

# Message from External Directors



## Management that is Conscious of Capital Costs

Miwa Suto

KOSÉ aims to realize a future where it contributes to the well-being of the society by delivering happiness that respects individuality, through supporting beautiful and healthy lifestyles for customers around the world and developing its business. To steadily achieve this vision, the Company is promoting structural reforms and growth strategies aimed at transforming its domestically focused business model into one capable of generating revenues on a global scale. To further strengthen its earning power, the entire Group organization must move toward management that is conscious of capital costs. In the new medium- to long-term vision, KOSÉ has introduced ROIC as a new management indicator. What's important now is for each organizational unit to take ownership of ROIC, actively work to improve it, and engage in efforts to visualize performance, as this will be the key to success. KOSÉ has the underlying strength to unite the organization and execute decisively once a course of action is determined. As an external director, I will commit to providing my utmost support to accelerate these efforts and deliver early results.

## Transformation of Global Business Structure

Norika Yuasa

Last year, KOSÉ made a bold decision to reduce its dependence on the Chinese market and expand into the Global South, and undertook difficult structural reforms in China. In the Global South (ASEAN and India), the Company executed M&A and partnership deals in Thailand and India. Unlike China, these countries feature diverse cultures, preferences, and distribution infrastructures, making it difficult for standardized strategies to succeed. Moreover, when pursuing growth through M&A, accurately assessing fair value is critical, and complex evaluations are required that include not only financials but also intangible assets such as offline and online sales networks and regulatory response capabilities. Post-acquisition, KOSÉ must also aim to maximize synergies through portfolio integration, shared R&D and raw material procurement, and at the same time build strong cooperative frameworks with local management teams—not a small challenge. This represents a new voyage for KOSÉ, but it is also a realm where the Company's inherent spirit of challenge and its openness to diversity can truly flourish. I look forward to seeing KOSÉ make a great leap forward that goes beyond everything it has achieved so far.

## Strengthening the Governance Structure

Yukino Kikuma

As KOSÉ transitions to a pure holding company structure, strengthening the governance system of the entire KOSÉ Group will require building a management framework that respects the autonomy of each operating company while optimizing the Group as a whole. To that end, it is essential for the holding company to first clearly define a medium- to long-term growth strategy and establish mechanisms for allocating management resources strategically and efficiently. In addition, it must build a system that enhances quick and flexible responsiveness through the clarification of decision-making processes and the appropriate delegation of authority. By leveraging accumulated expertise and talent across the Group, and strengthening collaboration among business entities, KOSÉ can create an environment more conducive to generating new synergies. I also hope this will lead to the development of new businesses and acquisition of external resources.

By steadily advancing these initiatives, KOSÉ aims to enhance its competitiveness as a Group and sustainably increase its corporate value.

## On the Capital Efficiency Indicator (ROIC)

Kumi Kobayashi

In *Milestone2030*, ROIC (Return on Invested Capital) has been added as a quantitative target. This represents an important shift—placing not only outcome-based indicators such as sales and profit at the center of management, but also embedding the question “Is this a value-generating choice?” at the very point of capital investment decision-making. By visualizing profits linked to invested capital, it becomes possible to compare strategic options based on their contribution to corporate value during the planning stage, and to conduct objective evaluations after implementation. On the ground, efforts are already underway to visualize profitability at the unit level and to reexamine organizational structures. I am confident that, by embedding responsible management based on ROIC into the KOSÉ Group—founded on its strong passion and technical expertise for creating better products, which are the strengths of the Group,—we will steadily drive medium- to long-term enhancement of corporate value. I will continue to support this progress going forward.



# Management Introduction (As of March 28, 2025)



① **Kazutoshi Kobayashi**  
President & CEO

② **Takao Kobayashi**  
Senior Executive Director

③ **Masanori Kobayashi**  
Executive Director

④ **Koichi Shibusawa**  
Executive Director

⑤ **Yusuke Kobayashi**  
Director

⑥ **Atsuko Ogura**  
Director

⑦ **Yoshinori Haratani**  
Director

⑧ **Shinji Tanaka**  
Director

⑨ **Yukino Kikuma**  
Director (External)

⑩ **Norika Yuasa**  
Director (External)

⑪ **Miwa Suto**  
Director (External)

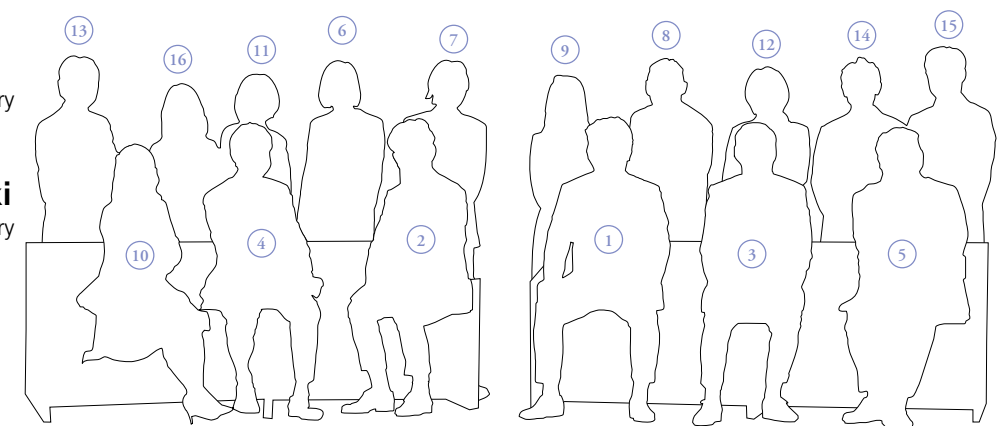
⑫ **Kumi Kobayashi**  
Director (External)

⑬ **Minoru Onagi**  
Standing Audit & Supervisory  
Board Member

⑭ **Shinichi Mochizuki**  
Standing Audit & Supervisory  
Board Member

⑮ **Toru Miyama**  
Audit & Supervisory Board  
Member (External)

⑯ **Nobuko Takagi**  
Audit & Supervisory Board  
Member (External)



For a full list of executives and their profiles, please see:  
<https://corp.kose.co.jp/en/info/officer/>





Management Team

Name	Position	Reasons for Appointment		Attendance Board of Directors Audit & Supervisory Board	Years of Service	Skills Matrix						Committee
						Corporate management	Global	Marketing/ R&D	Sustainability/ ESG	Legal affairs/Risk management	Finance/ Accounting	
Kazutoshi Kobayashi	President & CEO	Appointed as a Director in recognition of his active role in accelerating management reforms and global expansion since becoming President and CEO, as well as his strong leadership in driving the medium- to long-term vision, <i>Vision for Lifelong Beauty Partner</i> .		15/15 —	34	●	●	●				Nomination and Remuneration Committee
Takao Kobayashi	Senior Executive Director	Appointed as a Director in recognition of his long-standing involvement in the Company's management, his significant contribution to rapidly expanding market share in the cosmetaries segment, and his broader contributions to overall Group management.		14/15 —	26	●	●	●				
Masanori Kobayashi	Executive Director	Appointed as a Director in recognition of his role in driving reforms in the international business, which led to remarkable growth, as well as his extensive experience in global marketing and broad expertise in overall management.		13/15 —	11	●	●	●				
Koichi Shibusawa	Executive Director	Appointed as a Director in recognition of his contributions to strengthening the Company's management structure and enhancing corporate value through his roles in marketing, international business as an overseas representative, and overseeing investor relations. He is currently involved in Group-wide management strategy and brings a wealth of experience and broad insight into overall corporate management.		15/15 —	11				●	●	●	Nomination and Remuneration Committee
Yusuke Kobayashi	Director	Appointed as a Director in recognition of his contributions to business expansion as Executive Director of ALBION CO., LTD., a Group company. He brings extensive global knowledge and insight gained through many years of overseas experience, particularly as the Chief of Headquarters of the International Business Division.		15/15 —	10	●	●					
Atsuko Ogura	Director	Appointed as a Director in recognition of her extensive experience and expertise in both IT and R&D. She has contributed to product development, basic research, research technology management, and system development at the R&D Laboratories. Since 2015, she has driven the development of IT infrastructure as General Manager of the IT Management Dept. She currently serves as Director of the R&D Laboratories.		15/15 —	2			●	●			
Yoshinori Haratani	Director	Appointed as a Director in recognition of his broad operational experience and deep expertise in corporate management. He began his career at the R&D Laboratories, working in basic research and integrated product management, before contributing to system development in the IT Management Dept. As General Manager of the PR Dept. from 2008, he led public relations activities and helped establish a strong PR framework in collaboration with top management. Later, as General Manager of the Corporate Strategy Dept., he played a key role in formulating the <i>Vision for Lifelong Beauty Partner</i> , laying the groundwork for the Group's sustainability strategy, and contributing to cross-organizational decision-making.		11/11 —	1				●	●		
Shinji Tanaka	Director	Appointed as a Director in recognition of his extensive experience in both marketing and business management. He has been engaged in marketing for many years, serving as General Manager of the SK Brand Office from 2019 and later as General Manager of the Strategic Brands Div., where he contributed to the growth of these businesses. He has led brand development while expanding his areas of responsibility and driving business management.		11/11 —	1			●				
Yukino Kikuma	Director (External)	Appointed as an External Director in anticipation of her guidance and advice on management reform issues related to sustainability and diversity, based on her high-level legal expertise and extensive experience in mass media. The Company has determined that she has no conflict of interest with general shareholders and has designated her as an Independent Director.		15/15 —	6				●	●		Chair of the Nomination and Remuneration Committee
Norika Yuasa	Director (External)	Appointed as an External Director in anticipation of her oversight and advice on the Company's global strategies, primarily from a legal perspective, based on her high-level legal expertise spanning Japan, Asia, Europe, and the United States. The Company has determined that she has no conflict of interest with general shareholders and has designated her as an Independent Director.		15/15 —	5		●		●	●		Nomination and Remuneration Committee
Miwa Suto	Director (External)	Appointed as an External Director in anticipation of her supervision and advice on corporate management from a broad perspective, based on her expert knowledge and practical experience as a certified public accountant, as well as her involvement in supporting start-up companies. The Company has determined that she has no conflict of interest with general shareholders and has designated her as an Independent Director.		15/15 —	2	●		●			●	Nomination and Remuneration Committee
Kumi Kobayashi	Director (External)	Appointed as an External Director in anticipation of her appropriate oversight and advice to enhance the effectiveness of the Board of Directors, based on her extensive expertise in accounting and finance as a certified public accountant, along with broad domestic and international experience and deep knowledge of M&A and corporate finance. The Company has determined that she has no conflict of interest with general shareholders and has designated her as an Independent Director.		15/15 —	1				●		●	Nomination and Remuneration Committee
Minoru Onagi	Standing Audit & Supervisory Board Member	Mr. Minoru Onagi has contributed to the creation and protection of research-related intellectual property through many years of involvement in R&D and IP strategy, leveraging his qualifications as a patent attorney. Since 2021, he has also served as General Manager of the Audit Office, playing a key role in strengthening internal controls and internal auditing. Based on this experience and expertise, the Company has appointed him as a standing Audit & Supervisory Board member.		15/15 12/12	2					●		
Shinichi Mochizuki	Standing Audit & Supervisory Board Member	Mr. Shinichi Mochizuki held key positions at The Bank of Tokyo-Mitsubishi UFJ, Ltd., including in the Europe Department, International Credit Department, as Deputy General Manager of the Investment Banking Credit Department, and as General Manager of the Corporate Investment Credit Division. Since joining KOSÉ in 2015, he has served as General Manager of the Global Business Division and the Administration Department, contributing notably to strengthening overseas subsidiary structures to accelerate financial closing. From 2021, he has served as Director and General Manager of the Accounting and Finance Department, demonstrating effective leadership in adapting to a rapidly changing business environment. Based on his global experience and extensive expertise, the Company has appointed him as an Audit & Supervisory Board member.		15/15 10/10	1	●	●				●	
Toru Miyama	Audit & Supervisory Board Member (External)	Mr. Toru Miyama has a high level of expertise as an attorney at law and possesses deep knowledge of corporate compliance and risk management. He is expected to provide appropriate guidance and advice from an independent and objective standpoint. For these reasons, the Company has appointed him as an external Audit & Supervisory Board member. The Company has determined that he has no conflict of interest with general shareholders and has designated him as an independent auditor.		15/15 12/12	5				●	●		Nomination and Remuneration Committee
Nobuko Takagi	Audit & Supervisory Board Member (External)	Ms. Nobuko Takagi is a certified public accountant with experience in financial auditing, as well as in formulating and executing business strategies at M&A advisory firms and operating companies. She currently leads her own consulting firm, where she supports and advises top management. With a wealth of experience in strategic consulting, advanced financial analysis, and business management, she has been appointed as an external Audit & Supervisory Board member. The Company has determined that she has no conflict of interest with general shareholders and has designated her as an Independent Director.		11/11 10/10	1			●			●	Nomination and Remuneration Committee

Notes: Attendance at Board of Directors' Meetings for Mr. Yoshinori Haratani and Mr. Shinji Tanaka covers meetings held since their appointment as directors on March 28, 2024.  
Attendance for Ms. Kumi Kobayashi includes Board of Directors' and Audit & Supervisory Board meetings held up to March 28, 2024, when she stepped down as an Audit & Supervisory Board member, as well as Board of Directors' meetings held after her appointment as a director on the same day.

Attendance for Ms. Nobuko Takagi reflects meetings held after her appointment as an Audit & Supervisory Board member on March 28, 2024.  
Attendance for Mr. Shinichi Mochizuki includes Board of Directors' meetings held up to March 28, 2024, when he stepped down as a director, as well as both Board of Directors' and Audit & Supervisory Board meetings held after his appointment as an Audit & Supervisory Board member on the same day.

Succession Plan

The Company considers the development of future executive leadership to be one of its key priorities in achieving sustainable growth and strengthening competitiveness. In order to drive global business growth, leaders must understand diverse and rapidly changing markets and possess the ability to solve problems unconstrained by convention. Executive Management, who are responsible for critical decision-making, must be capable of responding flexibly to changes in the business environment and making sound judgments.

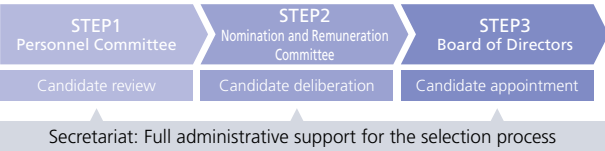
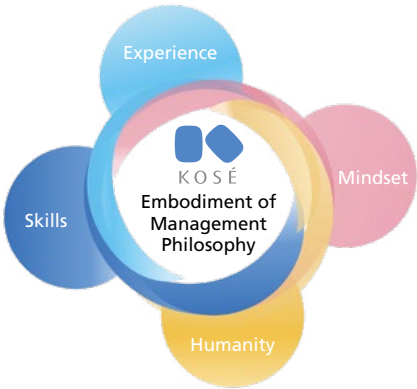
To ensure the strategic and continuous development of successors, we have clarified the qualifications required for executive roles, selected candidates from a long-term perspective, and are promoting a structured and deliberate approach to leadership development.

Qualities Required of Executive Management

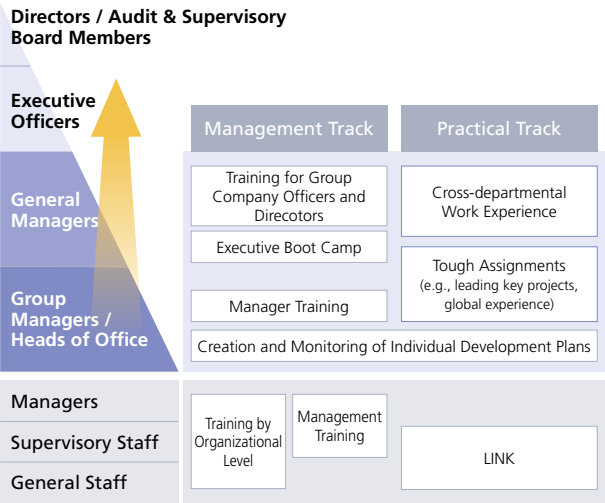
We have defined five key categories of qualities and competencies required of executive leaders. Through a wide range of professional experiences, individuals are expected to develop these attributes and become capable of navigating an evolving business environment. This succession plan applies to executive-level personnel

Five Core Qualities	Specific Requirements
Embodiment of Management Philosophy / Internal Dissemination	<ul style="list-style-type: none"><li>· Loves KOSÉ, understands and embodies its management philosophy</li><li>· Instills the philosophy within the company, among subordinates, and stakeholders</li></ul>
Mindset	<ul style="list-style-type: none"><li>· Leads through to value creation</li><li>· Engages sincerely and honestly with diverse stakeholders</li></ul>
Humanity	<ul style="list-style-type: none"><li>· Possesses warmth and compassion</li><li>· Respects diverse values with a humble attitude</li></ul>
Skills	<ul style="list-style-type: none"><li>· Possesses solid skills with strong management literacy and expertise</li><li>· Develops talent and builds a strong organization</li></ul>
Experience	<ul style="list-style-type: none"><li>· Has successful experience across multiple domains</li><li>· Has experience in driving organizational transformation</li></ul>

(excluding CEO), with tiered development programs implemented at each level based on specific requirements aligned with five core qualities. Through this approach, we aim to establish a leadership structure capable of driving business growth while embodying KOSÉ’s unique identity.



**Selection Process**  
Director candidates are first considered by the Personnel Committee, then reviewed by the Nomination and Remuneration Committee, which submits recommendations to the Board of Directors. The Board then makes a comprehensive assessment and final decision, and the candidates are presented to the General Meeting of Shareholders.



**Development and Support**  
To help department head-level personnel—our future executive candidates—develop the necessary mindset, humanity, skills, and experience, we provide training from both managerial and practical perspectives. Going forward, we will also focus on expanding the pool of future executive candidates by fostering mid-level managers at the Manager level and below. This includes implementing leadership training and job rotation to help them acquire the core qualities required for Executive Management.

Corporate Governance

Basic Policy

The core of the KOSÉ Group’s management policy is “consistently managing to heighten corporate value” by pursuing growth and greater efficiency. The Group recognizes corporate governance functions as essential from the standpoint of managing the Company to consistently increase its enterprise value, and positions corporate governance as one of its highest management priorities. Accordingly, the Group is working on establishing the necessary organizational systems and frameworks to ensure sound management and consistently earn the trust of society.

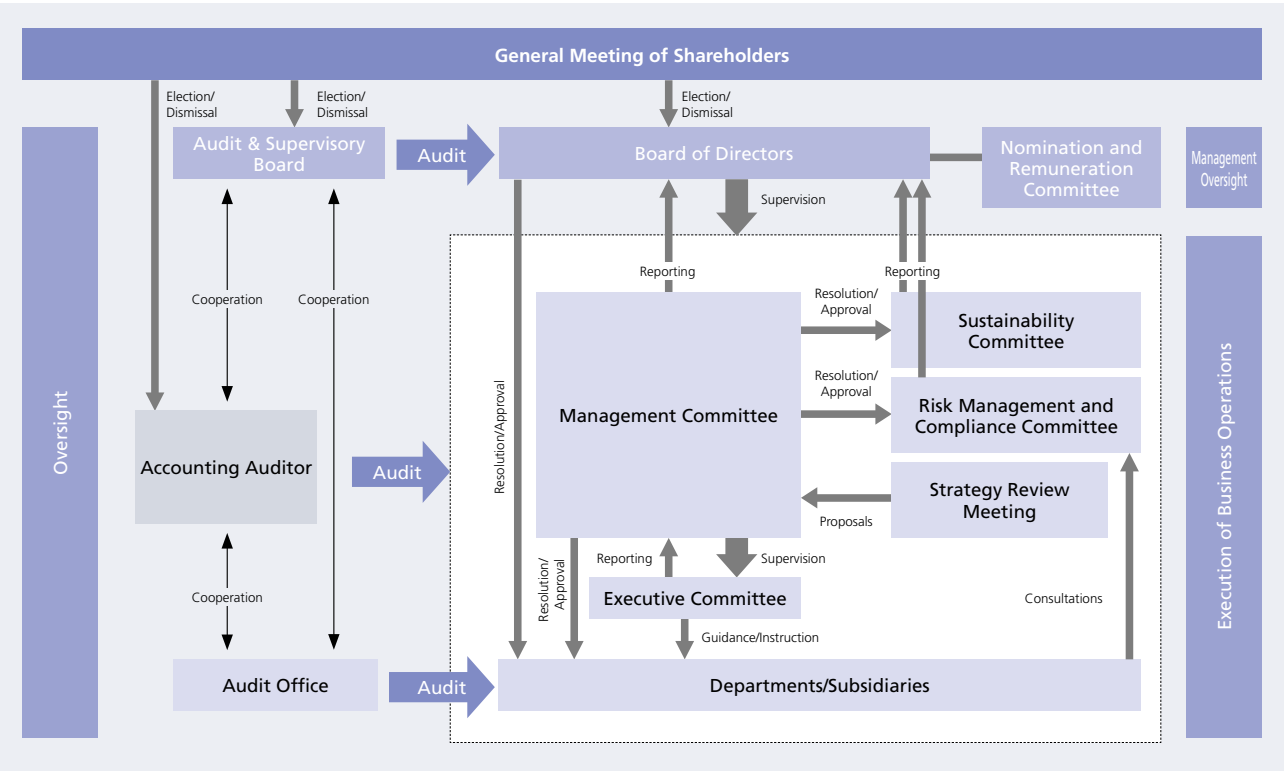
KOSÉ believes strongly in managing the Group so as to maintain harmonious relations with all stakeholders, including shareholders, investors, creditors, customers, business partners, employees, and communities. Furthermore, KOSÉ is committed to enhancing transparency and fairness to earn support as a company with value. The Company strives to communicate sincerely with its stakeholders and considers building trust-based relationships to be fundamental.

Corporate Governance Structure

KOSÉ has adopted a Company with an Audit & Supervisory Board corporate governance structure and performs audits to confirm that directors are performing their duties properly. For the swift and efficient execution of business, the Company employs the Board of Directors, the Management Committee chaired by the President & CEO, Strategy Review Meeting, the Executive Committee, and other bodies, as necessary. The Company has also voluntarily established the Nomination

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

Corporate Governance Structure



Overview of Corporate Governance Structure

	Overview	Chairperson and Key Agenda Items													
Board of Directors	<p>The Company's Board of Directors meets once each month, in principle, to decide on matters stipulated in laws and regulations, the Articles of Incorporation, and important management-related matters, as well as to supervise the execution of duties by directors.</p> <p>External directors provide advice on business execution and oversee the performance of individual directors.</p> <p>The Company has introduced an executive officer system, under which executive officers appointed by the Board of Directors execute business appropriately for their assigned departments in accordance with the basic management policy determined by the Board of Directors. In addition, an executive officer system has been introduced to ensure that departments execute operations appropriately in line with basic management policies.</p>	<p>Chairperson: President &amp; CEO</p> <ul style="list-style-type: none"><li>• Director remuneration</li><li>• Key personnel matters</li><li>• Establishment and revision of internal rules</li><li>• Evaluation of cross-shareholdings</li><li>• Distribution of surplus funds</li></ul>													
Audit & Supervisory Board	<p>In addition to monitoring and supervising the execution of duties by directors, Audit &amp; Supervisory Board members attend important meetings, communicate when needed with the Audit &amp; Supervisory Board members of domestic Group companies, exchange information and opinions with internal audit departments and the accounting auditor, and conduct internal audits of the Company's departments and its subsidiaries on a regular or as-needed basis.</p>														
Nomination and Remuneration Committee	<p>The Nomination and Remuneration Committee examines proposals concerning nominations, remuneration and other matters that are submitted by the President &amp; CEO to the Board of Directors. The purpose of the committee is to reinforce the independence, objectivity, and accountability of activities by the Board of Directors concerning nominations, remuneration, and other matters involving the directors, Audit &amp; Supervisory Board members and executive officers.</p> <p>The committee is chaired by an external director to ensure objectivity.</p> <p>Composition of the Nomination and Remuneration Committee</p> <table><tr><th rowspan="2">Committee Chair (Chairperson)</th><th rowspan="2">Total Members</th><th colspan="3">(Breakdown)</th></tr><tr><th>Directors</th><th>External Directors</th><th>External Audit &amp; Supervisory Board Members</th></tr><tr><td>External Directors</td><td>8</td><td>2</td><td>4</td><td>2</td></tr></table>	Committee Chair (Chairperson)	Total Members	(Breakdown)			Directors	External Directors	External Audit & Supervisory Board Members	External Directors	8	2	4	2	<p>Chairperson: Yukino Kikuma, Director (External)</p> <ul style="list-style-type: none"><li>• Annual executive compensation</li><li>• Executive appointments, executive officer appointments, and the executive compensation system</li></ul>
Committee Chair (Chairperson)	Total Members			(Breakdown)											
		Directors	External Directors	External Audit & Supervisory Board Members											
External Directors	8	2	4	2											

Evaluation of the Effectiveness of the Board of Directors

To further enhance governance, the Company conducts an evaluation of the effectiveness of the Board of Directors at least once a year. The evaluation method and results are as follows.

1. Evaluation Method

A questionnaire was administered to all Directors and Audit & Supervisory Board members, covering the topics listed on the right. An external organization was engaged to design the questionnaire, compile the results, and perform the analysis. Based on these results, the Board of Directors conducted its own analysis and evaluation of the effectiveness of the Board and considered future actions.

Main Evaluation Items

- Composition and operation of the Board of Directors
- Management and business strategy
- Corporate ethics and risk management
- Monitoring of business performance
- Evaluation and compensation of the management team
- Dialogue with shareholders

2. Evaluation Results and Future Issues

Based on the results of the questionnaire and subsequent discussions at the Board of Directors, it was confirmed that the quality of deliberations had improved thanks to appropriate follow-ups on questions raised during prior briefings. In addition, the integration of the sustainability strategy into the medium- to long-term vision demonstrated a proactive stance toward addressing sustainability-related issues. Regarding the issue raised in the previous year concerning internal audit reporting, it was confirmed that internal audits are functioning appropriately based on reports provided to the Board by the Audit Office. As a result, the Board of Directors was evaluated as being generally effective. On the other hand, the questionnaire results highlighted challenges such as the need to strengthen risk management

across the entire value chain through cross-functional project structures, as well as further promotion of the group governance and ROIC-based management in preparation for the transition to a pure holding company structure scheduled in January 2026. Taking these points into consideration, we will continue to take proactive measures to further enhance the effectiveness of the Board of Directors and improve the corporate value of the KOSÉ Group.

Future Issues

- Strengthening the risk management system across the entire value chain
- Further promotion of the group governance and ROIC-based management toward achieving the medium- to long-term vision

Overview of Executive Remuneration

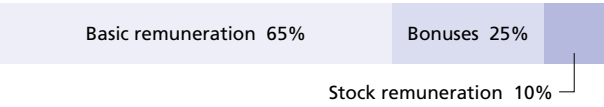
The KOSÉ Group has structured its executive remuneration system with a focus on enhancing long-term corporate value.

	Basic Remuneration	Performance-Linked Remuneration	
Director (Internal)	(A) Basic remuneration	(B) Bonuses	(C) Stock remuneration
Director (External)	(A) Basic remuneration		
Audit & Supervisory Board Member	(A) Basic remuneration		

	Payment Methods	Evaluation Indicators	Calculation Methods
(A) Basic remuneration (Cash)	Paid in the form of fixed remuneration on a monthly basis, the amount of which is determined based on the position and role of each officer	—	<ul style="list-style-type: none"><li>• Directors: Set according to the position of each director, taking the operating environment into account</li><li>• External directors and Audit &amp; Supervisory Board members: Set based on comparisons with other domestic companies in the same industry or of the same size, as well as on the Company's financial conditions and business results</li></ul>
(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"><li>• Consolidated net sales</li><li>• Consolidated operating profit</li><li>• Net sales and operating profit, etc. in each business area</li><li>• Non-financial indicators (such as employee engagement, climate-related indicators, etc.)</li></ul>	Varies from 0 to 200% of the standard amount, depending on the difference between actual achievement and the performance target indicators for the single fiscal year
(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 specific target for this indicator because it is based on the actual stock price.

Breakdown of Remuneration for the President and CEO



For directors other than the President & CEO, the policy is to reduce the percentage of basic remuneration as the position becomes more senior, while increasing the proportions of bonuses and stock remuneration. Going forward, KOSÉ plans to periodically review the remuneration mix—placing greater emphasis on stock remuneration—in order to support sustainable growth over the medium- to long-term.

Executive Remuneration Determination Process

Officer remunerations shall be classified into (1) directors and (2) Audit & Supervisory Board members for the purpose of 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 remunerations shall be classified into (1) directors and (2) Audit & Supervisory Board members for the purpose of 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 2024)

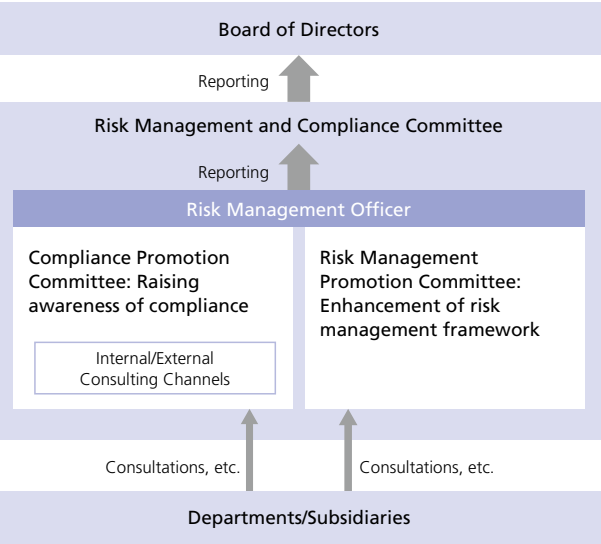
Officer Classification	Total Remuneration (Millions of yen)	Amount of Remuneration by Type (Millions of yen)				Number of Eligible Officers
		Basic Remuneration	Performance-Linked Remuneration	Provision for Officers' Retirement Benefits	Non-Monetary Compensation Included in Amounts on the Left	
Directors (Excluding External Directors)	552	384	168	—	56	9
Audit & Supervisory Board Members (Excluding External Audit & Supervisory Board Members)	52	52	—	—	—	3
External Officers	66	66	—	—	—	8

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)
			Basic Remuneration	Performance-Linked Remuneration	Provision for Officers' Retirement Benefits	Non-Monetary Compensation Included in Amounts on the Left	
Kazutoshi Kobayashi	Director	KOSÉ Corporation	225	102	—	30	327

Risk Management, Compliance, Sustainability

Risk Management and Compliance Promotion Structure



For the Company, compliance encompasses compliance with laws and regulations as well as behavior consistent with social ethics based on the principle of “Mind to Follow the Right Path.” The risk management and 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 through its 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.

Sustainability Promotion System



Chairperson: President & CEO

Main Agenda Items:

- Consider and move forward with countermeasures related 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. 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.



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, 2025, 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 Categories	Main Risks	Main Measures
Strategy Risk	<b>Price competition</b> Damage to brand value Decrease in market share	The Company conducts product development, marketing and sales taking into account changes in market needs and customer preferences, and works to maintain and improve its competitive advantage by adding functional and emotional value to achieve differentiation.
	<b>Entry of new competitors</b> Decrease in market share due to entrants from other industries and expansion into new channels by competitors	In addition to constantly keeping track of information from its business partners and sales and marketing sites, the Company works to remain abreast of market information in a timely manner through regular consumer surveys. It also strategically pursues unique value through active cooperation with companies in other industries and linkages with external resources and technologies.
	<b>Research and development delays</b> Decrease in brand competitiveness Decline in innovation	The Company conducts basic and applied research using data science at the Advanced Technology Laboratory, and has also opened a branch in Lyon, France to conduct leading-edge dermatological research. The Company is also actively engaged in open innovation using external resources.
	<b>Changes in consumer preferences</b> Decrease in brand value due to deviation from consumer needs	In addition to regularly conducting market surveys to properly obtain consumer information and conducting consumer surveys in Japan, the Company is also stepping up its surveys in countries outside Japan where it does business. It is also actively deploying digital technologies in pursuit of new customer experiences.
	<b>Delays in responding to climate change</b> Decline in business profitability due to inability to accommodate a low-carbon society	The Company is proactively engaged in various efforts to mitigate climate change, including reducing greenhouse gases. It also strives to respond to international trends, such as disclosing information about risks and opportunities posed to business by climate change, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
	<b>Delays in addressing human rights issues and employment discrimination</b> 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.

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