



# SUSTAINABILITY REPORT 2026

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 values, 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<br>541-0045<br>Tel. 06-6231-3456<br>Fax. 06-6231-8109 |
| Representative        | President Yoshinori Iwase                                                               |
| Capital               | JPY 100,000,000                                                                         |
| Number of employees*  | Non-consolidated: 224 (including temporary workers)<br>Consolidated: 377                |
| Sales*                | JPY 51,856 million (consolidated)                                                       |
| Operating profit*     | JPY 3,000 million (consolidated)                                                        |

\*Number of employees, sales, and operating profit are as of December 31, 2025.

For more information please visit our official website :  
<https://www.cosfa.co.jp/company/overview/>

## Business Overview

- Sales and import/export of cosmetic raw materials, pharmaceutical raw materials, household goods raw materials, industrial raw materials and electronic materials
- Sales, import, export, and contract manufacturing of foods with functional claims, foods with nutrient function claims, and food additives

- Contract non-clinical and clinical trials

## 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.
- PT. Iwase Cosfa Indonesia
- Iwase Cosfa Morocco SARL

### Domestic affiliated company

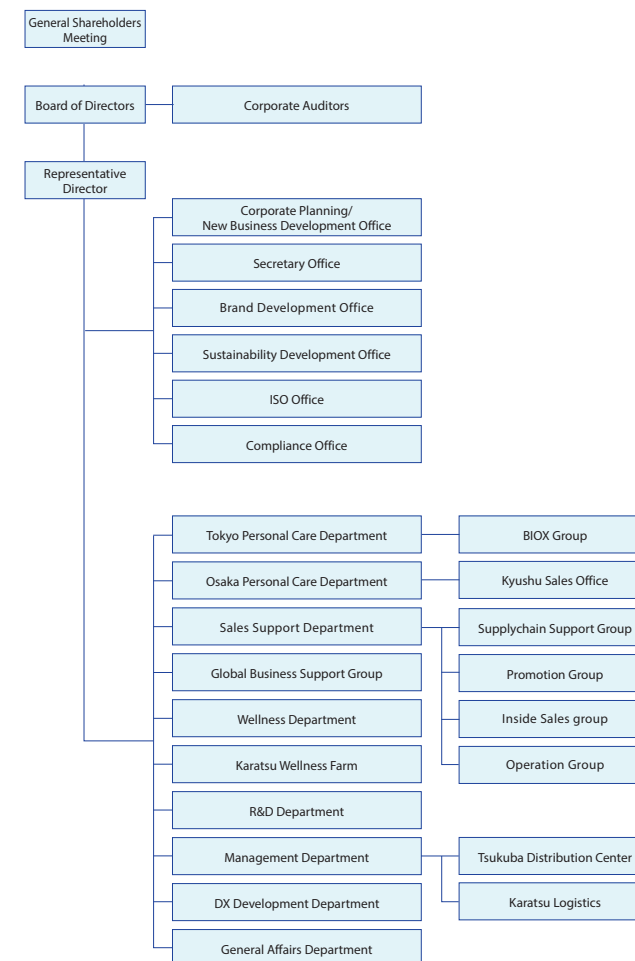
- Dainihonkasei Co., Ltd.

### Other affiliated companies\*

- Toyo Beauty Co., Ltd.
- BHN Co., Ltd.
- Digital Revolution Inc.

\*Not subject to reporting in this Sustainability Report

## Organizational Chart



## Company Information

### Global Network



※ For more details, please visit our website: <https://www.cosfa.co.jp/company/location/>

As of December 31, 2025

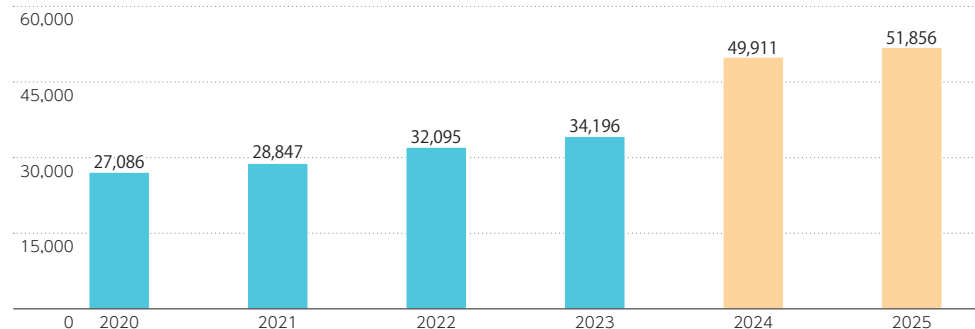
# Highlights

Scope: Iwase Cosfa Group

## Financial Indicators

### Sales

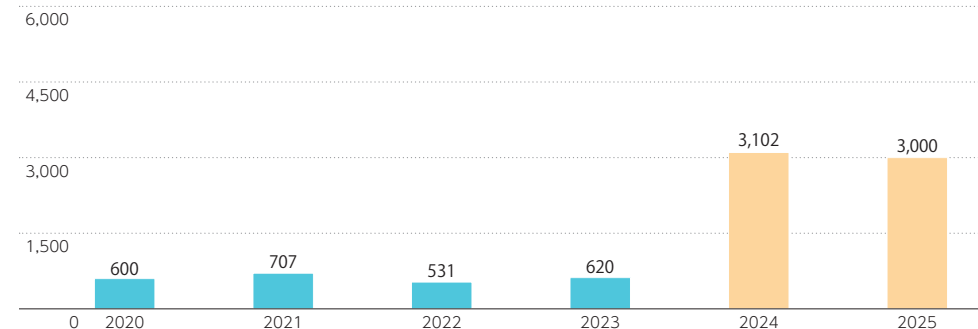
(JPY 1 million)



■ Standalone Results (Japan) ■ Combined Results of Subsidiaries (We apply the MUFG telegraphic transfer middle rate as of the fiscal year-end)

### Operating Profit

(JPY 1 million)

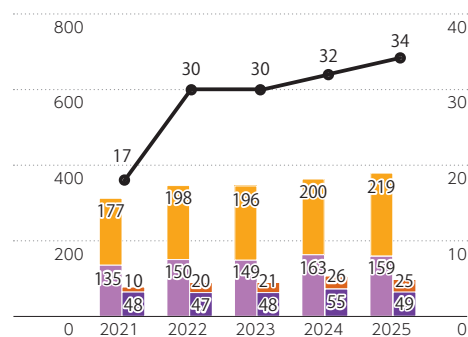


■ Standalone Results (Japan) ■ Combined Results of Subsidiaries (We apply the MUFG telegraphic transfer middle rate as of the fiscal year-end)

## Non-Financial Indicators

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

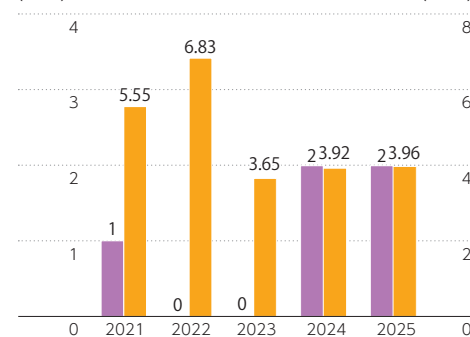
(persons) (%)



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

### Number of industrial accidents and average monthly overtime

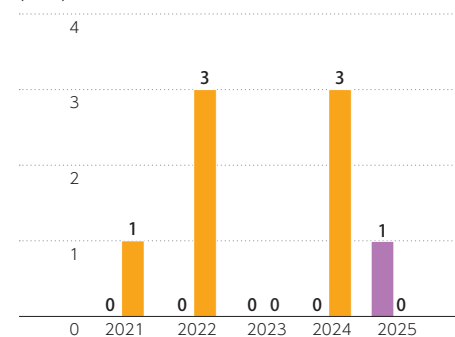
(cases) (hours)



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

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

(cases)

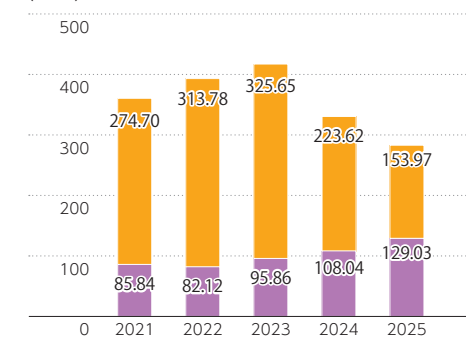


■ Number of compliance violations ■ Number of information security breaches  
\*1: Misconduct based on Article 14 of the Compliance Promotion Regulations: Level 1 and Level 2

\*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 (market-based)

# 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 2025 (January 1, 2025 to December 31, 2025)

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

## Organizations Covered by the Report

In this report, "Iwase Cosfa" means ten 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.

Nine 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.

PT. Iwase Cosfa Indonesia

Iwase Cosfa Morocco SARL

One domestic affiliated company

Dainihonkasei Co., Ltd.

## Guidelines Consulted

The Global Reporting Initiative's Sustainability Reporting Standards (GRI), ISO 26000 and other guidelines were consulted while preparing the reported information.

## Date of Issue

Issued: July 31, 2026 (Next issue scheduled for: July 2026)

Previously issued: July 31, 2025

## Contact

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cosfa-sustainability@cosfa.co.jp



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## Message from the President

# Supporting Every Challenge Through Beauty and Health, Co-Creating a Sustainable Future of "Abundant Joy"

### Summary of the 9th Mid-Term Management Plan: Building a Foundation for Sustainable Growth

Under the corporate philosophy of "contributing to more joy for more people through beauty and health," Iwase Cosfa Co., Ltd. has united as one to drive the 9th Mid-Term Management Plan. These five years served as an important runway period to respond to structural changes in the rapidly changing global situation and market environment, while integrating sustainability into the core of our management. The greatest achievement of the 9th Mid-Term Management Plan lies in balancing the establishment of a resilient corporate structure that remains unshakeable even in uncertain times with aggressive domestic and international investments for sustainable growth.

While fulfilling our essential social responsibility as a specialized trading company in ensuring a stable supply of raw materials, we continuously asked ourselves what we, as professionals in cosmetics and health food ingredients, could do to address global issues such as climate change and ecosystem destruction. We steadily advanced our business model transition to meet societal demands, including securing transparency across the entire supply chain and reinforcing proposals for environmentally friendly materials.

Inheriting the spirit of "Harmony and Progress" passed down from our founder, Kenjiro Iwase, and placing the "5 Hearts" ("Altruism, Gratitude, Sincerity, Challenge, Humility") at the root of our actions, all employees relentlessly pursued technological

and organizational progress throughout this period. We are confident that this has provided a firm stepping stone for our next leap forward.

### Looking Back at 2025: Footprints of "Thoughtful Action" Overcoming Turbulence

Looking back at 2025, the external environment surrounding us was extremely difficult to predict due to rising global geopolitical risks, inflation, and further tightening of environmental regulations. However, precisely because of such difficult circumstances, rather than merely responding passively to environmental changes, we established the "COSFA CREDO" action guidelines so that each employee could take ownership, think independently, and act proactively.

As a result, even under highly uncertain circumstances, our ability to fulfill our supply responsibilities while pursuing sustainability was made possible thanks to "sincere" dialogue with domestic and international partner companies, and the proactive challenges taken by each employee with a sense of ownership. We summarize it as a fruitful year in which risks were successfully transformed into growth opportunities.

### Yoshinori Iwase

President and  
Representative Director  
Iwase Cosfa Co., Ltd.



## Message from the President

### Embodying the COSFA CREDO: Sharing Values and Connecting Hearts Through Words

In driving our business activities, the "COSFA CREDO" established in 2025 serves as the decision-making compass for everything we do. No matter how society changes, the four core promises at our foundation remain unshakeable. Realizing sustainability cannot be achieved by a specific department or executive team alone. It begins when each individual takes ownership of social issues and proactively takes a step forward with the mindset, "Alright, I will take action."

Fully supporting each other's challenges, connecting hearts through sincere words, and accumulating "Thoughtful Action" (thinking and acting for oneself) builds unshakeable trust with clients and society. The deep penetration of the Credo into every corner of our organization is the driving force behind our sustainability management.

### Sustainability Strategy in the 10th Mid-Term Management Plan

Currently, we are driving the "10th Mid-Term Management Plan," which will steer our new growth trajectory. In this 10th Mid-Term Management Plan, sustainability is positioned as a core pillar of our business strategy. Contributing to the environment and society can no longer be separated from creating economic value. We aim to establish a business model where both are deeply interconnected and generate synergistic effects.

Under the new plan, as a specialized trading company for cosmetics and health food ingredients, we will promote the distribution of green chemicals (environmentally friendly chemicals) and naturally derived raw materials that minimize environmental impact. We will deploy business models that

contribute to reducing GHG emissions across the value chain, ensuring traceability, and reducing waste. Maximizing our strength in global networking, we will rapidly introduce advanced domestic and international technologies to the market, leading the reduction of environmental impact across the cosmetics and health food industries.

Collaborating with stakeholders is essential in driving this Mid-Term Management Plan. We view the process of supporting suppliers and growing together as an "opportunity for new value creation," building a strong cooperative framework as "irreplaceable partners" who elevate each other. All of our business activities represent a "challenge" toward creating mechanisms directly linked to solving social issues and enriching people's lives.

### Deepening Social Responsibility: Participation in the Fair Workplaces Roundtable

The scope of sustainability extends beyond the global environment. Realizing a prosperous society centered on "people" is the essence of sustainability. As part of this, our company participates in the "Collective Action 2030: Fair Workplaces" Working Group of Global Compact Network Japan. This is an important step toward deepening discussions and taking action across industry boundaries regarding diverse working styles, respect for human rights, gender equality, and fundamental improvements in working environments.

While we have traditionally cherished a warm "Harmony" culture where anyone can freely share opinions, we will further evolve this culture moving forward. We will create an environment where diverse talent can express their individuality fairly without

being bound by constraints. Including the reinforcement of human rights due diligence across the supply chain, we will demonstrate leadership toward building a prosperous society where everyone can work with pride.

### Human Resources Create the Future: "Providing Educational Opportunities" as the Top Priority

The driving force that embodies all our visions and connects them to the future is none other than our "human resources." Based on the belief that the growth of each employee leads to the growth of the company, we embody the Credo—"We fully support those who take on challenges"—and position "Providing Educational Opportunities" as our top priority management investment.

Beyond supporting the acquisition of specialized technical knowledge, we will promote systematic literacy education to learn the essence of sustainability, leadership development programs for next-generation management, and various recurrent education programs to support individual careers, nurturing talent with the ambition to continuously "progress." Being a company where employees learn, grow, and enjoy taking on challenges will bring about sustainable enhancement of corporate value, ultimately leading to "contributing to more joy for more people."

Iwase Cosfa will continue to contribute to the realization of a sustainable society and the enhancement of people's well-being through the domain of "beauty and health." Together with all stakeholders, we will walk forward sincerely, humbly, but with a grand spirit of challenge toward a century and beyond. We sincerely request your continued support and guidance.

## Special Features

### Completion of Next-Generation Logistics Hub "Tsukuba Logistics" Environmental and Human Consideration, and a Commemorative Art Workshop Transforming Waste Cosmetics into Vibrant Colors

◆ **Building the Future on the Foundation of Our Founding Spirit**  
Iwase Cosfa Co., Ltd., aiming to strengthen its logistics system and improve services in line with business expansion, substantially expanded and revamped its distribution center in Tsukuba City, Ibaraki Prefecture, launching full operations at "Tsukuba Logistics" on July 1, 2026. This facility serves as our core logistics hub, expanding the building area by approximately 2.7 times and the total floor area by approximately 4.5 times (7,566.07 m<sup>2</sup>) compared to the former distribution center. Beyond merely streamlining logistics, it was designed as an advanced, next-generation logistics model embodying "coexistence with the environment, people, and society" to contribute to a sustainable future.



◆ **Advanced Sustainable Design: Thorough Consideration for the Environment and Workers**

One of the key features of the new warehouse is its environmental consideration aimed at realizing a decarbonized society. Solar panels have been installed across the entire roof of the warehouse for self-generation of renewable energy. Through this, we aim to significantly reduce CO2 emissions from our business operations and contribute to a sustainable future.

Furthermore, we are focusing on creating a "person-friendly working environment." By seamlessly integrating a modern Warehouse Management System (WMS), automated filling equipment, and material handling machinery, we have achieved both a reduction in administrative and inspection man-hours and a safe, reliable system with zero shipping errors (0%). In addition, we introduced "vacuum lifts" for heavy cargo handling—greatly reducing physical strain on operators—and implemented strict zoning controls based on cleanliness levels, achieving a safe and comfortable working environment (well-being) for employees. Upon completion, we also promoted multifaceted sustainable activities, such as soliciting "tree-planting donations" through "Present Tree" instead of traditional celebratory flowers.

◆ **Completion Commemorative Art Workshop & President Interview**

To celebrate the completion of "Tsukuba Logistics," a special art event was held in May 2026 to reflect on the future of a sustainable consumer society. With the cooperation of mÅngata Co., Ltd. (CEO: Toshinori Tanaka)—a company that uses proprietary technology to safely transform "cosmetics left unused and destined for disposal," a major issue in the cosmetics industry, into safe paints—we conducted a pouring art workshop.

We interviewed our President & Representative Director regarding the goals of this event and his thoughts on sustainability.

**Q: Could you tell us the background behind holding such a unique event as an "art workshop" to commemorate the completion of Tsukuba Logistics?**

President: "The newly born 'Tsukuba Logistics' equipped with cutting-edge automated facilities and solar panels represents the core facility symbolizing our company's sustainable management moving forward. Upon the completion of this new hub, we wanted to hold an event that allows us to personally connect with 'cosmetics'—the core of our business—and 'sustainability'—which we must actively address. Therefore, we invited mÅngata, a company that upcycles discarded cosmetics into beautiful colorants, and organized a workshop where employees and stakeholders could create art with their own hands."

## Special Features

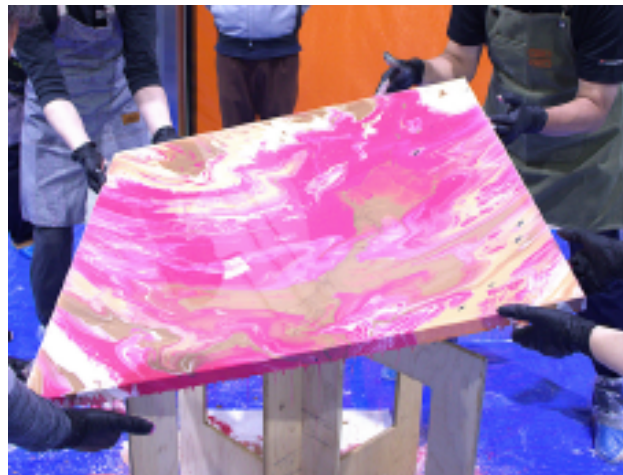


**Q: How was the actual workshop and what were the reactions of the participants?**

President: "On the day of the event, everyone from executives to frontline staff gathered around the canvases together. What surprised us was the unique beauty of the cosmetics turned into paint. The vibrant color payoff unique to cosmetics, along with delicate glitter and pearl shimmer, remained fully alive even after becoming paint. Participants expressed deep emotion, with comments such as, 'I was moved to see the cosmetic raw materials we handle daily transform into such beautiful art,' and 'It was extremely meaningful to experience sustainability firsthand through experiential consumption.' It proved to be a wonderful opportunity to feel the philosophy of upcycling in our bones—not just out of a sense of duty to 'reduce raw material waste,' but with the mindset of 'effectively utilizing precious materials to the very end.'"

**Q: Where do you see the true significance in sustainability when adopting the approach of 'upcycling' cosmetics?**

President: "In an ideal world, the answer would be 'zero waste,' but in reality, surpluses and waste inevitably occur. I deeply resonated with the philosophy of Mr. Tanaka, CEO of mAngata: the important thing is a realistic approach of 'enjoyably and 100% effectively utilizing items that have already been created in a different form.' We believe there are limits to eco-friendly actions driven solely by 'duty or sacrifice.' As shown in this event, materials meant for disposal are elevated into new added value (experiential consumption) as 'art' that stimulates human sensibility. Solving social issues while having fun and staying excited is the essential sustainability demanded in the coming era, and it is precisely what our CSR activities aim to achieve."



**Q: Finally, looking ahead from this new logistics hub, what kind of sustainable future do you wish to build?**

President: "With 2026 operations as Phase 1, Tsukuba Logistics has a long-term vision looking 20 years into the future, including further advanced automation. While treasuring the spirit shared at this event—'exploring sustainability from a multifaceted perspective without being bound by conventional frameworks'—we will build strong partnerships with our business partners and local communities, taking steady, firm steps forward toward building a sustainable supply chain."

\*\*For details regarding Tsukuba Logistics, please visit (Japanese):  
<https://prtimes.jp/main/html/rd/p/000000020.000149245.html>



## Special Features

## Environmental Action Starting Close to Home: Guangzhou Office "Coffee Ground Soap Workshop"

At our Group's Chinese local subsidiary in Guangzhou, we conducted a "Coffee Ground Soap Workshop" to raise employees' awareness of the SDGs and environmental issues. This project started from the desire to "first begin environmental initiatives from small, familiar things." Focusing on reusing the coffee grounds discharged daily from the office coffee machine, we present this initiative where employees personally practiced environmental care through an upcycling experience that turns waste into something of value.

◆ Interview with the Project Planners

We spoke with the planner and manager of this workshop about the background, challenges faced, and changes in employee awareness resulting from this activity.

**Q: Please tell us why you planned this workshop.**

ICC(G): "We launched this project because we wanted to align with the Iwase Cosfa Group's CSR policy and corporate philosophy, raising employees' awareness regarding SDGs and the environment. At the same time, we wanted to start CSR activities from small, accessible things within our capacity without hindering daily operations. By doing so, everyone can naturally practice environmental responsibility in their daily work without feeling overwhelmed."

**Q: Why the combination of 'coffee grounds' and 'soap'?**

ICC(G): "Coffee grounds are rich in oils and fibers, offering value such as deodorizing effects, natural exfoliation, and environmental friendliness. Since coffee grounds are produced every day from the company's coffee maker, throwing them away felt like a waste. Handmade soap has a simple making process that makes it easy for employees to participate, making it ideal for conveying the environmental value of coffee grounds to everyone. Furthermore, we could utilize our Technical Department's equipment and expertise in raw materials. For these reasons, we chose this theme as an inter-departmental collaborative project."



Project Leaders (4 persons)

**Q: How many people participated in the workshop?**

ICC(G): "A total of 26 people participated in this activity."

**Q: What were the difficulties faced and the creative solutions implemented during execution?**

ICC(G): "First was participant scheduling. Coordinating the time for employees to participate was challenging, and due to limited space in the company lab, not everyone could join at once. Therefore, General Affairs divided the activity into two sessions, allowing employees to choose a time that fit their work schedules.

Second was the manufacturing process. Before the actual event, we ran trial runs. In the early stage, we didn't add enough coffee grounds, resulting in noticeable color unevenness in the finished product. After adjusting the ratio of coffee grounds, the color issue was resolved. Also, when melting the soap base, we initially heated it directly on a hot plate. While it heated quickly, it produced many air bubbles, leaving an unsatisfactory appearance. Following advice from colleagues in the Technical Department, we switched to heating via a water bath, which moderated the temperature rise, significantly reduced air bubbles, and yielded a smoother surface finish. Furthermore, adding raw materials distributed by our company—specifically natural moisturizing ingredients—not only enhanced the product's texture and moisturizing properties but also provided a great opportunity for participants (especially office staff) to deepen their understanding of our products."

## Special Features

### Q: What feedback did you receive from participants, and what changes in awareness did you observe?

ICC(G): "The employee response was very positive. Splitting the activity into two sessions was a great approach, making it convenient for people to choose a time slot according to their work. Through this activity, employees not only learned how to utilize coffee grounds but also enjoyed the fun of handcrafting.

Additionally, the finished soaps were given to visiting clients, neighboring companies, and colleagues who could not participate. We received many positive evaluations, with comments such as 'It feels great to use' and 'I'm glad to learn how coffee grounds can be utilized.' Through this activity, everyone realized that eco-friendly initiatives can be started by anyone in their daily lives."



### Q: Is there any uniqueness specific to China in this initiative?

ICC(G): "Coffee consumption in China is growing rapidly, and in recent years, waste sorting and the circular economy have been strongly promoted. Many coffee shops even offer coffee grounds to consumers for free. Against this backdrop, our project transforms daily coffee grounds into practical handmade soap, allowing everyone to personally experience the concept of sustainability firsthand."

### Q: Do you have future CSR activities or plans scheduled?

ICC(G): "We will continue to actively participate in the annual CSR study sessions held at headquarters and regularly conduct tree-planting activities. We hope to expand related CSR activities across even more domains."

Q: Is there any 'sustainability' action you personally keep in mind?

ICC(G): "When I go shopping, I always bring my own eco-bag and personal water bottle. When going out, I choose eco-friendly modes of transportation as much as possible, such as taking the subway or using shared bicycles."

### Q: Could you briefly explain how to make coffee ground soap?

ICC(G): "First, dry the coffee grounds (using a dryer speeds this up). Next, cut the soap base into small pieces and melt it completely in a water bath (add moisturizing ingredients if desired). After that, add an appropriate amount of coffee grounds into the melted soap liquid, mix well, and pour into molds. Once completely cooled and hardened, remove from the mold, and your coffee ground soap is complete !

Iwase Cosfa will continue to support such voluntary environmental actions by every employee and consistently communicate sustainability initiatives that start close to home.



Iwase Cosfa (Guangzhou) - Coffee-bean-shaped soap made using coffee grounds (20th Anniversary Event)

## COSFA CREDO

### A Promise for the Next Century: The Birth of the "COSFA CREDO," IWASE COSFA's Guiding Principles

#### ◆Rooting Our Founding Spirit as the Foundation for Future Actions

Since our founding in 1931, IWASE COSFA has grown by embracing the traditional Omi Shonin business philosophy of Sanpo-yoshi (three-way satisfaction: good for the seller, good for the buyer, and good for society) along with our founder's spirit of On-okuri (paying kindness forward). Our corporate philosophy—"To contribute to the greater joy of more people through Beauty and Health"—serves as the very core of our business. As we approach our momentous 100th anniversary, we are driving transformations to realize a sustainable society and achieve further breakthroughs. To act as our compass, we created the "COSFA CREDO." This set of guidelines translates our most cherished values—our company motto "Harmony and Progress," our company precepts "Sincerity, Creativity, and Diligence," and our core principles of "Profit, Empathy, Sincerity, Challenge, and Humility"—into concrete, daily actions.

#### ◆Our Promise"—Woven from the Shared Vision of All Employees

This Credo was by no means imposed top-down by management. Instead, it was carefully woven from the personal insights and heartfelt thoughts of every employee. It took shape through passionate discussions among cross-functional project members spanning various departments and roles, alongside comprehensive company-wide surveys.

Infused with the collective desire of all employees to never settle for the status quo and to build a better organization, this Credo stands as our own personal "promise." Following company-wide debates and voting, we finalized the "4 Credos" that will shape the next 100 years of IWASE COSFA.

## COSFA CREDO



#### Right, I'll take the lead !

This principle is a call to take ownership of every challenge we face. Rather than waiting for direction, we proactively assess what we can achieve in the moment, exercise independent judgment, and take decisive action. A single proactive step can inspire an entire team and propel the organization forward. True change begins with me, not others; our collective future is driven by the initiative and determination of every individual.



#### We connect with people through meaningful communication

Gratitude is lost if it is kept only in our hearts. We believe that communication is not just about "delivering" a message, but ensuring it is truly "received and understood" by the other person. We make it a point to actively voice our appreciation and respect, while remaining humble, attentive listeners. Cultivating this open, two-way dialogue is what fosters deep trust and genuine energy across our teams.



#### We fully back those who embrace new challenges

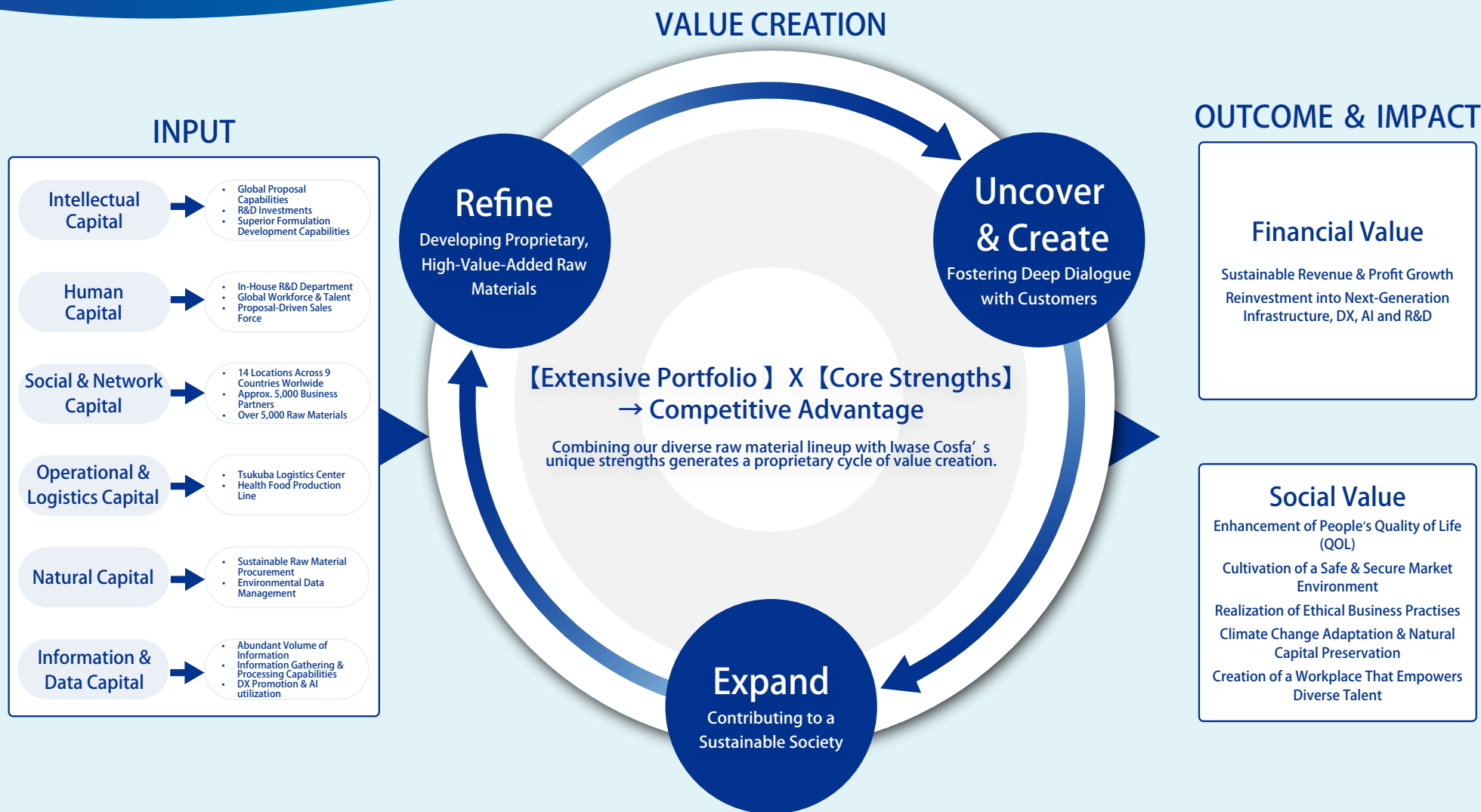
The spirit of Yatte-minahare ("give it a try") is hardwired into IWASE COSFA's DNA. We celebrate the courage to step into uncharted territory and value the lessons learned along the way, regardless of the outcome. When things get difficult, we collaborate to find solutions and support each other wholeheartedly. The dedication to drive initiatives to completion, coupled with the full backing of our organization, forms the twin pillars that unlock personal growth and future innovation.



#### Trust is earned through thoughtful action

This principle is a call to take ownership of every challenge we face. Rather than waiting for direction, we proactively assess what we can achieve in the moment, exercise independent judgment, and take decisive action. A single proactive step can inspire an entire team and propel the organization forward. True change begins with me, not others; our collective future is driven by the initiative and determination of every individual.

## Value Creation Process



### Foundations Supporting Value Creation

Optimization of Management Resources : Driving Medium-Term Management Plan aimed at company-wide operational optimization p.14

Execution of Action Guidelines : Formulating and practicing the "COSFA CREDO" - our guiding action principles p.12

# 10th Medium-term Management Plan

## Our 10th Medium-Term Management Plan

To build a rock-solid foundation that will ensure every executive and employee welcomes our 100th anniversary in 2031 with a smile, IWASE COSFA has formulated its 10th Medium-Term Management Plan (covering the fiscal period from January 2026 to December 2028).

This plan establishes "Eight Pillars" comprising three core business segments—"Pharmaceuticals & Cosmetics," "Global Business," and "Wellness"—and five corporate foundations designed to add high value to our business: "R&D," "Sustainability," "Digital & DX," "Optimization of Management Resources," and "Human Resources & Organization." By maximizing the collective strengths of our entire Group both in Japan and overseas, we aim to achieve sustainable, consolidated growth.



\*For more details: <https://www.cosfa.co.jp/company/plan/>

## Integrating Business Strategy and Sustainability

The most significant shift in the 10th Medium-Term Management Plan is the complete integration of our "business strategy" and "sustainability initiatives," which were previously managed independently. By explicitly positioning Sustainability as one of our Eight Pillars at the very core of our management philosophy, we are turning our contribution to a sustainable society into a direct driving force for business growth.

## Key Focus Themes in Sustainability

Aiming to be the partner of choice for all stakeholders through industry-leading sustainable practices, we will focus heavily on strengthening the following initiatives:

| Key Focus Themes                                  | Key initiatives                                                                                                                                                                 |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Expanding Our Sustainable Product Portfolio    | We will expand our range of raw materials with low environmental impact and products that help solve social issues, enhancing the value propositions we offer to our customers. |
| 2. Full-Scale Response to Climate Change          | We will accelerate initiatives aligned with international standards, aiming to secure SBT (Science Based Targets) certification and improve our CDP rating.                     |
| 3. Strengthening ESG Across the Value Chain       | Through the evaluation and active support of our suppliers, we will drive ESG initiatives across our entire supply chain.                                                       |
| 4. Fostering a Culture of Universal Participation | We will cultivate an organizational culture where every single Group employee, both in Japan and overseas, takes personal ownership of sustainability and acts autonomously.    |

# CSR Management

## Approaches to Sustainability

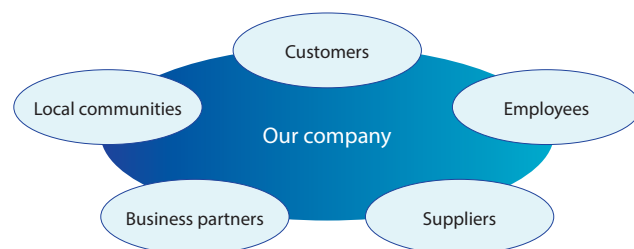
Iwase Cosfa aims to contribute to society through business activities based on our corporate philosophy, "Giving greater happiness to a greater number through beauty & health."

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, and based on our CSR Policy.

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.



## 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 FY2025                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 (44 times)</li> <li>• Newsletter distribution (12 newsletters)</li> <li>• Communication through sales activities</li> <li>• Exhibiting at trade shows (1 case)</li> <li>• Seminars (6 cases)</li> <li>• CSR questionnaire survey from partners (32 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 (140 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 (12 times)</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 meeting (supplier report meeting) (held once)</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>                                                                                                                                                                                                                                                    |

## CSR Management

### 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.ungcn.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/2023/082.html>

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

We received a four-area audit on November 20, 2025 and report the audit results on Sedex.

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



#### ◆EcoVadis

Our activities have been evaluated by EcoVadis every year since 2017. In the 2025 Sustainability Survey we were awarded a Gold Medal for the fifth consecutive year.

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



#### ◆Carbon Disclosure Project (CDP)

We received a B rating in CDP's Climate Change and Water Security categories in fiscal 2025, and will continue to make improvements.

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

#### ◆Parenthood charter

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 Commitment:  
[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)

### Third-party certifications

#### ◆Health Declaration and Certification as an Excellent Corporation for Health Management 2025 (SMEs category)

At Iwase Cosfa, we are committed to creating an environment where our employees can work in good health and with peace of mind. To promote employee well-being, we are continuously improving work styles, covering the costs of optional examinations during health checkups, and have introduced the "N-NOSE" cancer prevention support service.

In October 2022, we issued a "Health Declaration" to announce our commitment to health and productivity management, both internally and externally. Following our initial certification in 2023, we are proud to be recognized for the third consecutive year as a 2025 Health and Productivity Management Outstanding Organization (SME Category).



Our Health Declaration



## CSR Management

### ◆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. In May 2021, 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 will continue to provide a work environment in which employees can achieve and maintain a good work-life balance, and in which they can work comfortably both physically and mentally.



### ◆Eruboshi certification

On October 7, 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.

By creating an environment where women can play an active role, we support all female employees in balancing their work with life events unique to women and ensure their career continuity on a long-term basis. Aiming to be a company where each and every employee shines, we strive to create a more comfortable working environment and by developing a workplace where all employees, not just women, feel safe and secure and respect each other.



## Contribution to society

### ◆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/>

### ◆About the Noufuku JAS Certification

Our company promotes "Noufuku Renkei," an initiative aimed at creating opportunities for people with disabilities to thrive in the agricultural sector. As part of this commitment, we have obtained the Noufuku JAS certification for our mushroom cultivation business. This certification signifies that our high-quality wood ear mushrooms are produced in a process that adheres to official JAS (Japanese Agricultural Standard) specifications, and that people with disabilities are demonstrating their skills and capabilities within that process. Through this initiative, we will continue to contribute to our local community and the development of sustainable agriculture.



### ◆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/>



### ◆Donation and Disaster Relief Activities

We made donations through Ishikawa Prefecture after the Noto Peninsula Earthquake, that occurred on New Year's Day, 2024, to contribute to the region's recovery and help those affected by the disaster.

### ◆Fostering the next generation

We believe that nurturing the next generation of talent is one of our most vital missions. We are actively engaged in educational initiatives, sharing our expertise through university lectures and seminars for local high school students.

- Serving as a guest lecturer for the Cosmetic Science course at Mukogawa Women's University.
- Presenting on the topic of Health and Productivity Management as part of the "Business Solutions for Careers" course at Kyoto Sangyo University.
- Participating as a speaker in the "Cosmetics Industry Insight Seminar" organized by Saga Prefecture.
- Donating unused cosmetics ingredients to technical schools and establishments for research purposes

Furthermore, we are proud to sponsor "THE ROYAL JUNIOR," an event by Kabaya Ohayo Holdings Inc., to champion the ambitions of Japanese high school students who are ready to take on the world.

※ The Royal Junior: <https://the-royal-golf-club.com/the-royal-junior/>

# Iwase Cosfa's Materiality

## Iwase Cosfa Materiality

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

### Material topics identification process

#### 1. Identification of social issues

We identified 30 social issues to consider and investigate when identifying material topics, 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 material items

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.

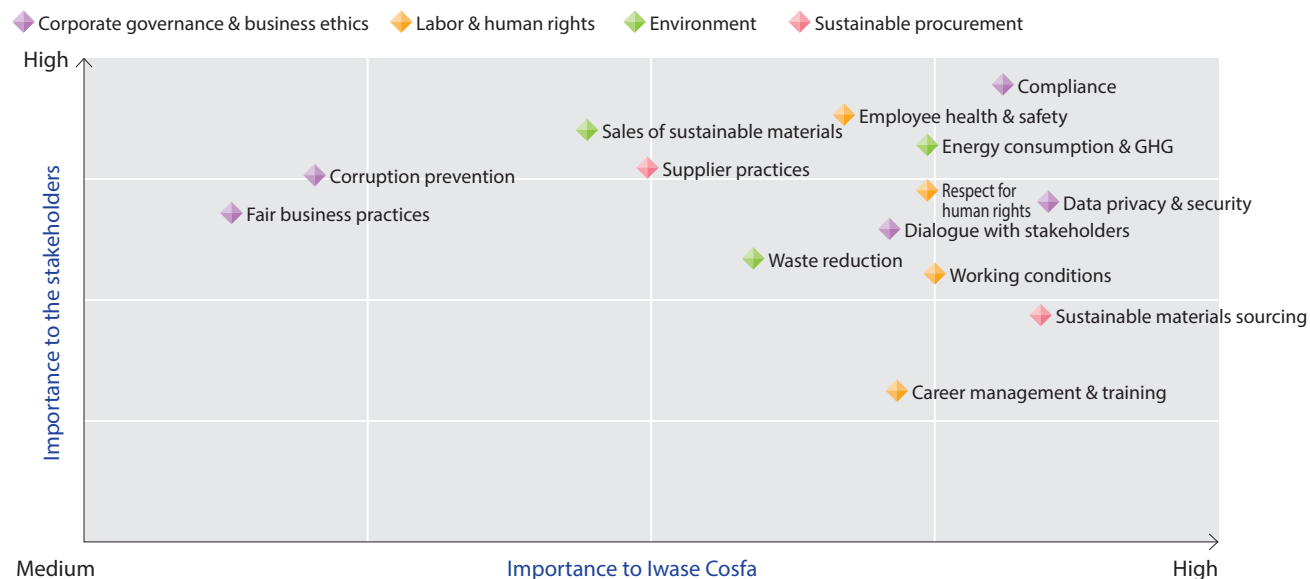
#### 4. Approval of materiality

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

### Identified material topics

| Categories                      | Sustainability 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



## Iwase Cosfa's Materiality

## Iwase Cosfa Medium- to long-term goals

To ensure the execution of our identified material issues and achieve sustainable growth, we established medium-to-long-term targets (2021-2025) and KPIs across four categories, managing their implementation accordingly.

As a summary of our sustainability activities to date, this page reports on the specific initiatives for each material issue and our progress in FY2025, which marked the final year of our 9th Medium-term Management Plan.

## Material Topics, KPIs, and Operational control list

| Material topics                 | Commitment                           | Sustainability key issues  | Medium- to long-term targets (2021–2025)                                  | KPI                                                                                                                                             | Items implemented in FY2025 and resulting targets                                                                                                                                                                                                                                                                                                                                      | Items to be implemented and objectives in FY2025                                                                                                       | Responsible department                           |                             |
|---------------------------------|--------------------------------------|----------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------|
| Corporate governance and ethics | CSR policy, Crisis management policy | Dialogue with stakeholders | ● Gain a high level of trust from our stakeholders                        | —                                                                                                                                               | ● [Achieved] Provided explanations to stakeholders through various reports and meetings, and completed responses to EcoVadis, CDP, Sedex, and other assessments.                                                                                                                                                                                                                       | ● Prepare the CSR report, provide explanations to stakeholders through the General Meeting of Shareholders, East-West Conference, Cosfa meetings, etc. | CSR Promotion Office                             |                             |
|                                 |                                      |                            |                                                                           | —                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                        | ● Use external CSR platforms (EcoVadis, Sedex)                                                                                                         | CSR Promotion Office                             |                             |
|                                 |                                      | Data privacy & security    | ● Aim for zero information leakage incidents (incident level 3)           | ● Number of information security breaches                                                                                                       | ● [Achieved] Conducted information security training and properly managed personal information. Number of information security breaches: 0.                                                                                                                                                                                                                                            | ● Implement information security training                                                                                                              | DX Promotion Department                          |                             |
|                                 |                                      |                            |                                                                           |                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                        | ● Appropriately manage and protect personal information                                                                                                | General Affairs Department                       |                             |
|                                 | Compliance Code                      | Compliance                 | ● Aim for zero compliance violations (level 1)                            | ● Number of compliance violations                                                                                                               | ● [Achieved] Conducted annual compliance and anti-bribery training, as well as gift reporting. For the single compliance violation that occurred, immediate corrective actions were taken to thoroughly prevent recurrence.                                                                                                                                                            | ● Conduct yearly compliance education for employees                                                                                                    | Compliance Promotion Office                      |                             |
|                                 |                                      | Corruption prevention      |                                                                           |                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                        | ● Enhance the soundness of corporate activities through legal compliance and ethical behavior                                                          | ● Conduct yearly anti-bribery education          | Compliance Promotion Office |
|                                 |                                      | Fair business practices    |                                                                           |                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                        | ● Report gifts yearly                                                                                                                                  | Compliance Promotion Office                      |                             |
| Labor and human rights          | Basic concept of human resources     | Respect for human rights   | ● Create new value and promote innovation through diverse human resources | ● Status of human rights education<br>● Employment rate of people with disabilities<br>● Increase in the ratio of women in management positions | ● [Mostly Achieved] Conducted human rights training, established the new "Special Return-to-Work Leave for Childcare," and achieved a 34% female manager ratio (an improvement year-on-year). As the employment rate for persons with disabilities remained at 1.60% (similar to the previous year), we will continue working to promote hiring and improve the workplace environment. | ● Provide education on workers' basic human rights                                                                                                     | CSR Promotion Office, General Affairs Department |                             |
|                                 |                                      |                            |                                                                           |                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                        | ● Actively promote women's participation in professional life, and continue to promote of the employment of people with disabilities                   | CSR Promotion Office, General Affairs Department |                             |
|                                 |                                      | Working conditions         | ● Improve employee engagement and the retention rate                      | ● Overtime work<br>● Absenteeism rate                                                                                                           | ● [Mostly Achieved] In FY2025, achieved targets with an average monthly overtime of 3.96 hours and an absenteeism rate of 0.05%. Although the total number of female managers decreased, the ratio of female managers improved from 32% to 34%.                                                                                                                                        | ● Efforts to reform workstyles                                                                                                                         | CSR Promotion Office, General Affairs Department |                             |
|                                 |                                      |                            |                                                                           |                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                        | ● Increase the number of female managers                                                                                                               | Management                                       |                             |

## Iwase Cosfa's Materiality

| Material items          | Commitment                       | Sustainability key issues             | Medium- to long-term targets (2021–2025 <sup>*1</sup> )                                                                                                                                                                                             | KPI                                                                                                                                  | Items implemented in FY2025 and resulting targets                                                                                                                                                                                                                                                                                                                                                     | Items to be implemented in FY2025                                                                                                                                                                                                                                                                                                                         | Responsible department                                                              |
|-------------------------|----------------------------------|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Labor and human rights  | Basic concept of human resources | 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>[Partially Achieved] Operated the PDCA cycle for the crisis management project, conducted various training exercises, and completed stress checks and industrial physician interviews as planned. However, the target was missed due to two occupational accidents. We will continue efforts to reinforce safety management and prevent recurrence.</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> <li>Conduct annual stress checks for employees and provide high-risk employees with the opportunity to see an occupational physician</li> </ul> | Crisis Management Committee, CSR Promotion Office<br><br>General Affairs Department |
|                         |                                  | 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>[Achieved] Advanced training based on level-specific and duty-specific development plans, recording an average of 22.11 training hours per employee annually (significantly exceeding the target of 6 hours). Proper management of the male-to-female hiring ratio and wage monitoring were also completed.</li> </ul>                                         | <ul style="list-style-type: none"> <li>Establish training plans by position and job type</li> <li>Revise average hours of training per person per year target</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>[Achieved] Continued CDP disclosures and achieved a "B score" in Climate Change. Completed preparations to refine Scope 3 calculations and are currently advancing initiatives toward obtaining SBTi certification.</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>[Not Achieved] Missed the target (30% or higher). We will seek improvements by expanding our product lineup and other measures.</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>[Achieved] Achieved a waste emission ratio of 0.11% relative to sales (target: 1% or lower).</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 Ethics 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 Ethics</li> </ul>                             | <ul style="list-style-type: none"> <li>[Achieved] Achieved the target for the Supplier Code of Conduct consent rate at 71% (target: 70%). Requested consent and conducted CSR surveys for all suppliers, engaging with identified at-risk business partners to encourage improvements.</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>[Not Achieved] Despite efforts to increase the procurement rate of certified raw materials, the RSPO procurement rate narrowly missed the target at 61.84% (target: 62%). We will continue working to expand this rate moving forward.</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

SDGs Comparison table

| Materiality items               | CSR key issues                        | Items to be implemented in FY2025 and resulting targets                                                                                                                               | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|
| 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                                                                                                                                    |   |   |   |   |   |   |   |   |   | ●  |    | ●  | ●  | ●  | ●  |    | ●  |

# New Materiality

## Review of Materiality

To respond quickly to changes in the business environment and new societal demands, and to achieve sustainable growth, we conducted a comprehensive revamp of our materiality (key issues). The key milestone of this refresh is the Introduction of the "Double Materiality" perspective (impacts on the environment and society as well as financial impacts on our company).

We identified and evaluated the actual and potential impacts that our business activities and entire value chain exert on the economy, environment, and people (including human rights). Consequently, we strategically streamlined our previous 14 topics into six most critical materialities that integrate both defensive and offensive strategic focuses. Below, we report on the newly identified top-priority materialities and our objective, rigorous identification process.

### ◆ Six Most Critical Materialities Identified (6 Key Issues)

Details regarding the impacts, vision for the future, and key upcoming initiatives for these six identified issues will be reported in each subsequent section of the ESG Report.

| Category        | Key Issues                                   | Page |
|-----------------|----------------------------------------------|------|
| Governance (G)  | Effective Corporate Governance and Oversight | p.25 |
| Social (S)      | Health and Well-being                        | p.31 |
|                 | Employee Engagement                          | p.32 |
|                 | Responsible Raw Material Procurement         | p.40 |
|                 | Respect for Human Rights in the Value Chain  | p.41 |
| Environment (E) | Climate Change and Decarbonization           | p.48 |

## ◆ Identification Process for New Materiality

### 1 Identification of Material Issues

Extracted a comprehensive list of 361 social and environmental issues across the value chain based on international norms (ISO 26000, GRI, SDGs, EcoVadis, GCNJ questionnaires) as well as trends among industry peers and leading benchmark companies.

### 2 Categorization /Consolidation

(External Perspective)

Utilized AI to integrate and organize similar items to eliminate evaluation bias and ensure high objectivity across the extracted multifaceted issues. Subsequently, categorized and consolidated them into Environmental, Social, and Governance themes (comprising 29 priority topics).

### 3 Importance (materiality) Assessment

(Internal Perspective)

To incorporate the perspectives of stakeholders affected by our business activities (refer to p.15), we integrated evaluation criteria including corrective actions and audit findings from external platforms (EcoVadis, Sedex), international requests (CDP, etc.), customer requirements, and trends across 10 industry peers. Through this, we objectively and quantitatively evaluated the severity (significance) of each issue's impact on society and the environment.

### 4 Importance (materiality) Assessment

Quantitatively evaluated the financial impact each issue brings to our company by integrating bottom-up operational evaluations from internal stakeholders based on the 10th Mid-Term Management Plan with top-down evaluations based on business risks and sustainability strategies (SBT, etc.).

### 5 Validity Check & Approval

Following careful review by the Executive Committee and approval by the Board of Directors, we finalized the identification of the "Six Most Critical Materialities."

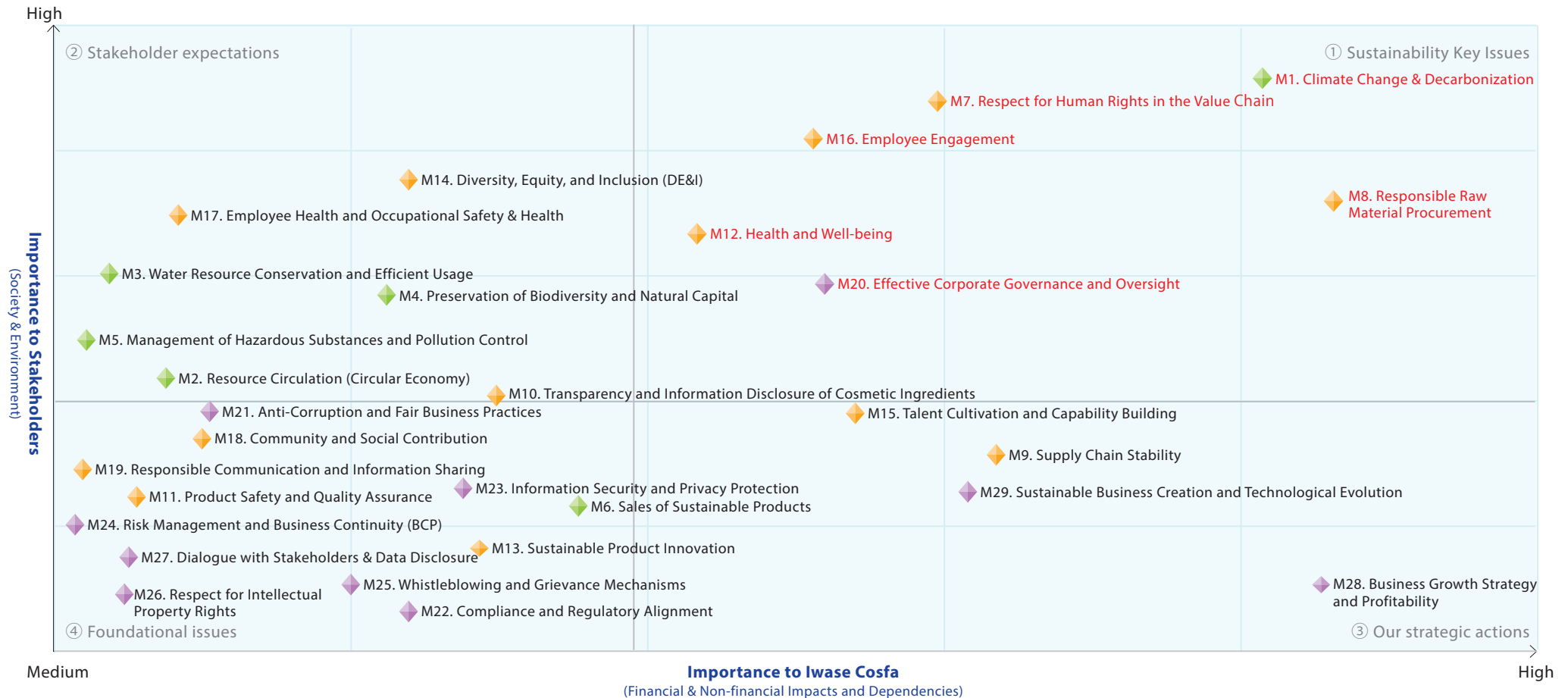
## New Materiality

## Iwase Cosfa's New Materiality Matrix

Based on the identification process outlined on the previous page, we performed quantitative evaluation and analysis along two axes from a double materiality perspective: "Impact on Society & Environment (Impact Materiality)" and "Financial Impact on Our Company (Financial Materiality)." Following careful deliberation by the Executive Committee and approval by the Board of Directors, the six topics located in the top-right quadrant (top-priority area) were designated as our "Most Critical Materials."

## Iwase Cosfa's New Materiality Matrix

◆ Environment(E) ◆ Social(S) ◆ Governance(G)



## New Materiality

### Materiality Transition and Future Management

#### ◆ Transition from Old Materiality to a new "Sustainability Foundation"

With the refresh of our materiality, among the important activities previously set as targets, items that constitute "fundamental prerequisites for business operations (management foundation)" have been redefined as the "Sustainability Foundation" that underpins the new materiality.

The following three areas will be steadily continued and operated without interruption as an indispensable foundation supporting our sustainable growth.

#### ◆ "Sustainability Foundation" Supporting the New Materiality

##### 1. Stakeholder Dialogue and Information Disclosure

Fulfill accountability through the publication of Sustainability Reports and various dialogues, while continuing engagement with external platforms such as EcoVadis and Sedex to maintain highly transparent management.

##### 2. Empowerment of Diverse Personnel and Safe, Secure Working Environments

Continue building a foundation where everyone can thrive by promoting female empowerment and employment of individuals with disabilities. Maintain a resilient organizational structure by thoroughly applying PDCA management based on ISO management systems and risk management frameworks, including stress checks, industrial physician interviews, and disaster drills.

##### 3. Fair Business Practices and Strict Compliance

Maintain a fair and honest business environment through ongoing

strict management and protection of personal information and proper execution of internal rules regarding gifts and entertainment.

#### ◆ Future Policies for the Operation of the New Materiality

##### 1. Positioning and Disclosure Content in the FY2025 Report

The newly identified six most critical materialities were formally approved by the Executive Committee in December 2025. Therefore, in this FY2025 report, we disclose the "Main Initiative Themes," our "Target State," and "Key Upcoming Measures" designed to achieve them based on the new materiality framework. Specific risks, opportunities, and approach details encompassed within each materiality are reported at the beginning of each subsequent ESG section (Environmental, Social, Governance).

##### 2. Establishment of Management Systems and Integrated Risk Management

The newly identified six most critical materialities were formally approved by the Executive Committee in December 2025. Therefore, in this FY2025 report, we disclose the "Main Initiative Themes," our "Target State," and "Key Upcoming Measures" designed to achieve them based on the new materiality framework. Specific risks, opportunities, and approach details encompassed within each materiality are reported at the beginning of each subsequent ESG section (Environmental, Social, Governance).

##### 3. Phased KPI Setting and Highly Transparent Disclosure

Moving forward, we will drive further internal adoption of materiality while incorporating feedback from employees and

other stakeholders regarding related topics and measures. We will proceed with setting quantitative KPIs and building refined target management processes for each issue. Continually ensuring the "accuracy of information" and "effectiveness of management approaches" required by GRI Standards, we will sequentially disclose performance and achievement levels based on these established KPIs in subsequent reports.

#### Sustainability Key Issues for the Iwase Cosfa Group

| Categories                      | Sustainability 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                                                                 |

#### "Sustainability Foundation"

1. Stakeholder Dialogue and Information Disclosure
2. Empowerment of Diverse Personnel and Safe, Secure Working Environments
3. Phased KPI Setting and Highly Transparent Disclosure

| Categories (ESG) |                           | Sustainability key issues                                                                   |
|------------------|---------------------------|---------------------------------------------------------------------------------------------|
| Environment (E)  |                           | M1. Climate Change and Decarbonization                                                      |
| Social (S)       | (Sustainable Procurement) | M7. Respect for Human Rights in the Value Chain<br>M8. Responsible Raw Material Procurement |
|                  | (Labour and Human Rights) | M12. Health and Well-being<br>M16. Employee Engagement                                      |
| Governance (G)   |                           | M20. Effective Corporate Governance and Oversight                                           |

## Governance (G)

### New Materiality Report: "Effective Corporate Governance and Oversight"

A robust governance framework forms the foundation supporting our company's sustainable growth and value creation, making the maintenance and enhancement of its effectiveness one of our highest priorities. In addressing this key issue, we evaluated both its impact on society and the environment and its financial/operational impact on our business.

#### ◆ Impacts on Society and Environment

Governance failures or deficiencies in internal controls can delay the management and remediation of critical risks—such as environmental destruction and human rights violations—resulting in severe negative impacts on society. Conversely, appropriate oversight by executive management and active CSR promotion help embed climate change and human rights considerations throughout the entire supply chain, contributing significantly to a sustainable society.

#### ◆ Financial impacts on Business (Risks & Opportunities)

Dysfunctional executive oversight or internal controls present major business risks, including loss of public trust, brand damage, and increased response costs. On the other hand, ensuring transparency in decision-making and strengthening global governance earn stakeholder trust and drive sustainable increases in corporate value (opportunities).

#### ◆ Vision for the Future (Target State) & Key Initiatives

In alignment with the two core themes established through this two-way analysis, we are advancing the initiatives outlined in the table on the right. By strengthening our execution structure under the supervision of the Board of Directors and formalizing reporting channels for overseas sites, we will build a solid governance system. Through these efforts, we aim to practice highly transparent global management and enhance our corporate value over the medium to long term.

#### ◆ Social and Environmental Impacts and Effects (dual)

|                                   |                                                                                                                                                                                                                                                                       |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Relevant Policies                 | CSR Policy, Crisis Management Policy                                                                                                                                                                                                                                  |
| Impact on Society and Environment | <b>Negative Impacts</b> Delays in managing and remediating risks such as environmental destruction and human rights violations due to governance failures or internal control deficiencies, and the occurrence of significant negative impacts on society and people. |
|                                   | <b>Positive Impacts</b> Driving climate change mitigation and respect for human rights across the entire supply chain through executive oversight and CSR promotion, thereby contributing to a sustainable society.                                                   |
| Financial impact on Business      | <b>Risk Mitigation</b> Avoidance and mitigation of direct blows to financial performance, such as loss of social trust, brand damage, and increased risk-response costs caused by oversight or internal control failures.                                             |
|                                   | <b>Opportunity Creation</b> Building stakeholder trust and enhancing corporate value through greater decision-making transparency and flexibility, alongside stronger global governance.                                                                              |

#### ◆ Vision and Key Actions for Value Creation

| Key Action Theme                                         | Vision                                                                                                                                                                    | Key upcoming action                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strengthening Sustainability Governance                  | ● Establishing effective sustainability promotion structures and internal controls under timely and appropriate Board oversight, and reinforcing company-wide operations. | ● Maintaining periodic reporting on sustainability policies, risk management, and progress to the Board of Directors, as well as preserving Board oversight mechanisms.<br>● Sharing sustainability-related information and best practices through regular meetings and information platforms. |
| Strengthening Global Sustainability Promotion Frameworks | ● Raising global sustainability awareness across all overseas group companies under executive leadership and establishing a unified group promotion structure.            | ● Designating sustainability managers at each global location and formalizing reporting lines to executive management.<br>● Ensuring thorough implementation of governance and risk management processes involving overseas sites and visualizing progress.                                    |

## Governance (G)

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/sustainability/governance/corporate-governance/>

### 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/wp-corporate/wp-content/themes/cosfa-corporate/assets/pdf/compliance-charter-en-2024.pdf>

## Governance (G)

## Basic Policy on Information Security

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 2025, we educated 224 employees.

## 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.

## ◆ 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 | FY2025 Target | FY2025 Results |
|-----------------------------------------|---------------|---------------|----------------|
| Number of compliance violations (cases) | 0             | 0             | 1              |

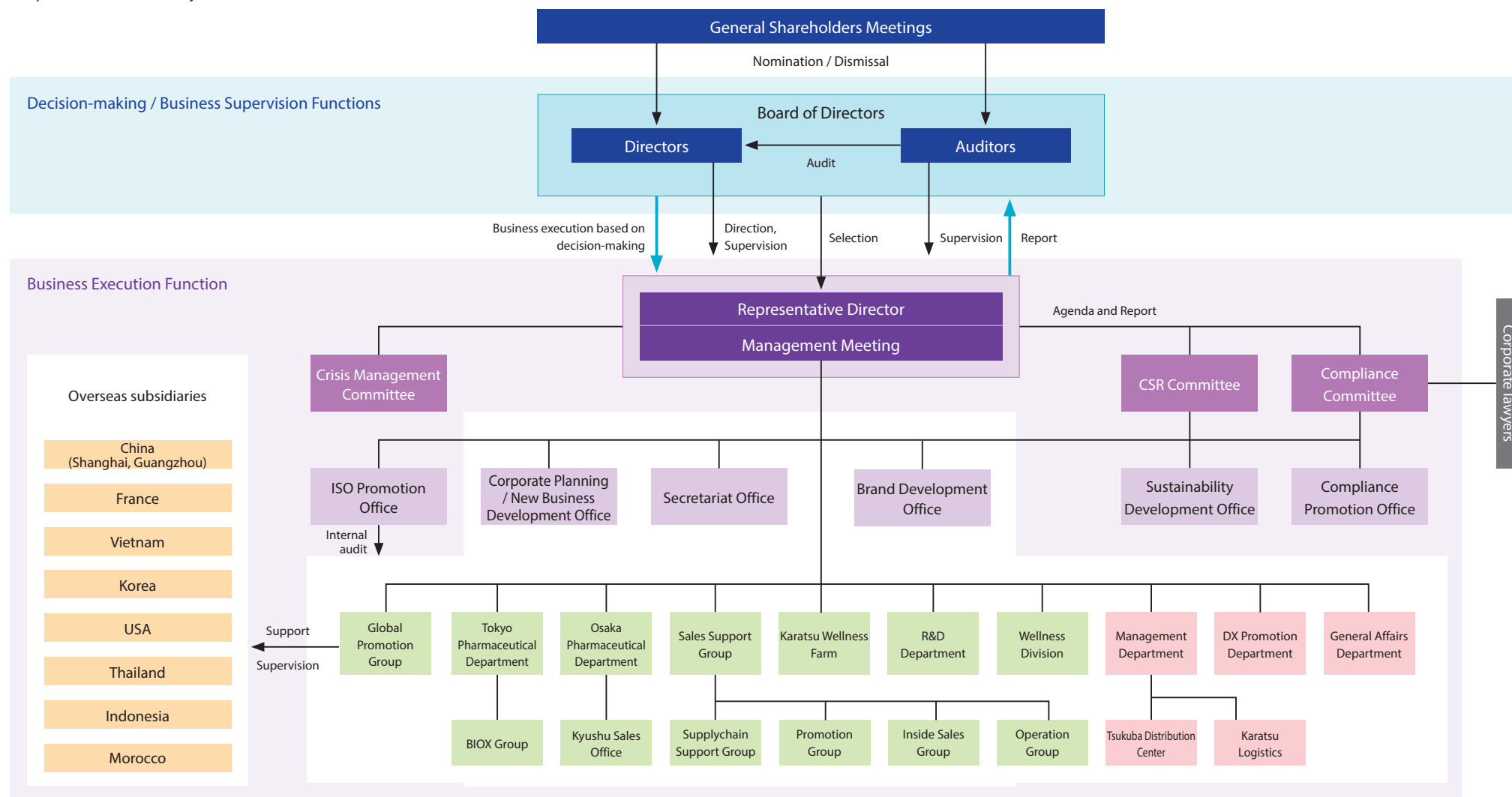
## Information security and privacy

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

| KPI                                             | FY2030 Target | FY2025 Target | FY2025 Results |
|-------------------------------------------------|---------------|---------------|----------------|
| Number of information security breaches (cases) | 0             | 0             | 0              |

## Governance (G)

## Corporate Governance System Chart



\*Representative office

As of December 31, 2025

## Governance (G)

### Corporate Governance System

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.

#### ◆ Board of Directors

Board of Directors meetings are attended by all Directors. 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.

#### ◆ 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.

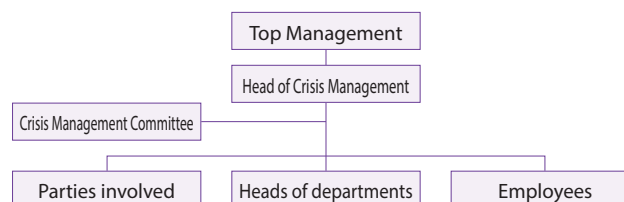
#### ◆ CSR Committee

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.

#### ◆ 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



#### ◆ 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

#### ◆ 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.

## Governance (G)

## 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.

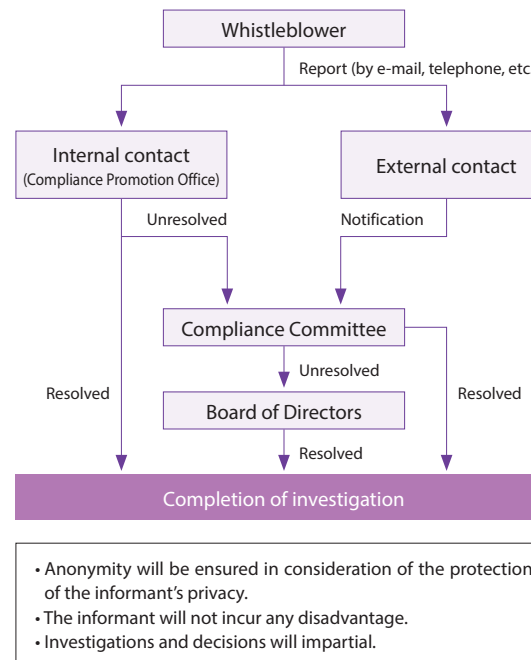
In addition, we will maintain the anonymity and confidentiality of the reports received, conduct necessary investigations, and take appropriate measures in accordance with the Rules of Employment of Employees in the event that the Company determines there are facts subject to reporting.

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                                                                                                                                                                                                                                                                                 | FY2025 Ratio (%) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Various acts of harassment (including customer harassment)                                                                                                                                                                                                                                                        | 90               |
| Other reporting and consultation<br>• Violation of laws and regulations (insider trading, violation of the anti-monopoly law, involvement in bid rigging, etc.)<br>• Illegal approach through gifts and business reception<br>• Leakage of personal information<br>• Infringement of intellectual property rights | 10               |



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.

## Social (S) - Labor and Human Rights

### New Materiality Report: "Health and Well-being"

Leveraging our expertise as a specialized trading company to contribute to people's healthy and fulfilling lives is an important mission for us, making its promotion one of our highest-priority material issues. In addressing this issue, we evaluated both its impact on society and the environment and its financial/operational impact on our business.

#### ◆ Impacts on Society and Environment

Delays in proposing wellness ingredients or assisting in product development hinder opportunities to maintain people's health and improve their well-being. On the other hand, strengthening the supply of proprietary raw materials and ingredients as well as product development support—built on our specialized trading expertise—contributes significantly to enhancing health and well-being among consumers broad and wide.

#### ◆ Financial impacts on Business (Risks & Opportunities)

Failing to respond promptly to these market needs and safety demands could lead to a decline in public trust and lost revenue opportunities over the medium to long term (risk). Conversely, taking timely and appropriate action allows us to build trust by supporting our customers' safe product development while capturing new business opportunities through our strong safety evaluation technologies (opportunity).

#### ◆ Vision for the Future (Target State) & Key Initiatives

In alignment with the two core themes established through this two-way analysis, we are advancing the initiatives outlined in the table on the right. By globally sourcing functional ingredient materials, strengthening our contracted safety testing frameworks, and providing highly reliable evidence, we will strongly support customer product development and deliver "safety, peace of mind, and health" to society.

### ◆ Social and Environmental Impacts and Effects (dual)

|                                   |                                                                                                                                                                                                       |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Relevant Policies                 | Corporate Philosophy, Quality Policy                                                                                                                                                                  |
| Impact on Society and Environment | <b>Negative Impacts</b> Loss of opportunities to enhance consumer well-being due to delays or deficiencies in proposing wellness ingredients and supporting customer product development.             |
|                                   | <b>Positive Impacts</b> Enhancing consumer well-being by providing proprietary raw materials and ingredients leveraging specialized trading company expertise, and expanding the wellness business.   |
| Financial impact on Business      | <b>Risk Mitigation</b> Preventing medium- to long-term revenue loss stemming from delayed responses to health-conscious market trends and customer safety requirements.                               |
|                                   | <b>Opportunity Creation</b> Creating new business and revenue opportunities by developing proprietary raw materials/ingredients in the wellness field and expanding contract safety testing services. |

### ◆ Vision and Key Actions for Value Creation

| Key Action Theme                                                                                                         | Vision                                                                                     | Key upcoming action                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Creating trusted wellness ingredients by leveraging specialized expertise.                                               | ● Continuously exploring proprietary raw materials and ingredients in the wellness domain. | <ul style="list-style-type: none"> <li>● Considering global wellness business expansion.</li> <li>● Developing new materials in the wellness field and exploring functional claim ingredients.</li> </ul>                                  |
| Providing "peace of mind and health" to customers and society through quality assurance and product development support. | ● Contributing to customers' safe product manufacturing through contract safety testing.   | <ul style="list-style-type: none"> <li>● Supporting Customer Product Development</li> <li>● Strengthening and expanding contract safety testing structures in partnership with domestic and international testing institutions.</li> </ul> |

## Social (S) - Labor and Human Rights

### New Materiality Report: "Employee Engagement"

Our people are the greatest source of our sustainable growth and value creation, making the enhancement of employee engagement one of our highest-priority material issues. In addressing this issue, we evaluated both its impact on society and the environment and its financial/operational impact on our business.

#### ◆ Impacts on Society and Environment

A decline in employee well-being or increased turnover lowers the value delivered to clients and damages sustainability evaluations for the industry as a whole. Conversely, establishing and sharing best practices for working environments where diverse talent can thrive helps elevate well-being across the entire industry.

#### ◆ Financial impacts on Business (Risks & Opportunities)

Talent outflow stemming from lower engagement presents business risks, including increased costs and loss of institutional knowledge. On the other hand, cultivating high engagement and job satisfaction leads to improved productivity and creates new business opportunities through proactive challenges.

#### ◆ Vision for the Future (Target State) & Key Initiatives

In alignment with the two core themes established through this two-way analysis, we are advancing the initiatives outlined in the table on the right. By conducting employee satisfaction surveys, promoting dialogue through regular roundtable discussions with executive management, and establishing new programs like "Special Inpatient/Outpatient & Treatment Leave," we will achieve high engagement and an environment where diverse talent can thrive.

### ◆ Social and Environmental Impacts and Effects (dual)

|                                   |                                                                                                                                                                                                          |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Relevant Policies                 | Our Basic Human Resources Policy, Work Rules, Other relevant HR Policies                                                                                                                                 |
| Impact on Society and Environment | <b>Negative Impacts</b> Decline in value provided to clients and customers, along with damage to industry-wide sustainability evaluations, caused by reduced employee well-being and increased turnover. |
|                                   | <b>Positive Impacts</b> Raising well-being across the Group and the entire industry by establishing and deploying best practices for inclusive work environments where diverse talent can thrive.        |
| Financial impact on Business      | <b>Risk Mitigation</b> Avoiding increased recruitment and training costs as well as knowledge loss resulting from the departure of outstanding talent.                                                   |
|                                   | <b>Opportunity Creation</b> Advancing business models and creating new ventures through employee autonomous growth and specialized skill development.                                                    |

### ◆ Vision and Key Actions for Value Creation

| Key Action Theme                       | Vision                                                                                            | Key upcoming action                                                                                                                                                                                                                                             |
|----------------------------------------|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Enhancing Employee Engagement          | ● Improving engagement and retention rates based on continuous dialogue and mutual understanding. | <ul style="list-style-type: none"> <li>● Conducting employee satisfaction surveys.</li> <li>● Holding regular roundtable discussions between employee representatives and executive management.</li> </ul>                                                      |
| Realizing a Rewarding Work Environment | ● Achieving work-life balance through flexible work arrangements.                                 | <ul style="list-style-type: none"> <li>● Establishing a new "Special Medical &amp; Treatment Leave" policy.</li> <li>● Participating in the Global Compact Network Japan (GCNJ) "Fair Workplaces" Working Group and sharing insights with employees.</li> </ul> |

## Social (S) - 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.

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.

\*Basic Concept of Human Resources:  
<https://www.cosfa.co.jp/wp-content/themes/cosfa-corporate/assets/pdf/recruit-policy.pdf>

### ◆ 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 224 employees in Japan, we have as many as 147 employees, mostly locally hired, at our overseas subsidiaries (as of December 31, 2025). 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 2025, we conducted a survey in June and have provide feedback on the results to each employee.

### ◆ 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.



## Social (S) - Labor and Human Rights

### 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.

#### ◆ 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 | FY2024 Target | FY2025 Results |
|-----------------------------------------------------------------------------------|---------------|---------------|----------------|
| Number of conducted human rights training sessions for the entire company (times) | 1             | 1             | 1              |
| Ratio of employees with disabilities (%)                                          | 2.3           | 1.63          | 1.60           |
| Ratio of female managers (%)                                                      | 45            | 32            | 34             |

#### ◆ 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      | FY2025 Target | FY2025 Results |
|-------------------------------------|--------------------|---------------|----------------|
| Average overtime work (hours/month) | Less than 10 hours | 3.92          | 3.96           |
| Absenteeism rate (%)                | Less than 1%       | 0.05          | 0.05           |

#### ◆ Employee health & safety

Iwase Cosfa aims to provide a safe and pleasant work environment to maintain the health of our employees.

| KPI                                      | FY2030 Target | FY2024 Target | FY2025 Results |
|------------------------------------------|---------------|---------------|----------------|
| Number of work-related accidents (cases) | 0             | 2             | 2              |

#### ◆ 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 | FY2024 Target | FY2025 Results |
|----------------------------------------------------------------------------|---------------|---------------|----------------|
| Ratio of male to female employees (male:female)                            | 1:1           | 1:1.23        | 1:1.39         |
| Ratio of the average wage of male employees to that of female employees(%) | 0             | 13            | 13             |
| Average training hours per employee (hours/year, person)                   | 6             | 34.93         | 22.11          |

#### ◆ 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 2025 reaching 1.60%. 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 33.78% in 2025.

## Social (S) - 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 and follow principles written on the Compliance Code below.

\*Compliance Code:

<https://www.cosfa.co.jp/wp-corporate/wp-content/themes/cosfa-corporate/assets/pdf/compliance-charter-en-2024.pdf>

Iwase Cosfa conducts annual training on harassment for managers. We have employees of various nationalities, 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.

\*FY2025 Iwase Cosfa's Group Statement on Slavery Labor and Human Trafficking:

[https://iwasecosfa.com/wp-content/uploads/sites/6/2025/07/Modern-Slavery-Statement-FY2025\\_201501.pdf](https://iwasecosfa.com/wp-content/uploads/sites/6/2025/07/Modern-Slavery-Statement-FY2025_201501.pdf)

\* Modern Slavery Registry (GOV UK):

<https://modern-slavery-statement-registry.service.gov.uk/statement-summary/EWrzQsUi/2026>

## 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's Code of Conduct clearly states that all employees are guaranteed the right to organise (freedom of association) and collective bargaining. 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 a wide range of proposals for improvement to realize a better work environment. These proposals can include topics related to working conditions and the working environment but also career development, education systems, and diversity initiatives. After each meeting, the Company discusses the proposals raised in it, examines the feasibility of the proposals, and actually works toward improvement.

### ◆ 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 2025 was 3.96 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.



### ◆ 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. Using the living wage database provided by the WageIndicator Foundation. We strive to meet the living wage standards in every country where we do business. We also manage minimum wages and working hours, pay living wages, and monitor them regularly in accordance with local labor laws and regulations.

## Social (S) - Labor and Human Rights

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 during the 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. Following the subsidence of the pandemic, we re-evaluated our working styles considering the rise in tasks requiring on-site presence and the value of face-to-face relationship buildings. We have now transitioned to a policy where working from home is allowed with supervisor approval based on business needs—balancing work efficiency with employee work-life balance. We remain committed to promoting a flexible work environment while valuing active collaboration within the company.

### ◆Reemployment system: Integrating senior employees

In light of our commitment to an employment system that takes into account the increasing longevity, we have raised the retirement age to 62 years old. Iwase Cosfa has Re-employment Regulations in place to ensure employment opportunities even after retirement at age 62 and to broaden the range of options available to each employee. The system has been changed to allow employees to continue working for the us after retirement until they reach 67 years of age if they request it, and to allow them to enter into individual contracts after that age upon consultation.

\*Re-employment of prospective employees in fiscal 2025: 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

We 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.

### ◆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.

## 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.

### ◆ISO45001 Certification

With the objective of ensuring the occupational health and safety of our employees, we acquired ISO45001 certification in April 2025.



ISO45001 Certificate

## Social (S) - Labor and Human Rights

### ◆ 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 2025, 11 employees participated 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.

### ◆ SMETA 4 Pillars Audit

The SMETA Audit consists of 4 areas: "Labor Standards", "Health and Safety", "Environment" and "Business Ethics", based on the International Labor Organization (ILO) International Labor Standards and the Ethical Trading Initiative (ETI) Base Code, and designed to protect workers.

Iwase Cosfa conducts this external audit on a regular basis in order to identify issues within the company and to provide a safer and fairer working environment for our employees.

### ◆ 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 2025, the rate of medical checkups received was 100%. An industrial physician visits the Company once a month, and employees can freely use the health consultation service to speak with this physician.

In addition, the company supports for the maintenance and promotion of the health of employees and their families by offering subsidies for flu vaccinations for staff and their family members, and by providing financial assistance for "N-NOSE<sup>®</sup>" nematode cancer screening tests.

### ◆ 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 2025.

### ◆ Partnership with employment support facilities

At our Karatsu Wellness farm, located in Karatsu City, Saga Prefecture, we cultivate mushrooms in partnership with local employment support facilities and special needs schools. Through these activities, we provide places and opportunities for people with disabilities and difficulties to work and play a role in creating employment in the region. We also support the lives of local people by providing harvested mushrooms to a local children's cafeteria. We will continue our efforts to create employment opportunities, aiming for a society where everyone can live and shine.

## Social (S) - Labor and Human Rights

## ◆GCNJ Collective Action 20230 - Executive Roundtable

IWASE COSFA has pledged its support to the "Fairness at Work" pillar of the GCNJ Collective Action 2030, an initiative driven by the United Nations Global Compact Network Japan (GCNJ). In doing so, we are actively advancing initiatives to build a society where every individual's strengths and unique qualities are fully realized, and where everyone can experience true well-being.

On January 27, 2026, the "GCNJ Summit 2026 — Fairness at Work and Home —" brought together the executive leaders of 11 signatory companies, including our own Representative President. During the roundtable session, our President engaged in dynamic discussions with other corporate leaders, exchanging best practices and strategies for embedding these values internally. The summit reaffirmed the profound impact of executive-level commitment in reshaping societal norms, renewing our dedication to making fair working conditions a reality.



「GCNJ Summit 2026-Fairness at work and home-」 - President and Representative Director Yoshinori Iwase

**Our Action Plan and Key Initiatives :****1. Promoting a Flexible Work Culture Free from Mandatory Overtime**

Alongside driving operational efficiency through digitalization and IT integration, we have firmly established Wednesdays as "No Overtime Days", to reduce group-wide overtime. Furthermore, anticipating longer career lifespans, we raised our retirement age to 62 and introduced a re-employment system allowing employees to work up to age 67 upon request, actively supporting diverse career paths. In addition, based on employee feedback, we introduced a new "Special Medical Treatment Leave", separate from regular leave, enabling employees undergoing medical care to balance work and health, while contributing on an equal footing.

**2. Introducing "Special Post-Parental Leave" Regardless of Gender**

To ensure employees returning from parental leave feel secure and can build long-term careers with us, we established a new "Special Post-Parental Leave" policy. This program was born directly from employee feedback requesting hourly paid leave to take children to medical appointments. By alleviating anxiety immediately following a return to work, this policy supports flexible working styles and a healthy work-life balance.

For more details: <https://www.ungcnj.org/ca2030/fairness/index.html>

## Social (S) - 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/wp-corporate/wp-content/themes/cosfa-corporate/assets/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 2025 was 1 to 1.39. 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 used since then every year and 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 have introduced 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 2025, 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 2025, the training hours averaged 22.1 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 2025 was 13%. 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.



**Noriyuki Sasakura**  
General Manager,  
General Affairs Department

We are implementing a variety of measures and initiatives to achieve a workplace that offers both a sense of purpose ("hatarakigai") and a comfortable working environment ("hatarakiyasusa"). To enable each and every employee, regardless of gender, to realize their ideal future selves, we have established job categories according to specific roles. We explain the available career paths and the qualities we look for in our talent, while also providing skill development opportunities to support their growth.

Furthermore, to ensure employees can perform to their full potential, we emphasize and are committed to not only occupational safety but also psychological safety. We will continuously improve these initiatives and strive for further evolution.

MESSAGE

## Social (S) - Sustainable Procurement

### New Materiality Report: "Responsible Raw Material Procurement"

Responsible procurement activities that respect the environment and human rights are essential for achieving a sustainable society, making "Responsible Raw Material Procurement" one of our highest-priority material issues. In addressing this issue, we evaluated both its impact on society and the environment and its financial/operational impact on our business.

#### ◆ Impacts on Society and Environment

Deforestation and biodiversity loss in upstream supply chains represent major drivers of negative environmental and social impacts, including the degradation of natural capital. Conversely, promoting the widespread use of sustainable raw materials (such as RSPO-certified materials) contributes significantly to ecosystem recovery (Nature Positive).

#### ◆ Financial impacts on Business (Risks & Opportunities)

Surging compliance costs due to stricter environmental regulations, as well as procurement difficulties and supply disruptions caused by natural disasters and ecosystem degradation, represent major business risks. On the other hand, earnestly addressing customer ESG requirements and driving Nature Positive management earns stakeholder trust and enhances brand value (opportunity).

#### ◆ Vision for the Future (Target State) & Key Initiatives

In alignment with the two core themes established through this two-way analysis, we are advancing the initiatives outlined in the table on the right. In addition to strengthening supplier engagement through signed agreements on supplier codes of conduct and hosting CSR webinars, we will build a sustainable and resilient procurement network by transitioning to RSPO-certified materials and strictly avoiding conflict minerals.

#### ◆ Social and Environmental Impacts and Effects (dual)

|                                   |                                                                                                                                                                                                                         |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Relevant Policies                 | Sustainable Procurement Policy, Supplier Code of Ethics                                                                                                                                                                 |
| Impact on Society and Environment | <b>Negative Impacts</b> Indirect complicity risks in environmental and social negative impacts, such as deforestation and biodiversity loss (degradation of natural capital) upstream in the supply chain.              |
|                                   | <b>Positive Impacts</b> Enhancing market-wide sustainability by promoting sustainable raw materials (such as RSPO-certified materials) that contribute to nature restoration (Nature Positive).                         |
| Financial impact on Business      | <b>Risk Mitigation</b> Avoiding surging compliance costs from stricter environmental regulations, as well as procurement difficulties and supply disruption risks caused by natural disasters or ecosystem degradation. |
|                                   | <b>Opportunity Creation</b> Gaining trust by addressing customer ESG requirements, and enhancing corporate brand value by advancing Nature Positive management.                                                         |

#### ◆ Vision and Key Actions for Value Creation

| Key Action Theme                                        | Vision                                                                                                                                                                                                                                                                                                      | Key upcoming action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Supplier ESG Evaluation and Engagement                  | <ul style="list-style-type: none"> <li>● Building a sound, resilient supply chain through proactive policy communication and continuous risk management.</li> <li>● Establishing partnerships that drive collaborative sustainability based on shared problem-solving through supplier dialogue.</li> </ul> | <ul style="list-style-type: none"> <li>● Continuing CSR webinars for Tier-1 suppliers.</li> <li>● Revising the Supplier Code of Ethics.</li> <li>● Obtaining consent for the Supplier Code of Ethics.</li> <li>● Continuing CSR surveys and feedback sessions.</li> <li>● Monitoring suppliers' external evaluation statuses.</li> <li>● Supporting clients through proactive disclosure of in-house initiatives (responding to ESG questionnaires, etc.).</li> </ul>                                                                                                                                                                                                                                                                                    |
| Deforestation-Free and Responsible Resource Procurement | <ul style="list-style-type: none"> <li>● Achieving environmentally and socially responsible procurement of highly traceable raw materials free from deforestation and conflict involvement risks.</li> <li>● Evaluating raw material portfolios for high-risk commodity exposure.</li> </ul>                | <ul style="list-style-type: none"> <li>● Securing raw material traceability and reinforcing supply chain management.</li> <li>● Securing multiple procurement sources and logistics routes.</li> <li>● Promoting disclosures aligned with TNFD recommendations.</li> <li>● Promoting RSPO Trader License acquisition across all overseas sites.</li> <li>● Accelerating the transition to RSPO-certified raw materials.</li> <li>● Obtaining 100% Conflict Mineral non-use confirmation letters.</li> <li>● Formulating procurement roadmaps and conducting pre-assessments in line with Afi principles.</li> <li>● Registering with external platforms to ensure traceability, and supporting suppliers with traceability data registration.</li> </ul> |

## Social (S) - Sustainable Procurement

### New Materiality Report: "Respect for Human Rights in the Value Chain"

Our business activities are supported by many stakeholders across our supply chain, making "Respect for Human Rights in the Value Chain" one of our highest-priority material issues. In addressing this issue, we evaluated both its impact on society and the environment and its financial/operational impact on our business.

#### ◆ Impacts on Society and Environment

The occurrence of discrimination, harassment, forced labor, or child labor within our company or value chain constitutes severe human rights violations. On the other hand, building a fair and sustainable value chain through proper human rights due diligence contributes significantly to the protection of human rights.

#### ◆ Financial impacts on Business (Risks & Opportunities)

Human rights violations within our operations or value chain invite major management risks, including legal liability, termination of business relationships, and severe reputational damage. Conversely, sincere human rights initiatives and highly transparent disclosures build stakeholder trust and enhance corporate evaluation (opportunity).

#### ◆ Vision for the Future (Target State) & Key Initiatives

In alignment with the two core themes established through this two-way analysis, we are advancing the initiatives outlined in the table on the right. By designing supply-chain-wide human rights due diligence frameworks, establishing global whistleblowing systems, and undergoing SMETA audits, we will ensure a clean procurement network free of forced and child labor alongside a fair working environment.

#### ◆ Social and Environmental Impacts and Effects (dual)

|                                   |                                                                                                                                                                                                                          |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Relevant Policies                 | Our Basic Human Resources Policy, Supplier Code of Ethics (Statement on Slavery and Human Trafficking)                                                                                                                   |
| Impact on Society and Environment | <b>Negative Impacts</b> Adverse human rights impacts across operations and the value chain, including discrimination, harassment, forced/child labor, and rights violations of indigenous peoples and local communities. |
|                                   | <b>Positive Impacts</b> Building a fair and sustainable value chain through proper operation of human rights due diligence and respect for fundamental human rights.                                                     |
| Financial impact on Business      | <b>Risk Mitigation</b> Avoiding reputational damage, litigation, and trade suspension risks associated with human rights violations or harassment.                                                                       |
|                                   | <b>Opportunity Creation</b> Enhancing corporate evaluation and trust through sincere commitment to human rights respect domestically and internationally.                                                                |

#### ◆ Vision and Key Actions for Value Creation

| Key Action Theme                                       | Vision                                                                                                                                                                                                                                                                | Key upcoming action                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Supply Chain Human Rights Management and Due Diligence | <ul style="list-style-type: none"> <li>Identifying and remediating human rights risks across the supply chain to build a clean procurement network free of forced or child labor.</li> </ul>                                                                          | <ul style="list-style-type: none"> <li>Designing and implementing full-scale human rights due diligence across the supply chain.</li> <li>Publishing the UK Modern Slavery Act Statement.</li> <li>Assessing and remediating internal human rights risks through SMETA audits.</li> </ul>                                                                                                                                                 |
| Ensuring Fair Labor Environments Across the Group      | <ul style="list-style-type: none"> <li>Maintaining safe work environments free from discrimination and harassment, alongside fair working conditions including living wages.</li> <li>Evaluating raw material portfolios for high-risk commodity exposure.</li> </ul> | <ul style="list-style-type: none"> <li>Initiating compliance training in local languages for overseas subsidiaries.</li> <li>Developing global whistleblowing systems.</li> <li>Conducting internal training on human rights and harassment prevention.</li> <li>Verifying living wage benchmarks and maintaining compliance.</li> <li>Undergoing SMETA audits (objective evaluation of fair working conditions at own sites).</li> </ul> |

## Social (S) - 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

- 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.

## Social (S) - 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 71% of our suppliers. The ratio of suppliers that have signed the Code increased in FY2025. In order to further encourage agreement, we will continue to provide explanations to our suppliers regarding our Code of Ethics and fulfill our responsibilities.

| KPI                                                         | FY2025 Target | FY2024 Target | FY2025 Results |
|-------------------------------------------------------------|---------------|---------------|----------------|
| Ratio of suppliers that have signed the Code of Conduct (%) | 70            | 70            | 71             |

## ◆Sustainable raw material procurement

We strive to sell certified raw materials that respect human rights and the environment. In fiscal 2025, 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 62%. We will continue our efforts to expand sales of certified raw materials.

| KPI                                                  | FY2030 Target | FY2025 Target | FY2025 Results |
|------------------------------------------------------|---------------|---------------|----------------|
| Procurement rate of RSPO-certified raw materials (%) | 100           | 62            | 61.84          |

## 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.

## ◆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 again in fiscal 2023. In addition to asking the consent of all our suppliers to this Code of Ethics, we have made it available to our stakeholders through our website. In 2026, we will update this Code of Ethics once again.

## 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/wp-corporate/wp-content/themes/cosfa-corporate/assets/pdf/Iwase-Cosfa-Supplier-Code-of-Ethics-2023.pdf>

## ◆Supplier Evaluation Process

To identify and mitigate supply chain risks, Iwase Cosfa regularly evaluates its tier 1 (direct) suppliers through CSR questionnaires. In addition to quality and management, we conduct detailed assessments of their activities and initiatives from the perspectives of sustainability and ESG (Environment, Social, and Governance).

## Overview of the Evaluation Process

## New Suppliers

## Initial Assessment

- Company & Raw Material Information

## Existing Suppliers

## Suppliers evaluated by EcoVadis:

- Adherence to our Supplier Code of Ethics

## Other Suppliers, not evaluated by EcoVadis:

- Adherence to our Supplier Code of Ethics
- Completion of the CGNJ Common SAQ\*

## + Strategic Suppliers :

- Completion of a dedicated questionnaire

## Corrective Action

We request corrective actions and improvement from suppliers identified as "high-risk"

※ A self-assessment questionnaire for CSR procurement developed and distributed by the Global Compact Network Japan (GCNJ): <https://www.ungcnj.org/activities/help/index.html>

## Social (S) - Sustainable Procurement

### ◆Iwase Cosfa CSR Self-Assessment Questionnaire

We conduct an annual CSR self-assessment questionnaire for all our tier 1 suppliers. The purpose of this questionnaire is to identify potential risks in our supply chain, assess the continuous improvement progress of each supplier over the past year, and confirm their compliance with our Supplier Code of Conduct. The survey includes topics of particular importance to our business, such as the procurement of high-risk commodities, measurement of greenhouse gas (GHG) emissions, initiatives for biodiversity conservation, and risk management systems. We also inquire about each supplier's certifications and their participation in initiatives such as Sedex and CDP. This CSR questionnaire is utilized to complement our EcoVadis assessments.

In March 2026, we received cooperation from 580 of our tier 1 suppliers. This serves as an opportunity for our suppliers to deepen their understanding of our CSR activities and provides an important indicator for our future supply chain management.

| KPI                           | FY2025 Target | FY2025 Results |
|-------------------------------|---------------|----------------|
| Number of companies surveyed  | 580           | 580            |
| Of which, "Key Suppliers"     | 15            | 15             |
| Response rate                 | 70%           | 71%            |
| "Key Suppliers" response rate | 100%          | 81.25%         |

\*:Suppliers accounting for the top 50% of total purchase value

### ◆Risk Identification

We assess supplier risk by combining multiple factors. The main evaluation criteria are as follows:

- Responses to the Iwase Cosfa CSR Self-Assessment Questionnaire
- The nature of the products or services supplied
- The maturity of their development and implementation of sustainable policies and activities
- Their level of importance within our supply chain (scale of impact)

Going forward, we will continue to review our risk identification process and strive to report more detailed information.

### ◆Corrective Actions

For suppliers where risks have been identified, we request their cooperation in making improvements and regularly monitor their progress. If improvements are not forthcoming, or in cases of non-compliance with laws and regulations related to human rights, labor, or the environment, we may discontinue our business relationship with them.

### ◆CSR Opinion Exchange Meetings

Iwase Cosfa believes that the active participation and cooperation of all stakeholders are essential to achieving a sustainable supply chain, and we continuously strive to deepen mutual understanding with our suppliers.

Since the second half of 2023, we have been holding "CSR Dialogue Sessions," creating a forum to discuss sustainability initiatives and other topics with our suppliers. This initiative has the following three objectives:

- To grasp and understand the challenges faced by suppliers
- To share best practices
- To collaborate on resolving CSR challenges

※ Percentage of suppliers with whom dialogue sessions were held: Approximately 37% on a purchase value basis (as of December 2025).

To achieve sustainable raw material procurement, we will continue to promote this initiative and strive to provide ever more appropriate and effective support to our suppliers.

## Social (S) - Sustainable Procurement

## ◆ External Supplier Assessments

At Iwase Cosfa, we continuously monitor our suppliers' performance and responses to external assessments. Looking ahead, we are considering setting specific targets related to these external assessments to further mitigate risks within our supply chain.

| KPI                            | FY2030 Target | FY2025 Results |
|--------------------------------|---------------|----------------|
| Supplier assessed by EcoVadis  | 80%           | 59%            |
| Suppliers reporting to the CDP | 60%           | 43%            |

※ Based on purchase value

## ◆ Supplier Support

We recognize that supplier engagement and support are essential for promoting sustainability throughout the entire supply chain. Therefore, we plan to significantly strengthen our initiatives to provide CSR-related support, education, and capacity building for our suppliers.

As a first step, we will hosted a CSR webinar for our tier-1 suppliers in 2025. Through this event, we tried to raise supplier awareness, share best practices, and provide the knowledge and tools necessary to manage environmental and social impacts.

## Responsible Sourcing

Iwase Cosfa is dedicated to promoting sustainable sourcing activities throughout our supply chain, contributing to the realization of a sustainable society. To avoid sourcing raw materials linked to human rights abuses or environmental destruction, all of our overseas locations have obtained RSPO distributor licenses. We also strive to source and sell sustainable and certified raw materials, aiming for a supply chain free from deforestation.

## ◆ High-Risk Commodities

In consultation with our stakeholders and based on the latest regulatory requirements and market expectations, Iwase Cosfa is in the process of identifying "high-risk commodities." These are materials that are more likely to be associated with human rights abuses or environmental destruction during their cultivation or extraction, and mitigating their risks is a top priority.

We will identify the higher-risk items among the products we source and work to manage them appropriately and reduce their associated risks.

## ◆ Raw Material Traceability

To mitigate risks in our supply chain, Iwase Cosfa collaborates with all our partners to improve the traceability of the products we provide to customers and to increase the transparency of their origins.

As part of this effort, we have registered on "Transparency-One," a platform that enables the exchange of traceability information between buyers and suppliers, and we respond to information requests from our partners through it.



## ◆ Sourcing and Sales of Certified Products

Iwase Cosfa strives to build a more sustainable supply chain by obtaining and maintaining certifications for sustainable raw material sourcing. We actively handle raw materials that have acquired the following certifications:

- RSPO certification
- Ecocert/Cosmos Certification
- Halal/Vegan certification

## Social (S) - Sustainable Procurement

### Deforestation-free procurement

Iwase Cosfa recognizes that palm cultivation is a leading cause of deforestation in the world.

It has becoming increasingly clear that forests and natural ecosystems play an important role in mitigating climate change and conserving biodiversity, and that urgent action must be taken to address the situation.

We are also aware that palm cultivation is associated with various Human Rights issues, particularly the exploitation of Indigenous Peoples and Child and Forced Labor. Therefore, we regard the procurement of palm-based and palm-derived raw materials as having the potential to seriously affect our business activities, and we are committed to mitigating the risks associated with such procurement.

#### ◆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 202, we have obtained RSPO certification at all of our overseas bases, support the NDPE (No Deforestation, No Peat, No Exploitation) principle with the aim of procuring based on it. We share the vision and values promoted by the RSPO and strive to source raw materials in accordance with the RSPO Principles & Criteria (2018).

We aim to switch 100% of our palm oil- and palm kernel oil-derived raw materials to RSPO-certified raw materials by 2030. In 2025, 61.84% of the palm-based materials supplied by Iwase Cosfa were RSPO-certified.



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#### ◆Deforestation-free procurement

Wlwase Cosfa aims to achieve deforestation-free raw material procurement by formulating a roadmap toward 2030, striving for zero-deforestation procurement in alignment with the 12 principles of the Accountability Framework Initiative (AFi).

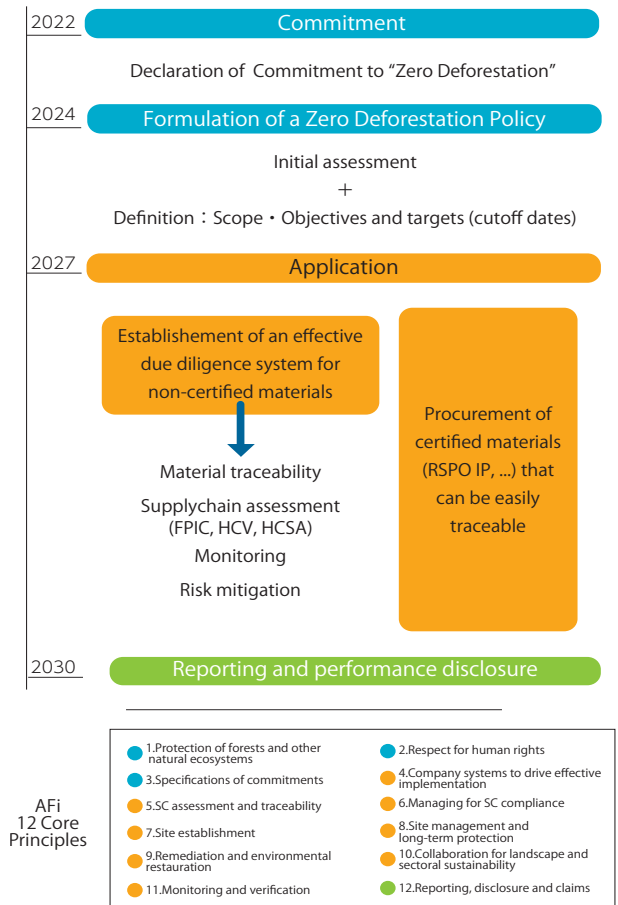
As the first step of this roadmap, we publicly declared our commitment in 2022 to support the NDPE (No Deforestation, No Peat, No Exploitation) principles and realize procurement based on these standards through this report, subsequently incorporating these expectations into our Supplier Code of Conduct.

Following preliminary evaluations that began in 2024, we deepened our understanding of deforestation issues throughout FY2025 through dialogue with strategic partners. As a result, we embedded measures addressing high-risk commodities—including palm-derived raw materials—into the core targets of our 10th Mid-Term Management Plan.

Furthermore, following an analysis of environmental regulatory trends and the complexity of these challenges on the path to target achievement, we determined that a fundamental review of our roadmap was necessary to establish a more effective "Deforestation Prevention Policy."

Accordingly, we have rescheduled the publication and operational rollout of this new policy—originally slated for 2026—to mid-2027. We are adjusting our timeline to ensure accurate risk identification and mitigation, and we remain dedicated to making steady progress.

### "Toward Zero Deforestation" Roadmap



\*Iwase Cosfa complies with the law and strives to be EUDR (European Union Deforestation Regulation) compliant for products sold in the EU market.

## Social (S) - Sustainable Procurement

### ◆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%

Throughout 2024, we enhanced our mineral sourcing management framework and worked with all stakeholders to prepare for further risk mitigation across our supply chain.

In FY2025, to identify and properly address potential adverse supply chain impacts, we prepared to redefine our "Sustainable Procurement Policy" with reference to the OECD's Due Diligence Guidance for Responsible Business Conduct and Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Through dialogue with stakeholders (including suppliers and customers), we will deepen our understanding of challenges across the value chain and reflect their feedback and expectations in the revised policy.

Because ensuring mineral traceability involves significant complexity, we revised our initial plan to build a highly effective and transparent management structure. We are working toward revising and publishing the policy within 2026. Parallel to these revision efforts, we continue to promote responsible business practices in day-to-day procurement operations guided by a risk-based approach (identifying, addressing, and mitigating risks).

### Other Sustainable Procurement Activities

#### ◆Our "Partnership Building Declaration"

We have formulated a "Partnership Building Declaration" to foster co-existence and mutual prosperity throughout our supply chain. This declaration affirms our commitment as a responsible corporation to conduct fair trade and build lasting, sustainable relationships with our material suppliers and partners. Through mutual understanding and trust, we will co-create value and contribute to resolving key societal issues.



※Iwase Cosfa Declaration:

<https://www.biz-partnership.jp/declaration/69731-09-00-osaka.pdf>

#### ◆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.



Declaration of voluntary action on the White Logistics promotion initiative

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. We aim 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.

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



**Yoichi Matsuura**  
Executive Managing Director

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. In a rapidly evolving regulatory environment, we are aware of our responsibility toward all stakeholders to identify and mitigate risks in our supply chain, as well as increasing its transparency. 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

## Environment (E)

### New Materiality Report: "Climate Change and Decarbonization"

Addressing climate change is a globally shared, top-priority issue essential to preserving the global environment and realizing a sustainable society. In addressing this issue, we evaluated both its impact on society and the environment and its financial/operational impact on our business.

#### ◆ Impacts on Society and Environment

Greenhouse gas (GHG) emissions from our own sites (warehouses, offices, etc.) and across the entire value chain drive global warming. On the other hand, promoting energy efficiency and supplying "sustainable raw materials" aligned with climate change mitigation contributes directly to realizing a decarbonized society.

#### ◆ Financial impacts on Business (Risks & Opportunities)

Increased costs from stricter regulations such as carbon taxes, alongside logistics disruptions and raw material procurement bottlenecks caused by extreme weather, pose major business risks. Conversely, securing advantages in eco-conscious markets and tapping into growing demand for sustainable products offers medium- to long-term growth opportunities.

#### ◆ Vision for the Future (Target State) & Key Initiatives

In alignment with the two core themes established through this two-way analysis, we are advancing the initiatives outlined in the table on the right. Through reduced GHG emissions (Scopes 1 and 2), securing SBT certification, and expanding sales of sustainable raw materials, we aim to balance business growth with reduced environmental and social impacts.

#### ◆ Social and Environmental Impacts and Effects (dual)

| Relevant Policies                 | Environmental Policy, Supplier Code of Ethics                                                                                                                                                                                     |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Impact on Society and Environment | <b>Negative Impacts</b> GHG emissions across the entire value chain—including raw material manufacturing and transport—as well as emissions from electricity, fuel use, and waste disposal in warehouses, offices, and logistics. |
|                                   | <b>Positive Impacts</b> Contributing to climate change mitigation through energy efficiency across operations/value chains and supplying "sustainable raw materials" that meet changing market needs.                             |
| Financial impact on Business      | <b>Risk Mitigation</b> Avoiding future cost increases from carbon taxes and stricter environmental regulations, as well as logistics disruptions and natural raw material shortages due to extreme weather.                       |
|                                   | <b>Opportunity Creation</b> Gaining competitive advantage in environmentally conscious markets and increasing sales and value addition by meeting demand for key sustainability products.                                         |

#### ◆ Vision and Key Actions for Value Creation

| Key Action Theme                                                 | Vision                                                                                                                                                                                    | Key upcoming action                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Energy Consumption Reduction and GHG Emissions Reduction         | <ul style="list-style-type: none"> <li>● Reduce CO2 emissions by 70% by 2030 (Scope 1 &amp; 2).</li> <li>● Procure 50% of purchased electricity from renewable energy sources.</li> </ul> | <ul style="list-style-type: none"> <li>● Preparing for SBTi certification.</li> <li>● Maintaining and improving CDP scores.</li> <li>● Utilizing renewable energy via solar panel and battery installation at the new Tsukuba Warehouse.</li> <li>● Optimizing delivery routes.</li> <li>● Continuing external warehouse consolidation and joint delivery efforts.</li> </ul> |
| Expanding Sales of Sustainable Materials to Capture Market Needs | <ul style="list-style-type: none"> <li>● Achieve a sales growth rate of 115%+ for sustainable raw materials relative to total sales.</li> </ul>                                           | <ul style="list-style-type: none"> <li>● Expanding the sustainable product portfolio.</li> <li>● Exploring new sustainable raw materials.</li> </ul>                                                                                                                                                                                                                          |

## Environment (E)

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.

#### ◆ 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 continue to emphasize the importance of biodiversity, minimize our impact on it, and contribute to activities that lead to conserving and restoring biodiversity related to our business in cooperation with our stakeholders. We are also making preparations to be able to provide nature-related financial disclosures in the future.

## Environment (E)

### ◆ 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 nine subsidiaries. Promotion Office reviews this environmental policy every year, and discloses the results to our stakeholders through our CSR report and website.

### 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. In addition, we regularly conduct trainings, and ensure employees' understanding of the EMS.

### Targets, KPIs, and Achievements

Iwase Cosfa regards environmental conservation as an important issue and monitors its own environmental activities. The environmental impact brought by our Company increased in fiscal 2022 due to our new business, Karatsu Wellness Farm. We are continuing to monitor the situation and to work on reducing energy consumption.

### ◆ Reduction of energy consumption & GHG

Iwase Cosfa strives to reduce energy consumption and greenhouse gas emissions. In fiscal 2025, we were able once again to reduce the electric consumption of our new business, Karatsu Wellness Farm.

| KPI                           | FY2030 Target       | FY2024 Results | FY2025 Results   |
|-------------------------------|---------------------|----------------|------------------|
| Electricity consumption (kWh) | Under investigation | 734,001        | 716,625          |
| From renewable sources (kWh)  | 50%                 | 0              | 55%<br>(394,763) |

\*See Medium- and Long-term Targets on page 12.

### ◆ Sales of sustainable materials

Iwase Cosfa is dedicated to sales of sustainable raw materials and has set annual sales targets. In 2025, we were unfortunately unable to meet our objective, reaching only 94% of the sales target.

| KPI                                 | FY2030 Target | FY2025 Target | FY2025 Results |
|-------------------------------------|---------------|---------------|----------------|
| Sales of eco-friendly products (kg) | *             | 2,106,539     | 1,978,110      |

\*See Medium- and Long-term Targets on page 12.

### ◆ 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 | FY2024 Results | FY2025 Results |
|---------------------|---------------|----------------|----------------|
| Waste emissions (t) | *             | 23<br>(0.07%)  | 44<br>(0.11%)  |

\*See Medium- and Long-term Targets on page 12.

### Reduction of Energy Consumption & GHG

In FY2025, by introducing more renewable energy, we successfully reduced our Scope 2 and our operational emissions per employee once again.

#### Greenhouse gas (GHG) emissions

| KPI                                                                        | FY2024 Results | FY2025 Results |
|----------------------------------------------------------------------------|----------------|----------------|
| Total emissions/employee (tCO <sub>2</sub> e)                              | /              | 817            |
| Operational emissions/employee (tCO <sub>2</sub> e)                        | 0.91           | 0.75           |
| Emissions intensity/revenue (tCO <sub>2</sub> e/million JPY)               | 0.0067         | 0.0055         |
| Scope 1 (tCO <sub>2</sub> e)                                               | 108            | 129            |
| Scope 2 (tCO <sub>2</sub> e)<br>Location-based                             | 339            | 320            |
| Scope 2 (tCO <sub>2</sub> e)<br>Market-based                               | 224            | 154            |
| Scope 3 (tCO <sub>2</sub> e)                                               | 54,593         | 307,770        |
| 1. Purchased goods and services                                            | 52,564         | 95,888         |
| 2. Capital goods                                                           | 48             | 10,621         |
| 3. Fuel and energy-related activities (not included in scope 1 or scope 2) | 56             | 80             |
| 4. Upstream transportation and distribution                                | 894            | 6,352          |
| 5. Waste generated in operations                                           | 48             | 17             |
| 6. Business travel                                                         | 46             | 49             |
| 7. Employee commuting                                                      | 61             | 99             |
| 9. Downstream transportation and distribution                              | 877            | 2,559          |
| 10. Processing of sold products                                            | /              | 123,117        |
| 13. End-of-life treatment of sold products                                 | /              | 17,455         |
| 15. Investment                                                             | /              | 51,531         |

■ Calculated or recalculated using new calculation methodology

■ Calculated using former calculation methodology

\*See Medium- and Long-term Targets on page 12.

## Environment (E)

## Disclosure Information in Line with TCFD and TNFD

## ◆ Integrated Approach to Climate Change and Natural Capital

We position "Climate Change and Decarbonization" as the top-priority materiality affecting our business sustainability. Because climate change and the degradation of natural capital are deeply interconnected, we adopt a comprehensive approach that integrates the TCFD and TNFD frameworks.

Rather than treating adaptation to environmental change purely as risk defense, we transform it into business growth (opportunities) for our company by expanding our lineup of sustainable products and building resilient procurement networks. Moving forward, we will link these initiatives to our next Mid-Term Management Plan to construct a sustainable and resilient business foundation capable of thriving under any environmental conditions.

## ◆ Governance [Common to TCFD / TNFD]

Climate- and nature-related policies, risks, and opportunities are evaluated by the Sustainability Promotion Office and subsequently reported and submitted to the Board of Directors—our highest decision-making body—via the Executive Committee.

The Board of Directors exercises effective oversight by reviewing financial impacts on the business and the validity of response measures. Additionally, it receives regular updates on compliance with human rights policies and engagement across the entire value chain, including indigenous peoples, local communities, and suppliers.

## ◆ Strategy [Common to TCFD / TNFD]

We conducted financial impact assessments for key climate and nature issues based on common scenarios—the 1.5°C

Scenario (Transition) and the 4.0°C Scenario (Physical)—to verify organizational resilience.

Specifically, we analyzed operational and supply chain impacts in priority regions with high natural capital dependence (Karatsu, Indonesia, etc.) and evaluated financial impacts such as procurement cost fluctuations and physical damage under each scenario. We are implementing company-wide measures to mitigate identified risks while capturing opportunities arising from the expansion of the sustainable market.

\*Adopted Scenarios: IEA "Net Zero Roadmap," IPCC "Sixth Assessment Report (AR6)," Ministry of the Environment "Climate Change Impact Assessment Report (FY2025 Edition)."

## ◆ Identification of Risks and Opportunities

[TCFD] Referencing leading cases from peers and the TCFD framework, we created a comprehensive longlist covering both "Transition Risks" and "Physical Risks." Based on this list, we identified risks and opportunities tailored to our specific business characteristics.

[TNFD] Adopting the LEAP approach, we analyzed our direct operations and value chain touchpoints with nature (dependencies and impacts). Using tools like ENCORE, we identified priority regions (Karatsu, Indonesia, etc.) and critical raw materials (palm oil, etc.), extracting objective environmental risk scores via the WWF Biodiversity Risk Filter. We then contextualized these extracted risks to align with our actual business operating environment.

## ◆ Assessment of Risks [Common to TCFD / TNFD]

The identified risks and opportunities are evaluated across short-, medium-, and long-term horizons using two axes: "Likelihood"

and "Impact." This allows us to objectively judge their relative importance across the entire company and pinpoint priority risks and opportunities to address.

## ◆ Risk Management [TCFD] / Risk and Impact Management

The identified risks, opportunities, and response measures (including dependencies and impacts on nature) will be reviewed by department heads and aligned with the primary initiatives of our next Mid-Term Management Plan. Beginning in 2026, we will initiate preparations to integrate these measures into our ISO Management Systems to strengthen our enterprise risk management framework.

- Identified Risks and Opportunities: We are progressing with incorporation into ISO 9001 / 14001 / 45001, re-evaluating and managing them through quarterly PDCA meetings.

- Impact on Nature in the Supply Chain: We continuously monitor and mitigate negative impacts through supplier "SAQ" (Self-Assessment Questionnaire) monitoring and raw material traceability via "Transparency-One."

- 

## ◆ Metrics and Targets

[TCFD] Setting "GHG Emissions Reduction (Scope 1, 2, 3)" as our most critical metric, we are refining emissions data and driving reductions to secure science-based targets (SBT) certification during FY2026.

[TNFD] To achieve Nature Positive outcomes, we manage indicators such as "100% RSPO-certified palm oil procurement rate by 2030" and "maintaining waste generation at 1% or less of sales volume." Simultaneously, we treat "expanding sales of sustainable raw materials" and "supplier code of conduct sign-off rates" as essential topics to enhance value chain sustainability.

## Environment (E)

## ◆[TCFD: Climate Change Response Measures Based on Scenario Analysis]

The table on the right outlines expected business environment changes and specific response measures under each scenario for identified priority climate risks and opportunities.

**1.5°C Scenario (Transition to a Decarbonized Society):** Stricter regulatory environments are expected to cause surges in raw material and logistics costs, along with lost orders for existing products due to shifting market demands. In response, we will promote procurement cost reductions and waste upcycling. Conversely, growing demand for sustainable raw materials represents a major business opportunity. We will capture this by boosting sales of key items, steadily expanding handling of RSPO-certified materials, and endorsing NDPE principles. Furthermore, we will enhance customer value by using external platforms to raise supply chain transparency and providing decarbonization proposals that support business partners' GHG reduction and CFP (Carbon Footprint of Products) calculations.

**4.0°C Scenario (Maximized Physical Damage):** Extreme weather will cause severe disruptions in logistics networks, while water shortages will make natural raw material procurement difficult. To counter this, we will reinforce supply chain resilience through multi-sourcing, securing alternative logistics routes, and diversifying procurement regions. Simultaneously, we will solidify business continuity by maintaining safe working environments under ISO 45001 operations and continually executing BCP frameworks. Moreover, we treat surging summer care demand during heatwaves and alternative sourcing proposals during supply squeezes as opportunities, strengthening formulation development for key ingredients to convert stable supply capabilities during emergencies into a decisive competitive advantage.

## Risk Drivers, Opportunities, Strategies &amp; Response Measures [TCFD]

| Scenario | Category    | Risk / Opportunity                                                                  | Time Horizon <sup>1</sup> | Valuechain <sup>2</sup>   | Financial Impact <sup>3</sup> | Response Measure                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------|-------------|-------------------------------------------------------------------------------------|---------------------------|---------------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.5°C    | Risk        | Stricter regulatory environment & surging raw material / logistics costs            | Short ~ Long              | Upstream / Own Operations | High                          | <ul style="list-style-type: none"> <li>Cost reduction and efficient investment</li> <li>Reducing procurement and management costs while optimizing inventory</li> <li>Promoting waste upcycling and recycling</li> </ul>                                                                                                                                                                                                                                  |
|          |             | Shifts in market needs (Lost orders for legacy products)                            | Short ~ Long              | Downstream                | High                          | <ul style="list-style-type: none"> <li>Redefining and expanding sales of sustainable raw materials</li> <li>Sourcing new sustainable raw materials</li> <li>Supporting clients' GHG reduction and CFP calculations</li> </ul>                                                                                                                                                                                                                             |
|          | Opportunity | Surging demand for sustainable raw materials                                        | Short ~ Long              | Upstream                  | High                          | <ul style="list-style-type: none"> <li>Selecting priority sustainability items and expanding global sales</li> <li>Driving initiatives to achieve "100% RSPO-certified raw materials by 2030"</li> <li>Formulating a "Deforestation-Free" roadmap based on AFI principles</li> <li>Formally declaring support for NDPE principles</li> </ul>                                                                                                              |
|          |             | Value creation through decarbonization proposals                                    | Short ~ Long              | Downstream                | High                          | <ul style="list-style-type: none"> <li>Building procurement structures compliant with EUDR and other regulations</li> <li>Strengthening supplier engagement (obtaining consent for Supplier Code of Ethics, conducting evaluations/support via CSR surveys)</li> <li>Enhancing supply chain transparency through external platform adoption support</li> <li>Advancing SBTi certification and TCFD/TNFD disclosures based on updated scenarios</li> </ul> |
| 4°C      | Risk        | Logistics disruptions & inventory damage from extreme weather                       | Mid ~ Long                | Upstream                  | High                          | <ul style="list-style-type: none"> <li>Securing multiple procurement sources and logistics routes</li> <li>Reviewing and continuously operating Business Continuity Plans (BCPs)</li> <li>Ensuring everyday safe working environments under ISO 45001 operations</li> </ul>                                                                                                                                                                               |
|          |             | Procurement difficulties for natural materials due to extreme weather/ water stress | Mid ~ Long                | Upstream / Own Operations | High                          | <ul style="list-style-type: none"> <li>Securing multiple procurement sources and logistics routes</li> <li>Formulating and driving procurement region diversification strategies</li> <li>Building sustainable supply chain management systems</li> </ul>                                                                                                                                                                                                 |
|          | Opportunity | Summer care demand spikes from extreme heat                                         | Short ~ Long              | Upstream                  | High                          | <ul style="list-style-type: none"> <li>Expanding applications for existing materials and acquiring new ingredients</li> <li>Conducting market trend research and making timely proposals</li> </ul>                                                                                                                                                                                                                                                       |
|          |             | Opportunity creation through alternative proposals                                  | Short ~ Long              | Downstream                | High                          | <ul style="list-style-type: none"> <li>Securing climate-adaptation model raw materials</li> <li>Securing multiple procurement sources and logistics routes</li> <li>Improving supply chain transparency and maintaining dialogue/collaboration with suppliers</li> <li>Evaluating focus raw materials and developing formulations supporting alternative proposals</li> </ul>                                                                             |

**Definitions (Time Horizon)<sup>1</sup>:**

Short-term (< 1 year): Impacts annual plans; current operational period with direct impact.  
 Medium-term (< 3 years): Impacts the 10th Mid-Term Management Plan; period to execute/ complete current strategies.  
 Long-term (> 3 years): Impacts beyond the Mid-Term Plan; period when future structural changes materialize (e.g., 2030/2050).

**Definitions (Value Chain)<sup>2</sup>:**

Downstream: Mainly Direct Customers  
 Own operations: Our company's own operations  
 Upstream: Mainly our Direct Suppliers (Tier 1)

**Definitions (Financial Impact)<sup>3</sup>:**

High: Over 300M JPY (10% of our Operating Profit or more)  
 Medium: Between 5M and 300M JPY (1.5% to 10% of our Operating Profit)  
 Low: Under 5M JPY (less than 1.5% of our Operating Profit)

## Environment (E)

## Risk Drivers, Opportunities, Strategies &amp; Response Measures [TNFD]

| Scenario | Category    | Risk / Opportunity                                         | Time Horizon <sup>1</sup> | Valuechain <sup>2</sup> | Financial Impact <sup>3</sup> | Response Measure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------|-------------|------------------------------------------------------------|---------------------------|-------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.5°C    | Risk        | Stricter environmental regulations                         | Mid ~ Long                | Downstream              | High                          | <ul style="list-style-type: none"> <li>Revising procurement guidelines and embedding the Supplier Code of Ethics</li> <li>Assessing environmental/social risks of partners via supplier surveys</li> <li>Identifying and mitigating environmental/social risks through high traceability</li> <li>Establishing an "ESG Due Diligence System" through linked initiatives</li> </ul>                                                                                                                               |
|          |             | ESG reputational risks                                     | Short ~ Long              | Downstream              | High                          | <ul style="list-style-type: none"> <li>Eliminating human rights risks and building an ethical supply chain</li> <li>Implementing global-standard risk assessment processes tailored to local laws</li> <li>Undergoing regular Sedex (SMETA 4-Pillar) audits</li> <li>Reducing value chain-wide risks through supplier education</li> <li>Ensuring safe workplaces under ISO 45001</li> <li>Fostering an autonomous sustainability culture by embedding the Credo</li> </ul>                                      |
|          | Opportunity | Expanding certified material sales                         | Short ~ Long              | Upstream                | High                          | <ul style="list-style-type: none"> <li>Selecting priority sustainability items and expanding global sales</li> <li>Driving initiatives toward "100% RSPO-certified raw materials by 2030"</li> <li>Reinforcing solution proposals directly contributing to clients' environmental value</li> </ul>                                                                                                                                                                                                               |
| 4°C      | Risk        | Sudden disasters (Supply chain disruptions)                | Mid ~ Long                | Upstream                | High                          | <ul style="list-style-type: none"> <li>Driving field-led resource circulation and cost reduction (e.g., drum recycling)</li> <li>Securing multiple procurement sources and logistics routes</li> <li>Establishing quality-controlled subdivision/plant environments at the New Tsukuba Warehouse</li> <li>Mitigating value chain risks and practicing organizational traceability based on the above</li> <li>Reinforcing BCP through proper inventory management and data visualization</li> </ul>              |
|          |             | Ecosystem degradation (Procurement difficulties)           | Mid ~ Long                | Upstream                | High                          | <ul style="list-style-type: none"> <li>Securing multiple procurement sources and logistics routes</li> <li>Driving initiatives toward "100% RSPO-certified raw materials by 2030"</li> <li>Formulating a "Deforestation-Free" roadmap based on Afi principles</li> <li>Formally declaring support for NDPE principles</li> <li>Building procurement structures compliant with EUDR and other regulations</li> <li>Identifying and implementing best practices for climate change and water management</li> </ul> |
|          | Opportunity | Corporate value enhancement via Nature Positive management | Mid ~ Long                | Own Operations          | High                          | <ul style="list-style-type: none"> <li>Maximizing corporate value evaluations from stakeholders through transparent disclosures</li> <li>Establishing a sustainable business model and creating diverse employment at the Karatsu Wellness Farm</li> <li>Driving business portfolio diversification</li> <li>Creating new value by integrating DX with sustainability</li> </ul>                                                                                                                                 |

**Definitions (Time Horizon)<sup>1</sup>:**

Short-term (< 1 year): Impacts annual plans; current operational period with direct impact.  
Medium-term (< 3 years): Impacts the 10th Mid-Term Management Plan; period to execute/complete current strategies.  
Long-term (> 3 years): Impacts beyond the Mid-Term Plan; period when future structural changes materialize (e.g., 2030/2050).

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Low: Under 5M JPY (less than 1.5% of our Operating Profit)

## ◆[TNFD: Natural Capital Response Measures Based on Scenario Analysis]

The table on the left outlines expected business environment changes and specific response measures under each scenario for identified priority natural capital risks and opportunities.

**1.5°C Scenario (Transition to Sustainability):** Reputation risks are expected due to stricter environmental regulations and rising ESG demands. We are building an ethical value chain by establishing an "ESG Due Diligence System" through revised procurement guidelines, embedding the supplier code of conduct, and securing advanced traceability. Simultaneously, we will generate business opportunities by expanding sales of certified materials and driving site-led resource circulation (e.g., recycling polydrums), reinforcing solution proposals directly linked to improving environmental value for customers.

**4.0°C Scenario (Severe Climate Change & Ecosystem Degradation):** Sudden natural disasters disrupting supply networks and procurement bottlenecks from natural capital depletion threaten operations. In response, we will build supply chain resilience by securing multiple supply sources, enhance BCP by refining factory environments at the new Tsukuba Warehouse, and manage inventory levels appropriately to raise operational continuity. Additionally, we will structure procurement frameworks by advancing our "Zero Deforestation" roadmap. Furthermore, we will leverage digital transformation (DX) to strengthen our management infrastructure, maximizing corporate value through nature-positive management and high-transparency disclosures.

## Environment (E)

### Greenhouse Gas (GHG) Accounting and Disclosure

Iwase Cosfa deeply recognizes the importance of understanding and managing its Greenhouse Gas (GHG) emissions as a core component of responsible corporate management. Through monitoring our GHG emissions, we assess our environmental impact and aim to build a business model aligned with the global transition to a low-carbon economy.

#### ◆ Information Disclosure

Our company is taking progressive steps to fully align its GHG emissions reporting with the GHG Protocol Corporate Accounting and Reporting Standard. In this report, we have further expanded the scope of our disclosure, building upon the calculation methods from the previous fiscal year.

In the future, once we have improved the accuracy of data collection and refined the calculation logic for all our subsidiaries to ensure sufficient data completeness and quality, we plan to recalculate our base year emissions. This recalculation will provide a solid foundation for setting Science Based Targets (SBTs).

#### ◆ Reporting and Calculation Boundary (Coverage)

Our GHG inventory is calculated based on the operational control consolidation approach and covers all sites of Iwase Cosfa and its overseas subsidiaries. Our affiliated companies are outside the organizational boundary and are not included in this inventory.

#### ◆ Scope 1 Calculation Methodology

Scope 1 emissions are calculated based on the consumption of gasoline, city gas, and LPG (activity data) at all Iwase Cosfa sites. For this calculation, we apply emission factors from the Japanese Ministry of the Environment's "Emission Factor Database for Calculating GHG Emissions of Organizations Throughout the Supply Chain."

※ Emission Factor Database for Calculating GHG Emissions of Organizations Throughout the Supply Chain:  
[https://www.env.go.jp/earth/ondanka/supply\\_chain/gvc/estimate\\_05.html](https://www.env.go.jp/earth/ondanka/supply_chain/gvc/estimate_05.html)

#### ◆ Scope 2 Calculation Methodology

##### In Japan:

Emissions from electricity consumption are calculated based on the "List of Emission Factors by Electric Utility."

Starting this fiscal year, to more accurately reflect our procurement of renewable energy, we are also reporting figures calculated using the market-based method. In line with GHG Protocol guidance, when supplier-specific data is unavailable, we use a residual mix factor. If a residual mix factor is also unavailable, we use the average grid mix factor.

Please note that for electricity consumption in Japan, only CO<sub>2</sub> emissions are calculated due to the specifications of the available emission factors.

※ List of Emission Factors by Electric Utility:  
<https://policies.env.go.jp/earth/ghg-santeikohyo/calc.html>

#### Overseas:

As supplier-specific emission factors are generally unavailable for our overseas sites, emissions from electricity consumption are calculated using emission factors from LCI databases based on the average grid mix of each country.

Unlike in Japan, these emissions include GHGs other than CO<sub>2</sub>. Furthermore, our total market-based emissions figure includes calculations from both our Japanese and overseas operations. We will continue to strive to improve the completeness and accuracy of our data collection.

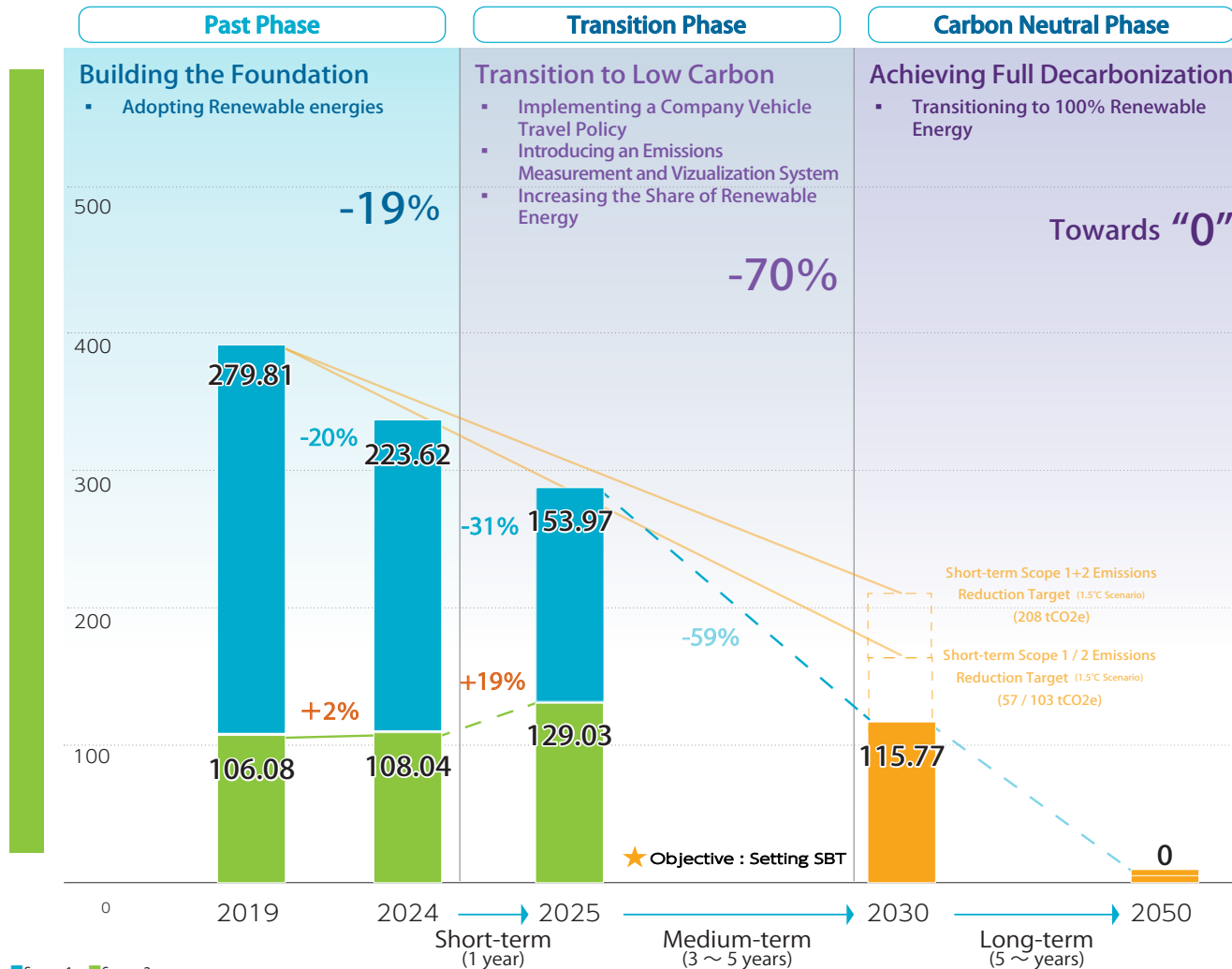
#### ◆ Scope 3 Calculation Methodology

Our Scope 3 emissions are calculated using supplier-specific data whenever possible, supplemented by industry-average emission factors from recognized Life Cycle Inventory (LCI) databases to fill any data gaps. This calculation applies the 100-year Global Warming Potential (GWP) factors from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6), reflecting the latest scientific findings. This approach ensures the accuracy and international comparability of our reporting.

Where activity data retrieval proves challenging or where data is only partially available for certain emissions sources, estimations are grounded in conservative scenarios and hypotheses. To avoid underestimating emissions, projected values equal or exceeding realistic conditions are utilized, maintaining our commitment to data transparency and credibility.

## Environment (E)

## GHG Emissions Reduction (Scope 1 &amp; 2) - Roadmap to Zero Emissions

(tCO<sub>2</sub>e) — Base year 2019

\*1.5°C Scenario Data Source: IEA (International Energy Agency)

## Reduction of Greenhouse Gas (GHG) Emissions and Energy Consumption

## ◆ Emission Reduction Roadmap

Our Scope 1 and Scope 2 reduction roadmap illustrates the scale of reductions from our base year emissions. Alignment with the 1.5°C scenario requires a 46.2% reduction by 2030 compared to our base year (down to 208 tCO<sub>2</sub>e). In contrast, our current target is a 70% reduction, surpassing the trajectory of the 1.5°C scenario and driving deeper decarbonization.

## ◆ Scope 1

In 2025, Scope 1 emissions rebounded slightly due to an increase in fuel consumption, primarily driven by sales force travel in company vehicles. To address this, we will continue to utilize online meetings whenever possible. Furthermore, we have decided to replace a portion of our company vehicle fleet at the Osaka office with electric vehicles (EVs) in 2026, which is expected to contribute to future Scope 1 reductions.

## ◆ Scope 2

In August 2024, we introduced renewable energy (hydroelectric power) at the Karatsu Wellness Farm, which accounts for approximately 40% of Iwase Cosfa's total electricity consumption. This significantly reduced our Scope 2 (market-based) emissions. In 2025, we achieved our goal by exceeding a 55% ratio of renewable and non-fossil fuel electricity. Additionally, in FY2026, we plan to install solar panels in conjunction with renovations at our Tsukuba Logistics Center. This initiative will further increase the share of renewable electricity across our total energy consumption.

## Environment (E)

## ◆ Scope 3

Accounting for approximately 99.8% of our total GHG emissions, Scope 3 is essential for building a sustainable supply chain and requires a robust, collaborative approach. Through engagement with our suppliers, we are driving GHG reduction efforts while improving data quality.

To reduce indirect emissions from distribution and logistics, we are refining our transportation practices. Specifically, we are cutting emissions by shifting to low-emission transport modes and consolidating shipping and storage warehouses to shorten travel distances. Beyond greenhouse gases, these initiatives also help reduce atmospheric pollutants, including volatile organic compounds (VOCs), sulfur oxides (SOx), nitrogen oxides (NOx), and other particulate matter.

Furthermore, as part of our path toward SBTi validation, we calculated full Scope 3 emissions for the first time this year using a new methodology. Due to differences in coverage, calculation, and estimation methods between past and current data, we are considering setting 2025—a different baseline year from Scope 1 and 2—as our baseline year for Scope 3. While past Scope 1 and 2 emissions were recalculated retroactively using the new methodology, Scope 3 emissions have not yet been retroactively recalculated. Disclosed historical emissions for Scope 3 rely on the previous methodology and are retained for reference purposes.

## ◆ Recalculation Policy and Data Transparency

We place high importance on data transparency and commit to promptly disclosing any changes to GHG emission calculation methods or results to all stakeholders. Guided by this commitment, we are taking action in three key areas:

**1. Methodology Review and Historical Data Recalculation for SBT Validation**

In FY2025, we overhauled our entire calculation framework to prepare for setting Science-Based Targets (SBT). To align with SBTi and GHG Protocol standards, we calculated full Scope 3 emissions (Categories 1–15) for the first time and recalculated all prior years' Scope 1 and 2 data using this new methodology. The figures in this report reflect these updated calculations.

**2. Ongoing Data Updates Aligned with Verification**

Our methodology may be further refined during the formal SBT validation process. Regardless of whether changes occur, we will continue to disclose data annually and update disclosures and figures as necessary.

**3. Development of an Official Recalculation Policy**

In compliance with SBTi requirements, we are currently formulating an official recalculation policy that clearly defines significance thresholds and criteria triggering future base-year emission recalculations.

## ◆ Short- to Medium-Term Strategy

To strengthen climate governance and disclosures, we are preparing to align with major international frameworks. In FY2025, we steadily completed preparatory work, including reviewing calculation methodologies to set Science-Based Targets (SBT). As part of our 10th Mid-Term Management Plan, we are advancing the following initiatives to embed decarbonization throughout our entire operations:

**1. SBT Commitment and Target Validation**

We plan to formally publish our commitment to set SBTs during 2026 and aim to achieve target validation by Q2 2027.

**2. Strengthening Calculation Infrastructure and Developing a Transition Plan**

To reinforce our foundational governance, processes, and tools, we are exploring new software solutions for data visualization and automated calculations. We will leverage these tools to construct a clear transition plan.

**3. Improving Data Accuracy and Ensuring Credibility Through Third-Party Verification**

Detailed, product-level data collection is essential for assessing complete product carbon footprints (CFP). We are actively collaborating with business partners, particularly suppliers, to gather this data. Additionally, to enhance credibility, we are evaluating third-party verification for our Scope 1 and Scope 2 emissions data.

## Environment (E)

## Waste and GHG emissions Reduction

Recognizing that the easiest way to reduce waste is to not generate it in the first place, we have implemented a comprehensive waste management strategy based on the "5R Principles" to minimize our environmental impact.



## ◆ Initiatives for Avoidable Waste

A swift and stable supply is essential to earning our customers' trust. For this reason, our company places great importance on maintaining its own inventory. However, a key challenge has been the large amount of usable raw material inventory that we are forced to dispose of for various reasons. In particular, a significant portion of our waste inventory was due to expired quality assurance periods, and we are focused on solving this issue.

Specifically, we are preventing products from expiring by reviewing our warehouse inventory management system and ensuring proper control. For products nearing their expiration date, we confirm their safety and then sell them at a discount to reduce waste. Furthermore, we are recycling damaged and torn plastic transportation pallets—which previously had to be discarded—thereby reusing resources and contributing to CO2 reduction.

To reduce our CO2 emissions, we are consolidating our external warehouses. This will decrease emissions associated

with transportation between warehouses. Additionally, we are implementing joint deliveries in some areas, striving to reduce transportation energy wherever possible.

## ◆ Reducing Packaging Materials with Dunnage

Dunnage refers to molded sheets designed to fit the shape of the cargo being transported. It allows products to be stacked, packaged, and transported safely as is. This system leads to a significant reduction in the use of conventional packaging materials. At Iwase Cosfa, we have introduced dunnage for packaging 18-liter cans and are working to reduce packaging materials by repeatedly reusing it.

## ◆ Leading Tenant Action Policy

Our company endorses the "Leading Tenant Action Policy," an initiative promoted by the Ministry of the Environment to encourage the decarbonization of tenant buildings. By participating in opinion exchanges and discussions with other endorsing companies, we will continue our efforts to reduce the environmental impact and energy consumption within our own tenant building.

※ List of companies endorsing the Leading Tenant policy (Japanese):  
[https://www.env.go.jp/earth/zeb/tenant/04\\_industry.html](https://www.env.go.jp/earth/zeb/tenant/04_industry.html)

## ◆ About TDM Partners

As a sponsoring company of the Expo 2025 Osaka, Kansai, Japan, we are active as a "TDM Partner." TDM (Transportation Demand Management) is an initiative aimed at alleviating traffic congestion and reducing environmental impact. Our company contributes to easing traffic congestion during the Expo by promoting the use of public transportation, encouraging bicycle commuting, and utilizing telework.

[https://www.env.go.jp/earth/zeb/tenant/04\\_industry.html](https://www.env.go.jp/earth/zeb/tenant/04_industry.html)

## ◆ Internal Eco-Activities

To protect the environment and reuse resources, we promote eco-activities internally. By continuing these small initiatives, we aim to raise the environmental awareness of our employees and strive to recycle resources and reduce waste.

- Discontinued the use of paper cups
- Switched to recycled polypropylene (PP) for our clear files
- Recycled the acrylic partitions that were introduced during the COVID-19 pandemic
- Donated unneeded office tableware
- Ensure annual printer cartridge recycling through an authorized third-party service (IWASE COSFA EUROPE)



Yoshitaka Ishino

Director; General Manager,  
Administration Department, Compliance  
Promotion Office

In FY2025, we focused heavily on upgrading our logistics infrastructures. Renovation of our Tsukuba Warehouse—aimed at reducing environmental impact and labor burdens—was completed, and the facility entered full operational status in July 2026 as our next-generation logistics center, "Tsukuba Logistics."

In FY2026, we will integrate this new facility with our upgraded core enterprise system to further accelerate the optimization of our procurement operations. Simultaneously, we will promote new initiatives—such as reducing ordering errors and expanding recycling efforts—to construct a sustainable supply chain.

MESSAGE

## Environment (E)

## Supplier Engagement

Iwase Cosfa recognizes the importance of collaborating with our suppliers and partners to reduce greenhouse gas (GHG) emissions in order to address the global challenge of climate change.

We encourage our suppliers to set ambitious reduction targets, including those validated by the Science Based Targets initiative (SBTi). Since 2024, we have intensified our engagement with suppliers on the issues of global warming and climate change. Through this initiative, we have confirmed that as of the end of 2025, over one-third of our tier 1 suppliers have already set Science Based Targets.

| KPI                                | FY2030 Target | FY2025 Results |
|------------------------------------|---------------|----------------|
| Suppliers with independent targets | 85%           | 58.17%         |
| Suppliers committed to setting SBT | ※             | 3.46%          |
| Suppliers with validated SBT       | 60%           | 36.20%         |

\* Based on purchases value

As part of formulating Iwase Cosfa's 10th Mid-Term Management Plan (2026–2028), we established goals and targets for supplier engagement. We collaborate closely with partner companies and offer direct support to help them strengthen their sustainability initiatives. By expanding the number of partner companies that undergo third-party evaluation, we contribute to mitigating risks across the entire supply chain.

## 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 2025, we worked hard to increase sales of sustainable raw materials, but we were unable to meet the target set at the start of the year.

## Sales results of eco-friendly products

| Eco-friendly products                                                          | FY2023    | FY2024    | FY2025    | Comparison with the FY2025 target |
|--------------------------------------------------------------------------------|-----------|-----------|-----------|-----------------------------------|
| Plant-based raw materials (kg)                                                 | 1,188,108 | 1,700,894 | 1,803,293 | 94%                               |
| Raw materials that do not include a heating process at the time of use (kg)    | 1,247     | 3,080     | 2,580     | 76%                               |
| Raw materials that can shorten the production process (kg)                     | 1,600     | 10        | 10        | 9%                                |
| Raw materials that can potentially reduce and prevent environmental risks (kg) | 1,648     | 166,407   | 172,227   | 94%                               |
| Total                                                                          | 1,192,613 | 1,870,391 | 1,978,110 | 94%                               |

\*See Targets on page 45

[Definition of Sustainable materials (eco-friendly products)]

① Materials (or raw materials) that can directly or indirectly participate to reducing environmental impacts or risks, such as the following:

- ①-1 Materials of plant origin
- ②-2 Materials whose manufacturing or transformation does not involve any heating process
- ③-3 Materials whose use allows for a shorter manufacturing process

② Raw materials whose use is likely to prevent or reduce environmental risks, such as the following:

- Materials manufactured according to the principles of Green Chemistry
- Materials that
- Materials of 100% natural origin and/or materials that, by definition, have a low environmental impact

In the future, we intend to make use of LCA (life cycle assessment) and other approaches to provide materials that can contribute to further reduction of environmental impacts at all stages of the product life cycle, from raw material procurement to disposal and recycling after use.

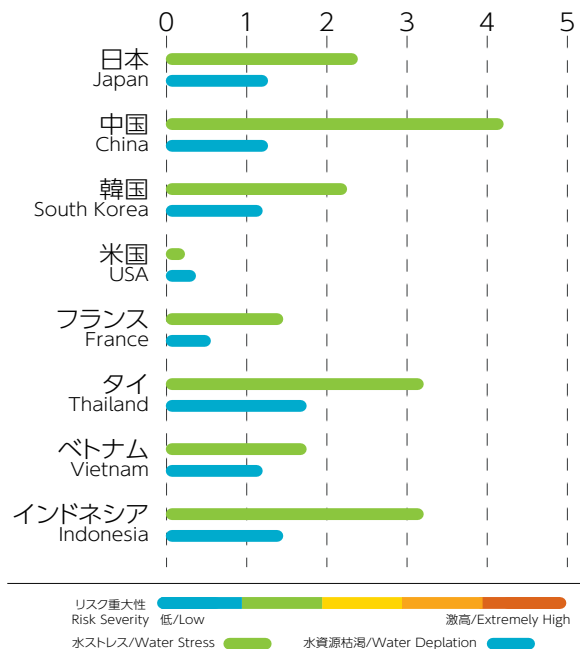
## Environment (E)

## Water Resource Management

## ◆Water Resource Risks

While water usage in our own business operations is extremely minimal, we fully recognize the cosmetics industry's broader impact on water resources and its operational dependency on water access, particularly within manufacturing processes. We also place strong emphasis on "double vulnerability (risks)"—both the impact our business operations exert on global water depletion and the potential impacts water scarcity poses to our business operations themselves.

## Water Risks Analysis



In FY2025, using widely recognized tools such as the World Resources Institute's (WRI) "Aqueduct Water Risk Atlas," we conducted water risk analyses at our operational sites and across relevant river basin levels. This assessment enabled us to identify potential water risks in specific operational regions and estimate potential impacts on local markets.

Moving forward, we will continuously improve our risk analysis methodologies through ongoing dialogue with partner companies, placing a particular focus on risks related to suppliers.

## ◆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. In 2022, water consumption drastically increased due to the expansion of our Karatsu Wellness Farm business. In 2025, we were able to reduce water consumption by more than 40%, compared to last year.



White kikurage we cultivate

## ◆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 making effective use of resources and contribute to the local community by providing fungus beds usually discarded after cultivation to local agricultural cooperatives to be turned into compost, which are then used as fuel at bio-power plant. We also offer to nearby kindergartens beetles raised on waste fungus beds free of charge.

## ◆Environmental Protection Activities

Through the "Keidanren Nature Conservation Fund", we donate to conservation activities for the preservation of nature in developing regions, mainly in the Asia-Pacific region, and for the conservation of Japan's outstanding natural environments, as well as to grant projects that make sustainable use of the environment. Please check our official website to learn more about our other environmental and social contributions.

## Environment (E)

## ◆Tree planting activities

In celebration of China's "Arbor Day," employees from Cosfa International Trading (Guangzhou) and Cosfa International Trading (Shanghai) planted tree saplings on March 27, 2025, contributing to local environmental protection. Beyond supporting the achievement of the SDGs, this initiative helps heighten internal CSR awareness and fosters better communication among employees.

In 2026, employees at the Beijing Branch of Cosfa International Trading (Shanghai) are also scheduled to participate in tree-planting activities.

We will continue to host annual tree-planting events moving forward. Across the entire Iwase Cosfa Group, we strive to deepen understanding of the importance of local environmental conservation while providing opportunities for every employee to participate in regional conservation activities.



Cosfa International Trading (Shanghai) employees - Tree Planting (2025)



Cosfa International Trading (Guangzhou) employees - Tree Planting (2025)



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Appendix

## Social(S)-related data

### Number of employees and gender ratio (as of December 31st,2025)

| Company Name                                      | 2019  |       |       | 2020  |       |       | 2021  |       |       | 2022  |       |       | 2023  |       |       | 2024  |       |        | 2025  |       |       |
|---------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                                                   | Total | M     | F     | Total | M     | F     | Total | M     | F     | Total | M     | F     | Total | M     | F     | Total | M     | F      | Total | M     | F     |
| Total*                                            | 278   | 127   | 151   | 301   | 132   | 169   | 318   | 136   | 182   | 342   | 147   | 195   | 340   | 146   | 194   | 364   | 163   | 201    | 377   | 158   | 219   |
|                                                   | 100%  | 45.7% | 54.3% | 100%  | 43.9% | 56.1% | 100%  | 42.8% | 57.2% | 100%  | 43.0% | 57.0% | 100%  | 42.9% | 57.1% | 100%  | 40.7% | 59.3%  | 100%  | 41.9% | 58.1% |
| IWASE COSFA CO., LTD.                             | 184   | 86    | 98    | 197   | 91    | 106   | 200   | 89    | 111   | 209   | 92    | 117   | 200   | 82    | 118   | 211   | 88    | 123    | 224   | 98    | 126   |
|                                                   | 66.2% | 46.7% | 53.3% | 65.4% | 46.2% | 53.8% | 62.9% | 44.5% | 55.5% | 61.1% | 44.0% | 56.0% | 58.8% | 41.0% | 59.0% | 58.0% | 41.7% | 58.3%  | 59.4% | 43.8% | 56.3% |
| COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | 26    | 12    | 14    | 23    | 9     | 14    | 30    | 12    | 18    | 30    | 12    | 18    | 30    | 14    | 16    | 39    | 14    | 25     | 39    | 13    | 26    |
|                                                   | 9.4%  | 46.2% | 53.8% | 7.6%  | 39.1% | 60.9% | 9.4%  | 40.0% | 60.0% | 8.8%  | 40.0% | 60.0% | 8.8%  | 46.7% | 53.3% | 10.7% | 35.9% | 64.1%  | 10.3% | 33.3% | 66.7% |
| COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | 24    | 11    | 13    | 24    | 11    | 13    | 27    | 12    | 15    | 28    | 13    | 15    | 36    | 15    | 21    | 34    | 16    | 18     | 34    | 16    | 18    |
|                                                   | 8.6%  | 45.8% | 54.2% | 8.0%  | 45.8% | 54.2% | 8.5%  | 44.4% | 55.6% | 8.2%  | 46.4% | 53.6% | 10.6% | 41.7% | 58.3% | 9.3%  | 47.1% | 52.9%  | 9.0%  | 47.1% | 52.9% |
| IWASE COSFA EUROPE S.A.S                          | 11    | 4     | 7     | 17    | 6     | 11    | 18    | 6     | 12    | 22    | 10    | 12    | 26    | 12    | 14    | 28    | 12    | 16     | 26    | 11    | 15    |
|                                                   | 4.0%  | 36.4% | 63.6% | 5.6%  | 35.3% | 64.7% | 5.7%  | 33.3% | 66.7% | 6.4%  | 45.5% | 54.5% | 7.6%  | 46.2% | 53.8% | 7.7%  | 42.9% | 57.1%  | 6.9%  | 42.3% | 57.7% |
| IWASE COSFA VIETNAM CO., LTD.                     | 17    | 6     | 11    | 18    | 6     | 12    | 19    | 7     | 12    | 22    | 6     | 16    | 20    | 10    | 10    | 21    | 6     | 15     | 22    | 7     | 15    |
|                                                   | 6.1%  | 35.3% | 64.7% | 6.0%  | 33.3% | 66.7% | 6.0%  | 36.8% | 63.2% | 6.4%  | 27.3% | 72.7% | 5.9%  | 50.0% | 50.0% | 5.8%  | 28.6% | 71.4%  | 5.8%  | 31.8% | 68.2% |
| IWASE COSFA KOREA CO., LTD.                       | 4     | 2     | 2     | 3     | 2     | 1     | 4     | 2     | 2     | 7     | 3     | 4     | 5     | 2     | 3     | 7     | 4     | 3      | 6     | 3     | 3     |
|                                                   |       | 50.0% | 50.0% | 1.0%  | 66.7% | 33.3% | 1.3%  | 50.0% | 50.0% | 2.0%  | 42.9% | 57.1% | 1.5%  | 40.0% | 60.0% | 1.9%  | 57.1% | 42.9%  | 1.6%  | 50.0% | 50.0% |
| IWASE COSFA USA INC.                              | 3     | 2     | 1     | 3     | 2     | 1     | 4     | 3     | 1     | 4     | 2     | 2     | 5     | 2     | 3     | 6     | 4     | 2      | 6     | 4     | 2     |
|                                                   | 1.1%  | 66.7% | 33.3% | 1.0%  | 66.7% | 33.3% | 1.3%  | 75.0% | 25.0% | 1.2%  | 50.0% | 50.0% | 1.5%  | 40.0% | 60.0% | 1.6%  | 66.7% | 33.3%  | 1.6%  | 66.7% | 33.3% |
| IWASE COSFA (THAILAND) CO., LTD.                  | 9     | 4     | 5     | 11    | 4     | 7     | 10    | 4     | 6     | 11    | 4     | 7     | 9     | 4     | 5     | 8     | 1     | 7      | 8     | 2     | 6     |
|                                                   |       | 44.4% | 55.6% | 3.7%  | 36.4% | 63.6% | 3.1%  | 40.0% | 60.0% | 3.2%  | 36.4% | 63.6% | 2.6%  | 44.4% | 55.6% | 2.2%  | 12.5% | 87.5%  | 2.1%  | 25.0% | 75.0% |
| PT. IWASE COSFA INDONESIA                         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 4     | 0     | 4      | 6     | 1     | 5     |
|                                                   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 1.1%  | 0.0%  | 100.0% | 1.6%  | 16.7% | 83.3% |
| IWASE COSFA MOROCCO SARL**                        | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 0     | 0     | 0      | 0     | 0     | 0     |
|                                                   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 0.0%  | 0%    | 0%     | 0.0%  | 0.0%  | 0.0%  |
| DAINI HONKASEI CO., LTD.                          | —     | —     | —     | 5     | 1     | 4     | 6     | 1     | 5     | 9     | 5     | 4     | 9     | 5     | 4     | 6     | 3     | 3      | 6     | 3     | 3     |
|                                                   | —     | —     | —     | 1.7%  | 20.0% | 80.0% | 1.9%  | 16.7% | 83.3% | 2.6%  | 55.6% | 44.4% | 2.6%  | 55.6% | 44.4% | 1.6%  | 50.0% | 50.0%  | 1.6%  | 50.0% | 50.0% |

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

### Work accident

| Indicator                           | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------------------------------------|------|------|------|------|------|------|------|
| Work accident number*               | 0    | 0    | 1    | 0    | 0    | 2    | 2    |
| Frequency rate of work accidents**  | 0    | 0    | 0    | 0    | 0    | 0    | 0    |
| Intensity rate of work accidents*** | 0    | 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                        | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  |
|----------------------------------|-------|-------|-------|-------|-------|-------|-------|
| % of employees with disabilities | 0.54% | 1.03% | 1.76% | 1.70% | 1.63% | 1.63% | 1.60% |

## Social(S)-related data

## Gender equality: Number of male and female leaders (as of December 31st,2025)

| Company Name                                      | 2019  |      |     | 2020  |      |     | 2021  |      |     | 2022  |       |       | 2023  |       |       | 2024  |       |        | 2025  |        |        |
|---------------------------------------------------|-------|------|-----|-------|------|-----|-------|------|-----|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|--------|--------|
|                                                   | Total | M    | F   | Total | M    | F   | Total | M    | F   | Total | M     | F     | Total | M     | F     | Total | M     | F      | Total | M      | F      |
| Total*                                            | 49    | 41   | 8   | 58    | 48   | 10  | 58    | 48   | 10  | 67    | 47    | 20    | 69    | 49    | 21    | 81    | 55    | 26     | 74    | 49     | 25     |
|                                                   | 100%  | 84%  | 16% | 100%  | 83%  | 17% | 100%  | 83%  | 17% | 100%  | 70%   | 30%   | 100%  | 69.6% | 30.4% | 100%  | 64.9% | 32.09% | 100%  | 66.22% | 33.78% |
| IWASE COSFA CO., LTD.                             | 39    | 33   | 6   | 35    | 30   | 5   | 35    | 29   | 6   | 37    | 30    | 7     | 35    | 26    | 9     | 40    | 30    | 10     | 25    | 18     | 7      |
|                                                   | 80%   | 85%  | 15% | 60%   | 86%  | 14% | 60%   | 83%  | 17% | 60%   | 81%   | 19%   | 50.7% | 74.3% | 25.7% | 49.4% | 75%   | 25%    | 33.8% | 72.0%  | 28.0%  |
| COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | 1     | 1    | 0   | 1     | 1    | 0   | 4     | 2    | 2   | 5     | 2     | 3     | 5     | 2     | 3     | 9     | 6     | 3      | 9     | 6      | 3      |
|                                                   | 2%    | 100% | 0%  | 2%    | 100% | 0%  | 7%    | 50%  | 50% | 7%    | 40.0% | 60.0% | 7.2%  | 40.0% | 60.0% | 11.1% | 66.6% | 33.3%  | 12.2% | 66.7%  | 33.3%  |
| COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | 1     | 1    | 0   | 1     | 1    | 0   | 4     | 2    | 2   | 6     | 3     | 3     | 6     | 3     | 3     | 7     | 3     | 4      | 8     | 3      | 5      |
|                                                   | 2%    | 100% | 0%  | 2%    | 100% | 0%  | 7%    | 50%  | 50% | 7%    | 50%   | 50%   | 8.7%  | 50.0  | 50.0% | 8.6%  | 42.9% | 57.1%  | 10.8% | 37.5%  | 62.5%  |
| IWASE COSFA EUROPE S.A.S                          | 4     | 2    | 2   | 6     | 3    | 3   | 2     | 2    | 0   | 1     | 1     | 0     | 3     | 2     | 1     | 3     | 2     | 1      | 3     | 2      | 1      |
|                                                   | 8%    | 50%  | 50% | 10%   | 50%  | 50% | 3%    | 100% | 0%  | 3%    | 100%  | 0%    | 4.3%  | 66.6% | 33.3% | 3.7%  | 66.6% | 33.3%  | 4.1%  | 66.7%  | 33.3%  |
| IWASE COSFA VIETNAM CO., LTD.                     | 1     | 1    | 0   | 1     | 1    | 0   | 4     | 2    | 2   | 3     | 0     | 3     | 2     | 1     | 1     | 2     | 1     | 1      | 4     | 2      | 2      |
|                                                   | 2%    | 100% | 0%  | 2%    | 100% | 0%  | 7%    | 50%  | 50% | 7%    | 0%    | 100%  | 2.9%  | 50.0% | 50.0% | 2.5%  | 50.0% | 50.0%  | 5.4%  | 50.0%  | 50.0%  |
| IWASE COSFA KOREA CO., LTD.                       | 1     | 1    | 0   | 1     | 1    | 0   | 3     | 2    | 1   | 4     | 2     | 2     | 4     | 2     | 2     | 5     | 3     | 2      | 6     | 4      | 2      |
|                                                   | 2%    | 100% | 0%  | 2%    | 100% | 0%  | 5%    | 67%  | 33% | 5%    | 50%   | 50%   | 5.8%  | 50.0% | 50.0% | 6.2%  | 60%   | 40%    | 8.1%  | 66.7%  | 33.3%  |
| IWASE COSFA USA INC.                              | 2     | 2    | 0   | 2     | 2    | 0   | 2     | 2    | 0   | 1     | 1     | 0     | 3     | 3     | 0     | 2     | 2     | 0      | 2     | 2      | 0      |
|                                                   | 4%    | 100% | 0%  | 3%    | 100% | 0%  | 3%    | 100% | 0%  | 3%    | 100%  | 0%    | 4.3%  | 100%  | 0.0%  | 2.5%  | 100%  | 0.0%   | 2.7%  | 100%   | 0.0%   |
| IWASE COSFA (THAILAND) CO., LTD.                  | 4     | 3    | 1   | 4     | 3    | 1   | 4     | 3    | 1   | 5     | 3     | 2     | 5     | 3     | 2     | 5     | 3     | 2      | 1     | 1      | 0      |
|                                                   | 8%    | 75%  | 25% | 7%    | 75%  | 25% | 7%    | 75%  | 25% | 7%    | 60%   | 40%   | 7.2%  | 60%   | 40%   | 6.2%  | 60%   | 40%    | 1.4%  | 100%   | 0.0%   |
| PT. IWASE COSFA INDONESIA                         | N/A   | N/A  | N/A | N/A   | N/A  | N/A | N/A   | N/A  | N/A | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 3     | 0     | 3      | 3     | 0      | 3      |
|                                                   | N/A   | N/A  | N/A | N/A   | N/A  | N/A | N/A   | N/A  | N/A | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 3.7%  | 0.0%  | 100%   | 4.1%  | 0.0%   | 100%   |
| IWASE COSFA MOROCCO SARL**                        | N/A   | N/A  | N/A | N/A   | N/A  | N/A | N/A   | N/A  | N/A | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 0     | 0     | 0      | 0     | 0      | 0      |
|                                                   | N/A   | N/A  | N/A | N/A   | N/A  | N/A | N/A   | N/A  | N/A | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 0%    | 0%    | 0%     | 0%    | 0%     | 0%     |
| DAIINIHKASEI CO., LTD.                            | —     | —    | —   | 5     | 5    | 0   | 6     | 6    | 0   | 5     | 5     | 0     | 5     | 5     | 0     | 5     | 5     | 0      | 3     | 3      | 0      |
|                                                   | —     | —    | —   | 9%    | 100% | 0%  | 10%   | 100% | 0%  | 10%   | 100%  | 0%    | 7.2%  | 100%  | 0%    | 6.2%  | 100%  | 0.0%   | 4.1%  | 100%   | 0.0%   |

\*including company executives / \*\*dispatched workers only / — : No available data

## Job separation rate (Japan)

| Indicator           | 2021 |      | 2022 |       | 2023  |       | 2024 |      | 2025 |      |
|---------------------|------|------|------|-------|-------|-------|------|------|------|------|
|                     | M    | F    | M    | F     | M     | F     | M    | F    | M    | F    |
| Job separation rate | 6.98 | 8.57 | 4.71 | 17.12 | 10.23 | 13.79 | 6.82 | 2.13 | 8.14 | 9.38 |

## Social(S)-related data

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

| Indicator                                                   | Company Name                                      | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025   |
|-------------------------------------------------------------|---------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Average designated overtime hours worked / month / employee | IWASE COSFA CO., LTD.                             | 5.31   | 3.43   | 5.3    | 5.49   | 5.50   | 6.12   | 6      |
|                                                             | COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | 5      | 5      | 1      | 1      | 1      | 1      | 1      |
|                                                             | COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | 5      | 3      | 0.5    | 0.22   | 0.72   | 0.43   | 0.68   |
|                                                             | IWASE COSFA EUROPE S.A.S                          | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
|                                                             | IWASE COSFA VIETNAM CO., LTD.                     | 3      | 3      | 3      | 3      | 0      | 0      | 0      |
|                                                             | IWASE COSFA KOREA CO., LTD.                       | 16     | 16     | 163    | 156    | 4      | 8      | 10     |
|                                                             | IWASE COSFA USA INC.                              | 23.42  | 1.04   | 0      | 2.105  | 3.22   | 0.48   | 0.34   |
|                                                             | IWASE COSFA (THAILAND) CO., LTD.                  | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
|                                                             | PT. IWASE COSFA INDONESIA                         | —      | —      | —      | —      | —      | —      | 0      |
|                                                             | IWASE COSFA MOROCCO SARL*                         | —      | —      | —      | —      | —      | 0      | 0      |
|                                                             | IWASE COSFA GROUP (Average)                       | 5.1    | 3.44   | 5.55   | 6.83   | 3.65   | 3.92   | 3.96   |
| Paid leave acquisition rate (%)                             | IWASE COSFA CO., LTD.                             | 55.5%  | 57.5%  | 69.8%  | 70.5%  | 70.2%  | 70.9%  | 70.4%  |
|                                                             | COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | 80.0%  | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
|                                                             | COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | 97.0%  | 100.0% | 98.0%  | 97.0%  | 99.0%  | 100.0% | 100.0% |
|                                                             | IWASE COSFA EUROPE S.A.S                          | 88.2%  | 76.0%  | 79.9%  | 87.6%  | 96.0%  | 96.0%  | 88.0%  |
|                                                             | IWASE COSFA VIETNAM CO., LTD.                     | 90.0%  | 90.0%  | 90.0%  | 100.0% | 5.0%   | 5.0%   | 5.0%   |
|                                                             | IWASE COSFA KOREA CO., LTD.                       | 82.0%  | 95.0%  | 83.0%  | 86.0%  | 86.0%  | 90.0%  | 95.0%  |
|                                                             | IWASE COSFA USA INC.                              | 36.0%  | 44.0%  | 50.0%  | 78.0%  | 69.0%  | 77.0%  | 71.0%  |
|                                                             | IWASE COSFA (THAILAND) CO., LTD.                  | 100.0% | 100.0% | 100.0% | 69.0%  | 97.0%  | 97.0%  | 97.0%  |
|                                                             | PT. IWASE COSFA INDONESIA                         | —      | —      | —      | —      | —      | —      | 100.0% |
|                                                             | IWASE COSFA MOROCCO SARL*                         | —      | —      | —      | —      | —      | —      | —      |
|                                                             | DAINIHONKASEI CO., LTD.                           | —      | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Absenteeism rate (%)                                        | IWASE COSFA CO., LTD.                             | 0.1%   | 0.1%   | 0.2%   | 0.1%   | 0.2%   | 0.05%  | 0.05%  |
|                                                             | 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%   | 0.0%   | 0.0%   |
|                                                             | IWASE COSFA EUROPE S.A.S                          | 0.0%   | 0.0%   | 1.4%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
|                                                             | IWASE COSFA VIETNAM CO., LTD.                     | 0.0%   | 0.0%   | 0.0%   | 5.0%   | 0.0%   | 0.0%   | 0.0%   |
|                                                             | IWASE COSFA KOREA CO., LTD.                       | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
|                                                             | IWASE COSFA USA INC.                              | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
|                                                             | IWASE COSFA (THAILAND) CO., LTD.                  | 0.0%   | 0.0%   | 0.0%   | 1.0%   | 0.0%   | 0.0%   | 0.0%   |
|                                                             | PT. IWASE COSFA INDONESIA                         | —      | —      | —      | —      | —      | 0.0%   | 0.0%   |
|                                                             | IWASE COSFA MOROCCO SARL*                         | —      | —      | —      | —      | —      | 0.0%   | 0.0%   |
|                                                             | DAINIHONKASEI CO., LTD.                           | —      | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |

\*dispatched workers only / — : No available data

## Social(S)-related data

## Employees training

| Indicator                           | Company Name                                      | 2019  | 2020   | 2021   | 2022   | 2023  | 2024   | 2025  |
|-------------------------------------|---------------------------------------------------|-------|--------|--------|--------|-------|--------|-------|
| Total training hours                | IWASE COSFA CO., LTD.                             | 558.2 | 2448.8 | 3042.3 | 2302   | 7531  | 16,080 | 7443  |
|                                     | COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | 300   | 300    | 300    | 300    | 37    | 33     | 30    |
|                                     | COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | 20    | 384    | 513    | 298    | 298   | 237    | 34    |
|                                     | IWASE COSFA EUROPE S.A.S                          | —     | 649    | 171    | 54     | 137   | 98     | 11    |
|                                     | IWASE COSFA VIETNAM CO., LTD.                     | 720   | 830    | 900    | 1000   | 72    | 100    | 150   |
|                                     | IWASE COSFA KOREA CO., LTD.                       | 180   | 218    | 260    | 274.02 | 230   | 360    | 338   |
|                                     | IWASE COSFA USA INC.                              | 0     | 24     | 56     | 40     | 24    | 31     | 38    |
|                                     | IWASE COSFA (THAILAND) CO., LTD.                  | —     | 13     | 48     | 324    | 64    | 186    | 180   |
|                                     | PT. IWASE COSFA INDONESIA                         | N/A   | N/A    | N/A    | N/A    | N/A   | 104    | 91    |
|                                     | IWASE COSFA MOROCCO SARL*                         | N/A   | N/A    | N/A    | N/A    | N/A   | N/A    | 0     |
| Number of employees trained         | IWASE COSFA CO., LTD.                             | 172   | 187    | 194    | 202    | 205   | 211    | 224   |
|                                     | COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | 24    | 26     | 30     | 30     | 30    | 37     | 37    |
|                                     | COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | 20    | 24     | 27     | 27     | 27    | 34     | 565   |
|                                     | IWASE COSFA EUROPE S.A.S                          | —     | 14     | 13     | 8      | 24    | 17     | 11    |
|                                     | IWASE COSFA VIETNAM CO., LTD.                     | 7     | 7      | 17     | 16     | 3     | 6      | 21    |
|                                     | IWASE COSFA KOREA CO., LTD.                       | 4     | 3      | 2      | 6      | 6     | 6      | 6     |
|                                     | IWASE COSFA USA INC.                              | 0     | 3      | 4      | 4      | 6     | 6      | 3     |
|                                     | IWASE COSFA (THAILAND) CO., LTD.                  | —     | 5      | 3      | 7      | 4     | 5      | 6     |
|                                     | PT. IWASE COSFA INDONESIA                         | N/A   | N/A    | N/A    | N/A    | N/A   | 1      | 3     |
|                                     | IWASE COSFA MOROCCO SARL*                         | N/A   | N/A    | N/A    | N/A    | N/A   | N/A    | 0     |
| Average training hours per employee | IWASE COSFA CO., LTD.                             | 3     | 12.5   | 15.7   | 11.40  | 36.74 | 76.21  | 36.74 |
|                                     | COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | 12    | 11.5   | 10     | 10     | 1     | 0.9    | 0.7   |
|                                     | COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | 1     | 16     | 19     | 11     | 11    | 6.9    | 1     |
|                                     | IWASE COSFA EUROPE S.A.S                          | —     | 38     | 13.15  | 6.75   | 5.8   | 5.8    | 0.42  |
|                                     | IWASE COSFA VIETNAM CO., LTD.                     | 45    | 46     | 53     | 63     | 24    | 16     | 6.8   |
|                                     | IWASE COSFA KOREA CO., LTD.                       | 45    | 73     | 130    | 45.67  | 46    | 60     | 56.33 |
|                                     | IWASE COSFA USA INC.                              | 0     | 8      | 14     | 10     | 4     | 31     | 6.33  |
|                                     | IWASE COSFA (THAILAND) CO., LTD.                  | —     | 1.3    | 16     | 29     | 7.1   | 30     | 22.5  |
|                                     | PT. IWASE COSFA INDONESIA                         | N/A   | N/A    | N/A    | N/A    | N/A   | 104    | 15.17 |
|                                     | IWASE COSFA MOROCCO SARL*                         | N/A   | N/A    | N/A    | N/A    | N/A   | N/A    | N/A   |
|                                     | DAINIHONKASEI CO., LTD.                           | —     | 5      | 3      | 18.5   | 18.5  | 18.5   | 18.5  |
|                                     | IWASE COSFA GROUP (Average)                       | 17.67 | 23.48  | 30.43  | 22.81  | 17.13 | 34.93  | 22.11 |

\*dispatched workers only / — : No available data

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

## Governance(G)-related data

### Trainings on information security (Japan)

| Indicator            | 2022                                             |                                               |                                                   | 2023                                  |                                                    | 2024                                        |                                       | 2025                                        |                                       |
|----------------------|--------------------------------------------------|-----------------------------------------------|---------------------------------------------------|---------------------------------------|----------------------------------------------------|---------------------------------------------|---------------------------------------|---------------------------------------------|---------------------------------------|
| Training name        | Basic Knowledge on information Security Measures | Targeted Attacks: Threats and Countermeasures | Viruses and malwares: Threats and Countermeasures | Information security regular training | Case study: Information leakage and accident cases | Generative AI and associated risks training | Information security regular training | Generative AI and associated risks training | Information security regular training |
| Number of times held | 1                                                | 2                                             | 1                                                 | 1                                     | 1                                                  | 1                                           | 1                                     | 1                                           | 1                                     |
| Duration (hours)     | 0.5                                              | 1                                             | 2                                                 | 2                                     | 2                                                  | 1                                           | 2                                     | 1                                           | 2                                     |
| Participants         | 175                                              | 218                                           | 140                                               | 140                                   | 140                                                | 211                                         | 211                                   | 224                                         | 224                                   |

### Compliance-related trainings (Japan)

| Indicator            | 2022                               | 2023                               |                   |                             |                        | 2024                                                |                     | 2025                                                |                     |
|----------------------|------------------------------------|------------------------------------|-------------------|-----------------------------|------------------------|-----------------------------------------------------|---------------------|-----------------------------------------------------|---------------------|
| Training name        | About Harassment in the Work place | About Harassment in the Work place | Bribery and gifts | Copyrights and image rights | Human Rights education | Harassment in the Work place, Human Rights, Bribery | Workshop: About CSR | Harassment in the Work place, Human Rights, Bribery | Workshop: About CSR |
| Number of times held | 2                                  | 1                                  | 1                 | 1                           | 1                      | 2                                                   | 3                   | 2                                                   | 3                   |
| Duration (hours)     | 1                                  | 2                                  | 2                 | 2                           | 2                      | 1                                                   | 2                   | 1                                                   | 2                   |
| Participants         | 218                                | 140                                | 140               | 140                         | 140                    | 211                                                 | 363                 | 224                                                 | 376                 |

### Number of incidents

| Indicator                                                 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-----------------------------------------------------------|------|------|------|------|------|------|------|------|------|
| Number of gift procedure violations                       | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    |
| Number of compliance violations                           | 0    | 1    | 0    | 0    | 0    | 0    | 0    | 0    | 1    |
| Number of regulatory penalties                            | 0    | 0    | 0    | 0    | 5    | 0    | 0    | 2    | 1    |
| Number of security breaches                               | 0    | 0    | 0    | 1    | 1    | 3    | 0    | 3    | 0    |
| Number of whistleblowing reports                          | 0    | 2    | 0    | 0    | 0    | 3    | 5    | 2    | 10   |
| Number of reported child labor and forced labor incidents | —    | —    | —    | —    | 0    | 0    | 0    | 0    | 0    |

\*Data from FY2018 to FY2020 are for IWASE COSFA (Japan only). We expanded the scope to include IWASE COSFA Group from FY2021.

— : No available data

## Environment (E)-related Data

### Eco-friendly product sales and objectives

| Indicator                                                                       | Category                                                                    | Year      | Objective(kg) | Results(kg) | Realization ratio |
|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------|---------------|-------------|-------------------|
| Materials that can directly or indirectly reduce environmental impacts or risks | Plant-based raw materials (kg)                                              | 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   | 93.58%            |
|                                                                                 |                                                                             | 2023      | 1,285,800     | 1,188,108   | 92.80%            |
|                                                                                 |                                                                             | 2024      | 1,550,050     | 1,700,894   | 109.7%            |
|                                                                                 |                                                                             | 2025      | 2,106,539     | 1,978,110   | 93.90%            |
|                                                                                 | Raw materials that do not include a heating process at the time of use (kg) | 2019      | 2,000         | 136         | 6.80%             |
|                                                                                 |                                                                             | 2020      | -             | -           | -                 |
|                                                                                 |                                                                             | 2021      | 800           | 80          | 10.00%            |
|                                                                                 |                                                                             | 2022      | 220           | 100         | 45.45%            |
|                                                                                 |                                                                             | 2023      | 400           | 1,247       | 311.76%           |
|                                                                                 |                                                                             | 2024      | 1,590         | 3,080       | 193.7%            |
|                                                                                 | Raw materials that can shorten the production process (kg)                  | 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%           |
| 2023                                                                            |                                                                             | 2,150     | 1,600         | 74.42%      |                   |
| 2024                                                                            |                                                                             | 60        | 100           | 16.7%       |                   |
| Raw materials that can potentially reduce and prevent environmental             | Materials with limited environmental impacts                                | 2019      | 300           | 0           | 0.00%             |
|                                                                                 |                                                                             | 2020      | 10,750        | 6,444       | 59.94%            |
|                                                                                 |                                                                             | 2021      | 4,290         | 3,821       | 89.07%            |
|                                                                                 |                                                                             | 2022      | 4,290         | 219         | 100%              |
|                                                                                 |                                                                             | 2023      | 2,750         | 1,648       | 59.93%            |
|                                                                                 |                                                                             | 2024      | 116,080       | 166,407     | 143.4%            |
|                                                                                 |                                                                             | 2025      | 183,448       | 172,227     | 93.88%            |
| Total                                                                           | 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%      |                   |
|                                                                                 | 2023                                                                        | 1,285,800 | 1,192,613     | 92.75%      |                   |
|                                                                                 | 2024                                                                        | 1,667,780 | 1,870,391     | 112.1%      |                   |
|                                                                                 | 2025                                                                        | 2,106,539 | 1,978,110     | 93.90%      |                   |

## Environment (E)-related Data

## GHG emissions

| Indicator                                                                  | 2019   | 2020          | 2021          | 2022          | 2023          | 2024      | 2025       |
|----------------------------------------------------------------------------|--------|---------------|---------------|---------------|---------------|-----------|------------|
| Scope 1                                                                    | 106.08 | 98.37         | 85.84         | 82.13         | 95.86         | 108.04    | 129.03     |
| Fuel                                                                       | 106.08 | 98.37         | 85.84         | 82.13         | 95.86         | 108.04    | 129.03     |
| Scope 2 - Location-based                                                   | 279.81 | 285.66        | 274.70        | 313.78        | 325.65        | 325.94    | 320.95     |
| Electricity                                                                | 279.81 | 285.66        | 274.70        | 313.78        | 325.65        | 325.94    | 320.95     |
| Scope 2 - Market-based                                                     | 279.81 | 285.66        | 274.70        | 313.78        | 325.65        | 223.62    | 153.97     |
| Electricity                                                                | 279.81 | 285.66        | 274.70        | 313.78        | 325.65        | 223.62    | 153.97     |
| Scope 3                                                                    | —      | 33,414,594.71 | 53,645,097.15 | 50,006,860.05 | 40,966.86     | 47,638.83 | 307,769.90 |
| 1. Purchased goods and services                                            | —      | 33,394,843.2  | 53,632,825.6  | 49,982,890.7  | 38,816.7      | 45,523.6  | 95,888.48  |
| 2. Capital goods                                                           | —      | 17.51         | 37.42         | 12.79         | 155.80        | 61.71     | 10,620.77  |
| 3. Fuel-and energy-related activities (not included in scope 1 or scope 2) | —      | 20.33         | 21.00         | 22.80         | 67.90         | 70.63     | 79.98      |
| 4. Upstream transportation and distribution                                | —      | 828.10        | 1,308.80      | 1,158.18      | 984.10        | 976.01    | 6,352.25   |
| 5. Waste generated in operations                                           | —      | 17,514.78     | 9,324.47      | 11,281.68     | 86.94         | 26.25     | 17.40      |
| 6. Business travel                                                         | —      | 350.20        | 39.79         | 41.46         | 37.31         | 127.19    | 49.20      |
| 7. Employee commuting                                                      | —      | 192.58        | 231.27        | 294.26        | 75.82         | 88.80     | 98.93      |
| 8. Upstream leased assets                                                  | —      | —             | —             | —             | —             | —         | N/A        |
| 9. Downstream transportation and distribution                              | —      | 828.01        | 1,308.80      | 1,1158.18     | 742.29        | 764.64    | 2,559.17   |
| 10. Processing of sold products                                            | —      | —             | —             | —             | —             | —         | 123,117.36 |
| 11. Use of sold products                                                   | —      | —             | —             | —             | —             | —         | N/A        |
| 12. End-of-life treatment of sold products                                 | —      | —             | —             | —             | —             | —         | 17,455.41  |
| 13. Downstream leased assets                                               | —      | —             | —             | —             | —             | —         | N/A        |
| 14. Franchises                                                             | —      | —             | —             | —             | —             | —         | 0.00       |
| 15. Investment                                                             | —      | —             | —             | —             | —             | —         | 51,530.95  |
| Total (Location-based)                                                     | 385.89 | 385.89        | 33,414,978.74 | 53,645,457.69 | 50,007,255.96 | 41,388.37 | 308,052.90 |
| Total (Market-based)                                                       | 385.89 | 385.89        | 33,414,978.74 | 53,645,457.69 | 50,007,255.96 | 47,970.49 | 308,219.88 |

— : No Data

■ Calculated or recalculated using new calculation methodology ■ Calculated using former calculation methodology

## Environment (E)-related Data

## Environmental data

| Indicator                 | Category | Company Name                                      | 2019     | 2020     | 2021     | 2022     | 2023     | 2024     | 2025     |
|---------------------------|----------|---------------------------------------------------|----------|----------|----------|----------|----------|----------|----------|
| Petroleum consumption (L) | Gasoline | IWASE COSFA CO., LTD.                             | 9,730.1  | 6,519.5  | 7,557.5  | 7,769.3  | 8,449.4  | 9,314.6  | 9,903.7  |
|                           |          | COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | 4,814.0  | 3,219.0  | 3,190.5  | 2,022.2  | 6,082.0  | 3,306.0  | 3,375.0  |
|                           |          | COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | 5,000.0  | 4,275.0  | 2,410.0  | 2,937.0  | 4,118.0  | 3,847.0  | 4,739.0  |
|                           |          | IWASE COSFA EUROPE S.A.S                          | 2,614.5  | 256.8    | 5,766.6  | 1,598.0  | 2,185.3  | 2,327.0  | 4,759.3  |
|                           |          | IWASE COSFA VIETNAM CO., LTD.                     | 3,420.0  | 4,476.0  | 4,476.0  | 4,524.0  | 4,742.0  | 5,347.0  | 5,500.0  |
|                           |          | IWASE COSFA KOREA CO., LTD.                       | 5,214.0  | 2,445.9  | 2,246.1  | 1,138.1  | 917.6    | 2,190.0  | 2,951.0  |
|                           |          | IWASE COSFA USA INC.                              | 1,902.8  | 1,350.8  | 678.0    | 914.6    | 914.6    | 1,482.0  | 1,380.0  |
|                           |          | IWASE COSFA (THAILAND) CO., LTD.                  | 0.0      | 0.0      | 0.0      | 11,174.0 | 10,754.8 | 16,200.0 | 16,200.0 |
|                           |          | PT. IWASE COSFA INDONESIA                         | N/A      | N/A      | N/A      | N/A      | N/A      | 0.0      | 0.0      |
|                           |          | IWASE COSFA MOROCCO SARL                          | N/A      | N/A      | N/A      | N/A      | N/A      | 0.0      | 0.0      |
|                           |          |                                                   | 32,051.7 | 25,509.5 | 21,353.7 | 34,994.7 | 41,063.4 | 46,445.9 | 48,536.7 |
|                           | Diesel   | IWASE COSFA CO., LTD.                             | 0.0      | 0.0      | 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      | 0.0      | 0.0      |
|                           |          | COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | 0.0      | 0        | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      |
|                           |          | IWASE COSFA EUROPE S.A.S                          | 37.5     | 61.3     | 15.1     | 85.9     | 96.7     | 90.5     | 85.4     |
|                           |          | IWASE COSFA VIETNAM CO., LTD.                     | 0.0      | 0.0      | 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      | 0.0      | 0.0      |
|                           |          | IWASE COSFA USA INC.                              | 0.0      | 0.0      | 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      |
|                           |          | PT. IWASE COSFA INDONESIA                         | N/A      | N/A      | N/A      | N/A      | N/A      | 0.0      | 6,093.0  |
|                           |          | IWASE COSFA MOROCCO SARL                          | N/A      | N/A      | N/A      | N/A      | N/A      | 0.0      | 0.0      |
|                           |          |                                                   | 37.5     | 61.3     | 15.1     | 85.9     | 96.7     | 90.5     | 6,178.4  |
| Gas consumption (m3)      | City gas | IWASE COSFA CO., LTD.                             | 85.8     | 108.0    | 455.0    | 806.0    | 702.0    | 631.0    | 745.0    |
|                           |          | COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | 0.0      | 0.0      | 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      | 0.0      | 0.0      |
|                           |          | IWASE COSFA EUROPE S.A.S                          | 0.0      | 0.0      | 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      | 0.0      | 0.0      |
|                           |          | IWASE COSFA KOREA CO., LTD.                       | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      |
|                           |          | IWASE COSFA USA INC.                              | 0.0      | 0.0      | 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      |
|                           |          | PT. IWASE COSFA INDONESIA                         | N/A      | N/A      | N/A      | N/A      | N/A      | 0.0      | 0.0      |
|                           |          | IWASE COSFA MOROCCO SARL                          | N/A      | N/A      | N/A      | N/A      | N/A      | 0.0      | 0.0      |
|                           |          |                                                   | 85.8     | 108.0    | 455.0    | 806.0    | 702.0    | 631.0    | 745.0    |
|                           | LPG      | IWASE COSFA CO., LTD.                             | 49.1     | 85.9     | 109.9    | 66.3     | 43.8     | 42.6     | 10.6     |
|                           |          | COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | 0.0      | 0.0      | 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      | 0.0      | 0.0      |
|                           |          | IWASE COSFA EUROPE S.A.S                          | 0.0      | 0.0      | 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      | 0.0      | 0.0      |
|                           |          | IWASE COSFA KOREA CO., LTD.                       | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      |
|                           |          | IWASE COSFA USA INC.                              | 0.0      | 0.0      | 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      |
|                           |          | PT. IWASE COSFA INDONESIA                         | N/A      | N/A      | N/A      | N/A      | N/A      | 0.0      | 0.0      |
|                           |          | IWASE COSFA MOROCCO SARL                          | N/A      | N/A      | N/A      | N/A      | N/A      | 0.0      | 0.0      |
|                           |          |                                                   | 49.1     | 85.9     | 109.9    | 66.3     | 43.8     | 42.6     | 10.6     |

— : No available data

## Environment (E)-related Data

| Indicator                           | Category              | Company Name                                      | 2019    | 2020    | 2021    | 2022    | 2023    | 2024    | 2025    |
|-------------------------------------|-----------------------|---------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Water consumption (m <sup>3</sup> ) | Municipal Water       | IWASE COSFA CO., LTD.                             | 1,129.0 | 1,069.0 | 1,149.0 | 2,383.0 | 2,258.0 | 1,994.0 | 1,636.0 |
|                                     |                       | COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | —       | —       | —       | —       | —       | —       | —       |
|                                     |                       | COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | —       | —       | —       | —       | —       | 24.0    | 30.0    |
|                                     |                       | IWASE COSFA EUROPE S.A.S                          | —       | —       | —       | —       | —       | —       | —       |
|                                     |                       | IWASE COSFA VIETNAM CO., LTD.                     | —       | —       | —       | 368.0   | 370.0   | 350.0   | 390.0   |
|                                     |                       | IWASE COSFA KOREA CO., LTD.                       | 71.0    | 64.9    | 12.5    | 14.6    | 15.9    | 21.0    | 24.0    |
|                                     |                       | IWASE COSFA USA INC.                              | —       | —       | —       | —       | —       | —       | —       |
|                                     |                       | IWASE COSFA (THAILAND) CO., LTD.                  | —       | —       | —       | 14.0    | 40.0    | 40.0    | 40.0    |
|                                     |                       | PT. IWASE COSFA INDONESIA                         | N/A     | N/A     | N/A     | N/A     | N/A     | —       | —       |
|                                     |                       | IWASE COSFA MOROCCO SARL                          | N/A     | N/A     | N/A     | N/A     | N/A     | 0.0     | 0.0     |
|                                     |                       |                                                   | 1200.0  | 1133.9  | 1,161.5 | 2,779.6 | 2,683.9 | 2,429.0 | 2,120.0 |
|                                     | Groundwater           | IWASE COSFA CO., LTD.                             | —       | —       | —       | 0.0     | 0.0     | 0.0     | 0.0     |
|                                     |                       | COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | —       | —       | —       | —       | 0.0     | 0.0     | 0.0     |
|                                     |                       | COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | —       | —       | —       | 0.0     | 0.0     | 0.0     | 0.0     |
|                                     |                       | IWASE COSFA EUROPE S.A.S                          | —       | —       | 0.0     | 2.4     | 0.0     | 0.0     | 0.0     |
|                                     |                       | IWASE COSFA VIETNAM CO., LTD.                     | 272.0   | 345.0   | 345.0   | —       | 0.0     | 0.0     | 0.0     |
|                                     |                       | IWASE COSFA KOREA CO., LTD.                       | —       | —       | —       | 0.0     | 0.0     | 0.0     | 0.0     |
|                                     |                       | IWASE COSFA USA INC.                              | —       | —       | —       | —       | 0.0     | 0.0     | 0.0     |
|                                     |                       | IWASE COSFA (THAILAND) CO., LTD.                  | —       | —       | —       | 0.0     | 0.0     | 0.0     | 0.0     |
|                                     |                       | PT. IWASE COSFA INDONESIA                         | N/A     | N/A     | N/A     | N/A     | N/A     | 0.0     | 0.0     |
|                                     |                       | IWASE COSFA MOROCCO SARL                          | N/A     | N/A     | N/A     | N/A     | N/A     | 0.0     | 0.0     |
|                                     |                       |                                                   | 272.0   | 345.0   | 345.0   | 2.4     | 0.0     | 0.0     | 0.0     |
| Wastewater volume (m <sup>3</sup> ) | Sewage                | IWASE COSFA CO., LTD.                             | 1,129.0 | 1,055.0 | 1,140.0 | 1,968.0 | 1,880.0 | 1,525.0 | 1,106.0 |
|                                     |                       | 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.                  | —       | —       | —       | —       | —       | —       | —       |
|                                     |                       | PT. IWASE COSFA INDONESIA                         | N/A     | N/A     | N/A     | N/A     | N/A     | —       | —       |
|                                     |                       | IWASE COSFA MOROCCO SARL                          | N/A     | N/A     | N/A     | N/A     | N/A     | 0.0     | 0.0     |
|                                     |                       |                                                   | 1,129.0 | 1,063.3 | 1,140.0 | 1,968.0 | 1,880.0 | 1,525.0 | 1,106.0 |
|                                     | Industrial wastewater | IWASE COSFA CO., LTD.                             | 0.0     | 0.0     | 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     | 0.0     | 0.0     |
|                                     |                       | COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | 0.0     | 0.0     | 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     | 0.0     | 0.0     |
|                                     |                       | IWASE COSFA VIETNAM CO., LTD.                     | 0.0     | 0.0     | 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     | 0.0     | 0.0     |
|                                     |                       | IWASE COSFA USA INC.                              | 0.0     | 0.0     | 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     |
|                                     |                       | PT. IWASE COSFA INDONESIA                         | N/A     | N/A     | N/A     | N/A     | N/A     | 0.0     | 0.0     |
|                                     |                       | IWASE COSFA MOROCCO SARL                          | N/A     | N/A     | N/A     | N/A     | N/A     | 0.0     | 0.0     |
|                                     |                       |                                                   | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |

— : No available data

## Environment (E)-related Data

| Indicator                                                                                  |                                                   | Company Name                                      | 2019      | 2020      | 2021      | 2022       | 2023       | 2024       | 2025       |
|--------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|-----------|-----------|-----------|------------|------------|------------|------------|
| Electricity consumption (Kwh)                                                              |                                                   | IWASE COSFA CO., LTD.                             | 475,228.5 | 495,400.0 | 519,615.5 | 617,857.91 | 589,142.   | 604,121.4  | 582,485.2. |
|                                                                                            |                                                   | COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | —         | —         | —         | 14,971.0   | 37,588.0   | 26,899.0   | 34,591.0   |
|                                                                                            |                                                   | COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | 13,800.0  | 4,275.0   | 10,385.0  | 9,681.0    | 16,290.0   | 22,429.0   | 21,651.0   |
|                                                                                            |                                                   | IWASE COSFA EUROPE S.A.S                          | 1,971.3   | 8,932.1   | —         | 3,897.0    | 3,900.65   | 6,059.74   | 4,991.0    |
|                                                                                            |                                                   | IWASE COSFA VIETNAM CO., LTD.                     | 28,111.0  | 32,789.0  | 32,789.0  | 37,079.0   | 39,020.0   | 37,973.0   | 38,500.0   |
|                                                                                            |                                                   | IWASE COSFA KOREA CO., LTD.                       | 3,904.0   | 7,358.0   | 8,597.0   | 7,686.0    | 7,770.0    | 9,393.0    | 8,978.0    |
|                                                                                            |                                                   | IWASE COSFA USA INC.                              | 3,906.7   | 3,897.0   | 4,340.3   | 4,228.5    | 5,702.1    | 6,526.8    | 6,427.5    |
|                                                                                            |                                                   | IWASE COSFA (THAILAND) CO., LTD.                  | 54,800.0  | 53,470.0  | 9,170.0   | 11,601.0   | 12,821.0   | 16,248.0   | 12,574.0   |
|                                                                                            |                                                   | PT. IWASE COSFA INDONESIA                         | N/A       | N/A       | N/A       | N/A        | N/A        | 4,351.2    | 6,427.5    |
|                                                                                            |                                                   | IWASE COSFA MOROCCO SARL                          | N/A       | N/A       | N/A       | N/A        | N/A        | 0.0        | 0.0        |
|                                                                                            |                                                   | DAINIHONKASEI CO., LTD. ※                         | —         | —         | —         | (12,533.0) | —          | (13,531.0) | (12,842.0) |
|                                                                                            | From renewable sources                            |                                                   | 577,814.8 | 602,224.1 | 580,556.5 | 702,773.91 | 706,531.65 | 723,123.1  | 716,625.2  |
|                                                                                            |                                                   | IWASE COSFA CO., LTD.                             | 0.0       | 0.0       | 0.0       | 0.0        | 0.0        | 242,879.0  | 394,763.0  |
|                                                                                            |                                                   | COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | 0.0       | 0.0       | 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        | 0.0        | 0.0        |
|                                                                                            |                                                   | IWASE COSFA EUROPE S.A.S                          | 0.0       | 0.0       | 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        | 0.0        | 0.0        |
|                                                                                            |                                                   | IWASE COSFA KOREA CO., LTD.                       | 0.0       | 0.0       | 0.0       | 0.0        | 0.0        | 0.0        | 0.0        |
|                                                                                            |                                                   | IWASE COSFA USA INC.                              | 0.0       | 0.0       | 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        |
|                                                                                            |                                                   | PT. IWASE COSFA INDONESIA                         | N/A       | N/A       | N/A       | N/A        | N/A        | 0.0        | 0.0        |
|                                                                                            |                                                   | IWASE COSFA MOROCCO SARL                          | N/A       | N/A       | N/A       | N/A        | N/A        | 0.0        | 0.0        |
|                                                                                            | 0.0                                               | 0.0                                               | 0.0       | 0.0       | 0.0       | 242,879.0  | 394,763.0  |            |            |
| Industrial Waste (t)                                                                       | IWASE COSFA CO., LTD.                             | 39.0                                              | 23.0      | 30.0      | 48.8      | 22.93      | 19.00      | 29.73      |            |
|                                                                                            | COSFA INTERNATIONAL TRADING (SHANGHAI) CO., LTD.  | 0.0                                               | 0.0       | 0.0       | —         | —          | —          | —          |            |
|                                                                                            | COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | 0.0                                               | 0.0       | 0.0       | —         | —          | —          | 13.00      |            |
|                                                                                            | IWASE COSFA EUROPE S.A.S                          | 0.0                                               | 0.0       | 0.0       | —         | —          | 2.07       | 0.51       |            |
|                                                                                            | IWASE COSFA VIETNAM CO., LTD.                     | 0.0                                               | 0.0       | 0.0       | —         | 3.828      | 2.13       | 0.45       |            |
|                                                                                            | IWASE COSFA KOREA CO., LTD.                       | 0.0                                               | 0.0       | 0.0       | —         | —          | —          | 0.025      |            |
|                                                                                            | IWASE COSFA USA INC.                              | 0.0                                               | 0.0       | 0.0       | —         | 0.088      | —          | 0.038      |            |
|                                                                                            | IWASE COSFA (THAILAND) CO., LTD.                  | 0.0                                               | 0.0       | 0.0       | —         | —          | —          | 0.21       |            |
|                                                                                            | PT. IWASE COSFA INDONESIA                         | N/A                                               | N/A       | N/A       | N/A       | N/A        | —          | —          |            |
|                                                                                            | IWASE COSFA MOROCCO SARL                          | N/A                                               | N/A       | N/A       | N/A       | N/A        | 0.0        | 0.0        |            |
|                                                                                            | 39.0                                              | 23.0                                              | 30.0      | 48.8      | 27.05     | 23.21      | 43.96      |            |            |
| Specially controlled industrial waste - Specified hazardous industrial waste emissions (t) | IWASE COSFA CO., LTD.                             | 0.0                                               | 0.0       | 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        | 0.0        | 0.0        |            |
|                                                                                            | COSFA INTERNATIONAL TRADING (GUANGZHOU) CO., LTD. | 0.0                                               | 0.0       | 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        | 0.0        | 0.0        |            |
|                                                                                            | IWASE COSFA VIETNAM CO., LTD.                     | 0.0                                               | 0.0       | 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        | 0.0        | 0.0        |            |
|                                                                                            | IWASE COSFA USA INC.                              | 0.0                                               | 0.0       | 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        |            |
|                                                                                            | PT. IWASE COSFA INDONESIA                         | N/A                                               | N/A       | N/A       | N/A       | N/A        | 0.0        | 0.0        |            |
|                                                                                            | IWASE COSFA MOROCCO SARL                          | N/A                                               | N/A       | N/A       | N/A       | N/A        | —          | 0.0        |            |
|                                                                                            | 0.0                                               | 0.0                                               | 0.0       | 0.0       | 0.0       | 0.0        | 0.0        |            |            |

— : No available data / ※ For reference only (not included in total)



## SUSTAINABILITY REPORT 2026

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