

Society

Advancing a society that embraces diversity through respect, and supports lives of beauty.



Based on the recognition that humans are inherently diverse, we at Shiseido aim to achieve a society where everyone feels empowered, confident, and free to be themselves. To eliminate fixed ideas, prejudices, and peer pressure, we have set diversity and inclusion (D&I) as our key Business strategy. We have set our strategic actions as "Gender Equality" and "Empowering People Through the Power of Beauty" and will support 1 million people each by 2030, leveraging the experience and findings accumulated from our efforts in our mission as a beauty company, "BEAUTY INNOVATIONS FOR A BETTER WORLD".

As the foundation for achieving a highly inclusive society, Shiseido continues to do its best to respect the human rights of all stakeholders.

1. Advancing Gender Equality

In the Global Gender Gap Report 2022, the World Economic Forum*1 reported that it would take another 132 years to close the gender gap. Girls around the world who cannot receive primary and secondary education because of barriers such as child marriage, poverty, discrimination, and gender prejudice, are in an increasingly dire situation. Japan's ranking for gender equality has shown little improvement in 15 years since 2006 and is in 116th place*2, the lowest among major developed countries. Women's participation is especially low in the areas of politics and the economy. Building on insights and experiences accumulated by Shiseido, we partner with international institutions, private enterprises, municipalities, and other related organizations to work towards gender equality, including women's financial independence and participation in decision-making. We strive to nurture a society where everyone can feel empowered to live their life freely by having fair opportunities regardless of gender.

*1 : The World Economic Forum (WEF) is a non-governmental and nonprofit organization based in Switzerland aimed to resolve global economic issues by engaging political, political, academic, and other leaders of society.

*2 : Based on the index for measuring gender gaps between areas and countries used in The Global Gender Gap Report 2022.

2. Empowering People Through the Power of Beauty

There are people everywhere in the world who avoid interactions because of their age, health condition, disability, a change in their physical appearance, and other concerns and hardships. There are also people who feel they have difficulty maintaining social connections because unconscious biases and fixed ideas that they experience everyday hinder their individual expression of beauty. Expanding on the amassed findings and expertise of Shiseido, we advocate the power of beauty as instrumental in mental and physical well-being, as well as social well-being* We engage in various activities with the aim of achieving a society where everyone feels empowered, confident, and free to be themselves. We are a beauty company that enables diverse beauty, and we strive to eliminate assumptions and prejudices associated with beauty for a world where everyone can celebrate each other's beauty.

* Social well-being is defined as the sustaining of meaningful relationships with society and people.

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

As a leader in achieving gender equality throughout Japanese society, Shiseido promotes a variety of activities to empower women by constantly upgrading our internal initiatives.

Shiseido DE&I Lab

In 2023, we established the Shiseido DE&I Lab within the company to explore ways to leverage the power of diversity. We are actively researching the process by which the empowerment of diverse human resources facilitates innovation by introducing different values and ideas and verifying the cause-and-effect relationship between diversity and corporate growth. We also aim to obtain know-how to maximize the power of diversity by analyzing the effects of our initiatives. Additionally, we broadly disseminate our findings from the Shiseido DE&I Lab throughout society, thereby contributing to the growth of the Japanese economy through DE&I.



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 on the boards of companies in Japan.*1 As part of a global initiative that originated in the United Kingdom, the Japan chapter was inaugurated in May 2019, and Phase 2 started in May 2022 with the goal of achieving a 30% proportion of female directors*2 at TOPIX 100 companies by 2030. Masahiko Uotani, Shiseido's Representative Corporate Executive Officer, Chairman and CEO, continues to serve as the chairperson for Phase 2, as he did for Phase 1, leading the activities of the TOPIX President's Committee, which consists of chairpersons and presidents of 34 companies*3 listed on the TOPIX 100 and TOPIX Mid 400.

The TOPIX President's Committee has held 9 sessions*4 to date with the total participation of 172 chairpersons and presidents of the TOPIX 100 and TOPIX Mid 400.

Through the examination of case studies at the different member companies, the sessions involve lively discussions on extensive themes, such as appointing women to executive and head positions and conducting organizational culture reforms that make the most of diversity. These discussions are based on the belief that to lead innovation, nurturing an organizational culture with high adaptability is necessary, and to do that, achieving gender balance among those in top management (e.g., executive officers, line managers, etc.) who have many subordinates and a substantial influence on daily operations is crucial. On the project management team organized by operation-level leaders of member companies (about 80 members from 34 companies), cross-company projects have been organized to tackle three gateways that inhibit the career development of women, which were clarified through the TOPIX President's Committee, by promoting the implementation of concrete measures to resolve common issues, including the development of career awareness among young women, the sharing of best practices for balancing work with childcare, and exchange meetings between female candidates for executive positions and committee leaders.

In Phase 2, a fully integrated approach is underway to influence society through various stakeholders collaborating with companies, which is characteristic of the 30% Club Japan. Specific actions have been taken through the collaboration of the Investor Group of 33 institutional investors, the University Group of 9 universities, and the TOPIX President's Committee.

With its activities over the past five years, the ratio of women on the boards of companies comprising the TOPIX President's Committee has risen by 12.5 percentage points to 23% compared to the average of listed companies in Japan. Progress has also been made in women's participation in corporate decision-making, such as advancement to previously untraditional posts, including directors of business and manufacturing operations. Shiseido will continue to lead the way in transforming Japanese corporate culture to break away from the current homogeneity by promoting the active participation of women, thereby driving innovation.

*1 : Women on boards are defined as directors and auditors.

*2 : Proportion of female members on the boards of directors at TOPIX 100 companies (including auditors at companies with a board of auditors)

*3 : As of the end of December 2023

*4 : As of the end of December 2023

[Click here for more information on the 30% Club Japan.](#)

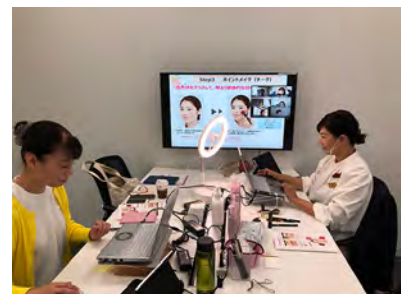


TOPIX President's Committee



Empowering Women through Collaboration with Local Governments

As part of Shiseido's ongoing efforts to empower women, in 2021, Shiseido Japan Co., Ltd., and Hiroshima Prefecture entered into an agreement on promoting the empowerment of women. Since then, we have been supporting the women of Hiroshima in social engagements and job placements chiefly through beauty seminars. In 2022, we held an online makeup seminar for mothers seeking employment and lectured them on basic makeup and gave them advice on hair styling and makeup to help them prepare for job interviews. In February of the same year, a Social Area Leader based in the Shiseido Japan was invited to speak at a discussion in an online seminar for the empowerment of women hosted by the Hiroshima Prefecture Department of Commerce, Industry and Labor to share her personal experience and motivate women aspiring to hold managerial positions. In August, we started a new initiative in job placement support and distributed vouchers at the prefecture's job placement office for women, the "Waku-waku Mama Support Corner." The vouchers can be redeemed at Shiseido counters for a short personal makeup lesson with Shiseido Personal Beauty Partners. Furthermore, reaching beyond the framework of the agreement, we joined a networking event for women in management hosted by the Hiroshima City Center for Promotion of Gender Equality. We met 12 women managers mainly from local companies and exchanged views on the challenges that women in leadership positions face. We are contributing to the growth of Hiroshima Prefecture through these efforts in raising awareness and communicating the empowerment of women and assisting in the creation of networks among working women.



"Online makeup seminar for job interviews" in collaboration with Hiroshima Prefecture

In 2022, Shiseido Japan Co., Ltd., joined a citizens' collaboration project, the "Machi, Watashi, Kirameku Women's Campus Yamagata," a project in which Yamagata City and Ridilover, a general incorporated association that organizes educational and training programs on social issues concluded a comprehensive partnership agreement. As part of this project, Emiko Ashida, Shiseido's People Division Vice Chief People Officer spoke at a seminar to promote women's empowerment in May, and Yukari Suzuki, Shiseido's Director, Senior Executive Officer joined a talk event in June, encouraging women working in Yamagata City.

In addition, 20 women from Yamagata City participated in a total of 5 workshops (June-December) to resolve issues, and Shiseido Japan's Yamagata Office employees joined in discussions. They also held beauty lecture sessions on skincare and makeup in June and September. In November, a lecture was given on the theme of "Balancing Family and Career", and 20 employees from Shiseido's Sendai Office also participated in this project.



Workshop at "Machi, Watashi, Kirameku Women's Campus Yamagata"



Beauty session at "Machi, Watashi, Kirameku Women's Campus Yamagata"

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

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

In 2022, Shiseido was invited to speak about gender equality and women's empowerment at various events hosted by about 30 municipalities, government agencies, corporations, universities, and other organizations to a combined total of 1,856 attendees. The lectures covered a wide range of topics, from the importance of the commitment by top management to fostering female leaders to Shiseido's history of empowering women and personnel development programs to raise awareness. One highlight of our collaborations was giving the keynote speech at the regional symposium involving local government, corporations, and universities organized by Yamaguchi Josei Katsuyaku Ouendan, a multilateral group for women's empowerment in Yamaguchi Prefecture comprised of leaders from the area's government, industry, and academia. We also received a request from the Yamaguchi Prefectural Police Headquarters to speak to its police officers. The prefectural police welcomed the impact of the lecture, as it was a good opportunity to reevaluate both male and female officers' work styles. We are eager to share the knowledge gained from our own experience in advocating gender equality for the betterment of society.



Lecture on Empowering Women Given by Yamaguchi Josei Katsuyaku Ouendan



Lecture on Empowering Women Given at the Yamaguchi Prefectural Police Headquarters

Childcare Support

In the drive to make the childcare environment better through company cooperation, Shiseido started a childcare business in 2017 with the establishment of KODOMOLOGY Co., Ltd., which focuses on the entrusted operation of in-house childcare facilities within businesses. In addition to the operation of in-house nurseries, such as KANGAROOM Shiodome (2003)* and KANGAROOM Kakegawa (2017), we began supporting the establishment and management of 3 childcare facilities at other companies in Kanagawa Prefecture and Shizuoka Prefecture (2 facilities in Shizuoka and 1 facility in Kanagawa as of the end of December 2022). In April 2022, the parenting training program for men "KODOMOLOGY Ikutore—Preparing for Paternity Leave", started full-scale operations at KANGAROOM Shiodome in response to the phased implementation of the new legal requirements for paternity leave in Japan. This program provides support for participants in gaining an awareness of childcare and greater family involvement in childcare while pursuing careers. A cumulative total of 52 participants (as of the end of December 2022), including Shiseido employees and their families, completed the program, and many commented that they felt more positive with the parenting training, and that the program provided an opportunity to consider the balance of childcare and career as a family.

* KODOMOLOGY Co., Ltd. closed KANGAROOM Shiodome at the end of March 2023 and started the childcare support program, "KANGAROOM +" for employees of Shiseido and alliance partners in April 2023.

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

[Click here for information on KANGAROOM + \(in Japanese only\)](#)



In-house daycare nursery, KANGAROOM Kakegawa



KODOMOLOGY Ikutore

Supporting Female Researchers in Natural Sciences

The ratio of female researchers in Japan is low compared to Western nations, remaining at roughly 17.8%. To help improve this situation, Shiseido supports female researchers in Japan who are engaged in world-leading, innovative research in the natural sciences through the Shiseido Female Researcher Science Grant. Launched in 2007, the grant is now in its 16th year, and in 2023, it has awarded research grants to 10 female researchers. This grant is distinguished by its versatility, providing recipients with support in everyday matters, such as childbirth and childcare, so long as the funding is used to enable them to conduct their research. To date, it has contributed to the research results and career development of 159 researchers.

In 2023, an awards ceremony to encourage networking among female researchers for the realization of a sustainable society was held at the Shiseido Global Innovation Center in Yokohama. In a survey* of previous award winners regarding the status of female researchers, over 80% of them responded that they have struggled because of their gender, with many saying that they have difficulty balancing family and work responsibilities, that there aren't many female researchers, that their positions aren't well understood, and that they don't have anybody around them to consult or exchange information with. These responses highlight the reality of female researchers. They often easily feel isolated or anxious about their career development and face difficulties in balancing family and work responsibilities within the traditional gender roles common in Japanese society. On the other hand, when asked about the benefits of

receiving the grant besides the grant itself, respondents said that the interaction with other talented recipients gave them new ideas, that just winning the award provided emotional support, that they were able to interact with other Shiseido researchers, and that they felt they had been recognized by those around them.

Networking is essential for researchers to develop their ideas, produce research results, and give back to society. We hope that the network we have built through this grant will support the next generation of female researchers in the natural sciences.

*Survey Period: November 16-30, 2022; No. of Respondents among Shiseido Female Researcher Science Grant Recipients: 74 (No. of Eligible Respondents: 119)

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



The Shiseido Female Researcher Science Grant award ceremony



The 16th Shiseido Female Researcher Science Grant award ceremony (in Japanese only)

Activities through Sports

Strong, Fast, Beautiful—the motto of the Shiseido Running Club

The Shiseido Running Club was established in 1979, the year when the first Tokyo International Women's Marathon was held as the first international women's marathon race in Japan. "Strong, Fast, Beautiful" is the motto of the club that introduced a number of athletes who left their mark on women's athletics in Japan, including Chie Matsuda, Mari Tanigawa, and Harumi Hiroshima. Nine* athletes are currently in the club. These include, Yuka Takashima (participated in the Rio Olympics), Mao Ichiyama (won a prize at the Tokyo Olympics) and Rino Goshima (participated in the World Athletics Championships, Oregon 2022 and the World Athletics Championships, Budapest 2023), and they are contributing to the enhancement of athletic skills of Japanese women through global competition. In the 42nd All-Japan Women's Corporate Ekiden Championship (Queen's Ekiden) in November 2022, a memorable year being that it was the 150th anniversary of Shiseido's establishment, the club won the second championship for the first time in 16 years, setting a new championship record, with roadside cheers from about 200 employees of Shiseido group in Japan.

Our female runners continue to overcome challenges to achieve higher goals. Their running not only encourages many people but also fosters the unity of the employees of Shiseido group and the culture of learning from each other.

* As of the end of December 2023

[Click here for the Shiseido Running Club \(in Japanese only\)](#)



Athletes of the Shiseido Running Club

Shiseido Ladies Open aspiring to achieve Active Beauty

Shiseido sponsors the "Shiseido Ladies Open,"* a tournament certified by the Japan Ladies Professional Golfers' Association (JLPGA), under the tournament philosophy of promoting "active beauty" both in terms of mind and body through the dynamic performances of female athletes and with the aim of creating a brighter world filled with smiles. In 2023, the tournament attracted approximately 22,000 visitors over its four days. Shiseido also held a charity auction with the cooperation of the players, and the proceeds were donated to the Female Athletes Health Support Committee to support their women's health projects.

*The tournament was named the Shiseido Anessa Ladies Open in 2019.

[Click here for information on the Shiseido Ladies Open \(in Japanese only\).](#)

[Click here for the official Instagram account of Shiseido Sports Japan \(in Japanese only\).](#)



We promote "active beauty" through the dynamic performances of female athletes.



The final day of the tournament

Supporting Girls' and Women's Education and Financial Independence Worldwide

Shiseido brands and regional headquarters overseas are cooperating to support the education and the independence of socially vulnerable women and girls with the aim of resolving global gender issues and empowering women.

Clé de Peau Beauté: Supporting Education for Girls

In April 2023, Clé de Peau Beauté and UNICEF*1 have announced a three-year extension of their partnership dedicated to addressing gender inequality with a focus on STEM education*2, employment, and empowerment programs for girls. The two partners have worked together since 2019, with the partnership supporting UNICEF's work to tackle the root causes of gender inequality. To date, the Clé de Peau Beauté and UNICEF partnership has benefited more than 3.5 million girls.



The brand continued to hold a worldwide CRM Campaign*3 featuring the brand's best-selling product, The Serum, in 2022, inviting consumers' participation and aiming to raise awareness for UNICEF's programs. A portion of The Serum's global sales was donated to support UNICEF's effort to create more equitable access to education and skill development for girls in countries and regions such as Bangladesh, Kyrgyzstan, and Niger.

To showcase the real impact and support of these UNICEF partnership programs, in 2022, more than 150 Clé de Peau Beauté colleagues joined the Virtual Field Visit (VfV) to Bangladesh where they learned more about all the impactful initiatives made possible by the partnership with UNICEF. For example, with the support of Clé de Peau Beauté, the Government of Bangladesh and other partners, UNICEF has introduced a gender-transformative skill-based education to improve the current education system framework, and launched the Alternative Learning Programme (ALP) *4— offering young women educational and skills training that ultimately links them to employment opportunities in their communities. The ALP students and their parents, mentors and coordinators joined to share how Clé de Peau Beauté's contributions to UNICEF have made a positive life-changing impact on the girls.



The Virtual Field Visit to Bangladesh

In September 2022, Shiseido has been awarded the Dark Blue Ribbon by the government of Japan, in recognition of the support extended by its global luxury skincare and makeup brand —Clé de Peau Beauté to the Japan Committee for UNICEF. The brand has supported UNICEF's global initiatives to educate and empower girls around the world.



The award ceremony for the Medal with Dark Blue Ribbon
(Left) Chief Brand Officer of Clé de Peau Beauté
(Right) Executive Director, Japan Committee for UNICEF

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

Additionally, Clé de Peau Beauté's long-term philanthropic commitment includes the annual '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 since 2019.

For the 2023 award, the milestone fifth year, Clé de Peau Beauté named Ms.Dao Thi Hong Quyen from Hanoi, Vietnam as the recipient. Ms.Dao Thi Hong Quyen is a passionate biology teacher who is working to close the opportunity gaps in STEM education and tackle gender bias in her community. As the Head of Science at Genesis School, she oversees the design of science programs. She has empowered girls through her significant contributions in providing them equal access to STEM education and learning opportunities by dispelling gender biases.



Ms.Dao Thi Hong Quyen, recipient of the 2023 Power of Radiance Awards

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

Clé de Peau Beauté 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 : CRM Campaign: A Cause-Related Marketing Campaign whereby a portion of The Serum's sales will be donated to support UNICEF's programs for education and empowerment of girls around the world.

*4 : Alternative Learning Program (ALP) is one of the new pathways to empower the most marginalized and vulnerable out-of-school adolescent girls with skills and assets to act on personal and social transformation.

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

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

[Click here for information on Clé de Peau Beauté.](#)

Shiseido Travel Retail: Supporting Marginalized Women and Girls in Cambodia

In 2020, Shiseido Travel Retail partnered with Friends-International in the "Empower Her" initiative, an initiative that aims to help young women from disadvantaged backgrounds in Cambodia to break the cycle of poverty by providing them education, vocational beauty training, access to job placement opportunities, and support in employment. In support of the initiative, we have contributed cash donations and beauty products, and we are also involved in the development of the training curriculum. In 2022, 134 students received vocational beauty training—45 of whom were given the opportunity for employment.



Beauty training in progress

Support for the independence and Higher Education of Children who Live at Childcare Facilities or with Foster Parents

At the Shiseido Child Foundation,*1 we are aiming for a society in which all children are brimming with smiles and shining in their own way by receiving support based on activities: *Supporting Children's Challenge for the Future, Creating Opportunities to Learn for People who Nurture Children, and Creating a Society in which Children are Supported by Everyone*. As part of supporting the Children's Challenge for the Future, the Foundation sponsors Self-Reliance Seminars in cooperation with Shiseido Japan Co., Ltd., Aoki Inc., Recruit Co., Ltd., and other companies and organizations, to enable junior high school and high school students who receive social care*2 to acquire social knowledge from specialists so that they can live independent lives. In FY 2022, more than 300 children participated in the Self-Reliance Seminar. In addition, the scholarship program, launched in 2007 to support students entering universities, junior colleges, and vocational schools, has supported 81 scholarship recipients through 2022. Other activities include seminars for staff at child welfare facilities (Creating Opportunities to Learn for People who Nurture Children), as well as events geared towards preventing child abuse in many parts of Japan and subsidies for seminars aimed at childrearing families (Creating a Society in which Children are Supported by Everyone).



The logomark was renewed in concurrence with the name change in 2022.



Self-reliance Seminar

[Click here for the activities of the Shiseido Child Foundation.](#)

*1 : In October 2022, the name was changed from the Shiseido Social Welfare Foundation to the Shiseido Child Foundation in commemoration of its 50th anniversary.

*2 : "Social care" refers to the public responsibility of protecting children who are unable to live with their parents by caring for them and providing support to households with difficulty finding childcare. About 42,000 children in Japan are receiving social care.

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

More than 80% of Shiseido Group employees are women, and 58.1% of women across our global organization are in leadership positions. Moreover, 40.0% (as of April 2023) of our directors and auditors are women, and the percentage of women in leadership positions in Japan is 37.6% (as of January 2023). We believe that empowering women can help generate innovation and in turn promote further growth at Shiseido and allow employees to fulfil their potential. As such, we aim to increase this to 50% by 2030 to fairly represent gender equality.

For many years, in Japan we have offered and promoted a range of systems and support measures for women's life events. Since the early 1990s, even before the introduction of childcare and family care laws, we implemented childcare leave and shortened working hour systems. Specifically, we have opened two in-office childcare facilities—Kangaroom Shiodome in 2003*1 and Kangaroom Kakegawa in 2017—for Shiseido employees, as well as local businesses and residents. Further, to provide flexible childcare in line with diverse workstyles, in April 2023 we opened Kangaroom+, a comprehensive childcare service offering mainly babysitting services. In addition to ensuring more freedom of time and place by offering one-on-one childcare instead of group childcare, the scope of services will be extended to include elementary school students. The aim is to cater to the problems that parents face when their children enter grade one of elementary school.*2

Moreover, in 2008 we introduced the Kangaroo Staff program to secure personnel as cover for Shiseido Personal Beauty Partners who are having to work shorter hours due to childcare. In 2022, 721 Kangaroo Staff helped to support the work-life balance of 1,510 Shiseido Beauty Consultants raising young children. As a result of initiatives like these, 94.9% of employees across the Shiseido Group in Japan return to work following childcare leave, and we continue to maintain this high percentage.

We also hold a female leader development program called NEXT LEADERSHIP SESSIONS for WOMEN. In 2022, 63 female employees participated in the program, where they learned the necessary management and business skills while discovering their own unique leadership styles. In the six years since its launch, 49% (90) of the 185 program participants (excluding retirees) have successfully been promoted. Further, to increase the ratio of women in management positions to 50%, we expanded to three new programs for candidates for next Group Managers, Department/Division Heads and Executive Officers, reinforcing our leadership pipeline to steadily develop the next generation of leaders. Moreover, between 2020 and 2022, a total of 117 employees from various fields including sales, production, and R&D have taken part in Speak Jam, a mentoring program linking executive officers*3 with female employees.



NEXT LEADERSHIP SESSION for WOMEN

*1 : Kangaroom Shiodome (our in-house nursery) was closed in line with the transition to Kangaroom+

*2 : While nursery schools can look after children from morning until night, elementary schools finish in the afternoon, meaning that some parents have to work shorter hours when their children begin grade one of elementary school

*3 : Previously corporate officers (name changed in 2021)

We are also working to improve our workplace environments to create comfortable workplaces not only for women, but for employees with many different attributes. To ensure health, safety, job satisfaction and security, we are implementing various workstyle revisions. These include flextime with no core hours, remote work (Shiseido Group in

Japan), and the introduction of "Shiseido Hybrid Work Style," an innovative new arrangement that allows employees to combine in-office work with remote work to maximize productivity.

See here for Shiseido's diversity and inclusion (D&I) initiatives

External Recognition

Our diversity and inclusion efforts have gained us the following external recognition 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, to boost progress in diversity and inclusion.

Click here for the information about external evaluations and awards.



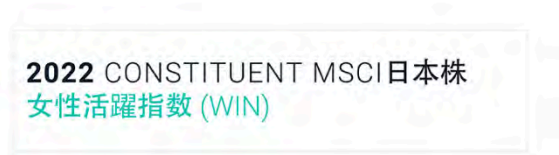
Prime Ministerial Award for Women Empowering Companies 2020*1



Nadeshiko Brand FY2023*2



2020 WCD Visionary Awards



MSCI Japan Empowering Women Index (WIN)* 3

Shiseido was the only Japanese company selected in the 2022 "DEI Lighthouse" of the Global Parity Alliance. The Global Parity Alliance was launched by the World Economic Forum and McKinsey & Company to accelerate diversity, equity, and inclusion.

*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.

*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 six years in a row since its inception in 2017.

Cultivating Self-Efficacy Through the Power of Beauty

At Shiseido, we take a scientific approach to uncovering the power of beauty to enrich minds, spark joy, and bring happiness to life. This pursuit started in 1956 with the launch of Japan's first makeup product designed to lessen the suffering of wartime burn victims, and we continue to explore ways to harness the power of beauty, such as the development of specialized cosmetics and application techniques to address the changes in a person's appearance from discolorations and scars.

"Shiseido Life Quality Beauty" comprises all the activities that leverage the power of beauty for the well-being of people facing broad skin concerns and challenges, and concerted efforts with a variety of different support groups, medical institutions, and local governments are being made.

Support for People Living with Cancer

With the vision of a society where people with cancer can continue to live their lives in ways that they desire, we will redouble our efforts globally to help them cope with the changes in their appearance associated with medical treatment. Since 2008, Shiseido has provided support in appearance care that addresses the visible side effects of cancer treatment. In 2015, we published a booklet for people living with cancer, and several editions have appeared since. In February 2022, we introduced an easy guide for all genders illustrating the information and techniques to deal with changes in the skin and looks caused by cancer treatment, "*Appearance Care for Your Confidence and Comfort*", and we currently provide copies to 133 medical facilities in Japan.



"Appearance Care for Your Confidence and Comfort"

[Click here](#) for the Shiseido Life Quality Makeup website.

Global Expansion of "the LAVENDER RING MAKEUP & PHOTOS WITH SMILES" for People Living with Cancer

Since 2017, Shiseido has participated in the LAVENDER RING project to support people with cancer, pursuing a society where people can live with a smile even if they have cancer. We lead the MAKEUP & PHOTOS WITH SMILES, and we encourage people in living their own lives after cancer and helps them to return to society through hair and makeup, as well as portrait photography. In recognition of such efforts, Shiseido received the Mécénat Award for Excellence in November 2021 from the Association for Corporate Support of the Arts, a public interest incorporated association in Japan.



Mécénat Award for Excellence

On World Cancer Day, February 4, 2021, LAVENDER RING published its first book entitled *LAVENDER RING Photo Book: Smiles and Messages from 206 People Living with Cancer**. The featured poster portraits and interviews with 206 people living with cancer resonate with, inspire, and encourage readers, and not just people living with cancer, their families, and supporters. The photo book is available in bookstores, hospitals, and from other retailers.

* Japanese title: 「自分らしく、を生きていく。～がんとともに生きる206人の笑顔と想い～」.



LAVENDER RING Photo Book (Hearst Fujingaho Co., Ltd.)

The year 2022 was one of global expansion for LAVENDER RING MAKEUP & PHOTOS WITH SMILES. Shiseido held events in China and Taiwan in August, Singapore in October, and Thailand in December, and a total of 107 people living with cancer and 120 volunteers from our company and affiliates in four countries and regions joined in. The reception by the partnering of patient groups and medical institutions was very positive, and they hoped the event would be held regularly because it inspired courage and confidence in many participants.



Makeup session at the event in Singapore



Photo session at the event in China

In Japan, we held the first LAVENDER RING MAKEUP & PHOTOS WITH SMILES in Nagoya, the third most populous urban area in Japan, in July 2022. In August, we held an online event for the third consecutive year. In Addition, we showcased the smiles and messages from people living with cancer at the MAKEUP & PHOTOS WITH SMILES photo exhibit at four locations in Japan. (Kasumigaseki Common Gate, Tokyo, and Shiseido Global Innovation Center at S/PARK, Yokohama, Aichi Cancer Center, and the Nerima City Office, Tokyo).

Since the launch in 2017, 329 people living with cancer around the world participated in the LAVENDER RING MAKEUP & PHOTOS WITH SMILES.



Nerima City Office



Shiseido Global Innovation Center (S/PARK)

In April 2023, we had the special exhibition of LAVENDER RING MAKEUP & PHOTOS WITH SMILES at the 31st General Assembly of the Japan Medical Congress. Held every four years since 1902, this esteemed assembly with its long history is Japan's largest academic conference and exhibition on medical science. The academic conference was attended by more than 40,000 people over the assembly's four days. We displayed extra-large posters of smiles on people living with cancer on both sides of the accessway at the Tokyo International Forum, where many attendees passed. We also set up a booth to provide information on the LAVENDER RING and Shiseido Life Quality Makeup activities, and colleagues from Shiseido Japan Beauty Strategy Department and Social Area Partners* from Shutoken Sales Department assisted 326 guests over the assembly's four days.

*8 social area leaders and 36 social area partners from Shiseido Japan play crucial roles in these efforts in Japan by identifying the characteristics and social issues unique to their areas, planning activities rooted in communities, and leading the implementation of solutions.



52 extra-large posters on both sides of the accessway



Many medical professionals visited the Shiseido booth.

The Expansion of Ways to Support People Living with Cancer

In an effort to reach out to the AYA*1 generations, Shiseido cooperated in an open seminar at the Fourth Annual Convention of the AYA Oncology Alliance in March 2022. We presented and demonstrated beauty techniques for job interviews to people coping with changes in their appearance from cancer treatment. In the same month, a Shiseido hair and makeup artist*2 shared beauty techniques tailored to AYAs living with cancer at an event by ZINE Inc., the provider of an online cancer consultation service. The session was met with great enthusiasm and questions from the audience, which lasted well past the scheduled time, showing the increasing demand for appearance care among AYAs.

*1 : AYA stands for Adolescents and Young Adults. In Japan, it often refers to the ages between 15 to 39 years.

*2 : Shiseido Top Hair & Makeup Artist Tadashi Harada, one of the leading artists at Shiseido and a winner of multiple awards.

In July 2022, Shiseido Japan teamed up with UDCK Town Management, Mitsui Fudosan, and the National Cancer Center Hospital East (NCC Hospital East) to offer regular makeup workshops at Mitsui Garden Hotel Kashiwanoha Parkside*3 for people living with cancer. The goal of the workshop is to help alleviate stress and concerns over changes in appearance so that cancer patients can continue to live relatively normal lives during treatment.

*3 : Mitsui Garden Hotel Kashiwanoha Parkside is located in Kashiwanoha Smart City, a joint development by organizations from the public, private, and academic sectors. The hotel was built inside the NCC Hospital East compound with special attention given to the convenience of cancer patients and accompanying family members.



Workshop held at Mitsui Garden Hotel Kashiwanoha Parkside

In October 2022, following the collaborative initiatives with Hiroshima Prefecture, Shiseido Japan and Osaka Prefecture entered into the Collaboration Agreement for the Health Promotion of the Citizens of Osaka. Through this agreement, Shiseido is joining forces in initiatives to promote the well-being of residents, such as appearance care seminars and the distribution of the booklet "*Appearance Care For Your Confidence and Comfort*" at more medical institutions beyond designated cancer care hospitals.

Shiseido Japan will also be working on providing more beauty information and consultation services for the Perfect Cover series designed for deep skin concerns at select cosmetic stores in the greater Osaka region and the Web service platform, Omise+.



Delegates from Osaka and Shiseido Japan at the signing ceremony

In November 2022, Shiseido collaborated with the NPO Japan Hair Donation & Charity (JHD&C) and Aderans Co., Ltd., to jointly develop a medical wig. The wig is available at the JHD&C SATELLITE SALON website and plans are in place to increase production. In order to develop a wig with quality and design at an accessible price for as many people as possible, Shiseido and Aderans provided the technical expertise at no charge.



Medical called the wig "wig +"

In 2022, working with the "Asociación Española Contra el Cáncer of Spain", a cancer patient support organization, we offered five online appearance care lessons to 62 people with cancer. In Italy, we provided makeup lessons in collaboration with "La Forza e il Sorriso", also a cancer patient support organization, expanding social activities overseas.



Makeup lesson in collaboration with "La Forza e il Sorriso"

Shiseido Life Quality Makeup: Support for People with Serious Skin Concerns

The Shiseido Life Quality Makeup initiative started over 60 years ago. The initiative focused on Japan's first makeup products for people suffering from burn scars from war. Shiseido has been engaged in the research of physical appearance care for birthmarks, burn scars, and the side effects of cancer treatment, as well as the development of beauty information and specialized products.

Today, as part of this initiative, Shiseido operates dedicated Life Quality Beauty Centers in four countries and regions around the world.*1 In order to continue activities during the COVID-19 pandemic, the company shifted its focus to digital solutions. In July 2021, Shiseido began offering online appearance care consultations at the Shiseido Life Quality Beauty Center (Japan). In September 2022, the center moved from Ginza, Tokyo, to the global headquarters, Shiodome office (Higashi-shimbashi, Minato-ku, Tokyo). In addition to dealing with deep skin concerns, Shiseido is reinforcing its function of providing beauty information to older people and people with disabilities. Both in-person and online services at the center are due for expansion to include enhanced personalized consultation in a privacy-protected space and more virtual seminars and events.

In October 2021, the Shiseido Life Quality Makeup was featured in *Successful Aging in the Eye Area: From Ptosis, Non-Surgical Aesthetic Medicine to Makeup for the Aging* *2, a medical book published by Zennihon Byouin Shuppankai, a major Japanese publisher of medical texts. In the first chapter, a Life Quality Makeup Consultant discussed makeup techniques to diminish the look of swelling and internal hemorrhaging following surgery.

In January 2022, Shiseido provided an online makeup workshop at "To Smile #endnf", an event held by a support network for people with Von Recklinghausen's disease,*3 and 57 people who were mostly patients and their families attended. We discussed how to prepare mentally before applying cover makeup to children in the first half of the workshop. In the second half, we invited two people with the condition to be models and demonstrated makeup techniques for Perfect Cover, the designated product series for the Shiseido Life Quality Makeup.

In October 2021, we presented our beliefs and described our efforts to medical professionals in China at the fifth conference of the Chinese Non-government Medical Institutions Association.*4 We also sponsored 11 seminars attended by 380 medical doctors.

Shiseido Asia Pacific received a Champions of Good award in 2020 for its sustainability efforts—including activities led by the Shiseido Life Quality Beauty Center.*5 The award recognizes organizations for exemplary corporate gifts and activities that engage partners and stakeholders in their initiatives.

*1 : China, Japan, Singapore, and Taiwan (as of December 2022).

*2 : Japanese title: 「目もとの上手なエイジング—眼瞼下垂から非手術的美容医療、エイジング世代のメイクアップまで—」.

*3 : Von Recklinghausen's disease (VRD) is a genetic condition that manifests with changes in appearance, including café-au-lait macules and neurofibromas, and a specified chronic pediatric disease covered by the Japanese government's medical expense assistance program.

*4 : Established in December 2015, the organization is under the guidance of the National Health Commission and an affiliated association of the Ministry of Civil Affairs.

*5 : The Champions of Good award was launched in 2017 under the Company of Good in Singapore.



Online appearance care consultation



The newly relocated Shiseido Life Quality Beauty Center at the Shiseido Global Headquarters, Shiodome office

The IAUD International Design Award

In 2022*, Shiseido received the Gold Award for Shiseido Life Quality Makeup given in the category of Social Inclusion of the IAUD International Design Award program. The IAUD International Design Award program, hosted by the International Association for Universal Design, recognizes organizations and individuals actively engaged in realizing a universal design in society and helping people live more comfortably without undue inconvenience.

The award was given in recognition of our ongoing efforts based on inclusive thinking and design, including developing products together with people who have profound skin concerns, such as birthmarks, burn marks, scars, and changes in their appearance due to illness and treatments, and providing beauty information and free counseling services.

*In 2019, Shiseido was awarded the Gold Award in the category of Social Design for LAVENDER RING MAKEUP & PHOTOS WITH SMILES.

Designated Products for Shiseido Life Quality Makeup: Perfect Cover

In 1995, Shiseido launched the Perfect Cover series designated for the Shiseido Life Quality Makeup, which applied photochromic technology to address blue discoloration (nevi of Ota), red discoloration (hemangiomas), and conspicuous dark spots. Later, the company reinforced the series to meet a wider range of deep skin concerns that included uneven skin textures, such as scars and vitiligo.

The series went through another renewal in March 2022 and now provides enhanced coverage for changes in appearance from the side effects of cancer treatment (such as dull complexion and pigmentation)*1 in even easier-to-use, safer formulations.*2 The flagship product, Perfect Cover Foundation MC offers a comprehensive coverage solution to concerns about uneven skin tones and surfaces. The results of the prelaunch product test*3 were overwhelmingly positive. 100%*4 of users found that the product gave excellent coverage of discoloration and adhered to the skin well; 96%*4 said it gave good coverage and a natural-looking finish simultaneously and that they want to continue using the product.

*1 : Perfect Cover Foundation MC.

*2 : All products in the new Perfect Cover series.

*3 : A study conducted by Shiseido on 24 subjects with skin concerns (uneven skin tones and/or surfaces) over two weeks (February-to March 2021).

*4 : The total percentage of users who answered "I agree" and "I somewhat agree."



Shiseido Life Quality Makeup for serious skin concerns



Renewed Perfect Cover products (launched in 2022)

Collaborating with Retail Partners in Support Programs for Older People

Japan is home to the oldest population in the world with its aging rate*1 now*2 at 29.1%. Japan's Ministry of Health, Labour and Welfare issued guidelines to promote the healthy lifestyles of residents in local communities, and this inspired the creation of support structures for people with cancer and older people nationwide. Shiseido Japan supports this initiative by reinforcing partnerships with retail partners in different regions of Japan to enrich the social lives of older people. Together, we offer beauty workshops for older people designed to promote a healthy life expectancy. For instance, in Saitama, Shiseido Japan, local Community Comprehensive Support Centers, and Welcia Yakkyoku Co., Ltd., jointly sponsored 24 workshops for elderly people at 12 Wel-Café locations, the community spaces inside Welcia pharmacies.



Workshop at the Well Café Kawaguchi Ryoke branch

*1 : The aging rate is the proportion of a society's population that is comprised of persons aged 65 or older.

*2 : Based on data published in 2022 by Japan's Ministry of Internal Affairs and Communications.

Shiseido also developed the Beauty for Health program, which incorporates research findings from Shiseido's cosmetic therapy*1 to help older people, and 481*2 CRC*3 member retailers have adopted the program. We are committed to providing access for local communities to improve well-being through skin care and makeup.



Beauty workshop to improve ADL

In the field of medicine, oral frailty*4 among older people has become more apparent as COVID-19 continues to affect our lives. Shiseido's cosmetic therapy has shown that applying cosmetics also stimulates the salivary glands, improving oral function. In June 2022, the Kanagawa Dental Association invited a Shiseido cosmetic therapy researcher*5 to hold an online seminar on a new approach to oral frailty prevention using cosmetic therapy, and 103 association member dentists and clinic staff attended. In July and September of the same year, a beauty workshop to improve ADL*6 took place and a total of 38 dentists, dental assistants, and dental hygienists participated.

*1 : Shiseido's cosmetic therapy uses skincare and makeup application techniques to help improve and maintain mental and physical health, quality of life, and healthy life expectancy.

*2 : As of December 2022.

*3 : CRC: National Federation of Cosmetic Retail Cooperatives.

*4 : A decline in oral function, including chewing, swallowing food, and speaking. It is considered a key early sign of aging.

*5 : Kazuyuki Ikeyama, PhD, Certified Care Worker, Shiseido. He is the author of *Cosmetic Therapy, Increasing Healthy Life Expectancy with Makeup Application: Evidence-based Interprofessional Approach to Super-aged Society* (Quintessence Publishing.)

*6 : ADL: Activities of Daily Living, the skills required to manage one's basic physical needs.

Support for People with Disabilities

In the 1980s, Shiseido began developing educational materials to assist consumers with vision impairments or low vision. This included beauty manuals in Braille, Braille stickers for products, and Braille dosage stickers. The Shiseido Listener's Café, an audio-based beauty information website launched in 2002, enjoyed a major renewal in July 2022 to reach a larger audience. The website now features updated videos, and employees with visual challenges join to share beauty tips. As it did before, the website works with text-to-speech (TTS) software and offers beauty advice from Social Area Partners, event information, and other practical information so that people can enjoy the beauty and grooming content. In 2019, we developed the Shiseido Guide Makeup for people with visual impairments and have since held workshops all over Japan. Shiseido Japan offers Shiseido Life Quality Beauty Seminars for diverse groups of people and added a lifting skin-care course in 2021 and a scalp-care course in 2022 to its online seminars for people with vision impairments. Online or in person, Shiseido is eager to show people with visual challenges how they can use cosmetics to lift their spirits and stay positive.

Also in 2018, Shiseido started adding closed captions to its television advertising to reach viewers who are deaf or hard of hearing, and now all our commercials have closed captioning.



Poster for Shiseido Guide Makeup



Guide Makeup workshop at Fukuoka Koumeikai Matsuzukien, the assisted living home in Fukuoka, Japan for elderly people with vision impairments



Logo of Shiseido Listener's Café

Support for Patients with Xeroderma Pigmentosum

Since 2000, Shiseido has supported people living with Xeroderma Pigmentosum (XP)—a condition characterized by extreme sun sensitivity—through sunscreen donations and seminars led by Shiseido researchers and Personal Beauty Partners. At these seminars, they explain how to effectively protect the skin to enjoy the outdoors even for patients with XP. Since 2005, Shiseido has also provided financial aid for patient exchange meetings through voluntary donations from participating employees' salaries (Shiseido Camellia Fund). In 2022, to raise awareness and promote the understanding of XP, we invited the Japanese National Network of Xeroderma Pigmentosum to speak about its activities and how it uses donations at Brown Bag, the online lunch seminar for Shiseido employees.



Challenging the Unconscious Biases and Prejudices That Limit Individual Beauty

As a cosmetics company that celebrates diversity in beauty, Shiseido launched a global project to dispel prejudices and stereotypes that impede people's achievement of their desired beauty, that is, unconscious beauty biases (UBBs). This demonstrates our commitment to the achievement of a world where everyone can live their lives and celebrate each other's beauty, regardless of gender, age, and nationality.

Launch Of an Interactive Website and the SEE, SAY, DO Program For Corporations/Organizations

Brand Shiseido, which markets to 88 countries and regions, pursues the Sustainable Development Goals (SDGs) through the Sustainable Beauty Actions project. As part of this initiative, the brand developed the SEE, SAY, DO project* in September 2022, aiming of building a society where everyone can be who they want to be. A special website was unveiled allowing users to experience UBB. Shiseido also developed the SEE, SAY, DO program for Japanese corporations and organizations to help them discuss UBBs. The program has been well-received because it is eye-opening and informative to know even seemingly harmless, casual remarks can perpetuate UBBs.



Partnering with ARROWS Inc., a developer-operator of SENSEI Note, Japan's largest online information exchange platform for teachers, Brand SHISEIDO developed free educational material as a program on unconscious beauty biases for middle school students and started to announce it to school teachers on March 2023. The program made for junior high school students who are learning about diversity perspectives can be used during a moral education class to teach about unconscious beauty biases and stereotypes that can interfere with people's ability to stay true to themselves. It facilitates proactive thinking and discussions on how to be 'yourself' and feel alive and beautiful. The program was introduced in classrooms in April 2023, and about 10,000 students across Japan are expected to have completed it by March 2024.



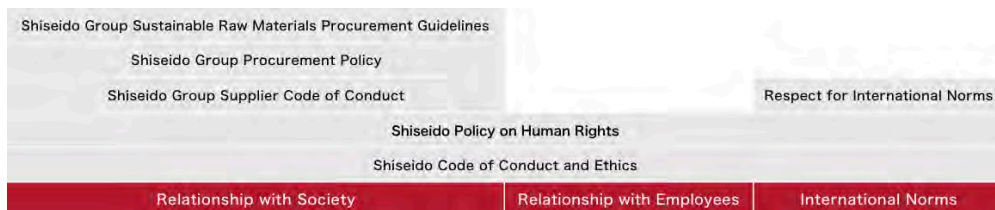
Pre-enrollment class utilizing the program at Itabashi Kuritsu Itabashi Daisan Junior High School in Japan

*To shed light on UBBs around the world, before the project, an online, qualitative survey was conducted in ten countries (Australia, Brazil, China, France, Germany, Italy, Japan, Thailand, the United Arab Emirates, and the United States) and 5,000 personal experiences were collected.

[Click here for the SEE, SAY, DO project website.](#)

Our Human Rights Approach

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 fulfill 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. In the policy, we declare our commitment to protecting people's rights. We respect workers' rights, such as freedom of association, the right to collective bargaining, and fair remuneration, while strongly opposing human rights violations, such as human trafficking, forced labor, child labor, and discrimination. The policy was formulated in 2017, published with the approval of the Board of Directors, and revised in 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

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

Human Rights Promotion System

Shiseido is committed to ensuring that neither our business nor supply chain 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 approved by the Company's Board of Directors.

The Company's Chief D&I Officer is responsible for promoting the human rights policy, including human rights due diligence and risk assessment. With regard to identified human rights issues, the Company has clearly designated the departments and executive officers in charge of each issue and implemented improvement activities to prevent and reduce negative impacts on human rights. 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 results of these activities are reported to the Sustainability Committee, which deliberates on sustainability issues. The Sustainability Committee makes decisions on specific action plans, including strategies and policies for the entire group and responses to human rights, while also monitoring the progress of medium- and long-term targets. Significant achievements and concerns related to human rights are reported and proposed to the Board of Directors each year.

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 (grievance mechanisms), we have established the Business Partner Hotline where suppliers can report and consult on human rights issues with our company.

Human Rights Initiatives

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.

In addition to the visible human rights risks, potential negative impacts on human rights are regularly identified and risk mitigation measures are taken to prevent serious damage. Progress and findings are reported to the Sustainability Committee, a management meeting focused on the deliberation of sustainability and human rights-related issues. Significant achievements and concerns related to human rights are reported and proposed to the Board of Directors each year.

The scope of the risk identification process in Shiseido's human rights due diligence not only includes our operations but is also extensively expanded into those of our suppliers. In any new business relationship, such as mergers and acquisitions, respect for human rights (compliance with personnel and labor issues, employee and customer safety, etc.) is part of the due diligence process for all investment decisions. Our human rights risk assessment focuses on issues such as forced labor and child labor, clearly regarding employees of suppliers as those in a vulnerable group. The risk mapping of both potential and visible impact on human rights is reviewed on a regular basis.



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.
- 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.
- The state of the cosmetics and personal products industry.
- 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 Indices (DJSI), and the FTSE4Good Index Series (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.

Important Areas of Human Rights

Our human rights risk assessment identified the areas that are assumed to be relatively at high risk in Shiseido's value chain as follows: "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.

Measures for Mitigating and Correcting Human Rights Risks

The eight areas identified through the human rights risk assessment have been consolidated into six categories and assigned as an area of responsibility to an executive officer. In no particular order, the six categories are:

- Violation of compliance/fair competition
- Harassment and discrimination
- Breach of working hours, breaks, and rest periods (overtime work)
- Privacy invasion and personal/confidential information leaks
- Occupational safety and health issues (work-related accidents)
- Incomplete supplier management

By assigning each category to an executive officer, we help ensure the active implementation of activities to stop, prevent and mitigate negative impacts on human rights.

In Shiseido, human rights issues concerning employees are managed by the Human Resources and Risk Management departments, while human rights issues concerning suppliers and contracted manufacturers are handled by the Supply Network Division.

In order to deepen our employees' understanding of human rights and strengthen our work to reduce human rights risks, we provide training on harassment and ethics for employees in managerial positions. This includes regular training and education on the Shiseido Code of Conduct and Ethics, as well as related policies and rules, according to the employee's position and job type. Training sessions are delivered to top-level employees, including executive officers at our global headquarters and department directors in Japan; division/department heads of domestic and overseas offices; employees in various divisions/departments; and new employees.

If improper acts or the like are revealed, we stop such acts immediately and implement corrective measures and reoccurrence prevention measures rapidly in cooperation with the relevant companies, offices, and divisions/departments. We also take disciplinary action against employees who have been involved in such acts in accordance with employment regulations and internal rules. If any cases of disadvantageous treatment, harassment, etc. toward whistleblowers or consulters are identified, we take appropriate relief/restoration measures immediately in cooperation with the relevant companies, offices, and divisions/departments, and take strict measures including any disciplinary punishment against the persons who have engaged in such disadvantageous treatment or harassment.

If the case may pose a risk to our business management, it is promptly reported to management from the divisions/departments. Any serious compliance-related concern is reported to management of the Global Risk Management & Compliance Committee and/or HQ/SJ Compliance Committee, and we work to eliminate the concern immediately and implement corrective measures and reoccurrence prevention measures rapidly in cooperation with the relevant companies, offices, and divisions/departments.

At the time when a supplier becomes aware of any violation of Shiseido Group Supplier Code of Conduct, it shall immediately inform the Shiseido Group thereof. If any violation is acknowledged, the supplier must formulate a plan to correct such violation and conduct suitable corrective measures, as well as reporting the status of such correction to the Shiseido Group on each occasion. An agreement entered into with the Shiseido Group may be cancelled depending on the contents of the violation.

Suppliers shall accept whistle-blowing and complaints from their employees, shall make sure to protect their employees from possible retaliation from the suppliers and persons against whom the relevant whistle-blowing was made, and shall take appropriate measures to rectify the status and conditions against which such complaints are made, while always taking the privacy of whistle-blowers into consideration.

Risk Mitigation Measures for Each Human Rights Issue

Human Rights Issues*	Risk Mitigation Measures (2021-2022)
Violation of compliance/fair competition	<ul style="list-style-type: none"> • An engagement survey (including items concerning compliance) was conducted. • The Shiseido Code of Conduct and Ethics was revised, and training about the requirements was provided. • Hotlines operated for consultation/whistleblowing about improper acts including compliance and fair competition
Harassment and discrimination	<ul style="list-style-type: none"> • An engagement survey (including items concerning harassment) was conducted. • Training on the Shiseido Code of Conduct and Ethics (including measures against harassment) was provided. <p>Shiseido Group in Japan</p> <ul style="list-style-type: none"> • A workplace harassment survey was conducted. Feedback of the survey result was individually provided to the heads of the divisions/departments that were judged to be at high risk, and they were required to work on resolving the issues of harassment. • Training about harassment provided for all employee • Training about harassment provided for new managerial personnel • Hotlines operated for consultation/whistleblowing about improper acts including harassment
Breach of working hours, breaks, and rest period (overtime-work)	<p>Shiseido Group in Japan</p> <ul style="list-style-type: none"> • An automatic overtime forecast system using the new employment management system TeamSpirit was introduced. • Diverse work styles were supported, including leave on an hourly basis (temporary suspension of work). • Data on employees working long overtime were shared with the Management.
Privacy invasion and personal/confidential information leakages	<ul style="list-style-type: none"> • The Shiseido Global Privacy Principles were announced. • The privacy policy of each country and internal rules were updated. • The understanding of the said revision was ensured through training sessions about information security. <p>Shiseido Group in Japan</p>
Occupational safety and health issues (work-related accidents)	<ul style="list-style-type: none"> • "Occupational Health and Safety Management System" for realizing a safe and secure work environment was developed. • "Shiseido Vision Zero Declaration (Safety Declaration)" aiming at no lost time accident, as well as medium- to long-term goals, were developed. <p>All offices of Shiseido Group in Japan</p> <ul style="list-style-type: none"> • The occupational accidents of the previous fiscal year were categorized into 21 accident types, and their factors were analyzed. • At the Safety & Health Committee that was joined by the Management, the company-wide progress of measures against occupational accidents was reported and deliberated.
Incomplete supplier management	Promoting Sustainable and Responsible Procurement

*In no particular order

Please refer to "Social Data" for the results.

Grievance mechanisms

We offer whistleblowing and consultation hotlines for the purpose of detecting and correcting violations against the laws and regulations, the Articles of Incorporation, and rules within the Shiseido Group. The whistleblowing and consultation hotlines are operated according to internal rules that specify confidentiality, prohibition of disadvantageous treatment or reprisals against whistleblowers/consulters, elimination of conflicts of interest, and the process for handling whistleblowing and consultations, etc. These internal rules are disclosed via the internal intranet so that employees can view them at any time.

Globally, we have established whistleblowing and consultation hotlines at each regional affiliate for employees to voice their concerns about or report on words and/or actions which are or may be unethical or in violation of laws in the relevant countries/regions, the internal rules, and the Shiseido Code of Conduct and Ethics. At Company headquarters, the Shiseido Global Hotline has been established to receive reports directly from any employee in the Shiseido Group. The hotline system in Japan consists of the Sodan Room (an in-house Shiseido Hotline) and an external Shiseido Hotline that deals with general workplace issues and whistleblowing, as well as the Compliance Committee Hotline dedicated

to certain cases of whistleblowing, and the Shiseido Group Whistleblowing Desk to Audit and Supervisory Board Members for reports from Japan and overseas relating to directors, executive officers, and hotline staff members*. All these hotlines accept anonymous whistleblowing and consultations.

Shiseido also has a Business Partner Hotline for suppliers and business partners in Japan to voice any concerns on violations of human rights and compliance by Shiseido Group companies and employees.

* The hotlines in Japan accept whistleblowing and consultations from all persons working for Shiseido Group companies in Japan (directors, auditors, executive officers, employees, contract employees, temporary employees, former employees within one (1) year of their retirement, and other protected parties as stipulated in the Whistleblower Protection Act).

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.

Furthermore, the Shiseido Group Supplier Code of Conduct stipulates that suppliers need to take into consideration their wage levels to ensure that wages paid are at a level necessary for their employees and their family members to live with human dignity.

In 2022, through the EcoVadis* questionnaire, we checked if some of our suppliers made the commitment to paying a living wage or have conducted an assessment as to whether their employees were being paid a living wage. As a result, we confirmed that five of them made the commitment or conducted an assessment.

* Measure the quality of a company's ESG 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.

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 2022, dialogues with ten human rights bodies and experts were set up under the following themes.

- Forced labor or human trafficking in supply chains
- Privacy protection
- Water risks and human rights
- Gender gap

Important matters of concerns and improvements gained through the dialogues with stakeholders are reported in the Sustainability Committee held annually.

Report/Disclosure Concerning Human Rights

Shiseido reports progresses concerning human rights issues in our sustainability reports and "Sustainability" on our corporate website. The report includes updated due diligence, risk assessment activities, and if applicable, incidents relating to human rights and remedial actions/plans. Shiseido also discloses a declaration concerning the UK Modern Slavery Act on our corporate website. Through these communications, we review and improve the assessment processes.

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 other sustainability issues, such as human rights.

Biodiversity Initiatives and Procurement of Raw Materials

Shiseido's business activities rely on nature's rich biodiversity.

In recent years, many scientists and non-governmental organizations have warned of rapid biodiversity loss. As a result, from both a species conservation and sustainable business perspective, companies are being called upon to ensure transparent information disclosure regarding the relationship between business and the natural environment and to engage in biodiversity conservation activities.

Generally, in raw material production areas, there are concerns over not only the loss of biodiversity caused by overexploitation but also violations of the human rights of the people working there.

Corporate Initiatives on Biodiversity

At Shiseido, we have analyzed the relationship of our business with terrestrial, freshwater and marine biodiversity and found that our business has a significant dependence and impact on terrestrial ecosystems, especially in the procurement of raw materials. In particular, palm oil and paper have a material impact, so companies are required to be proactive in taking measures. In 2020, we published our medium- to long-term targets for the sustainable procurement of palm oil and paper, and we are currently in the process of switching to more sustainable raw materials.

For the procurement of palm oil and paper, we support the principles of the No Deforestation, No Peat, No Exploitation (NDPE). We request suppliers to ensure compliance with NDPE as stated in the Shiseido Group Sustainable Raw Materials Procurement Guidelines.

We are also strengthening our efforts to solve issues related to the mining of mica. By clarifying our own procurement policy and building a support system in collaboration with other companies, we aim to create positive change in the mica mining industry.

At Shiseido, we use the Taskforce on Nature-related Financial Disclosures' (TNFD) framework and the LEAP Approach to analyze risks and opportunities around our business activities' dependence and impact on nature. To fulfill the responsibilities of business site managers, we requested MS&AD InterRisk Research & Consulting, Inc., which has TNFD members, to conduct detailed surveys focused on rare species' habitats and reserves and the status of water resources in areas around our sites, including factory premises. We analyzed them from the perspectives of preciousness and importance (identified sensitive locations and material locations). We also analyzed them by means of a Life Cycle Assessment for the purpose of assessing indirect impacts given via the value chain. For raw materials originating from agricultural products, which were identified as a factor with a significant impact, we converted the value of ecosystem services by pollinators, such as honey bees, into monetary values and thus visualized the level of our dependence on biodiversity in procurement. We summarized and disclosed results of these analyses in a Shiseido Climate/Nature-related Financial Disclosure Report in 2023.

Based on the results of the analyses we conducted, going forward we will drive sustainable business activities which are in harmony with nature and biodiversity by working together with suppliers, external experts, and other stakeholders, with a strong awareness that recovering and regenerating biodiversity is essential.

[Click here \[PDF : 1.21MB\]](#) for Shiseido Climate/Nature-related Financial Disclosure Report

[Click here](#) for Environmental Policy (Biodiversity/Forests)

Biodiversity Initiatives by Brands and Other Activities

Shiseido engages in a wide range of biodiversity protection activities through many of its brands and business operations in regions.

Since 2019, brand SHISEIDO has been implementing the "SHISEIDO BLUE PROJECT," a global initiative to protect the oceans under the theme "Respect for the Ocean." As a Global Sustainability Partner for the global home of surfing World Surf League, the brand has worked together with local communities and NGOs to implement activities including beach clean-ups and dune planting to create even more beautiful oceans. In 2023, the fifth year of this partnership, WSL's official sun care partner SHISEIDO co-sponsored the Tahiti Pro held in Tahiti, French Polynesia as its title sponsor, while also continuing environmental conservation activities.

[Click here](#) for the details on the activities of the SHISEIDO BLUE PROJECT

BAUM was established to celebrate and honor our coexistence with trees. In October 2023, the brand planted seedlings at BAUM Oak Forest in Morioka City, Iwate Prefecture for the third time, in collaboration with Iwate-ken Shinrin Seibi Kyodo Kumiai (Iwate Prefecture Forest Development Cooperative) and Sumitomo Forestry Co., Ltd. Since launching in 2020, the brand has carried out these plantings as a way to give back to nature rather than only receiving the blessings of trees. As part of its sustainability efforts, BAUM will continue to use wood from its forests in product packaging.

In Japan in 2022, we began nature conservation activities on Mt. Ibuki*1, an area where medicinal herbs have been cultivated for centuries. In addition to opening our own medicinal herb garden and cultivating herbs, we are working alongside the Reiho Ibukiyama Association—which works to protect the nature around the mountain—to restore vegetation and preserve the abundant nature in the mountain's foothills.

In 2023, to make full use of unused herbs from Mt. Ibuki, we developed SOYU, herb bath powder, jointly with Matsuda Chemical Industries. We used this product as a reciprocal gift in crowdfunding for nature conservation activities on Mt. Ibuki.

*A semi-independent peak among the Ibuki Mountains, which connect Maibara City in Shiga Prefecture and the Ibi/Fuwa districts in Gifu Prefecture. 1,377 meters high and one of the 100 famous Japanese Mountains.

[Click here](#) for the news release regarding the nature conservation activities on Mt. Ibuki. (In Japanese only)

Bees play an important role in the pollination of crops. There are concerns around the declining population of honeybees. So our Val de Loire and Gien factories in France have incorporated the protection of honeybees and the conservation of ecosystems into their sustainability plans. As well as setting up beehives onsite, both factories prohibit the use of agrochemicals on factory grounds. In 2023, the factories' beehives produced around 179 kg of honey.

Palm Oil

Palm oil is a highly versatile raw material used in a variety of products from food to cosmetics. However, its production has caused significant challenges, including deforestation and human rights issues. Therefore, it is essential for companies to ensure sustainable and responsible procurement of this raw material.

In 2010, as part of our efforts in this area, we joined the Roundtable on Sustainable Palm Oil (RSPO), an international non-profit organization. In 2023, we purchased RSPO credits equivalent to 100% of the palm oil-derived raw materials we procure. In 2020, we disclosed our medium- to long-term target of reaching 100% sustainable palm oil in our products by 2026. The relevant teams in our global and regional headquarters have been working to achieve this target ever since. To achieve this target, we request all suppliers dealing in palm oil to join RSPO and switch to certified palm oil*1 based on the RSPO's physical supply chain model. We thus work with suppliers to procure sustainable palm oil-derived raw materials and ensure traceability.

In addition, in 2023 we held a session for explaining our procurement policy to suppliers in Japan and requested them

to collaborate with us in promoting traceability of palm oil. In 2023, we replaced 51% of palm oil-derived raw materials (palm oil equivalent, weight basis) with certified palm oil based on the RSPO's physical supply chain model. In addition, we continued working towards RSPO Supply Chain Certification at our factories. All of our factories are now RSPO certified.*2

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)*3, both of which work to solve issues related to palm oil by strengthening collaboration with other companies. Further, through the Shiseido Camellia Fund *4, we support WWF Japan's activities in Indonesia. By training local farmers on environmentally friendly production methods and workplace safety, and by supporting the establishment of producer associations, WWF*5 Japan is helping smallholder farmers acquire RSPO certification and improve their livelihoods. We purchased RSPO credits sold by RSPO-certified small-scale farmers. In doing so, we promoted sustainable procurement in response to environmental and social challenges.

*1 : Raw materials certified by RSPO's physical supply chain method

*2 : The Fukuoka Kurume factory (Japan), which began operations in 2022, will be RSPO certified in 2024.

*3 : An international industry group consisting of manufacturers and retailers from the food and consumer goods industries.

*4 : A fund that uses donations from Shiseido employees and alumni to support the activities of NPOs and NGOs working to tackle social issues.

*5 : World Wildlife Fund for Nature



RSPO, Jonathan Perugia



Check our progress at www.rspo.org

Paper

As part of our strategic action to use resources responsibly and reduce our use of 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 rights issues. Therefore, sustainable and responsible procurement is essential.

We were able to achieve the goal of using 100 % sustainable paper* for product packaging by 2023.

Cosmetics packaging must meet various expectations and standards. It should be sophisticated and beautiful, but also sustainable in its design and strong enough to protect the cosmetics inside. In collaboration with paper manufacturers, we are developing innovative paper packaging solutions that meet and exceed these expectations. We are also switching to sustainable paper for promotional materials and consumables such as copy paper in offices. For promotional materials, we began to implement initiatives in accordance with the Shiseido POSM Global Eco Design Guidelines within the company from 2023. For example, we are switching to certified paper and recycled paper for promotional materials, such as product displays, bags, and leaflets. In addition, we are reducing paper usage by standardizing and unifying some of the cardboard paper for cosmetic sample.

*Use of certified paper and recycled paper from the perspective of forest conservation.

Mica

Due to its light-reflecting properties and excellent heat resistance, mica is used in a wide range of industries, including cosmetics. In 2017, Shiseido joined the Responsible Mica Initiative (RMI), which aims to eliminate child labor and forced labor at mining sites in the mica-producing countries to establish mica as a sustainably and responsibly produced raw material. We endeavor to ensure responsible procurement of mica produced in India, which has risk of human right issues such as child labor, by sourcing from RMI member companies and confirming that there are no human right issues.

In collaboration with non-governmental organizations, the Indian Government, and its member companies, among others, RMI implemented community empowerment programs in 180 mica-dependent villages during the six years from 2018 to 2023. This program supported activities, such as helping to improve incomes and livelihoods of approx. 95,000 people from approx. 19,500 households in the villages.

We will continue to strive to procure mica sourced from producers with no social responsibility issues.



Responsible Mica Initiative



Traceability

In 2023, Shiseido joined in a consortium of 15 cosmetics industry companies*, TRaceability Alliance for Sustainable CosmEtics (TRASCE) to enhance traceability in key ingredient and packaging supply chains across the industry. Together with the member companies, we are committed to working to map our supply chains across the entire value chain on a common digital platform, Transparency-One, an ISN Company.

*The 15 founding members of TRASCE: Albéa, Chanel, Clarins, Cosfibel group powered by GPA, Dior, The Estée Lauder Companies, Groupe Pochet, L'Occitane en Provence, L'Oréal, Merck, Neyret, Nuxe, Sensient, Shiseido and Sisley (alphabetical order)

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 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 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 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

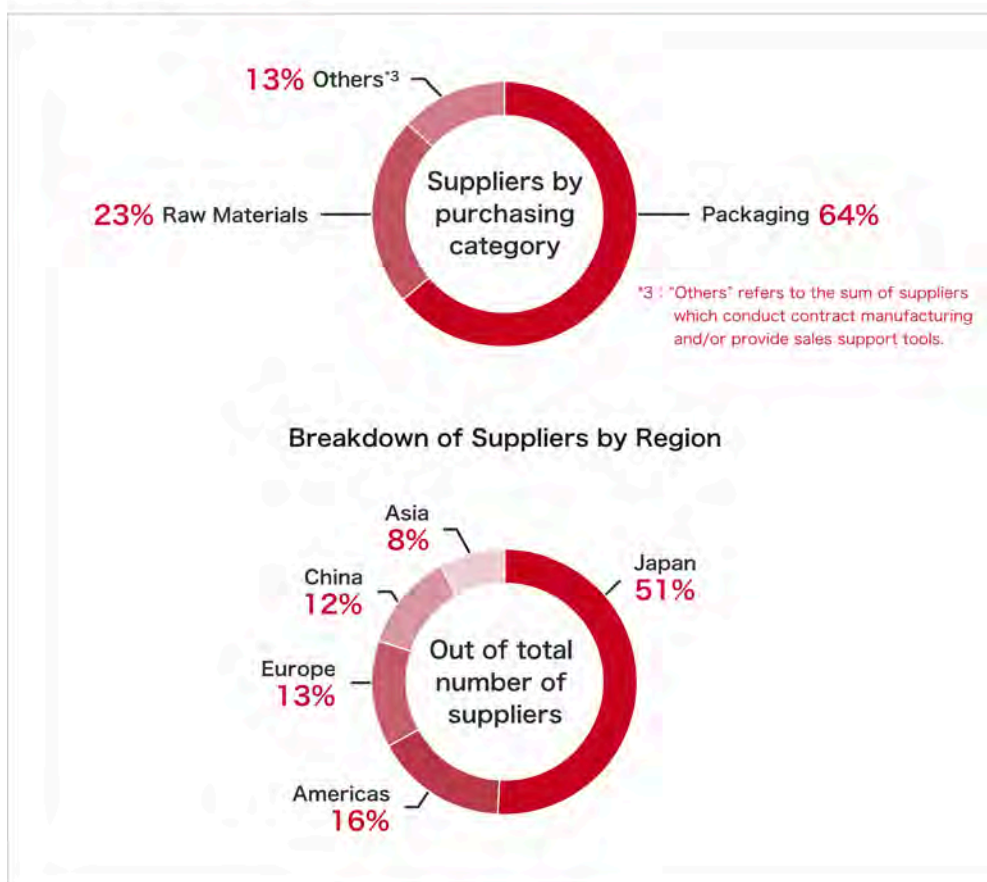
Our relationship with our suppliers is based on the following philosophies stated in the Shiseido Group Procurement Policy: "Building a Good Partnership," "Fair Purchasing Transactions," "Performance of contract", "Promoting sustainable procurement", and "Respecting diverse values".

We purchase materials for our products from over 889 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

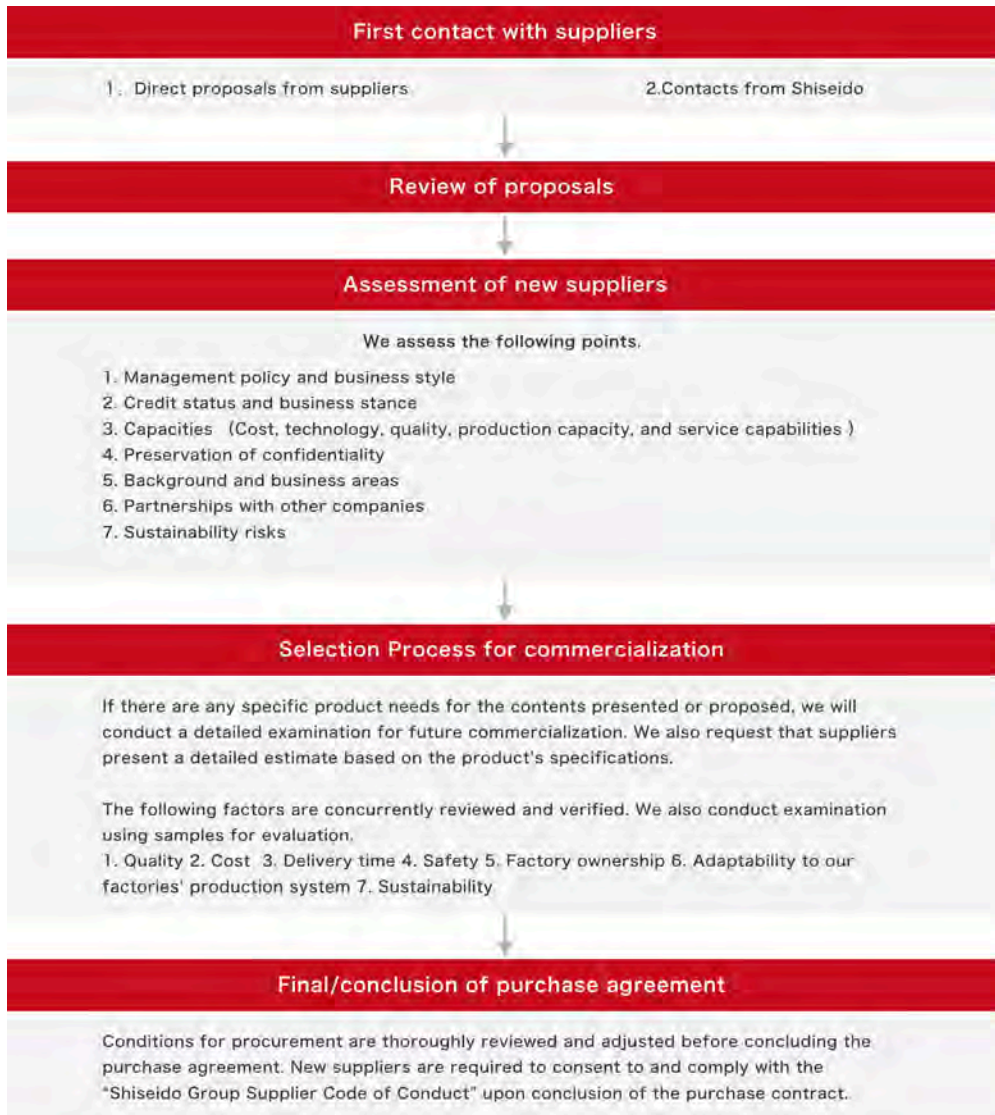
We identify strategic suppliers once a year by the following process



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

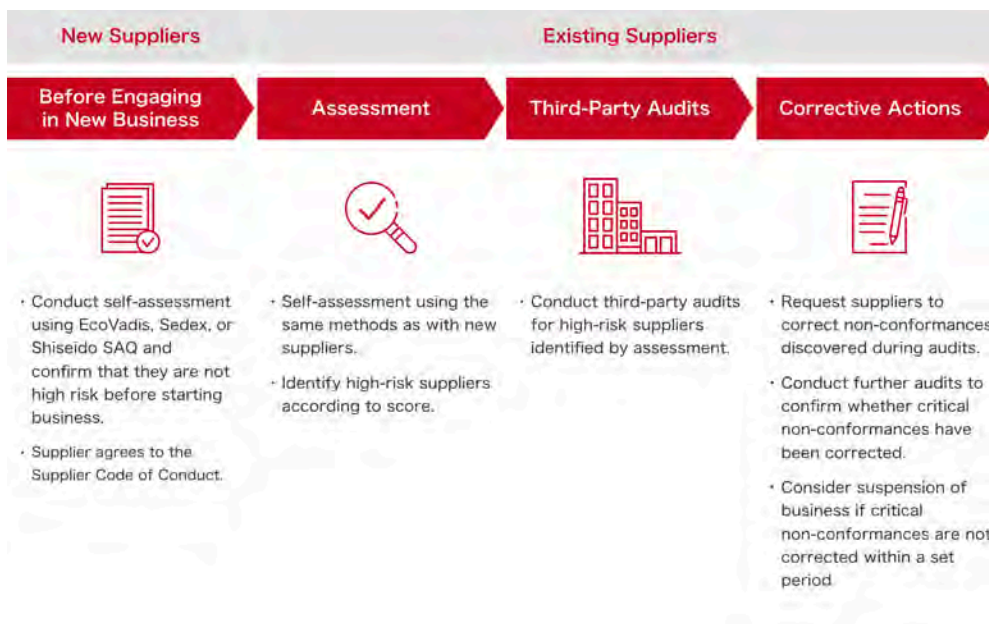
Our aim is to create a sustainable supply chain built on responsible procurement and to minimize risk across the entire supply chain. To do so, we are promoting the implementation of a supplier assessment program.

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*1 from the perspective of sustainability (human rights, occupational health and safety, environment, and business ethics) using either EcoVadis, Sedex (Supplier Ethical Data Exchange), 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.

We screen significant suppliers based on their degree of risk and importance to our business to prioritize assessments. The screening process considers the risks of suppliers (ESG risks, risks specific to country, industry, commodity), spend, QCDST*2 performance, etc.



Based on self-assessment results, 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.*3

Additionally, we give all suppliers feedback on the results either face-to-face or on-line, and, if necessary, our employees visit the suppliers' sites to discuss improvements in their ESG performances.

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.

*1 : Please refer to the below table for the details of self-assessment tools.

Tool	Explanation (main criteria etc.)
EcoVadis	<p>Measure the quality of a company's ESG management system through its policies, actions and results.</p> <p>The assessment focuses on sustainability criteria that are grouped into four themes: Environment, Labor & Human Rights, Ethics and Sustainable Procurement.</p> <p>The questionnaire is customized according to industry type, location, company size, and the scale of the respondent. Supporting documents are required when submitting answers.</p>
Sedex	<p>Evaluate suppliers by the questionnaires based on labor standards, health and safety and business ethics. The number of questions vary depending on industries</p> <p>The level of risk is calculated based on the answers to the questionnaire. Country and sector specific risks are also considered.</p>
Shiseido SAQ (Self-Assessment Questionnaire)	<p>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.</p>

*2 : Quality, Cost, Delivery, Service, Technology

*3 : WCA audit (a third-party audit company, Intertek's sustainability audit program), SMETA audit (audit program designed and managed by Sedex), and others

Shiseido is gradually expanding the scope of its supplier assessment program from the perspectives of procurement category, country, and tier (a measure of the distance of a supplier from companies)

From a category perspective, we assess globally suppliers which provide direct materials, sales support tools, OEM suppliers, contract manufacturing suppliers. From a tier viewpoint, we assess not only Tier1 suppliers, but also upstream suppliers; Tier2, and beyond.

The policy and the results of the supplier assessment program are reviewed by the Sustainability Committee, and then, proposals and reports are made to the Board of Directors.

Results:

Activities in 2022

In 2022, we defined our scope of the assessment program based on suppliers' risk level and the importance of suppliers. In total, we conducted our supplier assessment program for 72 suppliers globally (28 strategic suppliers and 44 high-risk suppliers as of the end of 2021).

Ten of these suppliers were identified as high-risk suppliers in the self-assessment.

- We gave feedback on the result and advice on corrective action plans to all 10 suppliers.
- For some of them, we corrected their issues through third-party audits; for the rest, we reallocated business with them. As a result, we reduced the number of high-risk suppliers to zero.

Breakdown of Suppliers Assessed in 2022

Tier 1 Suppliers	67*1
Tier 2 Strategic Suppliers	5

*1: Equivalent to 37% of the spend raised in 2022.

Status of Remediation of High-Risk Suppliers

Year of Assessment	No. of High-Risk Suppliers (at end of fiscal year)
2020	132
2021	44
2022	0

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

Year	2020	2021	2022		2023
	Results	Results	Results	Target	Target
% of suppliers assessed (number of suppliers assessed) *1	94% (791)	97% (279)	100% (67)	100%	100%
Geographical scope	All Regions	Global headquarter and EMEA Regional headquarter	All Regions		All Regions

*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	2020 Results	2021 Results	2022 Results	2023 (Target)
% of strategic suppliers assessed (number of suppliers assessed)	96% (239)	100% (17) *2	100% (23)	100%

*1: Geographical scope is the same as KPI.

*2: We revised the definition of strategic suppliers in 2021. We regularly revisit the definition, considering business environment and strategies.

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

Area	Examples of issues	Examples of corrective actions
Human rights	No training or education related to Harassment was provided to employees.	Harassment training for all employees was conducted.
Occupational health and safety	Chemical substances were stored in inappropriate places.	Chemical substances were put in fire-resistant boxes.
	A hand sanitizer in a first aid box was past its expiry date.	An unexpired hand sanitizer was put in the first aid box.
	There were objects in front of an emergency exit.	The objects were removed.
	Machines were not inspected regularly.	A check list was made for inspection and regular inspections were started.
Environment	There were not enough pollution control managers.	Additional pollution control managers were appointed.
Business ethics	No relevance issues found	

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 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 procurement 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 procurement leaders from each of our global facilities. We also promote the global implementation of sustainability activities through this meeting. Onsite SIPMs were not held from FY2020 to FY2022 due to COVID-19. However, in 2023, a meeting was held in Tokyo in February.

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 provided for members of procurement department

Date	Theme	Participants
May, October 2020	Opportunities and challenges in sustainability (internal seminar)	EMEA Regional Headquarters: Procurement department
November 2020	RSPO and RSPO certified products (internal seminar)	Global Headquarters: Buyers in charge of procurement of palm oil
December 2020	Trends in responsible procurement and supplier assessment (external lecturer)	Global Headquarters and China Regional Headquarters: Buyers in charge of supplier assessment
September 2021	Online seminar about management of sustainable supply chain	Global Headquarters: Staff in charge of Sustainability
November 2021	Online Seminar held by Sedex	Global Headquarters: Staff in charge of Sustainability
November 2021	Internal seminar about sustainability ratings	Global Headquarters: Procurement department
February 2022	Internal explanatory meeting about Shiseido Group Procurement Policy	All regions: Procurement department
September 2022	EcoVadis buyer training	Global headquarters, China Regional headquarters Affiliate in APAC Regional headquarters, Americas Regional headquarters: Procurement department
October 2022	EcoVadis program kickoff*	All regions: Procurement department

*We held a global meeting to confirm the purpose of supplier assessment, KPIs, and the roles and responsibilities of employees in charge of the assessment.

Programs to improve ESG performance of suppliers

Shiseido carries out the following programs periodically to increase the ESG performance of its suppliers.

Item	Target	Details
Explanation of Shiseido Group Procurement Policy	All suppliers	<ul style="list-style-type: none"> We distribute videos about the Shiseido Group Procurement Policy and the assessment program. Additionally, buyers provide explanations to suppliers via online or face-to-face meetings, when necessary. We provide new suppliers with explanations before conducting self-assessments. We provided explanations to all our existing suppliers when we revised the policy in February 2022.
Feedback on self-assessment results	All suppliers	<ul style="list-style-type: none"> We give feedback on the self-assessment results to suppliers. The feedback includes benchmark data. We support high-risk suppliers by recommending concrete corrective actions, etc.
E-learning (EcoVadis Academy)	Strategic suppliers	<ul style="list-style-type: none"> We recommend that suppliers take part in EcoVadis Academy, an e-learning program for suppliers that have already become EcoVadis members.

In addition, we have recently held the following explanatory meetings and seminars. We are working out a plan to enable us to provide more suppliers with training programs.

Item	Target	Details
EcoVadis explanatory meeting (2021—2022)	All suppliers	<ul style="list-style-type: none"> We held an explanatory meeting jointly with EcoVadis to explain our reasons for using EcoVadis, the EcoVadis rating methodology, benefits of being a member, the response process, and other matters.
CDP explanatory meeting (May 2023)	Suppliers in Japan	<ul style="list-style-type: none"> We held a meeting together with CDP to explain how to respond to the CDP questionnaire and improve the suppliers' environmental performance.

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, 2022)

The statement below is the report for FY2022 as of December 31, 2022. Based on the statement of the previous fiscal year, this statement describes the actions taken in FY2022 and the initiatives planned for FY2023 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. Shiseido currently operate cosmetics businesses in more than 120 countries and areas with approximately 39,000 employees and a global turnover of 1,067.4 billion yen in FY2022. In the UK, the Company currently sells cosmetics through its subsidiaries Shiseido UK Limited, Gallinée Ltd., and Drunk Elephant UK Ltd.

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 Company’s Chief Strategy Officer is responsible for promoting the human rights policy, including human rights due diligence and risk assessment, and reports to the Sustainability Committee at its meetings to discuss 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. It declares the absolute prohibition of practices such as child labour, forced labour, human trafficking, and other activities that may lead to human rights abuses.

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

■ **Shiseido Group Procurement Policy**

Our procurement policy, which was updated in 2022, 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 has consecutively participated in a stakeholder engagement program operated by Caux Round Table Japan in Tokyo, Japan. In this program for 2022, we 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. Through this activity, we recognised that the human rights risks of slavery (including child and forced labour) and other forms of labour under conditions of servitude exist upstream in our supply chain, including in the countries of origin of raw materials such as palm oil and mica. Shiseido continues to actively engage with human rights experts to prevent and take corrective measures to reduce such risks.

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:
 - Harassment and discrimination
 - Violation of compliance/fair competition
 - Privacy invasion and personal/confidential information leakages
 - Occupational safety and health issues (work-related accidents)
 - Breach of working hours, breaks, and rest period (overtime-work)
 - 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 EcoVadis/Sedex/ our original Self-Assessment Questionnaire (SAQ) once a year. We classify suppliers into three categories according to the degree of risk: low risk, medium risk, and high risk. And for high-risk suppliers, we conduct third-party audits and request corrective action for non-conformances identified during the audits. In the event of critical non-conformance, we confirm correction status through third-party audits again, and if the non-conformance is not corrected within a set period, we also consider suspension of business 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 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

For 44 high-risk suppliers identified up until the previous year, we conducted self-assessment (EcoVadis/Sedex/Shiseido SAQ) and third-party audits in 2022 and reduced high risk suppliers to zero. We also conducted self-assessment for 28 strategic suppliers and there were no high-risk supplies identified. Furthermore, in 2022, we conducted self-assessment for upstream suppliers, Tier2 and beyond. This resulted in no high-risk suppliers being identified.

<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 2022, we replaced 36% of palm oil-derived raw materials (palm oil equivalent, weight basis) with RSPO's physical supply chain model.

•With respect to mica, the RMI to which we belong, in collaboration with non-governmental organisations and the Indian Government, implemented community empowerment programs for 16,500 households or mica-dependent 92,000 beneficiaries in 180 villages by 2022. The programs helped to improve living income and livelihood.

■ 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 2022, 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.

- Executive officers, vice president, and chief representatives

With the revision of the Shiseido Code of Conduct and Ethics in 2022, the Executive Officers, vice president, and office managers of both Shiseido Co., Ltd. and Shiseido Japan Co., Ltd. were briefed on the significance and key points of the revision.

- Employees

In the Shiseido Group in Japan, we conducted training on harassment prevention, and 158 newly appointed management positions participated in the training. In addition, we provided training to all employees, with a total of 15,482 participants (87% participation rate). We also conducted e-learning on "Unconscious Bias," "Diverse Sexualities," "Gender Equality," and "Disability Bias" as human rights awareness programs, with a total of 62,535 participants (78% participation rate). With the revision of the Shiseido Code of Conduct and Ethics in 2022, a total of 17,684 employees including the vice president and chief representatives of the Shiseido Group in Japan participated in training on the Code, and similar training was also conducted in all regions of Shiseido Group. We also made employees aware of the prohibition of discrimination, abuse, and harassment during this training.

- 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 FY2022, we conducted training for buyers provided by EcoVadis, and a total of 90 people participated. In the training, the participants specifically learned about assessment methods, how to use a platform, and supplier engagement techniques.

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 FY2023, we will

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

To minimize sustainability risks in the entire supply chain, we plan to continue upstream supplier assessment and also expand assessment scope to include Indirect Material suppliers.

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 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:

A handwritten signature in black ink, appearing to read 'Uotani', written in a cursive style.

Masahiko Uotani
Representative Director
Chairman and CEO
Shiseido Company, Limited
June 28, 2023

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



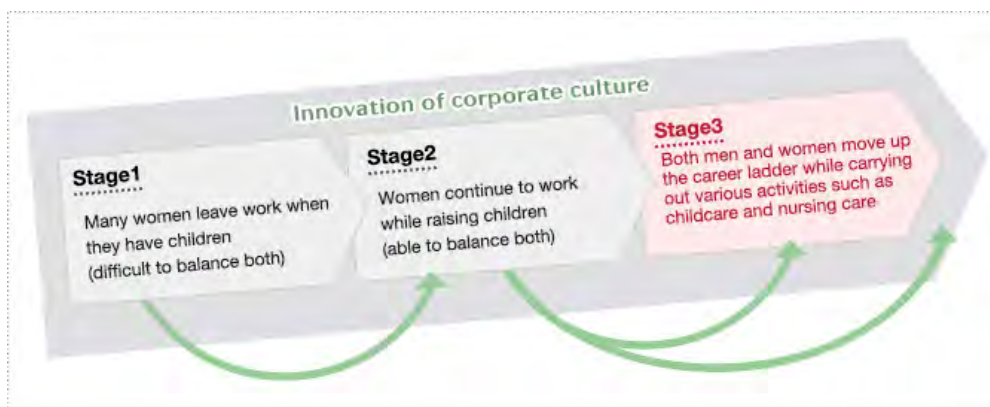
"NEXT LEADERSHIP SESSION for WOMEN"

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, we aim to achieve to sustain both employees' health and their personal growth.

Diverse Work Styles

To promote equal opportunity, Shiseido has introduced a flextime system, a telework system, part-time work options, our own childcare services, childcare and education subsidies, and special paid childcare leave (childcare leave) for both men and female employees. Through a variety of diversity and inclusion (D&I) initiatives, we are supporting the balance between family and career.

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 2022, 618 Shiseido Group employees in Japan (including 139 men) took childcare leave. We hold "Welcome Back Seminars" for employees returning to work after childbirth to reduce concerns about balancing work and childcare. As a result, 94.9% of employees in the Shiseido Group in Japan have returned to work from childcare leave, a high level that continues to be maintained.

We delivered articles of interviews with male employees who took paternity leave and information on child-rearing internally to promote paternity leave so that we can attain a Paternity Leave Ratio of 100%.

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. In all cases, not only biological children and adopted children who have a legal parent-child relationship, but also children who are in the probationary period for special adoption and children who are entrusted to foster parents for adoption are eligible. The details of the support systems are summarized in the "Guidebook for Support to Balance Work and Childcare/Nursing Care," which supervisors shall inform eligible employees about.

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.

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 up to two times for any reason if their child is less than one year old, and they can apply beyond the second time 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.

Childcare leave at the time of delivery (Paternity leave after delivery):

In addition to childcare leave, employees may take up to four weeks childcare leave within eight weeks after the birth of their child. If employees apply for this leave collectively at the beginning, they can separate the leave to take it twice for the same child. No wages will be paid by the Company to the employees during childcare leave; however, employees receive childcare leave benefits through employment insurance. During the childcare leave at the time of delivery, the Company allows employees to work based on prior adjustment within limits agreed by both employees and the Company (supervisors) according to an agreement concluded between labor and management.

Special leave for childbirth and childcare:

When an employee's partner (spouse, etc.) gives birth, special paid leave of up to five days is available in addition to paternity leave. In addition, employees are eligible to take special paid leave for childcare (a leave of consecutive seven days or less (including Saturday and Sunday) twice during a period), until their child turns three years of age. Employees who have been working for the Company for less than a year and as such not eligible for the childcare leave can also take this special leave. They are allowed to take it as a leave of two weeks in a row.

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:

Shiseido's Kakegawa Factory has a childcare facility called 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. This facility is open not only to Shiseido employees but also to those from nearby companies and neighboring residents.

Anew childcare service: The Company started offering a child-rearing support service called KANGAROOM+ for employees of Shiseido and its affiliates in April 2023. Based on the concept of "flexible childcare tailored to diverse work styles," it mainly provides a one-to-one babysitting service to meet the current childcare needs that cannot be met at local childcare facilities.

The Company also established KODOMOLOGY Co., Ltd. in 2017 within the Shiseido Group to entrust the operation and consulting of in-house childcare facilities.

*The workplace childcare facility Kangaroom Shiodome, which was opened in 2003, terminated its service at the end of March 2023.

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.

Diversity of beliefs

In consideration of a diversity of beliefs, we provide a space for worship in our Shiodome office.

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.

All our employees set a personal performance goal through interviews with their supervisors at the beginning of each term. The goal setting is designed by cascading the group team into the employees' goals so that the goals can link to the achievement of the team's goals. Moreover, a Career Development Plan (CDP) is formulated to specify each employee's career goal and competence development needed for achieving that goal.

In addition to more than one evaluation interview per year, during each term, employees review their progress on a regular basis through daily agile dialogues with and feedback from their supervisors and review goals as needed. At the end of each term, employees confirm their final achievement level through interviews with their supervisors. Moreover, supervisors can ask other employees to give their subordinates some feedback, which enables a multifaceted evaluation of employees, not limited to an evaluation by immediate supervisors.

To eliminate gaps in evaluation, an evaluation calibration meeting is held, and a formal evaluation is set. Also, at the beginning of each term, whether goals are set in line with the expected performance level is checked (calibration of goals) so that each employee can take on challenging work assignments to stretch their goals to strengthen their expertise.

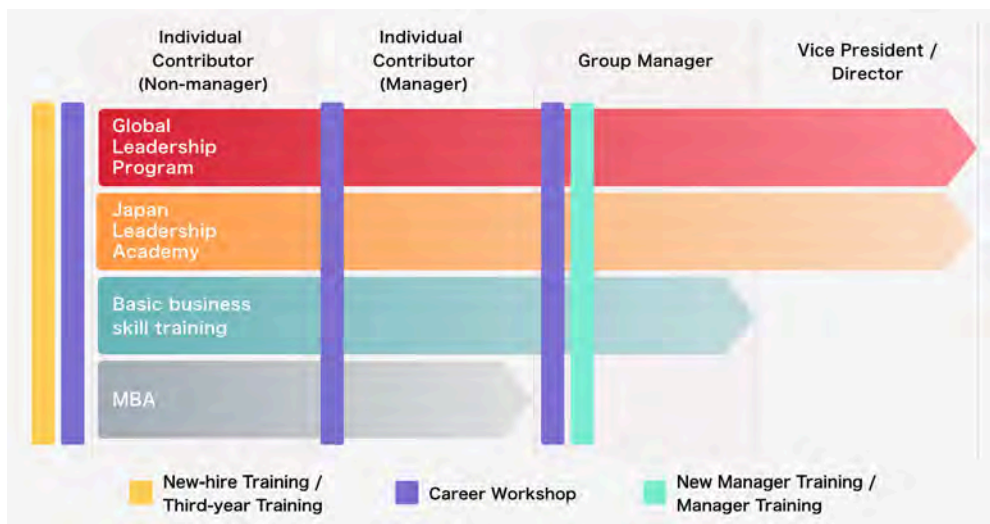
Autonomous Career Development Support

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.



To strengthen employees' expertise, we have introduced LinkedIn Learning as a learning platform for encouraging autonomous learning, and we are expanding it so that global employees can learn on the same platform.

The training for development of female leaders titled "NEXT LEADERSHIP SESSION for WOMEN" is a program in which female managerial candidates learn management and business skills while exploring their individual leadership styles. For eight to ten months in 2022, 48* female managerial candidates attended the program and received opportunities to specify their career plans and develop a mindset and management skills to display their leadership, in addition to workshops for eliminating unconscious bias and prejudice. This program empowered female employees and resulted in 49% of the participants being successfully promoted. As such, it is contributing to an increase in the ratio of female leaders. The ratio of female leaders increased from 29% in 2017 to 37.6% in 2023.

*Number of participants in "NEXT LEADERSHIP SESSION for WOMEN basic." The total number of participants was 66 in 2022.

We place importance on leadership training to make the most of our various human assets. To strengthen trust relationships between managers and employees and enhance management skills that can promote members' growth, a manager workshop is held for our managers on a quarterly basis in Japan. In 2022, 1,475 managers participated in the workshop, and it resulted in participants' confidence in management increasing from 26 points to 50 points following the workshop.

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. The survey asks the questions of "Engagement," "Inclusion," "Well-being," "Psychological safety," "Dissemination of strategies," "Trust in management and supervisors," "Opportunities for growth," "Authority/Discretion," "Corporate ethics," etc., for employee feedback.

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 Corporate Executive Officer,
Chairman and CEO
Masahiko Uotani

A stylized handwritten signature in black ink, appearing to read 'Uotani'.

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.

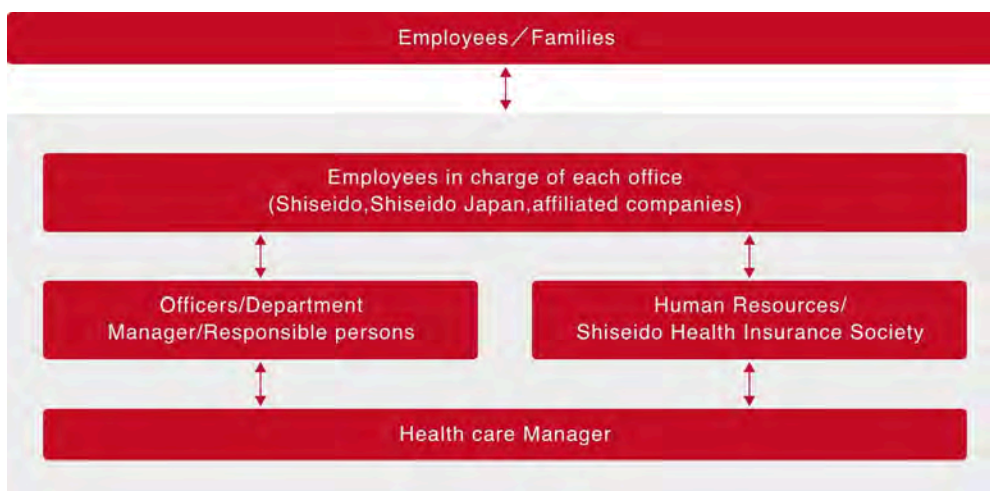


<Our principles>

- 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.

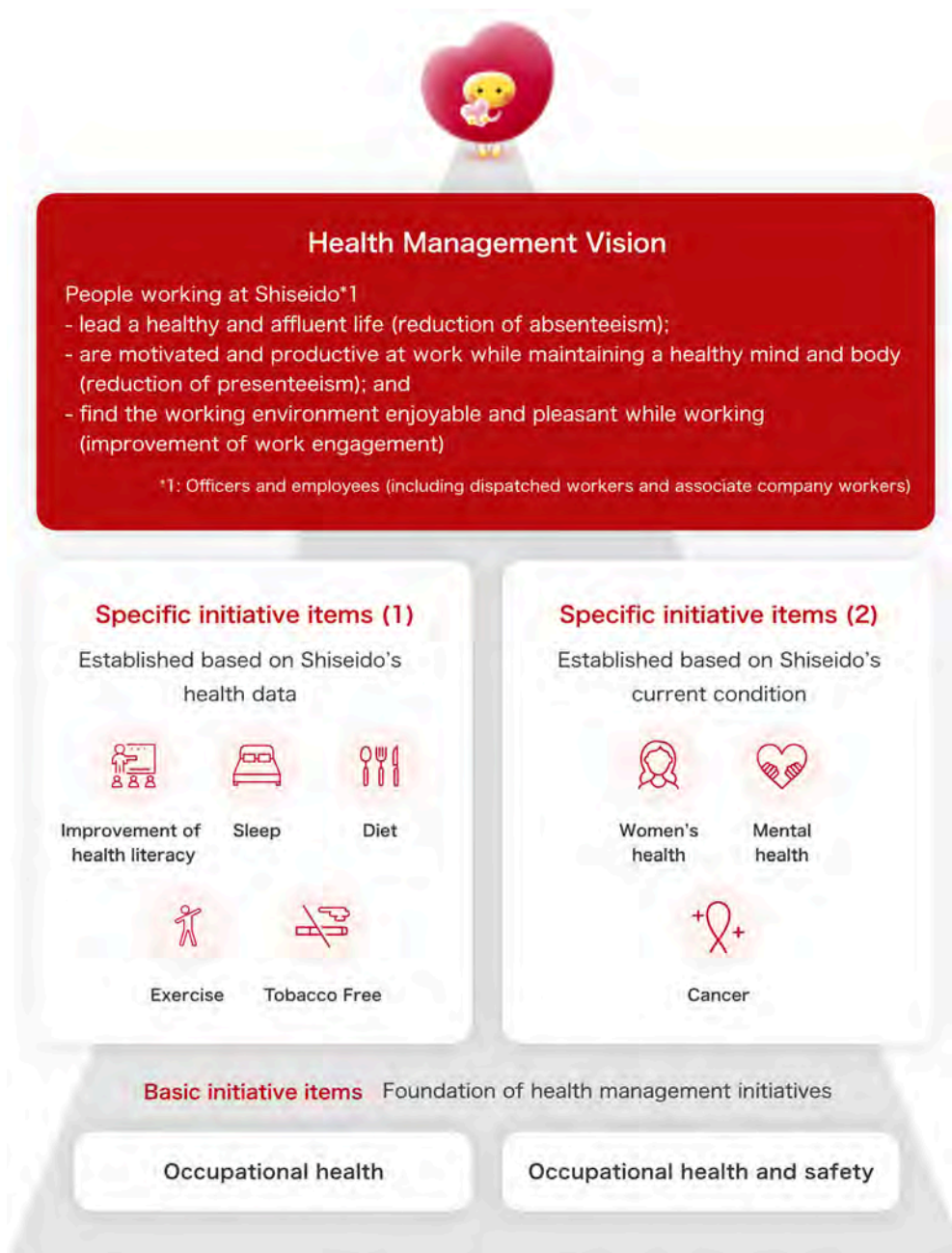
Promotion system

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

Objectives of Health Management in Shiseido



<Shiseido Group's health and safety mascots>

The twin mascots were born in 2023 wishing for the health, safety, and peace of mind of all employees. They were designed with a motif of camellia petal and heart.



Health mascot: WELL-chan



Safety mascot: SAFY-chan

Health Management Strategy Map


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.

Priority Initiatives to Realize Health Management

<Five Priority Initiatives>

① Lifestyle Initiative

Aim		Embodiment of Beauty Wellness to enable everyone to lead a beautiful and healthy life	
			
		Measures by the Shiseido Group in Japan	Measures by the Shiseido Health Insurance Society
Total lifestyle	<ul style="list-style-type: none"> ■ Organization of seminars based on proposals from each office <ul style="list-style-type: none"> * Online seminars on diet / exercise / sleep by RIZAP instructors according to themes proposed by each office ■ Thorough implementation of health guidance ■ Organization of health fairs ■ Dissemination of information in lunchtime sessions (live streaming) ■ Implementation of e-learning courses to improve health literacy 		<ul style="list-style-type: none"> ■ Provision of special medical checkups ■ Implementation of health support programs (specific health guidance) <ul style="list-style-type: none"> *1 While the national age eligibility for the above special medical checkup and guidance begins at age 40, Shiseido begins at age 35 to enable early detection/treatment). *2 Recommendation of specific medical checkups during specific health guidance interviews for those who need a complete examination or medical treatment as a result of the specific medical checkup (blood pressure, blood glucose, lipid).
Sleep	<ul style="list-style-type: none"> ■ Organization of sleep seminars <ul style="list-style-type: none"> * Mainly for employees with sleeping problem according to health checkup interviews ■ Implementation of trial examinations for sleep apnea syndrome 		<ul style="list-style-type: none"> ■ "Dental Examination Campaign": partial subsidy on fees for dental exams <ul style="list-style-type: none"> *Promotion of regular preventive dental care by family dentist ■ Implementation of lifestyle improvement seminars provided jointly by KENPO and RIZAP <ul style="list-style-type: none"> * Implemented as an online seminar as part of COVID-19 prevention measures
Diet	<ul style="list-style-type: none"> ■ Provision of collaboration menu with Shiodome Cafeteria ■ Organization of seminars on drinking 		<ul style="list-style-type: none"> ■ Placement of a QR Code for "RIZAP Column" (a 1-minute workout video) in the Health Insurance Society public relations magazine ■ Implementation of a program to prevent the worsening of diabetic nephropathy
Exercise	<ul style="list-style-type: none"> ■ Implementation of walking events (app) as a collaboration program with Kenpo ■ Dissemination of exercise videos and columns via the company intranet 		<ul style="list-style-type: none"> ■ Provision of information on the Health Insurance Society website <ul style="list-style-type: none"> "Quick, Simple, and Delicious One-Plate Meals" * Content with video to introduce healthy menus ■ Recommendation of follow-up checkups during health checkups for dependents (whose results showed a need for medical care / complete examination for blood pressure / blood glucose / lipid)

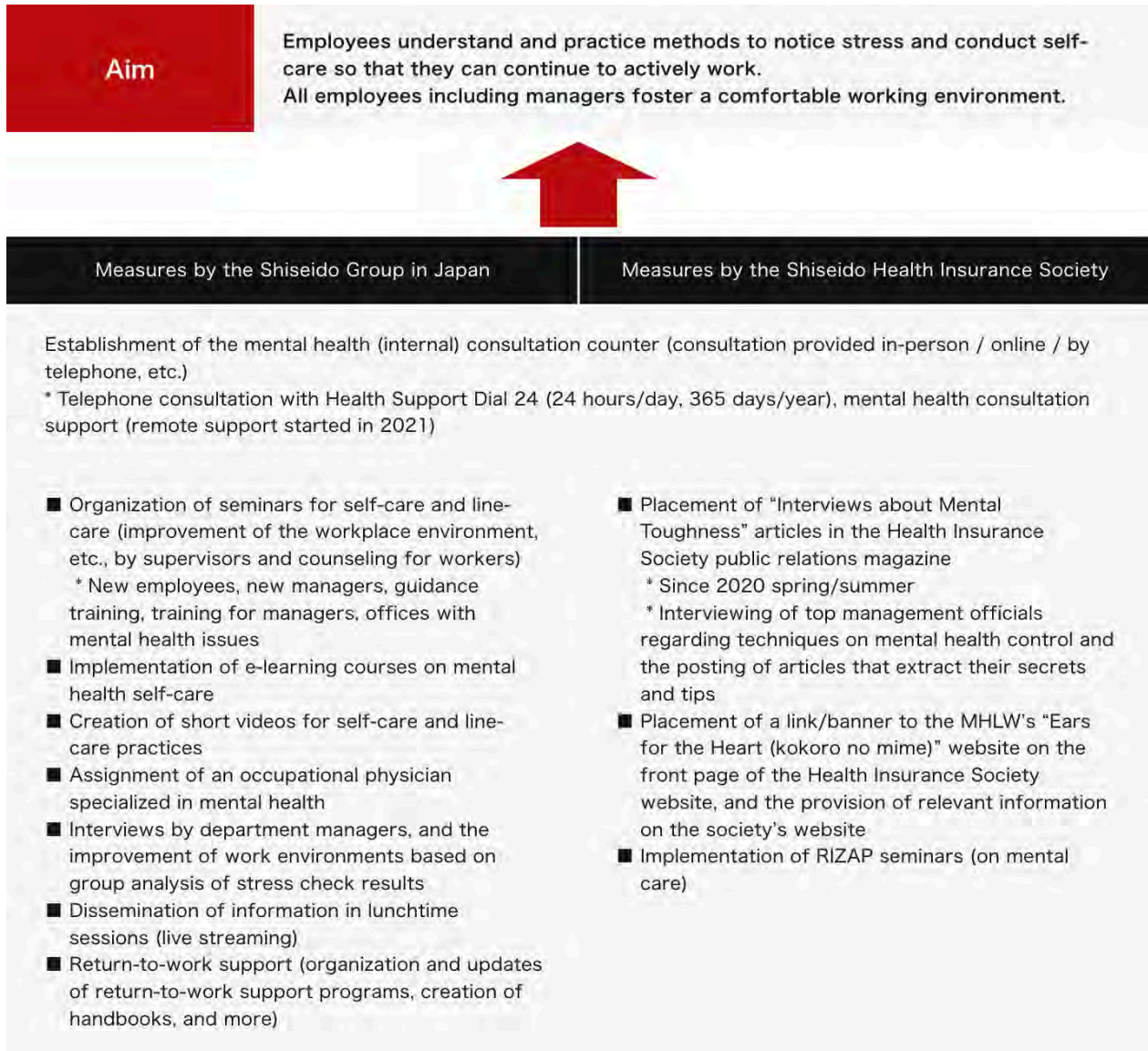
②Tobacco Free Initiative(Promotion of non-smoking)



③Women's Health Initiative



④Mental Health Initiative



⑤Cancer Initiative



Key initiatives

Accomplishments of the Lifestyle Initiative

Completion rate of health support programs	The completion rate of health support programs (specific health guidance) stood at 56.7% in FY2021, higher than the national average (31.2%). * See the attached table.
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 FY2022, we did not hold an in-person fair owing to COVID-19 prevention measures, but in FY2023, we are planning to hold an in-person fair at about ten offices in Japan while implementing preventive measures.
Lifestyle seminars	Since FY2019, we have provided seminars on exercise, diet, and sleep that are designed to address health issues in each organization, and these seminars have been well-received by participants. In FY2022, we have provided online seminar content according to the health issues in each office and have continuously implemented measures to improve exercise habits, sleep, and dietary habits of participants.
Walking events	In FY2022, as a collaboration program with Kenpo, an app-driven walking event was held to create an opportunity to reduce lack of exercise and prompt a start to regular exercising. Both individuals and departments were ranked at the event and more than 1,500 people from approx. 170 departments thus far have participated. The event was well-received as an opportunity to promote not only exercise habits but also communication among employees. We are planning to also hold an event in FY2023.

Implementation rate of health support program

	FY2019	FY2020	FY2021
Number of target people	1,382	1,574	1,416
Number of target people who completed the program	700	837	803
Completion rate	51.4%	53.2%	56.7%
National average of completion rate	27.4%	26.9%	31.2%

■ Actual settings of health fair

【Participating employee feedback】

"I appreciate that I got a lot of advices in a short time."

"I noticed bad things more than I thought, which gave me a lot to think about."



<Health care special menu in collaboration with Shiodome cafeteria>



<Health fair at Saitama Office>

■ Actual settings of health seminar



【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."

Accomplishments of the Non-smoking Promotion Initiative

Smoking rate	<p>Since the calculating of the smoking rate began, it has been decreasing every year and declined to 17.3% in FY2022 (-16.3 percent from FY2010). We aim to further lower the rate with a target index of "less than 5% by 2030."</p>
Support to quit smoking	<p>In addition to individualized health instructions to quit smoking, 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), external consultation counters, etc. 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 FY2019 and a "remote smoking cessation outpatient consultation" (full cost subsidized by the Health Insurance Society) in FY2021, which resulted in a high smoking cessation success rate of 71.4% in FY2022. Our goal is to continue to maintain a success rate of at least 70% in the future. Rather than paying too much attention on the success of smoking cessation, we aim to create a supportive environment for people trying to quit.</p>
Company non-smoking rules and measures against secondhand smoke	<p>In FY2012, we made the building smoke-free and prohibited employees from smoking when in uniform and in company vehicles. In May 2019, we also introduced no smoking during working hours. As we have more diversified working styles such as hybrid work, we need to review the purpose and interpretation of our current rules and aim to further ensure that the creation of environments to prohibit smoking and prevent secondhand smoke is thoroughly implemented.</p>
Dissemination of information	<p>We continuously disseminate information through posters, leaflets, health committee meetings, in-house intranet, and in-house live streaming. Furthermore, on the Non-Smoking Day every month since FY2022, we have been creating original materials containing quizzes and comments from employees to draw the attention of employees, including non smokers. These are placed on signage, intranet, etc.</p>

Accomplishments of the Women’s Health, Cancer, and Mental Health Initiative

<p>Seminars on women’s health</p>	<p>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). * In FY2023, seminars focusing on menopause are being implemented.</p>
<p>Implementation of support for balancing cancer treatment / work, and e-learning courses</p>	<p>Since FY2020, we have provided cancer education through e-learning. We are working to improve the cancer literacy of employees. 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 courses are effective, achieving a 98% comprehension rate and a 97% satisfaction rate in FY2022.</p>
<p>Mental health and self-care</p>	<p>We provide education on mental health and self-care through e-learning courses. The e-learning courses are effective, achieving a 99% comprehension rate (same as the previous year), and a 72% recognition rate (increased by 10.0 percent from the previous year) of the company’s mental health system such as return-to-work support programs. Furthermore, we distribute helpful information for self-care by creating 5 to 10-minute short videos about assertion, cognitive behavioral therapy, etc.</p>
<p>Mental health and line care</p>	<p>We create and distribute short videos for managers about their obligation to consider safety, how to notice changes in their subordinates, return-to-work support, etc., and to enhance line care training.</p>



<The 1st menopause event at Shiodome Office>



<The 2nd menopause event at Hamamatsucho Office>

Shiseido certified in the “2024 Health & Productivity Management Outstanding Organizations Recognition Program” (Large Enterprise Category, White 500)

Shiseido, together with 21 domestic affiliated companies in the group, was certified in the "2024 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 3,523, 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 (This is the fourth time in total). 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 Co., Ltd.
	KODOMOLOGY Co.,Ltd.
	Pierre Fabre Japon Co., Ltd.
	Shiseido Astech Co., Ltd.
	IPSA Co., Ltd.
	Ettusais Co., Ltd.
	ETWAS Co., Ltd.
	EFFECTIM Co., Ltd.
	The Ginza Co., Ltd.
	Shiseido Parlour Co., Ltd.
	Hanatsubaki Factory Co., Ltd.
	Shiseido Interactive Beauty Co., Ltd.
	Shiseido Japan Co., Ltd.
	Shiseido Beauty Academy
	Shiseido Corporate Pension Fund
	Shiseido Health Insurance Society
	Shiseido Child Foundation
	Shiseido Beauty Salon Co., Ltd.
	Shiseido Pharmaceutical Co., Ltd.
Shiseido Labor Union	
Shiseido Creative Co., Ltd.	

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>

We will specify the issues at individual workplaces through thorough risk assessment*2 and based on the data analysis of lost work accidents, and we will take measures against hazards at the workplaces to create a secure working environment for all people.

<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 will share and discuss the cases of internal lost work accidents in the Shiseido Group with top management and the officers in the individual sectors at the health and safety management system committee meeting and take proactive countermeasures.

*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

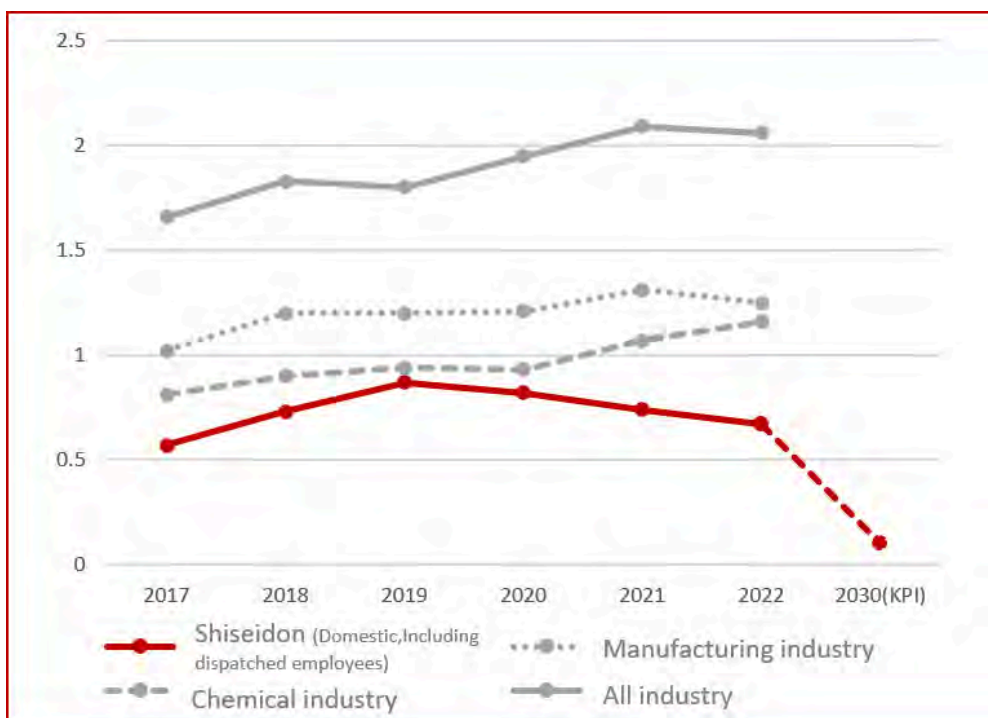
The Shiseido Group aims to become a global, top-level, safe company. As a KPI, we have set a target value of achieving the leave frequency rate*3 "0.1 or less" by 2030. We incorporate action plans with quantitative goals and order of priority to address health and safety risks. Creating an environment 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

<COMMITMENT 2023>

- 【SHOP】 Reduce the number of work-related accidents resulting in absence from work by 50% compared to the number of such cases in 2022
- 【R&D】 Standardization of risk assessment of chemical substances
- 【Supply Network】 Certification of ISO 45001 for our factories in Japan

▼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

We, the Shiseido Group, shall specify the issues we are facing from the data analysis of lost time accidents and develop our action plans with quantitative goals and order of priority. In 2022, a total of 111 accidents involving work stoppages occurred in the Shiseido Group in Japan. These included both regular and dispatched workers. 26 cases were reported as lost time accidents with at least a day off and 2 of the 26 cases involved dispatched workers. 42 of the 111 occurred due to stumble/falling and 18 of the 42 occurred on stairs. Therefore, it has become a standard rule in the Shiseido Group to "hold the handrail when on stairs." In addition, 76% of the stumble/falling occurred at the cosmetic shops and beauty salons. Since it is now clear where the hazardous workplaces are, day-by-day collaboration with tenant owners is deemed crucial to improving our work environments. It will first be necessary for our headquarters to ascertain effective approaches and later implement them at our affiliates.

We believe that better safety awareness among all people in the Shiseido Group will be one of the essential factors in implementing successful safety measures. In order to clarify appropriate measures and actions in the future, we plan to incorporate what we call a "Safety Culture Diagnosis" into our safety and health education as an indicator of safety awareness among people working in the Shiseido Group.

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 four times a year. For the committee's seventh meeting in April 2023, a kick-off meeting was held with top management of the Kakegawa Factory and safety personnel from each department. All members met where a lost work accident occurred, and they were informed on the cases at the Kakegawa Factory. Being able to focus on the "lost time accidents on stairs" was a good experience. We also welcomed members from the Labor Union to exchange opinions on Shiseido Group's health and safety in the periodical committee meeting and in the Safety Management System Committee meeting on the same day. In the future, we plan to have more periodic meetings and will be interested in hearing the opinions of-site members to create better workplaces in the Shiseido Group.



Participation of persons in charge of factories, laboratories, storefronts, and offices, as well as executives from each area



Place of lost time accident, and the sharing of countermeasures

We are also upgrading the "Safety Culture" in the Shiseido Group, taking preventive measures against lost time accidents by analyzing lost time accidents and behavioral characteristics from past practices and continuing safety

education to take preventive measures and detect hazard points. Meanwhile, we will promote the reduction of the accident ratio during commuting as well as during working time to protect all the people in the Shiseido Group.

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

- Factory / Logistics Center:

The factories / logistics centers are promoting the certification of GSMS (Global Safety Management System), which sets common occupational health and safety standards in Japan and overseas. At the factories / distribution centers, various education and training are conducted including a review of past occupational accidents, but at the Kakegawa Factory, as training to experience safety, a "sensing danger as danger" training was conducted for all workers in the production area (including indirect employment and employees with disabilities). We plan to start operating GSMS in 2023 and obtain ISO 45001 certification at our factory bases around the world by the end of 2024. (Acquisition of factories complete as of December 2021: Shanghai Factory, Beijing Factory, Hsinchu Factory, Kakegawa Factory, Gien Factory and Val de Loire Factory.) ISO 45001 certified factories have established and implemented the necessary processes to prepare for and respond to possible emergencies. We also conduct systematic education and training, as well as regular internal audits and evaluations for the maintenance and management of the process and ongoing improvement.



Members and Chief Supply Network Officer of the Kakegawa Factory, which received ISO 45001 certification in 2023.

- 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:

We are promoting preventive measures against occupational accidents in shops, sales and offices based on our monthly health and safety meeting. We are analyzing the cause and circumstances of occupational accidents and are sharing what we find with other areas. Accumulating near-miss information is also useful when analyzing cases from various angles. We strive to give feedback to on-site members in an easy-to-understand format. We have been promoting preventive measures against occupational accidents attributable to a fall at workplaces, mainly at shops, to create safe and secure working environments for the past few years.

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.