

## Shiseido Enhances Global R&D Structure

### Unveiling of Americas Innovation Center Reinforces Commitment to Consumer-Centered Product Development

Tokyo, Japan – May 6, 2016 – Shiseido re-opens an expanded overseas research facility based in the United States today to strengthen its R&D functions in the Americas region. Called the Americas Innovation Center, the laboratory, which is one of nine in five countries, will help advance consumer research, product development and information development in the Americas region and throughout the world.

Shiseido has been working on increasing brand value and implementing business structural reform on a global scale based on its mid-to-long term strategy “VISION 2020” that runs until 2020. As a part of this strategy, Shiseido will enhance R&D and its network, connecting its laboratories across the globe to promote R&D that results in products to which consumers around the world have a genuine emotional connection.

#### Expansion and Reinforcement of Americas Innovation Center

In addition to its former functions, the renewed Americas Innovation Center will take on and enhance some responsibilities presently handled in Japan, such as product information development and claim resolution, product safety assurance, and intellectual property management. This shift allows us to build a closer relationship with consumers in the Americas, namely the United States. The number of researchers will also be increased to offer consumer-centered innovations.

#### <Outline of Americas Innovation Center>

Address: 366 Princeton-Hightstown, East Windsor, NJ08520, USA  
 Director: Mr. Katsunori Yoshida  
 Established in: 2008  
 Renewal Opening: May 6, 2016

	Before Expansion	After Expansion
Square Footage	One story of 600 m <sup>2</sup>	One story of 2,000 m <sup>2</sup>
Number of Researchers	25 researchers (as of February 29, 2016)	47 researchers by 2020
Key Research Functions	<ul style="list-style-type: none"> <li>• formulation of US-based brand products (NARS, Bare Minerals)</li> <li>• design of manufacturing process</li> <li>• research management</li> </ul>	Plus: <ul style="list-style-type: none"> <li>• product information development and claim resolution</li> <li>• product safety assurance</li> <li>• intellectual property management</li> </ul>

#### **Reinforcement of Make-up Development Functions**

Shiseido will establish “Centers of Excellence” to nurture globally competitive brands, with the center for skin care in Japan, for make-up and digital marketing in New York, and for fragrance in Paris. Each center will lead data collection, strategy planning and product development that yields cutting-edge results in its designated field of world influence and invigorate them in global marketing.

In line with this Center of Excellence strategy, Americas Innovation Center has been expanded and enhanced to prioritize the development of color cosmetics products that build on Shiseido’s 140-year heritage of innovation and are relevant to today’s consumer.

#### **Enhancement of Global R&D System**

In line with “VISION 2020”, Shiseido is increasing its investment into R&D to pursue innovation. To maximize our R&D capability on a global scale, we will operate under a hub-and-spoke system with the Global Innovation Center in Japan as a hub, where basic research is conducted and new research fields are explored, and each regional laboratory as a spoke, where values are developed for the local consumers. It is our goal to deliver the innovative products developed based on the insights and values of our consumers around the world.

As part of this plan, a new research facility will be opened in Yokohama – Global Innovation Center (tentative name; operation start scheduled for the end of 2018) – and the innovation centers in America, Europe, China and South East Asia will each gradually expand. Through those, we will implement thorough regional market surveys, research on consumers’ skin, behavior and attitude, as well as establish an even better understanding of how the local consumer receives information and makes decisions, and we will create innovative products based on the local consumers’ insights.

At the same time, we will increase the number of research personnel worldwide from the current level of approximately 1,000 to 1,500 by 2020 and raise the R&D-to-sales ratio from the current 1.8 % to 2.5 % in 2020.