

Shiseido Modern Slavery Statement (Year ended December 2016)

1 About this statement

Shiseido Company, Limited (hereafter the “Company”) makes the following declaration based on Section 54, subsection 1 of the Modern Slavery Act 2015 of the United Kingdom (hereafter “Slavery Act”), disclosing the measures taken by the company and its subsidiaries (collectively referred to as Shiseido Group, hereafter “Shiseido”) to ensure that neither Shiseido’s business operations nor its supply chain involve practices amounting to slavery and/or labour under conditions of slavery and human trafficking. The Company hereby declares that Shiseido entirely opposes slavery and human trafficking in Shiseido’s business and supply chain operations.

In this statement, Shiseido follows the definitions and concepts of slavery and human trafficking stipulated in the Slavery Act.

2 Business Operations and Organization

The Company is a cosmetics manufacturer established in 1872 in Japan and today operates cosmetic business in more than 120 countries and areas.

In the UK, Shiseido sells cosmetics etc. through several local subsidiaries : subsidiaries located in the UK are Shiseido U.K. Co., Ltd, Bare Escentuals UK Limited and Gurwitch UK Limited.

3 Supply Chain

In regards to the sourcing of raw materials for our products, Shiseido procures through multiple business partners in the global market (hereafter “supplier(s)”). The Company requires first-tier suppliers doing businesses through direct contracts with Shiseido, comply with the “Shiseido Group Supplier Code of Conduct” to be described hereafter, in order to ensure appropriate business operations. In addition, Shiseido has recommended our first-tier suppliers to adopt the policies defined in the “Shiseido Group Supplier Code of Conduct” for second-tier suppliers and upstream suppliers, in order to disseminate positive impact to the wider supply chain. Shiseido believes such practice will enable us to mitigate the risk of slavery and human trafficking in our entire supply chain.

4 Policies in relation to slavery and human trafficking

Shiseido confirms that neither our own business nor the supply chain related to our business involves practices such as enslavement and human trafficking, by establishing corporate policies applicable to Shiseido and thoroughly communicating them to employees and suppliers. The policies are drafted by the Company head office directly responsible for human rights and are approved by the Company’s Board of Directors.

Shiseido policies relating to human rights (or) enslavement and human trafficking include:

- “Shiseido Group Standards of Business Conduct and Ethics”
<http://www.shiseidogroup.com/company/principle/way.html>
Operational guideline based on our corporate philosophy “Our Mission, Values and Way” that all Shiseido employees are expected to follow.
- “Shiseido Group Supplier Code of Conduct”
<http://www.shiseidogroup.com/sustainability/pdf/pdf2011/partner2011.pdf>
Each of the Shiseido companies is expected to use this code as prerequisite for selecting first-tier suppliers and we recommend these suppliers to ask second-tier suppliers and upstream suppliers for compliance with the code.

In 2004 the Company signed the United Nations Global Compact and endorsed the principles of the Global Compact for all Shiseido companies.

In December 2008, the Company joined the CEO Statement, a Global Compact initiative launched on the 60th anniversary of the Universal Declaration of Human Rights, declaring to the world our commitment “to respect and support human rights within our sphere of influence” and that “human rights are universal and are an important business concern all over the globe.”

Further, in September 2010, the Company signed “the Women’s Empowerment Principles – Equality Means Business” - developed by UN Women and the United Nations Global Compact as a set of practical guidelines for private business and non-government organizations working for women’s empowerment.

5 Risk Assessment and Due Diligence

The risk of enslavement and human trafficking in Shiseido’s business exists in part of our supply chain which Shiseido’s management cannot directly reach. Therefore, in 2016, the Company conducted a questionnaire survey in 2016 about the “Shiseido Group Supplier Code of Conduct” to understand the level of compliance with Shiseido policies, the procedures and the level of activities performed by our 250 Japanese first-tier suppliers regarding issues such as respect for human rights, elimination of discrimination, forced labour, child labour, and health and safety in the workplace. Based on the survey results, risks in each supplier’s practice were assessed.

Deeper analysis of the results, to be conducted, will enable us to assess risks in Shiseido’s supply chain environment, including enslavement and human trafficking, and advance Shiseido’s approach towards these issues.

6 Performance Assessment

Based upon the questionnaire mentioned above, the Company conducts supplier risk assessments and the results are shared with each supplier. This practice provides us with a baseline, upon which the Company can further promote performance measurements for evaluating risks in the supply chain environment, including enslavement and human trafficking in our supply chain.

- Business Partner Hotline:

A hotline service for suppliers was established in 2013. Any reports from the Company's suppliers either sent by electronic mail or submitted in writing are accepted.

In 2016, no issues were reported.

7 Education and Training

The Company conducts trainings on the "Shiseido Group Standards of Business Conduct and Ethics" and/or related policies and rules through various internal programs, such as job-position based trainings, in order to promote better understanding by all Shiseido employees. In 2016, training on harassment was implemented, targeting all domestic Japan employees.

8. For the Future

In the process of drafting this statement the Company recognized the importance of creating a human rights policy which comprehensively covers current Shiseido policies. We will proceed to draft a new human rights policy, based on the UN Guiding Principles on Business and Human Rights. Shiseido strives to eliminate human rights violations and any complicity in the violation of human rights throughout our business operations and supply chain.

This statement is approved by the Board of Directors of the Company and signed on its behalf by:



Masahiko Uotani

Representative Director

President and CEO

Shiseido Company, Limited

May 31, 2017