Sustainability

Sustainability Strategy of the Vision for Lifelong Beauty Partner—Milestone 2030



Creating Beauty in a Sustainable World

Corporate Philosophy

Vision

Material

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Framework of Corporate Philosophy

The history of the KOSÉ Group began in 1946. Inheriting the passion of the founder, Kozaburo Kobayashi, who believed that cosmetics would brighten the world, we established the current Framework of Corporate Philosophy in 1991. The Group established the meaning of our existence as a member of society as "Statement of Purpose," the basic management approach as "Management Philosophy," and the model behavior of all employees as "Action Guidelines." Additionally, we also set our Corporate Message to communicate these throughout society, as well as our Behavioral Charter to become the norm for all employees. All of these are based on the spirit of KOSÉ's founding, and pioneer a new era while holding a new spirit willing to face challenges, and they provide an emotional foundation for all employees as we make progress in our endeavors. They clarify the direction and approach that we will take and, at the same time, illustrate our strong determination to live up to their aims.

Creating Beauty in a Sustainable World

Statement of Purpose

Management Philosophy

Action Guidelines

Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence.

Deeply devoted to all the people who believe in and support KOSÉ.

- Respect the values and skills of each employee.
- Always aim for higher growth never settle for stability.
- Strive for the highest possible quality backed by exclusive technology.
- Meet and exceed the expectations of customers.
- Build a stronger global presence.

Your actions shape the present and future KOSÉ.

- Be sincere, Retain an intent focus on goals.
- Go beyond the conventional.
- Never lose your enthusiasm and the desire to improve.
- Have the courage to communicate with others openly and honestly.

Mind to Follow the Right Path.

<Corporate Message>

Using all the wisdom it possesses, KOSÉ creates beauty for the people and for the future of our precious Earth.

<Statement of Purpose>

It states to always be challenging ourselves in order to create a unique world-view of beauty that fuses the distinct values of intelligence and sensuousness in a sophisticated way.

<Behavioral Charter>

All employees are always seeking to do the right thing, acting in an ethical manner at all times, complying with laws, regulations and social norms, respecting the human rights of everyone who is involved with the KOSÉ Group, and having mind to follow the right path.

▶ ▶ Framework of Corporate Philosophy(WEB)

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Big Picture of Vision for Lifelong Beauty Partner

In 2024, the KOSÉ Group established the medium- to long-term vision called Vision for Lifelong Beauty Partner which lays out the future direction that must be taken from perspectives of both financial values and non-financial values by combining and analyzing business issues directly related to financial values of the company and social issues heavily impact the sustainability of society.

For Our Vision 10 years after being founded, we declared "Your Lifelong Beauty Partner," and our aim is to become society's long-term choice for their Lifelong Beauty Partner by delivering unique values through a diverse brand portfolio to each person of the world.

In the future, we believe that there will be further awareness of the importance of respecting various values across all of society due to factors like movement of people on a global scale, changes in demographic composition, and evolutions in digital communications. We also believe there will be a global increase in importance placed on how increasing self-esteem on an individual basis enhances one's life. Simultaneously, there is also expected to be an increasing awareness placed on environmental programs brought forth by factors like worldwide abnormal weather and environmental pollution.

To realize an environment where everyone can live safely while being thankful for the blessings of nature, and bring about a future where everyone can choose their own beauty and grow while cherishing who they are, we will continue our challenge to harmonize with the needs around the world in order to provide society with a "culture and values embodying a distinctive beauty" by searching for new business areas while pursuing the conventional cosmetics business.

►► click here for more details (website)

● CO₂ emission reduction rate



Big Picture of Vision for Lifelong Beauty Partner

Sustainability & Connectivity (Activities as a constant partner)



Creating Beauty in a Sustainable World

Purpose: Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence.

Belief Basis for all business activities Strategies Business operations Outcome Offer value Vision Delivering the unique value of KOSÉ KOSÉ to customers around the world Your Lifelong Beauty Partner Beauty Partnership Builds relationships for mutual progress among all stakeholders Accepting each other Being free to define as we are and what beauty means Seven strengths **Business Strategy** growing together to you Diverse brand portfolio Regional Strategy Building a future Living in harmony **Customer Strategy** Internal R&D infrastructure while honoring with a healthy Earth Internal manufacturing infrastructure all our bonds for generations A sales system that Sustainability Strategy delivers value directly to customers Highly engaged human resources Financial targets The spirit of taking on new challenges HR Ratio to net sales Operating margin Management based on IT/Digital Value Stronger EBITDA margin a long-term perspective Overseas sales ratio R&D Creation • ROIC Finance Business conduct guideline Manufacturing Non-financial targets Embracing each other, we color our lives with beautiful moments Global personnel vs. Global key posts 3G Activities ● Product/service ratio using Adaptability ∞ (Global/Gender/Generation) Activities contributing to wellbeing Key Issues Adaptability People who have raised environmental awareness (Activities that meet diverse expectations) Business For the Earth For People

Fundamental





Your Lifelong Beauty Partner

We promise.

To continue to warm and brightly color the hearts of each person in the world, through beauty.

To achieve this, we will deliver a variety of lifelong beauty choices to discover one's own unique radiance.

In addition to deepening of trust and reliability more than ever before, we pursue wonder and excitement from innovative beauty experiences that transcend the boundaries of cosmetics.

Everything, is for even longer, deeper, and stronger relationships with customers, business partners, workers, all living things in society and the Earth, and the next generations that will live in the future.

We color a world where all people, living things, and the Earth can exist alongside each other in harmony.

KOSÉ's challenges as Your Lifelong Beauty Partner begin here.

<Our Goals for the Future>

Being free to define what beauty means to you

Building a future while honoring all our bonds

Accepting each other as we are and growing together

Living in harmony with a healthy Earth for generations

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Notable Megatrends

When analyzing predictions in global trends between 2030 and 2040 in order to set material issues, we found that the initiatives that KOSÉ Group should take and the roles we can fulfill that focus on beauty have the potential to greatly expand in the future. Continuing the basis of our foundation, we identified the issues we must solve over the long-term through our unwavering dedication where we hold faith and high standards in the values we can provide because of our origins in cosmetics.

Population trends

Developed countries:

Populations are aging **Emerging countries:**

Population growth, increasing middle

class, rapid urbanization





Technology

- Increasingly small categories and rising diversity of how people regard value
- -Similar value systems across different ages and genders
- Increasing awareness of the importance of good health and wellness

Social framework

- -Increasing speed of shift to borderless economies, cultures and consumption
- -Companies and governments are moving faster to deal with social and environmental issues
- -Emphasis on ethics in society is expanding to encompass consumers too

- Increasing speed of advances involving AI/personalized technology
- -Innovations involving skin science and biotechnology
- Coexistence of digital and real worlds

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Procedures for Identifying and Revising Material Issues

We made identifications using the procedures below in order to identify the material issues that the KOSÉ Group should address. Material issues and medium-to long-term targets are periodically revised.

■Viewpoint of society and stakeholders

< Viewpoint of various partners who improve each other>

KOSÉ Beauty Partnership

<International frameworks taken into account>

ISO 26000, GRI Standards, SASB, World Economic Forum Global Risks Report, G20 New Delhi Summit (2023) Leaders' Declaration, Japan's Growth Strategy - Action Plan (2021), UN Global Compact, UN Sustainable Development Goals (SDGs) (17 goals and 169 targets), TCFD and TNFD frameworks

■Viewpoint of impact on KOSÉ

<Consistency with KOSE's Management Philosophy and policies> Framework of Management Philosophy, corporate message, Behavioral Charter, internal policies

<Impact on management>

Assessments of issues in review of previous medium- to long-term vision. assessments of impact on KOSÉ business (risk-opportunity and significance, relevancy), megatrend assessments (growth potential and profitability), international conditions (items from external ESG assessment organizations and feedback from customers who contacted the customer service center), material issues in our industry and other industries

■Internal and External Feedback and Assessment

Identify material issues based on dialogues with relevant departments on a global basis, quantitative evaluations by relevant internal departments, opinions from various sustainability committees, and assessments by outside experts, and divide/set them into management growth fundamentals, social issues, and environmental issues

■Discussion and Approval

Report and approve the formulation process for material issues, issue themes, and medium- to long-term targets at the Board of Directors and the Management Committee

<System for confirming progress and reviewing activities>

The Board of Directors, the Management Committee, the Sustainability Committee, and the Sustainability Promotion Committee, which is overseen by the Sustainability Committee, regularly confirm progress toward targets, and periodically review material issues and medium- to long-term targets.

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Social and Environmental Issues Relevant to the KOSÉ Group, and Risk-Opportunity Analysis 1

To identify material issues, we first pinpointed social and environmental changes and issues relevant to the KOSÉ Group as well as relevant opportunities and risks, and then we conducted assessments while focusing on two main areas: expectations from society, and business (financial) impact on the Group by relevant internal departments.

ociety S B **(** People

ш

- Business activities for solving social issues
- Providing value in the well-being domain
- Responsible advertising activities
- Respecting diverse beauty values
- Innovations in product formula development
- Improving consumer QOL
- Adapting to digitalization in business areas
- Promotion of DE&I in society and within the Group
- Preservation and promotion of sports and culture

- Generating profit through both business and social contributions
- Potential new business expansions
- Opening new customer segments
- Expanding long-term customer contact and LTV*
- Creating new values

Opportunities

- Securing stable workforce
- Gaining consumer trust

And others

- Slowing profit growth
- Slowdown in customer growth and losing existing customers
- Impact on transactions
- Increased reputational risks
- Lost trust in beauty businesses
- Laws and regulations of each country impacting imports and exports
- Lost opportunities for early touchpoints And others

luatio Ø ntitativ ω

And others, 15 total

Issue examples

- Specific measures for climate change
- Efficient usage of precious forest resources
- Specific initiatives for biodiversity
- Promoting waste reduction and resource recycling
- Efficient usage of water resources
- Environmental programs where KOSÉ operates
- Realizing nature-positive
- Raising environmental awareness of consumers
- Developing sustainable packaging And others, 13 total

 Product innovations and collaborations with other companies

*Abbreviation of lifetime value.

- Reducing costs by decreasing energy usage
- Market expansions in accordance with changes in purchasing behavior
- Creating packaging innovations
- Gaining support from ethical consumers
- Original research innovations
- Establishing uniqueness in global market

And others

Impact on raw material procurement

- Regulations restricting distribution
- Greenwashing and brand damage
- Increasing risks to business continuity
- Increasing costs in addressing environmental issues
- Increasing legal risks and litigation risks from environmental pollution, etc.
- Deteriorating relations with local communities

And others

Risks

Social and Environmental Issues Relevant to the KOSÉ Group, and Risk-Opportunity Analysis 2

Items concerning people and society, and environment are on the previous page

and eme Mana

Issue examples

- Strengthening management governance system
- Transitioning to profitable business structure
- Protecting and strengthening utilization of intellectual capital
- Adapting to global market
- Ensuring safe, stable, and sustainable quality
- Respecting human rights
- Maximizing utilization of human resources and improving ES*
- Operating business from the customers' perspective
- Creating a resilient supply chain system And others, 20 total

*Abbreviation of employee satisfaction.

Opportunities

- Evolving to resilient corporate structure
- Stabilizing management and increasing profit
- Improving global corporate trust and value
- Expanding business areas
- Improving productivity
- Strengthening competitiveness by securing talented human resources
- Minimizing impact on costs

And others

Risks

- Lost trust from relevant parties
- Falling global competitiveness
- Decreasing business earning power
- Impact on employee benefits and securing human resources
- Increasing risk of violating laws and regulations
- Decreasing ability to supply products due to ceased business activities
- Decreasing profitability due to increasing purchase costs And others

ation evalu **Quantitative**

[Assessment from the perspective of societal expectations]

- ·Criteria from a general social perspective
- ·Issues required to be solved by society in our business areas

Quantitative evaluation was done using the above.

[Assessment of impacts in KOSÉ Group businesses]

- ·Perspectives from different departments with different missions
- ·Management perspective

After the above was used to conduct quantitative evaluations for importance and relevancy, the data was quantified into impact values.

Identification of material issues

Higher

expectations

stakeholder

and

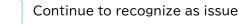
Society

Quantitative Evaluation List for Identification of Material Issues

Management and business fundamentals
 Environmental issues

- social issues
- Operating business from the customers' perspective
- Initiatives toward responsible procurement
- Enhancing BCP measures
- Transactions without bribery/fraud, prevent corruption
- Enhanced protection and utilization of intellectual capital and intellectual property
- Constructing KOSÉ Group IT infrastructure
 - Environmental programs where KOSÉ operates
 - Reducing environmental loading throughout product life cycles
 - Formulate products to reduce environmental loading
 - Efficient usage and protection of forest resources
 - Specific initiatives for biodiversity
 - Innovations in product formula development
 - Creating value adapted to digitalizing society
 - Awareness of proper beauty habits and product use
- Promoting Japanese makeup culture
- Open innovations and collaborations with industry-government-academia/other companies
- Understanding technology and digital environmental footprint
- Contributing to revitalization of local communities
 And others

- Strengthening management governance system
- Ensuring only the safest, most reliable, high quality products
- Thorough compliance and adherence to ethical standards
- Maximizing utilization of human resources and improving ES
- Adapting to global market
- Transitioning to profitable business structure
- Strengthening risk management
- Respecting human rights
- Respecting employee rights
- Creating a resilient supply chain system
- Proper management and usage of information
- Specific measures for climate change
- Efficient usage of water resources
- Promoting waste reduction and resource recycling
- Developing sustainable packaging
- Raising environmental awareness of consumers through marketing
- Realizing a nature-positive future
- Promoting DE&I
- Adaptability-orientated business operations
- Responsible advertising activities
- Providing value in the well-being domain
- Improving consumer QOL
- Gender equality
- Raw material procurement that respects labor rights







Face as top priority

Vision

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KOSÉ

Identification of material issues

After quantitative evaluations, we integrated several items including issues from reviewing the previous medium- to long-term Vision, and they are identified as material issues for the current medium- to long-term Vision. The addition and integration of business financial perspectives from material issues identified in 2020 is a major point of change.

or trie		l integration of business financial perspectives from mate		ajor point of change	
	Matters that must be fac	ed and society expectations	Material issues		
	Development of priority global brands	Adapting to global market	Accelerate global development		
	Reconstruction of business in China	Creating an attractive brand portfolio	Accelerate global development		
	Improving profitability and efficiency	Optimizing inventory and investments for growth			
	Upgrading business management functions	Promoting long-term management			
	Creating a value chain with a competitive edge(research, production to sales)	Creating an efficient production system	Transformation to a resilient business structure		
S	Developing leading technologies (raw material/formulation development and manufacturing technology)	Strengthening function linkage within the Group and improving comprehensive abilities			
Business Issues	Reconstructing work processes and work fundamentals	Creating an organizational/mindset/workplace culture and improving productivity	Maximizo human capital	Business Fundamentals	
B. I	Promoting DE&I (employee attributes, experience, and skills)	Improving employee engagement	Maximize human capital Fundamer		
	Revitalizing manufacturing (quality, technology, and cost	Creating values not limited to cosmetics (well-being value)			
	Increasing seamless contact points with customers and gaining customer experience	Increasing LTV while focusing on customer data (KOSE-ID)	Provide substantial added value centered on safety and		
	Increasing awareness of and empathy toward a wide range of generations	Creating business value linked to external resources and technologies	confidence		
	Operating business from the customers' perspective				
	Respecting diverse beauty values	Responsible advertising	Respect the diverse array of beauty		
Social	Contribute to providing value in the well-being domain	Improving consumer QOL	Support the healthy minds and	For People	
So Iss	Awareness of proper beauty habits and product use	Responsible raw material procurement with good working conditions	healthy lives	101100010	
	Gender equality	Promoting DE&I (society and employee diversity)	Help with social opportunities		
nt	Raising environmental awareness of consumers throu	Raising environmental awareness of consumers through marketing			
Environment Issues	Environmental programs where KOSÉ operates	Specific initiatives for biodiversity	Play a role in solving environmental issues	For the Earth	
Envir Is:	Climate change initiatives like CO2 reduction	Reducing environmental loading throughout product life cycles	Promote reduction of environmental impact		
	Promoting waste reduction and resource recycling	Developing sustainable packaging	environmentat impact		

KOSÉ

A Look at KOSÉ Group Material Issues



Business Fundamentals

- Accelerate global development
- Transformation to a resilient business structure
- Maximize human capital
- Provide substantial added value centered on safety and confidence

For People

- •Respect the diverse array of beauty
- •Support the healthy minds and healthy lives
- Help with social opportunities

Key Issues (Materiality)

For the Earth

- Increase awareness of environmental issues
- •Play a role in solving environmental issues
- Promote reduction of environmental impact

Vision for Lifelong Beauty Partner—Milestone 2030

In the medium- to long-term vision called Vision for Lifelong Beauty Partner, we have established an effective Medium-term strategy, "Milestone 2030," focused on 2030. This strategy aims to address material issues and bring Our Vision and Our Goals for the Future.

The medium-term strategy centers on optimizing business growth to suit each region's unique needs worldwide. To this end, we will establish a strong foundation in Japan and build on our presence in the personal beauty care market to create reliable growth resources. These resources will be invested in global initiatives aimed at supporting sustainable growth.

In line with this concept, we will enhance each initiative by integrating our Sustainability Strategy—which combines business activities with social and environmental sustainability—with efforts in the Value Creation (three strategies: R&D, manufacturing, and human resources) and the Stronger Infrastructure (two strategies: IT/digital and financial). Supported by these initiatives, we will focus on three core strategies—Business, Customer, and Regional—to deliver diverse beauty values to customers around the world.

By reviewing these strategies on a regular basis, we will respond flexibly to highly uncertain society and market changes.



Approach to the Sustainability Strategy

The role of the Sustainability Strategy in the KOSÉ Group is to integrate commitment to solving social and environmental material issues into value creation and our corporate fundamentals within our medium- to long-term vision. Our corporate message was made "Creating Beauty in a Sustainable World" as a guiding principle for sustainability, and we set "Mind to Follow the Right Path" as a fundamental policy, which is the same as the code of conduct. We will strive for sustainable growth in both society and the Group while being there for people and the Earth, and aim for "Your Lifelong Beauty Partner" using an approach that encompasses the ideal of society and the environment.

Guiding Principle for Sustainability

Creating Beauty in a Sustainable World

As in our Corporate Message, this expresses our commitment to the value we create for the benefit of people and all of society, and for the future of the Earth.

Since our founding, we have conducted business activities with the help of social ties and the blessings of nature. It means we will contribute to the world using all the intelligent creation of beauty in order to realize the future we are aiming for.

■Fundamental Policy

Mind to Follow the Right Path.

Just like our Behavioral Charter which is the foundation of the governance system, this policy shows that we will continue to be a fair and transparent public institution with the same sincerity as the meaning of part of the company's name.



Vision Your Lifelong Beauty Partner Accepting each other Being free to define as we are and what beauty means arowing together to you Building a future Living in harmony with a healthy Earth while honoring all our bonds for generations Financial targets Ratio to net sales Operating margin EBITDA margin Overseas sales ratio • ROIC Non-financial targets Global personnel vs. Global key posts ●Product/service ratio using Adaptability ∞ Activities contributing to wellbeing People who have raised environmental awareness ●CO₂ emission reduction rate



Highlights of the Sustainability Strategy in Milestone 2030

In addition to the initiatives and targets highlighted in medium-term strategy, the Sustainability Strategy sets targets and initiatives for each issue to address the material issues of medium- to long-term vision.

<Highlights: For people)>

Continue creating ideas involving the value of beauty that originate from diversity

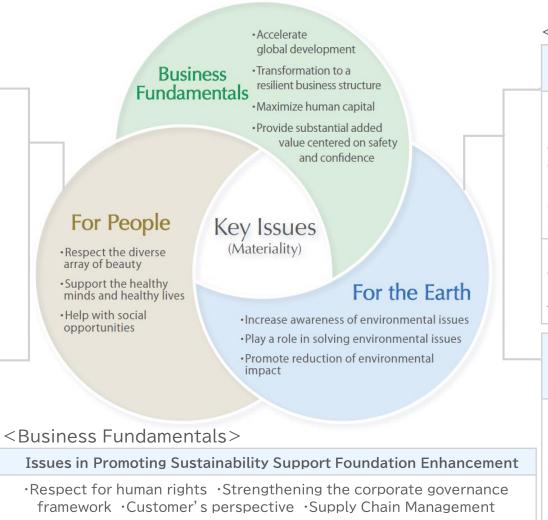
- Adaptability activities for reflecting diversity in business operations
- Many ideas for value involving the diversity of beauty while using both global and local perspectives

Indicator: Ratio of products and services provided based on Adaptability ∞(Eight)

Use beauty for lives with greater fulfillment of body and mind

- Increase activities in the wellbeing and corporate social responsibility domains
- •Build support frameworks for specific purposes, such as education for members of the next generation

Indicator: No. of initiatives for achieving well-being



< Highlights : For the Earth>

Raise public awareness of environmental issues

- Visualization of KOSÉ's contributions involving environmental issues by disclosing environmental data concerning products and other activities
- Provision of a large volume of environmental data to help consumers select products

Indicator: Increase in awareness of environmental issues through products, services and information transmissions

Lower environmental impact of global operations and the value chain

- More information about the global environment and activities concerning environmental issues
- •Strengthening the understanding of information in the value chain in climate change action and more

Indicator: Reduce CO₂ emissions (Scope1·2·3)

Strategy

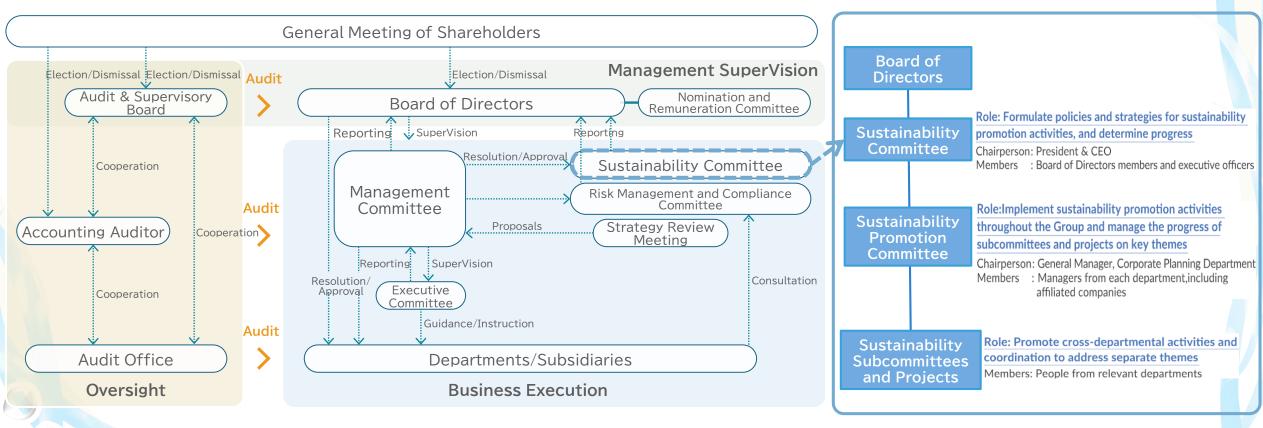


System for promoting the Sustainability Strategy in the material issues areas For People (social issues) and For the Earth (environmental issues)

The KOSÉ Group has identified sustainability related issues as its management issues and has established a governance system to resolve them.

The Sustainability Committee was established and is chaired by the President & CEO. This committee proposes sustainability strategies to and receives approval from the Management Committee, and then reports the results to the Board of Directors. At the Board of Directors, various material issues concerning the Sustainability Strategy are reported and discussed, which allows the board to serve as superVision for all of KOSÉ's sustainability promotion activities.

The Sustainability Promotion Committee establishes subcommittees and projects for separate themes based on the KOSÉ Group's sustainability strategies to promote cross departmental activities that are more effective.





Sustainability Strategy: Material Issues and Medium- to Long-term Targets (For People)

In conjunction with the 2030 non-financial targets in the medium- to long-term vision, we set commitments and targets "For People" and "For the Earth" with 2030 as a medium-term milestone within the Sustainability Strategy in order to solve material issues concerning people and society, and environment.

	Activity Theme	Commitment	Indicators	Target	Achieve by	Examples of Specific Measures	Relevant SDGs
For People	Respect the diverse array of beauty	Through adaptability, provide products and services where customers of various backgrounds can experience their own unique beauty	Ratio of products and services provided based on Adaptability ∞(Eight)	100%*1	2030	 Designing products that meet diverse skin and hair colors and textures Adopting universal design Developing beauty techniques that accommodates diversity Developing products that meet various policies 	5 PRILES 10 APROVES \$\sum_{\text{constraint}}^{\text{T}} \cdot \frac{1}{\sum_{\text{constraint}}^{\text{T}}} \cdot \frac{1}{\sum_{\text{T}}^{\text{T}}}
	Support the healthy minds and healthy lives	Pursue activities where the people of society can experience well-being through beauty	No. of initiatives for achieving well-being	500 or more activities	2030	 Activities to raise awareness in next generation about protecting healthy skin Supporting promotion of health and community revitalization Supporting sports promotion 	3 PACEANCE 4 REGISTRE 4 AGGIL 5 SELOS-BRE 12 COSERT COSER
			Procurement of certified raw materials and purchase of RSPO-certified credits through the Book & Claim (B&C) method	100%	2030	Procuring certified raw materials and using palm oil through the Book and Claim model Collaborating with suppliers on human rights aspects (procurement with no child labor, forced labor, etc.)	8 ***** 12 ******
	Help with social opportunities	Raise awareness and provide opportunities to participate in society for people of all diversities	Raising awareness of and initiatives in DE&I focusing on the 3Gs* ²	1 million or more people	2030	·Promoting DE&I in the KOSÉ Group ·Raising awareness about gender gaps ·Initiatives to eliminate disparities caused by various attributes	4 ### 5 #### 5 ##### 5 ##### 8 ###### 10 #####################

^{*1:} Based on the unique eight initiatives in KOSÉ's Adaptability ∞ (Eight), we decide the focus items of each brand every year and calculate the overall achievement rate by counting the number of products and services that meet the targets those items.

*2: Global, Gender, and Generation



Sustainability Strategy: Material Issues and Medium- to Long-term Targets (For the Earth 1)

	Activity Theme	Commitment	Indicators	Target	Achieve by	Examples of Specific Measures	Relevant SDGs
For the Earth	Increase awareness of environmental issues	Provide customers with opportunities to become aware of environmental issues through products, services, and information communicated	Increase in awareness of environmental issues through products, services and information transmissions	10 million people or more	2030	 Activities such as SEKKISEI Save the Blue, DECORTÉ Sustainable Ingredients Project, BIOLISS Peaceful Green Communicating information through media and websites Participating in events for raising environmental awareness 	
	Play a role in solving environmental issues	Play a role in solving and solving issues in various regions around the world	Area planted with coral reefs	20,000m ² About 53 times the area of a 25m Regulation size swimming pool	2030	•Evolving SEKKISEI Save the Blue activities *Target is total area since 2009	12 000 888 13 SERVECTOR 13 SERVECTOR 13 SERVECTOR 14 SERVECTOR 15 SERVECTOR 14 SERVECTOR 15 SERV
			Local community environmental conservation activities	100 activities or more	2030	 Conservation of forests, oceans, and satoyama (semi-natural areas) Environmental programs where KOSÉ operates (cleaning activities, environmental events, etc.) Resource recycling initiatives (plastic container collection, upcycling) 	



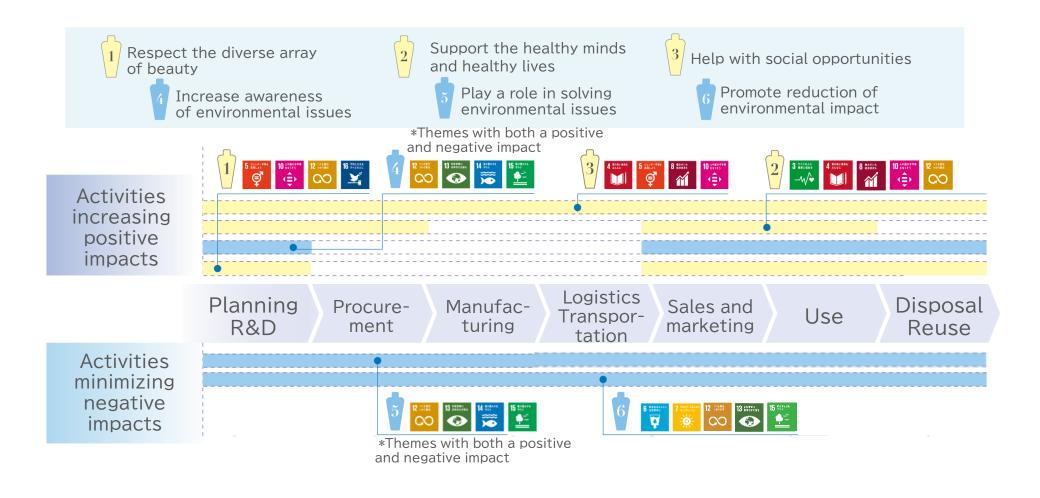
Sustainability Strategy: Material Issues and Medium- to Long-term Targets (For the Earth 2)

	Activity Theme	Commitment	Indicators	Target	Achieve by	Examples of Specific Measures	Relevant SDGs
			Scope 1·2	-55% (Target for total emission reduction vs. 2018)	2030	·Using renewable energy ·Introducing energy-efficient equipment, etc. ·Introducing hydrogen energy	
		Reduce		Carbon Neutrality	2040	•Fuel transition •Introducing carbon pricing system	7 xxxx-exxxx 13 sure:
		CO ₂ emissions	Scope 3	-30% (Target for total emission reduction vs. 2018)	2030	Reducing CO2 across the value chain Developing low-carbon products	
			Scope1·2·3	Net Zero	2050	*Green-house gas possibly emitted by the KOSÉ Group only identified as CO2	
4		Sustainability- conscious design for plastic packaging materials impact Waste reduction of responsible res	Use of containers and packaging materials aligned with the 4Rs	100%*1	2030	 Using containers and packing materials aligned with the 4 Rs* * Reduce, Reuse, Recycle, Renewable Using recycled resin and biomass resin • Switching from existing resin-derived materials • Promoting use of refillable containers 	
Farth	Promote reduction		Usage rate of recycled and biomass plastic	50%*1			12 94688 13 SMERC
For the l			Amount of usage of petroleum-based virgin plastic	- 50%*2 (Production units vs.2018)			∞
, L	impact		Refillable container share	To be disclosed in 2025			
Щ				100%*3	2025	Promoting the 3 Rs* for reducing waste *Reduce, Reuse, Recycle Effective use of bulk and unused materials Strengthening relations with recyclers	12 **CEST
		Reduce use of w through respons		-12%* ³ (Production units vs. 2018)	2030	Promoting the 3 Rs for water resources Introducing water recycling system and using recycled water	6 \$60AAH 12 00188
		Responsible palm oil procurement	Procurement of certified raw materials and purchase of RSPO-certified credits through the Book & Claim (B&C) method	100%	2030	Procuring and using certified palm oil Strengthening cooperation with suppliers Establishing relationships with stakeholders of palm oil manufacturing country	12 **CARR 15 **CARR*** *****************************



Issues in For People and For the Earth, and their impact on the value chain

Material issues to be solved in the Sustainability Strategy involve the entire product life cycle and value chain from planning, research, development and raw material procurement to disposal or reuse, but we expect them to have the greatest impact on our value chain in the areas shown below.



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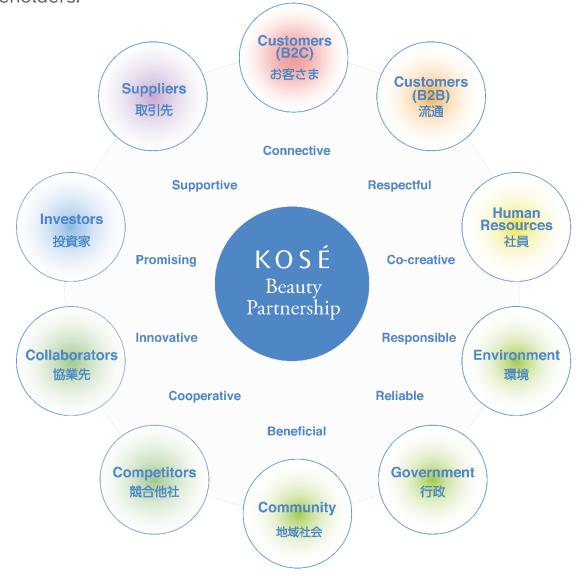
Appendix



KOSÉ Group's approach to stakeholders: KOSÉ Beauty Partnership

In all its activities, the KOSÉ Group values placing importance on its relationship with all stakeholders, including the next generation. We define KOSÉ Beauty Partnership as a mutually-beneficial relationship. We will build these kinds of relationships and continue to be the brand of choice of all stakeholders.







Engagement in KOSÉ Beauty Partnership 1

The KOSÉ Group is deepening engagement in accordance with KOSÉ Beauty Partnership.

We will leverage the knowledge gained from each engagement activity, and incorporate it into initiatives for creating new values.

Stakeholders	Relationship	Stakeholder expectations and interests	Specific Initiatives
Customers (B2C)	Connective	 Providing high quality products and services with high added value Providing products and services that meet personal needs 	 Establishing manufacturing, quality management, and production systems that prioritizes security and safety, and creating a system that utilizes and incorporates customer feedback into products and services Marketing activities that consider diverse backgrounds Establishing system of sales through counseling which respects individual beauty while offering suggestions
Customers (B2B)	Respectful	 Sharing information and supporting co-existence Original brands that lead to lifetime customers Stable and efficient green logistics 	 Strengthening relations with KOSÉ and establishing communities to connect with stores Establishing a sales system that combines both real-life and online, and a system to share information Establishing flexible logistics system that applies modal shift to shipping and railroads
Suppliers	Supportive	Maintaining quality and stabilizing procurement	 Creating communication opportunities Formulating and sharing "Basic Procurement Policy" Giving surveys and asking opinions about sustainable procurement
Human Resources	Co-creative	 Providing ways to work that fit individuals Creating opportunities to contribute to utilizing and growing diverse human resources and skills Creating new values through DX and business process re-engineering 	 Utilizing human resources and promoting DE&I from a management perspective Establishing benefits system that accommodates diverse lifestyles and improving employee engagement Establishing educational support system that embodies the HR development principle of self-improvement
Investors	Promising	• Appropriate share price • Fair, equitable, and timely disclosure about financial	 Formulation of financial strategy Creating opportunities to communicate with investors and shareholders Ensuring transparency in financial information



Engagement in KOSÉ Beauty Partnership 2

Stakeholders	Relationship	Stakeholder expectations and interests	Specific Initiatives
Collaborators	Innovative	Expanding areas for providing new values	 Joint development and business collaborations with other companies Dispatching researchers to external global research institutions Application toward research using digital technologies
Competitors	Cooperative	contributing to society	 Collaborating of cosmetics business in sustainability area Establishing ecosystem in cosmetics industry, such as a resource recycling system Promoting activities to reducing environmental loading by promoting freight consolidation in logistics
Environment	Responsible	 Fostering environmental awareness in society Environmental activities across the value chain Reducing environmental loading across KOSÉ business 	 Addressing environmental concerns during business activities like climate change countermeasures and ensuring water resources/biodiversity Revising manufacturing methods and developing products with the aim of reducing environmental loading Environmental activities across the whole value chain
Government	Reliable	Contributions to society through business	 Solving social issues in cooperation with international institutions and governments Promoting sports to support healthy and happy lives Adherence to all laws, regulations, and norms, and sharing information through dialogues, etc.
Community	Beneficial	 Creating jobs and contributing to development of local 	 Activities to contribute to society, such as by holding local area beauty seminars and giving educational tours of KOSÉ Various collaborations to revitalize local areas Educating the next generation, such as activities increasing awareness of skin care at childcare facilities and exhibitions at social experience facilities

KOSÉ

Appendix: 2020 KOSÉ Sustainability Plan and material issues comparison

	2020 material issues		
	Sound corporate governance		
	Respect for human rights		
Funda-	Human resource development		
mental Policy	Business operations with transparency and fairness		
	Only the safest, most reliable, high-quality products		
	Customer's perspective		
	A source of adaptable products and services		
For People	Support for a beautiful, healthy and happy life		
	Help create a world with true gender equality		
	Use the theme of beauty to help solve environmental issues		
For the Earth	Environmental programs in areas where KOSÉ operates		
	Lower the overall environmental impact of business operations		

	2024 material issues	Reason for reVision	
	Accelerate global development	·After reviewing the previous Medium- to Long-term Vision and also considering economic value aspects, established "accelerate global	
Business	Transformation to a resilient business structure	development" and "rebuild structure for generating profits." ·Corporate governance, respect for human rights, and business operations with transparency are included in	
fundame ntals	Maximize human capital	"create a corporate structure that is resilient to change," and customer's perspective and only the safest, most reliable, high-quality products are included in "provide substantial"	
	Provide substantial added value centered on safety and confidence	added value centered on safety and confidence." Human resource development was revised to "Maximize human capital" as a material management issue.	
	Respect the diverse array of beauty	·Revised to further promote social diversity in business activities.	
For People	Support the healthy minds and healthy lives	·Revised to include the point of further realization of social well-being.	
	Help with social opportunities	·Revised to include the point of fairness regardless of attributes in addition to gender equality.	
	Increase awareness of environmental issues	·Revised to focus on all value chain activities in addition to marketing activities.	
For the Earth	Play a role in solving environmental issues	·Revised with the aim of more actively contributing to solving environmental issues.	
	Promote reduction of environmental impact	·Revised to expand perspective to include value chain as well as all stakeholders.	



Appendix: Various policies related to the Sustainability Strategy

	KOSÉ Group Human Rights Policy / Modern Slavery Statement	th	KOSÉ Group Basic Environmental Policy
ple	Diversity, Equity, and Inclusion Declaration	Ear	KOSÉ Group Plastic Policy
Pec	Basic Policy on Social Contribution Activities	the	KOSÉ Group Biodiversity Policy
For	Policy for the Development of Skills	-or	
	KOSÉ Group Health Declaration		



Corporate Philosophy Appendix: Revision history

Vision

Material issues

Strategy

Governance

Indicators and Targets

Partnerships



Date	Page	Major revision details (outline)		
November 11, 2024		First Edition		
April 7, 2025	15	Added "Issues in Promoting Sustainability to Support Foundation Enhancement"		





Creating Beauty in a Sustainable World







