

## Top Commitment

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### Realizing a Sustainable Society through Social Value Creation

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### ■ The Key to Sustainability is Creating Social Value

In 2017, the Shiseido Group realized its target for net sales under the medium-to-long-term strategy VISION 2020, which was adopted in 2015, three years ahead of schedule. In addition, the Group realized its target for operating profit in 2018, two years ahead of schedule. The Group views consumer value as the starting point for all of its activities and has been proactively investing in marketing and innovation activities, as well as in the human resources that support these activities. By doing so, the Group has realized a recovery in its performance that far exceeded expectations.

Through these efforts, we have greatly improved our economic value in terms of market share, net sales, and operating profit. We believe that the steady creation of social value, including the resolution of consumers' skin concerns through the products and services we provide, is precisely what has allowed us to improve our economic value.

Our management policy is "To Be the Most Trusted Beauty Company in the World." As we celebrate our 147-year anniversary as a company, we aim to carry on the values and traditions that we have received from our predecessors for the next 100 years. To do so, the economic value that we create must be supported by social value to a greater extent than ever before. In consideration of our stakeholders, who we value above all else, this need for creating social value becomes even more apparent.

Our stakeholders include consumers, business partners and other affiliated parties, employees, and younger generations who will oversee the future. These stakeholders need Shiseido to be an organization that creates meaningful value for society and that has the power to change the world.

Our shareholders and investors, who have great expectations of us to realize growth as a company, also want us to be a corporation that values its stakeholders and creates social value from a long-term perspective.

Furthermore, the society and global environment in which we exist are the stakeholders that we should value the most.

## BEAUTY INNOVATIONS FOR A BETTER WORLD - Creating an Even Better Society

In 2019, we established our new corporate mission, "BEAUTY INNOVATIONS FOR A BETTER WORLD." Guided by this mission, we are committed to realizing an even better society on a Groupwide basis.

Shiseido's mission throughout its development as a company has been to create social value. The name Shiseido comes from a passage in the ancient Chinese divination text I Ching, which is highly regarded as a textbook for leadership. The passage reads, "Praise the virtues of the earth, that is where anything and everything is born from." In this way, the name Shiseido conveys love and respect for the earth, the global environment, and society.

Arinobu Fukuhara, the founder of Shiseido, was 23 years old in 1872, when Japan was evolving as a nation during its period of westernization. At that time, Arinobu Fukuhara was passionate about adopting new values originating from the West (business models, products, and services) and using them to transform Japan into a modern society and enrich the lives of its citizens.

In the early 1900s, the first president of Shiseido, Shinzo Fukuhara, traveled the world in search of true beauty. Through his travels, he studied the advanced value being created in Western Europe and used this experience to launch the cosmetics business from a distinctly Japanese point of view, thereby laying the foundation for what the Company is today. This represents the results of Shinzo Fukuhara's determination to create an enriched society by being curious and open to new things and studying them insatiably from every angle.

## Relevant SDGs and ESG Management as a Beauty Company

After establishing our new corporate mission, we gave consideration to a framework for creating social value as a beauty company that relates closely to this new mission. We believe that actions which are deeply rooted in the characteristics and strengths of our businesses will naturally become our core operations as a company.

Based on interviews and discussions with all of our stakeholders, we categorized issues from two perspectives: impact on society and impact on the Company's businesses. We then established an order of priority and selected 18 materiality issues. In addition, with our core focus on beauty, we redefined our definition of social value from the perspectives of the environment, society, and culture (ESG).



## Social issues and SDGs addressed by Shiseido

<h3>Protect Beauty</h3> <p>Protect our living, Beauty of the earth</p>	<h3>Empower Beauty</h3> <p>Empower our people, Beauty of the society</p>	<h3>Inspire Beauty</h3> <p>Inspire our culture with Japanese beauty</p>
<p>Protect the beauty of the earth and the beauty of the people who call Earth home. Protect the beauty of all other life that exists on the earth as well.</p>	<p>Motivate and empower all people who make up our society.</p>	<p>Use Japanese beauty to raise beauty awareness around the world and encourage the realization of beauty as a culture.</p>

At the moment, efforts to create social value are being strongly encouraged. This is reflected by efforts to realize the 17 Sustainable Development Goals (SDGs) and the promotion of ESG (Environmental, Social, and Governance) management. Guided by an approach unique to a beauty company, we aim to create an even better society through ESG+C (Culture) management.

Protect Beauty	Empower Beauty	Inspire Beauty
<p><b>UV ray protection and care</b></p> 	<p><b>Gender equality</b></p> 	<p><b>Utilization of Shiseido's cultural assets</b></p> 
<p><b>Eco-friendly packaging</b></p> 	<p><b>Support for empowerment</b></p> 	
<p><b>Reduction of environmental burden</b></p> 	<p><b>Business and human rights</b></p> 	<p><b>Communication of Japanese beauty</b></p> 