



# CSR REPORT 2023

Giving greater happiness to a greater number  
through beauty & health



## Corporate Philosophy

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

As a creator of new value, we will continue to help enrich the lives of people around the world.

Iwase Cosfa has been dealing with raw materials for cosmetics and health foods for about 90 years since first opening for business, and has developed and proposed original raw materials in cooperation with our business partners.

We will continue to contribute to the global chemical industry by leveraging the technology and experience we have accumulated to date.

Responding to new trends focused on sustainability and the SDGs, we will embody the spirit of *Sanpo-Yoshi* (good for the seller, buyer, and society) and promote management that creates beauty and health for people.

### Corporate Social Responsibility Policy

#### 1. To our 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 meet the needs of our customers and partners.

#### 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.
- We do not engage in any form of forced labor or harmful and dangerous child labor, nor do we allow our business partners to do so.
- 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 light of our aspirations above, we publish an annual CSR report to publicize our efforts both inside and outside the Company.



# Company Information

## Company Profile

Company name	Iwase Cosfa Co., Ltd.
Date of foundation	September 15, 1931
Date of establishment	July 29, 1948
Head office location	1-7-11 Dosho-machi, Chuo-ku Osaka 541-0045 Tel. 06-6231-3456 Fax. 06-6231-8109
Representative	President Yoshinori Iwase
Capital	JPY 100,000,000
Number of employees*	Non-consolidated: 214 (including temporary workers) Consolidated: 348
Sales*	JPY 32,095 million
Net profit*	JPY 1,092 million

\*Number of employees, sales, and net profit are as of December 31, 2022.

## Affiliated Companies

### Overseas subsidiaries

- Cosfa International Trading (Shanghai) Co., Ltd.
- Cosfa International Trading (Guangzhou) Co., Ltd.
- Iwase Cosfa Europe S.A.S.
- Iwase Cosfa Vietnam Co., Ltd.
- Iwase Cosfa Korea Co., Ltd.
- Iwase Cosfa USA Inc.
- Iwase Cosfa (Thailand) Co., Ltd.

### International office

- Indonesia Representative Office

### Domestic affiliated company

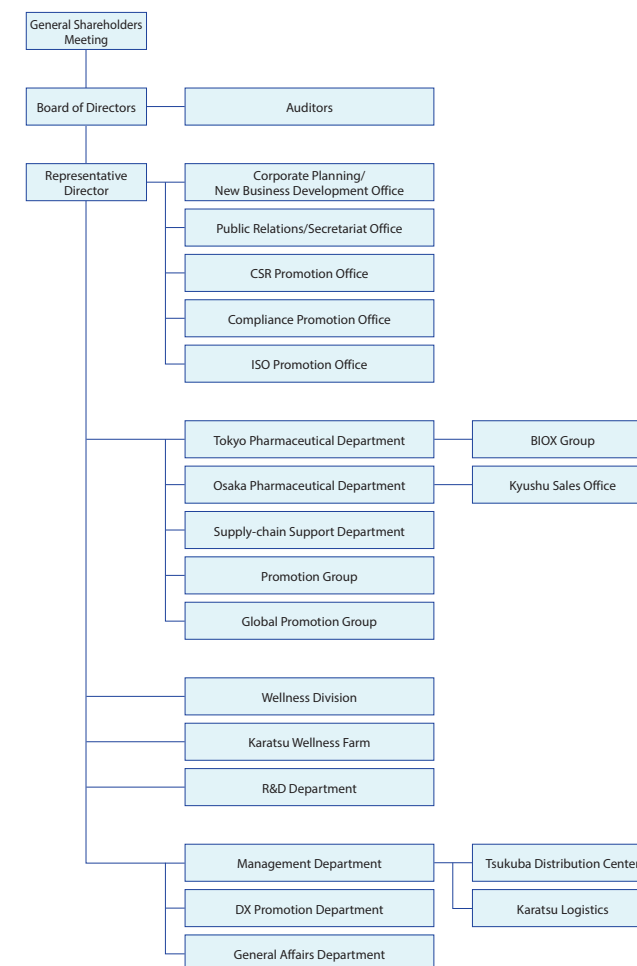
- Dainihon Kasei Co., Ltd.

### Other affiliated companies\*

- Toyo Beauty Co., Ltd.
- BHN Co., Ltd.

\*Not subject to reporting in this CSR Report

## Organizational Chart

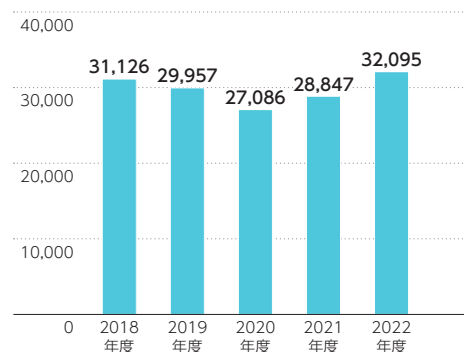


# Highlights

## Financial Indicators

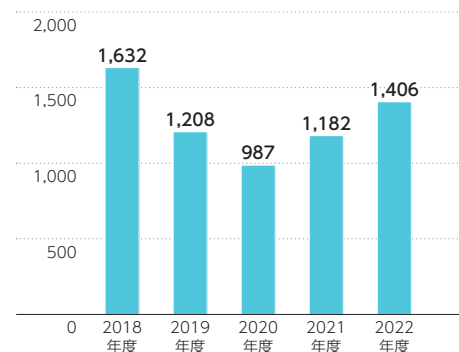
### Sales

(JPY 1 million)



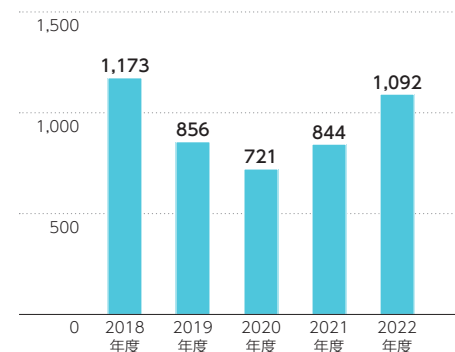
### Ordinary Profit

(JPY 1 million)



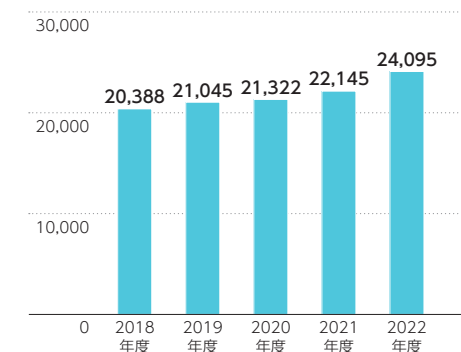
### Net Profit

(JPY 1 million)



### Net Assets

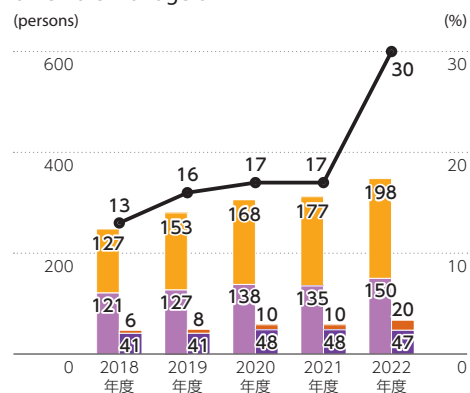
(JPY 1 million)



## Non-Financial Indicators

### Number of employees (by gender) and ratio of female managers

(persons)

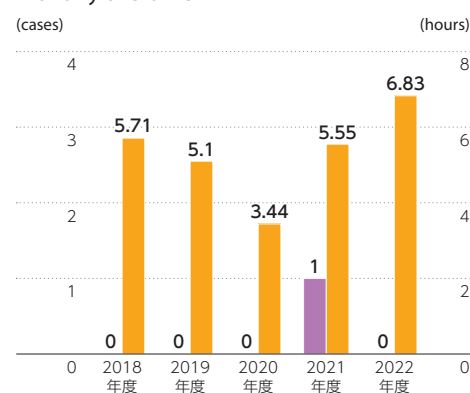


Number of employees (left axis)    ■ Male ■ Female  
 Number of managers (left axis)    ■ Male ■ Female  
 ● Ratio of female managers (right axis)

### Number of industrial accidents and average monthly overtime

(cases)

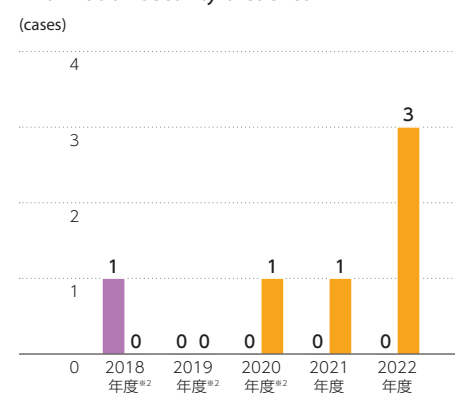
(hours)



■ Number of industrial accidents (left axis)  
 ■ Average monthly overtime (right axis)

### Number of compliance violations\*1 and information security breaches

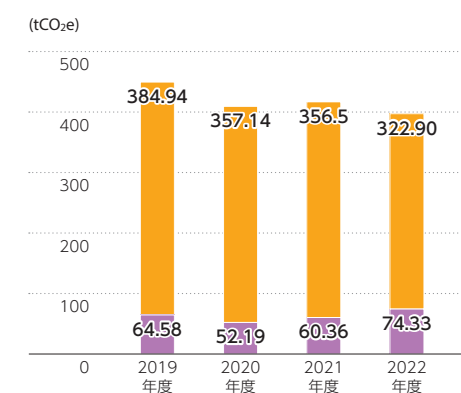
(cases)



■ Number of compliance violations    ■ Number of information security breaches  
 \*1: Misconduct based on Article 14 of the Compliance Promotion Regulations: Level 1 and Level 2  
 \*2: The data covers Iwase Cosfa on a non-consolidated basis; expanded to include the group companies in fiscal 2021.

### GHG emissions (Scope 1+2)

(tCO<sub>2</sub>e)



■ Scope 1    ■ Scope 2



## Editorial Policy

This report describes the initiatives that Iwase Cosfa is implementing to create new value and contribute to greater happiness. We will continue to fulfill our accountability to our stakeholders through this report.

### Reporting Period

Fiscal 2022 (January 1, 2022 to December 31, 2022)

\*Some activities and achievements beyond the above reporting period are also described.

### Organizations Covered by the Report

In this report, "Iwase Cosfa" means eight companies in the Iwase Cosfa Group and one affiliated company. If it is necessary to specify the coverage, the name of the relevant organization will be stated individually.

Iwase Cosfa Co., Ltd. and its group companies

Iwase Cosfa Co., Ltd.

Seven overseas subsidiaries

Cosfa International Trading (Shanghai) Co., Ltd.

Cosfa International Trading (Guangzhou) Co., Ltd.

Iwase Cosfa Europe S.A.S.

Iwase Cosfa Vietnam Co., Ltd.

Iwase Cosfa Korea Co., Ltd.

Iwase Cosfa USA Inc.

Iwase Cosfa (Thailand) Co., Ltd.

One domestic affiliated company

Dainihon Kasei Co., Ltd.

### Guidelines Consulted

The Global Reporting Initiative's Sustainability Reporting Standards, EcoVadis, ISO 26000, Global Compact Ten Principles, and other guidelines were consulted while preparing the reported information.

### Date of Issue

Issued: June 2, 2023 (Next issue scheduled for: April 2024)

Previously issued: April 30, 2022

### Contact

CSR Promotion Office, Iwase Cosfa Co., Ltd.

cosfa-csr@cosfa.co.jp



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## Message from the President

# Daring opportunities for all employees With altruism, gratitude, sincerity, a challenging spirit, and humbleness, we will help enrich the lives of our employees and make society better

### The spirit of “pay it forward” learned from my grandfather

Iwase Cosfa Co., Ltd. was founded in Osaka in 1931 by Kenjiro Iwase, in line with the traditional management philosophy of Omi merchants called “Sanpo-Yoshi” (good for the seller, buyer, and society). We have been developing and marketing cosmetic materials, functional food, and health food ingredients for 90 years under the corporate philosophy of “Giving greater happiness to a greater number through beauty & health.”

Kenjiro Iwase, the first president and my grandfather, would often say, “pay it forward tenfold.” According to his philosophy, many people help us out whenever we encountered a crisis, and it is thanks to their assistance that we are where we are today. If someone does us a favor, we should return the favor tenfold. However, if someone wants to return a favor to us, we should ask them pay it forward to someone else in need. My grandfather often mentioned this philosophy, and indeed, he always acted for the benefit of others without asking for anything in return. This attitude has saved him and his company many times.

These beliefs were passed on to my father, Kenji Iwase, who was the second president of the company. I truly feel that my grandfather’s approach has built a large amount of trust that continues to support Iwase Cosfa today.

### To enrich lives of our employees

In light of this, what is my own mission? How should I take what has been built up so far, and pass it onto the next generation? It goes without saying that one part of my mission is to develop the company further. However, I believe that one goal of utmost importance is to enrich the daily lives of each and every employee who has joined the company, so that they can enjoy fulfilled lives without any regrets. It is up to each individual to choose what experiences to have and how to enrich his or her life, but I believe that it is my role as the leader of the company to provide employees with as many opportunities as possible when they are ready to take on a new challenge.

Both the founder and second president of the company valued the spirit of “give it a try,” and I too try to keep this in mind. I want employees to take on a wide range of challenges on their own initiative. I will take full responsibility for them as president, so I want them to try whatever they want to do, without fear of failure. We have established a system called the “Ichi-Go Project” as one way to create more opportunities. This system helps employees take on challenges, such as studying and obtaining qualifications in their favorite subject in order to improve themselves and broaden their knowledge and experience, regardless of their current responsibilities in work. The only requirement for using this system is to give a speech lasting one

**Yoshinori Iwase**  
President and  
Representative Director  
Iwase Cosfa Co., Ltd.





## Message from the President

(ichi in Japanese) to five (go in Japanese) minutes after completing the program to share what they have learned with other team members in their department. Things that may not seem to be directly related to business operations may in fact have connections with beauty and health in one way or another. We started this project with the hope to discover a whole new world through what each employee has learned.

Since I became president, I have conducted over 300 individual interviews with all employees, including those at group companies, as I felt I needed to get to know them in order to help them live a fulfilling life. The interviews take at least one hour per person and sometimes cover not only work-related topics but also private matters including family and romantic relationships. These individual interviews give me the opportunity to see areas that need improvement with regard to the office and the company as a whole, while also serving as opportunities for discovery and reflection about myself. I intend to continue holding these individual interviews in the future.

In addition, we provide a variety of opportunities for employees to learn about diverse topics. For example, there is a monthly study group for managers, including myself, called the Early Morning Study Group. I want each employee to take on challenges that they are interested in, and to absorb whatever they can, thereby enriching their work and lives.

## Contribute to solving social issues

On the other hand, if we look at the external environment, we can see that the cosmetics industry in which we operate is growing rapidly aware of social issues such as the need to reduce environmental impact, respect human rights, and promote sustainable procurement. We strongly recognize we have an important responsibility to further accelerate our activities that help address these issues.

As part of these efforts, we have started to support the Cosme Bank Project\*, which takes cosmetics that can no longer be resold due to renewal, and delivers them to families who are encountering financial hardship. Food loss is one of several social issues that have been attracting considerable attention in recent years. The reduction of loss is also an urgent issue in the cosmetics industry, and we would like to actively drive efforts forward in any way we can.

We have expanded our activities in many other areas, such as providing support for higher education to children who were orphaned in the Great East Japan Earthquake, and giving sports support for children in the Philippines. We feel that by returning profits earned through our business to society, we will help our employees recognize that they are contributing to society and that their work is useful to the world, as well as to feel a sense of pride. There are many ways to achieve “Sanpo-Yoshi,” but we believe it is important not to decline any opportunity for making contributions to society.

\*We are participating in the Cosme Bank Project from Bank for Smiles as an operating committee.  
<https://cosmebank.jp/committee-company/>

## Becoming a “lucky person” with altruism, gratitude, sincerity, a challenging spirit, and humbleness

One thing that I expect from the people working at this company is that they should be lucky people.

A lucky person does not simply mean an individual who somehow always succeeds in whatever he or she does. A lucky person is someone who naturally attracts luck by acting with a “yes mindset,” whereby he or she thinks about how to achieve something, rather than just giving up before even trying.

I believe the crucial elements for developing a yes mindset are altruism, gratitude, sincerity, a challenging spirit, and humbleness. By practicing these five concepts, people naturally develop a yes mindset. This makes them loved by those around them, which thereby allows them to succeed in their work. This is something I strongly felt when observing my grandfather and father. I believe that a company can also grow significantly through “lucky” people who embody these elements.

Of course, I myself am still in the process of learning and have not yet fully acquired these five concepts myself. I would like to continue to grow and contribute to the greater joy of as many people as possible, while working together with all of our employees.

## CSR Management

### Approaches to Sustainability

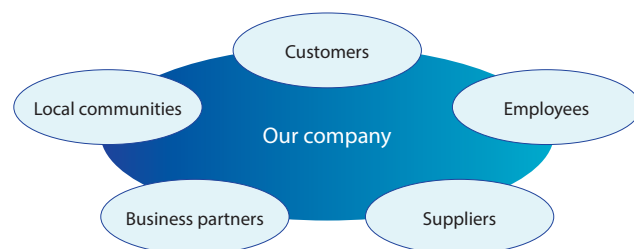
Iwase Cosfa aims to contribute to society through business activities based on our corporate philosophy, "Giving greater happiness to a greater number through beauty & health."

In our medium-term management plan, we have set forth our medium- to long-term vision, "As the most trusted professional trading company in the field of beauty and health, we aim to keep helping to enrich people's lives around the world." We will proactively conduct activities that contribute to local communities and help solve social issues.

In addition, by working on our corporate social responsibility throughout the entire supply chain and providing high-quality services, we strive to embody the spirit of Sanpo-Yoshi (good for the seller, buyer, and society) and promote management that generates beauty and health.

### Collaboration with Stakeholders

Iwase Cosfa conducts business in consideration of our stakeholders (customers, employees, suppliers, business partners, local communities, and other organizations) and the global environment. We strive to enhance our corporate value by creating economic and social value and contributing to the development of a sustainable society.



Endorsing and participating in third-party initiatives

#### • United Nations, Sustainable Development Goals (SDGs)

Iwase Cosfa, as an entire group, supports the Sustainable Development Goals (SDGs) and matches its priority themes with the SDGs. We always promote our business with an awareness of our contribution to the SDGs and strive to disseminate them throughout the Group.



\* SDGs: <https://sdgs.un.org/goals>

#### • United Nations Global Compact

We joined the United Nations Global Compact in November 2019, and express our commitment to it in this CSR report.



\*The United Nations Global Compact and Global Compact Network Japan:  
<https://www.ungcnj.org/gcnj/about.html>

#### • Charter of Corporate Behavior and Biodiversity Declaration Initiative, Keidanren (Japan Business Federation)

Iwase Cosfa supports the Charter of Corporate Behavior and Biodiversity Declaration Initiative promoted by Keidanren (Japan Business Federation). We will continue to fulfill our social and environmental responsibilities through it.



\*Keidanren (Japan Business Federation) Charter of Corporate Behavior:

<http://www.keidanren.or.jp/policy/cgcb/charter2022.html>

Keidanren (Japan Business Federation) Biodiversity Declaration Initiative:

<https://www.keidanren.or.jp/policy/2020/055.html>

#### • Sedex (Supplier Ethical Data Exchange) and SMETA Audit (Sedex Members Ethical Trade Audit)

We received a four-area audit on March 26, 2021 and a follow-up SMETA audit on December 17, 2021 to properly evaluate our Company, and report the audit results on Sedex.



\*Sedex: <https://www.sedex.com/>

\*SMETA audit: <https://www.sedex.com/solutions/smeta-audit/>

#### • EcoVadis

We participated in EcoVadis in 2017 and were awarded a Gold Medal in the 2022 Sustainability Survey for the second year in a row.



\*EcoVadis: <https://ecovadis.com/>

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

We have joined the RSPO to promote sustainable procurement activities. We support the NDPE principles and aim to procure based on them.

\*RSPO: <https://rspo.org/>

#### • Carbon Disclosure Project (CDP)

We received a B rating in CDP's Climate Change category in fiscal 2022, and will continue to make improvements.

\*CDP: <https://www.cdp.net/en>





## CSR Management

### Materiality Identification Process

Based on our corporate philosophy and medium-term management plan, we have selected materiality issues that we should focus on to create new value, such as solving social, environmental, and supply-chain issues.

#### 1. Identification of social issues

We identified 30 social issues to consider and investigate when identifying materiality issues, taking into account not only the Group's CSR policy, but also the GRI Standard, ISO 26000, and items surveyed by CSR evaluation organizations.

#### 2. Interviews on our key initiatives

We conducted interviews and free discussions with our executives and stakeholders (customers, suppliers, employees, local communities, NPOs, NGOs, etc.) on our key initiatives.

#### 3. Preparing a draft on materiality issues

Based on each stakeholder's expectations, we rated each of the selected 30 social issues on a five-point scale, with two axes: importance to stakeholders and importance to our business. Based on the importance rating of each, we selected 14 priority issues (total score of 7 or higher) for the group as a whole, taking into account the importance of each issue from an overall perspective.

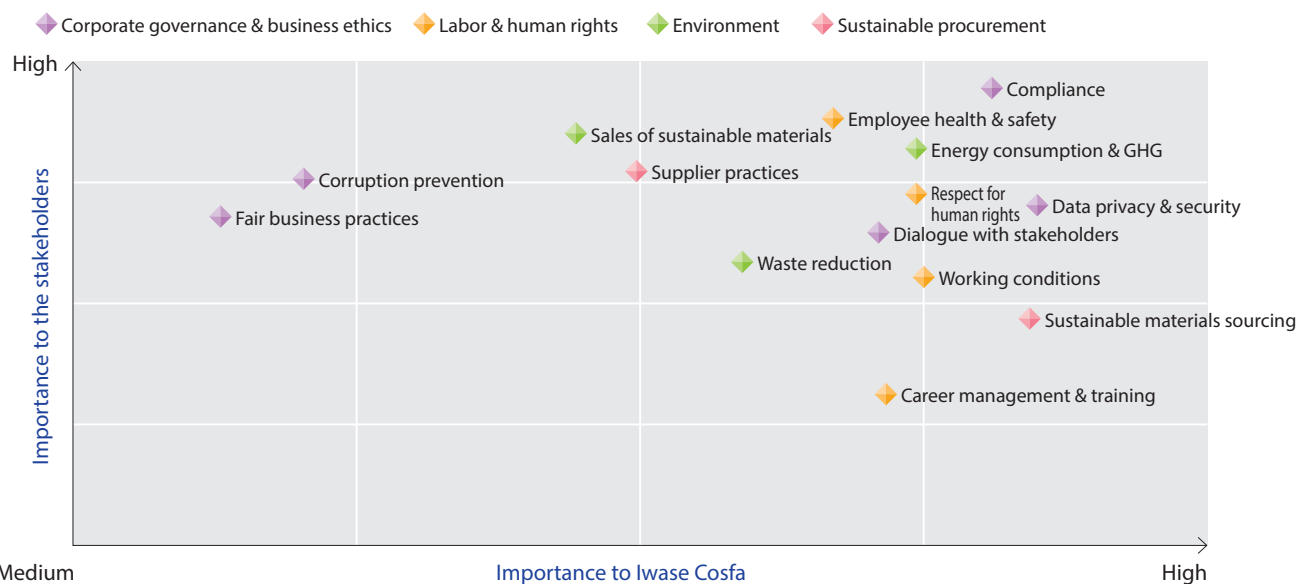
#### 4. Approval of materiality issues

The materiality list was reported to the Board of Directors and approved.

#### Identified materiality items

Materiality items	CSR key issues
Corporate governance and ethics	Dialogue with stakeholders / Data privacy & security / Compliance / Corruption prevention / Fair business practices
Labor and human rights	Respect for human rights / Working conditions / Employee health & safety / Career management & training
Environment	Reduction of energy consumption & GHG / Sales of sustainable materials / Waste reduction
Sustainable procurement	Supplier practices / Sustainable materials sourcing

#### Iwase Cosfa's materiality matrix



## CSR Management

## Materiality at Iwase Cosfa

We integrated the medium- and long-term targets of the 9th medium-term management plan and the single-year targets managed by the operational management chart, and organized them based on our materiality items in fiscal year 2022. In 2022, our initiatives to reform the way we work received high praise, such as obtaining *Eruboshi* certification and certification as a corporation with excellent health management, and we earned a gold rating in the EcoVadis sustainability survey for the second consecutive year. This led to increasing stakeholders' trust in us.

In 2023, over and above continuing to work on each target, we plan to ask all suppliers to sign our Code of Ethics and complete a questionnaire-based survey.

These initiatives will contribute to promoting CSR activities throughout our supply chain.

## Materiality items, KPIs, and Operational control list

Materiality items	Commitment	CSR key issues	Medium- to long-term targets (2021–2025)	KPI	Items implemented in FY2022 and resulting targets	Items to be implemented in FY2023 and resulting targets	Responsible department
Corporate governance and ethics	CSR policy, Crisis management policy	Dialogue with stakeholders	<ul style="list-style-type: none"> <li>Gain a high level of trust from our stakeholders</li> </ul>	—	<ul style="list-style-type: none"> <li>Provide explanations to stakeholders through the General Meeting of Shareholders, East-West Conference, Cosfa meetings, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Prepare the CSR report, provide explanations to stakeholders through the General Meeting of Shareholders, East-West Conference, Cosfa meetings, etc.</li> </ul>	CSR Promotion Office
		Data privacy & security	<ul style="list-style-type: none"> <li>Aim for zero information leakage incidents (incident level 3)</li> </ul>	—	<ul style="list-style-type: none"> <li>Use external CSR platforms (EcoVadis, Sedex)</li> </ul>	<ul style="list-style-type: none"> <li>Use external CSR platforms (EcoVadis, Sedex)</li> </ul>	CSR Promotion Office
				<ul style="list-style-type: none"> <li>Number of information security breaches</li> </ul>	<ul style="list-style-type: none"> <li>Implement information security training</li> </ul>	<ul style="list-style-type: none"> <li>Implement information security training</li> </ul>	DX Promotion Department
	Compliance Code	Compliance	<ul style="list-style-type: none"> <li>Aim for zero compliance violations (level 1)</li> </ul>	<ul style="list-style-type: none"> <li>Number of compliance violations</li> </ul>	<ul style="list-style-type: none"> <li>Appropriately manage and protect personal information</li> </ul>	<ul style="list-style-type: none"> <li>Appropriately manage and protect personal information</li> </ul>	General Affairs Department
		Corruption prevention	<ul style="list-style-type: none"> <li>Enhance the soundness of corporate activities through legal compliance and ethical behavior</li> </ul>		<ul style="list-style-type: none"> <li>Conduct yearly compliance education for employees</li> </ul>	<ul style="list-style-type: none"> <li>Conduct yearly compliance education for employees</li> </ul>	Compliance Promotion Office
		Fair business practices			<ul style="list-style-type: none"> <li>Conduct yearly anti-bribery education</li> </ul>	<ul style="list-style-type: none"> <li>Conduct yearly anti-bribery education</li> </ul>	Compliance Promotion Office
			<ul style="list-style-type: none"> <li>Report gifts yearly</li> </ul>			<ul style="list-style-type: none"> <li>Report gifts yearly</li> </ul>	Compliance Promotion Office
Labor and human rights	Basic concept of human resources	Respect for human rights	<ul style="list-style-type: none"> <li>Create new value and promote innovation through diverse human resources</li> </ul>	<ul style="list-style-type: none"> <li>Status of human rights education</li> <li>Employment rate of people with disabilities</li> <li>Increase in the ratio of women in management positions</li> </ul>	<ul style="list-style-type: none"> <li>Provide education on workers' basic human rights</li> </ul>	<ul style="list-style-type: none"> <li>Provide education on workers' basic human rights</li> </ul>	CSR Promotion Office, General Affairs Department
					<ul style="list-style-type: none"> <li>Advocate for the Act on the Promotion of Women's Active Engagement in Professional Life (acquired Eruboshi certification) and employment of people with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>Actively promote women's participation in professional life, and continue to promote of the employment of people with disabilities</li> </ul>	CSR Promotion Office, General Affairs Department



## CSR Management

Materiality items	Commitment	CSR key issues	Medium- to long-term targets (2021–2025 <sup>*1</sup> )	KPI	Items implemented in FY2022 and resulting targets	Items to be implemented in FY2023 and resulting targets	Responsible department
Labor and human rights	Basic concept of human resources	Working conditions	<ul style="list-style-type: none"> <li>Improve employee engagement and the retention rate</li> </ul>	<ul style="list-style-type: none"> <li>Overtime work</li> <li>Absenteeism rate</li> </ul>	<ul style="list-style-type: none"> <li>Efforts to reform work styles</li> </ul>	<ul style="list-style-type: none"> <li>Efforts to reform workstyles</li> </ul>	CSR Promotion Office, General Affairs Department
					<ul style="list-style-type: none"> <li>Increase the number of female managers</li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of female managers</li> </ul>	Management
		Employee health & safety	<ul style="list-style-type: none"> <li>Aim to reduce the number of occupational accidents to zero</li> <li>Aim to reduce work-related stress in employees</li> </ul>	<ul style="list-style-type: none"> <li>Number of occupational accidents</li> </ul>	<ul style="list-style-type: none"> <li>Conduct PDCA operation of crisis management projects, training on how to contact in case of a disaster, and round-table meetings with employees and Directors</li> </ul>	<ul style="list-style-type: none"> <li>Conduct PDCA operation of crisis management projects, training on how to contact in case of a disaster, and round-table meetings with employees and Directors</li> </ul>	Crisis Management Committee, CSR Promotion Office
		Career management & training	<ul style="list-style-type: none"> <li>Design an organizational plan and employment in line with the new medium-term management plan strategy</li> <li>Establish human resource development plans by position and job type</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of male to female employees</li> <li>Wage monitoring</li> <li>Training hours</li> </ul>	<ul style="list-style-type: none"> <li>Establish training plans by position and job type</li> <li>Secure an average of 6 hours of training per person per year</li> </ul>	<ul style="list-style-type: none"> <li>Establish training plans by position and job type</li> <li>Secure an average of 6 hours of training per person per year</li> </ul>	General Affairs Department
Environment	Environment policy	Reduction of energy consumption & GHG	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by 70% by 2030 (Scopes 1 &amp; 2)<sup>*2</sup></li> <li>Procure 50% of electricity from renewable energy sources</li> </ul>	<ul style="list-style-type: none"> <li>Electricity consumption</li> <li>CO<sub>2</sub> emissions</li> <li>GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>Review the environmental policy and continue to participate in the Carbon Disclosure Project (CDP)</li> </ul>	<ul style="list-style-type: none"> <li>Continue to participate in the Carbon Disclosure Project (CDP), scrutinize the basis for calculating Scope 3</li> </ul>	ISO Promotion Office, CSR Promotion Office
		Sales of sustainable materials	<ul style="list-style-type: none"> <li>Set an annual target for sales of eco-friendly products, with an objective of 30% or more of total sales</li> </ul>	<ul style="list-style-type: none"> <li>Sales of eco-friendly products</li> </ul>	<ul style="list-style-type: none"> <li>Make at least 30% of the sales volume of priority sales items eco-friendly products</li> </ul>	<ul style="list-style-type: none"> <li>Make at least 30% of the sales volume of priority sales items eco-friendly products</li> </ul>	Sales Department
		Waste reduction	<ul style="list-style-type: none"> <li>Maintain the amount of generated waste at 1% or less of the sales volume toward 2030<sup>*1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Amount of waste generated</li> </ul>	<ul style="list-style-type: none"> <li>Reduce defective inventory</li> </ul>	<ul style="list-style-type: none"> <li>Reduce defective inventory</li> </ul>	Administrative Department
Sustainable procurement	Sustainable procurement policy	Supplier practices	<ul style="list-style-type: none"> <li>Obtain signatures on the Code of Conduct from 70% of major suppliers by 2025</li> <li>Conduct a questionnaire survey on CSR awareness among major suppliers by 2025 to enhance their CSR awareness</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of suppliers that have signed the Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>Continue to request endorsement of the Supplier Code of Ethics and signatures on it</li> </ul>	<ul style="list-style-type: none"> <li>Request all suppliers to agree to the Supplier Code of Ethics, conduct a questionnaire survey of suppliers and hold discussions with them on improvement where risks are identified</li> </ul>	Sales Department, CSR Promotion Office
		Sustainable materials sourcing	<ul style="list-style-type: none"> <li>Use raw materials derived from RSPO-certified palm oil and palm kernel oil at a ratio of 100% by 2030</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of procurement of RSPO-certified raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Provide support for RSPO-certified raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Provide support for RSPO-certified raw materials</li> </ul>	Sales Department, CSR Promotion Office

\*1: Environmental issues should be addressed by 2030. \*2: Base year is 2019.

## SDGs Comparison table

Materiality items	CSR key issues	Items to be implemented in FY2023 and resulting targets	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 ECONOMIC GROWTH AND INCLUSIVE INDUSTRIES	9 INDUSTRIAL INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 CIRCULAR ECONOMY AND CONSUMPTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIP FOR THE GOALS	
Corporate governance and ethics	Dialogue with stakeholders	● Prepare the CSR report, provide explanations to stakeholders through the General Meeting of Shareholders, East-West Conference, Cosfa meetings, etc.									●								●	●
		● Use external CSR platforms (EcoVadis, Sedex)			●						●									
	Data privacy & security	● Implement information security training			●															
		● Appropriately manage and protect personal information			●															
	Compliance	● Conduct yearly compliance education for employees									●								●	
	Corruption prevention	● Conduct yearly anti-bribery education											●							
	Fair business practices	● Report gifts yearly											●							
Labor and human rights	Respect for human rights	● Provide education on workers' basic human rights			●														●	
		● Actively promote women's participation in professional life, and continue to promote of the employment of people with disabilities			●	●														
	Working conditions	● Efforts to reform workstyles			●	●														
		● Increase the number of female managers				●														
	Employee health & safety	● Conduct PDCA operation of crisis management projects, training on how to contact in case of a disaster, and round-table meetings with employees and Directors			●															
		● Conduct annual stress checks for employees and provide high-risk employees with the opportunity to see an occupational physician			●															
	Career management & training	● Establish training plans by position and job type			●	●														
		● Secure an average of 6 hours of training per person per year				●														
Environment	Reduction of energy consumption & GHG	● Continue to participate in the Carbon Disclosure Project (CDP), scrutinize the basis for calculating Scope 3							●					●	●	●	●			
	Sales of sustainable materials	● Make at least 30% of the sales volume of priority sales items eco-friendly products									●			●	●					
	Waste reduction	● Reduce defective inventory									●			●	●					
Sustainable procurement	Supplier practices	● Request all suppliers to agree to the Supplier Code of Ethics, conduct a questionnaire survey of suppliers and hold discussions with them on improvement where risks are identified										●							●	
	Sustainable materials sourcing	● Provide support for RSPO-certified raw materials										●		●	●	●	●		●	



## Corporate Governance and Ethics

Iwase Cosfa considers the establishment of a fair and transparent corporate governance system to be a key issue. As a global company, we not only comply with laws and regulations, but also ensure that every employee has high ethical standards in order to meet the expectations of our stakeholders.



### Basic Approach

Iwase Cosfa considers communication with all stakeholders and maintaining corporate transparency to be important issues for the Company. We have established and are operating a governance system that is fair, impartial, and well prepared for risks by balancing a system that promptly makes appropriate management decisions with a system that supervises and audits management and execution.

In addition, our CSR policy clarifies our responsibilities to each stakeholder, and our Compliance Code defines the basic rules for all officers and employees of the Company to follow. We provide our employees with training opportunities so that they can maintain a high level of corporate and social ethics and act responsibly, and carry out our business operations with the highest priority on compliance and respect for human rights. We have defined basic matters in our Crisis Management Policy to ensure the safety of our employees, continuity of our business activities, and fulfillment of our social responsibilities when a crisis arises at our Company. Furthermore, we strive to reduce risks through security training and compliance training, as well as analyze risks and opportunities from a medium- to long-term perspective to maintain and protect the interests of our employees and our Company, thereby ensuring appropriate risk management. Moreover, we strive to achieve sustainable growth and enhance our corporate value so we can earn the full trust of all of our stakeholders.

### CSR Policy

Through our business activities, Iwase Cosfa will develop activities that can address social issues and meet social expectations, and promote management that can contribute to the beauty and health of the people.

\* CSR Policy:  
<https://www.cosfa.co.jp/company/society.html>

### Crisis Management Policy

We have established a crisis management policy to fulfill our social responsibilities and protect the interests of our employees and the Company, and have declared that we will respond effectively to risks as they arise.

1. We will establish a crisis management system that includes crisis prevention as well as response and communication when a crisis occurs.
2. When a crisis occurs, we will not respond in a manner that conflicts with our social responsibility.
3. When a crisis occurs, we will give top priority to the safety of our employees and take prompt and effective action.
4. When a crisis occurs, we will strive to continue or resume business operations as soon as possible.
5. We will conduct education and training to raise employees' awareness of crisis management.
6. We will evaluate the results of crisis management activities annually and improve the effectiveness of such activities continuously.

### Compliance Code

Iwase Cosfa has defined in the Compliance Code the important matters to abide by in the execution of our business operations, and distributed a handbook on it to all employees.

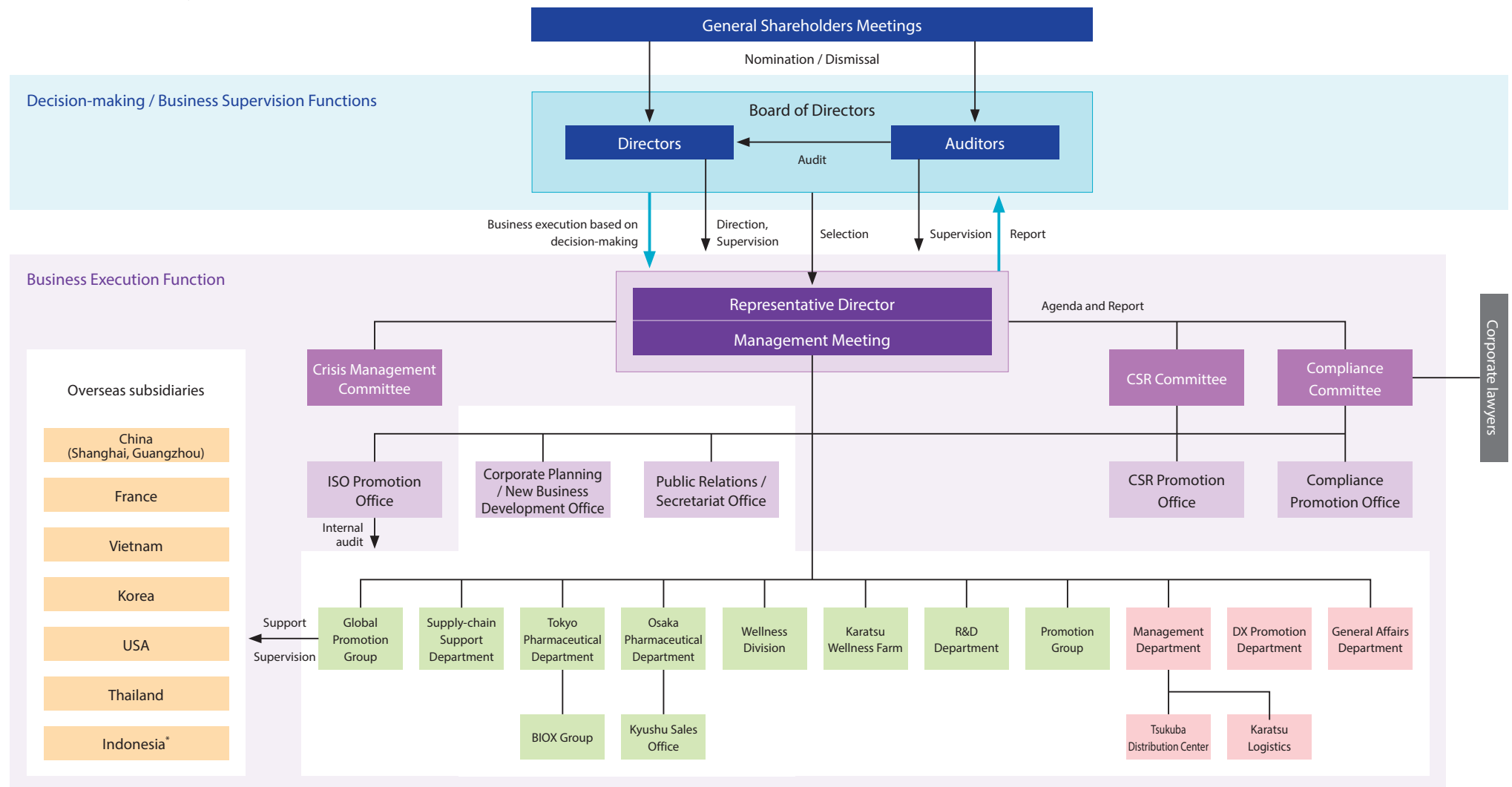
\*Compliance Code:  
<https://www.cosfa.co.jp/company/pdf/compliance-charter-ja.pdf>

### Promotion System

Iwase Cosfa has introduced a business department system to promote smooth and effective business operations, and is prioritizing rapid decision-making and information sharing.

## Corporate Governance and Ethics

### Corporate Governance System Chart



\*Representative office

## Corporate Governance and Ethics

### Board of Directors

Board of Directors meetings are attended by all Directors, including two Outside Directors and two Corporate Auditors. The Board of Directors meets once a month, in principle, to make management decisions. Extraordinary Board of Directors meetings are held as necessary. The Corporate Auditors fulfill the function of monitoring and auditing management. Management meetings are held prior to Board of Directors meetings to improve their executive functions, thereby strengthening the functions of each meeting and ensuring that operations are carried out appropriately.

### CSR Committee

The Committee is chaired by the Representative Director and composed of other members, including Directors, in a cross-departmental manner. Committee meetings take place once a year. The Committee manages the progress of the Company's CSR activities, determines prioritized issues, and promotes awareness of the Company's CSR activities.

### Compliance Committee

The Compliance Committee is organized by members appointed by the Board of Directors, and meets twice a year. The Committee is responsible for formulating and promoting compliance measures, employee education, revising or abolishing rules and regulations, and responding immediately if misconduct occurs. The committee reports its activities to Directors.

### Risk management system

In accordance with our Crisis Management Policy, we have defined risk factors that could affect the safety of our customers, business partners, employees, and the continuity of our business operations in the event of an emergency. Based on the assumed risks, we set targets and measures to be implemented for a single fiscal year, and check the progress quarterly.

#### [Major risks]

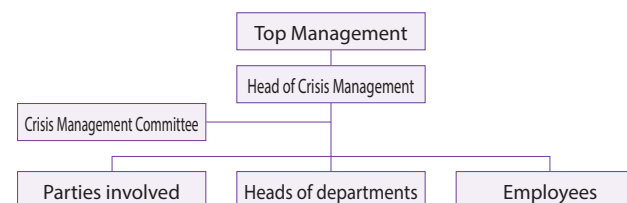
- Bankruptcy of an important business partner
- Compliance violations
- Serious crimes committed by officers and employees
- Information leakage, system failure
- Injury or death of executives or employees due to accidents
- Environmental pollution
- Losses due to natural disasters including earthquakes, windstorms, floods, etc.
- Fires
- Bad management reputation
- Executives or employees visited by disaster or abduction
- Important damage due to accidents/robbery
- Third party-related vandalism/business disruption

### Crisis Management Committee

The Committee identifies crises or formulates and implements initiatives to respond to major crises.

In the event of an emergency, the Committee gathers information, examines response measures, and implements the measures.

#### Crisis management system (FY2023)



### Targets, KPIs, and Achievements

Iwase Cosfa has established the following KPIs and is promoting them in order to build a strong governance system and maintain high ethical standards.

#### Dialogue with stakeholders

We value opportunities to communicate with our stakeholders. Even during the corona pandemic, we were endeavoring to create as many opportunities for dialogue as possible.

#### Information security and privacy

We aim for zero information security breaches to prevent fraud and serious information leaks.

KPI	FY2030 Target	FY2022 Target	FY2022 Results
Number of information security breaches (cases)	0	0	3

#### Compliance, anti-corruption, and fair trade

In order to earn the trust of society, all employees are required to abide by the Compliance Code. We have continuously achieved our goal by conducting education and raising awareness to keep the number of violations at zero.

KPI	FY2030 Target	FY2022 Target	FY2022 Results
Number of compliance violations (cases)	0	0	0



## Corporate Governance and Ethics

### Dialogue with Stakeholders

Iwase Cosfa will promote social responsibility initiatives and provide new value through active communication with our stakeholders.

Stakeholders	Our responsibilities	Approach and results achieved in FY2022
Customers	<ul style="list-style-type: none"> <li>• Provide safe, reliable, high-quality products</li> <li>• Build relationships of trust</li> </ul>	<ul style="list-style-type: none"> <li>• Brochures for each product</li> <li>• Safety Data Sheets (SDS)</li> <li>• Web seminars (16 times)</li> <li>• Newsletter distribution (54 newsletters)</li> <li>• Communication through sales activities</li> <li>• Exhibiting at trade shows (6 cases)</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Provide a pleasant and rewarding work environment</li> <li>• Enhance employee training to maximize individual abilities</li> </ul>	<ul style="list-style-type: none"> <li>• Internal reporting system</li> <li>• Distribution of internal newsletters (9 newsletters)</li> <li>• East-West Conference (once)</li> <li>• Employee representative roundtable meetings (twice)</li> <li>• Labor-management agreements</li> <li>• Health and Safety Committee (once a month)</li> <li>• Various interviews and training programs</li> <li>• In-house events</li> </ul>
Suppliers, business partners	<ul style="list-style-type: none"> <li>• Ensure fair and impartial transactions</li> <li>• Build relationships of trust</li> </ul>	<ul style="list-style-type: none"> <li>• Communication through purchasing activities</li> <li>• Cosfa meetings (held once in writing)</li> <li>• CSR questionnaire survey (40 cases)</li> <li>• Supplier Code of Ethics (36 cases)</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>• Contribute to regional development</li> </ul>	<ul style="list-style-type: none"> <li>• Active relationships with local governments</li> <li>• Active participation in industry associations (9 organizations)</li> </ul>

### Sponsorship of Osaka Kansai Expo 2025

At the 2025 Japan International Expo (Osaka Kansai Expo 2025), we will be supporting "Future of Life," one of the signature pavilions produced by Hiroshi Ishiguro, as a partner. We will work with all co-sponsors to help create a better life 50 years from now through aiming to contribute to the enriched lives and greater joy of people all over the world.

\*Osaka Kansai Expo 2025:  
<https://www.expo2025.or.jp/>

### Sponsorship of the Cosme Bank Project

We are participating in the Cosme Bank Project run by Bank for Smiles, a general incorporated association.

We collect products that have no quality problems but are difficult to resell, such as products that have become obsolete due to updates or unopened products that have been returned from stores. Then, we distribute them free of charge to those who need cosmetics but cannot afford them due to financial hardship or other reasons. We aim to solve societal problems from the perspective of women, companies, and the global environment by delivering cosmetics that would otherwise go to waste to those who need them.

\*Cosme Bank Project:  
<https://cosmebank.jp/>



## Corporate Governance and Ethics

### Information Security and Privacy

Iwase Cosfa recognizes the importance of ensuring information security to earn the trust of customers. To guard against cyber risks that have been increasing in recent years, we are committed to maintaining zero information security breaches through annual employee training, review and dissemination of security policies, and information sharing on security risks and cyber-attack cases both internally and externally.

#### Basic Policy on Information Security

We have been responding to the needs of our customers under the management philosophy of "Giving greater happiness to a greater number through beauty & health." The Company's basic policy on information security has been established so we can continuously provide better products and services to our customers, protect information assets in our advanced information society from threats such as accidents, disasters, and crimes, and satisfy the trust of our customers and society. The basic policy on information security serves as a guideline in our initiatives for information security.

#### 1. Development of the internal system and Information Security Policy

We have established the management system necessary to maintain and improve security, and have defined the necessary information security measures as our formal rules.

#### 2. Leadership responsibility and continuous improvement

Our management is responsible for ensuring that information assets of the Company and its customers are properly managed by adhering to the Information Security Policy.

#### 3. Compliance with laws, regulations, and contractual requirements

Our employees comply with all applicable laws, regulations, norms, and security requirements stipulated by agreements with our customers, related to the information assets we use in our business activities.

#### 4. Employees' initiatives

Our employees acquire the knowledge and skills necessary to maintain and improve information security to ensure our commitment to information security.

#### 5. Response to violations and incidents

We have developed a system for responding to violations of laws, regulations, norms, contracts with our customers, and information security incidents so we can reduce the impact of any violations and incidents.

#### Information security education

Iwase Cosfa provides annual information security training to all officers and employees using an external training system, and conducts a test to verify their knowledge of information security. In fiscal year 2022, we educated 202 employees.

### Compliance, Anti-Corruption, and Fair Trade

We have established a Compliance Code in order to be a company that society trusts in conducting our business. We provide a compliance handbook to all employees and require them to comply with the codes. To prevent fraud, we hold study sessions for all officers and employees and conduct periodic surveys on their awareness of compliance.

#### Anti-bribery training and survey on awareness on corruption and bribery

We run anti-corruption and bribery workshops for all employees and conduct periodic surveys to assess their understanding and awareness. The Company has defined approval procedures for gifts, and we centrally manage and monitor all information to ensure that inappropriate gifts are not offered.

#### Whistleblower desks and internal notification system

In accordance with the Whistleblower Protection Act, Iwase Cosfa has a whistleblower desk and internal rules for protecting whistleblowers under the Act.

Based on the internal rules for whistleblower protection, we accept consultations from employees regarding legal violations and other matters. The aim of establishing this system is to act on early detection and correction of misconduct etc., thereby reinforcing compliance. Employees are allowed to consult by telephone, e-mail, fax, interview, or in writing, and are not subject to any adverse treatment on the basis of a report or consultation.

## Corporate Governance and Ethics

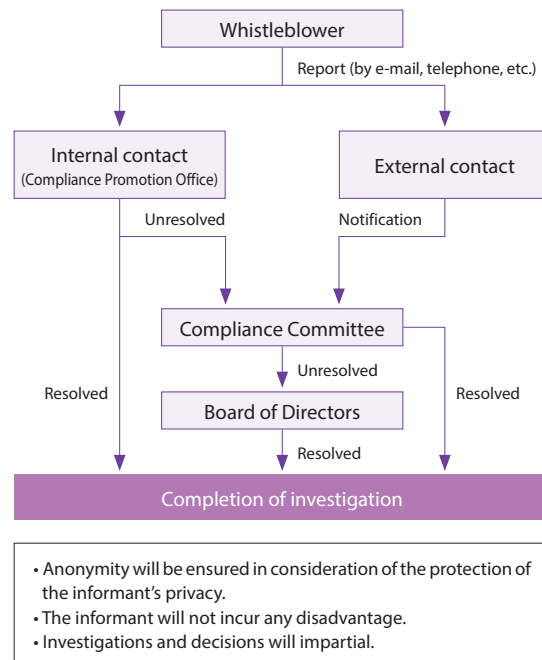
In addition, we will maintain the anonymity and confidentiality of the reports received, conduct necessary investigations, and take appropriate measures in accordance with the Rules of Employment of Employees in the event that the Company determines there are facts subject to reporting.

The whistleblower desk is open to the public through our website and is available to external stakeholders, enabling them to provide information and report wrongdoing, possible wrongdoing, complaints, etc. on an anonymous basis.

\*Whistleblower desk:

<https://www.cosfa.co.jp/info/whistle-blowing.html>

### Notification and consultation process



### Details of reporting/consultation and ratios

Details of reporting/consultation	Ratio (%)
Various acts of harassment (including customer harassment)	66.67
Other reporting and consultation • Violation of laws and regulations (insider trading, violation of the anti-monopoly law, involvement in bid rigging, etc.) • Illegal approach through gifts and business reception • Leakage of personal information • Infringement of intellectual property rights	33.33

### Internal control

To ensure the soundness and appropriateness of its operations and to maintain and improve its corporate value, Iwase Cosfa has established committees and regulations for the following items to define its internal control system.

- Establishment of compliance codes and compliance committees
- Formulation of a basic policy on information security and of rules for responding to information security incidents
- Establishment of Crisis Management Policies, implementation of risk analysis, and establishment of a Crisis Management Committee

As a general rule, we hold a Board of Directors meeting and a management meeting once a month to develop a system for making prompt decisions on important management issues based on relevant laws and regulations and the Articles of Incorporation.

### Internal and external audits

Iwase Cosfa conducts internal audits and management reviews once a year, and undergoes external audits by third-party organizations (JQA).

The ISO Promotion Office is the auditing department, and qualified internal auditors perform audits of other divisions. Internal audits are conducted and reported in the Internal Audit Report to determine whether in-house operations are being executed correctly, with the aim of ensuring the appropriateness of business operations and internal controls and eliminating risks including corruption and bribery. The results are conveyed to management in management reviews.



**Mitsuyuki Yoshimura**

General Manager, Information System, DX Promotion Department

We have established our information security policy to provide better products and services to our customers as well as to protect the information assets we manage from accidents, disasters, crimes, and other threats, thereby helping us earn trust from our customers and society in general. In accordance with this policy, we are working to strengthen information security by responding to information security incidents, monitoring the security status of each department, and providing employees with regular training. These efforts are reported at the Management Meeting for further enhancements.



## Labor and Human Rights

Iwase Cosfa believes that we can contribute to society by enabling all of our employees to demonstrate their individual abilities. To this end, one of our primary missions is to respect the human rights of all people and provide a safe and secure working environment for all employees.



### Basic Concept

Based on our Basic Concept of Human Resources, we aim to be a company where everyone can shine by providing opportunities for growth that enable all employees to demonstrate their individual abilities.

### Basic Concept of Human Resources

Under the corporate philosophy of "Giving greater happiness to a greater number through beauty & health," Iwase Cosfa aims to become one team throughout the organization and help to create healthy and rich lifestyles for our people. To this end, we believe that personal growth is essential and aim to be a company in which every employee shines, based on the following concepts.

- Recruitment and personnel systems that do not discriminate on the basis of race, creed, gender, sexual orientation, social status, religion, nationality, age, or mental or physical disability based in accordance with the "My Human Rights Declaration"
- Optimal personnel allocation to maximize individual and organizational strengths by taking a close look at each individual's abilities and characteristics
- Compensation based on merit that can reward individual performance based on clear identification of the results and actions required of each employee

We value each other's individuality, care for each other, and mobilize our individual strengths to create a corporate culture that will enable us to continue taking on new challenges without fear, even in the midst of ever-changing times.

### ◆ Recruiting for overseas subsidiaries

To continue to grow sustainably together with our business partners and local communities, Iwase Cosfa employs local staff at our overseas subsidiaries (currently 9 subsidiaries). While we have 214 employees in Japan, we have as many as 124 employees, mostly locally hired, at our overseas subsidiaries (as of December 31, 2022). We will continue to actively recruit locally for employees at overseas subsidiaries.

### ◆ Conducting an employee satisfaction survey and applying the results to modify the human resource management system

We conduct an employee satisfaction survey once a year, and apply the results to resolve each issue. In addition, we have specified the items requested frequently by employees to revise the personnel system, resulting in a system that is simple, clear, and more rewarding to individual efforts. As for fiscal 2022, we conducted a survey in December and have provided feedback on the results to each Department head.

### ◆ Toward realizing a rewarding and pleasant work environment

As part of our efforts to reform the way we work, we hold a meeting once a year between employee representatives and our executives, including the President. People from the CSR Promotion Office also attend the meeting as observers. They discuss problems and solutions to improve the workplace environment. We start with the problems that can be solved and reflect the improvements in the working environment.

### Targets, KPIs, and Achievements

Iwase Cosfa recognizes that creating a safe working environment and respecting human rights are crucial for being a company where every employee can shine. We will continue to monitor every indicator for maintenance and improvement.

## Labor and Human Rights

### Respect for human rights

Iwase Cosfa promotes fair hiring and gender-free promotion, where the ratio of female managers has been increasing. We also focus on human rights education to create a work environment where employees respect each other.

KPI	FY2025 Target	FY2022 Target	FY2022 Results
Number of conducted human rights training sessions for the entire company (times)	1	1	2
Ratio of employees with disabilities (%)	2.3	1.80	1.70
Ratio of female managers (%)	45	30	30.00

### Working conditions

Iwase Cosfa considers work-life balance important, and has established a work environment that respects the wishes of our employees. As a result, we have achieved our targets for five consecutive years.

KPI	FY2030 Target	FY2022 Target	FY2022 Results
Average overtime work (hours/month)	Less than 10 hours	10	6.83
Absenteeism rate (%)	Less than 1%	0.50	0.40

### Employee health & safety

Iwase Cosfa aims to provide a safe and pleasant work environment to maintain the health of our employees. Since monitoring began in 2017, the number of work-related accidents has been zero every year, except for one in 2021.

KPI	FY2030 Target	FY2022 Target	FY2022 Results
Number of work-related accidents (cases)	0	0	0

### Career management & training

Iwase Cosfa provides growth opportunities based on the aptitudes and career plans of employees regardless of gender. We have confirmed that there is no disparity in gender in terms of hiring and wage between men and women, and provide training programs in accordance with plans.

KPI	FY2025 Target	FY2022 Target	FY2022 Results
Ratio of male to female employees (male:female)	5:5	5:5	9:8
Ratio of the average wage of male employees to that of female employees	1.00	0.95	0.95
Average training hours per employee (hours/year, person)	6	6	22.81

### Respect for Human Rights

Iwase Cosfa actively recruits a variety of human resources with the aim of contributing to the development of the Company. We value innovation and creation of new value that comes from mutual respect among employees with diverse backgrounds.

To foster this environment, we strive to respect the human rights of all people, including those in the entire supply chain, and work to create a more comfortable working environment by focusing on human rights education, employment of people with disabilities, and promotion of women to management positions.

### Endorsement of the My Human Rights Declaration

In 2021, we endorsed and declared the My Human Rights Declaration proposed by Keidanren (Japan Business Federation).

\*My Human Rights Declaration:  
[https://www.jinken-library.jp/my-jinken/company\\_detail.php?p=MDAwMDAwMDA2NA==](https://www.jinken-library.jp/my-jinken/company_detail.php?p=MDAwMDAwMDA2NA==)



Iwase Cosfa's My Human Rights Declaration

### Employment of people with disabilities

Iwase Cosfa endeavors to create a workplace environment that is pleasant to work in regardless of whether an employee has a disability or not. These efforts have resulted in an employment rate of people with disabilities in fiscal 2022 reaching 1.70%. We utilize the Job Coach Support Service provided by the Ministry of Health, Labour and Welfare and, as their employer, receive professional advice for employees who need help in their work. This has led to better understanding and promotion of stable employment.

### Gender equality

Iwase Cosfa promotes gender equality in order to deepen mutual understanding among employees and to create an organization that continues to produce results. Due to these efforts, the ratio of female managers reached 30.00% in December 2022. In September 2022, we received the third level of the Eruboshi certification, the highest level, from the Minister of Health, Labour and Welfare based on the Act on the Promotion of Women's Active Engagement in Professional Life, in recognition of our outstanding efforts to promote women's activities.



## Labor and Human Rights

### Prohibition of discrimination and harassment

Iwase Cosfa's Compliance Code clearly states the importance of protecting employees from sexual harassment and workplace bullying. Our employees must adhere to the following principles.

#### Compliance Code

- Article 4, Item 1

We respect the fundamental human rights of individuals and do not discriminate on the basis of race, creed, gender, social status, religion, nationality, or mental or physical disability.

- Article 4, Item 2

We shall not engage in any conduct that disregards individual personalities or offends public order and morals, such as sexual harassment and power harassment.

Iwase Cosfa conducts annual training on harassment for managers. We have employees of various nationalities (China, France, Korea, and Russia), and are fostering human resources who support global business development and promote mutual understanding of diverse cultures.

### Compliance with the UK Modern Slavery Act

Iwase Cosfa has published a statement on the UK Modern Slavery Act. We have not been involved in any cases of child labor or forced labor to date, and will continue to comply with the Modern Slavery Act, ensure compliance with laws and regulations in each country, and conduct regular monitoring.

\*FY2022 Iwase Cosfa's Group Statement on Slavery Labor and Human Trafficking:  
<https://www.cosfa.co.jp/company/pdf/SlaveryStatementFY-jp.pdf>

### Working Conditions

All Iwase Cosfa executives and employees will comply with all domestic and international laws and regulations as well as internal regulations, strive to ensure the appropriateness of corporate management, and carry out their duties with compliance as a top priority. In addition, we will promote decent work in accordance with the ETI Base Code based on the convention of the International Labour Organization (ILO) and the four principles of the United Nations Global Compact, aiming to attain a good work-life balance for employees and improve their engagement.

#### Toward improving employee engagement

Iwase Cosfa believes that the growth of each employee leads to the growth of the organization and strives to improve employee engagement. Specifically, to reflect the voices of our employees in management, we run an annual employee satisfaction survey among all employees. A third-party organization conducts survey, and the results are reported to management on an anonymous basis. Through this survey, we aim to develop a more pleasant work environment and increase employee engagement.

We are also implementing other measures aimed at creating a more employee-friendly work environment. These include a system that directly reflects employees' voices, initiatives that emphasize work-life balance, and work-style reforms that align with current trends.

### System for reflecting the voice of employees

Iwase Cosfa clearly declares in the Compliance Code that we allow employees to have the right of solidarity and collective bargaining rights. Through a formal process in accordance with the Labor Standards Act, employee representatives are elected by majority support for each business unit and they conclude a labor management agreement.

To reflect employees' opinions, executives and employee representatives hold regular meetings. Employee representatives notify all employees of the holding of meetings in advance and hear proposals for improvement to realize a better work environment. After each meeting, the Company discusses the proposals raised in it, examines the feasibility of the proposals, and actually works toward improvement. A meeting with representatives of employees was conducted in April 2022.

### Managing working hours and reducing overtime

Based on the labor-management agreement, Iwase Cosfa monitors overtime hours to avoid overwork. The average overtime work per employee in fiscal 2022 was 6.83 hours per month, which is below the target of 10 hours per month. This is due to establishing no-overtime days and thorough awareness on preventing long working hours. Nevertheless, the correction of uneven working hours among employees is still a problem that remains to be solved.

## Labor and Human Rights

### Minimum wages and living wages

Iwase Cosfa complies with the minimum wage system stipulated under the Minimum Wage Act and pays wages above the legal minimum. In other countries where we do business, we also manage minimum wages and working hours, pay living wages, and monitor them regularly in accordance with local labor legislation. In addition to the various allowances, we have established retirement regulations and a definite contribution pension system to support employees' post-retirement lives.

### Introduction of home-officing

Home-officing and telecommuting rapidly spread around the world due to the recent coronavirus pandemic. Founded on the government's basic response policy, as a member of Keidanren (Japan Business Federation), Iwase Cosfa also recommended telecommuting and introduced a telework system. The rate of home-officing in fiscal 2022 was 28.60%\*. This has helped to improve the work-life balance of employees, and we will continue to proactively utilize home-officing.

\*Rate of home-officing: Annual average of (number of people working at home/all employees) by month × 100

### Reemployment system: Integrating senior employees

Iwase Cosfa has Re-employment Regulations in place to ensure employment opportunities even after retirement at age 60 and to broaden the range of options available to each employee. Employees can continue to work with us after retirement until they reach 65 years of age if they wish.

\*Re-employment of prospective employees in fiscal 2022: 100%

### Leave systems

In addition to paid holidays, Iwase Cosfa has a variety of other leave systems.

Leave system	Details
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 leave for a certain period of time when needed and can apply for restriction of overtime work. Those raising a child who has not yet entered elementary school can choose to not do overtime hours or late night work, and can shorten their working hours.
Additional rest for child care (shortening of work hours)	Upon request, employees who have an infant under the age of one can be granted 30 minutes of additional rest twice a day.
Child nursing leave	Employees who have a child who has not yet entered elementary school can be granted leave for a certain number of days in order to receive 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 leave for family care, reduction of working hours, restriction of overtime work and exemption from late night work.
Volunteer leave	Employees can use special holidays for volunteer activities to participate in social contribution activities on a paid basis.

### Support for raising children

Based on the Act on Advancement of Measures to Support Raising the Next Generation of Children stipulated by the Ministry of Health, Labour and Welfare, Iwase Cosfa has formulated an action plan as a general business operator. We were awarded the Kurumin Mark as proof that we have met these standards and have been certified as a company that supports child-raising.

We also revised our Child Care Leave Regulations and Nursing Care Leave Regulations in accordance with the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, which was implemented step by step in April and October 2022 and held in-house explanatory meetings for all employees. To achieve a balance between childcare, nursing care, and work, we revised the requirements for taking childcare and nursing care leave to create a workplace environment that makes it easier for employees to take such leave. We also provided a seminar on taking childcare leave and parental leave after childbirth, and established a consultation desk.

Based on the corporate parenthood observatory established in 2008, Iwase Cosfa Europe has established the Iwase Cosfa Europe Childcare Policy together with its employees. We are committed to creating a working environment in which employees raising children can work while maintaining a good work-life balance without being treated unfavorably, and to supporting equal participation in parenting by both male and female employees.

\*Iwase Cosfa Europe's Childcare Policy:  
[https://www.observatoire-qvt.com/charte-de-la-parentalite/les-signataires/?search=COSFA&select\\_region=0&select\\_secteur=0&select\\_taille=0#no](https://www.observatoire-qvt.com/charte-de-la-parentalite/les-signataires/?search=COSFA&select_region=0&select_secteur=0&select_taille=0#no)



### In-house circle activities

Iwase Cosfa established rules for the management of circle activities, and has been promoting in-house circle activities designed to foster workplace friendships. At present, there are eight different clubs established by volunteers, including golf, futsal, health mahjong, tennis, and more.



## Labor and Human Rights

### Employee Health & Safety

As a company that deals in health and beauty, Iwase Cosfa considers the health of our employees to be paramount. In accordance with the Labor Standards Act, the Industrial Safety and Health Act, and the Working Regulations, we have established the Safety and Health Management Regulations to enhance the Company's safety and health activities. We have clarified the basic items necessary to prevent occupational accidents with the goal of zero occupational accidents, and will continue to ensure the safety and physical health of our employees and improve their mental health, which leads to the development of a pleasant work environment.

#### Safety and Health Management Regulations

Iwase Cosfa's Safety and Health Management Regulations stipulate the appointment of a safety manager and a health manager, the formation of a health and safety management system, including the appointment of an industrial physician, and the establishment of a Health Committee in accordance with laws and regulations. The regulations also provide for health and safety education on the job, improvement of the work environment, medical examinations, measures to maintain and promote health, and the like.

#### Health Committee

Iwase Cosfa has established a Health Committee in accordance with the Industrial Safety and Health Act. We hold regular monthly meetings and provide information to employees.

#### Safe and secure storage and management of raw materials

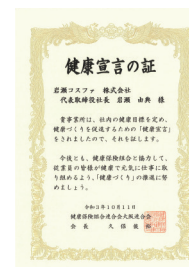
Iwase Cosfa's biggest safety risk lays in its warehouse, where raw materials are stocked. The warehouse is divided into different storage spaces based on the chemical characteristics of raw materials, thus

reducing fire risks and product degradation. Annual safety training is provided to those in charge of administrative operations. In March 2023, 13 employees participated in the training.

Safety Data Sheets (SDSs) are information documents produced in accordance with international standards that detail physical restrictions, health and environmental hazards, protective measures, and safety precautions for handling, storing, and transporting chemical substances. Iwase Cosfa requires its suppliers to prepare SDSs for all products we purchase, and checks whether their employees thoroughly implement these measures and adhere to the safety precautions.

Health Declaration and Certification as an Excellent Corporation for Health Management 2023 (small and medium-sized corporations category)

To promote employee health, Iwase Cosfa is working to create an environment in which employees can work comfortably in good health through continuous improvement of work styles, a medical insurance system with a full range of benefits, reimbursement for optional examinations at medical checkups, free distribution of masks, and other measures. In October 2021, we made a Health Declaration to internally and externally communicate our commitment to health management. As a result of these activities, we were certified as 2023 Excellent Corporations for Health Management (in the small- and medium-sized corporations category) in 2022.



Our Health Declaration

Employee medical examination and industrial physician system

In addition to mandatory annual medical checkups for all employees, we subsidize the cost of inspections for employees who have undergone a required re-examination. Our employees are covered by medical insurance at a rate of 100%. In fiscal 2022, the rate of medical checkups received was 96.30%. This is due to the fact that the medical examination for pregnant employees is optional, but we will encourage them to take the mandatory items of the medical examination in the future.

In addition, an industrial physician visits the Company once a month, and employees can freely use the health consultation service to speak with this physician.

#### Stress checks

In accordance with the Industrial Safety and Health Act, Iwase Cosfa conducts an annual stress check for the purpose of managing employees' health. In checking the results of the check, we aim to further improve our employees' self-care and help to form a pleasant working environment by identifying stress factors in the workplace.

#### Health and safety of customers

At Iwase Cosfa, we are just as concerned about the health and safety of all stakeholders as we are about that of our employees. Our efforts toward this comprise compliance with laws, regulations, codes and standards, and provision of stable, high-quality products. Furthermore, we have established a response procedure to promptly address any safety issues that may arise and built an information collection system, which was reported to the Consumer Affairs Agency.

There were no reports of any safety issues in fiscal year 2022.

## Labor and Human Rights

### Career Management & Training

Aiming to be a company in which all employees shine, Iwase Cosfa has established a Basic Concept of Human Resources.

We disclose the recruitment process on our website and undertake recruitment activities that ensure transparency. In addition, based on the My Human Rights Declaration, we have introduced a recruitment and personnel system that does not discriminate against anyone for any reason, an optimal personnel allocation system that respects individuals and maximizes the power of individuals and organizations, and a merit-based evaluation system that clarifies actions and results required of individuals and rewards individual performance. We aim to create a corporate culture that values each other's individuality while continuing to take on new challenges without fear even in these changing times.

\*Basic Concept of Human Resources:

<https://www.cosfa.co.jp/company/pdf/recruit-policy.pdf>

### Human resources needed at Iwase Cosfa

Iwase Cosfa has formulated a recruitment plan in the medium-term management plan. We believe this will enable us to foster human resources and manage job rotation from a long-term perspective, which will lead to the maximum utilization of individual aptitudes and abilities. We also focus on overseas business, which is one of our key business pillars, and have introduced various training programs to develop global human resources who will play an active role in the world. We prioritize diversity in our hiring, and the hiring ratio of males to females in fiscal year 2022 was 9 to 8. We encourage our employees to think and act on their own and take on challenges with the spirit of "Give it a try" that has been with us since our foundation.

### Introduction of the Idea Basket System

In April 2022, Iwase Cosfa introduced the Idea Basket System to encourage employees to tackle on new challenges. The Idea Basket System is one through which we collect new business ideas, introduce innovative business improvements, etc. from our employees that lead to new business opportunities, and award them for their good ideas after conducting votes by our employees and various reviews.

### Recruitment and development of global human resource

Iwase Cosfa is hiring various personnel domestically and internationally regardless of their nationality with the aim of achieving sustainable growth in our overseas business and contributing to the development and stability of the Group. Our overseas subsidiaries also contribute to the creation of jobs by hiring most of the employees locally.

In addition, we will introduce an online English conversation system, a language certification system, and an overseas training system through in-house recruitment to foster global human resources who can play an active role in the world.

### Providing opportunities for skill development and growth

Iwase Cosfa has introduced a variety of external training programs to provide employees with opportunities for further growth. We are also conducting internal training programs. In fiscal 2022, we held training sessions on Labor Management and Leadership and Management for employees in management positions.

In addition, training for new employees includes not only the details of each department's operations, but also the basics of being a working member of society, computer skills, as well as education on CSR. With the aim of increasing awareness on CSR among our employees, since 2020 we have been providing training for all Group employees on the reasons why we fulfill our corporate social responsibilities.

All training and growth opportunities are provided regardless of gender. In fiscal 2022, the training hours averaged 22.81 hours per person. We confirmed that there is no gender disparity in evaluations and wages due to the introduction of a fair and equitable personnel system. The wage gap between male and female employees in fiscal year 2022 was 1 to 0.95.

We will continue to provide appropriate opportunities for skill development and growth, encourage each employee to take on new challenges, which leads to enhancement of our corporate value.



**Yoshitaka Ishino**

Director; General Manager,  
General Affairs Department; Compliance  
Promotion Office

To help our employees become their ideal version of themselves regardless of gender, we have established job classifications based on the duties involved, clarified the types of human resources that we are seeking, and provided opportunities for skill development that will support the growth of our employees. In addition, to enable our employees to fully demonstrate their abilities, we aim to create a rewarding workplace while paying careful attention to occupational safety. To this end, the department in charge of these efforts monitors the status of human risk and makes reports and recommendations at meetings. Recently, we have conducted training for managers on topics such as labor management and harassment prevention.

# Environment

As an enterprise that trades in cosmetics and health food ingredients, Iwase Cosfa considers that conserving the global environment in connection with producing raw materials is of utmost importance. We recognize the impact of our activities on the environment and strive to conserve it.

## Basic Concept

Iwase Cosfa recognizes the impact it has on the environment and strives to reduce it by regularly monitoring environmental data based on the following environmental policy.

## Environmental Policy

Recognizing that global environmental issues are one of the most important concerns common to all humans, Iwase Cosfa establishes sustainable goals in consideration of global environmental conservation and works to realize such goals. We will contribute to society by fulfilling our responsibility as a global corporate citizen through promoting the sustainable use of resources that are a blessing from the Earth and reducing our environmental impact in terms of raw material procurement and sales. In all aspects of its business activities, Iwase Cosfa complies with environmental laws and regulations and fulfils our commitments. We are also aware of the environmental effects of our business activities and continuously strive to be environmentally friendly and prevent pollution.

We will strive to achieve the following goals by 2030.

### Global warming

On October 26, 2020, then Prime Minister Suga declared in his policy speech that Japan would reduce its overall greenhouse gas emissions to net-zero by the year 2050, drawing increased attention to the carbon neutrality in Japan. Iwase Cosfa will cooperate in contributing to carbon neutrality.

- We aim to reduce CO<sub>2</sub> emissions by 70% (Scopes 1 and 2). \*

\*Base year: 2019

- Of the electricity we procure, 50% of it will be from renewable energy sources.

### Waste management

We are committed to the effective use of resources and reduction of waste in consideration of the environment.

- We will keep waste emissions below 1% of sales volume toward 2030.

### Reduction of water consumption

We continuously manage water consumption and wastewater discharge to minimize our environmental impact, reducing water consumption through circulative use. To use limited water resources sustainably, we will continue to make further efforts to conserve water resources.

- We aim to achieve reduction of 1% of total water consumption per year as a single-year target. The director of Iwase Cosfa's CSR Promotion Office reviews this environmental policy every year, and discloses the results to our stakeholders through our CSR report and website.

### Biodiversity

We recognize that the production of ingredients for cosmetics and health foods depends on the benefits of biodiversity, and that our business activities can have a wide range of impacts on ecosystems.

To help realize a sustainable society, we will emphasize diversity and soundness of biology, minimize our impact on them, and contribute to activities that lead to conserving and restoring biodiversity related to our business in cooperation with our stakeholders.



## Environment

### Local environment

As a member of the local community, we will comply with all laws and ordinances in order to protect the surrounding environment from air, water, and soil pollution, as well as from noise pollution, etc. We will strive to collaborate and coexist with the surrounding community to conserve the natural environment and help create a recycling-oriented society.

The above targets apply to Iwase Cosfa Co., Ltd. and its seven subsidiaries.

### Promotion System

Iwase Cosfa operates a unified environmental management system (EMS) throughout the Company. In 2003, we obtained ISO 14001 certification for three domestic sites (Osaka Head Office, Tokyo Head Office, Kyushu Sales Office and Karatsu Logistics).

We have also established an ISO Promotion Office to confirm the implementation status and progress of each department through internal audits, external inspections, and quarterly PDCA meetings.

### Targets, KPIs, and Achievements

Iwase Cosfa regards environmental conservation as an important issue and monitors its own environmental activities. We recognize that the environmental impact brought by our Company has been increasing in fiscal 2022 due to our new business, Karatsu Wellness Farm, and are aware that we need to address this issue.

### Reduction of energy consumption & GHG

Iwase Cosfa strives to reduce energy consumption and greenhouse gas emissions. In fiscal 2022, we expect to see an increase in each item due to the impact of our new business, Karatsu Wellness Farm, a farm owned by the Company.

KPI	FY2030 Target	FY2021 Results	FY2022 Results
Electricity consumption (kWh)	Under investigation	580,557	730,049
Scope 1-2 emissions (tCO <sub>2</sub> e)	Under investigation	417	397

### Sales of sustainable materials

Iwase Cosfa is dedicated to sales of sustainable raw materials and has set annual sales targets. In 2022, we fell short of our sales target with 97.65% of the target value.

KPI	FY2030 Target	FY2022 Target	FY2022 Results
Sales of eco-friendly products (kg)	*	1,218,820	1,190,188

\*See Medium- and Long-term Targets on page 10.

### Waste reduction

To reduce waste materials, we have reviewed our warehouse inventory management system and strive to reduce emissions through proper management.

KPI	FY2030 Target	FY2021 Results	FY2022 Results
Waste emissions (t)	*	30	49

\*See Medium- and Long-term Targets on page 10.

### Reduction of Energy Consumption & GHG

Iwase Cosfa strives to reduce energy consumption and greenhouse gas emissions. For greenhouse gas (GHG) emissions, we are monitoring only the CO<sub>2</sub> that we emit. Due to a change in the calculation method in 2022, there are differences in items and figures from those of previous years.

### Greenhouse gas (GHG) emissions

KPI	FY2020 Results	FY2021 Results	FY2022 Results
Scope 1 (tCO <sub>2</sub> e)	52	60	74
Scope 2 (tCO <sub>2</sub> e)	357	357	323
Scope 3 (tCO <sub>2</sub> e)	53,645,097	49,996,860	6,103.52
Purchased goods and services	53,632,826	49,982,891	3384
Capital goods	37	13	156
Fuel- and energy-related activities (not included in scopes 1 or scope 2)	21	23	68
Upstream transportation and distribution	1,309	1,158	432
Waste generated in operations	9,324	11,282	87
Business travel	40	41	37
Employee commuting	231	294	76
Upstream transportation and distribution	1,309	1,158	1863



## Environment

### Sales of Sustainable Materials

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 various measures to respond to issues caused by climate change. Iwase Cosfa sets sales targets regarding raw materials that can directly or indirectly reduce environmental impacts or risks every year, which contributes to expanding sales of sustainable materials. In fiscal 2022, we worked hard to increase sales of sustainable raw materials, but failed to reach our target due to supply shortages and the time required to evaluate their adoption.

#### Sales results of eco-friendly products

Eco-friendly products	FY2020	FY2021	FY2022	Comparison with the FY2022 target
Plant-based raw materials (kg)	837,398	1,167,447	1,187,909	98%
Raw materials that do not include a heating process at the time of use (kg)	—	80	100	45%
Raw materials that can shorten the production process (kg)	760	1,150	1,960	188%
Raw materials that can potentially reduce and prevent environmental risks (kg)	6,444	3,821	219	100%
Total	844,602	1,172,498	1,190,188	98%

### Waste Reduction

Iwase Cosfa generates a large amount of waste mainly due to quality assurance expiration, but we are working to reduce it. To do so, we are reviewing our warehouse inventory management system to ensure proper inventory control, thereby preventing warranty expirations and selling products that are about to expire at discounted prices to cut the amount of waste.

#### Reduction of packaging materials through the use of dunnage

Dunnage is a system in which goods are stacked and packaged and transported as is, with sheets molded into the shape of the load. This leads to using less packing materials and other materials in conventional transportation. Iwase Cosfa is working to reduce our consumption of packaging materials by utilizing used dunnage to pack cans.

### Other Environmental Activities

#### Efforts to reduce water consumption and wastewater volume

Iwase Cosfa continuously conducts monitoring and strives for appropriate management and reduction of water consumption and wastewater discharge to conserve limited water resources. Although water consumption was on an increasing trend in fiscal 2022, this was the result of growth in the business at Karatsu Wellness Farm, our own farm. We plan to verify the environmental impact of our business as necessary and take appropriate measures.

### Utilization of fungus beds

As part of the beauty and health business, we operate our own farm, Karatsu Wellness Farm, in Karatsu City, Saga Prefecture, where we grow and sell kikurage (cloud ear mushroom). We are reducing wasted resources and contributing to the local community by providing fungus beds usually discarded after cultivation to local agricultural cooperatives and work support facilities, as well as offering to nearby kindergartens beetles raised on waste fungus beds free of charge.



White kikurage we cultivate



**Kenichi Nakamura**  
General Manager, Administration Department

As part of our efforts to reduce waste materials in fiscal 2022, we held discount sales for products with minor dents or damage and products that are close to their warranty expiration date. As a result, we achieved 85.2% of the previous year's total volume of waste materials. In addition, we established storage locations closer to our customers to reduce CO<sub>2</sub> emissions during transportation.

We are making preparations to provide useful products and information through our e-commerce site starting in fiscal 2023.

MESSAGE

## Sustainable Procurement

Iwase Cosfa recognizes that promoting sustainable procurement activities throughout the entire supply chain is crucial. We strive not to procure or purchase materials that may lead to human rights violations and environmental destruction.



### Basic Approach

Iwase Cosfa recognizes the importance of addressing issues such as human rights violations, environmental destruction, and proper working conditions, throughout the supply chain. Under our sustainable procurement policy, we promote the procurement of certified materials and engage in education and awareness-raising on CSR for our employees, suppliers, and business partners.

### Sustainable Procurement Policy

Iwase Cosfa is committed to complying with laws, regulations, and rules as well as promoting sustainable procurement to realize a better society, protect the environment, and develop local communities. To realize these commitments, we endeavor to achieve the following goals.

- Raising the CSR awareness of our suppliers

We are committed to raising the CSR awareness of our suppliers because we want to do business with companies that are committed to CSR. To this end, we strive to raise our suppliers' awareness of our Supplier Code of Conduct. We will focus on reducing the likelihood of suppliers breaching local environmental and social laws and consequently disrupting the supply chain.

- By 2025, we aim to obtain signatures on our Supplier Code of Ethics from 70% of our major suppliers\*.
- By 2025, we will assess the level of CSR awareness of our major suppliers\* and work to improve their CSR awareness through training and one-on-one advice.

\*Definition of major suppliers: suppliers accounting for more than 50% of purchases amount (32 suppliers).

- Sustainable raw material procurement

Iwase Cosfa strives to procure sustainable raw materials. As part of efforts to protect the environment in areas that produce palm oil and to consider the human rights of plantation workers, Iwase Cosfa joined the Roundtable on Sustainable Palm Oil (RSPO), an international NPO, in 2017.

- Iwase Cosfa aims to switch 100% of palm oil and palm kernel oil-derived raw materials to RSPO-certified raw materials by 2030.

- Raising CSR awareness of employees involved in purchasing activities

Iwase Cosfa complies with its own purchasing management rules and promotes fair trade. As for forming fair and sound relationships with our business partners and compliance with laws and regulations, we provide employees involved in purchasing activities with training opportunities to learn about social and environmental issues in the supply chain, which leads to enhancement of awareness on our CSR activities.

- We will strive to ensure that employees involved in purchasing activities receive annual training on fair trade.

This sustainable procurement policy is reviewed annually by Iwase Cosfa's CSR Promotion Office Director and is made available to all stakeholders through this CSR Report.

## Sustainable Procurement

### Targets, KPIs, and Achievements

Iwase Cosfa recognizes the most important factor in our sustainable procurement activities is to strengthen cooperation with our suppliers. We are advocating for CSR procurement by having our suppliers agree to our Supplier Code of Ethics and by conducting questionnaire surveys among our suppliers.

#### Supplier practices

We obtained agreement on the Supplier Code of Conduct from 50% of our suppliers.

KPI	FY2025 Target	FY2022 Target	FY2022 Results
Ratio of suppliers that have signed the Code of Conduct (%)	70	50	55.60

#### Sustainable raw material procurement

We strive to sell certified raw materials that respect human rights and the environment. In fiscal 2022, we strived to procure and sell certified raw materials that respect human rights and the environment, and the procurement rate of RSPO-certified raw materials was approximately 60%. We will continue our efforts to expand sales of certified raw materials.

KPI	FY2030 Target	FY2022 Target	FY2022 Results
Procurement rate of RSPO-certified raw materials (%)	100	50	59.38

### Supplier Practices

Iwase Cosfa conducted a questionnaire survey on CSR activities for all suppliers as the next step to deepen CSR activities throughout the entire supply chain. Based on the results of this survey, we will upgrade education for suppliers and further strengthen collaboration, including initiatives to sell sustainable raw materials beyond the companies' own borders.

\*Response rate: 59.3% = (344 companies/580 companies) × 100 (as of July 3, 2023)

#### Supplier Code of Ethics

Iwase Cosfa established the Supplier Code of Ethics in 2019 to specify the approach to raw material procurement, and revised it in fiscal 2022.

We have obtained the consent of all our suppliers to this Code of Ethics and have made it available to our stakeholders through our website.

The Company also conducts a questionnaire survey based on our Code of Ethics among our suppliers. We request that suppliers whose responses indicate risks make improvements, and if they do not comply with human rights, labor, environment, and other laws and regulations, we may not continue to do business with them.

We also issue a questionnaire survey on CSR activities once a year among suppliers who have agreed to comply with our Code of Ethics, and ask them to keep confirming compliance and make improvements. This is leading to better awareness throughout the entire supply chain.

#### 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 for Human Rights / Safety and Health
4. Environmental Protection
5. Quality and Safety Assurance
6. Confidentiality and Information Security Measures / Intellectual Property Protection
7. Information Disclosure/Communication/Local Communities

\*For the full text of the Supplier Code of Ethics, please see below.  
<https://www.cosfa.co.jp/company/pdf/SupplierCodeofEthics-jp.pdf>

#### Questionnaire for suppliers

We sent a questionnaire to all suppliers in April 2023 to confirm their CSR activities in fiscal 2022. This survey, which covered 580 of our suppliers, will deepen their understanding of our CSR activities and serve as an important indicator in our future supply chain management along with our revised Code of Ethics for 2022. We will continue to conduct questionnaire surveys among our suppliers in the future to promote CSR procurement.

## Sustainable Procurement

### Sustainable Raw Material Procurement

Iwase Cosfa promotes sustainable procurement activities throughout the entire supply chain to help attain a sustainable society. To prevent procurement of raw materials that lead to human rights violations and environmental destruction, we have acquired RSPO certification at all of our overseas bases and strive to procure and sell sustainable raw materials and certified raw materials. We aim to switch 100% of our palm oil- and palm kernel oil-derived raw materials to RSPO-certified raw materials by 2030.

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

Iwase Cosfa has been a member of the RSPO since 2017 and is committed to procuring certified raw materials that respect environmental conservation and human rights in palm oil-producing regions. As of 2022, we have obtained RSPO certification at all of our overseas bases, and also support the NDPE (No Deforestation, No Peat, No Exploitation) principle with the aim of procuring based on it.



#### CSR-related certificates

Iwase Cosfa is committed to making the supply chain more sustainable by obtaining sustainable products and maintaining the related certifications. We handle raw materials that have obtained the following certifications.

- RSPO Certificate
- The REACH Certificate (the case when more than one ton of a chemical substance with potential environmental impact is used per year)
- Ecocert/Cosmos Certificate

We aim to switch 100% of our palm oil- and palm kernel oil-derived raw materials to RSPO-certified raw materials by 2030. As of fiscal 2022, 59.38% of the raw materials are RSPO-certified.

#### Conflict minerals

Iwase Cosfa is not involved in inhumane acts in conflict zones or transactions that could fund anti-government organizations. To avoid purchasing conflict minerals in violation of the regulations, we obtain conflict-free certificates for raw materials from all applicable suppliers and advocate for responsible mineral procurement. We may not continue to do business with uncertified suppliers.

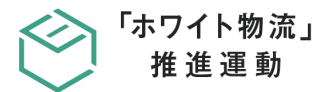
- Letter on conflict minerals (to attest that a product does not come from the use of conflict minerals) (Number of target companies: 4 companies / 4) = 100%

### Other Environmental Activities

#### White Logistics

Iwase Cosfa endorses the White Logistics promotion initiative\* proposed by the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries in 2022, and has submitted a declaration of voluntary action regarding six items to be implemented. The White Logistics promotion initiative is one to improve productivity and logistics efficiency in truck transportation

and to create a “white” working environment that is friendly to female drivers, drivers in their 60s, and others, thereby ensuring a stable logistics supply chain. Iwase Cosfa aims to help solve logistics problems through using pallet transportation and enhancing collaboration among suppliers, including promotion joint deliveries, as well as helping to reduce the environmental impacts of logistics.



賛同企業

Declaration of voluntary action on the White Logistics promotion initiative

\*White Logistics promotion initiative:  
<https://white-logistics-movement.jp/list/>



Yukihiro Kembo

Director; General Manager, CSR Promotion Office

We recognize that sustainable raw material procurement is essential for us to fulfil our responsibility to the environment and society, and we view this initiative as a part of our commitment to the efficient use of resources, environmental protection, and corporate social responsibility.

This also helps us earn stronger trust from our customers and suppliers. We look at the entire supply chain and place emphasis on social and environmental perspectives in the procurement of raw materials. We will continue to actively engage in these efforts.

MESSAGE





# CSR REPORT 2023

## Appendix



## Appendix

## Number of employees and gender ratio (as of December 31st 2022)

Subsidiary Name	2018			2019			2020			2021			2022		
	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F
Total**	248	121	127	280	127	153	306	138	168	313	135	177	348	150	198
	100.0%	49.0%	51.0%	100.0%	45.0%	55.0%	100.0%	45.0%	55.0%	100.0%	43.0%	57.0%	100.0%	43.1%	56.9%
IWASE COSFA CORPORATION (JAPAN)	160	80	80	184	86	98	197	91	106	200	89	111	214	95	119
	65.0%	50.0%	50.0%	66.0%	47.0%	53.0%	64.0%	46.0%	54.0%	64.0%	45.0%	56.0%	61.5%	44.4%	55.6%
COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	25	12	13	26	12	14	23	9	14	30	12	18	30	12	18
	10.0%	48.0%	52.0%	9.0%	46.0%	54.0%	8.0%	39.0%	61.0%	10.0%	40.0%	60.0%	8.6%	40.0%	60.0%
COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	23	10	13	24	11	13	24	11	13	27	12	15	28	13	15
	9.0%	43.0%	57.0%	9.0%	46.0%	54.0%	8.0%	46.0%	54.0%	9.0%	44.0%	56.0%	8.0%	46.4%	53.6%
IWASE COSFA EUROPE S.A.S.	9	6	3	11	4	7	17	6	11	18	6	12	22	10	12
	4.0%	67.0%	33.0%	4.0%	36.0%	64.0%	6.0%	35.0%	65.0%	6.0%	33.0%	67.0%	6.3%	45.5%	54.5%
IWASE COSFA VIETNAM CO., LTD	15	5	10	17	6	11	18	6	12	19	7	12	22	6	16
	6.0%	33.0%	67.0%	6.0%	35.0%	65.0%	6.0%	33.0%	67.0%	6.0%	37.0%	63.0%	6.3%	27.3%	72.7%
IWASE COSFA KOREA CO., LTD	5	3	2	4	2	2	3	2	1	4	2	2	7	3	4
	2.0%	60.0%	40.0%	1.0%	50.0%	50.0%	1.0%	67.0%	33.0%	1.0%	50.0%	50.0%	2.0%	42.9%	57.1%
IWASE COSFA USA INC.	2	1	1	3	2	1	3	2	1	4	3	1	4	2	2
	1.0%	50.0%	50.0%	1.0%	67.0%	33.0%	1.0%	67.0%	33.0%	1.0%	75.0%	25.0%	1.1%	50.0%	50.0%
IWASE COSFA (THAILAND) CO., LTD	9	4	5	9	4	5	11	4	7	10	4	6	11	4	7
	4.0%	44.0%	56.0%	3.0%	44.0%	56.0%	4.0%	36.0%	64.0%	3.0%	40.0%	60.0%	3.2%	36.4%	63.6%
DAINIHON KASEI CO., LTD	—	—	—	—	—	—	4	1	4	6	1	5	10	5	5
	—	—	—	—	—	—	1.0%	25.0%	100.0%	2.0%	17.0%	83.0%	2.9%	50.0%	50.0%

\*\*including temporary workers / — : No available data

## Work accident

Indicator	2017	2018	2019	2020	2021	2022
Work accident number*	0	0	0	0	1	0
Frequency rate of work accident **	0	0	0	0	0	0
Intensity rate of work accidents ***	0	0	0	0	0	0

\*Work Accident: injuries, illnesses, disabilities or deaths of worker in the course of work.

\*\*Frequency rate of Work Accident of directly hired employees = Work accident number / total number of working hours x 1,000,000

\*\*\*Intensity rate of Work Accident of directly hired employees = total number of working hours lost / total number of working hours x 1,000

## Employment of disabled people (Japan)

Indicator	2018	2019	2020	2021	2022
% of employees with disabilities	0.63%	0.54%	1.03%	1.76%	1.70%

## Appendix

## Gender equality: Number of male and female leaders (as of December 31st 2022)

Subsidiary Name	2018			2019			2020			2021			2022		
	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F
Total*	47	41	6	49	41	8	58	48	10	58	48	10	67	47	20
	100%	87%	13%	100%	84%	16%	100%	83%	17%	100%	83%	17%	100%	70%	30%
IWASE COSFA CORPORATION (JAPAN)	36	33	3	39	33	6	35	30	5	35	29	6	37	30	7
	77%	92%	8%	80%	85%	15%	60%	86%	14%	60%	83%	17%	60%	81%	19%
COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	1	1	0	1	1	0	1	1	0	4	2	2	5	2	3
	2%	100%	0%	2%	100%	0%	2%	100%	0%	7%	50%	50%	7%	40%	60%
COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	1	1	0	1	1	0	1	1	0	4	2	2	6	3	3
	2%	100%	0%	2%	100%	0%	2%	100%	0%	7%	50%	50%	7%	50%	50%
IWASE COSFA EUROPE S.A.S.	2	2	0	4	2	2	6	3	3	2	2	0	1	1	0
	4%	100%	0%	8%	50%	50%	10%	50%	50%	3%	100%	0%	3%	100%	0%
IWASE COSFA VIETNAM CO., LTD	1	1	0	1	1	0	1	1	0	4	2	2	3	0	3
	2%	100%	0%	2%	100%	0%	2%	100%	0%	7%	50%	50%	7%	0%	100%
IWASE COSFA KOREA CO., LTD	1	1	0	1	1	0	1	1	0	3	2	1	4	2	2
	2%	100%	0%	2%	100%	0%	2%	100%	0%	5%	67%	33%	5%	50%	50%
IWASE COSFA USA INC.	1	1	0	2	2	0	2	2	0	2	2	0	1	1	0
	2%	100%	0%	4%	100%	0%	3%	100%	0%	3%	100%	0%	3%	100%	0%
IWASE COSFA (THAILAND) CO., LTD	4	3	1	4	3	1	4	3	1	4	3	1	5	3	2
	9%	75%	25%	8%	75%	25%	7%	75%	25%	7%	75%	25%	7%	60%	40%
DAINIHON KASEI CO., LTD	—	—	—	—	—	—	5	5	0	6	6	0	5	5	0
	—	—	—	—	—	—	9%	100%	0%	10%	100%	0%	10%	100%	0%

\*including company executives

## Job separation rate (Japan)

Indicator	2021		2022	
	M	F	M	F
Job separation rate	6.98	8.57	4.71	17.12

## Appendix

## Working hours / Paid leave acquisition rate / Absenteeism rate

Indicator	Subsidiary Name	2017	2018	2019	2020	2021	2022
Average designated overtime hours worked / month / employee	IWASE COSFA CORPORATION (JAPAN)	6.00	5.71	5.31	3.43	5.3	5.49
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	—	5	5	5	1	1
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	—	5	5	3	0.5	0.22
	IWASE COSFA EUROPE S.A.S.	—	0	0	0	0	0
	IWASE COSFA VIETNAM CO., LTD	—	3	3	3	3	3
	IWASE COSFA KOREA CO., LTD	—	16	16	16	163	156
	IWASE COSFA USA INC.	—	7.96	23.42	1.04	0	2.105
	IWASE COSFA (THAILAND) CO., LTD	—	—	0	0	0	0
	IWASE COSFA GROUP TOTAL (Average)	6.00	5.71	5.31	3.44	5.55	6.83
Paid leave acquisition rate (%)	IWASE COSFA CORPORATION (JAPAN)	56.8%	54.3%	55.5%	57.5%	69.8%	70.5%
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	—	80.0%	80.0%	100.0%	100.0%	100.0%
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	—	95.0%	97.0%	100.0%	98.0%	97.0%
	IWASE COSFA EUROPE S.A.S.	—	73.1%	88.2%	76.0%	79.9%	87.6%
	IWASE COSFA VIETNAM CO., LTD	—	90.0%	90.0%	90.0%	90.0%	100.0%
	IWASE COSFA KOREA CO., LTD	—	70.0%	82.0%	95.0%	83.0%	86.0%
	IWASE COSFA USA INC.	—	0.0%	36.0%	44.0%	50.0%	78.0%
	IWASE COSFA (THAILAND) CO., LTD	—	—	100.0%	100.0%	100.0%	69.0%
	DAINIHON KASEI CO., LTD	—	—	—	100.0%	100.0%	100.0%
Absenteeism rate (%)	IWASE COSFA CORPORATION (JAPAN)	0.1%	0.3%	0.1%	0.1%	0.2%	0.1%
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	—	—	—	—	0.0%	0.0%
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	—	0.0%	0.0%	0.0%	0.0%	0.0%
	IWASE COSFA EUROPE S.A.S.	—	0.0%	0.0%	0.0%	1.4%	0.0%
	IWASE COSFA VIETNAM CO., LTD	—	0.0%	0.0%	0.0%	0.0%	5.0%
	IWASE COSFA KOREA CO., LTD	—	0.0%	0.0%	0.0%	0.0%	0.0%
	IWASE COSFA USA INC.	—	0.0%	0.0%	0.0%	0.0%	0.0%
	IWASE COSFA (THAILAND) CO., LTD	—	—	0.0%	0.0%	0.0%	1.0%
	DAINIHON KASEI CO., LTD	—	—	—	0.0%	0.0%	0.0%

— : No available data

## Appendix

## Employees training

Indicator	Subsidiary Name	2018	2019	2020	2021	2022
Total training hours	IWASE COSFA CORPORATION (JAPAN)	318.5	558.2	2448.8	3042.3	2302
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	300	300	300	300	300
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	20	20	384	513	298
	IWASE COSFA EUROPE S.A.S.	—	—	649	171	54
	IWASE COSFA VIETNAM CO., LTD	600	720	830	900	1000
	IWASE COSFA KOREA CO., LTD	180	180	218	260	274.02
	IWASE COSFA USA INC.	0	0	24	56	40
	IWASE COSFA (THAILAND) CO., LTD	—	—	13	48	324
Number of employees trained	IWASE COSFA CORPORATION (JAPAN)	94	172	187	194	202
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	24	24	26	30	30
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	20	20	24	27	27
	IWASE COSFA EUROPE S.A.S.	—	—	14	13	8
	IWASE COSFA VIETNAM CO., LTD	5	7	7	17	16
	IWASE COSFA KOREA CO., LTD	3	4	3	2	6
	IWASE COSFA USA INC.	0	0	3	4	4
	IWASE COSFA (THAILAND) CO., LTD	—	—	5	3	7
Average training hours per employee	IWASE COSFA CORPORATION (JAPAN)	2	3	12.5	15.7	11.40
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	13	12	11.5	10	10
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	1	1	16	19	11
	IWASE COSFA EUROPE S.A.S.	—	—	38	13.15	6.75
	IWASE COSFA VIETNAM CO., LTD	36	45	46	53	63
	IWASE COSFA KOREA CO., LTD	36	45	73	130	45.67
	IWASE COSFA USA INC.	0	0	8	14	10
	IWASE COSFA (THAILAND) CO., LTD	—	—	1.3	16	29
	DAINIHON KASEI CO., LTD	—	—	5	3	18.5
	IWASE COSFA GROUP (Average)	14.67	17.67	23.48	30.43	22.81

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

— : No available data

## Appendix

## Trainings on information security (Japan)

Indicator	2019		2020		2021			2022		
Training name	Basic Knowledge on Information Security	Let's learn about information Security through examples	Advanced course on Information Security	Case study : the latest threats to information Security	Threats and counter-measures against PC takeover by targeted attacks	Counter measures against internal improprieties and information leakage	Countermeasures for "Common" Security Accidents in the Workplace, Part I: Countermeasures in case of Human Mistakes	Basic Knowledge on information Security Measures	Targeted Attacks: Threats and Countermeasures	Viruses and malwares: Threats and Countermeasures
Number of times held	1	1	1	1	1	1	1	1	1	1
Duration (hours)	1	2	2	0.5	0.3	0.3	0.5	0.1	0.2	0.2
Participants	172	172	187	187	194	194	194	202	202	202

## Harassment related trainings (Japan)

Indicator	2017		2018		2019	2020	2021					2022
Training name	(For Managers) About Sexual and Power Harassment, basic knowl- edge course	(For Managers) About Mental Health, basic knowledge course	(For Managers) About Sexual and power harassment, basic knowl- edge course	(For Managers) About Mental Health, basic knowledge course	Prevention of Harassment	Promotion of Women's Activi- ties and Preven- tion of Harassment	Next- generation Leader Training (harassment, copyright)	Workshop: Human Rights	Workshop: Copyrights	Workshop: About CSR	Workshop: Bribery	About Harassment in the Work place
Number of times held	1	1	5	4	1	1	1	1	1	1	1	2
Duration (hours)	2	2	2	2	3	0.6	1.5	1.5	0.5	0.5	0.5	1
Participants	1	1	5	5	131	179	11	159	175	175	175	218

## Number of incidents

Indicator	2017	2018	2019	2020	2021	2022
Number of gift procedure violations	0	0	0	0	0	0
Number of compliance violations	0	1	0	0	0	0
Number of regulatory penalties	0	0	0	0	5	0
Number of security breaches	0	0	0	1	1	3
Number of whistleblowing reports	0	2	0	0	0	3
Number of reported child labor and forced labor incidents	—	—	—	—	0	0

\*Data from FY2017 to FY2020 are for IWASE COSFA (Japan only). We expanded the scope to include IWASE COSFA Group from FY2021.

— : No available data

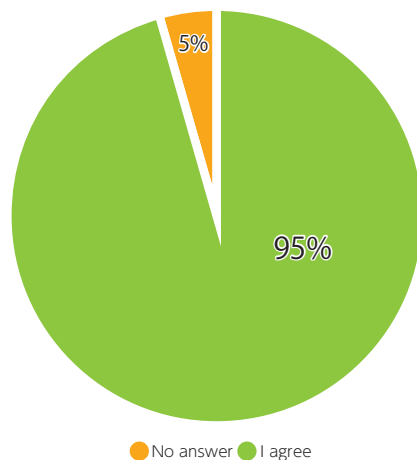


## Appendix

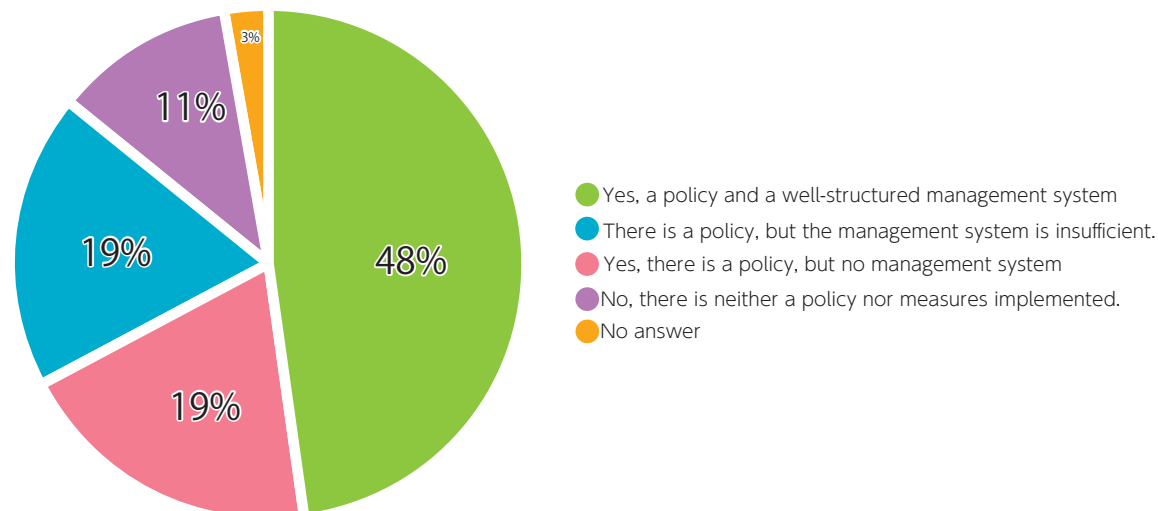
### 2023 Supplier CSR Questionnaire - Results

Indicator	
Survey period	April - July 3, 2023
Response rate (based on number of suppliers)	59,3%
Response rate (based on sales)	71%

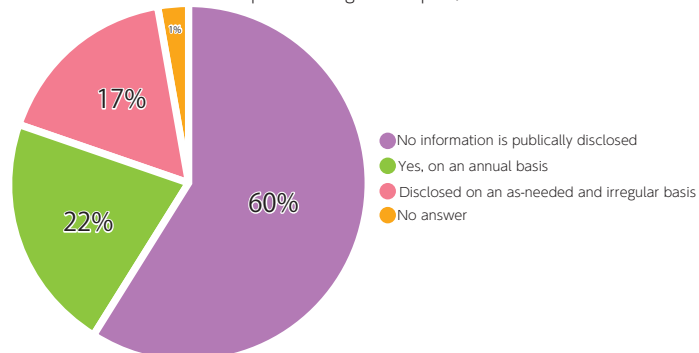
The Company is committed to conducting its business activities in accordance with the Code of Ethics of Iwase Cosfa:



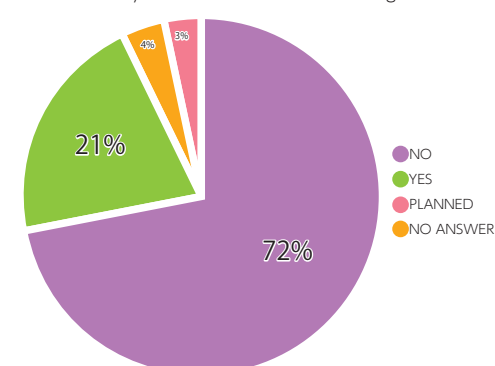
Does your company have a CSR Policy and Management System?



Do you disclose information on your company's Corporate Social Responsibility in a CSR report or integrated report, etc.?



Have you received an Ecovadis rating ?



\*Number of responses / Number of respondents

## Appendix

## Environmental data performance summary

Indicator	Category	2018	2019	2020	2021	2022
Petroleum consumption (L)	Gasoline	23564.06	32695.46	22,543	26,325	32077.139
	Diesel	521.89	217.67	24.8	0	0
Gas consumption (m3)	City Gas	95	85.76	108	89	806
	LPG	81	52.7	85.9	109.9	66.3
Electricity Consumption (Kwh)		431529.18	577814.84	602224.08	580556.53	730048.91
Water Consumption (m3)	Municipal Water	92	71	73.18	3191.98	2779.6
	Groundwater	240	272	345	345	2.362
Wastewater volume (m3)	Sewage	767	1129	1063.28	1140	1968
	Industrial wastewater	0	0	0	0	0
Industrial waste volume (t)		25.12	38.99	22.97	30.0345	48.761
Specific hazardous industrial waste emissions (t)		0	0	0	0	0

## GHG emissions

Indicator	2019	2020	2021	2022
Scope 1	64.58	52.19	60.36	74.33
Gasoline	64.12	51.48	60.02	72.33
Gas	0.46	0.71	0.34	2
Scope 2	384.94	357.14	356.5	322.9
Electricity	384.94	357.14	356.5	322.9
Scope 3	33,414,596.62	53,645,097.15	49,996,860.07	6,103.52
Purchased goods and services	33,394,843.20	53,632,825.60	49,982,890.72	3,384.10
Capital goods	17.51	37.42	12.79	155.80
Fuel-and energy-related activities (not included in scope 1 or scope 2)	20.33	21.00	22.80	67.90
Upstream transportation and distribution	828.10	1,308.80	1,158.18	432.44
Waste generated in operations	17,514.78	9,324.47	11,281.68	86.94
Business travel	350.20	39.79	41.46	37.31
Employee commuting	192.58	231.27	294.26	75.82
Downstream transportation and distribution	828.01	1,308.80	1,158.18	1863.21
Processing of sold products	-	-	-	-
Use of sold products	-	-	-	-

— : No available data

## Eco-friendly product sales and objectives

Indicator		Year	Objective(kg)	Results( )	Realization ratio
Materials that can directly or indirectly reduce environmental impacts or risks	Plant-based raw materials (kg)	2018	504,100	519,847	103.12
		2019	556,600	464,682	83.49%
		2020	1,306,100	837,398	64.11%
		2021	1,403,900	1,167,447	83.16%
		2022	1,217,340	1,187,909	97.58%
	Raw materials that do not include a heating process at the time of use (kg)	2018	3,000	0	0.00%
		2019	2,000	136	6.80%
		2020	-	-	-
		2021	800	80	10.00%
		2022	220	100	45.45%
	Raw materials that can shorten the production process (kg)	2018	11,100	11,921	107.40%
		2019	21,300	13,335	62.61%
		2020	4,000	760	19.00%
		2021	3,200	1,150	35.94%
		2022	1,040	1,960	188.46%
Raw materials that can potentially reduce and prevent environmental risks (kg)	Materials with limited environmental impacts	2018	2,500	4,975	199.00%
		2019	300	0	0.00%
		2020	10,750	6,444	59.94%
		2021	4,290	3,821	89.07%
Total		2018	520,700	536,743	103.08%
		2019	580,200	478,153	82.41%
		2020	1,320,850	844,602	63.94%
		2021	1,412,190	1,172,498	83.00%
		2022	1,218,820	1,190,188	97.65%

## Appendix

## Environmental data

Indicator	Category	Subsidiary Name	2018	2019	2020	2021	2022
Petroleum consumption (L)	Gasoline	IWASE COSFA CORPORATION (JAPAN)	11,034.0	9,730.1	6,519.5	7,557.5	7,769.3
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	5,000	4,814.0	3,219.0	3,190.5	2,022.2
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	5,000.0	5,000.0	4,275.0	2,410.0	2,937.0
		IWASE COSFA EUROPE S.A.S.	455.4	2,614.5	256.8	5,766.6	1,598.0
		IWASE COSFA VIETNAM CO., LTD	3,346.0	3,420.0	4,476.0	4,476.0	4,524.0
		IWASE COSFA KOREA CO., LTD	3,092.0	5,214.0	2,445.9	2,246.1	1,138.1
		IWASE COSFA USA INC.	636.6	1,902.8	1,350.8	678.0	914.6
		IWASE COSFA (THAILAND) CO., LTD	—	0.0	0.0	0.0	11,174.0
			23,564.1	32,695.5	22,542.9	26,324.8	32,077.1
	Diesel	IWASE COSFA CORPORATION (JAPAN)	0.0	0.0	0.0	0.0	0.0
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	0.0	0.0	0.0	0.0	0.0
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	0.0	0.0	0	0.0	0.0
		IWASE COSFA EUROPE S.A.S.	521.9	217.7	24.8	0.0	0.0
		IWASE COSFA VIETNAM CO., LTD	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA KOREA CO., LTD	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA USA INC.	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA (THAILAND) CO., LTD	—	0.0	0.0	0.0	0.0
			521.9	217.7	24.8	0.0	0.0
Gas consumption (m3)	City gas	IWASE COSFA CORPORATION (JAPAN)	95.0	85.8	108.0	89.0	806.0
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	0.0	0.0	0.0	0.0	0.0
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA EUROPE S.A.S.	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA VIETNAM CO., LTD	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA KOREA CO., LTD	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA USA INC.	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA (THAILAND) CO., LTD	—	0.0	0.0	0.0	0.0
			95.0	85.8	108.0	89.0	806.0
	LPG	IWASE COSFA CORPORATION (JAPAN)	81.0	52.7	85.9	109.9	66.3
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	0.0	0.0	0.0	0.0	0.0
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA EUROPE S.A.S.	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA VIETNAM CO., LTD	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA KOREA CO., LTD	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA USA INC.	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA (THAILAND) CO., LTD	—	0.0	0.0	0.0	0.0
			81.0	52.7	85.9	109.9	66.3

— : No available data

## Appendix

Indicator	Category	Subsidiary Name	2018	2019	2020	2021	2022
Water consumption (m3)	Municipal Water	IWASE COSFA CORPORATION (JAPAN)	767	1,129	1,069	1,149.0	2,383.0
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	—	—	—	—	—
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	—	—	—	—	—
		IWASE COSFA EUROPE S.A.S.	—	—	8.3	2,030.5	—
		IWASE COSFA VIETNAM CO., LTD	—	—	—	—	368.0
		IWASE COSFA KOREA CO., LTD	92.0	71.0	64.9	12.5	14.6
		IWASE COSFA USA INC.	—	—	—	—	—
		IWASE COSFA (THAILAND) CO., LTD	—	—	—	—	14.0
			92.0	71.0	73.2	3,192.0	2,779.6
	Groundwater	IWASE COSFA CORPORATION (JAPAN)	—	—	—	—	0.0
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	—	—	—	—	—
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	—	—	—	—	0.0
		IWASE COSFA EUROPE S.A.S.	—	—	—	0.0	2.4
		IWASE COSFA VIETNAM CO., LTD	240.0	272.0	345.0	345.0	—
		IWASE COSFA KOREA CO., LTD	—	—	—	—	0.0
		IWASE COSFA USA INC.	—	—	—	—	—
		IWASE COSFA (THAILAND) CO., LTD	—	—	—	—	0.0
			240.0	272.0	345.0	345.0	2.4
Wastewater volume (m3)	Sewage	IWASE COSFA CORPORATION (JAPAN)	767.0	1,129.0	1,055.0	1,140.0	1,968.0
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	—	—	—	—	—
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	—	—	—	—	—
		IWASE COSFA EUROPE S.A.S.	—	—	—	—	—
		IWASE COSFA VIETNAM CO., LTD	—	—	—	—	—
		IWASE COSFA KOREA CO., LTD	—	—	—	—	—
		IWASE COSFA USA INC.	—	—	—	—	—
		IWASE COSFA (THAILAND) CO., LTD	—	—	—	—	—
			767.0	1,129.0	1,063.3	1,140.0	1,968.0
	Industrial wastewater	IWASE COSFA CORPORATION (JAPAN)	0.0	0.0	0.0	0.0	0.0
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	0.0	0.0	0.0	0.0	0.0
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA EUROPE S.A.S.	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA VIETNAM CO., LTD	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA KOREA CO., LTD	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA USA INC.	0.0	0.0	0.0	0.0	0.0
		IWASE COSFA (THAILAND) CO., LTD	0.0	0.0	0.0	0.0	0.0
			767.0	1,129.0	1,063.3	1,140.0	1,968.0

— : No available data

## Appendix

Indicator	Subsidiary	2018	2019	2020	2021	2022
Electricity consumption (Kwh)	IWASE COSFA CORPORATION (JAPAN)	392,705.0	475,228.5	495,400.0	519,615.5	617,857.9
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	—	—	—	—	14,971.0
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	10,993.0	13,800.0	4,275.0	10,385.0	9,681.0
	IWASE COSFA EUROPE S.A.S.	1,679.2	1,971.3	8,932.1	—	31,173.0
	IWASE COSFA VIETNAM CO., LTD	23,063.0	28,111.0	32,789.0	32,789.0	37,079.0
	IWASE COSFA KOREA CO., LTD	3,089.0	3,904.0	7,358.0	8,597.0	7,686.0
	IWASE COSFA USA INC.	—	—	—	—	—
	IWASE COSFA (THAILAND) CO., LTD	—	54,800.0	53,470.0	9,170.0	11,601.0
		431,529.2	577,814.8	602,224.1	580,556.5	730,048.91
Industrial Waste (t)	IWASE COSFA CORPORATION (JAPAN)	25.1	39.0	23.0	30.0	48.8
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	0.0	0.0	0.0	0.0	—
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	0.0	0.0	0.0	0.0	0.0
	IWASE COSFA EUROPE S.A.S.	0.0	0.0	0.0	0.0	0.0
	IWASE COSFA VIETNAM CO., LTD	0.0	0.0	0.0	0.0	0.0
	IWASE COSFA KOREA CO., LTD	0.0	0.0	0.0	0.0	0.0
	IWASE COSFA USA INC.	0.0	0.0	0.0	0.0	0.0
	IWASE COSFA (THAILAND) CO., LTD	0.0	0.0	0.0	0.0	0.0
		25.1	39.0	23.0	30.0	48.8
Specially controlled industrial waste - Specified hazardous industrial waste emissions (t)	IWASE COSFA CORPORATION (JAPAN)	0.0	0.0	0.0	0.0	0.0
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	0.0	0.0	0.0	0.0	0.0
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	0.0	0.0	0.0	0.0	0.0
	IWASE COSFA EUROPE S.A.S.	0.0	0.0	0.0	0.0	0.0
	IWASE COSFA VIETNAM CO., LTD	0.0	0.0	0.0	0.0	0.0
	IWASE COSFA KOREA CO., LTD	0.0	0.0	0.0	0.0	0.0
	IWASE COSFA USA INC.	0.0	0.0	0.0	0.0	0.0
	IWASE COSFA (THAILAND) CO., LTD	0.0	0.0	0.0	0.0	0.0
		0.0	0.0	0.0	0.0	0.0

— : No available data



## Appendix

## GRI Reference Table

This report was prepared with reference to the GRI Reporting Standards.

## General Disclosures 2021

The organization and its reporting practices		Corresponding section
2-1	Organizational details	P2 「Company Information」
2-2	Entities included in the organization's sustainability reporting	P2 「Company Information」
2-3	Reporting period, frequency and contact point	P4 「Editorial Policy」
2-4	Restatements of information	No revisions or corrections.
2-5	External assurance	IWASE COSFA Management System (Japanese) <a href="https://www.cosfa.co.jp/company/environment.html">https://www.cosfa.co.jp/company/environment.html</a>
Activities and workers		Corresponding section
2-6	Activities, value chain and other business relationships	Business Overview <a href="https://www.cosfa.co.jp/english/business/index.html">https://www.cosfa.co.jp/english/business/index.html</a>
2-7	Employees	P31 「Number of employees and gender ratio」
2-8	Workers who are not employees	Not applicable (due to our business profile or structure)
Governance		Corresponding section
2-9	Governance structure and composition	P12-14 「Corporate Governance and Ethics > Promotion System」
2-10	Nomination and selection of the highest governance body	Not disclosed
2-11	Chair of the highest governance body	Not disclosed
2-12	Role of the highest governance body in overseeing the management of impacts	Not disclosed
2-13	Delegation of responsibility for managing impacts	Not disclosed
2-14	Role of the highest governance body in sustainability reporting	Not disclosed
2-15	Conflicts of interest	Not disclosed
2-16	Communication of critical concerns	Not disclosed
2-17	Collective knowledge of the highest governance body	Not disclosed
2-18	Evaluation of the performance of the highest governance body	Not disclosed
2-19	Remuneration policies	Not disclosed
2-20	Process to determine remuneration	Not disclosed
2-21	Annual total compensation ratio	Not disclosed

## Appendix

Strategy, policies and practices		Corresponding section
2-22	Statement on sustainable development strategy	P5-6 「Message from the President」
2-23	Policy commitments	P5-6 「Message from the President」 P9-10 「CSR Management > Materiality at Iwase Cosfa」 P15 「Corporate Governance and Ethics > Dialogue with Stakeholders」
2-24	Embedding policy commitments	P5-6 「Message from the President」 P9-10 「CSR Management > Materiality at Iwase Cosfa」
2-25	Processes to remediate negative impacts	P16-17 「Corporate Governance and Ethics > Compliance, Anti-Corruption, and Fair Trade」
2-26	Mechanisms for seeking advice and raising concerns	P16-17 「Corporate Governance and Ethics > Compliance, Anti-Corruption, and Fair Trade」
2-27	Compliance with laws and regulations	P14 「Corporate Governance and Ethics > Corporate Governance and Ethics」 P16-17 「Corporate Governance and Ethics > Compliance, Anti-Corruption, and Fair Trade」
2-28	Membership associations	P7 「CSR Management > Collaboration with Stakeholders」
Stakeholder engagement		Corresponding section
2-29	Approach to stakeholder engagement	P7 「CSR Management > Collaboration with Stakeholders」 P8 「CSR Management > Materiality Identification Process」 P15 「Corporate Governance and Ethics > Dialogue with Stakeholders」
2-30	Collective bargaining agreements	P20 「Labor and Human Rights > Working Conditions」
Disclosure on material topics		Corresponding section
3-1	Process to determine material topics	P8 「CSR Management > Materiality Identification Process」
3-2	List of material topics	P8 「CSR Management > Materiality Identification Process」 P9-10 「CSR Management > Materiality at Iwase Cosfa」
3-3	Management of material topics	P9-10 「CSR Management > Materiality at Iwase Cosfa」 P12-14 「Corporate Governance and Ethics > Basic Approach / Targets, KPIs, and Achievements」 P18-19 「Labor and Human Rights > Basic Approach / Targets, KPIs, and Achievements」 P24-25 「Environment > Basic Approach / Targets, KPIs, and Achievements」 P27-28 「Sustainable Procurement > Basic Approach / Targets, KPIs, and Achievements」

## 200 : Economic Performance

Economic Performance 2016		Corresponding section
201-1	Direct economic value generated and distributed	P3 「Highlights > Financial Indicators」
201-2	Financial implications and other risks and opportunities due to climate change	Not disclosed
201-3	Defined benefit plan obligations and other retirement plans	Not disclosed
201-4	Financial assistance received from government	Not disclosed

## Appendix

Market Presence 2016		Corresponding section
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Information not available
202-2	Proportion of senior management hired from the local community	P32 「Appendix > Gender equality: Number of male and female leaders」
Indirect Economic Impacts 2016		Corresponding section
203-1	Infrastructure investments and services supported	Information not available
203-2	Significant indirect economic impacts	Information not available
Procurement Practices 2016		Corresponding section
204-1	Proportion of spending on local suppliers	Information not available
Anti-corruption 2016		Corresponding section
205-1	Operations assessed for risks related to corruption	Not disclosed
205-2	Communication and training about anti-corruption policies and procedures	P12-14 「Corporate Governance and Ethics > Basic Approach / Targets, KPIs, and Achievements」 P16-17 「Corporate Governance and Ethics > Compliance, Anti-Corruption, and Fair Trade」
205-3	Confirmed incidents of corruption and actions taken	P12-14 「Corporate Governance and Ethics > Basic Approach / Targets, KPIs, and Achievements」 P16-17 「Corporate Governance and Ethics > Compliance, Anti-Corruption, and Fair Trade」
Anti-competitive Behavior 2016		Corresponding section
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P12-14 「Corporate Governance and Ethics > Basic Approach / Targets, KPIs, and Achievements」 P16-17 「Corporate Governance and Ethics > Compliance, Anti-Corruption, and Fair Trade」
Tax 2019		Corresponding section
207-1	Approach to tax	Not disclosed
207-2	Tax governance, control, and risk management	Not disclosed
207-3	Stakeholder engagement and management of concerns related to tax	Not disclosed
207-4	Country-by-country reporting	Not disclosed
300 : Environment		
Materials 2016		Corresponding section
301-1	Materials used by weight or volume	Not applicable (due to our business profile or structure)
301-2	Recycled input materials used	P26 「Environment > Sales of Sustainable Materials」
301-3	Reclaimed products and their packaging materials	Not applicable (due to our business profile or structure)

## Appendix

Energy 2016		Corresponding section
302-1	Energy consumption within the organization	P38-40 「Appendix > Environmental data」
302-2	Energy consumption outside of the organization	P38-40 「Appendix > Environmental data」
302-3	Energy consumption outside of the organization	Not disclosed
302-4	Reduction of energy consumption	P38-40 「Appendix > Environmental data」
302-5	Reductions in energy requirements of products and services	Not applicable (due to our business profile or structure)
Water and Effluents 2018		Corresponding section
303-1	Interactions with water as a shared resource	P24 「Environment > Environmental Policy」
303-2	Management of water discharge-related impacts	Not disclosed
303-3	Water withdrawal	P38-40 「Appendix > Environmental data」
303-4	Water discharge	P38-40 「Appendix > Environmental data」
303-5	Water consumption	P38-40 「Appendix > Environmental data」
Biodiversity 2016		Corresponding section
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Information not available
304-2	Significant impacts of activities, products and services on biodiversity	Information not available
304-3	Habitats protected or restored	Information not available
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Information not available
Emissions 2016		Corresponding section
305-1	Direct (Scope 1) GHG emissions	P37 「Appendix > GHG emissions」 P25 「Environment > Reduction of Energy Consumption & GHG」
305-2	Energy indirect (Scope 2) GHG emissions	P37 「Appendix > GHG emissions」 P25 「Environment > Reduction of Energy Consumption & GHG」
305-3	Other indirect (Scope 3) GHG emissions	P37 「Appendix > GHG emissions」 P25 「Environment > Reduction of Energy Consumption & GHG」
305-4	GHG emissions intensity	Not disclosed
305-5	Reduction of GHG emissions	P37 「Appendix > GHG emissions」 P25 「Environment > Reduction of Energy Consumption & GHG」
305-6	Emissions of ozone-depleting substances (ODS)	Information not available
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Information not available

## Appendix

Waste 2020		Corresponding section
306-1	Waste generation and significant waste-related impacts	P24 「Environment > Environmental Policy」
306-2	Management of significant wasterelated impacts	P24-25 「Environment > Environmental Policy / Targets, KPIs, and Achievements」
306-3	Waste generated	P38-40 「Appendix > Environmental data」
306-4	Waste diverted from disposal	P38-40 「Appendix > Environmental data」
306-5	Waste directed to disposal	P38-40 「Appendix > Environmental data」
400 : Social		
Employment 2016		Corresponding section
401-1	New employee hires and employee turnover	P32 「Appendix > Job separation rate」
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	No difference in benefits based on employment status
401-3	Parental leave	Not disclosed
Labor/Management Relations 2016		Corresponding section
402-1	Minimum notice periods regarding operational changes	P20 「Labor and Human Rights > Working Conditions」
Occupational Health and Safety 2018		Corresponding section
403-1	Occupational health and safety management system	P20-21 「Labor and Human Rights > Working Conditions」 P22 「Labor and Human Rights > Employee Health & Safety」
403-2	Hazard identification, risk assessment, and incident investigation	P20-21 「Labor and Human Rights > Working Conditions」 P22 「Labor and Human Rights > Employee Health & Safety」
403-3	Occupational health services	P20-21 「Labor and Human Rights > Working Conditions」 P22 「Labor and Human Rights > Employee Health & Safety」
403-4	Worker participation, consultation, and communication on occupational health and safety	P20-21 「Labor and Human Rights > Working Conditions」 P22 「Labor and Human Rights > Employee Health & Safety」
403-5	Worker training on occupational health and safety	P23 「Labor and Human Rights > Career Management and Training」
403-6	Promotion of worker health	P22 「Labor and Human Rights > Employee Health & Safety」
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P20-21 「Labor and Human Rights > Working Conditions」 P22 「Labor and Human Rights > Employee Health & Safety」
403-8	Workers covered by an occupational health and safety management system	P22 「Labor and Human Rights > Employee Health & Safety」
403-9	Work-related injuries	P19 「Labor and Human Rights > Targets, KPIs, and Achievements」 P31 「Appendix > Work accident」
403-10	Work-related ill health	P19 「Labor and Human Rights > Targets, KPIs, and Achievements」 P31 「Appendix > Work accident」



## Appendix

Training and Education 2016		Corresponding section
404-1	Average hours of training per year per employee	P19 「Labor and Human Rights > Targets, KPIs, and Achievements」 P34 「Labor and Human Rights > Employees training」
404-2	Programs for upgrading employee skills and transition assistance programs	P21 「Labor and Human Rights > Working Conditions > Reemployment system: Integrating senior employees」 P23 「Labor and Human Rights > Career Management and Training」
404-3	Percentage of employees receiving regular performance and career development reviews	P21 「Labor and Human Rights > Career Management and Training」
Diversity and Equal Opportunity 2016		Corresponding section
405-1	Diversity of governance bodies and employees	Not disclosed
405-2	Ratio of basic salary and remuneration of women to men	Not disclosed
Non-discrimination 2016		Corresponding section
406-1	Incidents of discrimination and corrective actions taken	P17 「Corporate Governance and Ethics > Compliance, Anti-Corruption, and Fair Trade」
結 Freedom of Association and Collective Bargaining 2016		Corresponding section
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not disclosed
Child Labor 2016		Corresponding section
408-1	Operations and suppliers at significant risk for incidents of child labor	P20 「Labor and Human Rights > Respect for human Rights > Compliance with the UK Modern Slavery Act」
Forced or Compulsory Labor 2016		Corresponding section
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	P20 「Labor and Human Rights > Respect for human Rights > Compliance with the UK Modern Slavery Act」
Security Practices 2016		Corresponding section
410-1	Security personnel trained in human rights policies or procedures	Not applicable (due to our business profile or structure)
Rights of Indigenous Peoples 2016		Corresponding section
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable (due to our business profile or structure)
Local Communities 2016		Corresponding section
413-1	Operations with local community engagement, impact assessments, and development programs	P15 「Corporate Governance and Ethics > Dialogue with Stakeholders」
413-2	Operations with significant actual and potential negative impacts on local communities	Information not available

## Appendix

Supplier Social Assessment		Corresponding section
414-1	New suppliers that were screened using social criteria	P28 「Sustainable Procurement > Supplier practices」
414-2	Negative social impacts in the supply chain and actions taken	P28 「Sustainable Procurement > Supplier practices」
Public Policy 2016		Corresponding section
415-1	Political contributions	Not disclosed
Customer Health and Safety 2016		Corresponding section
416-1	Assessment of the health and safety impacts of product and service categories	P22 「Labor and Human Rights > Employee Health & Safety」
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not applicable (due to our business profile or structure)
Marketing and Labeling 2016		Corresponding section
417-1	Requirements for product and service information and labeling	Not applicable (due to our business profile or structure)
417-2	Incidents of non-compliance concerning product and service information and labeling	Not applicable (due to our business profile or structure)
417-3	Incidents of non-compliance concerning marketing communications	Not applicable (due to our business profile or structure)
Customer Privacy		Corresponding section
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	P14 「Corporate Governance and Ethics > Targets, KPIs, and Achievements」



CSR REPORT 2023

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