

Shiseido Group Supplier Code of Conduct

Foreword

Recent years have seen increasingly serious social and environmental issues, and companies have been under strong pressure to not only comply with the laws and regulations of each country but also to respect international conventions and rules and to make a strong commitment to realizing a sustainable society with the suppliers forming their supply chain.

The Shiseido Group will utilize its best endeavours to provide products and services that offer peace of mind and safety to customers and that are friendly to both society and the environment, while also conducting its business operations in a sincere manner as it strives to achieve a sustainable society.

In order to achieve this end, it is essential for the Shiseido Group to collaborate with our suppliers, who are our business partners, in order to commit ourselves towards a sustainable society through our procurement activities.

The “Shiseido Group Supplier Code of Conduct” specifies the non-negotiable minimum code of conduct that the Shiseido Group requests its suppliers and subcontractors to respect and follow, when they engage in transactions with the Shiseido Group. Suppliers are requested to comply with the “Shiseido Group Supplier Code of Conduct” after having read and understood the purpose and contents of this Code.

The standards stated herein have been set forth for the purpose of protecting the rights of and responding to the demands of workers in the supply chain, including migrant workers and home workers.

I. Applicable Scope

Suppliers who are engaged in transactions with the Shiseido Group are requested to comply with this Code.

In addition, suppliers are also expected to require their subcontractors who are involved in business related to the Shiseido Group to comply with the same standards as those set forth herein.

II. Operation

The Shiseido Group selects suppliers who will comply with the matters set forth in this Code. Even after the commencement of transactions, the Shiseido Group will determine whether or not to continue transactions based partly on the compliance with this Code.

III. Inspection

Upon receiving a request from the Shiseido Group, suppliers shall answer questionnaire surveys, accept on-site inspections, submit related materials and records, and otherwise meet the Shiseido Group’s requests, so as to enable the Shiseido Group to confirm the compliance with this Code.

IV. Reporting of Violations / Corrective Measures

At the time when a supplier becomes aware of any violation of this Code (including becoming aware of the possibility thereof: the same shall apply hereinafter in this Article), it shall immediately inform the Shiseido Group thereof. If any violation is acknowledged, the supplier must formulate a plan to correct such violation and conduct suitable corrective measures, as well as reporting the status of such correction to the Shiseido Group on each occasion. An agreement entered into with the Shiseido Group may be cancelled depending on the contents of the violation.

I Legal Compliance

Suppliers shall comply with all applicable laws and regulations of the countries and territories in which suppliers conduct their business operations.

Suppliers shall strive to comply with industry standards and international standards* regarding fair business operations, human rights, labor and the environment.

*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, the United Nations Guiding Principles on Business and Human Rights, ISO26000 (Corporate Social Responsibility), etc.

II Anti-Corruption

1. Prohibition of Bribery and Corruption

Suppliers shall not pay or receive any bribes, kickbacks, illegal gratuities, etc., to or from any administrations, officials, or business partners, including, without limitation, the Shiseido Group.

In addition, suppliers shall not make any facilitation payments (i.e., the payment of a small amount, not based on applicable laws and regulations, in order to expedite administrative procedures such as customs clearance or visa acquisition).

2. Prohibition of Unfair Provision of Gifts and Entertainment

Suppliers shall not provide or receive gifts or entertainment in an unfair manner or in a manner that may cause suspicion regarding fairness, to and from administrations, officials, or business partners, including, without limitation, the Shiseido Group, for the purpose of influencing contracts or the contents of transactions, either directly or through a mediator.

3. Prohibition of Improper Transactions

Suppliers shall not engage in private monopolies, undue restrictions on transactions such as cartels, or any other acts which may prevent free and fair competition.

4. Protection of Intellectual Property, Confidential Information, and Personal Information

Suppliers shall not infringe upon any intellectual property rights of the Shiseido Group or any third party.

In addition, suppliers shall appropriately protect and shall not use for any improper purposes, confidential information (including insider information and business secrets) and personal information (including those of customers and employees) which are handled by the suppliers themselves or the Shiseido Group.

5. Publication of Information

If a supplier becomes aware of any events which raise doubts as to the quality, safety, efficacy, etc., of the supplier's products or services, the supplier shall promptly disclose appropriate and sufficient information thereon to the Shiseido Group.

III Respect for Human Rights

1. Prohibition of Discrimination

Suppliers shall not discriminate in any way against their employees in hiring practices or treatment in relation to remuneration, promotion, termination of employment, etc., on any basis, including, without limitation, race, skin color, gender, age, language, financial status, nationality, national origin, religion, ethnic or social origin, membership or non-membership of a labor union, political or other opinion, beliefs, disability, marital status, health conditions, pregnancy, sexual orientation and gender identity.

2. Prohibition of Abuse and Harassment

Suppliers shall respect the human rights of their employees and shall not inflict abuse, corporal punishment, psychological, physical, or sexual harassment or other forms of intimidation thereon.

3. Prohibition of Forced Labor and Human Trafficking

Suppliers shall not be involved, in any way, in any forced labor, including labor under conditions of slavery, labor with physical or psychological constraint, and human trafficking.

In hiring their employees, suppliers shall explain the employment conditions so that employees will be able to enter the suppliers based on their own discretion after having fully understood such conditions. Further, suppliers shall grant their employees the right to freely leave their employment with the supplier.

In relation to employment conditions, suppliers shall comply with all applicable labor-related laws and regulations of the countries and territories in which suppliers conduct their business operations, and shall agree to conditions under which human rights are respected. Further, suppliers shall provide a document to employees which sets forth the contents and conditions proving their respect of human rights, written in a language understandable to the employees.

Unless otherwise set forth in the laws or regulations, suppliers shall not restrict the free behavior of their employees, including by way of unduly imposing fees or advance payments relating to their employment, or confiscating or destroying passports, identification documents or work permits, etc.

4. Prohibition of Child Labor

Suppliers shall not employ children who have not yet reached the highest age among (i) 15 years of age; (ii) the age for completing compulsory education; and (iii) the minimum working age stipulated in local laws or regulations; provided, however, that, in the case of minor labor which will not cause any harm to the health or development of children, which will not prevent children from the opportunity to seek education, and which is permitted in accordance with the local laws and regulations, employment of children aged from 13 to 15 shall be permitted.

Suppliers shall not cause children to engage in any labor which may have a physically, psychologically, socially or morally adverse effect on children.

In addition, suppliers shall take sufficient care to ensure that there will not be any prevention of the opportunity for education to be provided to children.

5 . Compliance with Labor-Related Laws and Regulations

Suppliers shall comply with all applicable labor-related laws and regulations of the countries and territories in which suppliers conduct their business operations.

Suppliers shall pay wages in an amount equal to or greater than the minimum wage stipulated by local laws or regulations. In this regard, suppliers shall take into consideration the wage level to ensure that the wages paid will be at a level necessary for employees and their family members to live with human dignity. In addition, suppliers shall pay overtime allowance and other allowances, etc., in accordance with the laws and regulations of each country and territory. Suppliers shall also execute employment agreements with workers in writing, which will set forth the conditions for their employment, as well as confirm that all workers are aware of their legal rights and obligations.

6 . Freedom of Association and Collective Bargaining

Suppliers shall respect the right of their employees to form a labor union, to join or not join a labor union, and to engage in collective bargaining with suppliers, and shall not discriminate against their employees based on the exercise of such rights.

7 . Respect for the Rights of Indigenous People

Suppliers shall respect the land rights, culture, custom, and religion of indigenous people and shall conduct their business operations based on such respect. Suppliers shall respect the traditional knowledge and the rights in relation to genetic resources of indigenous people, and shall strive not to exploit the interests of indigenous people in a one-sided manner.

8 . Migrant Workers

Suppliers shall treat migrant workers in the same capacity as local workers. In addition, suppliers shall treat foreign workers and migrant workers in a just manner, and provide such workers with transparent employment conditions as well as good working and living conditions.

Suppliers shall also: (i) reimburse migrant workers' employment-related commissions, etc.; (ii) not hire any illegal migrant workers; (iii) neither confiscate ID documents of migrant workers nor keep migrant workers' money in trust; and (iv) understand the scope of this Code includes workers employed through an agency or contractor.

IV Safe and Healthy Working Environment

1. Safe and Healthy Facilities

Suppliers shall design and construct facilities taking into consideration the safety and health of their employees, and shall maintain the safety of their facilities through regular confirmation of the structural integrity of the facilities and conducting repair work.

Within the facilities, suppliers shall maintain hygiene and provide their employees with, at a bare minimum, safe drinking water and toilets. The same standards shall apply to supplier-provided dormitories for the employees.

2. Prevention of Workplace Injuries and Illnesses

In regard to physically severe labor, the handling of hazardous substances and chemicals, and inherently risky labor, such as the use of production machinery, suppliers shall adopt procedures to enable the avoidance of any risks to the extent possible, and shall provide their employees with necessary protective wear, as well as education on safety measures in advance, in order to prevent any occurrence of workplace injuries and illnesses.

3. Disaster Prevention Measures

As part of their disaster prevention measures, and in preparation for emergencies such as fire and natural disasters, suppliers shall secure fire prevention measures and emergency routes and cause their employees to be thoroughly informed of the same.

The same standards shall apply to supplier-provided dormitories for employees.

V Protection of the Environment

Suppliers shall comply with all environment-related laws and regulations applicable to the countries and territories where suppliers conduct their business operations.

Suppliers shall recognize the importance of preserving the environment, and, through their business activities, shall maintain a proactive stance toward such preservation and work to contribute to the development of a sustainable society through measures such as preserving biodiversity, controlling greenhouse gas emissions, reducing waste materials and drainage, conserving resources, recycling, and preventing pollution. Suppliers shall recognize the importance of preserving the environment and shall endeavor to conduct environmentally friendly business management, including measures such as preserving biodiversity and controlling greenhouse gas emissions in all phases from the use of resources to the control of waste materials.

VI Quality Assurance and Securing Traceability

Suppliers shall provide products and services that satisfy the quality and safety standards set forth in all laws and regulations of the countries and territories in which suppliers conduct their business operations, as well as complying with the contracts entered into with the Shiseido Group, and shall strive to grasp the origins of raw materials used for the products which are to be delivered to the Shiseido Group.

VII “Whistle-Blower Protection” Measures

Suppliers shall accept whistle-blowing and complaints from their employees, shall make sure to protect their employees from possible retaliation from the suppliers and persons against whom the relevant whistle-blowing was made, and shall take appropriate measures to rectify the status and conditions against which such complaints are made, while always taking the privacy of whistle-blowers into consideration.

VIII Subcontractors’ Compliance with this Code

Suppliers shall request their subcontractors involved in the business related to the Shiseido Group to comply with the same standards as those set forth herein. If the Shiseido Group deems it necessary, suppliers shall confirm their subcontractors’ compliance herewith and report the same to the Shiseido Group.

Revisions

The Shiseido Group shall revise the contents of this Code according to changes over time and demands from society, and shall publish the revised Code on the Shiseido website and inform its suppliers of the same. The obligations of Suppliers shall continue to exist after the revision of this Code, and suppliers are therefore requested to continue to comply with the revised Code.

Should you have any questions or opinions regarding the revised contents, please do not hesitate to contact your local Shiseido Group member company.

<Revision History> Established in March 2006
 Revised in May 2010
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