

The Dialogue between Hatanaka External Director and Investors

July 4, 2024

Shiseido Company, Limited

The Shiseido logo is displayed in a bold, red, serif font. It features a stylized 'S' that curves into the 'H', followed by the letters 'I', 'S', 'E', 'I', 'D', and 'O' in a classic serif typeface.

1. Introduction of Mr. Yoshihiko Hatanaka, External Director
(by Yuko Kato, Chief Corporate Governance Officer)
2. The key features of Corporate Governance at Shiseido
(by Yuko Kato, Chief Corporate Governance Officer)
3. External Director's Perceptions of Shiseido's Corporate Governance
and the Board of Directors (by Mr. Hatanaka, External Director)
4. Q&A Session

Today's Speaker: Yoshihiko Hatanaka (External Director of Shiseido)

- Led Astellas Pharma for 12 years as Representative Director after serving as the head of corporate planning and finance at Astellas Pharma Inc. and as a representative of U.S. subsidiaries.
- In March 2017, during his tenure at Astellas Pharma, he received Corporate Governance of the Year 2016 Prize, hosted by the Japan Association of Corporate Directors.
- Has been serving as Shiseido's External Director since March 2023, and was nominated as the Chairman of the Compensation Committee in March 2024.

Apr. 1980: Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)

Jun. 2005: Corporate Executive, Vice President, Corporate Planning, Corporate Strategy Division, Astellas Pharma Inc.

Apr. 2006: Corporate Executive, Astellas Pharma Inc. and President & CEO, Astellas US LLC and President & CEO, Astellas Pharma US, Inc.

Jun. 2008: Senior Corporate Executive, Astellas Pharma Inc. and President & CEO, Astellas US LLC and President & CEO, Astellas Pharma US, Inc.

Apr. 2009: Senior Corporate Executive, Chief Strategy Officer and Chief Financial Officer (CSTO & CFO), Astellas Pharma Inc.

Jun. 2011: Representative Director, President and CEO, Astellas Pharma Inc.

Apr. 2018: Representative Director, Chairman of the Board, Astellas Pharma Inc.

Jun. 2019: Outside Director, Sony Corporation (currently SONY GROUP CORPORATION) [incumbent]

Mar. 2023: External Director of Shiseido [incumbent]

Jun. 2023: Outside Director, Sekisui Chemical Co., Ltd. [incumbent]

Mar. 2024: Chair of the Compensation Committee of Shiseido [incumbent]



Evolution of Governance Structure to Maximize Corporate Value: Transition to a “Company with Three Statutory Committees”

At Shiseido, we define corporate governance as “a system that provides a foundation to drive sustainable growth and corporate value over the medium to long term.”

- Today’s highly volatile external environment has a significant impact on our business
- Needs for Rebuilding our business model to be able to respond to changes with greater flexibility in an uncertain and dynamic business landscape



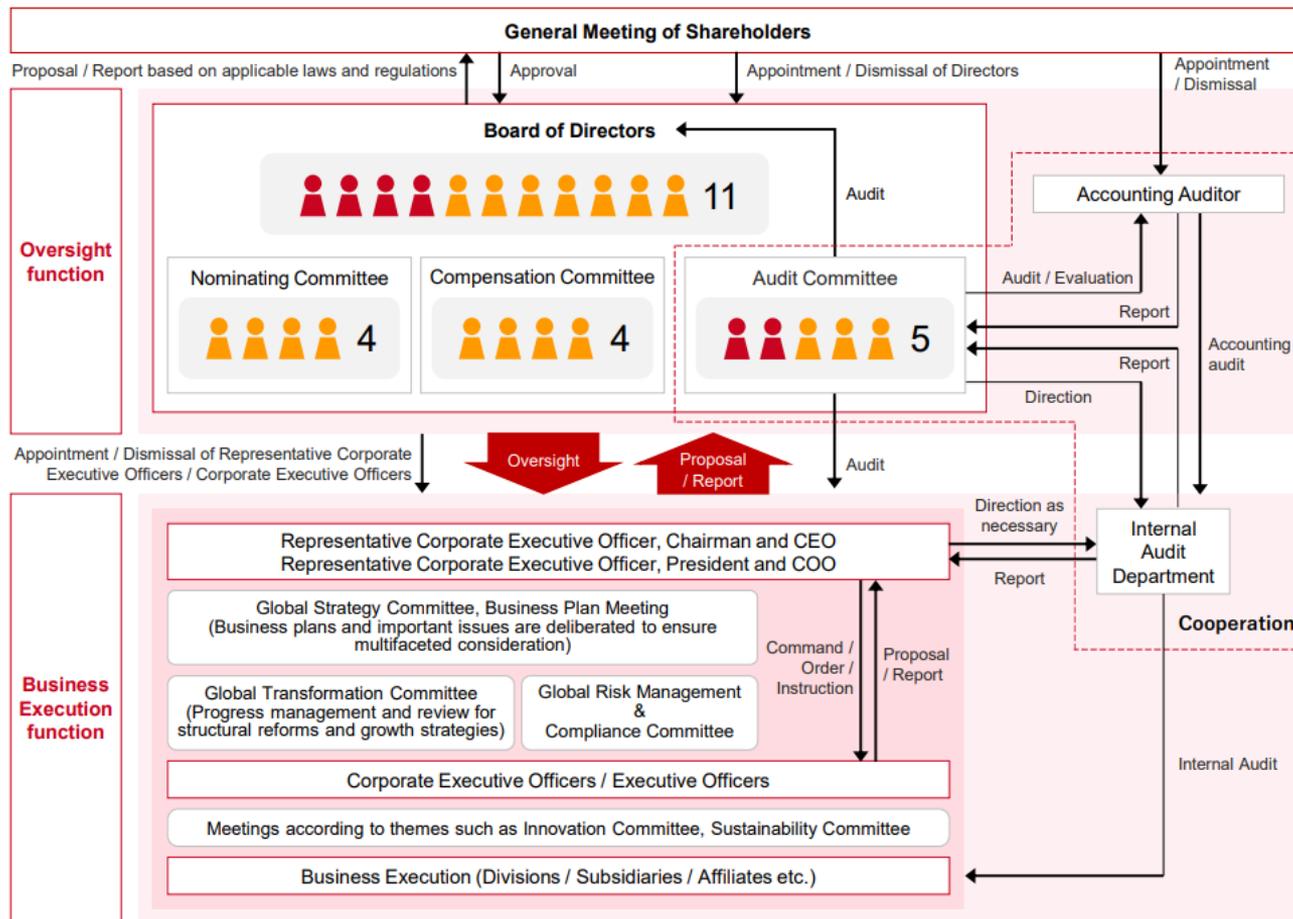
- The Board to achieve strategic alignment to adapt to an external environment through effective and in-depth discussion
- Ensure greater agility and flexibility in executing our diversified global business portfolio
- Establish effective governance practice by monitoring the execution of the Company’s business by corporate executive officers acting with agility



Transition to a “Company with Three Statutory Committees”

- Clearly separate the functions between management oversight and execution of the Company’s business
- Strengthen each of these functions to ensure effective implementation of our strategies in an increasingly volatile business environment

New Corporate Governance Structure (as of March 31, 2024)



Independent Directors

63.6% (7 out of 11)

Non-executive Directors

81.8% (9 out of 11)

Female Directors

45.4% (5 out of 11)

Nominating Committee / Compensation Committee:

➤ **Solely comprised of External Directors**

Audit Committee:

➤ **Chaired by External Director**

➤ 2 full-time members are nonexecutive directors (effective liaison with the Internal Audit Dept.)

Enhanced Disclosure of Executive Compensation System and LTI Evaluation Metrics for FY2024

Enhanced disclosure

- The proportion of the remuneration according to the levels of executive positions, evaluation metrics and weighting for performance-based compensation, results of accomplishment measured by evaluation metrics for the prior year

Evaluation metrics for the LTI

- Reflect KPIs for DE&I (women’s participation and advancement) and ESG ratings

Evaluation Item	Performance Indicators		Evaluation Weight	
Economic Value	Consolidated core operating profit margin in the final fiscal year of the evaluation period		50%	100%
	Compound average growth rate (CAGR) of consolidated net sales		30%	
Social Value	Environment	Status of the achievement of the CO ₂ emissions reduction target	20%	
	Society	Ratio of female managers/leaders in Japan and overseas at the Company, and the status of inclusion in the indices related to the promotion of women by ESG rating agencies designated by the Company		
	ESG	Evaluation scores by ESG rating agencies designated by the Company		
Economic Value	Consolidated ROE		If this ends up below the threshold, the Compensation Committee will consider lowering the percentage amount of the payment attributable to the performance-linked portion.	

*The evaluation in 2024 is based on the MSCI ESG Rating.

External Director's Perceptions of Shiseido's Corporate Governance and the Board

- Evaluation of the effectiveness of Shiseido's corporate governance
- Key challenges and opportunities related to the Company's profitability, evaluations of our strategic initiatives
- The role and responsibilities assumed by Hatanaka External Director who has an extensive experience in corporate management



To reflect shared interests of all participants, the following topics are selected from the questions we received in advance.

1. What changes do you recognize after the transition to a “Company with Three Statutory Committees”?
2. Shiseido’s compensation levels appears to be lower than the global standard. Is there any plan to review KPIs for executive compensation to improve the Company’s business performance? What do you think about the idea of increasing the ratio of stock-based compensation?