



# Sustainability

Sustainability Strategy  
of the Vision for Lifelong Beauty Partner—Milestone2030

KOSÉ Holdings Corporation

Creating Beauty  
in a Sustainable World

## Framework of Corporate Philosophy

The history of the KOSÉ Group began in 1946. Inheriting the passion of the founder, Kozaburo Kobayashi, who believed that cosmetics would brighten the world, we established the current Framework of Corporate Philosophy in 1991. The Group established the meaning of our existence as a member of society as “Statement of Purpose,” the basic management approach as “Management Philosophy,” and the model behavior of all employees as “Action Guidelines.” Additionally, we also set our Corporate Message to communicate these throughout society, as well as our Behavioral Charter to become the norm for all employees. All of these are based on the spirit of KOSÉ’s founding, and pioneer a new era while holding a new spirit willing to face challenges, and they provide an emotional foundation for all employees as we make progress in our endeavors. They clarify the direction and approach that we will take and, at the same time, illustrate our strong determination to live up to their aims.

### Creating Beauty in a Sustainable World

Statement of Purpose

Management Philosophy

Action Guidelines

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

**Deeply devoted to all the people who believe in and support KOSÉ.**

- Respect the values and skills of each employee.
- Always aim for higher growth - never settle for stability.
- Strive for the highest possible quality backed by exclusive technology.
- Meet and exceed the expectations of customers.
- Build a stronger global presence.

**Your actions shape the present and future KOSÉ.**

- Be sincere, Retain an intent focus on goals.
- Go beyond the conventional.
- Never lose your enthusiasm and the desire to improve.
- Have the courage to communicate with others openly and honestly.

**Mind to Follow the Right Path.**

#### <Corporate Message>

Using all the wisdom it possesses, KOSÉ creates beauty for the people and for the future of our precious Earth.

#### <Statement of Purpose>

It states to always be challenging ourselves in order to create a unique world-view of beauty that fuses the distinct values of intelligence and sensuousness in a sophisticated way.

#### <Behavioral Charter>

All employees are always seeking to do the right thing, acting in an ethical manner at all times, complying with laws, regulations and social norms, respecting the human rights of everyone who is involved with the KOSÉ Group, and having mind to follow the right path.

### Corporate Philosophy

- Framework of Corporate Philosophy.....01

### Big Picture of Vision

- Big Picture of Vision for Lifelong Beauty Partner.....03
- Our Vision.....05

### Material Issues

- Megatrends.....06
- Identification Procedures.....07
- Issue Recognition and Risk-Opportunity Analysis.....08
- Identification Assessment List.....10
- List of Material issues.....11

### Strategy

- Medium-term Strategy.....13
- Sustainability Strategy.....14

### Governance

- Sustainability Strategy Governance System.....16

### Indicators and Targets

- Material issues (social and environmental) and Medium-to Long-term Targets.....17

### Partnerships

- Impact on Value Chain.....20
- KOSÉ Beauty Partnership Engagement.....21

### Appendix

- Comparison of Old and New Material Issues.....24
- Relevant Policies.....25
- ReVision History.....26

## Big Picture of Vision for Lifelong Beauty Partner

In 2024, the KOSÉ Group established the medium- to long-term vision called Vision for Lifelong Beauty Partner which lays out the future direction that must be taken from perspectives of both financial values and non-financial values by combining and analyzing business issues directly related to financial values of the company and social issues heavily impact the sustainability of society.

For Our Vision 10 years after being founded, we declared “Your Lifelong Beauty Partner,” and our aim is to become society’s long-term choice for their Lifelong Beauty Partner by delivering unique values through a diverse brand portfolio to each person of the world.

In the future, we believe that there will be further awareness of the importance of respecting various values across all of society due to factors like movement of people on a global scale, changes in demographic composition, and evolutions in digital communications. We also believe there will be a global increase in importance placed on how increasing self-esteem on an individual basis enhances one’s life. Simultaneously, there is also expected to be an increasing awareness placed on environmental programs brought forth by factors like worldwide abnormal weather and environmental pollution.

To realize an environment where everyone can live safely while being thankful for the blessings of nature, and bring about a future where everyone can choose their own beauty and grow while cherishing who they are, we will continue our challenge to harmonize with the needs around the world in order to provide society with a “culture and values embodying a distinctive beauty” by searching for new business areas while pursuing the conventional cosmetics business.

▶▶▶click here for more details  
(website)

## Big Picture of Vision for Lifelong Beauty Partner



**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 operations

**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

**Business conduct guidelines**

Embracing each other, we color  
our lives with beautiful moments

3G Activities  
(Global/Gender/Generation)

Adaptability  
(Activities that meet diverse expectations)

Sustainability & Connectivity  
(Activities as a constant partner)

Delivering the unique value of KOSÉ  
to customers around the world

**Business Strategy**

**Customer Strategy**

**Regional Strategy**

**Sustainability Strategy**



**Key Issues**

For People

For the Earth

Business  
Fundamentals

**Vision**

**Your Lifelong Beauty Partner**

Being free to define  
what beauty means  
to you

Accepting each other  
as we are and  
growing together

Building a future  
while honoring  
all our bonds

Living in harmony  
with a healthy Earth  
for generations

**Financial targets**

- Ratio to net sales
- Overseas sales ratio
- Operating margin
- EBITDA margin
- ROIC

**Non-financial targets**

- Global personnel vs. Global key posts
- Product/service ratio using Adaptability ∞
- Activities contributing to wellbeing
- People who have raised environmental awareness
- CO<sub>2</sub> emission reduction rate

## Our Vision



## &lt;Vision&gt;

## Your Lifelong Beauty Partner

We promise.

To continue to warm and brightly color  
the hearts of each person in the world, through beauty.

To achieve this, we will deliver a variety of lifelong beauty choices  
to discover one's own unique radiance.

In addition to deepening of trust and reliability more than ever before,  
we pursue wonder and excitement from innovative beauty experiences  
that transcend the boundaries of cosmetics.

Everything, is for even longer, deeper, and stronger relationships  
with customers, business partners, workers, all living things in society and the Earth,  
and the next generations that will live in the future.

We color a world where all people, living things,  
and the Earth can exist alongside each other in harmony.

KOSÉ's challenges as Your Lifelong Beauty Partner begin here.

## &lt;Our Goals for the Future&gt;

Being free to define  
what beauty  
means to you

Building a future  
while honoring  
all our bonds

Accepting each other  
as we are  
and growing together

Living in harmony  
with a healthy Earth  
for generations

## Notable Megatrends

When analyzing predictions in global trends between 2030 and 2040 in order to set material issues, we found that the initiatives that KOSÉ Group should take and the roles we can fulfill that focus on beauty have the potential to greatly expand in the future. Continuing the basis of our foundation, we identified the issues we must solve over the long-term through our unwavering dedication where we hold faith and high standards in the values we can provide because of our origins in cosmetics.

### Population trends

**Developed countries:**

Populations are aging

**Emerging countries:**

Population growth, increasing middle class, rapid urbanization

### Values

- Increasingly small categories and rising diversity of how people regard value
- Similar value systems across different ages and genders
- Increasing awareness of the importance of good health and wellness

### Social framework

- Increasing speed of shift to borderless economies, cultures and consumption
- Companies and governments are moving faster to deal with social and environmental issues
- Emphasis on ethics in society is expanding to encompass consumers too

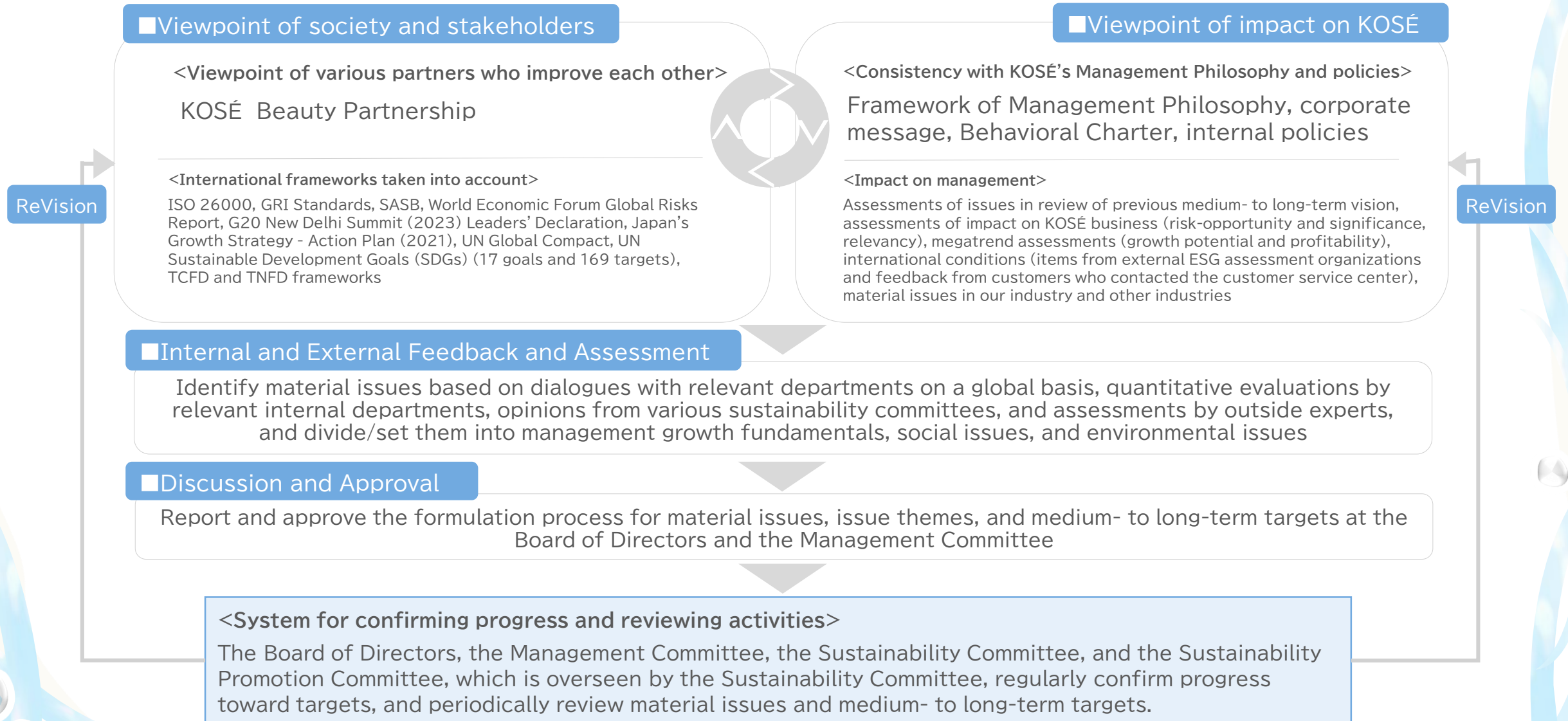
### Technology

- Increasing speed of advances involving AI/personalized technology
- Innovations involving skin science and biotechnology
- Coexistence of digital and real worlds



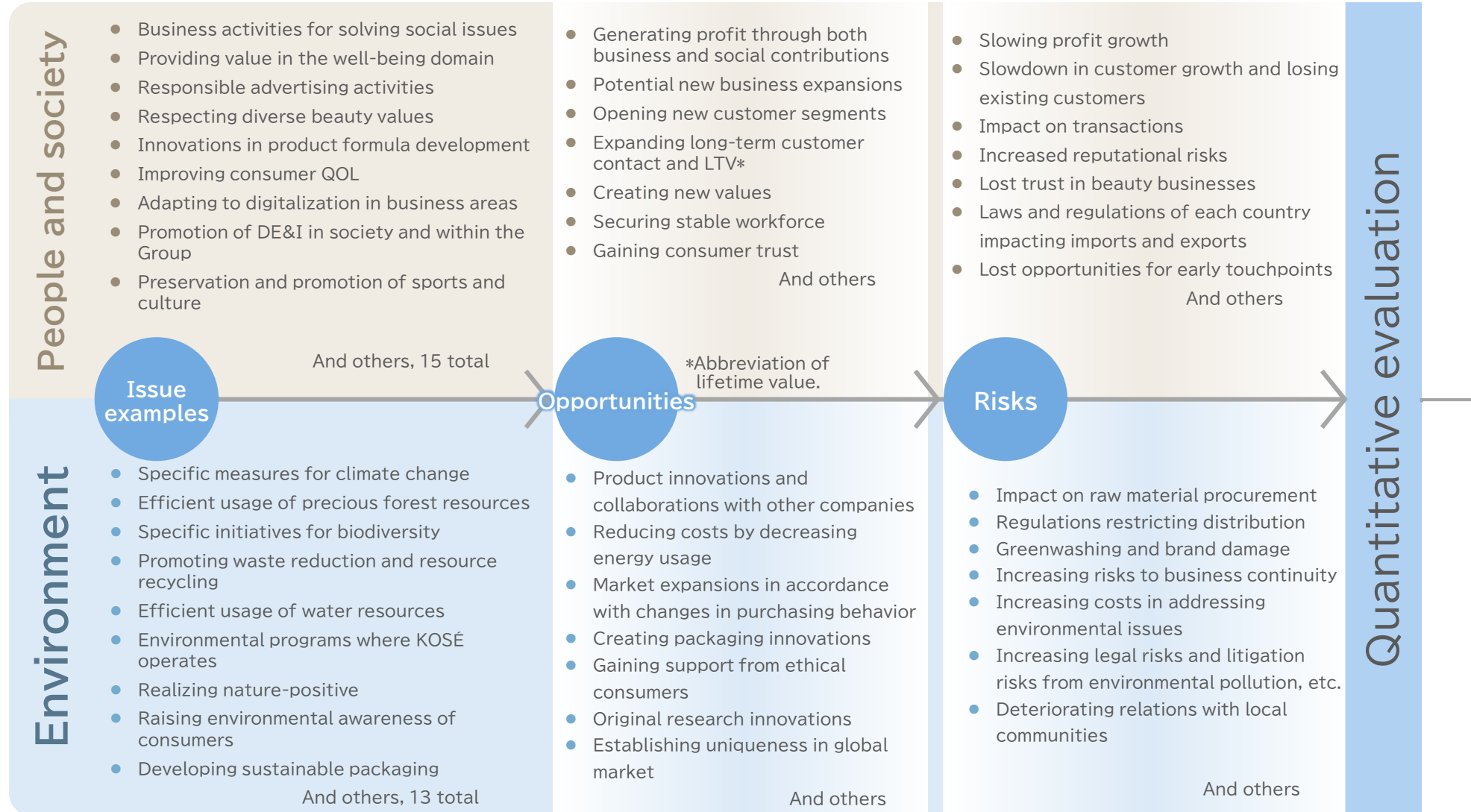
## Procedures for Identifying and Revising Material Issues

We made identifications using the procedures below in order to identify the material issues that the KOSÉ Group should address. Material issues and medium- to long-term targets are periodically revised.



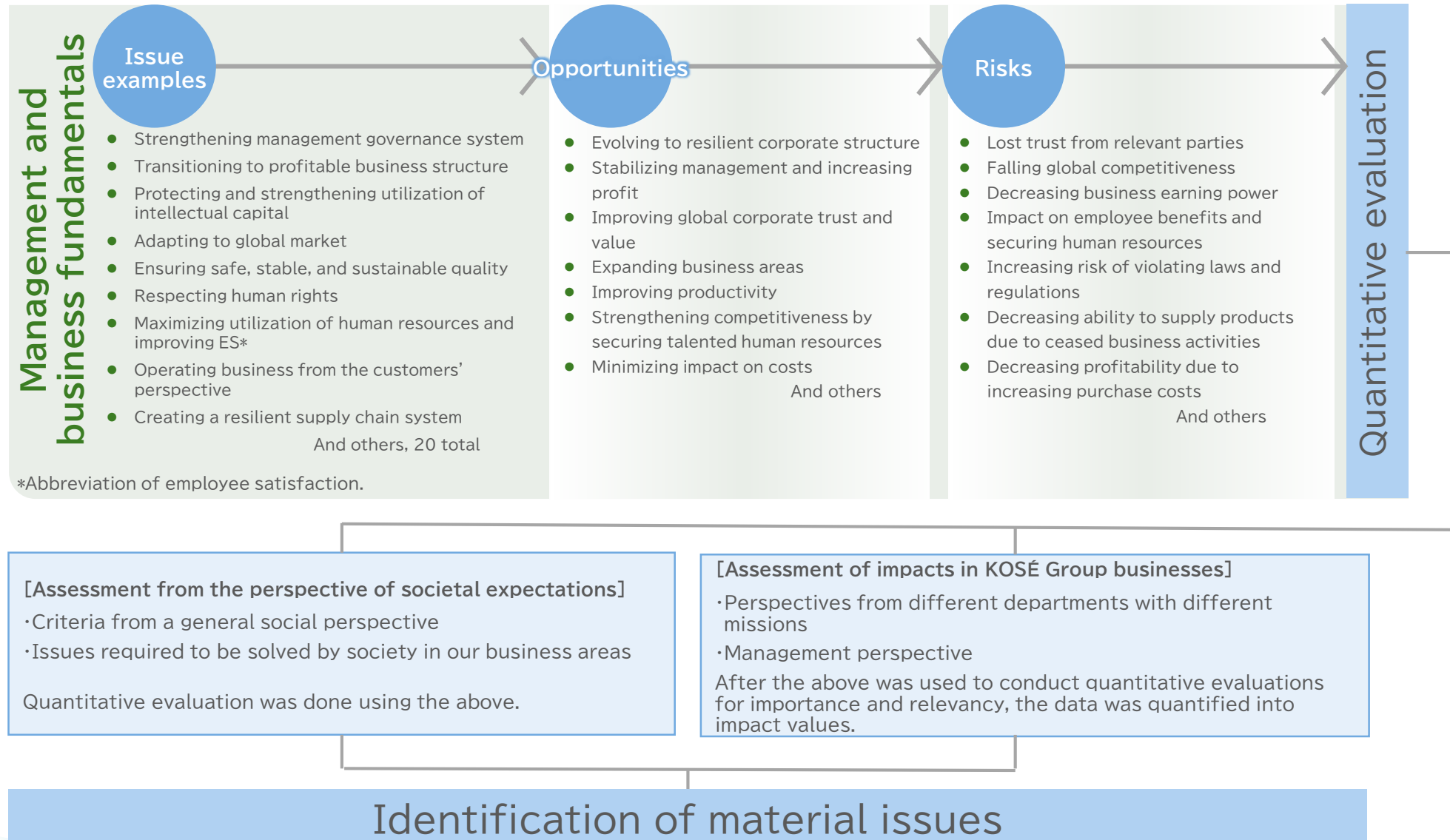
## Social and Environmental Issues Relevant to the KOSÉ Group, and Risk-Opportunity Analysis 1

To identify material issues, we first pinpointed social and environmental changes and issues relevant to the KOSÉ Group as well as relevant opportunities and risks, and then we conducted assessments while focusing on two main areas: expectations from society, and business (financial) impact on the Group by relevant internal departments.

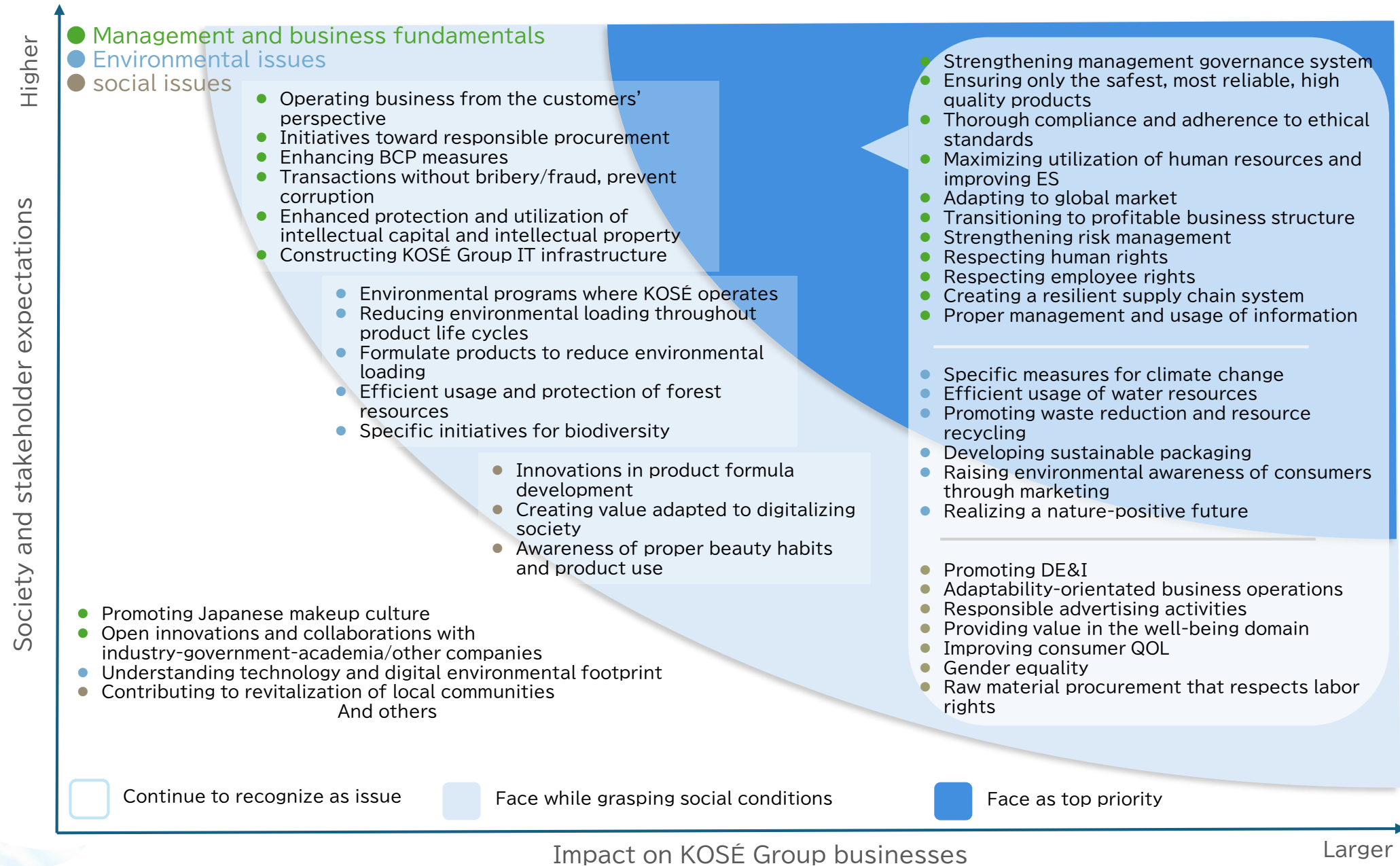


## Social and Environmental Issues Relevant to the KOSÉ Group, and Risk-Opportunity Analysis 2

Items concerning people and society, and environment are on the previous page



## Quantitative Evaluation List for Identification of Material Issues

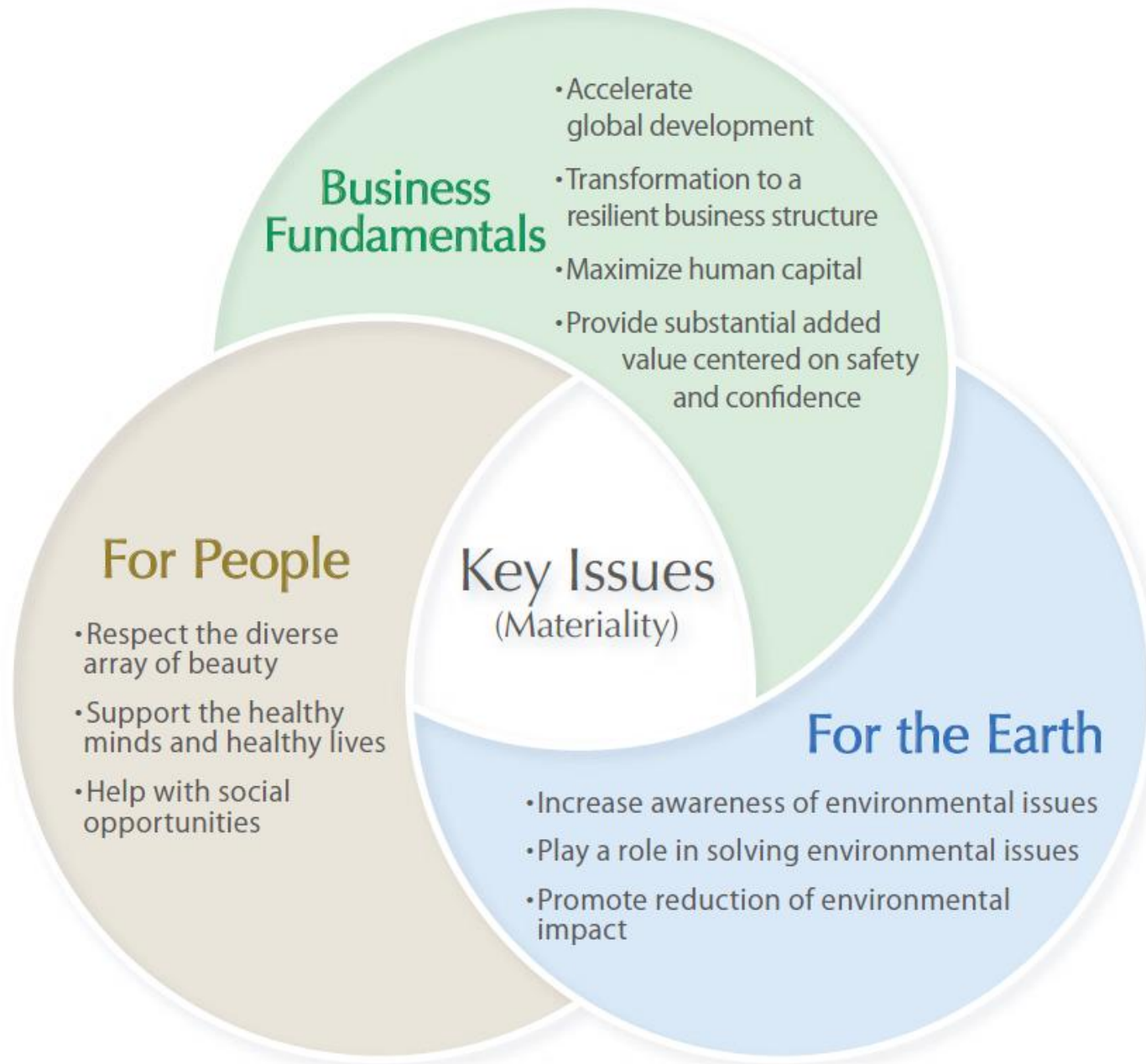
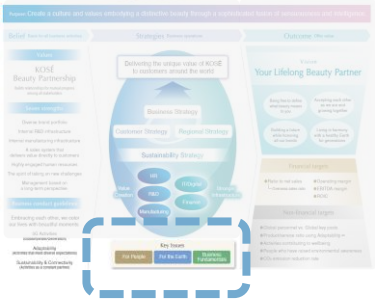


## Identification of material issues

After quantitative evaluations, we integrated several items including issues from reviewing the previous medium- to long-term Vision, and they are identified as material issues for the current medium- to long-term Vision. The addition and integration of business financial perspectives from material issues identified in 2020 is a major point of change.

|                    | Matters that must be faced and society expectations                                                 |                                                                                       | Material issues                                                   |                       |
|--------------------|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------|-----------------------|
| Business Issues    | Development of priority global brands                                                               | Adapting to global market                                                             | Accelerate global development                                     | Business Fundamentals |
|                    | Reconstruction of business in China                                                                 | Creating an attractive brand portfolio                                                |                                                                   |                       |
|                    | Improving profitability and efficiency                                                              | Optimizing inventory and investments for growth                                       |                                                                   |                       |
|                    | Upgrading business management functions                                                             | Promoting long-term management                                                        |                                                                   |                       |
|                    | Creating a value chain with a competitive edge(research, production to sales)                       | 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                                                 | Creating an organizational/mindset/workplace culture and improving productivity       | Maximize human capital                                            |                       |
|                    | Promoting DE&I (employee attributes, experience, and skills)                                        | Improving employee engagement                                                         |                                                                   |                       |
|                    | Revitalizing manufacturing (quality, technology, and cost)                                          | Creating values not limited to cosmetics (well-being value)                           |                                                                   |                       |
|                    | Increasing seamless contact points with customers and gaining customer experience                   | Increasing LTV while focusing on customer data (KOSÉ-ID)                              | Provide substantial added value centered on safety and confidence |                       |
| Social Issues      | Increasing awareness of and empathy toward a wide range of generations                              | Creating business value linked to external resources and technologies                 |                                                                   | For People            |
|                    | Operating business from the customers' perspective                                                  |                                                                                       |                                                                   |                       |
|                    | Respecting diverse beauty values                                                                    | Responsible advertising                                                               | Respect the diverse array of beauty                               |                       |
|                    | Contribute to providing value in the well-being domain                                              | Improving consumer QOL                                                                | Support the healthy minds and healthy lives                       |                       |
| Environment Issues | Awareness of proper beauty habits and product use                                                   | Responsible raw material procurement with good working conditions                     |                                                                   | For the Earth         |
|                    | Gender equality                                                                                     | Promoting DE&I (society and employee diversity)                                       | Help with social opportunities                                    |                       |
|                    | Raising environmental awareness of consumers through marketing                                      |                                                                                       | Increasing awareness of environmental issues                      |                       |
|                    | Environmental programs where KOSÉ operates                                                          | Specific initiatives for biodiversity                                                 | Play a role in solving environmental issues                       |                       |
|                    | Climate change initiatives like CO2 reduction                                                       | Reducing environmental loading throughout product life cycles                         | Promote reduction of environmental impact                         |                       |
|                    | Promoting waste reduction and resource recycling                                                    | Developing sustainable packaging                                                      |                                                                   |                       |

## A Look at KOSÉ Group Material Issues



## Vision for Lifelong Beauty Partner—Milestone2030

In the medium- to long-term vision called Vision for Lifelong Beauty Partner, we have established an effective Medium-term strategy, “Milestone2030,” focused on 2030. This strategy aims to address material issues and bring Our Vision and Our Goals for the Future.

The medium-term strategy centers on optimizing business growth to suit each region’s unique needs worldwide. To this end, we will establish a strong foundation in Japan and build on our presence in the personal beauty care market to create reliable growth resources. These resources will be invested in global initiatives aimed at supporting sustainable growth.

In line with this concept, we will enhance each initiative by integrating our Sustainability Strategy—which combines business activities with social and environmental sustainability—with efforts in the Value Creation (three strategies : R&D, manufacturing, and human resources) and the Stronger Infrastructure (two strategies : IT/digital and financial). Supported by these initiatives, we will focus on three core strategies—Business, Customer, and Regional—to deliver diverse beauty values to customers around the world.

By reviewing these strategies on a regular basis, we will respond flexibly to highly uncertain society and market changes.



## Approach to the Sustainability Strategy

The role of the Sustainability Strategy in the KOSÉ Group is to integrate commitment to solving social and environmental material issues into value creation and our corporate fundamentals within our medium- to long-term vision. Our corporate message was made “Creating Beauty in a Sustainable World” as a guiding principle for sustainability, and we set “Mind to Follow the Right Path” as a fundamental policy, which is the same as the code of conduct. We will strive for sustainable growth in both society and the Group while being there for people and the Earth, and aim for “Your Lifelong Beauty Partner” using an approach that encompasses the ideal of society and the environment.

### ■ Guiding Principle for Sustainability

## Creating Beauty in a Sustainable World

As in our Corporate Message, this expresses our commitment to the value we create for the benefit of people and all of society, and for the future of the Earth.

Since our founding, we have conducted business activities with the help of social ties and the blessings of nature. It means we will contribute to the world using all the intelligent creation of beauty in order to realize the future we are aiming for.

### ■ Fundamental Policy

## Mind to Follow the Right Path.

Just like our Behavioral Charter which is the foundation of the governance system, this policy shows that we will continue to be a fair and transparent public institution with the same sincerity as the meaning of part of the company's name.



### Vision Your Lifelong Beauty Partner

Being free to define what beauty means to you

Accepting each other as we are and growing together

Building a future while honoring all our bonds

Living in harmony with a healthy Earth for generations

### Financial targets

- Ratio to net sales
- Operating margin
- Overseas sales ratio
- EBITDA margin
- ROIC

### Non-financial targets

- Global personnel vs. Global key posts
- Product/service ratio using Adaptability ∞
- Activities contributing to wellbeing
- People who have raised environmental awareness
- CO<sub>2</sub> emission reduction rate

## Highlights of the Sustainability Strategy in Milestone2030

In addition to the initiatives and targets highlighted in medium-term strategy, the Sustainability Strategy sets targets and initiatives for each issue to address the material issues of medium- to long-term vision.

### <Highlights : For people>

#### Continue creating ideas involving the value of beauty that originate from diversity

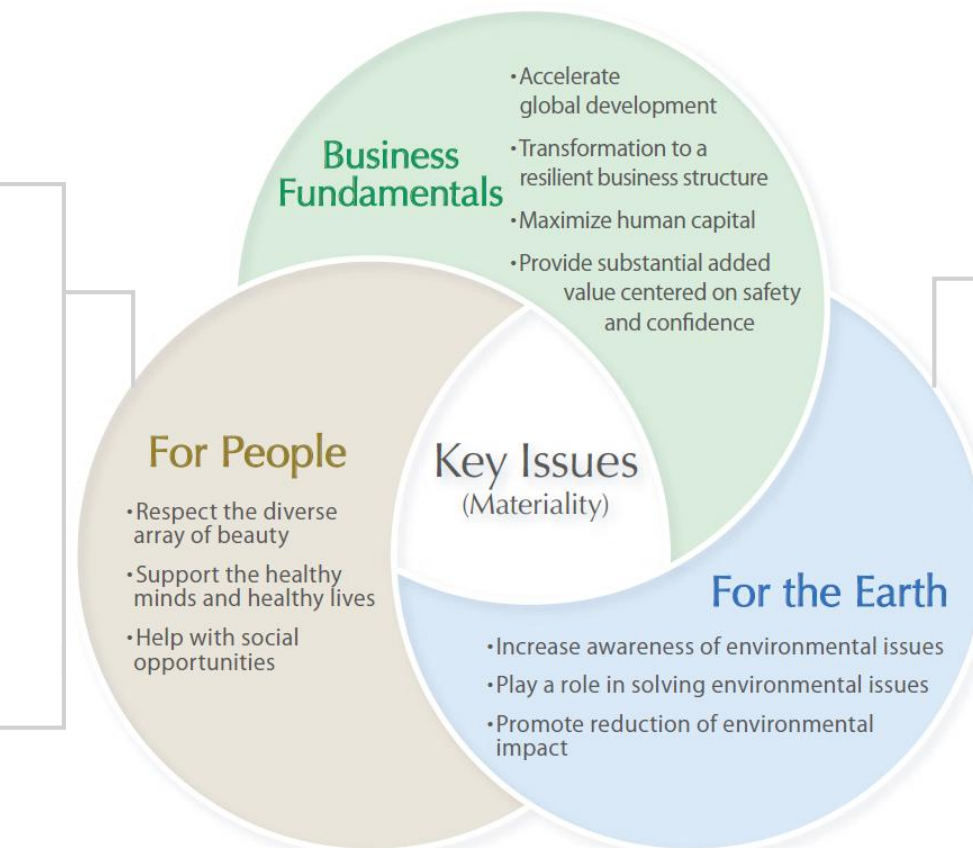
- Adaptability activities for reflecting diversity in business operations
- Many ideas for value involving the diversity of beauty while using both global and local perspectives

Indicator: Ratio of products and services provided based on Adaptability ∞ (Eight)

#### Use beauty for lives with greater fulfillment of body and mind

- Increase activities in the wellbeing and corporate social responsibility domains
- Build support frameworks for specific purposes, such as education for members of the next generation

Indicator: No. of initiatives for achieving well-being



### <Business Fundamentals>

#### Issues in Promoting Sustainability Support Foundation Enhancement

- Respect for human rights
- Strengthening the corporate governance framework
- Customer's perspective
- Supply Chain Management

▶▶▶ Adaptability (WEB)

▶▶▶ Medium-term strategy (WEB)

▶▶▶ Sustainability (WEB)

### < Highlights : For the Earth >

#### Raise public awareness of environmental issues

- Visualization of KOSÉ's contributions involving environmental issues by disclosing environmental data concerning products and other activities
- Provision of a large volume of environmental data to help consumers select products

Indicator: Increase in awareness of environmental issues through products, services and information transmissions

#### Lower environmental impact of global operations and the value chain

- More information about the global environment and activities concerning environmental issues
- Strengthening the understanding of information in the value chain in climate change action and more

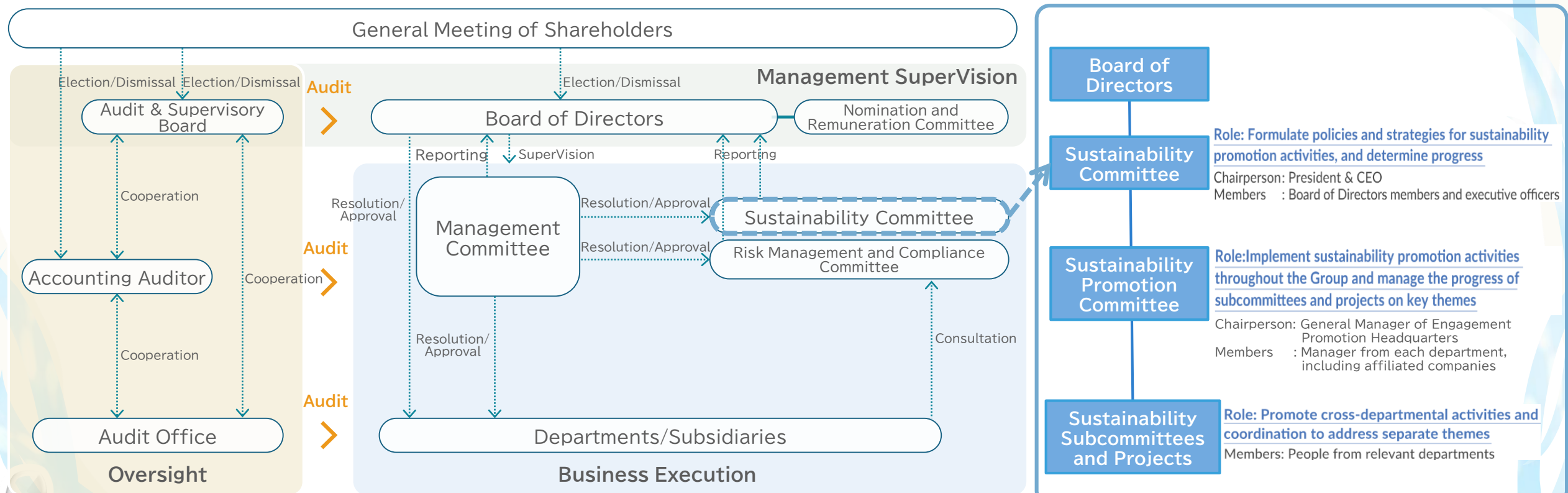
Indicator: Reduce CO<sub>2</sub> emissions (Scope1·2·3)

## System for promoting the Sustainability Strategy in the material issues areas For People (social issues) and For the Earth (environmental issues)

The KOSÉ Group has identified sustainability related issues as its management issues and has established a governance system to resolve them.

The Sustainability Committee was established and is chaired by the President & CEO. This committee proposes sustainability strategies to and receives approval from the Management Committee, and then reports the results to the Board of Directors. At the Board of Directors, various material issues concerning the Sustainability Strategy are reported and discussed, which allows the board to serve as superVIsion for all of KOSÉ's sustainability promotion activities.

The Sustainability Promotion Committee establishes subcommittees and projects for separate themes based on the KOSÉ Group's sustainability strategies to promote cross departmental activities that are more effective.



# Sustainability Strategy: Material Issues and Medium- to Long-term Targets (For People)

In conjunction with the 2030 non-financial targets in the medium- to long-term vision, we set commitments and targets “For People” and “For the Earth” with 2030 as a medium-term milestone within the Sustainability Strategy in order to solve material issues concerning people and society, and environment.

|            | Material Issues                             | Commitment                                                                                                                        | Indicators                                                                                                                           | Targets                  | Achieve by | Examples of Specific Measures                                                                                                                                                                                                                                                         | Relevant SDGs                                                                                                                                                                                                                                                                                                                                           |
|------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| For People | 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)                                                              | 100%*1                   | 2030       | <ul style="list-style-type: none"> <li>Designing products that meet diverse skin and hair colors and textures</li> <li>Adopting universal design</li> <li>Developing beauty techniques that accommodates diversity</li> <li>Developing products that meet various policies</li> </ul> |             |
|            | 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                                                                                          | 500 or more activities   | 2030       | <ul style="list-style-type: none"> <li>Activities to raise awareness in next generation about protecting healthy skin</li> <li>Supporting promotion of health and community revitalization</li> <li>Supporting sports promotion</li> </ul>                                            |                                                                                                                                                                                   |
|            |                                             |                                                                                                                                   | No. of participants in social contribution activities based on hands-on experiences                                                  | 50,000 or more           | 2030       | <ul style="list-style-type: none"> <li>Skincare and makeup seminars aimed at well-being</li> <li>Workshops aimed at promoting DE&amp;I</li> <li>Initiatives to convey the importance of diverse values to society</li> </ul>                                                          |                                                                                                                                                                                   |
|            |                                             |                                                                                                                                   | Procurement rate of certified raw materials and purchase of RSPO-certified credits through the Book & Claim (B&C) supply chain model | 100%                     | 2030       | <ul style="list-style-type: none"> <li>Procuring certified raw materials and using palm oil through the Book and Claim model</li> <li>Collaborating with suppliers on human rights aspects (procurement with no child labor, forced labor, etc.)</li> </ul>                           |                                                                                                                                                                                 |
|            | Help with social opportunities              | Raise awareness and provide opportunities to participate in society for people of all diversities                                 | No. of people reached through DE&I awareness initiatives focusing on the 3Gs*2                                                       | 1 million or more people | 2030       | <ul style="list-style-type: none"> <li>Promoting DE&amp;I in the KOSÉ Group</li> <li>Raising awareness about gender gaps</li> <li>Initiatives to eliminate disparities caused by various attributes</li> </ul>                                                                        |     |

\*1: Each brand selects focus areas annually from KOSÉ's eight unique 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

## Sustainability Strategy: Material Issues and Medium- to Long-term Targets (For the Earth 1)

For the Earth

| Material Issues                             | Commitment                                                                                                                            | Indicators                                                                                                             | Targets                                                                                | Achieve by | Examples of Specific Measures                                                                                                                                                                                                                                                                                | Relevant SDGs                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Increase awareness of environmental issues  | Provide customers with opportunities to become aware of environmental issues through products, services, and information communicated | No. of people reached through environmental awareness initiatives through products, services and information sharing   | 10 million people or more                                                              | 2030       | <ul style="list-style-type: none"> <li>Activities such as SEKKISEI Save the Blue, DECORTÉ Sustainable Ingredients Project, BIOLISS Peaceful Green</li> <li>Communicating information through media and websites</li> <li>Participating in events for raising environmental awareness</li> </ul>              |      |
|                                             |                                                                                                                                       | No. of people reached through water conservation awareness initiatives                                                 | 2 million people or more                                                               | 2030       | <ul style="list-style-type: none"> <li>Information dissemination on water conservation and the water cycle.</li> <li>Presentations at seminars, participation in water awareness events</li> </ul>                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Play a role in solving environmental issues | Pursue conservation and solving issues in various regions around the world                                                            | No. of activities contributing to the global environment                                                               | 100 activities or more                                                                 | 2030       | <ul style="list-style-type: none"> <li>Conservation of forests, oceans, and satoyama (semi-natural areas)</li> <li>Environmental programs where KOSÉ operates (cleaning activities, environmental events, etc.)</li> <li>Resource recycling initiatives (plastic container collection, upcycling)</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                             |                                                                                                                                       | No. of participants in environmental conservation activities for waterfront areas                                      | 10,000 people or more                                                                  | 2030       | <ul style="list-style-type: none"> <li>Cleanup activities along rivers, lakes, ponds, coastlines, etc.</li> <li>Coral planting, mangrove planting, water quality surveys, etc.</li> <li>Activities related to the conservation of aquatic ecosystems</li> </ul>                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                             |                                                                                                                                       | No. of initiatives that contribute to the conservation and restoration of ecosystems in raw material cultivation areas | 30 activities or more                                                                  | 2030       | <ul style="list-style-type: none"> <li>Various initiatives at ALBION Shirakami Research Institute</li> <li>Obtained Organic JAS certification</li> <li>Forest conservation in water source areas</li> <li>Protection of native species and removal of invasive species</li> </ul>                            |                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                             |                                                                                                                                       | No. of water source conservation initiatives                                                                           | 10 initiatives or more                                                                 | 2030       | <ul style="list-style-type: none"> <li>BIOLISS PEACEFUL GREEN</li> <li>Tree planting and forest maintenance in Minami-Alps City</li> <li>DECORTÉ White Birch Preservation in Bifuka Town, Hokkaido</li> </ul>                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                             |                                                                                                                                       | Area planted with coral reefs                                                                                          | 20,000m <sup>2</sup><br>About 53 times the area of a 25m Regulation size swimming pool | 2030       | <ul style="list-style-type: none"> <li>Evolving SEKKISEI Save the Blue activities</li> <li>*Target is total area since 2009</li> </ul>                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                     |

## Sustainability Strategy: Material Issues and Medium- to Long-term Targets (For the Earth 2)

## For the Earth

| Material Issues                           | Commitment                                                          | Indicators                                                                                                                           | Targets                                                | Achieve by | Examples of Specific Measures                                                                                                                                                                                                                                                                                                           | Relevant SDGs                                                                                                                                                               |
|-------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Promote reduction of environmental impact | Reduce CO <sub>2</sub> emissions                                    | Scope 1・2                                                                                                                            | -55%<br>(Target for total emission reduction vs. 2018) | 2030       | <ul style="list-style-type: none"> <li>Using renewable energy</li> <li>Introducing energy-efficient equipment, etc.</li> <li>Introducing hydrogen energy</li> <li>Fuel transition</li> <li>Introducing carbon pricing system</li> <li>Reducing CO<sub>2</sub> across the value chain</li> <li>Developing low-carbon products</li> </ul> |       |
|                                           |                                                                     |                                                                                                                                      | Carbon Neutrality                                      | 2040       |                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                             |
|                                           |                                                                     | Scope 3                                                                                                                              | -30%<br>(Target for total emission reduction vs. 2018) | 2030       |                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                             |
|                                           |                                                                     | Scope1・2・3                                                                                                                           | Net Zero                                               | 2050       |                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                             |
|                                           | Sustainability-conscious design for plastic packaging materials     | Usage rate of containers and packaging materials aligned with the 4Rs                                                                | 100%*1                                                 | 2030       | <ul style="list-style-type: none"> <li>Using containers and packing materials aligned with the 4 Rs*</li> <li>* Reduce, Reuse, Recycle, Renewable</li> <li>Using recycled resin and biomass resin</li> <li>Switching from existing resin-derived materials</li> <li>Promoting use of refillable containers</li> </ul>                   |       |
|                                           |                                                                     | Usage rate of recycled and biomass plastic                                                                                           | 50%*1                                                  |            |                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                             |
|                                           |                                                                     | Reduction rate in the use of petroleum-based virgin plastic                                                                          | - 50%*2<br>Per-unit production vs. 2018                |            |                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                             |
|                                           |                                                                     | Refillable container share                                                                                                           | 50%*3                                                  |            |                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                             |
|                                           | Waste reduction for the purpose of responsible resource utilization | Water usage reduction rate                                                                                                           | Scheduled for disclosure in 2027                       | 2030       | <ul style="list-style-type: none"> <li>Promoting the 3 Rs* for reducing waste</li> <li>*Reduce, Reuse, Recycle</li> <li>Effective use of bulk and unused materials</li> <li>Strengthening relations with recyclers</li> </ul>                                                                                                           |     |
|                                           | Reduce use of water resources through responsible practices         | Water usage reduction rate                                                                                                           | -12%*4<br>Per-unit production vs. 2018                 | 2030       | <ul style="list-style-type: none"> <li>Promoting the 3 Rs for water resources</li> <li>Introducing water recycling system and using recycled water</li> </ul>                                                                                                                                                                           |   |
|                                           | Responsible palm oil procurement                                    | Procurement rate of certified raw materials and purchase of RSPO-certified credits through the Book & Claim (B&C) supply chain model | 100%                                                   | 2030       | <ul style="list-style-type: none"> <li>Procuring and using certified palm oil</li> <li>Strengthening cooperation with suppliers</li> <li>Establishing relationships with stakeholders of palm oil manufacturing country</li> </ul>                                                                                                      |   |

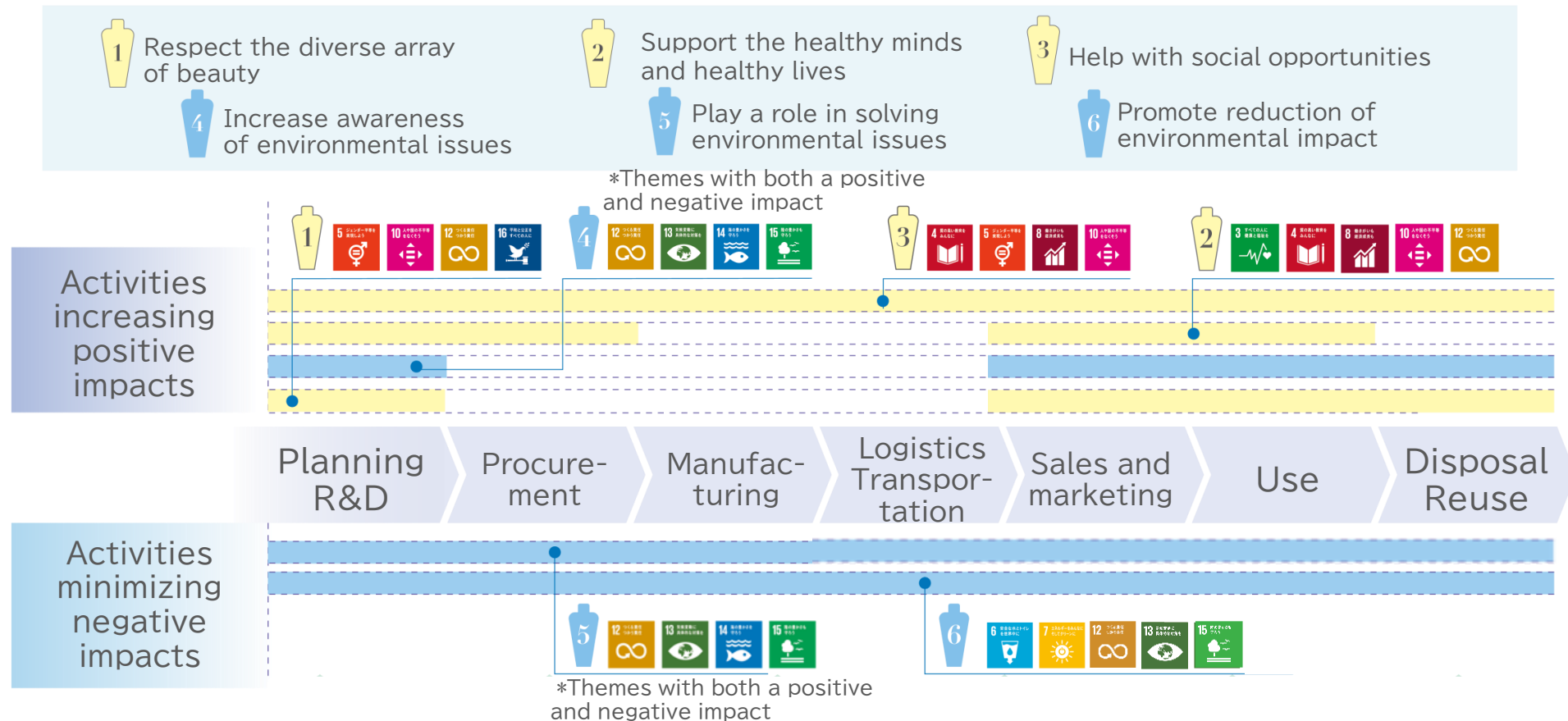
\*1 Figures for new products launched within the target achievement year \*2 Actual products shipped in the relevant year

\*3 Applies to bottle and jar containers for skincare and haircare products included in the lineup for the relevant year

\*4 KOSÉ Group manufacturing departments

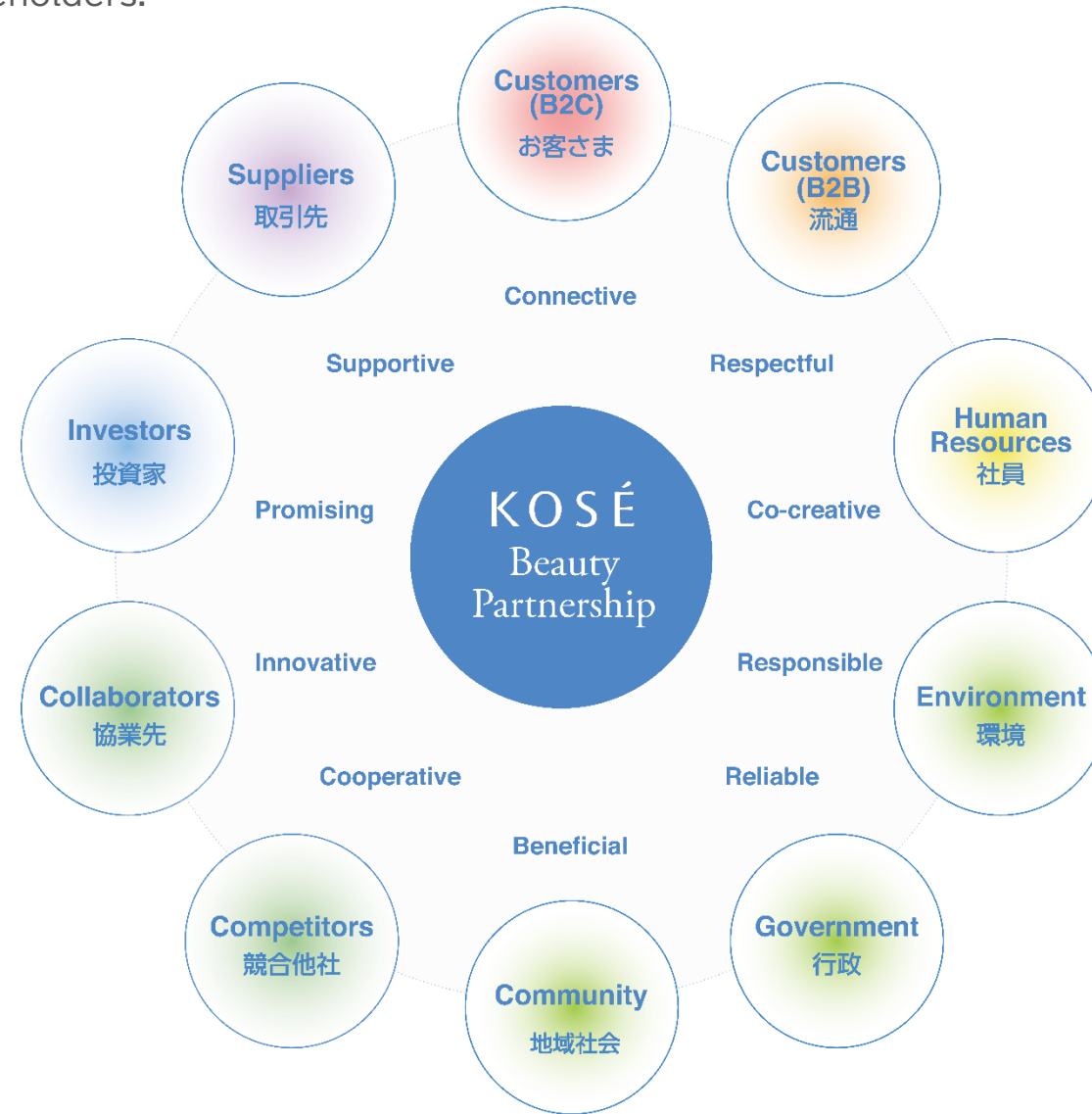
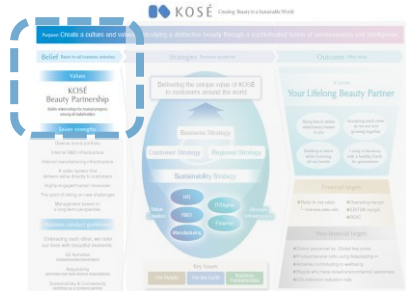
## Issues in For People and For the Earth, and their impact on the value chain

Material issues to be solved in the Sustainability Strategy involve the entire product life cycle and value chain from planning, research, development and raw material procurement to disposal or reuse, but we expect them to have the greatest impact on our value chain in the areas shown below.



## KOSÉ Group's approach to stakeholders: KOSÉ Beauty Partnership

In all its activities, the KOSÉ Group values placing importance on its relationship with all stakeholders, including the next generation. We define KOSÉ Beauty Partnership as a mutually-beneficial relationship. We will build these kinds of relationships and continue to be the brand of choice of all stakeholders.



## Engagement in KOSÉ Beauty Partnership 1

The KOSÉ Group is deepening engagement in accordance with KOSÉ Beauty Partnership.

We will leverage the knowledge gained from each engagement activity, and incorporate it into initiatives for creating new values.

| Stakeholders    | Relationship | Stakeholder expectations and interests                                                                                                                                                                                                                                                    | Specific Initiatives                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customers (B2C) | Connective   | <ul style="list-style-type: none"> <li>● Providing high quality products and services with high added value</li> <li>● Providing products and services that meet personal needs</li> <li>● Pursuing diverse beauty both inside and out</li> </ul>                                         | <ul style="list-style-type: none"> <li>• Establishing manufacturing, quality management, and production systems that prioritizes security and safety, and creating a system that utilizes and incorporates customer feedback into products and services</li> <li>• Marketing activities that consider diverse backgrounds</li> <li>• Establishing system of sales through counseling which respects individual beauty while offering suggestions</li> </ul> |
| Customers (B2B) | Respectful   | <ul style="list-style-type: none"> <li>● Sharing information and supporting co-existence</li> <li>● Original brands that lead to lifetime customers</li> <li>● Stable and efficient green logistics</li> </ul>                                                                            | <ul style="list-style-type: none"> <li>• Strengthening relations with KOSÉ and establishing communities to connect with stores</li> <li>• Establishing a sales system that combines both real-life and online, and a system to share information</li> <li>• Establishing flexible logistics system that applies modal shift to shipping and railroads</li> </ul>                                                                                            |
| Suppliers       | Supportive   | <ul style="list-style-type: none"> <li>● Establishing mutual co-existence, justice/fairness, equal relationships</li> <li>● Maintaining quality and stabilizing procurement</li> <li>● Sharing information and cooperating for sustainable procurement</li> </ul>                         | <ul style="list-style-type: none"> <li>• Creating communication opportunities</li> <li>• Formulating and sharing "Basic Procurement Policy"</li> <li>• Giving surveys and asking opinions about sustainable procurement</li> </ul>                                                                                                                                                                                                                          |
| Human Resources | Co-creative  | <ul style="list-style-type: none"> <li>● Providing ways to work that fit individuals</li> <li>● Creating opportunities to contribute to utilizing and growing diverse human resources and skills</li> <li>● Creating new values through DX and business process re-engineering</li> </ul> | <ul style="list-style-type: none"> <li>• Utilizing human resources and promoting DE&amp;I from a management perspective</li> <li>• Establishing benefits system that accommodates diverse lifestyles and improving employee engagement</li> <li>• Establishing educational support system that embodies the HR development principle of self-improvement</li> </ul>                                                                                         |
| Investors       | Promising    | <ul style="list-style-type: none"> <li>● Continually improving corporate value</li> <li>● Appropriate share price</li> <li>● Fair, equitable, and timely disclosure about financial and non-financial information and dialogue</li> </ul>                                                 | <ul style="list-style-type: none"> <li>• Formulation of financial strategy</li> <li>• Creating opportunities to communicate with investors and shareholders</li> <li>• Ensuring transparency in financial information</li> </ul>                                                                                                                                                                                                                            |

## Engagement in KOSÉ Beauty Partnership 2

| Stakeholders  | Relationship | Stakeholder expectations and interests                                                                                                                                                                                                          | Specific Initiatives                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Collaborators | Innovative   | <ul style="list-style-type: none"> <li>●Speedy creation of innovations</li> <li>●Expanding areas for providing new values</li> <li>●Spreading innovative thinking internally</li> </ul>                                                         | <ul style="list-style-type: none"> <li>• Joint development and business collaborations with other companies</li> <li>• Dispatching researchers to external global research institutions</li> <li>• Application toward research using digital technologies</li> </ul>                                                                                                                                           |
| Competitors   | Cooperative  | <ul style="list-style-type: none"> <li>●Creating an industry-standard framework for contributing to society</li> <li>●Collaborations for solving social issues</li> <li>●Communicating Japanese beauty values globally</li> </ul>               | <ul style="list-style-type: none"> <li>• Collaborating of cosmetics business in sustainability area</li> <li>• Establishing ecosystem in cosmetics industry, such as a resource recycling system</li> <li>• Promoting activities to reducing environmental loading by promoting freight consolidation in logistics</li> </ul>                                                                                  |
| Environment   | Responsible  | <ul style="list-style-type: none"> <li>●Fostering environmental awareness in society</li> <li>●Environmental activities across the value chain</li> <li>●Reducing environmental loading across KOSÉ business</li> </ul>                         | <ul style="list-style-type: none"> <li>• Addressing environmental concerns during business activities like climate change countermeasures and ensuring water resources/biodiversity</li> <li>• Revising manufacturing methods and developing products with the aim of reducing environmental loading</li> <li>• Environmental activities across the whole value chain</li> </ul>                               |
| Government    | Reliable     | <ul style="list-style-type: none"> <li>●Joint industry-government initiatives</li> <li>●Contributions to society through business</li> <li>●Supporting healthy growth of the next generation</li> </ul>                                         | <ul style="list-style-type: none"> <li>• Solving social issues in cooperation with international institutions and governments</li> <li>• Promoting sports to support healthy and happy lives</li> <li>• Adherence to all laws, regulations, and norms, and sharing information through dialogues, etc.</li> </ul>                                                                                              |
| Community     | Beneficial   | <ul style="list-style-type: none"> <li>●Mutual co-existence with local areas</li> <li>●Creating jobs and contributing to development of local areas</li> <li>●Ensuring environment of local areas so it can be lived in indefinitely</li> </ul> | <ul style="list-style-type: none"> <li>• Activities to contribute to society, such as by holding local area beauty seminars and giving educational tours of KOSÉ</li> <li>• Various collaborations to revitalize local areas</li> <li>• Educating the next generation, such as activities increasing awareness of skin care at childcare facilities and exhibitions at social experience facilities</li> </ul> |

## Appendix: 2020 KOSÉ Sustainability Plan and material issues comparison

|                    | 2020 material issues                                          |
|--------------------|---------------------------------------------------------------|
| Fundamental Policy | Sound corporate governance                                    |
|                    | Respect for human rights                                      |
|                    | Human resource development                                    |
|                    | Business operations with transparency and fairness            |
|                    | Only the safest, most reliable, high-quality products         |
|                    | Customer's perspective                                        |
| For People         | A source of adaptable products and services                   |
|                    | Support for a beautiful, healthy and happy life               |
|                    | Help create a world with true gender equality                 |
| For the Earth      | Use the theme of beauty to help solve environmental issues    |
|                    | Environmental programs in areas where KOSÉ operates           |
|                    | Lower the overall environmental impact of business operations |



|                       | 2024 material issues                                              | Reason for reVision                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business fundamentals | Accelerate global development                                     | <ul style="list-style-type: none"> <li>After reviewing the previous Medium-to Long-term Vision and also considering economic value aspects, established "accelerate global development" and "rebuild structure for generating profits."</li> <li>Corporate governance, respect for human rights, and business operations with transparency are included in "create a corporate structure that is resilient to change," and customer's perspective and only the safest, most reliable, high-quality products are included in "provide substantial added value centered on safety and confidence." Human resource development was revised to "Maximize human capital" as a material management issue.</li> </ul> |
|                       | Transformation to a resilient business structure                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                       | Maximize human capital                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                       | Provide substantial added value centered on safety and confidence |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| For People            | Respect the diverse array of beauty                               | Revised to further promote social diversity in business activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                       | Support the healthy minds and healthy lives                       | Revised to include the point of further realization of social well-being.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                       | Help with social opportunities                                    | Revised to include the point of fairness regardless of attributes in addition to gender equality.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| For the Earth         | Increase awareness of environmental issues                        | Revised to focus on all value chain activities in addition to marketing activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                       | Play a role in solving environmental issues                       | Revised with the aim of more actively contributing to solving environmental issues.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                       | Promote reduction of environmental impact                         | Revised to expand perspective to include value chain as well as all stakeholders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

## Appendix: Various policies related to the Sustainability Strategy

### For People

[KOSÉ Group Human Rights Policy / Modern Slavery Statement](#)

[Diversity, Equity, and Inclusion Declaration](#)

[Basic Policy on Social Contribution Activities](#)

[Policy for the Development of Skills](#)

[KOSÉ Group Health Declaration](#)

### For the Earth

[KOSÉ Group Basic Environmental Policy](#)

[KOSÉ Group Plastic Policy](#)

[KOSÉ Group Biodiversity Policy](#)

### Business fundamentals

[KOSÉ Group Action Guidelines](#)

[KOSÉ Quality Policy](#)

[Policy on Assuring Safety of Cosmetics](#)

[Ingredients Policy](#)

[Corruption Prevention Basic Policy](#)

[Tax Transparency Policy / Disclosure Policy](#)

[Basic Procurement Policy / Sustainable Procurement Guidelines](#)

[Declaration of voluntary action for the White Logistics Movement](#)

[Basic Policy on Intellectual Property](#)

[Social Media Policy](#)

[Privacy Policy](#)

[Voluntary Declaration of Consumer Orientation](#)

## Appendix:Revision history

| Date              | Page | Major revision details (outline)                                                                                                                                                                                                                                                         |
|-------------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| November 11, 2024 |      | First Edition                                                                                                                                                                                                                                                                            |
| April 7, 2025     | 15   | Added “Issues in Promoting Sustainability to Support Foundation Enhancement”                                                                                                                                                                                                             |
| December 1, 2025  | 19   | Add a target for the refillable container rate under “Sustainability-conscious design for plastic packaging materials.”                                                                                                                                                                  |
| April 6, 2026     | 16   | Changes to the Corporate Governance Structure and to the Sustainability Strategy Promotion Framework                                                                                                                                                                                     |
|                   | 17   | Added a new target:<br>“No. of participants in social contribution activities based on hands-on experiences”                                                                                                                                                                             |
|                   | 18   | Added a new target :<br>“Increase in awareness related to water conservation”<br>“Waterfront environmental contribution activities”<br>“Initiatives that contribute to ecosystem conservation and restoration at raw material cultivation sites”<br>“Watershed Conservation Initiatives” |
|                   | 19   | Revision of targets :<br>Renamed the existing target from “Recycling Rate” to “Waste that is not sent to landfills”                                                                                                                                                                      |



Creating Beauty  
in a Sustainable World

Revision April 6, 2026

Written with UD Font.