

Progress Report on KOSÉ Sustainability Plan

KOSÉ Announces Additional Formulation of Long-/medium-term Sustainability Goals and Publishes Eight Items for Clarifying Adaptability

KOSÉ Corporation (President & CEO: Kazutoshi Kobayashi; Headquarters: Chuo-ku, Tokyo) today announced the addition of new long-/medium-term goals related to resource recycling and waste reduction to the KOSÉ Sustainability Plan published in April 2020. The new goals were added to further strengthen the company’s initiatives to help solve the social issues the world is facing. KOSÉ also made an upward revision to its numerical goals for CO₂ emissions reduction. Furthermore, KOSÉ established its unique Adaptability ∞ (pronounced “Adaptability Eight”) concept organized into eight items based on its “Adaptability”^{*1} initiative, which means “ability to adapt to customers,” to clarify the belief of helping each person and not leaving anybody behind. At the same time, KOSÉ published the progress status of its sustainability-promoting activities under various important themes.

*1: Results of Operations Six Months Ended September 30, 2018: https://ssl4.eir-parts.net/doc/4922/ir_material_for_fiscal_ym7/55040/00.pdf



Addressing environmental issues — Formulation of new long-/medium-term goals^{*2}

Currently, as various problems related to the global environment become more evident, such as climate change and waste disposal, the switch to a sustainable society has become essential on a global level. In response, as part of its initiatives under the KOSÉ Sustainability Plan, which summarizes the KOSÉ Group’s sustainability strategy and goals toward 2030 (SDGs), the Group is officially promoting “lowering of the overall environment impact of business operations,” as well as taking climate change initiatives and promoting resource recycling.

In light of the importance of taking steps to recycle resources on a global level, KOSÉ recently formulated new long-/medium-term goals. Furthermore, of the seven types of greenhouse gases causing climate change, KOSÉ has identified CO₂ as one that the Group could be emitting. Therefore, KOSÉ revised the Group’s goal for reducing CO₂ emissions stemming from KOSÉ’s energy and electricity use (SCOPE 1 and 2) from 28% to 35% from a 2018 Base Year, and set a new reduction target of 30% for the Corporate Value Chain (SCOPE 3).

*2: KOSÉ Sustainability Plan, P. 11 : https://www.kose.co.jp/company/en/content/uploads/2021/04/2021kose_sustainability_plan_EN.pdf
 KOSÉ company website “Sustainability”: <https://www.kose.co.jp/company/en/sustainability/plan/goal/>

[New] Waste reduction for the purpose of responsible resource utilization

- At least 20 waste reduction and resource recycling initiatives [Target Year 2030]
- Zero non-recyclable waste [Target Year 2025]

[Addition] CO₂ emissions reduction

- SCOPE 1 & 2 35% reduction in CO₂ emissions (Base Year 2018, total emissions) [Target Year 2030]
- SCOPE 3 30% reduction in CO₂ emissions (Base Year 2018, total emissions) [Target Year 2030]

Creating Beauty in a Sustainable World For People: Status of initiatives for promoting sustainability

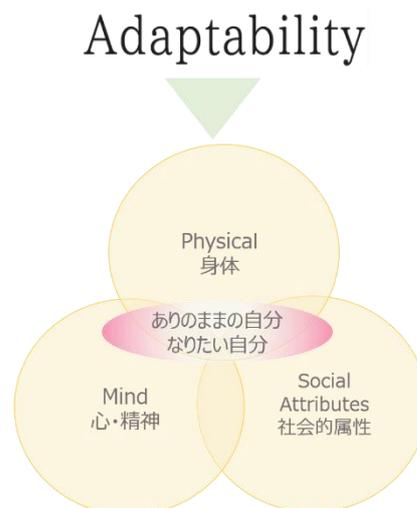
Initiatives for creating adaptable values

In its long-/medium-term enterprise vision “VISION2026,” the KOSÉ Group is promoting the pursuit of beauty in each person. Since its founding, KOSÉ has always valued providing individually tailored beauty as part of its corporate culture, with counseling-based sales activities one of its strengths. In order to stay closer than ever before to a wide variety of customers all over the world, the company condensed its globally and universally applicable “ability to adapt to customers” into the word “Adaptability.” To incorporate this concept into its business activities, such as manufacturing, KOSÉ has recently developed the Group’s unique concept, “Adaptability ∞” (see the figure below), which defines eight items that respect the value of each person.



Adaptability ∞

In formulating “Adaptability ∞,” KOSÉ systematized the diversity that lies at the base of Adaptability from the three viewpoints of “Physical,” “Mind,” and “Social Attributes,” based on a variety of parameters, such as skin color, hair color/quality, personal concerns, physical characteristics including presence or absence of handicaps, sex/gender, geographical/cultural background, and creed. KOSÉ believes that when these viewpoints overlap with each other, one can balance achieving an “ideal self” with one’s “natural self” (see the figure to the right). In the process of creating “Adaptability ∞,” KOSÉ has also converted these conceptual viewpoints into concrete examples.



Three Viewpoints Comprising



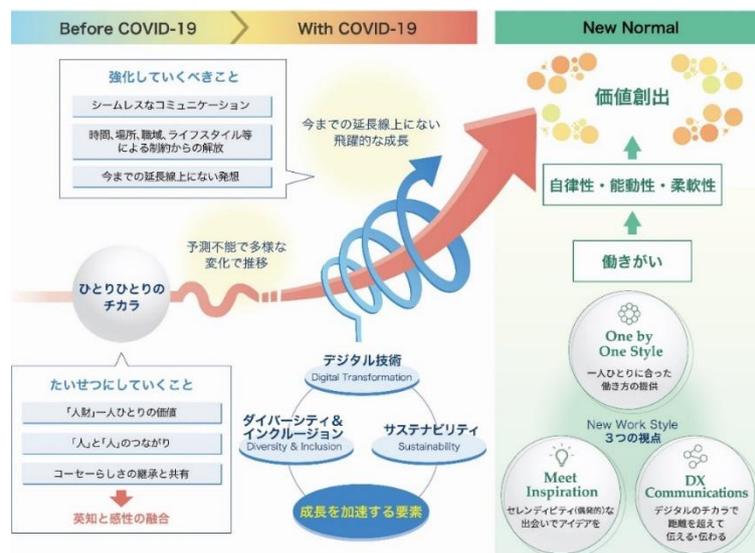
Corporate site “Adaptability”

In FY2021 and beyond, KOSÉ plans to develop ideas for customizable products and new customer interface approaches, using “Adaptability ∞” as the starting point. By capitalizing on its flexible adaptability to provide products and services widely to society that increasingly cater to “individuals,” KOSÉ aims to help create a society in which everyone can live confidently, authentically, and beautifully.

Initiatives for new work style in a new normal society

The KOSÉ Group's statement of purpose is "Create a culture and values embodying a distinctive beauty through a sophisticated fusion of sensuousness and intelligence." To accurately grasp the customer needs that are diversifying along with accelerating globalization, the Group believes it is important to increase the diversity of employees who will be better able to demonstrate sensuousness and intelligence more than before. For this reason, KOSÉ in recent years has been working on cultural reforms to increase diversity and creativity, such as promoting various initiatives by starting up the Job Satisfaction Executive Committee, a company-wide cross-departmental organization.

In 2020, the spread of COVID-19 completely changed the environment surrounding society and corporations, as well as customer contact points and market needs, necessitating a greatly changed work environment. KOSÉ Group considered this acceleration of the speed at which the era is changing to be an opportunity for reform. The Group defined a policy for a new way of working under the new normal with the goal of achieving dramatic growth in an entirely new direction (see the figure below).



Creation of values through a new work style in a new normal society

At the same time, the Group worked to clarify which of its traditional ways needed to be revised and strengthened, and which cherished without change. Furthermore, from the three New Normal Viewpoints (bottom right in the above figure), efforts are being directed at designing a system for flexible work modes, establishing positive work environments, and fostering a corporate culture. One example of these initiatives is the KoCoLabo^{*3}, a multi-purpose space opened inside the Nihonbashi, Tokyo Headquarters in 2020. One of the reasons for setting it up was to develop ideas and create new values through a flexible thinking approach by vitalizing communication and collaboration between in-house and external people.

In the future, KOSÉ plans to take steps to draw out sensuousness and intelligence from its diversified and varied human resources to the maximum extent possible to create new values and further enhance existing values. It will do this through initiatives to offer new values leveraging the knowledge of how to value each individual customer that has been cultivated by beauty consultants as well as office employees. In addition, it will use new communication methods further utilizing digital technology and introduce collaboration measures to achieve this aim.



**Nihonbashi, Tokyo Headquarters
Multi-purpose space (KoCoLabo)**

^{*3} : News release issued on November 27, 2020: <https://www.kose.co.jp/company/ja/content/uploads/2020/11/2020112702.pdf>

Creating Beauty in a Sustainable World

For the earth: Status of initiatives for promoting sustainability

Initiatives for mitigating climate change

• Switching all of the electricity purchased by the Gunma Factory, a main production site, to renewably sourced electricity

■ News release issued on January 12, 2021: https://www.kose.co.jp/company/en/content/uploads/2021/01/20210112_en.pdf

• Acquisition of SBT^{*4} approval from SBTi (Science Based Targets Initiative), an international initiative

^{*4}: Greenhouse gas emissions reduction goals in line with a science-based reduction scenario toward the goal of curbing average global temperature rise to well below 2°C compared to pre-industrial levels, aimed for by the Paris Agreement

■ News release issued on March 31, 2021: https://www.kose.co.jp/company/en/content/uploads/2021/03/20210331_Eng.pdf



Gunma Factory



[Issues for FY2021 and beyond]

• Responding to a survey by CDP^{*5}, an international NGO. (In 2020, KOSÉ was placed on CDP's Climate Change A List.)

• Disclosing information from climate change scenario analysis based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD^{*6})

^{*5} CDP is a non-governmental organization (NGO) whose primary activities are to request companies and municipalities to disclose information related to measures addressing environmental issues, such as climate change mitigation initiatives, based on the demands from institutional investors and main purchasing organizations worldwide that have a high level of interest in environmental issues, to encourage the implementation of environmental initiatives.

^{*6} This Task Force was established by the Financial Stability Board (FSB).

■ News release issued on October 28, 2020 "KOSÉ Supports Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)":

https://www.kose.co.jp/company/en/content/uploads/2020/10/20201028_E.pdf

■ News release issued on December 9, 2020 "KOSÉ Placed on CDP's Climate Change A List":

<https://www.kose.co.jp/company/en/content/uploads/2020/12/20201209en.pdf>

■ News release issued on February 10, 2021 "KOSÉ Acquires CDP's Top Supplier Engagement Rating":

https://www.kose.co.jp/company/en/content/uploads/2021/02/20210212_Eng.pdf

Initiatives for recycling resources and reducing waste

• Operation of the KOSÉ Green Bazaar, a platform for discussing resource recycling with customers



Beginning in April 2021, KOSÉ has been operating the KOSÉ Green Bazaar on a limited-time basis as a place to appreciate and discuss not only the beauty of people, but also the beauty of the earth under the slogan, "Let's think about the beauty of people and the earth!"

The Bazaar is in operation at KOSÉ's concept stores Maison KOSÉ Ginza and Omotesando, as well as on the Maison KOSÉ online website. Customers who participate in activities to learn about the environment are offered opportunities to purchase products that were not sold during the season at discounted prices.

■ KOSÉ website "Maison KOSÉ" is open on a limited-time basis until the end of June: <https://maison.kose.co.jp/site/p/greenbazaar.aspx>

• Start of program to collect empty plastic containers from skin care brand Sekkisei



At its concept store Maison KOSÉ Ginza and 33 AEON and AEON STYLE stores nationwide being operated by the AEON Group, KOSÉ is running a program to collect empty plastic containers from Sekkisei and other products.

■ News release issued on October 28, 2020: <https://www.kose.co.jp/company/ja/content/uploads/2020/10/20201027.pdf>

• Start of providing resources toward recycling cosmetics into paints

KOSÉ began working with MANGATA Corporation, which makes paints from cosmetics, helping to recycle cosmetics into paints.

■ News release issued on March 10, 2021: <https://www.kose.co.jp/company/ja/content/uploads/2021/03/20210310.pdf>



KOSÉ Group's sustainability promotion activities

Since 1991, the KOSÉ Group has been using “Creating Beauty in a Sustainable World” as its corporate message and promoting unique activities to broadly contribute to the resolution of social issues from the two viewpoints of “For people” and “For the earth.” In April 2020, in its long-/medium-term enterprise vision “VISION2026,” KOSÉ officially added “Promoting a sustainability strategy across the entire value chain” as one of its three core strategies. Linked to this, KOSÉ announced the KOSÉ Sustainability Plan, which summarizes the entire Group’s sustainability-related initiatives and goals leading up to 2030. The KOSÉ Group is promoting sustainability activities based on the belief that solving social issues is an essential and important management issue for simultaneously achieving business growth and a sustainable society.

■ KOSÉ company website “Sustainability”: <https://www.kose.co.jp/company/en/sustainability/plan/goal/>

KOSÉ Sustainability Plan

To make the future better for people and the environment, the KOSÉ Sustainability Plan consists of six activity themes designed to make broad contributions from the two viewpoints, “For people” and “For the earth.” Furthermore, positioning its Behavioral Charter “Mind to Follow the Right Path” as the fundamental policy for all corporate activities, the KOSÉ Group has also defined six primary categories for its employees. Through the actions defined in this plan, the KOSÉ Group intends to also help achieve the Sustainable Development Goals (SDGs) defined by the United Nations.



Six activity themes and fundamental policy of the KOSÉ Sustainability Plan

■ Company website “KOSÉ Sustainability Plan”: <https://www.kose.co.jp/company/en/sustainability/plan/>