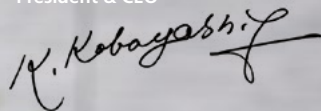


CEO Message

Kazutoshi Kobayashi
President & CEO



Formulated a New Medium- to Long-Term Vision, Aiming for Global Growth by Moving Beyond Our Own Resources

The environment surrounding the cosmetics industry is undergoing major changes, including the growing awareness of health and wellness, the accelerated evolution of artificial intelligence (AI) and personalization technologies, and technological innovations in skin science and biotechnology.

In response to these changes in the environment, we engaged in extensive discussions within the Company about the future we should aspire to, and in November 2024, we announced our new medium- to long-term vision, *Vision for Lifelong Beauty Partner – Milestone2030*. The vision of *Your Lifelong Beauty Partner* we set for 10 years from now embodies our desire to stay close to each and every person around the world throughout their lives, offering a wide range of beauty options so they can shine in their own unique way. It also reflects our enduring aspiration—cherished since the Company’s founding—to continue brightening their lives through the power of beauty.

To realize this vision, we formulated our medium- to long-term strategy *Milestone2030*, with the core concept of no longer using the approach of doing everything on our own, but instead pursuing broader collaboration beyond our traditional in-house model. Until now, we have remained committed to conducting our own research and development, manufacturing, and sales, driven by a strong belief in creating unique and high-quality products that surpass those of other companies. We have developed and globally expanded safe, reliable, and high-quality products made in Japan. However, in recent years, as regulatory restrictions—such as pharmaceutical laws have been strengthened in many countries, cosmetics manufacturers are increasingly outsourcing production. In tandem with this trend, OEM and ODM companies, with research centers and factories around the world, have been gaining prominence. In addition, as globalization and the maturation of the cosmetics market have progressed, consumer needs have diversified and business domains we had not previously addressed have expanded. Against this backdrop, to achieve further global growth, we will not rely solely on in-house product development and supply chains, but will also actively pursue collaboration with partner companies and research institutions while leveraging external assets.

Focusing on Expanding Market Share in the Global South

In promoting our global expansion, we will work to optimize our regional development by acquiring brands rooted in local markets and shifting toward locally driven marketing and manufacturing. In addition, we will leverage OEM and ODM partnerships to reduce cost ratios and respond swiftly to local laws and regulations.

In particular, we are placing strong emphasis on expanding our market share in the Global South. We have newly appointed a leader responsible for overseeing the Global South market and stationed them in Thailand, and we will actively pursue M&A and business alliances with emerging local brands, focusing on high-growth markets such as ASEAN and India.

PAÑPURI, the brand owned by PURI CO., LTD., which we acquired in December 2024, is one of Thailand’s leading luxury brands, and we have high expectations for its future development in the Global South market. This acquisition marks our first M&A transaction since our acquisition of U.S.-based Tarte, Inc. in 2014. Tarte has been recognized as one of the most successful examples of a Japanese company acquiring a U.S. brand, and that success story helped pave the way for PURI to become part of the KOSÉ Group.

In India, we have been producing and selling the skincare brand *Spawake* locally since 2015; however, it has yet to grow into a brand that significantly contributes to the Group’s overall performance. Recognizing the need for a new breakthrough to strengthen our market position, we made an investment in and formed a strategic partnership with Foxtale Consumer Pvt. Ltd. in January 2025. The company that operates the skincare brand Foxtale launched in January 2022 and has quickly grown into a prominent player in India’s D2C* sector by leveraging its agile data analysis capabilities. Taking an approach that differs from ours, the company develops products by conducting thorough consumer analysis within India, providing prototypes for customer trials, and continuously refining the products based on feedback. Since last year, CEO Romita Mazumdar has visited Japan several times to discuss various ideas for improving our brand initiatives and activities in the Indian market. Going forward, we hope to leverage Foxtale’s resources and further strengthen our collaboration.

* Direct to Consumer

Our Vision and Core Belief

Purpose	Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence.
— Vision for Lifelong Beauty Partner — Milestone2030 —	
Vision	Your Lifelong Beauty Partner
Belief	Guiding Principle Embracing each other, we color our lives with beautiful moments
	Values KOSÉ Beauty Partnership Builds relationships for mutual progress among all stakeholders

Expanding Our Business into the Well-Being Domain

Alongside our global expansion, we are also focusing on broadening our business domains. While maintaining cosmetics and beauty as our core, we aim to extend our value proposition into the well-being domain, delivering products and experiences that remain closely attuned to serving as a source of beauty for everyone.

As one example of new business initiatives in the well-being domain, we launched a proof-of-concept trial in August 2024, offering personalized beauty products containing iPSF, an extract derived from each customer's own iPS cells, through medical institutions. In the near future, we aim to grow this business to a scale of several thousand registered customers.

Another example of our new business initiatives in the well-being domain is our joint exhibition with Tokyo Electron Device Limited at CES 2025, one of the world's largest technology trade shows, held in the United States in January 2025. At the exhibition, we showcased a makeup simulation system that instantly projects makeup onto a visitor's face simply by operating a control panel while seated in the booth. The simulated makeup moves naturally in sync with facial movements, creating the experience of actually wearing makeup through high-speed projection mapping for mixed reality (MR) simulation. This service attracted significant attention and was recognized as a CES Innovation Awards® 2025 Honoree in the XR Technologies & Accessories category. Since 2017 we have been running our new business creation program LINK, which has established a foundation for strengthening external collaboration with employees partnering with external organizations to take on the challenge of driving innovation.



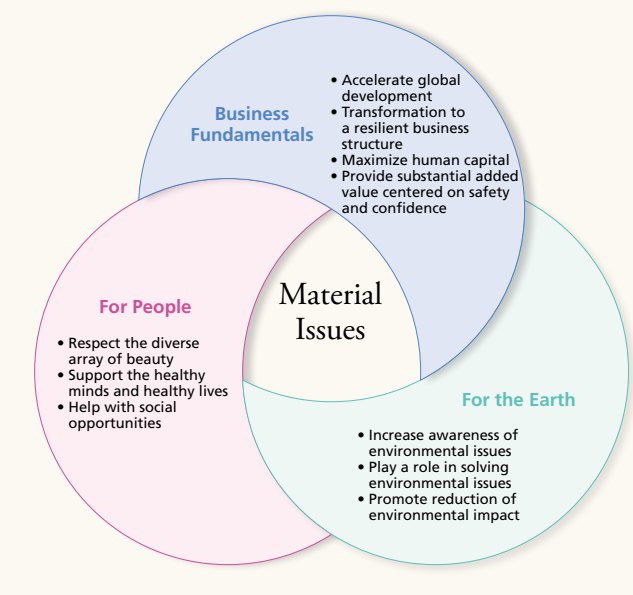
Focusing on the Completion of Structural Reforms and Rebuilding an Infrastructure in Phase 1

Although both net sales and operating profit increased in fiscal 2024 compared to the previous year, the challenges identified under our previous medium- to long-term vision VISION2026 — accelerating global expansion, rebuilding earning power, and establishing a strong business foundation — remained unresolved. In light of these issues, we have set three phases for realizing our new vision: Phase 1, *Completion of Structural Reforms and Rebuilding an Infrastructure*; Phase 2, *Shift to a Continuous and Sound Growth Spiral* by 2030; and thereafter, Phase 3, *Evolution to Become a Global Company*.

In Phase 1, we will prioritize rebuilding earning power in Japan as well as achieving profitability and improving earnings in mainland China. In Japan, we have benefited from a number of hit products, led by DECORTÉ as well as major brands of ALBION CO.,LTD. and KOSÉ Cosmeport Corp., resulting in expanded profitability. However, due to rising costs at KOSÉ Corporation — including raw materials, personnel expenses, logistics costs, and digital transformation investments — the overall Group has found it increasingly difficult to generate profits on a consolidated basis. We have already begun implementing fundamental reforms to our cost structure and are working to reduce expenses. In addition, to create a lean and efficient business structure, we are reviewing sales offices and staffing for each brand, optimizing marketing expenses, improving profitability on an SKU-by-SKU basis, and enhancing inventory turnover. By building a strong foundation in Japan and improving our earning power, we will make investments into global expansion and new business initiatives, thereby connecting to Phase 2, the *Shift to a Continuous and Sound Growth Spiral*.

In China, in addition to clearing excess inventory, we streamlined unprofitable stores and personnel in fiscal 2024. As a result, we expect to transition to a leaner and more efficient business structure, returning to profitability in fiscal 2025. Until now, we have expanded our brands in China using sales methods similar to those employed in Japan. However, in response to the country's economic slowdown and intensifying competition, we are in the process of revising both our sales approaches and brand strategies. In particular, we will focus on expanding high-prestige product lines that are increasingly in demand in the Chinese market, aiming to improve profitability.

Key Material Issues Organized into Three Strategic Pillars



In addition to the challenges that remained under VISION2026, we analyzed the gap between our ideal corporate vision and our current state to identify the issues that need to be addressed. Furthermore, by taking into account changes in the business environment and social issues, as well as perspectives and evaluations from internal and external stakeholders, we identified the key issues that require focused efforts going forward. These are systematically organized under three key pillars: “Business Issues,” “Social Issues,” and “Environmental Issues.”

Strengthening Our Talent Base to Support Global Growth

To realize our medium- to long-term vision, we are also focusing on strengthening our talent base to support global growth. Until now, the established pattern at our company has been for employees to gain experience in Japan before being stationed at overseas subsidiaries. However, as entrepreneurs and highly creative talent are increasingly emerging in the cosmetic industries of Europe, the United States, India, and Thailand, it is becoming more important for our employees to go abroad at a younger age and gain firsthand experience locally. We have already seen positive results from employees assigned as trainees to Tarte, where staff involved in product planning and development departments have grown significantly through their experiences overseas, and we intend to expand these opportunities going forward.

At the same time, we will continue encouraging employees who have a spirit of taking on new challenges and trying exciting new ideas, while creating a lively environment where many proposals and initiatives can emerge.

through mutual partnerships. We will also further strengthen our collaborations with existing partner companies that have expertise in specific fields, and work to expand our business.

The KOSÉ Group has established its Statement of Purpose as: Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence. Based on this philosophy, since our founding, we have pursued high-quality cosmetics that are safe and reliable to use, delivering truly valuable products. Over the course of our long history, we have continuously challenged ourselves to exceed customer expectations, launching numerous innovative products. In addition to offering functional value such as efficacy and effectiveness, one of our strengths lies in creating cosmetics that also deliver emotional richness through sensuous elements like fragrance. Leveraging these strengths, we will continue to build Beauty Partnerships with all of our stakeholders, working together to enhance each other's value through collaboration and cooperation. Under the Beauty Consortium Concept, we aim to further enhance the growth of the KOSÉ Group and our corporate value by working with partners to create even more unique products and new value.

Aiming for Sustainable Growth and Enhanced Corporate Value through the “Beauty Consortium Concept”

Starting from fiscal 2026, which marks the 80th anniversary of our founding, we will transition to a pure holding company structure. This shift will create an environment that makes it easier for new partners to join the KOSÉ Group, while maximizing group synergies, accelerating decision-making, and enabling the strategic and efficient allocation of management resources.

Under this new structure, we will promote the Beauty Consortium Concept, aiming for sustainable growth and enhanced corporate value by collaborating with companies and brands that share our values, leveraging each other's strengths

The shift in the Chinese market, which had long been regarded as a major global growth driver, has heightened uncertainty across the cosmetics industry. Even in this challenging environment, we remain committed to rebuilding our business foundation and achieving an early transition to a growth trajectory. We sincerely ask for the continued support of our shareholders and all other stakeholders.

Medium- to Long-Term Vision

Vision for Lifelong Beauty Partner — Milestone2030



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

Belief Basis for all business activities Strategies Business activities Outcome Offer value

Values

KOSÉ Beauty Partnership

Builds relationships for mutual progress among all stakeholders

Seven Strengths

- Diverse brand portfolio
- Internal R&D infrastructure
- Internal manufacturing infrastructure
- A sales system that delivers value directly to customers
- Highly engaged human resources
- The spirit of taking on new challenges
- Management based on a long-term perspective

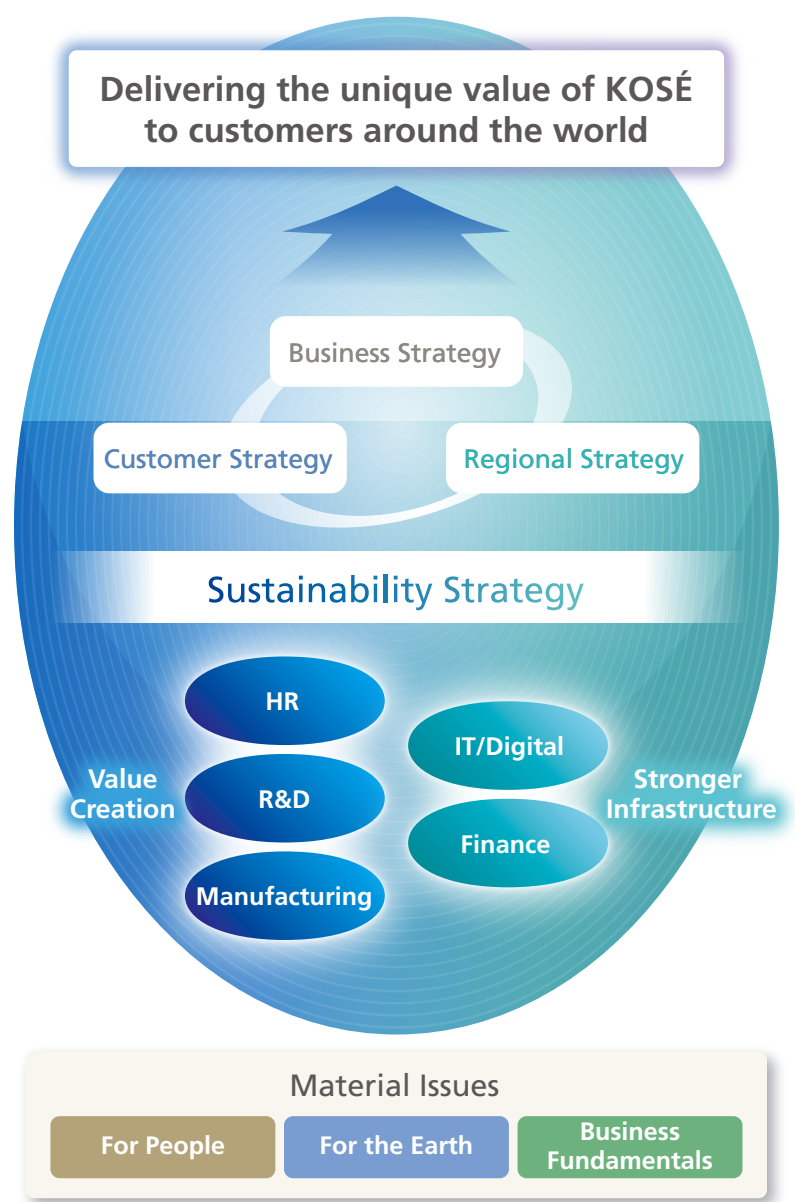
Guiding Principle

Embracing each other, we color our lives with beautiful moments

The 3Gs
(Global, Gender, Generation)

Adaptability
(Activities that meet diverse expectations)

Sustainability & Connectivity
(Activities as a constant partner)



Your Lifelong Beauty Partner

We promise to embrace each other and color our lives with beautiful moments through the power of beauty.

Concept and Overview

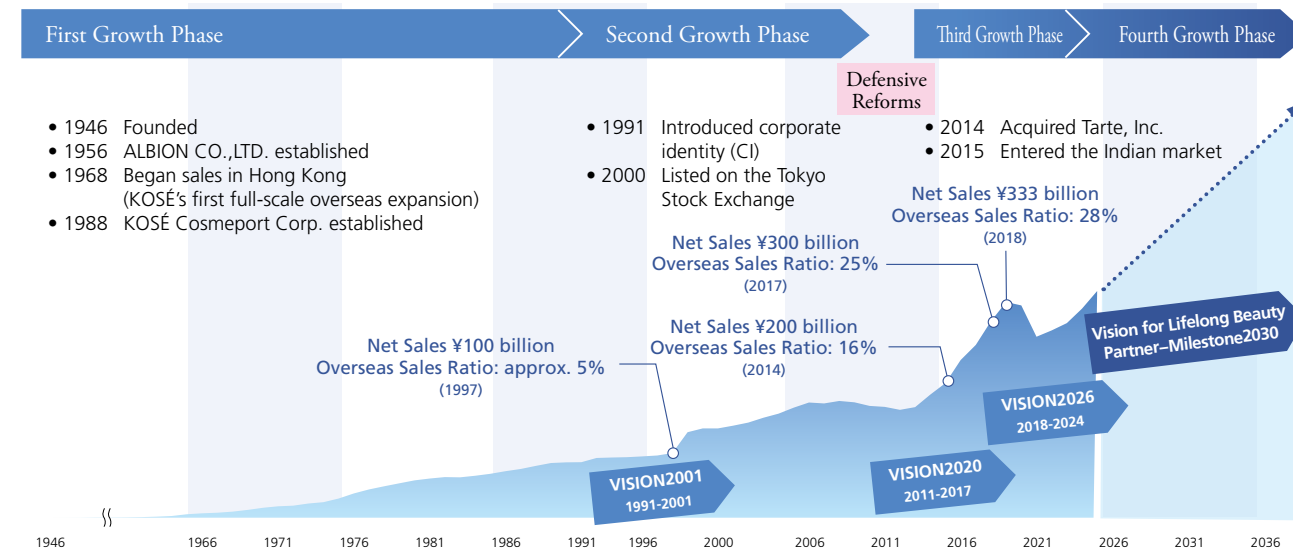
Vision for Lifelong Beauty Partner — Milestone2030 is centered on KOSÉ's purpose: Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence. In pursuit of this purpose, we have established a new vision: *Your Lifelong Beauty Partner*. We want to be a source of diverse options for beauty to enable people worldwide to find the best ways to express their unique charm throughout their lives. By serving as a lifelong beauty partner, we are firmly committed to using the power of beauty to be a provider of color and brilliance throughout one's life, which is the spirit that has guided the KOSÉ Group since its inception. We aim for the growth of our corporate value by building even longer and deeper relationships with customers, business partners, employees, people worldwide including future generations, and the beauty of nature.

For more details on our medium- to long-term vision, please see here.
<https://corp.kose.co.jp/en/info/mid/>

Positioning of the Medium- to Long-Term Vision

Since entering its third growth phase in 2011, KOSÉ has significantly expanded its business. However, the COVID-19 pandemic brought a sharp downturn, marking a challenging period in which our growth trajectory turned negative. Amid this situation, progress under VISION2026 did not proceed as initially

planned. In response to the challenges that have emerged, we formulated a new medium- to long-term vision: *Vision for Lifelong Beauty Partner – Milestone2030*. This new vision aims to ensure a solid recovery in performance and to shift the Company into a sustainable growth spiral.

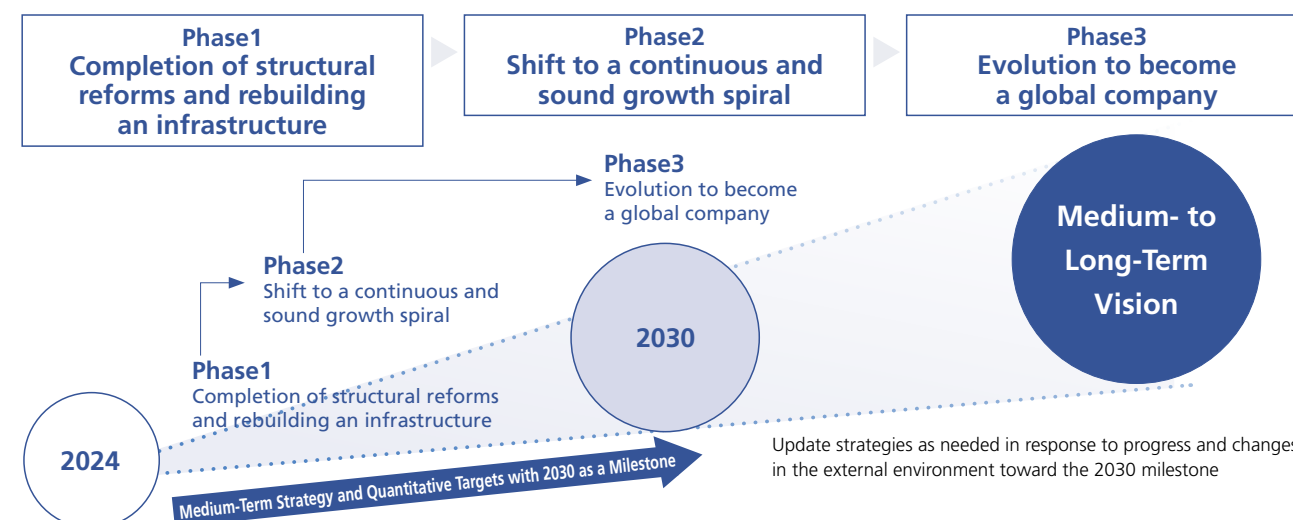


Concept Behind the Medium- to Long-Term Vision

The new medium- to long-term vision outlines the KOSÉ Group's aspirations looking roughly ten years ahead, and presents a roadmap that includes quantitative targets for 2030 as a key milestone, along with a medium-term strategy to achieve them. Toward 2030, we will first complete Phase 1: Completion of

Structural Reforms and Rebuilding an Infrastructure, then move into Phase 2: Shift to a Continuous and Sound Growth Spiral, and ultimately reach Phase 3: Evolution to Become a Global Company, with the aim of fully realizing the vision.

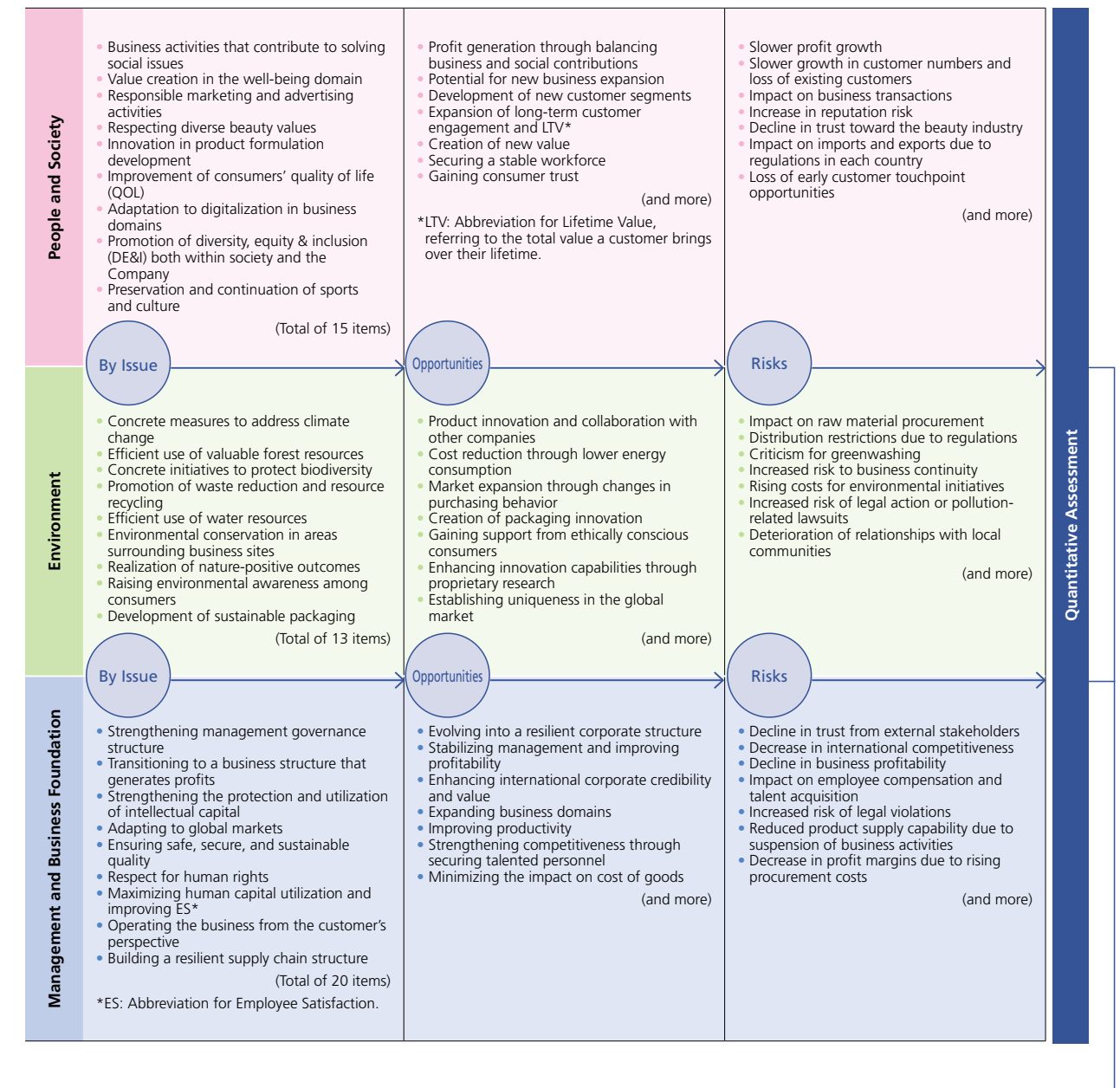
Three Phases Toward Achieving the Vision



Analysis of Social and Environmental Issues, Opportunities, and Risks Surrounding the KOSÉ Group

To identify material issues, we first extracted changes and challenges in the social and environmental landscape surrounding the KOSÉ Group, as well as related opportunities and risks. We

then conducted evaluations based on two axes: expectations from society, and the business (financial) impact on the KOSÉ Group as assessed by relevant internal departments.



Identification of Material Issues

Identification of Material Issues

Based on a review of our previous medium- to long-term vision VISION2026 and the issues identified from that process, we conducted an analysis of opportunities and risks. As a result, we have identified the material issues for our new medium- to long-term vision, as shown in the table below. The key change from the materiality identified in 2020 is the addition and integration of financial perspectives into our business-related issues.

	Matters that must be faced and society expectations		Material issues			
Business Issues	Development of priority global brands Reconstruction of business in Greater China	Adapting to global markets Creating an attractive brand portfolio	Accelerate global development	Business Fundamentals		
	Improving profitability and efficiency Upgrading business management functions Creating a value chain with a competitive edge (research, production to sales)	Optimizing inventory and investments for growth Promoting long-term management Creating an efficient production system	Transformation to a resilient business structure			
	Developing leading technologies (raw material/formulation development and manufacturing technology)	Strengthening function linkage within the Group and improving comprehensive abilities				
	Reconstructing work processes and work fundamentals Promoting DE&I (employee attributes, experience, and skills)	Creating an organizational/mindset/workplace culture and improving productivity Improving employee engagement	Maximize human capital			
	Revitalizing manufacturing (quality, technology, and cost) Increasing seamless contact points with customers and enhancing customer experience Creating awareness of and empathy toward a wide range of generations	Creating values beyond cosmetics (well-being value) Increasing LTV while focusing on customer data (KOSE-ID) Creating business value linked to external resources and technologies	Provide substantial added value centered on safety and confidence			
	Operating business from the customers' perspective					
	Social Issues	Respecting diverse beauty values	Responsible advertising		Respect the diverse array of beauty	For People
		Value creation in the well-being domain Awareness of proper beauty habits and product use	Improving consumer QOL Responsible raw material procurement with good working conditions		Support the healthy minds and healthy lives	
		Gender equality	Promoting DE&I (society and employee diversity)		Help with social opportunities	
Environmental Issues	Raising environmental awareness of consumers through marketing		Increase awareness of environmental issues	For the Earth		
	Environmental conservation in areas surrounding business sites	Concrete initiatives to protect biodiversity	Play a role in solving environmental issues			
	Climate change countermeasures such as CO2 reduction Promotion of waste reduction and resource recycling	Reducing environmental loading throughout product life cycles Development of sustainable packaging	Promote reduction of environmental impact			

Core Concept of the Medium-Term Strategy

The core concept of the medium-term strategy is based on a policy of establishing a solid business foundation and overwhelming presence in Japan to generate reliable growth resources and direct them toward investments for sustainable growth. For business growth on a global scale, it is essential to promote regional optimization by actively collaborating with external partners and leveraging external assets—an approach of not doing everything on our own. Regional optimization involves two key approaches: “shifting to marketing and manufacturing driven by local needs” and “acquiring brands rooted in local markets.” By combining these approaches, we aim to achieve global business growth.



Key Points

The goal of the strategy toward the 2030 milestone is to advance structural reforms and rebuild the business foundation to enable a shift to a continuous and sound growth spiral for sustainable corporate growth. The medium-term strategy consists of three growth-oriented components—business strategy, regional strategy, and customer strategy—supported by functional strategy and group strategy.

Business Strategy	• Position the high-prestige business as the primary source of profit generation while designating the cosmetaries business as a key focus area.	P.25 →
Regional Strategy	• Shift the strategic focus from heavy dependence on the Greater China market to the Global South as the next growth region. • Strengthen inorganic growth investments with a focus on high-prestige and cosmetaries segments, as well as key regions including the Global South, the U.S., and Europe. • Starting from Japan, build personalized customer relationships centered on customer IDs (KOSÉ ID) and transform the customer experience through digital engagement.	P.29 →
Customer Strategy	• Strengthen customer development along the axes of gender and generation, positioning these as key opportunities for future growth.	P.31 →
Functional Strategy	• Build business infrastructure that enables the optimization of regional business operations, and promote delegation of authority to local regions (human resources/manufacturing). • Transform into a lean and efficient business structure to rebuild earning power by improving profitability and efficiency (finance). • Integrate the KOSÉ Sustainability Plan formulated in 2020 into the medium- to long-term vision to accelerate value creation and foundation enhancement (sustainability).	P.33 →
Group Strategy	• Establish a management structure that maximizes group synergies, accelerates decision-making, and enables the strategic and efficient allocation of management resources. • Accelerate the global expansion of diverse business models and the enhancement of value offered in the well-being domain.	P.32 →

Quantitative Targets

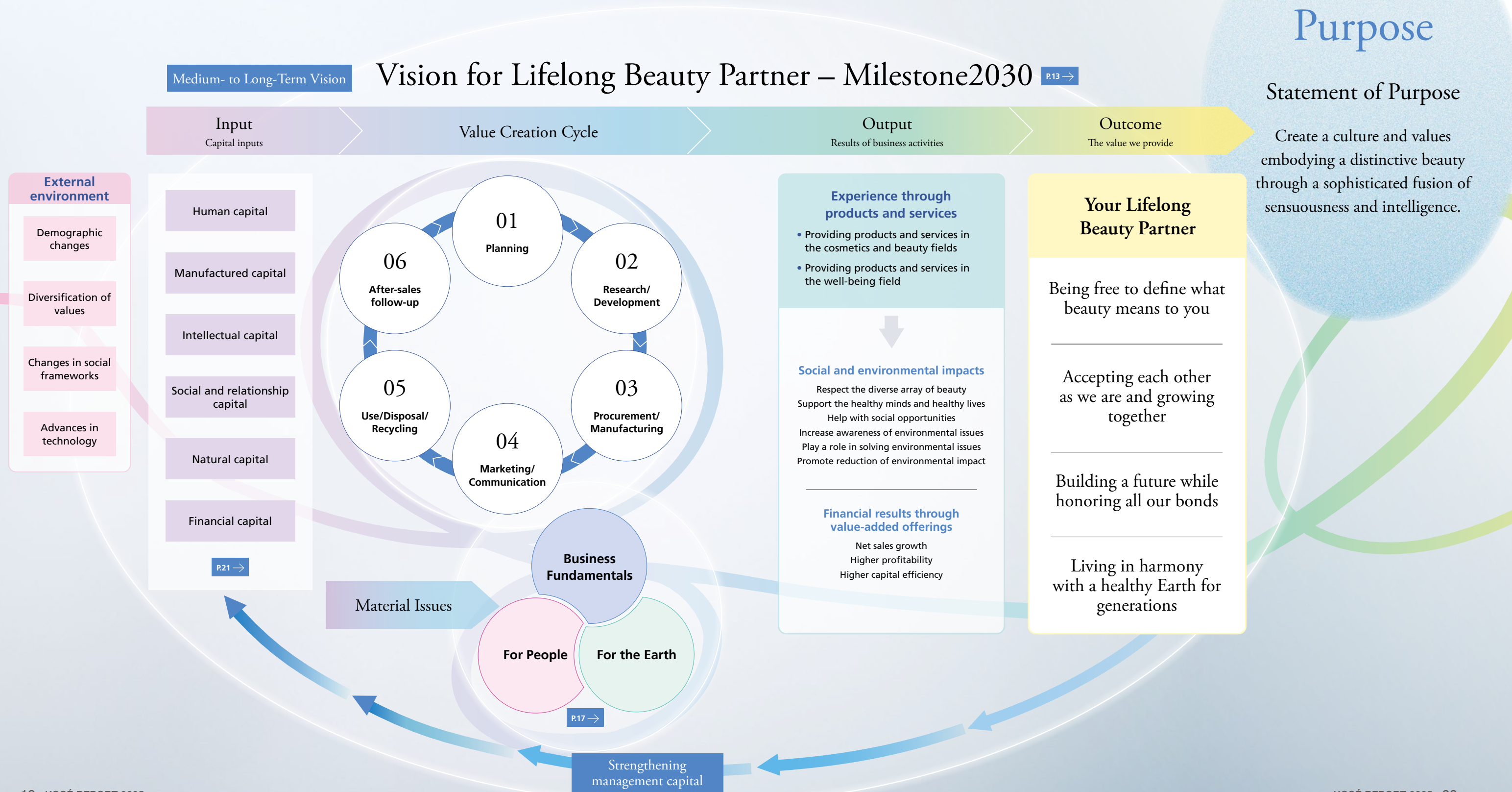
To realize our medium- to long-term vision, we have established both financial and non-financial targets. For the financial targets, we have defined five key indicators to measure progress in rebuilding earning power. For the non-financial targets, we have newly set goals related to strengthening human capital as a foundation for sustainable growth. In addition, we have carried over the targets of the KOSÉ Sustainability Plan to address social and environmental issues, aiming to further enhance our corporate value.

	Theme		Indicators		2024	2030 Milestone
Financial targets	Sales	Sustainable sales growth	Net sales growth rate		7.4%	CAGR 5% or higher
		Strengthen global expansion	Overseas sales ratio		34.5%	50% or higher
	Profitability	Sustainable profit generation	Operating margin		5.4%	12% or higher
			EBITDA margin		8.8%	18% or higher
Non-financial targets	Efficiency	Efficient and effective growth investment	ROIC ¹		2.6%	10% or higher
	Human Capital	Talent base to support global growth	Global key post fulfillment ratio ²		1.39x	2.5x or higher
	Social Issues	Respect the diverse array of beauty	Product/service provision rate based on Adaptability ∞ ³		86.4%	100%
		Support the healthy minds and healthy lives	Number of well-being initiatives		198	500 activities or more ⁵
	Environmental Issues	Increase awareness of environmental issues	Number reached through environmental awareness initiatives		7.41 million people	10 million people or more
		Promote reduction of environmental impact	CO ₂ emissions reduction rate	Scope1,2 Scope 3	-45.1% ⁴ -19.3% ⁴	-55% ⁶ -30% ⁶

Notes: 1. Before application of new lease accounting standards. ROIC = Operating profit after tax ÷ Invested capital; Invested capital = Interest-bearing debt + Net assets
2. Calculated as: Number of global talents ÷ Number of global key posts
3. Each brand selects focus items annually from KOSÉ's original eight Adaptability ∞ themes. The overall achievement rate is calculated based on the number of services/products delivered for those selected items. 4. Scheduled to be updated in September 2025 following third-party verification
5. Cumulative total since 2020 6. Reduction rate compared to 2018

The KOSÉ Group's Sustainable Growth Process







To fulfill the aspirations of our Statement of Purpose, the KOSÉ Group has established a medium- to long-term vision, *Vision for Lifelong Beauty Partner – Milestone2030*, and is working toward realizing it as *Your Lifelong Beauty Partner*.



KOSÉ Group Capital

The KOSÉ Group has cultivated six types of capital since its founding. They underpin the Group’s sustainable growth processes and are essential for increasing corporate value.
Looking ahead, we aim to achieve sustainable growth by utilizing our strengths based on these six types of capital.

1. Figure for Group companies in Japan
2. Excluding Tarte. Registered as of the end of December 2024.
3. KOSÉ Group manufacturing departments
4. ROIC = (Operating profit after tax) / (Average total of interest-bearing debt and net assets during the period) × 100
5. ROE = (Net income) / (Average shareholders’ equity) × 100
6. Equity ratio = (Equity capital / Total assets) × 100

Human capital	Manufactured capital	Intellectual capital	Social and relationship capital	Natural capital	Financial capital
					
Current status / Issues to address	Current status / Issues to address	Current status / Issues to address	Current status / Issues to address	Current status / Issues to address	Current status / Issues to address
<ul style="list-style-type: none">• The importance of human capital management as a foundation for global business growth• Through activities that enhance the value of human capital, it is essential to strategically build a strong organization which works in collaboration with strong individuals to create unprecedented value	<ul style="list-style-type: none">• Our production system is designed to ensure a reliable and timely supply of high-quality, competitive products to meet the growing demand for cosmetics in Japan and overseas• Need for a responsible value chain capable of supporting sustainable manufacturing	<ul style="list-style-type: none">• To enable the creation of unique value, we conduct research at eight sites around the world, collaborate with external partners, and continuously build and enhance our expertise in diverse global brand marketing• Local marketing and manufacturing are necessary in the countries and regions where we operate to create new customer experience value	<ul style="list-style-type: none">• Ongoing engagement activities with various stakeholders based on the KOSÉ Beauty Partnership (mutually beneficial relationships with the spirit of co-existence and co-prosperity)• It is necessary to collaborate with external partners and utilize external assets to strengthen the business	<ul style="list-style-type: none">• We strive to maximize the use of raw materials derived from natural resources in our manufacturing• Preservation of the global environment is needed to keep our business activities sustainable. To that end, it is necessary to reduce the burden on the environment and use resources efficiently	<ul style="list-style-type: none">• Importance of improving capital efficiency through boosting business profitability and using invested capital effectively• Review business portfolio and create new value through investing in growth• Strengthen business fundamentals through expansion of manufacturing infrastructure and investment in digital transformation
<div>P.37-40 → P.43-44 →</div>	<div>P.28 → P.50 →</div>	<div>P.5-6 → P.17 → P.26 → P.32 →</div>	<div>P.24 → P.32 →</div>	<div>P.28 → P.45-47 →</div>	<div>P.33-36 →</div>
<div>Number of employees (including temporary staff): 13,013</div> <div>Hours of training per employee¹ (management and non-management/beauty consultants): 18.4 hours / 128.9 hours</div>	<div>Capital expenditures: ¥21.4 billion</div> <div>Production sites: 5</div>	<div>R&D expenses: ¥6.3 billion</div> <div>Number of brands: 38</div> <div>Number of registered patents² Japan: 776 Overseas: 232</div> <div>Number of registered trademarks² Japan: 5,005 Overseas: 3,469</div> <div>Number of registered designs² Japan: 389 Overseas: 367</div>	<div>Number of countries and regions where we operate: 67</div> <div>Overseas sales ratio: 34.5%</div>	<div>Total energy consumption: 419.0 (1,000 GJ)</div> <div>Water intake³: 294.9 (1,000 m³)</div>	<div>ROIC⁴: 2.6%</div> <div>ROE⁵: 2.8</div> <div>Equity ratio⁶: 71.1%</div>

Value Chain

Basic Policy

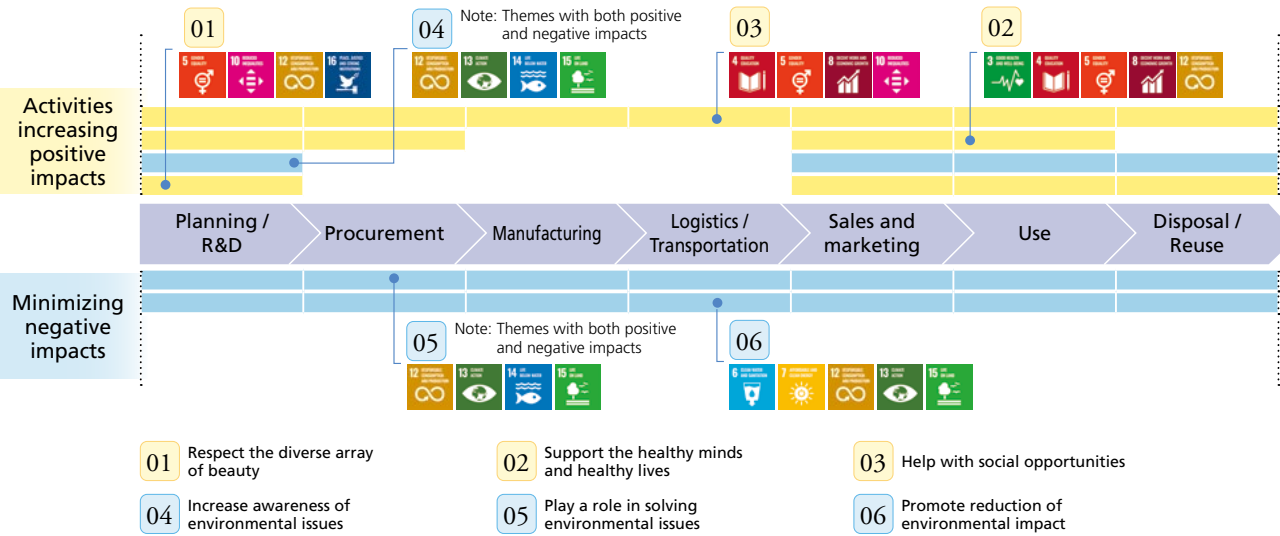
In order to achieve sustainable corporate growth, it is important to make efforts throughout the value chain. From planning and R&D to raw material procurement, disposal, and reuse, the KOSÉ Group promotes value creation initiatives that emphasize stakeholder engagement at every stage. Doing this allows us to ensure the long-term competitiveness of the company, ensuring sustainable growth and the ability to deliver value.

The value chain as the foundation of our corporate activities

Planning / R&D	For the planning and R&D of each brand, we design products tailored to the markets where they are sold and to customer characteristics. In order to meet the needs of the countries and regions where we are active, we focus on collaborating with external partners with rich knowledge of these areas while leveraging their assets.
Procurement	Working with suppliers and business partners, we promote the sustainable procurement of high-quality raw materials. We also pursue sustainable procurement at ALBION's Shirakami Laboratory by utilizing abandoned farmland to grow plants that we use as raw materials.
Manufacturing	Aiming for a cleaner manufacturing system, all electricity used at our Gunma and Sayama plants, as well as ALBION's Shirakami Laboratory, has been shifted to renewable energy. Construction of our Minami-Alps Factory began in July 2024. There, we will maximize the use of environmentally friendly energy sources, including green hydrogen produced in Yamanashi Prefecture.
Logistics / Transportation	We outsource our domestic logistics operations as part of our restructured business. This improves management efficiency and the quality of our logistics operations, allowing us to respond quickly to changes in logistical needs and reducing our environmental impact through streamlined logistics. We also pursue efficiency in our logistics by sharing chartered flights with other companies and improving the loading efficiency of shipments to logistics hubs nationwide.
Sales and marketing	We exhibited our Mixed Reality Makeup simulation at CES2025, one of the world's largest technology trade shows, creating a new kind of experience for customers. This was part of our ongoing value creation efforts, as we work to expand sales beyond the boundaries of the beauty industry.
Use	With a focus on adaptability and customer-centered product development, our products provide ease of use to those of different genders, ages, nationalities, skin colors, and values.
Disposal / Reuse	We work on designs that reduce the amount of waste from containers after customer use. ALBION also contributes to a recycling-oriented society by launching an initiative to recycle used PET resin bottles from its "SKIN CONDITIONER ESSENTIAL N" product into new cosmetic containers.

For People and For the Earth: Issues and impact on value chain

Manufacturing and the provision of products and services at the KOSÉ Group involves the entire value chain. For that reason, the sustainability strategy of our medium- to long-term vision—*Vision for Lifelong Beauty Partner* — *Milestone2030*—clearly identifies the areas of the value chain that have particularly large impacts. We are promoting a group-wide effort to increase value and help solve problems, for people and for the Earth.



Stakeholder Engagement

Basic Policy

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

KOSÉ Beauty Partnership: Values that support the KOSÉ Group's corporate activities

Since its foundation, the KOSÉ Group has pursued business activities that cherish the spirit of co-existence and co-prosperity with not only customers but also with its business partners, suppliers, and local communities. In order to achieve our medium- to long-term vision, it is essential that we aim to be a source of beauty for everyone, continue to generate world-leading unique value, and offer a variety of brands brimming with originality and appeal. In order to do all of these things, we will strive to remain the company of choice for stakeholders who love and support KOSÉ. We are further strengthening these relationships by defining "KOSÉ Beauty Partnership" as a mutually enhancing relationship through our "wisdom of beauty."



Specific KOSÉ Beauty Partnership initiatives

Initiative to help revitalize local communities through the power of cosmetics
Relevant stakeholders: Community government

We held an event together with Minami-Alps City, Yamanashi Prefecture aimed at helping revitalize the local community and creating employment opportunities. On Respect for the Aged Day, we ran a "Respect for the Aged Day Original Room Fragrance Making" workshop for grandparents and their elementary school-aged grandchildren. This allowed grandchildren to present their grandparents with an original blend of six different scents as a way of saying "thank you." The event was covered by prefectural TV stations and newspapers, providing a good opportunity for the public to learn about our initiatives. We also hold a "Job Hunting Makeup Course" for city job fair participants.



Initiatives to strengthen stakeholder engagement
Relevant stakeholders: Customers (B2C), customers (B2B), government, human resources

KOSÉ's Customer Service Center has introduced a new AI-equipped Customer Feedback Search System that enables real-time searches of valuable customer reviews. This builds a support system that helps us make products and services, bringing us closer to our customers and adding color to their lives. In addition, KOSÉ's official X and LINE accounts increase our points of new customer contact beyond phone calls, emails and letters. Our LINE account even has an AI chatbot, AI Kikurun, that's available 24 hours a day, 365 days a year, helping customers resolve their issues using data and knowledge accumulated over the years by our Customer Service Center.



Learn more about stakeholder engagement here.
<https://corp.kose.co.jp/en/sustainability/plan/stakeholder/>

