

# Directors and Audit & Supervisory Board

(As of June 27, 2019)

# Members



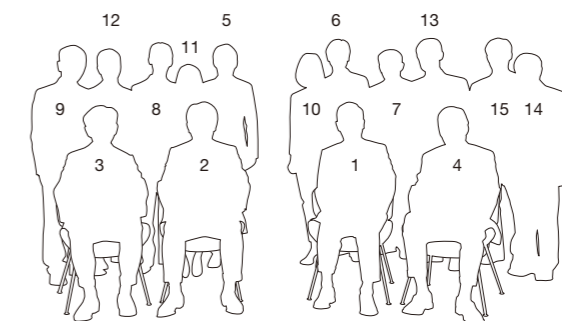
- 1. Yasukiyo Kobayashi  
Honorary Chairman
- 2. Kazutoshi Kobayashi  
President & CEO
- 3. Takao Kobayashi  
Senior Executive Director

- 4. Atsuo Kumada  
Senior Executive Director
- 5. Masanori Kobayashi  
Executive Director
- 6. Koichi Shibusawa  
Executive Director

- 7. Yusuke Kobayashi  
Director
- 8. Michihito Yanai  
Director
- 9. Iwao Toigawa  
Director (External)

- 10. Yukino Kikuma  
Director (External)
- 11. Norika Yuasa  
Director (External)
- 12. Kazuhiro Suzuki  
Standing Audit &  
Supervisory Board Member

- 13. Noboru Matsumoto  
Standing Audit &  
Supervisory Board Member
- 14. Nobuo Iwafuchi  
Audit & Supervisory Board Member  
(External)
- 15. Toru Miyama  
Audit & Supervisory Board Member  
(External)



# Career Histories (As of June 27, 2019)

## Honorary Chairman



**Yasukiyo Kobayashi**  
Honorary Chairman

Apr. 1964 Joined the Company  
Jul. 1969 Director  
Mar. 1976 Executive Director  
Mar. 1981 Senior Executive Director  
Jun. 1991 Representative, Senior Managing Director  
Mar. 1997 President & CEO  
Jun. 2007 Chairman  
Jun. 2007 President & CEO, KOSÉ SALES CO., LTD.  
Jun. 2014 Honorary Chairman of the Company (current position)

## Directors



**Kazutoshi Kobayashi**  
President & CEO

Apr. 1986 Joined the Company  
Mar. 1991 Director  
Mar. 1995 Executive Director  
Jun. 2004 Representative Director, Vice President  
Jun. 2007 President & CEO (current position)  
Concurrent positions:  
Director, ALBION CO., LTD.



**Takao Kobayashi**  
Senior Executive Director

Apr. 1993 Joined the Company  
Jun. 1998 Director  
Mar. 2005 Deputy General Manager, Global Business Division  
Jun. 2006 President & CEO, Kosé Cosmeport Corp. (current position)  
Jun. 2013 Executive Director of the Company  
Jun. 2014 Senior Executive Director (current position)



**Atsuo Kumada**  
Senior Executive Director

Apr. 1980 Joined the Company  
Mar. 2011 Executive Officer  
Executive Director, KOSÉ SALES CO., LTD.  
Mar. 2013 Senior Executive Director, KOSÉ SALES CO., LTD.  
Jun. 2013 Director of the Company  
Jun. 2016 Executive Director  
Apr. 2019 President & CEO, KOSÉ SALES CO., LTD. (current position)  
Jun. 2019 Senior Executive Director of the Company (current position)



**Masanori Kobayashi**  
Executive Director

Mar. 2004 Joined the Company  
Mar. 2011 Executive Officer  
Jun. 2013 Director  
Jun. 2017 Executive Director (current position)



**Koichi Shibusawa**  
Executive Director

Apr. 1984 Joined the Company  
Jun. 2010 Audit & Supervisory Board Member, KOSÉ SALES CO., LTD. (current position)  
Mar. 2011 Executive Officer of the Company  
Jun. 2011 Audit & Supervisory Board Member, Kosé Cosmeport Corp. (current position)  
Jun. 2013 Director of the Company  
Jun. 2018 Executive Director (current position)  
Concurrent positions:  
Director of ALBION CO., LTD.



**Yusuke Kobayashi**  
Director

Apr. 2000 Joined ALBION CO., LTD.  
May 2005 President & CEO, ALBION Cosmetics (AMERICA), Inc. (current position)  
Sep. 2005 Executive Officer, ALBION CO., LTD.  
Sep. 2006 Director  
Jun. 2014 Director of the Company (current position)  
Apr. 2017 Executive Director, ALBION CO., LTD. (current position)



**Michihito Yanai**  
Director

Apr. 1984 Joined the Company  
Mar. 2015 Executive Officer  
Jun. 2017 Director (current position)  
Concurrent positions:  
Director, Tarte, Inc. (Chairman)



**Iwao Toigawa**  
Director (External)

Apr. 1991 Registered as an attorney at law  
Jul. 2001 Established Toigawa Law Office  
May 2006 Established Hibiya T&Y Law Office (current position)  
Jun. 2014 Director of the Company (current position)



**Yukino Kikuma**  
Director (External)

Apr. 1995 Joined Fuji Television Network, Inc. (now Fuji Media Holdings, Inc.)  
Dec. 2011 Registered as an attorney at law  
Joined Law Office of Matsuo & Kosugi (current position)  
Jun. 2018 Director of the Company (current position)



**Norika Yuasa**  
Director (External)

Sep. 2003 Registered as an attorney at law  
Aug. 2011 Registered as an attorney at law in New York  
Sep. 2017 Part-time Professor, Waseda Law School (current position)  
Jan. 2019 Partner, Miura & Partners (current position)  
Jun. 2019 Director of the Company (current position)

## Audit & Supervisory Board Members



**Kazuhiro Suzuki**  
Standing Audit & Supervisory Board Member

Apr. 1984 Joined the Company  
Mar. 2011 General Manager, Makeup Products Laboratory, R&D Laboratories  
Mar. 2015 Advisor, R&D Laboratories  
Jun. 2015 Standing Audit & Supervisory Board Member (current position)



**Noboru Matsumoto**  
Standing Audit & Supervisory Board Member

Apr. 1984 Joined the Company  
Mar. 2006 General Manager, Supply & Demand Control  
Mar. 2007 General Manager, Cosmetaries (Planning) Dept.  
Mar. 2008 General Manager, Marketing (Planning) Dept., KOSÉ SALES CO., LTD.  
Mar. 2011 Chief Director and General Manager, TAIWAN KOSÉ CO., LTD.  
Mar. 2013 General Manager, General Administration Dept. of the Company  
Mar. 2018 Executive Officer  
Jun. 2019 Standing Audit & Supervisory Board Member (current position)



**Nobuo Iwafuchi**  
Audit & Supervisory Board Member (External)

Aug. 1981 Registered as a certified public accountant  
Jul. 2014 Established Certified Public Accountant Nobuo Iwafuchi Office (current position)  
Jun. 2016 Audit & Supervisory Board Member of the Company (current position)



**Toru Miyama**  
Audit & Supervisory Board Member (External)

Apr. 1998 Registered as an attorney at law  
Oct. 2006 Established Miyama Law Office (current position)  
Jun. 2019 Audit & Supervisory Board Member of the Company (current position)

# Messages from External Directors

## Becoming a Company with a Global Presence

KOSÉ has set forth “evolving into a company with a global presence” as a major strategic management objective. Although the quality of KOSÉ’s products is world-class, I think it is crucial to carry out branding that achieves universal global acceptance. KOSÉ will do this not by giving up its unique qualities but by enhancing them as it flexibly responds to changing social conditions. I believe that this global rollout is closely related to KOSÉ’s SDG management, including maintenance of its governance and management systems, human resource development, and its social significance as a company.

As a member of the Board of Directors, I receive appropriate information before meetings and offer my opinion from the viewpoint of ordinary shareholders. KOSÉ is alive with the founding spirit that created the company’s unique qualities; meaning that it is filled with potential for development. While maintaining my independence, I will communicate appropriately with the internal directors and people from other relevant departments as I work to contribute to KOSÉ’s development.



**Iwao Toigawa**  
Director (External)

## Activities for Empowerment through Cosmetics

KOSÉ’s strength is its people. When I drop by a store in any area, I can clearly see that the salespeople love KOSÉ products and sell them with pride. When I visit its laboratories, I see many researchers who work day after day to develop better products. Diversity is not just a matter of gender and race; it is respect for individuals with diverse values. As a director, I intend to focus on creating an environment where all people involved with KOSÉ, including its supply chain, can make the most of their potential. I believe that this will ultimately lead to offering even better products.

Moreover, in aiming to become a global company, the perspective of ESG is indispensable. Cosmetics can also be important items that encourage zest for living. I still remember the joy of putting on pink lipstick for the first time in a while during a lengthy hospital stay in a colorless room where I spent day after day confined to bed. I intend to promote activities for empowerment through cosmetics.



**Yukino Kikuma**  
Director (External)

# Corporate Governance

## Governance at a Glance



## Basic Policy

The KOSÉ Group has established the principle, centered on its management philosophy, to “continually conduct management to enhance its enterprise value as the KOSÉ Group,” and strives for management focused on business expansion and efficiency. The KOSÉ Group considers corporate governance to be an important management issue, and is working to establish organizations and mechanisms for the conduct of sound management, and to

create frameworks to maintain the trust of society.

In addition, to enhance the transparency and fairness of management, the KOSÉ Group strives for sincere communication with all stakeholders including shareholders, investors, creditors, customers, business partners, employees, and local residents and communities, and builds relationships of trust with them.

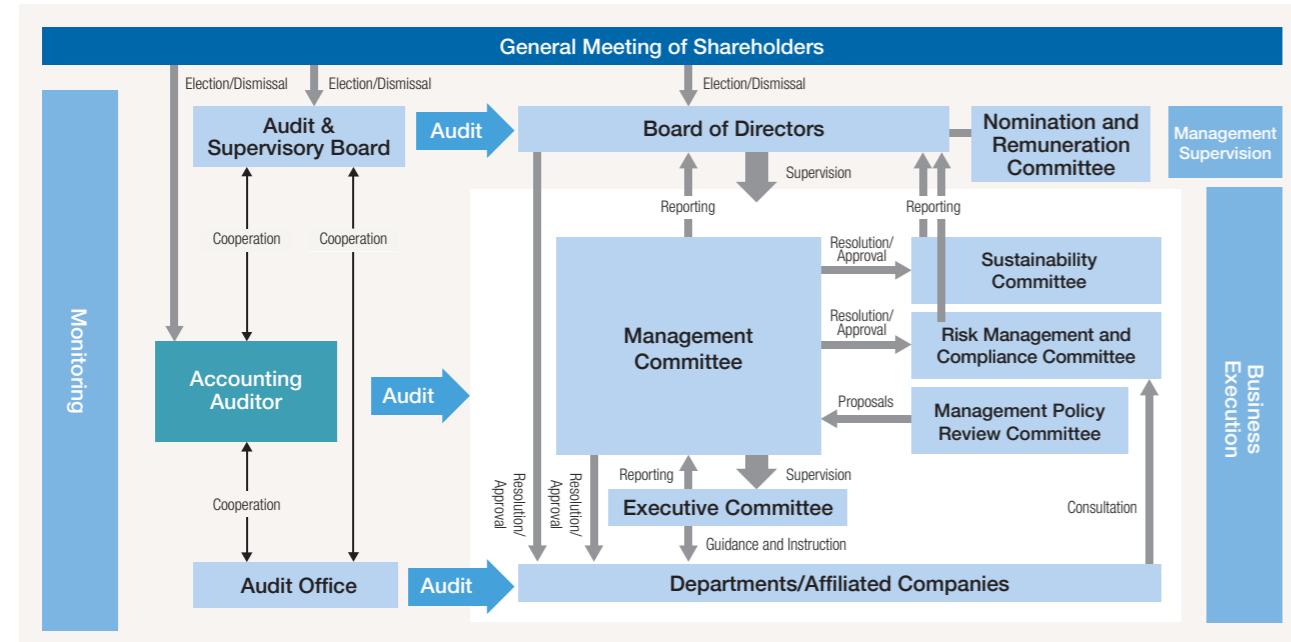
## Corporate Governance Structure

KOSÉ has adopted a company with an Audit & Supervisory Board system to audit the adequacy of the directors’ execution of their duties. For the execution of business, the Company employs the Board of Directors, the Management Committee chaired by the president, the Management Policy Review Committee, the Executive Committee, and other bodies as necessary for the swift and efficient conduct of business.

In addition, the Company has voluntarily established the Nomination and Remuneration Committee, a majority of which is

composed of external directors and external Audit & Supervisory Board members, to deliberate on officer remuneration and the appropriateness of officer personnel. The Company has determined that it is appropriate to have independent external directors and Audit & Supervisory Board members to provide audit and supervisory functions in addition to a system of checks and balances by officers familiar with the business.

Corporate Governance Organization



Board of Directors

The Board of Directors strives to optimize its overall knowledge, experience, balance of competencies, diversity and size.

The Company has appointed external directors with a high level of expertise and extensive insight to provide advice on business execution, as well as to monitor and supervise each director. The Company has a business execution system that clarifies the scope of authority of directors so prompt decisions can be made by a small number of people. The Company has

also adopted an executive officer system, and the executive officers appropriately execute business in the departments they oversee in accordance with basic management policies. The Board of Directors meets in principle once each month, to decide on matters stipulated by laws and regulations, as well as important matters relating to management, and to supervise the conduct of duties by directors.

Audit & Supervisory Board

The Company has appointed an attorney at law and a certified public accountant with extensive experience in auditing and insight as external Audit & Supervisory Board members to monitor and supervise the execution of business by directors.

Audit & Supervisory Board members attend important meetings such as the Board of Directors meetings and

Management Committee meetings, communicate with Audit & Supervisory Board members of domestic Group companies as appropriate, exchange information and opinions with internal audit departments and the accounting auditor, and conduct internal audits of departments within the Company and of its subsidiaries regularly and as required.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is an organization that deliberates on proposals related to nomination and remuneration made by the president to the Board of Directors to enhance the independence, objectivity, and accountability of the functions of the Board of Directors related to nomination and remuneration of directors, Audit & Supervisory Board members and executive officers of the Company. It is chaired by an

external director to ensure objectivity.

Composition of the Nomination and Remuneration Committee

Chairperson	Total Members	(Breakdown)		
		Directors	External Directors	External Audit & Supervisory Board Members
External Director	7	2	3	2

External Directors and External Audit & Supervisory Board Members

Attendance at Board of Directors and Audit & Supervisory Board Meetings in Fiscal 2018

Position	Name	Board of Directors Meetings (Convened 13 times)		Audit & Supervisory Board Meetings (Convened 12 times)	
		Number of Meetings Attended	Percentage of Meetings Attended	Number of Meetings Attended	Percentage of Meetings Attended
External Director	Iwao Toigawa	12	92%	—	—
External Director	Yukino Kikuma	11*	100%	—	—
External Audit & Supervisory Board Member	Minoru Murakami	13	100%	12	100%
External Audit & Supervisory Board Member	Nobuo Iwafuchi	13	100%	12	100%

\* The number of Board of Directors meetings attended by External Director Yukino Kikuma differs from that of other directors because she was elected at the 76th Annual General Meeting of Shareholders held on June 28, 2018.

Reasons for Each External Director's Selection

Name	Reasons for Selection
Iwao Toigawa	Mr. Toigawa has highly specialized knowledge as an attorney at law and extensive insight concerning corporate management. As a result, the Company believes he can provide guidance and advice concerning management and use his independent and objective standpoint to guide management. Furthermore, the Company believes that there is no concern of Mr. Toigawa having a conflict of interest with general shareholders and has accordingly designated him an Independent Director.
Yukino Kikuma	Ms. Kikuma has highly specialized knowledge as an attorney at law and particularly deep insight concerning corporate law, as well as media-related experience. As a result, the Company believes she can provide fresh, impartial suggestions and advice to management, and use her independent and objective standpoint to guide management. Furthermore, the Company believes that Ms. Kikuma has no conflict of interest with general shareholders and has accordingly designated her an Independent Director.
Norika Yuasa (Inaugurated as external director in June 2019)	Ms. Yuasa has highly specialized and broad knowledge that extends to Asia, Europe and North America as well as Japan as an attorney at law. She has considerable professional experience in China in particular, and as a result, the Company believes she can provide suggestions and advice for the Company's global strategy with her extensive insight and use her independent and objective standpoint to guide management. Furthermore, the Company believes that Ms. Yuasa has no conflict of interest with general shareholders and has accordingly designated her an Independent Director.

Evaluation of the Effectiveness of the Board of Directors

With the aim of enhancing objectivity and further improving governance, the Company used a third-party organization to conduct the evaluation of the effectiveness of its Board of Directors. The method and results of the evaluation are as follows.

1. Evaluation Method

A questionnaire survey covering the following items was completed by the directors and Audit & Supervisory Board members.

A third-party organization was used for creation of the survey and for the tabulation and analysis of the results. Based on those results, the Board of Directors analyzed and evaluated its effectiveness and considered future responses.

2. Results of Evaluation and Future Issues to Be Dealt With

As a result of discussions conducted at the Board of Directors meeting based on the results of the questionnaire survey, the Board of Directors concluded that explanations in advance to external officers and reporting at Board of Directors meetings are being conducted appropriately, and also that the size of the Board of Directors and the composition of the Nomination and Remuneration Committee are appropriate, and that the Board of Directors is effective overall.

On the other hand, the Board of Directors came to the realization that there is room for further improvement with regard to increasing the board's diversity and discussion of management strategies and management systems of subsidiaries at Board of Directors meetings.

Based on these points, the Company will continue to make proactive efforts to further enhance the effectiveness of the Board of Directors to improve the corporate value of the KOSÉ Group.

Questionnaire Items	
<b>I. Management system of the Board of Directors</b>	<b>II. Supervisory function of the Board of Directors</b>
(1) Composition of the Board of Directors	(1) Supervisory function of the Board of Directors
(2) Operation of the Board of Directors	(2) Risk management structure of the Board of Directors
(3) Support structure for the Board of Directors	(3) Status of discussions at Board of Directors meetings
(4) Status of participation at Board of Directors meetings	(4) Matters relating to the nomination and remuneration of officers

## Officer Remuneration

### Policy for Determining Remuneration Details

For remuneration of Company officers, the Company has decided on a remuneration structure that emphasizes increasing corporate value over the medium to long term.

Remuneration of directors other than external directors consists of monthly remuneration and bonuses to raise the linkage between improvements in corporate business results and officer performance, taking into consideration the responsibilities they bear for improvement of business results each fiscal year and growth in corporate value over the medium to long term.

The amount of monthly remuneration is determined according to the position of each director, taking into account the operating environment and other factors, and bonuses are determined based on the business results of the Group and of the relevant department for the fiscal year, as well as on an evaluation of individual performance.

External directors and Audit & Supervisory Board members receive fixed monthly remuneration, which is set based on comparisons with other companies in the same industry or of the same size in Japan and overseas, as well as on the Company's financial condition and business results.

### Method for Determining Officer Remuneration

Officer remuneration shall be classified into directors and Audit & Supervisory Board members for voting at the General Meeting of Shareholders and allocated to each officer within the scope of the total amount for each officer classification, and such remuneration is determined by the Board of Directors after discussion of its appropriateness by the Nomination and Remuneration Committee, which is composed mainly of external officers.

Remuneration of Audit & Supervisory Board members is determined by mutual agreement among the Audit & Supervisory Board members, including the two external members.

In addition, the Company has established a retirement benefit plan for Company officers. The Company has established criteria for the relevant payment amount and allocates provisions to a reserve for each year of each officer's tenure.

### Total Remuneration by Officer Classification, Amount by Type of Remuneration and Number of Eligible Officers

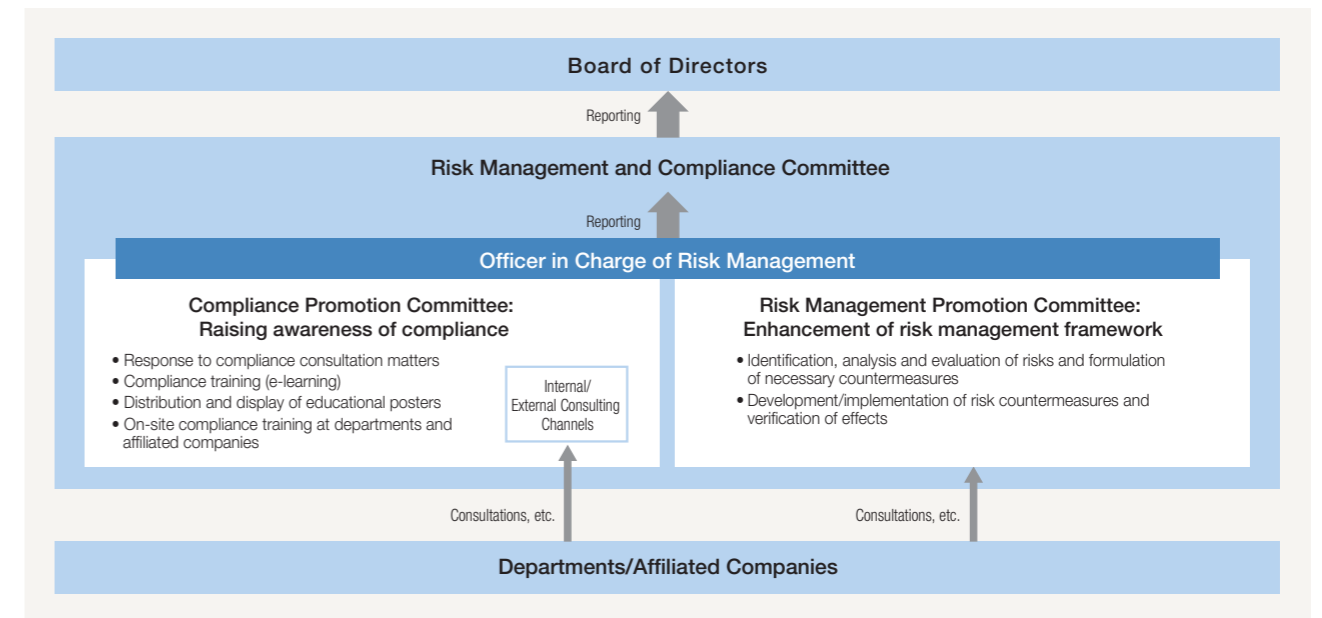
Officer Classification	Total Remuneration (Millions of yen)	Amount of Remuneration by Type (Millions of yen)			Number of Eligible Officers
		Fixed Remuneration	Performance-Related Remuneration	Provision for Officers' Retirement Benefits	
Directors (excluding external directors)	581	136	173	271	11
Audit & Supervisory Board members (excluding external Audit & Supervisory Board members)	46	43	—	3	2
External officers	37	37	—	—	4

### Persons Receiving Total Remuneration of ¥100 Million or More

Name	Officer Classification	Company	Amount of Remuneration by Type (Millions of yen)			Total Remuneration (Millions of yen)
			Fixed Remuneration	Performance-Related Remuneration	Provision for Officers' Retirement Benefits	
Kazutoshi Kobayashi	Director	KOSÉ Corporation	56	137	215	409

## Risk Management and Compliance

### Risk Management and Compliance Organization



For the Company, compliance encompasses compliance with laws and regulations as well as behavior consistent with social ethics based on "Mind to follow the right path." The compliance promotion structure and activities are regularly reported to the Board of Directors via the Risk Management and Compliance Committee. The Compliance Promotion Committee holds training and other educational programs for directors and employees. The Company has established internal and external reporting channels and also maintains a framework for responding to reports and consultations.

In addition, to respond to risk factors that pose a threat to the sustainable development of the Company, particularly various risks such as problems involving compliance, quality, information security and markets as well as natural disasters, the Company has established Risk Management and Compliance Regulations and is working to enhance its risk management system by establishing a Risk Management Promotion Committee. The Company has also created a framework based on its Crisis Management Regulations for minimizing damage in the event a major risk materializes.

### Details of Initiatives

#### Risk Management Briefing Session

A briefing session is held annually for officers, managers and supervisors as a forum for sharing information on various laws, regulations and changes in the operating environment. The Company continues to communicate information that incorporates recent case studies to firmly establish Company-wide risk management and compliance promotion activities.

#### Compliance Training

Every year since 2008, the Company has set important themes for compliance and conducted training for all KOSÉ Group employees using e-learning or handouts. The Company also conducts awareness-raising for Beauty Advisors and target-specific training to communicate information in a form that suits the audience.

► See the KOSÉ website for more information on corporate governance, risk management and compliance.  
<https://www.kose.co.jp/company/en/csr/management/>