

# Society

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 coronavirus (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.

## 1. 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.

## 2. 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.

## 3. Promoting Respect for Human Rights

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 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.

### Human Resources

### Respecting Human Rights and Ensuring Responsible Procurement

# 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:

## 30% Club Japan Participation for Sound Gender Balance in Corporate Decision-making Bodies

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 and belief that "Japanese companies must play a central role in promoting social change", 30% Club Japan established the "TOPIX Presidents' Committee", a community of TOPIX 100 and TOPIX Mid 400 leaders. The Committee works to achieve a 30% ratio of women in upper management roles at TOPIX 100 companies in Japan by 2030.

In addition, as part of specific action to deal with three factors that impede women's career growth, 30% Club Japan has promoted collaborative initiatives with member companies, such as offering opportunities for young female employees to explore their careers at an early stage, as well as sharing management know-how to support employees through childbirth and child-rearing, and holding exchange events for female executive candidates and leaders of the TOPIX Presidents' Committee.

By participating in 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 ranks 120th in the Global Gender Gap Report 2021.

[Click here for the TOPIX Presidents' committee \(Japanese language only\)](#)



TOPIX Presidents' Committee

## Support for Women's Empowerment in Collaboration with Local Government

Shiseido Japan Co., Ltd. and Hiroshima Prefecture signed an agreement aimed at supporting women's empowerment in 2021, wherein Shiseido will contribute to the local community through activities it has worked on in support of women's empowerment and gender equality. Going forward, Shiseido Japan Co., Ltd. will support women's social participation and employment in Hiroshima Prefecture, mainly through beauty seminars. Additionally, the Company will raise public awareness and disseminate



information on the support of women's empowerment and help create a network of working women. In March 2021, an online seminar was held for 14 women seeking re-employment as an event to commemorate the agreement for the collaboration. A lecture on basic makeup and advice was shared on makeup for online interviews, now mainstream due to the effects of COVID-19, to help women prepare for their career restart.

## 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.

These facilities have been well-received, with feedback such as "I can return to work at any time without worries," "I feel a sense of security that my child is at a place near my workplace," and "I can concentrate on my work as I don't have to rush to pick up my child." These comments show how much the facilities have contributed to changing the mindset on work styles and realizing a work-life balance.

In the drive to "improve the childcare environment through coordination among companies," Shiseido started its childcare business in 2017 with the establishment of KODOMOLOGY Co., Ltd., which focuses on entrusted operation of in-house childcare facilities within businesses. In addition to the operation of our own in-house nurseries, we began supporting and managing two childcare facilities at other companies in Kanagawa and Shizuoka prefectures. Since 2019, Shiseido has held workshops for employees raising children, including dual-career couples. A program for children was also offered under the academic guidance of the Center for Early Childhood Development, Education, and Policy Research in the Graduate School of Education at the University of Tokyo. It was designed for children to develop their curiosity and power of expression while learning onomatopoeic and mimetic words using cosmetic ingredients. Shiseido will continue its wide variety of activities as part of efforts to realize a sustainable society where everyone can grow in good health.



In-house daycare nursery "Kangaroom Kakegawa"



## Supporting Female Researchers

We are working to increase the ratio of female researchers in Japan, which remains at a low level of about 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 2021, its 14th year of operation, a grant of one million yen was bestowed to each researcher.

The grant provides unique flexibility, allowing researchers to use the money in support of life events including childbirth and childcare in the course of advancing research. In addition to the grant, in 2020 the Company held an exchange event for female researchers via an online platform. This facilitated participating in the event remotely and contributed to building a network among them.

To date, we have contributed to the research achievements of 139 female researchers in Japan.

# SCIENCE GRANT

SHISEIDO FEMALE RESEARCHER



Online exchange event



The Shiseido Female Researcher Science Grant online award ceremony



## Supporting the creation of a “third place” for working women (Sponsor of the Corporate Ladies Team Golf Tournament)

Shiseido has been supporting the Corporate Ladies Team Golf Tournament as a special sponsor since 2019. This tournament focuses on the significance of a "third place," where women's work and private lives are bridged. Shiseido seeks to support the creation of this place where working women with common interests can gather, form relationships, and motivate one another towards shining brighter, at home and work.

We promote the concept of "a third place for working women," and see this tournament as an opportunity to increase women's empowerment within Japanese society.

In its third year, we held the tournament under the theme "Power of Women 2021: Let's expand the circle of support!" aiming to inspire all the women who continue to work hard in this difficult environment of COVID-19.

Overcoming concerns that the event would not be held in this third year due to the COVID-19 pandemic, and taking the necessary preventive measures, we held qualifiers at four locations nationwide in August. The final tournament was held on Saturday, December 11th.

In the final tournament, the events were held on a smaller scale, but the 64 participating teams (128 players) had more participants than last year and they enjoyed golfing, networking, and feeling invigorated for the future.



# Education of Women and Girls and Supporting Self-reliance

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 their autonomy.

## Clé de Peau Beauté's Commitment in Supporting Girls' Education and Empowerment

In 2019, Clé de Peau Beauté announced a global partnership with UNICEF\*1 to support girls' education and empowerment around the world. The brand pledged the world's largest contribution of US\$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\*2 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.

This partnership aims to provide girls who are unable to attend school with necessary learning opportunities for them to earn a livelihood and to get a job. Specifically, the partnership support UNICEF's work to promote STEM education\*3 for girls in Bangladesh, Kyrgyzstan and Niger, among other countries and regions where female students have long been deprived of access to learn STEM subjects due to stereotypes and gender norms towards girls.

Girls will also learn skills such as self-confidence, teamwork, and decision-making as well as have access to mentorships so that they can successfully transition to the workforce. Through this partnership, we contribute to the realization of the United Nation Sustainable Development Goal 4 (SDG 4), "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all," and SDG 5, "Achieve gender equality and empower all women and girls," while protecting the rights of girls, working to achieve international goals that aim to provide girls with equal education and employment opportunities as boys, and helping them unlock the power of their potential.

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\*4.

In 2021, the Power of Radiance Awards recognized Alyona Tkachenko from Kazakhstan in recognition of her efforts to advocate and promote STEM education among young women and girls in her country.

At events such as 2021 ADB Asia and the Pacific Virtual Gender Forum and the UNICEF-hosted Global Forum for Children and Youth, Clé de Peau Beauté shared the value of its partnership with UNICEF in supporting girls' education and empowerment and emphasized the importance of private sector engagement.



Building 21st century Skills for Girls in Kyrgyzstan

@UNICEF/UN041263/Pirozzi



The Power of Radiance Awards recipient for 2021 Alyona Tkachenko

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.

\*1 : UNICEF does not endorse any company, brand, product or service.

\*2 : CRM Campaign: A Cause Related Marketing Campaign whereby a portion of The Serum's sales will be donated to support UNICEF's program.

\*3 : STEM: A general acronym for educational fields in Science, Technology, Engineering and Mathematics. The STEM educational method develops skills such as spontaneity, creativity, judgment and problem solving, thereby developing talents who are well adapted to a technological and global society and can compete on the international stage.

\*4 : Grants from the Power of Radiance Awards are donated to a charitable organization of the award recipient's choice in support of educational initiatives.

## Shiseido Travel Retail: Supporting Socially Disadvantaged Women

In 2020, Shiseido Travel Retail partnered with Friends-International for the "Empower Her" initiative, which 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.



Beauty Training



Vocational Training



# 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 the Shiseido Group workforce is female. The percentage of women in leadership positions across our global organization is 57.5%\*. As of March 2021, 46.2% of our board members are women. In Japan, as of January 2021, the percentage of female leaders is 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.



Mentoring program with female corporate officers "Speak Jam"

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 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.

\* As of January 1, 2021 in Japan, and December 31, 2020 overseas

We also focus on improving our workplace environments to make them better and more productive places, not only for female employees but also others with diverse backgrounds and attributes, in order to promote further business growth through enhancing workplace health and safety as well as job satisfaction. To this end, we are implementing initiatives including revision of our work arrangements into flextime work schedules with no core hours, roll-out of remote work programs throughout the Shiseido Group in Japan, and adoption of an innovative work arrangement called "Shiseido Hybrid Workstyle" that allows employees to combine in-office work with remote work to maximize the synergy of the two work arrangements.

## External Evaluations

Shiseido received the Prime Ministerial Award for Women Empowering Companies 2020 from the Cabinet Office of Japan to commend Japan's Leading Companies where Women Shine in recognition of outstanding results in terms of policies, initiatives and achievements in promoting female employees to executive and managerial positions.

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.

Shiseido 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 & 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 are the first Japanese company to win the WCD Visionary Award for Leadership and Governance of a Public Company.

We will continue to embrace diverse employees with different backgrounds, including not only women but also non-Japanese and mid-career employees, in order to accelerate diversity and inclusion.

\* 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.



The Prime Ministerial Award for Women Empowering Companies



2020 WCD Visionary Awards

## International Women's Day: Shiseido Global Action

Shiseido uses the International Women's Day (March 8) of each year as an opportunity to implement various initiatives to promote a deeper understanding of gender equality as well as diversity and inclusion among all global employees. In 2021, we conducted the Career Relay Campaign as a cross-regional initiative under the common theme, "Enhance your confidence to boost your prospects." As part of the campaign, we featured the backgrounds and career milestones of six female executives at Shiseido through our Company intranet, profiling their vital roles in respective regions across the world. In Japan, some 24,000 employees underwent Gender Equality training via the Company's e-learning platform. We also held an open discussion about gender by women artists at the Shiseido Gallery. In each country, we have promoted initiatives to think about gender issues together with employees.

Shiseido's regional headquarters for Asia Pacific and Travel Retail, both based in Singapore, promoted initiatives together to urge their managers and employees alike to think about gender issues by, for example, distributing feature articles on International Women's Day internally to promote the employees' awareness, and requesting the design of original coasters and giving them out to employees to support the income of mother artists in difficult situations.

Shiseido's regional headquarters for China donated 6,000 cosmetic products via the China Women's Development Foundation to healthcare workers treating COVID-19 infected patients. In China, we also held a leaders' panel discussion.

In our regional headquarters for the Americas, we held a panel discussion featuring female leaders where each employee shared their thoughts on International Women's Day together with their photos on the Company intranet. We

also conducted a workshop with a support group for survivors of domestic violence. Headquarters employees wrote what they learned from the workshop and expressed their empathy with survivors via postcards delivered to the group.

Our regional headquarters for Europe produced a video program featuring interviews with its employees, sharing their thoughts on diversity and inclusion initiatives and the importance of female leaders.

Shiseido will continue its efforts to make the world a place in which diversity and uniqueness are widely embraced and everyone can feel happiness and enjoy freedom regardless of gender.



Shiseido logo for International Women's Day



Original coasters (Singapore)



Panel discussion by leaders (China)

# Empowering People through the Power of Beauty

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

## 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.\*1

In 2020, in order to continue activities during the coronavirus (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.\*2 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\*3 at the International Pigment Cell Conference.\*4 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.\*5 The awards recognize organizations that are exemplary in their corporate giving, and those that engage partners and stakeholders in their initiatives.

\*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.

\*4 : Abstract title: QOL effect of cosmetic camouflage for vitiligo

\*5 : Champions of Good was launched in 2017 under the Company of Good in Singapore



Shiseido Life Quality Makeup

## SINGAPORE: Shiseido Life Quality Beauty Center



The first in South East Asia, the Shiseido Life Quality Beauty Center in Singapore is committed to empowering customers with more confidence through private sessions with our specialised beauty consultants. Designed for comfort, support and learning, its spacious rooms are also fitted with sofas for family and friends.





#### Address:

Shiseido Life Quality Beauty Center  
182 Cecil Street, #15-03 Frasers Tower  
Singapore 069547

Consultations are by appointment only.

To arrange for one, please call +65 6430 9969  
or email [SLQC@shiseido.com.sg](mailto:SLQC@shiseido.com.sg)

### 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, following up in 2020 with Men's Grooming for Cancer Patients \*1. 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 SALON 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 advisers help make daily life more comfortable for our consumers.\*2

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.

\*1 : Also available on the Shiseido Life Quality Makeup website.

\*2 : Care advisor is our name for certified beauty artists who have completed our original educational curriculum and passed the certification exam.



Online makeup lessons



Men's Grooming For Cancer Patients



## 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. In 2020, we exhibited photos from the program at LIVE EMPOWER CHILDREN 2020, a charity event 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.



Private online makeup lessons on LAVENDER RING

## 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.\*1 As of December 2020, 459 CRC member retailers had adopted the program.\*2

\*1 : 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.

\*2 : CRC: National Federation of Cosmetic Retail Cooperative.



Designated private room (Sugi Pharmacy Fushimi Branch)

## Supporting Older People

Due to coronavirus (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.\*1 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.\*2 In September 2020, one of Shiseido's researchers delivered a presentation at the 84th Japanese Psychological Association Symposium.\*3 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 senior citizens.

\*1 : Provided to 23 facilities nationwide.

\*2 : Launched in 44 prefectures (as of December 2020).

\*3 : Held online.



Local workshop led by medical workers  
(Fukuoka, Japan)

## 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.



SHISEIDO Guide 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.



Grooming lessons

\*The Shiseido Social Welfare Foundation is a public interest incorporated foundation

# Support for Patients with Xeroderma Pigmentosum (XP), a UV-Sensitive Intractable Disease

## Support Outline

Our employee-based activities include financial aid for holding patient exchange meetings funded by voluntary donations from participating employees' salaries (Shiseido Camellia Fund), and sending volunteer staff to support the patient exchange meetings.

We help XP patients effectively protect their skin and enjoy outdoor activities as well.



## Purpose of Activities

We position "society" (activities to motivate and empower people) as an important issue of corporate materiality, which includes "improving the quality of life (QOL) of all people." We believe that protecting people's health through our products in the face of environmental changes is an important social contribution of our core business. We have a long history of research with sunscreen products that protect skin from UV rays, as well as insights into effective sunscreen usage, and market a broad range of high-quality sunscreen products. Support for UV-sensitive patients suffering from an intractable disease is one activity that can contribute to the resolution of social issues by taking advantage of our strengths.

## About Xeroderma Pigmentosum (XP)

XP is an intractable disease that causes severe sunburn reactions, such as redness and swelling of areas exposed to UV rays. There are multiple types of XP, with varying symptoms and severity. A severe form may involve the progression of neurological symptoms (e.g., walking difficulty, hearing loss, or intellectual disability). As a fundamental treatment has not yet been established, proper light protection (i.e., blocking UV rays) is the only viable countermeasure. When patients go outdoors, they have to wear sunscreen and UV protective clothing. Even indoors, windows and fluorescent lights are shielded with UV-blocking plastic film. There are an estimated 500 people diagnosed with XP in Japan. The Japanese National Network of Xeroderma Pigmentosum (XP)\* conducts activities with the aim of realizing better and more fulfilling lives for XP patients and their families.

\* Japanese National Network of Xeroderma Pigmentosum (XP): A network of three XP patient groups in Japan (Osaka, Kobe, and Tokyo).

Shiseido will continue to support improvement in the quality of life of our customers.

## Basic Policy Regarding Personnel Affairs

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 (comprising OUR MISSION, OUR DNA, and OUR PRINCIPLES) is our guiding light.

To create value globally, a company needs to develop its people as the most important management resource. Believing this, and based on our policy of PEOPLE FIRST, we will promote personnel development vigorously, to "increase individual competencies" and "fulfill individual potential" to increase organizational competencies, thereby "enhancing corporate strength."

We should have effective leadership development programs to increase individual competences and appropriate performance management systems to fulfill individual potential. For this purpose, the global personnel department is leading a task force to develop a range of talent management and development programs and evaluation systems in line with THE SHISEIDO PHILOSOPHY.

We will introduce to our global operations the personnel affairs regulations established and revised so as to increase individual and organizational competencies and activities aimed at enhanced engagement and inclusive corporate culture. In doing this, we will respect specific needs of each regional headquarters, answering the call to "Think Global, Act Local."

# Diversity and Inclusion

As expressed in our slogan "Love the Differences," we recognize and respect each other in all the ways that make us unique, such as gender, age, and nationality, as well as ways of thinking, to realize the corporate philosophy of Shiseido. We work on creating new value by promoting diversity and inclusion at the workplace.

## Support for Women's Empowerment

Shiseido sees gender equality as a management strategy to enhance employees' vitality and improve results. We support the active participation of women to enhance corporate trust in employees, who are major stakeholders.

In Japan, we have promoted changes in the awareness and behavior of all employees to strengthen the development of female employees for more than 15 years. As the first step of this initiative, we opened in-house nurseries and subsidized childcare fees. In addition, we established paid leave programs, including a nursing care leave system for children, for employees to flexibly balance work and childcare. At the same time, we began reviewing how employees work to achieve work-life balance – a Company-wide initiative to correct long hours which keep women from more active roles. In 2020, we launched the "Shiseido Hybrid Work Style" suited to lifestyles since the spread of the novel coronavirus, and have been recommending work styles that allows employees to combine remote and in-office work flexibly according to their purpose to maximize efficiency.

In 2020, 1,370 Shiseido Group employees in Japan (including 67 men) took childcare leave, and the retention rate after returning to work was 94.1%. For those returning to work after childbirth, the Company also provided welcome-back seminars to ease anxiety about balancing childcare and work (26 participants). Since 2020, we have started the "Speak Jam" mentoring program, in which female executives and female employees have direct dialogue (38 participants).

Currently, Shiseido operates two in-house childcare facilities: Kangaroom Shiodome (Minato-ku, Tokyo) and Kangaroom Kakegawa (Kakegawa City, Shizuoka Prefecture). These nurseries accept a certain number of children of employees from nearby companies and neighboring residents in addition to children of Shiseido employees. In 2017, we established KODOMOLOGY Co., Ltd. within the Shiseido Group, which is responsible for the operation and consulting of in-house childcare facilities. Building on the results we have achieved, through supporting the active participation of our female employees, we contribute to the realization of a society in which employees in the child-rearing period can play an active role.

## Fostering Female Leaders

In Japan, we provide an "individual personnel development" program for leader candidates to foster female leaders. Through opportunities particularly to engage in higher levels of work duties, so that they can improve their skills and gain management experience. Additionally, since 2017 we have held the "NEXT LEADERSHIP SESSION for WOMEN," a leadership training session that supports excellent female employees who will lead the future. The training session is a program to help female leader candidates find their own leadership style while learning business administration and management skills. Participants learn how to deal with common hurdles in



"NEXT LEADERSHIP SESSION for WOMEN"

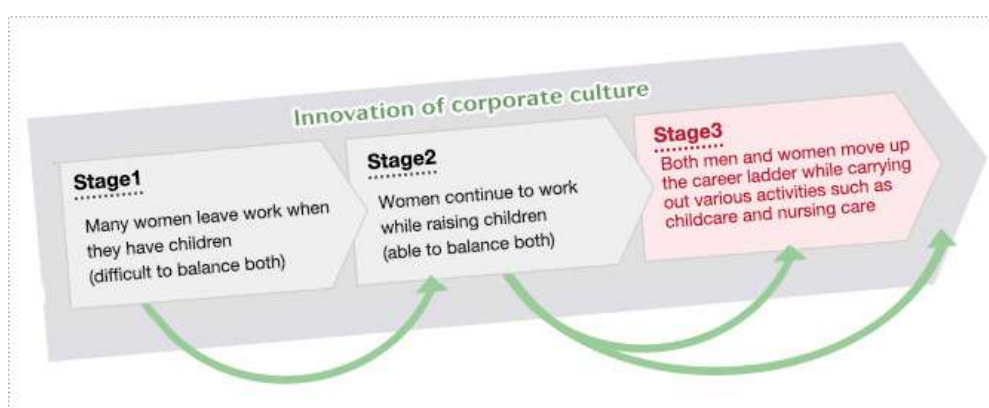


demonstrating leadership consists of lectures by women leaders, networking among employees, and coaching. Through comprehensive leadership development, participants learn the indispensable need for the active participation of women, deepen their confidence, and are enabled to further demonstrate leadership. In 2020, 24 leader candidates took part in the program.

In Europe, "SHEseido," a program to empower female employees, has been held since 2017. In 2019, 20 talented employees from eight facilities gathered at the EMEA Headquarters (located in France) to strengthen their networks through various activities, including opinion exchange on leadership and career development.

As a result of initiatives to foster female leaders, the ratio of female leaders of the Shiseido Group in Japan increased to 34.7% (as of January 2021), and the ratio of women on the Board of Directors increased to 46.2% (as of March 2021). The ratio of female leaders at overseas facilities (Asia Pacific, Americas, China, Europe, and Travel Retail) exceeds 60%. Going forward, we aim to raise the ratio of female leaders to 50% in all six regions including Japan as a true representation.

### <Three Steps for Women Taking Active Roles>



We focus intensively on cultivating a company culture in which diverse employees play active roles while demonstrating their skills and proactively building their careers.

## LGBT Initiatives

Shiseido is working on creating an environment and raising awareness so that every employee can be themselves at work by eliminating discrimination and harassment due to gender identity and sexual orientation.

In Japan, from 2017, the Rules of Employment stipulate equal treatment, including employee benefits, for employees with same-sex and opposite-sex partners. In addition, the Human Resources Department works to promote understanding of LGBT rights and issues among employees. In 2017, we were certified Gold, the highest grade, by "Work with Pride", an organization that evaluates companies' LGBT support efforts. In 2020, we supported the Business for Marriage Equality, a campaign to promote equal marriage (legalization of same-sex marriage).

Shiseido participates in Tokyo Rainbow Pride, Japan's biggest LGBT supporting event where volunteer employees provide makeup advice and sampling. We also provide makeup advice to those who have undergone gender reassignment surgery. Online, we promote diversity support activities in collaboration with local governments and other companies. Eight thousand beauty consultants working in stores have also taken training to leverage knowledge and better serve and support LGBT persons.

## Active Roles of Employees with Disabilities

We promote the employment of individuals with disabilities to create a workplace for everyone. About 350 such employees take active roles in various departments and positions at the Shiseido Group in Japan. Individuals with disabilities account for 3.04% of all employees in Shiseido Company, Limited, and 2.22% in the Shiseido Group in Japan (as of June 2020). At a special subsidiary, Shiseido's Hanatsubaki Factory Co., Ltd., 50 employees with developmental challenges actively work at four locations in Tokyo, Osaka and Kakegawa.

As we expect all employees including those with disabilities to grow as valuable human resources in the workplace, we make the following pledges.

1. "We seriously expect achievement from them": We support the growth of each employee as a valuable human resource regardless of disabilities.
2. "We provide necessary consideration, but no special treatment": We recognize that this promise is important to promote the growth of the person.
3. "We assertively support those with the passion to work hard": We support the growth of each individual through our human resources development programs, including new employee training, various e-learning and OJT.

In order to fulfill these three pledges, we carry out a selection process considering and offer an internship exclusively for applicants with disabilities when hiring. We also proactively assign them to various positions, such as sales and marketing, providing assistive devices and office equipment according to the type of disability\*. When persons with disabilities are hired, the Human Resources Department has a preliminary meeting with departments to which they are assigned to ensure necessary care. In addition, a follow-up interview (between the person and the department and between department and the direct supervisor) is held after they join the Company. In addition, we regularly provide training for managers to promote understanding of disabilities. We will continue to promote the recruitment and active participation of human resources who bring diversity to the organization.

\* Examples of assistive devices and equipment include sound collectors and voice recognition software for employees with hearing impairments, electronic magnifiers and Braille blocks installed in the office for visually impaired employees, and multipurpose toilets for wheelchair users.

## Diversifying Ethnicity

Shiseido has become more active in employing human resources with diverse nationalities and cultural backgrounds overseas facilities and in Japan. In order to connect the diversification of human resources to value creation, we have promoted English as our official in-house language in Japan since 2018. Persons with wide-ranging backgrounds are now assigned to various sections and departments in the Company. For non-Japanese nationals hired by Headquarters, the Company conforms to Japan's immigration control systems, especially related to resident status requirements, and treats them appropriately based on relevant Rules of Employment.

## Promotion of Core Human Resources Such As Women, Foreign Nationals, and Midcareer Hires (in View of Corporate Governance Code)

The Tokyo Stock Exchange in its "Corporate Governance Code" establishes fundamental principles for effective corporate governance. One of the principles states that given the importance of human resource strategies for increasing corporate value over the medium-to-long term, listed companies should present their policies and measurable goals for ensuring diversity of core human resources, such as the promotion of women, foreign nationals,

and midcareer hires to middle managerial positions, as well as disclose their status.

At Shiseido, we recognize and respect differences among individuals regardless of their attributes or ways of thinking, including women, foreign nationals, and midcareer hires, as we strive to create a company whose strength stems from individual strengths of its people and maximizing these strengths. To that end, we also aim to ensure diversity among our core human resources.

We disclose the latest employment status of women, foreign nationals, and midcareer hires in the "Social Data" section. Our measurable goals regarding support for women's empowerment are presented above. Concerning the promotion of foreign nationals and midcareer hires as core human resources, as of January 2021, approximately 5% of managers at Shiseido Company, Limited were foreign nationals, and approximately 26%—midcareer hires. We do not set specific targets regarding these groups as we do not see any considerable differences from employees with other backgrounds.

## Post-retirement Reemployment System

Shiseido has introduced a system to re-hire experienced employees after they reach the retirement age of the Company (age 60) since 2006, so that they can continue to work as long as they have the motivation and ability to do so. In 2021, the system was revised and name changed to the EL Partners Advanced System to enhance responsibilities and reemployment conditions. In anticipation of the advent of the 100-year life era, we have changed the system so that employees who are highly motivated to grow and contribute to the Company even after retirement can play an active role regardless of age.

## Employment of Fixed-term Employees

The Shiseido Group in Japan employs fixed-term employees based on labor-related laws and regulations and provides appropriate treatment with various social insurance and holidays stipulated by the law according to employment regulations and various other regulations. For fixed-term employees of five years or more at the Company, we switch their employment contract to an indefinite-term contract upon request in accordance with the law established in 2018.

## Employment of Temporary Employees

Temporary employees work at the Shiseido Group in Japan according to the Worker Dispatch Law. With regard to the employment of temporary employees at the Shiseido Group, we implement various measures such as concluding agreements with employment agencies, development and management of registers, and appointment of personnel in charge of management, all of which is based on the Worker Dispatch Law policy related to measures that should be established regarding employment agencies and other relevant laws and regulations. Shiseido continuously and appropriately responds to amendments in or reinterpretations of respective laws and regulations.

# Realizing a Rewarding Workplace

Each and every one of Shiseido employees demonstrates professional expertise and leadership, and this has contributed to realizing a rewarding workplace and supported the Company's growth.

Shiseido is now diversifying employee work styles by combining remote and in-office work.

Through continuous efforts and new challenges, the Company aims to achieve the goal of "work as part of a fulfilling life" to sustain both employees' health and their personal growth.

## Diverse Work Styles

Shiseido has introduced flexible working hours and working from home arrangements and utilized external satellite offices so that employees can freely choose where and when they work. Activity Based Working (ABW) now being promoted allows employees to choose the optimal environment according to different types of work. A wide variety of work spaces are provided in the company's offices, such as private rooms suitable for work that requires concentration and a sofa area for idea creation in a relaxed atmosphere. Each employee has their choice of optimal environment to improve work efficiency, rather than spending a day at a designated desk.

In 2020, Shiseido promptly took various measures in response to the spread of the novel coronavirus. For example, the company accelerated digitization throughout the world, and made arrangements to allow flexible work styles including work from home, remote work, online meetings, and staggered work schedules. It also enhanced the system for diverse work styles by, for example, adopting flexible working hours without core time. Shiseido Japan headquarters conducted a study on employees' productivity and mental health as they worked from home. Shiseido Travel Retail headquarters (Singapore) has launched a platform that allows employees to share a wide range of resources, including information on infectious disease, advice on physical and mental health, and tips on how to work from home efficiently.

With the spread of novel coronavirus, there is greater need than ever for working from home and commuting at off-rush hour times. Working from home arrangements will be applied to all Shiseido Group companies in Japan to pursue business growth through the health, security, safety and job satisfaction of employees, and further improvement of productivity. Going forward, the company will transition to the "Shiseido Hybrid Work Style," which will provide tailored support to diverse work styles, to maximize synergy between remote and in-office work.

## Work-life Balance

Achieving a work-life balance enables employees to use their newly created time to play active roles in society. Shiseido believes this not only leads to employee growth but also enhances the Company's performance and its corporate value. To accommodate employees' lifestyles and help them advance their careers regardless of life events, such as childcare and family care, the Company has introduced a more fulfilling system above the standards currently provided by law. The Shiseido Group in Japan stipulates equal treatment for employees with same-sex and opposite-sex partners since 2017. Common-law and same-sex couples are also eligible for support provided to employees who are raising children or caring for families as detailed below.

In 2020, 1,370 Shiseido Group employees in Japan (including 67 men) took childcare leave, and the retention rate after returning to work was 94.1%. For those returning to work after childbirth, the Company also provided welcome-back seminars to ease anxiety about balancing childcare and work. Twenty-six employees participated in the seminars.

## Support for Employees Raising Children

To help its employees balance childcare and work, the Shiseido Group in Japan offers a robust environment as detailed below.

**Childcare leave:** Shiseido employees may take maternity leave in excess of the legally required minimum for up to a total of five years during the period until their child turns three years of age. Employees are eligible to use the system three times for the same child under special circumstances. No wages will be paid by the Company to employees during childcare leave. However, employees receive childcare leave benefits through employment insurance. Shiseido has a communication system called the Childcare Plan which allows female employees to confirm with their supervisors the process from pregnancy onward to return to their workplace. This plan, intended to facilitate employees' smooth return to work, reduces anxiety about pregnancy, childbirth, and childcare, and is also a means to share information when a supervisor changes.

**Maternity leave (Leave before delivery, leave after delivery):** Employees may take up to six weeks paid leave before delivery and eight weeks partially paid leave after the birth of a child. For the unpaid portion, cumulative paid leave and annual paid leave systems are available. If employees choose to take unpaid maternity leave, they can claim maternity allowance through the Shiseido Health Insurance Society.

**Paternity leave:** Employees may take paternity paid leave\* for up to two weeks during the period until their child turns three years of age. This benefit is mainly to encourage male employees to take paternity leave and is provided in excess of the legally required minimum.

\* When an employee's partner (spouse, etc.) gives birth, special paid leave of up to five days is available in addition to paternity leave.

**Well-being of employees raising children:** Japanese law requires the introduction of a short working hours system for employees with children until their child turns three years of age, Shiseido allows up to two hours reduction in working hours per day until the first end of March after their child turns nine years of age. During the period until their child turns one year of age, one hour of the reduced hours is covered as paid time.

**Support for beauty consultants raising children:** When beauty consultants, who work in over-the-counter customer service, utilize the "Childcare Time" system for short working hours, substitute staff called Kangaroo Staff are sent to support sales counter operations in the evening hours. Since the Company began employing Kangaroo Staff in 2007, it has become easier for employees working in sales operations to balance work and childcare.

**Childcare facilities:** The Company has two childcare facilities at offices where many Shiseido employees work: Kangaroom Shiodome (Minato Ward, Tokyo) and Kangaroom Kakegawa (Kakegawa City, Shizuoka Prefecture). These facilities offer regular monthly childcare and temporary childcare services. Caretakers can also utilize the services to relieve themselves from childcare for a while and refresh themselves. Services are offered to employees at discounted fees to help them return to work at an optimum time of their choosing. The facilities are open not only to Shiseido employees but also to those from nearby companies and neighboring residents. The Company also established KODOMOLOGY Co., Ltd. in 2017 within the Shiseido Group to entrust the operation and consulting of in-house childcare facilities.

**Childcare contributions:** Employees of the Shiseido Group in Japan who support children are provided allowances for expenses related to nursery school, babysitters, and education. (Childcare and education contributions are available through the Cafeteria Plan\*.)

\* A corporate employee benefits plan with a point system. Employees can select options freely from a menu of services using points they have acquired.



Paid leave for the healthcare of children: Employees can take paid leave on an hourly basis for children under elementary school age (usually age six and under) in need of nursing care due to sickness or injury, and when they receive checkups or vaccinations. Employees are entitled to paid leave in excess of the legally required minimum for up to five days (40 hours) a year for one child and up to 10 days (80 hours) a year for two or more children.

Partner accompaniment for childcare: Employees with children up to the third grade in elementary school (i.e., until the first end of March after their child turns nine years of age) may request to accompany their partners who are transferred within Japan so that employees can continue their careers.

Operational guidelines for transfers of employees raising children that involve a change of address: In Japan, the Child Care and Family Care Leave Act requires employers to consider employees' situations regarding childcare or family care when they are relocated. Shiseido has established operational guidelines for the transfer of employees raising children that involve a change of address. Employees who utilize the "Childcare Time" or "Family Care Time" system are exempted from transfers that involve a change of address at their request.

## Support for Employees Caring for Family Members

Support plans listed below are intended not only for the family members of employees but also the families of their partners.

Family care leave: Employees can take leave as often as necessary for a family member requiring care, for a period of leave up to one year at a time and up to three years in total.

Family Care Time: Employees can take "Family Care Time" of up to two hours a day for purposes such as accompanying a family member to the hospital. This plan may be utilized for up to one year for one family member, and up to three years in total.

Family care contributions: Employees are provided allowances to cover nursing-care service and facility usage fees relating to family members who have obtained a Certification of Needed Long-Term Care. (Family care contributions are available through the Cafeteria Plan\*.)

\* A corporate benefits plan with a point system. Employees can select options freely from a menu of services using points they have acquired.

## Other Programs that Support Diverse Work Styles

Leave to accompany partners transferred overseas: The Company allows up to three years of leave for employees to accompany their partners who are transferred overseas.

Special paid leave for volunteer activities: Employees can take paid leave utilizing the "Social Studies Day Scheme" for up to three weekdays a year for social contribution activities. The Program encourages each employee to gain perspective in solving social problems, to foster a culture of thinking and acting on their own, and to utilize their experience wider perspective from such activities in their work. The Company believes this will lead to value creation for Shiseido.

Shiseido Health Support Dial: This telephone consultation desk provides consultation on physical and mental health issues to employees, and disseminates the advice of consultation staff including public health nurses on balancing child/family care and work.

## Appropriate Working Hours Management

The Shiseido Group in Japan concluded a labor-management agreement relating to overtime work and working on days off (Article 36 agreement) in accordance with Article 36 of the Labor Standards Act. The agreement sets a maximum of 80 hours per month of overtime work even in exceptional cases and on a temporary basis (instances of 45 to 80 hours of overtime work per month are limited to up to six times per year). Based on the rule that overtime work is allowed only when supervisors require, Shiseido informs the details of the Article 36 agreement to personnel in charge of each department and those in manager positions in an effort to reduce long working hours. To comply with the Article 36 agreement, all Shiseido facilities have enacted policy toward (1) reducing overtime work, (2) improving the usage rate of annual paid leave, and (3) reducing overall actual working hours. The human resources department of major Shiseido Group companies in Japan monitors the overtime hours of union member employees every month, gives guidance to persons in charge of departments with significant overtime hours, and urges health checkups for employees with long working hours. Data on working hours and the usage rate of leave are shared between labor and management and utilized for taking steps to correct the issue of long working hours.



# Human Resource Development and Fair Evaluation

The following introduces Shiseido human resource development and career development support measures, as well as activities for fair evaluation.

## Overview of human resource development

Based on our commitment to "PEOPLE FIRST," Shiseido actively invests in human resource development, believing that human resources are the most important asset and that "strong individuals create a strong Company." To create "strong individuals," we focus on strategic talent management, performance management, and autonomous career development support, founded on a job-based personnel system. In 2020, Shiseido formulated the TRUST 8 Competencies, which describes a Company-wide image of human resources, with the aim of effectively implementing global human resource management. The TRUST 8 Competencies serves as the basis of our globally standardized selection/evaluation and human resource development programs, allowing each employee with ranging expertise to grow in work areas where they can maximize their respective strengths. Shiseido encourages employees' self-driven efforts to grow and provides support for individualized autonomous career development.

## Job-based Personnel System

In 2021, Shiseido introduced a job-based personnel system in Japan for management and general corporate positions (excluding those in beauty and production) with the aim of becoming a globally competitive organization by strengthening the expertise of employees. The four items below are the adjusted approach to assessing employees from individual "ability" to "job," thereby enabling objective personnel ratings and treatment according to global standards. By clarifying job responsibilities and required specialized abilities in each department, this system is aimed at promoting career autonomy for each employee.

1. Define areas of expertise that employees should aim for in each Job Family (JF).
2. Clarify Functional Competency (FC) expertise and skills required for each Job Family.
3. Introduce Job Grades (JG) in all positions, including both managers and staff.
4. Clarify the Job Description (JD) based on determined Job Grades (to respond to organizational changes or assignment changes in accordance with Japanese labor practices).

## Strategic Talent Management

We strive to ensure placement of the right people in the right positions throughout the Shiseido Group for strategic talent development. Every year, talent reviews are conducted at the global, regional, and functional levels, and plans for appointment and training of successors are prepared for key positions. For training of successors, training plans are formulated for each individual based on their strengths and development issues, including assignments to Stretch goals, global transfer opportunities, and leadership development programs, and are implemented with the approval and support of the CEO.

## Performance Management

We are strengthening performance management for the sustainable growth of both our business and employees. In 2021, we introduced a global standardized process in which the performance management program was revised to evaluate both the degree of achievement of performance targets and the degree of actions taken in line with the TRUST 8 Competencies. This is aimed at promoting the improvement of medium-to-long-term business performance and the growth of our employees. Through not only interviews at the beginning and the end of each term but also daily dialogue with and feedback from supervisors, employees tackle their respective Stretch goals and develop expertise. For leaders, a "360-degree survey" is conducted to obtain multifaceted evaluations and feedback from subordinates and other departments, thereby fostering a culture to encourage mutual growth.

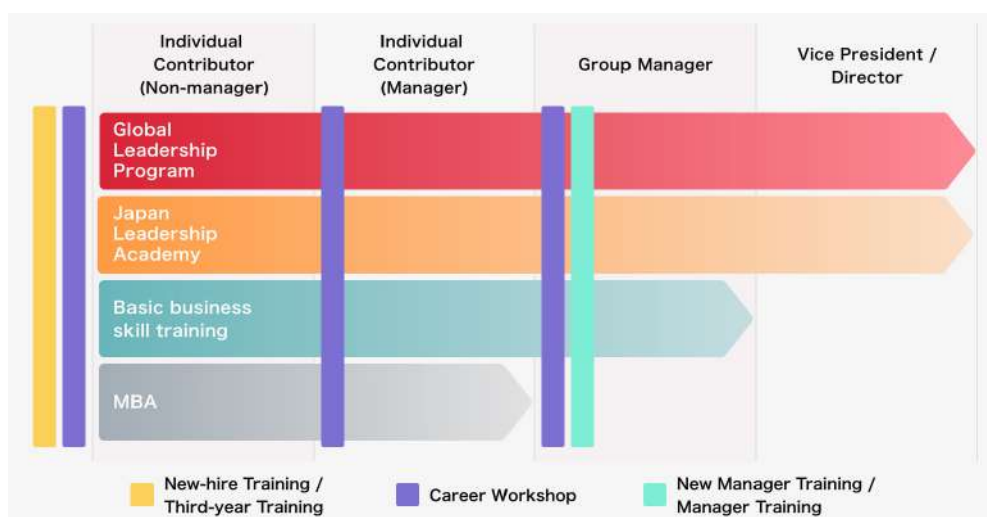
## Autonomous Career Development Support

In line with the introduction of the job-based personnel system, Shiseido has organized career workshops for all employees in Japan since 2020, aiming to enhance their self-driven career development and expertise. As of December 2020, 2,164 employees have participated in the program. In addition, employees are encouraged to provide a career development plan (CDP) to envision medium-to-long-term career goals and is incorporated into performance management. Employees may share with their supervisors an action plan to achieve their medium-to-long-term career goals, which supervisors refer to for effective work assignment and human resource development. Shiseido offers a broad range of training programs to enhance business skills and improve expertise in each Job Family, which are used by employees for self-driven career development.

## Training Programs

Shiseido human resource development emphasizes the "70:20:10 model\*" in its training programs, which particularly provide opportunities in learning, interaction with other excellent employees, and raising motivations to grow further. We offer three types of training programs: selective, voluntary, and compulsory, depending on purpose and target.

\*This model presumes that personal growth is derived 70% from challenging assignments, 20% from developmental relationships, and 10% from training and self-learning.



## Selective Programs

To develop strategic talent, the Shiseido Group provides manager candidates in each region access to its Shiseido Leadership Academy global education system, promoting the development of abilities and the establishment of international networks. At the Shiseido Leadership Academy, next-generation leaders selected through talent reviews are provided with programs in partnership with business schools to learn leadership and management skills. Shiseido also focuses efforts on developing female leaders, and has held the "NEXT LEADERSHIP SESSION for WOMEN" every

year since 2017 to enable and promote talented women free from unconscious bias toward themselves or any circumstance.

## Voluntary Programs

Voluntary programs are offered to motivate employees to help them demonstrate high performance and autonomously develop their careers. Voluntary programs offered in Japan include business skill training for all job types and the dispatch of young ambitious employees for MBA programs, as well as the sales academy and the marketing academy to further enhance expertise in their respective Job Family or specialized field.

## Compulsory Programs

Compulsory programs are provided at each milestone in career development, such as training for new employees, training for employees in their third year, and training for newly appointed managers. For leaders (Job Appointment Managers), manager training and manager workshops are provided to strengthen management skills, with a view to ensuring fair evaluation and promoting human resource development in each department.

For more details on education and training for employees, please refer to Social Data.

## Fair Evaluation

The Shiseido Group has established rules and guidelines regarding evaluation and treatment under its Shiseido Global Human Resources Policy.

- Ensure fairness of treatment both inside and outside the Company, and pursue satisfaction of employees in system operations.
- Strive to ensure high transparency in evaluation based on objective facts without prejudice.
- Conduct evaluation according to target management (performance) and the TRUST 8 Competencies (exercise of action).
- Disclose criteria for evaluation and promotion to employees, and provide feedback to employees following evaluation.
- Provide support and training through annual evaluation interviews and daily dialogue.

The Shiseido Group in Japan has established a fair and widely approved system to appropriately evaluate the results and processes of work. To maintain the fairness of evaluation, leaders (Job Appointment Managers with subordinates) are provided with enhanced training in management skills. New manager courses, evaluator training, and manager training are part of the opportunities through which leaders are encouraged to improve their management skills. Twice a year, personnel system seminars are held for managers of the Shiseido Group in Japan as opportunities to deepen their understanding of the system and its operation.



## Employee Feedback Systems

The Shiseido Group Engagement Survey is conducted for all Shiseido Group employees once every two years on average to ensure that each employee is working in an open atmosphere and with a sense of satisfaction in their work. Shiseido employees are expected to take on many challenges during management reform, and are required to constantly improve their awareness and behavior. Where there is a gap in awareness or efforts among employees, the speed of reform may be slowed. This survey is therefore conducted to enable top management to directly receive the opinions of employees, clarify current issues, and formulate specific actions to solve those issues. The results of the survey are provided to employees through representatives in charge of each workplace, and representatives ensure that issues for each department are shared among employees and efforts are made for improvements. In addition, consultation and reporting centers have been set up inside and outside the Company to provide employees (regardless of employment type) with consultation on their working environment and relationships in the workplace, and are positioned to respond to whistleblowing on matters such as violation of the Rules of Employment or other law.

# Employee Safety and Health

## Health management initiatives

I believe that the genuine mission of Shiseido is to offer solutions to social problems and achieve a sustainable society, helping people find happiness through our mainstay beauty business.

To realize this mission, it is important for our employees to maintain inner and aesthetic beauty as well as consistent motivation.

To that end, it is essential to support the health of employees and the health of their families. In collaboration with the Shiseido Health Insurance Society, we created a health declaration to clarify our promise to help our employees live beautifully.

Shiseido delivers beauty to consumers. We are fully committed to health management in our quest to become the most trusted beauty company in the world and remain vital for the next 100 years and beyond.



Representative Director, President and CEO

A handwritten signature in black ink, appearing to be 'U. Tanaka'.

## Shiseido Health Declaration

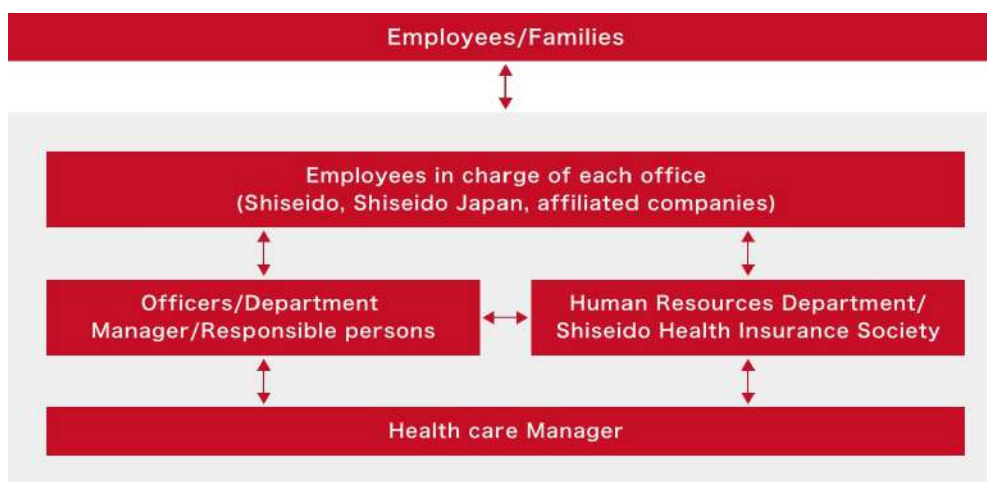
Our mission is "BEAUTY INNOVATIONS FOR A BETTER WORLD." To that end, we promote initiatives for employees and their families to live beautifully and healthily based on our perception that beauty and health are sources of vitality.

### <Our principles>

- As members of a company delivering beauty, each and every employee shall have awareness and knowledge and take action proactively to work healthily, physically and mentally.
- Shiseido will endeavor to provide opportunities for our employees to speak freely with each other about beautiful lifestyles and health for mutual growth.
- Shiseido will endeavor to create a safer and more comfortable work environment and will actively support the efforts of employees and their families in cooperation with the Shiseido Health Insurance Society.

## Promotion system

Regarding promotion, the officer in charge of human resources acts as the Health Management Representative (Chief Wellness Officer), and the Human Resources Department Wellness Support Group and Shiseido Health Insurance Society collaborate to support each office (of the Shiseido Group in Japan) to take the initiative to maintain and promote employee health. In addition, the Health Management Representative and each officer, department manager, and responsible person jointly discuss support for employee voluntary health initiatives.



## A Message from the Health care Manager

To respond to the coronavirus threat, all of us need to adopt a new daily lifestyle.

Under these circumstances, the Shiseido Group's mission to help consumers improve their quality of life through various products and services with "beauty" as the keyword has become more important than ever.

To provide products and services that are well-received by consumers, it is essential for employees and their families to maintain beautiful and healthy lifestyles and ensure a high quality of life. The Human Resources Department Wellness Support Group and the Shiseido Health Insurance Society, in collaboration with Shiseido's officers, department managers, and responsible persons and staff members in charge of human resources at offices, proactively help employees and their families address their health issues and improve their lifestyles. As employee diversity grows each year in terms of age, sex, and nationality, we provide more individually tailored support than ever before.

Our serious approach to health management should serve as the most important and effective foundation to achieve "People First." With this in mind, we will further enhance our efforts to create a work environment where employees feel comfortable and fulfilled.



Health care Manager  
President, Shiseido Health  
Insurance Society

Emiko Ashida

## Health issues and future initiatives of the Shiseido Group in Japan

The Shiseido Group in Japan works to resolve the following health issues.

(1) Reconstructing the foundation of the occupational health system that supports health-related initiatives  
More frequent patrolling inspections of workplaces by members of the Health Committee, Safety and Health Committee, and occupational physicians; maintenance of a 100% health checkup rate; encouragement for undergoing reexamination and/or detailed examinations based on health checkup results to ensure early treatment; improvement of health guidance rules to make health guidance more effective and efficient, and the addition of more information and resources; multifaceted analysis of health data; enhancement of mental health measures; development and implementation of a mental health promotion plan.

(2) Implementation of health-related initiatives

The Shiseido Group in Japan and the Health Insurance Society will jointly promote health initiatives that take into account each office's health issues with the aim of promoting beautiful lifestyles, improving women's health, providing mental healthcare, facilitating smoking cessation, preventing cancer, and improving the work environment.

Measures	Issues	Initiatives	
		Shiseido Group in Japan	Shiseido Health Insurance Society
Beautiful lifestyles	Improvement of lifestyles	<ul style="list-style-type: none"> <li>■ Organization of exercise seminars(provided by instructors from RIZAP and Tanita Health Link)</li> <li>■ Promotion of self-care using health point apps and wearable terminals</li> <li>■ Thorough implementation of health guidance</li> <li>■ Organization health fairs</li> <li>■ Dissemination of information in lunchtime sessions (live streaming)</li> </ul>	<ul style="list-style-type: none"> <li>■ Provision of specified health checkups</li> <li>■ Implementation of health support programs (specified health guidance)(While national age eligibility for above specified health checkups and guidance begins at age 40, Shiseido begins at age 35 to enable early detection/treatment.)</li> <li>■ "Dental Examination Campaign" partial subsidy for dental checkup fees(Promotion of regular preventive dental care by family dentist)</li> <li>■ Implementation of lifestyle improvement seminars provided jointly by KENPO and RIZAP(Implemented as an online seminar as part of COVID-19 prevention measures)</li> <li>■ Implementation of the program to prevent worsening of diabetic nephropathy</li> <li>■ Addition of "Fatigue Recovery Recipe" on the Health Insurance Society website</li> <li>■ Placement of a QR Code for "Oshiete Nakagawa Sensei" (a video to raise awareness about cancer) in the Health Insurance Society public relations magazine</li> </ul>
Women's health	Addressing female-specific health issues	<ul style="list-style-type: none"> <li>■ Monthly dissemination of health-related information</li> <li>■ Dissemination of information in lunchtime sessions (live streaming)</li> </ul>	<ul style="list-style-type: none"> <li>■ Full subsidy for cervical cancer and breast cancer screening</li> <li>■ Addition of information about whether female doctors are available in the list of health checkup institutions</li> <li>■ Encouragement for women to undergo gynecological examinations(Provision of information leaflets on necessity and advantages and disadvantages of gynecological examinations for all target employees)</li> <li>■ Addition of "Women's Health Promotion Office Healthcare Lab" banner on Health Insurance Society website and provision of relevant information</li> </ul>
Mental health	Acquiring stress tolerance;reduction of repeated long absences from work	<ul style="list-style-type: none"> <li>■ Organization of seminars for self-care and line-care (improvement of the workplace environment, etc., by supervisors and counseling for workers) practices (new employees, new managers, guidance training, training for managers)</li> <li>■ Implementation of e-learning courses on mental health self-care</li> <li>■ Interviews by department managers, and improvement of work environment based on group analysis of stress check results</li> <li>■ Dissemination of information in lunchtime sessions (live streaming)</li> </ul>	<ul style="list-style-type: none"> <li>■ Placement of "Interviews about Mental Toughness" articles in Health Insurance Society public relations magazine (since 2020 spring/summer)</li> <li>* Articles on interviews with top officials of the company about mental health management techniques as well as their secrets and tips</li> <li>■ Placement of a banner of the MHLW's "Ears for the Heart (kokoro no mimi)" website on the front page of Shiseido Health Insurance Society's website and provision of relevant information on the society's website</li> </ul>
		Telephone consultation with Health Support Dial 24 (24 hours/day, 365 days/year), mental health consultation support	
Measures against smoking	Promotion and maintenance of non-smoking	<ul style="list-style-type: none"> <li>■ Measures for complete prevention of secondhand smoke in workplace(posters and leaflets)</li> <li>■ Provision of educational lectures on smoking behavior</li> </ul>	<ul style="list-style-type: none"> <li>■ Subsidy for outpatient consultation fees to quit smoking (year round)</li> <li>■ Limited-time full subsidy for treatment costs to quit smoking</li> <li>■ Implementation of remote smoking cessation outpatient consultation (from</li> </ul>

		<ul style="list-style-type: none"> <li>■ Provision of health guidance on non-smoking</li> <li>■ Dissemination of information in lunchtime sessions (live streaming)</li> <li>■ Placement of awareness-raising articles on the intranet, WITH, in line with World No Tobacco Day</li> <li>■ Questionnaire asking former smokers about why they quit smoking and other questions</li> </ul>	2021)  * Questionnaire conducted for program participants  ■ Instructions for smokers on how to quit smoking and guidance on smoking cessation outpatient consultation under health support programs (specified health guidance)
Measures against cancer	Early detection; balancing treatment and work	<ul style="list-style-type: none"> <li>■ Implementation of e-learning programs to improve cancer literacy, and support to balance work and treatment</li> <li>■ Introduction of support measures for treatment/work balance</li> <li>■ Participation in "Cancer Control Promotion Company Action"</li> <li>■ Seeking stories about experiences of cancer survivor employees</li> <li>■ Dissemination of information in lunchtime sessions (live streaming)</li> </ul>	<ul style="list-style-type: none"> <li>■ Participation in "Cancer Control Promotion Company Action" (from FY2018)</li> <li>■ Placement of a QR Code for "Oshiete Nakagawa Sensei" (a video to raise awareness about cancer) in the Health Insurance Society public relations magazine</li> <li>■ Partial subsidy for cancer screening</li> <li>■ Encouragement of follow-up consultation (necessary medical care/detailed examination) in cases that indicate risk; confirmation of consultation result, promotion of confirmation; implementation of inquiry</li> <li>■ Placement of a banner of the National Cancer Center's "Cancer Information Service" website on the front page of Shiseido Health Insurance Society's website and provision of relevant information on the society's website</li> </ul>

## Key initiatives

<b>(1) Measures against smoking</b>	<ul style="list-style-type: none"> <li>● Reduction of smoking rate and provision of support to quit smoking</li> <li>● Complete prevention of secondhand smoke in workplace</li> </ul>
<b>(2) Beautiful lifestyles</b>	<ul style="list-style-type: none"> <li>● Improvement of health guidance and health support program (specified health guidance) implementation rate</li> <li>● Active usage of seminars and apps to improve employee lifestyles</li> <li>● Thorough follow up interviews after health checkup results (retests, etc.)</li> </ul>

### (1) Initiatives and outcomes of measures against smoking

The smoking rate in our company had been slightly higher than the national average. In response, we introduced initiatives such as No Smoking Day within the company and a support program to quit smoking using a nicotine substitute. In 2010, a support program to subsidize fees for treatment to quit smoking was launched. In the following year, smoking was banned in all company buildings. In addition, employees in uniform working in stores have been prohibited from smoking since 2012 and, since May 2019, no employees are permitted to smoke during working hours. Our company also has joined the "No Smoking Promotion Business Consortium" to share the latest information on non-smoking initiatives. Thanks to these efforts, the smoking rate has seen a reduction to 20.8% in 2019 and 19.0% in 2020 (down 14.6 points compared to 2010). To accelerate this trend in the future, Shiseido and the Shiseido Health Insurance Society are working together to promote measures against smoking from both hardware and software perspectives, and continuously providing information to completely prevent passive smoking in the workplace by offering individualized instructions to quit smoking at health guidance, distributing posters and leaflets, and making use of the health committee. In the fiscal year 2021, we launched a new initiative to implement a voluntary questionnaire for employees who have quit smoking and livestreamed the results of the questionnaire to employees of the company during lunchtime, in line with World No Tobacco Day on May 31. In addition, we placed the results on the intranet "WITH." These are some of the various measures we have taken to spread information. In 2019, the Shiseido Health Insurance Society launched the "O-Yen Quit-Smoking Challenge Program" to fully subsidize treatment costs to quit smoking for a limited time, in addition to an all-year subsidy for the treatment costs.

In the fiscal year 2021, we launched the "remote smoking cessation outpatient consultation" under which the Shiseido Health Insurance Society subsidizes all costs, aiming to help more people succeed in quitting smoking.

#### ■ Participation in the "No Smoking Promotion Business Consortium"

We joined the "No Smoking Promotion Business Consortium" in April 2019. Since then, we have participated in Consortium workshops to share information with other companies that have implemented progressive non-smoking programs.



<No Smoking Promotion Business Consortium>

#### ■ Target smoking rate

- Our corporate average rate in FY2021: 17.0%  
(actual rate in FY2020: 19.0%)
- At least 50 people successfully quit smoking  
through the remote smoking cessation  
outpatient consultation

### (2) Initiatives for a health-conscious lifestyle

Our implementation rate of health support programs (specific health guidance) is particularly high at 51.4% compared to the national average (27.4%) in FY2019, and a certain level of effect can be seen in the reduction of BMI among participants.

#### ■ Implementation rate of health support program

Reporting fiscal year to the government(Report the previous year's results in November of the following year)	Specific health guidance	Implementation target
	Implementation rate (%)	Government (Ministry of Health, Labour and Welfare) (%)
FY2015	50.6	60
FY2016	52.0	
FY2017	49.1	
FY2018	55.4	55
FY2019	51.4	

#### ■ BMI reduction rate among program participants

BMI	Male		Female	
	Guidance participants	Guidance non-participants	Guidance participants	Guidance non-participants
After health guidance (2016)	25.66	26.23	27.59	27.78



After health guidance (2017)	25.50	26.26	27.47	27.75
Numerical improvement	-0.16	0.03	-0.12	-0.03

## ■ Health fairs

Every year, we conduct health fairs tailored to the health issues of each of our facilities and launch measurement events, health education sessions, and collaborative events with cafeterias.

\* In the FY 2020, we did not organize a face-to-face fair where many people would gather as part of COVID-19 prevention measures and, instead, streamed the "RIZAP Wellness Channel (workout seminar)."



<Health fair at Kuki Factory>



<Health fair at Shiodome Office>



<Health fair special menu in collaboration with cafeteria>

[Participating employee feedback]

"It's good to have events that raise health awareness."

"I've heard a lot about basal metabolism, but this is the first time that I learned what my basal metabolism rate is. It was a good learning opportunity."

## ■ Health seminars

The company has provided seminars on exercise and diet that are designed to address health issues in each organization since FY2019, which have been well-received by participants. The results of the questionnaire showed that the percentage of participants who continued the exercise increased by 12 percent after the seminar, indicating that the seminar helped more than 10 percent of the participants continue exercising.

We will provide further seminars designed to motivate participants to make exercise a regular habit.



<Seminar participants>

#### 【Participating employee feedback】

"The seminar reminded me that a healthy lifestyle is the source of beauty. It made me recognize that it's important to find an image of what I want to become."

"If I was alone, I may have given up. Together with other participants, I was able to finish the course."

#### ■ Future lifestyle improvement objectives

Ratio of participants continuing exercise: 10% higher after seminar

### Responses to coronavirus taken by the Shiseido Group in Japan

The Shiseido Group in Japan has adopted the "Shiseido Hybrid Work Style," a new working style which places the highest priority on the safety and health of its employees, with the aim of preventing the spread of coronavirus infection as well as improving the performance and productivity of employees and organizations.

Since the adoption of the Shiseido Hybrid Work Style, which allows employees to work either at the office or home depending on their roles, employee workstyles have become more diverse. The Shiseido Group in Japan has started taking measures to address health issues associated with remote work that are different from those previously experienced.

#### ● Provision of information for employees

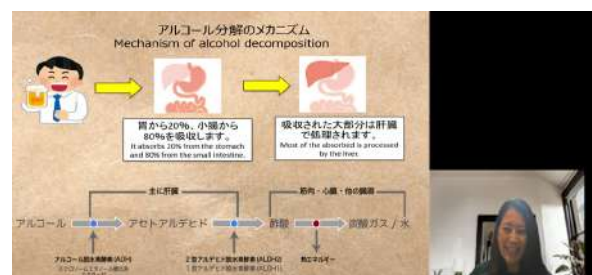
We conducted a survey among employees working from home to understand their situations and needs.

Based on the survey results, we are providing information on dieting and exercise, advice from occupational physicians and counsellors, and tips on how to manage teleworking.

#### ● Lunchtime session (live streaming)

We stream information useful to employees to reduce their stress and promote communication.

Themes include lower back pain, weight gain during quarantine, response measures to the coronavirus, women's health, and preventive measures against alcoholism.



<Lunchtime session (live streaming)>

#### ● Online consultation

We have started providing online video consultation to employees working from home as part of our efforts to prevent the spread of infection. This has facilitated employees to communicate with occupational health care staff, enabling rapid response to health concerns.

- Measures for infection control taken by the Health Management Office

We are working to prevent infections by preparing alcohol sanitizers and installing acrylic boards and partitions in consultation spaces for employees entering the Health Management Office.

- Workplace COVID-19 vaccination program

In August 2021, Shiseido implemented workplace COVID-19 vaccination programs for employees and their families at six locations across the country. So far, we have administered two doses each to approximately 10,000 people.



<Reception of the workplace vaccination>



<Prefilling of the vaccine into syringes at the workplace vaccination>

## Safety and health promotion system

In accordance with laws and regulations, we have established a health committee at domestic facilities of the Shiseido Group and strive to create a safe and comfortable work environment through surveys and deliberation.

We have established an occupational safety and health policy at the Global Innovation Center and factories and have inaugurated a safety and health committee to improve and modify hazardous locations and dangerous acts. For domestic factories, our objective is zero accidents that require time off from work and we strive to prevent the occurrence of serious accidents.

## Shiseido Group Health Management White Paper

We have created and published a health management white paper to clarify changes in the management of employee health and the evaluation of each measure.

# Employment and Work of Employees

At Shiseido, both the Company and employees make utmost efforts to maintain employee sustainability. To ensure long-term employment, we comply with laws and practices of countries and regions around the world, and respect diversity and promote the creation of rewarding workplaces in accordance with the Shiseido Group Standards of Business Conduct and Ethics.

## Employment

Shiseido recruits employees through the periodical employment for both new and recent graduates and the mid-career employment for employees with expert working experience. We make efforts to improve our employment system to provide a variety of employment opportunities, give consideration to the diverse working styles of our employees. As specified in labor agreements, the Company and the Labor Union consult with one other in good faith to make decisions, if any, that may have significant impact on the lives of employees or become necessary due to the establishment or relocation of a business facility.

## Wages

The Shiseido wage system is based on roles, job responsibilities and achievements independent of seniority or personal connection. We also ensure a fair and highly transparent evaluation system based on rules for evaluation and treatment that is widely approved by employees.

Male-to-female average monthly salaries of the Shiseido Group in Japan are 100:96 for management positions, 100:100 for general positions, and 100:118 for beauty positions. (As of January 1, 2021)

## Employee Benefits

Aiming to "realize a rich and comfortable life" for employees and their families, Shiseido focuses on enhancing employee benefits along with improving working conditions, providing support to enable active involvement in both the Company and community.

## Welfare Measures to Support Career Advancement and Life Design

Shiseido supports employees in both their work and life, with career advancement and life design based on measures of autonomy and self-responsibility.

Systems and measures to support employees in balancing work and child/family care and to help realize the work-life balance of employees, as well as various other measures, include Company housing, Housing Allowance and other housing support programs, asset building support, the employee stock ownership program, and the consolation payment program. We have also introduced the Cafeteria Plan (selective employee benefit plan) through which the Company offers menus that correspond to the lifestyles and needs of employees, ranging from "workplace revitalization," "self-development," and "childcare and family care" to "health promotion." Employees may choose support programs as necessary accordingly.

## Supporting Employees' Life Plans through Corporate Pension

Shiseido supports employee life plans and financial management plans. The Shiseido retirement benefit program consists of a defined benefit pension and defined contribution pension or advance retirement allowance. Employees may choose from either the defined contribution pension plan or advance retirement allowance. For the defined contribution pension plan, through periodical provision of information on asset management and investment, Shiseido supports employees to take the initiative in planning their lives after retirement. Some overseas subsidiaries offer a defined benefit system, lump-sum retirement allowance system, and defined contribution system.

## Labor Unions

The Shiseido Group actively promotes information sharing regarding general corporate activities and discussions with employees to resolve issues in a concerted manner based on the belief that "good labor management relations are fundamental to corporate management." Labor unions have been organized in Shiseido and some Group companies (including overseas subsidiaries). In Japan, the Shiseido Labor Union adopts and operates the Union Shop System in representing certain employees of Shiseido Company, Limited, Shiseido Japan Co., Ltd. and some affiliates.

In its labor agreement, Shiseido and the Shiseido Labor Union confirm to "recognize the social mission of Shiseido's business, strive to realize sound development of the Company, and maintain and improve the economic and social status of employees, thereby sustaining labor-management relations based on goodwill and trust." On this basis, both parties aim to honor their mutual stance and hold management councils as well as labor-management discussions in consideration of various issues. Specifically, we actively hold labor-management talks on the themes of "treatment and benefits for employees," "work style reform," and "proper management of working hours, including reduction of long working hours" to ensure appropriate business operations. In addition, at each site in Japan, discussions are held on their own labor-management issues. Overseas subsidiaries also do business while respecting the labor laws and regulations of respective countries, and thereby strive to build and maintain sound labor-management relationships through communication between the Company, labor unions and employees.

# Our Human Rights Approach

Shiseido has established the Shiseido Group Human Rights Policy based on the United Nations Guiding Principles for Business and Human Rights and its basic corporate philosophy, which is described in the group-wide code of ethical behaviors. We will contribute to the realization of a sustainable global society by promoting various efforts to respect human rights in all Shiseido Group businesses, including in the creation of our products.



The descriptions of human rights in various policies and standards are as follows.

## Shiseido Group Standards of Business Conduct and Ethics

It summarizes the actions that each employee working in the Shiseido group should perform and it sets out a specific code of conduct to work with a stronger sense of ethics. In addition to complying with national and regional laws and regulations, as well as internal regulations, we declare that we respect human rights for all our stakeholders and that we will not engage in child labor or forced labor leading to human rights abuses. Also, in addition to not violating human rights, we have clearly specified that we select business partners according to the impact on society.

For details, please refer to the Shiseido Group Standards of Business Conduct and Ethics.

## Shiseido Group Policy on Human Rights

It was formulated based on the United Nations Guiding Principles on Business and Human Rights and the Shiseido Group Standards of Business Conduct and Ethics. It promotes the Shiseido Group's efforts to respect human rights and sets guidelines to fulfil their responsibilities. In order to become a company trusted by consumers and societies all over the world, and to continue developing along with the global society, all our business activities are based on respect for human rights. The policy was formulated in June 2017, published with the approval of the Board of Directors and revised in 2020. This policy applies to the Shiseido Group and our business partners.

## Shiseido Group Supplier Code of Conduct

We require all business partners related to Shiseido's products and services to comply with the code of conduct. In the wake of our participation in the United Nations Global Compact, we documented our standards related to human rights, our compliance with related laws and regulations, labor practices, intellectual property protection, confidentiality, environmental



protection, and impartial dealings in 2006. In April 2018, it was revised in order to require business partners to comply with laws and regulations, prevent corruption, respect human rights, provide a safe and healthy working environment, and protect the environment. In June 2019, we also added a provision for the proper management of working hours, days-off, and leave of employees.

Please check the details in the Promoting Sustainable and Responsible Procurement.

Shiseido Group Procurement Policy

In order to achieve an ethical supply chain, the policy was established in 2018 based on the principle of coexistence with consumers, business partners, and society. The policy indicates the following: Our purchasing is based on a consumer-oriented perspective; we carry out procurement activities aiming to create better products through co-creation with business partners; we comply with all relevant laws and regulations, as well as placing the foremost priority on respect for human rights and consideration of the global environment; finally, we actively promote sustainable procurement.

Please check the details in the Promoting Sustainable and Responsible Procurement.

Shiseido Group Sustainable Raw Materials Procurement Guidelines

This is a guideline formulated in 2018 for palm-derived materials, and paper, which exacerbate environmental and human rights problems in the country of origin, in order to promote sustainable procurement under the Shiseido Group Procurement Policy. We promote sustainable procurement that respects human rights and considers the environmental protection in the place of origin.

Please check the details in the Promoting Sustainable and Responsible Procurement.

Approval and support for international norms

2010	We signed the Women's Empowerment Principles (WEPs)(Joint initiative of UN Women and the United Nations Global Compact), which are the principles of action for companies that actively work to promote the full participation and leadership by women in the workplace, and we are working to implement WEPs with UN Women and various stakeholders.
2004	Our company signed the United Nations Global Compact and supports the ten principles in all four areas (Human rights, Labor, Environment, and Anti-corruption) together with all our group companies.

# Human Rights Promotion System

The human rights issues included are those related to child labor, forced labor, discrimination, harassment, wages, working hours, occupational safety and health, etc. The scope of the target also extends to all business activities and is not limited to our company but also applies to our business partners. In our everyday duties, relevant departments in the Global Headquarters (Human Resources Department, Risk Management Department, Social Value Creation Division, Purchasing Department) work together with various departments and domestic and overseas group companies to further the promotion of human rights.

## The Shiseido Group

The Shiseido Group's Human Rights Risk Assessment is undertaken by the following personnel in Shiseido Company, Limited (Global Headquarters). Once a year, human rights policies and human rights risk mitigation efforts are reported at the Board of Directors meeting and receive approval and supervision from the Board of Directors.

- Chief Social Value Creation Officer
- Chief Supply Network Officer
- Chief People Officer

## Supply Chain

The Supply & Purchasing Department, Risk Management Department, and Social Value Creation Division work on human rights issues among suppliers. As one of the systems to gather information on human rights risks and promptly address them (a mechanism to deal with complaints), we have established the Business Partner Hotline where suppliers can report and consult on human rights issues with our company.

## The Shiseido Group in Japan

At the Shiseido Group in Japan, the Human Rights Development Committee, chaired by the head of human resources at Shiseido Company, Limited, reviews the human resource issues and training contents for employees to reduce risks. In collaboration with the Human Rights Development Subcommittee, the Human Rights Secretariat within the Human Resources Department works to raise human rights awareness in-house, and the Social Value Creation Division is working on gender equality. A Human Rights Enlightenment Promotion Representative is nominated at each business site inside domestic Shiseido Group companies, and they provide human rights training. As one of the systems to gather information on human rights risks and promptly address them (a mechanism to deal with complaints), we have established a center\* where employees can report and consult on human rights issues.

\*We set up the In-house Shiseido Consultation Office and the External Shiseido Hotline to receive a broad range of consultations and reports from workplaces. There is also the Compliance Committee Hotline which specializes in receiving reports and the Report Mail to Auditors which receives reporting on officers.

# Primary Initiatives

Here listed are our primary initiatives regarding human rights and responsible procurement.

## ● Human Rights Due Diligence

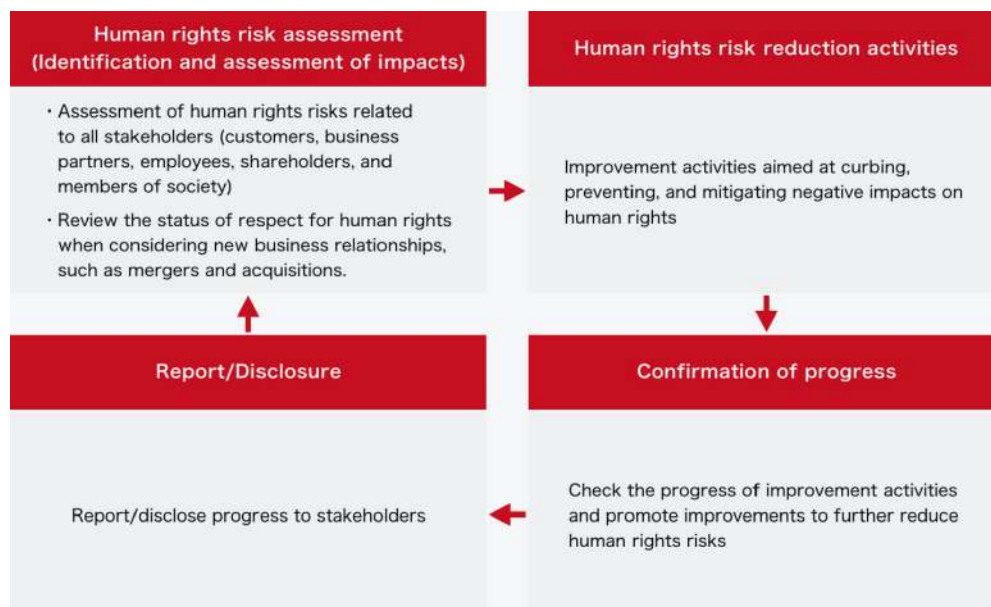
We have established a human rights due diligence process to promptly and identify potential human rights issues and prevent and mitigate future occurrences of such issues.

Regularly potential negative impacts on human rights and risk mitigation measures are taken to prevent serious damage.

Key critical issues on human rights are supervised by the Board of Directors.

Starting in 2021, the executive officer in charge of each area is responsible for monitoring risks, developing rules for improvement, and conducting training. Each executive officer will report and deliberate on the annual progress toward achieving their targets and KPIs at the Sustainability Committee, a management meeting on sustainability. The Human Resources Department and the Risk Management Department deal with human rights issues related to the Company's own employees, and the Supply Network Department handles the human rights issues related to the employees of suppliers and contract manufacturers. In new business relationships, such as mergers and acquisitions, respect for human rights (compliance with personnel and labor issues, employee and customer safety, etc.) is part of the due diligence process for investment decisions.

### Human Rights Due Diligence Process



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

### Step 1. 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 address including modern slavery issues and other wider-ranging issues. Throughout the value chain, we

have identified the risks of targets relevant to the Company and organized the areas and targets of our due diligence in this field.

- Affected parties: business partners, employees, consumers, and members of society. Specifically, contractors, suppliers' employees, our own employees (employed both directly and indirectly), women, children, indigenous peoples, local residents, and immigrants.
- The state of the cosmetics and personal products industry.
- Human rights issues to be considered: 25 listed items including respect for human rights and non-compliance with abuses, harassment and abuse, child labor (right to education), discriminatory actions and expressions, forced labor (including human trafficking), restrictions on the right to association and collective bargaining, and disadvantages on the basis of gender (including gender equality and equal pay for equal work), etc.
- International norms on human rights and corporate human rights benchmarks: The Ten Principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the ILO Core Labour Standards, the Universal Declaration of Human Rights, the Global Reporting Initiative (GRI), the CHRB, the Dow Jones Sustainability Index (DJSI), and the FTSE.

## Step 2. 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 in Japan and overseas, and investigating internal documents such as surveys and reports — while also referring to external documents for any potential impact on human rights. Based on our findings, we determined the severity and likelihood of both potential and visible risks to human rights, as well as the status of our preventive and corrective measures.

- Third-party evaluations: A third-party organization specializing in human rights risk assessment was commissioned to conduct the assessment. Based on various materials and records related to Shiseido's human rights activities as well as information obtained through interviews with Shiseido Group employees in Japan and overseas, the assessment sought to determine the existence or absence of human rights risks (potential and visible risks) in the entire value chain. The organization evaluated Shiseido's human rights risk management system, including the status of our preventive and corrective measures.
- Investigation of impact on human rights: Country-specific human rights risks were extracted from materials such as the International Labour Organization's (ILO) survey on discrimination, World Bank surveys on training and education and consumer rights, WIN World Survey research materials on gender equality, and UNICEF surveys on child labor.
- Status of preventive and corrective measures: We created a checklist of preventive and corrective measures related to human rights from items that international organizations, such as the CHRB, DJSI, FTSE, and GRI, require to be addressed and disclosed. We evaluated whether or not Shiseido has taken these preventive and corrective measures.

## Results and Responses

Regarding our value chain, our identification and assessment activities highlighted human rights risks related to\*: "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."\*

On the other hand, forced labor and child labor, which are closely related to modern slavery and human trafficking, were assessed as low human rights risks compared to other areas.

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

\* In no particular order

## ● Living Wages

Shiseido considers wages to be the amount of monetary compensation necessary for our employees and their families to be able to lead fruitful lives. For domestic Shiseido Group labor union members, wages are compared against the Japanese living wage and industry salary levels during annual labor-management negotiations. For non-union members, similar comparisons are made during recruitment. These comparisons and evaluations function as due consideration for living wages. In addition, for employees with children in the Shiseido Group in Japan, we provide monthly allowances to cover childcare and education in addition to base salary. (Subsidies for childcare and education expenses are available through the Cafeteria Plan.)

## ● Understanding risks throughout the supply chain

We procure raw materials and indirect materials (promotional materials) for our products from various suppliers in the global market. Of these, there are more than 900 primary suppliers who conduct direct transactions. In order to evaluate and confirm the status of compliance with the Shiseido Group Supplier Code of Conduct, Sedex (Supplier Ethical Data Exchange, that is one of the world's leading ethical trade service providers), original Self-Assessment Questionnaire (SAQ) revised in 2019, and EcoVadis are used in cooperation with the supplier.

With regard to raw materials (palm oil/mica), which our company considers to carry high risks for human rights, we will strengthen our measures by participating in international initiatives. In order to procure sustainable palm oil, we joined RSPO\*1 in 2010 and have reduced risks since then by procuring RSPO-certified raw materials, taking into consideration environmental protection and human rights in the places of origin. In addition, in order to procure sustainable mineral mica and strengthen our responsible supply chain, we joined RMI\*2 in 2017. Going forward, we aim to improve traceability and transparency in the supply chain of these raw materials.

\*1 RSPO: Roundtable on Sustainable Palm Oil

\*2 RMI: Responsible Mica Initiative

Please check the details in Promoting Sustainable and Responsible Procurement.

## ● Dialogues with stakeholders

In order to ensure sustainable and responsible procurement and respect for human rights in the course of our business activities, Shiseido works with various stakeholders to discuss both the environment and society and share and resolve issues. In dialogues with human rights experts, we received advice on how to proceed with human rights due diligence and reflect it in our activities.

Please check the details in Promoting Sustainable and Responsible Procurement.

## ● Reporting and consultation center for suppliers

Since 2013, we have been hearing opinions from/consulting with our business partners using the Business Partner Hotline, a center which receives reports from/consults with suppliers in writing and by email.

## ● Reporting and consultation center for employees

A consultation center was set up to handle consultations and reports on various employee human rights and labor issues. We set up the In-house Shiseido Consultation Office and the External Shiseido Hotline to receive a broad range of consultations and reports from various workplaces. The Compliance Committee Hotline specializes in receiving reports and Report Mail to Auditors receives reporting on officers.

## ● Human rights education training for employees

Since human rights issues are diverse, the Human Resources Department, Risk Management Department, and Social Value Creation Division are playing the central role in the initiative, working in partnership with the Shiseido Group companies. With regard to the Shiseido Group Standards of Business Conduct and Ethics and related policies and rules, we conduct regular training and education according to position and job type to deepen our understanding of the human rights of employees and to work to reduce human rights risks. We hold training sessions for top-level employees including the Global Headquarters officers and department directors in Japan, division/department heads of domestic and overseas offices, employees in various divisions/departments, and new employees once a year.

### Employees of the Shiseido Group in Japan

At each business location in Japan, there is a Human Rights Enlightenment Promotion representative in each department, and the Human Resources Department conducts training for those representatives who themselves deliver human rights training to other employees in each of their respective departments. We are enlightening people to eliminate discrimination and prejudice on various human rights issues, such as social integration, women's empowerment, children, people with disabilities, LGBT, and harassment.



# 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.

## 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, and it is important that companies 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.

## 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 (physical supply chain options, identity preserved, segregated, and/or mass balance), 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 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've 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.

\*Amount of palm oil sourced in 2020: 8,334t (Percentage certified through RSPO as Book & Claim: 100%)

## 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 was 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 environmentally 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 expectation sand even go beyond. We are also promoting the switch to sustainable paper for promotional materials such as product displays, bags, leaflets, and copy paper in our offices.



FSC-certified ELIXIR packaging

\*The total percentage of FSC certified paper and recycled paper is 51% (by weight ).

## 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.

## Dialogues with Stakeholders

In order to ensure sustainable and responsible procurement and respect for human rights in the course of our business activities, we work with various stakeholders to discuss environmental and social issues, share information, and create solutions.

### ● Working with NGOs/NPOs and oil palm smallholder farmers

To understand human rights issues in palm oil procurement, we participated in the Stakeholder Engagement Program in 2019. This program was held in Indonesia and hosted by Caux Round Table, Japan. Through conversations with NGOs/NPOs and oil palm smallholder farmers, we deepened our understanding of the human rights risks, abuses, and labor issues involved in palm oil production. In order to be a company that fulfils our responsibility to human rights, we will act on these discussions by setting up an ethical supply chain.

### ● Working with human rights experts

In October 2019, we had a series of talks with World Benchmarking Alliance/ Corporate Human Rights Benchmark, the leading research company, Verisk Maplecroft, and Rishi Sher Singh—business and human rights experts and supply chain experts in India. Their experts advised us on key areas and elements we should investigate in our company. We are currently working to implement this knowledge through our supply chain following the results of our Self-Assessment Questionnaire.

## Afforestation in Nagasaki, Japan

We promoted camellia planting and conservation activities at the abandoned farmlands of the Goto Islands in Nagasaki Prefecture.

Over nine years, 352 Shiseido employees have joined this activity and planted 738 seedlings of camellia japonica across 0.194 hectares of land.



## Honeybee protection in production sites in France

Many crops rely on bees to be pollinated. But in Europe, there are concerns about the decline in the number of bees\*1. At our Val de Loire Factory and Gien Factory (Shiseido International France S.A.S.), we have included the



conservation of bees and the ecosystem of the local community in our sustainability plan. Along with setting up beehives, we have banned the use of agrochemicals on the factory premises. About 125kg of honey was produced in only a year from the beehives installed\*2.

\*1 : Regarding the bee population, a beehive counts around 15,000 bees in winter and 80,000 in summer

\*2 : The beekeeper gives 600 jars of honey each year, which are distributed to employees

## Responsible Procurement

### Ethical Supply Chain Policies and Standards

At Shiseido, we strive to grow our business as well as stimulate the growth of the societies we work in. But we want this growth to be sustainable. In all our activities, we seek ways to prevent human rights problems and preserve the environment.

We have issued the Shiseido Group Supplier Code of Conduct and conduct supplier assessments and monitoring on a regular basis to ensure an ethical supply chain. In addition, the Shiseido Group Sustainable Raw Materials Procurement Guidelines have been enforced across the Group to ensure the procurement of sustainable raw materials (e.g., palm oil and paper) on a global scale.

We strive to share and resolve issues with our stakeholders and liaise with international human rights experts and people working in raw material producing regions to make sure our actions always rely on expert knowledge.

#### Shiseido Group Supplier Code of Conduct

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

#### Shiseido Group Procurement Policy

We established this policy in 2018 based on positive collaboration with consumers, business partners, and society. Our procurement policy is based on a consumer-oriented perspective, including the following principles:

- we carry out procurement activities to create better products, through co-creation with business partners
- we comply with all relevant laws and regulations, prioritizing respect for human rights and protection of the global environment

#### Shiseido Group Sustainable Raw Materials Procurement Guidelines

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

## Overview of our Suppliers and Purchasing Commodities

### Purchasing Commodities

Items to be purchased include packaging for our products (cosmetics, personal care products, pharmaceuticals), cosmetic tools (raw materials and processed products such as resin, glass, paper, metal), production materials such as

raw materials, sales support tools (POPs, premiums), OEM products, and commissioned manufacturing goods.

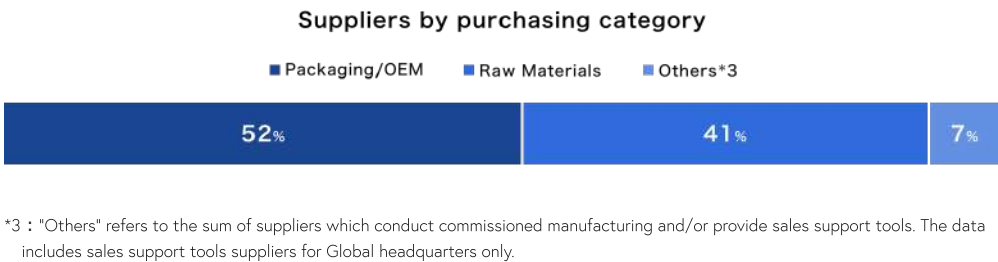
Overview of our suppliers

Our relationship with our suppliers is based on the following philosophies stated in the Shiseido Group Procurement Policy: "Building a Good Partnership," "Fair Purchasing Transactions," "Performance of contract", "Promoting sustainable procurement", and "Respecting diverse values".

We purchase materials for our products from over 900 suppliers\*1,2 spanning countries and regions.

\*1 : Companies belonging to the same corporate group are counted as one supplier. (Tier 1 suppliers only)  
\*2 : Each company is counted only once even if it appears in more than one category.

Suppliers by region/category



Critical Suppliers

Identification of critical suppliers

We identify critical suppliers once a year by the following process:



## Number of critical suppliers in fiscal 2020

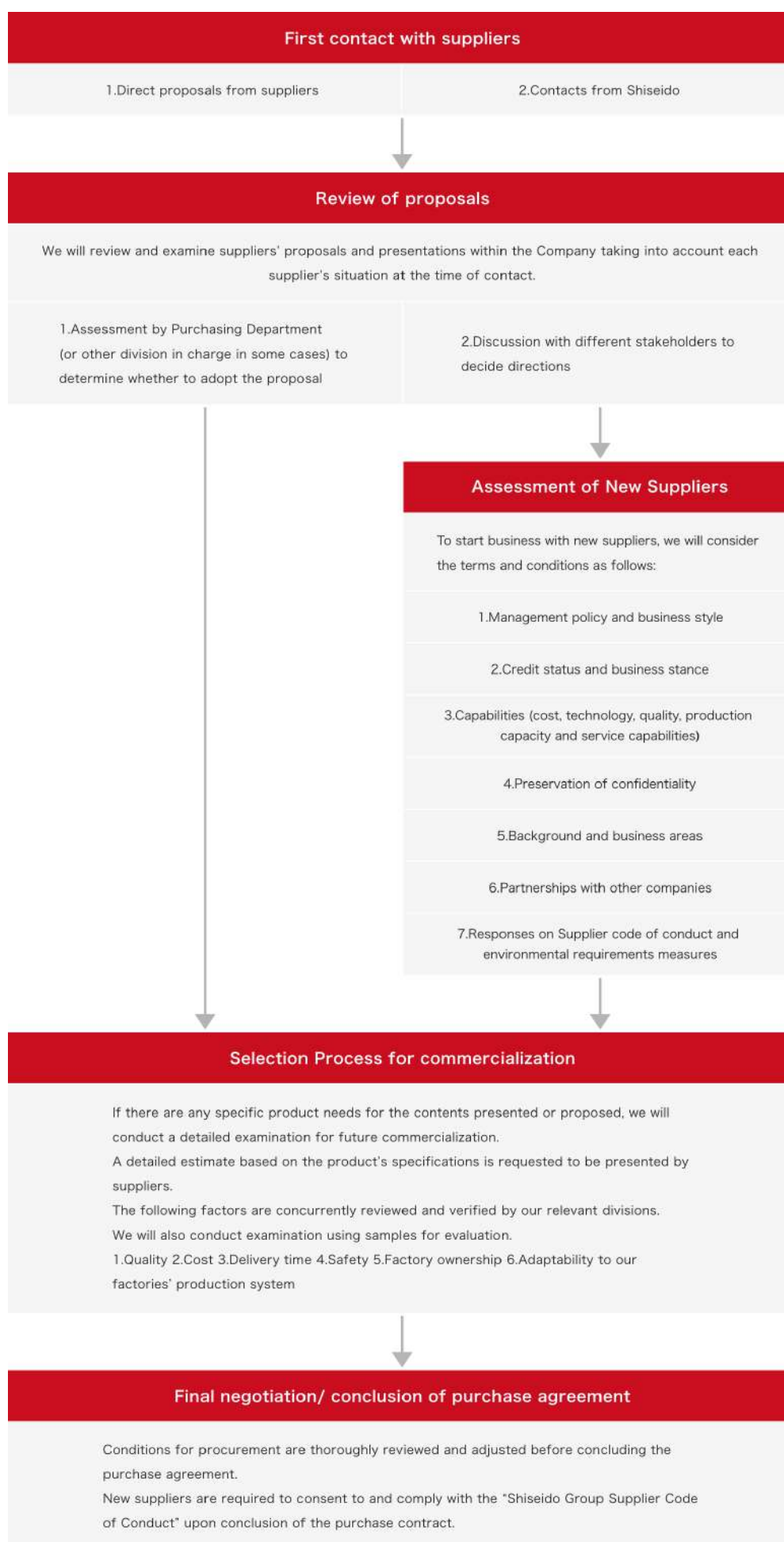
	Suppliers
Tier 1*	250 companies
Non-Tier 1	31 companies
Total	281 companies

\* Suppliers of procurement departments in all regions and commissioned manufacturing suppliers



## Starting New Business with Shiseido

Below is the process followed when we start business with new suppliers.



## Supplier Assessment

We assess our suppliers every year with a purpose to build a sustainable supply chain and ensure responsible procurement. Our target is to eliminate high-risk suppliers, and we assess particularly critical suppliers as a priority.

Before entering into business with a new supplier, credibility, business policy and attitude, level of confidentiality, and other important factors are thoroughly reviewed. We then sign a purchase agreement only with those who consent to the Shiseido Group Supplier Code of Conduct. After starting business, we evaluate their efforts related to sustainability and risks once a year using one of the following methods: Sedex\*1, EcoVadis, or Shiseido SAQ\*2,3.

Based on results of this assessment, we categorize our suppliers into four groups; low-risk, medium-risk, high-risk, and non-assessable. To those ranked as high-risk, we provide feedback and request that they implement corrective action plans. Furthermore, given the assessment result and significance of suppliers, we conduct a third-party audit or visit selected suppliers. If we cannot evaluate a supplier due to insufficient information or response, we ask them to supplement the information or response accordingly.

\*1 : Joined in August 2017

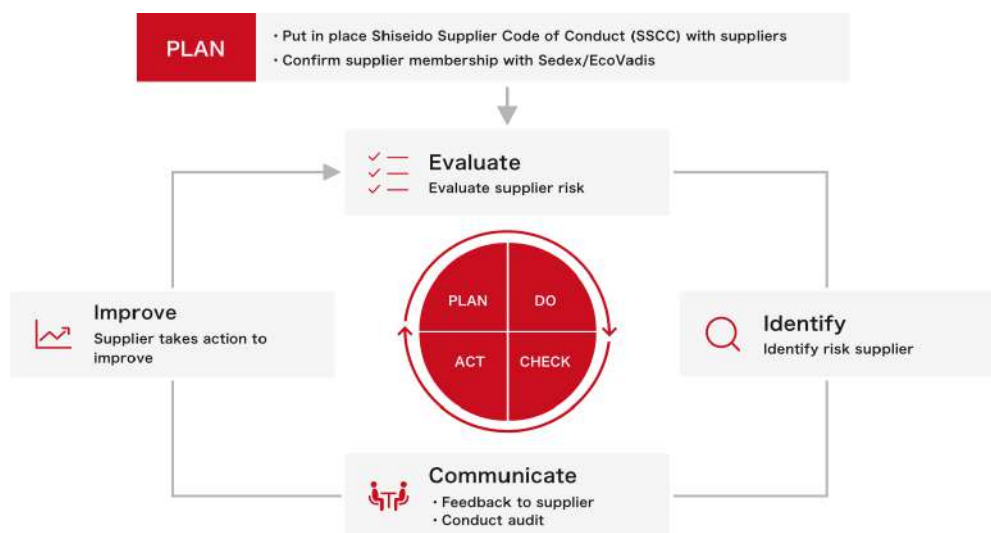
\*2 : Self-Assessment Questionnaire

\*3 : SAQ is used to assess suppliers that are not a member of either Sedex or EcoVadis.

## Supplier audits

We select suppliers to audit, taking into account results of assessment, importance of suppliers and purchase amounts, and other factors. We explain the purpose of our audit and what we are assessing to suppliers and ask them to prepare required documents. During the audit, in addition to onsite inspection, employee interviews are conducted and required documents are verified. When we find issues, we ask suppliers to establish a corrective action plan and confirm whether issues are resolved through the plan.

### Shiseido's supplier assessment flow



### Supplier assessment results

Until fiscal 2018, we assessed suppliers of Global Headquarter which provide product materials, sales support tools and OEM suppliers. In fiscal 2019, we expanded our scope and started assessment in EMEA Regional Headquarter.

In fiscal 2020, we expanded the scope further. From a category perspective, we assessed suppliers which provide product materials, sales support tools\*, OEM suppliers, commissioned manufacturing suppliers and from geographical perspective, we conducted the assessment globally.

Given the expansion of the scope, we revised our KPIs and targets.

\* Sales support tool suppliers with which Global Headquarter, China Regional Headquarter and EMEA Regional Headquarter have business. For EMEA Regional Headquarter, the scope of assessment is partial.

We assessed 791 Tier 1 suppliers\* at an assessment rate of 94%. Of Tier 2 critical suppliers, we assessed 15 suppliers.

\* Companies belonging to the same corporate group are counted as one supplier.

(KPI1) % of suppliers assessed (number of Tier 1 suppliers)

	2018	2019	2020	2021 (target)	2023 (target)
% of suppliers assessed (number of suppliers assessed)*	89%(229)	72%(356)	94%(791)	70%	80%

\* % of suppliers assessed = number of suppliers assessed / total number of suppliers in scope of assessment

(KPI2) % of critical suppliers assessed (number of Tier 1 suppliers)

	2019	2020	2021 (target)	2023 (target)
% of critical suppliers assessed (number of suppliers assessed)	77%(131)	96% (239)	100%	100%

## Identifying and mitigating risks

In fiscal 2020, 132 suppliers were categorized into high-risk and main risks are not conducting evacuation drills and inspections by health and safety committee, lack of company policy etc. We explained challenges and requested improvements to all the high-risk suppliers via supplier visit or online meeting\*. Suppliers made corrective action plans such as conducting regular health and safety inspections, establishment of sustainability department and enactment of company policy. We confirmed that issues were resolved through the assessment.

\* Due to the spread of COVID-19, meetings were conducted online as a priority.

Furthermore, 22 suppliers were audited. Most were critical suppliers with risks. Through these audits, we identified issues with certain suppliers in relation to regular inspection of machinery, and management of chemical substances. We requested those suppliers to correct the issues within a determined period.

Within 12 months after our feedback and audits, levels of 30 suppliers were revised from high to medium or low. Of Tier 2 critical suppliers, a total of 15 suppliers were also assessed, with none categorized as high-risk.

Actions towards high-risk suppliers in fiscal 2020

High-risk suppliers	132
Suppliers which received feedback	132
Suppliers which were audited	6
High-risk suppliers which have corrective action plans	31
Suppliers which improved assessment results through feedback and audits	30

	High-risk	Medium or low-risk
Critical suppliers	2	15
Non-critical suppliers	4	1
Total	6	16

## Partnership with Suppliers

### Supplier's Day

To keep pace with the changing times and respond to social requirements, Shiseido considers it important to communicate our concept of procurement with business partners in a timely and accurate manner. Therefore, with the aim of widespread dissemination of the procurement policy, the procurement departments in Global Headquarter and China Regional Headquarter hold an annual Supplier's Day to share purchasing activities and strategies with suppliers. Taking this opportunity, our procurement department in Global Headquarter promulgates Shiseido's procurement policy, various tasks, and requests in the fields of raw materials, packaging, and indirect materials, and responds to questions and requests from business partners.

In fiscal 2019, 209 suppliers participated in the session held in Global Headquarter, and 89 suppliers in China Regional Headquarter. We respect all our suppliers, who share our credo and join us on the journey for sustainable growth.



### Shiseido Suppliers' Awards

High-performing suppliers in conformity with our purchasing policy are invited to the annual Shiseido Suppliers' Awards. In fiscal 2019, 43 suppliers participated in the event held at "S/PARK," which was newly opened in the Minato-Mirai area, Yokohama in April. The top five suppliers were awarded in fiscal 2019 based on QCDEST evaluation. We expressed our gratitude to our suppliers, shared our view for the future and reaffirmed our commitment to forge a strong partnership.



## Global Purchasing Collaboration and Education for Buyers

### Global purchasing collaboration

Every year, we host the Shiseido International Procurement Meeting (SIPM) attended by purchasing leaders from each of our global facilities. We share not only immediate issues but also medium-to-long-term goals, and discuss global purchasing strategies. We also promote the global implementation of sustainability activities through this meeting.



### Education for buyers

To ensure responsible procurement throughout the company, we proactively provide education on relevant issues mainly to staff members of procurement departments.



Education on sustainability and responsible procurement (December 2019)

### Education provided for members of Procurement departments

Date	Theme	Participants
September 2019	Responsible procurement and supplier assessment programs (internal seminar)	EMEA Regional Headquarter : Buyers
October 2019	Business and Human Rights Conference (CRT Round Table Japan)	Global Headquarter: Staff in charge of sustainability
November 2019	Labor/human rights audit to suppliers (external consultant and NPO)	Global Headquarter: Category managers, Staff in charge of sustainability
December 2019	RSPO and palm oil (external lecturer)	Global Headquarter: Buyers of raw materials
December 2019	Sustainability and responsible procurement (external lecturer)	Global Headquarter: Buyers involved in supplier management
May, October 2020	Opportunities and challenges in sustainability (internal seminar)	EMEA Regional Headquarter: Procurement department
November 2020	RSPO and RSPO certified products (internal seminar)	Global Headquarter: Buyers in charge of procurement of palm oil
December 2020	Trends in responsible procurement and supplier assessment (external lecturer)	Global Headquarter and China Regional Headquarter: Buyers in charge of supplier assessment

(KPI) % of employees in procurement departments who participated in ESG training

	2019	2020	2022 (target)
Departmental ESG education participation rate	85%	86%	90%

## 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 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, we will continue to promote activities that help reduce our environmental footprint, in collaboration with our suppliers.





# Response to the United Kingdom's Modern Slavery Act 2015

Based on the United Kingdom's Modern Slavery Act 2015 enacted in March 2015, we disclose the Shiseido Modern Slavery Statement.

# Shiseido Modern Slavery Statement (Year ended December 31, 2020)

The statement below is the report for FY2020 as of December 31, 2020. Based on the statement of the previous fiscal year, this statement describes the actions taken in FY2020 and the initiatives planned for FY2021 and beyond.

## 1 About This Statement

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

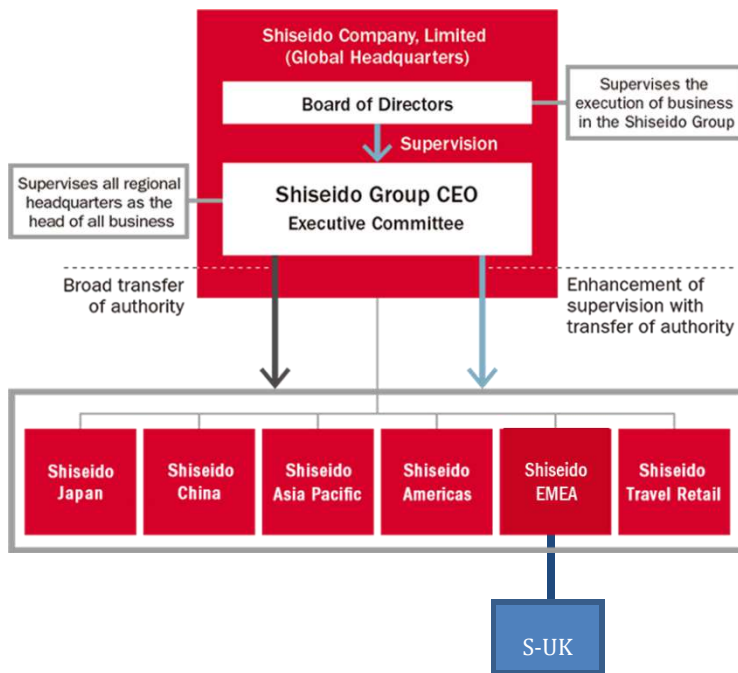
## 2 Business Operations and Organization

The Company is a cosmetics manufacturer established in 1872 in Japan. While the core of Shiseido’s business operations revolves around cosmetics, such as skincare, makeup, and fragrance, the scope of our business activities extends into a wide range of areas, including restaurants and education/childcare. Our desire and purpose is to contribute to society by creating new value that enriches the lives of our stakeholders globally. It operates cosmetics businesses in more than 120 countries and areas with about 48,000 employees and a global turnover of 920.9 billion yen. In the UK, Shiseido currently sells cosmetics through its subsidiary Shiseido UK Limited.

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

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

The Shiseido Group management structure



### 3 Supply Chain

Shiseido is engaged in purchasing, factory production, and logistics in cooperation with the global headquarters and each region. Our relationship with our suppliers is based on the following philosophies stated in the Shiseido Group Procurement Policy: “Building a Good Partnership,” “Fair Purchasing Transactions,” “Toward Global Procurement,” and “Performance of Contract.” Of these, we purchase production materials from over 900 first-tier suppliers around the world. Our first-tier suppliers are all required to follow the Shiseido Group Supplier Code of Conduct, and they are responsible for adapting it to their second-tier and upstream suppliers.

### 4 Policies in Relation to Slavery and Human Trafficking

Shiseido is striving to ensure that neither our business nor the supply chain related to the business involves the practices of enslavement or human trafficking. This is done by establishing corporate policies applicable to Shiseido and thoroughly communicating them to employees and suppliers, including first-tier and upstream suppliers. These policies are drafted by the person responsible for human rights at the GHQ and are approved by the Company’s Board of Directors. Our Chief Social Value Creation Officer, Chief Supply Network Officer, and Chief People Officer are responsible for promoting all human rights policies to our employees and throughout our supply chain, including human rights due diligence and risk assessment.

Shiseido's policies include the following:

■ Shiseido Group Policy on Human Rights

Adopted in 2017 and revised in May 2019 adding a new corporate philosophy, the Shiseido Group Policy on Human Rights is based on the United Nations Guiding Principles on Business and Human Rights to prevent slave labour (child labour and forced labour) and other work under slavery and human trafficking. This Policy applies to the Shiseido Group and its business partners.

<https://corp.shiseido.com/en/sustainability/human/pdf/policy01.pdf>

■ Shiseido Group Standards of Business Conduct and Ethics

The Shiseido Group Standards of Business Conduct and Ethics stipulate the mandatory behaviours expected of every individual working for the Shiseido Group.. The Company has established a specific code of conduct to address its business with high ethical standards, as well as to comply with the laws and regulations of the country, local government, and company rules.

<https://corp.shiseido.com/en/company/standards/>

■ Shiseido Group Supplier Code of Conduct

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

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

■ Shiseido Group Sustainable Raw Material Procurement Guidelines

Shiseido is striving to achieve the sustainable procurement of palm oil by 2026 through the use of a reputable certification system (RSPO with more than Mass Balance type). This is a particular area of concern which is exposed to slave labour and human rights abuses in Indonesia and Malaysia, which are major countries of origin.

In addition to the above policies, in 2004 the Company signed the United Nations Global Compact and endorsed the principles of the Global Compact for Shiseido. Furthermore, in September 2010, the Company signed the Women's Empowerment Principles developed by

UN Women and the United Nations Global Compact as a set of practical guidelines for private business and non-governmental organizations working for women's empowerment.

## 5 Human Rights Due Diligence

In FY2020, Shiseido took the following steps to identify and assess the apparent and potential impact of our activities relating to human rights in order to prevent or mitigate such activities as follows:

- Listing of human rights issues:

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

- Assessed human rights risks:

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

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

Through dialogues with domestic and global human rights experts, and various NGOs and NPOs, we have deepened our understanding of human rights abuses and labour problems, and identified areas where the related risks are likely to be more apparent especially at procuring raw materials such as Palm oil, mica.

- Since 2017, Shiseido participated in a stakeholder engagement program—operated by Caux Round Table Japan in Tokyo, Japan – and identified important human rights issues for each industry through discussions with experts, NGOs, and NPOs with reference to the human rights guidance tool produced by the United Nations Environmental Programme / Finance Initiative (UNEP FI). It was confirmed that there is a possibility of child labour and forced labour in the cosmetics industry

supply chain in FY2020. Shiseido continues to be an active stakeholder in this program.

## 6 Risk Assessment and Management

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

### ■ Approach 1: Assess and manage risks through human rights due diligence

In order to prevent or mitigate the impact that our activities have or could have on human rights, we have identified and assessed that impact through the process described in "5. Human Rights Due Diligence". As a result, the areas in our supply chain where human rights risks were reported to be more likely are:

- Discriminatory actions/expressions
- Violation of compliance/fair competition
- Personal/confidential information leakages
- Employees' personal data & privacy
- Incomplete supplier management
- Occupational safety and health issues (work-related accidents)
- Breach of working hours, breaks, and rest period (overtime-work)
- Harassment and abuse (in no particular order).

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

### ■ Approach 2: Risk identification in the supply chain as a whole

Shiseido assesses suppliers from the perspective of sustainability (human rights, occupational health and safety, the environment, and business ethics) and confirms compliance with the Shiseido Supplier Code of Conduct through Sedex/EcoVadis/its own SAQ once a year. We classify suppliers into four categories according to the degree of risk: low risk, middle risk, high risk and unassessable due to insufficient responses. We request corrective action and provide support to high risk suppliers through feedback. In addition, based on the magnitude of the risk and the importance of the supplier, visits by our employees and third-party audits are also conducted. Risks and issues discovered through assessments, visits, and audits are checked for corrective status based on a corrective action plan, and efforts are made to reduce the number of high-risk

suppliers.

### ■ Approach 3: Direct approach in terms of raw materials

In addition to the activities described above, as a direct action for raw materials that Shiseido has determined to have a high human rights risk, we have continued to promote the application of the certification system and participation in international initiatives.

- Shiseido has devised ways to reduce the risks associated with palm oil, which is widely known to carry human rights risks including child labour and forced labour in the country of origin, by joining the Roundtable on Sustainable Palm Oil (RSPO). The goal is to procure raw materials certified by the RSPO in consideration of environmental protection and human rights in the place of origin. In February 2017, the Kakegawa Factory in Japan obtained RSPO Supply Chain Certification, followed by the Kuki Factory and the Osaka Factory and the Nasu Factory in Japan, along with factories in Vietnam, the United States, and Taiwan. All factories in China and France have obtained the certification.
- In FY2020, all palm oil sourced by Shiseido had the Book & Claim certification from the RSPO.
- In 2020, for each of the identified palm oil blended raw materials, the possibility of switching to mass balance certified raw materials (the physical authentication method is recommended by the RSPO) was confirmed with the target suppliers, and if possible, the timing of the possible switch was set and is targeted for 2026. We can confirm that 31 raw materials were switched from raw materials with high palm oil content to certified raw materials based on RSPO's physical supply chain model (mass balance or higher).
- With respect to mica (which is a raw material for cosmetics), where the issue of child labour in India is becoming more apparent, Shiseido joined the Responsible Mica Initiative (RMI), which strives to achieve a responsible mica supply chain, in May 2017. As part of RMI's activities and efforts, 1,166 households in 80 villages have improved their sources of income through alternative livelihoods such as agriculture and animal husbandry. In addition, more than 44% of out-of-school children attended school regularly, and more than 50% of malnourished children improved their access to proper nutrition. Shiseido participated in RMI's two activity groups, Traceability and Workplace Standards, and supported activities aimed at improving the traceability of the mica supply chain in India and improving slave labour, including child labour.



## 7 Performance Assessment

Shiseido strives to prevent slavery (child labour and forced labour), other forms of labour under conditions of servitude, and human trafficking in its supply chain. We aim to establish traceability not only with first-tier suppliers but also second-tier and upstream suppliers on a global basis. In FY2020, the scope of the assessment has been expanded. The assessment results were used to determine the status of risks in the supply chain related to labour rights, health and safety, the environment, and business ethics, and to request corrective actions.

### ■ Supplier Assessment Results

In 2020, the supplier assessment program was conducted by expanding the target regions from Japan and EMEA to global. In the procurement category, a total of 791 suppliers (356 in 2019) were assessed, with the survey targets being production materials, sales tools, OEM procured goods, and first-tier suppliers responsible for supplying products through production outsourcing. The number of suppliers classified as high-risk was 132, and the major risks identified included failure to implement evacuation drills and failure to implement patrols by the Occupational Safety Committee. Shiseido provided feedback to all high-risk suppliers through visits or online, etc., explaining the issues and reasons of the suppliers in terms of sustainability and requesting corrective actions. In addition, audits were conducted on 22, focusing on critical suppliers with high risk. As a result of the corrective actions requested through feedback and audits, 30 suppliers implemented corrective actions within 12 months, and improved from high risk to medium risk or higher. In addition, 15 second-tier critical suppliers were evaluated, and there were no high risk suppliers.

### ■ Business Partner Hotline

Since 2013, Shiseido has established the Business Partner Hotline to promote fair transactions that deepen understanding and mutual respect with suppliers. As posted on the corporate website, the Business Partner Hotline accepts opinions and consultations from suppliers in writing or via e-mail. In 2020, we did not receive any consultations or feedback that indicated non-compliance.

## 8 Education and Training

The Company provides training on the Shiseido Group Standards of Business Conduct and Ethics and/or related policies and rules through various internal programs, such as position-specific training, in order to promote better understanding by all Shiseido employees.

■ Officer and department manager training

The Company and Shiseido Japan Co., Ltd. had planned to hold executive integrity training in March 2020, but this was cancelled due to the spread of COVID-19.

■ Japan Domestic Employees

At our offices in Japan, each department has a Human Rights Enlightenment Promotion Committee member, and the Human Resources Department conducts training for the committee members, who then conduct human rights training in their own departments. In FY2020, due to the risk of COVID-19, we did not conduct group training, but instead conducted human rights awareness training via e-learning (theme: To prevent “unconscious and unaware discrimination”). The number of participants was 7,709.

■ Supply chain

In December 2020, the Purchasing Department of the Global Headquarters held an internal training session with an external lecturer, in which 59 employees from the department participated. During the training, the participants exchanged opinions on supplier assessment, including social trends in sustainable procurement and what is required in terms of human rights, labour, health and safety, environment, and ethics. In addition, the buyers involved in supplier assessment at the China regional headquarters also participated in this training. In the next fiscal year and beyond, we plan to conduct follow-up training for those who were not able to participate.

## 9 For the Future

Shiseido continues to take the perspective of the UN Guiding Principles on Business and Human Rights and strives to prevent the initiation of its involvement in human rights abuses for its own business and throughout its supply chain.

In FY2021, we will focus on priority human rights issues derived from the results of the human rights risk assessment (identification and assessment of impacts) conducted in FY2020, and take measures to reduce manifest and latent risks, including further enhancement of preventive and corrective measures, and promote efforts for improvement.

In addition to continuing to conduct supplier assessments, and for palm oil, which poses human rights risks, Shiseido will purchase and use RSPO mass-balance-certified oil in accordance with our new target on palm oil, which will also improve traceability.

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



Masahiko Uotani

Representative Director

President and CEO

Shiseido Company, Limited

May 12, 2021