Shiseido Group
Supplier Code of Conduct

SHISEIDO

Foreword

In our quest to become the most trusted beauty company in the world and remain vital for the next 100 years and beyond, The Shiseido Philosophy (including The Shiseido Way, which is the mindset and actions that shape how we work) and the Shiseido Code of Conduct and Ethics serve as our guiding light in all our business activities.

Through its corporate activities, the Shiseido Group aims to help establish a society where everyone is able to live with enriched hearts, respect and stay connected with each other, and live authentically, and a world where people and the Earth coexist with nature and resources cherished and circulated.

In order to achieve this end, it is essential for the Shiseido Group to collaborate with its suppliers—who are its business partners—and with suppliers' subcontractors to work together toward a sustainable society through procurement activities.

The Shiseido Group Supplier Code of Conduct specifies the guidelines with which the Shiseido Group requests its suppliers and their subcontractors comply. These guidelines are in line with laws and regulations, international standards, and the Shiseido Group Procurement Policy.

We ask our partners who work with the Shiseido Group to understand the purpose and content of this Code and to fully comply with it.

Applicable Scope

The Shiseido Group requests that suppliers* who are engaged in transactions with Shiseido Group companies comply with this Code.

* "Suppliers" means all business partners that directly or indirectly provide products or services to Shiseido Group companies.

In addition, Shiseido Group companies also request that suppliers require their subcontractors who are involved in business related to the Shiseido Group to comply with the same standards as those set forth herein.

Operation

Shiseido Group companies select suppliers who will comply with the guidelines set forth in this Code.

Inspection

So as to enable Shiseido Group companies to confirm their compliance with this Code, Shiseido Group companies will, as necessary, request that suppliers answer third-party questionnaires, accept on-site inspections, submit related materials and records, and otherwise meet Shiseido Group companies' requests related to this Code.

Unless there is a valid reason, suppliers shall respond to these requests from Shiseido Group companies.

Reporting of Violations / Corrective Measures

If a supplier becomes aware of any actual or suspected violation of this Code (including the possibility thereof) by the supplier itself or any of its subcontractors, it shall immediately inform Shiseido Group companies.*

* See also 9. "Whistle-Blower Protection" Measures.

If any violation of this Code by a supplier or any of its subcontractors is acknowledged, Shiseido Group companies will require the supplier to formulate a corrective action plan and implement corrective measures.

The supplier shall immediately report any violation of this Code to Shiseido Group companies and report the status of such correction to them on each occasion.

Review of Transactions

If any of the following cases applies to a supplier or any of its subcontractors, Shiseido Group companies may take appropriate measures such as terminating the contract, suspending transactions, or reviewing the contract terms and conditions:

i) A violation of this Code and a failure, without a valid reason, to implement corrective measures, etc., despite a request from Shiseido Group companies;

ii) A violation of this Code and a failure, without a valid reason, to complete the correction within a designated reasonable period;

iii) A failure, without a valid reason, to cooperate with inspections regarding compliance with this Code; and

iv) Other circumstances in which a violation of this Code is reasonably deemed to be a material breach.

Compliance Requirements

1 Legal Compliance

- Suppliers shall comply with all applicable laws and regulations of the countries and territories in which suppliers conduct their business operations.
- Suppliers shall strive to comply with industry standards and international standards* regarding fair business operations, human rights, labor and the environment.

* The OECD Guidelines for Multinational Enterprises, the fundamental provisions of the ILO Conventions, the United Nations Global Compact 10 Principles, the United Nations Declaration on the Rights of Indigenous People, the United Nations Guiding Principles on Business and Human Rights, ISO 26000 (Social responsibility), etc.

In addition, where the standards required by this Code exceed those requirements set out in local laws and regulations, suppliers shall strive to comply with the higher standards.

2 Respect for Human Rights

2.1 Prohibition of Forced Labor and Human Trafficking

- Suppliers shall not be involved, in any way, in any forced labor, including labor under conditions of slavery, labor with physical or psychological constraint, and human trafficking.
- In hiring their employees, suppliers shall explain employment conditions so that employees will be able to enter employment with the suppliers based on their own discretion after having fully understood such conditions. Furthermore, suppliers shall grant their employees the right to freely leave their employment with the suppliers.
- In relation to employment conditions, suppliers shall comply with all applicable labor-related laws and regulations of the countries and territories in which suppliers conduct their business operations, and shall agree to conditions under which human rights are respected. Further, suppliers shall provide a document to employees which sets forth the contents and conditions proving their respect of human rights, written in a language understandable to the employees.
- Unless otherwise set forth in the laws or regulations, suppliers shall not unduly impose fees or similar costs on their employees in relation to their employment.
- Suppliers shall not restrict the free movement of their employees, including by way of confiscating or destroying passports, identification documents, work permits, assets, etc.

- Suppliers shall respect the free movement of their employees and shall not restrict their right to leave the workplace after their scheduled working hours have ended.

2.2 Prohibition of Child Labor

- Suppliers shall not employ children who have not yet reached the highest age among the following:
  - 15 years of age; or
  - The age for completing compulsory education; or
  - The minimum working age stipulated in local laws or regulations.
- Suppliers shall not cause children under the age of 18 to engage in any hazardous or harmful labor which may have a physically, psychologically, socially, or morally adverse effect on them.
- When hiring individuals suspected of being under 18 years of age, suppliers shall confirm their age with an officially issued certificate before the commencement of employment, and keep a record thereof.

2.3 Prohibition of Discrimination

- Suppliers shall not discriminate in any way against their employees in hiring practices or treatment in relation to remuneration, promotion, termination of employment, etc., based on any of the following protected categories:

  Race, skin color, gender, age, language, financial status, nationality, national origin, religion, ethnic or social origin, membership or non-membership in a labor union, political or other opinion, beliefs, disability, marital status, health conditions, pregnancy, sexual orientation and gender identity, or other status
- Suppliers shall not impose wage gaps among employees performing the same work solely on the basis of unreasonable grounds.

2.4 Prohibition of Abuse and Harassment

- Suppliers shall respect the human rights of their employees and shall not inflict abuse, corporal punishment, psychological, physical, or sexual harassment or other forms of intimidation thereon.

2.5 Proper Management of Labor Conditions

- Suppliers shall pay wages in an amount equal to or greater than the minimum wage stipulated by local laws or regulations. In this regard, suppliers shall take into consideration the wage level to ensure that the wages paid will be at a level necessary for employees and their family members to live with human dignity. In addition, suppliers shall pay overtime allowances and other allowances in accordance with the laws and regulations of the relevant country or territory.

- Suppliers shall properly manage the total working hours, days-off, and leave of employees so that such working hours will not exceed the maximum limits stipulated by applicable laws and regulations of each country and territory.
- Suppliers shall sign written employment agreements that state the terms of employment, after confirming that all workers are aware of their legal rights and obligations.

2.6 Freedom of Association and Collective Bargaining

- Suppliers shall respect the right of their employees to form a labor union, to join or not join a labor union, and to engage in collective bargaining with suppliers, and shall not discriminate against their employees based on the exercise of such rights.
- Suppliers shall not engage in any acts of discrimination, threats, harassment, retaliation, or violence against labor union members or worker representatives.

2.7 Proper Employment of Migrant Workers

- Suppliers shall provide migrant workers with rights and treatment equivalent to those of local workers. In addition, suppliers shall treat foreign and domestic migrant workers in a fair manner, and provide such workers with transparent employment conditions as well as good working and living conditions.
- Suppliers shall reimburse migrant workers' employment-related commissions, etc. in accordance with the "Definition of recruitment fees and related costs" established by ILO.
- Suppliers shall not hire any illegal migrant workers.
- Suppliers shall neither confiscate migrant workers' identification documents nor keep their money in trust.

2.8 Respect for the Rights of Indigenous People

- Suppliers shall respect the land rights, culture, custom, and religion of indigenous people and shall conduct their business operations based on such respect. Suppliers shall respect the traditional knowledge and the rights in relation to genetic resources of indigenous people, and shall strive not to exploit the interests of indigenous people in a one-sided manner.

3 Safe and Healthy Working Environment

3.1 Safe, Health-Conscious Facilities

- Suppliers shall maintain their facilities so as to ensure the safety and health of their employees at all times.
- Within the facilities, suppliers shall maintain hygiene and provide their employees with safe drinking water and toilets at all times.
- The same safety and hygiene standards shall apply to supplier-provided dormitories for employees (residential facilities).

3.2 Prevention of Workplace Injuries and Illnesses

- Suppliers shall prevent any occurrence of workplace injuries and illnesses through the following measures:
  - Regular risk assessment and implementation of risk reduction measures regarding facility safety
  - Provision of safety education and of necessary protective wear and other protective gear to employees
- In regard to physically severe labor, the handling of hazardous substances and chemicals, and inherently risky labor, such as the use of production machinery, suppliers shall take safety measures in advance and shall adopt procedures to avoid risks.

3.3 Measures for Disaster Prevention and Emergency Response

- As part of their disaster prevention measures, suppliers shall implement fire prevention measures, secure emergency routes, and inform their employees thereof. The same disaster prevention standards shall apply to supplier-provided dormitories for employees (residential facilities).
- In preparation for emergencies such as fires, earthquakes, and other natural disasters, suppliers shall formulate response measures. If such measures may significantly impact the business of Shiseido Group companies, suppliers shall implement them upon consultation and agreement with Shiseido Group companies, unless immediate action is required to protect life, health, safety, property, or the environment.

4 Protection of the Environment

- Suppliers shall comply with all applicable environmental laws and regulations in the countries and territories where they operate.
  Additionally, in cases where there are requirements set forth in the contracts with Shiseido Group companies, suppliers shall also comply with those requirements. Suppliers shall also strive to align with relevant international standards, treaties, and agreements.
- Suppliers shall understand the importance of environmental conservation and take appropriate measures to minimize environmental impacts throughout their business activities insofar as is possible.
- Suppliers shall prevent pollution and ensure responsible chemical management throughout their operations.
- Suppliers shall strive to contribute to a sustainable environment by improving resource efficiency, minimizing greenhouse gas emissions and energy consumption, reducing waste, managing water resources responsibly, promoting recycling and reuse, supporting biodiversity conservation, and promoting sustainable and responsible procurement.
- Suppliers shall strive to implement effective environmental management practices across all phases of their operations—from resource use to waste management—and to identify, manage, and mitigate negative environmental impacts.

5 Anti-Corruption

5.1 Prohibition of Bribery and Corruption

- Suppliers shall not engage in any form of bribery, embezzlement, or fraud.
  In addition, suppliers shall not make any facilitation payments (i.e., the payment of a small amount, not based on applicable laws and regulations, in order to expedite administrative procedures such as customs clearance or visa acquisition).

5.2 Prohibition of Unfair Provision of Gifts and Entertainment

- Suppliers shall not provide or receive gifts or entertainment in an unfair manner or in a manner that may cause suspicion regarding fairness.

5.3 Prohibition of Unfair Transactions

- Suppliers shall not engage in private monopolization, unreasonable restraint of trade such as cartels, abuse of superior bargaining position, abuse of dominant position, or any other conduct that may prevent free and fair competition.

5.4 Management of Conflicts of Interest

- Suppliers shall not engage in any conduct that constitutes or may constitute a conflict of interest. If a supplier has or may have a conflict of interest with Shiseido Group companies, it shall disclose the actual or potential conflict to Shiseido Group companies immediately.

6 Protection of Intellectual Property and Assurance of Information Security

- Suppliers shall not infringe upon any intellectual property rights of Shiseido Group companies or any third party. In addition, suppliers shall appropriately protect confidential information and personal information and shall not use them for any improper purposes.
- Suppliers shall also promptly notify Shiseido Group companies of any actual or suspected personal data breach or security incident affecting such data.
- When handling confidential information or personal information of Shiseido Group companies, suppliers shall implement security management measures that satisfy the information security standards required by Shiseido Group companies and cooperate with Shiseido Group companies in verifying the suppliers' information security management systems.
- When subcontracting work related to transactions with Shiseido Group companies, suppliers shall appropriately manage and oversee the information security management systems of their subcontractors in accordance with the information security standards required by Shiseido Group companies.
- Suppliers shall comply with all applicable laws and regulations regarding Artificial Intelligence (AI) and the Shiseido Group's Responsible Artificial Intelligence Use Policy, and use AI in an ethical and responsible manner.

7 Quality Assurance

- Suppliers shall provide products and services that satisfy the quality and safety standards set forth in all laws and regulations of the countries and territories in which suppliers conduct their business operations, as well as complying with the contracts entered into with Shiseido Group companies.

8 Disclosure of Information

8.1 Securing Traceability

- Suppliers shall strive to identify and manage information on upstream suppliers, etc., regarding raw materials designated by Shiseido Group companies.
  In addition, unless there is a valid reason, suppliers shall disclose such information at the request of Shiseido Group companies.

8.2 Sharing of Concerns

- If a supplier becomes aware of any events which raise doubts as to the quality, safety, or efficacy etc., of the supplier's products or services, the supplier shall promptly disclose appropriate and sufficient information on these matters to Shiseido Group companies.

8.3 Provision of Information for Sustainable and Responsible Procurement

- Suppliers shall share progress updates, results, and other relevant information regarding initiatives requested by Shiseido Group companies for the purpose of promoting sustainable and responsible procurement, including but not limited to those described above.

9 "Whistle-Blower Protection" Measures

- Suppliers shall accept whistle-blowing and other complaints from their employees, shall make sure to protect whistleblowers' privacy and their employees from possible retaliation from the suppliers and persons against whom the relevant complaint was made at all stages of the process including the receipt of such complaints, and shall take appropriate measures to rectify the status and conditions against which such complaints are made.

Suppliers may report to the Shiseido Group through the Hotline for Business Partners regarding any violations or potential violations of laws and regulations, the Shiseido Code of Conduct and Ethics, or the Shiseido Group Supplier Code of Conduct that arise from transactions with Shiseido Group companies.

10 Subcontractors' Compliance with this Code

- Suppliers shall request that subcontractors who are involved in transactions between the suppliers and Shiseido Group companies comply with standards equivalent to those set forth herein. If the Shiseido Group deems it necessary, suppliers shall verify their subcontractors' compliance status and report the results to Shiseido Group companies.

Revisions

The Shiseido Group shall revise the contents of this Code according to changes over time and demands from society, and shall publish the revised Code on the Shiseido website and inform its suppliers of the same.
If this Code is revised, suppliers are requested to comply with the revised Code.
Should you have any questions or opinions regarding the revised contents, please do not hesitate to contact your local Shiseido Group company.

<Revision History>
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