

2021 CSR REPORT

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





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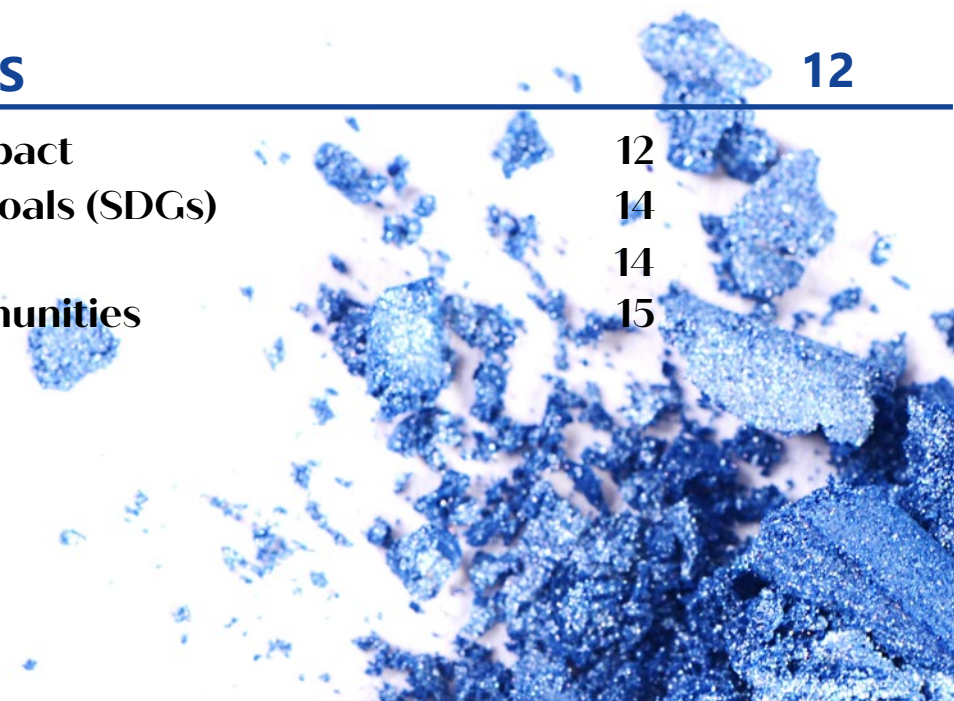
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TOP COMMITMENT

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

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

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

To this date, Iwase Cosfa has been working on several responsible projects, such as developing a comfortable work environment, promoting ISO 14001's environmental conservation activities as well as enhancing ISO 9001's customer satisfaction and corporate governance, contributing to local communities and providing honest information about its products.



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

EDITORIAL POLICY

This report consists of Iwase Cosfa Group's 2nd corporate social responsibility report. It symbolizes its engagement toward a greater accountability and communication with its stakeholders.



[Period Covered by the Report]

The report covers fiscal 2019 (January 1, 2019 – December 2019) and fiscal 2020 (January 1, 2020 – December 31, 2020).

[Guidelines Consulted]

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

[Organizations Covered by the Report]

In this report, "Iwase Cosfa" means the Iwase Cosfa Group. The report covers Iwase Cosfa Corporation (Japan), its 7 foreign subsidiaries and its affiliated company (Dainihon Kasei Co., Ltd.). Exceptions to this have been clearly stated in the report.

[Issuing Period]

Issued: April 30, 2021
Next issue scheduled for: April 2022

[Iwase Cosfa References in This Report]

Iwase Cosfa Co., Ltd.: Information on or initiatives of Iwase Cosfa Co., Ltd.
Iwase Cosfa Group: Information on or initiatives of all Group companies in and outside Japan.

Membership

Keidanren (Japan Business Federation)
Global Compact Network Japan
RSPO (Roundtable on Sustainable Palm Oil)
CDP (Carbon Disclosure Project) Worldwide Japan

Corporate Social Responsibility (CSR) Platforms

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

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

COMPANY INFORMATION

Company Profile (as of April 30, 2021)

Company Name

IWASE COSFA CO., LTD.

Date of Establishment

July 29, 1948

Date of Foundation

September 15, 1931

Head office location

1-7-11 Dosho-machi, Chuo-ku Osaka
541-0045

Tel. 06-6231-3456 / Fax. 06-6231-5767

Representatives

Chairperson Kenji Iwase
President Yoshinori Iwase

Capital

JPY 100,000,000

Number of Employees

195 (with temporary workers)

Consolidated 304 (minus Toyo Beauty)

Revenue JPY 27,086,784,000

Profit for the year JPY 721,018,000



Major Business Areas



Cosmetics Materials
Pharmaceutical Materials
Household Item Materials



Functional Foods & Nutritional
Supplement Materials
Food Product Preservatives



Pre-Clinical Trial



Affiliated Companies for Consolidation

Overseas subsidiaries

COSFA INTERNATIONAL TRADING
(SHANGHAI) CO., LTD.

COSFA INTERNATIONAL TRADING
(GUANGZHOU) CO., LTD.

IWASE COSFA (THAILAND) CO., LTD.

IWASE COSFA VIETNAM COMPANY LIMITED

IWASE COSFA KOREA COMPANY LIMITED

IWASE COSFA EUROPE S.A.S.

IWASE COSFA USA INC.

International office
INDONESIA REPRESENTATIVE OFFICE

Domestic affiliated company



大日本化成株式会社

Other affiliated company



TOYO BEAUTY CO., LTD.



IWASE COSFA'S SUSTAINABILITY

Approach to sustainability

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



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

**«We will promote
management that creates
beauty and health.»**

Our CSR policy

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



1. To customers

We firmly comply with all laws and regulations.

We fully protect customer and personal information.

We provide accurate product information.

We work to improve our knowledge and technology to respond to our customers and partners’ needs.

2. To our partners

We conduct business in an honest, fair and equitable manner with a sense of integrity.

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

3. To employees

We will prioritize workplace safety and create a comfortable working environment that provides a sense of fulfillment.

We will emphasize communication and aim to build a transparent organization.

We will support women’s advancement in the workplace.

4. Caring for the environment

We will promote environmental conservation measures.

We will emphasize products that have smaller ecological footprints.

5. Social and community contribution activities

As a member of the community, we value interaction with the community and society.

We proactively take part in social and community contribution activities.

6. Reporting

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

Materiality analysis



Relation to SDGs



Methodology of Iwase Cosfa's materiality analysis

1. Identification of key issues

In order to determine materiality issues, we identified key social issues to be considered. We selected 30 social issues based on our Group CSR policy, the GRI Standards, ISO 26000 and common issues addressed by CSR evaluation bodies.



2. Conduct of hearing and internal discussions about important issues

Interviews and free discussions with executives and stakeholders (employees, clients, suppliers, local communities, NPO/NGOs) on key issues.



3. Redaction of materiality analysis

Based on the expectations of our stakeholders, we rated each of the 30 social issues on a scale of 1 to 5 on two axes: importance to stakeholders and importance to Iwase Cosfa.

After integrating the importance of each issue and assessing its overall importance, we identified 14 priority issues (issues with a minimum score of 7) for the Group.

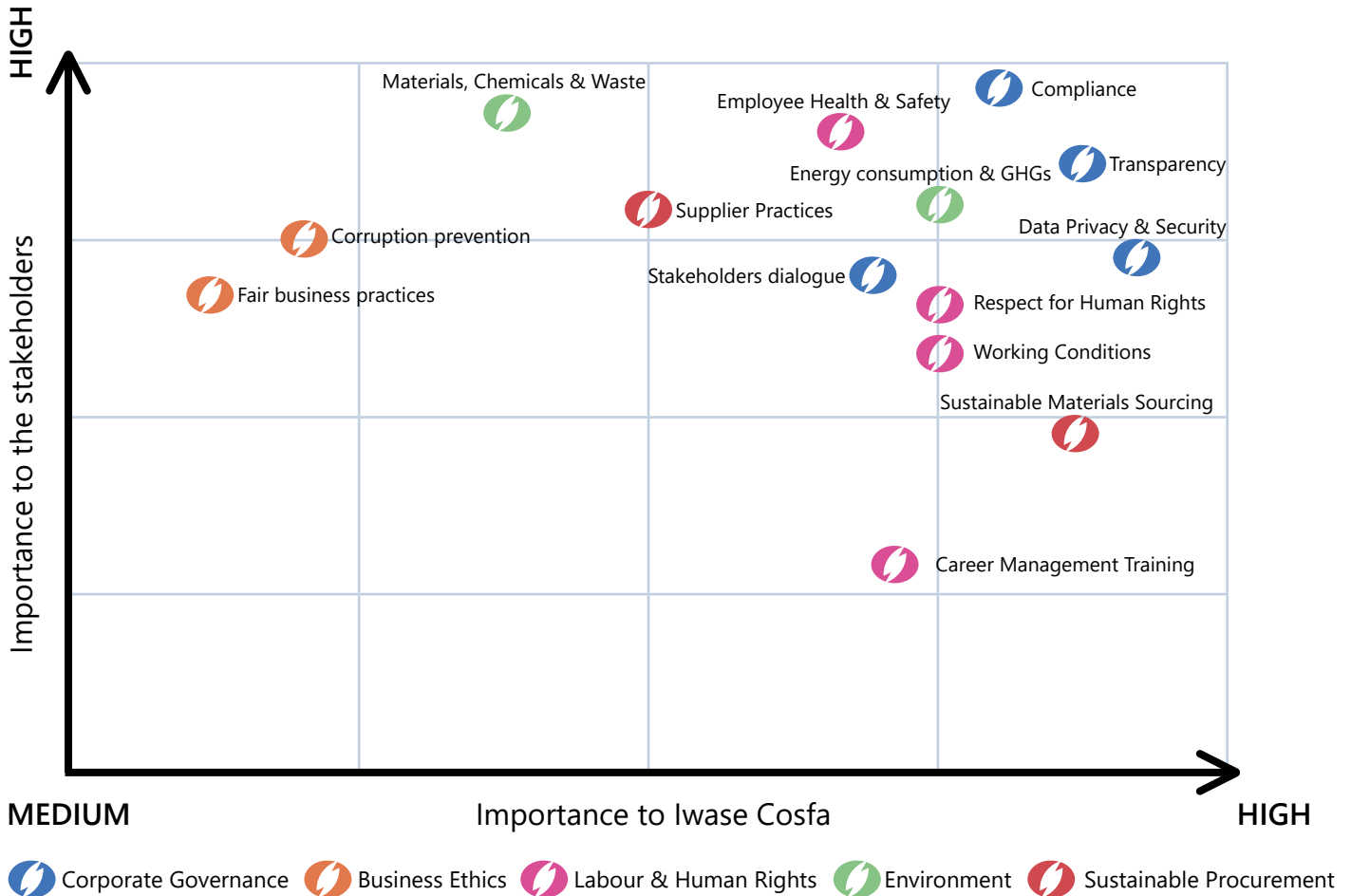


4. Approval of materiality list

Submission and approval of materiality list to Board of directors.



Materiality matrix of Iwase Cosfa



Materiality items and CSR issue

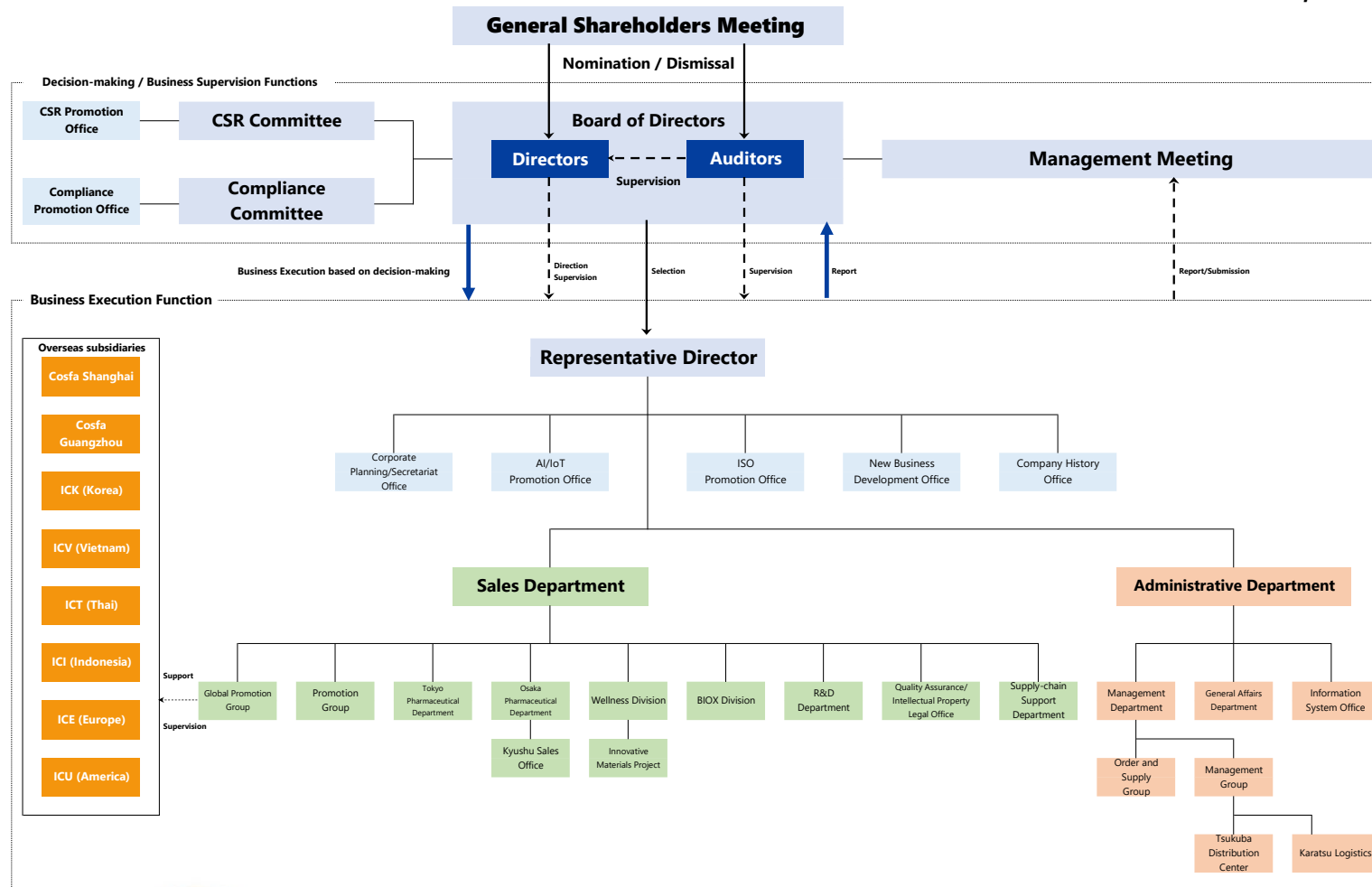
MATERIALITY TOPICS	KEY SUSTAINABILITY ISSUES
Corporate Governance	Compliance Stakeholders Dialogue Transparency Data Privacy & Security
Ethics	Corruption Prevention Fair Business Practices
Labor & Human Rights	Employee Health & Safety Working Conditions Career Management & Training Respect for Human Rights
Environment	Energy Consumption & GHGs Materials, Chemicals & Waste
Sustainable Procurement	Supplier Practices Sustainable Materials Sourcing



Corporate Governance System (Organizational Chart)

【Corporate Governance System】

IWASE COSFA CO., LTD.



As of January 1st, 2021

CORPORATE INITIATIVES

United Nations Global Compact

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

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

In November 2019, Iwase Cosfa signed and pledged its support for the UN Global Compact. The Group will respect its commitment by sharing its Communication On Progress (COP) through this report.



Ten Principles of the UN Global Compact

HUMAN RIGHTS



Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2. make sure that they are not complicit in human rights abuses.

ENVIRONMENT



Principle 7. Businesses should support a precautionary approach to environmental challenges;

Principle 8. undertake initiatives to promote greater environmental responsibility; and

Principle 9. encourage the development and diffusion of environmentally friendly technologies.

LABOR



Principle 3. Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining;

Principle 4. the elimination of all forms of forced and compulsory labor;

Principle 5. the effective abolition of child labor; and

Principle 6. the elimination of discrimination in respect of employment and occupation.

ANTI-CORRUPTION



Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery

TOP COMMITMENT

Global Compact Network Japan
Representative Director: Toshio Arima

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

In our medium-term management plan, we have developed a vision that can be described as follows: "As a creator offering new value in the field of beauty and health, we aim to continue to contribute to the enrichment of people's lives around the world". We will strive to develop local communities along with our development as a company and work to resolve social issues through business.



In our corporate operations, we put into practice the ten universally accepted principles defined by the United Nations Global Compact in the areas of human rights, labor, environment and anti-corruption, by ensuring employee diversity, promoting female managers and improving the work environment.

In addition, by working on our corporate social responsibility along with our supply-chain and providing high-quality services, we strive to embody the Japanese "Sanpo-Yoshi" spirit (three-way satisfaction): good for the seller, good for the buyer, and good for society, and will promote management that creates beauty and health.

January 1st, 2021

Yoshinori Iwase

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



Sustainable Development Goals (SDGs)



To promote its CSR initiatives, Iwase Cosfa has set out CSR related issues, objectives, and targets as follows. The Group's priority themes are set out to conform with the sustainable development goals (SDGs), which it supports. The SDGs are a clear statement of global priorities and visions that need to be realized by 2030. It aims to eliminate poverty and ensure that all people can live in peace and prosperity, with consideration given to balancing sustainable growth and respect of the limits of the Earth.

As a corporate member of Global Compact Network Japan, we will continue to raise awareness of the SDGs in our business organizations, to reflect them in our business strategies, and to ensure that our business activities are always guided by a determination to contribute to the achievements of the SDGs. In 2020, we distributed SDG badges to all employees and encouraged them to wear them in order to further promote understanding of the SDGs.

SMETA Audit

Iwase Cosfa Corporation (Japan) took part to the SMETA 4 Pillar Audit (Sedex Members Ethical Trade Audit) in 2020, March 27th.

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



Contribution to local communities

Osaka University Foundation for the Future

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

Joint research with Kyushu University

As part of our wellness business, we are collaborating on the research and development of highly functional anti-ageing ingredients derived from natural useful resources for functional food and cosmetic applications.

Participation in the company song contest

We participated in the «2nd NIKKEI National Company Song Contest» organized by Nikkei Inc. and won the 5th prize.

Blue Clover Campaign

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



Relation to SDGs





The Michinoku Future Fund

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

"Let's join hands" Project

As COVID-19 rages around the world, we have launched a project to provide alcohol based Hand Clean Gel Lotion to educational institutions, local authorities, nursing homes and medical facilities.

iPS Cell Research Fund

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

Joint research with Saga Prefectural Industrial Technology Center and Kyushu University

In order to make effective use of strawberry leaves, which are usually discarded, we are carrying out joint research on the use of strawberry leaves as a sustainable raw material for cosmetics and beauty foods.

Development and donation of "Salt Jelly" for heat stroke prevention

As the symptoms of heat stroke are similar to those of coronavirus infections, we jointly developed a "salt jelly" to combat heat stroke, which will help to reduce the shortage of medical facilities and prevent heat stroke among healthcare workers. We donated the jelly to construction companies, chambers of commerce and industry, nursing homes and sports colleges that work in environments prone to heat stroke.

KEY ISSUE 1: BUSINESS ETHICS

Charter of Corporate Behavior



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

These rules enable Japanese companies to fulfill their global social and environmental responsibilities.

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

Compliance Charter

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

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

To reduce the environmental burden of printing, we have made this handbook accessible online to our employees:

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



The Compliance Charter deals with topics such as:

Corruption (paragraph 6)

- "Do not provide public officials or their equivalents with money, gifts, entertainment, or other economic benefits;
- Do not make payments to agents, advisors, consultants, etc. if such payments are expected to be used for illegal approaches to public officials or their equivalents;
- Do not exchange with executives or employees of business partners money, gifts, entertainment or other economic benefits that exceed socially accepted standards. The amount should not exceed 1000 USD."



Protection of Information (paragraph 7)

- "Keep the company's confidential information and customer information under strict control and do not divulge it to third parties. Do not use such information for purposes other than Iwase Cosfa's business;
- Strive to protect personal information and do not divulge it or use it for purposes other than the ones it was meant for;
- Handle confidential information disclosed by third parties in the same way as Iwase Cosfa's confidential information."

Reporting Obligation (paragraph 15)

"If you discover that an executive or employee performed or is suspected of performing an act that violated any of the Compliance Standards, you must report to or consult the Secretariat of the Compliance Committee (Compliance Promotion Office) or the internal or external section of the Compliance Counter; Executives and employees must fully cooperate in investigations into such violations."

Objective

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

Targets

The Group will continue the implementation of the confirmation process for new employees to make sure they have read and understood the content of the Compliance Charter. The same shall apply if the Compliance Charter is to be modified

Risk Management

As a cosmetics materials trading company, Iwase Cosfa constantly practices quality management as part of improving customer satisfaction. Based on these practices, the Company has acquired the ISO9001 certification and has worked in order to improve the quality of its services.

Iwase Cosfa regularly plans and formulates issues that need to be addressed, thus operating a PDCA cycle with the aim of improving customer satisfaction through its business activities.

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

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



Risk Management Action Guidelines

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

Emergency Management

The top management of Iwase Cosfa has established a crisis management policy and declared that it will respond effectively to crises that cause serious damage to the lives or bodies of the people working for the company or to the company's property, reputation or continuity of operations. The crisis management policy has been communicated to all people working in the company.

Risk Management Policy

1. Establish a crisis management system that includes crisis prevention, response to crises that occur and communication.
2. In the event of a crisis, we must not respond to the crisis in a manner that is contrary to our social responsibility.
3. In the event of a crisis, the highest priority shall be given to ensuring the safety of the lives and bodies of employees, and an effective and prompt response shall be taken.
4. In the event of a crisis, efforts shall be made to continue or quickly resume business operations.
5. Provide education and training to raise employees' awareness of crisis management.
6. Evaluate the results of the activities described in the above every year and continuously improve their effectiveness.



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



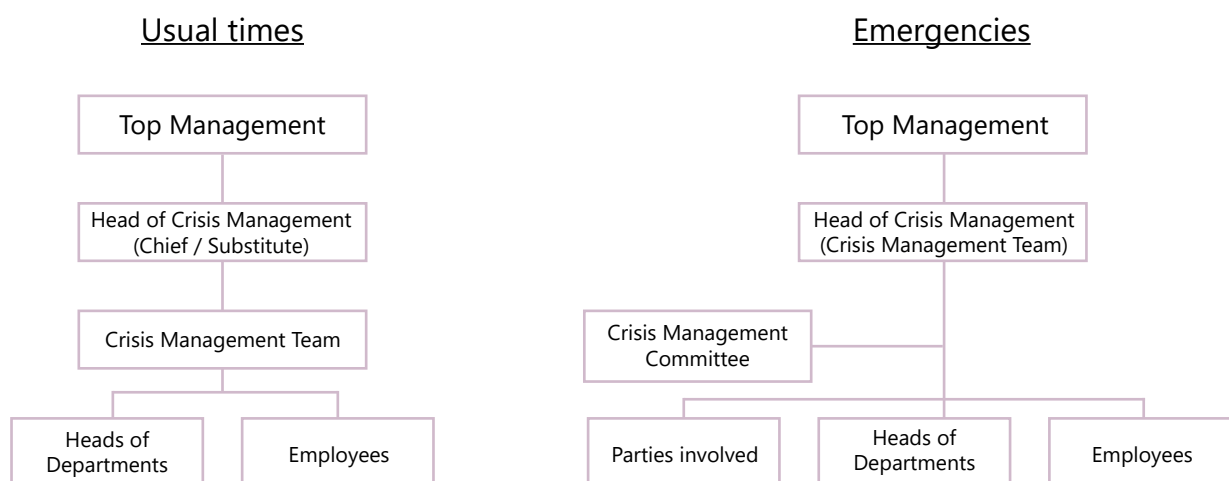
- Bankruptcy of an important business partner
- Compliance violations (unfair benefits, insider trading)
- Leakage of personal information
- Significant leakage of sales information
- Information system disaster
- Employee's injury/death due to serious accident
- Important industrial accident
- Environmental pollution



- Loss due to natural disasters such as earthquakes and typhoons
- Outbreak of fire
- Bad management reputation
- Abduction of employees/executives
- Important damages due to accidents/robbery
- Third party related vandalism/business Disruption

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

Crisis Management Organization Chart



Indicators and Commitments

Table 1.1 Business Ethics Indicators

Target: Iwase Cosfa Group

Indicators	FY2018	FY2019	FY2020
Number of Ethics Politics Breaches	1	0	0
Number of Regulatory Penalties, Settlements, Voluntary Disclosures	0	0	0
Number of Information Security Breaches	0	0	0

Table 1.2 Trainings on information security

Target: Iwase Cosfa Co., Ltd.

Indicator		FY2019		FY2020
Training Name	Basics of information security	Let's learn about information security through examples	Let's practice! Continuing our education in information security	Case study : the latest threats to information security (2020-2021)
Number of Times Held	1	1	1	1
Duration	1 hours	2 hours	2 hours	0.5 hours
Participants	172 persons	172 persons	187 persons	187 persons

Objective

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

Achievements

Since 2020, Iwase Cosfa has provided training on anti-corruption and anti-bribery to new employees. Since 2021, regular surveys on corruption and bribery awareness have been carried out.

Targets

- Do our best to keep to zero the number of ethics politics breaches, regulatory penalties, settlements, and information security breaches for the years to come.
- Conduct regular annual surveys on corruption and bribery awareness.



Relation to SDGs



KEY ISSUE 2: LABOR & HUMAN RIGHTS

Modern Slavery Statement

The UK modern slavery act states that a company must publish an annual statement if it has sales of more than £36 million and if some or all of its business is in the UK. It must confirm the steps taken to ensure slavery and human trafficking are absent from the business and supply chain or they must declare that no steps have been taken. In January 2021, Iwase Cosfa released its second statement for the year 2020, continuing its commitment in the fight against all forms of modern slavery.

<https://www.cosfa.co.jp/english/company/pdf/SlaveryStatementFY2020-en.pdf>



Employees' Health and Safety

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

Raw Materials Storage:

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

Safety Data Sheet (SDS):

The SDS is a detailed informational document describing the physical, health and environmental health hazards, protective measures and safety precautions for handling, storing and transporting the chemical. Iwase Cosfa asks its suppliers to prepare SDS for every product they buy and make sure that those measures and safety precautions are being thoroughly respected by employees.

Table 2 Work Accident

Target: Iwase Cosfa Group

Indicator	FY2018	FY2019	FY2020
Work Accident* Number	0	0	0
Frequency rate for Work Accident**	0	0	0
Intensity rate for Work Accident***	0	0	0

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

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

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

Objective

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

Targets

Keep to zero the number of work-related accidents.



Relation to SDGs



Work Conditions

Iwase Cosfa is continuously working to improve its work environment.



Relation to SDGs



Iwase Cosfa Japan “No Overtime Work Day”

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

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



Roundtable Meeting Between Employee Representatives and Directors

Employee representatives are elected by majority decision, from all employees at each business site, under fair procedures based on labor laws.

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

In 2020, this meeting was postponed due to COVID-19, and was conducted in April 2021.

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



“Free Address”

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



Stress checks

In accordance with the Occupational Health and Safety Law, Iwase Cosfa Co., Ltd conducts an annual stress check for the purpose of managing the health of its employees. By checking the results of the survey, we aim to further improve self-care and contribute to the formation of a comfortable working environment by identifying stress factors in the workplace.

In addition, employees are able to use the health consultation service of the company by consulting an industrial physician which visits the company once a month.

In-house circle activities

After establishing rules for the management of circle activities, Iwase Cosfa has been promoting in-house circle activities that are meant to foster workplace friendships.

At present, there are six different circles that have been established by volunteers:

- Tokyo Golf Circle - Osaka Futsal Circle
- Osaka Golf Circle - Tokyo Futsal Circle
- Tanuki Golf Club - Tokyo Tennis Circle

«Iwase Cosfa is continuously
working to improve its work
environment.»

General Affairs Department Newsletter

The General Affairs Department periodically publishes an internal newsletter to promote communication within the company, including information on employee benefits, health and safety, new recruits, and club activities.





Relation to SDGs



Table 3 Working Hours / Rate of Taking Paid Holidays

	Indicator	FY2018	FY2019	FY2020
Average Designated Overtime Hours Worked /person/ month	IWASE COSFA CORPORATION (JAPAN)	7.22 hours	5.87 hours	3.93 hours
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	5 hours	5 hours	5 hours
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	5 hours	5 hours	3 hours
	IWASE COSFA EUROPE S.A.S.	0 hours	0 hours	0 hours
	IWASE COSFA VIETNAM CO., LTD	3 hours	3 hours	3 hours
	IWASE COSFA KOREA CO., LTD	16 hours	16 hours	16 hours
	IWASE COSFA USA INC.	7.96 hours	23.42 hours	1.04 hours
	IWASE COSFA (THAILAND) CO., LTD	No data	0 hours	0 hours
	DAINIHON KASEI CO., LTD	No data	No data	0 hours
	IWASE COSFA GROUP TOTAL (AVERAGE)	5.71 hours	5.1 hours	3.44 hours
Acquisition Rate of Paid Leave /year	IWASE COSFA CORPORATION (JAPAN)	54.3%	55.5%	57.5%
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	80.0%	80.0%	100.0%
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	95.0%	97.0%	100.0%
	IWASE COSFA EUROPE S.A.S.	73.1%	88.2%	76.0%
	IWASE COSFA VIETNAM CO., LTD	90.0%	90.0%	90.0%
	IWASE COSFA KOREA CO., LTD	70.0%	82.0%	95.0%
	IWASE COSFA USA INC.	0.0%	36.0%	44.0%
	IWASE COSFA (THAILAND) CO., LTD	No data	100.0%	100.0%
	DAINIHON KASEI CO., LTD	No data	No data	100.0%
Absenteeism Rate	IWASE COSFA CORPORATION (JAPAN)	0.25%	0.08%	0.07%
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	No data	No data	No data
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	0.00%	0.00%	0.00%
	IWASE COSFA EUROPE S.A.S.	0.00%	0.00%	0.00%
	IWASE COSFA VIETNAM CO., LTD	0.00%	0.00%	0.00%
	IWASE COSFA KOREA CO., LTD	0.00%	0.00%	0.00%
	IWASE COSFA USA INC.	0.00%	0.00%	0.00%
	IWASE COSFA (THAILAND) CO., LTD	No data	0.00%	0.00%
	DAINIHON KASEI CO., LTD	No data	No data	0.00%

Objective

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

Achievements

By 2020, we have increased the year-on-year take up of paid annual leave in Japan.

Targets

- Keep the overtime hours worked/ person/month under 10 hours on average.
- Keep the absenteeism rate under 0.10%.
- By 2022, conduct an employee satisfaction survey across the Group.

Career Management and Training

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

External Training

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

Iwase Cosfa also conducts in-house trainings on specific topics, such as a CSR training session for new employees as a mean to reinforce their awareness regarding practices of corporate responsibility.

In 2020, training on CSR was provided to all Group employees. The training covered the history and current state of social responsibility in the world and provided an understanding of why fulfilling our CSR obligations is crucial. In order to raise awareness of CSR among our employees, we identified the ethical, environmental and procurement issues we face as a company and presented how we are addressing these issues. All employees from procurement departments are trained about our CSR issues (initiatives, risks, and stakeholder requests). The training took place in March 12th 2021 (42 targeted people, participation rate 100%).



Job Coach Support Service

We make use of the "Job Coach Support Service" provided by the Ministry of Health, Labour and Welfare to create a comfortable working environment for all employees. With the cooperation of the Tokyo Metropolitan Vocational Center for Persons with Disabilities, we have provided training for employees who need assistance in finding work, over a six-month period in 2020 under the "Job Coach Support System". We will continue to provide similar training in the future.

In addition to providing support to the employee regarding the performance of his/ her duties and communication in the workplace, managers also receive expert advice on employment management that takes into account the personal employee characteristics.



Table 4.1 Employees Training

	Indicator	FY2018	FY2019	FY2020
Total Training Hours	IWASE COSFA CORPORATION (JAPAN)	318.5 hours	558.2 hours	2448.8 hours
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	300 hours	300 hours	300 hours
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	20 hours	20 hours	384 hours
	IWASE COSFA EUROPE S.A.S.	No data	No data	649 hours
	IWASE COSFA VIETNAM CO., LTD	600 hours	720 hours	830 hours
	IWASE COSFA KOREA CO., LTD	180 hours	180 hours	218 hours
	IWASE COSFA USA INC.	0 hour	0 hour	24 hours
	IWASE COSFA (THAILAND) CO., LTD	No data	No data	13 hours
	DAINIHON KASEI CO., LTD	No data	No data	10 hours
Number of Employees Trained	IWASE COSFA CORPORATION (JAPAN)	94 persons	172 persons	187 persons
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	24 persons	24 persons	26 persons
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	20 persons	20 persons	24 persons
	IWASE COSFA EUROPE S.A.S.	No data	No data	14 persons
	IWASE COSFA VIETNAM CO., LTD	5 persons	7 persons	7 persons
	IWASE COSFA KOREA CO., LTD	3 persons	4 persons	3 persons
	IWASE COSFA USA INC.	0 person	0 person	3 persons
	IWASE COSFA (THAILAND) CO., LTD	No data	No data	5 persons
	DAINIHON KASEI CO., LTD	No data	No data	2 persons
Average Training Hours per Regular Employee*	IWASE COSFA CORPORATION (JAPAN)	2 hours	3 hours	12.5 hours
	COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	13 hours	12 hours	11.5 hours
	COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	1 hour	1 hour	16 hours
	IWASE COSFA EUROPE S.A.S.	No data	No data	38 hours
	IWASE COSFA VIETNAM CO., LTD	36 hours	45 hours	46 hours
	IWASE COSFA KOREA CO., LTD	36 hours	45 hours	73 hours
	IWASE COSFA USA INC.	0 hour	0 hour	8 hours
	IWASE COSFA (THAILAND) CO., LTD	No data	No data	1.3 hours
	DAINIHON KASEI CO., LTD	No data	No data	5 hours

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

Objective

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

Targets

Achieve an average training time of 6 hours by 2021.



Relation to SDGs



Iwase Cosfa Europe's Parenting Policy

Iwase Cosfa's European subsidiary has committed to help its employees achieve a better balance between professional and personal life. In 2019, the Company signed a Corporate Parenthood Charter, with the aim of ensuring the professional equality of men and women. Introduced in 2008 by the Corporate Parenthood Observatory in partnership with the French Ministry of Labour, Industrial Relations, Family and Solidarity, it has been signed by over 500 companies and associations.

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

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

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

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

All year:

- No meetings to take place before 9am or after 5pm.

During pregnancy:

- Arrangement for expectant mothers' working conditions by the provision of flexible working hours and working days (upon consultation of the company directorate);
- Reduction of working hours by 15 minutes in the morning and 15 minutes in the evening, without any change in salary for pregnant women;
- Authorised absence for the 7 prenatal follow-up consultations (compulsory medical examinations provided by the public health service) for pregnant women and for the employee's spouse;
- Home office authorised at 100% of working time, from 4 weeks before the start of maternity leave;
- Full continuation of the employee's salary throughout the period of maternity/adoption leave, regardless of the amount and subject to deduction of the allowances paid by social security.

Post birth:

- Granting of gift vouchers for the birth/adoption of a child;
- Extension of the duration of the legal maternity/adoption leave by 4 weeks with continuation of full salary, paid by the company (must be taken directly after maternity/adoption leave and may be postponed until the end of a period of sick leave or sickness related to childbirth. The duration of the latter will then be deducted from the extension period);
- For paternity leave, full continuation of the salary regardless of the amount and subject to deduction of allowances paid by the French social security system;
- 100% home office allowed during the first 15 weeks of maternity/adoption or paternity leave;
- Iwase Cosfa Europe will pay the full salary of employees who have to take time off work to care for a sick child, up to a maximum of three days per year.

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

- Formalizing the recruitment process: pre-selection grids have to be predefined with objective criteria in order to prevent and eliminate discriminatory practices against employees with children;
- Deletion of age as a decision-making criterion of high-potential individuals;
- Organisation of one-to-one meetings with the employee before the start of maternity leave;
- Organisation of a professional meeting for the employee returning from maternity/adoption leave on her professional development prospects, particularly in terms of qualifications and employment.

Other actions will be implemented within the European subsidiary as part of a continuous improvement process, to reinforce our in-depth thinking on the subject of parenthood in the company.



Diversity, Discrimination and Harassment

In its Compliance Charter, Iwase Cosfa recognizes the importance of protecting its employees from sexual harassment and workplace bullying. The Compliance Charter states that employees must: "Respect fundamental human rights and do not discriminate based on ethnicity, beliefs, gender, social status, religion, nationality, age, physical or mental disabilities, etc" (article 4 paragraph.1); "Refrain from performing acts that violate public order and morals such as sexual harassment and workplace bullying" (article 4 paragraph.2).

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

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

Table 4.2 Employment of disabled people

Target: Iwase Cosfa Group

Indicator	FY2018	FY2019	FY2020
% of employees with disabilities	0.63%	0.54%	1.03%

Table 4.3 Harassment related Training

Target: Iwase Cosfa Group

Indicator	FY2018	FY2019
Training Name	[East-West Conference] Prevention of Harassment	[Online Training] Promotion of Women's Activities and Prevention of Harassment
Number of Times Held	1 time	1 time
Duration	3 hours	36 minutes
Participants	131 persons	179 persons

Objective

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

Achievements

In 2020, all Group employees were given training on CSR. This training also included education on compliance.

Targets

Iwase Cosfa commits to conduct annual compliance trainings.



Relation to SDGs



Gender Equality

Iwase Cosfa actively promotes gender equality as part of its management strategy to establish an organizational culture that continues to enhance employees' vitality and improve results. We are also committed to ensuring that there is no gender pay gap in our company.

Employment Rules

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

- **Menstrual leave**

Upon request, female employees can be granted a day of leave if they suffer from menstrual pain.

- **Childcare leave**

Upon request, employees who have an infant under the age of one can be granted a day of leave when needed and can apply for restrictions on overtime work. Those raising a child who has not yet entered elementary school can choose to not do overtime hours or night work and can shorten their working hours.

- **Nursing time (shortening of work hours)**

Upon request, employees with children who have not yet entered elementary school can choose to not do overtime hours or night work and can shorten their working hours.

- **Childcare rest**

Upon request, female employees who have an infant under the age of one can be granted 30 minutes of additional rest twice a day.

- **Childcare leave**

Employees who have a child who has not yet entered elementary school and who are sick or injured can be granted some days of leave in order to get medical check-ups or vaccinations.

- **Nursing care leave**

Employees who need to take care of a family member in need of nursing care may request a leave for family care, reduction of working hours, restriction of overtime work and exemption from late night work.



Optional Female Work Uniforms

In response to employees' demands, Iwase Cosfa Japan decided to make female work uniforms optional in 2019. Female employees are now able to choose to wear their own clothes in regard to the Company's dress code.

This measure allowed employees to save time as they do not need to change clothes before and after work, whilst creating an environment which enables them to better concentrate on their work.

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

Indicator	FY2019			FY2020			FY2021		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	247 (100%)	120 (49%)	127 (51%)	280 (100%)	127 (45%)	153 (55%)	304 (100%)	136 (45%)	168 (55%)
IWASE COSFA CORPORATION (JAPAN)**	159 (64%)	79 (49.7%)	80 (50.3%)	184 (66%)	86 (47%)	98 (53%)	195 (64%)	89 (46%)	106 (54%)
COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	25 (10%)	12 (48%)	13 (52%)	26 (9%)	12 (46%)	14 (54%)	23 (8%)	9 (39%)	14 (61%)
COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	23 (9%)	10 (43%)	13 (57%)	24 (9%)	11 (46%)	13 (54%)	24 (8%)	11 (46%)	13 (54%)
IWASE COSFA EUROPE S.A.S.	9 (4%)	6 (66.7%)	3 (33.3%)	11 (4%)	4 (34%)	7 (64%)	17 (6%)	6 (35%)	11 (65%)
IWASE COSFA VIETNAM CO., LTD	15 (6%)	5 (33.3%)	10 (66.7%)	17 (6%)	6 (35%)	11 (65%)	18 (6%)	6 (33%)	12 (67%)
IWASE COSFA KOREA CO., LTD	5 (2%)	3 (60%)	2 (40%)	4 (1%)	2 (50%)	2 (50%)	3 (1%)	2 (67%)	1 (33%)
IWASE COSFA USA INC.	2 (1%)	1 (50%)	1 (50%)	3 (1%)	2 (67%)	1 (33%)	3 (1%)	2 (67%)	1 (33%)
IWASE COSFA (THAILAND) CO., LTD	9 (4%)	4 (44.4%)	5 (55.6%)	11 (4%)	4 (36%)	7 (64%)	10 (3%)	4 (40%)	6 (60%)
DAINIHON KASEI CO., LTD	-	-	-	-	-	-	11 (4%)	7 (64%)	4 (36%)

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

**Including temporary workers.

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

Indicator	FY2019			FY2020			FY2021		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	47 (100%)	41 (87%)	6 (13%)	49 (100%)	41 (87%)	8 (13%)	58 (100%)	48 (84%)	10 (16%)
IWASE COSFA CORPORATION (JAPAN)	36 (77%)	31 (86%)	5 (14%)	35 (71%)	30 (86%)	5 (14%)	37 (64%)	31 (84%)	6 (16%)
COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	1 (2%)	1 (100%)	0 (0%)	1 (2%)	1 (100%)	0 (0%)	1 (2%)	1 (100%)	0 (0%)
COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	1 (2%)	1 (100%)	0 (0%)	1 (2%)	1 (100%)	0 (0%)	1 (2%)	1 (100%)	0 (0%)
IWASE COSFA EUROPE S.A.S.	2 (4%)	2 (100%)	0 (0%)	4 (8%)	2 (50%)	2 (50%)	6 (10%)	3 (50%)	3 (50%)
IWASE COSFA VIETNAM CO., LTD	1 (2%)	1 (100%)	0 (0%)	1 (2%)	1 (100%)	0 (0%)	1 (2%)	1 (100%)	0 (0%)
IWASE COSFA KOREA CO., LTD	1 (2%)	1 (100%)	0 (0%)	1 (2%)	1 (100%)	0 (0%)	1 (2%)	1 (100%)	0 (0%)
IWASE COSFA USA INC.	1 (2%)	1 (100%)	0 (0%)	2 (4%)	2 (100%)	0 (0%)	2 (3%)	2 (100%)	0 (0%)
IWASE COSFA (THAILAND) CO., LTD	4 (9%)	3 (75%)	1 (25%)	4 (8%)	3 (75%)	1 (25%)	4 (7%)	3 (75%)	1 (25%)
DAINIHON KASEI CO., LTD	N/A	N/A	N/A	N/A	N/A	N/A	5 (9%)	5 (100%)	0 (0%)

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

Objective

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

Targets

- Try to obtain the "Kurumin" mark by 2021.
- Try to obtain the "Eruboshi" (L Star) mark by 2022.



Relation to SDGs



KEY ISSUE 3: ENVIRONMENT

Environmental Policy

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

We will contribute to society by fulfilling our responsibility as a global corporate citizen by promoting the sustainable use of the earth's resources and the reduction of 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 its commitments. We are also aware of the impact of our business activities on the environment and continuously strive to be environmentally friendly and to prevent pollution.

To achieve these commitments, we will strive to achieve the following targets* by 2030:

• Global Warming

On October 26, 2020, Primer Minister Yoshihide Suga declared that Japan will aim for carbon neutrality by 2050. Iwase Cosfa is committed to contribute to carbon neutrality and aims to:

- Reduce its CO2 emissions by 70% (Scope 1 and 2).
- Procure 50% of its electricity from renewable resources.

• Waste Management

Iwase Cosfa is committed to use resources efficiently and to reduce industrial waste in an environmentally friendly way.

We will keep our waste emissions below 1% of our sales volume.

• Reduction of water usage

We continuously monitor the amount of water used, the amount of wasted water, and strive to reduce the environmental load and increase the proportion of reused water.

We will continue to strive to further protect water resources.

- Our goal is to reduce our water consumption by 1% per year as a single-year target.

*Base year: 2019

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

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



Relation to SDGs



Environmental Activity-Performance Data

Table 6 Iwase Cosfa's environmental performance data

Target: Iwase Cosfa Group*

Indicator	Category	FY2018	FY2019	FY2020
Petroleum consumption (L)	Gasoline	28,564	32,695	22,543
	Diesel	521.89	217.67	24.8
Gas consumption (m3)	City Gas	95	85.76	108
	LPG	81	52.7	85.9
Electricity Consumption (Kwh)		431.529	577.815	597.949
Wastewater volume (m3)	Municipal Water	859	1,200	1,133.9
	Groundwater	1,007	1,401	1,400
Industrial waste volume (t)		44.79	38.99	22.97
Specific hazardous industrial waste emissions (t)		0	0	0

*Please refer to the appendix for subsidiaries data

Table 7 Iwase Cosfa's Carbon Footprint

Indicator	FY2019		FY2020	
	GHG Emissions	(tCO2e)	GHG Emissions	(tCO2e)
Scope 1	64.58	tCO2e	52.19	tCO2e
Gasoline (company cars)	64.12	tCO2e	51.48	tCO2e
Gas (heating system)	0.46	tCO2e	0.71	tCO2e
Scope 2	384.94	tCO2e	357.14	tCO2e
Electricity	384.94	tCO2e	357.14	tCO2e
Scope 3	33,454,863.32	tCO2e	-	tCO2e
Capital Goods	17.51	tCO2e	37.42	tCO2e
Employee commuting	192.58	tCO2e	231.27	tCO2e
Business travel	350.2	tCO2e	39.793	tCO2e
Purchased of Goods	33,394,843.2	tCO2e	53,632,825.6	tCO2e
Fuel and energy related activities	20.33	tCO2e	409.19	tCO2e
Upstream transportation and distribution	828.01	tCO2e	1308.8	tCO2e
Downstream transportation and distribution	828.01	tCO2e	1308.8	tCO2e
Waste generated	17,514.12	tCO2e	9324.47	tCO2e
Processing of sold products	745.15	tCO2e	-	tCO2e
Use of sold products	49,776.65	tCO2e	-	tCO2e

Certification & Project

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



In 2020, Iwase Cosfa has taken part for the second time to the CDP. Every year, the CDP analyzes several thousand companies worldwide regarding their strategic approach to the issues of climate change and rates their climate management activities based on a comprehensive list of criteria. Iwase Cosfa obtained a B rating, which ranks higher than the Asian regional average (D), assessed peer companies average (C) and the global average (C). The B rating lands in the “Management” band and indicates that the company is taking coordinated action on climate issues.

Iwase Cosfa aims to continue to be an environmentally responsible organization, making continuous improvements in managing the impact that its operations have on the environment. The Group will further develop its energy and CO2 reporting, responding to calls from stakeholders for greater transparency and comparability in its reporting on CO2 emissions.

Environmental Conservation Activities

Iwase Cosfa recognizes the issue of global warming resulting from CO₂ and other greenhouse gas emissions as one of the most important issues we face. The Group has been implementing measures related to mitigation of and proper responses to climate change.

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

Table 8 Iwase Cosfa's Eco-Products Sales Results

Eco-products		FY	Objectives (kg)	Results (kg)	Realization ratio
Materials that can directly reduce environmental impacts or risks	Materials from plant origin	2019	556,600	464,682	83.49%
		2020	1,306,100	837,398	64.11%
	Materials whose use does not require heating process	2019	2,000	136	6.80%
		2020	-	-	-
	Materials which shorten production process	2019	21,300	13,335	62.61%
		2020	4,000	760	19.00%
Materials that might reduce or prevent of environmental risks	Materials with limited environmental impacts	2019	300	0	0.00%
		2020	10,750	6,444	59.94%
Total		2019	580,200	478,153	82.41%
		2020	1 320,850	844,602	63.94%

Objective

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

Targets

- Realize business sales of eco-products of 1,412,190 kg for 2021:
 - Materials from plant origin : 1,403,900 kg
 - Materials whose use does not require heating process : 800 kg
 - Materials which shorten production process : 3,200 kg
 - Materials with limited environmental impacts : 4,290 kg



Relation to SDGs



KEY ISSUE 4: SUSTAINABLE PROCUREMENT

Sustainable Procurement Policy

Iwase Cosfa is committed to promoting sustainable procurement practices with the aim of protecting the environment and contributing to the development of local communities, as a mean to nurture the thriving of our society. In order to achieve these commitments, we will strive to achieve the following objectives*.



*Base year: 2019



• **Raising the CSR awareness of our suppliers**

We are committed to raising the CSR awareness of our suppliers as 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 our suppliers breaching local environmental and social laws and consequently disrupting the supply chain.

- By 2025, we will obtain signatures on our Code of Conduct from our major suppliers**.

- By 2025, we will assess the level of CSR awareness of our key suppliers** and work to improve their CSR awareness through training and one-on-one advice.

• **Sustainable Raw Material Procurement**

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

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

• **Raising CSR Awareness among employees involved in purchasing activities**

Iwase Cosfa will enforce its purchasing management rules and promote correct transactions in accordance with its internal rules. We will provide training opportunities for employees involved in purchasing activities on the establishment of fair and sound relationships with business partners and compliance with laws, regulations and internal rules.

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

** Definition of major suppliers: suppliers accounting for more than 50% of purchases amount. This sustainable procurement policy will be reviewed annually by the Iwase Cosfa's CSR Promotion Office Director and is made available to all stakeholders through this CSR Report. The above targets apply to Iwase Cosfa Co., Ltd. and its seven subsidiaries.



Relation to SDGs



Suppliers Code of Ethics

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

Overview of the Iwase Cosfa Group Code of Ethics

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

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



Sustainable Procurement Initiatives



RSPO (Roundtable on Sustainable Palm Oil)

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

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

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



CSR Related Certificates

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

- REACH Certificate (if the annual amount of ingredients which might have environmental effect is more than 1 ton)
- Ecocert/Cosmos certificate
- RSPO Certificate

Iwase Cosfa does not participate in transactions in conflict zones and will not purchase any materials coming from these areas as well.

We require conflict-free letters from our manufacturers using minerals.

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



Procurement Data and Indicators

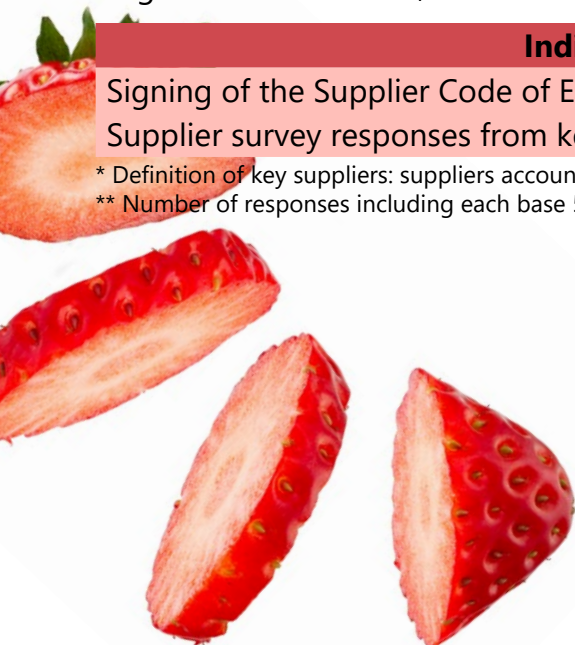
Table 9 Iwase Cosfa's Eco-Products Sales Results

Target: Iwase Cosfa Co., Ltd.

Indicators	Realization as of 2021
Signing of the Supplier Code of Ethics by key suppliers*	30/30 companies
Supplier survey responses from key suppliers *	22/26 companies**

* Definition of key suppliers: suppliers accounting for more than 50% of purchases (30 suppliers)

** Number of responses including each base 51

































Relation to SDGs



APPENDIX

CSR Operation Management List

CSR Operation Management List 2019/04/01 to 2020/03/31

CSR issues	Initiatives (CSR objectives)	Implementation Items	Supervisor	Relation to SDGs
Corporate Governance	1 Maintenance of Corporate Governance regulations	1 Review and revision of Corporate Governance rules	Corporate Planning Office	 
		2 Implementation of accounting regulations	General Affairs Department	 
	2 Publication of CSR Report	1 Realization of a CSR Report	CSR Promotion Office	
Human Rights	1 Active promotion of female managers Employment of people with disabilities	1 Promotion of Women's Advancement in the Workplace Act (« Eruboshi »: L Star mark acquisition) Achieving the legally mandated employment rate for persons with disabilities	Management (General Affairs Department)	  
Labor	1 Reforming the work environment	1 Prolongation of the «No overtime hours work day»: every Wednesday- 2 days/month	General Affairs Department	 
		2 Organization of a Roundtable conference between employee representatives and executives (Osaka Head Office/ Tokyo Head Office)	CSR Promotion Office	
		3 Compliance with the revision of the Japan Labor Standards Act (e.g.: introduction of the work-time interval system)	General Affairs Department	 
Environment	1 Energy saving and carbon neutrality	1 Maintain RSPO membership and CDP participation Set consumption targets for energy water, etc. and emission targets for greenhouse gases	CSR Promotion Office ISO Promotion Office	     
Fair Business Activities	1 Raising CSR compliance awareness, prevention of corruption, compliance with antitrust laws, prohibition of anti-competitive behavior, respect for copyright, patent rights, etc)	1 Implementation of CSR procurement initiatives and suppliers support	Cosmetic Department	    
		2 CSR training for employees (text distribution / lectures)	CSR Promotion Office	  
Contribution to local communities	1 Contribution to the economical and social development of local communities	1 Issuance of privately-subscribed CSR bonds (donation of a portion of the Company's interest to local schools)	General Affairs Department	  

CSR Operation Management List 2020/04/01 to 2021/03/31





























CSR issues	Initiatives (CSR objectives)	Implementation Items	Supervisor	Relation to SDGs
Corporate Governance	1 Compliance training	1 Ongoing employee training	Compliance Promotion Office	 
		2 Top management training	Compliance Promotion Office	 
Human Rights	1 Creating an environment for the advancement of women	1 Promotion of Women's Advancement in the Workplace Act (« Eruboshi »: L Star mark acquisition) Achieving the legally mandated employment rate for persons with disabilities	Management (General Affairs Department)	  
	2 Respect for workers' fundamental human rights	1 Establishment of an harassment rules	Management (crisis management PJ)	  
Labor	1 Reforming the work environment	1 Proactive response to the Workplace Reform Bill (e.g. considering the introduction of intervals between working hours)	General Affairs Department	 
		2 Implementation of an office casual dress code (Men = companywide development Women = establishment of a dress code)	General Affairs Department	 
	2 Occupational health and safety	1 Promotion of crisis management projects, establishment of relevant manuals regulations and systems	Management (crisis management PJ/ General Affairs)	  
Environment	1 Energysaving and carbon neutrality	1 Maintain RSPO membership and CDP participation Set consumption targets for energy water, etc. and emission targets for greenhouse gases	CSR Promotion Office ISO Promotion Office	   
Fair Business Activities	1 Promoting social responsibility towards our suppliers	1 Commitment to sustainable procurement Requesting suppliers to sign and endorse our Supplier Code of Ethics	Cosmetic Department	    
Contribution to local communities	1 Contribute to the development of local communities and join community organisations when possible	1 Introduction of a support system for employees' volunteer activities Sponsorship of the Karatsu 3x3 basketball team	General Affairs Department	 

Table10 Environmental Data

Indicator	Category	Subsidiary Name	FY2018	FY2019	FY2020
Petroleum Consumption (L)	Gasoline	IWASE COSFA CORPORATION (JAPAN)	11034	9730.11	6519.46
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	5000	4814	3219
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	5000	5000	4275
		IWASE COSFA EUROPE S.A.S.	455.43	2614.54	256.77
		IWASE COSFA VIETNAM CO., LTD	3346	3420	4476
		IWASE COSFA KOREA CO., LTD	3092	5214	2445.88
		IWASE COSFA USA INC.	636.63	1902.81	1350.75
		IWASE COSFA (THAILAND) CO., LTD		N/A	N/A
	Gasoline	IWASE COSFA CORPORATION (JAPAN)	0	0	0
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	0	0	0
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	0	0	0
		IWASE COSFA EUROPE S.A.S.	521.89	217.67	24.8
		IWASE COSFA VIETNAM CO., LTD	0	0	0
		IWASE COSFA KOREA CO., LTD	0	0	0
		IWASE COSFA USA INC.	0	0	0
		IWASE COSFA (THAILAND) CO., LTD		N/A	N/A
Gas consumption (m3)	City Gas	IWASE COSFA CORPORATION (JAPAN)	95	85.76	108
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	0	0	0
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	N/A	N/A	N/A
		IWASE COSFA EUROPE S.A.S.	0	0	0
		IWASE COSFA VIETNAM CO., LTD	0	0	0
		IWASE COSFA KOREA CO., LTD	0	0	0
		IWASE COSFA USA INC.	N/A	N/A	N/A
		IWASE COSFA (THAILAND) CO., LTD		N/A	N/A
	LPG	IWASE COSFA CORPORATION (JAPAN)	81	52.7	85.9
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	0	0	0
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	N/A	N/A	N/A
		IWASE COSFA EUROPE S.A.S.	0	0	0
		IWASE COSFA VIETNAM CO., LTD	0	0	0
		IWASE COSFA KOREA CO., LTD	0	0	0
		IWASE COSFA USA INC.	N/A	N/A	N/A
		IWASE COSFA (THAILAND) CO., LTD		N/A	N/A
Electricity Consumption (Kwh)		IWASE COSFA CORPORATION (JAPAN)	392705	475228.5	495400
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	N/A	N/A	N/A
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	10993	13800	4275
		IWASE COSFA EUROPE S.A.S.	1679.18	1971.34	8932.08
		IWASE COSFA VIETNAM CO., LTD	23063	28111	32789
		IWASE COSFA KOREA CO., LTD	3089	3904	7358
		IWASE COSFA USA INC.	N/A	N/A	N/A
		IWASE COSFA (THAILAND) CO., LTD		54800	53470
	Municipal Water	IWASE COSFA CORPORATION (JAPAN)	767	1129	1069
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	N/A	N/A	N/A
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	N/A	N/A	N/A
		IWASE COSFA EUROPE S.A.S.	N/A	N/A	8.28
		IWASE COSFA VIETNAM CO., LTD	N/A	N/A	N/A
		IWASE COSFA KOREA CO., LTD	92	71	64.9
		IWASE COSFA USA INC.	N/A	N/A	N/A
		IWASE COSFA (THAILAND) CO., LTD		N/A	N/A
Water Consumption (m3)	Groundwater	IWASE COSFA CORPORATION (JAPAN)	767	1129	1055
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	N/A	N/A	N/A
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	N/A	N/A	N/A
		IWASE COSFA EUROPE S.A.S.	N/A	N/A	N/A
		IWASE COSFA VIETNAM CO., LTD	240	272	345
		IWASE COSFA KOREA CO., LTD	N/A	N/A	N/A
		IWASE COSFA USA INC.	N/A	N/A	N/A
		IWASE COSFA (THAILAND) CO., LTD		N/A	N/A
Industrial Waste (t)		IWASE COSFA CORPORATION (JAPAN)	25.12	38.99	22.97
		COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD	0	0	0
		COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD	0	0	0
		IWASE COSFA EUROPE S.A.S.	0	0	0
		IWASE COSFA VIETNAM CO., LTD	0	0	0
		IWASE COSFA KOREA CO., LTD	0	0	0
		IWASE COSFA USA INC.	0	0	0
		IWASE COSFA (THAILAND) CO., LTD	0	0	0



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