

Management Introduction (As of March 30, 2023)

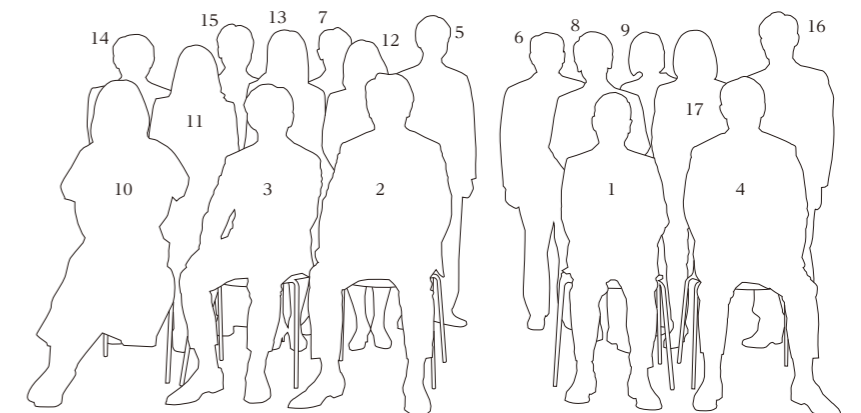


- 1. Yasukiyo Kobayashi**
Honorary Chairman
- 2. Kazutoshi Kobayashi**
President & CEO
- 3. Takao Kobayashi**
Senior Executive Director
- 4. Masanori Kobayashi**
Executive Director
- 5. Koichi Shibusawa**
Executive Director

- 6. Yusuke Kobayashi**
Director
- 7. Shinichi Mochizuki**
Director
- 8. Masahiro Horita**
Director
- 9. Atsuko Ogura**
Director

- 10. Yukino Kikuma**
Director (External)
- 11. Norika Yuasa**
Director (External)
- 12. Yuko Maeda**
Director (External)
- 13. Miwa Suto**
Director (External)

- 14. Shinji Tanabe**
Standing Audit & Supervisory Board Member
- 15. Minoru Onagi**
Standing Audit & Supervisory Board Member
- 16. Toru Miyama**
Audit & Supervisory Board Member (External)
- 17. Kumi Kobayashi**
Audit & Supervisory Board Member (External)



Career Histories (As of March 30, 2023)

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 Corporate Officer
 Sep. 2006 Director
 Jun. 2014 Director of the Company (current position)
 Apr. 2017 Managing Director of ALBION CO., LTD.
 Mar. 2022 Senior Managing Director of ALBION CO., LTD. (current position)
 (Responsibilities) –
 (Significant Concurrent Positions Outside the Company)
 Senior Managing Director of ALBION CO., LTD.

Directors

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) –

Atsuko Ogura

Director

Apr. 1988 Joined the Company
 Mar. 2015 General Manager of IT Management Dept.
 Mar. 2019 Executive Officer, General Manager of IT Management Dept.
 Mar. 2021 Executive Officer, Director of R&D Laboratories and General Manager of Advanced Research Laboratories
 Mar. 2023 Director of the Company, Director of R&D Laboratories (current position)
 (Responsibilities) R&D Laboratories
 (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 and attorney at law 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 and attorney at law 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 (Concurrent) Visiting Professor of Tokyo Medical and Dental University
 Oct. 2009 (Concurrent) Visiting Professor of Kyoto Prefectural University of Medicine
 Oct. 2011 (Concurrent) Specially Appointed Professor of Kyoto Prefectural University of Medicine
 May 2013 Vice President and Officer of Bridgestone Corporation
 Apr. 2014 Auditor of Japan Agency for Marine-Earth Science and Technology
 Jan. 2017 Director of CellBank Corp. (current position)
 Mar. 2019 (Concurrent) Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd.
 Jun. 2020 Director of the Company (current position)
 Oct. 2020 (Concurrent) Board Member (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)
 Director of CellBank Corp.
 (Part-time) Board Member of Kyushu University
 Outside Director of ASAH KASEI CORPORATION

Directors

Miwa Suto

Director (External)

Apr. 1988 Joined Hakuodo Inc.
 Oct. 1991 Joined Arthur Andersen
 Apr. 1995 Registered as a certified public accountant
 Oct. 1996 Joined Schroeder PTV Partners KK
 Jan. 2001 Partner of Bain & Company
 Apr. 2006 Managing Director of PLANETPLAN, Inc. (current position)
 Jun. 2017 Board Member of Japan Volleyball Association (current position)
 Apr. 2019 Project Professor of Graduate School of Media and Governance of Keio University (current position)
 Mar. 2020 Outside Director (Audit & Supervisory Committee Member) of ASICS Corporation (current position)
 Jun. 2021 Outside Director of KATITAS Co., Ltd. (current position)
 Jun. 2021 Executive Board Member of Japanese Olympic Committee (current position)
 Mar. 2023 Director of the Company (current position)
 (Responsibilities) –
 (Significant Concurrent Positions Outside the Company)
 Managing Director of PLANETPLAN, Inc.
 Outside Director (Audit & Supervisory Committee Member) of ASICS Corporation
 Outside Director of KATITAS Co., Ltd.

Shinji Tanabe

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) –

Minoru Onagi

Standing Audit & Supervisory Board Member

Apr. 1986 Joined the Company
 Mar. 2018 General Manager of Legal Dept.
 Mar. 2021 General Manager of Audit Office
 Jan. 2023 Senior Chief Manager of Audit Office
 Mar. 2023 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 of the Company (current position)
 Aug. 2020 Outside Auditor of OZU CORPORATION (current position)
 Jun. 2022 Outside Director (Audit & Supervisory Committee Member) of RICOH LEASING COMPANY, LTD. (current position)
 (Significant Concurrent Positions Outside the Company)
 Managing Partner of Miyama Law Office
 Outside Auditor of OZU CORPORATION
 Outside Director (Audit & Supervisory Committee Member) of RICOH LEASING COMPANY, LTD.

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)
 Jun. 2022 External Auditor of Oisix ra daichi Inc. (current position)
 (Significant Concurrent Positions Outside the Company)
 Partner of Sakurai & Co.
 Representative Director of Tokyo Athletes Office, Inc.
 Director of SPOKACHI, Inc.
 External Auditor of Oisix ra daichi Inc.

Management Team (As of March 30, 2023)

Name	Position	Reasons for Appointment	Attendance at Board of Directors Meetings Attendance at Audit & Supervisory Board Meetings	Years of Service	Skills Matrix						Committee
					Corporate management	Global	Marketing/ R&D	Sustainability/ ESG	Legal/Risk management	Finance/ Accounting	
Kazutoshi Kobayashi	President & CEO	Since assuming the role of Representative Director and President, Mr. Kazutoshi Kobayashi has been engaged in various initiatives such as spearheading management reforms and accelerating global development. He has also shown strong leadership under medium-to-long-term VISION2026, which aims for even greater accomplishments. For these reasons, the Company has appointed him as a director.	15/15 —	32	●	●	●				Nomination and Remuneration Committee
Takao Kobayashi	Senior Executive Director	Mr. Takao Kobayashi has been engaged in management as a director of the Company for many years. He has made significant contributions to achieving rapid growth in our share of the cosmetics market. He has also contributed to management throughout the Group. For these reasons, the Company has appointed him as a director.	13/15 —	24	●	●	●				
Masanori Kobayashi	Executive Director	Mr. Masanori Kobayashi has contributed to the rapid growth of the global business by implementing reforms. He also has many years of global marketing experience and extensive knowledge of management. For these reasons, the Company has appointed him as a director.	15/15 —	9	●	●	●				
Koichi Shibusawa	Executive Director	Mr. Koichi Shibusawa has experience in marketing and the supervision of global business operations, and has served as general manager of investor relations. He has made contributions to improving the Company's management and increasing corporate value. Currently, he is involved in strategies for the entire Group, and has a wealth of experience and knowledge of management in general. For these reasons, the Company has appointed him as a director.	15/15 —	9				●	●	●	Nomination and Remuneration Committee
Yusuke Kobayashi	Director	Mr. Yusuke Kobayashi has contributed to business expansion of Group company ALBION CO., LTD. as its Senior Managing Director and Chief of Headquarters of the International Business Division. He has amassed many years of experience in overseas operations, particularly as the Chief of Headquarters of the International 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.	14/15 —	8	●	●					
Shinichi Mochizuki	Director	As the general manager of the Global Business Administration Department in the Global Business Division, Mr. Shinichi Mochizuki has contributed to strengthening the management structure of overseas subsidiaries in particular. He has also 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.	15/15 —	1	●	●				●	
Masahiro Horita	Director	Mr. Masahiro Horita has participated in the development and growth of many brands. He has also served as a representative of the Global Business Division, and currently serves as director of the Product Development Department, where he is strengthening manufacturing. He has global business experience and extensive knowledge of marketing. For these reasons, the Company has appointed him as a director.	15/15 —	1	●	●	●				
Atsuko Ogura	Director ●	Ms. Atsuko Ogura has been involved with product development and basic research activities and has contributed to the management of research technologies and the development of IT systems. Since 2015, as general manager of the IT Management Department, she has spearheaded the development of IT infrastructure needed to transition to IT systems. Currently, as the Director of R&D Laboratories, she is leveraging her experience and extensive knowledge involving IT and R&D. For these reasons, the Company has appointed her as a director.	— —	—			●	●			
Yukino Kikuma	Director (External)	Ms. Yukino Kikuma has a high level of expertise as an attorney at law and abundant experience in mass media. Accordingly, 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.	15/15 —	4				●	●		Nomination and Remuneration Committee
Norika Yuasa	Director (External)	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. We expect her to provide oversight and advice concerning the Company's global strategies mainly from a legal standpoint. 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.	15/15 —	3		●		●	●		Nomination and Remuneration Committee
Yuko Maeda	Director (External)	Ms. Yuko Maeda has a high level of expertise in the realm of applications for corporate intellectual property in addition to abundant experience and knowledge particularly when it comes to industry-academia partnerships. She also has experience as a corporate director and outside Audit & Supervisory Board member. We expect her 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.	15/15 —	2	●		●	●			Nomination and Remuneration Committee
Miwa Suto	Director (External) ●	Ms. Miwa Suto has expert knowledge and practical experience as a certified public accountant, in addition to experience in supporting the development of start-up companies. We expect her to provide supervision and advice from a broad perspective regarding corporate management. For these reasons, the Company has appointed her as an external director. Furthermore, the Company believes that Ms. Suto has no conflict of interest with general shareholders and has accordingly designated her an independent director.	— —	—	●		●			●	Nomination and Remuneration Committee
Shinji Tanabe	Standing Audit & Supervisory Board Member	Mr. Shinji Tanabe has contributed to supervision and management of all technical information related to research. He has also increased the level of product quality assurance and created 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.	15/15 12/12	2				●	●		
Minoru Onagi	Standing Audit & Supervisory Board Member ●	Mr. Minoru Onagi uses his knowledge and many years of experience as a patent attorney and his involvement in R&D and intellectual property strategies to contribute to the creation of research intellectual property and the protection of this property. As a general manager of the Audit Office since 2021, he has contributed to improving internal controls and internal audits. Due to this experience and knowledge, the Company has appointed him as a standing Audit & Supervisory Board Member.	— —	—					●		
Toru Miyama	Audit & Supervisory Board Member (External)	Mr. Toru Miyama has a high level of expertise as an attorney at law, and a thorough understanding of corporate compliance and risk management, and will provide appropriate guidance and advice from an independent, objective standpoint. 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.	15/15 12/12	3				●	●		Nomination and Remuneration Committee
Kumi Kobayashi	Audit & Supervisory Board Member (External)	Ms. Kumi Kobayashi has advanced knowledge regarding accounting and finance as a certified public accountant (CPA), and a thorough understanding of the practical operations of M&As and corporate finance. She will 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.	15/15 12/12	2				●		●	Nomination and Remuneration Committee

Note: ● indicates new appointments.

Message from External Directors on Realizing Our Sustainability Story

For KOSÉ to achieve unique value creation going forward, more sustainable systems and initiatives that make use of pioneering concepts are essential. Our four external directors discussed KOSÉ's strengths and current challenges, based on their diverse experience in their respective fields.

MESSAGE



Yukino Kikuma
Director (External)

Norika Yuasa
Director (External)

Yuko Maeda
Director (External)

Miwa Suto
Director (External)

Moving forward with a Big-Picture Perspective on “Creating Beauty in a Sustainable World”

As we focus our efforts on diversity and inclusion, I would also like people to value the importance of a big-picture perspective on our reasons for promoting these efforts and the kind of society that we are aiming to create. For example, I believe that realizing the active participation of women in the workplace actually necessitates working style reforms for men. When I took up the position of director five years ago, the ratio of childcare leave used by men at KOSÉ was 0%. I proposed encouraging the use of childcare leave by men not just to build understanding and cooperation with women

employees, but also as a way to move toward DX and build a sustainable organization that is not dependent on individuals, and because a comfortable working environment is also linked to improved quality of customer service. In fiscal 2022, the childcare leave usage ratio among men climbed to 88.2%, but I would like KOSÉ to become a company where that number naturally reaches 100%.

Instead of each activity being a stand-alone measure, they should all be connected to KOSÉ's corporate message of “Creating Beauty in a Sustainable World.”

Director (External) **Yukino Kikuma**

KOSÉ's Current Challenges and Opportunities to Become a Company with a Global Presence

I feel that KOSÉ is a “company with ultimately high loyalty,” and one that possesses strong Japanese qualities. Employees are united in a sincere approach that reflects their desire to create products—from products in lower price brackets to our prestige products—that will always be loved by customers, and to bring them to the world. Every director, including myself, loves KOSÉ's products, and I am very confident that the Company's ambitions and the high quality of its products will appeal to overseas customers. As far as our overseas

expansion is concerned, this is just the beginning. We need to ensure we comply with the laws and regulations of different countries, and there are also significant risks that cannot be foreseen. However, the Board of Directors brings a variety of knowledge to the table and engages in lively discussions. We will support the Company in making its products available overseas via the proper channels, and building a global fan base for KOSÉ products so that KOSÉ can become a company with loyal fans worldwide.

Director (External) **Norika Yuasa**

Becoming a Company That Can Bring Beauty and Happiness to Everyone, Everywhere, by Incorporating New 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 has sent a researcher to the world-leading Gladstone Institutes research laboratory (Yamanaka Lab) in the United States, led by Shinya Yamanaka, where the team is moving forward with cutting-edge research into rejuvenation. By bringing together the fields of life science and healthcare, we can pursue not only surface beauty, but also the ability to draw out beauty from within through healthy lifestyles that are full of vitality. Meanwhile, in a joint research project with

Tokyo Institute of Technology, we are developing a makeup simulation system that can be tested on people's faces in real time. The system incorporates color correction technology, and can project suitable makeup colors based on the skin's reflective properties. We have developed environmentally friendly materials and containers as a company that is kind to not only women but to all people and the Earth. We will also utilize digital technology 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.

Director (External) **Yuko Maeda**

My Role and Expectations as a Newly Appointed External Director

My experience in supporting corporate branding strategies led me to notice KOSÉ's excellent branding. Brands are important drivers for improving corporate value, but true appeal cannot be created through superficial approaches. It is essential to take steps to convert brand value into corporate value. KOSÉ's business activities convey strong conviction, in terms of striving to be the best brand, and I can feel the clear intention to leverage brand strength for sustainable growth by becoming

“a company with ultimately high loyalty.” As an external director, I aim to deepen my understanding of the Company while supporting further increases in corporate value. I also intend to focus on strengthening governance and ensuring transparency from the standpoint of ordinary shareholders, and to contribute to the continued progress of the “KOSÉ Beauty Partnership,” which the Company champions as a unique strength.

Director (External) **Miwa Suto**

Corporate Governance

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.

The Company has also 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 the appropriateness of officer remuneration and 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.

Initiatives to Strengthen Governance

A new independent external director was appointed at the 81st Annual General Meeting of Shareholders, bringing the ratio of independent external directors to the total number of directors to one third.

In addition, the Company elected two new female directors in consideration of improving the balance of skills and diversity of the Board of Directors, including gender.

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.

Chairperson: President & CEO

Main agenda items:

- Compensation of directors
- Key personnel
- Establishment and revision of internal regulations
- Appropriate evaluation of cross-shareholdings
- Allocation of surplus
- Minami-Alps Factory (provisional name)
- Consideration of upward revision of CO₂ reduction targets and establishment of a low-carbon transition plan

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 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 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 purpose 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

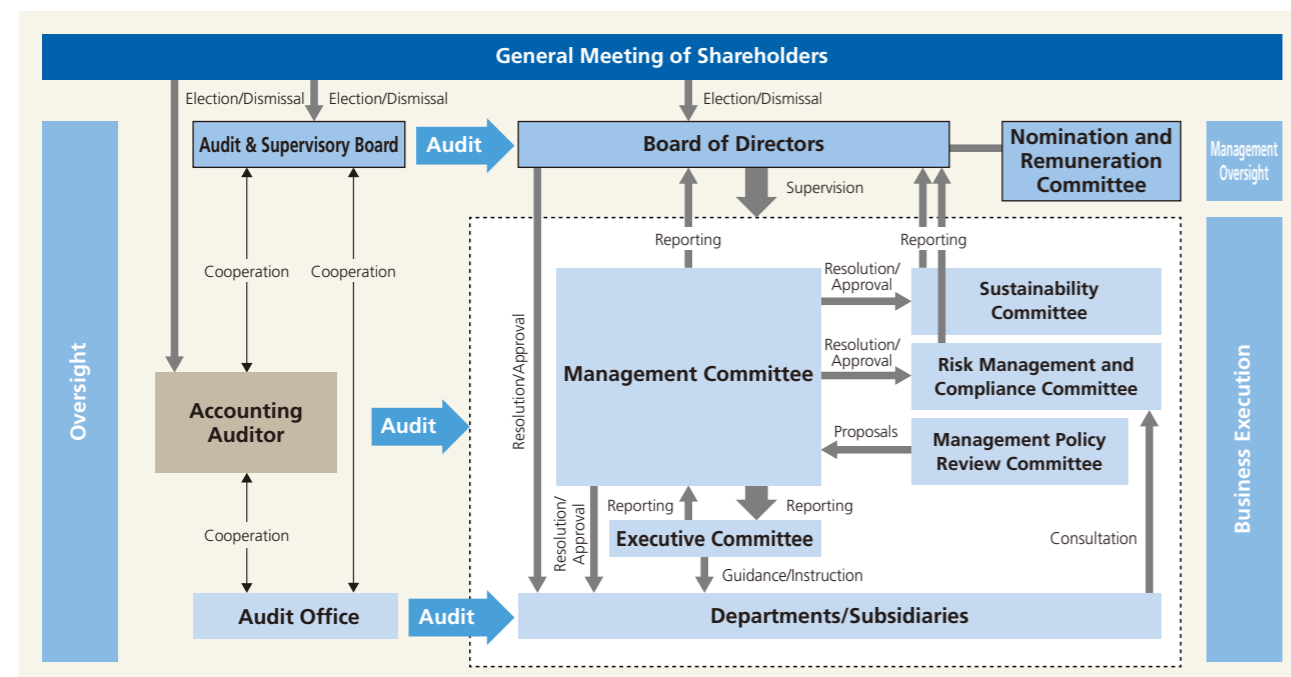
Chairperson	Total Members	(Breakdown)		
		Directors	External Directors	External Audit & Supervisory Board Members
External Directors	8	2	4	2

Chairperson: Yukino Kikuma (External Director)

Main agenda items:

- Officer remuneration for fiscal 2022
- Officer and executive officer appointments, and the officer remuneration plan

Corporate Governance Organization



Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

To further strengthen corporate governance, the directors evaluate the Board’s effectiveness once every year. The method used for this evaluation and the results are as follows.

1. Evaluation Method

Directors and Audit & Supervisory Board members were asked to complete questionnaires regarding 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
- Management and business strategies
- Corporate ethics and risk management
- Performance monitoring
- Evaluation and remuneration of management
- Dialogue with shareholders

2. Results of Evaluation and Issues Requiring Attention

Based on the results of the questionnaire, the Board of Directors held discussions that confirmed the following points: (1) the directors are conducting thorough discussions of proposals after receiving appropriate preliminary explanations concerning these proposals, and (2) the directors are performing well-balanced examinations of the internal control system, primarily by using periodic reports from the Audit Office. Last year, reports about the use of the internal reporting system were an issue requiring attention. This year, the evaluation confirmed that processing of these reports has improved, primarily through the receipt of periodic reports from the Risk Management and Compliance Committee about the effective functioning of the

internal reporting system. As a result, the directors determined that the overall activities of the Board of Directors are effective.

The results of this questionnaire identified issues requiring attention that need to be addressed. They include the clarification of rules for sharing information with external officers about discussions by the Management Committee and other units, in order to increase the thoroughness of discussions by the Board of Directors, and activities to clarify the Board’s role regarding the establishment and implementation of human resource strategies.

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

Issues to be Addressed

- Consideration of ways to more fully share discussions by the Management Committee and other bodies with external directors, from the perspective of further enhancing discussion
- Clarification of the Board’s role in formulating and carrying out human resource strategies

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.

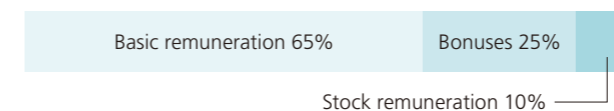
	Fixed remuneration	Performance-linked remuneration	
Directors (Internal)	(A) Basic remuneration	(B) Bonuses	(C) Stock remuneration
Directors (External)	(A) Basic remuneration		
Audit & Supervisory Board Members	(A) Basic remuneration		

	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"> • Directors: Set according to the position of each director, taking the operating environment into account • External directors and Audit & Supervisory Board members: Set based on comparisons with other domestic companies in the same industry or of the same size, as well as on the Company’s financial condition and business results
(B) Bonuses (Cash)	Paid as an incentive to improve the Company’s business performance in a single fiscal year	<ul style="list-style-type: none"> • Consolidated net sales • Consolidated operating profit • Net sales and operating profit, etc. in each business sector 	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) ¹
(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 ²	—

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 (1) directors and (2) 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. The Nomination and Remuneration Committee, which is composed mainly of external officers, discusses the appropriateness and validity of remuneration, and the Board of Directors has resolved to re-entrust the final decision on remuneration to the President & CEO, premised on the results of this discussion.

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

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 fulfills the responsibility of accountability to business partners, shareholders, 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

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 determining 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, that person is best suited to evaluate the businesses managed by each director.

Total Remuneration by Officer Classification, Amount of Remuneration by Type and Number of Eligible Officers (Fiscal 2022)

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)	444 (33)	356 (33)	41 —	— —	46 —	9 (3)
Audit & Supervisory Board members (External Audit & Supervisory Board members only)	68 (22)	68 (22)	— —	— —	— —	4 (2)
Total (External officers only)	513 (55)	425 (55)	41 —	— —	46 —	13 (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	205	54	—	25	259

Risk Management, Compliance, and Sustainability

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.

Overview of Sustainability Committee



The Board of Directors deliberates and makes decisions about material issues related to sustainability strategies and is responsible for supervising the sustainability promotion activities of the Company.

With the aim of promoting more effective cross-departmental initiatives, the Sustainability Promotion Committee establishes subcommittees and projects for specific themes based on the KOSÉ Group's sustainability strategies.

Chairperson: President & CEO

Main agenda items:

- Consider and move forward with countermeasures relating to social issues such as climate change and human rights
- Company-wide information sharing on the status of sustainability promotion activities

The KOSÉ Group has identified sustainability-related issues in management and has established a promotion system to resolve them.

We established the Sustainability Committee (chaired by the President & CEO) that proposes sustainability strategies to and receives approval from the Management Committee, and then reports the results to the Board of Directors.

Our corporate governance, risk management and compliance [More details](#)

The Sustainability Promotion System [More details](#)

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, 2023, 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

Risk Category	Main Risks	Main Measures
Strategy Risk	Price competition 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.
	Entry of new competitors 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.
	Research and development delays 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.
	Changes in consumer preferences 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.
	Delays in responding to climate change 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).

Risk Category	Main Risks	Main Measures
Business/ Financial Risk	Increase in raw material prices 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.
	Discontinuation of raw material supply Obstacles to stable product supply Impact on sales and profit margins Decline in the Company’s creditworthiness	
Political/ Economic Risk	Changes in legal regulations and response 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.
	Abrupt changes in the political situation in countries and regions where the Company does business 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	Natural disasters (earthquakes, volcanic eruptions, tsunamis, etc.) 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.
	Spread of highly virulent infectious disease Delays or interruption of business activities including production, supply, and sales	
Personnel/ Labor Risk	Securing outstanding talent 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	Problems related to product accidents 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.
	Leaks of confidential or personal information Reputation loss and compensation for damage due to information leaks	In addition to raising awareness of compliance through the Compliance Promotion Committee, the Company has established a Personal Information Management Committee based on laws and guidelines of the Ministry of Economy, Trade and Industry, and is working to build a comprehensive management system by strengthening information security. Furthermore, the Company holds regular training, shares information on risks and conducts thorough prevention measures.