

KOSÉ Sustainability Plan

Creating Beauty in a Sustainable World



KOSÉ Corporation
2022 Progress Report

Guiding Principle for Sustainability

Our corporate message from 1991 until recently has been Wisdom and Beauty for People and the Earth. However, we have redefined this message as Creating Beauty in a Sustainable World. This message is also the guiding principle for our activities for a sustainable society.

Creating Beauty in a Sustainable World

KOSÉ is a company that delivers state-of-the-art value by creating beauty through sensuousness and intelligence, love and craftsmanship.

We aspire to build a future where people possess confidence and positivity, embracing both themselves and others for who they are.

A future where all can live peacefully in a wholesome world.

To bring about that future,
we pledge to do our utmost through the intelligent creation of beauty.

The power of beauty can change the world.

More than anything, we believe in the power of beauty.

KOSÉ Sustainability Plan

Guiding Principle for Sustainability

Creating Beauty in a Sustainable World

For People

Activity Themes

For the Earth

- A source of adaptable products and services

- 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

- Environmental programs in areas where KOSÉ operates

- Lower the overall environmental impact of business operations

Fundamental Policy

Mind to Follow the Right Path

Primary categories

- Sound corporate governance

- Respect for human rights

- Human resource development















- Business operations with transparency and fairness

- Only the safest, most reliable, high-quality products

- Customer's perspective

Progress of Each Initiative (For People)








KOSÉ's fiscal year-end was changed to April from FY2021. Accordingly, the data contained herein has been modified based on the new fiscal year period. Totals have been recalculated to avoid overlap.

Activity Theme	Commitment	Indicators	FY2022 Results	Target	Achieve by	Relevant SDGs	
For People	A source of adaptable products and services	We will help create a world where people with diverse backgrounds and features— including skin color, gender, sociocultural and geographical background, living environment, religion, creed, and physical features— can live confidently and beautifully.	Ratio of products and services reflecting the concept of adaptability	71.8%*	100%	2030	   
	Support for a beautiful, healthy and happy life	We will energetically address social issues so that everyone can lead a healthy and happy life. Activities will include improving quality of life (QOL), educating and raising the awareness of the next generation, and initiatives such as Fair Trade that will enhance the work environment, including in our supply chain.	Implementat ion of specific activities	44 activities (Cumulative total since FY2020)	30 activities or more	2030	   
			Responsible palm oil procurement	20.7% Purchasing of RSPO certification credits using procurement of certified ingredients and the Book & Claim model	100%	2030	 
Help create a world with true gender equality	We will conduct awareness-raising and other activities that help to eliminate the gender gap not only in the KOSÉ Group, but elsewhere in Japan and around the world.	Gender equality awareness	108,325 people (Cumulative total since FY2020)	100,000 people or more	2030	   	

* The items that each brand will focus on each year were selected from "Adaptability[∞]," KOSÉ's eight unique initiatives. The number of services and products that met the targets for each of these items was then tabulated to determine the overall achievement rates.









Progress of Each Initiative (For the Earth)

KOSÉ's fiscal year-end was changed to April from FY2021. Accordingly, the data contained herein has been modified based on the new fiscal year period. Totals have been recalculated to avoid overlap.

Activity Theme		Commitment	Indicator	FY2022 Results	Target	Achieve by	Relevant SDGs
For the Earth	Use the theme of beauty to help solve environmental issues	Focus on beauty while promoting activities to resolve environmental issues. We will also communicate these initiatives to the general public to make many consumers aware of environmental issues and expand our network for solving issues using the theme of beauty.	Area planted with coral reefs	11,858 m ² (Cumulative total since FY2009)	20,000 m ² About 53 times the area of a 25 m regulation-size swimming pool	2030	   
			Increase in awareness of environmental issues through products and services	5,947,387 people (Cumulative total since FY2020)	10 million people or more	2030	
	Environmental programs where KOSÉ operates	We will coexist and prosper with local communities, conducting environmental conservation activities with a focus on production facilities, which affect the environment.	Local community environmental conservation activities	11 activities (Cumulative total since FY2020)	20 activities or more	2030	  

Progress of Each Initiative (For the Earth)

KOSÉ's fiscal year-end was changed to April from FY2021. Accordingly, the data contained herein has been modified based on the new fiscal year period. Totals have been recalculated to avoid overlap.

Activity Theme		Commitment	Indicator	FY2022 Results	Target	Achieve by	Relevant SDGs
For the Earth	Lower the overall environmental impact of business operations	Reduce CO2emissions	SCOPE 1 and 2	33.1% reduction (total, compared to 2018)	-55% (Target for total emission reduction vs. 2018)	2030	 
				17,175.9 t-CO ₂	Carbon Neutrality	2040	
			SCOPE 3	31.6% reduction (total, compared to 2018)	-30% (Target for total emission reduction vs. 2018)	2030	
		Sustainability-conscious design for plastic packaging materials		4R implementation 29.0%*1 4R: reduce, reuse, recycle, renewable	100%	2030	 
		Waste reduction for the purpose of responsible resource utilization		14 activities	At least 20 waste reduction and resource recycling initiatives	2030	 
					Recycling rate: 100%*2	Zero non-recyclable waste*2	
		Reduce use of water resources through responsible practices		5.9% reduction*2 (production primary unit, compared to 2018)	-12%*2 (Production units vs. 2018)	2030	 
		Procure sustainable palm oil to protect the environment and grow with society.		Responsible palm oil procurement	20.7% Purchasing of RSPO certification credits using procurement of certified ingredients and the Book & Claim model	100%	2030

* 1 Results for new products launched between January and December 2022.

* 2 KOSÉ Group Production Department.

- A source of adaptable products and services
- Promote specific Adaptability∞ initiatives

Relevant SDGs

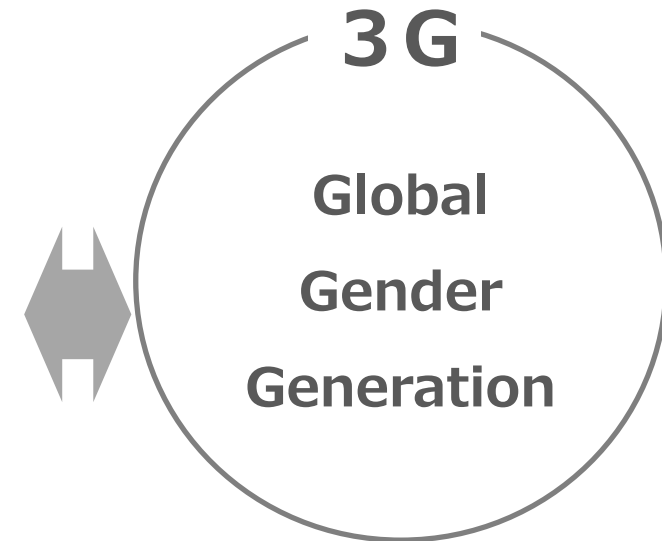
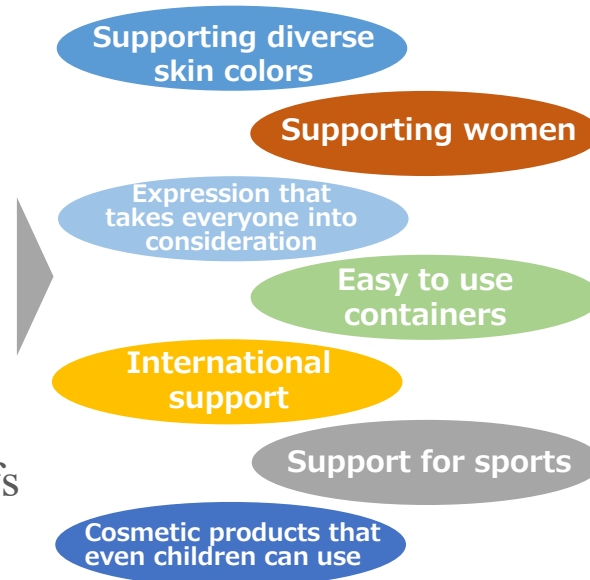


Adaptability

In order to broaden our customer vision, we promote the creation of value with a focus on individual identity so that we can meet the needs of our diverse customers. We have defined eight concrete initiative themes, which we have named "Adaptability∞," and we are applying them throughout all of our value creation. We have also linked the "3Gs" of "Global," "Gender," and "Generation," keywords for cultivating new customers, with adaptability, thereby creating new value.

- Excluding no one
- Blending diverse cultures
- Adapted to all skin and hair types
- User-friendly and simple
- Unfettered by gender
- Respectful expression
- Harmonizing with personal beliefs
- Transcending age constraints

Examples of Adaptability∞



- A source of adaptable products and services
- Promote specific Adaptability∞ initiatives

Relevant SDGs



Adaptability  ~Development of products for diverse skin colors~



Adapted to all skin and hair types

● DECORTÉ



We researched various skin characteristics of people around the world and launched a line of liquid foundation in 40 colors with the aim of beautifully highlighting each and every person's own skin color.

● STEPHEN KNOLL



We launched special care products that provide intensive care for the seven days after one gets their hair colored, helping keep the beautiful, ideal color of newly colored hair over the long term.

- A source of adaptable products and services
- Promote specific Adaptability∞ initiatives

Relevant SDGs



Adaptability ~Providing society with beauty unconstrained by gender or age~



Unfettered by gender



Transcending age constraints



Concluded global advertising contract with Shohei Otani from the Los Angeles Angels U.S. major league baseball team and featured him in brand PR



Visee launched eye shadow for use in "around-the-eye" makeup, which creates a dignified look, regardless of gender.



Featured figure skater Yuzuru Hanyu in commercials for the SEKKISEI skincare brand

Support for a beautiful, healthy and happy life

➤ Specific Initiatives

Relevant SDGs

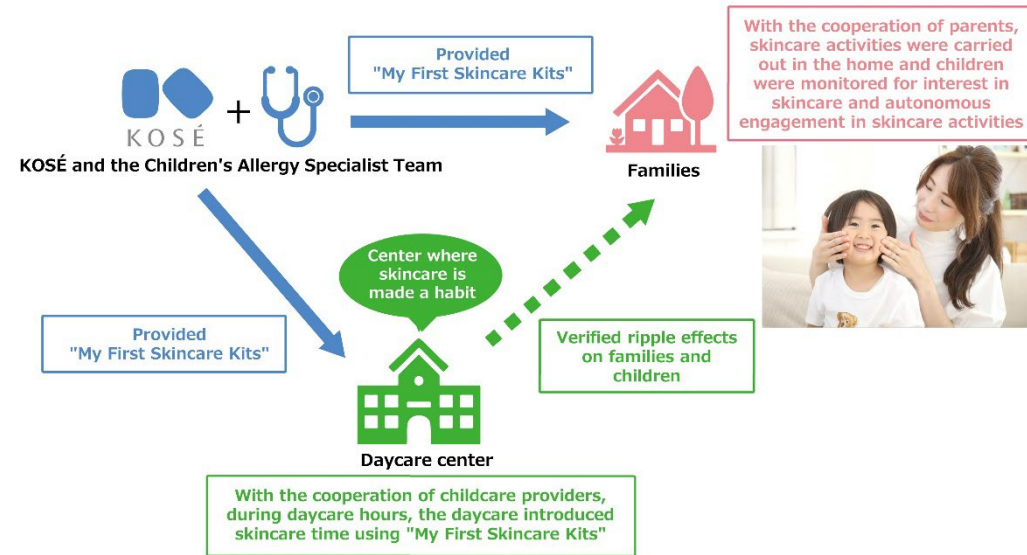


● Opened a "beauty studio" in KidZania Tokyo



Led by the concept of "making beauty even freer," we provided an occupational experience that nurtured the individual sensibilities of children and exposed them to diverse beauty values while giving them the joy and the sense of excitement that cosmetics and beauty can create, brightening people's hearts.

● Performed verification testing aimed at making skincare a habit since childhood



With extensive cooperation from Takasago School Otaka No Mori, a certified center for early childhood education and care, and Chiba Aiyukai Kinen Hospital's Children's Allergy Specialist Team, we have conducted the "Steps to Make Skincare a Habit since Childhood" verification project for young children through a daycare center.

■ Help create a world with true gender equality

➤ Gender Equality Awareness

Relevant SDGs



● "DECORTÉ PURPLE RIBBON PROJECT"

We providing varied support to help eliminate gender gaps.



As part of the purple ribbon campaign aimed at creating a society in which women can enjoy peace of mind, "DECORTÉ" has provided support for various activities that seek to protect women's lives and futures and eliminate the gender gap.

● KOSÉ officially joined the COSME BANK Project as an advisory board company as the project ramped up in earnest. Cosmetics were donated primarily to single mothers.



Recognizing the importance of the mission of the Bank for Smiles association's Cosme Bank Project, we donated 53,000 cosmetics to the women in roughly 30,000 households, primarily economically struggling single mothers.

We also collaborated with Kashiwa City in Chiba Prefecture to hold makeup seminars to single parent households to assist in job seeking.

- Use the theme of beauty to help solve environmental issues
- Awareness of Environmental Issues Through Products and Services

Relevant SDGs

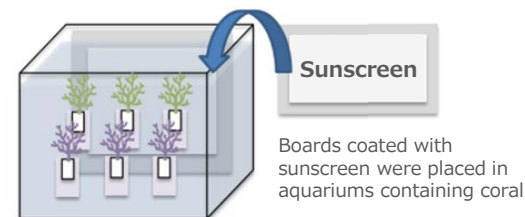


- We contributed to environmental conservation and awareness-raising activities through "SEKKISEI SAVE the BLUE project".



- In our efforts to develop cosmetics which are people-friendly and environmentally friendly, we confirmed that four types of sunscreen did not have a negative impact on coral growth.

Evaluation method



Evaluation results



After evaluating the impact of seven different ultraviolet-blocking ingredients, we confirmed that our flagship sunscreens* did not negatively affect coral growth.

* Gel type and milk type sunscreens with and without ultraviolet absorbing agents (A to D)

- Use the theme of beauty to help solve environmental issues
- Increase in Awareness of Environmental Issues Through Products and Services

Relevant SDGs



● KOSÉ Cosmeport and Minami-Alps City concluded a "UNESCO Eco Park x PEACEFUL GREEN PROJECT" partnership agreement.

● KOSÉ Cosmeport "BIOLISS PEACEFUL GREEN" project held a limited-time event to support sustainable living.



Recognizing the importance of the mission of UNESCO's Eco Parks, we concluded this agreement in order to collaborate and coordinate with Minami-Alps City (Yamanashi Prefecture) in contributing to SDGs, through promoting regional development and revitalization, as well as conserving the beautiful natural environment.



As a part of this project, BIOLISS brand held events encouraging customers to think about environmental friendliness from the perspectives of everyday life. Customers who purchased BIOLISS products get free reusable shopping bags and they could decorate freely with stamps, etc. Furthermore, an area was set up with the theme of "Let's Build a Forest Together," in which customers participated to build a giant tree with illustration-stamps.

- Use the theme of beauty to help solve environmental issues
- Awareness of Environmental Issues Through Products and Services

Relevant SDGs



- At the Maison KOSÉ Ginza concept store, customers created original message cards using paint made from makeup products.



At KOSÉ's concept store, Maison KOSÉ Ginza, we created an area where customers could try their hands at making message cards using paint made from makeup products developed by MĀNGATA which could no longer be used for their original purposes.



- Customers used "ecosme ink®" to decorate gift boxes, shopping bags, and other packaging materials.



In this upcycling project, customers created shopping bags, gift boxes, and the like using ecosme ink®, which is made by recycling makeup products that are no longer needed. The ink was developed by MĀNGATA and Toppan Printing.

■ Environmental programs where KOSÉ operates

➤ Local Community Environmental Conservation Activities

Relevant SDGs



- "SEKKISEI SAVE the BLUE Snow Project"
SEKKISEI began its new "protect the snow" activities.



The winter campaign, named the "SEKKISEI SAVE the BLUE Snow Project," donated part of the proceeds of sales to Hakuba Valley, a mountain resort located at the foot of the Northern Alps mountain range in the north of Nagano Prefecture, helping support the use of renewable energy in the area.

- ALBION Shirakami Laboratory Extraction Research Wing / ALBION Shirakami Vineyard & Winery contributing to the community through wine brewing.



In 2018, we received grape vines from a grape farm that had shut down by its owners due to their advanced age. We began growing grapes for use in cosmetics ingredient research purposes. In 2021, we opened a new facility for manufacturing plant extract made from the grapes we grew, researching extraction technologies, and conducting fermentation research and development. The facility can research everything from growing to product mixes, and in 2022 it began contributing to the local community by bringing back Fujisato Town's "Shirakami Sanchi Wine."

■ Environmental programs where KOSÉ operates

➤ Local Community Environmental Conservation Activities

Relevant SDGs



- KOSÉ Cosmeport "BIOLISS PEACEFUL GREEN"
We created the "BIOLISS FOREST" project and launched tree planting activities.

- "Flora Notis JILL STUART"
We began moringa planting activities in the Ilocos Region of the Philippines.



Part of the proceeds from sales in 2021 were donated to "Present Tree," a forest restoration project carried out by NPO Environmental Relations. So far, we plant 400 deciduous saplings such as Japanese beech, Japanese oak, Japanese mountain cherry, and Amur cork tree, in Fuefuki City, Yamanashi Prefecture.



Flora Notis JILL STUART has set out to carry out SDGs activities in the form of environmentally-friendly manufacturing, using ingredients that absorb CO₂, and protecting ecosystems through tree planting. In 2022, it joined the Ilocos Moringa Association and began planting moringa in the Ilocos Region of the Philippines.

No. of trees planted in FY2022: 657

■ Lower the overall environmental impact of business operations

➤ Reduction of Scope 1,2 and 3 CO₂ Emissions

- The ALBION Shirakami Laboratory introduced renewable energy in its efforts to promote local consumption of locally produced products.



- We began visualizing CO₂ emissions for "SEKKISEI CLEAR WELLNESS" and calculating its carbon footprint.



SEKKISEI CLEAR WELLNESS

Relevant SDGs



■ Lower the overall environmental impact of business operations

➤ Responsible palm oil procurement*¹

*¹ This is also a target for the "For People" - "Support for a beautiful, healthy, happy life" theme

- We engaged with palm farmers and producers in Malaysia.

In 2022, we took part in the RSPO held in Malaysia and then visited large palm plantations and small, family-operated palm groves. We discussed the challenges and needs of palm growers, together with various stakeholders, and deepened our understanding of the issues involved.

We also renewed our RSPO SC certification*² at the KOSÉ Industries Gunma Factory and Sayama Factory, the KOSÉ head office and related sites, and ALBION.

*² Roundtable on Sustainable Palm Oil Supply Chain Certification

Relevant SDGs



- Lower the overall environmental impact of business operations
- Sustainability design focused on plastic container packaging materials

Relevant SDGs



- We are using chemically recycled materials for some Predia and SEKKISEI product bottles.



Predia OIL DROP



Predia VITAL SPIRITS ADVANCED



Predia CRYSTAL WHITE



Predia SPA et MER G-SERUM



SEKKISEI CLEAR WELLNESS Gentle Wash

- We are using chemically recycled materials for the caps of KOSÉ Cosmeport CoenRich hand cream.



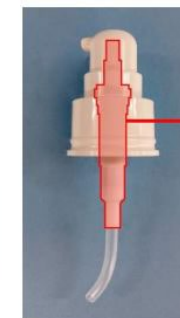
- KOSÉ was the first company in the industry to use biomass plastic for cosmetics containers using the mass balance approach*.



Used for containers of SEKKISEI CLEAR WELLNESS Overnight Cream

* Method in which if 10% of the material that is used is derived from biomass sources, 10% of products are counted as using 100% biomass plastic

- We successfully developed unique pump dispensers for ALBION. Biomass plastic is used even for complex mechanical components of the dispenser.



Mechanical component

FLARUNÉ VIVID TUNER (Serum)

- Lower the overall environment impact of business operations
 - Waste reduction for the purpose of responsible resource utilization - New initiatives contributing to further waste reductions

Relevant SDGs



- We began recycling ADDICTION plastic cases.

Clear cases were collected in stores when placing The Eyeshadow and The Blush products in compact cases.

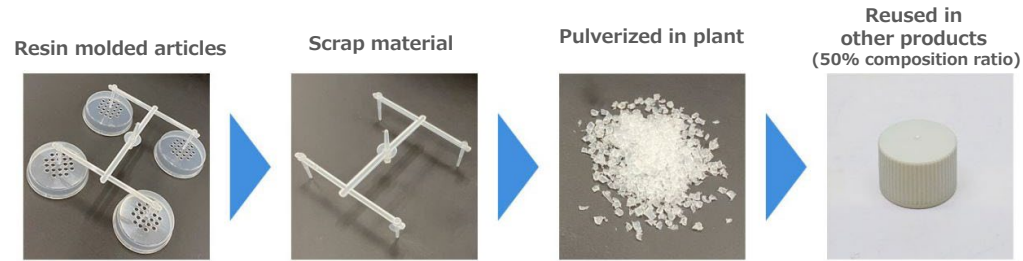


THE EYESHADOW



THE BLUSH

- KOSÉ Group companies manufactured recycled containers using plastic scrap.



Products with caps made of 50% recycled plastic

- Albion deployed in-store container collection systems in 37 Albion Dresser stores nationwide.

The container collection program that was pilot tested in 2021 was relaunched as the ALBION RECYCLE PROJECT. Through this project, we collected used containers of the long-selling ALBION SKIN CONDITIONER ESSENTIAL N.



recycling container (image)



INFINITY Unlimited Key



SEKKISEI MIYABI CYCLATOR B



SEKKISEI CLEAR WELLNESS Face Oil Treatment



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