

















# Progress of the KOSÉ Sustainability Plan

























In the KOSÉ Sustainability Plan, we have set medium-to-long-term targets to be achieved by 2030. Each year, we summarize the status of our efforts and announce our progress toward these targets.

► For details: <https://www.kose.co.jp/company/en/sustainability/>  
See the KOSÉ website for information regarding progress and results.

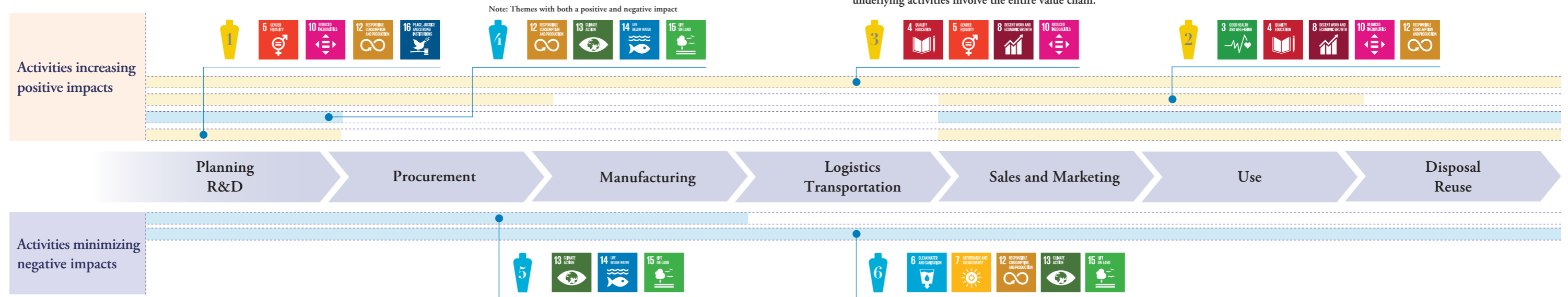
## For People: Medium-to-Long-Term Targets of Activity Themes and Fiscal 2021 Progress

Activity Theme	Indicators	Target	Achieve by	Fiscal 2021 Progress	Relevant SDGs
 A source of adaptable products and services	Ratio of products and services reflecting the concept of adaptability	100%	2030	<ul style="list-style-type: none"> <li>Formulated approach to implementing and managing our “Adaptability∞” indicator</li> <li>Carried out specific activities for individual products and services</li> </ul>	   
 Support for a beautiful, healthy and happy life	Implementation of specific activities	30 activities or more	2030	<ul style="list-style-type: none"> <li>Launched a project to promote the habit of applying sunscreen from early childhood</li> <li>Supported sports</li> <li>Supported medical professionals</li> <li>Supported single mothers who are in relative poverty</li> </ul>	   
Help create a world with true gender equality	Responsible palm oil procurement	100%	2030	<ul style="list-style-type: none"> <li>Acquired RSPO<sup>1</sup> and SCCS<sup>2</sup> certification</li> </ul> <p>1. RSPO: Roundtable on Sustainable Palm Oil 2. SCCS: Supply Chain Certification Standard</p>	 
	Gender equality awareness	100,000 people or more	2030	<ul style="list-style-type: none"> <li>Awareness-raising activities for the “KOSÉ IKUPAPA Support System” to encourage male employees to take childcare leave</li> <li>Conducted seminars for building career awareness</li> <li>Provided tuition support (scholarships) at a girls’ junior high school in Tanzania and awarded commemorative gifts to graduates (SEKKISEI)</li> </ul>	   

## For the Earth: Medium-to-Long-Term Targets of Activity Themes and Fiscal 2021 Progress

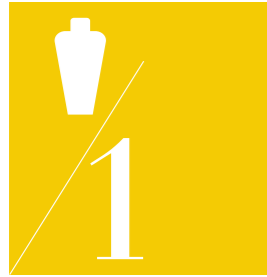
Activity Theme	Indicators	Target	Achieve by	Fiscal 2021 Progress	Relevant SDGs
 Use the theme of beauty to help solve environmental issues	Area planted with coral reefs	20,000 m <sup>2</sup> (About 53 times the area of a 25 m regulation-size swimming pool)	2030	<ul style="list-style-type: none"> <li>Promoted the SEKKISEI SAVE the BLUE project</li> </ul>	 
	Increase in awareness of environmental issues through products and services	10 million people or more	2030	<ul style="list-style-type: none"> <li>Activities involving the SEKKISEI brand</li> <li>Launched the BIOLISS PEACEFUL GREEN project to support activities to protect nature</li> </ul>	 
 Environmental conservation programs in areas where KOSÉ operates	Local community environmental conservation activities	20 activities or more	2030	<ul style="list-style-type: none"> <li>Environmental conservation activities at overseas sites</li> <li>Cleanup activities in communities where KOSÉ production bases are located</li> </ul>	  
 Lower the overall environmental impact of business operations	Reduce SCOPE 1 and 2 CO <sub>2</sub> emissions	-35% (target for total emission reduction vs. 2018)	2030	<ul style="list-style-type: none"> <li>Discussed creation of CO<sub>2</sub> emission reduction roadmap</li> </ul>	 
	Reduce SCOPE 3 CO <sub>2</sub> emissions	-30% (target for total emission reduction vs. 2018)	2030	<ul style="list-style-type: none"> <li>Developed formulations for environmentally friendly products</li> <li>Collected used product containers</li> </ul>	 
	Sustainability-conscious design for plastic packaging materials	100%	2030	<ul style="list-style-type: none"> <li>Promoted plastic usage reduction and adoption of products made from sustainable materials</li> </ul>	 
	Reduce use of water resources through responsible practices	-12% (Production units vs. 2018)	2030	<ul style="list-style-type: none"> <li>Promoted the 3 Rs (reduce, reuse, recycle) for water resources</li> </ul>	 
	Responsible waste reduction/recycling	20 activities or more	2030	<ul style="list-style-type: none"> <li>Set new waste reduction targets</li> <li>Participated in horizontal recycling verification test for refillable containers for daily necessities and cosmetics</li> <li>Collected used product containers</li> </ul>	 
	Non-recyclable waste	0%	2025	<ul style="list-style-type: none"> <li>Conducted a waste management survey of all domestic sites (including Group companies and sales companies) for waste products</li> </ul>	 
Responsible palm oil procurement	100%	2030	<ul style="list-style-type: none"> <li>Acquired RSPO and SCCS certification</li> </ul>	 	

## Activity Themes and Their Impact on the Value Chain



The activity themes defined in the KOSÉ Sustainability Plan involve the entire product life cycle and value chain from raw material procurement to disposal, but we expect the activities to have the greatest impact on our value chain in the areas shown below. The underlying activities involve the entire value chain.

# For People



## A Source of Adaptable Products and Services

The KOSÉ Group has been committed to being a source of beauty for everyone throughout its history. By developing adaptable products and services, we help create a world where people with diverse backgrounds and characteristics—including physical features such as skin tone and hair color, as well as gender, sociocultural and geographical background such as country or region, living environment, religion and creed—can live confidently and beautifully.



### DECORTÉ Initiatives for Engaging with New Customers around the World

The KOSÉ Group markets its flagship high-prestige brand, DECORTÉ, in 14 countries and regions worldwide (Japan, China, Hong Kong, Taiwan, South Korea, Singapore, Thailand, Malaysia, the United Kingdom, Italy, France, Spain, the United States, and Canada). We offer products and services tailored closely to the needs of our customers around the world. The brand message “Embrace your true beauty” is an extension of our sustainability message “Find your true beauty.” As such, we are working to bring out the beauty of each of our individual customers around the world.

#### Specific Initiatives

##### 1 Global Research on Skin



Adapted to all skin and hair types

The brand’s flagship beauty serum, *MOISTURE LIPOSOME*, was renewed in September 2021 for the first time in 29 years as *Liposome Advanced Repair Serum*. In research and development centered on adaptability with a view toward global expansion, we are conducting testing in the four regions of Japan, China, France, and South Africa. The goal is to ascertain the characteristics of Japanese, Chinese, other Asian, Caucasian, and African skin types. Through evidence-based manufacturing,



Liposome Advanced Repair Serum

we aim to cement the brand’s position as a globally popular beauty serum.

##### 2 Improving Accessibility for Customers and Advancing DX to Enable Diverse Work Styles through the WEB-BC SYSTEM



User-friendly and simple

DECORTÉ *Personal Beauty Concierge* was launched in September 2021 as a counseling platform that provides a customer service and purchasing experience. It combines the detailed care of traditional face-to-face counseling with the distinctive ease and convenience of an online service using our proprietary WEB-BC SYSTEM, which was developed in-house. The service delivers improved accessibility for customers, who can receive counseling in any location, while offering Beauty Consultants diverse work styles—enabling them to make full use of their skills even when their time is constrained due to childcare or other reasons.



Online counseling

##### 3 A Source of Beauty for Everyone with 51 Colors of Skin Care Rouge



Adapted to all skin and hair types

In June 2021, the Company launched *ROUGE DECORTÉ*, a rouge based on the concept of skin care that delivers vibrant expression and mood. This product was created based on our proprietary dermatological research and technology. With the normalization of face mask wearing during the COVID-19 pandemic, we have responded to needs for a product that prevents transference of lipstick to the mask while providing skin care benefits to help soothe the dryness and roughness caused by face masks. In order to realize a source of beauty for everyone, we have also developed a highly diverse color palette with a total of five textures and 51 colors to bring out individual beauty.



ROUGE DECORTÉ

### Advancing New Brand Development Based on the Concept of “Genderless”



Unfettered by gender

KOSÉ Cosmeport Corp. launched the new genderless concept brand, *Magnifique*, in September 2020. The new brand goes beyond conventional ideas of dedicated products for male and female users, while still being based on high-quality standards that come from ongoing research into women’s beauty.

*Magnifique* is based on the theme of the gifts of nature, and features items with select natural moisturizing compounds. With an enhanced product lineup, this brand is capturing fans by responding to the recent trend of preferring products that are unfettered by gender. In fiscal 2021, *Magnifique BB Cream* garnered strong support from customers of all ages for its ability to create a beautiful, uniform skin surface and color, and sales have expanded more than initially expected. Looking ahead, we will continue promoting development of the *Magnifique* brand based on the concept of “genderless.”



Genderless concept brand *Magnifique*

### Foundation for Value Creation: Seminar on Unconscious Bias

Aiming to create value based on an even greater focus on adaptability, the Company held an online workshop in fiscal 2021 on the theme of “unconscious bias” for approximately 170 employees with roles in marketing, advertising, and research and development. By helping employees involved in creating both products and services to become more aware of various risks such as gender bias, we hope they will use this knowledge and approach to adaptability in the creation of new value. Creating adaptable products and services requires the acquisition of the knowledge and approach to adaptability needed to supply cosmetics around the world.

Through this workshop, participants gained awareness and knowledge about various biases. By learning about the necessary values and approaches for creating products and services, employees will be able to create value with a focus on adaptability.

▶ For details: <https://www.decorte.com/site/s/sdgs.aspx> (Japanese only)

See the above website for more information on DECORTÉ’s sustainability initiatives.

▶ For details: <https://www.kose.co.jp/company/en/sustainability/adaptability.html>

See the KOSÉ website for more information on adaptability.

# For People



## Support for a Beautiful, Healthy and Happy Life

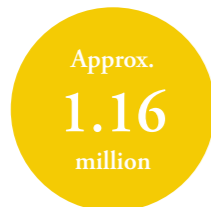
The achievement of health and happiness (i.e., well-being) is one of life's fundamental goals. We are making efforts to support this goal for all of our stakeholders and for future generations. We strive to realize well-being through measures such as improving quality of life, supporting sports, and raising the awareness of the next generation.

### You are my HERO Project Donation Results

Number of Medical Institutions



Number of Products Donated



### You are my HERO Project

KOSÉ launched the You are my HERO project to support medical professionals in December 2020. The project is an ongoing initiative that involves donating cosmetic products to medical professionals with the goal of bringing them happiness through the power of cosmetics and providing comfort and vibrancy both mentally and physically. It also expresses our respect for those people for their work in healthcare during the COVID-19 pandemic.

The project was inspired by our desire to do our utmost to provide support for medical professionals. We hope to ease the physical and mental burden and stress they feel due to the COVID-19 pandemic, which has continued since the start of 2020. Carrying on from fiscal 2020, in October 2021 we donated cosmetic products through the Nippon Foundation to medical institutions in Tokyo, which have experienced a large number of COVID-19 cases over a long period. As of the end of fiscal 2021, we have donated approximately 1.16 million cosmetic products to a total of 819 medical institutions.

We will continue to provide support through such initiatives in the hope that the cosmetic products we donate will help to alleviate the mental and physical fatigue felt by medical professionals who are wholeheartedly engaged in medical treatment and disease prevention.



### Donating Cosmetics through the COSME BANK Project

KOSÉ believes in the philosophy of the COSME BANK Project,\* and in December 2021 donated 30,000 cosmetic products to women who need them but are experiencing financial difficulties. Against a backdrop of worsening employment due to the COVID-19 pandemic, signs of poverty are being seen in people with non-regular employment and in single-parent households. The number of women who are unable to purchase cosmetics for financial reasons is increasing. We will continue various initiatives aimed at adding color to people's daily lives and enriching their minds through beauty.

\* A project conducted by Bank for Smiles. It delivers cosmetics and daily necessities donated by cooperating corporations to people who are unable to access cosmetics due to various circumstances such as financial reasons.



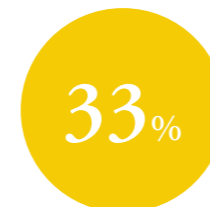
## Help Create a World with True Gender Equality

The growth of the KOSÉ Group will require the capabilities of every one of our 14,015 employees worldwide. In addition, as a company that creates beauty for people, we have continued to provide new value for society. That is why we seek to help create a future where there is no more gender gap. We will continue working to realize a society where everyone can play an active role regardless of gender.

### KPI Targets Related to Active Roles for Women

Scope: KOSÉ Group  
Target period: Until fiscal 2026

Ratio of Female Managers



Ratio of Female Employees in Leadership Positions



### Diversity and Inclusion Initiatives at KOSÉ

Workplaces in which employees can work energetically and in their own way are tied to the vitality of the Company. Therefore, we offer flexible work arrangements to accommodate the life events of employees, regardless of gender, and have established workplace environments that empower all employees to perform to their full potential. We conduct a wide range of programs, including training designed to build motivation, seminars on the importance of diversity in the workplace and career plan development, and promote people to leadership positions based on appropriate employee evaluations.

#### ● "How to Build Your Career" Seminar

We recognize that proactively designing a career plan is important for employees to realize their aspirations and to become who they want to be. Following a seminar on career planning held in fiscal 2020, we received a lot of feedback from participants asking for another seminar and for opportunities to hear from senior colleagues. We decided to hold a seminar conducted by female executive officers on the theme of "How to Build Your Career." By communicating the importance of envisaging one's own career path, we aim to help improve the mindset of female employees and increase career awareness for each employee, regardless of gender. We also want them to think about career building.

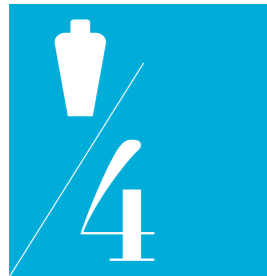
#### ● Introduction of "KOSÉ IKUPAPA Support System" for Men

In order for fathers and mothers to be active in the workplace, we want to create an environment that allows for the equal participation in childcare by both men and women. So, in addition to supporting female employees, we have introduced a system for supporting male employees. In fiscal 2020, the "KOSÉ IKUPAPA Support System," a system to support fathers of newborn babies, was introduced to encourage male employees to take childcare leave. Other initiatives include directly approaching and following up with eligible employees and their superiors to encourage the use of childcare leave, as well as providing support grants for those who do. In fiscal 2021, we published interviews with male employees taking childcare leave in the Company newsletter and continued working to raise awareness about both parents participating in childcare and to change our corporate culture. In fiscal 2021, the rate of eligible women taking childcare leave was 100%, and the rate of eligible men taking childcare leave at domestic Group companies was 67.1%. At domestic Group companies where the "KOSÉ IKUPAPA Support System" has been introduced,\* the rate was 83.0%.

\* KOSÉ Corporation, KOSÉ SALES CO., LTD., KOSÉ Cosmeport Corp., and KOSÉ INDUSTRIES CO., LTD.



# For the Earth



## Use the Theme of Beauty to Help Solve Environmental Issues

We provide all kinds of beauty-related value to society through our business activities. With beauty as the central theme, we will continue to promote activities that help solve environmental issues through our products and services. Moreover, by communicating these activities to a wide audience, we will make more consumers conscious of environmental issues and foster an awareness of working to solve issues in society.

### Environmental Conservation Activities through the SEKKISEI SAVE the BLUE Project



Fiscal 2021 campaign poster

KOSÉ has been promoting the SEKKISEI SAVE the BLUE project, which focuses on environmental conservation and awareness-raising activities. Through this project, we donate a portion of sales from selected SEKKISEI brand products purchased by customers during seasonal campaigns to environmental conservation activities. Since 2009, funds from the summer campaign have been donated to a coral-planting program in Okinawa, and in 2018, the tenth year of the project, we also launched a winter campaign to fund forest conservation activities in the Tohoku region, further developing this as a project to protect our blue planet. Globally, we are conducting activities in nine countries and regions<sup>1</sup> that are based on the unique features of each area.

Furthermore, as another SEKKISEI-related initiative, we have implemented a plastic container collection program, SEKKISEI Earth Beauty Program,<sup>2</sup> at our Maison KOSÉ Ginza concept store and at 33 AEON stores nationwide. Going forward, we will donate the profits from recycling to our Okinawa coral planting activities, thereby connecting these efforts to coral reef rehabilitation and protection of the natural environment.

1. China, Taiwan, Hong Kong, South Korea, Thailand, Singapore, Malaysia, Indonesia and the United States  
2. Name changed from SEKKISEI Recycling Program

▶ For details: <https://sekkisei.jp/site/p/savetheblue.aspx> (Japanese only)

#### Summer Campaign

Fiscal 2021	Number of corals planted: 1,027 Area: 6,263,310 sq. cm (approx. 1.7 times the area of a regulation-size short-course 25-meter pool)
Fiscal 2009-2021 total	Number of corals planted: 19,005 Area: 115,335,929 sq. cm (approx. 30.8 times the area of a regulation-size short-course 25-meter pool)

#### Winter Campaign

Fiscal 2021	Number of trees planted: 63
Fiscal 2018-2021 total	Number of trees planted: 481

### SEKKISEI CLEAR WELLNESS Series Receives 2021 Good Design Award

The SEKKISEI CLEAR WELLNESS series received a 2021 Good Design Award,\* and was highly evaluated for its approach to sustainability. The series reduces environmental impact with packaging that takes advantage of the texture of the materials it is made from. This includes using environmentally friendly materials such as biomass PET. It also earned high praise for promoting sustainability-related initiatives not only during production, but also when products are used and collected, in partnership with customers. We believe that the award shows that people support the aspirations and philosophy of SEKKISEI.

\* Operated by Japan Institute of Design Promotion



SEKKISEI CLEAR WELLNESS series



### Launch of the BIOLISS PEACEFUL GREEN Project

The BIOLISS PEACEFUL GREEN project was launched in January 2021 as an initiative of the Salon Style BIOLISS haircare brand managed by KOSÉ Cosmeport Corp. Through the project, we will engage in environmental conservation activities that contribute to abundant vegetation, beautiful water and air, and the protection of living things. As the first initiative, we donated a portion of the proceeds from sales between January and December 2021 to the planting of trees and protection of nature in Yamanashi Prefecture, where the KOSÉ Minami Alps Factory (provisional name) is to be constructed. The first round of planting is scheduled for May 2022, and we plan to plant trees on approximately 13,000 m<sup>2</sup> of land over the next 10 years.

Moreover, to provide an opportunity for people to learn about this project, in November 2021 we held an in-store event for children, while taking special care to prevent the spread of COVID-19. The event gave children the chance to learn about sustainability in an easy and fun way, with activities such as making eco bags and creating pictures using stamps. By continuing to hold activities like this and communicating our message, we hope to increase customers' understanding of sustainability.



Event for children

### Launch of KOSÉ Green Bazaar, Aimed at Protecting the Global Environment and Realizing a Sustainable Circular Economy

From October 2021, we started holding KOSÉ Green Bazaar at our directly operated Maison KOSÉ stores in Ginza and Omotesando, and through our Maison KOSÉ online store with the goal of selling unsold seasonal products at low prices. The initiative was born from a desire to promote eco-conscious activities with customers through shopping.

Based on the concept of "Thinking about the beauty of people and the Earth," we want to encourage new individual purchasing and consumption patterns that consider the future of people and the Earth.



KOSÉ Green Bazaar

# For the Earth



## Environmental Conservation Programs in Areas Where KOSÉ Operates

For the KOSÉ Group to carry out its corporate activities sustainably, we believe it is important to consider the environment in regions where we manufacture products or offer services, and to give back to those regions. We strive to protect the environment in the regions where we operate and contribute to the ongoing development of the entire region. We also work in partnership with stakeholders.

### Environmental Conservation Activities at ALBION's Shirakami Laboratory

ALBION CO., LTD. develops highly unique, high-prestige products. The company's Shirakami Laboratory in the foothills of world-heritage site Mount Shirakami has its own farm for cultivating raw materials for beauty compounds. The Shirakami mountain range is recognized as a pristine natural area with one of East Asia's finest examples of a post-glacial era beech forest. It is also home to some of the most biodiverse forests in the world with unique flora and fauna. The laboratory farm, located in this rare natural environment, produces organically grown plants for use as raw materials. It prioritizes safety and peace of mind and gives the utmost consideration to the environment of the Shirakami mountain range.

In other initiatives, plant biotechnology research is conducted at the Yoneta Research Building, which is part of Shirakami Laboratory. It is located in a closed-down childcare center in Fujisato Town, Akita Prefecture, as part of efforts to coexist with the local community. While serving as a research center, the Yoneta Research Building also works with Akita Prefecture and Fujisato Town to revitalize the local community by involving local people. We believe that the approach of directly handling the plants that will be raw materials for products that will end up in the hands of customers not only promotes the manufacture of high-quality, highly unique cosmetics, but also leads to forming ties with various stakeholders, including the local community, the environment, and customers.



Shirakami Laboratory



Product (ALBION Floral Drip) with plant ingredients cultivated at Shirakami Laboratory

▶ For details: <https://rashisa.albion.co.jp/sustainability/> (Japanese only)  
See the ALBION website for information on its sustainability initiatives.



## Lower the Overall Environmental Impact of Business Operations

Our beautiful global environment is the source of healthy lives for all of us. In addition, because many of the ingredients in cosmetics are obtained from the bounty of nature, such as water, we benefit from the natural environment every day we do business. This is why the KOSÉ Group believes that it has a responsibility to reduce its environmental impact as much as possible. We are now accelerating our initiatives to respond to the particularly pressing issue of climate change.

### Initiatives to Address Climate Change

The KOSÉ Group conducted a material analysis in fiscal 2019 of issues related to the social structure and environment in which it operates. As a result of the findings, we positioned addressing the environment and climate change as an essential management issue in our efforts to drive business growth while helping achieve a sustainable society under the KOSÉ Sustainability Plan, which sets out the entire Group's sustainability initiatives and targets up to 2030. In October 2020, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and joined the TCFD Consortium, an organization of Japanese companies and other institutions that support the TCFD recommendations. Based on the TCFD recommendations, we will disclose information to stakeholders on the business risks and opportunities caused by climate change from the four perspectives of governance, strategy, risk management, and indices/goals. We will also continue to make Group-wide efforts to reduce CO<sub>2</sub> emissions.

Note: CO<sub>2</sub> is the only greenhouse gas that the KOSÉ Group emits in its business activities.

### Governance and Risk Management

The KOSÉ Group views sustainability-related issues as management issues, and has established a system for promoting solutions to such issues. Specifically, we established the Sustainability Committee 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. As chairperson, the President & CEO is responsible for evaluating and monitoring issues related to climate change. In addition, we have established subcommittees and projects for individual themes to promote more effective cross-departmental activities. For organizational risks related to climate change, the Risk Management and Compliance Committee, which is in charge of enterprise risk management, identifies and assesses risks at the corporate level. Among them we have made climate change an essential factor in our consideration of energy usage, CO<sub>2</sub> emissions, water consumption, and wastewater. We take into account physical risks caused by climate change in our business continuity plan.

The Sustainability Committee and the Risk Management and Compliance Committee are monitoring climate change-related issues based on these frameworks.



# For the Earth

## Strategy

### (Scenario Analysis and Countermeasures)

The KOSÉ Group conducted scenario analysis to examine the transition risks and physical risks associated with climate change. In this analysis, we evaluate the financial impact of climate change under the scenarios of a 2°C and a 4°C rise in average global temperatures and disclose information on related initiatives. We are also using the scenarios as a reference in examining business strategies to realize our envisioned future for society and the planet. We identified risks and opportunities in procurement and demand for our products and services not just in the short term, but also with a medium-to-long-term view toward 2030 and beyond, based on the KOSÉ Sustainability Plan. Furthermore, of these high-priority factors, we identify those with the greatest physical

## Indicators and Targets

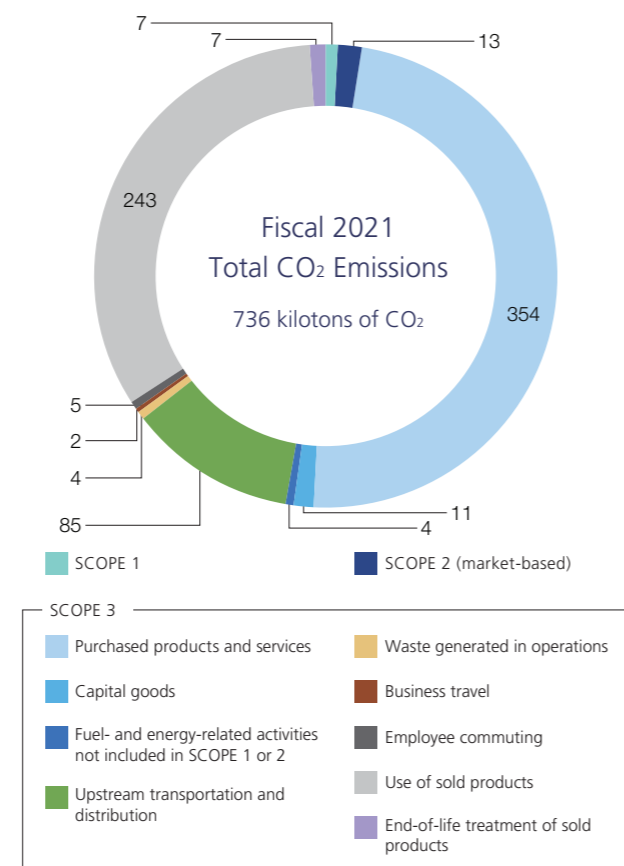
Based on the results of the scenario analysis, the KOSÉ Group realized it was critical to set some bold targets for CO<sub>2</sub> emission reduction in its operations in order to keep the rise in temperature to well below 2°C (compared with levels before the Industrial Revolution). Accordingly, we set targets for the reduction of CO<sub>2</sub> greenhouse gas emissions as one of the activity themes in the KOSÉ Sustainability Plan, because CO<sub>2</sub> is a greenhouse gas that the KOSÉ Group emits in its business activities. The KOSÉ Group has set 2030 targets of a 35% reduction in CO<sub>2</sub> emissions from the energy we use and from generation of the electricity we purchase (SCOPE 1 and 2) and a 30% reduction in emissions across the value chain (SCOPE 3) (both targets vs. fiscal 2018). Each has been approved as a Science Based Target by the international Science Based Targets initiative. The KOSÉ Group is now carrying out ambitious initiatives to curb CO<sub>2</sub> emissions with a broad perspective, ranging from our own business activities to the entire value chain.

We remain dedicated to taking effective action on climate change and a range of other social issues, and thereby help realize a healthy future for the Earth in which everyone can live with peace of mind.

and transition impact and evaluate the potential impact of climate change on the KOSÉ Group. We also analyze the degree of financial impact of risks and opportunities.

In fiscal 2021 we also examined our countermeasures. For example, with regard to raw material procurement risk due to climate change, one approach to reducing risk is to engage with suppliers to promote research and development into lower-cost raw materials. In addition, we deemed product development through collaboration with other companies, in-licensing of advanced technology, and the promotion of new sales methods to be effective for capturing opportunities in developing and expanding products and services with reduced environmental impact. We believe we can reduce the risks and expand the opportunities that we have uncovered by promoting the KOSÉ Sustainability Plan.

Breakdown of Fiscal 2021 CO<sub>2</sub> Emissions by SCOPE (Kilotons of CO<sub>2</sub>)



Note: See For the Earth: Environmental KPIs on page 71 for a detailed breakdown.

## The KOSÉ Group's Risks and Opportunities

Analysis	Risks/Opportunities	Impact	Size of Impact* on KOSE		Summary
			2°C	4°C	
Transition Risks	Shift in consumer demand to environmentally friendly products; decline in reputation due to passive response	Decrease in sales	++	-	In the 2°C scenario, a passive environmental response would lead to lower sales of our products as environmental awareness among consumers increases.
	Stronger restrictions on greenhouse gas emissions; introduction of carbon pricing (affecting KOSÉ and suppliers)	Increase in costs	++	-	In the 2°C scenario, the imposition of a carbon tax, including on suppliers, would lead to increases in our operating and procurement costs.
	Substitution of plastic materials due to introduction of restrictions on plastics	Increase in costs	++	-	In the 2°C scenario, stronger plastic-related regulations would make it necessary to procure biomass plastics and recycled plastics, resulting in an increase in costs.
	Production restrictions due to introduction of restrictions on water intake and discharge	Decrease in sales	+	++	Water stress increases and the introduction of related water intake restrictions in the regions where we operate as a result of climate change, could lead to a loss of sales opportunities due to suspension of production operations. This impact would likely occur in the 2°C scenario, but we assume it would be even more significant in the 4°C scenario.
Physical Risks	Increase in raw material procurement risk due to climate change	Increase in costs	+	++	If the global yields of palm oil and other raw materials used in our products and containers change as a result of rising temperatures, our procurement costs could also change.
	Suspension of production or logistics operations due to damage from floods or other disasters	Decrease in sales	+	++	If natural disasters such as flooding affect our production and logistics bases, sales of our products could decrease due to shutdowns.
	Damage to production facilities and supply chain disruptions caused by abnormal weather	Decrease in sales Increase in costs	+	++	If the impact of global warming causes damage to any of our factories, costs such as repair and rebuilding expenses could arise. If the production and logistics bases of suppliers are similarly affected by natural disasters, there is a risk that the supply of our products could be interrupted.
Opportunities	Increased demand for sunscreen and UV protection products due to increasing UV exposure	Increase in sales	+	++	If UV exposure in daily life increases, the number of people who need UV protection products and the frequency of use could increase, resulting in increased sales of those products.
	Increased demand for cooling products and makeup smudging prevention products due to rising temperatures	Increase in sales	+	++	In cosmetics-related products such as skin lotion and foundation, if needs for products that provide a cooling sensation and prevent makeup from smudging increase along with rising temperatures, sales of those products could increase.
	Improvement of brand value due to reduction of the environmental footprint of our products	Increase in sales	++	-	As environmental awareness increases throughout society, our ability to achieve and publicize a reduction in our environmental footprint could have a positive effect in marketing.
	Development and expansion of products and services with reduced environmental impact	Increase in sales	++	-	The perceived added value of providing non-carbon and non-plastic products and services could have a positive effect on revenue.
	Improved cost competitiveness from renewable energy and energy-saving equipment	Decrease in costs	+	++	The purchase of renewable energy and introduction of energy-saving equipment would lead to a decrease in our energy costs. In particular, in the 2°C scenario, while electricity prices will be higher than their current level, renewable energy purchase prices will fall, so purchasing renewable energy will provide cost advantages.

\* —: minimal impact +: some impact ++: substantial impact

▶ For details: <https://www.kose.co.jp/company/en/sustainability/environment/tcfd>  
See the KOSÉ website for information disclosed in accordance with TCFD recommendations.

▶ For details: <https://www.kose.co.jp/company/en/sustainability/environment/>  
See the KOSÉ website for other initiatives to reduce our environmental impact.

## Resource Recycling Initiatives

The KOSÉ Group aims to help realize a sustainable circular economy and is working to reduce environmental impact in the product lifecycle. Initiatives include a program for recycling used plastic *SEKKISEI* containers and the manufacture of shopping baskets using recycled plastic sourced from marine plastic waste.

As a new initiative for resource recycling, since October 2021 KOSÉ has been collaborating with retailers, manufacturers,

and recyclers in Kobe City by participating in the "Kobe Plastic Next: Joining Forces to Recycle Refill Packs" project, which aims to recycle used refill packs (film containers) for reuse in the same product in so-called "horizontal recycling" (film to film). Through this project, we will promote awareness of various ways of recycling and further strengthen our resource recycling initiatives, thereby contributing to the realization of a sustainable circular economy.

# Mind to Follow the Right Path



## Respect for Human Rights

The KOSÉ Group recognizes that it could potentially directly or indirectly affect human rights in the course of its business activities. Accordingly, we have formulated the KOSÉ Group Human Rights Policy, which clearly sets out our position on respecting human rights. Based on this policy, in fiscal 2021 we conducted a Human Rights Risk Assessment\* aimed at determining possible negative impacts and issues to be addressed.

\* Assessment of potential risks to human rights from business activities.

▶ For details: <https://www.kose.co.jp/company/en/sustainability/rights/>  
See the KOSÉ website for information on our human rights initiatives.

### Human Rights Due Diligence

The KOSÉ Group is promoting human rights due diligence based on the laws and regulations of each country in which it does business, in keeping with the United Nations' "Guiding Principles on Business and Human Rights (UNGPs)." In fiscal 2021, we conducted an in-house review (including Group companies) of overt and potential human rights risks that could occur in the business value chain in order to determine possible negative impacts and issues to be addressed.

Furthermore, we assessed the chance of potential and overt negative impacts on human rights arising in Japan and overseas. This included incorporating social perspectives acquired through interviews and engagement with stakeholders. We also evaluated particularly prominent human rights issues based on the status of preventative and corrective measures implemented by the KOSÉ Group.

As a result, we identified human rights issues that should be a particular focus for the KOSÉ Group, including "continuously ascertaining human rights issues in the raw materials procurement supply chain" and "diversity and inclusion in the Company and human rights in the workplace." Furthermore, in order for the KOSÉ Group to have a positive impact on society through its respect for human rights initiatives, we recognized that it is also important to promote the communication of information and our responses (public relations, advertising, customer service, product explanations, etc.) while keeping diversity in mind.

### Overt Human Rights Issues and Initiatives to Address Them

We are moving forward with the following risk management responses to address key themes identified in the area of human rights.

Identified Human Rights Theme	Status and Response Measures
Continuously ascertaining human rights issues in the raw materials procurement supply chain	<ul style="list-style-type: none"> <li>Ascertain through platforms such as Sedex* and self-assessment questionnaires (SAQs)</li> <li>Ascertain through direct dialogue with small-scale palm growers</li> </ul> <p>▶ Supply chain management Pages 50-51</p>
Diversity and inclusion in the Company and human rights in the workplace	<ul style="list-style-type: none"> <li>Promotion of the KOSÉ Group Code of Conduct among all Group employees</li> <li>Employee education on human rights and compliance awareness-raising activities</li> <li>Anti-harassment training for management</li> <li>Promotion of diversity and inclusion</li> </ul> <p>▶ Risk management and compliance awareness-raising activities Page 59 ▶ Diversity and inclusion Page 37</p>
Promote the communication of information and our responses (public relations, advertising, customer service, product explanations, etc.) with diversity in mind.	<ul style="list-style-type: none"> <li>Promotion of "adaptability" as a management strategy and incorporation in business activities</li> <li>Unconscious bias education, mainly for people in charge of marketing</li> </ul> <p>▶ Adaptability Pages 34-35</p>

\* Supplier Ethical Data Exchange (Sedex): Sedex is the world's largest cooperative platform for buyers and suppliers to share and confirm information regarding labor practices, health and safety, the environment, and business. It was established to promote ethical and responsible business practices in global supply chains.



## Human Resource Development

To become a company with a global presence, the KOSÉ Group needs the skills of human resources who anticipate changes around the world and continue to create unique value. That is why we have made developing human resources one of our material issues and are working to cultivate people of well-rounded character and creativity to support the sustainable growth of the KOSÉ Group from a medium-to-long-term perspective.

### Human Resource Development Philosophy and Policy for the Development of Skills

The KOSÉ Group Code of Conduct clearly states that we will respect the human rights, diverse capabilities, individuality, and values of each person. Based on this code, we have formulated the Human Resource Development Philosophy and the Policy for the Development of Skills.

**Human Resource Development Philosophy**  
Enabling employees to enjoy fulfilling lives and express their creativity is an essential component of the progress and growth of KOSÉ.

#### Policy for the Development of Skills

- Self-improvement while reflecting the desire of employees to upgrade skills and take charge of their career paths is the basis for skills development.
- Maintain workplace environments that support people with a desire for self-improvement in many ways.
- Constantly provide opportunities for self-improvement that encompass all stages of careers and levels of jobs.
- Every business unit of KOSÉ has practical education and training programs for professional skills.

To put into practice the self-improvement that is promoted in the Policy for the Development of Skills, the KOSÉ Group shares its management philosophy and goals with employees. We also emphasize an approach based on learning and growing while utilizing the diversity of each individual. To support employees, KOSÉ offers many training programs and provides support for correspondence courses and so forth. In addition to level-specific training that includes career planning, which is held at various career stages after joining the Company, KOSÉ also holds role-specific skill development training and provides opportunities for practical training that matches the activities of specific business units and departments to encourage personal growth. In addition, we have a Company-wide project for coming up with ideas and proposals for cosmetics products that provide customers with new types of value. Taking advantage of diversity and inclusion for the creation of innovative ideas is the primary objective of this project.

# Mind to Follow the Right Path

## Developing Human Resources Who Generate Innovation

In an increasingly global and borderless world where the market environment and customer needs change rapidly, it is essential to instill diversity and inclusion in corporate culture and to develop and incorporate the opinions and ideas of human resources with diverse personalities and backgrounds. We aim to develop innovation-oriented human resources capable of thinking beyond precedent or conventional wisdom, who can consistently play an active role by leveraging their creativity.

For over 10 years, we have continuously conducted programs to inspire in-house innovation, including the current business proposal program Link\* and its predecessor. Through these programs, we conduct human resource development that encourages innovation based on the passion and spirit of taking on challenges identified by employees who will carry the Company into the next generation. We also update the program every year as a way of generating new businesses and ideas. In addition, we implement design elements aimed at solving issues faced by customers and society, while working to create and commercialize new products and services. We do this by leveraging in-house assets and the latest technologies as well as the innovative ideas of start-up companies.

\* Link (short for the Leadership and Innovation program for New KOSÉ): This is an in-house business proposal program we launched in 2017.



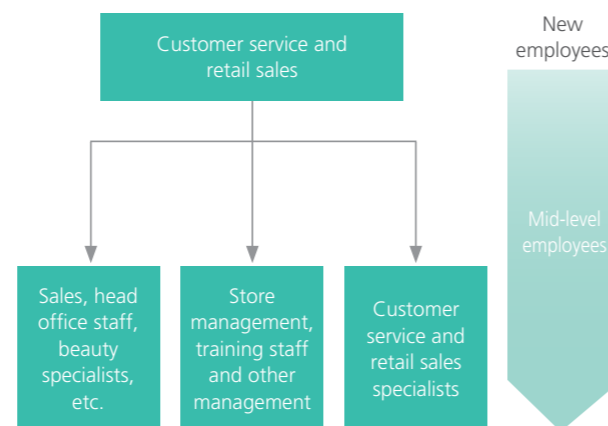
Progress report meeting conducted partially online

## Career Design for Beauty Consultants

For our Beauty Consultants, who work in stores and other retail locations, we provide support for future career options including positions in employee training, store management and sales, and at the head office (in planning, product development or other departments), as well as training to improve their skills in retail sales.

Since fiscal 2020, the COVID-19 pandemic has resulted in restrictions on activities in stores where Beauty Consultants work. However, KOSÉ viewed this situation not as a setback but as an opportunity to develop online counseling as a new customer contact point. The service, which launched in fiscal 2021, features a high-quality video image that compares well with physical stores, and gave us the chance to take on the challenge of introducing new work styles.

We have been conducting training to help Beauty Consultants think about career design as their field of activity expands from their traditional duties centered on stores into various other areas. It lays the foundation for them to proactively and independently carve out their own career paths. Training consists of three phases: confirming their own ideas regarding their careers, fostering career awareness, and support for individual career development. From fiscal 2020 to fiscal 2021, we conducted a program centered on the staff who train Beauty Consultants. Going forward, by expanding the training program to all Beauty Consultants and fostering their career awareness, we will cultivate Beauty Consultants who will generate new value.



## Only the Safest, Most Reliable, High-Quality Products

“Only one product out of millions of cosmetics delivered to the market reaches the customer, so cherish the one.” Based on this belief, the KOSÉ Group aims for unique raw material procurement and production processes that provide customers with safe, reliable cosmetics, taking pride that KOSÉ is synonymous with quality.

## Delivering KOSÉ Quality to the World as Our Founder Intended

Kozaburo Kobayashi, who founded the Company in 1946, believed KOSÉ had a duty to develop products of high quality that would make consumers happy and to supply cosmetics that would make the world a brighter place. Persistent supply shortages in the postwar years meant that KOSÉ scrambled to procure high-quality ingredients and conduct thorough quality control, yet KOSÉ took pride in being known to customers as a company that delivered quality. This commitment has been passed down to us today as we pursue the highest quality at each stage of the entire value chain. In the 1970s, we were quick to introduce quality control using scientific methods at our production sites, and in 1980 we marked a domestic cosmetics industry first when we won a Deming Prize.<sup>1</sup> We subsequently acquired quality management standard ISO 9001 and global cosmetics standard ISO 22716 (cosmetics GMP<sup>2</sup>) certifications in our ongoing commitment to quality.

Appreciation for the refined, high-quality cosmetics made in Japan is growing worldwide. At the same time, the need for an adaptable approach with sustainable products tailored to each individual customer has increased even further. We also plan to establish a new eco-friendly facility, the KOSÉ Minami Alps Factory (provisional name), as a new production base for handling personalized products. Going forward, we will proactively enhance our sustainable production and supply structure and promote technological innovation to deliver the ultimate in quality.

1. An award given in Japan to companies and individuals who have successfully implemented total quality management of industrial products. (Organizer: Union of Japanese Scientists and Engineers) <https://www.juse.or.jp/english/>  
 2. Cosmetics Good Manufacturing Practices: Technical standards for control of production and quality of cosmetics and other products



Product inspection



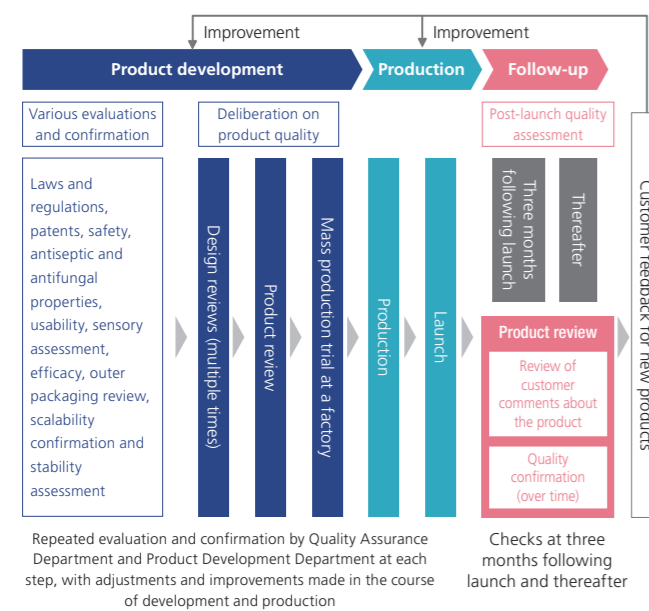
# Mind to Follow the Right Path

## Quality Control That Prioritizes Safety and Peace of Mind

Cosmetics are applied directly to the skin and hair, so it is important that we ensure customers can use our products with peace of mind. As such, we prioritize safety in the development of products through rigorous and repeated evaluations in line with high quality standards at each step from raw materials to finished products. Before putting products on the market, for final confirmation of safety we run them through tests under the conditions in which they are expected to be used by customers.

KOSÉ has built a system in which the Quality Assurance Department and the Product Development Department work together from the initial stage of development to evaluate the safety of products. With this system, we rapidly create products that give customers peace of mind and are safe while placing a premium on novel viewpoints and approaches. Furthermore, while giving the highest priority to safety, we develop our cosmetics, including quasi-drugs, under a policy of using testing methods that do not involve animals.

### Quality Assurance in the KOSÉ Group's New Product Development



► For details: <https://www.kose.co.jp/company/en/sustainability/customer/>



## Customer's Perspective

The KOSÉ Group promotes engagement to be "closer to our customers" so that they are truly satisfied with every one of our cosmetics. The entire KOSÉ Group takes the customer's perspective in adopting a thoroughgoing stance of delivering the value customers demand.

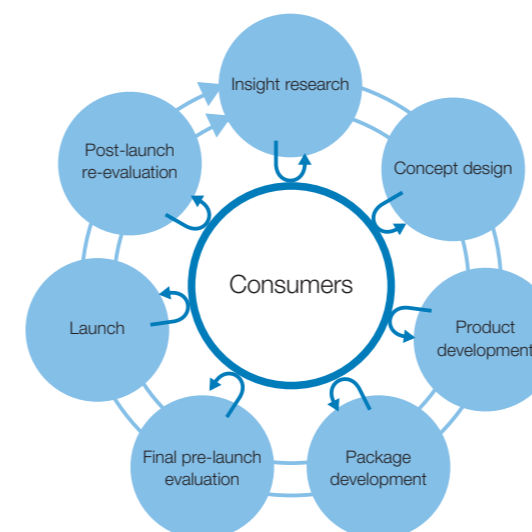
## Closer to Our Customers—A Product Development Process Based on Design Thinking

The KOSÉ Group established the in-house slogan "Closer to Our Customers" and in April 2018 announced its Declaration of Consumer Orientation. This slogan had been set forth as the basic policy of KOSÉ's medium-term management plan for fiscal 2011 and signifies that each employee thoroughly adopts an approach of taking the customer's perspective in delivering cosmetics with value.

In order to evolve our activities to achieve a true customer perspective, in the field of product development, for instance, it is important to increase adaptability by incorporating not only the feedback from our usual customers, but also from consumers with diverse backgrounds. We have thus established a product development process rooted in consideration of all kinds of consumers (see the figure below). Specifically, we have introduced quantitative and qualitative consumer surveys in each step of the product development process. When initially developing the product itself, we start by conducting consumer surveys on usability, and based on the results, we will re-examine the direction of development. By repeating these steps at each stage, we develop products that reflect consumer feedback.

In this way, we will put consumers at the center of our product creation to achieve a true customer perspective that incorporates adaptability.

### Product Development Process Applying Design Thinking Techniques



## Product Creation in Which Improvements Reflect Customer Feedback

The Quality Assurance Department, which includes the Customer Service Center, takes the lead in proactively passing on feedback it receives within the Company, thus reflecting valuable opinions and requests from customers in development and improvements for better products and services. The department promptly and appropriately shares customer feedback with related internal departments in the form of a monthly customer feedback report and has established a feedback database that can be accessed at any time. It also regularly holds meetings with related departments to discuss specific suggestions for improvement from the Customer Service Center, leading to product refinements and renewals based on customer feedback.

We will continue to consider sustainability in developing products and services, including products that are easy for all customers to use and more eco-friendly products.

### Case Study of Product Improvement Reflecting Customer Feedback

#### Launch of Foundation and Colored Beauty Cream That Resists Transfer to Face Masks

As people have continued to wear face masks due to the COVID-19 pandemic, we responded quickly to demand for foundation that resists transfer to face masks by launching *ESPRIQUE Syncrofit Pact UV* in February 2021. This product is specially designed to adhere firmly to the skin under a mask, where make-up coverage can easily be degraded by contact with sweat and sebum in a humid environment, and to resist transfer to the face mask.

Furthermore, in August 2021 we launched *ESPRIQUE Comfort Makeup Cream*, a colored beauty cream that functions both as a skin care product and make-up to beautify the skin naturally. It was developed in response to feedback from those who want to maintain a beautiful complexion and prefer a lighter finish than conventional foundation.



ESPRIQUE Syncrofit Pact UV

# Mind to Follow the Right Path



## Business Operations with Transparency and Fairness

Since its founding, the KOSÉ Group has pursued co-existence and co-prosperity with all of its employees, business partners, and suppliers. Under the concept of the KOSÉ Beauty Partnership in our medium-to-long-term VISION 2026, we will work with our stakeholders to promote business activities while fulfilling our responsibilities as a member of the global community in order to realize a better future for people and the global environment.

### Promoting Sustainability in the Supply Chain

We conduct sustainable, responsible, socially and environmentally considerate procurement for raw materials in line with our Basic Procurement Policy and Sustainable Procurement Guidelines. We also promote detailed information exchange with suppliers to develop mutual understanding of pertinent issues and use questionnaires to monitor environment-oriented responses and respect for human rights.

### Establishment of Compliance Help Desk

The KOSÉ Group has established a Compliance Help Desk to handle inquiries from both inside and outside the Company for early detection of illegal acts (including bribery and all other forms of misconduct) and violations of internal rules, including human rights issues such as bullying and harassment. We have set up contact points for employees both in Japan and overseas, and make all employees aware of their existence through training and other methods. In addition, to emphasize our relationships of trust with our business partners and to conduct business operations with transparency and fairness on both sides, we have established a contact point on our website for receiving consultations and reports from our business partners. When we receive a consultation or report regarding a compliance violation, we have a system in place to properly investigate it and to respond in good faith. Whenever we receive a report from either inside or outside of the Company, we ensure that the anonymity of the reporting party is protected and that he/she does not suffer any disadvantage. The Compliance Committee acts on the reported information fairly and sincerely with advice from external lawyers and works to swiftly ascertain and promptly resolve the problem.

▶ For details: <https://www.kose.co.jp/company/en/sustainability/management/>

### Examples of Engagement (Conducting SAQ and Joining Sedex)

#### Monitoring Activities for Responsible Procurement

Once a year, we conduct a self-assessment questionnaire (SAQ) for sustainable procurement targeting our main suppliers in Japan and overseas. In fiscal 2021, we asked 148 suppliers, whose cost of goods procured accounted for 94.7% of the total, to complete the questionnaire and received responses from 100% of them. Based on the results, we conducted interviews with some suppliers as necessary and plan to request their cooperation in making improvements for the next fiscal year.

#### Response to Procuring Sustainable Palm Oil

The KOSÉ Group acquired RSPO\* Supply Chain Certification Standard (SCCS) in fiscal 2021 for its head office, related sites, and main factories. Looking ahead, we will work even harder to actively procure RSPO certified raw palm oil. Moreover, we will continue promoting sustainable procurement with our suppliers through similar initiatives going forward.

\* RSPO: Roundtable on Sustainable Palm Oil

#### Joining Sedex

To promote initiatives related to ethical issues such as human rights in the supply chain, we joined Sedex\* in October 2021. Looking ahead, we will utilize various Sedex resources and cooperate with our suppliers to respond to human rights issues with a view to building sustainable and responsible supply chains.

\* Sedex: Supplier Ethical Data Exchange





# External Evaluations

**Inclusion in ESG Indices** KOSÉ Corporation has been selected as a constituent stock of the following ESG indices.

FTSE4Good Index Series



2021 Constituent MSCI Japan Empowering Women Index (WIN)

**2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)**

THE INCLUSION OF KOSÉ Corporation IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KOSÉ Corporation BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

FTSE Blossom Japan



FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index



FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index



**External Evaluations for Sustainability** KOSÉ has received the following evaluations or certifications from external organizations.



Climate Change Scoring and Supplier Engagement Rating (CDP)  
Selected for CDP Climate Change A List 2021 and Supplier Engagement Rating Leaderboard 2021



Science Based Targets initiative (SBTI)  
Obtained SBT (Science Based Targets) certification



Nadeshiko Brand (Ministry of Economy, Trade and Industry/Tokyo Stock Exchange)  
Selected as Semi-Nadeshiko Brand for Fiscal 2022



HDI Rating Benchmark (HDI-Japan)  
Obtained 3 Star Quality Monitoring Rating



2022 Certified Health & Productivity Management Outstanding Organization (Ministry of Economy, Trade and Industry/NIPPON KENKO KAIGI)  
Selected as Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) for Fiscal 2022

▶ For details: <https://www.kose.co.jp/company/en/sustainability/recognition/>

KOSÉ contributes to sustainability through its support for the following initiatives.

The United Nations Global Compact



Task Force on Climate-related Financial Disclosures (TCFD)



Japan Climate Initiative (JCI)



Roundtable on Sustainable Palm Oil (RSPO)



Japan Clean Ocean Material Alliance (CLOMA)



Declaration of Consumer Orientation



MATSURI MicroAlgae Towards Sustainable & Resilient Industry



Japan Sustainable Palm Oil Network (JaSPON)



Kobe Plastic Next: Joining Forces to Recycle Refill Packs



# Messages from External Directors

## Together with Customers in Every Era

Some people believe that the COVID-19 pandemic has divided the world. In times like this it is important for each employee to think deeply, not simply about increasing sales and creating hit products, but rather about what we want to communicate to customers through our products and how to brighten their daily lives. We will be with our customers in every era. I want the KOSÉ Group to focus its capabilities on making customers happy and being successful, without ever giving up.



**Yukino Kikuma**  
Director (External)

## A Company with a Presence in the Global Market

In the global market today, management needs to be aware of SDGs in order to generate profits and maintain the trust of the public. KOSÉ has announced its Sustainability Plan and has been working to realize the SDGs through beauty, including the *SEKKISEI SAVE* the BLUE project and the use of biomass containers. In order for KOSÉ to enhance its global brands and become a company with a global presence, it is important for the Company to communicate not only the value of its products, but also how it conducts its SDG-related activities. I would like to see KOSÉ put more effort into promoting the appeal of its unique and sincere initiatives for realizing the SDGs, and thereby raise its profile among people around the world.



**Norika Yuasa**  
Director (External)

## Realizing the Ultimate Beauty through the Intermingling of Different Fields

KOSÉ is incorporating multiple fields and using technology to grow into “a company with ultimately high loyalty” that seeks the ultimate in beauty.

The Company develops products backed by research, such as leading-edge dermatological studies in France and digital technology-driven wrinkle prediction. By creating synergies between the life science and healthcare fields, we will pursue not only surface beauty, but also the ability to draw out beauty from within through healthy lifestyles full of vitality. We will continue to develop environmentally friendly materials and containers as a company that is kind to not only just women but all people and the Earth. We will also utilize digital technology in an effort to drive personal customer satisfaction and achieve synergy between new fields as we continue to evolve into a company that can deliver beauty and happiness to everyone.



**Yuko Maeda**  
Director (External)

# Corporate Governance

## Governance at a Glance



\* Fiscal year ended December 31, 2021

## Basic Policy

The nucleus of the KOSÉ Group's management policy is "consistently managing to heighten corporate value" by pursuing growth and greater efficiency. The Group recognizes corporate governance functions as essential from the standpoint of managing the Company to consistently increase its enterprise value, and positions corporate governance as one of its highest management priorities. Accordingly, the Group is working on establishing the necessary organizational systems and frameworks to ensure sound management and consistently earn the trust of society. KOSÉ believes strongly in managing the Group so as to maintain harmonious relations with all stakeholders, including shareholders, investors, creditors, customers, business partners, employees and communities. Furthermore, KOSÉ is committed to enhancing transparency and fairness to earn support as a company with value. The Company strives to communicate sincerely with its stakeholders and considers building trust-based relationships to be fundamental.

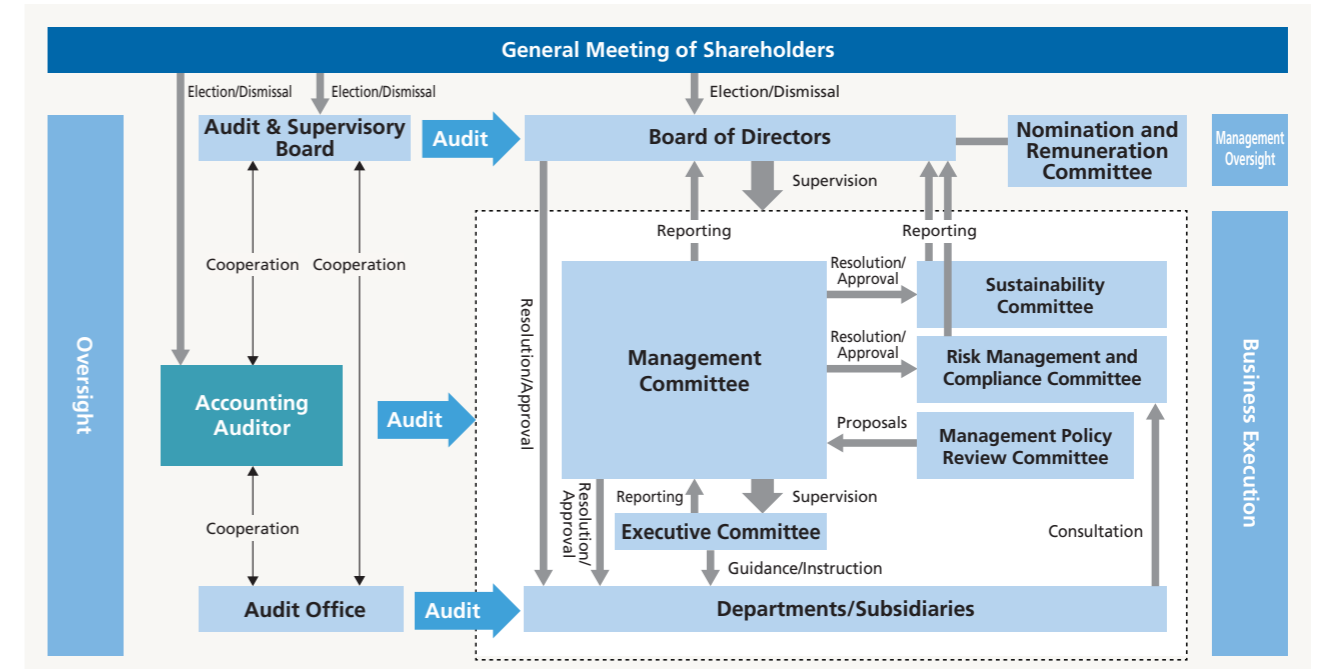
## Corporate Governance Structure

KOSÉ has adopted a Company with an Audit & Supervisory Board corporate governance structure and performs audits to confirm that directors are performing their duties properly.

For the swift and efficient execution of business, the Company employs the Board of Directors, the Management Committee chaired by the President & CEO, the Management Policy Review Committee, the Executive Committee, and other bodies as necessary.

In addition, the Company has voluntarily established the Nomination and Remuneration Committee, a majority of which is composed of independent officers, and which is chaired by an independent external director, to deliberate on officer remuneration and the appropriateness of officer appointments. 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

For the Board of Directors, the goal is to maintain a balance among knowledge, experience and skills, degree of diversity, including in terms of gender and nationality, and size that is optimal for the Company.

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.

To clarify the scope of management by directors in the execution of business, the Company employs a small number of directors to enable swift decision-making. The Company has introduced an executive officer system, under which executive officers appointed by the Board of Directors execute business appropriately for their assigned departments in accordance with the basic management policy determined by the Board of Directors.

The Company's Board of Directors meets once each month, in principle, to decide on matters provided in laws and regulations and the Articles of Incorporation and important management-related matters, as well as to supervise the execution of duties by directors.

## Audit & Supervisory Board

For the Audit & Supervisory Board, the Company has appointed an attorney at law and a certified public accountant with high-level expert knowledge and abundant insight 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 examines proposals concerning nominations, remuneration and other matters that are submitted by the President to the Board of Directors. This committee exists for the purposes of reinforcing the independence, objectivity and accountability of activities by the Board of Directors concerning nominations, remuneration and other matters involving the directors, Audit & Supervisory Board members and executive officers. The Committee 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



# Corporate Governance

## Skills Matrix

Position	Name	Remarks	Corporate management	Global	Business strategy/Marketing	Sustainability/ESG	Legal/Risk management	Finance/Accounting
President & CEO	Kazutoshi Kobayashi	Member of Nomination and Remuneration Committee	●	●	●			
Senior Executive Director	Takao Kobayashi		●	●	●			
Executive Director	Masanori Kobayashi		●	●	●			
Executive Director	Koichi Shibusawa	Member of Nomination and Remuneration Committee				●	●	●
Director	Yusuke Kobayashi		●	●				
Director	Shinichi Mochizuki		●	●				●
Director	Masahiro Horita		●	●	●			
Director (External)	Yukino Kikuma	Chairperson of Nomination and Remuneration Committee				●	●	
Director (External)	Norika Yuasa	Member of Nomination and Remuneration Committee		●		●	●	
Director (External)	Yuko Maeda	Member of Nomination and Remuneration Committee	●			●	●	
Standing Audit & Supervisory Board Member	Noboru Matsumoto					●	●	
Standing Audit & Supervisory Board Member	Shinji Tabe					●	●	
Audit & Supervisory Board Member (External)	Toru Miyama	Member of Nomination and Remuneration Committee				●	●	
Audit & Supervisory Board Member (External)	Kumi Kobayashi	Member of Nomination and Remuneration Committee	●			●		●

## 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 fiscal 2021 evaluation were as follows.

### 1. Evaluation Method

Directors and Audit & Supervisory Board members were asked to complete questionnaires with the items on the right.

A third-party organization was used to determine items included in the questionnaires. It also collected and analyzed the results of the questionnaires. Based on the results, the Board of Directors performed an analysis and evaluation of the Board's effectiveness and considered actions that should be taken.

#### Main Evaluation Items

- Composition and operation of the Board of Directors
- Management and business strategies
- Corporate ethics and risk management
- Performance monitoring
- Evaluation and remuneration of management
- Dialogue with shareholders

## 2. Evaluation Results and Issues to Address Going Forward

Based on the results of the questionnaire, the Board of Directors held discussions that confirmed matters including the following points: (1) the directors are conducting thorough discussions of proposals after receiving appropriate preliminary explanations concerning these proposals; (2) the directors are properly overseeing activities involving sustainability and the achievement of the SDGs; and (3) the directors are overseeing the establishment and operation of internal controls based on sufficient information. In the previous year, the establishment of opportunities for external officers to share information and opinions was an issue requiring attention. In response, several KOSÉ departments held information meetings for these external officers. Another issue requiring attention involved the feedback of

shareholders received during dialogue with shareholders. In response, the feedback of shareholders has been reported to the Board of Directors beginning in fiscal 2021. The directors confirmed that these improvements were made. As a result, the directors determined that the overall activities of the Board of Directors are effective.

On the other hand, the results of the questionnaire revealed issues that need to be addressed, including the clarification of rules for sharing information by internal and external officers and the proper role and processing of reports on the use of the internal reporting system.

Based on these points, the Board of Directors will continue to take proactive measures to further increase its effectiveness and improve the corporate value of the KOSÉ Group.

## Overview of Officer Remuneration

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

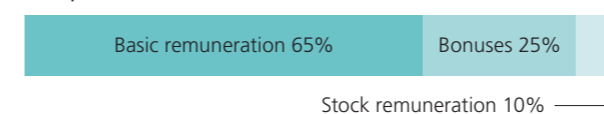
	Fixed remuneration	Performance-linked remuneration
Directors (Internal)	(A) Basic remuneration	(B) Bonuses (C) Stock remuneration
Directors (External)	(A) Basic remuneration	
Audit & Supervisory Board Members	(A) Basic remuneration	

	Payment Method	Evaluation Indicators	Calculation Method
(A) Basic remuneration (Cash)	Paid in the form of fixed remuneration on a monthly basis, the amount of which is determined based on the position and role of each officer	—	<ul style="list-style-type: none"> <li>• Directors: Set according to the position of each director, taking the operating environment into account</li> <li>• External directors and Audit &amp; Supervisory Board members: Set based on comparisons with other domestic and overseas companies in the same industry or of the same size, as well as on the Company's financial condition and business results</li> </ul>
(B) Bonuses (Cash)	Paid within three months after the end of each fiscal year, in principle, as incentive to improve corporate business performance in a single fiscal year	<ul style="list-style-type: none"> <li>• Consolidated net sales</li> <li>• Consolidated operating profit</li> <li>• Net sales and operating profit in each business sector</li> </ul>	Varies from 0 to 200% of the standard amount, depending on the difference between actual achievement and the performance target indicators for the single fiscal year (ratio of net sales indicators to operating profit indicators is 50:50) <sup>1</sup>
(C) Stock remuneration (Stock)	The Company makes annual delivery of a fixed number of shares of its common stock subject to certain stipulations such as those of the restricted period, and lifts the restrictions upon retirement of the recipient	The Company's stock price <sup>2</sup>	—

1. The evaluation weighting is higher for the performance of the business sectors supervised by each director in order to reward directors who fulfill their obligations in the businesses they oversee.
2. The Company's stock price is used for evaluations for the purposes of further motivating directors to achieve medium-to-long-term growth of corporate value and to further align the interests of directors with those of shareholders. There is no target for this indicator because it is the stock price.

### Composition of Remuneration

#### Composition of Remuneration for the President & CEO



For directors other than the President & CEO, the policy is to reduce the percentage of the basic remuneration as the position of the director becomes higher and to increase the weightings of bonuses and stock remuneration. To achieve medium-to-long-term and sustainable growth, KOSÉ plans to periodically reexamine the weighting of remuneration with an emphasis on stock remuneration.

# Corporate Governance

## 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 total amount allowed for each officer classification. Remuneration is determined by the Board of Directors after discussion of its appropriateness and validity 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.

On May 25, 2020, the KOSÉ Board of Directors approved a resolution to terminate the retirement benefit system for directors and other officers.

### 1. Basic Policy for Officer Remuneration

For the remuneration of the Company's directors and Audit & Supervisory Board members (officer remuneration), the basic policy is designed and implemented based on the following goals in order to achieve medium-to-long-term growth of corporate value.

- A remuneration framework that enables the KOSÉ Group to achieve global and borderless growth
- An appropriately competitive level of remuneration for attracting and retaining highly talented individuals
- A highly independent, objective and transparent remuneration framework that is able to fulfill the responsibility of accountability to customers, shareholders, business partners, employees and all other stakeholders

### 2. Remuneration Levels

A suitable level of remuneration is determined by taking into account KOSÉ's business environment as well as a survey and

analysis using external databases and other sources to ascertain remuneration at companies in the same industry and of the same size.

At the 65th General Meeting of Shareholders, held on June 28, 2007, shareholders approved a resolution that limits the annual compensation of directors to ¥1,800 million (excluding employee salaries and bonuses paid to directors who serve concurrently as employees).

### 3. Process for Determining 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 total amount allowed for each officer classification.

To ensure the objectivity and transparency of the officer remuneration system, the appropriateness and validity of the allocation to each director are first discussed by the Nomination and Remuneration Committee, which is composed mainly of external officers. Using the results of these discussions as the premise for remuneration, the final decisions about individual remuneration are entrusted to the President & CEO by the Board of Directors.

The President & CEO has the authority to determine the basic remuneration for each director and the bonuses and stock remuneration based on results of operations of the business overseen by that director. The President & CEO is given this authority because, as the executive who oversees all business operations and in the role of representative director, he or she is best suited to evaluate the businesses managed by each director.

Remuneration of Audit & Supervisory Board members is determined by the mutual agreement among the Audit & Supervisory Board members.

## Total Remuneration by Officer Classification, Amount of Remuneration by Type and Number of Eligible Officers (Fiscal 2021)

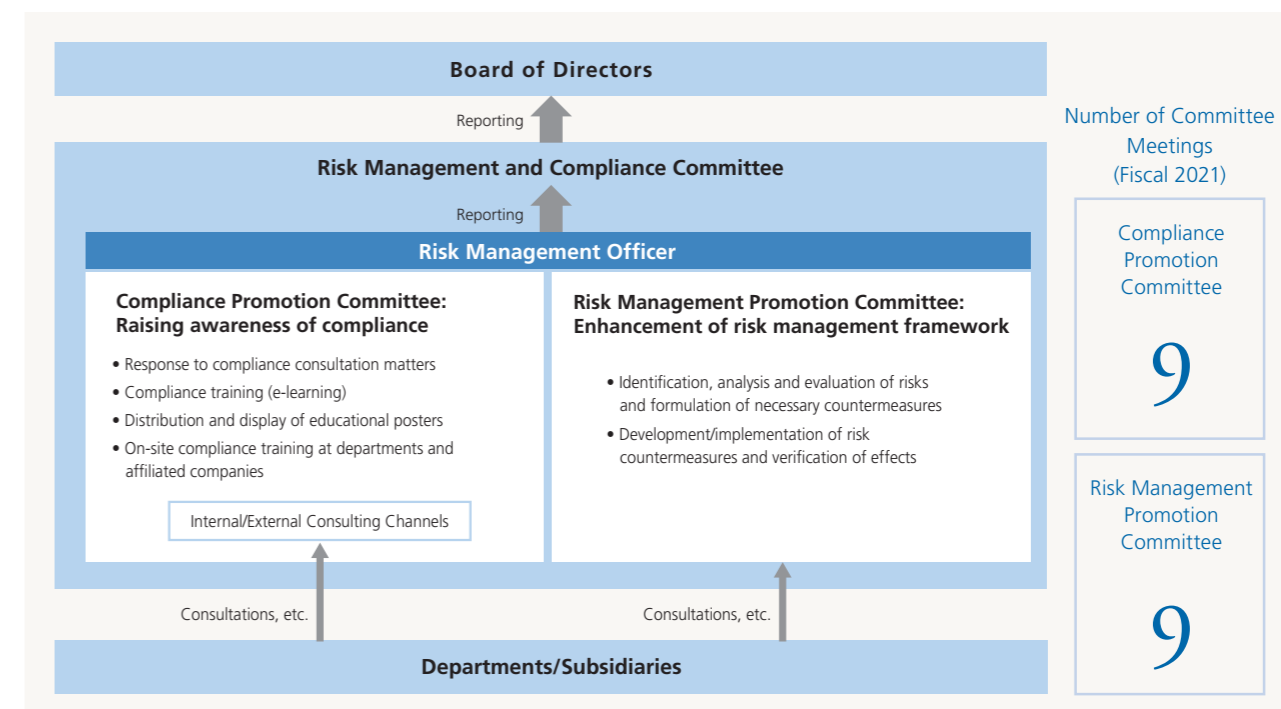
Officer Classification	Total Remuneration (Millions of yen)	Amount of Remuneration by Type (Millions of yen)				Number of Eligible Officers
		Basic Remuneration	Performance-Linked Remuneration	Provision for Officers' Retirement Benefits	Non-Monetary Compensation	
Directors (External directors only)	339 (24)	261 (24)	45 (—)	— (—)	32 (—)	11 (3)
Audit & Supervisory Board members (External Audit & Supervisory Board members only)	51 (16)	51 (16)	— (—)	— (—)	— (—)	4 (2)
Total (External officers only)	391 (41)	312 (41)	45 (—)	— (—)	32 (—)	15 (5)

## 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-Linked Remuneration	Provision for Officers' Retirement Benefits	Non-Monetary Compensation Included in Amounts on the Left	
Kazutoshi Kobayashi	Director	KOSÉ Corporation	154	52	—	18	207

## 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 consulting channels, creating 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 structure 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.

### Risk Management Briefing Session

A briefing session is held annually for officers, administrative employees 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 Group-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 Consultants and target-specific training to communicate information in a form that suits the audience.

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



# Corporate Governance

## Business and Other Risks

Among matters related to the state of the KOSÉ Group, including the status of its business and finances, we believe that the following risks could have a material impact on the Group's results and financial condition and that the factors described here are of material interest to investors for making investment decisions.

Please note that the forward-looking statements contained herein are based on the Company's judgments regarding main risks made as of March 30, 2022, and are not limited to those presented here.

To ensure business continuity and stable growth going forward, the Company has established the Risk Management Promotion Committee as a cross-divisional Company-wide organization to conduct qualitative analysis and evaluation to comprehensively identify risks, and to take necessary

countermeasures for those risks that may have a substantial impact. Specifically, each year the Company selects risk items using a questionnaire sent to persons in charge of affiliated companies and departments, and prioritizes them along two evaluation axes: impact on business performance and other factors if the risk materializes; and likelihood of the risk materializing.

The risks selected through the risk assessment are aggregated by risk category: strategy risk, business/financial risk, political/economic risk, accident/disaster risk, personnel/labor risk, or legal violation/indemnification risk. The Company has established and operates a system to monitor the current status and progress of each of its risk countermeasures on a regular basis.

## Responding to Risks

	Main Risks	Main Measures
Strategy Risk	<b>Price competition</b> Damage to brand value Decrease in market share	The Company conducts product development, marketing and sales taking into account changes in market needs and customer preferences, and works to maintain and improve its competitive advantage by adding functional and emotional value to achieve differentiation.
	<b>Entry of new competitors</b> Decrease in market share due to entrants from other industries and expansion into new channels by competitors	In addition to constantly keeping track of information from its business partners and sales and marketing sites, the Company works to remain abreast of market information in a timely manner through regular consumer surveys. It also strategically pursues unique value through active cooperation with companies in other industries and linkages with external resources and technologies.
	<b>Research and development delays</b> Decrease in brand competitiveness Decline in innovation	The Company conducts basic and applied research using data science at the Advanced Technology Laboratory, and has also opened a branch in Lyon, France to conduct leading-edge dermatological research. The Company is also actively engaged in open innovation using external resources.
	<b>Changes in consumer preferences</b> Decrease in brand value due to deviation from consumer needs	In addition to regularly conducting market surveys to properly obtain consumer information and conducting consumer surveys in Japan, the Company is also stepping up its surveys in countries outside Japan where it does business. It is also actively deploying digital technologies in pursuit of new customer experiences.
	<b>Delays in responding to climate change</b> Decline in business profitability due to inability to accommodate a low-carbon society	The Company is proactively engaged in various efforts to mitigate climate change, including reducing greenhouse gases. It also strives to respond to international trends, such as disclosing information about risks and opportunities posed to business by climate change, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

	Main Risks	Main Measures
Business/ Financial Risk	<b>Increase in raw material prices</b> Decline in profitability due to increased raw material prices	The Company conducts procurement globally to minimize market risk. It also strives to procure necessary raw materials and outsourced products at appropriate prices in a timely manner while maintaining good relationships with suppliers. The Company has also established the Cost and Inventory Reduction Promotion Committee, which is working to maintain appropriate costs and secure inventories.
	<b>Discontinuation of raw material supply</b> Obstacles to stable product supply Impact on sales and profit margins Decline in the Company's creditworthiness	
Political/ Economic Risk	<b>Changes in legal regulations and response</b> Demand fluctuation risk Impact on product exports	The Company collects information on a daily basis regarding legal regulations related to its business. In product development, the Company reviews raw material standards in light of changes in legal regulations and responds by effectively utilizing domestic and overseas information networks to secure alternative raw materials.
	<b>Abrupt changes in the political situation in countries and regions where the Company does business</b> Impact on sales due to fluctuations in demand Employee safety risk	The Company takes necessary measures by enhancing cooperation with overseas affiliates and business partners to collect information on economic, political, and social conditions in each country and region in a timely fashion.
Accident/ Disaster Risk	<b>Natural disasters (earthquakes, volcanic eruptions, tsunamis, etc.)</b> Delays or interruption of business activities due to suspension of production and logistics functions	In the event of a disaster or the spread of an infectious disease, the Company will immediately establish an emergency headquarters to discuss and implement countermeasures. To prepare for disasters, the Company has created a crisis management manual. It also confirms workplace safety, corrects deficiencies and ensures alternative methods.
	<b>Spread of highly virulent infectious disease</b> Delays or interruption of business activities including production, supply, and sales	
Personnel/ Labor Risk	<b>Securing outstanding talent</b> Decline in corporate competitiveness	The Company works to create an environment in which diverse human resources can play an active role. In its recruitment activities, the Company secures expert human resources through hiring by job type and outstanding talent through revision of the Beauty Consultant compensation system.
Legal Violation/ Indemnification Risk	<b>Problems related to product accidents</b> Reputation loss among customers and decline in corporate brand value due to serious product accidents	The Company manufactures products with the highest priority on delivering safe and reliable products to customers. It has articulated its stance on the KOSÉ Group's products through its Quality Policy comprising a quality policy message and five declarations for daily activities.
	<b>Leaks of confidential or personal information</b> Reputation loss and compensation for damage due to information leaks	

# Management Team (As of March 30, 2022)

## Directors

Position	Name	Reasons for Appointment	Attendance at Board of Directors Meetings	Years of Service
President & CEO	Kazutoshi Kobayashi	Mr. Kazutoshi Kobayashi has been engaged in management as a director of the Company for many years. Since assuming the role of Representative Director and President in 2007, he has also been engaged in various initiatives such as spearheading management reforms and accelerating global development. He has shown strong leadership under medium-to-long-term VISION 2026, which aims for even greater accomplishments. For these reasons, the Company has appointed him as a director.	10/10	31
Senior Executive Director	Takao Kobayashi	Mr. Takao Kobayashi has been engaged in management as a director of the Company for many years. He has promoted business expansion as Representative Director and President of KOSÉ Cosmeport Corp. since 2006. He has made significant contributions to achieving rapid growth in the cosmetics market. He has also contributed to management throughout the Group as senior executive director of the Company since 2014. For these reasons, the Company has appointed him as a director.	10/10	24
Executive Director	Masanori Kobayashi	Mr. Masanori Kobayashi has contributed to the rapid growth of the global business by implementing many reforms. Since becoming executive director in charge of marketing in 2018, he has overseen the establishment of brands that are successful worldwide while implementing a digital marketing strategy. He has many years of global marketing experience and extensive knowledge of management as an executive director. For these reasons, the Company has appointed him as a director.	10/10	9
Executive Director	Koichi Shibusawa	After acquiring experience in marketing and the supervision of global business operations, Mr. Koichi Shibusawa was elected as a director in 2013 and served as general manager of the Accounting and Finance Department, which includes investor relations. He made contributions to improving the Company's management and increasing corporate value. As executive director in charge of administration, he is strengthening the foundation for managing operations and is involved in strategies for the entire Group, including in his concurrent position as a director of Group company ALBION CO., LTD. Due to his many years of experience involving the management of the Group, the Company has appointed him as a director.	10/10	9
Director	Yusuke Kobayashi	Mr. Yusuke Kobayashi has contributed to business expansion of Group company ALBION CO., LTD. as its executive director and general manager of the Global Business Division. He has amassed many years of experience in overseas operations, particularly as the general manager of the Global Business Division, and accordingly possesses a proven track record in that regard. In addition, he has substantial influence in the Group, underpinned by his abundant global insight and knowledge. For these reasons, the Company has appointed him as a director.	10/10	8
Director	Shinichi Mochizuki	Mr. Shinichi Mochizuki was involved in international business operations before joining the Company and becoming the general manager of the Global Business Administration Department in the Global Business Division. He has played a major role in strengthening the operations of overseas subsidiaries. As executive officer and general manager of the Accounting and Finance Department since 2018, Mr. Mochizuki has supervised financial matters. Since becoming a director in 2021, he has played a role in strengthening the functions of the Board of Directors. For these reasons, the Company has appointed him as a director.	8/8	1
Director	Masahiro Horita	Since joining the Company, Mr. Masahiro Horita has participated in the development and growth of many new brands as a member of product planning operations. As general manager of the Global Business Division beginning in 2012, he gained experience overseeing overseas operations and made significant contributions to market expansion. He currently serves as director and general manager of the Product Development Department, where he is strengthening manufacturing. The Company deems that he can use his global business experience and extensive knowledge of marketing in the management of the Company. For these reasons, the Company has appointed him as a director.	8/8	1
External Director	Yukino Kikuma	Ms. Yukino Kikuma has a high level of expertise as an attorney at law and extensive knowledge regarding corporate legal affairs in particular. In addition, she appropriately provides guidance and advice regarding management of the Company from a broad perspective, drawing on her abundant experience in mass media. Due to the above, she is expected to use her broad knowledge and insight for guidance and advice related to management reforms involving sustainability and diversity. For these reasons, the Company has appointed her as an external director. Furthermore, the Company believes that Ms. Kikuma has no conflict of interest with general shareholders and has accordingly designated her an independent director.	10/10	4
External Director	Norika Yuasa	Ms. Norika Yuasa has a high level of expertise as an attorney at law that includes work in Japan and other parts of Asia, Europe and the United States. She has used this knowledge to provide suitable guidance and advice concerning the Company's management from many perspectives. Although she has never been involved in corporate management other than as an outside director or Audit & Supervisory Board member, due to the above, we expect her to provide oversight and advice concerning the Company's global strategies mainly from the standpoint of an attorney. For these reasons, the Company has appointed her as an external director. Furthermore, the Company believes that Ms. Yuasa has no conflict of interest with general shareholders and has accordingly designated her an independent director.	10/10	3

External Director	Yuko Maeda	Ms. Yuko Maeda has a high level of expertise in the area of applications for corporate intellectual property and abundant experience and knowledge about industry-academia partnerships in particular. In addition, she has abundant insight from a managerial perspective underpinned by her experience as a corporate director and outside Audit & Supervisory Board member, as well as her experience serving as a director of a national university and an auditor of an incorporated administrative agency. Due to the above, she is expected to provide advice on strategies related to management and intellectual property as well as R&D. For these reasons, the Company has appointed her as an external director. Furthermore, the Company believes that Ms. Maeda has no conflict of interest with general shareholders and has accordingly designated her an independent director.	10/10	2
-------------------	------------	---	-------	---

## Audit & Supervisory Board Members

Position	Name	Reasons for Appointment	Attendance at Board of Directors and Audit & Supervisory Board Meetings		Years of service
			Board of Directors Meetings	Audit & Supervisory Board Meetings	
Standing Audit & Supervisory Board Member	Noboru Matsumoto	Mr. Noboru Matsumoto has a wide-ranging and thorough understanding of corporate management in Japan and overseas, having been responsible for product development and the creation of many brands as a member of the marketing department. He previously served as general manager of the Sales Planning Department of KOSÉ SALES CO., LTD. and as a person responsible for overseas operations. From 2018, as the executive officer in charge of the General Administration Department and the Legal Affairs Department, he has played a central role in administration operations, contributing to the support of management in various ways, including from a corporate governance perspective. Due to his extensive knowledge based on this broad operational experience, the Company has appointed him as an Audit & Supervisory Board member.	10/10	10/10	3
Standing Audit & Supervisory Board Member	Shinji Tabe	Mr. Shinji Tabe has been involved in the research field for many years since joining the Company. In 2015, he became general manager of the Technical Research Management Department of R&D Laboratories and contributed to management of all technical information related to research. In 2017, he became general manager of the Quality Assurance Department, with achievements such as increasing the level of product quality assurance and creating a system for accurately reflecting customer feedback to the Customer Service Center. Due to his experience and knowledge, the Company has appointed him as an Audit & Supervisory Board member.	10/10	10/10	2
Audit & Supervisory Board Member (External)	Toru Miyama	Mr. Toru Miyama has a high level of expertise as an attorney at law, and extensive knowledge regarding corporate legal affairs in particular. In addition, he has a thorough understanding of corporate compliance and risk management, which he will draw upon to audit the Company from an independent and objective perspective. For these reasons, the Company has appointed him as an external Audit & Supervisory Board member. Furthermore, the Company believes that Mr. Miyama has no conflict of interest with general shareholders and has accordingly designated him an independent auditor.	10/10	10/10	3
Audit & Supervisory Board Member (External)	Kumi Kobayashi	Ms. Kumi Kobayashi has advanced knowledge regarding accounting and finance as a CPA, a great deal of work experience in Japan and overseas, and a thorough understanding of the practical operations of M&As and corporate finance. She will draw on this broad experience and extensive knowledge to provide appropriate guidance and advice related to increasing the efficacy of audits. For these reasons, the Company has appointed her as an external Audit & Supervisory Board member. Furthermore, the Company believes that Ms. Kobayashi has no conflict of interest with general shareholders and has accordingly designated her an independent auditor.	10/10	10/10	2

Note: Directors Shinichi Mochizuki and Masahiro Horita were appointed at the 79th Annual General Meeting of Shareholders held on June 29, 2021. As a result, the number of Board of Directors meetings is different from other directors. There have been eight Board of Directors meetings since their appointment.



# Career Histories (As of March 30, 2022)

## 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 Representative Director and President & CEO  
Jun. 2007 Representative Director and Chairman, 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 and Vice President  
Jun. 2007 Representative Director and President & CEO (current position)

(Responsibilities) –  
(Significant Concurrent Positions Outside the Company)  
Director of ALBION CO., LTD.



**Takao Kobayashi**  
Senior Executive Director

Apr. 1993 Joined the Company  
Jun. 1998 Director  
Jun. 2013 Executive Director  
Jun. 2014 Senior Executive Director (current position)

(Responsibilities) –  
(Significant Concurrent Positions Outside the Company)  
Representative Director and President & CEO of KOSÉ Cosmeport Corp.



**Masanori Kobayashi**  
Executive Director

Mar. 2004 Joined the Company  
Mar. 2008 General Manager of Corporate Strategy Office of President Office  
Mar. 2009 General Manager in charge of Medium-term Strategy of Corporate Strategy Office of President Office  
Mar. 2010 General Manager of Global Business Div.  
Mar. 2011 Executive Officer and General Manager of Global Business Div.  
Jun. 2013 Director and General Manager of Global Business Div.  
Jun. 2017 Executive Director and General Manager of Global Business Div.  
Mar. 2018 Executive Director  
Mar. 2020 Executive Director and General Manager of Marketing Headquarters (current position)

(Responsibilities) Marketing Headquarters  
(Significant Concurrent Positions Outside the Company) –



**Koichi Shibusawa**  
Executive Director

Apr. 1984 Joined the Company  
Mar. 2008 Chief Director and General Manager of KOSÉ COSMETICS CO., LTD. (CHINA) and Chief Director and General Manager of KOSÉ COSMETICS SALES (CHINA) CO., LTD.  
Mar. 2010 General Manager of Accounting and Finance Dept. of the Company  
Mar. 2011 Executive Officer and General Manager of Accounting and Finance Dept.  
Jun. 2013 Director and General Manager of Accounting and Finance Dept.  
Jun. 2018 Executive Director (current position)

(Responsibilities)  
President Office, Corporate Strategy Dept., General Administration Dept., Legal Dept., IT Management Dept., Human Resources Dept., Domestic Consolidated Subsidiaries and Associates of the Company, and Risk Management

(Significant Concurrent Positions Outside the Company)  
Audit & Supervisory Board Member of KOSÉ SALES CO., LTD.  
Audit & Supervisory Board Member of KOSÉ Cosmeport Corp.  
Director of ALBION CO., LTD.



**Yusuke Kobayashi**  
Director

Apr. 2000 Joined ALBION CO., LTD.  
Sep. 2005 Executive Officer  
Sep. 2006 Director  
Jun. 2014 Director of the Company (current position)  
Apr. 2017 Executive Director of ALBION CO., LTD.  
Mar. 2022 Senior Executive Director of ALBION CO., LTD. (current position)

(Responsibilities) –  
(Significant Concurrent Positions Outside the Company)  
Senior Executive Director and General Manager of Global Business Div. and Administrative Div. of ALBION CO., LTD.



**Shinichi Mochizuki**  
Director

Apr. 1985 Joined The Mitsubishi Bank, Ltd.  
Sep. 2008 General Manager of Environmental Project Office of The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
Jun. 2011 General Manager of Corporate & Investment Banking Credit Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
Nov. 2015 Joined the Company, General Manager of Global Business Div.  
Mar. 2016 General Manager of Global Business Administration Dept., Global Business Div.  
Mar. 2018 Executive Officer and General Manager of Accounting and Finance Dept.  
Mar. 2020 Senior Executive Officer and General Manager of Accounting and Finance Dept.  
Jun. 2021 Director and General Manager of Accounting and Finance Dept. (current position)

(Responsibilities) Accounting and Finance Dept.  
(Significant Concurrent Positions Outside the Company)  
Executive Director of KOSÉ SALES CO., LTD.  
Director of Tarte, Inc.



**Masahiro Horita**  
Director

Apr. 1986 Joined the Company  
Mar. 2012 General Manager of Global Product Dept., Global Business Div.  
Mar. 2013 General Manager of Global Business Operations Dept., Global Business Div.  
Mar. 2017 President of KOSÉ COSMETICS CO., LTD. (CHINA)  
Mar. 2019 Executive Officer and General Manager of Product Development Dept. and Beauty Development Dept.  
Mar. 2020 Executive Officer, Deputy General Manager of Marketing Headquarters and General Manager of Product Development Dept.  
Mar. 2021 Executive Officer and General Manager of Product Development Dept.  
Jun. 2021 Director and General Manager of Product Development Dept. (current position)

(Responsibilities)  
Product Development Dept., Beauty Development Dept., Advertising Dept., Product Designing Dept., Quality Assurance Dept.  
(Significant Concurrent Positions Outside the Company) –



**Yukino Kikuma**  
Director (External)

Apr. 1995 Joined Fuji Television Network, Inc.  
Dec. 2011 Registered as an attorney at law  
Joined Law Office of Matsuo & Kosugi  
Jun. 2018 Director of the Company (current position)  
May 2020 Outside Director of Takihyo Co., Ltd. (Member of the Audit & Supervisory Committee) (current position)  
Jun. 2020 Outside Director of ALCONIX CORPORATION (current position)  
Jun. 2020 Outside Director of KITZ CORPORATION (current position)  
Jan. 2022 Managing Partner of Law Office of Matsuo & Kosugi (current position)

(Responsibilities) –  
(Significant Concurrent Positions Outside the Company)  
Managing Partner of Law Office of Matsuo & Kosugi  
Outside Director (Member of the Audit & Supervisory Committee) of Takihyo Co., Ltd.  
Outside Director of ALCONIX CORPORATION  
Outside Director of KITZ CORPORATION



**Norika Yuasa**  
Director (External)

Sep. 2003 Registered as an attorney at law  
Aug. 2011 Registered as an attorney at law in New York State  
Sep. 2017 Part-time Professor of Waseda Law School (current position)  
Jan. 2019 Partner of Miura & Partners (current position)  
Jun. 2019 Director of the Company (current position)  
Jun. 2021 Outside Audit & Supervisory Board Member of TOKYO ELECTRON DEVICE LIMITED (current position)  
Jun. 2021 Outside Director of SAINT-CARE HOLDING CORPORATION (current position)

(Responsibilities) –  
(Significant Concurrent Positions Outside the Company)  
Partner of Miura & Partners  
Outside Audit & Supervisory Board Member of TOKYO ELECTRON DEVICE LIMITED  
Outside Director of SAINT-CARE HOLDING CORPORATION



**Yuko Maeda**  
Director (External)

Apr. 1984 Joined Bridgestone Corporation  
Sep. 2003 Director of Technology Transfer Center and Intellectual Property Manager of Intellectual Property Right Department of Tokyo Medical and Dental University  
Oct. 2009 (Concurrent) Visiting Professor of Tokyo Medical and Dental University  
Oct. 2011 (Concurrent) Specially Appointed Professor of Kyoto Prefectural University of Medicine  
May 2013 Vice President and Officer of Bridgestone Corporation  
Apr. 2014 (Concurrent) Auditor of Japan Agency for Marine-Earth Science and Technology (current position)  
Jan. 2017 Director of CellBank Corp. (current position)  
Mar. 2019 (Concurrent) Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd. (current position)  
Jun. 2020 Director of the Company (current position)  
Oct. 2020 (Concurrent) Executive Vice President (part-time) of Kyushu University (current position)  
Jun. 2021 (Concurrent) Outside Director of ASAH KASEI CORPORATION (current position)

(Responsibilities) –  
(Significant Concurrent Positions Outside the Company)  
Auditor of Japan Agency for Marine-Earth Science and Technology  
Director of CellBank Corp.  
Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd.  
(Part-time) Executive Vice President of Kyushu University  
Outside Director of ASAH KASEI CORPORATION

## Audit & Supervisory Board Members



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

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

(Significant Concurrent Positions Outside the Company) –



**Shinji Tabe**  
Standing Audit & Supervisory Board Member

Apr. 1984 Joined the Company  
Mar. 2015 General Manager of Technical Research Management Dept. of R&D Laboratories  
Mar. 2017 General Manager of Quality Assurance Dept.  
Mar. 2019 Senior Chief Manager of Quality Assurance Dept.  
Jun. 2020 Standing Audit & Supervisory Board Member (current position)

(Significant Concurrent Positions Outside the Company) –



**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 (current position)  
Aug. 2020 Outside Auditor of OZU CORPORATION (current position)

(Significant Concurrent Positions Outside the Company)  
Managing Partner of Miyama Law Office  
Outside Auditor of OZU CORPORATION



**Kumi Kobayashi**  
Audit & Supervisory Board Member (External)

Mar. 2006 Registered as a certified public accountant  
Sep. 2006 Joined GCA Corporation  
Mar. 2016 Partner of Sakurai & Co. (current position)  
Apr. 2017 Representative Director of Tokyo Athletes Office, Inc. (current position)  
Jun. 2019 Director of SPOKACHI, Inc. (current position)  
Jun. 2020 Audit & Supervisory Board Member of the Company (current position)  
Mar. 2022 Auditor of Japan Professional Football League (current position)

(Significant Concurrent Positions Outside the Company)  
Partner of Sakurai & Co.  
Representative Director of Tokyo Athletes Office, Inc.  
Director of SPOKACHI, Inc.