Sustainability Data

Data detailing Shiseido's activity towards sustainability is available.

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Environmental Data

Data

The data marked with ● in the figure below has been third-party certified.

●CO_2

Scope1,2*

	Unit	2016	2017	2018	2019
Total of CO_2	t	89,000	91,483	83,240●	83,709●
(Coverage rate**)	%	97%	97%	96%	97%
Scope1	t	31,638	31,332	29,623●	31,995●
(Coverage rate**)	%	95%	96%	94%	95%
Scope2	t	57,363	60,151	53,617●	51,714●
(Coverage rate**)	%	98%	98%	97%	98%

*The performance data was calculated based on the GHG Protocol. Scope 2 was based on the market-based method.

**All our sites

Scope3

	Unit	2019
Total of Scope3	t	2,649,895
Purchased goods and services (Category 1)	t	557,375●
Use of sold products (Category 11)	t	1,595,207●
End of life treatment of sold products (Category 12)	t	99,999●
Total of other categories*	t	397,314

*Total of the categories of 2, 3, 4, 5, 6, 7and 13.

Avoided CO_2 emissions (2019)

Approximately 43,600 tons of CO_2, was reduced thanks to the sale of refill products.

Each stage of the value chain	Avoided CO_2 emissions (Unit: k-ton)
Procurement	10.7
Product use	26.0
End of life	6.9
Total	43.6

Target period: From January 1 to December 31, 2019

●Energy

	Unit	2016	2017	2018	2019
Energy consumption	MWh	290,691	288,760	267,530●	297,784●
(Coverage rate*)	%	97%	97%	96%	97%
Electric power	MWh	117,145	115,933	108,452●	115,228●
Gas**	MWh	139,342	138,922	126,255●	131,330●
LPG	MWh	3,336	3,932	2,941●	2,771●
Fuel***	MWh	24,988	25,136	24,112●	24,169●
Steam	MWh	5,879	4,837	5,771●	24,286●

*All our sites

**Total value of city gas and natural gas consumption

*** Total value of gasoline, kerosene, diesel oil and fuel oil consumption

●Water

	Unit	2016	2017	2018	2019
Water consumption	Mil. m^3	1.2	1.2	1.2●	1.2●
(Coverage rate*)	%	100%	100%	100%	100%
Municipal water	Mil. m^3	0.9	0.9	1.1●	1.0●
Surface water	Mil. m^3	0.2	0.1	0.1●	0.1●
Ground water	Mil. m^3	0.1	0.1	0.1●	0.1●
Net fresh water consumption	Mil. m^3	0.2	0.3	0.3●	0.3●
Water discharged	Mil. m^3	1.0	0.9	1.0●	0.9●

*All production sites

●Waste

	Unit	2016	2017	2018	2019
Waste discharged	t	13,823	14,915	15,665	16,890●
(Coverage rate*)	%	89%	91%	88%	92%
Recycled**	t	13,041	14,423	14,425	15,944
Disposed	t	783	492	1,240●	946●

*All our sites

**Including thermal recovery

●Environmental pollution (Air/Water)

	Unit	2016	2017	2018	2019
NOx emissions	t	6	5	4	13
(Coverage rate*)	%	85%	54%	55%	82%
SOx emissions	t	1	0	0	0
(Coverage rate*)	%	77%	54%	55%	82%
Chemical Oxygen Demand t	t	213	98	116●	103●
(Coverage rate*)	%	85%	92%	100%	100%

*All production sites

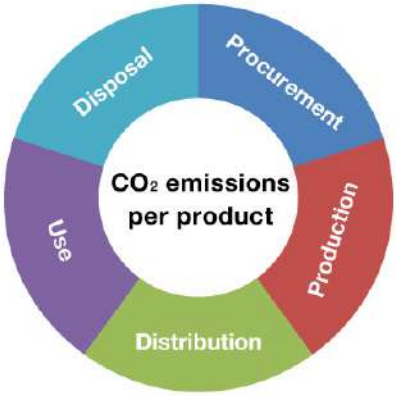
●Responding to Environmental Risks

In terms of environmental law, key function of the company is Production sites. Including those functions, Shiseido observes environmental laws and regulations thoroughly by conducting compliance evaluation based on ISO14001 standards.
Investigations of domestic and overseas affiliates revealed no major violations of environmental laws or regulations in 2019.
Shiseido is committed on appropriate operation that complies with the environmental laws and regulations continuously.

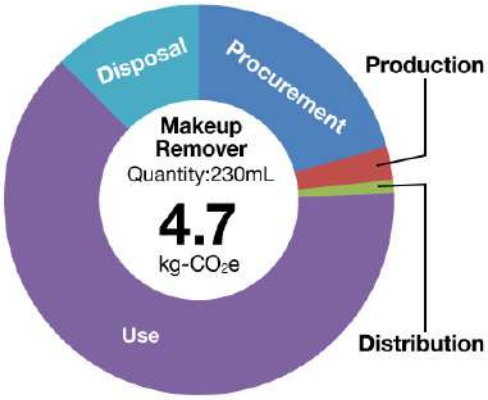
●CO_2 emissions from cosmetics and personal care products (environmental footprint)

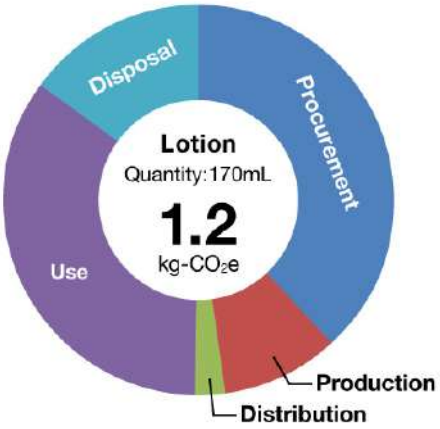
We assess the environmental footprint including CO_2 emissions regarding cosmetics and personal care products.

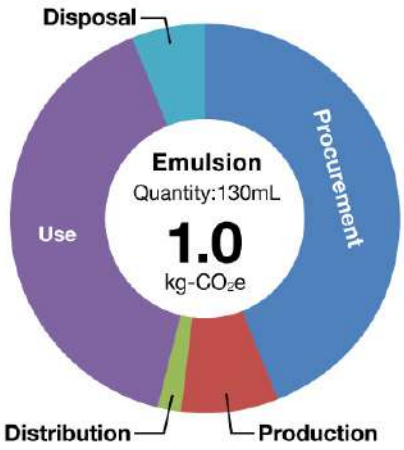
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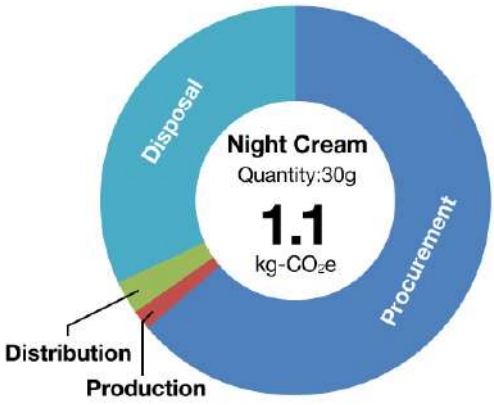


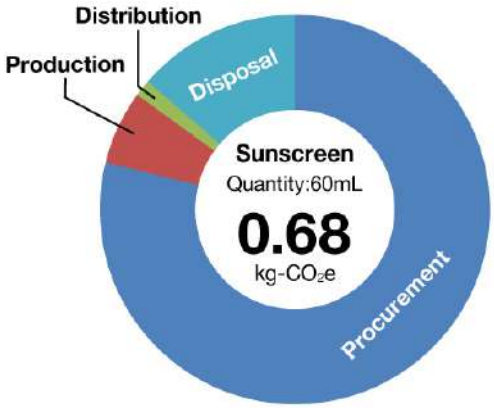


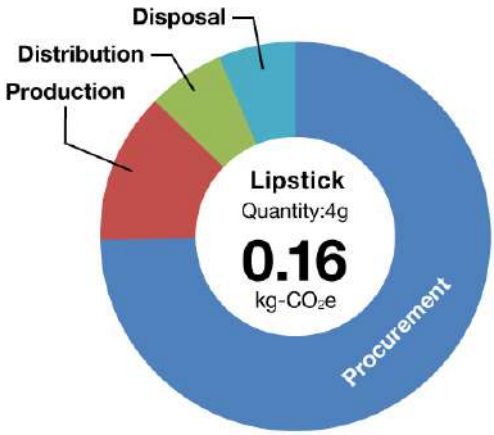




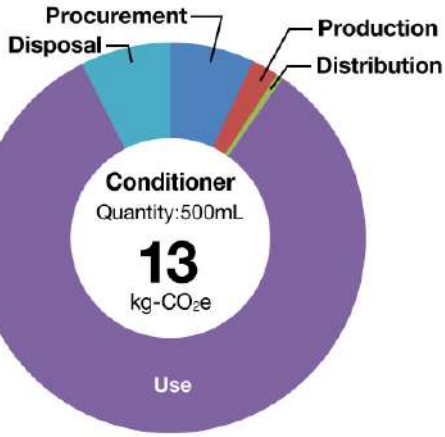












*The calculation of usage phase was evaluated by setting the following usage scenarios.

Type	Usage scenario
Facial wash	Rinse the face with 4.11L of hot water at 40°C
Makeup remover	Rinse the face with 4.5L of hot water at 33°C
Lotion, emulsion	Use a cotton pad and apply all over the face
Shampoo, conditioner	Rinse the face with 15L of hot water at 40°C

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ASSURANCE STATEMENT

SGS Japan's Report on Sustainability Activities in the Shiseido Group's Sustainability website.

NATURE AND SCOPE OF THE ASSURANCE

SGS Japan Inc. was commissioned by Shiseido Company, Limited (hereinafter referred to as "the Organization") to conduct an independent assurance of its Sustainability web site (hereinafter referred to as "the Report"). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, includes the stakeholder management process, data on greenhouse gas(GHG) emissions (Scope 1, 2, and category 1,4,5,11 and 12 of Scope 3), energy consumption, amount of water intake and drainage, BOD/COD, waste (waste discharged and waste disposed) and the management systems supporting the reporting process. Refer to the attached sheet for the detailed scope of assurance.

The information contained in the Report and its presentation are the responsibility of the governing body and the management of the Organization. SGS Japan Inc. has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data and statements within the scope of assurance with the intention to inform all the Organization's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured at a moderate level of scrutiny using our protocols for:

- Evaluation of content veracity;
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);
- Evaluation against the ISO14064-3(2006);

The assurance comprised a combination of pre-assurance research, interviews with the management, the division of responsible for CSR and the person in charge of producing the report at Shiseido main office, onsite visits to Shiseido head office and Kakegawa Plant, verification and confirmation of vouchers, and review of related materials and records. Some assurance procedures were carried out remotely by connecting via the internet to prevent the spread of COVID-19 infections.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; and environmental, social and sustainability report assurance. SGS Japan Inc. affirms our independence from the Organization, being free from bias and conflicts of interest with the Organization, its subsidiaries and stakeholders.

The assurance team was assembled based on the knowledge, experience and qualifications of the each of the team members for this assignment, and comprised auditors registered with lead auditors of ISO9001, ISO14001, ISO45001 and lead verifiers of greenhouse gas emissions.

ASSURANCE OPINION

Within the scope of the assurance activities employing the methodologies described above, nothing has come to our attention that caused us to believe that the information and data contained within the Report does not

provide a fair and balanced description of the Organization's sustainability activities from 1 January 2019 to 31 December 2019.

The assurance team is of the opinion that the Report can be used by the Reporting Organization's Stakeholders. We believe that the Organization has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

The Organization recognizes the importance of the multi-stakeholders (consumers, business partners, employees, shareholders, society and the earth), and perceives the needs and expectations through various stakeholder engagements. The Organization conducts business activities to achieve a sustainable society with the mission "BEAUTY INNOVATIONS FOR A BETTER WORLD". The Organization, assessing the relevance of the mission and business activities to issues from stakeholders and SDGs, practices sustainability management by reflecting the results in the business strategy.
The series of processes is available in the Report. SGS Japan Inc. confirmed the above processes through the assurance.

Materiality

The material issues identified by the Organization are determined with consideration of business activities including the value chain and the expectations from society, and the Organization addresses the issues in the entire Organization and the relevant divisions through the business activities. The relevant actions addressing the issues are defined Clean Environment, Respectful Society, Enriched Culture as "the three key ~~activity~~ themes", and their detailed activities are available in the Report. Particularly regarding "" Clean Environment, reduction in CO_2 emissions, promoting sustainable and responsible procurement(e.g.,palm oil), and developing sustainable packaging have been taken up as important issues and responded.
SGS Japan Inc. confirmed the above processes through the assurance.

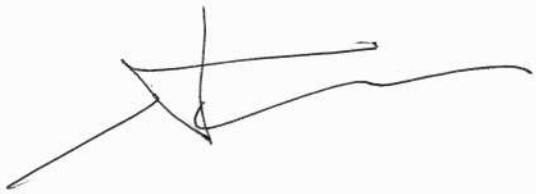
Responsiveness

The Organization addresses the identified issues in the relevant divisions through the business activities. The Organization communicates with the stakeholders by various measures including direct dialogue. The correspondence to stakeholders is also disclosed in the report along with its direction and specific cases in point demonstrating such measures. In addition, by incorporating the organization's ESG outcomes into executive compensation practices, the organization integrates sustainability impacts into organizational decisions.
SGS Japan Inc. confirmed the above processes through the assurance.

For and on behalf of SGS Japan Inc.
Senior Executive & Director
Certification and Business Enhancement
Yuji Takeuchi

AA1000
Licensed Assurance Provider
000-8

19 June, 2020
Signed:



The details of the scope of verification

The scope		The boundary and period	The assertion
1	Scope 1 and 2 include energy related greenhouse gas emissions. Energy consumption	Domestic and overseas facilities (188 facilities) 1 January 2019~31 December 2019	GHG : 83,709 t-CO2
2	Scope 3 Category1,4,5,11,12	All sites (190 facilities) *122 sites with Category 5 1 January 2019~31 December 2019	Category 1 : 557,375 t-CO2 Category 4 : 107,404 t-CO2 Category 5 : 30,690 t-CO2 Category 11 : 1,595,207 t-CO2 Category 12 : 99,999 t-CO2
3	Amount of water intake and drainage, BOD/COD	Domestic and overseas production facilities (12 facilities) 1 January 2019~31 December 2019	Intake : 1,200,000 m^3 Drainage : 930,000 m^3 BOD : 41 t, COD : 103 t
4	Waste (waste discharged and waste disposed)	Domestic and overseas sites (122 facilities) 1 January 2019~31 December 2019	16,890 t / 946 t

Internal

Social Data

Number of Shiseido Group Employees

Indicator		Period	2017	2018	2019	2020
Total (persons)		As of January 1 each year in Japan and as of December 31 of the previous year outside Japan	45,094	44,900	45,493	46,763
Female Ratio (%)	All Shiseido Group	As of December 31 of the previo us year	84.7	83.8	83.1	85.6
	Shiseido Group in Japan	As of January 1 each year	83.3	83.4	83.0	82.6

Number of Employees by Region (persons)

Indicator	Period	2017	2018	2019	2020
Japan	As of January 1 each year	23,276	23,505	☑24,346	☑24,884
China	As of December 31 of the previous year	9,375	8,792	8,264	8,975
Asia Pacific		3,653	3,663	3,699	4,635
Americas		6,399	6,169	4,314	3,685
Europe		2,391	2,861	4,675	4,386
Travel Retail		-	133	225	198

Data marked with ☑ has been third-party certified.
Scope: Shiseido Group in Japan (22 companies)

Number of Employees by Type of Employment (persons)

Indicator			Period	2017	2018	2019	2020
Japan	Employees	Total	As of January 1 each year	14,807	15,784	16,704	17,322
		Male		3,168	3,271	3,598	3,714
		Female		11,639	12,513	13,106	13,608
	Fixed-term contract employees	Total		8,469	7,721	7,642	7,562
		Male		706	628	559	605
		Female		7,763	7,093	7,083	6,957

Number of Leaders (persons)

Indicator			Period	2017	2018	2019	2020
Japan	Leaders*1	Male	As of January 1 each year	866	792	☑817	☑813
		Female		353	265	☑389	☑403
	Junior managers *2	Male		519	612	589	606
		Female		233	214	384	244

Data marked with ☑ has been third-party certified.
Scope: Shiseido Group in Japan (22 companies)

*1: Leaders: Manager position holders and annual salary system employees

*2: Junior managers: Manager position holders without subordinates and career path employees with subordinates

Ratio of Female Leaders (%)

Indicator		Period	2017	2018	2019	2020
All Shiseido Group	Ratio of female leaders	As of January 1 each year in Japan and as of December 31 of the previous year outside Japan	53.2	53.9	54.8	52.7*1
Japan	Ratio of female leaders *2 Target: To achieve 40.0% in 2020	As of January 1 each year	29.0	25.1	☑32.3	☑33.1
	Ratio of female junior managers*3		31.0	25.9	39.5	28.7
China	Ratio of female leaders	As of December 31 of the previous year	57.6	66.3	57.0	61.2
Asia Pacific			63.8	66.3	65.4	69.8
Americas			77.4	74.6	72.6	70.5
Europe			61.7	65.9	63.4	73.9
Travel Retail			-	-	19.6	48.5

Data marked with ☑ has been third-party certified.
Scope: Shiseido Group in Japan (22 companies)

*1: Ratio of female junior managers in all Shiseido Group: 54.2%.

*2: Leaders: Manager position holders and annual salary system employees

*3: Junior managers: Manager position holders without subordinates and career path employees with subordinates

Diversity in Top Management

Indicator	April 2019	April 2020
Ratio of female directors and Audit & Supervisory Board members (%)	45.5	46.2
Ratio of external directors and Audit & Supervisory Board members (%)	54.5	53.8

Ratio of Employees with Disabilities*1 (%)

Indicator	Period	2017	2018	2019	2020
Shiseido Company, Limited	As of June 1 each year	3.3	3.19	3.25	3.06
Shiseido Group in Japan*2		2.02	☑2.05	☑2.12	2.21
Target		2.0	2.2	2.2	2.2

Data marked with ☑ has been third-party certified.

*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

Employee Diversity

Indicator		Period	Age group	2020
Ratio of employees by age group	Shiseido Group in Japan	As of January 1 each year	Under 30 years old	50.2
			30-50 years old	19.8
			Over 50 years old	29.9

Indicator		Period	2018	2019	2020
Number of non-Japanese hires in Japan	Shiseido Company, Limited	As of January 1 each year	330	390	467
Ratio of non-Japanese hires in Japan (%)			1.4	1.6	1.9

Average Service Years of Employees (years)

Indicator		Period	2017	2018	2019	2020
Shiseido Group in Japan Employees (excluding fixed-term contract employees)	Average	As of January 1 each year	16.5	15.6	14.9	14.5
	Male		18.2	17.3	15.5	14.9
	Female		16.0	15.1	14.7	14.4

Job Turnover Rate (%)

Indicator		2016	2017	2018	2019
Shiseido Group in Japan	Manager positions/Career path positions	2.4	2.1	2.9	3.4
Shiseido Japan Co., Ltd.	Beauty consultant (BC) positions only (excluding fixed-term contract employees)	3.9	3.4	3.7	3.3

Working Hours

Indicator			2016	2017	2018	2019
Working hours	Total annual hours worked per person (hours/-years/persons)	Shiseido Company, Limited	1913.9	1915.4	1909.0	1878.0
		Shiseido Group in Japan	1828.8	1834.6	1817.5	1807.0
Prescribed working hours	Annual prescribed working hours (hours/-years/persons)	Shiseido Group in Japan	1844.5	1860.0	1844.5	1844.5
Overtime hours	Annual overtime hours per person (hours/-years/persons)	Shiseido Company, Limited	227.9	216.6	215.6	204.0
		Shiseido Group in Japan	104.3	102.1	102.7	101.7

Rate of Paid Leave Taken

Indicator		2016	2017	2018	2019	Target
Annual rate of paid leave taken per person (%)	Shiseido Company, Limited	76.8	79.0	77.4	78.8	To achieve 80.0% in 2019
	Shiseido Group in Japan	58.0	63.3	65.1	84.6	

Number of Employees Hired

Indicator			2016	2017	2018	2019
Shiseido Group in Japan	Periodic employment of career path positions	Male (persons)	66	83	70	62
		Female (persons)	83	72	93	82
		Female ratio (%)	55.7	46.5	57.1	56.9
	Periodic employment of Beauty consultant (BCs) positions	Male (persons)	3	2	2	5
		Female (persons)	238	255	269	268
		Female ratio (%)	98.8	99.2	99.3	98.2
	Mid-career employment	Male (persons)	-	53	72	106
		Female (persons)	-	44	54	111
		Female ratio (%)	-	45.4	42.9	51.2

Starting Pay (yen/month)

Indicator			2016	2017	2018	2019
Monthly amount paid*	Doctoral graduate	Employees who joined the company in April each year	265,000	265,000	265,000	265,000
	Master's graduate		235,000	235,000	235,000	235,000
	Undergraduate		215,000	215,000	215,000	215,000
	Technical/Junior college graduate		195,000	195,000	195,000	195,000

*An area allowance of 9,000 yen is provided to employees who live in Tokyo wards. (0 to 9,000 yen depending on area)

Average Annual Salary* (yen/year)

Indicator	2016	2017	2018	2019
Shiseido Company, Limited	7,177,618	7,239,104	7,313,401	7,165,467

*Including bonuses and extra wages

Equal Remuneration

Indicator		2019	2020
Shiseido Group in Japan	Manager positions	Male 105: Female 100	Male 106: Female 100
	Career path positions	Male 100: Female 100	Male 108: Female 100
	Beauty consultant (BC) positions	Male 85: Female 100	Male 88: Female 100

Number of Employees Rehired after Retirement (persons)

Indicator	Period	2017	2018	2019	2020
Shiseido Group in Japan	As of January 1 each year	333	275	374	114

Childcare Leave and Family Care Leave

Number of Employees who Used Childcare Leave System*1 (persons)

Indicator			2016	2017	2018	2019
Shiseido Group in Japan	All employees (including fixed-term contract employees)	Male	14	18	30	30
		Female	1,439	1,465	1,300	1,360

Number of Employees who Used Childcare Time System*2 (persons)

Indicator			2016	2017	2018	2019
Shiseido Group in Japan	All employees (including fixed-term contract employees)	Male	2	2	3	4
		Female	2,154	2,128	2,159	2,296
	In-store beauty consultants	Male	0	0	0	0
		Female	1,616	1,536	1,530	1,596

Reinstatement Rate after Childcare Leave*3 (%)

Indicator		2016	2017	2018	2019
Shiseido Group in Japan	Manager positions/Career path positions	98.2	97.5	97.5	95
Shiseido Japan Co., Ltd.	Beauty consultant (BC) positions only (excluding fixed-term contract employees)	98.2	97.5	93.1	92.5

Retention Rate after Childcare Leave*4 (%)

Indicator		2016	2017	2018	2019
Shiseido Group in Japan	Manager positions/Career path positions	95.7	98.2	98.9	100
Shiseido Japan Co., Ltd.	Beauty consultant (BC) positions only (excluding fixed-term contract employees)	90.8	98.5	92.1	98.8

Number of Employees who Used Family Care Leave System*5 (persons)

Indicator			2016	2017	2018	2019
Shiseido Group in Japan	All employees (including fixed-term contract employees)	Male	3	3	0	1
		Female	20	34	22	28

Number of Employees who Used Family Care Time System*6 (persons)

Indicator			2016	2017	2018	2019
Shiseido Group in Japan	All employees (including fixed-term contract employees)	Male	1	2	2	1
		Female	26	22	30	27

Kangaroo Staff*7 (persons)

Indicator	2016	2017	2018	2019
Shiseido Group in Japan	1,803	1,837	2,009	2,095

*1: Includes short-term childcare leave. Employees can use the system up to 5 years in total until the child turns 3 years old. (Employees are eligible to use the system 3 times for the same child under special circumstances)

*2: Employees can shorten their work hours by up to 2 hours a day until the child is in the 3rd grade of elementary school

*3: Reinstatement Rate = (Number of reinstatements from childcare leave in the current fiscal year)/(Number of scheduled reinstatements from childcare leave in the current fiscal year) × 100

*4: Retention rate = (Number of employees who stayed in the company as of December 31 of the current fiscal year since reinstatement from childcare leave in the year before)/(Number of reinstatements from childcare leave in the year before) × 100

*5: Up to 1 year per leave for 1 family member. Up to 3 years in total.

*6: Up to 2 hours a day. Up to 1 year per leave for 1 family member. Up to 3 years in total.

*7: Kangaroo Staff System: A system to allocate substitutes to support storefront operations for beauty consultant employees who take time off for childcare.

Labor accidents

Number of Work-Related Accidents*1

Indicator			2016	2017	2018	2019		
						Injury	Illness	Coverage of facilities (%)
Shiseido Group in Japan*2	Directly hired employees	Total(-factories/-contractors*3)	29(9)	23(3)	25(4)	☑30 (9)	☑0 (0)	100
Shiseido Group outside Japan	Directly hired employees	Total	111	72	54	65		80
Shiseido Company, Limited and Shiseido Japan Co., Ltd.	Indirectly hired employees (temporary staff) 3 major companies		-	-	0	☑0	☑0	39.6

Accident Severity Rate*4

Indicator		2016	2017	2018	2019	
					Injury	Illness
Shiseido Group in Japan*2	Directly hired employees	0.018	0.006	0.010	☑0.013	☑0.000

LTIFR*5 and OIFR*6

Indicator			2016 LTIR	2017 LTIR	2018 LTIR	2019	
						LTIFR	OIFR
Shiseido Group in Japan*2	Directly hired employees		0.96	0.59	0.73	☑0.87	☑0.00
		Employee coverage (%)	100	100	92.1	100	
	Indirectly hired employees (temporary staff) 3 major companies		-	-	0.00	☑0.00	☑0.00
		Employee coverage (%)	-	-	38.8	39.6	

Data marked with ☑ has been third-party certified.

*1: Number of labor accidents resulting in suspension of work

*2: Shiseido Group in Japan (2019): Shiseido Company, Limited and 9 consolidated subsidiaries

*3: The number of work-related accidents in factories in Japan is based on the number reported by our contractors

*4: Accident Severity Rate = Number of days lost due to work-related accidents/Total hours worked x 1,000

*5: Lost Time Injury Frequency Rate (LTIFR) = Number of work-related accidents/Total hours worked x 1,000,000

*6: Occupational Illness Frequency Rate (OIFR) = Number of occupational illness or disease cases/Total hours worked x 1,000,000

Labor Union

Percentage of Corporations with Labor Union (%)

Indicator	Period	2017	2018	2019	2020
Shiseido Group in Japan	As of January 1 each year	25.0	26.3	29.4	29.4
Shiseido Group outside Japan *1 (coverage 100%)		45.9	68.4	68.4	68.4

Number of Labor Union Members (persons)

Indicator	Period	2017	2018	2019	2020
Shiseido Group in Japan	As of January 1 each year	10,224	11,680	12,732	13,334

Ratio of Labor Union Members (%)

Indicator		Period	2019	2020
Shiseido Group in Japan	Ratio including fixed-term contract employees*2	As of January 1 each year	52.3	53.3
	Ratio excluding fixed-term contract employees*3		76.2	76.5

*1: Including work council

*2: Ratio of employees subject to collective bargaining agreement among all employees including fixed-term contract employees = Number of labor union members/Number of employees (including managerial position holders and fixed-term contract employees, but excluding temporary staff and corporate officers) × 100

*3: Ratio of employees subject to collective bargaining agreement among all employees excluding fixed-term contract employees = Number of labor union members/Number of employees (including managerial position holders, but excluding fixed-term contract employees, excluding temporary staff and corporate officers) × 100

Employee Satisfaction*

Indicator	2017	2019
All Shiseido Group	76	76

*Survey conducted every two years

Customer Satisfaction

In our Standards of Business Conduct and Ethics, we have committed ourselves "to strive continuously to improve consumers' trust in Shiseido and their satisfaction with our products and services at all points of contact." To measure our performance against this goal, we regularly conduct a corporate image survey and use the results to guide future corporate activities to further improve our performance in this area.

Favorability Rating

	2016	2017	2018	2019
"Impressions of Shiseido" among current Shiseido customers* (top 2 box scores <Very favorable / Favorable> on a 5-point scale) (%)	93.9	95.9	93.1	94.0

*Survey conducted in Japan only.

Compliance and Risk Management

Anti-Corruption

	Target	2016	2017	2018	2019
Operations assessed for risks related to corruption	All business offices inside and outside Japan	Significant risk identified: None	Significant risk identified: None	Significant risk identified: None	Significant risk identified: None
Confirmed incidents of corruption and actions taken	All business offices inside and outside Japan	Confirmed incidents of corruption: None	Confirmed incidents of corruption: None	Confirmed incidents of corruption: None	Confirmed incidents of corruption: None

Anti-Competitive Behavior

	Target	2016	2017	2018	2019
Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	All business offices inside and outside Japan	No legal action	No legal action	No legal action	No legal action

Operating Performance of Reporting and Consultation Desks for Employees

Reporting/consultation desks	Target	2016	2017	2018	2019
In-house Shiseido Consultation Office	Employees of the Shiseido Group in Japan	230 cases	224 cases	241 cases	265 cases
External Shiseido Hotline					
Compliance Committee Hotline					

Target and Performance of Human Rights Education Training for Employees

Type of training	Target	Target	2016 performance	2017 performance	2018 performance	2019 performance
Human rights enlightenment training (for Human Rights Enlightenment Promotion Representatives)	Representa-tives of each department of Shiseido Group in Japan	-	150 persons	258 persons	250 persons (93% attendance rate)	238 persons (98% attendance rate)
Human rights enlighten-ment training (for domestic employees)	Employees of Shiseido Group in Japan	100%	92%	93%	95%	97%

Activities to Enhance Corporate Ethics: Survey on employee harassment and compliance

Subjects	Type	Target	2019 results and improvement measures
Workplace compliance and harassment	Questionnaires*	All employees of Shiseido Group in Japan ● Number of departments involved: 105 ● Job type/position: Full-time employees (manager, comprehensive work main career track, beauty consultant, administrative work), fixed-term contract employees (including rehires), temporary staff.	● Number of respondents: 22,183 (response rate: 89.0%) ● Risk assessment method: Evaluate risks associated with workplace compliance and harassment by each organization on a scale of 1 to 5. ● Measures for latent risk factors: Increase opportunities for ethics education of the department head so that appropriate responses will be promptly taken for diverse issues specific to individual job types. ● Risk reduction measures: Shiseido headquarters shared assessment results with of the department head and provided teaching materials for ethics education. At the same time, gave an instruction to department head to make an action plan to reduce identified risks, for instance, providing additional education to prevent power harassment at work, and carry out the plan at each organization.

*Questionnaires were prepared in six languages in consideration and human rights awareness of the diverse workforce including non-Japanese speaking foreign national employees. As the surveys are intended to create a sound workplace environment, they were given not only to directly hired employees, but also those indirectly hired and seconded from partner companies. Results were analyzed by employment status, job type and job position.

Number of Serious Compliance Violations*

Target	2016	2017	2018	2019
Shiseido Group	None	None	None	None

*Determination and management of serious compliance violations within internal business operations of Shiseido Group

Donations to Political Parties

	2017 (million yen)	2018 (million yen)	2019 (million yen)
Shiseido Company, Limited	-	None	None
Shiseido Group in Japan*	-	None	None

*Shiseido Group in Japan: Shiseido Company, Limited and 19 domestic affiliated companies subject to consolidation (as of December 31, 2019)

Non-Compliance with Laws and Regulations in the Social and Economic Area

Incidents of Non-Compliance Concerning Health and Safety Impacts and Services

	Target	2016	2017	2018
Examples of administrative guidance based on the Pharmaceuticals and Medical Devices Act, etc.	Japan	No violations against regulations and voluntary codes (Examples of administrative guidance based on the Pharmaceuticals and Medical Devices Act, etc.)	No violations against regulations and voluntary codes	No violations against regulations and voluntary codes
Examples of recalls and voluntary collections that required announcement in newspapers, etc.	Japan		Violations against regulations and voluntary codes: 4 cases	Violations against regulations and voluntary codes: 1 cases

	Target	2019
Examples of administrative guidance based on the Pharmaceuticals and Medical Devices Act, etc.	All business offices inside and outside Japan	No violations against regulations and voluntary codes
Examples of recalls and voluntary collections that required announcement in newspapers, etc.	Japan	Violations against regulations and voluntary codes: 4 cases

Incidents of Non-Compliance Concerning Product and Service Information and Labeling

	Target	2016	2017	2018
Examples of administrative guidance based on the Act against Unjustifiable Premiums and Misleading Representations and Pharmaceuticals and Medical Devices Act, etc.	Japan	Violations against regulations and voluntary codes: 1 case	Violations against regulations and voluntary codes: 1 case	No violations against regulations and voluntary codes

	Target	2019
Examples of administrative guidance based on the Act against Unjustifiable Premiums and Misleading Representations and Pharmaceuticals and Medical Devices Act, etc.	Japan	No violations against regulations and voluntary codes

Incidents of Non-Compliance Concerning Marketing Communications

	Target	2016	2017	2018
Examples of administrative guidance based on the Act against Unjustifiable Premiums and Misleading Representations and Pharmaceuticals and Medical Devices Act, etc.	Japan	No violations against regulations and voluntary codes	No violations against regulations and voluntary codes	No violations against regulations and voluntary codes

	Target	2019
Examples of administrative guidance based on the Act against Unjustifiable Premiums and Misleading Representations and Pharmaceuticals and Medical Devices Act, etc.	All business offices inside and outside Japan	No violations against regulations and voluntary codes

Incidents of Reporting Personal Information Disclosure to Personal Information Protection Commission

Target	2017	2018	2019
Shiseido Group in Japan	6 cases	3 cases	0 cases

Non- Compliance with Laws and Regulations in Social and Economic Areas

Target	2016	2017	2018
Shiseido Group in Japan	No fine imposed for violation of law	No fine imposed for violation of law	No fine imposed for violation of law

Social Contribution Activity Highlights

Number of Social Contribution Activities (activities)

Target	2018	2019
All Shiseido Group	408	1,337

Number of Participating Employees (cumulative persons)

Target	2018	2019
All Shiseido Group	10,040	9,197

Spending on Social Contribution Activities(millions of yen)

Target			2018	2019
Shiseido Company, Limited	Spending on donations		*203	*553
	Breakdown	Donations made in cash	*203	*552
		Donations made by product offerings	*0	*0.24
Shiseido Group in Japan a)	Spending on donations		*210	*563
	Breakdown	Donations made in cash	*210	*562
		Donations made by product offerings	*1	*0.37
Shiseido Group outside Japan b)	Spending on donations		114	124
	Breakdown	Donations made in cash	101	111
		Donations made by product offerings	12	13
All Shiseido Group	Spending on donations		324	687
	Breakdown	Donations made in cash	311	673
		Donations made by product offerings	13	14

a)Shiseido Group in Japan: Shiseido Company, Limited and 19 domestic affiliated companies subject to consolidation (as of December 31, 2019)

b)Shiseido Group outside Japan: 39 overseas affiliated companies subject to consolidation (as of December 31, 2019)

Data marked with * has been third-party certified.

Expenses other than donations in 2019 include the cost of the time that employees spent volunteering during working hours (119 million yen) and management costs of social initiatives such as activities of the Shiseido Life Quality Beauty Centers and artist support (381 million yen).

Social Contribution Activities - Cosmetics, Beauty, and Support for Women

Item	Indicator	2016	2017	2018	2019	Target
Shiseido Life Quality Beauty Centers	Number of facilities* (locations)	1			1	Japan
		4	4	4	5	Outside Japan
	Number of users (persons)	495	466	319	167	Japan
		828	935	1,022	1,043	Outside Japan
Shiseido Life Quality Beauty Seminars	Total number of participants (persons)	73,345	74,014	70,222	54,551	Japan

*Held in four locations in Hong Kong, Kaohsiung, Shanghai, Taipei, and Tokyo until 2018. Singapore was added in 2019.

Promotion of Gender Equality

Item	Results
Number of participants in Gender Equality Awareness Program Target: 1,500 participants from 2017 to 2019	Results: 2,405 participants (1,400 in 2019, 505 in 2018, 500 in 2017) Approx. 900 students from 41 schools across Japan participated in the workshop in 2019

Support for Patients with Xeroderma Pigmentosum (XP) (UV-sensitive intractable disease)

Item	Description	2018	2019
Donation of sunscreen products	We provided Shiseido Group's various sunscreen products (ANESSA, 2e, SUMMEDIC, Avene, etc.) to the Japanese National Network of Xeroderma Pigmento-sum (XP)*.	1,821 items, 22 types of sunscreen products donated to 92 XP patients	2,171 items, 22 types of sunscreen products donated to 94 XP patients
Donations by employees	We make good use of donations by employees (Shiseido Camellia Fund) to support patient exchange meetings and purchase UV protective clothing.	2,164,977 yen	2,204,700 yen
Number of employees involved in support of activities of the Japanese National Network of Xeroderma Pigmentosum (XP)	1. Seminar on usage of sunscreen products: Our research staff and beauty consultants provide patients and their families with the latest information on sunscreen products, as well as practical training and individual consultation on how to apply and remove sunscreen products correctly. 2. Support for patient meetings: Our employees act as childcare volunteers during exchange meetings which are held to establish a network between patients.	18 employees	12 employees
Number of XP enlightenment leaflets distributed	In order to raise awareness of XP, an intractable disease, we support the creation and distribution of patient group leaflets.	● Approx. 120 patient group leaflets distributed ● 400 copies of 3rd XP national convention report produced	● 1,000 patient group leaflets produced and 285 copies distributed
Other focus topics	In February 2019, we won the Corporate Philanthropy Award from the Japan Philanthropic Association in recognition of our social contribution activities that utilize our management resources organically and sustainably to resolve social issues.		

*Japanese National Network of Xeroderma Pigmentosum (XP) : A network consisting of three XP patient groups in Japan (Osaka, Kobe, and Tokyo). We are working to achieve more fulfilling daily lives for XP patients and their families.

Social Contribution Activities - Culture

Item	Indicator	2016	2017	2018	2019	Target
Shiseido Gallery (Ginza)	Number of visitors (persons)	54,626	83,573	54,300	41,811	Japan
Shiseido Corporate Museum* (Kakegawa)		30,571	29,735	31,733	20,453	Japan
Shiseido Art House (Kakegawa)		31,939	23,536	35,177	31,590	Japan
S/PARK Museum (Yokohama)				-	49,215	Japan
shiseido art egg	Number of award winners (groups)	3	3	3	3	Japan

*The museum is open only on Friday, Saturday and Sunday from 2019.

Community and Disaster Support

Donations and social contribution activities by Shiseido Group employee volunteers (Social Contribution Club) are as follows.

Item	Unit	2017	2018	2019		Target
Amount of donations through Shiseido Camellia Fund	Yen	17,623,751	16,884,724	17,245,134	302,125,727 (FY2005-2019)	Japan
Amount of donations through Disaster Contribution	Yen	0	2,974,526	1,712,500	63,973,986 (FY2004-2019)	Japan

Academic Support

Item	Indicator	2016	2017	2018	2019	Target
Shiseido Female Researcher Science Grant	Number of award winners (persons)	10	10	10	10	Japan
JSID's Fellowship Shiseido Research Grant	Number of award winners (persons)	2	2	2	2	Japan
Japanese Dermatological Association basic medical research grant (Shiseido donation)	Number of award winners (persons)	6	6	6	6	Japan

Activities for Children

Item	Indicator	2016	2017	2018	2019	Target
Initiatives for Children Shiseido Kodomo Seminar for Juniors	Number of participants* (persons)	659	753	781	1,555	Japan

*Target audience: Upper grade students in elementary school after FY2017. Includes number of participants not only for seminars by employees but seminars in collaboration with teachers.

INDEPENDENT ASSURANCE STATEMENT

To: Shiseido Company, Limited

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Shiseido Company, Limited (Shiseido) to provide limited assurance over its sustainability information selected by Shiseido. This Assurance Statement applies to the related information included within the scope of work described below.

Selected information

The scope of our work was limited to assurance over the following information included within Shiseido Corporate Website 'Sustainability' page (the 'Web page') or reported internally to Shiseido Group only for the purpose of internal management for the period of January 1, 2019 through December 31, 2019 (the 'Selected Information'):

Shiseido Group (Japan)

- Number of employees (Total)
- Number of leaders (Male / Female)
- Ratio of female leaders
- Ratio of employees with disabilities
- Number of work-related accidents (Directly hired employees)
- LTIFR: Lost Time Injury Frequency Rate
  (Directly hired employees / Indirectly hired employees)
- OIFR: Occupational Illness Frequency Rate (Directly hired employees)
- Spending on social contribution activities
  (Spending on donations / Donations made in cash / Donations made by product offerings)

Reporting criteria

The Selected Information included within the Web page needs to be read and understood together with the reporting criteria stated in the Shiseido Corporate Website.

The Selected Information reported internally to Shiseido Group only for the purpose of internal management needs to be read and understood together with the internal reporting criteria defined by Shiseido.

Limitations and Exclusions

Excluded from the scope of our work is any verification of information relating to:

- Activities outside the defined verification period;
- Any other information within the Web page, which is not listed as the 'Selected Information'.

This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Responsibilities

This preparation and presentation of the Selected Information in the Web page are the sole responsibility of the management of Shiseido.

Bureau Veritas was not involved in the drafting of the Web page or of the Reporting Criteria. Our responsibilities were to:

- obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria;
- form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- report our conclusions to the Directors of Shiseido.

Assessment Standard

We performed our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Effective for assurance reports dated on or after December 15, 2015) issued by the International Auditing and Assurance Standards Board.

Summary of work performed

As part of our independent verification, our work included:

1. Conducting interviews with relevant personnel of Shiseido;
2. Reviewing the data collection and consolidation processes used to compile Selected Information, including assessing assumptions made, and the data scope and reporting boundaries;
3. Reviewing documentary evidence provided by Shiseido;
4. Reviewing Shiseido systems for quantitative data aggregation and analysis;
5. Verification of sample of data back to source by carrying out physical site visit to Shiseido's head office;
6. Reperforming a selection of aggregation calculations of the Selected Information;
7. Comparing the Selected Information to the prior year amounts taking into consideration changes in business activities, acquisitions and disposals.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Conclusion

On the basis of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria;
- It is our opinion that Shiseido has established appropriate systems for the collection, aggregation and analysis of quantitative data within the scope of our work.

Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA), across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behavior and high ethical standards in their day-to-day business activities.

Bureau Veritas Japan Co., Ltd.
Yokohama, Japan
April 30, 2020