWASE COSFA CO., LTD. (JAPAN)	6.00 hours	6.00 hours
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	No data	No data
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD.	No data	No data
	IWASE COSFA EUROPE S.A.S.	0.00 hours	0.00 hours
	IWASE COSFA VIETNAM CO., LTD.	3.00 hours	3.00 hours
	IWASE COSFA KOREA CO., LTD.	No data	16.00 hours
	IWASE COSFA USA INC.		7.96 hours
	IWASE COSFA (THAILAND) CO., LTD.		No data
Acquisition Rate of Paid Leave /year	IWASE COSFA CO., LTD. (JAPAN)	56.80%	57.50%
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	No data	No data
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD.	No data	No data
	IWASE COSFA EUROPE S.A.S.	66.20%	73.10%
	IWASE COSFA VIETNAM CO., LTD.	90.00%	90.00%
	IWASE COSFA KOREA CO., LTD.	No data	70.00%
	IWASE COSFA USA INC.		0.00%
	IWASE COSFA (THAILAND) CO., LTD.		No data

Indicator		FY2017	FY2018
Absenteeism Rate	IWASE COSFA CO., LTD. (JAPAN)	0.10%	0.30%
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	No data	No data
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD.	No data	No data
	IWASE COSFA EUROPE S.A.S.	0.00%	0.00%
	IWASE COSFA VIETNAM CO., LTD.	0.00%	0.00%
	IWASE COSFA KOREA CO., LTD.	0.00%	0.00%
	IWASE COSFA USA INC.		0.00%
	IWASE COSFA (THAILAND) CO., LTD.		No data

### Objective

We will keep listening to our employees concerns and will promote the creation of a comfortable working environment that respects employees' work-life balance.

### Targets

- Keep the overtime hours worked/person/month under 10 hours.
- Keep the absenteeism rate under 0.10%.
- By 2020, achieve an acquisition rate of paid leave superior than the previous year in Japan.
- Record and share data of every subsidiary starting from 2020.

## Career Management and Training

Iwase Cosfa believes that having each individual employee work to achieve personal growth by making effective use of opportunities for self-cultivation will eventually lead to growth.

### External Training

Willing to give its employees more growth opportunities, Iwase Cosfa Japan subscribed in 2019 to an external training agency that allows employees to attend trainings on a wide variety of subjects as much as they wish for free: business manners, positive thinking, career management, accounting, women leadership and many more.

Iwase Cosfa also conducts its own internal trainings for specific subjects, such as CSR trainings.

CSR related trainings were implemented in 2018 and were given to 120 employees (In December 2018, 112 employees attended a CSR and Compliance study-session during Iwase Cosfa Japan's East-West Conference).

New employees are now required to attend one hour of CSR training as a mean to reinforce their awareness regarding practices of corporate responsibility.

**Table n°4.1. Employees Training**

Indicator		FY2017	FY2018
Total Training Hours	IWASE COSFA CO., LTD. (JAPAN)	257.00 hours	318.50 hours
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	No data	No data
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD.	No data	No data
	IWASE COSFA EUROPE S.A.S.	No data	No data
	IWASE COSFA VIETNAM CO., LTD.	72.00 hours	600.00 hours
	IWASE COSFA KOREA CO., LTD.	220.00 hours	180.00 hours
	IWASE COSFA USA INC.		0.00 hours
	IWASE COSFA (THAILAND) CO., LTD.		No data
Number of Employees Trained	IWASE COSFA CO., LTD. (JAPAN)	104 persons	94 persons
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	No data	No data
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD.	No data	No data
	IWASE COSFA EUROPE S.A.S.	No data	No data
	IWASE COSFA VIETNAM CO., LTD.	3 persons	5 persons
	IWASE COSFA KOREA CO., LTD.	2 persons	3 persons
	IWASE COSFA USA INC.		0 person
	IWASE COSFA (THAILAND) CO., LTD.		No data
Average Training Hours per Regular Employee*	IWASE COSFA CO., LTD. (JAPAN)	1.85 hours	2.00 hours
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	No data	No data
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD.	No data	No data
	IWASE COSFA EUROPE S.A.S.	No data	No data
	IWASE COSFA VIETNAM CO., LTD.	4.50 hours	36.00 hours
	IWASE COSFA KOREA CO., LTD.	55.00 hours	60.00 hours
	IWASE COSFA USA INC.		0.00 hours
	IWASE COSFA (THAILAND) CO., LTD.		No data

\*Calculation method: total annual training hours / employees at end of year

## Objective

We will keep providing growth opportunities tailored to our employees' individual situations and careers.

## Targets

- Record all trainings attended by Iwase Cosfa Japan's employees both through the external training agency and internally by 2020.
- Record and share data of every subsidiary starting from 2020.
- Achieve an average training time of 6 hours by 2021.

## Iwase Cosfa Europe's Parenting Policy

Iwase Cosfa's European subsidiary has committed to help its employees achieve a better balance between professional and personal life. The Company has signed a Corporate Parenthood Charter, with the aim of ensuring the professional equality of men and women. Introduced in 2008 by the Corporate Parenthood Observatory in partnership with the French Ministry of Labor, Industrial Relations, Family and Solidarity, it has been signed by over 500 companies and associations.

The subsidiary took initiatives in relation to its commitment that can be described as such:

**1. To bring about change in attitudes to parenthood within the company \***

- Training programs for managers regarding the need to consider the parental situation of their collaborators;
- A Parenthood guide has been shared to all employees. It informs them of their rights as members of the Company;

**2. To create an environment that is favorable to working parents, especially expectant mothers \***

- Prohibition of holding meetings before 9am and after 5 pm;
- Arrangement for expectant mothers' working conditions by the provision of flexible working hours and working days (upon consultation of the company directorate);

**3. To respect a principle of non-discrimination in the professional development of employees with children \***

- Formalizing the recruitment process: pre-selection grids have to be predefined with objective criteria in order to prevent and eliminate discriminatory practices against employees with children;
- Deletion of age as a decision-making criterion of high-potential individuals.

\*As prescribed by the Corporate Parenthood Charter

## Diversity, Discrimination and Harassment

In its Compliance Charter, Iwase Cosfa recognizes the importance of protecting its employees from sexual harassment and workplace bullying. The Compliance Charter states that employees must:

“Respect fundamental human rights and do not discriminate based on ethnicity, beliefs, gender, social status, religion, nationality, age, physical or mental disabilities, etc” (article 4 paragraph.1);

“Refrain from performing acts that violate public order and morals such as sexual harassment and workplace bullying” (article 4 paragraph.2).

In Japan, the Company also trains its managers on how to keep the work environment power and sexual harassment free.

The Group in Japan has an international team of employees of different nationalities (America, Brazil, China, France, Greece, Korea and Russia), creating a multi-ethnic environment that fosters human resources which supports global business development and which promotes the mutual understanding of each other's cultures.

**Table n°4.2. Human Rights Enlightenment and Corporate Ethics Training**

Target: Iwase Cosfa employees in Japan

Indicator	2017		2018	
Training Topic	[For managers] Ensuring work environment without power or sexual harassment	[For managers] Mental health knowledge and attitude	[For managers] Ensuring work environment without power or sexual harassment	[For managers] Mental health knowledge and attitude
Number of Times Held	1 time	1 time	5 times	4 times
Time (per occasion)	120 minutes	120 minutes	120 minutes	120 minutes
Participants	1 person	1 person	5 persons	5 persons

**Objective**

We will continue to pursue the realization of a healthy work environment where employees are treated with respect and care.

**Targets**

→ Iwase Cosfa commits to train all employees to the issues of power and sexual harassment.

## Gender Equality

Iwase Cosfa actively promotes gender equality as part of its management strategy to establish an organizational culture that continues to enhance employees' vitality and improve results.

**Employment Rules**

In its “Employment Rules”, Iwase Cosfa Japan has adopted measures to encourage women’s career development and to enable them to fully demonstrate their abilities. Those measures are as follows:

- **Menstrual leave**  
Upon request, female employees can be granted a day of leave if they suffer from menstrual pain.
- **Childcare leave**  
Upon request, employees who have an infant under the age of one can be granted a day of leave when needed and can apply for restrictions on overtime work. Those raising a child who has not yet entered elementary school can choose to not do overtime hours or night work and can shorten their working hours.
- **Nursing time (shortening of work hours)**  
Upon request, employees with children who have not yet entered elementary school can choose to not do overtime hours or night work and can shorten their working hours.
- **Childcare rest**  
Upon request, female employees who have an infant under the age of one can be granted 30 minutes of additional rest twice a day.
- **Childcare leave**  
Employees who have a child who has not yet entered elementary school and who are sick or injured can be granted some days of leave in order to get medical check-ups or vaccinations.
- **Nursing care leave**  
Employees who need to take care of a family member in need of nursing care may request a leave for family care, reduction of working hours, restriction of overtime work and exemption from late night work.

## Optional Female Work Uniforms

In respond to employees demands, Iwase Cosfa Japan decided to make female work uniforms optional in 2019. Female employees are now able to choose to wear their own clothes in regard to the Company's dress code. This measure allowed employees to save time as they do not need to change clothes before and after work, whilst creating an environment which enable them to better concentrate on their work.

**Table n°5.1 Gender Equality: Gender Ratio of Iwase Cosfa's Employees\***

Indicator		2018			2019		
		Total	Male	Female	Total	Male	Female
<b>Total</b>		<b>211</b> <b>(100.0%)</b>	<b>110</b> <b>(52.0%)</b>	<b>101</b> <b>(48.0%)</b>	<b>247</b> <b>(100.0%)</b>	<b>121</b> <b>(49.0%)</b>	<b>126</b> <b>(51.0%)</b>
	IWASE COSFA CO., LTD. (JAPAN)	<b>140</b> <b>(66.4%)</b>	75 (53.6%)	65 (46.4%)	<b>159</b> <b>(64.4%)</b>	79 (49.7%)	80 (50.3%)
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	<b>23</b> <b>(10.9%)</b>	11 (47.8%)	12 (52.2%)	<b>25</b> <b>(10.1%)</b>	12 (48.0%)	13 (52.0%)
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD.	<b>22</b> <b>(10.4%)</b>	10 (45.5%)	12 (54.5%)	<b>23</b> <b>(9.3%)</b>	11 (47.8%)	12 (52.2%)
	IWASE COSFA EUROPE S.A.S.	<b>6</b> <b>(2.8%)</b>	4 (66.7%)	2 (33.3%)	<b>9</b> <b>(3.6%)</b>	6 (66.7%)	3 (33.3%)
	IWASE COSFA VIETNAM CO., LTD.	<b>16</b> <b>(7.6%)</b>	7 (33.3%)	9 (66.7%)	<b>15</b> <b>(6.1%)</b>	5 (33.3%)	10 (66.7%)
	IWASE COSFA KOREA CO., LTD.	<b>4</b> <b>(1.9%)</b>	3 (75.0%)	1 (25.0%)	<b>5</b> <b>(2.0%)</b>	3 (60.0%)	2 (40.0%)
	IWASE COSFA USA INC.				<b>2</b> <b>(0.8%)</b>	1 (50.0%)	1 (50.0%)
	IWASE COSFA (THAILAND) CO., LTD.				<b>9</b> <b>(3.6%)</b>	4 (44.4%)	5 (55.6%)

\*The number of employees is as of January 1 each year in Japan, and December 31 in each previous year overseas.

**Table 5.2 Gender Equality: Iwase Cosfa's Male and Female Leader\***

Indicator		2018			2019		
		Total	Male	Female	Total	Male	Female
<b>Total Leaders (executives ratio)</b>		<b>17</b> <b>(100.0%)</b>	<b>16</b> <b>(94.1%)</b>	<b>1</b> <b>(5.9%)</b>	<b>21</b> <b>(100.0%)</b>	<b>19</b> <b>(90.5%)</b>	<b>2</b> <b>(9.5%)</b>
	IWASE COSFA CO., LTD. (JAPAN)	<b>11</b> <b>(64.7%)</b>	10 (90.9%)	1 (9.1%)	<b>10</b> <b>(47.6%)</b>	9 (90.0%)	1 (10.0%)
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	<b>1</b> <b>(5.9%)</b>	1 (100.0%)	0 (0.0%)	<b>1</b> <b>(4.8%)</b>	1 (100.0%)	0 (0.0%)
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD.	<b>1</b> <b>(5.9%)</b>	1 (100.0%)	0 (0.0%)	<b>1</b> <b>(4.8%)</b>	1 (100.0%)	0 (0.0%)
	IWASE COSFA EUROPE S.A.S.	<b>2</b> <b>(11.8%)</b>	2 (100.0%)	0 (0.0%)	<b>2</b> <b>(9.5%)</b>	2 (100.0%)	0 (0.0%)
	IWASE COSFA VIETNAM CO., LTD.	<b>1</b> <b>(5.9%)</b>	1 (100.0%)	0 (0.0%)	<b>1</b> <b>(4.8%)</b>	1 (100.0%)	0 (0.0%)
	IWASE COSFA KOREA CO., LTD.	<b>1</b> <b>(5.9%)</b>	1 (100.0%)	0 (0.0%)	<b>1</b> <b>(4.8%)</b>	1 (100.0%)	0 (0.0%)
	IWASE COSFA USA INC.				<b>1</b> <b>(4.8%)</b>	1 (100.0%)	0 (0.0%)
	IWASE COSFA (THAILAND) CO., LTD.				<b>4</b> <b>(19.0%)</b>	3 (75.0%)	1 (25.0%)

\*The number of employees is as of January 1 each year in Japan, and December 31 in each previous year overseas.

### Objective

We will continue to pursue the realization of a healthy work environment where employees are treated with respect and care.

### Targets

- Raise the percentage of women leaders in 2020.
- Try to obtain the “Kurumin” mark and the “Eruboshi” (L Star) mark by 2021.



## KEY ISSUE 3: ENVIRONMENT

### Environmental Policy

Recognizing that global environmental issues are one of the most important concerns common to all humans, Iwase Cosfa establishes continuous goals in consideration of global environmental preservation and works to realize such goals. The company:

- Recognizes the impact of its work on the environment, and continually improves efforts to prevent pollution and improve the environment.
- Respects environmental laws, as well as internal agreements and self-imposed standards, in all aspects of our business activities.
- Has a deep understanding of the effects of its business activities on the environment and strives to reduce waste and effectively use resources.
- Works to propose new materials that are environmentally friendly.
- These policies are made available to the public, as well as to those who work in (and for the benefit of) the organization.

### Environmental Activity-Performance Data

#### IWASE COSFA CO., LTD. (JAPAN)

Indicator	Category	FY2018
Petroleum consumption (L)	Gasoline	11,034.00
Gas consumption (m3)	City gas	95.00
	LPG	81.00
Electricity consumption (Kwh)		392,705.00
Water consumption (m3)	Municipal water	767.00
	Groundwater	0.00
Wastewater volume (m3)	Factory wastewater	0.00
	Drainage water	767.00
Industrial waste volume (t)	Waste plastic	3.44
	Sludge	3.33
	Waste oil	7.28
	Waste acids	0.00
	Metal scrap	0.15
	Wood chips	30.47
	Paper scraps	0.12
	Glass waste	0.00

**IWASE COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD** : No data

**IWASE COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD** : No data

**IWASE COSFA VIETNAM CO., LTD.** : No data

**IWASE COSFA (THAILAND) CO., LTD.** : No Data

#### IWASE COSFA EUROPE S.A.S.

Indicator	Category	FY2018
Petroleum consumption (L)	Gasoline	455.43
	Diesel	521.89
Gas consumption (m3)	City gas	0
	LPG	0
Electricity consumption (Kwh)		No Data
Water consumption (m3)	Municipal water	No Data
	Groundwater	No Data
Wastewater volume (m3)		No Data
Industrial waste volume (t)		No Data

#### IWASE COSFA USA INC.

Indicator	Category	FY2018
Petroleum consumption (L)	Gasoline	636.63
Gas consumption (m3)	City gas	No Data
	LPG	No Data
Electricity consumption (Kwh)		No Data
Water consumption (m3)	Municipal water	No Data
	Groundwater	No Data
Wastewater volume (m3)		No Data
Industrial waste volume (t)		No Data

## Certification & Project

### ISO14001

Iwase Cosfa Corporation (Japan) obtained the ISO 14001 certification for its environmental management system in 2003. The three sites in Japan (Tokyo Head Office, Kyushu Sales Office, Karatsu Logistics) acquired the certification.

### CDP (Carbon Disclosure Project)

The CDP is an organization based in the United Kingdom which supports companies and cities to measure and manage their risks and opportunities on climate change, water security and deforestation.



## Environmental Conservation Activities

Iwase Cosfa recognizes the issue of global warming resulting from CO<sub>2</sub> and other greenhouse gas emissions as one of the most important issues we face. The Group has been implementing measures related to mitigation of and proper responses to climate change.

Iwase Cosfa sets sales objectives regarding raw materials that can directly or indirectly reduce environmental impacts or risks.

**Table n°7. Iwase Cosfa's Eco-Products Sales Results (2018)**

Eco-products		Objectives (kg)	Results (kg)	Realization ratio
Materials that can directly reduce environmental impacts or risks	Materials from plant origin	504,100	519,847	103.12%
	Materials whose use does not require heating process	3,000	0	0%
	Materials which shorten production process	11,100	11,921	107.40%
Materials that might reduce or prevent of environmental risks	Materials with limited environmental impacts	2,500	4,975	199.00%
<b>Total</b>		<b>520,700</b>	<b>536,743</b>	<b>103.08%</b>

### Objective

Iwase Cosfa will pursue its environmental conservation activities based on prevention of global warming.

### Targets

- Record and share data of every subsidiary starting from 2020.
- Realize business sales of eco-products of 580,200 kg for 2019:

Materials from plant origin	:	556,600 kg
Materials whose use does not require heating process	:	2,000 kg
Materials which shorten production process	:	21,300 kg
Materials with limited environmental impacts	:	300 kg

## KEY ISSUE 4: SUSTAINABLE PROCUREMENT

### Suppliers Code of Ethics

In 2019, Iwase Cosfa established a Code of Ethics for its business partners.

#### Overview of the Iwase Cosfa Group Code of Ethics

1. CSR Promotion / Social contribution / Organizational Governance
2. Legal Compliance / Fair trade / Corporate Ethics
3. Respect of Human rights / Safety and Health
4. Environmental Protection
5. Quality and Safety Assurance
6. Confidential and information security measures / Intellectual Property Protection
7. Information disclosure

<http://www.cosfa.co.jp/english/company/pdf/SupplierCodeofEthics-en.pdf>

### Sustainable Procurement Initiatives

#### RSPO (Roundtable on Sustainable Palm Oil)



Iwase Cosfa is a member of the RSPO, a not-for-profit that has developed a set of environmental and social criteria which companies must comply with in order to produce Certified Sustainable Palm Oil (CSPO).

Palm oil production can entail problems such as tropical rainforest destruction, ecosystem destruction, greenhouse gas emissions due to peatland fires, and violation of the human rights of plantation workers.

When properly applied, the RSPO criteria can help to minimize the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions.

#### CSR Related Certificates

Iwase Cosfa commits to make its supply-chain more sustainable by bringing forward several sustainable products and their related certifications. Those certifications are as follows:

- REACH Certificate (if the annual amount of ingredients which might have environmental effect is more than 1 ton)
- Ecocert/Cosmos certificate
- RSPO Certificate
- Letter of Conflict minerals (to attest that a product does not come from the use of conflict minerals)

## Procurement Data and Indicators

**Table 8. Procurement Data and Indicators**

Target: Iwase Cosfa Japan

Indicators	FY2018
CSR Assessments Results, i.e. results for the social responsibility questionnaire carried out on Iwase Cosfa's 20 major suppliers' premises on environmental, social, health and safety, human rights and business ethical issues.	14/20

### Objective

Iwase Cosfa will continue to promote sustainable procurement activities with the aim of realizing a better society, protecting the environment and enabling economic development.

### Targets

- Collect signatures of its Code of Ethics from at least 50% of its major suppliers in 2020.
- Conduct training for every new employee engaged in procurement activities regarding the establishment of fair and sound relationships with business partners and compliance with laws, regulations and internal rules, starting from 2020.
- Enforce transaction management rules in relation to procedures to follow when applying for a transaction, and by training relevant parties.