

Shiseido Group Procurement Policy

Procurement Vision

Together with our corporate mission BEAUTY INNOVATIONS FOR A BETTER WORLD, we strive through our procurement activities to achieve the following.

- Innovation which brings confidence, courage, joy, and happiness to people all over the world.
- Optimized cost, best quality, and provision of products and services in a timely manner.
- Society in which human rights are respected and a sustainable society in which environments are conserved and people and planet coexist beautifully.

We work with our suppliers sharing a unified ambition toward the vision above and in accordance with the policy below.

<a. Basic Policy>

• Building a good partnership

- We strive to create new value and improved products with suppliers based on a firm trusting relationship and to mutually evolve and develop.

• Fair purchasing transactions

- We engage in fair, transparent and free competition, and appropriate transactions.
- In selecting our suppliers, we make comprehensive judgement based on clear criteria including quality, cost, delivery date, service, environmental response, and respect for human rights.

• Performance of contract

- We strictly adhere to contracts and rules related to purchasing transactions built on high transparency and ethics.

• Promoting responsible procurement

- We share our stance regarding fulfillment of social responsibility—including respect for human rights, compliance with laws, and protection of the environment—with our business partners and encourage them to take their own voluntary initiatives.

• Respecting diverse values

- We embrace the diversity of value perspectives in our suppliers and continuously create new, never-before-realized ideas and innovations.

<b. Policy for Responsible Procurement>

• Requirements for our suppliers

Our suppliers shall agree to comply to the following criteria and for Shiseido to monitor the status of compliance.

- 【Respect for Human Rights】

Prohibition of discrimination, abuse and harassment, forced labor /human trafficking, child labor. compliance with labor-related laws and regulations, freedom of association and collective bargaining, respect for the rights of indigenous people, and treating migrant workers in a just manner

- 【Safe and Healthy Work Environment】

Provision of safe and healthy facilities, prevention of workplace injuries and illnesses, disaster prevention measures

- 【Protection of the Environment】

Compliance with all environment-related laws and regulations

Contribute to the development of a sustainable society through measures such as preserving of biodiversity, reducing waste materials and drainage, conserving resources, recycling, and preventing of pollution, etc.

- 【Assurance of Quality and Traceability】

Compliance to quality and safety standards, grasp of raw material origin

For details, refer to Table 1 : Details of Requirements for suppliers to work with Shiseido

• Measures towards high-risk suppliers

- We do not conduct business with suppliers which we identify as high-risk based on the above items.
- We start business with new suppliers after conducting supplier assessment and confirming that they are not high-risk.
- We evaluate existing suppliers by assessment tools on a regular basis. If they are high-risk, we conduct third-party audits. In the event we find critical non-conformances, we request suppliers to correct them within a certain period. If they are not corrected, we will consider suspension of business.

• Upstream assessment

- We endeavor to minimize risks across the entire supply chain by assessing risks of upstream suppliers through our direct transaction suppliers.

• CO₂ reduction

- We work with suppliers to reduce CO₂ emissions.

- **Select suppliers with high sustainability performance as a priority**

- We add sustainability into our supplier evaluation criteria and increase business with high performing suppliers

- **Responsible procurement of raw materials**

- We promote responsible procurement of palm-derived materials and paper, which exacerbate environmental and human rights issues in the countries of origin, based on Sustainable Raw Materials Procurement Guidelines

- Refer to Shiseido Group Sustainable Raw Materials Procurement Guidelines

Table 1 : Details of Requirements for suppliers

Criteria	Contents
<p>Respect for Human Rights</p>	<p><Prohibition of Discrimination ></p> <ul style="list-style-type: none"> Suppliers shall not discriminate in any way against their employees in hiring practices or treatment in relation to remuneration, promotion, termination of employment, etc. <p><Prohibition of Abuse and Harassment></p> <ul style="list-style-type: none"> Suppliers shall respect the human rights of their employees and shall not inflict abuse, corporal punishment, psychological, physical, or sexual harassment or other forms of intimidation thereon. <p><Prohibition of Forced Labor and Human Trafficking></p> <ul style="list-style-type: none"> Suppliers shall not be involved, in any way, in any forced labor, including labor under conditions of slavery, labor with physical or psychological constraint, and human trafficking. <p><Prohibition of Child Labor></p> <ul style="list-style-type: none"> Suppliers shall not employ children who have not yet reached the highest age among (i) 15 years of age; (ii) the age for completing compulsory education; and (iii) the minimum working age stipulated in local laws or regulations. <p><Compliance with Labor-Related Laws and Regulations></p> <ul style="list-style-type: none"> Suppliers shall comply with all applicable labor-related laws and regulations of the countries and territories in which suppliers conduct their business operations. <p><Freedom of Association and Collective Bargaining></p> <ul style="list-style-type: none"> Suppliers shall respect the right of their employees to form a labor union, to join or not join a labor union, and to engage in collective bargaining. <p><Respect for the Rights of Indigenous People></p> <ul style="list-style-type: none"> Suppliers shall respect the land rights, culture, custom, and religion of indigenous people and shall conduct their business operations based on such respect. <p><Treating Migrant Workers in a Just Manner></p> <ul style="list-style-type: none"> Suppliers shall treat migrant workers in the same capacity as local workers. In addition, suppliers shall treat foreign workers and migrant workers in a just manner and provide such workers with transparent employment conditions as well as good working and living conditions.

<p>Safe and Healthy Work Environment</p>	<p><Safe and Healthy Facilities></p> <ul style="list-style-type: none"> Suppliers shall design and construct facilities taking into consideration the safety and health of their employees and shall maintain the safety of their facilities by conducting repair work etc. <p><Prevention of Workplace Injuries and Illnesses></p> <ul style="list-style-type: none"> In regard to physically severe labor, the handling of hazardous substances and chemicals, and inherently risky labor, such as the use of production machinery, suppliers shall adopt procedures to enable the avoidance of any risks to the greatest extent possible and shall provide their employees with necessary protective wear, as well as education on safety measures in advance. <p><Disaster Prevention Measures></p> <ul style="list-style-type: none"> Suppliers shall comply with all environment-related laws and regulations applicable to the countries and territories where suppliers conduct their business operations.
<p>Protection of the Environment</p>	<ul style="list-style-type: none"> Suppliers shall comply with all environment-related laws and regulations applicable to the countries and territories where suppliers conduct their business operations Suppliers shall contribute to the development of a sustainable society through measures such as preserving biodiversity, reducing waste materials and drainage, conserving resources, recycling, and preventing pollution etc.
<p>Assurance of Quality and Traceability</p>	<ul style="list-style-type: none"> Suppliers shall provide products and services that satisfy the quality and safety standards set forth in all laws and regulations of the countries and territories in which suppliers conduct their business operations, as well as complying with the contracts entered into with the Shiseido Group and shall strive to grasp the origins of raw materials used for the products.