

# 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 prolonged COVID-19 pandemic that has spread worldwide 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. As a result, in 2000, almost 100% of female employees returned to work after childcare leave. We have promoted advanced initiatives in Japan ever since.

Building on our heritage of empowering women in Japan and around the world, we also collaborate with organizations, governments and businesses to promote gender equality for all, so that everyone can live life exactly as they wish.

## 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 lessen the suffering of wartime burn victims. Since then, we have developed a wide range of cosmetics for discolorations and scars. In recent years, as part of our Shiseido Life Quality Makeup initiative, 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 business partners and employees.

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

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

### Respecting Human Rights and Ensuring Responsible Procurement

#### Human Resources

# Resolving the Gender Gap and Empowering Women in Japan

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

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

The 30% Club Japan aims to increase the proportion of women among executive officers in Japanese companies\*1. A global initiative that originated in the UK, the Japan chapter was started in May 2019 in the drive to achieve a 30% proportion of female directors\*2 at TOPIX 100 companies by 2030. Masahiko Uotani, Shiseido Representative Director, Chairman and CEO, became the founding chairperson and formed the TOPIX Presidents' Committee consisting of 33 chairperson and presidents of companies listed chiefly in TOPIX 100 and TOPIX Mid 400.

As concrete measures to address the three issues involved in the career development of women found through the Committee, projects have been organized and implemented jointly among member companies, such as creating opportunities for young female employees to examine their career paths at an early stage, sharing management know-how regarding employees in their childbirth and childcare phases of life, and exchange with female managerial candidates and top executives of member companies.

TOPIX Presidents' Committee meetings attended by top executives of member companies have been held five times to date. In 2021, lively discussions were held on the theme of "appointment of women to executive officer and line manager (organization head) posts," through case studies at various member companies. In the project management team organized by business operation personnel of member companies (75 from 33 companies), cross-company projects have been organized to promote concrete action to resolve common issues, especially in the development of career awareness among young women and elimination of the so-called "mommy track."\*3

Through activities during the past three years, the ratio of women among executive officers in companies belonging to the TOPIX Presidents' Committee rose by 14.1 percentage points vis-à-vis the national average. It has also brought a steady progress for eliminating gender inequality, such as advancement of women to posts such as managers of business operations and of manufacturing operations, that had been rare in the past.

Shiseido will lead the transformation of Japanese companies toward breaking away from homogeneity through innovation and by promoting the active participation of women.

\*1 : Executive officers here refer to directors and auditors.

\*2 : The ratio of female directors in TOPIX 100 boards of directors (including auditors for companies with board of auditors)

\*3 : "Mommy Track" is a term used to describe the employment environment in Japan where mothers raising children tend to leave the promotion course.

[Click here for the 30% Club Japan](#)



TOPIX Presidents' Committee



## Empowering Women through Collaboration with Local Governments

In 2021, Shiseido Japan Co., Ltd., and Hiroshima Prefecture have concluded an agreement on promoting empowerment of women. As part of Shiseido's ongoing activities to empower women and promote gender equality, we are making contributions to regional societies through support in job placement and empowerment of women in Hiroshima Prefecture, chiefly through beauty seminars, promotion of awareness and communication regarding empowerment of women and assistance in creating networks among working women. To commemorate the partnership, an event was held in March 2021 to support 14 women planning to return to work, including basic makeup lecture and makeup tips when preparing for online interviews. Beauty lectures on skincare and makeup for job-hunting activities have been organized in the workplace experience program sponsored by Hiroshima Prefecture to support mothers with young children planning to return to work, as well as online, joint company briefing sessions. In addition, an empowerment of women training was organized, in which a managerial woman representing Shiseido Japan's Hiroshima Office appeared to encourage women and mitigate their anxieties over pursuing advancement into managerial posts.

In March 2022, Shiseido Japan Co., Ltd., has joined a citizen collaboration project "Machi, Watashi, Kirameku Women's Campus Yamagata" which Yamagata City and Ridilover, the general incorporated association organizing educational and training programs on social issues had concluded a comprehensive partnership agreement.

[Click here for the news release regarding the agreement with Hiroshima Prefectural Government. \(Japanese language only\)](#)

[Click here for the news release regarding the joint press conference with Yamagata City. \(Japanese language only\)](#)



Signature ceremony of the partnership agreement attended by the Deputy Governor of Hiroshima Prefecture, branch manager of Shiseido Japan Chu-Shikoku Branch Office and manager of Chu-Shikoku Sales Branch



Online beauty lecture commemorating conclusion of the partnership



Joint press conference with Mayor of Yamagata City, CEO of Ridilover Inc. and Shiseido Japan Region Chief Executive Officer

## Childcare Support

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 such as Kangaroom Shiodome (2003) and Kangaroom Kakegawa (2017), we began supporting and managing two childcare facilities at other companies in Kanagawa and Shizuoka prefectures.

In 2021, the childcare training program for men, *Ikutore*, was started. Through hands-on training by childcare staff at Kangaroom Shiodome, participants gain awareness toward childcare and toward family involvement in childcare while pursuing careers.

[Click here for information on employee support in balancing work and family care.](#)



In-house daycare nursery "Kangaroom Kakegawa"



Ikutore at Kangaroom Shiodome

[Click here for the corporate website of KODOMOLOGY Co., Ltd. \(Japanese language only\)](#)



## Supporting Female Researchers in Natural Sciences

The proportion of female researchers in Japan is low compared to Western nations, remaining at roughly 17.5%. In order to improve this situation, Shiseido is offering continuing support to female researchers in Japan who are engaged in world-leading, innovative research in natural sciences. Starting in 2007, Shiseido Female Researcher Science Grant has been providing support in this area. Now in its 15th year, 2022, 10 women researchers have been granted a subsidy of one million yen. This subsidy is distinguished for its versatility in providing support to women in their life events such as childbirth and childcare, so long as the objective of the funding is research. To date, it has contributed to the research results and the career development of 149 researchers.

In 2022, 15th award presentation ceremony and 14th research presentation event were held at the Shiseido Global Innovation Center (Yokohama) for the first time in 3 years. At the research presentation, 9 female researchers working on the cutting edge of research in fields such as Material Science and Molecular Biology reported on the progress of the previous year's award-winning research and exchanged opinions among researchers from different fields. Furthermore, at a social gathering held before the award ceremony, while thoroughly taking countermeasures against the coronavirus, the award recipients shared their research and worries about life events and deepened their friendship. We hope that the network built through the award of this grant will support them to make further achievements as female researchers into next-generation natural science.

[Click here for details on the Shiseido Female Researcher Science Grant \(Japanese language only\)](#)



The Shiseido Female Researcher Science Grant award ceremony

**SCIENCE  
GRANT**  
SHISEIDO FEMALE RESEARCHER



The 15th Shiseido Female Researcher Science Grant award ceremony (Japanese language only)

## 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, the tournament was held on the theme of "Power of Women 2021: Let's expand the circle of support!" in order to encourage all women working under harsh conditions during the pandemic. Preliminary rounds were held in August in four locations nationwide followed by the final round held in December. The number of participants in 2021 was 232 from 90 companies. In the three years since its inception, a total of 716 from 149 companies came together to strengthen the network, while taking infection prevention measures, in order to invigorate them for their future.

[Click here for the website of Shiseido Corporate Ladies Team Golf Tournament \(Japanese language only\)](#)



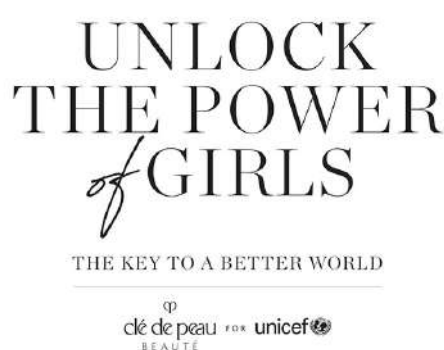
Shiseido Corporate Ladies Team Golf Tournament

# Empowering Women and Girls and Helping Them Become Self-Reliant

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

## Clé de Peau Beauté: Supporting Education for Girls

In October 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 8.7 million USD in support of UNICEF's Gender Equality Program. In this way, the brand has helped to promote the organization's effort to empower 7.9 million girls globally with skills for the future through education, skills development, and empowerment programs.



Due to COVID-19, education activities have been disrupted. The situation has highlighted the urgency for digital inclusion through our increased reliance on technology and made it clear that the future will demand a greater focus on STEM\*2 education. As the world reimagines learning systems to adapt to our new reality, Clé de Peau Beauté's partnership with UNICEF helps young girls in Kyrgyzstan, Bangladesh, and Niger amongst other countries and regions to gain access to STEM education and acquiring skills for the future development.

In September 2021, the brand team held a Virtual Field Visit (online tour) to connect with students, parents, and school teachers in Kyrgyzstan — one of the partnership's supported countries and regions. STEM Project participation not only helped increase the number of female students in STEM fields, but also helped eliminate stereotypes regarding female students pursuing such fields.



Virtual Field Visit (online tour) with participants from Kyrgyzstan

At events such as 2021 ADB\*3 Asia and the Pacific Virtual Gender Forum in November 2021 and the UNICEF-hosted Global Forum for Children and Youth in December 2021, 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.



This year, the brand also held a worldwide CRM Campaign\*4 featuring the brand's best-selling product, The Serum, inviting consumers' participation and aiming to raise awareness for UNICEF's program.

Additionally, Clé de Peau Beauté also held the Power of Radiance Awards\*5 — a long-term philanthropic endeavor to honor women from around the world who have acted to drive positive change through knowledge.

In the fourth year of the program, the Power of Radiance Awards recognized Amanda Simandjuntak from Jakarta, Indonesia in recognition of her efforts to empower young girls through STEM education. Amanda is the CEO and co-founder of MARKODING\*6, a non-profit organization with a mission to empower underprivileged youth in Indonesia through innovation and technology.

Funding for these charity programs comes from a portion of the global sales of the brand's best-selling product—The Serum.

The brand will continue to support women who have a positive impact on society.

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

\*2 : Science, Technology, Engineering, and Mathematics.

\*3 : Asian Development Bank

\*4 : CRM Campaign: A Cause-Related Marketing Campaign whereby a portion of The Serum's sales will be donated to support UNICEF's program for education and empowerment of girls around the world.

\*5 : Grants from the Power of Radiance Award are donated to a charitable organization of the award recipient's choice in support of educational initiatives.

\*6 : MARKODING which "2022 Power of Radiance Awards" recipient Ms. Amanda Simandjuntak serves as CEO and co-founder, is a non-profit organization with a mission to empower underprivileged youth in Indonesia through innovation and technology such as coding, UI/XU design and product development. Since 2019, MARKODING has partnered with UNICEF Indonesia and launched the 'Digital Innovation Challenge' to equip adolescent girls and boys with transferable, digital and entrepreneurship skills aiming at developing human resources who can solve the problems by themselves.

[Click here for information on the Power of Radiance Award.](#)

[Click here for Clé de Peau Beauté global partnership with UNICEF.](#)

# POWER of RADIANCE

clé de peau  
BEAUTÉ



Amanda Simandjuntak, recipient of the 2022 Power of Radiance Award

## Shiseido Travel Retail: Supporting Marginalized Women and Girls in Cambodia

Since 2020, Shiseido Travel Retail has partnered with Friends-International on 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 have contributed cash donations and beauty products; we are also involved in the development of the training curriculum. In 2021, 78 students received vocational beauty training — 41 of whom were placed in employment.



Students participating in beauty training



Hairdressing practice at a beauty salon

# 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.

## Empowerment women at Shiseido

In the Shiseido Group, more than 80% of the workforce are women. The percentage of women in leadership positions across our global organization is 58.3%\*. Also, 46% of directors and auditors are women (as of April 2022), and the ratio of women leaders in Japan is at 37.3%\*. We believe that empowerment of women creates innovation and will lead to further growth of the company and to self-fulfillment of the employees. For this reason, we plan to raise the proportion of female leaders on all levels of the organization in Japan to 50%, which is the symbol of equal job opportunity, by the year 2030.

In Japan, we have long been implementing measures and programs to support the life events of women including childcare leave and shorter working hours during the childcare period since the early 1990s before the childcare and family care leave law took effect in Japan.

Specifically, childcare facilities (Kangaroom Shiodome in 2003 and Kangaroom Kakegawa in 2017) were opened and also provide service to nearby businesses and residents. In 2008, the Kangaroo Staff program was created to provide personnel to supplement the Shiseido Beauty Consultants taking shorter working hours due to childcare. In 2021, 1606 Shiseido Beauty Consultants in the childcare stage of life were supported by 1090 Kangaroo Staff personnel nationwide. Through these activities, the percentage of job reinstatement following childcare leave is at 99.3% for the Shiseido Group in Japan and continues to be maintained to date.

In order to train women leaders, "NEXT LEADERSHIP SESSION for WOMEN" was organized with 48 women participating in 2021. In the training program, female managerial candidates learn management and business skills while exploring their individual leadership styles. It is a combination of learning how to deal with obstacles they face in exercising leadership, attendance of lectures by women leaders, networking among employees, coaching, etc. In the five years since its introduction, 44% (59) of the 133 participants in the program were successfully promoted. Starting in 2021, the program has included mentoring between female officers and female employees. Interaction with female officers is providing employees opportunities to examine their own career development. In order to achieve 50% in women leaders on all levels of the organization, female senior leadership must be strengthened. For this purpose, "NEXT LEADERSHIP SESSION for WOMEN advanced" was created for female employees who head business divisions and business sites and drew attendance of 15 women. Participants assume the role of the company president to develop their own business vision, which is discussed with the CEO. In the 10-day program to delve into decision-making by the corporate executive in various situations, the participants are expected to clearly identify their decision-making standards and to acquire the skill to deal with pressure in making significant decisions.

In "Speak Jam", a mentoring program by female officers for female employees, 67 women in their 30s and working in various fields such as sales, manufacturing, and R&D participated in 2020-2021. Through dialogue, the female officers spoke their own past experiences to female employees facing issues in their life events, self-development, and career development. It has become an important program for female employees to gain a positive outlook toward their careers and for female officers to understand issues that impede the empowerment of women.



In order to assure the health, safety and sense of security, and work incentive of employees and foster business growth through greater productivity, various actions have been implemented to improve the work environment not only for women but also for employees with various attributes, such as revision for shift toward flextime work without designated core worktime, telework scheme implemented for all Shiseido Group companies in Japan and Shiseido hybrid work style that allows for versatile combination of remote work and office work, depending on the purpose of business operation.

Starting in 2021, office renovation based on the workplace concept of "Intersection of Creativity" was conducted for business sites both in Japan and other countries. It is an approach to office work style, aimed at creating possibilities of innovation through new communication that cross organizational boundaries and at encouraging a work style that produces the maximum results.



New value creation floor on 11F of Shiseido Shiodome Office, designed to create innovation

In May 2022, these efforts to promote women's participation and advancement in the workplace were highly evaluated and earned 1st place in the overall ranking of the "100 Best Companies Where Women Actively Take Part" 2022 at the "Survey on Female Workers' Workplace Opportunities" conducted by Nikkei Business Publications' Nikkei Woman together with Nikkei Womenomics Project of the Nikkei Group. This is the fourth time taking 1st place in the overall ranking since 2016. In 2017, we launched a leadership program session "NEXT LEADERSHIP SESSION for WOMEN" to enhance human resources development and the ratio of female leaders has increased to 37.3%. These efforts are highly evaluated as a women empowerment leading company.



Nikkei Woman publisher (left), Shiseido Representative Director and Senior Executive Officer (middle), and Nikkei Woman Chief Editor (right) at the "100 Best Companies Where Women Actively Take Part" 2022 ceremony

\* As of January 1, 2022

[Click here for more on Shiseido's diversity&inclusion activities.](#)

## External Recognition

Shiseido's diversity & inclusion activities have received multiple awards from various organizations.

We will continue to support the activities of employees of diverse backgrounds including foreign nationals and midcareer hires in addition to women in order to boost progress in diversity & inclusion.

女性が輝く  
先進企業 2020

Prime Ministerial Award for Women Empowering Companies 2020\*1



FY2022 Nadeshiko Brand\*2



2020 WCD Visionary Awards



MSCI Japan Empowering Women Index (WIN)\* 3

- \*1 : The Prime Ministerial Award for Women Empowering Companies is awarded to companies that have shown significant achievements in policy, activities and performance on appointment of women to executive and managerial posts, as well as information disclosure on such activities, in order to promote the development of work environments that empower women.
- \*2 : Nadeshiko Brand is designed to spotlight stocks of listed companies that excel in the empowerment of women to attract investors. Selected companies are those that place emphasis on long-term corporate value improvement and the acceleration of activities designed for the empowerment of women. Shiseido has been selected consecutively since 2021.
- \*3 : The MSCI Japan Empowering Women Index (WIN), developed by MSCI (USA), is designed to select Japanese businesses that rate highly in the empowerment of women and gender diversity. Shiseido has been selected five years in a row since its inception in 2017.

## 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 and to encourage them to perceive them as personal matters and make improvements voluntarily. In 2022, we conducted the Global Gender Culture Relay as a cross-regional initiative under the common theme, "Discover gender issues in your culture." As part of the campaign, we featured books, movies, art, and the like on the theme of the lives of women and gender that drew attention in respective regions across the world at Shiseido through our Company intranet.

Shiseido's regional headquarters for Asia Pacific held a campaign to declare the efforts of each and every employee under the theme of International Women's Day aiming to enlighten "gender equality". In Singapore, we also called for portraits and video shoots for the employee engagement and shared the history of Shiseido's gender equality advancement with our employees in a newsletter.

Shiseido's regional headquarters for Travel Retail also distributed the brand's efforts for gender equality through a newsletter for International Women's Day. In Singapore, we also called for employee participation in Global Gender Culture Relay in contest-form.

In our regional headquarters for the Americas, we shared portrait photos of each employee on the theme of International Women's Day on the Company intranet. Affinity group "Women Empowering Women" also held a panel discussion with female leaders.

Our regional headquarters for Europe held an internal movie event featuring Japanese women's lives. We learn about a diverse range of women's situations in different regions through the film.

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



Movie event (France)



# Support for Patients with Xeroderma Pigmentosum

## Support Outline

Since 2000, we have supported people living with Xeroderma Pigmentosum (XP) — a condition characterized by extreme sun sensitivity — through sunscreen donations and seminars led by our researchers and Beauty Consultants. At these seminars, we explain how to effectively protect skin in order to enjoy the outdoors.

In 2021, with support from sun care brand *ANESSA*, we held online seminars for parents of children with XP, providing basic information on UV rays, sun protection, and the correct use of sunscreen.

Since 2005, we have also provided financial aid for patient exchange meetings through voluntary donations from participating employees' salaries (Shiseido Camellia Fund).

For details on support, please refer to Social Data.



## Purpose of Activities

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, and we offer insights into effective sunscreen usage and market a broad range of high-quality sunscreen products. Support for UV-sensitive people 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 must 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.

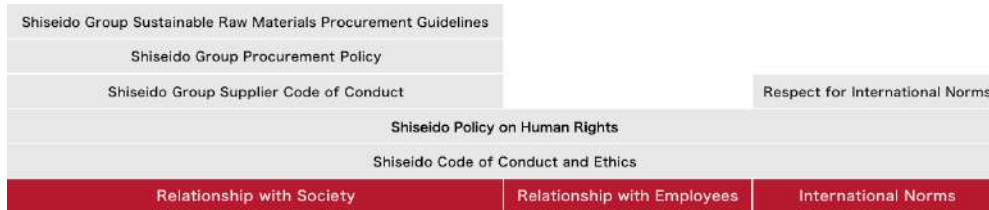
\* Japanese National Network of Xeroderma Pigmentosum (XP): A network of three XP patient groups in Japan (Osaka, Kobe, and Tokyo).

At Shiseido, we remain committed to improving the quality of life of our consumers.



# Our Human Rights Approach

In 2020, we established a human rights due diligence process to promptly identify, prevent and mitigate potential human rights issues. Shiseido has established the Shiseido 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.



## Shiseido Code of Conduct and Ethics

For details, please refer to the Shiseido Code of Conduct and Ethics.

## Shiseido Policy on Human Rights

It was formulated based on the United Nations Guiding Principles on Business and Human Rights and the Shiseido Code of 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 June 2022. This policy applies to the Shiseido Group and our business partners.

## Shiseido Group Supplier Code of Conduct

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

## Shiseido Group Procurement Policy

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

## Shiseido Group Sustainable Raw Materials Procurement Guidelines

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

## Approval and support for international norms

<b>2010</b>	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.
<b>2004</b>	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 functions in the Global Headquarters (Human Resources, Risk Management, Sustainability, Procurement) work together with various departments and domestic and overseas group companies to further the promotion of human rights.

## The Shiseido Group

We launched the Sustainability Committee, a dedicated body to ensure timely management decisions related to sustainability, including human rights, and their company-wide implementation. The committee decides on Group-wide sustainability strategies, policies, and discusses specific topics such as actions for human rights, as well as monitors the progress of medium-to-long-term goals. The committee consists of the Representative Director President and CEO, and executive officers in charge of Corporate Strategy, R&D, Supply Network, Corporate Communications, and our brands, as well as other executive officers from different fields to ensure discussions of a range of issues from different perspectives.

At our global headquarters in Japan, the "Shiseido Group Global Hotline" has been established to receive reports directly from employees of our affiliates/business partners around the world.

## Supply Chain

The Global Headquarters (Procurement, Risk Management, Sustainability) 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. 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

Based on the United Nations Guiding Principles on Business and Human Rights (UNGPs), National Action Plans (NAPs) have been formulated in various countries, mainly in the EU, and many NAPs include a statement on human rights due diligence.

In 2020, we established a human rights due diligence process to promptly identify, prevent and mitigate potential human rights issues.

The human rights due diligence process begins with a human rights risk assessment to assess and identify human rights risks for all stakeholders. Next, improvement activities are promoted to stop, prevent or mitigate the negative impacts of the identified human rights risks. The promotion of these activities is checked and activities to further reduce human rights risks are continued, as well as progress reporting and disclosure.



## Human Rights Risk Assessment

### Step1: 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 Labor Standards, the Universal Declaration of Human Rights, the Global Reporting Initiative (GRI), the CHRB, the Dow Jones Sustainability Index (DJSI), and the FTSE.

#### Step2: 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 Labor 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

#### Human Rights Risk Reduction Activities

In 2021, the eight areas identified by the human rights risk assessment were reorganized and integrated into six categories according to issues and measures to be taken. Executive officers were then assigned to each category to implement improvement activities aimed at curbing, preventing, and mitigating negative impacts on human rights. Human rights of employees are managed by the Human Resources and Risk Management departments, which promoted e-learning for employees and implemented activities to reduce the occurrence of occupational accidents. Human rights of suppliers and contracted manufacturers are handled by the Supply Network Division, which continuously conducts supplier assessment programs and reviews procurement policies.



## 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 800 primary suppliers who conduct direct transactions. Our aim is to create a sustainable supply chain built on responsible procurement and to minimize risk across the entire supply chain.

To do so, we are promoting the implementation of a supplier assessment program.

Beginning in 2022, based on the revised procurement policy, we will evaluate suppliers from a sustainability perspective and increase business with high-performing suppliers.

As well as Tier 1suppliers, we will also assess suppliers beyond Tier 1.

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.

## 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.

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.)

In 2022, in the case of employees of Shiseido Co., Ltd. and Shiseido Japan Co., Ltd. a self-assessment confirms that the basic salary is designed to exceed the living wage in comparison with the 2021 RENGO Living Wage Report issued by the Japanese Trade Union Confederation.

## 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.

In 2021, we held a dialogue with 14 human rights organizations and experts on the following topics.

- Forced labor and human trafficking in the supply chain
- Children's human rights in advertising and marketing
- LGBT human rights
- Living wage

## 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

We have established Whistleblowing and Consultation Hotlines at our global headquarters to handle consultations and reports from employees on various human rights and labor issues.

At each of our regional offices/headquarters, contact window has been setup to handle reports of violations of the Shiseido Code of Conduct and Ethics, internal rules and each country's laws and regulations.

At our global headquarters in Japan, the "Shiseido Group Global Hotline" has been established to receive reports directly from employees of our affiliates/business partners around the world.

Employees can also directly e-mail the Audit & Supervisory Board to report on words and/or actions breach of ethics by directors and executive officers. Furthermore, in Japan, we established "Sodan Room" (an in-house Shiseido hotline) and an "External Shiseido Hotline." Both handle general workplace issues and whistleblowing, while the "Compliance Committee Hotline" is dedicated to whistleblowing.

Information about all our hotlines — including instructions for use, internal rules, fair research processes, prohibition of disadvantageous treatments of whistleblowers, and confidentiality of reported and consulted contents — is well clearly communicated to every employee via a digital leaflet, intranet bulletin board messages, etc.

## Human rights education training for employees

Since human rights issues are diverse, the Human Resources, Risk Management, and Sustainability functions are playing the central role in the initiative, working in partnership with the Shiseido Group companies. With regard to the Shiseido Code of 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

At Shiseido, we utilize the world's natural resources to develop products and operate our business. We understand these resources are limited, and as such, we place the utmost importance on the sustainable and responsible procurement of raw materials at every stage of the supply chain. This includes the reduction and reuse of resources from the perspective of environmental protection, biodiversity, and in support of a circular economy. In all our activities, we also work to address and strengthen our response to issues such as human rights.

## Procurement of Raw Materials

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

In 2020, we published our medium-term targets for the sustainable procurement of palm oil and paper, and we are in the process of switching to more sustainable raw materials. We are also strengthening our efforts to solve issues related to the mining of mica. As for mica, by clarifying our own procurement policy and building a support system in collaboration with other companies, we aim to make a positive change.

### Palm Oil

While palm oil is a highly versatile raw material used in a variety of products from food to cosmetics, its production has caused deforestation and human rights issues. Therefore, sustainable and responsible procurement is essential.

As part of our efforts in this area, in 2010, we joined the Roundtable on Sustainable Palm Oil (RSPO), an international NPO and began purchasing RSPO certificates (credits) equivalent to 100% of palm-derived raw materials in 2018\*1. And in 2020, we disclosed our medium-term target of reaching 100% sustainable palm oil by 2026\*2. The relevant teams in our global and regional headquarters have been working together to promote initiatives aimed at achieving this target. In addition, we have been promoting the acquisition of RSPO Supply Chain Certification at all Shiseido factories.

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

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 palm oil smallholder farmers, we deepened our understanding of the human rights risks, abuses, and labor issues involved in palm oil production.

The Shiseido Camellia Fund supports the activities of the World Wide Fund for Nature Japan (WWF Japan), such as training smallholders in Indonesia who produce sustainable certified palm oil to protect the environment.

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.

\*1 : Amount of palm oil sourced in 2021 (palm oil equivalent basis): 10,300t (MB: 27%, credit: 73%).

\*2 : RSPO's physical supply chain models.



RSPO, Jonathan Perugia



Check our progress at [www.rspo.org](http://www.rspo.org)

## Paper

Aiming to responsibly use resources and reduce single-use plastics, we actively promote the use of paper for secondary packaging such as folding cartons. However, there are environmental issues associated with the production of raw materials for paper, such as deforestation and loss of biodiversity, as well as human right issues. Therefore, sustainable and responsible procurement is essential.

We aim to be using 100% sustainable paper by 2023, and in 2021, we promoted the switch to sustainable paper\*1, achieving a 72% weight shift\*2. Cosmetics packaging must satisfy various expectations. It must be strong, sustainable, and sophisticated in design. In collaboration with paper manufacturers, we are developing innovative paper packaging solutions that meet such expectations and even go beyond. We are also promoting the switch to sustainable paper for promotional materials such as product displays, bags, and leaflets, as well as copier paper in our offices.

\*1 : Such as certified paper and recycled paper

\*2 : In 2021, the total percentage of sustainable paper was 72%. Certified paper and recycled paper was 56% (by weight).



FSC-certified ELIXIR packaging  
FSC®N002397

## 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 aims to eliminate child labor and forced labor at Indian mica mining sites to establish Indian mica as a sustainably produced raw material. In collaboration with NGOs, the Indian Government and participating companies, RMI contributes to the stable employment of mica miners, aiming to improve working conditions from a health and safety perspective. Activities also support the development of local economies and provide educational, medical and nutritional aid to children in mica-dependent communities.



Responsible Mica Initiative

## Biodiversity

We rely on natural resources for the production of cosmetics, and we recognize that the activities of the Shiseido Group have a considerable impact on the biodiversity of our planet — from the procurement of raw materials, through

sales and distribution, to the disposal of our products.

In recent years, environmental destruction has led to a rapid loss of biodiversity. We recognize this as an issue that must be addressed throughout the entire value chain. We support zero deforestation and are working to conserve and restore biodiversity.

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 forest soil into the atmosphere. We are also actively engaged in the conservation and restoration of activities for biodiversity through our brands and regional businesses.

### 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.



### Supplier Assessment Program

#### Ethical Supply Chain Policies and Standards

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

In recent years, as social and environmental issues have become more serious, companies are strongly urged to not only comply with the laws and regulations of each country, but also respect international treaties and conventions and work toward the realization of a sustainable society and world throughout their supply chains. To this end, Shiseido has established standards and policies for procurement.

We have issued the Shiseido Group Supplier Code of Conduct and the Shiseido Group Procurement Policy 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 wide-ranging experts such as 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

We joined The United Nations Global Compact and took this opportunity to establish the Shiseido Group Supplier Code of Conduct. This code of conduct articulates norms related to human rights, compliance with laws and regulations, labor practices, protection of intellectual properties, protection of confidentiality, protection of the



environment and fair transactions. We request all suppliers who have transactions with us to comply with these standards.

To ensure sustainable procurement together with our suppliers, we regularly conduct supplier assessment and the supplier assessment program, which includes corrective actions after the assessment.

In the event that any supplier is identified to have violated the code of conduct, they are requested to implement corrective actions, and we support and educate them.

### Shiseido Group Procurement Policy

Our procurement policy is to respect all our suppliers as well as ensure sustainable procurement taking society and the environment into account. This is because we aim to provide safe products with high quality which satisfy our customers.

We state a policy to create social value with suppliers in addition to economic one such as cost and quality. We define social value as fair transactions, compliance with laws and regulations, respecting different cultures and set of values, respecting human rights and protection of the environment.

To actively promote more sustainable and responsible procurement together with our suppliers, we revised the policy and announced it in February 2022. In the new Procurement Policy, we formulated requirements for our suppliers regarding the environment and human rights as well as introducing a strict, objective risk identification and correction process through third-party audits, clearly stating that we will evaluate our suppliers from the perspective of sustainability.

### Shiseido Group Sustainable Raw Materials Procurement Guidelines

We take actions to resolve issues of raw materials that are determined to have a high probability of serious environmental and human rights issues in the country of origin, such as switching to materials with third party certification of zero involvement and joining international initiatives.

In particular, palm oil-derived raw materials, paper and mica cause deforestation and labor issues which have been frequently revisited. Therefore, we announced targets and measures to resolve the issues and set out a guideline to ensure sustainable procurement.

## Overview of our Suppliers and Purchasing Commodities

### Purchasing Commodities

Items to be purchased include direct materials such as raw materials and packaging for our products, sales support tools, OEM products and contract manufacturing goods.

### Overview of Our Suppliers

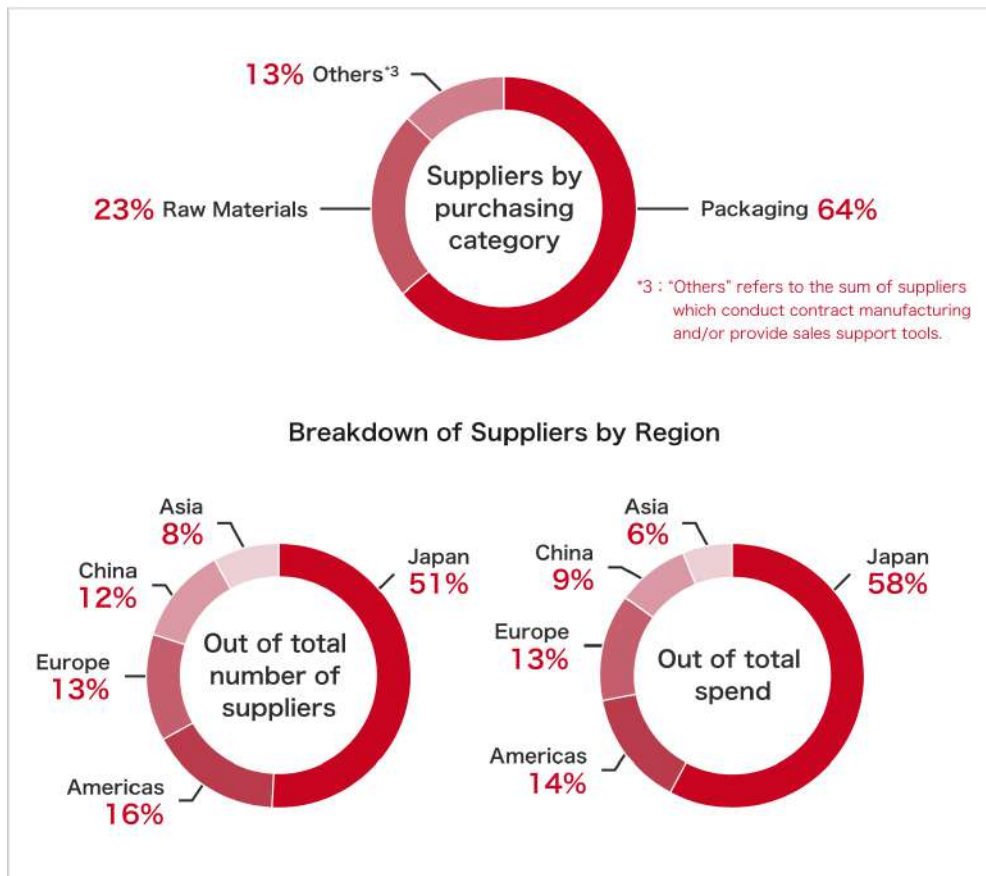
Our relationship with our suppliers is based on the following philosophies stated in the Shiseido Group Procurement Policy: "Building a Good Partnership," "Fair Purchasing Transactions," "Performance of contract", "Promoting sustainable procurement", and "Respecting diverse values".

We purchase materials for our products from over 800 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



## Identification of Strategic Suppliers

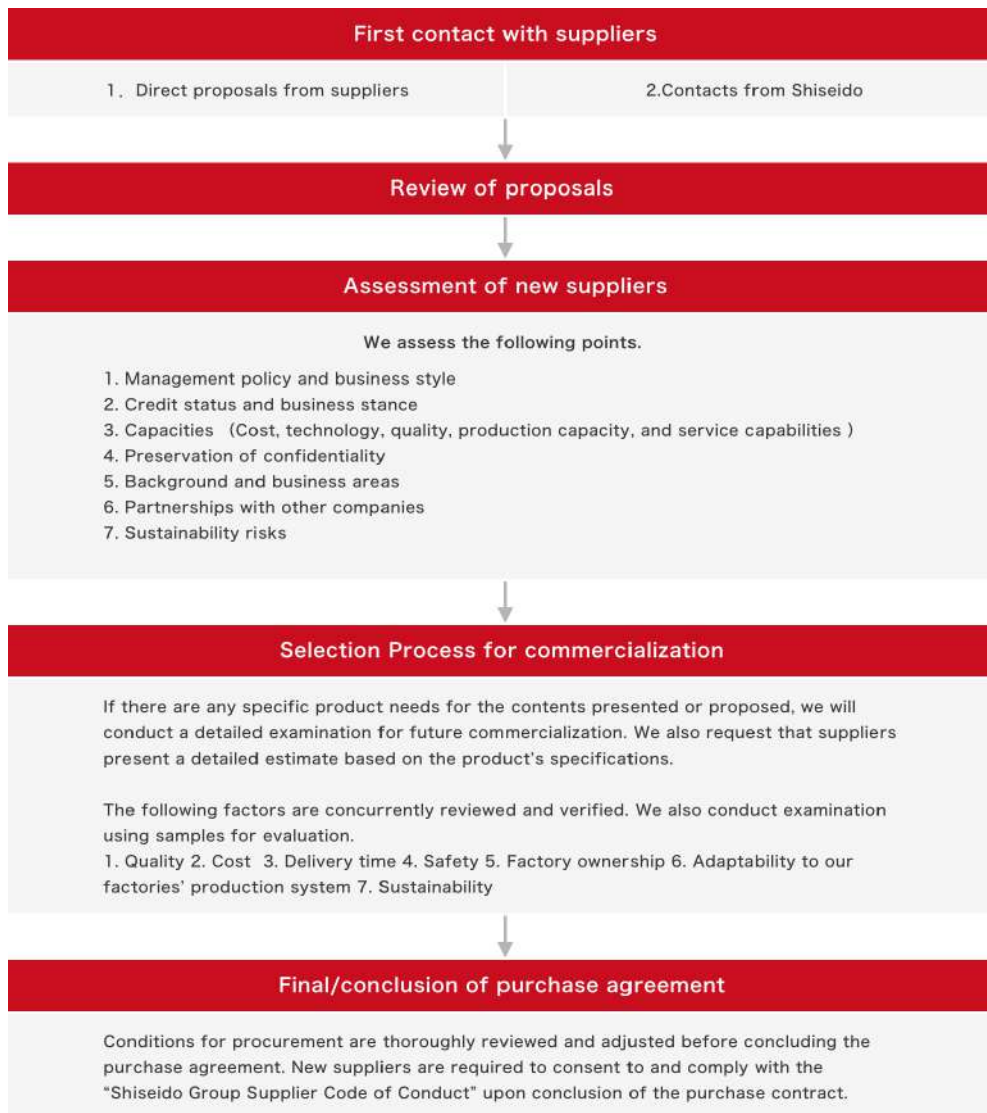
We identify strategic suppliers once a year by the following process



## Number of strategic suppliers

	Suppliers
Tier1	23
Non-Tier 1	5
Total	28

## Process for new suppliers to start business with Shiseido



## Supplier Assessment Program

Our aim is to create a sustainable supply chain built on responsible procurement and to minimize risk across the entire supply chain. To do so, we are promoting the implementation of a supplier assessment program.

At Shiseido, we implement the program based on the Shiseido Group Procurement Policy which was revised in 2022. We don't work with suppliers, if they are categorized as high-risk by the assessment and don't correct non-conformances identified by audits.

For new suppliers, we conduct a self-assessment\* from the perspective of sustainability (human rights, occupational health and safety, environment, and business ethics) using either Sedex (Supplier Ethical Data Exchange), EcoVadis, or our original Self-Assessment Questionnaire (SAQ). We start business with new suppliers after conducting supplier assessment, confirming that they are not high-risk and then agree to the Shiseido Group Supplier Code of Conduct.

For existing suppliers, we continuously confirm compliance with the Shiseido Group Supplier Code of Conduct using the above assessments. We categorize suppliers into three groups according to the degree of risk: low-risk, medium-risk, and high-risk. If a supplier is categorized as high-risk, we conduct third-party audits.



During third-party audits, employee interviews and verification of required documentation are conducted. High-risk suppliers are then requested to implement corrective action plans, and in the event of critical non-conformance, we conduct further third-party audits to confirm correction status. If issues are not corrected within a set period, we consider suspension of business.

\* About self-assessment tool

Tool	Explanation (main criteria etc.)
Sedex	Evaluate suppliers by the questionnaires based on labor standards, health and safety and business ethics. The number of questions vary depending on industries.
EcoVadis	Measure the quality of a company's sustainability management system through its policies, actions and results. The assessment focuses on sustainability criteria that are grouped into four themes: Environment, Labor & Human Rights, Ethics and Sustainable Procurement.
Shiseido SAQ (Self-Assessment Questionnaire)	Based on the Shiseido Group Supplier Code of Conduct. Evaluate suppliers from four perspective: human rights and labor, occupational health and safety, the environment and business ethics.

Since 2018, we have strengthened our supplier assessment program and expanded the scope gradually from a category, country, and Tier (a measure of the distance of a supplier from companies).

From a category perspective, we assess suppliers which provide direct materials, limited sales support tools, OEM suppliers, contract manufacturing suppliers, and from a geographical perspective, we conduct the assessment globally.

From a Tier perspective, we cover suppliers not only in Tier1 but also strategic Tier2 suppliers.

Results:

Our activities in 2021

We set the correction of high-risk suppliers identified in 2020 as our top global priority and implemented corrective actions globally for the applicable 132 suppliers.

Specifically, we provided feedback to all suppliers and requested corrective actions. For certain suppliers, we also conducted online verification of corrective status, reassessment by self-assessment, and third-party audits (2 suppliers). As a result of these corrective actions, the number of high-risk suppliers decreased from 132 to 40.

In 2021, we assessed suppliers in Japan and Europe, considering the magnitude of risk and the importance of the supplier. In total, we assessed 279 Tier 1 suppliers and 5 Tier 2 strategic suppliers. As a result, 17 Tier 1 suppliers were categorized as high-risk, while no Tier 2 strategic suppliers were categorized as high-risk.

In response, we provided feedback to the 17 high-risk suppliers, followed by a reassessment using self-assessment methods and third-party audits (3 suppliers). This resulted in 8 suppliers improving to medium-risk or low-risk.

Beginning 2022, we will conduct assessment program based on the new procurement policy for the remaining 44 high-risk suppliers\* currently engaged in corrective actions.

\* Assessment results for 2020 and 2021 (excluding duplicates).

#### Status of Remediation of High-Risk Suppliers

Year of Assessment	High-Risk Suppliers	Corrective Action Result*1	
		Improved to Medium-Risk or Low-Risk	Ongoing
2020	132 companies	92 companies	40 companies*2
2021	17 companies	8 companies	9 companies*2

\*1 : As of the end of December of 2021.

\*2 : 44 companies (excluding duplicates).

#### 2021 Supplier Assessment Results

<b>Tier 1 Suppliers</b>	279 companies
<b>Tier 2 Strategic Suppliers</b>	5 companies

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

year	2019	2020	2021	2021 target	2023 target
% of suppliers assessed (number of suppliers assessed)*1	72% (356)	94% (791)	97% (279)	70%	100%
Geographical scope	Global headquarter and EMEA Regional headquarter	All Regions	Global headquarter and EMEA Regional headquarter		

\*1 % of suppliers assessed = number of suppliers assessed / total number of suppliers in scope of assessment

(KPI2) % of strategic suppliers assessed (number of Tier 1 suppliers)\*1

Year	2019	2020	2021	2021 target	2023 target
% of strategic suppliers assessed (number of suppliers assessed)	77% (131)	96% (239)	100% (17) *2	100%	100%

\*1 : Geographical scope is the same as KPI.



## Issues of high-risk suppliers found through third-party audits

Due to logistic difficulties arising from the spread of COVID-19, we were only able to conduct the third-party audits of 5 suppliers in 2021. In total, we identified 18 issues and requested that the relevant suppliers correct them. Furthermore, we conducted further third-party audits by which we confirmed 12 of the issues had been remedied. As for those which had not been corrected, we will continue to monitor the progress.

### Issues identified by audits and corrective actions

Area	Number	Examples of issues	Examples of corrective action plans
Human rights	7	Violation of 36 Employee-Employer Agreement	Restructured the management scheme of working hours and hired new employees
		Representatives of employees were not selected properly	Changed the method of selection
Occupational health and safety	9	No sign for emergency exits	Placed the signs in the facility
		Workplace patrols by industrial physicians were conducted only once every six months	Conducted the inspection in accordance with the laws and regulations
		Employees were using machinery without required trainings	Conducted trainings
Environment	1	No measurement of Greenhouse gas	Established a measurement plan
Business ethics	1	No employee training of business ethics	Established a plan to conduct the trainings

Furthermore, in 2021, we conducted supplier visits and verified documents online to prove if issues were corrected, on top of third-party audits. Through these activities, we endeavored to understand suppliers' issues and corrective action status.

Please see Our activities in 2021 for the details of status of remediation of high-risk suppliers.

## Partnership with suppliers

### Information session on our concept of procurement

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 the Global Headquarters and China Regional Headquarters hold an annual Supplier's Day to share purchasing activities and strategies with suppliers.

Taking this opportunity, our Global Headquarters procurement department 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.

## 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," in the Minato-Mirai area, of Yokohama. The top five suppliers were awarded in fiscal 2019 based on QCDEST\*1 evaluation. We expressed our gratitude to our suppliers, shared our view for the future, and reaffirmed our commitment to forge a strong partnership.

\*1 : Quality, Cost, Delivery, Environment, Service, Technology



## Shiseido Supplier's Day

In 2021, we held our global online event, Shiseido Supplier's Day for the first time. Top management of direct material and OEM suppliers participated in the event. We used this opportunity to share our medium-term management strategy, procurement policies, and expectations.

We also explained our mid-term sustainability targets and actions, as well as our expectations of suppliers in terms of human rights, environment, and society and asked for their understanding and cooperation.



## Global Purchasing Collaboration and Education for Buyers

### Global purchasing collaboration

We regularly host meetings with purchasing leaders from each of our global facilities. In the meetings, we discuss important policies such as sustainability and strategies and make efforts to collaborate closely at a global level.

In addition, once per year, we host the Shiseido International Procurement Meeting (SIPM) attended by purchasing leaders from each of our global facilities. We also promote the global implementation of sustainability activities through this meeting. In 2020 and 2021, we didn't conduct the meeting due to COVID-19.



### Education for buyers

To ensure sustainable and 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
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
September 2021	Online seminar about management of sustainable supply chain	Global Headquarter: Staff in charge of Sustainability
November 2021	Online Seminar held by Sedex	Global Headquarter: Staff in charge of Sustainability
November 2021	Internal seminar about sustainability ratings	Global Headquarter: Procurement department
December 2021	E-learning about sustainability	Global Headquarter: Procurement department

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

	2019	2020	2021	2022 (target)
Departmental ESG education participation rate	85%	86%	82%	90%

#### Reporting and Consultation Center for Suppliers

Protecting human rights and complying 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 2021, there were no reports of non-compliance.

#### CDP Supplier Engagement Rating

We have been highly praised for our efforts in managing greenhouse gas (GHG) emissions and reducing risks throughout the supply chain by CDP, an international environmental NGO. In 2021, we were selected as the Supplier Engagement Leader for coming out on top of CDP's Supplier Engagement Rating. Going forward, in collaboration with our suppliers, we will continue to promote activities that help reduce our environmental footprint.



# 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, 2021)

The statement below is the report for FY2021 as of December 31, 2021. Based on the statement of the previous fiscal year, this statement describes the actions taken in FY2021 and the initiatives planned for FY2022 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.

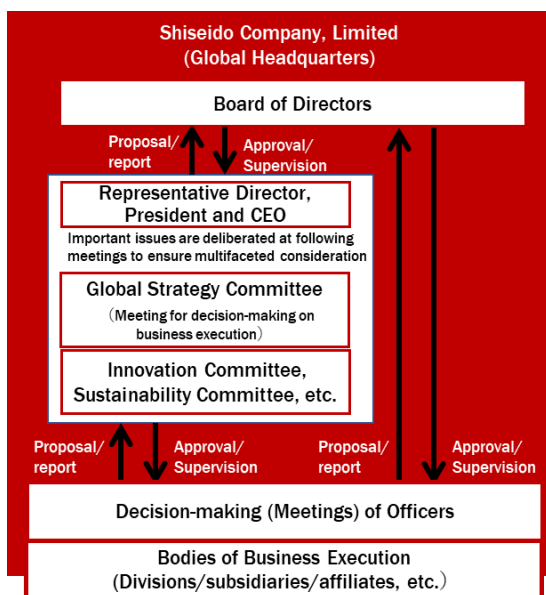
## 2 Business Operations and Organization

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 beauty innovations that enriches the lives of our stakeholders globally. It operates cosmetics businesses in more than 120 countries and areas with about 46,000 employees and a global turnover of 1035.2 billion yen in 2021. 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,” “Performance of Contract.” “Promoting sustainable procurement”, and “Respecting diverse values”. Of these, we purchase production materials from over 800 Tier 1 suppliers around the world. Our Tier 1 suppliers are all required to follow the Shiseido Group Supplier Code of Conduct, and they are responsible for adapting it to their Tier 2 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 Tier 1 and upstream suppliers. These policies were drafted by the person responsible for human rights at the GHQ and were approved by the Company’s Board of Directors. The progress of the human rights policy, including human rights due diligence and risk assessment, is reported at the Sustainability Committee meeting, which is dedicated to discussing sustainability-related issues. Designating an

Executive Officer to be responsible for human rights issues identified through the human rights risk assessment, and improvement activities are being implemented to stop, prevent, and mitigate negative impacts on human rights.

Shiseido's policies include the following:

■ Shiseido Policy on Human Rights

Adopted in 2017, the Shiseido Policy on Human Rights is based on the United Nations Guiding Principles on Business and Human Rights to prevent slave labour (e.g. child labour and forced labour) and other work under slavery and human trafficking. This Policy applies to Shiseido and its business partners.

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

■ Shiseido Code of Conduct and Ethics

The Shiseido Code of Conduct and Ethics stipulate the mandatory behaviours expected of every individual working for Shiseido. 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 Procurement Policy

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

<https://corp.shiseido.com/en/sustainability/ethical/procurement/pdf/1.pdf>

■ 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. Shiseido 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 Tier 1 suppliers, and Shiseido recommends that these suppliers request Tier 2 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

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

<https://corp.shiseido.com/en/sustainability/ethical/procurement/pdf/2.pdf>

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

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.

- 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.

■ **Human Rights Risk Reduction Activities:**

As a result of risk assessment of human rights issues, we will identify areas in our value chain where human rights risks are assumed to be relatively high, and plan and promote improvement activities to stop, prevent, and mitigate negative impacts. The status of the promotion of these activities has been confirmed, and activities to further reduce human rights risks are ongoing, as well as the progress reports and disclosures.

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, continuously.

- 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 FY2021. 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
- Employees’ personal data & privacy
- Occupational safety and health issues (work-related accidents)
- Breach of working hours, breaks, and rest period (overtime-work)



- Harassment and abuse
- Personal/confidential information leakages
- Incomplete supplier management (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 Group Supplier Code of Conduct through Sedex/EcoVadis/its own SAQ (Self-Assessment Questionnaire). We classify suppliers into three categories according to the degree of risk: low risk, middle risk, and high risk. 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, online verification of corrective actions 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. We are targeting a switch to 100% mass balance or better certified oil by 2026.

- 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. 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 responses to slave labour, including child labour.

## 7 Performance Assessment

Shiseido strives to prevent slavery (e.g. 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 Tier 1 suppliers but also Tier 2 and upstream suppliers on a global basis. The assessment results were used to determine the status of risks in the supply chain related to labour rights, health and safety, the environment, business ethics, and to request corrective actions.

### ■ Approach 1: Human rights due diligence

For the six human rights issues identified by the 2020 activities, Executive Officers were designated to be in charge, and improvement activities were implemented in 2021 to stop, prevent, and mitigate negative impacts on human rights. One of the issues identified was "incomplete supplier management," and we promoted the introduction of a rigorous and objective risk identification and remediation process, including through the implementation of third-party audits, and process to monitor the progress of high-risk suppliers and reduce the number of them.

<https://corp.shiseido.com/en/sustainability/rights/activity.html>

### Approach 2: Supplier Assessment Results

In 2021, we set the correction of high-risk suppliers identified in 2020 as our top global priority, and implemented corrective actions globally for the applicable 132 suppliers.

Specifically, we provided feedback to all suppliers and requested corrective actions. For certain suppliers, we also conducted online verification of corrective status, reassessment by self-assessment, and third-party audits (2 suppliers). As a result of these corrective actions, the number of high-risk suppliers decreased from 132 to 40.

In 2021, we assessed suppliers in Japan and Europe, considering the magnitude of risk and the importance of the supplier. In total, we assessed 279 Tier 1 suppliers and 5 Tier 2 strategic suppliers. As a result, 17 Tier 1 suppliers were categorized as high-risk, while no Tier 2 strategic suppliers were categorized as high-risk. In 2022, we will conduct an assessment program based on the new procurement policy for the remaining 44 high-risk suppliers\* currently engaged in corrective actions.

\* Assessment results for 2020 and 2021 (excluding duplicates).

<https://corp.shiseido.com/en/sustainability/rights/procurement.html#08>

- **Approach 3: Direct action on raw materials identified as high human rights risk**
  - In regards to palm oil, the relevant teams in our global and regional headquarters have been working together to promote initiatives aimed at achieving this target, and in 2021, we replaced 27% of palm oil-derived raw materials (palm oil equivalent, weight basis) with RSPO's physical supply chain model. Shiseido have been using the book-and-claim to certify all palm oil since 2018.
  - Regarding mica, in collaboration with non-governmental organizations and the Indian Government, RMI implemented a community empowerment program for 10,927 mica-dependent families, improving the incomes and livelihoods of 62%, while securing improved access to safe drinking water and medical facilities.
- **Business Partner Hotline**

Shiseido established the Business Partner Hotline in 2013 to promote fair transactions that deepen understanding and mutual respect with suppliers. As posted on the corporate website, the Business Partner Hotline accepts comments and inquiries from suppliers in writing or via e-mail. In 2021, we did not receive any inquiries or feedback that indicated non-compliance.

## 8 Education and Training

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

- **Officer and vice president training**

The Company and Shiseido Japan Co., Ltd. had planned to hold executive integrity training in 2021, but it was cancelled due to the spread of COVID-19.
- **Japan Domestic Employees**

We conducted online human rights training for 1,566 management level employees in Japan, the theme for which was harassment. We also provided online human rights awareness training to employees in Japan. 14,295 employees participated in a training which focused on basic human rights, and 14,577 employees participated in one that was focused on harassment.

■ Supply Chain

In order to implement responsible procurement, Shiseido provides various training programs for employees in the procurement department in terms of human rights, occupational health and safety, and the environment.

In FY2021, e-learning on sustainability was conducted, with 48 employees participating. Training on sustainability assessment was also conducted and attended by all employees in the Procurement Department.

## 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 FY2022, we will continue with the improvement activities implemented in FY2021 to stop, prevent, and mitigate negative impacts on human rights risks.

Especially, in the supply chain, a supplier assessment programme will be implemented based on the Shiseido Group Procurement Policy, which was revised in February 2022.

The policy stipulates what suppliers are expected to observe in terms of human rights and the environment, and also specifies the introduction of a rigorous and objective risk identification and correction process through the implementation of third-party audits, etc., and the assessment of suppliers from a sustainability perspective. In addition, in order to maximise the elimination of risks throughout the supply chain, the risks of not only direct suppliers but also Tier 2 and subsequent suppliers are to be checked.

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

June 7, 2022

## 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"

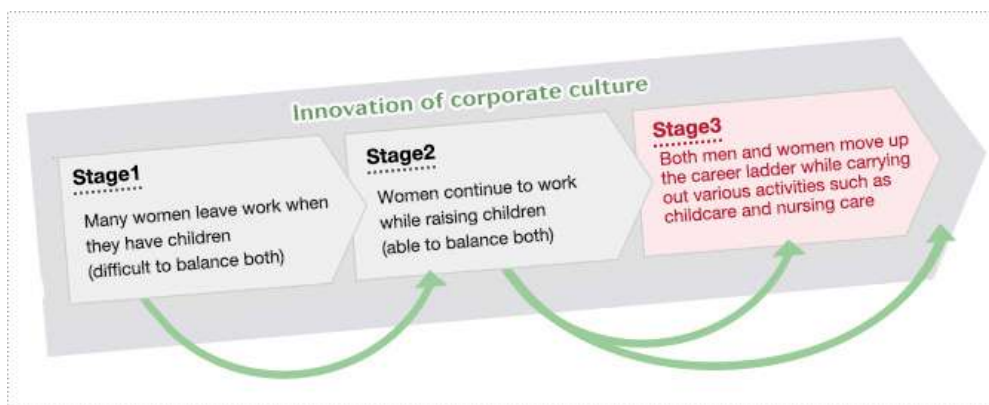


demonstrating leadership consists of lectures by women leaders, networking among employees, and coaching. Through comprehensive leadership development, participants learn the indispensable need for the active participation of women, deepen their confidence, and are enabled to further demonstrate leadership. 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 3.3% of all employees in Shiseido Company, Limited, and 2.4% in the Shiseido Group in Japan (as of June 2021). 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. For more details, please refer to Recruitment and Disabilities. (Japanese language only)

\* 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.

In 2021, Shiseido endorsed and joined "The Valuable 500," a global initiative for disability inclusion. "The Valuable 500" is a collective of business leaders who drive system change for people with disabilities to unleash their potential to deliver business, economic and social value. Shiseido continues disability inclusion initiatives in the area of recruitment or providing services through our beauty business.



## 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.

[Click here for Principles of the Corporate Governance Code \(CG Code\) and Shiseido's Response](#)

## 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.

**Breast-feeding/breast-pumping facilities and benefits:** Our Head office and Major facilities have spaces for breast-feeding and breast pumping. Employees of the Shiseido Group in Japan who support children receive allowances for breast pumps. Shiseido allows employees to take breaks (30 minutes or more each twice a day) for breast-feeding and pumping from their child's birth until they reach one year of age. During that period, one hour of break time is covered as paid time. This benefit is provided beyond the legally required minimum.

**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.

For more details on support programs for childcare and family care, please refer to Social Data.

## 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.

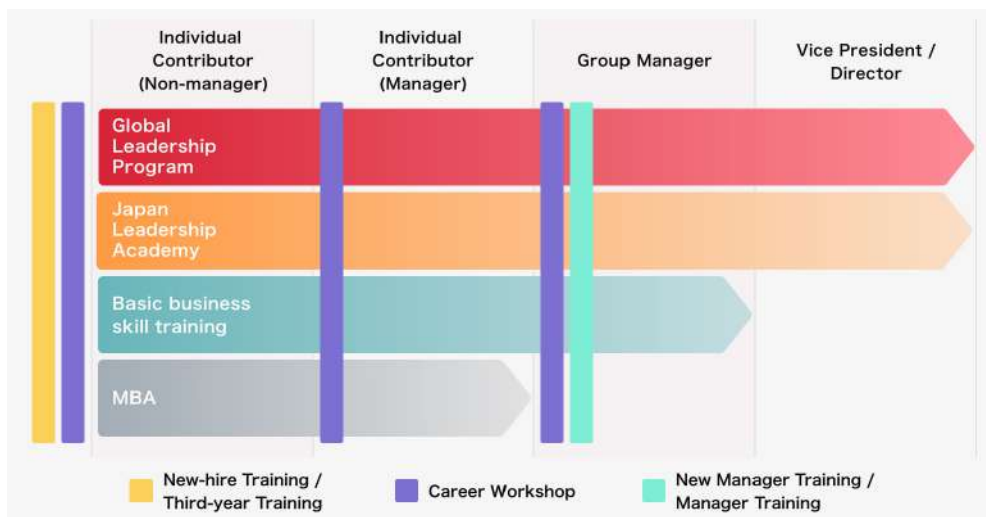
## Autonomous Career Development Support

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.

# Health and Safety of the Shiseido Group

## Initiatives for health management and health and safety measures

"BEAUTY INNOVATIONS FOR A BETTER WORLD." This is the significance of Shiseido's existence, and our corporate mission is to contribute to the sustainability of a beautiful and healthy society and the earth by enriching people's hearts with "beauty" and bringing joy and happiness to their lives. To realize this philosophy, employees must lead a healthy, prosperous, and happy life and embody their healthy beauty. And as a foundation to support the employees, we need an environment where they can work safely and securely. To achieve this, Shiseido is working with the Shiseido Health Insurance Society to formulate the "Shiseido Health Declaration" to clarify support for employees to live a healthy and beautiful life. We have also established an "Occupational Health and Safety Management System" that realizes a safe and secure working environment for people working in the Shiseido Group. Furthermore, we have formulated the "Shiseido Vision Zero Declaration (Safety Declaration)" aiming for zero lost time accidents in all workplaces. We will continue to evolve activities based on the above, minimize occupational safety risks, and invest in health to make our employees healthier and as a result, give back to society. We aim for a virtuous cycle. Shiseido delivers beauty to consumers. We will continue to shine 100 years from now and will do our utmost to manage health and safety measures so that we can become a company that diverse people around the world know and trust.



Representative Director, Chairman and CEO

A handwritten signature in black ink, appearing to be the name of the Representative Director, Chairman and CEO.

## 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.

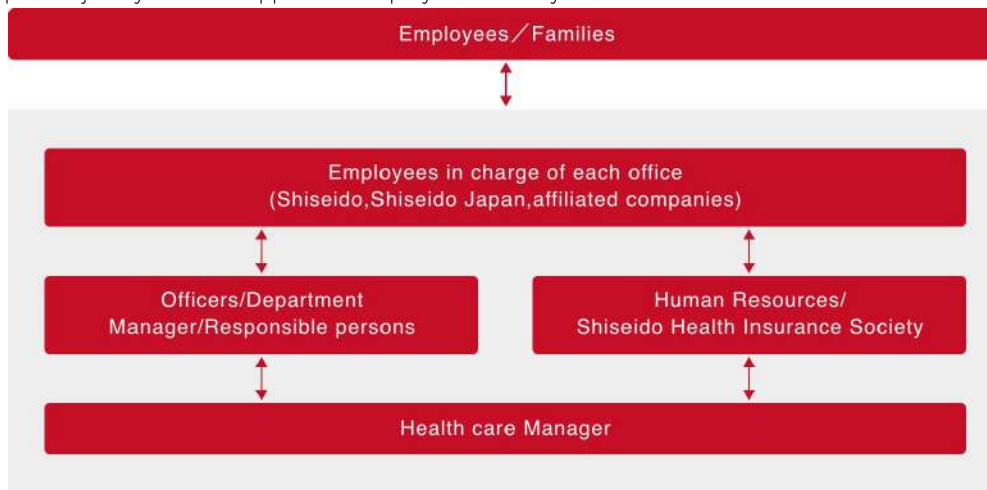
Shiseido will endeavor to provide opportunities for our employees to speak freely with each other about beautiful lifestyles and health for mutual growth.

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 Wellness Support Group of the People Division 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.



Health Management System

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

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

(1) Reinforcement of the foundation of the occupational health system that supports health-related initiatives. We are working on various activities, including more frequent workplace inspections by members of the Health Committee, Safety and Health Committee, and occupational physicians, improving the frequency of conducting stress checks, maintaining a 100% health checkup rate, promoting reexamination and/or detailed examinations based on health checkup results to ensure early treatment, improving health guidance rules to render health guidance more effective and efficient, the addition of more information and resources. We are also improving upon multifaceted analysis of health data, mental health care measures, response to infectious diseases, and clarification of issues and reinforcement of the foundation for reducing long overtime work.

(2) Implementation of health-related initiatives  
The Shiseido Group in Japan is working with the Health Insurance Society to promote health initiatives that take into account each office's health issues with the aim of promoting beautiful lifestyles, measures against smoking, improved women's health, mental health care measures, and support for balancing cancer treatment and work.

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 (Online exercise seminar and video viewing by RIZAP instructors)</li> <li>■ Thorough implementation of health guidance</li> <li>■ Organization health fairs</li> <li>■ Dissemination of information in lunchtime sessions (live streaming)</li> <li>■ Dissemination of exercise videos and columns via the company intranet</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 the national age eligibility for above specified health checkups and guidance begins at age 40, Shiseido begins at age 35 to enable early detection/treatment). Recommendation of medical examination at the time of interview for those who need close examination or medical treatment as a result of the specified health checkup.</li> <li>■ "Dental Examination Campaign": partial subsidy for dental checkup fees (Promotion</li> </ul>

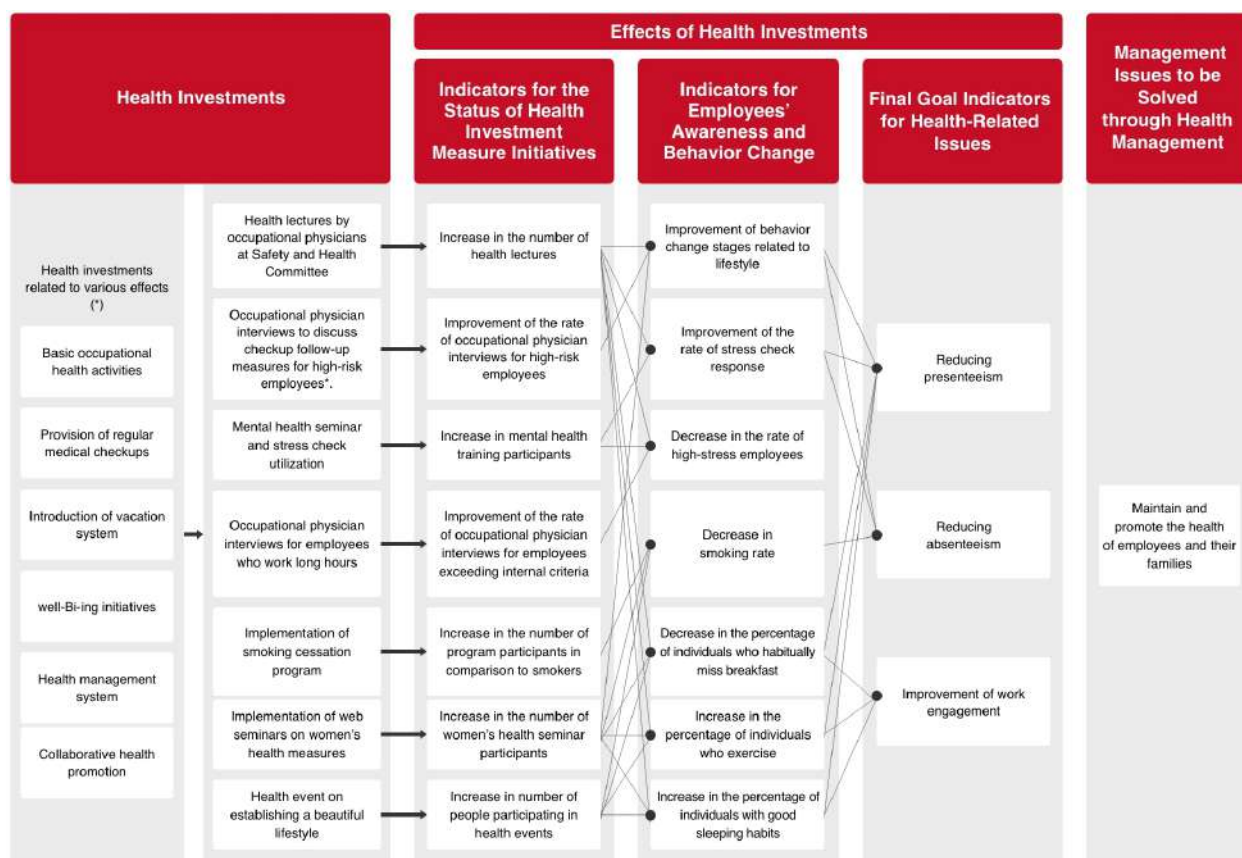
		<ul style="list-style-type: none"> <li>■ Organization of diet seminars (Seminars on eating, drinking, snacking, etc. by a nutritionist from asken Inc. and use of the ASKEN Diet's App)</li> <li>■ Provision of My Sleep (sleep assessment) to employees (Sleep condition and improvement analysis reports are received by answering the questionnaire)</li> <li>■ Questionnaire on health and dietary habits (Cafeteria patrons are offered gifts such as vegan doughnuts if they respond to a questionnaire using LINE)</li> </ul>	<p>of regular preventive dental care by family dentist)</p> <ul style="list-style-type: none"> <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>■ Provision of information through content on the Health Insurance Society website to introduce "Simple, Delicious, and Fat-Resistant Late-Night Meals"</li> <li>■ Placement of a QR Code for "RIZAP Column" (a 1-minute workout video) in the Health Insurance Society public relations magazine</li> </ul>
Measures against smoking	Promotion and maintenance of non-smoking	<ul style="list-style-type: none"> <li>■ Complete prevention of secondhand smoke at the workplace and dissemination of internal non-smoking rules (Posters and leaflets provided)</li> <li>■ Provision of educational lectures on smoking behavior</li> <li>■ Provision of health guidance on non-smoking</li> <li>■ Trial implementation of in-house non-smoking counseling services (some offices)</li> <li>■ Dissemination of information in lunchtime sessions (live streaming)</li> <li>■ Placement of articles on the intranet (WITH) in conjunction with World No Tobacco Day. Conducted a survey on the awareness of anti-smoking information and secondhand smoke</li> <li>■ Questionnaire for those who have quit smoking on their reasons for quitting and other matters.</li> </ul>	<ul style="list-style-type: none"> <li>■ Subsidy for outpatient consultation fees to quit smoking (year round)</li> <li>■ Implementation of remote smoking cessation outpatient consultation (from 2021)</li> <li>■ Instructions for smokers on how to quit smoking and guidance on smoking cessation outpatient consultation under health support programs (specified health guidance)</li> </ul>
Women's health	Addressing female-specific health issues	<ul style="list-style-type: none"> <li>■ Dissemination of information in lunchtime sessions (live streaming) (1) On women's life stages and the need for gynecological checkups by Femmes Médicaux; (2) On osteoporosis, a disease that threatens women's health, to keep them healthy 30 years later by an occupational physician at the head office)</li> <li>■ Women's life stages seminar (Online seminar on female hormones, menstruation, menopause, etc. by an instructor from Otsuka Pharmaceutical Co., Ltd.)</li> <li>■ Introduction of services provided by Cradle Inc. (Online seminars and archived viewing on women's health issues and life planning for employees and their families, and distribution of coupons for gynecological examinations)</li> </ul>	<ul style="list-style-type: none"> <li>■ Full subsidy for cervical cancer and breast cancer screening</li> <li>■ Clarify the list of medical checkup institutions where female doctors are available</li> <li>■ Encouragement for women to undergo above screening (Provision of information leaflets on the necessity and advantages and disadvantages of gynecological examinations for all target employees, along with information on the medical checkups)</li> <li>■ Placement of a link/banner to the "Women's Health Promotion Office Healthcare Lab" website on the front page of the Health Insurance Society website, and provision of relevant information on the society's website</li> </ul>
Mental health measures	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, offices with mental health issues)</li> <li>■ Implementation of e-learning courses on mental health self-care</li> </ul>	<ul style="list-style-type: none"> <li>■ Placement of "Interviews about Mental Toughness" articles in the Health Insurance Society public relations magazine (since 2020 spring/summer) *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 link/banner to the MHLW's "Ears for the Heart (kokoro no mimi)</li> </ul>

		<ul style="list-style-type: none"> <li>■ Creation of short videos for self-care and line-care practices</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> <li>■ Return-to-work support (organization and updates of return-to-work support programs, creation of handbooks, and other)</li> </ul>	<p>" website on the front page of the Health Insurance Society website, and provision of relevant information on the society's website</p>
		<p>Telephone consultation with Health Support Dial 24 (24 hours/day, 365 days/year), mental health consultation support (remote support started in 2021)</p>	
Support for balancing cancer treatment and work	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 system for treatment/work balance (Grant of five days of special leave (can be taken on an hourly basis) to employees undergoing cancer treatment)</li> <li>■ Participation in "Cancer Control Promotion Company Action"</li> <li>■ Discussion with employees who survived cancer</li> <li>■ Seeking stories about experiences of cancer survivor employees</li> <li>■ Dissemination of information in lunchtime sessions (live streaming)</li> <li>■ Provision of educational lectures on cancer</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> </ul> <p>*"Oshiete" meaning "teach us"</p> <ul style="list-style-type: none"> <li>■ Full subsidy for cancer screening (changed to full subsidy from FY2020)</li> <li>■ Encouragement of follow-up consultation (necessary medical care /detailed examination) in cases indicating risk; confirmation of consultation result, promotion of confirmation; implementation of inquiry</li> <li>■ Implementation of cancer screening for family members of employees (checkups for dependents) at the same grade as employee cancer screenings</li> <li>■ Placement of the banner of National Cancer Center's "Cancer Information Service" website on the front page of the Health Insurance Society website, and provision of relevant information on the society's website</li> </ul>

## Health Management Strategy Map and Investment on Health Management

We have compiled a health management strategy map that presents the linkage between the issues we want to solve through health management and the expected effects of health investments and initiatives. We have also established management indicators that indicate the status of initiatives, awareness and behavior change, and final goal indicators for health-related issues.

In FY2022, we will particularly focus on anti-smoking measures, health events and seminars, and other initiatives aimed at decreasing the smoking rate, increasing the percentage of individuals who exercise, increasing the number of individuals with good sleeping habits, and decreasing the percentage of individuals who habitually miss breakfast.



\*High-risk persons for health checkups: Those who meet the company's criteria for blood glucose, blood pressure, and anemia.

To promote various initiatives, we have invested a total of 4.9 million yen in anti-smoking measures to increase the smoking cessation rate, 2.4 million yen in health events and measures to increase the percentage of employees who exercise, and 38.58 million yen in mental health measures to prevent the occurrence of mental health problems or detect them early. (Actual results for FY2021)

## Numerical Targets for Health Management

The status of employees' health efforts is evaluated by setting KPIs. The analyzed employee health data is used to implement health-related initiatives for the Shiseido Group in Japan.

Item	Analysis Target Age	FY2019	FY2020	FY2021	Target (FY2025)
Regular health checkup rate	All ages	100%	100%	100%	100%
Participation in programs for high-risk employees (implementation rate of physician interviews) *Blood glucose level, blood pressure, Hb (from FY2021)	All ages	50%	60.6%	86.5%	100%
Blood pressure risk: 180 mm Hg, 110 mm Hg (per 10,000 persons)	All ages	11.9	16.9	16.0	10
	35 and over	14.8	23.7	20.9	15
Blood glucose risk: HbA1c 9.0% or higher (per 10,000 persons)	All ages	23.4	27.5	16.1	15
	35 and over	30.0	37.6	21.6	20
Anemia risk: less than Hb 8.5 (per 10,000 persons)	All ages	29.1	39.2	31.5	30
	35 and over	35.1	50.0	41.2	35

Percentage of individuals who exercised *at least 30 min/day, at least 2 times/week	All ages	14.9%	17.3%	17.8%	20%
	35 and over	15.4%	17.6%	18.3%	22%
Percentage of individuals with good sleeping habits *well rested from sleep	All ages	59.4%	69.2%	66.4%	70%
	35 and over	56.8%	66.1%	63.6%	65%
Percentage of individuals who habitually missed breakfast	All ages	25.5%	25.2%	26.0%	20%
	35 and over	22.8%	21.5%	22.7%	18%
Smoking rate	All ages	20.8%	18.8%	17.8%	5%(FY2030)
	35 and over	23.2%	21.4%	20.1%	—
<b>Item</b>	<b>Analysis Target Age</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>Target (FY2025)</b>
Success rate among smoking cessation program participants (percentage of participants who successfully quit smoking)	All ages	50.9%	70.0%	76.8%	Maintained at least 70%
Percentage of behavior change stages above the implementation stage	All ages	18.7%	21.9%	21.4%	23%
	35 and over	20.7%	23.4%	23.4%	25%
Percentage of employees concerned about their health *1	All ages	95.4%	95.3%	94.8%	97%
	35 and over	95.7%	95.3%	95.1%	97%
Percentage of individuals who meet the criteria for metabolic syndrome	40–74 years old	6.2%	7.1%	—	—
Percentage of individuals who conducted stress checks	All ages	78.0%	73.4%	80.7%	90%
Aggregate results of stress checks (percentage of high-stress persons)	All ages	13.2%	10.3%	12.4%	10.0%
Number of participants in mental health training (e-learning)	All ages	7,003	11,040	9,779	13,000
Number of participants in training on cancer and women's health	All ages	—	11,746	8,898	13,000
Number of participants in health events (including health fairs and seminar viewing) (health fair not held in FY2020–2021)	All ages	1,446	617	1,399	2,000
Labor productivity loss ratio due to presenteeism *2	All ages	—	35.8%	35.8%	34%
Absenteeism *3	All ages	—	—	100 (Base year)	95
Work engagement *4	All ages	76 points (Employee satisfaction)	—	—	Employee engagement*5 Up YoY (FY2023)

\*1 : Percentage of respondents who responded with "yes" or "somewhat" to the question "Are you concerned about your health?"

\*2 : Presenteeism survey of the WHO Health and Work Performance Questionnaire Short Form

\*3 : Calculate the number of absences (including paid vacations) per person using the attendance data.

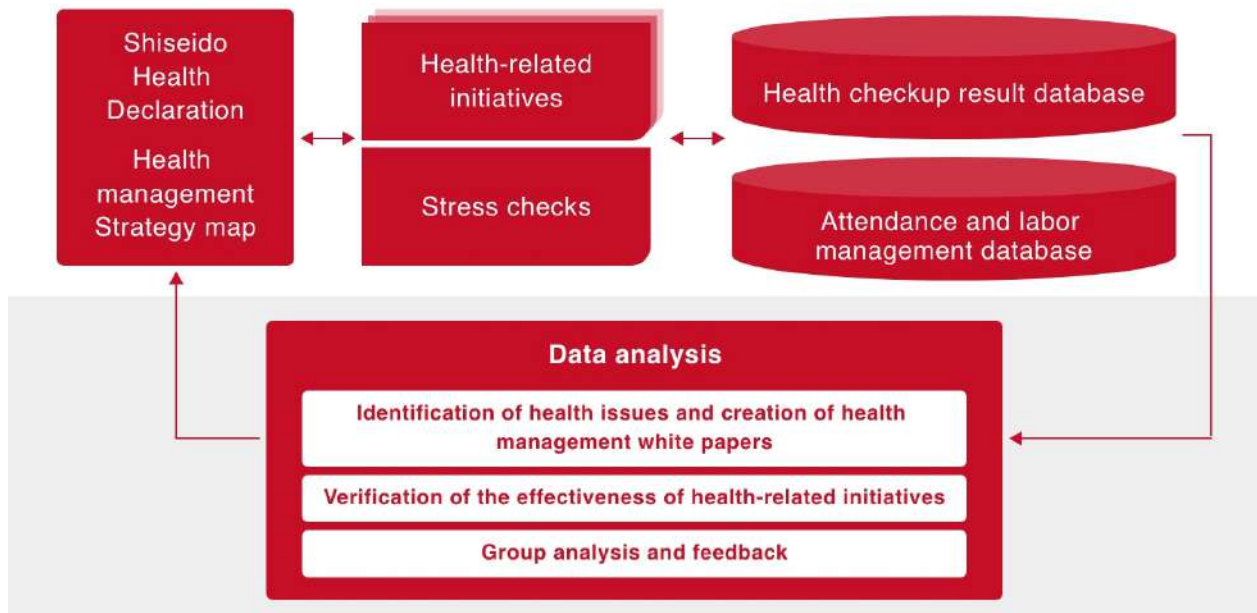
\*4 : Willis Towers Watson's employee engagement survey (through FY2019) Qualtrics survey (from FY2022)

\*5 : Short-term targets are set through 2023 due to changes in the survey design beginning in FY2022.

## Effectiveness Verification of Measures through Data Analysis and Preparation and Utilization of White Papers

Through the construction of a health management strategy map, mid- to long-term evaluation indicators are defined, and the effects of the implementation of health-related initiatives are quantitatively verified. In addition to health checkups and lifestyle questionnaires, we compile data on overtime work, stress check results, and productivity (labor productivity loss ratio), and generate a health management white paper every fiscal year.\* Furthermore, starting in FY2019, we have established a system that scores the health of each of the 120 organizations in the Shiseido Group and relays feedback from specialists to those responsible in the organization.

\*Since FY2022, we have published part of the contents of the health management white paper on this website to clarify changes in the management of employee health and provide an evaluation of each measure.



### Key initiatives

<b>(1) Measures against smoking</b>	Reduction of smoking rate and provision of support to quit smoking Complete prevention of secondhand smoke in workplace
<b>(2) Beautiful lifestyles</b>	Improvement of health guidance and health support program (specified health guidance) implementation rate Implementation of seminars to improve employee lifestyles Follow-up interviews after health checkups and thorough implementation of health guidance
<b>(3) Women's health</b>	Health support for female employees, who constitute more than 80% of the employees of the Shiseido Group in Japan Improvement of literacy on women's health issues Understanding of women's life stages and health issues, and creation of a comfortable work environment

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

Since our smoking rate has been slightly higher than the national average for some time, we launched a No Smoking Day within the company in 2010, in addition to a program to subsidize the cost of anti-smoking treatment. Shiseido and the Shiseido Health Insurance Society have continued to work together on this initiative. Since 2019, we have been participating in the No Smoking Promotion Business Consortium to collect information and exchange opinions on the advanced practices adopted by other companies and promote smoking cessation based on employee feedback provided through internal surveys and other means.



## Smoking rate

It has declined to 17.8% in FY2021 (-15.7 percentage points from 2010) and is decreasing every year. We aim to further lower the rate, with a target of less than 5% by 2030.

## Support to quit smoking

In addition to individualized instructions to quit smoking at health guidance, we aim to create a system to provide a wide range of consultations regarding smoking cessation through the trial implementation of a non-smoking counseling service (at some offices). In addition to partial subsidies for the cost of smoking cessation treatment throughout the year, the Health Insurance Society launched a limited-time full subsidy for smoking cessation treatment in 2019 and a "remote smoking cessation outpatient consultation" (full cost subsidized by the Health Insurance Society) in FY2021. It resulted in a high smoking cessation success rate of 87.1% in FY2021. Our goal is to continue to maintain a success rate of at least 70% in the future. We will not only increase the success rate, but also develop measures to make it easier for people to try to quit smoking.

## Internal non-smoking rules and measures against secondhand smoke

In 2012, we made the building smoke-free, and also prohibited employees from smoking when wearing uniforms and in company vehicles. In May 2019, we also introduced smoking-free working hours. In addition, we distribute leaflets to new employees and communicate regularly through health committee meetings, etc., to ensure that the no-smoking rule is enforced and prevent secondhand smoke.

## Dissemination of information

We regularly disseminate information through posters, leaflets, health committee meetings, in-house intranet, and in-house live streaming. In addition to information on the dangers of smoking and the benefits of smoking cessation, we also present messages from top management and the results of questionnaires to encourage all employees to take an interest in the promotion of smoking cessation.

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

The implementation rate of health support programs (specific health guidance) stood at 53.2% in FY2020, higher than the national average of 26.9%.

### ■ Completion rate of health support program

	FY2018	FY2019	FY2020
Number of Targets (Aged 40 and over)	1,456 (1,314)	1,541 (1,382)	1,752 (1,574)
Number of Targets who Completed the Program (Aged 40 and over)	805 (728)	773 (700)	928 (837)
Completion Rate (Aged 40 and over)	55.3% (55.4%)	50.2% (51.4%)	53.0% (53.2%)



National Average Completion Rate	25.2%	27.4%	26.9%
----------------------------------	-------	-------	-------

■ Health fairs

Every year, we hold health fairs tailored to the health issues of each Shiseido Group location in Japan, including health-related measurement sessions, health education, and collaborative projects with cafeterias.

\* In FY2021, we did not hold an in-person fair owing to COVID-19 prevention measures, but in FY2022, we are considering holding an in-person fair while implementing preventive measures.



<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

Since FY2019, the company has provided seminars on exercise, diet, and sleep that are designed to address health issues in each organization. These seminars have been well-received by participants. In FY2021, online yoga, stretching, and sleep seminars were organized. This led to efforts to improve employee's sleep quality toward behavior change, which resulted in a 20% increase in their sleep satisfaction.

We will provide further seminars designed to motivate participants to improve their lifestyles, which include their exercise, sleep, and eating habits.



<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 target for lifestyle improvement (FY2025 target)

Percentage of those who exercise regularly (at least 30 minutes of exercise at least twice a week): 20% [2021: 17.8%]

Percentage of those with good sleep habits (well rested from sleep): 70% [2021: 66.4%]

Percentage of those who habitually miss breakfast (skipping breakfast at least 3 times a week): 20% [2021: 26.0%]

### (3) Initiatives for women's health

Diversity and inclusion is an important pillar of our management strategy, which seeks to create an organizational culture in which employees, regardless of gender, age, or nationality, recognize and respect each other's differences and continue to demonstrate their strengths and generate innovation. We are striving daily to improve employees' understanding of women's health issues (menstruation, pregnancy, childbirth, infertility treatment, menopause, etc.) and create a comfortable working environment for everyone.

#### Seminar on women's health

Based on the characteristics and needs of the offices, we provide training on women's life stages and health (such as female hormones, menstruation, and menopause).

#### Implementation of e-learning on cancer (including gynecological cancer)

Since FY2019, we have provided cancer education through e-learning. We are working to improve employees' cancer literacy. The topics we explore include basic knowledge about cancer, support systems and consultation services for balancing cancer treatment and work, and stories from employees who have undergone cancer treatment. The e-learning program is effective. It had a 98.6% comprehension rate and a 96.4% satisfaction rate in FY2021.

#### Introduction of services provided by Cradle Inc.

We will make further efforts to promote women's activities and health by educating employees through online seminars given by doctors and specialists provided by Cradle Inc. and by distributing coupons they offer that can be used for gynecological examinations.

#### Future target for women's health

Number of participants in training on women's health: 13,000 (2025) [2021: 8,898]

Shiseido certified in the "2023 Health & Productivity Management Outstanding Organizations Recognition Program" (Large Enterprise Category, White 500)

Shiseido, together with 20 domestic affiliated companies in the group, was certified in the "2023 Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category, White 500)" run by the Ministry of Economy, Trade and Industry (METI) and the Japan Health Conference.\*\*1

In recent years, the areas of wellness and wellbeing have been attracting greater attention, with an increasing number of companies aiming for outstanding health and productivity management\*2. While the number of companies participating in the Survey on Health and Productivity this time was 3,169, the highest number ever (up 10% from last year), the Shiseido Group was able to enter the top 10% in the large enterprise category and receive "White 500" certification with the highest grade. Going forward, we will continue to strive to achieve even greater heights in order to maintain and improve the health and safety of our employees.

\*1: Since 2017, the Ministry of Economy, Trade and Industry (METI) and the Japan Health Council have jointly certified the top 500 companies and corporations that practice particularly excellent health and productivity management as "Health & Productivity Management Outstanding Organizations."

\*2: "Health and productivity management" is a registered trademark of the NPO Health and Productivity Management Study Group.

Name of certified corporation	Names of affiliate corporations also certified
Shiseido Corporation	Japan Retail Innovation Inc.
	KODOMOLOGY Corporation
	Pierre Fabre Japon Corporation
	Shiseido Astec Corporation
	IPSA Corporation
	Etuce Corporation
	Etobas Corporation
	Effectim Corporation
	The Ginza Corporation
	Shiseido Parlor Corporation
	Hanatsubaki Factory Corporation
	Shiseido Interactive Beauty Corporation
	Shiseido Japan K.K.
	Shiseido Gakuen School Corporation
	Shiseido Corporate Pension Fund
	Shiseido Health Insurance Society
	Shiseido Children's Foundation
	Shiseido Beauty Salon Corporation
Shiseido Pharmaceutical Corporation	
(Shiseido) Labor Union	

## COVID-19 prevention measures 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 employees with the aim of preventing the spread of COVID-19 and

improving the performance and productivity of employees and organizations.

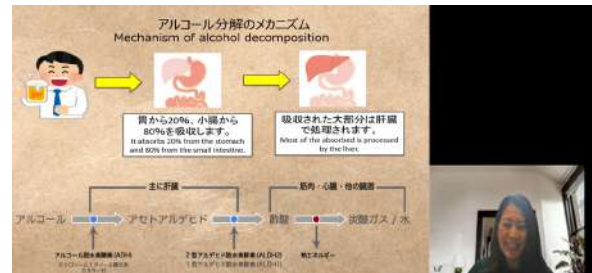
Since the adoption of the Shiseido Hybrid Work Style, which allows employees to work either at the office or home depending on their roles, employee workstyles have become more diverse. The Shiseido Group in Japan has taken measures to address health issues associated with remote work that are different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

#### Provision of information for employees

We conducted a survey among employees who choose to work remotely to understand their current situations and needs. Based on the survey results, we are providing information on dieting and exercise, advice from occupational physicians and counsellors, and tips for working remotely.

#### Lunchtime session (live streaming)

To reduce employees' stress and promote communication, we stream information on topics such as lower back pain, women's health, and preventive measures against alcoholism.



<Lunchtime session (live streaming)>

#### Online consultation

We have provided online video consultation to employees who choose to work remotely 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 the spread of COVID-19 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

From August 2021, we have implemented workplace COVID-19 vaccination programs for employees and their families at each location of the Shiseido Group in Japan. So far, we have administered two doses each to approximately 10,000 people. In addition, the third (booster) doses were administered to employees in April 2022.



<Workplace vaccination: Reception>



<Workplace vaccination: Filling the vaccine into syringes>

## Shiseido Vision Zero Declaration (Safety Declaration)

Shiseido pursues "PEOPLE FIRST," which is an important management philosophy for people working in the Shiseido Group to bring about innovation in society by producing results. To that end, our vision is to create an environment in which people working in the Shiseido Group can work safely and securely, and to achieve zero lost time accidents\*1 at all workplaces.

\*1 : Lost work accident (Injuries and illnesses during work or commuting in Japan which lead to one or more days off)

### Behavioral guidelines

This guideline applies to officers and employees (including dispatched employees and employees of cooperating companies) engaged in the Shiseido Group in Japan and overseas.

<Preventive measures>

Through thorough risk assessment, etc.\*2, we will point out and eliminate factors that threaten the health and safety of the working environment and practice the creation of a workplace where everyone can work safely and healthily.

<Continuous education and compliance with rules> We take responsibility for our own safety and the safety of the people around us, receive regular education on health and safety, practice it, and act according to the set rules.

<Improvement activities> We make time at the workplace to regularly discuss unsafe behavior (behavior of workers who are likely to cause an accident or disaster), unsafe condition (working environment that is likely to cause an accident or disaster), cases of occupational accidents, and improvement measures that have occurred within the Shiseido Group and actively implement safety measures.

\*2 : Standardized safety evaluations to prevent accidents and activities to identify potential causes of danger

This Code of Conduct is developed with reference to the Occupational Health Hierarchy Controls of the National Institute for Occupational Health and safety.

### Health and safety promotion system

In promoting this, the officer in charge of human resources will become responsible for health and health and safety management, support business areas in Japan and overseas, and actively drive the maintenance and promotion of the health and safety of employees. Under the supervision of the Board of Directors on important occupational health and safety commitments, the health and safety manager will work with each officer, department head, and manager to support employees' voluntary efforts for health and safety.

In addition, at the Shiseido Group's domestic sites, we have set up a hygiene committee as well as a health and safety committee in accordance with laws and regulations to create a safe and comfortable working environment through investigation and deliberation. At laboratories and factories, we have established an occupational health and safety policy and a health and safety committee to improve upon dangerous areas and dangerous actions working toward our ultimate aim of zero lost time accidents at domestic factories.



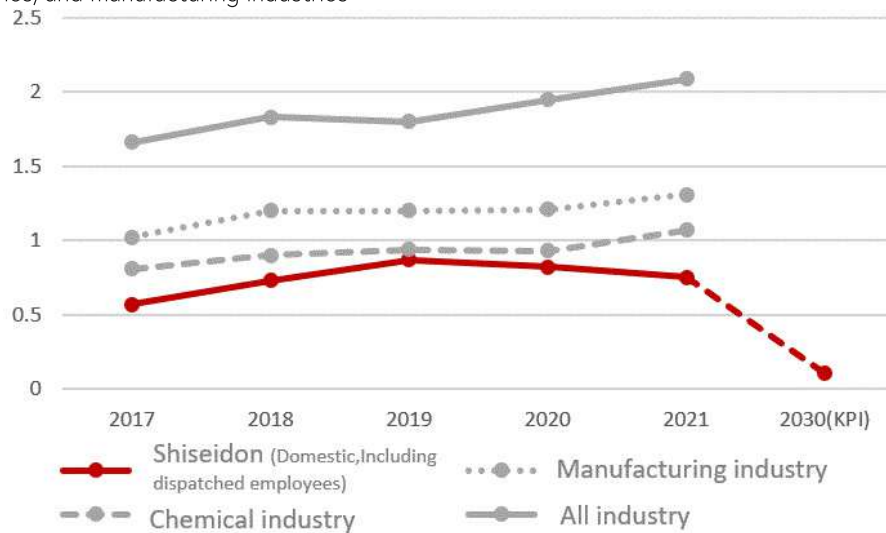
Medium- to long-term goals



The Shiseido Group aims to become a global, top-level, safe company. As a KPI, we have set a target value of achieving the leave frequency rate\*3 "0.1 or less" by 2030. Creating an environment where employees can work safely and securely and having all employees work vigorously will lead to reduction of business risks and costs and increase of profits. Currently, we are able to ensure elevated safety of people working in the Shiseido Group compared to all industries in Japan and the chemical and manufacturing industries, but we will implement various measures to aim for even higher levels.

\*3 : Lost Time Injuries Frequency Rate (LTIFR): Number of occupational accidents accompanied by leave / total working hours x 1,000,000

▼ Comparison of the percentage of leave of absence between the domestic Shiseido Group and all domestic industries, chemical industries, and manufacturing industries



### Occupational health and safety issues

In 2021, the Shiseido Group had 110 occupational accidents for domestic employees and contract employees. Of these, 29 were lost time accidents, one of which was a contract employee.

The types of occupational accidents were slipping/tripping, falls from heights, and unreasonable movements, accounting for 46% of the total. There are many accidents such as "lifting a heavy object in an unreasonable posture" and "slipping in a hallway wet with rain", which can occur in daily life. Analysis of the causes of occupational accidents revealed that many occupational accidents occurred when safety in the work environment was neglected or when the work method was improperly abbreviated. In addition, as 50% of cosmetics sales accidents cause falls, daily cooperation with tenants is important for a better working environment. At affiliated companies, 90% of accidents occur in people in their 50s and 60s, and it is necessary to encourage them to exercise and stretch on a regular basis and to wear comfortable shoes.

In addition, to achieve our health and safety goals by 2030, we must prevent future accidents by implementing company-wide safety education and sharing information beyond the business domain, rather than relying on the governance at each site. Furthermore, it is essential to strengthen safety education especially for people in their 50s and 60s, who suffer many occupational accidents, to comply with the health and safety laws and regulations that will be further regulated in the future, and we need to reduce the risk of damaging society's trust in us.

### Current and future efforts

To achieve the goal based on the above issues, we have built an "occupational health and safety management system" from 2022, positioned it as an initiative involving management, and are carrying out activities to protect the safe and secure working environment.

As a company-wide initiative, we analyze the occurrence status, factors, and countermeasures of occupational accidents every month and share the reports with the health and safety manager at the Occupational Health and Safety Management System Committee meeting, which is held six times a year. In addition, we are planning to carry out comprehensive safety education and training on fostering a culture of safety through health and safety-focused activities, analyzing the results of occupational accidents that have occurred in the past three years, and the characteristics of human behavior, self-preservation measures to prevent future accidents, places and conditions that are likely to occur, etc. We will also work to reduce commuting accidents as well as work-related accidents to protect

employees.

The details of future efforts in each business area are as follows.

#### Factory / Logistics Center:

The factory / logistics center are promoting the establishment of GSMS (Global Safety Management System), which sets common occupational health and safety standards in Japan and overseas. At the factory / distribution center, various education and trainings are conducted including a review of past occupational accidents, but at the Kakegawa factory, all workers in the production area (including indirect employment and employees with disabilities) are targeted. As a safety experience training, we conducted a training to "sense danger in dangerous settings". We plan to start operating GSMS in 2023 and to obtain ISO 45001 certification at our factory bases around the world by the end of 2024. (Acquisition of factory complete as of December 2021: Shanghai factory, Beijing factory, Vietnam factory) ISO 45001 certified factories have established and implemented the necessary processes to prepare for and respond to possible emergencies. In addition, we carry out systematic education and training, as well as regular internal audits and evaluations for the maintenance and management of the process and continuous improvement.

#### ▼ Safety experience training



#### Research institute:

The research institute has set up contact persons for health and safety at each base in Japan and overseas to share information on occupational accidents and near-miss incidents that have occurred in Japan and overseas. In addition, domestic research institutes manage their chemical substances with their own IT systems, and by efficiently conducting risk assessments for increasing chemical substances without omission, we have achieved legal compliance and will be a researcher in the future. We aim to protect your health and safety.

#### Shops / Sales & Offices:

Shops and offices, we will continue to promote health and safety activities based on the Health Committee. The hygiene committee of each area continuously collects near-miss cases to strengthen PDCA functions such as sharing accident information and countermeasures to other areas and preventing accidents, and we are planning to use signage, etc. in the workplace to inform employees of occupational accidents with a higher possibility of future occurrence.



# 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 Code of 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)

For more details, please refer to Social Data.

## 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.