

# Dialogue between Shiseido's External Directors and Investors

July 8, 2025

Shiseido Company, Limited



# Meeting Agenda

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1. Introduction of Yoshihiko Hatanaka, External Director / Yasuko Gotoh, External Director
2. The Evolution of Corporate Governance at Shiseido
3. External Directors' Perspectives on Shiseido's Corporate Governance
4. Q&A Session

# 1. Speaker Introduction

## (Yoshihiko Hatanaka, Shiseido External Director / Chair, Board of Directors)

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- 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. He has diverse and extensive knowledge in global corporate management.
- In March 2017, he received Corporate Governance of the Year 2016 Prize, hosted by the Japan Association of Corporate Directors.
- Hatanaka has been serving as External Director of Shiseido since March 2023, and was nominated as the Chair of the Compensation Committee in March 2024, and the Chair of the Board of Directors in January 2025.

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)

**Mar. 2023: External Director of Shiseido [incumbent]**

Jun. 2023: Outside Director, SEKISUI CHEMICAL CO., LTD [incumbent]

Jun. 2023: Chair of the Board, SONY GROUP CORPORATION

**Mar. 2024: Chair of the Compensation Committee of Shiseido [incumbent], Member of Nominating Committee of Shiseido [incumbent]**

**Mar. 2025: Chair of the Board of Directors [incumbent]**



# 1. Speaker Introduction

## (Yasuko Gotoh, Shiseido External Director / Chair, Audit Committee)

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- As the first female career officer at the Ministry of Transport (currently the Ministry of Land, Infrastructure, Transport and Tourism), she held various senior positions.
- After leaving the ministry, she served as an Executive Director at Kyushu Railway Company, overseeing both the business and finance divisions. Additionally, she served in the role of Director and Audit Committee Member, where she was responsible for the audit of business execution. She has extensive experience and knowledge in finance and accounting.
- At Shiseido, she was nominated as an External Audit & Supervisory Board Member in March 2019, became an External Director and Audit Committee Member in March 2024, and was nominated as the Chair of the Audit Committee in March 2025.

Apr. 1980: Joined the Ministry of Transport (currently the Ministry of Land, Infrastructure, Transport and Tourism (MLIT))

Jun. 2004: Director, Tourism Promotion Bureau at New York, Tourist Bureau of Japan

Oct. 2005: Deputy Governor, Yamagata Prefecture

Jul. 2008: Director, Regional Transport Bureau of Hokuriku and Shinetsu Regions, MLIT

Jul. 2013: Director General, Policy Research Institute for Land, Infrastructure and Transport and Tourism, MLIT

Oct. 2014: Joined Kyushu Railway Company

Jun. 2015: Managing Director, Kyushu Railway Company, Deputy Director General, Railway Operations Headquarters, Kyushu Railway Company / Director General, Travel Services Headquarters, Kyushu Railway Company

Jun. 2017: Managing Director, CFO in charge of the Treasury Department, Kyushu Railway Company

Jun. 2018: Director, Audit and Supervisory Committee member, Kyushu Railway Company

Mar. 2019: External Audit and Supervisory Board member, Shiseido

Jun. 2019: Outside Audit and supervisory Board member, DENSO CORPORATION [incumbent]

Apr. 2023: Guest professor, Faculty of Tourism and Community Development, Kokugakuin University [incumbent]

Jun. 2023: Outside Audit and Supervisory Board member, Mitsui Chemicals, Inc. [incumbent]

Oct. 2023: Audit and Inspection Commissioners, Tokyo Metropolitan Government [incumbent]

**Mar. 2024: External Director [incumbent] / Audit Committee Member, Shiseido**

**Mar. 2025: Chair of the Audit Committee, Shiseido [incumbent]**



## 2. The Evolution of Corporate Governance at Shiseido

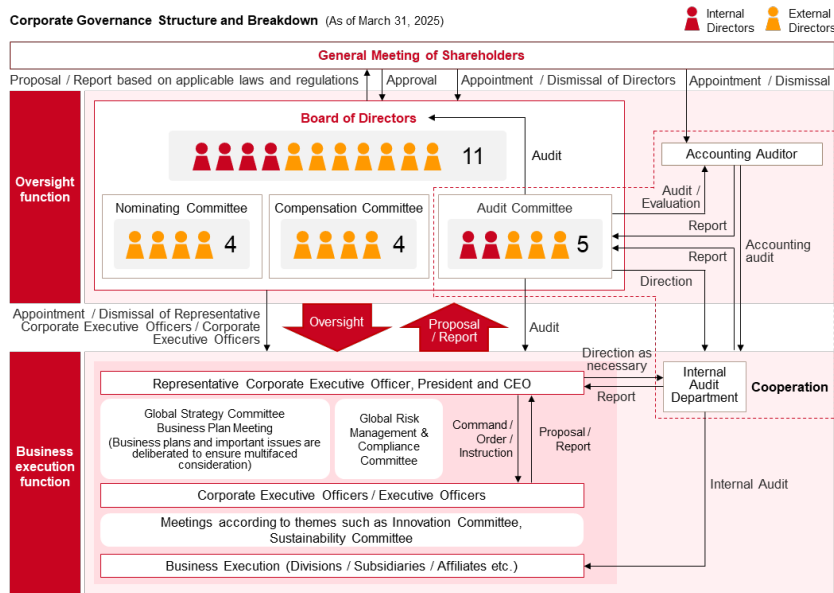
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### Transition to a Company with Three Statutory Committees (in 2024)

- The Board of Directors focuses on strategic discussions and oversight of business execution
- Increased agility in business execution through significant delegation of authority to the executive team

### Shiseido's first Chair of the Board of Directors as an external director (in 2025)

- Enhance Board effectiveness by further separating execution and oversight
- Experience and achievements as a top executive of a listed company with global footprint



➤ Nominating Committee / Compensation Committee  
Comprised solely of external directors

➤ Audit Committee:  
Chaired by an external director  
2 full-time members are non-executive directors to strengthen cooperation with the Audit Department

- External Directors **63.6%** (7 out of 11)
- Female Directors **54.5%** (6 out of 11)
- Non-executive Directors **81.8%** (9 out of 11)

### 3. External Directors' Perspectives on Shiseido's Corporate Governance 6

1. **General review as Chair of the Board of Directors / Audit Committee**
  - 1) View from the Chair, Board of Directors: The ideal and current state of the Board of Directors
  - 2) View from Chair, Audit Committee: Changes in the Board of Directors chaired by External Director
2. **Issues and actions identified by the Board of Directors**
  - 1) Strategic actions to rebuild profitability towards growth, and future challenges
  - 2) Manage the progress, oversee the completion of the Action Plan 2025-2026
3. **Review of LTI KPIs and the expected impact, and other remuneration related topics**

# Action Plan 2025-2026

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SHIFT 2025 and Beyond

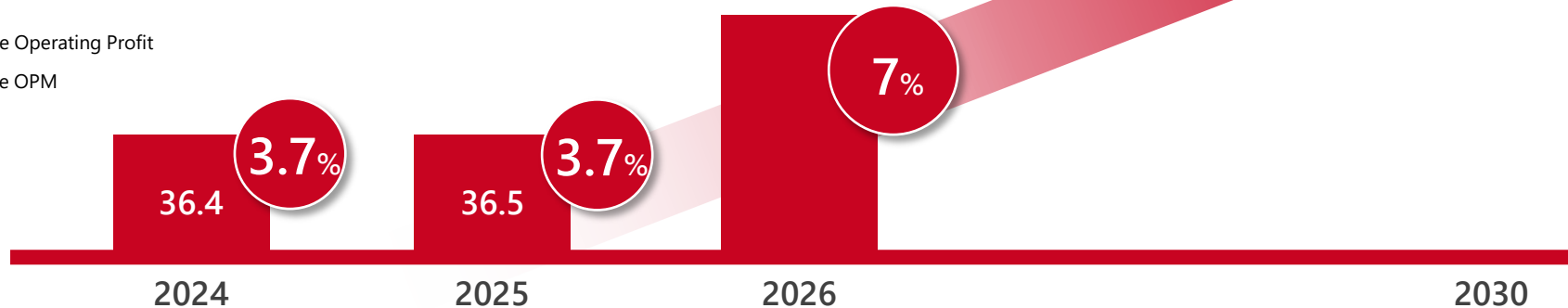
## Action Plan 2025-2026

Build Resilient Business Model for Sustainable Profit Growth amid Volatile Market Conditions

(Billion yen)

■ Core Operating Profit

● Core OPM



Reinforce foundation for growth through focused investment in key brands  
Complete all actions for global cost structure transformation

Profitable growth  
Pursue an optimized cost structure  
Reinvest for next phase of growth

# KPI Review and Updates on LTI and Remuneration-related Issues

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- **Changes in evaluation metrics for the Long-Term Incentive-Type Remuneration (LTI)**
  - Adopted new metrics for measuring shareholder value (relative TSR) and capital efficiency metrics (ROIC) to maximize corporate value over the long term
  - Changes in executive officers and regional CEOs

	Evaluation Weight	Before	After
Economic Value Metrics	50%	Core OP margin	Relative TSR*
	30%	Sales CAGR	ROIC
Social Value Metrics	20%	ESG-related Environmental/Social/ESG Rating Agency Score	ESG-related Environmental/Social/ESG Rating Agency Score

- **Changes in composition of total remuneration for CEO**
  - Enhance CEO's commitment maximize corporate value over the long term by improving the composition of the LTI

	Basic Remuneration	Performance-linked Remuneration		Total
		Annual Incentive	Long-Term Incentive-Type Remuneration	
Before	33.3%	33.3%	33.3%	100%
After	20%	20%	60%	100%

\* TSR growth rate relative to our global peers in the beauty industry selected for performance comparisons



## 4. Q&A (Advance Questions)

1. What specific skill sets do you consider necessary to strengthen the Board of Directors in preparation for the General Meeting of Shareholders in March 2026?
2. We understand that promoting structural reform requires simultaneous transformation of the organizational culture, which is a time-consuming process. What initiatives has the company taken to ensure that all employees can embrace this cultural transformation? Additionally, how does the Board of Directors oversee the progress of the organizational culture transformation across Shiseido as a whole?

SHISEIDO