

Shiseido Group's Sustainability

Realizing a Sustainable Society through Social Value Creation.

Although the target period for the information included in this back number is mainly FY2024 (from January 1 to December 31 of 2024), part of the information also includes contents prior to/after the said

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SUSTAINABILITY

REALIZING A BETTER WORLD THROUGH SOCIAL VALUE CREATION.



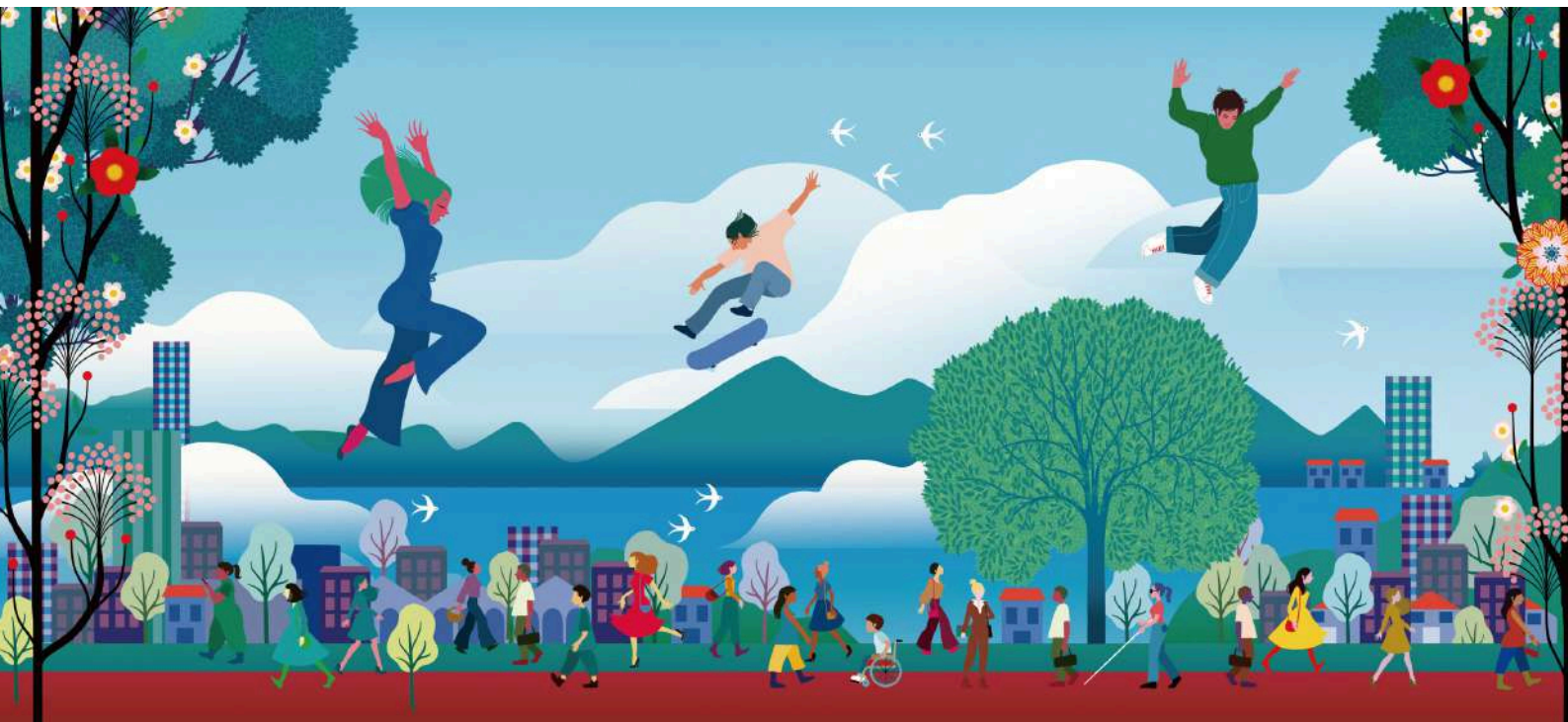
Since our company's founding in 1872, we have demonstrated our respect for society, the environment and nature. Shiseido's approach has been to create social value across our business activities, and now with our corporate mission, BEAUTY INNOVATIONS FOR A BETTER WORLD, we aim to solve social issues through an approach unique to a beauty company, while working towards greater sustainability, and enriching people's lives.



Environment

Striving for the ideal of a global environment that supports lives of vibrancy.

1. Reducing Our Environmental Footprint
2. Developing Sustainable Products
3. Promoting Sustainable and Responsible Procurement



Society

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

1. Advancing Gender Equality
2. Empowering People through the Power of Beauty
3. Promoting Respect for Human Rights

Corporate Governance

Sustainability Management



Since I joined Shiseido in 1991, I have been engaged mainly in overseas business, having worked with many local employees. Although I was perplexed by differences in culture and custom at times, what was common to all countries was that all of them were proud of working for Shiseido. I believe this is because they have been working by identifying with and sharing the spirit of Shiseido, which, since its foundation, has been taking on challenges to discover and create the value of beauty, bringing joy and excitement to people's lives across the world through the power of beauty, and working to create social value through its core businesses in addition to economic value.

I myself have also been glad and proud to be part of Shiseido. Since I took office as President and COO of Shiseido in January 2023, we have been feeling the rapid changes in the market and the significance of their impacts. However, to take the difficult circumstances created by the changes as an opportunity for our future growth, we have been pressing ahead with a reform in a company-wide manner. Through this reform, each region and business will push forward with activities integrating business strategy and sustainability strategy of each, aiming to achieve our 2030 vision: Personal Beauty Wellness Company.

I would like to mention about environment, where expectations and demands from society are high. At Shiseido, we understand the importance of global initiatives and of cooperation with other companies in Japan, while also recognizing our own responsibility to lead the industry. Attaching importance to initiatives in the value chain in particular, we are driving three strategic actions: reducing our environmental footprint, developing sustainable products, and promoting sustainable and responsible procurement.

For climate change issues, we have set CO₂ reduction targets (SBTi) for the entire value chain toward 2030. We are proactive in taking measures to reduce CO₂ emissions, such as introducing renewable energy and sourcing sustainable raw materials, aiming to achieve net zero emissions by 2050. In 2023, we completed a transition to 100% renewable electricity at all 11 factories and Shiseido-owned distribution centers. In the China region, we have also completed the transition to 100% renewable electricity across all sites. We have positioned the reduction of Scope 3 CO₂ emissions, which accounts for the largest share of total emissions, as key actions for the future. We will enhance our collaboration with external stakeholders, including business partners.

We have also been proactive in taking initiatives on climate change and biodiversity. As a result of the 2023 survey by CDP, an international NPO that conducts environmental surveys and discloses information, Shiseido was selected as one of the companies in the A List, the highest-ranked group, in the fields of Climate Change and Forests. We were included in two A Lists for the first time. Regarding climate change and biodiversity, we disclosed the information in the Shiseido Climate/Nature-related Financial Disclosure Report this year again.

In product development, we will achieve sustainable value creation, which balances the results and high-quality design of our products with respect for and coexistence between people, society, and the global environment. In April 2023, we launched the BeauRing® project, a circular model project to collect and recycle plastic containers. To recycle collected containers into resources, we have started a pilot test by involving consumers, business partners, other companies, and other stakeholders who are important for building the collection scheme.

Sustainability has become even more important for corporate management than ever. I believe that, by taking this as a growth opportunity and integrating our business strategies with sustainability strategies, we can create value and new business opportunities. We will continue to work together with our diverse internal and external stakeholders to keep the transparency high and create social value through businesses.

We aim to realize a sustainable world where everyone can enjoy a lifetime of happiness through the power of beauty toward 2030, along with our corporate mission: BEAUTY INNOVATIONS FOR A BETTER WORLD. For this, we will contribute to building a society where everyone respects diversity and can enjoy life to the fullest and making the global environment sustainable, with people living in harmony with the nature.

June 2024

Director

Representative Corporate Executive Officer,

President and COO

Kentaro Fujiwara



(Director, Representative Corporate Executive Officer, President and CEO from January 2025)

Our Approach to Sustainability

Since the foundation of Shiseido in 1872, we have demonstrated our respect for people, society and nature and have worked to create social value. In order to realize our corporate mission, BEAUTY INNOVATIONS FOR A BETTER WORLD, we firmly believe our people to be the capital of value creation and invest them based on the PEOPLE FIRST philosophy. And we are promoting a culture where everyone, regardless of gender, age, or nationality can embrace diversity through respect and have constructive discussions on new value creation. As a beauty company, we are also working to address social issues through our unique approaches, aiming to realize a sustainable world where everyone can enjoy a lifetime of happiness through the power of beauty towards 2030. We have set forth three strategic actions in the areas of society and the environment to create social value through our core business and to solve social and environmental issues.

Our actions for society are focused on addressing social issues, primarily through our diversity, equity and inclusion (DE&I) initiatives. These three strategic actions are: "Advancing gender equality," which we strive to nurture a society where everyone can feel empowered to live their life freely by having fair opportunities regardless of gender, "Empowering people through the power of beauty," which we strive to eliminate assumptions and prejudices associated with beauty for a world where everyone can celebrate each other's beauty; and "Promoting respect for human rights," which underlies all our activities.

Our actions for the environment are based on the idea of *banbutsu shisei**, the phrase from which our company name Shiseido originates. We are working to develop technologies and business models that can reduce environmental footprint and contribute to realize a circular economy. To do so, we are taking the following three strategic actions: "Reducing our environmental footprint," "Developing sustainable products," which we work on together with various stakeholders throughout the entire value chain and "Promoting sustainable and responsible procurement" with consideration of the environment and human rights.

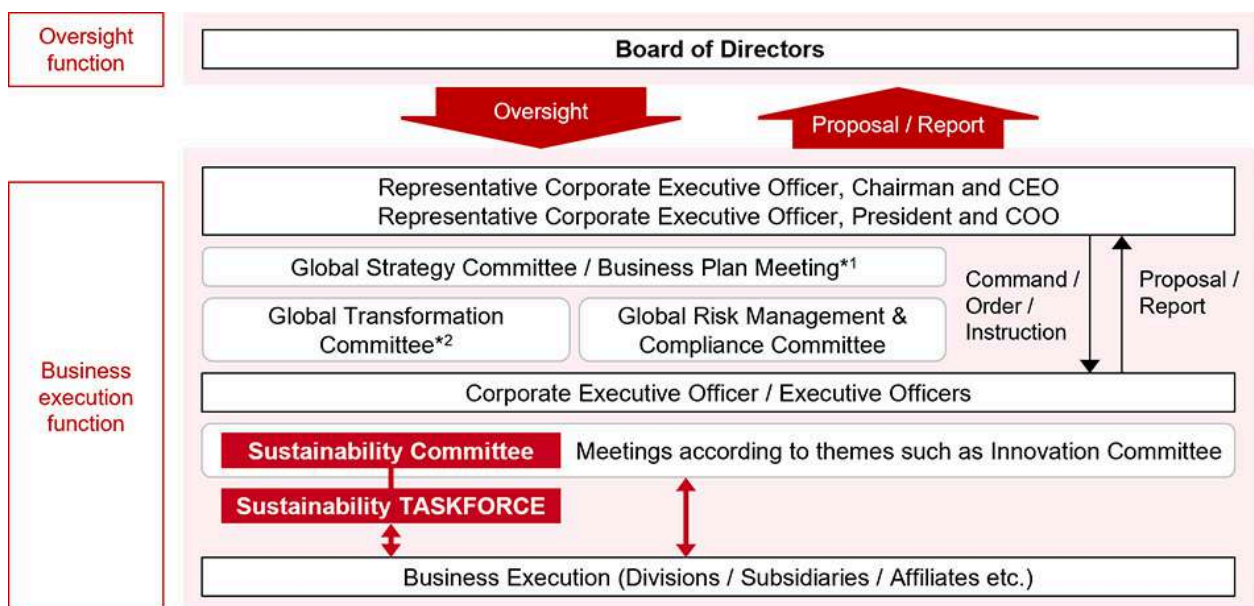
*From a phrase in Chinese Yi Jing, the Book of Changes from the Four Books and Five Classics of Confucianism, "Praise the virtues of the Earth, which nurtures new life and brings forth significant values."

Sustainability Governance

At Shiseido, we work to promote sustainability across the entire Group, including our brands and regional businesses. Sustainability Committee was set up to ensure timely management decisions related to sustainability efforts and their proper implementation across the Group, the committee was held regularly in 2023. The committee decides on Group-wide sustainability strategies, policies, and discusses specific topics such as risks and opportunities related to climate change and the natural environment, and actions for human rights, as well as monitors the progress of medium-to-long-term goals. The committee consists of the representative corporate executive officers and executive officers in charge of Corporate Strategy, Research & Development, Supply Network, Corporate Communications, and our Brand Holders, to discuss a range of issues from different perspectives. Important matters in the execution of business, which require approvals are proposed or reported to the Global Strategy Committee or the Board of Directors.

In order to ensure executing and promoting of sustainability actions, a Sustainability TASKFORCE was set up under the Sustainability Committee, consisting of the heads of key relevant functions. At the Sustainability TASKFORCE, practical approaches to achieve our long-term targets are discussed with relevant functions, regional headquarters, and local subsidiaries as necessary.

Sustainability Promotion Structure



*1 : Business plans and important issues are deliberated to ensure multifaceted consideration

*2 : Progress management and review for structural reforms and growth strategies

In order to promote sustainability initiatives, we have a long-term incentive-type remuneration that incorporates multiple internal and external performance targets related to ESG including CO₂ emissions reduction and female ratio in managerial positions, for Directors (excluding external Directors and full-time members of the Audit Committee), Corporate Executive Officers, Executive Officers and leaders in critical positions in Japan and overseas. The actual value of this incentive remuneration increases or decreases depending on the achievement against each individual target.

Materiality

At Shiseido, we are committed to creating a sustainable world and enhancing people's sense of happiness and fulfillment through value creation, as we have done since our founding. To select social and environmental issues to be addressed through our business, we have extracted sustainability issues based on interviews, surveys, and dialogues with stakeholders. We first examined the importance of these issues to Shiseido's business and to all of our stakeholders, from employees and consumers to business partners, shareholders, society, and the earth. Then, in 2019, we categorized and prioritized the issues along the two axes and defined 18 material issues. Additionally, in light of recent changes in the environment surrounding society and the industry, we are considering a review of our current materiality.



How We Formulated Our Materiality

The following process was implemented to define material issues.

Step1> Identify social and environmental issues in consideration of all stakeholders based on their expectations and demands along with various perspectives collected from:

- Experts in environmental and social fields globally
- Consumer feedback (from company surveys conducted in five countries)
- External surveys, reports from major international organizations (GRI, SASB, SDGs etc.), and investor feedback
- Executive officer* and employee feedback

Step2> Shortlist the identified issues based on their relevance to our businesses and make a more informed analysis

- Issues are narrowed down to those highly relevant to our businesses through discussions with executive officers* and various internal divisions.

- Issues are then selected by scoring them based on the two axes of importance to our businesses and importance to the entire company's stakeholders (employees, consumers, business partners, shareholders, society, and the earth).
- The questions and strategic actions surrounding these issues are then confirmed by the executive officers*.

Step3> Submit the finalized list of material issues to the Sustainability Committee for approval

*Until the end of 2021, it was "corporate officers".

Strategic Actions & Corresponding SDGs

Shiseido has established three strategic actions based on the material issues we have defined in each area of society and the environment. We have allocated management resources on a priority basis in each department across the entire Group to implement these priority initiatives.

	Material Issues	Strategic Action	Corresponding SDGs
Environment	• Climate change • Development of eco-friendly formulas • Sustainable packaging • Deforestation • Responsible procurement • Waste reduction • Water usage	1. Reducing our Environmental Footprint	    
		2. Developing Sustainable Products	   
		3. Promoting Sustainable and Responsible Procurement	  
Society	• Diversity, equity and inclusion (DE&I) • Quality of life • Professional development • Occupational health and safety • Respect for human rights	1. Advancing Gender Equality	 
		2. Empowering People Through the Power of Beauty	  
		3. Promoting Respect for Human Rights	 
Governance / Culture	• Strengthening of governance and accountability • Fair business transactions • Quality assurance • Responsible marketing and advertising • Information security and privacy • Art and heritage	• We are committed to maintaining and improving the transparency, fairness, and speed of management initiatives by enhancing corporate governance as well as maximizing corporate and shareholder value over the medium term through dialogue with all stakeholders—consumers, employees, shareholders, the environment, and society at large—to fulfill our responsibilities as a public entity and optimize value distribution to each stakeholder. • We promote activities in art and heritage through our corporate culture that generates social value and shares a uniquely Japanese aesthetic with the world.	

*We do not disclose strategic actions related to governance materiality.

Medium- to Long-term Targets and Results

Strategic Action		Targets		Target Year	2023 Results
1. Reducing our environmental footprint	CO ₂	Carbon neutral*1		2026	60% (compared with 2019)
		CO ₂ emission reduction (SBTi, Scope 1+2)	46.2%*2	2030	Plan to disclose in 2025*4
		CO ₂ emission reduction (SBTi, Scope 3)	55%*3	2030	
	Water	Water consumption reduction	40%*5	2026	46% (achieved in 2023)
	Waste	Zero landfill*6		2022	Achieved in 2022 (continued in 2023)
2. Developing sustainable products	Packaging	Switching to sustainable packaging	100%*7	2025	69%
3. Promoting sustainable and responsible procurement	Palm Oil	Replacement with sustainable palm oil	100%*8	2026	51%
	Paper	Replacement with sustainable paper	100%*9	2023	100% (achieved in 2023)

*1 : At all our sites (including offsets)

*2 : At all our sites (compared with 2019)

*3 : Throughout our value chain, excluding Shiseido sites, economic intensity target, compared with 2019.

*4 : Target revision application in progress due to transfer of business.

*5 : For all our sites, intensity per sales, compared with 2014.

*6 : For Shiseido owned factories.

*7 : For sale of products with plastic packaging.

*8 : Certified based on RSPO's physical supply chain model: identity preserved, segregation, and/or mass balance, palm oil equivalent basis.

*9 : Such as certified paper and recycled paper, paper weight basis.

Strategic Action	Targets		Target Year	2023 Results
1. Advancing gender equality	• Ratio of women leaders at all levels in Japan	50%	2030	Directors 45.5%*1
				Executive Officers 40.0%*1
				Managers in Japan 40.0%*2
2. Empowering people through the power of beauty	• Women's empowerment in Japan • Supporting education and financial independence worldwide	One million people (to reach directly)	2030	Achievement ratio 62%
	• Cultivating self-efficacy through the power of beauty • Challenging the unconscious biases and prejudices that limit individual beauty	One million people (to reach directly)	2030	Achievement ratio 13%

*1 : As of April 1, 2024

*2 : As of January 1, 2024

Approval and support for international norms

Approval and support for international norms

2019	We expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) , which was established by the Financial Stability Board (FSB), and will commit to measures against climate change and promote disclosure of relevant information.
2010	We signed the Women's Empowerment Principles (WEPs) (a joint initiative of UN Women and the UN Global Compact) and have been promoting initiatives to give opportunities to women so that they can play more active roles.
2008	We agreed to and signed the Caring for Climate, a climate change initiative in the United Nations Global Compact, in an effort to conserve the environment.
2004	We signed the United Nations Global Compact and support the ten principles in the four areas (Human rights, Labor, Environment, and Anti-corruption) together with all group companies. Please check Shiseido Modern Slavery Statement for the statement of support by the Chief Executive Officer.



UN Global Compact



Women's Empowerment Principles (WEPs)



support for the recommendations of the Task Force
on Climate-related Financial Disclosures (TCFD)

The Ten Principles of the UN Global Compact

Participant organizations of the Global Compact are asked to embrace, support and enact, within their sphere of influence, internationally approved principles in the areas of Human Rights, Labor, Environment, and Anti-Corruption. While respective companies pursue their businesses, the aim of the Global Compact is to actively promote changes in the world through ensuring that these principles are abided by and implemented accordingly. There are currently 10 principles including a principle related to anti-corruption, which was added in June 2004.

• Human Rights

Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2 : make sure that they are not complicit in human rights abuses.

• Labor

Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 : the elimination of all forms of forced and compulsory labor;

Principle 5 : the effective abolition of child labor; and

Principle 6 : the elimination of discrimination in respect of employment and occupation.

• Environment

Principle 7 : Businesses should support a precautionary approach to environmental challenges;

Principle 8 : undertake initiatives to promote greater environmental responsibility; and

Principle 9 : encourage the development and diffusion of environmentally friendly technologies.

• Anti-Corruption

Principle 10 : Businesses should work against corruption in all its forms, including extortion and bribery.

Source: United Nations Global Compact website

Environment

Striving for the ideal of a global environment that supports lives of vibrancy.



'Shiseido' comes from a phrase in the classical Chinese text, I Ching: "Praise the virtues of the Earth, which nurtures new life and brings forth significant value." This praise for the Earth, which continuously gives birth to new things, is consistent with Shiseido's goal of sustainability, which aims to create and circulate new value in society. Since Shiseido was founded in 1872, we have developed a business model that combines business success with respect for people, society, and the planet.

In everything we do, we cooperate with our stakeholders across our entire value chain – from procurement of materials and product development through to production, use and disposal – to create value through our products and services and enable the coexistence of people and the environment. This is how we create new sustainable value for the world.

Reducing Our Environmental Footprint

The impact of climate change, including extreme weather events caused by global warming, is becoming more apparent each year. Shiseido has set long-term targets for addressing environmental issues and engages in various company-wide activities to achieve the targets, with the aim of preserving the natural environment and its biodiversity while simultaneously ensuring the sustainable growth of society, economy, and its businesses.

Shiseido has adopted an Environmental Policy as its requirements for addressing environmental issues and has defined the reduction of CO₂ emissions, the reduction of water consumption, and waste reduction as priority domains in actions for reducing the environmental footprint of its business activities. We will continue to work with stakeholders throughout our value chain to create sustainable impact within each of these actions.

■ We are reducing the environmental footprint of our activities by taking actions in three key actions.

- CO₂ : By 2026 Carbon neutral*1
 By 2030 Reduce CO₂ emissions by 46.2% (SBTi, Scope1 and 2).*2
 By 2030 Reduce CO₂ emissions by 55% (SBTi, Scope 3).*3
- Water : By 2026 Reduce water consumption by 40%.*4
- Waste : By 2022 Zero landfill.*5

*1 : At all our sites (compared with 2019, including offsets)

*2 : At all our sites (compared with 2019)

*3 : Throughout our value chain, excluding Shiseido sites, economic intensity target, compared with 2019.

*4 : For all our sites, intensity per sales, compared with 2014.

*5 : For Shiseido owned factories (achieved in 2022, continued in 2023)

Developing Sustainable Products

We are facing a crisis stemming from the finiteness of resources, a result of economic activities exceeding the limits of the planet's receptiveness and resilience. We also face issues including climate change, biodiversity, other environmental issues, and population explosion. Manufacturers are expected to follow green chemistry principles towards the development of a circular economy, which is premised on both making effective use of resources to reduce their environmental footprint throughout the product lifecycle and recycling resources.

Shiseido positions Sustainability INNOVATION as an important research area and one of the three pillars of its R&D strategy for 2030. To achieve this, we have adopted Premium/Sustainability as a research approach under DYNAMIC HARMONY, our unique R&D philosophy, based on our compliance with high safety and quality standards that we have had in place for more than a century. We will step up to the challenge of creating sustainable innovations, which balance satisfaction stemming from the results, high-quality design, and feel of our products with respect for and coexistence between people, society, and the global environment.

■ We are developing sustainable products through the following global actions.

- Formula/Ingredients : Reduce our environmental and social impact by using sustainably sourced raw materials that are selected in consideration of safety, the environment and ethics.
- Packaging : By 2025 100% Switching to sustainable packaging.*6
 By 2030 30% of plastic packaging per product will be made from either post-consumer recycled (PCR) or bio-based plastics

*6 : For sale of products with plastic packaging.

Promoting Sustainable and Responsible Procurement

Value chain, or procurement in particular, involves various sustainability issues including CO₂ emissions, water resources, biodiversity, and human rights at suppliers. Companies are required to check for problems in operating their businesses and to strengthen cooperation not only internally but also with suppliers to ensure the traceability of raw materials.

At Shiseido, we utilize the world's natural resources, which are finite, to develop products and operate our business. To our suppliers, we present a policy, standards, and guidelines, the links to which are indicated below. Shiseido Group Procurement Policy defines our expectations to suppliers in terms of environmental and human rights, outlining a strict and objective process for identifying and correcting supplier risk through third-party audits and supplier sustainability evaluations.

■ We work with suppliers to procure raw materials in consideration of environmental protection, biodiversity and human rights.

- Palm Oil : By 2026 100% Replacement with sustainable palm oil.*7
- Paper : By 2023 100% Replacement with sustainable paper.*8
- Supplier Management : Create a sustainable supply chain.

*7 : Certified based on RSPO's physical supply chain model: identity preserved, segregation, and/or mass balance, palm oil equivalent basis

*8 : Such as certified paper and recycled paper, paper weight basis

Data

Reducing Our Environmental Footprint

The impact of climate change, including extreme weather events caused by global warming, is becoming more apparent each year. Shiseido has set long-term targets for addressing environmental issues and engages in various company-wide activities to achieve the targets, with the aim of preserving the natural environment and its biodiversity while simultaneously ensuring the sustainable growth of society, economy, and its businesses.

Shiseido has adopted an Environmental Policy as its requirements for addressing environmental issues and has defined the reduction of CO₂ emissions, the reduction of water consumption, and waste reduction as priority domains in actions for reducing the environmental footprint of its business activities. We will continue to work with stakeholders throughout our value chain to create sustainable impact within each of these actions.

Reducing CO₂ Emissions

Climate change is leading to numerous issues, including natural disasters caused by temperature extremes, insufficient water resources, and an accelerated loss of biodiversity. There are global moves to hold the increase in global average temperature to below 1.5°C above pre-industrial levels and to achieve net zero emissions by 2050, in accordance with the Paris Agreement and the Glasgow Climate Pact. At COP28*1 held in UAE in November 2023, importance was attached to more effective actions, and dialogues have been in progress toward specific solutions.

While CO₂ emissions from the cosmetics industry are lower than other industries, Shiseido supports the Paris Agreement and the Glasgow Climate pact, and has set response to climate change as its important task. For achieving net zero emissions in 2050 and attaining the 2030 target, we have set CO₂*2 emissions reduction targets, which are in line with the 1.5°C target, by following the Science Based Targets*3 initiative. We obtained certification from SBTi. We are driving initiatives to reduce CO₂ emissions, such as improving energy efficiency by reducing the use of energy and switching to renewable energy.



*1 : The 28th Session of the UN Climate Change Conference of the Parties

*2 : Greenhouse gases usually refer to CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃. In this report, unless otherwise specified, these greenhouse gases will be collectively referred to as 'CO₂'.

*3 : Scope 1, Scope 2, and Scope 3 emissions. Certification was obtained from the Science Based Targets initiative (SBTi).

Reducing CO₂ Emissions from Energy Consumption (Scope 1 and 2)

To mitigate climate change, we are committed to reducing CO₂ emissions from the electricity and fuel used in our business activities. As part of our efforts, we use renewable energy where possible and constantly seek to improve energy efficiency in our factories, offices, and other facilities.

Driving Energy Conservation and Energy Efficiency Improvement

At Shiseido, all our factories and distribution centers worldwide set annual targets for reducing CO₂ emissions. For FY2024, we aimed to achieve a 3% reduction in CO₂ emissions compared to FY2023 while working to decrease energy consumption. Progress towards our goals is evaluated monthly based on the Environmental Management System ISO 14001*1, and necessary measures are implemented. Specific initiatives include transitioning to LED lighting, implementing energy-efficient building insulation, and selecting efficient equipment that contributes to energy conservation. Additionally, we are promoting the electrification of forklifts to further reduce CO₂ emissions during operation. At our Osaka Ibaraki factory and the neighboring West Japan Distribution Center—our production and logistics hub in Japan—we installed lightweight sandwich panels with excellent heat insulation properties for the building's exterior walls. This enhancement improves insulation performance within the facility and contributes to reduced energy consumption.

In factories that require a significant amount of energy, implemented an Energy Management System (EMS)*2 to visualize and optimize energy consumption and CO₂ emissions across related equipment, including electricity, steam, and compressed air. At our Kakegawa factory, EMS data analysis revealed heat loss during steam distribution from the central energy building to production buildings. By installing heat pumps in each production building, we successfully reduced heat loss and improved energy efficiency. At our Gien factory in France, we applied heat insulation film to factory windows to mitigate temperature increases during the summer, thereby lowering electricity consumption for air conditioning and contributing to energy conservation.

*1 : We are actively pursuing ISO 14001 certification for all factories and distribution centers, with all factories certified by the end of 2023 and a few distribution centers by the end of 2024.

*2 : The Energy Management System utilizes information and communication technology to visualize energy usage and achieve efficient energy utilization. It has been implemented in all domestic factories and overseas factories (Hsinchu, Val de Loire and Gien), with plans for implementation in other factories worldwide (Country/Region).



Osaka Ibaraki factory and neighboring West Japan Distribution Center

Increasing the Use of Renewable Energy

We are constantly working to increase the use of renewable energy at our factories and offices. In 2023, we finished switching 100% of the electricity at all 11 factories and our distribution centers to renewable electricity. In addition, we are advancing the use of renewable energy at all of our sites worldwide, such as switching 100% of the electricity at our offices to renewable energy.

In the China Region, we completed a 100% switchover at all sites. Moreover, at the Beijing Office, which includes the factory of Shiseido Liyuan Cosmetics Co. Ltd. (SLC) in China, we fulfilled requirements under the code for carbon neutrality certification (PAS 2060:2014) and obtained certification.

Following the completion of switchover of 100% of the electricity at our Shiodome and Ginza offices in Japan to renewable electricity in 2022, we switched 100% of the electricity at all company-owned buildings of Shiseido Japan to electricity from renewable energy in 2023. We are driving the shift to electricity from renewable energy mainly at the Shiseido Global Innovation Center (Yokohama), in Europe, and at our branch offices in Japan.

In addition to promoting the use of renewable energy, we are also proactive in installing solar panels on the premises and in the buildings of our factories



Solar panels at the Fukuoka Kurume factory (Japan)



and research centers worldwide. Eight of our factories* in the world are equipped with solar power generation facilities. As a result, renewable electricity now accounts for 85% of all the electricity used at Shiseido Group.

In addition, Shiseido is a member of the RE100 global initiative, which brings together businesses committed to using 100% renewable electricity in their activities. We will continue to accelerate our transition to renewable electricity in our operations to reduce fossil-fuel derived electricity.

*The eight factories are: Kakegawa (Japan), Osaka Ibaraki (Japan), Fukuoka Kurume (Japan), Shanghai (China), Beijing (China), Taiwan factory, East Windsor (US), Gien (France). (Country/Region)

Fukuoka Kurume factory

In 2023, we expanded solar power generation facilities at our Fukuoka Kurume factory, thus increasing the total capacity of the facilities to 1.9MW. The total power-generating capacity of all factories of Shiseido has reached 6.8MW.

Initiatives to Reduce Indirect CO₂ Emissions from the Value Chain (Scope 3) Other Than Our Sites

Our indirect CO₂ emissions also result from our business activities but they are not directly under our control – for example, emissions that derive from the manufacturing and shipping of raw materials or the use and disposal of our products. As part of our work to reduce the impact of our business activities on climate change, we have established science-based long-term reduction targets for our indirect CO₂ emissions, and we are working with our suppliers and other stakeholders to reduce emissions across our entire value chain.

Selection and Use of Raw Materials that Reduce Environmental Footprint

We select raw materials with a special emphasis on reducing our environmental footprint in line with the green chemistry principles*1. For the procurement of palm oil and paper, we support the principles of the No Deforestation, No Peat, No Exploitation (NDPE) and procure raw materials that are not linked to deforestation. Furthermore, we are striving to reduce CO₂ emissions related to the development of containers, by promoting the use of recycled resins.

In addition, in 2022 Shiseido participated in the CDP Supply Chain Program*2. The goal is to reduce CO₂ emissions from the upstream supply chain, which accounts for over 40% of the indirect CO₂ emissions in the value chain. In 2023, we selected suppliers that participate in the program, based on the spend and importance. We requested 50 companies worldwide to report their CO₂ emissions, reduction targets, and other relevant information. We will use this information to calculate and reduce our Scope 3 emissions.

To calculate and reduce Scope 3 emissions, it is crucial that our suppliers understand CDP and Scope 3.

Therefore, in 2023, we held an explanatory session with CDP Worldwide-Japan for our suppliers in Japan. We will continue to support and collaborate with our suppliers to achieve our targets.

*1 : The design of chemical products and processes that reduce or eliminate the use or generation of substances that are hazardous to people or the environment.

*2 : The Carbon Disclosure Project (CDP) Supply Chain Program is an initiative in which member companies use the CDP platform to request that their suppliers disclose information related to climate change, water, and forestry.

Reducing CO₂ Emissions During Transportation

Shiseido transports its products worldwide and is taking steps to reduce CO₂ emissions when shipping its own products. For example, in Japan we conduct joint deliveries with other domestic companies to optimize transportation routes and improve loading efficiency. In February 2023, we introduced an electric truck into our vehicle fleet in Japan on a trial basis. The electric truck is expected to reduce CO₂ emissions by 1 ton per year, and we plan to expand our

fleet of electric vehicles moving forward. At our Beijing factory in China, we replaced the gasoline-driven shuttle bus for employee commuting with an electric one (EV), to reduce CO₂ emissions from the shuttle bus.

We also optimize the use and design of packaging materials according to the shape and volume of the products shipped and actively promote the reuse of protective materials used in transportation, as part of our efforts to reduce waste and CO₂ emissions. We take these initiatives mainly for bottle suppliers that deliver frequently. In Japan, we are also progressively reducing packaging materials used in the process of transporting products from factories to each retailer, as these materials have an impact on waste and CO₂ emissions. Furthermore, in order to reduce CO₂ emissions of the bottle delivery, we are collaborating with a bottle supplier that has multiple production sites to conduct production at the site closest to our production facility.

In our exports from Japan to overseas destinations, the double stack palletization*, which we introduced in 2022, further improved the loading efficiency in 2023.

*A logistics process consisting of placing goods together on top of a pallet to consolidate the load at the warehouse.



Shiseido's EV truck



EV shuttle bus for employees commuting to and from our Beijing factory

Actions for Scope 3 Emissions by Category

Category	Explanation	Internal data	Emission factors
1. Purchased goods and services	Emissions generated from upstream of the supply chain, such as raw materials, advertising service, land use change due to palm- and paper-derived material production.	Raw material procurement volume POSM procurement volume, Advertising expenses Palm- and paper-related raw material procurement	IDEA v3.1 Ecoinvent 3.9 Reference-1 Reference-2
2. Capital goods	Emissions generated from making capital goods.	CAPEX	Reference-1
3. Fuel and energy related activities	Emissions generated in the process of mining, extraction, refining, transportation of energy and fuels.	Amount of energy consumption	IDEA v3.1
4. Upstream transportation and distribution	Emissions generated from procurement transportation and shipping transportation.	Raw material procurement volume Product volume Distance between our factories and sales sites Means of transportation	IDEA v3.1 Ecoinvent 3.9
5. Waste generated in operations	Emissions generated in the process of transportation and waste treatment from our operations.	Waste generated by material type and disposal method	IDEA v3.1
6. Business travel	Emissions from employee business-related travel	Travel expenses Number of trips by destination Transportation distance	IDEA v3.1 Reference-1
7. Employee commuting	Emissions from employee commuting between home and Shiseido's site	Commuting expenses	IDEA v3.1 Reference-1

8. Upstream leased assets	Not applicable.		
9. Downstream transportation and distribution	Emissions generated in storage and stores	Sales volume Product bottom area	Reference-4
10. Processing of sold products	Not applicable. The products sold do not need to be processed for consumer use		
11. Use of sold products	Emissions from product use, such as rinsing, drying up.	Energy, water, and consumable goods consumed in product use	IDEA v3.1
12. End-of-life treatment of sold products	Emissions generated in decomposition of ingredients, and the process of transportation and waste treatment from products sold	Amount of carbon derived from fossil resources in the molecules that make up the ingredient and packaging components Waste generated by material type	IDEA v3.1
13. Downstream leased assets	Not applicable.		
14. Franchises	Not applicable.		
15. Investments	Emissions from unconsolidated affiliates and stock investees	Scope 1 and scope 2 emissions of unconsolidated affiliates and stock investees Shareholding Ratio	—

Calculation methods of Scope 3 emissions

- 1) Emission factor database for calculating GHG emissions of an organization through its supply chain v3.2
- 2) Germer, J. et al. (2008) Environment, Development and Sustainability, 10, 697-716
- 3) Calculation method and Emission Factors for Reporting of Act on Promotion of Global Warming Countermeasures
- 4) The Chain Store Industry's Vision toward Carbon Neutral by 2050

Climate/Nature-related Financial Disclosure Initiatives

Given the seriousness of the impact of climate change issues on business growth and social sustainability, Shiseido has been disclosing information with reference to TCFD/TNFD and ISSB's frameworks. We conducted qualitative and quantitative analyses of the risks and opportunities associated with the transition to a decarbonized society and changes in the natural environment due to climate change for both the 1.5/2°C and 4°C scenarios, as well as our major actions, over the short, medium, and long term. Regarding the natural environment, we identified quantitative long-term risks in consideration of biodiversity loss and dynamic states of water resources and disclosed them in Shiseido Climate/Nature-related Financial Disclosure Report.

Governance

Shiseido is promoting sustainability initiatives through our brands and regional businesses. Sustainability Committee was set up to ensure timely management decisions related to sustainability efforts and their proper implementation across the Group. In 2023, the committee was held regularly. The committee decides on Group-wide sustainability strategies, policies, and discusses specific topics such as risks and opportunities related to climate change and the natural environment, and actions for human rights, as well as monitors the progress of medium-to-long-term goals. The committee consists of the representative corporate executive officers and executive officers in charge of Corporate Strategy, Research & Development, Supply Network, Corporate Communications, and our Brand Holders, to discuss a range of issues from different perspectives. Important matters in the execution of business, which require approvals are proposed or reported to the Global Strategy Committee or the Board of Directors.

In order to ensure executing and promoting of sustainability actions, a Sustainability TASKFORCE was set up under the Sustainability Committee, consisting of the heads of key relevant functions. At the Sustainability TASKFORCE, practical approaches to achieve our long-term targets are discussed with relevant functions, regional headquarters, and local subsidiaries as necessary.

Strategy (Scenario Analysis)

We conducted our scenario analysis for both the transitional and the physical risks/opportunities in terms of the 1.5/2°C and 4°C scenarios, respectively, based on the Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) provided by the IPCC. Regarding transitional risk, the elements associated with the transition to a decarbonized society — such as policy, regulation, technology, market, and consumer perceptions — were considered. Physical risks related to the acute or chronic phenomena caused by the rise in temperature — such as floods and water shortages — were also considered. Based on these considerations, the financial impacts of the 1.5/2°C and 4°C scenarios were then analyzed.

The influence of carbon tax was identified as the transition risk, with projections pointing toward approximately JPY 0.05-0.87 billion in 2030. For physical risks, JPY 0.89 billion of floods and JPY 3.5 billion of water shortage were forecasted potentially. As for opportunities, in the 1.5/2°C scenario, high awareness by consumers means there is a market for sustainable brands and products. Similarly, the 4°C scenario identifies sales opportunities for products that can help people to live with high temperatures. At Shiseido, we aim to leverage these findings — by mitigating risks and making the most of opportunities to provide sustainable products to consumers and promote our beauty innovations.

Risks and Opportunities

		Risks	Opportunities
Transition (seen mainly in the 1.5/2°C scenario)		- Carbon tax increase ● - Fuel price increase - Loss of sales opportunities for products using single-use plastics ●	- Improve energy efficiency - Develop more ethical products (e.g. clean beauty)
Physical (seen mainly in the 4°C scenario)	Acute	- Natural disasters stop operations (e.g. typhoons, floods) - Natural disasters disrupt logistics	- Develop environment-friendly products - Develop climate-adaptive solutions
	Chronic	- Changes in rainfall conditions impact the cost of procuring raw materials derived from crops ● - Water shortages stop operations ●	

● Risk factor analyzed qualitatively and quantitatively.

For nature-related risks and opportunities, we conduct a quantitative analysis of the impact on biodiversity throughout the value chain by means of a Life Cycle Assessment. This revealed that the impact is great, particularly in raw material procurement. In response, we assumed places of origin of cosmetics raw materials with high dependence on biodiversity in line with the LEAP approach recommended by TNFD. We thus monetized ecosystem services by pollinators, such as honey bees, as physical risk analysis in the aspect of dependencies. At the same time, we analyzed risks on sustainability-related regulations as transitional risks along with climate change issues.

[Click here for Shiseido Climate/Nature-related Financial Disclosure Report.](#)

Risk Management

We assess and identify the impactful risks holistically from a mid-to-long-term perspective. "Environmental (Climate Change, Biodiversity, etc.)" and "Natural Disaster, Infectious Disease and Terrorism" are listed as the categories related to sustainability. Climate-related and biodiversity-related risks are analyzed based on scientific and socioeconomic evidence and integrated into the enterprise risk management system as one of the elements related to climate change or natural disasters. According to their significance, the risks and their countermeasures are deliberated by the Global Risk Management & Compliance Committee and the Global Strategy Committee. The material risks are also proposed or reported to the Board of Directors as necessary.

Metrics and Targets

In order to mitigate the climate-related risks, we set the reduction of CO₂ emissions as our target. We aim to achieve carbon-neutrality*1 by 2026 for Scope 1 and Scope 2 emissions. For CO₂ emissions reduction targets of the overall value chain, our 2030 target, which conforms to the 1.5°C trajectory, was accredited by SBTi*2 as a science based target, and we are working to reduce CO₂ emissions.

With regard to biodiversity, we are replacing paper and palm-derived raw materials, which have a large impact, with certified raw materials.

To reduce Scope 1 and 2 CO₂ emissions, we decided to introduce an internal carbon pricing (ICP) system in 2023 and began to apply it for making decisions on decarbonization investments in energy-efficient facilities, renewable energy facilities, and the similar.*3

*1 : Scope 1 and Scope 2 emissions are the targets. Carbon offsets made by using credits are included.

*2 : SBTi is a global initiative that defines and promotes best practice in science-based target setting and independently assesses companies' targets.

*3 : ICP price as of 2024: USD 130.0/t-CO₂

[Click here for Shiseido Climate/Nature-related Financial Disclosure Report.](#)

Awards Related to Reduction of CO₂ Emissions

CDP A List <Climate Change and Forests>

Shiseido was selected by CDP, an international NPO, as one of the companies in the A List 2023 in recognition of its leadership in transparency and performance in the fields of Climate Change and Forests. We were selected for the second consecutive year in Climate Change and for the first time in Forests. We were included in two A Lists for the first time.

Encouragement Award from Life Cycle Assessment Society of Japan (JLCA)

At the 20th JLCA Awards held in January 2024, Shiseido received the Incentive Award in recognition of its activities for "Climate- and Nature-related Risk Analysis Using LCA: Application to TCFD and TNFD Reports."



Awards ceremony, January 23, 2024

Reducing Water Consumption

It is estimated that humans can use only 0.01% of all water on earth as fresh water resources. The increasing severity of water shortages has been a global concern due to population concentrations, which has been caused by changes to the industrial structure and urbanization progressing rapidly in developing and emerging countries in particular, as well as changes in weather conditions associated with climate change. Damage from climate disasters, such as major typhoons and drought, are also indirect causes of water problems. Sustainable use of water resources is expected to grow more important.

According to long-term projections based on climate and weather, rainfall is forecast to remain stable toward the end of this century in Japan, where our major factories are located. Moreover, the consumption of water resources in the cosmetics industry is lower than in other industry sectors, so we believe that the impact of water shortages will be limited. However, water supports every aspect of our products, including the development of water-containing products such as lotions; the growth of plants as raw materials; temperature control and equipment cleaning at factories; consumption; and waste disposal. As stated in the Shiseido Environmental Policy, we regard an understanding of the water-related environmental impact and sustainable use of water resources as an important environmental issue from the perspective of the value chain, from product development to production and use. We implement initiatives

accordingly. While a lot of water is needed at our factories, such as for motive power facilities, the reuse of water will enable a significant reduction in water consumption. At Shiseido's factories, we have introduced a Discharged Water Recycling System, with which we use some of the discharged wastewater as makeup water for motive power facilities. At factories, where we consume more water than we do at offices and research centers, we constantly monitor not only water intake but also the amount of water discharged, its temperature, and the quality of treated wastewater. We also conduct water environment research of the watersheds where our factories are located. Thus, we are working on water resource management (Water Stewardship*1) with our stakeholders.

*Using water in a way that is socially equitable, environmentally sustainable, and economically beneficial.

Use and Reduction of Consumption of Water Resources in Production Process

Regarding direct use of water resources, we have set reduction of water consumption at our sites as a target and apply various methods to achieve this target. For example, as each Shiseido factory has various facilities and equipment tailored to the kind of cosmetics it produces, we design specific water reduction initiatives for each site. Examples of our water-saving initiatives include using automatic cleaning to ensure the manufacturing equipment is cleaned more effectively and consolidating the washing locations of equipment parts. In addition, we are identifying locations and facilities with high water usage by increasing the number of monitoring points (measurement points) for water usage in our factories. The water usage of all factories is reported monthly, and we have established a system to track progress towards our targets and to develop measures to achieve them.

For instance, at our Kakegawa factory, we analyze data from measurement points and conduct training for environmental representatives in each workplace to identify the areas for water consumption reduction and find solutions. This initiative has raised our employees' awareness regarding water conservation, resulting in the development and execution of effective measures to reduce water consumption.

At our Val de Loire factory in France—an area where rainfall is expected to drop in future—initiatives like reduction of water consumption and redesigning the nozzles on our cleaning facilities successfully reduced the amount of water used per clean by 30%.

At our Shanghai factory in China, we have introduced a system for collecting, storing, and reusing wastewater from production of pure water used for cosmetics production. We reuse the wastewater as cooling water for cooling tower and for various other purposes. As a result of these aggressive reduction activities, in 2023 the overall water consumption at the Shanghai factory decreased by no less than 20% from the previous year. At our Hsinchu factory in Taiwan, we reuse 100% of the wastewater from our water purification systems as cooling water for cooling tower.

To ensure more effective use of water, we focus on circular systems that clean water and reuse or recycle it within the process. We process the used water through water treatment facilities and conduct regular monitoring of the treated water to ensure that the water quality meets the standards established by regulations. At our Kakegawa factory, we launched a Discharged Water Recycling System in 2023. With this system, we recycle some of the discharged wastewater to use it as makeup water for motive power facilities, in an effort to make efficient use of water resources and reduce their consumption. This has enabled cyclic use of wastewater from production process, which was discharged before. Use of this system enables to reuse approx. 12,000 m³ of water every year. It means water reduction equivalent to approximately 15.6% of water consumed at the Kakegawa factory. At our Osaka Ibaraki factory in Japan, we introduced a circular system that utilizes re-used water to cool the manufacturing tanks. This system enables an annual reduction in water consumption of around 65,000 m³. Other new water utilization initiatives include optimizing our pure water manufacturing equipment — as we have done at our Nasu factory in Japan, for example. Pure water manufacturing consumes approximately half of all water used at the factory. Through this initiative, as well as other water recycling schemes, we reduced our annual water consumption by around 72,000 m³, an amount that is approximately one third of the factory's annual water usage.

At our Gien factory in France, we switched from water-based cleaning to alcohol-based cleaning for our fragrance manufacturing equipment and transportation components. The alcohol used is cleaned and reused in the process repeatedly.



Water treatment facilities at Nasu factory (Japan)

Water Stewardship (Initiatives on Water Resources in Communities)

To effectively use water resources, we are engaged in the management of water resources as common property of the water basin, including secondary use in cooperation with communities.

Nasu factory, one of our major factories in Japan, is located in a vast fan-shaped area (Nasunogahara), which was formed through the deposition of a highly permeable gravel layer. Rainwater readily permeates the ground in this area, making it difficult to use surface water (river water). Therefore, at our Nasu factory, we use groundwater pumped up from a water-bearing layer that lies 150 meters below the ground surface. In an area like this, used water is also a valuable resource. We therefore treat it appropriately into wastewater whose quality conforms to our own strict standards, which are tougher than local ordinance standards, before releasing it into local canals. Thus, the water is reused as agricultural water. Reflecting these geographical characteristics of the watershed where the Nasu factory is located, we believe that understanding the water environment in the overall watershed is important for sustainable use of water resources.

Consequently, we are conducting water environment research of the overall Nasunogahara area. We studied groundwater sampled at the factory by combining a hydrological model simulation, in which water flows of the overall Nasunogahara area are reproduced on computer, as well as an onsite survey of the watershed around the factory. Findings of the research show that water discharged from the factory nurtures various living things in the surrounding area as it wets local farmlands and pours into rivers.



Water resources, field investigation:
Professor Oki, professor Yoshida and senior researcher Kiguchi of the University of Tokyo and members from Shiseido.

At our Shanghai factory in China—which is located in a water-stressed* area—we participate in a local environmental protection association and proactively obtain environmental information, such as environmental laws and regulations regarding factory activities. We also report monthly water consumption to the government, which promotes water conservation and is working to improve water utilization rates and strengthen water conservation management. In the area around our Val de Loire factory in France, rainfall volumes are expected to fall in future. Therefore, we regularly share information with other local industries on good water practices to decrease water consumption.

*A situation where there is not enough water of sufficient quantity to meet the demands of people and the environment.

Engaging Stakeholders

As our Water Stewardship initiative, we have been engaging with local governments and relevant organizations from the watershed of Nasunogahara, where Nasu factory is located, based on our scientific understanding of the overall area obtained through our research. We have also had the research findings and direction of our initiatives reviewed by external academic experts. Shiseido aims to build a Water Stewardship in collaboration with its stakeholders, towards a

more comprehensive, sustainable use of water resources, and moreover for protection of biodiversity in watersheds. We ask our suppliers to provide information on their water usage through self-assessment questionnaires such as Sedex and Shiseido SAQ, and strive to ascertain water-related environmental impacts.

Reducing Waste

As population growth continues and income levels rise, resource consumption and waste increase.

To make more effective use — and reuse — of limited resources, it is important that businesses shift from a disposable, linear economic model to a circular economy. At Shiseido, we are doing this by optimizing the use of raw materials and reducing waste throughout our entire value chain, while complying with all relevant waste management rules in the countries and regions where we operate.

Reducing, Reusing and Recycling Waste

At Shiseido, we continuously work to reduce, reuse, and recycle the waste we generate. In 2003, we achieved "zero emissions*1" at our domestic factories in Japan, and we continue our waste separation and recycling activities to this day. We conduct monthly review processes between the headquarters office and each factory to assess the volumes and types of waste generated to work towards reducing waste and enhance recycling efforts. At our domestic factories, we manage waste data based on electronic manifests, allowing real-time monitoring of waste disposal status, ensuring data transparency and strict compliance with regulations. To give a specific example, we use dehydrators and dryers to minimize the amount of sludge generated by our factories during wastewater treatment. In addition, at our Nasu factory, we have changed the delivery method of certain liquid raw materials from the use of drum cans to delivery by tank trucks. We have thus reduced the generation of waste drum cans as a waste reduction initiative. We also reuse shipping boxes, sort waste by material strictly for recycling them, and undertake other activities for reusing and recycling waste. In 2023, we entirely reviewed cardboard boxes, plastic packaging, and other packaging containers used for product transportation, in a project to reduce the outermost packages. We are moving forward with initiatives to minimize the use of resources while ensuring product quality. We also recycle waste plastics, not to mention cardboard boxes and paper used in transportation, into valuable resources. We compress and melt the waste plastics to reduce their volume before recycling them. While our target was to achieve zero waste*2 to landfill from our factories worldwide by 2022, the actions above enabled us to achieve the target in 2020, two years ahead of schedule, and we have maintained zero waste to landfill to the present.

We are also engaging in various initiatives to minimize waste generated outside of our factories and branch offices, including streamlining our product containers and packaging, eliminating package inserts, and switching to cardboard boxes with lighter weight. Moreover, we also work to limit product waste by minimizing excess inventory through improved precision in demand forecasts and shorter lead times in production and procurement.

*1 : "zero emissions" is a concept defined by UN university in Japan. Recycled waste: 99.5% or higher (excluding waste designated as landfill by law)

*2 : Excluding waste designated as landfill by law. In 2023, we maintained the target of "zero waste to landfill" across all Shiseido owned factories.

Employee Education

All our waste reduction initiatives are driven by our PEOPLE. Therefore, we arrange online seminars and training sessions for newly appointed managers and employees in charge of industrial waste in Japan. When we outsource the disposal of waste from our factory or office to a waste disposal contractor, we make sure to assess the contractor, ensure that industrial waste is disposed of appropriately, ensure that a manifest is delivered, and inform the importance of onsite confirmation to the contractor. Following the seminars and training sessions, each participant should be able to identify how to effectively manage waste with the help of our internal guidelines and checklists.



Shiseido Climate/Nature-Related Financial Disclosure Report
June 28, 2024

Background

“Give a human face to the global market.”

The philosophy of the ESG investment called for by then UN Secretary-General Kofi Annan in his 1999 speech at the Davos Forum is changing the values of the global economy. Nonfinancial information is now being used to judge a company's future value, as well as financial information by investors, and companies are increasingly required to transparently disclose their goals and performance in sustainability-related initiatives, including climate change. The TCFD¹⁻³⁾ and the TNFD⁴⁾ have demonstrated to corporate managers the importance of considering and addressing climate change and biodiversity issues as one of the business priority issues by providing a simple framework, including *governance*, *strategy*, *risk management*, and *metrics and targets*. The International Sustainability Standards Board (ISSB) of the IFRS Foundation published IFRS S1 (General Sustainability Disclosure Requirements) and IFRS S2 (Climate-related Disclosures) in 2023, building upon the recommendations of the TCFD. The importance of non-financial information disclosure is increasingly being recognized.

In the *Global Risks Report 2024*⁵⁾, the World Economic Forum warned that extreme weather events, critical change to earth systems, biodiversity loss and ecosystem collapse, and natural resource shortages are the greatest long-term risk factors to the global economy. It is important to accurately analyze climate-related or nature-related risks and opportunities and to respond to those issues in advance in order to ensure sustainable business growth considering the recent severe damage caused by disasters.

For example, many cosmetic raw materials are made from agricultural products, such as oil palms. Stable climate conditions, including rain and temperatures, are essential for continuous business growth. If the weather conditions change because of climate change, it will cause water shortages and serious disasters, which will have significant impacts

on society, as well as our value chain, including procurement, production, logistics, and sales activities. Therefore, we disclosed the science-based target along the 1.5° C trajectory in addition to analyzing sustainability-related risks and opportunities to mitigate climate change and its risks. We also committed to accelerating and to analyzing climate-related risks and opportunities and integrating them into company-wide actions. Furthermore, we will switch to RSPO-certified raw materials by 2026 for all cosmetic raw materials derived from oil palms in order to minimize supply chain risks and biodiversity loss as much as possible.

In this report, we present the results of our analysis of the climate-related and the nature-related risks and opportunities based on scientific and statistical evidence as comprehensively as possible in line with the TCFD framework of *governance*, *strategy*, *risk management*, and *metrics and targets*.

The analysis of global environmental issues, such as climate change, assumes a much longer time scale than that of normal business planning and risk management, and it is impossible to forecast all the various changes in society and markets that may occur as a result of environmental issues. Hence, the results contain a great deal of uncertainty and indeterminacy.

Governance

At Shiseido, we work to promote sustainability across the entire company, including our brands and regional businesses. Sustainability Committee meetings are held regularly to ensure timely management decisions related to sustainability efforts and their proper implementation across the Group, the committee was held regularly in 2023. The committee decides on Group-wide sustainability strategies, policies, and discusses specific topics such as disclosure contents of TCFD/TNFD and actions for human rights, as well as monitors the progress of medium-to-long-term goals. The committee consists of the Group COO and executive officers in charge of R&D, Supply Network, Corporate Communications,

and our brands, as well as other executive officers from different fields to ensure discussions of a range of issues from different perspectives. In case of requiring decisions on important matters in the execution of business, it is proposed or reported to the Global Strategy Committee or the Board of Directors. In addition, the Chief Operating Officer, who is the chair of the Sustainability Committee, receives regular updates on the latest information from the Sustainability Strategy Acceleration Department to

ensure that the appropriate skills and competencies are secured to oversee the strategy.

In order to ensure executing and promoting sustainability actions, a Sustainability TASKFORCE has been set up under the Sustainability Committee, consisting of the heads of key relevant departments. At the TASKFOECE, practical approaches to achieve our long term target are discussed with relevant departments, regional headquarters, and local subsidiaries as necessary.

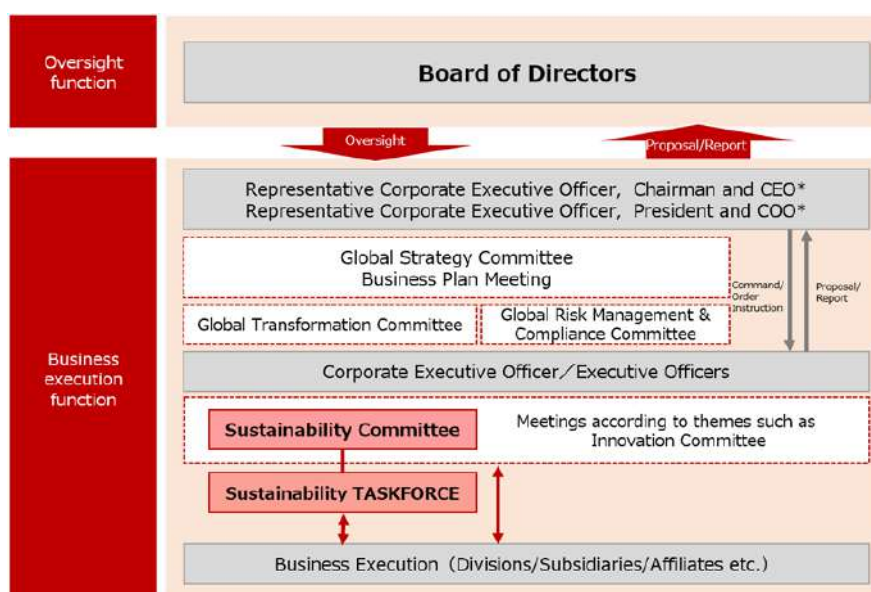


Figure 1: Governance structure of Shiseido

The Company regards the remuneration policy for Directors and Corporate Executive Officers as an important matter for corporate governance. Based on the above basic philosophy, the Compensation Committee has resolved its policy on decisions regarding remuneration of individual Directors and Corporate Executive Officers. Regarding evaluation indicators for the long-term incentive-type remuneration in fiscal year 2024, as an indicator for economic value of corporate value, the Company has set the compound average growth rate (CAGR) of consolidated net sales from fiscal year 2023 to fiscal year 2026 and the consolidated core operating profit margin for fiscal year 2026. Furthermore, the Company has adopted the multiple internal and

external indicators pertaining to the environment, society and corporate governance (ESG) as benchmarks on creation of social value to ensure the structure to support the increase of the corporate value in terms of both economic value and social value.

Strategy

1. What is Risk?

ISO 31000 defines risk as the “effect of uncertainty on objectives,” and the magnitude of a risk is determined by the balance between the likelihood of its occurrence and its potential outcome (its hazard). For example, in the assessment of flood risk discussed later, the potential damage in the event of a flood represents the potential result of the event, while the

probability of the flood occurring now or in the future is the probability of occurrence. When analyzing risks related to nature and the climate, it is necessary to predict how the severity of events such as the scale of floods and the recurrence interval or probability of occurrence of major floods may change due to rising temperatures and the loss of biodiversity, and it is necessary to assess the damage resulting from these changes. Therefore, it is crucial that we understand the relationship between climate change and biodiversity loss, and specific risk factors such as floods and water scarcity.

However, it is important to note that floods and water shortages were occurring around the world even before the industrial revolution, before anthropomorphic climate change began, and to note that we cannot eliminate these risks even if we are able to eliminate the effects of climate change. Naturally, not all future anticipated risks are due to climate change.

The IPCC's Sixth Assessment Report presents global predictions regarding floods, heatwaves and changes in meteorological conditions in line with multiple climate scenarios, ranging from Representative Concentration Pathway (RCP) 1.9/Shared Socioeconomic Pathways (SSP) 1 to RCP 8.5/SSP5. Regarding biodiversity, a challenge that is faced is that there is no clear relationship between the extent of the loss of biodiversity and individual social and economic activities, and it is difficult to establish convincing scenarios that state changes in probability. Furthermore, it is currently challenging to assess the risk mitigation effects of the introduction of organisms to an area or the relocation of areas of economic activity to replace the ecosystem services previously provided by diverse biological resources. Therefore, this report uses the results of the hazard assessments in the extreme scenarios as a substitute for biodiversity risk assessments while looking forward to the emergence of science-based universally applicable future prediction scenarios.

2. Hot spot impact analysis

To gain a comprehensive and quantitative understanding of the magnitude of business activities' impact on the environment, climate and nature, a LIME 3⁷⁻¹⁵⁾ organizational life cycle assessment (LCA) was carried out based on data about the Shiseido Group's activities in 2023, including information about their direct activities and activities upstream and downstream in the value chain. LIME 3 includes damage factors for each country and region where a company may have an impact on the environment. However, regarding cosmetic ingredients derived from processed agricultural products, such as fatty acids and surfactants, the land transformation and occupation associated with agriculture and the water resource consumption do not align with the procurement regions but occur in activities that are upstream in the supply chain. Therefore, based on the results of supplier interviews, FAOSTAT¹⁶⁾ (agricultural statistics), and the market prices of crops, we have mapped the main agricultural products that are the raw materials for the procured ingredients by production country or region in 2023. We have calculated the area of land transformed, land occupied, and water resources consumed in association with agricultural production. By supplementing the elementary flow with this data in our LCA analysis, we have attempted to clarify the environmental impact of upstream activities in the supply chain taking regional characteristics into account. To avoid underestimation, we have not deducted the inventory of the corresponding elementary flows from the life cycle inventory data applied for the raw materials derived from the crops. Regarding the analysis conditions, considering the reality that GHG emissions have not been reduced in developing countries, the SSP2/RCP4.5 scenario was used, and a 1% discount rate for future damage has been used.

LIME 3, which uses mammals, birds, amphibians, reptiles, fish, and vascular plants as model organisms, uses the expected increase in the

number of extinct species per 1000 species per 1000 years to assess the endpoint impact of biodiversity loss.

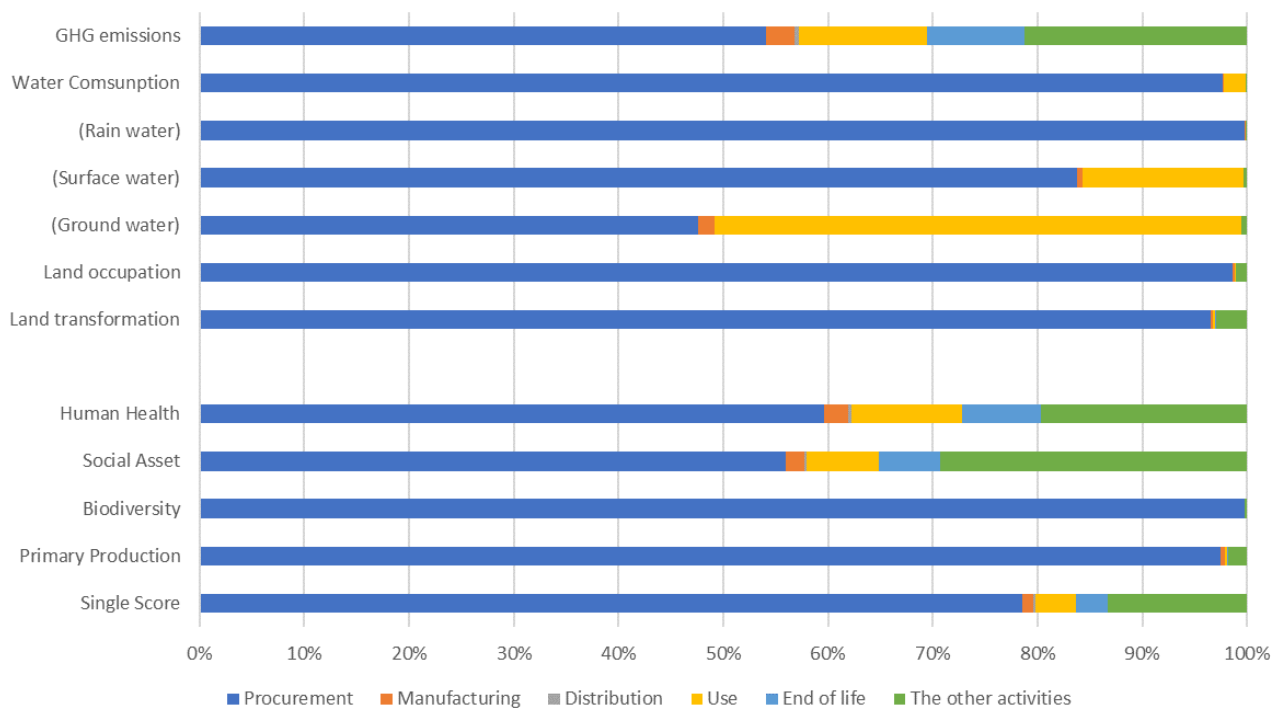


Figure 2: Environmental impacts of Shiseido's activities indicated by the LIME3

The LCA results indicated that the hotspot for biodiversity impact is in the procurement stage, and that most of the impact is due to land transformation associated with the cultivation of material crops, such as oilseeds and grains used in raw material production. It suggests the importance of collecting and analyzing more detailed information regarding the impact of agriculture in raw materials procurement to understand the impact of biodiversity loss. As a result of the integrated analysis using the G20's population-weighted average willingness-to-pay, the costs externalized due to the environmental impact of our business activities during one year were estimated to be about 30 billion yen, converted at 135 yen to the US dollar. Of this, 8.4 billion yen was external costs related to GHG emissions and 470 million yen was related to water resource consumption. Endpoint damage to human health was evaluated to be 4.4 billion yen. The endpoint damage to biodiversity was 3.2 billion yen, the damage to social assets was 9.8 billion yen and the damage regarding the inhibition of

primary production was 12.6 billion yen. The integrated indicators provided by LIME 3 can be interpreted as the financial impact of the impact aspect that is a required disclosure under the TNFD recommendations, as it represents the implicit societal agreement to avoid the damage caused by our environmental impact. Furthermore, the ability to identify the magnitude of the impact in terms of endpoint damage, including biodiversity loss, by factor can also be considered to be an advantage of LCA.

3. Screening of factors related to risks and opportunities

In considering factors related to climate change, we conducted a scenario analysis for both the transitional and the physical risks and opportunities in terms of the 1.5/2° C and 4° C scenarios, respectively, based on the RCPs and SSPs. A variety of factors and relationships among them are assumed to contribute to climate-related risks and

opportunities.

Table 1: Key risk factors reported by IPCC and Shiseido's activity area

Area	Key Risk	Procurement	Manufacturing	Distribution
Europe	(1) Coastal and inland flooding (2) Increasing temperatures and heat extremes (3) Ecosystem disruptions (4) Water scarcity (5) Losses in crop production	✓	✓	✓
North America	(1) Mental health and mortality (2) Increasing temperatures and heat extremes (3) Ecosystem disruptions (4) Water scarcity and quality (5) Losses in crop production (6) Sea level rising	✓	✓	✓
Central and South America	(1) Water scarcity (2) Infectious diseases (3) Coral ecosystem disruptions (4) Food security (5) Floods (6) Sea level rising	✓		✓
Asia	(1) Human health (2) Floods (3) Ecosystem disruptions (4) Sea level rising (5) Water scarcity (6) Food security	✓	✓	✓
Australasia	(1) Ecosystem disruptions in ocean or alpine area (2) Sea level rising (3) Losses in crop production (4) Increasing temperatures (5) Wildfire	✓		✓
Africa	(1) Ecosystem disruptions (2) Food security (3) Human mortality (Heat and infections) (4) Economic growth and poverty (5) Water scarcity	✓		

Regarding transitional risk, the elements associated with the transition to a decarbonized society, such as the policy, regulation, technology, market, and consumer perceptions were considered. Since factors that pose climate-related risks and opportunities are influenced by a variety of events and relationships, we comprehensively identified key

physical risk factors based on the IPCC *Sixth Assessment Report* and the Shiseido Group's areas of activity.

In the following sections, the results of the qualitative and quantitative analysis of financial impacts as of 2030 are described. The analysis was conducted based on scientific and statistical data by

selecting items with significant impacts from among the individual risk and opportunity factors presented in the IPCC *Sixth Assessment Report*, considering the sustainability and uncertainty of the business and assets, and the lifetime of the business and facilities.

4. Carbon tax

The financial impact of a carbon pricing scheme is a concern in the transition to a decarbonized society. Various carbon pricing schemes are being discussed, including a carbon tax, a border carbon tax on the movement of goods from countries and regions with weak carbon regulations to those with strong carbon regulations, Cap & Trade, and an emissions trading system.

Currently, carbon tax prices are set at US\$20–140 per ton of GHG emissions in European countries¹⁷⁾. Since the carbon tax is used to secure the budget for implementing mitigation, adaptation measures, and compensation for climate disasters, the carbon tax price is expected to be determined based on the social cost of carbon in the near future. The International Energy Agency (IEA) has projected a carbon price of US\$120 in the Announced Pledges Scenario to US\$130 in the Net Zero Emissions by 2050 Scenario per ton of GHG emissions in 2030, which includes the cost of implementing climate-related policies. With France and Iceland announcing carbon taxes of €100 and CA\$170 in 2030, the trend toward higher carbon tax prices is likely to continue.

In recent years, a series of studies on the social cost of carbon have been published, and some reports suggest the appropriate future carbon price at \$500–1,500^{18,19)}. As the carbon tax becomes more expensive, the transaction price in the ETS market is expected to follow the carbon tax price. With this current situation regarding carbon pricing as background, we analyzed the financial burden of the carbon tax in 2025 as a short-term impact, adopting the current level in France, where we have a factory, and the annual burden as of 2030 using the IEA AP and NZE scenarios for the medium- to long-term impact. Based

on the projections for GHG emissions of Scope 1 and Scope 2, we considered the financial impact of the border carbon tax as well, according to the following formula with the assumption that a border carbon tax with the same level is introduced in Europe in 2030 or in all countries and regions where our factories are located.

$$\text{Carbon tax impact} = \text{GHG}_{\text{in}} * \text{CT}_{\text{in}} + \text{GHG}_{\text{out}} * \text{CT}_{\text{out}} + \text{GHG}_{\text{out}} * (\text{CT}_{\text{in}} - \text{CT}_{\text{out}}) * S_{\text{in}} / (S_{\text{in}} + S_{\text{out}})$$

GHG_{in}: GHG emissions in countries and regions with a border carbon tax

GHG_{out}: GHG emissions in countries and regions without a border carbon tax

CT_{in}: Carbon tax price in countries and regions with a border carbon tax

CT_{out}: Carbon tax price in countries and regions without a border carbon tax

S_{in}: Sales volume to countries and regions with a border carbon tax

S_{out}: Sales volume to countries and regions without a border carbon tax

Table 2: Projected financial impact from carbon tax

	Period	Tax price	Region	Impact
1	2025	\$52	France	¥12 mil.
2	2030	\$130	EU	¥53 mil.
3	2030	\$130	All	¥0.87 bil.
4	2030	\$130	All	¥2.2 bil.

As a result, it was estimated that the financial impact over the short term would be small (Scenario 1). However, for the medium to long term, if a carbon tax is introduced only within the EU, the annual impact would be approximately 53 million yen in 2030 (Scenario 2), and if the same level was applied globally, the annual impact would be approximately 0.87 billion yen per year (Scenario 3). If the level of

renewable energy deployment in 2030 were to remain at the same level as in 2020, the annual carbon tax burden would be approximately 2.2 billion yen (Scenario 4).

At COP27, it was agreed to establish a fund to compensate for losses and damages caused by climate change. According to the *Sharm el-Sheikh Implementation Plan*²⁰⁾, it is reported that US\$5.8 trillion to US\$5.9 trillion will be needed until 2030 to support such developing countries. Assuming that these losses and damages will be financed by a carbon tax in the future, we estimate that the annual burden would be approximately 250 million yen to 840 million yen under the 1.5° C scenario and 360 million yen to 1.2 billion yen under the 4° C scenario even if we had reduced our Scope 1 and Scope 2 GHG emissions by 95% in 2050.

The carbon tax would affect procurement costs. If only GHG emissions at Tier 1 suppliers were subject to a carbon tax, additional costs would be incurred for raw material procurement in proportion to the ratio of GHG emissions from electricity and fuel consumption of GHG emissions from raw material procurement, but in practice, it should be assumed that electricity and fuel consumption, especially at upstream suppliers located in countries and regions that have introduced carbon taxes, would also be considered. The share of GHG emissions that would be subject to a carbon tax if all upstream suppliers were covered is calculated as the sum of the following infinite sequence of numbers.

$$\text{Carbon tax coverage} = \sum_{n=1}^{\infty} \{(1-x)^{n-1} * x\}$$

x : Ratio of GHG emissions from electricity and fuel consumption of GHG emissions from raw material procurement

For $0 < x < 1$, this infinite series converges to 1. If a carbon tax were introduced globally, a carbon tax would be imposed on all GHG emissions from raw material procurement, but discussions at the

Conference of the Parties to the United Nations Framework Convention on Climate Change often call for restrictions only on developed countries. Therefore, we calculated the impact of the carbon tax on raw material procurement costs under the IEA NZE scenario with a conservative approach, assuming that up to the tier 3 suppliers operate in countries and regions subject to the tax. The share of GHG emissions from procurement of cosmetic raw materials and packaging materials, which are emitted through electricity and fuel consumption at suppliers, was estimated based on our raw material procurement results using an analysis based on IDEA, a life cycle inventory database.

$$\begin{aligned} \text{Carbon tax impact} = & \left(\sum_{n=1}^3 \{(1-x_m)^{n-1} * x_m\} * \text{GHG}_{\text{C1m}} \right. \\ & \left. + \sum_{n=1}^3 \{(1-x_p)^{n-1} * x_p\} * \text{GHG}_{\text{C1p}} \right) * \text{CT} \end{aligned}$$

x_m : Ratio of GHG emissions from electricity and fuel consumption of GHG emissions from cosmetic raw material procurement

x_p : Ratio of GHG emissions from electricity and fuel consumption of GHG emissions from packaging material procurement

GHG_{C1m} : GHG emissions from cosmetic raw material procurement

GHG_{C1p} : GHG emissions from packaging material procurement

CT: Carbon tax price

As a result, an additional burden of approximately 3.5 billion yen per year was expected, suggesting the importance of working with direct and indirect suppliers to decarbonize the supply chain.

5. Floods

The impact of large-scale floods due to the temperature increase was evaluated. For the flood frequency in future, we used the return period of large-scale floods in the RCP2.6, RCP4.5, RCP6.0 and the RCP8.5 scenario reported by Hirabayashi *et*

al.²¹⁾ As for the current frequency, we adopted the average number of floods per unit area by country and region for the decade from 2000 to 2019 based on the *Emergency Events Database* ²²⁾ published by the Universite Catholique de Louvain. The inverse of the number of return period in 2100 is taken as the probability of flooding per year. The sum of the probability of flood occurrence at present and one third of the difference between the current probability and the probability in 2100 was adopted as the probability of flooding in 2030.

The amount of damage was calculated for all domestic and overseas factories. Assuming that 50% of the facilities are to be replaced at the factories located in areas where flooding is predicted to be greater than 50 cm, according to hazard maps published by local governments and other sources, the financial impact was the total amount of loss if shipments were suspended with the assumption that production activities at the affected factories would be halted for one month. And for the factories whose hazard maps predicted inundation of 50 cm or less, the financial impact was calculated as the impact of a three-day suspension of production activities due to disruption of surrounding logistics and difficulty in commuting for employees, assuming no damage to facilities caused by the inundation.

The reported data are evaluated at a spatial resolution of 0.25 degrees in latitude and longitude. Therefore, the results may differ significantly due to slight differences in location information. For this reason, we calculated the average score for each river basin and used them in this analysis. An impact assessment was conducted for all factories, and the total was calculated as the impact of the flooding on the Shiseido Group as a whole.

$$f(F_{2030}) = FR_0 * FF_{2030} * (S + C)$$

$$\text{Flood impact} = \sum f(F_{2030})$$

FR₀: Initial value of flood risk

FF₂₀₃₀: Probability of large-scale flooding in 2030

S: Hypothetical sales amount suspended by flooding
C: Value of facility of the target factory

As a result, the potential impact of flooding in 2030 under the RCP8.5 (4 ° C scenario) was estimated to be about 870 million yen per year of which 150 million yen is attributable to climate change under the RCP 8.5. Especially in Japan, where factories are concentrated, the impact of flooding is expected to increase toward the end of this century; therefore, the importance of taking such measures as developing a business continuity plan and predicting flooding from a long-term perspective was pointed out. Regarding the super long-term impacts, the effects of climate change are predicted to significantly increase, with the potential risk in 2100 estimated to be several times higher than in 2030. However, there is considerable uncertainty in all aspects of the business environment, including socioeconomic and technological aspects, in addition to the environmental situation, so the value of the results as a realistic prediction of risk is limited.

Such extreme weather events have a significant impact not only on shipping from our factories but also on logistics. Therefore, we started to investigate the flood risk of important distribution centers. First, we carried out an analysis based on the same methodology for our distribution centers in Japan and confirmed that the flood risk was low according to the hazard maps published by the local governments. In some countries and regions other than Japan, as detailed hazard maps are not provided by local governments, a detailed method of analysis based on topographical and other information is under consideration for overseas factories and distribution centers.

6. Drought and water shortage

Shiseido has 11 factories in Japan, France, the United States, China, and Taiwan that use approximately 0.88 million m³ of water resources annually.

The baseline water stress indicators are generally used to assess the scarcity of water resources and physical risks related to water, but various problems have been identified. The baseline water stress indicators are based on the ratio of the amount of water used to the amount of water available, regardless of the size of the river, and do not consider the amount of water required by the aquatic ecosystem. We evaluated the water environment of the watershed where the factory is located using the AWARE (Available Water Remaining per area in a watershed)²³⁾ characterization factors which were developed with the support of the UNEP/SETAC Life Cycle Initiative to address these issues regarding the baseline water stress indicator. AWARE indicates the relative amount of water available after meeting the needs of aquatic ecosystems and society. An AWARE of 1 signifies the global average for terrestrial areas, and it was determined that our Beijing factory in China is located in a region where water scarcity is greater than the global average.

Table 3: Water usage at factories in 2023

AWARE	Country and region	Withdrawal (m ³)
1<	Japan France US Taiwan China (Shanghai)	641,105
≥ 1	China (Beijin)	24,199

On the other hand, even if water resources are abundant at present, rainfall in some areas is expected to decrease in the future due to climate change. In this section, the result of the analysis of how access to freshwater resources may change because of reduced rainfall associated with climate change and demographics and how the operations of production factories may be affected by these changes will be described.

According to the report *Current Status of Water*

*Resources in Japan*²⁴⁾ published by the Ministry of Land, Infrastructure, Transport and Tourism, a survey of approximately 170 sites throughout Japan showed that water supply restrictions were implemented 590 times during the 30 years from 1991 to 2020 due to drought. Long-term water supply restrictions were imposed 40 times for 2,865 days. This means that per year, water supply restrictions are in place for 96 days. Short-term water supply restrictions are in place for 128 days per year based on the assumption of 7 days for each short-term restriction. When assuming that the percentage of factory production capacity lost due to short-term and long-term water supply restrictions is 10% and 100%, respectively, the potential drought risk for factories in Japan today can be set at 0.041% of production capacity lost. For the factories located in countries and regions other than Japan, the initial value of the drought risk in Japan was used as the standard value, and the value weighted by the Water Unavailability Factor (f_{wua})²⁵⁾ for surface water was adopted as the initial risk. The f_{wua} is a characterization factor that weights the scarcity of water resources by the size of the land area required to collect 1 m³ of rainwater, surface water, and groundwater, respectively.

Rainfall projections were based on the relative precipitation change from 2011 to 2040 under the RCP2.6, 4.5, 6.0, and 8.5 scenario, reported by Hanasaki *et al.*²⁶⁾ The reported data are evaluated at a spatial resolution of 0.5 degrees in latitude and longitude. Therefore, the results might differ significantly due to slight differences in location information. For this reason, we calculated the average score for each river basin and used them in this analysis. The amount of damage was calculated based on the assumption that factory operations would be suspended depending on the severity of the water shortage. In addition, the demographic change of the country or region where the factory was located was adopted as one of the explanatory variables based on the medium scenario of the United Nations demographic projections²⁷⁾ because access to water

resources is also affected by the population. The effect of demographic change is weighted 1/9 compared to the effect of precipitation change.

The financial impact due to suspended factory operation was calculated for all domestic and overseas factories by the risk function with a sinusoidal curve in response to the risk factors of rainfall reduction or population increase between the thresholds where the impact becomes apparent and where the impact is maximized because the effect of the fluctuation and the buffer effect of water storage infrastructure should be taken into consideration.

The reciprocal of the standard deviation σ_N of the rainfall variability from the average rainfall in the years without long-term water supply restrictions over the past 30 years was used as the threshold at which the impact begins to become apparent. The standard deviation σ_L of the rainfall variability from the average rainfall in the year when long-term water supply restrictions were implemented is taken, and the threshold at which the impact is maximized is the amount of rainfall that decreases by an amount equivalent to $3\sigma_L$. The following formula was used to model the relative change in drought risk to initial risk, and the amount of damage caused by the suspension of manufacturing operations for each domestic and overseas factory was evaluated as the financial impact. And the sum of these was calculated as the impact of water shortages for the entire Shiseido Group.

$$f(P) = (\sin((T_{Pmin} - P)/(T_{Pmin} - T_{Pmax}) * \pi - \pi/2) + 1)/2$$

$$f(D) = (\sin((T_{Dmin} - D)/(T_{Dmin} - T_{Dmax}) * \pi - \pi/2) + 1)/2$$

$$\text{Drought impact} = \sum \{R_0 * (0.9 * f(P) + 0.1 * f(D))\} * S$$

P: Relative change in rainfall from 2011 to 2040

D: Population growth rate from 2011 to 2040

R_0 : Initial risk magnitude

TP_{min} : Threshold for the rate of rainfall decrease at which impacts begin to become apparent

TP_{max} : Threshold of the rate of rainfall decrease at which the impact is maximized

TD_{min} : Threshold for the rate of population growth at which the impact begins to become apparent

TD_{max} : Threshold of population growth rate at which the impact is maximized

S: Sales of products shipped from the target factory

As a result, the potential financial impact of water shortages in 2030 under the RCP8.5 (4° C scenario) was projected to be about 3.2 billion yen of which the risk was assessed to be about 10 million yen less due to climate change. This is because the competition for water resources in Japan, the center of production, is expected to ease as rainfall tends to increase toward the end of the century and the population is expected to decline. On the other hand, the potential risks in China, which is currently experiencing high water stress, and in Europe, where rainfall is expected to continue to decline toward the end of the century, were rated as high, and attention should be paid to water risk management, especially in these regions. In order to manage water risk from a long-term perspective, we selected “water consumption at our business sites per net sales” as the metric and set the target as a reduction by 40% per unit of sales by 2026. We will work to mitigate the risk and reduce the impact on the watershed environment by reducing water consumption through the introduction of water-saving and reclaimed water facilities, especially at factories that use a lot of water. Regarding the super long-term impacts, it is predicted that the effects of climate change will significantly increase, the same as for flooding, with the potential risk in 2100 estimated to be double the risk in 2030. However, there is considerable uncertainty in all aspects of the business environment, including socioeconomic and technology aspects, in addition to the environmental situation, so the value of the results as a realistic prediction of risk is limited.

We have begun the pioneering water stewardship initiative of surveying the overall water environment of the Nasu-no-gahara area where the Nasu factory is located. In the 2023 survey, we conducted on-site investigations of the surrounding rivers and computer simulations of the flow of surface water and

groundwater in the Nasu-no-gahara area based on geological and statistical information. It revealed that the Nasu-no-gahara area is a fan-shaped area composed of sand and gravel with high water permeability where most precipitation infiltrates the ground, making it difficult to obtain surface water. Historically, this geological feature made agriculture difficult until the establishment of modern water infrastructure. It was also found that the amount of groundwater drawn by the factory is about 0.02% of the total groundwater in the watershed and the factory's wastewater is about 1% of the agricultural water flow up to where it merges with the Sabi River.

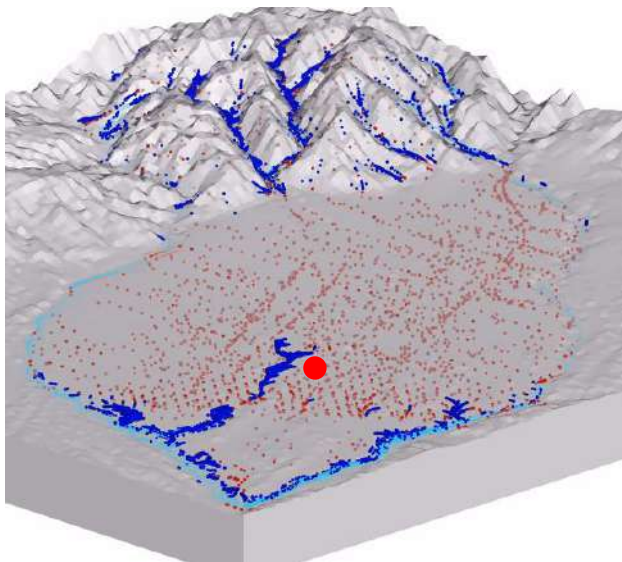


Figure 3: Flow of surface and ground water in the Nasu-no-gahara area

●ground water ●surface water ● Nasu Factory

Since the Nasu factory discharges wastewater into local channel, the water used in the production process is treated using a four-stage water purification system including chemical and biological treatment. Additionally, as a precaution, water is retained in a tank before discharge to evaluate water quality. If the water does not meet our own water quality standards that are several times stricter than the public standards, the purification process is performed again, but it has never been necessary to do this since the plant began operating in 2019.

In addition to water saving and wastewater quality management, Shiseido will continue to make efforts to understand the input and output of water resources in the entire basin through a detailed on-site survey and share this information with other stakeholders such as local governments and farmers to improve sustainable water stewardship.

7. Impacts on procurement

Many of the cosmetic raw materials purchased by Shiseido are made from plants. The precipitation change due to climate change also affects raw material production derived from agricultural harvests. Based on our actual raw material procurement results in 2021, we analyzed how much and in which regions water resources were used to grow raw material crops on the basis of water footprint methodology²⁸⁾. The sustainability of water consumption was analyzed by the precipitation change until 2100 and the demographic projections for each country and region used in the previous chapter.

As a result, we identified the material crops and locations whose cultivation would be significantly affected by climate change. These crops may make procurement impossible along with significant increases in costs. We will implement measures to avoid or mitigate the risk by changing the materials and diversifying the production areas for the material crops that might be severely affected.

Second, we analyzed the increase in procurement costs for palm oil and palm kernel oil, which are the most commonly used oilseed crops for cosmetic raw materials, because of the instability of agricultural production. First, we identified the raw materials containing ingredients derived from palm oil and palm kernel oil, such as glycerin and fatty acids, based on the actual procurement of raw materials in 2019, and calculated the total usage of palm oil and palm kernel oil. Then, we estimated the usage of palm oil and palm kernel oil for raw material production in 2030 based on our business growth scenario. Next, a regression analysis was conducted based on the

monthly market transaction prices of palm oil and palm kernel oil over the past 25 years (1997–2021) to determine the average price increase, the standard deviation of the ratio of price fluctuations to the average price, and the frequency of prices exceeding the average. Based on the price trends, we forecasted the average price of palm oil and palm kernel oil in 2030 and calculated the potential price increase due to production instability caused by climate change by assuming a contribution of 0.5 from extreme weather events to the frequency of price upswings. The rate of increase in the frequency of once-every-10-year hot temperatures over land, heavy precipitation, and droughts as reported in the IPCC *6th Assessment Report* was applied to project the increase in the frequency of production destabilization. The IPCC report shows the frequency of extreme weather events in 2100. Therefore, the frequency of extreme weather events in 2030 was set for the 1.5/2° C (RCP 1.9, RCP 2.6) and 4° C temperature increases (RCP 8.5) based on the assumption of a linear increase in frequency from 2020 to 2100. We calculated the potential price increase of palm oil and palm kernel oil due to climate change by multiplying the average price, estimated procurement volume in 2030, standard deviation of the price fluctuation rate, and the frequency of extreme weather events.

$$\text{Procurement impact} = A_{2030} * P_{2030\text{AVE}} * \sigma * R_{\text{AW}}$$

A_{2030} : Expected procurement amount in 2030

$P_{2030\text{AVE}}$: Expected average price in 2030

σ : Standard deviation of the percentage change in price relative to the moving average

R_{AW} : Percentage of price upswing by extreme weather events

As a result, we estimated that the potential cost increase as of 2030 would be about 140 million yen per year due to climate impacts under the 1.5/2° C scenario and about 290 million yen under the 4° C scenario. In addition to promoting the procurement

of sustainable palm oil, with regard to material crops other than oil palm, we should also be aware of the possibility that material demand might lead to higher procurement costs in the future, as well as the possibility that procurement itself might become impossible because of climate change. We will continue to analyze the financial impact and implement measures to avoid or mitigate risks, such as changing materials and diversifying production areas.

8. Geopolitical risks

In 2021, while Asian countries and regions were accelerating the phase out of coal, coupled with the economic stagnation caused by the Covid-19 pandemic, fuel shortages became apparent in Europe. The global shortage of the natural gas supply rapidly increased fuel dependence on some natural gas producing countries and regions, and this became one of the factors that triggered the military invasion. At first glance, international military conflicts and decarbonization may seem unrelated, but decarbonization is closely linked to energy security. The global expansion of renewable energy will promote local energy production for local consumption and be able to stabilize the energy supply for the long term. But in the short term, it may destabilize the balance between international energy supply and demand and result in serious financial impacts. In addition, the civil war that broke out in the Middle East region in 2011 made the acceptance of refugees a major social issue in Europe. A severe drought that lasted for several years devastated agricultural production in rural areas, and the influx of many people into urban areas is said to have been one of the causes of this civil war. A climate model analysis suggests that this drought was caused by climate change²⁹⁾. The breakdown of risks related to such conflicts and civil wars can include the following items:

(1) Opportunity losses resulting from the suspension

of production and sales activities in the countries involved in the conflict

- (2) Increased procurement costs due to shortages in the supply of raw materials and energy produced in the countries involved in the conflict
- (3) Decrease in sales in other countries due to stagnation of the global economy

The potential financial impact of international conflict is expected to be significant compared to other transition and physical risks. We should consider geopolitical instability and destabilization of the energy supply-demand balance as new climate-related risks, and we should also recognize that analyzing the magnitude of the potential impact and developing countermeasures are also important issues to be addressed in the future.

9. Increased sales opportunities related to climate change

In a 4° C scenario with a significant increase in temperatures, sales opportunities for products used in the summer will expand. Shiseido has elucidated the mechanism by which cool-touch ingredients, such as menthol, influence more effectively and continuously through research in the structure of the cell surface³⁰⁾. Cool-touch products based on these findings and technologies are expected to expand the opportunities not only in Japan and Asia but also in Europe where heat waves have caused significant damage in recent years.

Furthermore, the Japan Agency for Marine-Earth Science and Technology (JAMSTEC) announced that the amount of UV radiation reaching the ground surface in the mid-latitudes of the Northern Hemisphere is expected to increase toward the end of this century due to the various environmental factors, including climate change³¹⁾. The mid-latitudes of the Northern Hemisphere have many large cities with concentrated populations, such as Tokyo and Beijing. The increase in UV radiation is expected to lead to opportunities for the sale of sunscreen products or

skincare products that treat skin damaged by UV rays.

In addition to these expectations, we are attempting to identify temperature-dependent consumption and consumer behaviors by a regression analysis of the relationship between temperatures and cosmetics sales performance in Japan over the past five years (2017–2021). Analyzing the relationship between weather, climate, and business is one of the key objectives of climate risk and opportunity analysis because it can lead to the acquisition of new business opportunities.

10. Risks and opportunities related to nature and biodiversity

Biodiversity and ecosystem issues are the aggregation of a myriad of problems at the local level that form a global problem, which are much different from the GHG emissions considered to have a uniform effect on change in radiative forcing. While there are many reports on the effects of economic activities and climate change on biodiversity, there are very few examples of quantitative and macroeconomic correlations between the effects of biodiversity loss on society and the economic activities of the cosmetic or personal care business sector because the conditions of biodiversity loss and the magnitude of the effects may vary depending on the region where the problem occurs. Therefore, a screening analysis was conducted to identify the dependencies and impacts related to ecosystem services of the personal care industry in accordance with ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure)³²⁾ provided by the Natural Capital Finance Alliance.

The results indicate that the impacts of raw material procurement and production activities should be considered from the perspective of both the dependencies and impacts on ecosystem services. Since the impact of water resources used in production activities overlaps with the risk of drought and water shortages as climate change-related risks, the results of the assessment of land occupation and water resource consumption at the raw material

procurement stage as the indirect impact as well as the biodiversity impacts due to land occupation by our production sites will be described in the following sections.

Table 4: Dependencies suggested by ENCORE and Shiseido's activities

Factor	Shiseido's activity
Dilution by atmosphere and ecosystems	Unintentional release of pollutants Release ingredients from products
Fibers and other materials	Raw material procurement
Surface water	Cultivation of raw material crops Raw materials production Manufacturing and facility cleaning Use of products
Ground water	Raw materials production Manufacturing and facility cleaning Use of products

Table 5: Impacts suggested by ENCORE and Shiseido's activities

Factor	Shiseido's activity
Water use	Cultivation of raw material crops Raw materials production Manufacturing Use of products
GHG emissions	Energy consumption Activities on the value chain
Non-GHG air pollutants	NOx, SOx, and PMs from fuel combustion
Water pollutants	Eutrophication, acidification, heavy metal
Soil pollutants	
Solid waste	Waste from our business Waste from sold products

11. Impacts on biodiversity of land occupation of our business sites and the adjacent areas

Although the relative degree of impact is small, we recognize the importance of understanding and minimizing the impact of our own sites' land occupancy on biodiversity from the perspective of land manager responsibility. Under L2 and L3 of the LEAP approach, the TNFD Framework version 1.0

requires the identification and prioritization of locations that are ecologically sensitive and those deemed significant from the perspective of an organization's dependence and impact on nature, as well as risks and opportunities.

Table 6: LEAP approach

L Locate	Understand the relationship between business activities and nature, including local characteristics
E Evaluate	Analyze the magnitude of the impacts on nature from business and the dependencies on nature
A Assess	Identify the risks/opportunities with double materiality method from a perspective of dependencies and impacts
P Prepare	Set metrics and targets to manage risks/opportunities for nature conservation and restoration, and disclose the efforts

With the support of MS&AD InterRisk Research & Consulting, Inc., we identified our production sites and surrounding areas that were in sensitive locations from the perspectives of ecosystem importance, ecosystem integrity and ecosystem service provision in accordance with TNFD guidelines. Ecosystem importance was evaluated based on proximity to protected areas and key biodiversity areas (KBA) and taxon-integrated conservation priority. Proximity to protected areas and KBA was evaluated based on the management category of adjacent protected areas in accordance with the World Database on Protected Areas (WDPA)³³⁾ and KBA³⁴⁾ within a radius of 100 m and 1,000 m from the factory. We evaluated taxon-integrated conservation priority based on the data set provided by Think Nature Inc., which shows the relative importance of biodiversity at each point, calculated from the perspective of vertebrate and tree species composition. In this evaluation, we referenced the International Union for Conservation of Nature (IUCN)'s Red Data Book, the Red List of endangered species published by the Ministry of the Environment and also data on the predicted probability of species

distribution created by Think Nature Inc. We evaluated ecosystem integrity and the importance of ecosystem service provision, from the perspectives of biodiversity intactness and development pressure around the site. We evaluated biodiversity intactness, using data on the state of layered habitats based on habitat distribution data and natural forest distribution data provided by Think Nature Inc. multiplied by the mean species abundance which was determined using the method developed by Tim Newbold³⁵⁾. Development pressure was evaluated using the Human Footprint Index developed by H. Mu³⁶⁾, which indicates the degree to which the impact of human activity on the environment has increased or decreased from 2000 to 2020.

In our identification of material locations, we focused on water resource consumption and land use from the perspective of our business activities' dependence and impact on nature. We calculated the environmental impact of our water resource consumption by weighing the consumption of tap water (surface water) and groundwater in 2023 using AWARE. In our groundwater assessments the groundwater to surface water ratio of the Water

Unavailability Factor (f_{wua}) at each point was multiplied by aware and used as a weighting factor. We evaluated land occupation by multiplying the area of each business site minus the green area by the taxon-integrated conservation priority and the characterization factor for land occupation according to Environmental Footprint 3.1. The environmental impact of water resource consumption and land occupation were integrated using the normalization factor and weighting factor in Environmental Footprint 3.1, and this was used as the evaluation indicator for material locations.

The heat map created based on the results of these evaluations is shown in Table 7. The results of these evaluations identified no areas where both the importance and integrity of the ecosystem were high. In terms of the sites' relationships with nature, as shown in item 6, the Beijing factory scored relatively high compared to other sites, its water resource scarcity is high. It should be noted that this heat map shows relative values between business sites and does not represent the absolute size of our footprint.

Table 7: Condition of biodiversity and endangered species habitat around production sites

Site name	Country/ Region	Sensitive location				Material location		
			Ecosystem Importance		Ecosystem Integrity			
			Geography	Biology	Biodiversity Intactness	Development pressure		
Kakegawa	Japan							
Osaka	Japan							
Osaka ibaraki	Japan							
Nasu	Japan							
Fukuoka kurume	Japan							
Shiseido Cosmetics Manufacturing Co., Ltd.	China							
Shiseido Liyuan Cosmetics Co., Ltd.	China							
Taiwan Shiseido Hsinchu Factory	Taiwan							
Shiseido America Inc. East Windsor Factory	USA							
Val de Loire Factory	France							
Gien Factory	France							

In conjunction with the identification of sensitive locations, we also conducted a survey of endangered species around the factory based on the IUCN Red Data Book and the Red List of the Ministry of the Environment. Concerns in recent years include not only vertebrates included in these lists, but also the decline of bees in France where two factories are located. To address regional issues like this, the factory has stopped using pesticides on the premises and is working to protect bees by setting up beehives on the factories' premises. In the future, it will be important to expand the scope of surveys such as these and to promote initiatives for protecting ecosystems, including endangered species, in accordance with the unique situation of each site.

12. Biodiversity impacts due to raw material procurement

In general, cosmetic raw materials, such as surfactants and moisturizers, are classified as chemicals, but many of them actually are made from bio-based resources for all or part of their ingredients. Since many materials, such as paper and bio-based plastics, are also made from bio-based resources for packaging, it is important to analyze the characteristics of individual ingredients and their regional characteristics in order to procure raw materials that have a large biodiversity impact. For this reason, TNFD recommends the LEAP approach as a way for investigating nature-related risks/opportunities.

As part of the “L” and “A” investigations in the LEAP approach, based on the molecular structure of ingredients used in cosmetic ingredients, we identified raw materials derived from the bio-based resources of fats, oils, fatty acids, sugars, and alcohols that are used in the production of ingredients and estimated the amount of crop inputs for the agricultural crops that serve as raw materials. Since it is important to identify the regions where these crops are grown in order to assess the biodiversity impact, we mapped the producing countries and regions for

each major agricultural crop related to our procured raw materials based on the results of interviews with suppliers, FAOSTAT, and the market price of crops. Based on that, we calculated the area of land transformation, land occupation, and water consumption.

We are focusing on these items as candidate metrics for measure the impact of our business activities on biodiversity and we are developing an analysis method that can take into account rainfall, water infrastructure, and economic activity in areas surrounding our raw materials production areas.

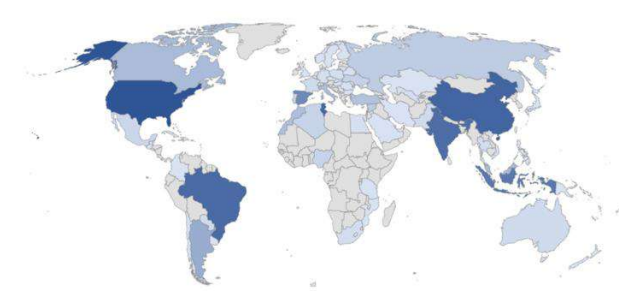


Figure 4: Area of land occupation for material crop production

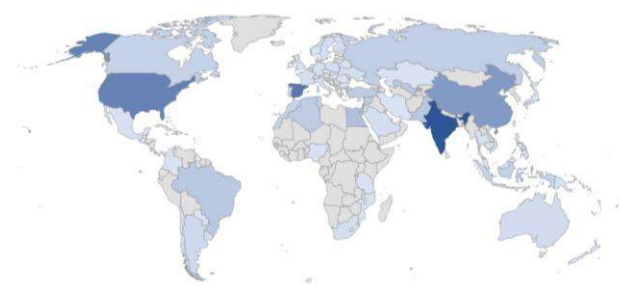


Figure 5: Consumption of irrigation water for material crop production

The role of pollinators, such as honeybees, and weevils in the production of agricultural products is well known as one of the most important dependencies on nature. The Food and Agriculture Organization of the United Nations (FAO) has proposed some methods for calculating the value of pollinators³⁹⁾: one is an evaluation method based on the additional cost when pollinators are replaced by other pollinators or labor, and the other is based on the amount of loss resulting from changes in supply

and demand when the work of pollinators is lost. This can be interpreted as the impacts of the business risk by biodiversity loss and inadequate functioning of ecosystem services by pollinators. Therefore, for the purpose of quantifying biodiversity-related risks, we estimated the number of crops required to produce raw materials based on the actual procurement volume in 2023, and the dependence on pollinators was calculated using the FAO methodology. As a result, the dependence on pollinators was estimated to be about 2.6 billion yen per year.

On the other hand, these services provided by pollinators are only part of the dependence on biodiversity. If plant seeds attempt to germinate under sterile conditions with a significant lack of biodiversity, they can easily be killed by fungi if they are inadvertently introduced. The fact that plants can germinate and grow in soil inhabited by many different varieties of bacteria and fungi is a benefit of biodiversity that has created a well-balanced state of competition among different organisms. Most of our products contain plant-derived ingredients, and in a broad sense, all of our sales depend on biodiversity. It is important to develop a more comprehensive understanding of both *dependence* and the *impact* on biodiversity, as well as to promote quantitative assessments.

13. Organizing the relationship between factors

The risk and opportunity factors related to climate and nature are not independent variables but are intricately interrelated. For example, climate change can be a direct business risk factor in that it increases the probability of weather disasters, such as large-scale typhoons, while rising temperatures can also increase supply chain vulnerability indirectly by destabilizing agricultural production through ecosystem impacts, such as the loss or displacement of habitat for temperature-sensitive organisms like honeybees. Conversely, the relationship of cause and effect can be reversed because deforestation with biodiversity loss leads to releasing the carbon stored

in the soil, which accelerates climate change.

Therefore, focusing on the factors identified in the previous section, we organized the nexus among the physical and transitional factors related to climate change, biodiversity and ecosystems, water, and resources. Then, we classified the risks and opportunities in the short term (<1 year), medium (1–5 years), long term (5–10 years), and super long term (more than 10 years) based on the time scale in which each related event becomes apparent in the future. Understanding the relationships among these factors is essential for appropriate action, and we will continue to analyze these factors for a comprehensive understanding of risk and opportunity.

Table 8: List of climate- and nature-related risks and opportunities

Risk / Opportunity	Cause	Classification	Time scale		
			Short to mid term	long term	Super long term
Employee health damage	Temperature rising				+
Relocation of business site	Sea level rising				+
Declining real estate value	Sea level rising				+
Supply chain disruption	Floods				+
Increased procurement cost	Floods, droughts, agricultural production, resource depletion	Climate change (Physical)			+
Increased operating cost	Droughts, resource depletion				+
Suspension of production	Floods, droughts				++
Flood damage to facilities	Floods				++
Increased insurance costs	Floods, sea level rising				+
Disruption of logistics	Floods				+
Suspension of sales activities	Floods, geopolitics		++	++	++
Increased/decreased product sales	Temperature rising, market change			+	++
SCC burden	Carbon tax, adaptation costs		+	+	+
Renewal of energy equipment	Regulation, technology, market change			+	+
Sustainable packaging	Regulation, technology, pollution			+	+
Regulation for ingredient	Pollution, regulation		+	+	++
Regulatory Strengthening	Regulation		++	++	++
Sustainable brand/product development	Market change			+	++
Additional disclosure items	Land-based GHG emissions		+	+	+
Loss of innovation opportunities	Loss of genetic resources				+

Risk management

We assessed and identified the impactful risks holistically from a mid-to-long-term perspective. “Environmental (Climate Change, Biodiversity, etc.)” and “Natural Disaster, Infectious Disease and Terrorism” are listed as the categories related to sustainability. Risks related to climate and biodiversity are analyzed based on scientific and socioeconomic evidence and integrated into the enterprise risk management system as one of the elements related to climate change or natural disasters. According to their significance, the risks and their countermeasures are deliberated by the Global Risk

Management & Compliance Committee and the Global Strategy Committee. The material risks are also proposed or reported to the Board of Directors as necessary.

Metrics and Targets

In 2021, the IPCC declared in its *6th Assessment Report* that it was unequivocal that human influence had warmed the atmosphere, oceans, and land and announced its prediction that the temperature increase would exceed 1.5° C around 2030. In response, the Glasgow Climate Pact, which agreed to limit the increase in global average temperature to

1.5° C or less compared to pre-industrial levels, was adopted at COP26. The Pact can be interpreted as countries all over the world recognize “the toward NET-ZERO emissions” as a common goal. As society moves toward decarbonization, there is no doubt that our business environment will also be greatly affected. Shiseido has continuously promoted initiatives to reduce GHG emissions as a pillar of our environmental activities since the publication of our first *Environmental Report '97* in 1998.

In this chapter, our transition plan for decarbonization and biodiversity conservation is described along with the metrics and the targets for risk and opportunity management and confirmation of the effectiveness of the activities. The plan will be added or modified when longer or more concrete action will be planned, and we will ensure transparent disclosure. For other climate- and nature-related factors not shown below, we will consider setting appropriate metrics and targets depending on the magnitude of the impact from a long-term risk management perspective.

1. GHG emissions and renewable energy

Shiseido recognizes importance of sustainability and we have incorporated ESG elements into our decision making, including the status of CO₂ emission reduction. These elements are included in the compensation factors used to calculate long-term incentive-based executive compensation, making up 20% of the total.

Furthermore, approximately 60% of the GHGs emitted due to energy used in our direct operations are due to production activities at our factories. Consequently, in 2023, we decided to introduce internal carbon pricing for factory equipment investments. In line with the IEA NZE Scenario, we set a carbon price of US\$130 per ton of GHG emissions (CO₂ equivalent), which will encourage decision-making that will move us towards decarbonization. In addition, we use the latest IT technologies, such as energy management systems, to

reduce unnecessary energy consumption and visualize GHG emissions from our production processes. This allows us to educate and motivate employees to save energy at our sites. At the same time, we aim to switch 100% to renewable energy-derived electricity by 2030. Regarding GHG emissions, we set a long-term goal of NET-ZERO by 2050, which will be achieved by balancing residual emissions with beyond value chain mitigation (BVCM) such as removal credits and investments in neutralization. We also set the science-based target of 46.2% reduction for Scope 1 and Scope 2 GHG emissions, and 55% reduction by 2030 in terms of economic intensity along the 1.5° C trajectory as the mid-term targets.

Shiseido aims to reduce GHG emissions throughout the value chain by working with our suppliers and other stakeholders on introducing renewable energy into our supply chain, preventing deforestation related to raw material production, and developing and implementing new social models for the efficient collection and recycling of a wider range of materials, as well as our own efforts for selecting raw materials based on green chemistry principles, replacing with plant-derived materials, reducing packaging weight by expanding refilling and design optimization, making packaging recyclable, reducing energy consumption, and expanding renewable energy at our sites.

2. Raw material procurement

Raw material procurement is the largest contributor to our carbon footprint. We recognize the importance of reducing GHG emissions related to raw material procurement through collaboration with our suppliers. Some raw materials generate significant indirect emissions upstream of the supply chain. Palm oil and palm kernel oil, which are one of the most important oilseed crops for food and daily necessities, as well as cosmetics, are derived from oil palms grown in Southeast Asia such as Malaysia and Indonesia. Oil palm plantations are often developed and cause

deforestation and significant loss of biodiversity. According to a report by Germer *et al.*⁴⁰⁾, when 1 hectare of tropical rainforest is developed to create a plantation, 777 to 1,443 t-CO₂e of GHG will be released from the ground over the next 25 years. Analyses based on the inventory databases for LCA and the agricultural statistics suggested that about 80% of the land use change from forests for the production of our raw materials seem to be from developing oil palm plantation. Therefore, in order to prevent GHG emissions associated with such land use changes and to conserve the precious rainforest ecosystem, Shiseido aims to switch all cosmetic ingredients directly purchased to RSPO-certified ingredients by 2026*. The GHG emissions that can be reduced by this initiative are estimated as approximately 70,000 t-CO₂e per year for oil palm-derived cosmetic raw materials. In 2023, we switched 52%(w/w) of palm-related raw materials, equivalent to 4,275 tons of palm oil and palm kernel oil, corresponding to RSPO-certified raw materials through the Mass Balance System.

In the future, as with oil palms, we will continue to investigate the environmental impact of raw materials due to land use changes for other bio-based ones. Also, we will make efforts to minimize our impact on the climate and ecosystems by switching to sustainable procurement.

3. Saving water

Water is an essential resource in all aspects of cosmetics, including the cultivation of crops used as raw material ingredients, heat transfer medium during production, cleaning, and product use, as well as an important raw material for cosmetics. Climate change is expected to affect atmospheric circulation on a global scale, resulting in significant changes in rainfall conditions. In addition, glaciers in the Himalayas and the European Alps, which are water sources for Asia and the European region, are expected to recede due to rising temperatures. Because of the effects of climate change, there are

regions that currently have abundant water resources but will face the threat of droughts in the future. Therefore, in order to make effective use of water resources and mitigate water risks caused by climate change, we are promoting water saving activities, especially at factories with high water consumption, with the goal of reducing the amount of water consumption at our sites by 40% per sales by 2026 compared to 2014 levels. In addition to saving water by optimizing equipment cleaning and reviewing manufacturing processes, our factories in France, which are particularly interested in water issues, have set their own targets and are working on initiatives to reuse water once used and switch from water to alcohol cleaning for fragrance product manufacturing equipment. As a result, the factories achieved water savings of more than 60% per unit of bulk production compared to 2009.

In recognition of the significance of the availability of water resources to our business, we have participated in the Research Group on Water, Climate Change, and Sustainable Development led by Professor Taikan Oki of the University of Tokyo. We strive to acquire the latest scientific knowledge in the areas of hydrology and climate change, and continuously improve our risk analysis methods related to water resources through discussions with experts in the fields of civil engineering and architecture, as well as the academic community.

4. Product development

As the transition to a decarbonized society, consumer awareness of climate and environmental issues is expected to increase more than ever. Responding flexibly to these changes in consumer awareness is critical to the sustainability of our business. We aim to replace all plastic cosmetics packaging with reusable, recyclable, or biodegradable materials by 2025. Shiseido developed and provided a variety of solutions for packaging since the launch of the first refillable face powder in 1926. Shiseido declares that it will optimize packaging design, select

appropriate materials, and implement the concept of global reuse by refillable and replaceable products for consumers. In addition to these efforts, we will also work to reduce GHG emissions through innovation for a sustainable future by developing new materials using algae and new chemical recycling methods that can regenerate various types of plastic.

5. Disclosure

Shiseido supported the TCFD and disclosed the result of climate-related risk analysis based on the TCFD framework. In preparation for a decarbonized society, we compiled our climate-related goals, scope, and initiatives into a transition plan. We are disclosing climate-related information through our responses to the CDP, as well as our website, Integrated Report, and Sustainability Report. Our disclosure on Scope 1, Scope 2, and Scope 3 GHG emissions are verified by the independent third party verification organization, SGS Japan Inc., to ensure transparent disclosure. In addition, our target on mitigating climate change is certified as the science-based target along the 1.5° C trajectory by SBTi. Regarding renewable electricity, we have joined RE100 to promote the introduction proactively.

Table 9: GHG emissions (t-CO₂e)

Scope		Description	Internal data	Emission factor	2019	2023
Scope 1		Direct emissions due to our activities	Fuel consumption	Reference-1 ⁽⁴¹⁾	27,036	21,105
Scope 2		Indirect emissions due to energy consumption provided by other entities	Power and steam consumption	Factor provided by power company	51,714	13,617
Scope 3		Indirect emissions other than Scope 2				
1	Purchased goods and services	Emissions generated from upstream of the supply chain, such as raw materials, advertising service, LUC due to palm- and paper-derived material production.	Raw material procurement volume POSM procurement volume, Advertising expenses Palm- and paper-related raw material procurement	IDEA v3.1 Ecoinvent 3.9 Reference-2 ⁽⁴²⁾ Reference-3 ⁽⁴⁰⁾	*1,210,000	509,000
2	Capital goods	Emissions generated from making capital goods.	CAPEX	Reference-2	231,000	139,000
3	Fuel- and energy-related activities	Emissions generated in the process of mining, extraction, refining, transportation of energy and fuels.	Amount of energy consumption	IDEA v3.1	15,600	9,740
4	Upstream transportation and distribution	Emissions generated from procurement transportation and shipping transportation.	Raw material procurement volume Product volume Distance between our factories and sales sites	IDEA v3.1 Ecoinvent 3.9	110,000	37,200
5	Waste generated in operations	Emissions generated in the process of transportation and waste treatment from our operations.	Waste generated by material type and disposal method	IDEA v3.1	20,700	13,900
6	Business travel	Emissions from employee business-related travel	Travel expenses Number of trips by destination Transportation distance	IDEA v3.1 Reference-2	14,700	9,460
7	Employee commuting	Emissions from employee commuting between home and Shiseido's site	Commuting expenses	IDEA v3.1 Reference-2	5,200	7,990
8	Upstream leased assets	Not applicable.			0	0
9	Downstream transportation and distribution	Emissions generated in storage and stores	Sales volume Product bottom area	Reference-4	**252,000	74,300
10	Processing of sold products	Not applicable. The products sold do not need to be processed for consumer use			0	0
11	Use of sold products	Emissions from product use, such as rinsing, drying up.	Energy, water, and consumable goods consumed in product use	IDEA v3.1	1,580,000	108,000
12	End-of-life treatment of sold products	Emissions generated in decomposition of ingredients, and the process of transportation and waste treatment from products sold	Amount of carbon derived from fossil resources in the molecules that make up the ingredient and packaging components Waste generated by material type	IDEA v3.1	148,000	59,400
13	Downstream leased assets	Not applicable.			0	0
14	Franchises	Not applicable.			0	0
15	Investments	Emissions from unconsolidated affiliates and stock investees	Scope 1 and scope 2 emissions of unconsolidated affiliates and stock investees Shareholding Ratio	—	**4,240	4,940

*Emissions related to LUC in procurement are added to disclosed value.

** Category additionally calculated by SBTi request

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Shiseido Company, Limited

Developing Sustainable Products

We are facing a crisis stemming from the finiteness of resources, a result of economic activities exceeding the limits of the planet's receptiveness and resilience. We also face issues including climate change, biodiversity, other environmental issues, and population explosion. Manufacturers are expected to follow green chemistry principles towards the development of a circular economy, which is premised on both making effective use of resources to reduce their environmental footprint throughout the product lifecycle and recycling resources.

Shiseido positions Sustainability INNOVATION as an important research area and one of the three pillars of its Research & Development strategy for 2030. To achieve this, we have adopted Premium/Sustainability as a research approach under DYNAMIC HARMONY, our unique Research & Development philosophy, based on our compliance with high safety and quality standards that we have had in place for more than a century. We will step up to the challenge of creating sustainable innovations, which balance satisfaction stemming from the results, high-quality design, and feel of our products with respect for and coexistence between people, society, and the global environment.

Reducing Environmental Impact Based on Our Product Development Policy and the Concept of Product Lifecycle

Shiseido develops and provides safe and high-quality products and services based on more than a century's experience in dermatology and material science. At Shiseido, we want to help tackle issues concerning people's health and the environment. Therefore, we disclosed our Corporate Product Development Policy, in which we have summarized our policies on product development (formulas and packaging) and use of ingredients and raw materials that could be concerning for consumers. We also monitor trends in product-related regulations, such as PPWR*1 and ESPR*2 in EU, in developing our products.

Cosmetics formulations include natural raw materials. Therefore, sustainable and responsible procurement and the use of raw materials is of the utmost importance from an environmental perspective. Based on the idea of the product lifecycle, we focus on developing formulas and ingredients, packaging, and circular recycling models that are aimed at making effective use of limited resources, mitigating climate change, and minimizing our impact on ecosystems.

*1 : EU Packaging and Packaging Waste Regulation

*2 : Ecodesign for Sustainable Products Regulation

[Click here for Product Development Policy \(About Ingredients/Formulas\)](#)

Formulas/Ingredients

In line with green chemistry principles, we carefully evaluate our raw materials, ingredients and formulas to ensure they are safe for the human, have minimal environmental impact, and use natural and upcycled materials sourced through ethical procurement. We comply with all relevant regulations in each country where we operate. In addition, we have our own in-house standards for ingredients—and only select ingredients that meet our strict safety, environmental, and ethical standards.

Our Global Innovation Center in Yokohama, Japan, which manages all regional centers, is working to select raw materials and develop formulations that are not only safe and functional but also respect the environment.

Raw Material Development Aimed at Reducing CO₂ Emissions and Switching to Bio-based Raw Materials

At Shiseido, the proportion of CO₂ emissions from raw material procurement are high among Scope 3 CO₂ emissions. This has made it imperative to reduce CO₂ emissions through selection of raw materials. Cosmetics formulations include natural raw materials. We work with our suppliers to reduce CO₂ emissions by shifting to bio-based raw materials in line with the green chemistry principles.

Exploring the Possibilities of Algae in the MATSURI Project

In 2022, Shiseido joined the MATSURI project, the world's first corporate joint project to explore how algae can be used to drive a sustainable future, which is led by the CHITOSE Group. Powered by the sun, algae absorb CO₂ through photosynthesis, while also generating useful proteins, lipids, and carbohydrates. More extensive use of algae is expected to contribute to lower CO₂ emissions in future, where algae products can replace fossil-derived raw materials. In 2023, Shiseido invested 1.0 billion yen in the CHITOSE Group and signed a strategic collaboration agreement focused on R&D with the Group. The purposes of this initiative include the development and mass production of cosmetics and container raw materials using algae, as well as the development of raw materials which can be used in the food industry. To maximize the potential of algae, we will work together with MATSURI Project partner companies in ending the use of fossil resources for cosmetics.



[Click here for the news release regarding MATSURI.](#)

Marine Protection Initiatives

UV Care

We are accelerating innovation in the field of suncare to protect against UV and pursue coexistence between people, their ecosystems, and the environment. The effect caused by the climate change, UV exposure for people around the world is expected to increase*1. Exposure to UV rays over extended periods of time causes spots and wrinkles on the skin— symptoms of photoaging. Recognizing the importance of innovations for protecting beautiful skin from UV, we will enhance our research efforts to provide products and services with added benefits.



Artificial marine ecosystem reproduced in an aquarium using environmental transfer technology developed by Innoqua Inc.

Because suncare products are used in the sea, we believe that we need to address their environmental impact appropriately as a company.

We are assessing the impact that UV filters used in suncare products have on the ocean. This includes working with universities and research initiatives to assess the impact of each UV filter used in our products on coral*2, and performing simulations*3 of how suncare products spread into the ocean when used by people at the seashore. We are utilizing the results of these assessments for ingredient selection and the development of coral-respecting formulas, while applying them to suncare product development for both *SHISEIDO* and *ANESSA*.

In 2023, in order to evaluate the impact of cosmetic ingredients on marine ecosystems, we began a partnership agreement with Innoqua Inc., a start-up company with proprietary technology that reproduces ecosystems in an aquarium. The aquarium can reproduce possible future environmental change scenarios, including 'rising seawater temperatures', which are predicted to have a tremendous impact on marine life. This allows us to evaluate the impact of various cosmetic ingredients, such as those used in sunscreen, on the entire marine environment, including coral and other organisms.

*1 : According to an announcement by the Japan Agency for Marine-Earth Science and Technology.

*2 : Egg-laying size groups of coral, excluding those in the planktonic larval and juvenile stages.

*3 : Utilizing the Tokyo Bay risk assessment model developed by the National Institute of Advanced Industrial Science and Technology.

[Click here for Corporate website: Research on Sustainability](#)

[Click here for Brand website: SHISEIDO](#)

[Click here for Brand website: ANESSA](#)

[Click here for the news release regarding Innoqua Inc. \(In Japanese only\)](#)

No Animal Testing

We strive to provide safe and effective products to consumers while complying with cosmetics regulations and respecting the principles of animal protection. For more than 40 years after we established a safety research department in 1963, we continued to study alternative methods which do not involve animal testing. In 2013, we abolished animal testing entirely* and shifted to a safety assurance system that does not use animals. We have established a safety assurance system with our unique strict standards. Working together with external stakeholders, we are striving to establish alternative methods, which were developed on our own or jointly with other companies, as official methods.

In February 2023, we announced our involvement in the newly launched International Collaboration on Cosmetics Safety (ICCS). A global project involving manufacturers, suppliers, industry associations, and animal protection organizations, ICCS's goal is to promote and implement animal-free safety assurance in the development of cosmetics and personal care products.

Shiseido will promote and implement the safety assurance of cosmetics without animal testing through the sharing of technologies and knowledge on alternative methods of animal testing, discussions and collaboration with related companies and organizations, and approaching the regulations of each country and region.

*Except when required by governmental and regulatory authorities.

[Click here for our safety assurance initiatives which do not use animals.](#)

Procuring Sustainable Raw Materials

Shiseido strives to procure environmentally friendly, sustainable raw materials. Palm oil is used in cosmetics and household goods for a range of purposes, including as a humectant and as an oil. However, palm oil production can have a significant impact on the environment. We have disclosed our medium- to long-term targets for the procurement of sustainable palm oil, as well as our goal to switch from palm oil to more sustainable raw materials.

Brands That Cater to Consumer Needs

When selecting a product, consumers increasingly place importance on a company's approach to social responsibility, environmental protection, and ethical raw material sourcing. At Shiseido, in addition to disclosing our corporate policy on ingredient and raw material sourcing, we work to develop brands with a strong environmental, social and ethical profile.

Drunk Elephant originating in the US, for example, is a leading brand in the clean beauty market sold in 40 countries and regions, known for its sustainable and responsible raw material procurement as well as its promotion of sustainable action. Taking this stance, the brand has gained significant support from Millennial and Generation Z consumers.



Ulé

In 2022, we launched the *Ul  * skincare brand in France. Based on plant-derived ingredients, *Ul  * promotes beauty both inside and outside the body. The brand emphasizes responsible procurement, product efficacy and safety, lower environmental impact, and transparency. To ensure clearer raw material traceability and reduce environmental impact from transportation, the brand buys its three botanical treasures (centella, coleus and tulsi) and produces all its products locally in France. The names and origins of the raw materials can be found on the brand website.

Sustainable Packaging

Climate change and marine plastic waste are pressing environmental issues that need to be addressed on a global scale. It is expected that the Global Plastics Treaty (a resolution of the United Nations Environment Assembly approved by over 175 countries in Nairobi in 2022 which calls for urgent action to end plastic pollution globally by 2040) will be signed by the end of 2024. Shiseido aims to realize a circular economy where all materials are responsibly managed during production through efforts such as recycling to minimize the impact on our ecosystem. It is expected that the interest of consumers and other stakeholders in climate change and other environmental issues will continue to rise. Adapting to changes in societal awareness through product development and other means, is extremely important for the sustainability of our business.

Based on the Shiseido 5Rs packaging development policy*1, Shiseido is working to reduce its environmental footprint and contribute to realize a circular economy.

To achieve our goal of 100% sustainable packaging*2 by 2025, we are adopting recyclable and reusable designs, using post-consumer recycled (PCR) and bio-based materials, reducing packaging weight, and encouraging refills to promote reused packaging. We have also started initiatives designed to reduce the amount of virgin petroleum-based plastic used by adopting non-plastic alternative materials, and we are introducing mono-material packaging to improve recyclability.*3 In addition, we aim to build a Shiseido circular business model that recycles used packaging as new resources in collaboration with consumers and external partners.

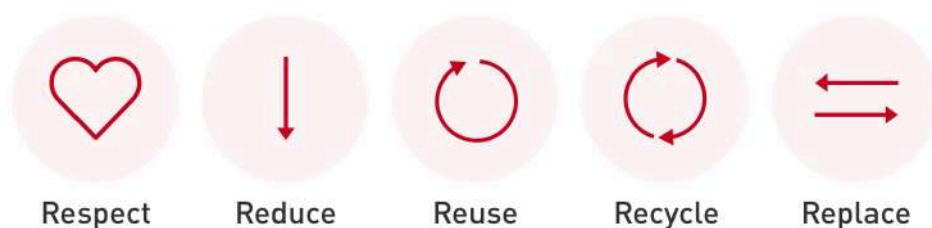
Looking ahead, by 2030, we are committed to further enhancing our global sustainability efforts by achieving a target of 30% of plastic packaging per product made from either post-consumer recycled (PCR) or bio-based plastics. These initiatives reflect our dedication to minimizing environmental impact and fostering a more sustainable future.

*1 : Packaging development policy: respect, reduce, reuse, recycle and replace.

*2 : For sale of products with plastic packaging.

*3 : Amount of plastic packaging used in Japan in 2023 (including estimates): 9,600t. Sustainable packaging accounted for 63% of all plastic containers sourced in 2023 (weight basis, Japan only)

Shiseido's 5Rs



Products with Packaging

Reduce and Reuse

We understand that the Earth's resources are limited. In line with Shiseido's 5Rs packaging development policy, we are reducing the amount of plastic we use and reducing our impact on the environment by such as optimizing the size of packaging to suit the product, reducing packaging weight and offering refillable packaging. Compared to 2019, the average weight of a plastic packaging was reduced by 18% in 2023.

Refillable packaging significantly reduces resource use. By encouraging the reuse of main packaging, it is possible to reduce the total amount of plastic used for packaging. Our Life Cycle Assessment confirms that refillable packaging lowers resource use and waste and significantly reduces CO₂ emissions compared to the continuous disposal of regular (primary) packaging. To significantly contribute to the reduction of the environmental impact, we aim to promote the development of these products widely, not only in Japan but also on a global scale.

Since we launched our first refillable product in 1926, we have provided refillable packaging in a wide range of product categories, including skincare and makeup. In 2023, we offered refillable packaging for about 740 stock keeping units (SKUs) within 31 brands globally in an effort to reduce the amount of plastic and ultimately, to reduce the environmental footprint.

This included increasing the amount of refillable packaging in our prestige skincare brand Clé de Peau Beauté and launching refillable packaging for the cream LA CRÈME, which uses 95%*1 less plastic than its regular (primary) packaging. In 2023, the brand launched new refillable packaging for five new products, including SÉRUM RAFFERMISSANT SUPRÊME n. In 2023, sales of refillable packaging from Clé de Peau Beauté increased approximately 23% year on year.

Before launching a refill option for the IPSA loose powder that became available in 2023, we redesigned the main container to improve durability and to make it more suitable for repeated use.

We are also incorporating innovative technologies to reduce environmental impact. In 2023, the brand SHISEIDO, which operates in 88 countries and regions around the globe, became the first company to sell cosmetics using container made with LiquiForm® technology*2. It is a one-step technology for manufacturing bottles and filling them with liquid content. Refillable cosmetics container made using LiquiForm® can reduce plastic usage per container.*3 Moreover, this technology, inclusive of the reduction of energy consumption through the one-step technology, can reduce CO₂ emissions by approximately 70%*4 throughout the supply chain—from raw materials procurement and production to use and disposal—compared to our standard conventional refillable container of the same volume. We will raise awareness of refillable products by launching them not only in Japan but also in other Asian countries and regions, including China. We will also strengthen our activities to achieve toward a circular economy that seek the cooperation of consumers.

In 2024, *Ulé*, a skincare brand that promotes beauty both inside and outside the body, launched a refillable option made from 100% recyclable materials for cleansing gel Dream of Pure. The refill helps reduce plastic and aluminum usage by 23% and 100% respectively, as opposed to purchasing new packaging.

In 2023, the luxury brand *Serge Lutens* launched a fragrance that strikes a delicate balance between sustainability and luxury. The refill packaging is made from 100% recyclable aluminum in consideration of environmental impact.

*1 : Weight ratio of regular (primary) packaging

*2 : The new packaging technology was developed chiefly by Amcor. Shiseido worked with Yoshino Kogyosho, a company that has put the technology to use, to jointly develop cosmetic packaging.

*3 : Comparison with a refillable container of the same volume, not including contents

*4 : CO₂ emissions per unit for both our existing refillable container and the Liquiform®-based refillable container (not including contents) have been verified by the SuMPO Environmental Label Program (in accordance with ISO/TS14067:2013). Figures were compared by Shiseido.



SHISEIDO, Clé de Peau Beauté, Ulé and IPSA. Left: main container, Right: refill/ refill container.

Recycle

To realize a circular economy, it is important to select materials and design products with the reuse of resources in mind. To reduce our consumption of single-use plastic, we are developing packaging made from a material that can be more easily sorted and reused/recycled after use without compromising the quality of the packaging's design. In 2023, a number of our brands launched products with packaging that is easier to recycle, including *SHISEIDO* and *Clé de Peau Beauté*.

Replace

To mitigate climate change and marine plastic pollution, we are focusing on the research of post-consumer recycled (PCR) materials, plastic alternatives, and bio-based materials with low environmental impact — and promoting their use. For example, packaging of some *Clé de Peau Beauté* and *ELIXIR* products is made from recycled plastic.

Over 72% of the PET in the bottles of ELIXIR facial lotion and emulsion is recycled. In 2023, as part of our global sustainability initiatives, a limited edition design of facial lotion and emulsion featuring Doraemon has been released to demonstrate our commitment to enhancing not only the beauty of individual's skin but also ensuring a radiant future for our world. Again, over 72% of the PET used in these bottles is recycled. The facial lotion and emulsion refills help reduce plastic usage by over 85%*1 and CO₂ emissions by 85%.*2



ELIXIR facial lotion and emulsion and a limited edition design of same products featuring Doraemon

We also use some plant-derived bio-based plastic in the outer packaging of our *ANESSA* sun care brand. *BAUM*, which celebrates and honors our connection with nature, offers environmentally friendly products. Packaging, for example, use sustainable raw materials such as upcycled wood left over from furniture industry, plant-derived or recycled plastic, and recycled glass. Additionally, many containers are refillable.



BAUM facial lotion

Products' secondary packaging that is made from plastic is being replaced with paper alternative. In addition, Point of Sale Materials (POSM) used at retail stores, such as drug stores, and counters that are made from plastic will also be replaced with paper alternatives in due course to further reduce the amount of plastic we use. In 2022, we switched approximately 70%*3 of our plastic POSM in Japan to paper.

*1 : Comparison between the existing main container and refill

*2 : Comparison of the existing main container and refill in terms of CO₂ emissions per packaging. The evaluation was carried out by Shiseido using Japan EPD Program by SuMPO (which complies with ISO/TS14067: 2013)

Calculated using the container of the facial lotion sold in September 2022 and onward

*3 : For promotional materials of premium Japanese brands, such as set cases and hooks.

POSM

At Shiseido, we published the POSM Eco Design Guideline in 2023 for the purpose of reducing the environmental impact related to the lifecycle of promotional materials, including in-store display tools and shopping bags. Based on the guideline, we promote the development of POSM materials in line with the Shiseido's 5Rs.* We will work with our stakeholders to reduce our environmental impact in the manufacturing of not only our products but also promotional materials.

*Packaging development policy: respect, reduce, reuse, recycle and replace.

Participation in Related Initiatives

R Plus Japan Ltd.

To play a part in solving the global plastics recycling challenge, Shiseido invested in R Plus Japan in 2022 and engaged in recycling used plastics. By bringing together companies across the plastic packaging industry — from monomer and polymer manufacturers to packaging producers, trading, food and beverage companies — R Plus Japan aims to commercialize an efficient, low-environmental impact recycling technology by 2030.



[Click here for Press Release: R Plus Japan](#)

Initiatives with External Institutions

Granting Technology License to Toyo University for Environmental Impact Reduction

In March 2020, Shiseido became the first WIPO GREEN* partner company from the cosmetics industry. In 2022, we granted Toyo University a license to use our low-energy manufacturing technology, which is listed in the WIPO GREEN database. In 2022, the university developed a prototype of an environmentally friendly product that uses the extract from boysenberries, a local specialty of Tatebayashi City, Gunma Prefecture. The product began to be sold via crowdfunding in 2023.



*The World Intellectual Property Organization (WIPO) is a specialized agency under the United Nations, responsible for developing international intellectual property systems. WIPO GREEN is an international framework for promoting innovation in environment-related technologies, and has more than 150 partner companies. As of April 2023, Shiseido had licensed out 11 patented technologies registered in the WIPO GREEN database.

Initiatives to Build a Circular Model

Shiseido started a new scheme to collect used plastic cosmetics packaging in stores, utilizing a wide range of business partners and consumer touchpoints. As well as increasing consumer awareness about the value of used containers as a recyclable resource, we hope the scheme will help drive wider behavioral change in society and encourage competitors and companies in other industries to implement circular models.

In-store Collection and Recycling

To support and promote recycling, we collect used cosmetics packaging in-store and recycle it as new materials. We work with multiple parties to ensure containers are recycled fully and correctly, including customers, waste collection companies, and other companies.

In 2023, in Japan, we collected around 49,000*1 used containers through 88 AEON stores in collaboration with Aeon Retail Co., Ltd., TerraCycle Japan*2, and other companies.

*1 : Collection period: January 2023 - December 2023.

*2 : TerraCycle is a US-based social enterprise whose mission is "Eliminating the Idea of Waste".

Collaborating to Build a Circular Model for Plastic Cosmetics Containers

When developing cosmetic containers, protecting the contents, ensuring ease of use, and giving the premium look and feel are considered and designed. As a result, they have to be made from a wide variety of plastics, which can make it challenging to recycle them back into reusable plastic resources. To solve this issue, Shiseido launched an initiative in 2022 in collaboration with SEKISUI CHEMICAL CO., LTD. and Sumitomo Chemical Co., Ltd. The initiative involves creating a circular economy in which plastic cosmetics containers are collected and recycled without separating the materials. We are planning to manufacture recycled plastics in the future by collecting used cosmetic packaging, which we then turn into new cosmetic packaging. The three companies will be advancing this cross-sectoral alliance, while also calling on related industries and companies to join the effort to create a circular economy.



[Click here for Press Release: Collaborating in Building a Circular Economy for Plastic Cosmetics Containers](#)

"BeauRing®" Circular Model Project for Plastic Cosmetics Containers

In April 2023, we launched the "BeauRing®" project — a circular model project to collect and recycle plastic containers into new ones for reuse. We began collecting used containers from several Shiseido product retailers in Yokohama and the Shiseido Global Innovation Center in Yokohama. The POLA brand of POLA ORBIS HOLDINGS INC. joined in the project. As well as driving in-house initiatives, we are encouraging other companies to join the project to expand the circle of resource circulation and, ultimately, create a sustainable society in which consumers use cosmetics with a more positive mindset.



BeauRing BOX、BeauRing logo

[Click here for Press Release: Circular Model Project "BeauRing®"](#)

Recycling Initiatives in China

In 2023, Shiseido launched a joint recycling initiative in China with a packaging material supplier. We recycle used plastic bottles for the cosmetics of the AUPRES brand, which we market in China. The bottles were made into desks and chairs by applying the supplier's recycling technology. They were donated to Hope Elementary School in Sichuan province.

Our Environmental Policy and Environmental Management

Shiseido Environmental Policy*1

Shiseido will promote sustainability throughout our business including the activities in our sites, to realize a rich global environment where people and nature can coexist in harmony. We will produce and market products and services based on a circulation model at every step of the value chain, from product development and procurement of raw materials to production, logistics, distribution, use and disposal. To realize this commitment, we will collaborate with our stakeholders such as employees, consumers, suppliers and other business partners, and society. In the event of mergers or acquisitions, we will conduct due diligence based on this policy.

● Reducing Our Environmental Footprint and Promoting Sustainable and Responsible Procurement

CO₂*2

We will strive to mitigate and adapt to climate change and respond to short- and medium-to-long-term risks and opportunities through our business. Regarding climate change mitigation, we aim to achieve our science-based net-zero emissions targets, and to achieve our scope 1 and 2 targets, we will promote the efficient use of energy, including the reduction of energy usage, the installation of solar power generation equipment and the expansion of the use of renewable energy. To achieve our scope 3 targets, we will work with stakeholders to reduce indirect CO₂ emissions from the value chain. To adapt to climate change, we will work on natural disaster countermeasures in our operations and supply chain and develop products and services that respond to climate change.

Water

In view of the importance of water resource management, we will cooperate with stakeholders (Water Stewardship) to promote the sustainable use of water resources by working to understand the water cycle and the environment of watersheds, reduce water consumption, increase the effectiveness of its use, and ensure thorough control of water quality.

Resources and Waste

Aim to optimize resources by incorporating a circular economy approach and promoting "Shiseido's 5Rs" (Respect, Reduce, Reuse, Recycle, Replace).

Biodiversity and Forests

We will strive to conserve biodiversity (terrestrial, freshwater, and marine biodiversity) by assessing the environmental impact of our value chain and implementing mitigation measures such as measure to avoid or reduce activities that impact biodiversity. Regarding our direct impact on biodiversity, we will conduct

biodiversity risk assessments at our sites such as factories and engage in conservation activities and other activities as appropriate in the region. Regarding our indirect impact, we will support zero deforestation and work with stakeholders to achieve sustainable and responsible procurement including traceability, since the procurement of key raw materials has the greatest impact on biodiversity.

- Developing Sustainable Products and Services

Based on the principles of Lifecycle Thinking and Green Chemistry, we will strive to create sustainable value unique to Shiseido, which balances the satisfaction stemming from the results, high-quality design, and feel of our products with respect for and coexistence between people, society, and the global environment. We will promote the development and implementation of circular formulas, ingredients, packaging, and business models using innovative technologies, process innovation and through collaboration with stakeholders.

- Compliance with Laws and Regulations

We comply with the relevant environmental laws and regulations of each country and region in which we operate, in line with international standards and our own standards.

- Governance and Environmental Management

We set environmental policies, targets, and objectives, establish management systems and work to continuously improve our environmental performance. These are promoted and supervised on a regular basis by the Sustainability Committee consisting of executive officers from sustainability-related fields of the Global Headquarters. Particularly important matters are proposed or reported to the Board of Directors. Under this framework, we strive to appropriately manage chemical substances and prevent air, water, and soil pollution.

- Communication and Engagement

We endeavor to increase the trust we have earned from society by sharing the contents of this policy with various internal and external stakeholders including consumers and investors, disclosing transparent and reliable information, and promoting proactive communication. We will also promote employee awareness and training to increase internal awareness.

*1 : Approved by the Sustainability Committee

*2 : CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₆ and other gasses are commonly considered greenhouse gases, but in this policy they are collectively referred to as CO₂.

Our Thoughts Regarding "Biodiversity"

Our company name 'Shiseido' comes from a phrase in the classical Chinese text, I Ching: "Praise the virtues of the Earth, which nurtures new life and brings forth significant values." While Shiseido's business activities rely on nature's rich biodiversity, we also recognize that natural resources are limited. In recent years, many scientists and non-government 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 engage in biodiversity conservation activities. They are also encouraged to ensure transparent information disclosure regarding the impact of their activities on the natural environment.

At Shiseido, we use the Taskforce on Nature-related Financial Disclosures' (TNFD) framework to assess and analyze risks/opportunities around our dependency and impact on nature. The results of these analyses have shown that palm oil-derived raw materials and paper have a significant impact on biodiversity on land. Therefore, we support the principles of the NDPE (No Deforestation, No Peat and No Exploitation) Policy*1 for palm oil and paper and strive to minimize the negative impact on biodiversity by complying with the laws and regulations of each country and international treaties and agreements*2 and switching to certified and recycled raw materials. We have organized challenges in biodiversity according to the hierarchy approach*3 and have set goals to switch to 100% sustainable paper by 2023 and 100% sustainable palm oil by 2026. To achieve these goals, we believe it is important not only to conduct our own operations but to also collaborate with our suppliers and other partners, etc. and promote sustainable procurement together with stakeholders.

We understand that recovering and regenerating biodiversity toward no net loss/net positive is essential, and we will continue to contribute to a future in which business and a diverse natural environment exist in harmony.

*1 : Comply with the principles and criteria of our sourcing-the RSPO's for palm oil and forest-related certification systems for paper, respectively. Preserve High Conservation Value (HCV) areas and High Carbon Stock (HCS) forests. Prohibit new peatland development regardless of depth and field burning for plantation or development. Respect and protect the rights of indigenous peoples and local communities and guarantee Free, Prior and Informed Consent (FPIC).

*2 : Washington Convention, Convention on Biological Diversity, OECD Guidelines for Multinational Enterprises, ILO Fundamental Conventions, The Ten Principles of the UN Global Compact, United Nations Declaration on the Rights of Indigenous Peoples, etc.

*3 : An approach to prioritize avoidance and reduction as steps to reduce environmental impact and to use offsets to offset the environmental impact that remains after these steps are taken.

Our Thoughts Regarding "Freshwater Resources"

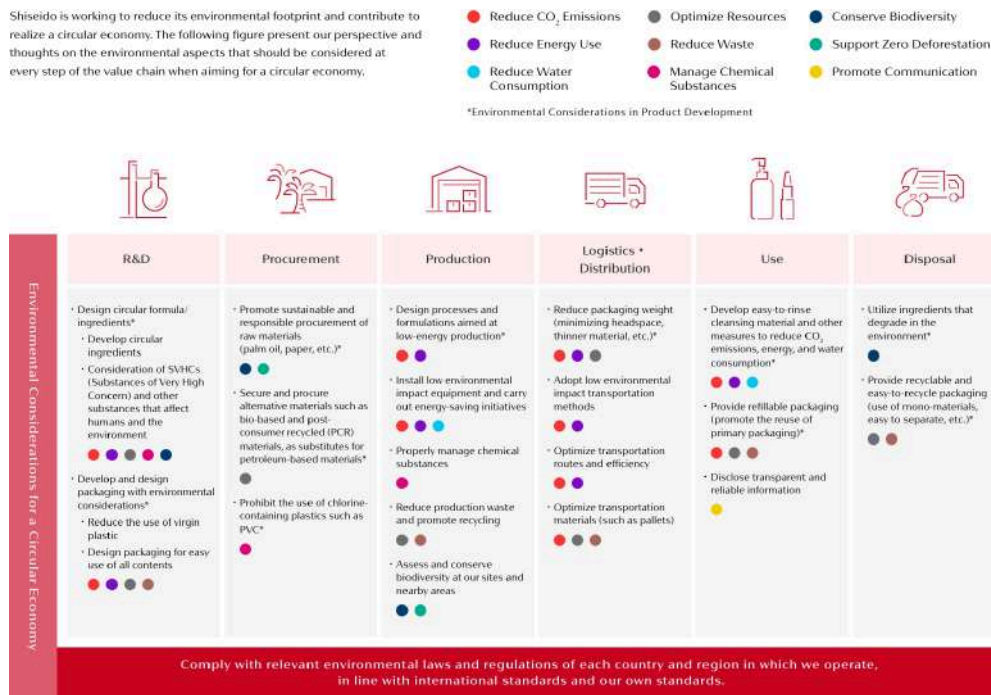
Water supports various aspect of our products, including the development of water-containing products such as lotions; the growth of plants as raw materials; temperature control; equipment cleaning; consumption; and waste disposal.

In light of the unique characteristics of water resources, such as its circularity and uneven distribution, we want to respect and promote a healthy water cycle, culture, and the human right to water and sanitation. We aim for a sustainable consumption for not only regulatory compliance but to also be in alignment with initiatives such as SDGs. We aim to reduce water consumption by 40%*1 by 2026 (versus 2014). In addition to promoting technological innovations, we promote water saving and recycling activities — especially in areas with high water stress and areas where rainfall is expected to decrease due to climate change. Furthermore, in collaboration with local stakeholders, we promote "water stewardship"*2 as a common property. To make effective use of water resources we focus on circular usage, where water used is purified and reused or recycled.

*1 : intensity per sales

*2 : Using water in a way that is socially equitable, environmentally sustainable, and economically beneficial

Our Thoughts on “Environmental Considerations for a Circular Economy”



Promoting Environmental Management

The Shiseido Group's production sites introduced the ISO 14001 environmental management system for the first time in 1997. Our eleven production sites worldwide all have obtained ISO 14001 certification. We are reducing our environmental impact and improving our management system by placing an Environmental Management Representative in each production site responsible for environmental initiatives including, setting policies and targets, promoting activities, confirming compliance with regulations, properly managing chemical substances, educating employees, and conducting the PDCA cycle. The progress of these activities is validated through third-party audits.

We are also advancing our global efforts in environmental management. For instance, the headquarters office and departments responsible for environmental management at various sites convene on a regular basis to discuss the reduction of CO₂ emissions, improvement of energy efficiency, reduction of water consumption, and enhancement of its effective use, as well as waste reduction. By exchanging best practices and sharing improvements among all sites, we aim to foster the development and environmental awareness of our employees.

Status of ISO14001 Certification

Production sites		Date of certification
Shiseido Company, Limited	Shiseido Kakegawa Factory	October 5, 1998
	Shiseido Osaka Factory* *Adjustments are underway for integration into the Osaka Ibaraki factory by the first half of 2026.	—
	Shiseido Nasu Factory	June 13, 2022
	Shiseido Osaka-Ibaraki Factory	March 24, 2023
	Shiseido Fukuoka Kurume Factory	November 13, 2023
Taiwan Shiseido Co., Ltd. Hsinchu Factory		August 31, 1999
Shiseido America, Inc.	East Windsor Factory	March 31, 2000

Shiseido International France S.A.S.	Unité de Gien Unité du Val de Loire	August 8, 2000 February 8, 2002
Shiseido Liyuan Cosmetics Co., Ltd.		August 17, 2000
Shiseido Cosmetics Manufacturing Co., Ltd.		November 9, 2004

*The acquisition rate of ISO 14001 certification for our domestic and overseas factories is 100%.

Cooperating Companies

Production sites		Date of certification
Shiseido Honeycake Industries Co., Ltd.*		September 29, 1999

*Although Shiseido Honeycake Industries Co., Ltd. is not a consolidated subsidiary it obtained certification in 1999 in line with Shiseido policies.

Collaboration with Stakeholders

Agreements with external organizations

2022	In Japan, Shiseido updated the content of our declaration on environmental protection, the Promise of eco-first and certified as an "Eco-First Company" by the Minister of the Environment. (Re-certified in 2012, 2017, and 2022.)
2009	In Japan, Shiseido became the first company in the cosmetics industry to receive the "Eco-First Company" certification from the Ministry of the Environment thanks to our declaration on environmental protection, the "Promise of eco-first."
2008	We agreed with the United Nations Global Compact's Climate Change Initiative on Caring for the Climate.



Environmental study with local residents

Environmental study with children

The Shiseido Kakegawa Factory (Kakegawa City, Shizuoka Prefecture) holds environmental learning sessions for local elementary school students every year. In 2019, 20 children from Kakegawa participated in the sessions. We introduced eco-friendly packages and waste reduction initiatives and learned about the problem of ocean plastics. Everyone checked small pieces of plastic collected from the beach by employees and made kaleidoscopes. The Shiseido Kakegawa Factory continues to provide environmental education in cooperation with the community.



Environmental study in the roof garden at the Ginza Office

The Ginza Office (Chuo-ku, Tokyo) has a rooftop "Shisei Garden" created with biodiversity conservation in mind. We hold environmental learning sessions for local residents in the garden. In October 2016, we invited 29 children to take part in a workshop in which they observed the plants in the roof garden and squeezed oil from Camellia, a cosmetics ingredient.



Environmental Accounting

In Japan, we use the Environmental Accounting Guidelines 2005 edition issued by the Ministry of the Environment to quantify the environmental conservation costs and outcomes.

Target period: From January 1 to December 31, 2023

Scope: Domestic sites (production sites, research centers, departments in the headquarters), overseas sites (production sites)

1. Environmental Conservation Costs (Unit: 1 million yen)

Category		Main initiatives	Investment	Expenses
(1) Costs breakdown by operation			4,760	436
Breakdown	(1)-1 Pollution prevention costs	Water contamination, atmospheric pollution control, etc.	85	160
	(1)-2 Global environmental conservation costs	Promotion of energy conservation, measures to protect the ozone layer, etc.	4,649	13
	(1)-3 Resources recycling costs	Waste processing, recycling, Wastewater re-use, reducing materials, etc.	25	260
	(1)-4 Chemical substance reduction cost		0	3
(2) Upstream/downstream costs		Costs associated with Recycling of Containers and Packaging Recycling Law, green procurement, product recycling, etc.	0	145
(3) Administrative costs		Personnel expenses (excluding R&D), environmental management costs	5	526
(4) Research and Development costs		R&D for environmentally friendly products, etc. (including personnel expenses)	5	0
(5) Social contribution costs		Support of environmental groups, disclosure of environmental information, environmental advertising, etc.	0	30
(6) Environmental remediation costs		Environmental remediation costs, etc.	0	0
(7) Other costs			0	0
Total			4,770	1,136

2. Economic Benefit Associated with Environmental Conservation Activities (Unit: 1 million yen)

Category	Outcomes	Economic benefit
Earnings	Revenue from the recycling of waste generated in main business activities and the recycling of used products, etc.	44
Cost savings	From energy conservation	144
	Waste-related	6
	From resource conservation	15
	Other	0
Total		209

Society

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



We are committed to realizing Shiseido's corporate mission, "BEAUTY INNOVATIONS FOR A BETTER WORLD," by prioritizing diversity, equity, and inclusion (DE&I) as our key business strategy.

We aim to create a culture where employees respect individuals' differences regardless of gender, age, or nationality, feel valued, and continue to contribute to innovations through the synergy of our diverse workforce.

We have set our strategic actions as "Advancing Gender Equality" and "Empowering People Through the Power of Beauty," and by 2030, we will support 1 million people in each of these actions, leveraging our findings and expertise from our longstanding efforts. We remain firmly committed to respecting the human rights of all stakeholders.

This commitment is the foundation for working with all the stakeholders throughout our business, including employees and consumers, for a highly inclusive society where everyone can be their authentic self.

1. Advancing Gender Equality

In the Global Gender Gap Report 2024, the World Economic Forum*1 reported that 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 is in the 118th place*2, the lowest among major developed countries, showing little improvement in 17 years since the first report in 2006, with women's participation especially low in the areas of politics and the economy. The World Economic Forum reported that it would take another 134 years to close the gender gap. Shiseido believes this is a pressing issue in Japan.

As one of our strategic actions, "Advancing Gender Equality," we are aiming to support 1 million people by 2030. To reach this goal, we are building upon our accumulated findings and expertise to focus on "Resolving the Gender Gap and Empowering Women" and "Supporting Women's and Girls' Education and Financial Independence Worldwide."

*1 : The World Economic Forum (WEF) is a nongovernmental 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 the gender gap between areas and countries used in the Global Gender Gap Report.2024

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. At Shiseido, we advocate the power of beauty as instrumental in mental and physical well-being, as well as social well-being^{*1}. We engage in various activities to achieve 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.

As one of our strategic actions, "Empowering People Through the Power of Beauty," we are aiming to support 1 million people by 2030. To reach this goal, we are building upon our accumulated findings and expertise to focus on "Cultivating Self-Efficacy Through the Power of Beauty" and "Challenging the Unconscious Biases and Prejudices that Limit Individual Beauty."

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

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

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.

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

At the Shiseido DE&I Lab established in 2023, we explore ways to leverage the power of diversity in our joint work with Tokyo University researchers. We study the process by which the empowerment of diverse human resources facilitates innovation by introducing different values and ideas and aim to verify the relationship between DE&I and corporate growth. Additionally, we disseminate our findings broadly throughout society through the "Shiseido DE&I Lab Site," thereby contributing to the growth of the Japanese economy through DE&I.

On the DE&I Lab Site, the company publishes the learnings gained from its past initiatives such as its workstyle reforms for beauty professionals and women's management training programs under "actions," as well as its empirical research results on the relationship between diverse talent and corporate growth conducted in collaboration with a team led by Professor Shintaro Yamaguchi from the University of Tokyo*, under "research."

In 2024, we published the results of two themes. The first theme, "From Women's Empowerment to Gender Equality," suggested that a gender imbalance among organizational leaders could reinforce unconscious biases. In response to these findings, we emphasized the importance of achieving gender balance among leaders and implementing a company-wide approach. The second theme, "Beyond Diversity: The Prescription for Inclusion," highlighted a successful marketing team that consistently launches "hero products." This team creates an inclusive environment by preparing pre-read materials for meetings, ensuring that members from diverse backgrounds, such as those with foreign nationalities or mid-career hires, can confidently share their opinions.

The "Shiseido DE&I Lab" will continue to conduct empirical research that leads to organizational transformation, striving for true gender equality.

* Research led by Shintaro Yamaguchi and Yoko Okuyama (Assistant Professor at the Department of Economics, Uppsala University / Invited Researcher at CREPE, University of Tokyo) as a co-researcher.



The RESEARCH page of the Shiseido DE&I Lab Site

[Click here for the Shiseido DE&I Lab](#)

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*1 of companies in Japan. As part of a global initiative that originated in the United Kingdom, the Japan chapter was inaugurated in 2019, and Phase 2 started in 2022 with the goal of achieving women directors for 30% of the directors' positions*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 well as for Phase 1, leading the activities of the TOPIX President's Committee, which consists of 34 chairpersons and presidents of companies*3 listed on the TOPIX 100 and TOPIX Mid 400.

The TOPIX President's Committee was held 9 sessions*4 as of the end of 2023 with a total participation of 172 chairpersons and presidents of the TOPIX 100 and TOPIX Mid 400. To lead innovations, it is necessary to nurture an organizational culture with high adaptability to change, and it is considered extremely important to achieve gender balance among management executives (such as executive officers and organization head positions) who have many team members and substantial influence on daily operations. In addition to the ongoing theme, the appointment of women to executive officer and organization head positions, there were lively discussions and case studies from different member companies on broad topics, such as fostering an organizational culture that leverages diversity. 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 was clarified through the TOPIX President's Committee, by promoting the implementation of concrete measures to resolve common issues, including developing career awareness among young women, sharing best practices for combining work with childcare, and holding exchange meetings between women candidates for executive positions with the President's Committee leaders.

In Phase 2, a fully integrated approach to influencing society through various stakeholders collaborating with companies, which is characteristic of the 30% Club Japan, is going into full operation. 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 during the past 5 years, the ratio of women on the boards of companies comprising the TOPIX President's Committee rose by 12.5 percentage points to 23% compared to the average ratio for all listed companies in Japan. It has also brought about further progress for women's participation in corporate decision-making, such as advancement to previously untraditional posts, including directors of business operations and manufacturing operations. Shiseido will lead the way in transforming Japanese companies to break away from the current homogeneity by promoting the active participation of women, thereby leading innovations.

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

*2 : Proportion of women 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 the 30% Club Japan](#)



Meeting of the TOPIX President's Committee



Empowering Women through Collaboration with Local Governments

Ayako Hirofujii, Executive Officer, Chief Financial Officer, and Chief DE&I Officer of Shiseido Co., Ltd., participated in the Tokyo Living Conference sponsored by the Tokyo Metropolitan Government as a committee member in 2024. The objective of this conference is to facilitate discussions between experts and the Tokyo Metropolitan Government regarding various social systems and corporate organizational situations related to the work styles and lifestyles of Tokyo residents. At the third conference, she shared our company's DE&I initiatives and emphasized the importance of respecting individual career aspirations. She highlighted that excessive consideration by the company could potentially hinder career development opportunities for women. Therefore, it is crucial to support their success and growth by actively assigning them to significant roles and responsibilities.

Furthermore, in 2024, Shiseido personnel were invited to deliver lectures on gender equality and the promotion of women's empowerment by approximately 60 sponsor companies, local governments, universities, ministries, and various organizations; these lectures reached a total of approximately 6,000 attendees. The lectures covered a wide range of topics, including the importance of top management's commitment to developing women leaders, Shiseido's history of promoting women's empowerment, and various human resources measures to change mindsets. Some of the major events were the "9th Nagasaki Women's Empowerment Promotion Company Awards" hosted by Nagasaki Prefecture and the "5th SDGs Exchange Meeting" organized by the Mid-Tochigi Machizukuri Council." We will continue to dedicate ourselves to promoting positive social change by applying the knowledge and experience we have gained through our efforts to advance gender equality.

Childcare Support

In the drive to make the childcare environment better through company cooperation, Shiseido launched a childcare business in 2017 with the establishment of KODOMOLOGY Co. Ltd., which focuses on the entrusted operation of in-house childcare facilities for businesses. In addition to the operation of in-house nurseries within Shiseido, such as KANGAROOM Shiodome (2003) *1 and KANGAROOM Kakegawa (2017), KODOMOLOGY supports management of 3 childcare facilities at other companies in Kanagawa Prefecture and Shizuoka Prefecture (2 facilities in Shizuoka and 1 facility in Kanagawa)*2. Since 2022, we have offered the parenting training program "KODOMOLOGY Ikutore—Preparing for Paternity Leave" at KANGAROOM Shiodome in response to the new legal requirements for paternity leave in Japan. In April 2023, we introduced KANGAROOM+, a parenting support service available to employees of Shiseido and partner companies, from the prenatal stage through elementary school age. Starting in November 2023, KANGAROOM+ expanded to offer postpartum support service for employees with children under 3 months of age. This service features childcare professionals certified in postpartum care visit employees' homes to assist with housework and childcare during these early months.

*1 : 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.

*2 : As of the end of December 2023

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

[Click here for press releases on the postpartum support offered at KANGAROOM+.](#)

[Click here for the corporate website of KODOMOLOGY CO.,LTD. \(in Japanese only\)](#)



Children playing at the in-house daycare facility KANGAROOM
Kakegawa



KANGAROOM+ began providing postpartum support

Supporting Women Researchers in Natural Sciences

The proportion of women researchers in Japan is low compared to other countries, remaining at roughly 18.3%*1. To improve this situation, Shiseido is offering continued support to women researchers in Japan who are engaged in world-leading, innovative research in natural sciences. The Shiseido Female Researcher Science Grant has been providing support in this area since 2007. Now in its 17th year, 2024, we awarded research grants to 10 women researchers. This subsidy is distinguished for its versatility in providing support to women in their life events such as childbirth and childcare, so long as the objective of the funding is research. To date, it has contributed to the research results and the career development of 169 researchers.

The theme for the 2024 award presentation ceremony held at the Shiseido Global Innovation Center (Yokohama) was "Deepening the Network of Women Researchers." We surveyed past award recipients*2 about the current situation of women researchers and found that over 80% reported facing challenges due to their gender. Many shared their struggles, such as balancing family and work, a lack of understanding due to the underrepresentation of women in the research community, and the absence of colleagues and networks they can confide in. These responses highlighted the difficulties faced by women researchers in balancing family and work due to deep-rooted gender roles in Japanese society, as well as their isolation and concerns about career development. On the positive side, recipients noted several benefits from winning the award beyond the financial grant. They mentioned that exchanges with fellow award winners inspired new ideas, while the award also provided emotional support, facilitated interactions with Shiseido researchers, and increased their recognition.

Shiseido will support exceptional women researchers facing difficulties in their work environment by offering opportunities for communication and knowledge exchange that transcend the boundaries of research fields and specialization. The company will also contribute to the future development of science in Japan by promoting communication between the grant recipients and young students.

*1 : Based on the 2023 Report on the Survey of Research and Development by Japan's Ministry of Internal Affairs and Communication

*2 : The survey was conducted from November 16-30, 2022, and completed by 74 recipients of the Shiseido Female Researcher Science Grant (sent to 119 recipients.)

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



**SCIENCE
GRANT**
SHISEIDO FEMALE RESEARCHER

The Shiseido Female Researcher Science Grant award ceremony in
2024

Empowerment of Women in Suppliers

In 2024, Shiseido conducted a lecture on diversity for 32 executives and managers from a supplier company. The lecture focused on themes such as the development of women leaders and flexible working styles as well as discussions on the employment of people with disabilities in factories and employee well-being. Shiseido views the empowerment of women and people with disabilities in the manufacturing industry as a social issue and will continue to support the improvement of ESG performance across the entire supply chain by sharing best practices.

Supporting Women's and Girls' 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, Global luxury brand 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 science, technology, engineering, and mathematics (STEM) education, employment, and empowerment programs for girls.

The partnership began in 2019 and was renewed in 2023 with the new goal of reaching 5.7 million girls in Bangladesh, China, Indonesia, Kazakhstan, Kyrgyzstan, Lao PDR, Namibia, Niger, Peru, Uzbekistan, and Vietnam by 2025. After one year of the renewed partnership, the supported programs have already reached more than 3 million girls.

To see this impactful work in action, in March 2024, a group of Clé de Peau Beauté and UNICEF representatives, recently visited Bangladesh – one of the partnership's main supported regions – to witness the benefits up close. The team visited schools that have adopted gender-transformative and skill-oriented curricula, which aims to modernize the education system through an effective and more engaging educational approach.

They also had the opportunity to visit workplaces that provide skills training through the Skills4Girls program. This program is designed to equip the most marginalized out-of-school girls with transferable skills and connect them with employment opportunities.

One of the Skills4Girls graduate shared her personal story: "Since childhood, I aspired to learn computer skills, but financial constraints halted my education. Thanks to the Skills4Girls computer training course, I've gained diverse skills and am now working as a trainer myself. I've shattered the belief that girls can't excel because we can achieve anything. No boundaries can confine me now."

Clé de Peau Beauté has pledged the world's largest private sector contribution of US\$17.4 million to UNICEF's Gender Equality Program since the partnership started in 2019. This contribution is funded through the brand's global Cause-Related Marketing Campaign*2, where US\$3 from every purchase of The Serum, one of the brand's best-selling products, benefits UNICEF's on-the-ground work.

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

*2 : A cause-related marketing campaign whereby US\$3 from every purchase of The Serum between January 1 and December 31, 2023, was donated to support UNICEF's programs for the education and empowerment of girls around the world.

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

UNLOCK THE POWER *of* GIRLS

THE KEY TO A BETTER WORLD



Additionally, Clé de Peau Beauté's long-term philanthropic commitment includes the annual 'Power of Radiance Awards'—a philanthropic endeavor to honor women from around the world who have acted to drive positive change through knowledge since 2019. In 2024, the Power of Radiance Awards recognized Ms. Reshma Saujani from New York, US in recognition for her extensive work championing STEM (Science, Technology, Engineering, Math) education for girls. Ms. Saujani has dedicated herself to empowering and increasing the number of girls in computer science through the founding of Girls Who Code, an international non-profit organization working to close the gender gap in technology.

The 'Power of Radiance Awards' are funded*3 by a percentage of global sales of The Serum. The brand will continue to support women who have a positive impact on society and celebrate all women's aspirations to be beautiful and strong, both inside and out.

*3 : 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.](#)



Ms. Reshma Saujani, recipient of the 2024 Power of Radiance Awards

Shiseido Travel Retail: Supporting Marginalized Women and Girls in Cambodia

In 2020, Shiseido Travel Retail partnered with Friends-International in the "Empower Her" initiative, which aims to help young women from disadvantaged backgrounds in Cambodia break the cycle of poverty by providing them with education, vocational training, and access to job opportunities in the beauty industry. In support of the initiative, we have made cash donations and contributed beauty products, and we have also been involved in the development of the training curriculum. In 2023, 108 women received vocational beauty training, and 57 of whom were given the opportunity for employment.

In 2022, we formed a partnership with Un Village Sous Les Etoiles (UVSLE) to expand our activities. Through UVSLE, we constructed Opportunity



Beauty training in progress

Village, which provides vulnerable Nepalese girls between the ages of 4 and 18 with homes, medical care, education and vocational training in a safe environment. We also help them start their careers, including the launch of microbusinesses. By 2023, 109 women had received training, 10 launched microbusinesses and 33 had opportunities to live in Opportunity Village.

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

With the vision, "Aiming for a society in which all children are brimming with smiles and shining in their own way," the Shiseido Child Foundation*1 supports children through three pillars of activities: "Supporting Children's Challenge for the Future" to help them prepare themselves for challenges brought by adulthood, "Creating Opportunities to Learn for People who Nurture Children" to provide training for child welfare facility personnel, and "Creating a Society in which Children are Supported by Everyone" to disseminate information to the general public.



Self-reliance Seminar

As part of "Supporting the Children's Challenge for the Future," the Foundation organizes 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 and skills from specialists so that they can live independent lives. In FY2023*3, more than 350 children participated in these seminars. In addition, the scholarship program launched in 2007 to support students entering universities, junior colleges, and vocational schools, supported 16 recipients in FY2023, making the total number of recipients 88. Other activities included training staff of child welfare facilities as part of "Creating Opportunities to Learn for People who Nurture Children" and subsidizing child abuse prevention awareness events and seminars for families raising children throughout Japan for "Creating a Society in which Children are Supported by Everyone."



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

*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.

*3 : FY2023 refers to April 2023 to March 2024

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

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. We collaborate with various support groups, medical institutions, and local governments in activities that leverage the power of beauty to promote the mental, physical, and social well-being* of people facing broad skin concerns and challenges.

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

Support for People Living with Cancer

With the vision of a society where people with cancer can continue to live their lives in the ways they desire, we continue our global efforts to help them cope with the changes in their appearance associated with medical treatment. Since 2008, we have 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 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, called "Appearance Care for Your Confidence and Comfort." In 2023, following the COVID-19 pandemic, we once again began actively conducting appearance care seminars for people living with cancer and we have reached a total of 6,045 people worldwide*.



"Appearance Care for Your Confidence and Comfort"

In June 2023, we won an award for excellence at the 8th Annual Meeting of the Japanese Association of Supportive Care in Cancer, held in Nara Prefecture, Japan, for our presentation on joint research with St. Luke's International Hospital. The study demonstrated that online consultations on appearance care provided psychosocial support for people with cancer, improving their quality of life.

In Japan, a highly skilled team of seven Social Area Leaders and 38 Social Area Partners from Shiseido Japan plays crucial roles in planning and leading activities that leverage the power of beauty by identifying the characteristics and social issues unique to their areas.

In 2023, Shiseido Japan and Yamagata City entered into the Agreement for the Health Maintenance and Promotion of the Citizens of Yamagata City.

Through this agreement, we are joining forces in initiatives to promote the health of residents through the city's programs for cancer and health. In the same year, Shiseido Japan also entered into the Collaboration Agreement for Cancer Control with Tochigi Prefecture and held appearance care seminars for Tochigi residents living with cancer. Tochigi Prefecture and Shiseido Japan are working together to promote the prefecture's measures for cancer with the aim of helping residents live more physically and mentally healthy lives.

In March 2024, Shiseido Japan implemented its first joint initiative with Matsue City during the 34th National Tsubaki Summit in Matsue, Shimane Prefecture. As part of this event, we partnered with Matsue City Hospital and Matsue Red Cross Hospital to host a Cancer Appearance Care Seminar for about 70 attendees, including the general public, healthcare professionals and cancer patients. The seminar was focused on the theme "Understanding and Confronting Cancer Correctly," with approximately 40 attendees also participating in the Makeup Workshop.

In the same month, at AICHI AYA WEEK 2024 in Nagoya, we offered personalized appearance care consultations and held a hair and makeup show led by our top hair and makeup artists. The aim was to help AYA*2 cancer patients enjoy

wigs and feel confident every day. During the two-day event, 494 people participated in the Shiseido Beauty Experience.

Additionally, we participated in the AYA WEEK 2024 Grand Community Event in Fukuoka, where we provided our unique healing touch care^{*3}, Personal B Color Diagnosis^{*4}, and other services.

*1 : Countries and regions including Japan, China, Singapore, and Taiwan (as of December 2023)

*2 : Adolescent and Young Adult (AYA), people between the ages of 15 and 39

*3 : Shiseido's unique treatment technique for relieving mental and physical tension by touching and massaging the back

*4 : Shiseido's unique diagnostic method for identifying a customer's personal color based on their natural skin, hair and eye colors

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



Delegates from Yamagata City and Shiseido Japan at the signing ceremony



Delegates from Tochigi Prefecture and Shiseido Japan at the signing ceremony

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.

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.



LAVENDER RING Photo Book: Smiles and Messages from 206 People Living with Cancer (Hearst Fujingaho Co., Ltd.)

Since 2022, LAVENDER RING MAKEUP & PHOTOS WITH SMILES has expanded globally, and in 2023, events were held in countries and regions including Japan, China, Singapore, Taiwan, and Thailand. The reception by the partnering patient groups and medical institutions was very positive, and they expressed the hope that the event would be held regularly because it inspired courage and confidence in many participants. In 2024, we expanded the project to the

Philippines and Malaysia. In January, 65 people living with cancer participated in the Philippines event, while 15 attended the Malaysia event in May.



Event in Taiwan



Makeup session at the event in Taiwan

In 2023, LAVENDER RING MAKEUP & PHOTOS WITH SMILES continued to grow in Japan, and events were held in five areas (Tokyo, Osaka, Aichi, Ehime, and Fukuoka). In addition, we held a special photo exhibit titled "MAKEUP & PHOTOS WITH SMILES" to display the participants' bright smiles and messages at the 31st General Assembly of the Japan Medical Congress held in Tokyo.

In summary, since the inception of the program in 2017 until 2023, we have held 30 MAKEUP & PHOTOS WITH SMILES events in partnership with medical institutions and patient groups in Japan, China, Singapore, Taiwan, and Thailand and have welcomed a total of 653 groups of people living with cancer to these events. In February 2024, we held the LAVENDER RING MAKEUP & PHOTOS WITH SMILES poster exhibition at the 38th Conference of the Japanese Society of Cancer Nursing.



Exhibit at the 31st General Assembly of the Japan Medical Congress

"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 Japan, China, Singapore, and Taiwan. In 2023, the Shiseido Life Quality Beauty Center in Japan continued to support people with severe skin problems. It provided beauty information to people suffering from facial asymmetry due to facial nerve paralysis and other disorders. The center also partnered with medical institutions to offer personalized online consultations to people unable to visit in person.

In 2023, the center offered enhanced personalized consultation in a privacy-protected space, along with virtual seminars and events. A total of 2,516 in-person and online consultations, seminars, and events were attended by 58,058 people.

In China, upon renewal of the dedicated product series for Shiseido Life Quality Makeup, Perfect Cover (Chinese brand name: PF-COVER), in March 2023, we focused on online communication to reach far and wide; we are working with key opinion leaders (KOLs), a leading platform for people with vitiligo (白白手拉手), and social media. Currently, 80% of those who visit the Shiseido Life Quality Center in China have vitiligo.

In Taiwan, we strengthened our collaboration with medical institutions in 2023, holding 221 Shiseido Life Quality Makeup seminars through patient group events and lectures. Six highly trained consultants introduced Perfect Cover at retailers while continuously supporting the improvement of the skills of the retailer personnel.



Online appearance care consultation



Consultation room at the Shiseido Life Quality Beauty Center (Japan)



Consultation at the Shiseido Life Quality Beauty Center (China)



Makeup consultation at the Shiseido Life Quality Beauty Center (Taiwan)

Evolution of Perfect Cover

In 1995, Shiseido launched the Perfect Cover series designated for Shiseido Life Quality Makeup, which applied optical technology to address blue discoloration (nevi of Ota), red discoloration (hemangiomas), and conspicuous dark spots. The series has since evolved to meet a wider range of deep skin concerns including vitiligo and uneven skin textures, such as scars and vitiligo.

In anticipation of further global expansion, the series went through a complete renewal in 2022 with new packaging and reformulation. The renewed series provides enhanced coverage for changes in appearance from the side effects of cancer treatment (such as dull complexion and pigmentation) while achieving a lasting, natural-looking finish. The flagship product, Perfect Cover Foundation MC offers smooth application and a comprehensive coverage solution to concerns about uneven skin tones and surfaces. Specially developed for vitiligo, Perfect Cover Foundation VC provides seamless coverage of vitiligo patches to match the rest of the skin. As demand for makeup increases post-pandemic, we aim to support individuals seeking coverage to help them look and feel like themselves.



Shiseido Life Quality Makeup for serious skin concerns



Perfect Cover products

Collaborating with Retail Partners and Other Organizations 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, support groups, medical institutions, and local governments 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 General Support Centers, and Welcia Yakkyoku Co., Ltd., jointly held 56 workshops for older people at 18 Welcafe locations, the community spaces inside Welcia pharmacies in 2023.



Workshop at the Welcafe Kawaguchi Ryoke branch

We also developed the Beauty for Health program, which incorporates research findings from Shiseido's cosmetic therapy*3 to help older people, and 497*4 CRC*5 member retailers have adopted the program. We are committed to providing access for local communities to improve well-being through the power of beauty.

In the medical field, oral frailty*6 continues to affect the lives of older people. Shiseido's cosmetic therapy has shown that the action of applying cosmetics stimulates the salivary glands, thereby improving oral function. Drawing on our research, we collaborate with dentists and dental clinics to hold seminars for local communities.

*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 2023 by Japan's Ministry of Internal Affairs and Communications

*3 : 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.

*4 : As of December 2022

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

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

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, Shiseido Japan developed the Shiseido Guide Makeup for people with visual impairments and added the course to Shiseido Life Quality Beauty Seminars. In 2021, online seminars were enhanced with workshops for people with visual impairments. In 2023, we resumed Guide Makeup seminars after the COVID-19 pandemic in cities across Japan, including Saitama, Hamamatsu, Nagoya, Kyoto, and Hiroshima. These seminars were designed to accommodate both in-person and online attendance. By harnessing the power of beauty, we are committed to promoting a society where people with visual, intellectual, developmental, and other challenges can also live their lives in ways they desire.

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 the Association of the Visually Impaired in Nagoya



Logo of Shiseido Listener's Café

ANESSA Sunshine Project to Support Children's Mental and Physical Growth

In 2024, Shiseido's sunscreen brand ANESSA launched the ANESSA Sunshine Project, a new initiative aimed at supporting the healthy growth of children's minds and bodies through activities in the sun. This project marks ANESSA's first cross-border social contribution effort across 12 countries and regions in Asia*1.

The World Health Organization (WHO) recommends that children and adolescents between the ages of 5 and 17 engage in at least 60 minutes of physical activity per day (more than 7 hours per week)*2. However, in modern society, children spend less and less time playing outside. According to an independent survey*3 conducted by ANESSA in urban areas in four Asian countries (China, Japan, Thailand and Vietnam), less than 50% of children in all of the countries surveyed spend more than 7 hours a week playing outdoors. ANESSA is committed to addressing this social issue because playing outside nurtures five key aspects of child development (physical, emotional, social, intellectual and psychological development). In particular, it enhances autonomic function, which helps them develop life skills such as motivation and spontaneity*4.

As part of the initiative to address this issue, ANESSA has become the first cosmetics brand to sign a Social Value Partnership with the Japan Football Association (JFA) under the JFA PARTNERSHIP PROJECT for DREAM. As a JFA Social Value Partner, ANESSA collaborates with the JFA to host interactive events for children and families. These events include UV-protection seminars to promote safe sun exposure and engaging mental and physical activities in the sun.

*1 : China, Hong Kong, Indonesia, Japan, South Korea, Macau, Malaysia, the Philippines, Singapore, Taiwan, Thailand, and Vietnam

*2 : WHO Guidelines on Physical Activity and Sedentary Behavior

*3 : Survey on Children's Outdoor Play in Four Asian Countries, conducted online by ANESSA from February 15 to March 1, 2024, with 100 parents with children living in four cities (Shanghai, Tokyo, Bangkok, Ho Chi Minh)

*4 : According to Dr. Akira Maehashi, Doctor of Medicine, Professor of the Faculty of Human Sciences, Waseda University, an expert in child health and welfare studies



ANESSA Sunshine Project



ANESSA Sunshine Project and Collaboration with the JFA

[Click here for the press release on the ANESSA Sunshine Project](#)

[Click here for the press release on the JFA Social Value Partnership](#)

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 2023, to raise awareness and promote the understanding of XP, we invited the Japanese National Network of XP Family Associations to speak about its activities and how it uses donations at Brown Bag, the intranet seminar for Shiseido employees.



Support for Patients with Xeroderma Pigmentosum

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). In addition, we are committed to supporting the LGBTQ+ community and its allies* inside and outside the company. This demonstrates our commitment to achieving a world where everyone can live their lives and celebrate each other's beauty, regardless of gender, age, and nationality.

*Ally means "comrade, alliance" and refers to those who understand and support persons concerned

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, we developed complimentary educational material on unconscious biases and started providing it to teachers upon request in March 2023. Titled "For a World Where Everyone Can Be True, Beautiful Self," the free program can be used during a moral education class to learn unconscious biases and stereotypes that interfere with the students or someone else from staying true to themselves. It facilitates proactive thinking and discussion on how to be who they want to be and feel alive and beautiful. In 2023, 16,875 students across Japan took the program. In its second year, 2024, classes will begin in April, and the program is expected to enroll over more than 10,000 students nationwide.

*We conducted an online qualitative survey in ten countries worldwide (Australia, Brazil, China, France, Germany, Italy, Japan, Thailand, the United Arab Emirates, and the United States), collecting 5,000 personal experiences to shed light on UBB around the world before the project.

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

[Click here for the SEE, SAY, DO. project press release \(Japanese Only\)](#)

Supporting the LGBTQ+ Community

In Japan, highly skilled Social Area Leaders and Social Area Partners from Shiseido Japan, who are dedicated to working within their respective regions, are at the forefront of promoting support for LGBTQ+ communities in various areas.

In 2024, Shiseido participated in Pride events held in Tokyo, Gunma, Nagoya, Osaka, and Hiroshima. Alongside a total of 214 employee volunteers, we took part in parades and set up beauty experience booths, attracting 4,073 visitors. In collaboration with domestic organizations, we conducted various activities, including a makeup advice workshop for

sexual minorities with Pride Center Osaka, a "Discover Your True Self! Self-Production with Makeup" workshop for LGBTQ+ and allies with the Hiroshima Prefectural Sexual Minority Association, and a makeup workshop for transgender women with Rainbow Tokyo Kita Ward, which saw participation from 40 individuals. Internationally, we also engaged in Pride events in New York and Germany, joining parades with our employee resource groups (ERGs) and brands.



Tokyo Rainbow Pride 2024 Parade



Osaka Rainbow Pride! 2024



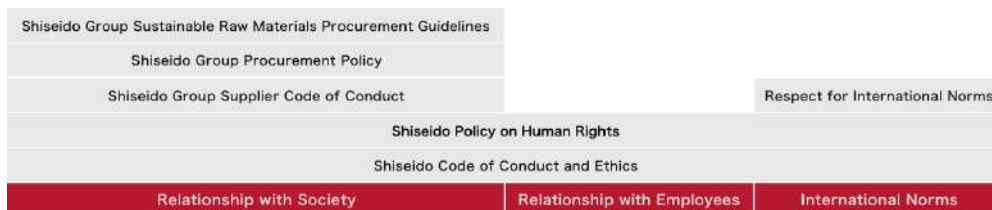
The New York City Pride Parade



The ColognePride 2024 Parade in Germany

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 fulfil their responsibilities. In order to become a company trusted by consumers and societies all over the world, and to continue developing along with the global society, all our business activities are based on respect for human rights. 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.

Consumer Rights

For details, please check the Shiseido Code of Conduct and Ethics (Chapter 2: With Consumers).

Shiseido Group Policy on Customer Harassment

In 2024, we established the Shiseido Group Policy on Customer Harassment.

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 DE&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 Shiseido 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.

In 2023, we conducted a human rights risk assessment as part of our periodic review of our risk map regarding potential human rights issues. Two of our factories were surveyed by a human rights NGO to assess the working environment, which included interviews with migrant workers. Although the survey did not find any significant human rights risks, we have taken corrective measures for the cases that were identified as human rights risks. We will continue to conduct investigations to identify potential human rights risks and continuously improve our working conditions.



Human Rights Risk Assessment

Step 1: Identification of human rights issues

In cooperation with external human rights experts and by referencing international codes on human rights, standards on non-financial disclosures, and the Corporate Human Rights Benchmark (CHRB), we have developed a list of human rights issues to address including modern slavery issues and other wider-ranging issues. Throughout the value chain, we have identified the risks of targets relevant to the Company and organized the areas and targets of our due diligence in this field.

- Affected parties: business partners, employees, consumers, and members of society. Specifically, contractors, suppliers' employees, our own employees (employed both directly and indirectly), women, children, indigenous peoples, local residents, and immigrants.
- 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).

Step 2: Assessment of human rights risks

We assessed the status of our activities against the human rights issues identified above. This was done by interviewing stakeholders in Japan and overseas, and investigating internal documents such as surveys and reports — while also referring to external documents for any potential impact on human rights. Based on our findings, we determined the severity and likelihood of both potential and visible risks to human rights, as well as the status of our preventive and corrective measures.

- Third-party evaluations: A third-party organization specializing in human rights risk assessment was commissioned to conduct the assessment. Based on various materials and records related to Shiseido's human rights activities as well as information obtained through interviews with Shiseido Group employees in Japan and overseas, the assessment sought to determine the existence or absence of human rights risks (potential and visible risks) in the entire value chain. The organization evaluated Shiseido's human rights risk management system, including the status of our preventive and corrective measures.
- Human rights risk assessment requires a combination of methods at the information gathering stage, and interviews were conducted with migrant workers (temporary employees) as a means of communicating with rights holders* who may actually be affected.

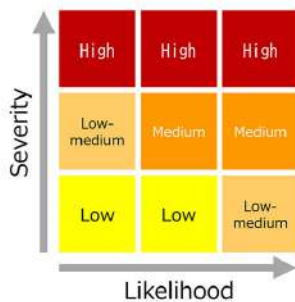
*People who are subject to human rights and who are affected by human rights in the course of our business activities.

- 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.

Step 3: Human rights risk map and periodic review

Human rights risk assessment scores are mapped on two axes, severity and likelihood of occurrence, to determine the priority of responses. For severity, we assess actual risks and risks by country and region to understand their severity. For likelihood, we assign scores based on latent risks, industry-specific risks, and the existence of effective preventive and corrective processes to reduce risks. We conducted the first human rights risk assessment for the entire Shiseido Group in 2020 and the second in 2023 to confirm human rights risks. In the 2023 assessment, we received third party advice from Deloitte Touche Tohmatsu LLC, a limited liability auditing firm in the Deloitte Tohmatsu Group, as an organization with expertise in the fields of business and human rights. The risk map was reviewed regularly during the assessment, which was conducted once every two years. We identified important human rights risks of a particular priority level that needed to be addressed, and reported them to management.

Human rights risk map



Component of the score

Severity	- Visible Risk - Country and Region Risk
Likelihood	- Potential Risk - Business Specific Risk - Preventive and Corrective Measures

Periodic human rights risk assessments

	Human Rights Risk Assessment 2020	Human Rights Risk Assessment 2023
Scope*	3 Regions (Japan/GHQ, China, Americas)	Regional headquarters of all regions
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.	

* Including new business relationships such as M&As and joint ventures.

Important Areas of Human Rights Identified through Risk Assessment

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.

* In no particular order

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 ethics and harassment 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 employees in various divisions/departments and to 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 consultants 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 Impact Assessment

We conducted human rights impact assessments at eight business sites in Japan and overseas (six regional headquarters in all regions and two factories in Japan).

Occupational Health and Safety (OH & S)

Number of factories with ISO 45001 certification: 8 sites

A safety culture audit was conducted at 22 Shiseido Group companies in Japan to evaluate and analyze the level of safety culture at each company in the areas of education and training, reporting obligations, performance, resources and the environment, and organization and corporate culture. The results of the audit are reported back to the Shiseido Group Occupational Health and Safety Management System Committee, which meets four times a year. The committee analyzes trends in work-related accidents at each business site and gives instructions for improvement, especially for the improvement of dangerous locations and dangerous actions to ensure that they do not recur.

Harassment

In 2022, a workplace harassment fact-finding survey was conducted in 309 departments of the Shiseido Group in Japan. The results of the survey were provided to each department as feedback, and each department was requested to take measures to resolve harassment issues. In response, each department took corrective measures individually. In 2023, a harassment fact-finding survey was conducted at departments deemed to be at high risk of harassment to ascertain the status of subsequent improvements. The survey results were provided to all responsible persons in the departments subject to the survey as feedback, and for departments that were not making sufficient improvements, corrective measures were requested again based on the survey results.

In 2023, six disciplinary actions were taken at the Shiseido Group in Japan regarding harassment. In each case, employees involved in misconduct were punished in accordance with work rules and internal regulations, and corrective measures and measures to prevent recurrence were promptly taken in cooperation with the relevant departments.

Promoting Sustainable and Responsible Procurement

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

As for raw materials derived from palm oil, we have replaced 51% of palm oil-derived raw materials (palm oil equivalent, on a weight basis) with certified palm oil based on the RSPO's physical supply chain model.

* Such as certified paper and recycled paper, paper weight basis

Supplier Assessment Program

Tier 1 Suppliers Assessment

In 2023, we conducted the Supplier Assessment Program globally for all 860 Tier 1 suppliers (categories: direct materials, OEM products, contract manufacturing goods, and sales support tools). It was since 2020 that we conducted the program covering all Tier 1 Suppliers. As a result, we completed the self-assessment of all 860 suppliers*1. Furthermore, 12 suppliers were identified as high-risk suppliers in the self-assessment.

- We provided feedback on the result and advised on corrective action plans to all 12 suppliers.
- We conducted third-party audits to all high-risk suppliers and asked suppliers to take corrective actions. As a result, we reduced the number of High-Risk Suppliers to 3.

We will continue working with the 3 high-risk suppliers for corrective actions, aiming to complete the corrections by the end of 2024. In addition, we will expand the categories of the Supplier Assessment Program and plan to start an assessment of Tier 1 suppliers of indirect materials*2 in 2024.

*1 : 1 supplier completed the self-assessment in February 2024.

*2 : Scope of the assessment is based on priorities derived by using IQ Plus, a screening tool from EcoVadis, which screens suppliers based on country, industry sector, spend and others.

Please refer to "Promoting Sustainable and Responsible Procurement" 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. In Japan, we have established the Shiseido Hotline, which handles consultations and reports from a wide range of workplaces, and the Shiseido Group Audit Committee Hotline*, which handles domestic and overseas reports related to directors, executive officers, and persons in charge of the hotline. 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. We have established an internal project to develop an approach to living wages throughout the value chain. In 2023, we collaborated with the Fair Wage Network to evaluate the living wages of employees across the entire Shiseido Group using the Living Wage Methodology. We have also begun evaluating the living wages of suppliers using the same method.

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 2023, 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 15 of them made the commitment or conducted an assessment.

In addition, we plan to conduct living wage assessment of our strategic suppliers from 2024, with the Fair Wage Network.

*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 2023, we held a dialogue with human rights experts to report on the results of our human rights risk assessment and discuss the progress of our response to each human rights risk, disclosure of human rights due diligence, and response to human rights risks in the supply chain.

Date	October 16, 2023
Agenda	Building grievance mechanisms, supplier management in human rights
Experts	Human rights experts from the World Benchmarking Alliance and the United Nations Development Programme Asia Pacific
Key comments	Human rights experts advise that it is important to build a relationship of trust with rights holders and to promote engagement with suppliers in order to build a grievance mechanism.

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.

Responding to and learning from human rights issues identified through the dialogue with stakeholders

In 2023, we conducted a human rights risk assessment as part of our periodic review of our risk map regarding potential human rights issues. Two of our factories were surveyed by a human rights NGO to assess the working environment, which included interviews with migrant workers. Although the survey did not find any significant human rights risks, we have taken corrective measures for the cases that were identified as human rights risks.

Date	September 21-22, 2023
Venue	Shiseido Kakegawa Factory and Shiseido Osaka Ibaraki Factory
Agenda	- Human rights due diligence and engagement - Working environment research, including interviews with migrant workers (temporary workers)
Survey and interviewer	The Global Alliance for Sustainable Supply Chain (ASSC), a human rights NGO
Contents of the survey	- Interviews with 20 foreign workers on working conditions, wages, working hours, and safety and health. - Management interviews with the management departments of the factories, checking records on working conditions, wages, working hours, safety and health, and disciplinary measures, as well as checking the actual working environment.

● Case 1: Time spent changing clothes regarded as paid working hours

The human rights NGO that conducted the survey pointed out that the fact that the time to change into uniforms at the time of going to work and leaving work is not treated as working hours is a human rights risk. At the time of the survey, the Company was in the process of making arrangements to pay wages for time spent changing into uniforms. In 2024, all our factories in Japan began paying for the time spent changing into uniforms.

● Case 2: Multilingualization of employment contracts for foreign workers in our factories

When the human rights NGO interviewed migrant workers (temporary workers) working at our factories, some of

them commented favorably that the increased use of English in the notice boards and documents at the factories made them easier to understand than before. However, some pointed out that the employment contracts and other documents prepared by the temporary staffing companies were written only in Japanese. We understood the necessity of providing employment contracts in multiple languages and changed the language for preparing employment contracts so that foreign workers can understand them regardless of whether they are hired directly or indirectly.

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." Collaborating with Shiseido teams worldwide, local communities, and NGOs, the brand has engaged in impactful activities such as beach clean-ups and dune planting to enhance the beauty of our oceans. On World Oceans Day, June 8, 2024, marking the project's sixth anniversary, we proudly conducted a series of sustainability initiatives focused on sun care across nine locations in five countries.

[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*1 for product packaging*2 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.

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

*2 : Amount of paper packaging used in 2023 (including estimates): 5,300t

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, Cosfilbel 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 Shiseido Products and Suppliers

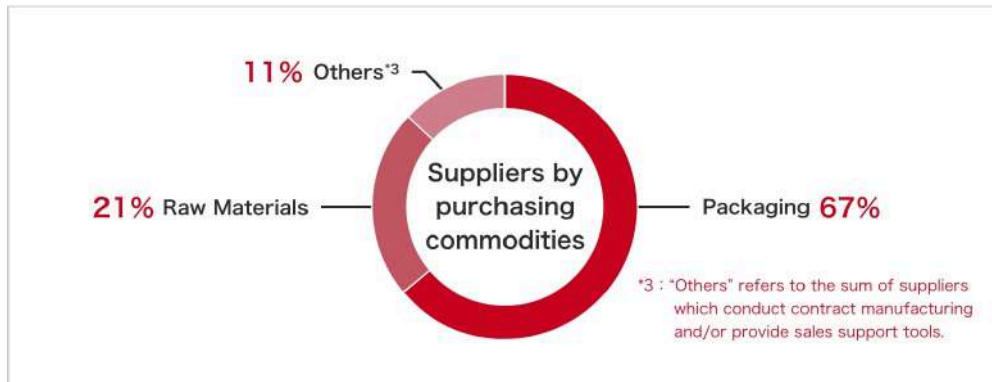
Purchasing Commodities

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.

Shiseido does business with 860 suppliers* from various countries and regions around the world based on the Shiseido Group Procurement Policy. Under the policy we build good partnerships, conduct fair purchasing transactions, make sure that contracts are fulfilled, promote responsible procurement, and respect diverse values.

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

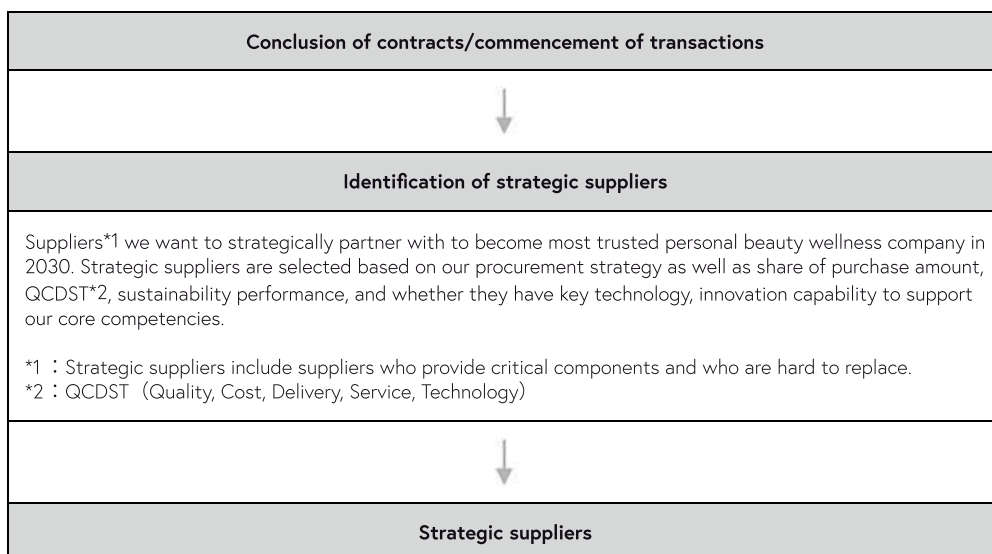
Suppliers by Category



Strategic Suppliers

Identification of Strategic Suppliers

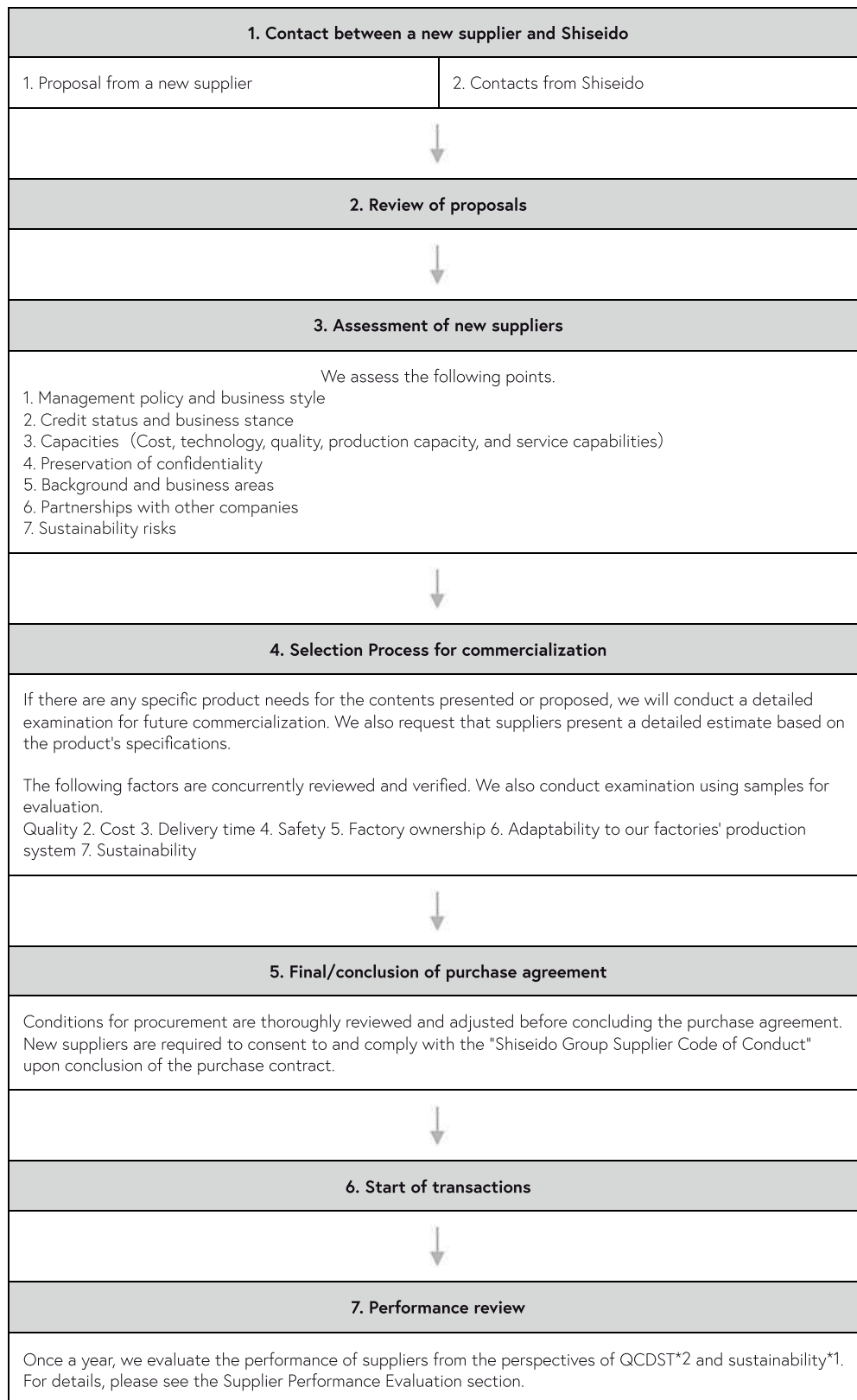
We identify strategic suppliers once a year by the following process



Number of strategic suppliers

	Suppliers
Tier1	24
Non-Tier 1	5
Total	29

Flow of Transactions



*1 : The minimum requirement for doing business with a supplier is that it is assessed as "not high-risk" in terms of sustainability. If a supplier is categorized to be "high-risk", it is excluded from the candidates; however, if issues are corrected within a certain period and requirements are met, its eligibility may be reconsidered.
Please refer to the Supplier Assessment Program for the definition of "high-risk".

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

Category strategy in Procurement

Shiseido builds category strategy based on purchased commodities and conducts sourcing activities accordingly. The category strategy is created by considering requirements based on QCDST* business aspects, and requirements from a sustainability perspective. The strategy is updated based on category performance which is reviewed regularly and the status of compliance with the Supplier Code of Conduct.

In these ways, we continuously review our purchasing practices and ensure alignment with the Supplier Code of Conduct while confirming there are no conflicts with sustainability requirements.

*Quality, Cost, Delivery, Service, Technology

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 the Supplier Assessment Program.

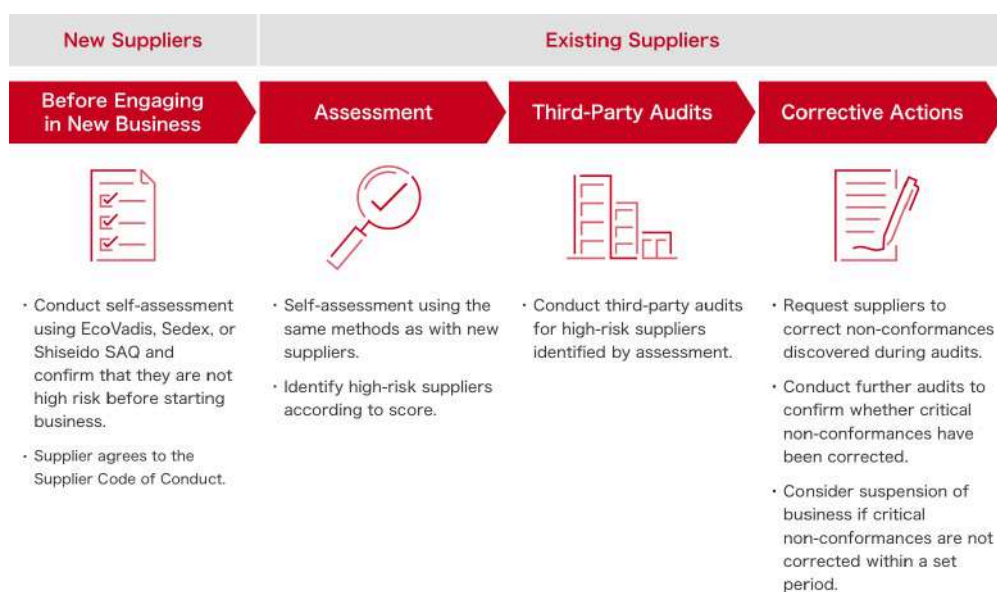
At Shiseido, we implement the program based on the Shiseido Group Procurement Policy which was revised in 2022. We don't work with suppliers, if they are categorized as high-risk by the assessment and don't correct non-conformances identified by audits.

We conduct a self-assessment for all suppliers when starting business from the perspective of sustainability (human rights, occupational health and safety, environment, and business ethics) using either EcoVadis, Sedex, or our original Self-Assessment Questionnaire (SAQ) *1.

We start business with new suppliers after conducting supplier assessments, confirming that they are non-high-risk and then agree to Shiseido Group Supplier Code of Conduct.

For existing suppliers, we continuously confirm compliance with Shiseido Group Supplier Code of Conduct using the above assessments.

We screen significant suppliers*2 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*3 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.*4

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 following table for details about our self-assessment tools.

*2 : In 2023, 38 companies were classified as significant suppliers (33 of these are Tier 1 suppliers and their spend accounts for 35% of the global spend), We assessed all of them and none of them was categorized into high-risk.

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

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

Tool	Explanation (main criteria etc.)
EcoVadis	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. The questionnaire is customized according to industry type, location, and company size of the respondent. Supporting documents are required when submitting answers.
Sedex	Evaluate suppliers by the questionnaires based on labor standards, health and safety and business ethics. The number of questions vary depending on industries. The level of risk is calculated based on the answers to the questionnaire. Country and sector specific risks are also considered.
Shiseido SAQ (Self-Assessment Questionnaire)	Based on Shiseido Group Supplier Code of Conduct, the SAQ evaluates suppliers from four criteria: human rights and labor, occupational health and safety, the environment, and business ethics.

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, OEM products, contract manufacturing goods, and sales support tools. From a tier viewpoint, we assess not only Tier1 suppliers, but also upstream suppliers; Tier 2, and beyond.

We will expand the categories of the Supplier Assessment Program and plan to start an assessment of Tier 1 suppliers of indirect materials* in 2024.

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.

* Scope of the assessment is based on priorities derived by using IQ Plus, a screening tool from EcoVadis, which screens suppliers based on county, industry sector, spend and others.

Results:

Activities in 2023

Tier 1 Suppliers Assessment

In 2023, we conducted the Supplier Assessment Program globally for all 860 Tier 1 suppliers (categories: direct materials, OEM products, contract manufacturing goods, and sales support tools). It was since 2020 that we conducted the program covering all Tier 1 suppliers. As a result, we completed the self-assessment of all 860 suppliers*1.

Furthermore, 12 suppliers were identified as high-risk suppliers in the self-assessment.

- We provided feedback on the result and advised on corrective action plans to all 12 suppliers.
- We conducted third-party audits to all high-risk suppliers and asked suppliers to take corrective actions. As a result, we reduced the number of high-risk suppliers to 3.

We will continue working with the 3 high-risk suppliers for corrective actions, aiming to complete the corrections by the end of 2024.

Tier 1 Suppliers Assessment Results

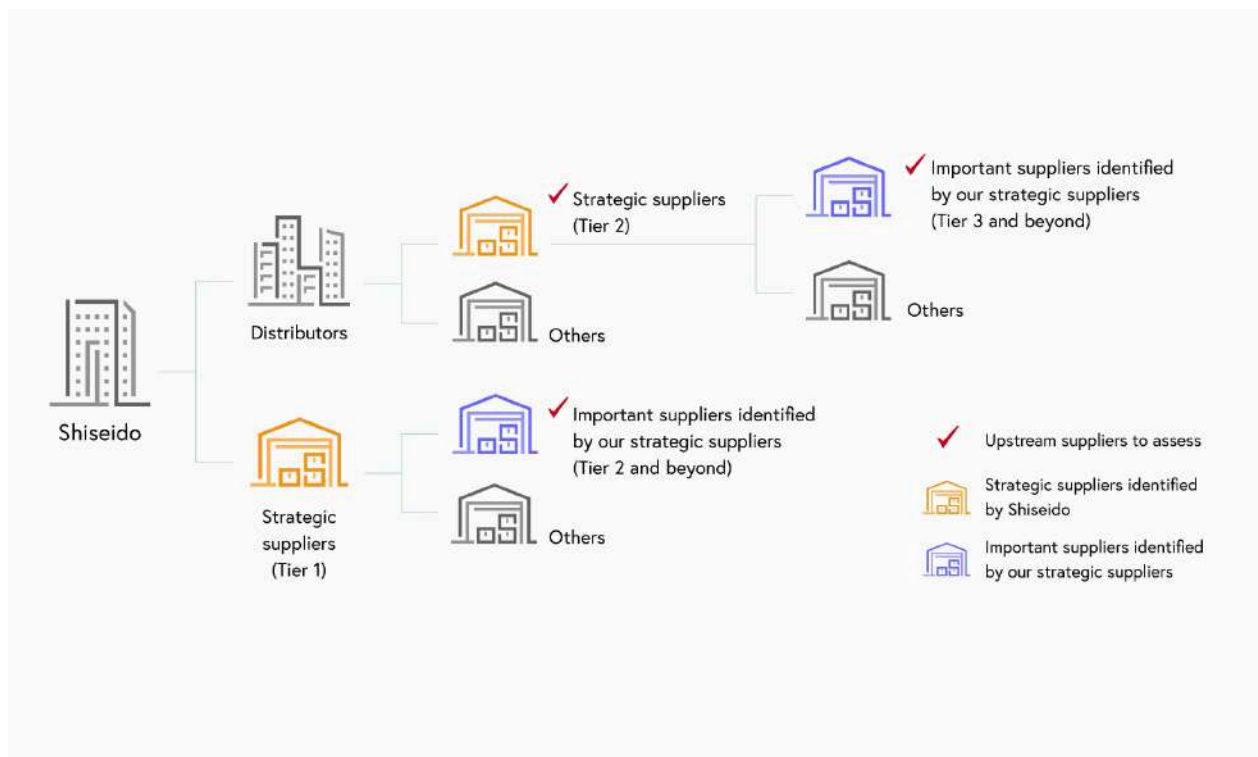
Year	No. of Suppliers Assessed	No. of High-Risk Suppliers Identified	No. of High-Risk Suppliers (at end of FY2023)
2020	889	132	0
2021	279	17	0
2022	72	10	0
2023	860*	12	3

*1 supplier completed the self-assessment in February 2024.

Assessment of Upstream Suppliers (Tier 2 supplier and beyond)

Same as previous year, we assessed five Tier 2 strategic suppliers in 2023, and none were categorized as high-risk. In addition, we expanded the assessment scope and began to assess upstream suppliers (Tier 2 supplier and beyond). First, we requested our strategic suppliers (Tier 1 and Tier 2) to identify important manufacturing suppliers that they work with and confirm the risks of these suppliers using such as EcoVadis and Sedex etc. As a result, we completed an assessment of 169 upstream suppliers in total and identified one high-risk supplier. Together with our Tier 1 and Tier 2 strategic suppliers, we will continue identifying suppliers to assess and correct the issues of the high-risk supplier.

Assessment Scope of Upstream Supplier (Tier 2 supplier and beyond)



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

Year	2020	2021	2022		2023	
	Results	Results	Results	Target	Results	Target
% of suppliers assessed (number of suppliers assessed) *1	94% (791)	97% (279)	100% (67)	100%	100% (860) *2	100%
Geographical scope	All Tier 1 suppliers in all regions	Global headquarter, EMEA Regional Headquarters and some suppliers	All Regions		All Tier 1 suppliers in all regions	

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

*2 : The assessment of one supplier was completed in February 2024.

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

Year	2020 Results	2021 Results	2022 Results	2023 Results	2024 Target
% of strategic suppliers assessed (number of suppliers assessed)	96% (239)	100% (17) *	100% (23)	100% (24)	100%

*The definition of a strategic supplier was revised 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
Occupational health and safety	Evacuation guidance signs were not placed in the warehouse.	Evacuation guidance signs were placed.
	The warehouse area was not equipped with emergency lighting.	Emergency lighting was installed.
	A door along the evacuation route was locked and equipped with a door knob cover.	A warning to not lock the door during operating hours was installed, and the cover was removed.
	Fire extinguishers were improperly installed in the facility.	Proper installation of fire extinguishers, and regular checks were implemented.
	Power outlets and wiring were not installed in a safe manner.	Safety covers were installed.
	Measures were not taken to prevent the leakage of chemical substances.	Leak prevention trays were installed.
Human rights	Long employee working hours were occurring.	New employees were hired to ensure adequate staffing.

Partnership with suppliers

Supplier Performance Evaluations

Once a year, Shiseido evaluates the performance of its suppliers from the perspectives of QCDST* and sustainability. Evaluation results are provided to suppliers as feedback during business meetings and other occasions, and along with requesting improvements, results are also reflected in our category strategy.

Evaluation weight for sustainability criteria is 20% of the total, and evaluation criteria includes results such as supplier self-assessment.

*Quality, Cost, Delivery, Service, Technology

Shiseido Supplier's Day

Shiseido invites the top management of suppliers that have shown high performance to Shiseido Suppliers' Day, in order to share information about Shiseido's Medium-Term Strategy, policies on procurement activities and expectations of suppliers. 2021 was the first time the Shiseido Suppliers' Day was held online globally. As part of this event, we requested the understanding and cooperation of suppliers, explaining our sustainability medium-term targets and action, in addition to describing what we expect from them in terms of human rights, the environment and society.

Briefing Sessions on Procurement and Sustainability Policies

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.

To ensure responsible procurement through an engagement with our suppliers, in 2023, we held our first Supplier Sustainability Session for Suppliers in Japan. Around 200 companies participated and we explained them our medium- to long-term targets and implementation of the Supplier Assessment Program. Furthermore, we held a ceremony to present letters of appreciation to suppliers who have shown great performance in terms of the Supplier Assessment Program. To strengthen supplier engagement, we will continue to hold such initiatives as well as the sessions.



Global Procurement Collaboration and Education for Buyers

Global Procurement Collaboration

We regularly host meetings with procurement leaders from each of our global facilities. At these meetings, policies and strategies related to important themes such as sustainability are discussed to promote close coordination at the global level.

In addition, once a year we hold a Shiseido Procurement Summit (SPS) where Procurement leaders from each region gather in one place. We also promote the global implementation of sustainability activities through this meeting. Due to the COVID-19 pandemic, SPS was not held on-site from 2020 to 2022. We held it in Tokyo in 2023 and in Shanghai in April 2024.



Education for buyers

To implement sustainable and responsible procurement, Shiseido provides various training directed at employees of procurement departments from perspectives including human rights, occupational health and safety and the environment.

Education provided for members of procurement department

Year	Theme	Participants
2021	Online seminar about management of sustainable supply chain	Global Headquarters: Staff in charge of Sustainability
	Online Seminar held by Sedex	Global Headquarters: Staff in charge of Sustainability
	Internal seminar about sustainability ratings	Global Headquarters: Procurement department
	E-learning on sustainability	Global Headquarters: Procurement department
2022	Internal explanatory meeting about Shiseido Group Procurement Policy	All regions: Procurement department
	EcoVadis buyer training*1	Global headquarters, China Regional headquarters Affiliate in APAC Regional headquarters, Americas Regional headquarters: Procurement department
	EcoVadis program kickoff*2	All regions: Procurement department
2023	DE&I: Session to exchange views on male childcare leave	Procurement Department of the Global Headquarters
	DE&I: Workshop on communicating with others with different values and cultures	Procurement Department of the Global Headquarters
	Seminar on challenges related to sustainability and Shiseido's sustainability strategy	Procurement Department of the EMEA Regional Headquarters
	Seminar on climate change and carbon neutrality	Procurement Department of the China Regional Headquarters
	Workshop on supplier human rights issues and risk management*3	Procurement Department of the Global Headquarters

*1 : Training on EcoVadis and the Supplier Assessment Program has been regularly provided to new staff and buyers at Global Headquarters and in each region since 2022.

*2 : 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.

*3 : Actual examples were used for discussions about the roles and actions of each person and how the company should respond, taking into account Shiseido's procurement policies.

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	- 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 of the existing suppliers when we revised the policy in February 2022.
Feedback on self-assessment results	All suppliers	- 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	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	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	We held a meeting together with CDP to explain how to respond to the CDP questionnaire and improve the suppliers' environmental performance.
Sustainability Policy Briefing (2023 and 2024)	Suppliers in Japan (November 2023) Suppliers in China (June 2024)	To strengthen engagement with suppliers in sustainability activities, we held a briefing session about our medium-term targets, the implementation of the Supplier Assessment Program and other topics.
EcoVadis Score Improvement Seminar (June 2024)	Suppliers newly joined to EcoVadis and suppliers under certain EcoVadis score	For suppliers who have joined EcoVadis, we conduct seminars about the skills and action needed to improve EcoVadis scores and ESG performance.

Taking Part in Initiatives Related to Responsible Procurement

Shiseido has been a member of the Responsible Beauty Initiative (RBI) since 2022. RBI is an initiative related to sustainability in the cosmetics industry. Through the sharing of best practices among member companies and discussions about issues that affect the entire industry, RBI works to improve sustainability throughout the supply chain.

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, 2023)

The statement below is the report for FY2023 as of December 31, 2023. Based on the statement of the previous fiscal year, this statement describes the actions taken in FY2023 and the initiatives planned for FY2024 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 mission is to contribute to society through beauty innovations that enrich the lives of our stakeholders globally. Shiseido currently operates cosmetic businesses in more than 120 countries and areas with approximately 36,000 employees and a global turnover of 973 billion yen in FY2023. In the UK, the Company currently sells cosmetics through its subsidiaries Shiseido UK Limited and Gallinée Ltd.

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

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

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 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 strives to ensure that neither our business nor the supply chain related to it 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 DE&I Officer is responsible for promoting the human rights policy, including human rights due diligence and risk assessments, and reports to the Sustainability Committee at its meetings to discuss sustainability-related issues. Designation of an Executive Officer responsible for human rights issues identified through human rights risk assessments, 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, forced labour, etc.) 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 stipulates the mandatory behaviours expected of every individual working for Shiseido. The Company has established a specific code of conduct to operate 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 our 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 have created guidelines for palm-derived materials, paper and mica, 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 has taken 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 based on 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.

■ Assessment human rights risks

Shiseido has 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 (along with referring to external documents for the potential impact on human rights). Based on the results of this investigation, Shiseido has 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

Based on risk assessments of human rights issues, we 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 progress reports and disclosure.

■ Stakeholder Engagement

Through dialogue with domestic and global human rights experts, and various NGOs and NPOs, we have continuously deepened our understanding of human rights abuses and labour problems. Since 2017, Shiseido has consecutively participated in a stakeholder engagement program operated by the Caux Round Table Japan in Tokyo, Japan. As part of the 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). Thus, 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. In response to this, Shiseido continues to actively engage with human rights experts to take preventative and 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, or 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 them. 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.

Apart from the above initiatives, 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

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 the implementation of third-party audits, and a process to monitor the progress of high-risk suppliers and reduce the number of them.

In 2023, we conducted a human rights risk assessment as part of our periodic review of our risk map regarding potential human rights issues. Two of our factories were surveyed by a human rights NGO to assess the working environment, which included interviews with migrant workers. Although the survey did not find any significant human rights risks, we will continue to conduct investigations to identify potential human rights risks and continuously improve our working conditions.

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

■ Approach 2: Supplier assessment results

In 2023, we aimed to conduct self-assessments for all Tier 1 suppliers of raw material, packaging for our products, sales support tools, OEM products and manufacturing goods. Of 860 Tier 1 suppliers, we completed the self-assessment of 859 suppliers and 12 high-risk suppliers were identified. We conducted third-party audits for all of them to identify and correct their issues. By the end of 2023, the number of high-risk suppliers was reduced to 3. We will continue to remediate the remaining suppliers by the end of 2024.

Regarding the upstream assessment, we expanded the scope to include upstream manufacturing suppliers which our strategic suppliers have transactions with. We requested our strategic suppliers to identify their strategic manufacturing suppliers as well as to assess their risks.

In total, 169 upstream suppliers were assessed, and 1 high-risk suppliers was identified.

■ 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 2023, we replaced 51% of palm oil-derived raw materials (palm oil equivalent, weight basis) with RSPO's physical supply chain model.

With respect to mica, to date, working with local partners RMI programs have reached 180 villages covering nearly 19,500 households, representing some 95,000 of the most vulnerable members of the mica. The programs helped to improve living income and livelihood.

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 presidents, and chief representatives

With the revision of the Shiseido Code of Conduct and Ethics in 2022, the Executive Officers, vice presidents, 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

Shiseido Code of Conduct and Ethics training: With the revision of the Shiseido Code of Conduct and Ethics in 2023, a total of 18,750 employees including the vice presidents 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.

Harassment awareness programs: In the Shiseido Group in Japan, we conducted training on harassment prevention, and 132 newly appointed managers participated in the training. In addition, we provided training to all employees, with a total of 16,862 participants (83% participation rate).

Human rights awareness programs: We also conducted e-learning on "Unconscious Bias" as human rights awareness programs, with a total of 45,698 participants (81% participation rate).

Other programs: In EMEA, we launched a Sustainability Education Program to further understand sustainability issues and our strategies to address them.

■ 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 2023, we conducted a training for all buyers in the Procurement Department of GHQ to understand human rights issues in the supply chain and how to address them. Furthermore, in order to support building suppliers' capabilities, we have a wide ranging of initiatives.

- Explaining our Responsible Procurement Policy through online material
- Giving feedback on self-assessment results to suppliers
- Supporting high-risk suppliers by recommending corrective action plans
- Recommending EcoVadis Academy which is an online e-learning tool to strategic suppliers

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 FY2024, we will continue with the improvement activities implemented in FY2023 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. Furthermore, in 2024, we will start the assessment of Indirect Material suppliers. Our scope will be suppliers identified as potentially high-risk by a 3rd party risk-screening tool.

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



Kentaro Fujiwara
Director
Representative Corporate Executive Officer,
President and COO
Shiseido Company, Limited
May 29, 2024

Basic Policy Regarding Personnel Affairs

To realize our corporate mission of BEAUTY INNOVATIONS FOR A BETTER WORLD and basing on the concept of PEOPLE FIRST, we regard our talent as the source of Shiseido's value creation.

We define the workplace, which is the site of value creation, and the culture to which we aspire as the "Beauty Innovation Atelier." We strongly believe that investments in personnel are what improve corporate value and strive to develop an organization and culture enabling each individual to have a strong passion while collaborating across generational, career and organizational boundaries and delivering the highest quality output. We update our culture through individual empowerment and organizational development, placing a strong emphasis on nurturing innovation and enhancing leadership capabilities.

Based on our Think Global, Act Local approach, we roll out global initiatives in ways that reflect the needs of our regional headquarters, developing and revising personnel regulations that underpin strong individuals and strong organizations, while fostering an inclusive organizational culture that enhances employee engagement.

Diversity, Equity and Inclusion (DE&I)

We believe that respecting diversity such as gender, age, nationality, sexual orientation, gender identity and disabilities based on the concept of PEOPLE FIRST is necessary to realize our Shiseido Corporate Philosophy. Further, by promoting diversity, equity, and inclusion in the workplace, we create new value. As such, we will continue to develop personnel systems and policies to nurture a culture that encourages discussions for new value creation.

Support for Women's Empowerment

More than 80% of Shiseido Group employees are women, with 58.8% of women across our global organization in leadership positions. Women hold 45.5% of the positions on our Board of Directors (as of April 2024). The percentage of women in leadership positions in Japan is 40.0% (as of January 2024). We believe that empowering women can help spark innovation and in turn promote further growth at Shiseido, allowing employees to fulfil their potential. To drive this, we aim to increase the percentage of women in leadership to 50% by 2030 to fairly represent gender equality. For many years at Shiseido Japan, we have offered and promoted a wide 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. 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 facility 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 has been extended to include elementary school students. The aim is to cater to the problems that parents face when their children enter elementary school first grade.*2

In 2008 we introduced the Kangaroo Staff program to secure personnel to cover for Shiseido Personal Beauty Partners who have to work shorter hours due to childcare. In 2023, 479 Kangaroo Staff helped to support the work-life balance of 1,411 Shiseido Personal Beauty Partners raising young children. As a result of initiatives like these, 92.3% of employees across Shiseido Group in Japan return to work following childcare leave, and we continue to maintain this high percentage.

In the area of people development and leadership, we hold a women's leadership development program called NEXT LEADERSHIP SESSIONS for WOMEN. In 2023, 64 women participated in the program, where they learned important management and business skills while discovering their own unique leadership styles. In the seven years since its launch, 47% (114) of the 241 program participants (excluding retirees) have been successfully 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. Between 2020 and 2023, a total of 165 women from various fields including Sales, Production, and R&D, have taken part in Speak Jam, a mentoring program linking with executive officers.*3



"NEXT LEADERSHIP SESSION for WOMEN"

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

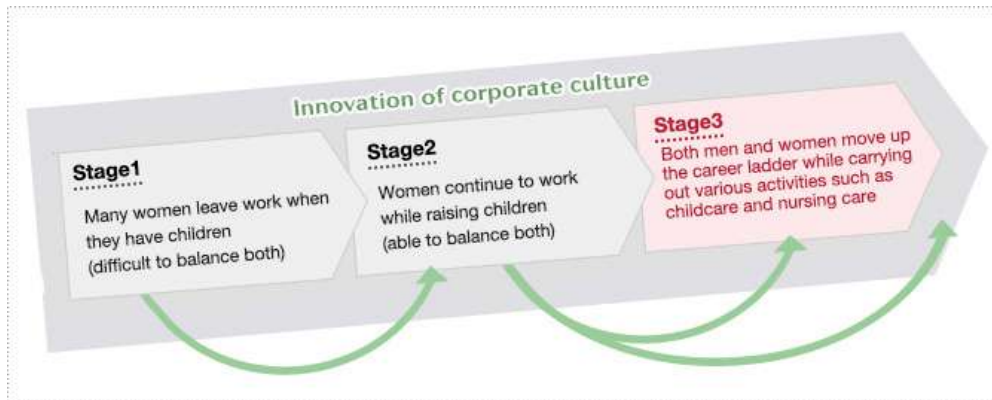
*2 : While nursery schools look after children from morning until night, elementary schools finish in the afternoon, meaning that some parents have to begin working shorter hours when their children start school.

*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.

<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.

International Women's Day Initiatives

Shiseido carries out initiatives to deepen understanding of gender equality and DE&I every year on March 8, International Women's Day.

In 2024, Ayako Hirofuji, Chief DE&I Officer at Shiseido, Bea Asavajaru and Angelina Puzikova, Group Managers at Shiseido, spoke about their respective experiences of DE&I at Shiseido. The conversation is shared with people inside and outside the company via the Shiseido website, Instagram, LinkedIn, and the intranet.

We organize various initiatives for International Women's Day in every region.

At the Shiseido Asia Pacific Regional Headquarters and the Shiseido Travel Retail Regional Headquarters in Singapore, we organized a virtual panel discussion by internal and external leaders on the theme of inclusion in the history of Shiseido. We also partnered with Books Beyond Border, a social enterprise that supports education for girls in Nepal. As part of the effort to support these artisans, we commissioned bookmarks with the Shiseido International Women's Day logo for distribution to employees.

Also employees learnt about the support for Nepalese women's artisans from the founder. We also partnered with Project Dignity, a local company working with adults who need special support, to host networking events for employees.

Shiseido Malaysia hosted an event to commemorate International Women's Day. About 50 employees gathered to celebrate the achievements and contributions of women in the workplace and in society, and to promote DE&I at the company.

Taiwan Shiseido Group organized an event that was focused on Women's mental well-being and exploration of their inner selves through art.

At the request of Women Empowering Women, an Employee Resource Group (ERG), the Shiseido Americas regional headquarters organized a region-wide campaign, posting portrait photographs of employees on social media on the theme of International Women's Day. The executive sponsor and group leaders of Women Empowering Women also posted a video message to employees. The message promoted International Women's Day by introducing in-house events and the activities of Step Up, a non-profit organization that operates mentorship programs for girls.

[Click here for the Shiseido DE&I interview with women leaders.](#)



Shiseido International Women's Day logo



At the Shiseido DE&I interview



Networking event for employees at the Singapore office



Employees at the Ohio office posing for the International Women's Day theme

LGBTQ+ 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 LGBTQ+ rights and issues among employees. The approximately 8000 personal beauty partners working in our stores have attended training on how to respond LGBTQ+ customers. They use their training to provide services that accept and support everyone.

In 2020, we endorsed Business for Marriage Equality, a campaign that promotes equal marriage (legalization of same-sex marriage).

In 2024, Shiseido's Chief DE&I Officer Ayako Hirofujii and Chief People Officer Shinji Wada expressed their support and participation in the corporate leaders' ally network "Pride1000." During Pride Month 2024, we conducted internal sessions to hear from LGBTQ+ community members within the company and organized sessions with external experts to learn the latest information about the LGBTQ+ community, aiming to deepen our understanding and support.

In 2024, we received the highest Gold certification from "work with PRIDE," the general incorporated association that evaluates corporate support for the LGBTQ+ community. Shiseido has also received the Rainbow



Certification, a credential that recognizes companies that promote cross-sector collaboration to create workplaces and societies where individuals who belong to LGBTQ+ communities can work authentically.



Chief DE&I Officer Ayako Hirofuji supports for 'Pride1000'



Chief People Officer Shinji Wada supports 'Pride1000'

Initiatives to Improve DE&I Literacy

Shiseido is implementing initiatives to improve DE&I literacy among employees. As of 2023, we have promoted DE&I training for marketers and creators in the Japan Region. Employees in charge of marketing and creativity are important points of contact with consumers. They have studied appropriate responses and expressions for marketing and advertising so that they can create new value through brand and business activities based on the DE&I approach. As a result, we have had positive reactions linked to behavioral change. In 2024, we launched an Inclusive Marketing Learning Session to fully integrate DE&I perspectives into our brand activities. Through dialogue sessions with individuals with disabilities and LGBTQ+ members both inside and outside the company, we engaged in discussions about the value our brand can offer.

In 2024, we started DE&I training for Executive Officers, department heads, and other leaders in the Japan Region.

Active Roles of Employees with Disabilities

The Shiseido Group in Japan employs approximately 400 employees with disabilities who put their experience and strengths to use regardless of workplace or type of work. The nature and extent of disabilities vary, but we tailor arrangements and resources to individual situations, and regard them as valuable talents in the workplace.

The employment percentage for people with disabilities is 4.52% at Shiseido Company, Limited. The percentage for the Shiseido Group in Japan is 2.82% (as of June 2023). Hanatsubaki Factory Co., Ltd, a special subsidiary of Shiseido where most employees are people with developmental challenges, operates in nine locations, including Tokyo, Tochigi, Kanagawa, Shizuoka, Osaka, Kyoto, and Fukuoka, employing more than 60 individuals with disabilities (as of June 2023).

Policies for employing persons with disabilities:

1. "We seriously expect achievement from them"
2. "We provide necessary consideration, but no special treatment"
3. "We assertively support those with the passion to work hard"

Based on the above employment policies, many employees with disabilities work as full-time employees (FTE) under the same personnel system as employees without disabilities. The program for developing human resources, including training, is also the same as for employees without disabilities.

When we recruit employees, we ask hopeful applicants in advance about any special considerations for their disability before we conduct the interviews. We also organize work experience workshops to promote understanding of the work among students with disabilities. Before joining the company, supervisors at the workplaces and HR representatives confirm any necessary adaptations. If necessary, they also arrange seminars to deepen understanding of disabilities

among employees in the department where the new staff member is assigned.

After new recruits join the company, we continue to follow up in collaboration with superiors, dedicated personnel supporting the retention of employees with disabilities, industrial physicians and public health nurses. In case of rehabilitation, tests, or hospital visits related to the disability, employees can take advantage of the outpatient leave. We also create flexible environments adapted to individual requests for aid and equipment. Further, in the SWING Project to Increase Job Options for Employees with Visual Impairments that was launched in 2019, a new job category named "online sales and marketing" was created based on a proposal made by employees with visual impairments themselves. We built systems and frameworks that permit visually challenged people to work and continued recruitment activities for three years from 2021. A total of four new employees with visual impairments, including one who joined in 2023, were appointed as salespeople in the three years.

We are deepening company-wide understanding of employing persons with disabilities. To that end, we incorporate content about disability in management training, and set up information exchanges for HR representatives.

Aid and Equipment for Employees with Disabilities

Various tools are available for use. For example, audio transcription apps, telephone relay services,*1 magnifiers, text-to-speech software, Braille blocks, sit-stand desk, and Eyeco Support.*2

*1 : An instant bidirectional telephone service where a relay operator uses sign language, or text and voice to interpret a conversation between a person with hearing or speech difficulties and a hearing person (a person without hearing disability)

*2 : A service that provides voice-based visual information to people who have lost their eyesight or have low vision. Support from a remote contact center based on location information or images taken with a smartphone.

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.

Since 2018, we have mandated English as the official in-house language even in Japan in order to link talent diversity with value creation. Through e-learning and workshops on unconscious bias, we foster an inclusive organizational culture where employees with different backgrounds work in various departments. 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.

To accommodate diversity in faiths, we have also set up a prayer room at our Shiodome office.

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.

Measurable targets related to support for women's empowerment are presented on the Social Data site mentioned above. Concerning the promotion of foreign nationals and midcareer hires as core human resources, as of January 2024, approximately 2% of managers at Shiseido Company, Limited were foreign nationals, and approximately 33%—midcareer hires. We do not set specific targets for foreign nationals and midcareer hires, as we do not consider them different 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.

External Recognition

The Diversity, Equity & Inclusion (DE&I) initiatives at Shiseido have been recognized with several awards. We will continue to accelerate Diversity, Equity & Inclusion (DE&I) to support not only women, but employees with diverse backgrounds, including foreign nationals and mid-career hires.



FY2024 Nadeshiko Brand*1

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering Women Index (WIN)*2



Shiseido selected in the "The Global Parity Alliance Lighthouse Awards 2022"

Shiseido has been selected as the only Japan company 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 (DE&I).

*1 : Nadeshiko Brand is designed to spotlight stocks of listed companies that excel in the empowerment of women to attract investors. Selected companies are those that place emphasis on long-term corporate value improvement and the acceleration of activities designed for the empowerment of women. Shiseido has been selected consecutively since 2021.

*2 : 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.

Shiseido and Shiseido Japan Receive Highest "Gold" Rating in PRIDE Index and Earn First Rainbow Certification

Shiseido and Shiseido Japan have been awarded the highest "Gold" rating in the PRIDE Index, an index that evaluates corporate initiatives for LGBTQ+ and other sexual minorities in the workplace in Japan, as established by the general incorporated association—work with Pride. Shiseido has also received the Rainbow Certification, a credential that recognizes companies that promote cross-sector collaboration to create workplaces and societies where individuals who belong to LGBTQ+ communities can work authentically.

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 flex-time system, a remote work (telework) system, options to work part-time, our own childcare services and subsidies for childcare and education, and, regardless of gender, paid special leave to raise children (childcare leave). We support family and career balance through a variety of diversity, equity and inclusion (DE&I) initiatives.

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 2023, 642 Shiseido Group employees in Japan (including 167 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, 92.3% of employees in the Shiseido Group in Japan have returned to work from childcare leave, a high level that continues to be maintained.

To promote the goal of 100% take-up of childcare leave among employees who are men, we published internal interviews with employees who had taken paternity leave and shared information about childcare. By the end of 2023, the Shiseido Group in Japan had achieved 100% take-up of childcare leave for employees who are men.

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. It is possible to use accumulated leave and annual paid leave to cover unpaid leave. 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 the full four weeks of leave at the start, it is possible to take the leave twice for the same child by splitting it in half. 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 Service

At Shiseido, we aim to be a company where employees can advance their careers even during child-rearing years. Our support is based on the concept that everyone can manage both "childcare that puts children and employees at the center" and "work that generates new value."

The Shiseido Kangaroom Kakegawa childcare facility (Kakegawa, Shizuoka prefecture) is one such support measure. Kangaroom Kakegawa is adjacent to the Kakegawa Factory. The facility operates both regular childcare and temporary childcare. To contribute to and cooperate with the local area, the service is not exclusive to Shiseido employees, but a part of the facility is open to local residents.

Another support measure is KANGAROOM+ launched in April 2023 to deliver flexible childcare matching diverse work styles. The service is mainly available in the Tokyo metropolitan area to meet needs that are not met by local childcare services. Focused on one-to-one babysitting, the aim is to support day-to-day needs by providing consistent services to employees from the prenatal period until the children graduate from elementary school. KODOMOLOGY Co., Ltd., established in 2017 under the project of "employees their thoughts ahead of the Shiseido's next 100 years", is responsible for consulting and overall management of both childcare services.

*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:

External specialists are available 365 days a year to offer advice on physical and mental health concerns and balancing childcare or nursing care with 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 HR departments at major Shiseido Group companies in Japan monitor the overtime hours of labor union members every month. They also provide guidance to heads of departments where overtime is significant and encourage health checkups for employees who work long hours. Data on working hours and paid leave take-up rates are shared with labor and management and reflected in initiatives to correct long working hours.

External Recognition

General Business Owner Action Plans Complying with the Next-Generation Nursing Support Measures Promotion Law

At Shiseido, we are committed to creating a workplace environment and systems that enable all employees to work with a sense of fulfillment. As part of this commitment, we have implemented various initiatives to further promote the active participation of female employees and support employees balancing work and childcare responsibilities. Shiseido Company, Limited obtained the "Kurumin" certification mark under the Act on Advancement of Measures to Support Raising Next-Generation Children in 2007 and 2013, and Shiseido Japan Co., Ltd. obtained it in 2007.



Women's Health Management® Awards sponsored by Women's Healthcare Awareness & Menopause Network Society

In 2023, Shiseido received its first Promotion Award for corporations and organizations at the Women's Health Management Awards®*1 sponsored by the Women's Healthcare Awareness & Menopause Network Society. The award recognizes Shiseido's efforts to improve health literacy by launching the Women's Health Project in 2020 and including the theme in the three-year mid-term plan starting in 2023.



Women's Healthcare Awareness & Menopause Network Society logo

The Women's Health Management Awards are presented to individuals who have passed the Women's Health Certification*2 sponsored by the Women's Healthcare Awareness & Menopause Network Society to qualify as Women's Health Promoters*3 or Women's Health Management Promoters.*4 The system also commends the corporations and organizations where these individuals are affiliated for proactive efforts linked to women's health support, health education, and health management.

*1 : Women's Health Management is a registered trademark of the Women's Healthcare Awareness & Menopause Network Society.

*2 : Women's Health Certification is sponsored by the Women's Healthcare Awareness & Menopause Network Society. It is a women's health education project that aims to contribute to building a better society, improving public health, and creating a society where women can enjoy healthy and fulfilling lifelong careers. Women's Health Certification is a registered trademark of the Women's Healthcare Awareness & Menopause Network Society.

*3 : Individuals who have passed the Women's Health Certification beginner's course to acquire basic knowledge about women's health and better styles of working.

*4 : Individuals who have passed the Women's Health Certification advanced course to acquire basic knowledge about women's health and better styles of working.

Human Resource Development and Fair Evaluation

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

Overview of human resource development

Shiseido actively invests in talent development based on its PEOPLE FIRST concept. We believe that all human resource's value creation and business activities start with the individual 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.

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.

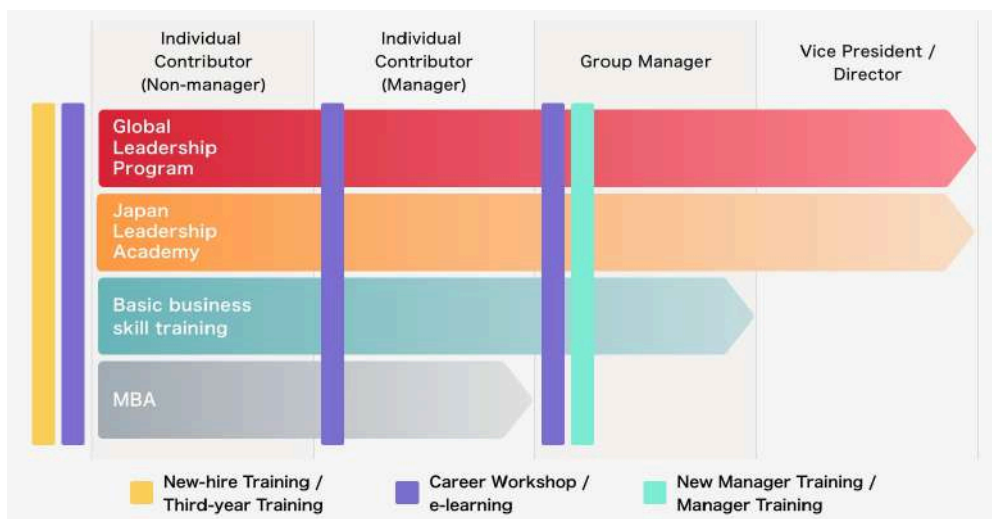
Career Ownership Development Support

Since 2020 when we introduced the job-based personnel system, we have organized career workshops and e-learning (as of 2023, 4770 employees have taken the courses) for all employees of the Shiseido Group in Japan to strengthen their career ownership and expertise. 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.



In 2023, we opened Shiseido Future University which runs leadership development programs focused on selective training and provides employees with opportunities to grow.

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 women leaders titled "NEXT LEADERSHIP SESSION for WOMEN" is a program in which managerial candidates who are women learn management and business skills while exploring their individual leadership styles.

Over a period of 8 to 10 months in 2023, we provided 64 women candidates for future section managers and department heads with opportunities to learn management skills and leadership mindset, to clarify their career plans, and to participate in workshops to eliminate unconscious bias. This program empowers employees who are women, and so far, 47% of those who took the program have been promoted, contributing to better women leadership ratios. The ratio of women in management positions in Japan has risen from 29% in 2017 to 40% in 2023 (confirmed in Jan.1, 2024). 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 2023, 1,600 managers participated in the workshop, and it resulted in participants' confidence in management increasing from 54 points to 59 points following the workshop.

Selective Programs

Aiming to develop strategic talent, at Shiseido Future University, we encourage management candidates in every region of the Shiseido Group to develop their abilities and build networks that span national borders. At Shiseido Future University, a select group of next-generation leaders are offered programs in collaboration with external business schools so that they can learn leadership and management skills. Shiseido also focuses efforts on developing women 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.

Employee Feedback Systems

We conduct the Shiseido Group engagement survey for all Shiseido Group employees to ensure that each individual employee feels that they do fulfilling and meaningful work in an open workplace. We conduct a regular survey once a year to grasp the health of the organization. The survey asks questions about engagement, inclusion, well-being, psychological safety, strategy penetration, trust in management and supervisors, opportunities for growth, authority and discretion, and corporate ethics to grasp the current situation. Shiseido employees are expected to take on many challenges during management reform, and are required to constantly improve their awareness and behavior. Since differences in awareness and initiatives among employees may influence the speed of reform, this survey enables management to hear directly from employees and to clarify current issues. Employees may also look at the survey results and come up with specific plans of action to improve the company. Shiseido believes that it is possible to achieve true change through bi-directional communication between managers and employees.

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,
President and CEO
Kentaro Fujiwara

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.

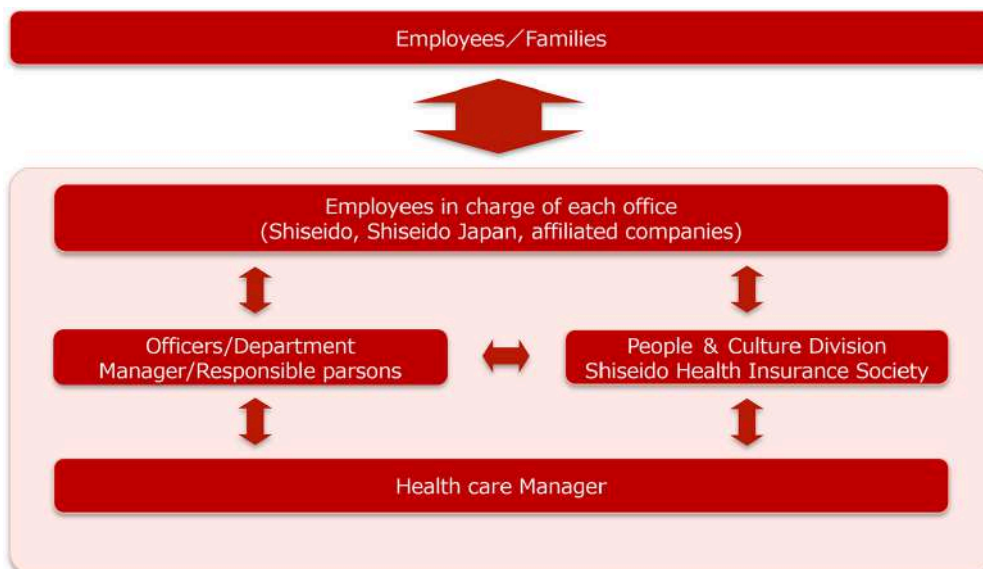


<Our principles>

- 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.

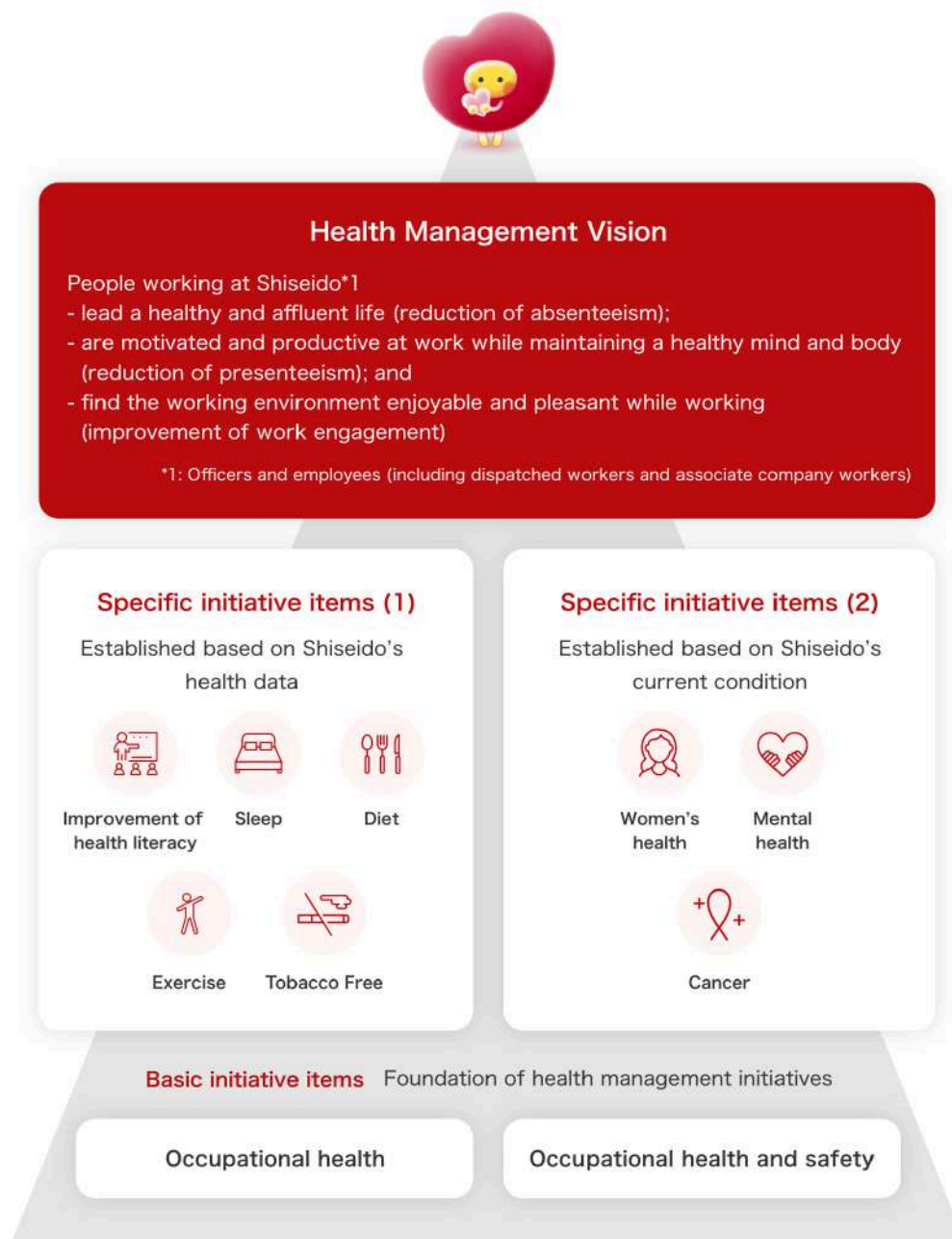
Promotion system

Regarding promotion, the Representative Corporate Executive Officer, President and CEO acts as the Health Management Representative, and the Wellness Support Group of the People & Culture 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 - looking out from a red camellia petal and hugging a heart



Safety mascot: SAFY-chan - Looking out from a yellow camellia petal, wearing a helmet and carrying a check sheet

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>

①Lifestyle 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	■ Organization of seminars based on proposals from each office * Online seminars on diet / exercise / sleep by RIZAP instructors according to themes proposed by each office ■ Thorough implementation of health guidance ■ Organization of wellness fairs ■ Implementation of e-learning courses to improve health literacy	Business themes consistent with "beautifying people's lifestyles" ■ Implementation of specific health checkups (focusing on metabolic syndrome) Implementation of feature for viewing specific health checkup data on Mynportal (updated every month) ■ Implementation of health support programs (specific health guidance) *1 Measure to prevent life-style related diseases among young people While the national age eligibility for the above specific health checkups and specific health guidance begins at age 40, eligibility with the Health Insurance Society begins at age 35. *2 Recommendation of specific medical checkups to those at risk of life-style related diseases 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) ■ Implementation of Dental Examination Campaign: partial subsidy on fees for dental exams (from 2017) *For the promotion of regular preventive dental care by family dentist and early detection and early treatment of gum disease and caries
Sleep	■ Production of video of sleep seminar delivered by public health nurse and provision to offices where sleep is an issue ■ Implementation of screening for sleep apnea syndrome ■ Placement of column about lifestyle habits for sleeping better in the Health Insurance Society public relations magazine	■ Implementation of lifestyle improvement seminars for all generations provided jointly by KENPO and RIZAP ①Introduced from 2019 as an ultra early lifestyle disease intervention for individuals in their 20s; classroom learning on diet and exercise and practical seminars about exercise are offered on a voluntary basis to offices and divisions that want to participate (all costs are borne by the Health Insurance Society) *Offered in a hybrid format combining online and in-person activities since the COVID-19 pandemic ②Placement 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 Program participants are supervised by occupational physicians in accordance with the MHLW program guidelines

Diet	■ Provision of collaboration menu with Shiodome Cafeteria ■ Organization of seminars on drinking	■ Publication of healthy recipes on the Health Insurance Society website ① Different content provided every year ② FY2024: Recipes that provide two-thirds of the daily recommended vegetable intake and are also low in salt *Content with how to make video (dissemination through placement of a QR Code in the Health Insurance Society public relations magazine)
Exercise	■ Implementation of walking events (app) as a collaboration program with the Health Insurance Society ■ Organization of exercise seminars	■ 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 - Dependents are sent information to their homes by simplified registered mail and asked to report back on follow-up checkups via a postage-paid postcard or online ■ Mailing of health awareness-raising leaflet "Let's go to the health forest on the dog bus" to retired employees (those whose voluntarily continued insurance has expired)

② Tobacco Free Initiative (Promotion of non-smoking)

Aim	Embodiment of Beauty Wellness through the promotion of non-smoking unique to Shiseido



Measures by the Shiseido Group in Japan	Measures by the Shiseido Health Insurance Society
<Previous measures and the development of future Tobacco Free (promotion of non-smoking) > Since the start of measures against smoking in Shiseido in the 2000s, Shiseido and the Health Insurance Society have continued to work together on these measures over 20 years. These measures have been implemented with the following three pillars: education and awareness raising through in-house seminars and various media; creation of environments that prohibit smoking by establishing Non-Smoking Days and Non-Smoking Rules within the company; and support for quitting smoking, such as by providing instructions on quitting smoking and a program that subsidizes the cost of smoking cessation treatment. We have been participating in the Non-Smoking Promotion Business Consortium since its establishment, collecting information and exchanging opinions on advanced practices adopted by other companies, and we have further utilized the analysis results of previous measures, smoking-related data, and employee feedback provided through internal surveys and other means, to embody Beauty Wellness through non-smoking promotion measures unique to Shiseido and formulate a medium-to long-term plan that promotes Tobacco Free with a concerted effort by all employees.	
■ Groupwide communication of Tobacco Free Policy by Representative Corporate Executive Officer, President and COO ■ Implementation of fact-finding surveys and questionnaires to prevent secondhand smoke at the workplace, and the dissemination of internal non-smoking rules ■ Non-smoking education in health committee meetings ■ Bi-monthly dissemination of information on Non-Smoking Days ■ Organization of Tobacco Free Challenge (non-smoking event) ■ Implementation of e-learning courses to improve health literacy ■ Provision of health guidance on non-smoking ■ Trial implementation of in-house non-smoking counseling services (some offices) ■ Non-smoking event consultation at wellness fairs ■ Internal open application of a non-smoking mascot	■ Implementation of a remote smoking cessation outpatient consultation program *Implemented for a limited period twice a year and for a limited number of applicants. All costs are borne by the Health Insurance Association ■ Organization of Zero Yen Smoking Cessation Outpatient Challenge (organized irregularly; to be held in 2025) *Pre-participation challenge smoking cessation clinic outpatients who succeed in quitting smoking are fully reimbursed for all their costs (includes medical expenses and dispensing expenses) ■ Subsidy on fees for smoking cessation outpatient consultation (year round) ■ Instructions for smokers on how to quit smoking and guidance on the smoking cessation outpatient consultation under health support programs (specific health guidance) ■ Publication of interviews with those who successfully quit smoking in the Health Insurance Society public relations magazine ■ Provision of smoking cessation consultation with T-PEC Health Support Dial 24

③Women's Health Initiative

Aim	Employees obtain, choose, and correctly understand the health and medical care information and the health issues corresponding to life stages so that they can take autonomous health actions.



Measures by the Shiseido Group in Japan	Measures by the Shiseido Health Insurance Society
<Measures to improve health literacy concerning health issues corresponding to life stages> *Focused on menopause in FY2023, and on menstruation, PMS, pregnancy, infertility and pre-conception care in FY2024 ■ Implementation of in-house questionnaire surveys on menstruation, PMS, pregnancy, and infertility ■ Implementation of in-house questionnaire surveys on assisted reproductive technology (infertility treatment and egg freezing) ■ Organization of "Aging, in my own way" menopause menstruation, PMS, pregnancy, infertility and preconception care campaign events First event (menstruation and PMS): Mini-seminar by a public health nurse and talk session with a corporate officer Second event (pregnancy, infertility and preconception care): seminar by an assisted reproductive technology specialist *Preconception care refers to lifestyle and healthcare interventions and services provided to women or couples before pregnancy ■ Receipt of Promotion Award at the Women's Health Management® ■ Distribution of "Women's Health" leaflets ■ Provision of Fem Tech services by Cradle Inc. *Online seminars and archived viewing on women's health issues and life planning for employees and their families, as well as the distribution of coupons for gynecological examinations ■ Provision of lecture on women's health by a public health nurse as part of training for those appointed to managerial positions to improve the literacy of those in managerial positions	■ Introduction of subsidy to cover the full cost of HPV vaccination (around 100,000 yen) for the prevention of cervical cancer from 2023 *HPV=human papillomavirus that cause cervical cancer *Target aged 27 to 45, excluding those eligible for publicly funded vaccination or catch-up vaccination ■ Participation in interview on the above measure by Yobo Iryou Fukyu Kyokai (an association for promoting preventive medicine) and dissemination of information about the Health Insurance Association's Cervical Cancer Eradication initiative through the Medical DOC website ■ Full subsidy for breast cancer screenings (breast ultrasound or mammogram) ■ Explicit presentation of a list of medical checkup institutions where female doctors are available ■ Mailing of leaflets for all female employees, along with information on medical checkups, as educational activities encouraging women to undergo the above gynecological screening It explains the necessity and advantages / disadvantages of examinations of breast cancer, cervical cancer and colorectal cancer screening ■ Introduction of the gynecological independent examination for dependent women aged 20 or over other than spouse from 2022 (recommendation of routine cervical cancer examinations for pre-employment age women) ■ Provision of follow-up support through recommendation of follow-up checkups at breast cancer and/or cervical cancer screenings Dependents whose results showed a need for complete examination or medical care are sent information to their homes by simplified registered mail and asked to report back on follow-up checkups via a postage-paid postcard or online ■ Placement of a link/banner to the "Women's Health Promotion Office, Healthcare Lab" website on the front page of the Health Insurance Society website, and the provision of relevant information on the society's website

④Mental Health Initiative

Aim	Employees understand and practice methods to notice stress and conduct self-care so that they can continue to actively work. All employees including managers foster a comfortable working environment.



Measures by the Shiseido Group in Japan	Measures by the Shiseido Health Insurance Society
Establishment of the external consultation service: Telephone consultation with Health Support Dial 24 (24 hours/day, 365 days/year), mental health consultation support (remote support started in 2021)	
■ Provision of stress checks ■ Interviews by department managers, and the improvement of work environments based on group analysis of stress check results ■ Organization of seminars for self-care and line-care (improvement of the workplace environment, etc., by supervisors and counseling for workers) *New employees, new managers, guidance training, training for managers, offices with mental health issues ■ Implementation of e-learning courses on mental health self-care ■ Creation of short videos for self-care and line-care practices ■ Assignment of an occupational physician specialized in mental health ■ Dissemination of information in lunchtime sessions (live streaming) ■ Return-to-work support (organization and updates of return-to-work support programs, creation of handbooks, and more) ■ Activities to raise awareness of the internal consultation service (Wellness Station and Health Management Office)	■ Placement of "Interviews about Mental Toughness" articles in the Health Insurance Society public relations magazine since 2020 *Interviewing of department managers, office managers and other top management officials regarding techniques on mental health control and the posting of articles that extract their secrets and tips ■ Placement of a link/banner to the MHLW's "Ears for the Heart (kokoro no mime)" website on the front page of the Health Insurance Society website, and the provision of relevant information on the society's website ■ Implementation of RIZAP seminars (on mental care) ■ Posting of banner for Health Support Dial 24 on the Health Insurance Association's website and implementation of activities to raise awareness about telephone consultation with Health Support Dial 24

⑤Cancer Initiative

Aim	Employees understand the disease of cancer, how to balance treatment and work, etc. so that they can take autonomous health actions that lead to early detection and early treatment.



Measures by the Shiseido Group in Japan	Measures by the Shiseido Health Insurance Society
■ Distribution of documents with information to encourage cancer screening ■ Implementation of cancer and health lectures by an occupational physician in health committee meetings, etc. ■ Implementation of e-learning courses about basic cancer knowledge, the importance of early detection / early treatment of cancer, and a support system for balancing cancer treatment and work ■ Implementation of a support system for cancer treatment / work balance (Granting of five days of special leave (can be taken on an hourly basis) to employees undergoing cancer treatment) ■ Participation in the "Cancer Control Promotion Company Action" ■ Recognition as Excellent Company for Promoting Cancer Control	■ Full subsidy for cancer screening Stomach cancer (upper gastrointestinal (GI) endoscopy or barium swallow) Colon cancer (fecal occult blood test (FOBT) using the 2-day method) Breast cancer (breast ultrasound or mammogram) Uterine cancer (cervix uteri cytology) ■ Provision of follow-up support since FY2018 through recommendation of follow-up checkups to individuals whose cancer screening results showed a need for complete examination or medical care. Individuals at risk are sent information recommending follow-up checkups to their homes by simplified registered mail and asked to report back on follow-up checkups via a postage-paid postcard or online ■ Implementation of cancer screening for family members of employees (checkups for dependents) at the same grade as employee cancer screenings since FY2018. Bridged the gap that previously existed between the grades of cancer screenings

■ Participation in gan-ally-bu, a private-sector project aimed at building a workplace and society where cancer patients working while receiving treatment can enjoy their work ■ Implementation of cancer talk sessions with Corporate Officers as speakers ■ Implementation of cancer lectures by a public health nurse	offered on the basis that the health of family members has a significant bearing on the performance of employee and insurance participants whether employees or family members are equal employees. As a result, the ratio of employees' family members who receive checkups improved to around 80% ■ Participation in the Corporate Action to Promote Cancer Control project (from FY2018) • Mailing/Provision of the Corporate Action to Promote Cancer Control leaflet "Cancer Screening Recommendations" to all participants • Placement of a QR Code for "Oshiete Nakagawa Sensei"* (Corporate Action to Promote Cancer Control video to raise awareness about cancer) in the Health Insurance Society public relations magazine * "Oshiete" means "teach us" • Recognition as an Excellent Company Promoting Cancer Control in the Excellent Company Promoting Cancer Control Award Program ■ Placement of National Cancer Center's "Cancer Information Service" website banner on the Health Insurance Society website, and the provision of a wide range of information about cancer on the society's website

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 53.4% in FY2022, higher than the national average (34.0%). *See the table below
Wellness fairs	Every year, we hold wellness fairs tailored to the health issues of each Shiseido Group location in Japan. The wellness fairs incorporate opportunities to learn about health through hands-on experience and fun activities to participate in, such as bone density and gait measurement sessions, and are designed so that employee can easily get involved and develop a greater interest in health. In 2023, we held wellness fairs at 10 offices and the overall average satisfaction score across all the venues was 97%. In 2024, we held wellness fairs at around 9 offices nationwide, and at some offices, in a new initiative, we held the fairs in time slots to suit shift workers.
Lifestyle seminars	Since 2019, 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 FY2023, 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 the more than 2,000 participants. We plan to continue implementing these measures going forward.
Walking events	Since 2022, in collaboration with the Health Insurance Association, we have been organizing an app-based walking event to create an opportunity to reduce lack of exercise and prompt a start to regular exercising. Both individuals and departments are ranked in the event and more than 2,500 people from approx. 170 departments have participated to date. The event is well-received as an opportunity to promote not only exercise habits but also communication among employees, and we plan to continue holding the even going forward.

Implementation rate of health support program

	FY2019	FY2020	FY2021	FY2022
Number of target people(persons)	1,382	1,574	1,416	1,458
Number of target people who completed the program(persons)	700	837	803	779
Completion rate(%)	51.4	53.2	56.7	53.4
National average of completion rate(%)	27.4	26.9	31.2	34.0

Actual settings of wellness fairs



<Wellness fairs at Hamamatsucho Office>



<Special wellness fair menu created in collaboration with the cafeteria>

Actual settings of health seminar



Accomplishments of the Non-smoking Promotion Initiative

Smoking rate	Since the calculating of the smoking rate began, it has been decreasing every year and declined to 16.7% in 2023 (-16.9 percent from 2010). We aim to further lower the rate with a target index of "less than 5% by 2030."
Support to quit smoking	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. We have been holding the Tobacco Free Challenge as a smoking cessation event since FY2023. Employees who enter the challenge receive support from a public health nurse via email in a two-month attempt to quit smoking, and we make a donation to the Japan Cancer Society according to the number of employees who enter and succeed in quitting smoking. 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. In FY2023, we achieved a high smoking cessation success rate of 74.6%. 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. In 2024, in a new initiative, we held smoking cessation support study meetings for in-house occupational physicians and occupational health staff to learn about smoking cessation clinics and nicotine gum.
Company non-smoking rules and measures against secondhand smoke	In FY2012, we made the building smoke-free and prohibited employees from smoking when in uniform and in company vehicles. Following the dissemination of information about our Tobacco Free Policy in 2023, we conducted a fact-finding smoking survey targeting all employees. Based on the survey results and our Tobacco Free Policy, we held discussions in each business area and are now in the process of formulating a road map for 2030 to completely prevent unwanted passive smoking.
Dissemination of information	We continuously disseminate information through posters, leaflets, health committee meetings, in-house intranet, and in-house live streaming.
Creation of a tobacco-free culture	Following an in-house vote for the selection of a smoke-free mascot in which 480 employees, both smokers and non-smokers, took part, two mascots were born. The vote served as an opportunity for employees who participated to reflect on the tobacco free issue as something that concerns them.  Mascot characters peering out from a red camellia petal and holding a Tobacco Free flag

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

Mental health and self-care	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). Furthermore, we distribute helpful information for self-care by creating 5 to 10-minute short videos about assertion, cognitive behavioral therapy, etc. Since 2023, we have sought to review and strengthen mental health measures in general through the appointment of occupational physicians specializing in psychiatry. We have established internal and external consultation services and provide health consultations with in-house occupational physicians and nurses, as well as counselling with partner certified public psychologists where necessary.
Mental health and line care	All those in managerial positions are provided with education about mental health and line care through e-learning. In addition, we prepare and distribute 5- to 10-minute short videos for newly appointed managers about matters such as their obligation to consider safety, how to notice changes in their subordinates, and return-to-work support, and work to enhance line care training.
Seminars on women's health	Based on the characteristics and needs of the offices, we provide training on women's life stages and health (such as female hormones, menstruation, and menopause). We implemented seminars focusing on menopause in 2023 and menstruation, PMS, pregnancy, infertility and preconception care in 2024, and all seminars were extremely well received, with a satisfaction level of at least 90%.
Implementation of support for balancing cancer treatment / work, and e-learning courses	Since 2020, we have provided cancer education through e-learning. We work to improve cancer literacy among employees by exploring topics such as 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 99% comprehension rate (+1% from the previous year) and a 98% satisfaction rate (+1% from the previous year) in 2023. With 105 people taking part either in-person or online, our cancer seminars achieved a 100% comprehension rate and a 100% satisfaction rate.



<Menopause events in 2023>



<Menstruation and PMS events in 2024>

Shiseido certified in the "2025 Health & Productivity Management Outstanding Organizations Recognition Program" (Large Enterprise Category, White 500)

Shiseido, together with 20 domestic affiliated companies in the group, was certified in the "2025 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 3,869, 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 fifth 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 Labor Union
	Shiseido Creative Co., Ltd.

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

These guidelines apply to all 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 commitment stipulates that the Occupational Health and Safety Management System Committee will prioritize and develop action plans with quantitative targets, and that operations shall commence upon mutual agreement between employees and Labor Union representatives.

These guidelines were developed with reference to the Occupational Health Hierarchy of Controls established by the National Institute for Occupational Safety and Health.

Management System

Management System	
Occupational Health and Safety Management System Committee "H&S Committee"	In promoting the "H&S Committee," the officer in charge of human resources is responsible for health and safety management, supervising business areas in Japan and overseas, and taking the initiative in maintaining and promoting the health and safety of people working for the Shiseido Group. The health and safety manager works with officers, department directors, and other people in charge to encourage people working for the Shiseido Group to make voluntary efforts to ensure their health and safety. The H&S Committee, chaired by the officer in charge of human resources, determines commitments on occupational health and safety, of which significant ones and measures against occupational accidents are reported to the Board of Directors.
Health and Safety Committee	We have set up the Hygiene Committee and the Health and Safety Committee in accordance with laws and regulations and worked on establishing a safe and comfortable workplace through dialogue with employees and labor union representatives as well as through participation in and investigation and deliberation at the committees. To prevent occupational accidents, we have formulated an occupational health and safety policy and established the Health and Safety Committee, through which we analyze and review dangerous areas and behaviors, determine the causes, conduct risk assessment to evaluate and prioritize the causes and near-miss accidents,* and implement hazard prediction training.
ISO 45001	For factories in Japan and overseas, we have obtained the ISO 45001 certification and implemented occupational health and safety management systems as part of our effort to realize our goal of reducing occupational accidents to zero and prevent the occurrence of serious accidents. The certified factories have set up and implemented necessary procedures to prepare for and respond to possible emergencies.

*A near-miss accident indicates the phenomenon by which a dangerous event occurred but luckily did not result in any injury or damage.



Occupational Health and Safety Management System



The Kakegawa Factory held an "H&S Committee" meeting where persons in charge of factories, laboratories, shops, and offices, officers from each area, and labor union representatives were brought together.



The Kakegawa Factory held an "H&S Committee" meeting and participants shared information on where occupational accidents (trips and falls) occurred and discussed countermeasures.

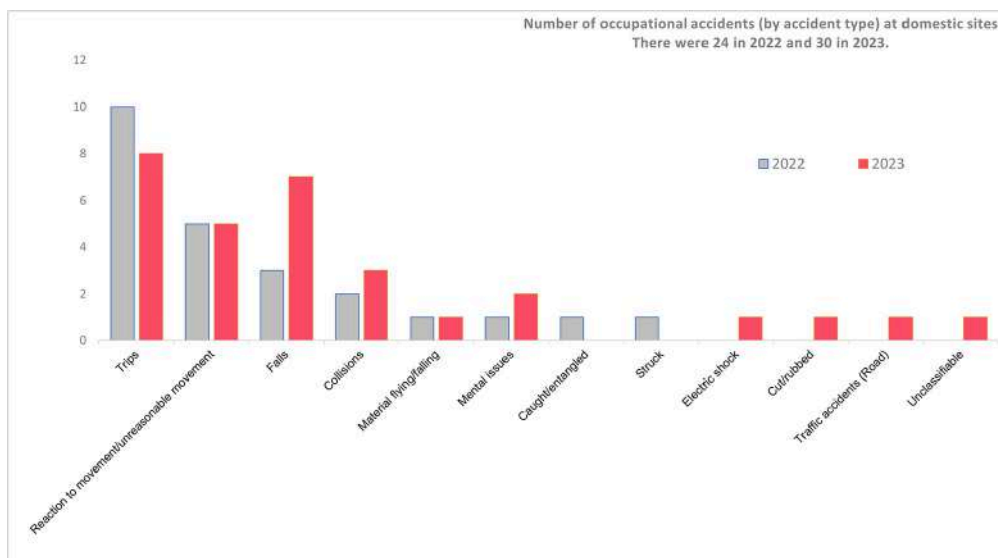
Overall Goals

- Elimination of accidents resulting in fatality or functional loss/elimination of occupational accidents
- Lowering of the lost time injuries frequency rate* to 0.1 or less by 2030

Results and Evaluations

Significant Item	Area	2021	2022	2023	2030
Accidents resulting in fatality or functional loss	Domestic and overseas sites	0	0	0	0
Number of occupational accidents (Japan)	Domestic sites	29	24	30	-
Number of occupational accidents (overseas)	Overseas sites	66	54	42	-
Lost time injuries frequency rate (Japan)	Domestic sites	0.74	0.68	0.89	0.1

Lost time injuries frequency rate (overseas)	Overseas sites	1.94	1.76	1.47	0.1
Number of factories that obtained the ISO 45001 certification	Domestic and overseas sites	3	3	8	11 (2024)



*Lost time injuries frequency rate or LTIFR is the number of occupational accidents resulting in absence from work in a workplace per 1 million work-hours

Progress and Issues that Need to Be Addressed

The number of occupational accidents and lost time injury frequency rate at domestic sites increased in 2023, and the main causes were trips and falls.

At domestic sites, we have conducted the Safety Culture Diagnosis in addition to company-wide health and safety education. Based on the diagnosis analysis and the actual results of occupational accidents in 2022 and 2023, we seek to encourage middle-career employees*1 by establishing an age-friendly workplace so that employees can actively work in safe and secure conditions.

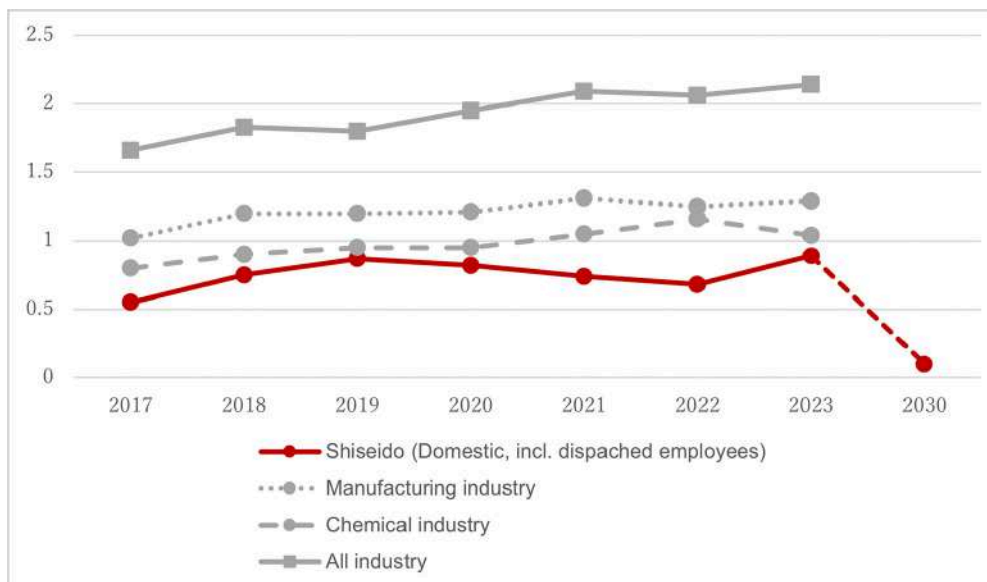
To achieve our health and safety goals by 2030, we need to prevent future accidents by conducting company-wide health and safety education and sharing information beyond business domains, instead of relying on the governance at each site. It is essential to strengthen safety measures against trips and falls, particularly among employees in their 50s and 60s who tend to be prone to such accidents, and to comply with the health and safety laws and regulations under which regulations are expected to be further tightened. We also need to alleviate the risks of operational suspension and public confidence loss resulting from serious occupational accidents.

We are currently introducing the "H&S Committee" system, which just started in Japan, at our overseas sites in addition to promoting the trinity of "occupational accidents," "disaster prevention," and "BCP*2" to build a system/environment that is conscious of workers' safety.

Compared to all domestic industries and each of the chemical and manufacturing industries in Japan, the Shiseido Group has been able to ensure safety for its workers. Nevertheless, we will further enhance the health and safety initiatives and implement various measures toward achieving our goals.

*1 : Middle-career employees refer to those in their 40s to mid-50s.

*2 : BCP: Business Continuity Plan



Comparisons of the lost time injuries frequency rate of domestic sites in the Shiseido Group with those of all domestic industries and the chemical and manufacturing industries in Japan

Shops/Sales and Offices in 2023

Shops/Sales and Offices	
Goal	Reduction of the number of occupational accidents resulting in absence from work by 50% from the level of 2022
Result	The systematic implementation of company-wide awareness building measures, surveys, and initiatives by each office has led to the distinct improvement of employee awareness of occupational safety management.
Initiatives / Issues that need to be addressed	Shops and sales, as well as offices, promote initiatives to prevent occupational accidents by holding monthly meetings of the Health and Safety Committee, among others. We analyze the occurrence situations and causes of accidents and share the information with each business site in Japan. We continuously collect information on near-miss accidents as well, examine measures against anticipated risks from multilateral perspectives, and share the information compiled in an easy-to-understand format with each workplace. In recent years, we have been particularly focusing on preventing trips at shops and other workplaces to create a safe and secure working environment.

R&D (Laboratories) in 2023

R&D (Laboratories)	
Goal	Standardization of the procedure of risk assessment on chemical substances
Result	The number of chemical substances subject to risk assessment has substantially increased following the 2022 amendment of the Industrial Safety and Health Act. However, we have completed the assessment on the targeted substances after standardizing the procedure and meticulously examining the conditions of use at research sites. Our risk assessments will continue with more substances expected to be included in the list.
Initiatives / Issues that need to be addressed	Laboratories manage various kinds of chemical substances in their possession with their own IT system and comply with laws and regulations by strictly and efficiently conducting risk assessment on the increasing number of chemical substances. We are also working on establishing a safe and secure working environment, promoting proper management of chemical substances based on regulations, and providing information and education to raise awareness of health and safety among researchers. We will strive to prevent any health damage attributable to chemical substances and ensure the health and safety of researchers for the years to come by keeping work logs and sharing risk assessment results.

Supply Network Domain (Factories and Distribution Centers) in 2023

Supply Network Domain (Factories and Distribution Centers)	
Goal	Attainment of the ISO 45001 certification for domestic factories
Result	Factories that obtained the ISO 45001 certification in 2023: Kakegawa Factory, Gien Factory, Val de Loire Factory, East Windsor Factory, and Osaka Factory
Initiatives / Issues that need to be addressed	The lost time injuries frequency rate at all sites in Japan and overseas came to 0.7, significantly exceeding the target of 1.3 or less. However, accidents resulting in absence from work infrequently occurred. Our analysis on the occurrence situations of these occupational accidents has revealed that many cases resulted from the unsafe behaviors of some employees. We are therefore planning to introduce the Behavior Based Safety (BBS) program to reduce such behaviors at all sites in Japan and overseas. Factories and distribution centers are continuously promoting the Global Safety Management System (GSMS), which defines the common standard on occupational health and safety in Japan and overseas. In 2024, we started verifying the progress of the GSMS at each site under the leadership of the head office's management department on a full scale, in tandem with the introduction of the GSMS defining the same level of daily safety behaviors and requirements as ISO 45001:2018, to enhance the safety level at all sites. As part of these initiatives, we offer a diverse range of educational training programs that reflect our analysis of past occupational accidents and countermeasures. The Kakegawa Factory has created a video on safety rules that has been shared with all its employees. In addition to the above, in 2023, we started the external inspection program to verify the compliance status of all the regulations related to health and safety, as well as working conditions, at all sites in Japan and overseas, in cooperation with external professional organizations to improve our health and safety system and enhance our initiative to ensure compliance.



The picture shows a footage from the safety rule video created by the Kakegawa Factory



The factory is being inspected by members of the external organization.

Domain Goals for 2024

Domain Goals	
Shops/Sales and Offices	■ Leveling of safety initiatives led by each business site in Japan ■ Enhancement of recurrence prevention initiatives
R&D (Laboratories)	■ Enhancement of chemical substance management system ■ Ensuring of compliance (formulation and revision of regulations, setting up of administrators, provision of health and safety education, etc.)
Supply Network Domain (Factories and Distribution Centers)	■ Introduction of BBS program ■ Renewal of ergonomics programs and deployment thereof into all sites ■ Introduction of legal regulation surveillance system

Inspection and Examination

Inspection and Examination	
ISO 45001:2018	■ The registration of the ISO 45001 certification for all our factories in Japan and overseas was completed in conjunction with the acquisition in March and April 2024 for the Fukuoka Kurume Factory and the Nasu Factory, respectively. (The certification organizations were SGS United Kingdom Limited for the Fukuoka Kurume Factory, and Japan Industrial Safety & Health Association for the Nasu Factory.) ■ Factories in Japan and overseas conduct the PDCA, or plan-do-check-act cycle (for organizational status; participation, planning, support, and management of leadership and workers; and evaluation and improvement of performance) and promote occupational health and safety management according to each process. ■ We promote continuous improvement through maintenance and examination, examination for renewal, and internal inspection of factories. ■ Factories that have obtained the ISO 45001 certification in each country and region: factories in Beijing and Shanghai, Hsinchu Factory, Kakegawa Factory, Gien Factory, Val de Loire Factory, East Windsor Factory, Osaka Factory, Osaka-Ibaraki Factory, Fukuoka Kurume Factory, and Nasu Factory (as of April 2024 and listed in the order of acquisition date)
Third-Party Verification	■ The Shiseido Group in Japan receives third-party verification by Bureau Veritas Japan Co., Ltd. and conducts verification on occupational accident-related matters at domestic companies of the Shiseido Group, such as the number of occupational accidents, LTIFR for the directly or indirectly employed, and number of fatalities among the directly or indirectly employed, etc. based on the data collection procedure regarding domestic occupational accidents.



Members of the Osaka Factory that obtained the ISO 45001 certification pose with the Chief Supply Network Officer.



Members of the Ibaraki Factory that obtained the ISO 45001 certification pose with the Chief Supply Network Officer.



Members of the Fukuoka Kurume Factory that obtained the ISO 45001 certification pose with Health & Safety System Owner.



Members of the Nasu Factory that obtained the ISO 45001 certification pose with Chief Supply Network Officer. (April 2024)

Training and Educational Programs

In fiscal year 2022, we established an occupational health and safety management system and have since promoted the system across the group by sharing the information concerning safety activities as well as education and training programs provided in each domain. As one of such initiatives, we share the information on near-miss accidents and hazard prediction trainings at the H&S Committee to promote them in all the domain workplaces.

Company-wide health and safety education has incorporated common issues addressed by the H&S Committee, and it has been overhauled to be more comprehensible and help prevent occupational accidents. For training programs, we utilize internal e-learning systems and digital materials to enable all employees to take the programs.

In fiscal year 2023, we conducted the Safety Culture Diagnosis in addition to health and safety education and

quantified each of the four items—"education and training," "reporting obligation," "performance," "resource and environment," and "organization and culture"—to evaluate and assess the safety culture level in the Shiseido Group. (22 companies of the Shiseido Group took the Safety Culture Diagnosis)

The continuous execution of the Safety Culture Diagnosis has helped us recognize the level of understanding and awareness of safety among workers. Additionally, we are working in tandem with each region's initiatives to prevent occupational accidents through stratified analyses and feedback.

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.

Men-to-women average monthly salaries of the Shiseido Group in Japan are 100:96 for management positions, 100:94 for general positions, and 100:115 for beauty positions. (As of January 1, 2024)

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.

Compliance and Risk Management

Risk Management

Shiseido's basic policy of risk management.

Compliance

Here are our activities and promotion systems that will ensure employees act with high ethical standards and compliance awareness.

Shiseido Code of Conduct and Ethics

Shiseido Group Policy on Anti-Corruption

Information Security Management

Measures for cyber security and data protection initiatives of Shiseido Group.

Privacy Protection

Privacy initiatives and data protection initiatives of Shiseido Group.

Protection of Intellectual Properties

Shiseido's activities to protect the Group's various information assets.

Tax Policy

Global Tax Policy and Shiseido Group's Tax Policy in the United Kingdom.

Risk Management

The risk management of the Group is primarily focused on "building trust with multiple stakeholders and achieving our medium-to-long-term strategies." We thus consider risks as "uncertainties" that may impact achievement, both potential threats to business as well as potential opportunities. Based on this approach, we have established a risk management structure and have put into place measures for managing such risks proactively and expeditiously. We manage risk-related information centrally through establishing the Risk Management Department at the Company's global headquarters, which reports into the Chief Legal Officer (CLO), and assigning a Risk Management Officer (RMO) in each regional headquarters to ensure implementation of risk countermeasures across the Group. The Global Risk Management & Compliance Committee, chaired by the Global CEO and composed of Executive Officers/Regional CEOs, meets on a regular basis to discuss risks and countermeasures. In addition to this, we have identified "risk owners" for each risk category to clarify responsibility for countermeasures. Moreover, we have implemented a transparent monitoring and communicative framework within members of the above-mentioned Committee and Directors to regularly discuss and assess our progress in addressing these risks.

Company-wide Material Risk Assessment Result

As part of our Enterprise Risk Management activities, we annually identify and assess group material risks. These material risks are incorporated into the Group's business plan.

In fiscal year 2023, material risks were identified through a holistic approach combining multiple and comprehensive methods. Specifically, the HQ Risk Management Department interviewed and discussed with HQ Executive Officers, Regional CEOs, and Directors for their view on Group risks. Regional risk assessments and input from relevant functions, as well as insight from external advisors, were also taken into consideration. As a result, the Risk Management Department identified material risks affecting the key areas of our medium-term strategy, SHIFT 2025 and Beyond. As shown in Table 1 below, the identified material risks were evaluated with the three metrics: "Impact on business," "Likelihood," and "Vulnerability." Subsequently, prioritization and countermeasures were confirmed through the above aforementioned committee meetings and additional individual meetings. Reflecting our corporate policies, personal health (and safety), company assets, business continuity, and impacts to our company reputation are also considered as critical point of views.

Table 1 <Risk evaluation methodology>

Impact on business	• Quantitative impact on business performance (e.g. topline sales) in case of manifestation • Qualitative impact on our corporate/brand image and culture
Likelihood	• Likelihood and timing of risk manifestation
Vulnerability	• Preparedness against risk • Controllability of the manifestation of the risk due to external factors

The total of 20 material risks identified through our risk assessment have been organized into three risk categories: "Consumer and Social-related Risks," "Operation & Fundamental Risks," and "Other Risks," as shown in Table 2 below.

Table 2 <Summary of Shiseido Group material risks> ★: Risks that should be prioritized

Consumer and Social-related Risks	• Changes in Consumer Values★ • New Technology and Speed of Digital Acceleration★ • Pace of Cutting-Edge Innovation★ • Corporate and Brand Reputation★ • Environment (Climate Change, Biodiversity, etc.) • Diversity, Equity & Inclusion (DE&I) • Natural Disaster, Infectious Disease, and Terrorism • Geopolitical Tensions★
Operation & Fundamental Risks	• Corporate Culture and Acquisition/Securing Outstanding People★ • Business Structure Transformation★ • Operating Infrastructure★ • Supply Network • Compliance • Regulatory • Quality Assurance • Governance Structure • Information Security★
Other Risks	• Exchange Rate Fluctuations • Business Investment • Material Litigation, etc.

As a noteworthy point of the risk assessment results mentioned above, the individual risks identified are more interlinked than in the past and interdependency of the countermeasures is increasing. In addition to that, we have identified risks that have increased in levels compared to the previous fiscal year: "Changes in Consumer Values," "New Technology and Speed of Digital Acceleration," "Pace of Cutting-Edge Innovation," "Corporate and Brand Reputation," "Geopolitical Tensions," "Corporate Culture and Acquisition/Securing Outstanding People," "Business Structure Transformation," "Operating Infrastructure," and "Information Security." For details on Business and Other Risks, please refer to the URL link below.

At the same time, compliance programs are being or have been prepared for four priority areas: personal data protection, anti-bribery, anti-cartel, and supplier risk reduction.

Incident Response

Shiseido has established the Shiseido Group Crisis Management Policy, a guide for incident response to enable swift and appropriate actions, effective damage control, and early recovery. In Japan, departments in which an incident occurs take initial actions to understand the situation and prevent damage from spreading while promptly reporting to the Risk Management Department. After determining the incident level from the perspectives of severity of damage, possibility of spread, social impact, and other factors, the Risk Management Department assigns members from necessary HQ functions to organize a task force. The task force examines a range of actions to prevent damage from spreading, respond to those affected, and disclose information, while continuously monitoring investigation into cause, progress, and response results and implements reoccurrence prevention measures. Outside of Japan, regional CEOs and RMOs are responsible for leading incident response activities. Significant incidents, such as those which pose a high risk of affecting operations in other regions, are immediately reported to the Risk Management Department at headquarters to enable quick action.

<Shiseido Group Crisis Management Policy>

1. Ensure the safety of employees and their families
2. Preserve company assets
3. Continue operations
4. Earn the trust of stakeholders

Business Continuity Management (BCM)

We have formulated a Business Continuity Plan (BCP) to prepare for major natural disasters and other emergency situations. To enable prompt and appropriate actions by employees according to the BCP in the event of an emergency, we provide regular training and education programs and use the findings from these programs to periodically revise the BCP.

Business Continuity Plan (BCP)

Our BCP is formulated based on the Shiseido Group Crisis Management Policy and the Shiseido Group BCP Concept as described below.

Shiseido Group basic approach to formation of BCP

1. Protecting peoples' lives is the most important thing. Place the highest priority on ensuring the safety of employees and their families and confirm whether they are safe.
After this, when conducting business operations, consider the safety of employees, and prevent secondary disasters.
2. Protect finances, IT systems, buildings, equipment, and other company assets.
3. Perform operations essential to recovery and operations that should be continued in the event of an emergency by the target time, without fail.
4. Through the above, minimize the impact on customers, business partners (clients and suppliers, etc.), shareholders, employees, society, and other stakeholders; prevent damage to corporate value, and earn the trust of society by providing various forms of support to the local community, etc.

Our BCP consists of a "basic plan" serving as a general guide and "action plans" to specifically describe recovery activities to be carried out by each department.

The BCP is designed primarily for natural disasters and other emergency situations, such as large earthquakes, that can seriously affect business continuity. In order to minimize damage and facilitate early recovery, the plan describes "restoration tasks" (necessary actions to restore basic operations) and "business continuity tasks during an emergency" (actions that must be taken to maintain business operations during disaster situations) and sets "recovery time objectives" to complete said tasks. The plan also specifies in phases the information to be collected, items to be decided, and reporting lines. This plan is executed under the leadership of the HQ Emergency Task Force, with members appointed from necessary divisions to address issues related to employees, facilities, communication systems, information disclosure, funding, and consumer relations. The task force undertakes overall management in cooperation with two other special functions: the Product Supply Continuity Task Force (to recover and sustain supply networks) and the SJ Emergency Task Force (to be responsible for Japan Region operations). In addition to the BCP, for sudden and unexpected incidents such as earthquakes, we have separately developed a business continuity plan for emergencies with gradual/long-term impact, such as infectious disease outbreaks, which sets out matters to be considered and implemented by each phase (infectious disease BCP).

HQ Emergency Task Force Drill

The HQ Emergency Task Force Drill is held on a regular basis as training for effective command and appropriate execution of the BCP. Findings from the drill are used to review and revise existing action plans and BCP-related documents. Relevant parties are notified of changes, ensuring the BCP is updated and all are prepared for immediate action.

Emergency education for employees

To promote individual employee awareness and knowledge of emergency preparedness, we run various training and education programs. BCP briefings are given to heads of departments/offices to increase their understanding and ensure swift action by all staff under their leadership in the event of major emergency, under HQ Emergency Task Force instructions. Additionally, safety confirmation drills are conducted for all employees twice a year, and new hire orientation programs include lectures to raise knowledge and awareness of emergency preparedness.

Shiseido Group Policy on Anti-Corruption

Shiseido Group ("Shiseido") hereby establishes the Shiseido Group Policy on Anti-Corruption ("the Policy") by which it will promote efforts to ensure anti-corruption measures and fulfil its social responsibilities.

1. Basic Ideas on Anti-Corruption

Shiseido proclaims in its Shiseido Code of Conduct and Ethics that it abides by the laws of each country and region in which it operates, and maintains sound ethical behavior as well as respecting human rights, in order to be the most trusted beauty company in the world. In particular, Shiseido's basic principles relating to business activities are to engage in fair, transparent, and free competition and appropriate transactions. Therefore, Shiseido proclaims in its Shiseido Code of Conduct and Ethics that it will not provide or accept gifts or entertainment that may cause suspicion regarding our fairness, whether or not the provision or acceptance of such items violates applicable laws and regulations, and whether or not the counterparties are public officials or private entities. Corruption is against Shiseido's basic principles, and Shiseido simply will not tolerate any corruption whatsoever. This Policy is Shiseido's promise to engage in the prevention of corruption, as well as to deliver Shiseido's basic principles on anti-corruption, based on the Shiseido Code of Conduct and Ethics with due consideration for the current state of affairs, under which corruption still remains a global issue.

2. Scope and Application

The Policy will apply to all executives and employees of Shiseido. Shiseido also will require its business partners relating to Shiseido's products and services to comply with the Policy.

3. Prohibition Against Bribery

Shiseido does not give, offer, or promise a bribe, in any form, to any person, whether direct or indirect, nor will it receive, request, or promise to receive any kind of a bribe, irrespective of the name given to it, including without limitation political contributions, donations, charitable activities, sponsorship activities, and kickbacks. Shiseido prohibits all of its executives and employees from engaging in the activities above.

4. Measures for the Prevention of Bribery

Shiseido engages in the measures below to prevent bribery, and continues to promote and enhance such measures in implementing the Policy.

■ Development of a System for the Prevention of Bribery

Shiseido has developed and implemented an effective system for the prevention of bribery, including the development of relevant internal rules and procedures, to ensure the thorough prevention of bribery. The measures include the Framework of Empowerment, credit checks on new accounts, and due diligence in acquisitions.

■ Education and Training

Shiseido offers education and training to all of its executives and employees for purposes of preventing bribery, such as familiarizing such executives and employees with the Policy and relevant internal rules.

■ Risk Assessments and Periodic Reviews

Shiseido periodically evaluates bribery risks and monitors the status of operation of the system for the prevention of bribery, and reviews and improves measures relating to, and control of, the prevention of bribery as required with respect thereto.

■ Proper Record Keeping

Shiseido records all transactions and assets accurately and fairly, and in reasonable detail, in its accounting books and records, to thoroughly prevent bribery and to fulfil accountability therefor.

■ Compliance with Applicable Laws and Regulations

Shiseido complies with the laws and regulations and the rules relating to the prohibition against bribery that are applicable in the countries and regions where it conducts its business activities, including the Foreign Corrupt Practices Act in the U.S., the Bribery Act in the U.K., the commercial bribery rules in the PRC, and the Unfair Competition Prevention Act in Japan.

<Revision History> Established in June 2021
Revised in April 2022

Compliance

We have established the Shiseido Code of Conduct and Ethics to ensure that all Shiseido Group employees act with a strong sense of ethics in all business activities based on THE SHISEIDO PHILOSOPHY. We are implementing education and training programs to put the Shiseido Code of Conduct and Ethics into practice and are striving to earn the trust of all stakeholders by ensuring respect among our diverse employees.

In line with the Shiseido Code of Conduct and Ethics, we have established a basic policy and rules to be complied with by the Shiseido Group as a whole and are working to disseminate these internal rules and regulations, together with THE SHISEIDO PHILOSOPHY, to each Group company and business site. We are also preparing an environment in which each Group company and business site can establish detailed internal regulations.

In addition, to promptly detect any conduct that deviates from the Shiseido Code of Conduct and Ethics and various laws/internal regulations, we have established Hotlines/Helplines and are responding appropriately by closely examining the content of such conduct.

Through such activities to raise awareness of ethics and compliance and the systems that support them, we have created a workplace environment in which every employee can maximize his or her potential.

In OUR PRINCIPLES (TRUST8) , which serves as the working principles that every Shiseido employee must follow, we have included "ACT WITH INTEGRITY" as a Key Behavior, calling on all Shiseido Group employees to "demonstrate humble confidence, integrity, and ethical behavior to earn trust from all stakeholders." With this approach, we are striving to achieve both honest and ethical behavior along with business growth.

Structure

We have placed the Risk Management Department at the global headquarters which reports to CLO (Chief Legal Officer), and RMO (Risk Management Officer) at each regional headquarters.

Activities related to corporate ethics and compliance are being promoted across the Shiseido Group with the support of Risk Management Leaders assigned to each affiliate at the global level and Ethics & Compliance Leaders in Japan. Furthermore, by having the CLO coordinate with the legal managers in each region, we are strengthening our compliance system with laws and regulations.

To oversee compliance and risk management for the Shiseido Group, the Global Risk Management & Compliance Committee, chaired by the Global CEO and composed of Regional CEOs and HQ Executive Officers, has been established at the global headquarters.

The HQ/SJ Compliance Committee oversees compliance in the Japan region.

Compliance Awareness Enhancement Activities

At each regional headquarters, RMOs (Risk Management Officers) take the lead in implementing training with globally common content to promote the understanding and practice of the Shiseido Code of Conduct and Ethics among all employees. We are also promoting the dissemination of the Shiseido Code of Conduct and Ethics to all employees of the Shiseido Group by encouraging temporary employees and others to participate in training.

Additionally, we regularly conduct the Shiseido Group Engagement Survey to continually monitor the status of compliance with the Shiseido Code of Conduct and Ethics and reflect this in training and various compliance activities.

We are also working to ensure thorough compliance with each regulation by conducting various training and awareness-raising activities on a regular basis at each regional headquarters related to the "Compliance Rules

Regarding Prevention of Bribery" and the "Compliance Rules Regarding Prevention of Cartels," which are detailed regulations within the Shiseido Code of Conduct and Ethics.

We conduct human rights awareness training regarding discrimination in the workplace, and with respect to harassment, training is conducted at least once a year at all Shiseido Group business sites in Japan. We also conduct training sessions to improve communication in various settings to build an open and encouraging workplace culture.

In addition to training for all employees, group training is also provided for Executive Officers, managers, and new employees, with content tailored to the characteristics of each position, job level, and business location.

Hotlines/Helplines for Employees

We offer Hotlines/Helplines for the purpose of detecting and correcting violations against the laws and regulations, the Articles of Incorporation, and rules within the Shiseido Group. The Hotlines/Helplines 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 Hotlines/Helplines 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 the global 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 Shiseido Hotline that deals with general workplace issues and whistleblowing, and the Shiseido Group Whistleblowing to Audit Committee for reports from Japan and overseas relating to directors, corporate executive officers, executive officers, and hotline staff members*. All these Hotlines/Helplines accept anonymous whistleblowing and consultations.

*The Hotlines in Japan accept whistleblowing and consultations from all persons working for Shiseido Group companies in Japan (directors, corporate executive officers, 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).

<Process for Handling Whistleblowing and Consultations>

The division in charge of the Hotlines/Helplines handles whistleblowing and consultations with due care to protect the privacy of those concerned. It accepts whistleblowing and consultations related to all kinds of improper acts, including discrimination, harassment, and bribery, as well as acts that may be regarded as such. And as necessary, a fact-finding investigation of those involved is launched. 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.

The number of whistleblowing and consultation cases received through the Hotlines/Helplines and the actual responses to them are reported to the HQ/SJ Compliance Committee and Audit Committee on a regular basis annually for the review, management, and supervision of the appropriate operation of the Hotlines/Helplines. In addition, we evaluate the proper operation and feasibility of the Hotlines/Helplines through reviews by external experts such as outside attorneys and make continuous improvements based on such evaluations.

For business partners in Japan, we have established the Shiseido Business Partner Hotline to receive whistleblowing and consultations regarding violations of human rights and compliance by Shiseido Group companies and employees. For more details, please refer to "Social Data."

Mitigating the Risk of Discrimination/Harassment

In order to identify and reduce risks related to discrimination, harassment, and compliance in the workplace, in addition to accepting whistleblowing and consultations, we assess workplace conditions using the Shiseido Group Engagement Survey, etc., which are periodically conducted throughout the Shiseido Group. For companies, offices, and departments where problems have been identified by the surveys, we propose and implement improvement measures based on the survey results.

In addition to this, we provide employee training on issues identified from the analysis of the survey results to prevent discrimination, harassment, and compliance risks.

Efforts to Eliminate Anti-Social Forces

The Shiseido Code of Conduct and Ethics states the following: "We do not work with individuals or organizations that engage in illegal activities, such as threatening public order or safety. We also do not respond to any requests for money or support from such individuals or organizations."

In the Japan region, a coordination office is established in the Risk Management Department to effectively gather information and maintain manuals on the intranet on how to cope with such forces. We are taking measures to strengthen its collection of outside information and cooperation with external organizations by coordinating with local police offices and being a member of an organization that promotes the exclusion of anti-social forces.

Information Security Management

1. Policy Related to Information Security

The Shiseido Group (hereafter "Group") establishes "Shiseido Group Information Security Policy" for all people working in the Group to protect and maintain various essential information assets owned by business sites of the Group by setting robust information security. Under this Group-wide basic policy, we strive to manage and operate various information assets.

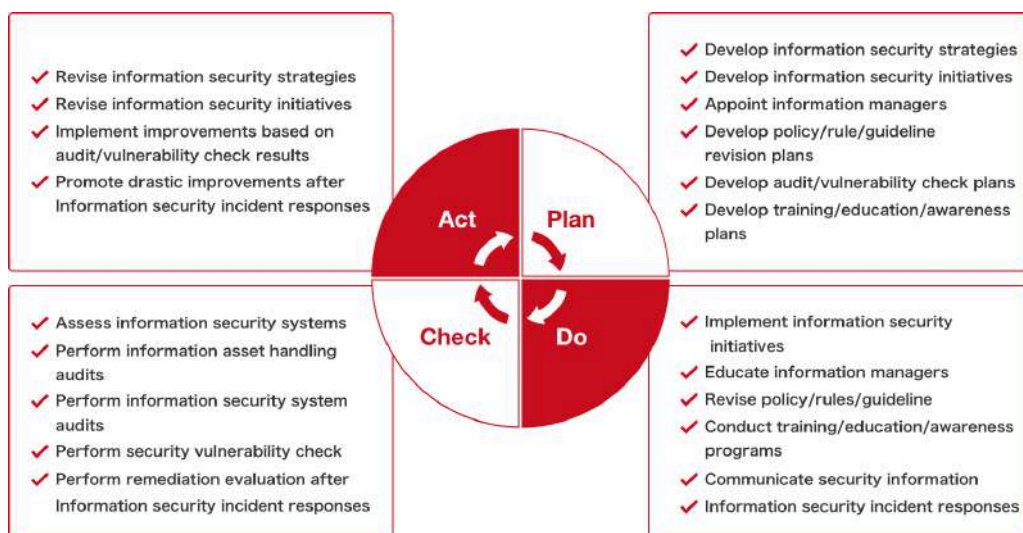
2. Information Security Management Systems

(1) Management structure

In the Shiseido Group, the Chief Information Technology Officer (CITO), the representative executive officer, is responsible for the establishment of the information security management system. More so, the CITO has authority over and is responsible for the establishment and operation of regulations related to confidential information management, data protection, and security measures for information systems, as well as the implementation of safety measures and education and training. In addition, the head of the Information Security Department is responsible for promoting and implementing these measures. Thus, the Chief Executive Officer (CEO) is ultimately responsible for information security.

The representative of each regional headquarter, as the chief administrator for the handling of information assets and systems in the region, is responsible for overall information security, including confidential information management, data protection, security measures on information systems, and education and training. Information security contacts have been appointed in each region, and they are working to maintain and improve the Group's overall information security activities in cooperation with HQ.

The heads of departments of each Group company confirm the protection and management of information assets handled in their departments on a regular basis, provide education and training to employees, and respond to security incidents.



(2) Development of policies and rules

To promote information security management systems, we refer to several major related guidelines or best practices such as the ISO 31000 international standard for risk management, the ISO 27001 international standard for information security management systems, the NIST Cybersecurity Framework of the National Institute of Standards and Technology, the CIS Controls of the Center for Internet Security*, and the Cybersecurity Management Guidelines of Ministry of Economy, Trade and Industry.

Furthermore, specific guidelines and rules have been formulated. These include the above-mentioned "Shiseido Group Information Security Policy," in addition to rules and regulations regarding confidential information management, data protection and security measures on information systems. We are working to promote compliance with these guidelines and rules on a global scale by encouraging the engagement of overseas offices.

To ensure information security in activities involving external business partners, we ask them to observe the "Shiseido Group Supplier Code of Conduct", which includes requirements for proper handling of confidential information and personal information. When outsourcing important operations, we check the information security management systems of the business partners before we execute a service agreement requesting them to take appropriate safety management measures.

*Center for Internet Security (CIS): An organization established in 2000 by the National Security Agency (NSA), the Defense Information Systems Agency (DISA), the National Institute of Standards and Technology (NIST), and other government agencies, businesses, and academic institutions to work together on Internet security standards.



Structure of Information Security Rules

3.Information Security Enhancement Initiatives

(1) Employee training/education/awareness

The Shiseido Group conducts information security e-learning programs and group sessions on a regular basis to help employees increase their awareness and knowledge of information security. We provide guidance to new graduate and mid-career hires during orientation sessions to instill the importance of information security management in our personnel from the time they start with the Group.

To keep employees updated on information security issues, the latest information is posted on our internal portal.

(2) Promotion of security by design

The Shiseido Group has developed internal systems and processes that enable the Information Security department to be involved in the development of new business or services from scratch so that necessary information security measures can be taken at the planning/designing stage.

(3) Supply chain security

At the Shiseido Group, when outsourcing work that involves the handling of personal information as defined by the laws and regulations of each country or region, the handling of confidential information as defined by the Policy and Rules of the Shiseido Group, or operations that are considered to be significantly related to the business continuity and

quality of goods and services of the Shiseido Group, we appropriately manage and supervise the third parties to ensure the information security of the outsourced work.

(4) Monitoring activities

At the Shiseido Group, we ensure the proper handling of information assets as well as the implementation of appropriate information security measures for information systems development, operation, and management. Assessment on information systems and related operations are performed on the risk basis, where supervision is conducted over improvements to any issue detected. We also conduct security assessments of the factory system environment as needed to ensure information security in production activities.

Also, we periodically perform vulnerability checks on information system infrastructures and application programs, and if vulnerability issues are detected, instructions and improvement advice are provided. In addition, we constantly monitor information security using external threat intelligence services.

For business partners to whom we outsource important operations, we regularly check their information security management systems even after contracts are concluded.

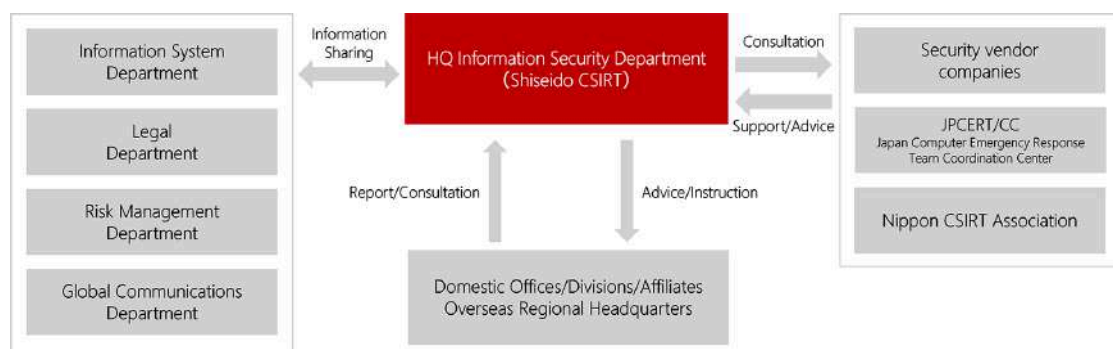
(5) Information security incident response

In the Shiseido Group, the Information Security Department serves as the contact point for incidents related to information security. We respond to incidents by coordinating with relevant internal departments according to the severity of the incidents.

Shiseido has a CSIRT (Computer Security Incident Response Team), which is an organization that deals with computer security incidents, and conducts activities such as collecting, analyzing, and responding to incident-related information, vulnerability information, and information on predictive signs of attacks. Shiseido has registered with the Nippon CSIRT Association* (Shiseido CSIRT) to share information with relevant agencies and with similar departments at other companies.

The Information Security department works to improve emergency response capabilities through organizing periodic drills (provided more than twice a year by several organizations including the Nippon CSIRT Association and a forensic service provider) and revising associated sections of the manual based on issues revealed through such training opportunities. We also conduct incident response trainings for factories as needed to ensure information security related to production activities.

* Nippon CSIRT Association is an organization that promotes close collaboration and problem solving among CSIRTs at business enterprises.



(6) Third-party assessment

To verify that the Shiseido Group's implementation of its information security initiatives and management systems are appropriate, we enlist external experts to conduct an assessment if necessary. Issues and challenges identified through the assessment are then considered to develop information security strategies and initiatives.

Privacy Protection

1. Privacy Principles

The Shiseido Group (hereafter "Group") is fully aware of the importance of personal information obtained through business activities, considers ensuring the safety of such information to be its social responsibility, and makes sure to implement privacy protection on a Group-wide basis under the "Shiseido Group Privacy Rules," which must be followed by all people working for the Group.

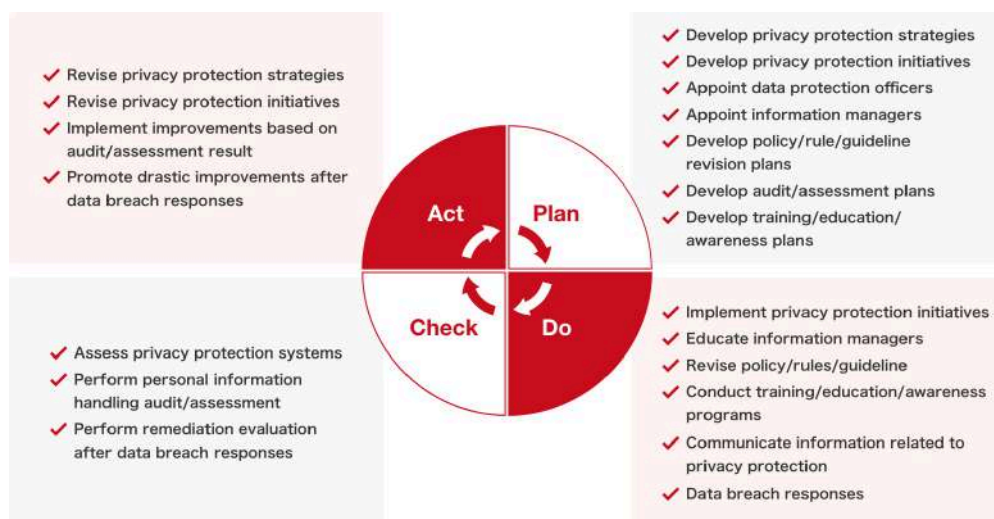
Also, the "Shiseido Global Privacy Principles," which were established as the Group's common privacy principles, as well as each Group company's privacy policies are publicly disclosed.

2. Privacy Protection Management Systems

(1) Management structure

The Shiseido Group has privacy protection systems in place under the leadership of the Chief Legal Officer (CLO) and the Legal Department. The CLO has ultimate responsibility for privacy protection and engages in the planning and implementation of related strategies and initiatives while communicating with the management team.

The Chief Information Technology Officer (CITO) is responsible for the implementation and oversight of security measures to protect personal information. In addition, the Vice President of the Information Security Department is responsible for promoting and executing these measures. Representatives of the overseas regional headquarters are responsible for managing the handling of personal information within their jurisdictions. The heads of departments of each Group company confirm the protection and management of personal information handled in their departments on a regular basis, provide education and training to employees, and respond to security incidents.



(2) Development of policies and rules

To promote information security management systems, we refer to several major related guidelines or best practices such as the ISO 31000 international standard for risk management, the ISO 27001 international standard for information security management systems, the NIST Cybersecurity Framework of the National Institute of Standards

and Technology, the CIS Controls of the Center for Internet Security*, and the Cybersecurity Management Guidelines of Ministry of Economy, Trade and Industry.

Furthermore, specific guidelines and rules have been formulated. These include the above-mentioned "Shiseido Group Information Security Policy," in addition to rules and regulations regarding confidential information management, data protection, and security measures on information systems. We are working to promote compliance with these guidelines and rules on a global scale by encouraging the engagement of overseas offices.

To ensure information security in activities involving external business partners, we ask them to observe the "Shiseido Group Supplier Code of Conduct," which includes requirements for proper handling of confidential information and personal information. When outsourcing important operations, we check the information security management systems of the business partners before we execute a service agreement requesting them to take appropriate safety management measures.

* Center for Internet Security (CIS): An organization established in 2000 by the National Security Agency (NSA), the Defense Information Systems Agency (DISA), the National Institute of Standards and Technology (NIST), and other government agencies, businesses, and academic institutions to work together on Internet security standards.

3. Initiatives to Promote Privacy Protection

(1) Employee training/education/awareness

The Shiseido Group conducts e-learning programs and holds group sessions on a regular basis to help employees increase their awareness and knowledge of privacy protection. We provide guidance to new graduate and mid-career hires during orientation sessions to instill the importance of privacy protection in our personnel from the time they start with the Group.

To keep employees updated on privacy protection issues, the latest information is posted on our internal portal.

(2) Promotion of privacy by design

The Shiseido Group has developed internal systems and processes that enable the Legal and Information Security departments to be involved in the development of new business or services from the beginning so that necessary privacy protection measures can be taken at the planning/designing stage.

(3) Supply chain security

At the Shiseido Group, when entrusting all or part of the handling of Personal Information to a third party, we appropriately manage and supervise the entrusted third party to ensure the security management of the Personal Information.

(4) Monitoring activities

The Shiseido Group periodically checks and assesses its information assets including personal information. Also, to check if privacy protection measures have been implemented appropriately in all offices, departments, and affiliates, we conduct a risk-based assessment of their information systems and issue an order for improvement if a problem is detected. As for our business partners to whom we outsource the handling of personal information, we check their information security management systems and operational status thereof on a regular basis even after executing service agreements with them.

(5) Privacy incident response

The Shiseido Group has established a system to respond to incidents related to personal information. In the event of a possible data breach or violation of laws and regulations, the Legal, Risk Management, Information Security, Information Systems, and other departments work together to respond to the incident.

If a privacy incident such as personal information breach occurs, the Group will report to the authorities concerned and data subjects, following the laws and regulations of each country/region.

(6) Third-party assessment

To verify that the Shiseido Group's implementation of its privacy protection initiatives and management systems are appropriate, we enlist external experts to conduct an assessment if necessary. Issues and challenges identified through the assessments are then considered to develop privacy protection strategies and initiatives.

(7) Disciplinary action

Violations of Shiseido Group's privacy principles, policies, and practices may be subject to disciplinary action, including potential termination, in accordance with applicable laws.

Protection of Intellectual Properties

Shiseido Group invests in R&D and marketing to develop innovative technologies and increase our brands' value. Therefore, enhancing our Intellectual Property (IP) value is a crucial activity for our sustainable growth. IP includes intangible assets such as patents, trademarks, copyrights, industrial designs, trade secrets, etc. We protect our inventions, brands, marketing ideas and other IP outcomes properly, as these assets play key roles in our future success. We also respect third parties' IP rights and provide internal trainings for our employees to raise the awareness.

Note: Intellectual properties refer to intellectual property rights (patent rights, trademark, design rights, copyrights, etc.) and business confidentiality (know-how, etc.).

Tax Policy

Shiseido's Tax Policy

Shiseido Group's Tax policy in the United Kingdom

Global Tax Policy

Shiseido Group complies with the laws and regulations in all countries in which we run business. THE SHISEIDO PHILOSOPHY, "OUR MISSION, DNA and PRINCIPLES" and Shiseido Code of Conduct and Ethics sets forth the code of conduct for all employees to ensure our compliance to the law. In addition, we set the global tax policy here to ensure the tax transparency. We aim to maximize the shareholder value by mitigating the tax risk globally.

Tax Principles

Compliance

We fully comply with the international guideline established by the OECD and the tax laws and regulations in all countries in which we run business. Furthermore, we also understand and respect the underlying intentions of the laws and regulations. We will not engage in abusive tax evasion through tax structure without commercial substance or shift profit to countries with low tax rates.

Governance

The discipline for the compliance and accurate tax accounting is set forth in Shiseido Code of Conduct and Ethics and shared with all employees to ensure tax transparency. We will resolve the tax issues by managing the tax risk locally by each RHQ and sharing the tax information globally in a timely manner.

Responsibilities and Organization for the Tax Compliance

Tax compliance is under the responsibility of the CFO. To manage the global tax risk effectively, tax team of global headquarters manages the tax compliance of the group, and CFOs at each regional headquarters manage the tax compliance in their region. Employees with tax expertise are assigned as necessary for the smooth operation of our global tax risk management organization. We provide trainings to employees to raise awareness on the tax compliance.

Maximization of the Shareholder Value

In order to improve the shareholder value, we strengthen the governance and save tax by utilizing tax incentives where applicable in the ordinary course of business.

Transfer Pricing

Our transfer pricing policy is in accordance with the OECD Transfer Pricing Guidelines and the laws and regulations of each country in which we run business. The pricing for the intercompany transaction is determined under the arm's length principle and based on the policy.

Tax Havens

We do not utilize the tax havens to solely avoid tax.

Relationship with the Tax Authorities

We cooperate with the tax authorities and build a good relationship with them.

Shiseido UK Tax Policy

SHISEIDO Group complies with the laws and regulations in all countries in which we run businesses. THE SHISEIDO PHILOSOPHY, "OUR MISSION, DNA and PRINCIPLES" and Shiseido Code of Conduct and Ethics sets forth the code of conduct for all employees to ensure our compliance to the law. In addition, we set the global tax policy to ensure tax transparency. The following document lays out the company's strategy and approach in 2025 for the United Kingdom. We publish this statement to meet our obligation under Paragraphs 19(2) and 22(2) of Schedule 19 of FA2016."

Governance and Responsibilities

The discipline for the compliance and accurate tax accounting is set forth in Shiseido Code of Conduct and Ethics and shared with all employees to ensure tax transparency.

The Chief Financial Officer (CFO) / The Finance Director (FD) and the Group Financial Controller(GFC) is ultimately responsible for Shiseido's overall tax risks. We will resolve the tax issues by managing the tax risk locally by each Regional Head Quarters (RHQ) and sharing the tax information globally in a timely manner.

Tax compliance is under the responsibility of the CFO and/or the FD. To manage the global tax risk effectively, the tax team of Global Head Quarters (HQ) manages the tax compliance of the group, and CFOs and/or the FDs at each RHQ manage the tax compliance in their region. Each RHQ assigns the employees with tax expertise as necessary. We provide trainings to employees to raise awareness on the tax compliance.

Tax Planning

Shiseido's tax arrangements are based on its commercial business and economic activities. Shiseido monitors and reviews its operations in the UK and elsewhere to realign its tax arrangements when necessary to be compliant with the tax rules and regulations.

Globally, we comply with the international guideline established by the Organisation for Economic Co-operation (OECD) and the laws and regulations in all countries in which we run businesses.

Our transfer pricing policy is in accordance with the OECD Transfer Pricing Guidelines and the laws and regulations of each country in which we run business. The pricing for the intercompany transaction is determined based on the policy. We adhere to the UK Double Tax Treaties and the relevant guidance issued by the OECD for international tax matters.

Tax Risk

We aim to maximize the shareholder value by mitigating the tax risk globally.

We will resolve the tax issues by managing the tax risk locally by each RHQ and sharing the tax information globally in a timely manner.

Where there is complexity or uncertainty we may seek support from external advisors.

Relationship with Her Majesty's Revenue & Customs (HMRC)

We seek to build and sustain relationships with government and HMRC that are constructive and based on mutual respect. We work collaboratively wherever possible to resolve disputes and to achieve early agreement and certainty.

Corporate Governance



Corporate Governance Policy

The Shiseido Group including the Company has established "BEAUTY INNOVATIONS FOR A BETTER WORLD" as OUR MISSION in its Corporate Philosophy THE SHISEIDO PHILOSOPHY, and defines the corporate governance as our "platform to realize sustainable growth through fulfilling OUR MISSION".

The Company is committed to maintaining and improving management transparency, fairness and speed, by putting into practice and reinforcing the corporate governance, and strives to maximize medium- and long-term corporate and shareholder value through dialogues with all stakeholders, "employees," "consumers," "business partners," "shareholders," and "society and the Earth." In addition, while fulfilling social responsibilities, the Company aims to achieve optimized distribution of values to respective stakeholders.

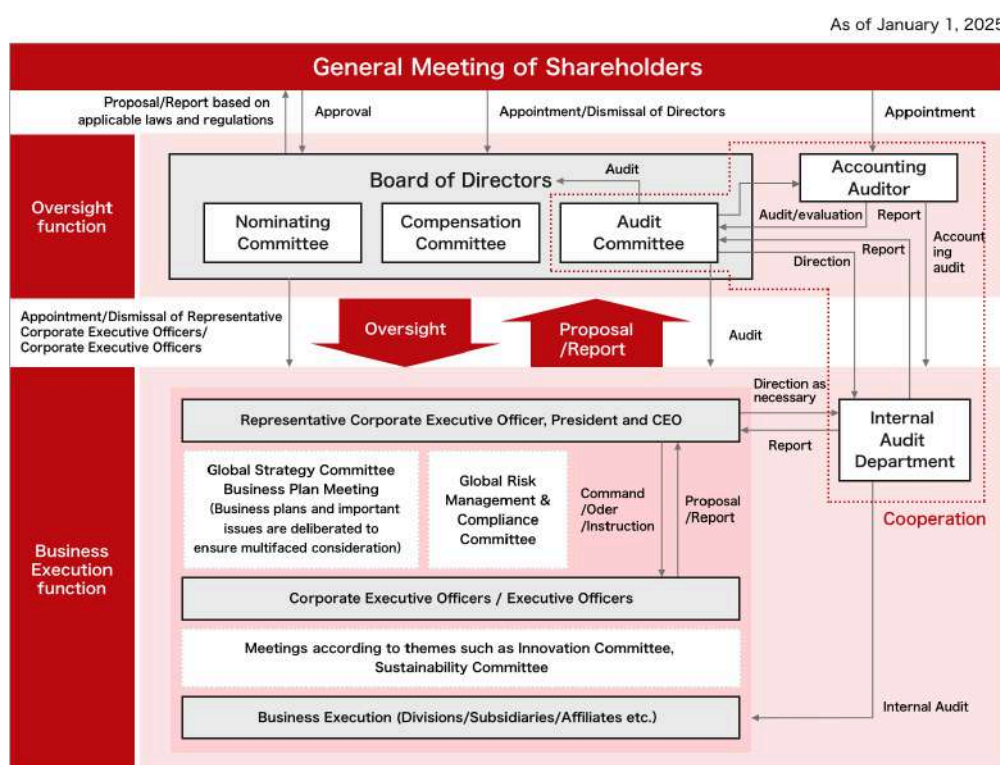
Corporate Governance Structure

■ Transition to a “Company with Three Statutory Committees”

The Company has long been committed to improving the corporate governance through a range of initiatives including the adoption of governance system aligned with the "monitoring board-type system" where the board is putting more focus on oversight responsibilities to ensure transparency and fairness in governance practice, while ensuring effective strategic planning and timely execution thereof. We take this effort a step further, the Company has transited to a Company with Three Statutory Committees in order to maximize corporate value based on resolution of the Ordinary General Meeting of Shareholders held on March 26, 2024.

The Board of Directors focus on determining the basic management policy and management strategy while overseeing the implementation thereof, while also delegating significant authority to the Corporate Executive Officers, thereby accelerating the decision-making process for executing the Company's business and implementation of its business strategies.

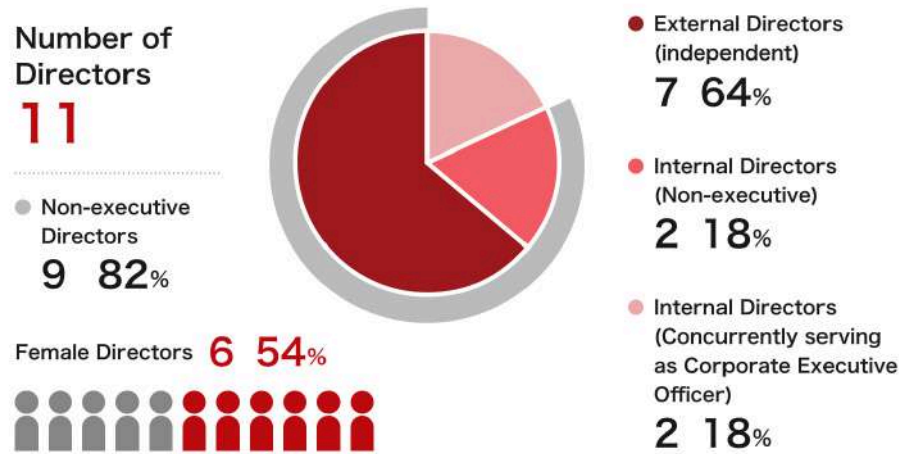
The following is the Company's corporate governance framework:



In addition to the above structure, with the recognition that promoting of the Three Lines Model contributes to strengthening corporate governance, the business department on the first line, the HQ Corporate departments and the regional headquarters on the second line and the Internal Audit Department on the third line work together while aiming to promote healthy growth strategies and enhance sustainable corporate value, and establishment and improvement of risk scenarios and risk mitigation activities are continuously carried out.

■ Directors and Corporate Executive Officers

▪ Composition of the Board of Directors



Of eleven Directors, seven (7) members (64%) are highly independent External Directors who meet the "Criteria for Independence of External Directors" of the Company. Furthermore, of the four internal Directors, two (2) are Directors responsible for business execution and concurrently serve as Corporate Executive Officers, and two (2) are non-executive Directors.

The total number of non-executive Directors, both internal and external, is nine (9)(82%).

▪ Composition of the Board of Directors and each committee

Title	Name	Board of Directors	Nominating Committee	Compensation Committee	Audit Committee
Director	Kentaro Fujiwara	○			
Director	Ayako Hirofuji	○			
Director (Non-executive)	Hiromi Anno	○			○(Full-time)
Director (Non-executive)	Takeshi Yoshida	○			○(Full-time)
External Director (Non-executive)	Kanoko Oishi	○	○	○	
External Director (Non-executive)	Shinsaku Iwahara	○	◎	○	
External Director (Non-executive)	Mariko Tokuno	○	○	○	
External Director	Yoshihiko Hatanaka	◎	○	◎	
External Director (Non-executive)	Yasuko Gotoh	○			◎
External Director (Non-executive)	Ritsuko Nonomiya	○			○
External Director (Non-executive)	Yasuhiro Nakajima	○			○

Notes:

Committee members are marked with ○, and the chairperson of the Board of Directors and that of the committees are marked with ◎.

▪ Criteria for Independence of External Directors

The Company establishes its own "Criteria for Independence of External Directors" (the "Criteria") with reference to foreign laws and regulations and listing rules, etc. for the purpose of making objective assessment on the independence of the External Directors.

In connection with selecting candidates for External Directors, the Company places emphasis on a high degree of independence of the candidate from the viewpoint of strengthening corporate governance and accordingly, the Company makes judgment on whether the candidate has a high degree of the independence in accordance with the Criteria.

In order to clarify the status of competitive dealings by the Company's Directors, and to enhance the independence of its External Directors, the Company has set forth the following criteria regarding "important concurrent positions" assumed by its Directors, and describes the status of the concurrent positions assumed by its Directors in the Business Report based thereon.

▪ Skills and Experience Required for Our Company's Directors

While our ultimate goal is to realize our corporate mission, "BEAUTY INNOVATIONS FOR A BETTER WORLD," in response to the recent rapid changes in the external environment, we have formulated and are implementing the "Action Plan 2025-2026," which consists of three pillars: "Reinforce Brand Foundation," "Rebuild Profitable Foundation," and "Enhance Operational Governance," with the aim of building a resilient business model for stable profit growth amid volatile market conditions.

The Company believes that the Board of Directors' oversight of the executive division and provision of advice to management are critical elements for realizing and achieving our corporate mission and management plans, and in order to fulfill these expected roles, the Company has defined the knowledge and expertise required for the entire Board of Directors and each Director as specified in the following links.

In selecting candidates for Director, the Company prioritizes the required knowledge and insights while also aiming for a high degree of diversity among its members in terms of background and experience, ensuring that the Board of Directors is composed of diverse individuals.

■ Oversight function

(i) Board of Directors

The Board of Directors meetings are held approximately once a month. It focuses on deciding basic management policy and management strategy, and overseeing the implementation thereof to reinforce the oversight function and accelerate overall business execution of the Company in a rapidly changing environment. In addition, the Board of Directors discusses and decides matters stipulated in laws and regulations/the Company's Articles of Incorporation as well as matters provided for in the Regulations of the Board of Directors and delegate the authority to decide on other matters to Representative Corporate Executive Officers or Corporate Executive Officers.

The Company's Board of Directors is composed of eleven (11) Directors including seven (7) External Directors.

We held the Board of Directors meetings fourteen (14) times in fiscal year 2024.

From the executive side, proposals and reports were made primarily regarding the review of the medium-term management strategy and strategic actions, structural reforms and M&A along with their progress, the progress of the new core system (FOCUS), significant risks of the Shiseido Group, and IR activities (such as sharing investor feedback). In addition to these discussions, regular reports were provided by the nomination, compensation and audit committees. Accordingly, the Board of Directors effectively performed the oversight function. In addition to the abovementioned fourteen (14) meetings of the Board of Directors, pursuant to the provisions of Article 370 of the Companies Act and Article 26, Paragraph 2 of the Company's Articles of Incorporation, there were two deemed resolutions where a resolution at a Board of Directors meeting is deemed to have been passed.

[Main topics discussed by the Board of Directors and Meeting of Directors in fiscal year 2024]

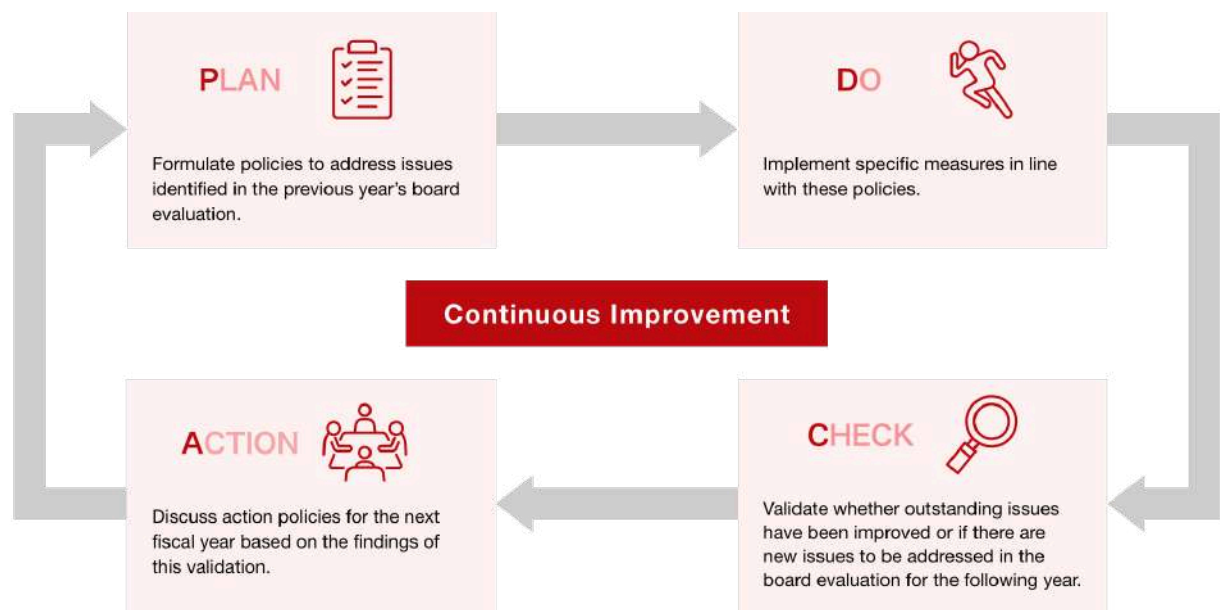
- Medium- and Long-Term Management Strategies, including Action Plan 2025-2026
- Structural Reforms, M&A
- FOCUS* Operation Status
- Shiseido Group's Material Risks
- IR activity report, capital market reaction
- Reports from Nominating, Compensation and Audit Committees

*Operational reform project through the establishment and introduction of an integrated core system

[Evaluation of the Effectiveness of the Board of Directors]

Our Approach

Shiseido conducts an annual evaluation of the effectiveness of the Board of Directors to identify issues and areas for improvement and evolve into a more effective board. Based on the findings of the board evaluation, we are hard at work to strengthen the functions and improve the Board's effectiveness through the following PDCA cycle.



Evaluation Process

From April to June each year, we conduct questionnaires and interviews targeting all directors to evaluate and analyze the Board of Directors and the Nomination & Remuneration Advisory Committee* for the period between each annual Ordinary General Meeting of Shareholders.

The secretariat of the Board of Directors then compiles, analyzes, and extracts the issues. The extracted issues and opinions are reported to the Board of Directors, and measures and responses thereto are formulated and implemented as necessary.

In addition, third-party organizations regularly (approximately once every three years) check and evaluate our effectiveness to ensure transparency and objectivity.

*Based on a resolution passed at the ordinary general meeting of shareholders on March 26, 2024, Shiseido has transitioned to a structure with three statutory committees: the Nominating Committee, Compensation Committee, and Audit Committee.

Initiatives for 2023-24, evaluation findings, and future plans

The evaluation was conducted for the period between the end of the Ordinary General Meeting of Shareholders in March 2023 and the beginning of the Ordinary General Meeting of Shareholders in March 2024. Below, we outline the main performance dimensions and findings for initiatives during the evaluation period. Based on these findings, we will implement the following measures from 2024 to 2025 to further accelerate the improvement of the Board's effectiveness.

  	Initiatives for FY2023	- Further improvements in the clarity of materials (organizing key points and clarifying main points) - Enhancing ways of pre-BoD briefing - Establishing an annual agenda for the Board of Directors that takes strategic importance into account - Regular progress reports on strategy - Further improvement of meetings with external directors and better exchanges and collaborations between external directors and external audit and supervisory board members - Continued onboarding of new external directors - Further efforts to deliver opinions from the frontlines to external directors	
	Evaluation Perspective	1. composition and operation of the Board of Directors; 2. selection of agenda items and deliberation content; 3. oversight functions of the Board of Directors; 4. succession plans for the CEO and external directors; 5. exchange of opinions with the executive side; 6. self and peer assessment regarding directors and their roles and responsibilities; 7. dialogue with stakeholders; 8. and the state of governance.	
	Evaluation Findings	The evaluation indicated that board effectiveness is adequately ensured.	
	Areas of Excellence	- Board meeting materials have become clearer and more concise in conveying key points, issues, and facts. - In-depth discussions were held on current issues and their countermeasures (e.g., structural reform). - Candidates were carefully selected, and thorough discussions were held when considering CEO succession. - Visits to offices and businesses by external directors effectively deepened their understanding of frontline issues and Shiseido's operations. - Each external director shared their specialized perspectives, leading to constructive discussions. - The transition to a company with three statutory committees is commendable as Shiseido seeks to further evolve its corporate governance.	
	Key Initiatives for FY2024	1. Discussion on global growth strategies	Establish forums for more in-depth discussion of global medium-to-long-term growth strategies. Share issues and countermeasures as appropriate and deepen discussions by drilling down to the points that need deliberation by the Board of Directors.
		2. Board composition and external director succession for in-depth discussion and better oversight	Further the discussion on the expected roles and qualities sought in external directors and deliberate and formulate plans related to securing the right people and other issues with an eye for the future.
		3. CEO succession	Initiate efforts to complete the CEO succession and consider actions for the following succession plans.
		4. Strengthening executive communication with external directors and advancing frontline understanding	Share information in a timely and appropriate manner on matters important to the execution of the oversight function, both within and outside the Board of Directors meetings, and set up opportunities to comprehend noteworthy frontline issues and themes this fiscal year.
		5. Further enhancement of stakeholder dialogue	Regularly conduct and improve dialogue between external directors and stakeholders, including institutional investors.

The Nominating Committee resolves matters such as proposals regarding appointment and dismissal of directors to be submitted to general meetings of shareholders and matters regarding the succession of directors. In addition, the Nominating Committee deliberate appointment and dismissal of the representative Corporate Executive Officers and Corporate Executive Officers, areas for which Corporate Executive Officers take responsibility, appointment and dismissal of the CEO, as well as matters regarding the succession of the CEO etc. and reports results of the deliberations to the Board of Directors.

The Committee is composed of four (4) External Directors and its chairperson is selected from the committee members with the resolution of the Nominating Committee.

We held the Nominating Committee meetings eight (8) times in 2024.

It mainly discussed the succession of Directors, made resolutions regarding the selection of Director candidates to be submitted to the shareholders' meeting, and monitored the implementation status of the CEO succession. Additionally, it deliberated on matters related to the appointment of the CEO, the selection of the Representative Corporate Executive Officers and Corporate Executive Officers, and the determination of the areas of responsibility for the Corporate Executive Officers, providing recommendations to the Board of Directors.

(iii) Compensation Committee

The Compensation Committee resolves policies on decisions regarding remuneration of Directors and Corporate Executive Officers, designs of the remuneration policy for Directors and Corporate Executive Officers, and details of remuneration to individual Directors and Corporate Executive Officers, etc.

The committee is composed of four (4) External Directors and its chairperson is selected from the committee members with the resolution of the Compensation Committee.

We held the Compensation Committee ten (10) times. It mainly discussed and resolved matters regarding the design of the CEO's compensation, changes to the performance indicators for long-term incentives, and the compensation of Directors and Corporate Executive Officers. Additionally, it oversaw the determination of compensation for Executive Officers other than Directors and Corporate Executive Officers.

(iv) Audit Committee

The Audit Committee conducts audit and prepares audit reports on performance of duties of Directors and Corporate Executive Officers, etc., and makes decisions on proposals for appointment, dismissal, or non-reappointment of accounting auditors submitted to General Meetings of Shareholders.

The committee is composed of three (3) External Directors and two (2) full-time Audit Committee members, and its chairperson is an External Director selected from the committee members with the resolution of the Audit Committee.

[Click here for the activities of the Audit Committee in fiscal year 2024](#)

■ Business Execution function

Corporate Executive Officers are responsible for business execution based upon the delegation from the Board of Directors. The Company will expedite decision-making regarding business execution and implementation of business strategies by delegating significant authority to Corporate Executive Officers.

In addition, the Company has established committees to discuss and decide important matters related to business execution of the Company.

The major committees are as follows:

(i) Global Strategy Committee

Prior to decision-making by the CEO, this committee deliberates on group policies, organizational transformations, new businesses/brand launches and other particularly important matters for the Shiseido Group.

(ii) Business Plan Meeting

This meeting discusses business strategies and plans for core brands, regions, and key corporate functions.

(iii) Global Risk Management & Compliance Committee

The committee aims to accurately grasp global and regional social changes and the current situation of the Group. Based on this, it identifies management risk factors, deliberates prioritized material risks and countermeasures against the risks as well as the important matters regarding ethics and compliance.

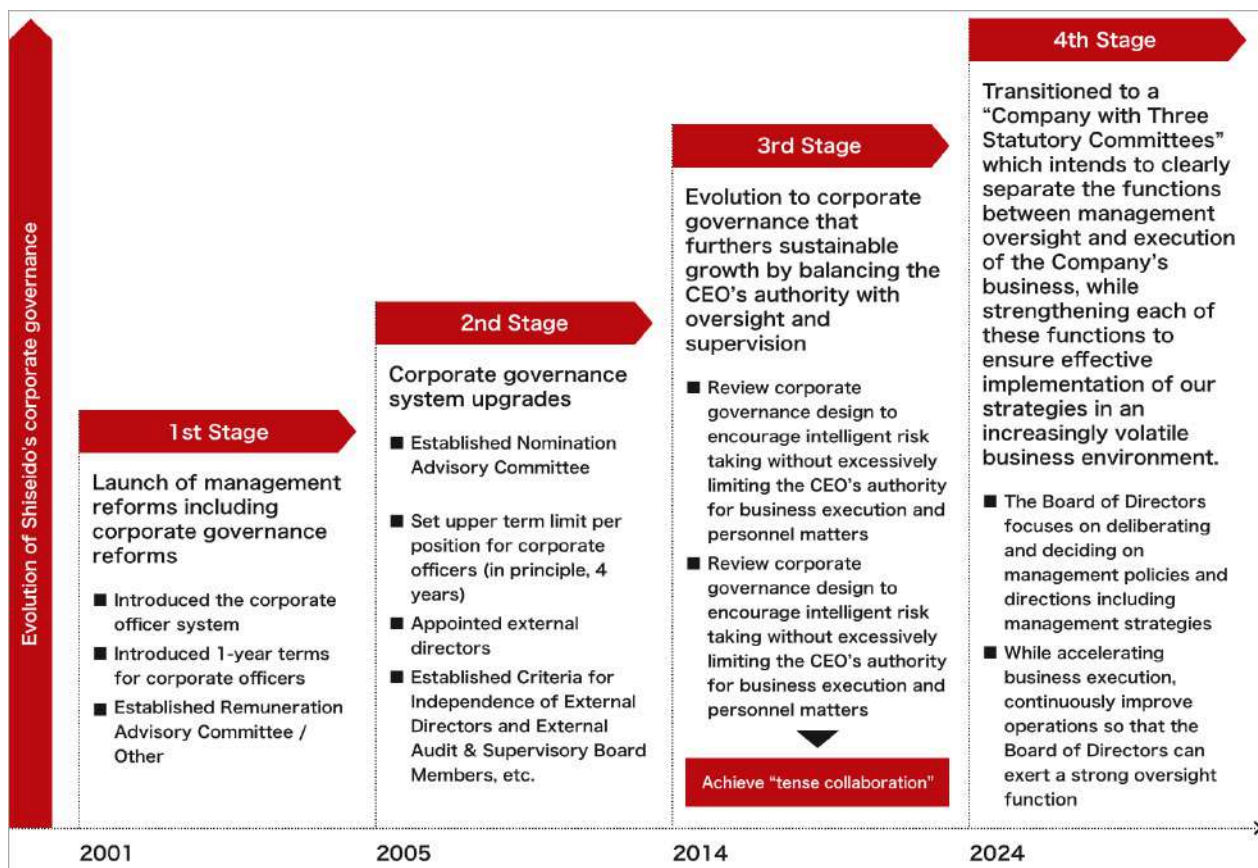
Basic Concept for Corporate Governance

Process of Corporate Governance Evolution

The Shiseido Group including the Company has established "BEAUTY INNOVATIONS FOR A BETTER WORLD" as OUR MISSION in its Corporate Philosophy, THE SHISEIDO PHILOSOPHY, and defines the corporate governance as our "platform to realize sustainable growth through fulfilling OUR MISSION".

We began full-fledged initiatives toward strengthening corporate governance in 2001. Our continuous reforms to date can be divided into three stages.

Continuous Focus on Strengthening Governance



The first stage initiated a corporate governance reform. Initiatives to separate the functions of management oversight and execution included the introduction of the corporate officer system. At the second stage, we implemented various initiatives to create the framework of our corporate governance such as the establishment of the Nomination & Remuneration Advisory Committee (formerly, "the Nomination Advisory Committee") and the appointment of External Directors. In this way, we have set out objective quantitative and pro forma standards for corporate governance. We enhanced the quality of corporate governance by rigorously employing this framework and actively disclosing the outcomes. At the third stage, we targeted corporate governance that furthers sustainable growth, where we aimed to achieve "tense collaboration" by balancing management oversight and supervision with the broad authority vested in the CEO, which he needs in order to exercise ultimate leadership. This tense collaboration did not excessively limit or decrease the CEO's authority, but rather, given the broad authority vested in the CEO, established a process of regular evaluation of the CEO and management execution by the Board of Directors and other supervisory organs, to whom

the CEO is fully accountable. This process also involved regular CEO evaluations by the Nomination & Remuneration Advisory Committee.

We have entered the fourth stage of our corporate governance. The Company has transitioned to a Company with Three Statutory Committees in order to ensure effective implementation of its strategies even in the increasingly volatile business environment by clearly separating the functions between management oversight and execution of the Company's business while strengthening each of these functions. The oversight function of the Board of Directors will be reinforced by focusing on determining the basic management policy and management strategy while overseeing the implementation thereof in order to accelerate the overall business execution of the Company in a rapidly changing environment. Nominating Committee and Compensation Committee, each composed solely of Independent Directors are responsible for appointment of Directors and remuneration of Directors and Corporate Executive Officers with fairness, transparency, and objectivity for successful implementation of our business strategy. Furthermore, with the strengthened function of the Internal Audit Department, the Audit Committee conducts highly effective audit, whereas Corporate Executive Officers and Executive Officers are responsible for the execution of the Company's business through an accelerated decision-making process under the direct supervision of Representative Corporate Executive Officers.

Diversity of Directors

The Company believes that its Board of Directors should be composed of Directors with various viewpoints and backgrounds in addition to diverse and sophisticated skills, required for effective oversight of the execution of business and important decision making.

When selecting candidates, we place importance on ensuring diversity, taking into account not only gender equality, but also other attributes such as age, nationality, race, personality, and insights and experiences in various fields related to management. In addition, the Company has set a certain maximum term of office for External Directors in order to reflect their independent views to the management of the Company.

Ratio of External Directors

The Company's Articles of Incorporation set the maximum number of directors at fourteen (14). The optimum number of directors for appropriate management oversight is determined based on this upper limit and such factors as the Company's business portfolio and scale.

In addition, from the perspective of ensuring effectiveness of the oversight function, in principle, the majority of the Board of Directors shall be composed of independent External Directors.

In selecting External Directors, high priority is given to independence. Our basic principle is that candidates are required to meet the Company's "Criteria for Independence of External Directors" as well as possess highly independent thinking.

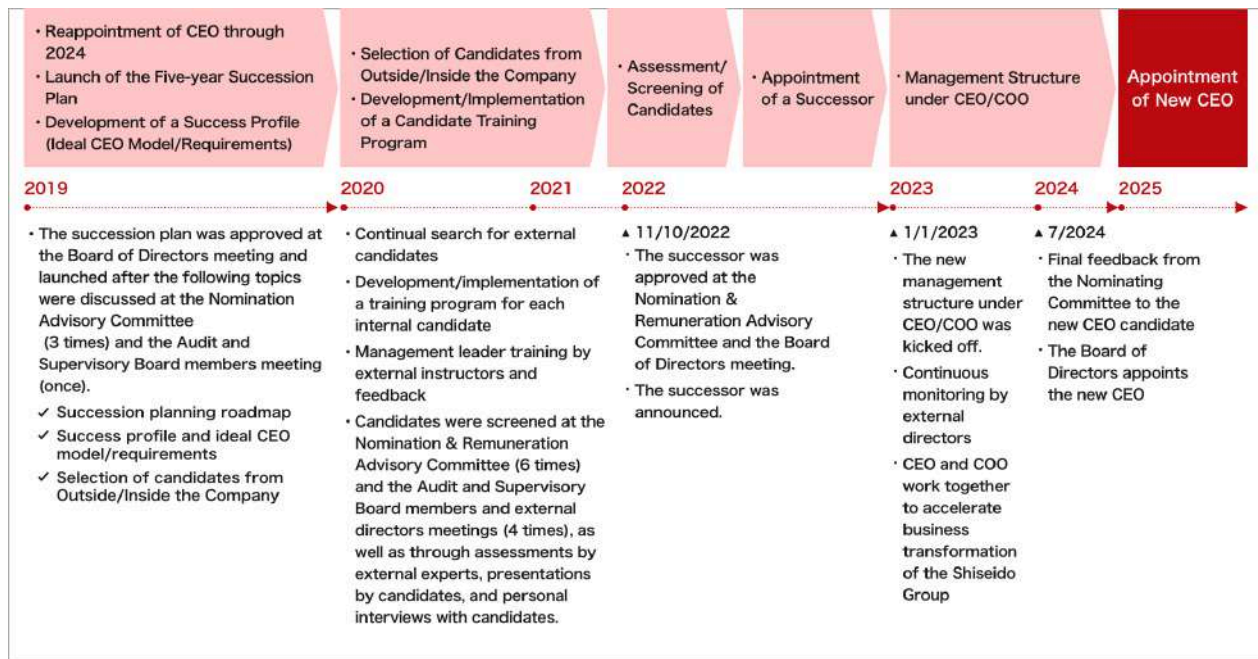
Succession Plan for CEO

The selection of succession candidates for the CEO and the development of the succession plan are carried out by the Nominating Committee with the cooperation of the incumbent CEO.

The Nominating Committee and the CEO formulate the succession plan based on the Company's business environment from a medium-to-long-term perspective upon sufficient discussions on various viewpoints such as the qualifications for a CEO, policies for the selection of a successor, and his or her training policies. The progress of the formulated succession plan is regularly reported to the Nominating Committee, which monitors its status of implementation. Regarding selection of specific candidates for the CEO, the Nominating Committee is committed to ensuring adequate time and a structured process for the selection, development, evaluation, and assignment of responsibilities necessary for qualified CEO candidates. Furthermore, when actually selecting the CEO's successor, the Nominating Committee

deliberates fully on matters such as the final candidate and their selection process and reporting the result of the deliberations to the Board of Directors, prior to the resolution of the Board of Directors.

Process of CEO Succession Examples



Succession and Training for Directors, Corporate Executive Officers, and Executive Officers

The Company provides new Directors with training regarding legal and statutory authorities and obligations, etc. In addition, when a new independent External Director come on board, the Company provides training regarding the industry it operates in, its history, business overview, business strategy and material risks, etc.

Furthermore, to promote understanding of the Company among independent External Directors, they are provided with such opportunities as attending internal meetings and lectures by external experts on annual business strategies and business management issues.

The Company believes that in addition to appointing personnel having credentials required to serve as Directors, Corporate Executive Officers or Executive Officers, it is important to provide them with necessary training and information.

Principles of the Corporate Governance Code (CG Code) and Shiseido's Response

Last Update : April 10, 2025

Section 1

Section 1: Securing the Rights and Equal Treatment of Shareholders	
General Principle 1	Companies should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively. In addition, companies should secure effective equal treatment of shareholders. Given their particular sensitivities, adequate consideration should be given to the issues and concerns of minority shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.

- See below

Principle 1.1	Companies should take appropriate measures to fully secure shareholder rights, including voting rights at the general shareholder meeting.

- See below

Supplementary Principle 1.1.1	When the board recognizes that a considerable number of votes have been cast against a proposal by the company and the proposal was approved, it should analyze the reasons behind opposing votes and why many shareholders opposed, and should consider the need for shareholder dialogue and other measures.

- For proposals with an approval rate below a certain level established by the Company, we engage in a dialogue with the opposing shareholder(s), whereupon we consider our response going forward.

Supplementary Principle 1.1.2	When proposing to shareholders that certain powers of the general shareholder meeting be delegated to the board, companies should consider whether the board is adequately constituted to fulfill its corporate governance roles and responsibilities. If a company determines that the board is indeed adequately constituted, then it should recognize that such delegation may be desirable from the perspectives of agile decision-making and expertise in business judgment.

- When delegating certain resolutions of the general shareholder meeting to the Board of Directors of the Company, the Board carefully considers whether it will not limit shareholder rights and ensures transparency to shareholders before the delegation. We pay particular attention that such delegation does not prevent the Company from fulfilling its responsibilities to the shareholders. For instance, the Company delegates resolutions on the acquisition of treasury stock and interim dividends to the Board in order to flexibly and proactively realize shareholder returns.
- Dividends of retained earnings are determined yearly through a proposal to the general shareholder meeting and its approval.

Supplementary Principle 1.1.3	Given the importance of shareholder rights, companies should ensure that the exercise of shareholder rights is not impeded. In particular, adequate consideration should be given to the special rights that are recognized for minority shareholders with respect to companies and their officers, including the right to seek an injunction against illegal activities or the right to file a shareholder lawsuit, since the exercise of these rights tend to be prone to issues and concerns.

- The Company sets up a system for appropriate response to requests or proposals from or exercise of rights for minority shareholders, such as posting a "Form for Exercise of Minority Shareholder Rights, Etc." (Japanese only) on its website.

Principle 1.2	Companies should recognize that general shareholder meetings are an opportunity for constructive dialogue with shareholders, and should therefore take appropriate measures to ensure the exercise of shareholder rights at such meetings.

• See below

Supplementary Principle 1.2.1	Companies should provide accurate information to shareholders as necessary in order to facilitate appropriate decision-making at general shareholder meetings.

• The Company publishes not only statutory disclosure items, but also other items deemed necessary by the Company, including those exemplified by other global companies or those requested at investor meetings. Such items are included in our notice of convocation or published on our corporate website.

Supplementary Principle 1.2.2	While ensuring the accuracy of content, companies should strive to send convening notices for general shareholder meetings early enough to give shareholders sufficient time to consider the agenda. During the period between the board approval of convening the general shareholder meeting and sending the convening notice, information included in the convening notice should be disclosed by electronic means such as through TDnet or on the company's website.

• The Company sends its notices of convocation approximately three weeks before the date of its annual general shareholder meeting. In addition, considering the time lag between the Board's approval of convening the meeting and sending the notice, we first disclose the information included in the notice on the day following the Board's meeting by electronic means such TDnet and our corporate website.

Supplementary Principle 1.2.3	The determination of the date of the general shareholder meeting and any associated dates should be made in consideration of facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

• Shiseido's fiscal year ends in December, and the general shareholder meeting is convened in March. To avoid scheduling conflicts with other companies that hold meetings in March, Shiseido convenes its meeting earlier than the most popular shareholder meeting date.

Supplementary Principle 1.2.4	Bearing in mind the number of institutional and foreign shareholders, companies should take steps for the creation of an infrastructure allowing electronic voting, including the use of the Electronic Voting Platform, and the provision of English translations of the convening notices of general shareholder meeting. In particular, companies listed on the Prime Market should make the Electronic Voting Platform available, at least to institutional investors.

• Recently, Japanese institutional investors and foreign institutional investors account for approximately 40% each of Shiseido's total shareholders.

• In consideration of the above, the Company uses the Electronic Voting Platform and provides English translations of various disclosed documents, such as notices of convocation or materials for financial results announcements, in addition to their Japanese originals.

Supplementary Principle 1.2.5	In order to prepare for cases where institutional investors who hold shares in street name express an interest in advance of the general shareholder meeting in attending the general shareholder meeting or exercising voting rights, companies should work with the trust bank (<i>shintaku ginko</i>) and/or custodial institutions to consider such possibility.

• In case the so-called actual shareholders request attendance at the general shareholder meeting, the Company confirms the fact of shareholding and prepares for their direct exercise of voting rights.

Principle 1.3	Because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy with respect to their capital policy.

• Shiseido has established the "Fundamental Approach to Capital Policy" and discloses it in the notice of convocation and other relevant documents:

Principle 1.4	When companies hold shares of other listed companies as cross-shareholdings, they should disclose their policy with respect to doing so, including their policies regarding the reduction of cross-shareholdings. In addition, the board should annually assess whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company's cost of capital. The results of this assessment should be disclosed. Companies should establish and disclose specific standards with respect to the voting rights as to their cross-shareholdings, and vote in accordance with the standards.

• See below

Supplementary Principle 1.4.1	When cross-shareholders (i.e., shareholders who hold a company's shares for the purpose of cross-shareholding) indicate their intention to sell their shares, companies should not hinder the sale of the cross-held shares by, for instance, implying a possible reduction of business transactions.

- Shiseido has established "The Company's Policy with Regard to Reduction of Strategic Shareholdings" and discloses it in the notice of convocation and other relevant documents.

- The Policy stipulates that "if the Company receives a request for sale from a company that holds the Company's shares as strategic shareholdings, the Company should neither prevent the sale nor imply that it would reduce transactions with the holding company."

Supplementary Principle 1.4.2	Companies should not engage in transactions with cross-shareholders which may harm the interests of the companies or the common interests of their shareholders by, for instance, continuing the transactions without carefully examining the underlying economic rationale.

- Shiseido has established "The Company's Policy with Regard to Reduction of Strategic Shareholdings" and discloses it in the notice of convocation and other relevant documents.

- The Policy stipulates that "the Company periodically checks its individual shareholdings to see whether or not such shares are being held for the intended purpose and whether or not benefits associated with their ownership are commensurate with the associated cost of capital. The Board of Directors then verifies the appropriateness of maintaining ownership of such holdings and discloses circumstances attributable to any reduction of holdings." The said actions are performed annually.

Principle 1.5	Anti-takeover measures must not have any objective associated with entrenchment of the management or the board. With respect to the adoption or implementation of anti-takeover measures, the board and <i>kansayaku</i> should carefully examine their necessity and rationale in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

- See below

Supplementary Principle 1.5.1	In case of a tender offer, companies should clearly explain the position of the board, including any counteroffers, and should not take measures that would frustrate shareholder rights to sell their shares in response to the tender offer.

- In 2006, Shiseido introduced anti-takeover measures upon resolution by the general shareholder meeting, partly because the system and market regulations related to takeovers at the time were insufficient. Subsequently, after the expiration of the valid period at the conclusion of the 2008 Ordinary General Meeting of Shareholders, the Company judged that "rather than continuing the anti-takeover measures, a steady implementation of our three-year plan will enhance our competitiveness and sustainable growth potential in the global market, securing and improving our corporate value and, in turn, the common interests of shareholders." Consequently, the Company decided to discontinue the anti-takeover measures.

- In case of a tender offer, we will examine the content of the proposal, explain the position of our Board in accordance with the current Financial Instruments and Exchange Act, and respond appropriately.

Principle 1.6	With respect to a company's capital policy that results in the change of control or in significant dilution, including share offerings and management buyouts, the board and <i>kansayaku</i> should, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationale from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.

- Shiseido has established the "Fundamental Approach to Capital Policy" and discloses it in the notice of convocation and other relevant documents. It establishes target financial indices in accordance with which the Company executes its business.

Principle 1.7	When a company engages in transactions with its directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the interests of the company or the common interests of its shareholders and prevent any concerns with respect to such harm, the board should establish appropriate procedures beforehand in proportion to the importance and characteristics of the transaction. In addition to their use by the board in approving and monitoring such transactions, these procedures should be disclosed.

- The Company investigates and specifies related parties that carry the possibility of having an impact on the Company's financial position and operating results, confirms the existence of transactions with the said related parties and the materiality of the said transactions, and, if there are transactions to be disclosed, carries out disclosure accordingly.

- The existence of related parties, the existence of transactions with related parties, the contents of transactions and other such information, are reported to the Board of Directors in advance of disclosure, and a review is conducted by the Board of Directors from the perspective of quantitative materiality and qualitative materiality, such as the terms and reasonability of the transaction. Criteria are determined for quantitative materiality.

Section 2

Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

General Principle 2	Companies should fully recognize that their sustainable growth and the creation of mid-to long-term corporate value are brought about as a result of the provision of resources and contributions made by a range of stakeholders, including employees, customers, business partners, creditors and local communities. As such, companies should endeavor to appropriately cooperate with these stakeholders. The board and the management should exercise their leadership in establishing a corporate culture where the rights and positions of stakeholders are respected and sound business ethics are ensured.

• See below

Principle 2.1	Guided by their position concerning social responsibility, companies should undertake their businesses in order to create value for all stakeholders while increasing corporate value over the mid- to long-term. To this end, companies should draft and maintain business principles that will become the basis for such activities.

• 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 is our guiding light. For each and every member of the global Shiseido family, THE SHISEIDO PHILOSOPHY is at the heart of everything we do as we strive to be a global winner with our heritage.

• Shiseido's value creation process is presented in our Integrated Report:

Principle 2.2	Companies should draft and implement a code of conduct for employees in order to express their values with respect to appropriate cooperation with and serving the interests of stakeholders and carrying out sound and ethical business activities. The board should be responsible for drafting and revising the code of conduct, and should ensure its compliance broadly across the organization, including the front line of domestic and global operations.

• The Company has defined THE SHISEIDO PHILOSOPHY, shared across the Group and built upon three elements: OUR MISSION, which determines our purpose, OUR DNA, which embodies our unique heritage of over 150 years, and OUR PRINCIPLES (TRUST 8), which is a mindset to be shared by each and every Shiseido Group employee in their work. We ensure consistency of our daily operations with THE SHISEIDO PHILOSOPHY by incorporating OUR PRINCIPLES into business performance indicators of our executives and managers.

• The Company also determines the Shiseido Code of Conduct and Ethics, which define the actions that must be taken and shared by each and every employee of the Shiseido Group.

It sets out not only abiding by the laws of each country and region, internal rules and regulations of the Shiseido Group, but also the action standards for business conduct with the highest ethical principles.

• The Company establishes a basic policy and rules in line with the Shiseido Code of Conduct and Ethics, with which the whole Shiseido Group is required to comply. Every Group company and business site shall be fully aware of this policy and rules, along with THE SHISEIDO PHILOSOPHY and the Shiseido Code of Conduct and Ethics, so that environments for the formulation of detailed internal regulations of the Company will be created at every Group company and business site.

• We regularly conduct the Shiseido Group Engagement Survey, where we review the status of compliance with the Shiseido Code of Conduct and Ethics and continuously implement activities for improvement.

Supplementary Principle 2.2.1	The board should review regularly (or where appropriate) whether or not the code of conduct is being widely implemented. The review should focus on the substantive assessment of whether the company's corporate culture truly embraces the intent and spirit of the code of conduct, and not solely on the form of implementation and compliance.

• The Company has set up a committee to oversee compliance and risk management and coordinate with organizations established to perform the compliance and risk management functions in the respective regional headquarters located in the major regions across the globe. This committee shall be responsible for improving corporate quality by increasing the Group's legitimate and fair corporate activities and managing risk. Major management risks and incidents shall be reported to the Board of Directors through the Representative Corporate Executive Officers, along with the proposal for response to them and its progress.

• The Company deploys a person in charge of promoting legitimate and fair corporate activities of the whole Group and risk management at every Group company and business site, plans and promotes regular training and educational activities on corporate ethics, responds to incidents, and manages risks. The department in charge of risk management will share information regularly with the persons in charge deployed within every Group company and business site.

Principle 2.3	Companies should take appropriate measures to address sustainability issues, including social and environmental matters.

• See below

Supplementary Principle 2.3.1	The board should recognize that dealing with sustainability issues, such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters, are important management issues that can lead to earning opportunities as well as risk mitigation, and should further consider addressing these matters positively and proactively in terms of increasing corporate value over the mid-to long-term.

• We first examined the importance of these issues to Shiseido's business and to all our stakeholders, from employees and consumers to business partners, shareholders, and society and the Earth. We then categorized and prioritized the issues along two axes and defined 18 material issues. Shiseido has established three strategic actions in each of the environmental and social areas.

• At Shiseido, we work to promote sustainability across the entire company through our brands and regional businesses. Sustainability Committee was set up to ensure timely management decisions related to sustainability efforts and their proper implementation across the Group, the committee is held regularly. The Sustainability Committee makes decisions on specific action plans, including strategic actions and policies related to sustainability for the entire Shiseido Group, risks and opportunities associated with climate change and the natural environment, and initiatives to address human rights. The committee also monitors the progress of medium- to long-term targets within our sustainability strategy. The committee consists of the Representative Corporate Executive Officers and Executive Officers in charge of Corporate Strategy, Finance, R&D, Supply Network, Human Resources, DE&I, Corporate Communications, and our brand holders, as well as other corporate officers from different fields, allowing us to discuss a range of issues from different perspectives. In addition, important matters in the execution of business, which require approvals are proposed or reported to the Global Strategy Committee or the Board of Directors. In order to ensure executing and promoting of sustainability actions, a Sustainability TASKFORCE was set up under the Sustainability Committee, consisting of the heads of key relevant functions. At the Sustainability TASKFORCE, practical approaches to achieve our long-term targets are discussed with relevant functions, regional headquarters, and local subsidiaries as necessary.

Principle 2.4	Companies should recognize that the existence of diverse perspectives and values reflecting a variety of experiences, skills and characteristics is a strength that supports their sustainable growth. As such, companies should promote diversity of personnel, including the active participation of women.

• See below

Supplementary Principle 2.4.1	Companies should present their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions, as well as disclosing their status. In addition, in light of the importance of human resource strategies for increasing corporate value over the mid-to long-term, companies should present its policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.

• At Shiseido, we recognize and respect differences among individuals regardless of their attributes or ways of thinking. This includes not only women and foreign nationals, but also midcareer hires and persons with disabilities, as we create a company whose strength stems from individual strengths of its people and maximizing these strengths. To that end, we aim to ensure the diversity of our core human resources. We will continue to support the active participation of employees with diverse backgrounds and further accelerate Diversity, Equity and Inclusion (DE&I) at the workplace.

• Regarding women, the ratio of female leaders already exceeds 60% at our each regional offices overseas (China, Asia Pacific, the Americas, EMEA, and Travel Retail). By 2030, we aim to raise it to 50% in Japan as well.

• Regarding foreign nationals, we believe that new value creation is aided by bringing together human resources with diverse values, backgrounds, and experiences, as well as their promotion in friendly competition with each other. We are currently considering setting a target at a certain percentage of foreign nationals in Headquarter by hiring foreign nationals in Japan as well as promoting global mobility.

• For midcareer hires, we do not set any specific targets, but are actively employing them in the Shiseido Group in Japan.

• Regarding recruitment of foreign nationals and midcareer hires as core human resources, the Company does not set specific targets, since we do not see any considerable differences from employees with other backgrounds.

• We disclose the following regarding the status of diversity in the "Social Data" section of the Shiseido Group corporate website. As of January 2025, approximately 3% of managers at Shiseido Group in Japan were foreign nationals, and approximately 36%—midcareer hires.

- Ratio of Female Leaders (All Shiseido Group / By region)
- Diversity in Top Management
- Ratio of Employees with Disabilities
- Ratio of Employees by Age Group (All Shiseido Group / By region)
- Ratio of female managers in revenue-generating functions / Female ratio in STEM-related departments
- Number and ratio of non-Japanese hires in Shiseido Group in Japan
- Ratio of mid-career hires to new hires at Shiseido Group companies in Japan

• We disclose our policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation, on the following website.

Principle 2.5	Companies should establish an appropriate framework for whistleblowing such that employees can report illegal or inappropriate behavior, disclosures, or any other serious concerns without fear of suffering from disadvantageous treatment. Also, the framework should allow for an objective assessment and appropriate response to the reported issues, and the board should be responsible for both establishing this framework, and ensuring and monitoring its enforcement.

- See below

Supplementary Principle 2.5.1	As a part of establishing a framework for whistleblowing, companies should establish a point of contact that is independent of the management (for example, a panel consisting of outside directors and outside <i>kansayaku</i>). In addition, rules should be established to secure the confidentiality of the information provider and prohibit any disadvantageous treatment.

• To detect and remedy any type of conduct within the Group that violates laws, the Articles of Incorporation, and internal regulations, the Company shall set up a hotline for whistle-blowers in every Group company. Additionally, employees will have access to a hotline where employees can directly report to the officer in charge of risk management. In the Japan region, the Company has established hotlines staffed by both internal and external personnel and counselors.

• The Company has established a method through which Corporate Executive Officers and employees, including those of all Group companies, can directly inform the Audit Committee of issues, and has made this method known throughout the Group.

• The Company and all Group companies have developed internal regulations to ensure that the said Corporate Executive Officers and employees are not dismissed, discharged from service or receive any other disadvantageous treatment due to reporting to hotlines or the Audit Committee or informing them of issues, and have made these regulations known.

Principle 2.6	Because the management of corporate pension funds impacts stable asset formation for employees and companies' own financial standing, companies should take and disclose measures to improve human resources and operational practices, such as the recruitment or assignment of qualified persons, in order to increase the investment management expertise of corporate pension funds (including stewardship activities such as monitoring the asset managers of corporate pension funds), thus making sure that corporate pension funds perform their roles as asset owners. Companies should ensure that conflicts of interest which could arise between pension fund beneficiaries and companies are appropriately managed.

• We strive to optimize pension asset management by implementing the following initiatives enabling us to perform the functions expected of an asset owner.

- ① The Investment Committee Meeting composed of the CFO, the Human Resources Department VP, the Finance and Accounting Department VP, the Strategic Finance Department VP, and the Pension Fund Directors, meets regularly to decide on asset portfolio, investment policies, and investment products with opinions and advice from outside investment consulting firms. In doing so, we properly manage conflicts of interest between the beneficiaries of the pension fund and the Company.
- ② Based on the policies determined by the Investment Committee Meeting, the Investment Managing Director executes asset management and reports the results to the Investment Committee Meeting, the Pension Fund Delegates Meeting and the Board of Pension Fund Directors to monitor investment performance.
- ③ Regarding Executive Director and Investment Managing Director of the Pension Fund, we employ personnel with extensive experience in corporate pension operations at external financial institutions. Members of the Investment Committee Meeting acquire expertise by participating in seminars held by outside consulting firms and other specialized institutions.

• Our Pension Fund has expressed its acceptance of the 'Asset Owner Principles,' which is believed to be beneficial for fulfilling our responsibility to manage pension assets in consideration of the best interests of beneficiaries as an asset owner.

• In addition, in order to appropriately fulfill its stewardship responsibilities as a responsible institutional investor, our Pension Fund has also expressed its acceptance of the Principles of Responsible Institutional Investors (the Japanese version of the Stewardship Code). As an asset owner, our Pension Fund strives to make stewardship activities more effective by encouraging the asset management companies we outsource to engage in dialogue with investee companies, promoting efforts to enhance corporate value and address sustainability issues.

Section 3

Section 3: Ensuring Appropriate Information Disclosure and Transparency	
General Principle 3	Companies should appropriately make information disclosure in compliance with the relevant laws and regulations, but should also strive to actively provide information beyond that required by law. This includes both financial information, such as financial standing and operating results, and non-financial information, such as business strategies and business issues, risk and governance. The board should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore ensure that such information, particularly non-financial information, is accurate, clear and useful.

- See below

Principle 3.1	In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance: i) Company objectives (e.g., business principles), business strategies and business plans; ii) Basic views and guidelines on corporate governance based on each of the principles of the Code; iii) Board policies and procedures in determining the remuneration of the senior management and directors; iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and <i>kansayaku</i> candidates; and v) Explanations with respect to the individual appointments/dismissals and nominations based on iv).

- See below

Supplementary Principle 3.1.1	These disclosures, including disclosures in compliance with relevant laws and regulations, should add value for investors, and the board should ensure that information is not boilerplate or lacking in detail.

- The Company discloses the following information in detail, upon careful analysis of the internal and external environment at the time of disclosure: business principles, strategies, and plans, basic views on corporate governance based on the Code, information regarding the remuneration of Directors, and information regarding the appointment/dismissal of the senior management. The information is disclosed each time upon the publication of the notice of convocation and presentation materials for the annual ordinary general meeting of shareholders, quarterly financial results materials, annual integrated and sustainability reports, etc.

Supplementary Principle 3.1.2	Bearing in mind the number of foreign shareholders, companies should, to the extent reasonable, take steps for providing English language disclosures. In particular, companies listed on the Prime Market should disclose and provide necessary information in their disclosure documents in English.

- The Company provides the English translation for all of its disclosure materials: the notice of convocation and presentation materials for the annual ordinary general meeting of shareholders, video reports of the general meeting of shareholders, quarterly financial results materials (settlements of accounts), annual integrated and sustainability reports, etc.
- Starting from this fiscal year, the Company is also disclosing and providing the annual securities report in English.

Supplementary Principle 3.1.3	Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in human capital and intellectual properties in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues. In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.

- The Company summarizes and discloses its initiatives on sustainability in the sustainability report, published annually on its corporate website.
- 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 grade system. In 2020, Shiseido formulated the TRUST 8 Competencies, which describe a Company-wide image of human resources, with the aim of effectively implementing global human resource management. The TRUST 8 Competencies serve 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.
- Regarding investments in intellectual properties, Shiseido is working to realize its corporate mission of BEAUTY INNOVATIONS FOR A BETTER WORLD: in addition to its traditional strengths in dermatology, formulation development, neuroscience, and *kansei* science, the Company integrates new science technologies, such as digital and device development that cross geographic and industry boundaries, as well as creates unique Japanese innovations that help minimize environmental impacts.
- Our R&D expenses included in the selling, general, and administrative expenses for 2024 amounted to 27.2 billion yen, representing 2.7% of sales. In addition to fundamental research that generates future seeds, we are increasing investments in research and development in new areas such as beauty devices and inner beauty. The results of these investments are detailed in the disclosure materials below.
- We recognize that intellectual property is an important corporate asset and strive for its strict protection and appropriate management. We aim to maximize its value by linking it to our strategies at various levels—corporate, business, and technology—and effectively utilizing it. In addition to proprietary use, the Company also promotes the use of its intellectual properties in a variety of ways, such as licensing or utilization aimed at resolving social issues.
- The Company has commenced disclosure based on the TCFD recommendations from 2020. Our initiatives are disclosed in the following report.

Principle 3.2	External auditors and companies should recognize the responsibility that external auditors owe toward shareholders and investors, and take appropriate steps to secure the proper execution of audits.

- See below

Supplementary Principle 3.2.1	The <i>kansayaku</i> board should, at minimum, ensure the following: i) Establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors; and ii) Verify whether external auditors possess necessary independence and expertise to fulfill their responsibilities.

• At the Company, the appointment and dismissal of the accounting auditor by the Audit Committee is evaluated by the CFO (Representative Corporate Executive Officer), as well as the heads of departments related to financial accounting and auditing. The decision is made through discussions involving all Audit Committee members and is implemented based on their unanimous agreement.

- The Company's policy for determining the dismissal or non-reappointment of the accounting auditor is as follows:

The Audit Committee shall dismiss the accounting auditor pursuant to the provisions of Article 340 of the Companies Act in the event the Company determines that the accounting auditor is seriously hindered as an accounting auditor; for example, if the accounting auditor breaches its official duty, neglects their official duty, or commits misconduct. Also, in the event that the accounting auditor deems it difficult to perform their duties properly, or in the event that the Audit Committee deems it appropriate to change accounting auditors in order to improve the audit, the Board of Directors shall decide the content of the proposal on the dismissal or non-reappointment of the accounting auditor, taking into account the opinion of the executive body, and submit the proposal at the General Meeting of Shareholders based on the decision.

• In order to adopt the resolution for the reappointment of the accounting auditor, the Audit Committee confirms items such as the appropriateness of the auditor, quality control, independence and professional competence of the audit team, appropriateness of the audit plan, communication with the Audit Committee and other relevant parties, status of the accounting auditor's remuneration, and processes.

Supplementary Principle 3.2.2	The board and the <i>kansayaku</i> board should, at minimum, ensure the following: i) Give adequate time to ensure high quality audits; ii) Ensure that external auditors have access, such as via interviews, to the senior management including the CEO and the CFO; iii) Ensure adequate coordination between external auditors and each of the <i>kansayaku</i> (including attendance at the <i>kansayaku</i> board meetings), the internal audit department and outside directors; and iv) Ensure that the company is constituted in the way that it can adequately respond to any misconduct, inadequacies or concerns identified by the external auditors.

• The Representative Corporate Executive Officers and Audit Committee members hold opinion exchange meetings as needed, and the External Directors and Audit Committee members also hold information sharing meetings as needed. In addition, the accounting auditor and Audit Committee members hold opinion exchange meetings as needed. The accounting auditor and the full-time Audit Committee members hold meetings on reporting accounting auditor's audit results on a quarterly basis. These quarterly meetings are also attended by the External Directors and external Audit Committee members twice a year, at the end of the first half and at the end of the fiscal year, to promote sharing of information.

• The Audit Committee receives reports bimonthly on the internal audits conducted by the Internal Audit Department, and receives audit result reports of each domain semi-annually from the Quality Management Department and the Information Security Department.

• The Audit Committee has implemented measures to enhance the effectiveness of the three-way audit framework, which involves the Audit Committee, the Internal Audit Department, and the accounting auditor. As part of this initiative, the accounting auditor provides reports on the status of audits on a quarterly basis. Additionally, the Audit Committee holds biannual discussions on key management issues and convenes three-way audit liaison meetings. These efforts ensure audit findings and responses are shared among the three parties in a timely manner to improve the overall effectiveness of the audit process under the leadership of the Audit Committee.

• The Audit Committee receives quarterly reports from the accounting auditor on the status of accounting audits, and it shares information and exchanges views with the accounting auditor on major key audit matters (KAM) that are considered to have a significant impact on areas of the financial statements due to important decisions made by Company management.

Section 4

Section 4: Responsibilities of the Board	
General Principle 4	Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the mid-to long-term and enhance earnings power and capital efficiency, the board should appropriately fulfill its roles and responsibilities, including: (1) Setting the broad direction of corporate strategy; (2) Establishing an environment where appropriate risk-taking by the senior management is supported; and (3) Carrying out effective oversight of directors and the management (including <i>shikkoyaku</i> and so-called <i>shikkoyakuin</i>) from an independent and objective standpoint. Such roles and responsibilities should be equally and appropriately fulfilled regardless of the form of corporate

	organization—i.e., Company with <i>Kansayaku</i> Board (where a part of these roles and responsibilities are performed by <i>kansayaku</i> and the <i>kansayaku</i> board), Company with Three Committees (Nomination, Audit and Remuneration) or Company with Supervisory Committee.

• See below

Principle 4.1	The board should view the establishment of corporate goals (business principles, etc.) and the setting of strategic direction as one major aspect of its roles and responsibilities. It should engage in constructive discussion with respect to specific business strategies and business plans, and ensure that major operational decisions are based on the company's strategic direction.

• We define our corporate philosophy, THE SHISEIDO PHILOSOPHY, with the aim of becoming a company that continues to shine for the next 100 years and is trusted by diverse people around the world. Regardless of country, region, organization, or brand, we always use THE SHISEIDO PHILOSOPHY as our foundation, striving to be a globally competitive Japanese beauty company.

• While holding this THE SHISEIDO PHILOSOPHY as our corporate philosophy, our Board of Directors has formulated the "Action Plan 2025-2026" in response to the significant changes in the external environment we have recently experienced.

• The "Action Plan 2025-2026" aims to establish a resilient business structure that can achieve stable profit growth even in rapidly changing markets. It sets forth our top priorities and specific measures for 2025-2026 regarding "strengthening the foundation of brand power," "establishing a high-profit structure," and "enhancing business management." In light of changes in the market environment, we will implement structural reforms while maintaining our strategy, resetting the target for core operating profit margin to 7% by 2027. Additionally, we will practice management with an awareness of capital costs, aiming to achieve the following financial targets:
2026 ROIC: 5% ROE: 7%

Supplementary Principle 4.1.1	The board should clearly specify its own decisions as well as both the scope and content of the matters delegated to the management, and disclose a brief summary thereof.

• The Company has specified matters to be determined by resolution of the Board of Directors in the Regulation of the Board of Directors.

• In order to clarify the allocation of responsibility for the business management and accelerate decision-making by delegation of authority, the Company introduced the corporate officer system in 2001. As a result, authority for making decisions on matters relating to business executions other than those specified in the Regulation of the Board of Directors has been delegated to the extent appropriate so that CEO, who is the top executive of the Company, can make decisions after deliberations at important meeting bodies for decision-making on business execution such as the Global Strategy Committee and others.

• After extensive discussions at the Board of Directors were held with regard to the corporate governance of the Company during fiscal 2015 and also assessment of the effectiveness of the Board of Directors was performed, and in light of the decision that the Company will adopt the "monitoring board-type corporate governance," the Company made revisions of matters that needed to be deliberated and decided at the meetings of the Board of Directors.

• In 2024, in order to ensure effective implementation of its strategies even in an increasingly volatile business environment the Company transitioned to a company with three statutory committees. This transition allows the Board of Board of Directors to focus on determining basic management policies and management strategies while overseeing the execution thereof, whereas authority to determine particulars of business executions is significantly delegated to the Corporate Executive Officers to increase their operational flexibility. Specifically, the Board of Directors only makes decisions on limited matters such as M&A, structural reforms and financing that exceed a certain threshold in addition to the matters that require a board resolution by laws and regulations, and the Company's Articles of Incorporation. Other decision-making authority is, in principle, delegated to the Corporate Executive Officers.

Supplementary Principle 4.1.2	Recognizing that a mid-term business plan (<i>chuuki keiei keikaku</i>) is a commitment to shareholders, the board and the senior management should do their best to achieve the plan. Should the company fail to deliver on its mid-term business plan, the reasons underlying the failure of achievement as well as the company's actions should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.

• In 2015, Shiseido launched its mid-to-long-term strategy "VISION 2020" aimed at becoming a "global beauty company originating from Japan that can win in the world." The company focused its management resources on prestige brands, strengthened its growth foundation, and established a matrix-style global management system across regions and brands, achieving all quantitative targets ahead of schedule.

• However, in 2020, the impact of the COVID-19 pandemic hit hard. In 2021, Shiseido formulated its 2030 Vision and mid-term management strategy "WIN 2023 and Beyond," which included concentrating management resources in the premium skin beauty sector and restructuring its business portfolio, including the sale or withdrawal of businesses exceeding 200 billion yen in sales scale. At the same time, the company continued to invest in the future, starting operations at three new domestic factories, expanding research and development facilities, and advancing DX investments. As a result, while there were achievements such as an increase in the sales ratio of skin beauty and improved profitability in the Americas and Europe, challenges remained, including a slow recovery from the impact of the pandemic in Japan, where sales and profit composition ratios are significant, as well as responses to geopolitical risks and ongoing inflation.

• In light of these circumstances, Shiseido has been promoting its mid-term management strategy "SHIFT 2025 and Beyond" since 2023.

Supplementary Principle 4.1.3	Based on the company objectives (business principles, etc.) and specific business strategies, the board should proactively engage in the establishment and implementation of a succession plan for the CEO and other top executives and appropriately oversee the systematic development of succession candidates, deploying sufficient time and resources.

- The selection of succession candidates for the CEO and the development of the succession plan are carried out by the Nominating Committee with the cooperation of the incumbent CEO.

- The CEO and the Nominating Committee formulate the succession plan based on the Company's business environment from a medium-to-long-term perspective upon sufficient discussions on various viewpoints such as the qualifications for a CEO, policies for the selection of a successor, and his or her development policies. The progress of the formulated succession plan is regularly reported to the Nominating Committee, which monitors its status of implementation. Regarding selection of specific successor for the CEO, the Nominating Committee receives full reports from the CEO on the specific nomination for successor candidates from various perspectives. The Nominating Committee members themselves meet and exchange opinions with candidates and evaluate them from an independent perspective taking into consideration of the Company's business challenges. Furthermore, as the Company finalizes the selection of the CEO's successor, the Nominating Committee deliberates fully on matters such as the final candidate and their selection process and report the result of the deliberations to the Board of Directors. The final decision of selection is made by the resolution of the Board of Directors.

Principle 4.2	The board should view the establishment of an environment that supports appropriate risk-taking by the senior management as a major aspect of its roles and responsibilities. It should welcome proposals from the management based on healthy entrepreneurship, fully examine such proposals from an independent and objective standpoint with the aim of securing accountability, and support timely and decisive decision-making by the senior management when approved plans are implemented. Also, the remuneration of the management should include incentives such that it reflects mid-to long-term business results and potential risks, as well as promotes healthy entrepreneurship.

- See below

Supplementary Principle 4.2.1	The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid-to long-term results and the balance of cash and stock should be set appropriately.

- The Company regards the remuneration policy for Directors and Corporate Executive Officers as an important matter for corporate governance. For this reason, in accordance with the basic philosophy, the remuneration policy is deliberated and decided by the Compensation Committee composed solely of independent External Directors implementing objective point of view.

- The remuneration of the Directors and Corporate Executive Officers of the Company comprises basic remuneration as fixed remuneration as well as an annual incentive and long-term incentive-type remuneration (non-monetary remuneration) as performance-linked remuneration, and the Company sets remuneration levels by benchmarking peer companies in the same business industry or in the similar business size inside or outside Japan by taking the Company's financial condition into consideration. Matters including remuneration, etc. of individual Directors and Corporate Executive Officers are deliberated on and determined by the Compensation Committee. In the case Directors who also serve as Corporate Executive Officers, remuneration for their service as a Director is not included in this remuneration.

- The "long-term incentive-type remuneration" is designed for the purpose of creating corporate value from both aspects of economic and social values, as well as establishing a sense of common interests with shareholders. As performance indicators to evaluate the enhancement of economic value, a mix of quantitative targets to be aimed for with a long-term perspective has been set under the medium- to long-term strategy. In addition, as benchmarks on creation of social value, the Company has set multiple internal and external indicators pertaining to the environment, society, and governance (ESG).

- Independent External Directors and Directors who do not concurrently serve as Corporate Executive Officers of the Company receive only basic remuneration. Furthermore, the Company does not have an officers' retirement benefit plan.

Supplementary Principle 4.2.2	The board should develop a basic policy for the company's sustainability initiatives from the perspective of increasing corporate value over the mid-to long-term. In addition, in light of the importance of investments in human capital and intellectual properties, the board should effectively supervise the allocation of management resources, including such investments, and the implementation of business portfolio strategies to ensure that they contribute to the sustainable growth of the company.

- The Company has developed a basic policy on sustainability, formulated based on discussions of its Board of Directors, and discloses it in our WEB site and the Sustainability Report

- The Company develops medium-to-long-term strategies in periods of three years based on discussions by its Board of Directors. This includes business portfolio revision, allocation of management resources, and development of sales strategies based on the analysis of recent global market trends and consumer purchasing behavior, etc. The Board also oversees the implementation progress of these strategies.

- These strategies undergo appropriate revisions depending on the status of monthly sales and other indicators as well as quarterly financial results. The content of the revisions is overseen by the Board of Directors of the Company.

Principle 4.3	The board should view the effective oversight of the management and directors from an independent and objective standpoint as a major aspect of its roles and responsibilities. It should appropriately evaluate company performance and reflect the evaluation in its assessment of the senior management. In addition, the board should engage in oversight activities in order to ensure timely and accurate information disclosure, and should establish appropriate internal control and risk management systems. Also, the board should appropriately deal with any conflict of interests that may arise between the company and its related parties, including the management and controlling shareholders.

- See below

Supplementary Principle 4.3.1	The board should ensure that the appointment and dismissal of the senior management are based on highly transparent and fair procedures via an appropriate evaluation of the company's business results.

- Proposals regarding appointment and dismissal of directors to be submitted to general meetings of shareholders are decided by the resolution of the Nominating Committee which is composed of four (4) independent External Directors.

- The matters such as appointment and dismissal of the Representative Corporate Executive Officers and Corporate Executive Officers, areas for which Corporate Executive Officers take responsibility, appointment and dismissal of the CEO, as well as matters regarding the succession of the CEO etc. are determined by the Board of Directors after deliberation by the Nominating Committee.

- Candidates for the CEO are selected from a wide range of possible candidates, both inside and outside the Company, with the perspective of their ability to realize our corporate philosophy and strategy. From this selection stage, they are deliberated by the Nominating Committee. In the event that a qualified person is appointed through the above process but unavoidable circumstances arise in which he or she is unable to fulfill his or her duties and responsibilities, the said CEO will be dismissed by a resolution of the Board of Directors after careful consideration by the Nominating Committee. Whether the CEO is fulfilling his or her duties and responsibilities is reviewed and confirmed by the Nominating Committee.

Supplementary Principle 4.3.2	Because the appointment/dismissal of the CEO is the most important strategic decision for a company, the board should appoint a qualified CEO through objective, timely, and transparent procedures, deploying sufficient time and resources.

- The selection of succession candidates for the CEO and the development of the succession plan are carried out by the Nominating Committee with the cooperation of the incumbent CEO.

- The CEO and the Nominating Committee formulate the succession plan based on the Company's business environment from a medium-to-long-term perspective upon sufficient discussions on various viewpoints such as the qualifications for a CEO, policies for the selection of a successor, and his or her development policies. The progress of the formulated succession plan is regularly reported to the Nominating Committee, which monitors its status of implementation. Regarding selection of specific successor for the CEO, the Nominating Committee receives full reports from the CEO on the specific nomination for successor candidates from various perspectives. The Nominating Committee members themselves meet and exchange opinions with candidates, evaluate them from an independent perspective taking into consideration of the Company's business challenges. Furthermore, as the Company finalizes the selection of the CEO's successor, the Nominating Committee deliberates fully on matters such as the final candidate and their selection process and report the result of the deliberations to the Board of Directors. The final decision of selection is made by the resolution of the Board of Directors.

- In response to the 5-year extension of the former CEO's term of office decided in 2019, the Company launched a succession plan. In this 5-year succession plan, after selecting the successor over the first three years, the successor works as the COO in cooperation with the CEO for the remaining two years. The Company aims to realize a smooth CEO succession and strengthen its management structure by making the successor have ample time to take on the responsibility to lead the Company in cooperation with the former CEO. The former CEO and the members of the Nomination Committee (Before March 26, 2024, it was the Nomination and Remuneration Advisory Committee, hereafter abbreviated) had fully discussed the necessary qualifications and requirements for CEO, the focal point of successor selection, development policy, etc., from a medium-to-long-term perspective, and taking into account the Company's business environment, and then examined/implemented development programs for the candidates so that they can fully demonstrate their ability. The members of the Nomination Committee had taken much time to hold in-depth discussions while collecting insights from the former CEO, referring to the results of the assessments conducted by external experts, and conducting personal interviews with candidates so that they can nominate the best successor among all candidates selected from inside/outside the Company. Additionally, they had regularly exchanged opinions with independent External Directors who are not the members of the Nomination Committee. After going through these processes, in July 2024, the Board of Directors appointed the next CEO, who will assume the position on January 1, 2025. The Company will continue to implement a CEO succession plan that contributes to the realization of our corporate mission and the enhancement of corporate value, with the Nomination Committee at the center.

Supplementary Principle 4.3.3	The board should establish objective, timely, and transparent procedures such that a CEO is dismissed when it is determined, via an appropriate evaluation of the company's business results, that the CEO is not adequately fulfilling the CEO's responsibilities.

- In the event that a qualified person is appointed through the above process but unavoidable circumstances arise in which he or she is unable to fulfill his or her duties and responsibilities, the said CEO will be dismissed by a resolution of the Board of Directors after careful consideration by the Nominating Committee.

- Whether the CEO is fulfilling his or her duties and responsibilities is reviewed and confirmed by the Nominating Committee.

Supplementary Principles 4.3.4	The establishment of effective internal control and proactive enterprise risk management systems has the potential to support sound risk-taking. The board should appropriately establish such systems on an enterprise basis and oversee the operational status, besides utilizing the internal audit department.

• The Company has set up a committee to oversee compliance and risk management and coordinate with organizations established to perform the compliance and risk management functions in the respective regional headquarters located in the major regions across the globe. This committee shall be responsible for improving corporate quality by increasing the Group's legitimate and fair corporate activities and managing risk. Major management risks and incidents shall be reported to the Board of Directors through the Representative Corporate Executive Officers, along with the proposal for response to them and its progress.

• The Company deploys a person in charge of promoting legitimate and fair corporate activities of the Group and risk management at each Group company and business site, plans and promotes regular training and educational activities on corporate ethics, and responds to incidents and manages risks. The department in charge of risk management shares information regularly with the persons in charge deployed within each Group company and business site.

• Internal audits conducted by the Internal Audit Department include audits of the Company's risk management system and its operational status. The results of the audits are reported regularly to the Audit Committee and the Board of Directors, alongside monthly to the Representative Corporate Executive Officer and CEO and Representative Corporate Executive Officer and CFO and weekly to the full-time Audit Committee members.

Principle 4.4	<i>Kansayaku</i> and the <i>kansayaku</i> board should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including the audit of the performance of directors' duties, appointment and dismissal of <i>kansayaku</i> and external auditors, and the determination of auditor remuneration. Although so-called "defensive functions," such as business and accounting audits, are part of the roles and responsibilities expected of <i>kansayaku</i> and the <i>kansayaku</i> board, in order to fully perform their duties, it would not be appropriate for <i>kansayaku</i> and the <i>kansayaku</i> board to interpret the scope of their function too narrowly, and they should positively and proactively exercise their rights and express their views at board meetings and to the management.

- See below

Supplementary Principle 4.4.1	Given that not less than half of the <i>kansayaku</i> board must be composed of outside <i>kansayaku</i> and that at least one full-time <i>kansayaku</i> must be appointed in accordance with the Companies Act, the <i>kansayaku</i> board should, from the perspective of fully executing its roles and responsibilities, increase its effectiveness through an organizational combination of the independence of the former and the information gathering power of the latter. In addition, <i>kansayaku</i> or the <i>kansayaku</i> board should secure cooperation with outside directors so that such directors can strengthen their capacity to collect information without having their independence jeopardized.

• The Audit Committee plays a vital role in fulfilling the oversight functions of the Board of Directors. Its fundamental policy is to conduct audits that contribute to "sound and sustainable growth" and "the enhancement of medium- to long-term corporate value" of the Shiseido Group by establishing "a high-quality corporate governance system that earns the trust of our various stakeholders." The status of audit activities is as follows.

① Attendance at Board of Directors meetings and other important meetings and committees

- Audit Committee Members utilize their extensive experience and expertise in their respective fields to offer independent advice, recommendations, and opinions and review the execution of duties.
- Global Strategy Committee, Global Risk Management & Compliance Committee, HQ & SJ Compliance Committee, etc.

② Meetings with Representative Corporate Executive Officers

- Exchange opinions on important management issues and share issues based on annual audit activities. Twice a year

③ Interviews and on-site visits with Executive Officers, department heads, and office managers, among others

- Exchange opinions on the management and business environment—57 times domestically, 33 times overseas (fiscal year 2024)

④ Confirm status of internal audit

- Audit Committee: 7 times (fiscal year 2024)
- Full-time Audit Committee members: weekly

Principle 4.5	With due attention to their fiduciary responsibilities to shareholders, the directors, <i>kansayaku</i> and the management of companies should secure the appropriate cooperation with stakeholders and act in the interest of the company and the common interests of its shareholders.

• The Shiseido Code of Conduct and Ethics define the actions that must be taken and shared by each and every employee of the Shiseido Group. It sets out not only abiding by the laws of each country and region, internal rules and regulations of the Shiseido Group, but also the action standards for business conduct with the highest ethical principles. Also, the Company defines what corporate actions should be taken in relation to stakeholders (employees, consumers, business partners, shareholders, and society and the Earth).

Principle 4.6	In order to ensure effective, independent and objective oversight of the management by the board, companies should consider utilizing directors who are neither involved in business execution nor have close ties with the management.

• We held extensive discussions with regard to an ideal corporate governance structure, including the composition and operation of the Board of Directors. As a result, to ensure sufficient and effective oversight functions of Board of Directors over the Shiseido Group overall, the Company transitioned a Company with Three Statutory Committees by resolution of general meeting of shareholders,

• Under this corporate governance structure, the majority of the Board of Directors is composed of independent External Directors. The Board focuses on determining basic management policies and management strategies while overseeing their execution. This reinforces the oversight function the Board and accelerate the overall business execution of the Company in a rapidly changing environment. Also, the Nominating Committee and the Compensation Committee are composed solely of independent External Directors. They make fair, transparent, and objective decisions on appointment of Directors and remuneration of Directors and Corporate Executive Officers that contribute to the successful implementation of our business strategies. Furthermore, the function of the internal audit department is strengthened. The Audit Committee, composed of independent External Directors and full-time members who are non-executive Directors conducts effective audits through the internal audit department.

Principle 4.7	Companies should make effective use of independent directors, taking into consideration the expectations listed below with respect to their roles and responsibilities: i) Provision of advice on business policies and business improvement based on their knowledge and experience with the aim to promote sustainable corporate growth and increase corporate value over the mid-to long-term; ii) Monitoring of the management through important decision-making at the board including the appointment and dismissal of the senior management; iii) Monitoring of conflicts of interest between the company and the management or controlling shareholders; and iv) Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders.

• In cases when the Board of Directors resolves management policies, such as medium-to-long-term strategies, or makes decisions on other important matters, independent External Directors utilize their respective experience and knowledge to present opinions, ask questions and provide advice from an independent standpoint. The Board accords the utmost respect to these opinions upon making decisions.

Principle 4.8	Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid-to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities. Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors.

• The Company sets the ratio of its independent external directors from the perspective of ensuring the effectiveness of oversight function that, in principle, the majority of the Board of Directors shall be composed of independent external directors. Out of eleven (11) directors, seven (7) (64%) are independent external directors.

• In selecting independent external directors, high priority is given to independence. Our basic principle is that candidates are required to meet the Company's "Criteria for Independence of External Directors" as well as possess highly independent thinking.

Supplementary Principle 4.8.1	In order to actively contribute to discussions at the board, independent directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint. Regular meetings consisting solely of independent directors (executive sessions) would be one way of achieving this.

• The Company provides independent external directors with opportunities where only independent external directors discuss and share understanding on topics that require objectivity and transparency. In addition, we strive to share company information among independent external directors by allowing them to optionally attend audit result reporting meetings from accounting auditors, in addition to the audit committee members.

Supplementary Principle 4.8.2	Independent directors should endeavor to establish a framework for communicating with the management and for cooperating with <i>kansayaku</i> or the <i>kansayaku</i> board by, for example, appointing the lead independent director from among themselves.

• The chair of the Board of Directors, as well as the chairs of the Nominating Committee, Audit Committee and Compensation Committees, are all independent external directors. The independent external director who serves as the chair of the Board coordinates and communicates with the management team, including the President and CEO, while the chairs of each committee play a role in facilitating collaboration among the committees. The chairperson of the Board and the chairs of the committees work together to facilitate smooth corporation opportunities for informal discussions to ensure smooth cooperation, including setting up informal discussion opportunities. Additionally, in the nominating committee and compensation committee, discussions regarding the appointment and dismissal of directors and corporate executive officers, as well as executive compensation, are conducted under the leadership of the independent external director who serves as the chair.

Supplementary Principle 4.8.3	Companies that have a controlling shareholder should either appoint at least one-third of their directors (the majority of directors if listed on the Prime Market) as independent directors who are independent of the controlling shareholder or establish a special committee composed of independent persons including independent director(s) to deliberate and review material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders.

- The Company does not have a controlling shareholder.

Principle 4.9	Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by securities exchanges. The board should endeavor to select independent director candidates who are expected to contribute to frank, active and constructive discussions at board meetings.

- The Company establishes its own rules of "Criteria for Independence of the External Directors," taking into account laws and regulations and listing rules, etc. including those of foreign countries for the purpose of making objective assessment on the independence of the external directors.

- In connection with selecting candidates for the independent external directors, the Company places emphasis on a high degree of independence of the candidate from the viewpoint of strengthening corporate governance and accordingly, the Company makes judgment on whether or not the candidate has a high degree of independence in accordance with the Criteria.

Principle 4.10	In adopting the most appropriate organizational structure (as stipulated by the Companies Act) that is suitable for a company's specific characteristics, companies should employ optional approaches, as necessary, to further enhance governance functions.

- See below

Supplementary Principle 4.10.1	If the organizational structure of a company is either Company with <i>Kansayaku</i> Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination (including succession plan) and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees make significant contributions. In particular, companies listed on the Prime Market should basically have the majority of the members of each committee be independent directors, and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.

- The majority of the Board of Directors is composed of independent external directors.
- The Company transitioned to a company with three statutory committees in 2024. The Nominating Committee and the Compensation Committee are composed solely of independent external directors. They make fair, transparent, and objective decisions on appointment of directors and remuneration of directors and corporate executive officers that contribute to the successful implementation of our business strategies. Furthermore, the function of the internal audit department is strengthened. The Audit Committee, composed of independent external directors and full-time members who are non-executive directors conducts effective audits through the internal audit department.

Principle 4.11	The board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity, including gender, international experience, work experience and age, and appropriate size. In addition, persons with appropriate experience and skills as well as necessary knowledge on finance, accounting, and the law should be appointed as <i>kansayaku</i> . In particular, at least one person who has sufficient expertise on finance and accounting should be appointed as <i>kansayaku</i> . The board should endeavor to improve its function by analyzing and evaluating effectiveness of the board as a whole.

- See below

Supplementary Principle 4.11.1	The board should identify the skills, etc. that it should have in light of its managing strategies, and have a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with the combination of skills, etc. that each director possesses in an appropriate form according to the business environment and business characteristics, etc., such as what is known as a "skills matrix." When doing so, independent director(s) with management experience in other companies should be included.

- The Company believes that its Board of Directors should be composed of directors with various viewpoints and backgrounds as well as diverse and sophisticated skills, required for effective oversight of the execution of business and important decision making. When selecting candidates,

we place importance on ensuring diversity, taking into account not only gender equality, but also other attributes such as age, nationality, race, personality, and insights and experiences in various fields related to management.

- The Company discloses the skills and expertise required of its directors in the form of a matrix. The independent external director who serves as the chair of the Board of Directors has experience as a top executive at another company, and more than half of the independent external directors have experience in corporate management.

- The Company has set a certain maximum term of office for independent external directors in order to reflect their independent views to our management. Moreover, we ensure fruitful discussions at the meetings of the Board of Directors as corporate executive officers and executive officers in charge of relevant domains join the meetings depending on the agenda and provide necessary explanations.

Supplementary Principle 4.11.2	Outside directors, outside <i>kansayaku</i> , and other directors and <i>kansayaku</i> should devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities. Therefore, where directors and <i>kansayaku</i> also serve as directors, <i>kansayaku</i> or the management at other companies, such positions should be limited to a reasonable number and disclosed each year.

- The Company has set forth criteria for "important concurrent positions" assumed by its independent external directors and describes the status of such concurrent positions in the Business Report accompanying the Notice of Convocation of the Ordinary General Meeting of Shareholders based thereon. Candidates of directors are selected upon confirmation that their multiple concurrent positions, if any, will not impede their performance of duties assumed in the Company.

Supplementary Principle 4.11.3	Each year the board should analyze and evaluate its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each director. A summary of the results should be disclosed.

- The Company evaluates the effectiveness of its Board of Directors on a regular basis to identify issues and required improvements. Questionnaires and interviews for all directors are conducted every year to evaluate and analyze the activities of the Board of Directors, the Nominating Committee, the Compensation Committee and the Audit Committee, as well as the support system by the secretariat. The results are collected and analyzed by the secretariat of the Board of Directors.

- Additionally, the Company also evaluates the effectiveness of its Audit Committee. The objective of this evaluation is to maintain and enhance the effectiveness of the Audit Committee. To this end, the Committee reviews its annual audit activities and conducts an effectiveness assessment after discussions within the Audit Committee. As a result of our evaluation, we conclude that the Audit Committee functioned effectively during the current fiscal year.

Principle 4.12	The board should endeavor to foster a climate where free, open and constructive discussions and exchanges of views take place, including the raising of concerns by outside directors.

- See below

Supplementary Principle 4.12.1	The board should ensure the following in relation to the operation of board meetings and should attempt to make deliberations active: i) Materials for board meetings are distributed sufficiently in advance of the meeting date; ii) In addition to board materials and as necessary, sufficient information is provided to directors by the company (where appropriate, the information should be organized and/or analyzed to promote easy understanding); iii) The schedule of board meetings for the current year and anticipated agenda items are determined in advance; iv) The number of agenda items and the frequency of board meetings are set appropriately; and v) Sufficient time for deliberations.

- Materials for the Board of Directors' meetings are distributed in advance, and pre-briefings are provided to independent external directors. In the pre-briefing any questions raised by the directors are addressed by the Board secretariat, and if necessary, shared with the management and proposers/reporters to ensure that sufficient explanations are provided during the Board meeting.

- We strive to provide materials for the Board of Directors that are well-organized around key issues. During the Board meeting, proposers and reporters are expected to explain the materials concisely, followed by a question-and-answer session to ensure that sufficient information necessary for deliberation is provided.

- The representative corporate executive officers communicate to the directors of the Company by email or other means whenever necessary to provide follow-up information after Board meetings or important and emergency information.

- The next year's schedule for Board meetings is decided in advance upon coordination with directors and related internal divisions. The annual agenda are planned in advance through discussions among the chair of the Board, President and CEO, and the Board secretariat.

- Following the transition to a company with three statutory committees in 2024 and considering the results of the effectiveness evaluation of the Board of Directors, we are reviewing the annual number of Board meetings as well as the matters to be deliberated and decided by the Board. This ensures that sufficient time is allocated for deliberation on important matters such as medium-to-long-term strategy and sustainability management.

Principle 4.13	In order to fulfill their roles and responsibilities, directors and <i>kansayaku</i> should proactively collect information, and as necessary, request the company to provide them with additional information. Also, companies should establish a support structure for directors and <i>kansayaku</i> , including providing sufficient staff. The board and the <i>kansayaku</i> board should verify whether information requested by directors and <i>kansayaku</i> is provided smoothly.

- See below

Supplementary Principle 4.13.1	Directors, including outside directors, should request the company to provide them with additional information, where deemed necessary from the perspective of contributing to transparent, fair, timely and decisive decision-making. In addition, <i>kansayaku</i> , including outside <i>kansayaku</i> , should collect information appropriately, including the use of their statutory investigation power.

- Materials for Board of Directors' meetings are shared with all directors in advance, and a system has been established to enable timely exchanges via email or other means when there are questions or points of clarifications from them.

• In addition to the attendance of the Board of Directors, the full-time members of Audit Committee are secured with opportunities to attend important meetings related to business execution, such as Global Strategy Committee and Business Plan Meeting as well as Global Risk Management & Compliance Committee as observers, and reports and information are provided to the Audit Committee members through these meetings. Moreover, when requested by the Audit Committee members, materials and information on these meetings are provided.

• A separate and direct email route to the Audit Committee, which allows the Audit Committee to directly receive reports on events that may damage the trust of the Shiseido Group, has been established as part of the internal whistle-blowing system. Information on the email route is provided to employees in Japan through training for new hires and training on harassment for all employees.

Supplementary Principle 4.13.2	Directors and <i>kansayaku</i> should consider consulting with external specialists at company expense, where they deem it necessary.

- The Compensation Committee, composed solely of independent external directors, invites external experts to provide advice on the design of executive compensation and other related matters. Furthermore, we will continue invite external experts as needed to facilitate opportunities for discussion and information gathering with external directors.

Supplementary Principle 4.13.3	Companies should ensure coordination between the internal audit department, directors and <i>kansayaku</i> by establishing a system in which the internal audit department appropriately reports directly to the board and the <i>kansayaku</i> board in order for them to fulfill their functions. In addition, companies should take measures to adequately provide necessary information to outside directors and outside <i>kansayaku</i> . One example would be the appointment of an individual who is responsible for communicating and handling requests within the company such that the requests for information about the company by outside directors and outside <i>kansayaku</i> are appropriately processed.

- In accordance with the Internal Audit Department Operations Manual (including the "Internal Audit Rules"), the Company evaluated the status of design and operation of internal controls in the Shiseido Group, from the perspectives of operational effectiveness and efficiency, reliability of reporting, and compliance with applicable laws, regulations, and internal regulations, as well as safeguarding company assets. It also evaluates the adequacy and effectiveness of risk management and provides advice and recommendations for improvement.

• The results of the audits are reported regularly to the Audit Committee and the Board of Directors, alongside monthly to the Representative Corporate Executive Officer and CEO and Representative Corporate Executive Officer and CFO and weekly to the full-time Audit Committee members.

Principle 4.14	New and incumbent directors and <i>kansayaku</i> should deepen their understanding of their roles and responsibilities as a critical governance body at a company, and should endeavor to acquire and update necessary knowledge and skills. Accordingly, companies should provide and arrange training opportunities suitable to each director and <i>kansayaku</i> along with financial support for associated expenses. The board should verify whether such opportunities and support are appropriately provided.

- See below

Supplementary Principle 4.14.1	Directors and <i>kansayaku</i> , including outside directors and outside <i>kansayaku</i> , should be given the opportunity when assuming their position to acquire necessary knowledge on the company's business, finances, organization and other matters, and fully understand the roles and responsibilities, including legal liabilities, expected of them. Incumbent directors should also be given a continuing opportunity to renew and update such knowledge as necessary.

- The Company provides new directors with training regarding legal and statutory authorities and obligations, etc. In addition, when a new independent external director come on board, the Company provides training regarding the industry it operates in, its history, business overview, strategy and material risks, etc.

- Furthermore, to promote understanding of the Company among independent External Directors, they are provided with such opportunities as attending internal meetings on annual business strategies and business management issues.

Supplementary Principle 4.14.2	Companies should disclose their training policy for directors and <i>kansayaku</i> .

- The Company believes that in addition to appointing personnel having credentials required to serve as directors, corporate executive officers or executive officers, it is important to provide them with necessary training and information.

- The Company provides new directors with training regarding legal and statutory authorities and obligations, etc. In addition, the Company provides new independent external directors with training regarding the industry it operates in, its history, business overview, strategy, material risks etc. (approximately once a year for each subject).

Section 5

Section 5: Dialogue with Shareholders	
General Principle 5	In order to contribute to sustainable growth and the increase of corporate value over the mid-to long-term, companies should engage in constructive dialogue with shareholders even outside the general shareholder meeting. During such dialogue, senior management and directors, including outside directors, should listen to the views of shareholders and pay due attention to their interests and concerns, clearly explain business policies to shareholders in an understandable manner so as to gain their support, and work for developing a balanced understanding of the positions of shareholders and other stakeholders and acting accordingly.

- See below

Principle 5.1	Companies should, positively and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the mid-to long-term. The board should establish, approve and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.

- The Company fully recognizes that timely and appropriate disclosure of corporate information to investors forms the basis of a sound securities market. We make constant efforts to improve our internal systems and maintain investors' point of view to ensure prompt, accurate, and fair disclosure of corporate information to all investors at the same time. Through these efforts, we aim to provide timely and appropriate corporate information to investors and have published a policy on information disclosure.

Supplementary Principle 5.1.1	Taking the requests and interests of shareholders into consideration, to the extent reasonable, the senior management, directors, including outside directors, and <i>kansayaku</i> , should have a basic position to engage in dialogue (management meetings) with shareholders.

- The CEO and CFO of the Company actively engage in dialogue with shareholders and express their thoughts as senior management on the Company's initiatives.

- External Directors are also provided with opportunities to express their independent opinions on the governance of the Company, such as conferences hosted by securities companies, the integrated report, etc.

Supplementary Principle 5.1.2	At minimum, policies for promoting constructive dialogue with shareholders should include the following: i) Appointing a member of the management or a director who is responsible for overseeing and ensuring that constructive dialogue takes place, including the matters stated in items ii) to v) below; ii) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue; iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities); iv) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the board; and v) Measures to control insider information when engaging in dialogue.

- We have established and disclosed our "Basic Policy on Information Disclosure and Dialogue with Shareholders and Investors." This policy outlines our basic principles for information disclosure, standards, methods, and organizational structure, as well as measures for constructive dialogue with shareholders and investors and the management of insider information. Additionally, in response to the Tokyo Stock Exchange's request for disclosure regarding "the status of dialogue with shareholders," we have detailed the implementation of dialogue between management and shareholders in the previous fiscal year under "Status of Dialogue with Shareholders and Investors," including an overview of the dialogue partners and topics, the number of meetings held, and our main representatives and departments involved.

• The above URL includes related links on our corporate information site, and we have also set up related pages within our corporate information site for various briefings held for investors and shareholders, where we share the content of these briefings using videos and other materials as needed.

Supplementary Principle 5.1.3	Companies should endeavor to identify their shareholder ownership structure as necessary, and it is desirable for shareholders to cooperate as much as possible in this process.

• Based on the shareholder register, which is updated every six months, the Company conducts a survey of institutional investors to identify the actual shareholders and uses it as a basis for shareholder dialogue.

Principle 5.2	When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets.

• See below

• In response to the disclosure request from the Tokyo Stock Exchange regarding "actions towards achieving management that is conscious of capital costs and stock prices," our company has disclosed the ROIC and ROE figures for the most recent fiscal year 2024, as well as the target values for 2026 aimed at improving capital efficiency, on our corporate information website as part of the Action Plan 2025-2026.

Supplementary Principle 5.2.1	In formulating and announcing business strategies, etc., companies should clearly present the basic policy regarding the business portfolio decided by the board and the status of the review of such portfolio.

• The Company develops medium-to-long-term strategies in periods of three years based on discussions by its Board of Directors. This includes development of the business portfolio and sales strategies based on the analysis of recent global market trends, consumer purchasing behavior, and other factors. These are disclosed in an easy-to-understand visual form.

• These strategies undergo appropriate revisions based on quarterly financial results. The contents of the revisions are disclosed in materials for quarterly results briefings and presented to a broad range of investors via our corporate website and other media.

Remuneration for Directors and Corporate Executive Officers

1. Basic Philosophy of the Remuneration to Directors and Executive Officers of the Company

The Company regards the remuneration policy for Directors and Corporate Executive Officers as an important matter for corporate governance. For this reason, in accordance with the following basic philosophy, the Directors and Corporate Executive Officers remuneration policy of the Company is deliberated and determined in the Compensation Committee chaired by an External Director to incorporate objective points of view.

Basic philosophy and policy of the remuneration to Directors and Corporate Executive Officers

The remuneration policy to Directors and Corporate Executive Officers shall:

1. encourage to realize the corporate mission;
2. aim to ensure attractive remuneration to acquire and retain top talent in global talent market;
3. aim to enhance the long-term corporate value and strongly incentivize to achieve the company's long-term vision and medium- to long-term strategy;
4. have a mechanism incorporated to prevent overemphasis on short-term views while instilling motivation to achieve short-term goals;
5. be designed as transparent, fair and reasonable from the viewpoint of accountability to stakeholders including shareholders and employees, and remuneration shall be determined through appropriate processes to ensure those points.
6. be designed to establish remuneration standards based on the significance (Grade) of role/responsibility reflecting the mission of respective Directors and Executive Officers, and differentiate remuneration according to the level of strategic target accomplished (achievements).

2. The Company's Directors and Corporate Executive Officers Remuneration Policy

Based on the above basic philosophy, the Compensation Committee of the Company has resolved its policy on decisions regarding matters including remuneration, etc. of individual Directors and Corporate Executive Officers. The Company's Directors and Corporate Executive Officers remuneration policy, including an outline of the contents of the policy on decisions regarding matters including remuneration, etc. of individual Directors and Corporate Executive Officers, is described below in detail.

■ Overall picture

The remuneration of Corporate Executive Officers (including those who concurrently assume the position of Directors) comprises "basic remuneration" as fixed remuneration as well as "annual incentive" and "long-term incentive-type remuneration (non-monetary remuneration)" as performance-linked remuneration, and the Company sets remuneration levels by benchmarking peer companies in the same business industry or in the similar business size inside or outside Japan and by taking the Company's financial condition into consideration. Matters including remuneration, etc. of individual Corporate Executive Officers are deliberated on and determined by the Compensation Committee. All of the Company's Corporate Executive Officers concurrently serve as Executive Officers, and their remuneration is determined based on their Grade as Executive Officers, among other factors. On the other hand, Directors who do not concurrently serve as Corporate Executive Officers of the Company receive only basic remuneration and do not receive

variable remuneration such as performance-linked remuneration. In addition, in the case of Directors who also serve as Corporate Executive Officers, compensation for their service as a Director is not included in this remuneration.

〔The proportion of each remuneration element by remuneration type for Corporate Executive Officers〕

The proportion of remuneration of Corporate Executive Officers is set by Grade, and the higher the Grade becomes, the higher the proportion of performance-linked remuneration becomes.

Title of Corporate Executive Officers	Composition of Remuneration for Directors and Executive Officers			
	Basic Remuneration	Performance-linked Remuneration		Total
		Annual Incentive	Long-Term Incentive-Type Remuneration	
President and CEO	20.0%	20.0%	60.0%	100%
Corporate Executive Officers excluding Chairman and CEO	42.0%	29.0%	29.0%	

Notes :

1. The proportions shown in the above table may change depending on the Company's performance and/or its stock price's fluctuation, as financial value of performance-linked remuneration is shown at target where the Company pays 100%.
2. There is no differentiated proportion of each remuneration element for Corporate Executive Officers pegged to having a representation right.

■ Basic remuneration

Basic remuneration is deliberated and determined by the Compensation Committee and is paid in equal installments every month.

The Company designs basic remuneration in accordance with Grades based on the size and level of responsibility of Corporate Executive Officers in charge, as well as the impact on business management of the Group. In addition, even at the same Grade, the basic remuneration may increase within a certain range based on the individual Corporate Executive Officer's performance for the previous fiscal year (numerical business performance and personal performance evaluation). This ensures the Company to reward Corporate Executive Officers for their individual outstanding achievement.

■ Performance-linked remuneration

The performance-linked remuneration consists of an "annual incentive" provided as an incentive for achieving goals for the corresponding fiscal year, and "performance-linked stock compensation (performance share units) as long-term incentive-type remuneration" provided with the aims of establishing a sense of common interests with the shareholders and instilling motivation to enhance corporate value over the medium to long term. Accordingly, it is designed to motivate the Corporate Executive Officers to manage business operations while being more conscious about the Company's performance and share price from the perspectives of not only a single year but also over the medium to long term.

■ Annual incentive

Of the performance-linked remuneration the Company has set performance items for the annual incentive in accordance with the scope of responsibility of Corporate Executive Officers as described in the table below, in addition to the achievement rate of target consolidated net sales and core operating profit which are financial indicators, as common performance indicators across all the Corporate Executive Officers, and the range of changes in the percentage amount of payment is set between 0% and 200%. Although it is essential that the entire management team remains aware of matters involving profit attributable to owners of parent, it is crucial that management not let the benchmark weigh too heavily on proactive efforts particularly involving future growth-oriented investment and resolving challenges with our sights set on achieving long-term growth. As such, upon the Compensation Committee

deliberation, the Company has preliminarily established certain performance standards (thresholds) as described in the table below, with the evaluation framework designed so that the Compensation Committee will consider the possibility of lowering the percentage amount of the annual incentive payment attributable to the whole group performance component of the total annual incentive, if results fall below the thresholds. In determining the achievement rate of each target and threshold for consolidated net sales, core operating profit and profit attributable to owners of parent, actual performance may be adjusted based on the deliberations and decisions by the Compensation Committee. In cases where such adjustments are made, it shall be stated in the disclosure materials of the actual remuneration of Corporate Executive Officers.

In addition, we set the personal performance evaluation of all Corporate Executive Officers in order to add the level of achievement regarding strategic goals that cannot be measured by the financial performance figures alone, such as efforts for restructuring of the business platform to realize sustainable growth, to evaluation criteria.

Annual incentive is paid once a year.

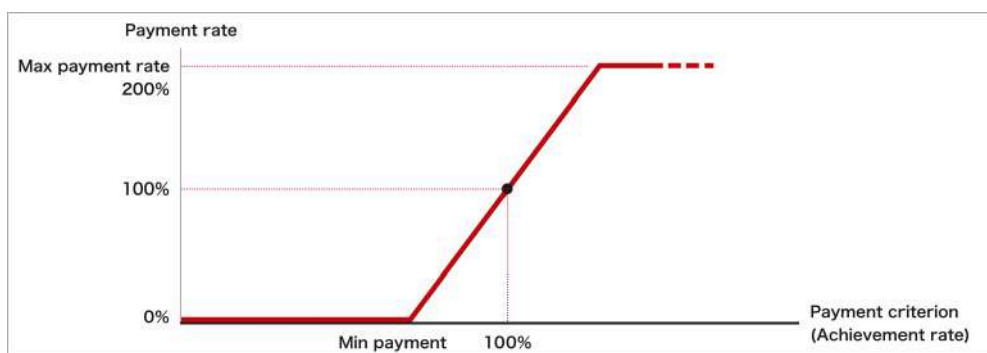
[Performance indicators and evaluation weights for annual incentive for Corporate Executive Officers determined by the area of responsibility]

Evaluation Item	Performance Indicators	Evaluation Weight							
		President and CEO		Corporate Executive Officers in Charge of Businesses				Corporate Executive Officers Other than Those in Charge of Businesses	
				Regional Headquarters President		Other		Corporate Function	
Whole Group Performance	Consolidated net sales	30%	70%	10%	20%	10%	20%	30%	70%
	Core operating profit	40%		10%		10%		40%	
		Profit attributable to owners of parent	If this amount ends up below the threshold, the Compensation Committee will consider lowering the percentage amount of the payment attributable to the whole group performance component.						
Performance of Business Unit in Charge	Business performance evaluation	—		50%		50%		—	
Personal Performance	Level of achievement of strategic goals set individually	30%							
		Strategically prioritized transformations and initiatives for realizing our long-term vision and strategy, building and strengthening organizational capabilities to realize said transformations and initiatives and own growth goals							

Notes :

There is no difference in the performance indicators and the weight of performance indicators applied to Corporate Executive Officers based on whether a Corporate Executive Officers has a representation right or otherwise.

[Model of annual incentive payment rate]



■ Long-term incentive-type remuneration

From fiscal year 2019, the Company has introduced performance share units, a type of performance-linked stock compensation, and has incentivized the creation of corporate value over the medium to long term through annual

grants. As performance indicators to evaluate the enhancement of economic value, a mix of quantitative targets to be aimed for with a long-term perspective has been set under the medium- to long-term strategy. In addition, as benchmarks on creation of social value, the Company has set multiple internal and external indicators pertaining to the environment, society and governance (ESG). Accordingly, the remuneration is designed for the purpose of creating corporate value from both aspects of economic and social values, as well as establishing a sense of common interests with shareholders.

〔Purposes of introducing the LTI〕

The LTI is adopted for the purposes of establishing effective incentives for creating and maintaining corporate value over the long term, and ensuring that the Directors' and Corporate Executive Officers' interests consistently align with those of our shareholders. To such ends, the LTI will help:

- i) promote efforts to create value by achieving our long-term vision and strategic goals,
- ii) curb potential damage to the corporate value and maintain substantial corporate value over the long term,
- iii) attract and retain talent capable of taking on leadership in business, and
- iv) realize a "Global One Team" by fostering a sense of solidarity among management teams of the entire Shiseido Group and instilling the consciousness of participating in the running of the Company.

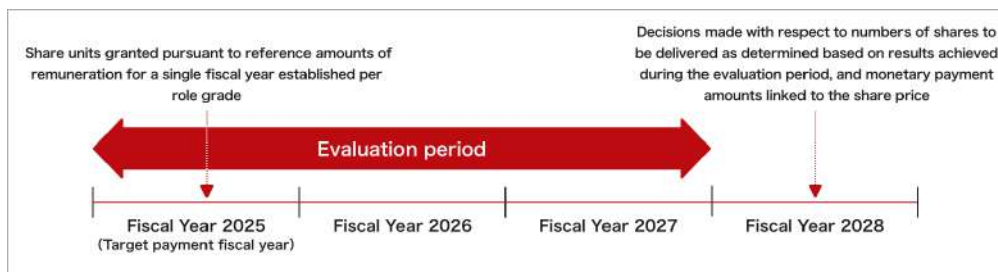
Under the Company's performance share units, the Company will grant a reference share unit to each of the eligible parties once every fiscal year, and on each annual grant, the number of fiscal years that the payment relates to shall be one fiscal year. To make such grants, the Company shall establish multiple performance indicators whose evaluation period is for three years including the fiscal year related to the payment. The Company shall use the respective achievement ratios of each performance indicator to calculate the payment rate in a range from 50% to 150% after the end of the evaluation period, and it shall use the payment rate to increase or decrease the number of share units. The eligible parties shall be paid monetary remuneration claims for the delivery of the shares of the Company's common stock and cash corresponding to the applicable number of share units, and then each eligible party shall receive delivery of shares of common stock of the Company by paying all the monetary remuneration claims using the method of contribution in kind. Meanwhile, it features a fixed portion involving a set payment in addition to its performance-linked portion. As such, the LTI is designed to help eligible parties realize the aims of more robustly ensuring that their sense of interests consistently aligns with those of our shareholders, curbing potential damage to corporate value and maintaining substantial corporate value over the long term, and helping to attract and retain competent talent. Regarding evaluation indicators for the long term incentive type remuneration in fiscal year 2025, as an indicator for economic value of corporate value, the Company has set relative TSR (Total Shareholder's Return) from fiscal year 2025 to fiscal year 2027 with a global peer group, which is an indicator of shareholder value enhancement and ROIC (Return On Invested Capital) which is an indicator of the capital efficiency metric. In addition, as benchmarks pertaining to social value, the Company has adopted multiple internal and external indicators pertaining to the environment, society and governance (ESG). The composition of these performance indicators pushes forward the enhancement of corporate value from both aspects of economic and social values.

To receive payments under the LTI, eligible parties are required to have served continuously in the position of Corporate Executive Officer or Executive Officer during a certain period set in advance.

The Company has introduced the malus and clawback provisions for performance share units. Specifically, in certain conditions, such as in case of serious misconduct of the eligible parties, the Compensation Committee is entitled to make the decision to reduce the number of the share units or receive a refund.

The long-term incentive-type remuneration is also paid to principal executive persons in and outside Japan to realize a "Global One Team" by fostering a sense of solidarity among global management teams and instilling the consciousness of participating in the running of the Company.

〔LTI schedule〕

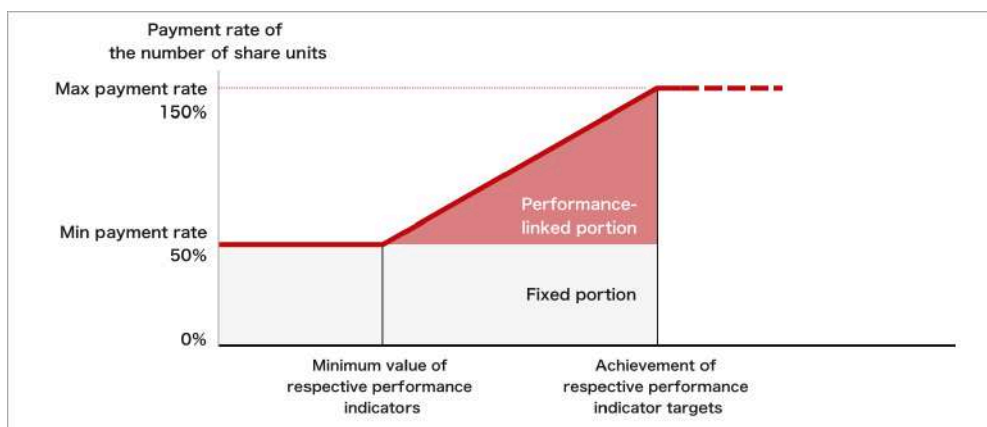


〔Performance indicators and evaluation weights for performance-linked portion of the LTI〕

Evaluation Item	Performance Indicators		Evaluation Weight	
Economic Value	Relative TSR		50%	100%
	ROIC in the final fiscal year of the evaluation period		30%	
Social Value	Environment	Status of the achievement of the CO ₂ emissions reduction target	20%	
	Society	Ratio of female managers/leaders in Japan and overseas at the Company, and the status of inclusion in the indices related to the promotion of women by ESG rating agencies designated by the Company		
	ESG	Evaluation scores by ESG rating agencies designated by the Company		

*The evaluation in 2025 is based on the MSCI ESG Rating.

〔Model for payment rate of the number of share units for the LTI〕



■ Amount of Remuneration, etc. to Directors, Corporate Executive Officers and Audit & Supervisory Board Members for the Fiscal Year Ended December 31, 2024

(Millions of yen)

Position and number of Directors and Audit & Supervisory Board members (persons)	Breakdown of Remuneration, etc. by type				Total [(a)+(b)]
	Basic Remuneration, etc.	Annual Incentive	Total of the cash remunerations (a)	Long-Term Incentive (Share Compensation) (b)	
Directors (10 persons)	103	32	136	24	160
Of which, External Directors (5 persons)	18	—	18	—	18
Audit & Supervisory Board Members (5 persons)	26	—	26	—	26
Of which, External Audit & Supervisory Board Members (3 persons)	9	—	9	—	9
Total	130	32	162	24	186

* Total remuneration in cash that has been confirmed by March 2025.

Notes:

- Based on the resolution of the 124th Ordinary General Meeting of Shareholders held on March 26, 2024, the Company has transitioned from a Company with an Audit & Supervisory Board to a Company with Three Statutory Committees, effective the same day. The table above shows the remuneration of directors and Audit & Supervisory Board members who were in office before the Company transitioned to a Company with Three Statutory Committees.
- The total amount of the basic remuneration and annual incentive for Directors has a ceiling of ¥2.0 billion annually (including a total of ¥0.2 billion or less for External Directors) as per the resolution of the 118th ordinary general meeting of shareholders held on March 27, 2018. The number of Directors at the conclusion of the said general meeting of shareholders was six (three of whom were External Directors). Basic remuneration for Audit & Supervisory Board members has a ceiling of ¥10 million per month as per the resolution of the 105th ordinary general meeting of shareholders held on June 29, 2005. The number of Audit & Supervisory Board members at the conclusion of the said general meeting of shareholders was five.
- The annual incentive of Directors for fiscal 2024 indicated above represent the amounts that will be paid upon the resolution of the Board of Directors based on the resolution of the 118th ordinary general meeting of shareholders, as stated in note 2. Regarding the calculation of those amounts, please refer to the following Performance-linked targets, actual performance and payment percentage, etc. of annual incentive paid to Directors excluding External Directors and Corporate Executive Officers.
- The amount of long-term incentive-type remuneration (stock compensation) indicated above represents the total amount of the expenses recognized and measured in accordance with IFRS 2 "Share-based Payment" for the fiscal year ended December 31, 2024, on the performance-linked stock compensation (performance share units), in consideration of duties executed by Directors. It has been resolved that the portion equivalent to 50% of the remuneration, etc. based on the aforesaid remuneration policy is provided in monetary remuneration claims for the delivery of shares of the common stock of the Company and the rest in cash. The said amount of the expenses recognized includes -¥5 million in adjustment to the expenses recognized based on the achievement rate of performance indicator of the delivered long-term incentive-type remuneration (stock compensation).
- In addition, an adjustment of -¥0.4 million was recorded to the expenses recognized for prior years, on the performance-linked stock compensation (performance share units) delivered to one Director of the Company, at the time the Directors served as Executive Officers or Employee not holding the office of Directors.

(Millions of yen)

Position and number of Directors and Corporate Executive Officers (persons)	Breakdown of Remuneration, etc. by type				Total [(a)+(b)]
	Basic Remuneration, etc.	Annual Incentive	Total of the cash remunerations (a)	Long-Term Incentive (Share Compensation) (b)	
Directors (9 persons)	155	—	155	(5)	149
Of which, External Directors (7 persons)	94	—	94	—	94
Corporate Executive Officers (7 persons)	359	137	496	123	620
Total	514	137	652	117	769

* Total remuneration in cash that has been confirmed by March 2025.

Notes:

- The Company does not provide Directors' remuneration to Directors who concurrently serve as Corporate Executive Officers. Therefore, the remuneration of the two Directors who concurrently serve as Corporate Executive Officers is included in the "Corporate Executive Officers" category, not the "Directors" category.
- The amount of long-term incentive-type remuneration (stock compensation) for Directors and Corporate Executive Officers indicated above represents the total amount of the expenses recognized and measured in line with IFRS 2 "Share-based Payment" for the fiscal year ended December 31, 2024, on the performance-linked stock compensation (performance share units) granted in consideration of duties executed by Directors and Corporate Executive Officers. The amount of long-term incentive-type remuneration (stock compensation) for Directors includes the expense recognized for the fiscal year ended December 31, 2024 related to the unvested portion of performance-linked stock compensation (performance share units) for Directors who retired in March 2024. In addition, it has been resolved that the portion equivalent to 50% of the remuneration, etc. based on the aforesaid remuneration policy is provided in monetary remuneration claims for the delivery of shares of the common stock of the Company and the rest in cash. The said amount of the expenses recognized includes -¥15 million in adjustment to the expenses recognized based on the achievement rate of performance indicator of the delivered long-term incentive-type remuneration (stock compensation).

3. In addition, an adjustment of -¥4 million was recorded to the expenses recognized for the fiscal year ended December 31, 2023, on the performance-linked stock compensation (performance share units) delivered to four Corporate Executive Officers of the Company at the time the Corporate Executive Officers held the position of Executive Officer or Employee without concurrently serving as a Director or Corporate Executive Officer.
4. Of the above, the remuneration paid in local currency was translated into Japanese yen using the average internal exchange rate during the fiscal year ended December 31, 2024.

■ Amounts of Remuneration, etc. to Representative Directors, Directors and Corporate Executive Officers Whose Total Amount of Remuneration, etc. Exceeded ¥100 Million for the Fiscal Year Ended December 31, 2024

Title and Name	Breakdown of Remuneration, etc. by type				Total [(a)+(b)]
	Basic Remuneration, etc.	Annual Incentive	Total of the left* (a)	Long-Term Incentive (Stock Compensation) (b)	
Masahiko Uotani, Chairman and CEO	169	79	248	68	316
Kentaro Fujiwara President and COO	70	26	96	36	133
Toshinobu Umetsu, China Region CEO (Note.2)	70	22	93	14	108

* Total remuneration in cash that has been confirmed by March 2025.

Notes:

- The amount of long-term incentive-type remuneration (stock compensation) for Directors and Corporate Executive Officers indicated above represents the total amount of the expenses recognized and measured in line with IFRS 2 "Share-based Payment" for the fiscal year ended December 31, 2024, on the performance-linked stock compensation (performance share units) granted in consideration of duties executed by Directors and Corporate Executive Officers. The said amount of the expenses recognized includes an adjustment of -¥13 million to the expenses recognized based on the achievement rate of performance indicator of the delivered long-term incentive-type remuneration (stock compensation).
- The above amount, concerning additional expenses, etc. incurred due to the Corporate Executive Officer Mr. Umetsu being stationed abroad, includes the tax adjustments, etc., associated with the international transfer to ensure that the remuneration that would be expected if the corporate executive officer were not stationed overseas is reflected.
- Of the above, the remuneration paid in local currency was translated into Japanese yen using the average internal exchange rate during the fiscal year ended December 31, 2024.
5. No Director and Corporate Executive Officer above were paid remuneration other than described above (including those described in notes 1. through 3.).

■ Performance-linked targets, actual performance and payment percentage, etc. of annual incentive paid to Directors excluding External Directors and Corporate Executive Officers

(Billions of yen)					
Performance Evaluation Indicators	Fluctuation Range of Payment Percentage	Targets for Payment Factor at 100%	Actual Performance	Achievement Rate	Payment Factor Calculated Based on the Target Achievement Rate
Consolidated Net Sales	0%-200%	1,000.0	990.6	99.1%	(Note 1) 56.0%
Core Operating Profit		55.0	36.4	66.2%	(Note 1) 0.0%
Profit Attributable to Owners of Parent	—	(Note 2)	(10.8)	—	(Note 2)
Performance of Business in Charge	0%-200%	(Note 3)			
Personal Performance Evaluation		(Note 4)	—	—	(Note 4) 90.0% (Average)
				Total payment rate	(Note 5) 47.8%

Notes :

- With regard to consolidated net sales and core operating profit, in the calculation of the payment factor, adjustments are made to exclude the impact of business transfers, foreign exchange and other factors on targets and actual performance set at the beginning of the period, in order to compare the targets and the actual performance in the practically same situation. The payment factors reflect those adjustments.
- The Company has set profit attributable to owners of parent as a benchmark for the Compensation Committee to discuss the notion of lowering the payment percentage of the annual incentive based on company-wide performance in the event that profit attributable to owners of parent falls below certain thresholds set. For the fiscal 2024, the profit attributable to owners of parent fell under the thresholds. Following the deliberations of the Compensation Committee, it was decided that

the annual incentive calculated with the payment percentage based on performance should be paid. The Committee determined that a sound connection between performance, which should be emphasized for the annual incentive, and the remuneration to be disbursed is secured.

- Key performance evaluation indicators such as net sales, profits and cost indices, etc. are set to measure performance of respective business. Specific figures are not disclosed.
- Each individual's priority targets are set in personal performance evaluation considering not only a single fiscal year performance but also initiatives to realize long-term strategies that reflect management approach and Corporate Philosophy, such as improvement in organizational capabilities.
- The total payment rate is the ratio of the actual amount paid to the target amount of annual incentive for Directors and Corporate Executive Officers.

■ Performance-linked targets, actual performance and payment percentage, etc. of long term incentive-type remuneration granted for fiscal year 2021 and paid to Directors excluding External Directors

Performance Evaluation Indicators		Fluctuation Range of Payment Percentage (Note 3)	Weight	Targets for Maximum Payment Percentage	Actual Performance	Achievement Rate against Target for Maximum Payment Percentage	Payment Percentage
Compound average growth rate (CAGR) of consolidated net sales		50% – 150% (including fixed portion 50.0%)	30.0%	Compound average growth rate (CAGR) from 2019: 7.0%	(1.2)%	0.0%	15.0%
Compound average growth rate (CAGR) of consolidated operating profit			60.0%	Consolidate Operating Profit Margin in the final fiscal year of the evaluation period: Operating profit margin: 15.0%	2.9%	0.0%	30.0%
Multiple internal and external indicators pertaining to the environment, society and governance (ESG) with focus on the area of "empowered beauty"	Ratio of female managers in Japan		2.0%	40% in the final fiscal year of the three-year period	40%	100.0%	3.0%
	Ratio of female leaders in overseas		2.0%	50% in the final fiscal year of the three-year period	57%	100.0%	3.0%
	MSCI Japan Empowering Women Select Index		1.0%	Continuing adoption as main stock in the final fiscal year of the three-year period	Continued adoption	100.0%	1.5%
	Dow Jones Sustainability Indices (DJSI)		5.0%	Difference from top rated companies of DJSI World and DJSI Asia Pacific in the final fiscal year of the three-year period: Average 90 to 100 percentiles	100%iles	100.0%	7.5%
Consolidated ROE		thresholds	-	Threshold target: Average of 5.0% or more in the past 10 years	7.2%	Achieved	-
				Total payment rate	60.0% (including fixed portion 50.0%)		

Notes :

- The period of evaluation for the performance-linked stock remuneration (performance share units) granted for fiscal year 2021 is from January 1, 2021 to December 31, 2023.
- As for performance evaluation indicators, from the perspective of creating corporate value from both aspects of economic and social values, the Company has adopted the compound average growth rate (CAGR) of consolidated net sales and the consolidated operating profit margin as indicators related to economic value among corporate value, and the multiple internal and external indicators pertaining to the environment, society and corporate governance (ESG) as benchmarks on creation of social value.
- Since the fixed portion (50%) is set, the fluctuation range of the total payment percentage, which is the sum of the fixed portion and the performance-linked portion, is from 50% to 150%.
- Consolidated ROE is set as a benchmark for the Compensation Committee to discuss the notion of lowering the percentage amount of payment of the performance-linked portion in the event that consolidated ROE falls below certain thresholds set.
- The payment rate is calculated by applying the actual results for each item to the prescribed payment percentage table. Of the performance evaluation indicators, the actual performance ratio of the ESG indicator is calculated by rounding off to the nearest whole number.

Audit Structure

Status of Internal Audit

1. Internal Audit Objectives and Policies

The Group's internal audits aim to contribute to sustainable growth and the enhancement of corporate value through the promotion of appropriate control and improvement activities based on THE SHISEIDO PHILOSOPHY¹. Conducted in accordance with "The Internal Audit Rules" established by the Internal Audit Department, these audits comprehensively examine the state of our Group's internal controls from the perspectives of operational effectiveness and efficiency, reliability of reporting, compliance with relevant laws and internal regulations, and asset preservation. Additionally, the department assesses the appropriateness and effectiveness of risk management and provides advice and recommendations for improvements.

The Representative Corporate Executive Officer and CEO recognizes that robust governance and proper internal controls are essential to enhance the corporate value of the Shiseido Group and achieve trustworthiness in our business. With significant changes in internal and external environments, the importance of internal audits has grown, and the CEO is committed to providing the Internal Audit Department with the necessary resources to conduct effective audit activities that ensure the adequacy of the Group's governance and internal controls. The internal audit function serves as a driving force for the Company's continuous evolution into an organization guided by strong ethics and integrity, striving to earn the trust of all stakeholders.

2. Organization and Personnel Structure

Following the resolution at the General Meeting of Shareholders on March 26th, 2024 regarding "Transition to a Company with Three Statutory Committees," the Internal Audit Department has been restructured to include a dual reporting line to both the Audit Committee and the Representative Corporate Executive Officer and CEO. The department maintains its independence and objectivity, regularly reporting the status and results of internal audits to the Audit Committee and the Board of Directors, alongside monthly reports to the Representative Corporate Executive Officer and CEO and Representative Corporate Executive Officer and CFO and weekly reports to the full-time Audit Committee members.

In the event of conflicting instructions or decisions between the Representative Corporate Executive Officer and CEO and the Audit Committee, the opinion of the Audit Committee shall prevail.

With regard to internal control over financial reporting, in accordance with the internal control reporting system based on the Financial Instruments and Exchange Act, the Internal Audit Department, as an independent division, compiles and reviews the group-wide assessment of internal control and then conducts a final assessment. The status of audit implementation and evaluation results are reported in the same manner as above.

As of December 31, 2024, we have 21 members of the Internal Audit Department at the headquarters and six members of the Internal Audit Department at offices belonging to the regional headquarters in China, Asia, the Americas and Europe (mainly locally hired). Approximately half of our employees hold professional certifications such as Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), Certified Fraud Examiner (CFE), or Certified Public Accountant in Japan and the U.S., and we encourage those who do not hold these certifications to obtain them as we aim to build trust as a highly professional organization. In addition, members of the department have an average of five years of experience in the Company's internal auditing and possess extensive knowledge and expertise in the field. The Internal Audit Department also maintains and reviews a skills matrix to ensure a well-balanced composition of personnel. Where specialized expertise is lacking within the department, staff with the required skills are brought in from other departments to strengthen the team's capabilities. When resources are insufficient in terms of in-house expertise and number of staff, outside experts are utilized as needed.

In addition to the above, we have 17 full-time auditing staff with reporting lines to local management at major subsidiaries in Japan and overseas, depending on the risk base, to form a system capable of responding quickly to local situations.

To improve the quality of our internal audits, several CIAs experienced in conducting external quality evaluations

conducted internal audit quality evaluations based on the International Standards for the Professional Practice of Internal Auditing (2017 Standards) of the Institute of Internal Auditors (IIA), and we are continuously improving our departmental management and operations to prepare for periodic external evaluations in the future. As we unify core IT systems at the global level, we are taking this chance to enhance data analysis capabilities in the Internal Audit Department to improve audit quality.

Audit Committee's Audits and Initiatives toward Strengthening Its Functions

The Company has five Audit Committee members: two full-time internal members and three external members with no special interest in the Company, and the chairperson is an outside director who has held a number of influential roles including director at government agencies and operating companies. The Company has appointed full-time Audit Committee members to strengthen our internal controls and governance framework. This is achieved through an audit function that incorporates information obtained via regular audit activities, such as interviews with executive officers, reports from the Internal Audit Department, on-site visits of subsidiaries, and participation in key internal meetings. The Audit Committee has implemented measures to enhance the effectiveness of the three-way audit framework, which involves the Audit Committee, the Internal Audit Department, and the accounting auditor. As part of this initiative, the accounting auditor provides reports on the status of audits on a quarterly basis. Additionally, the Audit Committee holds biannual discussions on key management issues and convenes three-way audit liaison meetings. These efforts ensure audit findings and responses are shared among the three parties in a timely manner to improve the overall effectiveness of the audit process under the leadership of the Audit Committee.

The Audit Committee oversees the Internal Audit Department, receiving regular reports on the progress and outcomes of internal audits based on the internal audit plan. When necessary, the Audit Committee provides directives to the Internal Audit Department regarding internal audit matters. Furthermore, the Audit Committee organizes the "Subsidiary Auditor Liaison Meeting," which comprises auditors from group subsidiaries that have auditors, to facilitate the sharing of management issues and information on internal control risks from each subsidiary. It also monitors the status of business execution across the Group.

Moreover, the Audit Committee has established the "Shiseido Group Audit Committee Whistleblower Hotline" as an internal reporting channel for cases involving suspected misconduct by directors, corporate executive officers, or other members of the leadership team. The committee conducts thorough investigations while ensuring the protection of whistleblowers.

In addition, with the aim of maintaining and improving the effectiveness of the Audit Committee, the Committee conducted an evaluation of its effectiveness by reviewing the annual audit activities based on the following evaluation items and discussing them at the Audit Committee meeting. As a result of our evaluation, we concluded that the Audit Committee functioned effectively during the current fiscal year.

Evaluation Criteria	- Composition and size of the Audit Committee (number of members, number of external members, diversity, etc.) - Operation of the Audit Committee (frequency and duration of meetings, agenda, support for the committee chair, etc.) - Culture of the Audit Committee (chair's leadership, mutual communication, active discussion, etc.) - Roles and functions of the Audit Committee - Monitoring of the development and operation of the internal control system - Corporate governance code compliance - Collaboration with directors and Board of Directors - Cooperation with accounting auditors and the Internal Audit Department, as well as a monitoring system using three-way audits, etc.

Accounting Audits

The Company's accounting audit is conducted by KPMG AZSA LLC, an accounting auditor pursuant to the Companies Act and the Financial Instruments and Exchange Act.

The names of certified public accountants that have conducted auditing and the name of auditing firm are as follows:

Matters Concerning Accounting Auditor (As of December 31, 2024)

1. Name of the Auditing Firm

KPMG AZSA LLC

2. Years of Continuous Service as Accounting Auditor

The Company appointed KPMG AZSA LLC as its accounting auditor on June 29, 2006, and the current fiscal year marks 19 years since the appointment.

3. Names of Certified Public Accountants Engaged in Audit work

Masakazu Hattori (consecutive auditing period: five years)

Kentaro Hayashi (consecutive auditing period: five years)

Yuki Kodaka (consecutive auditing period: one year)

Note: The rotation of engagement partners is carried out appropriately in accordance with the policies established by KPMG AZSA LLC.

The rotation of engagement partners at KPMG AZSA LLC is regulated by laws, regulations on independence, and the audit firm's policies (including policies of KPMG International Limited) regarding the maximum period of time for involvement in audit and attestation services. KPMG AZSA LLC monitors rotation status from the perspective of continuous involvement and independence, including assistant auditors.

4. Composition of Assistants involved in the Audit

Assistants involved in the audit consisted of 17 certified public accountants, 10 successful applicants who have passed the Certified Public Accountant Examination, and 42 others (tax and IT auditing)

5. Policy, Reasons, and Evaluation for Selection of Accounting Auditor

At the Company, the appointment and dismissal of the accounting auditor by the Audit Committee is implemented based on unanimous agreement. The decision is made through evaluations by the Representative Corporate Executive Officer and CFO, as well as the heads of departments related to financial accounting and auditing, and discussions involving all Audit Committee members.

The Company's policy for determining dismissal or non-reappointment of the accounting auditor is as follows.

The Audit Committee shall dismiss the accounting auditor pursuant to the provisions of Article 340 of the Companies Act in the event the Company determines that the accounting auditor is seriously hindered as an accounting auditor; for example, if the accounting auditor breaches its official duty, neglects their official duty, or commits misconduct. Also, in the event that the accounting auditor deems it difficult to perform their duties properly, or in the event that the Audit Committee deems it appropriate to change accounting auditors in order to improve the audit, the Audit Committee shall decide the content of the proposal on the dismissal or non-reappointment of the accounting auditor, taking into account the opinion of the executive body, and the Board of Directors shall submit the proposal at the General Meeting of Shareholders based on the decision.

The Audit Committee evaluated the accounting audits for fiscal year 2024 and confirmed the appropriateness of the auditor, quality control, independence and professional competence of the audit team, appropriateness of the audit plan, communication with the Audit Committee members and other relevant parties, status of the accounting auditor's remuneration, and processes, and resolved to reappoint the accounting auditor for the fiscal year 2025.

Remuneration, etc. to the Accounting Auditor

(Millions of yen)	
Category	Amount
Remuneration paid for services rendered as the accounting auditor for the fiscal year ended December 31, 2024	255
Total cash and other remuneration to be paid by the Company and its subsidiaries to the accounting auditor	304

Notes:

- In the audit contract between the Company and its accounting auditor, remuneration paid for audits under the Companies Act and remuneration paid for audits under the Financial Instruments and Exchange Act are not clearly distinguished and cannot be practically separated. Therefore, the total payment for both is shown in "Remuneration paid for services rendered as the accounting auditor for the fiscal year ended December 31, 2024" above.
- In addition to the above, the amount of remuneration paid for services rendered as the accounting auditor includes 10 million yen as the amount of additional fees related to the preceding fiscal year.

Reason for Audit Committee to Have Agreed to Remuneration, etc. to the Accounting Auditor

The Audit Committee of the Company reviewed the status of performance of duties and basis for the calculation of the estimated amount of remuneration in the previous fiscal year as well as the validity of both descriptions in the audit plan prepared by the accounting auditor during the fiscal year and the estimated amount of remuneration, using the "Practical Guidelines for Cooperation with accounting auditors" released by the Japan Audit & Supervisory Board Members Association as a guide, and by way of necessary documents obtained from directors, internal relevant departments and the accounting auditor as well as interviews to obtain information from them, and determined that the fees, etc. of the accounting auditor were appropriate, in agreement with Article 399, Paragraphs 1 and 2 of the Companies Act.

Details of Services Other Than Audit

The Company entrusted the accounting auditor with the "preparation of 'document from the accounting auditor to the managing underwriting firm' concerning bond issuance," which is a service other than services under Article 2, paragraph (1) of the Certified Public Accountants Act (services other than audit). The amount of remuneration, etc. is 2 million yen, which is included in the "Total cash and other remuneration to be paid by the Company and its subsidiaries to the accounting auditor" under the "Remuneration, etc. to the Accounting Auditor" above.

Policy Relating to Determination of Dismissal of or Not to Reappoint Accounting Auditor

In the event that the Company determines that keeping an accounting auditor as its accounting auditor causes material trouble to the Company for the reasons, among others, that the accounting auditor has violated its duties, negated its duties or behaved in a manner inappropriate as an accounting auditor, the Audit Committee shall dismiss the accounting auditor pursuant to Article 340 of the Companies Act.

Furthermore, in the event that it is deemed that the accounting auditor is unable to carry out its duties duly or change of the accounting auditor to another audit firm is reasonably required to enhance the appropriateness of accounting audit, the Board of Directors shall submit a proposal to the general meeting of shareholders for the dismissal of the accounting auditor or not to reappoint the accounting auditor in accordance with the resolution of the Audit Committee on the proposal resolved in consideration of the opinion of the executive agency.

Compliance and Risk Management

Compliance and Risk Management Structure

Compliance and risk management in the Shiseido Group is led by the Risk Management Department established at the Company's global headquarters, which reports into the Office of Chief Legal Officer (CLO) of the Group. Additionally, a Risk Management Officer (RMO) is assigned in each regional headquarters, ensuring compliant and fair business activities and implementation of risk countermeasures across the Group.

To oversee compliance and risk management of the Shiseido Group, a Global Risk Management & Compliance Committee chaired by the Global CEO and composed of Regional CEOs and HQ Executive Officers has been established at the global headquarters.

Significant matters and progress related to compliance and risk management, including major incidents and responses, are reported/proposed to the Board of Directors through the Global CEO or the management team.

Compliance

We have established the Shiseido Code of Conduct and Ethics, which define the actions that must be taken and shared by all Shiseido Group employees.

It stipulates adherence not only to the laws of each country and region and internal rules and regulations of the Shiseido Group, but also to the highest ethical standards in business conduct.

Additionally, we have established a basic policy and rules in line with the Shiseido Code of Conduct and Ethics, by which the whole Shiseido Group is required to comply. Alongside THE SHISEIDO PHILOSOPHY, we strive to promote awareness at each Group company and business site. This enables the formulation of detailed internal regulations at every Group company and business site.

In addition, to increase employees' knowledge and awareness regarding compliance and risk management, the Risk Management Department and RMO have regularly conduct trainings and awareness-raising activities related to the "Compliance Rules Regarding Prevention of Bribery" and the "Compliance Rules Regarding Prevention of Cartels," which are detailed rules within the Shiseido Code of Conduct and Ethics.

Furthermore, by having the CLO coordinate with the legal managers in each region, we are strengthening our compliance system with laws and regulations.

Whistleblowing System

To detect and remedy any type of conduct within the Shiseido Group that violates laws, the Articles of Incorporation, or internal regulations, we have established a hotline for whistle-blowers in every Group company so that we may receive reports of all types of misconduct, including harassment and bribery, as well as any potential misconduct.

Additionally, employees will have access to a hotline where employees can directly report to the officer in charge of risk management. In the Japan region, we have established hotlines staffed by both internal and external personnel and counselors. The hotlines enable anonymous reporting.

Additionally, we have established a method through which corporate executive officers and employees, including those of all Group companies, can directly inform the Audit Committee of issues, and has made this method known throughout the Group companies.

All Shiseido Group companies have developed internal regulations to ensure that the said corporate executive officers and employees are not dismissed, discharged from service, or subject to any other disadvantageous treatment as a result of reporting to hotlines or the Audit Committee or informing them of issues, and have made these regulations known.

Incident Response

Shiseido has established the Shiseido Group Crisis Management Policy, a guide for incident response to enable swift and appropriate actions, effective damage control, and early recovery. In Japan, departments in which an incident occurs take initial actions to understand the situation and prevent damage from spreading while promptly reporting to the Risk Management Department. After determining the incident level from the perspectives of severity of damage, possibility of spread, social impact, and other factors, the Risk Management Department assigns members from necessary functions to organize a task force. The task force examines a range of actions to prevent damage from spreading, respond to those affected, and disclose information, while continuously monitoring the status of the investigation into the cause, the advancement of countermeasures, and details of reoccurrence prevention measures. Outside of Japan, regional CEOs and RMOs take the lead in establishing an incident response system. Significant incidents, such as those which pose a high risk of affecting operations in other regions, are immediately reported to the Risk Management Department at headquarters to enable quick action.

<Shiseido Group Crisis Management Policy>

1. Ensure the safety of employees and their families
2. Preserve company assets
3. Continue operations
4. Earn the trust of stakeholders

Enterprise Risk Management

As part of our Enterprise Risk Management activities, we annually identify and assess group material risks. These material risks are incorporated into the Group's business plan. In addition, in order to mitigate the impact of each material risk, we have also established a system in which countermeasures are implemented with risk owners assigned to each risk, and the status of their progress is monitored and discussed with members of the Global Risk Management & Compliance Committee and Directors on a regular basis.

In fiscal year 2024, the Risk Management Department interviewed and discussed with HQ Executive Officers, Regional CEOs and Directors for their perception of risks. Regional risk assessments and input from relevant functions, as well as insight from external advisors, were also taken into consideration. As a result, the Risk Management Department identified material risks that may impact the key areas of our medium-term strategy, Action Plan 2025-2026 for SHIFT 2025 and Beyond. As shown in the table below, the identified risks were evaluated using three metrics: "Impact on business," "Likelihood," and "Vulnerability." Subsequently, prioritization and countermeasures were confirmed through the above aforementioned committee meetings and additional individual meetings.

<Risk Evaluation Methodology>

Impact on business	- Quantitative impact on business performance (e.g. topline sales) in case of manifestation - Qualitative impact on our corporate/brand image and culture
Likelihood	Likelihood and timing of risk manifestation
Vulnerability	- Preparedness to the risk - Controllability of the manifestation of the risk due to external factors

Total 21 material risks identified through our risk assessment have been organized into three risk categories: "Consumer & Social-Related," "Operation & Fundamental-Related," and "Others."

As a noteworthy point of the risk assessment results, the individual risks identified are more interlinked than in the past and the interdependency of the countermeasures is increasing. In addition to that, we have identified risks that have increased in their risk levels compared to the previous fiscal year: "Changes in Consumer Values," "Pace of Cutting-Edge Innovation," "New Technology and Speed of Digital Acceleration," "Corporate Culture and Acquisition/Securing

Outstanding People," "Business Structure Transformation," "Operating Infrastructure," "Regulatory," and "Information Security." We are strengthening our implementation of countermeasures for these risks.

<Summary of Shiseido Group Material Risks> ★: Risks for which we particularly strengthen our countermeasures

Consumer & Social-Related	Operation & Fundamental-Related	Others
• Changes in Consumer Values★ • Pace of Cutting-Edge Innovation★ • New Technology and Speed of Digital Acceleration★ • Corporate and Brand Reputation • Environment (Climate Change, Biodiversity, etc.) • Diversity, Equity & Inclusion (DE&I) • Natural Disaster, Infectious Disease and Terrorism • Geopolitical Tensions	• Corporate Culture and Acquisition/ Securing Outstanding People★ • Business Structure Transformation★ • Operating Infrastructure★ • Supply Network • Compliance • Privacy • Quality Assurance • Regulatory★ • Quality Assurance • Governance Structure • Information Security★	• Exchange Rate Fluctuations • Business Investment • Material Litigation, etc.

For details, please refer to our Annual Securities Report.

Basic Policy on Internal Control System

Our company's "Basic Policy on Internal Control System" is as follows.
The status of its operation is described in the annual securities report.

1. System under Which Performance of Duties by Directors, Corporate Executive Officers, and Employees of the Company and All Group Companies Is Ensured in Compliance with the Laws and Regulations, and the Articles of Incorporation of the Company; System under Which the Appropriateness of the Whole Group's Business Is Ensured.

The Board of Directors shall define the corporate philosophy and strategy of the Company and the whole Group and oversee their appropriate execution.

The Representative Corporate Executive Officers shall present proposals and provide updates on the business execution and strategic key areas to the Board of Directors on a regular basis. The Audit Committee shall audit the performance of duties by the Corporate Executive Officers and Directors, create audit reports, and present and explain the audit results at General Meetings of Shareholders.

The Company has defined THE SHISEIDO PHILOSOPHY, which is shared across the Group based on three elements: OUR MISSION, which determines the reason we exist; OUR DNA, which embodies our unique heritage of over 150 years; OUR PRINCIPLES (TRUST 8), which is a mindset to be shared by each and every Group employee in their work. THE SHISEIDO PHILOSOPHY, together with the Shiseido Code of Conduct and Ethics, which defines the action standards for business conduct with the highest ethical principles, promotes legitimate and fair corporate activities. (*) The Company shall establish a set of basic policies and rules based on the Shiseido Code of Conduct and Ethics, which every Group company must follow. Every Group company and business site shall be fully aware of these policies and rules, along with THE SHISEIDO PHILOSOPHY. This will help create an environment where detailed internal regulations of the Company can be developed at every Group company and business site.

The Company has set up a Committee to oversee compliance and risk management and coordinate with organizations established to perform the compliance and risk management functions in the respective regional headquarters located in the major regions across the globe. This Committee shall be responsible for improving corporate quality by increasing the Group's legitimate and fair corporate activities and managing risk. Major management risks and incidents shall be reported to the Board of Directors through the Representative Corporate Executive Officers, along with the proposal for response to them and its progress.

The Company deploys a person in charge of promoting legitimate and fair corporate activities of the whole Group and risk management at every Group company and business site, plans and promotes regular training and educational activities on corporate ethics, responds to incidents, and manages risks. The department in charge of risk management and the Committee that oversees compliance and risk management will share information regularly with the persons in charge deployed within every Group company and business site.

To detect and remedy any type of conduct within the Group that violates laws, the Articles of Incorporation, and internal regulations, the Company shall set up a hotline for whistle-blowers in every Group company. Additionally, employees will have access to a hotline where employees can directly report and consult with the officer in charge of risk management. In the Japan region, the Company shall establish hotlines staffed by both internal and external personnel and counselors.

The department in charge of internal audit, which operates independently, shall conduct group-wide internal audit to ensure the appropriateness of business based on the instructions of the Audit Committee and the Representative Corporate Executive Officers, following the regulations related to internal audit. If there is any inconsistency between the instructions of the Audit Committee and those of the Representative Corporate Executive Officers, the instructions of the Audit Committee shall take precedence. The results of internal audit shall be regularly reported to the Audit Committee as well as the Representative Corporate Executive Officers.

*Basic Policy on Exclusion of Anti-Social Forces and Its Implementation Status

The Shiseido Code of Conduct and Ethics states the following: "We do not work with individuals or organizations that engage in illegal activities such as threatening public order or safety. We also do not respond to any requests for money or support from such individuals or organizations." A coordination office is established in the department in charge of risk management to effectively gather information. The Company also maintains manuals on the intranet on how to cope with such forces. The Company is taking measures to strengthen its collection of outside information and cooperation with external organizations by coordinating with local police offices and being a member of an organization that promotes the exclusion of anti-social forces.

2. System under Which Directors and Corporate Executive Officers of the Company and All Group Companies Shall Be Ensured to Efficiently Perform Duties

The Board of Directors shall focus on determining the basic management policy and management strategy and overseeing the implementation thereof. It shall significantly delegate the authority to determine particulars of business execution to the Corporate Executive Officers to increase the flexibility in performing their duties. Additionally, to achieve swift and efficient corporate management, the Representative Corporate Executive Officers shall manage and oversee the performance of duties of the entire Group to achieve targets.

The Corporate Executive Officers and Executive Officers shall set specific targets in the assigned fields, including all Group Companies, and establish a business system that ensures efficient achievement of the targets.

The Group's business plans and important matters shall be deliberated from a multifaceted perspective at the relevant decision-making meetings composed of the Representative Corporate Executive Officers, Corporate Executive Officers, and Executive Officers.

The relevant meeting for decision-making on the execution of business shall confirm the status of progress against the target and implement the necessary measures for improvement.

3. System under Which Information Regarding Performance of Duties by the Company's Corporate Executive Officers Shall Be Maintained and Managed; System under Which Items Regarding Performance of Duties by Directors and Employees of All Group Companies Shall Be Reported to the Company

Important documents such as minutes of General Meetings of Shareholders, the Board of Directors meetings, meetings of respective committees, and relevant meetings for decision-making on business execution shall be appropriately created, filed, and managed in compliance with laws and regulations, and internal regulations of the Company. These important documents shall be filed and managed in a highly searchable manner and should be readily available for inspection by the Directors and Corporate Executive Officers, and Audit Committee and the department in charge of internal audit.

Regulations on information asset protection and information disclosure shall be established to appropriately prepare, file, and manage a variety of documents, books, and records related to the performance of duties of Directors, Corporate Executive Officers, and employees, and other information.

Important information regarding the performance of duties by Directors and employees of all Group companies shall be reported in a timely manner to the Company by all Group companies in accordance with the internal regulations of the Company that stipulate reporting to the Company or through the reporting line to Corporate Executive Officers and Executive Officers.

4. Regulations Regarding Control of Risk for Loss at the Company and All Group Companies and Other Regulation Systems

Organizations are set up in the respective regional headquarters located in the major regions across the globe for the purpose of performing the compliance and risk management functions. These organizations will be responsible for overseeing risks related to corporate activities through Group-wide cross-sectional communication.

The Committee that oversees compliance and risk management recognizes and evaluates risks associated with management strategy and business execution, and takes necessary measures, or assists the regional headquarters located in the major regions across the globe to prepare their own contingency responses to deal with emergency situations.

In the case of emergency, the regional headquarters of the affected area, the Company, or both, pursuant to the situation, the seriousness of the impact on the Group and other factors shall establish Emergency Task Forces to take necessary actions.

5. Matters Related to Employees to Assist Duties of Audit Committee, the Independence of Such Employees from Corporate Executive Officers, and Ensuring the Effectiveness of Instructions from Audit Committees to Such Employees

The Audit Committee shall establish a secretariat in the department in charge of internal audit to support the duties of the Audit Committee, and employees shall be assigned to the secretariat.

To ensure the independence of the said employees and the effectiveness of instructions from the Audit Committee, prior approval of the Audit Committee shall be required for staffing (appointment and dismissal, and evaluation) of the department head in charge of internal audit, who has the authority and responsibility to manage the secretariat, and determination of the particulars of the audit resources (including budget) of said department. In addition, matters to determine members who work for the secretariat of the Audit Committee, including their appointment, transfer, and evaluation, shall require approval of the Audit Committee.

6. System under Which Directors, Audit and Supervisory Board Members, Corporate Executive Officers, and Employees of the Company and All Group Companies Report to Audit Committee and Other Systems under Which Any Report Is Made to Audit Committee; System to Ensure That Persons Are Not Treated Disadvantageously for Making Such Reports to Audit Committee

Directors, Corporate Executive Officers, and employees shall regularly or promptly report to the Audit Committee on the progress of performance of their duties. In addition, they shall promptly report to the Audit Committee on the progress of the performance of their duties and asset situation on request from the Audit Committee.

The Company shall establish means by which Directors, Audit and Supervisory Board Members, Corporate Executive Officers, and employees, including those of all Group companies, can directly inform the Audit Committee of issues and build awareness of these means across the Group.

The Company and all Group companies shall develop internal regulations of the Company to ensure that the said Directors, Audit and Supervisory Board Members, Corporate Executive Officers, and employees are not dismissed, discharged from service, or otherwise disadvantaged because of their reporting to the Audit Committee or informing the committee of issues and shall announce these regulations.

7. Matters Regarding Policy on Handling Advance Payment or Repayment of Expenses Resulting from Audit Committee Members' Performance of Duties or Other Expenses or Debts Arising from the Said Performance of Duties

Expenses deemed necessary for the performance of duties by the Audit Committee and its members shall be budgeted for and recorded in advance. However, expenses paid urgently or temporarily shall be compensated by subsequent refund.

8. Other Systems to Ensure the Effective Performance of Audit by Audit Committee

The Audit Committee shall provide instructions to the department in charge of internal audit. In addition, regular meetings shall be held to exchange opinions between the Representative Corporate Executive Officers and Audit Committee members. The Company shall establish a system to ensure that audits are effectively conducted by the Audit Committee through measures such as holding liaison meetings between the Audit Committee, the department in charge of internal audit, and Independent Auditor and ensuring that Audit Committee members or members of the department in charge of internal audit attend the relevant meetings, on request from the Audit Committee.

(Revised March 26, 2024)

Customer Satisfaction and Product Safety



Shiseido is working to manufacture safe, reliable products and disseminate information with the aim of being consumer-oriented.

Promotion of Safe and Reliable Manufacturing

Shiseido's research and production activities to ensure consumers use our products with peace of mind

Universal Design and Ethical Advertising/Marketing

We are working on developing products that can be used safely and comfortably by all consumers.

Information for Consumers

We ensure that the information and websites we offer reflect consumers' feelings and meet their needs.

Promotion of Safe and Reliable Manufacturing

Providing Safe and Reliable Products

Shiseido conducts research, development and production activities to ensure the safe consumption of our products by consumers. Based on the belief that it is important to understand the skin correctly, Shiseido conducts research on the skin by incorporating cutting-edge technologies in all fields related to cosmetics (life science, dermatology, interface science, ergonomics, psychology, etc.) and through joint research with dermatologists, universities and research institutions in Japan and overseas. Additionally, we create new beauty experiences by integrating digital devices and information science with a holistic approach that takes into account the entire human body.

The products developed from these avenues of research are evaluated for safety, including their ingredients, formulations, and packaging, with the assumption that they will be used in various situations. These products are delivered to the market after comprehensive quality checks and are continuously improved after launch based on customer feedback.

Safety is a top and non-negotiable priority. We fully comply with the regulations of the countries in which we operate and also apply our own strict ingredient-standards, which are set in tandem with our safety standards, based on environmental considerations and ethical standards when selecting ingredients. This is a minimum commitment across the organization: Each brand either already has or is in the process of putting in place its own ingredient policy that reflects these values, and develops products based on that policy.



System for Stable Supply of High-Quality Products

At Shiseido, quality and safety go hand in hand, taking priority over all other matters. We continuously work to maintain and control product quality not only by observing all applicable laws and regulations but also by applying our own rules through a Global Quality Policy to ensure that consumers can use our products with complete confidence. We conduct comprehensive quality control at all stages from ingredient and packaging selection to commercialization, production and distribution in order to ensure the quality and safety of all our products, including medical and food products as well as cosmetics. In doing so, we manufacture products that our consumers can trust and use regularly without any concerns.

At the ingredient selection stage, we collect and check information from all over the world down to their specific components to make sure that we use only safe ingredients.

At the commercialization, production, and distribution stages, we also have systems in place to ensure the stable supply of high-quality products at all times by complying with various standards such as Good Manufacturing Practice (GMP)*1, ISO 22000, and the Hazard Analysis and Critical Control Points (HACCP)*2, as well as our own product standards. For our cosmetic products, for example, we comply with all items (e.g. organizations and systems, buildings

and facilities, manufacturing management, and inspections) stipulated in the Cosmetics GMP set by ISO 22716, an international standard that gives guidelines for the production, control, storage and distribution of cosmetic products, ensuring that consumers are provided with safe and secure products of high quality manufactured under strict quality control.

*1: Good Manufacturing Practice (GMP): Standards for manufacturing and quality control of cosmetics.

*2: Hazard analysis and critical control points (HACCP): A method of food sanitation control developed to ensure the safety of food in the United States.

Response to Product Issues

In order to promote research, development, manufacturing and sales of safe products that achieve consumer satisfaction, Shiseido clarifies where the authority and responsibility lie in terms of quality assurance (including product planning, manufacturing and sales), and product issue prevention. We also have our own manuals for dealing with any product issues so that we can respond in a concerted manner and promptly bring the situations under control while putting consumer safety first. Thus, we are committed to strengthening and comprehensively promoting quality assurance and product issue prevention at Shiseido and our Group companies.

In the unlikely event of a quality and/or product liability issues involving the Company's products, the department that has received such information is expected to immediately report to the Quality Management Department, related business divisions, and Risk Management Department. The Risk Management Department will decide on response methods in accordance with the level of severity. The Quality Management Department will investigate the cause and the business divisions will promote various initiatives, including responses to the market.

Universal Design and Responsible Advertising/Marketing

Universal Design

Universal design takes into consideration the environment of all consumers. This concept is a major theme for Shiseido, which aims to create products that can be used comfortably and with peace of mind by all our customers.

In 2017, Shiseido further developed the "Shiseido Universal Design Guidelines," which were compiled in 2005 based on specialized theories and laws on universal design. We established a basic policy to create attractive designs that prioritize safety, security, and ease of use. In 2017, we renewed the guidelines to make them more specific and easier to understand.

Currently, the departments involved in product development are sharing information on how our products will be used, in what kinds of situations, and by whom in accordance with the aforementioned guidelines in order to achieve specific designs for newly developed products.

A product's design should be intuitive and simple. The amount used and how it is used should be clearly indicated, and the product should be easy to use until it is spent. We believe that the beauty of a product is that it can be used without stress by anyone who holds it in their hands, and that it also makes people feel excited when they use it.

PRIOR



The product's packaging is designed to be easy to use, with a cap that is decorative but does not roll or slip easily. The push-type bottle that makes it easy to dispense the right amount. The cases of some of our products feature wrap-around packaging with easy-to-understand instructions, along with "before and after" pictures. You can learn how to correctly use the product right after you purchase it.



In 2018, PRIOR received the Gold Award at the IAUD International Design Awards, sponsored by the International Association for Universal Design.



MAQuillAGE

The gold surface reflects light and is beautiful to the eye, giving the design a modest feel. At the same time, the fine unevenness delivers a sense of quality to the fingertips and a firm grip for easy use.



SHISEIDO

This is an easy-to-use cleanser that comes out as foam, removing makeup in one go. The packaging has been carefully researched to specifically cater to washing the face. It is designed to be easy to hold even when your hands are wet and to be stable in the bathroom.



SHISEIDO
Complete Cleansing Microfoam

The distinctive cap design, which represents the advanced contents, is also designed to provide stability to the tube, which is prone to collapse.



SHISEIDO Vital Perfection
Wrinkle Lift Deep Retino White 5

ELIXIR

The rounded container represents the characteristics of the product, but the oval shape when viewed from above makes it easy to use and open the lid as it fits perfectly in the palm.



ELIXIR
BALANCING MIZU CREAM

Clé de Peau Beauté

The soft indentations on the head and sides of the pump fit the finger, making the dispenser easy to press, both when held or when stationary. The bottle has an on/off function for the dispenser to make it more convenient to carry around.



Clé de Peau Beauté
MICELLAR CLEANSING WATER

Responsible Marketing and Advertising

Shiseido focuses on diversity and inclusion (DE&I) in marketing and advertising as well.

The Shiseido Code of Conduct and Ethics sets forth the following standards.

- We provide information that consumers need in a timely and appropriate manner. We clearly and accurately present and explain information that consumers need when selecting and using our products and services to prevent misunderstandings.
- We produce creative and appealing advertising and marketing programs that reflect our values of diversity and respect for human rights. We create advertising that is factual, fair, ethical, and does not disparage others.
- We always take consumer accessibility into full consideration when developing products and services.

Excerpts from the standards

Responsible Marketing and Advertising Policy

At Shiseido, we are committed to responsible marketing and advertising practices to build trust with consumers, ensure transparency, and uphold social responsibility. We strive to provide accurate and clear information while protecting vulnerable communities and complying with international standards.

This policy is intended to unify all Shiseido brands under a common framework for responsible marketing. By following these principles, we aim to build consumer trust, protect vulnerable communities, and maintain our standing as a global leader in beauty.

Transparency and product integrity

- All product claims must be backed by scientific evidence and presented clearly to avoid misleading consumers.
- Shiseido avoids exaggerated or misleading claims about the social and environmental impact of our products to ensure transparent and honest messaging.

Protecting vulnerable market segments

- In marketing and advertising, Shiseido does not target children under 18 or vulnerable audiences, taking special care to avoid language that could mislead or pressure young audiences into using our products for psychological or social advantage. We are mindful of protecting underage audiences from sexually suggestive content that is not age appropriate.
- We do not exploit consumers' lack of knowledge, and strive to make all information clear and accessible as possible.
- We ensure that our influencer partnerships are conducted responsibly.
- We do not partner with influencers under the legal working age or below 18 years old, even indirectly.
- We do not conduct advertising or marketing campaigns where a substantial proportion of the audience for those campaigns is under the age of 18.
- The above provisions should not prevent the marketing of dermatological, hygiene, and sunscreen products if conducted in a responsible fashion.

Excerpts from the policy

Responsible Advertising and Labeling

Appropriate Provision of Product Information

The Shiseido Code of Conduct and Ethics is a summary of actions that each and every person at the Shiseido Group should take. Shiseido stipulates that "we do our work with a greater sense of ethics in regard to our product information and labeling or advertising expressions as well as observing respective countries' and regions' laws and regulations and corporate regulations".

Compliance Status of Laws and Regulations Related to Advertising Expressions

Items that should be labeled on cosmetics (statutory labeling) are stipulated under Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices. At the same time, advertising are restricted under Code of Fair Practices in the Advertising of Drug and Related Product (Notification from the Director-General of the Pharmaceutical Affairs Bureau, Ministry of Health, Labour and Welfare, September 29, 2017). Based on these standards, the Japan Cosmetic Industry Association (JCIA) has established Appropriate Advertising Guideline for Cosmetics as self-imposed industry standards that provide relevant examples and explanations.

As for statutory labeling, Shiseido operates by setting up "labeling rules." With regard to advertising, we comply with laws and regulations by following the above-mentioned JCIA's guideline.

Also, the JCIA established the Advertising and General Publicity Committee within the organization and the Cosmetics Advertising Deliberation Council as an institution pertaining to the committee. This council independently carries out deliberations to enhance the reliability of and optimize cosmetics advertising expressions. These deliberations, conducted three times annually, are based on the relevant laws and regulations and addresses television, newspaper and magazine advertising.

Implementation of Study Sessions Related to Advertising and Labeling

Shiseido holds the "Statutory Labeling Seminar" and "Advertising Seminar" twice a year in order to enhance our employee knowledge on labeling related laws and regulations.

Other Initiatives

As for claims about the effects and efficacy of cosmetics in product labeling, advertising, and marketing, we place importance on fair and accurate indications. It is provided in our internal regulations that false and/or misleading (i.e., falsifying or exaggerating) advertising is prohibited as stipulated in laws and regulations around the world, and our claims should be based on proven scientific data and within the range stipulated in laws and regulations. We also set our own standards for the selection of ingredients for our products, including ethical perspectives, and disseminate information about our selection process to ensure that we do not make exaggerated claims about the impact of our products on society and the environment.

For more information, Product development Policy About ingredients/formulas

In order to secure accessibility for people in various situations, we began broadcasting TV commercials with subtitles in 2018. We have expanded the service incrementally, and today subtitles are available in all our TV commercials.

If customers want to contact the Shiseido Group within Japan, not only are phones, e-mails, and chat messages available, but sign language is also available. (A "telephone relay service" in which interpreters connect those who can hear with those who cannot is available.)

In 2023, we have started DE&I training targeting marketers and advertisement creators in Japan in the company to educate them on appropriate expressions and responses in marketing and advertising.

Thus, by communicating our efforts regarding our social and environmental impact without exaggeration, we promote ethical marketing and advertising and avoid misleading our customers.

Nutrition and Health

Access to Better Nutrition / Responsible Marketing and Advertising

The World Health Organization reports an increase in the number of people with diabetes. The UNICEF reports on the overconsumption of sugars and poor nutritional balance in young people and children in "THE STATE OF THE WORLD'S CHILDREN 2019". The report points out that these issues are associated with improper marketing and advertising of processed foods and beverages.

In the "Shiseido Code of Conduct and Ethics," we declare that we will provide safe and excellent products and services, display product information in an easy-to-understand manner, and support beauty and health.

As a food business*, we are responsible for preventing nutritional imbalances, obesity and lifestyle-related diseases. We will continue to develop products that meet consumer needs such as better nutritional balance and health consciousness. We will promote proper marketing and advertising for processed foods and beverages and provide accurate and easy-to-understand information.

*Restaurant and food businesses consist of less than 1% of consolidated sales (2024)

Participation in Food and Beverage Safety, Quality and Health Initiatives Major Initiatives

Japan Confectionery Better Business Association	An association that connects consumers with businesses and governments to solve confectionery-related issues such as the safety, proper labeling, and fair transactions of confectionery products.
Tokyo Confectionery Associations	Association that provides training on manufacturing technology and food hygiene to the pastry industry.
Sustainable Restaurant Association Japan	An association that supports restaurants to achieve sustainability such as responsible procurement, nutritionally balanced menus, and reduction of food loss.
Japan Food Hygiene Association	An association that supports food companies in improving food hygiene and establishing a self-management system. Shiseido Parlor is working on the hygienic production of processed foods by referring to the guidelines and manuals of this association.

Actions to Address Negative Impact on Health

We are working on the development of products that reduce unnecessary additives in order to suppress the negative health impacts of food. The Shiseido Group develops health and beauty foods that do not contain fat or caffeine which the Shiseido Group distributes in Japan.

Main Initiatives

Fat / caffeine	The Shiseido Group distributes health and beauty foods throughout Japan. Among these, its core product collagen drinks* contain no fats, no caffeine, and no added preservatives.
Sugar	Shiseido Parlour Co., Ltd. collaborates with specialists in food safety and health to develop products and utilize them for appropriate marketing. We are developing low-carbohydrate products with Dr. Satoru Yamada of the Eat & Fun Health Association, an organization that promotes deliciousness and low-carbohydrate levels. In 2018, we developed a low-carbohydrate menu under the supervision of this association. Some Shiseido Parlour stores offer sweets and dishes with reduced sugar. The company's restaurant "FARO" offers desserts with a 100% reduction of fine white sugar. For sweets from Shiseido Parlour, we have a lineup of products that are packaged in small quantities to improve storage stability and to consider the amount of sugar that can be ingested at one time.
Artificial ingredients	Artificial ingredients are not used at the Shiseido Parlour restaurant FARO nor in the health and beauty products distributed by the Shiseido Group in Japan. In accordance with Japanese regulations, retort pouch products do not include preservatives.
Improving nutritional balance	Beauty Princess, a beverage by Shiseido Parlour Co., Ltd., is compounded with hyaluronic acid and collagen peptide.
Organic	The Shiseido Parlour restaurant FARO uses organic vegetables grown with reduced amounts of agricultural chemicals and fertilizers. Organic vegetables are used in 80% of the course menu.

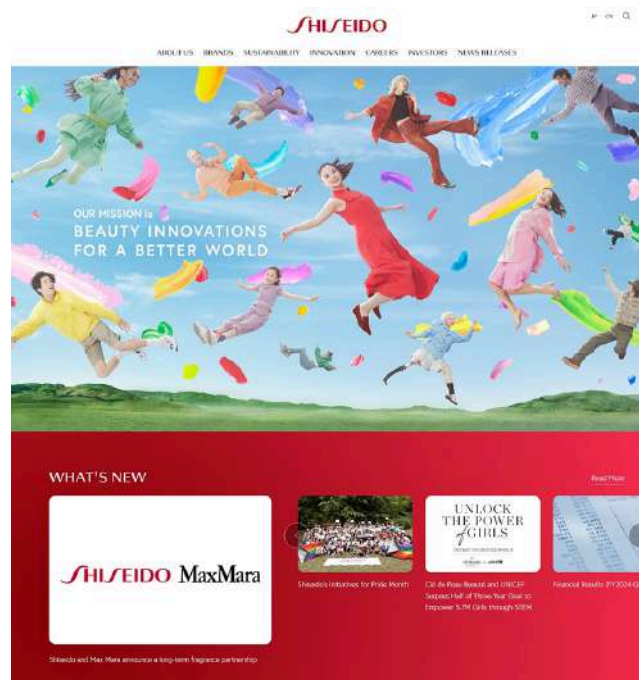
Responsible marketing and promotion of processed foods and beverages

The Shiseido Parlour actively displays information on food allergies (21 types of ingredients) beyond Japanese laws and regulations. We have in-house guidelines based on food legislation to ensure compliance with proper labeling legislation on food labels. In-house training is provided to those in charge of food labeling. We also conduct factory audits of outsourced manufacturers, including items related to quality and labeling.

Information for Consumers

Shiseido Website

Shiseido provides extensive product, beauty, and company information on Shiseido Company Website and Shiseido - Cosmetics and Beauty Information (Japanese only), reflecting efforts to create appealing content and administer the site in response to consumers' desires and needs.



Shiseido Company Website

Efforts to support those with visual disorders

Providing Audio Information for the Visually Challenged

"Listeners' Café" provides a speech-based introduction to the basic use of cosmetics and other information to visually challenged individuals in an easy-to-understand manner. It also publishes an audio content "Osharena Hitotoki (Stylish Moments)" four times a year in each season. Both "Listeners' Café" and "Osharena Hitotoki" are provided only in Japanese.



"Guide Make" seminar for persons with visual impairments

Since 1984, Shiseido has been providing various services, such as the creation of Braille stickers and the operation of the "Shiseido Listeners Cafe" site, which introduces seasonal beauty information in voice and text, as an initiative for the visually impaired.

From 2019, "Guide Make" offers makeup methods that can be practiced by persons with visual impairments as a menu for grooming courses at the Shiseido Life Quality Beauty Seminar.

The beauty therapists at Shiseido provide easy-to-follow verbal guidance using inobtrusive, natural finger techniques for everything from skincare to point makeup such as lipstick.

In the seminar, rather than learning techniques exactly, we prioritize the enjoyment of every participant who can smile while grasping makeup tips and gaining confidence.



[Click here for details on . \(Japanese language\)](#)

What Skincare and Makeup Can Do for Healthier Days of Various Generations

Taking advantage of its strength, Shiseido will continuously contribute to society and people's health to realize a sustainable society.

For All Generations	Makeup		Shiseido Life Quality Makeup ● Activities powered by makeup to improve the quality of life(QOL) of people who have serious skin concerns such as appearance changes caused by side effects of cancer treatment, birthmarks and scars. ● Shiseido Life Quality Beauty Center A unique facility specialized in Shiseido's cover makeup.
For Working Adults For Elderly People	Skincare Makeup		Shiseido Life Quality Beauty Seminar ● Beauty Seminars Grooming and makeup lessons for new graduates, company executives and other working adults. Favorable appearance upgrades your first impression and trustworthiness. ● Shiseido Cosmetic Therapy Elderly people can improve their daily movements and activities by doing skincare and makeup for themselves.

For Babies and Toddlers	Skincare	● Skincare for babies to prevent allergies.(Japanese Only)
For Children	Skincare	● Face cleansing, UV protection methods and other day-to-day beauty information provided to protect children's healthy skin.
For Expectant Mothers and Mothers	Skincare	● Skincare to energize the sensitive skin and minds of expectant mothers and mothers.(Japanese Only)

Social Contribution Activities

Shiseido will contribute to society through activities related to our core areas of sustainability and solutions, leveraging our corporate strengths to address local issues. We aim to achieve sustainable development together with society and the earth.

Guidelines for Social Contribution Activities

In accordance with the "Shiseido Code of Conduct and Ethics," Shiseido will contribute to the realization of a sustainable world through our efforts to resolve social and environmental issues to which we can leverage our business, as well as through engaging in activities that respond to the challenges of each local community, to gain support from various stakeholders around the world for years to come.

"Shiseido Code of Conduct and Ethics"*Excerpts

With Society and the Earth

Contribution to society

Shiseido engages in a broad dialogue with society and strives to cooperate in solving social challenges.

1. We strive to meet the expectations of global society through various activities, such as using the power of beauty to lift people's spirits and improve their quality of life, promoting gender equality in the workplace and in society, promoting the arts and culture, and implementing environmental initiatives.
2. We aim to deepen our interaction with communities where our affiliates are located and contribute to their development, thereby fulfilling our responsibility as a good corporate citizen.

Core Areas of Social Contribution Activities

In line with the Shiseido Code of Conduct and Ethics and corporate materiality, Shiseido has defined core areas of social contribution activities in "society" and the "environment." In particular, in the area of "society," Shiseido is promoting initiatives that address "gender equality" and "Empowering People Through the Power of Beauty" with the participation of employees, utilizing our mission as a beauty company and our experience and knowledge accumulated through internal initiatives. In addition, as part of our efforts to support local communities and disaster relief, we will fulfill our responsibilities as a corporate citizen by working with employees to respond to issues faced locally, particularly in areas where our business sites are located.

System and Governance of Social Contribution Activities

The Chief D&I Officer is responsible for social contribution activities. Key operations related to social contribution activities are promoted and the results are compiled by the departments in charge at the Global Headquarters (Sustainability Strategy Acceleration Department, D&I Strategy Acceleration Department, and People Division) in collaboration with the relevant departments, brands, and Regional Headquarters. In addition, sustainability promotion officers at the Overseas Regional Headquarters lead a team and work with the Global Headquarters to promote and manage social contribution activities in each country and region.

For details on our system for promoting sustainability, including social contributions, please refer to "A System for Promoting Sustainability."

Social Data for Social Contribution Activities

Please refer to Social Data.

Please refer to the respective links about Community, Disaster and Various Support.

Employee's Social Contribution Activities

Shiseido aims to realize a sustainable world where everyone can experience happiness through the power of beauty. We believe it is important for each employee to think about social and environmental issues and consider ways in which we can address them. Based on our sustainability strategies, we encourage employees to participate in voluntary social contribution activities across the fields of society and the environment. For example, in Japan, EMEA, Americas, Asia Pacific and Travel Retail, schemes have been established to allow employees to take part in social contribution activities during working hours.

Employees Around the World Make Social Contributions on “Shiseido Camellia Day”

Every year since 2017, Shiseido has hosted "Shiseido Camellia Day" in EMEA — a day dedicated to employees making social contributions. We expanded this initiative to all regions in 2021, and held "Shiseido Camellia Day" again in 2023. This day is aimed at bringing employees who volunteer during working hours together to share their civic engagement, passions, and skills for the benefit of the associations in their regions.

In 2023, we resumed in-person activities, and employees around the world participated in various activities tailored to the needs of their local communities.

In Shiseido EMEA, more than 960 employees from countries such as Belgium, Germany, France, Italy, Spain, Switzerland, and the United Kingdom participated in programs to promote environmental conservation, Diversity, Equity, and Inclusion, and cultural and heritage education. They used their skills and their knowledge to contribute to their local communities. In Italy, we provided mental support with makeup for women receiving cancer treatment, in collaboration with "La Forza e il Sorriso," a cancer patient support organization that has built a cooperative relationship with us over many years. Our initiatives in other regions include activities for conserving green zones in urban areas and support for "Association La SAUGE," which drives agricultural activities while protecting ecosystems.

In Shiseido Americas, more than 1,200 employees from across the region volunteered to participate in social contribution activities in the United States, Canada, and Brazil, respectively, under the theme of "Power of Community." Through "THE BEAUTY OF HELPING OTHERS" program, in which employees take part in social contribution activities throughout the year, Shiseido Americas partnered with 16 different non-profit organizations to host more than 22 events across the United States and Canada. Volunteers cleaned beaches and collected plastic waste in California, Florida, and Canada, and engaged in a number of activities to protect the global environment in New York, New Jersey, Ohio, Texas, and Brazil, thus giving back to their communities.



Makeup support being provided in Italy



Beach cleaning activities in Florida

In Asia Pacific and Travel Retail, more than 700 employees from countries and regions such as Singapore, Taiwan, Thailand and Vietnam participated in social contribution activities for a week.

In Singapore, more than 150 employees participated in various volunteer activities supporting six local charity partners. The activities ranged from mentoring underserved youths to supporting marginalized women. Employees also distributed food packs, which also contained daily commodities and other essential supplies, to households needing support. In Taiwan, employees collaborated with Taipei Women's Rescue Foundation to create a Camellia Gift Box for Christmas. The gift box was created with the aim of providing comprehensive aid supplies with an extensive lineup of donation items, including not only Shiseido products but also daily necessities, stationery, and sweets. With a handwritten Christmas message attached, the gift box was used to support more than 600 individuals in need. In addition to the above, we engaged in activities in each region. They included providing makeup services and grooming tips for working mothers, sponsorship of scholarships for of students, and beach cleanup activities.



Food packs being prepared in Singapore

Shiseido Camellia Fund

The "Shiseido Camellia Fund" is backed by charitable contributions from current and retired Shiseido Group employees. It supports NPOs working to solve social issues. The "Shiseido Camellia Fund" began in Japan in 2005 and expanded to EMEA, Americas, Asia Pacific and Travel Retail in 2020. It supports initiatives tailored to the needs of each region across the fields of society and the environment. This includes initiatives in the areas of women's empowerment, children's education, environmental conservation, and disaster relief.

For details on donation, please refer to Social Data.

Organizations and Activities Supported by the "Shiseido Camellia Fund" in Japan in FY2024

Areas	Supported organizations		Support activities of the Camellia Fund
Environment	WWF Japan		To foster producers of Indonesia's sustainable certified palm oil to protect the global environment
Society	All Japan Women's Shelter Network		To support the schooling of children who have escaped domestic violence with their mother
	JOICFP		To support in developing health facilities and provide childbirth kits to help mothers in Zambia give birth safely
	Save the Children Japan		To secure food through agricultural guidance and health/nutrition care services for mothers and children facing serious malnutrition in Western Uganda
	Shiseido Child Foundation		To help receive higher education for children raised in children's homes or foster parents who have to start living independently at the age of 18
	Japanese National Network of XP Family Associations		To raise awareness on XP, and to purchase UV protection products and medical care products for children with the intractable disease XP

	Japan Cancer Society		To support cancer patients and their families through free cancer consultations, charity activities and support for cancer survivors
Culture	Arts Initiative Tokyo		Create artistic experiences to nourish the heart and nurture self-esteem through the power of art for children and young people who, due to disabilities or other factors in their upbringing, have limited opportunities to experience art or express themselves freely

Support for Ukraine

At Shiseido, we express our commitment to building a peaceful and healthy society and support international students from Ukraine as future leaders of the country under our corporate mission of "BEAUTY INNOVATIONS FOR A BETTER WORLD." In March 2022, we donated 1 million euros (approximately 130 million yen) through the United Nations High Commissioner for Refugees (UNHCR) to be used for the immediate aid of the evacuees, and also provided skin care products and daily necessities. We also implemented a donation-matching scheme and organized a system to accept voluntary employee donations wherever Shiseido operates (approximately 60 million yen). Our Osaka Ibaraki factory in Japan hired two Ukrainian evacuees to provide them with a safe working environment. We hosted the Shiseido Charity Concert "MUSIC for PEACE" at Suntory Hall*1, the proceeds (approximately 30 million yen) from which were donated to Pathways Japan*2. Additionally, we offered funding to help cover the living expenses of five Ukrainian international students studying at ICU (International Christian University), so that they can concentrate on their studies. In 2023, we provided five students from Ukraine with the tuition fees needed until their graduation. We also engaged in various activities to help approx. 100 Ukrainian students live and develop their careers in Japan, such as participating in events for recruiting evacuees to share knowledge with other companies and offering the students advice on job hunting and career development. In the future, the Shiseido Group and its employees will continue to work with humanitarian organizations around the world to provide long-term support for Ukrainian evacuees.

*1 : Co-sponsored by Suntory Holdings Limited, Seiko Holdings Corporation, Daiwa Securities Group Inc., and Tokio Marine & Nichido Fire Insurance Co., Ltd., with the collaboration of Dentsu Inc.

*2 : An organization that aims to pave the way for refugees through education, and accepts refugees into Japan.

Activities for Children

Shiseido conducts activities for children to enable them to acquire correct knowledge through diverse experiences.

Along with more younger people using cosmetics, the number of children with skin problems such as rough skin is increasing due to self-taught use of the cosmetic products. To address this issue and protect their healthy skin, Shiseido disseminates easy-to-understand beauty information such as UV protection and face washing methods.



Shiseido Kodomo Seminar

For elementary school students

●Shiseido Kodomo Seminar

Shiseido Kodomo Seminar disseminates to pre-adolescent elementary school students information on "skin" and "hygiene" as well as proper skincare methods through hands-on practice.

The purpose here is to enable students to deal with their skin issues on their own with confidence and not worry about pimples and rough skin by giving them information on "skin protection" and "skin hygiene" along with how to care for their skin.

The initiative launched in 2009 has reached approximately 11,900 children in total.



【Two seminars】

Website

Beauty information that enriches children's lives is available on our website, "Kirei Club for Kids. " (Japanese language only)



School Health Committee

We present a lecture entitled "For your healthy days – UV protection and correct facial cleansing" at School Health Committee meetings attended by parents and teachers.

The School Health Committee is organized mainly by nursing teachers at each local school. School doctors such as physicians, otolaryngologists, ophthalmologists, dentists or pharmacists give presentations on students' health and growth status with the aim of providing information to be shared by teachers and parents.

Recognizing the seminar as a supporting tool to promote health education at elementary schools, we present lectures and demonstrations for adults who work closely with children on UV protection and the importance of facial cleansing, which are key contents of our Kodomo Seminar.



Teaching materials to support health classes

Shiseido provides video teaching materials (DVD) and distributable leaflets for free.

To apply for the "Shiseido_Kodomo Seminar" and the "Free Teaching Materials," please use the dedicated application form on our website, "Kirei Club for Kids." (Japanese language only)

Please contact us via email.

Disaster Relief Activities

Companies exist with society and live within society. It is our desire for the company to play its part as a member of society when society is in difficult times. Reconstruction of the areas that have suffered unprecedented damage will be a long road. We are committed to supporting the people affected by the disaster to become self-reliant by making the most of our resources including people, goods, information, technology, and culture.

Disaster Relief Funds

Donations from current and retired Shiseido Group employees are donated to disaster-affected areas as disaster relief funds for natural disasters that have occurred around the world. The combined goodwill of each of our employees and corporate alumni is a great source of strength.

For details on donation, please refer to Social Data.

Efforts in Response to the Great East Japan Earthquake

Supporting Post-Disaster Recovery through Camellia

Shiseido has always had a strong connection with the camellia flower. It is also the city flower of Ofunato and Rikuzentakata City in the Kesen area of Iwate Prefecture. Since the 2011 disaster, Shiseido has been taking actions to support the recovery of the town with the people of the city through continuous discussions. In the process, we learned that until a few decades ago, households in the Kesen area pressed oil from camellia nuts and used it for food and hair care and that the city wanted to make camellia a new industry for the city. We also learned that in Ofunato, the camellia was a staple of tourism even before the earthquake. Through this connection we made through the camellia flower, Shiseido has been conducting camellia tree-planting activities in Ofunato City every year since 2012 so that the camellia cherished by the town can become a new industry and be used as a tourism resource. 10 years after the 2011 disaster, a total of 889 camellia seedlings and mature trees, including those provided by Shiseido and the town of Shin-Kamigoto in Nagasaki Prefecture, were planted together with the people of Ofunato City.



Hosting In-house Events to Support Post-Disaster Recovery

From 2011 to 2020, Shiseido hosted an in-house market to sell local products from the Sanriku area as part of our efforts to support post-disaster recovery of the Sanriku area, a region Shiseido had been supporting after the Great East Japan Earthquake.

<Objectives of the market>

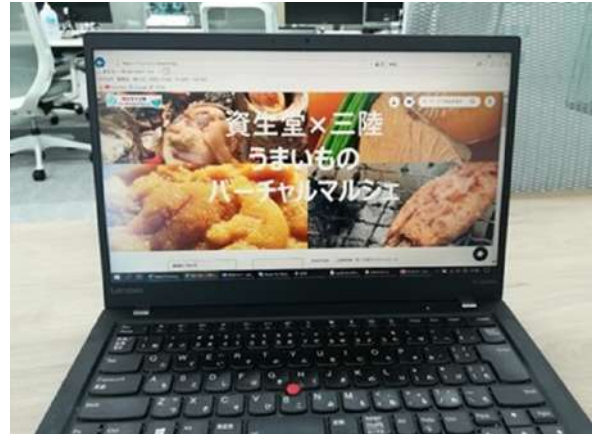
For Region	● Improvement of the recognition of the Kesen area ● Development of new sales channels

For Employees

- Opportunity to PR the activity to gain sympathy
- Opportunity for employees to take part in supporting post-disaster recovery efforts



In 2020, due to the impact of COVID-19, in-house market to sell local products from the Sanriku area that had been held at Shiseido's Shiodome headquarters in previous years was switched to an online "Virtual Market" so that employees from all over Japan could also participate, even those outside the headquarters. A wide variety of local products from disaster-affected areas were made available online, and many employees participated in the event. As a new form of support, members of the fishery industry joined the "Virtual Market", which brought smiles to the faces of all employees and their families.



Key Initiatives to Date

1. Activities with Hopes of Industrialization

●A Camellia Tree Planting Event Held to Contribute to the City Development Project

Shiseido launched the planting activity in 2012. In 2017, its sixth anniversary year, the participants planted nursery trees, which they plant every year, as well as mature trees, a new symbol of the city, to support the revitalized city of Ofunato. 15 employees from Shiseido planted trees with people from Taiyo-kai, the Ofunato City Office, and the JAPAN CAMELLIA SOCIETY.

(1) Nursery Camellia Tree Planting Event

On Thursday, May 25, 2017, Shiseido and Taiyo-kai, a social welfare corporation, co-hosted a camellia tree planting event on the premises of Taiyo-kai Fukushi-no-sato Center in Ofunato City. The participants planted 32 trees. To support this activity, Shiseido donated part of the sales of the Shiseido Relaxing Night Mist and of Ofunato's signature products that SHISEIDO AMENITY GOODS CO., LTD. offered in its mail order catalogues.



Planting ceremony (Ofunato City Mayor
Kimiaki Toda, second from right)



A city office worker and a Shiseido employee
planting a nursery tree



Participants of the planting event

(2) Commemorative Mature Camellia Tree Planting Event

On Friday, May 26, 2017, Shiseido planted nine mature trees as a new symbol of the city in the KYASSEN Mall & Patio, a commercial facility. Shiseido and KYASSEN CO., LTD., a city development company, co-hosted the ceremony.



Memorial plate unveiling ceremony



Employees wrapping a tree trunk in cloth



During the ceremony

●A Camellia Tree Planting Event with Wishes for Reconstruction Held on June 11, 2016

On Saturday, June 11, 2016, Shiseido and Taiyo-kai, a social welfare corporation, co-hosted a camellia tree planting event at Iwate Prefectural Fukushima-sato Center. 20 employees from Shiseido participated in the event and planted trees together with people from Taiyo-kai, the Ofunato City Office, and the JAPAN CAMELLIA SOCIETY.

(1) Mature camellia tree planting

In order to harvest camellia seeds, from which oil is extracted, at an early stage, we planted 20 mature trees. This year, as well as last year, the JAPAN CAMELLIA SOCIETY donated 30-year-old trees.

(2) Nursery camellia tree planting

In the hope that the trees will grow well and vigorously, commemorative trees were planted by Ofunato City Mayor Kimiaki Toda, Shiseido Executive Vice President and Representative Director Tsunehiko Iwai, Taiyo-kai Director Noriya Kikawada, and Mr. Kiyohiko Nakamura of the JAPAN CAMELLIA SOCIETY. To support this activity, Shiseido donated part of the sales of the Shiseido Relaxing Night Mist and of Ofunato's signature products that SHISEIDO AMENITY GOODS CO., LTD. offered in its mail order catalogues.



The tree planting ceremony with Ofunato City Mayor, Kimiaki Toda (right) and Shiseido Executive Vice President and Representative Director, Tsunehiko Iwai (left)



Planting nursery trees on a steep slope



Shiseido staff who participated in the tree planting event

●Hosting a Camellia Tree-planting with Hopes of Industrialization Event on June 12, 2015

On Friday, June 12, 2015, Shiseido and Taiyo-kai, a social welfare corporation, co-hosted a camellia tree planting event at Iwate Prefectural Fukushima-sato Center.

16 employees from Shiseido participated in the event and planted trees together with people from Taiyo-kai, the Ofunato City Office, and the general incorporated association RCF.

(1) Mature camellia tree planting

In order to harvest camellia seeds, from which oil is extracted, at an early stage, we planted 30 mature trees. The planted mature trees were donated from the JAPAN CAMELLIA SOCIETY, which has supported this activity.

(2) Nursery camellia tree planting

We planted 40 nursery trees. A part of the sales of the "Shiseido Relaxing Night Mist" and of Ofunato's signature products that SHISEIDO AMENITY GOODS CO., LTD. offered in its mail order catalogues is donated to this nursery tree planting event.



Installing poles for protecting nursery trees from deer



Planting mature camellia trees



Shiseido staff who participated in the tree planting event

2. Initiatives for Raising Awareness of Camellia in Kesen Area

●Releasing “Before bedtime” Fragrance with the Motif of “Sanmen Tsubaki” of Ofunato City Released on October 1, 2014

Fragrance soothes our feelings and gives us a sense of relaxation. With the hopes of delivering pleasant sleep with good fragrance to affected people, we worked on developing a product by utilizing Shiseido's aromachology research. As a result, we have developed a new fragrance for users of all ages regardless of gender to experience a sense of relaxation before bedtime, by combining with the fragrance ingredient of flowers of "Sanmen Tsubaki", which is 1,400 years old and is the oldest camellia tree in Japan located at "Nakamori Kumano Shrine" in Massaki-cho, Ofunato City. We collaborated with local people to create a new fragrance "Shiseido Relaxing Night Mist".

It was released on October 1 (Wed), 2014, with limited volume via the Shiseido website, and was available at 4 department stores, Isetan Mitsukoshi Ltd. from March 9 (Wed), 2016.

Part of the sales utilized in the development of "Ofunato, home of camellia".



Shiseido Relaxing Night Mist

●Using Camellia in Reconstruction Efforts Initiatives Shiseido Parlour Launching “Kesen Tsubaki Dressing” November 10, 2014

On November 10, Shiseido Parlour, participating in Shiseido's reconstruction efforts initiatives centered around the use of camellia, launched a series of dressings in the market with a limited number of products. These dressings contain "Kesen Tsubaki" camellia oil made from camellia seeds from Kesen area, a town that was affected by the Great East Japan Earthquake and Tsunami.

Kesen Tsubaki camellia oil is made by roasting camellia seeds and carefully wringing the oil out with manual oil wringers. Roasting the seeds brings out



a distinctive, rich aroma and gives the oil a beautiful golden color.

Kesen Tsubaki Dressing

This series comes in two varieties: Onion and French mustard. Head chef at Ginza Shiseido Parlour has made the best of this aroma, using a signature recipe in the making of the dressings.

●“TSUBAKI NO YUME FESTIVAL (Dream of Camellia Festival)” October 4, 2014

Shiseido held "TSUBAKI NO YUME FESTIVAL (Dream of Camellia Festival)" at Rias Hall in Ofunato City, Iwate on October 4, 2014, as part of Shiseido's "Using Camellia in reconstruction efforts" initiatives.

The purpose of this event was to let the local young people experience and know the potential of camellia as an industrial and tourism resource.

The theme of the performances for the event was "Experience camellia with all five senses," including a "Fragrance Seminar" to feel the effects of fragrance and "Shiseido Relaxing Night Mist," a "Mini Gallery" exhibiting Shiseido products and posters designed with camellia motifs, and a "Tasting camellia oil" activity where people could try foods and sweets that contain camellia oil.

In "Tasting camellia oil," Ofunato Higashi High School students presented their hand-made sweets that contained camellia oil.



Fragrance Seminar



Serving Spiedini with "Kesen Tsubaki Dressing"



Ofunato Higashi High School with their food and sweets that contain camellia oil



Ofunato Higashi High School with their food and sweets that contain camellia oil

Shiseido also held "Hair & Skincare Seminars" for both male and female high school students to show the students how to style their hair and provide some tips on how to maintain healthy skin. It was a way of drawing the local youth to this festival, since it is them who will have to shoulder the responsibility for the reconstruction of the region.

The event closed with the "Hair & Makeup Show" by Shiseido's hair & makeup artists, and featured models selected from among the local youth.

Thanks to the popular fashion brands, CECIL McBEE and SLY from Shibuya 109, all participants were able to express their "Ideal ME."



"Hair & Skincare Seminars" for high school students



"Hair & Skincare Seminars" for high school students



"Hair & Makeup Show"

●Hosting "TSUBAKI NO MEGUMI FESTIVAL (Blessings of Camellia Festival)" Hosted on November 23, 2013

We focused on the "food culture" of camellia to support its industrialization by promoting the recognition of edible camellia oil, which was commercialized after the quake. We planned the "TSUBAKI NO MEGUMI FESTIVAL (Blessings of Camellia Festival)" with the hopes of creating an opportunity to explore the potential of camellia with local residents through food experience.

In this event, local restaurants and Japanese/Western sweets stores prepared new dishes and sweets using camellia oil, and we held a menu contest. The head chef of Ginza Shiseido Parlour participated from Shiseido and served the signature menu, "Meat Croquette", which was fried in camellia oil.

Local women made "Kenchin-jiru (miso soup with root vegetables)", which has always been made with camellia oil in the area, and served it at the venue. They simultaneously handed down the culture to children, who did not know camellia oil.



Menu contest



Camellia oil pressing experience



Food experience venue



Food experience venue reception



Local performing art (deer dance) by Ofunato Nursery School students

In addition, we also held an event to experience harvesting camellia fruits, which will be important in industrialization, in another venue (Goishi District, a tourist spot for camellia in Ofunato), and picked 54 kg fruits with the local residents. The harvested fruits were donated to Seishokan of Taiyo-kai, a social welfare corporation, and an oil factory in Rikuzentakata, that faces an issue of fruit harvesting in preparation for the industrialization.



Fruit harvesting experience



Harvested camellia fruits

In addition, we also held a makeup seminar at the request of local residents.

We were able to experience "camellia", which is much more than just flowers, together with them on this day.



Beauty seminar



Staff who participated in the "TSUBAKI NO MEGUMI FESTIVAL (Blessings of Camellia Festival)"

3. Activities to Grow Camellia with the Next Generation

●Ofunato City Hikoroichi Junior High School's Activities

Ofunato City Hikoroichi Junior High School in Iwate Prefecture is implementing a school-wide program named the "Camellia Learning Program" for further understanding of camellias, the city flower. At the junior high school's request, Shiseido is supporting the students, who will play a central role in the future city development, in experiencing the "potential of camellias".

●Cooking Class with the Shiseido Parlour Held on August 28, 2017

On Monday, August 28, the students made special omelet with rice under the guidance of the chefs of Shiseido Parlour and compared the taste of croquettes fried with camellia oil produced in Ofunato City.

First, the grand chef of Shiseido Parlour demonstrated how to make omelet with rice. He told the students the secret to wrapping chicken fried rice gently in a thin sheet of egg omelet. The students were fascinated by the process of cooking the delicious-looking dish.

The students were nervous and looked awkward at the start of cooking, but they gradually began to smile. Everyone managed with the difficult task - wrapping chicken fried rice in a thin sheet of egg omelet - to make tasty omelet with rice.

Eating the home-made omelet with rice made them smile because making it themselves gave them confidence, and they were happy with its mild taste. In addition, they compared the taste of croquettes fried with camellia oil or cooking oil. They enjoyed the flavor and aroma of the croquettes fried with camellia oil produced in their hometown.



Students watching the skillful techniques of the grand chef



Students cooking



Students enjoying the omelet with rice they made

●Activities in Ofunato Municipal Akasaki Junior High School

Our encounter with Ofunato Municipal Akasaki Junior High School in Iwate Prefecture was on September 11, 2012. Shiseido employees and all of Akasaki Junior High School students planted the same number of camellia seedlings as the number of 9th grade students in front of the temporary building of the school, which was affected by the tsunami.

Plates of haiku, written on the themes of "home of camellia: Ofunato" and "reconstruction of our home", were attached to the camellia seedlings. Since then, we have been continuing to promote the activities to grow the camellias, which we planted with the students of Akasaki Junior High School.

Students are passing down the responsibility to grow the camellias with care while communicating the possibility that these trees may become a seed for a new industry for Ofunato someday.

●Haiku Works

The students in the 9th grade have been composing haiku (Japanese poems in 5-7-5 syllabic form) with the themes of "home of camellia: Ofunato" and "reconstruction of our home" annually since 2012.

We have organized their haiku works into a "haiku booklet" as records of steps to reconstruction, and presented to them.

●Activities to Grow Camellia (Video conferences/Tsubaki Journal)

Holding Video conferences

We began holding Video conferences with maintenance and safety representative students in June, 2013. In these "Tsubaki Meetings", students discuss what they have noticed and wondered about in the course of providing care for the camellia trees, and we share information.

We considered what was necessary to nurture camellia trees and prepared a nurturing program while seeking advice from specialists.

Akasaki Junior High School "Tsubaki Journal"

Akasaki Junior High School has decided that "maintenance and safety representative" students would be in charge of nurturing the camellia trees, starting in FY2013.

Mr. Takashi Takahashi, teacher in charge, started sending us reports on the camellia trees.

We have decided to keep them as records under the name of "Tsubaki Journal".

●Oil Pressing Event Held on November 17, 2015

"Grow camellia" ⇒ "harvest its fruits" ⇒ "extract oil"

We held an event to extract oil from camellia fruit to support Ofunato City's goal of industrializing camellia through an event to experience this important process with local students and by deepening their interest in camellia.

About 30 students participated on the day, watched how oil was extracted by a traditional oil press machine in Ofunato and experienced extraction by home oil press machines. Afterwards, they tasted "Kesen Tsubaki (camellia) Dressing" from Shiseido Parlour to experience an example of how the camellia oil is used.

The participating junior high school students told us with excitement, "It was my first time to actually touch camellia fruit and extract camellia oil. It was very interesting", "when you actually experience it, you realize that you need quite a lot of power to extract even the smallest amount of oil", and "I learned for the first time that camellia oil is used for many things".



Oil pressing experience with a home oil press machine



Tasting "Kesen Tsubaki (camellia) Dressing"



A photo taken with the participating students

Shiseido's initiatives in the fight against COVID-19



The spread of COVID-19 is an urgent issue that all humans should work together to tackle.

In addition to individual efforts to prevent infection in our daily lives and supporting medical professionals, we ask: what can we do to help the world in this difficult predicament?

Our Group companies are focusing on local communities, considering measures by making use of our knowledge, technologies, and facilities as we continuously conduct various initiatives.

Initiatives in each country and region

2021

Japan

■ "Shiseido Hand in Hand Project" Launched



Shiseido strives to support medical professionals by providing information useful to the public about hand hygiene and hand care and by conducting initiatives for infection control in cooperation with our business partners and customers.

We affirm that all profits obtained from the hand soaps, sanitizers, and hand creams we sell throughout the course of the project will be donated to medical professionals working on the front lines.

This project was completed on June 30, 2021.

On July 26, 2021, a total of 503,771,457 yen was donated to the Japanese Nursing Association.

Asia Pacific

■ SHISEIDO *Ultimune* Donated

Shiseido Asia Pacific, Shiseido Travel Retail, and Shiseido Singapore which have agreed to the basic concept of "SG Cares Giving Week," donated SHISEIDO *Ultimune* products to more than 4,500 medical professionals in 13 regional medical facilities.

■ A Portion of Sales Donated



Shiseido donated a portion of its sales to CARE Philippines.

EMEA

■ Developed Sensory Rehabilitation Initiative



Shiseido EMEA has developed a new olfactory rehabilitation initiative to recover from temporary anosmia (loss of smell). The module was created to support fellow employees affected by the pandemic and regain this essential sense.

2020

Japan

■ Producing Hand Sanitizer (Designated Quasi Drug) at Four Factories in Japan



Shiseido has uniquely developed a new hand sanitizer (designated quasi drug) with special attention to sensitive and raw hands, and started production at four factories in Japan from April 2020. The company distributes a total monthly quantity of 200,000 bottles (approximately 100,000 liters) mainly to medical institutes and facilities in Japan.

*Shiseido have disclosed information on the formula for this hand sanitizer, approved by the Ministry of Health, Labour and Welfare in Japan, for other companies to use in their production as well.

■ Donating Hand Sanitizer to Japan Medical Association



Shiseido has donated 200,000 bottles of hand sanitizer (designated quasi drug) produced in Japan to the Japan Medical Association. These will be delivered to medical institutions through the association.

■ Providing Skincare Cosmetics to Medical Professionals



Shiseido has provided its skincare cosmetics free of charge to medical professionals through the Japan Medical Association to express its sincere respect and appreciation, in the hope that these products help alleviate stress.

■ Brand SHISEIDO Responds to United Nations' Global Call for Creative Solutions



Global prestige brand SHISEIDO creates and distributes digital content to connect people and share kindness without physical contact as a preventive measure against the spread of COVID-19.

■ Releasing "Now is the Time to Cherish Little Things in Everyday Life"



Shiseido provides information about beauty, health, and everyday life on its website with the aim to help people care for their own bodies and lead beautiful lives today and tomorrow.

Asia Pacific

■ The "Relay of Love" Project



Shiseido has supported those struggling during the COVID-19 pandemic, as well as medical professionals, and will conduct charity events in seven cities in China to uplift customers with the power of cosmetics.

■ Donating Masks and Shiseido Products in Indonesia



Shiseido has donated 90,000 masks to NPOs and 3,000 sets of "SENKA Perfect Aqua Rich Mask" to medical institutions in Indonesia.

■ 100 Million Won Donation in Korea

Shiseido has donated 100 million won to relief funds for infected patients in South Korea.



■ Donating Skincare Products to Medical Institutions in Singapore



Shiseido has donated 200 sets of skincare products to medical institutions in Singapore.

■ Donating Skincare Products to Medical Institutions in Taiwan



Shiseido has donated cleaning, skin-care and haircare products to help the front-line medical workers of Taiwan University Hospital.

■ Donating Face Shields in Thailand



Shiseido has donated 3,000 sets of face shields to medical institutions in Thailand.

Americas

■ Producing Sanitizers at US Factory



At its East Windsor, New Jersey factory, Shiseido Americas produced and donated 120,000+ units of hand sanitizer to more than 75 hospitals and non-profit organizations, helping address a shortage of sanitizer at these facilities.

■ Drunk Elephant Donates Care Packages to Hospitals



Drunk Elephant donated care packages with skincare products to 4,300+ essential healthcare workers treating COVID-19 patients at 50 hospitals throughout the United States.

■ NARS Donates Care Package to Hospitals



NARS partnered with Donate Beauty, a platform facilitating beauty donations, to thank those on the frontlines of COVID-19. 6,000 U.S. healthcare workers across 44 hospitals received a care package including NARSskin and Afterglow Lip Balm to help hydrate and comfort skin irritated by PPE.

EMEA

■ Producing More Than 350,000 Sanitizers at French Factories



In order to compensate for the shortage of sanitizers at hospitals and elderly care facilities, Shiseido has produced more than 375,000 units of sanitizers at its two French factories located in the Cosmetic Valley.

■ One Million Euro Donation to Red Cross



Shiseido has donated one million euro to the Red Cross which was split between the five arms of the organization in France, Italy, Spain, Germany, and the UK.

Stakeholder Engagement

We actively engage ourselves in the following opportunities together with our stakeholders to reflect their expectations and opinions.

Stakeholders Engagement	Major engagement opportunities	Responses
Consumers	● Shiseido Consumer Communication Center ● SNS (Social Networking Services)	Approximately 100,000 opinions and inquiries were directed to the Communication Center, while 130,000 consumers provided feedback to Beauty Consultants at storefronts. Increasing points of contact with various consumers. We make efforts to enhance consumer support, focusing on younger generation using SNS such as X (formerly Twitter), Yahoo! Chiebukuro, and the chat feature of LINE.
Suppliers	● Consulting/reporting desk for suppliers ● Briefing session on purchasing activity policy ● Awarding business partners who have contributed to the development of business	The Business Partner Hotline was opened in Japan to prepare the system for receiving opinions from suppliers and giving advice to them. Holding annual briefing sessions on purchasing activity policy in Japan and China with the aim of the wide dissemination of the procurement policy. Business partners who have contributed to the development of business were selected on the three aspects of quality, cost reduction and technical development and given the award.
Business Partners	● Dialogue with owners of chain stores	We organized the Platinum Shop Convention in which top management directly expresses company policy and brand strategies to shop owners and employees who sell Shiseido cosmetics.
Employees	● The Shiseido Group Engagement Survey ● Points of contact for employee inquiries/Whistleblower system ● Management councils/ Labor-management discussions ● Training for all employees/Position-specific training	● The Shiseido Group Engagement Survey is conducted every two years, targeting all Group employees as a structure for listening to employee opinions. ● We have established the in-house Shiseido Consultation Office and Shiseido External Hotline receiving inquiries and reports covering a wide range of topics regarding the workplace, and the Compliance Committee Hotline specializing in reported cases. ● Holding labor-management talks on the themes of "working conditions and benefits package for employees" and "work style reform." ● Human rights enlightenment and corporate ethics training are conducted at all business locations of the Shiseido Group in Japan once a year.
Local Communities	● Environmental education ● Social contribution activities by each corporation and business office	● The Kakegawa Factory offers an environmental study session every year for elementary school students in cooperation with Kakegawa City.
NPOs/NGOs	● Dialogue with stakeholders ● Camellia Fund	● Engaging in dialogue with human rights and environmental experts and received advice on how to advance due diligence regarding human rights. ● Supporting 10 NPOs/NGOs by the Shiseido Camellia Fund (donations made by Shiseido Group employees).
Shareholders Investors	● General Meeting of Shareholders ● Financial results ● Briefing session for individual investors ● Integrated Report	● Holding the general meeting of shareholders and disclosing information on the corporate information website. ● Conducting the briefing of financial results, disclosing information on the corporate information website.

	● Shareholders' meeting	● Conducting a briefing session for individual investors, distributing video. ● Publishing the Integrated Report. ● Organizing a facility tour for shareholders.

External Evaluations and Awards

SRI Indexes Selection Status

Shiseido received positive evaluations from Socially Responsible Investment (SRI) evaluation institutions of countries worldwide and was selected for inclusion as a constituent company for SRI indexes, which take account of companies that are highly trusted by society in terms of ethics, environment, employment and safety in their operations, in both Japan and overseas.

Global

Jointly developed by S&P Dow Jones Indices LLC and RobecoSAM AG, this series of indices evaluate companies' performance from economic, environmental, and social perspectives and select leaders in sustainability. They are among the most influential indices for investment decisions focused on corporate social responsibility.



SRI indexes that are announced by the UK's FTSE Russell and used by investors as one of the sets of ESG ratings. They are a series of indexes designed to promote investment in companies that meet global environmental/social/governance standards.



Japan

An index that is designed by the UK's FTSE Russell and selects Japanese companies that demonstrate strong environmental, social, and governance (ESG) practices. It is designed to be industry neutral.

Shiseido has been continuously selected for excellence in ESG practices since the introduction of this index in 2017.



An index that was designed by the UK's FTSE Russell in March 2022 and selects Japanese companies in each sector that demonstrate strong ESG practices. It is designed to be sector-neutral.



An index that is designed by the US's MSCI and selects Japanese companies that receive positive evaluations of environmental, social and governance (ESG) practices.

2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

An index that is designed by the US's MSCI and selects Japanese companies that receive a high score for empowering women and promoting gender diversity.

Shiseido has been continuously selected for excellence in ESG practices since the introduction of the index in 2017.

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF Shiseido Company, Limited IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Shiseido Company, Limited BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

This index designed by the US-based Morningstar selects companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender.

Shiseido has been selected as Group 1, the highest rating category.



Morningstar, Inc., and/or one of its affiliated companies (individually and collectively, "Morningstar") has authorized Shiseido Company, Limited to use of the Morningstar Japan ex-REIT Gender Diversity Tilt Logo ("Logo") to reflect the fact that, for the designated ranking year, Shiseido Company, Limited ranks in the top group of companies comprising the Morningstar® Japan ex-REIT Gender Diversity Tilt IndexSM ("Index") on the issue of gender diversity in the workplace. Morningstar is making the Logo available for use by Shiseido Company, Limited for informational purposes. Shiseido Company, Limited use of the Logo should not be construed as an endorsement by Morningstar of Shiseido Company, Limited or as a recommendation, offer or solicitation to purchase, sell or underwrite any security associated with Shiseido Company, Limited. The Index is designed to reflect gender diversity in the workplace in Japan, but Morningstar does not guarantee the accuracy, completeness or timeliness of the Index or any data included in it. Morningstar makes no express or implied warranties regarding the Index or the Logo, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index, any data included in it or the Logo. Without limiting any of the foregoing, in no event shall Morningstar or any of its third party content providers have any liability for any damages (whether direct or indirect), arising from any party's use or reliance on the Index or the Logo, even if Morningstar is notified of the possibility of such damages. The Morningstar name, Index name and the Logo are the trademarks or services marks of Morningstar, Inc. Past performance is no guarantee of future results.

Jointly developed by the U.S. S&P Dow Jones Indices and the Japan Exchange Group, this index covers Japan stocks. It is designed to promote investment into companies that excel in carbon efficiency and environmental information disclosure.

Shiseido has been repeatedly included into the index since it was first introduced in 2018.



SOMPO Sustainability Index is a proprietary active index created by Sompo Asset Management Co., Ltd., which combines environmental, social and governance (ESG) and equity fundamental evaluation. Shiseido has been continuously selected for excellence in ESG practices since the introduction of the index in 2012.



Evaluations and Awards

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.



Shiseido Selected as a "Nadeshiko Brand" in FY2024

Shiseido has been selected as a "Nadeshiko Brand" by Japan's Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange (TSE). The "Nadeshiko" is a list of companies listed on the Tokyo Stock Exchange that have excelled in promoting the activities of women.



Shiseido and Shiseido Japan Receive Highest "Gold" Rating in PRIDE Index and Earn First Rainbow Certification

Shiseido and Shiseido Japan have been awarded the highest "Gold" rating in the PRIDE Index, an index that evaluates corporate initiatives for LGBTQ+ and other sexual minorities in the workplace in Japan, as established by the general incorporated association—work with Pride. Shiseido has also received the Rainbow Certification, a credential that recognizes companies that promote cross-sector collaboration to create workplaces and societies where individuals who belong to LGBTQ+ communities can work authentically.



Shiseido Awarded First Double A Rating from CDP

Shiseido was recognized for its leadership in transparency and performance in the two categories of Climate Change and Forests and selected for the global environmental non-profit CDP's A List. While this is the second consecutive year the company was selected for the Climate Change A List, it is the first time it was selected for the Forests A List. It is the first time Shiseido was selected for the double A List in both the categories of Climate Change and Forests.



Shiseido Achieves Prestigious Three-Star Rating for Third Consecutive Year in Dual Categories of HDI Benchmarking

Shiseido has been awarded the highest three-star rating for the third consecutive year in both the "Inquiry Desk" and "Web Support" categories of the 2024 HDI Benchmarking (Cosmetics industry). This recognition is organized by HDI-Japan, the Japanese branch of HDI, the world's largest membership association for support services.

Sustainability Data

Data detailing Shiseido's activity towards sustainability is available.

Environmental Data

- CO₂
- Energy
- Water
- Waste
- Environmental pollution (Air/Water)
- Responding to Environmental Risks
- CO₂ emissions from cosmetics and personal care products (environmental footprint)

Social Data

- Human Resources
- Customer Satisfaction
- Compliance and Risk Management
- Social Activity

Environmental Data

Data

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

CO₂

Scope1,2*1

(t)

	2019	2020	2021	2022	2023
Total	☒ 78,750	☒ 72,458	☒ 65,481	☒ 46,439	☒ 34,722*3
Coverage (%)*2	96.8	100.0	100.0	100.0	100.0
Scope 1	☒ 27,036	☒ 25,968	☒ 28,744	☒ 23,912	☒ 21,105
Coverage (%)*2	95.0	100.0	100.0	100.0	100.0
Scope 2	☒ 51,714	☒ 46,490	☒ 36,737	☒ 22,527	☒ 13,617
Coverage (%)*2	98.0	100.0	100.0	100.0	100.0

*1 : The performance data covers energy-delivered CO₂ and calculated based on the GHG Protocol. Scope 2 was based on the market-based method.

*2 : At all sites.

*3 : Total emissions after the deduction of carbon credits (for ☒3,581 t) is 31,141t

Scope3*1

(t)

	2019	2020	2021	2022	2023
Total	2,770,000	2,540,000	1,520,000	1,510,000	973,000
Category 1 Purchased goods and services*2	☒ 644,000	☒ 528,000	☒ 953,000	☒ 931,000	☒ 509,000
Category 2 Capital goods	231,000	246,000	☒ 225,000	☒ 150,000	☒ 139,000
Category 3 Fuel and energy related activities	15,600	13,200	12,600	9,500	9,740
Category 4 Upstream transportation and distribution	110,000	85,400	☒ 51,600*5	☒ 67,500	☒ 37,200
Category 5 Waste generated in operations	20,700	33,000	☒ 15,100	☒ 15,500	☒ 13,900
Category 6 Business travel	14,700	1,600	900	2,400	9,460
Category 7 Employee commuting	5,200	6,200	8,500	7,500	7,990

Category 8 Upstream leased assets	0	0	0	0	0
Category 9 Downstream transportation & distribution	-	-	-	☑87,000*4	☑74,300
Category 10 Processing of sold products	0	0	0	0	0
Category 11 Use of sold products	☑1,580,000	☑1,540,000	☑134,000*5	☑143,000	☑108,000
Category 12 End of life treatment of sold products	☑148,000	☑82,900	☑118,000	☑94,600	☑59,400
Category 13 Downstream leased assets	0	0	0	0	0
Category 14 Franchises	0	0	0	0	0
Category 15 Investments	-	-	-	2,800*4	☑4,940

*1 : Used IDEA v2 and ecoinvent v3.8 as CO₂ calculation basis database.

*2 : Amount of materials used in Japan in 2023 (including estimates): glass 3,700 t, metal 660t

*3 : Emissions from land-use change related to the procurement of raw materials and ingredients were taken into account from 2021.

*4 : Downstream transportation & distribution and Investments were taken into account from 2022.

*5 : Excluding the sold business and brands.

Scope1,2,3 Total

(t)

	2019	2020	2021	2022	2023
Total	2,848,750	2,612,458	1,585,481	1,556,439	1,008,126

Avoided CO₂ emissions (2023)

Approximately 4,200 tons of CO₂, was reduced thanks to the sale of refill products.

(t)

Each stage of the value chain	Avoided CO ₂ emissions
Procurement	2,900
End of life	1,300
Total	4,200

Energy

(MWh)

	2019	2020	2021	2022	2023
Energy consumption	289,280	298,589	322,527	304,962	239,863*4
Coverage (%) ^{*1}	96.8	100.0	100.0	100.0	100.0
Electric power	115,228	127,188	137,881	141,841	127,305

Gas*2	122,636	128,568	139,424	109,953	58,413
LPG	2,771	2,552	2,370	2,559	1,778
Fuel*3	24,358	16,146	20,181	20,436	24,129
Steam	24,286	24,135	22,671	30,172	28,239

*1 : At all sites.

*2 : Total consumption of city gas and natural gas.

*3 : Total consumption of gasoline, kerosene, diesel oil and fuel oil.

*4 : Non-renewable energy consumption in 2023 : 131,037MWh.

Water*

(Mil. m³)

	2019	2020	2021	2022	2023
Water withdrawals	1.2	1.2	1.2	1.1	0.8
Municipal water	1.0	0.9	0.9	0.7	0.5
Municipal water(Industrial grade)	0.1	0.1	0	0	0
Ground water	0.1	0.3	0.3	0.3	0.3
Water discharged	0.9	1.0	1.0	0.9	0.6
Sewage	0.9	0.8	0.8	0.8	0.4
Surface water	0	0.2	0.2	0.1	0.2

* 2019-2020: Production sites (coverage:100%). 2021: Production sites (coverage:100%) and domestic research centers.

2022-2023: Production sites(coverage:100%) and research centers (coverage:100%).

- Other sources of water withdrawals (surface water, harvested rainwater, external wastewater, sea water, quarry water) in 2019-2023: 0m³.

- Other destinations of water discharged (ocean, subsurface / well, off-site water treatment, beneficial / other use) in 2019-2022: 0m³, in 2023: 831,057m³

- Total net fresh water consumption in 2023 (water consumption excluding the amount of wastewater returned to the same water source): 0.8 million m³.

- Percentage of water withdrawal and water consumption in areas with high or very high water stress as classified by the World Resources Institute's (WRI) Water Risk Atlas tool, Aqeduct in 2023: 11%.

Waste generated in operations*1

(t)

	2019	2020	2021	2022	2023
Waste discharged	14,297	12,825	13,096	12,560	10,895
Recycled*2	13,910	12,779	13,038	12,473	10,813
Disposed	387	47	58	87	81

*1 : 2019-2021: Production sites (Coverage 100%) and domestic research centers.

2022-2023: Production sites (Coverage 100%) and research centers (Coverage 100%) .

*2 : Including thermal recovery.

Environmental pollution (Air/Water)

(t)

	2019	2020	2021	2022	2023
NOx emissions	27	23	24	31	10
Coverage (%)*	81.8	90.9	100.0	100.0	100.0
SOx emissions	0	0	0	0	0
Coverage (%)*	81.8	90.9	91.7	91.7	91.7
Chemical Oxygen Demand	103	70	68	52	46
Coverage (%)*	90.9	90.9	91.7	92.3	92.3

* Production sites.

Responding to Environmental Risks

In terms of environmental law, key function of the company is Production sites. Including those functions, Shiseido observes environmental laws and regulations thoroughly by conducting compliance evaluation based on ISO14001 standards.

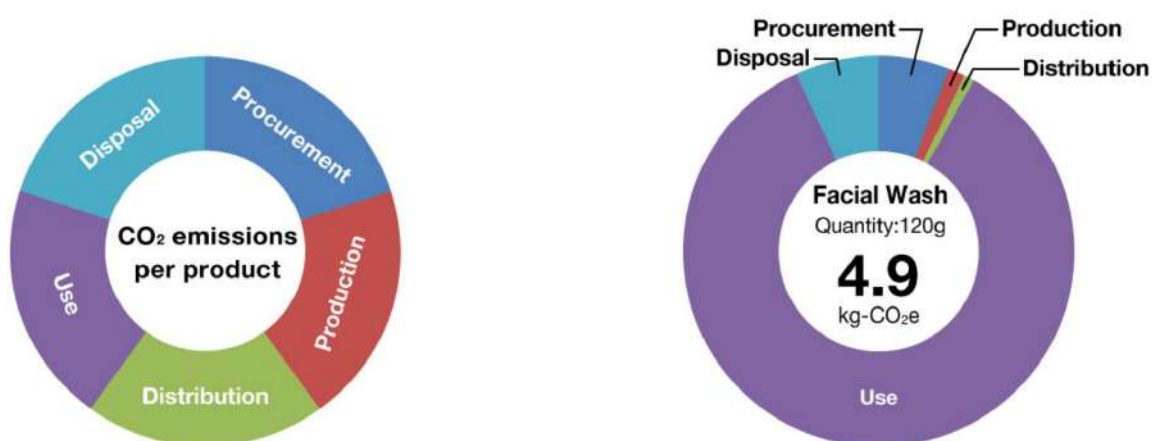
Investigations of domestic and overseas affiliates revealed no major violations of environmental laws or regulations in the last 5 years including 2023.

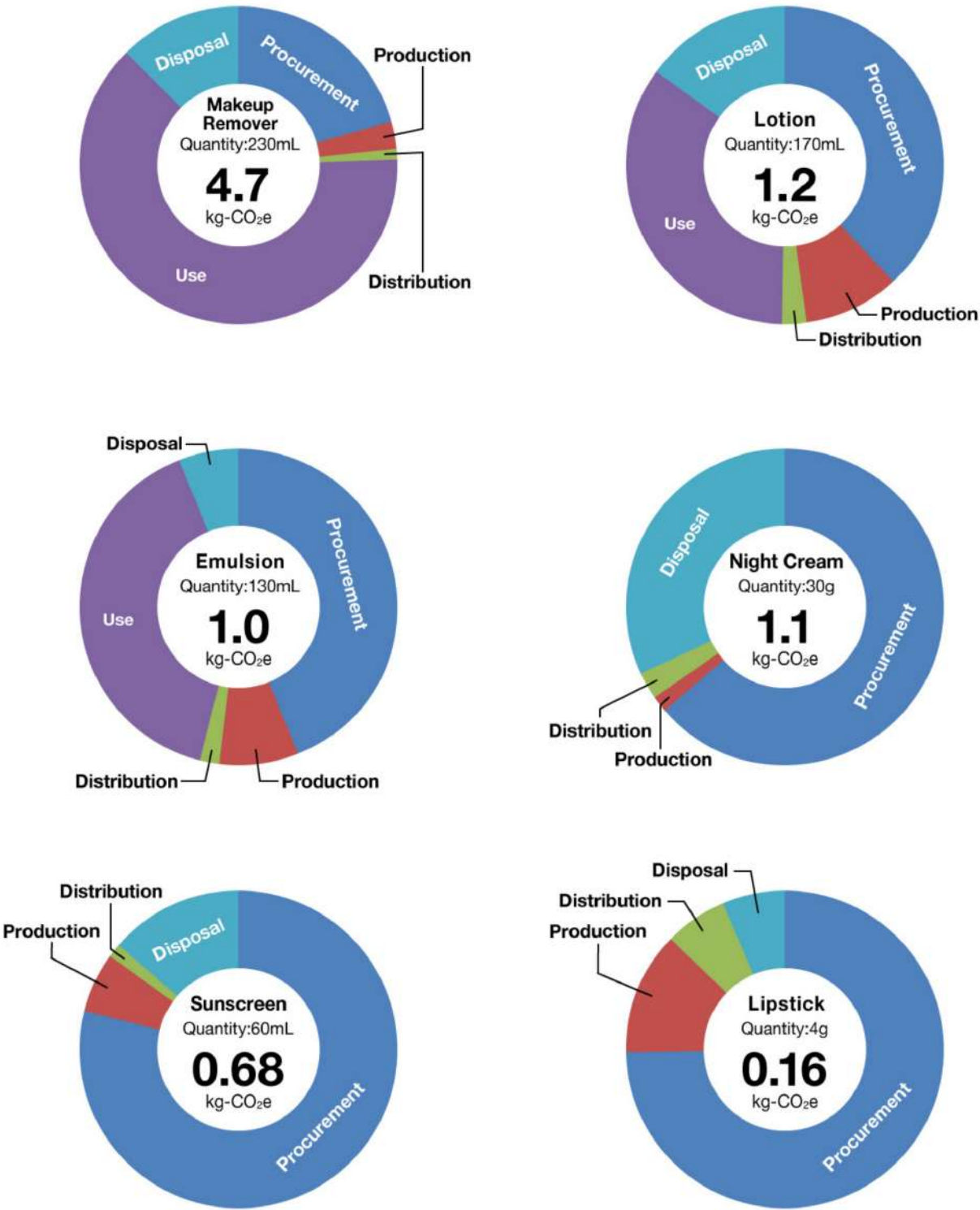
Shiseido is committed on appropriate operation that complies with the environmental laws and regulations continuously.

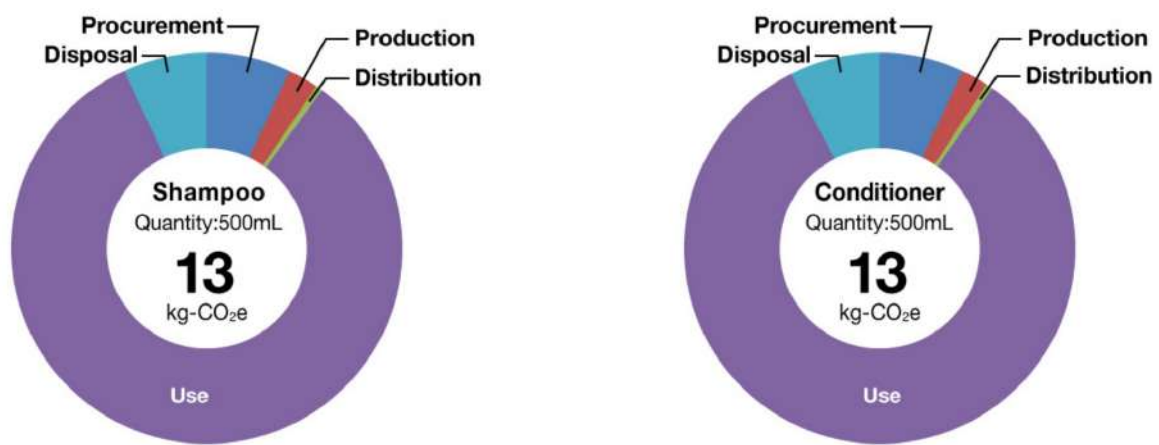
CO₂ emissions from products (environmental footprint)

We assess the environmental footprint including CO₂ emissions regarding products.

Legend







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

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

Independent Assurance Report

Translation

1 July 2024
Opinion No : SGS24/111

Masahiko Uotani
Representative Corporate Executive Officer, Chairman and CEO
Shiseido Company, Limited
7-5-5, Ginza, Chuo-ku, Tokyo, Japan

SGS Japan Inc. (hereinafter referred to as "SGS") has conducted a limited assurance engagement on the sustainability data for the fiscal year 2023 indicated with ☒ or ☐ in "Environmental Data" of the website (<https://corp.shiseido.com/en/sustainability/performance/env/>) and SUSTAINABILITY REPORT 2023 (hereinafter referred to as "Environmental Data") prepared by Shiseido Company, Limited (hereinafter referred to as "the Organization") based on their request.

The Organization's Responsibility

The Organization is responsible for preparing the Statement in conformance with the calculation and reporting standards (hereinafter referred to as "the Organization's Criteria") described in the Environmental Data.

The calculation of GHG emissions is inherently uncertain due to the incomplete scientific knowledge required to determine emission factors and the numerical data, for combining emissions of different gases.

Our Independence and Quality Control

SGS has complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Statement based on the procedures performed and the evidence obtained.

SGS has performed the limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and ISAE 3410 "Assurance Engagements on Greenhouse Gas Statements."

The procedures performed by SGS are based on our professional judgment and include the following:

- Evaluation of the appropriateness and inquiries regarding the Organization's Criteria used to measure, aggregate, calculate, and report the Statement.
- Verification that the Statement and the underlying records are consistent.
- Inquiring about the design of the systems and methods used to collect and process the Statement.
- Analytical procedures and inquiries regarding quantitative data.
- On-site inspection of Shiseido Fukuoka Kurume Factory and Global Headquarters, Shiodome Office (GLOBAL VISION CENTER).
- Assessment of the Organization's Criteria to develop estimates were appropriate and consistently applied. (This does not include testing the data underlying the estimate or developing independent estimates to evaluate the estimate.)

The procedures performed in a limited assurance engagement vary in nature from and are less in scope than, those performed in a reasonable assurance engagement.

As a result, the level of assurance obtained in a limited assurance engagement is lower than what would have been obtained if a reasonable assurance engagement had been performed.

Limited Assurance Conclusion

Based on the procedures performed and evidence obtained by us, nothing has come to our attention that causes us to believe that the Statement in the Environmental Data are not prepared in conformance with the Organization's Criteria in all material respects.

For and on behalf of SGS Japan Inc.

Yokohama business Park North Square I
134, Godo-cho, Hodogaya-ku, Yokohama
Business Assurance
Head of Certification/Accreditation
Yuji Takeuchi

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Social Data

Human Resources

Number of Shiseido Group Employees

Indicator		Period	2021	2022	2023	2024
Total (persons)		As of January 1 each year in Japan and as of December 31 of the previous year outside Japan	45,527	40,484	38,878	35,675
Ratio of Women (%)	All Shiseido Group	As of December 31 of the previous year	83	82.2	81.9	82.2
	Shiseido Group in Japan	As of January 1 each year	82	81.3	80.7	80.9

Number of Employees by Region (persons)

Indicator	Period	2021	2022	2023	2024
Japan	As of January 1 each year	☑24,903	☑23,458	☑22,129	☑20,793
China	As of December 31 of the previous year	9,019	8,174	8,158	7,492
Asia Pacific		4,392	3,858	3,674	2,649
Americas		2,997	1,939	1,819	1,776
Europe		4,031	2,900	2,930	2,783
Travel Retail		185	155	168	182

Data marked with ☑ has been third-party certified.

Scope : Shiseido Group in Japan (21 companies)

Number of Employees by Type of Employment (persons)

Indicator			Period	2021	2022	2023	2024
Japan	Employees	Total	As of January 1 each year	17,698	17,160	16,393	15,375
		Men		3,835	3,783	3,622	3,332
		Women		13,863	13,377	12,747	12,043
	contract employees	Total		7,205	6,298	5,760	5,418

		Men		655	610	657	648
		Women		6,550	5,688	5,103	4,770

Number of Leaders (persons)

Indicator			Period	2021	2022	2023	2024
Japan	Leaders*1	Men	As of January 1 each year	☑862	☑841	☑843	☑796
		Women		☑459	☑500	☑509	☑531
	Junior managers*2	Men		535	490	331	327
		Women		246	248	209	208

Data marked with ☑ has been third-party certified.

Scope : Shiseido Group in Japan (21 companies)

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

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

Ratio of Women Leaders (%)

Indicator		Period	2021	2022	2023	2024
Entire Shiseido Group (Coverage 100%)	Ratio of women leaders*1	As of January 1 each year in Japan and as of December 31 of the previous year outside Japan	57.5	58.3	58.1	58.8
Japan	Ratio of women leaders*2 Target: 50%	As of January 1 each year	☑34.7	☑37.3	☑37.6	☑40.0
	Ratio of women junior managers*3		31.5	33.6	38.7	38.9
China	Ratio of women leaders	As of December 31 of the previous year	63.5	65.2	69.4	70.1
Asia Pacific			67.9	65.4	81.4	78.4
Americas			73.1	76.4	67.9	68.3
Europe			73.5	68.7	71.3	72.1
Travel Retail			79.1	82.6	83.0	83.6

Data marked with ☑ has been third-party certified.

Scope : Shiseido Group in Japan (21 companies)

*1 : Ratio of women junior managers in the entire Shiseido Group: 64.7%

*2 : Leaders: Managerial position holders who are also under the annual salary system (full-time employees / fixed-term contract employees)

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

Diversity in Top Management

Indicator	Period	2020	2021	2022	2023	2024
Ratio of women on Board of Directors (%) *1	As of April 1 each year	46.2	46.2	46.2	40.0	45.5

External directors ratio on Board of Directors (%)		53.8	53.8	53.8	53.3	63.6
Ratio of women executive officers (%)		25.0*2	31.6	35.3	35.3	40.0
Ratio of women of all top management (%) *3		28.3	41.7	42.9	44.1	43.8

*1 : Ratio of women directors and Audit & Supervisory Board members is shown until 2023. With the transition to a "Company with Three Statutory Committees" at the 124th Ordinary General Meeting (March 26, 2024), the ratio of women directors is shown from 2024.

*2 : Ratio of women corporate officers

*3 : Leaders within 2 levels from the CEO

Ratio of Employees with Disabilities*1 (%)

Indicator	Period	2020	2021	2022	2023	2024
Shiseido Company, Limited	As of June 1 each year	3.04	3.89	4.18	4.52	4.81
Shiseido Group in Japan*2		☑2.22	☑2.44	☑2.65	☑2.82	2.99
Target		2.2	2.3	2.3	2.3	2.5

Data marked with ☑ has been third-party certified.

*1 : Ratio of Employees with Disabilities: Physically and intellectually disabled persons are included, and the employment rate for disabled persons is indicated by three significant figures.

*2 : Shiseido Group in Japan: 12 special subsidiary companies of Shiseido Group

Employee Diversity

Ratio of employees by age group (%)

Indicator	Period	Age group	2021	2022	2023	2024
All Shiseido Group	As of January 1 each year in Japan and as of December 31 of the previous year outside Japan	Under 30 years old	24.1	18.6	17.6	17.7
		30-49 years old	55.5	58.5	58.5	57.6
		50 years old and over	20.4	22.9	23.9	24.7
Japan	As of January 1 each year	Under 30 years old	20.4	18.6	17.2	16.5
		30-49 years old	49.3	49.4	49.3	49.1
		50 years old and over	30.3	32	33.5	34.4
China	As of December 31 of the previous year	Under 30 years old	24.5	18	17.1	18.2
		30-49 years old	73.9	79.3	79.8	79.2
		50 years old and over	1.6	2.7	3.2	2.7
Asia Pacific		Under 30 years old	36.3	25	23.2	24.3
		30-49 years old	57.1	67.5	68.4	65.6
		50 years old and over	6.6	7.5	8.4	10.1

Americas		Under 30 years old	26.5	13.3	13.4	15.7
		30-49 years old	51	55.7	53.8	54.1
		50 years old and over	22.5	31	32.8	30.2
Europe		Under 30 years old	30.9	15.4	17.5	20.5
		30-49 years old	53.3	62.1	58.2	56.2
		50 years old and over	15.8	22.5	24.3	23.3
Travel Retail		Under 30 years old	21.6	16.8	14.9	18.7
		30-49 years old	73	76.8	77.4	73.6
		50 years old and over	5.4	6.5	7.7	7.7
Indicator		Period	2021	2022	2023	2024
Ratio of women in management in a revenue-generating function (%)	All Shiseido Group	As of January 1 each year	69	70	72.7	69.2
Ratio of women in a STEM-related department (%)	All Shiseido Group		-	59	56.8	57.4
	Shiseido Group in Japan		33.3	58.1	57.4	56.7

Indicator		Period	2021	2022	2023	2024
Number of foreign national employees in Japan	Shiseido Group in Japan	As of January 1 each year	486	443	397	386
Ratio of foreign national employees in Japan (%)			2	1.9	1.8	1.9

Nationality of Employees (%)

Indicator	Period	Nationality	2024	
			Employees	Managers
All Shiseido Group	As of January 1 each year in Japan and as of December 31 of the previous year outside Japan	Japan	57.4	40.2
		China	20.3	14.8
		United States	4.3	13.7
		France	3.1	9.9

Average Service Years of Employees (years)

Indicator		Period	2021	2022	2023	2024
Shiseido Group in Japan Employees (excluding contract employees)	Average	As of January 1 each year	14.4	14.9	15.3	15.7
	Men		14.5	14.2	14.1	14.4
	Women		14.4	15	15.7	16

Turnover Rate in Japan (%)

Indicator			2020	2021	2022	2023
Total employee turnover rate*1	Permanent employees total		3.5	4.4	5.2	8.7
	Breakdown	Manager positions and career path positions	3.4	3.8	5.2	6.5
		Beauty consultant positions	2.3	3.4	4	5.3
Voluntary employee turnover rate*2	Permanent employees total		3.3	4.2	4.9	5.6
	Breakdown	Manager positions and career path positions	3.1	3.7	4.7	4.8
		Beauty consultant positions	2.1	3.2	3.8	5.1

*1 : The sum of the Voluntary employee turnover and the involuntary employee turnover rate (such as death, dismissal, leave of absence for personal injury or illness, expiration of absentee period).

*2 : Retirement, early retirement, and retirement for personal reasons

Working Hours

Indicator			Period	2020	2021	2022	2023
Working hours*1	Total annual hours worked per person (hours/years/persons)	Shiseido Company, Limited	As of December 31 each year	1,955	2,003	1,937	1,910
		Shiseido Group in Japan		1,863	1,901	1,857	1,865
Prescribed working hours	Annual prescribed working hours (hours/years/persons)	Shiseido Group in Japan		1,836.8	1,844.5	1836.8	1852.25

Overtime hours*2	Annual overtime hours per person (hours/years/ persons)	Shiseido Company, Limited		173.4	211.6	167.2	178.1
		Shiseido Group in Japan		69	88.2	91.6	108.7

*1 : Employees (excluding contract employees)

*2 : Employees (excluding contract employees and Manager positions)

Rate of Paid Leave Taken

Indicator			Period	2020	2021	2022	2023
Annual rate of paid leave taken per person (%) Target: To achieve 80.0%	Shiseido Company, Limited	Employees and contractors	As of December 31 each year	70.4	76.3	69.6	83.4
	Shiseido Group in Japan			80.6	80.3	70.5	85.7

Number of Employees Hired*

Indicator			Period	2020	2021	2022	2023
Periodic employment of career path positions	Employees	Men (persons)	As of December 31 each year	65	26	21	15
		Women (persons)		85	35	29	28
		Women (%)		56.7	57.4	58	65.1
Periodic employment of beauty consultant positions		Men (persons)		5	0	0	0
		Women (persons)		333	26	32	15
		Women (%)		98.5	100	100	100
Periodic employment of production positions		Men (persons)		-	30	18	33
		Women (persons)		-	45	25	47
		Women (%)		-	60	58.1	58.8
Periodic employment of the others		Men (persons)		-	-	3	3
		Women (persons)		-	-	11	52
		Women (%)		-	-	78.6	94.5
Mid-career employment	Employees and contract employees equivalent to employees (annual salary and special professional employees)	Men (persons)		79	122	189	128
		Women (persons)		100	127	187	190
		Women (%)		55.9	51	49.7	59.7

Others	Contract employees except for the above	Men (persons)		-	-	149	181
		Women (persons)		-	-	475	580
		Women (%)		-	-	76.1	76.2

*Shiseido Group in Japan

Breakdown of new hires

Indicator				2021	2022	2023
Shiseido Group in Japan	All employees (including contract employees)	Total number of new hires (persons)		985	1136	1272
		Women (%)		66.7	66.5	71.7
		Ratio of employees by age group (%)	Under 30 years old	49	49.2	50
			30-49 years old	42	42.3	40.4
			50 years old and over	8.9	8.5	9.6
		Management level (%)	Non-managerial positions	89.8	93.7	94.6
			Manager positions	10.2	6.3	5.4
		Ratio of employees with disabilities (%)		3.8	3.4	2.9

Percentage of open positions filled by internal candidates (internal hires) in Shiseido Company, Limited and Shiseido Japan Co., Ltd.: 27% (2023)

Starting Pay (yen/month)

Indicator			2021	2022	2023	2024
Monthly amount paid*	Doctoral graduate	Employees who joined the company in April each year	293,450	293,450	293,450	293,450
	Master's graduate		261,310	261,310	261,310	261,310
	Undergraduate		237,890	237,890	237,890	237,890
	Technical/Junior college graduate		215,670	215,670	215,670	215,670

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

Average Annual Salary* (yen/year)

Indicator	2020	2021	2022	2023
Shiseido Company, Limited	6,585,163	6,202,140	6,634,381	7,405,508

*Including bonuses and extra wages

Equal Remuneration

Indicator			2021	2022	2023
All Shiseido Group	Executive Officer	Base salary only	☑ Men 100 : Women 85	☑ Men 100 : Women 79	☑ Men 100 : Women 80
		Base salary + bonuses*1 *2	☑ Men 100 : Women 81	☑ Men 100 : Women 71	☑ Men 100 : Women 75
Shiseido Group in Japan	Manager positions	Base salary only	☑ Men 100 : Women 96	☑ Men 100 : Women 96	☑ Men 100 : Women 95
		Base salary + bonuses*1	☑ Men 100 : Women 96	☑ Men 100 : Women 96	☑ Men 100 : Women 96
	Non-managerial positions		☑ Men 100 : Women 85	☑ Men 100 : Women 88	☑ Men 100 : Women 86
		Career path positions	Base salary only	Men 100 : Women 99	Men 100 : Women 94
		Beauty consultant positions		Men 100 : Women 118	Men 100 : Women 115
		Production positions		Men 100 : Women 99	Men 100 : Women 97

Data marked with ☑ has been third-party certified.

*1 : Base salary + other cash incentives

*2 : The current year's bonus amount is paid in March of the following year

Employees Rehired after Retirement

Indicator		Period	2022	2023	2024
Number of employees rehired after retirement (persons)	Shiseido Company, Limited and Shiseido Japan Co., Ltd.	As of January 1 each year	633	749	804
Percentage of employees rehired after retirement (%)			2.7	3.4	4.8

Childcare Leave and Family Care Leave

Indicator				2019	2020	2021	2022	2023
Number of Employees who Used Childcare Leave System*1 (persons)	Shiseido Group in Japan	All employees (including contract employees)	Men	30	67	61	139	167
			Women	1,360	1,303	1,260	479	475
Number of Employees who Used Childcare Time System*2 (persons)	Shiseido Group in Japan	All employees (including contract employees)	Men	4	8	14	12	14
			Women	2,296	2,430	2,364	2,333	2,253
		In-store beauty consultants	Men	0	0	0	0	0
			Women	1,743	1,750	1,707	1,708	1,632

Ratio of employees taking childcare leave (%)	Shiseido Group in Japan	All employees (including contract employees)	Men*3	-	-	-	95	113
			Women*4	-	-	-	100	107
Period of childcare leave (average days)	Shiseido Group in Japan	All employees (including contract employees)	Men	-	-	-	22	30
			Women	-	-	-	512	501
Reinstatement Rate after Childcare Leave*5 (%)	Shiseido Group in Japan	All employees (including contract employees)		-	-	-	94.9	92.3
		Manager positions/Career path positions		95	97.3	99.3	-	97
	Shiseido Japan Co., Ltd.	Beauty consultant positions only (excluding contract employees)		93.6	94.4	92.3	93.4	93.1
Retention Rate after Childcare Leave*6 (%)	Shiseido Group in Japan	All employees (including contract employees)		-	-	-	83.8	82.8
		Manager positions/Career path positions		100	94.1	91.2	-	-
	Shiseido Japan Co., Ltd.	Beauty consultant positions only (excluding contract employees)		98.8	90.3	88.8	82.9	86.2
Number of Employees who Used Family Care Leave System*7 (persons)	Shiseido Group in Japan	All employees (including contract employees)	Men	1	2	1	2	2
			Women	28	40	37	40	40
Number of Employees who Used Family Care Time System*8 (persons)	Shiseido Group in Japan	All employees (including contract employees)	Men	1	1	0	2	1
			Women	27	35	30	34	47
Kangaroo Staff*9 (persons)	Shiseido Group in Japan	-	-	2,095	1,659	1,090	721	479

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

Up to 2021, the total number of employees who took at least one day of childcare leave during the current fiscal year. In 2022, the actual number of employees who started childcare leave during the current fiscal year

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

*3 : Number of employees who started childcare leave during the current year÷ Number of employees whose spouses gave birth x 100

*4 : Number of employees who started childcare leave during the year ÷ Number of employees who gave birth x100

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

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

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

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

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

Labor Accidents

Number of Work-Related Accidents*1

Indicator			2019		2020		2021		2022		2023	
			Number	Coverage (%)	Number	Coverage (%)	Number	Coverage (%)	Number	Coverage (%)	Number	Coverage (%)
Shiseido Group in Japan*2	Directly hired employees	Total (factories)	30 (9)	100	32 (6)	100	28 (4)	100	24 (3)	100	30 (2)	100
		Fatalities	0	100	0	100	0	100	0	100	0	100
	Indirectly hired employees (temporary staff) *3	Total	0	39.6	3	79.5	1	85	2	93	1	85
		Fatalities	0	39.6	0	79.5	0	85	0	93	0	85
Shiseido Group outside Japan	Directly hired employees	Total	65	80	61	100	66	100	54	100	42	100

Accident Severity Rate*4

Indicator		2019	2020	2021	2022	2023
Shiseido Group in Japan*2	Directly hired employees	0.013	0.007	0.013	0.021	0.025

LTIFR*5

Indicator		2019	2020	2021	2022	2023
Shiseido Group in Japan*2	Directly hired employees (Coverage (%))	0.87 (100)	0.77 (100)	0.74 (100)	0.68 (100)	0.89 (100)
	Indirectly hired employees (temporary staff)*3 (Coverage (%))	0.00 (39.6)	2.56 (79.5)	0.73 (85.0)	1.05 (93.0)	0.53 (85.0)
	Directly hired employees and indirectly hired employees	-	0.82	0.74	0.69	0.87

Shiseido Group outside Japan	Directly hired employees (Coverage (%))	-	1.6(100)	1.9(100)	1.8(100)	1.47(100)

Data marked with ☒ has been third-party certified.

*1 : Number of labor accidents (injury and illness) resulting in suspension of work

*2 : Shiseido Group in Japan (2023): Shiseido Company, Limited and 20 consolidated subsidiaries

*3 : Data from our three major dispatch companies, GIC, and dispatch companies using factories

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

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

Labor Union

Indicator			Period	2021	2022	2023	2024
Percentage of Corporations with Labor Union (%)	Shiseido Group in Japan (coverage 100%)		As of January 1 each year	29.4	22.2	23.5	
	Shiseido Group outside Japan*1 (coverage 100%)			68.4	68.4	68.4	-
Number of Labor Union Members (persons)	Shiseido Group in Japan			13,672	13,438	12,930	12,731
Ratio of Labor Union Members (%)	Shiseido Group in Japan	Ratio including contract employees*2		55	56.6	58.3	58.2
		Ratio excluding contract employees*3		77.3	77.1	78.3	78.3

*1 : Including work council

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

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

Employee Engagement*

Indicator	2017	2019	2022	2024
All Shiseido Group	76	76	65	68

* Survey conducted every two years

*We changed the survey questions from 2022 and plan to monitor trends regarding the scores based on the 2022 results.

*For an overview of the survey, please see "Employee Feedback Systems" under "Human Resource Development and Fair Evaluation."

Talent Development

Indicator		2019	2020	2021	2022	2023
Average hours per FTE of training and development*1	All Shiseido Group	22.4	26.0	66	46.2	33.8

Average Education / Training Cost per FTE (yen)*2		29,277	43,936	23,682	29,892	36,199

*1 : FTE: Full-Time Equivalent

*2 : Regarding average education / training costs per employee, we revised the scope of aggregation to exclude personnel expenses of lost opportunities for education and training of participants. The previous years are retroactively adjusted in the same way.

Customer Satisfaction

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

Favorable perception of the Company and intention for repeat purchase of the Company's brand.

Indicator		2020	2021	2022	2023
Corporate Brand Survey*1	"Impressions of Shiseido" among current Shiseido customers (top 2 box scores<Very favorable / Favorable> on a 5-point scale) (%)	95.4	94.7	95.4	95.4
Product Brand Survey*2	Intention for repeat purchase among customers who have purchased the Shiseido brand within the past year (%)	74.3	73.5	73.6	73.9

*1 : Survey conducted in Japan only.

*2 : Global surveys. Total response rates for the top three box scores on an 11-point scale. Combined figures for our 7 major brands (SHISEIDO, CPB, Drunk Elephant, IPSA, ELIXIR, NARS, ANESSA) for 11 countries.

Compliance and Risk Management

Anti-Corruption

	Target	2019	2020	2021	2023
Operations assessed for risks related to corruption	All business offices inside and outside Japan	Significant risk identified: None	Significant risk identified: None	Significant risk identified: None	Significant risk identified: None
Confirmed incidents of corruption and actions taken	All business offices inside and outside Japan	Confirmed incidents of corruption: None	Confirmed incidents of corruption: None	Confirmed incidents of corruption: None	Confirmed incidents of corruption: None

Anti-Competitive Behavior

	Target	2020	2021	2022	2023
Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	All business offices inside and outside Japan	No legal action	No legal action	No legal action	No legal action

Operating Performance of Hotlines/Helplines (Case)

For employees

Hotlines/Helplines	Target	2020	2021	2022	2023
In-house Shiseido Hotline*1	Employees of the Shiseido Group in Japan	289	255	220	216*2
External Shiseido Hotline*1					
Compliance Committee Hotline*1					
Shiseido Global Hotline	Employees of the Shiseido Group	2	0	1	2*2

*1 : From January 2024, it has been reorganized into the "Shiseido Hotline."

*2 : In fiscal 2023, the above Hotlines/Helplines received a total of 218 cases.

These included 43 discrimination/harassment cases, 50 labor management cases, 82 workplace environment/communication cases, 26 inquiries/other cases, and 17 other legal/internal rule violation cases.

Of these, 42 cases were investigated, and based on the results of these investigations, 1 case was confirmed as a violation of laws/internal rules (discrimination/harassment: 0; corruption or bribery: 0; leakage of customers' privacy data: 0; conflict of interest: 0; insider trading: 0; labor management: 0; workplace environment/communication: 0; inquiries/others: 0, other legal/internal rule violation: 1;), of which 1 was an action taken for violations of employment regulations.

Reporting Desks	Target	2020	2021	2022	2023
Shiseido Group Whistleblowing to Audit and Supervisory Board Members*	Employees of the Shiseido Group	4	3	7	2

*From March 26, 2024, the name was changed to the "Shiseido Group Whistleblowing to the Audit Committee."

For Business Partners

Hotlines/Helplines	Target	2020	2021	2022	2023
Shiseido Business Partner Hotline	Directors and employees of business partners in Japan	13	17	11	14*

*In fiscal 2023, the above Hotlines/Helplines received a total of 14 cases. These included 2 discrimination/harassment cases, 3 labor management cases, 3 workplace environment/communication cases, 4 inquiries/other cases, and 2 other legal/internal rule violation cases.

Of these, 4 cases were investigated, and based on the results of these investigations, 1 case was confirmed as a violation of laws/internal rules (discrimination/harassment: 1; corruption or bribery: 0; leakage of customers' privacy data: 0; conflict of interest transactions: 0; insider trading: 0; labor management: 0; workplace environment/communication: 0; inquiries/others: 0, other legal/internal rule violation: 0;), of which 1 was an action taken for violations of employment regulations.

Performance of Human Rights Education Training for Employees

Type of training	Target	Number of graduates (persons) in year 2023
Shiseido Code of Conduct and Ethics training	Employees of the Shiseido Group	Employees of the Shiseido Group in Japan: total of 18,750 Conducted in all regions of the Shiseido Group.
Harassment awareness programs	Employees of the Shiseido Group in Japan	All employees: total of 16,862 participants (83% participation rate) Newly appointed management positions: total of 132
Human rights awareness programs	Employees of the Shiseido Group in Japan	Employees of the Shiseido Group in Japan: total of 45,698 participants (81% participation rate)

Harassment Survey for Employees

Type	Target	FY2024 results and subsequent improvement measures
Questionnaires*	Survey subjects for 2024 Employees of Shiseido Group in Japan (with some exceptions) Job category/classification: Full-time employees (managers, main career track position employees, personal beauty partners, specified work position personnel) , fixed-term contract employees (including rehires) , temporary staff	FY2024 results: Number of respondents: 10,483 Response rate: 79.5% Risk assessment method: The risk of harassment was analyzed and evaluated for each workplace in accordance with the Shiseido Code of Conduct and Ethics. - FY2024 measures: The results of the harassment survey conducted in FY 2024 were fed back individually to the heads of departments of all surveyed departments, and each department was requested to take corrective measures to resolve any harassment issues within their organization that can be inferred from the survey results. - In October 2024, Shiseido will conduct harassment prevention training for employees of the Shiseido Group in Japan with the aim of reducing the risk of harassment.

*Questionnaires were prepared in two languages in order to show consideration of the diverse workforce including non-Japanese speaking foreign national employees and human rights awareness. As the surveys are intended to create a sound workplace environment, they were given not only to directly hired employees, but also those indirectly hired and seconded from partner companies. The results were analyzed by employment status, job type and job position. In addition, in a two-year cycle, 1) understanding the actual situation (survey) targeting all departments of the Shiseido Group in Japan, 2) improvement actions based on 1), 3) understanding the improvement status (survey) targeting departments that are determined to have a high harassment risk as a result of 1), and 4) additional improvement actions are implemented.

Number of Serious Compliance Violations*

Target	2020	2021	2022	2023
Shiseido Group	None	None	None	None

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

 Membership dues to various organizations, political contributions to political parties, etc.
 (Millions of yen)

	2020	2021	2022	2023
Trade associations, etc.	41	40	20	41
Lobbying interest representation or similar	0	0	0	0
Donations to Political Parties	0	0	0	0

*Fraction have been rounded down

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

		Target	2020	2021	2022	2023
Incidents of Non-Compliance Concerning Health and Safety Impacts and Services	Examples of product recall from consumers and the market	Global	2	2	2	3
Incidents of Non-Compliance Concerning Product and Service Information and Labeling	Examples of administrative guidance based on the Act against Unjustifiable	Japan	None	None	None	None

	Premiums and Misleading Representations Act, etc.					
Incidents of Non-Compliance Concerning Marketing Communications	Examples of administrative guidance based on the Act against Unjustifiable Premiums and Misleading Representations Act, etc.	Japan	None	None	None	None

*Above data represent the number of violation against regulations and/or voluntary codes

Incidents of Reporting Personal Information Disclosure to Personal Information Protection Commission (Cases)

Target	2020	2021	2022	2023
Shiseido Group in Japan	0	0	0	0

*This table shows the number of data breaches to be reported to the Personal Information Protection Commission.

Violations or Complaints regarding Customer Privacy Protection received from Regulatory Authorities, Public Institutions, Consumer Rights Groups, etc.

Target	2020	2021	2022	2023
Shiseido Group in Japan	uncounted	10	4	0

*The number of applicable cases from the customer's request to our Consumer Center is shown.

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

Target	2020	2021	2022	2023
Shiseido Group in Japan	No fine imposed for violation of law	No fine imposed for violation of law	No fine imposed for violation of law	No fine imposed for violation of law

Social Activity

Target	-2023
Women's empowerment in Japan Supporting education and financial independence worldwide (unit: persons)	627,447
Cultivating self-efficacy through the power of beauty Challenging the unconscious biases and prejudices that limit individual beauty (unit: persons)	136,880

Spending on Social Contribution Activities (Unit: Millions of Yen)

Target	2022

Shiseido Group	1,031

*Fractions have been rounded down.

Other Social Contribution Activities

Item	Description	2023
Academic support	Number of winners of the JSID's Fellowship Shiseido Research Grant (persons)	2
	Shiseido Female Researcher Science Grant (persons)	10
	Number of winners of the Japanese Dermatological Association Basic Medical Research Grant (Shiseido donation) (persons)	6
Art and heritage	Number of visitors to the Shiseido Gallery (Ginza) (persons)	35,969
	Number of visitors to the Shiseido Corporate Museum (Kakegawa) (persons)	3,429
	Number of visitors to the Shiseido Art House (Kakegawa) *1 (persons)	4,973
	Number of visitors to the S/PARK Museum (Yokohama) (persons)	55,459
	Number of winners supported by "Shiseido art egg" <groups>	3

Community and Disaster Support

Donations from Shiseido Group employees are as follows.

Item	Description	2022
Community and disaster support	Amount of donations through "Shiseido Camellia Fund**" (unit: yen)	14,990,879

*Please click [here](#) for more details on the "Shiseido Camellia Fund."

Item	Description	2023
Community and disaster support	Amount of donations through "Shiseido Camellia Fund**" (unit: yen)	6,497,121

INDEPENDENT ASSURANCE STATEMENT

To: Shiseido Company, Limited



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

Selected information

The scope of our work was limited to assurance over the following information included within Shiseido Corporate Website 'Sustainability' page (the 'Web page') for the period of January 1, 2023 through December 31, 2023 (the 'Selected Information'):

Shiseido Group

- Equal Remuneration (Executive officer)

Shiseido Group (Japan)

- Number of employees (Total) (as of January 1, 2024)
- Number of leaders (Male / Female) (as of January 1, 2024)
- Ratio of female leaders (as of January 1, 2024)
- Ratio of employees with disabilities (as of June 1, 2023)
- Equal Remuneration (Managerial positions / Non-managerial positions)
- Number of work-related accidents (Directly hired employees)
- LTIFR: Lost Time Injury Frequency Rate
(Directly hired employees / Indirectly hired employees)
- Number of work-related fatalities
(Directly hired employees / Indirectly hired employees)

Reporting criteria

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

Limitations and Exclusions

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

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

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

Responsibilities

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

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

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

Assessment Standard

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

Summary of work performed

As part of our independent verification, our work included:

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

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

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

Conclusion

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

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

Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team

has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates Quality Management System which complies with the requirements of globally recognized quality management standard, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Bureau Veritas Japan Co., Ltd.
Yokohama, Japan
May 8, 2024

Editorial Policy • GRI Content Index • SASB Content Index

Editorial Policy

GRI Content Index

SASB Content Index

Editorial Policy

The "Sustainability" section of the Shiseido Group corporate website is edited according to the following policy. We report the activities that lead to the solution of social issues and the role that we play in a sustainable world. We explain how we create social value that we provide as a company to various stakeholders.

■ Scope

Shiseido Company, Limited and its consolidated subsidiaries (collectively, the Shiseido Group)

■ Target period

Mainly fiscal 2023 (from January 1, 2023 to December 31, 2023). Some pages include content which is prior to the target period or is more recent.

■ Reference guidelines

- UN Global Compact, GRI Standards (Global Reporting Initiative),
- TCFD (Task Force on Climate-related Financial Disclosures)
- TNFD (Task Force on Nature-related Financial Disclosures)
- SASB (Sustainability Accounting Standards Board)
- Environmental Reporting Guidelines of the Ministry of the Environment (2018 edition)

■ Update period

July 2024 (next update scheduled July 2025, previous update September 2023)

■ Assurance Statement

Some environmental and social data are third-party certified.

Environmental Data

Social Data

GRI Content Index

This is a content index created in line with the GRI Standards, an international guideline for information disclosure on sustainability.

* Information related to the GRI Standards is described for reference. It does not indicate compliance with the GRI Standards.

* "Not applicable" indicates topics that are irrelevant or when there are no cases we are involved in at a significant level. "-" indicates topics that we do not disclose.

102 : General Disclosures

1. Organizational profile		Reference
102-1	Name of the organization	Corporate Information

102-2	Activities, brands, products, and services	Business Overview BRANDS
102-3	Location of headquarters	Corporate Information
102-4	Location of operations	Major Offices
102-5	Ownership and legal form	Corporate Information
102-6	Markets served	Business Overview
102-7	Scale of the organization	Key Figures Major Offices Integrated Report 2022
102-8	Information on employees and other workers	Corporate Information Social Data
102-9	Supply chain	Promoting Sustainable and Responsible Procurement Global Network
102-10	Significant changes to the organization and its supply chain	Corporate Information Promoting Sustainable and Responsible Procurement Stock Information
102-11	Precautionary Principle or approach	Sustainability Management Risk Management
102-12	External initiatives	Sustainability Management Response to the United Kingdom's Modern Slavery Act 2015 External Collaboration Approval and support for international norms [PDF : 142KB]
102-13	Membership of associations	Sustainability Management Promoting Sustainable and Responsible Procurement External Collaboration
2. Strategy		Reference
102-14	Statement from senior decision-maker	Sustainability Management
102-15	Key impacts, risks, and opportunities	Sustainability Management Risk Management
3. Ethics and integrity		Reference
102-16	Values, principles, standards, and norms of behavior	Shiseido Code of Conduct and Ethics

102-17	Mechanisms for advice and concerns about ethics	Activities to Enhance Corporate Ethics Human Resource Development and Fair Evaluation
4. Governance		Reference
102-18	Governance structure	Governance
102-19	Delegating authority	Corporate Governance Report [PDF : 1.42MB]
102-20	Executive-level responsibility for economic, environmental, and social topics	Global Leadership Sustainability Management Business Management and Execution Structure
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement General Meeting of Shareholders
102-22	Composition of the highest governance body and its committees	Governance
102-23	Chair of the highest governance body	Governance
102-24	Nominating and selecting the highest governance body	Governance Corporate Governance Report [PDF : 1.42MB]
102-25	Conflicts of interest	Corporate Governance Report [PDF : 1.42MB]
102-26	Role of highest governance body in setting purpose, values, and strategy	Governance
102-27	Collective knowledge of highest governance body	Governance
102-28	Evaluating the highest governance body's performance	Governance
102-29	Identifying and managing economic, environmental, and social impacts	Risk Management Integrated Report 2022
102-30	Effectiveness of risk management processes	Integrated Report 2022 Corporate Governance Report [PDF : 1.42MB]
102-31	Review of economic, environmental, and social topics	Our Environmental Policy and Environmental Management General Meeting of Shareholders Sustainability Report 2022
102-32	Highest governance body's role in sustainability reporting	Sustainability Management
102-33	Communicating critical concerns	Whistleblowing and Consultation Hotlines for Employees General Meeting of Shareholders Governance Integrated Report 2022
102-34	Nature and total number of critical concerns	Social Data
102-35	Remuneration policies	Remuneration for Directors, Audit & Supervisory Board Members and Executive Officers

		Corporate Governance Report [PDF : 1.42MB]
102-36	Process for determining remuneration	Remuneration for Directors, Audit & Supervisory Board Members and Executive Officers Corporate Governance Report [PDF : 1.42MB]
102-37	Stakeholders' involvement in remuneration	Employment and Work of Employees General Meeting of Shareholders Remuneration for Directors, Audit & Supervisory Board Members and Executive Officers
102-38	Annual total compensation ratio	Social Data Remuneration for Directors, Audit & Supervisory Board Members and Executive Officers
102-39	Percentage increase in annual total compensation ratio	—
5. Stakeholder engagement		Reference
102-40	List of stakeholder groups	Stakeholder Engagement
102-41	Collective bargaining agreements	Social Data
102-42	Identifying and selecting stakeholders	Shiseido Code of Conduct and Ethics
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Reflecting Consumer Feedback
6. Reporting practice		Reference
102-45	Entities included in the consolidated financial statements	Editorial Policy
102-46	Defining report content and topic Boundaries	Sustainability Management
102-47	List of material topics	Sustainability Management
102-48	Restatements of information	Integrated Report 2022
102-49	Changes in reporting	Not Applicable
102-50	Reporting period	Editorial Policy
102-51	Date of most recent report	Editorial Policy
102-52	Reporting cycle	Editorial Policy
102-53	Contact point for questions regarding the report	Contact Us
102-54	Claims of reporting in accordance with the GRI Standards	Not Applicable
102-55	GRI content index	GRI content index (This page)
102-56	External assurance	Editorial Policy Assurance Statement for Environmental Data [PDF : 3.48MB] Assurance Statement for Social Data [PDF : 171KB]

200 : Economic

201 : Economic Performance		Reference
201-1	Direct economic value generated and distributed	Financial Highlights / Data

201-2	Financial implications and other risks and opportunities due to climate change	Reducing Our Environmental Footprint The Report of Climate-related Financial Disclosure [PDF : 753KB]
201-3	Defined benefit plan obligations and other retirement plans	Integrated Report 2022
201-4	Financial assistance received from government	Consolidated Settlement of Accounts [PDF : 928KB]
202 : Market Presence		Reference
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Social Data
202-2	Proportion of senior management hired from the local community	—
203 : Indirect Economic Impacts		Reference
203-1	Infrastructure investments and services supported	Social Contribution Activities Social Data
203-2	Significant indirect economic impacts	Social Contribution Activities Social Data
204 : Procurement Practices		Reference
204-1	Proportion of spending on local suppliers	—
205 : Anti-corruption		Reference
205-1	Operations assessed for risks related to corruption	Social Data
205-2	Communication and training about anti-corruption policies and procedures	Activities to Enhance Corporate Ethics
205-3	Confirmed incidents of corruption and actions taken	Social Data
206 : Anti-competitive Behavior		Reference
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Social Data

300 : Environmental

301 : Materials		Reference
301-1	Materials used by weight or volume	—
301-2	Recycled input materials used	—
301-3	Reclaimed products and their packaging materials	Developing Sustainable Products
302 : Energy		Reference
302-1	Energy consumption within the organization	Environmental Data
302-2	Energy consumption outside of the organization	—
302-3	Energy intensity	—
302-4	Reduction of energy consumption	Environmental Data
302-5	Reductions in energy requirements of products and services	—
303 : Water and Effluents		Reference
303-1	Interactions with water as a shared resource	Reducing Our Environmental Footprint
303-2	Management of water discharge-related impacts	Environmental Data
303-3	Water withdrawal	Environmental Data
303-4	Water discharge	Environmental Data

303-5	Water consumption	Reducing Our Environmental Footprint Environmental Data
304 : Biodiversity		Reference
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Applicable
304-2	Significant impacts of activities, products, and services on biodiversity	Promoting Sustainable and Responsible Procurement
304-3	Habitats protected or restored	Promoting Sustainable and Responsible Procurement
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—
305 : Emissions		Reference
305-1	Direct (Scope 1) GHG emissions	Environmental Data
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Data
305-3	Other indirect (Scope 3) GHG emissions	Environmental Data
305-4	GHG emissions intensity	—
305-5	Reduction of GHG emissions	Reducing Our Environmental Footprint
305-6	Emissions of ozone-depleting substances (ODS)	Not Applicable
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental Data
306 : WASTE		Reference
306-1	Waste generation and significant waste-related impacts	Reducing Our Environmental Footprint
306-2	Management of significant waste-related impacts	Reducing Our Environmental Footprint Environmental Data
306-3	Waste generated	Environmental Data
306-4	Waste diverted from disposal	Not Applicable
306-5	Waste directed to disposal	Environmental Data
307 : Environmental Compliance		Reference
307-1	Non-compliance with environmental laws and regulations	Environmental Data
308 : Supplier Environmental Assessment		Reference
308-1	New suppliers that were screened using environmental criteria	Promoting Sustainable and Responsible Procurement
308-2	Negative environmental impacts in the supply chain and actions taken	Promoting Sustainable and Responsible Procurement

400 : Social

401 : employment		Reference
401-1	New employee hires and employee turnover	Social Data
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment and Work of Employees Realizing a Rewarding Workplace
401-3	Parental leave	Social Data Realizing a Rewarding Workplace

402 : Labor/Management Relations		Reference
402-1	Minimum notice periods regarding operational changes	Employment and Work of Employees
403 : Occupational Health and Safety		Reference
403-1	Occupational health and safety management system	Employee Safety and Health Social Data
403-2	Hazard identification, risk assessment, and incident investigation	Social Data
403-3	Occupational health services	Employee Safety and Health
403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Safety and Health Employment and Work of Employees
403-5	Worker training on occupational health and safety	—
403-6	Promotion of worker health	Employee Safety and Health
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	—
403-8	Workers covered by an occupational health and safety management system	Social Data
403-9	Work-related injuries	Social Data
403-10	Work-related ill health	Social Data
404 : Training and Education		Reference
404-1	Average hours of training per year per employee	Social Data
404-2	Programs for upgrading employee skills and transition assistance programs	Human Resource Development and Fair Evaluation
404-3	Percentage of employees receiving regular performance and career development reviews	Performance measurement setting and appraisal on regular basis : 100% Human Resource Development and Fair Evaluation
405 : Diversity and Equal Opportunity		Reference
405-1	Diversity of governance bodies and employee	Governance
405-2	Ratio of basic salary and remuneration of women to men	Employment and Work of Employees Social Data
406 : Non-discrimination		Reference
406-1	Incidents of discrimination and corrective actions taken	Social Data
407 : Freedom of Association and Collective Bargaining		Reference
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	—
408 : Child Labor		Reference
408-1	Operations and suppliers at significant risk for incidents of child labor	Response to the United Kingdom's Modern Slavery Act 2015 Promoting Sustainable and Responsible Procurement Human Rights Initiatives
409 : Forced or Compulsory Labor		Reference
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Response to the United Kingdom's Modern Slavery Act 2015

		Promoting Sustainable and Responsible Procurement Human Rights Initiatives
410 : Security Practices		Reference
410-1	Security personnel trained in human rights policies or procedures	—
411 : Rights of Indigenous Peoples		Reference
411-1	Incidents of violations involving rights of indigenous peoples	—
412 : Human Rights Assessment		Reference
412-1	Operations that have been subject to human rights reviews or impact assessments	Our Human Rights Approach Human Rights Initiatives
412-2	Employee training on human rights policies or procedures	Human Rights Initiatives Social Data
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Human Rights Initiatives
413 : Local Communities		Reference
413-1	Operations with local community engagement, impact assessments, and development programs	Social Contribution Activities Social Data
413-2	Operations with significant actual and potential negative impacts on local communities	Not Applicable
414 : Supplier Social Assessment		Reference
414-1	New suppliers that were screened using social criteria	Promoting Sustainable and Responsible Procurement
414-2	Negative social impacts in the supply chain and actions taken	Promoting Sustainable and Responsible Procurement
415 : Public Policy		Reference
415-1	Political contributions	Social Data
416 : Customer Health and Safety		Reference
416-1	Assessment of the health and safety impacts of product and service categories	Promotion of Safe and Reliable Manufacturing
416-2	Incidents of non-compliance concerning the health and safety impacts and services	Social Data
417 : Marketing and Labeling		Reference
417-1	Requirements for product and service information and labeling	Promotion of Safe and Reliable Manufacturing Social Data
417-2	Incidents of non-compliance concerning product and service information and labeling	Social Data
417-3	Incidents of non-compliance concerning marketing communications	Social Data
418 : Customer Privacy		Reference
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social Data Information Security Management
419 : Socioeconomic Compliance		Reference

419-1	Non-compliance with laws and regulations in the social and economic area	Social Data Compliance and Risk Management

SASB Content Index

Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Code	Reference
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	CG-HP-140a.1	Environmental Data
	Description of water management risks and discussion of strategies and practices to mitigate those risks	CG-HP-140a.2	Reducing Water consumption The Report of Climate-related Financial Disclosure (P10-12) [PDF : 753KB]
Product Environmental, Health, and Safety Performance	Revenue from products that contain REACH substances of very high concern (SVHC)	CG-HP-250a.1	Promotion of Safe and Reliable Manufacturing
	Revenue from products that contain substances on the California DTSC Candidate Chemicals List	CG-HP-250a.2	Shiseido Safety Assurance System
	Discussion of process to identify and manage emerging materials and chemicals of concern	CG-HP-250a.3	Ingredients Policy
	Revenue from products designed with green chemistry principles	CG-HP-250a.4	—
Packaging Lifecycle Management	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is recyclable, reusable, and/or compostable	CG-HP-410a.1	Developing Sustainable Products
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	CG-HP-410a.2	
Environmental & Social Impacts of Palm Oil Supply Chain	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved, (b) Segregated, (c) Mass Balance, or (d) Book & Claim	CG-HP-430a.1	Palm Oil

Activity Metrics

Activity Metrics	Code	Reference
Units of products sold, total weight of products sold	CG-HP-000.A	—
Number of manufacturing facilities	CG-HP-000.B	Global Network

"—" : Not disclosed