



Shiseido Completes Construction of Fukuoka Kurume Factory Equipped with Cutting Edge Technology ~Completed all three new skincare production bases~

Shiseido Company, Limited (“Shiseido”) completed the construction of its Fukuoka Kurume Factory in Kurume City, Fukuoka Prefecture on May 20, 2022 as a manufacturing facility for medium-priced skincare products such as *ELIXIR* and will start its operation from June. We established the Nasu Factory and the Osaka Ibaraki Factory in 2019 and 2020, respectively, and the establishment of the Fukuoka Kurume Factory has completed the positioning of all three new production bases, realizing a stable global production footprint for high-quality products made in Japan.

We at Shiseido are proceeding with fundamental management reforms under our medium- to long-term strategy, “WIN 2023 and Beyond”, aiming to “Be a Global Winner with Our Heritage”. We have built three new factories in Japan to establish a long-term, stable supply chain base and are striving to become the world’s No. 1 company in the skin beauty category by 2030. The Fukuoka Kurume Factory will realize efficient production that incorporates the cutting-edge IoT system and lead our global production in the skin beauty category.



“Factory exterior”



“linear motor-driven cartoner”

Features of Fukuoka Kurume Factory

(1) Manufacturing facility for skincare products for Asia

The Fukuoka Kurume Factory will manufacture skincare products in the medium-priced category, such as *ELIXIR*, a Japanese anti-aging brand that is also deployed in Asian markets including China and travel retail. The factory will increase its production capacity to a maximum of 140 million units after 2026 to meet future demand. In addition, by taking advantage of its location in the Kyushu region, the factory will be able to deliver the end products to consumers in Asia in a short period of time by shipping from the Port of Hakata in the Fukuoka prefecture.

2) Efficient production system incorporating the cutting-edge IoT system

The new cosmetics factory incorporates cutting-edge IoT technologies. In the past, some specific processes required staff to have valuable skills, techniques, and experiences acquired over the years to modify the equipment and operating conditions. By leveraging sensing and information processing

technologies, even the inexperienced staff can demonstrate craftsmanship, leading to standardization and advancement of production technologies.

In specific, we will utilize the global industry's first method that monitors multiple quality indicators of batch in real time and automatically controls the parameters of equipment during the process of manufacturing. Also, a progress visualization system for multi-line management realizes operations with a small number of staff and achieves further quality stability and productivity improvement. In addition, we have installed the latest robots and linear motor-driven cartoner in some assembly lines of cosmetics filling and finishing, which we have introduced as a first in the cosmetics industry, and will boost productivity by approximately three times (versus our existing facilities). We will spend the time saved by the enhanced operation efficiency on further improvements in other manufacturing areas, which leads to further quality improvement, achieving more efficient production and higher quality.

(3) Environmentally sustainable factory

The factory has an environmentally friendly building structure and has been certified as an A-rank from CASBEE (Comprehensive Assessment System for Built Environment Efficiency), which is highly regarded for factory buildings. It is constructed with 19% energy conservation (BEI value*1) compared to the standard building specified by the Building Energy Efficiency Act by improving the thermal insulation performance of its exterior walls and roof and by using LED lighting throughout the building.

The facility uses 100% renewable energy in electricity. We have installed solar panels in the parking area and are planning to place twice as many solar panels by 2023, expecting to generate a total of 1,800 MWh of electricity, which is equivalent to 11%*2 of the factory annual electricity consumption. The white tiles on the factory's front exterior wall are custom-made and complied with the standards of the Act on Promoting Green Procurement, which requires a use of at least 20% recycled materials for raw materials.

Furthermore, as part of countermeasures against earthquakes and other natural disasters, the factory is equipped with facilities that will be open to the local communities in the event of a disaster, such as offering drinking water, which is well water filtered by using the electricity generated by our solar panels, and some toilets even during power outages.

*1 BEI value: It is calculated by dividing the design primary energy consumption (excluding other primary energy consumption) by the reference primary energy consumption (excluding other primary energy consumption). Under the primary energy consumption performance standards for new construction, a building must achieve the BEI value of 1.0 or less to comply with the standards.

*2 The remaining 89% of electricity used is derived from hydroelectric power and geothermal power from Kyushu Electric Power's renewable energy ECO plan.

(4) "PEOPLE FIRST" workplace environment

Under our PEOPLE FIRST policy, we are actively investing in talent development, as we value people as the most important asset for the company and aim to create an organization in which "strong individuals create a strong company". We believe that it is people who support delivering high quality service even in the production sites, so we create an environment where people can work comfortably. As part of our efforts, we have promoted various initiatives such as reforming the workplace from the perspective of females, who account for more than 60% of our employees in the Fukuoka Kurume Factory, introducing a free-address workplace based on the ABW (Activity Based Working) concept, which allows the staff to freely choose their working space and style, etc. Furthermore, a large open-plan space that covers all office departments will encourage active cross-functional interactions and maximize operational efficiency and create new value.

(5) Together with local communities

As a factory open to the public, we will aim for co-existence and co-prosperity with the local communities following our wish to be a place for communication activities with private sectors, government offices,

schools, and other organizations. In addition, the factory will be also positioned as a base for communicating the brand value and our commitment to quality to people around the world and increasing the number of loyal Shiseido users. To this end, we will open BEAUTY PLANET to offer factory tours to the public starting in 2023.

Outline of Fukuoka Kurume Factory

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| Address | 808 Takatori, Tanushimarumachi, Kurume City, Fukuoka Prefecture |
| Land area | 97,000 m ² (as of May 2022) |
| Building area | 4 floors above ground (steel-frame structure) |
| Investment | Approximately 45 billion yen |
| Products | Medium-priced skincare products for Japan and overseas |
| Production capacity | Approximately 140 million units per year (from 2026) |
| Start of operation | Production started in April 2022, shipment started on May 20, 2022 |

<Reference>

List of Shiseido factories and their main productions (as of May 2022)

[6 factories in Japan]

| Factory (year of establishment) | Location | Production (main products) |
|---------------------------------|---------------------------------------|---|
| Takegawa Factory (1975) | Takegawa City, Shizuoka Prefecture | Makeup products |
| Osaka Factory (1939) | Osaka City, Osaka Prefecture | Prestige skincare products |
| Kuki Factory (1983) | Kuki City, Saitama Prefecture | Personal care products* and sun care products <small>*Fine Today Shiseido products</small> |
| Nasu Factory (2019) | Ohtawara City, Tochigi Prefecture | Cosmetics* skincare products <small>*medium-priced</small> Prestige skincare products |
| Osaka Ibaraki Factory (2020) | Ibaraki City, Osaka Prefecture | Prestige skincare products |
| Fukuoka Kurume Factory (2022) | Kurume City, Fukuoka Prefecture | Cosmetics skincare products |

[7 factories overseas]

| Factory (year of establishment) | Location | Production (main products) |
|---|---|---|
| Shiseido America, Inc. East Windsor Factory (1998) | New Jersey, U.S.A. | Global skincare and makeup products |
| Gien Factory (1991) | Gien, France | Fragrance products |
| Val de Loire Factory (1999) | Ormes, France | Global skincare and fragrance products |
| Shiseido Liyuan Cosmetics Co., Ltd. (1993) | Beijing, China | Skincare and makeup products for the Chinese market |
| Shiseido Cosmetics Manufacturing Co., Ltd. (1999) | Shanghai, China | Skincare and makeup products for the Chinese market |
| Taiwan Shiseido Hsinchu Factory (2016) | Hsinchu County, Taiwan R.O.C. | Skincare and makeup products for the Taiwanese market, and skincare and makeup products for the ASEAN markets |
| Shiseido Vietnam Inc. Vietnam Factory (2010) | Bien Hoa City, Dong Nai Province, Vietnam | Skincare products for the Japanese and Asian markets |