

Business Strategy

The business strategy outlines the growth approaches that each segment—High Prestige, Prestige, and Cosmetaries—and their key brands will pursue toward 2030.

Basic Policy

Under the new medium- to long-term vision, KOSÉ has set sales growth rate as a key performance indicator to drive sustainable revenue growth and expand market share. Toward 2030, we have established a target of achieving a consolidated average annual sales growth rate of over 5%.

Growth by Segment

High-Prestige

We will continue to drive sustainable sales growth by leveraging our strong, profit-generating business structure centered on *DECORTÉ*, *ALBION*, and *Tarte*.

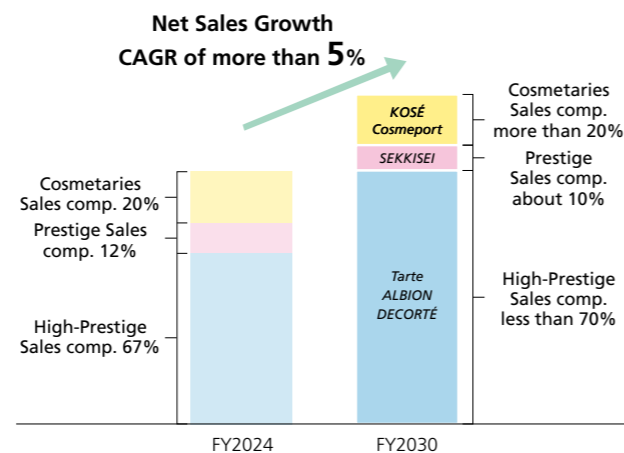
Prestige

For mid-priced products, we will focus on strengthening our position primarily in the Japanese market by enhancing the unique value of each brand and expanding market share.

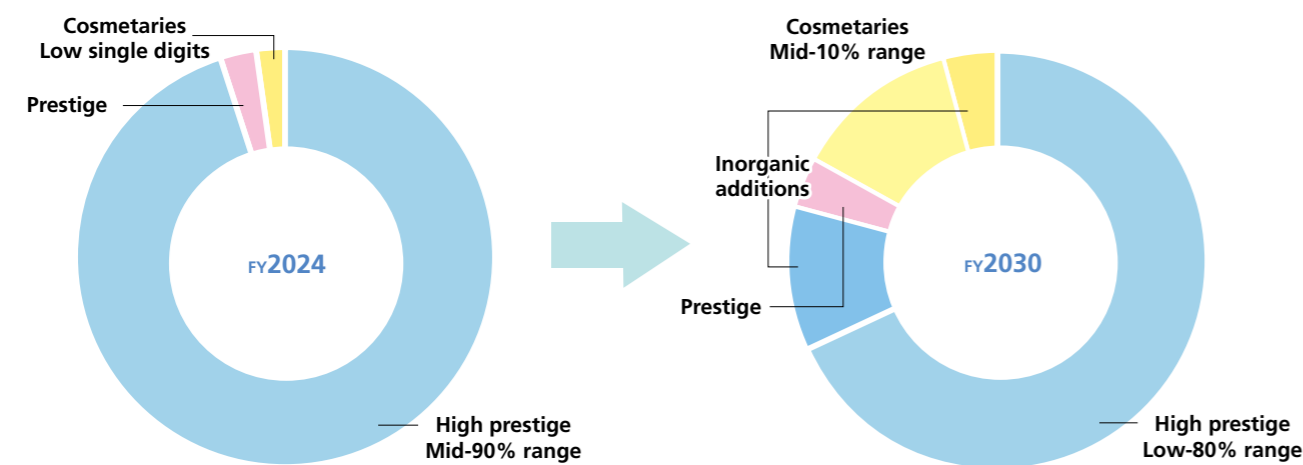
Cosmetaries

To capture growth opportunities in the Global South, we will concentrate on the premium mass segment—offering affordable yet high value-added products.

Projected Growth for Brand Categories



Overseas Business Composition



Key Themes

For each segment, we have defined key themes under two categories: organic growth and inorganic growth. In terms of organic growth, we will pursue strategies that leverage the strengths of each brand, focusing on deepening and redefining brand value and creating new customer touchpoints.

For inorganic growth, we have allocated approximately 20% of operating cash flow through 2030 for investments. This will support the expansion of our business portfolio through M&A and partnerships, as well as the acquisition of assets to build a global business foundation.

High-Prestige



Organic Growth

DECORTÉ

- Build luxury and advanced science technology value
- Rebuild brand value in Greater China (Establish customer touchpoints centered on the AQ and LIPOSOME products)

ALBION

- Reinforce the digital technology strategy and increase customer touchpoints (Start studies to prepare for launching *ALBION's* EC site)
- Increase the value of the *ALBION* brand worldwide (*ALBION AUTHENTIQUE*)

Tarte

- Continue the strategy of being the “social-first brand” and remain the leading concealer brand
- Continue to seek new sales channels to add more customer touchpoints in North America

Inorganic Growth

- Seek new brands and businesses mainly in Europe, North America, and the Global South (Mainly the skin care and fragrance categories)

Prestige



Organic Growth

SEKKISEI

- Target the “natural clean beauty” market segment
- Expand brand recognition of the *SEKKISEI* brand in Asia and North America and strengthen its presence in Japan
- Pursue a competitive advantage based on uniquely Japanese emotional and functional values

ONE BY KOSÉ

- Pursue a competitive advantage based on functional values

Cosmetaries



Organic Growth

KOSÉ Cosmeport

- Aim to be the leader in targeted categories (Cleansing products, sheet masks, sunscreen)
- Target the skin care and in-bath hair care categories
- Promote the optimization of regional business operations to rebuild business outside Japan

KOSÉ Self-Service Brand

- Aim to expand targeted category in each brand
- Promote global expansion of the *Make Keep* series, which holds the top market share in Japan

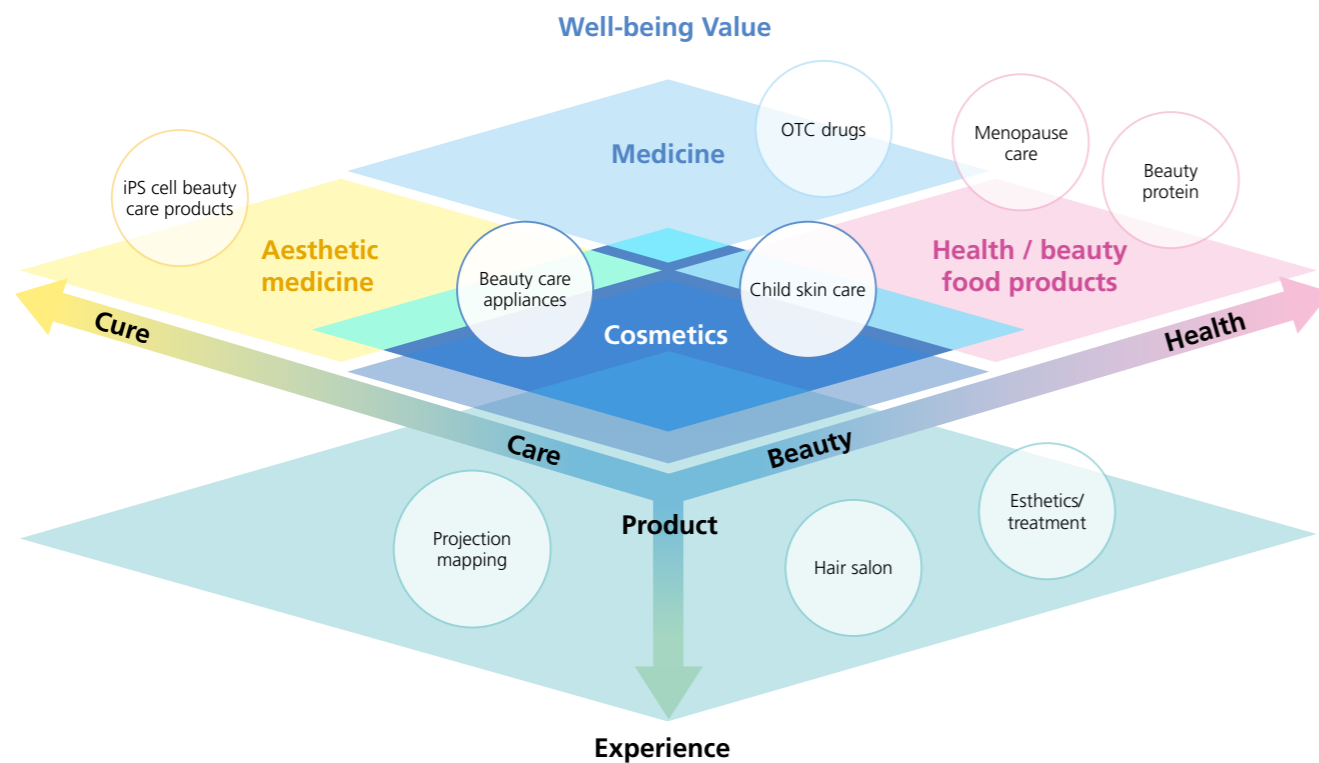
Inorganic Growth

- Seek new brands and businesses mainly in the Global South (Mainly the skin care category)

Expanding Business Domains

While maintaining a core focus on cosmetics and beauty, we are expanding into the well-being domain—extending from beauty to health, and from care to cure. In addition to products, we aim to grow our business by offering experiences themselves as a

source of value. A typical example is our makeup experience using projection mapping technology. This service is currently available at Maison KOSÉ Ginza.

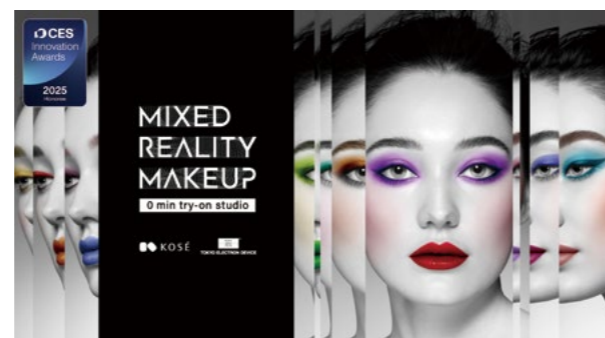


iPS cell beauty care products



We have launched a proof-of-concept trial for personalized beauty products containing iPSF, an extract derived from each customer's own iPS cells, in collaboration with external companies and clinics. We are also sharing this initiative globally—for example, by presenting it at the China International Import Expo (CIIE) held in November 2024.

Projection mapping



KOSÉ exhibited for the second time at CES 2025, one of the world's largest technology trade shows, held in Las Vegas, USA, starting January 7, 2025. Our service offers anyone an instant makeup experience that naturally follows facial movements in real time. This innovation was recognized as a CES Innovation Awards® 2025 Honoree in the XR Technologies & Accessories category.

Column KOSÉ's Manufacturing Strategy Supporting Its Brands

Minami Alps Factory

To meet the growing demand for cosmetics both in Japan and overseas, KOSÉ began construction of its third domestic production facility—the Minami Alps Factory—in 2024, with operations scheduled to begin in the second half of 2026. The plant will focus on the production of skincare products, which are currently manufactured at the Gunma and Sayama Plants, allowing for greater operational efficiency and cost

reduction. In addition to introducing cutting-edge technologies and equipment such as AI and IoT*, the plant will carry forward the manufacturing expertise and craftsmanship cultivated at existing facilities, pursuing enhanced quality and productivity.

* Abbreviation for "Internet of Things." A system in which various physical objects are connected to the internet and exchange information with one another.

A Multi-Product Manufacturing Plant Delivering High-Quality Production

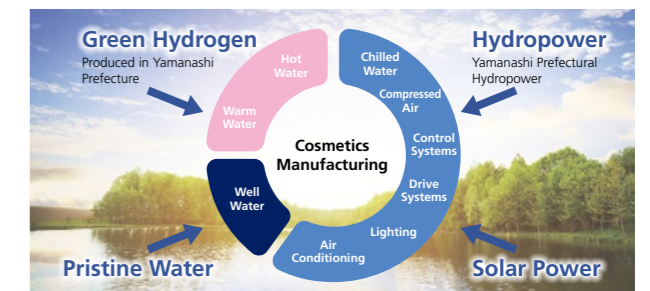
To remain a company that stays close to customers over the long term, KOSÉ will continue responding attentively to ever-evolving and diverse needs under the concept of *Adaptability*. The new facility will operate as a multi-product manufacturing plant equipped with a flexible production system that can adapt to qualitative changes in cosmetics demand, while also responding swiftly to changes in volume. It will feature a production system that complies with ISO 22716 (Cosmetics

GMP*) and a robust quality assurance framework to ensure high-quality manufacturing. Looking ahead to future business expansion, the plant is also being designed to accommodate potential second-phase construction.

* ISO 22716 Cosmetics — Good Manufacturing Practices: An international standard for quality and safety in cosmetics manufacturing

Pursuing Carbon-Neutral Cosmetics Manufacturing

KOSÉ plans to use CO₂-free electricity from Yamanashi Prefecture's hydroelectric and solar power generation, along with 100% renewable green hydrogen—produced from the region's water—and surplus solar energy as sources of thermal energy. Looking ahead, we aim to work with local governments to establish a local production for local consumption model using regional water resources, as we strive to realize a carbon-neutral society.



A Sustainable Factory That Cares for People and For the Earth

We are building a comfortable and fulfilling workplace environment where people can thrive. This includes automation to reduce physical workload, open communication spaces, and a diverse, inclusive environment with multilingual support—creating a workplace that respects and accommodates individual needs. For the local community, we aim to be an open and people-centered factory and company. Through factory tours and workshops showcasing the cosmetics

production process, we seek to foster co-existence and co-prosperity with the region. We are also engaging in activities and research to preserve the forests that nurture water resources, with the goal of living in harmony with the surrounding natural environment and local residents through the use of water. In factory operations, we strive for coexistence with the Earth by managing rainwater, reusing wastewater, and utilizing solar power.

Overview of the Minami Alps Factory

Location:	Yagoshima, Minami-Alps City, Yamanashi Prefecture
Site Area:	111,525 m ²
Primary Use:	Cosmetics factory (multi-product, focused on skincare)
Phase 1 Construction	
• Total Floor Area	: 39,300 m ²
• Plan Summary	: 3 above-ground floors, steel-frame structure
• Number of Employees	: Approximately 300
• Investment Amount	: ¥35-40 billion
• Construction Start	: July 2024
• Scheduled Completion	: February 2026
• Planned Operation Start:	Second half of fiscal 2026



Minami Alps Factory – Full View Rendering (Scheduled for Completion in 2026)

Regional Strategy

The regional strategy outlines the business strategies for both existing and new operations in each geographic region.

Basic Policy

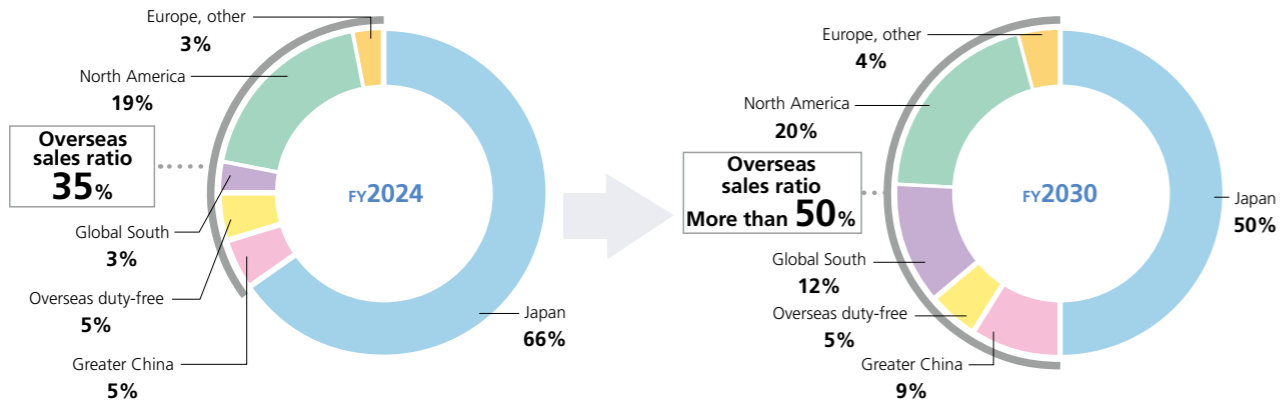
Under the regional strategy, our four core businesses—KOSÉ, KOSÉ Cosmeport, ALBION, and Tarte—will work in close coordination to expand in global markets. The KOSÉ and KOSÉ Cosmeport businesses have positioned the Global South (ASEAN and India) as their top priority for market expansion. We have also designated a two-year period as a structural reform phase for the Greater China region (including duty-free) and the Global South, during which we will focus on rebuilding our business models and strengthening our operational foundations. In addition, to drive inorganic growth, we will explore M&A and strategic partnerships in the Global South, the United States, and Europe. Depending on the country or region, we will localize our operations by leveraging the value chains of local companies to optimize product development, production, and sales systems.

	Japan	Greater China	Overseas duty-free	Global South (ASEAN/India)	U.S.	Europe
KOSÉ	Evolution, greater depth	Strategic shift	Strategic shift	Strategic shift		
KOSÉ Cosmeport	Evolution, greater depth	Strategic shift		Strategic shift		
ALBION	Evolution, greater depth	Strategic shift				
Tarte					Evolution, greater depth	Evolution, greater depth
Inorganic growth				M&A, alliances	M&A, alliances	M&A, alliances

Growth Outlook by Region

We are shifting our focus from the heavily dependent Greater China market to the Global South as our next growth region. During the COVID-19 pandemic, Greater China and overseas duty-free sales accounted for approximately 25% of total revenue, but over the past one to two years, this has declined significantly to around 10%.

Going forward, we aim not only to increase the proportion of sales from the Greater China region and duty-free channels, but also to drive growth in the Global South, including through M&A and partnerships, to raise the overseas sales ratio to over 50%.



Key Themes

In the Japanese market, we will strengthen our digital strategy to transform the customer experience and deepen relationships, with the goal of establishing a dominant market presence. In regions outside Japan, we will rebuild business models and reinforce operational foundations to achieve regional optimization,

while also promoting the delegation of authority to local operations. In North America and Europe, we will focus on growth driven by Tarte and pursue additional expansion through inorganic strategies. We will also work to strengthen sales of brands such as SEKKISEI and DECORTÉ, particularly in North America.

Japanese Market



- Leverage the digital technology strategy for customer experience innovations
 - Use customer ID data (KOSÉ ID) for even stronger personal relationships
 - Strengthen customer relationships in our self-service retail locations
- More opportunities for Beauty Consultants/Advisers and more innovations for activities
 - Build a foundation for digitally transforming in-store operations to enhance customer experience value
 - Recruit people in a way that reflects the evolving labor market
- Launch a new business leveraging existing group assets
 - Continuously create new businesses through the LINK internal business creation program
 - Expand opportunities for new challenges through KOSÉ's system that allows employees to take on cross-departmental assignments

Asia (including Greater China market and duty-free)



- Target the high-prestige domain by rebuilding brand value
 - DECORTÉ: Rebuild brand value in China with a focus on the high-end segment
 - ALBION: Leverage Japan's duty-free market as a platform to elevate the brand's stature in China
 - Constantly adjust shipments to maintain proper distributor inventories
- Target the premium mass market
 - Leverage the sales agent business to drive growth in this domain
 - Establish a group-wide business framework for cosmetaries. (KOSÉ/ KOSÉ Cosmeport)

Asia (Global South)



- Build a sound ASEAN regional infrastructure
 - Establish a regional headquarters for overseeing all Global South operations
 - Establish a group-wide business framework for cosmetaries (KOSÉ/KOSÉ Cosmeport)
- Supply products that match local needs
 - Empower local headquarters with the authority to develop products
 - Establish a local manufacturing framework by working with local ODMs
- Strengthen business fundamentals by using M&A and alliances
 - Acquire new business resources in the ASEAN region and India, and explore ways to expand operations into additional business domains

North America, Europe, and Other Regions



- Organic growth of Tarte
 - Product Strategy: Maintain No.1 market share in concealers in North America and focus on the rapidly growing lip and mascara categories
 - Marketing Strategy: Promote marketing initiatives centered on digital channels
- Seek new brands and businesses (with focus on the skin care and fragrance categories)
- Profitable sales growth of KOSÉ brands
 - Secure sufficient sales volume to drive business growth
 - Strengthen the business foundation in preparation for launching transactions with major retailers

Customer Strategy

Basic Policy

In mature cosmetics markets such as Japan, one of our key areas for future growth is expanding our base across gender and generational lines to attract new consumers. A notable example of this is the significant increase in male demand for *DECORTÉ* and *SEKKISEI*, sparked by advertising campaigns featuring Shohei Ohtani.

We have also worked to raise awareness among younger demographics, such as children and students, about skincare and the importance of sun protection. Going forward, we will continue to focus on broadening our target audience and raising awareness among the next generation to acquire new customers.

Adaptability ∞

Our Three Concepts of Adaptability



Adaptability ∞ (eight) is a framework designed to understand customers from a multidimensional perspective that goes beyond conventional boundaries. It is built on three key perspectives—Physical, Mind, and Social Attributes—which reflect the diverse backgrounds of individuals. Under each perspective, we have defined eight specific action themes.

Each brand selects the most relevant themes and develops products and services that are closely aligned with the diverse needs of its customers.

Adaptability ∞ Themes



For more details on Adaptability ∞, please see:
<https://corp.kose.co.jp/en/sustainability/adaptability/>



Key Initiatives for the Next Generation (Alpha and Gen Z)

By using products and services that create excitement as a means of fostering curiosity and self-confidence among members of the next generations, we aim to help them develop their own sensibilities and deepen their engagement with KOSÉ. Looking ahead, we will further strengthen initiatives that enhance awareness and emotional connection with Alpha and Gen Z generations, while also cultivating future customers.

- Sunscreen products:** Protect from UV light rays for a lifetime of healthy skin
- Skin care products:** Encourage people to develop the habit of caring for their skin for a lifetime of healthy skin
- Makeup products:** Gain an understanding of the diversity of other people's values while placing emphasis on one's own values
- Room fragrances:** A means of self-expression while learning about and enjoying favorite and comfortable ones.

Group Strategy

Basic Policy

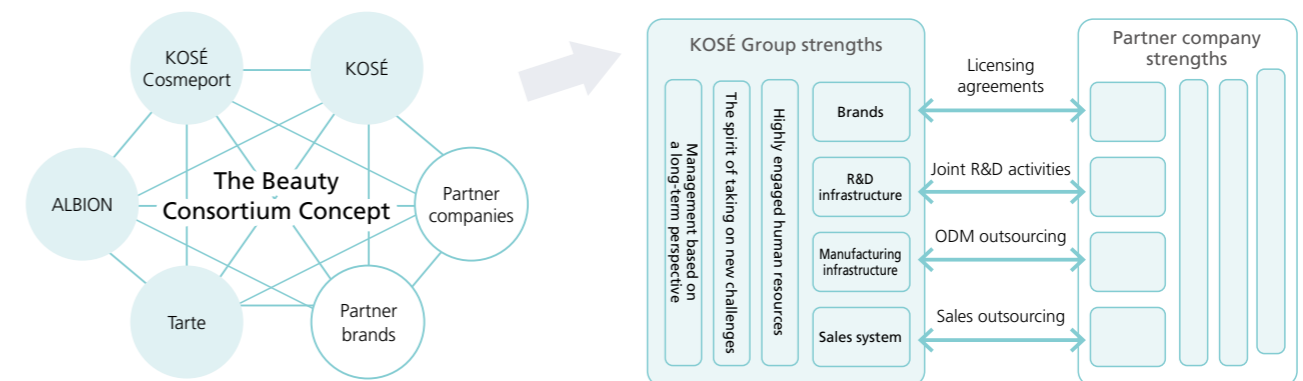
To realize the Beauty Consortium concept aimed at sustainable growth, the KOSÉ Group is working to enhance corporate value by strengthening its competitiveness and governance. To this end, we are building a structure that enables the global expansion of diverse business models and the delivery of greater value.

The Beauty Consortium Concept

The Beauty Consortium concept is an initiative in companies and brands that share the same vision as the KOSÉ Group collaborate by leveraging each other's strengths, with the aim of achieving sustainable growth and enhancing corporate value. We have already welcomed companies such as Tarte, Inc. and PURI CO., LTD. into the Group, and are also collaborating with partners like Milbon Co., Ltd. and Maruho Co., Ltd. Going forward, we will

continue to pursue M&A and strategic alliances to accelerate the global expansion of diverse business models and broaden the value we deliver in the well-being domain. Additionally, we aim to establish a management framework that maximizes group synergies, accelerates decision-making, and enables the strategic and efficient allocation of management resources.

Conceptual Diagram of the Beauty Consortium



Transition to a Pure Holding Company Structure

To realize the Beauty Consortium concept, it is essential to adapt to changes in the medium- to long-term business environment. As part of this effort, the KOSÉ Group will restructure its organizational framework and transition to a pure holding company structure centered on KOSÉ Holdings Co., Ltd. in 2026, the year of our 80th anniversary.

This transition aims to achieve two primary objectives:

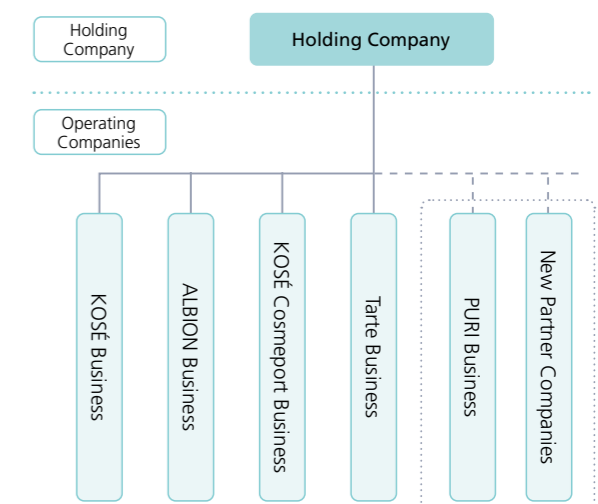
(1) Strengthening Group Competitiveness and Enhancing Corporate Value

We will enhance group synergies and improve the competitiveness and corporate value of the entire Group by strengthening coordination and integration among companies under the holding company and increasing the strategic flexibility and agility of capital allocation across the Group.

(2) Strengthening Group Governance

To support the global expansion of diverse business models, we aim to accelerate decision-making and improve the efficiency of resource allocation within the Group, while optimizing overall Group performance and reinforcing governance.

Conceptual Diagram of the Holding Company Structure



Functional Strategy — Financial Strategy

The KOSÉ Group's basic financial strategy is to build a solid financial foundation that supports sustainable growth, while actively promoting growth investments and improved profitability. Across the entire Group, we are shifting away from an overreliance on the Greater China market and aiming to drive both the growth of existing businesses and inorganic growth in the Global South.

Balancing business expansion and profitability, while improving capital efficiency

Message

Revenue and Profit Growth Achieved in Fiscal 2024

In fiscal 2024, consolidated net sales increased, exceeding our initial plans. Although revenue declined in the Chinese market, this was offset by strong performance from our major brands in Japan and Tarte, which saw significant growth in the U.S. market. Operating profit also increased year on year; however, it fell short of the plan due to a rise in the cost of sales ratio.

Profit attributable to owners of the parent decreased, primarily due to the recognition of extraordinary losses resulting

from structural reforms in China during the third quarter. These reforms were implemented to avoid damage to brand value and transition the business structure toward sustainable growth. In the second half of fiscal 2024, we carried out store and workforce restructuring in China and disposed of excess inventory, recording an extraordinary loss of ¥4.4 billion. As a result of cost reductions from the restructuring and a reassessment of marketing expenses, we expect our China business to return to profitability in fiscal 2025.



Keita Matsunami
Executive Officer, General Manager of
Accounting and Finance Department

Enhancing Corporate Value

In November 2024, the KOSÉ Group announced its medium- to long-term vision, *Vision for Lifelong Beauty Partner – Milestone2030*, under which it has set five financial targets for 2030: net sales growth rate, overseas sales ratio, operating margin, EBITDA margin, and ROIC. To achieve these targets, we aim to balance business expansion and improved profitability through growth investments, while also enhancing capital efficiency.

We are currently working to build a leaner business structure, especially in Japan, and are undertaking a comprehensive review of our cost

structure across all levels—including cost of goods sold, selling expenses, and general administrative expenses—to improve profitability. While some initiatives will require a medium- to long-term approach, we are already moving forward with fundamental cost reductions in administrative and selling expenses, targeting savings of several billion yen. To improve capital efficiency, we are also working to reduce inventory, redirect cash toward growth investments, and use the ROIC tree to visualize and address management issues across business units.

The Company plans to transition

to a pure holding company structure in January 2026. Through the integration and coordination of functions among its subsidiaries, we aim to maximize group synergies, accelerate decision-making, improve capital efficiency through the strategic and efficient allocation of management resources, and enhance shareholder returns. Above all, we will strengthen our dialogue with investors more than ever before, with the goal of increasing the corporate value of the KOSÉ Group.

Basic Policy

In our newly formulated medium- to long-term vision, we have shifted direction from VISION 2026, which focused on expanding global market share based on the high profitability achieved during the boom in Greater China demand. Moving forward, we will work to improve the profitability of our existing businesses in Japan, North America, and Europe, while actively investing in regions where cosmetics demand is expected to grow and in

new areas of business expansion. As a new growth area, we will prioritize both the growth of existing businesses and inorganic expansion in the Global South. To support this, the KOSÉ Group aims to balance business expansion through growth investment with improved profitability, while also enhancing capital efficiency. To this end, we have set the following financial indicators as quantitative targets for our 2030 milestone.

Net Sales Growth Rate / Overseas Sales Ratio

To achieve top-line growth that exceeds the growth rate of each market globally, we have set a target of a compound annual growth rate (CAGR) of 5% or higher.

While VISION 2026 set a fixed sales target, our new vision emphasizes sustainable corporate growth, using CAGR as an

indicator of average growth over a set period.

Additionally, to strengthen our business expansion in the Global South (ASEAN and India), we have set a target of achieving an overseas sales ratio of over 50%.

Operating Margin / EBITDA Margin

To balance growth investment with improved profitability, we are using both operating profit margin and EBITDA margin (which excludes the impact of depreciation and amortization) as key profitability indicators. While depreciation expenses are expected to increase due to intensified growth investments, it is also essential to strengthen awareness of cash flow and investment value in addition to the Company's core earning power.

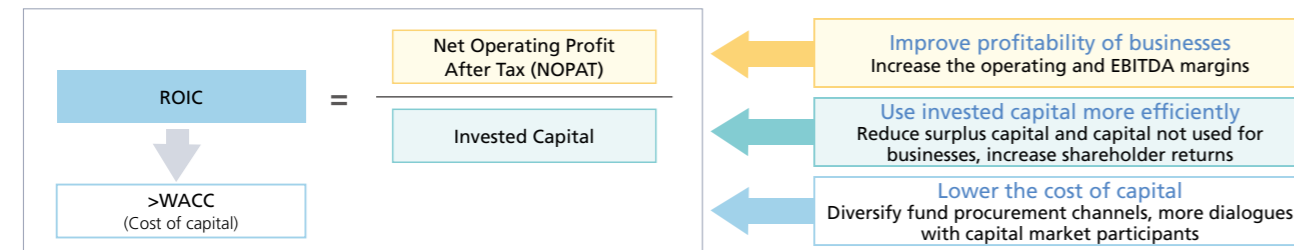
We aim to improve profitability through initiatives such as reducing the cost of sales by developing higher value-added products, optimizing our product portfolio, lowering selling expenses through enhanced digital marketing, and improving productivity through business process reform. Our targets are an operating profit margin of 12% and an EBITDA margin of 18% or higher.

	VISION2026	2030 milestone targets
Announced	March 2018	November 2024
Top-line growth	Net sales: 500 billion	Net sales growth rate: CAGR of more than 5%
Higher profitability	Operating margin: more than 16%	Operating margin: more than 12% EBITDA margin: more than 18%
Higher capital efficiency	ROA: more than 18% ROE: more than 15%	ROIC: more than 10%
Greater overseas profile	Overseas sales ratio: more than 50%	Overseas sales ratio: more than 50%

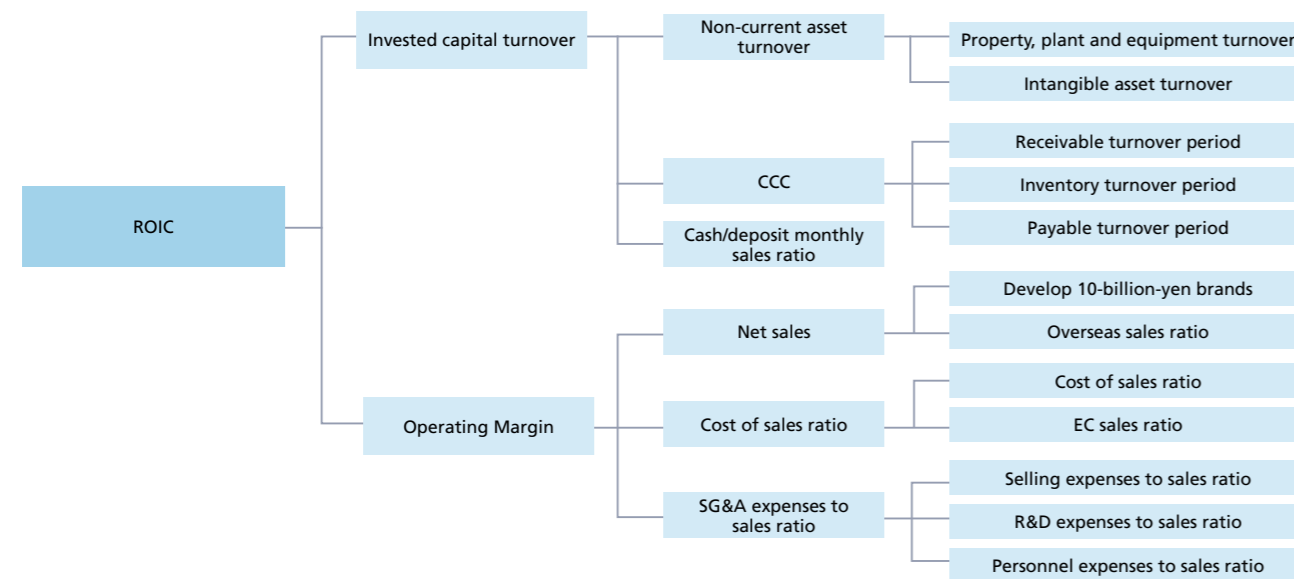
Functional Strategy — Financial Strategy

Management Conscious of Cost of Capital and Stock Price

Use of ROIC



Example of a ROIC tree



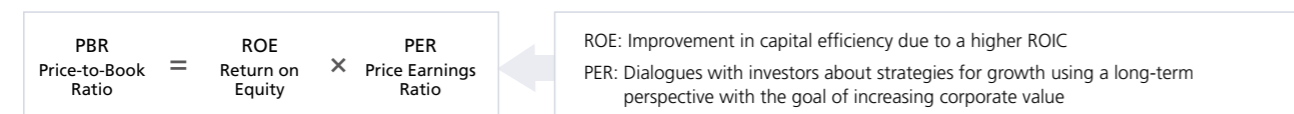
ROIC

While we previously used ROE and ROA as indicators of capital efficiency, we have now shifted to ROIC in order to address the challenge of low capital efficiency. By utilizing the ROIC tree, we aim to visualize management issues for each business unit, which we believe will lead to improvements in capital efficiency. As of the end of December 2024, our ROIC remains below our cost of capital. However, we are committed to improving both profitability and capital efficiency to reach our 2030 ROIC target of 10% or higher.

Improving Capital Efficiency

To improve capital efficiency, it is essential to optimize underutilized assets, streamline inventory management, and carefully select capital expenditures. The KOSÉ Group currently faces the following financial challenges:

- Prioritizing capital and marketing investments with high return potential
- Reducing elevated inventory levels that have remained high since the COVID-19 pandemic
- Utilizing accumulated cash for growth investments



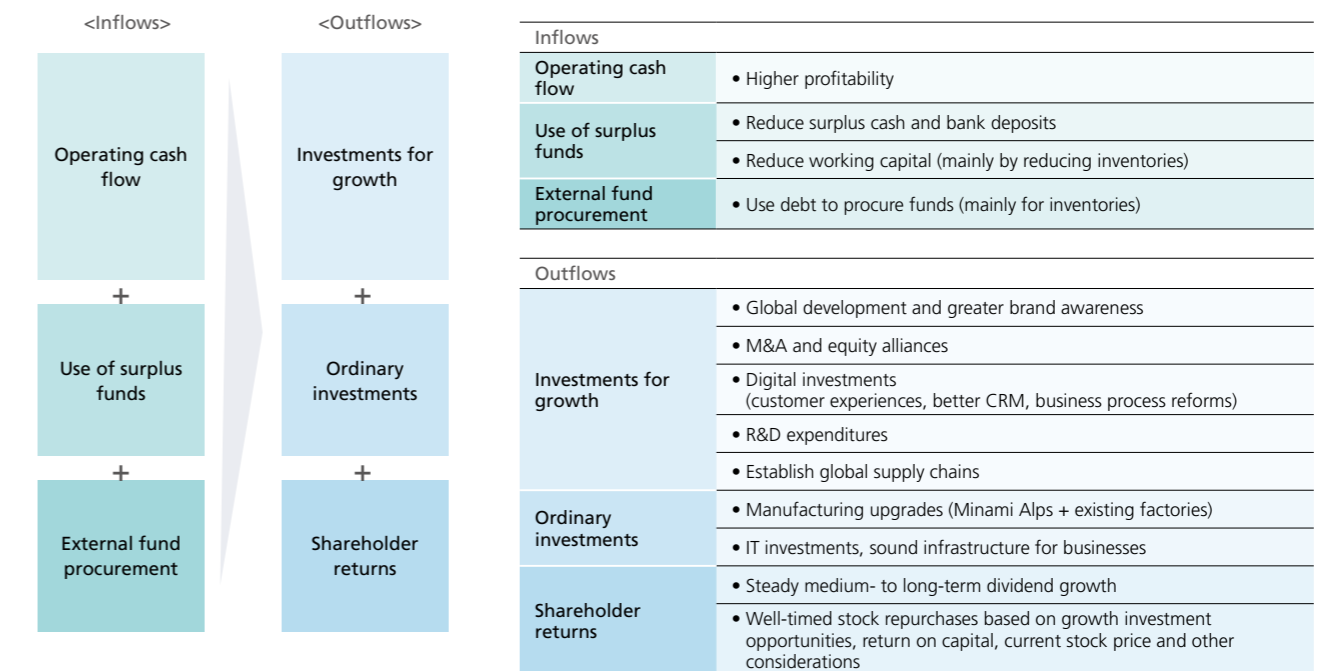
Long-Term Efforts to Enhance Corporate Value

The KOSÉ Group plans to transition to a pure holding company structure in January 2026. One of the key objectives of this shift is to strengthen the efficient allocation of management resources, including Group-wide capital allocation. Another important aim is to steadily implement the aforementioned initiatives and promote

improvements in capital efficiency.

We also intend to enhance corporate value by engaging in active dialogue with investors, taking into account trends in stock market indicators such as price-to-book ratio (PBR).

Cash Allocation to Support Strategic Initiatives



Cash Allocation Policy

Under our new medium- to long-term vision, growth investment is essential for rebuilding our business foundation and transitioning to a growth spiral. We plan to strengthen these investments more than ever before. Over the six-year period from 2025 to 2030, we are planning a total investment of approximately ¥200 billion. This includes ¥60 billion for M&A and capital partnerships, more than ¥50 billion to strengthen our production system—including construction of the Minami Alps Plant—and more than ¥50

billion for R&D in new business domains as well as IT and digital investment. To support this, it is essential to generate cash by improving the profitability of existing businesses and to make effective use of available funds.

In particular, capital investment in production facilities—such as the Minami Alps Plant—is considered vital for building a production system that enables efficient, high-value-added manufacturing while reducing environmental impact.

Shareholder Returns

With regard to shareholder returns, our basic policy is to maintain stable dividends. While securing internal reserves for future business expansion, we consider our financial position, business performance, and dividend payout ratio in a comprehensive manner when determining dividend payments. As for share buybacks, we intend to execute them flexibly, taking into account factors such as growth investment opportunities, capital efficiency, stock price, and other factors.

For fiscal 2024, the dividend payout ratio exceeded 100% due to

the recognition of extraordinary losses associated with structural reforms in China. However, in line with our policy, we maintained the originally planned dividend of ¥70 for both the interim and year-end payments, resulting in a total annual dividend of ¥140. For fiscal 2025, while profit is expected to improve year on year, we plan to maintain the annual dividend at ¥140—the same as the previous year—and will consider a dividend increase depending on the progress of earnings improvement.

Functional Strategy — HR Strategy

We aim to build a strong organization that continually creates new value through the coexistence and co-prosperity of strong individuals—independent, self-driven employees with diverse expertise. Through this approach, we will pursue globally optimized business growth across regions under our medium- to long-term vision, *Vision for Lifelong Beauty Partner – Milestone2030*, which emphasizes the shift away from doing everything in-house (“no longer using the approach of doing everything on our own”).

Special Feature Human Capital Management as a Foundation for Global Business Growth

Message

At KOSÉ, we have long generated new value through the collective strength of our employees—individuals who support and uplift one another, while sharing the founding spirit of “*mind to follow the right path.*”

To achieve sustainable growth in the future, we must build on this spirit of mutual support and growth, while cultivating the strength to continuously create new value in an increasingly volatile market

environment. Achieving this strength requires strategically cultivating two key elements: “Strong individuals” who hone their skills, leverage their rich experience, and demonstrate their unique value; and “Strong organizations” that bring these individuals together in collaboration to generate unprecedented value. To build such individuals and organizations, we are pursuing the following four key initiatives:



Takuya Mochida
Executive Officer, General Manager of Human Resources Department

1 Securing Key Talent to Drive Business Strategy

We are strategically developing talent across our domestic and international business areas—individuals who can apply specialized knowledge and skills to deliver sustained value to customers.

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2 Supporting Individual Development and Independence

To help each employee perform at their best, we support career development tailored to diverse values and work to create an environment that enables flexible and comfortable working styles.

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3 Deepening and Evolving Organizational Culture

To unite diverse individuals, we refine and embed KOSÉ's core values and philosophy, while encouraging positive changes in employee mindset and behavior.

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4 Optimal Talent Placement

To ensure stable and efficient business operations, we are building systems for fluid talent placement and creating flexible organizational structures.

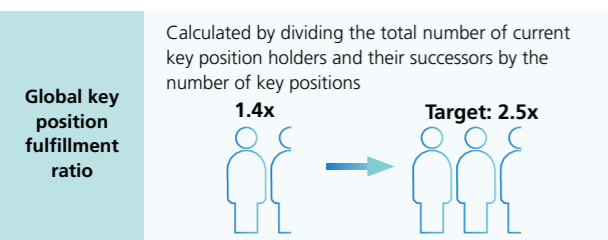
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Key Indicators in the Human Resources Functional Strategy

The following are priority indicators currently being closely monitored to build strong individuals and a strong organization:

Building Strong Individuals

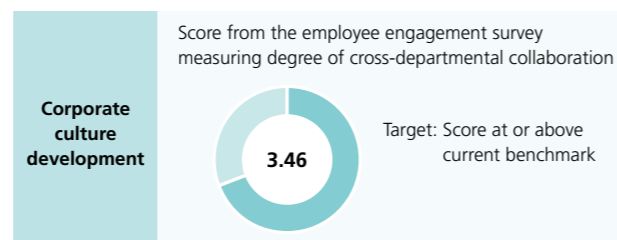
Abundance of successors for key overseas positions critical to global market expansion



Note: Additional indicators for monitoring will be introduced going forward

Building a Strong Organization

Degree to which “strong individuals” are connected and working collaboratively across the organization



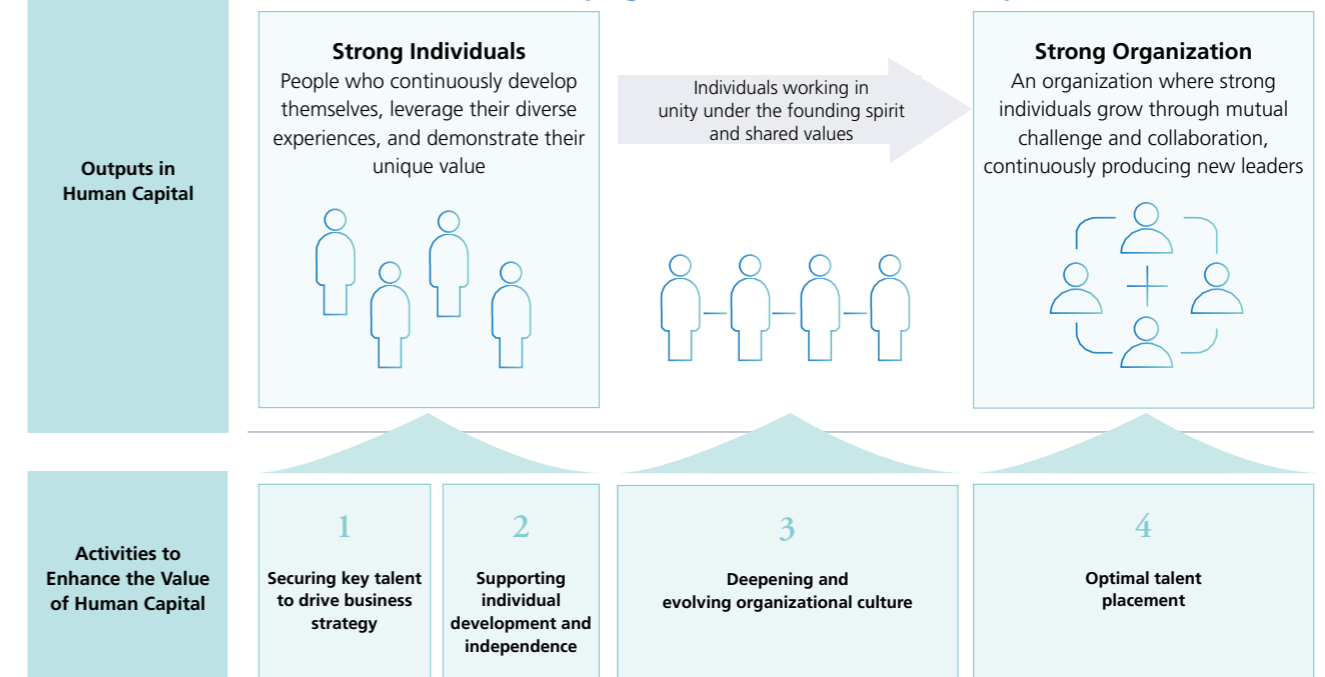
Note: Score out of a maximum of 5 points

What We Aim to Achieve

Your Lifelong Beauty Partner – Embracing each other, we color our lives with beautiful moments

Maximizing the value of human capital and achieving sustainable corporate growth

Talented individuals grow independently and through mutual inspiration, shaping the future of the KOSÉ Group



1 Securing key talent to drive business strategy

To achieve global business growth, we are strategically securing key personnel with advanced expertise and skills, while strengthening both recruitment and development efforts.

Recruiting and Developing Global Talent to Strengthen Our International Presence

To solidify our global business foundation and advance regional optimization, we aim to continuously develop talent for our global key positions* and expand our pool of overseas assignees. Currently, our fulfillment ratio for global key positions stands at 1.4x. In light of our growing international operations, we will place greater emphasis on developing and hiring successors for overseas assignments, with the goal of raising the ratio to 2.5x. In the short term, we plan to recruit individuals with overseas assignment experience (including non-Japanese nationals) through mid-career hiring. In the medium- to long-term, we will implement initiatives to strengthen global business experience, management capabilities, and language proficiency.

*Key positions at the Group's overseas locations



KOSÉ's Definition of Global Key Position Talent

- Mentally and physically resilient
- Capable of adapting to diverse environments
- Able to generate results through collaboration with local employees
- Possesses a certain level of language proficiency

Developing Leaders with Specialized Knowledge, Skills, and Experience

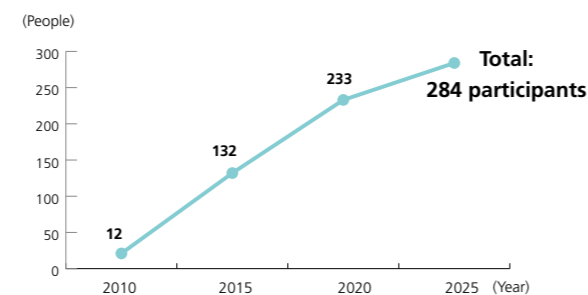
To create new value, we need leaders who can drive initiatives while supporting and caring for their teams. To this end, we are working to accelerate the development of talent and increase the number of specialists by expanding opportunities for managerial candidates as well as young and mid-career employees. We currently conduct a selective training program each year to support employees in stepping up to managerial roles and to foster future leaders.



* An internal venture program originally launched as Business Leader Training (now known as LINK). Open to all employees regardless of age, experience, or department. The photo shows participants at an event refining their business proposals.

In addition, by participating in our new business creation program*, employees gain experience in planning and managing businesses from a management perspective. While post-promotion development currently relies heavily on individual on-the-job experience, additional support is sometimes necessary. Going forward, we will strengthen training and development programs for managers and increase participation to better support the growth of our leaders.

Cumulative Number of Participants in the New Business Creation Program



Recruiting and Securing Diverse, High-Caliber Talent to Lead KOSÉ into the Future

We are enhancing our recruitment processes with a focus on strengthening competitiveness in hiring for key roles that require deep expertise specific to the cosmetics industry, such as marketing, R&D, and production. In addition, we are committed to creating an environment where the talent we recruit can fully demonstrate their abilities and thrive over the long term.



Joined KOSÉ in 2017 (Mid-Career) — IT Management Department

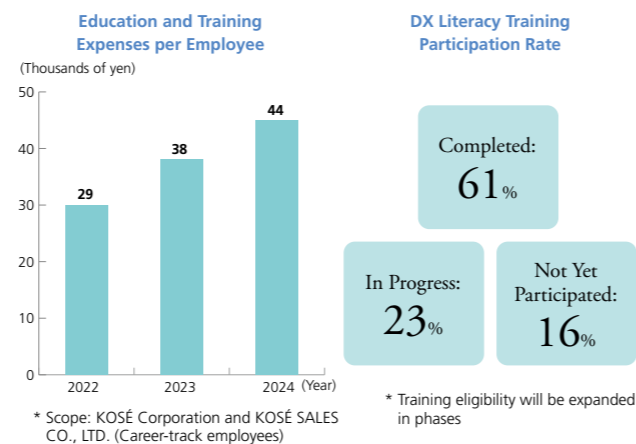
Drawing on my experience and expertise from my previous job, I'm responsible for everything from planning to development and maintenance of CRM systems. At KOSÉ, we have yet to fully leverage data as a vital management resource. To drive data utilization, I'm working to create an environment where anyone can easily access data, while also focusing on developing talent capable of working with data. My goal is to help accelerate the business and enhance the value of the customer experience.

2 Supporting individual development and independence

We are promoting career development and creating a supportive work environment tailored to each employee's background and values, enabling every individual to strengthen their expertise, work independently, and perform at full potential.

Supporting the Development of Expertise and Independence in Individuals

At KOSÉ, we place great importance on a proactive attitude toward learning and have established various support systems, including practical training programs and learning assistance schemes, to encourage this mindset. For example, we aim to transform the customer experience through digital innovation. The results of an IT skills assessment conducted two years ago highlighted the need to first raise the level of digital transformation (DX) literacy among our employees. In response, we introduced an educational platform last year to build a learning environment and implemented DX training for approximately 1,000 employees—primarily younger staff—to enhance their digital capabilities. We will continue to invest in education initiatives that strengthen the capabilities of each individual.



Supporting Employee Well-Being

Since fiscal 2017, the "Create a Great Place to Work" committee has been actively engaged in improving employee well-being, with full commitment from senior management for all initiatives. This committee has already given rise to a number of systems and initiatives directly tied to improving the employee experience, such as the introduction of remote work and the IKUPAPA Support System, which encourages paternity leave. We also promote employee health through initiatives such as stress checks and mental health support, as part of our commitment to practicing health-oriented management. Going forward, we will continue to support the well-being of our employees, turning each individual's motivation into a driving force for the sustainable growth of the company.

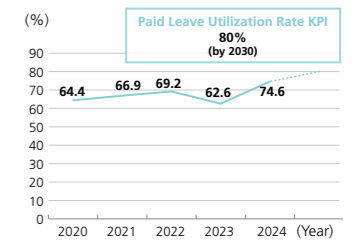
Initiatives to Empower Diverse Individuals to Create Value Through Their Differences

We believe that by creating a work environment that accommodates the diverse backgrounds of each employee, everyone can perform at their full potential. Moving forward, we will continue to develop systems that enable all individuals—regardless of gender, age, nationality, or lifestyle—to thrive and succeed.

Stress Check Participation Rate (Actual)

94.8%

Average Paid Leave Utilization Rate KPI



KPI for Percentage of Women in Leadership Positions¹

50%
(Fiscal 2024: 34.4%)

*1 Includes employees who manage subordinates or hold equivalent positions
*2 Fiscal 2024: 38.3% including PAN/PURI

Earned Highest (Third) Level of "Eruboshi" Certification from Japan's Ministry of Health, Labour and Welfare in Fiscal 2024



3 Deepening and evolving organizational culture

We are exploring initiatives to strengthen KOSÉ's unique culture of mutual support and growth, with the aim of fostering positive changes in employee mindset and behavior.

Based on the belief that increased employee engagement and motivation will lead to a more dynamic and competitive organization, we conduct an annual employee engagement survey and use the results to guide our culture-building efforts. Survey results show that while our employees take pride in working for KOSÉ and feel a strong connection to our products, there is room for improvement in cross-departmental collaboration. Moving forward, we will promote more cross-functional projects and activities to increase collaboration across departments and further enhance organizational cohesion.

Engagement Scores

* 5-point scale
* Survey scope: Domestic Group companies excluding ALBION CO., LTD.

Collaboration with other departments

3.46

Information sharing with other departments

3.22

Attachment to company products

4.27

Attachment to the company

4.08

Pride in the company

4.01

4 Optimal talent placement

We aim to build an organizational structure that supports stable and efficient business operations by flexibly assigning individuals with strengths aligned to our business strategies.

We believe that analyzing each employee's experience, capabilities, and aspirations—and enabling flexible placement—is essential to executing our management strategy. Currently, we are working to optimize talent placement that aligns strategic business needs with individual employee preferences. Employees are encouraged to build their careers independently through self-declaration systems, internal job postings, and side-job opportunities

within the company. The company, in turn, assesses the aptitudes of employees and supports talent development through initiatives such as job rotation and internal internship programs. Going forward, we will make greater use of our talent management system to track employees' skills and positions. This will allow us to propose placements that take into account both individual career aspirations and business needs.

* Unless otherwise noted, numerical data refers to the entire domestic Group.

Functional Strategy Sustainability Strategy

As a responsible member of the global community, the KOSÉ Group aims to become a trusted company with a strong global presence. In 2020, we formulated the KOSÉ Sustainability Plan and have since advanced a range of initiatives. In 2024, we renewed this plan as the Sustainability Strategy, positioned as one of the key functional strategies under our new medium- to long-term vision, *Vision for Lifelong Beauty Partner – Milestone2030*. We have identified six key material issues related to people and the planet, and are actively working toward their resolution.

Basic Policy

The KOSÉ Group’s Sustainability Strategy is designed to strengthen efforts to address material issues in the social and environmental domains by integrating with other strategies that support value creation—such as human resources, manufacturing, and financial strategies— while also enhancing the overall business infrastructure. By caring for people and the Earth, and balancing the sustainable growth of both society and business, we aim to become a true “Your Lifelong Beauty Partner”—a company that contributes not only to individuals’ lives but also to the future of the society and the planet.

For more details on our Sustainability Strategy, please see:
https://corp.kose.co.jp/en/sustainability/plan/pdf/KOSE_Sustainability_Strategy2025_EN.pdf



Promotion Structure

The KOSÉ Group recognizes sustainability issues as management priorities and has established a governance structure to address them. We have established two core bodies: the Sustainability Committee, which reports on and deliberates key sustainability issues under the oversight of the Board of Directors; and the Sustainability Promotion Committee, which advances company-wide, cross-functional initiatives through dedicated subcommittees.

For more on the sustainability promotion structure, see p.62. →















Progress on Medium- to Long-Term Targets

Under its Sustainability Strategy, the KOSÉ Group has set commitments and goals for 2030 as a medium-term milestone to address material issues related to people and society and the global environment. These are framed under the themes *For People* and *For the Earth*.

For People

Material Issues	Commitment	Indicators	Fiscal 2024 Results	Target	Achieve by	Relevant SDGs
01 Respect the diverse array of beauty	Through adaptability, provide products and services where customers of various backgrounds can experience their own unique beauty	Ratio of products and services provided based on Adaptability ∞ (Eight)	86.4% ¹	100%	2030	
02 Support the healthy minds and healthy lives	Pursue activities where the people of society can experience well-being through beauty	No. of initiatives for achieving well-being	198 Cumulative since fiscal 2020	500 activities or more	2030	
		Procurement of certified raw materials and purchase of RSPO-certified credits through the Book & Claim (B&C) supply chain model	36.1%	100%	2030	
03 Help with social opportunities	Raise awareness and provide opportunities to participate in society for people of all diversities	Raising awareness of and initiatives in DE&I focusing on the 3Gs ²	429,227 people Cumulative since fiscal 2020	1 million people or more	2030	

For the Earth

Material Issues	Commitment	Indicators	Fiscal 2024 Results	Target	Achieve by	Relevant SDGs
04 Increase awareness of environmental issues	Provide customers with opportunities to become aware of environmental issues through products, services, and information communicated	Increase in awareness of environmental issues through products, services and information transmissions	7,411,084 people Cumulative since fiscal 2020	10 million people or more	2030	
05 Play a role in solving environmental issues	Pursue conservation and solving issues in various regions around the world	Area planted with coral reefs	12,736 m ² Cumulative since fiscal 2009	20,000 m ² About 53 times the area of a 25 m regulation size swimming pool	2030	   
		Local community environmental conservation activities	45 activities Cumulative since fiscal 2020	100 activities or more	2030	
06 Promote reduction of environmental impact	Reduce CO ₂ emissions	Scope1-2	-45.1% ³ Total volume compared to 2018	-55% Target for total emission reduction vs. 2018	2030	 
			14,088.1 t-CO ₂ ³	Carbon Neutrality	2040	
		Scope 3	-19.3% ³ Total volume compared to 2018	-30% Target for total emission reduction vs. 2018	2030	
		Scope1-2-3	803,236.5 t-CO ₂ ³	Net Zero	2050	
	Sustainability-conscious design for plastic packaging materials	Use of containers and packaging materials aligned with the 4Rs 4Rs: Reduce/Reuse/Recycle/Renewable	4Rs compliance rate 37.2% ⁴	100%	2030	 
		Usage rate of recycled and biomass plastic	23.2% ⁴	50%		
		Amount of usage of petroleum-based virgin plastic	-11.4% ⁵	-50% Per-unit production vs. 2018		
		Refillable container share	Scheduled for disclosure in 2025			
	Waste reduction for the purpose of responsible resource utilization	Recycling rate	Recycling rate 100% ⁶	100%	2025	 
	Reduce use of water resources through responsible practices	Reduction of water usage	4.9% ^{5, 6} Per-unit production compared to 2018	-12% Per-unit production vs. 2018	2030	 
	Responsible palm oil procurement	Procurement of certified raw materials and purchase of RSPO-certified credits through the Book & Claim (B&C) supply chain model	36.1%	100%	2030	 

1. Each brand selects focus areas annually from KOSÉ’s original eight Adaptability ∞ (eight) themes.
The overall achievement rate is calculated based on the number of services/products delivered for those selected items.
2. Global, Gender, and Generation
3. To be updated in September 2025 following third-party verification
4. Figures for new products launched during the relevant year
5. Products shipped during the relevant year
6. KOSÉ Group Manufacturing Department

For People

Under the *For People* pillar of the Sustainability Strategy, the KOSÉ Group focuses on initiatives and awareness-raising efforts aimed at creating a society where everyone can embrace their unique beauty and lead healthy, fulfilling lives. We are addressing the following three key material issues.

Respect the Diverse Array of Beauty

The KOSÉ Group has long been committed to proposing beauty that resonates with each individual—"a source of beauty for everyone." We contribute to the realization of a society where all people can embrace and celebrate their own unique beauty by offering adaptable products and services tailored to individuals from diverse backgrounds. This initiative is grounded in the

concept of Adaptability ∞ (eight) and is continuously advanced and monitored by the Sustainability Promotion Committee. Going forward, we will continue to deliver products and services that honor individual beauty, striving to ensure that people around the world can experience beauty that reflects who they truly are.

DECORTÉ MICRO BALM LOTION — Proposing Beauty Beyond Gender and Age

At KOSÉ, we are exploring new possibilities in beauty and creating unique value under the key concept of the 3Gs—Global, Gender, Generation. As part of this initiative, DECORTÉ launched the *MEDICATED MICRO BALM LOTION*, a lightweight moisturizing treatment designed to be easy and comfortable for anyone to use—regardless of their skincare routine, gender, or age.



Nu+Rhythm — Creating New Value Beyond Cosmetics

KOSÉ is advancing well-being initiatives that extend beyond the traditional cosmetics space to encompass health and medical-related areas. As part of this effort, we launched a new inner beauty brand, *Nu+Rhythm*, and released the *Nu+Rhythm YEAST PROTEIN ASSORTMENT SET*, a beauty-focused protein supplement. This business originated from our in-house startup program LINK (Leadership and Innovation program for New KOSÉ), which supports the creation of new ventures.



Support the Healthy Minds and Healthy Lives

The KOSÉ Group values the concept of well-being—living a healthy and fulfilling life—and is committed to helping all stakeholders achieve it. As such, we promote a range of initiatives aimed at improving quality of life (QOL), including educational and

awareness-raising activities for the next generation, and support for sports development. These efforts are positioned as material issues tied to our core business activities, with a particular focus on advancing initiatives for the future generations.

KOSÉ's Educational Initiatives for the Next Generation — Nurturing Healthy Skin and Sensibility for the Future

KOSÉ provides opportunities for the next generation to develop both healthy skin and rich sensibility by offering skincare education from an early age and hands-on experiences that promote an appreciation for diverse perspectives. As part of this effort, we held lectures at Tamagawa Academy (K-12) on topics such as skincare, UV protection, and beauty values. We also organized a makeup workshop for junior high school students called KOSÉ Teens Makeup Club, offering a fun and accessible way to learn basic makeup techniques.



KOSÉ's Commitment to Sports Promotion — Empowering the Spirit of Challenge Through the Power of Beauty

KOSÉ actively supports sports as a way to promote health awareness, offering sponsorships to various athletic organizations and individual athletes while engaging in a wide range of initiatives. In 2024, we held our regular makeup workshop, for the Japanese national artistic swimming team, Mermaid Japan, to help athletes apply performance-enhancing makeup on their own. Additionally, with the growing interest in breakdancing, we hosted the KOSÉ BREAKING FES, a dedicated competition celebrating this dynamic sport.



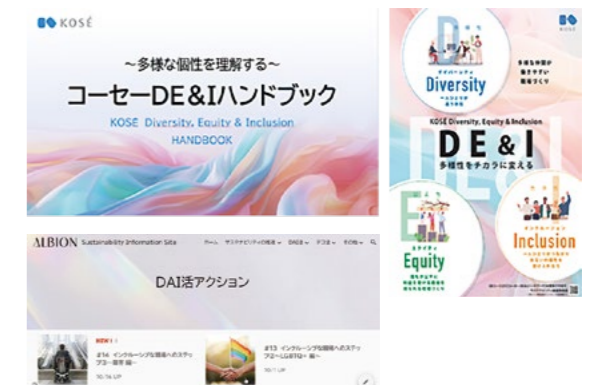
Help with Social Opportunities

At the KOSÉ Group, we believe that the strength of each and every one of our 13,000 employees worldwide is essential to our continued growth. In the company's early days, our business was strongly supported by female customers, but as times have changed, we have placed a central focus on the 3Gs: Global,

Gender, and Generation. In both internal and external settings, we actively promote diversity, equity & inclusion (DE&I). Our aim is to create an environment where everyone can express their individuality and gain opportunities to participate in society, ultimately helping to build a world where all people can thrive.

DE&I Initiatives — Creating a Workplace Where Every Employee Can Shine

An environment where employees can express themselves freely and thrive is directly linked to a company's ability to drive progress. To foster such a workplace, we actively promote internal awareness-raising initiatives aimed at making KOSÉ a better and more inclusive place to work. In addition to developing the DE&I Handbook, KOSÉ uses awareness posters to spread a culture of inclusivity throughout the organization. At ALBION, we also launched a dedicated "DAI-katsu" page on the internal sustainability site to share DE&I initiatives and enhance employee awareness.



The Visit to Japan by Students from Sakura Girls Secondary School (SGSS) in Tanzania — Advancing Women's Empowerment Through Learning and Experience

Since 2017, KOSÉ has been supporting the education of students at Sakura Girls Secondary School (SGSS) in Tanzania, a country where women's rights issues remain particularly serious. Through tuition support, we help provide these students with access to education. We also offer commemorative graduation gifts and, when students visit Japan, introduce them to career opportunities in the cosmetics industry and the broader role of women in society to encourage continued learning. In 2024, two students visited Japan, where they experienced hands-on cosmetics manufacturing and received beauty treatments at Maison KOSÉ Ginza, helping them appreciate the diversity of beauty.



For the Earth

Under the sustainability strategy pillar *For the Earth*, we focus on raising environmental awareness among consumers and reducing environmental impact across our global sites and entire value chain. We are addressing the following three key material issues.

Increase Awareness of Environmental Issues

Through its business activities, the KOSÉ Group has delivered a wide range of beauty-related value to society. By using our products and services as points of engagement to communicate

societal issues and our initiatives, we aim to provide consumers with opportunities for awareness and build a foundation for collective reflection and action across the society.

Student Design Contest Featuring Upcycled Pens

Since 2021, KOSÉ has been collaborating with Kao Corporation in the area of sustainability in the cosmetics business. In 2024, we held the Makeup Art Pen Award 2024, a design contest for students of Tama Art University. The contest featured SminkArt Pens—water-based ballpoint pens created by upcycling unused makeup products from both companies’ research laboratories that never reached commercialization.

* SminkArt is a registered trademark of MANGATA Corporation.



BIOLISS PEACEFUL GREEN Project: Tree-Planting Activities to Support Forest Regeneration and Regional Revitalization

Through the BIOLISS PEACEFUL GREEN Project, KOSÉ Cosmeport’s haircare brand *Salon Style BIOLISS* engages in environmental conservation activities aimed at protecting lush greenery, clean water and air, and the lives of living organisms. In 2024, the brand held its third tree-planting event in Yokosuka City, Kanagawa Prefecture. Native species such as castanopsis, tabu, and oak were planted in a supplementary format that preserves the existing natural environment while supporting early forest regeneration.



Play a Role in Solving Environmental Issues

A healthy global environment is essential to the KOSÉ Group’s ability to conduct sustainable corporate activities. To that end, we are engaged in a wide range of specific initiatives across various regions, including the conservation and restoration of natural

capital such as water and biodiversity, which our business depends on, as well as efforts to reduce the environmental impact of our operations. Through these actions, we aim to contribute to solving environmental issues.

SEKKISEI “SAVE the BLUE” Initiative

The SEKKISEI SAVE the BLUE – Ocean Project donates a portion of sales during the campaign period to coral reef conservation and engages in awareness-raising activities to deepen understanding and concern for global environmental protection. In 2024, marking its 16th year, the initiative continued with customer purchases, contributing to the transplantation of a cumulative total of 12,736 m² of coral.



Expansion of ALBION’s “RECYCLE PROJECT” Collection Locations

ALBION operates the RECYCLE PROJECT, a store-based collection system for used containers of its long-selling lotion, *SKIN CONDITIONER ESSENTIAL N*. In 2024, the program significantly expanded its number of participating locations. It is now being implemented at 414 stores nationwide, including ALBION Philosophy, ALBION Dresser, Atelier ALBION, department stores, and partnering cosmetics specialty stores across Japan.



Promote Reduction of Environmental Impact

The KOSÉ Group’s business activities—including cosmetics manufacturing—depend on natural capital such as water and plants that are raw materials for ingredients, while also generating environmental impacts through energy use, wastewater, and

waste generation. We believe it is our responsibility to minimize these impacts, so we have established clear targets to guide our efforts in addressing climate change, promoting resource circulation and waste reduction, and reducing water usage.

Addressing Climate Change

The KOSÉ Group has identified “Promote reduction of environmental impact” as one of its key material issues and is actively working to address climate change, including through CO₂ reduction efforts. In response to this issue, which has long been a focus for us, we disclosed information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in 2021, including an analysis of the risks and

opportunities climate change poses to our business, as well as disclosures from four perspectives: governance, strategy, risk management, and metrics and targets. To further strengthen our response to climate change, we have established medium- to long-term greenhouse gas emissions reduction targets¹, certified under the SBT 1.5°C criteria,² with the goal of achieving net zero³ by 2050.

1 Of the various greenhouse gases, CO₂ has been identified as the primary emission from the KOSÉ Group.
2 A science-based target aligned with the Paris Agreement, developed under the Science Based Targets initiative (SBTi), to limit the global average temperature increase to 1.5°C above pre-industrial levels.
3 Net zero refers to balancing GHG emissions with removal or absorption, effectively reducing them to zero.

Governance

The KOSÉ Group recognizes sustainability issues as management priorities and has established a governance structure to address them. We have set up two key bodies: the Sustainability Committee, which reports and deliberates on material issues and is overseen by the Board of Directors, and the Sustainability Promotion Committee, which addresses specific initiatives through its subcommittees.

Strategy (Scenario Analysis and Response Measures)

Through scenario analysis, the KOSÉ Group evaluates the potential impact of global temperature increases of 1.5/2°C and 4°C on its business activities. The results are used to inform disclosures and guide management strategy. Recognizing the importance of reduction targets, we are promoting decarbonization efforts under the Low-Carbon Transition Plan formulated in 2022.

Risk Management

Climate-related risks are identified and assessed by the Risk Management and Compliance Committee based on the KOSÉ Group’s Enterprise Risk Management (ERM) framework. Ongoing monitoring of climate change issues is conducted by both the Sustainability Committee and the Risk Management and Compliance Committee.

Metrics and Targets

As a target for 2030, the KOSÉ Group has set a goal to reduce Scope 1 and 2 emissions by 55% and Scope 3 emissions by 30% (total volume compared to 2018). For the long term, we aim to achieve carbon neutrality for Scope 1 and 2 by 2040 and net zero for Scope 1, 2, and 3 by 2050.

For more details on our climate change initiatives, please see:
<https://corp.kose.co.jp/en/sustainability/environment/tcfd/>



For the Earth

Calculating the Carbon Footprint of Products (CFP)

In 2022, KOSÉ conducted its first calculation of the carbon footprint of products (CFP)—the total CO₂ emissions generated throughout a product's lifecycle—as part of our efforts to assess environmental impact. Our aim is to use this as an internal benchmark for product development, and as such, we have expanded the number of products assessed for CFP in 2023 and 2024. Additionally, we calculated the Decarbo Score, a metric provided by Earth hacks & Co., Ltd. that visualizes the percentage reduction in CO₂ emissions compared to conventional or reference products. We also participated in the Decarbo Score Fair hosted by EARTH MALL with Rakuten.



Development of Environmentally Friendly, Sustainable Packaging

As part of our sustainability strategy, the KOSÉ Group has set the environmentally conscious design of plastic containers and packaging as a medium- to long-term target. In the newly launched *SEKKISEI BLUE* series, the cap incorporates upcycled Job's tears (Coix barley) husks—a by-product from the extraction process of Job's tears used in *SEKKISEI* products—creating a distinctive design. In *Prédia BLUE*, we have adopted mechanically recycled polyethylene, which has a lower environmental impact, for use in tube containers—an area where incorporating recycled materials was previously considered technically difficult.



Initiatives for Natural Capital — TNFD Disclosure —

In line with the disclosure framework of the Taskforce on Nature-related Financial Disclosures (TNFD), the KOSÉ Group has published the KOSÉ Group TNFD Report, which outlines biodiversity-related risks and impacts associated with our business activities. The report focuses on two key elements of natural capital essential to cosmetics manufacturing: water resources and palm oil. It analyzes and evaluates the biodiversity-related risks linked to these areas and explores initiatives to conserve and restore biodiversity, while creating business opportunities. Based on this analysis, we will strengthen initiatives that reduce water usage, promote water conservation, and support biodiversity around our factories. Regarding palm oil, we will further promote the sustainable procurement and use of this vital resource.



For more information on our biodiversity initiatives and the TNFD Report, please see:
<https://corp.kose.co.jp/en/sustainability/environment/biodiversity/>



External Evaluations

Inclusion in ESG Indexes

KOSÉ has been selected as a constituent of the following ESG indexes:

FTSE4Good Index Series



FTSE Blossom Japan



FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index



FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index



MSCI Japan Empowering Women Index (WIN)

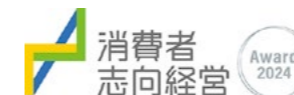
2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Morningstar Japan Ex-REIT Gender Diversity Tilt Index

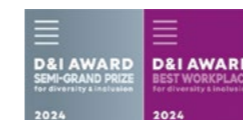


External Recognition for Sustainability

KOSÉ has received the following evaluations and certifications from external organizations:



Voluntary Declaration of Consumer Orientation
Recipient of the 2024 Consumer Affairs Agency Commissioner's Award
Award for Excellence in Consumer-Oriented Management



D&I AWARD 2024 Runner-Up Grand Prize
Certified as a Best Workplace (by JobRainbow)



Eruboshi Certification (Ministry of Health, Labour and Welfare)



Certified Health & Productivity Management Organization 2024 (Recognized by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi)
2024 Certified Health & Productivity Management Organization (Large Enterprise Category)



Climate Change and Water Security Ratings (CDP)
Listed on the Climate Change A List 2024
Listed on the Water Security A List 2024



Science-Based Greenhouse Gas Emissions Reduction Targets (SBTi)
Obtained SBT (Science Based Targets) certification

We endorse and participate in the following initiatives and organizations:

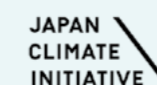
United Nations Global Compact



TCFD (Task Force on Climate-related Financial Disclosures)



Climate Change Initiative Japan Climate Initiative (JCI)



MATSURI Project for Algae-Based Sustainable Industry Creation



TNFD Forum



30by30 (Ministry of the Environment, Japan)



Clean Ocean Material Alliance (CLOMA)



KOBE PLASTIC NEXT Let's Connect Together. Refill Pack Recycling







Business Fundamentals

The KOSÉ Group recognizes that respect for human rights, along with transparency and fairness, is essential in all business activities, and as such, we conduct human rights due diligence across our entire value chain. Through collaboration with our suppliers, we promote initiatives that respect human rights and fulfill our social responsibilities together. Going forward, we will continue to strengthen our commitment to human rights and social responsibility on a global scale, and work together with all stakeholders to help realize a sustainable and equitable society.

Human Rights Due Diligence

The KOSÉ Group conducts human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs), focusing on human rights issues identified as particularly important to the Company through a human rights risk assessment. We have also established the Compliance Help Desk for both internal and external stakeholders.

Key Human Rights Issues and Risk Management We are moving forward with the following risk management responses to address the key human rights issues we have identified.

Identified Key Human Rights Issues	Current Response Measures	
Ongoing identification of human rights issues in the raw material procurement supply chain	<ul style="list-style-type: none">Monitoring via platforms such as Sedex* and self-assessment questionnaires (SAQs)Direct dialogue with smallholder farmers in palm production, etc.	Supply Chain Management 
Diversity, equity and inclusion (DE&I) and human rights in the workplace	<ul style="list-style-type: none">Dissemination of the KOSÉ Group Action Guidelines to all Group employeesHuman rights training and compliance awareness-raising for employees	<ul style="list-style-type: none">Anti-harassment training for managersFostering an inclusive workplace culture through sharing the DE&I Handbook
	Risk Management and Compliance Awareness 	Diversity, Equity, and Inclusion (DE&I) 
Communications and responses that respect diversity (advertising, promotions, customer service, product descriptions, etc.)	<ul style="list-style-type: none">Promoting “Adaptability” as a management strategy and embedding it in business activitiesImplementing unconscious bias training for management across all departments	Adaptability 

Note: Supplier Ethical Data Exchange: A member-based organization that provides an online platform to strengthen sustainability in supply chains

Ongoing identification of human rights issues in the raw material procurement supply chain

As the Group uses palm oil, minerals, and many other natural raw materials in its products, it closely monitors its supply chain to ensure that no negative impacts are occurring. We assess conditions and promote corrective actions through supplier surveys and direct engagement with workers in the regions where raw materials are sourced.


Diversity, equity & inclusion (DE&I) and human rights in the workplace

In promoting diversity, equity, and inclusion (DE&I), the Group recognizes the importance of fostering understanding of gender diversity, including LGBTQ+ identities, as well as the increasingly diverse national and cultural backgrounds of its employees. To support this, we carry out internal awareness-raising initiatives and are working to build a workplace culture in which diverse talent can thrive.


Communications and responses that respect diversity (advertising, promotions, customer service, product descriptions, etc.)

To avoid reinforcing uniform or potentially discriminatory values in society through advertising, promotions, customer service, and other communications, we conduct internal training and awareness-raising activities. In addition, we promote initiatives that aim to create a positive social impact by sharing messages that respect and celebrate diversity.

Human Rights Policy and Promotional Structure
<https://corp.kose.co.jp/en/sustainability/rights/>



Human Rights Due Diligence
<https://corp.kose.co.jp/en/sustainability/rights/hrdd/>



Business Operations with Transparency and Fairness

Since its founding, the KOSÉ Group has valued the spirit of co-existence and co-prosperity with all employees, business partners, and suppliers. Guided by the concept of the KOSÉ Beauty Partnership set forth in our medium- to long-term vision *Vision for Lifelong Beauty Partner – Milestone2030*, we are committed to advancing our business in collaboration with stakeholders while fulfilling our responsibilities as a member of the global community—working toward a better future for people and the planet.

Promoting Sustainability in the Supply Chain

The KOSÉ Group promotes sustainable and responsible procurement of raw materials and packaging materials with consideration for society, the environment, and human rights, based on its Basic Procurement Policy and Sustainable Procurement Guidelines.

We also work to deepen mutual understanding with suppliers through detailed information exchange and ongoing monitoring—conducted via questionnaires—on environmental initiatives and human rights practices.

Examples of Engagement: SAQ Implementation and Sedex Membership

Monitoring activities for responsible procurement

Each year, we conduct a self-assessment questionnaire (SAQ) to promote sustainable procurement among our key suppliers in Japan and overseas. In fiscal 2024, we requested responses from 159 suppliers—accounting for 93.8% of total procurement value—and received replies from 98.7% of them. The proportion of suppliers with low scores improved compared to the previous fiscal year. As a result of these monitoring activities and individual interviews, we confirmed that, as of the end of December 2024, there were no particularly high CSR-related procurement risks.

Participation in the Japanese Cosmetics & Personal Care Products Industry Buyer Members Sedex Working Team

In 2023, the KOSÉ Group joined forces with seven other Japan-based cosmetics and personal care product manufacturers—each a Sedex member—to form the Japanese Cosmetics & Personal Care Products Industry Buyer Members Sedex Working Team*. This initiative aims to help prevent and mitigate adverse human rights impacts within the industry. The team is currently exploring collaborative supplier engagement activities, such as promoting broader adoption and standardization of the Sedex platform, and organizing joint briefing sessions for supplier companies.

* Launched in October 2023 with the aim of promoting responses to human rights issues across supply chains.

Response to procuring sustainable palm oil

The KOSÉ Group obtained RSPO* Supply Chain Certification (SC Certification) in December 2021 for its head office, related facilities, and major factories. In 2024, we successfully passed a follow-up audit and renewed our certification license. We continue to actively procure RSPO-certified raw palm oil and promote sustainable sourcing in collaboration with our suppliers.

* Roundtable on Sustainable Palm Oil

Establishment of the Compliance Help Desk

The KOSÉ Group has established the Compliance Help Desk for both internal and external stakeholders to enable the early detection of misconduct, including illegal acts (such as bribery and other forms of corruption), as well as violations of internal rules and human rights issues such as bullying and harassment. When a report is received, we ensure the anonymity of the reporting party and take care to prevent any disadvantage or retaliation. With guidance from external legal counsel, the Compliance Committee responds fairly and sincerely, working to promptly identify issues and resolve them swiftly.