

Sustainability Report 2025

TOKIWA Sustainability report





Bringing Beauty, Excitement,
and Joy to People around the World



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Editorial Policy

With the mission of Bringing beauty, excitement, and joy to people around 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 center 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 2024-December 2024

*Some information includes information before December 2023 and after January 2025.

Publication Date

December 2025

Reporting cycle

Once a year

Reference guideline

GRI Standard

Top message

Bringing Beauty, Excitement, and Joy to People around 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 people around 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.



Monozukuri manufacturing that responds to environmental changes

Changes in societies and lifestyles are changing the way we perceive cosmetics. It is important that innovation involves competitive advantage of quality and function of the product. We believe that our way we develop and manufacture creates products which resonate with people who use them and the products will enrich people's lives and bring smiles to people's face.

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 important for Tokiwa, as 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, development of products with less use of plastics.

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 exclude ingredients that may affect human health and invest in procuring safer raw materials. Furthermore, we are committed to improving the lives of producers of such raw materials. Since we launched this initiative in 2020, a large number of customers have utilized Tokiwa sustainable beauty products.

DE&I as a driving force for business growth

We need to understand various people's needs and trends worldwide and develop highly novelty products with new ideas in cosmetics contract manufacturing and development businesses. To achieve this, it is crucial for us to promote diversity, equity and inclusion. Regardless of gender, nationality and race, cultivating organization, environment and corporate culture in which all employees can demonstrate their characters and skills and play an important role is a driving force of sustainable business growth. The development and manufacturing of better makeup products through collaboration with various companies enables people around the world to become more confident than ever before, and to rediscover themselves, which is major pillars of social contribution that we 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.

Yukinobu Akita,
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.



Factory at the time of its establishment



Company Flag of TOKIWA Sangyo Co.,

1948

TOKIWA Sangyo Co. established
Manufacture of pencil shaft plates



Automatic shaft-making Machine No.1

1954

Development of the automatic shaft making machine



Paper manufacturing Nagoya Factory

1965

Groundbreaking of Nagoya Paper Mill



Automatic grader for shaft plates (TAS-1)

1983

Developed automatic grain grading device for shaft plates



Nakatsugawa Factory

1980

New cosmetics line opens at Nakatsugawa Factory



Inauguration of TOKIWA Corporation

1991

Merger of four separate enterprises
Start of TOKIWA Corporation



Tokyo HQ

2009

Transfer of paper manufacturing business
Became a specialist cosmetics OEM

2003

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



Ochiai Factory

1996

Ochiai Factory established

2024

Launching partnership agreement with TOA corporation



Kunshan Tokiwa Cosmetics Co., Ltd.



Researchers
100+



Annual Production
100mil+units
*TOKIWA Global 2024

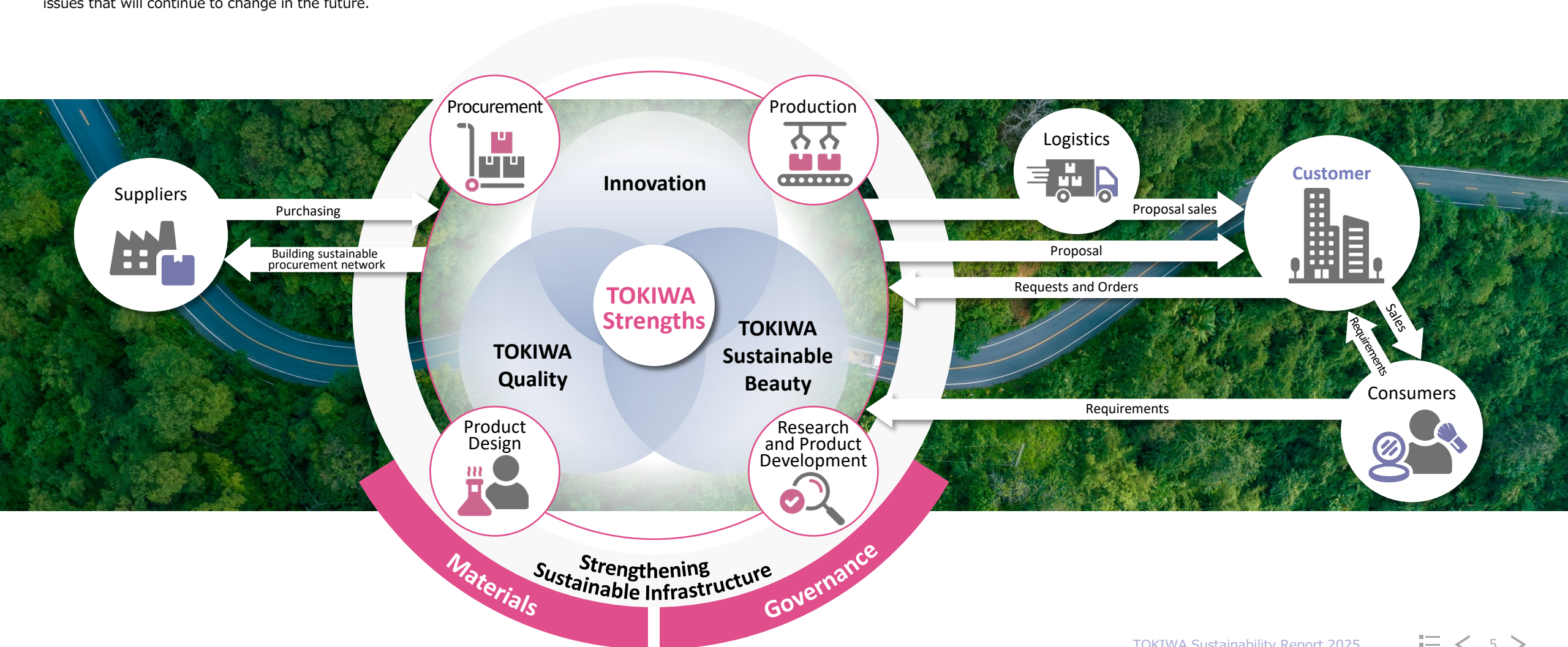


Patents
500+
*in Japan and abroad



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 to people 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	President and CEO Yukinobu Akita
Capital	76.7 million yen
No. of employees	1,004

TOKIWA Group Inc 6 companies

Japan Facilities	2 companies (Production Facilities: 8 locations)	Group companies	4 companies (Production facilities: 2 location)
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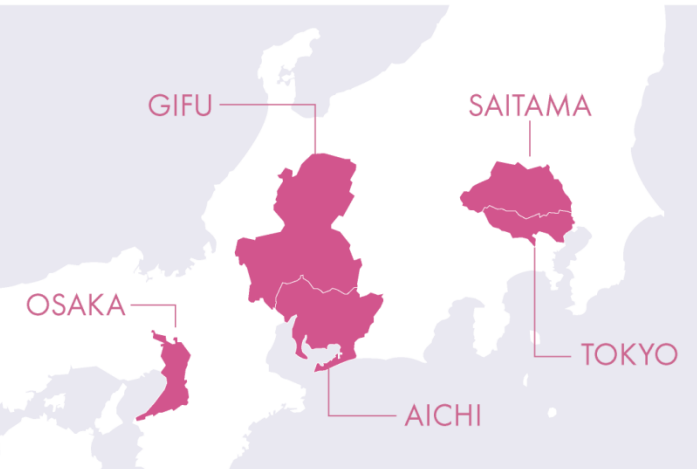
As of Dec.31,2024

TOKYO	Tokyo HQ	Office
OSAKA	Osaka Office	Office
AICHI	Nagoya Office	Office
SAITAMA		
	Global Technology Center	Research Center
	Global Logistics Center	Office
	SONAX Corporation	Production Facilities

Office  Research Center  Production Facilities 

GIFU

Nakatsugawa Head Office	Office
Nakatsugawa Factory	Production Facilities
Ochiai Factory	Production Facilities
Mizunami Factory	Production Facilities
Toki Factory	Production Facilities
Komamba Factory	Production Facilities
Sakamoto Operation Center	Production Facilities



CHINA

Kunshan Tokiwa Cosmetics Co., Ltd.	Office
Shanghai Office	Office
Guangzhou Office	Office

PHILIPPINES

TOKIWA Subic Corporation	Production Facilities
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USA

TOKIWA COSMETICS INTERNATIONAL	Office
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FRANCE

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



TOKIWA Sustainability

TOKIWA is committed to Bringing beauty, excitement, and joy to people around 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 People around 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 color 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

Materiality (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 issues) 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.



Extraction of potential themes

85 candidate themes (environment: 20, society: 46, governance: 19) were extracted based on the UN Global Compact ISO 26000, SDGs, and examples from other companies.

Importance rating

Management committee members, employees, and external experts discuss the selected candidate themes and evaluate their importance to business growth and corporate value improvement. Materiality matrix was created by mapping the evaluation results on the two axes of importance from the perspective of society and importance to TOKIWA, and 8 materialities (key issues) were selected.

Validity Assessment

Verify the appropriateness and consistency of the selected materialities by exchanging opinions with the department in charge of each issue and external experts.

Approval

Selected 8 materialities are reviewed by the Board of Directors and finally approved by the CEO.

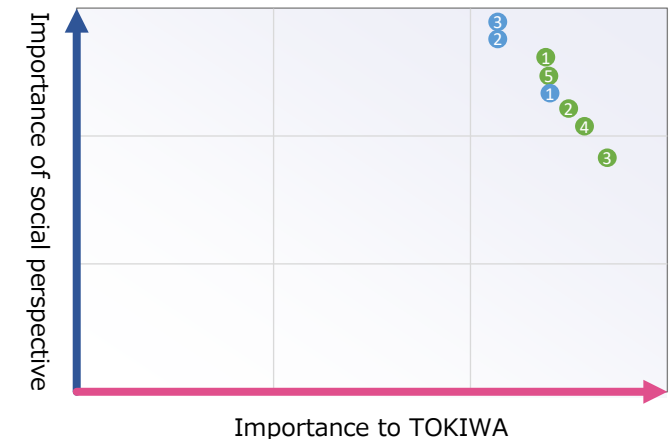
Environmentally friendly Reduce environmental impact and coexist in harmony with nature

- 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

Materiality Matrix



















Efforts to Address materiality

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

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)	Target (Actions to be taken)	KPI			SDGs to be addressed
			2024	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 sustainable containers	① 72.4% ② 30.4%	① 80% ② 40%	① 90% ② 60%	  
	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 73% ② Continue to maintain zero procurement ③ Maintain and continue compliance	① 80% 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*)	89%	93% All electricity has been changed to renewable energy	100%	
People friendly Fulfillment of Social Responsibility	Diversity Equity & Inclusion	Increase the percentage of women in management positions	Female managers : 12.1%	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"> • Introduction of e-Learning • Establishment of production training system • Next Generation Leader Training 	<ul style="list-style-type: none"> • Building human development policy • Building training system in accordance with the policy 	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 : 3 /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 : 34 /year	Number of patent and other applications : 35 /year	Number of patent and other applications : 40 /year	  
	Ensure product safety and security	Keep serious problems at zero	2 /year	0 /year	0 /year	

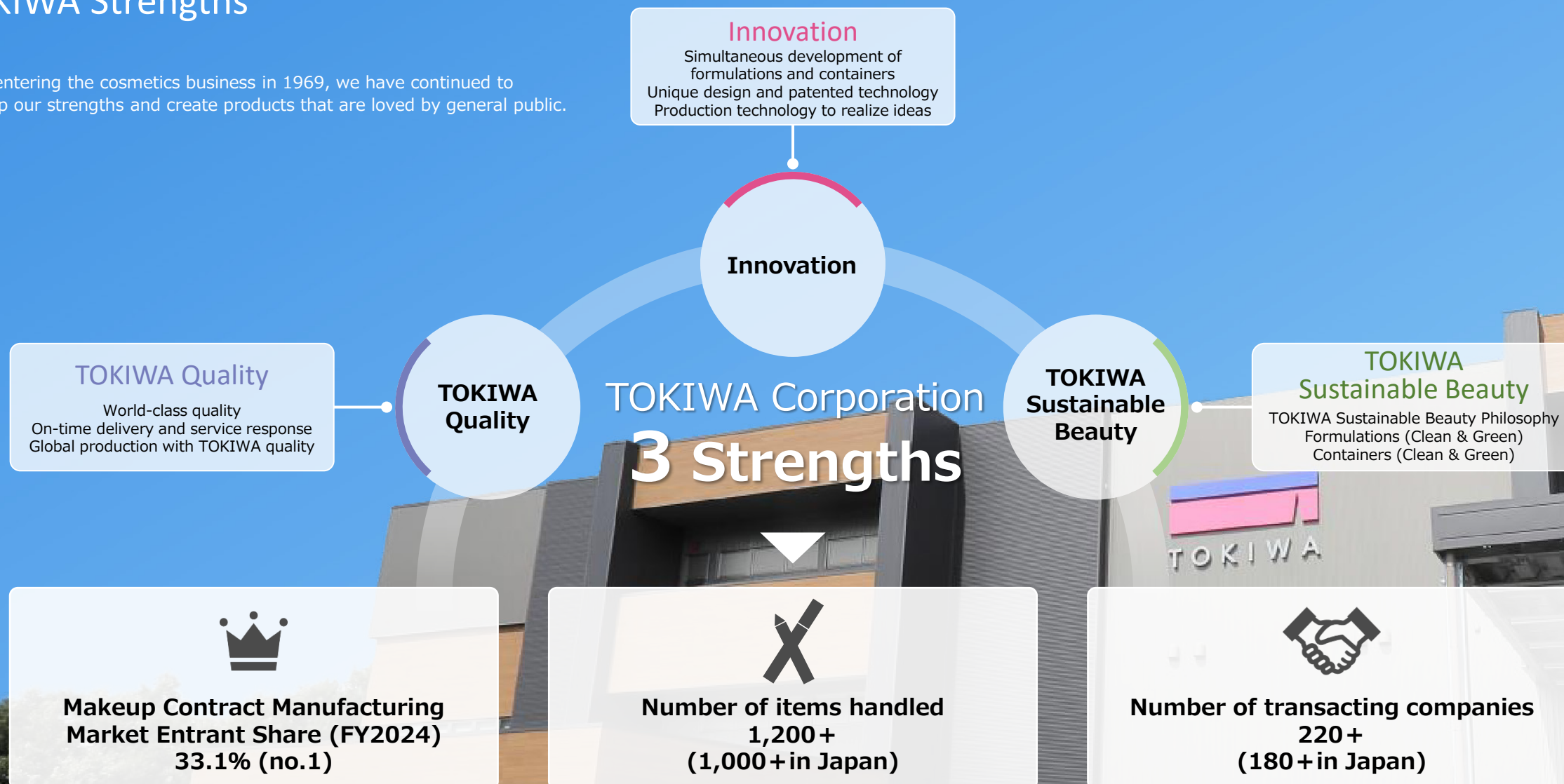
*Scope of Greenhouse Gas (GHG) Emissions

Scope1: Direct emissions from own fuel use and industrial processes

Scope2: 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 2024
Cosmetics Contract Manufacturing, Containers and Ingredients Market Outlook and Strategy

External Evaluation, Initiative, Certification and Accreditation As of March 31, 2025

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 people around the world

With regard to the past initiative, we received an A-rating in Climate Change from CDP, an International non-profit organization for 3 consecutive years, from 2022 to 2024. We also improved our score from the previous year and received a silver medal from EcoVadis, Global Sustainability Assessment Agency.

We also have obtained certification for the international standard "ISO 45001" for the Occupational Health and Safety Management System at our Mizunami Factory, prioritizing the safety and well-being of our employees and aiming to create a safe, comfortable, and healthy workplace environment for both mind and body.

We will continue to promote sustainable business activities and fulfill social responsibilities in our corporate activities by endorsing external evaluation and initiatives, obtaining the relative certification, and contributing to the realization of a sustainable society through cosmetics development and manufacturing.



CDP 2024
Climate Change A-
Forests B



EcoVadis Silver Certification



責任ある森林管理
のマーク
FSC®CoC Certification



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



Joined the United Nations
Global Compact



ISO 45001:2018 認証取得

Occupational safety and health
management system certification

*Mizunami Factory



EMS

JIS Q 14001
JSAE 403

Environment management system
Certification

*Ochiai Factory



IS 759490 / ISO27001

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

Sustainability Promotion Structure

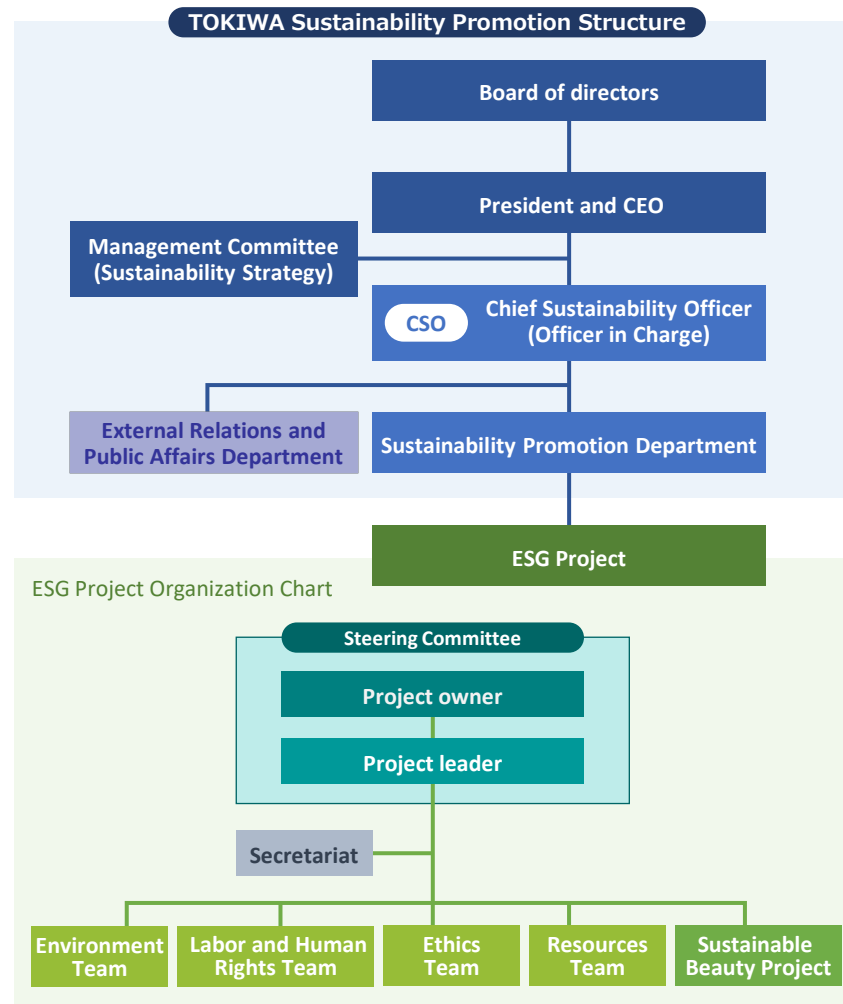
TOKIWA Sustainability Promotion Structure

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, Labor & 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 center 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 people around the world, TOKIWA is committed to becoming a truly sustainable company that balances business growth and social contribution, placing sustainability at the center 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 center 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, and the effort has gradually produced a good results.

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 Executive Vice President Masaharu Ichioka

Stakeholder Engagement

TOKIWA considers its employees, customers, suppliers, shareholders, 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 people around the world and contribute to the realization of a sustainable society.



Employee

In addition to appropriate compensation and occupational health and safety, each employee feels a sense of fulfillment and continues to grow with the company.

Town hall meeting
Engagement Survey
Safety and health committee
Support for Employee Health Promotion
Internal Reporting Desk

Four times a year
Annually
Annually
As and when
As and when

Sharing of company plans, performance, status, etc.; exchange of opinions between management and employees
Share the strength of employees' connection to the company and identify issues
Communicate and share health and safety information
Industrial physician interviews, stress checks, and mental health care
Third-party contact for early detection of misconduct and protection of whistleblowers

Customer

Not only embodying ideas, but also striving to understand customers' needs and making proposals to solve problems

Daily sales activities
Product Presentation
Regulatory and quality information exchange
Participation in cosmetics-related exhibitions

Daily
As and when
As and when
Annually

Sales activities to expand orders for new products and progress of new product projects
Presentation of products that anticipate customer needs
Exchange of information, sharing and opinions on cosmetics-related regulations in Japan and overseas
Attract new customers by participating in cosmetics-related exhibitions in Japan and overseas

Supplier

Build good partnerships through fair, equitable, and open transactions based on rational processes and judgement, as well as procurement that takes human rights and the environment into consideration.

Explanation of Purchasing Policy
CSR Procurement Questionnaire
Quality review meeting
Quality audit

As and when
Annually
As and when
As and when

Share and understand sustainable purchasing policies
Evaluating and understanding the implementation of the policy
Proactive avoidance of quality risks and sharing of opportunities
Proactive avoidance of quality risks and sharing of opportunities

Shareholder

Implement initiatives based on timely and appropriate disclosure and constructive dialogue

AGM
Mid-term Business Plan
Financial Results Briefing

Annually
Annually
Annually

Discussion and resolution on business report, consolidated financial statements, audit results and other reports and resolutions
Report and discussion of mid-term business plan
Report on financial results, management strategies, business initiatives, etc.

Industry Association・Member Company

Constructive information sharing for further development of the industry

Japan Cosmetic Industry Association
Japan Cosmetics Contract Manufacturers Association, JC/OEM Seminar

As and when
Once every two months/annually

Sharing of information on industry guidelines and trends
Sharing of OEM industry trends, issues, information, etc.

Local Community

Conducting a dialogue on activities to become a company that the community can be proud of

Exchange and sponsorship activities, etc. in the region according to the region (domestic or overseas)

As and when

Interaction with local government and local residents, exchange of opinions and promotion of understanding of corporate activities

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.



Registration 6760493

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

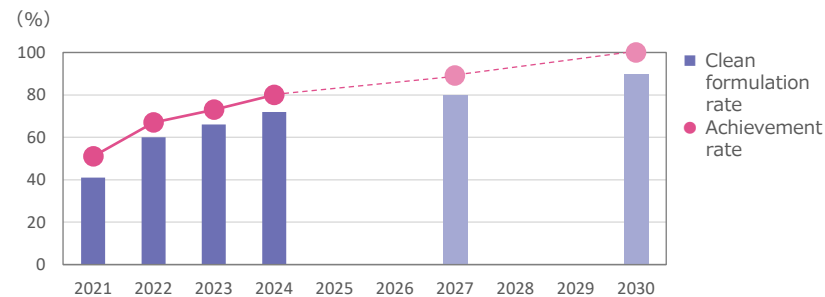
■ Target Details

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

2030 Target 90%

2024 Results 72%

Progress to goal
80%



Sustainable Containers

Sustainable containers*1 products shipment ratio

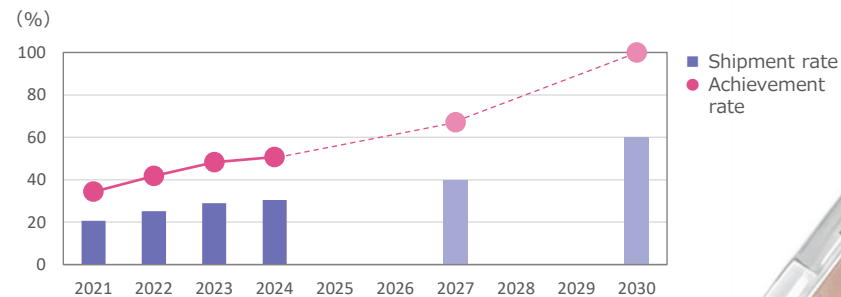
■ Target Details

Percentage of total shipments accounted for by shipments of sustainable container products

2030 Target 60%

2024 Results 30%

Progress to goal
51%



*1 Sustainable container: Styrene free, POM free, Carbon free, Petroleum paint free, Refill, Customize, Monomaterial, Recycle material content, PCR Products, Timber main raw materials, Timber, FSC mix credit certified main materials, Paper-made (main materials), Biomass (main materials), Hygiene, safety and cleanliness, Inclusive design



Expansion of Clean and Green Beauty Formulation

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.

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.

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.

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.

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

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. (In compliance with EU Cosmetics Regulation 1223/2009)



Expansion of Clean and Green Beauty Formulation

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*2

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.

*2 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). We use 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.

Chemicals that are known to cause cancer and reproductive abnormalities are listed in the State of California. As of 2020, more than 1,000 chemicals are included in the list, which is constantly updated. We refer to the list, developing formulation in compliance with Prop65

Use of RSPO SC certified oil

To protect natural environment, We prioritize the use of ingredients (raw materials) manufactured with RSPO certified oil that is cultivated in a sustainable manner and managed by supply chain



Expansion of Clean and Green Beauty Formulation

Examples of products developed



Shiny free loose powder

- **Natural Origin Index 100%**
- Balancing sebum smudging prevention and natural glow
- Loose powder with excellent soft focus effect
- **Microplastic free** loose powder leading to earth-friendly



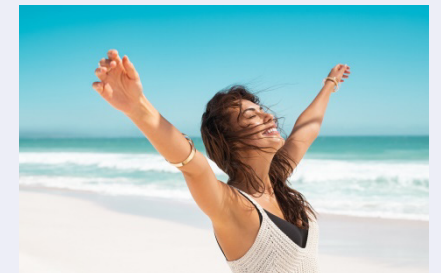
Bamboo liquid eye liner

- Natural Origin Index 90% **Bamboo charcoal** natural eyeliner
- Intense coloring in spite of **carbon black free**
- Caring skin formulation that remove it with hot water and face washing



Nano Free Natural Sunscreen

- Natural Origin Index 98% Water-based sunscreen with moisturizing texture
- High SPF in spite of **nano free and chemical-free**
- Gentle to skin due to PEG, Mineral oil, Alcohol, Paraben, ultraviolet absorber free

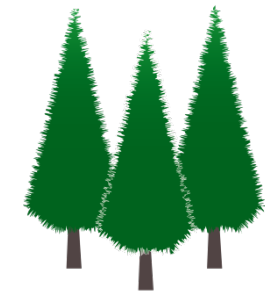
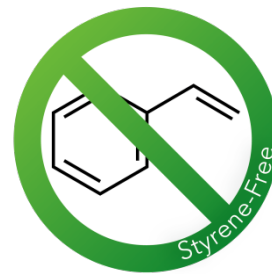
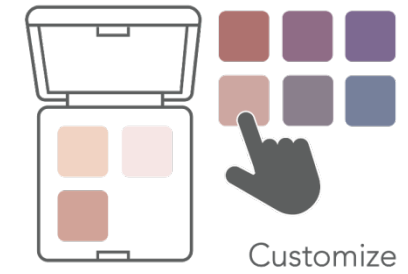


Sustainable packaging (containers with consideration of reduced environmental impact, safety, etc.)

Expanding Our Sustainable Product Lineup

In developing sustainable packaging, we are working toward a sustainable, circular society centered on the 3Rs (Reduce, Reuse, Recycle). We are committed to developing containers and packaging made from safe materials that utilize recyclable resources and comply with all relevant regulations, while always considering the environment.

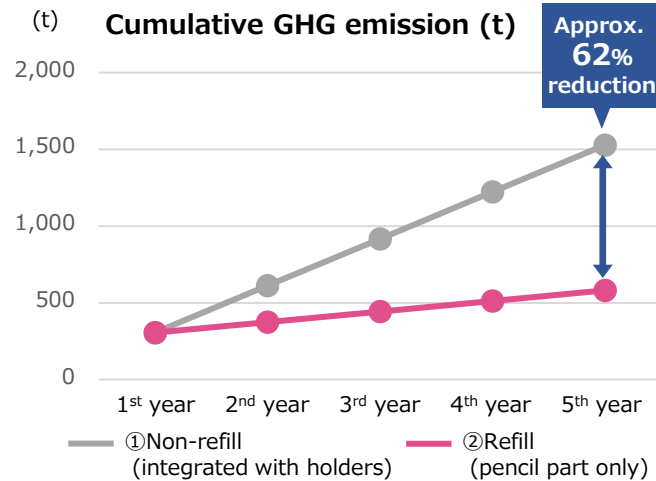
From the perspective of 3R + Renewables, we are strengthening our lineup of refillable and customized products designed for long-term use. We are also reducing petroleum-derived plastics by promoting a shift to raw materials such as mono-materials, bioplastics, wood, and paper. In addition to using safe materials (such as styrene-free and PFAS-free options), we are actively working to develop containers that are easy for everyone to use, incorporating inclusive and universal designs.



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

Reduction of environment impact regarding refill-type products

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.



① Non-refill products (integrated with holder)



Container specification	Dispensing eyebrow pencil
Decoration	UV coating and printing on holder exterior parts
Product strengths	500,000 units per year
Delivery to	EU Export estimated annual usage quantity:

② Refill (pencil part only) products



① Non-refill: 500,000 units/year
② refill: 500,000 units of main body/first year + 500,000 units of refills/every year

*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 (Calculating annual emissions based on first-year emissions)

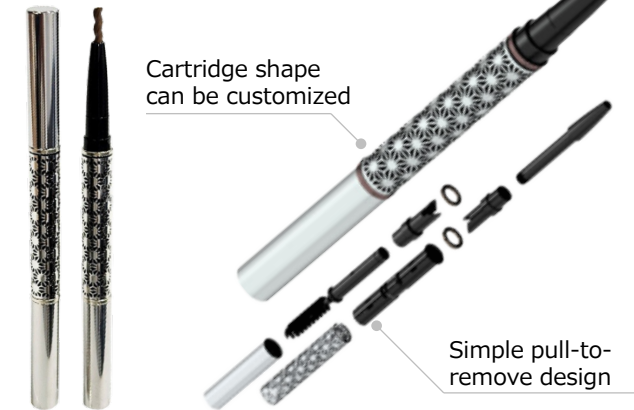
Safety consideration

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.34)

Featured Product Refillable Twisted sculpt brow



- 1. Rope shaped lead**
Innovative lead with clean formula combining functionality and aesthetics appeal
- 2. Metal holder**
Avant-garde holder combining Luxury and Eco-friendly
- 3. Mono material refill**
Feel attached to environmentally conscious refillable design with long term use



Aiming for a Symbiotic Society

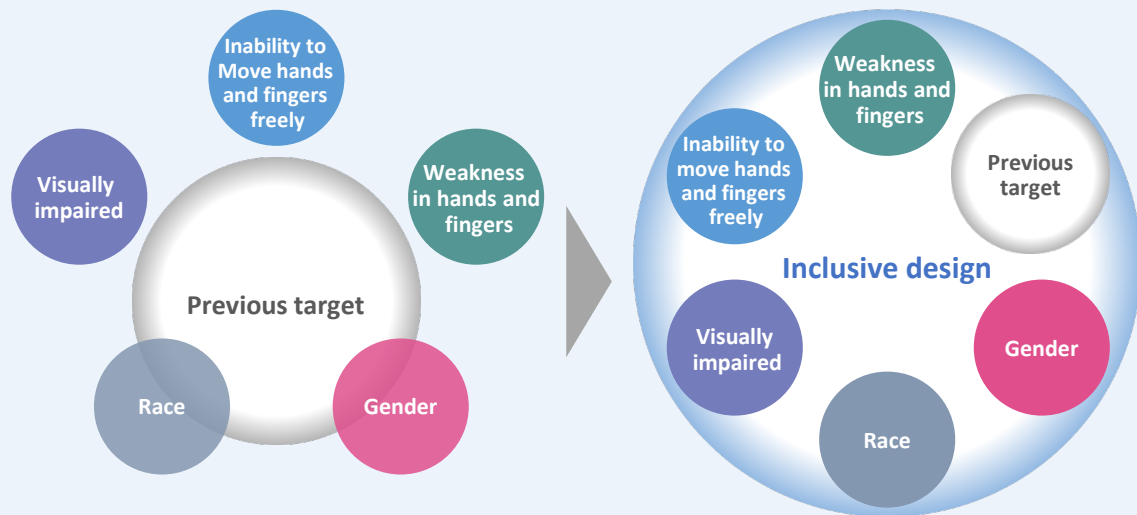
Development of cosmetics from an inclusive design perspective

Tokiwa is working to develop cosmetics from an inclusive perspective that includes people who have not been focused on during the process of developing cosmetics, in the hope that more people around the world will experience beauty, excitement and joy and more fulfilling lives through color cosmetics.

As part of this initiative, we held the roundtable discussion with individuals living with Parkinson's disease, incorporating their ideas into the development of our products. Leveraging our strength in simultaneous formulation and packaging development, we aim to develop products that are easy to use for those who find it challenging to apply makeup with off-the-shelf products.

Inclusive design for TOKIWA

A design approach that involves collaborating with diverse individuals who have been excluded from traditional planning and development processes due to various constraints.



The process of cosmetics development

- Step 1** Interviewing the people with Parkinson's disease about how they use cosmetics and how they feel about it
- Step 2** Identifying problems and discussing ideas on how to solve them
- Step 3** Manufacturing prototypes that embody ideas and evaluating them in a roundtable discussion.
- Step 4** Following the evaluation results, making further improvements to create a more user-friendly product

Featured
Innovation

Capless lipstick

※Patent Pending

- Relieve a little stress such as losing cap
- No need to hold the lipstick cap with one hand when applying because you do not need to take it off.
- Simple design with all mechanisms setting inside the lipstick container



Comment by a representative of Japan Parkinson Disease Association



The Tokiwa team listened to various aspects of our daily lives from multiple perspectives, and we were able to rediscover that makeup is a joyful experience, without hesitation or self-consciousness because we are people with disabilities. Furthermore, they incorporated our requests for container shapes and specifications that are easy for people like us with challenges to use. The roundtable discussion with everyone may sound exaggerated, but I believe it became a turning point for me to reflect on my life.

Comment by person in charge of development, TOKIWA

Through the roundtable discussion, we gained valuable insights that we couldn't see from our own perspective, as individuals with disabilities shared their usual concerns and frustrations about cosmetics and provided feedback while trying out prototypes in the discussion. We believe that these insights serve as essential hints for developing cosmetics that are easy for everyone to use. Additionally, some participants mentioned that they felt more motivated to go out and engage socially after joining the discussion. This activity fostered their positive feelings and was a highly meaningful experience for both parties. As we continue to advance our development and proposals toward commercialization, we remain committed to creating products that allow everyone to enjoy makeup.



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 regarded reduction of CO₂ emission, reduction of water consumption and reduction of waste as priority action with the objective of carbon neutral in 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 CO₂-free electricity and renewable energy certificate 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' decarbonization 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 decarbonization and zero 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 has been reducing CO₂ emissions from the use of electricity by purchasing renewable energy certificates in overseas sites.
- The company will invest a cumulative total of approximately 100 million yen from 2021 to 2026 to support the decarbonization of the commissioned companies, from the development of low-carbon cosmetic formulations to the development of cosmetic containers*¹ and the promotion of the 3Rs (reduce, reuse, recycle) in material procurement.

*1 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

	2020	2021	2022	2023	2024
Climate Change Assessment	B	B	A-	A-	A-
Forests	—	—	—	—	B



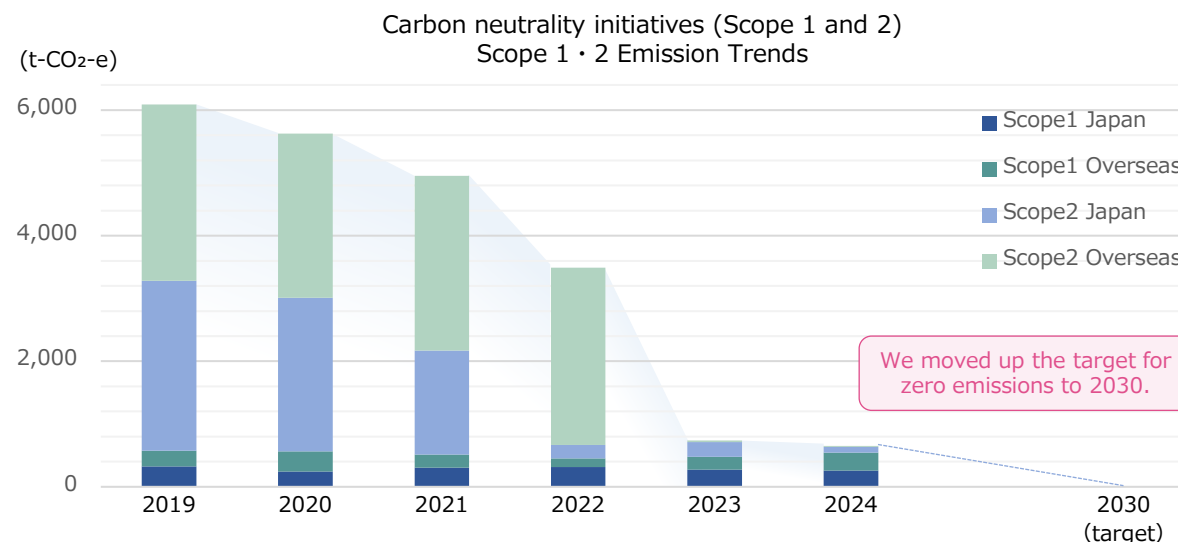
Reduction of CO₂ emissions from energy consumption (Scope 1 · Scope 2) (t-CO₂-e)

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.

We realize to reduce Scope2 emission significantly by introducing renewable energy in each factory in Japan and abroad.

Scope	Base region	2019	2020	2021	2022	2023	2024
Scope1	Japan	326	245	305	315	276	259
	Overseas	247	320	210	136	201	285
	Total	574	565	515	451	476	543
Scope2	Japan	2,707	2,447	1,653	215	237	91
	Overseas	2,809	2,615	2,784	2,827	23	15
	Total	5,516	5,062	4,437	3,042	260	106
Grand Total		6,090	5,627	4,952	3,493	736	649

*2019-2023: Verified by the third party, 2024: Under verification

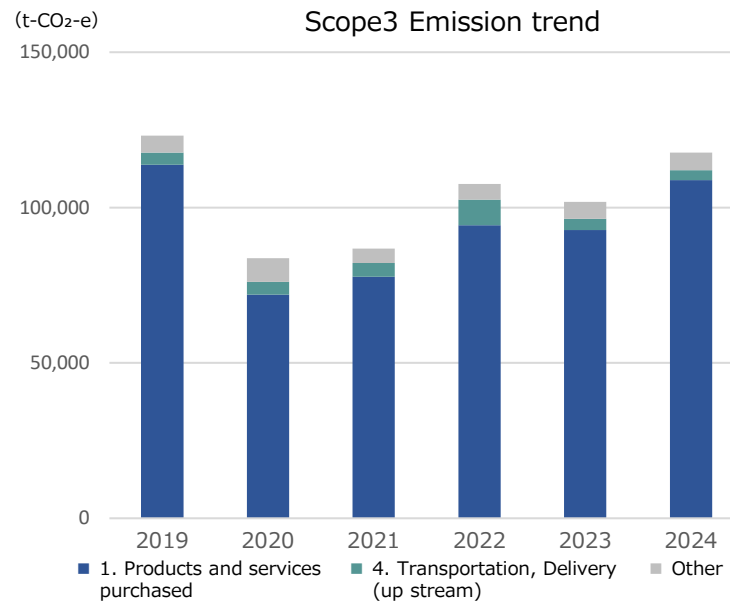


Reducing the burden on the environment

Understanding indirect CO₂ emissions (Scope3) 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 90% 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.



Scope	Category	2019	2020	2021	2022	2023	2024
Scope3	1.Products and services purchased	113,787	71,999	77,726	94,353	92,752	108,830
	4.Transportation, Delivery (Up stream)	3,935	4,105	4,394	8,216	3,655	3,249
	Other	5,392	7,567	4,689	4,999	5,456	5,583
	Total	123,115	83,671	86,809	107,567	101,862	117,661

*2019-2023: Verified by the third party 2024: Under verification

Trends of CO₂ emissions (Scope1, Scope2, Scope3)

	(t-CO ₂ -e)					
	2019	2020	2021	2022	2023	2024
Scope1	574	565	515	451	476	543
Scope2	5,516	5,062	4,437	3,042	260	106
Scope3	123,115	83,671	86,809	107,567	101,862	117,661
Total	129,205	89,297	91,760	111,060	102,598	118,310

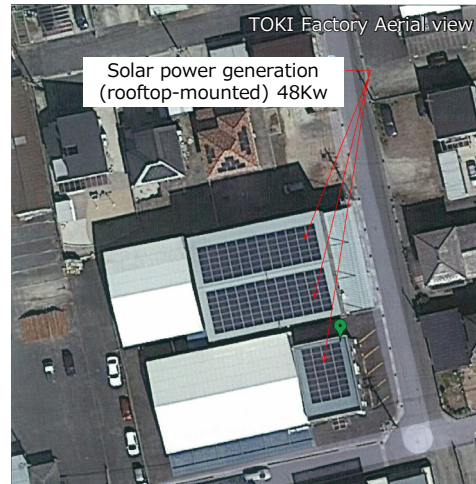


Reducing the burden on the environment

Use of Renewable Energy

We are purchasing CO₂ free electricity primarily at production sites in Japan. Additionally, we are purchasing renewable energy certificates in China, the Philippines, and the United States. As a result, the proportion of renewable energy in 2024 reached 99%.

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



Improve energy efficiency

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. (More than 90% of factory lighting at domestic and international sites has been 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.



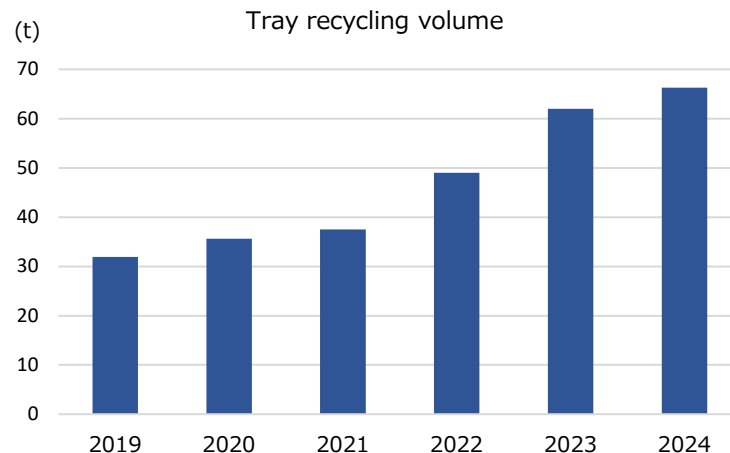
Reducing the burden on the environment

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.

Unit:m ³						
Municipal water consumption	2019	2020	2021	2022	2023	2024
Production HQ	33,395	29,811	23,923	27,466	24,047	20,622
Indirect	3,023	2,583	3,283	3,387	3,779	3,992
Overseas	29,246	27,093	23,121	17,918	19,939	21,847
Total	65,664	59,487	50,327	48,771	47,765	46,461

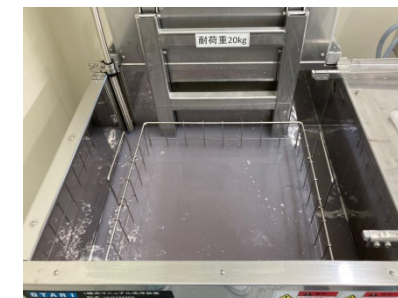
Target: 5% reduction by 2030 (Compared to 2019)

■ Reducing the amount of water consumption by introducing ultrasonic washing machine

Out of the amount of water consumed in the process of production, we have been used a large amount of water and hot water by hand for cleaning equipment.

We aim to reduce water consumption and alleviate workload by gradually introducing ultrasonic washing machines depending on manufacturing equipment of each factory and enabling efficient washing.

Reducing hot water also contributes to CO₂ reduction.



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



Kunshan Tokiwa Cosmetics Co., Ltd

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.



Neighborhood river cleanup activities

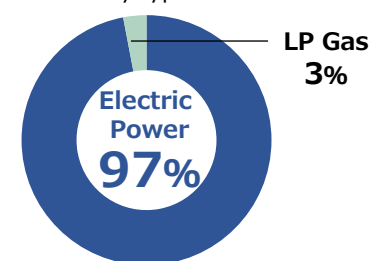


Ochiai Factory

■ Ochiai Factory Energy Consumption Summary (2024 Results)

Energy ratio used in factories accounts for 97% of electricity and 3% of LP gas. All electricity is shifted to CO₂ free electricity, which contributes to reducing CO₂ emission and promotes and spreads renewable energy.

2024 Energy dependence ratio
by type



Electric Power	
Electric usage	2,418 MWh/year (202 MWh/month)
Self-generated electricity rate	0%
Other Energy	
LP Gas	62MWh (4,424m)



Environmental Management

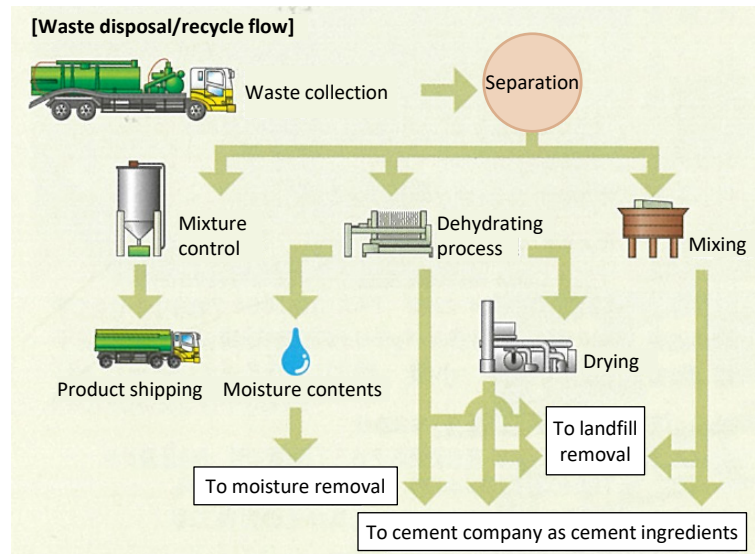
Ochiai Factory ISO14001

■ 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 99% of waste in FY2024.

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



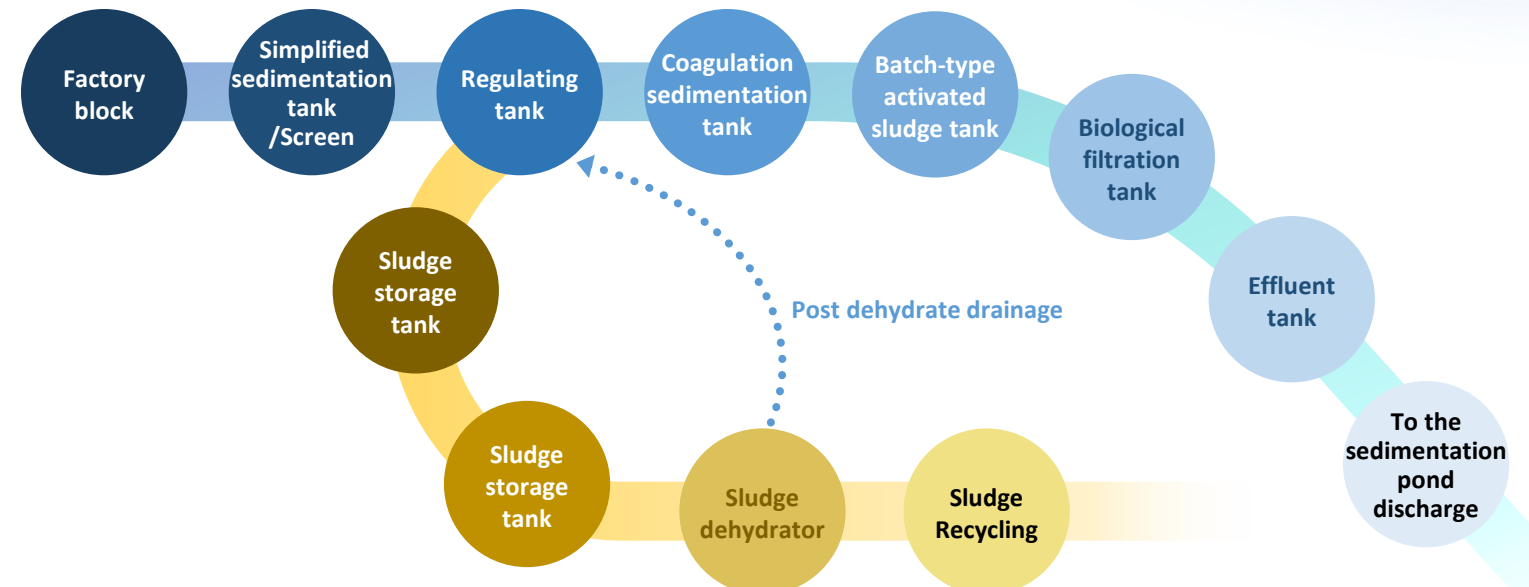
■ Strict adherence to water quality standards through septic tank management

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 study

Group Company Name:
Kunshan Tokiwa Cosmetics (KTC)

Country: China

■ Environment

Kunshan Tokiwa Cosmetics (KTC) held Tree Planting Festival at the factory site in March 2025 with aim of enhancing employees' awareness of environment and improving environment of workplace. We hope that cherry blossom and sweet osmanthus we planted bring color and pleasant fragrance, creating better environment of workplace.

Prior to holding the festival, we had prepared for a total of 11 planting trees, 420 square meters of lawn, 1,400 hedgerow trees and shrubs at the factory site from April 2024 to April 2025. This initiative allowed employees to realize healthy and comfortable workplace environment, giving an opportunity to further enhance employees' awareness for environment preservation.

We will continue to promote this initiative by holding regular tree planting festivals and environment training sessions.



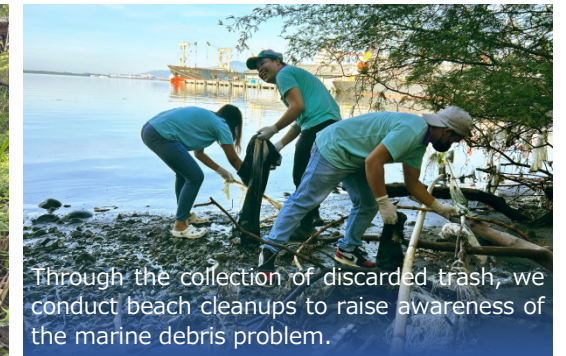
Group Company Name:
TOKIWA Subic Corporation (TSC)

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.



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 labor, forced labor, 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 labor, 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.

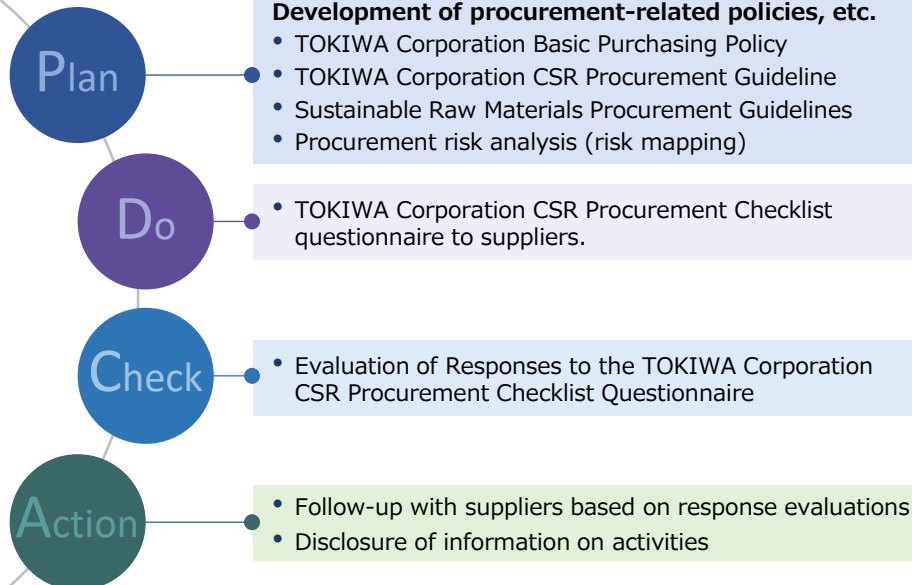
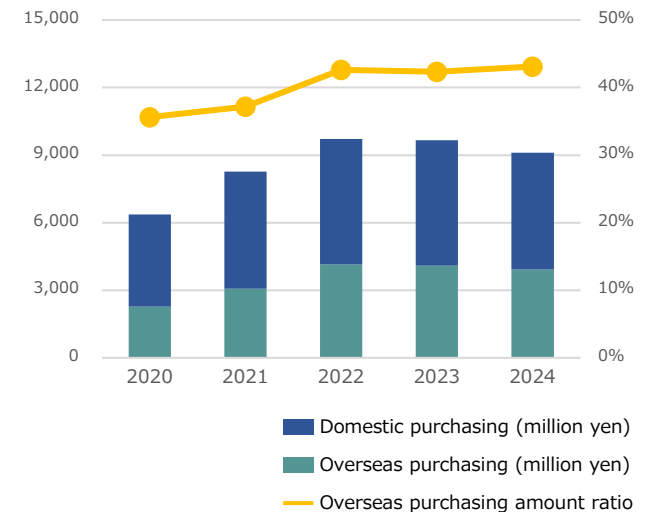
Training for sustainable procurement

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 2024 is 56.9% in Japan and 43.1% overseas.



CSR Procurement Checklist Implementation

	CSR Targeted companies	Number of responses	Rate of responses
2022	44 companies	44 companies	100.0%
2023	71 companies	69 companies	97.2%
2024	80 companies	80 companies	100.0%

*The purchasing ratio of targeted companies to implement in 2024-68.3%

CSR Procurement Checklist Results

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

	Low-risk	Medium-risk	High-risk
2022	29 companies	14 companies	1 companies
2023	59 companies	10 companies	0 companies
2024	74 companies	6 companies	0 companies



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.

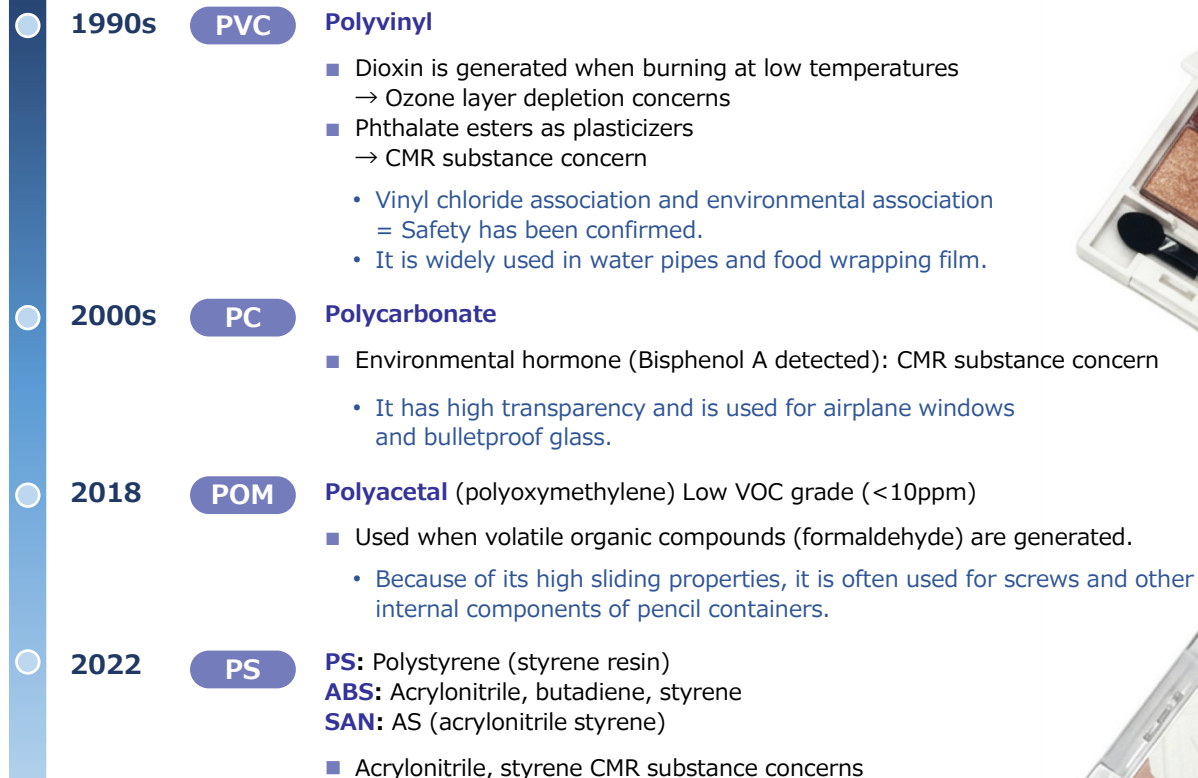
There are concerns that the ingredients used in plastics may have adverse effects on the human body and the environment, and their use is being regulated worldwide.

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 regulation, TOKIWA is voluntarily substituting materials that may have environmental or safety concerns in advance of the regulations.

* From the website of the Ministry of Health, Labor 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 five factories*³ currently certified.

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 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 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.

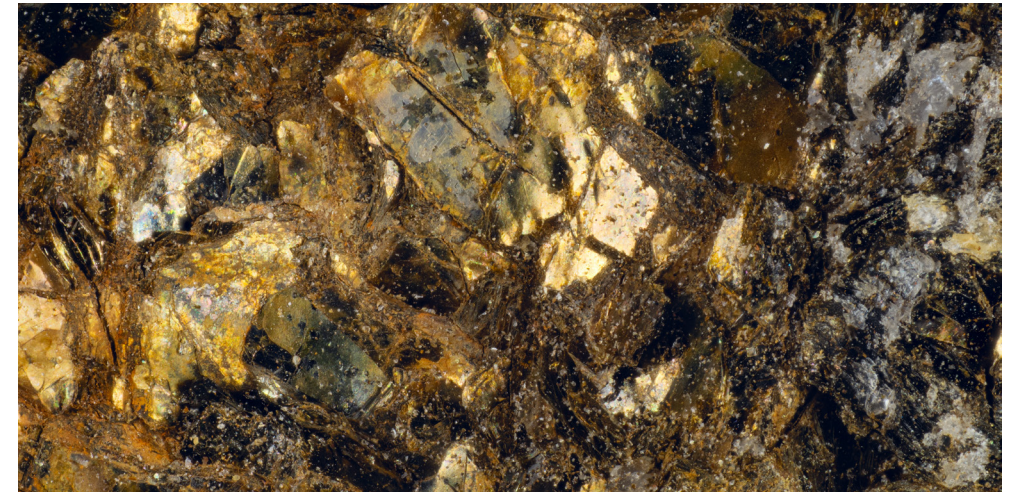
*³ Ochiai Factory and Komamba Factory obtained SC certification in 2021
Nakatsugawa Factory and Toki Factory obtained SC certification in 2022
Mizunami Factory obtained SC certification in 2023

Use of raw materials not involved in child labor

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 labor 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 labor.



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 in the future. Obtaining COC certification of FSC® allows us to use exclusive FSC logo as wooden products, indicating that raw materials with a low risk of environmental and social issues such as deforestation and illegal logging are responsibly procured and used.



責任ある森林管理
のマーク

(License no: FSC®-C170726)

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-axe pencils, FSC® logo can also be used for developed wooden stick containers. Wooden stick 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.

*1 CoC certification CoC = Chain of Custody. The certification certifies that processing and distribution processes are properly managed and traceability is secured.



SOCIAL



Monozukuri manufacturing safe products

TOKIWA has established a high-level quality control system in accordance 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 people around 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.

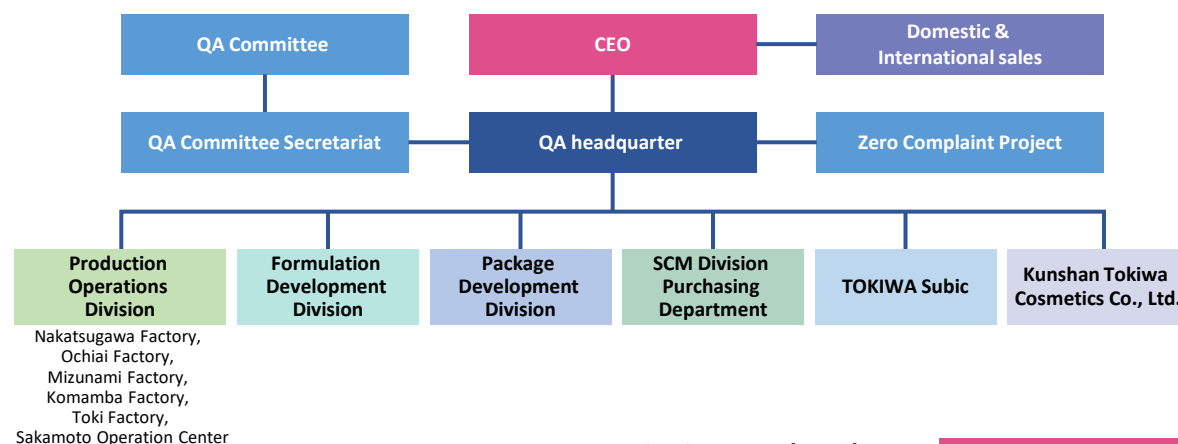
To achieve the policy

- 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.

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 users 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.

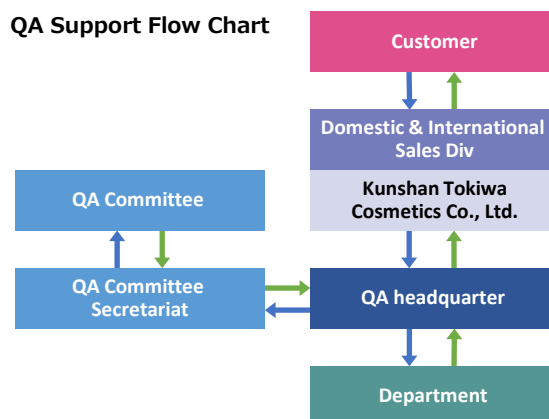
Internal sharing of quality problems and prevention of recurrence

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.

QA Support Flow Chart



Human rights

Human Rights Policy

In line with our mission to Bringing beauty, excitement, and joy to people around 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 labor, human trafficking and child labor
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 labor and forced labor
- 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 labor, human trafficking, and child labor, 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.

Initiative	Human right training	2022	2023	2024
Conduct human rights training, including at Group companies	TOKIWA Corporation	—	Once	—
	Kunshan Tokiwa Cosmetics Co., Ltd.	—	—	—
	TOKIWA Subic Corporation	Once	Once	Once
	SONAX Corporation	—	Once	—
Target				
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 labor, Human Trafficking, and Child labor

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 labor does not exist. Although forced labor and human trafficking are low risk due to Japanese labor 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.

Regarding overseas locations, although the Asian region, including China, is considered to have higher risks related to human rights and recruitment, we have overseas subsidiaries (Kunshan Tokiwa Cosmetics and Tokiwa Subic Corporation) 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 labor, human trafficking, and child labor, by conducting CSR self-checks.

Handling of Complaints and Grievances

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.

Participation in the UN Global Compact 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 people around 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 once 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.

Revision of personnel evaluation system

We are moving away from a seniority-based promotion and advancement system. We aim to leverage individuals with high operational capabilities regardless of company tenure, age, gender, or nationality. To achieve this, we introduced a promotion and advancement system tailored to each person's career plan, focusing on placing the right people in the right roles while working to establish next-generation career development plans. Therefore, we introduced Management by Objectives (MBO) and assessments of competencies and behavioral traits in 2023.

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.).

We also introduce full-time employment promotion system for cooperative employees as career path.

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.

			(Hours/JPY)		
Time・Training expenses per person each year			2022	2023	2024
Initiative					
Implement systematic employee training	TOKIWA Corporation	Time	0.24	4.1	1.22
		Training expenses	387	4,324	8,034
Target 2028	Kunshan Tokiwa Cosmetics Co., Ltd.	Time	10.3	10.7	8.5
		Training expenses	1,150	23,135	37,626
Training time: 2hours Training amount 8,500 yen/year per person	TOKIWA Subic Corporation	Time	3.1	1.1	0.3
		Training expenses	4,620	3,145	3,323

Safety and Health

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.

Basic policy regarding safety and health

1. Providing safe and secure working environment

- Identify and reduce risks thoroughly to prevent occupational accidents and health problems before they occur.
- Strive to strengthen a health and safety management system and improve management levels
- Promote the creation of open workplace with close communication and maintain comfortable workplace environment

2. Implementation of prevention-orientated hygiene management measures

- Prevent work related illnesses by ensuring workplace environment management, work management and health management
- Promote mental health care and prevent the occurrence of people with mental illness.
- Prevent health problems caused by overtime work through reduction of overtime work and holiday work
- Strive to ensue 100% health check-up and use the result to prevent the diseases.

Occupational Health and Safety Initiatives

We work to maintain and improve the initiatives to prevent occupational accidents, prevent occupational diseases, maintain and promote health, and create a comfortable workplace by complying with laws, regulations and internal rules related to health and safety, and responding appropriately to health risks

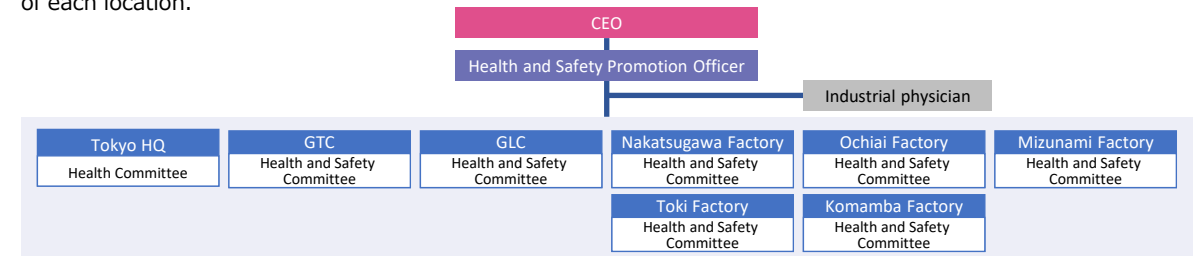
We strengthened our efforts such as restructuring our safety and health promotion system in 2024.

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

Health and Safety Management Initiatives

Safety and Health Management system

We established Health and Safety Management system for entire company and business sites based on Health and Safety Management Regulations. We are promoting systematic initiatives to ensure safety and health of our employees, to promote their health and to create comfortable work environment. Based on the policies established by the person responsible for supervising health and safety across the company (Health and Safety Promotion Officer), health and safety activities are carried out at each location under the supervision of director of each location.



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.

Safety and Health

Initiative
Achieve zero accidents at all sites
Target 2028
All accident frequency rate 0.7 / Intensity rate 0.001

Accident frequency rate	2022	2023	2024
TOKIWA Corporation	0.00	0.602	0.831
Kunshan Tokiwa Cosmetics Co., Ltd.	0.00	0.00	0.00
TOKIWA Subic Corporation	0.00	0.00	0.00
TOKIWA COSMETICS INTERNATIONAL	0.00	0.00	0.00
SONAX Corporation	0.00	0.00	0.00

Accident intensity rate	2022	2023	2024
TOKIWA Corporation	0.00	0.001	0.001
Kunshan Tokiwa Cosmetics Co., Ltd.	0.00	0.00	0.00
TOKIWA Subic Corporation	0.00	0.00	0.00
TOKIWA COSMETICS INTERNATIONAL	0.00	0.00	0.00
SONAX Corporation	0.00	0.00	0.00

ISO45001 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 obtained in April, 2024 Mizunami Factory
Other factories also aim to obtain the certification and promote specific initiatives.

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.



Safety and Health

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.

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. Improvement will be achieved by strengthening guidance through the job system.

	Health checkup uptake rate	2022	2023	2024
Initiative	TOKIWA Corporation	92.3%	97.6%	94.4%
To ensure thorough health management of employees, maintain 100% health check-up rate, which is the basis of health management	Kunshan Tokiwa Cosmetics Co., Ltd.	100%	100%	100%
	TOKIWA Subic Corporation	100%	100%	100%
	SONAX Corporation	72.7%	100%	100%
Target 2028				
100% health check-up rate				

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.

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 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.

Labor conference

We have concluded a labor agreement and a labor-management agreement on health and safety with the TOKIWA Labor Union, and issues related to health and safety are also addressed in labor-management discussions. The Health and Safety Committee, which is set up at each business site, has half of its members recommended by the TOKIWA labor 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.

Safety and Health

Establishment and activities of 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 locations, Kunshan Tokiwa Cosmetics (KTC) in China and Tokiwa Subic Corporation (TSC) in the Philippines have established a Safety and Health Committee in accordance with legislation of each country.

Establishment of Health and Safety Committee

TOKIWA Corporation Office name	Number of eligible workers	Establishment status
Tokyo HQ	102	Establishment of health committee
Global Technology Center	124	Establishment of Health and safety committee
Global Logistics Center	69	"
Nakatsugawa Factory, Nakatsugawa Head Office	375	"
Ochiai Factory	382	"
Mizunami Factory	142	"
Toki Factory	145	"
Komamba Factory	56	"

Affiliate companies company name	Number of eligible workers	Establishment status
Kunshan Tokiwa Cosmetics Co., Ltd.	290	Establishment of Safety and health committee
TOKIWA Subic Corporation	194	"

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).

Introducing a New Safety Confirmation System

In May 2024, we introduced a new safety confirmation system to rapidly assess the status of our employees during disasters. In October of the same year, we conducted a company-wide earthquake drill. Through this drill, we verified the effectiveness of the system and improved our employees' response capabilities.

Going forward, we will continue to build a framework that ensures employee safety by strengthening safety awareness and crisis response skills through regularly scheduled drills.

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.

2024 Acquisition · Participation

- Special training for Crane Operation
- Forklift skill training course
- Safety Driving Manager Training
- Hazardous Material Engineer Safety Training
- Kiken Yochi Training (KYT) Seminar
- Inspection Training for Local Exhaust Ventilation
- Safety Education for Site Supervisor and Foreman
- Safe Special Training for Industrial Robot
- Class 1 License of Large Motor Vehicle
- Class 1 Health Officer
- Special Training for Low Voltage Electrician
- Electrical safety training
- Responsible person who manages industrial wastes
- Grade 3 Certificate for Quality Control Exam
- Certificate of Basic First Aid
- Person in charge of wearing protective equipment
- Skill training course for operations chief of organic solvent

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/Promotion of 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 all employees including women can shine.

The DEI project is implementing initiatives based on the following two 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.

Eruboshi (Class 3) certification

We have been awarded the "Eruboshi (Class 3)" certification from the Minister of Health, Labor and Welfare, meeting all standards of 5 certification criteria, as an excellent company that promotes initiatives for women's empowerment in the workforce.



	Ratio of female management staff		
Initiative	2022	2023	2024
Specific actions for women's empowerment will be initiated at TOKIWA.			
Target 2030			
30% female managers			
	2022	2023	2024
TOKIWA Corporation	7%	9%	12.1%
TOKIWA Group	20%	19%	20.7%

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 behavior 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 disabilities 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	Employment rate of people with disabilities			
Maintain employment above the legally mandated employment rate	2021	2022	2023	2024
Target 2030	TOKIWA Corporation			
Legal employment ratio (2.7%) or higher (TOKIWA alone)	2.6%	2.7%	2.5%	2.3%

Japanese style toilet converted to Western style toilet

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.

Implemented in 2024 (Nakatsugawa factory, Komamba factory, Global Technology Center, Tokyo Head Office)

Establishment of Sick Leave System

A new system has been established allowing employees to take paid leave, up to a maximum of five days per year, for medical appointments for themselves or their cohabiting family members due to illness. Since this system was established in 2023, many employees have utilized this sick leave system. This initiative aims to create an environment where employees with limited annual leave or those with children can rest assured and take time off when experiencing health issues.



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	2022	2023	2024
Initiative	TOKIWA Corporation	80.6%	78.8%	74.1%
Enhance measures to reform work styles.	Kunshan Tokiwa Cosmetics Co., Ltd.	37.0%	48.0%	40.1%
Target 2028	TOKIWA Subic Corporation	12.5%	10.9%	21.0%
70% Paid leave usage rate	TOKIWA COSMETICS INTERNATIONAL	14.2%	100.0%	100.0%
	SONAX Corporation	69.4%	82.6%	87.9%

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



Employment and Benefits

Welfare program

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.

Joining of Benefit Program “RELO Club”

We joined Benefit Program operated by RELO Club in May 2024. This allows employees and their families to utilize a wide range of benefits and discounts including accommodation, leisure, childcare and nursing care services as well as learning opportunities for self-development, helping to improve the quality of life for them.

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	Engagement score			
Improve engagement by conducting engagement surveys and implementing remedial measures.	2022	2023	2024	
	TOKIWA Corporation	35%	38%	40%
Target 2028	Engagement score 65%			



GOVERNANCE



Corporate governance

Basic Concept

In order to realize our mission Bringing beauty, excitement, and joy to people around the world by becoming a truly sustainable company that balances business growth and social contribution, we are practicing 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, customers, suppliers, shareholders, 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 committees

The Nomination and Compensation Committee, consisting of the President and Representative Director, Directors(part-time), 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

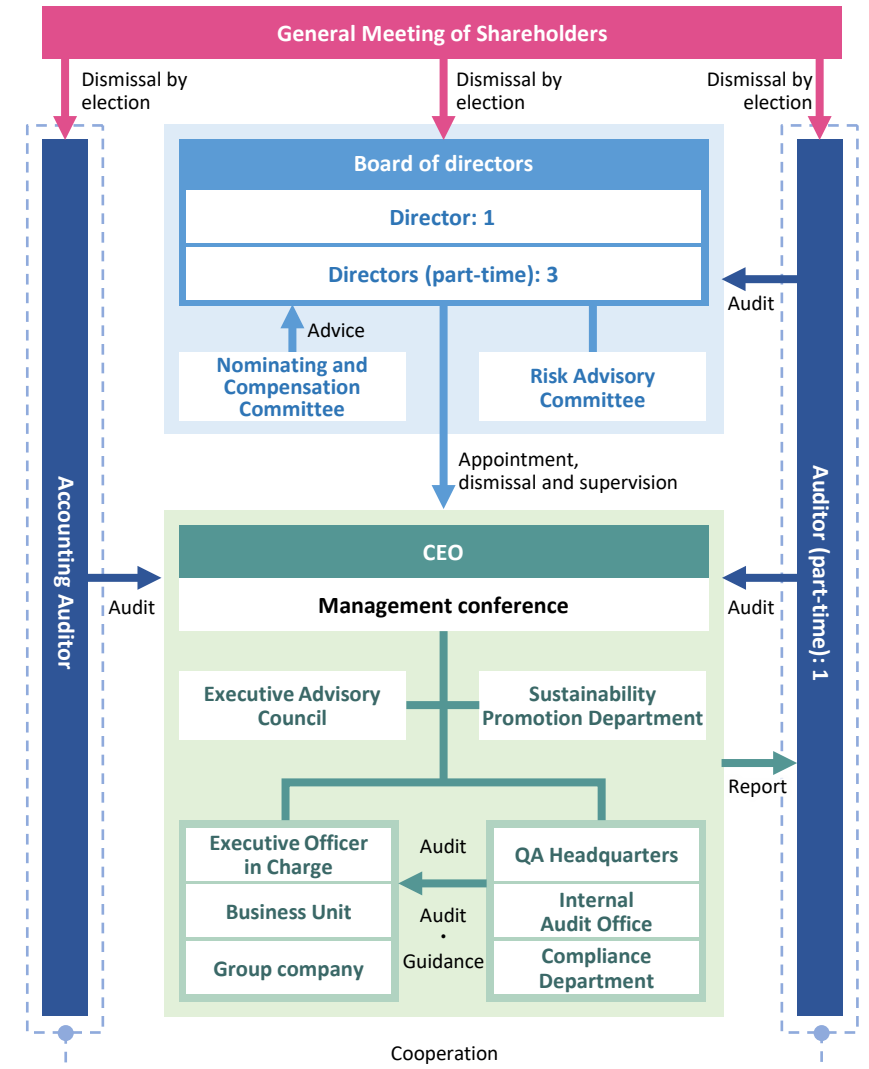
The Executive Committee, consisting of directors, corporate auditors, executive officers, and other persons appointed by resolution of the Executive Committee, establishes specific executive policies based on policies determined by the Board of Directors, deliberates all important management matters, 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 violation, 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 | 7. Competitive Transactions by Directors |
| 2. Character of each Director | 8. Directors' Conflict of Interest Transactions |
| 3. Obligations of each Director | 9. Profit sharing regarding the exercise of shareholder rights |
| 4. Responsibilities of each Director | 10. Transactions with related parties |
| 5. Misconduct by Directors | 11. Insider trading |
| 6. Disqualification of Directors | 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.

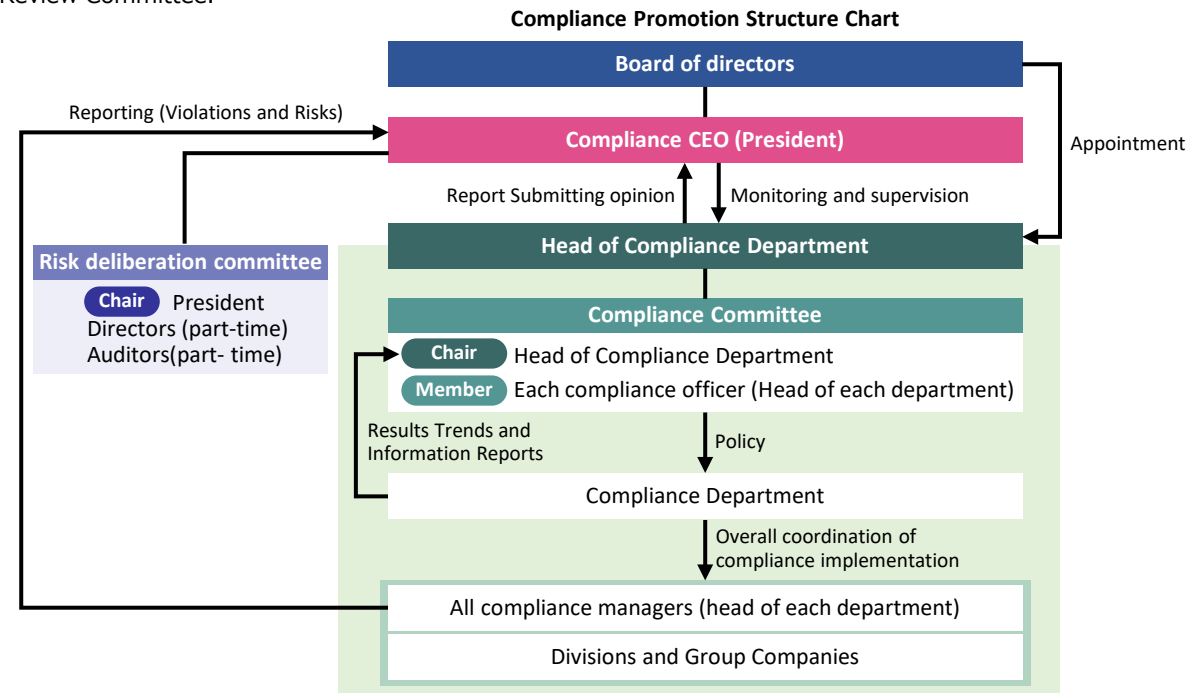
Compliance Promotion Structure

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, Directors(part-time) 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 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 whistleblowing hotline and internal reporting regulations to ensure the early detection and correction of compliance violations. We handle all consultations and reports regarding information and opinions on compliance issues appropriately.

These regulations define the response framework, processing procedures, and the responsibilities of related parties to strictly protect whistleblowers.

Reports falling under the following categories—such as legal violations, serious regulatory breaches, acts contrary to business ethics, unfair transactions, or serious misconduct violations—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 gifts offered or received, leakage of secrets, etc.)
3. Unfair Business Practices (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 2024, 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 people around 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 endeavor 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

Within the TOKIWA Group, the Internal Audit Office, which operates independently from the business execution line, audits the appropriateness and efficiency of business execution across the entire group, including its subsidiaries. The results of these audits are reported to the president and CEO. Additionally, the audit results for each entity and department within the group, including subsidiaries, as well as reports on improvement measures from audited entities and departments, are regularly reported to the Audit & Supervisory Board Members at the Audit & Supervisory Board Members' Liaison Meeting. This information is also shared with the Group's executive officers.

Furthermore, the Internal Control Office is responsible for maintaining a system to ensure the appropriateness of operations as required by the Companies Act. The office strives to maintain and enhance internal control initiatives, aiming for a level of internal control that is appropriate for the TOKIWA Group.

Information Security

Basic Policy

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.



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

1.1 ed.
April 1, 2025
TOKIWA Corporation
Yukinobu Akita, 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

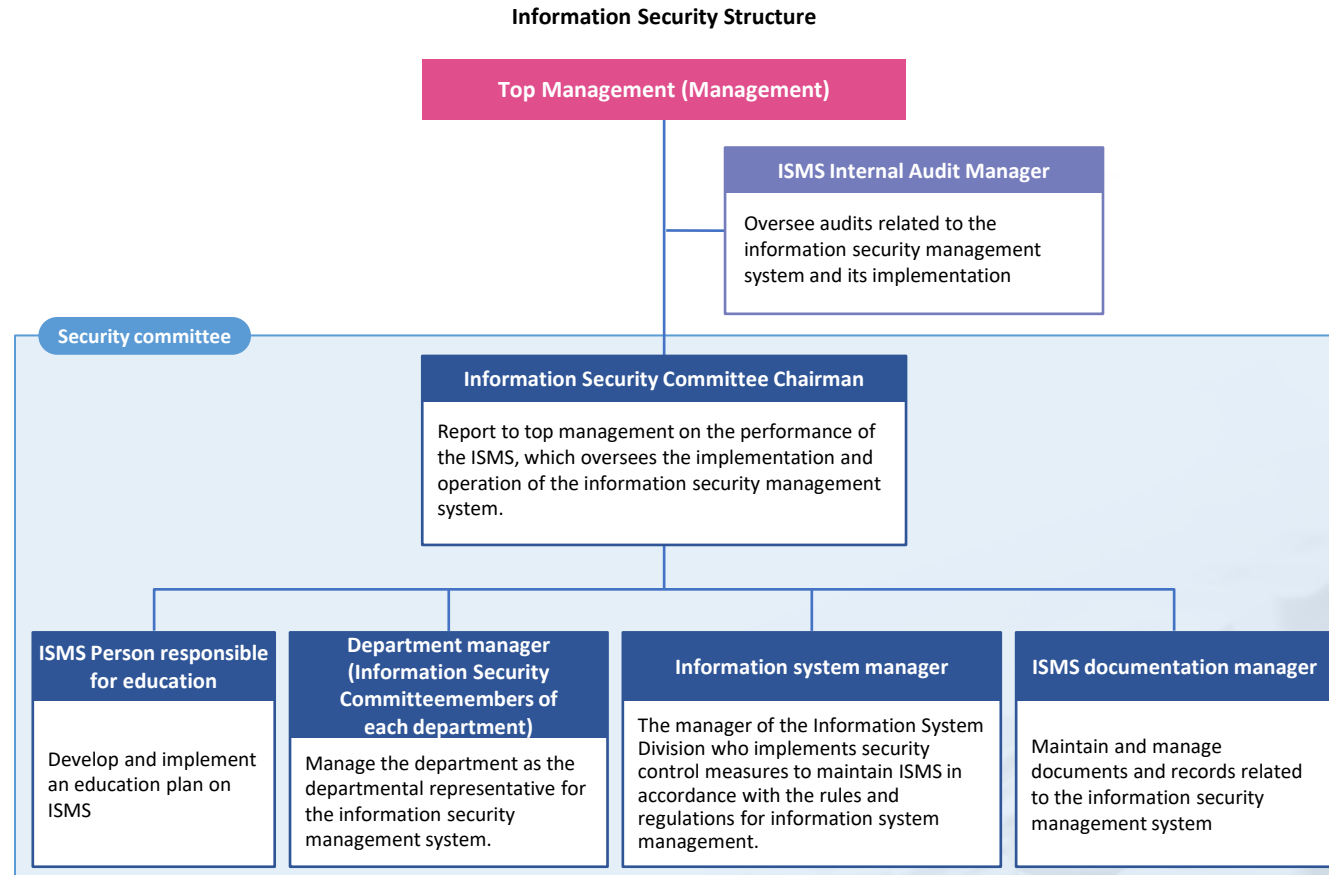
We have appointed a director in charge of security and organized a Security Committee under the director to establish, deploy, and continually improve ISMS. Each department has an Information Security Committee member, who, in cooperation with other committee members, conducts departmental education, 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. In 2024, we continued to operate the system in the Information Systems Department and the International Sales Division. We plan to expand this to the entire company through a phased rollout.

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

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 –

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



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



*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

Until now, we have 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. There have been no major security incidents as of 2024.

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 people around 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 labor;
 - 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

Considering corrections of relevant regulation, change of social circumstance and business environment, and requests from stakeholders, appropriateness of the contents will be reviewed every five years and revised as needed. This will help the policy to keep effective and to improve continuously.

Date of enactment: June 20, 2020
Revision 1: September 30, 2022
Revision 2: May 30, 2025

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 labor
No form of forced or involuntary labor shall be performed.
- 2-2. Prohibition of child labor
The labor 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 odors 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.

Based on international standards, trends of relevant regulations, request from society regarding structure · Compliance · Risk management, human right · labor, environment, safe · secure · information and supply chain's risk assessment, this guideline will be reviewed every 5 years and revised as needed. We aim to build more sustainable supply chain together with suppliers through this review.

Date of enactment: June 20, 2020
Revision 1: January 1, 2023
Revision 2: May 30, 2025

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.



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 neighboring 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'.

Considering relevant international standards, trends of certification system, progress in scientific findings and changes of environment and social risks regarding procurement of raw material, the content validity of this guideline will be verified every 5 years and revised as needed. This effort will promote procurement activities that contribute to reducing environment impacts and realizing sustainable society.

Date of enactment: August 20, 2020
Revision 1: May 30, 2025



ENVIRONMENT

CO₂ emission

Scope1

	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY
	(t-CO ₂ -e)					
Japan	326	245	305	315	276	259
Overseas	247	320	210	136	201	285
Total	574	565	515	451	476	543

Scope2

	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY
	(t-CO ₂ -e)					
Market standards						
Japan	2,707	2,447	1,653	215	237	91
Overseas	2,809	2,615	2,784	2,827	23	15
Total	5,516	5,062	4,437	3,042	260	106

	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY
Locations standards						
Japan	2,926	2,540	3,164	3,172	3,360	3,215
Overseas	2,534	2,615	3,011	2,826	3,619	3,408
Total	5,460	5,155	6,175	5,998	6,979	6,623

Supply Chain Emissions (Scope1 · 2 · 3)

	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY
	(t-CO ₂ -e)					
Scope1	574	565	515	451	476	543
Scope2	5,516	5,062	4,437	3,042	260	106
Scope3	123,115	83,671	86,809	107,567	101,862	117,661
Total	129,205	89,297	91,760	111,060	102,598	118,310
Basic unit of sales	4.2	4.4	4.0	3.9	3.4	3.8

*Scope2 is market standards

*2019-2023: Verified by the third party, 2024: Under verification

Scope3

	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY
	(t-CO ₂ -e)					
Category						
1. Products and Services Purchased	113,787	71,999	77,726	94,353	92,752	108,830
2. Capital goods	2,557	4,914	1,868	1,970	2,257	2,366
3. Fuel and energy businesses (not included in Scope 1 or 2)	824	794	939	885	954	1,016
4. Transportation and delivery (upstream)	3,935	4,105	4,394	8,216	3,655	3,249
5. Waste generated from business	326	395	360	398	425	392
6. Business trips	176	180	168	181	197	201
7. Employee commuting	611	618	583	626	676	691
12. Disposal of products sold	898	666	771	939	947	917
Total	123,115	83,671	86,809	107,567	101,862	117,661

Scope3 Calculation methods

Category	Calculation method
1. Products and services purchased	Calculated by multiplying the amounts of purchased/acquired products or services by the emission intensity
2. Capital goods	Calculated by multiplying the amount of each capital good purchased or acquired by the emissions intensity.
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 intensity
4. Transportation, delivery (upstream)	Calculated by multiplying fuel consumption, payment costs, etc. by emissions intensity for each type of logistics such as transportation and storage
5. Waste generated from business	Calculated by multiplying various waste emissions by emission intensity (excluding emissions from overseas subsidiaries)
6. Business trips	Calculated by multiplying the number of employees by emission intensity
7. Employee commuting	Calculated by multiplying the number of employees by the number of business days per year and emission intensity
12. Disposal of products sold	Calculated by multiplying the estimated amount of various waste

*Emission intensity is 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

(Oil/Gas/Elec/Steam: MWh) (Sales Intensity: MWh / Million JPY)

	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY
Oil/gas	2,030	1,750	1,725	1,678	1,722	2,248
Electricity/steam	10,556	9,563	12,120	11,600	12,514	13,225
Total	12,586	11,313	13,845	13,278	14,236	15,473
Basic unit of sales	0.4	0.6	0.6	0.5	0.5	0.5

Use of Renewable Energy

(MWh)

	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY
Manufacturing HQ	0	0	2,697	5,299	5,380	5,289
Indirect	0	0	447	1,359	2,111	2,116
Overseas	0	0	0	0	4,746	5,572
Total	0	0	3,144	6,657	12,237	12,977

Amount of waste

(t)

	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY
Organic waste	22.9	15.5	194.2	30.4	60.9	76.4
Inorganic waste	863.3	939.2	676.3	692.8	751.1	679.0
Total	886.2	954.8	870.5	723.2	812.0	755.4

City water consumption

(m³)

	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY
Japan (Manufacturing HQ) : City water	33,395	29,811	23,923	27,466	24,047	20,622
Japan (Manufacturing HQ) : Well water	3,023	2,583	3,283	3,387	3,779	3,992
Japan (indirect sector) : City water	29,246	27,093	23,121	17,918	19,939	21,847
Overseas: City water	65,664	59,487	50,327	48,771	47,765	46,461



SOCIAL

*Human resources-related data is based on data as of December 31, 2024 unless otherwise specified.

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

Number of employees, age composition, female ratio

TOKIWA Corporation

		2022	2023	2024
Male	Under 30	51	52	59
	30 to 49 years old	184	203	198
	Over 50	100	103	117
		335	358	374
Female	Under 30	85	92	103
	30 to 49 years old	213	250	261
	Over 50	229	259	266
		527	601	630
Employees (Number)		862	959	1,004
Ratio of female employees (%)		61%	63%	63%

Kunshan Tokiwa Cosmetics Co., Ltd.

		2022	2023	2024
Male	Under 30	3	8	13
	30 to 49 years old	36	38	42
	Over 50	9	12	13
		48	58	68
Female	Under 30	5	12	20
	30 to 49 years old	208	211	216
	Over 50	7	9	16
		220	232	252
Employees (Number)		268	290	320
Ratio of female employees (%)		82%	80%	79%

TOKIWA Subic Corporation

		2022	2023	2024
Male	Under 30	9	8	10
	30 to 49 years old	23	26	23
	Over 50	2	2	3
		34	36	36
Female	Under 30	110	97	79
	30 to 49 years old	62	60	71
	Over 50	1	1	2
		173	158	152
Employees (Number)		207	194	188
Ratio of female employees (%)		84%	81%	81%

SONAX Corporation

		2022	2023	2024
Male	Under 30	0	0	0
	30 to 49 years old	8	10	9
	Over 50	3	2	3
		11	12	12
Female	Under 30	0	2	1
	30 to 49 years old	8	11	6
	Over 50	7	12	11
		15	25	18
Employees (Number)		26	37	30
Ratio of female employees (%)		58%	68%	60%

TOKIWA COSMETICS INTERNATIONAL

		2022	2023	2024
Male	Under 30	0	0	1
	30 to 49 years old	2	1	1
	Under 50	2	1	1
		4	2	3
Female	Under 30	2	2	3
	30 to 49 years old	1	3	3
	Over 50	1	0	0
		4	5	6
Employees (Number)		8	7	9
Ratio of female employees (%)		50%	71%	67%

TOKIWA-C.M.C EUROPE INC.

		2022	2023	2024
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	0	0	0
	30 to 49 years old	1	1	1
	Over 50	0	0	1
		1	1	2
Employees (Number)		1	1	2
Ratio of female employees (%)		100%	100%	100%

SOCIAL

*Human resources-related data is based on data as of December 31, 2024 unless otherwise specified.

Number of employees by employment type

TOKIWA Corporation

	2022	2023	2024
Regular Employee	432	487	517
Full-time Contract Employee	291	321	325
Other (part-time, temporary)	139	151	162
Employees (Number)	862	959	1,004

Kunshan Tokiwa Cosmetics Co., Ltd.

	2022	2023	2024
Regular Employee	262	284	314
Full-time Contract Employee	6	6	6
Other (part-time, temporary)	0	0	0
Employees (Number)	268	290	320

TOKIWA Subic Corporation

	2022	2023	2024
Regular Employee	207	194	188
Full-time Contract Employee	0	0	0
Other (part-time, temporary)	0	0	0
Employees (Number)	207	194	188

SONAX Corporation

	2022	2023	2024
Regular Employee	11	12	13
Full-time Contract Employee	13	25	17
Other (part-time, temporary)	2	0	0
Employees (Number)	26	37	30

TOKIWA COSMETICS INTERNATIONAL

	2022	2023	2024
Regular Employee	8	7	9
Full-time Contract Employee	0	0	0
Other (part-time, temporary)	0	0	0
Employees (Number)	8	7	9

TOKIWA-C.M.C EUROPE INC.

	2022	2023	2024
Regular Employee	0	0	0
Full-time Contract Employee	0	0	0
Other (part-time, temporary)	1	1	2
Employees (Number)	1	1	2

Ratio of women by position

TOKIWA Corporation

	2022	2023	2024
Board member	33%	40%	0%
General manager level	10%	9%	9%
Manager level	5%	9%	12%

*Officers: Directors, auditors

Alternative job title to general manager: Executive Officer, Center Director, Chief Researcher, Vice President, Senior Director, Assistant to General Manager, Manager (Expert), Factory Manager, Deputy Factory Manager, General Manager
Alternative job title to manager: Deputy General Manager, Senior Manager, (Head of office), Manager

Ratio of nationalities in senior management Positions

	2022	2023	2024
TOKIWA Corporation (Japan)	100%	100%	100%
Kunshan Tokiwa Cosmetics Co., Ltd. (China)	93%	87%	78%
TOKIWA Subic (Philippine)	100%	100%	100%

*Senior management: Executive officer to general manager level

Number of temporary workers

	2022	2023	2024
TOKIWA Corporation	524	481	452
TOKIWA Subic	147	162	179

SOCIAL

*Human resources-related data is based on data as of December 31, 2024 unless otherwise specified.

Number of new hires (full-time employees)

TOKIWA Corporation

		2022	2023	2024
Male	Under 30	12	19	17
	30 to 49 years old	6	25	12
	Over 50	2	7	1
		20	51	30
Female	Under 30	16	21	28
	30 to 49 years old	19	16	5
	Over 50	2	1	0
		37	38	33
Total (Number)		57	89	63

Kunshan Tokiwa Cosmetics Co., Ltd.

		2022	2023	2024
Male	Under 30	2	6	6
	30 to 49 years old	2	5	6
	Over 50	0	0	1
		4	11	13
Female	Under 30	1	8	11
	30 to 49 years old	10	10	18
	Over 50	0	0	0
		11	18	29
Total (Number)		15	29	42

TOKIWA Subic Corporation

		2022	2023	2024
Male	Under 30	0	6	0
	30 to 49 years old	0	0	0
	Over 50	0	0	0
		0	6	0
Female	Under 30	1	13	0
	30 to 49 years old	0	0	0
	Over 50	0	0	0
		1	13	0
Total (Number)		1	19	0

SONAX Corporation

		2022	2023	2024
Male	Under 30	0	0	0
	30 to 49 years old	3	3	1
	Over 50	0	0	0
		3	3	1
Female	Under 30	1	3	0
	30 to 49 years old	2	7	0
	Over 50	0	4	2
		3	14	2
Total (Number)		6	17	3

TOKIWA COSMETICS INTERNATIONAL

		2022	2023	2024
Male	Under 30	0	0	1
	30 to 49 years old	0	0	0
	Over 50	1	0	0
		1	0	1
Female	Under 30	1	1	1
	30 to 49 years old	1	2	0
	Over 50	1	0	0
		3	3	1
Total (Number)		4	3	2

TOKIWA-C.M.C EUROPE INC.

		2022	2023	2024
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	0	0	0
	30 to 49 years old	0	0	0
	Over 50	0	0	0
		0	0	0
Total (Number)		0	0	0

SOCIAL

*Human resources-related data is based on data as of December 31, 2024 unless otherwise specified.

Childcare leave (As of December 31, 2024)

TOKIWA Corporation

		2022	2023	2024
Male	Number of rights holders	6	5	14
	Number of acquirers (Acquisition rate)	6 (100%)	3 (60%)	10 (71%)
	Number of people returning to work (Rate of people returning to work)	6 (300%)	3 (50%)	7 (233%)
	Number of employees who have been back to work for more than 12 months (Retention rate)	0 (0%)	5 (60%)	2 (25%)
Female	Number of rights holders	7	5	9
	Number of acquirers (Acquisition rate)	7 (100%)	5 (100%)	9 (100%)
	Number of people returning to work (Rate of people returning to work)	8 (114%)	2 (29%)	5 (100%)
	Number of employees who have been back to work for more than 12 months (Retention rate)	7 (100%)	7 (114%)	5 (40%)

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

Training time per person (h)

	2022	2023	2024
TOKIWA Corporation	0.2	4.1	1.2
Kunshan Tokiwa Cosmetics Co., Ltd.	10.3	10.7	8.5
TOKIWA Subic Corporation	3.1	0.1	0.3
TOKIWA COSMETICS INTERNATIONAL	1.4	0.0	0.0
SONAX Corporation	0.0	0.0	0.5

Percentage of people conducting performance evaluations

	2022	2023	2024
TOKIWA Corporation	100%	100%	100%
Kunshan Tokiwa Cosmetics Co., Ltd.	98%	97%	99%
TOKIWA Subic Corporation	100%	97%	100%
TOKIWA COSMETICS INTERNATIONAL	100%	57%	78%
SONAX Corporation	100%	100%	100%

Number of work-related injuries and illnesses

Number of injury fatalities

	2022	2023	2024
TOKIWA Corporation	0	0	0
Kunshan Tokiwa Cosmetics Co., Ltd.	0	0	0
TOKIWA Subic Corporation	0	0	0
TOKIWA COSMETICS INTERNATIONAL	0	0	0
SONAX Corporation	0	0	0
Total	0	0	0

Number of serious injuries

	2022	2023	2024
TOKIWA Corporation	0	0	0
Kunshan Tokiwa Cosmetics Co., Ltd.	0	0	0
TOKIWA Subic Corporation	0	0	0
TOKIWA COSMETICS INTERNATIONAL	0	0	0
SONAX Corporation	0	0	0
Total	0	0	0

Number of injury fatalities

	2022	2023	2024
TOKIWA Corporation	5	13	10
Kunshan Tokiwa Cosmetics Co., Ltd.	0	0	0
TOKIWA Subic Corporation	0	0	0
TOKIWA COSMETICS INTERNATIONAL	0	0	0
SONAX Corporation	0	0	0
Total	5	13	10

Number of deaths from disease

	2022	2023	2024
TOKIWA Corporation	0	0	0
Kunshan Tokiwa Cosmetics Co., Ltd.	0	0	0
TOKIWA Subic Corporation	0	0	0
TOKIWA COSMETICS INTERNATIONAL	0	0	0
SONAX Corporation	0	0	0
Total	0	0	0

Number of sick people

	2022	2023	2024
TOKIWA Corporation	0	0	0
Kunshan Tokiwa Cosmetics Co., Ltd.	0	0	0
TOKIWA Subic Corporation	0	0	0
TOKIWA COSMETICS INTERNATIONAL	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, 2024 unless otherwise specified.

Basic salary per employee (Male/female ratio)

TOKIWA Corporation

(100 for male)	2022	2023	2024
Regular Employees	76	78	74
Full-time Contract Employees	101	98	99
New graduate employees	100	100	100
New graduate employee minimum wage ratio	102	120	114

*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.

Labor union membership ratio, number of labor-management negotiations

TOKIWA Corporation

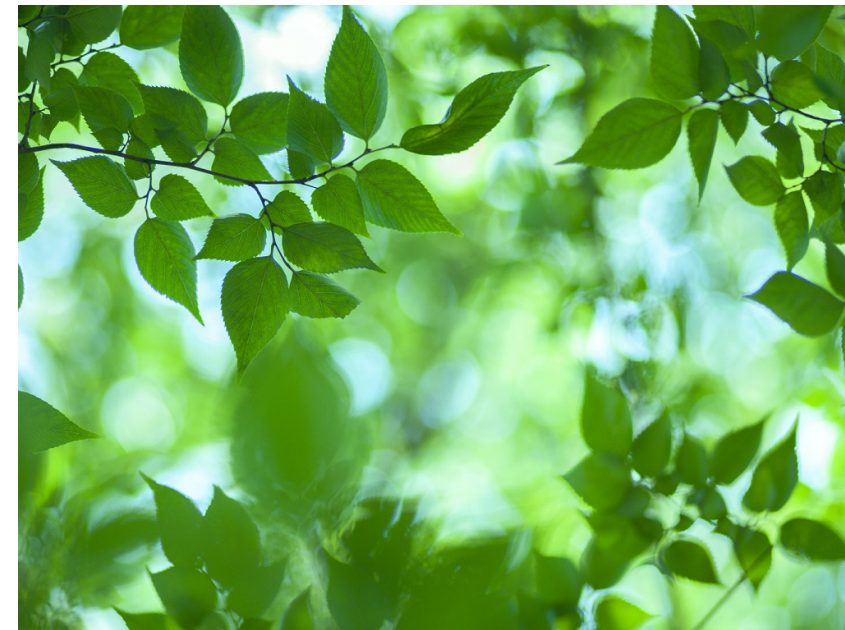
	2022	2023	2024
TOKIWA Labor Union	41%	40%	41%
	12 times	7 times	5 times

Kunshan Tokiwa Cosmetics Co., Ltd.


	2022	2023	2024
KTC Labor Union	90%	91%	93%
	0 times	0 times	0 times

Welfare benefits for open-ended and fixed-term employment

Field	Policy contents	TOKIWA Corporation		Kunshan Tokiwa Cosmetics Co., Ltd.		TOKIWA Subic Corporation		TOKIWA COSMETICS INTERNATIONAL		SONAX Corporation		TOKIWA-C.M.C EUROPE INC.	
		Indefinitely	Fixed term	Indefinitely	Fixed term	Indefinitely	Fixed term	Indefinitely	Fixed term	Indefinitely	Fixed term	Indefinitely	Fixed term
Social insurance	employment insurance, welfare pension, nursing care insurance, employment insurance, workers' compensation insurance,	○	○	○	○	○	×	○	×	○	○	×	○
	Birth insurance. Housing reserved fund	×	×	○	○	×	×	×	×	×	×	×	×
Pension	Defined Contribution pension	○	×	×	×	○	○	○	×	×	×	×	×
Livelihood Support	Commuting expenses allowance. Uniform loan, Lunch expenses assistance (Partially applicable)	○	○	×	×	○	○	×	×	○	○	×	×
Self-development	Correspondence education・Qualification acquisition assistance	○	×	○	○	○	○	×	×	×	×	×	×
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	○	○	×	×	○	×	×	×	×	×	×	×



2023 CO₂ emission The third party Assurance Report



Independent Assurance Report

Mr. Hiroyuki Kanai
Representative Director, President and CEO
Tokiwa Corporation

We, SOCOTEC Certification Japan (hereafter "SOCOTEC"), have performed a limited assurance engagement, in response to the entrustment from Tokiwa Corporation (hereafter the "Company"), in order to provide an opinion as to whether the subject matter information ("FY2023 GHG Emissions Calculation Report" (period: 1 April 2023 to 31 March 2024)) of the Company meets the criteria in all material respects.

1 Subject Matter Information and Criteria

The subject matter information for our assurance is a "report on energy-derived greenhouse gas emissions (Scope 1, Scope 2 (location-based and market-based)) and all other indirect greenhouse gas emissions that occur in a company's value chain (Scope 3 (Categories: 1, 2, 3, 4, 5, 6, 7, 12))" covering the operations and activities of the Company and its consolidated companies in Japan and overseas (14 domestic offices and three overseas subsidiaries) described in the "FY2023 GHG Emissions Calculation Report" (period: 1 April 2023 to 31 March 2024).
The criteria for preparing subject matter information is the "Greenhouse Gas Emissions (Scope 1,2,3) Calculation Procedures (Ver.1.3)".


Subject matter information (period: 1 April 2023 to 31 March 2024)			
Energy-derived GHG emissions		All other indirect GHG emissions that occur in the Company's value chain	
Scope 1:	476.5 t-CO ₂ e	Scope 3: 101,862.0 t-CO ₂ e	
Scope 2: location-based	6,979.0 t-CO ₂ e	Breakdown (t-CO ₂ e)	
market-based	260.2 t-CO ₂ e	Category 1: 92,751.5	Category 2: 2,256.6 Category 3: 954.2
		Category 4: 3,654.5	Category 5: 425.0 Category 6: 196.9
		Category 7: 676.4	Category 12: 946.9

2 Management Responsibility

The "FY2023 GHG Emissions Calculation Report" (period: 1 April 2023 to 31 March 2024) was prepared by the management of the Company, who is responsible for the integrity of the assertions, statements and claims made therein (including the assertions over which we have been engaged to provide limited assurance), the collection, quantification and presentation of all data and information in the report, and applied criteria, analysis and publication.
The management of the Company is responsible for maintaining adequate records and internal controls that are designed to support the reporting process and ensure that the "FY2023 GHG Emissions Calculation Report" (period: 1 April 2023 to 31 March 2024) is free from material misstatement whether intentional or negligent.

3 Assurance Practitioner's Responsibility

The responsibility of SOCOTEC is to express a limited assurance conclusion as to whether the subject matter information has been prepared in compliance with the criteria in all material respects.
We have performed limited assurance engagement in accordance with the verification procedures stipulated by SOCOTEC and "JIS Q 14064-3:2023 (ISO 14064-3:2019) Specification with guidance for the verification and validation of greenhouse gas statements".
The procedures performed in the limited assurance engagement are limited in their type, timing and scope as compared to the procedures performed in the reasonable assurance engagement. As a result, our limited assurance engagement does not provide as high assurance as reasonable assurance engagement.
Our procedures performed depend on the assurance professional practitioner's judgement, including an assessment of the risk of material misstatement, whether due to fraud or error. Our conclusion was not designed to provide assurance on internal controls.
We believe that we have obtained the evidence to provide a basis for our limited assurance conclusions.



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Independent Assurance Report

4 Assurance Procedures

The procedures that SOCOTEC has performed are based on professional judgement and include, but are not limited to:

- Evaluation of policies and procedures created by the Company in relation to subject matter information
- Inquiries to the Company personnel to understand the above policies and procedures
- Verification that the target project meets eligibility requirements
- Matching with the basis data by trial calculation and recalculation
- Obtaining and collating material for important assumptions and other data
- Sites visited to confirm the calculation structure and procedures, data collection and implementation status of record control:

Tokyo Head Office / Nakatsugawa Factory / Mizunami Factory

5 Statement of Our Independence, Quality Management and Competence

SOCOTEC has introduced and maintained a comprehensive management system that conforms to the accreditation requirements of "ISO 17021 Conformity assessment -- Requirements for bodies providing audit and certification of management systems". In addition, we have also established a management system according to "ISO 14065 Greenhouse gases -- Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition". These meet the requirements of International Standard on Quality Management 1 by the International Auditing and Assurance Standards Board and Code of Ethics for Professional Accountants by International Ethics Standards Board for Accountants. We maintain a comprehensive quality management system that includes ethical rules, professional standards and documented policies and procedures for compliance with applicable laws and regulations.
The SOCOTEC Group is a comprehensive third-party organisation in testing, inspection and certification operations, and provides management system certification and training services related to quality, environment, labour and information security in countries around the world. Engaged in performance data and sustainability report assurance of environmental and social information, SOCOTEC affirms that it is independent of the organisation that has ordered the assurance engagement, its affiliated companies and stakeholders, and that there is no possibility of impairing impartiality or conflict of interest.
We assure that the team engaged in the assurance is selected based on knowledge and experience in the relevant industry, as well as the competence requirements for this assurance engagement.

6 Use of Report

Our responsibility in performing our limited assurance activities is to the management of the Company only in accordance with the terms for this engagement as agreed with the Company. We do not therefore assume any responsibility for any other purpose or to any other person or organisation.

7 Our Conclusion

On the basis of our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the subject matter information is not, in all material respects, prepared and reported in accordance with the stated criteria.

SOCOTEC Certification Japan


 Seigo Futaba
 Managing Director
 31 March 2025



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TOKIWA Corporation

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