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KOSÉ REPORT 2024



Cover Story 01

For a Beautiful Future

Creating Beauty in a Sustainable World.

Activity Themes Toward 2030

A source of adaptable products and services

We cherish your unique beauty.
To serve customers with diverse social and cultural backgrounds, genders, ages, skin colors, values and more, we provide products and services that exclude no one.

Support for a beautiful, healthy and happy life

We support lifestyles that allow people to enjoy mental and physical health and happiness, as one of life's fundamental goals. In addition to our commitment to realizing fulfilling lifestyles for all of our stakeholders, including the next generation of children and the customers who use our products and services directly, we are committed to solving social issues.

Help create a world with true gender equality

KOSÉ has continued to provide various cosmetics with the hope of brightening both skin and hearts since its foundation. As one of our initiatives to brighten people's hearts, we will contribute to creating a future where there is no gender gap and individuals can play an active role regardless of gender, both inside and outside of the Company.

Use the theme of beauty to help solve environmental issues

In conducting our business activities that deliver products and services, we have proposed measures for resolving environmental issues through beauty. We will consider environmental issues together with everyone, and raise awareness of our work to solve issues in society.

Environmental conservation programs in areas where KOSÉ operates

For us to carry out corporate activities sustainably, it is important that we co-exist and prosper together with the regions where we manufacture products or offer services. We strive to protect the environment in the regions where we operate and contribute to the ongoing development of each region.

Lower the overall environmental impact of business operations

We benefit from the natural environment every day we do business. For example, many of the ingredients in cosmetics are obtained from nature. As such, we appreciate the blessings of nature, and continue to advance efforts to reduce our environmental impact for a sustainable world.

Cover Story 02

Sources of Value Creation: Brand Lineup

KOSÉ has been creating attractive brands inspired by two keywords—Sensuousness and Intelligence—for many years. By developing our business around distinctive “individual brands” and “KOSÉ brands,” we provide unique value for people of all ages and genders across the globe.

High-Prestige Brands

The Highest Levels of Quality and Service

Prestige Brands

High-Value-Added Cosmetics for Everyone

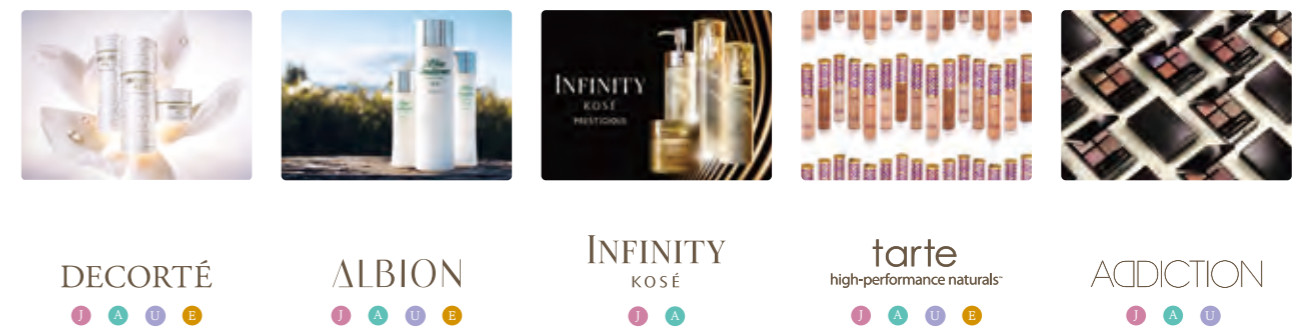
Cosmetaries Brands

For Daily Life One Step Above



Main Countries and Regions Where We Operate: ● Japan ● Asia ● North America/Other ● Europe

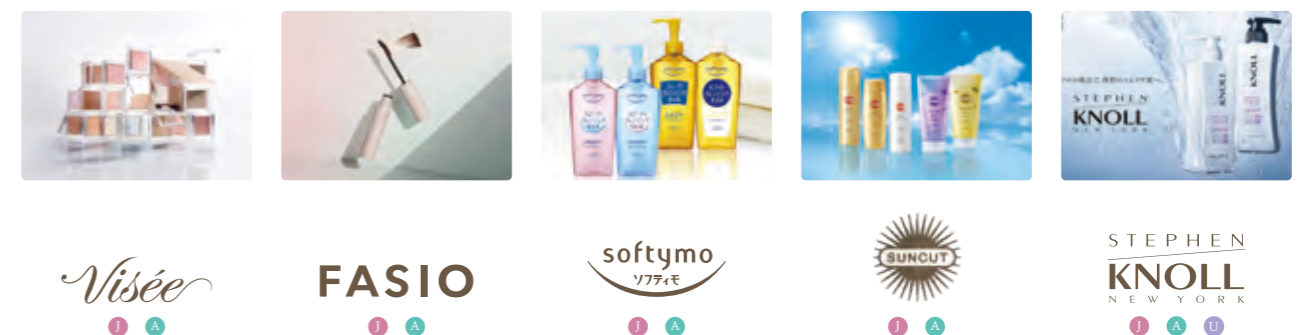
High-Prestige Brands



Prestige Brands



Cosmetaries Brands



Cover Story 03

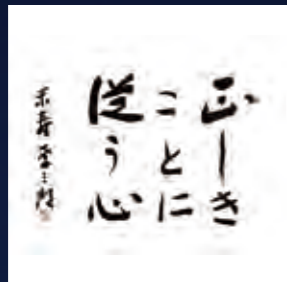
KOSÉ's History of Value Creation

In 1946, Kozaburo Kobayashi founded KOBAYASHI UNLIMITED PARTNERSHIP, the predecessor of KOSÉ, in the Oji (Kita-ku) area of Tokyo. He was convinced that, even in the turmoil of the postwar period, the cosmetics industry would play an important role in rebuilding Japan. With the spirit of co-existence and co-prosperity, and striving to achieve high quality, the Company launched numerous innovative, industry leading products. The attitude that Mr. Kobayashi cherished with regard to manufacturing and sales since the Company's founding is part of the spirit of KOSÉ and has been passed down through generations to the present day.

Statement of Purpose

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

A Spirit Passed Down to the Present Day



Mind to Follow the Right Path

In 1946, at the start of the postwar period, people throughout Japan were suffering from severe economic uncertainty. Kozaburo Kobayashi founded KOBAYASHI UNLIMITED PARTNERSHIP with the belief that cosmetics would brighten people's hearts and support the country's recovery. To raise funds, he set up a contract sales system, under which he received advance payments from product retailers, and visited retailers throughout Japan to invite them to participate in the system. No matter how small the order, he would package the items and cover the freight cost, and even deliver to individual retailers in regions with no supplies. This approach generated significant trust in KOSÉ as a brand. In this way, the Company's spirit of co-existence and co-prosperity has been developed. Since then, all employees have continued to treat everyone involved with KOSÉ with sincerity and honesty, guided by the spirit, "Mind to Follow the Right Path."

Quality Should Be the Top Priority

The 1940s (the era the Company was founded in) were a time when anything could be sold (as long as it was in stock), and low-quality goods dominated the market. Mr. Kobayashi was concerned that products were being sold at prices that did not reflect their quality. He wanted to provide high-quality products that would give customers peace of mind when using them, and he strived to use the finest raw materials and fragrances. At the time, some people advised him to begin mass production and aggressively expand the scale of the Company's operations. However, Mr. Kobayashi declared that KOSÉ's objective was not quantity, but quality. He focused on development of excellent products, a solid organization and human resources, to create a company that could compete on quality even as a small business. Then, in 1957—at the height of Japan's postwar economic recovery—KOSÉ made a dramatic leap forward by launching the premium cosmetics line *LA BONNE*, which was instantly popular. KOSÉ's commitment to quality, which insists that "quality should be the top priority," is the foundation of the Company's approach to manufacturing to this day.

1946–1960s

Business Environment

Postwar Recovery and Capital Liberalization

Establishment of KOBAYASHI UNLIMITED PARTNERSHIP and creation of high-quality cosmetics

Noting that demand for cosmetics remained unchanged even in the turmoil of the postwar period, Mr. Kobayashi was convinced of the future potential of cosmetics. In March 1946, he founded KOBAYASHI UNLIMITED PARTNERSHIP, the predecessor of KOSÉ. The Company launched a succession of high-quality products, including the long-selling cosmetic cream *PERLIGHT SKIN*, with an innovative formula that prevents crystallization, KOSÉ's first premium product *LA BONNE*, and the *AULIC* premium product line with enhanced beautifying effects for Japanese skin.

KOSÉ's aspiration was to promote "effect equals premium quality" rather than "high price equals premium quality."

1970s–1980s

Rise of International Brands and Japan's Bubble Economy

Birth of innovative products and growth into a general cosmetics manufacturer

Amid the rise of foreign brands in department stores, in the 1970s the Company launched *DECORTÉ*, which represents Mr. Kobayashi's long-held vision for a premium brand.

The Company also led the industry by developing the powder foundation *FIT-ON*, and launched *SEKKISEI*, a lotion containing Japanese and Chinese herbal extracts that is still popular today. Amid fierce sales competition, mainly in department stores, the Company sought to expand its customer base. KOSÉ Cosmeport Corp. was established in 1988 as a company that sells cosmetics through the general retail sales routes, offering products that reflect customer needs at affordable prices.



1946

Kozaburo Kobayashi founded KOBAYASHI UNLIMITED PARTNERSHIP, the predecessor of KOSÉ

1970

Launch of *DECORTÉ*



1985

Launch of *SEKKISEI*



1951

Launch of *PERLIGHT SKIN*

1962

Launch of *AULIC*



1976

World-leading development of *FIT-ON* powder foundation



Cover Story 03 KOSÉ's History of Value Creation

1990s

Business Environment

Struggles of Domestic Brands and Collapse of Japan's Bubble Economy

Introduction of corporate identity and efforts to revive the company

As the rise of foreign brands was causing Japan's domestic brands to struggle in a harsh environment, the Company introduced its corporate identity (CI)¹ to strengthen its raison d'être and to communicate an easily understandable message. We revised our corporate image, established a total marketing strategy and a visual identity, and relaunched with a new corporate philosophy.

After the introduction of the CI, the Company also focused on promoting areas such as culture, the arts and sports. Moreover in 1992, we established a special subsidiary, ADVANCE Co., Ltd., as part of efforts to support the employment of people with disabilities. The initiative was an industry first, and was the 25th special subsidiary company to be approved across all industries in Japan.

1. A concept that enhances corporate value by communicating a company's raison d'être and uniqueness through unified imagery and clear messaging.

2000s

Diversification of Distribution Channels and the Need for High-Functional Cosmetics

Continued innovation and launches of world-class brands

As new brands emerged one after another from the late 1990s onwards and grew in popularity, competition in the market became increasingly intense. KOSÉ also launched several brands during this time, each with a unique ambience. We launched several world-class brands, including *STEPHEN KNOLL* in 2003, *JILL STUART Beauty* in 2005 and *ADDICTION* in 2009. We also promoted internal reforms, including the introduction of a supply chain management system and the opening of our training center.

2010s

The Great East Japan Earthquake and Market Expansion through Our Entry into Other Industries

From "Defensive Reform" to "Offensive Reform"

We made financial donations and provided supplies to areas affected by the Great East Japan Earthquake. After witnessing victims of the disaster saying they would prefer eyebrow pencils to cleansing and washing products, we were reminded of the magnitude of our contributions to society as a cosmetics company and the power of cosmetics. In 2011, we changed our "defensive reforms" (implemented in 2007 to improve management efficiency) to "offensive reforms." With the aim of expanding our presence in the market, we took on new challenges that included starting a mail-order business, expanding our business domains and areas including the acquisition of Tarte, Inc.

2020s

Spread of COVID-19 and Acceptance of Diversity

Offering new value globally, for all generations and customer attributes

Demand for lipsticks and other cosmetics temporarily decreased as a result of the COVID-19 pandemic. Even so, we continued to demonstrate our presence by offering "mask-proof" products. Using the themes of the 3Gs² to acquire new customers is a key aspect of VISION2026. In order to "create beauty" for a wide variety of customers, regardless of their age or gender, we are actively working to develop adaptable products, to offer skincare products that can be used from early childhood, and to carry out initiatives toward cultivating sensitivity to beauty.

2. "Global," "Gender," and "Generation"




1992
Proactive approach to CSR activities and engagement with local communities




1991
Introduction of corporate identity to increase the Company's global presence

2003
Launch of the *STEPHEN KNOLL* collection




2005
Launch of *JILL STUART Beauty*


2009
Launch of *ADDICTION*

2019
Launch of *MAKE KEEP MIST* creates a hit product even amid the Covid-19 pandemic




2014
Made the U.S. cosmetics company Tarte, Inc. a subsidiary

2022
Launch of *DECORTÉ ZEN WEAR FLUID* foundation in 40 shades




2022
Opening of *BEAUTY STUDIO* at KidZania Tokyo

2023
Launched genderless *Viséé NENMAKU FAKE ROUGE* lipsticks




2023
Held seminars on UV protection aimed at sporty junior and senior high school students

KOSÉ at a Glance

Cover Story 04

“What we want most of all is to inspire hopes and dreams, building a brighter world.”
KOSÉ is devoted to cosmetics, and we have continued our search for the essence of beauty throughout our long history. In this section, we will explore how the KOSÉ Group of today is linked to its past and future.

● Net Sales ¥300.4 billion	● Operating Margin 5.3%	● Overseas Sales Ratio 36.8%
● Number of Brands 35	● Number of Countries and Regions Where We Operate 68	● Number of Employees 12,816 <small>(2,113 men and 10,703 women)</small>
● E-Commerce/Travel Retail Sales Ratio 23.1%	● ROE 4.4%	● ROA 4.7%
● Waste Recycling Rate at Factories 100% <small>Note: KOSÉ Group production departments</small>	● Total Area Planted with Coral Reefs (Cumulative) 12,270m² <small>Note: About 32.7 times the area of a 25 m regulation-size swimming pool</small>	● Ratio of Female Employees in Leadership Positions 33.2% <small>Note: Leadership position: A position with subordinates, or equivalent</small>

What We Want to Communicate via the KOSÉ Report

This report aims to provide stakeholders with a deeper understanding of the KOSÉ Group's activities by presenting not only financial information, but also non-financial information including management policies, strategies and our underlying rationale. Please refer to our website for information related to investor relations and sustainability.

Scope

The report covers KOSÉ Corporation and its consolidated subsidiaries for the period from January 1, 2023 to December 31, 2023.

Forward-Looking Statements

This report contains forward-looking statements about KOSÉ Corporation's future plans, strategies and performance that are not historical facts. Risks and uncertainties resulting from changes in the business environment may have a significant effect on actual business results. Please also note that we shall not be held responsible for any omissions or errors in data and content in this document.

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Growth Strategy



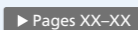

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CEO Message

We see adaptability as the act of staying closely attuned to diverse backgrounds and values, in order to be a source of beauty for everyone. Based on this concept of adaptability, we will move forward with efforts to expand our areas of customer creation under the “3Gs” initiatives, aiming to evolve into a company with ultimately high loyalty.

Looking Back on Fiscal 2023

First, I would like to express my deepest sympathies to all those affected by the recent Noto Peninsula Earthquake. I sincerely hope that everyone affected will be able to rebuild their lives and return to normality as quickly as possible. We will continue to provide support, including supplies, in cooperation with the government and regional authorities.

Looking back on fiscal 2023, our sales in Japan grew across all sales channels. Sales of *Tarte* products, which are sold mainly in the United States and Europe, were strong in every region. On the other hand, our businesses in China were heavily impacted by sluggish consumption due to slow economic recovery in the region, and by the impact of the release of treated wastewater into the ocean from the Fukushima nuclear power plant. Furthermore, in the travel retail market, purchases of merchandise by travel retailers were reduced in South Korea and then in China, which led to a drastic reduction in shipments during the second half of the year. As a result, the Group's

overall net sales and operating profit were both significantly lower than initially forecast.

Moreover, in terms of our quantitative targets under VISION2026, our progress in raising net sales and profit margins has been severely delayed as a result of substantial changes in the business environment, including three years of the COVID-19 pandemic and the previously mentioned economic slowdown in China. We aim to achieve stable business growth in mainland China and in the region's travel retail market, even amid these changes. We will focus on customer creation and stronger marketing for end consumers, at the same time aiming to increase brand value and improve profitability. Furthermore, we will work on sales growth and strengthen profitability in Japan, in addition to our focus on developing new markets for KOSÉ brands in the United States, Europe, ASEAN and India. We plan to announce our next vision, which will include a new business strategy, at the earliest opportunity in fiscal 2024.

Kazutoshi Kobayashi

President & CEO





Message from the President

Accelerating Initiatives to Create New Customers Using the 3Gs as Themes

In fiscal 2023, we made significant progress with customer creation under the themes of the 3Gs (“Global,” “Gender,” and “Generation”). As an example, we appointed the U.S. Major League baseball player Shohei Ohtani as a global ambassador in our advertising campaigns for *DECORTÉ*'s mainstay beauty serum and for *SEKKISEI* sunscreen. In other promotions, *SEKKISEI* and *Visée* sought to raise consumer awareness of the concept of “genderless.” We have also worked to communicate the importance of skincare and enjoyment of cosmetics and beauty for everyone, from children to elderly people. These efforts included awareness-raising activities aimed at school-age baseball players, under the theme of “protect your skin from UV rays.” At KOSÉ, we value the concept of adaptability, which involves staying closely attuned to customer needs and becoming a source of beauty for everyone. Based on this concept, we have carried out various activities in the areas of the 3Gs, and have received wide-ranging support for KOSÉ's approach to beauty.

As part of our efforts to create new customers, we conduct diversity training that includes consideration of various gender identities, elderly people and people with disabilities. This training, which is reflected in our customer service and Monozukuri (manufacturing), enables us to offer the value of beauty to people with diverse backgrounds.

To elaborate on our “3Gs” initiatives to create new customers,



from fiscal 2024 onward “Global” will be an ongoing issue. We must accelerate our initiatives in this area. As specific initiatives, we established a business branch in France, which leads the EU cosmetics market, to strengthen our marketing capabilities, and an office in Paris to strengthen our global system for responding to pharmaceutical and medical laws. We have also opened a *DECORTÉ* duty-free counter at a department store in Paris looking ahead to the 2024 Paris Olympic and Paralympic Games, which are set to attract people from all over the world. We are also focusing on emerging countries, such as ASEAN countries and India. Rather than simply exporting and selling products from Japan in these regions, we intend to swiftly supply products that appropriately accommodate each country's cultures and needs. Simply using “Made in Japan” as a product's main point of appeal is no longer effective to attract overseas customers. We recognize the importance of distinct marketing for each of our brands and products, based on their efficacy and targeted consumer base.

Turning to “Gender,” there was a clear response to our advertising message that “there are no *SEKKISEI* products for men.” KOSÉ has a long history of manufacturing products that don't simply target customers of a specific gender (e.g. “for women” or “for men”). Following the COVID-19 pandemic, the idea of fixed gender roles has been fading, and the mindset that beauty is not limited by gender-based differences has been growing throughout society. To this end, I truly feel that KOSÉ cosmetics are meeting the exact demands of the times.

With regard to “Generation,” we started a new research initiative in cooperation with a team of pediatric specialists to clarify the relationship between the skin and skincare habits for newborns and children, as well as improvements to quality of life (QOL) and the impact of actively preventing allergies as children grow up. Other initiatives are aimed at appealing to all generations in various ways. We conduct activities to raise children's awareness of the importance of sunscreen and to communicate the importance of skincare from early childhood. Our activities at the BEAUTY STUDIO pavilion at KidZania Tokyo have been ongoing for several years and continue to be enjoyed by many children. We also hold a beauty event held on Japan's Respect for the Aged Day (a national holiday) where grandparents and their grandchildren can have fun experiencing cosmetics together. I am confident that these flexible “3Gs” ideas and initiatives, based on KOSÉ's unique concept of adaptability, will widen our business domains and lead to sustainable growth.

Initiatives for Fiscal 2024— Reflecting on Our Challenges to Date, Expanding Our Global Presence and Seeking Even Better Customer Experiences

In fiscal 2024, we will continue working to expand our global presence and seeking out even better customer experiences. Expanding our global presence means accelerating the global development of our brands. In Japan, we will increase the presence of our high-prestige brands at department stores and at specialty cosmetics stores. In the mass market, which is centered mainly on drugstores, we will accelerate sales growth with a stronger product lineup for each of our prestige brands and improve the profitability of our cosmetics brands by increasing sales and reducing cost of sales.

Tarte, Inc., which is based in North America, has grown its sales roughly fourfold in the decade since it was merged and became a subsidiary of the KOSÉ Group. On the sales front, we will open more *Tarte* stores in Europe, the Middle East and Asia, and develop new sales channels in North America including a social media-linked online store. On the product front, we will work to maintain *Tarte*'s position as the leading concealer brand and reinforce its position in the lipstick and mascara categories. As part of efforts to increase *Tarte*'s presence in Western markets, we will strengthen our marketing structure to develop other brands managed by KOSÉ in the same markets.

In terms of initiatives in our Asia markets, we will revise our existing sales methods in response to changes in the Chinese market and drive customer creation using our unique strengths in counseling and beauty treatment experiences. By using these experiences to improve *DECORTÉ*'s brand image in the region, we will strengthen sales of its high-end products. In tandem with these marketing investments, we will review promotional expenses for e-commerce sales with the aim of improving profitability. We will also review our Asia business, which has relied heavily on Chinese demand, and strengthen our sales structures in ASEAN and India.

As part of our plan to seek out even better customer experiences, in January 2024 we launched a new feature on the *DECORTÉ* Official Online Boutique that enables customers to

view their in-store purchase history on their online profile page. With initiatives such as this, our plan is to accelerate our OMO¹ measures, including moving forward with customer relationship management (CRM) activities, starting with the unification of KOSÉ customer IDs and centralizing online and offline customer data. These measures are a starting point from which we can offer more personalized customer experiences and maximize LTV.² We aim to become “a company with ultimately high loyalty.”

In January 2024, we established the Product Headquarters to build a sound foundation for the Company's growth. To date, we have focused on our strengths in manufacturing, such as our ability to create highly original products with strong customer loyalty backed by advanced R&D capabilities, and our safe, secure and stable quality control. However, we need to build a flexible and agile supply chain that enables us to quickly supply products in response to changes in the competitive environment in the market. For example, as we work to strengthen our global development, we must comply with various local pharmaceutical laws and regulations when entering new countries, and supply products that have been localized for each market. The Product Headquarters has been established as a control tower to resolve these challenges, overseeing all divisions involved in manufacturing operations. We aim to strengthen coordination of functions, enhance global sales systems and ensure that appropriate products are supplied quickly. From the perspective of adaptability, we will deliver products and services suited to the market in each country and will drive the market penetration of diverse brands produced by KOSÉ. In addition, we plan to reinforce our manufacturing system by building the new Minami-Alps Factory (Yamanashi Prefecture) and making effective use of our outsourcing partners.

1. OMO: Online Merges with Offline, a marketing approach that consolidates online and offline distribution channels and customer bases
2. Lifetime value for customers

Creating Beauty in a Sustainable World—Promoting Sustainability Activities That Enable the Power of Cosmetics to Flourish

The KOSÉ Group's Corporate Message, “Creating Beauty in a Sustainable World,” serves as its guiding principle for sustainability. To this end, we have established the KOSÉ Sustainability Plan to make the future better for people and the

environment. Based on our six activity themes (our material issues), we are promoting initiatives that aim to balance our business activities with the creation of a sustainable society. One of the six activity themes is support for a beautiful, healthy and



Message from the President

happy life. As part of sustainability initiatives that express KOSÉ's uniqueness, we see the achievement of well-being as providing an important perspective. The value that cosmetics bring to the people who use them continues to increase, and as such we recognize that our pursuit of well-being is one of the important social contributions that we can make as a cosmetics company.

For example, as one of our initiatives to support the health of future generations, in fiscal 2023 we created the *SEKKISEI SUN BLOCKERS* campaign to promote the importance of UV protection among children who enjoy outdoor sports. The campaign included a special message from Shohei Ohtani and sunscreen products for participants. In fiscal 2024, we plan to distribute our own teaching materials on UV protection measures to junior and senior high schools that request them. We also plan to hold seminars on UV protection, with KOSÉ employees acting as instructors. Our hope is to play a part in ensuring that children have healthy skin and skincare habits.

In addition, we are promoting "Lower the overall environmental impact of business operations" as a theme for initiatives related to the global environment. We announced strategies for decarbonization including net zero-related initiatives, with the aim of achieving zero CO₂ emissions throughout the value chain by 2050. In 2022, we participated in a model project conducted by Japan's Ministry of the Environment on the carbon footprint of products and services. Specifically, this project involved calculating the carbon footprint for the *SEKKISEI CLEAR WELLNESS* series; i.e. the total amount of CO₂ emissions over each product's lifecycle. Based on the results, we formulated an action plan to reduce CO₂ emissions related to the series going forward.

For the renewal of *MEDICATED SEKKISEI BRIGHTENING ESSENCE LOTION*, the first update to the long-selling *MEDICATED SEKKISEI* product lineup, we have reduced the amount of plastic by using FSC-certified paper and biomass plastic for the container and outer packaging. As a result, as little plastic is used in creating the container as possible. This has reduced manufacturing-related CO₂ emissions by around 9% for

Becoming a Company with Ultimately High Loyalty through Value Creation That Harnesses the Power and Diversity of Each Employee

We aim to evolve into a company with ultimately high loyalty. I am confident that the core of supporting this evolution is the power of every employee. Diverse human resources are truly the source of our unique competitive advantage and of our ability to generate innovation. As such, we are working to further improve

the regular size and 10% for the large size. We will continue working to visualize the environmental impact of our products, and I hope that we can raise environmental awareness together with our customers.

Since its foundation, the Company has cherished the spirit of co-existence and co-prosperity with all of its stakeholders, not only with customers but also with its business partners, suppliers and local communities. These mutually beneficial relationships have been redefined as the KOSÉ Beauty Partnership. In July 2024, construction of the Minami-Alps Factory is scheduled to begin. Based on the Group's Corporate Message and the KOSÉ Beauty Partnership, the plan is to create a factory that meets the needs of both people and the Earth and incorporates sustainable functionality. "For people," we aim to create a welcoming, fulfilling work environment at the new factory that brings out respect for employee diversity. We also want the factory and the Company to be open and welcoming to the local community. We are planning initiatives that include allowing visitors to observe the cosmetics manufacturing process and running workshops. "For the Earth," the factory has been designed with ample consideration for the environment. The building is situated in an area surrounded by the beauty of nature. It incorporates rainwater management and wastewater reuse systems based on the concept of green infrastructure, and solar power generation that takes advantage of Japan's climate of long daylight hours. In addition, we are involved in activities and research related to protecting forests that nurture water resources. Through the theme of water as a vital ingredient in cosmetics, our aim as a Company is to co-exist with the rich natural environment that surrounds the factory and with the local community.

Guided by the concept of adaptability, we completely revised the initial concept of the Minami-Alps Factory so that we can precisely respond to changes in the diverse needs of society. The factory has a flexible high-mix low-volume production system that can respond to substantive changes in demand. Operations are scheduled to begin in the first half of 2026.

job satisfaction among employees, to build a portfolio of excellent human resources and to optimize our use of those human resources, with the aims of creating an environment where individual employees can fully demonstrate their capabilities and increasing employee engagement.

Creating this kind of environment is one thing, but I feel that it is equally important for individual employees to feel empowered to take on challenges without fear. In 2023, I was interviewed for a television program where I, as the President of the Company, reflected on the history of KOSÉ's businesses, which have grown through repeated trial and error. I discussed the challenges that our major brands have faced in the past, from their introduction to their withdrawal from certain markets. I deliberately used the word "failure" when referring to that process. Honestly, I believe that such "failures" are the result of taking risks, and I see those efforts as valuable assets that we can use going forward. I want our employees not to be afraid of failures by seeing our predecessors' history of challenges and withdrawals as past events. To accelerate the new customer creation process, I sincerely hope that each employee will make bold decisions and take on challenges that they have never experienced before. These challenges may include changing their perspective and trying completely different approaches in their work.

As part of our efforts to increase employee engagement, in fiscal 2017 we established the "Create a Great Place to Work" committee, directly below the management team. The committee works to empower employees by promoting initiatives to improve job satisfaction and working conditions. The committee is backed by a strong commitment from senior management and executive officers. Together, we are working to propose and implement measures to instill a sense of purpose in employees. One significant characteristic of the committee is that the members implement various cross-departmental measures, cooperating with the Human Resources Department in making reforms to the personnel system and compensation. We have already created lifestyle support systems related to childcare, and are working to maintain motivation and working comfort for employees

Taking on Challenges and Demonstrating Bravery in Product Creation That Reflects KOSÉ's Unique Values

We have been living in a so-called VUCA³ era for some time, and uncertainty in the business environment has been increasing. Under such circumstances, I believe that the KOSÉ Group's adaptable product lineup is one of the reasons that it is cherished and appreciated by many customers. It capitalizes on the Group's unique portfolio of varied and appealing brands, from high-prestige brands to cosmetaries.

We will continue working to create a corporate culture

dealing with lifestyle changes such as pregnancy, childbirth and childcare. I believe that these initiatives played a strong part in the Company's 2023 selection as a Nadeshiko Brand (an initiative jointly conducted by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange). In fiscal 2024, we will continue to strongly promote these initiatives. We will appoint 16 mid-class employees as "Create a Great Place to Work" committee members, and establish a structure to accelerate implementation of bottom-up approaches that are more closely aligned to the real situation and needs of employees.

In terms of employee engagement, between fiscal 2018 and fiscal 2022 we saw an overall increase in employee satisfaction based on results from the employee opinion surveys that we conduct every few years. I believe this increase shows that our initiatives to foster job satisfaction and ensure comfortable working conditions are steadily generating results. We will continue to empower diverse employees to flourish as one of the KOSÉ Group's strengths.



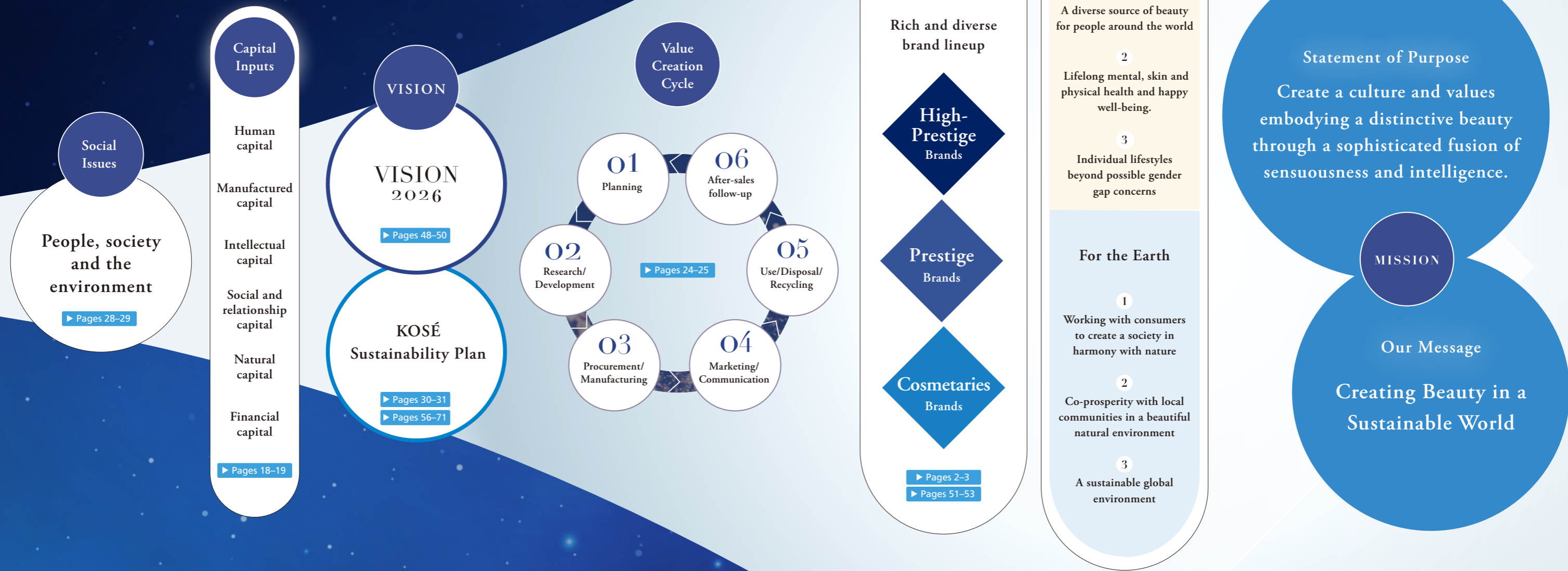
that recognizes the importance of taking on challenges and not being afraid of failure. We will also strive to create products that reflect KOSÉ's unique values and evolve into a company known and loved globally. Please continue to expect great things from the KOSÉ Group going forward.

3. Volatility, Uncertainty, Complexity, and Ambiguity. The acronym refers to a state of rapid change, in which the outlook is uncertain and the future is difficult to predict.



The KOSÉ Group's Sustainable Growth Process

To better live up to its Statement of Purpose, the KOSÉ Group is working to achieve medium-to-long-term VISION2026, and is taking on the material issues of the KOSÉ Sustainability Plan, which was formulated in 2020. Going forward, we will establish an unrivaled presence as a "company that creates beauty" while working to deliver unique value and gain the appreciation of customers worldwide.



Values	KOSÉ Beauty Partnership	▶ Pages 20-23
Fundamental Strengths	Sustainability	▶ Pages 28-31
	Adaptability	▶ Pages 26-27

The KOSÉ Group's Capital Inputs

The KOSÉ Group has cultivated six types of capital since its founding. They underpin the Group's sustainable growth processes and are essential for increasing corporate value.

Looking ahead, we aim to achieve sustainable growth by utilizing our strengths based on these six types of capital.

1. Figure for Group companies in Japan
 2. Excluding Tarte. Registered as of the end of December 2023.
 3. KOSÉ Group production departments
 4. Shareholders' equity = Net assets minus stock acquisition rights, minus non-controlling interests



The KOSÉ Group's Values—The KOSÉ Beauty Partnership

The KOSÉ Beauty Partnership, set out as part of medium-to-long-term VISION2026, reflects the KOSÉ Group's values and is one of the Group's unique strengths. This section looks at the KOSÉ Beauty Partnership, from the background of its establishment to its direction going forward.



Since its foundation, the KOSÉ Group has pursued business activities that cherish the spirit of co-existence and co-prosperity with not only customers but also with its business partners, suppliers and local communities. In order to achieve medium-to-long-term VISION2026, it is essential that we aim to be a source of beauty for everyone, continue to generate world-leading unique value and offer a variety of brands brimming with originality and appeal. In order to do all of these things, we will strive to remain the company of choice for stakeholders who love and support KOSÉ, redefine our mutually beneficial relationships through our unique concept of “Creating Beauty” and define them as the “KOSÉ Beauty Partnership,” and continue to build relationships.

Note: We use the term “partnership,” which holds greater meaning than the commonly used term “stakeholders” (persons concerned), to emphasize the significance of “partners” with a mutually respectful relationship.

Specific Initiatives with Each Stakeholder Type

Stakeholder	Relationship type	Stakeholder expectations and concerns	Specific initiatives
	Connective	<ul style="list-style-type: none"> Provision of high-quality, high-value-added products and services Provision of products and services that meet personal needs Pursuit of radiant and diverse beauty, both visibly and from within 	<ul style="list-style-type: none"> Creation of a system for reflecting customer feedback in products and services, in addition to manufacturing, quality control and production systems that prioritize safety and reliability ▶ Page 22 Planning, design and communication activities based on diverse customer backgrounds, including countries or regions, gender and age Counseling sales system that provides beauty information in order to be a source of beauty for everyone, whether in physical stores or online
	Respectful	<ul style="list-style-type: none"> Support and information sharing for co-existence and co-prosperity Offering unique brands that create life-long customers Stable, efficient and environmentally friendly logistics 	<ul style="list-style-type: none"> Strengthening of relationships between the Company and stores, and establishment of a community that connects stores with each other An information sharing system and the reciprocal establishment of sales methods that use online and offline elements tailored to each channel A flexible logistics system that makes use of the modal shift of freight to ships and rail
	Supportive	<ul style="list-style-type: none"> Fair, impartial and equitable relationships created with the aim of co-existence and co-prosperity Ongoing communication for quality maintenance and stabilization of the procurement process Information sharing and cooperation for sustainable procurement 	<ul style="list-style-type: none"> Hosting of individual information exchange and supplier appreciation events Formulation and sharing of our Basic Procurement Policy, which covers five key points: Ensuring quality and safety, Fairness and impartiality, Compliance with laws, regulations and societal norms, Co-existence and co-prosperity, and Maintaining information security Implementation of surveys and interviews on sustainable procurement ▶ Page 23

Stakeholder	Relationship type	Stakeholder expectations and concerns	Specific initiatives
	Co-creative	<ul style="list-style-type: none"> Provision of working style options to suit individual employees Use of diverse human resources and their skills, and creation of opportunities for and places conducive to growth Creation of new value through DX and business reforms 	<ul style="list-style-type: none"> Establishment of working systems that accommodate diverse lifestyles, including full-day, half-day and hourly paid leave, and abolition of core time within the flextime system ▶ Page 22 Self-improvement support that embodies the Policy for the Development of Skills, and initiatives to encourage communication within the Company Encouragement of human resource utilization through a talent management system, employee opinion surveys and other measures
	Promising	<ul style="list-style-type: none"> Sustainable improvement of corporate value Fair stock prices and achievement of shareholder returns Dialogue and fair, impartial and timely disclosure of financial and ESG-related information 	<ul style="list-style-type: none"> Financial results briefings and management meetings (four times a year), General Meeting of Shareholders (once a year) Briefings for individual investors and meetings with institutional investors (as required) Publication of a shareholder newsletter and an integrated report (each once a year)
	Innovative	<ul style="list-style-type: none"> Rapid innovation Expansion into new areas of value creation Permeation of innovative thinking within the Company 	<ul style="list-style-type: none"> Collaboration and joint development with other companies ▶ Page 23 Dispatch of researchers to external research institutions, including the Advanced Technology Laboratory in Lyon (France) and Gladstone Institutes (U.S.) Research into the use of quantum computer technology to make rapid development of formulations a reality
	Cooperative	<ul style="list-style-type: none"> Creation of a unified industry framework for the benefit of society Collaborations to resolve social issues Communication of the value of “Japan Beauty” to a global audience 	<ul style="list-style-type: none"> Collaboration in the sustainability area of the cosmetics business Establishment of ecosystems in the cosmetics industry, such as a horizontal recycling system for plastic containers Moving forward with environmental impact reductions by promoting joint delivery as a logistics solution
	Responsible	<ul style="list-style-type: none"> Environmental conservation programs in areas where KOSÉ operates Lower environmental impact throughout our business operations Fostering of environmental awareness in society 	<ul style="list-style-type: none"> Responses to environmental issues, such as climate change and protection of marine resources and biodiversity, in our business activities ▶ Pages 61–65 Reviews of manufacturing methods and product development with the aim of reducing environmental impact Environmental conservation programs in areas where KOSÉ operates (ALBION's Shirakami Laboratory, protection of mountain forests around the Minami-Alps Factory)
	Reliable	<ul style="list-style-type: none"> Unified industry-government initiatives Social contribution through our businesses Support for the healthy development of the next generation 	<ul style="list-style-type: none"> Solutions to social issues in cooperation with international organizations and governments, in areas such as diversity and reduction of carbon footprint and plastic use Promotion of sports as a way to support healthy and happy lives Compliance with laws, regulations and societal norms, and information collaboration through dialogue, etc.
	Beneficial	<ul style="list-style-type: none"> Co-existence and co-prosperity with communities Contribution to job creation and community development Ensuring a lasting habitable regional environment 	<ul style="list-style-type: none"> Activities such as local beauty courses and company tour programs Various collaborations for the revitalization of communities ▶ Page 23 Education of the next generation, including participation in social events and educational activities about healthy skin at childcare centers

Value Generated through the KOSÉ Beauty Partnership

We are achieving value creation that leverages the synergies created in collaboration with our stakeholders as part of the KOSÉ Beauty Partnership, through our unique concept of “Creating Beauty.” Here, we present some examples of new value creation achieved through mutually beneficial relationships with our stakeholders.

Customers
(B2C)



KOSÉ

Connective

Working to Connect with Every Customer—Developing Products and Services That Are Easy to Use and Understand in Every Way

KOSÉ strives to use customer feedback in development and improvements for even better products and services. We have been using feedback received by the Customer Service Center and through other channels to develop and improve containers and create products that incorporate principles of universal design.¹ Several of our existing products are made to be color barrier free² and/or incorporate embossing and Braille. We also provide free Braille stickers to help customers identify cosmetics products. Furthermore, with the goal of making products that are easy for everyone to use, we launched a working team in the department that plans and designs product containers and are conducting ongoing research. In fiscal 2023, we teamed up with NPO Dream to hold a makeup seminar for stroke patients who have been left with limited mobility in their arms or legs. We conducted interviews during the seminar, and we plan to use the feedback from those interviews in product container development. Looking ahead, we will continue to develop products and services with the aim of making them easy to use and understand in every way.



1. Designs intended to facilitate ease of use for everyone, regardless of language, age, gender, disability, etc.
2. Use of color schemes and designs that are easy for people with color vision deficiency to recognize.

Community



KOSÉ

Beneficial

Contributing to the Growth of the Next Generation with Education Programs That Combine Fun and Learning, with the Aim of Enduring Development of Communities



KOSÉ aims to achieve co-existence and co-prosperity with the communities in which it operates, and we value our contributions to these communities. In Minami-Alps City (Yamanashi Prefecture), where the Company is planning to build a new factory, we are conducting joint research on water with Yamanashi University and holding events to familiarize local community members with our products. In addition, Group company KOSÉ INDUSTRIES CO., LTD. is a partner organization of the Yamanashi Junior Doctor Training Nature School,³ which aims to help children—who are the future of Minami-Alps City—understand the environment and society and encourage them to develop a strong interest in science and technology. In fiscal 2023, KOSÉ employees visited the school as lecturers. They helped the children learn about environmental issues in a fun way, through activities including lectures on what cosmetics are and their history and efficacy, and an original room fragrance creation experience. The program was well received not only by the students but also by their parents, who said that they found it very interesting. We will continue these activities in fiscal 2024.

3. An education program operated by Yamanashi University with support from the Japan Science and Technology Agency (JST), that aims to put elementary and junior high school students on the path to becoming future scientists.

Human
resources



KOSÉ

Co-creative

The KOSÉ Family Day—Meet KOSÉ! 2023 Initiative for Increasing Engagement and Mutually Beneficial Relationships with Employees

At KOSÉ, we regard employees as an important asset and the foundation supporting the enhancement of our corporate value. We believe that increasing employee engagement and employees' willingness to contribute will revitalize the organization and strengthen our competitiveness. In fiscal 2017, we established the “Create a Great Place to Work” committee to promote various initiatives to further increase employee engagement, backed by a strong commitment from the management team. These initiatives include holding lectures led by directors and conducting interviews on job satisfaction at each work location. In addition, in fiscal 2023 we held the KOSÉ Family Day—Meet KOSÉ! 2023 event at KidZania Tokyo, of which we are an official sponsor, for employees and their families throughout Japan. On the day, we set up six special booths including an introduction to working at KOSÉ, a makeup modelling experience and a photoshoot. The booths gave participants opportunities to learn more about KOSÉ, increase their affinity with the Company and create memories. Employee satisfaction with this initiative was 98%, making it a standout opportunity for improving employee engagement.



Suppliers | Collaborators



KOSÉ

Supportive & Innovative

With the Aim of High-Quality Manufacturing, a Partnership of Over 20 Years Leads to the Development of Japan's First “Doubly Effective” Product



Harnessing a broad array of knowledge is essential to achieving high-quality manufacturing that is sustainable, safe and reliable. We have aimed for co-existence and co-prosperity with our business partners since our founding, taking steps to strengthen relationships throughout the supply chain. In fiscal 2023, we launched the medicated moisture sealing balm *ONE BY KOSÉ SERUM SHIELD* containing Rice Power[®] No. 11+⁴, a product created by Yushin Brewer Co., Ltd., who we have collaborated with for many years. In order to stably incorporate Rice Power No. 11 (the first ingredient in Japan to be recognized as having dual functionality for moisturizing and anti-wrinkle) into products as the active ingredient, we conducted repeated research efforts and made full use of our in-house formulation technologies. The resulting product quality makes it ideal for everyday use. Our long-standing collaborative relationship with Yushin Brewer has widened the market for wrinkle-reducing products, which are currently receiving strong customer interest. We held a press conference on this and other collaborations in fiscal 2023.

4. An active ingredient that has been shown to both improve the skin's moisture retention ability and reduce wrinkles. Rice Power[®] No. 11 is the first product in Japan to be recognized as having a single ingredient with dual functionality.

KOSÉ's Unique Value Creation Cycle

The KOSÉ Group has provided unique value by offering products and services that help our customers' beauty shine forth from within, created by the fusion of sensuousness and intelligence. We will continue to conduct environmentally conscious business activities from a sustainability perspective, as well as manufacturing that is based on adaptability and building a portfolio full of appealing brands, in our quest to be a source of beauty for everyone.



01

Building Brands That Adapt to the World

For each brand, we design products tailored to the markets where they are sold and to customer characteristics. We aim to use each brand's image to create brands that cater to a diverse customer base. For the *DECORTÉ* brand, which has a presence in 15 countries and regions, we conducted product design for the renewal of *LOOSE POWDER* based on surveys that drew on a wide range of preferences and with a view to marketing the product in various parts of the world.

Human capital Intellectual capital ▶ Pages 26–27 ▶ Page 58



02

Highly Trustworthy Manufacturing Based on the Sophisticated Fusion of Sensuousness and Intelligence

Since its foundation, KOSÉ has pursued safety, reliability and high product quality, and delivered cosmetics with a focus on effectiveness. We also emphasize sensory elements such as ease of use and scent, which lead to trust from customers who want to keep using products over the long term. We are carrying out product manufacturing with lower environmental impact and in compliance with global regulations. One example is the development of a *SEKKISEI* sunscreen formulated with consideration for marine ecosystems and related social issues.

Human capital Intellectual capital Manufactured capital ▶ Pages 27, 61

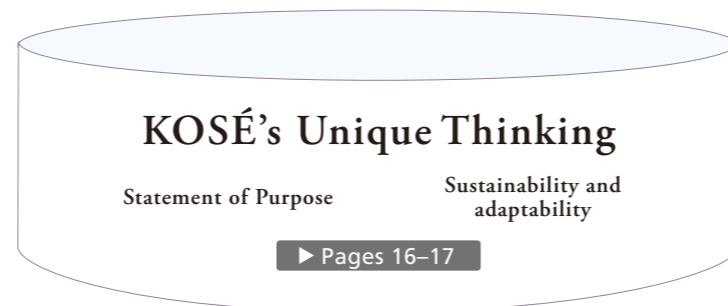
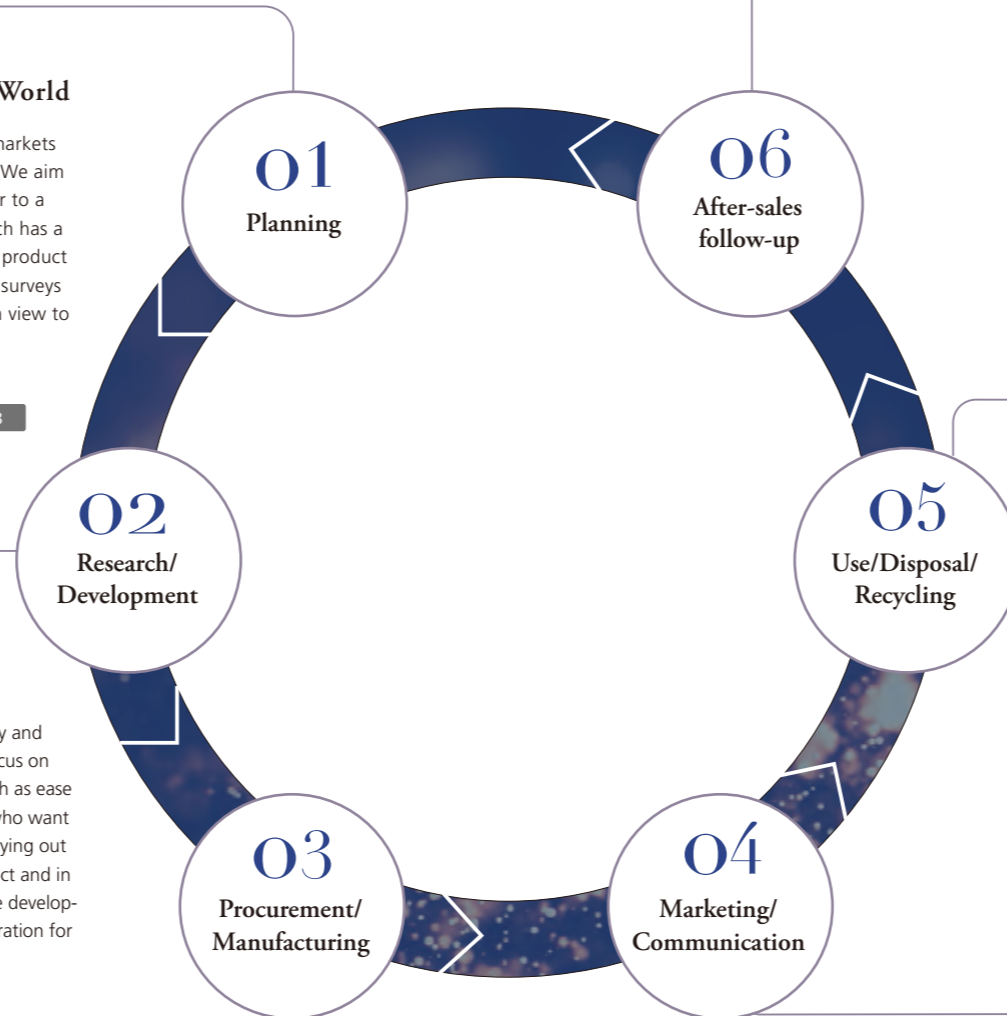


03

Stable Procurement of Raw Materials and a Clean, Efficient Manufacturing System

To consistently provide high-quality cosmetics, we have set up a global raw material procurement system and established a manufacturing system that can flexibly handle a variety of formulations. We have also switched all electricity used at our Gunma Factory, Sayama Factory and at ALBION's Shirakami Laboratory to renewable energy sources with the aim of creating a clean manufacturing system. The Shirakami Laboratory is also promoting sustainable procurement in ways such as utilizing nearby abandoned land to cultivate plants for use as raw materials.

Human capital Intellectual capital Manufactured capital ▶ Pages 68–69



Creating a Manufacturing Framework to Respond to Customer Feedback and Exceed Expectations

KOSÉ takes the customer's perspective, and reflects the opinions of customers and business partners in the creation of new value. There are many real-world examples of products that we have improved based on customer feedback. On launching an improved version of our flagship *SEKKISEI* lotion, we reflected customer feedback in the packaging specifications by taking usability and visual recognition into account.



06

Circular Product Design That Takes People and the Earth into Consideration

When creating long-selling products supported by a loyal customer base, we believe it is important for our customers to use a product comfortably from start to finish. This is why we develop and manufacture products with consideration not only for the usage stage, but also for the end-of-use and disposal stages. We have introduced container recycling for some of our brands, and for *ADDICTION* we have launched a limited-edition makeup compact case made using 94% recycled resin material.



05

Providing Opportunities to Create New Points of Contact with Customers

Since KOSÉ's founding, we have dedicated ourselves to brightening people's hearts through cosmetics. Currently, in addition to improving convenience for customers, we are providing opportunities to interact with and enjoy beauty, with the aim of enhancing the value of customer experiences both online and offline. In 2023, we provided visitors to CES 2023 in the United States, one of the largest technology expos in the world, with the opportunity to experience a makeup simulator that uses high-speed projection mapping technology. The simulation was tested out by visitors over 1,200 times, and the majority of visitors were impressed and gave positive feedback. We will continue to test out new ideas.



04

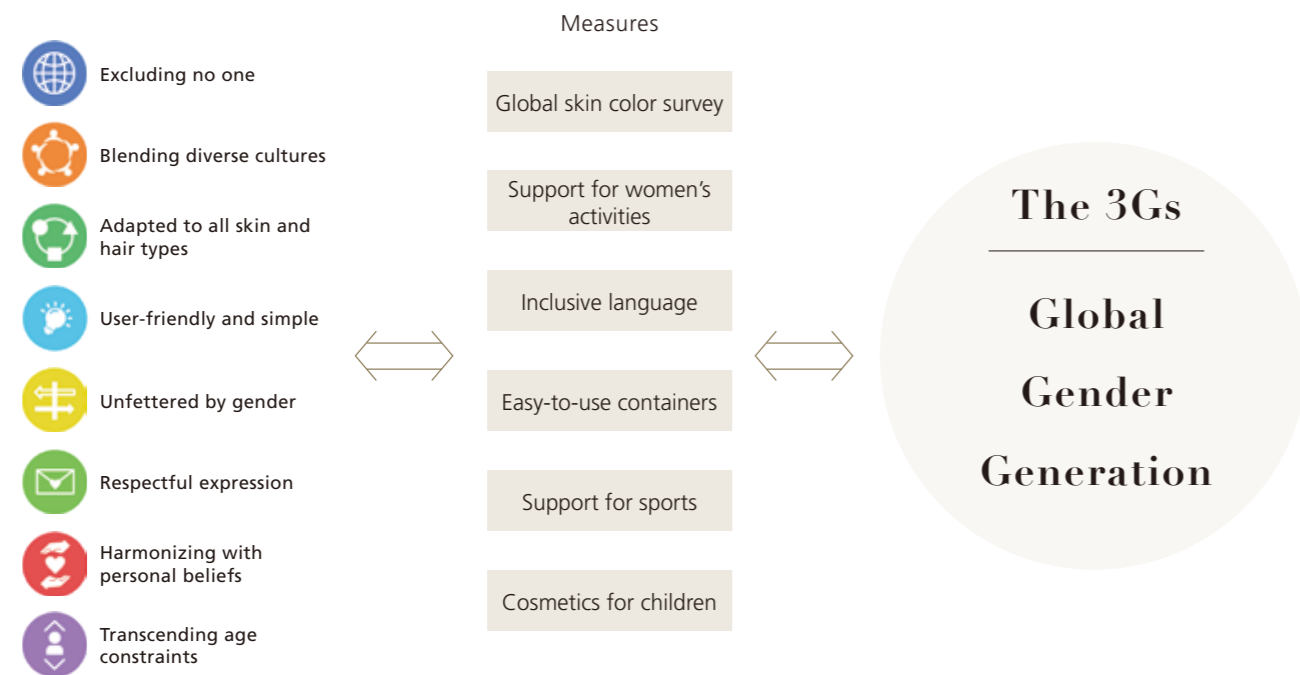
Value Creation Based on Adaptability

KOSÉ believes it important to become a source of beauty for everyone, and to be a company that is closely attuned to its customers. In order to achieve both of these aims, we use the concept of adaptability as the source of our value creation. Looking forward, we will also widen the scope of the value we provide in the areas of the 3Gs (“Global,” “Gender,” and “Generation”), as presented in VISION2026, with the aim of creating new customers.



Throughout the world, as the declining birthrate and the aging population continue to advance, the average life expectancy is increasing and lifestyles continue to diversify. In the cosmetics industry's operating environment, beauty is becoming genderless and more people of all ages have started using cosmetics, as people realize the importance of skincare both from early childhood and for the increasing number of elderly people in their mid-70s and over. KOSÉ aims to stay attuned to customers' beauty. To this end, we use three perspectives—Physical, Mind, and Social Attributes—as the starting point for value creation. It is adaptability that enables us to universally appeal to customers around the world. To provide people with products, services and communication that reflects their individuality, we engage with them as individuals. Based on the three perspectives described above, we have also established eight more concrete initiatives for Adaptability∞.

Adaptability ∞

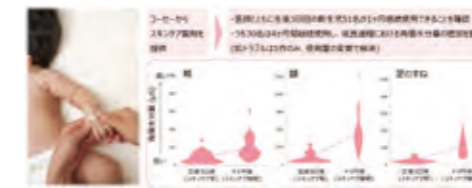


Examples of New Customer Creation, Based on Adaptability

- Responding to global needs**
 - Spawake
 - ADDITION
- Support for society that leverages brand value**
 - SEKKISEI
 - DECORTÉ
- Unfettered by gender**
 - Visée
 - im (KOSÉ MILBON COSMETICS)
- User-friendly and simple**
 - KOSÉ HADA mite
 - softymo (KOSÉ COSMEPORT)
- Responding to the needs of each generation**
 - CARTE HD (KOSÉ Maruho Pharma)
 - ONE BY KOSÉ
- Suited to all skin types**
 - DECORTÉ
 - IC.U (Dr. PHIL COSMETICS)

Note: Representative examples are shown for each initiative. All KOSÉ brands are implementing various adaptability initiatives.

Through Years of Skin Research, Achievement of a Skincare Formulation That Is Safe for Use from Early Childhood



In recent years, there has been increasing recognition of the effectiveness of appropriate skincare for children as they grow up. In particular, skincare habits established during early childhood have the potential to prevent atopic dermatitis and other allergies. Practicing skincare from early childhood is expected to improve quality of life (QOL) over a lifetime.

In joint research conducted with a pediatric allergy specialist team,¹ we confirmed that a skincare formulation that we have developed is safe for use on newborn babies aged from three days onward. Furthermore, the research showed that if this formulation is used continuously for four months on newborn skin, which is prone to drying out due to lack of moisture, the amount of moisture in the skin on various parts of the body increases. The skincare formulation used for this study was the result of KOSÉ's 25-plus years of research into sensitive skin.

We will continue our research related to the skin of newborn babies and children, in order to develop products that can be used safely by all customers.

1. Chiba Aiyukai Kinen Hospital (Nagareyama City, Chiba Prefecture) "Study on Prevention of Allergic Reactions in Infants through Educational Intervention for Pregnant Women"

A Makeup Simulation System for Enjoyment of Diverse Beauty, Using High-Speed Projection Mapping Technology and Color Correction Technology



In a joint research project with the Watanabe Laboratory at the Tokyo Institute of Technology, KOSÉ developed a makeup simulation system that can be tested on people's faces to simulate real makeup. The system incorporates color correction technology that projects suitable makeup colors based on the skin's reflective properties. The COLOR MACHINE, a makeup simulator that uses this technology, has been providing new value as a beauty experience² at our Maison KOSÉ Ginza concept store since August 2022. It is not easy to find the one item that suits you from among the myriad of makeup products available. The COLOR MACHINE was developed to address this problem, offering customers opportunities to enjoy the selection process while discovering the makeup that suits them best and to try new makeup products. Through this service, we hope that users will discover their own style of beauty that transcends gender, age, language and other global barriers.

2. Content that offers new beauty experiences

Recognition of the External Environment and Identification of Material Issues

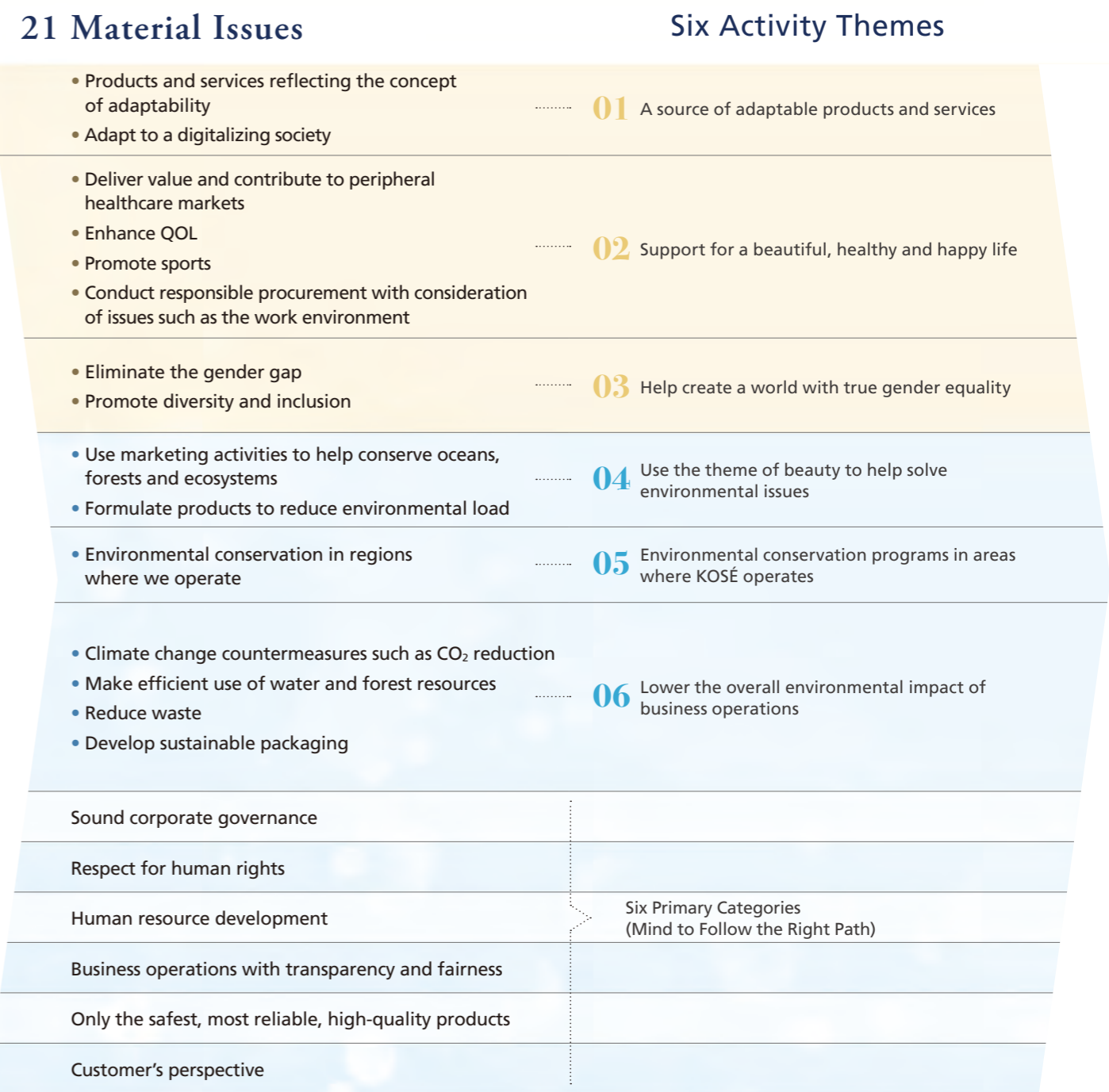
Identifying Material Issues

To achieve sustainable growth, the KOSÉ Group needs to have an accurate understanding of the relationship between the external environment and the Group. On that basis, in identifying relevant social and environmental changes, as well as related risks and opportunities, we referred to ISO 26000, the United Nations Global Compact, the SDGs and other guidance. We identified 21 material issues that the KOSÉ Group should address. We rated each issue on a 5-point scale in terms of importance and relevance for each Group company and division, and used the average scores to quantify those issues based on an index of importance and relevance to the KOSÉ Group as a whole.



Setting Material Issues and Themes

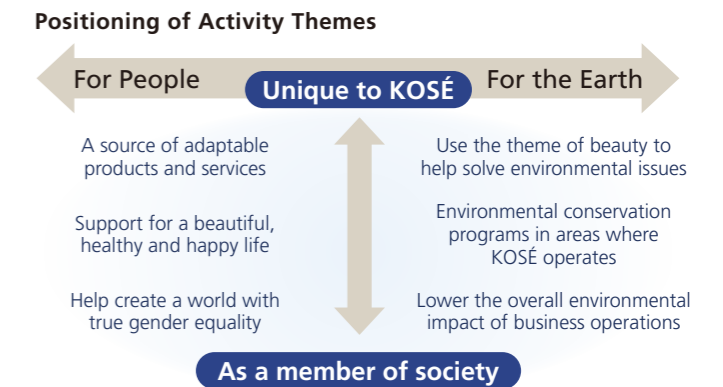
We evaluated the issues identified on the axes of importance to society (customers, business partners, suppliers, shareholders, employees, local communities, the international community, NPOs, NGOs, etc.) and the axes of importance and relevance to the KOSÉ Group. We checked the 21 material issues against our guiding principle for sustainability and our fundamental policy, and divided the issues into three areas: People, which relates to individuals and society; the Earth, which relates to the environment; and Mind to Follow the Right Path, which relates to our corporate foundation. We then defined these issues as six activity themes and six primary categories (Sustainability Plan). This Sustainability Plan was approved by the Board of Directors based on guidance from the Sustainability Committee, and is shared as a framework throughout the Group.



KOSÉ Sustainability Plan

The KOSÉ Group's Corporate Message, "Creating Beauty in a Sustainable World," serves as its guiding principle for sustainability, while its fundamental policy, "Mind to Follow the Right Path," has been the basis of its corporate spirit since its foundation. Based on the above, we have established the KOSÉ Sustainability Plan to make the future better for people and the environment. As we work to achieve a sustainable society and fulfill our responsibilities as a member of the international community, we will make greater use of our sensuousness and intelligence with the aim of becoming a unique and trusted company with a global presence. In formulating this plan, we identified material issues that the KOSÉ Group should address and set activity themes, while confirming social and environmental issues and incorporating feedback from external stakeholders.

These activity themes can be categorized in two ways: those that are vital for enhancing KOSÉ's unique value as part of our business activities, and those under which the Company contributes to solving social issues as a member of society. Please refer to the diagram on the right.



Six Activity Themes

For People

01 A source of adaptable products and services
As a source of beauty for everyone, we embrace differences in skin color, values, culture and other diverse characteristics to provide the value of beauty.

We will contribute to a world where people with diverse backgrounds and features—including skin color, gender, sociocultural and geographical background, living environment, religion, creed and physical features—can live confidently and beautifully.

02 Support for a beautiful, happy and healthy life
We contribute to the realization of lifestyles that allow people to enjoy health and happiness, which is a fundamental goal of life for all stakeholders worldwide.

We will energetically address social issues so that everyone can lead a healthy and happy life. Activities will include improving quality of life (QOL), educating and raising the awareness of the next generation, and enhancing the work environment, including our supply chain, through fair trade initiatives.

03 Help create a world with true gender equality
Contribute to a future where there is no gender gap.

We will conduct awareness-raising and other activities that help to eliminate the gender gap not only in the KOSÉ Group, but elsewhere in Japan and around the world.

For the Earth

04 Use the theme of beauty to help solve environmental issues
We will help solve environmental issues as a company that creates beauty, through initiatives such as *SEKKISEI's* SAVE the BLUE project.

We will focus on beauty while promoting activities to solve environmental issues. We will also communicate these initiatives to the general public to make many consumers aware of environmental issues and expand our network for solving issues.

05 Environmental conservation programs in areas where KOSÉ operates
In areas where we have business bases such as production sites and service locations, we will work to preserve the environment, giving back to the local communities based on the ideal of co-existence and co-prosperity.

We will co-exist and prosper with local communities, conducting environmental conservation activities with a focus on production facilities, which have a significant impact on the environment.

06 Lower the overall environmental impact of business operations
We are thankful for the blessings of the global environment, which is the source of all healthy life, and will carry out activities to lower our environmental impact as much as possible.

We appreciate the blessings of nature and will continue to advance our efforts to reduce our environmental impact in order to continue sustainable procurement of raw materials, production activities and other business operations within a sustainable range.

Fundamental Policy

Mind to Follow the Right Path

Sound corporate governance

Respect for human rights

Human resource development

Business operations with transparency and fairness

Only the safest, most reliable, high-quality products

Customer's perspective

Sustainability Promotion System
Progress of the Sustainability Plan

▶ Page 45
▶ Pages 56–70

Details of the KOSÉ Sustainability Plan



Management Introduction (As of March 28, 2024)



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. Atsuko Ogura

Director

8. Yoshinori Haratani

Director

9. Shinji Tanaka

Director

10. Yukino Kikuma

Director (External)

11. Norika Yuasa

Director (External)

12. Miwa Suto

Director (External)

13. Kumi Kobayashi

Director (External)

14. Minoru Onagi

Standing Audit & Supervisory Board Member

15. Shinichi Mochizuki

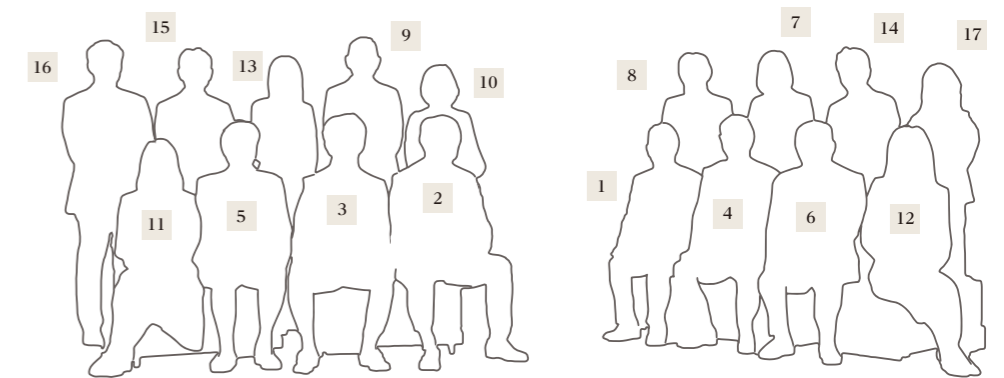
Standing Audit & Supervisory Board Member

16. Toru Miyama

Audit & Supervisory Board Member (External)

17. Nobuko Takagi

Audit & Supervisory Board Member (External)





Career Histories (As of March 28, 2024)

Honorary Chairman

Honorary Chairman

Yasukiyo Kobayashi

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
 Jun. 2007 Representative Director and Chairman, KOSÉ SALES CO., LTD.
 Jun. 2014 Honorary Chairman of the Company (current position)

Director

President & CEO

Kazutoshi Kobayashi

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.

Senior Executive Director

Takao Kobayashi

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.

Executive Director

Masanori Kobayashi

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
 Jan. 2024 Executive Director and Chief Product Officer (current position)

(Responsibilities) Product Headquarters
 (Significant Concurrent Positions Outside the Company)
 Representative Director of KOSÉ INDUSTRIES CO., LTD.

Executive Director

Koichi Shibusawa

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, General Administration Dept., Legal Dept., Human Resources Dept., Quality Assurance Dept., Domestic Sales Subsidiaries and Associates, 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.

Director

Yusuke Kobayashi

Apr. 2000 Joined ALBION CO., LTD.
 Sep. 2005 Executive Officer of ALBION CO., LTD.
 Sep. 2006 Director of ALBION CO., LTD.
 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 of ALBION CO., LTD.

Director

Director

Atsuko Ogura

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) –

Director

Yoshinori Haratani

Apr. 1989 Joined the Company
 Mar. 2008 General Manager of PR Dept.
 Mar. 2012 General Manager of Corporate Strategy Dept.
 Mar. 2018 Executive Officer, General Manager of Corporate Strategy Dept.
 Mar. 2024 Director and General Manager of Corporate Strategy Dept. (current position)

(Responsibilities) Corporate Strategy Dept., IT Management Dept., and Advertising Dept.
 (Significant Concurrent Positions Outside the Company)
 Director of Tarte, Inc.

Director

Shinji Tanaka

Apr. 1989 Joined the Company
 Mar. 2019 General Manager of SK Brand Office
 Mar. 2020 General Manager of Strategic Brands Div.
 Jan. 2023 Executive Officer, General Manager of Strategic Brands Div.
 Jan. 2024 Executive Officer, Chief Marketing Officer, General Manager of DECORTÉ Div.
 Mar. 2024 Director, Chief Marketing Officer, General Manager of DECORTÉ Div. (current position)

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

Director (External)

Yukino Kikuma

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)
 Feb. 2024 External Director of Money Forward, Inc. (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
 External Director of Money Forward, Inc.

Director (External)

Norika Yuasa

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
 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 and attorney at law of Miura & Partners
 Outside Audit & Supervisory Board Member of TOKYO ELECTRON DEVICE LIMITED
 Outside Director of SAINT-CARE HOLDING CORPORATION

Director (External)

Miwa Suto

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 and Supervisory Committee Member) of ASICS Corporation
 Jun. 2021 Outside Director of KATTITAS Co., Ltd. (current position)
 Jun. 2021 Executive Board Member of Japanese Olympic Committee (current position)
 Mar. 2023 Director of the Company (current position)
 Jun. 2023 Outside Director of KANDENKO CO., LTD. (current position)
 Mar. 2024 Outside Director of ASICS Corporation (current position)

(Responsibilities) –
 (Significant Concurrent Positions Outside the Company)
 Managing Director of PLANETPLAN, Inc.
 Outside Director of KATTITAS Co., Ltd.
 Outside Director of KANDENKO CO., LTD.
 Outside Director of ASICS Corporation

Director

Director (External)

Kumi Kobayashi

Mar. 2006 Registered as a certified public accountant
 Sep. 2006 Joined GCA Corporation
 Sep. 2015 Representative Partner of Kobayashi CPA Office (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
 Jun. 2022 External Auditor of Oisix ra daichi Inc. (current position)
 Jun. 2023 Outside Audit & Supervisory Board Member of ITOCHU Corporation (current position)
 Mar. 2024 Director of the Company (current position)

(Significant Concurrent Positions Outside the Company)
 Representative Partner of Kobayashi CPA Office
 Representative Director of Tokyo Athletes Office, Inc.
 Director of SPOKACHI, Inc.
 External Auditor of Oisix ra daichi Inc.
 Outside Audit & Supervisory Board Member of ITOCHU Corporation

Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member

Minoru Onagi

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 of the Company (current position)

(Significant Concurrent Positions Outside the Company) –

Standing Audit & Supervisory Board Member

Shinichi Mochizuki

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.
 Mar. 2024 Standing Audit & Supervisory Board Member of the Company (current position)

(Significant Concurrent Positions Outside the Company) –

Audit & Supervisory Board Member (External)

Toru Miyama

Apr. 1998 Registered as an attorney at law
 Oct. 2006 Managing Partner of 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.

Audit & Supervisory Board Member (External)

Nobuko Takagi

Oct. 2002 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
 May 2006 Registered as a certified public accountant
 Nov. 2007 Joined GCA Corporation (currently Houlihan Lokey Inc.)
 Mar. 2011 Joined NEC Corporation
 Jul. 2017 Representative of Nobuko Takagi Certified Public Accountants' Office (current position)
 Jul. 2017 Outside corporate auditor of I-ne Co., Ltd.
 Apr. 2018 Representative Director of COEING AND COMPANY Inc. (current position)
 Jun. 2018 Outside Director of USS Co., Ltd. (current position)
 Jun. 2022 Outside Director (Audit & Supervisory Committee Member) of SMS Co., Ltd. (current position)
 Mar. 2024 Audit & Supervisory Board Member of the Company (current position)

(Significant Concurrent Positions Outside the Company)
 Representative Director of COEING AND COMPANY Inc.
 Representative of Nobuko Takagi Certified Public Accountants' Office
 Outside Director of USS Co., Ltd.
 Outside Director (Audit & Supervisory Committee Member) of SMS Co., Ltd.



Management Team

(As of March 28, 2024)

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 affairs/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. For these reasons, the Company has appointed him as a director.	15/15 —	33	●	●	●				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 the Company's 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 —	25	●	●	●				
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.	13/15 —	10	●	●	●				
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 —	10				●	●	●	Nomination and Remuneration Committee
Yusuke Kobayashi	Director	Mr. Yusuke Kobayashi has contributed to business expansion of Group company ALBION CO., LTD. as its Senior Executive Director. He has many years of experience in overseas operations, particularly as the Chief of Headquarters of the International Business Div., and accordingly possesses a proven track record. 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.	13/15 —	9	●	●					
Atsuko Ogura	Director	Ms. Atsuko Ogura has been involved in 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 Dept., she has spearheaded the development of the data infrastructure needed to transition to IT systems. Currently, as the Director of R&D Laboratories, she is leveraging her experience in and extensive knowledge of IT and R&D. For these reasons, the Company has appointed her as a director.	11/11 —	1			●	●			
Yoshinori Haratani	Director ●	Mr. Yoshinori Haratani was first assigned to basic research and product management operations at the R&D Laboratories, followed by IT system development in the IT Management Dept. As General Manager of the PR Dept. from 2008, Mr. Haratani assumed overall control of public relations issues and worked with senior management to create an effective PR framework. Subsequently, as General Manager of the Corporate Strategy Dept., he was involved in formulating medium-to-long-term VISION2026, establishing the foundation for KOSÉ's sustainability strategy, and in corporate-level decision-making, among other activities. He therefore has broad operational experience and extensive knowledge of management. For these reasons, the Company has appointed him as a director.	— —	—				●	●		
Shinji Tanaka	Director ●	Mr. Shinji Tanaka was involved in marketing for many years. He was named General Manager of the SK Brand Office in 2019 and of the Strategic Brands Div. in 2020, and played important roles in the progress of these business operations. Mr. Tanaka has abundant experience and knowledge of marketing as well as extensive experience in business management, including nurturing brands while expanding his assigned brand domains and developing business management. For these reasons, the Company has appointed him 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 as an independent director.	15/15 —	5				●	●		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 as an independent director.	15/15 —	4		●		●	●		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 as an independent director.	11/11 —	1	●		●			●	Nomination and Remuneration Committee
Kumi Kobayashi	Director (External) ●	Ms. Kumi Kobayashi has a high level of expertise in accounting and finance as a certified public accountant, and a broad range of work experience in Japan and overseas. She has a thorough understanding of the practical operations of M&As and corporate finance, on the basis of which we expect her to provide appropriate oversight and advice that will increase the effectiveness of the Board of Directors. For these reasons, the Company has appointed her as an external director. Furthermore, the Company believes that Ms. Kobayashi has no conflict of interest with general shareholders and has accordingly designated her as an independent director.	15/15 12/12	—				●		●	Nomination and Remuneration Committee
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 and protection of research-related intellectual property. In comprehensively managing legal affairs to protect intellectual property, and as 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.	11/11 12/12	1					●		
Shinichi Mochizuki	Standing Audit & Supervisory Board Member ●	In his previous position at The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mr. Shinichi Mochizuki was assigned to the Europe Department and International Credit Department and served as Deputy Manager of the Investment Banking Credit Department and General Manager of the Corporate Investment Credit Unit. After joining KOSÉ in 2015, Mr. Mochizuki managed the Global Business Div. and the Administration Dept., where he strengthened accounting at overseas subsidiaries to expedite announcements of financial results. As a Director and General Manager of the Accounting and Finance Dept. from 2021, he has overseen the operations of this department while dealing with rapid changes in the business climate. Based on his extensive global experience and knowledge, the Company has appointed him as an Audit & Supervisory Board member.	15/15 —	—	●	●				●	
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 as an independent auditor.	15/15 12/12	4				●	●		Nomination and Remuneration Committee
Nobuko Takagi	Audit & Supervisory Board Member (External) ●	Ms. Nobuko Takagi is a certified public accountant with experience in financial audits and in planning and implementing management strategies for M&A advisory firms and operating companies. She currently manages her own consulting company, where she provides assistance and advice in a position close to senior executives. Ms. Takagi has experience providing advice concerning management strategies, financial analysis expertise and corporate management experience. For these reasons, the Company has appointed her as an external Audit & Supervisory Board member. Furthermore, the Company believes that Ms. Takagi has no conflict of interest with general shareholders and has accordingly designated her as an independent auditor.	— —	—			●			●	Nomination and Remuneration Committee

Notes: ● indicates new appointments. The attendance at Board of Directors' Meetings shown for Ms. Ogura and Ms. Suto is for meetings held after March 30, 2023, when they were appointed as directors. The attendance at Board of Directors' Meetings shown for Mr. Onagi is also for meetings held after March 30, 2023, when he was appointed as an Audit & Supervisory Board member.



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.

Aiming to Be a Company That Brings Positive Change to the Lives of Many

Since its foundation, KOSÉ has pursued the value of "making the world a brighter place by adding color and richness to people's lives." In an era of information overload driven by advances in technology and the spread of AI, this value is becoming even more important. Self-realization—being the person you want to be—is closely linked to well-being, and I feel that it can be a way to positively transform one's daily life. KOSÉ is determined to create value that has a positive impact on people's lives. It shares this commitment throughout its entire supply chain, and is promoting initiatives to create new value on a large scale through the KOSÉ Beauty Partnership. As an external director, I support KOSÉ's initiatives to resolutely update its value creation process in response to changes in society and values. I want KOSÉ to be a company that continues to positively transform the lives of as many people as possible.

Kumi Kobayashi

Director (External)



Becoming a Company with a Global Presence through Unity between Management and Front-line Personnel

In 2023, the Company conducted compliance training for a total of 300 management personnel at its research laboratories, factories, head office, and subsidiaries. It was a great opportunity to communicate with the next generation of Company leaders. I provided feedback to the Board of Directors regarding employees' issues and problems raised during this communication. Recently, incidents at several companies have shaken people's faith in Japanese manufacturing. Many people have identified a lack of communication between management and employees as a core issue. KOSÉ's Remuneration Committee decided to incorporate the engagement scores of department employees in the remuneration criteria for the internal directors supervising them, starting from 2023. Working for unity between management and employees, KOSÉ will evolve into a company with a global presence. I am confident that the Company will achieve this goal.

Yukino Kikuma

Director (External)



Introducing the Excellence of KOSÉ Products to the World

KOSÉ has been accelerating its overseas expansion into a wider area including the United States, Europe, and Asia, beyond the areas in which Japanese cosmetics companies have conventionally operated. New countries and regions don't necessarily accept KOSÉ products and sales methods in the same way Japan does. However, this is where KOSÉ's true capabilities come into play. I am confident that the employees who go to new countries and regions as pioneers will communicate the excellence of KOSÉ products to customers while complying with the various laws and regulations of each country and responding to risks and trading customs that may be completely different from those in Japan. The Board of Directors discusses the best way to expand business operations in each overseas country while making strict risk assessments. At the same time, KOSÉ supports employees who go overseas and is working to build a global fan base for its products, aiming to become a company that enjoys brand loyalty worldwide.

Norika Yuasa

Director (External)



Realizing an Increase in Corporate Value by Embracing the Unique Beauty of Each Individual

KOSÉ prioritizes its approach of embracing and drawing out each individual's unique beauty, which it considers to be the essence of the value its cosmetics deliver. The Company is working as a unified organization to realize this approach through its products and services. Adaptability—sincerely embracing diverse backgrounds and values—is the foundation of KOSÉ's brand originality and is expected to drive global growth. Meanwhile, careful management judgment is needed for working on how to balance initiatives for diversity with efficiency. The Board of Directors is discussing this matter from multiple perspectives, and I intend to further stimulate discussion, because producing a clear roadmap for increasing corporate value is going to become even more important going forward.

Miwa Suto

Director (External)



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 to be 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) information provided in advance of Board of Directors' meetings is being provided appropriately and enhancing deliberations at the meetings themselves, and (2) feedback obtained through dialogue with shareholders is being communicated effectively.

Additionally, as part of efforts to clarify the Board's role in formulating and implementing human resources strategies—an issue raised in the previous year—it was confirmed that the Board is continuing to exchange opinions on the Human Resources Functional Strategy Policy. 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 the process used to identify and assess risks and determine countermeasures, and examination of the reporting process for internal auditing operations. These initiatives will strengthen risk management across the entire value chain.

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

Issues to Be Addressed

- Clarification of the process used to identify and assess risk factors and determination of countermeasures for the purpose of strengthening risk management across the entire value chain
- Examination of the reporting process necessary to verify that internal auditing operations are functioning properly

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.

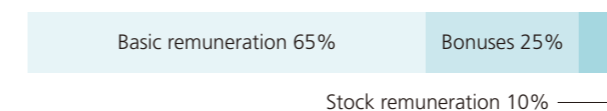
	Fixed remuneration	Performance-linked remuneration	
Directors (Internal)	(A) Basic remuneration	(B) Bonuses	(C) Stock remuneration
Directors (External)	(A) Basic remuneration		
Audit & Supervisory Board Members	(A) Basic remuneration		

	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 area • Non-financial indicators (such as employee engagement, etc.) 	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
(C) Stock remuneration (Stock)	Each year, the Company allots 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*	—

* 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 basic remuneration as the position of the director becomes higher and to increase the weightings of bonuses and stock remuneration. To achieve sustainable growth over the medium to long term, 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 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
- A 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

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 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 determining remuneration, the final decision about individual remuneration is 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.

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

Total Remuneration by Officer Classification, Amount of Remuneration by Type and Number of Eligible Officers (Fiscal 2023)

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 Included in Amounts on the Left	
Directors (Excluding External Directors)	565	368	196	—	55	7
Audit & Supervisory Board Members (Excluding External Audit & Supervisory Board Members)	50	50	—	—	—	3
External Officers	63	63	—	—	—	6

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	220	123	—	29	343

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 conducts education activities, such as training 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), which proposes sustainability strategies to and receives approval from the Management Committee, and then reports the results to the Board of Directors.

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

Sustainability promotion structure [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 reported in the Securities Report, 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 28, 2024, 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
Strategy Risk	Delays in addressing human rights issues and employment discrimination Decline in business profitability and reputation due to inability to address human rights risk	In accordance with international standards such as the UN Guiding Principles on Business and Human Rights, we have formulated the KOSÉ Group Human Rights Policy. Under the supervision of the Board of Directors, we conduct an annual assessment of human rights risks at each stage of our supply chain, within the Group, and among consumers and society. After taking appropriate actions, we proactively disclose the results. Furthermore, from a compliance perspective, we conduct education activities to raise awareness of all forms of harassment and individual human rights issues. We have also established internal and external contact points for consultation.
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 reasonable 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 reasonable 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 Spread of highly virulent infectious disease Delays or interruption of business activities including production, supply, and sales	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 takes various steps, such as creating crisis management rules, disaster preparedness manuals and business continuity plans (BCP). It also works to confirm workplace safety, rectify deficiencies and secure alternative means in the event of an emergency.
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.

Growth Strategy

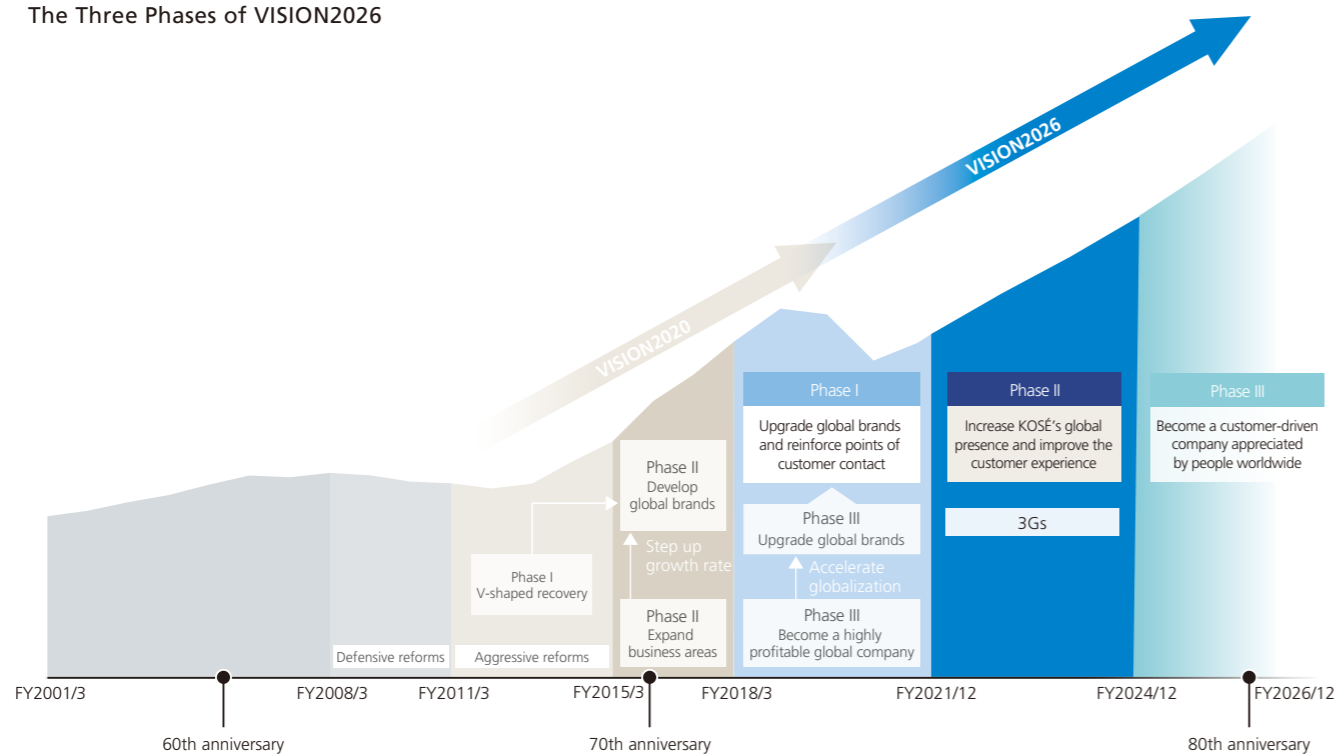
Overview of Growth Strategies

Toward the 80th anniversary of its founding, the KOSÉ Group formulated medium-to-long-term VISION2026, under which it aims to evolve into a company with a global presence. Fiscal 2023 was the second year of Phase II: “Increase KOSÉ’s global presence and improve the customer experience.”

Theme and Roadmap | Evolving into a Company with a Global Presence

Phase I	Upgrade global brands and reinforce points of customer contact (FY2018–FY2021)
Phase II	Increase KOSÉ’s global presence and improve the customer experience (FY2022–FY2024)
Phase III	Become a customer-driven company appreciated by people worldwide (FY2025–FY2026)

The Three Phases of VISION2026



Progress toward Quantitative Targets and Formulation of the Next Vision

Following three years impacted by the COVID-19 pandemic, in fiscal 2023 we saw a steady recovery in sales in Japan and at Tarte, Inc. However, progress toward our net sales and profit margin targets has been significantly delayed, mainly due to a slowdown in economic recovery and a downturn in consumer sentiment in the China market.

In light of changes in the Greater China region’s business environment in fiscal 2023, we must revise our assumption of rapid expansion in demand from Chinese consumers (including inbound tourists to Japan), which was a pillar on which quantitative targets under VISION2026 were based. Even though circumstances in both the Chinese mainland and travel retail markets continue to change, we have started formulating our next vision with the aim of achieving stable business growth and improving profitability. We plan to disclose our next vision at the earliest opportunity in fiscal 2024.

Indicators	FY2026 Target	FY2019 Results*	FY2023 Results
Net sales	¥500 billion	¥332.9 billion	¥300.4 billion
Operating margin	16% or more	15.7%	5.3%
Return on assets (ROA)	18% or more	18.6%	4.7%
Return on equity (ROE)	15% or more	18.8%	4.4%
Overseas sales ratio	50% or more	27.9%	36.8%
E-commerce/Travel retail sales ratio	25% or more	13.6%	21.6%

* Record high net sales and operating profit ratio

Basic Strategies and Initiatives for 2023-2024

	Basic Strategies	Initiatives for 2023-2024
Three Growth Strategies	Accelerate global brand development	<ul style="list-style-type: none"> ▶ Further expand activities to ensure the growth of flagship global brands through strategic investment ▶ Maximize demand from Chinese consumers (China mainland and travel retail) ▶ Focus on <i>DECORTÉ</i> and <i>SEKKISEI</i> to capture Western markets
	Proactively develop unique products	<ul style="list-style-type: none"> ▶ Increase global competitiveness through the application of state-of-the-art technologies and unique forms of value ▶ Further evolve product creation through new material development and new manufacturing equipment ▶ Embody Monozukuri2026 (sustainability and adaptability)
	Explore new growth areas	<ul style="list-style-type: none"> ▶ Expand target genders and generations, and expand value proposition to areas of well-being ▶ Expand use of digital technology (e-commerce, online-merge-offline, counseling) ▶ Generate results from efforts in the areas of pharmaceuticals and hair salons
Two Value Creation Vectors	Use digital technology to achieve more and better personal customer experiences	<ul style="list-style-type: none"> ▶ Improve LTV* through customer-focused marketing across brands ▶ Offer the value of cosmetics in areas of well-being ▶ Improve customer service quality by leveraging the benefits of both online and offline counseling
	Focus on unique forms of value by utilizing external resources and technologies	<ul style="list-style-type: none"> ▶ Leverage external technologies in the area of Monozukuri (manufacturing) ▶ Create new types of value through open innovation ▶ Collaborate with external resources from a global perspective
Three Foundations	Build a sound foundation for the Company’s growth	<ul style="list-style-type: none"> ▶ Manufacturing business process reengineering (BPR): Promote business reforms and build a sustainable production system, including at the new Minami-Alps Factory ▶ Increase business efficiency by reducing costs, inventories, and waste ▶ Promote digital transformation as a global company ▶ Invest resources in growth areas by improving labor productivity
	Promote diversity and inclusion	<ul style="list-style-type: none"> ▶ Create an environment where diverse human resources can be effectively utilized and provide employees with job satisfaction ▶ Establish a portfolio of human resources and optimize utilization of human resources
	Develop a sustainability strategy spanning the entire value chain	<ul style="list-style-type: none"> ▶ Promote unique sustainability strategies for people and the Earth ▶ Instill and implement the KOSÉ Sustainability Plan ▶ Accelerate initiatives by generating synergies within the Group and collaborating with other companies

* Lifetime value for customers



Fiscal 2023 Achievements

In fiscal 2023, we worked to create new customers under the themes of the 3Gs (“Global,” “Gender,” and “Generation”). Our signing of U.S. Major League baseball player Shohei Ohtani as a global ambassador generated a significant response and widened our customer base, including among male customers. We also led efforts to raise consumer interest in genderless brands, to develop products for all ages and to work on awareness-raising activities for cosmetics that incorporate UV care. Examples of fiscal 2023 accomplishments that reflect our basic strategies are as follows.

Three Growth Strategies	Examples of Accomplishments in 2023
Accelerate global brand development	▶ <i>Tarte</i> Successful expansion of operations to Europe, the Middle East and Asia; record-high sales in stores and shipments
	▶ <i>DECORTÉ</i> Opened duty-free store in Paris, our first such store in Europe, thereby leading our entry into duty-free markets in regions other than Asia
	▶ <i>ADDICTION</i> Started e-commerce operations in the U.S.
	▶ <i>SEKKISEI</i> Stepped up activities for selling products at a large U.S. retailer
Proactively develop unique products	<ul style="list-style-type: none"> ▶ Received Best Cosmetics Awards for many products in various categories. ▶ <i>DECORTÉ EYE GLOW GEM SKIN SHADOW</i>—Developed a composite gel which achieves both wet glossy eye color and strong stability over time ▶ <i>Visée NENMAKU FAKE ROUGE</i>—Developed a film coating separation technology that preserves the gloss and color of the lipstick even when wearing a face mask
Explore new growth areas	<ul style="list-style-type: none"> ▶ Use of a unified customer ID covering many brands as part of OMO (Online Merges with Offline) measures ▶ Started individual customer pages at the <i>DECORTÉ</i> official online boutique to increase linkage with stores, such as by giving a customer access to past store purchases

Key Initiatives for Fiscal 2024

In fiscal 2024 our growth strategies will be to accelerate global brand development and build solid business foundations

Growth Strategies	Key Initiatives in 2024
Accelerate global brand development	▶ Japan Continue raising KOSÉ’s profile in the high-prestige market
	▶ <i>Tarte, Inc.</i> Achieve further growth in countries and regions where <i>Tarte</i> products are sold
	▶ China and Travel Retail Increase the value of brands and improve profitability
	▶ North America, Europe, ASEAN and India Develop new markets for KOSÉ brands

Business Foundations	Key Initiatives in 2024
Build a sound foundation for the Company’s growth	<ul style="list-style-type: none"> ▶ Establish the Product Headquarters as a single unit to oversee all operations involving manufacturing with the aim of stronger communications and cooperation among different departments and even better global supply chain capabilities ▶ Strengthen overseas operations by opening a branch in France and appoint a person responsible for the overall coordination of operations in the ASEAN region and India ▶ Establish a Business Process Reform Office at KOSÉ SALES CO., LTD., which sells KOSÉ products in Japan; use a sales support system to increase profitability

Strategy by Brand

The KOSÉ Group’s unique brand marketing was born out of our founder’s ambition and the sense of responsibility toward cosmetics that remains with us today. As we work to become a company with a global presence, we will pursue our goal of being a source of beauty for everyone, centered on three main brand categories.



High-Prestige Brands

A group of top-quality brands developed by leveraging all of KOSÉ’s cutting-edge technologies. They are sold at specialty cosmetics stores, department stores and other retail outlets that distribute exclusive brands. KOSÉ’s specially trained Beauty Consultants offer meticulous counseling to help customers select the products that suit them best.

Strengths and Opportunities

- Enhancement of high-quality products through proprietary cutting-edge technologies and research and development
- Highly specialized counseling sales system that incorporates the digital domain
- *DECORTÉ LIPOSOME* series supported by customers of all ages
- Unrivalled popularity of *Tarte* in the concealer, lipstick and mascara categories in the United States

Fiscal 2023 in Review

In fiscal 2023, we opened a *DECORTÉ* counter at a department store in Paris, France as our first duty-free shop in Europe. Additionally, in Japan, business performance continues to be led by the *LIPOSOME* series, which was renewed three years ago. Sales of the *AQ* series, renewed in September 2023, have also been consistent. Even so, global sales declined overall as a result of a sharp decline in sales in China and South Korea.

For *Tarte*, the concealer and lipstick categories drove performance throughout the year, setting new records for in-store sales and for net sales. The opening of new stores in Europe, the Middle East and Asia has been successful.

Sales of *ADDICTION* products increased in the United States with the launch of an e-commerce business, and the brand has continued to perform well in Japan.

The *ALBION* brand saw overall sales growth, supported by continued demand from inbound tourism centered on the *Elégance* product line.

Fiscal 2024 Initiatives

For *DECORTÉ*, we are aiming for double-digit sales growth in Japan and to acquire new overseas customers by strengthening promotions of the *AQ* and *LIPOSOME* series and by developing new products. Our goal is to further increase the brand’s presence in the high-prestige market. Furthermore, we will work to retain the wider new customer base that we have established as a result of strengthening our product capabilities and diversifying our sales channels. In the Chinese market in particular, we will focus on using in-store counseling services and beauty treatment experiences to create more customers. We will also strengthen sales of higher-value products that are strong sellers in Japan.

For *Tarte*, we will work to attract new customers by opening more stores in North America, Europe, the Middle East and Asia, and by developing new sales channels, including a social media-linked online store. On the product front, we will maintain our position as the leading brand in the concealer category and reinforce our position in the lipstick and mascara categories.

For *ADDICTION*, we will work to increase the brand’s name recognition overseas.

For *ALBION*, we will work to increase brand value by focusing on sales of skincare products such as *SKIN CONDITIONER ESSENTIAL N*, a product celebrating its 50th anniversary, and by fully utilizing our counseling services, which are the brand’s strength.



Prestige Prestige Brands



High-value-added brands with their own distinctive characteristics. They are sold through a wide range of channels, including drugstores, specialty cosmetics stores, mass retailers and online.

Strengths and Opportunities

- Development of high-value-added products unique to KOSÉ through mass retail channels such as drugstores
- A large portfolio of long-selling items that support “being a source of beauty for everyone”

Fiscal 2023 in Review

Sales of *SEKKISEI* in Japan have been steadily growing, centered on the *MEDICATED SEKKISEI* product series. In terms of product categories, we introduced U.S. Major League baseball player Shohei Ohtani as an image model for *UV ESSENCE GEL* sunscreen and conducted awareness-raising activities aimed at junior and senior high school students throughout Japan under the theme of “protect your skin from UV rays.” In the United States, we strengthened the introduction and sales of products to a large retailer, and increased sales volume.

For *ONE BY KOSÉ*, the new products *PORE CLEAR OIL* and *SERUM SHIELD* contributed to sales performance. *PORE CLEAR OIL* uses KOSÉ's unique keratin plug clearing technology. *SERUM SHIELD* is made using Rice Power® No. 11+, an active ingredient recognized for its effectiveness on two fronts: improving the skin's moisture retention and working on the epidermis, basement membrane and dermis layers of the skin to improve wrinkles. It is the first product in Japan to be recognized for its efficacy in relation to both functions.

Fiscal 2024 Initiatives

To mark the 40th anniversary of the *SEKKISEI* brand, we renewed the long-selling *MEDICATED SEKKISEI* lineup with the launch of *MEDICATED SEKKISEI BRIGHTENING ESSENCE LOTION* in March 2024. The product contains KOSÉ's proprietary active ingredient derived from licorice root, which has the dual effects of brightening and improving the appearance of rough skin. In addition to achieving an increase in sales with this latest product renewal, by further reinforcing our appeal in the areas of the 3Gs (“Global,” “Gender,” and “Generation”), we will broaden the scope of our value provision and attract an even wider variety of customers.

For *ONE BY KOSÉ*, we will further enhance the value that existing core products offer, strengthen the brand's consumer appeal and encourage repeat purchases.

Cosmetaries Cosmetaries Brands



A group of self-selection brands, including cosmetics and toiletries such as shampoo, that are developed using the same approach as the one used to develop cosmetics. We call this category of products “cosmetaries.”* We offer high-quality products at reasonable prices through mass retailers, drugstores, convenience stores and other retail outlets.

* Cosmetaries: A coined term combining “cosmetics” and “toiletries”

Strengths and Opportunities

- Lineup of self-selection brands developed using the same approach we use to develop cosmetics
- Potential to offer high-quality cosmetics and toiletries at affordable prices

Fiscal 2023 in Review

At KOSÉ Cosmeport Corp., the *GOMEN NE SUHADA* series of sheet masks (part of the *CLEAR TURN* brand) and other skincare products performed strongly.

The Company conducted a successful “Don't let your lips be naked” campaign that boosted the *Visée* brand. The campaign was timed to coincide with an increase in the number of people no longer wearing face masks following the reclassification of COVID-19 in Japan. This resulted in strong sales growth for the brand, with *NENMAKU FAKE ROUGE* leading the boom in popularity of lipsticks that create colors and textures similar to natural skin tones.

We also launched *MAKE KEEP MIST EX*, the leading product in the fixing mist market, *MAKE KEEP POWDER*, a face powder that prevents sebum and shine, and *MAKE KEEP PRIMER*, all of which demonstrate the strong presence of the *MAKE KEEP* series.

For *FASIO*, we also achieved buoyant sales, partly thanks to the launch of the *ULTRA WP MASCARA* series with enhanced smudge-proof functionality.

Fiscal 2024 Initiatives

At KOSÉ Cosmeport Corp., we will work to expand market share by reinforcing the appeal of products from the mainstay *softymo*, *CLEAR TURN* and *SUNCUT* brands, and to reduce costs, inventory and product returns.

The *Visée* brand, which marks the 30th anniversary of its launch in 2024, is being promoted with a new slogan (“Discover Your Unique Allure”) and brand concept (“Diverse Glamour”). In addition, we launched the 30th *GLAMOROUS LAYERED PALETTE* and the 30th *VOLUME LIP MAKER* as limited-edition anniversary items. We aim to broaden the brand's customer base with a genderless message, offering beauty that inspires and emboldens each individual to feel their own allure and reveal their own attractiveness.

In April 2024, we launched *MAKE KEEP MIST EX+* as a new addition to the market-leading *MAKE KEEP* series. We will work to further increase market share going forward.



Financial Capital Strategy

The KOSÉ Group's financial capital strategy is to carry out its plans for Group-wide growth, under the basic policy of building a solid financial foundation for the Company's sustainable growth and increasing profitability and efficiency.

The Company formulated medium-to-long-term VISION2026 taking the Company's cost of capital into account. The management indicators set as targets as part of the vision are: operating margin, return on assets (ROA) and return on equity (ROE). In fiscal 2023, these management indicators decreased year on year. The results for fiscal 2023 and plans for fiscal 2024 are as follows.

Fiscal 2023 Results and Fiscal 2024 Plans

(Billions of yen)

	FY2023 Results		FY2024 Plan	
	Amount	% of Sales	Amount	% of Sales
Net sales	300.4	100.0%	312.0	100.0%
Cosmetics business	240.4	80.0%	250.8	80.4%
Cosmetaries business	57.6	19.2%	58.8	18.8%
Other	2.2	0.8%	2.4	0.8%
Operating profit	15.9	5.3%	20.0	6.4%
Ordinary profit	20.2	6.7%	20.8	6.7%
Profit attributable to owners of parent	11.6	3.9%	12.6	4.0%
Net income per share (basic)	¥204.43		¥220.83	
ROA	4.7%		5.6%	
ROE	4.4%		4.4%	
Capital expenditures	5.8		25.5*	
Depreciation	9.5		10.5	

* Construction of the Minami-Alps Factory is scheduled to begin in fiscal 2024.

Note: Assumed exchange rates for the FY2024 plan are as follows: ¥130.0/US\$, ¥19.0/CNY, ¥0.102/KRW.

Fiscal 2023 in Review

Consolidated Results for Fiscal 2023

In fiscal 2023, the Group's net sales reached ¥300.4 billion, up 3.9% year on year (excluding the impact of foreign exchange translation, 1.7%). This result reflected a significant increase in sales in Japan and at Tarte, Inc., which sells its products primarily in the United States and Europe, and a sharp decline in sales in China and South Korea. All levels of profit decreased, mainly due to a sharp decline in sales in the high-margin China and South Korea travel retail markets and due to higher marketing and personnel expenses. Operating profit was ¥15.9 billion (down 27.7% year on year); ordinary profit was ¥20.2 billion (down 28.7% year on year) due to a decrease in foreign exchange gains; and profit attributable to owners of parent was ¥11.6 billion (down 37.9% year on year).

Financial Position and Cash Flows

The Company maintained a sound financial position as of the end of fiscal 2023. Total assets at the end of the fiscal year increased by ¥12.0 billion from the previous fiscal year-end to ¥371.6 billion due to an accumulated profit, and the equity ratio remained above 70%. Net cash provided by operating activities in fiscal 2023 rose to ¥30.4 billion (a year-on-year increase of 50.3%). Net cash used in investing activities increased to ¥11.2 billion (up 77.9% year on year). Net cash used in financing activities increased to ¥9.6 billion (up 32.3% year on year). As a result, cash and cash equivalents at end of period (on a consolidated basis) increased by ¥11.6 billion (12.3% year on year), to ¥105.6 billion.

Forecast for Fiscal 2024

In fiscal 2024, the expectation is that global economic activity will be weighed down by monetary policy tightening by central banks in various countries, the increasingly tense situation in the Middle East and the prolonged conflict in Ukraine. In Japan, while the first wave of post-pandemic recovery in demand has come to an end, the economy is forecast to continue recovering at a moderate pace. In Asia, consumer spending on the Chinese mainland is expected to take some time to recover due to the prolonged housing slump and worsening unemployment levels. In the United States, although the impact of interest rate increases through to 2023 may start to become more evident, the labor market and consumer spending are expected to remain stable.

In light of these circumstances, in fiscal 2024 the Company expects sales to continue to be challenging in the South Korea market, to recover gradually in China, primarily in travel retail, and to grow steadily in Japan. Strong operating results are also expected at Tarte, Inc., the main markets for which are the

United States and Europe. However, under the assumption that the yen exchange rate will improve, the Company is forecasting net sales of ¥312.0 billion (up 3.9% year on year) after applying the updated Accounting Standard for Revenue Recognition. In terms of profits, the Company is forecasting operating profit of ¥20.0 billion (up 25.1% year on year). This forecast assumes increased gross profit due to higher sales and efforts to restore profitability in China, as well as marketing investments, primarily in the United States, to increase brand recognition. Ordinary profit and profit attributable to owners of parent are forecast to rise by 2.7% to ¥20.8 billion and by 8.0% to ¥12.6 billion respectively. We expect foreign exchange translation to have no impact overall.

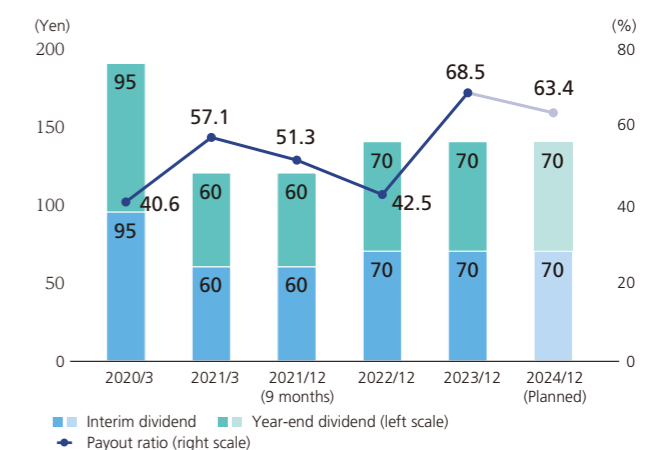
In terms of capital investment, construction of the Minami-Alps Factory is scheduled to begin during the fiscal year. The Company plans to invest ¥25.5 billion in total and record depreciation expenses of ¥10.5 billion.

Stable Shareholder Returns

With regard to shareholder returns, the Company's policy is to return profits in the form of stable dividends to all shareholders, taking into account financial position, earnings, and the dividend payout ratio, while also considering the need to retain internal funds for future business expansion.

For the fiscal 2023 year-end dividend, even with profits ultimately less than planned, the Company decided to pay an ordinary dividend of ¥70 as initially stated. Together with the interim dividend of ¥70, the total annual dividend was ¥140. In fiscal 2024, the Company plans to pay a total annual dividend of ¥140, the same as in fiscal 2023. This is expected to result in a payout ratio above 60%, the second year in a row.

Dividend/Dividend Payout Ratio



Progress of the 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.

See the KOSÉ website for information regarding progress and results. [More details](#)

For People: Medium-to-Long-term Targets of Activity Themes and Fiscal 2023 Progress						
Activity Theme	Commitment	Indicators	Fiscal 2023 results	Target	Achieve by	Relevant SDGs
1 A source of adaptable products and services	We will contribute to a world where people with diverse backgrounds and features—including skin color, gender, sociocultural and geographical background, living environment, religion, creed, and physical features—can live confidently and beautifully.	Ratio of products and services reflecting the concept of adaptability	<ul style="list-style-type: none"> Ratio of products and services reflecting the concept of adaptability 76%^{1,2} Started collaboration with Product Development Department to promote development of adaptable technologies 	100%	2030	
2 Support for a beautiful, healthy and happy life	We will energetically address social issues so that everyone can lead a healthy and happy life. Activities will include improving quality of life (QOL), educating and raising awareness for the next generation, and enhancing the work environment, including our supply chain, through fair trade initiatives.	Implementation of specific activities	<ul style="list-style-type: none"> Held UV protection seminars aimed at students Various activities to support the revitalization of local communities Various activities to support those experiencing difficulties in their daily lives Supported promotions of sports: 121 (cumulative since fiscal 2020) 	500 activities or more ¹¹	2030	
		Responsible palm oil procurement	<ul style="list-style-type: none"> Procured RSPO³ certified oil Purchase rate for RSPO certified materials procurement and for RSPO Credits through the Book and Claim supply chain model: 30.2% 	100%	2030	
3 Help create a world with true gender equality	We will conduct awareness-raising and other activities that help to eliminate the gender gap not only in the KOSÉ Group, but elsewhere in Japan and around the world.	Gender equality awareness	Activities for society <ul style="list-style-type: none"> Provided tuition support at a girls' junior high school in Tanzania and awarded commemorative gifts to graduates (SEKKISEI) Conducted awareness-raising activities to help resolve social issues, such as supporting women who work on traditional crafts and women who need to be protected from social problems (e.g., domestic violence) via the PURPLE RIBBON PROJECT (DECORTÉ) Supported living environment improvements for women in Ethiopia through the Share the Bloom campaign (INFINITY) 	1 million people or more ¹¹	2030	
			Internal activities <ul style="list-style-type: none"> Promoted the KOSÉ IKUPAPA Support System to encourage male employees to take childcare leave and to support working couples who take care of children together Operated an internal information sharing website to disseminate information on topics such as balancing a career with childcare/nursing care Held Mom & Dad Lounge community activities for employees raising children to share concerns and solutions with each other: 328,833 participants (cumulative since fiscal 2020) 			

1. KOSÉ Corporation brands and certain major brands from domestic Group companies
 2. Each brand selects one or more items from KOSÉ's eight unique Adaptability[∞] initiatives to focus on for that year, and the number of products and services realized under each initiative is counted against the total number to calculate the overall ratio
 3. RSPO: Roundtable on Sustainable Palm Oil
 4. Scheduled for updates in August 2024 after third-party verification
 5. Targets that were established in 2023 are presented in line with this revision
 6. Reduce/Reuse/Recycle/Renewable
 7. Results for new products launched between January and December 2023
 8. Results for new products shipped between January and December 2023
 9. Reduce, Reuse, Recycle
 10. KOSÉ Group production departments
 11. Target was revised upward in April 2024

For the Earth: Medium-to-Long-term Targets of Activity Themes and Fiscal 2023 Progress							
Activity Theme	Commitment	Indicators	Fiscal 2023 results	Target	Achieve by	Relevant SDGs	
4 Use the theme of beauty to help resolve environmental issues	We will focus on beauty while promoting activities to resolve environmental issues. We will also communicate these initiatives to the general public to make many consumers aware of environmental issues and expand our network for solving issues using the theme of beauty.	Area planted with coral reefs	<ul style="list-style-type: none"> Promoted the SEKKISEI SAVE the BLUE Ocean Project 12,270 m² (cumulative since fiscal 2009) 	20,000 m ² (about 53 times the area of a 25 m regulation-size swimming pool)	2030		
		Increase in awareness of environmental issues through products and services	<ul style="list-style-type: none"> Activities involving the SEKKISEI brand Strengthened communication of environmental initiatives on brand websites including DECORTÉ, BIOLISS and Flora Notis JILL STUART 6,870,376 people (cumulative since fiscal 2020) 	10 million people or more	2030		
5 Environmental conservation programs in areas where KOSÉ operates	We will co-exist and prosper with local communities, conducting environmental conservation activities especially at production facilities, which have a significant impact on the environment.	Local community environmental conservation activities	<ul style="list-style-type: none"> Environmental conservation activities at overseas sites Cleanup activities in communities where KOSÉ production bases are located SEKKISEI SAVE the BLUE Snow Project Conducted clean-up activities in the area around ALBION CO., LTD.'s head office, participated in and sponsored a beach cleanup event at Enoshima (Kanagawa Prefecture) Number of initiatives conducted: 14 (cumulative since 2020) 	20 activities or more	2030		
6 Lower the overall environmental impact of business operations	Reduction of CO ₂ emissions	Reduce Scope 1 and 2 CO ₂ emissions	<ul style="list-style-type: none"> Established "net zero" as a target Scope 1 and 2 CO₂ emissions reduction: 45.1% (total emissions reduction vs. 2018, before verification by third parties)⁴ Emissions: 14,089.4t-CO₂ 	-55% (target for total emissions reduction vs. 2018)	2030		
		Reduce Scope 3 CO ₂ emissions	<ul style="list-style-type: none"> Calculated carbon footprints of more products⁴ Scope 3 CO₂ reduction: 26.5% (total emissions reduction vs. 2018, before verification by the third parties)⁴ 	-30% (target for total emissions reduction vs. 2018)	2030		
		Scope 1, 2 and 3	<ul style="list-style-type: none"> Emissions: 732,292.0 t-CO₂ 	Net zero ⁵	2050		
	Sustainability-conscious design for plastic packaging materials			<ul style="list-style-type: none"> Promoted plastic usage reduction and adoption of products made from sustainable materials 4Rs⁶ compliance rate: 30.6%⁷ 	100%	2030	
				<ul style="list-style-type: none"> Recycled plastic and biomass plastic usage rate: 11.5%⁷ 	50%		
				<ul style="list-style-type: none"> Virgin plastic usage reduction rate: -10.6%⁸ 	-50% (per production unit, total reduction vs. 2018, before verification by third parties)		
				<ul style="list-style-type: none"> Refill introduction rate: Scheduled for disclosure in 2025 	Scheduled for disclosure in 2025		
Reduce use of water resources through responsible practices	<ul style="list-style-type: none"> Promoted 3R⁹ activities for water resources Reduced water use (water intake): 6.2%^{4,10} (per production unit, total reduction vs. 2018, before verification by third parties) 	-12% ¹⁰ (production units vs. 2018)	2030				
Responsible waste reduction/recycling	<ul style="list-style-type: none"> Expanded the in-store used product container collection program Supported upcycling initiatives using makeup products that have been fully used (upcycling into items such as accessories and pens) Number of initiatives conducted: 20 	At least 20 new initiatives for waste reduction and resource recycling	2030				
Non-recyclable waste	<ul style="list-style-type: none"> 100% recycling rate at Group production factories 	Zero non-recyclable waste ¹⁰	2025				
We will promote environmental protection and realize sustainable palm oil procurement in order to grow together with society.	Responsible palm oil procurement	<ul style="list-style-type: none"> Procured RSPO³ certified oil Procurement ratio of RSPO certified materials and purchase ratio of RSPO Credits through the Book and Claim supply chain model: 30.2% 	100%	2030			



For People

01

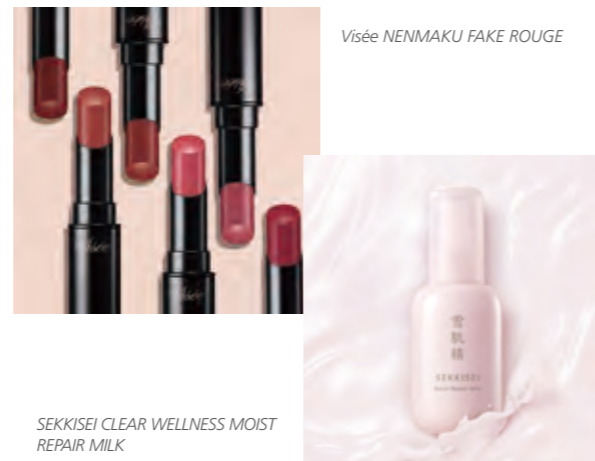
A Source of Adaptable Products and Services

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 type and hair color, as well as gender, age, sociocultural and geographical background such as country or region, living environment, religion and creed—can live confidently and beautifully. The Sustainability Promotion Committee (as a subcommittee) manages the progress of Adaptability[∞] initiatives being promoted by each brand.

Proposing Beauty Unconstrained by Gender or Generation

-  Unfettered by gender
-  Transcending age constraints

Under the themes of the 3Gs (“Global,” “Gender,” and “Generation”), KOSÉ is exploring new possibilities for beauty with the aim of developing new customer bases and creating unique value. We launched *Visée NENMAKU FAKE ROUGE* lipstick, offering genderless colors and incorporating long-lasting color technology. We also launched *SEKKISEI MOIST REPAIR MILK* as part of the *CLEAR WELLNESS* lineup, which is designed for customers from newborns to adults. Through these initiatives and more, we will continue to reach a very wide range of customers and understand their needs, providing comfort and vibrancy both mentally and physically through beauty to help realize a society where everyone can shine in their own way.



SEKKISEI CLEAR WELLNESS MOIST REPAIR MILK

Supporting and Moving in Step with Customers as We Create New Experiential Value by Pursuing the Beauty, Functionality and Usability of Design

-  User-friendly and simple

KOSÉ believes it is important to listen carefully to customers’ opinions and closely support them, and to provide them with suitable products.

For *INFINITY UNLIMITED KEY* beauty serum, we listened to customer needs carefully, focusing on how they can open the cap in various ways, rather than insisting on the use of a specific method. We then devised a unique production method for the container that offers different ways to easily open the serum without compromising on the product design.

As for *DECORTÉ LIPOSOME ADVANCED REPAIR EYE SERUM*, customers told us that integrating a massager into the container, to soothe the eyes and stimulate blood flow, would make for a much more effective, easy-to-use product. We reflected this feedback and built an eye massager into the container, meeting the need for ease of use.



INFINITY UNLIMITED KEY

DECORTÉ LIPOSOME ADVANCED REPAIR EYE SERUM

02

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. We strive to realize better lifestyles through measures such as improving quality of life, supporting sports, and raising awareness for the next generation. In particular, we are focusing on initiatives aimed at the next generation, to coordinate with “Generation” as part of the 3Gs.

Awareness Raising Activities Targeting Japanese High School Students, under the Theme of “Protect Your Skin from UV Rays”

We are supporting the growth of the next generation from the perspective of creating healthy skin through cosmetics. As part of these efforts, we are conducting awareness-raising activities about UV protection aimed at sporty junior and senior high school students throughout Japan, under the theme of “protect your skin from UV rays.”

We held seminars on UV protection for female baseball team members at junior high schools in Kanagawa Prefecture in July 2023, and for senior high school students in Okinawa Prefecture from October 2023, among others. The seminars were designed to encourage junior and senior high school students who are exposed to direct sunlight as they play sports throughout the year to protect

their skin—both now and in future—by teaching them the importance of UV protection and the correct way to apply UV care products.



Students attending a UV protection seminar

Encouraging the Beautiful Strength within the Spirit of Challenge —KOSÉ’s Activities to Support and Promote Sports

KOSÉ started supporting athletes in 2006, with the aim of raising health awareness through sports promotion. In 2023, we announced an increase in the number of athletes we support, and additional support for athletes such as men’s volleyball player Ran Takahashi. As part of our contributions to local communities, we are working to highlight the importance of sports within society through support for initiatives that lead to healthier, better lifestyles, both physically and mentally, from childhood to old age.

We have also set up a special website (KOSÉ SPORTS BEAUTY) to help the public at large learn more about the wonder and joy of sports.



Our informational website supporting athletes and sports

[More details](#)

For People

03

Help Create a World with True Gender Equality

The continued growth of the KOSÉ Group will require the capabilities of every one of our 12,816 employees worldwide. In the early days following the Company's foundation, its business was supported by female customers. Now, we consider it our duty to support society from a genderless perspective. Aiming to realize a society where diversity is respected and every person's individual talents can be recognized, we will work both within and outside the Company to eliminate the gender gap in society.

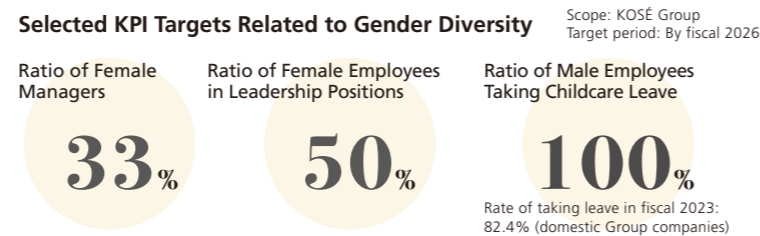
Diversity and Inclusion Initiatives at KOSÉ

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 seminars

on the importance of diversity in the workplace and career plan development, and promote people to leadership positions based on appropriate employee evaluations.

We conduct employee awareness surveys and 360-degree assessments, including reviews of these initiatives.

- Promotion of the KOSÉ IKUPAPA Support System to encourage male employees to take childcare leave
- Operation of an internal information sharing website to disseminate information on topics such as balancing a career with childcare/nursing care
- Launched the KOSÉ Mom & Dad Lounge community for employees who are raising children



Creating an Environment That Helps People Balance Work and Life Events

The KOSÉ Group has support systems in place to reduce anxiety as much as possible and to keep employees motivated when life events of any kind occur, such as raising a child, nursing care, or injury or illness. In particular, life events involving children (such as pregnancy, childbirth and childcare) can bring about huge changes in an

employee's lifestyle. At KOSÉ, we believe people (regardless of gender) should be fully engaged in both their work and family life. As such, we have established support systems for various life events, including for infertility treatment.

[More details](#)



Initiatives to Eliminate the Gender Gap Outside the Company

Each brand is promoting activities to support women in line with its own policies. In our efforts to eliminate the gender gap, we are also promoting support for active roles for women throughout the Company.

DECORTÉ PURPLE RIBBON PROJECT
Conducted awareness-raising activities in Japan and overseas to resolve social issues for women



[More details](#)

For the Earth

04

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 social issues. The Sustainability Promotion Committee (as a subcommittee) coordinates with each brand in promoting their sustainability initiatives and managing their progress.

SEKKISEI SAVE the BLUE Initiatives

The SEKKISEI SAVE the BLUE project focuses on educational activities to increase awareness and deepen understanding of environmental conservation. A portion of sales during the campaign period is donated to environmental conservation activities. We are conducting similar activities globally, including coral reef conservation and tree planting in eight countries and regions,¹ based on the unique features of each area. For the SEKKISEI CLEAR WELLNESS product series, we strive to create environmentally friendly products by reducing our CO₂ emissions and plastic usage. These efforts include (1) use of biomass plastic and label-less, printless designs for containers, (2) use of cardboard and biomass ink for packaging, and digitalization of product usage instructions, and (3) sales of refill packs for customers who continue to use the product. We are also challenging ourselves to creatively reuse materials in order to reduce our burden on the environment. This includes a program for recycling used containers and the use of indigo dye on fabrics.

The winter campaign, SEKKISEI SAVE the BLUE Snow Project, started in fiscal 2022. A portion of sales from selected SEKKISEI brand products purchased by customers during the campaign period will be donated for use in projects related to the conversion to renewable energy for electric power generation in Hakuba Valley,² thereby helping to reduce CO₂ emissions. To spread awareness of the campaign, in November 2023 we launched a range of Snow Project products with a limited-edition design.

1. China, Taiwan, South Korea, Thailand, Singapore, Malaysia, Indonesia and the United States
2. A winter resort at the base of the Northern Japan Alps in Nagano Prefecture



[More details](#)

For the Earth

05

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, as well as to give back to those regions and continue to develop them. The Sustainability Promotion Committee (as a subcommittee) manages the progress of environmental conservation activities at each business site. We also work in partnership with stakeholders.

Participation in and Cooperation with the Japan Water Environment Mapping Committee's National Water Environment Survey



To support regional environmental conservation, we participated in the national water environment survey. We examined the state of not only the water used by the Company's businesses, but also that of nearby aquatic environments and resources. We sampled the water at our Sayama (Saitama Prefecture) and Gunma (Gunma Prefecture) factory sites, and at our planned new Minami-Alps Factory (Yamanashi Prefecture), conducted simple analyses and submitted the results from each area to the committee's secretariat.

Promotion of Cleanup Activities at ALBION



As part of sustainability promotion activities at ALBION, we carry out cleanup activities in order to contribute to society and the environment in the regions where we operate. In July 2023, the brand's flagship store, ALBION PHILOSOPHY, participated in and sponsored (as Team ALBION) the BLUE SANTA beach cleanup event (Fujisawa City, Kanagawa Prefecture) held on Japan's Marine Day national holiday. ALBION employees also signed up for monthly Machikado Clean Day activities held in Chuo-ku, Tokyo. A total of 74 employees from 30 departments took part in cleanup activities eight times, from June to December 2023.

[More details](#)

Promotion of Biodiversity Initiatives



KOSÉ is also working to protect biodiversity in areas where we operate. We support the "30by30" target (for each country to conserve and protect at least 30% of its land and sea areas as healthy ecosystems) set at the 2021 G7 Summit. We have joined the 30by30 Alliance for Biodiversity. Looking ahead, we will work to obtain certification for the areas in which we currently conduct environmental conservation activities as "Sites Coexisting with Nature." We will also promote activities to reduce risks to biodiversity in line with the characteristics of each area, and work to be "nature positive" (have a positive impact on the natural environment). We are also considering information disclosure in accordance with the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD), in order to better communicate the biodiversity-related risks linked to our businesses and to create opportunities to make "nature positive" contributions.

06

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

In fiscal 2019, the KOSÉ Group conducted a material analysis 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. In addition, to

further strengthen our response to climate change, we have set a medium-to-long-term target for greenhouse gas (GHG) emissions¹ (in line with the SBT 1.5°C target² validation protocol) with the aim of achieving net zero emissions³ by 2050.

1. CO₂ is the only greenhouse gas that the KOSÉ Group emits in relation to its business activities.
2. A target consistent with the level required by the Paris Agreement, advocated for by the Science Based Target initiative (SBTi). Set based on scientific evidence to limit the overall rise in the average global temperature to 1.5°C above pre-Industrial Revolution levels.
3. Net zero: Balancing the amount of greenhouse gas emissions against their absorption and removal, to effectively achieve zero emissions.

Governance

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.

Strategy (Scenario Analysis and Countermeasures)

The KOSÉ Group conducts 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 also use the scenarios as a reference in examining business strategies to realize our envisioned future for society

and the planet.

Based on the results of the scenario analysis, the KOSÉ Group realized it was critical to set some bold targets for CO₂ emissions reduction in its operations, formulated a Low Carbon Transition Plan in July 2022, and is promoting initiatives to realize a decarbonized society.

Risk Management

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

For the Earth

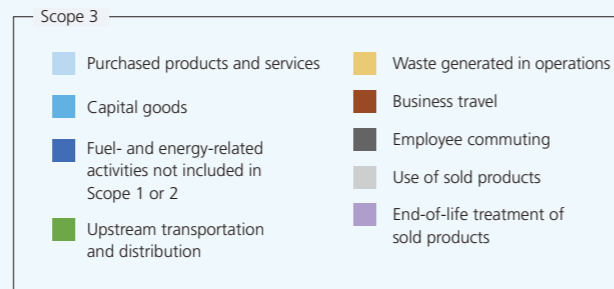
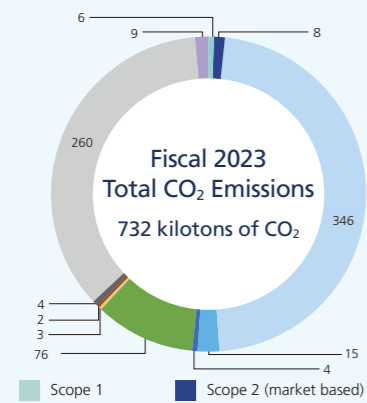
Indicators and Targets

Based on the results of the climate change scenario analysis, the KOSÉ Group realized it was critical to set some bold targets for CO₂ emissions reduction in its operations. Accordingly, we set CO₂ greenhouse gas emissions reduction targets for 2030 (based on 2018 levels) as one of the activity themes in the KOSÉ Sustainability Plan. The targets are 55% for Scope 1 and Scope 2 emissions

(assessed and approved in line with the SBT of 1.5°C), and 30% for Scope 3 emissions throughout the value chain (similarly validated). In addition, our long-term targets are to achieve carbon neutrality for Scope 1 and Scope 2 emissions by 2040, and net zero Scope 1, Scope 2 and Scope 3 emissions by 2050. We are strengthening our climate change initiatives accordingly.

Notes: The 1.5°C target is consistent with the level required by the Paris Agreement, advocated for by the international Science Based Target initiative (SBTi). Set based on scientific evidence to limit the overall rise in the average global temperature to 1.5°C above pre-Industrial Revolution levels. Targets are assessed and approved by the SBTi.

Breakdown of Fiscal 2023 CO₂ Emissions by Scope (Kilotons of CO₂)



[More details](#) [▶ Page 77](#)

The KOSÉ Group's Risks and Opportunities

Type	Risks/Opportunities	Impact	Size of Impact* on KOSÉ		Summary
			1.5/2°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.
Physical Risks	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.
	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.
Opportunities	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.
	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 (due to rising temperatures) needs for products that provide a cooling sensation and prevent makeup from smudging increase, 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

Resource Recycling Initiatives

Sustainability-related Collaboration to Promote Circular Upcycling by Reusing Makeup Products

As part of basic strategies under the KOSÉ Group's medium-to-long-term VISION2026, one key initiative is to "accelerate initiatives by generating synergies within the Group and collaborating with other companies." KOSÉ has collaborated with Honda Plus Co., Ltd. and MANGATA Corporation to create upcycled hair accessories using surplus cosmetic bulk¹ and plastics generated by each company's business activities. We have also been promoting horizontal recycling and upcycling activities in cooperation with KAO Corporation since 2022. In 2023, MANGATA Corporation reused KAO and KOSÉ cosmetics to develop the SminkArt® Pen, a water-based ballpoint pen. We plan to present both of these initiatives at the BEAUTY STUDIO pavilion² as opportunities for children to experience creative upcycling.

We will continue to strengthen our efforts to expand and promote these initiatives, given the social significance of such collaborations.

1. Cosmetics prior to being placed in individual containers.
2. A pavilion at KidZania Tokyo (Koto-ku, Tokyo) that the Company officially sponsors.



Joint Development of an Easily Recyclable "Metal-Less Pump" That Uses Plastic Instead of Metal for the Spring

The KOSÉ Group aims to help realize a sustainable circular economy and is working to reduce environmental impact throughout the product lifecycle.

As a new initiative, our Group company ALBION and Yoshino Kogyosho Co., Ltd. developed environmentally friendly materials, and jointly developed a "metal-less pump" that does not use metal parts.

Achieving mono-materialization (product packaging made from a

single material) offers the advantage of eliminating the need to separate and sort each material when recycling resources. This will encourage plastic recycling, as part of even greater awareness of the issue and social demand for solutions. We will continue to contribute to the realization of a sustainable circular economy by further strengthening our resource recycling initiatives.

[More details](#)



A pump with a metal spring

A "metal-less pump"

Image courtesy of Yoshino Kogyosho Co., Ltd.

Other Initiatives to Reduce Our Environmental Impact

[More details](#)

Information Disclosure in Accordance with TCFD Recommendations

[More details](#)

Mind to Follow the Right Path

01

Human Rights Due Diligence

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 is based on international human rights standards and clearly sets out our position on respecting human rights. Based on this policy, we use assessments by third-party organizations to conduct a Human Rights Risk Assessment* aimed at determining possible negative impacts and issues to be addressed. After the Board of Directors passes a resolution on the assessment, the findings are shared throughout the Company. Furthermore, to facilitate consideration and formulation of measures related to respecting human rights, a subcommittee to promote human rights has been established under the Sustainability Promotion Committee. The Sustainability Committee, chaired by the President & CEO and composed of members of the Board of Directors and executive officers, is responsible for overseeing subcommittees.

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

Human Rights Due Diligence

The KOSÉ Group is promoting human rights due diligence in keeping with the United Nations' "Guiding Principles on Business and Human Rights (UNGPs)," aimed at addressing human rights issues relevant to the Group that may arise and are identified through the Human Rights Risk Assessment. In addition, we have established internal and external contact points for consultation on human rights issues.

Human Rights Issues of Particular Importance and Risk Management

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

Human Rights-related Issues	Status and Response Measures
Continuously Monitoring Human Rights Issues in the Raw Materials Procurement Supply Chain	<ul style="list-style-type: none"> Ascertain through platforms such as Sedex* and self-assessment questionnaires (SAQs) Ascertain through direct dialogue with small-scale palm growers Supply chain management More details
Diversity, Equity and Inclusion in the Company and Human Rights in the Workplace	<ul style="list-style-type: none"> Promotion of the KOSÉ Group Code of Conduct among all Group employees Employee education on human rights and compliance awareness-raising activities Anti-harassment training for management Promotion of diversity, equity and inclusion Risk management and compliance awareness-raising activities More details Diversity, equity and inclusion More details
Communication of Information and Our Responses (Public Relations, Advertising, Customer Service, Product Explanations, etc.) with Diversity in Mind	<ul style="list-style-type: none"> Promotion of "adaptability" as a management strategy and incorporation in business activities Unconscious bias education, mainly for people in charge of marketing Adaptability More details

* Supplier Ethical Data Exchange: A global membership organization that provides an online platform for enhancing sustainability in supply chains

Continuously Monitoring Human Rights Issues in the Raw Materials Procurement Supply Chain

As the Group uses palm oil, minerals and numerous other natural resources as raw materials in its products, it monitors the supply chain through initiatives that determine the possible existence of negative impacts. We grasp the status of the supply chain and promote initiatives to make corrections through supplier surveys and engagement with workers in areas where materials are sourced.

Diversity, Equity and Inclusion in the Company and Human Rights in the Workplace

In promoting diversity, equity and inclusion, the Group believes it necessary to understand gender diversity, including LGBTQ+, and to gain a deeper understanding of the increasingly varied national and cultural backgrounds of employees. We therefore conduct a number of initiatives, including internal awareness-raising activities, with the aim of realizing a workplace culture where diverse personnel can play active roles.

Communication of Information and Our Responses (Public Relations, Advertising, Customer Service, Product Explanations, etc.) with Diversity in Mind

To avoid unintentionally sowing the seeds of a potentially restrictive or discriminatory set of values in society through our public relations, advertising and customer service, we conduct internal training and awareness-raising activities. We also disseminated messages of respect for diversity, as part of various efforts designed to have a positive impact on society.

Human Rights Policy and Promotional Structure [More details](#)

Human Rights Due Diligence [More details](#)

02

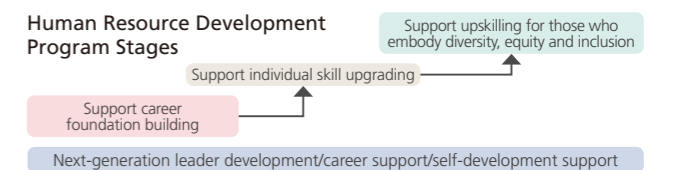
Human Resource Development

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, in order to make effective use of human capital to achieve results and to increase job satisfaction and comfort levels among employees, we have made developing human resources one of our material issues. We 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.

Policy for the Development of Skills

The KOSÉ Group Code of Conduct clearly states that we will respect the human rights, capabilities, individuality, and values of each person. Based on this code, we have formulated the Human Resource Development Policy, which advocates for personal development. To this end, we provide opportunities for various types of training and personal development. We have introduced a mentoring system for new graduate employees, carry out self-review sessions for employees ready to move to the next stage of their careers, and provide upskilling opportunities. KOSÉ also supports personal growth through measures such as skill development training for employees at all responsibility levels and practical training suited to specific business units and

departments. In addition, we conduct training in the form of projects for generating innovation and provide upskilling and voluntary career switch programs for Beauty Consultants. We are also working on initiatives to develop the skills of employees to create new value through diversity, equity and inclusion.



Initiatives to Generate Employee Engagement and Increase Working Comfort

At KOSÉ, we regard employees as an important asset and the foundation supporting the enhancement of our corporate value. We believe that further increasing employee engagement and employees' willingness to contribute will revitalize the organization and strengthen our competitiveness. Therefore, with the aim of creating a comfortable and rewarding workplace, we regularly conduct employee awareness surveys and 360-degree assessments. The results of the surveys are reported to management committees and others, where the results are analyzed, issues are categorized and measures considered and implemented. In our fiscal 2022 survey, we found that Company loyalty and job satisfaction among employees tended to be higher than the average for the working population as a whole. In addition, compared to the previous survey, we found that the level of satisfaction with the

Company among female employees had significantly improved. In fiscal 2017, we established the "Create a Great Place to Work" committee, which is chaired and vice-chaired mainly by executives and HR department managers. Committee members are selected from a diverse group of employees across departments, and they promote various initiatives to further increase employee engagement.



Commitment by Management and Top-Level Executive Officers to Generate Job Satisfaction

Measures to generate and improve job satisfaction are not planned and implemented solely by department managers. The management team, including the President, and top-level executive officers also proactively contribute to the process.

- Career management seminars for mid-level female employees
- Interviews with branch sales staff regarding their job satisfaction
- Lectures on career and lifestyle balance



Human Resource Development and Career Building [More details](#)

Supporting Junior Employees' Independence through the Second Family System

We have introduced the Second Family System, which involves creating small "families" made up of members of various ages from different departments. The system facilitates cross-departmental interactions that overcome barriers between age groups and departments, combining members' personal awareness with their understanding of work. This system was created to address the real-world issues faced by new graduate employees who want to engage in more proactive internal communications, such as the decrease in opportunities to achieve mutual understanding caused by the shift to online processes. For junior employees, the system fosters a culture in which they are trained by the entire Company. It also provides them with someone (a more senior employee) to turn to for both Company-related and personal matters, and covers areas that cannot be addressed by a mentor system in their own department.

Mind to Follow the Right Path

03

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 KOSÉ Beauty Partnership concept outlined in our medium-to-long-term VISION2026, 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 procurement for raw materials and product packaging materials that is considerate of society, the environment, and human rights, 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-related responses and respect for human rights.

Examples of Engagement (Conducting SAQ and Joining Sedex)

Monitoring Activities for Responsible Procurement

Every year, we conduct a self-assessment questionnaire (SAQ) for sustainable procurement for our main suppliers in Japan and overseas. In fiscal 2023, we asked 161 suppliers, whose cost of goods procured accounted for 95.5% of the total, to complete the questionnaire, and received responses from 100% of them.

The ratio of suppliers with low scores has improved compared to the previous fiscal year, and through our monitoring activities we confirmed that there were no particular high CSR procurement risks as of the end of December 2023.

Response to Procuring Sustainable Palm Oil

The KOSÉ Group acquired the RSPO* Supply Chain Certification Standard (SCCS) in December 2021 for its head office, related sites, and main factories. In 2022, we renewed our accreditation after passing a follow-up certification assessment. We will continue working to procure RSPO certified raw palm oil and to promote sustainable procurement with our suppliers.

* RSPO: Roundtable on Sustainable Palm Oil

Establishment of Compliance Help Desk

The KOSÉ Group has established a Compliance Help Desk to handle internal and external inquiries for early detection of illegal acts (including bribery and all other forms of misconduct) and violations of internal rules, including those related to human rights issues such as bullying and harassment. Whenever we receive an internal or

external report, we ensure that the anonymity of the reporting party is protected and that they do 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.

04

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 in the fact 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.¹ We subsequently acquired international quality management standard ISO 9001 and international cosmetics quality and safety standard ISO 22716 (cosmetics GMP²) certifications in our ongoing commitment to quality

in response to the demands of the times.

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, 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 to companies and individuals in Japan 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

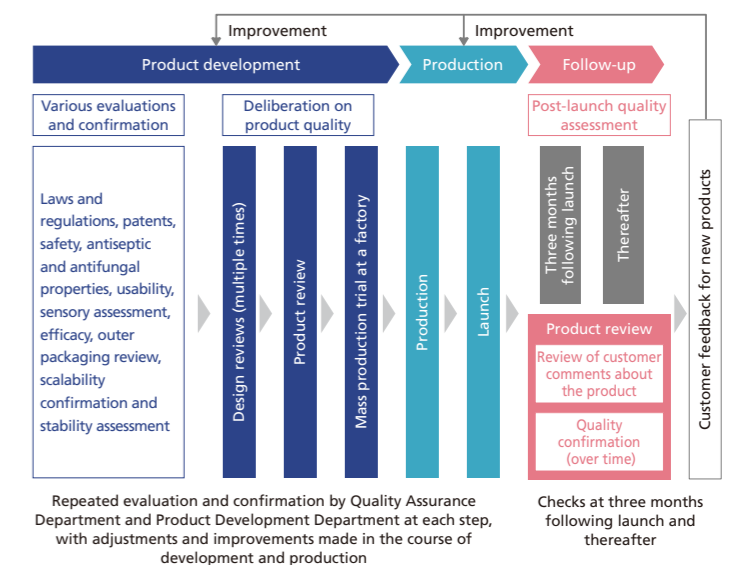
Quality Control That Prioritizes Safety and Peace of Mind

Cosmetics are applied directly to the skin and hair, so it is important that we prioritize safety 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.

[More details](#)

Quality Assurance in the KOSÉ Group's New Product Development



Mind to Follow the Right Path

05

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

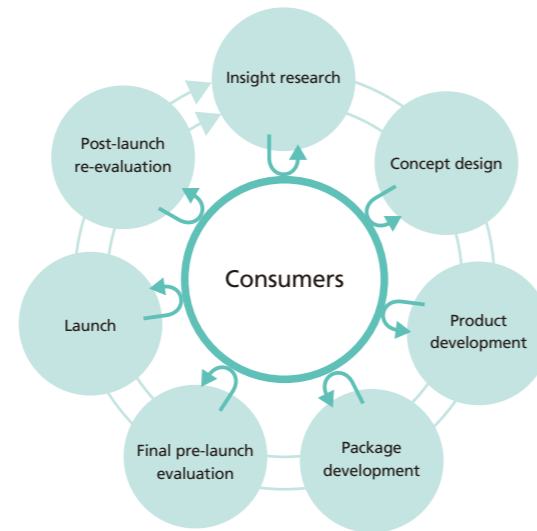
The KOSÉ Group established the in-house slogan “Closer to Our Customers” and in April 2018 announced its Declaration of Consumer Orientation. This slogan is a reflection of the basic policy of KOSÉ's medium-term management plan for fiscal 2011, and signifies that each employee thoroughly adopts an approach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

In order to further evolve our activities from the customer's perspective, we believe it is important to incorporate not only feedback from existing customers, but also feedback from an even broader range of consumers with diverse backgrounds. We have thus established a product development process that reflects the voices of all kinds of consumers (see the figure on the right) and have developed a manufacturing system that introduces adaptability at a higher level. Specifically, we have introduced quantitative and qualitative consumer surveys in each step of the product development process. At the initial stage of product development, 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 put consumers at the center of our product

creation, ensuring that we achieve a true customer perspective that incorporates adaptability.

Product Development Process Applying Design Thinking Techniques



Commended at the Good Practices of Consumer-Oriented Management Awards

In February 2024, KOSÉ received the Consumer Affairs Agency Commissioner's Commendation at the fiscal 2023 Good Practices of Consumer-Oriented Management Awards. This award recognizes businesses that have conducted outstanding consumer-oriented management-related initiatives. KOSÉ was recognized for its adaptable manufacturing system that is closely attuned to the needs of individuals, for its efforts to promote skincare habits from early childhood and change consumer behavior by raising awareness of the importance of UV protection, and for its future-thinking initiatives.

We are determined to stay closely attuned to customers now and in the future. To this end, we will create value by considering the diverse backgrounds of each individual, including gender, age, nationality, skin color and values. We will engage with these diverse backgrounds from three angles—physical, mental and spiritual, and

social attributes—in all of our activities, to provide people with choices that reflect their individuality.



Left: Consumer Affairs Agency Commissioner Yutaka Arai
Right: KOSÉ President & CEO Kazutoshi Kobayashi

External Evaluations

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

FTSE4Good Index Series



2023 Constituent MSCI Japan Empowering Women Index (WIN)

2023 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 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 Water Security (CDP)
Selected for CDP Climate Change A List 2023 and Water Security A List 2023



2024 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 2024



Certified as Advanced at the D&I Awards 2023 (JobRainbow Co., Ltd.)



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



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



Nadeshiko Brand 2023 (Ministry of Economy, Trade and Industry/ Tokyo Stock Exchange)

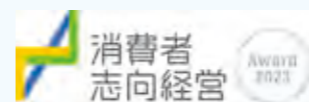
[More details](#)

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

The United Nations Global Compact



Declaration of Consumer Orientation



FY2023 Good Practices of Consumer-Oriented Management Awards Consumer Affairs Agency Commissioner's Commendation

Task Force on Climate-related Financial Disclosures (TCFD)



TNFD Forum



Japan Climate Initiative (JCI)



COSME BANK Project



Japan Clean Ocean Material Alliance (CLOMA)



Kobe Plastic Next: Joining Forces to Recycle Refill Packs



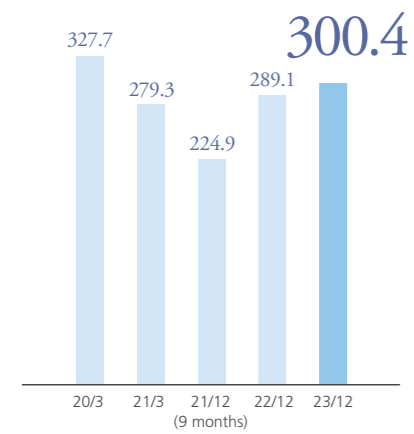
Financial and Non-Financial Highlights

KOSÉ Corporation and Consolidated Subsidiaries
Years ended December 31, unless otherwise noted¹

Financial

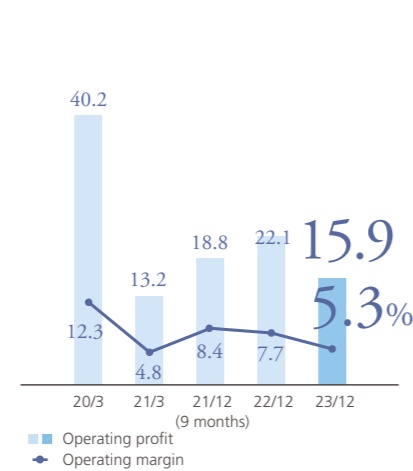
Net Sales

(Billions of yen)



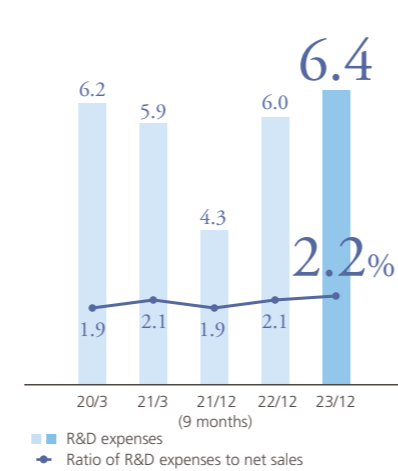
Operating Profit/ Operating Margin

(Billions of yen)



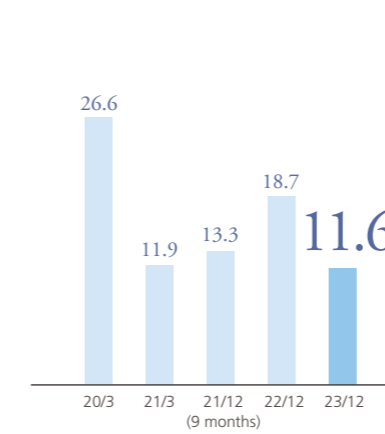
R&D Expenses/Ratio of R&D Expenses to Net Sales

(Billions of yen)



Profit Attributable to Owners of Parent

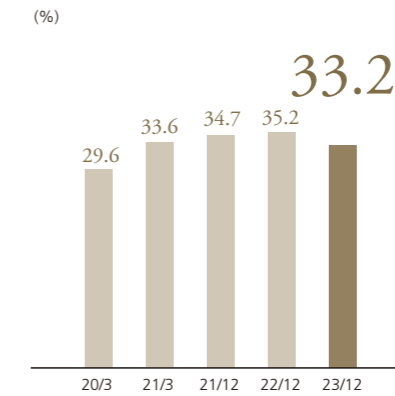
(Billions of yen)



Non-Financial

Ratio of Female Employees in Leadership Positions

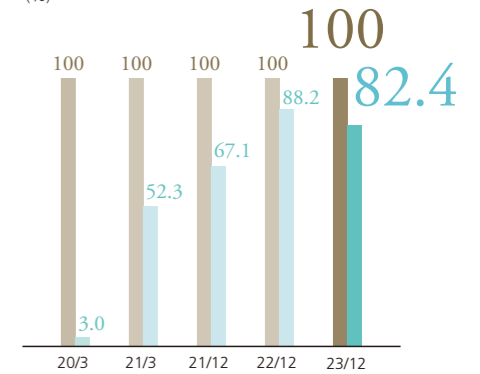
We are striving to create a work environment that fulfills women's desire to succeed by enabling them to balance their work with private life while fully leveraging their individuality and capabilities.



Note: Female employees with subordinates, or equivalent positions. Figures are for KOSÉ Corporation and consolidated subsidiaries.

Proportion of Employees Who Took Childcare Leave

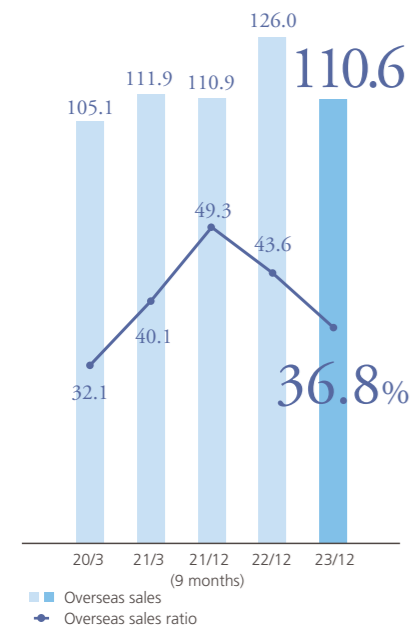
We encourage employees to take maternity leave and childcare leave, and we are striving to enhance our systems and carry out work environment improvements that support work-life balance, including shortened working hours and remote work.



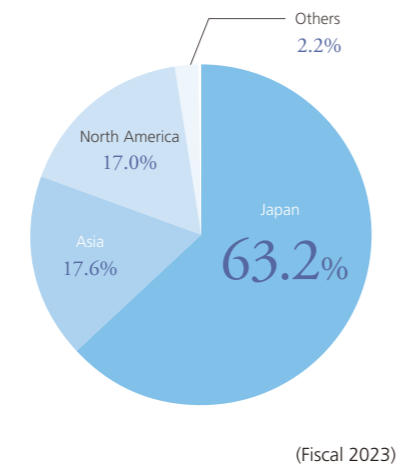
Note: Up to fiscal 2019 (2020/3), proportion of employees in KOSÉ Corporation and KOSÉ SALES CO., LTD. From fiscal 2020 (2021/3), all domestic Group companies.

Overseas Sales/ Overseas Sales Ratio

(Billions of yen)

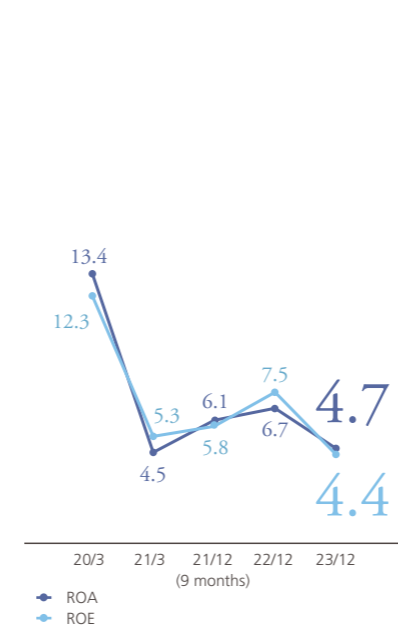


Share of Net Sales by Region



ROA²/ROE³

(%)



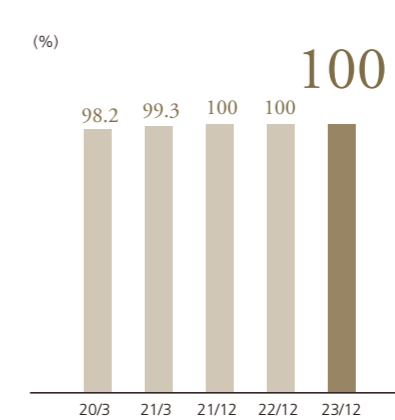
Net Income per Share (Basic)

(Yen)



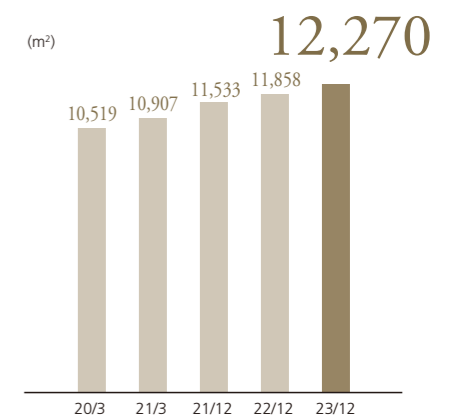
Waste Recycling Rate at Factories

Achieved zero emissions (recycling rate of 99.5%) at Gunma Factory and Sayama Factory in 2005. Currently, all factories have achieved zero emissions.



Area Planted with Coral Reefs

We started the SEKKISEI/SAVE the BLUE project in 2009 to protect coral reefs in Okinawa that are in danger of extinction. Every year, we plant an area of coral equivalent to the total area of the bases of all the SEKKISEI bottles sold during the campaign.



1. From fiscal 2021, the fiscal year-end changed from March 31 to December 31. Please note that for the fiscal year ended December 31, 2021, as a transitional period, financial information covers the nine months from April 1, 2021 to December 31, 2021 and non-financial information covers the 12 months from January 1, 2021 to December 31, 2021.
2. ROA = (Operating profit + Interest and dividends) / Total assets (average at beginning and end of year) X 100

3. ROE = Profit attributable to owners of parent / Shareholders' equity (average at beginning and end of year) X 100

10-Year Summary of Selected Financial Data

KOSÉ Corporation and Consolidated Subsidiaries¹

	2023/12	2022/12	2021/12 (9M) (Apr.-Dec.)	2021/3	2020/3	2019/3	2018/3	2017/3	2016/3	2015/3	Thousands of U.S. dollars ²
Millions of yen											
Performance:											
Net sales	300,406	289,136	224,983	279,389	327,724	332,995	303,399	266,762	243,390	207,821	2,118,519
Gross profit	211,197	205,515	156,905	201,923	239,020	244,387	221,852	199,735	183,920	157,057	1,489,400
Selling, general and administrative expenses	195,211	183,395	138,052	188,629	198,789	191,979	173,443	160,574	149,286	134,410	1,376,664
Operating profit	15,985	22,120	18,852	13,294	40,231	52,408	48,408	39,160	34,634	22,647	112,729
Interest and dividend income	1,355	792	405	456	662	651	271	294	347	315	9,555
Profit before income taxes	19,506	27,867	21,335	19,508	40,365	54,949	48,242	39,425	33,862	23,694	137,559
Profit attributable to owners of parent	11,663	18,771	13,341	11,986	26,682	37,004	30,611	21,657	18,655	12,057	82,249
Comprehensive income	16,046	28,866	20,234	15,228	26,703	36,427	36,908	24,643	13,197	19,688	113,159
Cash and cash equivalents at end of period	105,669	94,063	81,876	80,051	70,284	64,264	63,883	55,622	52,997	50,754	745,197
Current assets	256,732	244,481	217,324	205,031	204,438	205,241	193,164	172,074	161,351	134,476	1,810,521
Total assets	371,657	359,600	320,018	308,386	308,606	300,162	270,370	247,191	233,275	205,006	2,620,994
Current liabilities	70,224	67,580	59,136	61,608	59,676	66,107	62,821	56,033	57,766	45,207	495,232
Non-current liabilities	18,395	16,671	6,614	5,478	8,727	9,213	10,116	14,027	16,965	10,160	129,724
Shareholders' equity	239,721	235,975	224,576	218,107	219,425	203,566	176,263	159,348	143,626	129,203	1,690,557
Interest-bearing debt	10,215	10,178	1,711	8,533	1,654	1,666	1,311	1,629	1,704	1,248	72,038
Depreciation	9,557	9,743	7,827	10,379	8,838	8,018	6,977	5,821	5,744	5,293	67,397
Capital expenditures	5,815	6,847	4,517	10,188	19,286	18,500	10,065	10,770	10,445	21,143	41,015
Per-Share Data (Yen):											
Net income (basic)	204.43	329.03	233.86	210.11	467.76	648.71	536.63	379.66	327.04	211.37	1.44
Net assets	4,664.70	4,539.45	4,178.06	3,952.94	3,920.41	3,660.77	3,227.07	2,871.60	2,583.76	2,455.34	32.90
Cash dividends	140.00	140.00	120.00	120.00	190.00	180.00	148.00	110.00	94.00	64.00	0.99
Financial Ratios (%):											
Equity ratio	71.6	72.0	74.5	73.1	72.5	69.6	68.1	66.3	63.2	68.3	
ROA ³	4.7	6.7	6.1	4.5	13.4	18.6	18.8	16.4	16.0	11.7	
ROE ⁴	4.4	7.5	5.8	5.3	12.3	18.8	17.6	13.9	13.0	9.1	
Gross profit margin	70.3	71.1	69.7	72.3	72.9	73.4	73.1	74.9	75.6	75.6	
Operating margin	5.3	7.7	8.4	4.8	12.3	15.7	16.0	14.7	14.2	10.9	
Profit attributable to owners of parent to net sales	3.9	6.5	5.9	4.3	8.1	11.1	10.1	8.1	7.7	5.8	
Payout ratio	68.5	42.5	51.3	57.1	40.6	27.7	27.6	29.0	28.7	30.3	

1. From fiscal 2021, the fiscal year-end changed from March 31 to December 31. Data for fiscal 2021 covers the nine months from April 1, 2021 to December 31, 2021.
 2. The U.S. dollar amounts are translated, for convenience only, at the rate of JPY 141.8 to USD 1.00, the approximate rate of exchange on December 30, 2023.
 3. ROA = (Operating profit + Interest and dividends) / Total assets (average at beginning and end of year) X 100
 4. ROE = Profit attributable to owners of parent / Shareholders' equity (average at beginning and end of year) X 100

3-Year Summary of Selected Non-Financial Data

For People: Social KPIs

Human Capital	2021/12	2022/12	2023/12	Scope ¹³
Basic Information				
Number of employees (female/male)	11,726/2,257	10,997/2,182	10,703/2,113	KOSÉ Group ¹
Average length of service (years)	11.4	12.1	12.7	Domestic Group companies ⁴
Number of new graduates hired to regular full-time positions (female/male) as of April 1 of each year	40/24	22/14	27/20	Domestic Group companies ⁴
Employee turnover among new graduates within 3 years (%)	7.3	10.0	10.9	Domestic Group companies ⁴
Turnover rate for all employees (%)	6.9	8.7	8.5	Domestic Group companies
Diversity, Equity and Inclusion				
Ratio of female employees on the Board of Directors (%)	28.6	28.6	37.5	KOSÉ Corporation <small>(as of the conclusion of the General Meeting of Shareholders for that year)</small>
Ratio of female employees in managerial/leadership positions ² (%)	28.8/34.7	28.9/35.2	30.8/33.2	KOSÉ Group
Gender wage gap ⁹ (% of women to men) (management positions)	-	99.9	96.2	Domestic Group companies ¹¹
Gender wage gap (% of women to men) (non-management positions/beauty consultants)	-	89.0/90.0	82.1/87.6	Domestic Group companies ¹¹
Gender wage gap (% of women to men) (total) ¹⁰	-	70.1	54.2	Domestic Group companies ¹¹
Proportion of employees who took childcare leave (female/male) (%)	100.0/67.1	100.0/88.2	100.0/82.4	Domestic Group companies ⁴
Return rate following childcare leave (female/male) (%)	96.9/100.0	96.7/100.0	97.2/100.0	Domestic Group companies ⁴
Number of employees working shortened hours for childcare/family care	501/5	623/3	643/3	Domestic Group companies ⁴
Number of employees taking extended leave for family care	11	5	6	Domestic Group companies
Number of employees taking paid leave for family care	15	12	15	Domestic Group companies ⁴
Total number of participants in ability development and skills training (employees in managerial positions and non-management positions/beauty consultants)	1,135/-	2,893/-	3,996/75,177	Domestic Group companies ⁸
Time spent on ability development and skills training (total hours) (employees in managerial positions and non-management positions/beauty consultants)	20,624.5/-	50,386.0/-	38,289/542,905	Domestic Group companies ⁸
Time spent on ability development and skills training (average hours/employee) (employees in managerial positions and non-management positions/beauty consultants)	13.1/-	17.8/-	11.6/107.6	Domestic Group companies ⁸
Time spent on ability development and skills training (average hours/employee)(total)	-	-	69.6	Domestic Group companies
Ratio of employees with disabilities (%)	2.22	2.41	2.39	Domestic Group companies ⁶
Number of rehired employees	261	317	337	Domestic Group companies ⁴
Health and Safety				
Annual working hours/Annual overtime (average hours per employee)	1,637.4/53.9	1,709.4/70.2	1,697.0/74.1	Domestic Group companies ⁵
Ratio of paid leave taken (%)	66.9	69.2	62.6	Domestic Group companies ⁴
Number of occupational accidents resulting in a leave of absence/death	31/0	33/0	19/0	Domestic Group companies ⁴
Quality of Life Improvement				
Number of general participants in sports events	0 ⁷	2,448	15,471	KOSÉ Corporation
Support for cutaneous porphyria patients (people/number of products provided)	4/14	6/35	5/20	KOSÉ Corporation
Support for Women and Education				
Number of schools accepted for company tours ³ (schools/students)	2/6 ⁷	7/114	23/316	KOSÉ Corporation ALBION CO., LTD. ¹²
Number of students provided with tuition support at girls' junior high school in Tanzania (cumulative total since FY2017)	30	39	51	KOSÉ Corporation

Notes: 1. KOSÉ Group: KOSÉ Corporation and its subsidiaries (38 companies), 39 companies total.
 2. Leadership position: A position with subordinates, or equivalent.
 3. Company tours: Tours given in response to requests from junior high schools and high schools as part of social learning.
 4. Scope expanded to all domestic Group companies as of the fiscal year ended December 31, 2021.
 5. Working hours include paid leave, maternity leave, childcare leave, injury and sick leave, etc.
 6. From the fiscal year ended December 31, 2021, figures for six companies that are required to hire people with disabilities.
 7. In the fiscal year ended December 31, 2021, events were canceled and the number of participants was reduced in order to prevent the spread of COVID-19.
 8. For managerial and non-managerial positions, scope expanded to all domestic Group companies as of the fiscal year ended December 31, 2022.
 9. Calculated based only on base salary. Excludes employees working shorter hours, those on leave, and those who joined or retired during the period.
 10. There is no difference in the salary paid to male and female employees for the same work. Overall differences can be accounted for by differences in salary levels, gender ratio, years of service and roles/grades by employment type.
 11. Only KOSÉ Corporation in the fiscal year ended December 31, 2022. Scope expanded to all domestic Group companies in the fiscal year ended December 31, 2023.
 12. ALBION CO., LTD. was included in the calculation from the fiscal year ended December 31, 2023.
 13. Scope is as of December 31 of each year (excluding items with separate annotations)

Database on Promotion of Women's Participation and Advancement in the Workplace [More details](#)

Note: The database contains disclosure information for each company. The information shown on this page is comprised of domestic Group totals. Data has been categorized under main domestic affiliated companies. Individual company data can be found using the 'Company Name Search' function on the database.

For the Earth: Environmental KPIs

Energy		2021/12	2022/12	2023/12	Scope	
CO ₂ (greenhouse gas) emissions (t-CO ₂) ¹	Scope 1	7,270.0	6,405.8	5,978.7 ²	KOSÉ Group	
	Scope 2	Market-based	12,508.6	10,770.0	8,110.7 ²	KOSÉ Group
		Location-based	15,224.2	14,023.7	14,492.9 ²	KOSÉ Group
Electricity consumption (MWh)	Scope 3	720,632.7	668,982.9	718,202.6 ²	KOSÉ Group	
	Portion generated using renewable energy (MWh)	34,534.1	32,059.0	32,377.5 ²	KOSÉ Group	
Total energy consumption (GJ)		476,556.7	435,424.1	427,624.0 ²	KOSÉ Group	
City gas consumption (km ³)		2,150.5	1,808.1	1,612.5 ²	KOSÉ Group	
LP gas consumption (km ³)		14.2	14.1	14.8 ²	KOSÉ Group	
Gasoline consumption (kL)		726.5	726.2	721.6 ²	KOSÉ Group	
Fuel oil consumption (kL)		266.0	224.0	210.0 ²	KOSÉ Group	
Diesel oil consumption (kL)		13.6	18.3	43.2 ²	KOSÉ Group	
Kerosene consumption (kL)		57.0	50.9	47.6 ²	KOSÉ Group	

Atmospheric Emissions	2021/12	2022/12	2023/12	Scope
NOx emissions (tons)	7.4	3.5	3.0	KOSÉ Corporation Production Department
SOx emissions (tons)	0.6	0.2	0.3	KOSÉ Corporation Production Department

Waste	2021/12	2022/12	2023/12	Scope
Volume of waste (tons)	3,026	2,163 ³	2,100	KOSÉ Group Production Departments
Recycling rate (%)	100	100	100	KOSÉ Group Production Departments

Water Resources	2021/12	2022/12	2023/12	Scope
Water intake (1,000 m ³)	289.0	303.8	309.0 ²	KOSÉ Group Production Departments
Wastewater (1,000 m ³)	203.1	187.0	194.9 ²	KOSÉ Group Production Departments
Water intake intensity (m ³ /production volume in dozens)	0.01509	0.01784	0.01790 ²	KOSÉ Group Production Departments
Water intake intensity (% change YoY)	-4.1	18.2	0.3 ²	KOSÉ Group Production Departments
Pollution load: BOD (tons)	9.5	7.9	11.2	KOSÉ Corporation Production Department
Pollution load: SS (tons)	2.4	1.8	5.7	KOSÉ Corporation Production Department
Pollution load: n-Hex (tons)	0.5	0.2	0.6	KOSÉ Corporation Production Department
Number of violations of water intake/drainage laws and regulations	0	0	0	KOSÉ Group Production Departments

Environmental Contribution and Biodiversity Conservation	2021/12	2022/12	2023/12	Scope
SAVE the BLUE project area planted with coral reefs (m ² /number of corals planted)	626/1,027	325/533	411/673	KOSÉ Corporation

(Totals as of FY2023: 12,270/20,211)

1. CO₂ is the only greenhouse gas that the KOSÉ Group emits in relation to its business activities.
 2. Figures are scheduled to be updated in August 2024, following third-party verification.
 3. Acquired data categories were adjusted as of fiscal 2022.

Note: CO₂ (greenhouse gas) emissions (Scope 1, 2 and 3) and water-related data (usage and waste) for 2021 and 2022 have been verified by a third party.

See the KOSÉ website for other non-financial information and data. [More details](#)

Principal Group Companies (As of December 31, 2023)

Production-related Subsidiaries

Company Name	Country/Region	Paid-in Capital	Ownership
ADVANCE CO., LTD.	Japan	JPY 90 million	100.0%
KOSÉ INDUSTRIES CO., LTD.	Japan	JPY 100 million	100.0%
ALBION CO., LTD.	Japan	JPY 760 million	79.5%
TAIWAN KOSÉ CO., LTD.	Taiwan	TWD 180 million	100.0%

Marketing and Services-related Subsidiaries

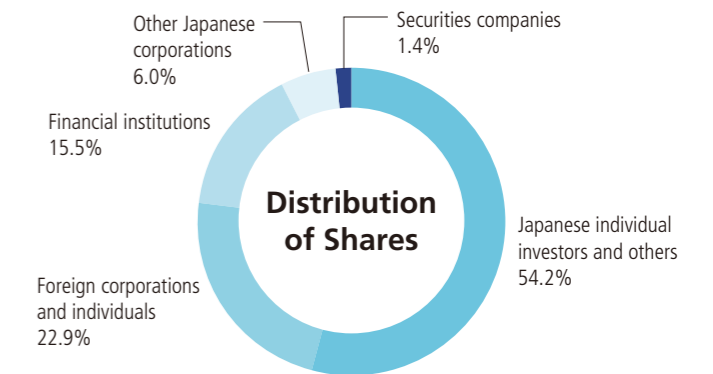
Company Name	Country/Region	Paid-in Capital	Ownership
KOSÉ SALES CO., LTD.	Japan	JPY 300 million	100.0%
KOSÉ COSMENIENCE CO., LTD.	Japan	JPY 30 million	100.0%
KOSÉ Cosmeport Corp.	Japan	JPY 30 million	100.0%
KOSÉ PROFESSIONAL CO., LTD.	Japan	JPY 10 million	100.0%
Dr. PHIL COSMETICS INC.	Japan	JPY 40 million	100.0%
KOSÉ PROVISION CO., LTD.	Japan	JPY 30 million	100.0%
KOSÉ Travel Retail Co., Ltd.	Japan	JPY 10 million	100.0%
KOSÉ INSURANCE SERVICE CO., LTD.	Japan	JPY 10 million	100.0%
COSME LABO CO., LTD.	Japan	JPY 10 million	100.0%
KOSÉ Maruho Pharma Co., Ltd.	Japan	JPY 100 million	51.0%
KOSÉ (HONG KONG) CO., LTD.	Hong Kong	HKD 15 million	100.0%
KOSÉ COSMETICS SALES (CHINA) CO., LTD.	China	CNY 235 million	100.0%
KOSÉ SINGAPORE PTE. LTD.	Singapore	SGD 1 million	100.0%
KOSÉ KOREA CO., LTD.	South Korea	KRW 25,000 million	100.0%
KOSÉ (THAILAND) CO., LTD.	Thailand	THB 5 million	49.0%
KOSÉ (MALAYSIA) SDN. BHD.	Malaysia	MYR 1 million	100.0%
KOSÉ Corporation INDIA Pvt. Ltd.	India	INR 1,300 million	100.0%
PT. INDONESIA KOSÉ	Indonesia	IDR 10,000 million	100.0%
KOSÉ AMERICA, INC.	U.S.A.	USD 2 million	100.0%
Tarte, Inc.	U.S.A.	USD 159	100.0%
ALBION COSMETICS (AMERICA), INC.	U.S.A.	USD 2 million	79.5%
ALBION COSMETICS (HK) LIMITED.	Hong Kong	HKD 71 million	79.5%
ALBION COSMETICS (SHANGHAI) CO., LTD.	China	CNY 37 million	79.5%

Corporate Information (As of December 31, 2023)

Corporate Name:	KOSÉ Corporation	IR Website:	https://corp.kose.co.jp/en/ir/
Founding:	March 1946	Sustainability Section:	https://corp.kose.co.jp/en/sustainability/
Incorporation:	June 1948	Number of Employees (Consolidated):	12,816
Head Office:	3-6-2, Nihonbashi, Chuo-ku, Tokyo 103-8251, Japan Tel: +81-3-3273-1511	Fiscal Year-End:	December 31
Website:	https://corp.kose.co.jp/en/		

Stock Information (As of December 31, 2023)

Common Stock (Authorized):	200,000,000 shares
Common Stock (Issued):	60,592,541 shares
Capital:	JPY 4,848 million
Number of Shareholders:	24,754
Stock Listing:	Tokyo Stock Exchange Prime Market (Code: 4922)
Transfer Agent:	Mitsubishi UFJ Trust and Banking Corporation



Stock Data

