



SHISEIDO

SUSTAINABILITY  
REPORT  
2023

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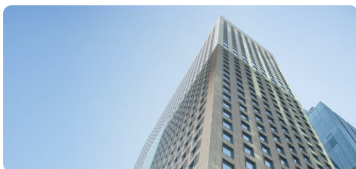
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# CEO Message

We will create social value as a beauty company and aim to realize a sustainable world where everyone can enjoy a lifetime of happiness through the power of beauty.

Director  
Representative Corporate Executive Officer,  
Chairman and CEO  
Masahiko Uotani



At Shiseido, we aim to realize a sustainable world where everyone can enjoy a lifetime of happiness through the power of beauty toward 2030, along with our corporate mission: BEAUTY INNOVATIONS FOR A BETTER WORLD. For this, we are contributing to building a society which is rich in diversity and where each one person is respected and anyone can participate actively, as well as rich global environment where people can enjoy beauty wholeheartedly.

Beauty businesses as our main businesses are rooted in the desire to be beautiful, which is inherent in humans. Cosmetics have a role in the health, livelihood, and even life of a person and enrich one's mind. We are convinced of the possibilities and perpetuity of beauty. We would like to create days filled with hopes, in which people in the world shine beautifully in their own ways, by providing the rich value of cosmetics through our core businesses.

Beauty is founded on individuality, thrives on diversity, is free from discrimination, and has the power to unite people. This principle is one of Shiseido's core values, which is why we believe the Company should not only cultivate diversity within our organization, but also take the lead in promoting greater diversity in Japanese society as a whole. Based on this thinking, Shiseido is focusing on diversity, equity & inclusion (DE&I) in the domain of society. Human resources with diverse personal qualities including gender, age, nationality, race, lifestyle, career, and work styles gather to demonstrate their capabilities to the full, which is our great strength.

As of January 2024, women hold 40% of management positions within Shiseido Group in Japan. As of April 2024, women comprise 45% of the board of directors, and over 30% of the leadership team comprised of executive officers and regional CEOs are foreign nationals. We aim to increase the percentage of women in management positions at Shiseido Group in Japan to 50% by 2030 to fairly represent gender equality. For this purpose, we are advancing a number of initiatives, including the NEXT LEADERSHIP SESSION for WOMEN for developing women leaders, by involving their superiors and organizations in addition to aiming to reform the awareness of women themselves.

These initiatives were highly evaluated by society as well, and in November 2023, Shiseido won first place among approx. 1,900 companies in the Forbes JAPAN WOMEN AWARD 2023 Corporate Ranking. This is one of Japan's largest award programs related to women, and is hosted by Forbes JAPAN for the purpose of eliminating the gender gap and empowering women.

To deliver these pieces of knowledge widely to the outside of the company, in February 2023 we established the Shiseido DE&I Lab, an internal research institution that conducts research on active participation of diverse human resources and its relationship with corporate growth. Thus, we launched full-scale empirical research. We conduct empirical research with an economic approach, quantifying and visualizing the DE&I factors of organizations with high performance to find how diversity influences the performance of organizations. In addition, we collect actual examples of cases which led to innovations, analyze factors, and implement other measures. Further, I myself will also reach out proactively to other companies and Japanese society as Chairman of the Diversity Promotion Committee in the Japan Business Federation (Keidanren) and as the Chair of the 30% Club Japan, thereby contributing to gender equality of Japanese society that is said to lag behind the world. With the power of diverse people, we pursue social value creation as a beauty company in the domains of society and the environment, aiming to achieve sustainable growth.

What forms the important basis of sustainable growth is corporate governance. In March 2024, Shiseido transitioned from a company with an audit and supervisory committee to a company with a nominating committee, etc., so as to maintain and further improve management transparency, fairness, and speed even in the rapidly changing market environment. While the Board of Directors concentrates on discussion on long-term visions and strategies, the business execution team implements strategies with speed and flexibility with a lot of power delegated to them. We will strive to maximize our medium- to long-term corporate value and shareholder value and, at the same time, fulfill our responsibilities as a public entity through transparent dialogue with all stakeholders (employees, consumers, business partners, shareholders, the environment, society, and the earth).

Our history of over 150 years is also a history of social value creation with the power of beauty. This spirit will remain unchanged. We promise to achieve sustainable growth and continue to fulfill expectations from society by gathering Shiseido's outstanding Research & Development capability, the power of our brands loved all over the world, and the enthusiasm and capabilities of our diverse employees. And we will further evolve our sustainability activities with the power of beauty, aiming to become the most trusted beauty company in the world.



# COO Message

We will work on social value creation with diverse stakeholders by integrating business strategies and sustainability strategies.

Director  
Representative Corporate Executive Officer,  
President and COO  
Kentaro Fujiwara



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

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

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

For climate change issues, we have set CO<sub>2</sub> reduction targets (SBTi) for the entire value chain toward 2030. We are proactive in taking measures to reduce CO<sub>2</sub> emissions, such as introducing renewable energy and sourcing sustainable raw materials, aiming to achieve net zero emissions by 2050. In 2023, we completed a transition to 100% renewable electricity at all 11 factories and Shiseido-owned distribution centers. In the China region, we have also completed the transition to 100% renewable electricity across all sites. We have positioned the reduction of Scope 3 CO<sub>2</sub> emissions, which accounts for the largest share of total emissions, as key actions for the future. We will enhance our collaboration with external stakeholders, including business partners.

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

In product development, we will achieve sustainable value creation, which balances the results and high-quality design of our products with respect for and coexistence between people, society, and the global environment. In April 2023, we launched the BeauRing® project, a circular model project to collect and recycle plastic containers. To recycle collected containers into resources, we have started a pilot test by involving consumers, business partners, other companies, and other stakeholders who are important for building the collection scheme. Sustainability has become even more important for corporate management than ever. I believe that, by taking this as a growth opportunity and integrating our business strategies with sustainability strategies, we can create value and new business opportunities. We will continue to work together with our diverse internal and external stakeholders to keep the transparency high and create social value through businesses.

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

# Shiseido's Sustainability

## Our Approach to Sustainability

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

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

Our actions for the environment are based on the idea of *banbutsu shisei*\*<sup>1</sup>, the phrase from which our company name Shiseido originates. We are working to develop technologies and business models that can reduce environmental footprint and contribute to realize a circular economy. To do so, we are taking the following three strategic actions: "Reducing our environmental footprint," "Developing sustainable products," which we work on together with various stakeholders throughout the entire value chain and "Promoting sustainable and responsible procurement" with consideration of the environment and human rights.

<sup>1</sup> From a phrase in Chinese Yi Jing, the Book of Changes from the Four Books and Five Classics of Confucianism, "Praise the virtues of the Earth, which nurtures new life and brings forth significant values."

## Sustainability Governance

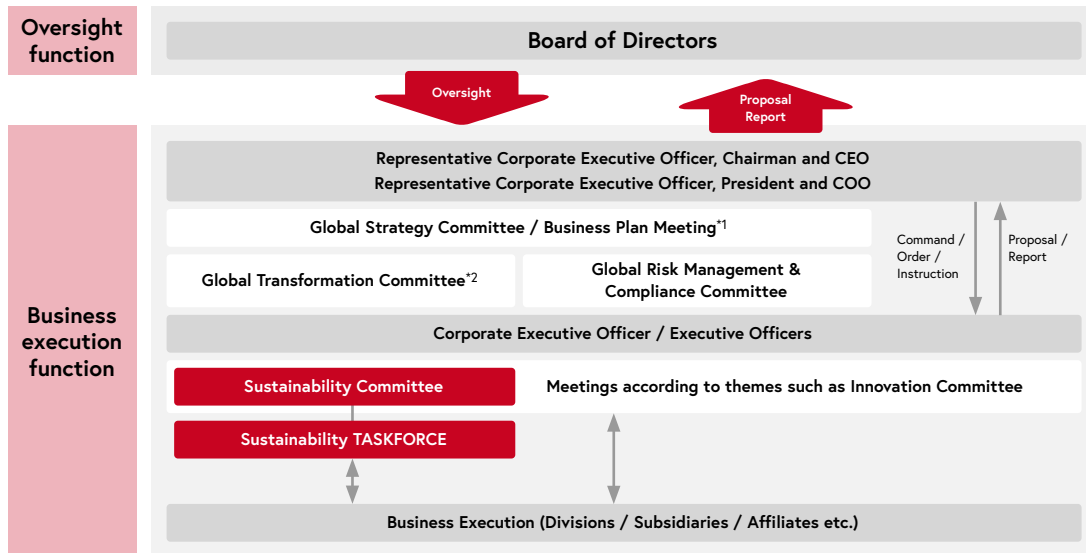
At Shiseido, we work to promote sustainability across the entire Group, including our brands and regional businesses. Sustainability Committee was set up to ensure timely management decisions related to sustainability efforts and their proper implementation across the Group, the committee was held regularly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

In order to ensure executing and promoting of sustainability actions, a Sustainability TASKFORCE was set up under the Sustainability Committee, consisting of the heads of key relevant functions. At the Sustainability TASKFORCE, practical approaches to achieve our



long-term targets are discussed with relevant functions, regional headquarters, and local subsidiaries as necessary.

## Sustainability Promotion Structure

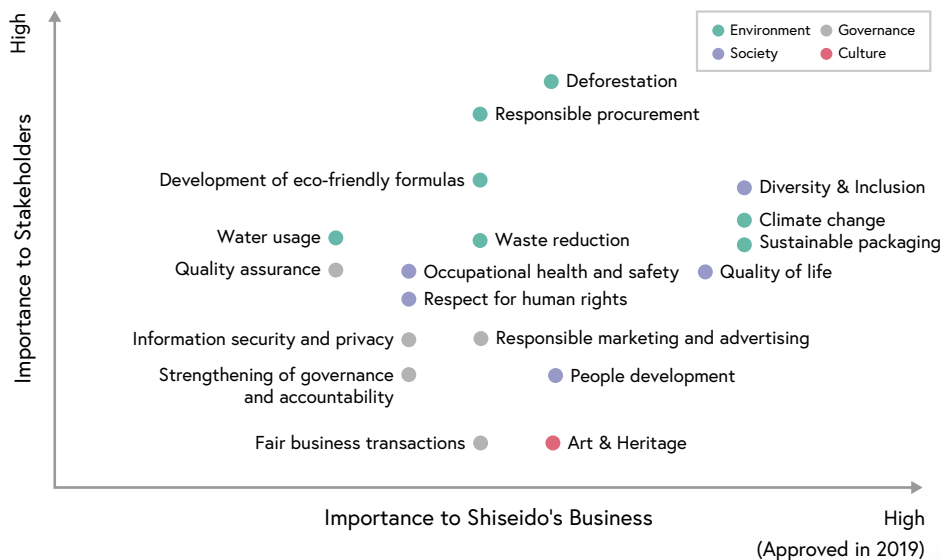


\*1 Business plans and important issues are deliberated to ensure multifaceted consideration

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

## Materiality

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



# How We Formulated Our Materiality

The following process was implemented to define material issues.

- STEP 1** | **Identify social and environmental issues in consideration of all stakeholders based on their expectations and demands along with various perspectives collected from**
- Experts in environmental and social fields globally
  - Consumer feedback (from company surveys conducted in five countries)
  - External surveys, reports from major international organizations (GRI, SASB, SDGs etc.), investor feedback
  - Executive officer<sup>\*1</sup> and employee feedback
- ▼
- STEP 2** | **Shortlist the identified issues based on their relevance to our businesses and make a more informed analysis**
- Issues are narrowed down to those highly relevant to our businesses through discussions with executive officers<sup>\*1</sup> and various internal divisions.
  - Issues are then selected by scoring them based on the two axes of importance to our businesses and importance to the entire company's stakeholders (employees, consumers, business partners, shareholders, society, and the earth).
  - The questions and strategic actions surrounding these issues are then confirmed by the executive officers<sup>\*1</sup>.
- ▼
- STEP 3** | **Submit the finalized list of material issues to the Sustainability Committee for approval**

<sup>\*1</sup> Until the end of 2021, it was "corporate officers".

# Strategic Actions & Corresponding SDGs

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

	Material Issues	Strategic Action	Corresponding SDGs
Environment	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Development of eco-friendly formulas</li> <li>• Sustainable packaging</li> <li>• Deforestation</li> <li>• Responsible procurement</li> <li>• Waste reduction</li> <li>• Water usage</li> </ul>	1. Reducing our Environmental Footprint	
		2. Developing Sustainable Products	
		3. Promoting Sustainable and Responsible Procurement	
Society	<ul style="list-style-type: none"> <li>• Diversity, equity and inclusion (DE&amp;I)</li> <li>• Quality of life</li> <li>• Professional development</li> <li>• Occupational health and safety</li> <li>• Respect for human rights</li> </ul>	1. Advancing Gender Equality	
		2. Empowering People Through the Power of Beauty	
		3. Promoting Respect for Human Rights	
Governance / Culture	<ul style="list-style-type: none"> <li>• Strengthening of governance and accountability</li> <li>• Fair business transactions</li> <li>• Quality assurance</li> <li>• Responsible marketing and advertising</li> <li>• Information security and privacy</li> <li>• Art and heritage</li> </ul>	<ul style="list-style-type: none"> <li>• We are committed to maintaining and improving the transparency, fairness, and speed of management initiatives by enhancing corporate governance as well as maximizing corporate and shareholder value over the medium term through dialogue with all stakeholders—consumers, employees, shareholders, the environment, and society at large—to fulfill our responsibilities as a public entity and optimize value distribution to each stakeholder. *1</li> <li>• We promote activities in art and heritage through our corporate culture that generates social value and shares a uniquely Japanese aesthetic with the world.</li> </ul>	

\*1 We do not disclose strategic actions related to governance materiality.



# Medium- to Long-term Targets and Results

## Environment

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

\*1 At all our sites (including offsets)

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

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

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

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

\*6 For Shiseido owned factories.

\*7 For sale of products with plastic packaging.

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

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

## Society

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

\*1 As of April 1, 2024

\*2 As of January 1, 2024



# 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." This praise for the Earth, which continuously gives birth to new things, is consistent with Shiseido's goal of sustainability, which aims to create and circulate new value in society. Since Shiseido was founded in 1872, we have developed a business model that combines business success with respect for people, society, and the planet.

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

## STRATEGIC ACTION 1



### Reducing Our Environmental Footprint →

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

- **CO<sub>2</sub>**  
By 2026 Carbon neutral.<sup>\*1</sup>  
By 2030 Reduce CO<sub>2</sub> emissions by 46.2% (SBTi, Scope1 and 2).<sup>\*2</sup>  
By 2030 Reduce CO<sub>2</sub> emissions by 55% (SBTi, Scope 3).<sup>\*3</sup>
- **Water**  
By 2026 Reduce water consumption by 40%.<sup>\*4</sup>
- **Waste**  
By 2022 Zero landfill.<sup>\*5</sup>

## STRATEGIC ACTION 2

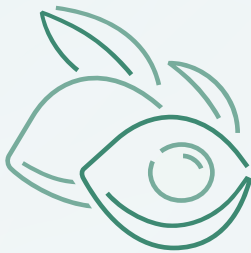


### Developing Sustainable Products →

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

- **Formula/Ingredients**  
Reduce our environmental and social impact by using sustainably sourced raw materials that are selected in consideration of safety, the environment and ethics.
- **Packaging**  
By 2025 100% Switching to sustainable packaging.<sup>\*6</sup>

## STRATEGIC ACTION 3



### Promoting Sustainable and Responsible Procurement →

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

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

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

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

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

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

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

\*6 For sale of products with plastic packaging.

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

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

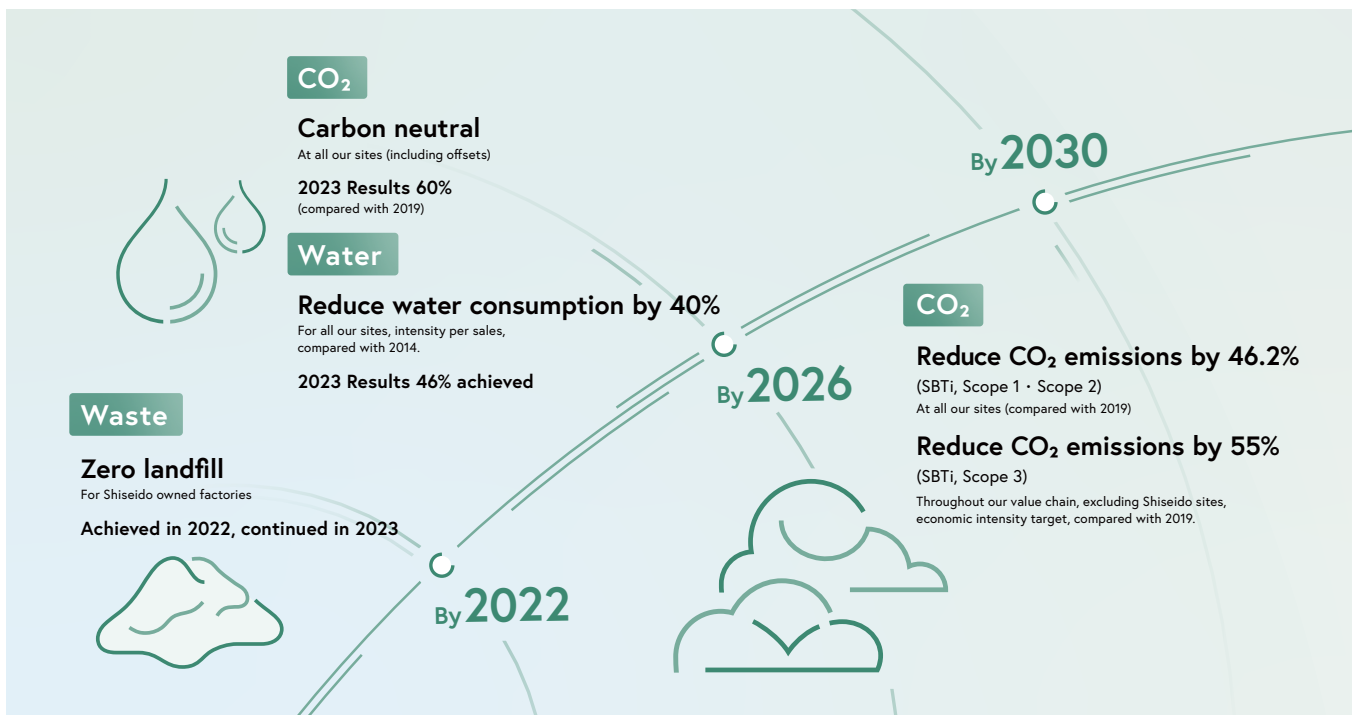


# Reducing Our Environmental Footprint

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

Shiseido has adopted an Environmental Policy as its requirements for addressing environmental issues and has defined the reduction of CO<sub>2</sub> emissions, the reduction of water consumption, and waste reduction as priority domains in actions for reducing the environmental footprint of its business activities. We will continue to work with stakeholders throughout our value chain to create sustainable impact within each of these actions.

[Environmental Policy](#)



## Reducing CO<sub>2</sub> Emissions

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

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

Climate/Nature-related Financial Disclosure Initiatives →  
 Medium- to Long-term Targets and Results →

### Reducing CO<sub>2</sub> Emissions from Energy Consumption (Scope 1 and 2)

To mitigate climate change, we are committed to reducing CO<sub>2</sub> emissions from the electricity and fuel used in our business activities. As part of our efforts, we use renewable energy where possible and constantly seek to improve energy efficiency in our factories, offices, and other facilities.

#### Driving Energy Conservation and Energy Efficiency Improvement

To increase energy efficiency, we are introducing several building design improvements at our factories, including improved heat insulation, more energy-efficient equipment, and new environmental measures based on the ISO 14001 environmental management system. Specifically, in addition to using LED lighting to reduce energy consumption, we installed Energy Management Systems (EMS<sup>\*1</sup>) to visualize energy use and CO<sub>2</sub> emissions on equipment that uses electricity, steam, or compressed air. These systems allow us to optimize energy usage in a number of ways. Furthermore, at our Osaka Ibaraki factory and neighboring West Japan Distribution Center — our production and logistics hub in Japan — we installed sandwich panels in the exterior walls. Lightweight and with excellent heat insulation properties, these panels have helped reduce energy consumption. At our Kakegawa factory, steam was sent from the central energy building on the premises to each production building to be used as the heat source for hot water supply. EMS data analysis showed that steam delivery distances were long and heat loss was not small. Therefore, we have installed a heat pump at each production building to reduce heat loss. We have thus succeeded in improving energy efficiency.



- \*1 The 28th Session of the UN Climate Change Conference of the Parties
- \*2 Greenhouse gases usually refer to CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, and NF<sub>3</sub>. In this report, unless otherwise specified, these greenhouse gases will be collectively referred to as 'CO<sub>2</sub>'.
- \*3 Scope 1, Scope 2, and Scope 3 emissions. Certification was obtained from the Science Based Targets initiative (SBTi).



Osaka Ibaraki factory and neighboring West Japan Distribution Center

\*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

At our Gien factory in France, we have affixed heat insulating films on the factory windows. The films limit temperature rises inside the factory in summer and reduce power consumption by air conditioners, thereby helping save energy.

## Increasing the Use of Renewable Energy

We are constantly working to increase the use of renewable energy at our factories and offices. In 2023, we finished switching 100% of the electricity at all 11 factories and our distribution centers to renewable electricity. In addition, we are advancing the use of renewable energy at all of our sites worldwide, such as switching 100% of the electricity at our offices to renewable energy. In the China Region, we completed a 100% switchover at all sites. Moreover, at the Beijing Office, which includes the factory of Shiseido Liyuan Cosmetics Co. Ltd. (SLC) in China, we fulfilled requirements under the code for carbon neutrality certification (PAS 2060:2014) and obtained certification.

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

In addition to promoting the use of renewable energy, we are also proactive in installing solar panels on the premises and in the buildings of our factories and research centers worldwide. Eight of our factories\*1 in the world are equipped with solar power generation facilities. As a result, renewable electricity now accounts for 85% of all the electricity used at Shiseido Group.

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

### Fukuoka Kurume factory

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



Solar panels at the Fukuoka Kurume factory (Japan)



\*1 The eight factories are: Kakegawa (Japan), Osaka Ibaraki (Japan), Fukuoka Kurume (Japan), Shanghai (China), Beijing (China), Taiwan factory, East Windsor (US), Gien (France), (Country/Region)

## Initiatives to Reduce Indirect CO<sub>2</sub> Emissions from the Value Chain (Scope 3) Other Than Our Sites

Our indirect CO<sub>2</sub> emissions also result from our business activities but they are not directly under our control – for example, emissions that derive from the manufacturing and shipping of raw materials or the use and disposal of our products. As part of our work to reduce the impact of our business activities on climate change, we have established science-based long-term reduction targets for our indirect CO<sub>2</sub> emissions, and we are working with our suppliers and other stakeholders to reduce emissions across our entire value chain.

### Selection and Use of Raw Materials that Reduce Environmental Footprint

We select raw materials with a special emphasis on reducing our environmental footprint in line with the green chemistry principles<sup>\*1</sup>. For the procurement of palm oil and paper, we support the principles of the No Deforestation, No Peat, No Exploitation (NDPE) and procure raw materials that are not linked to deforestation. Furthermore, we are striving to reduce CO<sub>2</sub> emissions related to the development of containers, by promoting the use of recycled resins.

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

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

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

### Reducing CO<sub>2</sub> Emissions During Transportation

Shiseido transports its products worldwide and is taking steps to reduce CO<sub>2</sub> emissions when shipping its own products. For example, in Japan we conduct joint deliveries with other domestic companies to optimize transportation routes and improve loading efficiency. In February 2023, we introduced an electric truck into our vehicle fleet in Japan on a trial basis. The electric truck is expected to reduce CO<sub>2</sub> emissions by 1 ton per year, and we plan to expand our fleet of electric vehicles moving forward. At our Beijing factory in China, we replaced the gasoline-driven shuttle bus for employee commuting with an electric one (EV), to reduce CO<sub>2</sub> emissions from the shuttle bus.

We also optimize the use and design of packaging materials according to the shape and volume of the products shipped and actively promote the reuse of protective materials used in transportation, as part of our efforts to reduce waste and CO<sub>2</sub> emissions. We take these initiatives mainly for bottle suppliers that deliver frequently. In Japan, we are also progressively reducing packaging materials used in the process of transporting products from factories to each

- \*1 The design of chemical products and processes that reduce or eliminate the use or generation of substances that are hazardous to people or the environment.
- \*2 The Carbon Disclosure Project (CDP) Supply Chain Program is an initiative in which member companies use the CDP platform to request that their suppliers disclose information related to climate change, water, and forestry.



Shiseido's EV truck



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

retailer, as these materials have an impact on waste and CO<sub>2</sub> emissions. Furthermore, in order to reduce CO<sub>2</sub> emissions of the bottle delivery, we are collaborating with a bottle supplier that has multiple production sites to conduct production at the site closest to our production facility. In our exports from Japan to overseas destinations, the double stack palletization<sup>\*1</sup>, which we introduced in 2022, further improved the loading efficiency in 2023.

\*1 A logistics process consisting of placing goods together on top of a pallet to consolidate the load at the warehouse.

Environmental Data →

## Actions for Scope 3 Emissions by Category

Category		Explanation	Internal data	Emission factors
1	Purchased goods and services	Emissions generated from upstream of the supply chain, such as raw materials, advertising service, land use change due to palm- and paper-derived material production.	Raw material procurement volume POSM procurement volume, Advertising expenses Palm- and paper-related raw material procurement	IDEA v3.1 Ecoinvent 3.9 Reference-1 Reference-2
2	Capital goods	Emissions generated from making capital goods.	CAPEX	Reference-1
3	Fuel and energy related activities	Emissions generated in the process of mining, extraction, refining, transportation of energy and fuels.	Amount of energy consumption	IDEA v3.1
4	Upstream transportation and distribution	Emissions generated from procurement transportation and shipping transportation.	Raw material procurement volume Product volume Distance between our factories and sales sites Means of transportation	IDEA v3.1 Ecoinvent 3.9
5	Waste generated in operations	Emissions generated in the process of transportation and waste treatment from our operations.	Waste generated by material type and disposal method	IDEA v3.1
6	Business travel	Emissions from employee business-related travel	Travel expenses Number of trips by destination Transportation distance	IDEA v3.1 Reference-1
7	Employee commuting	Emissions from employee commuting between home and Shiseido's site	Commuting expenses	IDEA v3.1 Reference-1
8	Upstream leased assets	Not applicable.		
9	Downstream transportation and distribution	Emissions generated in storage and stores	Sales volume Product bottom area	Reference-4
10	Processing of sold products	Not applicable. The products sold do not need to be processed for consumer use		
11	Use of sold products	Emissions from product use, such as rinsing, drying up.	Energy, water, and consumable goods consumed in product use	IDEA v3.1
12	End-of-life treatment of sold products	Emissions generated in decomposition of ingredients, and the process of transportation and waste treatment from products sold	Amount of carbon derived from fossil resources in the molecules that make up the ingredient and packaging components Waste generated by material type	IDEA v3.1
13	Downstream leased assets	Not applicable.		
14	Franchises	Not applicable.		
15	Investments	Emissions from unconsolidated affiliates and stock investees	Scope 1 and scope 2 emissions of unconsolidated affiliates and stock investees Shareholding Ratio	—

### Calculation methods of Scope 3 emissions

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



## Climate/Nature-related Financial Disclosure Initiatives

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

### Governance

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

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

### Strategy (Scenario Analysis)

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

The influence of carbon tax was identified as the transition risk, with projections pointing toward approximately JPY 0.05-0.87 billion in 2030. For physical risks, JPY 0.89 billion of floods and JPY 3.5 billion of water shortage

were forecasted potentially. As for opportunities, in the 1.5/2°C scenario, high awareness by consumers means there is a market for sustainable brands and products. Similarly, the 4°C scenario identifies sales opportunities for products that can help people to live with high temperatures. At Shiseido, we aim to leverage these findings — by mitigating risks and making the most of opportunities to provide sustainable products to consumers and promote our beauty innovations.

## Risks and Opportunities

		Risks	Opportunities
Transition (seen mainly in the 1.5/2°C scenario)		<ul style="list-style-type: none"> <li>• Carbon tax increase ●</li> <li>• Fuel price increase</li> <li>• Loss of sales opportunities for products using single-use plastics ●</li> </ul>	<ul style="list-style-type: none"> <li>• Improve energy efficiency</li> <li>• Develop more ethical products (e.g. clean beauty)</li> </ul>
Physical (seen mainly in the 4°C scenario)	Acute	<ul style="list-style-type: none"> <li>• Natural disasters stop operations (e.g. typhoons, floods)</li> <li>• Natural disasters disrupt logistics</li> </ul>	<ul style="list-style-type: none"> <li>• Develop environment-friendly products</li> <li>• Develop climate-adaptive solutions</li> </ul>
	Chronic	<ul style="list-style-type: none"> <li>• Changes in rainfall conditions impact the cost of procuring raw materials derived from crops ●</li> <li>• Changes in rainfall conditions impact the cost of procuring raw materials derived from crops ●</li> </ul>	

● Risk factor analyzed qualitatively and quantitatively.

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

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

## Risk Management

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

## Metrics and Targets

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

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

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

- \*1 Scope 1 and Scope 2 emissions are the targets. Carbon offsets made by using credits are included.
- \*2 SBTi is a global initiative that defines and promotes best practice in science-based target setting and independently assesses companies' targets.
- \*3 ICP price as of 2024: USD 130.0/t-CO<sub>2</sub>

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

## Awards Related to Reduction of CO<sub>2</sub> Emissions

### CDP A List <Climate Change and Forests>

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

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

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



Awards ceremony, January 23, 2024

## Reducing Water Consumption

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

According to long-term projections based on climate and weather, rainfall is forecast to remain stable toward the end of this century in Japan, where our major factories are located. Moreover, the consumption of water resources in the cosmetics industry is lower than in other industry sectors, so we believe that the impact of water shortages will be limited. However, water supports every aspect of our products, including the development of water-containing products such as lotions; the growth of plants as raw materials; temperature control and equipment cleaning at factories; consumption; and waste disposal. As stated in the Shiseido Environmental Policy, we regard an understanding of the water-related environmental impact and sustainable use of water resources as an important environmental issue from the perspective of the value chain, from product development to production and use. We implement initiatives accordingly. While a lot of water is needed at our factories, such as for motive power facilities, the reuse of water will enable a significant reduction in water consumption. At Shiseido's factories, we have introduced a Discharged Water Recycling System, with which we use some of the discharged wastewater as makeup water for motive power facilities. At factories, where we consume more water than we do at offices and research centers, we constantly monitor not only water intake but also the amount of water discharged, its temperature, and the quality of treated wastewater. We also conduct water environment research of the watersheds where our factories are located. Thus, we are working on water resource management (Water Stewardship<sup>\*1</sup>) with our stakeholders.

Medium- to Long-term Targets and Results →

### Use and Reduction of Consumption of Water Resources in Production Process

Regarding direct use of water resources, we have set reduction of water consumption at our sites as a target and apply various methods to achieve this target. For example, as each Shiseido factory has various facilities and equipment tailored to the kind of cosmetics it produces, we design specific water reduction initiatives for each site. Examples of our water-saving initiatives include using automatic cleaning to ensure the manufacturing equipment is cleaned more effectively and consolidating the washing locations of equipment parts.

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

\*1 Using water in a way that is socially equitable, environmentally sustainable, and economically beneficial.

used per clean by 30%.

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

To ensure more effective use of water, we focus on circular systems that clean water and reuse or recycle it within the process. At our Kakegawa factory, we launched a Discharged Water Recycling System in 2023. With this system, we recycle some of the discharged wastewater to use it as makeup water for motive power facilities, in an effort to make efficient use of water resources and reduce their consumption. This has enabled cyclic use of wastewater from production process, which was discharged before. Use of this system enables to reuse approx. 12,000 m<sup>3</sup> of water every year. It means water reduction equivalent to approximately 15.6% of water consumed at the Kakegawa factory. At our Osaka Ibaraki factory in Japan, we introduced a circular system that utilizes re-used water to cool the manufacturing tanks. This system enables an annual reduction in water consumption of around 65,000 m<sup>3</sup>. Other new water utilization initiatives include optimizing our pure water manufacturing equipment — as we have done at our Nasu factory in Japan, for example. Pure water manufacturing consumes approximately half of all water used at the factory. Through this initiative, as well as other water recycling schemes, we reduced our annual water consumption by around 72,000 m<sup>3</sup>, an amount that is approximately one third of the factory's annual water usage.

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

## Water Stewardship (Initiatives on Water Resources in Communities)

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

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



Water treatment facilities at Nasu factory (Japan)



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



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

At our Shanghai factory in China—which is located in a water-stressed<sup>\*1</sup> area—we participate in a local environmental protection association and proactively obtain environmental information, such as environmental laws and regulations regarding factory activities. We also report monthly water consumption to the government, which promotes water conservation and is working to improve water utilization rates and strengthen water conservation management. In the area around our Val de Loire factory in France, rainfall volumes are expected to fall in future. Therefore, we regularly share information with other local industries on good water practices to decrease water consumption.

## Engaging Stakeholders

As our Water Stewardship initiative, we have been engaging with local governments and relevant organizations from the watershed of Nasunogahara, where Nasu factory is located, based on our scientific understanding of the overall area obtained through our research. We have also had the research findings and direction of our initiatives reviewed by external academic experts. Shiseido aims to build a Water Stewardship in collaboration with its stakeholders, towards a more comprehensive, sustainable use of water resources, and moreover for protection of biodiversity in watersheds. We ask our suppliers to provide information on their water usage through self-assessment questionnaires such as Sedex and Shiseido SAQ, and strive to ascertain water-related environmental impacts.

\*1 A situation where there is not enough water of sufficient quantity to meet the demands of people and the environment.

## Reducing Waste

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

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

Medium- to Long-term Targets and Results →

### Reducing, Reusing and Recycling Waste

At Shiseido, we continuously work to reduce, reuse, and recycle the waste we generate. In 2003, we achieved "zero emissions"<sup>1</sup> at our domestic factories in Japan, and we continue our waste separation and recycling activities to this day. To give a specific example, we use dehydrators and dryers to minimize the amount of sludge generated by our factories during wastewater treatment. In addition, at our Nasu factory, we have changed the delivery method of certain liquid raw materials from the use of drum cans to delivery by tank trucks. We have thus reduced the generation of waste drum cans as a waste reduction initiative. We also reuse shipping boxes, sort waste by material strictly for recycling them, and undertake other activities for reusing and recycling waste. In 2023, we entirely reviewed cardboard boxes, plastic packaging, and other packaging containers used for product transportation, in a project to reduce the outermost packages. We are moving forward with initiatives to minimize the use of resources while ensuring product quality. We also recycle waste plastics, not to mention cardboard boxes and paper used in transportation, into valuable resources. We compress and melt the waste plastics to reduce their volume before recycling them. While our target was to achieve zero waste<sup>2</sup> to landfill from our factories worldwide by 2022, the actions above enabled us to achieve the target in 2020, two years ahead of schedule, and we have maintained zero waste to landfill to the present.

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

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

\*2 Excluding waste designated as landfill by law

## Employee Education

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

[Environmental Data](#) →

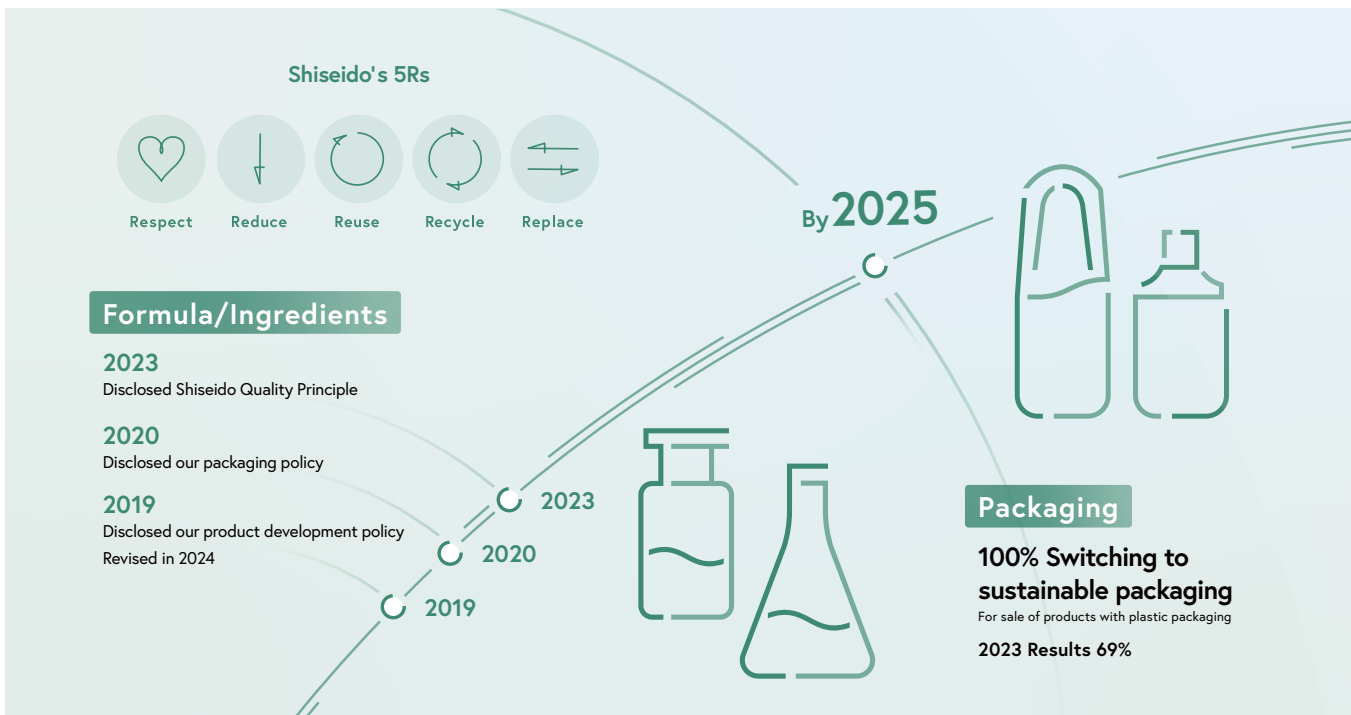
# Developing Sustainable Products

We are facing a crisis stemming from the finiteness of resources, a result of economic activities exceeding the limits of the planet's receptiveness and resilience. We also face issues including climate change, biodiversity, other environmental issues, and population explosion.

Manufacturers are expected to follow green chemistry principles towards the development of a circular economy, which is premised on both making effective use of resources to reduce their environmental footprint throughout the product lifecycle and recycling resources.

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

- [DYNAMIC HARMONY](#)
- [Environmental Policy](#)
- [Shiseido Quality Principle](#)



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

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

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

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

### Formulas/Ingredients

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

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

[Our Approach for Chemical Substances](#)

## Raw Material Development Aimed at Reducing CO<sub>2</sub> Emissions and Switching to Bio-based Raw Materials

At Shiseido, the proportion of CO<sub>2</sub> emissions from raw material procurement are high among Scope 3 CO<sub>2</sub> emissions. This has made it imperative to reduce CO<sub>2</sub> emissions through selection of raw materials. Cosmetics formulations include natural raw materials. We work with our suppliers to reduce CO<sub>2</sub> emissions by shifting to bio-based raw materials in line with the green chemistry principles.

\*1 EU Packaging and Packaging Waste Regulation  
\*2 Ecodesign for Sustainable Products Regulation



## Exploring the Possibilities of Algae in the MATSURI Project

In 2022, Shiseido joined the MATSURI project, the world's first corporate joint project to explore how algae can be used to drive a sustainable future, which is led by the CHITOSE Group. Powered by the sun, algae absorb CO<sub>2</sub> through photosynthesis, while also generating useful proteins, lipids, and carbohydrates. More extensive use of algae is expected to contribute to lower CO<sub>2</sub> emissions in future, where algae products can replace fossil-derived raw materials. In 2023, Shiseido invested 1.0 billion yen in the CHITOSE Group and signed a strategic collaboration agreement focused on R&D with the Group. The purposes of this initiative include the development and mass production of cosmetics and container raw materials using algae, as well as the development of raw materials which can be used in the food industry. To maximize the potential of algae, we will work together with MATSURI Project partner companies in ending the use of fossil resources for cosmetics.

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

## Marine Protection Initiatives

### UV Care

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

Because suncare products are used in the sea, we believe that we need to address their environmental impact appropriately as a company. We are assessing the impact that UV filters used in suncare products have on the ocean. This includes working with universities and research initiatives to assess the impact of each UV filter used in our products on coral<sup>\*2</sup>, and performing simulations<sup>\*3</sup> of how suncare products spread into the ocean when used by people at the seashore. We are utilizing the results of these assessments for ingredient selection and the development of coral-respecting formulas, while applying them to suncare product development for both SHISEIDO and ANESSA.

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

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

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

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

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



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

- \*1 According to an announcement by the Japan Agency for Marine-Earth Science and Technology.
- \*2 Egg-laying size groups of coral, excluding those in the planktonic larval and juvenile stages.
- \*3 Utilizing the Tokyo Bay risk assessment model developed by the National Institute of Advanced Industrial Science and Technology.

## No Animal Testing

We strive to provide safe and effective products to consumers while complying with cosmetics regulations and respecting the principles of animal protection. For more than 40 years after we established a safety research department in 1963, we continued to study alternative methods which do not involve animal testing. In 2013, we abolished animal testing entirely<sup>\*1</sup> and shifted to a safety assurance system that does not use animals. We have established a safety assurance system with our unique strict standards. Working together with external stakeholders, we are striving to establish alternative methods, which were developed on our own or jointly with other companies, as official methods.

In February 2023, we announced our involvement in the newly launched International Collaboration on Cosmetics Safety (ICCS). A global project involving manufacturers, suppliers, industry associations, and animal protection organizations, ICCS's goal is to promote and implement animal-free safety assurance in the development of cosmetics and personal care products. Shiseido will promote and implement the safety assurance of cosmetics without animal testing through the sharing of technologies and knowledge on alternative methods of animal testing, discussions and collaboration with related companies and organizations, and approaching the regulations of each country and region.

[Click here for Safety Assurance Without Animal Testing](#) 

## Procuring Sustainable Raw Materials

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

[Promoting Sustainable and Responsible Procurement](#) →

\*1 Except when required by governmental and regulatory authorities.

## Brands That Cater to Consumer Needs

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

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

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



Ulé

## Sustainable Packaging

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

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

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

### Shiseido's 5Rs



Medium- to Long-term Targets and Results →

## Products with Packaging

### Reduce and Reuse

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

Refillable packaging significantly reduces resource use. By encouraging the reuse of main packaging, it is possible to reduce the total amount of plastic

\*1 Packaging development policy: respect, reduce, reuse, recycle and replace.  
 \*2 For sale of products with plastic packaging.  
 \*3 Amount of plastic packaging used in Japan in 2023 (Including estimates): 9,600t.

used for packaging. Our Life Cycle Assessment confirms that refillable packaging lowers resource use and waste and significantly reduces CO<sub>2</sub> emissions compared to the continuous disposal of regular (primary) packaging. To significantly contribute to the reduction of the environmental impact, we aim to promote the development of these products widely, not only in Japan but also on a global scale.

Since we launched our first refillable product in 1926, we have provided refillable packaging in a wide range of product categories, including skincare and makeup. In 2023, we offered refillable packaging for about 740 stock keeping units (SKUs) within 31 brands globally in an effort to reduce the amount of plastic and ultimately, to reduce the environmental footprint. This included increasing the amount of refillable packaging in our prestige skincare brand *Clé de Peau Beauté* and launching refillable packaging for the cream LA CRÈME, which uses 95%<sup>\*1</sup> less plastic than its regular (primary) packaging. In 2023, the brand launched new refillable packaging for five new products, including SÉRUM RAFFERMISSANT SUPRÊME n. In 2023, sales of refillable packaging from *Clé de Peau Beauté* increased approximately 23% year on year.

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

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

In 2024, *Ulé*, a skincare brand that promotes beauty both inside and outside the body, launched a refillable option made from 100% recyclable materials for cleansing gel Dream of Pure. The refill helps reduce plastic and aluminum usage by 23% and 100% respectively, as opposed to purchasing new packaging. In 2023, the luxury brand Serge Lutens launched a fragrance that strikes a delicate balance between sustainability and luxury. The refill packaging is made from 100% recyclable aluminum in consideration of environmental impact.



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



*IPSA* and *Ulé*. Left: main container, Right: refill/ refill container.

- <sup>\*1</sup> Weight ratio of regular (primary) packaging
- <sup>\*2</sup> The new packaging technology was developed chiefly by Amcor. Shiseido worked with Yoshino Kogyosho, a company that has put the technology to use, to jointly develop cosmetic packaging.
- <sup>\*3</sup> Comparison with a refillable container of the same volume, not including contents
- <sup>\*4</sup> CO<sub>2</sub> emissions per unit for both our existing refillable container and the Liquiform®-based refillable container (not including contents) have been verified by the SuMPO Environmental Label Program (in accordance with ISO/TS14067:2013). Figures were compared by Shiseido.



## Recycle

To realize a circular economy, it is important to select materials and design products with the reuse of resources in mind.

To reduce our consumption of single-use plastic, we are developing packaging made from a material that can be more easily sorted and reused/recycled after use without compromising the quality of the packaging's design.

In 2023, a number of our brands launched products with packaging that is easier to recycle, including *SHISEIDO* and *Clé de Peau Beauté*. In addition, the tube packaging for *SIDEKICK* — a cosmetics brand launched for young male consumers in 2022 — is made of easily recyclable aluminum.



SIDEKICK

## Replace

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

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

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

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

## POSM

At Shiseido, we published the POSM Eco Design Guideline in 2023 for the purpose of reducing the environmental impact related to the lifecycle of promotional materials, including in-store display tools and shopping bags. Based on the guideline, we promote the development of POSM materials in line with the Shiseido's 5Rs<sup>\*1</sup>. We will work with our stakeholders to reduce our environmental impact in the manufacturing of not only our products but also promotional materials.



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



BAUM facial lotion

- \*1 Comparison between the existing main container and refill
- \*2 Comparison of the existing main container and refill in terms of CO<sub>2</sub> emissions per packaging. The evaluation was carried out by Shiseido using Japan EPD Program by SuMPO (which complies with ISO/TS14067: 2013) Calculated using the container of the facial lotion sold in September 2022 and onward
- \*3 For promotional materials of premium Japanese brands, such as set cases and hooks.

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

## Participation in Related Initiatives

### R Plus Japan Ltd.

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

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



## Initiatives with External Institutions

### Granting Technology License to Toyo University for Environmental Impact Reduction

In March 2020, Shiseido became the first WIPO GREEN<sup>\*1</sup> partner company from the cosmetics industry. In 2022, we granted Toyo University a license to use our low-energy manufacturing technology, which is listed in the WIPO GREEN database. In 2022, the university developed a prototype of an environmentally friendly product that uses the extract from boysenberries, a local specialty of Tatebayashi City, Gunma Prefecture. The product began to be sold via crowdfunding in 2023.



<sup>\*1</sup> The World Intellectual Property Organization (WIPO) is a specialized agency under the United Nations, responsible for developing international intellectual property systems. WIPO GREEN is an international framework for promoting innovation in environment-related technologies, and has more than 150 partner companies. As of April 2023, Shiseido had licensed out 11 patented technologies registered in the WIPO GREEN database.

## Initiatives to Build a Circular Model

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

### In-store Collection and Recycling

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

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

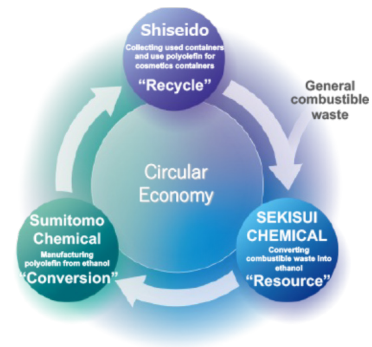
### Collaborating to Build a Circular Model for Plastic Cosmetics Containers

When developing cosmetic containers, protecting the contents, ensuring ease of use, and giving the premium look and feel are considered and designed. As a result, they have to be made from a wide variety of plastics, which can make it challenging to recycle them back into reusable plastic resources.

To solve this issue, Shiseido launched an initiative in 2022 in collaboration with SEKISUI CHEMICAL CO., LTD. and Sumitomo Chemical Co., Ltd. The initiative involves creating a circular economy in which plastic cosmetics containers are collected and recycled without separating the materials. We are planning to manufacture recycled plastics in the future by collecting used cosmetic packaging, which we then turn into new cosmetic packaging. The three companies will be advancing this cross-sectoral alliance, while also calling on related industries and companies to join the effort to create a circular economy.


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

\*1 Collection period: January 2023 - December 2023.  
 \*2 TerraCycle is a US-based social enterprise whose mission is "Eliminating the Idea of Waste®".



## "BeauRing®" Circular Model Project for Plastic Cosmetics Containers

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

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



## Recycling Initiatives in China

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

# Promoting Sustainable and Responsible Procurement

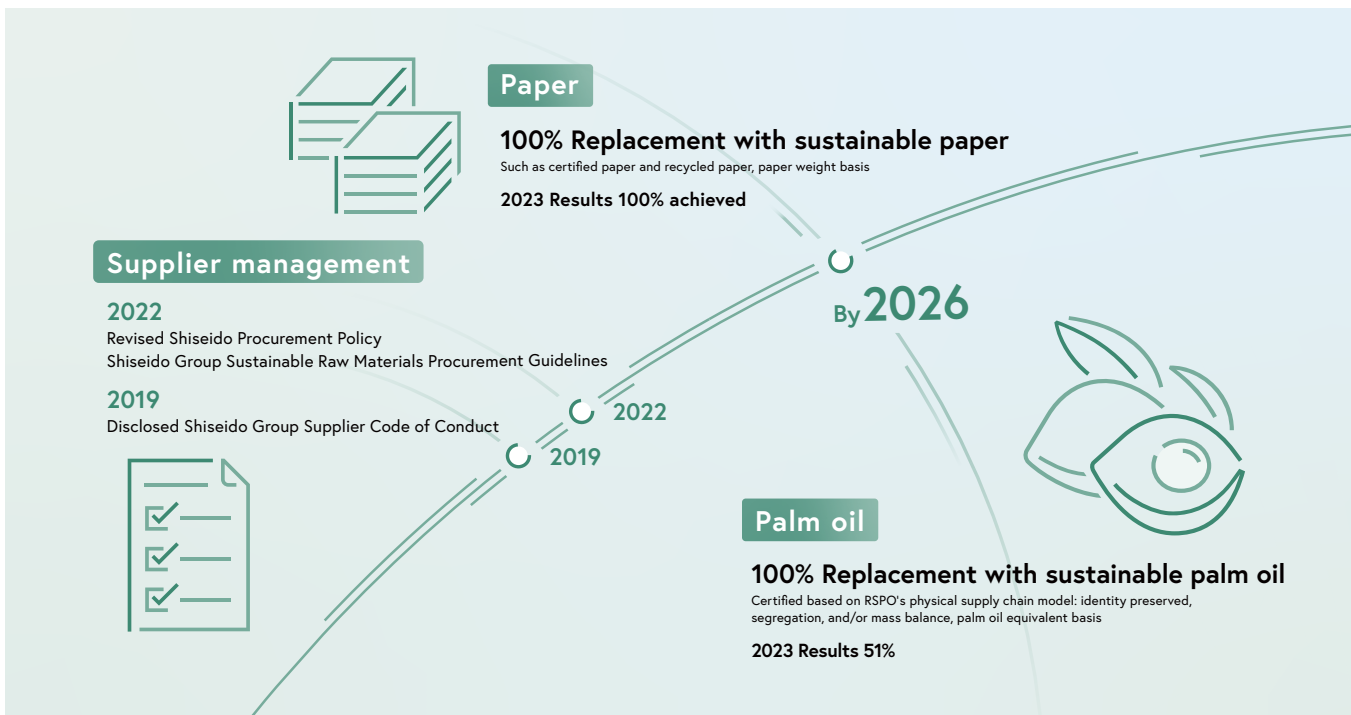
Value chain, or procurement in particular, involves various sustainability issues including CO<sub>2</sub> emissions, water resources, biodiversity, and human rights at suppliers. Companies are required to check for problems in operating their businesses and to strengthen cooperation not only internally but also with suppliers to ensure the traceability of raw materials.

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

[Shiseido Group Procurement Policy](#) 

[Shiseido Group Supplier Code of Conduct](#) 

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



## Biodiversity Initiatives and Procurement of Raw Materials

### Biodiversity Initiatives and Procurement of Raw Materials

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

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

Medium- to Long-term Targets and Results →

#### Corporate Initiatives on Biodiversity

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

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

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

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





ecosystem services by pollinators, such as honey bees, into monetary values and thus visualized the level of our dependence on biodiversity in procurement. We summarized and disclosed results of these analyses in a Shiseido Climate/Nature-related Financial Disclosure Report in 2023

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

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

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

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

## Biodiversity Initiatives by Brands and Other Activities

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

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

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

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

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

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

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

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

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


## Palm Oil

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

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

In addition, in 2023 we held a session for explaining our procurement policy to suppliers in Japan and requested them to collaborate with us in promoting traceability of palm oil. In 2023, we replaced 51% of palm oil-derived raw materials (palm oil equivalent, weight basis) with certified palm oil based on the RSPO's physical supply chain model. In addition, we continued working towards RSPO Supply Chain Certification at our factories. All of our factories are now RSPO certified.<sup>\*2</sup>

Since 2019, we have been part of the Japan Sustainable Palm Oil Network (JaSPON) and the palm oil working group of the Consumer Goods Forum (CGF)<sup>\*3</sup>, both of which work to solve issues related to palm oil by strengthening collaboration with other companies. Further, through the Shiseido Camellia Fund<sup>\*4</sup>, we support WWF Japan's activities in Indonesia. By training local farmers on environmentally friendly production methods and workplace safety, and by supporting the establishment of producer associations, WWF<sup>\*5</sup> Japan is helping smallholder farmers acquire RSPO certification and improve their livelihoods. We purchased RSPO credits sold by RSPO-certified small-scale farmers. In doing so, we promoted sustainable procurement in response to environmental and social challenges.

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



RSPO, Jonathan Perugia



4-0103-10-100-00

- \*1 Raw materials certified by RSPO's physical supply chain method
- \*2 The Fukuoka Kurume factory (Japan), which began operations in 2022, will be RSPO certified in 2024.
- \*3 An international industry group consisting of manufacturers and retailers from the food and consumer goods industries.
- \*4 A fund that uses donations from Shiseido employees and alumni to support the activities of NPOs and NGOs working to tackle social issues.
- \*5 World Wildlife Fund for Nature

## Paper

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

We were able to achieve the goal of using 100% sustainable paper<sup>\*1</sup> for product packaging by 2023.

Cosmetics packaging must meet various expectations and standards. It should be sophisticated and beautiful, but also sustainable in its design and strong enough to protect the cosmetics inside. In collaboration with paper manufacturers, we are developing innovative paper packaging solutions that meet and exceed these expectations.

We are also switching to sustainable paper for promotional materials and consumables such as copy paper in offices. For promotional materials, we began to implement initiatives in accordance with the Shiseido POSM Global Eco Design Guidelines within the company from 2023. For example, we are switching to certified paper and recycled paper for promotional materials, such as product displays, bags, and leaflets. In addition, we are reducing paper usage by standardizing and unifying some of the cardboard paper for cosmetic sample.

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

## Mica

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

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

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



Responsible Mica Initiative



## Traceability

In 2023, Shiseido joined in a consortium of 15 cosmetics industry companies<sup>\*1</sup>, TRaceability Alliance for Sustainable CosmEtics (TRASCE) to enhance traceability in key ingredient and packaging supply chains across the industry. Together with the member companies, we are committed to working to map our supply chains across the entire value chain on a common digital platform, Transparency-One, an ISN Company.

\*1 The 15 founding members of TRASCE: Albéa, Chanel, Clarins, Cosfibel group powered by GPA, Dior, The Estée Lauder Companies, Groupe Pochet, L'Occitane en Provence, L'Oréal, Merck, Neyret, Nuxe, Sensient, Shiseido and Sisley (alphabetical order)

## Supplier Management

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

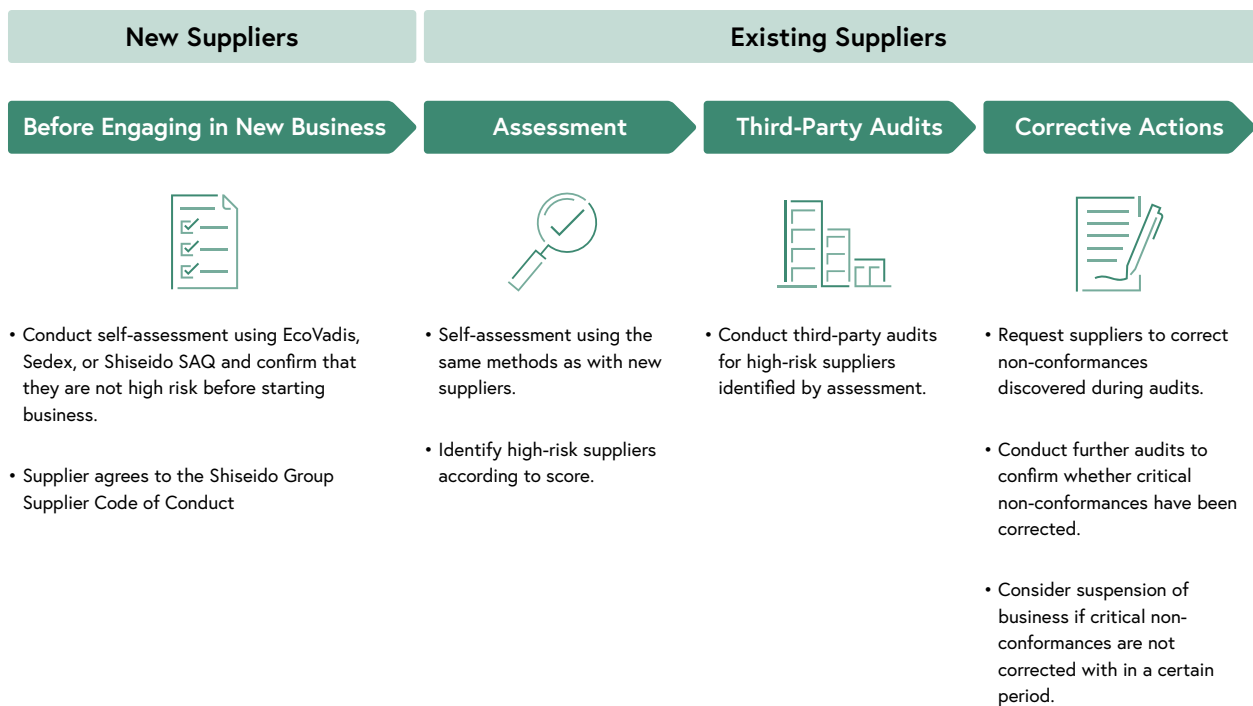
### Supplier Assessment Program

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

For existing suppliers, we continuously confirm compliance with Shiseido Group Supplier Code of Conduct using the above assessments. We categorize suppliers into three groups according to the degree of risk: low-risk, medium-risk, and high-risk. If a supplier is categorized as high-risk, we conduct third-party audits, which include employee interviews and verification of required documentation. High-risk suppliers are then requested to implement corrective action plans, and in the event of critical non-conformance, we conduct further third-party audits to confirm correction status. If issues are not corrected within a set period, we consider suspension of business.

In addition to Tier 1 supplier, we also implement the Supplier Assessment Program for Upstream suppliers (Tier 2 supplier and beyond).

<sup>\*1</sup> Provider of business sustainability ratings that provides a holistic sustainability ratings service of companies, delivered via a global cloud-based platform.  
<sup>\*2</sup> One of the world's leading ethical trade membership organizations, which works with businesses to improve working conditions in global supply chains.  
<sup>\*3</sup> Based on Shiseido Group Supplier Code of Conduct, the SAQ evaluates suppliers from four criteria: human rights and labor, occupational health and safety, the environment, and business ethics.



# Results

## Tier 1 Suppliers Assessment

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

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

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

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

\*1 1 supplier completed the self-assessment in February 2024.  
 \*2 Scope of the assessment is based on priorities derived by using IQ Plus, a screening tool from EcoVadis, which screens suppliers based on county, industry sector, spend and others.

## Tier 1 Suppliers Assessment Results

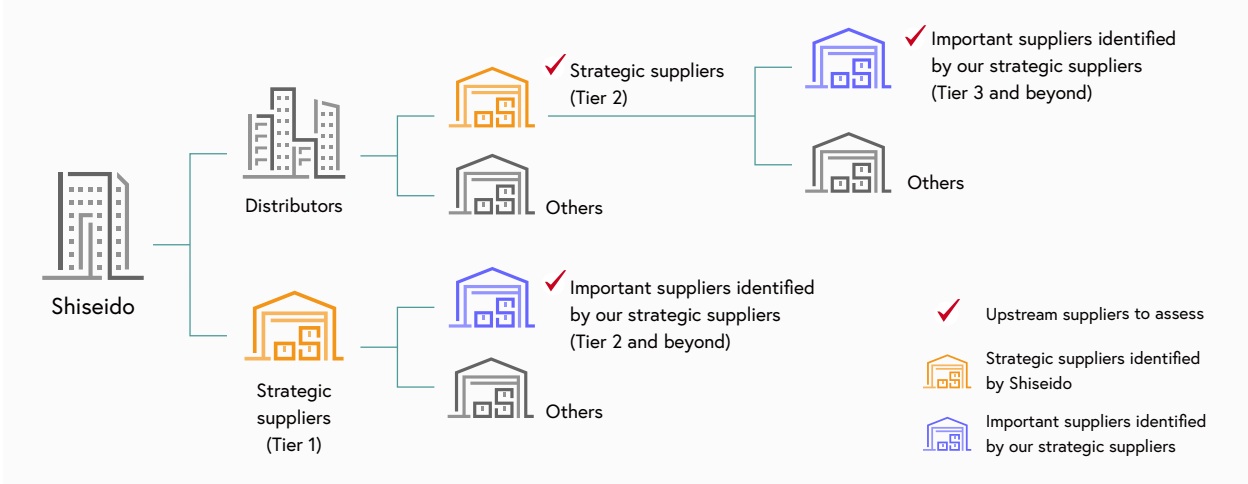
Year	No. of suppliers assessed	No. of High-Risk Suppliers identified	No. of remaining High-Risk Suppliers (at the end of FY2023)
2020	889	132	0
2021	279	17	0
2022	72	10	0
2023	860*1	12	3

## Assessment of Upstream Suppliers (Tier 2 supplier and beyond)

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

Click here for corporate website: [Promoting Sustainable and Responsible Procurement](#)

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



## Hotline for Suppliers and Other Business Partners

It is extremely important that our suppliers and other business partners respond appropriately to any actual or potential human rights issues and compliance violations. To ensure any issues or potential violations are brought to our attention, Shiseido set up the Shiseido Business Partner Hotline in 2013. This is a Hotline through which suppliers and other business partners in Japan can contact us regarding human rights and compliance violations by Shiseido group companies and employees through a dedicated web form or in writing.

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

## Strengthening of Supplier Engagement

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





# SOCIETY

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

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

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

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

## STRATEGIC ACTION 1



### Advancing Gender Equality →

#### ■ Resolving the Gender Gap and Empowering Women in Japan

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 2



### 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 the world where everyone can celebrate each other's beauty regardless of gender, age, or nationality.

## STRATEGIC ACTION 3



### Promoting Respect for Human Rights →

#### ■ Respecting Human Rights

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

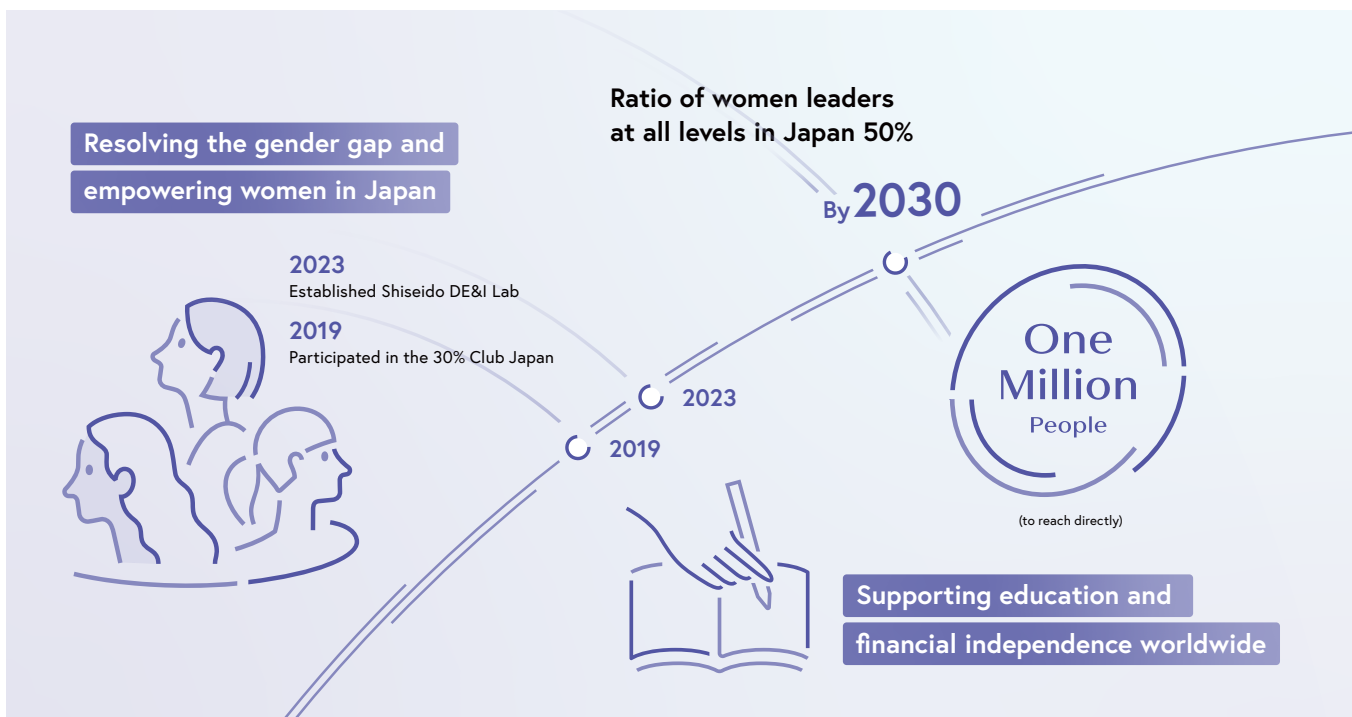
# Advancing Gender Equality

In the Global Gender Gap Report 2023, the World Economic Forum<sup>\*1</sup> reported that girls around the world who cannot receive primary and secondary education because of barriers such as child marriage, poverty, discrimination, and gender prejudice, are in an increasingly dire situation. Japan's ranking for gender equality is in the 125th place<sup>\*2</sup>, the lowest among major developed countries, showing little improvement in 16 years since the first report in 2006, with women's participation especially low in the areas of politics and the economy. The World Economic Forum reported that it would take another 131 years to close the gender gap. Shiseido believes this is a pressing issue in Japan.

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

\*1 The World Economic Forum (WEF) is a nongovernmental and nonprofit organization based in Switzerland aimed to resolve global economic issues by engaging political, political, academic, and other leaders of society.  
 \*2 Based on the index for measuring the gender gap between areas and countries used in the Global Gender Gap Report 2023.

Medium- to Long-term Targets and Results →



## Resolving the Gender Gap and

## Empowering Women

Building on insights and experiences accumulated by Shiseido, we partner with international institutions, private enterprises, municipalities, and other related organizations to work towards gender equality, including women's financial independence and participation in decision-making. We strive to nurture a society where everyone can feel empowered to live their life freely by having fair opportunities regardless of gender.

### Resolving the Gender Gap and Empowering Women in Japan

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

#### Shiseido DE&I Lab

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

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

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

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

The TOPIX President's Committee was held 9 sessions<sup>\*4</sup> as of the end of 2023 with a total participation of 172 chairpersons and presidents of the TOPIX 100 and TOPIX Mid 400. To lead innovations, it is necessary to nurture an organizational culture with high adaptability to change, and it is considered




\*1 Women on the boards are defined as directors and auditors.  
 \*2 Proportion of women members on the boards of directors at TOPIX 100 companies (including auditors at companies with a board of auditors)  
 \*3 As of the end of December 2023  
 \*4 As of the end of December 2023

extremely important to achieve gender balance among management executives (such as executive officers and organization head positions) who have many team members and substantial influence on daily operations. In addition to the ongoing theme, the appointment of women to executive officer and organization head positions, there were lively discussions and case studies from different member companies on broad topics, such as fostering an organizational culture that leverages diversity. On the project management team organized by operation-level leaders of member companies (about 80 members from 34 companies), cross-company projects have been organized to tackle three gateways that inhibit the career development of women, which was clarified through the TOPIX President's Committee, by promoting the implementation of concrete measures to resolve common issues, including developing career awareness among young women, sharing best practices for combining work with childcare, and holding exchange meetings between women candidates for executive positions with the President's Committee leaders.

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

With its activities during the past 5 years, the ratio of women on the boards of companies comprising the TOPIX President's Committee rose by 12.5 percentage points to 23% compared to the average ratio for all listed companies in Japan. It has also brought about further progress for women's participation in corporate decision-making, such as advancement to previously untraditional posts, including directors of business operations and manufacturing operations. Shiseido will lead the way in transforming Japanese companies to break away from the current homogeneity by promoting the active participation of women, thereby leading innovations.

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

## Empowering Women through Collaboration with Local Governments

Yukari Suzuki, Shiseido's Director, Senior Executive Officer, and Chief D&I Officer (at the time) participated seven times in the Tokyo Living Conference sponsored by the Tokyo Metropolitan Government as a committee member in 2023. The objective of this conference is to facilitate discussions between experts and the Toyo Metropolitan Government regarding various social systems and corporate organizational situations related to the work styles and lifestyles of Tokyo residents. At the fourth conference, she presented Shiseido's efforts to promote DE&I and emphasized the need for empowering and developing women instead of merely protecting them through programs and systems. Additionally, she delivered a keynote speech at an event of the "Vision Network" by Female Governors and Mayors in Tochigi—hosted by the Tokyo Metropolitan Government, the Yamagata Prefecture Government, the Japan Chamber of Commerce and Industry, and other organizations. During the speech, she introduced specific initiatives aimed at promoting the advancement of women within Shiseido.



Meeting of the TOPIX President's Committee






Furthermore, in 2023, Shiseido personnel were invited to deliver lectures on gender equality and the promotion of women's empowerment by approximately 40 sponsor companies, local governments, universities, ministries, and various organizations; these lectures reached a total of 7,245 attendees. The lectures covered a wide range of topics, including the importance of top management's commitment to developing women leaders, Shiseido's history of promoting women's empowerment, and various human resources measures to change mindsets. Some of the major events were the Fukushima Women's Participation and Advancement Symposium 2023 hosted by Fukushima Prefecture and the Tochigi Women's Empowerment Support Forum 2023 hosted by Tochigi Prefecture. We will continue to dedicate ourselves to promoting positive social change by applying the knowledge and experience we have gained through our efforts to advance gender equality.

## Childcare Support

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

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

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

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

## Supporting Women Researchers in Natural Sciences

The proportion of women researchers in Japan is low compared to Western nations, remaining at roughly 18.3%<sup>\*1</sup>. To improve this situation, Shiseido is offering continued support to women researchers in Japan who are engaged in world-leading, innovative research in natural sciences. The Shiseido Female Researcher Science Grant has been providing support in this area since 2007. Now in its 16th year, 2023, we awarded research grants to 10 women researchers. This subsidy is distinguished for its versatility in providing support to women in their life events such as childbirth and childcare, so long as the objective of the funding is research. To date, it has contributed to the research results and the career development of 159 researchers.

The theme for the 2023 award presentation ceremony held at the Shiseido Global Innovation Center (Yokohama) was "Building a Network of Women



Tochigi Women's Empowerment Support Forum 2023



Children playing at the in-house daycare facility KANGAROOM Kakegawa



KANGAROOM+ began providing postpartum support

<sup>\*1</sup> KODOMOLOGY CO.,LTD. closed Kangaroom Shiodome at the end of March 2023 and started the childcare support program, "KANGAROOM +" for employees of Shiseido and alliance partners in April 2023.

<sup>\*2</sup> As of the end of December 2023



The Shiseido Female Researcher Science Grant award ceremony in 2023



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

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

# SCIENCE GRANT

SHISEIDO FEMALE RESEARCHER

- \*1 Based on the 2023 Report on the Survey of Research and Development by Japan's Ministry of Internal Affairs and Communication
- \*2 The survey was conducted from November 16-30, 2022, and completed by 74 recipients of the Shiseido Female Researcher Science Grant (sent to 119 recipients.)

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

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

## Clé de Peau Beauté: Supporting Education for Girls

In April 2023, Global luxury brand Clé de Peau Beauté and UNICEF<sup>\*1</sup> have announced a three-year extension of their partnership dedicated to addressing gender inequality with a focus on science, technology, engineering, and mathematics (STEM) education, employment, and empowerment programs for girls.

The two partners have worked together since 2019, with the partnership supporting UNICEF's work to tackle the root causes of gender inequality. This extension aims to reach 5.7 million more girls around the world over the next three years, providing the tools and resources they need to develop their skills and fulfil their potential. This represents nearly half of UNICEF's overall goal for its Skills4Girls program by 2025. Progress in this area is more important than ever as the world emerges into the post-COVID-19 era, which saw a disproportionate number of young girls disadvantaged and left behind in crucial fields.

As part of the initiative to support the partnership, in 2023, the brand continued to hold its CRM Campaign<sup>\*2</sup>, where US\$3 from every purchase of The Serum, one of the brand's best-seller products, was donated to support UNICEF's programs around the world.

These funds were used to address the unique challenges that young girls faced, particularly in countries and regions where stereotypes and gender discrimination have impeded their access to education. The initiatives supported by this partnership including the development of gender-responsive and skill-based curricula, advancing STEM education, and providing vocational teaching and mentorships to empower young girls, equipping them with the confidence and competencies necessary to thrive in the competitive job market. These funds will continue the life-changing work in Bangladesh, Kyrgyzstan, China, Niger, Peru and Vietnam among others, and will expand similar successful programming in Indonesia, all working to address the enduring gender equality gap in STEM in the wake of the Covid-19 pandemic.

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

Additionally, Clé de Peau Beauté's long-term philanthropic commitment includes the annual 'Power of Radiance Awards—a philanthropic endeavor to honor women from around the world who have acted to drive positive change through knowledge since 2019. In 2023, the fifth year of the program, the Power of Radiance Awards recognized Ms. Dao Thi Hong Quyen from Hanoi, Vietnam as the recipient. Ms. Quyen is a passionate biology teacher who is working to close the gaps in STEM (Science, Technology, Engineering, and Math) education

## UNLOCK THE POWER of GIRLS

THE KEY TO A BETTER WORLD



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

## POWER of RADIANCE



\*1 UNICEF does not endorse any company, brand, product, or service  
 \*2 A cause-related marketing campaign whereby US\$3 from every purchase of The Serum between January 1 and December 31, 2023, was donated to support UNICEF's programs for the education and empowerment of girls around the world.

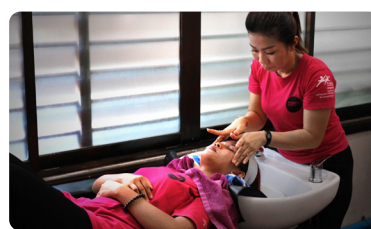
and tackle gender bias in her community. As the Head of Science at Genesis School in Hanoi, she oversees the design of science programs and has empowered girls through her significant contributions in STEM education. Funding<sup>3</sup> for these charity programs comes from a portion of the global sales of the brand's best-selling product—The Serum. The brand will continue to support women who have a positive impact on society and celebrate all women's aspirations to be beautiful and strong, both inside and out.

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

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

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

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



Beauty training in progress

## 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<sup>1</sup> supports children through three pillars of activities: "Supporting Children's Challenge for the Future" to help them prepare themselves for challenges brought by adulthood, "Creating Opportunities to Learn for People who Nurture Children" to provide training for child welfare facility personnel, and "Creating a Society in which Children are Supported by Everyone" to disseminate information to the general public.

As part of "Supporting the Children's Challenge for the Future," the Foundation organizes Self-Reliance Seminars in cooperation with Shiseido Japan Co., Ltd., Aoki Inc., Recruit Co., Ltd., and other companies and organizations, to enable junior high school and high school students who receive social care<sup>2</sup> to acquire social knowledge and skills from specialists so that they can live independent lives. In FY2023<sup>3</sup>, more than 350 children participated in these seminars. In addition, the scholarship program launched in 2007 to support students entering universities, junior colleges, and vocational schools, supported 16 recipients in FY2023, making the total number of recipients 88. Other activities included training staff of child welfare facilities as part of "Creating Opportunities to Learn for People who Nurture Children" and subsidizing child abuse prevention awareness events and seminars for families raising children throughout Japan for "Creating a Society in which Children are Supported by Everyone."

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



Self-reliance Seminar



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

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

<sup>\*2</sup> "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.

<sup>\*3</sup> FY2023 refers to April 2023 to March 2024

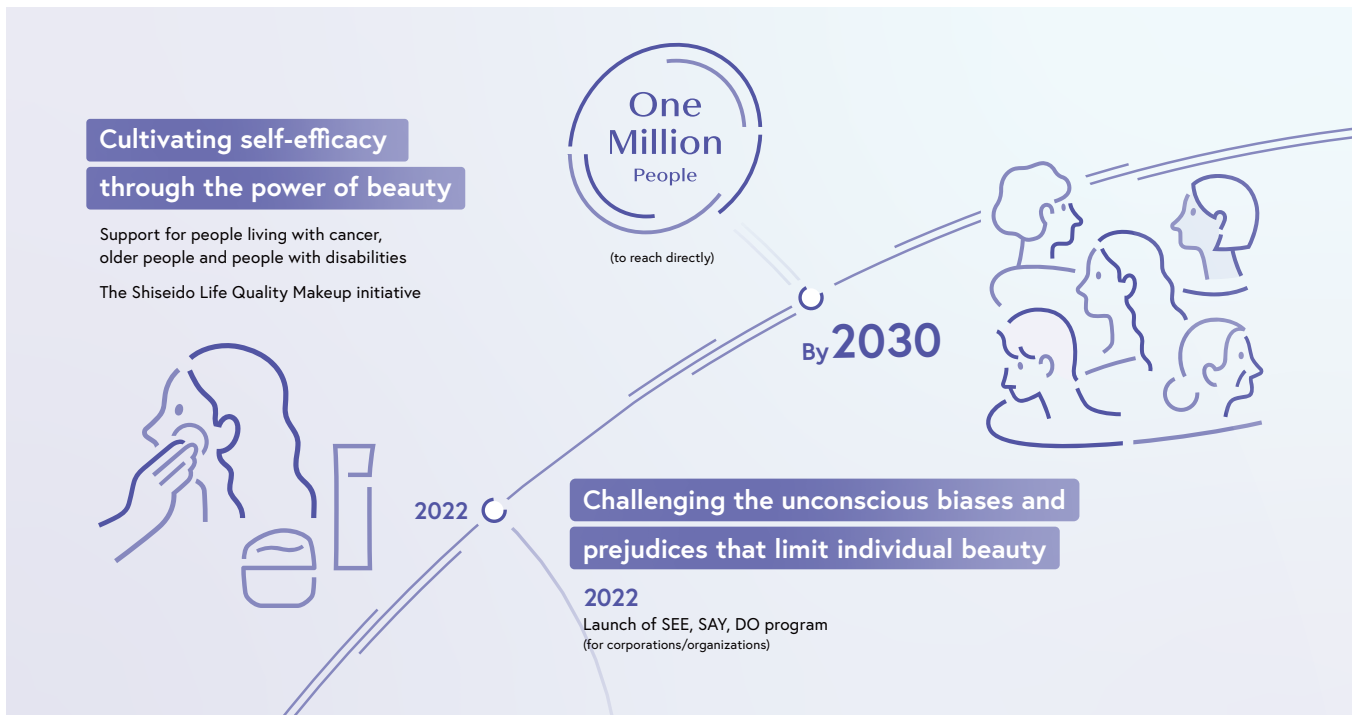
# Empowering People Through the Power of Beauty

There are people everywhere in the world who avoid interactions because of their age, health condition, disability, a change in their physical appearance, and other concerns and hardships. There are also people who feel they have difficulty maintaining social connections because unconscious biases and fixed ideas that they experience everyday hinder their individual expression of beauty. At Shiseido, we advocate the power of beauty as instrumental in mental and physical well-being, as well as social well-being<sup>\*1</sup>. We engage in various activities to achieve a society where everyone feels empowered, confident, and free to be themselves. We are a beauty company that enables diverse beauty, and we strive to eliminate assumptions and prejudices associated with beauty for a world where everyone can celebrate each other's beauty.

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

<sup>\*1</sup> Social well-being is defined as the sustaining of meaningful relationships with society and people.

Medium- to Long-term Targets and Results →



## Cultivating Self-Efficacy

## Through the Power of Beauty

At Shiseido, we take a scientific approach to uncovering the power of beauty to enrich minds, spark joy, and bring happiness to life. This pursuit started in 1956 with the launch of Japan's first makeup product designed to lessen the suffering of wartime burn victims, and we continue to explore ways to harness the power of beauty, such as the development of specialized cosmetics and application techniques to address the changes in a person's appearance from discolorations and scars. We collaborate with various support groups, medical institutions, and local governments in activities that leverage the power of beauty to promote the mental, physical, and social well-being<sup>\*1</sup> of people facing broad skin concerns and challenges.

### Support for People Living with Cancer

With the vision of a society where people with cancer can continue to live their lives in the ways they desire, we continue our global efforts to help them cope with the changes in their appearance associated with medical treatment. Since 2008, we have provided support in appearance care that addresses the visible side effects of cancer treatment. In 2015, we published a booklet for people living with cancer, and several editions have appeared since. In 2022, we introduced an easy guide for all genders illustrating the information and techniques to deal with changes in the skin and looks caused by cancer treatment, called "Appearance Care for Your Confidence and Comfort." In 2023, following the COVID-19 pandemic, we once again began actively conducting appearance care seminars for people living with cancer and we have reached a total of 6,045 people worldwide<sup>\*1</sup>.

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

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

In 2023, Shiseido Japan and Yamagata City entered into the Agreement for the Health Maintenance and Promotion of the Citizens of Yamagata City. Through this agreement, we are joining forces in initiatives to promote the health of residents through the city's programs for cancer and health. In the same year, Shiseido Japan also entered into the Collaboration Agreement for Cancer Control with Tochigi Prefecture and held appearance care seminars for Tochigi residents living with cancer. Tochigi Prefecture and Shiseido Japan are working together to promote the prefecture's measures for cancer with the aim of helping residents live more physically and mentally healthy lives.

[Click here for "Appearance Care for Your Confidence and Comfort"](#) 

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



"Appearance Care for Your Confidence and Comfort"



Delegates from Yamagata City and Shiseido Japan at the signing ceremony



Delegates from Tochigi Prefecture and Shiseido Japan at the signing ceremony

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



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

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

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

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

In 2023, LAVENDER RING MAKEUP & PHOTOS WITH SMILES continued to grow in Japan, and events were held in five areas (Tokyo, Osaka, Aichi, Ehime, and Fukuoka). In addition, we held a special photo exhibit titled "MAKEUP & PHOTOS WITH SMILES" to display the participants' bright smiles and messages at the 31st General Assembly of the Japan Medical Congress held in Tokyo. In summary, since the inception of the program in 2017 until 2023, we have held 30 MAKEUP & PHOTOS WITH SMILES events in partnership with medical institutions and patient groups in Japan, China, Singapore, Taiwan, and Thailand and have welcomed a total of 653 groups of people living with cancer to these events.

[Click here for LAVENDER RING website](#) 

[Click here for MAKEUP & PHOTOS WITH SMILES website](#) 

[Click here for Smiles and Messages from 206 People Living with Cancer](#) 

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

The Shiseido Life Quality Makeup initiative started over 60 years ago. The initiative focused on Japan's first makeup products for people suffering from burn scars from war. Shiseido has been engaged in the research of physical appearance care for birthmarks, burn scars, and the side effects of cancer treatment, as well as the development of beauty information and specialized products. Today, as part of this initiative, Shiseido operates dedicated Life Quality Beauty Centers in Japan, China, Singapore, and Taiwan. At the Shiseido Life Quality Beauty Center in Japan, we are reinforcing its function of providing beauty information to older people and people with disabilities in addition to



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



Event in Taiwan



Makeup session at the event in Taiwan

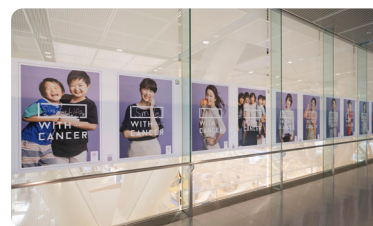
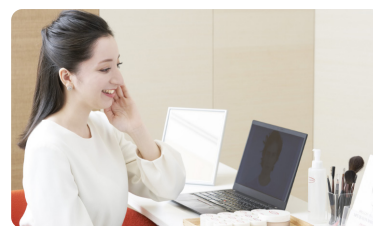


Exhibit at the 31st General Assembly of the Japan Medical Congress



Online appearance care consultation



people dealing with deep skin concerns.

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

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

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

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



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



Consultation at the Shiseido Life Quality Beauty Center (China)



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

## Evolution of *Perfect Cover*

In 1995, Shiseido launched the *Perfect Cover* series designated for Shiseido Life Quality Makeup, which applied optical technology to address blue discoloration (nevi of Ota), red discoloration (hemangiomas), and conspicuous dark spots.

The series has since evolved to meet a wider range of deep skin concerns including vitiligo and uneven skin textures, such as scars and vitiligo.

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



Shiseido Life Quality Makeup for serious skin concerns



*Perfect Cover* products

## Collaborating with Retail Partners and Other Organizations in Support Programs for Older People

Japan is home to the oldest population in the world with its aging rate<sup>\*1</sup> now<sup>\*2</sup> at 29.1%. Japan's Ministry of Health, Labour and Welfare issued guidelines to promote the healthy lifestyles of residents in local communities, and this inspired the creation of support structures for people with cancer and older people nationwide.

Shiseido Japan supports this initiative by reinforcing partnerships with retail partners, support groups, medical institutions, and local governments in different regions of Japan to enrich the social lives of older people. Together, we offer beauty workshops for older people designed to promote a healthy life expectancy. For instance, in Saitama, Shiseido Japan, local Community General Support Centers, and Welcia Yakkyoku Co., Ltd., jointly held 56 workshops for older people at 18 Welcafe locations, the community spaces inside Welcia pharmacies in 2023.

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

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

## Support for People with Disabilities

In the 1980s, Shiseido began developing educational materials to assist consumers with vision impairments or low vision. This included beauty manuals in Braille, Braille stickers for products, and Braille dosage stickers. The Shiseido Listener's Café, an audio-based beauty information website launched in 2002, enjoyed a major renewal in July 2022 to reach a larger audience. The website now features updated videos, and employees with visual challenges join to share beauty tips. As it did before, the website works with text-to-speech (TTS) software and offers beauty advice from Social Area Partners, event information, and other practical information so that people can enjoy the beauty and grooming content.

In 2019, Shiseido Japan developed the Shiseido Guide Makeup for people with visual impairments and added the course to Shiseido Life Quality Beauty Seminars. In 2021, online seminars were enhanced with workshops for people with visual impairments. In 2023, we resumed Guide Makeup seminars after the COVID-19 pandemic in cities across Japan, including Saitama, Hamamatsu, Nagoya, Kyoto, and Hiroshima. These seminars were designed to accommodate both in-person and online attendance. By harnessing the power of beauty, we are committed to promoting a society where people with visual, intellectual, developmental, and other challenges can also live their lives in ways they desire.



Workshop at the Welcafe Kawaguchi Ryoke branch

- \*1 The aging rate is the proportion of a society's population that is comprised of persons aged 65 or older.
- \*2 Based on data published in 2023 by Japan's Ministry of Internal Affairs and Communications
- \*3 Shiseido's cosmetic therapy uses skincare and makeup application techniques to help improve and maintain mental and physical health, quality of life, and healthy life expectancy.
- \*4 As of December 2022
- \*5 CRC: National Federation of Cosmetic Retail Cooperatives.
- \*6 A decline in oral function, including chewing, swallowing food, and speaking. It is considered a key early sign of aging.



Poster for Shiseido Guide Makeup



Guide Makeup workshop at the Association of the Visually Impaired in Nagoya

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

[Click here for The Shiseido Listener's Café \(in Japanese only\)](#)

[Click here for Shiseido Life Quality Beauty Seminars \(in Japanese only\)](#)

## Support for Patients with Xeroderma Pigmentosum

Since 2000, Shiseido has supported people living with Xeroderma Pigmentosum (XP)—a condition characterized by extreme sun sensitivity—through sunscreen donations and seminars led by Shiseido researchers and Personal Beauty Partners.

At these seminars, they explain how to effectively protect the skin to enjoy the outdoors even for patients with XP. Since 2005, Shiseido has also provided financial aid for patient exchange meetings through voluntary donations from participating employees' salaries (Shiseido Camellia Fund). In 2023, to raise awareness and promote the understanding of XP, we invited the Japanese National Network of XP Family Associations to speak about its activities and how it uses donations at Brown Bag, the intranet seminar for Shiseido employees.

[Click here for Shiseido Camellia Fund website](#)



Logo of Shiseido Listener's Café



Support for Patients with Xeroderma Pigmentosum


# Challenging the Unconscious Biases and Prejudices that Limit Individual Beauty

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

## Launch of an Interactive Website and the SEE, SAY, DO Program for Corporations/Organizations

Brand Shiseido, which markets to 88 countries and regions, pursues the Sustainable Development Goals (SDGs) through the Sustainable Beauty Actions project. As part of this initiative, the brand developed the SEE, SAY, DO project<sup>\*1</sup> in September 2022, aiming of building a society where everyone can be who they want to be. A special website was unveiled allowing users to experience UBB. Shiseido also developed the SEE, SAY, DO program for Japanese corporations and organizations to help them discuss UBBs. The program has been well-received because it is eye-opening and informative to know even seemingly harmless, casual remarks can perpetuate UBBs. Partnering with ARROWS Inc., a developer-operator of SENSEI Note, Japan's largest online information exchange platform for teachers, we developed free educational material on unconscious biases and started providing it to teachers upon request in March 2023. Titled "For a World Where Everyone Can Be True, Beautiful Self," the free program can be used during a moral education class to learn unconscious biases and stereotypes that interfere with the students or someone else from staying true to themselves. It facilitates proactive thinking and discussion on how to be who they want to be and feel alive and beautiful. In 2023, 16,875 students across Japan took the program.

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

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



\*1 We conducted an online qualitative survey in ten countries worldwide (Australia, Brazil, China, France, Germany, Italy, Japan, Thailand, the United Arab Emirates, and the United States), collecting 5,000 personal experiences to shed light on UBB around the world before the project.

# Promoting Respect for Human Rights

At Shiseido, respect for human rights is at the core of our DNA. Across our business, we are dedicated to respecting and protecting the rights of our diverse group of stakeholders, including business partners and employees.

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

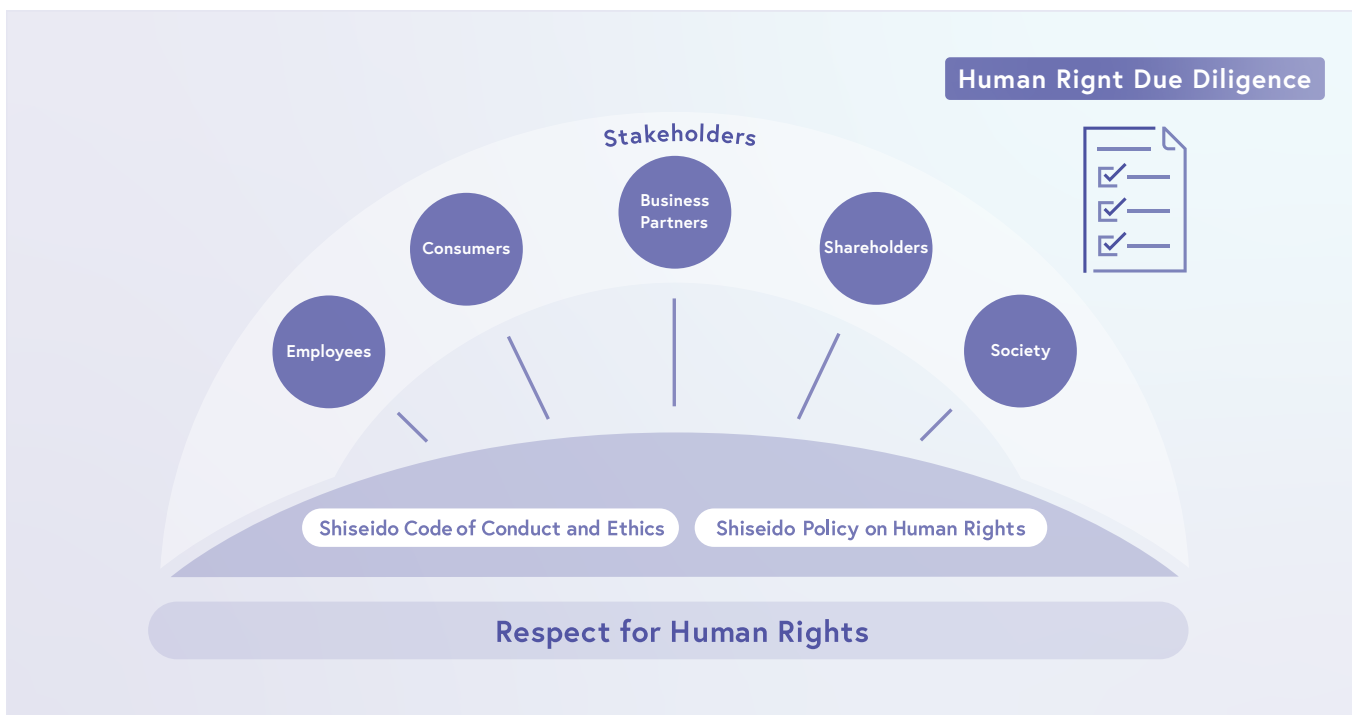
Across Shiseido Group, we have standards and policies in place to guide our actions when it comes to human rights. Based on Shiseido Code of Conduct and Ethics, which defines the mandatory behavior expected of every individual working for Shiseido Group, we ensure that our business is always conducted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



## Respecting Human Rights

Respect for human rights is integral to our working principles. It is part of our definition of running a sustainable business and contributing to the realization of a sustainable world.

Since 2011, we have followed Shiseido Code of Conduct and Ethics (revised April 2022), which stipulate the mandatory behavior expected of every individual working for Shiseido. We have also established Shiseido Policy on Human Rights and have been working closely with our business partners to define and update the principles and policies surrounding ethical business conduct. These are reflected in Shiseido Group Supplier Code of Conduct, which stipulates the standards that govern and direct our behavior on human rights, legal compliance, labor practices, intellectual property protection, confidentiality, environmental protection, and fair trade.

To ensure responsible procurement, we conduct regular assessments and third-party audits, and have in place a rigorous and objective risk identification and remediation process.

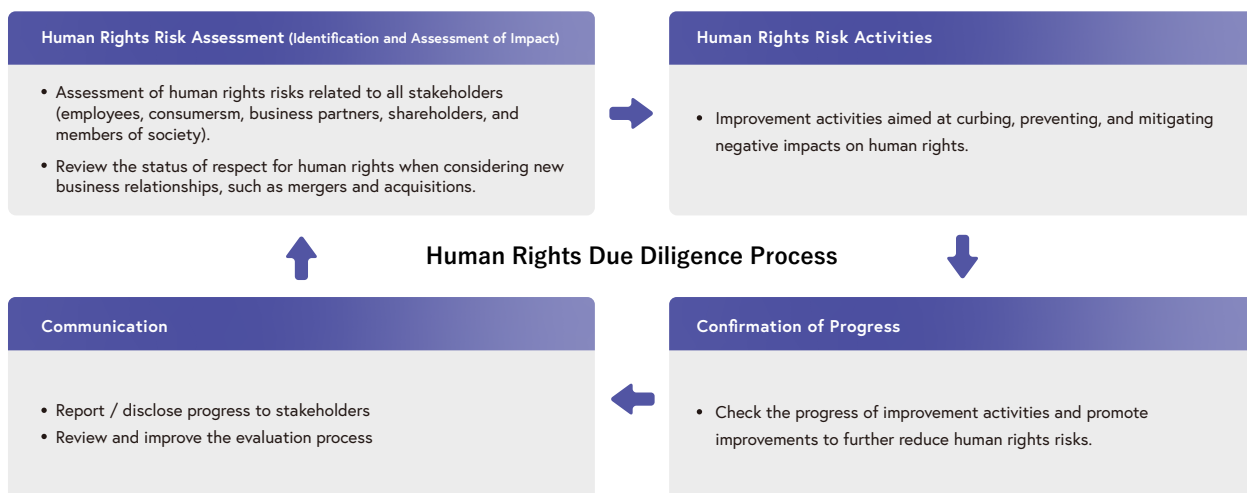
### Human Rights Due Diligence

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

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

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

In any new business relationship, such as mergers and acquisitions, respect for human rights (compliance with personnel and labor issues, employee, and customer safety, etc.) is part of the due diligence process for all investment decisions.





## Human Rights Risk Assessment

In cooperation with external human rights experts, and by referencing international codes on human rights, standards on non-financial disclosures, and the Corporate Human Rights Benchmark (CHRB), we have developed a list of human rights issues to be considered. This list includes labor-related issues, such as forced labor and child labor, as well as a wide range of other human rights issues, such as freedom of association, the right to collective bargaining, and discrimination.

The human rights issues identified above were sorted by relevancy to each Shiseido 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 based on interviews with employees in Japan and overseas, and by investigating internal and external documents. In addition, we evaluated the risk of each human rights issue based on the status of Shiseido's implementation of preventive and corrective measures.

After assessing our value chain, we identified a number of human rights risks: "discriminatory actions/expressions", "violation of compliance/fair competition", "personal/confidential information leakages", "employees' personal data and privacy", "incomplete supplier management", "occupational safety and health issues (work-related accidents)", "breach of working hours, breaks, and rest periods (overtime-work)", and "harassment and abuse".

In 2023, we conducted a human rights risk assessment as part of our periodic review of our risk map regarding potential human rights issues. Two of our factories in Japan were surveyed by a human rights NGO to assess the working environment, which included interviews with migrant workers (indirectly hired employees). Although no significant human rights risks were found, we will continue to conduct investigations to identify potential human rights risks and continuously improve our working conditions.

## Measures for Mitigation and Correction of Human Rights Risks

The above areas identified through the human rights risk assessment have been consolidated into six categories for each area of responsibility of the Executive Officer<sup>\*1</sup>.

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

We assigned executive officers to those categories of human rights to engage them in activities for stopping, preventing, and mitigating negative impacts on human rights. Human rights issues of employees are managed by the Human Resources and Risk Management departments, and those of suppliers and contracted manufacturers are handled by the Supply Network Division.

In the training provided for managerial positions on harassment and ethics, regular training and education are conducted about Shiseido Code of Conduct and Ethics and related policies and rules according to positions and job types to deepen our employees' understanding of the human rights and to work to reduce human rights risks. Training sessions for top-level employees including the Global Headquarters officers and department directors in Japan, those for

\*1 In no particular order

division/department heads of domestic and overseas offices, those for employees in various divisions/departments, and those for new employees are held.

If improper acts or the like are revealed, we stop such acts immediately and implement corrective measures and reoccurrence prevention measures rapidly in cooperation with the relevant companies, offices, and divisions/departments. We also take disciplinary action against employees who have been involved in such acts in accordance with employment regulations and internal rules. If any cases of disadvantageous treatment, harassment, etc. toward whistleblowers or consulters are identified, we take appropriate relief/restoration measures immediately in cooperation with the relevant companies, offices, and divisions/departments, and take strict measures including any disciplinary punishment against the persons who have engaged in such disadvantageous treatment or harassment. If the case may pose a risk to our business management, it is promptly reported to management from the divisions/departments. Any serious compliance-related concern is reported to management of the Global Risk Management & Compliance Committee and/or HQ/SJ Compliance Committee, and we work to eliminate the concern immediately and implement corrective measures and reoccurrence prevention measures rapidly in cooperation with the relevant companies, offices, and divisions/departments.

## Grievance Mechanism

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

Globally, we have established whistleblowing and consultation hotlines at each regional affiliate for employees to voice their concerns about or report on words and/or actions which are or may be unethical or in violation of laws in the relevant countries/regions, the internal rules, and the Shiseido Code of Conduct and Ethics. At Company headquarters, the Shiseido Global Hotline has been established to receive reports directly from any employee in the Shiseido Group.

The hotline system in Japan consists of the Shiseido Hotline that deals with general workplace issues and whistleblowing, as well as Shiseido Group Whistleblowing report to Audit Committee to Audit and Supervisory Board Members for reports from Japan and overseas relating to directors, executive officers, and hotline staff members.<sup>\*1</sup> All these hotlines accept anonymous whistleblowing and consultations.

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

[Click here for our human rights initiatives.](#)

[Operating Performance of Hotlines/Helplines](#)

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

# Diversity, Equity and Inclusion (DE&I) of Employees at Shiseido

At Shiseido, we regard our people, who constitute the ultimate source of corporate value creation as our greatest asset. We have continued to evolve our people programs in line with our PEOPLE FIRST philosophy, believing that our corporate value will be enhanced by investing in our people. Under our corporate mission of BEAUTY INNOVATIONS FOR A BETTER WORLD, we strive to develop a corporate culture of mutual recognition and respect of differences among people.

To do this, we facilitate discussions on the creation of new value worldwide, such as irrespective of gender, age, and nationality. We position diversity, equity and inclusion (DE&I) as one of the most important elements of our management strategy, aiming to have – each person - continue to create innovations through meaningful interactions.

Medium- to Long-term Targets and Results →

## Promotion of diversity, equity and inclusion (DE&I) of employees at Shiseido

- Advancing empowerment of women and gender equality at Shiseido
- Increasing the percentage of male employees taking childcare leave
- Developing diverse professionals
- Support for active participation of employees with disabilities



## Initiatives for having employees work with good health

Health and safety of employees

**2019**

Shiseido Health Declaration

**2022**

Shiseido Vision Zero Declaration (Safety Declaration)



## Promotion of Diversity, Equity

## and Inclusion (DE&I)

Taking the positives from employees' differences and creating new value is essential to the sustainable growth of the company. At Shiseido, we aim to create an organizational culture where people with diverse values fully actualize their individual capabilities and continue to create innovations regardless of their attributes. Therefore, we position diversity, equity and inclusion (DE&I) as a key element of our management strategy.

### Advancing Empowerment of Women and Gender Equality at Shiseido

We understand that there are many global social issues that remain to be solved in the area of gender equality, particularly in women's empowerment. Japan especially is facing many issues that need to be addressed. At Shiseido, we are advancing a number of initiatives aimed at achieving the same level of women's empowerment that has been achieved in other developed countries.

More than 80% of Shiseido Group employees are women, with 58.8% of women across our global organization in leadership positions. Moreover, 40.0%<sup>\*1</sup> of our directors and auditors are women; in Japan women fill 40.0%<sup>\*2</sup> of leadership positions. We believe that empowering women can help spark innovation and in turn promote further growth at Shiseido, allowing employees to fulfil their potential. To drive this, we aim to increase the percentage of women in leadership to 50% by 2030 to fairly represent gender equality.

For many years at Shiseido Japan, we have offered and promoted a wide range of systems and support measures for women's life events. Since the early 1990s—even before the introduction of childcare and family care laws—we implemented childcare leave and shortened working hour systems. We have opened two in-office childcare facilities — KANGAROOM Shiodome in 2003<sup>\*3</sup>, and KANGAROOM Kakegawa in 2017 — for Shiseido employees, as well as local businesses and residents. Further, to provide flexible childcare in line with diverse workstyles, in April 2023 we opened KANGAROOM+, a comprehensive childcare facility offering mainly babysitting services. In addition to ensuring more freedom of time and place by offering one-on-one childcare instead of group childcare, the scope of services has been extended to include elementary school students. The aim is to cater to the problems that parents face when their children enter elementary school first grade.<sup>\*4</sup>

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

In the area of people development and leadership, we hold a women's leadership development program called NEXT LEADERSHIP SESSIONS for WOMEN. In 2023, 64 women participated in the program, where they learned



In-house daycare nursery, KANGAROOM Kakegawa



NEXT LEADERSHIP SESSION for WOMEN

\*1 As of the end of January 2024

\*2 As of the end of January 2024

\*3 KANGAROOM Shiodome (our in-house nursery) was closed in line with the transition to KANGAROOM+

\*4 While nursery schools look after children from morning until night, elementary schools finish in the afternoon, meaning that some parents have to begin working shorter hours when their children start school.

important management and business skills while discovering their own unique leadership styles. In the seven years since its launch, 47% (114) of the 241 program participants (excluding retirees) have been successfully promoted. Further, to increase the ratio of women in management positions to 50%, we expanded to three new programs for candidates for next Group Managers, Department/Division Heads and Executive Officers, reinforcing our leadership pipeline to steadily develop the next generation of leaders.

Between 2020 and 2023, a total of 165 women from various fields including Sales, Production, and R&D, have taken part in Speak Jam, a mentoring program linking with executive officers<sup>\*5</sup>.

We are working to improve our workplace environments to create comfortable workplaces not only for women, but for employees with many different attributes. To ensure health, safety, job satisfaction and security, we are implementing various workstyle revisions. These include flextime with no core hours, remote work (Shiseido Group in Japan), and the introduction of "Shiseido Hybrid Work Style," an innovative new arrangement that allows employees to combine in-office work with remote work to maximize productivity.

In 2022, we set up the Women's Health Project, with the leading role played by the People Division. In this project, each employee obtains and understands accurate information about health issues in accordance with their lifestyle, enabling them to take autonomous health actions. We took steps to improve health literacy by adopting themes under the three-year medium-term plan started in 2023. Those initiatives were aimed at deepening understanding of life stage-related health issues specific to women — who constitute more than 80% of the human resources of the overall Group — among all employees regardless of age, position, and gender in order to foster a corporate culture that encourages open, companywide discussion of the issues. A total of about 600 employees participated in the events in 2023. The satisfaction levels of understanding of participants exceeded 90% in all of the events. Further, the events were held in open spaces, so they attracted participants from the general public in addition to our own employees.

In addition, about 8,000 Personal Beauty Partners — of whom approximately 90% were women — participated in online menopause seminars and viewed online talks by executives. They thus received e-learning to acquire basic knowledge on cancers specific to women and support for balancing cancer treatment and work. These initiatives to have each Beauty Consultant acquire basic knowledge on menopause are aimed at not only enhancing the wellness of the Beauty Consultants themselves, but also enabling them to better serve customers experiencing menopause.

\*5 Previously corporate officers (name changed in 2021)

[Click here to find out more about NEXT LEADERSHIP SESSION for WOMEN](#) 

## ■ Increasing the Percentage of Men Taking Childcare Leave

Shiseido has been improving the workplace environment for all employees, regardless of gender, with the aim of enabling them to balance work and childcare. Childcare is a valuable experience that helps people see things from diverse points of view and offers various insights, thereby serving as a catalyst to broaden one's perspective in life and work. At the same time, allowing each

employee to achieve their career goals —regardless of their gender and even while raising children — will help develop an organizational culture where employees work energetically and with passion. It also accelerates our diversity-oriented management.

We aim to build a workplace environment that permits all employees to design their life and career on their own, in their own unique ways. We reached the goal of having 100% of men use childcare leave by the end of 2023 in the company.

## Developing Diverse Professionals

At Shiseido, to ensure we can provide value that is suited to each one of our consumers, we aim to create an organization where employees can independently acquire the expertise and skills to drive innovation and continue to achieve growth.

### ■ Career Ownership Development Enabled by a Job-Based Personnel System

To allow diverse professionals in the world to fully demonstrate their capabilities, we introduced a job-based personnel system in Japan in 2021. We have established an array of systems that enable each employee to develop their career in a self-directed manner, by clarifying job content and the required professional skills of each department. Several times a year we host workshops for managers on how to use performance management to develop their team members. As our global initiative, in 2022 we began to introduce the Global Grade System in countries as a common framework for the Shiseido Group worldwide, aiming to facilitate cross-border career development. We also release international job postings throughout the year to offer as many career development opportunities as possible. At Shiseido Group in Japan, we are rolling out career-related workshops and e-learning programs, with 4,770 employees receiving the training by 2023. In November 2023, we held an online event on career and skills by inviting a university professor, with participation of approximately 300 employees.

### ■ Training Programs for Enhancing Professional Knowledge and Skills

We run a number of open training programs available for whoever wants to take them, to encourage employees to develop their careers on their own and enhance their professional knowledge and skills. We have launched LinkedIn Learning as a platform for self-directed learning for all employees. As of the end of 2023, approximately 7,000 employees worldwide were using it. Other training programs we provided include business skills training, MBA dispatch, and Sales Academy and Marketing Academy, for enhancing professional knowledge and skills.




## Various Mentoring Programs to Take Ownership of their Own Careers

In 2017, we introduced a reverse mentoring program, in which employees serve as mentors of department managers and officers. By 2023, 1,040 people had participated in this program. Open discussions between employees as mentors and management as mentees serve as opportunities for interactions and learning for a diverse range of employees who differ in gender, nationality, age, career, and other attributes.

In 2022, we introduced the Career Mentoring Program to have employees develop their medium- to long-term career plans on their own. By 2023, 452 employees had participated in this program. This program allows employees to appoint management personnel other than their own superiors as their mentors. Superiors give feedback from perspectives that differ from what they might receive on a daily basis. This led some employees to apply for internal job postings. With this and other outcomes, the program serves as an opportunity to cultivate career options.

## Support for Active Participation of Employees with Disabilities

At the Shiseido Group, around 400 employees with diverse disabilities are employed in various workplaces where they demonstrate their respective talents. At Hana Tsubaki Factory, which has nine branch offices nationwide, including offices in Tokyo and Osaka, the majority of employees have intellectual disabilities. We have set "Serious Expectations" as one of its employment policies. Many colleagues with disabilities are working as full-time employees (FTEs) under the same personnel system that is applied to employees without disabilities. Disabilities are considered on an individual basis, in principle, and ample measures are taken in both tangible and intangible aspects of the work environment. Further, in the SWING Project to Increase Job Options for Employees with Visual Impairments that was launched in 2019, a new job category named "online sales and marketing" was created based on a proposal made by employees with visual impairments themselves. We built systems and frameworks that permit visually challenged people to work and continued recruitment activities for three years from 2021. A total of four new employees with visual impairments, including one who joined in 2023, were appointed as salespeople in the three years. In addition to taking internal initiatives, in 2021 we joined The Valuable 500, an international initiative to support the full and effective social participation of people with disabilities.

[Click here for Shiseido' policy on employment of persons with disabilities. \(in Japanese only\)](#) 



Employee with visual impairments working in sales



# Initiatives for Having Employees Work with Good Health

## Health and Safety of Employees

It is our mission to realize a sustainable world through beauty. To accomplish this, we must create a work environment where all employees can work safely. To support the health and safety of our employees, we established the "Shiseido Health Declaration" and the "Shiseido Vision Zero Declaration (Safety Declaration)". The Representative Corporate Executive Officer, Chairman and CEO is responsible for managing employee health. He is also responsible for the creation and maintenance of healthy, safe workplaces by setting KPIs and leading occupational accident countermeasure committees.

### Shiseido Health Declaration

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

### Shiseido Vision Zero Declaration (Safety Declaration)

"Our vision is to achieve zero lost time accidents by creating an environment for employees to work healthily and safely."

[Click here for Health and Safety of Shiseido Group](#)

## Developing Next-Generation Management Leaders at Shiseido Future University

In November 2023, we opened Shiseido Future University (SFU), a facility for developing next-generation management leaders, in Ginza, the place where Shiseido was founded. The first president of this university is Masahiko Uotani, the Representative Corporate Executive Officer, Chairman and CEO. Shiseido Future University aims to develop leaders with a sense of beauty and richness of spirit appropriate for a beauty company — along with cutting-edge, globally competitive business knowledge — for the purpose of creating value and innovations that are unique to Shiseido. SFU runs original leadership programs mainly for people identified as next-generation management leaders, who are selected from among Group companies worldwide. The concept of the university is "Inspired by our Heritage & Building Our Future." The university develops human resources into management leaders who set visions on their own, enhance corporate value from a long-term perspective, and drive innovation while being inspired by the founder's thoughts as well as the DNA and heritage of Shiseido that have been passed down over 150 years.



Wellness Support Group, an organization that promotes good health and safety among employees



Shiseido Future University in Ginza



Global leadership training

# Social Contribution

## Employee's Social Contribution Activities

Shiseido aims to realize a sustainable world where everyone can experience happiness through the power of beauty. We believe it is important for each employee to think about social and environmental issues and consider ways in which we can address them. Based on our sustainability strategies, we encourage employees to participate in voluntary social contribution activities across the fields of society and the environment. For example, in Japan, EMEA, Americas, Asia Pacific and Travel Retail, schemes have been established to allow employees to take part in social contribution activities during working hours.

## Employees Around the World Make Social Contributions on "Shiseido Camellia Day"

Every year since 2017, Shiseido has hosted "Shiseido Camellia Day" in EMEA — a day dedicated to employees making social contributions. We expanded this initiative to all regions in 2021, and held "Shiseido Camellia Day" again in 2023. This day is aimed at bringing employees who volunteer during working hours together to share their civic engagement, passions, and skills for the benefit of the associations in their regions.

In 2023, we resumed in-person activities, and employees around the world participated in various activities tailored to the needs of their local communities.

In Shiseido EMEA, more than 960 employees from countries such as Belgium, Germany, France, Italy, Spain, Switzerland, and the United Kingdom participated in programs to promote environmental conservation, Diversity, Equity, and Inclusion, and cultural and heritage education. They used their skills and their knowledge to contribute to their local communities. In Italy, we provided mental support with makeup for women receiving cancer treatment, in collaboration with "La Forza e il Sorriso," a cancer patient support organization that has built a cooperative relationship with us over many years. Our initiatives in other regions include activities for conserving green zones in urban areas and support for "Association La SAUGE," which drives agricultural activities while protecting ecosystems.

In Shiseido Americas, more than 1,200 employees from across the region volunteered to participate in social contribution activities in the United States, Canada, and Brazil, respectively, under the theme of "Power of Community." Through "THE BEAUTY OF HELPING OTHERS" program, in which employees take part in social contribution activities throughout the year, Shiseido Americas partnered with 16 different non-profit organizations to host more than 22 events across the United States and Canada. Volunteers cleaned beaches and collected plastic waste in California, Florida, and Canada, and engaged in a number of activities to protect the global environment in New York, New Jersey, Ohio, Texas, and Brazil, thus giving back to their communities.

In Asia Pacific and Travel Retail, more than 700 employees from countries and regions such as Singapore, Taiwan, Thailand and Vietnam participated in social contribution activities for a week.

In Singapore, more than 150 employees participated in various volunteer



Makeup support being provided in Italy



Beach cleaning activities in Florida

activities supporting six local charity partners. The activities ranged from mentoring underserved youths to supporting marginalized women. Employees also distributed food packs, which also contained daily commodities and other essential supplies, to households needing support.

In Taiwan, employees collaborated with Taipei Women's Rescue Foundation to create a Camellia Gift Box for Christmas. The gift box was created with the aim of providing comprehensive aid supplies with an extensive lineup of donation items, including not only Shiseido products but also daily necessities, stationery, and sweets. With a handwritten Christmas message attached, the gift box was used to support more than 600 individuals in need. In addition to the above, we engaged in activities in each region. They included providing makeup services and grooming tips for working mothers, sponsorship of scholarships for of students, and beach cleanup activities.

## Shiseido Camellia Fund

The "Shiseido Camellia Fund" is backed by charitable contributions from current and retired Shiseido Group employees. It supports NPOs working to solve social issues. The "Shiseido Camellia Fund" began in Japan in 2005 and expanded to EMEA, Americas, Asia Pacific and Travel Retail in 2020. It supports initiatives tailored to the needs of each region across the fields of society and the environment. This includes initiatives in the areas of women's empowerment, children's education, environmental conservation, and disaster relief.

[Read more about Shiseido Camellia Fund](#) 

## Support for Ukraine

At Shiseido, we express our commitment to building a peaceful and healthy society and support international students from Ukraine as future leaders of the country under our corporate mission of "BEAUTY INNOVATIONS FOR A BETTER WORLD." In March 2022, we donated 1 million euros (approximately 130 million yen) through the United Nations High Commissioner for Refugees (UNHCR) to be used for the immediate aid of the evacuees, and also provided skin care products and daily necessities. We also implemented a donation-matching scheme and organized a system to accept voluntary employee donations wherever Shiseido operates (approximately 60 million yen). Our Osaka Ibaraki factory in Japan hired two Ukrainian evacuees to provide them with a safe working environment. We hosted the Shiseido Charity Concert "MUSIC for PEACE" at Suntory Hall<sup>\*1</sup>, the proceeds (approximately 30 million yen) from which were donated to Pathways Japan<sup>\*2</sup>. Additionally, we offered funding to help cover the living expenses of five Ukrainian international students studying at ICU (International Christian University), so that they can concentrate on their studies.

In 2023, we provided five students from Ukraine with the tuition fees needed until their graduation. We also engaged in various activities to help approx. 100 Ukrainian students live and develop their careers in Japan, such as participating in events for recruiting evacuees to share knowledge with other companies and offering the students advice on job hunting and career development. In the future, the Shiseido Group and its employees will continue to work with humanitarian organizations around the world to provide long-term support for Ukrainian evacuees.



Food packs being prepared in Singapore

\*1 Co-sponsored by Suntory Holdings Limited, Seiko Holdings Corporation, Daiwa Securities Group Inc., and Tokio Marine & Nichido Fire Insurance Co., Ltd., with the collaboration of Dentsu Inc.

\*2 An organization that aims to pave the way for refugees through education, and accepts refugees into Japan.

# GOVERNANCE

## Corporate Governance Policy

The Shiseido Group including the Company has established "BEAUTY INNOVATIONS FOR A BETTER WORLD" as OUR MISSION in its Corporate Philosophy THE SHISEIDO PHILOSOPHY, and defines the corporate governance as our "platform to realize sustainable growth through fulfilling OUR MISSION".

The Company is committed to maintaining and improving management transparency, fairness and speed, by putting

into practice and reinforcing the corporate governance, and strives to maximize medium- and long-term corporate and shareholder value through dialogues with all stakeholders, "employees," "consumers," "business partners," "shareholders," and "society and the Earth." In addition, while fulfilling social responsibilities, the Company aims to achieve optimized distribution of values to respective stakeholders.

## Corporate Governance System

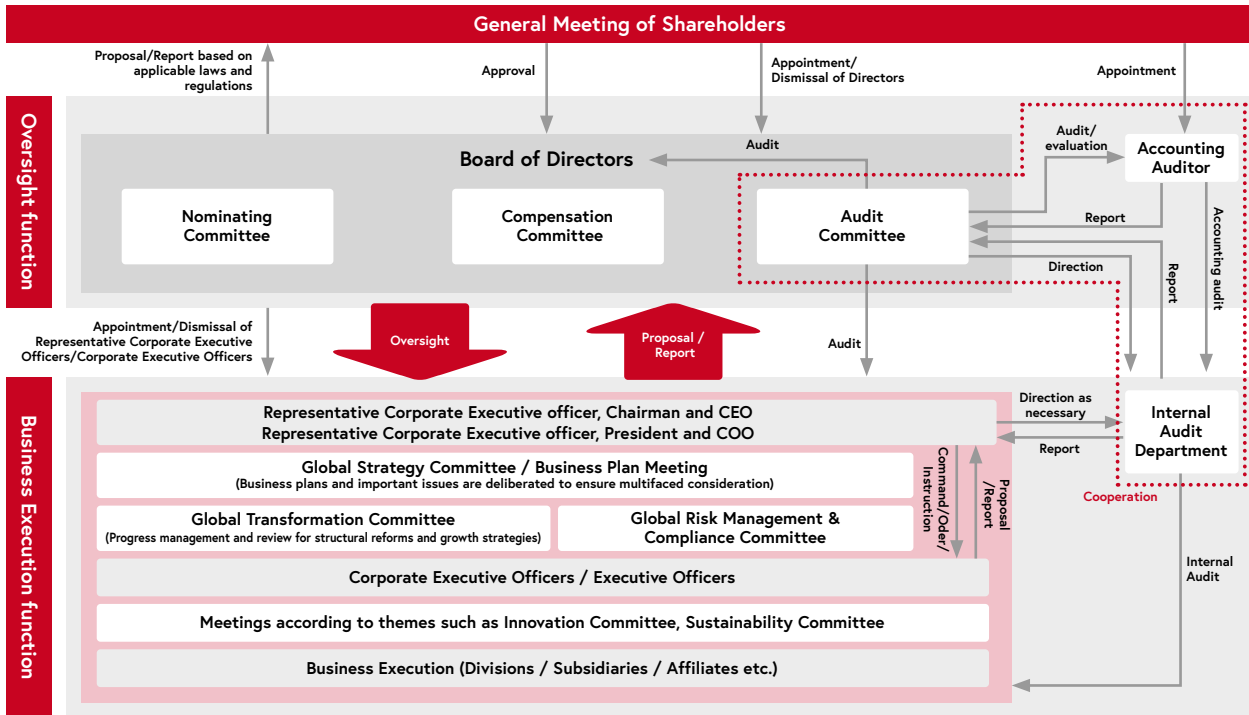
### Transition from a "Company with an Audit & Supervisory Board" to a "Company with Three Statutory Committees"

The Company has long been committed to improving the corporate governance through a range of initiatives including the adoption of governance system aligned with the "monitoring board-type system" where the board is putting more focus on oversight responsibilities to ensure transparency and fairness in governance practice, while ensuring effective strategic planning and timely execution thereof. Now, we take this effort a step further, the Company has transitioned to a Company with Three Statutory Committees in order to maximize corporate value based on resolution of the Ordinary General Meeting of Shareholders held on March 26, 2024.

Under this structure, by clearly separating the functions between management oversight and execution of the Company's business while strengthening each of these functions, the Company ensures effective implementation of its strategies even in the increasingly volatile business environment.

The oversight function of the Board of Directors will be reinforced by focusing on determining the basic management policy and management strategy while overseeing the implementation thereof in order to accelerate the overall business execution of the Company in a rapidly changing environment. Nominating Committee and Compensation Committee, each composed solely of Independent Directors are responsible for appointment of Directors and remuneration of Directors and Corporate Executive Officers with fairness, transparency, and objectivity for successful implementation of our business strategy. Furthermore, with the strengthened function of the Internal Audit Department, the Audit Committee conducts highly effective audit, whereas Corporate Executive Officers and Executive Officers are responsible for the execution of the Company's business through an accelerated decision-making process under the direct supervision of Representative Corporate Executive Officers.

The following is the Company's corporate governance framework:



In addition to the above structure, with the recognition that promoting of the Three Lines Model contributes to strengthening corporate governance, the business department on the first line, the function department of the global headquarter 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.

[Read more](#)

### Diversity of Directors

The Company believes that its Board of Directors should be composed of Directors with various viewpoints and backgrounds in addition to diverse and sophisticated skills, required for effective oversight of the execution of business.

When selecting candidates, we place importance on ensuring diversity, taking into account not only gender equality, but also other attributes such as age, nationality,

race, personality, and insights and experiences in various fields related to management. In addition, the Company has set a certain maximum term of office for External Directors in order to reflect their independent views to the management of the Company, and allows a handover period from long-serving External Directors to newly appointed ones to ensure appropriate transition.

[Read more](#)



## Remuneration for Directors and Corporate Executive Officers

The Company regards the remuneration for Directors and Corporate Executive Officers as an important matter for corporate governance. For this reason, in accordance with the basic philosophy, the Directors and Corporate Executive Officers remuneration structure is deliberated and decided in the Compensation Committee chaired by an External Director to incorporate objective points of view.

The remuneration of Corporate Executive Officers (including those who concurrently assume the position of Directors) comprises "basic remuneration" as fixed remuneration as well as "annual incentive" and "long-term incentive-type remuneration (non-monetary remuneration)" as

performance-linked remuneration, and the Company sets remuneration levels by benchmarking peer companies in the same business industry or in the similar business size inside or outside Japan and by taking the Company's financial condition into consideration. The remuneration of individual Directors and Corporate Executive Officers are determined after deliberations by the Compensation Committee.

In addition, External Directors who are independent from business execution and Directors who are the members of the Audit Committee receive only basic remuneration, as variable remuneration such as performance-linked remuneration is not appropriate.

[Read more](#)

## Succession Plan for CEO

The selection of candidates of successor for the CEO and the development of the succession plan are carried out by the Nominating Committee with the cooperation of the incumbent CEO. The CEO and the Nominating Committee formulate the succession plan based on the Company's business environment from a medium-to-long-term perspective upon sufficient discussions on various viewpoints such as the qualifications for a CEO, policies for the selection of a successor, and his or her training policies. The progress of the formulated succession plan is regularly reported to the Nominating Committee, which monitors its status of implementation.

Regarding selection of specific candidates for the CEO, the Nominating Committee receives full reports from the CEO about the candidate from various perspectives and engage in discussions. Additionally, the Nominating Committee members themselves conduct interviews and exchange opinions with candidates, evaluating them from an

independent standpoint while considering the management challenges of the Company. Furthermore, when actually selecting the CEO's successor, the Nominating Committee thoroughly deliberates on matters such as the final candidate and their selection process before making recommendations. The Board of Directors then makes the final decision on the appointment.

In 2019, the Company developed a five-year succession plan framework for the CEO. In accordance with this framework, a CEO successor was selected over a period of three years and a successor was approved in November 2022. The Company aims to realize a smooth CEO succession and strengthen its management structure by making the successor have ample time to take on the responsibility to lead the Company in cooperation with the incumbent CEO. We will continue to conduct objective monitoring by external directors and execute the succession plan for a smooth transition.

[Read more](#)

# External Evaluations

## Major ESG Indexes

## Selection Status

[Click here for External Evaluations of Shiseido Corporate Website](#)

Shiseido received positive evaluations from Socially Responsible Investment (SRI) evaluation institutions of countries worldwide and was selected for inclusion as a constituent company for SRI indexes, which take account of companies that are highly trusted by society in terms of ethics, environment, employment and safety in their operations, in both Japan and overseas.

### Global

Member of  
**Dow Jones Sustainability Indices**

Powered by the S&P Global CSA

Dow Jones Sustainability World Index (DJSI World) Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific)

[Read more](#)



**FTSE4Good**

FTSE4Good Index Series

[Read more](#)

### Japan



**FTSE Blossom Japan**

FTSE Blossom Japan Index

[Read more](#)



**FTSE Blossom Japan Sector Relative Index**

FTSE Blossom Japan Sector Relative Index

[Read more](#)



**S&P/JPX Carbon Efficient Index**

S&P/JPX Carbon Efficient Index

[Read more](#)



**Sompo Sustainability Index**

SOMPO Sustainability Index

[Read more](#)



Japan ex-REIT Gender Diversity Tilt Index

**TOP CONSTITUENT 2024**

Morningstar Japan ex-REIT Gender Diversity Tilt Index\*1

[Read more](#)

\*1 Calculation started in March 2023

**2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX**

MSCI Japan ESG Select Leaders Index

[Read more](#)

**2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)**

MSCI Japan Empowering Women Index (WIN)

[Read more](#)

## Evaluation of Sustainability and

## Collaboration with External Organizations

### Evaluation

Included in the Dow Jones Sustainability World Index and Dow Jones Sustainability Asia Pacific Index for the Third Consecutive Year

[News release](#)

Included in the MSCI Japan ESG Select Leaders Index  
Receives "AA" from MSCI ESG Rating

[News release](#)

Recognized as Certified Health & Productivity Management Outstanding Organization (White 500)

[News release](#)

Ranked No. 1 Overall for third consecutive year in 100 Best Companies Where Women Actively Take Part

[News release](#)

Recognized as Excellent Company for Promoting Cancer Control

[Read more \(in Japanese only\)](#)

Shiseido Headquarters Shiodome Office achieves highest "S-Rank Evaluation" in "CASBEE-Wellness Office Certification"

[News release](#)

Awarded first double A rating from CDP

[News release](#)

Selected as a "Nadeshiko Brand" for the fourth consecutive year

[News release](#)

Wins first place in Forbes JAPAN WOMEN AWARD 2023's "Corporate Ranking"

[News release](#)

Receives its first "Promotion Award" at Women's Health Management® Awards

[News release](#)

Shiseido Future University receives LEED Gold® Certification

[News release](#)

Received the Encouragement Award in the 20th LCA Japan Forum Awards

[Read more \(in Japanese only\)](#)

### Collaborations with external organizations

RE100

[News release](#)

**RE100**

SBT

[News release](#)



# Sustainability Data

## Environmental Data

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

Assurance Statement for Environmental Data [424KB] 

## CO<sub>2</sub>

### Scope 1,2 <sup>\*1</sup> (t)

	2019	2020	2021	2022	2023
Total	78,750 ●	72,458 ●	65,481 ●	46,439 ●	34,722 ● <sup>*3</sup>
Coverage(%) <sup>*2</sup>	96.8	100.0	100.0	100.0	100.0
Scope1	27,036 ●	25,968 ●	28,744 ●	23,912 ●	21,105 ●
Coverage(%) <sup>*2</sup>	95.0	100.0	100.0	100.0	100.0
Scope2	51,714 ●	46,490 ●	36,737 ●	22,527 ●	13,617 ●
Coverage(%) <sup>*2</sup>	98.0	100.0	100.0	100.0	100.0

<sup>\*1</sup> Targeting energy-derived CO and the performance data was calculated based on the GHG Protocol. Scope 2 was based on the market-based method.

<sup>\*2</sup> At all sites.

<sup>\*3</sup> Total emissions after the deduction of carbon credits (for ●3,581 t) is 31,141 t

### Scope 3 <sup>\*1</sup> (t)

	2019	2020	2021	2022	2023
Total	2,770,000	2,540,000	1,520,000	1,510,000	973,000
Category 1 Purchased goods and services	644,000 ●	528,000 ●	953,000 ● <sup>*2</sup>	931,000 ●	509,000 ●
Category 2 Capital goods	231,000	246,000	225,000 ●	150,000 ●	139,000 ●
Category 3 Fuel and energy related activities	15,600	13,200	12,600	9,500	9,740
Category 4 Upstream transportation and distribution	110,000	85,400	51,600 ● <sup>*4</sup>	67,500 ●	37,200 ●
Category 5 Waste generated in operations	20,700	33,000	15,100 ●	15,500 ●	13,900 ●
Category 6 Business travel	14,700	1,600	900	2,400	9,460
Category 7 Employee commuting	5,200	6,200	8,500	7,500	7,990
Category 8 Upstream leased assets	0	0	0	0	0
Category 9 Downstream transportation and distribution	—	—	—	87,000 ● <sup>*3</sup>	74,300 ●
Category 10 Processing of sold products	0	0	0	0	0
Category 11 Use of sold products	1,580,000 ●	1,540,000 ●	134,000 ● <sup>*4</sup>	143,000 ●	108,000 ●
Category 12 End of life treatment of sold products	148,000 ●	82,900 ●	118,000 ●	94,600 ●	59,400 ●
Category 13 Downstream leased assets	0	0	0	0	0
Category 14 Franchises	0	0	0	0	0
Category 15 Investments	—	—	—	2,800 <sup>*3</sup>	4,940

<sup>\*1</sup> Used IDEA v2 and ecoinvent v3.8 as CO<sub>2</sub> calculation basis database.

<sup>\*2</sup> Emissions from land-use change related to the procurement of raw materials and ingredients were taken into account from 2021.

<sup>\*3</sup> Downstream transportation & distribution and Investments were taken into account from 2022.

<sup>\*4</sup> Excluding the sold business and brands.

Calculation method [PDF : 586KB] 

## Scope 1,2,3 Total (t)

	2019	2020	2021	2022	2023
Total	2,848,750	2,612,458	1,585,481	1,556,439	1,008,126

## Avoided CO<sub>2</sub> emissions (t)

Each stage of the value chain	Avoided CO <sub>2</sub> emissions
Procurement	2,900
End of life	1,300
Total	4,200

## Energy (MWh)

	2019	2020	2021	2022	2023
Energy consumption	289,280	298,589	322,527	304,962	239,863 <sup>*4</sup>
Coverage(%) <sup>*1</sup>	96.8	100.0	100.0	100.0	100.0
Electric power	115,228	127,188	137,881	141,841	127,305
Gas <sup>*2</sup>	122,636	128,568	139,424	109,953	58,413
LPG	2,771	2,552	2,370	2,559	1,778
Fuel <sup>*3</sup>	24,358	16,146	20,181	20,436	24,129
Steam	24,286	24,135	22,671	30,172	28,239

<sup>\*1</sup> At all our sites.

<sup>\*2</sup> Total consumption of city gas and natural gas.

<sup>\*3</sup> Total consumption of gasoline, kerosene, diesel oil and fuel oil.

<sup>\*4</sup> Non-renewable energy consumption in 2023 : 131,037 MWh.

## Water<sup>\*1</sup> (Mil. m<sup>3</sup>)

	2019	2020	2021	2022	2023
<b>Water withdrawals</b>	1.2 ●	1.2 ●	1.2 ●	1.1 ●	0.8 ●
Municipal water	1.0	0.9	0.9	0.7	0.5 ●
Municipal water (Industrial grade)	0.1	0.1	0	0	0 ●
Ground water	0.1	0.3	0.3	0.3	0.3 ●
<b>Water discharged</b>	0.9 ●	1.0 ●	1.0 ●	0.9 ●	0.6 ●
Sewage	0.9	0.8	0.8	0.8	0.4
Surface water	0	0.2	0.2	0.1	0.2

<sup>\*1</sup> 2019-2020: Production sites (coverage:100%). 2021: Production sites (coverage:100%) and domestic research centers.

2022-2023: Production sites(coverage:100%) and research centers (coverage:100%).

• Other sources of water withdrawals (surface water, harvested rainwater, external wastewater, sea water, quarry water) in 2019-2023: 0m<sup>3</sup>.

• Other destinations of water discharged (ocean, subsurface / well, off-site water treatment, beneficial / other use) in 2019-2022: 0m<sup>3</sup>, in 2023: 831,057m<sup>3</sup>.

• Total net fresh water consumption in 2023 (water consumption excluding the amount of wastewater returned to the same water source): ●0.8 million m<sup>3</sup>.

• Percentage of water withdrawal and water consumption in areas with high or very high water stress as classified by the World Resources Institute's (WRI) Water Risk Atlas tool, Aqeduct in 2023: 11%.

## Waste generated in operations\*<sup>1</sup> (t)

	2019	2020	2021	2022	2023
Waste discharged	14,297	12,825	13,096 ●	12,560 ●	10,895 ●
Recycled * <sup>2</sup>	13,910	12,779	13,038	12,473	10,813 ●
Disposed	387	47	58 ●	87 ●	81 ●

\*<sup>1</sup> 2019-2021: Production sites(Coverage 100%) and domestic research centers.  
2022-2023: Production sites(Coverage 100%) and research centers(Coverage 100%).

\*<sup>2</sup> Including thermal recovery.

## Environmental pollution (Air/Water)(t)

	2019	2020	2021	2022	2023
NOx emissions	27	23 ●	24 ●	31 ●	10 ●
Coverage(%) * <sup>1</sup>	81.8	90.9	100.0	100.0	100.0
SOx emissions	0	0 ●	0 ●	0 ●	0 ●
Coverage(%) * <sup>1</sup>	81.8	90.9	91.7	91.7	91.7
Chemical Oxygen Demand	103 ●	70 ●	68 ●	52 ●	46 ●
Coverage(%) * <sup>1</sup>	90.9	90.9	91.7	92.3	92.3

\*<sup>1</sup> Production sites.

## Responding to Environmental Risks

In terms of environmental law, key function of the company is production sites. Including those functions, Shiseido observes environmental laws and regulations thoroughly by conducting compliance evaluation based on ISO14001 standards. Investigations of domestic and overseas affiliates revealed no major violations of environmental laws or regulations in the last 5 years including 2023. Shiseido is committed on appropriate operation that complies with the environmental laws and regulations continuously.



Assurance Statement for Social Data 

## 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

	2020	2021	2022	2023	2024
Total (persons)	46,763	45,527	40,484	38,878	35,675
Ratio of Women (%)	85.6	83.0	82.2	81.9	82.2

## Number of Employees by Region (persons)

PERIOD: As of January 1 each year  
SCOPE: Shiseido Group in Japan (21 companies)

	2020	2021	2022	2023	2024
Japan	24,884 ●	24,903 ●	23,458 ●	22,129 ●	20,793 ●

## Ratio of Women Leaders (%)

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

	2020	2021	2022	2023	2024
Entire Shiseido Group	52.7	57.5	58.3	58.1	58.8 <sup>*1</sup>
Japan Target: To achieve 50% <sup>*2</sup>	33.1 ●	34.7 ●	37.3 ●	37.6 ●	40.0 ●

<sup>\*1</sup> Ratio of women junior managers in entire Shiseido Group: 64.7%.

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

## Diversity in Top Management

PERIOD: As of April 1 each year

	2020	2021	2022	2023	2024
Ratio of women on Board of Directors <sup>*1</sup> (%)	46.2	46.2	46.2	40.0	45.5
External directors ratio on Board of Directors (%)	53.8	53.8	53.8	53.3	63.6
Ratio of women executive officers (%)	25.0 <sup>*2</sup>	31.6	35.3	35.3	40.0
Ratio of women of all top management <sup>*3</sup> (%)	28.3	41.7	42.9	44.1	43.8

<sup>\*1</sup> 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.

<sup>\*2</sup> Ratio of women corporate officers

<sup>\*3</sup> Leaders within 2 levels from the CEO

## Ratio of Employees with Disabilities \*1 (%)

PERIOD: As of June 1 each year

	2019	2020	2021	2022	2023
Shiseido Company, Limited	3.25	3.04	3.89	4.18	4.52
Shiseido Group in Japan *2	2.12 ●	2.22 ●	2.44 ●	2.65 ●	2.82 ●
Target	2.2	2.2	2.3	2.3	2.3

\*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.

## LTIFR\*1

		2019	2020	2021	2022	2023
Shiseido Group in Japan *2	Directly hired employees (Coverage (%))	0.87 (100) ●	0.77 (100) ●	0.74 (100) ●	0.68 (100) ●	0.89 (100) ●
	Indirectly hired employees (Coverage (%))	0.00 (39.6) ●	2.56 (79.5) ●	0.73 (85.0) ●	1.05 (93.0) ●	0.53 (85.0) ●
Shiseido Group outside Japan	Directly hired employees (Coverage (%))	—	1.6 (100)	1.9 (100)	1.8 (100)	1.5 (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).

## Labor Union

PERIOD: As of January 1 each year

		2020	2021	2022	2023	2024	
Number of Labor Union Members (persons)	Shiseido Group in Japan	13,334	13,672	13,438	12,930	12,731	
Ratio of Labor Union Members (%)	Shiseido Group in Japan	Ratio including contract employees *1	53.3	55.0	56.6	58.3	58.2
		Ratio excluding contract employees *2	76.5	77.3	77.1	78.3	78.3

\*1 Ratio of employees subject to collective bargaining agreement among all employees including contract employees = Number of labor union members/Number of employees (including managerial position holders and contract employees, but excluding temporary staff and corporate officers) x 100

\*2 Ratio of employees subject to collective bargaining agreement among all employees excluding contract employees = Number of labor union members/Number of employees (including managerial position holders, but excluding contract employees, excluding temporary staff and corporate officers) x 100

# Editorial Policy

The "Sustainability" section of the Shiseido Group corporate website is edited according to the following policy.

We report the activities that lead to the solution of social issues and the role that we play in a sustainable world. We explain how we create social value that we provide as a company to various stakeholders.

## Scope

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

## Target period

Mainly fiscal 2023 (from January 1, 2023 to December 31, 2023).

Some pages include content which is prior to the target period or is more recent.

## Reference guidelines

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

## Update period

June 2024

## Assurance Statement

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

[Environmental Data](#) →

[Social Data](#) →

## Information Disclosure

Pre-Financial Information ← → Financial Information

### Report

- [Sustainability Report](#)
- [Corporate Governance Report](#)
- [Annual Securities Report](#)
- [Integrated Report](#)

### Corporate Website

- [Sustainability](#)
- [R&D / Supply Network](#)
- [Corporate Governance](#)
- [IR Library](#)
- [Stock and Bond Information](#)

Our sustainability initiatives are also disclosed in our Corporate WEB site and Integrated Report.

OUR MISSION is

**BEAUTY INNOVATIONS  
FOR A BETTER WORLD**



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