

Shiseido Group Sustainable Raw Materials Procurement Guidelines

At Shiseido, we utilize the world's natural resources to develop products and operate our business. We understand these resources are limited, and as such, we place the utmost importance on the sustainable and responsible procurement of raw materials at every stage of the supply chain. This includes the reduction and reuse of resources from the perspective of environmental protection, biodiversity and in support of a circular economy.

We purchase materials from suppliers which comply with the Shiseido Group Supplier Code of Conduct. Further, we ensure socially responsible procurement which respects human rights and protects the environment, by operating our business in accordance with all relevant policies*¹, laws and regulations, and international treaties and agreements*².

*1

[Shiseido Group Procurement Policy]

[Shiseido Product Development Policy]

[Shiseido Policy on Human Rights]

[Shiseido Code of Conduct and Ethics]

*2

The Washington Convention (Convention on International Trade in Endangered Species of Wild Fauna and Flora), the Convention on Biological Diversity, the OECD Guidelines for Multinational Enterprises, the fundamental provisions of the ILO Conventions, the United Nations Global Compact 10 Principles, the United Nations Declaration on the Rights of Indigenous People, etc.

We support the principles of the NDPE Policy*³ for palm oil and paper, which are important naturally derived materials. We request suppliers to comply with the following guides for sustainable sourcing.

*³ No Deforestation, No Peat, and No Exploitation

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

Palm oil

While palm oil is a highly versatile raw material used in a variety of products from food to cosmetics, its production has caused deforestation and human rights issues. Therefore, sustainable and responsible procurement is essential.

<Guiding principles for our actions>

- By 2026, we will replace all palm oil-derived raw materials which we purchase with certified palm oil based on RSPO*⁴'s physical supply chain model.
- We will promote the acquisition of RSPO Supply Chain Certification at all Shiseido factories.

*⁴ Roundtable on Sustainable Palm Oil

Paper

Aiming to responsibly use resources and reduce single-use plastics, we actively promote the use of paper for secondary packaging such as folding cartons. However, there are environmental issues associated with the production of raw materials for paper, such as deforestation and loss of biodiversity as well as human rights issues. Therefore, sustainable*⁵ and responsible procurement is essential.

<Guiding principles for our actions>

- We aim to be using 100% sustainable paper*⁵ usage for product packaging by 2023.
- In collaboration with paper manufacturers, we are developing innovative paper packaging solutions for not only design, quality, and functions but also protection of the environment.

*⁵ Certified paper and recycled paper

Mica

Mica is used not only in beauty, but across a wide range of industries due to its light-reflecting properties and excellent heat resistance. We recognize that there are social concerns for child labor and forced labor at mica mining sites. In addition, as mica comes from the earth, it may contain trace amounts of heavy metals.

In 2017, we joined the Responsible Mica Initiative (RMI), which ensures sustainable mica procurement. RMI works with NGOs and participating companies from a variety of industries to eliminate child labor and forced labor at Indian mica mining sites, and to establish Indian mica as a sustainably and responsibly produced raw material.

<Guiding principles for our actions>

- We use mica provided from suppliers without social concerns, primarily from those who join RMI.
- We verify that heavy metal content is within safe and regulatory limits and use only mica with our verification.
- We use not only natural mica but also synthetic mica, which has fewer social concerns.