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Message from the CEO



**The 150th Anniversary of Our Founding:  
A Step Forward with a Spirit of Hope  
for a New Future**

**Masahiko Uotani**  
Representative Director,  
President and CEO

We would like to express our sincere gratitude to our shareholders for their continued support. In addition, amid the continuing uncertainty due to the emergence of new COVID-19 variants, we offer our deepest sympathies to those who have contracted the disease and to those facing challenges and difficulties.

**All of Shiseido is united by one thought, “What can we do to help?”**

In 2021, despite the COVID-19 pandemic continuing to have a significant impact on society and our own business, Shiseido employees around the globe came together under the spirit of “Solidarity” to undertake a variety of business activities. We further strengthened our initiatives carried over from 2020, such as agile development of products that address the changing needs of

consumers, application of digital technology to expand channels for consumer engagement, and the “Shiseido Hand in Hand Project,” aimed at conveying our respect and gratitude to medical workers. Together, we drove innovation by venturing into new technologies and new domains, such as by bringing Second Skin to the market and by launching INRYU, our new “inner beauty” brand.

**Roadmap for WIN 2023 and Beyond**

**WIN 2023: Shiseido United Transformation**

2021	2022	2023
<b>Groundwork</b>	<b>Back on Growth Track</b>	<b>Full Recovery</b>
<ul style="list-style-type: none"> <li>• Business in the new normal</li> <li>• Structural reforms</li> <li>• Enhancing the financial base</li> </ul>	<ul style="list-style-type: none"> <li>• Shiseido’s 150th anniversary</li> <li>• Growing global brands</li> <li>• Accelerating DX</li> </ul>	<ul style="list-style-type: none"> <li>• Skin Beauty Company</li> <li>• Net sales ca. ¥1 Tn</li> <li>• OPM 15%</li> </ul>

**2030 VISION**

**PERSONAL  
BEAUTY WELLNESS  
COMPANY**

- Most Trusted Beauty Company
- No. 1 in Skin Beauty
- Net sales ¥2 Tn
- OPM 18%

Long-term Investment: Brands, Innovation, Supply Network, DX, People

### Agile structural reforms to restore profitability

“Be a Global Winner with Our Heritage”—this is the goal of our medium-to-long-term strategy “WIN 2023 and Beyond.” To accomplish this goal, we are executing bold reforms that position skin beauty as our core business, enabling us to be the global leader in this area by 2030. As part of these efforts, we positioned 2021 as a year of “Groundwork.” During this year, we accomplished the transfer of the Personal Care business to facilitate its further growth and development, rebuilt our global business portfolio by transferring three makeup brands and terminating the license agreement for a

fragrance brand, and implemented other reforms. We also established a joint venture company to accelerate our digital transformation (DX). Moreover, despite a delayed market recovery in Japan, which is an important segment of our business, we achieved a solid rebound in operating profit through our efficient investments in line with the market recovery and by implementing thorough cost control. Accordingly, we propose to increase the dividend per share by 10 yen for an annual dividend of 50 yen.

### The 150th anniversary: a new beginning

We have designated 2022 as a year of getting “Back on Growth Track.” We aim to achieve global growth through innovation in our skincare brands, our area of greatest strength, and by implementing a focused marketing approach. In order to make this 150th anniversary of our founding a year of hope, in which we pave the way to a new future, we have launched a Group-wide bottom-up project involving about 42,000 employees around the world to think about our long-term corporate vision and strategies. We will collect proposals and ideas on how to grow and develop the business from each and every employee. By using these as a catalyst for a full recovery, we will draw upon the collective strength of all our employees to create the future Shiseido.

To mark the 150th anniversary of our founding, we propose to pay a commemorative dividend of 50 yen per share as an expression of our sincere gratitude to our shareholders for their valuable support and inspiration throughout our journey.

Based on our mission of “BEAUTY INNOVATIONS FOR A BETTER WORLD,” we strive to create a better world full of beauty, smiles, and hope through innovations that address social issues, such as resolving environmental problems and improving diversity. We aspire to enrich life with the power of beauty for people, society, and the planet as a “Personal Beauty Wellness Company,” contributing to a lifetime of unique and healthy beauty for each and every individual.

Thank you for your continued support that will allow Shiseido to shine in the next 100 or 150 years.



Medium-to-Long-Term Strategy

# WIN 2023 and Beyond

Full Recovery in 2023



## Overview of Medium-to-Long-Term Strategy “WIN 2023 and Beyond”

### Targets and Where We Are Heading

We are aiming to become the global leader in the skin beauty area by 2030. In order to do so, we will drive business transformation to position skin beauty as our core business. Over the three-year period from 2021 to 2023, we are shifting our focus

from topline growth to profitability and cash flow management, prioritizing investments in brands, innovation, supply network, DX, and people to build a solid foundation as a skin beauty company.

### Key Strategies

1

#### Improve Profitability

- 1 Rebuild profit structure through fundamental reforms
- 2 Increase cost competitiveness and improve factory productivity
- 3 Accelerate growth in Asia, especially China

2

#### Focus on Skin Beauty

- 4 Build a powerful portfolio centered on skin beauty brands
- 5 Accelerate innovation through external collaboration
- 6 Develop the inner beauty category

3

#### Rebuild Business Foundation

- 7 Become a truly sustainability-focused company
- 8 Strengthen brands through innovative marketing and a robust organization
- 9 Build a digitally driven business model and organization
- 10 Enhance talent and the organization through diversity and upskilling

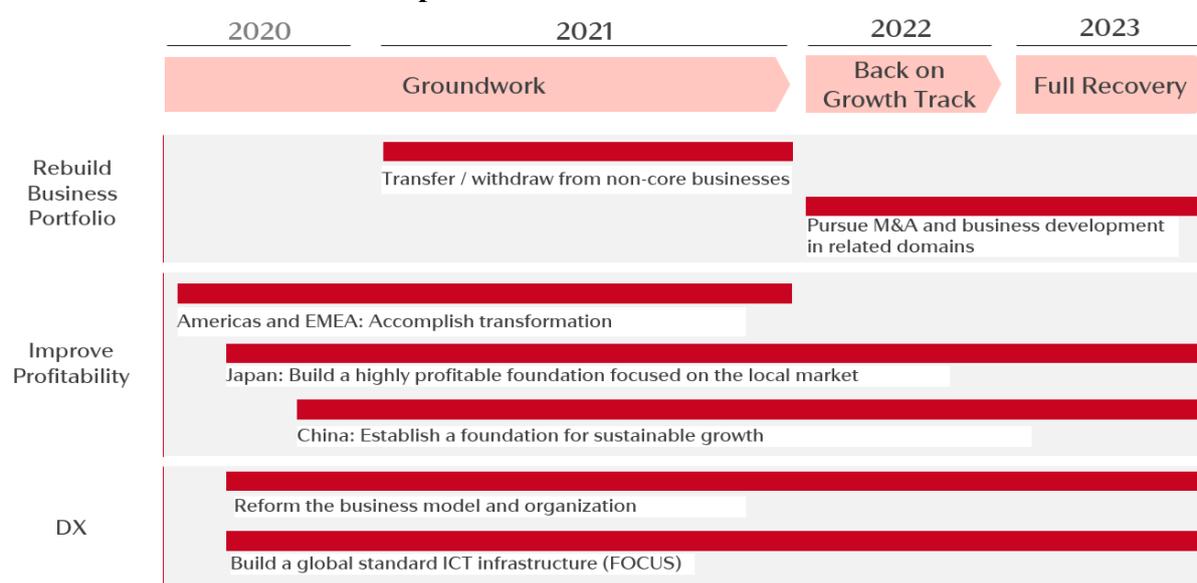
## Major initiatives

### Progress in global transformation

We positioned 2021 as a year of “Groundwork” and have made some difficult decisions, including transferring some businesses and brands. In February, we announced the transfer of the Personal Care business and the establishment of a joint venture; in April, the termination of a global license agreement with Dolce&Gabbana S.r.l.; and in August, the transfer of three prestige makeup brands *bareMinerals*, *BUXOM*, and *Laura Mercier*. We

also disclosed the transfer of the Professional business in February 2022. The respective regional headquarters assumed responsibility and ownership in leading these global reforms, which allowed for a speedy execution with a sense of urgency. Through these global transformations, we have established the foundation for renewed growth in 2022 and beyond.

### Global transformation roadmap



### Digital transformation (DX)

DX is our key strategy within WIN 2023 and Beyond, as well as a driver of global expansion. This is demonstrated by e-commerce sales, which grew by more than 20% year on year and reached 34% of total sales in 2021. The rollout of the Group-wide business transformation project FOCUS\* is also proceeding according to plan.

At Shiseido Interactive Beauty Company, Limited, which was established through a strategic partnership with Accenture in July 2021, we have

begun full-scale use of “Omni BC,” beauty consultants specializing in digital communications, to foster stronger engagement with consumers. In addition, by leveraging the latest technologies in beauty, we will provide consumers with various opportunities for personalized beauty experiences and services that meet their individual needs and expectations.

\* A project that seeks to standardize data and optimize business processes by globally integrating systems across the Shiseido Group using cutting-edge technologies



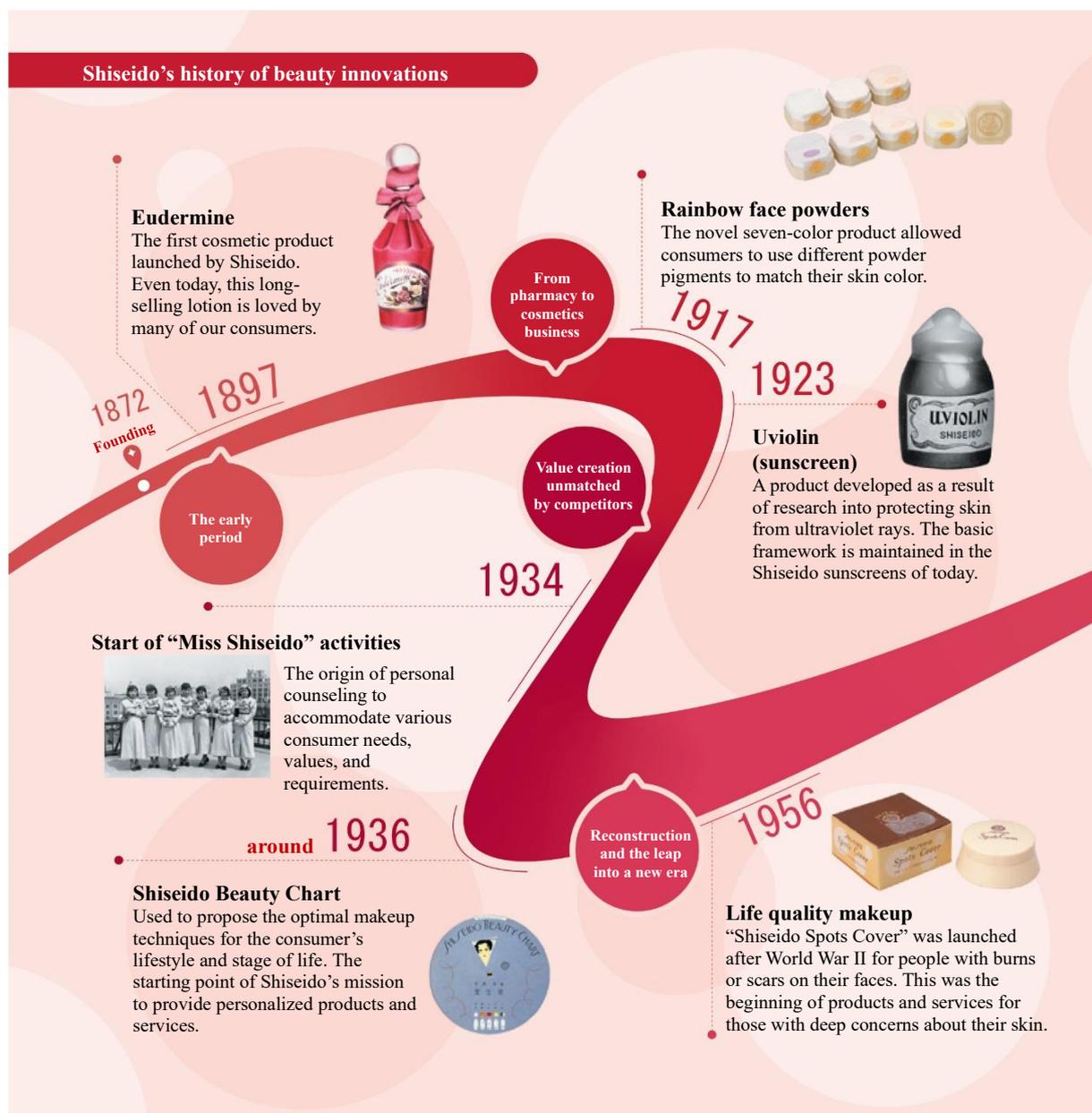
Online beauty counseling: A beauty salon anywhere



Online counseling by Omni BC

# Our Journey of 150 Years and On to the Next 100

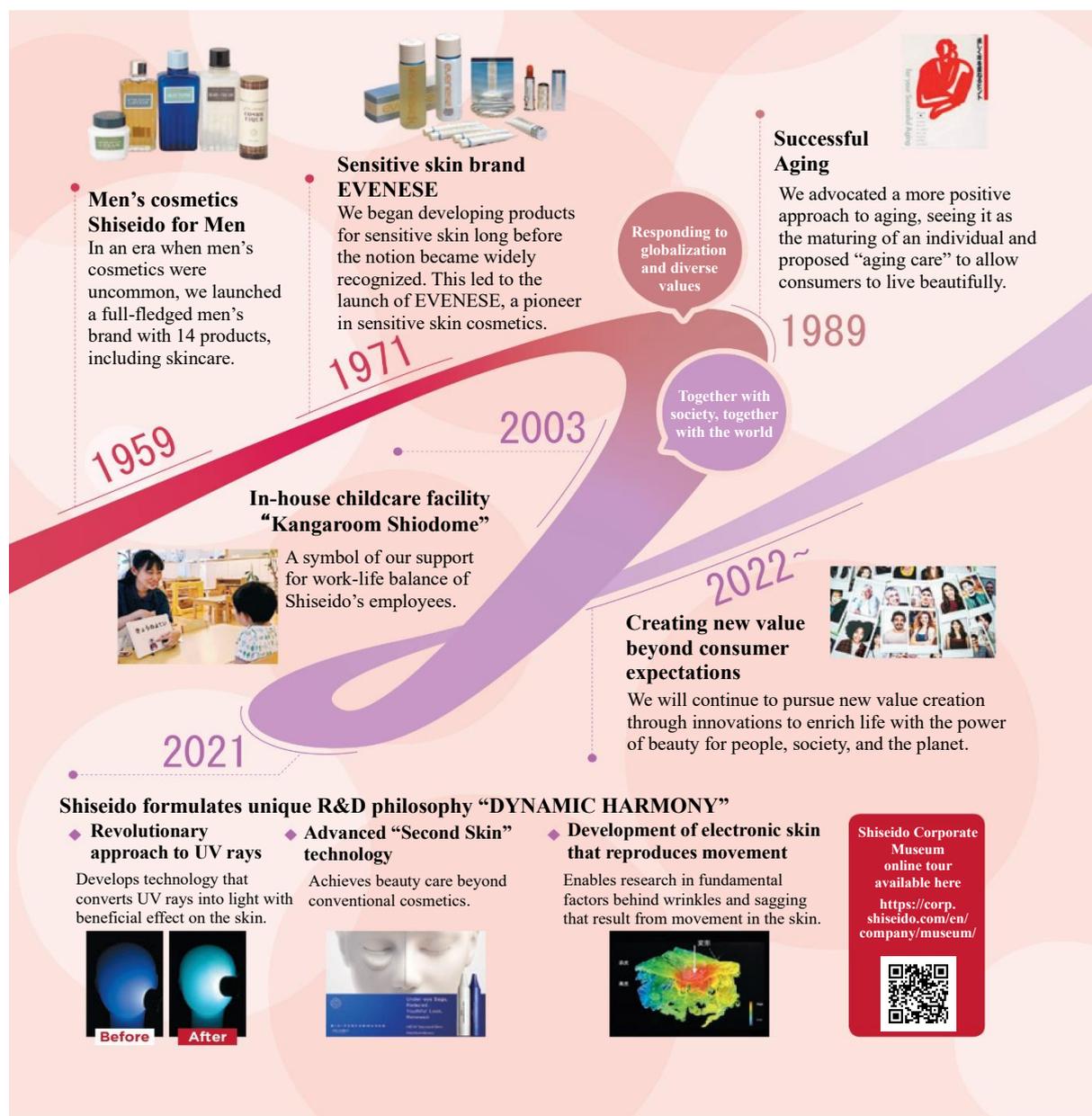
The 150-year history of Shiseido is the history of believing in the power of beauty and of expanding that potential. Going forward, we will continue to enrich life with the power of beauty for people, society, and the planet.



In 1872, Shiseido was founded as the first private Western-style dispensing pharmacy in Japan. As a journey of continually creating new values in tune with changes in culture and lifestyles, our 150-year history cannot be told only through products and services. By accurately capturing the evolving needs of our consumers, we have been a driving force behind the beauty industry of Japan, sometimes anticipating and acting ahead of the times.

That is the history of Shiseido.

Here we introduce a history that stretches over 150 years. With a spirit of innovation, which has been a valuable part of our heritage since our founding, we will create days full of beauty, smiles, and hope for people all over the world.





We believe that beauty inspires people and that the power of beauty creates a world that can enrich people's lives and bring joy and happiness.

Based on these ideas, since fiscal 2021 we have placed sustainability at the core of our management strategy, and promoted the integration of sustainability management into our business activities. By doing so, we aim to drive further growth in our core beauty business, while realizing a sustainable world in which everyone can enjoy a lifetime of happiness.

In the environmental field, we have promoted initiatives across the value chain aimed at reducing

our environmental footprint and promoting sustainable and responsible product development. In the area of society, we have positioned the promotion of diversity & inclusion as an important management issue, and we advance it not only within our Company, but also in society at large through such initiatives as supporting educational activities that promote gender equality and diverse standards of beauty. In addition, we implement and publicize our environmental and social activities through our brands and regional projects, thus contributing to a more sustainable world through beauty.

Learn more about Shiseido's sustainability:  
<https://corp.shiseido.com/en/sustainability>



## ENVIRONMENT

### New Supply Chain Base with Focus on Sustainability

Shiseido began operations at Osaka Ibaraki Factory in December 2020 and at West Japan Distribution Center in March 2021. These locations will be responsible for the production and distribution of prestige skincare products in line with our aim of becoming the global leader in premium skin beauty by 2030. These locations also leverage sustainable production and supply systems. Specifically, we expect CO<sub>2</sub> emissions from transportation of products to be reduced by more than 60 tons per year since the factory and distribution center are located next to each other. In addition, the factory has adopted an energy-saving design and improved the thermal insulation performance of the building, resulting in a 30% reduction in CO<sub>2</sub> emissions compared to a conventional design. The reuse of circulating water



Osaka Ibaraki Factory and West Japan Distribution Center

during manufacturing reduces annual water consumption by 65,000 tons.



## SOCIETY

### Empowering Women

In order to create an environment in which all employees can demonstrate their individual abilities irrespective of their gender, we are focusing on women's empowerment and gender equality initiatives, and are widening the scope of such activities to include society at large.

The "30% Club Japan" (Chair: Shiseido Representative Director, President and CEO Masahiko Uotani), which aims to increase female representation on company boards in Japan, was formed in 2019. One of its working groups, the "TOPIX Top Meeting," has met five times over the past two years to facilitate discussions between top executives from Japanese companies. We are playing a leading role to drive initiatives across different industries by launching projects involving the 31 member companies.

In 2021, Shiseido Japan Co., Ltd. concluded the "Agreement for the Promotion of Women's Empowerment" with Hiroshima prefecture. Hiroshima prefecture is also actively promoting women's empowerment, providing support for women to continue working or to return to work, and encouraging their promotion into managerial positions. The agreement was concluded with the



Left: Signing ceremony for the "Agreement for the Promotion of Women's Empowerment" concluded with Hiroshima prefecture

Right: "Online beauty seminar" held in cooperation with Hiroshima prefecture to support women wishing to work

aim of facilitating cooperation in various aspects between the two parties, including the promotion of activities to increase participation by women and to share relevant information, develop an optimal working environment, etc. After the signing of the agreement, an "Online beauty seminar" was held for the first time, offering basic advice on makeup and appearance for women wishing to return to work.

### Advancing Shiseido's Sustainability Initiatives Globally with a Cultural Approach

We would like to create a better world through the power of beauty. As such, our cultural activities embody the kind of sustainability to which Shiseido aspires, and we have been publicizing them to promote a new sense aesthetic.

Shiseido's cultural magazine *Hanatsubaki* has presented special features on the unifying power of beauty, and on how those of us living today can harmoniously coexist with nature for the future of our planet. The magazine is disseminated in both Japanese and Chinese languages as well as a web-based edition. Shiseido Gallery held an exhibition timed to coincide with International Women's Day on March 8, 2021, presenting six female artists, including two working in collaboration, who



Left: Hanatsubaki, 2021 Autumn/Winter issue cover

Right: "Anneke Hymmen & Kumi Hiroi, Tokuko Ushioda, Mari Katayama, Maiko Haruki, Mayumi Hosokura, and Your Perspectives" exhibition, 2021 (Photo by Ken Kato)

express themselves mainly through photography, capturing multifaceted approaches to diversity.

# Corporate Governance

## Directors and Audit & Supervisory Board Members



### Diversity of backgrounds among Directors and Audit & Supervisory Board Members

### Directors and Audit & Supervisory Board Members after the 122nd Ordinary General Meeting of Shareholders (Planned)



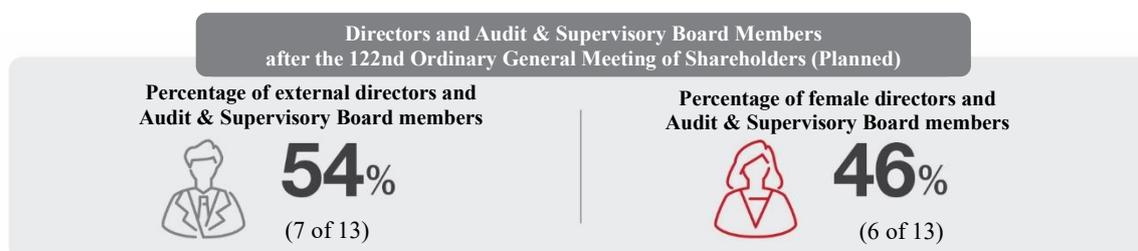
		Masahiko Uotani	Yukari Suzuki	Norio Tadakawa	Takayuki Yokota	Shinsaku Iwahara	Charles D. Lake II	Kanoko Oishi
	Position	Representative Director	Representative Director	Director	Director	External Director	External Director (New Director)	External Director
	Number of years in office of the Company*	7 years and 9 months	2 years	2 years	1 year	4 years	–	6 years
Knowledge and expertise sought in Directors and Audit & Supervisory Board Members	Corporate Management	●		○	○		●	●
	Sales and Marketing	●	●	○				●
	Research and Product Development		●					
	Supply Network			●	○			
	Finance	○		●	●	○	○	○
	DX		○		○		○	
	People and Organization Development, and D&I Acceleration	●	○	○			○	○
	Corporate Governance	○		○	○	●	●	
	Global Understanding	●	○		●	○	●	○

A “○” indicates that the individual possesses the background experience for the knowledge and expertise sought, and a “●” indicates that the Company has a particularly high level of expectation for the skill.

\* The number of years in office is the number of years and months as of the conclusion of the 122nd Ordinary General Meeting of Shareholders to be held on March 25, 2022.

## Our Corporate Governance

- We define corporate governance as our “platform to realize sustainable growth through fulfilling our corporate mission.”
- We have adopted a double-check system whereby business execution is supervised by the Board of Directors, with audits for legality and appropriateness by the Audit & Supervisory Board (a company with an audit & supervisory board system).
- We ensure the diversity of our Directors and Audit & Supervisory Board Members.



### Diversity of backgrounds among Directors and Audit & Supervisory Board Members

### Directors and Audit & Supervisory Board Members after the 122nd Ordinary General Meeting of Shareholders (Planned)

							
		Mariko Tokuno	Takeshi Yoshida	Akiko Uno	Yasuko Gotoh	Ritsuko Nonomiya	Hiroshi Ozu
<b>Position</b>		External Director <i>(New Director)</i>	Full-time Audit & Supervisory Board Member	Full-time Audit & Supervisory Board Member	External Audit & Supervisory Board Member	External Audit & Supervisory Board Member	External Audit & Supervisory Board Member
<b>Number of years in office of the Company*</b>		-	4 years	3 years	3 years	2 years	5 years
Knowledge and expertise sought in Directors and Audit & Supervisory Board Members	 <b>Corporate Management</b>	●			○	○	
	 <b>Sales and Marketing</b>	●	○	●			
	 <b>Research and Product Development</b>			○			
	 <b>Supply Network</b>			○			
	 <b>Finance</b>		●		●	●	○
	 <b>DX</b>						
	 <b>People and Organization Development, and D&amp;I Acceleration</b>	○		○			○
	 <b>Corporate Governance</b>	○	○			○	●
	 <b>Global Understanding</b>	○	○		○	●	

A “○” indicates that the individual possesses the background experience for the knowledge and expertise sought, and a “●” indicates that the Company has a particularly high level of expectation for the skill.

\* The number of years in office is the number of years and months as of the conclusion of the 122nd Ordinary General Meeting of Shareholders to be held on March 25, 2022.



Executive Officers (As of March 1, 2022)



**Masahiko Uotani**

President and CEO



**Yukari Suzuki**

Senior Executive Officer/Chief Marketing Officer/Chief D&I Officer



**Norio Tadakawa**

Senior Executive Officer/Japan Region CEO



**Takayuki Yokota**

Chief Financial Officer



**Kentaro Fujiwara**

Senior Executive Officer/China Region CEO



**Yoshiaki Okabe**

Senior Executive Officer/Chief Brand Innovation Officer/Chief Technology Officer



**Hiromi Anno**

Chief Public Relations Officer



**Maria Chiclana**

Chief Legal Officer/Global General Counsel



**Mizuki Hashimoto**

Chief Brand Officer, *Clé de Peau Beauté*

## Message to shareholders

Shiseido has introduced an Executive Officer system, in which officers are accountable for key responsibilities and roles in each business area of the Shiseido Group. This new system allows us to appoint the right person in the right position regardless of gender, nationality or organizational boundaries.

By leveraging our executive officers' expertise and experience, drawing on diverse values and ideas, we will further advance our global management system to achieve the goals of WIN 2023 and Beyond and realize our long-term vision to "Be a Global Winner with Our Heritage."

### Executive Officers (As of March 1, 2022)



**Angelica Munson**

Chief Digital Officer



**Kenichi Saito**

Chief Quality Officer



**Antonios Spiliotopoulos**

Chief Supply Network Officer



**Atsunori Takano**

Chief Information Technology Officer



**Toshinobu Umetsu**

Chief Strategy Officer



**Naomi Yamamoto**

Chief Creative Officer



**Ryota Yukisada**

Chief Brand Officer, brand *SHISEIDO*



**Koichi Noda**

Chief People Officer