

SUSTAINABILITY REPORT 2025

一瞬も一生も美しく

In every moment, in every life

Beauty

SHISEIDO



Editorial Policy

The Sustainability Report is edited according to the following policy.

In this report, we share the Shiseido Group's "value creation story" with our sustainability strategy at its core, aimed at realizing our corporate mission, "BEAUTY INNOVATIONS FOR A BETTER WORLD." Based on the philosophy cultivated since our founding, we report on the results of our activities in fiscal 2025, which balance the resolution of social issues through our business activities with sustainable growth. We also present our targets toward 2030 and explain the social value we provide to all our stakeholders.

Scope

Shiseido Company, Limited and its consolidated subsidiaries (collectively, the Shiseido Group)

Target Period

Mainly fiscal 2025 (from January 1, 2025 to December 31, 2025).

Some parts include content that is prior to the target period or is more recent.

Please note that job titles are as of the time the activities were conducted.

Reference Guidelines

- UN Global Compact
- The GRI (Global Reporting Initiative) Sustainability Reporting Standards
- SSBJ (Sustainability Standards Board of Japan) Standards
- TCFD (Task Force on Climate-related Financial Disclosures)
- TNFD (Task Force on Nature-related Financial Disclosures)
- SASB (Sustainability Accounting Standards Board) Standards
- Environmental Reporting Guidelines of the Ministry of the Environment (2018 edition)

Publication Date

June 2026

Assurance Statement

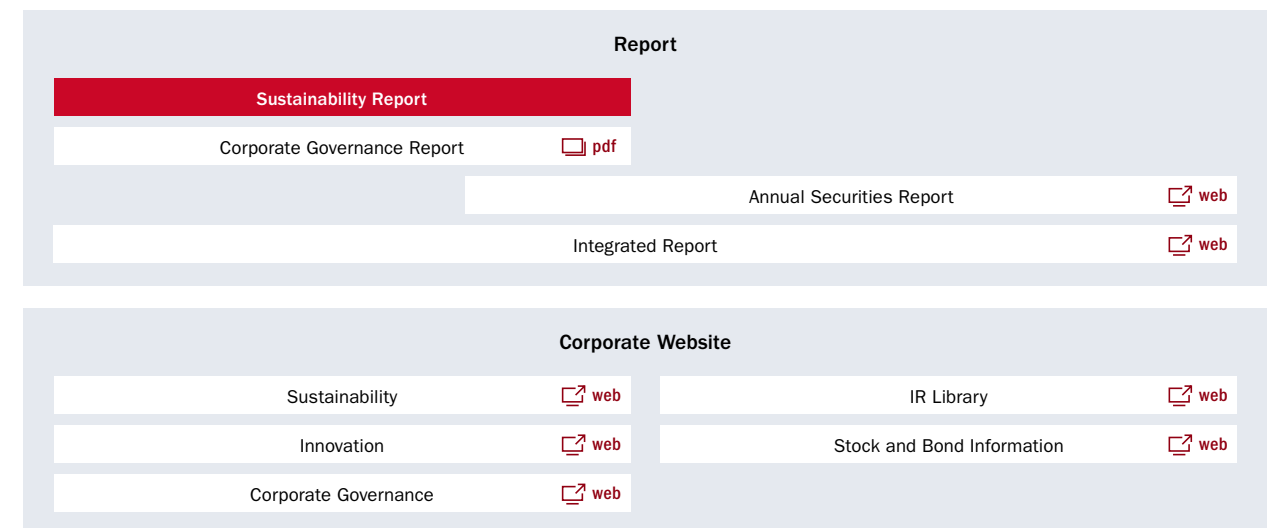
Some social and environmental data are third-party certified, marked with ● in data.

Social Data [📄 P.64](#)

Environmental Data [📄 P.65](#)

Information Disclosure

Pre-Financial Information ← → Financial Information



Our sustainability initiatives are also disclosed on our Corporate Website and in the Integrated Report.

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Main Visual Concept

~ In every moment, in every life: Beauty ~

Our work is to pursue, create, and share new beauty by connecting with people, enriching everyone's lives. In this visual, we deliberately avoid depicting easily recognizable elements such as skin, facial expressions, or products, seeking instead to vividly evoke the signs of unseen beauty found in the heart, sensibility, and the future.

Vision Movie [web](#)



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CEO Message



Believing in the power of beauty, we remain committed to realizing a beautiful and sustainable society and planet.

The Future that the Shiseido Group Desires to Build through the Power of Beauty

At present, the world is facing unprecedented fragmentation and uncertainty, including increasing geopolitical risk, growing economic uncertainty, and increasingly severe climate change. Because we are in such an era, it is more important for us to reconfirm the significance of our existence and ask ourselves once again what value we should provide to society.

Believing in the potential of beauty, we have established our vision, “By connecting with people, we pursue, create, and share new beauty, enriching everyone’s lives,” toward 2030 under our corporate mission, “BEAUTY INNOVATIONS FOR A BETTER WORLD.” The value we provide is not limited to our products and services. It is also in our activities nurturing the human spirit and bringing about positive change through beauty. We will strive to sustainably enhance our corporate value by solving social issues while also achieving the growth of our business, with the goal of helping establish a society where everyone is able to live with enriched hearts, respect and stay connected with each other, and live authentically, and a world where people and the Earth coexist with nature and resources cherished and circulated.

Kentaro Fujiwara

Director, Representative Corporate
Executive Officer
President and CEO

2030 Medium-Term Strategy and Our Value Creation Integrated with Sustainability

Under the 2030 Medium-Term Strategy that we announced in November 2025, we have positioned “Drive sustainable value creation” as one of the cores of our management strategy towards the achievement of our vision. Through value creation, we will develop a corporate culture that continues to create diverse beauty value and aim to build a world where people experience enhanced Quality of Life (QOL) throughout their lives and achieve coexistence with the Earth, based on the idea of *banbutsu shisei*,*¹ which is the origin of our company name. We took the formulation of the 2030 Medium-Term Strategy as an opportunity to review our materiality, which we identified in 2019, in light of changes in society and the industry, as well as risks and opportunities, and we identified 19 material issues through dialogue with diverse stakeholders. To ensure steady progress in our efforts to solve these material issues, we have set three strategic actions and medium-term targets in each of the society and environment areas. Further, we have expanded the scope of our actions in the environmental area and updated our targets toward 2030, driving initiatives across the Shiseido Group.

Value Creation for Building a Society Where Everyone Can Live Authentically

In the area of society, we set three strategic actions, “Advancing gender equality,” “Empowering people through the power of beauty,” and “Promoting respect for human rights,” and we are pushing forward with these strategies to help establish a society in which everyone can live authentically. Our great strength lies in our employees who are diverse in terms of their identities and who come together to fully demonstrate their abilities. To enhance this strength further, we first set the target in Japan to increase the ratio of women leaders at all levels to 50% by 2030 to advance gender equality internally. The latest information about the ratio of women in management positions is that 50.0% of the Board of Directors are women, and the percentage of women managers is 60.3% globally and 43.3% in Japan, indicating steady progress. We are leveraging the knowledge of DE&I we have cultivated over many years to share it with society through our businesses and brands, and use this to drive value creation.

Further, as a part of our commitment to society, we have set a target of supporting one million people by 2030 in the areas of “Advancing gender equality” and “Empowering people through the power of beauty,” and our achievement rates in 2025 are 95% and 40%, respectively. As a specific initiative for the former, we continue to support the education and the independence of socially vulnerable girls. For the latter, we offer *Perfect Cover* to address deep skin troubles, and we are implementing the ANESSA Sunshine Project aimed at supporting the healthy growth of children’s minds and bodies and other measures.

Promotion of Circular Product Lifecycle Design Aimed at Coexistence with the Earth

Our actions for the environment are based on the idea of *banbutsu shisei*.*¹ We are addressing environmental issues throughout the value chain through Circular Product Lifecycle Design.

We are taking three strategic actions. One is “Reducing our environmental footprint, “which we are pushing forward with through collaborations with diverse stakeholders. The second is “Developing sustainable products,” which we create values by embracing formulas, ingredients, and packaging. The remaining action is “Promoting sustainable and responsible procurement” to help solve social issues including deforestation and human rights violations. Regarding our response to climate change, we have set 2030 targets of reducing Scope1 and 2 CO₂ emissions by 46.2% and Scope 3 emissions by 55% (validated by the Science Based Targets initiative (SBTi)). In FY2025, the percentage of renewable electricity at the Shiseido Group reached 94%. Looking ahead, we will focus our efforts on addressing Scope 3 emissions, which represent the largest share of our total emissions. We will accelerate our efforts in this area by further strengthening collaboration with business partners and other stakeholders. We have also been proactively adopting initiatives to address climate change and biodiversity, including initiatives to protect water resources. In recognition of these efforts, we were selected for the CDP’s highest-ranking double A list for climate change and water security categories. Regarding “Developing sustainable products,” we implemented initiatives to switch to sustainable packaging. As of the end of 2025, we achieved a 98% switch to sustainable packaging on a design basis.

Strengthening Our People and Organizational Structure Supporting the Sustainable Creation of Value

The steady success of these initiatives would not be possible without the strength of each and every Shiseido Group employee. We regard our people as our most valuable asset and are pushing forward with our new people strategy linked to our Medium-Term Strategy. We will thus establish a culture of supporting our people taking on challenges and be an organization that continues to learn while providing organizational support for the personal development of our people as Shiseido JIN (people), who aspire to share exceptional, enduring value with the world, even in challenging times. As part of these efforts, we have established The Shiseido Way, a common set of values that all employees are expected to embody in their daily operations as they strive to enhance our organizational capabilities on a global basis.

Enhancing Corporate Value Sustainably by Solving Social Issues While Also Achieving the Growth of Business







Shiseido Group has been operating for more than 150 years. It has established a history of creating value for society through the power of beauty. We will keep proceeding sustainability, which is even more important in this current era, when the future is unknown as uncertainty is growing in various parts of the world. We will continue to create value by solving social issues while also achieving the growth of our business from a long-term perspective. In addition, we will facilitate the continued evolution of our sustainability activities under a steadfast governance structure with increased transparency and effectiveness. We aim to sustainably enhance our corporate value as we move toward the achievement of our vision and the fulfillment of our mission, backed by our outstanding research and development capabilities, brand power, and the capabilities of our diverse people.

*1 From a phrase in the Chinese classic *Yi Jing* (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 value.”

Value Creation by the Shiseido Group

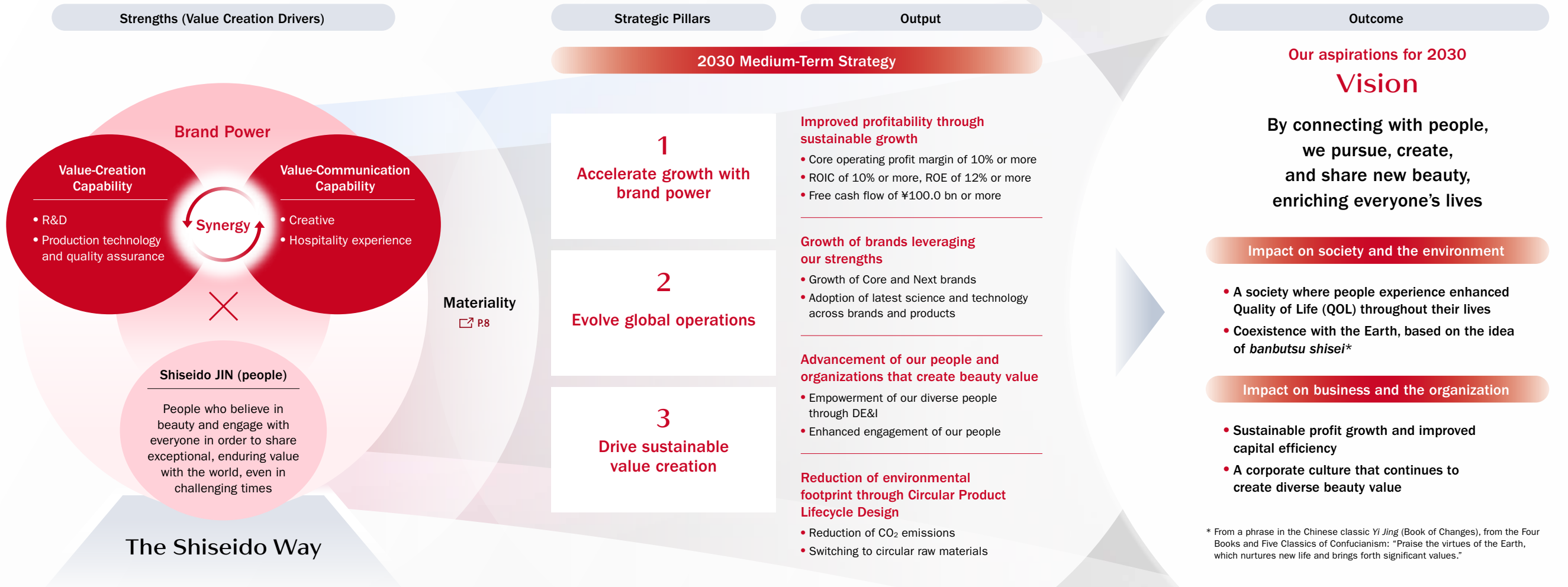
The Journey of Value Creation at Shiseido Group

Since 1872, the Shiseido Group has continuously created new values, redefining lifestyles, values, and culture through the power of beauty. This ongoing commitment to value creation now drives a sustainable future, addressing our impact on people, society, culture, and the global environment.

	1920s-1980s	1990s-2000s	2010s	2020s	
<p>Society & Culture</p> <p>Shiseido Group</p>	<p>1924 Launched Shiseido Geppo magazine (predecessor to Hanatsubaki)</p> <p>1934 Introduced Miss Shiseido</p>  <p>1944 Distributed wooden lipsticks to support women</p> <p>1956 Launched corrective cosmetics for scars and burn marks</p> <p>1989 Introduced Successful Aging concept</p>	<p>1990 Introduced childcare leave system</p> <p>1992 Developed corrective makeup techniques for scars and deep spots</p> <p>1993 Introduced Social Studies Day volunteer leave system</p> <p>1995 Launched the Perfect Cover brand</p> <p>2000 Began sun care donations and seminars for xeroderma pigmentosum (XP) patients.</p> <p>2004 Joined UN Global Compact Issued first CSR Report</p> <p>2005 Launched employee donation program "Shiseido Camellia Fund" in Japan</p> <p>2006 Opened Shiseido Life Quality Beauty Center</p> 	<p>2011 Began makeup advice for cancer patients at hospitals in Tokyo area</p> <p>2013 Commercialized senior beauty services in Tokyo area based on Cosmetic Therapy</p> <p>2015 Confirmed Cosmetic Therapy efficacy in extending healthy life expectancy</p>	<p>2017 Granted same-sex partners same benefits as spouses; historical archives certified as Chemical Heritage</p> <p>Launched Shiseido Camellia Day in Europe</p> <p>2019 Joined 30% Club Japan Disclosed Shiseido Health Declaration</p> 	<p>2020 Received Prime Minister's Award for Leading Companies Where Women Shine</p> <p>2021 Expanded Shiseido Camellia Day globally</p> <p>2022 Launched SEE, SAY, DO. Project Disclosed Shiseido Vision Zero Declaration Set 100% male childcare leave target Expanded LAVENDER RING MAKEUP & PHOTOS WITH SMILES globally</p> <p>2023 Established Shiseido DE&I Lab</p>  <p>Be moved in the sunshine.</p> <p>ANESSA SUNSHINE PROJECT</p>
<p>Environment</p>	<p>1926 Launched first refillable product</p>  <p>1963 Began research on alternatives to animal testing</p> <p>1965 Launched combustible resin packaging (later regarded as more environmentally friendly)</p> <p>1976 Developed photodegradable resin</p> <p>1989 Decided to completely phase out CFCs in aerosol products</p>	<p>1990 Issued a declaration to completely phase out CFCs</p> <p>1992 Established Shiseido Eco Policy Introduced Eco-Guidelines for Product Planning</p> <p>1997 Formulated Shiseido Global Eco Standards</p> <p>1998 Issued first Environmental Report</p> <p>2001 Expanded glass container recycling program nationwide</p> <p>2003 Achieved zero emissions across all domestic factories and HQ</p>	<p>2010 Established Eco Standards Joined RSPO</p> <p>2011 Adopted sugarcane-derived PE containers for SUPER MILD (First in Japan's cosmetics industry) Began wind power generation at Zotos Geneva factory</p> <p>2012 Zotos Geneva factory won 2012 Green Power Leadership Award Committed to 100% RSPO-certified palm oil by 2013</p>	<p>2013 Completely abolished animal testing for cosmetics safety, transitioning to alternative methods</p> <p>2018 Became first Japanese company to join SPICE</p> <p>2019 Joined Loop container recycling program Joined JaSPON Launched joint logistics for in-store promotional materials with Unicharm and Lion</p>	<p>2020 Formulated "5Rs" packaging policy; achieved zero waste to landfill at all global factories ahead of schedule</p> <p>Became first cosmetics partner of WIPO GREEN</p> <p>2021 Launched AQUALABEL products for Loop Obtained SBT certification for GHG reduction targets</p> <p>2022 Joined RE100 Invested in Rplus Japan for plastic recycling</p> 
<p>Global Events</p> <p>● Global ● Japan</p>	<p>1941 ● Japan Cosmetic Industry Association (JCIA) established *current name</p> <p>1972 ● The Limits to Growth published ● UN Conference on the Human Environment held ● Japan's first Environmental White Paper issued</p> <p>1985 ● Equal Employment Opportunity Act enacted in Japan</p> <p>1987 ● Brundtland Report published; Montreal Protocol adopted</p>	<p>1992 ● Earth Summit (UNCED) held</p> <p>1993 ● Basic Environment Act enacted in Japan</p> <p>1995 ● Containers and Packaging Recycling Act enacted in Japan</p> <p>1996 ● ISO 14001 standard issued</p> <p>1997 ● COP3 held / Kyoto Protocol adopted</p> <p>1999 ● PRTR Act enacted in Japan</p> <p>2000 ● UN Millennium Development Goals (MDGs) adopted</p> <p>2006 ● Principles for Responsible Investment (PRI) launched by UN</p>	<p>2010 ● COP10 Nagoya Protocol adopted ● ISO 26000 issued</p> <p>2014 ● IPCC Fifth Assessment Report published</p> <p>2015 ● SDGs adopted ● Paris Agreement adopted at COP21 ● Same-sex partnership system introduced in Shibuya and Setagaya, Tokyo</p> <p>● Act on Promotion of Women's Participation and Advancement in the Workplace enacted in Japan</p> <p>● GPIF signed the PRI</p>	<p>2017 ● TCFD recommendations published</p> <p>2018 ● IPCC Special Report on Global Warming of 1.5°C published ● Work Style Reform Legislation enacted in Japan</p> <p>2019 ● EU European Green Deal announced ● Resource Circulation Strategy for Plastics formulated in Japan.</p>	<p>2020 ● EU Taxonomy Regulation entered into force ● Japan declared 2050 Carbon Neutrality</p> <p>2021 ● COP26 held ● Glasgow Climate Pact adopted</p> <p>2022 ● EU Corporate Sustainability Reporting Directive (CSRD) adopted ● Plastic Resource Circulation Act enacted in Japan</p> <p>2023 ● TNFD recommendations published ● ISSB issued IFRS S1 and S2 standards ● COP28 held in UAE ● GX Promotion Act enacted in Japan ● National Biodiversity Strategy of Japan revised</p> <p>2025 ● SSBJ standards published</p>

Value Creation Process

OUR MISSION is BEAUTY INNOVATIONS FOR A BETTER WORLD



* From a phrase in the Chinese classic *Yi Jing* (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 Management

Materiality

Under our corporate mission, BEAUTY INNOVATIONS FOR A BETTER WORLD, Shiseido Group aims for 2030 to achieve our vision: By connecting with people, we pursue, create, and share new beauty, enriching everyone’s lives through the value of beauty cultivated since our founding.

Along with the formulation of the 2030 Medium-Term Strategy announced in November 2025, we reviewed the material issues defined in 2019, considering changes in society and the industry, as well as related risks and opportunities.

Through dialogue with diverse stakeholders—including employees, consumers, business partners, shareholders, soci-

ety and the earth—we identified 19 material issues assessed from the two perspectives of “importance to all stakeholders” and “importance to Shiseido Group’s business,” and organized them into four categories that led the 2030 Medium-Term Strategy. These material issues represent key focus areas directly linked to Shiseido Group’s sustainable growth and the enhancement of corporate value. We will address social and environmental issues through our businesses while pursuing sustained profitability, realizing further value creation through beauty.

Materiality

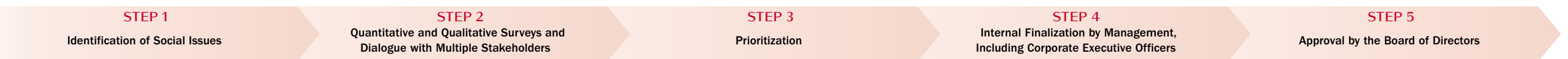
Lifelong QOL improvement through diverse “power of beauty”	<ul style="list-style-type: none"> 1 Consumers’ QOL 2 DE&I 3 Respect for human rights 4 Innovations 	<ul style="list-style-type: none"> 5 Product safety 6 Responsible marketing and advertising 7 DX
Resilient management foundation building	<ul style="list-style-type: none"> 8 Governance & accountability enhancement 9 Fair business transactions 	<ul style="list-style-type: none"> 10 Information security, cybersecurity & privacy 11 Stakeholder engagement
Our people and organizations to create beauty value	<ul style="list-style-type: none"> 12 Our people & organization for value creation 	<ul style="list-style-type: none"> 13 Occupational health and safety
Harmonization with nature (Circular Product Lifecycle Design)	<ul style="list-style-type: none"> 14 Climate change 15 Biodiversity 16 Water usage 	<ul style="list-style-type: none"> 17 Circular products and manufacturing 18 Chemical safety and management 19 Responsible procurement

Materiality Map



The following process was implemented to define material issues.

How We Formulated Our Materiality



• Comprehensive identification of social issues based on international guidelines (GRI, SASB, SDGs, etc.)

• Quantitative surveys of employees and consumers
 • Interviews and questionnaires with Officers and regional CEOs
 • Interviews with shareholders, investors, and external experts, as well as a review of social expectations and requirements reflected in ESG assessments such as S&P MSCI, and CDP

• Evaluating and scoring based on the level of importance to multiple stakeholders and the business

• Classification and organization of the identified material issues
 • Approval at the global management meeting

Our Approach to Sustainability

To achieve our corporate mission, BEAUTY INNOVATIONS FOR A BETTER WORLD, Shiseido Group has positioned “sustainable value creation” as one of the important strategic pillars in our 2030 Medium-Term Strategy. Within this, in our sustainability strategy, we have set forth strategic actions based on the materiality (material issues) to be addressed in the society and environment areas, while establishing medium-term targets toward 2030 and advancing company-wide initiatives.

In the society area, we are addressing social issues by expanding the diversity, equity, and inclusion (DE&I) expertise we have long cultivated into society through our business and brands. We are executing three strategic actions: “Advancing gender equality,” which aims to realize a society where fair opportunities are available to all—regardless of gender, age, nationality, sexual orientation, gender identity, or disability—and where individuals can live authentically; “Empowering people through the power of beauty,” which seeks to eliminate unconscious biases and prejudices related to beauty, fostering a society that celebrates individual beauty; and “Promoting respect for human rights,” which serves as the foundation of all our activities.

In the environment area, based on the idea of *banbutsu shisei*, the origin of our company’s name, we are working to develop technologies and build business models aimed at reducing our environmental footprint and contributing to realizing a circular economy. We are executing three strategic actions: “Reducing our environmental footprint” and “Developing sustainable products,” which we work on in collaboration with various stakeholders throughout the entire value chain, and “Promoting sustainable and responsible procurement,” which addresses not only environmental issues but also human rights issues.

Strategic Action

Society

- 01 **Advancing Gender Equality** [P.14](#)
- 02 **Empowering People through the Power of Beauty** [P.21](#)
- 03 **Promoting Respect for Human Rights** [P.28](#)

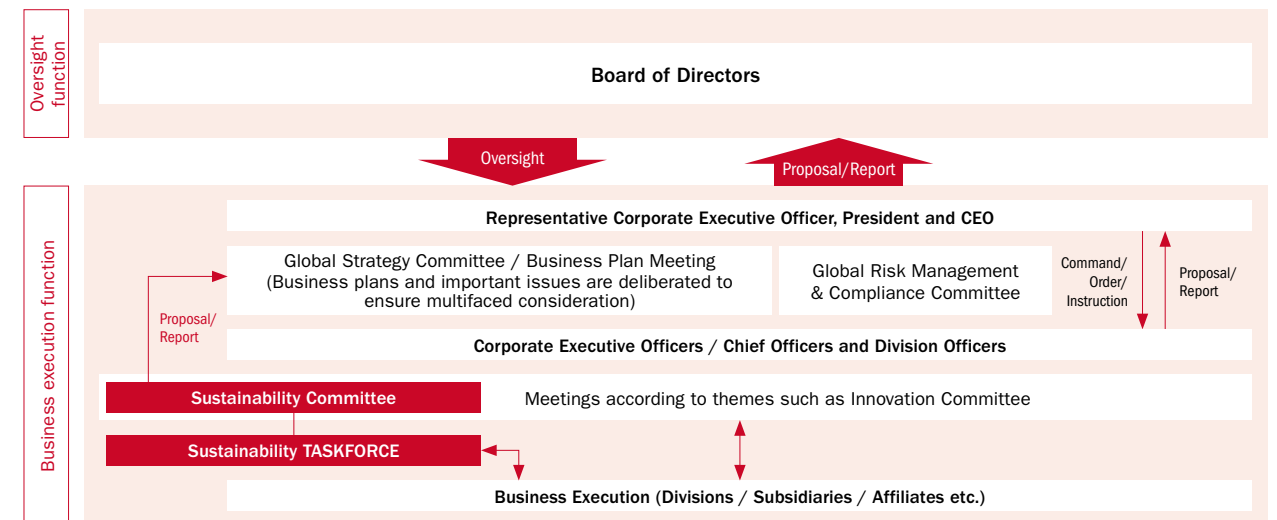
Environment

- 01 **Reducing Our Environmental Footprint** [P.35](#)
- 02 **Developing Sustainable Products** [P.45](#)
- 03 **Promoting Sustainable and Responsible Procurement** [P.51](#)

Sustainability Governance

At Shiseido Group, we work to promote sustainability across the entire company through our brands and regional businesses. The Sustainability Committee was set up to ensure timely management decisions related to sustainability efforts and their proper implementation across the Group, and meetings are held regularly. The 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. It also monitors the progress of medium- to long-term targets within our sustainability strategy. The committee consists of the Representative Corporate Executive Officers, and Chief Officers and Division Officers from various fields—including Finance, R&D, Supply Network, Human Resources, Corporate Governance, Corporate Communications, and our brand holders—enabling active discussions on a range of issues from the perspectives of their respective areas of expertise. In addition, important matters related to business execution which require approvals are proposed or reported to the Global Strategy Committee or the Board of Directors. Furthermore, in order to ensure the reliable execution and promotion of strategic actions, a Sustainability TASKFORCE was set up under the Sustainability Committee, consisting of the heads of key relevant functions. The TASKFORCE discusses practical approaches to achieving long-term targets and solving sustainability-related issues, driving activities that involve regional headquarters, overseas offices, and other relevant departments.

Sustainability Promotion Structure



Strategic Actions and Medium-Term Targets

At Shiseido Group, we have identified 19 material issues based on two dimensions: “importance to all stakeholders” and “importance to Shiseido Group’s business”. Based on this materiality, we have set forth three strategic actions and medium-term targets in each of the society and environment areas, and we are promoting initiatives across the entire company. In accordance with our “2030 Medium-Term Strategy,” we have expanded the scope of our actions in the envi-

ronmental area and updated our targets toward 2030. Furthermore, we have introduced long-term incentive-type remuneration that incorporates ESG-related performance targets, such as CO₂ emissions reduction and the ratio of women in management positions, for leaders in key positions both in Japan and overseas, in addition to the Representative Corporate Executive Officers, Chief Officers, and Division Officers.

	Related Materiality	Strategic Actions	Indicators	New Targets toward 2030	Previous Targets (Target year)	2025 Results	Note	
Society	<ul style="list-style-type: none"> 1 Consumers' QOL 2 DE&I 3 Respect for human rights 12 Our people & organization for value creation 13 Occupational health and safety 	01 Advancing gender equality	Women's empowerment	Ratio of women leaders at all levels in Japan	50%	Directors 50.0% Officers 46.7%	As of April 2026	
			Advancing gender equality	<ul style="list-style-type: none"> • Women's empowerment in Japan • Supporting education and financial independence worldwide 	1 million people	Achievement ratio 95%	As of January 2026 Direct outreach through the support for girls' education through <i>Clé de Peau Beauté</i> and Shiseido DE&I Lab, etc.	
		02 Empowering people through the power of beauty	Empowering people through the power of beauty	<ul style="list-style-type: none"> • Cultivating self-efficacy through the power of beauty • Challenging the unconscious biases that limit individual beauty 	1 million people	Achievement ratio 40%	Direct outreach through Shiseido Life Quality Makeup activities; ANESSA Sunshine Project, etc.	
		03 Promoting respect for human rights	Respect for human rights	For detailed activities, please refer to the page of Major Initiatives				
Environment	<ul style="list-style-type: none"> 14 Climate change 15 Biodiversity 16 Water usage 17 Circular products and manufacturing 18 Chemical safety and management 19 Responsible procurement 3 Respect for human rights 	01 Reducing our environmental footprint	CO ₂	CO ₂ emission reduction (SBTi validation, Scope 1, 2)	46.2%	61.7%	From all our sites, absolute, compared to 2019. Including our goal of achieving carbon neutrality by 2026 (including carbon offsetting)	
				CO ₂ emission reduction (SBTi validation, Scope 3)	55%	47% (Value converted into an absolute amount)	Throughout our value chain, excluding our sites, economic intensity target, compared to 2019	
			Water	Water consumption reduction	50%	40% (2026)	58% (Continued achievement since 2023)	Economic intensity across all our sites, compared to 2014. New target: production sites, Previous target: all our sites
				Waste	Waste to be recycled or recovered for energy	100%	-	-*
		Waste to be landfilled directly	-		0% (2022)	0% (Continued achievement since 2022)	Excluding waste designated as landfill by law	
		02 Developing sustainable products	Ingredient	Circular ingredient usage	90%	-	-*	Cosmetic ingredient that can be regenerated and recycled within human societal or natural systems, monitored at a raw material level
				Eliminating controversial ingredients from formula	100%	-	-*	Scope: PFAS (as of June 2026)
			Packaging	Recycled or bio-based materials used in cosmetic primary packaging	15%	-	-*	Average rate for primary cosmetic packaging
				Reduction of virgin petroleum plastic used in cosmetic primary packaging	30%	-	-*	
		03 Promoting sustainable and responsible procurement	Palm oil-derived ingredients	Switching to sustainable packaging	20%	-	-*	Per product, compared to 2019
				Procurement of sustainable palm oil-derived raw materials	100%	100% (2026)	98%	For plastic primary packaging, on a design basis
			Paper	Traceability of palm oil mill	85%	-	73%	
				Procurement of sustainable paper	100%	100% (2025)	100% (Continued achievement since 2023)	Including certified paper or recycled paper used in products, measured by paper weight
			Soy	Traceability of pulpwood to the state or prefecture level	100%	-	80%	For the materials used in the product
Procurement of RTRS-certified raw materials or procurement not involving deforestation	100%			-	-*			
Mica	Procurement from suppliers not involved in child labor	100%	-	-*	For India and Madagascar, verify RMI membership or conduct individual assessment			
Conflict minerals	Procurement that does not contribute to the financing of conflict or acts of war	100%	-	-*				
Supplier management	Supplier management	Critical risks from direct and indirect transactions suppliers	0	-	-*	Including secondary and subsequent (upstream) suppliers		

* Progress toward the 2030 targets will be disclosed from the 2027 report onward.

Visualizing the Financial Impact of Non-Financial Information

For companies pursuing sustainable growth, visualizing the mutual impacts between business and the environment/society from the perspective of double materiality is essential. Historically, however, the potential damage of CO₂ emissions to social systems, as well as the future risks that rising temperatures and natural disasters pose to business activities, have been treated as external diseconomies and left unreflected in financial statements.

“Visualizing non-financial information”—the process of visualizing the intangible value and impacts of non-financial domains—not only enhances corporate decision-making but also serves as a vital tool for communicating the significance of corporate activities to internal and external stakeholders, thereby boosting employee engagement and motivation. In particular, quantifying the risks and opportunities that climate change and other environmental and social issues present to our operations and finances provides critical insights for assessing business resilience and formulating appropriate management strategies. By converting both the positive impacts created by our products and services and the financial implications of environmental and social factors into monetary value, we can redefine activities previously viewed as mere costs into “investments” that contribute to long-term corporate value. Consequently, this allows us to refine our disclosures to stakeholders.

Since its founding in 1872, the Shiseido Group has consistently operated with the aim of creating value for society. On the environmental front, we have led the industry by driving innovation in technology and social systems, through milestones such as launching refills for compact powder in 1926, introducing sun oil in packaging designed for combustible waste disposal in 1965, completely phasing out CFCs in cosmetics in 1989, and establishing a nationwide recycling system for glass bottles in 2000. In 2019, we expressed our support for the TCFD recommendations. Since then, in addition to analyzing the potential risks and opportunities associated with climate change, we have quantified the financial impact of our business activities. Through continuous discussions between our specialized teams and executive management, we have strived to enhance our business resilience. These insights are compiled annually in our Climate- and Nature-related Financial Disclosure Report.

In the social domain, we are also taking on the challenge of visualizing the financial impacts of physical and psychological benefit. For instance, while skincare product is traditionally designed to prevent sunburn from UV rays, it also protects dermal collagen and prevents dark spots—helping to maintain skin function and a beautiful appearance—while showing potential in preventing skin cancer. Due to changes in the atmospheric and living environments caused by climate change, the amount of UV exposure individuals experience is expected to increase in the future.*¹ As demand for skincare products grows, we are mathematically modeling the long-term positive physical and psychological effects of continuous sunscreen use. Through this dual-directional monetization approach, we are attempting to calculate how much positive impact will be generated by our future business expansion and geographic reach, balanced against the increased environmental footprint from production.

By integrating these quantified financial impacts into our existing management indicators—either as drivers of our corporate value or as currently unpriced negative externalities—we aim to achieve value creation where business growth and sustainability are fully integrated. We will continue to tackle this complex challenge to ensure we fully understand the value of our own activities for better decision-making, and to maintain high transparency and accountability for all our stakeholders, including consumers and investors.

*1 Watanabe, S. et al. (2011) *Journal of Geophysical Research*, 116, D16118

[Climate- and Nature-related Financial Disclosure Report](#) pdf

Examples: Positive and Negative Externalities in Non-Financial Domains

	Impact Materiality (Shiseido Group's impact on society and the environment)	Financial Materiality (The impact of society and the environment on Shiseido Group)
Positive Externalities	<p>Positive Impact</p> <ul style="list-style-type: none"> ✓ Shiseido Life Quality (SLQ) Makeup ✓ Long-term skin function maintenance through UV protection ✓ Health maintenance through anti-aging care 	<p>Opportunities</p> <ul style="list-style-type: none"> ✓ Expanding sales opportunities for refillable products ✓ Expanding sales opportunities for climate-adaptation products ✓ Improving employee capabilities and productivity ✓ Enhancing employee loyalty and motivation ✓ Building trust through long-term relationships with consumers
Negative Externalities	<p>Negative Impact</p> <ul style="list-style-type: none"> ✓ Environmental impact (CO₂ emissions, etc.) ✓ Human rights issues in the supply chain 	<p>Risks</p> <ul style="list-style-type: none"> ✓ Climate risks (floods, water scarcity, etc.) ✓ Nature risks (decline in pollinators, etc.) ✓ Supply chain risks for resources and raw materials ✓ Policy risks (taxation, regulations, etc.) ✓ Geopolitical risks (conflicts, terrorism, etc.)

STRATEGIC ACTION 01 Advancing Gender Equality STRATEGIC ACTION 02 Empowering People Through the Power of Beauty STRATEGIC ACTION 03 Promoting Respect for Human Rights Our People and Organizational Structure Supporting the Sustainable Creation of Value Social Contribution

Society



Value Creation Aimed at a Society Where Everyone Can Live Authentically

We are committed to realizing Shiseido Group’s corporate mission, “BEAUTY INNOVATIONS FOR A BETTER WORLD,” by promoting diversity, equity, and inclusion (DE&I) for all stakeholders, both inside and outside the company.

Internally, we are fostering a culture where employees respect one another’s differences, regardless of gender, age, nationality, sexual orientation, gender identity, and disability—where everyone feels valued and empowered to contribute to innovation through the synergy of our diverse workforce.

Externally, we will share the DE&I expertise we have cultivated over many years with society through our employees, business activities, and brands, and connect this to sustainable value creation. 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.

We also remain committed to respecting the human rights of all stakeholders. This commitment is the foundation for working together with diverse stakeholders, including employees and consumers, to help build a highly inclusive society where everyone can be their authentic self.



STRATEGIC ACTION 01

Advancing Gender Equality



■ Resolving the Gender Gap and Empowering Women

We strive to nurture a society where everyone can feel empowered to live their life freely regardless of gender.

■ Supporting Women’s and Girls’ Education and Financial Independence Worldwide

We are dedicated to resolving gender issues through our business for the empowerment of women.

STRATEGIC ACTION 02

Empowering People Through the Power of Beauty



■ Cultivating Self-Efficacy Through the Power of Beauty

We reach out to people with profound concerns or hardships to enrich their minds and bring happiness to their lives.

■ Challenging the Unconscious Biases and Prejudices that Limit Individual Beauty

We aim to achieve a world where everyone can celebrate each other’s beauty regardless of gender, age, or nationality, sexual orientation, gender identity, and disability.

STRATEGIC ACTION 03

Promoting Respect for Human Rights



■ Respecting Human Rights

We promote various initiatives to respect the human rights of stakeholders throughout our business.

STRATEGIC ACTION 01 Advancing Gender Equality



In advancing a sustainable society, gender equality forms the foundation of respect for human rights and serves as a key driver of economic growth and innovation. International organizations, including UN Women, have pointed out that gender disparities in education, employment, and participation in decision-making limit the potential of societies and organizations.

In Japan in particular, the World Economic Forum's*1 Global Gender Gap Index 2025*2 ranks the country 118th, the lowest among major developed countries, with progress especially stagnant in the political and economic spheres. Within a social structure where change remains gradual, companies are increasingly expected to play a role in driving social transformation by promoting gender equality through employment practices, talent development, and business activities.

*1 The World Economic Forum (WEF) is a nongovernmental and nonprofit organization based in Switzerland aimed at resolving global economic issues by engaging political, academic, and other leaders of society.
 *2 The Global Gender Gap Report 2025 measures gender disparities across countries and regions. Japan ranks 118th out of 146 countries.

Our Approach

At Shiseido Group, we believe gender equality is important for the sustainable growth of society and our medium- to long-term value creation. We are actively driving change both inside and outside the organization toward a society where fair opportunities are available to all, enabling individuals with diverse backgrounds and values to demonstrate their abilities and live authentically. Our efforts begin internally. Through continued initiatives such as women's leadership development programs, mentoring, and gender-related training and awareness-raising activities, we have worked toward enhancing employees' awareness and literacy. In turn, strengthening this organizational capability contributes to innovation and reinforces our business foundation. Our target to raise the ratio of women leaders at every level of the Shiseido Group in Japan to 50% by 2030 serves as a concrete indicator of this approach.

The DE&I knowledge and literacy cultivated within the company are extended to society through our employees, as well as our business and brands. Our efforts to advance gender equality are not limited to organizational transformation; they also bring change to our relationships with diverse stakeholders, including consumers, business partners, and local communities. We believe that as internal change creates a ripple effect across the industry and society at large, a positive cycle emerges toward gender equality.

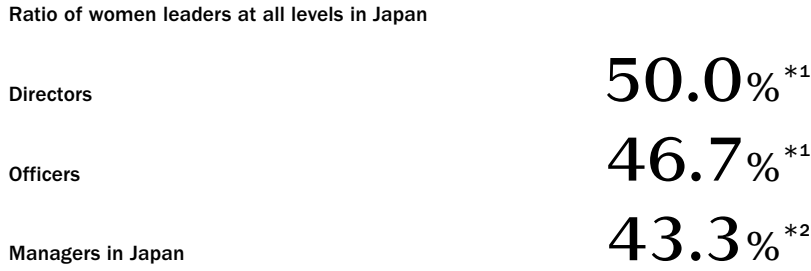
In particular, "Resolving the Gender Gap and Empowering Women in Japan" and "Supporting Girls' Education and Financial Independence Worldwide" are core initiatives for realizing this positive cycle on a societal scale. These initiatives respond to structural challenges in each region while remaining connected to the stability and growth of our business environment. With the view that realizing gender equality contributes to both the prosperity of society and our sustainable growth, we aim to support 1 million people by 2030.

Strategic Actions and Medium-Term Targets [📄 P.10](#)

Metrics and Targets



2025 Actual Results



*1 As of April 1, 2026
 *2 As of January 1, 2026

Direct outreach through the support for girls' education through Clé de Peau Beauté and Shiseido DE&I Lab, etc.

Achievement ratio 95%

Initiatives for Employees Advancing Gender Equality

Advancing Empowerment of Women and Gender Equality

Shiseido Group is committed to advancing gender equality, and women’s empowerment in particular, which continue to be social issues in Japan. Driven by our belief that empowering employees regardless of gender or other attributes can help spark innovation, promote the company’s growth and enable individual self-actualization, we aim to increase the ratio of women leaders at all levels in Japan to 50% by 2030. As of January 2026, women account for over 80% of all Shiseido Group employees. The ratio of women in management positions stands at 60.3% globally and 43.3%*1 in Japan. In addition, women comprise 50.0%*2 of the Board of Directors and 46.7%*2 of the officer layer*3. To achieve our targets, we have been steadily developing the next generation of female talent through the “NEXT LEADERSHIP SESSION for WOMEN,” a leadership development program marking its ninth year, with a cumulative total of 359 participants to date. Furthermore, “Speak Jam,” a mentoring program led by officers for women employees, has engaged a cumulative total of 238 participants between 2020 and 2025 across diverse functions, including Sales, Production, and Research & Development.

We are also enhancing support for women’s health to ensure that women employees can fully maximize their potential. Launched in 2020, the “Women’s Health Project” focuses on fostering accurate understanding of health issues at various life stages and building an environment that encourages autonomous health actions. Guided by our three-year medium-term plan initiated in 2023, we are driving initiatives to improve health literacy across all employee levels. In 2025, we distributed educational videos and hosted health measurement events focused on appropriate weight, anemia, and osteoporosis. The events provided people at sites across Japan with opportunities to measure key indicators regarding women’s health issues, such as hemoglobin levels, glycation levels and bone health.

Through these initiatives, we are developing a corporate culture where people understand and provide support for women’s health issues, instead of leaving them as individual issues so that we can increase employees’ health awareness and encourage them to act independently. To help employees balance career and childcare, we offer multifaceted support through our KANGAROOM+ parenting support services. We conduct “KODOMOLOGY Ikutore,” a parenting training program for expecting parents and their partners, to foster a workplace culture where taking childcare leave is a natural choice for men. As a result of these efforts, the childcare leave utilization rate among eligible male employees in Japan reached 100% in both 2023 and 2024. Furthermore, we continue to provide tailored support aligned with changing life stages, including a postpartum support service in the Tokyo metropolitan area for employees with infants under three months old.

*1 As of January 1, 2026
 *2 As of April 1, 2026
 *3 Previously corporate officers (name changed in 2021); Previously executive officers (name changed in 2025)

International Women’s Day Initiatives

For Shiseido, International Women’s Day is an important opportunity to expand awareness and action toward gender equality both within Shiseido Group and in broader society. Every March, we carry out various initiatives to deepen understanding of gender equality and Diversity, Equity & Inclusion (DE&I). As part of these efforts, we held an online seminar series titled “Diversity Week for Gender” for our employees around the world. The program included four workshops on gender equality and webinars on related topics. In one of the webinars, Chief DE&I Officer Ayako Hirofujii spoke about our history of supporting women’s careers and leadership and shared her personal experience with proactive career planning, offering participants practical tips for their work. One workshop focused on reevaluating the

division of housework and childcare responsibilities, giving participants an opportunity to reflect on gender equality in the home. At the Shiseido Asia Pacific Regional Headquarters and the Shiseido China & Travel Retail Regional Headquarters in Singapore, an event was held in celebration of International Women’s Day. Participants learned about our long-standing commitment to women’s empowerment and heard personal stories from leaders about their career journeys. In collaboration with United Women Singapore, a non-profit organization, we also held a skincare and makeup demonstration to share confidence-boosting beauty techniques for the workplace. At the request of Women Empowering Women, an employee resource group, the Shiseido Americas regional headquarters organized a region-wide campaign, posting portrait photographs of employees on social media in support of International Women’s Day to foster networking among women.



Workshop focused on the division of housework and childcare responsibilities

Initiatives for Broader Society **Resolving the Gender Gap and Empowering Women**

Shiseido DE&I Lab Initiatives

At the Shiseido DE&I Lab*¹, established in 2023, we conduct joint research with the University of Tokyo on how diverse talent can demonstrate their individual strengths in ways that enable different values and ideas to facilitate innovation. Through this research, we are working to verify the relationship between the promotion of DE&I and corporate growth. We share insights gained through this research within Shiseido Group and with society through the Shiseido DE&I Lab Site so they can be useful to other companies. Through this work, we take the lead in promoting discussion and practice toward realizing DE&I as a driver of growth for the Japanese economy. In March 2025, to coincide with International Women’s Day, we hosted the Shiseido DE&I Lab Symposium, joined by our research collaborators, including Professor Shintaro Yamaguchi of the Graduate School of Economics at the University of Tokyo. The event featured a streamed discussion on achieving gender equality, incorporating the latest research insights. Designed primarily for human resources and DE&I professionals at other companies, the symposium welcomed 1,287 participants. In October, we published research findings on the effects of creating inclusive workplaces and contributed to promoting practical management methods.

*1 Since its launch in 2023, the Shiseido DE&I Lab has partnered with Professor Shintaro Yamaguchi of the University of Tokyo to conduct empirical research on how diverse talent contributes to organizational performance.



Shiseido DE&I Lab website [web](#)

Initiatives with UN Women

We continue to uphold its international commitment to gender equality by endorsing the Women’s Empowerment Principles (WEPs), promoted by UN Women, and by participating in the Unstereotype Alliance. Since 2023, we have been a member of the Japan National Chapter of the Unstereotype Alliance, working to end gender stereotypes in advertising and communications. In December 2025, during UN Women Executive Director Sima Bahous’s visit to Japan, our Chief DE&I Officer participated in the Business Leaders Dialogue. The dialogue brought together DE&I leaders from companies promoting gender equality to discuss accelerating future initiatives. Through continued collaboration with international organizations, we will incorporate DE&I perspectives into our brand activities and promote social transformation through our core business.



Chief DE&I Officer Ayako Hirofuji with UN Women Executive Director Sima Bahous

Supporting Women Researchers in Natural Sciences

The proportion of women researchers in Japan is low compared to other countries, remaining at roughly 18.5%*¹. Recognizing this challenge, we offer continued support to women researchers in Japan who are engaged in world-leading, innovative research in natural sciences. We have administered the Shiseido Female Researcher Science Grant in this area since 2007. Now in its 18th year, 2025, we awarded research grants to 10 women researchers. This subsidy is characterized by its flexibility 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 179 researchers. The theme for the 2025 award presentation ceremony held at the Shiseido Global Innovation Center (Yokohama) was “Leveraging the Network of Female Researchers.” In addition to contributing to the development of research environments, this grant program also helps facilitate network-building among recipients, creating a foundation where women researchers can learn from one another and forge their own career paths. We will continue to support women researchers who demonstrate leadership in their own way and advance initiatives toward gender equality in the field of science.

*1 Based on the 2024 Report on the Survey of Research and Development by Japan’s Ministry of Internal Affairs and Communication



Shiseido Female Researcher Science Grant website [web](#)

Childcare Support

In a drive to make the childcare environment better through company cooperation, our consolidated subsidiary KODOMOLOGY Co., Ltd. operates in-house childcare facilities for businesses. In addition to the operation of KANGAROOM Kakegawa, an in-house nursery at our factory, KODOMOLOGY supports the start-up and management of childcare facilities at other companies (2 facilities in Shizuoka)*1. Its parenting support services, KANGAROOM+, are available to our employees and partner companies from the prenatal stage through elementary school.



KANGAROOM Kakegawa

KODOMOLOGY is also expanding its childcare services to sporting events. Childcare services were provided at Nippon TV Tokyo Verdy Beleza home games in Japan’s professional women’s soccer league, the WE League, as well as at the Shiseido Ladies Open, a professional women’s golf tournament. In addition to athletes, referees, event operations staff, and others involved in running these competitions may face challenges in securing childcare on

Sundays and holidays or when working away from home. By providing childcare services near competition venues, KODOMOLOGY helps them balance childcare with work responsibilities.

*1 As of the end of December 2025



Childcare services at the Shiseido Ladies Open

[Information on employee support in balancing work and childcare/family care](#) [web](#)

[Press releases on the postpartum support offered at KANGAROOM+](#) [web](#)

[Corporate website of KODOMOLOGY CO., LTD. \(in Japanese only\)](#) [web](#)

Initiatives for Women on a Career Break

As part of our commitment to advancing gender equality, we partner with organizations and communities in Japan and beyond to support women currently on a career break*1. It remains challenging for women who have temporarily left the workforce due to reasons such as childcare, caregiving, medical treatment, or a spouse’s job relocation to return to work or find new employment opportunities. To help address this issue, Shiseido Japan has

partnered with local governments through formal agreements to advance initiatives that promote women’s social participation and support their workforce reentry. Together with Mums@Work Asia, a nonprofit organization supporting women’s career development, Shiseido Japan hosted a networking event in Tokyo for women on a career break. This event featured workshops on skincare and makeup techniques that can be done even with limited time due to household chores and childcare, as well as personal experiences shared by our women employees who had taken time off from work. It provided new perspectives and encouragement as participants considered the next steps in their career journeys.

In Singapore, where our Asia Pacific Regional Headquarters is located, we also work with Mums@Work Asia to support women returning to their careers. Our employees participate as mentors for mothers who have taken a career break, offering advice and encouragement as they rebuild their careers. Through beauty masterclasses, we also share how beauty and self-care can help restore confidence and enhance self-esteem.

*1 A career break refers to a temporary pause in work due to childcare, caregiving, medical treatment, academic pursuits, or similar reasons.



Networking event in Singapore for women on a career break

Participation in External Initiatives

To help build momentum for promoting women’s empowerment and DE&I both inside and outside the company, Shiseido Group participates in initiatives such as the 30% Club Japan, the Unstereotype Alliance Japan National Chapter, Japan Cosmetic Industry Association, and the Global Compact Network Japan. Through these initiatives, we collaborate with other companies to advance gender equality.



Column Message from an External Expert

Gender equality, long discussed as a human rights issue, has now become a strategic imperative for corporate growth. According to research by Professor Hsieh and colleagues at the University of Chicago, 20% to 40% of U.S. economic growth over the past half-century can be attributed to women and minorities being able to work in roles that match their actual potential*1. When systemic inequality prevents talented individuals from fulfilling their potential, the productivity of the entire economy suffers. In this sense, lagging gender equality represents an “invisible cost” that society has long endured.

However, simply increasing the headcount of women do not automatically drive corporate growth. Gender equality becomes a true source of competitiveness only when diverse perspectives are actively utilized within the organization and reflected in decision-making. In other words, inclusion is essential. We have entered an era where corporate competitiveness depends not just on offering a seat at the table, but on whether an organization empowers individuals to voice their unique perspectives and exercise their own judgment.

Shiseido Group is one of the few Japanese companies confronting this organizational challenge head-on by empirically measuring inclusion. In our collaborative research, we utilized academically established frameworks to measure “Belongingness” and “Uniqueness.” Crucially, a clear gender gap emerged regarding “Uniqueness.” While women employees do feel a strong sense of belonging of being able to exercise their own judgment remains relatively low. Uniqueness is nurtured when individuals are assigned challenging roles that test their judgment; however, access to these experiential opportunities remain unevenly distributed between genders. The true barrier to women’s advancement is not a lack of inclusion in terms of presence, but rather this disparity in growth opportunities.

While Shiseido Group already leads Japanese industry in metrics such as the ratio of women in managerial positions and male child-care leave take-up rates, what is most notable is its commitment to visualizing inclusion to drive continuous improvement. In the era of human resources management, what matters most is not just boasting high numbers, but demonstrating the underlying mechanisms and the roadmap for transformation through data and concrete evidence. It is precisely this rigorous approach that enables constructive, long-term dialogue with the market.

*1 Hsieh, Hurst, Jones, and Klenow (2019), “The Allocation of Talent and U.S. Economic Growth,” *Econometrica*, 87(5), 1439-1474.

Shiseido DE&I Lab, “Measuring Inclusion by Making the Invisible Visible Through Data” (Published November 2025) [web](#)

Shiseido DE&I Lab, “What Can Be Done Before the Promotion Review — Everyday Management that Nurtures Future Women Leaders” (Published March 2026) [web](#)



Shintaro Yamaguchi
 Professor at the Graduate School of Economics, The University of Tokyo
 Private Sector Member of the Council for Gender Equality, Cabinet Office

Initiatives for Broader Society

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

Clé de Peau Beauté: Supporting Education for Girls

Global luxury brand *Clé de Peau Beauté* and UNICEF*¹ are partnering to address gender inequality in education through STEM education, vocational training, and empowerment programs. As of 2025, this global partnership has reached 12.9 million girls in Bangladesh, Kyrgyzstan, Indonesia, China, Kazakhstan, Lao PDR, Namibia, Niger, Peru, Uzbekistan, and Vietnam. In Kyrgyzstan, UNICEF's STEM4Girls program provides girls with opportunities to learn in STEM fields and develop leadership skills. Representatives from *Clé de Peau Beauté* and UNICEF visited the program site to observe training sessions and student-led activities addressing local issues, such as improving the school environment and promoting waste sorting and recycling. These initiatives encourage girls to take action and develop the ability to bring positive change to their communities.



Clé de Peau Beauté supports UNICEF activities in Kyrgyzstan

© UNICEF Kyrgyzstan/Eichibek uulu

As part of its long-term commitment, *Clé de Peau Beauté* hosts the annual 'Power of Radiance Awards'—a philanthropic initiative honoring women across the globe who drive positive change through knowledge. In 2025, the seventh year of the initiative, Ms. Sachiko Nakajima—a musician, mathematician, STEAM*² educator, and media artist—was selected as the recipient. She founded steAm, Inc. in 2017, an organization dedicated to providing STEAM education and unlocking the creative potential in everyone. *Clé de Peau Beauté* also held the 'STEAM Girls Award' with steAm, providing girls in elementary, junior high, and high school in Japan with opportunities to apply STEAM knowledge and skills through creative inquiry and to present their achievements.

Through ongoing support rooted in our business activities, we will continue our efforts toward girls' education and financial independence.

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

*2 STEAM: Science, technology, engineering, art, and math education

[Information on the global partnership with UNICEF](#) [web](#)

[Information on the 'Power of Radiance Awards'](#) [web](#)

[Information on Clé de Peau Beauté](#) [web](#)

UNLOCK
THE POWER
of GIRLS

THE KEY TO A BETTER WORLD



STEAM contest winners at a school visited by the Clé de Peau Beauté team

© UNICEF Kyrgyzstan/Eichibek uulu



Sachiko Nakajima, recipient of the 2025 'Power of Radiance Awards'

POWER
of
RADIANCE



Inspiring the Next Generation Through Expo 2025 Osaka, Kansai, Japan

At Expo 2025 Osaka, Kansai, Japan, *Clé de Peau Beauté* worked with Ms. Sachiko Nakajima to promote women’s education and empowerment in STEAM. In August 2025, the brand held an international talk session under the theme ‘STEAM × Gender,’ sharing insights on the challenges women face and the potential of diversity in the field. A development program for recipients of the STEAM Girls Award was also held to support the next generation of talent who will help drive future innovation.

Using the Expo as a platform, our efforts went beyond brand activities. In September, we held a talk session for women students to explore the future of beauty through the lenses of art, science, and DE&I. The event introduced Shiseido Group’s longstanding engagement with art and science, as well as research and initiatives focused on the connection between skin, body, and mind. It also shared our commitment to respecting diversity, offering participants an opportunity to consider beauty from new perspectives.



Talk session for women university students

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 promotes ongoing activities centered on three pillars to support children who live apart from their parents in childcare facilities or with foster parents as they prepare themselves for challenges brought by adulthood. “Supporting Children’s Challenge for the Future,” which supports children’s independence and higher education; “Creating Opportunities to Learn for People who Nurture Children,” which creates learning opportunities for those who care for children; and “Creating a Society in which Children are Supported by Everyone,” which shares information with the general public to raise awareness of supporting children across society.

As part of “Supporting Children’s Challenge for the Future,” the Foundation partners with a range of companies and organizations to organize Self-Reliance Seminars for junior high and high school students who receive social care*1, helping them acquire social knowledge and skills from specialists so they can live independently. Through the Future Design Program, an experiential career support initiative that leverages our resources, the Foundation provides opportunities for these students to explore diverse professions and envision their futures. The Foundation also offers programs where they learn practical knowledge for independent living from specialists so they can build confidence as they prepare for adulthood.



In addition, the scholarship program for students entering universities, junior colleges, and vocational schools supported 18 recipients as of the end of March 2026, bringing the total number of recipients to 97 since its launch in 2007. Through efforts like these, the Foundation aims to contribute to advancing gender equality by providing equal opportunities regardless of gender.

*1 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.



Work experience program at the Fukuoka Kurume Factory



Self-Reliance Seminar

STRATEGIC ACTION 02 Empowering People Through the Power of Beauty



At different stages of life, people may face concerns or challenges related to their appearance due to factors such as age, illness, disability, or changes in how they look. Unconscious biases and fixed ideas that are pervasive in daily life can limit the individual expression of beauty and become barriers to social connection.

As interest in mental and physical health and well-being continues to grow, social well-being*1—including social connection and self-efficacy—is gaining recognition. This has brought renewed attention to the role of appearance and beauty. Expectations are also growing for initiatives that harness the power of beauty to have a positive impact on people's outlooks, actions, and social participation, alongside efforts to promote a society where diverse values are respected.

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

Our Approach

Beauty has the power to do more than enhance appearance. It can bring positive changes to people's minds and support their connections with society. Since its founding, we have remained close to consumers through its beauty business, while drawing on continued research and technological developments to scientifically demonstrate how beauty can enrich minds, spark joy, and bring happiness to life. Based on these findings, we position harnessing the power of beauty to encourage people to fulfill their potential and participate in society as our unique initiative—one that creates both social value and business value. We have established this as one of our strategic actions: "Empowering People Through the Power of Beauty."

The foundation of this approach lies in the achievements we have built within the company. Through initiatives supporting the employment and advancement of employees with disabilities, as well as policies and awareness-raising activities related to LGBTQ+ inclusion, we have worked toward enhancing each employee's DE&I literacy. By fostering an environment where diverse employees can draw on their experiences and strengths to thrive, we seek to expand the potential of beauty and create business value. This strengthened organizational capability supports our ability to communicate with society through brand activities.

The knowledge and practices cultivated within the company are extended to society through our corporate initiatives and brand activities. We carry out initiatives for diverse groups of people who may face concerns or challenges related to their appearance, including people with illnesses or disabilities, people of all generations from children to elderly people, and the LGBTQ+ community. These efforts are centered on "Cultivating Self-Efficacy Through the Power of Beauty" and "Challenging Unconscious Biases and Prejudices."

Through collaborations with partners such as medical institutions, support organizations, and local governments, we strive to create opportunities for each person to positively express who they are and participate more actively in society, while helping foster a more inclusive society across the industry. By continuing to leverage the power of beauty across these initiatives, we aim to support 1 million people by 2030.

[Strategic Actions and Medium-Term Targets](#) [P.10](#)

Metrics and Targets



Initiatives for Employees **Empowering People Through the Power of Beauty**

Support for Active Participation of Employees with Disabilities

Shiseido Group in Japan is actively engaged in hiring and supporting individuals with disabilities, with approximately 350 employees with diverse disabilities currently utilizing their unique experiences and strengths in the workplace. HANATSUBAKI FACTORY, a special subsidiary of Shiseido Group with nine branch offices nationwide including offices in Tokyo and Osaka, primarily employs individuals with intellectual disabilities.

We have established “Serious Expectations” as a core employment policy. By enhancing both tangible and intangible aspects of our workplace, such as providing support tools and equipment tailored to individual needs and maintaining a flexible environment, many of our employees with disabilities work under the same employment status and compensation structure as those without disabilities.

We have been actively expanding front-line work opportunities for people with disabilities. People who are blind or have a low vision have been working as sales representatives carrying out remote sales activities at online stores since 2022. This initiative stemmed from the desire of an employee with visual impairments, who believed there should be greater opportunities for people who are blind or have low vision to thrive within corporations. In 2025, we welcomed Personal Beauty Partners who use sign language as their first language. They provide beauty counseling for consumers with hearing impairments through our free-of-charge online consultation service and share beauty information using sign language. In September 2025, we hosted a “Sign Language Career Exchange,” collaborating with two other



Logo of Valuable 500



Free-of-charge online beauty consulting service for customers with hearing impairments

companies that offer customer service in sign language, to gain insights into service development and career building for the individuals involved. Furthermore, we joined The Valuable 500, a global networking group that has advocated for the employment of people with disabilities since 2021. We also participated in SYNC25, the world’s first accountability summit on the inclusion of people with disabilities organized by the Valuable 500 in Tokyo. We continue to champion the inclusion of people with disabilities in its beauty business through recruitment and the provision of services.

[Our policy on employment of persons with disabilities \(in Japanese only\)](#) web

LGBTQ+ Initiatives

As an active supporter of the LGBTQ+ community and its allies inside and outside the company, we strive to nurture a society where everyone can feel empowered to live their life freely.

As the foundation for these efforts, we focus on developing an inclusive internal environment. The Shiseido Code of Conduct and Ethics, which defines the mandatory behavior expected of every individual working for Shiseido Group, clearly states that we respect diversity and do not engage in or tolerate discrimination in the workplace. We position this principle as a basic stance across all corporate activities.

In order to enable each and every employee to bring out their potential and excellence, we are also committed to implementing policies and raising awareness on LGBTQ+ topics. Every year, we hold internal events and talk sessions that help employees deepen their understanding of the challenges and social climate surrounding the LGBTQ+ community. These sessions feature LGBTQ+ employees sharing their personal experiences, as well as insights from external experts.

In Japan, our working policies state that the same-sex partners of employees shall be treated in the same manner as those with heterosexual partners regarding special leave, nursing care, childcare, and other benefits. Through these policies, we are working to create an environment where employees

can feel secure in continuing their careers, regardless of sexual orientation or gender identity.

In 2025, our policy developments and ongoing awareness-raising activities were recognized by Work with Pride*1 through the PRIDE Index, where we received Gold, the highest rating, as well as Rainbow Certification.

*1 An organization that encourages companies and organizations to adopt LGBTQ+-friendly diversity management practices



Work with Pride 2025 logo

Initiatives to Enhance DE&I Literacy

We place importance on promoting DE&I in ways that go beyond enhancing the workplace environment, encouraging changes in each employee’s awareness and actions. In 2025, we hosted Diversity Week three times in Japan for our employees, with a total of 2,430 participants. Drawing on employee resource groups, we increased opportunities for dialogue with members of the LGBTQ+ community and people with disabilities, who shared their perspectives and encouraged all employees to take ownership in promoting DE&I initiatives. Furthermore, Shiseido EMEA organized DE&I Talks to provide learning opportunities on topics such as LGBTQ+ and people with disabilities. This employee engagement has helped broaden the range of social issues addressed and contributed to building an inclusive organizational culture. We are also working to fully integrate DE&I perspectives into our branding strategies. At our Inclusive Marketing Learning Sessions, marketing and creative teams in Japan and other markets engaged in dialogue with LGBTQ+ individuals and people with disabilities, both within and outside our group, on how our brands can deliver meaningful value.

Initiatives for Broader Society

Cultivating Self-Efficacy Through the Power of Beauty

ANESSA Sunshine Project to Support Children’s Mind and Physical Growth

Shiseido Group’s skincare brand ANESSA carries out the ANESSA Sunshine Project, an initiative aimed at supporting the healthy growth of children’s minds and bodies through activities in the sun*1.

Playing outside nurtures five key areas of child development (physical, emotional, social, intellectual, and psychological) and supports the growth of autonomic function, which underlies essential life skills such as motivation and spontaneity*2. Drawing on this finding, the ANESSA Sunshine Project organizes events that encourage children to build the habit of choosing to play outside on their own, while also providing educators and families with information about UV protection.

ANESSA also partners with the Japan Football Association (JFA) to support the healthy growth of children’s minds and bodies. Together, ANESSA and the JFA host interactive events for children, including UV-protection seminars for parents and children on enjoying safe outdoor play under the sun.

Through these efforts, we aim to share the joy of outdoor activities with children and help them build the habit of staying active with confidence under appropriate UV protection.

As part of its social initiatives, ANESSA provides Sun Protection Education Classes for children in upper elementary grades across Japan. Using textbooks and videos provided free of charge by ANESSA, the classes cover topics such as the mechanism of sunburn and the proper way to apply sunscreen, highlighting the importance of UV protection. By sharing knowledge about everyday UV protection, ANESSA aims to support healthy outdoor play over the long term.

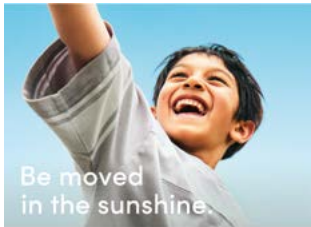
In addition, our brands jointly make ongoing donations of sunscreen products to support children living with Xeroderma Pigmentosum (XP), a condition characterized by extreme sun sensitivity. Contributions through the Shiseido Camellia Fund, funded by voluntary donations from participating employees’ salaries, have also supported these children’s daily lives for more than 20 years since the fund was established.

*1 Implemented in the countries and regions of Mainland China, Hong Kong, Indonesia, Japan, Korea, Macau, Malaysia, the Philippines, Singapore, Taiwan, Thailand, and Vietnam

*2 Based on research by Dr. Akira Maehashi, Ph.D. (Medicine), Professor at the Faculty of Human Sciences, Waseda University, and a leading expert in child health and welfare



Support for children living with Xeroderma Pigmentosum



Be moved in the sunshine.



Scene from Sun Protection Education Classes



Scene from Sun Protection Education Classes

[Press release on the ANESSA Sunshine Project](#)

[ANESSA sustainability page \(in Japanese only\)](#)

[ANESSA Sunshine Project Expert Interview: Outdoor Play and Child Development \(in Japanese only\)](#)

[Shiseido Camellia Fund website](#)

[ANESSA's support for children living with Xeroderma Pigmentosum \(XP\) \(in Japanese only\)](#)

Perfect Cover: Evolving with Decades of Expertise to Embrace Greater Diversity

Shiseido Life Quality Makeup began with the introduction of Japan's first makeup products for people living with burn scars in the postwar years, and it marks approximately 70 years of ongoing activity. During this time, it has grown into a social support initiative aimed at improving quality of life by developing the dedicated brand *Perfect Cover* and sharing appearance care information for people experiencing changes in appearance due to cancer treatment. Renewed 30 years after the brand's establishment, *Perfect Cover* supports individuals who wish to stay true to themselves through coverage. The products are expertly designed to address deep skin concerns, such as birthmarks, vitiligo, burn marks, scars, and discoloration from cancer treatment. An expanded range of up to 18 shades for the foundation reflects diverse global skin tones, complemented by a newly developed lineup of items created in response to user feedback.



Perfect Cover renewal, February 2025

Through Shiseido Life Quality Makeup, we are committed to supporting people of all ages, conditions, and abilities in taking a step forward as their authentic selves. This initiative was recognized by the Association of Consumer Affairs Professionals (ACAP) at the 10th ACAP Awards for Consumer-Oriented Activities. The award honors our efforts to provide free knowledge and support for individuals with deep skin concerns, as well as our sustainable partnerships with local governments and medical institutions. Today, we operate Shiseido Life Quality Beauty Centers in the countries and regions of Japan, Singapore, and Taiwan. In 2025, we expanded to France, where we are partnering with support organizations such as the French Vitiligo Association.

[Information on Shiseido Life Quality Makeup](#) [web](#)



Shiseido Life Quality Makeup for deep skin concerns



Shade range to cater to diverse global skin tones



Consultation at the Shiseido Life Quality Beauty Center (Japan)



Activity in partnership with the French Vitiligo Association

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

Since 2017, Shiseido Group has participated in the LAVENDER RING project to support people living with cancer, pursuing a society where individuals can live with a smile, even while facing cancer. We lead the MAKEUP & PHOTOS WITH SMILES initiative, encouraging people to live their own lives after cancer and supporting their reintegration into society through hair and makeup services, as well as portrait photography. This initiative has been introduced to seven countries and regions, including Japan, Mainland China, Malaysia, the Philippines, Singapore, Taiwan, and Thailand. In Taiwan in 2025, the event was held in collaboration with renowned makeup artists. Working with medical institutions and patient groups, we have held 42 MAKEUP & PHOTOS WITH SMILES events to date, welcoming over 1,190 groups of people living with cancer.*1

*1 As of the end of December 2025 (including online events)



Event in Taiwan

[LAVENDER RING website](#)

[MAKEUP & PHOTOS WITH SMILES website](#)

Employees Dedicated to Social Initiatives in Partnership with Local Communities and Governments: Social Area Leaders Social Area Partners

Playing a key role in bringing the power of beauty to society, 7 Social Area Leaders and 40 Social Area Partners from Shiseido Japan work exclusively on social initiatives (as of January 2026). These specialists are equipped with the knowledge and skills necessary for social contribution engagement and take the lead in designing and carrying out tailored initiatives that respond to local characteristics and specific challenges. In 2025, they contributed to a cumulative total of 2,524 activities, 39% of which were newly developed, thereby strengthening their role as drivers of local community engagement. Examples of their work include cosmetic therapy seminars for older people, appearance care seminars for people undergoing cancer treatment, Shiseido Guide Makeup seminars for people who are blind or have low vision, and personal appearance hands-on sessions for students and new professionals. Through these activities, they help foster positive social participation among a diverse range of individuals.



Social Area Leaders



Personal appearance hands-on sessions at a police academy

Support Programs for Older People with Local Governments and Retail Partners

Japan is experiencing the highest rate of population aging in the world, with its aging rate*1 now*2 at 29.4%. 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 older people and people living with cancer nationwide. Shiseido Japan supports this initiative by reinforcing partnerships with local governments, support groups, medical institutions, and retail partners in different regions of Japan to enrich the social lives of older people. Together, we offer beauty workshops for older people designed to promote a healthy life expectancy. In 2025, Shiseido Japan entered into a partnership agreement with the City of Yokohama on preventive care initiatives. Through the rollout of Shiseido Beauty Seminars, which aim to maintain and improve physical and mental function as well as quality of life through the act of applying cosmetics, we promote social participation among older people.

*1 The aging rate is the proportion of a society's population that comprises persons aged 65 or older.
 *2 Based on data published in 2025 by Japan's Ministry of Internal Affairs and Communications



Beauty workshops for older people

Support for People with Disabilities

Shiseido Japan offers a service for the deaf and hard of hearing on its free beauty consultation platform, Online Beauty. The service enables them to receive beauty consultations more easily through online sessions tailored to their preferred communication method, whether that be sign language, lip reading, or chat. We will continue improving upon it by incorporating user feedback.



Online consultation specialists

At Shiseido Japan, Guide Makeup—our original method designed to help people who are blind or have low vision to apply makeup independently—is part of the Shiseido Life Quality Beauty Seminar. It involves using one's own hands and fingertips as tactile guidelines on the face, following them to apply everything from skincare to detailed color makeup. In December 2025, Shiseido Company, Limited and Shiseido Japan released a leaflet titled *Guide Makeup for People Who Are Blind or Have Low Vision*, offering an easy-to-follow guide on the method. The program has also been expanded to online workshops for people with vision-related needs. Reaching out to indi-

viduals with diverse support needs, including those associated with intellectual and developmental conditions, we advocate for a society where everyone can express themselves and live authentically through the power of beauty.



Poster for Shiseido Guide Makeup



- [Shiseido Life Quality Beauty Seminar website \(in Japanese only\)](#)
- [Information on Online Beauty \(in Japanese only\)](#)
- [Shiseido Guide Makeup for People Who Are Blind or Have Low Vision](#)

Initiatives for Broader Society

Challenging the Unconscious Biases and Prejudices that Limit Individual Beauty

Supporting the LGBTQ+ Community

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

In 2025, we participated in Pride events in Tokyo, Nagoya, Osaka, Okayama, Hiroshima, and Fukuoka. Alongside about 200 employee volunteers, we took part in parades and set up beauty experience booths.

Internationally, we also engaged in Pride events in Cologne, New York, and Taipei, joining parades with our employee resource groups and brands.



Nagoya Rainbow Pride 2025



TAIWAN LGBTQ+ PRIDE 2025 parade



Cologne Pride 2025 parade in Germany

Support for Transgender Women and Non-Binary Individuals

In June 2025, we released *Expressing Your True Colors: A Makeup Guide for Transgender Women and Non-Binary Individuals* to address makeup-related concerns among transgender women and non-binary individuals and support them in enjoying their personal expression of beauty.

In developing this makeup guide, we conducted in-depth surveys and interviews with transgender women and non-binary individuals in cooperation with the LGBTQ+ support organization Nijiirō Diversity. Hair and makeup artists from the Shiseido Beauty Creation Center supervised the content. This guide is particularly aimed at those who are new to makeup, introducing techniques for understanding one's facial features and responding to individual makeup needs, such as preparing the skin and applying makeup to the eyebrows, eyes, and lips. Using this guide as a foundation, Social Area Leaders held a hands-on makeup where participants practiced makeup techniques and learned tips for creating a look that feels true to them. From the creation of the booklet to the workshop itself, this initiative is rooted in the voices of transgender women and non-binary individuals.



Expressing Your True Colors Makeup Workshop

[Download the makeup guide here.](#) pdf

STRATEGIC ACTION 03 Promoting Respect for Human Rights



Our Approach

At Shiseido Group, we are dedicated to respecting the human rights of our diverse stakeholders across our business, including employees and business partners throughout our global supply chain, which spans various countries, regions, and cultures.

We are committed to eradicating human rights issues, including forced labor and child labor, as well as workplace harassment, which 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 a significant risk to our company and all our stakeholders. Across the Shiseido Group, we have standards and policies in place to guide our actions regarding human rights. Based on the Shiseido Code of Conduct and Ethics, which stipulates 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.

[Shiseido Code of Conduct and Ethics](#)

[Shiseido Policy on Human Rights](#)

[Shiseido Group Supplier Code of Conduct](#)

[Shiseido Group Procurement Policy](#)

[Our Human Rights Approach](#)

[Human Rights Promotion System](#)

Human Rights Due Diligence

Since 2020, we have implemented a comprehensive human rights due diligence framework. Through this framework, we conduct risk assessments to evaluate and identify human rights risks across all stakeholders and promote improvement measures to stop, prevent, or mitigate potential negative impacts. We regularly report and disclose our progress to ensure continued efforts toward reducing human rights risks.

Our human rights initiatives are implemented through a dedicated project structure under the Sustainability Committee, and human rights risk assessments are conducted every two years. For any material issues identified, the relevant departments compile corrective actions and progress updates, which are reported regularly to the Sustainability Committee. Significant achievements and concerns are reported and proposed to the Board of Directors.

Human Rights Risk Assessment

In cooperation with external human rights experts, we developed a list of human rights issues by referencing international human rights codes, non-financial disclosure standards, and the Corporate Human Rights Benchmark (CHRB). This list includes labor-related issues, such as forced labor and child labor, as well as a wide range of other human rights issues, including freedom of association, the right to collective bargaining, and discrimination. The identified issues were categorized by relevance to each stakeholder (employees, consumers, business partners, shareholders, and members of society). The severity and likelihood of both visible and potential human rights impacts were then assessed through interviews with employees and reviews

of internal and external documents. We also evaluated the level of risk for each issue based on the status of our preventive and corrective measures. In 2025, we conducted our third human rights risk assessment covering the entire Shiseido Group to monitor progress in reducing human rights risks. As part of this assessment, we surveyed subsidiaries and updated our understanding of human rights risks across the Group. Based on the results, we have begun work on improvement measures, including the development of relevant policies.

Human Rights Initiatives



Measures for Mitigating and Correcting Human Rights Risks

For any risks*¹ identified through our human rights assessment, we ensure the active implementation of measures to stop, prevent, and mitigate their negative impacts.

- Breach of working hours, breaks, and rest periods (overtime work)
- Harassment and discrimination
- Non-payment of appropriate wages and failure to ensure a living wage
- Occupational accidents and unsafe/unhealthy working environments
- Privacy invasion and personal/confidential information leaks
- Violation of the rights of Indigenous Peoples and local communities
- Child labor and forced labor
- Incomplete supplier management

*1 In no particular order

By assigning a Chief Officer or Division Officer responsible for each category of human rights issue, we help ensure the implementation of activities to stop, prevent, and mitigate negative impacts on human rights. Human rights issues concerning employees are managed by the Human Resources and Risk Management departments, while human rights issues concerning suppliers are handled by the Supply Network Division.

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 other internal regulations. If any cases of retaliation, 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 retaliation, 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 at 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 recurrence prevention measures rapidly in cooperation with the relevant companies, offices, and divisions/departments.

[Human Rights Initiatives](#)

Hotlines/Helplines for Employees

We offer Hotlines/Helplines*¹ for the purpose of detecting and correcting violations against the laws and regulations, the Articles of Incorporation, and internal regulations within the Shiseido Group. The Hotlines/Helplines are operated according to internal regulations. These regulations ensure strict confidentiality to prevent the disclosure of reported information to uninvolved third parties. They also explicitly prohibit disadvantageous treatment or reprisals against whistleblowers, eliminate conflicts of interest, and the define clear procedures and consultations. These internal regulations are disclosed via the internal intranet so that employees can view them at any time. Globally, we have established the Hotlines/Helplines at each regional affiliate*² 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 regulations, and the “Shiseido Code of Conduct and Ethics”. In Japan, in addition to the above, the “Shiseido Hotline”*³ handles also general workplace issues and reports. At the global headquarters, the “Shiseido Global Hotline”*⁴ and the “Shiseido Group Whistleblowing to the Audit Committee”*⁵ have been established to receive reports related to Directors, Corporate Executive Officers, Officers

and hotline staff members directly from any employee in the Shiseido Group. Anonymous reports and consultations are also accepted at all the hotlines/helplines mentioned above. Except for some hotlines/helplines, the initial reception for each hotline/helpline is handled by third parties independent from the Shiseido Group, such as outside companies specializing in hotline operations.

*1 The hotlines in Japan accept whistleblowing and consultations from all persons working for Shiseido Group companies in Japan (directors, corporate executive officers, auditors, 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).
 *2 The hotlines/helplines at our business sites in each region are managed by departments or individuals responsible for risk management and compliance.
 *3 The “Shiseido Hotline” was established by the HQ/SJ Compliance Committee. It is managed by the Risk Management Department at the global headquarters.
 *4 The “Shiseido Global Hotline” was established by the CLO. It is managed by the Risk Management Department at the global headquarters.
 *5 The “Shiseido Group Whistleblowing to the Audit Committee” is managed by the Audit Committee.

[Operating performances of Hotlines/Helplines](#)

In addition, the Shiseido Group has established the Shiseido Customer Response Guidelines to ensure consistent, high-quality responses to customer complaints and inquiries, and began monitoring human rights-related complaints and inquiries across the Group in 2025.

Establishing Policies to Fulfill Our Social Responsibilities

In December 2024, we established the Shiseido Group Policy on Customer Harassment, followed by the Responsible Marketing and Advertising Policy in April 2025, the Shiseido Customer Response Guidelines in May 2025, and the Shiseido Group Accessibility Statement in June 2025. These policies were established to strengthen social responsibility and governance across the Shiseido Group. By putting them into practice, we are further strengthening our framework for respecting the human rights of stakeholders.

[Information on our responsible marketing and advertising practices](#)

Our People and Organizational Structure Supporting the Sustainable Creation of Value



Our Approach

Shiseido Group views our people as the source of value creation and our most valuable asset, and we continue to invest proactively in our people and organization. To date, we have defined and developed our leadership model, articulated our vision for the organization and organizational culture, and created opportunities for employees to connect and collaborate. Through these initiatives, we have strengthened our people and organization by methodically and systematically developing leaders who guide the organization and fostering its culture.

We strive to strengthen our people and organization based on our people strategy and create enduring and sustainable corporate value to achieve our aim of enabling diverse employees to demonstrate their strengths and grow through their work regardless of age, gender or other attributes.

[Our corporate philosophy](#)  web

[Strategic Actions and Medium-Term Targets](#)  P.10

[People Strategy](#)  pdf

[The Shiseido Way](#)  web

Establish an Organization that Enables Employee Growth

In 2025, we published the 2030 Medium-Term Strategy developed to facilitate the accomplishment of our mission and the realization of our vision. Based on its strategic pillar, the sustainable value creation, we formulated a new people strategy. The aim of the new people strategy is to help employees grow as Shiseido JIN (people) throughout the organization seeking to share authentic value with the world, even in difficult times, and to establish an organization that enables employee growth. To achieve this, we will introduce initiatives to strengthen our human capital in line with three policies: provide greater opportunities to take on challenges, embody our cherished values, and be a global and unified organization. We strive very hard to drive the sustainable growth of our business by increasing our value-creation capabilities and our value-communication capabilities and by enabling employees to grow as Shiseido JIN (people).

Embody The Shiseido Way throughout the Organization

In formulating and advancing our 2030 Medium-Term Strategy, we recognized that clearly articulating the values upheld since our founding would provide a compass for decision-making and employee behavior, and that it would drive sustainable corporate value creation activities. We therefore redefined these values as The Shiseido Way and are promoting initiatives to ensure every employee can put them into practice in their daily work. The redefinition process involved extensive discussions among the global leadership team, including the President and CEO, as well as Regional CEOs. We considered our unique heritage and identity and reinforced our commitment to pursuing authentic value. In January 2026, we shared the background behind our formulation of The Shiseido Way and our purpose with leaders around the world who congregated at the One Shiseido Summit to lay the foundation for implementation throughout the Group. We will continue to introduce initiatives methodically to ensure The Shiseido Way becomes entrenched. We will also measure employee understanding and alignment to ensure we embody our values to strengthen our implementation of our Medium-Term Strategy.

Foster Employee Growth through Challenges

To continuously create value in a rapidly changing business environment, it is extremely important for every employee to grow through new challenges, as well as for leaders to encourage them to take up challenges. In addition to the use of job-grade-based HR system and the job posting/opportunity announcement system that have been introduced, we will provide more opportunities to participate in cross-functional projects to facilitate the accumulation of experience beyond the boundaries between departments. We will also enhance global mobility as a strategic development initiative and support the development of the next generation of leaders and diverse career options. At the same time, we will work to map employee capabilities to enable optimal talent allocation and maximize growth opportunities. Furthermore, we will organize training based on the leadership model so that we can establish a structure in which all leaders drive the growth of people and the organization.

Global Collaboration as a Unified Team

To complete our structural reforms and shift to a sustainable growth trajectory, we will move forward by focusing on closer collaboration throughout our global organization and the creation of synergies. To foster an inclusive culture where employees with diverse backgrounds can fully leverage their strengths and thrive, we have organized many events designed to increase diverse employees' connection and engagement with and understanding of each other. We have also encouraged the advancement of women from a people development system perspective as well as an operational perspective, supported the advancement of people with disabilities, and helped people balance childcare and work. We will clarify roles and reporting lines between Global Headquarters and regional businesses and enhance governance with a view to establishing an organizational structure that ensures a globally integrated and efficient operating model that maximizes value creation. We will also streamline and integrate HR processes and data to build a foundation for faster, HR data-driven decision-making and effective policy execution.

Establishing a Safe and Secure Working Environment

To achieve our corporate mission, it is essential that every employee enjoys both physical and mental well-being, leads a fulfilling and happy life, and embodies healthy beauty. We position employee health, along with occupational health and safety, as a critical management priority, and we strive to cultivate a safe and secure workplace environment. In 2025, upon the transition to our new CEO, we reaffirmed our commitment to placing employee health at the core of our management and revised the “Shiseido Health Declaration.” Under this declaration, we are collaborating with the Shiseido Health Insurance Society to further strengthen our support for employees to live healthy and beautiful lives. Furthermore, utilizing the Occupational Health and Safety Management System established in 2022 to ensure a safe and secure environment for everyone working across the Shiseido Group, we are advancing and continuously improving our health and safety initiatives in Japan. Combined with these efforts, we are working to instill a culture of safety under the “Shiseido Vision Zero Declaration (Safety Declaration),” which aims for zero lost-time accidents in all workplaces.



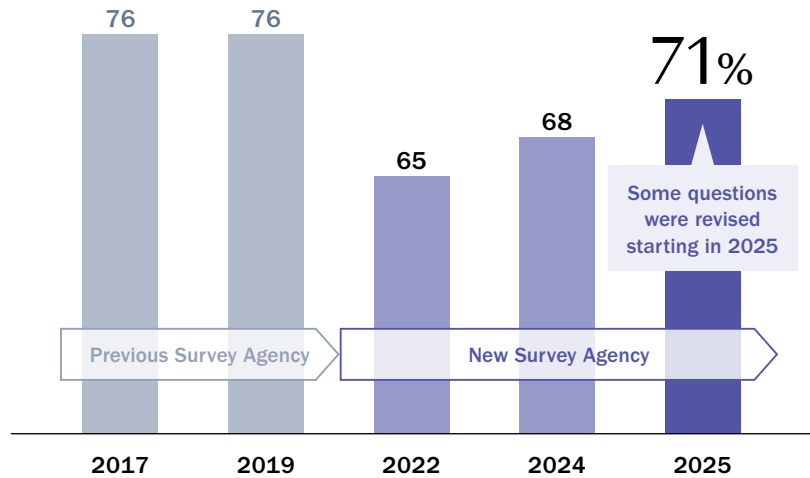
Wellness Fair held at the Shiodome Office

In recognition of these initiatives, Shiseido Group was certified as a “Certified Health & Productivity Management Outstanding Organization (White 500)” for 2025, marking our sixth certification to date. Going forward, we will continue to evolve our activities based on these declarations and our management system. By minimizing occupational safety risks and enhancing employee well-being through strategic health investments, we aim to foster a virtuous cycle that ultimately delivers greater value back to society.

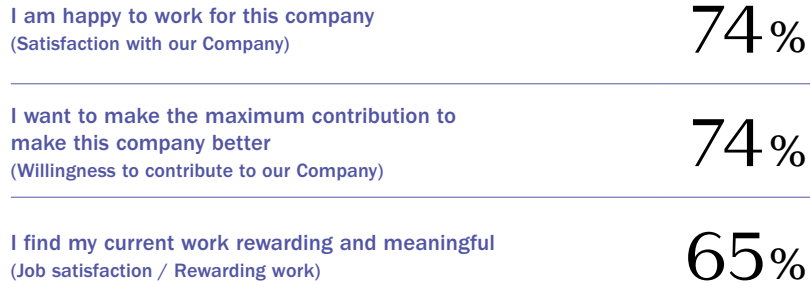
Engagement Survey: Monitoring Changes in People and the Organization

We believe that fostering an environment where every employee experiences physical and mental fulfillment at work directly drives creativity, enhances productivity, and secures the recruitment and retention of top talent. To this end, we continuously utilize engagement surveys as a valuable resource for understanding employee values and the current state of our organization, leveraging these insights to deploy human resource initiatives focused on continuous improvement, such as expanding dialogue opportunities with management. The 2025 survey targeted all directly employed individuals across the Shiseido Group and its affiliates, achieving a response rate of 91% and a global positive response rate of 71% across the three primary questions measuring engagement. While scores for “Company Satisfaction” (74%) and “Willingness to Contribute to the Company” (74%) were relatively high, “Job Satisfaction and Motivation” (65%) tended to be lower. In response to these findings and guided by the three core principles of our people strategy, we will concentrate our efforts on initiatives that enhance job satisfaction, including expanding opportunities to take on challenges, supporting career development, and strengthening communication. Moving forward, we will continue to use engagement scores as a comprehensive indicator to capture evolving dynamics within our organization and workforce, driving strategic actions aimed at continuous improvement.

Engagement Score: Trend of positive engagement score



Positive response rate across the three questions used to calculate the engagement score (2025)



Social Contribution

Employee's Social Contribution Activities

Shiseido aims to realize a sustainable world where everyone can enjoy a lifetime of happiness through the power of beauty.

We believe it is important for each employee to think about social and environmental issues and take actions. Based on our sustainability strategies, we encourage employees to participate in voluntary social contribution activities. 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”

Shiseido Camellia Day is a dedicated social contribution day where employees collaborate through volunteer work to engage with local communities as active citizens. Initiated at our EMEA regional headquarters in 2017, the program was expanded to all regional headquarters globally in 2021. In 2025, numerous employees around the world partnered with various organizations to address pressing social challenges.

In Europe, over 500 employees across eight countries participated in these activities. In France, we collaborated with organizations supporting the environment, health, equal opportunity, and diversity to foster opportunities for dialogue and connection. In Spain, initiatives included mentoring junior high school students, hosting makeup workshops for refugee women and victims of human trafficking and conducting LGBTQ+ awareness campaigns. In Germany and Switzerland, employees visited eldercare facilities to connect with residents through hand massages, nail care, and sensory experiences involving fragrance.

Meanwhile, in the Americas region, approximately 1,000 employees across the United States, Canada, and Brazil engaged in tree planting, the removal of invasive species, and cleanup activities at beaches, parks, and riverbanks, successfully recovering hundreds of kilograms of waste. In the Asia-Pacific region, employees and their families created care packages to address period poverty, while also supporting the career development of young women and mothers seeking to re-enter the workforce through mentorship programs and beauty masterclasses.



Waste cleanup campaign at Miami Beach carried out by SAC employees



Care packages produced by Asia Pacific employees

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. It began in Japan in 2005 and expanded to EMEA, Americas, Asia Pacific, and China & 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.

[Shiseido Camellia Fund](#) web

Support for Ukraine

Under our corporate mission, “BEAUTY INNOVATIONS FOR A BETTER WORLD,” we support international students from Ukraine—the future leaders of their country—reflecting our deep hope for a peaceful and healthy society. The proceeds from the 2022 Shiseido Charity Concert “MUSIC for PEACE”^{*1}, totaling approximately 30 million yen, were utilized over a two-year period from 2023 to 2024 to provide educational and career development support for displaced Ukrainian students. Furthermore, from 2023 to 2026, we have provided continuous tuition assistance for Ukrainian students, with a cumulative total of 1,508 employees participating in our internal donation program to support this cause in 2025. The sponsored students are dedicated to shaping their own futures. In addition to pursuing their academic goals, they are successfully adapting to their new environment and culture in Japan. Their diverse paths include entering graduate schools to further deepen their learning, as well as actively pursuing job opportunities to launch their careers in Japan.

^{*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.

Environment

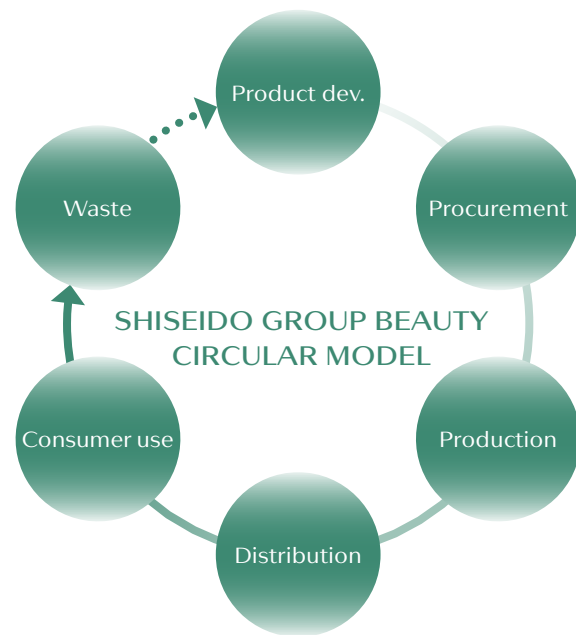


Promoting Circular Product Lifecycle Design Aimed at Coexistence with the Environment

‘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.”

Since its founding, Shiseido Group has placed reverence and gratitude for the Earth’s blessings at the core of its business. To pursue harmony between people and the planet and to create sustainable beauty, we are committed to Circular Product Lifecycle Design. Together with our stakeholders, we strive to optimize resource efficiency across the entire value chain—from product development to procurement of raw materials, production, distribution, use, and disposal/recycling—through the SHISEIDO GROUP BEAUTY CIRCULAR MODEL.

Guided by our environmental policy, we are dedicated to addressing global challenges and creating new value through three strategic actions: reducing our environmental footprint, developing sustainable products, and promoting sustainable and responsible procurement. Through these efforts, we aim to deliver beauty that endures for future generations.



STRATEGIC ACTION 01

Reducing Our Environmental Footprint

■ We are reducing our environmental footprint throughout the value chain, with the aim of preserving the natural environment while simultaneously ensuring the sustainable growth of our business.

- Reducing CO₂ Emissions
- Use and Conservation of Water Resources
- Reducing Waste
- Climate/Nature-related Financial Disclosure

STRATEGIC ACTION 02

Developing Sustainable Products

■ We use innovation to minimize the environmental impact of our products and disclose our policies on product development.

- Formulas/Ingredients
- Sustainable Packaging

STRATEGIC ACTION 03

Promoting Sustainable and Responsible Procurement

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

- Procurement of Raw Material
- Biodiversity
- Supplier Management

STRATEGIC ACTION 01 Reducing Our Environmental Footprint

Reducing CO₂ Emissions



Climate change is a cause of various disasters such as floods, droughts, and forest fires, in addition to health damage such as heatstroke. In the future, in addition to such damage becoming more severe, there are concerns that new damages such as the loss of land in island nations and the loss of biodiversity will become apparent. To maintain the global environment that supports a sustainable society and economy, the 1.5°C target*¹ has been agreed as a global goal, and countries and regions around the world are continuing to strive to achieve net-zero emissions. In corporate activities as well, there is a growing recognition that climate change is a critical business risk, and initiatives to reduce CO₂*² emissions, mitigate climate-related risks, and expand opportunities are underway.

*¹ 1.5°C target: The global goal of holding the increase in global average temperature to below 1.5°C above pre-industrial levels.
 *² CO₂: 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".

Our Approach

There is a growing recognition that climate change is an issue of regional and intergenerational inequality, such as between developed and emerging countries that emit CO₂ and vulnerable developing countries and island nations, or between the current generation that emits CO₂ and future generations that will be affected. For a company with a global web of raw material supply chains and sales networks, climate change—which has a global impact, including an impact on developing countries—goes beyond a mere environmental issue and becomes a factor of business risks such as environmental regulations, tax systems, and damage from natural disasters. In addition, damage from rising temperatures and climate disasters is expected to become more severe over time, and there are concerns that delays in mitigation and adaptation efforts will lead to an expansion of business risks. Shiseido Group supports the Paris Agreement and the Glasgow Climate Pact, and has set net-zero emissions in 2050 as its long-term objective. As an interim target to achieve this, we have set CO₂ emissions reduction targets aligned with the 1.5°C trajectory toward 2030 based on the Science Based Targets*¹ initiative, and have obtained certification from the SBTi.



Through proactive energy conservation at our sites, the introduction of solar power generation facilities, and the expanded use of renewable energy, we are steadily reducing CO₂ emissions from the electricity and fuel used at our sites. At the same time, we are working with stakeholders to reduce indirect emissions from the value chain excluding our sites (Scope 3).

By transparently disclosing our governance, strategy, risk management, and metrics and targets related to these climate issues, along with financial impacts and the progress of our initiatives, we are fulfilling our accountability to investors and other stakeholders.

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

[Environmental Policy](#) [Reducing Our Environmental Footprint](#)

Metrics and Targets

2030 Targets	
CO ₂ emission reduction Scope 1 and 2	46.2%* ¹ (SBTi)
* ¹ From all Shiseido Group sites (compared to 2019). Including our target of achieving carbon neutrality by 2026 (including carbon offsetting).	
CO ₂ emission reduction Scope 3	55%* ² (SBTi)
* ² Throughout our value chain, excluding all Shiseido Group sites, economic intensity target (compared to 2019).	

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

Increasing the Use of Renewable Electricity

Shiseido Group is constantly working to increase the use of renewable electricity at all of our factories, offices, and research centers globally. Renewable electricity accounted for 94% of all the electricity used company-wide in 2025. We have already completed switching 100% of the electricity at all 11 factories, our distribution centers, and all of the company-owned buildings of Shiseido Japan to renewable energy. Ten of our facilities*¹ in different countries and regions are equipped with solar panels. In the China Region, we completed a 100% switchover at all sites in 2023.

Shiseido sites around the world utilizing renewable electricity



Percentage of renewable electricity used at Shiseido

94%

Moreover, at the Beijing Office, which includes the factory of Shiseido Liyuan Cosmetics Co. Ltd. in China, we fulfilled requirements under the code for carbon neutrality certification (PAS 2060:2014) and obtained the certification. In addition, we are 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 the transition from fossil resource-derived energy to renewable energy.

*1 Facilities are: Kakegawa factory, Osaka Ibaraki factory, Fukuoka Kurume factory, Shanghai factory, Beijing factory, Hsinchu factory (Taiwan), East Windsor factory (US), Gien factory (France), Val de Loire factory (France), and Global Innovation Center (Yokohama).



Solar panels at the Val de Loire factory in France

Promoting Energy Conservation and Energy Efficiency

Every year, we set CO₂ emissions reduction targets at all company-owned factories and distribution centers in countries and regions around the world. We are working to reduce energy consumption with the target of reducing CO₂ emissions by 4% year-on-year in FY2026. We also monitor our progress against the targets on a monthly basis based on our ISO 14001 environmental management system*¹, and implement measures.

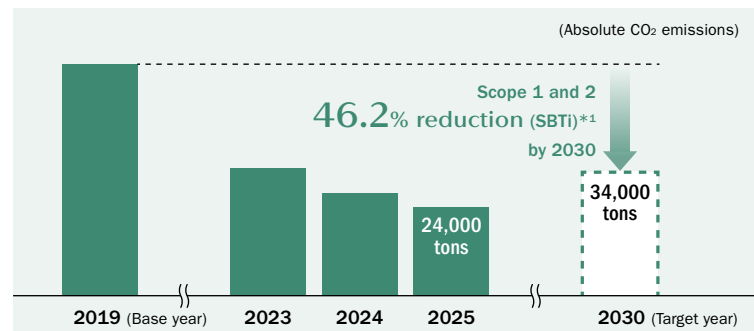
*1 We are working to obtain ISO 14001 certification at all factories and distribution centers (obtained at all factories by the end of 2023, and at four distribution centers in Japan and overseas by the end of 2025).

Specific Initiatives

- In addition to using LED lighting to reduce energy consumption and electric forklifts to reduce CO₂ emissions at factories and distribution centers, we installed Energy Management Systems (EMS)*¹ to visualize and optimize the energy use and CO₂ emissions of equipment that uses electricity, steam, or compressed air.
- At the Kakegawa factory, based on EMS data analysis, we optimized the operation of air conditioning according to the number of people in the room and the operating status of the equipment, thereby reducing CO₂ emissions by approximately 40 tons per year.
- At the Shanghai factory, we utilize solar-powered industrial water heaters and replaced part of the water heating process, moving away from boiler steam, thereby reducing natural gas usage and CO₂ emissions.

*1 A system that realizes efficient use of energy such as energy saving and load leveling by visualizing the energy usage status using information and communication technology. It has been introduced at all domestic factories and some overseas factories (Beijing factory, Hsinchu factory, Gien factory, and Val de Loire factory), and will be gradually introduced at other factories in various countries and regions.

Results of CO₂ emissions for Scope 1 and 2



*1 At all Shiseido Group sites (compared to 2019), including the target of achieving carbon neutrality by 2026 (including offsets).

Internal Awareness-Raising Activities

At Shiseido Group, we conduct sustainability e-learning programs for all employees in Japan to raise awareness of the significance of everyone working together to solve environmental issues, such as the level of CO₂ emissions in our business activities and the promotion of power and energy saving. Upon completion of the program, a check test is conducted to ascertain employees' understanding. In addition to basic training programs on energy saving and decarbonization, factories promote activities tailored to their specific conditions. At the Osaka Ibaraki factory, we fostered environmental awareness through environmental patrols, where workplaces mutually check energy saving and waste sorting, and the "Eco-Proposal Election" to solicit ideas for environmental improvement. Meanwhile, at our distribution center in the United States, we promote awareness of power saving and actions toward reduction through energy saving awareness training. Globally, we conduct a sustainability awareness survey targeting all Group employees to discover the degree of understanding and identify any issues in our sustainability strategy (society and environment) and specific actions by country/region, department, and job type. Through feedback to management, this helps instill organizational understanding and encourage action.



Digital signage displaying environmental information (Osaka Ibaraki factory)

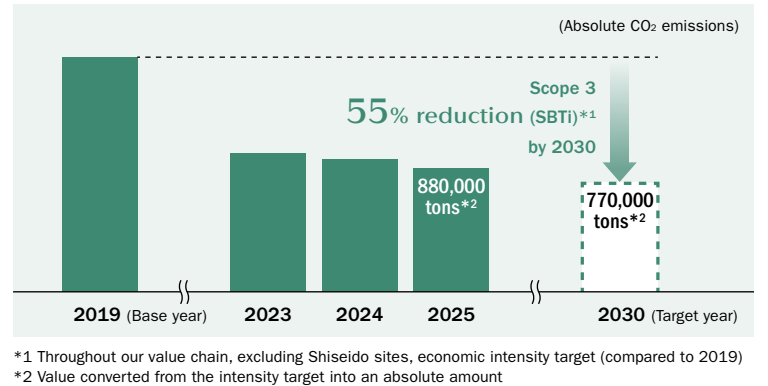
Introduction of Internal Carbon Pricing

Approximately 50% of CO₂ emissions from energy used in our activities originate from production activities at our factories. For this reason, we decided to introduce an internal carbon pricing (ICP) system in 2023 to make investment decisions on factory equipment. We have set an internal carbon price, and in 2025, we continued to apply it when making decisions on decarbonization investments in energy-efficient facilities, renewable energy facilities, and the like at our factories.

Initiatives to Reduce Indirect CO₂ Emissions in Value Chain (Scope 3)

To reduce emissions across the entire value chain, it is necessary to track indirect emissions and take a proactive approach. We have been calculating indirect emissions in our value chain based on the Life Cycle Assessment (LCA) method since 2011. Based on these continuous evaluation results, we identify activities with large CO₂ emissions in our business, set long-term reduction targets based on scientific evidence, and advance reduction efforts in collaboration with our stakeholders. In 2025, Scope 3 emissions were approximately 880,000 tons of CO₂. While this represents a 47% absolute reduction compared to the base year, our economic intensity based on core operating profit increased by 34% driven by the core operating profit itself. As our strategic shift toward a highly profitable corporate structure progresses toward 2030, we expect to see further reductions in economic intensity as well.

Results of CO₂ emissions for Scope 3



Selection and Use of Raw Materials that Reduce Our Environmental Footprint

To realize a net-zero society, we must transition away from our dependence on fossil resources—not only for power and fuel but also for chemically synthesized materials. At the same time, as the world shifts away from fossil resources, concerns are growing over the unintended consequences on deforestation and biodiversity loss. Based on backcasting from our net-zero vision and the principles of green chemistry, we have set a new milestone target for 2030: to ensure that 90% of our cosmetic ingredients are circular, meaning they are regenerated and circulated within both human social systems and natural systems.

Particularly regarding palm oil-derived raw materials and paper, which carry a high risk of deforestation, we support the NDPE*¹ principles and are actively engaged in traceability surveys. Furthermore, by utilizing certified paper and raw materials certified under the RSPO's*² physical supply chain model, we are preventing greenhouse gas emissions associated with land conversion while mitigating the risks of deforestation and biodiversity loss.

*1 NDPE: No Deforestation, No Peat, No Exploitation
 *2 RSPO: Roundtable on Sustainable Palm Oil

Reducing CO₂ Emissions During Transportation

Shiseido Group is optimizing transportation routes and improving loading efficiency in its shipments. We are also expanding joint deliveries with other companies and the introduction of EV trucks.

At our West Japan Distribution Center, with the cooperation of our business partners, we have improved delivery efficiency by introducing measures such as increasing the number of products per package and bulk ordering. In addition, during palletization, we automatically detect the height of the contents in the cardboard boxes and adjust the box height, thereby improving loading efficiency.

Furthermore, we are working to reduce waste and CO₂ emissions by optimizing transport packaging and reusing transport protective packaging in collaboration with container suppliers with high delivery frequencies. By simplifying transportation materials as much as possible, we also contribute to waste reduction at stores. Furthermore, we are collaborating with a container supplier to conduct production at the site closest to our production facility.



Shipping line that optimizes cardboard box height to improve loading efficiency

Reducing CO₂ Emissions at the Point of Sale

In the production process of materials used at storefronts where cosmetics are sold, various resources are consumed, and CO₂ is emitted. For the purpose of mitigating climate change and biodiversity loss, we are adopting recycled materials for the acrylic resins used in tools for in-store displays, and using certified paper for paper-based promotional materials. Recycled acrylic resin is expected to reduce CO₂ emissions by 50-60% throughout the product life cycle compared to conventional virgin materials. Paper products produced from properly managed plantations have positive impacts on both the environment and society, such as not only preserving natural forests but also preventing CO₂ emissions associated with forest development and creating employment in the producing regions.

By proactively using sustainable materials such as recycled materials and certified materials not only for the raw materials used in our products but also for various materials consumed in our activities, we will promote the transition to circular manufacturing throughout our value chain.



In-store display made from recycled materials

Awards Related to Reduction of CO₂ Emissions

CDP A List <Climate Change and Water Security>

Shiseido was selected by CDP, an international NPO, as one of the companies in the A List 2025 in recognition of its leadership in transparency and performance in the fields of Climate Change and Water Security. We were selected for the fourth consecutive year in Climate Change and for the second consecutive year in Water Security.



Participation in Initiatives

To quantitatively grasp the overall environmental footprint of our industry and reduce CO₂ emissions, we participate in industry associations and initiatives, exchanging knowledge and engaging in discussions.

- Japan Cosmetic Industry Association (JCIA) Sustainability Guidelines
- Life Cycle Assessment Society of Japan (JLCA)
- Sustainable Packaging Initiative for CosmEtics (SPICE)
- EcoBeautyScore Consortium (EBS)
- Programs for Bridging the gap between R&D and the IDeal society (Society 5.0) and Generating Economic and social value

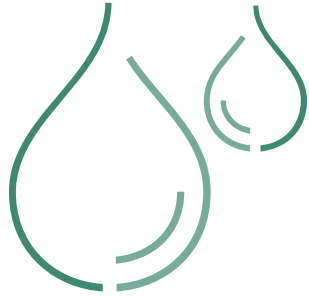
Calculation Methods of Scope 3 Emissions by Category

Category	Explanation	Internal data	Emission factors
1 Purchased goods and services	Emissions generated from upstream of the supply chain, such as raw materials, packaging materials, advertising services, and land use change due to palm-derived material production	Raw material procurement volume / POSM procurement volume / Advertising expenses / Palm- and paper-related raw material procurement	AIST-IDEA v3.5 / 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	AIST-IDEA v3.5
4 Upstream transportation and distribution	Emissions generated from procurement transportation, shipping transportation and waste collection	Raw material procurement volume / Product volume / Distance between our factories and sales sites / Means of transportation	AIST-IDEA v3.5 / Ecoinvent 3.9
5 Waste generated in operations	Emissions generated in the process of waste treatment from our operations	Waste generated by material type and disposal method	AIST-IDEA v3.5
6 Business travel	Emissions from employee business-related travel	Travel expenses / Number of trips by destination / Transportation distance	AIST-IDEA v3.5 / Reference-1
7 Employee commuting	Emissions from employee commuting between home and Shiseido's site	Commuting expenses	AIST-IDEA v3.5 / Reference-1
8 Upstream leased assets	Leased property (such as warehouses)	Energy and fuel consumption	AIST-IDEA v3.5
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		
11 Use of sold products	Emissions from product use, such as rinsing, drying up	Energy, water, and consumable goods consumed in product use	AIST-IDEA v3.5
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	AIST-IDEA v3.5
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) Calculation method and Emission Factors for Reporting of Act on Promotion of Global Warming Countermeasures
- 2) Germer, J. et al. (2008) *Environment, Development and Sustainability*, 10, 697–716
- 3) Emission factor database for calculating GHG emissions of an organization through its supply chain v3.5
- 4) Keidanren Carbon Neutrality Action Plan: FY2025 Follow-up Results (Individual Industries)

Use and Conservation of Water Resources



Water is a natural resource that is essential for the lives of humans and all things living, and a resource shared among various stakeholders in the basin. It has great value not only for direct use in drinking, agriculture, and industry, but also for indirect benefits such as flood control and carbon storage, and as a resource that supports culture and economic security. Wastewater is processed in a treatment facility then returned to the basin to be used by homes and businesses in the community. In general, the state of water resources differs from one area to another. Even within a basin, it varies depending on the season and other environmental factors, including the availability of underground water and upwelling. It is also influenced by communities' water usage. Therefore, in addition to managing water use at their sites, businesses must implement initiatives while also considering the basin and surrounding areas.

Our Approach

In the cosmetics business, water is used in every aspect, 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. If the quantity or quality of water deteriorates, it will have a significant impact on product manufacturing volume, production costs, and quality. In addition, if water use competes with other industries in the areas where our factories are located, it could lead to a deterioration in relationships with local communities. Considering the unique characteristics of water resources, their circularity and uneven distribution, Shiseido Group promotes the sustainable use of water while respecting healthy water cycles in basins, water-related culture, and access to water and sanitation as human rights.

We have been promoting activities such as water conservation and recycling, especially focusing on sites in areas with high water stress or areas where rainfall is expected to decrease in the future due to climate change. During product manufacturing at our sites, we constantly monitor not only water intake but also the amount of water discharged, its temperature, and the quality of treated wastewater, treating it with purification facilities to ensure water quality equal to or higher than the standard values stipulated by laws and regulations.

We are also working on water resource management (Water Stewardship) with our stakeholders in the basin. For example, at our Nasu factory, we are conducting surveys to track the infiltration origin, the situation of the basin, and the water balance to understand where the groundwater used by the factory comes from and how it affects the area. By conducting these surveys in cooperation with local farmers and local high schools, we aim to realize water use that is in harmony with local communities and the natural environment. Since many cosmetic ingredients are derived from biomass, the sustainability of water resources indirectly used in the value chain is also of extreme importance to us.

From the production of raw materials to their usage and disposal, we strive to understand the water-related environmental impact and risks from the perspective of the value chain.

Metrics and Targets

By 2026
Water consumption reduction **40%^{*1}**

*1 Economic intensity across all our sites (compared to 2014)

2030 Targets

Water consumption reduction **50%^{*1}**

*1 Economic intensity across all production sites (compared to 2014)

Toward 2030, we have set a target of reducing direct water use at our production sites by 50% (economic intensity) compared to 2014, and will aim for more efficient water use in the factories' production processes and sustainable water resource management.

[Environmental Policy](#)

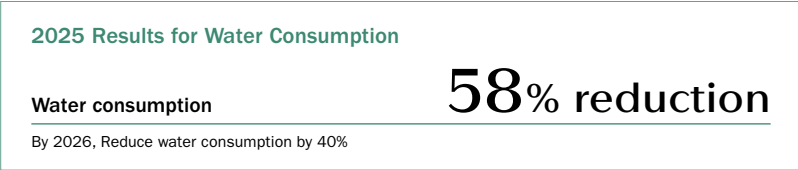
[Reducing Our Environmental Footprint](#)

Utilization and Reduction of Water Consumption in the Production Process

Regarding the direct use of water resources, we have been working to reduce water consumption in the production processes at each site worldwide. We have met our milestone targets every year since 2023.

Specific Initiatives

- At our Val de Loire factory in France—an area where rainfall is expected to decrease in future—initiatives like saving water and redesigning the nozzles on our cleaning facilities successfully reduced the amount of water used per clean by 30%.
- At our East Windsor factory in the United States, we have introduced a monitoring system that detects abnormal or excessive water use using individual meters, enabling maintenance and operational changes through real-time situational awareness and trend analysis.
- As an initiative to reuse water, the Kurume factory reduced its annual water consumption by approximately 2,700 m³ by using wastewater from the water purification system for the sealing water of vacuum pumps, while the Shanghai factory reduced its annual water consumption by approximately 13,800 m³ by reusing water as supplementary water for toilets and cooling towers, as well as for greening and car washing.
- In terms of internal awareness-raising and training, initiatives are underway to post the progress against water consumption targets inside the factories. At the Shanghai factory, training on water-saving methods and precautions at work and in daily life is provided to all factory employees through e-learning once every two years and lectures once a year to enhance basic knowledge.



Water Stewardship (Initiatives on Water Resources in Communities)

Since water is a shared resource that connects local people and nature through rivers and groundwater, companies are required to take responsible actions not only for water resource management related to their own business activities but also for water resources in the basin. Water stewardship is the concept of expanding a company's responsibility as a water user beyond its own factories to the entire local community. In addition to in-house initiatives such as reducing water consumption and managing water quality, we are practicing water stewardship as a shared asset of the basin by paying attention to the situation of the regions sharing the water and engaging in secondary use in cooperation with local communities and initiatives set up with suppliers.

Specific Initiatives

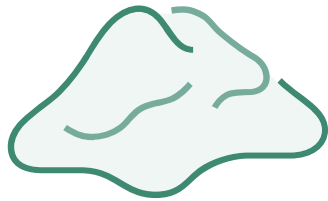
- At our Val de Loire factory in France—an area where rainfall volumes are expected to fall in future—we share information with other local industries on good water practices and legal regulations several times a year.
- At our Shanghai factory in China—which is located in a water-stressed ^{*1} area—we participate in a local environmental protection association and proactively obtain environmental information, such as environmental laws and regulations regarding factory activities, and utilize them in our factory's water conservation activities. We also report monthly water consumption to the government and we are promoting water conservation and are working to improve water utilization rates and strengthen water conservation management.

- The Nasu factory is taking steps to better understand the basin environment of the Nasunogahara area, where the factory is located, not only from a geological perspective but also from a local historical perspective. So far, through repeated dialogues with various stakeholders in the surrounding areas—including experts, government agencies, land improvement districts, farmers, and educational institutions such as high schools—we have conducted analyses of the seasonal variability of water flowing on the surface and underground, changes in flow volume due to groundwater pumping at the factory, and how wastewater from the factory infiltrates through agricultural canals and rice paddies in downstream areas, thereby deepening our shared understanding of the basin and water resource utilization. In addition, we are participating in the Nature Positive Nasunogahara Alliance led by Nasushiobara City. At the Nasunogahara Nature Positive Symposium held in July 2025, we gave a presentation on the Nasu factory's water circulation project.
- At the Kurume factory in 2025, we conducted surveys on the groundwater recharge area, water balance, and boundaries. Based on the results obtained, we plan to carry out activities that contribute to the surrounding biodiversity in the future.
- At the Kurume factory and Nasu factory, we have installed outdoor water supply facilities to provide water for domestic use at times of disaster, thereby supporting the safety and lives of local residents.
- At each of our domestic factories in Japan, employees volunteer to take part in cleaning and beautification activities for nearby rivers.

In recognition of these initiatives, Shiseido was certified as a Water Cycle Active-company^{*2}.

^{*1} A situation where there is not enough water of sufficient quantity to meet the demands of people and the environment.
^{*2} An enterprise certified under the "Water Cycle Company Registration/Certification Program" by the Secretariat of the Water Cycle Policy Headquarters, Cabinet Secretariat.

Reducing Waste



As population growth continues and income levels and purchasing power rise globally, both resource consumption and waste continue to increase. To make more effective use of limited resources, it is important to shift from a disposable, linear economic model to a circular economy where resources are repeatedly and effectively reused. Companies must strive to comply with laws and regulations related to waste management established in each country and region, while optimizing the use of resources throughout the entire value chain and reducing waste generation.

Our Approach

To realize circular products and manufacturing, Shiseido aims to optimize resources throughout the entire value chain by incorporating the concept of a circular economy. As part of this effort, we are working to reduce waste, and we have continuously worked to reduce, reuse, and recycle the waste we generate in-house over the long term.

Metrics and Targets / Results

2025 Results

Waste to be landfilled directly

0%*1

*1 Excluding waste designated as landfill by law. Continued achievement the target since 2022.

2030 Targets

Waste to be recycled or recovered for energy

100%*1

*1 Applicable to factory industrial waste. Where both options are available, recycling shall be prioritized

As part of our efforts to realize a circular economy, Shiseido Group is working to reduce and recycle waste. By strictly sorting waste, we promote its reuse as valuable resources, and by 2030, we will recycle or recover for energy all waste discharged from our factories.

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[Reducing Our Environmental Footprint](#)

Initiatives for Waste Reduction

- The amount and type of waste discharged from each factory are confirmed with the Headquarters on a monthly basis to promote reduction and recycling. At our domestic factories in Japan, we use management data from electronic manifests to confirm the disposal status, ensuring data transparency and strict legal compliance.
- At each factory, we use dehydrators and dryers to reduce the volume of sludge generated during wastewater treatment.
- At the Shanghai factory, we switched the cardboard boxes used when receiving exterior materials such as product packaging to returnable boxes, reducing waste by approximately 60 tons per year.
- At the employee cafeterias of each factory, we are reducing food waste and single-use plastics.
- At the Osaka Ibaraki factory, we recycle used cooking oil as a raw material for Sustainable Aviation Fuel (SAF).
- To promote reuse, unneeded equipment is tracked by the environmental secretariat and transferred to employees or departments in need. In addition, unneeded equipment and fixtures are transferred between factories for effective use.

Employee Education

In Japan, we arrange online seminars for managers and employees in charge of waste management at Shiseido Group companies to facilitate understanding of waste management laws and reduction activities. When outsourcing waste disposal from our factories or offices to third-party contractors, we emphasize the importance of conducting supplier assessments, ensuring proper disposal of industrial waste, strictly managing manifests, and performing on-site verifications. Following the seminars, each participant strives to ensure strict legal compliance with the help of our original checklists.

Climate/Nature-related Financial Disclosure

Climate/Nature-related Financial Disclosure Initiatives

Given the seriousness of the impact of climate change issues on business growth and environmental sustainability, Shiseido Group has been disclosing information with reference to the frameworks of TCFD, TNFD, and ISSB/SSBJ. 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 over the short, medium, and long terms. Regarding nature and biodiversity, we identified quantitative long-term risks in consideration of species extinction risks and the dynamic states of water resources, and disclosed them in the Climate- and Nature-related Financial Disclosure Report.

For sustainability governance, please refer to the “Sustainability Management” part. [P.8](#)

[Climate- and Nature-related Financial Disclosure Report](#) pdf

Strategy

We adopted a double materiality approach, assessing both the impact of Shiseido’s activities on the environment and society, and the risks and opportunities that these environmental and social factors present to the company. For climate-related risks and opportunities, we conducted scenario analysis aligned with the Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs), assuming a range of potential societal and environmental changes from 1.5/2°C to 4°C. With regard to transition risk, we analyzed the impacts under each scenario by considering factors driven by shifts in policy, regulation, technology, markets, and consumer awareness associated with the transition to a decarbonized society. For physical risks, we examined acute and chronic drivers, such as water-related issues and weather conditions resulting from rising temperatures.

Risk Management

Taking a holistic and multifaceted approach, we assess and identify the impactful risks that affect our medium- to long-term business strategy. These include sustainability-related risks, such as “environmental risks (climate change, loss of biodiversity, etc.),” “DE&I,” and “natural disasters, infectious diseases and terrorism”. These factors, which affect business continuity and strategy, are analyzed based on scientific and socioeconomic evidence and integrated into the enterprise risk management system. The identified risks are evaluated by the risk management department across three axes: “impact on business,” “likelihood of occurrence,” and “vulnerability.” At the same time, the risks and their countermeasures at both the company-wide level and for individual cases are regularly considered by the Global Risk Management & Compliance Committee, which is chaired by the CEO and consists of officers and regional CEOs, and by the Global Strategy Committee. The material risks identified and evaluated annually are reflected in the Group’s management strategy. Furthermore, to mitigate the impact, risk owners are assigned to each risk, operating under a consistent system from formulating countermeasures and monitoring progress to conducting regular discussions with the aforementioned committee members and the Board of Directors.

Scenario Analysis of Risks and Opportunities

Classification of Materiality	Midpoint Indicator	Financial Impact	Damage Target	Financial Impact
Impact Materiality	Climate change	JPY 10.0 billion	Human health	JPY 3.7 billion
	Water resources	JPY 30 million	Social assets	JPY 8.4 billion
	Others	JPY 7.6 billion	Biodiversity	JPY 3.2 billion
			Primary production of plants (Ecosystem services)	JPY 2.4 billion

Classification of Materiality	Classification of Risks and Opportunities		Driver	Event	Financial Impact	
Financial Materiality	Opportunities		Climate change	Expanded sales opportunities for UV care products	JPY 1.6 billion	
				Decreased dependence on fossil resources through the introduction of renewable energy and energy conservation	–	
			Climate change, nature	Expanded sales opportunities for circular products such as refillable products	–	
	Risks	Transition factors		Climate change	Increased operating costs due to the expanded introduction of carbon taxes	JPY 53 million – 2.2 billion
					Increased procurement costs due to the expanded introduction of carbon taxes	JPY 3.5 billion
		Physical factors	Acute	Climate change	Suspension of production and logistics due to natural disasters (floods)	JPY 870 million
					Destabilization of oil palm production due to natural disasters (floods, droughts, heat waves)	JPY 140 – 290 million
		Chronic	Climate change	Suspension of production activities due to water shortages	JPY 3.2 billion	
			Nature	Increased raw material procurement costs due to a decrease in pollinators	JPY 2.6 billion	

Metrics and Targets

In 2026, we disclosed our new medium- to long-term environmental and social targets for 2030. They are established environmental targets focus on mitigating climate- and nature-related risks. They are structured to enhance business resilience while reducing Scope 1, 2, and 3 emissions through targeted initiatives, ensuring to achieve our SBTi-certified*1 CO₂ reduction targets aligned with the 1.5°C scenario.

In 2024, we decided to introduce an internal carbon pricing system, applying a carbon price of 130 USD per ton of CO₂ equivalent to guide our decarbonization investment decisions.

In addition to climate change, we are strengthening the development of sustainable products that address biodiversity conservation and the circular economy. For plastic packaging, to meet our goal of achieving 100% sustainable packaging by 2025, we have promoted reuse through refillable packaging, designed for recyclability via mono-materials, reviewed material selection, and reduced packaging weight. As a result, we have completed sustainable design for 98%*2 of target products. Looking ahead to 2030, we have set a new target to increase the utilization ratio of PCR*3 and bio-based materials to 15% through active adoption. Furthermore, we aim to achieve a 30% PCR material ratio specifically for PET plastic containers, driving the Circular Product Lifecycle Design and CO₂ emissions reduction. Regarding biodiversity, we have disclosed targets for switching to deforestation-free alternatives for raw materials linked to high deforestation risks, such as certified materials. This advances sustainable and responsible procurement that minimizes our impact on nature and biodiversity.

*1 An international initiative that encourages companies to set science-based greenhouse gas emissions reduction targets to achieve the goals of the Paris Agreement.

*2 For plastic primary packaging, on a design basis.

*3 Refers to materials recovered and processed from used products so that they can be reused as components or raw materials for new products. PCR stands for Post-Consumer Recycled.

Column Message from an External Expert

In corporate management, a merely reactive stance toward the natural environment makes it difficult to maintain sustainability. Rather than focusing solely on protecting and restoring human society and the natural world, businesses must maintain and manage them sustainably as valuable “capital,” creating new abundance for society and the entire Earth system through their operations.

The Shiseido Group deeply depends on natural capital at the very core of its business, such as water utilization in manufacturing processes and the procurement of naturally derived materials. Since water, in particular, is a highly localized resource, understanding which regions and watersheds the Group depends on for water resources, and to what extent, while forecasting future risks, is extremely critical for long-term business continuity. The Group’s excellent approach lies in evaluating climate change, water, and biodiversity in an integrated manner as financial impacts, rather than treating them as isolated and fragmented issues, and linking each to medium-term KPIs and specific activities. A prime example is its advancement of sustainable procurement in collaboration with supply chain stakeholders to address the biodiversity impacts of palm oil and procurement risks driven by climate change. This sincere attitude of deriving strategies from identified risks and deploying them into concrete actions is likely what has led to high praise from external organizations such as CDP and ESG investors. To further advance these initiatives, it is essential for all employees, including executives, to achieve an intrinsic understanding, reflect it in strategy, and practice it in daily operations. Environmental action is not merely a matter of social contribution; it is nothing less than business risk management itself. Precisely because the Shiseido Group has aspects supported by biological resources such as plant oils and natural fragrances, I hope to see awareness of the importance of biodiver-

sity conservation permeate throughout the entire workforce. Earnestly addressing sustainability not as an external demand but as a critical challenge to enhance business resilience will lead to the realization of management that integrates sustainability and business. Furthermore, the Group’s greatest strength lies in its unwavering brand power, cultivated over many years, and its ability to communicate that value. I look forward to seeing the Group effectively communicate its sustainability initiatives and their importance to a broad range of stakeholders, including consumers and investors. This requires recognizing the mutual interdependences between corporations, society, and the Earth, and bringing rich value while reducing the environmental footprint throughout the entire value chain—from procurement to delivery. It is precisely through the steady accumulation of these daily efforts that the future of the global environment and the sustainable growth of the business can coexist.



Prof. Taikan Oki
 Professor, University of Tokyo /
 Science and Technology Advisor to
 the Minister for Foreign Affairs of Japan /
 IPCC Coordinating Lead Author /
 Recipient of the 2024 Stockholm Water
 Prize and the Medal with Purple Ribbon

STRATEGIC ACTION 02 Developing Sustainable Products



An increasing number of consumers now prioritize not only product efficacy, quality, and sensory experience but also safety of ingredients and commitments to environmental and social issues such as human rights, when choosing products and brands. In addition to formulas and ingredients, there is a growing demand for eco-friendly design from the initial development stage, particularly for packaging, to reduce plastic usage and support resource recycling. Consequently, sustainability initiatives are increasingly recognized as essential elements that demonstrate a company's stance and values.

Furthermore, as climate change raises concerns over alterations in the atmospheric environment, the risk of consumers being affected by UV radiation is projected to increase over the medium to long term*1. Against the backdrop of these environmental changes, the importance of sustainability initiatives—including formulas, ingredients, and packaging—as well as UV care to protect the skin is expected to grow even further.

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

Our Approach

Shiseido Group has applied its extensive research expertise in dermatology and material science, accumulated over more than 100 years, to develop and deliver safe, high-quality products and services to society. Aiming to improve consumers' QOL and contribute to society, we prioritize safety above all else, while valuing the comprehensive value of functionality, quality, sensory experience, and design. This commitment is formally articulated in our Product Development Policy, and we enhance the quality of our R&D by conducting rigorous safety assessments for ingredient selection and formula development, alongside unique standards that consider environmental, ethical, and social impacts. DYNAMIC HARMONY, our R&D philosophy that was formulated when Shiseido Group was founded, reflects our commitment to creating new forms of beauty by combining contrasting forces: Western science and Eastern wisdom. Under this philosophy, we position "Premium/Sustainability" as a key approach. In formula development, we promote manufacturing based on green chemistry that considers environmental footprint and biodiversity in addition to safety, functionality, and sensory experience. In the field of UV care, we are continuing to develop suncare technologies while appropriately addressing the impact on ecosystems, such as the marine environment.

Shiseido 5Rs

Shiseido Group is aiming to minimize environmental impact and realize circular economy based on Shiseido's own packaging development policy; Shiseido 5Rs



Respect

Aim 100% sustainable packaging based on respecting people, society and environment



Reduce

Reduce plastic material of product packaging or POSMs by thinning or lightweighting



Reuse

Encourage reuse of packaging by introducing refill products or in-store refilling service



Recycle

Encourage recycling with packaging being separated easily and adoption of material suitable for recycling



Replace

Replace virgin plastic material with bio-based material, recycled material (PCR) or alternatives to plastic material

For packaging, we have strived to reduce environmental footprint since the launch of our first refillable product in 1926. In 2020, we established the "Shiseido 5Rs"*1, our proprietary packaging development policy aimed at realizing a circular economy, and we are working toward our goal of achieving 100% sustainable packaging*2 by 2025. Specifically, we are adopting refillable packaging to promote reuse, mono-material packaging to improve recyclability, replacing materials, and lightweight packaging. Realizing a circular economy cannot be achieved by a single company alone. We will actively engage in initiatives across the entire value chain through collaboration with various stakeholders, including the industry, suppliers, consumers, and governments, as well as participation in external initiatives.

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

*2 For plastic primary packaging, on a design basis.

Metrics and Targets

By 2025

Switching to sustainable packaging

100%*1

*1 For plastic primary packaging, on a design basis.

[DYNAMIC HARMONY](#) web

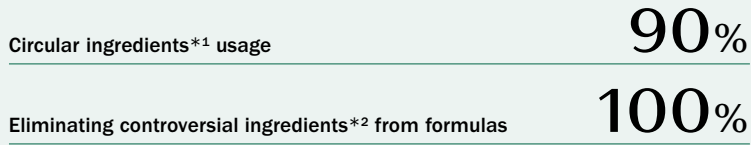
[Environmental Policy](#) web

[Shiseido Quality Principle](#) web

[Product Development Policy \(About Ingredients/Formulas\)](#) web

Formulas/Ingredients

2030 Targets



*¹ Cosmetic raw materials that are regenerated and circulated within human social systems and natural systems.
 *² Scope: PFAS (as of June 2026)

In light of growing societal concern regarding environmental impacts and chemical substances, as well as stricter regulations globally, the Shiseido Group does not view responding to these changes as merely following external demands. Under the Premium/Sustainability approach based on our Research & Development philosophy, DYNAMIC HARMONY, balancing highly sensible efficacy backed by scientific evidence with consideration for people, society, and the global environment is the very essence of the value creation we have consistently pursued. Based on this approach, we have set two core KPIs in ingredient and formulation development. The first is to make 90% of cosmetic ingredients circular by 2030. Aiming for a transition to a business structure premised on limited resources and a future net-zero society, we will evolve our R&D and product design with a focus on sustainability. The second is thorough chemical substance management to minimize the use of controversial ingredients. Shiseido has consistently selected cosmetic ingredients in consideration of safety, environmental impact, and other factors. Toward 2030, as a precautionary and proactive decision, we will prohibit the inclusion of PFAS—which is highly persistent in the environment and raises concerns about long-term impacts—in all product formulas. By applying our own strict standards from the initial stages of formulation development and exploring alternatives based on green chemistry, we achieve a high-level balance of safety, functionality, and environmental consideration. We will continue these two approaches in tandem, aiming to achieve sustainable business growth and a circular economy.

Proper Management of Chemical Substances

In light of growing societal concern regarding the safety and environmental impact of chemical substances, as well as stricter regulations, particularly led by EU, we are strengthening our commitment to responsible chemical substance management. From the formulation development stage of cosmetics, we are minimizing the use of SVHC (Substances of Very High Concern) and controversial ingredients. In addition, we are actively replacing materials with plant-derived ingredients and adopting alternative processes and technologies utilizing green chemistry. For ingredients that are likely to be released into the environment after product use by consumers, we are analyzing their dynamics in the environment and enhancing our understanding of their impact on the ecosystem. For newly developed ingredients, we refer to both domestic and international safety assessment guidelines while establishing our own strict standards. Additionally, we assess safety without conducting animal testing by utilizing alternative testing methods and other approaches in line with OECD Guidelines for the Testing of Chemicals. We continuously monitor global trends in chemical regulations and advanced technologies, including those in Japan and Europe. We comply with safety and environmental regulations in each country and region, while also ensuring a comprehensive and rigorous understanding of the impacts and management across the entire lifecycle of cosmetic ingredients—ranging from ingredient safety and material selection to manufacturing processes and post-use biodegradability. Through these efforts, we strive to deliver safe and sustainable products.

[Our Approach for Chemical Substances](#) web

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 have continued to study alternative methods that do not involve animal testing. In 2013, we abolished animal testing entirely*¹ and shifted to an animal-free safety assurance system. We have established a safety assurance system with our unique strict standards. Working together with external stakeholders, we are striving to establish alternative methods, 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). The ICCS is a global project involving manufacturers, suppliers, industry associations, and animal protection organizations whose goal is to promote and implement animal-free safety assurance in the development of cosmetics and personal care products. We promote and implement safety assurance for cosmetics without animal testing through the sharing of technologies and knowledge about alternative methods of animal testing, discussions and collaboration with related companies and organizations, and compliance with the regulations of each country and region.

*¹ Except when required by governmental and regulatory authorities.

UV Care and Suncare Innovation

Since suncare products are frequently used in marine environments, addressing the impact of ingredient runoff on ecosystems is a critical requirement. Shiseido Group examines the impact of UV filters in our products on coral*1 by combining findings from our collaborative research with universities and research institutions regarding the ecological effects of UV filters, with results of simulations of their concentration distribution in the ocean*2. These insights are applied to suncare products under brands such as SHISEIDO and ANESSA. In 2023, to evaluate the impact of cosmetic ingredients on marine ecosystems, we concluded a partnership agreement with Innoqua Inc., a startup company possessing proprietary technology to replicate ecosystems within aquariums.

It is known that exposure to UV rays for extended periods of time causes spots and wrinkles on the skin—symptoms of photoaging. By providing technologies and products designed to protect consumers’ skin and health against powerful UV rays and reducing the impact of photoaging, we believe we can contribute to the creation of social value, which is improving people’s QOL. Meanwhile, the importance of developing non-chemical formulas to meet diverse needs for UV protection ingredients and considering natural

ecosystems is increasing. Prompted by these trends, in its quest for a Next-Generation Mineral Sunscreen Technology, in collaboration with Tokyo University of Agriculture and Technology, we have developed the world’s first technology*3 in a mineral sunscreen (non-chemical sunscreen) formulation*4 that triggers UV scattering agents to achieve the optimal dispersion state on the skin. In 2025, we launched Urban Environment Min-



Suncare product of SHISEIDO

eral Clear Sunscreen, featuring technology resulting from this research, in the Americas.

*1 Egg-laying size groups of coral, excluding those in the planktonic larval and juvenile stages.
 *2 Utilizing the Tokyo Bay risk assessment model developed by the National Institute of Advanced Industrial Science and Technology.
 *3 The world’s first technology to improve powder dispersibility through the evaporation of volatile components after application, within a formulation that uses only UV scattering agents to ensure UV protection (Based on a Clarivate Analytics Japan survey in August 2024).
 *4 A formulation that ensures UV protection solely through UV scattering agents.

Innovation with an Eye toward the Future

We have been participating in the MATSURI project, a cross-industry project led by the CHITOSE Group, since 2022. The utilization of algae, which generates proteins, lipids, and carbohydrates while absorbing CO₂ through photosynthesis, is expected to contribute to the effective use of CO₂ and the reduction of emissions. At Expo 2025 Osaka, which opened in April 2025, we unveiled a prototype skincare cosmetic (vision product Bi no tama) for the first time as a member of the MATSURI project.



Vision products (Cosmetics prototypes)
 Left: Bi no tama Magatama, Right: Bi no tama Shizuku

We exhibited two products: Bi no tama Magatama, a cream molded from jelly-like polysaccharides of brown algae such as kelp by applying film-forming technology, and Bi no tama Shizuku, a serum in which algae-derived oil is encapsulated in a bead-like shell (solid oil shell) using our lipid shell technology*1. At the MATSURI Plenary Meeting held in September 2025, we provided our Global Innovation Center as a venue and presented the research results of Bi no tama. In November, we also gave a lecture at the MATSURI Open Day at the University of Tokyo, an industry research event organized by the CHITOSE Group. To maximize the potential of algae, we will work together with partner companies to promote the transition away from fossil resources in cosmetics.

*1 A technology that can keep emulsified particles stable while making them visible in size.

[Click here for News release about MATSURI \(in Japanese only\)](#) web

Initiatives with External Institutions

Granting Technology License to Toyo University for Environmental Impact Reduction

In March 2020, Shiseido became the first partner company from the cosmetics industry to join WIPO GREEN*1 worldwide. In 2021, 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 extract from boysenberries, a local specialty of Tatebayashi City, Gunma Prefecture, and the product began to be sold via crowdfunding in 2023.

*1 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 established by WIPO in 2013 for promoting innovation in environment-related technologies and its dissemination and has more than 150 partner corporations worldwide as of April 2025. As of April 2025, the Shiseido Group has licensed out 11 patented technologies.

Sustainable Packaging

2030 Targets

Recycled (PCR ^{*1}) or bio-based materials used in cosmetic packaging	15% ^{*2}
Recycled material (PCR) used in cosmetic PET packaging	30%
Reduction of virgin plastic used in cosmetic packaging	20% ^{*3}

*1 Refers to materials recovered and processed from used products so that they can be reused as components or raw materials for new products. PCR stands for Post-Consumer Recycled.
 *2 Average rate for primary cosmetic packaging.
 *3 Per product, compared to 2019.

Recognizing climate change and marine plastic waste as global environmental issues, we are stepping up the development of sustainable products. Under our unique packaging development policy, the “Shiseido 5Rs,” in addition to our conventional targets focused on the reuse and recycling of packaging after use, we have established new targets toward 2030 regarding the materials used. For plastic packaging primarily made of PET, we will set the usage rate of recycled material (PCR) to 30%. For materials other than PET, we will proactively utilize recycled and bio-based materials across packaging materials, including glass and other plastics, raising their collective usage rate to 15%. Furthermore, in addition to the utilization of these materials, by adopting highly recyclable materials such as glass and aluminum, optimizing the design of cosmetic containers, and actively expanding lightweight refillable products, we aim to reduce the amount of virgin plastic per product by 20% by 2030.

Reduce and Reuse

Refillable packaging lowers resource use, and by encouraging the reuse of primary containers, it helps decrease the total amount of plastic used in packaging. Evaluations conducted through Life Cycle Assessment (LCA) have shown that compared to single-use primary containers, the use of refillable containers leads to lower resource use and waste generation, and significantly reduces CO₂ emissions. In 2025, we offered refillable packaging for 1,014 SKUs within 37 brands globally in an effort to reduce our environmental footprint. ANESSA Perfect UV Brush-on Powder can be used repeatedly by refilling the container with separately sold refills. Additionally, for IPSA ME n, we adopted LiquiForm®, which is a one-step technology for manufacturing bottles and filling them with liquid content. This enables a reduction in plastic usage per packaging by approximately 56% and CO₂ emissions by approximately 48%*1.

*1 Comparison of plastic usage and greenhouse gas emissions per refill container before and after the renewal, conducted by Shiseido Group. Greenhouse gas emissions per container have been third-party verified by the SuMPO EPD (in accordance with ISO14025).



External Evaluations

We won four awards at the 2025 Japan Packaging Contest (47th) organized by the Japan Packaging Institute. IPSA ME n received the Minister of Economy, Trade and Industry Award, the top prize of the JAPAN STAR Award, and ANESSA Perfect UV Brush-on Powder received the Packaging Technology Award.

Recycle

To reduce our consumption of single-use plastic, we are adopting highly reusable materials and developing packaging that can be easily sorted without compromising the quality of its design. Brands such as SHISEIDO and Clé de Peau Beauté are offering products designed with recyclability, and for Clé de Peau Beauté UV PROTECTIVE CREAM N, we changed the aluminum laminated tube to an EVOH*1 laminated tube. We are also working to improve recyclability by switching from multi-material structures to mono-material designs for our packaging.

*1 Ethylene Vinyl Alcohol Copolymer



Clé de Peau Beauté UV PROTECTIVE CREAM N

Replace

To mitigate climate change and plastic pollution, we are focusing on research into post-consumer recycled (PCR) materials, plastic alternatives, and bio-based materials with low environmental impact—and promoting their use. For the ELIXIR Lift Moist and ELIXIR Brightening series, PCR-PET use in the bottles of their facial lotion and emulsion exceeds 72%, and in the SHISEIDO Suncare series, we use plant-derived resins. Furthermore, for SHISEIDO ULTIMUNE™ Power Infusing Concentrate, we used over 15% recycled glass for the packaging, and additionally achieving 20% weight reduction while maintaining a premium look and feel.



ELIXIR Bouncing Essence Lotion

2025 Results for Sustainable Packaging

Sustainable Packaging

100% Sustainable Packaging (2025)

98%

We have been promoting initiatives to switch plastic cosmetic packaging to sustainable packaging by 2025, working on adopting refillable packaging to promote reuse, mono-material packaging to improve recyclability, replacing materials, and lightweighting packaging. At the time this target was set in 2019, reducing marine plastic waste by promoting the reuse and recycling of plastic packaging after product use was recognized as a critical issue. As we proceeded with the transition, we faced technical constraints in recycling, as well as technical challenges surrounding plastic recycling from the perspective of social infrastructure. Based on the principle of never compromising on quality and safety, we pursued technologically and qualitatively feasible measures from a product design perspective. As a result, the transition achievement rate stood at 98% as of December 31, 2025.*1

In formulating our new sustainability strategy toward 2030, we reviewed the definition of sustainable packaging from a broader perspective of supporting the circulation of limited resources across society. Considering the expectations of stakeholders surrounding cosmetic packaging and the latest technological trends, we have established new medium-term targets centered on the utilization of PCR and the reduction of virgin plastic usage.

*1 Amount of plastic packaging used in Japan in 2025 (Including estimates): Approx. 7,600t

POSM (Promotional materials, including in-store display tools and shopping bags)

We are advancing environmental measures not only for our products but also for promotional materials used at retail stores. Focusing on promotional materials with high CO₂ emissions, we aim to contribute to reducing CO₂ emissions, resource recycling, and forest ecosystem conservation. For example, for in-store display tools, we utilized recycled materials, and for paper-based promotional materials, we switched to sustainable paper, such as certified or recycled paper.

To reduce the environmental footprint related to the lifecycle of promotional materials, including in-store display tools and shopping bags, we published the POSM Eco Design Guideline internally in 2023. Based on the guideline, we promote the development of POSM materials in line with Shiseido's 5Rs.

The introduction of eco-friendly design to in-store promotional materials is expected to bring various effects, such as the management of production materials across the Group and the fostering of employee awareness. We are actively advancing initiatives toward achieving our 2030 targets and sustainable business activities.



Shopping bag made from sustainable paper

Secondary Packaging

In addition to primary packaging, which directly protects the contents of the product from the external environment, we are also advancing environmental measures for secondary packaging, which wraps the primary packaging, such as switching from plastic to paper. For our ANESSA and ELIXIR brands, we are switching from plastic to sustainable certified paper for their secondary packaging. Furthermore, Clé de Peau Beauté uses FSC-certified paper for the individual paper cartons of all its products.



Clé de Peau Beauté individual paper carton

Tertiary Packaging

We have advanced design to reduce our environmental footprint by setting strict standards for primary and secondary packaging. To conserve resources, we are also focusing on tertiary packaging, which protects products from contamination during production and transportation. To conserve resources, we began reducing tertiary packaging itself, such as protective boxes and pillow pouches, in 2023, thereby helping to minimize both plastic waste and paper consumption. In 2025, we achieved reductions for 54 SKUs, focusing primarily on existing products of key brands such as PRIOR and REVITAL.

We are further expanding our initiatives by promoting the development of new products that minimize the use of tertiary packaging.

Participation in Related Initiatives

R Plus Japan Ltd.

To play a part in solving the global plastics recycling challenge, Shiseido Group invested in R Plus Japan in 2022 and has been engaged in recycling used plastics. The Purchasing Department Manager from our Global Headquarters attends the monthly regular meetings for investing companies to foster collaboration with participating companies. By bringing together companies across the 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.



EcoBeautyScore Association

The EcoBeautyScore Association is a nonprofit organization whose primary goal is to develop a common environmental impact scoring system for cosmetic products. Developed with more than 70 cosmetics players across 46 countries, the system helps to bring more transparency to consumers while encouraging brands to adopt more sustainable practices. We have been a member since 2022, and we continue to explore how to communicate to ensure that consumers can choose our products with peace of mind.



Initiatives for Resource Recycling

To realize a decarbonized society and a circular economy, it is necessary to once again add value to products and materials that have completed their roles and to reuse them repeatedly in society. We are working to establish a scheme for collecting used plastic cosmetic packaging through retail stores, leveraging a wide range of interactions with consumers and business partners, aimed at securing sustainable, high-quality resources for the future and implementing a circular economy in society. By fostering awareness that used packaging can become resources for new products and encouraging behavioral change across society, we aim to enhance the resilience of resource procurement from a long-term perspective.

Pilot Project of BeauRing® Circular Model Project for Plastic Cosmetics Packaging

In April 2023, we launched the BeauRing® project in partnership with POLA ORBIS HOLDINGS INC.—a circular model project to collect plastic packaging in Japan and recycle them into new plastic packaging. In October 2025, CHANEL GK and FANCL CORPORATION joined the project. Through this project, we are collecting used plastic packaging at some cosmetic stores and other locations in Yokohama City. With the advantages of “no sorting required” and “no pre-washing required,” which make it easier for consumers to participate, we have been gradually expanding the number of collection locations since October 2025, and they are currently deployed at 44 locations.

[About BeauRing®](#) web



BeauRing® BOX

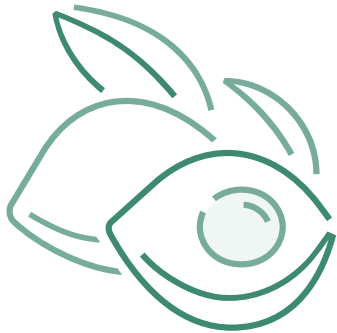


BeauRing® BOX at retail stores



STRATEGIC ACTION 03 Promoting Sustainable and Responsible Procurement

Procurement of Raw Materials



In general, cosmetics are made from a wide variety of raw materials, including plant-derived, mineral-derived, petroleum-derived, and synthetic ingredients. While each of these raw materials possesses excellent characteristics and contributes significantly to the quality and sensory experience of our products, their procurement is closely linked to various environmental and human rights issues. In addition, because supply chains are long and complex, it is difficult to establish traceability for some raw materials, making it hard to determine whether any issues exist. To resolve these issues, companies are expected to practice responsible procurement. Moreover, an attitude of taking on challenges together with the industry and stakeholders is required.

Our Approach

Shiseido Group is committed to sustainable manufacturing across the entire value chain.

To ensure that our consumers can choose our products with confidence and peace of mind, we believe it is crucial to identify and resolve environmental and social issues in the raw materials supply chain, and to realize sustainable and responsible procurement.

If we fail to address issues related to climate change, biodiversity, and respect for human rights in our raw material procurement, it could lead to production halts due to supply disruptions, lost sales opportunities, soaring procurement costs, product quality and safety risks, and eroded brand image. Taking responsibility for addressing these issues is essential for business continuity and contributes to enhancing the long-term resilience of our supply chain. Therefore, we support international standards such as the principles of the No Deforestation, No Peat, No Exploitation (NDPE). Furthermore, for raw materials with potential environmental or human rights concerns, we have established the “Shiseido Group Sustainable Raw Materials Procurement Guidelines” and are working to identify and resolve issues by ensuring traceability.

We strive to build a sustainable and responsible supply chain by ensuring traceability to gain a clearer, more detailed understanding of actual conditions, while implementing the Supplier Assessment Program to drive the PDCA (Plan-Do-Check-Action) cycle for identifying and resolving environmental and human rights issues across all active suppliers.

- [Shiseido Group Procurement Policy](#)
- [Shiseido Group Supplier Code of Conduct](#)
- [Shiseido Group Sustainable Raw Materials Procurement Guidelines](#)

Metrics and Targets

By 2026	100%^{*1}
Replacement with sustainable palm oil	
<small>*1 Certified under RSPO's physical supply chain model (based on identity preserved, segregation, and/or mass balance)</small>	
By 2023	100%^{*2}
Replacement with sustainable paper	
<small>*2 Including certified paper or recycled paper used in products, paper weight basis</small>	

2030 Targets	
Palm oil-derived materials	
Procurement of sustainable palm oil-derived raw materials^{*1}	100%
Traceability to palm oil mill	85%
Paper	
Procurement of sustainable paper^{*2}	100%
Traceability of pulpwood to the state or prefecture level^{*3}	100%
Soy-derived materials	
Procurement of RTRS^{*4}-certified raw materials or procurement not involving deforestation	100%
Mica	
Procurement from suppliers not involved in child labor^{*5}	100%
Conflict minerals	
Procurement that does not contribute to the financing of conflicts or acts of war	100%
<small>*1 Certified under RSPO's physical supply chain model (based on identity preserved, segregation, and/or mass balance) balance, palm oil equivalent volume basis</small>	
<small>*2 Including certified paper or recycled paper used in products, paper weight basis</small>	
<small>*3 For the materials used in the product</small>	
<small>*4 RTRS: Round Table on Responsible Soy</small>	
<small>*5 For India and Madagascar, verify RMI membership or conduct individual assessment</small>	

Palm Oil

As a raw material for cosmetics, palm oil is an important plant-derived ingredient that meets high standards for functionality such as product sensory experience, quality stability, emulsifying and cleansing functionality, and long-term shelf life. On the other hand, its production has caused significant challenges, including the destruction of tropical rainforests due to agricultural development, development of peatlands, loss of wildlife habitats, conflicts over land use among local communities, and human rights violations against indigenous peoples and workers. Therefore, ensuring the procurement of palm oil produced through sustainable methods is a critical issue. In 2010, Shiseido Group joined the RSPO*1, and in 2020, we disclosed our medium-to long-term target of achieving 100% sustainable procurement of palm oil by 2026. The relevant teams in our global and regional headquarters have been working closely together on initiatives to achieve this target. We request all suppliers dealing in palm oil-related raw materials to join RSPO and switch to certified palm oil*2 based on the RSPO's physical supply chain model. We thus work with suppliers to procure sustainable palm oil-derived raw materials and survey traceability.



RSPO, Jonathan Perugia

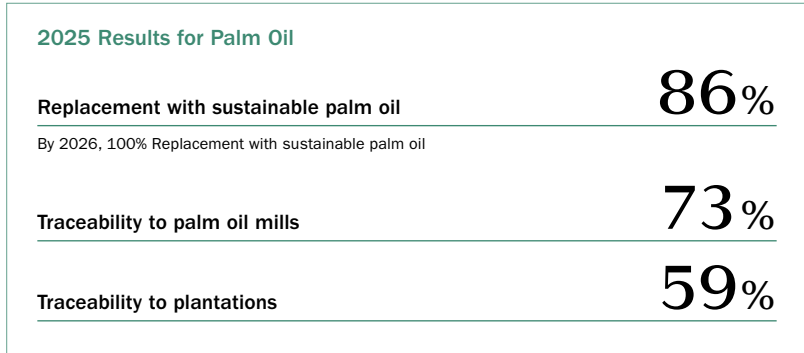


In 2025, we replaced 86%*3 of palm oil-derived raw materials with physical certified palm oil (breakdown: mass balance 99%, segregation less than 1%*4). We also purchased RSPO credits equivalent to the remaining 13% of the palm oil-derived raw materials we procure. Furthermore, all of our factories are RSPO supply chain certified*5.

We joined JaSPON*6 in 2019, and are working to solve issues by strengthening collaboration with other companies. Additionally, we aim to enhance the traceability of all palm-derived materials through activities such as investigating palm oil mills via ASD*7, and aim to secure traceability extending to palm plantations in the future.

Further, through the Shiseido Camellia Fund*8, we support WWF*9 Japan's activities in Indonesia, such as training smallholder palm farmers.

*1 Roundtable on Sustainable Palm Oil
 *2 Raw materials certified by RSPO's physical supply chain method
 *3 Palm oil equivalent, weight basis
 *4 Mass balance is subject to audit based on RSPO certification, segregation is out of audit scope
 *5 Certified by mass balance method
 *6 Japan Sustainable Palm Oil Network
 *7 Action for Sustainable Derivatives
 *8 A fund that uses donations from Shiseido Group employees and alumni to support the activities of NPOs and NGOs working to tackle social issues.
 *9 World Wildlife Fund for Nature



Check our progress at www.rspo.org web

Paper

In the cosmetics business, paper is used for product packaging, package inserts, promotional materials, etc., and is an essential raw material for product protection, accurate communication of usage and ingredient information, and promoting brand value and product appeal. On the other hand, in some plantations producing wood chips used as raw materials, there are environmental issues, such as deforestation and loss of biodiversity, as well as human rights violations against local residents in some areas. We were able to achieve the target of using sustainable paper*1 (use of certified paper and recycled paper) for product packaging and package inserts by 2023. In 2025, we maintained the achievement, and we also initiated a traceability investigation for the paper cartons procured by our factories, with the traceability to plantations reaching 80%*2. Additionally, we are switching to sustainable paper for promotional materials and other items. For promotional materials, since 2023, we have been implementing initiatives in accordance with the internal "POSM Eco Design Guidelines," switching paper-based materials to certified or recycled paper. In addition, we are reducing paper usage by standardizing and unifying some of the cardboard paper for cosmetic samples. Cosmetics packaging must meet a range of expectations and standards, balancing environmental considerations with aesthetic design and structural strength to support product weight. Through collaboration with paper manufacturers, we drive innovation to develop paper-based packaging that delivers these superior characteristics and advanced functionalities.

*1 Use of certified paper and recycled paper from the perspective of forest conservation
 *2 Paper weight basis



Mica

Mica is a mineral used in a wide range of industries due to its beautiful light-reflecting properties and heat resistance. As a cosmetic ingredient, mica possesses unique properties that impart a natural and elegant gloss and transparency to eyeshadows, foundations, lip products, and more. It is used as an important raw material because alternative ingredients capable of replicating the same texture and color payoff are limited. On the other hand, it has been pointed out that mica sourced from India and used in cosmetics may be associated with child labor during its mining. Shiseido Group has been a member of the Responsible Mica Initiative (RMI) since its establishment in 2017 to sincerely address human rights issues within the supply chain of mica sourced from India.

RMI aims to eliminate child labor and forced labor at mining sites in mica-producing countries and establish mica as a sustainably and responsibly produced raw material. In the eight years from 2018 to 2025, RMI supported 235 villages and reached over 114,000 households, including more than 50,000 children. Through comprehensive support ranging from individual children to entire communities—such as educational support, the provision of drinking water facilities, and health and nutrition camps—steady progress is being made in solving labor-related issues. RMI initially focused on two states in India. Today, it is active in Madagascar as well.

We source mica produced in India through RMI member companies and confirm that there are no human rights issues. We will continue to strive to use mica supplied by producers with no social responsibility issues, focusing on RMI member companies.

Initiatives for Far-reaching Traceability

We use a wide variety of raw materials, including materials listed in the Shiseido Group Sustainable Raw Material Procurement Guidelines. We aim to identify and address raw materials-related issues promptly.

Industry-wide Efforts to Ensure Traceability

Since 2023, Shiseido has joined a consortium of 18 cosmetics industry companies*1, TRaceability Alliance for Sustainable CosMEtics (TRASCE). TRASCE's long-term ambition is to extend traceability to the entire value chain of the cosmetic 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. Once data is collected through the platform, the objective of the consortium is to analyze risks in order to identify supply chains where action plans are needed.



*1 18 members of TRASCE: Albéa, CHANEL, Clarins, Cosfibel powered by GPA Global, Dior, The Estée Lauder Companies, Expanscience, L'Occitane en Provence, L'Oréal Groupe, Merck, Naos, Neyret, Nuxe, Groupe Pochet, Groupe Rocher, Sensient, Shiseido and Sisley (in alphabetical order)

Supporting Raw Material Producers

Shiseido EMEA is promoting initiatives to support raw material farmers through collaboration with other companies.

Geranium bourbon (a type of geranium), used as a raw material for fragrances, is produced on Reunion Island in France, where women are responsible for much of the production and harvesting. We have entered into a strategic partnership with a supplier and a local agricultural cooperative to improve their working conditions and ensure a stable supply. As part of our efforts, we invested in a new harvesting machine. This has significantly reduced the required working days per hectare from 40 days to 6-7 days, improving the working environment and ensuring worker safety. It has also helped to curb labor costs, improve productivity, and create opportunities for women to take on more specialized roles and thrive.

In addition, we have formed a partnership with a supplier to secure a long-term supply of molasses alcohol and address ESG issues. Since October 2024, we have been purchasing alcohol made from beets grown by farmers engaged in regenerative agriculture, and we are continuing this initiative in 2025 and beyond.



Beets grown by farmers engaged in regenerative agriculture

Biodiversity



The loss of biodiversity and the degradation of ecosystem services are issues that affect corporate operations, supply chains, and the investment and lending portfolios of financial institutions. From this perspective, companies are required to ensure transparent information disclosure regarding the relationship between their business and natural capital, and to conserve biodiversity.

The cosmetics business is an area that highly depends on biological resources throughout its value chain, making it highly susceptible to the direct impact of biodiversity loss on business continuity. If risks materialize, they could lead to significant business risks, such as raw material procurement constraints, price fluctuations, and a decline in corporate credibility and brand value.

Cosmetics contain many ingredients derived from biological resources, such as plant oils and fermented ingredients, and paper and biomass plastics are also utilized in their packaging. Therefore, identifying and mitigating risks related to nature and biodiversity is essential for the stable continuity of our business. We must balance sustainable raw material procurement with business competitiveness by identifying raw materials that have a significant impact or high dependency, and conducting analysis and management based on ingredient characteristics, the regionality of production areas, and procurement structures.

Our Approach

Shiseido Group's business activities rely heavily on the bounties of the Earth and its rich biodiversity, including raw materials, water, forests, and ecosystem services. If this natural capital is degraded or lost, it could potentially affect the stable procurement of raw materials, quality assurance, cost structures, and even brand value. Therefore, we recognize biodiversity not merely as an environmental issue, but as a key management issue linked to our medium- to long-term business value.

Based on this recognition, we utilize the framework of the Taskforce on Nature-related Financial Disclosures (TNFD) to advance the identification and analysis of risks and opportunities from the perspectives of both our dependencies and impacts on nature resulting from our business activities. Through evaluation in line with the TNFD's LEAP approach, we have confirmed that our business has a particularly significant impact on terrestrial biodiversity, and that forest-derived raw materials such as palm oil-derived raw materials and paper can be directly linked to physical risks (procurement instability, price increases) associated with natural capital degradation and transition risks (stricter regulations, changes in market demands).

Based on these analysis results, for palm oil-related materials and paper, we support the principles of No Deforestation, No Peat, No Exploitation (NDPE)*¹, and are promoting the transition to certified raw materials and recycled materials while complying with the laws and regulations of each country, as well as international treaties and agreements*². Specifically, we are focusing on ensuring traceability going back to upstream oil mills and plantations, not limited to Tier 1 suppliers, and advancing the construction of a sustainable supply chain that includes respect for the rights of local communities. In addition, we are exploring innovative approaches to reduce our actual dependence on natural capital, such as developing alternative ingredients with a lower environmental footprint and utilizing biotechnology.

We position these initiatives as leading not only to the reduction of negative impacts on biodiversity, but also to the reduction of negative financial impacts through the avoidance of future procurement risks, the suppression of cost fluctuations, and the enhancement of supply chain resilience. Going forward, through disclosure based on TNFD, we will continue to link non-financial information related to biodiversity to our business strategy and financial decision-making, and strengthen activities with a view to contributing to Nature Positive, which aims for the recovery of nature, moving beyond mere risk management. While also remaining conscious of synergies with climate change initiatives, we will roll out effective actions globally through collaboration with diverse stakeholders, aiming for sustainable corporate value creation through coexistence with nature.

*1 Procurement of palm oil and paper is conducted in accordance with the principles and criteria of the RSPO and forest-related certification systems, respectively. We protect High Conservation Value (HCV) areas and High Carbon Stock (HCS) forests, and prohibit new development on peatlands regardless of depth, as well as the use of fire for land clearing or plantation development. To respect and protect the rights of indigenous peoples and local communities, Free, Prior and Informed Consent (FPIC) is ensured.

*2 Includes CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora), Convention on Biological Diversity (CBD), OECD Guidelines for Multinational Enterprises, ILO Core Labour Conventions, Ten Principles of the United Nations Global Compact, and United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), etc.

[Our Environmental Policy and Environmental Management](#) web

[Our Approach to Biodiversity](#) web

Ecosystem Impact Assessment and Biodiversity Conservation Initiatives at and around Our Sites

Although the relative impact within the entire value chain is small, grasping and minimizing the impact on ecosystems caused by land occupation at our own sites is important from the perspective of land manager responsibility. Shiseido Group utilizes the TNFD framework and the LEAP approach to identify sensitive locations for our production sites, which occupy large areas among our sites, from the perspectives of the importance of biodiversity, the integrity of biodiversity, and the importance of ecosystem service provision. As a result of our assessment—which accounted for proximity to protected areas, the naturalness of ecosystems around our sites, and development pressure—no business sites were identified as having high biodiversity risks. However, from the perspective of our dependency on nature, the assessment highlighted the critical importance of water conservation and recycling at our Beijing factory, which operates in an arid region.

Moving forward, we intend to advance ecosystem conservation initiatives tailored to the specific conditions of each region. These efforts will be guided by the results of these surveys, alongside assessments of endangered species in the areas surrounding our factories.

[Climate- and Nature-related Financial Disclosure Report](#)  pdf

At our Kakegawa factory, where a mixed forest of chinquapin and oak accounts for approximately 17% of the site, a healthy ecosystem was confirmed in the 3.5-hectare green zone on the premises, and it was certified as a Sustainably Managed Natural Site*¹ by the Ministry of the Environment in 2024. This site is also registered in the international database*² as an OECM*³, and is evalu-

ated as an initiative that contributes to the conservation of local biodiversity. Through the conservation of the green zone and the implementation of regular monitoring, it is utilized as an employee benefit, a place of relaxation for local residents, and a place for nature education for children attending the on-site childcare facility, KANGAROOM Kakegawa. Furthermore, since January 2026, in cooperation with the Shizuoka Institute of Environment and Hygiene, we have been conducting biological monitoring through acoustic observation at the Kakegawa Sustainably Managed Natural Site*⁴.

*1 The “Sustainably Managed Natural Site” certification system was developed to achieve the 30by30 target, which aims to protect or conserve at least 30% of land and sea areas as healthy ecosystems by 2030, to support the Kunming-Montreal Global Biodiversity Framework. Its goal is to increase the number of sites where biodiversity conservation is being promoted through private sector initiatives.
 *2 Managed by the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and used to evaluate the progress of the global 30by30 target.
 *3 Other Effective area-based Conservation Measures: Areas outside protected areas that contribute to biodiversity conservation.
 *4 Environment Research and Technology Development Fund [4MF-2504]: “Development of an acoustic observation support system for biodiversity that brings synergy between machine observation and citizen participation surveys.”

In France, where we operate two factories, there are concerns about the declining population of honeybees in recent years. To resolve such region-specific issues, the factories prohibit the use of agrochemicals on the factory grounds and have set up beehives on-site to protect honeybees. In addition, at East Windsor factory in the United States, we are growing native plants on a 13,300 m² plot of land near by the factory to conserve biodiversity. Through a partnership program with The Best Bees Company, we have set up two beehives, and the harvested honey will be distributed to employees. Furthermore, on Earth Day, we conducted greening and plant-growing activities on the premises, with employee volunteers cleaning up the site and planting around the beehives.



KANGAROOM Kakegawa



Beehives installed in partnership with The Best Bees Company

Corporate and Brand Initiatives

SHISEIDO BLUE PROJECT

Shiseido Group engages in a wide range of biodiversity protection activities through many of its brands and business operations in regions. Since 2019, SHISEIDO has been implementing the SHISEIDO BLUE PROJECT, a global initiative to protect the oceans under the theme “Respect for the Ocean.” To help create more beautiful oceans, the brand has been working continuously with Shiseido teams in many different countries and regions, local communities, and NGOs on beach clean-ups, dune planting, and other environmental activities. In 2025, in cooperation with Tateyama City, Chiba Prefecture, the birthplace of our founder Arinobu Fukuhara, we conducted a beach clean-up at Tateyama Coast together with local children.

[SHISEIDO BLUE PROJECT](#)  web

M.A.R.E. Project

As part of the SHISEIDO BLUE PROJECT, SHISEIDO continues to advance the M.A.R.E. initiative, supporting marine research and education. In 2025, the Shiseido Europe Innovation Center conducted a study to assess the impact of pollution and human activity on the marine microbiome*1 using eDNA sampling across the central Mediterranean.

Moving beyond traditional biodiversity studies, this research focuses on the still underexplored marine microbial ecosystem. The findings reveal highly resilient and homogeneous communities, including cyanobacteria*2 and pollutant-degrading bacteria, providing key insights into ecosystem health while opening up promising avenues for sustainable and environmentally respectful cosmetic innovation.

*1 A concept referring to the entire ecosystem, including microorganisms living in the ocean and their interactions with the marine environment.

*2 Prokaryotes that perform oxygen-producing photosynthesis using water.



A cruiser for the M.A.R.E. Project

Nature Conservation Activities on Mt. Ibuki

In Japan, in 2022, we began nature conservation activities on Mt. Ibuki*1. 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, a 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. In addition, extracts from the Japanese Enmei herb cultivated in a medicinal herb garden are incorporated into the Future Solution LX series in SHISEIDO.

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

[News release regarding the nature conservation activities on Mt. Ibuki.](#) (in Japanese only)  web

BAUM Forest Resource Circulation Initiatives

The brand BAUM, which embraces the theme of “coexistence with trees,” promotes the sustainable procurement and circulation of product ingredients and wooden parts for packaging as part of its efforts to promote the circulation of forest resources. As a specific activity, we continue to plant seedlings grown in stores in BAUM Forests located in two areas in Japan. Through tree planting in the BAUM Oak Forest in Iwate Prefecture—the home of the oak used as raw material for the wooden parts upcycled from furniture offcuts—and the BAUM Hinoki Forest in Aichi Prefecture, the production area of the hinoki water formulated in its main skincare line, we are realizing sustainable circulation that considers the natural environment in both packaging and ingredients.



BAUM Hinoki Forest

Supplier Management



For companies expanding their businesses globally, the procurement process of raw materials and products is an area where social issues such as environmental impact and human rights violations are likely to emerge. Environmental and social risks occurring within the supply chain not only lead to procurement stagnation and impact on business continuity, but also potentially result in reputational risks that impair corporate credibility and brand value. Furthermore, against the backdrop of stricter laws and regulations and increasing demands from stakeholders in recent years, practicing responsible procurement has become an essential element for the continuity of business activities. Under these circumstances, there is a strong need to address environmental and social issues across the entire supply chain and build a stable and resilient business foundation.

Our Approach

Shiseido Group positions the response to environmental and social issues in the supply chain as one of the key management issues that support the sustainability of its business activities and corporate value. In the process of raw material procurement and manufacturing, risks such as increased environmental footprint and human rights violations are likely to become apparent. If the response to these risks is insufficient, it may lead to procurement instability and affect business continuity, as well as cause a decline in corporate credibility and brand value. In addition, driven by stricter laws and regulations in various countries and regions and heightened expectations from investors and society, companies are required to take responsible actions throughout the entire supply chain.

As standards and policies related to procurement, we have established the Shiseido Group Procurement Policy and the Shiseido Group Sustainable Raw Materials Procurement Guidelines, among others, complying with them as the foundation of our procurement activities. In particular, based on the principles of “Building a good partnership,” “Fair purchasing transactions,” “Performance of contract,” “Promoting responsible procurement,” and “Respecting diverse values” set forth in the Shiseido Group Procurement Policy, we conduct business with more than 800 suppliers*1 across countries and regions worldwide.

Furthermore, to ensure the effectiveness of these policies, we require our suppliers to comply with the Shiseido Group Supplier Code of Conduct and have built a management framework aimed at identifying and mitigating environmental and social risks across the entire supply chain. Along with

monitoring through supplier assessments and audits, we establish appropriate global KPIs to verify whether procurement activities are practiced in accordance with the code of conduct and policies. The progress of these KPIs is regularly reported and deliberated at Chief Procurement Officer meeting and the Sustainability Committee. Through supplier management, we aim to build a sustainable supply chain that is highly resilient to change and uncertainty, working in collaboration with our suppliers.

*1 Companies within the same group are counted as one company (Tier 1 suppliers only). If there is an overlap across categories, they are counted as one company.

2030 Targets

Critical risks*1 from direct and indirect transactions suppliers*2

Zero

*1 Severe issues like child labor and forced labor
*2 Including upstream suppliers (Tier 2 and beyond)

[Shiseido Group Procurement Policy](#) pdf

[Shiseido Group Supplier Code of Conduct](#) pdf

[Shiseido Group Sustainable Raw Materials Procurement Guidelines](#) pdf

Supplier Assessment Program

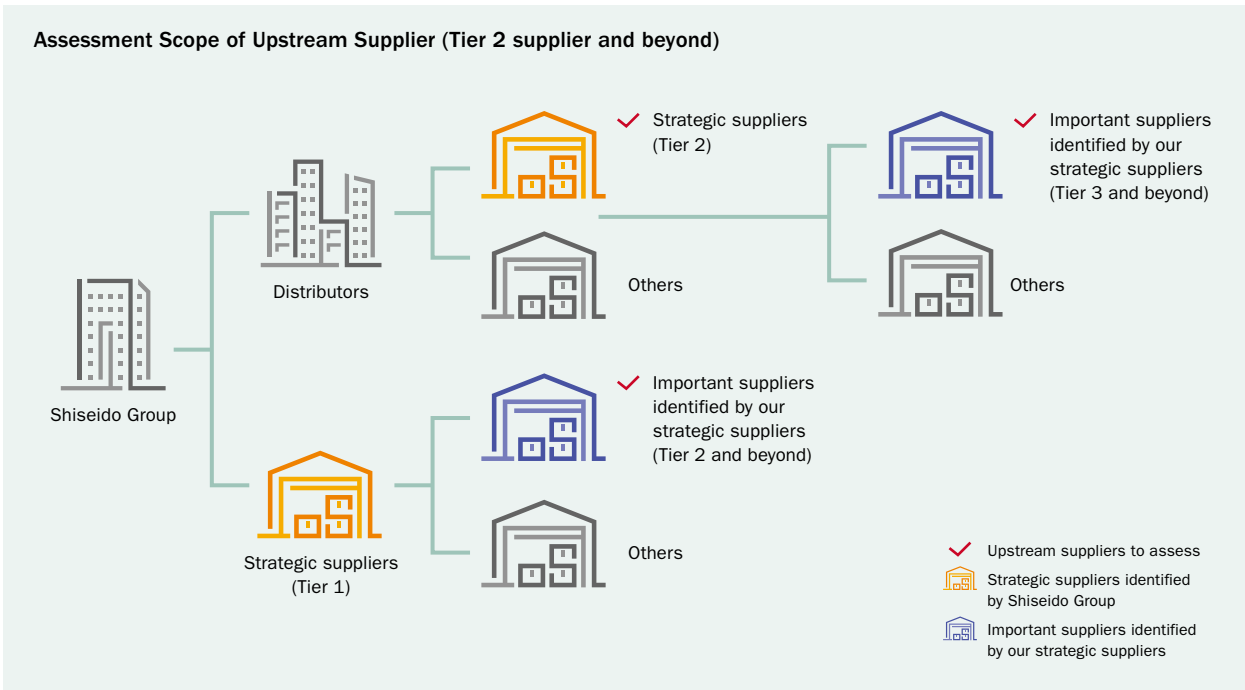
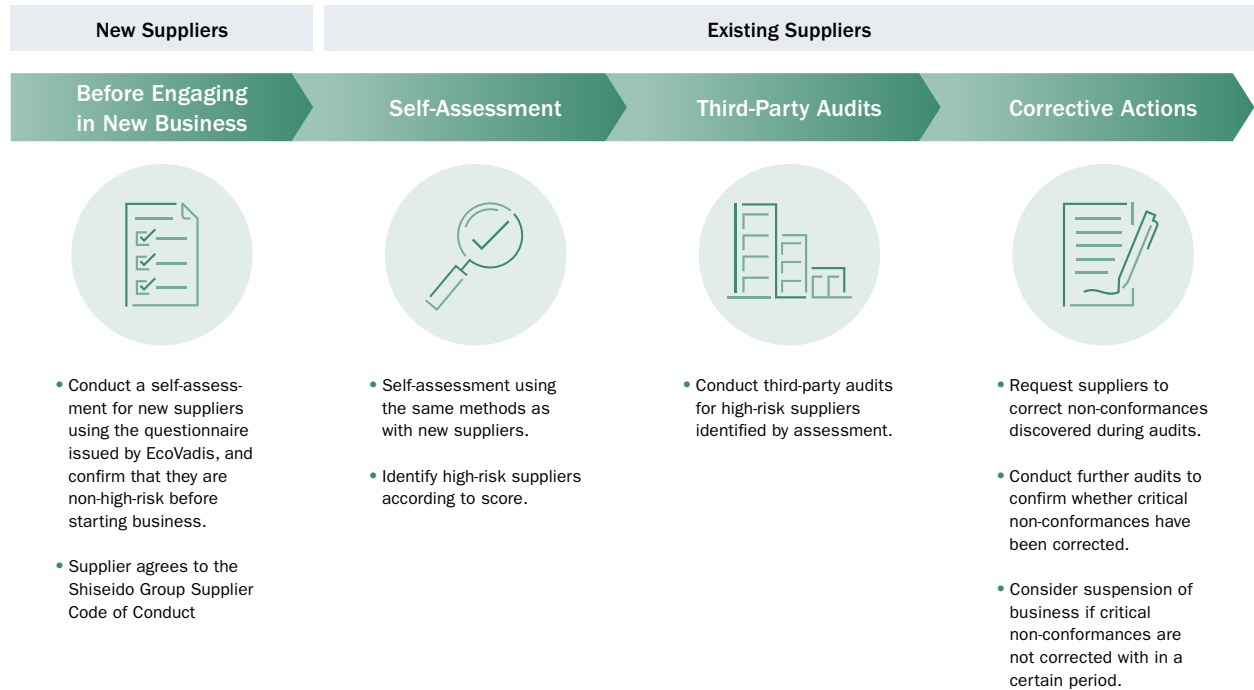
At Shiseido Group, we require all suppliers to conduct a self-assessment when starting a business from the perspective of sustainability (human rights, occupational health and safety, environment, and business ethics) using either EcoVadis*1, Sedex*2, or our original Self-Assessment Questionnaire (SAQ)*3. We start business with new suppliers after conducting supplier assessments, confirming that they are non-high-risk and then obtain an agreement to the Shiseido Group Supplier Code of Conduct.

For existing suppliers, we continuously confirm compliance with the Shiseido Group Supplier Code of Conduct using the above assessments. We identify high-risk suppliers according to the self-assessment results, and if a supplier is categorized as high-risk, we conduct third-party audits. These third-party audits include site visits, employee interviews, and the verification of required documentation. High-risk suppliers are then requested to implement corrective action plans.

In the event of critical non-conformance, we conduct further third-party audits to confirm the correction status. If issues are not corrected within a set period, we consider a suspension of business.

*1 Provider of business sustainability ratings that provides a holistic sustainability ratings service of companies, delivered via a global cloud-based platform.
 *2 One of the world's leading ethical trade membership organizations, which works with businesses to improve working conditions in global supply chains. Discontinued as an evaluation method at the end of 2025.
 *3 Based on the Shiseido Group Supplier Code of Conduct, the SAQ evaluates suppliers based on four criteria: human rights and labor, occupational health and safety, the environment, and business ethics. Its use as an evaluation method ended at the end of 2025.

[Details of Supplier Assessment Program](#)  web



2025 Supplier Assessment Results

Tier 1 Suppliers Assessment

In addition to direct materials and POSM*¹ up to 2024, from 2025 we have also included indirect materials*² as a target category for the Supplier Assessment Program, and conducted self-assessments and corrective actions. For indirect materials, we targeted 156 companies identified as a result of risk screening*³ conducted globally on approximately 20,000 companies in 2024.

*1 Categories: direct materials, OEM products, contract manufacturing goods, and sales support tools
 *2 This refers to services and purchased goods that are not direct materials but are necessary for business activities. This category does not include sales support tools.
 *3 The 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 other criteria.

Tier 1 Supplier Assessment Results (Direct Materials / POSM)

Implementation Year	Number of assessed companies	Number of high-risk suppliers identified through self-assessments	Number of high-risk suppliers as of the end of FY2025
2021	279	17	0
2022	67	10	0
2023	860	12	0
2024	35	1	0
2025	28	1	0

2025 Results and Corrective Actions (Direct Materials / POSM / Indirect Materials)

KPI	Direct Materials / POSM	Indirect Materials (Started in 2025)
1 Assessment rate of suppliers	100% (Evaluated 28 companies)	97% (Evaluated 151 out of 156 companies * ¹)
2 Third-party audit implementation rate for high-risk (HR) suppliers	100% (Identified 1 company and conducted an audit)	71% (Audited 5 out of 7 companies)
3 Corrective action completion rate for HR suppliers identified in 2025	100% (Corrective action completed for 1 company)	71% (Corrective action completed 5 out of 7 companies)
4 Number of suppliers identified as HR as of the end of 2025	0	2

*1 The five companies for which the assessment could not be completed are scheduled to undergo the assessment in 2026.

Specific Corrective Actions

In 2025, we conducted third-party audits on six companies (one supplier of OEM products and five indirect material suppliers). During the year, suppliers took the following corrective actions and confirmed their completion:

- Established a new human rights policy at a supplier that previously lacked one.
- Established a new occupational health and safety policy at a supplier that previously lacked one.
- Implemented leakage countermeasures and conducted internal training at a supplier with inadequate waste liquid management.

Regarding the two indirect material suppliers where actions are incomplete, we aim to complete the corrective actions during 2026.

Assessment of Upstream Suppliers (Tier 2 supplier and beyond)

For Tier 2 and beyond (upstream) suppliers, we conduct assessments by prioritizing and limiting the targets. Specifically, important manufacturing suppliers that our strategic suppliers (Tier 1 and Tier 2) identified are in the scope. As a result, we assessed 27 companies in 2025, and no suppliers were classified as high-risk. Cumulatively, we have completed evaluations for 416 companies by the end of 2025.

[Assessment Scope of Upstream Supplier \(Tier 2 supplier and beyond\)](#) P.58

Hotline for Suppliers and Other Business Partners

At Shiseido Group, in addition to the hotlines/helplines for Shiseido Group employees, we have established hotlines in each region for our business partners, including suppliers. These hotlines allow them to report human rights and compliance violations arising from their business transactions with Shiseido Group companies.

[Operating Performance of Hotlines/Helplines](#) web

Governance

Corporate Governance

Corporate Governance Policy

Shiseido Group 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’.” Our 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, our Company aims to optimize the distribution of values to respective stakeholders.

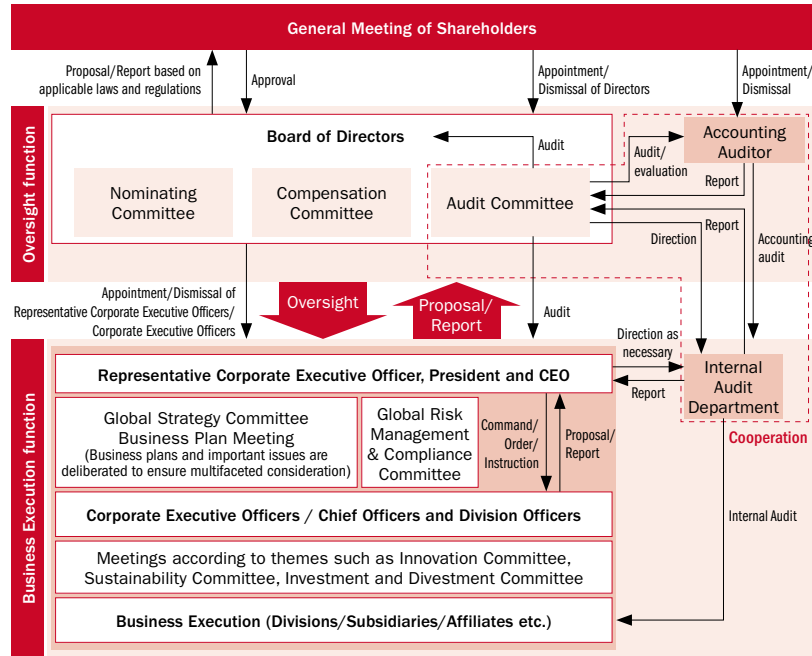
Corporate Governance Structure

In order to clearly separate and strengthen the functions of business execution and oversight, and thereby ensure the high effectiveness of its management strategies amid increasing uncertainty in the business environment, the Company transitioned to a company with three statutory committees, by resolution of the Annual General Meeting of Shareholders held on March 26, 2024. Under this governance structure, the Board of Directors strengthens its oversight function by focusing on the determination of basic management policies and strategies as well as on the supervision of their execution, while substantially delegating authority to the executive side. This framework promotes agile and responsive execution initiatives that are required in a rapidly changing business environment.

The following is the Company’s corporate governance framework: In addition, 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.

Please refer to our website “Corporate Governance Structure” part [web](#)

Corporate Governance Structure and Breakdown (As of March 31, 2026)



Diversity of Directors

The Company believes that its Board of Directors should be composed of Directors with diverse knowledge, insights, backgrounds, and experience, required for effective oversight of the execution of business and important decision making. In selecting candidates, the Company considers and makes decisions with the aim of building a Board of Directors and committees that contribute to the realization of the Company’s mission and the enhancement of corporate value. In addition, through the following process, 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.

Please refer to our website “Basic Concept for Corporate Governance” part [web](#)

Director Appointment Process

- STEP 1** Discussion on the future composition of the Board of Directors and its committees, focusing on diversity and skills, to achieve the corporate mission and enhance corporate value.
- STEP 2** Establish the requirements for the experience and skills expected of selected director candidates.
- STEP 3** Create a long list of candidates based on the established requirements and narrow it down to a shortlist of strong candidates through written evaluations and discussions.
- STEP 4** Conduct interviews with strong candidates by the chair of the nomination committee and other directors.
- STEP 5** Determine the director candidates based on the results of the interviews.

Remuneration for Directors, Corporate Executive Officers and Officers

Overall Picture

The remuneration of Corporate Executive Officers (including those who concurrently assume the position of Directors) and Officers of the Company 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 the remuneration, etc. of individual Corporate Executive Officers and Officers are deliberated on and determined by the Compensation Committee, while taking into consideration the social conditions and economic situation surrounding the Company according to the specific remuneration framework and indicators designed based on the policy on decisions regarding matters including remuneration, etc. of individual Directors, Corporate Executive Officers and Officers.

The Proportion of Each Remuneration Element by Remuneration Type for Officers (Proportions of 2026)*1

The proportion of remuneration for Corporate Executive Officers is set by Grade, and the higher the Grade becomes, the higher the proportion of performance-linked remuneration becomes.

Title	Composition of Remuneration for Corporate 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%
Other Corporate Executive Officers and Other Officers	42.0%	29.0%	29.0%	

*1 The proportions shown in the above table may change depending on our Company’s performance and/or its stock price’s fluctuation, as financial value of performance-linked remuneration is shown at target where our Company pays 100%. Additionally, there is no differentiated proportion of each remuneration element for Corporate Executive Officers pegged to having a representation right

Performance-Linked Remuneration Performance Metrics

In November 2025, our Company formulated the 2030 Medium-Term Strategy, a new medium-term strategy that sets the generation of ROIC (return on invested capital) exceeding the cost of capital as one of its key objectives. Accordingly, beginning in 2026, we have made it mandatory for each Officer to set specific targets linked to improvements in ROIC as part of annual incentives. For performance-linked remuneration in 2026, the target metrics other than individual performance evaluations include the following. All of these performance metrics remain important and effective incentives for achieving the goals of the 2030 Medium-Term Strategy and will continue to be used in 2026.

Target Metrics Other Than Individual Performance Evaluations

Annual incentive

Whole group performance targets:
Consolidated net sales and core operating profit
Performance of business unit in charge targets:
Business performance evaluation

Long-term incentive-type remuneration

Economic value metrics include relative total shareholder return (TSR) against a global peer group, which serves as a shareholder value enhancement indicator, and ROIC, a capital efficiency indicator. These metrics are designed to encourage actions that improve shareholder returns and capital efficiency. Social value metrics include multiple internal and external metrics related to environmental and social factors.

Performance Indicators and Evaluation Weights for Annual Incentive for Officers (Proportions of 2026)

Evaluation Item	Performance Indicators	President and CEO, Corporate Executive Officers, Officers Other than Those in Charge of Businesses		Corporate Executive Officers and Officers in Charge of Businesses -Regional Headquarters President, Others	
Whole Group Performance	Consolidated net sales	30%	70%	10%	20%
	Core operating profit	40%		10%	
Performance of Business Unit in Charge	Business performance evaluation	—		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)			

Performance Indicators and Evaluation Weights for Performance-Linked Portion of the LTI (Proportions of 2026)

Evaluation Item	Performance Indicators		Evaluation Weight	
Economic Value	Relative TSR		30%	100%
	ROIC in the final fiscal year of the evaluation period		50%	
Social Value	Environment	Status of the achievement of the CO ₂ emissions reduction target	20%	
	Society	Ratio of women managers / leaders in Japan and overseas at our Company, and the status of inclusion in the indices related to the promotion of women by ESG rating agencies designated by our Company		
	ESG	Evaluation scores by ESG rating agencies*1 designated by our Company		

*1 The evaluation in 2026 is based on the MSCI ESG Rating

Please refer to our website “Remuneration for Directors, Corporate Executive Officers and Officers” part [web](#)

Risk Management

Risk Management System and Operational Framework

Shiseido Group promotes risk management with a primary focus on building trust with all stakeholders and achieving our management strategy. We define risk as the effect of uncertainty on strategic objectives, encompassing not only threats but also opportunities, and have established a framework that enables proactive and timely responses.

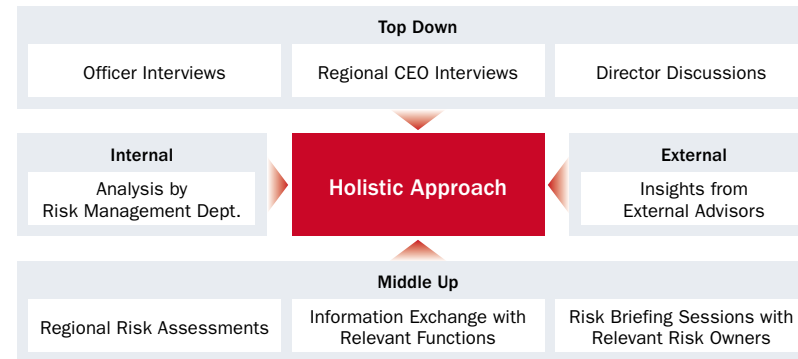
To identify and assess material risks, we take a holistic, multifaceted approach. We gather perspectives through interviews and discussions with our Officers, regional CEOs, and Directors, and combine these insights with regional risk assessments, information sharing by relevant departments, analyses conducted by the risk management function, and insights from external experts. Through this process, we identify material risks that could affect the achievement of our 2030 Medium-Term Strategy.

Identified risks are evaluated by the risk management function along three dimensions: potential business impact, likelihood of occurrence, and vulnerability. Company-wide risks and risks related to individual cases, together with their countermeasures, are regularly reviewed by the Global Risk Management & Compliance Committee and the Global Strategy Committee, both chaired by the CEO and comprising Officers and regional CEOs.

The material risks identified and assessed each year are reflected in the formulation of our Group's management strategy. Furthermore, to mitigate their potential impact, a designated risk owner is assigned to each material risk and a consistent framework is applied that covers the formulation of countermeasures, progress monitoring, and regular discussions with the above Committee members and Directors.

[Annual Securities Report](#) [web](#)

Holistic Approach Diagram

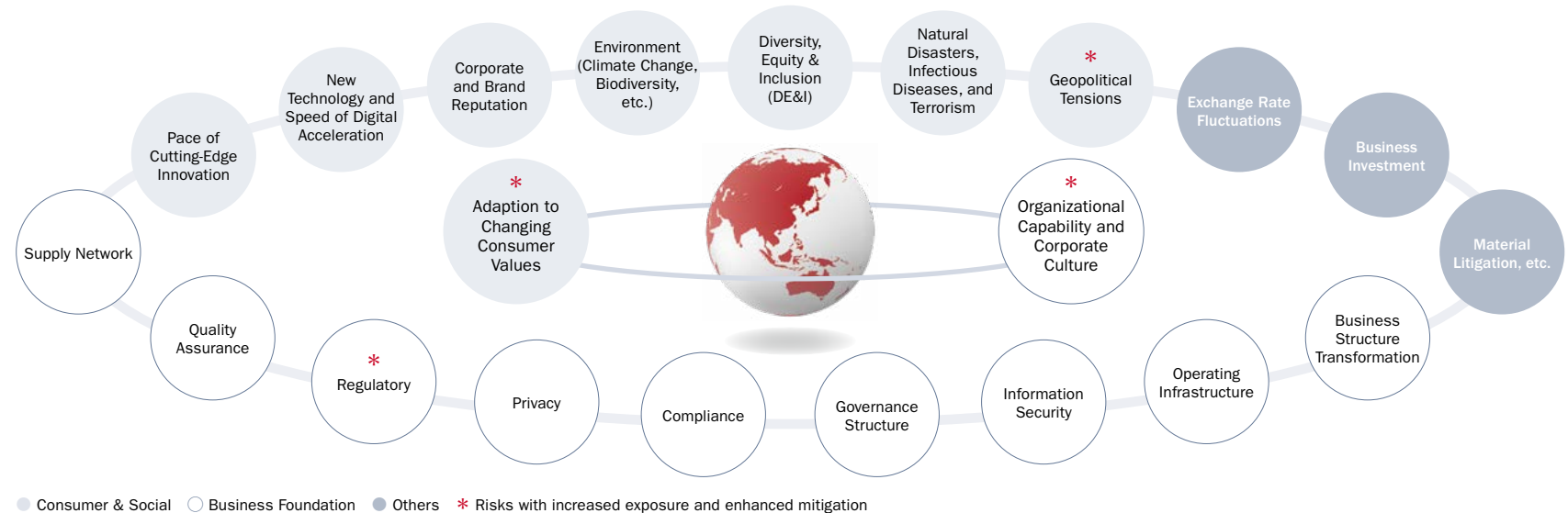


Risk Assessment Criteria

Impact on Business	<ul style="list-style-type: none"> Quantitative impact on business performance (e.g., sales) in case of manifestation Qualitative impact on corporate/brand image and culture
Likelihood	<ul style="list-style-type: none"> Likelihood and timing of risk manifestation
Vulnerability	<ul style="list-style-type: none"> Preparedness to the risk Controllability of the manifestation of the risk due to external factors

Identified Material Risks

All material risks identified through our risk assessments in 2025 have been classified into three categories—Consumer and Social Risks, Business Foundation Risks, and Other Risks—and managed accordingly.



Evaluations / Data

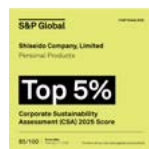
External Evaluations (As of June 2026)

Major ESG Indexes Selection Status and Evaluations

[External Evaluations of Shiseido Group Corporate Website](#) 

Shiseido Group 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, both in Japan and overseas.

Global



Japan



Sustainability-Related Evaluations and Collaboration with External Organizations

Sustainability-related evaluations



Collaborations with external organizations



Sustainability Data

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

[Assurance Statement for Social Data \[PDF: 883KB\]](#) pdf

* Note: The figures for each item in this table are rounded, so there may be slight discrepancies from the total.

Number of Shiseido Group Employees

PERIOD: As of January 1 each year in Japan, and December 31 of the previous year outside Japan SCOPE: Entire Shiseido Group, including temporary employees

Indicator	2022	2023	2024	2025	2026
Total (persons)	40,484	38,878	35,675	32,537	29,731
Ratio of Women (%)	82.2	81.9	82.2	81.9	81.3

Diversity in Top Management

PERIOD: As of April 1 each year (%)

Indicator	2022	2023	2024	2025	2026
Ratio of women on Board of Directors*1	46.2	40.0	45.5	54.5	50.0
External directors ratio on Board of Directors	53.8	53.3	63.6	63.6	66.7
Ratio of women officers*2	35.3	35.3	40.0	47.0	46.7
Ratio of women of all top management*3	42.9	44.1	43.8	48.9	49.4

*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 Up to 2025, executive officers.

*3 Leaders within 2 levels from the CEO.

Ratio of Women Leaders

PERIOD: As of January 1 each year in Japan, and December 31 of the previous year outside Japan (%)

Indicator	2022	2023	2024	2025	2026
Entire Shiseido Group	58.3	58.1	58.8 *1	59.5	60.3
Japan Target: To achieve 50%*2	37.3 ●	37.6 ●	40.0 ●	41.1 ●	43.3 ●

*1 Ratio of women junior managers in entire Shiseido Group: 62.6%.

*2 Leaders: Manager position holders and annual salary system employees. Scope: Shiseido Group in Japan (21 companies).

Ratio of Employees with Disabilities*1

PERIOD: As of June 1 each year (%)

Indicator	2021	2022	2023	2024	2025
Shiseido Company, Limited	3.89	4.18	4.52	4.81	4.88
Shiseido Group in Japan*2	2.44 ●	2.65 ●	2.82 ●	2.99 ●	3.06 ●
Target	2.3	2.3	2.3	2.5	2.5

*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.

Equal Remuneration

Indicator		2021	2022	2023	2024	2025	
All Shiseido Group	Executive Officer	Base salary only	Men 100 Women 85 ●	Men 100 Women 79 ●	Men 100 Women 80 ●	Men 100 Women 72 ●	Men 100 Women 90 ●
		Base salary + bonuses*1 *2	Men 100 Women 81 ●	Men 100 Women 71 ●	Men 100 Women 75 ●	Men 100 Women 69 ●	Men 100 Women 84 ●
Shiseido Group in Japan	Manager positions	Base salary only	Men 100 Women 96 ●	Men 100 Women 96 ●	Men 100 Women 95 ●	Men 100 Women 94 ●	Men 100 Women 92 ●
		Base salary + bonuses*1	Men 100 Women 96 ●	Men 100 Women 96 ●	Men 100 Women 96 ●	Men 100 Women 93 ●	Men 100 Women 88 ●
	Non-managerial positions	Base salary only	Men 100 Women 85 ●	Men 100 Women 88 ●	Men 100 Women 86 ●	Men 100 Women 87 ●	Men 100 Women 95 ●

*1 Base salary + other cash incentives.

*2 The current year's bonus amount is paid in March of the following year.

Talent Development: Average hours per FTE of training and development*1

Indicator	2021	2022	2023	2024	2025
All Shiseido Group	65.9	46.2	33.8	34.3	34.5

(Hour)

*1 FTE: Full-Time Equivalent.

LTIFR*1

Indicator		2021	2022	2023	2024	2025
Shiseido Group in Japan*2	Directly hired employees (Coverage (%))	0.74 (100) ●	0.68 (100) ●	0.89 (100) ●	0.7 (100) ●	0.74 (100) ●
	Indirectly hired employees (Coverage (%))	0.73 (85.0) ●	1.05 (93.0) ●	0.53 (85.0) ●	0.21 (93.0) ●	0 (93.0) ●
Shiseido Group outside Japan	Directly hired employees (Coverage (%))	1.9 (100)	1.8 (100)	1.5 (100)	1.41 (100)	1.82 (100)

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

*2 SCOPE: Shiseido Group in Japan (21 companies).

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

Assurance Statement for Environmental Data [869KB] [pdf](#)

* Note: The figures for each item in this table are rounded, so there may be slight discrepancies from the total.
 * Note: The actual results for 2025 include the performance of the Osaka factory following its integration with the Osaka Ibaraki factory in March 2026.

CO₂

Scope 1, 2*¹

	2021	2022	2023	2024	2025
Total	65,481	46,439	34,722	28,036	24,178 ●* ³
Coverage (%)* ²	100.0	100.0	100.0	100.0	100.0
Scope 1	28,744	23,912	21,105	17,825	17,608 ●
Coverage (%)* ²	100.0	100.0	100.0	100.0	100.0
Scope 2	36,737	22,527	13,617	10,212	6,571 ●
Coverage (%)* ²	100.0	100.0	100.0	100.0	100.0

*¹ Targeting energy-derived CO₂ and the performance data was calculated based on the GHG Protocol.
 Scope 2 emissions are calculated using the market-based method. In 2025, the location-based emissions amounted to 49,150 tons ●.
 *² At all sites.
 *³ Total emissions after the deduction of carbon credits (for 12,065 t●) is 12,097 t.

Scope 3*¹

	2021	2022	2023	2024	2025
Total	1,520,000	1,510,000	973,000	925,000	885,000
Category 1 Purchased goods and services* ²	953,000	931,000	509,000	474,000	402,000 ●
Category 2 Capital goods	225,000	150,000	139,000	123,000	108,000 ●
Category 3 Fuel and energy related activities	12,600	9,500	9,740	8,710	7,700
Category 4 Upstream transportation and distribution	51,600	67,500	37,200	44,400	63,300 ●
Category 5 Waste generated in operations	15,100	15,500	139,000	23,900	16,800 ●
Category 6 Business travel	900	2,400	9,460	6,310	5,260
Category 7 Employee commuting	8,500	7,500	7,990	7,580	7,210
Category 8 Upstream leased assets* ³	0	0	0	9	7
Category 9 Downstream transportation and distribution* ⁴	–	87,000	74,300	65,000	88,600 ●
Category 10 Processing of sold products	0	0	0	0	0
Category 11 Use of sold products	134,000	143,000	108,000	121,000	141,000 ●
Category 12 End of life treatment of sold products	118,000	94,600	59,400	49,300	43,000 ●
Category 13 Downstream leased assets	0	0	0	0	0
Category 14 Franchises	0	0	0	0	0
Category 15 Investments* ⁴	–	2,800	4,940	1,470	1,540

*¹ Used IDEA v3.5 and ecoinvent v3.9 as CO₂ calculation basis database. The scope of calculation is limited to the cosmetic business. Certain categories (4, 9, and 11) also include the healthcare and other businesses.
 *² Emissions from land-use change related to the procurement of raw materials and ingredients were taken into account from 2021.
 *³ Upstream leased assets were taken into account from 2024.
 *⁴ Downstream transportation & distribution and Investments were taken into account from 2022.

Calculation method [PDF: 586KB] [pdf](#)

Scope 1, Scope 2, Scope 3

	2021	2022	2023	2024	2025
Total	1,585,481	1,556,439	1,008,126	953,036	909,178

Avoided CO₂ emissions

Through the sale of refillable products, we achieved a reduction of approximately 5,200 tons of CO₂ emissions.

Each stage of the value chain	Avoided CO ₂ emissions
Procurement	3,600
End of life	1,600
Total	5,200

Energy

	2021	2022	2023	2024	2025
Energy consumption	322,527	304,962	239,863	230,011	223,800 ●* ⁴
Coverage (%)* ¹	100.0	100.0	100.0	100.0	100.0
Electric power	137,881	141,841	127,305	114,698	113,082 ●
Gas* ²	139,424	109,953	58,413	70,344	70,264 ●
LPG	2,370	2,559	1,778	13	25 ●
Fuel* ³	20,181	20,436	24,129	19,760	17,594 ●
Steam	22,671	30,172	28,239	25,195	22,834 ●

*¹ At all our 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 2025 : 116,582 MWh ●, renewable energy consumption in 2025 : 107,218 MWh ●.

Water*1

(Mil. m³)

	2021	2022	2023	2024	2025
Water withdrawals	1.2	1.1	0.8	0.6	0.5 ●
Municipal water	0.9	0.7	0.5	0.4	0.4 ●
Municipal water (Industrial grade)	0	0	0	0	0 ●
Ground water	0.3	0.3	0.3	0.2	0.2 ●
Other sources of water withdrawals (surface water, harvested rainwater, external wastewater, sea water, quarry water)	0	0	0	0	0
Water discharged	1.0	0.9	0.6	0.5	0.4 ●
Sewage	0.8	0.8	0.4	0.3	0.3
Surface water	0.2	0.1	0.2	0.2	0.1
Other destinations of water discharge (ocean, subsurface/well, beneficial/other use)	0	0	0	0	0

*1 2021: Production sites (coverage: 100%) and domestic research centers (coverage: 100%).
 2022-2025: Production sites (coverage: 100%) and research centers (coverage: 100%).
 - Total net fresh water consumption in 2025 (water consumption excluding the amount of wastewater returned to the same water source): 0.5 million m³ ●.
 - Percentage of water withdrawal in regions with higher water scarcity than the global average, which we consider water-stressed regions, based on AWARE (Available Water Remaining per area in a watershed), developed with the support of the UNEP/SETAC Life Cycle Initiative: 4%.

Waste Generated in Operations*1

(t)

	2021	2022	2023	2024	2025
Waste discharged	13,096	12,560	10,895	8,694	7,872 ●
Recycled*2	13,038	12,473	10,813	8,572	7,715 ●
Disposed*3	58	87	81	122	157 ●

*1 2021: Production sites (Coverage 100%) and domestic research centers.
 2022-2025: Production sites (Coverage 100%) and research centers (Coverage 100%).
 *2 Waste directed for recycling, including thermal recovery.
 *3 Waste directed for disposal.

Environmental Pollution (Air/Water)

(t)

	2021	2022	2023	2024	2025
NOx emissions	24	31	10	5	5 ●
Coverage (%)*1	100.0	100.0	100.0	100.0	100.0
SOx emissions	0	0	0	0.0	0.0 ●
Coverage (%)*1	91.7	91.7	91.7	100.0	100.0
Chemical Oxygen Demand	68	52	46	33	27 ●
Coverage (%)*1	91.7	92.3	92.3	100.0	100.0

*1 Production sites (COD applies to production sites that are legally required to measure emissions).

OUR MISSION is

BEAUTY INNOVATIONS FOR A BETTER WORLD



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