

Messages from External Directors

Business Operations with Transparency and Fairness

Since its founding, the KOSÉ Group has pursued co-existence and co-prosperity with all of its business partners. While fulfilling our responsibilities as a member of the global community, we work with our business partners to promote sustainability for a better future for people and the global environment.

▶ Promoting Sustainability in the Supply Chain

We conduct sustainable, socially and environmentally responsible procurement for raw materials in line with our Basic Procurement Policy. We promote detailed information exchange with suppliers to develop mutual understanding of pertinent issues and use questionnaires to track environment-oriented responses and respect for human rights.

KOSÉ's Basic Procurement Policy

1. Quality and safety assurance

Our procurement activities are implemented in line with the "KOSÉ Quality Policy," with the highest priority on quality and safety.

2. Fair and unbiased competition

We offer opportunities for fair and equitable competition to all suppliers, regardless of scale, both in Japan and abroad. Procurement decisions are made in a fair manner based on a comprehensive consideration of quality, price, delivery times, supply capacity, management stability and other factors.

3. Compliance with laws, regulations and social norms

In our CSR-compliant procurement practices, we comply with laws, regulations and social norms of different countries and regions, and give due consideration to the conservation of resources and the global environment, safety, human rights, and other factors in order to fulfill our social responsibility.

4. Co-existence and co-prosperity

Our aim is to ensure the ongoing development of both our suppliers and ourselves by building mutual understanding and trust through our procurement activities.

5. Assurance of information security

Confidential information and personal information related to procurement activities are strictly protected.

Emphasizing a Sense of Partnership with Suppliers

KOSÉ holds a policy meeting with its suppliers once a year to explain the KOSÉ Group's policies, business plan and purchasing policy. A party is also held at this event to show our gratitude and to recognize those suppliers who have contributed significantly to our success, particularly to our business results, improved quality and environmental considerations. In fiscal 2019, we welcomed participants from nearly 100 domestic and international suppliers, including those providing us with raw materials and fragrances, other materials, OEM services and various production work. We asked suppliers to continue to be good partners in our ongoing pursuit of higher quality and sustainability. To assist the increasing number of participants from abroad, interpreters are deployed during the event to provide simultaneous translation.



Disclosure of Guidelines for Suppliers

The KOSÉ Group places great importance on its relationships of trust with its partners in the supply chain, and aims to grow and develop together with them. In November 2019, we established and disclosed our Guidelines for Suppliers to gain their cooperation on items to be considered for social responsibility and the environment. With these guidelines, we have implemented highly transparent supply chain management. Furthermore, in our procurement we also respect the United Nations Global Compact and other laws and regulations, and comply with our Basic Procurement Policy and Guidelines for Suppliers.

▶ For details: <https://www.kose.co.jp/company/en/info/procurement/>



Yukino Kikuma

Director (External)

▶ KOSÉ's Social Responsibilities as a Publicly Traded Corporation

Having served as an external director for two years, I feel very strongly that KOSÉ is proactive in rapidly incorporating what is good for the Company.

With COVID-19 a serious issue worldwide, corporate responsibilities to society are becoming greater. It is important for a corporation to return profits to its shareholders. However, it is also a matter of great importance for KOSÉ to consider how it can contribute to this society in which not only its shareholders, but also its customers, affiliates, employees and other stakeholders live, and to show it can act quickly. If a company cannot fulfill its responsibility to society, it does not deserve to survive.

COVID-19 has changed the way people live. Flexibility, agility and leadership will be required to deal with this new world. I want KOSÉ to continue taking on challenges unafraid of change. As an external director, my approach will be to always analyze risks appropriately in considering how to achieve this objective, and then to provide support for implementation.



Norika Yuasa

Director (External)

▶ Unique Sustainability

Sustainability—considering the limits of the global environment in corporate activities—has gained traction as an important concept in recent years. KOSÉ's VISION 2026 also promotes strategies for sustainability.

KOSÉ is imbued with a spirit that cherishes the ideas of its founder and a desire to take care of its employees, its products and above all, its customers. KOSÉ's true worth lies in going beyond caring for its customers to take good care of its entire value chain, and of the Earth itself—that is what sustainability is all about. I expect KOSÉ to put its unique qualities to work to develop original, sustainable businesses.

Japan is a country with distinctive qualities. I feel that KOSÉ is peerless among Japanese companies in possessing so many of those qualities, including an affinity for sustainability. As an external director, I hope to be of assistance in the global development of KOSÉ as a company representing Japan on the world stage.

Corporate Governance

Governance at a Glance



* Year ended March 31, 2020

Basic Policy

The KOSÉ Group has established the principle, centered on its management philosophy, to “continually conduct management to enhance its enterprise value as the KOSÉ Group,” and strives for management focused on business expansion and efficiency.

The KOSÉ Group considers corporate governance to be an important management issue, and is working to establish organizations and mechanisms for the conduct of sound

management, and to create frameworks to maintain the trust of society.

In addition, to enhance the transparency and fairness of management, the KOSÉ Group strives for sincere communication with all stakeholders including shareholders, investors, creditors, customers, business partners, employees, and local residents and communities, and builds relationships of trust with them.

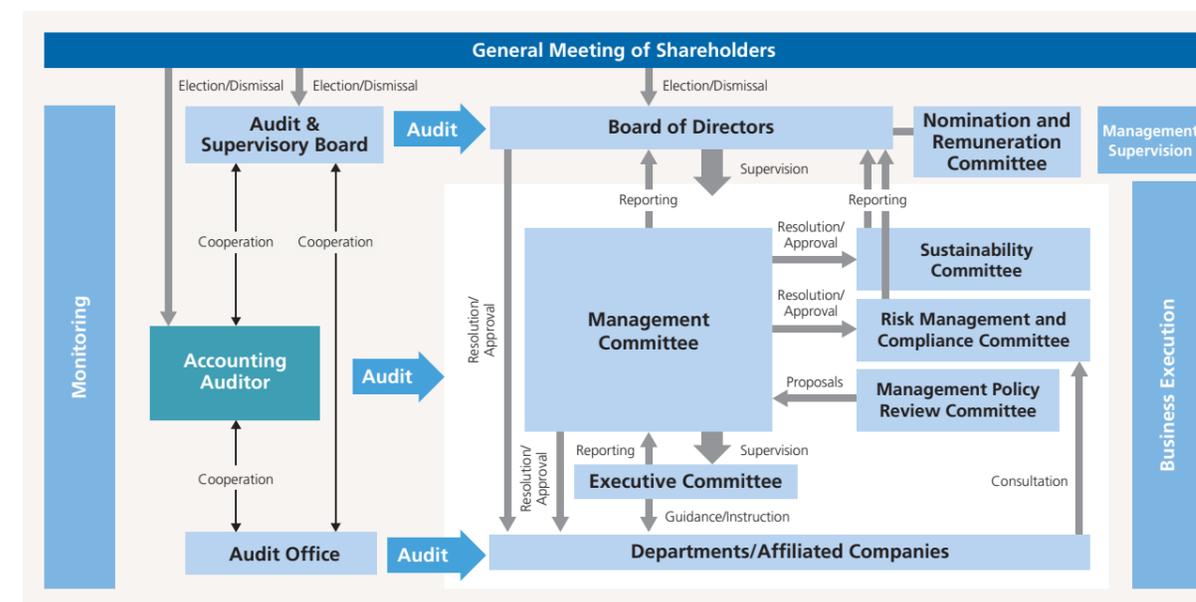
Corporate Governance Structure

KOSÉ has adopted a company with an Audit & Supervisory Board system to audit the adequacy of the directors’ execution of their duties.

For the swift and efficient execution of business, the Company employs the Board of Directors, the Management Committee chaired by the President & CEO, the Management Policy Review Committee, the Executive Committee, and other bodies as necessary.

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

Corporate Governance Organization



Board of Directors

The Board of Directors strives to achieve an optimal balance of overall knowledge, experience, competencies, diversity and size.

The Company has appointed external directors with a high level of expertise and extensive insight to provide advice on business execution, as well as to monitor and supervise each director.

The Company has a business execution system that clarifies the scope of authority of directors so prompt decisions can be made by a small number of people. The Company has also

adopted an executive officer system, and the executive officers appropriately execute business in the departments they oversee in accordance with basic management policies. The Board of Directors meets in principle once each month, to decide on matters stipulated by laws and regulations, as well as important matters relating to management, and to supervise the conduct of duties by directors.

Audit & Supervisory Board

For the Audit & Supervisory Board, the Company has appointed an attorney at law and a certified public accountant with extensive experience in auditing and insight as external members to monitor and supervise the execution of business by directors.

Audit & Supervisory Board members attend important meetings such as the Board of Directors meetings and Management

Committee meetings, communicate with Audit & Supervisory Board members of domestic Group companies as appropriate, exchange information and opinions with internal audit departments and the accounting auditor, and conduct internal audits of departments within the Company and of its subsidiaries regularly and as required.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is an organization that deliberates on proposals related to nomination and remuneration made by the president to the Board of Directors to enhance the independence, objectivity, and accountability of the functions of the Board of Directors regarding the nomination and remuneration of directors, Audit & Supervisory Board members and executive officers of the Company. It is chaired by an external director to ensure objectivity.

Composition of the Nomination and Remuneration Committee

Chairperson	Total Members	(Breakdown)		
		Directors	External Directors	External Audit & Supervisory Board Members
External Director	7	2	3	2

External Directors and External Audit & Supervisory Board Members

Attendance at Board of Directors and Audit & Supervisory Board Meetings in Fiscal 2019

Position	Name	Board of Directors Meetings (Convened 13 times)		Audit & Supervisory Board Meetings (Convened 11 times)	
		Number of Meetings Attended	Percentage of Meetings Attended	Number of Meetings Attended	Percentage of Meetings Attended
External Director	Iwao Toigawa	13	100%	—	—
External Director	Yukino Kikuma	13	100%	—	—
External Director	Norika Yuasa	11*	100%	—	—
External Audit & Supervisory Board Member	Nobuo Iwafuchi	13	100%	11	100%
External Audit & Supervisory Board Member	Toru Miyama	11*	100%	9*	100%

* The number of Board of Directors meetings and/or Audit & Supervisory Board meetings attended by External Director Norika Yuasa and External Audit & Supervisory Board Member Toru Miyama differs from that of other officers because they were elected at the 77th Annual General Meeting of Shareholders held on June 27, 2019.

Reasons for Each External Director's Selection

Name	Reasons for Selection
Yukino Kikuma	Ms. Kikuma has highly specialized knowledge as an attorney at law and particularly deep insight concerning corporate law. She also has media-related experience. The Company therefore believes she can provide fresh, impartial suggestions and advice to management from a broad perspective, and use her independent and objective standpoint to guide management. Furthermore, the Company believes that Ms. Kikuma has no conflict of interest with general shareholders and has accordingly designated her an Independent Director.
Norika Yuasa	Ms. Yuasa has highly specialized and broad knowledge that extends to Asia, Europe and North America as well as Japan as an attorney at law. She has considerable professional experience in China in particular. The Company therefore believes she can provide fresh, impartial suggestions and advice for the Company's global strategy with her extensive insight, and use her independent and objective standpoint to guide management. Furthermore, the Company believes that Ms. Yuasa has no conflict of interest with general shareholders and has accordingly designated her an Independent Director.
Yuko Maeda (Appointed in June 2020)	Ms. Maeda has a high level of expertise in the realm of applications for corporate intellectual property combined with abundant experience and knowledge particularly when it comes to industry-academia partnerships. Moreover, she also has abundant insight from a managerial perspective underpinned by her experience as a corporate Director and Outside Audit & Supervisory Board Member. The Company therefore believes she can provide fresh, impartial suggestions and advice to management, and use her independent and objective standpoint to guide management. Furthermore, the Company believes that Ms. Maeda has no conflict of interest with general shareholders and has accordingly designated her an Independent Director.

Evaluation of the Effectiveness of the Board of Directors

With the aim of enhancing objectivity and further improving governance, the Company used a third-party organization to conduct the evaluation of the effectiveness of its Board of Directors. The method and results of the fiscal 2019 evaluation were as follows.

1. Evaluation Method

A questionnaire survey covering the following items was completed by the directors and Audit & Supervisory Board members.

A third-party organization was used to create the survey and to tabulate and analyze the results. Based on those results, the Board of Directors analyzed and evaluated its effectiveness and considered future responses.

Questionnaire Items for Evaluating Effectiveness

I. Management system of the Board of Directors

- (1) Composition of the Board of Directors
- (2) Operation of the Board of Directors
- (3) Support structure for the Board of Directors
- (4) Status of participation at Board of Directors meetings

II. Supervisory function of the Board of Directors

- (1) Supervisory function of the Board of Directors
- (2) Risk management structure of the Board of Directors
- (3) Status of discussions at Board of Directors meetings
- (4) Matters relating to the nomination and remuneration of officers

2. Results of Evaluation and Issues Requiring Attention

As a result of discussions conducted at the Board of Directors meeting based on the results of the questionnaire survey, the Board of Directors confirmed that, as in the previous fiscal year, the size of the Board of Directors and the composition of the Nomination and Remuneration Committee are appropriate, and advance explanations to external officers and reporting at Board of Directors meetings are being conducted appropriately. In addition, steady improvement was confirmed in active discussion of management strategies, which was an issue in the previous fiscal year, in areas including thorough management of progress in accordance with medium-to-long-term VISION 2026. Based on these factors, the Board of Directors concluded that it has ensured its overall effectiveness.

On the other hand, the Board of Directors came to the realization that there is room for improvement with regard to increasing the board's diversity and enhancing management systems of subsidiaries, as well as room for further discussion of the ideal remuneration system for the Company.

Based on these points, the Company will continue working to further enhance the effectiveness of the Board of Directors in order to improve the corporate value of the KOSÉ Group.

Officer Remuneration

Policy for Determining Remuneration Framework

For remuneration of Company officers, the Company has decided on a remuneration framework that emphasizes increasing corporate value over the medium to long term.

Remuneration of directors other than external directors consists of monthly remuneration and bonuses to raise the linkage between improvements in corporate business results and officer performance, taking into consideration the responsibilities they bear for improvement of business results each fiscal year and growth in corporate value over the medium to long term.

The amount of monthly remuneration is determined according to the position of each director, taking into account the operating environment and other factors, and bonuses are determined based on fiscal year business results of the KOSÉ Group and of the relevant departments he or she is in charge of, as well as on an evaluation of individual performance.

External directors and Audit & Supervisory Board members receive fixed monthly remuneration, which is set based on comparisons with other companies in the same industry or of the same size in Japan and overseas, as well as on the Company's financial condition and business results.

Method for Determining Officer Remuneration

Officer remuneration shall be classified into directors and Audit & Supervisory Board members for voting at the General Meeting of Shareholders and allocated to each officer within the scope of the total amount for each officer classification, and such remuneration is determined by the Board of Directors after discussion of its appropriateness by the Nomination and Remuneration Committee, which is composed mainly of external officers.

Remuneration of Audit & Supervisory Board members is determined by mutual agreement among the Audit & Supervisory Board members, including the two external members.

In addition, the Company has established a retirement benefit plan for Company officers. The Company has established criteria for the relevant payment amount and allocates provisions to a reserve for each year of each officer's tenure.

Moreover, the Company passed a resolution at the Annual General Meeting of Shareholders held on June 26, 2020 to introduce a restricted share remuneration plan for directors (excluding external directors) as an incentive to sustainably increase corporate value, and has conducted a review of the officer remuneration system in general. The method for determining officer remuneration from fiscal 2020 is as follows.

1. Fundamental Policy on Officer Remuneration

The Company's remuneration for its directors and Audit & Supervisory Board members is designed and operated with the aim of increasing corporate value over the medium to long term from the viewpoints of:

- Maintaining a remuneration plan that enables the Group to achieve global and borderless growth;
- Ensuring remuneration levels that give rise to appropriate competitive strengths and the ability to recruit and secure outstanding professional talent; and

- Facilitating a remuneration plan that ensures high levels of independence, objectivity and transparency, and that satisfies the duty of accountability toward the Company's business partners, customers, shareholders, employees and other stakeholders.

2. Remuneration Levels

The Company has determined that its levels of officer remuneration are appropriate, having taken the Company's business environment into account, while also having surveyed and analyzed remuneration levels of major companies in the same industry or of the same size using external databases and other information.

3. Composition of Remuneration

(1) Directors (Excluding External Directors)

Remuneration consists of basic remuneration, which depends on a director's role, and performance-linked remuneration, which depends on factors such as corporate business performance and the Company's stock price. These forms of remuneration are provided with the aims of motivating the directors in terms of achieving performance indicators over the short, medium and long term, and sustainably increasing corporate value. Furthermore, performance-linked remuneration consists of a bonus and stock compensation.

Stock compensation is based on a plan whereby the Company delivers its common stock to eligible officers, using a specified restricted share mechanism, newly introduced in fiscal 2020. Specifically, the Company makes annual delivery of its common stock subject to stipulations such as those of the restricted period for those eligible, and subsequently lifts the transfer restrictions upon retirement of the recipient.

Moreover, the remuneration for directors does not include salaries for directors who concurrently serve as employees, nor does it include bonuses.

(i) Overview of Remuneration Components

Basic remuneration

The basic remuneration is paid in the form of fixed remuneration on a monthly basis, the amount of which is determined per respective position depending on the extent of professional responsibilities and roles thereof.

Bonuses

Bonuses are paid as incentive to improve corporate business performance in a single fiscal year.

The evaluation indicators for the bonus include net sales, operating profit and other items per business domain, in addition to net sales and operating profit on a consolidated basis. The Company has selected such evaluation indicators because they are cited as key performance indicators under its medium-to-long-term business plans. The bonus varies from 0% to 200% of the standard amount, depending on the extent to which target amounts for the single fiscal year have been achieved with respect to each indicator.

Evaluation ratios with respect to net sales and operating profit indicators are largely as follows.

Indicators	Evaluation Ratio
Net sales	50%
Operating profit	50%

Under the remuneration framework, the Company sets high evaluation weightings with respect to the business domains that are under direct control of an individual director, thereby ensuring that each director fulfills his or her responsibilities in the business domains under his or her respective control.

Stock Compensation

The Company makes annual delivery of a fixed number of shares of its common stock subject to stipulations such as those of the restricted period, and subsequently lifts the transfer restrictions upon retirement of the recipient.

The Company's stock price acts as the evaluation indicator with respect to stock compensation. The Company has selected that evaluation indicator with the aim of further heightening motivation to help increase corporate value over the medium to long term, and further promoting the shared interests of stock compensation recipients and the Company's other shareholders.

Because the Company's stock price acts as the indicator for calculating stock compensation, the Company does not set performance targets in that regard.

(ii) Remuneration Mix

Remuneration mix of the CEO's remuneration package is as follows.

Remuneration Component	Proportion of Total Remuneration
Basic remuneration	65%
Bonus	25%
Stock compensation	10%

The Company's policy when it comes to remuneration mix for positions other than that of the CEO is such that the higher one's position the lower his or her proportion of basic remuneration, and the higher his or her proportion of bonus and stock compensation.

Total Remuneration by Officer Classification, Amount by Type of Remuneration and Number of Eligible Officers

Officer Classification	Total Remuneration (Millions of yen)	Amount of Remuneration by Type (Millions of yen)			Number of Eligible Officers
		Fixed Remuneration	Performance-Linked Remuneration	Provision for Officers' Retirement Benefits	
Directors (excluding external directors)	808	310	80	416	6
Audit & Supervisory Board members (excluding external Audit & Supervisory Board members)	50	47	–	3	3
External officers	51	51	–	–	6

Persons Receiving Total Remuneration of ¥100 Million or More

Name	Officer Classification	Company	Amount of Remuneration by Type (Millions of yen)			Total Remuneration (Millions of yen)
			Fixed Remuneration	Performance-Linked Remuneration	Provision for Officers' Retirement Benefits	
Kazutoshi Kobayashi	Director	KOSÉ Corporation	214	47	364	625

Going forward, the Company intends to periodically reassess the remuneration mix with a focus on stock compensation with the aim of achieving sustainable growth over the medium to long term.

(2) External Directors

Because external directors are expected to engage in the function of managerial oversight from an independent standpoint, their remuneration consists solely of fixed basic remuneration. They accordingly do not receive performance-linked bonuses or stock compensation.

(3) Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board members consists solely of fixed basic remuneration that takes into account their professional duties and other such factors. They accordingly do not receive bonuses or stock compensation. The Company determines basic remuneration for respective Audit & Supervisory Board members through consultation with the Audit & Supervisory Board members, comprehensively taking into account factors encompassing content, workload and difficulty of their professional duties, as well as the extent of their responsibilities.

4. Decision-Making Process

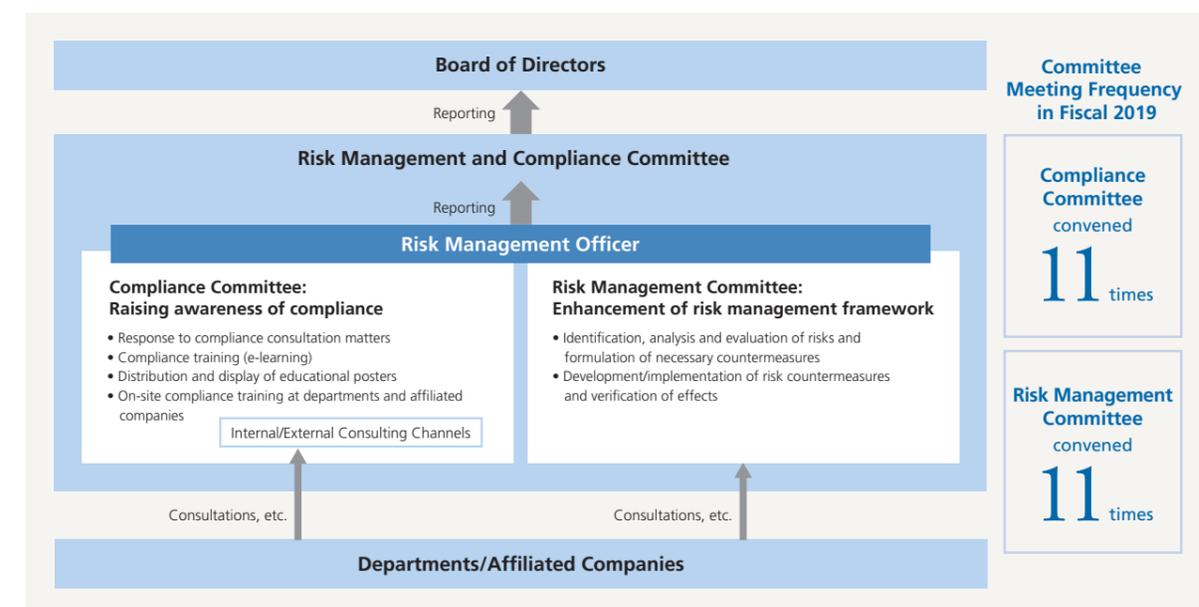
For officer remuneration, the Company has established separate director and Audit & Supervisory Board member classifications at the General Meeting of Shareholders. Accordingly, the Company is to allocate to each officer amounts of officer remuneration, the total of which does not exceed the total amounts set for the respective classifications.

To ensure objectivity and transparency with respect to the officer remuneration plan, the Board of Directors resolves to assign the task of making decisions on allocations of officer remuneration to the CEO following deliberations regarding the appropriateness thereof carried out by the Nomination and Remuneration Committee, which consists mainly of external officers.

Moreover, the Company makes decisions on remuneration for Audit & Supervisory Board members through consultation with the Audit & Supervisory Board members.

Risk Management and Compliance

Risk Management and Compliance Organization



For the Company, compliance encompasses compliance with laws and regulations as well as behavior consistent with social ethics based on "Mind to follow the right path." The compliance promotion structure and activities are regularly reported to the Board of Directors via the Risk Management and Compliance Committee. The Compliance Promotion Committee holds training and other educational programs for directors and employees. The Company has established internal and external reporting channels and also maintains a framework for responding to reports and consultations. In addition, to respond to risk factors that pose a threat to the sustainable development of the Company, particularly various risks such as problems involving compliance, quality, information security and markets as well as natural disasters, the Company has established Risk Management and Compliance Regulations and is working to enhance its risk management structure by establishing a Risk Management Promotion Committee. The Company has also created a framework based on its Crisis Management Regulations for minimizing damage in the event a major risk materializes.

Risk Management Briefing Session

A briefing session is held annually for officers, managers and supervisors as a forum for sharing information on various laws, regulations and changes in the operating environment. The Company continues to communicate information that incorporates recent case studies to firmly establish Company-wide risk management and compliance promotion activities.

Compliance Training

Every year since 2008, the Company has set important themes for compliance and conducted training for all KOSE Group employees using e-learning or handouts. The Company also conducts awareness-raising for Beauty Advisors and target-specific training to communicate information in a form that suits the audience.

▶ See the KOSÉ website for more information on corporate governance, risk management and compliance.

<https://www.kose.co.jp/company/en/csr/management/>

Business and Other Risks

The following explanations of risk factors in this report are presented with the objective of proactively disclosing information of material interest to investors for making investment decisions.

From the standpoint of proactive disclosure, these explanations include factors that are not necessarily of this nature and factors associated with external matters that are beyond the control of the KOSÉ Group that can influence the decision making of investors. This is not meant to be a complete list of potential risks.

These risk factors could have a material influence on the KOSÉ Group's management performance and financial position.

Please note that the forward-looking statements contained herein are based on the Company's judgments, which were made as of June 26, 2020, and forward-looking statements are not limited to those presented here.

To ensure business continuity and stable growth going forward, the Company has established the Risk Management Promotion

Committee as a cross-divisional Company-wide organization to conduct qualitative analysis and evaluation to comprehensively identify risks, and to take necessary countermeasures for those risks that may have a substantial impact. Specifically, each year the Company selects risk items using a questionnaire sent to persons in charge of affiliated companies and departments, and prioritizes them along two evaluation axes: impact on business performance and other factors if the risk materializes; and likelihood of the risk materializing.

The risks selected through the risk assessment are aggregated by risk category: strategy risk, business/financial risk, political/economic risk, accident/disaster risk, personnel/labor risk, or legal violation/indemnification risk. The Company has established and operates a system to monitor the current status and progress of each of its risk countermeasures on a regular basis.

Responding to Risks

Strategy Risk

Main Risks	Main Measures
Price competition Damage to brand value Decrease in market share	The Company conducts product development, marketing and sales taking into account changes in market needs and customer preferences, and works to maintain and improve its competitive advantage by adding functional and emotional value to achieve differentiation.
Entry of new competitors Decrease in market share due to entrants from other industries and expansion into new channels by competitors	In addition to constantly keeping track of information from its business partners and sales and marketing sites, the Company works to remain abreast of market information in a timely manner through regular consumer surveys. It also strategically pursues unique value through active cooperation with companies in other industries and linkages with external resources and technologies.
Research and development delays Decrease in brand competitiveness Decline in innovation	The Company conducts basic and applied research using data science at the Advanced Technology Laboratory, and has also opened a branch in Lyon, France to conduct leading-edge dermatological research. The Company is also actively engaged in open innovation using external resources.
Changes in consumer preferences Decrease in brand value due to deviation from consumer needs	In addition to regularly conducting market surveys to properly obtain consumer information and conducting consumer surveys in Japan, the Company is also stepping up its surveys in countries outside Japan where it does business. It is also actively deploying digital technologies in pursuit of new customer experiences.

Business/Financial Risk

Main Risks	Main Measures
Increase in raw material prices Decline in profitability due to increased raw material prices	The Company conducts procurement globally to minimize market risk. It also strives to procure necessary raw materials and outsourced products at appropriate prices in a timely manner while maintaining good relationships with suppliers. The Company has also established the Cost and Inventory Reduction Promotion Committee, which is working to maintain appropriate costs.
Discontinuation of raw material sharing Obstacles to stable product supply Impact on sales and profit margins Decline in the Company's creditworthiness	

Political/Economic Risk

Main Risks	Main Measures
Changes in legal regulations and response Demand fluctuation risk Impact on product exports	The Company collects information on a daily basis regarding legal regulations related to its business. In product development, the Company reviews raw material standards in light of changes in legal regulations and responds by effectively utilizing domestic and overseas information networks to secure alternative raw materials.
Abrupt changes in the political situation in countries where the Company does business Impact on sales due to fluctuations in demand Employee safety risk	The Company takes necessary measures by enhancing cooperation with overseas affiliates and business partners to collect information on economic, political, and social conditions in each country in a timely fashion.

Accident/Disaster Risk

Main Risks	Main Measures
Natural disasters (earthquakes, volcanic eruptions, tsunamis, etc.) Delays or interruption of business activities due to suspension of production and distribution functions	In the event of a disaster or the spread of an infectious disease, the Company will immediately establish an emergency headquarters to discuss and implement countermeasures. To prepare for disasters, the Company has created a crisis management manual. It also confirms workplace safety and corrects deficiencies.
Spread of highly virulent infectious disease Delays or interruption of business activities including production, supply, and sales	

Personnel/Labor Risk

Main Risks	Main Measures
Securing outstanding talent Decline in corporate competitiveness	The Company works to create an environment in which diverse human resources can play an active role. In its recruitment activities, the Company secures expert human resources through hiring by job type and outstanding talent through revision of the Beauty Consultant compensation system.

Legal Violation/Indemnification Risk

Main Risks	Main Measures
Problems related to product accidents Reputation loss among customers and decline in corporate value due to serious product accidents	The Company manufactures products with the highest priority on delivering safe and reliable products to customers. It has articulated its stance on the KOSÉ Group's products through its Quality Policy comprising a quality policy message and five declarations for daily activities.
Leaks of confidential or personal information Reputation loss and compensation for damage due to information leaks	In addition to raising awareness of compliance through the Compliance Promotion Committee, the Company has established a Personal Information Management Committee based on laws and guidelines of the Ministry of Economy, Trade and Industry, and is working to build a comprehensive management system by strengthening information security.

Directors and Audit & Supervisory Board Members (As of June 26, 2020)



1. Yasukiyo Kobayashi
Honorary Chairmann

2. Kazutoshi Kobayashi
President & CEO

3. Takao Kobayashi
Senior Executive Director

4. Atsuo Kumada
Senior Executive Director

5. Masanori Kobayashi
Executive Director

6. Koichi Shibusawa
Executive Director

7. Yusuke Kobayashi
Director

8. Michihito Yanai
Director

9. Yukino Kikuma
Director (External)

10. Norika Yuasa
Director (External)

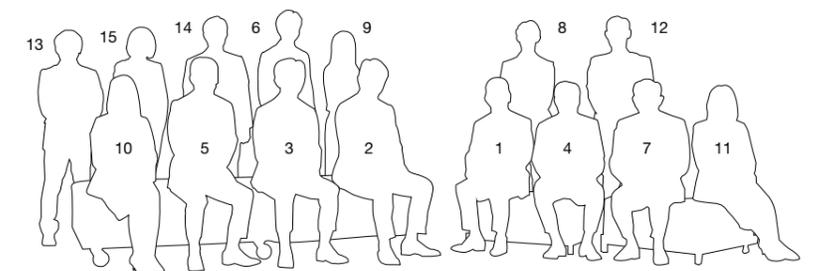
11. Yuko Maeda
Director (External)

12. Noboru Matsumoto
Standing Audit &
Supervisory Board Member

13. Shinji Tanabe
Standing Audit &
Supervisory Board Member

14. Toru Miyama
Audit & Supervisory Board Member
(External)

15. Kumi Kobayashi
Audit & Supervisory Board Member
(External)



Career Histories (As of June 26, 2020)

Honorary Chairman



Yasukiyo Kobayashi
Honorary Chairman

Apr. 1964 Joined the Company
Jul. 1969 Director
Mar. 1976 Executive Director
Mar. 1981 Senior Executive Director
Jun. 1991 Representative, Senior Managing Director
Mar. 1997 President & CEO
Jun. 2007 Chairman President & CEO, KOSÉ SALES CO., LTD.
Jun. 2014 Honorary Chairman of the Company (current position)

Directors



Kazutoshi Kobayashi
President & CEO

Apr. 1986 Joined the Company
Mar. 1991 Director
Mar. 1995 Executive Director
Jun. 2004 Representative Director and Vice President
Jun. 2007 Representative Director and President (current position)

(Responsibilities) –
(Significant Concurrent Positions Outside the Company) Director of ALBION CO., LTD.



Takao Kobayashi
Senior Executive Director

Apr. 1993 Joined the Company
Jun. 1998 Director
Jun. 2013 Executive Director
Jun. 2014 Senior Executive Director (current position)

(Responsibilities) –
(Significant Concurrent Positions Outside the Company) President & CEO of KOSÉ Cosmeport Corp.



Atsuo Kumada
Senior Executive Director

Apr. 1980 Joined the Company
Mar. 2008 Director and General Manager of Cosmetics Specialty Stores Dept. of KOSÉ SALES CO., LTD.
Mar. 2011 Executive Officer of the Company and Executive Director of KOSÉ SALES CO., LTD.
Mar. 2013 Executive Officer of the Company and Senior Executive Director of KOSÉ SALES CO., LTD.
Jun. 2013 Director of the Company and Senior Executive Director of KOSÉ SALES CO., LTD.
Jun. 2016 Executive Director of the Company and Senior Executive Director of KOSÉ SALES CO., LTD.
Apr. 2019 Executive Director of the Company and President & CEO of KOSÉ SALES CO., LTD. (current position)
Jun. 2019 Senior Executive Director of the Company (current position)

(Responsibilities) –
(Significant Concurrent Positions Outside the Company) President & CEO of KOSÉ SALES CO., LTD.



Masanori Kobayashi
Executive Director

Mar. 2004 Joined the Company
Mar. 2008 General Manager of Corporate Strategy Office of President Office
Mar. 2009 General Manager in charge of Medium-term Strategy of Corporate Strategy Office of President Office
Mar. 2010 General Manager of Global Business Div.
Mar. 2011 Executive Officer and General Manager of Global Business Div.
Jun. 2013 Director and General Manager of Global Business Div.
Jun. 2017 Executive Director and General Manager of Global Business Div.
Mar. 2018 Executive Director (current position)

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



Koichi Shibusawa
Executive Director

Apr. 1984 Joined the Company
Mar. 2008 Chief Director and General Manager of KOSÉ COSMETICS CO., LTD. (CHINA) and Chief Director and General Manager of KOSÉ COSMETICS SALES (CHINA) CO., LTD.
Mar. 2010 General Manager of Accounting and Finance Dept. of the Company
Mar. 2011 Executive Officer and General Manager of Accounting and Finance Dept.
Jun. 2013 Director and General Manager of Accounting and Finance Dept.
Jun. 2018 Executive Director (current position)

(Responsibilities)
President Office, Corporate Strategy Dept., General Administration Dept., Legal Dept., IT Management Dept., Domestic Consolidated Subsidiaries and Associates of the Company, and Risk Management
(Significant Concurrent Positions Outside the Company) Audit & Supervisory Board Member of KOSÉ SALES CO., LTD. Audit & Supervisory Board Member of KOSÉ Cosmeport Corp. Director of ALBION CO., LTD.



Yusuke Kobayashi
Director

Apr. 2000 Joined ALBION CO., LTD.
Sep. 2005 Executive Officer
Sep. 2006 Director
Jun. 2014 Director of the Company (current position)
Apr. 2017 Executive Director of ALBION CO., LTD. (current position)

(Responsibilities) –
(Significant Concurrent Positions Outside the Company) Executive Director, General Manager of Global Business Div. and Administrative Div. of ALBION CO., LTD.



Michihito Yanai
Director

Apr. 1984 Joined the Company
Mar. 2006 General Manager of Planning Dept.
Mar. 2007 General Manager in charge of Marketing Policy of President Office
Mar. 2010 General Manager of Business Strategy Office
Mar. 2011 General Manager of Strategic Brands Div. and SK Brand Div.
Mar. 2015 Executive Officer and General Manager of Strategic Brands Div.
Jun. 2017 Director
Mar. 2018 Director and General Manager of Europe and America Business Div. (current position)

(Responsibilities)
Europe and America Business Div.
(Significant Concurrent Positions Outside the Company) Director (Chairman) of Tarte, Inc. Director (Chairman & Secretary) of KOSÉ AMERICA, INC.



Norika Yuasa
Director (External)

Sep. 2003 Registered as an attorney at law
Aug. 2011 Registered as an attorney at law in New York State
Sep. 2017 Part-time Professor of Waseda Law School (current position)
Jan. 2019 Partner, Miura & Partners (current position)
Jun. 2019 Director of the Company (current position)

(Responsibilities) –
(Significant Concurrent Positions Outside the Company) Partner, Miura & Partners



Yukino Kikuma
Director (External)

Apr. 1995 Joined Fuji Television Network, Inc.
Dec. 2011 Registered as an attorney at law
Joined Law Office of Matsuo & Kosugi (current position)
Jun. 2018 Director of the Company (current position)

(Responsibilities) –
(Significant Concurrent Positions Outside the Company) Attorney at law of Law Office of Matsuo & Kosugi Director and Audit & Supervisory Committee Member, Takihyo Co., Ltd. Outside Director, ALCONIX CORPORATION Outside Director, KITZ CORPORATION



Yuko Maeda
Director (External)

Apr. 1984 Joined Bridgestone Corporation
Sep. 2003 Director of Technology Transfer Center and Intellectual Property Manager of Intellectual Property Right Department of Tokyo Medical and Dental University
Oct. 2009 (Concurrent) Visiting Professor of Tokyo Medical and Dental University
Oct. 2011 (Concurrent) Specially Appointed Professor of Kyoto Prefectural University of Medicine
May 2013 Vice President and Officer of Bridgestone Corporation
Apr. 2014 (Concurrent) Auditor of Japan Agency for Marine-Earth Science and Technology (current position)
Jan. 2017 Director of CellBank Corp. (current position)
Mar. 2019 (Concurrent) Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd. (current position)
Jun. 2020 Director of the Company (current position)

(Responsibilities) –
(Significant Concurrent Positions Outside the Company) Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd. Auditor of Japan Agency for Marine-Earth Science and Technology Director of CellBank Corp.

Audit & Supervisory Board Members



Noboru Matsumoto
Standing Audit & Supervisory Board Member

Apr. 1984 Joined the Company
Mar. 2006 General Manager of Product Supply Management Planning Demand Planning Dept.
Mar. 2007 General Manager of Cosmetaries Planning Dept.
Mar. 2008 General Manager of Sales Planning Dept. of KOSÉ SALES CO., LTD.
Mar. 2011 Chief Director and General Manager of TAIWAN KOSÉ CO., LTD.
Mar. 2013 General Manager of General Administration Dept. of the Company
Mar. 2018 Executive Officer
Jun. 2019 Standing Audit & Supervisory Board Member (current position)

(Significant Concurrent Positions Outside the Company) –



Shinji Tanabe
Standing Audit & Supervisory Board Member

Apr. 1984 Joined the Company
Mar. 2015 General Manager of Technical Research Management Dept. of R&D Laboratories
Mar. 2017 General Manager of Quality Assurance Dept.
Mar. 2019 Senior Chief Manager of Quality Assurance Dept.
Jun. 2020 Standing Audit & Supervisory Board Member

(Significant Concurrent Positions Outside the Company) –



Toru Miyama
Audit & Supervisory Board Member (External)

Apr. 1998 Registered as an attorney at law
Oct. 2006 Established Miyama Law Office (current position)
Jun. 2019 Audit & Supervisory Board Member (current position)

(Significant Concurrent Positions Outside the Company) Attorney of Miyama Law Office



Kumi Kobayashi
Audit & Supervisory Board Member (External)

Mar. 2006 Registered as a certified public accountant
Sep. 2006 Joined GCA Corporation
Mar. 2016 Partner, Sakurai & Co. (current position)
Apr. 2017 Representative Director of Tokyo Athletes Office, Inc. (current position)
Jun. 2019 Director of SPOKACHI, Inc. (current position)
Jun. 2020 Audit & Supervisory Board Member of the Company (current position)

(Significant Concurrent Positions Outside the Company) Partner, Sakurai & Co. Representative Director of Tokyo Athletes Office, Inc. Director of SPOKACHI, Inc.