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Shiseido Company, Limited

Representative Corporate Executive Officer, Chairman and CEO: Masahiko Uotani

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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]**

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.” The “Principles of the Corporate Governance Code (CG Code) and Shiseido’s Response” is updated on the same day as this Corporate Governance Report is updated.

**[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]**

## 2. Capital Structure

<b>Foreign Shareholding Ratio</b>	More than 30%
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### **[Status of Major Shareholders] **Updated****

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	80,807,100	20.21
Custody Bank of Japan, Ltd. (Trust Account)	27,007,316	6.75
STATE STREET BANK WEST CLIENT-TREATY 505234	7,374,878	1.84

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	6,458,791	1.61
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS	6,270,221	1.56
BNYM AS AGT/CLTS 10 PERCENT	5,785,758	1.44
Nippon Life Insurance Company	5,615,653	1.40
SSBTC CLIENT OMNIBUS ACCOUNT	5,583,413	1.39
NORTHERN TRUST CO.(AVFC) RE NON TREATY CLIENTS ACCOUNT	5,581,832	1.39

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

### Supplementary Explanation **Updated**

- The shareholding ratio including those described in the notes below is calculated based on the total number of issued and outstanding shares after deducting the number of treasury stock.
- 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.
- 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 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.
- 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 July 7, 2023, it held 21,455 thousand shares through joint holdings (percentage of shareholding: 5.36%), of which 12,435 thousand shares (3.11%) 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.
- 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 September 5, 2023, it held 28,433 thousand shares through joint holdings (percentage of shareholding: 7.11%), of which 9,787 thousand shares (2.44%) were held by BlackRock Japan Co., Ltd., 6,958 thousand shares (1.74%) were held by BlackRock Fund Advisors and 5,632 thousand shares (1.40%) 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.
- 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 October 30, 2023, it held 23,022 thousand shares through joint holdings (percentage of shareholding: 5.76%), of which 10,182 thousand shares (2.54%) and 6,372 thousand shares (1.59%) are held by Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Asset Management Co., Ltd., respectively.  
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.
- A report of amendment to large shareholdings from Nomura Asset Management Co., Ltd. has been filed with the Director-General of the Kanto Finance Bureau. The report said that on November 7, 2023, it held 24,438 thousand shares (percentage of shareholding: 6.11%).

However, Nomura Asset Management 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.

8. 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 December 21, 2023, it held 26,005 thousand shares through joint holdings (percentage of shareholding: 6.50%), of which 14,803 thousand shares (3.70%) and 11,202 thousand shares (2.80%) 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 <u>Updated</u>	From ¥100 billion to less 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 Three Statutory Committees
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation <u>Updated</u>	14
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman (excluding person who concurrently serves as president)
Number of Directors <u>Updated</u>	11

#### [External Directors]

Number of External Directors <u>Updated</u>	7
Number of Independent Directors <u>Updated</u>	7

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											
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 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 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

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	Nominating Committee	Compensation Committee	Audit Committee	Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Kanoko Oishi	○	○		○	<p>With regard to Ms. Kanoko Oishi, none of the relationship classification stated above (classification "a" – classification "k") applies to her.</p> <p>Ms. Oishi's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows:</p> <ul style="list-style-type: none"> <li>• Representative Director, MEDIVA Inc.</li> <li>• Representative Director, Seeds 1 Co., Ltd.</li> <li>• Outside Director, Ezaki Glico Co., Ltd.</li> <li>• Outside Director, Santen Pharmaceutical Co., Ltd.</li> </ul> <p>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."</p>	<p>&lt;Reasons for appointing as an external director and roles and functions in the Company&gt;</p> <p>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 Nominating Committee and Compensation Committee. She has expressed necessary views from independent perspective in meetings of the Board of Directors and both Committees.</p> <p>&lt;Status of meeting the standards for the independent directors and reason for appointing as independent director&gt;</p> <p>Ms. Oishi maintains full independence as none of the requirements as provided in Section III. 5. (3) 2 of the "Guidelines Concerning Listed Company Compliance, etc." of the Tokyo Stock Exchange Inc. applies to her. Furthermore, the Company sets forth the "Criteria for Independence of External Directors." She has fulfilled the Criteria in full. Hence she has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent director.</p>

Shinsaku Iwahara	○	○		○	<p>With regard to Mr. Shinsaku Iwahara, none of the relationship classification stated above (classification "a" – classification "k") applies to him.</p> <p>Mr. Iwahara's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows:</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>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."</p>	<p>&lt;Reasons for appointing as an external director and roles and functions in the Company&gt;</p> <p>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 Nominating Committee and a member of Compensation Committee. He has expressed necessary views from independent perspective in meetings of the Board of Directors and both Committees.</p> <p>&lt;Status of meeting the standards for the independent directors and reason for appointing as independent director&gt;</p> <p>Mr. Iwahara maintains full independence as none of the requirements as provided in Section III. 5. (3) 2 of the "Guidelines Concerning Listed Company Compliance, etc." of the Tokyo Stock Exchange Inc. applies to him. Furthermore, the Company sets forth the "Criteria for Independence of External Directors." He has fulfilled the Criteria in full. Hence he has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent director.</p>
Mariko Tokuno	○	○		○	<p>With regard to Ms. Mariko Tokuno, none of the relationship classification stated above (classification "a" – classification "k") applies to her.</p> <p>Ms. Tokuno's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows:</p> <ul style="list-style-type: none"> <li>• Outside Director, Mitsubishi Materials Corporation</li> <li>• Outside Director, Yamato Holdings Co., Ltd.</li> </ul>	<p>&lt;Reasons for appointing as an external director and roles and functions in the Company&gt;</p> <p>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</p>

					<p>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.”</p>	<p>execution, and further enhance the effectiveness of the Board of Directors.</p> <p>She serves as a member of the Nominating Committee and the Compensation Committee. She has expressed necessary views from independent perspective in meetings of the Board of Directors and both Committees.</p> <p>&lt;Status of meeting the standards for the independent directors and reason for appointing as independent director&gt;</p> <p>Ms. Tokuno maintains full independence as none of the requirements as provided in Section III. 5. (3) 2 of the “Guidelines Concerning Listed Company Compliance, etc.” of the Tokyo Stock Exchange Inc. applies to her. Furthermore, the Company sets forth the “Criteria for Independence of External Directors.” She has fulfilled the Criteria in full. Hence she has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent director.</p>
Yoshihiko Hatanaka	○	○		○	<p>With regard to Mr. Yoshihiko Hatanaka, none of the relationship classification stated above (classification “a” – classification “k”) applies to him.</p> <p>Mr. Hatanaka’s “Important Position of Other Organizations Concurrently Assumed” stated in the Companies Act are as follows:</p> <ul style="list-style-type: none"> <li>• Outside Director, SONY GROUP CORPORATION</li> <li>• Outside Director, SEKISUI CHEMICAL CO., LTD.</li> </ul> <p>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</p>	<p>&lt;Reasons for appointing as an external director and roles and functions in the Company&gt;</p> <p>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.</p> <p>He is a chair of the Compensation Committee and a member of the Nominating Committee. He has expressed necessary views from independent perspective in meetings of the Board of Directors and both Committees.</p> <p>&lt;Status of meeting the standards for the independent directors and reason for appointing as independent director&gt;</p>

					Organizations Concurrently Assumed.”	Mr. Hatanaka maintains full independence as none of the requirements as provided in Section III. 5. (3) 2 of the “Guidelines Concerning Listed Company Compliance, etc.” of the Tokyo Stock Exchange Inc. applies to him. Furthermore, the Company sets forth the “Criteria for Independence of External Directors.” He has fulfilled the Criteria in full. Hence he has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent director.
Hiroshi Ozu			○	○	<p>With regard to Mr. Hiroshi Ozu, none of the relationship classifications stated above (classification “a” – classification “k”) applies to him.</p> <p>Mr. Ozu’s “Important Position of Other Organizations Concurrently Assumed” stated in the Companies Act are as follows:</p> <ul style="list-style-type: none"> <li>• Attorney at Law</li> <li>• Representative Director of Shimizu Scholarship Foundation (general incorporated foundations)</li> </ul> <p>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.”</p>	<p>&lt;Reasons for appointing as an external member of Audit &amp; Supervisory Board and roles and functions in the Company&gt;</p> <p>Mr. Ozu has been appointed as an external director to ensure the execution of an audit based on his experience and knowledge in the legal field. He serves as a chair of the Audit Committee. Mr. Ozu has expressed necessary views from an independent perspective in meetings of the Board of Directors and the Audit Committee.</p> <p>&lt;Status of meeting the standards for the independent auditors and reason for appointing as independent auditor&gt;</p> <p>Mr. Ozu maintains full independence as none of the requirements as provided in Section III. 5. (3) 2 of the “Guidelines Concerning Listed Company Compliance, etc.” of the Tokyo Stock Exchange Inc. applies to him. Furthermore, the Company sets forth the “Criteria for Independence of External Directors.” He has fulfilled the Criteria in full. Hence he has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent director.</p>
Yasuko Gotoh			○	○	<p>With regard to Ms. Yasuko Gotoh, none of the relationship classifications stated above (classification “a” – classification “k”) applies to her.</p>	<p>&lt;Reasons for appointing as an external member of Audit &amp; Supervisory Board and roles and functions in the Company&gt;</p> <p>Ms. Gotoh has been appointed as an external director to ensure the</p>



				<p>Ms. Gotoh's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows:</p> <ul style="list-style-type: none"> <li>• Outside Audit and Supervisory Board Member, DENSO CORPORATION</li> <li>• Outside Audit &amp; Supervisory Board Member, Mitsui Chemicals, Inc.</li> <li>• Audit and Inspection Commissioners, the Tokyo Metropolitan Government</li> </ul> <p>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."</p>	<p>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.</p> <p>She serves as a member of the Audit Committee.</p> <p>Ms. Gotoh has expressed necessary views from an independent perspective in meetings of the board of Directors and the Audit Committee.</p> <p>&lt;Status of meeting the standards for the independent auditors and reason for appointing as independent auditor&gt;</p> <p>Ms. Gotoh maintains full independence as none of the requirements as provided in Section III. 5. (3) 2 of the "Guidelines Concerning Listed Company Compliance, etc." of the Tokyo Stock Exchange Inc. applies to her. Furthermore, the Company sets forth the "Criteria for Independence of External Directors." She has fulfilled the Criteria in full. Hence she has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent director.</p>
Ritsuko Nonomiya a		○	○	<p>With regard to Ms. Ritsuko Nonomiya, none of the relationship classifications stated above (classification "a" – classification "k") applies to her.</p> <p>Ms. Nonomiya's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows:</p> <ul style="list-style-type: none"> <li>• Outside Director, Nagase &amp; Co., Ltd.</li> <li>• CEO, Representative Director, Houlihan Lokey Corporation</li> </ul> <p>The Company considers not only the independence against the Company, but also other various viewpoints such as "Principal Occupation"</p>	<p>&lt;Reasons for appointing as an external member of Audit &amp; Supervisory Board and roles and functions in the Company&gt;</p> <p>Ms. Nonomiya has been appointed as an external director to ensure the execution of an audit based on her sophisticated financial and accounting knowledge as well as business management skills including M&amp;A and business development that were acquired through her work experience at an accounting firm, etc. in the United States and Japan.</p> <p>She serves as a member of the Audit Committee.</p> <p>She has expressed necessary views from an independent perspective in meetings of the Board of Directors and the Audit Committee.</p> <p>&lt;Status of meeting the standards for the independent auditors and reason for appointing as independent auditor&gt;</p>

					when it estimates the importance of Ms. Nonomiya's "Important Position of Other Organizations Concurrently Assumed."	Ms. Nonomiya maintains full independence as none of the requirements as provided in Section III. 5. (3) 2 of the "Guidelines Concerning Listed Company Compliance, etc." of the Tokyo Stock Exchange Inc. applies to her. Furthermore, the Company sets forth the "Criteria for Independence of External Directors." She has fulfilled the Criteria in full. Hence she has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent director.
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**[Each Committee]**

Composition of each Committee and Attributes of the Chairperson Updated

	All Committee Members	Full-time Members	Internal Directors	External Directors	Committee Chair
Nominating Committee	4	0	0	4	External Director
Compensation Committee	4	0	0	4	External Director
Audit Committee	5	2	2	3	External Director

**[Corporate Executive Officers]**

Number of Executive Officers <u>Updated</u>	6
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Status of Concurrent Duties Updated

Name	Representative Authority	Concurrent Duties as Director			Concurrent Duties as Employee
			Nominating Committee	Compensation Committee	
Masahiko Uotani	Yes	Yes	No	No	No
Kentaro Fujiwara	Yes	Yes	No	No	No
Yoshiaki Okabe	No	No	No	No	No
Norio Tadakawa	No	No	No	No	No
Toshinobu Umetsu	No	No	No	No	No
Takayuki Yokota	No	No	No	No	No

**[Audit Structure]**

Appointment of Directors and/or staff to Support the Audit Committee <u>Updated</u>	Appointed
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Matters Related to the Independence of Said Directors and/or Staff from Corporate Executive Officers Updated

The Audit Committee establishes a secretariat in the department in charge of internal audit to support the duties of the Audit Committee, and employees are assigned to the secretariat.

To ensure the independence of the said employees and the effectiveness of instructions from the Audit Committee, prior approval of the Audit Committee shall be required for staffing (appointment and dismissal, and evaluation) of the department head in charge of internal audit, who has the authority and responsibility to manage the secretariat, and determination of the particulars of the audit resources (including budget) of said department. In addition, matters to determine members who work for the secretariat of the Audit Committee, including their appointment, transfer, and evaluation, shall require approval of the Audit Committee.

#### Cooperation among Audit Committee , Accounting Auditors and Internal Audit Departments Updated

The Audit Committee provides instructions to the department in charge of internal audit. In addition, regular meetings shall be held to exchange opinions between the Representative Corporate Executive Officers and Audit Committee members. The Company shall establish a system to ensure that audits are effectively conducted by the Audit Committee through measures such as holding liaison meetings between the Audit Committee, the department in charge of internal audit, and accounting auditor and ensuring that Audit Committee members or members of the department in charge of internal audit attend the relevant meetings, on request from the Audit Committee.

Audit Committee members receive quarterly reports from the accounting auditor on the status of accounting audits, and they share information and exchange views with the accounting auditor on major key audit matters (KAM) that have a significant impact on areas of the financial statements due to important decisions made by Company management.

#### [Independent Director]

Number of Independent Directors Updated

7

#### Matters relating to Independent Directors

The Company establishes its own rules of “Criteria for Independence of External Directors” (the “Criteria”) and “Insignificance Criteria for Omission of Description about Relationships between the Company and the External Directors 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 concurrently assume important position are omitted according to the Insignificance Criteria.

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<Criteria for Independence of External Directors >

Shiseido Company, Limited (the “Company”) deems an External Director or a candidate for External Director 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<sup>i</sup> of the Company or an affiliated company<sup>ii</sup> (collectively 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<sup>iii</sup>, or its executive person<sup>i</sup>;
- 2) A principal counterparty of the Shiseido Group<sup>iv</sup>, or its executive person<sup>i</sup>;
- 3) A large shareholder who holds directly or indirectly 10% or more of the voting rights of the Company, or its executive person<sup>i</sup>;
- 4) An executive person<sup>i</sup> 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<sup>v</sup> in addition to the External Director’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<sup>vi</sup> from the Shiseido Group or an executive person<sup>i</sup> 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;

- 1) An important person<sup>vii</sup> among executive persons<sup>i</sup> 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 eligible to be judged on independence from the Company and since the candidate took up the post);
- 2) 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<sup>vii</sup> with respect to these executive persons<sup>i</sup>;
- 3) 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<sup>viii</sup> with respect to a person belonging to the organization.
- 4) 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<sup>viii</sup> 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<sup>ix</sup>”

5. In addition to the above clauses, there exist no circumstances in which duties imposed on an independent External Director 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 corporate 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 corporate 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<sup>i</sup> of the Shiseido Group serves as an external director or Audit and Supervisory Board member of another company, an executive person<sup>i</sup> of such company is an External Director of the Company or a candidate for the post.

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< Insignificance Criteria for Omission of Description about Relationships between the Company and the External Directors 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 External Directors in the Notification/Disclosure Documents” (the “Insignificance Criteria”) as described below in accordance with its own rules of “Criteria for Independence of External Directors.” This Insignificance Criteria defines monetary amount standards by which the Company deems an 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 Directors’ 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 and Corporate Executive Officers	Introduced Performance-linked Remuneration and Stock Options and Others
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Supplementary Explanation Updated

The Company regards the remuneration policy for the Directors and the Corporate 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 and decided in the Compensation Committee chaired by an External Director to incorporate objective points of view.

< Basic philosophy and policy of remuneration to the Directors and Corporate Executive Officers >

1. encourage to realize the corporate mission;
2. aim to ensure attractive remuneration to acquire and retain top talent in global talent market;
3. aim to enhance the long-term corporate value and strongly incentivize to achieve the company’s long-term vision and medium- to long-term strategy;
4. have a mechanism incorporated to prevent overemphasis on short-term views while instilling motivation to achieve short-term goals;
5. be designed as transparent, fair and reasonable from the viewpoint of accountability to stakeholders including shareholders and employees, and remuneration shall be determined through appropriate processes to ensure those points.
6. be designed to establish remuneration standards based on the significance (Grade) of role/responsibility reflecting the mission of respective Directors and Executive Officers, and differentiate remuneration according to the level of strategic target accomplished (achievements).

Based on the above basic philosophy, the Compensation Committee has resolved its policy on decisions regarding remuneration of individual Directors and Corporate Executive Officers. The details of the Directors and Corporate Executive Officers remuneration system of the Company based on this policy is described in

“Remuneration for Directors and Corporate Executive Officers” 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	Internal Directors, Directors of subsidiaries and others
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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.

**[Remuneration for Directors and Corporate Executive Officers]**

Disclosure of Individual Directors' Remuneration	Selected Directors
Disclosure of Individual Corporate Executive Officers' Remuneration <b>Updated</b>	Not Disclosed

Supplementary Explanation **Updated**

The total amount of remuneration by type (basic remuneration, annual incentive and long-term incentive) for the applicable fiscal year, categorized into Directors, External Directors, Audit & Supervisory Board members, and External Audit & Supervisory Board members, and amounts of remuneration to individual Directors whose total amount of remuneration exceeded ¥100 million for the applicable fiscal year are disclosed in the Annual Securities Report and the Business Report. Please refer to the website found at the URL below.

Annual Securities Report: page 97-98

[https://corp.shiseido.com/en/ir/library/financial\\_statements/pdf/2023/annual\\_security\\_report.pdf#page=99](https://corp.shiseido.com/en/ir/library/financial_statements/pdf/2023/annual_security_report.pdf#page=99)

Business Report: page 62-63

[https://corp.shiseido.com/en/ir/shareholder/2024/pdf/shm\\_0002.pdf#page=62](https://corp.shiseido.com/en/ir/shareholder/2024/pdf/shm_0002.pdf#page=62)

Please note that the Company has transitioned to a Company with Three Statutory Committees by resolution of the 124th Ordinary General Meeting of Shareholders held on March 26, 2024, so there is no remuneration for the Corporate Executive Officers in fiscal year 2023.

Policy on Determining Remuneration Amounts and Calculation Methods <b>Updated</b>	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

<Basic policy on determining remuneration amounts and calculation method>

Based on the basic philosophy described in “Incentives” 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 Compensation Committee composed solely of External Directors has deliberated and resolved its policy on decisions regarding remuneration of individual Directors and Corporate Executive Officers.

The Company transitioned to a Company with Three Statutory Committees on March 26, 2024, and the Company's remuneration system for Directors and Corporate Executive Officers, including an overview of policy on decisions regarding remuneration of individual Directors and Corporate Executive Officers is disclosed in the Annual Securities Report. Please refer to the website at the URL below.

[https://corp.shiseido.com/en/ir/library/financial\\_statements/pdf/2023/annual\\_security\\_report.pdf#page=102](https://corp.shiseido.com/en/ir/library/financial_statements/pdf/2023/annual_security_report.pdf#page=102)  
(pages 100-104)

**[Supporting System for External Directors] **Updated****

Points of contact to assist External Directors' duties are established in the departments that serve as the secretariat of the Board of Directors, the Nominating Committee, the Compensation Committee and the Audit Committee.

They provide External Directors with various information and support them in carrying out their duties.

**【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
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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, Audit/Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated**

<Status of management and business execution>

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

- Board of Directors

The Company's Board of Directors is composed of eleven (11) Directors including seven (7) External Directors. The Board of Directors meetings are held approximately once a month. It focuses on deciding basic management policies and management strategies and overseeing the implementation thereof to reinforce the oversight function and accelerate overall business execution of the Company in a rapidly changing environment. In addition, the Board of Directors discusses and decides matters stipulated in laws and regulations, and the Company's Articles of Incorporation as well as matters provided for in the Regulations of the Board of Directors, and delegate the authority to decide on other matters to representative Corporate Executive Officers or Corporate Executive Officers. We held the Board of Directors meetings fourteen (14) times in fiscal year 2023. It mainly discussed business strategies, business transformations, ideal corporate governance structure, effectiveness of the Board of Directors, risk management, status of internal audits, etc.

In addition to the abovementioned fourteen (14) meetings of the Board of Directors, there was one (1) deemed resolution where a resolution at a Board of Directors meeting is deemed to have been passed pursuant to the provisions of Article 370 of the Companies Act and Article 25, Paragraph 2 of the Company's Articles of Incorporation.

The term of office of the Directors is one (1) year.

The attendance status (attendance rate) of individual Directors in fiscal year 2023 is as follows.

Title	Name	Attendance status (Attendance rate)
Representative Director	Masahiko Uotani	Fourteen (14) attendances of all fourteen (14) meetings (100%)
Representative Director	Kentaro Fujiwara	Eleven (11) attendances of all eleven (11) meetings (100%)
Director	Yukari Suzuki	Fourteen (14) attendances of all fourteen (14) meetings (100%)
Director	Norio Tadakawa	Fourteen (14) attendances of all fourteen (14) meetings (100%)
Director	Takayuki Yokota	Fourteen (14) attendances of all fourteen (14) meetings (100%)



External Director	Kanoko Oishi	Fourteen (14) attendances of all fourteen (14) meetings (100%)
External Director	Shinsaku Iwahara	Fourteen (14) attendances of all fourteen (14) meetings (100%)
External Director	Charles D. Lake II	Fourteen (14) attendances of all fourteen (14) meetings (100%)
External Director	Mariko Tokuno	Thirteen (13) attendances of all fourteen (14) meetings (93%)
External Director	Yoshihiko Hatanaka	Ten (10) attendances of all eleven (11) meetings (91%)

Note: The number of Board of Directors meetings attended and the attendance rate for Mr. Kentaro Fujiwara and Mr. Yoshihiko Hatanaka represent those for Board of Directors meetings held after they became Directors in March 2023.

- Nominating Committee

The Nominating Committee resolves matters such as proposals regarding appointment and dismissal of Directors to be submitted to general meetings of shareholders and matters regarding the succession of Directors. In addition, the Nominating Committee discusses appointment and dismissal of the representative Corporate Executive Officers and Corporate Executive Officers, areas for which Corporate Executive Officers take responsibility, appointment and dismissal of the CEO, as well as matters regarding the succession of the CEO etc. and reports to the Board of Directors.

The committee is composed solely of External Directors and its chairperson is selected from the committee members with the resolution of the Nominating Committee.

- Compensation Committee

The Compensation Committee resolves policies on decisions regarding remuneration of individual Directors and Corporate Executive Officers, designs of the remuneration policy for Corporate Executive Officers and Directors, and details of remuneration to individual Corporate Executive Officers and Directors, etc.

The committee is composed solely of External Directors and its chairperson is selected from the committee members with the resolution of the Compensation Committee.

- Audit Committee

The Audit Committee conducts audit and prepares audit reports on performance of duties of Directors and Corporate Executive Officers, and makes decisions on proposals for appointment, dismissal, or non-reappointment of accounting auditors submitted to general meetings of shareholders.

The committee is composed of the majority of External Directors and its chairperson is selected from the committee members with the resolution of the Audit Committee.

- Global Strategy Committee

Prior to decision-making by the CEO/COO, this committee deliberates on group policies, organizational transformations, new businesses/brand launches and other particularly important matters for the Shiseido Group.

- Business Plan Meeting

This meeting discusses business strategies and plans for core brands, regions, and key corporate functions.

- Global Transformation Committee

The committee aims to accurately grasp global and regional social changes and the current situation of the Group. Based on this, it identifies management risk factors, deliberates prioritized material risks and countermeasures against the risks as well as the important matters regarding ethics and compliance.

- Global Risk Management & Compliance Committee

The Global Risk Management & Compliance Committee aims to accurately grasp global and regional social changes and the current situation of the Group. Based on this, it identifies management risk factors, deliberates prioritized material risks and countermeasures against the risks as well as the important matters regarding ethics and compliance.

<Diversity of Directors>

The Company believes that its Board of Directors should be composed of Directors with various viewpoints and backgrounds as well as diverse and sophisticated skills, required for effective oversight of the execution of business and important decision making.

When selecting candidates, we place importance on ensuring diversity, taking into account not only gender equality, but also other attributes such as age, nationality, race, personality, and insights and experiences in various fields related to management.

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

<Ratio of External Directors at the Board of Directors>

The Company's Articles of Incorporation set the maximum number of directors at fourteen (14). The optimum number of directors for appropriate management oversight is determined based on this upper limit and such factors as the Company's business portfolio and scale.

In addition, the Company sets the ratio of its independent External Directors from the perspective of ensuring the effectiveness of oversight function that, in principle, the majority of the Board of Directors shall be composed of independent External Directors.

In selecting External Directors, high priority is given to independence. Our basic principle is that candidates are required to meet the Company's "Criteria for Independence of External Directors" as well as possess highly independent thinking.

<Actual composition of directors and Audit & Supervisory Board members>

Of eleven (11) Directors, seven (7) members (64%) are highly independent External Directors who meet the "Criteria for Independence of External Directors" of the Company. Furthermore, of the four (4) internal Directors, two (2) are Directors responsible for business execution and concurrently serve as Corporate Executive Officers, and two are non-executive Directors.

The total number of non-executive Directors, both internal and external, is nine (82%).

<Status of audits>

(Internal audit)

The Group's internal audits aim to contribute to sustainable growth and the enhancement of corporate value through the promotion of appropriate control and improvement activities. Conducted in accordance with "The Internal Audit Rules" established by the Internal Audit Department, these audits comprehensively examine the state of our Group's internal controls from the perspectives of operational effectiveness and efficiency, reliability of reporting, compliance with relevant laws and internal regulations, and asset preservation. Additionally, the department assesses the validity and effectiveness of risk management and provides advice and recommendations for improvements.

The organization will be under the direct control of the Audit Committee to ensure greater independence and objectivity and will report periodically to the Audit Committee on the status of the audit and its results, as well as monthly to the Representative Corporate Executive Officer, Chairman and CEO, CFO, and periodically to the Board of Directors, etc., to ensure multiple reporting lines. In the event of conflicting instructions or decisions between the Representative Corporate Executive Officer and the Audit Committee, the opinion of the Audit Committee shall prevail.

As of April 2024, we have 20 members of the Internal Audit Department at the Head Office and seven members of the Internal Audit Department at offices belonging to the Head Office in Europe, the Americas, Asia, and China (mainly locally hired).

The Internal Audit Department conducts comprehensive risk assessments that take into account risk awareness from the Global Risk Management & Compliance Committee, other risks identified both inside and outside the Company, and the frequency of audits for the target organizations. Taking into account the resources available, including the Internal Audit Department personnel, priorities are set to select the organizations and themes for audit, upon which internal audits are carried out.

In internal audits that contributes to corporate governance, with the recognition that promoting of the Three Lines Model contributes to strengthening corporate governance, the business department on the first line, the function department of the global headquarter and the regional headquarters on the second line and the Internal Audit Department on the third line work together while aiming to promote healthy growth strategies and enhance improve sustainable corporate value, and establishment and improvement of risk scenarios and risk mitigation activities are continuously carried out.

For details, please see pages 93 to 94 of "Part I 4.4 (3) Status of Audits-2) Status of Internal Audit" of the Annual Securities Report (The 124th Fiscal Year).

[https://corp.shiseido.com/en/ir/library/financial\\_statements/](https://corp.shiseido.com/en/ir/library/financial_statements/)

(Audit Committee members' audits and initiatives toward strengthening their functions)

Shiseido's Audit Committee consists of five members—three Independent External Directors and two non-executive Internal Directors—who lead organizational audits by setting audit policies and providing information to the Internal Audit Department, thus promoting effective auditing practices.

The Audit Committee shall collaborate with the department in charge of internal auditing to issue instructions. In addition, regular meetings shall be held to exchange opinions between the Representative Corporate

Executive Officers and Audit Committee members. The Company shall establish a system to ensure that audits are effectively conducted by the Audit Committee through measures such as holding liaison meetings between the Audit Committee, the department in charge of internal auditing, and accounting auditors and ensuring that Audit Committee members or members of the department in charge of internal auditing attend the relevant meetings, on request from the Audit Committee.

(Accounting audits) [as of December 31, 2023]

• Name of auditing firm

KPMG AZSA LLC

• Certified public accountants conducting audit operations

Masakazu Hattori (years of continuous service: four years)

Kentaro Hayashi (years of continuous service: four years)

Kang Unshil (years of continuous service: three years)

Note: The rotation of managing partners is properly implemented in accordance with the policy set by KPMG AZSA LLC.

The rotation of KPMG AZSA LLC's managing partners is regulated by laws and regulations, independent rules, and the firm's (including KPMG International's) policies regarding the maximum period of involvement in audit attestation engagements. KPMG AZSA LLC monitors the rotation status, including audit assistants, from the perspective of the length of continuous involvement and independence.

• Composition of assistants involved in the audit

Assistants involved in the audit consisted of 21 certified public accountants, eight successful applicants who have passed the Certified Public Accountant Examination, and 34 others (tax and IT auditing).

• Policy, Reasons, and Evaluation for Selection of Accounting Auditor

At the Company, the appointment and dismissal of the accounting auditor by the Audit Committee is implemented by the agreement of all Audit Committee members, after the discussion by Audit Committee members based on the evaluations by the Corporate Executive Officer and CFO and the persons in charge of departments related to financial accounting/auditing, etc., and the results of evaluations by Audit Committee members.

The Company's policy for determining the dismissal or non-reappointment of the accounting auditor is as follows:

The Audit Committee shall dismiss the accounting auditor pursuant to the provisions of Article 340 of the Companies Act, in the event the Company determines that the accounting auditor is seriously hindered as an accounting auditor, for example, if the accounting auditor breaches its official duty, neglects their official duty, or commits misconduct. Also, in the event that the accounting auditor deems it difficult to perform their duties properly, or in the event that the Audit Committee deems it appropriate to change accounting auditors in order to improve the audit, the Audit Committee shall decide the content of the proposal on the dismissal or non-reappointment of the accounting auditor, taking into account the opinion of the executive body, and submit the proposal at the General Meeting of Shareholders based on the decision.

The Audit & Supervisory Board evaluated the accounting audit for the 123rd fiscal year and confirmed the appropriateness of the auditor, quality control, independence and professional competence of the audit team, appropriateness of the audit plan, communication with the Audit & Supervisory Board and other relevant parties, status of the accounting auditor's remuneration, and processes, and resolved to reappoint the accounting auditor for the 124th fiscal year.

### 3. Reasons for Adoption of Current Corporate Governance System **Updated**

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

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

The oversight function of the Board of Directors will be reinforced by focusing on determining basic management policies and management strategies while overseeing the implementation thereof in order to accelerate the overall business execution of the Company in a rapidly changing environment. Nominating Committee and Compensation Committee, each composed solely of independent Directors are responsible for appointment of Directors and remuneration of Directors and Corporate Executive Officers with fairness,

transparency, and objectivity for successful implementation of our business strategy. Furthermore, with the strengthened function of the internal audit department, the Audit Committee conducts highly effective audit. Whereas Corporate Executive Officers and Executive Officers will be responsible for the execution of the Company's business through an accelerated decision-making process under the direct supervision of representative Corporate Executive Officers.

### 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 124th Ordinary General Meeting of Shareholders, the convocation of notice was distributed on Tuesday, March 5, 2024, 20 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 Monday, February 26, English translation: on Monday, March 4.)
Scheduling OGMs Avoiding the Peak Day	The Company held the 124th Ordinary General Meeting of Shareholders on Tuesday, March 26, 2024. The date is 3 day (3 business days) prior to Friday, March 29, which is said to be the concentrated date for OGMs of the Japanese companies whose fiscal year ending December 2023.
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	<p>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.</p> <p>&lt;Presentation&gt;  <a href="https://www.irwebcasting.com/20240326/2/60f5cf13d3/mov/main/index.html">https://www.irwebcasting.com/20240326/2/60f5cf13d3/mov/main/index.html</a></p> <p>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.</p>

#### 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. <a href="https://corp.shiseido.com/en/ir/policy/">https://corp.shiseido.com/en/ir/policy/</a>
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.

	<p><a href="https://corp.shiseido.com/jp/ir/investors/briefing.html">https://corp.shiseido.com/jp/ir/investors/briefing.html</a> (Japanese only)</p> <p>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.</p> <p>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.</p> <p>In 2022, as the pandemic slowed down a bit, we held an event to celebrate its 150th anniversary of foundation with CEO on stage.</p> <p>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.</p> <p><a href="https://corp.shiseido.com/jp/ir/investors/meeting.html">https://corp.shiseido.com/jp/ir/investors/meeting.html</a> (Japanese only)</p> <p>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.</p> <p><a href="https://corp.shiseido.com/jp/ir/investors/special/">https://corp.shiseido.com/jp/ir/investors/special/</a> (Japanese only)</p>
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. In 2023, we went to Europe, the United States and Asia, and we 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. <a href="https://corp.shiseido.com/en/ir/library/">https://corp.shiseido.com/en/ir/library/</a> <a href="https://corp.shiseido.com/en/ir/news/">https://corp.shiseido.com/en/ir/news/</a>
Establishment of Department and/or Manager in Charge of IR	Department in charge: Investor Relations Department  Corporate Officer etc. in charge: Ayako Hirofuji, Executive Officer, Chief Investor Engagement Officer  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	<p>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, consumers, business partners, shareholders, and society and the Earth).</p> <p><a href="https://corp.shiseido.com/en/company/standards/">https://corp.shiseido.com/en/company/standards/</a></p>
Implementation of Environmental Activities, CSR Activities etc.	<p>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 Integrated Report and Sustainability Report.</p> <p>In the Shiseido website, the Sustainability pages have been created.</p> <p><a href="https://corp.shiseido.com/en/sustainability/">https://corp.shiseido.com/en/sustainability/</a></p>
The formulation of policies related to providing information to stakeholders	<p>The Company complies with relevant laws and regulations (such as the Companies Act, the Financial Instruments and Exchange Act, and rules established by the Tokyo Stock Exchange) regarding the disclosure and provision of corporate information, and ensures timely and appropriate disclosure of information.</p> <p>In addition, we have created a page on our corporate information website dedicated to "Information Disclosure and Dialogue with Shareholders and Investors." On this page, we disclose not only our policy and criteria for information disclosure, but the status of our insider information management and shareholder/investor dialogue, striving to ensure that shareholders and investors can verify not only our policy on information provision, but the status of our dialogues.</p> <p><a href="https://corp.shiseido.com/jp/ir/policy/">https://corp.shiseido.com/jp/ir/policy/</a></p>
Other	<p>&lt; Diversity in employees &gt;</p> <p>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.</p> <p>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.</p> <p>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 40.0% (as of January 2024), and the ratio of women in the Board of Directors reached 40.0% (as of March 2024). 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,</p> <p>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.</p> <p>The Company’s support for the advancement of women and initiatives for diversity are described on our corporate website.</p> <p><a href="https://corp.shiseido.com/en/sustainability/labor/diversity.html">https://corp.shiseido.com/en/sustainability/labor/diversity.html</a></p>

<Board members' company stock ownership association>

The Company has formed a board members' company stock ownership association, and encourages them to join. This program has been provided with the aim of establishing a sense of common interests with the shareholders, as the Directors purchase the Company's shares on a regular basis and hold them as shareholders.

#### IV. Matters Related to the Internal Control System

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

##### **Basic Policy on Internal Control System**

**1. System under Which Performance of Duties by Directors, Corporate Executive Officers, and Employees of the Company and All Group Companies Is Ensured in Compliance with the Laws and Regulations, and the Articles of Incorporation of the Company; System under Which the Appropriateness of the Whole Group's Business Is Ensured.**

The Board of Directors shall define the corporate philosophy and strategy of the Company and the whole Group and oversee their appropriate execution.

The Representative Corporate Executive Officers shall present proposals and provide updates on the business execution and strategic key areas to the Board of Directors on a regular basis. The Audit Committee shall audit the performance of duties by the Corporate Executive Officers and Directors, create audit reports, and present and explain the audit results at General Meetings of Shareholders.

The Company has defined THE SHISEIDO PHILOSOPHY, which is shared across the Group based on three elements: OUR MISSION, which determines the reason we exist; OUR DNA, which embodies our unique heritage of over 150 years; OUR PRINCIPLES (TRUST 8), which is a mindset to be shared by each and every Group employee in their work. THE SHISEIDO PHILOSOPHY, together with the Shiseido Code of Conduct and Ethics, which defines the action standards for business conduct with the highest ethical principles, promotes legitimate and fair corporate activities.

The Company shall establish a set of basic policies and rules based on the Shiseido Code of Conduct and Ethics, which every Group company must follow. Every Group company and business site shall be fully aware of these policies and rules, along with THE SHISEIDO PHILOSOPHY. This will help create an environment where detailed internal regulations of the Company can be developed at every Group company and business site.

The Company has set up a Committee to oversee compliance and risk management and coordinate with organizations established to perform the compliance and risk management functions in the respective regional headquarters located in the major regions across the globe. This Committee shall be responsible for improving corporate quality by increasing the Group's legitimate and fair corporate activities and managing risk. Major management risks and incidents shall be reported to the Board of Directors through the Representative Corporate Executive Officers, along with the proposal for response to them and its progress.

The Company deploys a person in charge of promoting legitimate and fair corporate activities of the whole Group and risk management at every Group company and business site, plans and promotes regular training and educational activities on corporate ethics, responds to incidents, and manages risks. The department in charge of risk management and the Committee that oversees compliance and risk management will share information regularly with the persons in charge deployed within every Group company and business site.

To detect and remedy any type of conduct within the Group that violates laws, the Articles of Incorporation, and internal regulations, the Company shall set up a hotline for whistle-blowers in every Group company. Additionally, employees will have access to a hotline where employees can directly report and consult with the officer in charge of risk management. In the Japan region, the Company shall establish hotlines staffed by both internal and external personnel and counselors.

The department in charge of internal audit, which operates independently, shall conduct group-wide internal audit to ensure the appropriateness of business based on the instructions of the Audit Committee and the Representative Corporate Executive Officers, following the regulations related to internal audit. If there is any inconsistency between the instructions of the Audit Committee and those of the Representative Corporate Executive Officers, the instructions of the Audit Committee shall take precedence. The results of internal audit shall be regularly reported to the Audit Committee as well as the Representative Corporate Executive Officers.

**2. System under Which Directors and Corporate Executive Officers of the Company and All Group Companies Shall Be Ensured to Efficiently Perform Duties**

The Board of Directors shall focus on determining the basic management policy and management strategy and overseeing the implementation thereof. It shall significantly delegate the authority to determine particulars of business execution to the Corporate Executive Officers to increase the flexibility in performing their duties.



Additionally, to achieve swift and efficient corporate management, the Representative Corporate Executive Officers shall manage and oversee the performance of duties of the entire Group to achieve targets.

The Corporate Executive Officers and Executive Officers shall set specific targets in the assigned fields, including all Group Companies, and establish a business system that ensures efficient achievement of the targets. The Group's business plans and important matters shall be deliberated from a multifaceted perspective at the relevant decision-making meetings composed of the Representative Corporate Executive Officers, Corporate Executive Officers, and Executive Officers.

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

### **3. System under Which Information Regarding Performance of Duties by the Company's Corporate Executive Officers Shall Be Maintained and Managed; System under Which Items Regarding Performance of Duties by Directors and Employees of All Group Companies Shall Be Reported to the Company**

Important documents such as minutes of General Meetings of Shareholders, the Board of Directors meetings, meetings of respective committees, and relevant meetings for decision-making on business execution shall be appropriately created, filed, and managed in compliance with laws and regulations, and internal regulations of the Company. These important documents shall be filed and managed in a highly searchable manner and should be readily available for inspection by the Directors and Corporate Executive Officers, and Audit Committee and the department in charge of internal audit.

Regulations on information asset protection and information disclosure shall be established to appropriately prepare, file, and manage a variety of documents, books, and records related to the performance of duties of Directors, Corporate Executive Officers, and employees, and other information.

Important information regarding the performance of duties by Directors and employees of all Group companies shall be reported in a timely manner to the Company by all Group companies in accordance with the internal regulations of the Company that stipulate reporting to the Company or through the reporting line to Corporate Executive Officers and Executive Officers.

### **4. Regulations Regarding Control of Risk for Loss at the Company and All Group Companies and Other Regulation Systems**

Organizations are set up in the respective regional headquarters located in the major regions across the globe for the purpose of performing the compliance and risk management functions. These organizations will be responsible for overseeing risks related to corporate activities through Group-wide cross-sectional communication.

The Committee that oversees compliance and risk management recognizes and evaluates risks associated with management strategy and business execution, and takes necessary measures, or assists the regional headquarters located in the major regions across the globe to prepare their own contingency responses to deal with emergency situations.

In the case of emergency, the regional headquarters of the affected area, the Company, or both, pursuant to the situation, the seriousness of the impact on the Group and other factors shall establish Emergency Task Forces to take necessary actions.

### **5. Matters Related to Employees to Assist Duties of Audit Committee, the Independence of Such Employees from Corporate Executive Officers, and Ensuring the Effectiveness of Instructions from Audit Committees to Such Employees**

The Audit Committee shall establish a secretariat in the department in charge of internal audit to support the duties of the Audit Committee, and employees shall be assigned to the secretariat.

To ensure the independence of the said employees and the effectiveness of instructions from the Audit Committee, prior approval of the Audit Committee shall be required for staffing (appointment and dismissal, and evaluation) of the department head in charge of internal audit, who has the authority and responsibility to manage the secretariat, and determination of the particulars of the audit resources (including budget) of said department. In addition, matters to determine members who work for the secretariat of the Audit Committee, including their appointment, transfer, and evaluation, shall require approval of the Audit Committee.

### **6. System under Which Directors, Audit and Supervisory Board Members, Corporate Executive Officers, and Employees of the Company and All Group Companies Report to Audit Committee and Other Systems under Which Any Report Is Made to Audit Committee; System to Ensure That Persons Are Not Treated Disadvantageously for Making Such Reports to Audit Committee**

Directors, Corporate Executive Officers, and employees shall regularly or promptly report to the Audit Committee on the progress of performance of their duties. In addition, they shall promptly report to the Audit



Committee on the progress of the performance of their duties and asset situation on request from the Audit Committee.

The Company shall establish means by which Directors, Audit and Supervisory Board Members, Corporate Executive Officers, and employees, including those of all Group companies, can directly inform the Audit Committee of issues and build awareness of these means across the Group.

The Company and all Group companies shall develop internal regulations of the Company to ensure that the said Directors, Audit and Supervisory Board Members, Corporate Executive Officers, and employees are not dismissed, discharged from service, or otherwise disadvantaged because of their reporting to the Audit Committee or informing the committee of issues and shall announce these regulations.

#### **7. Matters Regarding Policy on Handling Advance Payment or Repayment of Expenses Resulting from Audit Committee Members' Performance of Duties or Other Expenses or Debts Arising from the Said Performance of Duties**

Expenses deemed necessary for the performance of duties by the Audit Committee and its members shall be budgeted for and recorded in advance. However, expenses paid urgently or temporarily shall be compensated by subsequent refund.

#### **8. Other Systems to Ensure the Effective Performance of Audit by Audit Committee**

The Audit Committee shall provide instructions to the department in charge of internal audit. In addition, regular meetings shall be held to exchange opinions between the Representative Corporate Executive Officers and Audit Committee members. The Company shall establish a system to ensure that audits are effectively conducted by the Audit Committee through measures such as holding liaison meetings between the Audit Committee, the department in charge of internal audit, and Independent Auditor and ensuring that Audit Committee members or members of the department in charge of internal audit attend the relevant meetings, on request from the Audit Committee.

## **2. Basic Stance on Elimination of “Anti-Social Forces” (organized crime group) Updated**

The “Shiseido Code of Conduct and Ethics” states the following: “We do not work with individuals or organizations that engage in illegal activities such as threatening public order or safety. We also do not respond to any requests for money or support from such individuals or organizations.” A coordination office is established in the department in charge of risk management to effectively gather information. The Company also maintains manuals on the intranet on how to cope with such forces. The Company is taking measures to strengthen its collection of outside information and cooperation with external organizations by coordinating with local police offices and being a member of an organization that promotes the exclusion of anti-social forces.

## **V. Other**

### **1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation
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None.
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### **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 COO Office Strategy Acceleration Department and Corporate 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 the case of emergency, the regional headquarters of the affected area, the Company, or both, pursuant to the situation, the seriousness of the impact on the Group and other factors shall establish Emergency Task Forces to take necessary actions. In addition, for the level of material facts we work to take quick and appropriate disclosure actions.

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(\*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.

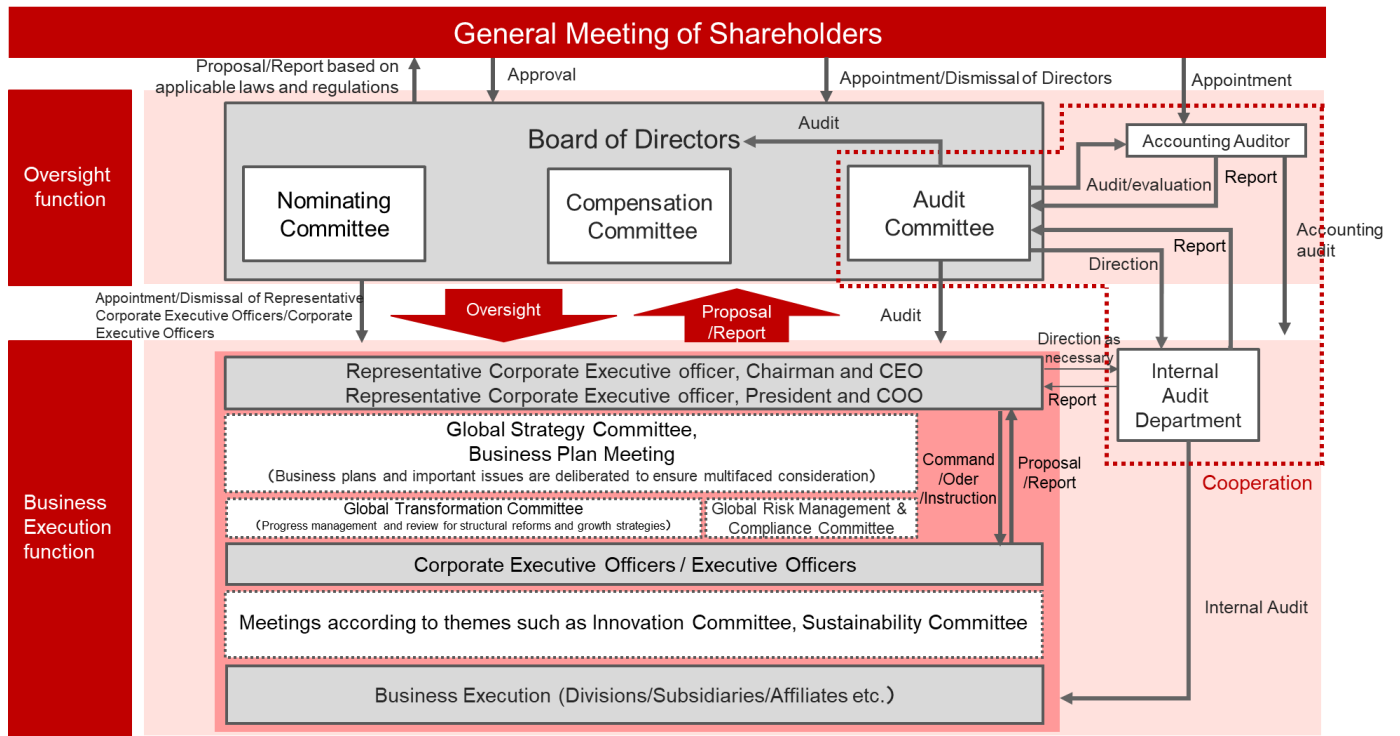
#### (2) Quiet Periods

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.

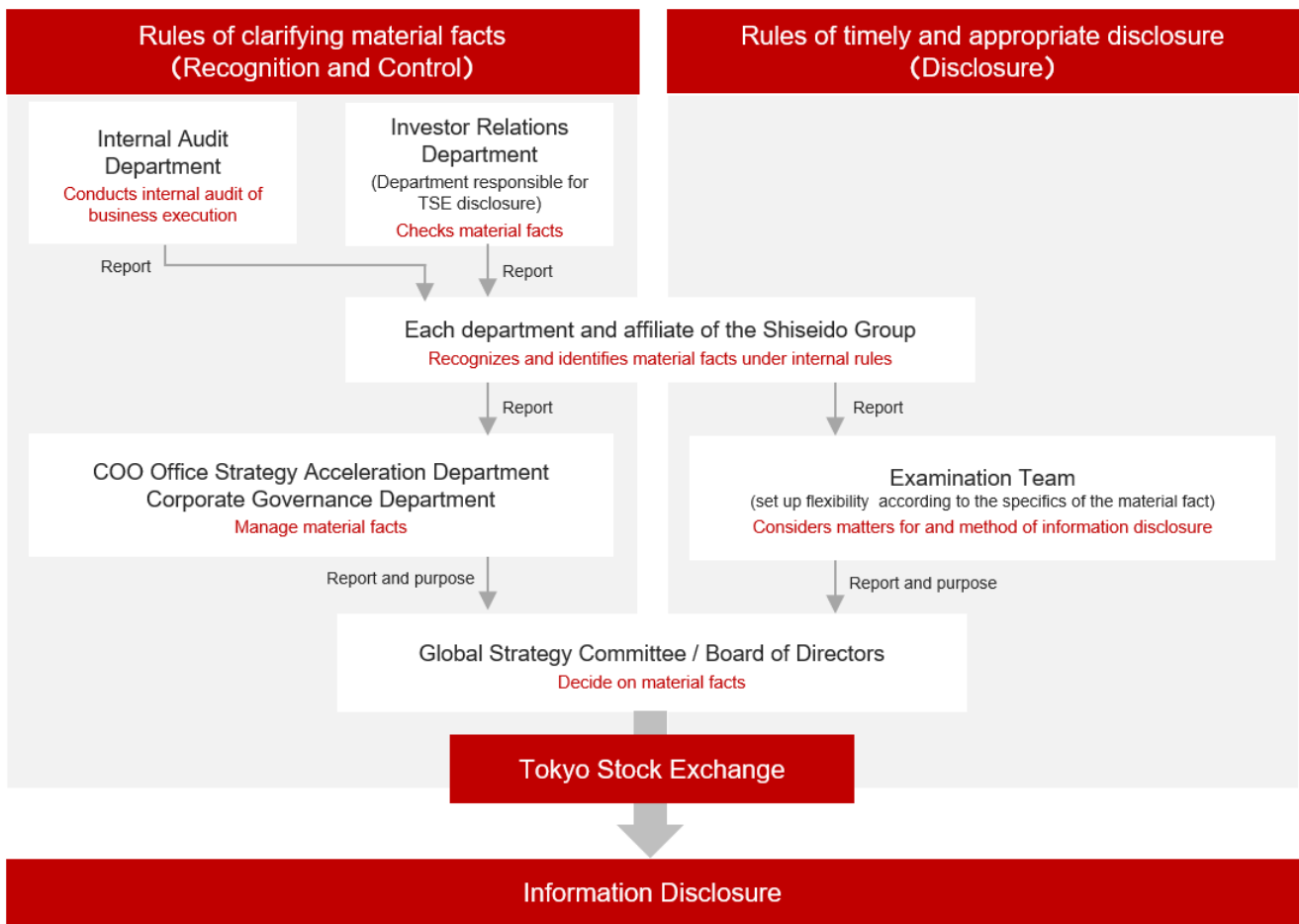
#### (3) Forward-Looking Statements

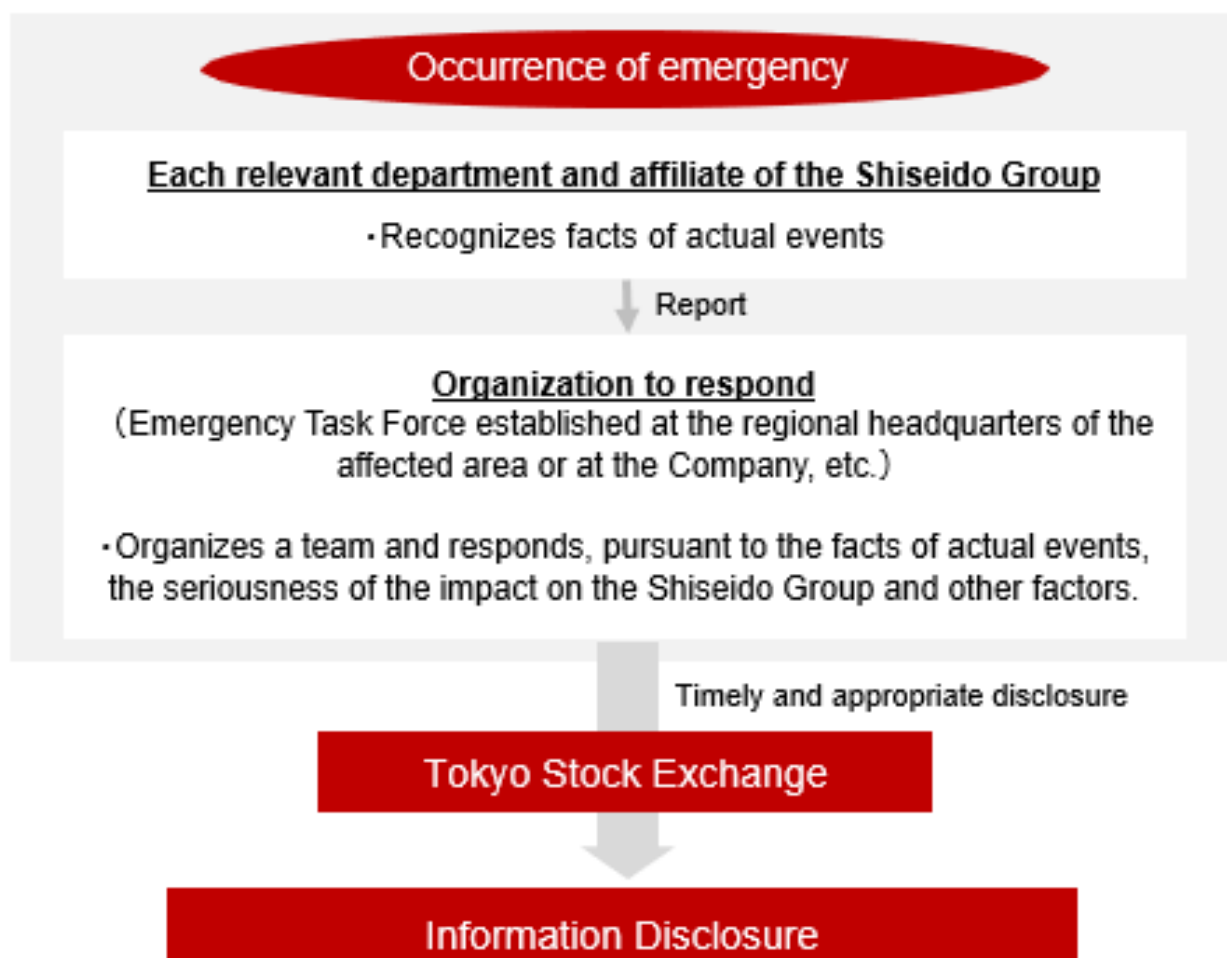
Statements of information disclosed by Shiseido other than historical facts are forward-looking statements that reflect our plans and expectations at the time of the announcement. These forward-looking statements involve risks, uncertainties, and other factors that may cause actual results and achievements 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 >





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.
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•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.
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•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.
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•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.
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•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](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.
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•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.
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•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
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	convening notice, information included in the convening notice should be disclosed by electronic means such as through TDnet or on the company's website.
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·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/>

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.
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·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.
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·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
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	shareholder meeting or exercising voting rights, companies should work with the trust bank ( <i>shintaku ginko</i> ) and/or custodial institutions to consider such possibility.
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·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.
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·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/2024/pdf/shm\\_0002.pdf#page=18](https://corp.shiseido.com/en/ir/shareholder/2024/pdf/shm_0002.pdf#page=18)

(Page 18)

Principle 1.4	<p>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.</p> <p>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.</p> <p>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.</p>
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·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.
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·Shiseido has established “The Company’s Policy with Regard to Reduction of Strategic Shareholdings” and discloses it in the notice of convocation and other relevant documents.

·The Policy stipulates that “if the Company receives a request for sale from a company that holds the Company’s shares as strategic shareholdings, the Company should neither prevent the sale nor imply that it would reduce transactions with the holding company.”

Supplementary Principle 1.4.2	Companies should not engage in transactions with cross-shareholders which may harm the interests of the companies or the common interests of their shareholders by, for instance, continuing the transactions without carefully examining the underlying economic rationale.
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•Shiseido has established “The Company’s Policy with Regard to Reduction of Strategic Shareholdings” and discloses it in the notice of convocation and other relevant documents.

•The Policy stipulates that “the Company periodically checks its individual shareholdings to see whether or not such shares are being held for the intended purpose and whether or not benefits associated with their ownership are commensurate with the associated cost of capital. The Board of Directors then verifies the appropriateness of maintaining ownership of such holdings and discloses circumstances attributable to any reduction of holdings.” The said actions are performed annually.

Principle 1.5	Anti-takeover measures must not have any objective associated with entrenchment of the management or the board. With respect to the adoption or implementation of anti-takeover measures, the board and <i>kansayaku</i> should carefully examine their necessity and rationale in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.
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•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.
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•In 2006, Shiseido introduced anti-takeover measures upon resolution by the general shareholder meeting, partly because the system and market regulations related to takeovers at the time were insufficient. Subsequently, after the expiration of the valid period at the conclusion of the 2008 Ordinary General Meeting of Shareholders, the Company judged that “rather than continuing the anti-takeover measures, a steady implementation of our three-year plan will enhance our competitiveness and sustainable growth potential in the global market, securing and

improving our corporate value and, in turn, the common interests of shareholders.”  
 Consequently, the Company decided to discontinue the anti-takeover measures.  
 •In case of a tender offer, we will examine the content of the proposal, explain the position of our Board in accordance with the current Financial Instruments and Exchange Act, and respond appropriately.

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

•See below

Principle 2.1	<p>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.</p>
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•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/2022/value\\_creation/process/](https://corp.shiseido.com/report/en/2022/value_creation/process/)

Principle 2.2	<p>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.</p> <p>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.</p>
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•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.
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•The Company has set up a committee to oversee compliance and risk management and coordinate with organizations established to perform the compliance and risk management functions in the respective regional headquarters located in the major regions across the globe. This committee shall be responsible for improving corporate quality by increasing the Group's legitimate and fair corporate activities and managing risk. Major management risks and incidents shall be reported to the Board of Directors through the Representative Corporate Executive Officers, along with the proposal for response to them and its progress.

•The Company deploys a person in charge of promoting legitimate and fair corporate activities of the whole Group and risk management at every Group company and business site, plans and promotes regular training and educational activities on corporate ethics, responds to incidents, and manages risks. The department in charge of risk management and the committee that oversees compliance and risk management will share information regularly with the persons in charge deployed within every Group company and business site.

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

• At Shiseido, we work to promote sustainability across the entire company, including our brands and regional businesses. Sustainability Committee meetings are held regularly to ensure timely management decisions related to sustainability efforts and their proper implementation across the Group. The committee decides on Group-wide sustainability strategies, policies, and discusses specific topics such as disclosure contents of TCFD/TNFD and actions for human rights, as well as monitors the progress of medium-to-long-term goals. The committee consists of the corporate executive officers and executive officers in charge of R&D, Supply Network, Corporate Communications, and our brands, as well as other executive officers from different fields to ensure discussions of a range of issues from different perspectives. In case of requiring decisions on important matters in the execution of business, it is proposed or reported to the Global Strategy Committee or the Board of Directors.

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

Principle 2.4	Companies should recognize that the existence of diverse perspectives and values reflecting a variety of experiences, skills and characteristics is a strength that supports their sustainable growth. As such, companies should promote diversity of personnel, including the active participation of women.
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•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.
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•At Shiseido, we recognize and respect differences among individuals regardless of their attributes or ways of thinking. This includes not only women and foreign nationals, but also midcareer hires and persons with disabilities, as we create a company whose strength stems from individual strengths of its people and maximizing these strengths. To that end, we aim to ensure the diversity of our core human resources. We will continue to support the active participation of employees with diverse backgrounds and further accelerate Diversity, Equity and Inclusion (DE&I) at the workplace.

<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 2024, approximately



2% of managers at Shiseido Group in Japan were foreign nationals, and approximately 33%—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.
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•See below

Supplementary Principle 2.5.1	As a part of establishing a framework for whistleblowing, companies should establish a point of contact that is independent of the management (for example, a panel consisting of outside directors and outside <i>kansayaku</i> ). In addition, rules should be established to secure the confidentiality of the information provider and prohibit any disadvantageous treatment.
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•To detect and remedy any type of conduct within the Group that violates laws, the Articles of Incorporation, and internal regulations, the Company shall set up a hotline for whistle-blowers in every Group company. Additionally, employees will have access to a hotline where employees can directly report to the officer in charge of risk management. In the Japan region, the Company shall establish hotlines staffed by both internal and external personnel and counselors.

•The Company has established a method through which corporate executive officers and employees, including those of all Group companies, can directly inform Audit

Committee members (including the external Audit Committee 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 corporate executive officers and employees are not dismissed, discharged from service or receive any other disadvantageous treatment due to reporting to hotlines or Audit Committee members or informing them of issues, and have made these regulations known.

<p>Principle 2.6</p>	<p>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.</p>
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•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	<p>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.</p>

•See below

Principle 3.1	<p>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:</p> <ul style="list-style-type: none"> <li>i) Company objectives (e.g., business principles), business strategies and business plans;</li> <li>ii) Basic views and guidelines on corporate governance based on each of the principles of the Code;</li> <li>iii) Board policies and procedures in determining the remuneration of the senior management and directors;</li> <li>iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and <i>kansayaku</i> candidates; and</li> <li>v) Explanations with respect to the individual appointments/dismissals and nominations based on iv).</li> </ul>
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•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.
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•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.
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•The Company provides the English translation for all of its disclosure materials: the notice of convocation and presentation materials for the annual ordinary general meeting of shareholders, video reports of the general meeting of shareholders, quarterly financial results materials (settlements of accounts), annual integrated and sustainability reports, etc.

•Starting from this fiscal year, the Company is also disclosing and providing the annual securities report in English.

Supplementary Principle 3.1.3	Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in human capital and intellectual properties in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues. In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.
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•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, in November 2023, the Company has established “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. 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.

·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 2023, our R&D expenditure included in selling, general and administrative expenses came to 27.6 billion yen (or 2.8% 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/en/ir/library/financial\\_statements/pdf/2023/annual\\_security\\_report.pdf#page=52](https://corp.shiseido.com/en/ir/library/financial_statements/pdf/2023/annual_security_report.pdf#page=52)(Page 50)

•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](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.
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•See below

Supplementary Principle 3.2.1	The <i>kansayaku</i> board should, at minimum, ensure the following: i) Establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors; and ii) Verify whether external auditors possess necessary independence and expertise to fulfill their responsibilities.
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•Regarding the appointment and dismissal of the accounting auditor by the Company, Corporate Executive Officer, Chief Financial Officer and heads of departments relevant to financial accounting and audits conduct an evaluation, and then Audit Committee members need to unanimously approve through deliberations based on the evaluation results at the Audit Committee meeting.

•The Company's Policy on determination of dismissal or non-reappointment of the accounting auditor is as follows.

The Audit Committee shall dismiss the accounting auditor pursuant to the provisions of Article 340 of the Companies Act, in the event the Company determines that the accounting auditor is seriously hindered as an accounting auditor, for example, if the accounting auditor breaches its official duty, neglects their official duty, or commits misconduct. Also, in the event that the accounting auditor deems it difficult to perform their duties properly, or in the event that the Audit Committee deems it appropriate to change accounting auditors in order to improve the audit, the Audit Committee shall decide the content of the proposal on the dismissal or non-reappointment of the accounting auditor, taking into account the opinion of the executive body, and submit the proposal at the General Meeting of Shareholders based on the decision.

·In order to adopt the resolution for the reappointment of the accounting auditor, the Audit Committee confirms items such as the 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 Committee members and other personnel. In addition, prior to adopting the resolution for reappointment, the Audit Committee 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 Corporate Executive Officer and Chief Financial Officer at the Audit Committee.

<p>Supplementary Principle 3.2.2</p>	<p>The board and the <i>kansayaku</i> board should, at minimum, ensure the following:</p> <ul style="list-style-type: none"> <li>i) Give adequate time to ensure high quality audits;</li> <li>ii) Ensure that external auditors have access, such as via interviews, to the senior management including the CEO and the CFO;</li> <li>iii) Ensure adequate coordination between external auditors and each of the <i>kansayaku</i> (including attendance at the <i>kansayaku</i> board meetings), the internal audit department and outside directors; and</li> <li>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.</li> </ul>
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·The Representative Corporate Executive Officers and Audit Committee members hold opinion exchange meetings as needed, and the external directors and Audit Committee members also hold information sharing meetings as needed. In addition, the accounting auditor and Audit Committee members hold opinion exchange meetings as needed. The accounting auditor and the full-time Audit Committee members hold meetings on reporting accounting auditor's audit results on a quarterly basis. These quarterly meetings are also attended by the external directors and external Audit Committee members twice a year, at the end of the first half and at the end of the fiscal year, to promote sharing of information.

·The full-time Audit Committee 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.

·Audit Committee members receive quarterly reports from the accounting auditor on the status of accounting audits, and they share information and exchange views with the accounting auditor on major key audit matters (KAM) that have a significant impact on areas of the financial statements due to important decisions made by

Company management. In addition, a three-way audit liaison meeting, including the Internal Audit Department, is held every quarter to exchange opinions on the status of each audit.

#### Section 4

Section 4: Responsibilities of the Board	
General Principle 4	<p>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:</p> <ol style="list-style-type: none"> <li>(1) Setting the broad direction of corporate strategy;</li> <li>(2) Establishing an environment where appropriate risk-taking by the senior management is supported; and</li> <li>(3) Carrying out effective oversight of directors and the management (including <i>shikkoyaku</i> and so-called <i>shikkoyakuin</i>) from an independent and objective standpoint.</li> </ol> <p>Such roles and responsibilities should be equally and appropriately fulfilled regardless of the form of corporate organization—i.e., Company with <i>Kansayaku</i> Board (where a part of these roles and responsibilities are performed by <i>kansayaku</i> and the <i>kansayaku</i> board), Company with Three Committees (Nomination, Audit and Remuneration) or Company with Supervisory Committee.</p>

•See below

Principle 4.1	<p>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.</p>
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•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.



·Under this strategy, we are stepping up investments in three key areas — brands, innovations, and people — to foster medium-to-long-term growth. However, in response to a rapidly changing environment, we are required to further strengthen our medium-to-long-term management strategy and we have updated the medium-term strategy. Regarding the core operating profit margin, in response to changes in the market environment, while maintaining our strategy, we will implement structural reforms and have reset our targets to 6% in 2024 and 9% in 2025. Looking ahead to 2030, we will focus on securing profitability appropriate to a global company to achieve a core operating profit margin of 15% by 2028 or 2029.

In addition, implementing management with an awareness of capital costs, we aim to achieve the following financial targets.

<ROIC> 9% in FY2025    <ROE> 11% in FY2025

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.
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·The Company has specified matters to be determined by resolution of the Board of Directors in the Regulation of the Board of Directors.

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

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

·In 2024, in order to ensure effective implementation of its strategies even in an increasingly volatile business environment the Company transitioned to a company with three statutory committees. This transition allows the Board of Board of Directors to focus on determining basic management policies and management strategies while overseeing the execution thereof, whereas authority to determine particulars of business executions is significantly delegated to the corporate executive officers to increase their operational flexibility. Specifically, the Board of Directors only makes decisions on limited matters such as M&A, structural reforms and financing that exceed a certain threshold in addition to the matters that require a board resolution

by laws and regulations, and the Company's Articles of Incorporation. Other decision-making authority is, in principle, delegated to the corporate executive officers.

<p>Supplementary Principle 4.1.2</p>	<p>Recognizing that a mid-term business plan (<i>chuuki keiei keikaku</i>) is a commitment to shareholders, the board and the senior management should do their best to achieve the plan. Should the company fail to deliver on its mid-term business plan, the reasons underlying the failure of achievement as well as the company's actions should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.</p>
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•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](https://corp.shiseido.com/en/ir/shareholder/2023/pdf/shm_0002.pdf#page=22)

(Pages 22-25)

<p>Supplementary Principle 4.1.3</p>	<p>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.</p>
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•The selection of succession candidates for the CEO and the development of the succession plan are carried out by the Nominating Committee with the cooperation of the incumbent CEO.

•The CEO and the Nominating Committee formulate the succession plan based on the Company's business environment from a medium-to-long-term perspective upon

sufficient discussions on various viewpoints such as the qualifications for a CEO, policies for the selection of a successor, and his or her training policies. The progress of the formulated succession plan is regularly reported to the Nominating Committee, which monitors its status of implementation. Regarding selection of specific candidates for the CEO, the Nominating Committee receives full reports from the CEO on the specific nomination for successor from various perspectives. The Nominating Committee members themselves meet and exchange opinions with candidates and evaluate them from an independent perspective as well as the Company's management issues. Furthermore, when actually selecting the CEO's successor, the Nominating Committee deliberates fully on matters such as the final candidate and their selection process and report the result of the deliberations to the Board of Directors. The final decision of selection is made by resolution of Board of Directors.

·In response to the 5-year extension of the incumbent CEO's term of office decided in 2019, the Company launched a succession plan. In this 5-year succession plan, after selecting the successor over the first three years, the successor works as the COO in cooperation with the CEO for the remaining two years. The Company aims to realize a smooth CEO succession and strengthen its management structure by making the successor have ample time to take on the responsibility to lead the Company in cooperation with the 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. Following these processes, the Board of Directors approved the CEO's successor, and from January 2023, we launched a new management structure with both a CEO and COO. Since establishing the new structure, the CEO and COO have been working together to lead the Group's management and strengthen our business structure. We will continue to conduct objective monitoring by external directors and execute the succession plan for a smooth transition.

[https://corp.shiseido.com/en/ir/governance/basic\\_concept.html](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.
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•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.
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•The Company regards the remuneration policy for directors and corporate executive officers as an important matter for corporate governance. For this reason, in accordance with the basic philosophy, the remuneration policy is deliberated and decided by the Compensation Committee composed solely of independent external directors implementing objective point of view.

•The remuneration of the directors and corporate executive officers of the Company comprises basic remuneration as fixed remuneration as well as an annual incentive and long-term incentive-type remuneration (stock compensation) 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. The remuneration of individual directors and corporate executive officers are determined after deliberations by the Compensation Committee. Remuneration for directors is not paid to directors who concurrently assume the position of corporate executive officers.

•The "long-term incentive-type remuneration" is designed for the purpose of creating corporate value from both aspects of economic and social values, as well as establishing a sense of common interests with shareholders. As performance indicators to evaluate the enhancement of economic value, a mix of quantitative targets to be aimed for with a long-term perspective has been set under the medium-to long-term strategy. In addition, as benchmarks on creation of social value, the

Company has set multiple internal and external indicators pertaining to the environment, society, and governance (ESG).

·Independent external directors and non-executive directors receive only basic remuneration, as fluctuating remuneration such as performance-linked remuneration is inconsistent with their oversight functions from a stance independent from business execution. Furthermore, the Company does not have an officers' retirement benefit plan.

<p>Supplementary Principle 4.2.2</p>	<p>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.</p> <p>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.</p>
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·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/2022/>

·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/ir20240209\\_039.pdf](https://corp.shiseido.com/en/ir/pdf/ir20240209_039.pdf)

<p>Principle 4.3</p>	<p>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.</p>
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	<p>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.</p> <p>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.</p>
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•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.
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•Proposals regarding appointment and dismissal of directors to be submitted to general meetings of shareholders are decided by the resolution of the Nominating Committee which is composed solely of independent external directors. .

•The matters such as appointment and dismissal of the representative corporate executive officers and corporate executive officers, areas for which corporate executive officers take responsibility, appointment and dismissal of the CEO, as well as matters regarding the succession of the CEO etc. are determined by the Board of Directors after deliberation by the Nominating Committee.

•Candidates for the CEO are selected from a wide range of possible 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 Nominating Committee. In the event that a qualified person is appointed through the above process but unavoidable circumstances arise in which he or she is unable to fulfill his or her duties and responsibilities, the said CEO will be dismissed by a resolution of the Board of Directors after careful consideration by the Nominating Committee. Whether the CEO is fulfilling his or her duties and responsibilities is reviewed and confirmed by the Nominating Committee.

Supplementary Principle 4.3.2	Because the appointment/dismissal of the CEO is the most important strategic decision for a company, the board should appoint a qualified CEO through objective, timely, and transparent procedures, deploying sufficient time and resources.
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•The selection of succession candidates for the CEO and the development of the succession plan are carried out by the Nominating Committee with the cooperation of the incumbent CEO.

•The CEO and the Nominating Committee formulate the succession plan based on the

Company's business environment from a medium-to-long-term perspective upon sufficient discussions on various viewpoints such as the qualifications for a CEO, policies for the selection of a successor, and his or her training policies. The progress of the formulated succession plan is regularly reported to the Nominating Committee, which monitors its status of implementation. Regarding selection of specific candidates for the CEO, the Nominating Committee receives full reports from the CEO on the specific nomination for successor from various perspectives. The Nominating Committee members themselves meet and exchange opinions with candidates, evaluate them from an independent perspective as well as the Company's management issues. Furthermore, when actually selecting the CEO's successor, the Nominating Committee deliberates fully on matters such as the final candidate and their selection process and report the result of the deliberations to the Board of Directors. The final decision of selection is made by resolution of the Board of Directors.

·In response to the 5-year extension of the incumbent CEO's term of office decided in 2019, the Company launched a succession plan. In this 5-year succession plan, after selecting the successor over the first three years, the successor works as the COO in cooperation with the CEO for the remaining two years. The Company aims to realize a smooth CEO succession and strengthen its management structure by making the successor have ample time to take on the responsibility to lead the Company in cooperation with the 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. Following these processes, the Board of Directors approved the CEO's successor, and from January 2023, we launched a new management structure with both a CEO and COO. Since establishing the new structure, the CEO and COO have been working together to lead the Group's management and strengthen our business structure. We will continue to conduct objective monitoring by external directors and execute the succession plan for a smooth transition.

[https://corp.shiseido.com/en/ir/governance/basic\\_concept.html](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.
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•In the event that a qualified person is appointed through the above process but unavoidable circumstances arise in which he or she is unable to fulfill his or her duties and responsibilities, the said CEO will be dismissed by a resolution of the Board of Directors after careful consideration by the Nominating Committee.

•Whether the CEO is fulfilling his or her duties and responsibilities is reviewed and confirmed by the Nominating Committee.

Supplementary Principles 4.3.4	The establishment of effective internal control and proactive enterprise risk management systems has the potential to support sound risk-taking. The board should appropriately establish such systems on an enterprise basis and oversee the operational status, besides utilizing the internal audit department.
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•The Company has set up a committee to oversee compliance and risk management and coordinate with organizations established to perform the compliance and risk management functions in the respective regional headquarters located in the major regions across the globe. This committee shall be responsible for improving corporate quality by increasing the Group's legitimate and fair corporate activities and managing risk. Major management risks and incidents shall be reported to the Board of Directors through the Representative Corporate Executive Officers, along with the proposal for response to them and its progress.

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

•Internal audits conducted by the Internal Audit Department include audits of the Company's risk management system and its operational status. The results of the audits are reported periodically to the Audit Committee, as well as monthly to the Representative Corporate Executive Officer, Chairman and CEO, Corporate Executive Officer and CFO, and periodically to the Board of Directors.



Principle 4.4	<i>Kansayaku</i> and the <i>kansayaku</i> board should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including the audit of the performance of directors' duties, appointment and dismissal of <i>kansayaku</i> and external auditors, and the determination of auditor remuneration. Although so-called "defensive functions," such as business and accounting audits, are part of the roles and responsibilities expected of <i>kansayaku</i> and the <i>kansayaku</i> board, in order to fully perform their duties, it would not be appropriate for <i>kansayaku</i> and the <i>kansayaku</i> board to interpret the scope of their function too narrowly, and they should positively and proactively exercise their rights and express their views at board meetings and to the management.
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•See below

Supplementary Principle 4.4.1	Given that not less than half of the <i>kansayaku</i> board must be composed of outside <i>kansayaku</i> and that at least one full-time <i>kansayaku</i> must be appointed in accordance with the Companies Act, the <i>kansayaku</i> board should, from the perspective of fully executing its roles and responsibilities, increase its effectiveness through an organizational combination of the independence of the former and the information gathering power of the latter. In addition, <i>kansayaku</i> or the <i>kansayaku</i> board should secure cooperation with outside directors so that such directors can strengthen their capacity to collect information without having their independence jeopardized.
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•The Audit Committee plays a role in the oversight function that the Board of Directors should fulfill, and conducts audits to contribute to Shiseido Group's "sound and sustainable growth" and "enhancement of long-term corporate value" by fulfilling its responsibility to establishing a "high-quality corporate governance system that can earn the trust of various stakeholders."

The status of audit activities is as follows.

1. Attendance at Board of Directors meetings and other important meetings and committees

•Audit Committee members provide necessary advice, recommendations, and opinions from an independent perspective based on their extensive experience and knowledge in their respective fields, and they review the execution of duties by the corporate executive officers.

•Global Strategy Committee, Global Risk Management & Compliance Committee and Business Plan Meeting, etc.

## 2. Meetings with Representative Corporate Executive Officers

Exchange opinions on important management issues and share issues based on annual audit activities twice a year.

## 3. Interviews and on-site inspections with Executive Officers, department heads, and office managers, among others

Exchange opinions on the management and business environment

## 4. Confirm status of internal audit

Audit Committee meetings, etc.

Principle 4.5	With due attention to their fiduciary responsibilities to shareholders, the directors, <i>kansayaku</i> and the management of companies should secure the appropriate cooperation with stakeholders and act in the interest of the company and the common interests of its shareholders.
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·The Shiseido Code of Conduct and Ethics define the actions that must be taken and shared by each and every employee of the Shiseido Group. It sets out not only abiding by the laws of each country and region, internal rules and regulations of the Shiseido Group, but also the action standards for business conduct with the highest ethical principles. Also, the Company defines what corporate actions should be taken in relation to stakeholders (employees, consumers, business partners, shareholders, and society and the Earth).

<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.
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·We held repeated discussions with regard to an ideal corporate governance structure, including the composition and operation of the Board of Directors. As a result, to ensure sufficient and effective oversight functions of Board of Directors over the Shiseido Group overall, the Company transitioned a company statutory committee by resolution of general meeting of shareholders,

·Under this corporate governance structure, the majority of the Board of Directors is composed of independent external directors. The Board focuses on determining basic management policies and management strategies while overseeing their execution. This reinforces the oversight function the Board and accelerate the overall business execution of the Company in a rapidly changing environment. Also, the Nominating Committee and the Compensation Committee are composed solely of independent external directors. They make fair, transparent, and objective decisions on appointment of directors and remuneration of directors and corporate executive officers that contribute to the successful implementation of our business strategies.

Furthermore, the function of the internal audit department is strengthened. The Audit Committee, composed of independent external directors and full-time members who are non-executive directors conducts effective audits through the internal audit department.

<p>Principle 4.7</p>	<p>Companies should make effective use of independent directors, taking into consideration the expectations listed below with respect to their roles and responsibilities:</p> <ul style="list-style-type: none"> <li>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;</li> <li>ii) Monitoring of the management through important decision-making at the board including the appointment and dismissal of the senior management;</li> <li>iii) Monitoring of conflicts of interest between the company and the management or controlling shareholders; and</li> <li>iv) Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders.</li> </ul>
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• In cases when the Board of Directors resolves management policies, such as medium-to-long-term strategies, or makes decisions on other important matters, independent external directors utilize their respective experience and knowledge to present opinions, ask questions and provide advice from an independent standpoint. The Board accords the utmost respect to these opinions upon making decisions.

<p>Principle 4.8</p>	<p>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.</p>
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• The Company sets the ratio of its independent external directors from the perspective of ensuring the effectiveness of oversight function that, in principle, the

majority of the Board of Directors shall be composed of independent external directors.

•In selecting independent external directors, high priority is given to independence. Our basic principle is that candidates are required to meet the Company’s “Criteria for Independence of External Directors” as well as possess highly independent thinking.

Supplementary Principle 4.8.1	In order to actively contribute to discussions at the board, independent directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint. Regular meetings consisting solely of independent directors (executive sessions) would be one way of achieving this.
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•The Company provides independent external directors with opportunities where only independent external directors discuss and share understanding on topics that require objectivity and transparency. In addition, we strive to share company information among independent external directors by allowing them to optionally attend audit result reporting meetings from accounting auditors, in addition to the audit committee members.

Supplementary Principle 4.8.2	Independent directors should endeavor to establish a framework for communicating with the management and for cooperating with <i>kansayaku</i> or the <i>kansayaku</i> board by, for example, appointing the lead independent director from among themselves.
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•The Nominating Committee and the Compensation Committees, which play important roles in corporate governance, are chaired by independent external directors. The Committees discuss various matters such as selections of candidates for directors and remuneration for directors and corporate executive officers. These discussions are led by the chair, who is an independent external director. Moreover, chairs of each of committees, as the leading external directors, play roles in liaising and coordinating with the management team, connecting with the Audit Committee and members of Audit Committee, and facilitating cooperation between committees, including setting up informal discussion opportunities to ensure smooth collaboration.

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
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	transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders.
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•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.
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•The Company establishes its own rules of “Criteria for Independence of the External Directors,” taking into account laws and regulations and listing rules, etc. including those of foreign countries for the purpose of making objective assessment on the independence of the external directors.

<https://corp.shiseido.com/en/ir/governance/pdf/system01.pdf>

•In connection with selecting candidates for the independent external directors, the Company places emphasis on a high degree of independence of the candidate from the viewpoint of strengthening corporate governance and accordingly, the Company makes judgment on whether or not the candidate has a high degree of independence in accordance with the Criteria.

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

Supplementary Principle 4.10.1	If the organizational structure of a company is either Company with <i>Kansayaku</i> Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination (including succession plan) and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and
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	<p>remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees make significant contributions.</p> <p>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.</p>
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- The majority of the Board of Directors is composed of independent external directors.
- The Company transitioned to a company with three statutory committees in 2024. The Nominating Committee and the Compensation Committee are composed solely of independent external directors. They make fair, transparent, and objective decisions on appointment of directors and remuneration of directors and corporate executive officers that contribute to the successful implementation of our business strategies. Furthermore, the function of the internal audit department is strengthened. The Audit Committee, composed of independent external directors and full-time members who are non-executive directors conducts effective audits through the internal audit department.

<https://corp.shiseido.com/en/ir/governance/system.html>

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

Supplementary Principle 4.11.1	<p>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</p>
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	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.
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•The Company believes that its Board of Directors should be composed of directors with various viewpoints and backgrounds as well as diverse and sophisticated skills, required for effective oversight of the execution of business and important decision making. When selecting candidates, we place importance on ensuring diversity, taking into account not only gender equality, but also other attributes such as age, nationality, race, personality, and insights and experiences in various fields related to management.

•The Company discloses the skills and expertise required of its directors in the form of a matrix:

[https://corp.shiseido.com/en/ir/shareholder/2024/pdf/shm\\_0002.pdf#page=128](https://corp.shiseido.com/en/ir/shareholder/2024/pdf/shm_0002.pdf#page=128)

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

Supplementary Principle 4.11.2	Outside directors, outside <i>kansayaku</i> , and other directors and <i>kansayaku</i> should devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities. Therefore, where directors and <i>kansayaku</i> also serve as directors, <i>kansayaku</i> or the management at other companies, such positions should be limited to a reasonable number and disclosed each year.
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•The Company has set forth criteria for "important concurrent positions" assumed by its independent external directors and describes the status of such concurrent positions in the Business Report accompanying the Notice of Convocation of the Ordinary General Meeting of Shareholders based thereon. Candidates of directors are selected upon confirmation that their multiple concurrent positions, if any, will not impede their performance of duties assumed in the Company.

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/2024/pdf/shm\\_0002.pdf#page=50](https://corp.shiseido.com/en/ir/shareholder/2024/pdf/shm_0002.pdf#page=50)

(Page 50)

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.
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•The Company evaluates the effectiveness of its Board of Directors on a regular basis to identify issues and required improvements. Questionnaires and interviews for all directors are conducted every year to evaluate and analyze the activities of the Board of Directors, the Nominating Committee, the Compensation Committee and the Audit Committee, as well as the support system by the secretariat. The results are collected and analyzed by the secretariat of the Board of Directors.

<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.
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•See below

Supplementary Principle 4.12.1	<p>The board should ensure the following in relation to the operation of board meetings and should attempt to make deliberations active:</p> <ul style="list-style-type: none"> <li>i) Materials for board meetings are distributed sufficiently in advance of the meeting date;</li> <li>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);</li> <li>iii) The schedule of board meetings for the current year and anticipated agenda items are determined in advance;</li> <li>iv) The number of agenda items and the frequency of board meetings are set appropriately; and</li> <li>iv) Sufficient time for deliberations.</li> </ul>
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•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 corporate executive officers contact the directors of the Company by email or other means whenever necessary to provide follow-up



information after Board meetings or important and emergency information.

•The next year’s schedule for Board meetings is decided in advance upon coordination with directors and related internal divisions. The plan for the next year’s deliberations is reported in advance.

•Following the transition to a company with three statutory committees in 2024 and considering the results of the effectiveness evaluation of the Board of Directors, we are reviewing the annual number of Board meetings as well as the matters to be deliberated and decided by the Board. This ensures that sufficient time is allocated for deliberation on important matters such as medium-to-long-term strategy and sustainability management.

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

Supplementary Principle 4.13.1	Directors, including outside directors, should request the company to provide them with additional information, where deemed necessary from the perspective of contributing to transparent, fair, timely and decisive decision-making. In addition, <i>kansayaku</i> , including outside <i>kansayaku</i> , should collect information appropriately, including the use of their statutory investigation power.
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•In principle, materials for Board of Directors’ meetings are share online with independent external directors in advance, and a system has been established to enable timely exchange of questions and items to be confirmed via email, etc.

•In addition to the attendance of the Board of Directors, the full-time members of Audit Committee are secured with opportunities to attend important meetings related to business execution, such as Global Strategy Committee and Business Plan Meeting as well as Global Risk Management & Compliance Committee as observers, and reports and information are provided to the Audit Committee members through these meetings. Moreover, when requested by the Audit Committee members, materials and information on these meetings are provided.

•A separate and direct email route to the Audit Committee, which allows the Audit Committee to directly receive reports on events that may damage the trust of the Shiseido Group, has been established as part of the internal whistle-blowing system.

Information on the email route is provided to employees in Japan through training for new hires and training on harassment for all employees.

Supplementary Principle 4.13.2	Directors and <i>kansayaku</i> should consider consulting with external specialists at company expense, where they deem it necessary.
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•The Compensation Committee, which is composed only of independent external directors, invites experts from outside the Company to provide advice on the design of executive remuneration and other matters. In addition, we have been inviting external experts to exchange opinions and information with independent external directors 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 <i>kansayaku</i> by establishing a system in which the internal audit department appropriately reports directly to the board and the <i>kansayaku</i> board in order for them to fulfill their functions. In addition, companies should take measures to adequately provide necessary information to outside directors and outside <i>kansayaku</i> . One example would be the appointment of an individual who is responsible for communicating and handling requests within the company such that the requests for information about the company by outside directors and outside <i>kansayaku</i> are appropriately processed.
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•In accordance with the Internal Audit Department Operations Manual (including the “Internal Audit Rules”), the Company evaluated the status of design and operation of internal controls in the Shiseido Group, from the perspectives of operational effectiveness and efficiency, reliability of reporting, and compliance with applicable laws, regulations, and internal regulations, as well as safeguarding company assets. It also evaluates the adequacy and effectiveness of risk management and provides advice and recommendations for improvement.

•The results of internal audits are reported periodically to the Audit Committee, as well as monthly to the Representative Corporate Executive Officer, Chairman and CEO, Corporate Executive Officer and CFO, and periodically to the Board of Directors.

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

Supplementary Principle 4.14.1	Directors and <i>kansayaku</i> , including outside directors and outside <i>kansayaku</i> , should be given the opportunity when assuming their position to acquire necessary knowledge on the company's business, finances, organization and other matters, and fully understand the roles and responsibilities, including legal liabilities, expected of them. Incumbent directors should also be given a continuing opportunity to renew and update such knowledge as necessary.
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•The Company provides new directors with training regarding legal and statutory authorities and obligations, etc. In addition, when a new independent external director come on board, the Company provides training regarding the industry it operates in, its history, business overview, strategy and material risks, etc.

•Furthermore, to promote understanding of the Company among independent external directors, they are provided with such opportunities as attending internal meetings 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 <i>kansayaku</i> .
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•The Company believes that in addition to appointing personnel having credentials required to serve as directors, corporate executive officers or executive officers, it is important to provide them with necessary training and information.

•The Company provides new directors with training regarding legal and statutory authorities and obligations, etc. In addition, the Company provides new independent external directors with training regarding the industry it operates in, its history, business overview, strategy, material risks etc. (approximately once a year for each subject).

## Section 5

Section 5: Dialogue with Shareholders	
General Principle 5	<p>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.</p> <p>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.</p>

•See below

Principle 5.1	<p>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.</p>
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•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	<p>Taking the requests and interests of shareholders into consideration, to the extent reasonable, the senior management, directors, including outside directors, and <i>kansayaku</i>, should have a basic position to engage in dialogue (management meetings) with shareholders.</p>
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• 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.

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.
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·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.

In addition, according to the Tokyo Stock Exchange’s request for disclosure of “Status of Dialogue with Shareholders, etc.,” the Company has also included specific information on the status of dialogue between management and shareholders in the most recent fiscal year as “Dialogues with shareholders and investors” including an outline of the recipients of dialogue and themes, number of meetings, and the main persons and departments in the Company that responded.

<https://corp.shiseido.com/en/ir/policy/>

·The Company has also provided related links from the company information website at the URL above, as well as related pages on the company information website for the various briefings we hold for investors and shareholders. And the company has provided information on the content of these briefings as needed, including videos.

[For all]

<https://corp.shiseido.com/en/ir/library/event/>

[For individual investors (Japanese only)]

<https://corp.shiseido.com/jp/ir/investors/briefing.html>

[For individual shareholders (Japanese only)]

<https://corp.shiseido.com/jp/ir/investors/meeting.html>

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.
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•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.
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•See below

•According to the Tokyo Stock Exchange's request for disclosure of "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," the Company discloses on the company information website the results of ROIC and ROE for the most recent fiscal year 2022 and the target values for 2025 to improve capital efficiency in its medium-term management plan.

<https://corp.shiseido.com/en/ir/strategy/>

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.
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•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/>

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