COVID-19 ravaged the world in 2020, triggering an economic crisis unforeseeable at the beginning of the year. The cosmetics industry was also greatly affected by lifestyle changes resulting from COVID-19, such as staying at, and working from home.

Under devastating economic conditions, Shiseido employees around the world thought about how they could contribute to recovery and took a number of initiatives. For example, amid shortages of hand sanitizers, we speedily repurposed production lines at each of our factories in Japan, the USA, and France and started manufacturing hand sanitizer for donation to healthcare workers, followed by general sale. In terms of our beauty business, we offered beauty information and tips for the “new normal” of living with COVID-19, commenced online counseling by beauty consultants, and developed and launched products in line with new needs, such as mask-proof BB cream. We have gone above and beyond to think outside the box and contribute to society using our knowledge as a cosmetics company.

We believe that to create true value, it is vital for a company to take actions and resolve environmental and other social issues through its core business. That is why sustainability is at the core of WIN 2023 and Beyond, our new medium-to-long-term strategy formulated in 2021, with every employee engaged in the social value creation process. Based on our unique PEOPLE FIRST principle, we are committed to embracing a wide variety of nationalities, races, ages, lifestyles, careers, and working styles and creating a truly global organization with highly diverse and talented professionals. I am convinced that such an organization can lead social transformation through innovations in various fields.

Now, the question is being raised again: what is the purpose of a company? Contribution to society through our core beauty business is the very essence of Shiseido’s existence cultivated since its founding in 1872. We believe that beauty has the power to inspire confidence and hope. Driven by our corporate mission, BEAUTY INNOVATIONS FOR A BETTER WORLD, we will leverage this power of beauty and contribute to a sustainable world where everyone can enjoy a lifetime of happiness.
Sustainability Top Message

2020 was the year we encountered the threat of COVID-19. Questions were raised about the sustainability of the world itself, which everyone until now had taken for granted. In such circumstances, companies are expected to drive the promotion of sustainability actions.

In January 2020, we established the Sustainability Committee, a dedicated body to ensure detailed discussion and timely management decisions concerning sustainability issues. The committee reviews and approves activity plans based on sustainability strategies for the environment, society, and culture, and monitors progress.

In July of the same year, we published our first global Sustainability Report. By disclosing our medium-to-long-term targets and progress of our sustainability actions through our core business, we have accelerated direct dialogue with investors and analysts, which has become a driving force for further efforts.

The concept of sustainability must be ingrained in every employee; we must embody principles and behaviors that coexist with society and the environment in all of our activities. Therefore, we encourage our employees to voluntarily engage in social contribution.

In the area of the environment, in response to climate change risk, a non-financial aspect of high stakeholders’ expectations, we have disclosed management risks in accordance with the global framework of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which we endorsed in 2019. We have analyzed risks and opportunities associated with the transition to a carbon-free society, as well as those posed by drastic changes in the natural environment, and disclosed them in our Sustainability Report. Regarding the reduction of related environmental impacts, we have set and announced medium-term targets for five items: carbon dioxide emissions, palm oil, paper, water, and waste. We are currently tackling other issues such as marine debris, which is a source of environmental and ecological pollution. In terms of reducing the amount of plastic we use, we aim to make all our product containers 100% sustainable by 2025.

In the area of society, we promote the activities of 30% Club Japan, aiming to solve gender issues in Japanese society through our experience in diversity and inclusion management, with a focus on the activities of female employees. In addition, we are working to create social value that is linked to our core business by sharing our makeup expertise through the LAVENDER RING project, which supports people who are living with cancer. These efforts have been well received both in Japan and overseas, and we are striving for further progress in social contribution.

In the area of culture, we are taking advantage of the accelerated digital shift to actively communicate our heritage to employees around the world at a time when unity is threatened by isolation and other factors amid the COVID-19 outbreak. This has brought shared value and a sense of unity to employees with diverse backgrounds. The activities of the Shiseido Gallery in 2020 were also highly praised for taking on the challenge of creating social value through art.

The impact of COVID-19 has compelled us to reaffirm our purpose. As we also return to our roots — bringing health and happiness to people everywhere through the power of beauty — we are placing sustainability at the core of our corporate strategy and integrating our business activities with environment, society, culture, and governance (ESCG) management. By doing so, we will formulate and implement sustainability actions with a long-term view toward 2030.

Jun Aoki
Executive Officer,
Chief Social Value
Creation Officer
Sustainability Strategy

Strategy Outline
We are placing sustainability at the core of our management objectives for 2030, integrating our business and sustainability strategies. To achieve our 2030 goal of contributing to “a sustainable world where everyone can enjoy a lifetime of happiness through the power of beauty,” we have established a new framework based on three pillars: For People, For Society, and For the Planet.

For People: Support 200 million people through healthy beauty for a unique lifetime
Shiseido will provide consumers with healthy beauty through our core businesses, via innovations leveraging the power of beauty and commitment to creating new value, helping each individual realize a lifetime of unique and healthy beauty.

For Society: Realize a society filled with respect and empowerment through the power of beauty
Shiseido embraces diversity in beauty to inspire people around the world. By celebrating its many values, we aim to realize a society where people accept and respect each other as individuals, regardless of backgrounds or differences.

For the Planet: Contribute to an environment where people can live in harmony and enjoy sustainable beauty
Shiseido strives for a rich natural environment where people can enjoy sustainable beauty, now and in the future — throughout our businesses and the entire value chain, from raw material procurement, product development, and manufacturing to use by consumers and product recycling or utilization.

Shiseido’s Material Issues
In April 2019, we defined the Shiseido Group’s material issues as a framework for creating social value unique to a beauty company, based on interviews and discussions with our stakeholders. We categorized the issues considering their impact on all our stakeholders (consumers, business partners, employees, shareholders, society, and the Earth) as well as on the Company’s businesses, established an order of priority, and selected 18 material issues. In addition, we revised our definition of social value from the perspectives of the environment, society, culture, and governance (ESCG).

The details and positioning of each issue were reviewed through discussions by Executive Officers and Audit & Supervisory Board Members at the meetings of the Sustainability Committee, established in 2020, followed by appropriate actions.

Read more →
Environment

COMMITMENT 1
Reducing Our Environmental Footprint
Read more

COMMITMENT 2
Developing Sustainable Products
Read more

COMMITMENT 3
Promoting Sustainable and Responsible Procurement
Read more

Striving for the ideal of a global environment that supports lives of vibrancy
‘Shiseido’ comes from a phrase in the Chinese classical text, I Ching: ‘Praise the virtues of the Earth, which nurtures new life and brings forth significant values.’ Respect for the planet, society and people has been embedded in our culture since our foundation in 1872.

In everything we do – from development and procurement to production – we work to preserve the global environment that we all depend on. That is how we create sustainable value. In this chapter, we report on the strategic actions we have taken to contribute to the health of our planet.

COMMITMENT 1
Reducing Our Environmental Footprint

We are reducing the environmental footprint of our activities by taking actions in three key areas:

**CO2**
We will be carbon neutral by 2026\(^1\).

**Water**
We will reduce our water consumption by 40% by 2026\(^2\).

**Waste**
We will send zero waste to landfills by 2022\(^3\).

COMMITMENT 2
Developing Sustainable Products

We use innovation to minimize the environmental impact of our products. We also disclose our policies on product development:

**Packaging**
Complying with Shiseido’s 5Rs (Respect, Reduce, Reuse, Recycle, and Replace), we will achieve 100% sustainable packaging by 2025\(^4\).

**Formula/Ingredients**
We improve our environmental and social profile by using sustainably sourced materials and ingredients that are selected for their safety and environmental properties.

COMMITMENT 3
Promoting Sustainable and Responsible Procurement

We procure materials based on our codes and principles:

**Sustainable Procurement**
Palm oil: We will achieve 100% sustainable palm oil\(^5\) usage by 2026.

Paper: We will achieve 100% sustainable paper\(^6\) usage for product packaging by 2023.

**Supplier Assessment**
We work to ensure supplier traceability by conducting supplier assessments and audits annually. We aim to improve labor conditions, address issues and take action regarding human rights and the environment.
Across all areas of our business and value chains, we are promoting initiatives that reduce the environmental impact of our activities, such as reducing carbon dioxide (CO₂) emissions and ensuring the sustainable use of resources.

The impact of climate change is becoming more apparent around the world. It is important that companies make strong sustainability commitments and take actions toward solving environmental issues.

We fully understand and support the “1.5°C scenario”. Last year we disclosed our medium-to-long-term targets for the reduction of CO₂ emissions – which account for the majority of greenhouse gas (GHG) emissions – as well as the reduction of water consumption and waste.

1 The 1.5°C scenario refers to the long-term temperature goal to hold global warming to 1.5°C above preindustrial levels.
Reducing CO₂ Emissions

At Shiseido, we have been focused on the issue of global warming for a long time. In 1990, we completely abolished chlorofluorocarbons (CFCs). In 1997, we published our environmental targets for the first time — including the reduction of greenhouse gas (GHG) emissions. And in 2020, we announced our commitment to achieving carbon neutrality by 2026.

By carefully reviewing and redesigning the manufacturing process at both new and existing factories, we were able to strengthen our efforts to accelerate the reduction of CO₂ emissions, including by using renewable energy and improving energy efficiency. As a result, CO₂ emissions were reduced by 12% of total emissions in 2020 (compared to 2019).

Following the transfer and joint venture of our Personal Care business, absolute emissions from the product life cycle will be significantly decreased. In addition, we have introduced group-wide efforts to contribute to a carbon-free society by further reducing CO₂ emissions in such areas as procurement, production, and use.

**Renewable Energy**
Switching from fossil-derived energy, which emits large amounts of CO₂, to renewable energy is one of our important environmental initiatives.

We have been increasing the use of renewable energy at our offices and factories, the latter of which are known for their high power consumption. As a result, our combined ratio of renewable energy from hydropower and solar power increased by 95% in 2020 (versus 2019). In total, renewable energy accounts for 33% of electricity consumed at our sites.

In addition to our East Windsor factory (USA), our Nasu factory (Japan), which began operations in 2019, has replaced 100% of its electricity with renewable energy.

Renewable energy is also used at our offices across three European countries, while 100% of the electricity used at our facilities in Italy and the UK is derived from renewable sources.

**Solar Power**
Our solar power efforts continue to grow, with systems installed at factories and buildings worldwide. Since 2007, our East Windsor factory (USA) has been equipped with a fixed-tilt solar power system, while a solar-tracking solar power system was installed in 2010. In addition, solar power systems are installed at such sites as the Liyuan Cosmetics Co., Ltd. factory (China), the Kakegawa factory (Japan), and the Global Innovation Center (Japan).

In Taiwan, solar panels have been installed at our Hsinchu factory, generating electricity used also by the local community.

At Shiseido, we have been focused on the issue of global warming for a long time. In 1990, we completely abolished chlorofluorocarbons (CFCs). In 1997, we published our environmental targets for the first time — including the reduction of greenhouse gas (GHG) emissions. And in 2020, we announced our commitment to achieving carbon neutrality by 2026.

By carefully reviewing and redesigning the manufacturing process at both new and existing factories, we were able to strengthen our efforts to accelerate the reduction of CO₂ emissions, including by using renewable energy and improving energy efficiency. As a result, CO₂ emissions were reduced by 12% of total emissions in 2020 (compared to 2019).

Following the transfer and joint venture of our Personal Care business, absolute emissions from the product life cycle will be significantly decreased. In addition, we have introduced group-wide efforts to contribute to a carbon-free society by further reducing CO₂ emissions in such areas as procurement, production, and use.

**Renewable Energy**
Switching from fossil-derived energy, which emits large amounts of CO₂, to renewable energy is one of our important environmental initiatives.

We have been increasing the use of renewable energy at our offices and factories, the latter of which are known for their high power consumption. As a result, our combined ratio of renewable energy from hydropower and solar power increased by 95% in 2020 (versus 2019). In total, renewable energy accounts for 33% of electricity consumed at our sites.

In addition to our East Windsor factory (USA), our Nasu factory (Japan), which began operations in 2019, has replaced 100% of its electricity with renewable energy.

Renewable energy is also used at our offices across three European countries, while 100% of the electricity used at our facilities in Italy and the UK is derived from renewable sources.

**Solar Power**
Our solar power efforts continue to grow, with systems installed at factories and buildings worldwide. Since 2007, our East Windsor factory (USA) has been equipped with a fixed-tilt solar power system, while a solar-tracking solar power system was installed in 2010. In addition, solar power systems are installed at such sites as the Liyuan Cosmetics Co., Ltd. factory (China), the Kakegawa factory (Japan), and the Global Innovation Center (Japan).

In Taiwan, solar panels have been installed at our Hsinchu factory, generating electricity used also by the local community.

Total reduction of CO₂ emissions

12%
Water Power
Japan experiences a lot of rainfall due to its geographical conditions. However, the steep topography makes it difficult to collect and use the water resource effectively because it quickly flows out to sea. Therefore, dams have been used for flood control and water collection, as well as for generating renewable energy, for many years.

Four of our factories in Japan — Osaka, Kakegawa, Kuki, and Nasu — are actively using renewable energy from CO2-free hydroelectric power. The Nasu factory uses the CO2-free Tochigi Furusato Electric program, which is supplied by hydroelectric power plants in Tochigi Prefecture, to achieve 100% renewable electricity.

To maximize the use of renewable energy in order to mitigate climate change as much as possible, we also utilize power generated by small-scale local power companies for the grid. We strive to make our production activities more sustainable on a local scale by collaborating with local communities.

Improving Energy Efficiency
We are working to reduce CO2 emissions by improving energy efficiency at all of our factories. Efforts include introducing high-efficiency equipment and switching to energy sources with a lower environmental impact. So far, we have achieved significant improvements in energy efficiency.

In 2020, we introduced a new energy management system (EMS) at our Kakegawa factory (Japan). In order to reduce wasteful power consumption, we have increased the number of observation points for electricity usage to more than 400 — allowing for a more detailed visualization of usage status. By optimizing energy usage this way, we expect to reduce CO2 emissions by approximately 7% of the total annual emissions at our Kakegawa factory.

Going forward, we will install EMS at all our factories and aim to increase our investment in equipment as well as introduce more initiatives to improve energy efficiency, all of which will further reduce the environmental impact of the entire Shiseido Group.

CO2 Reduction During Transportation
We are promoting the reduction of CO2 emissions by increasing the efficiency of transportation within and between regions. For sea transportation in Japan and the USA, we have improved container utilization, and reduced the number of operating containers and shipments by consolidating cargo and optimizing loading efficiency.

In Japan and Hong Kong, we work with key business partners to optimize delivery frequencies, increase truck utilization, and reduce operating vehicle numbers.

In 2020, progress in transportation optimization has contributed to 17% reduction in CO2 emissions from Japan’s factories to distribution centers compared to 2019.
Assessing Climate Risks and Opportunities

We recognize that climate change is not only an environmental issue, but a real issue that will affect our business strategies and financial plans over the medium to long term. As such, various factors related to climate change, such as regulations, natural disasters, and consumer perceptions must be considered.

We strive to mitigate the climate-related risks which influence both our business and the wider society, and turn them into opportunities. Therefore, in 2020, we disclosed our target of achieving carbon neutrality by 2026 through the reduction of the Scope 1 and Scope 2 CO2 emissions. We also committed to accelerate our plans to analyze climate-related risks and opportunities, and integrate them into our group-wide actions.

Governance
The Shiseido Sustainability Committee discusses management decisions concerning sustainability issues. The committee is chaired by a Representative Director and consists of executive officers in charge of Corporate Strategy, Social Value Creation, R&D, Supply Network, Corporate Communications, Brands, and Corporate Auditors. In 2020, in addition to the Committee, significant issues were discussed at the Executive Committee, the Innovation Committee, and the Board of Directors for a total of 12 meetings. At the Committee, medium-to-long-term targets related to CO2 emissions, water, waste, packaging, and sustainable procurement of, for example, palm oil and paper, were also discussed — to proactively tackle the environmental issues related to these topics. As those targets impact our corporate direction, they were raised with the Board of Directors as well. Due to the importance of climate change-related issues, the Board of Directors stressed that what we work to achieve should reflect our stakeholders’ expectations (consumers, business partners, employees, shareholders, society, and the Earth), and encouraged us to commit to ambitious targets.

Strategy (Scenario Analysis)
We conducted our scenario analysis for both the transitional and the physical risks/opportunities in terms of the 1.5/2°C and 4°C scenarios, respectively, based on the Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) provided by the Intergovernmental Panel on Climate Change (IPCC).

Regarding risk analysis, in the 1.5/2°C scenario, the elements associated with the transition to a decarbonized society — such as policy, regulation, technology, market, and consumer perceptions — were considered. In the 4°C scenario, which includes no proactive measures against climate change, the physical factors related to the acute or chronic phenomena caused by the rise in temperature were analyzed — such as, for example, floods and water shortages.

As for the opportunities, in the 1.5/2°C scenario, high awareness by consumers means there is a market for sustainable brands and products. Similarly, the 4°C scenario identifies sales opportunities for products that can help people to live with high temperatures. At Shiseido, we aim to leverage these findings — by mitigating risks and by making the most of the opportunities to provide sustainable products to consumers and promote our beauty innovations.

We identified carbon taxes, changes in the market and consumer perceptions, floods, and water shortages as the influential risk factors, and quantified their financial impacts in 2030.

Risk Management
In 2020, we assessed and identified the impactful risks by a holistic approach. “Natural and Human-Made Disasters”, and "ESC (Environment, Society, and Culture)" are listed as the categories related to sustainability.

Climate-related risks are analyzed based on scientific and socio-economic evidence and integrated into the enterprise risk management system as one of the elements related to natural disasters or ESC. The Group’s risks assessment and countermeasures are also periodically reviewed by the Global Risk Management & Compliance Committee, headed by the Group CEO and composed of regional CEOs and executive officers as well as the Executive Committee.

1 Scope 1 relates to the CO2 emissions generated from fuel consumption in our sites.
2 Scope 2 relates to the CO2 emissions generated from energy consumption by 3rd parties such as grid power.
Metrics and Targets
In order to mitigate the physical risks, we use the ratio of our CO2 emissions as the standard metric. Physical risks are tracked and monitored every year. In particular, we set the target to achieve carbon-neutral operations by 2026 for Scope 1 and Scope 2 emissions. In terms of mitigating market risks and creating opportunities in the 1.5°C scenario, we support the concept of a circular economy, and aim to reduce CO2 emissions and eliminate single-use plastics with the target of switching to 100% sustainable packaging by 2025. To manage the risk of water shortage in the 4°C scenario, we selected water consumption at our sites as an indicator and set a target of reducing it by 40% by 2026. As for other physical risks, we will examine appropriate metrics from the viewpoint of long-term risk management.

Roadmap for Disclosure
In April 2019, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD) and started disclosing the results of climate-related risk analysis based on the TCFD framework. In addition to the results of the qualitative analysis of risks and opportunities which we disclosed in 2020, we also released our quantitative risk analysis and identified major areas where we will take action.

We will make dedicated efforts to mitigate risks by planning actions in cooperation with our businesses, and integrating them into our management and business strategies. In addition, we will disclose initiatives that lead to new opportunities as well as risk mitigation through our value chain. At the same time, we will also improve our analysis based on the latest scientific evidence.

Risks and Opportunities Identified by the Scenario Analysis

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition (Seen mainly in the 1.5/2°C scenario)</td>
<td>Carbon tax increase</td>
<td>- Improve energy efficiency</td>
</tr>
<tr>
<td>Physical (Seen mainly in the 4°C scenario)</td>
<td>Acute</td>
<td>- Increase expectation for environment-friendly products (e.g. dry shampoo and conditioner)</td>
</tr>
<tr>
<td>Chronic</td>
<td>- Natural disasters disrupt logistics</td>
<td>- Increase in consumer demand for products that correspond to high temperatures</td>
</tr>
<tr>
<td></td>
<td>- Changes in rainfall conditions impact the cost of procuring raw materials derived from crops</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Water shortages stop operations</td>
<td></td>
</tr>
</tbody>
</table>

- Risk factor analyzed qualitatively and quantitatively

Risks and Opportunities by Scenarios

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Factor</th>
<th>Natural Phenomena</th>
<th>Impact on Society</th>
<th>Impact on Shiseido</th>
<th>Countermeasure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition (Seen mainly in the 1.5/2°C scenario)</td>
<td>Mitigation measure</td>
<td>Carbon tax increase</td>
<td>Cost increase</td>
<td>- Improve energy efficiency</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consumers’ awareness</td>
<td>Market needs increase</td>
<td>Opportunity/ loss of sales</td>
<td>- Shift to renewable energy</td>
<td></td>
</tr>
<tr>
<td>Physical (Seen mainly in the 4°C scenario)</td>
<td>Temperature rise</td>
<td>Destabilization of agriculture</td>
<td>Cost increase</td>
<td>- Develop ethical brand/ product</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rainfall increase (poor sunlight)</td>
<td>Competition for water resource</td>
<td>Operation stop</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rainfall decrease</td>
<td>Facility damage</td>
<td>- Seek alternative crop/material</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Flood</td>
<td>Logistics disruption</td>
<td>- Introduce water saving/ - Develop Business Continuity Plan (BCP)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Population increase</td>
<td>- Identify vulnerable site</td>
<td>- Disaster preparedness drills</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Risks and Opportunities, Countermeasures by Scenarios Read more →
Reducing Water Consumption

Quality water allows us to produce quality products. It supports every aspect of our cosmetics business, including the development of water-containing products such as lotions; the growth of plants as raw materials; temperature control; and equipment cleaning at production sites. Post-production, water is essential for rinsing during hair and face washing. It also plays a key role in the disposal and recycling process.

In early 2020, we set a target of reducing our group-wide water consumption by 40% by 2026. In order to achieve this target and ensure sustainable use of water, we are proceeding with efforts based on careful analysis of water consumption.

At factories, which consume a large amount of water, we have been engaged in water-saving activities since the start of operations. This involves the use of automatic cleaning equipment at manufacturing facilities, and setting up equipment-cleaning locations for efficient water use.

We are also introducing water reclamation equipment at our factories that enables water to be recycled and reused.

As a result of our ongoing efforts, water consumption was reduced by 16% in 2020 (compared to 2014).

Water Saving Initiatives

We are working to reduce water consumption at all our factories. At our Osaka factory (Japan), we reconsidered existing cooling methods and remodeled certain equipment. By introducing a circulation-type system that can recycle used water, we reduced water consumption by 8% per year. At our Kuki factory (Japan), we have introduced a water-saving washer for cleaning tanks and drums used for cosmetics storage and transportation. The machine uses a flexible nozzle and automatic controls, while cleaning patterns can be optimized according to residue and container type. This allows for 90% water reduction per cleaning. At the same factory, we have also developed a new cleaning agent for sunscreen products that are difficult to remove from storage tanks and manufacturing equipment. The new cleaning agent ensures a reduction in both cleaning times and water consumption.

Finally, at our Gien factory (France), we switched from water to alcohol for cleaning our fragrance product manufacturing equipment and resin skids. All alcohol used in the process is recycled. This has enabled us to use water more efficiently, leading to an 81% reduction in water consumption at this factory compared to 2009.

Groundwater

Water is a shared resource, jointly managed by various stakeholders at different stages of the river basin. In collaboration with local stakeholders, we promote "water stewardship" as a common property through drainage methods and secondary use.

We use the abundant, high-quality groundwater for manufacturing processes and as a raw material for cosmetics. At our Nasu factory (Japan), we are working to recycle groundwater by supplying clean, treated wastewater to local agriculture.

16%

Water reduction (intensity per sales) compared with 2014

1 Intensity per sales, compared to consumption in 2014.
2 Using water in a way that is socially equitable, environmentally sustainable, and economically beneficial.
Reducing Waste

While waste management and processing methods differ by country or region, the culture of effectively recycling or reusing resources has been nurtured at all Shiseido factories. We have been working on recycling and reusing waste for many years, promoting thorough waste management with careful sorting of materials before disposal.

**Waste Reduction at Factories**

We achieved zero emissions\(^1\) at our domestic factories in 2003, and zero landfill in all 12 factories worldwide in 2020. This was made possible by continuous recycling of resources and careful separation and collection of waste.

In our Osaka factory (Japan), we contribute to resource circulation by using plastic compactors to convert waste plastics into recyclable materials. At our Kuki factory (Japan), we changed the dehydration method to reduce the amount of sludge discharged by wastewater treatment, switching from a drying method to a screw-pressing method that helps to save energy and reduce 250 tons of waste.

We also manage our stock effectively by improving our estimations of demand and using excess stock.

**Employee Training**

In 2020, we held online seminars for all managers and employees in charge of industrial waste in Japan. The aim was to share knowledge and ensure understanding and compliance with laws and regulations. A total of 164 employees attended these seminars.

With the help of our original compliance checklist, each participant can identify how to effectively manage waste. As a result of these activities, there were no accidents or legal violations associated with waste in 2020.

\(^{1}\) Recycled waste: 99.5% or higher.
Developing Sustainable Products

“Let the product speak for itself.” These words from Shiseido’s founder and first president are reflected in our corporate mission and product development goals. We believe our products can convey the message that we aim to work sustainably, such as how we procure raw materials, and our commitment to reducing, reusing, and recycling. We aim to provide consumers with products that demonstrate our sustainability beliefs, from the moment of purchase, upon every use, and at disposal or reuse. In addition, through design and usability, our products also communicate the “art and science” aspect of our DNA.

Based on the unique Japanese spirit of Mottainai, we strive to minimize the use of natural resources and promote activities that allow for reuse. In consideration of the environment, we have also been cultivating formulas and ingredients that comply with high safety and quality standards. By living in harmony with the planet, we can contribute to the realization of a more sustainable world.

1 Mottainai: a Japanese word that expresses a sense of regret over waste, and is a call for gratitude and respect. It is also a concept used by environmentalists to encourage people to reduce, reuse, and recycle.
Sustainable Packaging

Sustainable packaging plays a critical role in our efforts to reduce our environmental footprint related to the reduction of CO2 emissions and marine debris. In 2020, we introduced our packaging development policy, "Shiseido's 5Rs". To support the concept of a circular economy, we also disclosed our medium-term target: 100% Sustainable Packaging by 2025\(^1\), which means we aim to make our cosmetics’ plastic packaging either reusable, recyclable, or biodegradable.

Sustainable packaging accounted for 57% of all Shiseido packaging developed in Japan in 2020, a large portion of which included refillable packaging that also allows for the reduction and reuse of plastics, and mono-materials usage. In the same year, other sustainable packaging achievements included the development of packaging made from materials that decompose in water, and the introduction of refill services at our stores.

Reduce and Reuse
Refillable products have been attracting a lot of attention in recent years, especially for their role in reducing environmental impact and minimizing plastic usage throughout the product life cycle.

At Shiseido, refillable solutions have been part of our approach to product packaging for a long time. Since launching our first refillable powder compact in 1926, we have introduced a range of refillable solutions to our skincare, makeup, and hair care categories. In 2020, we offered refillable products for 1,200 stock keeping units (SKUs) under 53 brands globally. At ELIXIR — one of our key global brands — consumers’ choice in favor of refills resulted in an 83% reduction of plastics compared with the use of regular (primary) packaging. For example, we estimated that the use of refills for ELIXIR lotions and emulsions in Japan reduced our carbon footprint by 56%, based on the Life Cycle Assessment methodology. In 2021, we will continue to expand our refillable solutions to other regions.

We also believe in sharing the importance of sustainability with our consumers. By opting for refillable solutions, they are able to contribute to reducing the environmental footprint of their product consumption, while acquiring personal beauty and economic benefits.

For cosmetics, packaging design and usability are important values. While leveraging almost 150 years of knowledge, we strive to accelerate innovation, considering materials, composition, processes, and business models from a circular economy perspective. By offering innovative packaging such as convenient, refillable products, we aim to turn commitment into action, communicating the importance of sustainability to our consumers around the world.

Initiatives for Reuse
To make more effective use of limited resources and minimize environmental impact, SHISEIDO introduced a new refilling service at its global flagship store in Japan. The service, called the Ultimune Fountain, encourages consumers to bring used packaging to the store for cleaning and refilling. We succeeded in introducing the service thanks to meticulous hygiene management compliant with the strict Japanese safety and quality standards related to refilling — especially for cosmetics due to their complicated content composition and long-term use.

In 2020, we offered refillable packaging for 1,200 SKUs under 53 brands globally.

\(^1\) In order to reduce our environmental footprint and support the concept of a circular economy, Shiseido defined 5Rs: Respect, Reduce, Reuse, Recycle, Replace.

\(^2\) For sale of products with plastic packaging.
Looking ahead, we will use our knowledge and experience in reusing packaging to inspire further innovations. In addition, we join the reusable packaging program, Loop in Japan in 2021.

Recycle
To realize a circular economy, it is important to select materials and design products that can be reused and recycled.

In order to reduce the number of single-use plastics, we develop mono-material packaging and packaging that can be easily disassembled and recycled after use. In 2020, 25% of the products developed at the Shiseido Global Innovation Center in Japan featured either mono-material or easy-to-disassemble designs. The majority of these were products with large sales volumes, such as SENKA face wash and TSUBAKI shampoo and conditioner.

Drunk Elephant, a brand rooted in “clean beauty”, aims to accelerate packaging recyclability, and use only recyclable materials by the end of 2021. Such initiatives are also being pursued by our other brands. In addition, BAUM — our skincare brand launched in 2020 — actively uses recycled glass in its packaging.

Replace
At Shiseido, we are engaged in developing alternative plastics, biomaterials with low environmental impact, and packaging that biodegrades naturally. In 2020, SHISEIDO launched a new type of sustainable packaging in collaboration with Japanese material manufacturer KANEKA. Composed of 100% KANEKA biodegradable polymer Green Planet™, the new material is unlike conventional biomass materials. It is biosynthesized within the cells of microorganisms and can decompose in freshwater or seawater. As with all new materials, there are challenges to overcome — such as moldability and stability — but we believe this innovation is one possible solution to the problem of marine plastic waste.

Since 2011, we have also expanded the use of sugarcane-derived polyethylene as a packaging material for some of our brands, including hair care brand TSUBAKI, suncare brand ANESSA, skincare brand ELIXIR and men's brand UNO — all of which boast high sales volumes. Sugarcane-derived polyethylene is made from molasses after the sugar has been refined. It is viewed as a cleaner alternative to petroleum-derived polyethylene, as its fibers can be used as fuel in the manufacturing process. Its usage contributes significantly to reducing CO2 emissions.

SHISEIDO AquaGel Lip Palette, the world's first Green Planet™ cosmetics packaging

In-store Collection and Recycling
To support recycling, Shiseido and its brands work closely with consumers, waste suppliers, and other related parties.

In our stores, we have been promoting in-store collection and recycling of used packaging. For example, bareMinerals started a packaging collection program — the bareMinerals “Give Back, Get Back” Recycling Program — in the USA in 2018, allowing consumers to return packaging from used makeup and skincare products, regardless of brand, to bareMinerals stores. When they return packaging, consumers are rewarded with member points that can be used on the brand’s website or in-store. Funds generated by the program are donated to the “Give Back, Get Back” Recycling Program in the USA in 2018, allowing consumers to return packaging from used makeup and skincare products, regardless of brand, to bareMinerals stores. When they return packaging, consumers are rewarded with member points that can be used on the brand’s website or in-store. Funds generated by the program are donated to the g2 revolution® Feed the Future initiative, which supports community hunger-reduction activities. So far, we have collected approximately two tons of plastic, some of which was recycled to create makeup bags released during the 2020 holiday season.

In 2021, as part of THE POWER OF GOOD initiatives, bareMinerals also began recycling activities in Japan. This included a donation program, a recycling program where we collected used packaging in-store, and a promotion where we sold eco bags and gave consumers points if they used their own bag. Similarly, SHISEIDO Professional introduced initiatives to collect used cosmetics and hair product packaging from salon customers at Shiseido Beauty Salons before recycling it to create resources.

The Ultimune Fountain at SHISEIDO’s global flagship store

SHISEIDO AquaGel Lip Palette, the world's first Green Planet™ cosmetics packaging

SHISEIDO AquaGel Lip Palette, the world's first Green Planet™ cosmetics packaging

SHISEIDO AquaGel Lip Palette, the world's first Green Planet™ cosmetics packaging

SHISEIDO AquaGel Lip Palette, the world's first Green Planet™ cosmetics packaging

The Ultimune Fountain at SHISEIDO’s global flagship store

SHISEIDO AquaGel Lip Palette, the world's first Green Planet™ cosmetics packaging

The Ultimune Fountain at SHISEIDO’s global flagship store

SHISEIDO AquaGel Lip Palette, the world's first Green Planet™ cosmetics packaging

The Ultimune Fountain at SHISEIDO’s global flagship store

SHISEIDO AquaGel Lip Palette, the world's first Green Planet™ cosmetics packaging

Loop is a circular shopping platform created by Terracycle (USA) that replaces single-use disposable packaging with durable, reusable packaging. Loop is currently available in the UK, France, Canada and the USA, and is scheduled to launch in Japan in 2021.
Sustainable Formula

We are committed to developing products and services that are safe and meet high quality standards. We aim to achieve this by using over a century's worth of extensive research and results from dermatological and material science — combined with the latest formulation technologies. Currently, we are conducting research and development at seven innovation centers around the world.

Naturally derived raw materials are widely used in cosmetics products. From an environmental perspective, their sustainable and responsible procurement and use are of the utmost importance. Our Global Innovation Center (Yokohama, Japan), which manages all regional centers, compiled a list of all ingredients used in our products to provide clarity from a sustainability perspective.

When selecting raw materials and ingredients, we strive to prioritize human safety, reduce our environmental footprint, and carefully consider ethics. Through our technologies and patents, we contribute to both the planet and society.

UV Care
As a result of climate change, the amount of UV radiation has been increasing¹. UV exposure for people around the world is also expected to increase.

Exposure to UV rays over extended periods of time causes spots and wrinkles on skin, referred to as photoaging. Fortunately, cosmetics nowadays offer a variety of ways to protect against UV. However, while UV protection is essential to human health, it has been shown that some components in UV protective products may have an adverse effect on marine ecosystems such as coral.

In response to this, we have been developing sunscreen that protects skin without negatively impacting the environment. In 2020, SHISEIDO released a new sunscreen product in the USA — Ultimate Sun Protector Lotion — which is free from ingredients that pose a risk of coral bleaching.

Actions Toward Consumer Needs
In recent years, we have seen how natural environments and communities suffer as a result of exploitation and unsustainable activities. Consumers are reacting to this. More than ever before, they are holding brands and companies accountable when it comes to showing social responsibility and taking real action to reduce the environmental impact of their activities. This includes the use of raw materials.

At Shiseido, we wish to give consumers and all other stakeholders insight into how our products are produced. Therefore, we issued our sustainable product development policy, which reflects impact to human safety, environmental considerations and ethics. We also exercise transparency in terms of corporate product development directions for each of our brands.

Clean beauty is important to us, and we respond to consumers' sustainability needs with brands such as bareMinerals, Drunk Elephant, and BAUM — which was established in 2020 around the theme “coexistence with trees” and uses upcycled oak, bioPET plastics and recycled glass for its packaging, and is an advocate of product refills. These brands strive to satisfy consumer needs through sustainability actions such as raw material procurement, ingredients usage, and packaging.

Licensing of Environmental Technologies
In an attempt to solve environmental and social issues, the practice of licensing owned and patented technologies has become increasingly popular in recent years. Rather than monopolizing environment-related technology, companies are looking to one another for shared solutions.

In 2020, we were the first cosmetics company to join WIPO GREEN², an international technology exchange platform established by the World Intellectual Property Organization (WIPO), and have since registered several environment-friendly technologies in the WIPO GREEN database. Notably, these include technologies that achieve both excellent cleaning and water conservation during rinsing, which can be applied mainly to cleansing and hair care products, as well as technologies that concentrate and reduce energy consumption for manufacturing and transportation. We believe such technologies can contribute to tackling environmental issues such as drought and CO2 emissions.

Animal Testing  Read more →

¹ JAMSTEC (Japan Agency for Marine-Earth Science and Technology) research results indicate that climate change influences atmospheric circulation (Hadley circulation) and increases the total amount of UV ray exposure in the middle latitudes.
² WIPO GREEN was established by WIPO in 2013 as an international framework to promote innovation and diffusion of environment-related technologies. It has gained the participation of more than 100 corporations around the world.
Promoting Sustainable and Responsible Procurement

It is no secret that the world’s natural resources are limited. At Shiseido, we place the utmost importance on the responsible procurement of raw materials and the reduction and reuse of resources. We operate from the perspective of a circular economy, and view environmental conservation and biodiversity as the key to a more sustainable world.

In all our activities, from procurement to production, we also seek ways to strengthen our response to human rights issues. Sustainable and responsible procurement requires close collaboration with all of our partner companies and suppliers. In 2020, we disclosed our medium-term target for the procurement of raw materials (palm oil and paper) in consideration of both the environment – such as forest conservation – and human rights. In addition, we expanded our supplier assessment program globally and made efforts to resolve existing issues.

Shiseido Group Supplier Code Of Conduct
Shiseido Group Procurement Policy
Shiseido Group Sustainable Raw Materials Procurement Guidelines
Sustainable Procurement of Raw Materials

The production of raw materials can result in environmental destruction and human rights violations. Raw materials such as palm oil and paper pulp have a large impact on biodiversity, therefore it is important for companies to procure materials that are produced under sustainable conditions.

In 2020, we published our medium-term targets for the sustainable procurement of palm oil and paper, and we are in the process of switching to more sustainable raw materials. We are also strengthening our efforts to solve issues related to mica.

By clarifying our own procurement policy and building a support system in collaboration with other companies, we aim to make a positive change.

Biodiversity

The planet's ecosystems are the basis of our lives and industries. They support the economy with food production, water sources, and tourism, and are also a source of bioactive substances and biomimicry, which can be used to create new beauty products. We rely on natural resources for the production of cosmetics, and we aim to sustain harmony with nature, using approaches based on sustainability. We believe that materials that have fulfilled their role in products should be returned to the Earth in a harmless manner.

In addition to our values of quality, safety, and efficacy, we take a holistic approach by anticipating possible issues in our entire global supply chain. We believe it is important to anticipate changes that can affect the environment and society to realize our value of sustainability.

Preserving the Earth's biodiversity is critical. Rainforests are a treasure trove of biodiversity and must be protected from unsustainable wood pulp and palm oil procurement. We are pursuing initiatives to ensure the future of ecosystems and are working to mitigate climate change by minimizing the release of carbon accumulated in rainforests into the atmosphere.

Biodiversity

The planet's ecosystems are the basis of our lives and industries. They support the economy with food production, water sources, and tourism, and are also a source of bioactive substances and biomimicry, which can be used to create new beauty products. We rely on natural resources for the production of cosmetics, and we aim to sustain harmony with nature, using approaches based on sustainability. We believe that materials that have fulfilled their role in products should be returned to the Earth in a harmless manner.

In addition to our values of quality, safety, and efficacy, we take a holistic approach by anticipating possible issues in our entire global supply chain. We believe it is important to anticipate changes that can affect the environment and society to realize our value of sustainability.

Preserving the Earth's biodiversity is critical. Rainforests are a treasure trove of biodiversity and must be protected from unsustainable wood pulp and palm oil procurement. We are pursuing initiatives to ensure the future of ecosystems and are working to mitigate climate change by minimizing the release of carbon accumulated in rainforests into the atmosphere.

Palm Oil

Palm oil is a highly versatile raw material used in a variety of products, from food to cosmetics. Consumption has been increasing year by year, and it is considered to be one of the main causes of rainforest destruction in Asia. As well as environmental issues, such as forest conservation and biodiversity, there are also human rights issues associated with palm oil production areas. Therefore, sustainable and responsible procurement is essential.

As part of our efforts in this area, in 2010, we joined the RSPO (Roundtable on Sustainable Palm Oil), an international non-profit organization. In order to support the sustainable production of palm oil in 2018, we began purchasing RSPO certificates (credits) equivalent to 100% of palm-derived raw materials. And in 2020, we disclosed our medium-term target of reaching 100% sustainable palm oil by 2026.
To make the switch to RSPO-certified sustainable palm oil, the relevant teams in our global and regional headquarters worked together to compile a list of all targeted raw materials, created a roadmap toward 2026, and developed an implementation scheme. We also collaborated with suppliers regarding the timing of the switch to certified palm oil content in raw materials. We then began the implementation scheme, moving away from raw materials with a high palm oil content to certified raw materials based on RSPO’s physical supply chain model.

In order to use these certified raw materials, we acquired RSPO Supply Chain Certification System (SCCS) at all of our factories. We also asked our suppliers to acquire the certification as they handle certified raw materials.

Since 2019, we have been part of the Japan Sustainable Palm Oil Network (JaSPON) and the palm oil working group of the Consumer Goods Forum (CGF), an international industry group consisting of food and consumer goods manufacturers and retailers, in order to solve issues relating to palm oil by strengthening collaboration with other companies.

Through these activities, we will contribute to the promotion of sustainable palm oil procurement and consumption, and to the resolution of environmental and social issues related to palm oil.

**Paper**

We actively promote the use of paper for secondary packaging, such as boxes, aiming to responsibly use resources and reduce single-use plastics.

In 2020, approximately 90% of the cartons we used were made of paper. We aim to be using 100% sustainable paper by 2023 — not only for use in secondary packaging, but also product packaging.

We also promoted the switch to environment-friendly paper in 2020, developing a new base paper, which resulted in a 64% (weight) shift to sustainable paper.

Cosmetics packaging must satisfy various expectations. It must be strong, environment-friendly, and sophisticated in design. In collaboration with paper manufacturers, we are developing innovative paper packaging solutions that meet such expectations and go even beyond. We are also promoting the switch to sustainable paper for promotional materials such as product displays, bags, and leaflets, as well as copy paper in our offices.

**Mica**

Mica is used not only in beauty, but across a wide range of industries due to its light-reflecting properties and excellent heat resistance.

In 2017, we joined the Responsible Mica Initiative (RMI), which ensures sustainable mica procurement. RMI works with participating companies from a variety of industries to eliminate child labor and forced labor at Indian mica mining sites, and to establish Indian mica as a sustainably produced raw material by 2022.

In 2020, in collaboration with NGOs and the Indian Government, RMI contributed to the improvement of income sources for 1,166 households across 80 villages through alternative employment, such as agriculture and livestock. More than 44% of children who were previously unable to attend educational establishments found regular schooling, and more than 50% of malnourished children received adequate nutrition.

Our participation in RMI initiatives focused on two areas: Traceability and Workplace Standards, supporting activities aimed at improving the traceability of the mica supply chain in India, and improving working conditions — including the issue of child labor.

---

**FSC-certified ELIXIR packaging**

Mica
Responsible Procurement

Our aim is to create a sustainable supply chain built on responsible procurement. To do so, we are gradually expanding our supplier assessment programs across all regions and categories.

As our first step, we aim to eliminate high-risk suppliers, and we are conducting assessments with priority given to critical suppliers. If suppliers are identified as high-risk, we communicate with them to agree on improvement plans. In addition, key performance indicators (KPIs) and targets are reviewed as the number of our suppliers grows.

In 2020, the geographical scope of our supplier assessment program increased, with the target regions growing beyond Japan and EMEA to the rest of the world. In the procurement category, the scope of the assessment was expanded to include production materials, sales tools, and production outsourcing. We conducted assessments on these suppliers using the same tools across all regions, and took definitive action to resolve any issues.

Supplier Assessment and Monitoring
In addition to annual supplier assessments from the perspective of sustainability (human rights, occupational health and safety, environment, and business ethics) using Sedex (Supplier Ethical Data Exchange), EcoVadis, and our original Self-Assessment Questionnaire (SAQ), we also confirm compliance with the Shiseido Supplier Code of Conduct. Based on these assessments, we classify suppliers into four groups: low-risk, medium-risk, high-risk, and non-assessable due to insufficient response. Any suppliers deemed high-risk are requested to implement corrective action plans. We also conduct visits and third-party audits based on the magnitude of risk and the importance of the supplier. We strive to reduce the number of high-risk suppliers by investigating the risks and issues identified during assessment and closely monitoring their corrective actions that follow.

Supplier Assessment
In 2020, we expanded our supplier assessment program globally. In the procurement category, we assessed 791 first-tier suppliers (compared with 356 in 2019).

We classified 132 suppliers as high-risk. The major risks identified included 'failure to implement evacuation drills' and 'failure to implement patrols by the Occupational Safety Committee.' We provided feedback to all high-risk suppliers through visits or online, to explain the sustainability issues that required corrective actions. In addition, audits were conducted on 22 suppliers. Most were critical suppliers with risks.

As a result of the corrective actions we requested through feedback and audits, 30 suppliers improved from high-risk to medium-risk or lower within 12 months. In addition, 15 second-tier critical suppliers were evaluated, and none of them were deemed high-risk.

To support our suppliers, we hold an annual Supplier's Day to share purchasing strategies with them. Our procurement department in Japan uses this opportunity to promote our procurement policy — including our requirements for raw materials, packaging, and indirect materials — as well as respond to their questions and requests.

Reporting and Consultation Center for Suppliers
Protecting human rights, and compliance with laws that protect people’s rights, are critical to everyone. In 2013, we set up the Business Partner Hotline to deepen our understanding of human rights compliance at our suppliers; promote fair transactions; and nurture a culture of transparency. When we are made aware of a compliance violation, either by email or other documents, we deal with it appropriately and rapidly. In 2020, there were no reports of non-compliance.

CDP Supplier Engagement Rating
We have been highly praised for our efforts to manage greenhouse gas (GHG) emissions and reduce risks throughout the supply chain by CDP, an international environmental NGO. In 2020, we were selected for the Supplier Engagement Leaderboard for coming out at the top of CDP's Supplier Engagement Rating.

Going forward, in collaboration with our suppliers, we will continue to promote activities that help reduce our environmental footprint.
Advancing a society that embraces diversity through respect, and supports lives of beauty.
Since our establishment in 1872, we have offered products and services to enrich the lives of people everywhere, responding to everchanging social values and the diverse needs of humanity.

The COVID-19 pandemic has had an unprecedented effect on society and has forced many people to question their beliefs and re-examine the way they live. In particular, it has had significant consequences for groups who were already exposed, such as highly vulnerable women.

Going forward, we strive to promote a broader range of social values. By offering various avenues of education, we aim to move away from monoculture, stereotypes, prejudice, and discrimination to nurture a society of diversity and inclusion.

COMMITMENT 1
Advancing Gender Equality

COMMITMENT 2
Empowering People Through the Power of Beauty

COMMITMENT 3
Promoting Respect for Human Rights
Advancing Gender Equality

We strive to realize a society that empowers everyone – regardless of gender – to live life exactly as they wish. It is our mission to solve social issues that affect women. For more than 100 years, we have not only supported and inspired women around the world through our products and services; we have also worked to increase their visibility and elevate their role in society.

In 1934, we challenged conventions and welcomed women into the workplace in Japan, creating the specialized role of Miss Shiseido – the predecessor of today’s Beauty Consultants. Then, in the 1990s, we introduced efforts to help women keep working regardless of life events, such as raising children. We have continued to support our female employees ever since. Outside of Japan, we began hiring female Beauty Consultants in Singapore in 1959, followed by Taiwan.

Building on our heritage of empowering women in Japan and around the world, we also collaborate with organizations to give vulnerable girls STEM (Science, Technology, Engineering, and Mathematics) education opportunities.
Resolving the Gender Gap and Empowering Women in Japan

We promote a variety of initiatives to solve gender issues and empower women in Japan. As a leading company in this field, our efforts include:

**Participation in the 30% Club Japan**
The 30% Club, a global campaign to boost female representation on company boards, launched in Japan in May 2019. Since its launch, Masahiko Uotani, President and CEO of Shiseido, has served as Chair.

Under Mr. Uotani’s leadership — testifying his belief that “Japanese companies must play a central role in promoting social change” — the 30% Club Japan established the “TOPIX Presidents’ Committee”, a community of leaders from TOPIX 100 and TOPIX Mid 400 companies. The Committee works to achieve a 30% ratio of women in upper management roles at TOPIX 100 companies in Japan by 2030.

By participating in the 30% Club Japan, we aim to increase female representation on boards and in upper management, and ultimately help resolve the gender gap in Japan — which ranked 120th in the Global Gender Gap Report 2021.

**Supporting Female Researchers**
We are working to increase the ratio of female researchers in Japan, which remains at a low level of 16.9% compared to Western nations. To achieve this, we provide support for women conducting world-leading research in the field of natural sciences. In 2007, we established the Shiseido Female Researcher Science Grant, which provides funding for 10 female researchers per year. In 2020 — its 13th year of operation — the grant gave each researcher JPY 1 million. To date, we have contributed to the research achievements of 129 female researchers in Japan.

**Childcare Support**
We recognize the concerns many families face — balancing work and childcare – particularly during the early child-raising years. To provide support during this time, we established two in-office daycare nurseries: Kangaroom Shiodome (opened in 2003) and Kangaroom Kakegawa (opened in 2017). As well as providing support for our employees, we also offer places to families who live or work nearby.

In 2017, we launched KODOMOLOGY Co., Ltd., which operates Kangaroom Shiodome and Kangaroom Kakegawa, as well as providing childcare services to other companies and their employees. And in 2020, we began supporting and managing two childcare facilities at other companies in Kanagawa and Shizuoka prefectures.
A Message from Ann Cairns, Global Chair of the 30% Club

The 30% Club is a global gender diversity campaign that aims to achieve gender balance in leadership across the world’s biggest companies.

When we started the 30% Club campaign in the UK in 2010, there were just 12% women on the boards of the FTSE 100. Today, the figure stands at 36%. This has been tremendous progress in a little over a decade — but there remains much work to do to deliver parity.

It is encouraging to see the 30% Club Japan chapter is already making progress. When the chapter launched, there was only 7% female representation on the boards of TOPIX 100 companies, with an initial target of reaching 10% by 2020. Congratulations to Mr. Uotani, the Chair of the 30% Club Japan and all its members for achieving 12.9% today.

Shiseido’s own commitment to diversity and inclusion is admirable. The company is a very powerful example of what can really be achieved across Japanese companies.

Its mission to make our world better for women and girls is demonstrated throughout this excellent sustainability report. Whether that’s by funding female research scientists; designing cosmetics for older women and cancer patients; supporting childcare or by taking action to narrow the gender pay gap.

So many clients and employees trust the company around the world as it is consistently delivering for all its stakeholders. Everything it does from driving for gender equality, to improving quality of life, proves the old adage beauty is not only skin deep.

I know what it’s like to be the ‘first woman’ or the ‘only woman’ professionally. I was the first female engineer ever to qualify to work offshore in Britain’s oil and gas industry. As my career progressed from engineering to banking and now technology, I have often been the only woman at the management or board table. How can we get more women a seat at those tables? By having more companies as committed to diversity as Shiseido! It’s not an easy path, but as the old Japanese adage says, 七転び八起き (nana korobi ya oki — “Fall seven times, get up eight”).

Ann Cairns — 30% Club Global Chair and Executive Vice Chair of Mastercard
Empowering Women and Girls and Helping Them Become Self-Reliant

Over the years, Shiseido has launched several initiatives to empower women and address global gender issues. Working closely with our brands and regional headquarters, we support the education of socially disadvantaged women and girls around the world to enable them to be more self-reliant.

Clé de Peau Beauté: Supporting Education for Girls

In 2019, Clé de Peau Beauté announced a global partnership with UNICEF to support girls' education and empowerment around the world. The brand pledged the world's largest contribution of USD 8.7 million in support of UNICEF's Gender Equality Program. In this way, the brand helps to promote the organization's effort to empower 6.5 million girls globally with skills for the future through education, skills development, and empowerment programs.

A CRM Campaign featuring the brand's best-selling product, The Serum, was launched in 2020 to invite consumer participation and raise awareness for UNICEF's program.

Primarily focused in-store, the campaign spans 21 countries and regions.

In 2019, Clé de Peau Beauté also announced a long-term philanthropic endeavor to advocate for girls' education, empowering a brighter tomorrow. The brand launched the Power of Radiance Awards to honor women from around the world who have acted to drive positive change through knowledge.

In 2020, the Power of Radiance Awards recognized Binita Shrestha and Pratiksha Pandey from Nepal, who have made incredible contributions to the education and empowerment of girls in STEM fields in their country.

1 UNICEF does not endorse any company, brand, product or service.
2 Cause Related Marketing (CRM) Campaign whereby a portion of The Serum's sales will be donated to support UNICEF's program.
3 Grants from the Power of Radiance Award are donated to a charitable organization of the award recipient's choice in support of educational initiatives.
4 Science, Technology, Engineering, and Mathematics.
As co-founders of Women in STEM Nepal (WISTEM Nepal), both women were recognized for their pivotal roles in leading STEM education and diversification projects, empowering girls and women to pursue their interests in science and technology.

Clé de Peau Beauté is proud to take actions to deliver tangible results through championing STEM-related education. In the past year, due to COVID-19, education activities have been disrupted. Our increased reliance on technology has made it clear that the future will demand a greater focus on STEM fields for the next generation of girls to succeed and thrive — making our initiative even more meaningful as we help to develop a blueprint for building girls’ and young women’s skills both in times of crisis and for the future.

Shiseido Travel Retail: Supporting Socially Disadvantaged Women

In 2020, Shiseido Travel Retail partnered with Friends-International on ‘Empower Her’. This initiative aims to help young women from disadvantaged backgrounds in Cambodia break the cycle of poverty by providing education, vocational beauty training, access to job placement opportunities, and employment support.

In support of the initiative, we provide cash donations and beauty products; we are also actively involved in the development of the training curriculum.

In 2020, 37 students received vocational beauty training — eight of whom were placed in employment. Through this initiative, we aim to provide training and employment support to around 70 women per year.

International Women’s Day: Shiseido Global Action

With the aim of empowering women around the world, we celebrate International Women’s Day across our regional headquarters.

In line with our 2020 International Women’s Day theme of “Gender Bias: Recognize Invisible Biases and Be Yourself”, our global headquarters in Japan shared messages of support on various platforms, including social media. Shiseido Asia Pacific and Shiseido Travel Retail distributed information to employees to deepen their knowledge of gender equality. Shiseido EMEA created posters to introduce its gender equality efforts, and produced an internal movie featuring interviews on the theme of “Biases Within Ourselves.” And Shiseido Americas invited Girl Scout members to its offices to learn about social activities, and shared a movie with employees focusing on equality and empowerment beyond gender.
Diversity, Inclusion and the Empowerment of Women at Shiseido

We aim to build a culture that respects and supports the diversity of our workforce. By empowering people from various backgrounds, we are creating an environment where each employee feels valued and included. In particular, we actively promote the empowerment of women in Japan.

Empowering Women at Shiseido
Women’s empowerment in the workplace is one of our top priorities. As of December 2020, 83% of Shiseido Group’s workforce were women. The percentage of women in leadership positions across our global organization was 57.5%.

As of March 2021, 46.2% of our board members were women. In Japan, as of January 2021, the percentage of female leaders was 34.7%. We aim to increase this to 50% to fairly represent gender equality.

To support this initiative, we introduced a workshop program called “NEXT LEADERSHIP SESSIONS for WOMEN” in 2017. These workshops provide training specifically designed for female employees pursuing a career in management, with a focus on issues unique to women.

In 2020, we introduced “Speak Jam”, a mentoring program connecting female corporate officers with female employees. The program provides information and support on the challenges women often face in life and in the workplace, and our female corporate officers provide guidance based on their personal experiences. Speak Jam has become an important program for women at Shiseido in Japan, promoting a more positive outlook for their careers and, in the case of female corporate officers, helping to resolve issues that often impede the advancement of women.

External Recognition
In 2020, we received the Prime Ministerial Award for Women-Empowering Companies from the Cabinet Office of Japan. We were also selected as a “Nadeshiko Brand” by Japan’s Ministry of Economy, Trade and Industry (METI), and the Tokyo Stock Exchange (TSE).

Such external recognition is the result of our efforts to support the empowerment of women in the workplace, including career development and management training, as well as our promotion of a healthy work-life balance for female employees.

Our group President and CEO, Masahiko Uotani was also recognized for advancing various leadership initiatives to eliminate the gender gap across Japanese society through his roles as Chair of 30% Club Japan, which aims to increase the ratio of women among Japanese corporate board members, and as Co-Chair for the Committee on Diversity and Inclusion at KEIDANREN (Japan Business Federation).

Outside of Japan, we were recognized for our diversity in senior management by the WomenCorporateDirectors Foundation (WCD) — a network of female executives from companies from around the world. We were the first Japanese company to win a WCD Visionary Award in the ‘Leadership and Governance of a Public Company’ category.

1 As of January 1, 2021 in Japan, and December 31, 2020 overseas.
2 The Nadeshiko Brand designation was launched to publicize outstanding listed companies that are successfully encouraging women to play active roles in the workplace, which in turn attracts investors focused on medium- and long-term growth of corporate value.
Empowering People Through the Power of Beauty

At Shiseido, we strive to empower everyone through the power of beauty.

Throughout our history, we have studied the therapeutic and empowering effects of cosmetics. In 1956, we introduced Japan’s first makeup product designed to conceal burn marks suffered in World War 2. Since then, we have developed a wide range of cosmetics for discolorations and scars. In recent years, we have harnessed the power of beauty to support cancer patients and survivors coping with changes in appearance related to their treatment. And, in 2013, based on extensive research at care homes, we established a cosmetic therapy program to promote healthy life expectancy.

We aim to support a society where people feel empowered, confident and free to be themselves. And we strive to share our expertise in beauty care and research into aging society with countries and regions that face similar challenges as Japan.
Shiseido Life Quality Makeup: 
Supporting People with Serious Skin Concerns

We have been committed to improving quality of life through cosmetics since the 1950s. Today, as part of the Shiseido Life Quality Makeup initiative, we operate dedicated Life Quality Beauty Centers in five countries/regions around the world.

In 2020, in order to continue activities during the COVID-19 pandemic, we shifted our focus to digital solutions. We began offering online consultations in China and developed the Makeup Navigator website in Japan. Such activities allowed us to support consumers in the comfort and safety of their own homes.

This year, we also presented an abstract on the efficacy of Perfect Cover Foundation products on vitiligo at the International Pigment Cell Conference. Part of our Life Quality Makeup lineup, Perfect Cover Foundation is a series of specialized foundations for deep skin concerns, including scars and discolorations.

Shiseido Asia Pacific received a Champions of Good award in 2020 for its sustainability efforts in Asia — including activities led by the Shiseido Life Quality Beauty Center. The awards recognize organizations that are exemplary in their corporate giving, and those that engage partners and stakeholders in their initiatives.

Supporting People Living with Cancer

Since 2008, we have supported people affected by changes in their appearance due to cancer treatments.

As medicine advances, there is an increased focus on how to increase quality of life for people living with cancer. In 2019, we published the Beauty Book for Cancer Patients. We have provided these books to 385 cancer hospitals in Japan. We also work with CancerNet Japan, a certified non-profit organization, and the Japan Cancer Society, a public interest incorporated foundation, to offer beauty care seminars at hospitals.

In 2020, SHISEIDO BEAUTY SALÓN released a medical wig that can be customized to fit the wearer’s head size and hair condition. Through counseling and total care of the hair and scalp, our care advisors help make daily life more comfortable for our consumers.

Building on our experience in Japan, we are keen to expand our efforts globally. Last year, in Spain, working with Asociación Española Contra el Cáncer, we offered online makeup lessons to 101 cancer patients across 10 cities.

LAVENDER RING: 
Supporting People with Cancer to Live with a Smile

Since 2017, we have participated in LAVENDER RING, a multilateral project to support people with cancer. As part of the project, we lead MAKEUP & PHOTOS WITH SMILES, which uses the power of beauty and photography to empower the social and professional lives of people with cancer.

---

1. Japan, China, Hong Kong, Taiwan, Singapore as of December 2020.
2. Due to COVID-19, we revised our plan to expand to 14 countries and regions by 2020.
3. Vitiligo is a long-term condition where pale white patches develop on the skin. It is caused by a lack of pigment in skin.
5. Champions of Good was launched in 2017 under the Company of Good in Singapore.
6. Also available on the Shiseido Life Quality Makeup website.
7. Care advisor is our name for certified beauty artists who have completed our original educational curriculum and passed the certification exam.
In 2020, we exhibited photos from the program at LIVE EMPOWER CHILDREN 2020, a charity event in support of pediatric cancer. This was also the year when LAVENDER RING was held online for the first time. 35 Shiseido employees volunteered to provide individual online makeup lessons to 84 people with cancer nationwide. The event also included a panel discussion with celebrities — all of whom had a personal experience of cancer and wished to share messages of hope and encouragement with the audience. Finally, the LAVENDER RING expanded outside of Japan for the first time this year, with activities introduced in Taiwan.

In recognition of our efforts, we received a Mécénat certification by the Association for Corporate Support of the Arts and the 2nd Nikkei SDGs Management Grand Prix Social Value Award.

Collaborating with Retail Partners to Build Support Networks in Local Communities

In 2015, Japan's Ministry of Health, Labour and Welfare issued guidelines to promote healthy lifestyles among local communities. This inspired the creation of support structures for people with cancer, and senior citizens nationwide. To support this initiative, we are committed to providing local communities in Japan with specialized beauty information.

In 2020, we collaborated with Sugi Pharmacy to give local people with cancer better access to our beauty care service. In November, Sugi Pharmacy set up a private room in its Fushimi branch to mark the launch of our Perfect Cover Foundation. We also developed the Beauty For Health program, which incorporates research findings from Shiseido's cosmetic therapy to help older people. As of December 2020, 459 CRC member retailers had adopted the program.

Supporting Older People

Due to COVID-19, we were unable to offer Shiseido Beauty Seminars to senior citizens in 2020. However, Shiseido Beauty Therapists continued to inspire happiness by writing letters of encouragement and creating exercise videos for residents at nursing homes throughout Japan.

Our efforts at a community level also remain strong, with medical workers who are certified as Shiseido Cosmetic Therapists sharing their expertise in cosmetic therapy at health and wellbeing workshops across the country.

In September 2020, one of Shiseido’s researchers delivered a presentation at the 84th Japanese Psychological Association Symposium. The presentation introduced cosmetic therapy activities and explained how skincare and makeup can benefit the frontline of medicine and care for older people by improving and maintaining physical and mental functions, and enhancing quality of life.

Outside of Japan, Shiseido Taiwan received the 16th Annual Corporate Social Responsibility Award from Global Views Monthly for its beauty seminars, which focused on using makeup and skincare for physical and mental wellbeing, as well as a socialization tool. The seminars were attended by 3,053 older citizens.

---

8 Shiseido’s cosmetic therapy uses skincare and makeup application techniques to help improve and maintain mental and physical health, quality of life, and healthy life expectancy.
9 CRC: National Federation of Cosmetic Retail Cooperative.
10 Provided to 23 facilities nationwide.
11 Launched in 44 prefectures (as of December 2020).
12 Held online.
Supporting People with Visual Disorders

In the 1980s, we began developing educational materials to assist consumers with vision impairments or low vision. This included beauty manuals in Braille, Braille stickers for products, and Braille dosage stickers.

Our cosmetics advice website, Shiseido Listener’s Café uses text-to-speech (TTS) software. It provides various information, including a basic introduction to cosmetics usage. The website also features an audio-based periodical on seasonal beauty information, called Fashionable Moment (Oshare-na Hitotoki).

In 2019, in cooperation with organizations for people with visual impairments, we developed SHISEIDO Guide Make, a cosmetics application method for people with visual impairments. By using their hands and fingers to guide them, people can apply their own skincare and makeup.

Supporting Children in Foster Care

Our children are the future, and at Shiseido, we are committed to building a society where every child can thrive and not a single one is left behind.

The Shiseido Social Welfare Foundation is engaged in a diverse range of activities in support of children living in social care. Since 2005, to promote self-reliance among such children, the foundation has organized seminars focused on grooming, etiquette, and other skills. Developed and run in collaboration with Shiseido Japan Co., Ltd., AOKI, Inc., Recruit Co., Ltd., and other organizations, these seminars aim to help prospective high school graduates prepare for further education or a career to live independently. The foundation also offers scholarships for higher education, and training programs and educational magazines for staff at child welfare facilities.

---

13 The Shiseido Social Welfare Foundation is a public interest incorporated foundation.
At Shiseido, respect for human rights is at the core of our DNA. Across our business, we are dedicated to respecting and protecting the rights of our diverse group of stakeholders, including business partners and employees.

We are committed to eradicating human rights issues – including forced labor and child labor – as well as workplace harassment, which is an issue that has become more prevalent due to changes in social structure and the rise of more diverse values. We are aware that failure to take appropriate action against such issues poses great risk to our company and all our stakeholders.

Across the Shiseido Group, we have standards and policies in place to guide our actions when it comes to human rights. Based on the Shiseido Group Standards of Business Conduct and Ethics, which stipulate the mandatory behavior expected of every individual working for the Shiseido Group, we ensure that our business is always conducted according to high ethical standards.
Respecting Human Rights

Respect for human rights is integral to our working principles. It is part of our definition of running a sustainable business and contributing to the realization of a sustainable global society.

Since 2011, we have followed the Shiseido Group Standards of Business Conduct and Ethics, which stipulate the mandatory behavior expected of every individual working for Shiseido. We have also established Shiseido Group Policy on Human Rights, and we have been working closely with our business partners to define and update the principles and policies surrounding ethical business conduct. These are reflected in the Shiseido Group Supplier Code of Conduct, which stipulates the standards that govern and direct our behavior on human rights, legal compliance, labor practices, intellectual property protection, confidentiality, environmental protection, and fair trade.

All business partners subject to the Shiseido Group Supplier Code of Conduct have agreed to our standards and are required to accept periodic monitoring through surveys and audits. In the event that any supplier is identified to have violated the code, they are requested to implement corrective actions under our guidance.

Human Rights Due Diligence
We have established a human rights due diligence process to help us promptly identify potential human rights issues.

In 2020, in order to prevent or mitigate human rights issues, we took steps to identify and assess the visible and potential impact of our activities. These efforts included:

Identification of human rights issues
In cooperation with external human rights experts, and by referencing international codes on human rights, standards on non-financial disclosures, and the Corporate Human Rights Benchmark (CHRB), we have developed a list of human rights issues to be considered. This list includes modern slavery issues, such as forced labor and child labor, as well as a wide range of human rights issues, such as freedom of association, the right to collective bargaining, and discrimination.

Assessment of human rights risks
We assessed the status of our activities against the human rights issues identified above. This was done by interviewing stakeholders (consumers, business partners, employees, shareholders, and members of society) in Japan and overseas; and investigating internal documents such as questionnaires, surveys and certain reports. We also referred to external documents for any potential impact on human rights. Based on our findings, we assessed the severity and likelihood of both visible and potential risks regarding impacts on human rights in Japan and overseas, as well as the status of preventive and corrective measures.

In 2020, we took steps to identify and assess the visible and potential human rights impact of our activities.

1 Including women, children, indigenous people, migrant workers, temporary workers, etc.
After assessing our value chain, we identified a number of human rights risks: “discriminatory actions/expressions,” “violation of compliance/fair competition,” “personal/confidential information leakages,” “employees’ personal data and privacy,” “incomplete supplier management,” “occupational safety and health issues (work-related accidents),” “breach of working hours, breaks, and rest period (overtime work),” and “harassment and abuse.”

Going forward, we will prioritize the human rights issues and risks discovered in our identification and assessment activities in 2020. We will take measures to reduce both manifest and latent risks, strive to further enhance preventive and corrective measures, and promote improvement efforts.

Education and Training in Ethics and Equality
Every year at our global headquarters in Japan, we conduct training on the Shiseido Group Standards of Business Conduct and Ethics, and/or related policies and rules. This takes place through various internal programs, such as position-specific training, in order to promote a better understanding of ethical behavior among employees.

In 2020, due to the impact of COVID-19, we were unable to conduct training for executives and department directors. We did, however, conduct human rights awareness training for 7,709 Group employees in Japan. This training was conducted online under the theme of “preventing unconscious and unaware discrimination.”

In December 2020, our global headquarters Purchasing Department held an internal training session with an external lecturer. During the training, participants exchanged opinions on supplier assessment, including social trends in sustainable procurement and what is required in terms of human rights, labor, health and safety, environment, and ethics.

In no particular order.
Human Resources

At Shiseido, we aim to build a culture that respects the diversity of our workforce, and strive to nurture everyone's talent and potential by creating an employee-friendly environment.

Diverse Work Styles
In 2020, we promptly took actions in response to the spread of COVID-19. Digitalization played a key role in these actions, and our global efforts allowed us to introduce flexible working styles — including working from home, remote work, online meetings, and staggered work schedules. We also introduced more diverse work styles, including the elimination of fixed working hours to allow for a more flexible work schedule.

In Japan, we studied the effect on employees' productivity and mental health as a result of working from home. In Singapore, Shiseido Travel Retail launched a platform that allows employees to share a wide range of resources, including information on COVID-19, advice on physical and mental health, and tips on how to work from home efficiently.

We are currently in the process of introducing the new Shiseido Hybrid Work Style, a company-wide initiative tailored to accommodate even more diverse work styles.

Globalization of Human Resources
At Shiseido, the people we employ are essential to our PEOPLE FIRST philosophy. We have been strengthening career development in order to empower our diverse workforce and offer cross-border career opportunities.

In 2020, to improve our global human resource management practices, we introduced TRUST 8, a set of working principles to help guide our employees throughout their career. Also, for selected talent, we offer enrolment in the Shiseido Leadership Academy, a global management education program aimed at developing in-house talent and creating connections across our international network.

Human Resource Development
We encourage the personal development and self-growth of all employees by providing individual support to help them advance their career.

In preparation for the introduction of a job-based personnel system, our global headquarters worked with its major affiliates in Japan to define the specialized knowledge and skills required by each position. This information was then shared with employees as detailed job descriptions.

Since 2020, we have been organizing career workshops for all employees in Japan, aiming to enhance self-driven career development and strengthen personal expertise. By the end of 2020, 2,164 employees have participated in the program. We have also been working to improve our management skills training for leaders to ensure fair evaluations and to enhance resourcing of all departments.

In addition, we offered a variety of self-development initiatives to employees in Japan, including: online business skills training (219 employees participated); leadership training for future female leaders (24 executive candidates participated); short training videos covering topics such as presentations and project management; and virtual tours of the corporate museum aimed at new employees.

As a result of our efforts, Shiseido Group employees spent an average of 26 hours on education and training in 2020.

Diversity and Inclusion in the Workplace
Across the Shiseido Group, we aim to build a culture that respects the diversity of our workforce and empowers employees to play an active role.

In 2020, 1,370 Shiseido employees in Japan took childcare leave (including 67 men), and the retention rate after returning to work was 94.1%. For those returning to work after childbirth, we conducted welcome-back seminars to help ease any anxiety about balancing work with childcare. 26 employees participated in the seminars. We also introduced Reverse Mentoring — a diversity and inclusion initiative in which employees act as mentors to corporate officers and department directors. This initiative encourages open discussion and aims to create a flat organizational structure that embraces and incorporates different ideas. In 2020, 178 employees and executives participated.

In Japan, we continue to provide LGBTQ training for Beauty Consultants, and since 2020, we have been a supporter of Business for Marriage Equality, a campaign to promote equal marriage and the legalization of same-sex marriage.

At Shiseido, we aim to build a culture that respects the diversity of our workforce, and strive to nurture everyone's talent and potential by creating an employee-friendly environment.

Top Message Environment Society Culture Governance Annex
Social Contribution

We encourage all our employees to consider social issues and ways in which we can address them. Based on our sustainability principles, we offer social contribution activities across the fields of environment, society, and culture, and our employees have the opportunity to take part in these activities.

Since the emergence of COVID-19, we have been supporting medical professionals and people affected by the pandemic through various initiatives, including providing hand sanitizers and cosmetics.

Employees’ Social Contribution Activities
Despite restrictions due to COVID-19, approximately 3,400 Shiseido Group employees participated in social contribution activities in 2020. Based on our sustainability principles, activities were broad in scope and spanned the fields of environment, society, and culture.

Inspired by the power of beauty, we implemented activities that only Shiseido can offer. These included virtual hair and makeup lessons, cosmetics donations, and monetary donations — all implemented under strict regulations to protect our employees and help stop the spread of COVID-19.

Shiseido EMEA hosted its fourth annual “Camellia Day” and more than 600 employees from 10 countries participated in this event. In Shiseido Americas approximately 500 employees participated in 20 programs under “THE BEAUTY OF HELPING OTHERS” initiative.

As part of our activities to help solve social issues, Shiseido Americas also supported LGBTQ organizations, and Shiseido Japan co-sponsored online seminars in cooperation with local governments for mothers raising children during the pandemic.

Activities to address environmental issues included planting wheatgrass in Thailand on “World Soil Day”. The aim of this was to raise awareness around the conservation of tropical rainforests and global warming. In Japan, EMEA, Americas, and Asia Pacific, schemes have also been established to allow employees to take part in social contribution activities during working hours.

Global Expansion of the Shiseido Camellia Fund
The Shiseido Camellia Fund is backed by charitable contributions from current and retired Shiseido Group employees. It supports NPOs and NGOs working to solve social issues. The fund began in Japan in 2005 and expanded globally to all regions in 2020. Organizations to be supported are selected according to our sustainability principles in the fields of the environment, society, and culture.
Responding to the COVID-19 Pandemic

The health and safety of all Shiseido employees has been our priority since the outbreak of the COVID-19 pandemic. In early February 2020, we set up a COVID-19 Emergency Task Force in our global headquarters. This team has been responsible for sharing our safety guidelines across all regions. In addition, our regional headquarters set up their own task forces to support employees and their safety while working throughout the pandemic.

Using our knowledge, technologies, and facilities, we developed a new hand sanitizer for sensitive and raw hands. Two of our factories in France, located in the Cosmetic Valley, have produced more than 400,000 units of this hand sanitizer since March 2020. At our East Windsor factory (USA), Shiseido Americas produced over 120,000 units of hand sanitizer and donated the majority of them to local hospitals, nursing facilities and community outreach organizations, helping to address a shortage of sanitizer.

In Japan, we produced 1,840,000 units of the hand sanitizer at four factories in 2020, and have donated 210,000 units to medical institutes and facilities.

Since June 2020, Shiseido China Co., Ltd. has conducted a tour across seven cities in China (Shanghai, Chengdu, Guiyang, Beijing, Xi’an, Shenzhen, Wuhan) with the “LOVE BUS.” The tour, which is part of phase two of our “Relay of Love” initiative, aims to share our gratitude and present 180,000 specially made “Relay of Love” cosmetic gift boxes to frontline medical personnel.

At each of our regional headquarters, employees and affiliates, have contributed to their communities through volunteer activities, monetary donations, and cosmetic donations.

Shiseido Asia Pacific, Shiseido Travel Retail, and Shiseido Singapore worked together to donate skincare products to health and community care heroes in support of “SG Cares Giving Week,” a nationwide initiative in Singapore which celebrates the spirit of giving. Shiseido EMEA has donated EUR 1 million to the Red Cross, which was subsequently split between the five arms of the organization in France, Italy, Spain, Germany, and the UK.

We will continue to support our employees, local communities, and society as the situation with COVID-19 evolves.
Culture

COMMITMENT 1
Drawing on Our Heritage and Culture to Imagine a Better Future
Read more →

COMMITMENT 2
Inspiring the World With Our Sense of Beauty
Read more →

Using our heritage to create new value and enrich culture
Culture

Shiseido’s rich heritage is the source of our corporate culture. It explains our beginnings and our founder’s vision of beauty; it celebrates what we have accomplished; and it defines our purpose as we move into the future.

Since our foundation in 1872, we have developed a heritage of innovation, transformation, and the creation of social value. To grow our business and continue to create social value, our heritage serves as our inspiration and driving force. We must nurture it while strengthening the bonds created by our shared corporate culture.

As a global beauty company, we consider it our mission to inspire the world with our vision of beauty born in Japan – using it to stimulate a diversity of values and create a new and rich culture worldwide.

COMMITMENT 1

Drawing on Our Heritage and Culture to Imagine a Better Future

COMMITMENT 2

Inspiring the World With Our Sense of Beauty
Our heritage has been passed down from one generation to the next, helping us to nurture our corporate culture and inspire innovation. Our employees around the world learn about our heritage, founding spirit and corporate DNA through venues such as the Shiseido Corporate Museum, with its virtual tour, digital video content, and more.

Our heritage also inspires our people, instilling a desire for constant personal transformation, strengthening individual resilience, and creating a leadership mindset. In this way, our heritage plays a key role in the training and development of our future global leaders – helping them to carry forward our high ethical standards and unique sense of beauty, as well as creating new social value and building a better world.
Discover Shiseido — Inside our DNA
Our workplaces around the world are home to a diverse range of people. In 2020, in order to deepen our employees’ understanding of our DNA, we published Discover Shiseido — Inside our DNA (available in Japanese, English, Chinese, and French). The publication focuses on Shiseido’s heritage from the viewpoint of innovation, presenting our origins, philosophy, history, culture, and more, in a compact pocketbook.

The aim of this publication is to enable every employee to communicate Shiseido’s uniqueness to our consumers, partner companies, and society as a whole. As employees, we might come from different countries and have diverse backgrounds, but we all carry the same pocketbook. This creates a sense of unity among the Shiseido family, and serves as a source of knowledge and inspiration for every one of us.

Shiseido Corporate Museum Virtual Tour
2022 will mark Shiseido’s 150th anniversary. To celebrate such a landmark, and promote our heritage — and future — of beauty innovations, we are using digital technology to share our story with employees worldwide.

Content created in 2020 has allowed employees around the world to take a virtual tour of the Shiseido Corporate Museum in Kakegawa (Japan). The content is available on our intranet in three languages (Japanese, English, and Chinese). By 31 December 2020, more than 4,000 people had taken the virtual tour, and the platform had been accessed over 20,000 times.

Our aim with such initiatives is to accelerate the future success of Shiseido by inspiring employees with our rich heritage and history of innovations.
What Heritage Tells Us
Through times of adversity and turbulence, the passion and dedication of Shiseido employees worldwide have enabled us to overcome significant challenges. Throughout our history, innovation has paved the way for a future of beauty. That remains true to this day, and our heritage continues to spark the creativity needed to carry us forward. It is with this belief that we launched “What Heritage Tells Us” in April 2020 — a series of brief stories shared on our intranet. The stories revisit innovations and achievements throughout our 149-year history, highlighting the ways in which our founders and employees overcame adversity to ensure the future of Shiseido.

New content will be published on an ongoing basis in connection with notable events and important dates. During the course of this year, we have released 12 stories in English and Japanese. Our aim with “What Heritage Tells Us” is to motivate and inspire our employees around the world. During the first year of its launch, the series received more than 16,000 views, and this number continues to grow.

Shiseido Japan’s Marketing Academy and Other Online Seminars
Our seminars are designed to help employees gain a deeper understanding of our corporate heritage.

In 2020, due to the COVID-19 pandemic, we moved these seminars online, and employees from various fields — including marketing, and research and development (R&D) — actively participated. We held 10 seminars over the course of the year, with each session tailored to the individual needs of the departments involved.

We designed these interactive seminars to help our employees draw on the power of our heritage to create innovation. Around 1,400 employees attended. Looking ahead, we will create even more opportunities for employees to learn about Shiseido’s heritage, providing motivation and insights they can use in their day-to-day work.
Art and science are deeply ingrained in our DNA. From the very beginning, they have been present in every aspect of our business, working hand in hand to inspire beauty innovations, and create new and unique approaches to beauty.

Shinzo Fukuhara, the first president of Shiseido, believed in the “richness in everything”. He placed beauty sensibilities and emotional depth at the core of our company, and our business is based on this philosophy.

We continue to nurture this philosophy. By collaborating with our network of artists and galleries, we develop programs designed to educate and inspire our employees. By stimulating their sense of beauty and appreciation of aesthetics, we aim to inspire and enrich society.
Elevating our Brand Through Art and Heritage

Hanatsubaki — Chinese Issue
We launched Hanatsubaki magazine in 1937. To communicate our heritage and aesthetic sense to a wider audience, we began publishing it in English in 2019 and Chinese in 2020.

The 2020 Summer/Autumn edition marked Hanatsubaki's entry into China, and we distributed 20,000 copies of the magazine in 15 cities nationwide. We held launch events across the country, and in November 2020, distributed 1,000 copies at the 3rd China International Import Expo in Shanghai. The response was fantastic. As a result of our Chinese Regional HQ's efforts on social media, the magazine's readership — as well as its profile — has increased.

By offering Hanatsubaki magazine in Chinese, we aim to share our unique sense of Japanese beauty and deep cultural insights with a new audience and a younger generation of readers. In doing so, we hope to stimulate interest in, and build preference for, Shiseido in China.
Shiseido Gallery

The Shiseido Gallery, which opened in 1919, is one of the oldest art galleries in Japan. Since its opening, the gallery has been renowned for its constant efforts to support young and forward-thinking artists, and for the way it explores and pushes the frontiers of contemporary art.

In 2020, the Shiseido Gallery held a number of exhibitions to encourage dialogue and interaction between Shiseido employees and guest artists. The aim of these exhibitions was to create new opportunities for Shiseido brands, employees and artists alike, by providing a platform for creativity, learning, and knowledge sharing.

Receiving the Special Award at the Japan Mécénat Awards

At the Japan Mécénat Awards 2020, sponsored by the Association for Corporate Support of the Arts, Shiseido was presented with the Special Award granted by the Commissioner for Cultural Affairs. This award was given in recognition of our achievements in the planning and operation of the Shiseido Gallery.

We were highly praised for taking on the challenge of creating social value through art, and for continuously evolving while carrying on the spirit of our founder. The judges were also impressed by our policy of incorporating culture into management, raising shared awareness among employees, and tackling social issues.

Among the 165 eligible projects, one received a Grand Mécénat Award, five received Awards for Excellence, and one received a Special Award. The Shiseido Gallery also received the Grand Mécénat Award in 2007, and the Flower Art Award in 2014.
Governance

Basic Policy on Corporate Governance / Corporate Governance System
Basic Policy on Corporate Governance

The Shiseido Group including the Company regards corporate governance as our platform to realize sustainable growth through fulfilling the corporate philosophy and as one of the key elements for our environment, society, culture, and governance (ESCG) management.

The Company is committed to maintaining and improving management transparency, fairness and speed, by putting into practice and reinforcing the corporate governance, and strives to maximize medium-term corporate and shareholder value through dialogues with all stakeholders (consumers, business partners, employees, shareholders, society, and the Earth). In addition, while fulfilling social responsibilities, the Company aims to achieve optimized distribution of values to respective stakeholders.

Corporate Governance System
Reasons for Adoption of Current Corporate Governance System

The Company has adopted the framework of a company with the Audit & Supervisory Board system, which exercises the dual checking functions over business execution by the Board of Directors and over the legality and effectiveness by the Audit & Supervisory Board members. In order to maintain and improve management transparency, fairness and speed that are provided in the basic policy for the corporate governance within the framework, the Company has incorporated superior functions of company with the nominating committee, etc. and company with the Audit & Supervisory Board system, etc., reinforcing supervisory functions of the Board of Directors.

The Company concluded adopting the “monitoring board-type” would be appropriate to ensure sufficiently effective supervisory functions over the Shiseido Group overall, and has implemented the “monitoring board-type corporate governance” while leveraging advantages of the company with the Audit & Supervisory Board system.

Meetings Attended by Directors and Corporate Officers

Composed of eight members including four external directors, the Board of Directors of the Company is small and thereby able to make decisions quickly under the leadership of President and CEO who serves as a Chairman. The Board of Directors holds approximately one meeting a month to discuss all significant matters.

The Company adopts a corporate officer system, wherein functions of the Board of Directors to oversee the execution of business are separated from those of corporate officers who are responsible for business execution. Also, the Company sets up the “Executive Committee,” a meeting body that is responsible for deliberation over important matters related to business execution from various viewpoints prior to decision-making and the “Meetings for Development of Medium-Term/Annual Plans,” a meeting body that is responsible for developing and resolving business plans and brand strategies (currently it is replaced by the Global Leadership Committee which discusses matters related to business plans and medium-to-long-term business strategy from various aspects), thereby, the Company drives delegation of power to corporate officers to clarify responsibilities and accelerate business execution. The President and CEO serves as a chairperson for both meetings.

Also, since January 2021, in order to further evolve the matrix-type management execution system, further improve profitability and promptly implement structural reforms throughout the company, the Company introduced a new “executive officer” system (including current corporate officers).

Diversity of Directors and Audit & Supervisory Board Members

The Company believes that the Board of Directors of the Company should be composed of directors with various viewpoints and backgrounds, on top of multilateral sophisticated expertise, for effective supervision over the execution of business as well as decision-making on critical matters.

Governance
Furthermore, the Company believes that Audit & Supervisory Board members should have the same diversity and sophisticated expertise as the directors, as they have a duty to attend meetings of the Board of Directors and state opinions as necessary.

When selecting candidates, we place importance on ensuring rich diversity, taking into account not only the achievement of gender equality, but also other attributes including age, nationalities and personalities, and insights and experiences in various fields related to management. In addition, the Company has set a certain maximum term of office for external directors and external Audit & Supervisory Board members in order to reflect their views, which are free from the Company’s existing structure to the management of the Company, and by allowing a handover period from long-serving external directors and Audit & Supervisory Board members to newly-appointed external directors and Audit & Supervisory Board members to ensure the appropriate transition. Read more →

Remuneration
The Company regards the directors, Audit & Supervisory Board members and corporate officers remuneration policy of the Company is designed in the Remuneration Advisory Committee (currently, the Nomination & Remuneration Advisory Committee) chaired by external directors by incorporating objective points of view.

The remuneration of the directors and corporate officers comprises basic remuneration and performance-linked remuneration. The Company sets remuneration levels by making comparisons with companies in the same industry, or of the same scale, in Japan and overseas, and by taking the Company's financial condition into consideration.

External directors and Audit & Supervisory Board members receive only basic remuneration, as fluctuating remuneration such as performance-linked remuneration is inconsistent with their supervisory functions from a stance independent from business execution. Read more →

At Shiseido, we are working to promote sustainability across the entire company, including our brands and regional businesses.

In 2020, we launched and held regular meetings of the Sustainability Committee, a dedicated forum to ensure timely management decisions and thorough recognition of this theme. The committee discusses group-wide sustainability initiatives, decides on strategies, policies, and specific action plans, and monitors the progress of medium-to-long-term goals. It consists of a representative director and executive officers in charge of Corporate Strategy, R&D, Supply Network, Corporate Communications, Social Value Creation and our brands, with other corporate officers participating on an as-needed basis according to the matter at hand. In addition to the Sustainability Committee, other significant issues related to sustainability were also discussed with the Executive Committee, the Innovation Committee, and the Board of Directors, for a total of 12 meetings in 2020.
Annex

External Evaluations / Environmental Data / Social Data
Shiseido received positive evaluations from Socially Responsible Investment (SRI) evaluation institutions of countries worldwide and was selected for inclusion as a constituent company for SRI indexes, which take account of companies that are highly trusted by society in terms of ethics, environment, employment and safety in their operations, in Japan and overseas. The period of selection appears in brackets.

**SRI Indexes Selection Status**

**Global**

**FTSE4Good Index Series**

SRI indexes that are announced by the UK’s FTSE Russell and used by investors as one of the sets of ESG ratings. They are a series of indexes designed to promote investment in companies that meet global environmental/social/governance standards. (June 2020)

**MSCI ESG Leaders Indexes**

An index that is designed by the USA’s MSCI and selects companies that demonstrate strong environmental, social and governance (ESG) practices. (July 2020)

**Japan**

Shiseido was selected for inclusion in all three ESG indexes that the Government Pension Investment Fund (GPIF) adopted at the start of ESG investment operations in July 2017.

**FTSE Blossom Japan Index**

An index that is designed by the UK’s FTSE Russell and selects Japanese companies that demonstrate strong environmental, social and governance practices. (July 2020)

Shiseido has been continuously selected for excellence in ESG practices since the introduction of the index in 2017.

**MSCI Japan ESG Select Leaders Index**

An index that is designed by the USA’s MSCI and selects Japanese companies that receive positive evaluations of environmental, social and governance (ESG) practices. (July 2020)

Shiseido has been continuously selected for excellence in ESG practices since the introduction of the index in 2017.

**2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)**

MSCI Japan Empowering Women Index (WIN)

An index that is designed by the USA’s MSCI and selects Japanese companies that receive a high score for empowering women and promoting gender diversity. (July 2020)

Shiseido has been continuously selected for excellence in ESG practices since the introduction of the index in 2017.

**SOMPO Sustainability Index**

SOMPO Sustainability Index is a proprietary active index created by Sompo Asset Management Co., Ltd., which combines environmental, social and governance (ESG) and equity fundamental evaluation. (June 2020)

Shiseido has been continuously selected for excellence in ESG practices since the introduction of the index in 2012.
# Environmental Data

## CO2 (t)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SCOPE 1 &amp; 2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>91,483</td>
<td>83,240</td>
<td>83,709</td>
<td>74,619</td>
</tr>
<tr>
<td><strong>Coverage (%)</strong></td>
<td>97.2</td>
<td>96.1</td>
<td>96.8</td>
<td>100</td>
</tr>
<tr>
<td><strong>Scope 1</strong></td>
<td>31,332</td>
<td>29,623</td>
<td>31,995</td>
<td>28,129</td>
</tr>
<tr>
<td><strong>Coverage (%)</strong></td>
<td>95.7</td>
<td>94.0</td>
<td>95.0</td>
<td>100</td>
</tr>
<tr>
<td><strong>Scope 2</strong></td>
<td>60,151</td>
<td>53,617</td>
<td>51,714</td>
<td>46,490</td>
</tr>
<tr>
<td><strong>Coverage (%)</strong></td>
<td>98.0</td>
<td>97.3</td>
<td>98.0</td>
<td>100</td>
</tr>
</tbody>
</table>

1. The performance data was calculated based on the GHG Protocol. Scope 2 was based on the market-based method.
2. All our sites.

## Energy (MWh)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy consumption</strong></td>
<td>288,760</td>
<td>267,530</td>
<td>297,784</td>
<td>298,384*</td>
</tr>
<tr>
<td><strong>Coverage (%)</strong></td>
<td>97.2</td>
<td>96.1</td>
<td>96.8</td>
<td>100</td>
</tr>
<tr>
<td><strong>Electric power</strong></td>
<td>115,933</td>
<td>108,452</td>
<td>115,228</td>
<td>127,188</td>
</tr>
<tr>
<td><strong>Gas</strong></td>
<td>138,922</td>
<td>126,255</td>
<td>131,330</td>
<td>128,363</td>
</tr>
<tr>
<td><strong>LPG</strong></td>
<td>3,932</td>
<td>2,941</td>
<td>2,771</td>
<td>2,552</td>
</tr>
<tr>
<td><strong>Fuel</strong></td>
<td>25,136</td>
<td>24,112</td>
<td>24,169</td>
<td>16,146</td>
</tr>
<tr>
<td><strong>Steam</strong></td>
<td>4,837</td>
<td>5,771</td>
<td>2,771</td>
<td>2,552</td>
</tr>
</tbody>
</table>

## Water (Mil. m³)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water withdrawals</strong></td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Coverage (%)</strong></td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Municipal water</strong></td>
<td>0.9</td>
<td>0.1</td>
<td>0.1</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Surface water</strong></td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Ground water</strong></td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Water discharged</strong></td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>1.0</td>
</tr>
</tbody>
</table>

1. All production sites.

Total net fresh water consumption in 2020 (water consumption excluding the amount of wastewater returned to the same water source): 1.2 million m³.
Data marked with a has been third-party certified.

Responding to Environmental Risks

In terms of environmental laws, our key consideration is our production sites. With regards to how we operate our production sites, we make sure that we comply with environmental laws and regulations by conducting compliance evaluations based on ISO14001 standards.

Investigations of domestic and overseas affiliates revealed no major violations of environmental laws or regulations in 2020.

We are committed to complying with environmental laws and regulations in terms of how we operate our production sites.

---

### Waste (t)

<table>
<thead>
<tr>
<th>Year</th>
<th>Waste discharged</th>
<th>Coverage (%)(^1)</th>
<th>Recycled(^2)</th>
<th>Disposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>9,732</td>
<td>100</td>
<td>9,310</td>
<td>422</td>
</tr>
<tr>
<td>2018</td>
<td>7,786</td>
<td>100</td>
<td>7,479</td>
<td>308</td>
</tr>
<tr>
<td>2019</td>
<td>7,393</td>
<td>100</td>
<td>7,032</td>
<td>361</td>
</tr>
<tr>
<td>2020</td>
<td>7,488</td>
<td>100</td>
<td>7,457</td>
<td>31</td>
</tr>
</tbody>
</table>

\(^1\) All production sites.
\(^2\) Including thermal recovery.

### Environmental Pollution (Air/Water) (t)

<table>
<thead>
<tr>
<th>Year</th>
<th>NOx emissions</th>
<th>Coverage (%)(^1)</th>
<th>SOx emissions</th>
<th>Coverage (%)(^2)</th>
<th>Chemical Oxygen Demand</th>
<th>Coverage (%)(^3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>5</td>
<td>46.2</td>
<td>0</td>
<td>38.5</td>
<td>116</td>
<td>84.6</td>
</tr>
<tr>
<td>2018</td>
<td>4</td>
<td>54.5</td>
<td>0</td>
<td>54.5</td>
<td>116</td>
<td>90.9</td>
</tr>
<tr>
<td>2019</td>
<td>10</td>
<td>81.8</td>
<td>0</td>
<td>81.8</td>
<td>103</td>
<td>90.9</td>
</tr>
<tr>
<td>2020</td>
<td>8</td>
<td>90.9</td>
<td>0</td>
<td>90.9</td>
<td>70</td>
<td>90.9</td>
</tr>
</tbody>
</table>

\(^1\) All production sites.
\(^2\) All production sites.
\(^3\) Including thermal recovery.
# Social Data

## Number of Shiseido Group Employees

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (persons)</td>
<td>44,900</td>
<td>45,493</td>
<td>46,763</td>
<td>45,527</td>
</tr>
<tr>
<td>Female Ratio (%)</td>
<td>83.8</td>
<td>83.1</td>
<td>85.6</td>
<td>83</td>
</tr>
</tbody>
</table>

**Period:** As of January 1 each year in Japan and as of December 31 of the previous year outside Japan.  
**Scope:** All Shiseido Group.

## Number of Employees by Region

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan (persons)</td>
<td>23,505</td>
<td>24,346</td>
<td>24,884</td>
<td>24,903</td>
</tr>
</tbody>
</table>

**Period:** As of January 1 each year.  
**Scope:** Shiseido Group in Japan (23 companies).

## Ratio of Female Leaders (%)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Shiseido Group</td>
<td>53.9</td>
<td>54.8</td>
<td>52.7</td>
<td>57.5</td>
</tr>
<tr>
<td>Japan¹ (Target: To achieve 50%)</td>
<td>25.1</td>
<td>32.3</td>
<td>33.1</td>
<td>34.7</td>
</tr>
</tbody>
</table>

**Period:** As of January 1 each year in Japan and as of December 31 of the previous year outside Japan.  
**Scope:** Shiseido Group in Japan (23 companies).

¹ Ratio of female junior managers in all Shiseido Group: 60.6%.

## Diversity in Top Management

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of Female Directors and Audit on the Board (%)</td>
<td>45.5</td>
<td>46.2</td>
<td>46.2</td>
<td></td>
</tr>
</tbody>
</table>

**Period:** As of April 1 each year.

## Ratio of Employees with Disabilities¹ (%)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shiseido Company, Limited</td>
<td>3.3</td>
<td>3.19</td>
<td>3.25</td>
<td>3.04</td>
</tr>
<tr>
<td>Shiseido Group in Japan²</td>
<td>2.02</td>
<td>2.05</td>
<td>2.12</td>
<td>2.22</td>
</tr>
<tr>
<td>Target</td>
<td>2</td>
<td>2.2</td>
<td>2.2</td>
<td>2.2</td>
</tr>
</tbody>
</table>

**Period:** As of June 1 each year.

¹ Ratio of Employees with Disabilities: Physically and intellectually disabled persons are included, and the employment rate for disabled persons is indicated by three significant figures.  
² Shiseido Group in Japan: 10 special subsidiary companies of Shiseido Group.
### LTIFR\(^1\)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directly hired employees</td>
<td>0.59</td>
<td>0.73</td>
<td>0.87</td>
<td>0.77</td>
</tr>
<tr>
<td>Coverage (%)</td>
<td>100</td>
<td>92.1</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Indirectly hired employees</td>
<td>–</td>
<td>0</td>
<td>0</td>
<td>2.56</td>
</tr>
<tr>
<td>Coverage (%)</td>
<td>–</td>
<td>38.8</td>
<td>39.6</td>
<td>79.5</td>
</tr>
</tbody>
</table>

### Shiseido Group in Japan

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directly hired employees</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Coverage (%)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### Shiseido Group outside Japan

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directly hired employees</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Coverage (%)</td>
<td>–</td>
<td>–</td>
<td>100</td>
</tr>
</tbody>
</table>

\(^1\) Lost Time Injury Frequency Rate (LTIFR) = Number of work-related accidents/Total hours worked x 1,000,000.

\(^2\) Scope: Shiseido Group in Japan (52 companies).

### Percentage of Corporations with Labor Union (%)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shiseido Group in Japan (coverage 100%)</td>
<td>26.3</td>
<td>29.4</td>
<td>29.4</td>
<td>29.4</td>
</tr>
<tr>
<td>Shiseido Group outside Japan(^1) (coverage 100%)</td>
<td>68.4</td>
<td>68.4</td>
<td>68.4</td>
<td>68.4</td>
</tr>
</tbody>
</table>

\(^1\) Including work council.

### Spending on Social Contribution Activities (millions of Japanese Yen)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shiseido Group in Japan(^1) Spending on donations</td>
<td>210</td>
<td>563</td>
<td>432</td>
</tr>
<tr>
<td>Breakdown</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations made in cash</td>
<td>210</td>
<td>562</td>
<td>394</td>
</tr>
<tr>
<td>Donations made by product offerings</td>
<td>1</td>
<td>0.37</td>
<td>0.38</td>
</tr>
<tr>
<td>All Shiseido Group Spending on donations</td>
<td>324</td>
<td>687</td>
<td>1,243</td>
</tr>
<tr>
<td>Breakdown</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations made in cash</td>
<td>311</td>
<td>673</td>
<td>1,080</td>
</tr>
<tr>
<td>Donations made by product offerings</td>
<td>13</td>
<td>14</td>
<td>163</td>
</tr>
</tbody>
</table>

\(^1\) Shiseido Group in Japan: Shiseido Company, Limited and 19 domestic affiliated companies subject to consolidation (as of December 31, 2020).

### Editorial Policy

The Sustainability Report is edited according to the following policy.

- We report the activities that lead to the solution of social issues and the role that we play in a sustainable society. We explain how we create social value that we provide as a company to various stakeholders.
- Scope: Based on Shiseido Company, Limited and the Shiseido Group (79 consolidated companies, as of December 31, 2020).
- Target period: Mainly fiscal 2020 (from January 1, 2020 to December 31, 2020). Some data includes content which is prior to the target period or is more recent.
- Our sustainability initiatives are also disclosed in our Integrated Report.
- Some environmental and social data are third-party certified, which is marked with □ for environmental data and ■ for social data.
- Assurance Statement
  - □ for Environmental Data
  - ■ for Social Data

Data marked with □ has been third-party certified.