Corporate Governance Report

Last Update: April 10, 2023

Shiseido Company, Limited

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Securities Code: 4911

https://corp.shiseido.com /en

The corporate governance of Shiseido Company, Limited (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views Updated

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.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code] Updated

Shiseido implements all principles in accordance with those established in the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code] Updated

All of the General Principles, Principles, and Supplementary Principles (83 in total), including items to be disclosed in line with all principles of the Corporate Governance Code, are listed at the end of this report as "Principles of the Corporate Governance Code (CG Code) and Shiseido's Response".
As of April 10, 2023, the "Principles of the Corporate Governance Code (CG Code) and Shiseido's Response" has been updated.

2. Capital Structure

Foreign Shareholding Ratio	More than 30%

[Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	79,995,500	20.02
Custody Bank of Japan, Ltd. (Trust Account)	26,988,500	6.75

THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS	7,617,164	1.90
Mizuho Trust & Banking Co., Ltd. re-trusted to Custody Bank of Japan, Ltd. Employees Pension Trust for Mizuho Bank	7,000,000	1.75
THE BANK OF NEW YORK 134104	6,633,791	1.66
SSBTC CLIENT OMNIBUS ACCOUNT	6,616,993	1.65
STATE STREET BANK WEST CLIENT-TREATY 505234	6,592,778	1.65
BNYM TREATY DTT 15	6,106,865	1.52
Nippon Life Insurance Company	5,615,653	1.40
JP MORGAN CHASE BANK 385781	5,228,240	1.30

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation **Updated**

1. All shares held by The Master Trust Bank of Japan, Ltd. (Trust Account) and Custody Bank of Japan, Ltd. (Trust Account) are in connection with the respective bank's trust business.
2. A report of amendment to large shareholdings from BlackRock Japan Co., Ltd. has been filed with the Director-General of the Kanto Finance Bureau. The report said that on November 21, 2018 it held 24,051 thousand shares through joint holdings (percentage of shareholding: 6.01%), of which 8,130 thousand shares (2.03%) were held by BlackRock Japan Co., Ltd., 5,962 thousand shares (1.49%) were held by BlackRock Fund Advisers and 5,791 thousand shares (1.44%) were held by BlackRock Institutional Trust Company, N.A.
   However, BlackRock Japan Co., Ltd. has been excluded from the above principal shareholders, as the actual number of shares held by the above three companies had not been confirmed by the Company as of the end of the fiscal year.
3. A report of amendment to large shareholdings from Mizuho Bank, Ltd., has been filed with the Director-General of the Kanto Finance Bureau. The report said that on April 22, 2022, it held 23,201 thousand shares through joint holdings (percentage of shareholding: 5.80%), of which 13,634 thousand shares (3.41%) are held by Asset Management One Co., Ltd.
   However, Mizuho Bank, Ltd., has been excluded from the above principal shareholders, as the actual number of shares held by said company had not been confirmed by the Company as of the end of the fiscal year.
4. A report of amendment to large shareholdings from Mitsubishi UFJ Financial Group, Inc. has been filed with the Director-General of the Kanto Finance Bureau. The report said that on June 20, 2022, it held 25,226 thousand shares through joint holdings (percentage of shareholding: 6.31%), of which 13,389 thousand shares (3.35%) and 6,170 thousand shares (1.54%) are held by Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Kokusai Asset Management Co., Ltd.
   However, Mitsubishi UFJ Financial Group, Inc. has been excluded from the above principal shareholders, as the actual number of shares held by the above two companies had not been confirmed by the Company as of the end of the fiscal year.
5. A report of amendment to large shareholdings from Nomura Securities Co., Ltd., has been filed with the Director-General of the Kanto Finance Bureau. The report said that on October 21, 2022, it held 23,861 thousand shares (percentage of shareholding: 5.97%).
   However, Nomura Securities Co., Ltd. has been excluded from the above principal shareholder, as the actual number of shares held by said company had not been confirmed by the Company as of the end of the fiscal year.
6. A report of amendment to large shareholdings from Baillie Gifford & Co has been filed with the Director-General of the Kanto Finance Bureau. The report said that on October 21, 2022, it held 28,878 thousand shares through joint holdings (percentage of shareholding: 7.22%), of which 9,477 thousand shares

(2.37%) are held by are held by Baillie Gifford & Co and 19,400 thousand shares (4.85%) are held by Baillie Gifford Overseas Limited.
However, Baillie Gifford & Co has been excluded from the above principal shareholders, as the actual number of shares held by the above two companies had not been confirmed by the Company as of the end of the fiscal year.

7. A report of amendment to large shareholdings from Sumitomo Mitsui Trust Bank, Limited, has been filed with the Director-General of the Kanto Finance Bureau. The report said that on November 21, 2022, it held 27,365 thousand shares through joint holdings (percentage of shareholding: 6.84%), of which 16,401 thousand shares (4.10%) and 10,964 thousand shares (2.74%) are held by Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd., respectively.
However, Sumitomo Mitsui Trust Bank, Limited has been excluded from the above principal shareholders, as the actual number of shares held by the above two companies had not been confirmed by the Company as of the end of the fiscal year.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	December
Type of Business	Chemicals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

N/A

5. Other Special Circumstances which may have Material Impact on Corporate Governance

None.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with *Kansayaku* Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board Updated	Chairman (excluding person who concurrently serves as president)
Number of Directors Updated	10
Appointment of External Director	Appointed
Number of External Directors Updated	5
Number of Independent Directors Updated	5

External Directors' Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kanoko Oishi	Originally from other company											
Shinsaku Iwahara	Scholar											
Charles D. Lake II	Originally from other company											
Mariko Tokuno	Originally from other company											
Yoshihiko Hatanaka	Originally from other company											

* Categories for "Relationship with the Company"
* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past
* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

External Directors' Relationship with the Company (2) Updated

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Kanoko Oishi	○	With regard to Ms. Kanoko Oishi, none of the relationship classification stated above (classification "a" – classification "k") applies to him. Ms. Oishi's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows: • Representative Director, MEDIVA Inc. • Representative Director, Seeds 1 Co., Ltd. • Outside Director, Ezaki Glico Co., Ltd. • External Board Member, Santen Pharmaceutical Co., Ltd. The Company considers not only the independence against the Company, but also other various viewpoints such as "Principal Occupation" when it estimates the importance of Ms. Oishi's "Important Position of Other Organizations Concurrently Assumed."	<Reasons for appointing as an external director and roles and functions in the Company> Ms. Oishi has an abundance of experiences and knowledge gained through her career in business management inside and outside Japan and as an active management who is pushing forward patient-centered transformation of the medical industry as well as expertise accumulated through her experiences as an external director in multiple companies. We have selected her as an external director to leverage her experience, knowledge and expertise in the Company's business management. She serves as a member of the Nomination & Remuneration Advisory Committee and has expressed necessary opinion from independent perspective in meetings of Board of Directors and Nomination & Remuneration Advisory Committee. <Status of meeting the standards for the independent directors and reason for appointing as independent director> Ms. Oishi maintains full independence as none of the items (1) through (5) stated below applies. Furthermore, the Company sets forth the "Criteria for Independence of External Directors." Ms. Oishi has fulfilled the Criteria in full. Hence Ms. Oishi has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent director. (1) Corporate officer, etc. of a parent company or sister company; (2) A person whose main business partner is the Company, or a corporate officer, etc. thereof; a major business partner of the Company, or a corporate officer, etc. thereof;

			(3) A consultant, an accountant or a legal specialist receiving significant sums of money from the Company other than executive remunerations; (4) A principle shareholder of the Company; (5) A close relative of a person (excluding inconsequential persons) meeting either condition (a) or (b) below (a) person described in items (1) through (4); (b) A corporate officer of the Company or the Company's subsidiary
Shinsaku Iwahara	○	With regard to Mr. Shinsaku Iwahara, none of the relationship classification stated above (classification "a" – classification "k") applies to him. Mr. Iwahara's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows: • None The Company considers not only the independence against the Company, but also other various viewpoints such as "Principal Occupation" when it estimates the importance of Mr. Iwahara's "Important Position of Other Organizations Concurrently Assumed."	<Reasons for appointing as an external director and roles and functions in the Company> We have selected Mr. Iwahara as an external director to leverage his legal knowledge, particularly regarding the Companies Act and Financial Laws, as well as his knowledge and experiences in the area of corporate governance in the management of the Company. He serves as a chair of the Nomination & Remuneration Advisory Committee and has expressed necessary opinion from independent perspective in meetings of Board of Directors and Nomination & Remuneration Advisory Committee. <Status of meeting the standards for the independent directors and reason for appointing as independent director> Mr. Iwahara maintains full independence as none of the items (1) through (5) stated below applies. Furthermore, the Company sets forth the "Criteria for Independence of External Directors." Mr. Iwahara has fulfilled the Criteria in full. Hence Mr. Iwahara has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent director. (1) Corporate officer, etc. of a parent company or sister company; (2) A person whose main business partner is the Company, or a corporate officer, etc. thereof; a major business partner of the Company, or a corporate officer, etc. thereof; (3) A consultant, an accountant or a legal specialist receiving significant sums of money from the Company other than executive remunerations; (4) A principle shareholder of the Company;

			(5) A close relative of a person (excluding inconsequential persons) meeting either condition (a) or (b) below (a) person described in items (1) through (4); (b) A corporate officer of the Company or the Company's subsidiary
Charles D. Lake II	○	With regard to Mr. Charles D. Lake II, none of the relationship classification stated above (classification "a" – classification "k") applies to him. Mr. Lake's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows: • Director, President, Aflac International Incorporated • External Director, Tokyo Electron Ltd. • External Director, Japan Post Holdings Co., Ltd. • Representative Director, Chairman, Aflac Life Insurance Japan Ltd. The Company considers not only the independence against the Company, but also other various viewpoints such as "Principal Occupation" when it estimates the importance of Mr. Lake's "Important Position of Other Organizations Concurrently Assumed."	<Reasons for appointing as an external director and roles and functions in the Company> Mr. Lake has extensive experiences and achievements as an executive in several companies across Japan and the United States and deep knowledge of corporate governance, as well as his experiences working in key U.S. government positions and as a U.S. lawyer. We have selected him as an external director to make use of his experiences, achievements and knowledge to thrive on the global stage, enhance level of Company's corporate governance, and propery supervise the business execution. He serves as a member of the Company's Nomination & Remuneration Advisory Committee and has expressed necessary opinion from independent perspective in meetings of Board of Directors and Nomination & Remuneration Advisory Committee. <Status of meeting the standards for the independent directors and reason for appointing as independent director> Mr. Lake maintains full independence as none of the items (1) through (5) stated below applies. Furthermore, the Company sets forth the "Criteria for Independence of External Directors." Mr. Lake has fulfilled the Criteria in full. Hence Mr. Lake has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent director. (1) Corporate officer, etc. of a parent company or sister company; (2) A person whose main business partner is the Company, or a corporate officer, etc. thereof; a major business partner of the Company, or a corporate officer, etc. thereof; (3) A consultant, an accountant or a legal specialist receiving significant sums of money from the Company other than executive remunerations; (4) A principle shareholder of the Company; (5) A close relative of a person (excluding inconsequential persons) meeting either condition (a) or (b) below

			(a) person described in items (1) through (4); (b) A corporate officer of the Company or the Company's subsidiary
Mariko Tokuno	○	With regard to Ms. Mariko Tokuno, none of the relationship classification stated above (classification "a" – classification "k") applies to him. Ms. Tokuno's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows: • External director, HAPPINET CORPORATION • External Director, Mitsubishi Materials Corporation • External Director, Yamato Holdings Co., Ltd. The Company considers not only the independence against the Company, but also other various viewpoints such as "Principal Occupation" when it estimates the importance of Ms. Tokuno's "Important Position of Other Organizations Concurrently Assumed."	<Reasons for appointing as an external director and roles and functions in the Company> Ms. Tokuno has extensive experiences as an executive of a company with a global prestige brand as well as an abundance of knowledge gained through these experiences. In addition, she has deep insight into corporate governance which has been accumulated through experiences as an external director at several companies. We have selected her as an external director to make use of her experiences, knowledge and insight to improve our management, marketing and governance as well as properly supervise business execution, and further enhance the effectiveness of the Board of Directors. She serves as a member of the Nomination & Remuneration Advisory Committee, and has expressed necessary opinion from independent perspective in meetings of Board of Directors and Nomination & Remuneration Advisory Committee. <Status of meeting the standards for the independent directors and reason for appointing as independent director> Ms. Tokuno maintains full independence as none of the items (1) through (5) stated below applies. Furthermore, the Company sets forth the Criteria for Independence of "External Directors." Ms. Tokuno has fulfilled the Criteria in full. Hence Ms. Tokuno has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent director. (1) Corporate officer, etc. of a parent company or sister company; (2) A person whose main business partner is the Company, or a corporate officer, etc. thereof; a major business partner of the Company, or a corporate officer, etc. thereof; (3) A consultant, an accountant or a legal specialist receiving significant sums of money from the Company other than executive remunerations; (4) A principle shareholder of the Company; (5) A close relative of a person (excluding inconsequential persons) meeting either condition (a) or (b) below (a) person described in items (1) through (4);

			(b) A corporate officer of the Company or the Company's subsidiary
Yoshihiko Hatanaka		With regard to Mr. Yoshihiko Hatanaka, none of the relationship classification stated above (classification "a" – classification "k") applies to him. Mr. Hatanaka's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows: • Outside director, SONY GROUP CORPORATION The Company considers not only the independence against the Company, but also other various viewpoints such as "Principal Occupation" when it estimates the importance of Mr. Hatanaka's "Important Position of Other Organizations Concurrently Assumed."	<Reasons for appointing as an external director and roles and functions in the Company> Mr. Hatanaka has diversified and broad knowledge in corporate management based on his extensive experience and achievements as a top management of a globally operating listed company, as well as experiences as a CEO of overseas subsidiaries and head of corporate planning and finance. We have selected him as an external director to make use of his knowledge, experiences and achievements in the Company's global businesses management and proper supervision of business execution. He is a member of the Company's Nomination & Remuneration Advisory Committee. <Status of meeting the standards for the independent directors and reason for appointing as independent director> Mr. Hatanaka maintains full independence as none of the items (1) through (5) stated below applies. Furthermore, the Company sets forth the "Criteria for Independence of External Directors." Mr. Hatanaka has fulfilled the Criteria in full. Hence Mr. Hatanaka has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent director. (1) Corporate officer, etc. of a parent company or sister company; (2) A person whose main business partner is the Company, or a corporate officer, etc. thereof; a major business partner of the Company, or a corporate officer, etc. thereof; (3) A consultant, an accountant or a legal specialist receiving significant sums of money from the Company other than executive remunerations; (4) A principle shareholder of the Company; (5) A close relative of a person (excluding inconsequential persons) meeting either condition (a) or (b) below (a) person described in items (1) through (4); (b) A corporate officer of the Company or the Company's subsidiary

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson Updated

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination & Remuneration Advisory Committee	
All Committee Members	6	
Full-time Members	0	
Inside Directors	1	
External Directors	5	
Outside Experts	0	
Other	0	
Chairperson	External Director	

Supplementary Explanation Updated

The Nomination & Remuneration Advisory Committee deliberates on the selections of candidates for directors and Audit & Supervisory Board members, and appointments of executive officers, as well as promotions and demotions of, and the remuneration system for directors and executive officers, and their performance evaluation-based remuneration, etc. Currently, the committee members are five external directors and Masahiko Uotani, Chairman and CEO.

In fiscal 2022, 10 meetings were held. The committee discussed annual incentives for directors and executive officers for fiscal 2021, as well as the remuneration policy for directors and executive officers, and remuneration for said individuals for fiscal 2022, and discussed and reported the selection of candidates for directors and Audit & Supervisory Board members and appointments of executive officers, etc.

[Audit & Supervisory Board Members *(Kansayaku)*]

Establishment of Audit & Supervisory Board (*Kansayaku* Board)	Established
Maximum Number of *Kansayaku* Stipulated in Articles of Incorporation	The Company doesn't set a ceiling on the number of corporate auditors
Number of *Kansayaku*	5

Cooperation among *Kansayaku*, Accounting Auditors and Internal Audit Departments

The Audit & Supervisory Board members receive reports on audit plans for audit system and schedule from the accounting auditors, and opinions are exchanged. The Audit & Supervisory Board members receive reports on audit results and its method from accounting auditors throughout the fiscal year.
The Audit & Supervisory Board members receive reports on audit plans and the results of audits and surveys from the Internal Audit Department, and opinions are exchanged on necessary commitments.
In addition, representative directors and Audit & Supervisory Board members periodically hold meeting for exchanging opinions.

Appointment of External *Kansayaku*	Appointed
Number of Outside *Kansayaku*	3
Number of Independent *Kansayaku*	3

External *Kansayaku*'s Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*												
		A	b	c	d	e	f	g	h	i	j	k	l	m
Hiroshi Ozu	Attorney at Law													
Yasuko Gotoh	Originally from other company													
Ritsuko Nonomiya	Originally from other company													

* Categories for "Relationship with the Company"
* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past
* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. *Kansayaku* of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)
k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
m. Others

External *Kansayaku*'s Relationship with the Company (2) updated

Name	Designation as Independent *Kansayaku*	Supplementary Explanation of the Relationship	Reasons of Appointment
Hiroshi Ozu	○	With regard to Mr. Hiroshi Ozu, none of the relationship classifications stated above (classification "a" – classification "m") applies to him. Mr. Ozu's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows: • Attorney at Law • External Audit & Supervisory Board Member of MITSUI & CO., LTD. • Outside Audit & Supervisory Board Member of TOYOTA MOTOR CORPORATION • Representative Director of Shimizu Scholarship Foundation (general incorporated foundations) • President of Criminal Justice Welfare Forum Oasis (general incorporated association) The Company considers not only the independence against the Company, but also other various viewpoints such as "Principal Occupation" when it estimates the importance of Mr. Ozu's "Important Position of Other Organizations Concurrently Assumed."	<Reasons for appointing as an external member of Audit & Supervisory Board and roles and functions in the Company> Mr. Ozu has been appointed as an Audit & Supervisory Board member (external) to ensure the execution of an audit based on his experience and knowledge in the legal field. Mr. Ozu has expressed necessary views from an independent perspective. <Status of meeting the standards for the independent auditors and reason for appointing as independent auditor> Mr. Ozu maintains full independence as none of the items (1) through (5) stated below applies. Furthermore, the Company sets forth the Criteria for Independence of "External Directors." Mr. Ozu has fulfilled the Criteria in full. Hence Mr. Ozu has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent auditor. (1) Corporate officer, etc. of a parent company or sister company; (2) A person whose main business partner is the Company, or a corporate officer, etc. thereof; a major business partner of the Company, or a corporate officer, etc. thereof; (3) A consultant, an accountant or a legal specialist receiving significant sums of money from the Company other than executive remunerations; (4) A principle shareholder of the Company;

			(5) A close relative of a person (excluding inconsequential persons) meeting either condition (a) or (b) below (a) person described in items (1) through (4); (b) A corporate officer of the Company or the Company's subsidiary
Yasuko Gotoh	○	With regard to Ms. Yasuko Gotoh, none of the relationship classifications stated above (classification "a" – classification "m") applies to her. Ms. Gotoh's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows: • Outside Auditor and Supervisory Board Member, DENSO CORPORATION • Visiting Professor, Kokugakuin University, Faculty of Tourism and Community Development The Company considers not only the independence against the Company, but also other various viewpoints such as "Principal Occupation" when it estimates the importance of Ms. Gotoh's "Important Position of Other Organizations Concurrently Assumed."	<Reasons for appointing as an external member of Audit & Supervisory Board and roles and functions in the Company> Ms. Gotoh has been appointed as an Audit & Supervisory Board member (external) to ensure the execution of an audit based on her accumulated experience that she obtained by assuming important posts at public offices, and by serving as CFO and as a committee members such as an auditor at some businesses. Ms. Gotoh has expressed necessary views from an independent perspective. <Status of meeting the standards for the independent auditors and reason for appointing as independent auditor> Ms. Gotoh maintains full independence as none of the items (1) through (5) stated below applies. Furthermore, the Company sets forth the Criteria for Independence of "External Directors." Ms. Gotoh has fulfilled the Criteria in full. Hence Ms. Gotoh has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent auditor. (1) Corporate officer, etc. of a parent company or sister company; (2) A person whose main business partner is the Company, or a corporate officer, etc. thereof; a major business partner of the Company, or a corporate officer, etc. thereof; (3) A consultant, an accountant or a legal specialist receiving significant sums of money from the Company other than executive remunerations; (4) A principle shareholder of the Company; (5) A close relative of a person (excluding inconsequential persons) meeting either condition (a) or (b) below (a) person described in items (1) through (4); (b) A corporate officer of the Company or the Company's subsidiary

Ritsuko Nonomiya	○	With regard to Ms. Ritsuko Nonomiya, none of the relationship classifications stated above (classification ”a” – classification “m”) applies to her. Ms. Nonomiya’s “Important Position of Other Organizations Concurrently Assumed” stated in the Companies Act are as follows: • Director, GCA Corporation • Outside Director, Nagase & Co., Ltd. • CEO, Representative Director, Houlihan Lokey Corporation The Company considers not only the independence against the Company, but also other various viewpoints such as “Principal Occupation” when it estimates the importance of Ms. Nonomiya’s “Important Position of Other Organizations Concurrently Assumed.”	<Reasons for appointing as an external member of Audit & Supervisory Board and roles and functions in the Company> Ms. Nonomiya has been appointed as an Audit & Supervisory Board member (external) to ensure the execution of an audit based on her sophisticated financial and accounting knowledge as well as business management skills including M&A and business development that were acquired through her work experience at an accounting firm, etc. in the United States and Japan. Ms. Nonomiya has expressed necessary views from an independent perspective. Ms. Nonomiya has expressed necessary views from an independent perspective. <Status of meeting the standards for the independent auditors and reason for appointing as independent auditor> Ms. Nonomiya maintains full independence as none of the items (1) through (5) stated below applies. Furthermore, the Company sets forth the Criteria for Independence of “External Directors.” Ms. Nonomiya has fulfilled the Criteria in full. Hence Ms. Nonomiya has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent auditor. (1) Corporate officer, etc. of a parent company or sister company; (2) A person whose main business partner is the Company, or a corporate officer, etc. thereof; a major business partner of the Company, or a corporate officer, etc. thereof; (3) A consultant, an accountant or a legal specialist receiving significant sums of money from the Company other than executive remunerations; (4) A principle shareholder of the Company; (5) A close relative of a person (excluding inconsequential persons) meeting either condition (a) or (b) below (a) person described in items (1) through (4); (b) A corporate officer of the Company or the Company’s subsidiary

[Independent Directors/*Kansayaku*]

Number of Independent Directors/*Kansayaku*	8 Updated

Matters relating to Independent Directors/*Kansayaku*

The Company establishes its own rules of "Criteria for Independence of External Directors/Audit & Supervisory Board Members" (the "Criteria") and "Insignificance Criteria for Omission of Description about Relationships between the Company and the External Directors/Audit & Supervisory Board Members in the Notification/Disclosure Documents" (the "Insignificance Criteria"), which is contingent upon the Criteria. In this report, some of the descriptions about the relationships between the Company and other organizations in which external directors/Audit & Supervisory Board members concurrently assume important position are omitted according to the Insignificance Criteria.

<Criteria for Independence of External Directors/Audit & Supervisory Board Members>

Shiseido Company, Limited (the "Company") deems an external director and/or an external Audit & Supervisory Board member (collectively the "External Director and Audit & Supervisory Board Member") or a candidate for External Director and Audit & Supervisory Board Member to have sufficient independence from the Company in the event that all the following requirements, as well as the requirements for externality set forth in the applicable laws, and the criteria for independence stipulated by Tokyo Stock Exchange, Inc., are fulfilled upon the Company's research to a practically possible and reasonable extent.

1. The person has not been an executive person[i] of the Company or an affiliated company[ii] (collectively the "Shiseido Group") for ten (10) years before taking office and since taking up the post.
In the case of an external Audit & Supervisory Board member, in addition to the above, the person has not been a non-executive director or accounting advisor (in the case of the accounting advisor being an artificial person, a staff member in charge of the duty) of the Shiseido Group for ten (10) years before taking office and since taking up the post.

2. The person has not fallen under any of the following items for the current fiscal year and the last two (2) fiscal years (collectively the "Relevant Fiscal Years"):
1) A counterparty which has transactions principally with the Shiseido Group[iii], or its executive person[i];
2) A principal counterparty of the Shiseido Group[iv], or its executive person[i];
3) A large shareholder who holds directly or indirectly 10% or more of the voting rights of the Company, or its executive person[i];
4) An executive person[i] of a company of which the Shiseido Group holds directly or indirectly 10% or more of the total voting rights;
5) A consultant, accounting professional or legal professional who has been paid by the Shiseido Group a large amount of money or other assets[v] in addition to the External Director and Audit & Supervisory Board Member's remuneration. In addition, in the event that the consultant, accounting professional or legal professional is an organization such as an artificial person or association, a person who belongs to such organization is included;
6) A person/organization who receives a donation of a large amount of money or other assets[vi] from the Shiseido Group or an executive person[i] who belongs to the organization;
7) An accounting auditor of the Company. In the event that the accounting auditor is an artificial person, a partner, certified public accountant, and employed person (e.g., an employee) who is not a certified public accountant belonging to the accounting firm are included.

3. The person is not a spouse of, relative within the second degree of consanguinity of, relative living under the same roof with or a person whose living costs are shared with the following person; provided, however, that Item 2) of this Clause is applicable only to make judgment on the independence of an external Audit & Supervisory Board member:
1) An important person[vii] among executive persons[i] of the Shiseido Group (including a person who has been an executive person for ten (10) years before the candidate assumes the position of External Director and Audit & Supervisory Board Member eligible to be judged on independence from the Company and since the candidate took up the post);

2) A non-executive director of a company in the Shiseido Group (including a person who has been a non-executive director of the company for ten (10) years before the candidate assumes the position of an external Audit & Supervisory Board member eligible to be judged on independence from the Company and since the candidate took up the post);
3) A person falling under any of Items 1) to 4), and 6) of Clause 2 (including a person having once fallen under any of these items for the Relevant Fiscal Years); however, applicable only to the important person[vii] with respect to these executive persons[i];
4) A person falling under Item 5) of Clause 2 (including a person having once fallen under the item for the Relevant Fiscal Years); however, applicable only to the important person[viii] with respect to a person belonging to the organization.
5) A person falling under Item 7) of Clause 2 (including a person having once fallen under the item for the Relevant Fiscal Years); however, applicable only to the important person[viii] among natural persons falling under Item 7) of Clause 2 in the event that the accounting auditor is an artificial person.

4. The person has not fallen under "Cross-Assumption of Offices of External Director and Audit & Supervisory Board Member[ix]"

5. In addition to the above clauses, there exist no circumstances in which duties imposed on an independent External Director and Audit & Supervisory Board Member are reasonably deemed not to be achieved.

6. It is presently expected that any event or matter stated in the above clauses would not occur or exist hereafter.

Notes:
i. An "executive person" means an executive director, a statutory executive officer (shikkoyaku), a corporate officer, an Executive Officer, or a person in the position equivalent thereto of a stock company, staff executing business of a company divided into interest (mochibun kaisha) (in the event of the staff being an artificial person, a person to discharge duties stated in Article 598, paragraph (1) of the Companies Act, or other person equivalent thereto), a person executing business of an artificial person or organization other than a company and an employed person (an employee, etc.) of an artificial person or organization including a company.
ii. An "affiliated company" means the affiliated company stated in Article 2, paragraph (3), item (xxv) of the Regulation on Corporate Accounting.
iii. A "counterparty which has transactions principally with the Shiseido Group" means a person/organization falling under any of the following items:
1) The counterparty or the counterparty group (a company belonging to a consolidated group to which the company that has direct transactions with the Shiseido Group belongs to) (collectively the "counterparty") which provides or provided products or services to the Shiseido Group and the aggregate amount of transactions between the counterparty and the Shiseido Group is more than ¥10 million per fiscal year, and exceeds 2% of consolidated net sales of the counterparty (or if the counterparty does not prepare consolidated financial statements, non-consolidated net sales of the counterparty) for the Relevant Fiscal Years.
2) The counterparty group to which the Shiseido Group is or was indebted and the aggregate amount of indebtedness of the Shiseido Group is more than ¥10 million as at the end of each fiscal year, and exceeds 2% of consolidated total assets of the counterparty (or if the counterparty does not prepare consolidated financial statements, non-consolidated total assets of the counterparty) for the Relevant Fiscal Years.
iv. A "principal counterparty of the Shiseido Group" means a person/organization falling under any of the following items:
1) The counterparty to which the Shiseido Group provides or provided products or services and the aggregate amount of transactions between the counterparty and the Shiseido Group is more than ¥10 million per fiscal year, and exceeds 2% of consolidated net sales of the Shiseido Group for the Relevant Fiscal Years.
2) The counterparty to which the Shiseido Group has or had account-receivable, advance and account due (collectively "account-receivable") and the aggregate amount of the account-receivable of the Shiseido Group is more than ¥10 million as at the end of each fiscal year, and exceeds 2% of consolidated total assets of the Shiseido Group as at the end of the Relevant Fiscal Years.
3) A financial institution group (a company belonging to a consolidated group to which the direct lender belongs) from which the Shiseido Group borrows or borrowed and the aggregate amount of the borrowing exceeds 2% of consolidated total assets of the Shiseido Group as at the end of the Relevant Fiscal Years.
v. A "large amount of money or other assets" stated in 5) of Clause 2 means, in the case of an individual, a total value exceeding ¥10 million per fiscal year, and in the case of an artificial person or other organization,

a total value exceeding ¥10 million per fiscal year, and 2% of the consolidated net sales or gross income of the organization.
vi. A "large amount of money or other assets" stated in 6) of Clause 2 means a total value exceeding ¥10 million per fiscal year.
vii. An "important person" from among executive persons means a director (excluding an external director), a statutory executive officer (shikkoyaku), a corporate officer, an Executive Officer, a person in the position equivalent thereto, and an employed person in the office of senior management not lower than general manager.
viii. An "important person" from among the persons stated in 5) and 7) of Clause 2 above means an officer such as a certified public accountant belonging to an audit corporation or accounting firm, a lawyer (including deemed associates) belonging to a law firm, and a director or councilor belonging to a judicial foundation, incorporated association, incorporated school and other artificial persons (collectively "Various Artificial Person"). In the event that an organization to which a person belongs is not an audit corporation, accounting firm, law firm and Various Artificial Person, it means a person who is deemed objectively and reasonably important equivalent to the persons stated above in this note by the organization.
ix. "Cross-Assumption of Offices of External Director and Audit & Supervisory Board Member" means that in the event that an executive person[i] of the Shiseido Group serves as an external director or Audit and Supervisory Board member of another company, an executive person[i] of such company is an External Director and Audit & Supervisory Board Member of the Company or a candidate for the post.

< Insignificance Criteria for Omission of Description about Relationships between the Company and the Eternal Directors/Audit & Supervisory Board Members in the Notification/Disclosure Documents >

Shiseido Company, Limited (the "Company") establishes its own rules of " Insignificance Criteria for Omission of Description about Relationships between the Company and the Eternal Directors/Audit & Supervisory Board Members in the Notification/Disclosure Documents" (the "Insignificance Criteria") in accordance with its own rules of "Criteria for Independence of External Directors/Audit & Supervisory Board Members" as described below. This Insignificance Criteria defines monetary amount standards by which the Company deems an external director and Audit & Supervisory Board member (collectively the "External Director") or a candidate for the External Director to axiomatically have sufficient independence against the Company and it is allowed to omit detailed descriptions in the notification documents and disclosure documents (collectively the "Notification Documents".) Descriptions about the independence of the External Directors in the Notification Documents are made according to this Insignificance Criteria and, in principle, some of the descriptions about the relationships between the Company and other organizations in which External Directors concurrently assume important position to be omitted according to this Insignificance Criteria. In addition, the "Relevant Fiscal Years" in this Insignificance Criteria means "the current fiscal year and the last nine (9) fiscal years."

1. Descriptions on "A principal counterparty of the Shiseido Group, or its executive person" and "A counterparty which has transactions principally with the Shiseido Group, or its executive person "

   The Company shall omit descriptions about the transactional relationships if all of transaction amount specified in the following 1) through 5) are smaller than Yen 10 million per year in the Relevant Fiscal Years.
   1) Total amount of transactions of providing products or services from a counterparty group to the Shiseido Group in each Relevant Fiscal Years
   2) Shiseido Group's total unpaid amount to a counterparty group at the end of each fiscal year of the Relevant Fiscal Years
   3) Total amount of transactions of providing products or services from Shiseido Group to a counterparty group in each Relevant Fiscal Years
   4) Shiseido Group's total amount of trade receivable to a counterparty group at the end of each fiscal year of the Relevant Fiscal Years
   5) Total amount of debt loan from a financial institution group at the end of each fiscal year of the Relevant Fiscal Years

2. Descriptions on "A consultant, accounting professional or legal professional who has been paid a large amount of money or other assets in addition to the External Director's remunerations"

The Company shall omit descriptions about a consultant, accounting professional, or legal professional who has been paid some money from Shiseido Group in addition to the External Director's remunerations if the amount of payment is smaller than Yen 10 million per year in the Relevant Fiscal Years.

3. Descriptions on "A person/organization who received donation of a large amount of money or other assets"

   The Company shall omit descriptions about a person/organization who received donation from Shiseido Group if the amount of donation is smaller than Yen 5 million per year in the Relevant Fiscal Years.

4. Descriptions on "Relatives of the External Directors"

   The Company shall omit descriptions about relatives in fourth or more degree. However, descriptions about a relative living in the same place with the External Directors or a person with whom living costs are shared with the External Directors can not be omitted.

5. Descriptions on "Cross-Assumption of Offices of Directors, etc."

   The Company shall omit descriptions about "cross-assumption of offices of directors, etc. (*)" if ten years or more have passed after severing such situations.

   * In the event that the External Directors or a candidate for the External Director currently assumes the office of an executive person, external director, corporate auditor or the office equivalent thereto of a company other than the Company, in Japan or overseas (the "Subject Company"), an executive person, an external director, corporate auditor (excluding the aforesaid External Director or candidate for the External Director) or person in the office equivalent thereto of the Shiseido Group assumes director (including an external director), executive officer, corporate auditor (including external corporate auditor), executive officer or person in the position equivalent thereto of the Subject Company.
     And also in the event that the External Director of the Company or a candidate for the External Director of the Company currently assumes the office of an executive person, director, officer or the office equivalent to director or officer of an artificial person or other organization (other than a company) (the "Subject Organization"), an executive person, an external director, corporate auditor (excluding aforesaid executive officer or candidate for External Director) or person in the office equivalent thereto of the Shiseido Group assumes the office of director, officer or person in the position equivalent thereto of the Subject Organization.

[Incentives]

Incentive Policies for Directors	Introduced Performance-linked Remuneration and Stock Options and Others

Supplementary Explanation

The Company regards the directors, Audit & Supervisory Board members and executive officers remuneration policy (remuneration policy for the executive officers including directors who concurrently serve as the executive officers) as an important matter for the corporate governance. For this reason, in accordance with the following basic philosophy, the directors and executive officers remuneration policy of the Company is deliberated in the Nomination & Remuneration Advisory Committee, chaired by external directors by incorporating objective points of view, and the outcome is reported to the Board of Directors for the resolution.

< Basic philosophy of the directors, Audit & Supervisory Board members and executive officers remuneration policy>

1. encourage to realizing the corporate mission;
2. aim to ensure attractive remuneration to acquire and retain top talent in global talent market;
3. aim to enhance the long-term corporate value and strongly incentivize to achieve the company's long-term vision and medium- to long-term strategy;

4. have a mechanism incorporated to prevent overemphasis on short-term views while instilling motivation to achieve short-term goals;
5. be designed to be transparent, fair, and reasonable from the viewpoint of accountability to stakeholders, including shareholders and employees, and remuneration shall be determined through appropriate processes to ensure those points;
6. be designed to establish remuneration standards based on the significance (Grade) of role/responsibility reflecting the mission of respective directors and executive officers, and differentiate remuneration according to the level of strategic target accomplished (achievements).

Based on the above basic philosophy, the Company has resolved its policy on decisions regarding matters including remuneration of individual directors at the Board of Directors meetings. The details of the directors, Audit and Supervisory Board memebers and executive officers remuneration system of the Company based on this policy is described in "Director Remuneration" in "1. Organizational Composition and Operation" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" in this report.

Recipients of Stock Options	Inside Directors, Directors of subsidiaries and others

Supplementary Explanation

While the Company has introduced new long-term incentive-type remuneration using PSU (performance share units), stock options granted as remuneration up to and through fiscal 2018 are still surviving.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors

Supplementary Explanation Updated

Total amounts paid to non-external directors, external directors, full-time Audit & Supervisory Board members, and external Audit & Supervisory Board members are disclosed of basic fixed remuneration, Annual Incentives and long-term incentive-type remuneration.
In addition, amounts of remunerations, etc. paid to directors whose total amount of remunerations, etc. exceeds Yen 100 million, by type of remuneration, are individually disclosed.

Amounts of remunerations, etc. of Directors and Audit & Supervisory Board members for Fiscal 2022

(millions of yen)

	Basic Remuneration	Annual Incentive	Total of the left* (a)	Long-Term Incentive (Stock Compensation) (b)	Total [(a)+(b)]
Directors (9 persons)	361	225	587	308	895
External directors (5 persons)	56	-	56	-	56
Audit & Supervisory Board Members (5 persons)	104	-	104	-	104
External Audit & Supervisory Board Members Among Audit & Supervisory Board Members (3 persons)	39	-	39	-	39
Total	465	225	691	308	999

*Total Remuneration in cash that has been confirmed by March 2023

Notes:

1. The total amount of the basic remuneration and annual incentive for directors has a ceiling of ¥2.0 billion annually (including a total of ¥0.2 billion or less for external directors) as per the resolution of the 118th ordinary general meeting of shareholders held on March 27, 2018. The number of directors at the conclusion of the said general meeting of shareholders was six (three of whom were external directors). Furthermore, it was resolved at the 122nd ordinary general meeting of shareholders (March 25,2022) that, separate from the monetary remuneration, up to 86,000 shares would be provided as performance-linked stock compensation (performance share units) (of which, with a maximum of 43,000 shares, the portion equivalent to 50% of the remuneration, etc. based on the aforesaid remuneration policy is provided in monetary remuneration claims for the delivery of shares of the common stock of the Company and the rest in cash) to directors excluding external directors. The number of directors at the conclusion of the said general meeting of shareholders was eight (four of whom were external directors). Basic remuneration for Audit & Supervisory Board members has a ceiling of ¥10 million per month as per the resolution of the 105th ordinary general meeting of shareholders held on June 29, 2005. The number of Audit & Supervisory Board members at the conclusion of the said general meeting of shareholders was five.
2. The annual incentive of directors for fiscal 2022 indicated above represent the amounts that will be paid upon the resolution of the Board of Directors based on the resolution of the 118th ordinary general meeting of shareholders, as stated in note 1. Regarding the calculation of those amounts, please refer to the following 5) Performance-linked targets, actual performance and payment percentage, etc. of annual incentive paid to directors excluding external directors. The Company has

received a proposal from Representative Director Masahiko Uotani to decline 5% of the annual incentive proposed by the Nomination & Remuneration Advisory Committee, taking into account the status of bonuses paid to employees of Group companies in Japan. The Board of Directors has resolved the said proposal (continuing from fiscal 2020 and fiscal 2021, Masahiko Uotani has declined part of his annual incentive). The above amounts of annual incentive have been already adjusted based on the reduced amounts.

3. The amount of long-term incentive-type remuneration (stock compensation) indicated above represents the total amount of the expenses recognized and measured in accordance with IFRS 2 "Share-based Payment" for the fiscal year ended December 31, 2022, on the performance-linked stock compensation (performance share units), upon the approval of the ordinary general meeting of shareholders, in consideration of duties executed by directors. It has been resolved that the portion equivalent to 50% of the remuneration, etc. based on the aforesaid remuneration policy is provided in monetary remuneration claims for the delivery of shares of the common stock of the Company and the rest in cash. The said amount of the expenses recognized includes ¥2 million in adjustment to the expenses recognized based on the achievement rate of performance indicator of the delivered long-term incentive-type remuneration (stock compensation).
4. In addition, an adjustment of ¥0.2 million was recorded to the expenses recognized for the fiscal year ended December 31, 2021, on the performance-linked stock compensation (performance share units) delivered to three directors of the Company, at the time the directors served as corporate officers or employee not holding the office of directors.
5. None of the directors or the Audit & Supervisory Board members was paid remuneration other than described above (including that described in notes 1. through 4.).

Amounts of remunerations, etc. of directors whose total amount of remunerations, etc. exceeds 100 million yen, by type of remuneration for Fiscal 2022

(millions of yen)

	Basic Remuneration	Annual Incentive	Total Remuneration in Cash* (a)	Long-Term Incentive (Stock Compensation) (b)	Total [(a)+(b)]
Masahiko Uotani, President and CEO	169	160	329	201	531
Norio Tadakawa Senior Executive Officer	55	23	79	44	124

*Total remuneration in cash that has been confirmed by March 2023.

Notes:

1. Amounts of remunerations, etc. of directors whose total amount of remunerations, etc. exceeds 100 million yen, by type of remuneration are disclosed. The job titles of the directors listed the above are the one in Fiscal 2022.
2. The annual incentive of directors for fiscal 2022 indicated above represent the amounts that will be paid upon the resolution of the Board of Directors based on the resolution of the 118th ordinary general meeting of shareholders, as stated in note 1. of "Amounts of remunerations, etc. of Directors and Audit & Supervisory Board members for Fiscal 2022." The Company has received a proposal from Representative Director Masahiko Uotani to decline 5% of the annual incentive proposed by the Nomination & Remuneration Advisory Committee, taking into account the status of bonuses paid to employees of Group companies in Japan. The Board of Directors has resolved the said proposal (continuing from fiscal 2020 and fiscal 2021, Masahiko Uotani has declined part of his annual incentive). The above amount of annual incentive has been already adjusted based on the reduced amount.
3. The amount of long-term incentive-type remuneration (stock compensation) indicated above represents the total amount of the expenses recognized for the fiscal year ended December 31, 2022, recognized and measured in accordance with IFRS 2 "Share-based Payment" on the performance-linked stock compensation (performance share units), upon the approval of the ordinary general meeting of shareholders, in consideration of duties executed by directors. The said amount of the expenses recognized includes an adjustment of 2 million to the expenses recognized based on the achievement rate of performance indicator of the delivered long-term incentive-type remuneration (stock compensation).

4. No director above was paid remuneration other than described above (including that described in notes 2. through 3.).

Performance-linked targets, actual performance and payment percentage, etc. of annual incentives paid to directors excluding external directors for Fiscal2022

(Billions of yen)

Performance Evaluation Indicators	Fluctuation Range of Payment Percentage	Targets for Payment Factor at 100%	Actual Performance	Achievement Rate	Payment Factor Calculated Based on the Target Achievement Rate
Consolidated Net Sales	0% - 200%	1,075.0	1,067.4	99.3%	0%
Core Operating Profit	0% - 200%	62.0	51.3	82.8%	0%
Profit Attributable to Owners of Parent	-	(Note 4.)	34.2	-	Not subject to lowering of the payment amount percentage by thresholds
Performance of Business in Charge	0% - 200%	(Note 1.)			
Personal Performance Evaluation	0% - 200%	(Note 2.)	-	-	(Note 2.) 80.0% (Average)

Total payment rate: (Note 3.) 87.8%

Notes:

1. Key performance evaluation indicators such as net sales, profits and cost indices, etc. are set to measure performance of respective business. Specific figures are not disclosed.
2. Each individual's priority targets are set in personal performance evaluation considering not only a single fiscal year performance but also initiatives to realize long-term strategies that reflect management approach and Corporate Philosophy, such as improvement in organizational skills. In the fiscal year ended December 31, 2022, although there was intermittent impact in China and Japan from the prolonged conflict in Ukraine, which began at the beginning of the year, and the COVID-19 pandemic, we received a proposal from the Nomination & Remuneration Advisory Committee to make a partial adjustment of the payment percentage based on the assessment at the personal performance evaluation in response to a significant decrease in the overall payment percentage due to a certain amount of impact on the Company, and the Board of Directors sufficiently deliberated on the matter. In this deliberation, the Company received a proposal from Representative Director Masahiko Uotani to decline 5% of the annual incentive proposed by the Nomination & Remuneration Advisory Committee, taking into account the status of bonuses paid to employees of Group companies in Japan. The Board of Directors has resolved the said proposal (continuing from fiscal 2020 and fiscal 2021, Masahiko Uotani has declined part of his annual incentive). The above payment factors, etc. have been already adjusted based on the reduced amount.
3. The total payment rate is the ratio of the actual amount paid to the target amount of annual incentive for directors.
4. Net profit attributable to owners of parent is set as a benchmark for the Nomination & Remuneration Advisory Committee to discuss the notion of lowering the payment percentage in the event that profit attributable to owners of parent falls below certain thresholds set.

Performance-linked targets, actual performance and payment percentage, etc. of long term incentive-type remuneration granted for fiscal 2019 and paid to directors excluding external directors

Performance Evaluation Indicators	Fluctuation Range of Payment Percentage	Weight	Targets for Maximum Payment Percentage	Actual Performance	Achievement Rate against Target for Maximum Payment Percentage	Payment Percentage
Compound average growth rate (CAGR) of consolidated net sales	50%～150%*	45.0%	Compound average growth rate (CAGR) from 2017: 8.0%	0.7%	0.0%	0.0%
Compound average growth rate (CAGR) of consolidated operating profit	50%～150%*	45.0%	Compound average growth rate (CAGR) from 2017: 15.8%	-15.2%	0.0%	0.0%
Ratio of female managers in Japan	50%～150%*	2.0%	40% in the final fiscal year of the three-year period	36%	0.0%	0.0%
Ratio of female leaders in overseas	50%～150%*	2.0%	50% in the final fiscal year of the three-year period	53%	100.0%	2.0%
MSCI Japan Empowering Women Select Index	50%～150%*	1.0%	Continuing adoption as main stock in the final fiscal year of the three-year period	Continued adoption as 2nd place in 2021	100.0%	1.0%
Dow Jones Sustainability Indices (DJSI)	50%～150%*	5.0%	Difference between top rated companies of DJSI World and DJSI Asia Pacific in the final fiscal year of the three-year period: Average 90 to 100 percentiles	97%iles	100.0%	5.0%
Fixed portion		-	-	-	-	50.0%
Consolidated ROE	thresholds	-	Threshold target: Average of 5.0% or more in the past 10 years	6.8%	Achieved	-

Total payment rate: 58.0%
*Including fixed portion 50.0%

Notes:

1. The period of evaluation for the performance-linked stock remuneration (performance share units) granted for fiscal 2019 is from January 1, 2019 to December 31, 2021.
2. As for performance indicators, from the perspective of creating corporate value from both aspects of economic and social values, the Company has adopted the compound average growth rate (CAGR) of consolidated net sales and the compound average growth rate (CAGR) of corporate operating profit as indicators related to economic value among corporate value, and the multiple internal and external indicators pertaining to the environment, society and corporate governance (ESG) with focus on the area of "empowered beauty" such as the Ratio of female managers in Japan, Ratio of female leaders in overseas, MSCI Japan Empowering Women Select Index, Dow Jones Sustainability Indices (DJSI) as benchmarks on creation of social value.
3. Since the fixed portion (50%) is set, the fluctuation range of the total payment percentage, which is the sum of the fixed portion and the performance-linked portion, is from 50% to 150%.
4. Consolidated ROE is set as a benchmark for the Nomination & Remuneration Advisory Committee to discuss the notion of lowering the percentage amount of payment of the performance-linked portion in the event that consolidated ROE falls below certain thresholds set.

Policy on Determining Remuneration Amounts and Calculation Methods	Established Updated

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

<Basic principle on determining remuneration amounts and calculation method>

Based on the basic philosophy described in "Incentive" in "1. Organizational Composition and Operation" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" in this report, the Board of Directors of the Company has resolved its policy on decisions regarding remunerations etc. of individual directors.

The Company's directors, Audit & Supervisory Board members and executive officers remuneration policy, including an outline of the contents of the policy on decisions regarding remunerations of individual directors, is described below in detail.

(Overview)

The remuneration of the directors and executive officers of the Company comprises "basic remuneration" as fixed remuneration as well as "annual incentive" and "long-term incentive-type remuneration (non-monetary remuneration)" as performance-linked remuneration, and the Company sets remuneration levels by benchmarking peer companies in the same business industry or in the similar business size inside or outside Japan and overseas and by taking the Company's financial condition into consideration. Matters including remuneration, etc. of individual directors are determined at the Board of Directors meetings after deliberations by the Nomination & Remuneration Advisory Committee. Matters including remuneration, etc. of individual directors for the fiscal year ended December 31, 2022 were deliberated on by the Nomination & Remuneration Advisory Committee, while taking into account the social conditions and economic situation surrounding the Company, according to the specific remuneration framework and indicators designed based on the policy on decisions regarding matters including remuneration, etc. of individual directors. They were then reported to the Board of Directors, and the Board of Directors made decisions on matters including remuneration in deference to the said report. The Company therefore determines that matters including remuneration, etc. are in line with the aforementioned policy on decisions.

External directors and Audit & Supervisory Board members receive only basic remuneration, as variable remuneration such as performance-linked remuneration is inconsistent with their supervisory roles independent from business execution. Furthermore, the Company does not have an officers' retirement benefit plan.

(Basic remuneration)

The Company designs basic remuneration in accordance with Grades based on the size and level of responsibility of executive officers in charge, as well as the impact on business management of the Group. In addition, even at the same grade, the basic remuneration may increase within a certain range based on the individual executive's performance for the previous fiscal year (numerical business performance and personal performance evaluation). This ensures the Company to reward executive officers for their individual outstanding achievement.

Basic remuneration for executive officer is determined by the Board of Directors after deliberations by the Nomination & Remuneration Advisory Committee, and is paid in equal installments every month.

For external directors and Audit & Supervisory Board members, the Company shall pay fixed remuneration only, which is determined in accordance with their respective roles.

(Performance-linked remuneration)

The performance-linked remuneration consists of an "annual incentive" provided as an incentive for achieving goals for the corresponding fiscal year, and "performance-linked stock compensation (performance share units) as long-term incentive-type remuneration" provided with the aims of establishing a sense of common interests with the shareholders and instilling motivation to enhance corporate value over the medium to long term. Accordingly, it is designed to motivate the directors and executive officers to manage business operations while being more conscious about the Company's performance and share price from the perspectives of not only a single year but also over the medium to long term.

(Annual incentive)

Of the performance-linked remuneration the Company has set evaluation items for the annual incentive in accordance with the scope that executive officers are in charge of as described in the table below, in addition to the achievement rate of target consolidated net sales and core operating profit which are financial indicators, as common performance indicators across executive officers, and the range of changes in the percentage amount of payment is set between 0% and 200%. Although it is essential that the entire management team remain aware of matters involving profit attributable to owners of parent, it is crucial that management not let the benchmark weigh too heavily on proactive efforts particularly involving future growth-oriented investment and resolving challenges with our sights set on achieving long-term growth. As such, upon the Nomination & Remuneration Advisory Committee deliberation, the Company has preliminarily established certain performance standards (thresholds) as described in the table below, with the evaluation framework designed so that the Nomination & Remuneration Advisory Committee will consider the possibility of lowering the percentage amount of the annual incentive payment attributable to the whole group performance component of the total annual incentive, if results fall below the thresholds. In determining the achievement rate of each target and threshold for consolidated net sales, core operating profit and profit attributable to owners of parent, actual performance may be adjusted by resolution of the Board of Directors following deliberation by the Nomination & Remuneration Advisory Committee. In cases where such adjustments are made, it shall be stated in the disclosure materials of the actual remuneration of directors.

In addition, we set the personal performance evaluation of all directors and executive officers in order to add the level of achievement regarding strategic goals that cannot be measured by the financial performance figures alone, such as efforts for restructuring of the business platform to realize sustainable growth, to evaluation criteria.

Annual incentive is paid once a year.

(Long-term incentive-type remuneration)

From fiscal 2019, the Company has introduced the long-term incentive-type remuneration policy (the "LTI") that utilizes performance share units, a type of performance-linked stock remuneration, and has incentivized the creation of corporate value over the medium to long term through annual payments. As performance indicators to evaluate the enhancement of economic value, a mix of quantitative targets to be aimed for with a long-term perspective has been set under the medium- to long-term strategy "SHIFT 2025 and Beyond." In addition, as benchmarks on creation of social value, the Company has set multiple internal and external indicators pertaining to the environment, society and governance (ESG).

[Purposes of introducing the LTI]

The LTI is adopted for the purposes of establishing effective incentives for creating and maintaining corporate value over the long term, and ensuring that the directors' and corporate officers' interests consistently align with those of our shareholders. To such ends, the LTI will help:

i) promote efforts to create value by achieving our long-term vision and strategic goals,
ii) curb potential damage to the corporate value and maintain substantial corporate value over the long-term,
iii) attract and retain talent capable of taking on leadership in business, and
iv) realize a "Global One Team" by fostering a sense of solidarity among management teams of the entire Shiseido Group and instill the consciousness of participating in the running of the Company.

[Overview of the LTI]

Under the Company's performance share units, the Company will allot a reference share unit to each of the eligible parties once every fiscal year, and on each annual allotment, the number of fiscal years that the payment relates to shall be one fiscal year. To make such allotments, the Company shall establish multiple performance indicators whose evaluation period is for three years including the fiscal year related to the payment. The Company shall use the respective achievement ratios of each performance indicator to calculate the payment rate in a range from 50% to 150% after the end of the evaluation period, and it shall use the payment rate to increase or decrease the number of share units. The eligible parties shall be paid monetary remuneration claims for the delivery of the shares of the Company's common stock and cash corresponding to the applicable number of share units, and then each eligible party shall receive delivery of shares of common stock of the Company by paying all the monetary remuneration claims using the method of contribution in kind. Meanwhile, it features a fixed portion involving a set payment in addition to its performance-linked portion. As such, the LTI is designed to help eligible parties realize the aims of more robustly ensuring that their sense of interests consistently aligns with those of our shareholders, curbing potential damage to

corporate value and maintaining substantial corporate value over the long term, and helping to attract and retain competent talent.

The evaluation period with fiscal 2023 as the fiscal year that the payment relates to covers the three fiscal years from January 1, 2023 through December 31, 2025, and determination of the amount of monetary remuneration claims for the delivery of the Company's common stock and cash and their payment to Eligible Directors will take place after the evaluation period has ended, in principle. Furthermore, under the LTI, monetary remuneration claims for the delivery of the Company's common stock and cash will be paid in accordance with the level of achievement of performance indicators, etc., and therefore, at the time share units are granted, it is undetermined whether or not this delivery or payment of remuneration, etc. to each Eligible Director will take place. Likewise, the number of shares of the Company's common stock, the amount of monetary remuneration claims for delivery of the Company's common stock, and the amount of cash are also undetermined.

[Structure of the LTI]

1) The LTI has a performance-linked portion and a fixed portion.

2) Performance indicators linked with the medium-term business plan, etc. shall be used for the performance-linked portion, and the percentage amount of payment, etc. attributable to the level of achievement, etc. of each performance indicator required for the specific calculation of the number of shares, etc. to be delivered to each Eligible Director will be determined. The Board of Directors of the Company will determine these performance indicators and the percentage amount of payment, etc., following deliberation by the Nomination & Remuneration Advisory Committee.

3) Among the performance indicators, we have established upper and lower valuation limits for the core operating profit margin and the consolidated average annual growth rate (CAGR) in the final fiscal year of the evaluation period, which are economic evaluation indicators. If the upper valuation limit is achieved, the maximum percentage amount of payment for each indicator is applied, and if the performance falls below the lower valuation limit, the performance-linked portion is not paid for each indicator. With regard to the indicators of environment and society among the social value indicators, the achievement or non-achievement of the target is judged for each of the indicators, and if the target is achieved, the maximum percentage amount of payment for each indicator is applied. If the target is not achieved, the performance-linked portion is not paid for each indicator, and for ESG in general, the target value is set, and the percentage amount of payment fluctuates according to the level of achievement.

4) The fixed portion is provided for the purpose of sharing a sustainable sense of profit with shareholders, checking the impairment of corporate value and maintaining high corporate value over the long term, and acquiring and maintaining talented human resources by stably providing certain stock compensation to Eligible Directors.

5) After the end of the evaluation period, the Board of Directors shall determine the number of shares of the Company's common stock to be allotted to each Eligible Director and the amount of cash to be paid, following deliberation by the Nomination & Remuneration Advisory Committee, in accordance with the percentage amount of payment (which fluctuates in the range between 50% and 150%) determined according to the level of achievement, etc. of each performance indicator. In the event the Nomination & Remuneration Advisory Committee determines that an unexpected external factor, etc., which was difficult to reasonably foresee when setting targets under the medium-term business plan, etc., occurs, the Committee shall conduct careful deliberation by comprehensively considering such factor, and the Board of Directors may, if it is deemed appropriate, decide to adjust the percentage amount of payment with respect to the performance indicator related to economic value among the performance indicators.

6) Pursuant to a resolution by the Board of Directors, the Company will pay monetary remuneration claims for the delivery of the Company's common stock to each Eligible Director, in accordance with the number of shares of the Company's common stock to be allotted to each Eligible Director as determined in item 5), and each Eligible Director will receive delivery of the Company's common stock by providing all of the monetary remuneration claims as contributions in kind. Furthermore, the amount paid for the Company's common stock will be determined by the Company's Board of Directors based on the Share Price at Time of Delivery within a range that is not especially advantageous for each Eligible Director subscribing to the Company's common stock.

7) Each Eligible Director will incur tax expenses in accordance with the delivery of the Company's shares as described in item 6), and therefore the Company will pay each Eligible Director an amount of cash determined in item 5) in addition to the monetary remuneration claims in item 6), in order to secure funds for these tax expenses.

8) Conditions for the delivery of shares to each Eligible Director and other details will be determined by the Board of Directors.

Under the LTI, the Company has introduced the malus and clawback provisions. In certain conditions, such as in case of serious misconduct of Eligible Directors, the Board of Directors is entitled to make the decision to reduce the number of the share units or receive a refund.

More details on the LTI are shown on the Notice of Convocation of the 123nd Ordinary General Meeting of Shareholders of the Company (pages 144 to 147).
https://corp.shiseido.com/en/ir/shareholder/2023/pdf/shm_0002.pdf#page=144

[Supporting System for Outside Directors and/or *Kansayaku*]

<External Directors>
A section in charge of secretariat of the Board of Directors and the Nomination & Remuneration Advisory Committee is formed in the Company's Legal and Governance Department. The section provides external directors with various information and assists duties of external directors to ensure smooth operation.

<External Audit & Supervisory Board Members>
Some employees of Internal Audit Department of the Company are positioned to assist the Audit & Supervisory Board and members of Audit & Supervisory Board.

【Those who Resign from President and Representative Director etc.】

Name etc. of Senior Advisor/Advisor who is a Former President and Representative Director etc.

Name	Title	Role Content	Working Pattern/Conditions (Full time/Non-Full time, With/Without Compensation, Etc.)	Resignation Date from President, Etc.	Term of Office
-	-	-	-	-	-

Total Number of Senior Advisor/Advisor who is a Former President and Representative Director, etc.	0

Other Matters

We abolished the counselor/adviser system by resolution of the Board of Directors Meeting held on September 29, 2017.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

<Status of management and business execution (including the roles and functions of the external directors)>

(The scope of duties for the bodies responsible for business execution and corporate governance)

・ Board of Directors
Our current Board of Directors is composed of ten (10) directors, including five (5) external directors. The Board of Directors is small and able to make decisions quickly. The Board of Directors holds approximately one meeting a month to discuss all significant matters. In fiscal 2022, 13 meetings (*) were held with the average participation rate of both internal and external directors reaching 100% at any occasion.
* In addition to the number of Board of Directors meetings attended shown above, there were three (3) deemed resolutions where the resolution of the Board of Directors was deemed to have been made pursuant to the provisions of Article 370 of the Companies Act and the Articles of Incorporation of the Company.
The term of office for directors is one year.

・ Nomination & Remuneration Advisory Committee

The Nomination & Remuneration Advisory Committee makes reports to the Board of Directors matters including the selection of candidates for directors, executive officers and Audit & Supervisory Board members as well as promotions and demotions, the remuneration policy for directors and executive officers and the details of payment of their performance evaluation-based remuneration. Five (5) external directors (one of whom is chair) and CEO are members of the Committee.
In fiscal 2022, 10 meetings were held. The committee discussed annual incentive for directors and executive officers for fiscal 2021, as well as the remuneration policy for directors and executive officers, and remuneration for said individuals for fiscal 2022, and discussed and reported the selection of candidates for directors and Audit & Supervisory Board members, appointments of executive officers, etc.

・ CEO Review Meeting
In our corporate governance, there is a need to appropriately concentrate authority in the CEO while maintaining a strong supervisory function to counterbalance that authority. Accordingly, the Company has established the CEO Review Meeting as a special deliberation body for the Nomination & Remuneration Advisory Committee to comprehensively oversee CEO by discussing and considering matters relating to the CEO, including performance evaluation that includes a personal evaluation of the CEO, and confirming the appropriateness of the CEO's remuneration. To emphasize its independence from the CEO and the CEO's business execution framework, the CEO Review Meeting consists solely of external directors and external Audit & Supervisory Board members.
In fiscal 2022, one (1) meeting was held.

・ Audit & Supervisory Board
The Audit & Supervisory Board of the Company is composed of five members – two full-time members, and three external members. The Audit & Supervisory Board receives reports on important matters related to audits, holds discussions, and makes resolutions pursuant to the provisions of laws and regulations, the Articles of Incorporation, and the Rules of the Audit & Supervisory Board. In fiscal 2022, 12 meetings were held with the average participation rate of Audit & Supervisory Board members reaching 100%.

・ Global Strategy Committee
The Global Strategy Committee discusses group policy, organizational transform, new business and brand launch and other particularly important matters for Shiseido Group before the final decisions are made by the CEO.

・ Global Risk Management & Compliance Committee
The Global Risk Management & Compliance Committee detects globally and locally occurring social changes in a timely manner, and makes clear the status of the Shiseido Group to identify factors leading to management risks, and then prioritizes such risks to discuss countermeasures referring to the present conditions of ethics /compliance and countermeasures in different areas of the world. In fiscal 2022, the secretariat of the committee exchanged opinions with each member of the Committee (executive officers and region CEOs) individually, in addition to holding meetings of the Commitee. By doing so, the Company promoted enterprise risk management (ERM), including identification of important risks and implementation of countermeasures to the risks in the Shiseido Group.

・ HQ/SJ Compliance Committee
The HQ/SJ Compliance Committee identifies the status of ethics and compliance as well as incident cases in each group company located in Japan including the Company (HQ) and Shiseido Japan Co., Ltd. (SJ) to discuss countermeasures. In fiscal 2022, 2 meetings were held.

<Diversity of directors and Audit & Supervisory Board members>
The Company believes that the Board of Directors of the Company should be composed of directors with various viewpoints and backgrounds, on top of multilateral sophisticated skills, for effective supervision over the execution of business as well as decision-making on critical matters. Furthermore, the Company believes that Audit & Supervisory Board members should have the same diversity and sophisticated skills as the directors as they have a duty to attend meetings of the Board of Directors and state opinions as necessary.
When selecting candidates, we place importance on ensuring rich diversity, taking into account not only the achievement of gender equality, but also other attributes including age and nationalities and personalities, 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 and external Audit & Supervisory Board members in order to reflect their views, which are free from the Company's existing structure, to the management of the Company, and by allowing a handover period from long-serving external directors and audit & external supervisory board members to newly-appointed external directors and audit & external supervisory board members to ensure appropriate transition.

<Ratio of external directors at the board of directors>
Based on the Board of Directors' conclusion that it would be appropriate for the Company to adopt the "monitoring board-type corporate governance," the Company established its view on the ratio of external directors on the Board of Directors.
In the Company's articles of incorporation, the maximum number of board members is set at twelve (12). Respecting this upper limit and in consideration of the Company's business portfolio and scale, an optimum number of directors is elected such that they are able to appropriately supervise the management.
For external directors, the number is set at three (3) or above to allow such members a certain degree of influence within the board. In addition, the Company has established the target of electing half or more of its directors from outside.
For selecting external directors, high priority is given to independence. Our basic principle is that candidates of external directors are required to meet the Company's independence criteria as well as possess high independence in mental attitude.

<Actual composition of directors and Audit & Supervisory Board members>
Of the ten (10) directors currently in office, five (5) members (50%) are highly independent external directors who meet the "Criteria for Independence of External Directors and Audit & Supervisory Board Members" of the Company. The other five directors who serve concurrently as executive officers include one with career background in management outside the Shiseido Group, and one with career background in finance manager outside the Shiseido Group and three with career background in the Shiseido Group. The directors include three (3) females (30.0%).
Of five Audit & Supervisory Board members, three members (60.0%) are highly independent external Audit & Supervisory Board members and two are full-time members with career background in the Shiseido Group. The members include three females (60.0%).
Of the total of fifteen (15) directors and Audit & Supervisory Board members, eight (8) members (53.3%) are highly independent external directors or external audit & supervisory board members, and six (6) members are female (40%).

<Status of audits>
(Internal audit)
The Internal Audit Department, which reports directly to the Representative Director, Chairman and CEO, monitors the appropriateness of business execution, as well as effectiveness of internal controls throughout the Group, and reports the audit results to the Representative Director, Chairman and CEO, Director Chief Financial Officer, and Audit & Supervisory Board members every month and the Board of Directors and the Audit & Supervisory Board twice a year. In addition, we recognize that promoting the utilization of the three lines model is a part of our corporate governance activities, and in collaboration with the business divisions on 1st line and the global headquarters functional divisions and regional headquarters on the 2nd line, the Internal Audit Department on the 3rd line is implementing activities to develop and improve risk scenarios and countermeasures thereto in order to promote sound growth strategies and achieve sustainable improvement of corporate value. Furthermore, risk assessments and the internal audits for specialized areas, e.g. information security, product quality are mainly conducted by the relevant departments.

(Audit & Supervisory Board members' audits and initiatives toward strengthening their functions)
Shiseido's Audit & Supervisory Board consists of two standing members and three highly independent external members. They monitor the legality and appropriateness of directors' performance by attending Board of Directors meetings and other important meetings. Additionally, three Audit & Supervisory Board member (external) offer advices, proposals and views from an independent perspective, based on their abundant experience and insight in their respective fields.
Representative directors and Audit & Supervisory Board members meet regularly to exchange opinions on actions that will resolve corporate governance issues. The Company maintains a framework to ensure that

Audit & Supervisory Board members discharge their duties effectively, such as the assignment of staff dedicated to assisting them.

(Accounting audits) [as of December 31, 2022]

・ Name of auditing firm
KPMG AZSA LLC

・ Certified public accountants conducting audit operations
Masakazu Hattori (three year audit experience)
Kentaro Hayashi (tree year audit experience)
Unshil Kang (two year audit experience)

(Note) The rotation of accountants conducting audit operations is properly conducted in accordance with the policy established by KPMG AZSA LLC.
For the rotation of accountants of KPMG AZSA LLC, there is a regulation regarding the requirement of maximum engagement period of auditing and attesting services under the laws and regulations related to independence as well as the policies of this audit firm (including the policy of KPMG International Cooperative). KPMG AZSA LLC monitors the rotation status of accountants including supporting members engaging in accounting audits, in terms of continuous engagement period and independence.

・ Assistants for the accounting audits of the Company
Supporting members engaging in accounting audits of the Company are 16 certified public accountants, 9 junior accountants, and 25 professionals specializing in tax affairs, IT audits, etc.

・ Appointment reason and policy, and evaluation of auditing firm
As for the appointment and dismissal of the accounting auditor by the Company, Chief Financial Officer and heads of departments relevant to finance/accounting and audits conduct an evaluation, and then audit & supervisory members need to unanimously agree through deliberations based on the evaluation results at the Audit & Supervisory Board meeting.
The Company's decision-making policy for dismissing or not reappointing the accounting auditor is as follows:
If the accounting auditor does not fulfill their official responsibilities, or neglects their duties, or their conduct is not appropriate as an accounting auditor, and if the Company decides that serious damage is likely to be caused to the Company by allowing them to continue to be the accounting auditor of the Company, then the Audit & Supervisory Board dismisses the accounting auditor as stipulated in Article 340 of the Companies Act. Further, if the accounting auditor admits that it is difficult to appropriately perform their duties, or it is reasonable to change the accounting auditor in order to conduct more appropriate audits, then the Audit & Supervisory Board decides the content of a proposal for dismissing or not reappointing the accounting auditor taking into account the opinions of organizations responsible for conducting audits, and the Board of Directors submits the said proposal to the general meeting of shareholders following the decision made by the Audit & Supervisory Board.
For fiscal 2022 accounting audit by the accounting auditor, the Audit & Supervisory Board conducted an evaluation using the following items and processes, and resolved to reappoint the accounting auditor for fiscal 2023.
In order to adopt the resolution for the reappointment, the Audit & Supervisory Board confirmed items such as the adequacy of the accounting auditor, quality control, the independence and professional competency of the audit team, the appropriateness of audit plans and the status of communication with the Audit & Supervisory Board members and other personnel. In addition, prior to adopting the resolution for reappointment, the Audit & Supervisory Board had interviews with the heads of departments in charge of business execution (Finance Accounting Dept. and Internal Audit Dept.) about the accounting auditor and exchanged opinions with the Chief Financial Officer at the Audit & Supervisory Board.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the framework of a company with the Audit & Supervisory Board system, which exercises the dual checking functions over business execution by the Board of Directors and over the legality and effectiveness by the Audit & Supervisory Board members. In order to maintain and improve management transparency, fairness and speed that are provided in the basic policy for the corporate governance within the framework, the Company has incorporated superior functions of company with the nominating committee, etc. and company with the Audit & Supervisory Board system, etc., reinforcing supervisory functions of the Board of Directors.
Based on a matrix-type organizational system with five brand business categories and six regions combined, which was launched by the Shiseido Group in January 2016, the Company as the global headquarters is responsible for supervising the overall group and providing necessary support, while promoting localization of responsibility and authority by delegating many of the authorities that used to be retained by the Company to respective regional headquarters of Japan, China, Asia, the Americas, EMEA, and Travel Retail. Under the management structure, the Board of Directors held repeated discussions with regard to an ideal state of the Company's corporate governance system that includes composition and operation of the Board of Directors. As a result, the Board of Directors concluded adopting the "monitoring board-type" would be appropriate to ensure sufficiently effective supervisory functions over the Shiseido Group overall, and has implemented the "monitoring board-type corporate governance" while leveraging advantages of the company with the audit & supervisory board system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights Updated

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Shiseido makes every effort to distribute a convocation notice about 3 weeks prior to a general meeting of shareholders. For the 123rd Ordinary General Meeting of Shareholders, the convocation of notice was distributed on Friday, March 3, 2023, 21 days prior to the Meeting. The Company disclosed the notice of convocations on our corporate information website before the date of mailing in light of earliest possible information service (Japanese: on Friday, February 24, English translation: on Thursday, March 2.)
Scheduling AGMs Avoiding the Peak Day	The Company held the 123rd Ordinary General Meeting of Shareholders on Friday, March 24, 2023. The date is 3 day (3 business days) prior to Thursday, March 30, which is said to be the concentrated date for AGMs of the Japanese companies whose fiscal year ending December 2022.
Allowing Electronic Exercise of Voting Rights	Since the 103rd Ordinary General Meeting of Shareholders in 2003, the Company has introduced the measure of exercising voting rights via website.
Participation in Electronic Voting Platform	Since the 106th Ordinary General Meeting of Shareholders in 2006, the Company has taken part in the Electronic Voting Platform operated and managed by ICJ, Inc.
Providing Convocation Notice in English	An English translation of the convocation of notice is prepared, distributed to foreign shareholders to the maximum extent, and posted on the Tokyo Stock Exchange's website as well as our corporate information website in English.
Other	In June 2008, the Company started disclosing the results of the exercise of voting rights. Starting from 2010, the Company disclosed the result of the exercise of voting rights on the Tokyo Stock Exchange's website, our corporate information website, and the extraordinary reports through EDINET of the Financial Services Agency of Japan. In addition, as from fiscal 2015, the Company posts videos including a presentation by CEO and COO on our corporate information website. ＜Presentation＞ https://www.irwebcasting.com/20230324/2/f6b9296eef/mov/main/index.html

	The ordinary general meeting of shareholders is held using environmentally friendly materials. For example, we use vegetable oil inks and FSC-certified papers for printed materials sent to shareholders, such as the Notice of Convocation and the Notice of Resolution. In addition, starting this fiscal year, we have reduced the number of pages of the convocation notice to be printed, which is part of compliance with the revision of the Companies Act.

2. IR Activities Updated

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The Company established the "Basic Policy on Information Disclosure and Dialogue with Shareholders and Investors", consisting of "Basic Policy," "Information Disclosure," "Constructive Dialogue with Shareholders and Investors," and "Management of Insider Information, etc." in 2006. The Disclosure Policy was partially amended in December 2022 and the amended policy is disclosed on our corporate information website. https://corp.shiseido.com/en/ir/policy/
Regular Investor Briefings for Individual Investors	The Company regularly holds investors briefings attended by executive officers or Vice President of Investor Relations Department, which are distributed via our corporate information website. https://corp.shiseido.com/jp/ir/investors/briefing.html (Japanese only) In addition, the Company started Individual Shareholders Meetings in fiscal 2011, regular meetings throughout Japan for communicating and exchanging opinions concerning shareholder relations of the Company with its individual shareholders. In fiscal 2017, these meetings were transformed into Company Facilities Tours in order to deepen the understanding of the Company. Reports on these events are posted on our corporate information website to inform shareholders about our stance and history of manufacturing, as well as our corporate culture. In 2021, the Company conducted online briefing sessions by CFO and other management were held in the place of the tours due to the spread of the new coronavirus infection. In 2022, as the pandemic slowed down a bit, we held an event to celebrate its 150th anniversary of foundation with CEO on stage. 1st tour held on June 20, 2017, in Kakegawa (Kakegawa Factory and Corporate Museum); 2nd tour held on June 19, 2018 in Ginza (Shiseido Life Quality Beauty Center and Shiseido Gallery); 3rd tour held on November 26, 2019 in Yokohama (Shiseido Global Innovation Center); online business presentations held on September 24, 2021; an event to celebrate the Company's 150th anniversary of the company's founding held on October 11,2022. https://corp.shiseido.com/jp/ir/investors/meeting.html (Japanese only) The Company also introduces special content and interviews at a dedicated page for individual investors and shareholders on our corporate information website. The page features Shiseido's agile initiatives in response to changes in consumer needs and our brand's commitment to sustainability. https://corp.shiseido.com/jp/ir/investors/special/ (Japanese only)
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds briefings quarterly when it announces its financial results (four times a year).

Regular Investor Briefings for Overseas Investors	The Company holds individual briefings for investors mainly in countries North America, Europe, and Asia using a web conference system even in current situations where overseas travel is limited due to the spread of the new coronavirus infection. In November and December 2022, we went to Europe and the United States, and held briefings for investors there.
Posting of IR Materials on Website	The following statutory and non-statutory reports and materials are posted on the Company's website: Notice of convocation of ordinary general meeting of shareholders, annual security reports (quarterly reports), timely disclosure materials, financial result briefing materials, consolidated financial results, annual report, and others. https://corp.shiseido.com/en/ir/library/ https://corp.shiseido.com/en/ir/news/
Establishment of Department and/or Manager in Charge of IR	Department in charge: Investor Relations Department Corporate Officer etc. in charge: Takayuki Yokota, Director, Executive Officer, Chief Finance Officer (CFO) Contact: Ayako Hirofuji, Vice President of Investor Relations Department
Other	Hold meetings and web conferences targeting domestic and foreign investors, in addition to Financial Results Briefings (four times a year.)

3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanations
Stipulation of Internal Rules to Respect Stakeholders	The Company established "Shiseido Code of Conduct and Ethics." It sets out not only abiding by the laws of each country and region, internal rules and regulations of the Shiseido Group, but also the action standards for business conduct with the highest ethical principles. Also, the Company defines what corporate actions should be taken in relation to stakeholders (employees, customers, business partners, shareholders, and society and the Earth).
Implementation of Environmental Activities, CSR Activities etc.	The Company reports to stakeholders on its social responsibility, and provides information about CSR activities, including environmental preservation activities conducted by the Company, through the Annual Report and Sustainability Report. In the Shiseido website, the Sustainability pages have been created. https://corp.shiseido.com/en/sustainability/
Other	< Diversity in employees > The Company endeavors to build a corporate culture that respects the diversity of its workforce, irrespective of gender, age, nationality, race, sexual orientation/ gender identity, disability and any other individual attribute and where we can create new value. Since most of the Shiseido Group's customers are women, we focus on providing new products and services based on our understandings of women's values and current lifestyles, and we have implemented a variety of support measures for female employees, who account for approximately 80 percent of all the employees, so that they can play a central role in management and business activities.

	As a result of our long-time effort to promote the advancement of women, the ratio of women in management positions in the Shiseido Group in Japan reached 37.6% (as of January 2023), and the ratio of women in the Board of Directors reached 40.0% (as of March 2023). The Company will continue to provide further supports for the advancement of women, aiming to male-female ratio 50:50 as a symbolic figure for equal opportunity at all stage in the Shiseido Group in Japan, In addition, not only pursuing gender equality, but the Company promotes the active participation of employees with diverse backgrounds including foreigners and mid-career hires, and to further accelerate diversity management. The Company's support for the advancement of women and initiatives for diversity are described on our corporate website. https://corp.shiseido.com/en/sustainability/labor/diversity.html

IV. Matters Related to the Internal Control System Updated

1. "Basic Views on Internal Control System" and the Progress of System Development Updated

(1) System under Which Execution of Duties by Directors and Employees of the Company and All Group Companies Is Ensured to Comply with Laws and Regulations and the Articles of Incorporation of the Company; System under Which the Appropriateness of Business of the Whole Group Is Ensured

The Board of Directors shall determine important matters which will affect the Company and its subsidiaries and affiliates as a Group.

The representative directors of the Company shall regularly report the status of execution of business to the Board of Directors. External directors shall be elected to strengthen and maintain the Board of Directors' supervisory functions in regard to operational execution. The Audit & Supervisory Board members audit legality and appropriateness of the directors' execution of business. Upon request of any audit & supervisory board member, directors and employees shall report the status of execution of business to the audit & supervisory board members.

The Company has defined THE SHISEIDO PHILOSOPHY, shared across the Group and built upon three elements: OUR MISSION, which determines our purpose, OUR DNA, which embodies our unique heritage of over 150 years, and OUR PRINCIPLES (TRUST 8), which is a mindset to be shared by each and every Shiseido Group employee in their work. THE SHISEIDO PHILOSOPHY, together with the "Shiseido Code of Conduct and Ethics," which set out action standards for business conduct with the highest ethical principles, promote corporate activities that are both legitimate and fair.

The Company shall establish a basic policy and rules in line with the "Shiseido Code of Conduct and Ethics," with which the whole Shiseido Group is required to comply. Every Group company and business site shall be fully aware of this policy and rules, along with THE SHISEIDO PHILOSOPHY and the "Shiseido Code of Conduct and Ethics," so that environments for the formulation of detailed internal regulations of the Company will be created at every Group company and business site.

The Committee that oversees compliance and risk management has been set up in the Company, and while coordinating with organizations that have been set up to fulfill the compliance and risk management functions in the respective regional headquarters located in the major regions across the globe, this committee shall be responsible for corporate quality improvement by enhancing legitimate and fair corporate activities of the Group and risk management. The Committee shall propose and report important matters and the status of their progress to the Board of Directors through the Representative Director as necessary.

The Company deploys a person in charge of promoting legitimate and fair corporate activities of the Group and risk management at each Group company and business site, plans and promotes regular training and educational activities on corporate ethics, and responds to incidents and manages risks. The department in

charge of risk management and the Committee that oversees compliance and risk management will share information regularly with the persons in charge deployed within each Group company and business site.
For the purpose of detection and remediation of types of conduct within the Group that are in violation of laws, the Articles of Incorporation, and internal regulations of the Shiseido Group, the Company shall set up, as a contact for whistle-blowing, a hotline in each Group company as well as a hotline where employees can directly report and consult with the officer in charge of risk management. In the Japan region, the Company shall establish one hotline as an in-house-counselor staffed internal point of contact, and one outside-counselor-staffed external point of contact.

In accordance with the internal regulations of the Company pertaining to internal auditing, internal auditing shall be conducted with respect to the whole Group to audit the appropriateness of business. The results of audit shall be regularly reported to Representative Directors, a Chief Financial Officer, and Audit & Supervisory Board members. The results shall also be regularly reported to Board of Directors.

(2) System under Which Directors of the Company and All Group Companies Shall Be Ensured to Efficiently Execute Duties

The Company adopted an executive officer system to realize smooth and highly efficient corporate management, wherein functions of directors, who are responsible for decision-making and overseeing execution of business, are separated from those of executive officers, who are responsible for business execution.

A representative director shall coordinate and supervise the Group's overall execution of business operations that are directed towards achieving given corporate targets. Executive officers shall fix specified targets in the assigned fields, including all Group companies, and set up a business system by which the targets shall efficiently be achieved.

Furthermore, with respect to the execution of important business, the relevant meeting for decision-making on business execution, consisting of executive officers, shall deliberate the business execution from various viewpoints.

The Board of Directors and the relevant meeting for decision-making on business execution shall confirm the status of progress versus the target and implement necessary improvement measures.

(3) System under Which Information Regarding Execution of Business by the Company's Directors Shall Be Maintained and Managed; System under Which Items Regarding Execution of Business by Directors and Employees of All Group Companies Shall Be Reported to the Company

Important documents such as minutes of the Board of Directors meetings and of relevant meetings for decision-making on business execution shall be managed pursuant to laws and regulations, and these important documents shall be presented to directors and audit & supervisory board members immediately whenever requested for inspection.

In addition, for information with respect to execution of business by directors and employees, internal regulations of the Company regarding protection of information assets and information disclosure shall be formulated, and the information shall be managed in accordance with them.

Important information regarding the execution of duties by directors and employees of all Group companies shall be reported in a timely manner to the Company by all Group companies in accordance with the internal regulations of the Company that stipulate matters such as reporting to the Company.

(4) Regulations Regarding Control of Risk for Loss at the Company and All Group Companies and Other Regulation Systems

Organizations for the purpose of fulfilling the compliance and risk management functions are set up in the respective regional headquarters located in the major regions across the globe, which will be responsible for overseeing risks related to corporate activities through Group-wide cross-sectional communication. The Committee that oversees compliance and risk management recognizes and evaluates risks associated with

management strategy and business execution, and takes necessary measures, or assists the regional headquarters located in the major regions across the globe to prepare their own contingency responses to deal with emergency situations.

In the case of emergency, countermeasure headquarters shall be set up by the regional headquarters of the region where the emergency occurred, the Company, or both, pursuant to the situation, the seriousness of the impact on the Group and other factors, and that headquarters shall take the countermeasures.

(5) System Related to Employees to Assist Duties of Audit & Supervisory Board Members When Audit & Supervisory Board Members Request to Do So; and Matters Related to the Independence of Such Employees from Directors; Matters Related to Securing the Effectiveness of Instructions from Audit & Supervisory Board Members to Such Employees

The Audit & Supervisory Board Staff Group shall be established, and employees shall be positioned there to assist the Audit & Supervisory Board and audit & supervisory board members.

In order to ensure the independence of the employees in the Audit & Supervisory Board Staff Group from directors and the effectiveness of instructions from audit & supervisory board members to them, the audit & supervisory board members' consent shall be necessary for determination of personnel matters such as appointments, movements and evaluations of these employees.

(6) System under Which Directors and Employees Report to Audit & Supervisory Board Members and Other Systems under Which Any Report Is Made to Audit & Supervisory Board Members; System to Ensure That Persons Are Not Treated Disadvantageously for Making Such Reports to Audit & Supervisory Board Members

Directors and employees shall report the status of their execution of duties to audit & supervisory board members by enabling them to attend meetings of the Board of Directors and other important meetings, and they shall also report results of audit performed by the department in charge of internal auditing to audit & supervisory board members. In addition, the status of business and conditions of assets shall be reported to audit & supervisory board members upon their request.

Separately, the Company shall establish a method through which directors and employees, including those of all Group companies, can directly inform audit & supervisory board members of issues and shall make this method known throughout the Group.

The Company and all Group companies shall develop internal regulations of the Company to ensure that the said directors and employees are not dismissed, discharged from service or receive any other disadvantageous treatment due to reporting to audit & supervisory board members or informing them of issues, and shall make these regulations known.

(7) Matters Regarding Policy on Handling Advance Payment or Repayment of Expenses Resulting from Audit & Supervisory Board Members' Execution of Duties or Other Expenses or Debts Arising from the Said Execution of Duties

Expenses deemed necessary for the execution of duties by the Audit & Supervisory Board and audit & supervisory board members shall be budgeted for and recorded in advance. However, expenses paid urgently or temporarily shall be handled by repaying them afterwards.

(8) Other Systems under Which Audit by Audit & Supervisory Board Members Is Ensured to Be Performed Efficiently

Opinion exchange meetings shall be held regularly between representative directors and audit & supervisory board members. The Company shall ensure a system under which corporate audits are implemented efficiently. Liaison meeting shall be held among audit & supervisory board members, the accounting auditor and the Internal Audit Department upon request of audit & supervisory board members. In addition, audit & supervisory board members shall be ensured to attend various meetings.

2. Basic Stance on Elimination of "Anti-Social Forces" (organized crime group) Updated

In the "Shiseido Code of Conduct and Ethics," the Company has declared that "we do not work with individuals or organizations that engage in illegal activities, such as threatening public order or safety." We also do not respond to any requests for money or support from such individuals or organizations." A coordination office was established in the department overseeing risk management for the purpose of information gathering and management of relevant manuals on intranet. The Company continually gathers information and strengthens ties with external organizations, such as cooperation with the local police and membership in organization promoting elimination of anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

None.

2. Other Matters Concerning to Corporate Governance System Updated

The internal system for ensuring the timely disclosure of our corporate information is described below.

We have the "Basic Policy on Information Disclosure and Dialogue with Shareholders and Investors," (*1) which we established as a policy on the disclosure of management information to shareholders and investors, etc.

Thus, everyone in the Shiseido Group is working sincerely on disclosing, in a timely and appropriate manner, facts that have a material impact on investment decision-making by shareholders and investors and financial information.
Specifically, we set in place the following structures to treat material facts that have an impact on decision-making by investors, for facts of decisions made and financial information and for facts of actual events, respectively:

1. Facts of Decisions Made, Facts of Actual Events (excluding incidents, accidents and disasters) and Financial Information
In order to recognize and identify what kinds of facts fall under the category of material facts, each office and department of the Shiseido Group has put together a list of material facts under internal rules that reflect laws and listing regulations, and decides on a case-by-case basis whether or not a certain fact is a material fact.
In addition, when an applicable case is brought to the Global Strategy Committee, Board of Directors, or any other decision-making body for report or approval, the Investor Relations Department, the department responsible for the TSE disclosure, checks whether or not it falls under the category of material facts in accordance with the Timely Disclosure Rules of the TSE, while the Corporate Strategy Department and Legal & Governance Department manage the material facts.
On top of this framework for clarifying material facts, we also have other frameworks for timely and appropriate disclosure, such as an Examination Team, which is set up flexibly according to the specifics of the material fact. Its work involves not only the examination of the information subject to disclosure, but also the preparation and confirmation of disclosure documents.
It is after all these frameworks are drawn on that the Global Strategy Committee, the Board of Directors, or any other decision-making body approves a case and decides to take an information disclosure action, immediately after which the information is disclosed in an appropriate manner through the TSE and the Shiseido corporate website.

2. The Company's System for Information Disclosure of Facts of Actual Events Such as Incidents, Accidents and Disasters

In preparation for addressing abrupt events, we have developed a framework under which the Compliance Committee gathers related departments to take emergency actions and ensure prompt disclosure actions.
Specifically, the Emergency Conference or Ad Hoc Committee will be organized in accordance with the Emergency Procedures Manual, which has been developed as internal rules. The level of risk involved is determined there and, depending on the level, an organ responsible for addressing it will be set up. For those of which level of risk falls under the category of material fact, an Emergency Task Force will be established in an attempt to take quick and appropriate disclosure actions.
For any business execution by each place of business and each department, the Internal Auditing Department strives to ensure and improve the fairness and transparency of our corporate management by performing stringent internal audits.

(*1)
Basic Policy on Information Disclosure and Dialogue with Shareholders and Investors
1. Basic Policy
Shiseido fully recognizes that timely and appropriate disclosure of corporate information to shareholders and investors forms the basis of a sound securities market. We will make constant efforts to improve our internal systems to ensure prompt, accurate, and fair disclosure of corporate information to all shareholders and investors at the same time, and will focus on timely and appropriate disclosure of corporate information to shareholders and investors. Through this timely and appropriate disclosure as well as constructive dialogue, we will aim to increase our medium-to-long-term corporate value by building favorable relationships with the capital market and incorporating market opinions and valuations in feedback to the management of the Company.

2. Information Disclosure
(1) Standards for Information Disclosure
a. Timely disclosure of material information
We will disclose information in accordance with the Financial Instruments and Exchange Act, other related laws, and rules on timely disclosure as defined by the Tokyo Stock Exchange ("TSE"), on which Shiseido is listed. Additionally, material information will be determined by the information management officer (the officer in charge of disclosure) upon consultation with relevant departments within the Company according to the contents of the information concerned.

b. Voluntary disclosure
Any information not required by the above rules on timely disclosure will be disclosed by us in light of timeliness and fairness if we consider it useful for investment decisions.

(2) Method of Information Disclosure
Disclosure of material information prescribed in the rules for timely disclosure and voluntary disclosure of other useful information not required by the rules will be made through TDnet, a timely disclosure system provided by the TSE ("TDnet"). Information disclosed on TDnet will also be disclosed promptly via the Shiseido corporate website.

(3) System for Information Disclosure
In order to recognize and identify what kinds of facts fall under the category of material facts, each office and department of the Shiseido Group has put together a list of material facts under internal rules that reflect laws and listing regulations, and decides on a case-by-case basis whether or not a certain fact is a material fact.
In addition, when an applicable case is brought to the Global Strategy Committee, Board of Directors, or any other decision-making body for report or approval, the Investor Relations Department, the department responsible for TSE disclosure, checks whether or not it falls under the category of material facts in accordance with the Timely Disclosure Rules of the TSE, while the Corporate Strategy Department and Legal & Governance Department manage the material facts.
On top of this framework for clarifying material facts, we also have other frameworks for timely and appropriate disclosure, such as an Examination Team, which is set up flexibly according to the specifics of the material fact. Its work involves not only the examination of the information subject to disclosure, but also the preparation and confirmation of disclosure documents.
It is after all these frameworks are drawn on that the Global Strategy Committee, the Board of Directors, or any other decision-making body approves a case and decides to take an information disclosure action,

immediately after which the information is disclosed in an appropriate manner through the TSE and the Shiseido corporate website.

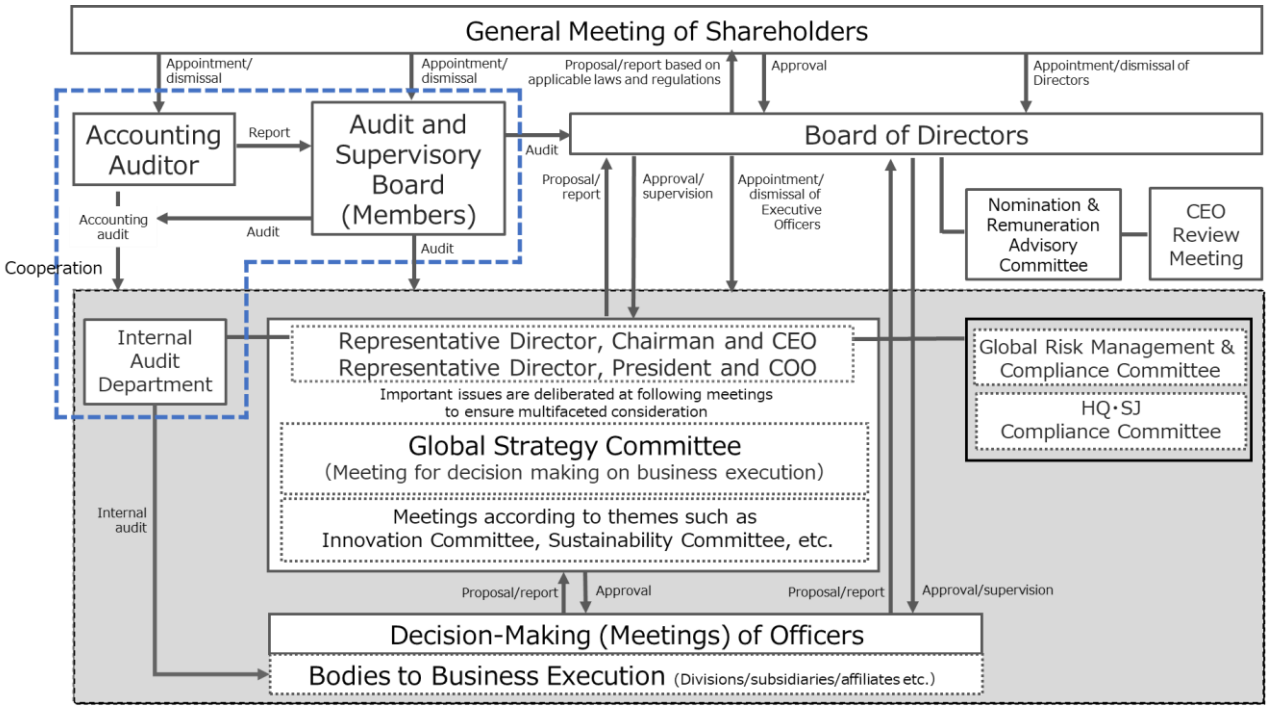
3. Constructive Dialogue with Shareholders and Investors
Investor relations (IR) activities of the Company are overseen by its CFO as the officer in charge of IR, who ensures positive cooperation between departments through such means as internal liaison meetings on information for disclosure in order to support constructive dialogue with shareholders and investors. To promote understanding of Shiseido's philosophy, business strategy, and financial situation, we do not limit our IR activities to general meetings of shareholders and individual investor meetings. We also hold regular IR events, such as briefings on our business results for analysts and institutional investors, events for individual shareholders, and briefings for individual investors. In addition, we aim to enhance the information we share with our shareholders and investors through publications at the Shiseido corporate website, Integrated Report, Sustainability Report, and Notice of Convocation of the Ordinary General Meeting of Shareholders. At the same time, as we aim to further increase our corporate value, we relay the views and concerns learned through dialogue with shareholders and investors to the Board of Directors, various meetings for information sharing, and key internal stakeholders through emails and other communication.

4. Management of Insider Information, etc.
(1) Fair Disclosure
To avoid selective disclosure of nonpublic and voluntarily disclosed information to specific investors, we will manage information properly in accordance with internal rules for internal stakeholders involved with such information. In addition, when we recognize that certain rumors about the Company are circulating that can significantly affect the capital market, we will disclose information promptly through channels such as TDnet.

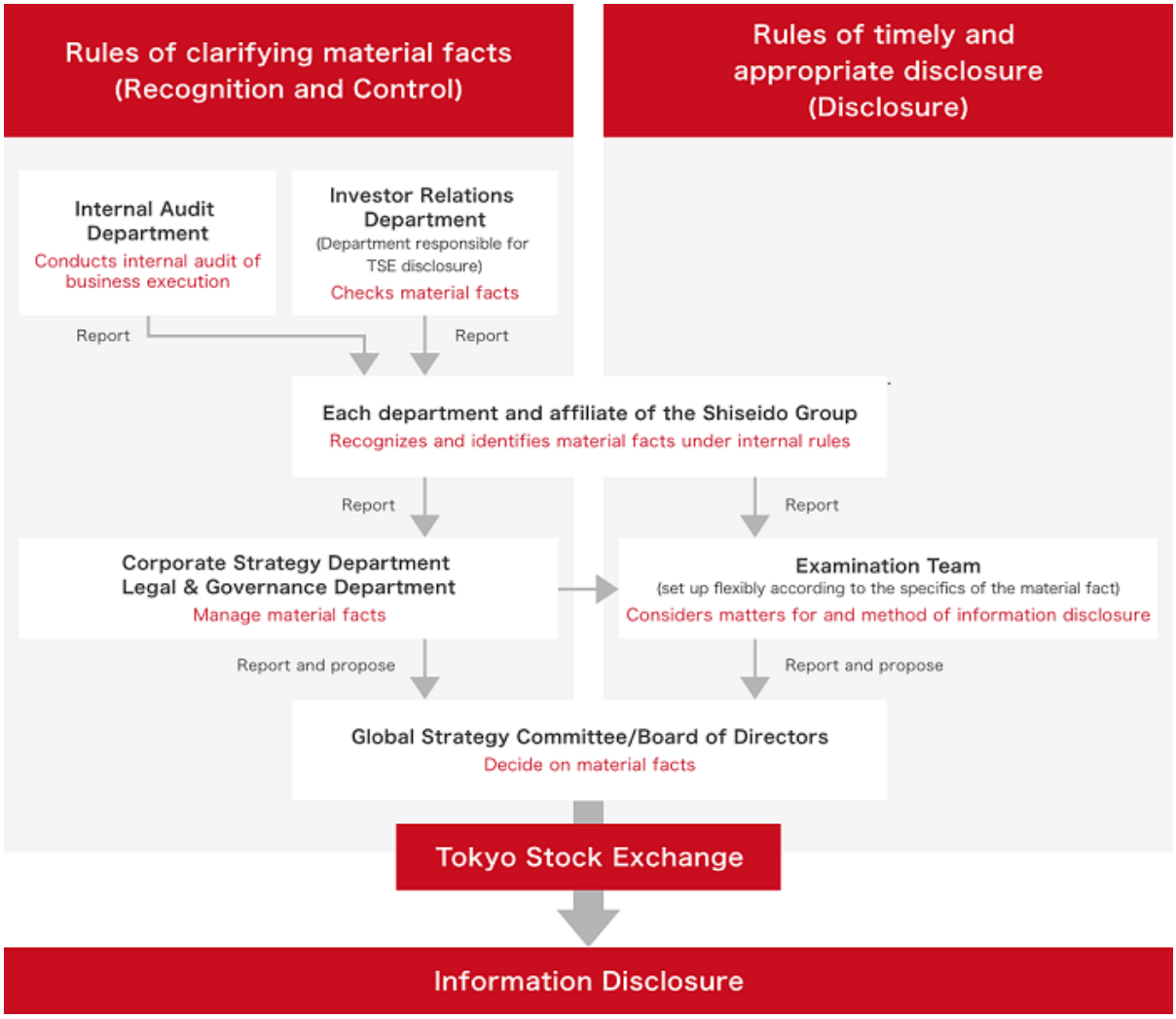
(2) Quiet Periods
To prevent leaks of financial results before announcement and to assure fairness, Shiseido observes a quiet period before an announcement of business results. The quiet period is from the day after the closing date until the date on which earnings are announced each quarter. During the quiet period, we do not answer inquiries or make any comments on business results. Should it prove necessary to make timely disclosure during the quiet period, Shiseido will do so under the rules on timely disclosure.

(3) Forward-Looking Statements
Statements of information disclosed by Shiseido other than historical facts are forward-looking statements that reflect our plans and expectations at the time of the announcement. These forward-looking statements involve risks, uncertainties, and other factors that may cause actual results and achievements to differ from those anticipated in these statements.

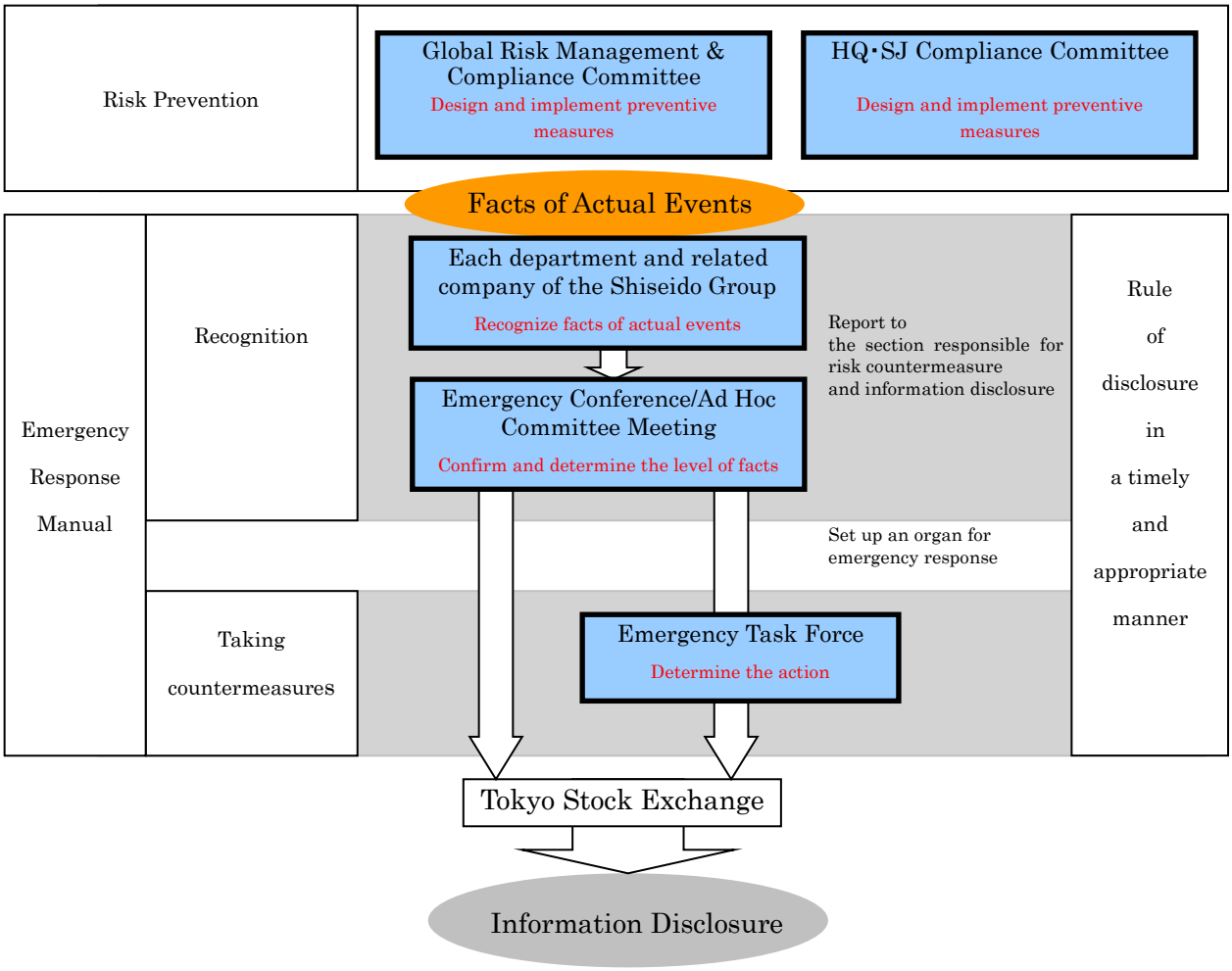
<The Company's Corporate Governance Framework>



＜The Company's System for Information Disclosure of Facts of Decisions Made, Facts of Actual Events (excluding incidents, accidents and disasters) and Financial Information＞



<The Company's System for Information Disclosure of Facts of Actual Events Such as Incidents, Accidents and Disasters>



<Principles of the Corporate Governance Code (CG Code) and Shiseido's Response>

Last Update: April 10, 2023

Section 1

Section 1: Securing the Rights and Equal Treatment of Shareholders	
General Principle 1	Companies should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively. In addition, companies should secure effective equal treatment of shareholders. Given their particular sensitivities, adequate consideration should be given to the issues and concerns of minority shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.

・See below

Principle 1.1	Companies should take appropriate measures to fully secure shareholder rights, including voting rights at the general shareholder meeting.

・See below

Supplementary Principle 1.1.1	When the board recognizes that a considerable number of votes have been cast against a proposal by the company and the proposal was approved, it should analyze the reasons behind opposing votes and why many shareholders opposed, and should consider the need for shareholder dialogue and other measures.

・For proposals with an approval rate below a certain level established by the Company, we engage in a dialogue with the opposing shareholder(s), whereupon we consider our response going forward.

Supplementary Principle 1.1.2	When proposing to shareholders that certain powers of the general shareholder meeting be delegated to the board, companies should consider whether the board is adequately constituted to fulfill its corporate governance roles and responsibilities. If a company determines that the board is indeed adequately constituted, then it should recognize that such delegation may be desirable from the perspectives of agile decision-making and expertise in business judgment.

・When delegating certain resolutions of the general shareholder meeting to the

Board of Directors of the Company, the Board carefully considers whether it will not limit shareholder rights and ensures transparency to shareholders before the delegation. We pay particular attention that such delegation does not prevent the Company from fulfilling its responsibilities to the shareholders. For instance, the Company delegates resolutions on the acquisition of treasury stock and interim dividends to the Board in order to flexibly and proactively realize shareholder returns.

・Dividends of retained earnings are determined yearly through a proposal to the general shareholder meeting and its approval.

Supplementary Principle 1.1.3	Given the importance of shareholder rights, companies should ensure that the exercise of shareholder rights is not impeded. In particular, adequate consideration should be given to the special rights that are recognized for minority shareholders with respect to companies and their officers, including the right to seek an injunction against illegal activities or the right to file a shareholder lawsuit, since the exercise of these rights tend to be prone to issues and concerns.

・The Company sets up a system for appropriate response to requests or proposals from or exercise of rights for minority shareholders, such as posting a "Form for Exercise of Minority Shareholder Rights, Etc." (Japanese only) on its website.
https://corp.shiseido.com/jp/ir/issue/teikan/pdf/moushide_04.pdf

Principle 1.2	Companies should recognize that general shareholder meetings are an opportunity for constructive dialogue with shareholders, and should therefore take appropriate measures to ensure the exercise of shareholder rights at such meetings.

・See below

Supplementary Principle 1.2.1	Companies should provide accurate information to shareholders as necessary in order to facilitate appropriate decision-making at general shareholder meetings.

・The Company publishes not only statutory disclosure items, but also other items deemed necessary by the Company, including those exemplified by other global companies or those requested at investor meetings. Such items are included in our notice of convocation or published on our corporate website.
https://corp.shiseido.com/en/ir/shareholder/

Supplementary Principle 1.2.2	While ensuring the accuracy of content, companies should strive to send convening notices for general shareholder meetings early enough to give shareholders sufficient time to consider the agenda. During the period between the board approval of convening the general shareholder meeting and sending the convening notice, information included in the convening notice should be disclosed by electronic means such as through TDnet or on the company's website.

・The Company sends its notices of convocation approximately three weeks before the date of its annual general shareholder meeting. In addition, considering the time lag between the Board's approval of convening the meeting and sending the notice, we first disclose the information included in the notice on the day following the Board's meeting by electronic means such TDnet and our corporate website.
https://corp.shiseido.com/en/ir/shareholder/2023/pdf/shm_0001.pdf
https://corp.shiseido.com/en/ir/shareholder/2023/pdf/shm_0002.pdf

Supplementary Principle 1.2.3	The determination of the date of the general shareholder meeting and any associated dates should be made in consideration of facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

・Shiseido's fiscal year ends in December, and the general shareholder meeting is convened in March. To avoid scheduling conflicts with other companies that hold meetings in March, Shiseido convenes its meeting earlier than the most popular shareholder meeting date.

Supplementary Principle 1.2.4	Bearing in mind the number of institutional and foreign shareholders, companies should take steps for the creation of an infrastructure allowing electronic voting, including the use of the Electronic Voting Platform, and the provision of English translations of the convening notices of general shareholder meeting. In particular, companies listed on the Prime Market should make the Electronic Voting Platform available, at least to institutional investors.

・Recently, Japanese institutional investors and foreign institutional investors account for approximately 40% each of Shiseido's total shareholders.
・In consideration of the above, the Company uses the Electronic Voting Platform and provides English translations of various disclosed documents, such as notices of

convocation or materials for financial results announcements, in addition to their Japanese originals.

Supplementary Principle 1.2.5	In order to prepare for cases where institutional investors who hold shares in street name express an interest in advance of the general shareholder meeting in attending the general shareholder meeting or exercising voting rights, companies should work with the trust bank (*shintaku ginko*) and/or custodial institutions to consider such possibility.

・In case the so-called actual shareholders request attendance at the general shareholder meeting, the Company confirms the fact of shareholding and prepares for their direct exercise of voting rights.

Principle 1.3	Because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy with respect to their capital policy.

・Shiseido has established the "Fundamental Approach to Capital Policy" and discloses it in the notice of convocation and other relevant documents:
https://corp.shiseido.com/en/ir/shareholder/2023/pdf/shm_0002.pdf#page=20
(Page 20)

Principle 1.4	When companies hold shares of other listed companies as cross-shareholdings, they should disclose their policy with respect to doing so, including their policies regarding the reduction of cross-shareholdings. In addition, the board should annually assess whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company's cost of capital. The results of this assessment should be disclosed. Companies should establish and disclose specific standards with respect to the voting rights as to their cross-shareholdings, and vote in accordance with the standards.

・See below

Supplementary Principle 1.4.1	When cross-shareholders (i.e., shareholders who hold a company's shares for the purpose of cross-shareholding) indicate their intention to sell their shares, companies should not hinder the sale of the cross-held shares by, for instance,

	implying a possible reduction of business transactions.

・Shiseido has established "The Company's Policy with Regard to Reduction of Strategic Shareholdings" and discloses it in the notice of convocation and other relevant documents.
・The Policy stipulates that "if the Company receives a request for sale from a company that holds the Company's shares as strategic shareholdings, the Company should neither prevent the sale nor imply that it would reduce transactions with the holding company."
https://corp.shiseido.com/en/ir/shareholder/2023/pdf/shm_0002.pdf#page=34
(Page 34)

Supplementary Principle 1.4.2	Companies should not engage in transactions with cross-shareholders which may harm the interests of the companies or the common interests of their shareholders by, for instance, continuing the transactions without carefully examining the underlying economic rationale.

・Shiseido has established "The Company's Policy with Regard to Reduction of Strategic Shareholdings" and discloses it in the notice of convocation and other relevant documents.
・The Policy stipulates that "the Company periodically checks its individual shareholdings to see whether or not such shares are being held for the intended purpose and whether or not benefits associated with their ownership are commensurate with the associated cost of capital. The Board of Directors then verifies the appropriateness of maintaining ownership of such holdings and discloses circumstances attributable to any reduction of holdings." The said actions are performed annually.
https://corp.shiseido.com/en/ir/shareholder/2023/pdf/shm_0002.pdf#page=35
(Page 35)

Principle 1.5	Anti-takeover measures must not have any objective associated with entrenchment of the management or the board. With respect to the adoption or implementation of anti-takeover measures, the board and *kansayaku* should carefully examine their necessity and rationale in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

・See below

Supplementary Principle 1.5.1	In case of a tender offer, companies should clearly explain the position of the board, including any counteroffers, and should not take measures that would frustrate shareholder rights to sell their shares in response to the tender offer.

・In 2006, Shiseido introduced anti-takeover measures upon resolution by the general shareholder meeting, partly because the system and market regulations related to takeovers at the time were insufficient. Subsequently, after the expiration of the valid period at the conclusion of the 2008 Ordinary General Meeting of Shareholders, the Company judged that "rather than continuing the anti-takeover measures, a steady implementation of our three-year plan will enhance our competitiveness and sustainable growth potential in the global market, securing and improving our corporate value and, in turn, the common interests of shareholders." Consequently, the Company decided to discontinue the anti-takeover measures.
・In case of a tender offer, we will examine the content of the proposal, explain the position of our Board in accordance with the current Financial Instruments and Exchange Act, and respond appropriately.

Principle 1.6	With respect to a company's capital policy that results in the change of control or in significant dilution, including share offerings and management buyouts, the board and *kansayaku* should, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationale from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.

・Shiseido has established the "Fundamental Approach to Capital Policy" and discloses it in the notice of convocation and other relevant documents. It establishes target financial indices in accordance with which the Company executes its business.

Principle 1.7	When a company engages in transactions with its directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the interests of the company or the common interests of its shareholders and prevent any concerns with respect to such harm, the board should establish appropriate procedures beforehand in proportion to the importance and characteristics of the transaction. In addition to their use by the board in approving and monitoring such transactions, these procedures should be disclosed.

・The Company investigates and specifies related parties that carry the possibility of

having an impact on the Company' s financial position and operating results, confirms the existence of transactions with the said related parties and the materiality of the said transactions, and, if there are transactions to be disclosed, carries out disclosure accordingly.

・The existence of related parties, the existence of transactions with related parties, the contents of transactions and other such information, are reported to the Board of Directors in advance of disclosure, and a review is conducted by the Board of Directors from the perspective of quantitative materiality and qualitative materiality, such as the terms and reasonability of the transaction. A criteria are determined for quantitative materiality.

Section 2

Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders	
General Principle 2	Companies should fully recognize that their sustainable growth and the creation of mid-to long-term corporate value are brought about as a result of the provision of resources and contributions made by a range of stakeholders, including employees, customers, business partners, creditors and local communities. As such, companies should endeavor to appropriately cooperate with these stakeholders. The board and the management should exercise their leadership in establishing a corporate culture where the rights and positions of stakeholders are respected and sound business ethics are ensured.

・See below

Principle 2.1	Guided by their position concerning social responsibility, companies should undertake their businesses in order to create value for all stakeholders while increasing corporate value over the mid- to long-term. To this end, companies should draft and maintain business principles that will become the basis for such activities.

・In our quest to become the most trusted beauty company in the world and remain vital for the next 100 years and beyond, THE SHISEIDO PHILOSOPHY is our guiding light. For each and every member of the global Shiseido family, THE SHISEIDO PHILOSOPHY is at the heart of everything we do as we strive to be a global winner with our heritage.

・Shiseido's value creation process is presented in our Integrated Report: https://corp.shiseido.com/report/en/2021/value_creation/process/

Principle 2.2	Companies should draft and implement a code of conduct for employees in order to express their values with respect to appropriate cooperation with and serving the interests of stakeholders and carrying out sound and ethical business activities. The board should be responsible for drafting and revising the code of conduct, and should ensure its compliance broadly across the organization, including the front line of domestic and global operations.

・The Company has defined THE SHISEIDO PHILOSOPHY, shared across the Group and built upon three elements: OUR MISSION, which determines our purpose, OUR DNA, which embodies our unique heritage of over 150 years, and OUR PRINCIPLES (TRUST 8), which is a mindset to be shared by each and every Shiseido Group employee in their work. We ensure consistency of our daily operations with THE

SHISEIDO PHILOSOPHY by incorporating OUR PRINCIPLES into business performance indicators of our executives and managers.
・The Company also determines the Shiseido Code of Conduct and Ethics, which define the actions that must be taken and shared by each and every employee of the Shiseido Group.
It sets out not only abiding by the laws of each country and region, internal rules and regulations of the Shiseido Group, but also the action standards for business conduct with the highest ethical principles.
https://corp.shiseido.com/en/company/standards/
・The Company establishes a basic policy and rules in line with the Shiseido Code of Conduct and Ethics, with which the whole Shiseido Group is required to comply. Every Group company and business site shall be fully aware of this policy and rules, along with THE SHISEIDO PHILOSOPHY and the Shiseido Code of Conduct and Ethics, so that environments for the formulation of detailed internal regulations of the Company will be created at every Group company and business site.
・We regularly conduct the Shiseido Group Engagement Survey, where we review the status of compliance with the Shiseido Code of Conduct and Ethics and continuously implement activities for improvement.

Supplementary Principle 2.2.1	The board should review regularly (or where appropriate) whether or not the code of conduct is being widely implemented. The review should focus on the substantive assessment of whether the company's corporate culture truly embraces the intent and spirit of the code of conduct, and not solely on the form of implementation and compliance.

・A committee that oversees compliance and risk management has been set up in the Company, and while coordinating with organizations that have been set up to fulfill the compliance and risk management functions in the respective regional headquarters located in the major regions across the globe, this committee is responsible for corporate quality improvement by enhancing legitimate and fair corporate activities of the Group, and risk management. The committee regularly reports important matters and the status of their progress to the Board of Directors.
・The Company deploys a person in charge of promoting legitimate and fair corporate activities of the Group and risk management at each Group company and business site, plans and promotes regular training and educational activities on corporate ethics, and responds to incidents and manages risks. The department in charge of risk management shares information regularly with the persons in charge deployed within each Group company and business site.

Principle 2.3	Companies should take appropriate measures to address sustainability issues, including social and environmental matters.

・See below

Supplementary Principle 2.3.1	The board should recognize that dealing with sustainability issues, such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters, are important management issues that can lead to earning opportunities as well as risk mitigation, and should further consider addressing these matters positively and proactively in terms of increasing corporate value over the mid- to long-term.

・We first examined the importance of these issues to Shiseido's business and to all our stakeholders, from employees and consumers to business partners, shareholders, and society and the Earth. We then categorized and prioritized the issues along two axes and defined 18 material issues. Shiseido has established three strategic actions in each of the environmental and social areas.
https://corp.shiseido.com/en/sustainability/management/
・Each issue related to sustainability such as climate change and human rights were reviewed through discussions by Executive Officers and Audit & Supervisory Board members at the Sustainability Committee, a dedicated body to ensure timely management decisions related to sustainability and their company-wide implementation, established in 2020. In addition, the Global Strategy Committee and the Board of Directors are consulted when a decision is needed on important matters related to business execution..
https://corp.shiseido.com/en/sustainability/commitment/

Principle 2.4	Companies should recognize that the existence of diverse perspectives and values reflecting a variety of experiences, skills and characteristics is a strength that supports their sustainable growth. As such, companies should promote diversity of personnel, including the active participation of women.

・See below

Supplementary Principle 2.4.1	Companies should present their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions, as well as disclosing their status. In addition, in light of the importance of human resource strategies for increasing corporate value over the mid-to long-term, companies should present its policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.

・At Shiseido, we recognize and respect differences among individuals regardless of their attributes or ways of thinking. This includes not only women and foreign nationals, but also midcareer hires and persons with disabilities, as we create a company whose strength stems from individual strengths of its people and maximizing these strengths. To that end, we aim to ensure the diversity of our core human resources. We will continue to support the active participation of employees with diverse backgrounds and further accelerate diversity and inclusion at the workplace.

https://corp.shiseido.com/en/sustainability/labor/diversity.html

・Regarding women, the ratio of female leaders already exceeds 60% at our each regional offices overseas (China, Asia Pacific, the Americas, EMEA, and Travel Retail). By 2030, we aim to raise it to 50% in Japan as well.

・Regarding foreign nationals, we believe that new value creation is aided by bringing together human resources with diverse values, backgrounds, and experiences, as well as their promotion in friendly competition with each other. We are currently considering setting a target at a certain percentage of foreign nationals in Headquarter by hiring foreign nationals in Japan as well as promoting global mobility.

・For midcareer hires, we do not set any specific targets, but are mainly employing them for mid-career recruitment in the Shiseido Group in Japan .)

・Regarding recruitment of foreign nationals and midcareer hires as core human resources, the Company does not set specific targets, since we do not see any considerable differences from employees with other backgrounds.

・We disclose the following regarding the status of diversity in the ”Social Data” section of the Shiseido Group corporate website. As of January 2022, approximately 2.3% of managers at Shiseido Group in Japan were foreign nationals, and approximately 29.6%—midcareer hires.

https://corp.shiseido.com/en/sustainability/performance/social/

・Ratio of Female Leaders (All Shiseido Group / By region)

・Diversity in Top Management

・Ratio of Employees with Disabilities
・Ratio of Employees by Age Group (All Shiseido Group / By region)
・Ratio of female managers in revenue-generating functions / Female ratio in STEM-related departments
・Number and ratio of non-Japanese hires in Shiseido Group in Japan
・Ratio of mid-career hires to new hires at Shiseido Group companies in Japan

・We disclose our policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation, on the following website.
https://corp.shiseido.com/en/sustainability/labor/training.html

Principle 2.5	Companies should establish an appropriate framework for whistleblowing such that employees can report illegal or inappropriate behavior, disclosures, or any other serious concerns without fear of suffering from disadvantageous treatment. Also, the framework should allow for an objective assessment and appropriate response to the reported issues, and the board should be responsible for both establishing this framework, and ensuring and monitoring its enforcement.

・See below

Supplementary Principle 2.5.1	As a part of establishing a framework for whistleblowing, companies should establish a point of contact that is independent of the management (for example, a panel consisting of outside directors and outside *kansayaku*). In addition, rules should be established to secure the confidentiality of the information provider and prohibit any disadvantageous treatment.

・For the purpose of detection and remediation of types of conduct within the Group that are in violation of laws, the Articles of Incorporation, and internal regulations of the Shiseido Group, the Company sets up, as a contact for whistle-blowing, a hotline in each Group company as well as a hotline where employees can directly report to the officer in charge of risk management. In Japan, the Company has established one hotline as an in-house-counselor-staffed internal point of contact, and one outside-counselor-staffed external point of contact.

・The Company has established a method through which directors and employees, including those of all Group companies, can directly inform Audit & Supervisory Board members (including the external Audit & Supervisory Board members) of issues, and has made this method known throughout the Group.

・The Company and all Group companies have developed internal regulations to ensure that the said directors and employees are not dismissed, discharged from service or receive any other disadvantageous treatment due to reporting to hotlines or Audit & Supervisory Board members or informing them of issues, and have made these regulations known.

Principle 2.6	Because the management of corporate pension funds impacts stable asset formation for employees and companies' own financial standing, companies should take and disclose measures to improve human resources and operational practices, such as the recruitment or assignment of qualified persons, in order to increase the investment management expertise of corporate pension funds (including stewardship activities such as monitoring the asset managers of corporate pension funds), thus making sure that corporate pension funds perform their roles as asset owners. Companies should ensure that conflicts of interest which could arise between pension fund beneficiaries and companies are appropriately managed.

・We strive to optimize pension asset management by implementing the following initiatives enabling us to perform the functions expected of an asset owner.

- ●The Investment Committee Meeting composed of the CFO, the Human Resources Department VP, the Finance and Accounting Department VP, the Strategic Finance Department VP, and the Pension Fund Directors, meets regularly to decide on asset portfolio, investment policies, and investment products with opinions and advice from outside investment consulting firms. In doing so, we properly manage conflicts of interest between the beneficiaries of the pension fund and the Company.
- ●Based on the policies determined by the Investment Committee Meeting, the Investment Managing Director executes asset management and reports the results to the Investment Committee Meeting, the Pension Fund Delegates Meeting and the Board of Pension Fund Directors to monitor investment performance.
- ●Regarding Executive Director and Investment Managing Director of the Pension Fund, we employ personnel with extensive experience in corporate pension operations at external financial institutions. Members of the Investment Committee Meeting acquire expertise by participating in seminars held by outside consulting firms and other specialized institutions.

・In addition, in order to fulfill its stewardship responsibilities appropriately as a responsible institutional investor, in March 2020, our Pension Fund announced their

acceptance of the Principles of Responsible Institutional Investors (Japanese version of the Stewardship Code). As an asset owner, our Pension Fund strives to make stewardship activities more effective by encouraging the asset management companies we outsource to engage in dialogue with investee companies so that they can improve their corporate value and address sustainability issues.

Section 3

Section 3: Ensuring Appropriate Information Disclosure and Transparency	
General Principle 3	Companies should appropriately make information disclosure in compliance with the relevant laws and regulations, but should also strive to actively provide information beyond that required by law. This includes both financial information, such as financial standing and operating results, and non-financial information, such as business strategies and business issues, risk and governance. The board should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore ensure that such information, particularly non-financial information, is accurate, clear and useful.

・See below

Principle 3.1	In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance: i) Company objectives (e.g., business principles), business strategies and business plans; ii) Basic views and guidelines on corporate governance based on each of the principles of the Code; iii) Board policies and procedures in determining the remuneration of the senior management and directors; iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and *kansayaku* candidates; and v) Explanations with respect to the individual appointments/dismissals and nominations based on iv).

・See below

Supplementary Principle 3.1.1	These disclosures, including disclosures in compliance with relevant laws and regulations, should add value for investors, and the board should ensure that information is not boilerplate or lacking in detail.

・The Company discloses the following information in detail, upon careful analysis of the internal and external environment at the time of disclosure: business principles,

strategies, and plans, basic views on corporate governance based on the Code, information regarding the remuneration of directors, and information regarding the appointment/dismissal of the senior management. The information is disclosed each time upon the publication of the notice of convocation and presentation materials for the annual ordinary general meeting of shareholders, quarterly financial results materials, annual integrated and sustainability reports, etc.

Supplementary Principle 3.1.2	Bearing in mind the number of foreign shareholders, companies should, to the extent reasonable, take steps for providing English language disclosures. In particular, companies listed on the Prime Market should disclose and provide necessary information in their disclosure documents in English.

・The Company provides the English translation for all of its disclosure materials: the notice of convocation and presentation materials for the annual ordinary general meeting of shareholders, video reports of the general meeting of shareholders, quarterly financial results materials (settlements of accounts), annual integrated and sustainability reports, etc. The contents of annual and quarterly securities reports, required for disclosure by the Financial Instruments and Exchange Law, are presented in the integrated report in a visual form.

Supplementary Principle 3.1.3	Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in human capital and intellectual properties in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues. In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.

・The Company summarizes and discloses its initiatives on sustainability in the sustainability report, published annually on its corporate website.
https://corp.shiseido.com/en/sustainability/report.html
・Based on our commitment to "PEOPLE FIRST," Shiseido actively invests in human resource development, believing that human resources are the most important asset

and that “strong individuals create a strong Company.” To create strong individuals, we focus on strategic talent management, performance management, and autonomous career development support, founded on a job grade system. In 2020, Shiseido formulated the TRUST 8 Competencies, which describe a Company-wide image of human resources, with the aim of effectively implementing global human resource management. The TRUST 8 Competencies serve as the basis of our globally standardized selection/evaluation and human resource development programs, allowing each employee with ranging expertise to grow in work areas where they can maximize their respective strengths. Shiseido encourages employees’ self-driven efforts to grow and provides support for individualized autonomous career development.

・Regarding investments in human capital, the Company has decided to establish “Shiseido Future University,” a facility to develop leaders of the next generation in Ginza (Chuo-ku, Tokyo), the Company’s place of foundation, as part of the initiatives to commemorate the 150th anniversary of founding. The facility is scheduled to open in the autumn of 2023. Masahiko Uotani, the CEO of the Company has always strongly believed that people are the greatest asset and that investment in people increases corporate value, so has upheld the management philosophy of “PEOPLE FIRST.” We will further strengthen our investment in people capital through “Shiseido Future University.” Specifically, we will work on people development through the original curriculum which combines the state-of-the-art, global level business school education with the learning from Shiseido’s heritage which has pursued a sense of beauty and richness of spirit since its founding. We will nurture global leaders suitable to lead a global beauty company, who have acquired strategic thinking, leadership and sensitivity, and contribute to the realization of a better society through generating innovations and growing business. As an example of return on such investment, Shiseido’s global EC sales ratio has been growing rapidly to 33% of total net sales in fiscal year 2022.

・Regarding investments in intellectual properties, Shiseido is working to realize its corporate mission of BEAUTY INNOVATIONS FOR A BETTER WORLD: in addition to its traditional strengths in dermatology, formulation development, neuroscience, and *kansei* science, the Company integrates new science technologies, such as digital and device development that cross geographic and industry boundaries, as well as creates unique Japanese innovations that help minimize environmental impacts.

・In fiscal 2022, our R&D expenditure came to 26.7 billion yen (or 2.5% of net sales). In addition to basic research that generates medium-to-long-term “seeds,” the Company is increasing investment in R&D in new domains such as beauty devices and inner beauty.

https://corp.shiseido.com/jp/ir/pdf/ir20230324_940.pdf

(Japanese only)

・We recognize that intellectual property is an important corporate asset and strive for its strict protection and appropriate management. We aim to maximize its value by linking it to our strategies at various levels—corporate, business, and technology—and effectively utilizing it. In addition to proprietary use, the Company also promotes the use of its intellectual properties in a variety of ways, such as licensing or utilization aimed at resolving social issues.
・The Company has commenced disclosure based on the TCFD recommendations from 2020. Our initiatives are disclosed in the following report.
https://corp.shiseido.com/en/sustainability/env/pdf/risks_report.pdf

Principle 3.2	External auditors and companies should recognize the responsibility that external auditors owe toward shareholders and investors, and take appropriate steps to secure the proper execution of audits.

・See below

Supplementary Principle 3.2.1	The *kansayaku* board should, at minimum, ensure the following: i) Establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors; and ii) Verify whether external auditors possess necessary independence and expertise to fulfill their responsibilities.

・Regarding the appointment and dismissal of the accounting auditor by the Company, Director Chief Financial Officer and heads of departments relevant to financial accounting and audits conduct an evaluation, and then Audit & Supervisory Board members need to unanimously agree through deliberations based on the evaluation results at the Audit & Supervisory Board meeting.
・The Company's Policy on determination of dismissal or non-reappointment of the accounting auditor is as follows.
https://corp.shiseido.com/en/ir/shareholder/2023/pdf/shm_0002.pdf#page=73
(Page 73)
・In order to adopt the resolution for the reappointment of the accounting auditor, the Audit & Supervisory Board confirms items such as the adequacy of the accounting auditor, quality control, the independence and professional competency of the audit team, the appropriateness of audit plans and the status of communication with the Audit & Supervisory Board members and other personnel. In addition, prior to adopting the resolution for reappointment, the Audit & Supervisory Board has interviews with

the heads of departments in charge of business execution (Financial Accounting Department and Internal Audit Department) about the accounting auditor and exchanges opinions with the Director Chief Financial Officer at the Audit & Supervisory Board.

Supplementary Principle 3.2.2	The board and the *kansayaku* board should, at minimum, ensure the following: i) Give adequate time to ensure high quality audits; ii) Ensure that external auditors have access, such as via interviews, to the senior management including the CEO and the CFO; iii) Ensure adequate coordination between external auditors and each of the *kansayaku* (including attendance at the *kansayaku* board meetings), the internal audit department and outside directors; and iv) Ensure that the company is constituted in the way that it can adequately respond to any misconduct, inadequacies or concerns identified by the external auditors.

・The representative directors and Audit & Supervisory Board members hold opinion exchange meetings as needed, and the external directors and Audit & Supervisory Board members also hold information sharing meetings as needed. In addition, the accounting auditor and Audit & Supervisory Board members hold opinion exchange meetings as needed. The accounting auditor and the full-time Audit & Supervisory Board members hold meetings on reporting accounting auditor's audit results on a quarterly basis. These quarterly meetings are also attended by the external directors and external Audit & Supervisory Board members twice a year, at the end of the first half and at the end of the fiscal year, to promote sharing of information.

・The full-time Audit and Supervisory board members receive reports monthly on the internal audits conducted by the Internal Audit Department, and receive audit result reports of each domain semi-annually from the Quality Management Department, the Information Security Department, the Risk Management Department, and the Audit Group of the Business Management Department of Shiseido Japan Co., Ltd.

・Three-party audit liaison meetings are held on a quarterly basis to enable the full-time Audit & Supervisory Board members, the accounting auditor, and the Internal Audit Department to share audit information. Furthermore, the full-time Audit & Supervisory Board members also attend important meetings related to business execution held by executive divisions, such as the Board of Directors and Global Strategy Committee meetings, to check on the content of deliberations.

Section 4

Section 4: Responsibilities of the Board	
General Principle 4	Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the mid-to long-term and enhance earnings power and capital efficiency, the board should appropriately fulfill its roles and responsibilities, including: (1) Setting the broad direction of corporate strategy; (2) Establishing an environment where appropriate risk-taking by the senior management is supported; and (3) Carrying out effective oversight of directors and the management (including *shikkoyaku* and so-called *shikkoyakuin*) from an independent and objective standpoint. Such roles and responsibilities should be equally and appropriately fulfilled regardless of the form of corporate organization–i.e., Company with *Kansayaku* Board (where a part of these roles and responsibilities are performed by *kansayaku* and the *kansayaku* board), Company with Three Committees (Nomination, Audit and Remuneration) or Company with Supervisory Committee.

・See below

Principle 4.1	The board should view the establishment of corporate goals (business principles, etc.) and the setting of strategic direction as one major aspect of its roles and responsibilities. It should engage in constructive discussion with respect to specific business strategies and business plans, and ensure that major operational decisions are based on the company's strategic direction.

・In our quest to become the most trusted beauty company in the world and remain vital for the next 100 years and beyond, THE SHISEIDO PHILOSOPHY is our guiding light. For each and every member of the global Shiseido family, THE SHISEIDO PHILOSOPHY is at the heart of everything we do as we strive to be a global winner with our heritage.

・Based on THE SHISEIDO PHILOSOPHY and in response to unprecedented changes in external market conditions, Shiseido's Board of Directors have established "SHIFT 2025 and Beyond," a medium-term strategy centered on the three years from 2023 to 2025. With "SHIFT 2025 and Beyond," the Company will take the next three years under a new management structure to shift itself from "Defense" to "Offense" and

ensure further growth to “Be a Global Winner with Our Heritage.” As part of “SHIFT 2025 and Beyond,” we aim to first regain the growth of the Japan business, which is the remaining challenge of “WIN 2023 and Beyond.” We will achieve core operating profit exceeding ¥50 billion in the Japan business by 2025 through fundamental reforms over a three-year period from 2023. During the same period, the entire Company will implement reforms to improve sustainable sales growth and profitability, aspiring to become a Personal Skin Beauty & Wellness Company. As we aim for long-term growth, we are strengthening investment in the three priority areas of brand, innovation, and people, and plan to achieve our core operating margin of 12% by 2025 and 15% in the plan’s final year of 2027. We will continue to aspire to realize a sustainable world where everyone can enjoy a lifetime of happiness through the power of beauty through our corporate mission, “BEAUTY INNOVATIONS FOR A BETTER WORLD.”

Supplementary Principle 4.1.1	The board should clearly specify its own decisions as well as both the scope and content of the matters delegated to the management, and disclose a brief summary thereof.

・The Company has specified matters to be determined by resolution of the Board of Directors in the Regulation on the Board of Directors. Such matters consist of items relating to the general meeting of shareholders, personnel/organization, account settlement, stock/bonds, and stock acquisition rights, corporate property, etc., business management and others of the Shiseido Group, that are matters provided in the Companies Act and other laws and regulations, and any other important matters equivalent thereof.

・Meanwhile, in order to clarify the allocation of responsibility for the business management and accelerate decision-making by delegation of authority, the Company introduced the corporate officer system in 2001. As a result, authority for making decisions on matters relating to business executions other than those specified in the Regulation of the Board of Directors has been delegated to the extent appropriate so that CEO, who is the top executive of the Company, can make decisions after deliberations at important meeting bodies for decision-making on business execution such as the Global Strategy Committee and others.

・After extensive discussions at the Board of Directors were held with regard to the corporate governance of the Company during fiscal 2015 and also assessment of the effectiveness of the Board of Directors was performed, and in light of the decision that the Company will adopt the “monitoring board-type corporate governance,” the Company made revisions of matters that needed to be deliberated and decided at the meetings of the Board of Directors.

・In January 2021, the Company introduced the executive officer system, in which the

officers take responsibility for the Group-wide business execution with the aim of accelerating the structural transformation and reform across the Company and further improving profitability. Furthermore, aiming to enhance diversity in management, the Company has decided to abolish the corporate officer system and completely shift to a management system centering on executive officers effective from January 2022. The system will allow us to appoint a diverse range of talent both internally and externally across the globe beyond the boundaries of gender, nationality, age, and other attributes, assigning positions more appropriately than ever before.

Supplementary Principle 4.1.2	Recognizing that a mid-term business plan (*chuuki keiei keikaku*) is a commitment to shareholders, the board and the senior management should do their best to achieve the plan. Should the company fail to deliver on its mid-term business plan, the reasons underlying the failure of achievement as well as the company's actions should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.

・Shiseido launched WIN 2023, our previous medium-term strategy to achieve our vision for 2030: becoming the world's No.1 company in skin beauty. During the three-year period from 2021 to 2023, we are implementing radical transformations focused on profitability and cash flow rather than growth via sales expansion in a bid to solidify our foundation as a skin beauty company. We designated 2021 as a period of "Groundwork" to focus on structural reforms centered on reviewing our business portfolio and strengthening our financial base while responding to and preparing for current and post-COVID-19 markets. We positioned 2022, which marked the 150th anniversary of Shiseido's founding, as the "Back on Growth Track" year to accelerate further growth of our global brands and DX initiatives. The final year of the WIN 2023 strategy is a year of "Full Recovery." We aim to achieve net sales of approximately ¥1 trillion and an operating profit margin (OPM) of 15% as a Skin Beauty Company. Furthermore, we are continuing to strengthen our active investment in our brands, innovation, supply network, DX, and people over these three years. The strategy and its progress are reviewed at our corporate website:
https://corp.shiseido.com/en/ir/shareholder/2023/pdf/shm_0002.pdf#page=22
(Pages 22-25)

Supplementary Principle 4.1.3	Based on the company objectives (business principles, etc.) and specific business strategies, the board should proactively engage in the establishment and implementation of a succession plan for the CEO and other top executives and appropriately oversee the systematic development of succession candidates, deploying sufficient time and resources.

・The Company considers that the selection of succession candidates for the CEO and the development of the succession plan requires the cooperation of the incumbent and the Nomination & Remuneration Advisory Committee.

The CEO and the Nomination & Remuneration Advisory Committee formulate the succession plan based on the Company's business environment upon sufficient discussions regarding the qualities required of the CEO from a medium-to-long-term perspective and policies for the selection of a successor and his or her training, etc. The progress of the formulated succession plan is regularly reported to the Nomination & Remuneration Advisory Committee, which monitors its status of implementation.

Regarding selection of specific candidates for the CEO, the Nomination & Remuneration Advisory Committee receives full reports from the CEO on the specific nomination for successor from various perspectives. The Nomination and Remuneration Advisory Committee members themselves meet and exchange opinions with candidates, evaluating them from an independent perspective as well as the Company's management issues. Since the Nomination & Remuneration Advisory Committee performs certain important functions of the Board of Directors, the Board respects the committee's judgement. Furthermore, when actually selecting the CEO's successor, the Nomination & Remuneration Advisory Committee deliberates fully on matters such as the final candidate and their selection process, prior to reporting its opinion. The Board of Directors accords this report the utmost respect in passing a resolution regarding the selection.

・In response to the 5-year extension of the incumbent CEO's term of office decided in 2019, the Company developed the framework of a succession plan and launched it after obtaining approval at the Board of Directors meeting so that the successor can smoothly take over CEO's responsibilities without any problem. In this 5-year succession plan, after selecting the successor over the first three years, the successor works as the COO in cooperation with the CEO for the remaining two years. The Company aims to realize a smooth CEO succession and strengthen its management structure by making the successor have ample time to take on the responsibility to lead the Company in cooperation with the incumbent CEO. The CEO and the members of the Nomination & Remuneration Advisory Committee had fully

discussed the necessary qualifications and requirements for CEO, the focal point of successor selection, training policy, etc., from a medium-to-long-term perspective, and taking into account the Company's business environment, and then examined/implemented training programs for the carefully screened candidates so that they can fully demonstrate their ability. The members of the Nomination & Remuneration Advisory Committee had taken much time to hold in-depth discussions while collecting information from the incumbent CEO, referring to the results of the assessments conducted by external experts, and conducting personal interviews with candidates so that they can nominate the best successor among all candidates selected from inside/outside the Company. Additionally, they had regularly exchanged opinions with external Audit & Supervisory Board members. All things considered, the successor of the CEO was finally approved at the Board of Directors meeting. Toward the launch of the new management structure in January 2023, the successor of the CEO was selected in accordance with the framework of the succession plan and through the objective and transparent process mainly led by external directors and Audit & Supervisory Board members. The external directors and Audit & Supervisory Board members continue to monitor the new management structure so that the COO can, through the joint management of the CEO and COO, smoothly assume the post of CEO.

https://corp.shiseido.com/en/ir/governance/basic_concept.html

Principle 4.2	The board should view the establishment of an environment that supports appropriate risk-taking by the senior management as a major aspect of its roles and responsibilities. It should welcome proposals from the management based on healthy entrepreneurship, fully examine such proposals from an independent and objective standpoint with the aim of securing accountability, and support timely and decisive decision-making by the senior management when approved plans are implemented. Also, the remuneration of the management should include incentives such that it reflects mid-to long-term business results and potential risks, as well as promotes healthy entrepreneurship.

・See below

Supplementary Principle 4.2.1	The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid-to long-

	term results and the balance of cash and stock should be set appropriately.

・The Company regards the remuneration policy for directors, Audit & Supervisory Board members, and executive officers as an important matter for corporate governance. For this reason, in accordance with the basic philosophy, the remuneration policy of the Company is deliberated in the Nomination & Remuneration Advisory Committee chaired by an external director for objectivity, and the outcome is reported to the Board of Directors for the resolution.

・The remuneration of the directors and executive officers of the Company comprises basic remuneration as fixed remuneration as well as an annual bonus and long-term incentive-type remuneration (non-monetary remuneration) as performance-linked remuneration, and the Company sets remuneration levels by making comparisons with companies in the same industry or of the same scale in Japan and overseas and by taking the Company's financial condition into consideration. External directors and Audit & Supervisory Board members receive only basic remuneration, as fluctuating remuneration such as performance-linked remuneration is inconsistent with their supervisory functions from a stance independent from business execution. Furthermore, the Company does not have an officers' retirement benefit plan.

・The remuneration is designed so that the higher the rank as executive officer, the higher the proportion of performance-linked remuneration.

https://corp.shiseido.com/en/ir/governance/reward.html

Supplementary Principle 4.2.2	The board should develop a basic policy for the company's sustainability initiatives from the perspective of increasing corporate value over the mid-to long-term. In addition, in light of the importance of investments in human capital and intellectual properties, the board should effectively supervise the allocation of management resources, including such investments, and the implementation of business portfolio strategies to ensure that they contribute to the sustainable growth of the company.

・The Company has developed a basic policy on sustainability, formulated based on discussions of its Board of Directors, and discloses it in our WEB site and the Sustainability Report

WEB site: https://corp.shiseido.com/en/sustainability/

Sustainability Report:

https://corp.shiseido.com/sustainabilityreport/en/2021/

・The Company develops medium-to-long-term strategies in periods of three years based on discussions by its Board of Directors. This includes business portfolio

revision, allocation of management resources, and development of sales strategies based on the analysis of recent global market trends and consumer purchasing behavior, etc. The Board also oversees the implementation progress of these strategies.
https://corp.shiseido.com/en/ir/strategy/archives/mgt.html
・These strategies undergo appropriate revisions depending on the status of monthly sales and other indicators as well as quarterly financial results. The content of the revisions is overseen by the Board of Directors of the Company.
https://corp.shiseido.com/en/ir/pdf/ir20230210_936.pdf

Principle 4.3	The board should view the effective oversight of the management and directors from an independent and objective standpoint as a major aspect of its roles and responsibilities. It should appropriately evaluate company performance and reflect the evaluation in its assessment of the senior management. In addition, the board should engage in oversight activities in order to ensure timely and accurate information disclosure, and should establish appropriate internal control and risk management systems. Also, the board should appropriately deal with any conflict of interests that may arise between the company and its related parties, including the management and controlling shareholders.

・See below

Supplementary Principle 4.3.1	The board should ensure that the appointment and dismissal of the senior management are based on highly transparent and fair procedures via an appropriate evaluation of the company's business results.

・The nomination of candidates for directors and the appointment of executive officers are decided by the resolution of the Board of Directors upon receipt of a report on the validity of the candidates from the Nomination and Remuneration Advisory Committee, chaired by an external director.
・In case of the nomination of the CEO, the Nomination and Remuneration Advisory Committee conducts more careful deliberations in addition to the above procedures. Candidates for the CEO are selected from a wide range of possible nominees, both inside and outside the Company, with the perspective of their ability to realize our corporate philosophy and strategy. From this selection stage, they are deliberated by

the Nomination and Remuneration Advisory Committee, chaired by an external director. In the event that a qualified person is appointed through the above process but unavoidable circumstances arise in which he or she is unable to fulfill his or her duties and responsibilities, the said CEO will be dismissed by a resolution of the Board of Directors after careful consideration by the Nomination and Remuneration Advisory Committee. Whether the CEO is fulfilling his or her duties and responsibilities is confirmed at the CEO Review Meeting and reviewed and confirmed at a meeting of the Nomination and Remuneration Advisory Committee convened based on the review.

Supplementary Principle 4.3.2	Because the appointment/dismissal of the CEO is the most important strategic decision for a company, the board should appoint a qualified CEO through objective, timely, and transparent procedures, deploying sufficient time and resources.

・The Company considers that the selection of succession candidates for the CEO and the development of the succession plan requires the cooperation of the incumbent and the Nomination & Remuneration Advisory Committee.

The CEO and the Nomination & Remuneration Advisory Committee formulate the succession plan based on the Company's business environment upon sufficient discussions regarding the qualities required of a CEO from a medium-to-long-term perspective and policies for the selection of a successor and his or her training, etc. The progress of the formulated succession plan is regularly reported to the Nomination & Remuneration Advisory Committee, which monitors its status of implementation.

Regarding selection of specific candidates for the CEO, the Nomination & Remuneration Advisory Committee receives full reports from the CEO on the specific nomination for successor from various perspectives. The Nomination and Remuneration Advisory Committee members themselves meet and exchange opinions with candidates, evaluating the candidates from an independent perspective as well as the Company's management issues. Since the Nomination & Remuneration Advisory Committee performs certain important functions of the Board of Directors, the Board respects the committee's judgement. Furthermore, when actually selecting the CEO's successor, the Nomination & Remuneration Advisory Committee deliberates fully on matters such as the final candidate and their selection process, prior to reporting its opinion. The Board of Directors accords this report the utmost respect in passing a resolution regarding the selection.

・In response to the 5-year extension of the incumbent CEO's term of office decided in 2019, the Company developed the framework of a succession plan and launched it after obtaining approval at the Board of Directors meeting so that the successor can

smoothly take over CEO's responsibilities without any problem. In this 5-year succession plan, after selecting the successor over the first three years, the successor works as the COO in cooperation with the CEO for the remaining two years. The Company aims to realize a smooth CEO succession and strengthen its management structure by making the successor have ample time to take on the responsibility to lead the Company in cooperation with the incumbent CEO. The CEO and the members of the Nomination & Remuneration Advisory Committee had fully discussed the necessary qualifications and requirements for CEO, the focal point of successor selection, training policy, etc., from a medium-to-long-term perspective, and taking into account the Company's business environment, and then examined/implemented training programs for the carefully screened candidates so that they can fully demonstrate their ability. The members of the Nomination & Remuneration Advisory Committee had taken much time to hold in-depth discussions while collecting information from the incumbent CEO, referring to the results of the assessments conducted by external experts, and conducting personal interviews with candidates so that they can nominate the best successor among all candidates selected from inside/outside the Company. Additionally, they had regularly exchanged opinions with external Audit & Supervisory Board members. All things considered, the successor of the CEO was finally approved at the Board of Directors meeting. Toward the launch of the new management structure in January 2023, the successor of the CEO was selected in accordance with the framework of the succession plan and through the objective and transparent process mainly led by external directors and Audit & Supervisory Board members. The external directors and Audit & Supervisory Board members continue to monitor the new management structure so that the COO can, through the joint management of the CEO and COO, smoothly assume the post of CEO.

https://corp.shiseido.com/en/ir/governance/basic_concept.html

Supplementary Principle 4.3.3	The board should establish objective, timely, and transparent procedures such that a CEO is dismissed when it is determined, via an appropriate evaluation of the company's business results, that the CEO is not adequately fulfilling the CEO's responsibilities.

・In the event that a qualified person is appointed through the above process but unavoidable circumstances arise in which he or she is unable to fulfill his or her duties and responsibilities, the said CEO will be dismissed by a resolution of the Board of Directors after careful consideration by the Nomination and Remuneration Advisory Committee.

・Whether the CEO is fulfilling his or her duties and responsibilities is confirmed at the

CEO Review Meeting and reviewed and confirmed at a meeting of the Nomination and Remuneration Advisory Committee convened based on the review.

Supplementary Principles 4.3.4	The establishment of effective internal control and proactive enterprise risk management systems has the potential to support sound risk-taking. The board should appropriately establish such systems on an enterprise basis and oversee the operational status, besides utilizing the internal audit department.

・A committee that oversees compliance and risk management has been set up in the Company, and while coordinating with organizations that have been set up to fulfill the compliance and risk management functions in the respective regional headquarters located in the major regions across the globe, this committee is responsible for corporate quality improvement by enhancing legitimate and fair corporate activities of the Group, and risk management. The committee proposes and reports important matters and the status of their progress to the Board of Directors through the Representative Director and President as necessary.
・The Company deploys a person in charge of promoting legitimate and fair corporate activities of the Group and risk management at each Group company and business site, plans and promotes regular training and educational activities on corporate ethics, and responds to incidents and manages risks. The department in charge of risk management shares information regularly with the persons in charge deployed within each Group company and business site.
・Internal audits conducted by the Internal Audit Department also include audits of the Company' s risk management system and its operational status. The results of the audits are reported to Representative Director Chairman and CEO, Director Chief Financial Officer, and Audit & Supervisory Board members every month, and they are also reported to the Board of Directors twice a year.

Principle 4.4	*Kansayaku* and the *kansayaku* board should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including the audit of the performance of directors' duties, appointment and dismissal of *kansayaku* and external auditors, and the determination of auditor remuneration. Although so-called "defensive functions," such as business and accounting audits, are part of the roles and responsibilities expected of *kansayaku* and the *kansayaku* board, in order to fully perform their duties, it would not be appropriate for *kansayaku* and the *kansayaku* board to interpret the scope of their function too

	narrowly, and they should positively and proactively exercise their rights and express their views at board meetings and to the management.

・See below

Supplementary Principle 4.4.1	Given that not less than half of the *kansayaku* board must be composed of outside *kansayaku* and that at least one full-time *kansayaku* must be appointed in accordance with the Companies Act, the *kansayaku* board should, from the perspective of fully executing its roles and responsibilities, increase its effectiveness through an organizational combination of the independence of the former and the information gathering power of the latter. In addition, *kansayaku* or the *kansayaku* board should secure cooperation with outside directors so that such directors can strengthen their capacity to collect information without having their independence jeopardized.

・The Audit & Supervisory Board Members' Basic Policy stipulates that, as an independent body entrusted by shareholders, the Audit & Supervisory Board is responsible for establishing a high-quality corporate governance system that meets the trust of various stakeholders in order to ensure the soundness and sustainable growth of the Company and the Group. The Audit & Supervisory Board members audit the legality and appropriateness of the execution of duties by directors.

・The Audit & Supervisory Board members actively express their opinions by attending meetings of the Board of Directors. The full-time Audit & Supervisory Board members also attend important meetings related to business execution, such as Global Strategy Committee and HQ/SJ Compliance Committee. The external Audit & Supervisory Board members draw on their wealth of experience and knowledge in respective fields to provide necessary advice, recommendations, and opinions from an independent perspective. In addition, all Audit & Supervisory Board members hold regular meetings with the representative directors twice a year to exchange opinions on important management issues the Company is facing and to share issues based on annual audit activities, which are linked to activities aimed at resolving overall management issues, including corporate governance.

・The full-time Audit & Supervisory Board members meet individually with directors, department VPs, office managers, and other managers to exchange opinions on the current status of daily operations and issues therein. In addition to opinion exchange

meetings which are held upon necessity between the representative directors and Audit & Supervisory Board members, information is also shared between the external directors and Audit & Supervisory Board members. Furthermore, the Internal Audit Department receives monthly reports on the progress and results of internal audits.

Principle 4.5	With due attention to their fiduciary responsibilities to shareholders, the directors, *kansayaku* and the management of companies should secure the appropriate cooperation with stakeholders and act in the interest of the company and the common interests of its shareholders.

・The Shiseido Code of Conduct and Ethics define the actions that must be taken and shared by each and every employee of the Shiseido Group. It sets out not only abiding by the laws of each country and region, internal rules and regulations of the Shiseido Group, but also the action standards for business conduct with the highest ethical principles. Also, the Company defines what corporate actions should be taken in relation to stakeholders (employees, customers, business partners, shareholders, and society and the Earth).
https://corp.shiseido.com/en/company/standards/

Principle 4.6	In order to ensure effective, independent and objective oversight of the management by the board, companies should consider utilizing directors who are neither involved in business execution nor have close ties with the management.

・Based on the Shiseido Group's matrix-type organizational system with brand categories and six regions combined, the Company as the global headquarters is responsible for supervising the overall Group and providing necessary support, while many of the responsibilities and authorities are delegated to the respective regional headquarters of Japan, China, Asia Pacific, the Americas, EMEA, and Travel Retail.
・We held repeated discussions with regard to an ideal corporate governance system under this matrix organization, including the composition and operation of the Board of Directors. As a result, the Board of Directors concluded that adopting the monitoring board-type system would be appropriate to ensure sufficient and effective supervisory functions over the Shiseido Group overall. Therefore, we resolved on the monitoring board-type corporate governance framework while leveraging the advantages of a company with an audit & supervisory board system.

Principle 4.7	Companies should make effective use of independent directors, taking into consideration the expectations listed below with respect to their roles and responsibilities:

	i) Provision of advice on business policies and business improvement based on their knowledge and experience with the aim to promote sustainable corporate growth and increase corporate value over the mid-to long-term; ii) Monitoring of the management through important decision-making at the board including the appointment and dismissal of the senior management; iii) Monitoring of conflicts of interest between the company and the management or controlling shareholders; and iv) Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders.

・In cases when the Board of Directors resolves management policies, such as medium-to-long-term strategies, or makes decisions on other important matters, external directors utilize their respective experience and knowledge to present opinions, ask questions and provide advice from an independent standpoint. The Board accords the utmost respect to these opinions upon making decisions.

Principle 4.8	Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid-to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities. Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors.

・The Company sets the number of its external directors at three or above to allow such members a certain degree of influence within the Board. In addition, the Company has established a target of electing half or more of its directors from outside.
・In selecting external directors and Audit & Supervisory Board members, high priority is given to independence. Our basic principle is that candidates are required to meet the Company's "Criteria for Independence of External Directors and Audit & Supervisory Board Members" as well as possess highly independent thinking.

Supplementary Principle 4.8.1	In order to actively contribute to discussions at the board, independent directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint. Regular meetings consisting solely of independent directors (executive sessions) would be one way of achieving this.

・The CEO Review Meeting has been established as a deliberation body comprised of all external directors and all external Audit & Supervisory Board members. The body' s mission is to deliberate performance evaluation for President and CEO, as well as to hold discussions and share views solely between independent external members on topics that require objectivity and transparency. In addition, external directors also voluntarily attend accounting auditor' s audit results report meetings and exchange opinions with Audit & Supervisory Board members to share company information.

Supplementary Principle 4.8.2	Independent directors should endeavor to establish a framework for communicating with the management and for cooperating with *kansayaku* or the *kansayaku* board by, for example, appointing the lead independent director from among themselves.

・The Nomination and Remuneration Advisory Committee, which plays an important role in corporate governance, is chaired by an external director. The Committee discusses the selections of candidates for directors and Audit & Supervisory Board members, promotion and demotion of corporate officers and executive officers, the system of executive compensation and its content based on executive performance evaluations. These discussions are led by the Chair, who is an external director. The Chair also serves as the lead external director who cooperates and coordinates with the management team, collaborates with the Audit & Supervisory Board members and the Audit & Supervisory Board, and facilitates cooperation by providing opportunities for informal discussions and other means.

Supplementary Principle 4.8.3	Companies that have a controlling shareholder should either appoint at least one-third of their directors (the majority of directors if listed on the Prime Market) as independent directors who are independent of the controlling shareholder or establish a special committee composed of independent persons including independent director(s) to deliberate and review material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders.

・The Company does not have a controlling shareholder.

Principle 4.9	Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by securities exchanges. The board should endeavor to select independent director candidates who are expected to contribute to frank, active and constructive discussions at board meetings.

・The Company establishes its own rules of "Criteria for Independence of the External Directors and Audit & Supervisory Board Members" with reference to foreign laws and regulations and listing rules, etc. for the purpose of making objective assessment on the independence of the external directors and Audit & Supervisory Board members.
https://corp.shiseido.com/en/ir/governance/pdf/system01.pdf
・In connection with selecting candidates for the External Directors and Audit & Supervisory Board Members, the Company places emphasis on a high degree of independence of the candidate from the viewpoint of strengthening corporate governance and accordingly, the Company makes judgment on whether or not the candidate has a high degree of independence in accordance with the Criteria.

Principle 4.10	In adopting the most appropriate organizational structure (as stipulated by the Companies Act) that is suitable for a company's specific characteristics, companies should employ optional approaches, as necessary, to further enhance governance functions.

・See below

Supplementary Principle 4.10.1	If the organizational structure of a company is either Company with *Kansayaku* Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination (including succession plan) and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees make significant contributions. In particular, companies listed on the Prime Market should

	basically have the majority of the members of each committee be independent directors, and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.

・The Company has established the Nomination and Remuneration Advisory Committee, which is chaired by an external director and consists of a majority of external directors, to deliberate and report to the Board of Directors on the nomination and remuneration of directors and executive officers. The Nomination and Remuneration Advisory Committee deliberates on the nomination, performance evaluation, and remuneration system of directors and executive officers, presents its opinions to the Board of Directors, formulates and monitors the CEO succession plan, deliberates on the nomination and remuneration of the CEO, and presents its opinions to the Board of Directors (the CEO does not participate in deliberations on the CEO). The Board of Directors shall, in principle, respect the opinions of the Nomination and Remuneration Advisory Committee, which consists of a majority of external directors and focuses on independence and objectivity in deliberations and consensus building with respect to the nomination and remuneration of executives and the CEO.
https://corp.shiseido.com/en/ir/governance/system.html

Principle 4.11	The board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity, including gender, international experience, work experience and age, and appropriate size. In addition, persons with appropriate experience and skills as well as necessary knowledge on finance, accounting, and the law should be appointed as *kansayaku*. In particular, at least one person who has sufficient expertise on finance and accounting should be appointed as *kansayaku*. The board should endeavor to improve its function by analyzing and evaluating effectiveness of the board as a whole.

・See below

Supplementary Principle 4.11.1	The board should identify the skills, etc. that it should have in light of its managing strategies, and have a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate

	board size. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with the combination of skills, etc. that each director possesses in an appropriate form according to the business environment and business characteristics, etc., such as what is known as a "skills matrix." When doing so, independent director(s) with management experience in other companies should be included.

・Shiseido requires its directors and Audit & Supervisory Board members to supervise business execution and conduct decision-making on critical matters; therefore, we encourage various viewpoints and backgrounds in addition to diverse and sophisticated skills. When selecting candidates, we place importance on ensuring diversity, taking into account not only gender equality, but also other attributes such as age, nationality, personality, as well as insights and experiences in various fields related to management.

・The Company discloses the skills and expertise required of its directors and Audit & Supervisory Board members in the form of a matrix:
https://corp.shiseido.com/en/ir/shareholder/2023/pdf/shm_0002.pdf#page=120
(Pages 120-121)

・The Company has set a certain maximum term of office for external directors and Audit & Supervisory Board members in order to reflect their independent views to our management, and by allowing a handover period from long-serving external directors and Audit & Supervisory Board members to newly appointed ones to ensure appropriate transition. Moreover, we ensure fruitful discussions at the meetings of the Board of Directors as executive officers in charge of relevant domains join the meetings depending on the agenda and provide necessary explanations.

Supplementary Principle 4.11.2	Outside directors, outside *kansayaku*, and other directors and *kansayaku* should devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities. Therefore, where directors and *kansayaku* also serve as directors, *kansayaku* or the management at other companies, such positions should be limited to a reasonable number and disclosed each year.

・The Company has set forth criteria for "important concurrent positions" assumed by its external directors and Audit & Supervisory Board members and describes the status of such concurrent positions in the Business Report accompanying the Notice of Convocation of the Ordinary General Meeting of Shareholders based thereon. Candidates are selected upon confirmation that their multiple concurrent positions,

if any, will not impede their execution of duties, such as at the Board of Directors of the Company.
Criteria for "Important Concurrent Positions":
https://corp.shiseido.com/en/ir/governance/pdf/system02.pdf
Disclosure on Actual Status of Concurrent Positions Held:
https://corp.shiseido.com/en/ir/shareholder/2023/pdf/shm_0002.pdf#page=55
（Page 55）

Supplementary Principle 4.11.3	Each year the board should analyze and evaluate its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each director. A summary of the results should be disclosed.

・The Company evaluates the effectiveness of its Board of Directors on a regular basis to identify issues and required improvements. Questionnaires and interviews for all directors and Audit & Supervisory Board members are conducted every year to evaluate and analyze the activities of the Board of Directors, the Nomination & Remuneration Advisory Committee, and the Audit & Supervisory Board, as well as the support system by the secretariat. The results are collected and analyzed by the secretariat of the Board of Directors.
https://corp.shiseido.com/en/ir/governance/system.html

Principle 4.12	The board should endeavor to foster a climate where free, open and constructive discussions and exchanges of views take place, including the raising of concerns by outside directors.

・See below

Supplementary Principle 4.12.1	The board should ensure the following in relation to the operation of board meetings and should attempt to make deliberations active: i) Materials for board meetings are distributed sufficiently in advance of the meeting date; ii) In addition to board materials and as necessary, sufficient information is provided to directors by the company (where appropriate, the information should be organized and/or analyzed to promote easy understanding); iii) The schedule of board meetings for the current year and anticipated agenda items are determined in

	advance; iv) The number of agenda items and the frequency of board meetings are set appropriately; and iv) Sufficient time for deliberations.

・Materials for the Board of Directors' meetings are in principle distributed in advance. On the day of the meeting, the department in charge of proposal provides detailed explanations of the materials, followed by a Q&A session to ensure that sufficient information necessary for deliberation is provided.

・The representative directors contact the directors and Audit & Supervisory Board members of the Company by email or other means whenever necessary for follow-up information after resolutions and reports are made at Board meetings, and for important and emergency information.

・The next year's schedule for Board meetings is decided in advance upon coordination with directors, Audit & Supervisory Board members, and related internal divisions. The plan for the next year's deliberations is reported at the year-end Board meeting.

・After extensive discussions at the Board of Directors were held with regard to the corporate governance of the Company during fiscal 2015 and also assessment of the effectiveness of the Board of Directors was performed, and in light of the decision that the Company will adopt the "monitoring board-type corporate governance," the Company made revisions of matters that needed to be deliberated and decided at the meetings of the Board of Directors as well as the number of meetings to be held annually. Through these efforts, the Company strives to ensure sufficient time for deliberation on important agendas such as medium-to-long-term strategies and sustainability-focused management.

Principle 4.13	In order to fulfill their roles and responsibilities, directors and *kansayaku* should proactively collect information, and as necessary, request the company to provide them with additional information. Also, companies should establish a support structure for directors and *kansayaku*, including providing sufficient staff. The board and the *kansayaku* board should verify whether information requested by directors and *kansayaku* is provided smoothly.

・See below

Supplementary Principle 4.13.1	Directors, including outside directors, should request the company to provide them with additional information, where deemed necessary from the perspective of contributing to transparent, fair, timely and decisive decision-making. In

	addition, *kansayaku*, including outside *kansayaku*, should collect information appropriately, including the use of their statutory investigation power.

・In principle, materials for Board of Directors' meetings are share online with external directors in advance, and a system has been established to enable timely exchange of questions and items to be confirmed via email, etc.

・Regarding Audit & Supervisory Board members, in addition to the attendance of the Board of Directors, which are compulsory statutory meetings, the full-time Audit & Supervisory Board members are secured with opportunities to attend important meetings related to business execution, such as Global Strategy Committee, as well as Global Risk Management & Compliance Committee and HQ/SJ Compliance Committee as observers, and reports and information are provided to the Audit & Supervisory Board members through these meetings. Moreover, when requested by the Audit & Supervisory Board members, materials and information on these meetings are provided.

・A separate and direct email route to the Audit & Supervisory Board members, which allows the Audit & Supervisory Board members to directly receive reports on events that may damage the trust of the Shiseido Group, has been established as part of the internal whistle-blowing hotline system. Information on the email route is provided to employees in Japan through training for new hires and training on harassment for all employees.

Supplementary Principle 4.13.2	Directors and *kansayaku* should consider consulting with external specialists at company expense, where they deem it necessary.

・The Nomination and Remuneration Advisory Committee, which is composed only of external directors and the President and CEO, invites experts from outside the Company to provide advice on the design of executive compensation and other matters. In addition, we have been inviting external experts to exchange opinions and information with directors and Audit & Supervisory Board members and will continue to do so as necessary in the future.

Supplementary Principle 4.13.3	Companies should ensure coordination between the internal audit department, directors and *kansayaku* by establishing a system in which the internal audit department appropriately reports directly to the board and the *kansayaku* board in order for them to fulfill their functions. In addition, companies should take measures to adequately provide necessary information to

	outside directors and outside *kansayaku*. One example would be the appointment of an individual who is responsible for communicating and handling requests within the company such that the requests for information about the company by outside directors and outside *kansayaku* are appropriately processed.

・In accordance with the Internal Audit Department Operations Manual (including the Internal Audit Regulations), our Internal Audit Department verifies the establishment and operation of internal controls for the entire Group from the perspectives of the effectiveness and efficiency of operations, reliability of financial reporting, compliance with related laws and regulations and company internal regulations, and the preservation of the Company's assets. It also evaluates the adequacy and effectiveness of risk management and provides advice and recommendations for improvement.

・The results of internal audits are reported to Representative Director Chairman and CEO, Director Chief Financial Officer, and Audit & Supervisory Board members every month, and they are also reported to the Board of Directors twice a year.

Principle 4.14	New and incumbent directors and *kansayaku* should deepen their understanding of their roles and responsibilities as a critical governance body at a company, and should endeavor to acquire and update necessary knowledge and skills. Accordingly, companies should provide and arrange training opportunities suitable to each director and *kansayaku* along with financial support for associated expenses. The board should verify whether such opportunities and support are appropriately provided.

・See below

Supplementary Principle 4.14.1	Directors and *kansayaku*, including outside directors and outside *kansayaku*, should be given the opportunity when assuming their position to acquire necessary knowledge on the company's business, finances, organization and other matters, and fully understand the roles and responsibilities, including legal liabilities, expected of them. Incumbent directors should also be given a continuing opportunity to renew and update such knowledge as necessary.

・The Company provides new directors and new Audit & Supervisory Board members with training regarding legal and statutory authorities and obligations, etc. In addition, when a new external director or external Audit & Supervisory Board member is

scheduled to come on board, the Company provides training regarding the industry it operates in, its history, business overview, strategy, etc.

・Furthermore, to promote understanding of the Company among external directors and external Audit & Supervisory Board members, they are provided with such opportunities as attending internal meetings and lectures by external experts on annual business strategies and business management issues.

Supplementary Principle 4.14.2	Companies should disclose their training policy for directors and *kansayaku*.

・The Company believes that in addition to appointing personnel having credentials required to serve as directors, Audit & Supervisory Board members, or executive officers, it is important to provide them with necessary training and information.

・The Company provides new directors and new Audit & Supervisory Board members with training regarding legal and statutory authorities and obligations, etc. In addition, when a new external director or external Audit & Supervisory Board member is scheduled to come on board, the Company provides training regarding the industry it operates in, its history, business overview, strategy, etc.

Section 5

Section 5: Dialogue with Shareholders	
General Principle 5	In order to contribute to sustainable growth and the increase of corporate value over the mid-to long-term, companies should engage in constructive dialogue with shareholders even outside the general shareholder meeting. During such dialogue, senior management and directors, including outside directors, should listen to the views of shareholders and pay due attention to their interests and concerns, clearly explain business policies to shareholders in an understandable manner so as to gain their support, and work for developing a balanced understanding of the positions of shareholders and other stakeholders and acting accordingly.

・See below

Principle 5.1	Companies should, positively and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the mid-to long-term. The board should establish, approve and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.

・The Company fully recognizes that timely and appropriate disclosure of corporate information to investors forms the basis of a sound securities market. We make constant efforts to improve our internal systems and maintain investors' point of view to ensure prompt, accurate, and fair disclosure of corporate information to all investors at the same time. Through these efforts, we aim to provide timely and appropriate corporate information to investors and have published a policy on information disclosure.
https://corp.shiseido.com/en/ir/policy/

Supplementary Principle 5.1.1	Taking the requests and interests of shareholders into consideration, to the extent reasonable, the senior management, directors, including outside directors, and *kansayaku*, should have a basic position to engage in dialogue (management meetings) with shareholders.

・The CEO, COO and CFO of the Company actively engage in dialogue with shareholders and express their thoughts as senior management on the Company's initiatives.

・External directors are also provided with opportunities to express their independent opinions on the governance of the Company, such as conferences hosted by securities companies, the integrated report, etc.
・The Company's Audit & Supervisory Board members have no track record of engagement in shareholder dialogue, but we will consider such opportunities in the future based on the needs of our shareholders.

Supplementary Principle 5.1.2	At minimum, policies for promoting constructive dialogue with shareholders should include the following: i) Appointing a member of the management or a director who is responsible for overseeing and ensuring that constructive dialogue takes place, including the matters stated in items ii) to v) below; ii) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue; iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities); iv) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the board; and iv) Measures to control insider information when engaging in dialogue.

・The Company has established and disclosed the "Basic Policy on Information Disclosure and Dialogue with Shareholders and Investors", which establishes our basic policy on information disclosure, standards, method, and system for information disclosure, as well as outlines our initiatives for a constructive dialogue with shareholders and investors and management of insider information.
https://corp.shiseido.com/en/ir/policy/

Supplementary Principle 5.1.3	Companies should endeavor to identify their shareholder ownership structure as necessary, and it is desirable for shareholders to cooperate as much as possible in this process.

・Based on the shareholder register, which is updated every six months, the Company conducts a survey of institutional investors to identify the actual shareholders and uses it as a basis for shareholder dialogue.

Principle 5.2	When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company' s cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets.

・See below

Supplementary Principle 5.2.1	In formulating and announcing business strategies, etc., companies should clearly present the basic policy regarding the business portfolio decided by the board and the status of the review of such portfolio.

・The Company develops medium-to-long-term strategies in periods of three years based on discussions by its Board of Directors. This includes development of the business portfolio and sales strategies based on the analysis of recent global market trends, consumer purchasing behavior, and other factors. These are disclosed in an easy-to-understand visual form.

https://corp.shiseido.com/en/ir/strategy/archives/mgt.html

・These strategies undergo appropriate revisions based on quarterly financial results. The contents of the revisions are disclosed in materials for quarterly results briefings and presented to a broad range of investors via our corporate website and other media.

https://corp.shiseido.com/en/ir/library/tanshin/