



TOKIWA

Sustainability Report 2023

TOKIWA Sustainability report



Bringing beauty,
excitement and
joy to the world



Table of Contents

Company Overview

Top message	3
TOKIWA's Progress	4
TOKIWA Value Chain	5
Company/Group Overview	6

TOKIWA Sustainability

TOKIWA Sustainability	8
Materiality identification	9
Efforts to Address Key Issues	10
TOKIWA Strengths	11
External Evaluation, Initiative, Certification and Accreditation	12
Sustainability Promotion Structure	13
Stakeholder Engagement	14

TOKIWA Sustainable Beauty

TOKIWA Sustainable Beauty	16
TOKIWA Sustainable Beauty Activity Indicators	17
Expansion of Clean and Green Beauty Formulation	18
Sustainable packaging	21
Aiming for a Symbiotic Society	23

ENVIRONMENT

TOKIWA Group Environmental Policy	25
Reducing the burden on the environment	26
Environmental Management	29
Initiatives at Group Companies	31
Responsible supply chain	32

SOCIAL

Monozukuri manufacturing safe products	38
Human rights	40
Prohibit forced labor, human trafficking, and child labor	41
Human Resource Development	42
Health and safety	43
Promoting Diversity, Equity & Inclusion	47
Employment and Benefits	50

GOVERNANCE

Corporate governance	52
Compliance	55
Internal control system	57
Information Security	58

APPENDIX

ENVIRONMENT	62
SOCIAL	68

Editorial Policy

With the mission of bringing beauty, excitement and joy to the world, TOKIWA has been working to solve environmental and social issues by placing sustainable beauty (product development that minimizes impact on the human body while continuously reducing environmental impact throughout the supply chain) at the centre of product development and manufacturing since 2020.

The 'TOKIWA Sustainability Report' is compiled to inform our stakeholders of our sustainability initiatives and achievements.

Scope of Coverage

TOKIWA Corp.'s domestic locations are included in the report; some information on TOKIWA Group companies is also included.

Period covered

January 2022 to December 2022

*Some information includes information before December 2021 and after January 2023.

Publication Date

November, 2023

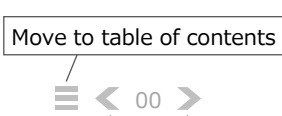

Reporting cycle

Once a year

Reference Guideline

GRI Standard

How to use PDF

<p style="text-align: center;">Navigation button</p>  <p style="text-align: center;">Move to table of contents</p> <p style="text-align: center;">Move one page back Move one page forward</p>	<p style="text-align: center;">Category of contents</p> <p>Click at each tab on upper side of the table of contents and each page to move to the beginning of the article.</p>
<p style="text-align: center;">Link button</p>  <p>Move to the related articles in the report</p>	

Top message

Bringing beauty, excitement and joy to the world



TOKIWA was founded in 1948 in Nakatsugawa City, Gifu Prefecture, surrounded by nature and forests, as a pencil manufacturer. Since then, while consistently engaged in manufacturing products to enrich the lives of consumers, we entered the cosmetics business in 1969 when we began production of eye pencils utilizing our know-how in pencil manufacturing.

Currently, TOKIWA is concentrating its management resources on the cosmetics business, with the mission of bringing beauty, excitement and joy to the world, and aims to enrich the lives of people around the world through the development and manufacture of cosmetics, and to make the world a place full of smiles.

Monzukuri manufacturing that responds to environmental changes

We feel that changes in society and lifestyles are changing the way we perceive cosmetics as a product group, and we are being asked to innovate. It is not only about improving the quality and functions of products as before, but also about the

way we manufacture and sell that makes products which resonate with the people who use them. We believe that our products will enrich people's lives and bring smiles to people's faces.

Of course, it is important to make people feel beautiful, discover a new self, have courage, and smile through the use of cosmetics. However, it is also very important for TOKIWA, as a manufacturer, to contribute to solving environmental issues such as how to reduce CO₂ emissions, in the manufacturing and delivery processes, how to utilize resources effectively, and how to pass on a better environment to the next generation.

As a manufacturing company, business growth and resource consumption are considered to be correlated. We believe that sustainable business growth and addressing environmental issues can be reconciled by accelerating investment in more efficient production models and reducing environmental impact, such as the development and manufacture of refillable products, the development of long-lasting products, recyclable containers, and the use of renewable energy.

Promotion of Sustainable Beauty

TOKIWA's sustainable beauty is a combination of clean beauty and green beauty. This is our effort to minimize the impact on the global environment and human body while improving quality and functionality.

Due to the nature of cosmetics as products that come into direct contact with the skin, care must also be taken regarding ingredients and formulations. In addition to complying with the law, we do not use ingredients that may affect the human body, and we invest in the procurement of safer raw materials. Furthermore, we invest in the procurement of safer raw materials and pay attention to the improvement of the lives of producers of such raw materials.

DE&I as a driving force for business growth

Most users of cosmetics are women, and it is important for women to play an active role in the development of better products and business development. Promoting diversity, equity, and inclusion at TOKIWA in particular will be a driving force for sustainable business growth, and we will simultaneously pursue understanding and promoting DE&I initiatives that transcend gender.

Furthermore, we believe that the development and manufacture of better makeup products and their delivery to people around the world through collaboration with various companies will enable people to become more confident, and to rediscover themselves, which is a major pillar of social contribution that TOKIWA can contribute. More than half of the world's population of over 8 billion people do not use makeup on a daily basis, and we are committed to working together and developing new products with the belief that providing makeup products that are easy to use, convenient, and easy to enhance one's attractiveness will enrich the lives of people around the world and fill the world with smiles.

TOKIWA's mission cannot be realized without the understanding and cooperation of all our stakeholders, including our business partners, suppliers and employees. We hope you will take the time to read this Sustainability Report, and together we can steadily strive for a better future.

Hiroyuki Kanai,
President and CEO

TOKIWA's Progress

Our company, which started out manufacturing pencil shafts, has grown by diversifying into paper manufacturing and other businesses. We entered the cosmetics business in 1969, and since 2009 we have continued to develop as a cosmetics OEM specialist.

The manufacturing technology and spirit that we have cultivated over the years has been passed on to formulation development and container development, and being able to perform these in an integrated manner is one of our strengths.

- Researchers **100+**
- Annual production **100 mil + units**
*TOKIWA global 2022
- Patents **400+**
*In Japan



Tokyo HQ

2009

Transfer of paper manufacturing business
Became a specialist cosmetics OEM



Inauguration of TOKIWA Corporation

1991

Merger of four separate enterprises
Start of TOKIWA Corporation



Automatic grader for shaft plates (TAS-1)

1983

Developed automatic grain grading device for shaft plates.



Paper Manufacturing Nagoya Factory

1965

Groundbreaking of Nagoya Paper Mill



Automatic shaft-making machine No. 1

1954

Development of the automatic shaft making machine



Factory at the time of its establishment



Company Flag of TOKIWA Sangyo Co.

1948

TOKIWA Sangyo Co. established
Manufacture of pencil shaft plates

2003

Kunshan Tokiwa Cosmetics Co., Ltd. (China) established



Kunshan Tokiwa Cosmetics Co., Ltd.

1996

Ochiai Factory established



Ochiai Factory



Nakatsukawa Factory

1980

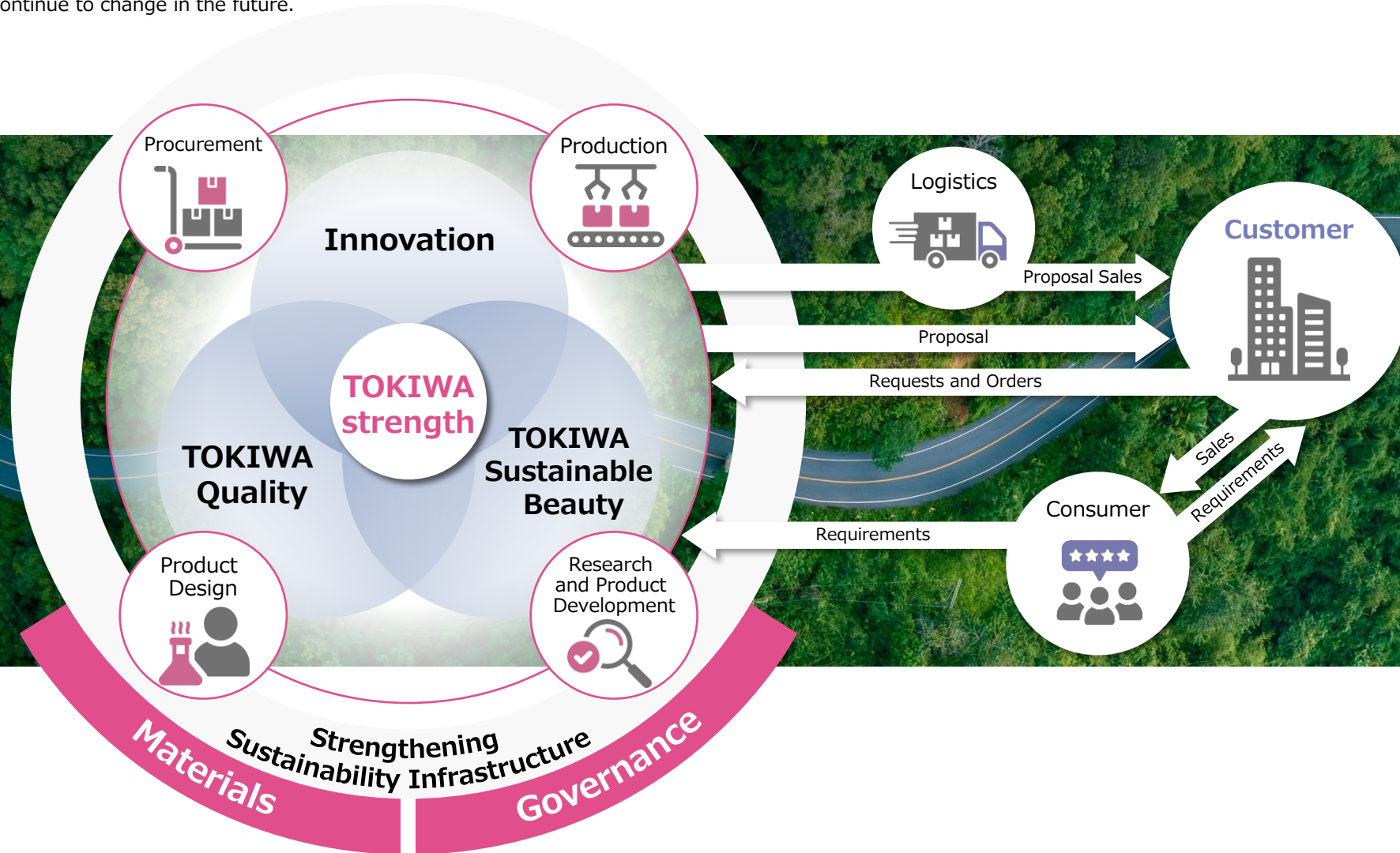
New cosmetics line opens at Nakatsugawa Factory.

1969

Cosmetics division opened in Tokyo

TOKIWA Value Chain

The TOKIWA Group captures the desires and needs of our customers and the consumers beyond them. By maximizing our strengths, we are building a value chain that deliver on the mission of Bringing beauty, excitement and joy around the world. We will continue to promote sustainability in our value chain, aiming to create both social and economic value, in order to contribute to solving social and environmental issues that will continue to change in the future.










Company/Group Overview







Trade name	TOKIWA Corporation
Date of Establishment	July 23, 1948
Head Office Location	1-9-5 Oji, Kita-ku, Tokyo
Representative	Hiroyuki Kanai, President and CEO
Capital	76.70 million yen
No. of employees	862

TOKIWA Group, Inc. 6 companies

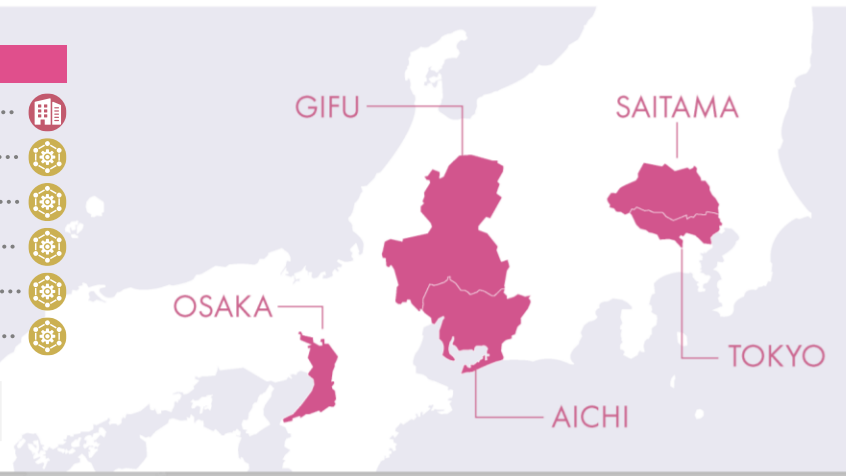
Japan facilities	2 companies	Group Companies	4 companies
	(Production facilities: 7 locations)		(Production facilities: 2 locations)

as of December 31, 2022






- TOKYO** Tokyo HQ 
- OSAKA** Osaka office 
- AICHI** Nagoya office 
- SAITAMA**
- Global technology centre 
- Global logistics centre  
- SONAX Corporation 

- GIFU**
- Nakatsugawa Head Office 
- Nakatsugawa factory 
- Ochiai factory 
- Mizunami factory 
- Toki factory 
- Komanba factory 

Office  Research centre  Production facility 



CHINA

- Kunshan Tokiwa Cosmetics Co., Ltd.   
- Shanghai office 
- Guangzhou office 


PHILIPPINES

- TOKIWA Subic Corporation 

USA

- TOKIWA COSMETICS INTERNATIONAL  

FRANCE

- TOKIWA-C.M.C EUROPE INC. (PARIS OFFICE) 

TOKIWA Sustainability



TOKIWA Sustainability

TOKIWA is committed to Bringing beauty, excitement and joy to the world by becoming a truly sustainable company that balances business growth and social contribution through being environmentally friendly and being people friendly

Based on this concept, we aim to realize a sustainable society and enhance our corporate value by identifying materiality issues, setting targets, and promoting initiatives.



Mission

Bringing beauty, excitement and joy to the world.

2030 vision

To become a truly sustainable company that balances business growth with social contribution

- The first choice for customers of prestige and masstige colour cosmetics.
- To be the best partner for all stakeholders, including customers, suppliers, employees, and shareholders
- Recognized internally and externally as a manufacturing company that is friendly to people and to the earth

Key issues

Environmentally friendly

- Integrated development of sustainable formulations/containers
- Sustainable Procurement
- Reduction of CO₂ emissions over the entire life cycle

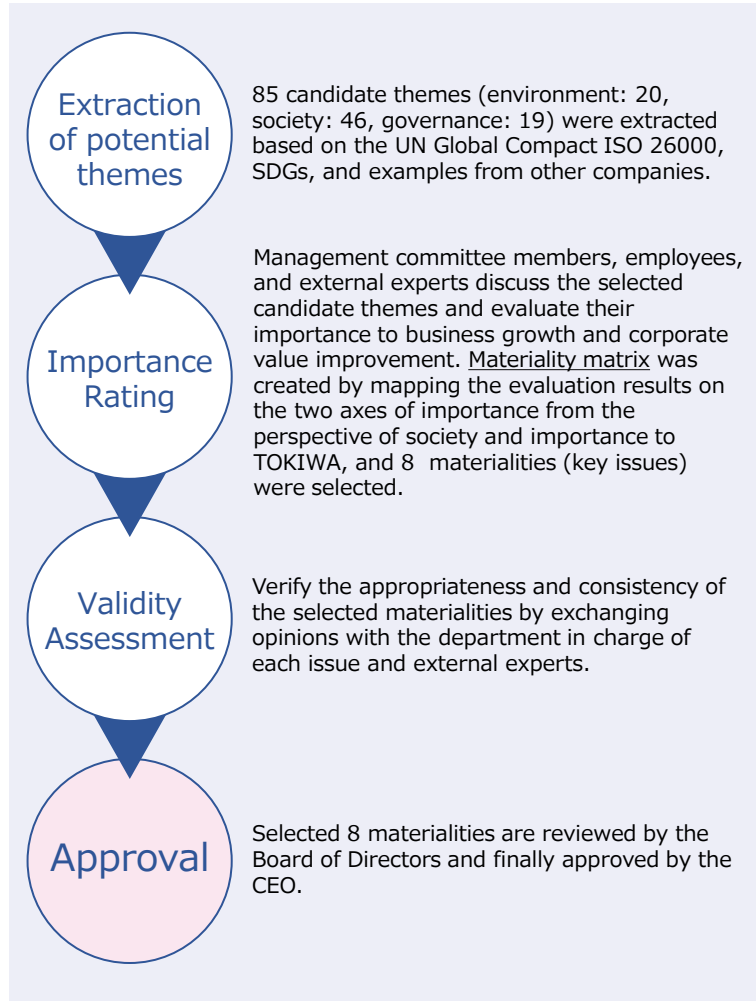
People friendly

- Diversity, Equity and Inclusion
- Human Resources Training & Development
- Partnership-based value creation
- Generate continuous innovation, improve technological capabilities
- Ensure product safety and security

Materiality identification

Materiality (key issue) Identification Process

With environmentally friendly and people friendly as the main pillars of TOKIWA's sustainability, we conducted a materiality analysis based on the importance of material issues from a social perspective, which considers our responsibility as a manufacturing company to address global environmental and social issues, and importance to Tokiwa, which considers business impact and our commitment to corporate growth.

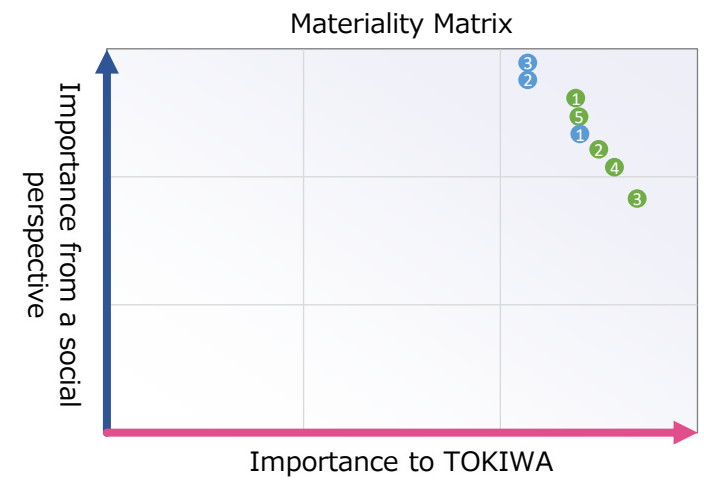


Environmentally friendly Reduce environmental impact and coexist in harmony with nature

- ① Integrated development and of sustainable formulations/containers
- ② Sustainable procurement
- ③ Reduction of CO₂ emissions over the entire life cycle

People Friendly Fulfilment of Social Responsibility

- ① Diversity Equity & Inclusion
- ② Human Resources Training and Development
- ③ Partnership-based value creation
- ④ Generate continuous innovation, improve technological capabilities
- ⑤ Ensure product safety and security



















Efforts to Address Key Issues

At TOKIWA, each department sets specific targets for initiatives based on the identified materiality.

To achieve this goal, we make decisions as necessary to allocate management resources in a focused manner, and we promote this through ESG projects and sustainable beauty projects.

Each of these efforts will also contribute to the SDGs, and the entire company will work together to take on the daily challenge of becoming a company that balances business growth with social contribution.

Classification	Materiality (Key Issue)	Goals (actions to be taken)	KPI			SDGs to be addressed
			2023	2027	2030	
Environmentally Friendly Reduction of environmental impact and coexistence with nature	Integrated development of sustainable formulations/containers	① Promote commercialization of clean beauty formulations (Percentage of new products supported each fiscal year) ② Promote adoption of 3R containers	① 63% ② 32.5%	① 80% ② 40%	① 90% ② 45%	  
	Sustainable Procurement	① Use of RSPO-certified palm oil-derived raw materials ② No procurement of raw materials using mineral resources mined in conflict areas ③ Procurement of raw materials in compliance with REACH regulations	① 80% ② Continue to maintain zero procurement ③ Maintain and continue compliance	① 85% ② Continue to maintain zero procurement ③ Maintain and continue compliance	① 90% ② Continue to maintain zero procurement ③ Maintain and continue compliance	  
	CO₂ emissions over the entire life cycle volume reduction	CO ₂ emission reduction (vs. 2019 Scope 1 and 2*)	20%	28%	55%	
People friendly Fulfillment of Social Responsibility	Diversity Equity & Inclusion	Increase the percentage of women in management positions	Female managers: 7%	Female managers: 20%	Female managers: 30%	  
	Human Resources Training and Development	Company-wide education and training program Development and deployment of the TOKIWA Campus	<ul style="list-style-type: none"> Establishment of training system Introduction of e-Learning Establishment of production training system Next Generation Leader Training 	Development of departmental and hierarchy-specific training content development manuals and training tools	TOKIWA Campus training system completed and in-service	
	Partnership-based value creation	Positioning partnerships between companies as part of our development strategy with domestic and international partners, and providing products that delight our customers through synergy effects. (Promote joint development with partner companies)	Number of joint development projects: 2/year	Number of joint development projects: 4/year	Number of joint development projects: 5/year	
	Generate continuous innovation, improve technological capabilities	Clarify development projects and take advantage of the characteristics of formulations and containers to simultaneously develop and create unique innovation items (Patenting Innovation)	Number of patent and other applications: 20/year	Number of patent and other applications: 20/year	Number of patent applications: 30/year	  
	Ensure product safety and security	Keep serious problems at zero	0/year	0/year	0/year	

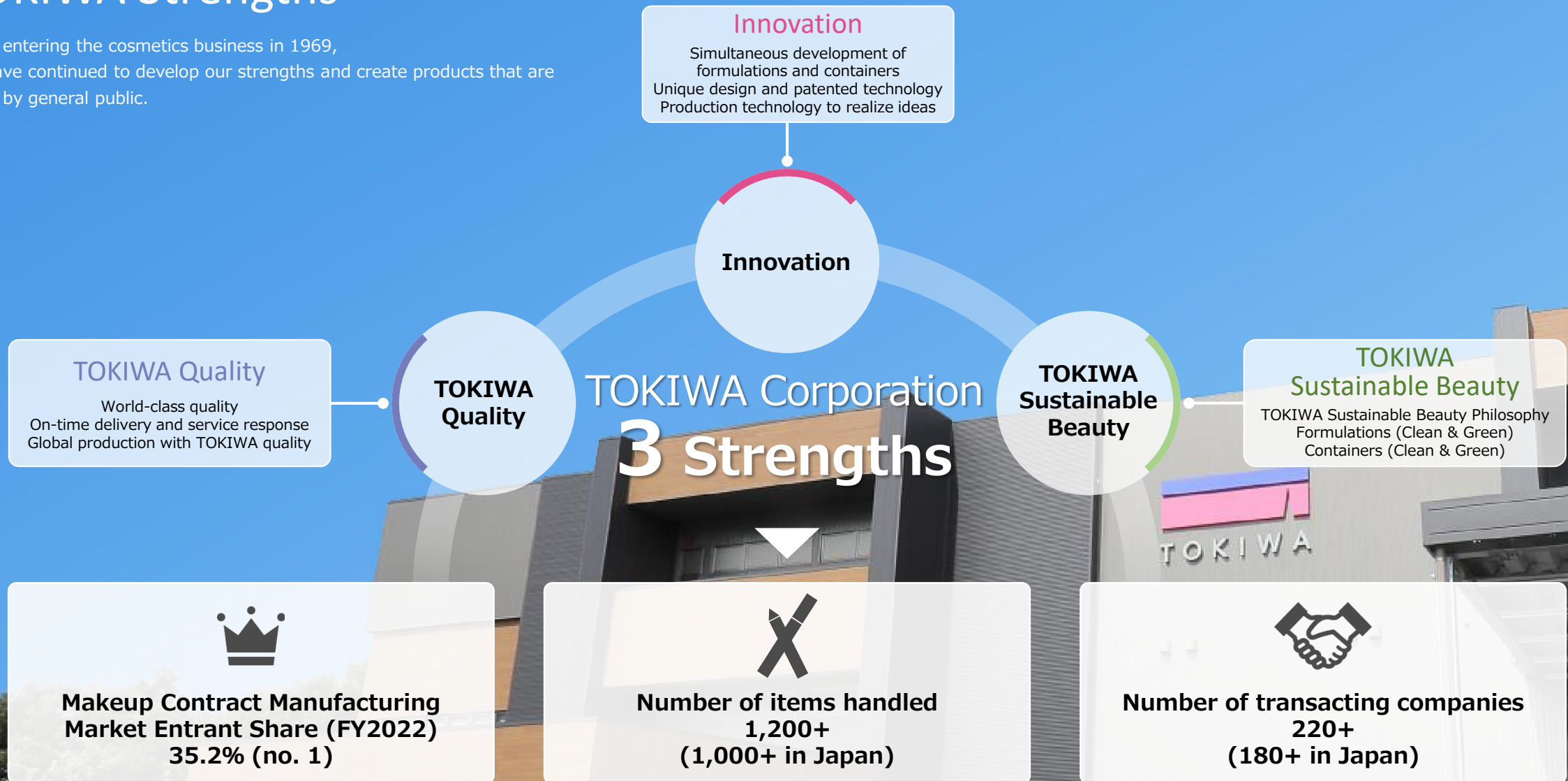
* Scope of Greenhouse Gas (GHG) Emissions

Scope 1: Direct emissions from own fuel use and industrial processes

Scope 2: Indirect emissions from the use of electricity and heat purchased by the company

TOKIWA Strengths

Since entering the cosmetics business in 1969, we have continued to develop our strengths and create products that are loved by general public.



* Source: Yano Research Institute 2023
Cosmetics Contract Manufacturing, Containers and Ingredients Market
Outlook and Strategy

External Evaluation, Initiative, Certification and Accreditation

As of April 30, 2023,

TOKIWA is working toward its vision of 2030, to be a truly sustainable company that balances business growth with social contribution, in order to realize its mission of bringing beauty, excitement and joy to the world.

We promote sustainable business activities by endorsing external evaluations and initiatives, obtaining the relevant certifications, and contributing to sustainable society by manufacturing cosmetics.

In this context, we received an A- rating in 2022 Climate Change from CDP, an international non-profit organization, and were selected as a 2022 Supplier Engagement Leader.

In April 2023 we joined the United Nations Global Compact, which is recognized as a universal value, to fulfil our social responsibility in corporate activities based on the ten principles in the four areas of human rights, labour, environment, and anti-corruption, as advocated by the United Nations.



2022 CDP Climate Change Report A-
2022 Supplier Engagement
Leader Selection



EcoVadis
Bronze Certification



The mark of
responsible forestry
FSC®CoC Certification



9-3473-19-100-00
RSPO Associate Member
Supply Chain Certification



WE SUPPORT
April 2023
Joined the United Nations
Global Compact



EMS
JIS Q 14001
JSAE 403
Certification obtained at TOKIWA
Ochiai Factory



IS 759490 / ISO27001
* Scope of application: International Sales
Division, Information Systems Department

Sustainability Promotion Structure

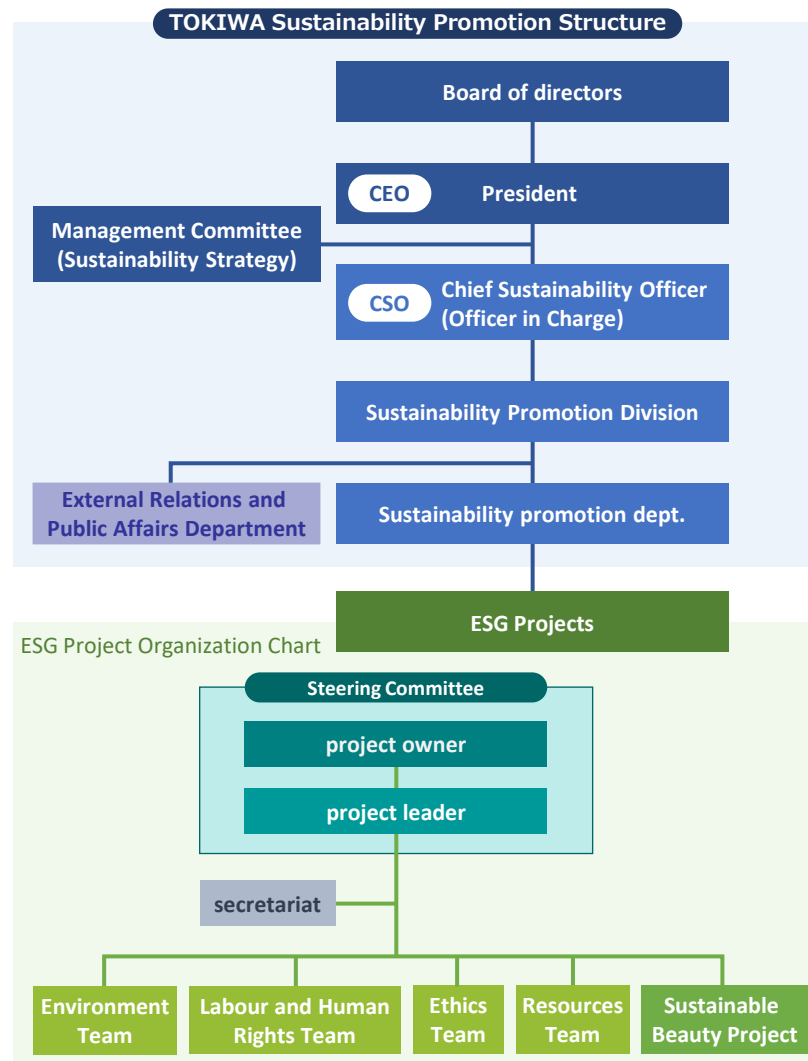
TOKIWA Sustainability Promotion Structure

TOKIWA formulates sustainability strategy, including materiality issues and contributions to a sustainable environment and to society, and discusses its progress at the Management Committee chaired by the CEO. The contents of these reports are reported to the Board of Directors to oversee execution.

To promote sustainability activities, a Chief Sustainability Officer (CSO) has been appointed and given responsibility and authority for sustainability activities throughout the TOKIWA Group. Under the CSO's direction, the Sustainability Promotion Division is responsible for execution of operations related to promotion, disclosure and spreading the news throughout the company.

As a specific promotion activity, we have organized the ESG Project, and each team (Environment Team, Labour & Human Rights Team, Ethics Team, and Procurement Team) is responsible for objectively evaluating and identifying problems from an ESG perspective and promoting improvements.

In addition, we believe that it is essential to promote sustainability by working on CSV (Creating Shared Value) and advancing research and development while being conscious of our contribution to the SDGs. The Sustainable Beauty Project manages these development efforts, targets and achievements, shares them within the company, and promotes them as important measures at the centre of our management plan.



Message from the Chief Sustainability Officer

We contribute to the realization of a sustainable society by manufacturing products that are friendly to people and the environment.

In the market environment, people's views and values are diversifying amidst rapid changes in lifestyles, and the traditional uniform concept of affluence and happiness is becoming increasingly diversified.

In line with its corporate mission, Bringing beauty, excitement and joy to the world, TOKIWA is committed to becoming a truly sustainable company that balances business growth and social contribution, placing sustainability at the centre of corporate management and aiming to realize a sustainable society through manufacturing that is friendly to people and the environment before the year 2030.

We are accelerating sustainability actions through our business activities in collaboration with stakeholders in the value chain, as well as with regional offices and corporate divisions within the Group.

Under the leadership of our Chief Clean Beauty Officer in 2020, we have placed sustainable product development at the centre of our product development strategy and have fully launched actions to deliver sustainable products through our core technologies. In 2021, the Chief Clean Beauty Officer will be renamed Chief Sustainability Officer and a new Sustainability Promotion Department will be established to deliberate and manage sustainability-related issues for the entire TOKIWA Group in a professional manner, thereby further strengthening the promotion structure throughout the company and speeding up the process of ESG-conscious management.

We will continue to seize the rapid changes in the world and strive to create social value and solve social issues through our core business.

Chief Sustainability Officer Senior Vice President Masaharu Ichioka

Stakeholder Engagement

TOKIWA considers its employees, shareholders, customers, suppliers, industry associations, and local communities to be particularly important stakeholders. By engaging in dialogue, collaboration, and mutual understanding with our stakeholders, we hope to realize our mission, Bringing beauty, excitement and joy to the world and contribute to the realization of a sustainable society.



TOKIWA

Sustainable Beauty



TOKIWA Sustainable Beauty

Through the Sustainable Beauty Project, TOKIWA promotes the development of sustainable products that are friendly to people and the environment.

In research and development, we believe it is important to work toward solving issues one step at a time, day by day. We define TOKIWA Sustainable Beauty as an all-encompassing definition of a formulation or container that meets the criteria for being friendly to people and the environment. Even if only one of its formulations or containers is so.

In this context, we also consider environmental issues that may affect not only those who use cosmetics but also many other people as TOKIWA Green Beauty, if even one of these criteria is met.

TOKIWA Clean Beauty is the most stringent definition of people- and eco-friendly TOKIWA Sustainable Beauty. This is because it falls under all of the clean formulation standards established by cosmetics specialty stores and cosmetics manufacturers, which are becoming stricter every year. This also falls under our own standards (TOKIWA Clean Standards), which we pioneered in anticipation of the global market a few years later.



[Trademark applied for]

TOKIWA Clean Standard Logo Mark



TOKIWA Sustainable Beauty Activity Indicators

Sustainability Activity Target Values and Achievement Rates

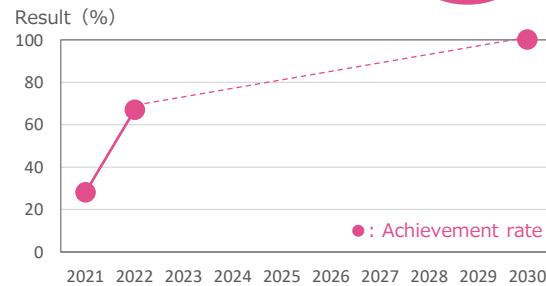
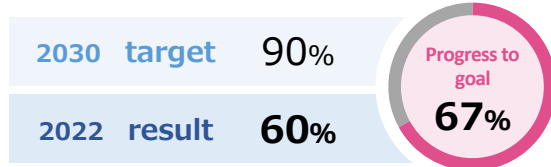


Clean formulation

Percentage of clean formulations newly registered

Target Details

Percentage of clean beauty formulation products that are generally defined in Europe and in the US out of the total number of TOKIWA formulation products

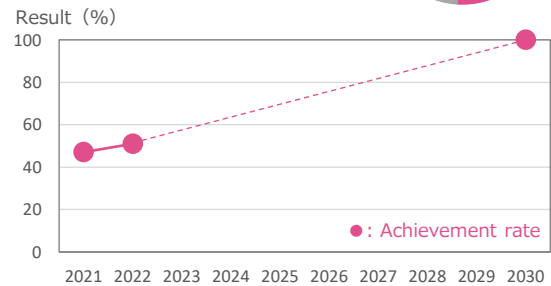
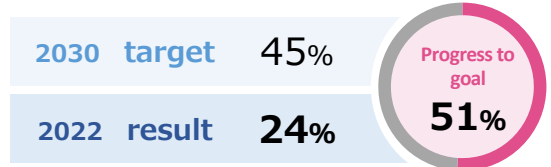


3R containers

3R container *1 product shipment ratio

Target Details

Percentage of total shipments accounted for by shipments of 3R products



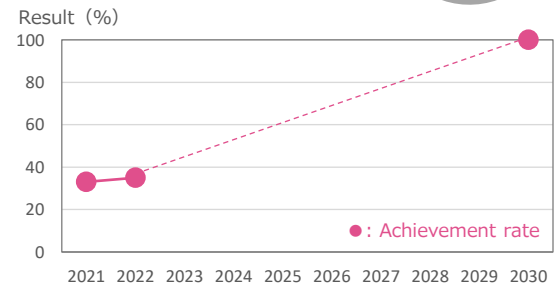
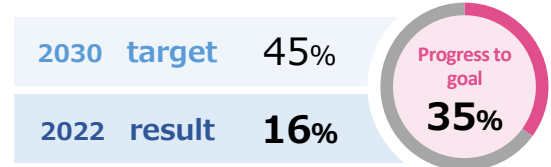
*1 3R(Reduce, Reuse, Recycle) Products that fall under the definition of container products

Reducing regulated plastics

Regulated plastics *2 reduction ratio

Target Details

Percentage reduction in overall plastic use by replacing regulated plastics and increasing refills, etc.



*2 What is Regulated Plastics: Europe, etc. Styrenic resins such as ABS, POM resins, etc., which are increasingly regulated

Expansion of Clean and Green Beauty Formulation

Through Sustainable Beauty, we promote the development of people- and environment-friendly formulations and deliver products that consumers can use with peace of mind.

Talc-free

Talc may contain asbestos, a carcinogen. When we use talc, we make sure that it does not contain asbestos, but we also offer a range of talc-free formulations to make consumers feel more comfortable using talc.

GMO-free

Many uncertainties still remain regarding the safety of genetically modified plants. As we actively use plant-derived raw materials, we refrain from using raw materials that may be contaminated in order to reduce consumer concerns.

GMO: Genetically Modified Organism

PEG-free

Although we meet safety standards for the use of PEG, we are considering formulations that minimize the use of PEG in order to address concerns about impurities it may contain.

PEG: Polyethylene Glycol

Nano-free

Nano raw materials (e.g., fine-particle titanium dioxide, fine-particle zinc oxide) are widely used because of their high UV scattering effect and transparency. Although its safety has been confirmed in various studies, there are some concerns in the United States and Europe. In order to make the products safer to use for consumers around the world, we are working to develop formulations that use UV scatterers with large particles and maintain their functionality.

Silicone-free

Silicones, which are used in many cosmetics, are said to be materials with low environmental impact due to their low dependence on petroleum resources. However, since they do not decompose in the natural environment and their long-term effects have not been elucidated, we are working to refrain from using volatile cyclic silicones and other silicone compounds in general.

Preservative-free

Cosmetics widely and generally contain preservatives such as parabens and phenoxyethanol. We are considering preservative-free formulations for more safety and people-friendly products.

Cruelty-free ^{*1}

For many cosmetics, so-called animal testing, in which ingredients and final products are administered or applied to animals, has been widely conducted to confirm their safety and efficacy on the human body.

Currently, some countries and states in the U.S. and Europe have laws and regulations that prohibit animal testing. From the viewpoint of animal protection, we are working on formulation development by adopting raw materials and ingredients that are not tested on animals.

^{*1} From raw materials to development, manufacturing and product distribution no animal testing in any process.



Expansion of Clean and Green Beauty Formulation

We are actively promoting people- and earth-friendly formulation development.

UV absorber free

In recent years, studies have shown that UV absorbers such as oxybenzone and octinoxate have a negative impact on marine life and coral reefs. They are said to be one of the causes of coral reef bleaching phenomena and genetic damage to marine organisms.

To protect the marine environment, we are working to develop formulations that do not contain these ingredients.



Microplastic-free *1

With regard to microplastics, which are believed to lead to marine pollution, the manufacture, import, and sale of products that contain microbeads and can be washed away with water have been banned in the United States and Europe.

The Japanese cosmetics industry has also been promoting self-imposed restrictions on the use of these substances in facial cleansing and other wash-off products.

Our mainstay makeup cosmetics contain many ingredients made from microplastic materials, such as feel-improving agents and lame agents, and we are working to develop formulations for all makeup cosmetic items (foundations, lipsticks, etc.) that contain less microplastic materials.

*1 Microplastics: Solid plastic particles consisting of mixtures of polymers and functional additives of 5 mm or less.



Compliance with REACH regulation *1

To protect against the effects of chemical on human health and the global environment, we have adopted raw materials and ingredients that comply with the REACH regulation and are developing formulations containing them.

*1 A contraction of 'Registration, Evaluation, Authorisation, Restriction and Chemicals', this is European legislation on chemical management.

SVHC not used

SVHC is a substance subject to authorization listed in Annex XIV of the REACH regulation (Substances of Very High Concern).

TOKIWA uses raw material ingredients that do not contain these substances of very high concern.

Compliance with Prop65

Prop 65, officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986, is a California law enacted in November 1986.

The State of California compiles a list of CHEMICALS that are known to cause cancer and reproductive abnormalities. As of 2020, there are over 1,000 chemicals on the list, and the list is constantly being updated. At TOKIWA, formulations are being developed in compliance with Prop65.

Use of RSPO SC certified oil

To protect the natural environment, TOKIWA prioritizes the use of ingredients (raw materials) manufactured with RSPO-certified oils that are well controlled.

Expansion of Clean and Green Beauty Formulation

Examples of products developed



Botanical Lush Lip

Botanical Gloss Lip Stick

- Natural origin index **100** * ISO 16128 compliant
- Contains glossy oil for a lustrous sheen
- Excellent stability



Carbon black free black liquid eyeliner

Carbon Black Free Black Liquid Eyeliner

Realized by developing TOKIWA's original slurry!

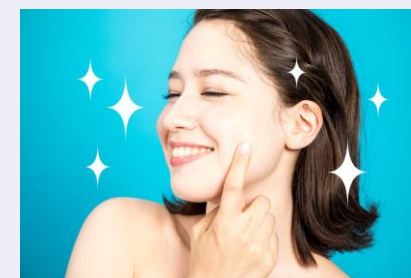
- Ultra-matte finish
- Matte finish despite being carbon black free
- Long-lasting, deep tints
- Smoothly draws uninterrupted lines.



Cleansing balm born of nature

Natural Cleansing Balm

- Natural origin index **100** * ISO 16128 compliant
- Clean cleansing balm from nature
- Clean cleansing with **vegetable oil**
More than 57% of the oil composition consists of vegetable oils



Sustainable packaging (containers with consideration of reduced environmental impact, safety, etc)

Expansion of 3R products

To realize a sustainable society, we are taking actions with the 3Rs (Reduce, Reuse, Recycle) of containers and packaging in mind.

Reduce – we are developing containers made of other materials (wood, paper, metal) and biomass plastics to reduce plastic use, as well as long-use containers that can be used longer than usual.

Reuse – we are expanding our refill products so that the main body can be reused.

Recycling – we have experience with products using recycled materials (PCR and PIR materials), and have developed and delivered products that are easier to recycle with a single material (mono-material).



3R » Reduce

suppression of outbreak

- Plastic reduction (wood, paper, metal)
- Reduction of petroleum-derived plastics (biomass plastics)
- Refillable (long-use, visualization of remaining volume)

Reuse

reuse

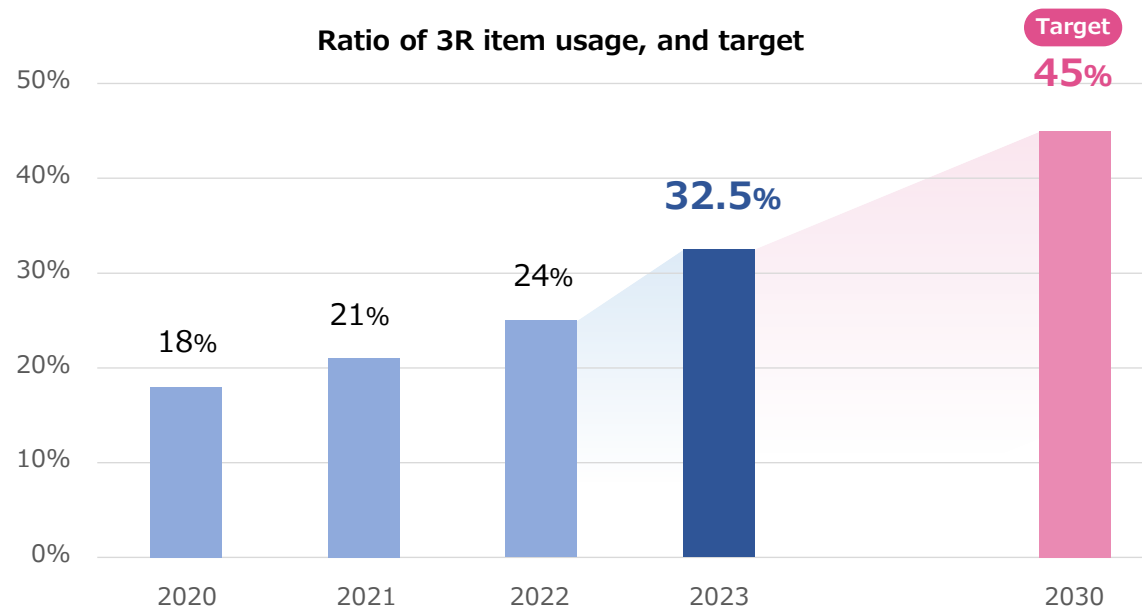
- Refillable (long-use, visualization of remaining volume)
- Refillable (customized)

Recycle

recycling

- Use of recycled materials (PCR, PIR)
- Single material products (mono-material)

Ratio of 3R item usage, and target

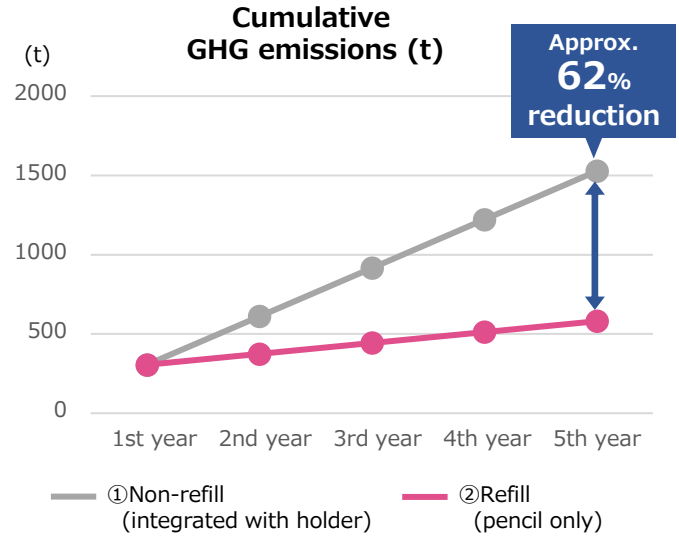


Example of refill type pencil

Sustainable packaging (containers with consideration of reduced environmental impact, safety, etc)

Expansion of 3R products – Reuse (Refill)

TOKIWA has long specialized in refill-type products. Refill products have been shown to reduce GHG (greenhouse gas) emissions compared to non-refill products based on LCA (Life Cycle Assessment) verification results.

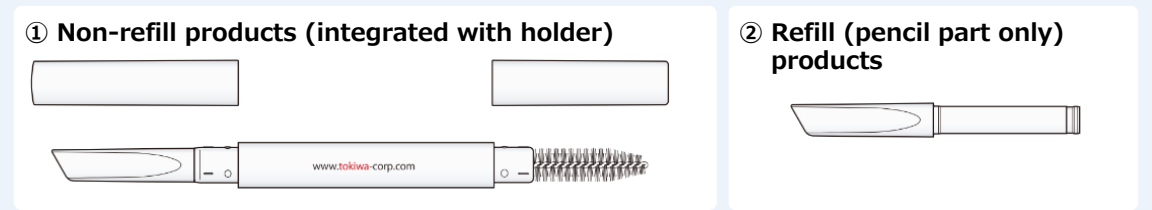


Safety Considerations

In consideration of safety, materials used for containers are checked for compliance with REACH (EU Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals), FDA (U.S. Food and Drug Administration), Prop 65 (U.S. Environmental Protection Agency, Office of Toxic Substances

Control) and other regulations depending on the situation.

In addition, in selecting materials, we are moving away from materials of concern in consideration of their impact on the human body. (Details P.33)



<p>① Non-refill products (integrated with holder)</p> <p>Container Specifications</p> <p>Decoration</p> <p>Product strength</p> <p>Delivery to</p>	<p>② Refill (pencil part only) products</p> <p>Dispensing eyebrow pencil</p> <p>UV coating and printing on holder exterior parts</p> <p>500,000 units per year</p> <p>EU Export Estimated annual usage quantity:</p> <p>① Non-refill: 500,000 units/year</p> <p>② Refills: 500,000 units of main body/ first year + 500,000 units of refills/every year)</p>
---	---

* For the above conditions, in the case of ② the refill section only, the annual GHG emissions are 68.9 tons vs. ① In the case of non-refill type, the amount of emissions is 305.5 tons, which means that emissions can be reduced by approximately 77% when used repeatedly from the second time onward.

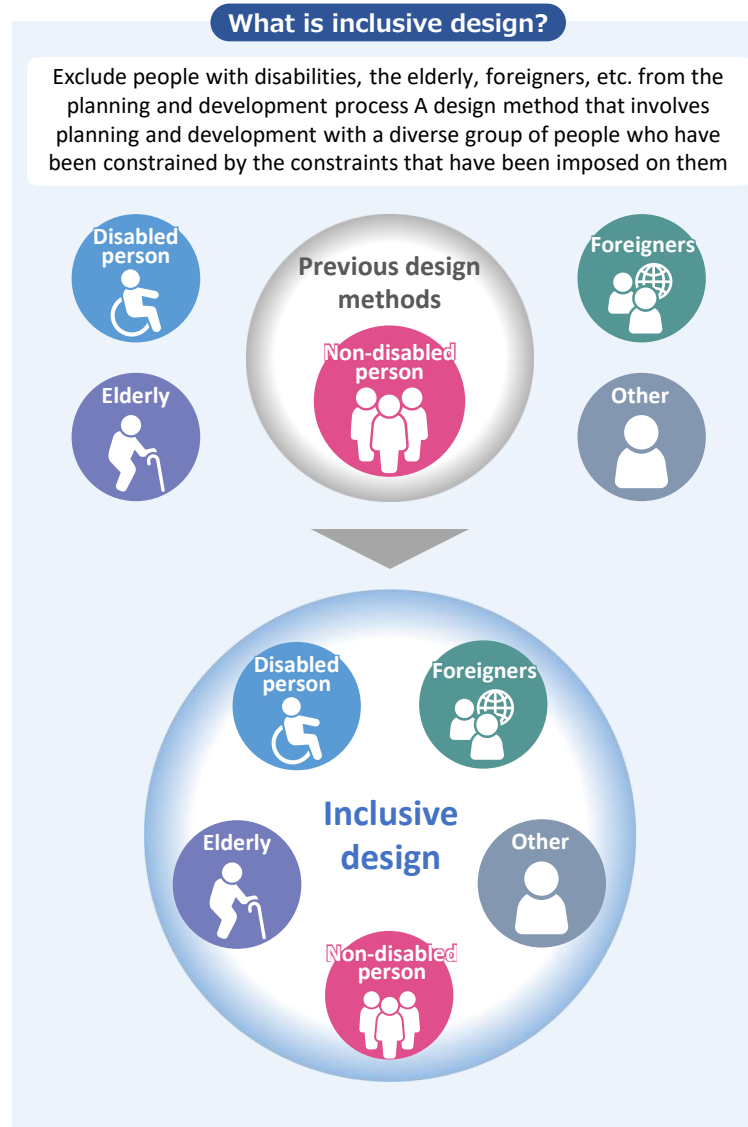


Aiming for a Symbiotic Society

Inclusive Design Initiatives

Our specialty, colour makeup, has focused on the pursuit of one's own beauty after makeup is applied, based on the premise that one does one's own makeup. We would like to collaborate in the development of products that are easy to use for people with disabilities, the elderly, and others who have difficulty applying makeup by themselves, in terms of both prescriptions and containers, which are our strengths, in the hope that more people around the world will experience beauty, excitement and joy and lead more fulfilling lives.

As part of this effort, from 2023 we first began meeting Disabled people to develop the product.



Development of colour cosmetics with disabled people

- Step 1** Understand what conditions and situations occur when people with disabilities are excluded.
- Step 2** Design with input from and together with people of various demographics as much as possible.
- Step 3** Enables diverse users to choose the best method for their situation.
- Step 4** So that the user gets as comparable an experience as possible.

Meeting where disabled people can touch the prototype



ENVIRONMENT



TOKIWA Group Environmental Policy

Environmental Policy

In accordance with TOKIWA's basic philosophy on the environment, we recognize that global conservation is one of the issues common to all humankind, and we regard harmony with the environment as one of the most important management issues, and promote continuous improvement of the environment with the participation of all employees.

Concept of Environmental Burden Reduction

The effects of climate change, including extreme weather events, are becoming more severe every year. In addition, we recognize that preservation of biodiversity and effective use of resources are common issues worldwide, and we have set reduction of CO₂ emissions, reduction of water consumption, and reduction of waste as priority actions while aiming for carbon neutrality by 2050.

1. Reduction of CO₂ emissions

- **Reduction of CO₂ emissions from energy consumption (Scope 1 and Scope 2)**
To reduce CO₂ emissions from electricity and fuel used in business activities, We promote the use of renewable energy through the purchase of free electricity and the introduction of solar power generation.
- **Increased energy efficiency**
Efforts will be made to improve energy efficiency through building insulation design and the selection of energy-efficient equipment and facilities.
- **Reduction of indirect CO₂ emissions from the value chain (Scope 3)**
We will also work with each stakeholder to reduce CO₂ emissions related to the value chain of products and services, including the manufacture of raw materials, shipping and transportation, and use of sold products.

2. Reduction of water consumption

- In light of the importance of water resource management in cooperation with stakeholders, we will promote sustainable use of water resources by striving to understand the water cycle and the environment in the basin, reduce water consumption, use water effectively, and thoroughly manage water quality.
- We will not only comply with laws and regulations, but also encourage everyone, including employees, to contribute to reducing water consumption, while respecting the healthy water cycle in the water system, the unique local culture related to water, and water and sanitation.

3. Waste reduction

- In order to use limited resources carefully, we aim to support our customers' decarbonisation and provision of products that comply with laws and regulations by providing total services ranging from development of low-carbon cosmetics to development of cosmetic containers and promotion of 3R (Reduce, Reuse, Recycle).
- We will strive to comply with the laws and regulations governing waste management in each country and region, optimize the use of resources throughout the value chain, and reduce the generation of waste.

Reducing the burden on the environment

Decarbonisation Initiatives

In addition, the world is paying attention to decarbonisation and fossil-derived raw materials as environmental countermeasures against climate change and other environmental issues, and laws and regulations are being tightened. We recognize that solving these environmental and social issues is an important management issue, and we are taking the following concrete measures to mitigate risks and seize opportunities.

- The company has been reducing CO₂ emissions by switching to CO₂-free electricity at domestic production sites
- The company will invest a cumulative total of approximately 100 million yen from 2021 to 2026 to support the decarbonisation of the commissioned companies, from the development of low-carbon cosmetic formulations to the development of cosmetic containers* and the promotion of the 3Rs (reduce, reuse, recycle) in material procurement.


*Containers for makeup cosmetics using PS (polystyrene)-free, refill, recycled materials, mono-materials, wood FSC® certified, sustainable packaging materials in wood

- Palm oil consumption in the world is expected to triple by 2030 from 2010 levels, and there are concerns about deforestation and supply instability due to development for palm oil production. To prevent these problems, we are promoting the switch from conventional palm oil to certified sustainable palm oil.



Changes in Evaluation Results by CDP

	2019	2020	2021	2022
Climate Change Assessment	C	B	B	A-

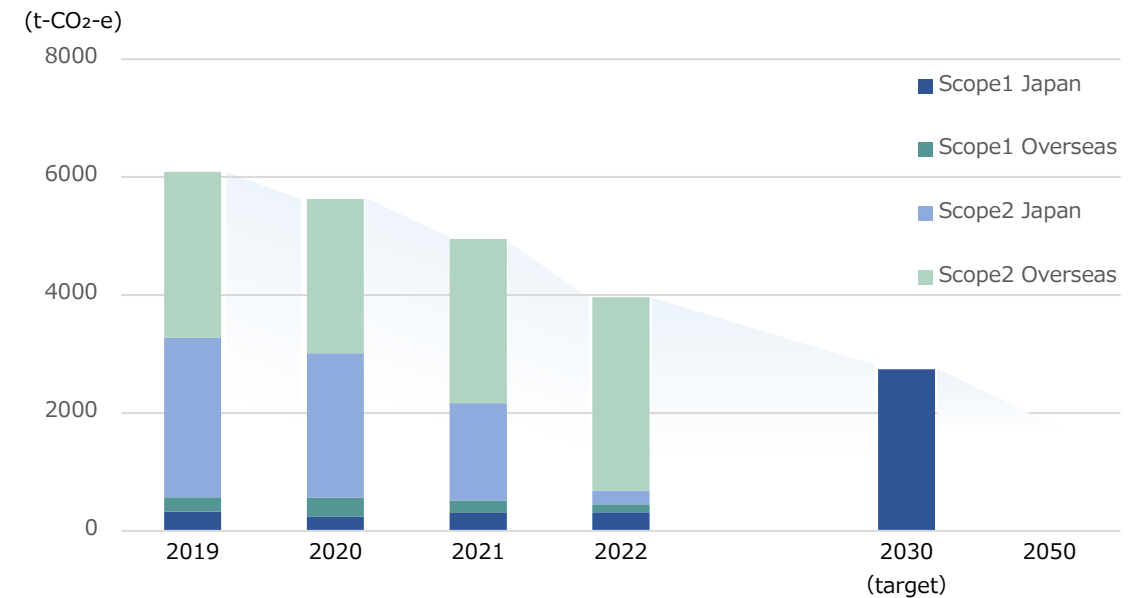


Reduction of CO₂ emissions from energy consumption (Scope 1 · Scope 2)

TOKIWA is committed to reducing CO₂ emissions from electricity and fuel used in its business activities. As part of this effort, we use renewable energy in our factories, offices, and other facilities and constantly promote energy efficiency.

		(t-CO ₂ -e)			
Scope	Base region	2019	2020	2021	2022
Scope1	Japan	326	245	305	315
	Overseas	247	320	210	136
	Total	574	565	515	452
Scope2	Japan	2,707	2,447	1,653	233
	Overseas	2,809	2,615	2,784	3,278
	Total	5,516	5,062	4,437	3,511

Carbon neutrality initiatives (Scope 1 and 2)
Scope 1 · 2 Emission Trends



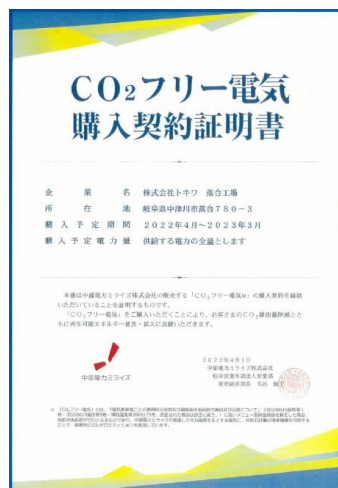
Reducing the burden on the environment

Use of Renewable Energy (Scope 2)

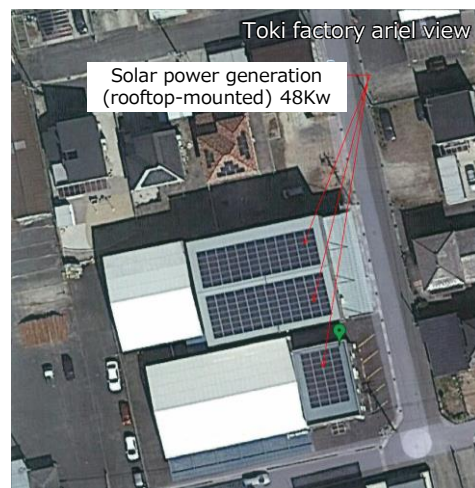
Ten TOKIWA-owned sites in Japan are promoting the use of renewable energy by purchasing CO₂-free electricity from electric power companies.

In 2022, the share of renewable energy in TOKIWA's overall electricity was 50%.

We will continue to actively promote the installation of solar panels at our factories and sites in China, the Philippines, and elsewhere.



CO₂-free electric power purchasing contract



Improve energy efficiency (Scope 2)

TOKIWA's factories strive to improve energy efficiency through building insulation design and the selection of efficient equipment that leads to energy savings.

■ Conversion to LED lighting

We are promoting the use of LEDs for factory lighting to reduce power consumption. (By October 2022, all lighting at Nakatsugawa, Ochiai, Mizunami, Komanba, and Toki factories will be converted to LED)



■ Highly insulated buildings

In order to contribute to the reduction of CO₂ emissions by reducing energy consumption for air conditioning and other equipment, the Mizunami Factory has adopted lightweight insulation with excellent heat insulation performance for its buildings.



TOKIWA Mizunami Factory

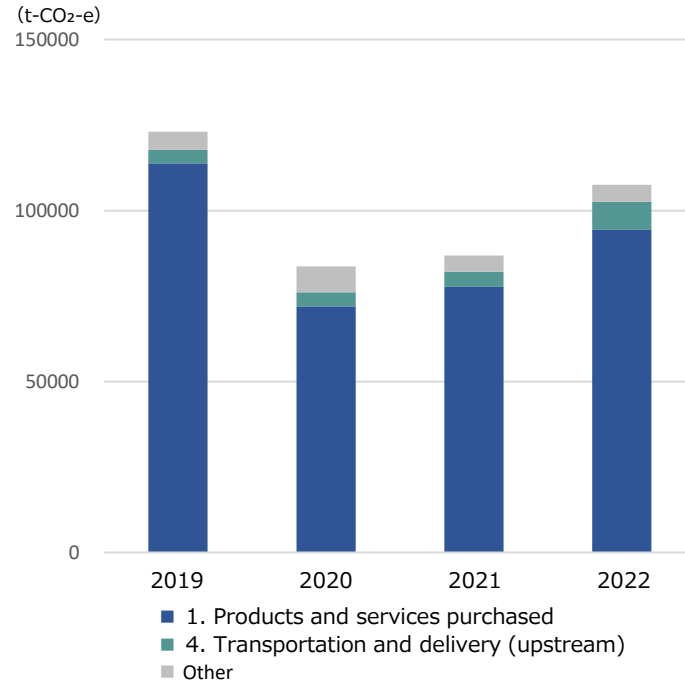
Reducing the burden on the environment

Understanding indirect CO₂ emissions (Scope 3) in the value chain

Energy is also consumed and CO₂ is emitted at various stages in the value chain of products and services, such as during the manufacture of raw materials, shipping and transportation, and use of sold products. Regarding the indirect CO₂ emissions in such value chains, First, we are trying to understand the scope of our direct involvement, and we recognize that more than 95% of the total emissions are from the production of raw materials and other materials, their transportation, and the transportation of products shipped.

We will work together with suppliers and other stakeholders to promote reduction efforts.

Scope3 Emission Trends



Scope	Category	(t-CO ₂ -e)			
		2019	2020	2021	2022
Scope3	1. Products and services purchased	113,784	71,999	77,726	94,340
	4. Transportation and delivery (upstream)	3,935	4,105	4,394	8,216
	Other	5,391	7,567	4,689	4,985
	Total	123,110	83,671	86,809	107,541



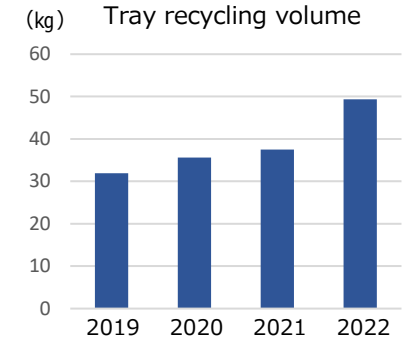
Reduce/reuse/recycle waste

We are working to reduce, reuse, and recycle waste generated within the company, mainly at our factories, as part of our Sustainable Beauty Project. We promote reuse and recycling by strictly sorting and managing waste by material and converting it into resources. In addition to corrugated cardboard and paper, we also reduce the volume of waste plastic transportation protection trays (blisters) by compressing and melting them in-house, and provide them as recycled materials.

In addition, to minimize waste generated after product shipment, we propose various initiatives to our customers, such as reducing packaging materials, simplifying containers and packaging, eliminating manuals, and reducing the weight of corrugated containers.



After becoming recycled material, it is recycled into gardening pile and gardening rope (cordage).



Reduction of water consumption

In the use of water in the production of cosmetics, we are actively working to conserve water in the production process, in addition to complying with the standard values set by wastewater treatment. Since the production process uses a large amount of water for equipment cleaning, we have introduced automatic cleaning equipment tailored to the manufacturing equipment at each factory to reduce water consumption through efficient cleaning and other means.

Target: 5% reduction by 2030 (compared to 2019)

Municipal water consumption	Unit:m ³			
	2019	2020	2021	2022
Japan: Production HQ	33,395	29,811	23,923	27,466
Japan: Indirect departments	3,023	2,583	3,283	3,387
Overseas	29,246	27,093	23,121	17,918
Total	65,664	59,487	50,327	48,771

Environmental Management

ISO 14001 Initiatives

Based on our environmental policy, the TOKIWA Group has obtained ISO 14001 certification, an international standard for environmental management systems, at our Ochiai Factory (Nakatsugawa City, Gifu Prefecture) and Kunshan Tokiwa Cosmetics Co., Ltd. (Kunshan City, China) in order to reduce environmental risks in our manufacturing activities.



JIS Q 14001
JSAE 403
Certification obtained at TOKIWA
Ochiai Factory

Ochiai Factory ISO14001

■ Ochiai Factory Environmental Slogan

Through the activities of our organization and the manufacturing of cosmetics, we will protect limited resources and the global environment, and promote sustainable development through harmony between the environment and the economy.



Neighbourhood river cleanup activities

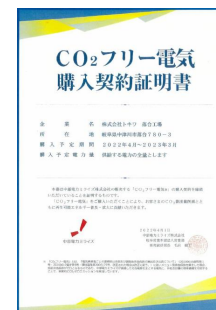


TOKIWA Ochiai Factory Side of factory building

■ Ochiai Factory Energy Consumption Summary (2022 Results)

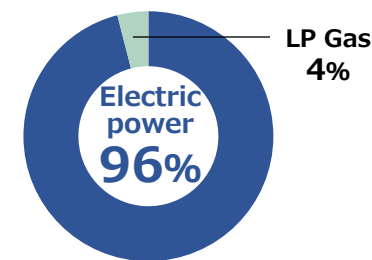
At the Ochiai Factory, 96% of energy comes from electricity and 4% from LP gas used in the hot water manufacturing facility.

All electricity is switched to CO₂-free electricity, contributing to the reduction of CO₂ emissions and the diffusion and expansion of renewable energy.



CO₂-free electric power purchasing contract

2022 Energy dependence ratio by type (% of total value)



LP Gas
4%

Electric power	
Electricity usage	2,438,000kwh/year (203,000kwh/month)
Self-generated electricity rate	0%
Other energy	
LP gas	12 t/year (1.0 t/month)

Environmental Management

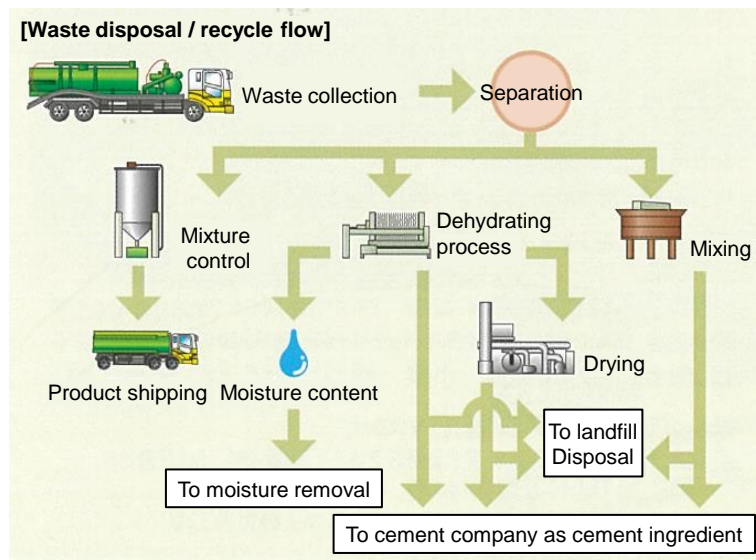
Ochiai Factory ISO14001

■ Reduction of waste

The Ochiai Factory collects waste by separating it into resource waste and general waste, and is actively working to reduce waste by recycling 96% of waste in FY2022.

Waste bulk, together with sludge-like waste bulk collected in the septic tank shown above, is sent to a cement company for reuse as raw material for cement after undergoing various treatment processes at a dedicated contractor as shown in the figure on the right.

Converting waste bulk into cement raw material



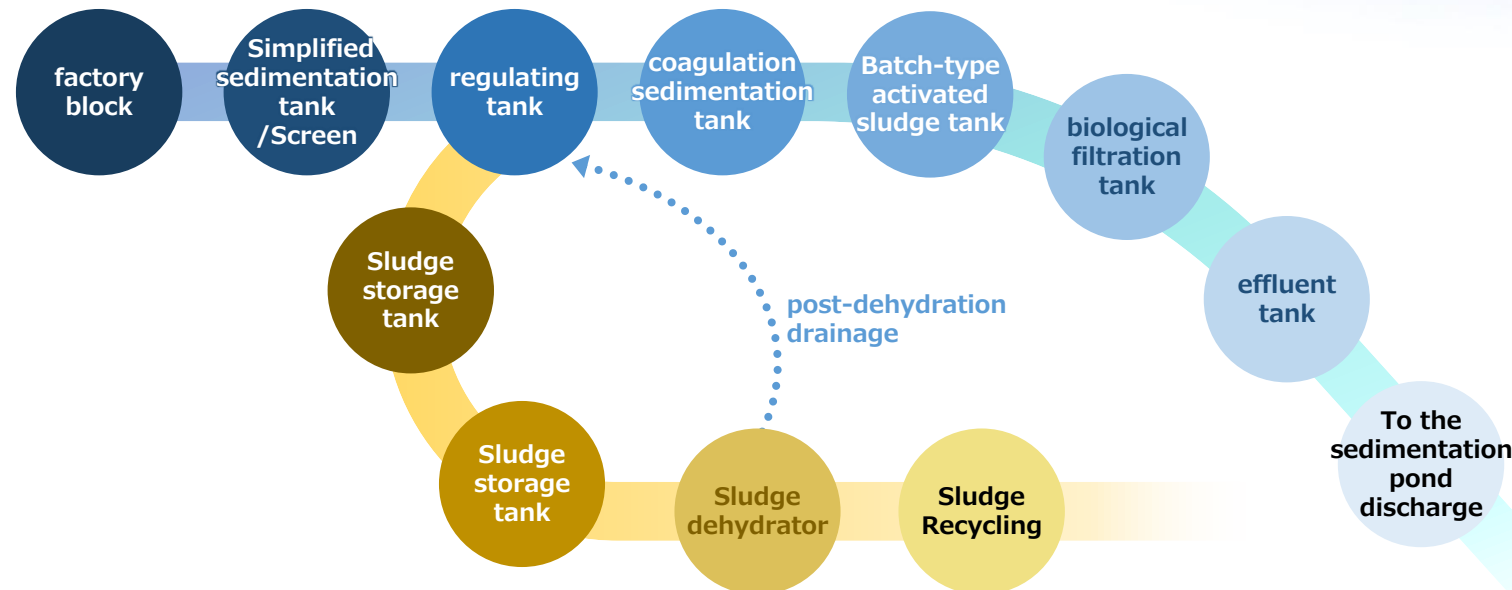
■ Strict adherence to water quality standards through septic tank management

Wastewater generated in the manufacturing process at the Ochiai Factory is separated into treated wastewater and sludge in a septic tank facility installed on the factory site that uses both physical treatment methods and chemical treatment methods, and is treated in compliance with the standards of the Water Pollution Control Law.

Due to such strict control of the wastewater treatment flow, there have been no cases of administrative guidance on wastewater quality in the past.

We will continue our efforts to ensure compliance with laws and regulations and to reduce the burden on the rich nature of the Kiso River system.

Converting waste bulk into cement raw material



Initiatives at Group Companies

Case Studies

Group Company Name: TOKIWA SUBIC Corporation (TSC) Country: Philippines

■ Environment

TSC conducts tree planting and beach cleanups in cooperation with companies in Subic Technopark, an industrial park where TSC is located.

The tree-planting program is designed to raise awareness about the importance of trees in our lives and environment, and to encourage the restoration of ecosystems to improve the global environment and minimize the effects of climate change.



Mangrove planting is expected to improve soil erosion prevention, reduce water pollution, create catchment areas that reduce flooding, and maintain fishing activities.

Through the collection of discarded trash, we conduct beach cleanups to raise awareness of the marine debris problem.

■ Environment/Society

The Subic Technopark District, where TOKIWA Subic is located, holds monthly Pollution Control Officer (PCO) meetings attended by all Subic Technopark locators, including TSC. At this meeting, environmental concerns are discussed, including any inconvenience the locator may encounter. Other social activities include participation in and sponsorship of the National Commission on Indigenous Peoples.

In addition, TSC has introduced compressed the working week (two days off per week while maintaining the same weekly working hours) for a period beginning October 2021 to reduce energy consumption by reducing operating days and improve work-life balance, while taking into account production planning.



Responsible supply chain

Basic Concept

In procuring raw materials and parts, we believe it is important to strengthen cooperation with suppliers and build a responsible supply chain in order to contribute to a sustainable society.

In order to build a responsible supply chain, we established TOKIWA Corporation CSR Procurement Guidelines in June 2020.

In August 2020, we formulated the TOKIWA Corporation Sustainable Raw Materials Procurement Guidelines, taking into consideration biodiversity conservation, zero deforestation, child labour, forced labour, and human rights issues.

Promoting CSR Procurement – TOKIWA Corporation CSR Procurement Checklist

In order to promote CSR procurement that enhances the sustainability of society and the company, we request our suppliers to conduct a self-check using the TOKIWA Corporation CSR Procurement Checklist. The self-checks are conducted in the four areas of compliance and risk management, human rights and labour, environment, safety and security, and information security. The PDCA cycle, which includes periodic monitoring based on collected responses and feedback to suppliers, aims to build a responsible supply chain.

Training for sustainable procurement

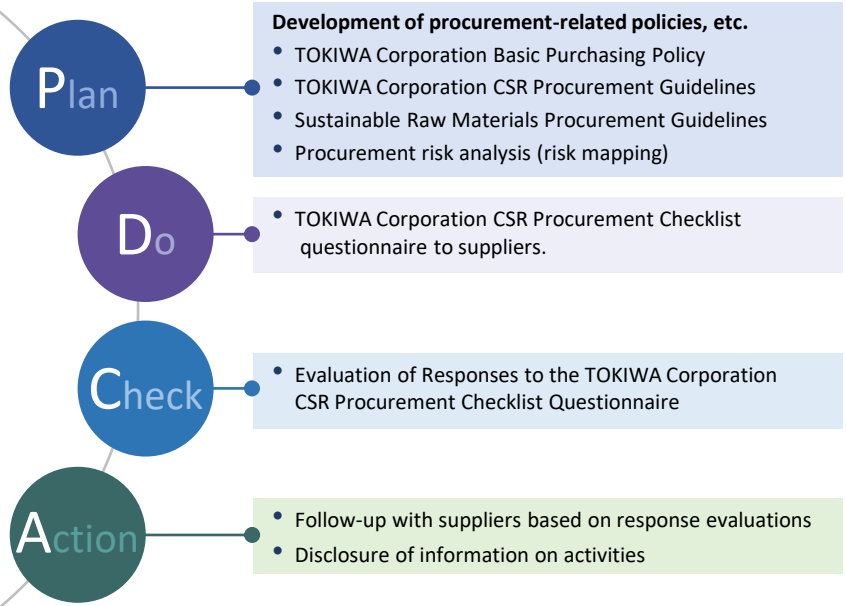
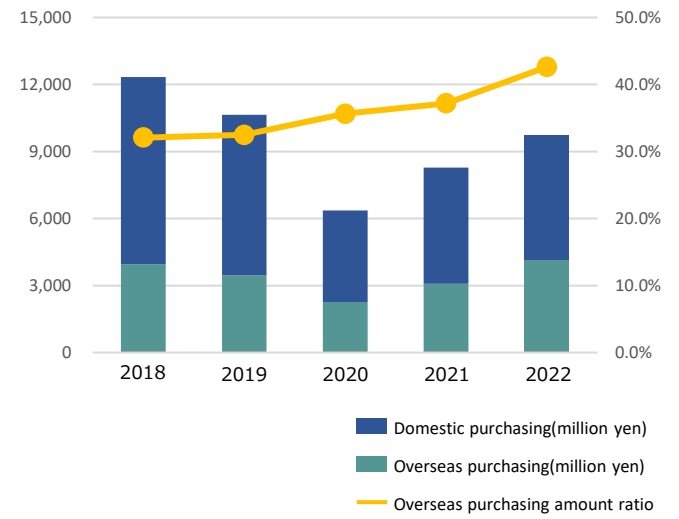
We provide training for buyers in our Purchasing and Procurement Department on sustainable procurement. (Implemented July 2023)



Domestic parts procurement ratio

We procure parts, etc. from domestic suppliers in Japan and overseas suppliers mainly in Asia.

The ratio of overseas purchase value in 2022 is 57.4% in Japan and 42.6% overseas.



CSR Procurement Checklist Implementation

	Prospective companies to implement	Targeted companies to implement	Domestic & Overseas Suppliers	Number of responses	Rate of response
2020	192 companies	72 companies	9 companies	71 companies	98.6%
2021	179 companies	81 companies	10 companies	80 companies	98.8%
2022	178 companies	44 companies	13 companies	44 companies	100.0%
2023	184 companies	51 companies	13 companies	–	–

CSR Procurement Checklist Results

Target: 0 companies procuring from high-risk suppliers in 2030

	low-risk	medium-risk	high-risk
2020	–	–	–
2021	41 companies	34 companies	5 companies
2022	29 companies	14 companies	1 companies
2023	–	–	–

- APPENDIX TOKIWA Corporation Basic Purchasing Policy
- APPENDIX TOKIWA Corporation CSR Procurement Guidelines
- APPENDIX TOKIWA Corporation Sustainable Raw Materials Procurement Guidelines

Responsible supply chain

Plastics regulations for container materials

Plastic materials are widely used in cosmetics containers, and there are many different materials, which are generally used for different parts depending on their characteristics and properties.

There are concerns that the ingredients used in plastics may have adverse effects on the human body and the environment, and their use is being regulated worldwide.

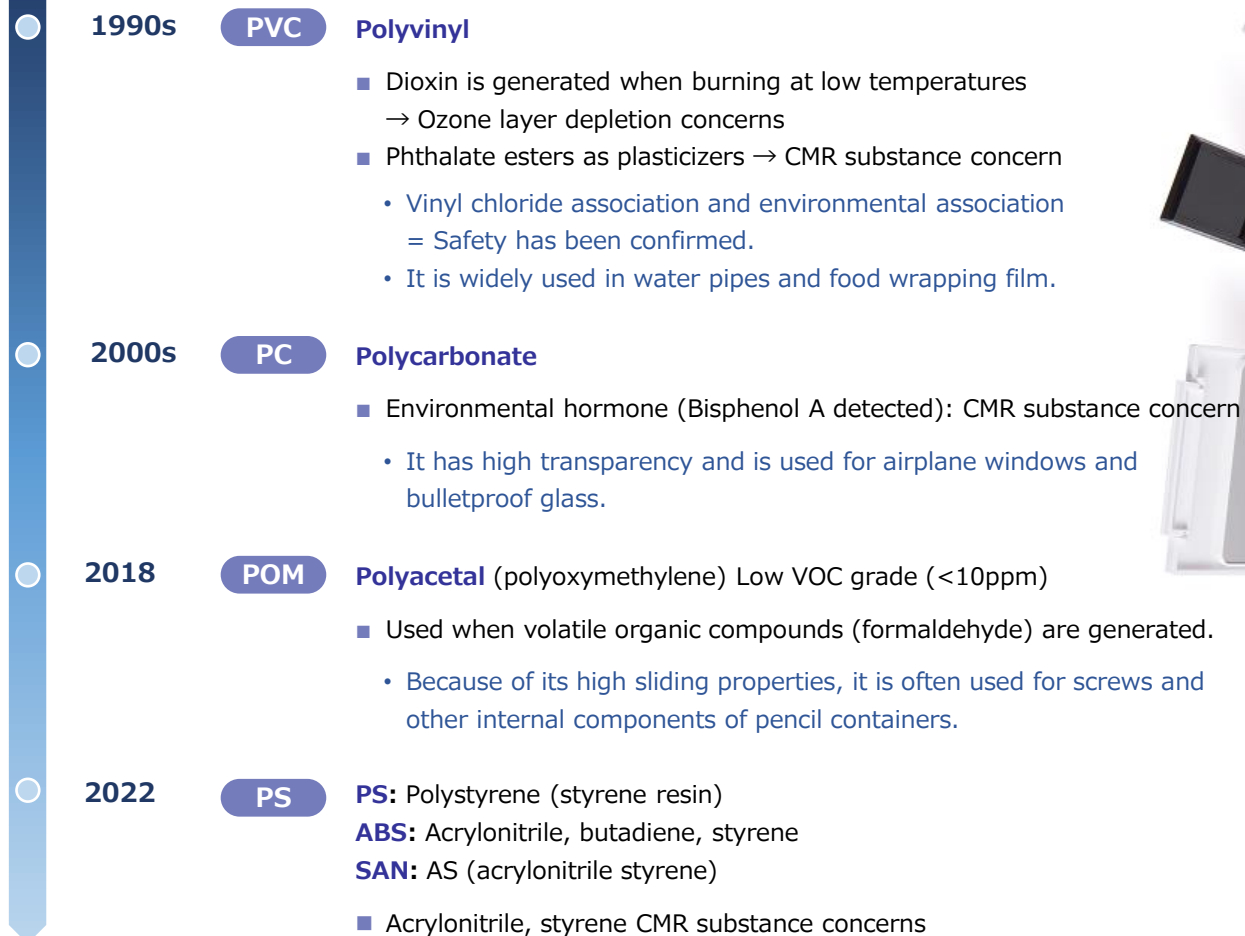
However, the regulations are also handled differently in different countries and regions. TOKIWA has always been quick to respond to material regulations.

In addition to complying with these government and manufacturer regulations, TOKIWA is voluntarily substituting materials that may have environmental or safety concerns in advance of the regulations.

- From the HP of the Ministry of Health, Labour and Welfare: It is considered important to continue to promote research and studies on polycarbonate, polystyrene and polyvinyl chloride used in plastic containers for food products. However, there are no scientific findings that indicate any serious effects on human health, and there is no need to immediately ban the use of polycarbonate, polystyrene, and polyvinyl chloride.

https://www.mhlw.go.jp/www1/shingi/s9811/s1119-2_a_13.html

Plastics Regulation Flow



Responsible supply chain

Development of formulations using RSPO*1 SC certified oils

We give priority to the development of formulations using RSPO-certified oil for raw materials that use palm oil to contribute to the promotion of sustainable palm oil and to meet the demands of customers who require certified products.

We joined the RSPO as an associate member in 2019 and have been working to obtain SC certification*2 for our production factories since 2021, with four factories*3 currently certified.

We are replacing 76% of palm oil-derived raw materials purchased in 2022 with RSPO-certified raw materials.

We will continue our efforts to procure sustainable raw materials that take into consideration social issues and the environment in the regions where the raw materials are produced.



9-3473-19-100-00

Check out our progress at
www.rspo.org

- *1 Roundtable on Sustainable Palm Oil is a non-profit international membership organization that develops and implements international standards for sustainable palm oil products. Participants include various parties from the palm oil industry.
- *2 Supply Chain Certification System Certification that a system has been established to ensure that palm oil is passed through all stages of the supply chain (manufacturing, processing, and distribution processes) without error.
- *3 Ochiai Factory and Komanba Factory obtained SC certification in 2021. Nakatsugawa Factory and Toki Factory obtained SC certification in 2022.



Responsible supply chain

Use of raw materials not involved in child

In make-up cosmetics, items that produce a particularly sparkling shine and gloss are often made with ingredients derived from a natural mineral called mica. This natural resource, with its unique lustre, is used not only in cosmetics, but also in various industries and products such as automobiles, electrical appliances, and paints, and is in very high demand. Most of these mica originated in eastern India.

There is a problem of child labour for poor children in eastern India, and it is illegal to mine mica.

With regard to natural minerals such as mica, we use only raw materials that have been verified as not being involved in child labour.



Responsible supply chain

FSC® certification (Forest Stewardship Council®)

In order to promote sustainable material procurement, we obtained FSC® CoC certification*1 for our wooden products in October 2021.

FSC® (Forest Stewardship Council®) is an international certification system for forest products procured from forests that are properly managed to ensure the continued use of limited forest resources into the future. FSC® certified products are environmentally friendly products that represent that they originate from properly managed forests and can use the exclusive logo mark.



責任ある森林管理
のマーク

(License no.: FSC®-C170726)

*1 CoC certification CoC= Chain of Custody. A system that certifies that wood and paper products produced from certified forests are properly managed and processed.

In Nakatsugawa City, Gifu Prefecture, a city rich in forest resources, we have been manufacturing cosmetics such as eyebrows and lip liners with wooden pencils since 1948, when we started our original business of pencil production. In addition to these conventional wooden-axle pencils, we have developed a wooden feeder pencil last year.

The FSC® logo can also be used on the container. Wooden ejector containers are a new development that enables up to 60% plastic reduction by replacing some of the ejector containers with wood, and the line-up includes containers for eyebrow pencils, eyeliner pencils, and liquid eyeliners.

We will continue to focus on further sustainable material procurement and innovative product development.



SOCIAL



Monozukuri manufacturing safe products

TOKIWA has established a high-level quality control system in compliance with ISO22716 for the safety control of raw materials and manufacturing processes to deliver safe and high-quality cosmetics to the world under the mission of bringing beauty, excitement and joy to the world. We have established the following quality policy whereby we are constantly striving to improve our quality control system.

TOKIWA Corporation Quality Policy

We will build QA and continuously improve quality in order to accurately understand customer needs and supply products that provide satisfaction and trust.

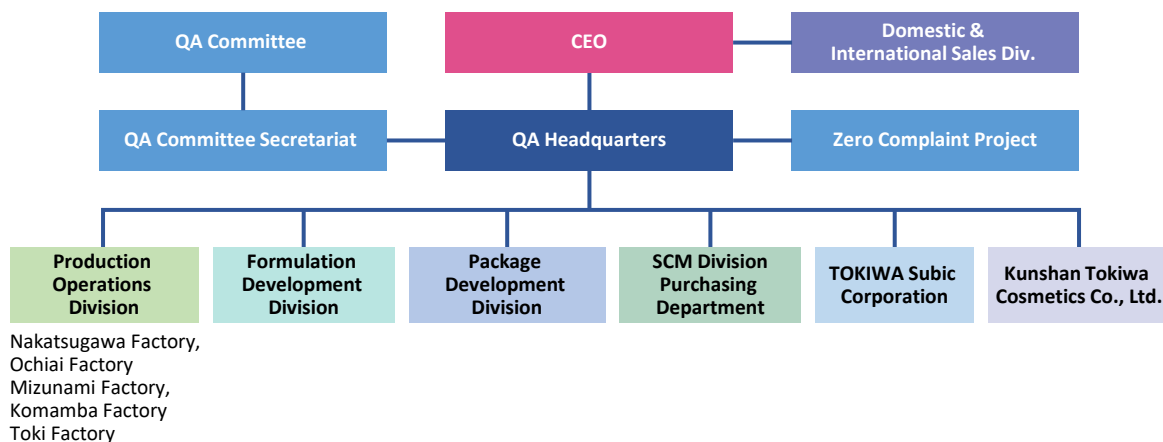
To achieve the policy

- We all recognize the importance of quality and aim to realize quality improvement through Monozukuri manufacturing.
- We comply with laws and regulations, regulatory requirements, and internal rules to provide products that suit our customers' requests.
- We aim for zero complaints.
- Further enhance quality control and assurance of new products from design to product shipment.
- We aim to supply product quality that surpasses that of our competitors as well as build quality based on cost.

Monozukuri manufacturing safe products

QA Promotion Structure

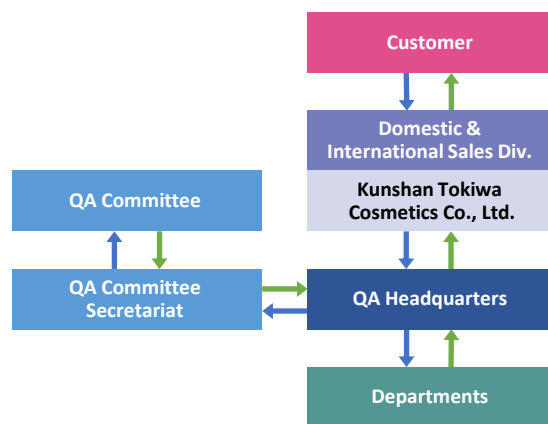
TOKIWA is committed to producing high quality cosmetics that can be used with peace of mind, and all related departments, from product design to manufacturing. We work every day to earn the trust of our customers.



QA Support Structure

We have established and are operating a Customer QA Support Organization Chart so that we can promptly receive, investigate, and respond to customer requests for investigations regarding problems that occur during use. After receiving the survey request from the sales department representative in the QA Headquarters, delivery to the relevant departments within the company is made through the survey system of the indicated items in the company's customer management system.

QA Support Flow Chart



Ensuring Product Safety

TOKIWA develops and produces people-friendly cosmetics by selecting raw materials in compliance with the Cosmetics Standard (Notification No. 331 of the Ministry of Health and Welfare) and other related laws and regulations, with the safety of our customers as our top priority.

We also strive to keep abreast of voluntary standards and guidelines at the Japan Cosmetic Industry Association, and maintain close communication with our customers to ensure information sharing and early response.

Products are subjected to small- and medium-scale test production, as needed, before going into mass production, and various evaluations and tests of safety and stability are conducted to report and share quality information with our customers. We are constantly striving to deliver safe and reliable products.

Internal sharing of quality problems and prevention of recurrence

In the event that there is a serious problem with a product pointed out by a customer, the QA Department will send information to the responsible engineer or quality control manager at each factory, and where necessary, conduct an emergency on-site inspection and take measures to prevent the spread of the problem.

Once a month, the QA Department holds a Quality Meeting (Zero Complaint Project) attended by the responsible engineers or representatives from all the factories, where detailed information on each case is shared to prevent recurrence and to prevent the occurrence of such complaints in other products.

Once every six months, a QA Committee meeting is held, attended by the responsible director and the head of the department, to review the issues raised during the half year and to approve important quality-related matters.

Human rights

Human Rights Policy

In line with our mission to bringing beauty, excitement and joy to the world, the TOKIWA Group understands that the human rights of all those who can be affected by our business activities must be respected in light of international human rights standards, and we will do our utmost to ensure that the dignity of these people is protected. To clarify this policy, we have established the TOKIWA Group Human Rights Policy.

We also require our suppliers, business partners, and others to respect and not violate human rights in accordance with these principles.

In order to promote respect for human rights, we will create a framework for effective countermeasures by establishing an appropriate reporting desk to prevent the occurrence of human rights violations, and we will conduct human rights due diligence to assess the impact of our business activities on human rights, and continuously monitor and report the impact to appropriate parties. If any negative impact on human rights should occur through our business activities, we will respond appropriately by providing fair and equitable remedial measures to resolve the issue.

TOKIWA Group Human Rights Policy

Initiatives set forth in the Policy

1. Prohibit forced labour, human trafficking, and child labour
2. Respect for diversity
3. Maintain employee health & safety
4. Benefits and Wages
5. Freedom of Expression and Protection of Privacy
6. Respect for freedom of association and exercise of the right to collective bargaining

Standards of Conduct

In the CSR Code of Conduct, the TOKIWA Group's code of conduct, we clearly state the standards of conduct based on our human rights policy and promote business activities that respect human rights.

TOKIWA Group CSR Code of Conduct

Code of Conduct for Human Rights

- Prohibit child labour and forced labour
- Prohibition of discriminatory hiring
- Prohibit discriminatory personnel actions and treatment
- Promote equal employment opportunities for men and women, and prohibit sexual harassment and power harassment.
- Equality in the workplace
- Accessibility to work environment and employment
- Active promotion of women and people with disabilities
- Consideration for the health and safety of our employees
- Safe and clean work environment
- Health Care and Mental Health Care Response
- Provide reasonable wages and rewards
- Reasonable benefit programs and policies
- Fair and equitable personnel evaluation and appropriate personnel transfers
- Support for employee training and development



Prohibit forced labor, human trafficking, and child labor

Based on the TOKIWA Group Human Rights Policy and the CSR Corporate Code of Conduct, we are promoting efforts to correctly understand, recognize, and improve human rights issues, including prohibition of forced labour, human trafficking, and child labour, not only in the Group's business activities but also throughout the value chain.

Within the TOKIWA Group, we conduct human rights training to raise employee awareness, and we expect our business partners and suppliers to understand and support this policy and to follow our CSR procurement guidelines.

	Human rights training	2020	2021	2022
Initiative	TOKIWA Corporation	implementation	implementation	
Conduct human rights training, including at Group companies	Kunshan Tokiwa Cosmetics Co., Ltd.		implementation	
Target	TOKIWA Subic Corporation		implementation	implementation
Once every two years				

Human Rights Due Diligence Process

The TOKIWA Group follows the procedures outlined in the United Nations Guiding Principles on Business and Human Rights, and has determined and is working on the following human rights due diligence process.

1. Policy Commitments

- 1) TOKIWA Group Human Rights Policy
- 2) Basic Purchasing Policy and CSR Procurement Guidelines

2. Risk identification and assessment

- 1) Identification of human rights issues in the value chain
- 2) Risk assessment
- 3) Determination of Priority Issues

3. Implementation and review of preventive measures

- 1) Implementation and review of preventive measures
- 2) Education on Human Rights

Employee Training

TOKIWA Group employees are provided with e-learning or group education using the PowerPoint material Business and Human Rights provided by the Ministry of Justice to promote understanding of human rights issues.

Training has been completed for executives, including those at overseas affiliates, and we plan to expand the scope of training to supervisory positions and below in the future.

Identification of risks related to Prohibition of Forced labour, Human Trafficking, and Child labour

At TOKIWA Group's domestic locations, employment is limited to those 18 years of age or older who do not fall under the category of juveniles under 18 years of age with protective regulations to ensure their health and welfare, and this is clearly stated in the Rules of Employment. As for dispatched workers, we request that dispatchers limit their dispatch to those who are at least 18 years old. Therefore, the risk of child labour does not exist.

Although forced labour and human trafficking are low-risk due to Japanese labour practices, etc., even for temporary staff, the only potential risk, we try to avoid them by using a highly credible temporary staffing agency and conducting CSR self-checks.

Complaint Handling Mechanism

The TOKIWA Group has prepared a global whistle-blowing mechanism for employees to consult and report all issues of corporate ethics, including potential human rights issues, through an external whistle-blowing desk that is independent from the business lines, and the Company handles complaints and other matters reported in accordance with internal rules.

1. Initiatives for Overseas Subsidiaries

Although the Asian region, including China, is considered to have higher risks related to human rights and recruitment, we have overseas subsidiaries (KTC and TSC) in China and the Philippines that employ local employees.

In addition to providing human rights training for executives, we closely monitor human rights violations, including prohibition of forced labour, human trafficking, and child labour, by conducting CSR self-checks.

2. Participation in the UN Global Compact (joining in 2023) subcommittee

Section meetings organized primarily by members of the UN Global Compact are useful as an opportunity to develop expertise and leadership in a particular area. Relevant personnel will participate in subcommittee activities and discussions to access the latest trends and best practices to improve our efforts.

Human Resource Development

The TOKIWA Group aims to realize a business strategy that enables us to both grow our business and contribute to society, and to realize our mission: Bringing beauty, excitement and joy to the world. To this end, we believe it is necessary for each and every employee to have a high level of awareness and to mobilize their individual strengths to create further beauty innovation through management with the participation of all employees, and we are making various efforts to develop such human resources.

In human resource development, the foundation is acquisition of work experience through on-the-job training, which is reinforced by personnel evaluation and feedback and skill acquisition through internal and external training. Furthermore, our goal is to develop human resources that are adaptable to global business development by providing growth opportunities according to the aptitude and career plans of individual employees.

Main human resource development system

Personnel rating system

TOKIWA conducts personnel evaluations three times a year by means of interviews. Our personnel system is based on a job qualification system, and while evaluations are reflected in salary increases, promotions, and bonuses, the personnel evaluation interview is not merely an evaluation, but is viewed as an opportunity for growth through development plans and feedback for each employee in the company.

In addition, each affiliated company conducts personnel evaluations in accordance with TOKIWA's personnel evaluation system, which is based on the size of the company and other factors.

Personnel relocation request

TOKIWA has established a personnel evaluation system that fairly assesses employees' abilities, aptitudes, and performance, as well as a self-assessment system and a target management system, providing an environment in which employees can proactively develop their career plans and maximize their abilities.

Employees who wish to be transferred can directly inform their supervisors of their transfer request by filling in the Transfer Request Form on the Personnel Evaluation Sheet used during the Personnel Evaluation Interview described above. In addition to interviews, you may also request a transfer at any time by filling out a Request for Transfer Request Form. Requests for transfers are communicated to the Human Resources Department, and transfers are possible when conditions are met.

Revision of personnel evaluation system

We are moving away from a seniority-based promotion system and a system of promotion and advancement based on proficiency in graded positions. We plan to introduce management by objective (MBO), job performance, and behavioural characteristic checks by the end of 2023, in order to utilize human resources with high job performance capabilities regardless of their company history, age, gender, or nationality, and to establish a next-generation development career plan based on a promotion and advancement system that places the right person in the right job according to the career plan of each individual.

We are also considering the introduction of a role grading system for cooperative employees, and are in the process of formulating compensation levels based on the level of role they play in the work they are in charge of (skill level, substitutability, complexity, discretionary level, interpersonal relationship level, etc).

Support for employee training and capacity building

TOKIWA encourages the acquisition of relevant skills and know-how and self-development in order to help individual employees demonstrate their abilities and creativity. TOKIWA sets up opportunities for education and training, and supports employees to attend seminars and educational courses for their learning.

Systematic implementation of employee training

To resolve the issues faced, we conduct harassment training, human rights training, management and supervisor training, etc., using a combination of face-to-face, online, e-learning, and other delivery methods. From FY2022, the scope of the program will be expanded to include training for cooperative employees.

	training expenses per person each year		
	2020	2021	2022
Initiative			
Implement systematic employee training			
Target 2028			
Training amount 8,500 yen/year per person			
TOKIWA Corporation	—	5,364	4,644
Kunshan Tokiwa Cosmetics Co., Ltd.	2,532	8,052	13,800
TOKIWA Subic Corporation	—	10,236	4,620
SONAX Corporation	—	0	0
TOKIWA COSMETICS INTERNATIONAL	—	0	0

Health and safety

Achieve employee health and a pleasant work environment

Employees are our greatest asset. We believe that individual employees' full exercise of their abilities in a workplace that is healthy in mind and body and pursues safety and security will lead to increased corporate value.

To achieve this employee health and a comfortable work environment, we have established a Basic Policy on Occupational Health and Safety based on the TOKIWA Group Human Rights Policy and the CSR Corporate Code of Conduct and are promoting efforts to achieve this goal.



Occupational Health and Safety Basic Policy

1. Providing a safe and secure working environment

- Identify and reduce risks that could lead to occupational accidents and health problems before they occur.
- Establish a health & safety management system and improve the management level.
- Promote the creation of an open and comfortable workplace with close communication.

2. Implementation of prevention-oriented hygiene management measures

- Prevent work-related illnesses by ensuring work environment management, work management, and health management.
- Promote mental health care and prevent the occurrence of mental health problems.
- Prevent health problems caused by overwork through reduction of overtime and holiday work.
- Ensure 100% health check-ups and use the results to prevent disease.
- Thoroughly implement measures against new coronas to prevent the occurrence of infected persons within the company.

Occupational Health and Safety Initiatives

We place the highest priority on the health of all Group employees, and work to maintain and improve it by providing a safe and hygienic work environment, complying with laws, regulations, and internal rules related to health & safety, and responding appropriately to health risks to prevent occupational accidents, prevent occupational diseases, maintain and promote health, and create a comfortable workplace.

The scope of the health and safety policy includes temporary employees and employees of subcontractors (subsidiaries of the Company) who work at the Company's business sites.

Health & safety Management Initiatives

Health and Safety Committee/Risk Assessment

Risk assessments are conducted for each department and process at each production site. In order to identify and understand dangers and dangerous properties, we also utilize regular on-site patrols by health & safety managers at each site and health and safety patrols by the Health and Safety Committee to review work methods and procedures and implement other improvement measures according to priorities based on the magnitude of risk. After implementation, we accumulate improvement know-how and deploy it to other locations, while conducting periodic reviews.

PM Committee Activities

Production maintenance is called PM (Productive Maintenance) and refers to maintenance performed to improve the productivity of equipment throughout its life cycle, from the introduction of new equipment into a factory to its disposal due to deterioration or other reasons.

In PM activities, we consider lowering the cost of manufacturing and maintaining equipment from the design stage, and aim to increase the productivity of the equipment as a whole by also lowering the cost of loss due to equipment deterioration over time.

Safety and sanitation are also important considerations in this process. Proper maintenance and inspection of equipment will reduce equipment breakdowns and problems and the associated safety risks and health concerns.

Health and safety

Initiative	Accident frequency rate			
	2020	2021	2022	
Achieve zero accidents at all sites	TOKIWA Corporation	0.638	1.931	0.00
	Kunshan Tokiwa Cosmetics Co., Ltd.	0.00	0.00	0.00
Target 2028	TOKIWA Subic Corporation	0.00	0.00	0.00
	SONAX Corporation	0.00	0.00	0.00

All accident frequency rate 0.00 / Intensity rate 0.00

Accident intensity rate			
2020	2021	2022	
TOKIWA Corporation	0.001	0.00	0.00
Kunshan Tokiwa Cosmetics Co., Ltd.	0.00	0.00	0.00
TOKIWA Subic Corporation	0.00	0.00	0.00
SONAX Corporation	0.00	0.00	0.00

Initiative	Health checkup uptake rate			
	2020	2021	2022	
To ensure thorough health management of employees, maintain 100% health check-up rate, which is the basis of health management	TOKIWA Corporation	84.3%	91.9%	92.3%
	Kunshan Tokiwa Cosmetics Co., Ltd.	100%	100%	100%
Target 2028	TOKIWA Subic Corporation	100%	100%	100%
	SONAX Corporation	—	100%	72.7%

100% health check-up rate

ISO 45001 certification

Through ISO 45001 certification, we aim to review our current health and safety activities, prevent work-related injuries and illnesses for all workers, and provide a safe and healthy work environment.

*Certification scheduled: 2024 Mizunami Factory

Ensure the use of health & safety protective equipment

In order to protect the health & safety of our employees when working, we ensure that they use the necessary health and safety protective equipment through work procedures. Specifically, we use protective equipment appropriate for the process and hazardous materials used, including protective goggles to protect eyes from hazardous materials and dust, dust masks to protect breathing from dust, gloves with protective functions to protect hands from chemicals and cuts, ear muffs to protect ears from noise, etc.



Health and safety

Health Care Initiatives

We regard employee health as our most important management resource, and aim to help employees achieve healthy and fulfilling lives by actively supporting individual voluntary health activities and promoting organizational health activities.

Mental health measures

As mental health care, we promote line care and provide mental health education for managers. In addition, annual stress checks are conducted every year, and appropriate follow-up, such as interview guidance, is provided for high-stress employees.

Health management of employees dispatched overseas

For expatriates, medical examinations are conducted before, during, and after their return to Japan, and the results are used to determine whether or not they can be dispatched overseas. In order to prevent infectious diseases, the company pays for the necessary vaccinations for the dispatched workers. In addition, we have a support system that allows you to visit a medical institution with peace of mind in the event that you need medical care abroad due to illness or other reasons.

Conduct health check-ups and take measures to prevent lifestyle-related diseases

As part of employee health management, we conduct periodic health check-ups for all employees, including expatriates, with the aim of achieving a 100% examination rate. After health check-ups are conducted, those with findings are recommended to undergo a secondary examination and health guidance is provided. In cooperation with health insurance societies, we also actively provide specific health guidance to those who have metabolic syndrome.

With regard to the improvement of the medical check-up rate, the rate is almost 100% for offices that conduct traveling medical check-ups, but the rate is slightly lower for offices that go to designated clinics for medical check-ups, partly due to the COVID-19 pandemic. Improvement will be achieved by strengthening guidance through the job system.

Measures to prevent passive smoking

In response to the revision of the Health Promotion Law in April 2020, we are working on measures to prevent passive smoking, such as setting up smoking-only rooms based on the Guidelines for Prevention of Passive Smoking in the Workplace.

Infection Prevention Measures

We provide necessary vaccinations for business travelers and those who plan to be stationed overseas, depending on their destinations. In addition, as a countermeasure against new coronavirus infection, we conduct hand washing, temperature checks, masks, ventilation, and other educational activities, as well as telework, and have established various guidelines for prevention and spread of the virus in accordance with government policy, and ensure that all employees are aware of these guidelines. In addition, employees who are infected or potentially infected are restricted from coming to work by granting special leave to prevent the spread of infection.

Safety and Health Management System

We have established a safety and health management system for the entire company and business sites based on the Safety and Health Management Regulations. We promote systematic measures to ensure the health and safety of our employees, to promote their health, and to create a comfortable work environment. Based on the measures set by the general manager of the entire company, safety and health activities are developed at each business site under the general management of the site manager.

Labour conference

We have concluded a labour agreement and a labour-management agreement on health and safety with the TOKIWA Labour Union, and issues related to health and safety are also addressed in labour-management discussions. The Health and Safety Committee, which is set up at each business site, has half of its members recommended by the TOKIWA labour Union, as required by law, and deliberates monthly on measures to prevent hazards and health problems, as well as on the causes of industrial accidents and measures to prevent their recurrence.

Health and safety

Establishment and activities of the Health and Safety Committee

TOKIWA and its domestic affiliates have established a Health and Safety Committee or Health Committee at all business sites with 50 or more full-time workers as required by law. As for overseas offices, TSC in the Philippines has established a Safety and Health Committee in accordance with Philippine legislation.

Establishment of Health and Safety Committee

TOKIWA Corporation Office name	Number of eligible workers	Establishment status
Tokyo HQ	86	Establishment of Health Committee
Global Technology Centre	114	Establishment of Health and Safety Committee
Global Logistics Centre	64	"
Nakatsugawa Factory, Nakatsugawa Head Office	354	"
Ochiai Factory	349	"
Mizunami Factory	198	"
Toki Factory	163	"
Komanba Factory	38	"

Affiliated companies Company name	Number of eligible workers	Installation status
Kunshan Tokiwa Cosmetics Co., Ltd.	268	Establishment of Health and Safety Committee
TOKIWA Subic Corporation	207	"
SONAX Corporation	26	Not subject

Conducting evacuation drills

In addition to conducting regular evacuation drills for earthquake and fire scenarios, we conduct earthquake simulation vehicles and smoke simulation during evacuation drills to raise employee safety awareness and improve their practical understanding of crisis management so that they can respond calmly and appropriately (limited to some target locations).

Qualifications, training and seminars on health and safety

Employees participate in various health and safety training programs to learn to protect their safety and health, minimize risks, and improve their safety awareness.

2022 Acquisition and participation

- The first type of health manager
- Safety manager
- Hazard knowledge training
- Woodworking machine operator
- Forklift operator
- Training for chemical substance supervisors
- Person in charge of wearing protective equipment
- Work supervisor
- worker in charge of cargo piling
- Worker in charge of handling crane work
- Arc welding work
- Electricity (low voltage) handling
- Risk Assessment Practical Training
- Electrical Safety Training
- Responsible person who manage of industrial wastes
- Protective equipment
- Chemical agent handler

Promoting Diversity, Equity & Inclusion

Purpose of Promoting

We believe that diversity as an organization is essential for a company to meet the diverse needs of the market and to achieve sustainable growth and development, and that it is important to ensure diversity in human resources and to have a correct understanding of the importance of diversity. Based on the TOKIWA Group Human Rights Policy and the CSR Corporate Code of Conduct, we respect human rights by prohibiting discrimination based on race, ethnicity, religion, nationality, origin, gender, or any other form of discrimination. We are implementing awareness-raising measures and policies to ensure that employees are not harassed in the workplace, and that employees who are pregnant or caring for children can make appropriate use of the systems and balance their work and family care responsibilities.



Promotion of women's activities / Launch of the DEI project

In corporate management, there is a growing recognition that maximizing the diverse personalities of each employee leads to higher value creation.

However, despite the fact that the majority of our users and more than half of our employees are women, the percentage of women in our senior management is low, and we have been slow to take advantage of our female employees.

To improve this situation, we launched the DEI Project in December 2021, consisting of the initial letters of Diversity, Equity, and Inclusion, with the aim of promoting women's activities in particular, and build an organizational culture in which women can shine.

The DEI project is implementing initiatives based on the following three themes

1. Learn about diversity

Unconscious bias training

2. Creating a Supportive Work Environment

Creating a work environment that respects the individuality of each employee based on the Workplace Comfort Questionnaire.

3. Support for each individual

Review of the evaluation system to ensure fairness and transparency.

	Ratio of female management staff	2020	2021	2022
Initiative				
Specific actions for women's empowerment will be initiated at TOKIWA.	TOKIWA Corporation	5%	4%	7%
Target 2030	TOKIWA Group, Inc.	17%	19%	20%
30% female managers				

Promoting Diversity, Equity & Inclusion

Other Initiatives

Diversity Training

Ongoing employee training is provided for the purpose of promoting diversity. We use Business and Human Rights provided by the Ministry of Justice as a teaching material, and enhance education through in-person or online training.

We have also conducted Unconscious Bias training for executives, and plan to conduct this training for managers and below in the future.

Prohibition of Harassment

The TOKIWA Group does not tolerate sexual harassment, power harassment, or any other form of harassment in the workplace. This policy is disseminated through harassment training and other means.

We established Harassment consultation office in the Human Resources & General Affairs Division to respond to consultations and complaints.

The Company will establish an office to eliminate harassment by providing guidance to the parties involved and department supervisors, and by taking personnel measures.

In addition to the consultation counter, we have established an external whistle-blower desk and a system of investigation and punishment by the Compliance Department and the Risk Management Committee to ensure that harassment is totally eliminated.

Acceptance of Workplace Training from Special Needs Schools

We accept students from the upper secondary school of a nearby special-needs school for on-the-job training with a view to employment after graduation. Participating students are able to understand the basic attitude and behaviour for working after graduation and the characteristics of their own disabilities, and companies are able to confirm the characteristics and abilities of the students before hiring them, which is effective in ensuring smooth employment after graduation.

Employment of people with disabilities

We are committed to employing people with disabilities in order to create opportunities for people with handicaps such as physical and intellectual disabilities to play an active role. We will continue to promote the expansion of work areas and recruitment of people with disabilities while creating an attractive and easy-to-work-in workplace for them.

Initiative	Legally mandated employment rate	2020	2021	2022
Maintain employment above the legally mandated employment rate				
Target 2030				
Legal employment ratio (2.3%) or higher (TOKIWA alone)	TOKIWA Corporation	2.6%	2.6%	2.7%

Japanese-style toilets converted to Western-style toilets

Western-style toilets may be more accessible to the elderly and people with physical disabilities. By making restrooms easier to use, we will provide a comfortable working environment for a diverse range of users and improve barrier-free accessibility.

Scheduled to be implemented in 2023-2024 (Nakatsugawa Factory and Ochiai Factory)



Employment and Benefits

Employment and Benefits Initiatives

Based on the TOKIWA Group Human Rights Policy and the CSR Corporate Code of Conduct, we are promoting further improvements in working conditions, such as reforms in work styles and enhancement of benefit programs, to realize a workplace environment in which diverse human resources can demonstrate their abilities.

Paid leave usage rate		2020	2021	2022
Initiative	TOKIWA Corporation	76.1%	79.9%	80.6%
Enhance measures to reform work styles.	Kunshan Tokiwa Cosmetics Co., Ltd.	67.2%	72.0%	68.0%
Target 2028	TOKIWA Subic Corporation	17.0%	23.8%	12.5%
70% Paid leave usage rate	SONAX Corporation	—	46.1%	69.4%
	TOKIWA COSMETICS INTERNATIONAL	—	67.0%	14.2%

Dissemination of working conditions

With regard to working conditions such as remuneration, working hours and holidays, occupational health and safety, welfare, and service discipline, Work and Others and related regulations are always available for viewing via groupware and internal shared drives, and we are making efforts to disseminate the working conditions. In addition, we disseminate this information as a training item in the new employee education program.

Personnel transfers are communicated to the labour union and the members concerned within a period of at least one month, while giving due consideration to the details of the transfer in accordance with the collective labour agreement.

With regard to reassignments, workplace transfers, secondments, transfers, establishment of new offices or sites, consolidation, elimination, or organizational changes that may affect 10 or more union members, the details are to be notified to and discussed with the labour union at the earliest possible time.

Employment Transparency

In order to secure useful human resources and make the recruitment process transparent, we will place open recruiting ads in Hello Work and specialized job sites. In the selection process, applicants' abilities and experience are evaluated through a recruitment test and interview, and a decision is made by a consensus of several persons in charge. Applicants will be notified of the hiring process at the appropriate time. Furthermore, to prevent discrimination, we train our recruiters not to ask for unnecessary information in selection documents and not to ask irrelevant questions during interviews. This ensures employment transparency and the prevention of discrimination.

Work-style reform

Employees are a company's greatest asset, and maximizing the performance of individual employees leads to increased corporate value. We are also working on work style reform to realize a work environment in which all employees can focus on their work with ease, making the most of their characteristics. We introduced a telecommuting system in 2020 and a flexitime work system in 2021.

Certified as Excellent Company for Work-Life Balance Promotion by Gifu Prefecture

In recognition of the results of our corporate activities to support work-life balance, we were certified as an Excellent Company for Work-Life Balance Promotion by Gifu Prefecture in February 2016, and renewed the certification in December 2021.



Gifu Prefecture HP

<https://www.pref.gifu.lg.jp/page/8314.html>

Work-Life Balance Promotion by Gifu Prefecture

Employment and Benefits

Welfare programme

To foster job satisfaction among our employees, we offer a full range of benefit programs, including congratulatory and condolence money, rented company housing, and access to domestic and international recreation and leisure facilities provided by the Tokyo Cosmetics Health Insurance Association, of which we are a member.

Engagement Survey Research

We understand that continuously increasing engagement, which refers to the degree to which employees are highly motivated to contribute to the company and voluntarily demonstrate their abilities, will lead to higher corporate value.

TOKIWA conducted a survey of all employees. Based on the survey results, issues are identified and improvement measures are studied and implemented by the relevant departments.

Initiative	Engaged Employees Satisfaction	2022
Improve engagement by conducting engagement surveys and implementing remedial measures.	TOKIWA Corporation	35%
Target 2028		
65% employee satisfaction		



GOVERNANCE



Corporate governance

Basic Concept

In order to realize our mission Bringing beauty, excitement and joy to the world by becoming a truly sustainable company that balances business growth and social contribution, we are practising and strengthening corporate governance and properly operating a system of management transparency and rapid decision-making. In addition, by keeping abreast of social trends and actively engaging with stakeholders, we will examine the state of our corporate governance from time to time and implement necessary measures and improvements as appropriate.

Basic Principles of Corporate Governance

The TOKIWA Group will conduct corporate management based on the following five basic principles in order to achieve sustainable growth and enhance corporate value over the medium to long term.

Ensuring shareholder rights and equality

1. The Company shall respect the rights of shareholders, ensure the equality of shareholders, and strive to create an environment for shareholders to exercise their rights.
2. Appropriate collaboration with all stakeholders
We recognize that our employees, shareholders, customers, suppliers, industry groups, and local communities are important stakeholders, and we strive to coexist and cooperate with all stakeholders to achieve sustainable growth of the company and to create medium- to long-term corporate value.
3. Ensure appropriate information disclosure and transparency
In addition to appropriate disclosure in accordance with laws and regulations, we will actively and proactively disseminate information other than this disclosure in an effort to ensure transparency.
4. Management oversight by the Board of Directors and establishment of an independent audit system
The Company shall strive to properly execute the roles and responsibilities of the Board of Directors in order to ensure transparent, fair, and flexible decision-making, while maintaining an independent audit system.
5. Ensuring credibility through accountability and dialogue with shareholders
We will disclose and explain the direction of sustainable growth to our shareholders and engage in constructive dialogue.



Corporate governance

Corporate Governance Structure

The TOKIWA Group has determined that the following governance structure is effective in establishing a sound corporate governance structure and continuously improving corporate value.

Board of directors

The Board of Directors makes decisions on important business matters and supervises the execution of business operations. Corporate auditors are also required to attend the Board of Directors meetings and express their opinions when deemed necessary.

Nominating and Compensation Committee

The Nomination and Compensation Committee, consisting of the President and Representative Director, Outside Directors, and Corporate Auditors, is established on a voluntary basis. When appointing Executive Officers, the President and Representative Director recommends candidates from among those who are deemed to meet the prescribed requirements, and the fairness and validity of the recommendation is confirmed by the Committee before it is submitted as an agenda item to the Board of Directors for deliberation.

Auditors

We have auditors who are familiar with the Group's business, management structure, laws, finance and accounting, and internal controls. Corporate auditors ensure sound management by auditing the execution of duties and the status of corporate assets in cooperation with the accounting auditor, the internal audit division, and the compliance division. Corporate auditors attend meetings of the Board of Directors, the Management Committee, and other important internal meetings, hear reports from directors and others, inspect important approval documents, and examine the status of the Group's operations and assets. When necessary, the auditor may direct an investigation to be conducted by an assistant employee or the head office administration department. Through these efforts, we conduct rigorous audits of the execution of duties by directors and others, including the maintenance and operation of internal control systems, and fulfil the function of monitoring management. The Company also works closely with the internal audit department and accounting auditors to improve the effectiveness of audits.

Management conference

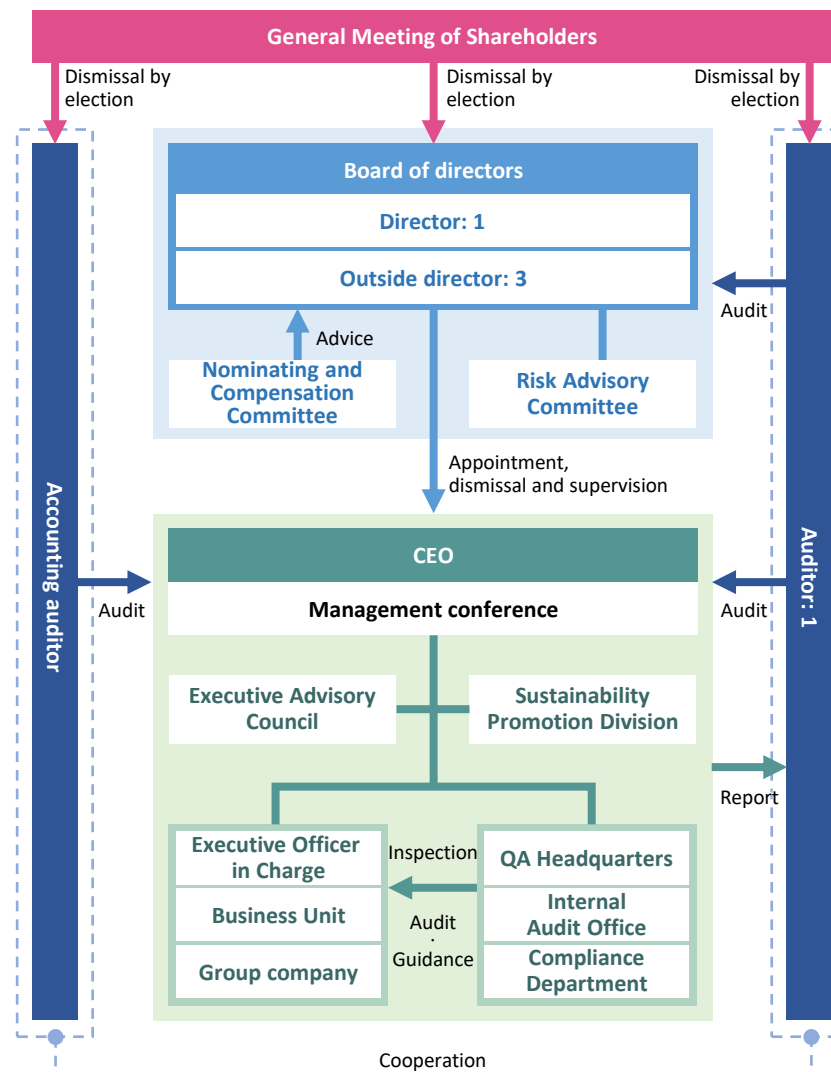
The Executive Committee, consisting of directors, corporate auditors, executive officers, and other persons appointed by resolution of the Executive Committee, establishes specific executive policies based on policies determined by the Board of Directors, deliberates all important management matters, and reports on the progress and results of Executive Committee deliberations, monthly financial results and the latest annual forecast, and matters related to individual executive policies other than those mentioned above that are conducted according to the basic policy of the Board of Directors.

Executive Advisory Council

The Management Advisory Council consists of executive officers and other persons appointed by a resolution of the Board of Directors to deliberate on matters to be discussed by the Management Council, which the President deems necessary for prior discussion among officers and others prior to the Management Council, or matters that should be discussed among officers and others for management reasons, although they are not matters to be resolved at the Management Council.

Risk Advisory Committee

The Risk Deliberation Committee has been established as an advisory body to the Chief Compliance Officer (President) on all internal risks, and manages risks related to compliance violations, etc.



Corporate governance

Training Policy for Directors and Executive Officers

TOKIWA provides guidance and training by experts or outside lecturers as needed to directors and executive officers to enhance their skills and improve their knowledge of their roles and requirements in the execution of management duties.

Assessing Board Effectiveness

In order to ensure and maintain the effectiveness of these governance structure, TOKIWA Group has been evaluating the efficacy of the Board of Directors by corporate auditors since FY2023 with respect to the following items.

1. Management attitude, philosophy and ethics of each director
2. Character of each Director
3. Obligations of each Director
4. Responsibilities of each Director
5. Misconduct by Directors
6. Disqualification of Directors
7. Competitive Transactions by Directors
8. Directors' Conflict of Interest Transactions
9. Profit sharing regarding the exercise of shareholder rights
10. Transactions with related parties
11. Insider trading
12. Other matters



Compliance

Compliance Policy and Regulations

The TOKIWA Group is actively working to achieve the highest ethical and legal standards in all aspects of our business conduct and expects all of our employees and all those acting on our behalf to maintain similar standards. As part of this commitment, we have established a Compliance Policy on Anti-Corruption, Money Laundering and Economic Sanctions. This policy applies to all individuals performing work for the Company, including senior management, officers, directors, employees (whether permanent, fixed-term, temporary, or otherwise), consultants, contractors, and others who have a relationship with the Company. Third parties working on behalf of the Company shall also comply with the principles set forth in this policy.

In order to ensure compliance and thoroughness with this policy, we have established Compliance Regulations based on this policy and regularly provide all employees with training to deepen their understanding of the compliance policy. We have also established an internal reporting system that guarantees anonymity and an independent third-party organization that can receive reports not only from domestic and overseas employees but also from external parties such as business partners.

Compliance Promotion Structure

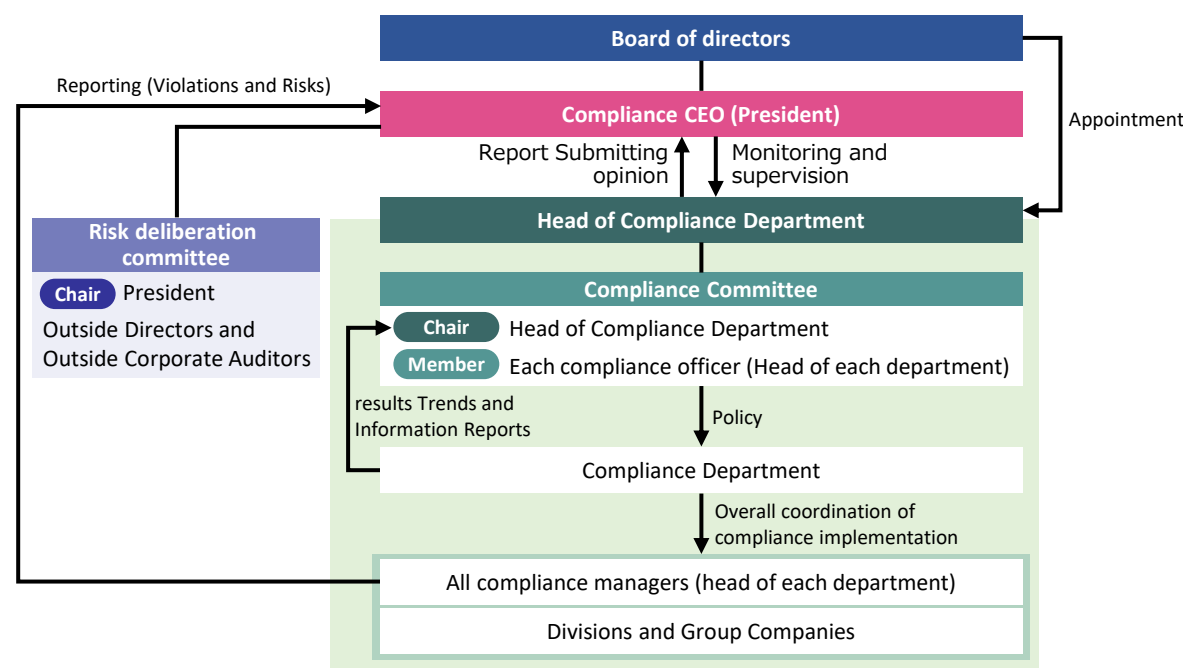
The Chief Compliance Officer of the TOKIWA Group is the President, and the Risk Deliberation Committee has been established as an advisory body to the Chief Compliance Officer regarding all internal risks.

The Risk Deliberation Committee consists of the President, Outside Directors and Outside Corporate Auditors and is chaired by the President.

Under the supervision of the Chief Compliance Officer, the Head of Compliance Division, appointed by the Board of Directors, makes decisions on important matters related to the promotion of compliance, and promotes and oversees compliance, including anti-corruption.

The Compliance Committee, which oversees the compliance of each division, promotes company-wide compliance by formulating compliance-related policies, measures, and annual plans, as well as checking the progress of each division's compliance measures, providing guidance and advice, and reporting the details of such measures to the Risk Review Committee.

Compliance Promotion Structure Chart



Compliance Education

To raise awareness of compliance, we conduct training to familiarize all employees, including directors, and temporary staffing agencies with our compliance policy, and obtain compliance policy agreement forms. In addition to this, the Company provides ethics-related training via e-learning, which is limited to positions only, and conducts education to deepen the understanding of such training.

Fairness of operations/conflicts of interest

The TOKIWA Group emphasizes integrity, fairness, and impartiality in all aspects of its operations and expects its relationships with all parties with whom it does business to be in accordance with its compliance policy.

All of our officers and employees (regardless of employment status) must avoid conflicts of interest between their personal activities and their roles in the conduct of our business.

Because this personal conflict of interest arises when an individual's private interests improperly interfere with the interests of the Company, its members, its investors, or its affiliates, it is the Company's policy to prohibit such conflicts without the written approval of the compliance officer.

Specifically, we prohibit such activities as using one's position with us to obtain unauthorized personal favours, including loans or guarantees of debt, from any person or entity for oneself, one's family or others.

Compliance

Internal Reporting System

The TOKIWA Group has established a reporting desk and internal reporting rules as a means of early detection and correction of compliance violations by appropriately handling reports and consultations regarding information and opinions on all compliance issues.

The Reporting Rules stipulate the reporting handling system, handling of reports, and responsibilities of related parties for the protection of whistle-blowers and others.

Reported cases that fall under any of the following categories, such as acts in violation of laws and regulations, serious violations of rules and regulations, acts contrary to business customs, unfair transactions, and serious acts contrary to socially accepted norms, are handled under the direction and supervision of the Risk Deliberation Committee.

1. Violation of laws and regulations (corruption/bribery, money laundering, breach of trust/embezzlement/theft, accounting irregularities, violation of antitrust laws, etc., violation of related laws and regulations in business operations)
2. Serious violations of regulations (e.g., improper reimbursement of expenses, improper business travel, continuous improper attendance, improper entertainment, improper gifts offered or received, leakage of secrets, etc.)
3. Acts that are not fair (transactions that have not undergone fair review, transactions with conflicts of interest such as transactions between a company and an individual, etc.)
4. Serious conduct in violation of socially accepted norms/ethical codes of conduct (including harassment and other inappropriate conduct)

*From the start of operation in 2020 to December 2022, there have been no incidents of reporting of serious violations of the regulations.



Tax Compliance

As a company with global operations, the TOKIWA Group has established the following tax policy to maintain and improve tax compliance by complying with the tax laws and guidelines of each country and region.

Tax policy

Basic policy

In order to achieve our mission, Bringing beauty, excitement and joy to the world, our group complies with all laws and regulations, both in Japan and overseas, and maintains and enforces internal rules. In taxation, we comply with international rules and tax-related laws and regulations to fulfil our social responsibility and maximize corporate value by paying appropriate taxes in the countries in which we operate.

Tax Risk Management

In addition to systematically responding to tax system revisions, the Group strives to minimize tax risks by making advance inquiries to tax authorities as necessary, in addition to receiving advice from tax specialists on important matters such as possible differences of opinion with tax authorities.

Tax Planning

The Group recognizes the importance of appropriate tax planning, including the effective use of preferential tax treatment, to maximize cash flow and increase corporate value.

We will not engage in any acts intended to avoid taxation that would circumvent the purpose of the laws and regulations of each country.

Relationship with Tax Authorities

Through communication with tax authorities, the Group will endeavour to build and maintain good relationships, and will provide factual explanations and responses in good faith. We will appropriately address and improve any problems identified during tax audits, etc.

Transfer pricing

The Group sets transaction prices applicable to transactions with foreign affiliates in accordance with the laws and regulations of each country or region and the transfer pricing guidelines published by the Organization for Economic Cooperation and Development (OECD), and in accordance with the arm's length principle. In addition, when documentation is obligatory or necessary due to the size of the transaction, tax risk, etc., documentation will be performed as appropriate.

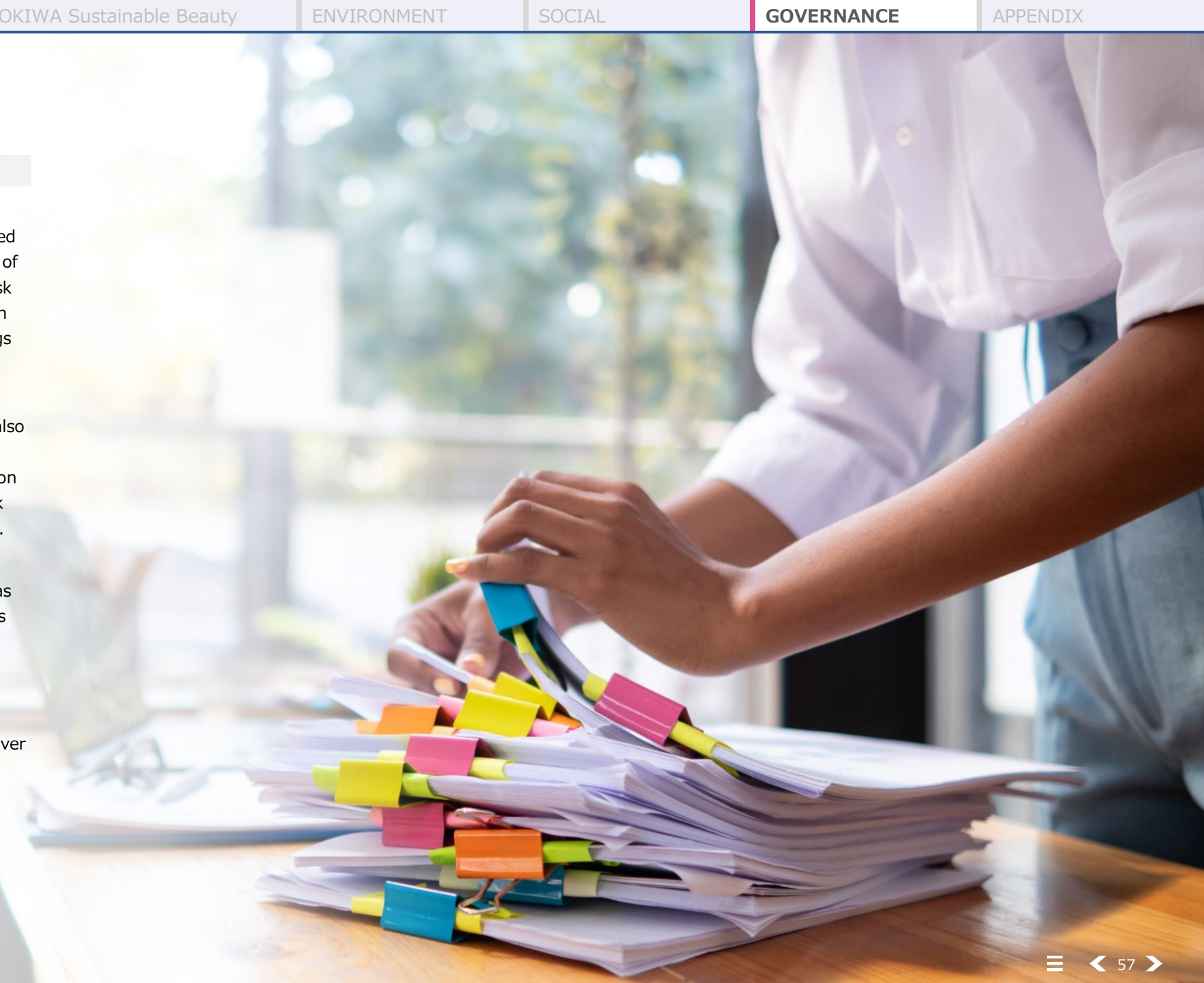
Internal control system

Basic Concept

The TOKIWA Group's Internal Audit Office audits the entire group's business operations to ensure that they are conducted appropriately and efficiently from a perspective independent of the business execution line. We also conduct audits of the risk management status of subsidiaries, and share information on reports from subsidiaries at audit information liaison meetings and other meetings.

The results of audits by the Internal Audit Department are reported to the President and CEO, and regular reports are also made to the Corporate Auditors to share information. In addition, we exchange opinions with the accounting auditor on audit schedules, audit procedures, etc., as needed, and work closely with the accounting auditor on internal control audits.

In addition, the Internal Control Office will ensure the effectiveness, efficiency, and appropriateness of operations as required by the Companies Act and the Financial Instruments and Exchange Act, and will maintain and improve internal control efforts with the aim of achieving a level of internal control appropriate for the TOKIWA Group. We assess the effectiveness of TOKIWA Group's internal control by using a method that conforms to the guidelines for internal control over financial reporting based on the Financial Instruments and Exchange Act.



Information Security

Basic Concept

With the rapid development of digital technologies, changes in corporate activities utilizing these technologies are expanding our business opportunities, while at the same time increasing the risk of information leakage due to external cyberattacks and disruption of corporate activities and supply chains.

We regard information security as an important management issue and have established an information security policy and information management regulations to promote efforts to enhance information security. TOKIWA will enhance its competitiveness by appropriately protecting its many information assets, including personal information, and by building good and ongoing relationships with external parties, including customers.

Our information security policy and information management regulations are established and operated based on the Information Security Management System: ISO27001 (hereinafter referred to as ISMS), with the following three key points in information management.



A State in which only authorized persons have access to the information.



A State in which information has not been destroyed, altered, or erased.



A State in which those who need the information can access it when they need it.

In light of the changing environment in which we operate, we are making company-wide efforts to continuously improve this system.



IS 759490 / ISO27001

* Scope of application: International Sales Division, Information Systems Department

Information Security Policy

1st ed.
January 1, 2022
TOKIWA Corporation
Hiroyuki Kanai, CEO

In our business activities, we utilize many information assets, including personal information entrusted to us by our customers, and we recognize that protecting these information assets is a top management priority in order to meet the expectations of all stakeholders.

Therefore, we declare that we will formulate our Information Security Policy, establish and operate an ISMS (Information Security Management System) based on this policy, and make company-wide efforts to continuously improve it in light of changes in the environment surrounding our company.

In addition, we have established the following security objectives and will ensure that all measures are implemented to achieve these objectives.

- Respect and comply with customer contracts and legal or regulatory requirements.
- Prevent information security incidents before they occur.
- In the event of an information security incident, minimize the impact.

Information Security

Structure and Operation

We have appointed a director in charge of security and organized a Security Committee under the director to establish, deploy, and continually improve ISMS. Each department has an Information Security Committee member, who, in cooperation with other committee members, conducts departmental education, incident reporting, and countermeasures.

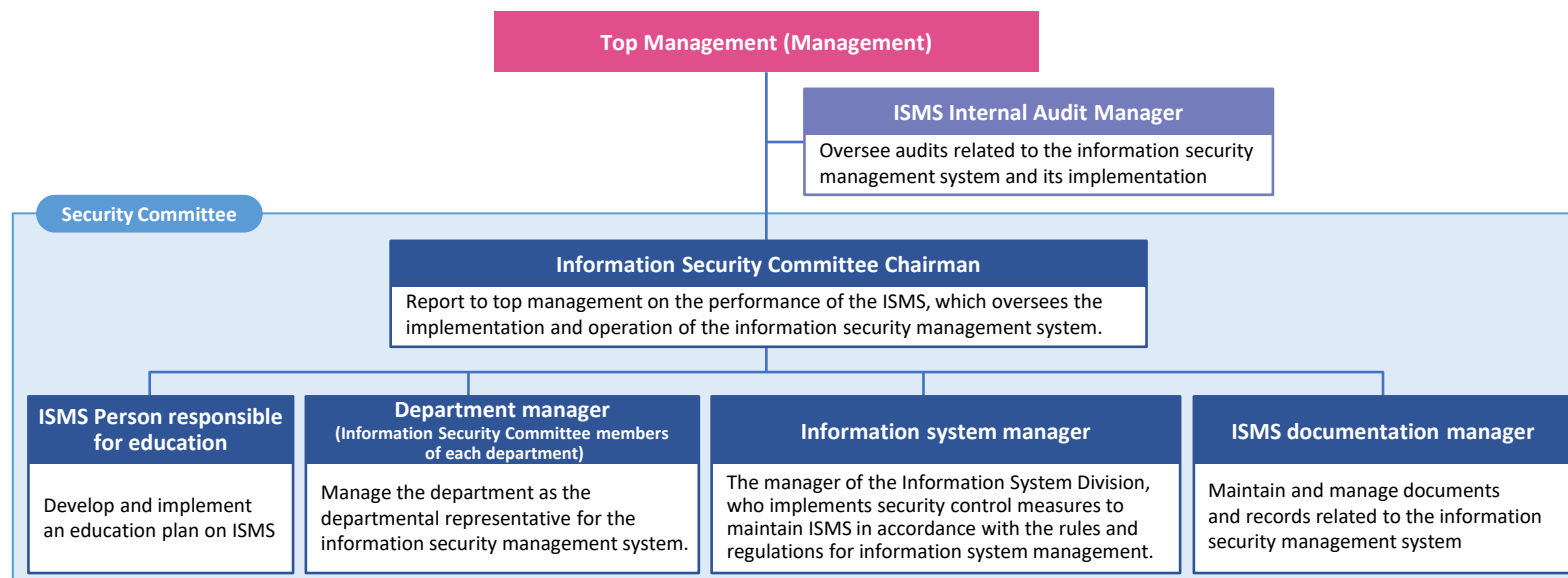
ISMS started with the Information System Department, the main body of the Security Committee (2022), and expanded the scope of application to the International Sales Division in 2023. We plan to continue to roll it out sequentially throughout the company in the future.

Each department's Information Security Committee member will annually identify information assets and review and implement security measures for each.

The status of operation of the introduced measures will be periodically audited by internal auditors to evaluate whether they are being properly implemented and whether there are any opportunities for improvement.

The activities and internal audit details are reported to the director in charge on a regular basis, and a system is established to ensure that the information is utilized in the consideration of future policies and security measures.

Information Security Structure



Information Security

Education

Even with a complete security management system in place, individual employees must have the correct understanding and awareness of the system in order to operate it properly. The education manager of the Security Committee updates the e-learning content every year, and all employees are required to take the course. Comprehension is also monitored through confirmation tests and, if necessary, refresher training is provided. In order to experience and learn from the practice, we regularly send out e-mails that mimic cyber attacks, and follow up individually with any employee who has mishandled the response.

Example 1
 You left your briefcase in a restaurant, and it was picked up by another person – personal information goes astray
 Security NEXT – 2016/03/03

Document handling
 Company documents to be handled as follow.

Principles of data security: meaning and importance of activity
 Principles of data security is the basic rule of the company's data security activity, and guides our activity
 Principles of data security includes the aim (security aim) for the company's introduction of ISMS

Essential
 Understand the security aims included in the data security principles-

(Security aims) * extract from data security principles-

- Confidentiality of customer contracts and legal or regulatory requirements
- Take all measures to prevent data security incidents
- In the event of a data security incident, reduce the effect as much as possible

Essential
 * Please refer to the next page for data security principles

Each member to think how to comply with the above security aims

Education manual: e-learning

Security checks by outside experts

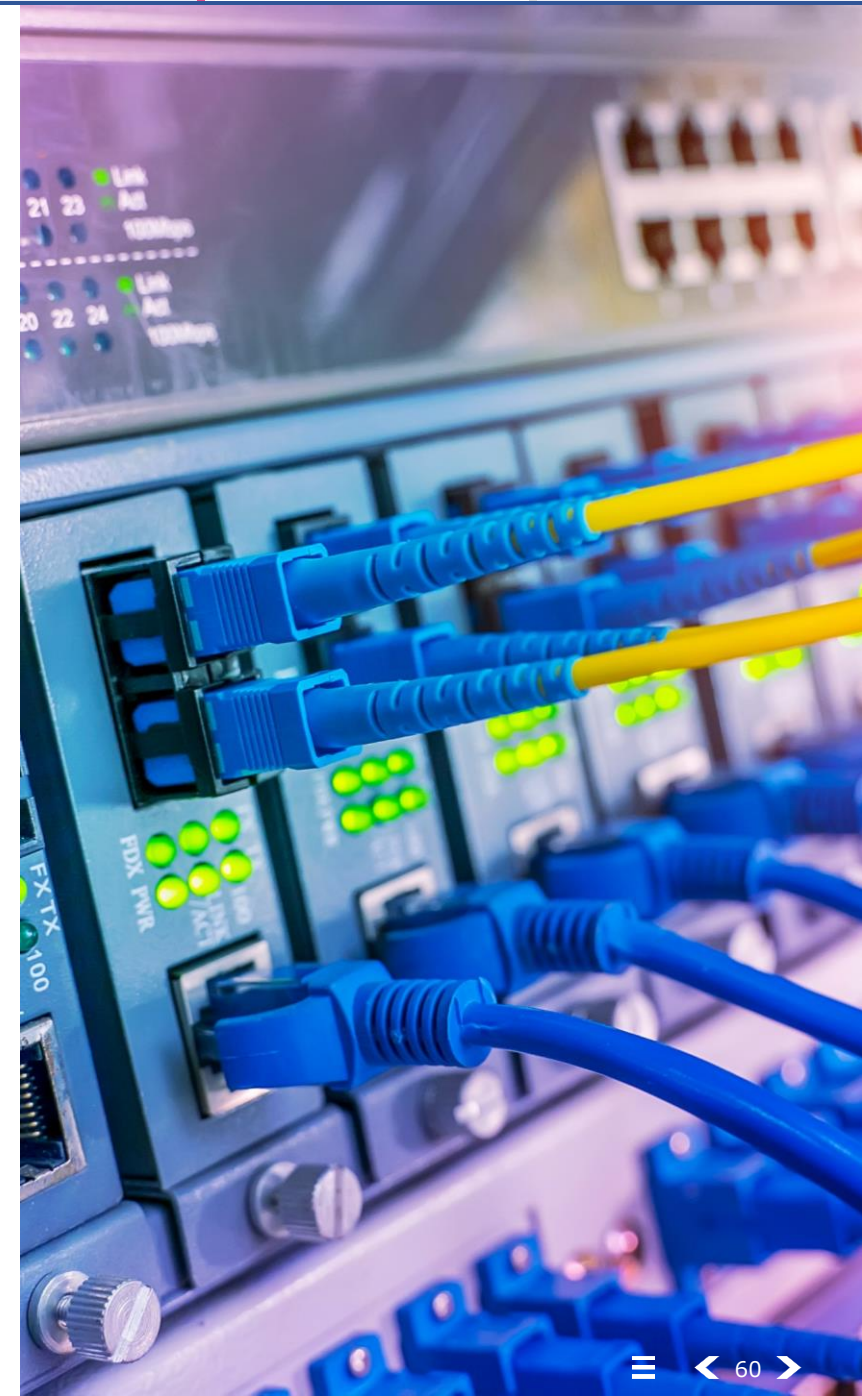
In order to objectively evaluate the current security level and clarify issues, we undergo security checks by a third-party organization, and by addressing these issues, we are further improving our security system.

- Quarterly review of activities with security firms
- Annual review of activity plans with security firms

Zero security incidents continued

In 2022, we expanded the operation of ISMS, educated our employees on information security within the company, and implemented EDR (Endpoint Detection and Response), a type of security solution, for all users, including overseas offices. No appeals have been received.

However, the risk of information leakage due to increasingly sophisticated cyber attacks and accidents still exists. We are committed to addressing these threats and continuously improving our information security.



APPENDIX



ENVIRONMENT

Responsible supply chain

TOKIWA Corporation Basic Purchasing Policy

With the mission of Bringing beauty, excitement and joy to the world, TOKIWA Corporation strives to serve customers through revolutionary innovation, superior product quality and responsiveness, and clean beauty that is friendly to the people and the environment as well as aim to be a company that meets expectations and contributes sustainably to society. To achieve this, we will conduct purchasing activities based on the policies listed below.

1. Quality-oriented

- ① In line with TOKIWA Corporation's Quality Policy, we prioritize quality and safety, and also place emphasis on cost.
- ② We welcome new technologies and proposals that improve value for our customers.

2. Open and fair transactions

- ① We conduct procurement activities that support proper corporate activities through fair, equitable and open transactions based on rational processes and judgment.
- ② When selecting business partners, we comprehensively evaluate their CSR initiatives, business conditions, technical capabilities, proposal capabilities, etc., in addition to quality (Q), cost (C), delivery time (D), and stable procurement.

3. Compliance

- ① We will comply with social norms, relevant laws and regulations, and the spirit of such laws and regulations, and conduct sensible activities that are trusted by society.
- ② No personnel involved in purchasing have any personal interest in any suppliers. Furthermore, we will not accept any compensation, gifts, or entertainment for the purpose of obtaining or securing inappropriate business benefits.
- ③ We will not force anyone to donate or use our products or services.
- ④ We will cut ties with anti-social forces such as organized crime groups, reject unreasonable demands, and not provide funds.
- ⑤ We strive to prevent corruption and money laundering, and strictly comply with various trade sanctions laws related to economic sanctions.

4. Human Rights

- ① We understand internationally recognized human rights and conduct business activities that respect international codes of conduct regarding human rights.
- ② We will cooperate with a wide range of stakeholders to ensure that we do not become complicit in human rights violations.

- ③ Fundamental principles and rights at work, as below, shall be respected.
 - Effective recognition of freedom of association and the right to collective bargaining;
 - Prohibition of all forms of forced labour;
 - Prohibition of child labour
 - Elimination of discrimination in employment and occupation;
 - Prohibition of inhuman treatment and harassment.
- ④ We value diversity, equality, and inclusion, and consider race, ethnicity, nationality, gender, gender identity, sexual orientation, age, language, religion, beliefs, political and other opinions, origin, as well as aim to avoid discrimination based on property, family origin or other status, marital status, family relationships, lifestyle, disability, disease, background, etc. Moreover, in all of our activities, we accept people of various nationalities and cultural backgrounds, and strive to create an environment in which they can continue to work actively without being unfairly excluded due to their various attributes or backgrounds.

5. Consideration of the environment

- We shall strictly adhere to laws, ordinances, and industry voluntary standards, and aim to create a society that coexists and harmonizes with nature. We will work with our business partners to practice purchasing activities that are considerate of the global environment, with consideration for the environment and prevention of pollution.

6. Mutual trust and prosperity with business partners

- We will build long-term relationships of trust with our business partners and strive for coexistence and mutual prosperity. Furthermore, we will work with our business partners to properly manage and prevent various risks, and strive to avoid any impact on society and management.

7. Management of Confidential Information

- Personal and confidential information provided by business partners will be appropriately managed and will not be disclosed internally or externally without consent.

8. Promoting CSR purchasing

- We will actively promote CSR purchasing and contribute to the development of a sustainable society together with our business partners.

Date of enactment: June 20, 2020
Revision 1: September 30, 2022

ENVIRONMENT

Responsible supply chain

TOKIWA Corporation CSR Procurement Guidelines

1. Structure/Compliance/Risk Management

- 1-1. Legal compliance
We shall comply with the laws and regulations of each country. We also constantly monitor international norms, guidelines, industry standards, and their trends, and strive to conduct transactions that respect these.
- 1-2. Prohibition of corruption and bribery
We will maintain healthy and typical relationships with politics and government and will not engage in bribery or illegal political donations.
- 1-3. Prohibition of abuse of dominant position
We will not take advantage of our superior position to engage in acts that put our business partners at a disadvantage.
- 1-4. Prohibition of inappropriate profit-sharing and receipt of benefits
We will not provide or receive inappropriate benefits in our relationships with stakeholders.
- 1-5. Prohibition of conduct that restricts competition
We will not engage in any behaviour that obstructs fair, transparent, and free competition.

- 1-6. Respect for intellectual property
There shall be no infringement on the intellectual property of other companies.
- 1-7. Eradicate relationships with anti-social forces
We will not have any relationships with anti-social forces or organizations that threaten the order and safety of civil society.
- 1-8. Prevention and early detection of fraud
We will carry out activities to prevent fraudulent acts and establish systems to detect and respond to them at an early stage.
- 1-9. Information disclosure
Regardless of whether disclosure is required by law or not, we will proactively provide and disclose information, including information on the business situation, to stakeholders.
- 1-10. Emergencies
To protect the safety of life and body, we prepare emergency response measures based on the assumption of disasters and accidents that may occur, and thoroughly disseminate them within the workplace.
- 1-11. Supply Chain Certification
We ask our business partners to fulfil their social responsibilities, including the matters stipulated in this guideline.

2. Human rights/labour

- 2-1. Prohibition of forced labour
No form of forced or involuntary labour shall be performed.
- 2-2. Prohibition of child labour
The labour of children under the minimum working age stipulated by law is prohibited.
- 2-3. Prohibition of discrimination
We will respect the laws and cultures of each country and region, and will not discriminate in respect of employment opportunities, recruitment, promotions, compensation, or other treatment based on human rights, ethnicity, nationality, religion, creed, place of birth, gender, age, physical disability, etc.
- 2-4. Prohibition of inhumane treatment and harassment
We respect the human rights of our employees and prohibit harsh and inhumane treatment, including abuse and all types of harassment.
- 2-5. Respect for freedom of association and exercise of the right to collective bargaining
Respect for freedom of association and exercise of the right to collective bargaining shall be given.

- 2-6. Diversity & Inclusion
We recognize the diversity of human resources and work to create an environment where people can accept each other, participate without exclusion, be given equal opportunities regardless of their attributes, and continue to work with enthusiasm.
- 2-7. Appropriate wage payment
We will pay salaries to employees in compliance with all wage-related laws, including minimum wages, overtime, and statutory benefits.
- 2-8. Appropriate management of working hours
We shall appropriately manage employee working hours to ensure that they do not exceed legal limits.
- 2-9. Safety and health management of the working environment
We shall assess risks to workplace safety and ensure safety through appropriate design, technology, and management measures.
In addition, we will assess the situations in which people come into contact with organisms and chemicals that are harmful to the human body, as well as noise and odours in the workplace, and take appropriate measures to create an environment where each employee can work safely and healthily.
- 2-10. Regular management of employees
We understand the health status of employees and shall perform appropriate health management.

ENVIRONMENT

Responsible supply chain

3. Environment

- 3-1. Tackling Environmental Management
We will build and operate an environmentally friendly management system.
- 3-2. Management of Chemical Substances
We will control chemical substances specified by laws and regulations that are handled in the manufacturing process.
- 3-3. Minimizing environmental impact
We will strive to minimize the impact of our business on the environment.
- 3-4. Permits and regulatory compliance
We obtain permits and licenses stipulated by environmental laws and regulations, and report as necessary. We will also prevent pollution and health damage and ensure thorough compliance with environmental laws and regulations.

4. Safety/Security/Information

- 4-1. Tackling Environmental Management
We will establish and operate management systems that takes quality into consideration.
- 4-2. Providing accurate information about products and services
We will provide accurate information about products and services
- 4-3. Product Safety
Products and raw materials shall meet the safety standards stipulated by the laws and regulations of each country, as well as the standards required by our business partners.
- 4-4. Preventing leakage of personal and confidential information
We will ensure thorough information security and appropriately manage and protect personal information and confidential information.

Date of enactment: June 20, 2020

Revision 1: January 1, 2023



ENVIRONMENT

Responsible supply chain

TOKIWA Corporation Sustainable Raw Materials Procurement Guidelines

In order to promote the development of a sustainable society as stated in TOKIWA Corporation's Basic Purchasing Policy, we have established sustainable raw material procurement guidelines for palm-derived raw materials and conflict mineral raw materials that have environmental and social issues and are promoting sustainable procurement.

Additionally, in order to protect against the effects of chemical substances on human health and the environment, we comply with REACH regulations and promote sustainable procurement.

1. Palm oil

TOKIWA Corporation promotes the procurement of palm-derived raw materials that take into account environmental and social issues.

For newly procured palm-derived raw materials, we will use RSPO-certified products. Furthermore, by 2030, we will switch all palm-derived raw materials we purchase to RSPO-certified products.

RSPO, officially known as Roundtable on Sustainable Palm Oil is a non-profit organization comprised of seven stakeholders involved in palm oil. RSPO considers sustainable palm oil production to not only be in compliance with relevant legal systems, but also to be economically viable, environmentally appropriate and socially beneficial.

The RSPO Principles and Criteria (P&C) defines 40 standards under seven principles and provides specific indicators and guidance for each standard. The content of the Principles and Standards is reviewed every five years to keep pace with changing circumstances. We have two systems in place as certification systems for each process - certification that sustainable production is carried out in accordance with Principles and Criteria (P&C) at the production stage (P&C certification) and a certification that a system has been established to ensure that certified palm oil is passed through all stages of the supply chain (SC certification).

2. Conflict minerals

Regarding the mineral raw materials purchased at TOKIWA Corporation, we

promote the procurement of raw materials that do not use mineral resources mined in conflict areas.

Conflict minerals are mineral resources mined in conflict areas such as African countries. In particular, the U.S. Financial Regulatory Reform Act (Dodd-Frank Act), enacted in March 2017, defines regulated mineral resources as four substances: tin, tantalum, tungsten, and gold (3TG). Subsequently, in 2017, the EU Conflict Minerals Regulation was enacted in Europe.

Conflict areas: Democratic Republic of the Congo (DRC) and nine neighbouring countries (Republic of the Congo, Angola, Zambia, Tanzania, Uganda, South Sudan, Rwanda, Central African Republic, and Burundi) Conflict minerals: tin, tantalum, tungsten, gold and its derivatives

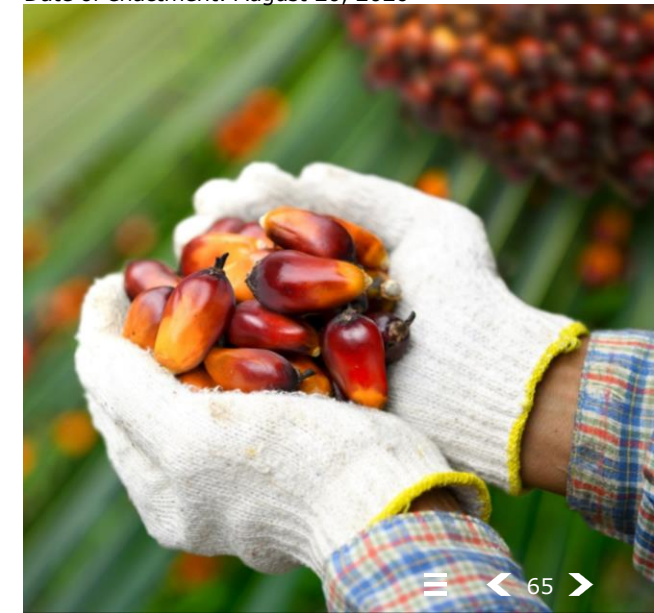
3. REACH regulations

Regarding raw materials purchased by TOKIWA Corporation, we promote procurement of raw materials that comply with REACH regulations.

REACH (Regulation for the Registration, Evaluation, Authorization and Restriction of Chemicals) is a chemical regulation in the

EU (European Union) that came into effect on June 1, 2007 Under the REACH Regulation, with some exceptions, registration with the European Chemicals Agency (ECHA) is required in order to sell chemical products of 1 ton/year or more within the EU, whether existing or new. Furthermore, if there is an intentional release of a product, it is necessary to 'register' it, and if it contains a substance of high concern regarding toxicity (SVHC), it is necessary to take measures such as 'notification' or 'communication'.

Date of enactment: August 20, 2020



ENVIRONMENT

CO₂ emissions

Scope1

	Units	2019 FY	2020 FY	2021 FY	2022 FY
Japan	t-CO ₂ -e	326	245	305	315
Overseas	t-CO ₂ -e	247	320	210	136
Total	t-CO ₂ -e	574	565	515	452

Scope2

Market standards	Units	2019 FY	2020 FY	2021 FY	2022 FY
Japan	t-CO ₂ -e	2,707	2,447	1,653	233
Overseas	t-CO ₂ -e	2,809	2,615	2,784	3,278
Total	t-CO ₂ -e	5,516	5,062	4,437	3,511

Location standards	Units	2019 FY	2020 FY	2021 FY	2022 FY
Japan	t-CO ₂ -e	2,926	2,540	3,164	3,166
Overseas	t-CO ₂ -e	2,534	2,615	3,011	3,278
Total	t-CO ₂ -e	5,460	5,155	6,175	6,444

Supply Chain Emissions (Scope 1/2/3)

	Units	2019 FY	2020 FY	2021 FY	2022 FY
Scope1	t-CO ₂ -e	574	565	515	452
Scope2	t-CO ₂ -e	5,516	5,062	4,437	3,511
Scope3	t-CO ₂ -e	123,115	83,671	86,809	107,541
Total	t-CO ₂ -e	129,205	89,297	91,760	111,503
Basic unit of sales	t-CO ₂ -e/million yen	4.4	4.7	4.3	4.2

* Scope2 is market standard

Scope3

Category	Units	2019 FY	2020 FY	2021 FY	2022 FY
1. Products and Services Purchased	t-CO ₂ -e	113,787	71,999	77,726	94,340
2. Capital goods	t-CO ₂ -e	2,557	4,914	1,868	1,970
3. Fuel and energy businesses (not included in Scope 1 or 2)	t-CO ₂ -e	824	794	939	871
4. Transportation and delivery (upstream)	t-CO ₂ -e	3,935	4,105	4,394	8,216
5. Waste generated from business	t-CO ₂ -e	326	395	360	398
6. Business trips	t-CO ₂ -e	176	180	168	181
7. Employee commuting	t-CO ₂ -e	611	618	583	626
12. Disposal of products sold	t-CO ₂ -e	898	666	771	939
Total	t-CO ₂ -e	123,115	83,671	86,809	107,541

Scope3 Calculation method

Category	Calculation method
1. Products and services purchased	Calculated by multiplying the amounts of purchased/acquired products or services by the emissions base unit
2. Capital goods	Calculated by multiplying the amount of each capital good purchased or acquired by the emissions base unit.
3. Fuel and energy (not included in Scope 1 or 2) Related activities	Calculated by multiplying the physical quantity data (consumption amount) of various energies by the emission base unit
4. Transportation, delivery (upstream)	Calculated by multiplying fuel consumption, payment costs, etc. by emissions base unit for each type of logistics such as transportation and storage
5. Waste generated from business	Calculated by multiplying various waste emissions by emissions base unit (excluding emissions from overseas subsidiaries)
6. Business trips	Calculated by multiplying the number of employees by emission base unit
7. Employee commute	Calculated by multiplying the number of employees by the number of business days per year and emissions base unit
12. Disposal of products sold	Calculated by multiplying the estimated amount of various waste emissions by the emission base unit

* Unit emissions are based on the "Database on Unit Emissions for Calculating Greenhouse Gas Emissions of Organizations through Supply Chains (Ver. 3.2)", etc. Categories 8 to 11 and 13 to 15 are excluded because they are difficult to calculate or do not apply.

ENVIRONMENT

Amount of energy used

	Units	2019 FY	2020 FY	2021 FY	2022 FY
Oil/gas	MWh	2,030	1,750	1,725	1,678
Electricity/steam	MWh	10,556	9,563	12,120	11,590
Total	MWh	12,586	11,313	13,845	13,268
Basic unit of sales	MWh/million yen	0.4	0.6	0.6	0.5

Use of Renewable Energy

	Units	2019 FY	2020 FY	2021 FY	2022 FY
Manufacturing HQ	MWh	0	0	2,697	5,357
Indirect	MWh	0	0	447	1,355
Overseas	MWh	0	0	0	0
Total	MWh	0	0	3,144	6,712

Amount of waste

	Units	2019 FY	2020 FY	2021 FY	2022 FY
Organic waste	t	22.9	15.5	194.2	30.4
Inorganic waste	t	863.3	939.2	676.3	692.8
Total	t	886.2	954.8	870.5	723.2

City water and well water consumption

	Units	2019 FY	2020 FY	2021 FY	2022 FY
Japan (Manufacturing HQ): City water	m ³	33,395	29,811	23,923	27,466
Japan (Manufacturing HQ): Well water	m ³	—	—	—	4,550
Japan (indirect sector): City water	m ³	3,023	2,583	3,283	3,387
Overseas: City water	m ³	29,246	27,093	23,121	17,918
Total	m ³	65,664	59,487	50,327	53,321



SOCIAL

* Human resources-related data is based on data as of December 31, 2022 unless otherwise specified.

Number of employees, age composition, female ratio

Reference

Country where group companies are located

• TOKIWA Corporation, SONAX Corporation : Japan
• Kunshan Tokiwa Cosmetics Co., Ltd.: China

• TOKIWA Subic: Philippines
• TOKIWA COSMETICS INTERNATIONAL: USA
• TOKIWA-C.M.C EUROPE INC.: France

TOKIWA Corporation

		2020	2021	2022
Male	Under 30	60	47	51
	30 to 49 years old	179	171	184
	Over 50	77	89	100
		316	307	335
Female	Under 30	106	72	85
	30 to 49 years old	230	203	213
	Over 50	201	223	229
		537	498	527
Employees (Number)		853	805	862
Ratio of female employees (%)		63%	62%	61%

TOKIWA Subic Corporation

		2020	2021	2022
Male	Under 30	9	9	9
	30 to 49 years old	16	23	23
	Over 50	2	1	2
		27	33	34
Female	Under 30	111	115	110
	30 to 49 years old	65	65	62
	Over 50	0	1	1
		176	181	173
Employees (Number)		203	214	207
Ratio of female employees (%)		87%	85%	87%

TOKIWA COSMETICS INTERNATIONAL

		2020	2021	2022
Male	Under 30	—	0	0
	30 to 49 years old	—	1	2
	Over 50	—	0	2
		—	1	4
Female	Under 30	—	1	2
	30 to 49 years old	—	0	1
	Over 50	—	0	1
		—	1	4
Employees (Number)		—	2	8
Ratio of female employees (%)		—	50%	50%

Kunshan Tokiwa Cosmetics Co., Ltd.

		2020	2021	2022
Male	Under 30	3	2	3
	30 to 49 years old	35	35	36
	Over 50	8	8	9
		46	45	48
Female	Under 30	5	4	5
	30 to 49 years old	221	217	208
	Over 50	7	6	7
		233	227	220
Employees (Number)		279	272	268
Ratio of female employees (%)		84%	83%	82%

SONAX Corporation

		2020	2021	2022
Male	Under 30	—	0	0
	30 to 49 years old	—	7	8
	Over 50	—	3	3
		—	10	11
Female	Under 30	—	0	0
	30 to 49 years old	—	9	8
	Over 50	—	6	7
		—	15	15
Employees (Number)		25	25	26
Ratio of female employees (%)		—	60%	58%

TOKIWA-C.M.C EUROPE INC.

		2020	2021	2022
Male	Under 30	—	0	0
	30 to 49 years old	—	0	0
	Over 50	—	0	0
		—	0	0
Female	Under 30	—	0	0
	30 to 49 years old	—	1	1
	Over 50	—	0	0
		—	1	1
Employees (Number)		2	1	1
Ratio of female employees (%)		—	100%	100%

SOCIAL

* Human resources-related data is based on data as of December 31, 2022 unless otherwise specified.

Number of employees by employment type

TOKIWA Corporation

	2020	2021	2022
Full-time employee	447	407	432
Cooperating employee (Full-time part-timer)	224	245	291
Other (Short time, contract)	182	153	139
Employees (Number)	853	805	862

Kunshan Tokiwa Cosmetics Co., Ltd.

	2020	2021	2022
Full-time employee	272	266	262
Cooperating employee (Full-time part-timer)	7	6	6
Other (Short time, contract)	0	0	0
Employees (Number)	279	272	268

TOKIWA Subic Corporation

	2020	2021	2022
Full-time employee	203	214	207
Cooperating employee (Full-time part-timer)	0	0	0
Other (Short time, contract)	0	0	0
Employees (Number)	203	214	207

SONAX Corporation

	2020	2021	2022
Full-time employee	10	10	11
Cooperating employee (Full-time part-timer)	13	13	13
Other (Short time, contract)	2	2	2
Employees (Number)	25	25	26

TOKIWA COSMETICS INTERNATIONAL

	2020	2021	2022
Full-time employee	—	2	8
Cooperating employee (Full-time part-timer)	—	0	0
Other (Short time, contract)	—	0	0
Employees (Number)	—	2	8

TOKIWA-C.M.C EUROPE INC.

	2020	2021	2022
Full-time employee	2	1	1
Cooperating employee (Full-time part-timer)	—	0	0
Other (Short time, contract)	—	0	0
Employees (Number)	2	1	1

Ratio of women by position

TOKIWA Corporation

	2020	2021	2022
Board member	0%	20%	33%
General Manager or above	11%	8%	10%
Manager or above	0%	0%	5%

* Officers: Directors, auditors
General Manager and above: Executive Officer, Centre Director, Chief Researcher, Vice President, Senior Director, Assistant to General Manager, Manager(Expert), Factory Manager, Deputy Factory Manager, General Manager
Manager and above: Deputy General Manager, Senior Manager, (Head of office), Manager

Ratio of nationalities in senior management positions

	2020	2021	2022
TOKIWA Corporation (Japan)	100%	100%	100%
Kunshan Tokiwa Cosmetics Co., Ltd. (China)	86%	93%	93%
TOKIWA Subic (Philippines)	100%	100%	100%

* Senior management: Executive officer to general manager level

Number of temporary workers

	2020	2021	2022
TOKIWA Corporation	296	446	524
TOKIWA Subic	108	119	147

SOCIAL

* Human resources-related data is based on data as of December 31, 2022 unless otherwise specified.

Number of new hires (full-time employees)

TOKIWA Corporation

		2020年	2021年	2022年
Male	Under 30	5	1	12
	30 to 49 years old	3	2	6
	Over 50	2	0	2
		10	3	20
Female	Under 30	11	4	16
	30 to 49 years old	0	0	19
	Over 50	1	0	2
		12	4	37
Total (Number)		22	7	57

TOKIWA Subic Corporation

		2020年	2021年	2022年
Male	Under 30	0	0	0
	30 to 49 years old	0	0	0
	Over 50	0	0	0
		0	0	0
Female	Under 30	1	0	1
	30 to 49 years old	0	0	0
	Over 50	0	0	0
		1	0	1
Total (Number)		1	0	1

TOKIWA COSMETICS INTERNATIONAL

		2020年	2021年	2022年
Male	Under 30	—	0	0
	30 to 49 years old	—	0	0
	Over 50	—	0	1
		—	0	1
Female	Under 30	—	0	1
	30 to 49 years old	—	0	1
	Over 50	—	0	1
		—	0	3
Total (Number)		—	0	4

Kunshan Tokiwa Cosmetics Co., Ltd.

		2020年	2021年	2022年
Male	Under 30	0	0	2
	30 to 49 years old	0	1	2
	Over 50	0	0	0
		0	1	4
Female	Under 30	0	0	1
	30 to 49 years old	0	2	10
	Over 50	0	0	0
		0	2	11
Total (Number)		0	3	15

SONAX Corporation

		2020年	2021年	2022年
Male	Under 30	—	—	0
	30 to 49 years old	—	—	3
	Over 50	—	—	0
		—	—	3
Female	Under 30	—	—	1
	30 to 49 years old	—	—	2
	Over 50	—	—	0
		—	—	3
Total (Number)		—	—	6

TOKIWA-C.M.C EUROPE INC.

		2020年	2021年	2022年
Male	Under 30	—	0	0
	30 to 49 years old	—	0	0
	Over 50	—	0	0
		—	0	0
Female	Under 30	—	0	0
	30 to 49 years old	—	0	0
	Over 50	—	0	0
		—	0	0
Total (Number)		—	0	0

SOCIAL

* Human resources-related data is based on data as of December 31, 2022 unless otherwise specified.

Childcare leave (As of December 31, 2022)

TOKIWA Corporation

		2020	2021	2022
Male	Number of rights holders	7	12	6
	Number of acquirers (Acquisition rate)	1 (14%)	2 (17%)	6 (100%)
	Number of people returning to work (Rate of people returning to work)	1 —	0 (0%)	6 (300%)
	Number of employees who have been back to work for more than 12 months (Retention rate)	0 —	1 (100%)	0 (0%)
Female	Number of rights holders	7	7	7
	Number of acquirers (Acquisition rate)	6 (86%)	7 (100%)	7 (100%)
	Number of people returning to work (Rate of people returning to work)	6 —	7 (117%)	8 (114%)
	Number of employees who have been back to work for more than 12 months (Retention rate)	7 —	5 (83%)	7 (100%)

* Reinstatement rate = number of employees reinstated in that year/number of employees reinstated in the previous year

Training time per person (h)

	2020	2021	2022
TOKIWA Corporation	—	1.2	0.2
Kunshan Tokiwa Cosmetics Co., Ltd.	9.5	10.1	10.3
TOKIWA Subic Corporation	1.0	11.1	3.1
SONAX Corporation	—	0.0	0.0
TOKIWA COSMETICS INTERNATIONAL	—	40.0	1.4

Percentage of people conducting performance evaluations

	2020	2021	2022
TOKIWA Corporation	100%	100%	100%
Kunshan Tokiwa Cosmetics Co., Ltd.	99%	98%	98%
TOKIWA Subic Corporation	98%	98%	100%
SONAX Corporation	100%	100%	100%
TOKIWA COSMETICS INTERNATIONAL	—	100%	100%

Number of work-related injuries and illnesses

Number of injury fatalities

	2020	2021	2022
TOKIWA Corporation	0	0	0
Kunshan Tokiwa Cosmetics Co., Ltd.	0	0	0
TOKIWA Subic Corporation	0	0	0
SONAX Corporation	0	0	0
Total	0	0	0

Number of serious injuries

	2020	2021	2022
TOKIWA Corporation	0	0	0
Kunshan Tokiwa Cosmetics Co., Ltd.	0	0	0
TOKIWA Subic Corporation	0	0	0
SONAX Corporation	0	0	0
Total	0	0	0

Number of injury fatalities

	2020	2021	2022
TOKIWA Corporation	5	6	5
Kunshan Tokiwa Cosmetics Co., Ltd.	0	0	0
TOKIWA Subic Corporation	0	0	0
SONAX Corporation	0	0	0
Total	5	6	5

Number of deaths from disease

	2020	2021	2022
TOKIWA Corporation	0	0	0
Kunshan Tokiwa Cosmetics Co., Ltd.	0	0	0
TOKIWA Subic Corporation	0	0	0
SONAX Corporation	0	0	0
Total	0	0	0

Number of sick people

	2020	2021	2022
TOKIWA Corporation	0	0	0
Kunshan Tokiwa Cosmetics Co., Ltd.	0	0	0
TOKIWA Subic Corporation	0	0	0
SONAX Corporation	0	0	0
Total	0	0	0



SOCIAL

* Human resources-related data is based on data as of December 31, 2022 unless otherwise specified.

Basic salary per employee (Male/female ratio)

TOKIWA Corporation

(100 for male)	2020	2021	2022
Full-time employee	75	74	76
Cooperating employee (Full time part)	92	94	101
New graduate employees	100	100	100
New graduate employee minimum wage ratio	109	106	102

* Minimum wage: Gifu prefecture where major factories are located is 100

* As for the difference in wages between men and women, there is no difference in wages for equal work, the difference is due to differences in personnel composition by grade and other factors.

Welfare benefits for open-ended and fixed-term employment

Field	Policy content	TOKIWA Corporation		Kunshan Tokiwa Cosmetics Co., Ltd.		TOKIWA Subic Corporation		SONAX Corporation	
		Indefinitely	Fixed term	Indefinitely	Fixed term	Indefinitely	Fixed term	Indefinitely	Fixed term
Social insurance	Health insurance, welfare pension, nursing care insurance, employment insurance, workers' compensation insurance	○	○	○	○	○	×	○	○
	birth insurance, housing reserve fund,	×	×	○	○	×	×	×	×
Pension	Defined contribution pension	○	×	×	×	○	○	×	×
Livelihood support	Commuting expenses allowance, uniform loan, lunch expenses assistance (Partially applicable)	○	○	×	×	○	○	○	○
Self-development	Correspondence education/qualification acquisition subsidies	○	×	○	○	○	○	×	×
Wealth creation	Asset accumulation savings	○	○	×	×	×	×	×	×
	Employee stock ownership plan	○	×	×	×	×	×	×	×
Residence	Company housing/singles apartment rental	○	×	×	×	×	×	×	×
Childcare/nursing care	Vacation, leave of absence, short-time working hours related to childcare and nursing care,	○	○	○	○	○	○	○	○
Other	Celebration and condolence money, long service award	○	○	○	○	○	×	×	×
	Group insurance	○	○	×	×	○	×	×	×

Labor union membership ratio, number of labour-management negotiations

TOKIWA Corporation

	2020	2021	2022
TOKIWA Labour Union	38%	39%	41%
	7 times	12 times	12 times

Kunshan Tokiwa Cosmetics Co., Ltd.

	2020	2021	2022
KTC Labour Union	96%	95%	90%
	0 times	0 times	0 times





T O K I W A

TOKIWA Corporation

Tokyo HQ

5F, Kyotoku Building, 1-9-5 Oji, Kita-ku, Tokyo
114-0002

TEL: 03-3914-2111 (main) FAX: 03-3913-8411

<https://www.tokiwa-corp.com>

Contact: Sustainability Promotion Department