

# Shiseido Modern Slavery Statement (Year ended December 31, 2023)

The statement below is the report for FY2023 as of December 31, 2023. Based on the statement of the previous fiscal year, this statement describes the actions taken in FY2023 and the initiatives planned for FY2024 and beyond.

## 1 About This Statement

Shiseido Company, Limited, (hereafter the “Company”) makes the following declaration based on Section 54 (1) of the UK Modern Slavery Act 2015 (hereafter the “Slavery Act”) and discloses the measures implemented by the Company and its subsidiaries (collectively referred to as the Shiseido Group, hereafter “Shiseido”) to ensure that neither Shiseido’s business operations nor its supply chains involve practices amounting to slavery and/or labour under conditions of slavery and human trafficking. The Company hereby declares that Shiseido entirely opposes slavery and human trafficking in its business and supply chain operations. With this statement, Shiseido follows the definitions and concepts of slavery and human trafficking stipulated in the Slavery Act.

## 2 Business Operations and Organization

The Company is a cosmetics manufacturer established in 1872 in Japan. While the core of Shiseido’s business operations revolves around cosmetics, such as skincare, makeup, and fragrance, the scope of our business activities extends into a wide range of areas, including restaurants and education/childcare. Our mission is to contribute to society through beauty innovations that enrich the lives of our stakeholders globally. Shiseido currently operates cosmetic businesses in more than 120 countries and areas with approximately 36,000 employees and a global turnover of 973 billion yen in FY2023. In the UK, the Company currently sells cosmetics through its subsidiaries Shiseido UK Limited and Gallinée Ltd.

Business Overview: <https://corp.shiseido.com/en/company/business/>

Key Figures: <https://corp.shiseido.com/en/company/glance/>

## 3 Supply Chain

Shiseido is engaged in purchasing, factory production, and logistics in cooperation with the global headquarters and each region. Our relationship with our suppliers is based on the following philosophies stated in the Shiseido Group Procurement Policy: “Building a Good Partnership,” “Fair Purchasing Transactions,” “Toward Global Procurement,” “Performance of Contract,” “Promoting sustainable procurement,” and “Respecting diverse values.” Of these, we purchase materials from over 800 Tier 1

suppliers around the world. Our Tier 1 suppliers are all required to follow the Shiseido Group Supplier Code of Conduct, and they are responsible for adapting it to their Tier 2 and upstream suppliers.

## 4 Policies in Relation to Slavery and Human Trafficking

Shiseido strives to ensure that neither our business nor the supply chain related to it involves the practices of enslavement or human trafficking. This is done by establishing corporate policies applicable to Shiseido and thoroughly communicating them to employees and suppliers, including Tier 1 and upstream suppliers. These policies were drafted by the person responsible for human rights at the GHQ and were approved by the Company's Board of Directors. The Company's Chief DE&I Officer is responsible for promoting the human rights policy, including human rights due diligence and risk assessments, and reports to the Sustainability Committee at its meetings to discuss sustainability-related issues. Designation of an Executive Officer responsible for human rights issues identified through human rights risk assessments, and improvement activities are being implemented to stop, prevent, and mitigate negative impacts on human rights.

Shiseido's policies include the following:

- **Shiseido Policy on Human Rights**  
Adopted in 2017, the Shiseido Policy on Human Rights is based on the United Nations Guiding Principles on Business and Human Rights to prevent slave labour (e.g., child labour, forced labour, etc.) and other work under slavery and human trafficking. This Policy applies to Shiseido and its business partners.  
<https://corp.shiseido.com/en/sustainability/human/pdf/policy01.pdf>
- **Shiseido Code of Conduct and Ethics**  
The Shiseido Code of Conduct and Ethics stipulates the mandatory behaviours expected of every individual working for Shiseido. The Company has established a specific code of conduct to operate its business with high ethical standards, as well as to comply with the laws and regulations of the country, local government, and company rules. It declares the absolute prohibition of practices such as child labour, forced labour, human trafficking, and other activities that may lead to human rights abuses.  
<https://corp.shiseido.com/en/company/standards/>
- **Shiseido Group Procurement Policy**  
Our procurement policy, which was updated in 2022, is based on a consumer-oriented perspective including the following principles:
  - We carry out our procurement activities to create better products through co-creation with business partners.

• We comply with all relevant laws and regulations, prioritizing respect for human rights and protection of the global environment.

<https://corp.shiseido.com/en/sustainability/ethical/procurement/pdf/1.pdf>

■ Shiseido Group Supplier Code of Conduct

Updated in 2019, this code of conduct clearly states that the use of child labour, forced labour, and human trafficking is prohibited. Shiseido takes any abuses of the code seriously and does not hesitate to terminate such relationships where necessary. Shiseido applies this code as a prerequisite for selecting Tier 1 suppliers, and Shiseido recommends that these suppliers request Tier 2 and upstream suppliers to also comply with the code. This code applies to purchasing contracts in order to strengthen solidarity and fulfil social responsibilities together with suppliers.

<https://corp.shiseido.com/en/sustainability/pdf/partner.pdf>

■ Shiseido Group Sustainable Raw Material Procurement Guidelines

We have created guidelines for palm-derived materials, paper and mica, which exacerbate environmental and human rights problems in the countries of origin.

<https://corp.shiseido.com/en/sustainability/ethical/procurement/pdf/2.pdf>

In addition to the above policies, in 2004 the Company signed the United Nations Global Compact and endorsed the principles of the Global Compact for Shiseido. Furthermore, in September 2010, the Company signed the Women's Empowerment Principles developed by UN Women and the United Nations Global Compact as a set of practical guidelines for private business and non-governmental organizations working for women's empowerment.

## 5 Human Rights Due Diligence

Shiseido has taken the following steps to identify and assess the apparent and potential impact of our activities relating to human rights in order to prevent or mitigate such activities.

■ Listing of human rights issues

By referring to international codes on human rights, standards on non-financial disclosures, and the Corporate Human Rights Benchmark (CHRB), Shiseido has developed a list of human rights issues to be considered based on the advice of human rights experts. This list includes not only issues related to modern slavery, such as forced labour and child labour, but also a wide range of issues related to human rights, such as freedom of association, the right to collective bargaining, and discrimination.

#### ■ Assessment human rights risks

Shiseido has assessed the status of our activities for our listed human rights issues by interviewing stakeholders (consumers, business partners, employees, and society\*) in Japan and other countries and by investigating internal documents such as but not limited to questionnaires, surveys and certain report materials (along with referring to external documents for the potential impact on human rights). Based on the results of this investigation, Shiseido has assessed the severity and likelihood of both potential and apparent risks regarding impacts on human rights in Japan and abroad, as well as the status of preventive and corrective measures Shiseido has taken to address these impacts.

\*Including women, children, indigenous people, migrant workers, and temporary workers, etc.

#### ■ Human rights risk reduction activities

Based on risk assessments of human rights issues, we identify areas in our value chain where human rights risks are assumed to be relatively high, and plan and promote improvement activities to stop, prevent, and mitigate negative impacts. The status of the promotion of these activities has been confirmed, and activities to further reduce human rights risks are ongoing, as well as progress reports and disclosure.

#### ■ Stakeholder Engagement

Through dialogue with domestic and global human rights experts, and various NGOs and NPOs, we have continuously deepened our understanding of human rights abuses and labour problems. Since 2017, Shiseido has consecutively participated in a stakeholder engagement program operated by the Caux Round Table Japan in Tokyo, Japan. As part of the program for 2022, we identified important human rights issues for each industry through discussions with experts, NGOs, and NPOs with reference to the human rights guidance tool produced by the United Nations Environmental Programme / Finance Initiative (UNEP FI). Thus, it was confirmed that there is a possibility of child labour and forced labour in the cosmetics industry supply chain. Through this activity, we recognised that the human rights risks of slavery (including child and forced labour) and other forms of labour under conditions of servitude exist upstream in our supply chain, including in the countries of origin of raw materials such as palm oil and mica. In response to this, Shiseido continues to actively engage with human rights experts to take preventative and corrective measures to reduce such risks.

## 6 Risk Assessment and Management

Shiseido continues to assess and manage human rights risks in our supply chain using the following three approaches:

- Approach 1: Assess and manage risks through human rights due diligence  
In order to prevent or mitigate the impact that our activities have or could have on human rights, we have identified and assessed that impact through the process described in "5. Human Rights Due Diligence." As a result, the areas in our supply chain where human rights risks were reported to be more likely are:
  - Harassment and discrimination
  - Violation of compliance/fair competition
  - Privacy invasion and personal/confidential information leakages
  - Occupational safety and health issues (work-related accidents)
  - Breach of working hours, breaks, and rest period (overtime work)
  - Incomplete supplier management (in no particular order).

On the other hand, we found that "forced labour" and "child labour," which are closely related to modern slavery and human trafficking, had lower human rights risks compared to other areas. For each human rights area, Shiseido will closely examine the risk level and the status of preventive and corrective measures that have already been introduced, and then assess the issues and take action according to the risk priority levels.

- Approach 2: Risk identification in the supply chain as a whole  
Shiseido assesses suppliers from the perspective of sustainability (human rights, occupational health and safety, the environment, and business ethics) and confirms compliance with the Shiseido Group Supplier Code of Conduct through EcoVadis, Sedex, or our original Self-Assessment Questionnaire (SAQ) once a year. We classify suppliers into three categories according to the degree of risk: low risk, medium risk, and high risk. And for high-risk suppliers, we conduct third-party audits and request corrective action for non-conformances identified during them. In the event of critical non-conformance, we confirm correction status through third-party audits again, and if the non-conformance is not corrected within a set period, we also consider suspension of business to reduce the number of high-risk suppliers.
- Approach 3: Direct approach in terms of raw materials  
In addition to the activities described above, as a direct action for raw materials that Shiseido has determined to have a high human rights risk, we have continued to promote the application of the certification system and participation in international initiatives.

Shiseido has devised ways to reduce the risks associated with palm oil, which is widely known to carry human rights risks including child labour and forced labour in the country of origin, by joining the Roundtable on Sustainable Palm Oil (RSPO). The goal is to procure raw materials certified by the RSPO in consideration of environmental protection and human rights in the place of origin. We are targeting a switch to 100% mass balance or better certified oil by 2026.

With respect to mica (which is a raw material for cosmetics), where the issue of child labour in India is becoming more apparent, Shiseido joined the Responsible Mica Initiative (RMI), which strives to achieve a responsible mica supply chain, in 2017. Shiseido participated in RMI's two activity groups, Traceability and Workplace Standards, and supported activities aimed at improving the traceability of the mica supply chain in India and responses to slave labour, including child labour.

Apart from the above initiatives, in 2023, Shiseido joined in a consortium of 15 cosmetics industry companies, TRaceability Alliance for Sustainable CosmEtics (TRASCE) to enhance traceability in key ingredient and packaging supply chains across the industry.

Together with the member companies, we are committed to working to map our supply chains across the entire value chain on a common digital platform, Transparency-One, an ISN Company.

\*The 15 founding members of TRASCE: Albéa, Chanel, Clarins, Cosfibel group powered by GPA, Dior, The Estée Lauder Companies, Groupe Pochet, L'Occitane en Provence, L'Oréal, Merck, Neyret, Nuxe, Sensient, Shiseido and Sisley

## 7 Performance Assessment

Shiseido strives to prevent slavery (e.g. child labour and forced labour), other forms of labour under conditions of servitude, and human trafficking in its supply chain. We aim to establish traceability not only with Tier 1 suppliers but also Tier 2 and upstream suppliers on a global basis. The assessment results were used to determine the status of risks in the supply chain related to labour rights, health and safety, the environment, business ethics, and to request corrective actions.

### ■ Approach 1: Human rights due diligence

For the six human rights issues identified by the 2020 activities, Executive Officers were designated to be in charge, and improvement activities were implemented in 2021 to stop, prevent, and mitigate negative impacts on human rights. One of the issues identified was "incomplete supplier management," and we promoted the introduction of a rigorous and objective

risk identification and remediation process, including the implementation of third-party audits, and a process to monitor the progress of high-risk suppliers and reduce the number of them.

In 2023, we conducted a human rights risk assessment as part of our periodic review of our risk map regarding potential human rights issues. Two of our factories were surveyed by a human rights NGO to assess the working environment, which included interviews with migrant workers. Although the survey did not find any significant human rights risks, we will continue to conduct investigations to identify potential human rights risks and continuously improve our working conditions.

<https://corp.shiseido.com/en/sustainability/rights/activity.html>

#### ■ Approach 2: Supplier assessment results

In 2023, we aimed to conduct self-assessments for all Tier 1 suppliers of raw material, packaging for our products, sales support tools, OEM products and manufacturing goods. Of 860 Tier 1 suppliers, we completed the self-assessment of 859 suppliers and 12 high-risk suppliers were identified. We conducted third-party audits for all of them to identify and correct their issues. By the end of 2023, the number of high-risk suppliers was reduced to 3. We will continue to remediate the remaining suppliers by the end of 2024.

Regarding the upstream assessment, we expanded the scope to include upstream manufacturing suppliers which our strategic suppliers have transactions with. We requested our strategic suppliers to identify their strategic manufacturing suppliers as well as to assess their risks.

In total, 169 upstream suppliers were assessed, and 1 high-risk suppliers was identified.

#### ■ Approach 3: Direct action on raw materials identified as high human rights risk

In regards to palm oil, the relevant teams in our global and regional headquarters have been working together to promote initiatives aimed at achieving this target, and in 2023, we replaced 51% of palm oil-derived raw materials (palm oil equivalent, weight basis) with RSPO's physical supply chain model.

With respect to mica, to date, working with local partners RMI programs have reached 180 villages covering nearly 19,500 households, representing some 95,000 of the most vulnerable members of the mica. The programs helped to improve living income and livelihood.

## 8 Education and Training

The Company provides training on the Shiseido Code of Conduct and Ethics and/or related policies and rules through various internal programs, such as position-specific

training, in order to promote the increase of knowledge and understanding of all Shiseido employees.

■ Executive officers, vice presidents, and chief representatives

With the revision of the Shiseido Code of Conduct and Ethics in 2022, the Executive Officers, vice presidents, and office managers of both Shiseido Co., Ltd. and Shiseido Japan Co., Ltd. were briefed on the significance and key points of the revision.

■ Employees

Shiseido Code of Conduct and Ethics training: With the revision of the Shiseido Code of Conduct and Ethics in 2023, a total of 18,750 employees including the vice presidents and chief representatives of the Shiseido Group in Japan participated in training on the code, and similar training was also conducted in all regions of Shiseido Group. We also made employees aware of the prohibition of discrimination, abuse, and harassment during this training.

Harassment awareness programs: In the Shiseido Group in Japan, we conducted training on harassment prevention, and 132 newly appointed managers participated in the training. In addition, we provided training to all employees, with a total of 16,862 participants (83% participation rate).

Human rights awareness programs: We also conducted e-learning on "Unconscious Bias" as human rights awareness programs, with a total of 45,698 participants (81% participation rate).

Other programs: In EMEA, we launched a Sustainability Education Program to further understand sustainability issues and our strategies to address them.

■ Supply chain

In order to implement responsible procurement, Shiseido provides various training programs for employees in the Procurement department in terms of human rights, occupational health and safety, and the environment.

In 2023, we conducted a training for all buyers in the Procurement Department of GHQ to understand human rights issues in the supply chain and how to address them. Furthermore, in order to support building suppliers' capabilities, we have a wide ranging of initiatives.

- Explaining our Responsible Procurement Policy through online material
- Giving feedback on self-assessment results to suppliers
- Supporting high-risk suppliers by recommending corrective action plans
- Recommending EcoVadis Academy which is an online e-learning tool to strategic suppliers



## 9 For the Future

Shiseido continues to take the perspective of the UN Guiding Principles on Business and Human Rights and strives to prevent the initiation of its involvement in human rights abuses for its own business and throughout its supply chain. In FY2024, we will continue with the improvement activities implemented in FY2023 to stop, prevent, and mitigate negative impacts on human rights risks.

To minimize sustainability risks in the entire supply chain, we plan to continue upstream supplier assessment. Furthermore, in 2024, we will start the assessment of Indirect Material suppliers. Our scope will be suppliers identified as potentially high-risk by a 3<sup>rd</sup> party risk-screening tool.

This statement was approved by the Board of Directors of the Company and signed by the following person:

A handwritten signature in black ink, appearing to be 'KF', with a long horizontal stroke extending to the right.

Kentaro Fujiwara  
Director  
Representative Corporate Executive Officer,  
President and COO  
Shiseido Company, Limited  
May 29, 2024