

KOSÉ Visualizes CO₂ Emissions of SEKKISEI and Confirms a Reduction of Approximately 28% When Using Refills Instead of Bottles

Initiative under the Ministry of the Environment's Project for Model Businesses Related to the Carbon Footprint of Products and Services

KOSÉ Corporation (Headquarters: Chuo-ku, Tokyo; President: Kazutoshi Kobayashi) has participated in the Ministry of the Environment's project for model businesses related to the carbon footprint of products and services implemented in 2022. Carbon footprint is the amount of CO₂ emitted throughout a product's lifecycle. The carbon footprint of products under the SEKKISEI CLEAR WELLNESS series—which is part of KOSÉ's flagship SEKKISEI skincare brand—was calculated, and based on the results, the company formulated measures toward future reduction of CO₂ emissions.



Background to participation in the Ministry of the Environment's project for model businesses related to the carbon footprint of products and services

This project seeks to expand carbon footprint initiatives and encourage consumers to choose products and services that contribute toward decarbonization by creating leading role models regarding the calculation, labelling, and application of carbon footprint. It was started in August 2022 with support from Boston Consulting Group, which was consigned by the Ministry of the Environment.

The KOSÉ Group is promoting a decarbonization strategy. Under the KOSÉ Sustainability Plan^{*1}, the Group will aim for carbon neutrality—achieving net zero CO₂ emissions—by 2040 and has set CO₂ emission reduction targets to be achieved by 2030 to be in line with the SBT target of 1.5°C^{*2}. Through participation in this project, KOSÉ will accumulate practical expertise in carbon footprint calculation and labelling, measure the effects of addressing sustainability, and identify environmental impact hotspots in lifecycles to accelerate CO₂ emission reduction across the entire value chain and promote its corporate and brand stance regarding the environment.

*1 KOSÉ Sustainability Plan: https://corp.kose.co.jp/en/sustainability/plan/

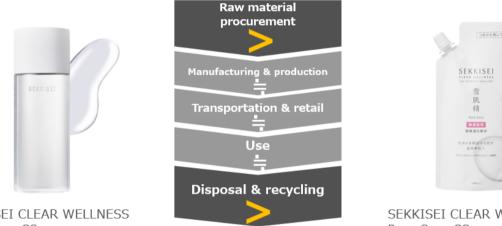
*2 This is a target consistent with the level required by the Paris Agreement, advocated for by the Science Based Targets initiative (SBTi). It is set based on scientific evidence to limit the overall rise in the average global temperature to 1.5°C above pre-Industrial Revolution levels.

Product under scope of calculation

SEKKISEI is a brand that drives KOSÉ's sustainability promotion activities. Through the SEKKISEI SAVE the BLUE project which has been on-going since 2009, the brand supports activities that protect nature through donations and undertakes activities that raise awareness about conservation of the global environment. SEKKISEI CLEAR WELLNESS is a core series of the brand and advocates clarity even in manufacturing. SEKKISEI CLEAR WELLNESS Pure Conc SS—the product under the scope of calculation this time—is a product designed with consideration for the global environment, including the switch to packaging with low environmental impact, the launch of refill packs, and studies into reviews of manufacturing processes.

*3 SEKKISEI SAVE the BLUE project: https://sekkisei.jp/site/p/savetheblue.aspx (in Japanese)

Results of calculation



SEKKISEI CLEAR WELLNESS Pure Conc SS Bottle 200ml

SEKKISEI CLEAR WELLNESS Pure Conc SS Refill 170ml

When comparing the carbon footprint of the product under the scope of calculation, in its original bottle as well as in the form of a refill pack, the CO₂ emissions of the refill pack was approximately 28% lower than the carbon footprint of the bottle, allowing visualization through numerical figures the differences in the processes of raw material procurement and disposal and recycling. In addition, the effects of addressing sustainability—such as the use of cardboard and the introduction of renewable energy in the manufacturing and production process—were also confirmed for this product. Through participation in this project, KOSÉ undertook a study toward the implementation of carbon footprint calculation for each product. The knowledge gained through this participation will be used for the development of environmentally friendly products in the future.

KOSÉ reported on this initiative at the Decarbonization Business Forum organized by the Ministry of the Environment on March 6, 2023. A portion of this initiative is also stated as an example in the Carbon Footprint Guidelines (Appendix) Practical Guide^{*4} announced by the Ministry of Economy, Trade and Industry (METI) and the Ministry of the Environment.

*4 https://www.env.go.jp/press/press_01576.html (in Japanese)

Future efforts

	Raw material procurement	Manufacturing & production	Transportation & retail	Use	Disposal & recycling
Examples of specific measures	 Development of low-carbon raw materials Greater adoption of biomass and recycled materials Elaboration of activity volume and intensity 	 Introduction of energy-saving facilities Use of innovative technologies such as hydrogen 	 Improvement of transportation efficiency Use of foldable containers 	• Provision of information to customers that help to reduce CO ₂ emissions	•Collection of containers

Based on the initial results of calculations, KOSÉ will carry out implementation and consideration of reduction measures across the entire value chain, including the elaboration of calculations and the development of environmentally friendly ingredients and materials. In the future, the company will also consider the dissemination of information for customers to select products that contribute toward decarbonization.

Going forward, the KOSÉ Group will collaborate with all stakeholders to accelerate initiatives toward the realization of a decarbonized society across the entire Group based on the KOSÉ Beauty Partnership^{*5} presented in the medium-to-long-term VISION 2026.

*5 Page 16 of KOSÉ REPORT 2022 (Integrated Report): https://ssl4.eir-parts.net/doc/4922/ir_material_for_fiscal_ym6/119826/00.pdf

About the SEKKISEI brand

SEKKISEI was born in 1985 as a skin lotion that leads to translucent skin using a blend of Japanese

and Chinese herbal extracts. Since its launch, SEKKISEI has received the support of many customers for its definite effect on the skin and ease of use. Today, it is growing as a skincare brand representative of KOSÉ through the addition of categories and expansion of sales channels. As one of KOSÉ's flagship global brands, it is widely used within and outside Japan across all generations.

Launched in September 2020, the SEKKISEI CLEAR WELLNESS series goes beyond the Japanese and Chinese herbs used in the past to explore the power of nature nurtured by the Earth—including plants, food, and the



land—and use them in products. Consideration for the global environment is also undertaken in product design at every opportunity.

SEKKISEI's brand website: <u>http://www.sekkisei.com/</u> (in Japanese)

Sustainability promotion activities of the KOSÉ Group

Since 1991, the KOSÉ Group has used "Creating Beauty in a Sustainable World" as its corporate message and promoted unique activities that widely contribute to social issues from the two aspects of people and the Earth. In April 2020, promoting sustainability activities throughout the value chain was made one of the three foundations of the medium-to-long-term VISION



2026. In line with this, the Group announced the KOSÉ Sustainability Plan which sets out the entire Group's sustainability initiatives and targets up to 2030. The KOSÉ Group is promoting sustainability activities, recognizing that addressing social issues is an essential management issue in its efforts to drive business growth while helping achieve a sustainable society.

KOSÉ's corporate website for sustainability: <u>https://corp.kose.co.jp/en/sustainability/</u>