

(Translation)

Dear Shareholders,

February 27, 2026

Shiseido Company, Limited

(Code No. 4911; The Prime Market of the Tokyo Stock Exchange)

Our Views on the Voting Recommendation Issued by ISS

Regarding the Second Item of Business, "Election of Twelve (12) Directors" (the "Proposal") to be submitted to the 126th Annual General Meeting of Shareholders of Shiseido Company, Limited (the "Company") scheduled for March 25, 2026, Institutional Shareholder Services Inc. ("ISS"), a proxy advisory firm, has issued a report recommending a vote against the election of Candidate No. 1, Kentaro Fujiwara.

ISS cited as the reason for its recommendation that the Company's performance has fallen below its specific quantitative criteria. In response to this ISS report, the Company's Nominating Committee* has provided its views as follows. We kindly ask our shareholders to review the explanation below alongside the Notice of Convocation in order to facilitate an informed decision regarding the Proposal. Please note that the English translation of the Notice of Convocation is scheduled to be disclosed on March 4, 2026.

*The Company has a governance structure of a "Company with Three Statutory Committees" whereby the Nominating Committee solely composed of external directors is responsible for determining candidates for directors.

1. Reasons for the ISS Recommendation

Under its proxy voting guidelines for companies with Three Statutory Committees, ISS recommends a vote against the top executive if the company has underperformed in terms of capital efficiency (i.e., the average ROE over the last five fiscal years is less than 5%) and no trend of improvement is observed.

For the fiscal year ended December 31, 2025, the Company recorded a consolidated operating loss of ¥28.8 billion and a loss attributable to owners of the parent of ¥40.7 billion, owing primarily to a goodwill impairment loss of ¥46.8 billion recognized in its Americas Business.

Consequently, ROE for the fiscal year 2025 was -6.6%, and the five-year average ROE fell below the ISS criteria as shown in the table below. Accordingly, ISS has recommended a vote against the election of Kentaro Fujiwara, Representative Corporate Executive Officer, President and CEO.

ROE Trends (IFRS)

FY2021	FY2022	FY2023	FY2024	FY2025	5-Year Avg.
9.3%	6.0%	3.6%	-1.7%	-6.6%	2.1%

2. Views and opinions of the Nominating Committee

The Company recognizes improving the continued low level of ROE as a critical management priority. For the fiscal year 2025, while ROE was significantly negative due to a goodwill impairment loss in the Americas Business, the Company has been steadily executing a range of initiatives to improve both its

profit structure and capital efficiency, building a resilient financial foundation to create sustainable profitability. These efforts are beginning to yield results with a tangible improvement in the quality of our business. We anticipate a substantial recovery in 2026, targeting a 7% ROE driven by profit growth and enhanced capital efficiency.

The Nominating Committee evaluates that Mr. Fujiwara has played a consistently leading role in addressing the Company's management issues. Based on this evaluation, the Committee has judged him to be qualified candidate as the Company's top executive and a member of the Board of Directors, and has selected him as a candidate after thorough deliberations. The specific grounds for this decision are as follows:

(1) Significant Improvement in Profitability and Cash Generation Capabilities

Regarding the "Action Plan 2025-2026" (the "Action Plan"), which Mr. Fujiwara has formulated and led to rebuild the foundation for ensuring profitability improvement and sustainable growth, the Company completed all the measures scheduled for 2025 as planned. We anticipate a cost reduction effect of over ¥25 billion to be realized in 2026 as originally scheduled.

Furthermore, driven by strengthened financial discipline, core operating profit for 2025 reached ¥44.5 billion, exceeding the initial plan of ¥36.5 billion. Free cash flow also reached ¥66.5 billion, surpassing initial forecasts which clearly demonstrated our improved cash generation capabilities.

(2) Formulation of Medium-Term Strategy and Pivot to a Growth Trajectory

In November last year, under Mr. Fujiwara's leadership, the Company formulated the "2030 Medium-Term Strategy." Following the structural reforms, we are now shifting towards new growth by maximizing brand value, strengthening our global presence as a company that delivers unique value.

For 2026, we have set targets of 7% for core operating profit margin, and for capital efficiency, 5% for ROIC and 7% for ROE, with ¥50.0 billion in free cash flow. In parallel, we will drive sales growth through innovation while improving financial metrics. Reflecting the improvement in cash generation and progress in financial discipline, we plan to increase the annual dividend to ¥60 per share for 2026, up from ¥40 per share in 2025.

Toward 2030, the Company aims to achieve a core operating profit margin of 10% or more, ROIC of 10% or more, ROE of 12% or more, and free cash flow of ¥100.0 billion or more by making strategic investments in priority areas while achieving above-market growth and improving profitability.

In light of the above, at this critical turning point as the Company pivots from its structural reform to a new growth phase, the Nominating Committee believes that having Mr. Fujiwara—who has spearheaded the strategy formulation and these reforms—continue to lead the management is the best way to ensure consistent strategic execution, which will directly lead to the enhancement of medium-to-long-term corporate value and shareholder interests.

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