

2022

**CORPORATE
SOCIAL
RESPONSIBILITY**

Report



MIYOSHI KASEI

Group

Top Message

CSR, sustainability, and ESG... in today's world, not a day goes by without seeing or hearing these words. It has been a long time since the serious impact of global warming has come to the fore, but in recent years in particular, extreme weather conditions resulting from climate change have brought serious damage to various parts of the globe. Also in human societies, the problems of poverty, inequality and disparities have caused painful conflicts and misfortunes around the world. It goes without saying that solving these problems is an urgent task for the earth and mankind.

And I strongly feel that a company like us, which is a public entity of society, also has a mission to build a long-term management strategy with a view to contributing to the environment and society based on the concept of sustainability management*.

Since the mid-2010s, the Miyoshi Kasei Group has been participating in CDP, Ecovadis, UNGC and other platforms and promoting sustainability activities. At the early years, we asked ourselves what and how much we should do, and how our sustainability management should be as a group, while responding to customer requests and the trends in the world.

And now, coming back to the Miyoshi Kasei Group's management philosophy, the words "Good Faith & Dignity" that our founder cherished and the corporate message "Treating You Right", remind me that we have been behaving as a socially responsible company from the start.

I feel that our sustainable management is not something that started just recently, but has been continuing for nearly half a century since our founding. We have inherited the founder's spirit, which can be said to be the basis of sustainability, and have cultivated it to our corporate culture in conducting business activities.

I believe that CSR and sustainability do not exist separately from a company's economic activities, but rather are "environmental, social, and human-friendly thoughts" that should be at the root of economic activities.

We believe that our products and activities created under the spirit of "Treating You Right" will contribute to the development and happiness of our stakeholders and society. This is why we do exist, this is what we work for, and this is why the Miyoshi Kasei Group will continue to be sustainable as a whole.

I promise we will continue to always refine, implement and promote the Miyoshi Kasei Group's sustainability activities.

Miyoshi Kasei, Inc.
President
Hitoshi Usui

*The concept that "corporations must work to resolve various environmental and social issues and maintain and improve the environment and society, and with this as a business foundation, corporations can grow sustainably."

About Us

We are the first company that created and launched silicone treated cosmetic pigments to the market, which led to the development of the epoch-making two-way cake powders which can be applied to the face by either a wet or dry sponge.

From then, we continuously developed, with our original know-how and technology, various surface treatment processes, such as Amino Acid treatment, Lecithin treatment, and Ester treatment.

The combination of the said technologies and high-quality fillers (sericite, mica, talc, etc.), which are essential for the cosmetic formulation, or functional powders (ultrafine powders, silica beads, pearls, etc.) enabled us to develop a broad range of unique products and to contribute to the development of innovative cosmetics.

We have four operation sites globally, Miyoshi Kasei, Inc. in Japan, Miyoshi America, Inc. in the United States (Connecticut), Miyoshi Europe SAS in France (Lyon), and Miyoshi Suzhou, CO., LTD. in China (Suzhou), and have been providing high quality products to customers all over the world.

Corporate Message

“TREATING YOU RIGHT” : this message represents our business philosophy centering on “Good Faith & Dignity”, which is the core value of Miyoshi Kasei Group.

Based on this corporate message, Miyoshi Kasei Group makes a commitment for “safe and reliable product quality”, “being friendly to environment”, “compliance with laws” and “consideration to all stakeholders”.

This corporate message was chosen from among applications of all group companies in 2015 as a slogan representing corporate philosophy and is visible to employees all the time by being used for posters in the office, letterhead and mail template in order for each employee to act up to its philosophy.



Our Group philosophy has inspired our sustainable engagement. It is treated as a corporate initiative by the Miyoshi Kasei Group, called SDPI (Sustainable Development Performance Initiative), confirmed by our endorsement of UNGC principles in 2022. It is implemented and followed up in close cooperation between the head of the Miyoshi Kasei Group and key regional leaders.

The Miyoshi Kasei Group is committed to make all reasonable efforts to communicate the present charter to workers in the group, as well as external partners. As an important stakeholder in the cosmetic ingredients field, the Miyoshi Kasei Group has to present a straight, clear and trustworthy CSR involvement and strategy, addressed to workers, partners and consumers.

Our CSR charter and associated policies are available on our website :
<https://www.miyoshikaseigroup.com/en/csr/>

Our Values



Treating you Right with **SAFETY AND RELIABLE QUALITY SOLUTIONS**

Quality is a key cornerstone in driving all our business initiatives. We are committed to deliver products of high quality, which are safe and reliable for users.

Treating our **PEOPLE AND SOCIAL ECOSYSTEM** Right

We truly believe the success and future development of our company relies on the involvement, commitment and enthusiasm of our talented people.



Treating our **STAKEHOLDERS** Right



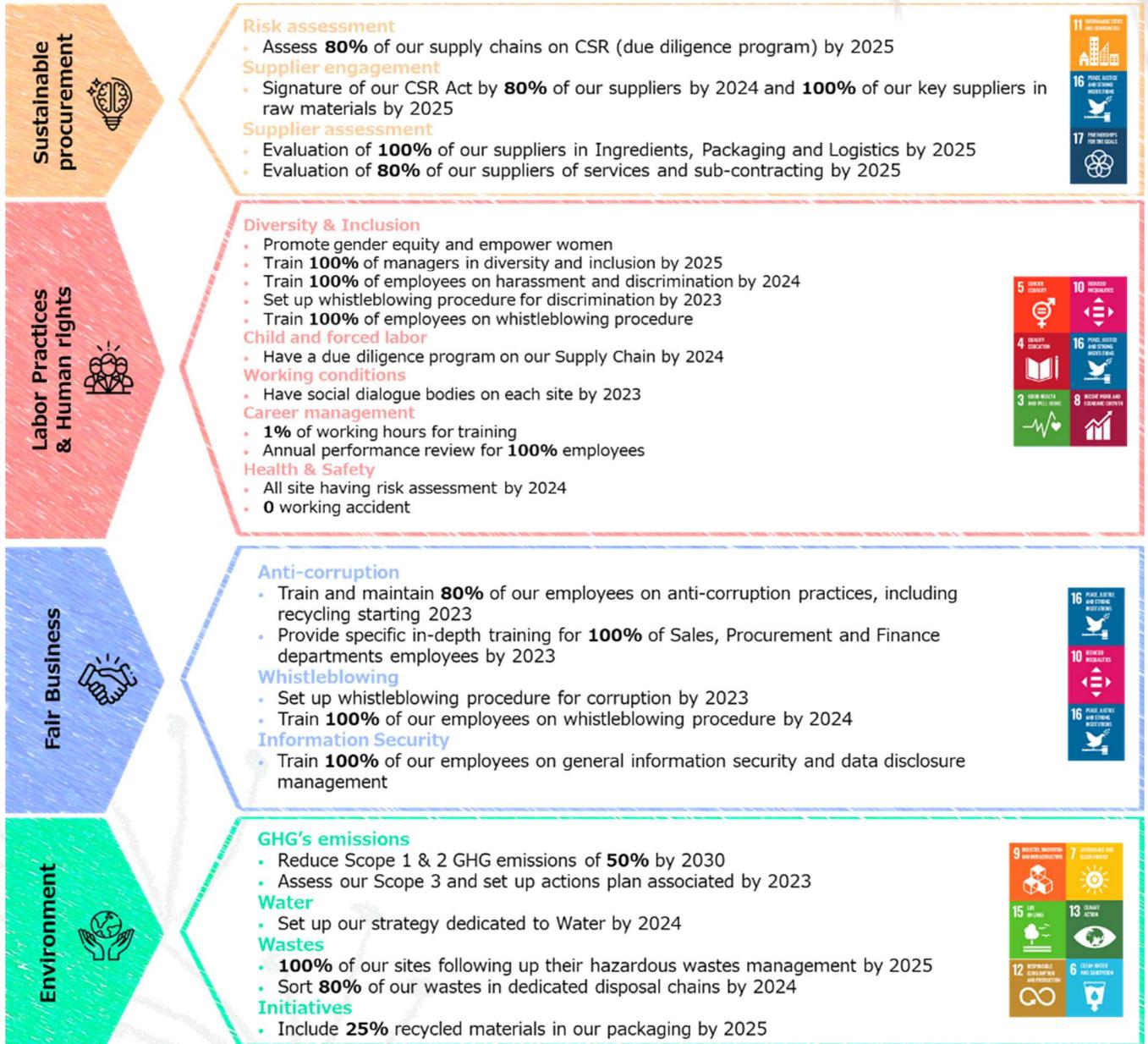
The interactions with partners, governments, professional associations, territorial agencies and other stakeholders, are cultivated to facilitate long-term and beneficial relationships, as it strives to realize a sustainable society.

Treating the **ENVIRONMENT** Right

The environment is at the heart of the Miyoshi Kasei Group CSR strategy. In addition to conducting business in full compliance with the environmental laws of the countries and regions of interest, we aim at reducing the impact of our activities on the planet.



Our Objectives



We commit to :



WE SUPPORT



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SCIENCE
BASED
TARGETS



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Group targets

Key Miyoshi's CSR pillars		Focus area	KPI	2021	2022	Target	Link to SDGs
 INNOVATIVE QUALITY SOLUTIONS & SERVICES			<ul style="list-style-type: none"> Number of awards for innovative projects Number of training for customers 	0 10	2 16		
	 PEOPLE AND SOCIAL ECOSYSTEM	SOCIAL POLICY	Career Management	<ul style="list-style-type: none"> % of workers having performance review % of working hours allocated to training 	99.1% 0.77%	99.1% 0.71%	100% each year 1% each year
Human rights, equality and diversity			<ul style="list-style-type: none"> % of women % of women in management positions % of sites having social dialogue bodies % of managers trained on diversity and inclusion % workers trained on harrassement & discrimination Ratio between entry salaries of men and women 	35.9% 29.2% 100% 0.0% 100.0% 1:1	36.4% 34.9% 100% 25.4% 100.0% 1:1	100% by 2023 100% by 2024 100% by 2023 1:1	  
HEALTH AND SAFETY		Workers	<ul style="list-style-type: none"> % of sites having a risk assessment on health and safety program % of corrective actions following risk assessment, implemented in the year y+1 Frequency rate Severity rate 	75% 61% 36.7 0.85	100% 59% 12.8 0.77	100% by 2024 75% each year	  
SOCIAL NETWORK			<ul style="list-style-type: none"> % donated to charities 	0.0115%	0.1890%		
 STAKEHOLDERS		BUSINESS ETHIC	Fair trade practices	<ul style="list-style-type: none"> % of employees trained on anti-corruption practices Specific in-depth training on corruption for Sales, Procurement and Finance departments employees % of employees trained on whistleblowing procedure % of key supply chain having due diligence programs 	9.83% 9.83% 0 0	100.00% 9.00% 65% 0	80% by 2023 100% by 2023 100% by 2023 100% by 2024
	Information Security		<ul style="list-style-type: none"> % of employees trained on general information security and data disclosure management 	74%	100%	100% by 2025	
	SUSTAINABLE PURCHASING	Suppliers engagement	<ul style="list-style-type: none"> % of code of conducts signed by suppliers of Ingredients, Packaging and Logistic % of code of conducts signed by all suppliers 	49% 9.0%	60% 5.2%	100% by 2025 80% by 2024	 
		Suppliers assessment	<ul style="list-style-type: none"> % of suppliers assessed on CSR topics (for Ingredients, Packaging and Logistics) 	50%	65.2%	100% by 2025 (key suppliers) 80% by 2025 (all)	
 ENVIRONMENT	ENVIRONMENT ETHIC		<ul style="list-style-type: none"> % waste recycling % of recycled material in packaging 	21.5% 19.60%	43.1% 29.10%	80% by 2024 25% by 2025	
	CLIMATE		<ul style="list-style-type: none"> CO2 emissions reduction compared to 2018 (Scope 1&2) Scope 3 assessment CDP score 	-40.0% 25% C	-28.2% 100% B-	-50% by 2030 100% by 2023	 



2022 Achievements



Customer Satisfaction



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



Goal

The Group aims at collaborating with partners to find innovative ways of answering market's and customers' needs.

Supporting our customers to get the most out of our products is an integral part of our service offering.

KPI

2 technical innovation awards

16 trainings for customers

Packaging solution

Miyoshi America works closely with its customers to develop packaging solutions that meet the needs of all parties. In 2022, we have begun the transition from packaging in drums to boxes to accommodate better packing efficiency for shipment to reduce shipment costs and reduce greenhouse emissions associated with shipping.



CoWoP

CoWoP is a service developed in 2022 in Europe, to accompany our customers in the development of new innovative products and services, using a collaborative and transparent approach. Managed in project mode, it includes many exchanges between parties at all steps of the process.





Career management



Goal

We commit to enable our employees to develop and practice their talents and skills by implementing regular performance reviews and employee training programs to pro-actively address any concerns and ameliorate work practices.

KPI

99% of employees having performance review
0.71% of working hours for training

Keeping talents

Offering employees the opportunity to discuss their wishes for development, career advancement, and the training they would like to take, was done through a professional interview in 2022 at Miyoshi Europe (on a biennial basis).

This allows them to be involved in their career within the company, through a constructive exchange with the Human Resources.



Employees' words

“As a new employee, I am impressed with Miyoshi's dedication to the growth and development of its employees. Miyoshi provides ongoing training and development opportunities, including leadership development courses and skills training workshops, which demonstrates a clear commitment to helping employees reach their full potential.”

Gair Laucius –
Senior Manager Regulatory & QA





Human Rights, Equality and Diversity



Goal

Human rights are of utmost importance to Miyoshi Kasei. Our goal is to ensure that they are respected within our global operation and supply chain. Miyoshi Kasei's aim is to promote equal opportunities, a diverse workforce and a welcoming workplace for all.

KPI

- 36.4% women
- 34.9% women in management position
- 100% of employees trained on harassment and discrimination
- 25.4% managers trained on diversity and inclusion
- 1:1 Ratio between entry salaries of men and women

Diversity certification

Our Japanese mother company Miyoshi Kasei has been certified by Saitama prefecture since 2018 as a company for its commitment to embrace employees' diverse work styles.



Awareness training

Miyoshi Kasei Group is dedicated to promoting a culture of respect and dignity in the workplace by providing comprehensive Human Rights awareness training to all employees on an annual basis. Through this commitment, we strive to create a safe and inclusive environment where everyone feels valued and supported.





Workers health and safety



Goal

Miyoshi Kasei Group aims to provide a safe and healthy working environment for every employee. All sites should implement a program to identify, assess and mitigate risks in order to minimize unsafe conditions and encourage a safety culture and conscious behavior.

KPI

100% Health and safety risk assessment at all sites
0.77 Severity rate

Mental Health

At Miyoshi Kasei, a “stress check” is performed for all employees annually. A questionnaire is sent to them regarding mental stress and the answers are analyzed by doctors. Results are communicated personally to each employee.



Safety Philosophy

Alongside the company slogan “Good Faith and Dignity” exemplified by Mr. Miyoshi, we post this important message throughout our facilities:

“**SAFETY** is Our First Priority

Human Safety...

Product Safety...

Equipment Safety...

Environment Safety...”



- Miyoshi America -



Business Ethic



Goal

Miyoshi Kasei Group has strengthened its commitment on anti-corruption and awareness of employees. We also plan to implement a sound due diligence program for our main supply chains, to enhance our suppliers traceability, and be able to account for their ethics practices.

KPI

100% of employees trained on anti-corruption practices
65% of employees trained on whistleblowing procedure
0% of key supply chain having due diligence program
100% of employees trained on information security and information disclosure management

Awareness training on anti-corruption

In 2022, awareness trainings were organized for each company, on business ethics, including anti-corruption. All workers were delivered this training. More detailed procedures should follow to implement anti-corruption practices in more details.

Whistleblowing

Three companies of the group already have implemented a written whistleblower procedure to allow employees to safely report corruption, bribery, and security concerns. An external attorney is contracted as one of the communication routes in Japan.





Sustainable Procurement



Goal

We collaborate with our suppliers in an effort to ensure that our raw materials meet our Quality Standards and General Terms and Conditions, but also our CSR strategy. In conducting transactions with other parties, we require that they strictly fulfill the same commitment as we do.

KPI

Code of Conduct signed by **60%** of our key suppliers
65.2% of key suppliers assessed on CSR topics.

CSR questionnaire for key suppliers



In 2022, our suppliers of key ingredients have been assessed on their CSR practices, and scored according to their answers. Awareness, management, or expertise, at every level of implication needs to be followed up to ensure a collective rise towards sustainability.

Palm-derivatives

Some of our materials contain ingredients coming from palm. Miyoshi Kasei Group has joined the Roundtable on Sustainable Palm Oil (RSPO) in 2018 and each Miyoshi site concerned has now obtained RSPO supply chain certification.





Environmental Impact



Goal

Beyond legal compliance, we are committed to implement initiatives that will protect the environment in harmony with local communities. Climate actions were a priority several years ago, but other environmental topics, essentially water, will become crucial in the upcoming years.

KPI

43.1% waste recycling
29.1% of recycled material in our packaging

Waste reduction solution



Miyoshi Europe has collaborated with one of its customers to develop a supply chain based on big-bags instead of multiple smaller single bags. Fully operational in 2022, it has allowed to reduce tremendously the wastes associated with this supply chain.

Water use reduction

Our American and European sites have implemented procedures and practices to reduce the use of manufacturing wastewater including longer campaigns and more efficient cleaning procedures, while delivering our products with the same high-quality specifications.





Climate



Goal

The Miyoshi Kasei Group commits to the environment with clear and measurable greenhouse gases (GHG's) reduction objectives in line with the Science Based Targets initiative (SBTi). Our aim is to reduce our Scope 1&2 related emissions by 50% by 2030, and have actions for reducing Scope 3.

KPI

- 28.2% CO2 emissions compared to 2018 (Scope 1&2)
- 100% of Scope 3 assessed
- B- CDP Score

Solar Panels at Miyoshi America



Our American company built a solar panels field next to its site, generating more than 229 MWh of electricity in 2022. The associated emission reduction is almost 95 tCO2eq. This production covers about 35% of the site needs in electricity.

Activity programming for utilities

Several devices at Miyoshi Europe have been time-stamped to lower the electricity consumption during times off. Shut-down or just lowering the setpoint of equipment translated into a decrease in electricity consumption for 2022.



What's next

In 2023, the Miyoshi Kasei Group will strengthen its commitment even more, by cascading the general strategy for each site, adopting action plans adapted to local needs and opportunities.

It will involve a harmonization of methodologies and assessments, as well as sharing of best practices to make sure that the group as a whole evolves in the right direction.

Main topics of work will include :



Formalized risk assessments on CSR key topics (corruption, human rights)

Due diligence programs on human rights for our key supply chains



Training of employees on anti-corruption, whistleblowing, and associated documentation where missing

Evaluation of Scope 3 for the whole group



Decarbonization action plan



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