



MODERN SLAVERY STATEMENT (FY 2025)

This statement discloses the initiatives undertaken by Iwase Cosfa Co., Ltd. (hereinafter referred to as "the Company") during fiscal year 2025 to prevent modern slavery and human trafficking within the Company, its subsidiaries, and its supply chains, pursuant to Section 54 of the UK Modern Slavery Act 2015. To ensure transparency for both domestic and international stakeholders, this statement has been prepared in both Japanese and English, and has been registered and published on the UK government's official platform, the "Modern Slavery Statement Registry".

1. Business Overview, Organization and Supply Chain

Since its founding in 1931, the Company has operated as a specialized trading house handling a wide range of raw materials, spanning pharmaceuticals, cosmetics, and health foods. Centered around its operations in Japan (3 locations), the Iwase Cosfa Group consists of 9 subsidiaries across 13 locations in 9 countries globally—including Iwase Cosfa Europe, which conducts business activities in the United Kingdom. As of the end of December 2025, the Group employs a total of 376 people*, and consolidated net sales for fiscal year 2025 reached 51,856 million yen.

For more detailed information, please visit our corporate website via the link below:

Iwase Cosfa Co., Ltd. Website: <https://www.cosfa.co.jp/english/>

**Total number of employees across Iwase Cosfa in Japan (including employees seconded to group companies and temporary staff) and its overseas subsidiaries.*

The Iwase Cosfa Group procures and sells raw materials for cosmetics and health foods from various domestic and international suppliers. Furthermore, we have established collaborative relationships with external contractors to offer health food OEM services—providing one-stop support up to commercialization—as well as contract testing services to ensure safety, thereby expanding our supply chain on a global scale.

As of the end of fiscal year 2025, our total number of suppliers stands at approximately 600, with 73% of whom we have maintained continuous business relationships for 5 years or more. By building upon these long-term, stable partnerships, we establish relationships that enable us to more reliably share our human rights respect policies across the entire supply chain and fulfill our social responsibilities together. On the other hand, due to the diverse nature of raw material procurement, we recognize that there remain areas where full traceability down to Tier 2 (secondary suppliers) and further upstream raw material levels has not yet been established. We view this as a continuous challenge and aim to further understand actual conditions and improve supply chain transparency moving forward.

Based on this approach to supply chain management, in preparing this statement and addressing legal requirements, we collected and analyzed information regarding our business and supply chains through CSR questionnaires distributed to suppliers and external sustainability assessment data.

In addition, the management of human rights risks, including modern slavery, is overseen by the Director in charge of Sustainability under the supervision of the Board of Directors. In practice, the "Sustainability Committee" and the "Compliance Committee" strive to identify and manage human rights risks as part of company-wide risk management based on their respective roles. Furthermore, the establishment of a full-scale human rights due diligence system in accordance with international standards is positioned as a critical task for the future, and preparations are currently underway.



Continuous Improvement in this Section:

Building upon the accumulation of insights from our previous statement (FY2024 edition), we have revised our risk assessment approach starting from fiscal year 2025. By evolving from conventional, uniform surveys to a method that optimizes the depth of evaluation according to the status of business transactions, we are enhancing the effectiveness of risk management across the entire supply chain.

2. Iwase Cosfa's Policies on Slave Labor and Human Trafficking

Iwase Cosfa upholds its social responsibilities by advocating its corporate philosophy: "*Giving greater happiness to a greater number through beauty and health.*" The Iwase Cosfa Group unequivocally opposes the use of slave labor and human trafficking throughout its business operations and supply chain.

The Company joined the Japan Business Federation (Keidanren) in January 2017 and declared its adherence to the Charter for Corporate Behavior, which mandates respect for international norms on Human Rights. In July 2021, we endorsed the Ministry of Justice's "My Human Rights Declaration" project—an initiative aimed at realizing a society where everyone respects each other's human rights—and announced our commitment.

Furthermore, the Iwase Cosfa Group signed the "United Nations Global Compact" advocated by the UN in November 2019, and supports and respects international standards such as the "UN Guiding Principles on Business and Human Rights (UNGPs)" and the Core Labour Standards of the International Labour Organization (ILO). We are committed to human rights by "supporting and respecting the protection of internationally proclaimed human rights" and "making sure that we are not complicit in human rights abuses." These policies are enacted and operated following deliberations by internal committees on sustainability and approval by the Board of Directors.

Currently, as part of our internal operational policies related to modern slavery and respect for human rights, the following regulations and guidelines are published on our website and other platforms:

Iwase Cosfa Compliance Charter:

[https://iwasecosfa.com/\[...\]/compliance-charter-en-2024.pdf](https://iwasecosfa.com/[...]/compliance-charter-en-2024.pdf)

Iwase Cosfa Basic approach and vision to Human Resources:

[https://iwasecosfa.com/\[...\]/recruit-policy.pdf](https://iwasecosfa.com/[...]/recruit-policy.pdf) (Japanese)

Iwase Cosfa Supplier Code of Ethics:

[https://iwasecosfa.com/\[...\]/Iwase-Cosfa-Supplier-Code-of-Ethics-2023.pdf](https://iwasecosfa.com/[...]/Iwase-Cosfa-Supplier-Code-of-Ethics-2023.pdf)

We ensure that these related policies are thoroughly communicated to all directors and employees through the distribution of a "Compliance Handbook" and various educational programs. For suppliers, we share the "Iwase Cosfa Supplier Code of Ethics" and request their understanding and implementation (agreement) of the policy.

Continuous Improvement in this Section:

Based on the results of the supply chain survey conducted in fiscal year 2025 and the latest international demands (guidelines, etc.), we are currently working on revising the "Iwase Cosfa Supplier Code of Ethics," including the aforementioned content. To further strengthen our efforts to respect human rights across the entire supply chain, we will continuously update our policies to make them highly effective.



3. Risk Assessment and Due Diligence

The Iwase Cosfa Group recognizes that the risk of human rights violations in its business activities may occur within the supply chain. Viewing it as essential to share risk awareness and human rights policies with our suppliers, we implement the following initiatives across the entire Group.

The process of identifying and assessing risks is reviewed and updated regularly once a year by relevant departments in cooperation under the supervision of the Sustainability Committee. In conducting evaluations, we utilize diverse sources of information, including primary data from CSR questionnaires sent to suppliers, objective data via international sustainability assessment platforms such as EcoVadis and CDP, professional expertise from external NGOs, and dialogue with stakeholders as detailed below.

Based on this information, the Company currently identifies the following as top-priority human rights risks for workers:

- Risks of forced labor and child labor in the palm oil supply chain, which relies on labor-intensive agricultural environments;
- Working environment risks for vulnerable individuals, such as migrant workers and non-regular workers, in manufacturing and logistics processes.

These identified priority risks are regularly reported to and reviewed by executive management.

In parallel with managing these supply chain risks, we focus on identifying and preventing human rights risks within our own operations. Specifically, we strictly monitor working hours using an alarm system to prevent excessive overtime and grant paid leave exceeding legal requirements. In addition, we monitor the "living wage" to guarantee a humane and dignified life for our employees, striving to maintain a healthy working environment for our own staff and eliminate the risks of forced labor and exploitation.

To enhance the value of the entire supply chain and ensure proper business operations, we created the "Iwase Cosfa Supplier Code of Ethics." In this Code of Ethics, we request suppliers to agree to the following items:

- Prohibiting all forms of discrimination and human rights violations, including child labor, slave labor, forced labor, abuse, and human trafficking;
- Promoting responsible procurement and, in principle, avoiding the use of regulated conflict minerals.

We believe this helps mitigate the risks of modern slavery and human trafficking in our supply chain. To further adapt to the latest international demands and changing social issues, we are currently revising this "Iwase Cosfa Supplier Code of Ethics," continuously strengthening our risk management efforts.

Iwase Cosfa Supplier Code of Ethics:

[https://iwasecosfa.com/\[...\]/Iwase-Cosfa-Supplier-Code-of-Ethics-2023.pdf](https://iwasecosfa.com/[...]/Iwase-Cosfa-Supplier-Code-of-Ethics-2023.pdf)

To evaluate the status of supply chain initiatives in fiscal year 2025, we requested all suppliers (approx. 600 companies) to endorse the "Iwase Cosfa Supplier Code of Ethics" and conducted a CSR questionnaire. Starting from this fiscal year's survey, in order to further increase effectiveness while reducing the response burden on suppliers, we revised our methodology from a conventional, uniform survey to an "approach that optimizes the depth of evaluation according to the status of business transactions." As a result of the survey under this new approach for fiscal year 2025, we obtained responses from 71.34% of suppliers on a purchase-volume basis (within which the response rate from major suppliers was 82.6%). We will continue the annual CSR questionnaire to thoroughly communicate our policies and verify the status of initiatives. We will strive to increase the endorsement rate for the "Iwase Cosfa Supplier Code of Ethics" to 80% on a



purchase-volume basis by 2027, strengthening collaboration with our suppliers.

Furthermore, to assist in risk identification, we are deepening cooperation with internal and external stakeholders. We hold "Employee Representative Discussion Meetings" as an opportunity to directly grasp workers' voices and understand risks, and we regularly organize "Supplier Opinion Exchange Meetings" to continuously strengthen partnerships with suppliers. Through these dialogues, we strive to understand the impact of our purchasing practices on the working environments within the supply chain, leading to mutual improvements. The construction of a full-scale "Human Rights Due Diligence (HRDD)" process in accordance with international standards based on such collaboration with stakeholders is positioned as an important initiative for the future, and preparations are currently underway.

As a direct approach to raw material procurement, we joined the "Roundtable on Sustainable Palm Oil (RSPO)," an international non-profit organization, in 2017. Recognizing that human rights risks may look behind the palm oil handled by the Iwase Cosfa Group, we are working to expand the handling of sustainable, certified raw materials. As a performance milestone for fiscal year 2025, the ratio of RSPO-certified products among applicable palm-derived products and raw materials reached 61.84%. The Company will continue to promote the procurement of certified materials, aiming to achieve 100% RSPO-certified raw materials for palm oil and palm kernel oil-derived ingredients by 2030.

Continuous Improvement in this Section:

While the "approach to optimizing the depth of evaluation" introduced this fiscal year advanced the visibility of risks, we recognize that further improving the response rate from suppliers in the risk assessment process remains a current challenge. From the next fiscal year onward, we will deploy measures to increase this response rate, while clearly establishing "specific response and remediation processes" for when human rights issues or concerns are actually uncovered through questionnaires or assessments, integrating them into our risk management plan.

4. Monitoring Framework

In the Iwase Cosfa Group, the Compliance Committee, established in accordance with the "Compliance Promotion Regulations," evaluates and manages risks related to discrimination and human rights violations.

As specific initiatives toward risk prevention and mitigation, the Company promotes evaluations utilizing platforms like EcoVadis. In addition, as an important measure to reduce human rights and environmental risks in the indirect supply chain beyond Tier 1 suppliers, we are actively working to expand the procurement of RSPO-certified raw materials, as mentioned previously.

Regarding an objective monitoring system for our internal working environment, based on the recognition that maintaining a safe and hygienic workplace is a respect for "basic human rights," the Company has obtained and operates ISO 45001 (Occupational Health and Safety Management System) certification. Based on this standard, we accurately identify and manage internal health and safety risks, while allowing objective checking mechanisms—including external audits such as SMETA audits—to function, thereby thoroughly maintaining and ensuring a healthy workplace environment where "forced labor" and "child labor" are strictly prevented from occurring.

Furthermore, for the purpose of solving industry-wide challenges and sharing best practices, we participate in the "Fair Work Working Group" of the Global Compact Network Japan (GCNJ) and the "Participatory Program on Sustainable Procurement" of the Japan Cosmetic Industry Association (JCIA), deepening our collaboration with stakeholders.

To widely accept reports and consultations regarding human rights violations—including slave labor—and compliance infractions, we have established an internal whistleblowing system for employees and a public



interest whistleblowing window for external stakeholders. These windows can be used anonymously, and internal regulations strictly mandate the confidentiality of informants and prohibit disadvantageous treatment (retaliation) on the grounds of reporting. In the event that a human rights concern is reported, we operate a system where facts are promptly investigated, and relevant departments cooperate to take appropriate corrective and remedial measures.

We also conduct questionnaires for suppliers to monitor their engagement in CSR activities, including respect for human rights, and request improvements through dialogue for suppliers identified with issues. As a result of monitoring through these systems, the number of reported violations regarding child labor and forced labor in fiscal year 2025 was "0." The Company will continue to thoroughly publicize and operate these reporting windows.

Continuous Improvement in this Section:

To continuously improve our human rights risk management efforts, we feed back the latest insights gained from external initiatives such as GCNJ and JCIA into our own risk management processes. In the next fiscal year, we will aim to further improve access to the reporting windows across the entire supply chain, expand the scope of external evaluation methodologies, and evolve the cycle of identifying, preventing, and rectifying potential human rights risks into a more robust framework. Through the accumulation of these steps, we aim to build a full-scale human rights due diligence system in accordance with international standards in the future.

5. Trainings

The Iwase Cosfa Group conducts compliance education so that employees are fully versed in and can completely adhere to the "Compliance Charter." We also distribute the "Compliance Handbook" to all directors and employees to ensure thorough awareness, creating an environment where it can be reviewed at any time. Since 2020, we have regularly conducted annual training on CSR (Corporate Social Responsibility) for all employees, providing comprehensive education on the importance of broad sustainability risk management in the supply chain and the basic principles of respecting human rights (including the prevention of modern slavery and forced labor). In addition to these, practical CSR education tailored to operations is conducted in each department as necessary.

Continuous Improvement in this Section:

As part of our continuous improvement of the educational framework, we launched a new internal training program starting from fiscal year 2026, aiming to raise company-wide sustainability awareness and adapt to global industry standards. This program is an advanced initiative designed to integrate perspectives on human rights respect and sustainable procurement into daily operations and decision-making processes through regular video streaming. Moving forward, we will verify learning effectiveness through this program (such as conducting tests), while further expanding and reviewing educational content based on attendance status, evolving it into a more effective and comprehensive educational system.

6. Future Initiatives

In fiscal year 2025, we requested all suppliers to endorse the "Iwase Cosfa Supplier Code of Ethics" and conducted a questionnaire on CSR initiatives, advancing the further visualization of risks hidden within the supply chain. These monitoring and evaluation processes are linked to the sustainability targets set forth in our Medium-Term Management Plan and are pushed forward organizationally under the supervision of the Sustainability Committee.

In addition, we utilize the collected questionnaire results and data obtained from platforms such as EcoVadis to objectively evaluate and score risks, identifying issues that should be addressed with priority. For



suppliers whose survey results indicate risk concerns or whose questionnaire responses were insufficient, rather than unilaterally terminating transactions, we will continue to provide collaborative support—working to grasp the situation and encourage improvements through dialogue via opinion exchange meetings, striving to solve issues together.

Furthermore, to gain a deeper understanding of actual conditions in the supply chain and improve the accuracy of risk assessments, we are establishing opportunities for direct dialogue with employees through "Employee Representative Discussion Meetings," incorporating real voices from the ground into the monitoring process.

Finally, Iwase Cosfa considers the promotion of respect for human rights to be one of the most critical issues in sustainability. We will continue to actively participate in external initiatives such as the Global Compact Network Japan (GCNJ) and continuously feed back the latest knowledge and best practices into our own risk management processes. Through these continuous improvements, we will promote respect for human rights across the entire supply chain and aim for highly effective responses toward preventing all human rights violations, including modern slavery and human trafficking.

This statement has been approved by the Company's Board of Directors on June 17, 2026.

June 17, 2026

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

A handwritten signature in black ink, appearing to read 'Yoshinori Iwase', positioned below the printed name.