

Shiseido CSR [Shiseido's Corporate Social Responsibility]

"Beautiful Society, Bright Future."

Shiseido is committed to pursuing a variety of CSR activities that earn the empathy of society.

*CSR: Corporate Social Responsibility

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Feature vol.3**Actively Pursuing the SHISEIDO LIFE QUALITY BEAUTY PROGRAM**

Since its founding, Shiseido has sought to take advantage of research into beauty products and services in order to help individual customers achieve the kind of beauty they desire and encourage their emotional well-being.

In particular, the company actively pursues the SHISEIDO LIFE QUALITY BEAUTY PROGRAM, a series of activities designed to help deliver quality of life (QOL) improvements for individuals who are deeply concerned about their skin and bodies by providing proprietary Shiseido beauty care products and services.

These activities include SHISEIDO LIFE QUALITY BEAUTY MAKEUP for individuals who are deeply concerned about their skin, for example due to birthmarks, dark spots, vitiligo, or skin irregularities, as well as SHISEIDO LIFE QUALITY BEAUTY SEMINAR, which bring Shiseido volunteers to facilities for senior citizens and individuals with disabilities to provide skincare and makeup advice.

SHISEIDO LIFE QUALITY BEAUTY MAKEUP

SHISEIDO LIFE QUALITY BEAUTY MAKEUP seeks to beautify the skin and enrich the emotional lives of customers who are deeply concerned about their skin by providing optimal products and beauty care techniques. It also helps improve these customers Equality of life (QOL).

Program background

In 1957, Shiseido launched a new product in a color that differed from conventional makeup offerings. The product, which was called SHISEIDO Spots Cover in advertisements promoting its ability to conceal spots, birthmarks, and freckles, was not designed exclusively for women. Research and development work on the product grew out of Shiseido's desire to allay, however slightly, the anguish experienced by survivors of the atomic bombings at Hiroshima and Nagasaki in regard to scarring from injuries, burns, and skin disease where their bodies were exposed to radiation, not only on their faces, but also on their hands, feet, and chests.

Later, the company proposed blemish-covering techniques for individuals with skin concerns that were difficult to conceal with normal foundation.

As well as continuing to take advantage of evolving foundation technology to develop Perfect Cover, a foundation designed to deal with birthmarks and other skin imperfections, Shiseido began working with medical institutions in the 1990s to offer makeup advice for individuals suffering from skin disease or scarring. Launched in 1995, Perfect Cover Foundation OT / PS was developed based on feedback from patients and healthcare professionals. It was designed to be selectively applied to areas

of concern, where it utilized the characteristics of light in order to cover imperfections as naturally as possible.

In June 2006, Shiseido announced Perfect Cover Foundation W, which incorporates "melanin-colored powder" capable of reproducing the color tones missing in skin affected by vitiligo* based on color measurements taken of normal skin and areas affected by the condition.

*Vitiligo is an acquired skin condition characterized by pigment loss causing white areas in the hands, feet, face, neck, and other areas. Its cause is unknown.

Programs at the SHISEIDO LIFE QUALITY BEAUTY CENTER

In an effort to broaden the scope of these activities, Shiseido established the SHISEIDO LIFE QUALITY BEAUTY CENTER inside its Head Office building in Tokyo's Ginza district in June 2006. At the Center, Beauty Consultants who have undergone a special program of on-the-job training and practical training at medical institutions help people with concerns about skin color due to birthmarks, vitiligo, skin irregularities, and other conditions, by providing free-of-charge makeup advice on topics such as how blemishes can be concealed with cosmetics. Services are available by prior appointment only and are offered in private rooms so that customers can relax and learn with peace of mind.

By the end of 2008, the Center had served some 1,200 customers of both genders ranging in age from infants to senior citizens. Individuals who have visited the Center describe how they have a new sense of confidence and hope, and speak of how they look forward to enjoying cosmetics now that they know how to conceal blemishes in an attractive way.

To address a more extensive range of concerns, Shiseido added the BM (for covering skin irregularities) and CT (for covering pronounced dullness and spots) lines to the Perfect Cover Foundation series in April 2008. The company also moved to enhance associated activities, for example by adding a seminar room to the Center in June of the same year. The seminar room is used to provide information to healthcare professionals about support techniques using cosmetics, and to accommodate beauty care seminars sponsored by patient advocacy groups.



A private makeup room at the Center



Customers receive makeup advice in private rooms



A seminar in the Center's seminar room

For more information, see
<http://www.shiseido.co.jp/slqc/> (Japanese only)

Partner stores and medical institutions in every prefecture of Japan

About 320 cosmetics stores and medical institutions throughout Japan that share the Center's goals have been trained to introduce their customers and patients to Shiseido products and makeup techniques. As of December 2008, this network had grown to the point that individuals who are deeply concerned about their skin can receive advice and information in every prefecture in Japan.

The expanding scope of SHISEIDO LIFE QUALITY BEAUTY SEMINAR

Shiseido offers SHISEIDO LIFE QUALITY BEAUTY SEMINAR on skincare and makeup at worksites throughout Japan in order to help senior citizens, individuals with physical disabilities, and other individuals with skin concerns come closer to fulfilling their wish to be beautiful.

Based on a belief that participating in these seminars will give all employees an opportunity to reaffirm the power of cosmetics through direct experience, all executives, from the president on down, began participating in seminars in 2008 (see Features Vol. 2, "Beauty Seminars Take Advantage of Shiseido's Core Business Nationwide"). Similarly, the company introduced a Beauty Supporter program in April 2009 to encourage participation by all domestic employees.

In addition, Shiseido's Beauty Volunteer program which lets retired employees serve as Beauty Consultants, has been creating opportunities for the company to meet more customers.

Shiseido plans to roll out a global version of the SHISEIDO LIFE QUALITY BEAUTY PROGRAM as an activity that takes advantage of its core business to make a social contribution through cosmetics, based on its corporate message of "This moment. This life. Beautifully."

Feature vol.4**SHISEIDO LIFE QUALITY BEAUTY CENTER
Expanded to Shanghai and Taiwan**

In order to realize its corporate message "This moment. This life. Beautifully." for all customers, as well as make their skin beautiful and enrich their minds, Shiseido opened the SHISEIDO LIFE QUALITY BEAUTY CENTER in Tokyo's Ginza district in June 2006 and has since undertaken efforts to support customers with serious skin concerns rarely encountered at sales counters. The existing beauty center in Ginza has received extremely positive feedback, and accordingly, similar centers have been established at this time in China and Taiwan as the first step of globally expanding activities in the future.

Background to Opening of SHISEIDO LIFE QUALITY BEAUTY CENTER

The SHISEIDO LIFE QUALITY BEAUTY CENTER was opened in Shanghai, China, on April 14 and corresponding facilities were opened on April 17 in Taipei and Kaohsiung, Taiwan, to provide makeup advice to individuals with serious skin problems, including birthmarks and vitiligo, which are difficult to cover using ordinary foundation.

It is estimated that there are numerous people with serious skin concerns such as birthmarks and vitiligo in China and Taiwan as well. In fact, some customers have visited the center in Ginza from Shanghai and Taiwan. Additionally, there have been a number of requests from patients who wanted to immediately purchase the product upon receiving a trial makeup consultation using Perfect Cover Foundation at Shanghai's Huashan Hospital, which is affiliated with Fudan University and has specialized knowledge concerning vitiligo.

Moreover, these beauty centers were initially launched in Shanghai and Taiwan since shades of the Perfect Cover Foundation series used to cover birthmarks and other special skin concerns were developed to suit Japanese skin tones and therefore were able to be immediately introduced to Shanghai and Taiwanese customers, who have similar skin tones.

Approximately 150 people were present at the press conference of the opening of the new facility in Shanghai, including executive officers of respective departments of Shanghai city government, a representative of the Consulate-General of Japan in Shanghai, medical experts and nearly 60 domestic and overseas media representatives. Prior to the tape-cutting ceremony to mark the opening of the center, welcoming remarks were given by the hosts, including Shiseido Company, Limited's President & CEO Shinzo Maeda and Corporate Officer and Chief Officer Masaru Miyagawa of the China Business Division, who is concurrently assuming the positions of Chief Area Managing Officer of China and Chairman of Shiseido China Co., Ltd.

On April 17, two beauty centers were opened in Taipei and Kaohsiung, Taiwan, and respective press conferences held, in which a total of 41 media outlets including 11 television stations, 30 newspaper and magazine media representatives participated. Vice President and Representative Director Kimie Iwata and General Manager Yasuko

Takayama of the Social Affairs and Consumer Relations Department, both of Shiseido Company, Limited, gave presentations, enabling members of the press to gain an understanding regarding the activities of the respective centers.

All of the centers require a reservation to ensure that optimal customer service is provided. Customers will receive beauty care services and advice free of charge in a private, one-on-one setting by professionally trained SHISEIDO LIFE QUALITY BEAUTY CONSULTANT staff. This will be the first system in China and Taiwan in which such products and services are provided.

Facility Overview of SHISEIDO LIFE QUALITY BEAUTY CENTER in China and Taiwan

Shanghai Facility

The facility has been modeled after the relaxing environment of the beauty center in Tokyo. Four staff members have been selected through in-house recruitment. All staff members have been trained by qualified staff in Japan and received practical training thereafter at the Ginza beauty center, in addition to further polishing their techniques through conducting trial makeup sessions at Huashan Hospital, Fudan University.

Taiwan Facilities

The Taipei facility has been established within the SHISEIDO CLUB BEAUTY CENTER, a member-based facility. Nine staff members at the Taipei facility and six at the Kaohsiung facility have been selected through in-house recruitment and assigned as SHISEIDO LIFE QUALITY BEAUTY CONSULTANT staff. In addition to practical training carried out in Ginza, guidance also is provided by sending beauty consultants from Japan to Taiwan.

Shiseido plans to further expand its initiatives, including seminar activities to be initiated with the opening of these beauty centers, as a means of supporting customers who desire to live "This moment. This life. Beautifully."



(Shanghai) Greetings from President & CEO Shinzo Maeda, Shiseido Company, Limited



(Shanghai) Tape-cutting ceremony



(Taiwan) Vice President and Representative Director Kimie Iwata at the press conference



(Taiwan) Counseling room

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Feature vol.5**The Aim of Shiseido's Environmental Activities**

Shiseido is currently working to promote a new lifestyle in which beauty and eco-friendliness coexist. In this special feature, an overview of Shiseido's global environmental preservation activities is presented.

Basic Policy of Environmental Activities

Shiseido's business activities are carried out on the basis of respecting and placing importance on the global natural environment, as signified in the Company's name Shiseido, which is derived from a phrase in the Chinese text, the "Yi Jing ("Book of Changes"), meaning "Praise the virtues of the great Earth, which nurtures new life and brings forth new values" (How wonderful are the virtues of the great Earth. From here, all things originate). We consider conservation of the beautiful global environment to be important in order to continuously promote new beauty while utilizing the many precious gifts of the Earth.

In order to fulfill its social responsibility and establish unsurpassed, world-class quality of business management, as stated under the Three-Year Plan, Shiseido formulated the Basic Plan of Shiseido Environmental Activities in fiscal 2008. Under this plan, Shiseido clarifies its consideration of environmental initiatives as a fundamental management responsibility, thereby undertaking environmental initiatives in all processes of its business activities with the aim of contributing to environmental management.

Milestone of Shiseido's Environmental Management System

The Shiseido Eco Policy was established in fiscal 1992 as a management policy related to the environment. the Shiseido Global Eco Standards were established thereafter in fiscal 1997 to ensure that Group-wide environmental activities are promoted in line with the Shiseido Eco Policy. These standards serve as activity guidelines in each business domain, with responses to environmental challenges classified into six categories, specifically, product development, research and development, manufacturing and procurement,

distribution, sales and offices. Additionally, Shiseido established a Supplier Code of Conduct in fiscal 2006 in order to promote joint initiatives with business partners, including suppliers of ingredients and sales promotion items as well as contract manufacturers.

Moreover, as a means of further strengthening environmental management based on such policies and guidelines, in April 2009 Shiseido newly established the Environment Affairs Group as well as the Social Affairs and Consumer Relations Department to oversee Company-wide environmental activities. While accelerating initiatives for specifically carrying out plans, Shiseido intends to promote environmental activities

centering on respective departments through cooperation with departments in charge of managing respective business domains.

Commitment to Society

In fiscal 2008, Shiseido made a pledge to society to carry out environmental activities as a leading environmental company.

As a first step globally, in November 2008 Shiseido participated in Caring for Climate, a climate change initiative spearheaded by [the United Nations Global Compact](#), in which the Company declared to the world its strong commitment to pursue environmental activities.

In Japan, Shiseido became the first company in the cosmetics industry to be certified as an ["Eco-First Company"](#) by the Ministry of the Environment in March 2009. In this respect, Shiseido will regularly disclose the progress of initiatives, which are communicated to the Minister of the Environment via websites and other media.



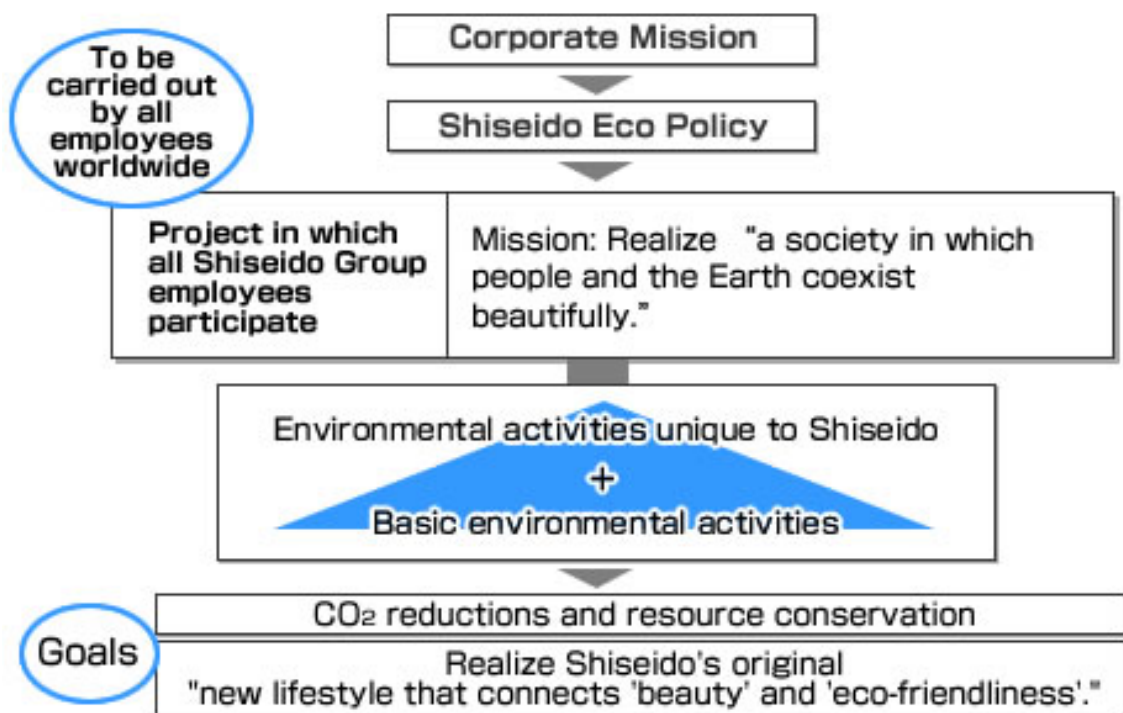
Shiseido receives "Eco-First Company" certification from the Japanese Ministry of the Environment

Basic Environmental Activities and Environmental Activities Unique to Shiseido

With regard to the basic environmental plan, which is the foundation of its environmental activities, Shiseido separates environmental activities that should be carried out by the Company into the two categories of "basic environmental activities" and "environmental activities unique to Shiseido." Under basic environmental activities, the Company will strengthen eco-friendly activities in all of its operational processes, thereby promoting initiatives expected to be carried out as common practice as a global citizen, including CO₂ reductions and resource conservation. Specifically, in addition to achieving the goal of meeting our 1997 commitment to reduce CO₂ emissions by 15% by fiscal 2010 (per unit production compared with fiscal 1990 levels) in domestic factories, which is stated as the CO₂ reduction target under our Eco-First Commitment, Shiseido will also undertake concerted efforts to reduce the volume of

CO₂ emissions and waste materials at all of its worksites, including overseas business sites, through addressing various laws and regulations in an appropriate manner. Additionally, as a means of realizing the coexistence of nature and local communities, we will also promote various activities, including revitalization of natural areas through [the Tsubaki Forest tree-planting program](#), cleanup activities of the areas surrounding business sites and communication with local communities. Furthermore, we will execute management with due consideration as to how we can reduce environmental loads throughout our business activities, thereby lowering costs and boosting operational efficiency.

At the same time, under environmental activities unique to Shiseido, we are aiming to propose "a new lifestyle that connects 'beauty' and 'eco-friendliness'" through providing products and services, which is our core business. In order to realize this initiative, from fiscal 2009 Shiseido launched an environmental project in which all members of the Shiseido Group participate. Under this project, each and every member will carry out environmental activities with the aim of realizing "a society in which people and the Earth coexist beautifully."



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Feature vol.6**Start of Shiseido Earth Care Project**

Shiseido considers environmental initiatives as a key component of management and has launched the Shiseido Earth Care Project from fiscal 2009 to further accelerate activities.

In this feature, we will introduce the overall concept of the Shiseido Earth Care Project and new initiatives that have been launched since the project's establishment.

What is the Shiseido Earth Care Project?

Shiseido Earth Care Project is an "environmental project" promoted by all Shiseido Group employees worldwide in every aspect of its business activities.

Mission of Shiseido Earth Care Project

In order to continuously promote new beauty while receiving the benefits of the various bounties of the Earth, it is necessary to coexist with and show gratitude to the Earth. As we live in harmony with the Earth, our mission is to care for our planet and realize a balanced, beautiful global environment, in the same manner as we care for our skin.

The mission of the Shiseido Earth Care Project is to create "a [society](#) in which people and the Earth coexist beautifully" based on its [Eco Policy](#), which is designated as Shiseido's Corporate Mission and management policy on the environment.

Aim of Shiseido Earth Care Project

In addition to basic environmental activities that should be carried out as a social responsibility as a matter of course, including CO2 reductions and resource conservation, the aim of this project is to realize "a new lifestyle that connects 'beauty' and 'eco-friendliness'" by strongly promoting environmental activities unique to Shiseido.



Specific Environmental Activities

As one of the most recent activities of the Shiseido Earth Care Project, an environmental initiative related to a new AquaLabel moisturizing skincare product launched in August is introduced.

No. 062 Reduction of plastics used for AquaLabel packaging

Launched in August, an AquaLabel moisturizing skincare product was renewed to enhance skin moisturizing effects. In line with the product renewal, packaging for certain items has been changed from using conventional plastic boxes to film packaging, thereby realizing resource savings of approximately 90% (compared with conventional products). Additionally, resource conservation is also promoted throughout the brand for other items that are continuing to use plastic boxes by taking measures such as adopting thinner plastic packaging.



Shiseido promotes various environmental initiatives in addition to "No. 062 Reduction of plastics used for AquaLabel packaging."

No. 059 Launch of single color refill of Maquillage Set Eye Shadow

An eye shadow palette contains several colors so that many colors can be enjoyed at once; however, certain colors are used up faster than others, and thus, some items are difficult to use up completely. To address this issue, *Maquillage Eyes Creator (3D)*, which was launched in January 2009, has been designed to allow single color refills, thereby making it possible to use up the items without having to waste them while also using the case for a longer period of time.



Single color refills

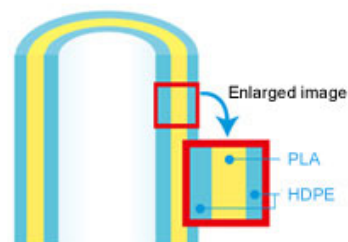
Commercialization of Polylactic Acid containers for URARA brand products

URARA (*Yourai* in Chinese) brand is a comprehensive cosmetics brand exclusively for the Chinese market, which was developed to strengthen sales of Shiseido's cosmetic specialty store business in China.

Shiseido has developed containers with low environmental load using over 50% of plant-based plastic polylactic acid (PLA) and has adopted PLA for 5 items launched in September 2009, including shampoo products. Since PLA has disadvantages in terms of heat and shock resistance and reducing large amounts of moisture loss of contents, laminating technology has been developed to laminate the commodity plastic High Density Polyethylene (HDPE) and polylactic acid layers for optimal layer thickness, thereby realizing commercialization. This laminating technology has been newly developed for *URARA* brand products, making Shiseido the first major cosmetic manufacturer to launch PLA and polyethylene laminated containers.



URARA brand



Cross-section diagram of laminated structure

No. 061 Eco Processing of Beauty Consultant Uniforms

In regard to the disposal of Beauty Consultants' uniforms for which the issue period for use has ended, from 2009 Shiseido shifted from thermal recycling, which reuses heat generated during incineration, to chemical recycling, which uses coke ovens to produce chemical raw materials. The new recycling method enables complete recycling of fibers into materials such as chemical raw materials with no residues (ash) after processing. Additionally, there are almost no CO₂ emissions, thereby enabling a significant reduction compared with conventional incineration processing.



In order to respond to customers' desire to "live beautifully"

This moment. This life. Beautifully.



This corporate message also serves as our commitment to the Earth.

We cannot sincerely respond to the desire of each and every customer to "live beautifully" without contributing to a beautiful global environment.

As we live in harmony with the Earth, we will dedicate our utmost efforts to promote environmental activities to care for our planet and realize a balanced, beautiful global environment, in the same manner as we care for our skin.

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Feature vol.7**SHISEIDO LIFE QUALITY BEAUTY PROGRAM**
Awarded "Beauty with Heart Prize"

In December 2009, Shiseido received the "Beauty with Heart Prize" Corporate Philanthropy Award* Special Prize for the SHISEIDO LIFE QUALITY BEAUTY PROGRAM presented by the Japan Philanthropic Association in recognition of the Company's social contribution activities that make effective use of its main business activities.

This program was highly recognized as an initiative embodying corporate philanthropy that nurtures a sense of responsibility and pride toward one's own work. The prize presentation ceremony was held at the Nippon Press Center Building in February 2010.

*Marking the seventh occasion of bestowing this honor, the Corporate Philanthropy Award was established by the Japan Philanthropic Association (Director: Yoko Takahashi) in 2003, in which awards are presented to companies or projects that have made a contribution in terms of resolving social issues or promoting sound social development. Selection criteria is based on three key points, namely, whether or not initiatives have a "community" or social nature as corporate activities that place a priority on relevant aspects including human rights and the environment; whether or not initiatives have a "pioneering spirit" that will create new social values by rejecting stereotypes or preconceptions; and whether or not initiatives have a broad "impact" as new 21st century business models.

Overview of SHISEIDO LIFE QUALITY BEAUTY PROGRAM

The history of the SHISEIDO LIFE QUALITY BEAUTY PROGRAM began long ago in 1949 when special beauty seminars were conducted for students soon to graduate from high school to enable them learn the proper ways to wear makeup and use cosmetics as a means of dressing appropriately as a member of society. Owing to the volunteer spirit of employees with a desire to make everyone beautiful, seminars for senior citizens and persons with disabilities have also taken root and expanded, in which beauty techniques and beauty information are conveyed to realize inner beauty as well. From 2009, in order to extend these activities globally as the base of the Company's social contribution activities, they became collectively known and are currently advancing forward as the SHISEIDO LIFE QUALITY BEAUTY PROGRAM.

This program is categorized into two key initiatives. One is SHISEIDO LIFE QUALITY BEAUTY MAKEUP, which selects suitable makeup and offers makeup advice for persons with serious skin concerns such as birthmarks, dark spots, vitiligo and skin irregularities. The Perfect Cover Foundation product series developed based on Shiseido's accumulated cosmetics research is also used to address a range of concerns. In addition, advice is provided free of charge mainly at the SHISEIDO LIFE QUALITY BEAUTY CENTER established within the Head Office building in Tokyo's Ginza district. The other initiative is the SHISEIDO LIFE QUALITY BEAUTY SEMINAR, which conveys basic techniques for using cosmetics and beauty information

by visiting facilities for the elderly and persons with disabilities and enabling them to experience the benefits of skin care and makeup. These locally based activities are undertaken free of charge nationwide in the hope that each and every person can lead a better, healthier life.

Globally Expanding Activity Network

These efforts are also promoted globally beginning with China.

The activities of the SHISEIDO LIFE QUALITY BEAUTY CENTER, which provides advice through the SHISEIDO LIFE QUALITY BEAUTY MAKEUP scheme, are expanding, and in April 2009, Shiseido opened new centers in Shanghai, China, and Taipei and Kaohsiung, Taiwan.

With regard to the SHISEIDO LIFE QUALITY BEAUTY SEMINAR, during fiscal 2009 (January-December), in China we held seminars 7 times in Shanghai (Shiseido China Co., Ltd.), 1 time each in Beijing and Tianjin (Shiseido Liyuan Cosmetics Co., Ltd.) and 11 times in Hong Kong (Shiseido Dah Chong Hong Cosmetics Ltd.). We have received many comments from participants, including: "The first time I wore makeup was at my wedding, and today, I wore makeup for the second time in my life. Wearing makeup at this time enabled me to gain confidence by being satisfied both emotionally and in terms of my appearance"; "Although I cannot see, when I touched my skin with my hands, I could clearly feel that my skin was moisturized and supple like never before. I was really happy to hear that people around me told me that I became beautiful"; and "I was able to think about the true meaning of beauty".

Additionally, we also received comments from employees who participated, including: "I realized that the beauty not only shows in one's appearance but is also something that blooms from inside one's heart. Seeing participants' faces shine enabled me to understand the true meaning of beauty and I was able to realize the significance of my work"; and "I was able to sense elderly people's will in actively trying to learn something new and a love of beauty in their hearts. I was overwhelmed to see participants' full smiles at the end of the seminar".

Shiseido will continue to expand these activities throughout the world in order to enable everyone to live beautifully through the power of cosmetics.

Utilizing Knowledge Gained Through the Program in Our Business Activities

Technological and response capabilities accumulated over the course of this program are utilized in Shiseido's product development and customer response at stores. Specifically, fine particles that control skin tone through light and advanced technology that applies polymers properties, which have been adopted in the Perfect Cover Foundation product range used in the SHISEIDO LIFE QUALITY BEAUTY MAKEUP scheme, are linked to the development of new products. Additionally, the benefits of cosmetics achieved through the SHISEIDO LIFE QUALITY BEAUTY SEMINAR for senior citizens and persons with disabilities are gaining attention as makeup therapy from medical institutions and other organizations, whereby makeup can help such people to become positive, enhance their motivation toward rehabilitation and deepen social interactions.

Approximately 40,000 of all Shiseido employees worldwide will continuously undertake concerted efforts to bring a smile to the faces of customers we encounter throughout the world.



Corporate Officer Takafumi Uchida of Shiseido Co., Ltd. receives testimonial award from Japan Philanthropic Association Director Yoko Takahashi (left)



Presentation

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Commitment by Management



Shiseido declared its intention to redouble its transformation into a global company in a new three-year plan beginning in 2008. In order to realize our ideals imbued in our corporate message "This moment. This life. Beautifully." Shiseido is continuously working to actively develop various CSR initiatives based on core activities, including "leveraging our distinctive cosmetics business," "addressing environmental issues," which are a major global issue, "activities to support women," who comprise 90% of our customers and 70% of our employees, and initiatives to secure "safety and peace of mind," which is the basis of the relationship of trust that we share with our customers.

In fiscal 2009, we will undertake greater efforts through expanding areas of respective activities to gain greater trust and become a company loved by customers worldwide.

In response to social activities through cosmetics, we will help improve quality of life (QOL) through developing accumulated research results in both products and services ("hardware" and "software") for individuals with serious skin concerns such as birthmarks or scarring that are difficult to address solely by medical technology. Additionally, as a means of further expanding its activities in Japan as well as overseas, Shiseido established the new SHISEIDO LIFE QUALITY BEAUTY PROGRAM in response to these issues and opened dedicated facilities in China and Taiwan in April 2009.

Furthermore, beauty seminars, which Shiseido has been conducting for many years in such places as welfare facilities for the elderly and persons with disabilities are currently implemented in respective countries in the world including Italy, Germany and Singapore. Many executives of Shiseido Company, Limited, including myself, are

participating in these seminars and are often moved by the scenes in which participants become cheerful by wearing makeup, in turn instilling a feeling of joy and confidence in them. From this year, we will facilitate a system to enable all employees to participate in this activity to offer such experiences to a wide range of people.

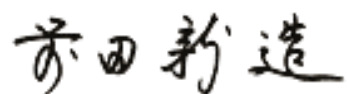
Shiseido has already announced its commitment to take part in the United Nations Global Compact in 2004. At the same time, in November 2008 the Company further agreed to participate in the Caring for Climate initiative proposed by the UN and subsequently participated in the signing of "CEO Declaration to Respect and Support Human Rights in Corporate Activities" on the occasion of the 60th Anniversary of the Universal Declaration of Human Rights in December 2008.

Furthermore, in March 2009 Shiseido became the first company in the cosmetics industry to be certified under the Japanese Ministry of the Environment's "Eco-First Company" program. As a means of carrying out activities that are unique to Shiseido, including initiatives that "propose new lifestyles in which eco responsibility and beauty can coexist," we have made a commitment to pursue preservation of the global environment with the aim of realizing the coexistence of corporate activities and nature by undertaking initiatives to reduce CO₂ emissions, realize a recycling-oriented society and a society characterized by the beautiful coexistence of humankind and the planet Earth. In this respect, we will promote Shiseido's original environmental activities while taking on challenges directed toward developing new values, including those that will make both people and the world more beautiful through the use of cosmetics.

With regard to activities to support women, we are conducting the Shiseido Female Researcher Science Grant program in order to contribute to fostering talented female researchers, in which grants are provided to support those who tend to be affected by life-stage responsibilities, including childbirth and childcare, and enable them to continue their research activities. At the same time, with regard to employees, who are major stakeholders, we have set up greater opportunities for female employees to fully exert their capabilities. Efforts are underway to build a system in which all employees who are motivated and talented are able to sufficiently demonstrate their potential capabilities.

The world is currently faced with severe economic conditions said to occur only once in a century. Additionally, many issues such as global warming and poverty are a growing reality and remain unresolved. Nonetheless, because of these circumstances, we are required to always keep in mind a sense of gratitude and commitment to do everything we can to help each and every customer achieve the ultimate in beauty and emotional fulfillment, together with ensuring that humankind's one and only Earth remains beautiful forever. This is Shiseido's unwavering promise to customers worldwide.

June, 2009
Shinzo Maeda
President & CEO
Shiseido Company, Limited



TOP > [What is Shiseido CSR?]Shiseido's CSR Philosophy

Shiseido's CSR Philosophy

THE SHISEIDO CODE serves as the code of conduct for individual employees' CSR activities. Shiseido's companywide CSR philosophy is guided by *THE SHISEIDO WAY* and the CSR Charter.



Corporate Mission

Corporate Mission

We seek to identify new, richer sources of value and use them to create a beautiful lifestyle.

Criteria for Corporate Activity

1. We seek to bring satisfaction to our customers.
2. We seek positive results through creative means.
3. We encourage the open sharing of different points of view.
4. We encourage innovative thinking, and boldly pursue challenges.
5. We act with appreciation in all of our activities.

THE SHISEIDO WAY

With Our Customers

Through the creation of products possessing true value and exceptional quality, we strive to help our customers realize their dreams of beauty, well-being and happiness.

With Our Business Partners

Joining forces with partners who share our goals, we act in a spirit of sincere cooperation and mutual assistance.

With Our Shareholders

We strive to win the support and trust of our shareholders through transparent management practices and sound business results achieved by high quality growth enabling the retention of earnings for future investments and payment of dividends.

With Our Employees

The diversity and creativity of our employees makes them our most valuable corporate asset. We strive to promote their professional development and we evaluate them fairly. We recognize the importance of our employees' personal satisfaction and well-being, and seek to grow together with them.

With Our Society

We respect and obey all laws in regions in which we do business. Safety and preservation of the natural environment are among our highest priorities. In cooperation with local communities and in harmony with international society, we employ our cultural resources in creating a beautiful lifestyle.

THE SHISEIDO CODE (Extract)

Chapter 1

1. We will always try to see things from our customers' perspective and do our best to research and develop, manufacture and sell products and services of excellence that can truly meet our customers' needs.
2. We will supply quality information to our customers.
3. We will act in a way that satisfies our customers and wins their trust.
4. We will actively seek our customers' opinions and comments and take them into consideration.
5. We will do our best to upgrade the brand value of the Shiseido Group.

Chapter 2

1. We respect all our business partners who share our aims, and aspire for coexistence.
2. We will always comply with the Anti-Trust Law and other relevant laws, and compete fairly.

3. We will not give or take such gifts, nor entertain or be entertained in such a manner that may cause suspicion regarding our fairness.

Chapter 3

1. We will make good use of the Shiseido Group's assets to achieve good business results and yield profits.
2. We will maintain transparency in our corporate management and carry out proper accounting practices.
3. We will place importance on dialogue with our shareholders and investors to gain the trust of the capital market.
4. We will properly treat unreleased important information (insider information).

Chapter 4

1. We will identify ourselves with each other and will respect each individual's way of thinking and points of view so that everybody in the workplace may work to his or her fullest capability.
2. We will conduct business with integrity and strive to create new values, and to put forth our best efforts to promote self-development.
3. We will create a healthy and safe work environment and comply with labor standards.
4. We will manage information appropriately and will treat confidential information with greatest care.
5. We will distinguish between private and business affairs to create a pleasant work environment.

Chapter 5

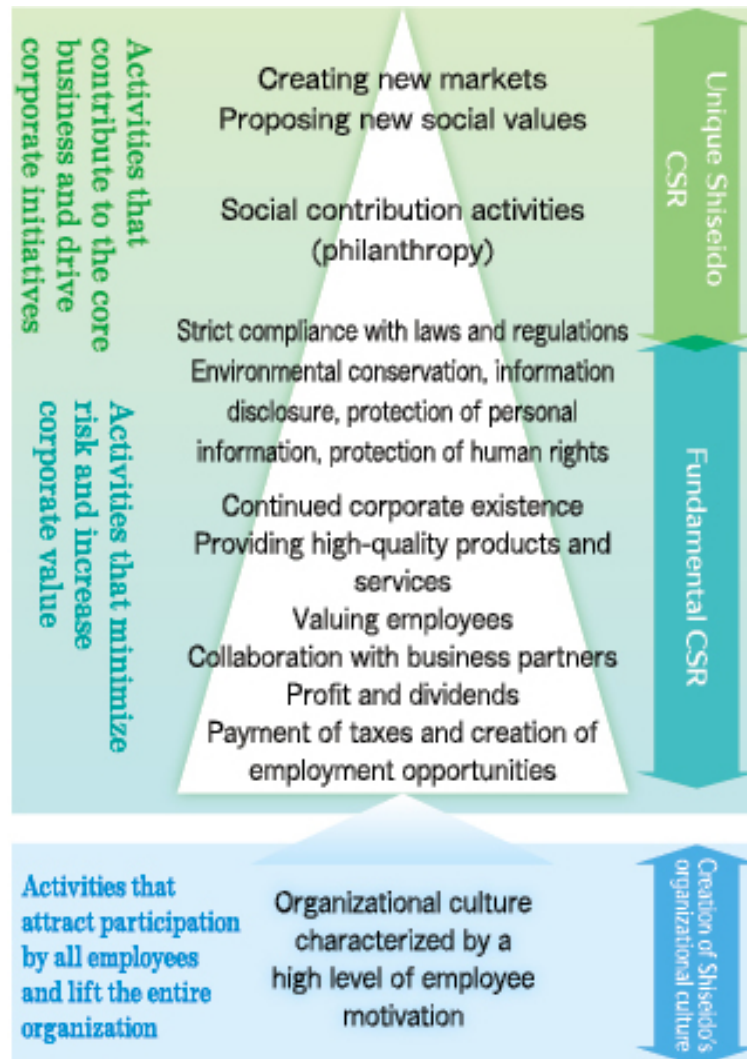
1. We will respect and obey all laws and will respect local customs in all countries and regions.
2. We will preserve the global environment by obeying environmental laws and our own stringent environmental standards.
3. We will actively concern ourselves in society.

For more information, see
<http://www.shiseido.co.jp/e/ideals/>

TOP > [What is Shiseido CSR?]The CSR Activities Domain and Associated Structures

The CSR Activities Domain and Associated Structures

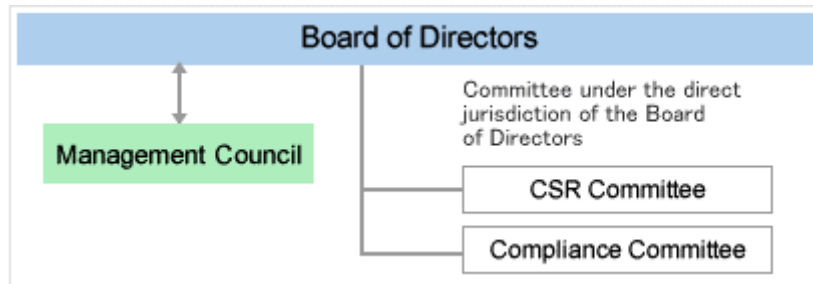
CSR Activities Domain



CSR Promotion Structure

Shiseido's CSR activities are deliberated and discussed by the CSR Committee and Compliance Committee under the direct management of the Board of Directors in order to steadily promote CSR activities unique to Shiseido that will lead to enhancing corporate value.

Committee Organization



Objectives of Committee under the direct jurisdiction of the Board of Directors

CSR Committee

The CSR Committee verifies (CSR verification) if Shiseido's CSR activities are in line with requests from stakeholders or demonstrating originality, thereby identifying future issues and requesting departments in charge and the Compliance Committee to prepare plans. Additionally, the Compliance Committee clarifies direction from a company-wide perspective regarding issues related to "CSR activities that are unique to Shiseido," which are contributing to Shiseido businesses and playing a leading role in its corporate activities.

Compliance Committee

The Compliance Committee confirms and provides oversight of Compliance Plans submitted by respective departments. Additionally, although details are not included in Compliance Plans, among issues selected through verification at the CSR Committee, the committee also receives reports from relevant departments in charge with regard to Basic CSR, which minimizes risks and enhances Shiseido's corporate value and clarifies direction from a company-wide perspective.

Specific Activities of Compliance Committee under the direct jurisdiction of the Board of Directors

CSR Committee

CSR verification

The committee establishes future issues from the three perspectives of "activities requested by society," "activities that are not addressed (or unable to be addressed) by Shiseido," and "activities that should be addressed by Shiseido."

Clarify the direction of issues related to CSR that are unique to Shiseido

The committee is conducting deliberation related to CSR activities unique to Shiseido, including "gender equality," "activities related to supporting women" and the "SHISEIDO LIFE QUALITY BEAUTY PROGRAM," and receiving reports from relevant departments in charge.

Compliance Committee

Clarify the direction of issues regarding Basic CSR

In order to minimize risks and enhance Shiseido's corporate value, the committee checks Compliance Plans submitted by respective departments and provides oversight while also discussing new issues based on requests from the CSR Committee. Specifically, the committee carries out discussions on various aspects including "information security initiatives" and "formulation of the Business Continuity Plan."

Formulation and revision of THE SHISEIDO CODE and associated rules, and promotion of establishment of THE SHISEIDO CODE

The committee formulates and revises THE SHISEIDO CODE and associated rules by accurately assessing internal and external circumstances. Additionally, the committee promotes awareness-raising and enlightenment activities to enable all employees who are working in the Shiseido Group to share the corporate philosophy and ethics to fully implement THE SHISEIDO CODE.

TOP > [Management Structures] Corporate Data and Overview of Business

Corporate Data and Overview of Business

Corporate Data

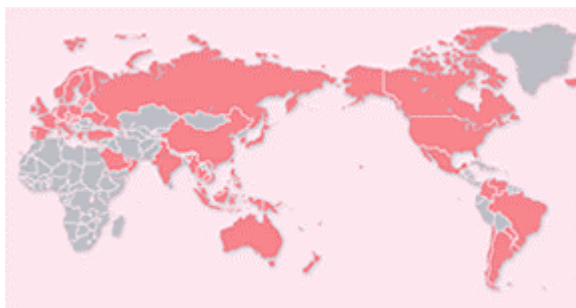
| | |
|-----------------------|---|
| ● Name | Shiseido Company, Limited |
| ● Head Office | Ginza 7-5-5, Chuo-ku, Tokyo 104-0061 |
| ● Telephone | +81-3-3572-5111 |
| ● Established | 1872 |
| ● Capital | ¥64.5 billion (as of March 31, 2009) |
| ● President and CEO | Shinzo Maeda |
| ● Net Sales | Consolidated: ¥690.3 billion (For the year ended March 31, 2009) Non-consolidated: ¥264.5 billion (For the year ended March 31, 2009) |
| ● Number of Employees | 3,500 [1,780] (Group 28,810 [11,274]) <small>*Number of employees as of March 31, 2009. Figures in parentheses indicate additional temporary employees, reported as an average for the business year under review. The number of temporary employees includes part-time and short-term contract employees but does not include temporary workers from staffing agencies. (as of March 31, 2009)</small> |
| ● Shiseido Group | 89 companies (included in the consolidated report: 29 domestic, 57 overseas, 3 affiliated companies) (as of March 31, 2009) <small>*Excluding Shiseido Company, Limited</small> |

Overview of Business *as of March 31, 2009

| | |
|-------------------------------|--|
| ● Domestic Cosmetics Business | Cosmetics Division Professional Division Healthcare Division and others |
| ● Overseas Cosmetics Division | Cosmetics Division Professional Division |
| ● Others | Frontier Science Business and others |

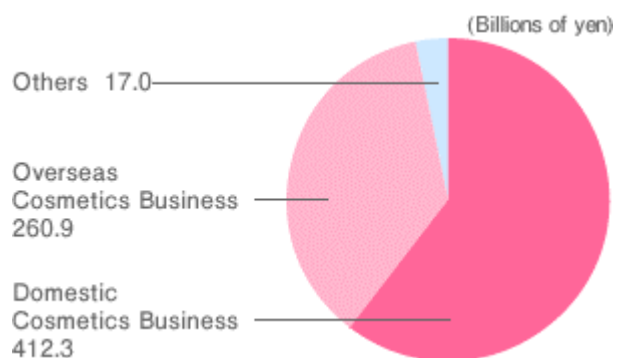
● Overseas Bases

Overseas business sites: 70 countries
 Overseas manufacturing bases: 11 sites
 (Taiwan, China, U.S., France, and others)
 Overseas R&D bases: 8 sites
 (China U.S., France, and others)



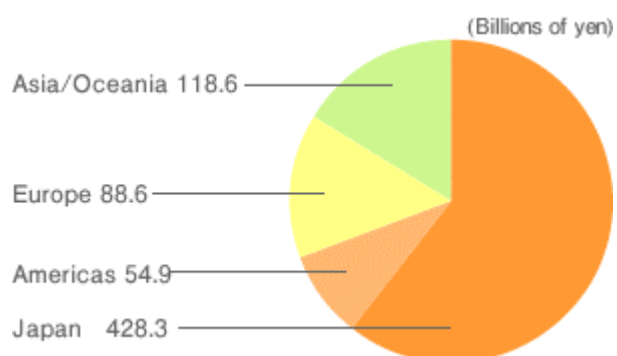
● Consolidated Net Sales by Business Segment

(For the year ended March 31, 2009)



● Consolidated Net Sales by Geographic Segment

(For the year ended March 31, 2009)



Corporate Governance

Shiseido is taking proactive steps to bolster its corporate governance standards based on the recognition that the continued support of stakeholders who view it as a "company with value" leads to enhanced Shiseido corporate brand value.

Corporate Governance Basic Policy

Shiseido is working to enhance its corporate governance standards based on its awareness of the importance of maximizing corporate and shareholder value, fulfilling its social responsibilities, and of accomplishing sustainable growth and development, to ensure the continued support of all stakeholders—customers, business partners, shareholders, employees, and society—who view Shiseido as a "company with value."

Management and Execution Structure

Shiseido's Board of Directors is comprised of 10 directors including two external directors. The Board meets at least once a month to discuss all significant matters. Attendance at the 14 Board of Directors meetings in the year ended March 2009 was 98% (93% for external directors).

Through the adoption of a corporate executive officer system, we are separating the decision-making and supervisory functions of the Board of Directors from the business execution functions of corporate officers. The Corporate Executive Officer Committee, which acts as the final decision-making body regarding corporate officers' material issues, serves to transfer authority to corporate officers, thereby clarifying their responsibilities and accelerating operational execution. Shiseido's President & Chief Executive Officer, who also serves as the Chief Operating Officer, chairs this Committee. The term of office of directors and corporate officers is one year.

To obtain an outside point of view and further strengthen the Board of Directors' supervisory function in regard to business execution, Shiseido appointed two independent external directors from the year ended March 2007. Inviting the participation of external directors has both enhanced the independence of the Board and stimulated discussion of significant management matters at Board meetings.

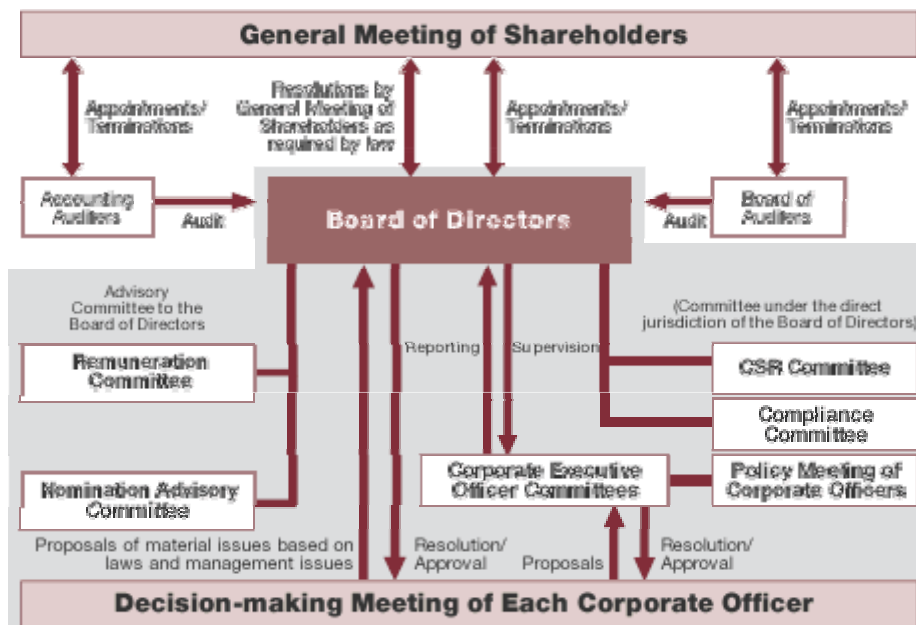
We are also working to increase the diversity of directors, for example by promoting individuals with careers outside of Shiseido to two of the eight director seats excluding external directors. These individuals bring with them a new level of objectivity thanks to their broad perspectives and views based on their different backgrounds and areas of expertise, and we believe their participation helps strengthen the Board's supervisory function. We are also striving to improve the executive capabilities of corporate officers by appointing young individuals and focusing on establishing a small but highly skilled management team.

To promote transparency and objectivity in management, Shiseido established two committees to play an advisory role to the Board of Directors: the Remuneration Committee, charged with setting proposals of recommended guidelines regarding various aspects including executive remuneration, and the Nomination Advisory Committee, which formulates the proposal of recommended guidelines including the evaluation and nomination of candidates for director and corporate officer positions. Both committees are chaired by external directors to maintain objectivity.

The Remuneration Committee formulated a remuneration system that increases the weighting of the company's business performance and stock price in determining compensation. Developed in anticipation of increasing globalization and based on similar systems in place at European corporations, the new system went into effect at the start of the March 2009 fiscal year. The committee makes decisions including those concerning performance-linked remuneration payments based on the achievement of performance targets and share price.

In addition to nominating candidates for executive positions, the Nomination Advisory Committee has built and is enforcing a fair and highly transparent framework designed to enhance the capabilities of top management and ensure that all executives deliver a consistently high level of results. Measures include the establishment of term limits for corporate officers and the formation of rules governing promotions, demotions and retirements. The term limit of corporate officers is four years in principle and six years maximum.

Shiseido management and business execution structure



Audit Structure

Shiseido's Board of Auditors consists of two standing corporate auditors and three independent external corporate auditors. Corporate auditors monitor the legality and adequacy of directors' performance by attending Board of Directors meetings and other important meetings.

Representative directors and corporate auditors meet regularly to exchange opinions on actions that will resolve corporate governance issues. For example, at the corporate auditors' request, it arranges liaison meetings with the accounting auditors and the Internal Auditing Department in addition to assigning full-time employees to assist in audits. Corporate auditor attendance was 100% for the 14 Board of Auditors meetings and 97% for the Board of Directors meetings held in the year ended March 2009.

Internal audits of the entire Group are conducted to ensure that business is executed in an appropriate manner, and audit results are reported to the Board of Directors and Board of Auditors.

Remuneration of Directors, Corporate Officers, and Corporate Auditors

The unfunded retirement benefit plan for directors and corporate auditors was abolished in the year ended March 2005, and starting in the year ended March 2006, compensation for directors and corporate officers consisted of a basic fixed portion and a performance-linked portion that fluctuated according to the attainment of performance targets and stock price in nearly equal proportion. Starting in the year ended March 2009, the Company revised its remuneration system based on the approach employed by European corporations of similar scale to further reduce the weight of the basic fixed portion and increase the weight of the performance-linked portion to about 60%, creating a remuneration system that provides greater incentive to achieve performance targets. The performance-linked portion consists of a bonus determined by annual consolidated performance as a short-term incentive, cash compensation based on the targets set forth in the three-year plan launched in the year ending March 2009 as a medium-term incentive, and stock options as a long-term incentive primarily focused on fostering a shared awareness of profits with shareholders. The design of this performance-linked remuneration system is intended to give directors and corporate officers a medium-to-long-term perspective, not just a single-year focus, and to motivate management to become more aware of Shiseido's performance and stock price.

External directors receive fixed basic remuneration only. They do not receive performance-linked remuneration since the emphasis is on their supervisory functions from a stance independent from business execution. Due to the nature of auditing, corporate auditors receive fixed basic remuneration only, to eliminate linkage with performance.

Shiseido sets appropriate remuneration levels to provide a reward when the company meets its performance targets based on comparisons with companies in the same

industry or of the same scale that have a high percentage of overseas sales. Basic remuneration is within the monthly remuneration limits decided by the General Meeting of Shareholders; all performance-linked remuneration, including bonuses, cash compensation as a short-term incentive, and stock options as a long-term incentive, is set by resolution at the General Meeting of Shareholders each year.

Remuneration to Directors and Corporate Auditors
(Year ended March 2009)

(Millions of yen)

| | Basic | Bonuses | Stock options | Total |
|-------------------------------------|-------|---------|---------------|-------|
| Directors (10) | 283 | 36 | 71 | 390 |
| External directors (2 of the 10) | 26 | — | — | 26 |
| Corporate auditors (6) | 96 | — | — | 96 |
| External auditors (4 of the 6) | 36 | — | — | 36 |
| Total | 379 | 36 | 71 | 486 |

Notes

1. Basic remuneration for directors was within the limit of ¥30 million per month as per resolution of the 89th Ordinary General Meeting of Shareholders (June 29, 1989). Basic remuneration for corporate auditors was within the limit of ¥10 million per month as per resolution of the 105th Ordinary General Meeting of Shareholders (June 29, 2005).
2. The above-noted amount for directors' bonuses was based on a resolution of the 109th Ordinary General Meeting of Shareholders held on June 24, 2009.
3. Above-noted amount includes remuneration of the following directors and auditor.
 - a. Remuneration to two retiring directors
Basic remuneration of ¥15 million from April through to June 2008 and stock options of ¥3 million were paid to two directors who retired as of the end of 108th Ordinary General Meeting of Shareholders on June 25, 2008.
 - b. Remuneration to one retiring corporate auditor
Basic remuneration of ¥3 million from April through to June 2008 was paid for one external auditor who retired as of the end of 108th Ordinary General Meeting of Shareholders on June 25, 2008.

Remuneration of Accounting Auditors
(Year ended March 2009)

(Millions of yen)

| Item | Amount |
|---|--------|
| Remuneration paid for services rendered as accounting auditors for the fiscal year under review | 152 |
| Total cash and other remuneration to be paid by the Company and its subsidiaries to their accounting auditors | 186 |

TOP > [Management Structures] Corporate Ethics

Corporate Ethics

Shiseido's corporate ethics activities aim to establish the company as a distinctive presence, one that is of use to and needed by people worldwide, through strict compliance with laws and regulations and by raising the value of Shiseido Group brands.

CSR Activities Based on *THE SHISEIDO CODE*:

THE SHISEIDO CODE is a set of specific corporate ethics and behavior standards that every employee should follow for realizing the Corporate Mission and THE SHISEIDO WAY (Corporate Behavior Declaration) and forms the basis of Shiseido's CSR activities. It provides behavioral guidelines aimed at forging a strong relationship of trust between stakeholders and the company. The content of THE SHISEIDO CODE is disclosed to the public via [the corporate website\(Japanese only\)](#).

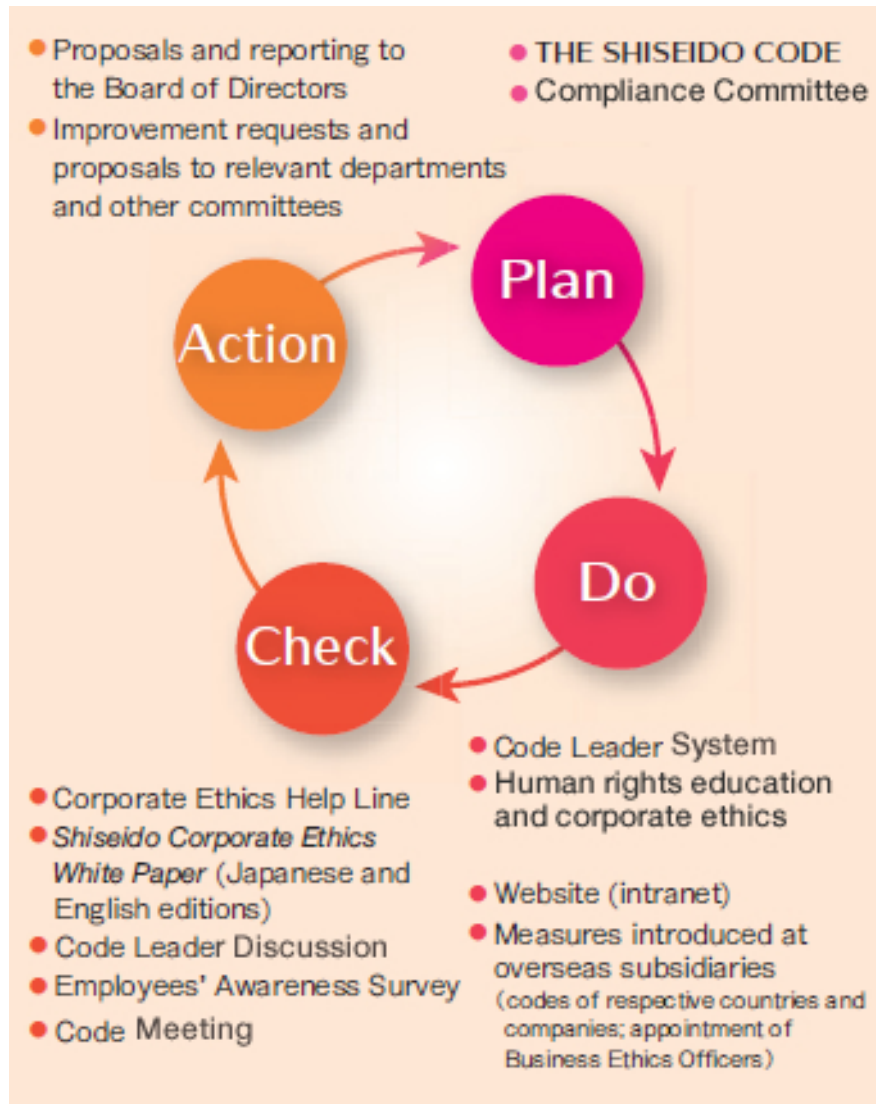
The Position of *THE SHISEIDO CODE*



THE SHISEIDO CODE

Corporate Ethics Activities Follow a PDCA Cycle

The Compliance Committee (established in 1997 as the Corporate Ethics Committee) plays the central role in promoting Shiseido's corporate ethics activities, and is appointed by Code Leaders at each domestic site and by Business Ethics Officers (BEOs) at overseas sites to facilitate the implementation of THE SHISEIDO CODE.



Code Leader Activities

Shiseido has placed about 500 Code Leaders in positions in all domestic divisions and worksites. Selected according to individual worksite characteristics regardless of position, gender, and age, these individuals create action plans for their worksites and conduct educational and training activities following the PDCA (Plan, Do, Check, Act) Cycle. The Company seeks to share information and utilize it in the formulation of action plans for the upcoming year by introducing examples of successful activities and annual reports on each worksite's initiatives in the *Code Letter* magazine and the *Shiseido Corporate Ethics White Paper*. The Company hosts informal gatherings where Compliance Committee members can meet with Code Leaders from around Japan as well as Code Leader Discussions where managers and Code Leaders from individual worksites can meet to improve communication, identify workplace issues, and help create a better workplace.

Code Leader activities in the fiscal year ended March 2009 revolved around the theme of "creating a company culture conducive to good internal communications."

Activities for the fiscal year ending March 2010 are currently underway in all domestic business locations under this year's theme focused on the "development of capable personnel and an appealing workplace."



A Code Leader Discussion
(held in November 2009)



Company poster introducing Code Leaders

voice

Promoting Reforms Unconstrained by Common Practices with the Aim of Realizing the Ideal Workplace

Osaka Factory
Code Leaders



Participation in Code Leader Meeting by General Manager, Administration Manager, Code Leaders and Sub Code Leaders of Osaka Factory (January 2010)

Various reforms are being promoted at the Osaka Factory. In addition to a shift toward working in a standing position for production activities (moving away from working in a sitting position) while firmly establishing 2S activities directed toward thoroughly eliminating all forms of waste, the working environment at the factory is undergoing a major transformation via breakthrough reforms that are unconstrained by common practices.

As a means of resolving various issues related to these changes, various activities are being developed centered on Code Leaders and Sub Code Leaders with the aim of developing capable personnel and an appealing workplace by gathering a broad range of opinions.

Human Rights Awareness and Corporate Ethics Training

To ensure that THE SHISEIDO CODE is followed at all levels of the organization, Shiseido requires all employees and directors to undergo human rights awareness and corporate ethics training at least once each year.

(1) Training for new Code Leaders (once a year)

These overnight group training sessions combine lectures by Company and outside instructors with participatory programs and are held to help trainees master the corporate ethics knowledge they will need as Code Leaders.

(2) Position-specific training (once a year)

Joint training targets directors, the Head Office Chief Officer and General Manager, presidents of affiliated companies, managers of overseas worksites, persons in charge of sales offices and new employees. Content includes an introduction to internal Company conditions as well as lectures by outside corporate ethics specialists and executives from other companies.

(3) Workplace-specific training for all employees (once a year)

Code Leaders serve as instructors for these programs in their workplaces. During the fiscal year ended March 2009, based on the theme of the "development of capable personnel and an appealing workplace," training was conducted to consider the "importance of communication" and "consideration for others" from the perspective of workplace communication.

Compliance with Japan's Whistleblower Protection Act and Corporate Ethics Help Line

In order to comply with the Whistleblower Protection Act passed in April 2006 and ensure that any illegal acts in the Company are resolved internally before they become serious, the Company is providing training for people in charge and distributing pamphlets to all employees as part of an effort to promote widespread knowledge of two entities for reporting (counseling) ethics concerns: the in-house Shiseido Consultation Office and the Shiseido External Consultation Office, which is located at a law firm. The Company also has created and publicized to employees a set of Shiseido Group Consultation Office Regulations setting forth an impartial means of investigating and resolving complaints and clearly prohibiting prejudicial treatment of whistleblowers (as well as individuals seeking advice).

The Shiseido Consultation Office welcomes individuals seeking advice on a wide range of topics, relating not only to THE SHISEIDO CODE but also to the Company's business and operations in general. The Office has worked to quickly resolve 206 inquiries in the year ended March 2009, bringing the total since April 2000 to 1,132. The Company also has distributed an Ethics Card to all employees, including employees dispatched from employment agencies.



Internal pamphlet
about the Shiseido Consultation Office



Ethics Card

Identifying Issues and Taking Steps to Implement Improvements

Shiseido has conducted an annual Employee Awareness Survey since 1998 in which participants are asked to respond to questions designed to gauge their attitudes toward their jobs and the Company, as well as the extent to which *THE SHISEIDO CODE* is followed. Results of the survey are applied to the Company's activities.

Although the survey has targeted only regular employees in the past, the scope was extended from fiscal 2007 to cover all employees, including temporary contract employees and employees dispatched from employment agencies, to reflect increasing diversity in the Company's employment pattern. Observation of *THE SHISEIDO CODE* continues to steadily improve with each passing year. Looking to the future, Shiseido will work to energize the company culture to improve items related to workplace culture and how employees go about doing their jobs.

Reviewing Internal Rules Governing Gift Exchanges and Business Entertainment

In order to promote fair and transparent transactions with business partners such as suppliers and customers, THE SHISEIDO CODE allows gift exchange and business entertainment practices as required, so long as they fall within socially appropriate bounds. This approach was further clarified with the adoption in 1998 of a set of operational standards for individual departments and affiliates in the form of the "Internal Regulations for Gift Exchanges and Business Entertainment." The Company has since worked to implement those rules.

Responding to increased social awareness of the need for fair and transparent transactions in recent years, the Gift Exchange and Business Entertainment

Subcommittee of the Compliance Committee capped a lengthy investigation into the matter by reviewing the Company's regulations by confirming their continued suitability and has further undertaken measures in the fiscal year ended in March 2008 to strengthen its associated management structures. In addition to introducing new rules in the form of Gift Exchange Expenditure Authority Guidelines and a reporting requirement for employees receiving gifts or being treated to business entertainment, the subcommittee reviewed department- and affiliate-specific Gift Exchange and Business Entertainment Guidelines.



Company poster informing employees about the review of gift exchange and business entertainment policy

Initiatives Related to the United Nations Global Compact

In September 2004, Shiseido announced that it was joining the United Nations Global Compact, declaring that it would voluntarily work to solve problems and create an international framework for realizing a sustainable society.

As a specific example of our initiatives in this area, in March 2006 we adopted the *Shiseido Group Supplier Code of Conduct*, a series of standards governing Shiseido procurement activities, based on the Global Compact's ten principles *. In this way, we have joined our business partners in making a commitment to society to pursue procurement activities based on high ethical standards.

In the area of human rights, we continue to pursue initiatives in the context of our own corporate activities. In addition, we joined the CEO Statement, an initiative launched by the Global Compact on the 60th anniversary of the Universal Declaration of Human Rights in December 2008, as part of our program of support for the Global Compact. The statement declares to the world, "We also reiterate our own commitment to respect and support human rights within our sphere of influence. Human rights are universal and are an important business concern all over the globe."

In the area of environmental activities, we have announced our participation in Caring for Climate, a climate change initiative also being spearheaded by the Global Compact. In addition to striving to protect the environment in our own business activities, Shiseido is committed to offering support for, and actively participating in, international initiatives to address climate change.



Declaration of participation in the United Nations Global Compact's Initiative on Climate Change



United Nations Global Compact

Proposed by then-United Nations Secretary General Kofi Annan in 1999 at the World Economic Forum (a conference held in Davos, Switzerland), the United Nations Global Compact is a set of voluntary principles of action that are upheld by corporations, international labor organizations, and civil society. Participating organizations are required to support and practice ten principles* in the four areas of human rights, labor, the environment, and anti-corruption, thereby contributing to more sustainable and comprehensive growth of the world economy. Approximately 7,760 organizations worldwide (as of October 2009) have declared their support of and participation in the United Nations Global Compact.

For more information, see
<http://www.unglobalcompact.org/>

*Ten principles of the Global Compact

Participant organizations of the Global Compact are asked to embrace, support and enact, within their sphere of influence, internationally approved principles in the areas of human rights, labor standards and the environment. While respective companies pursue their businesses, the aim of the Global Compact is to actively promote changes in the world through ensuring that these principles are abided by and implemented accordingly. There are currently 10 principles including a principle related to anti-corruption, which was added in June 2004.

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labor standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective

bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Source: United Nations Information Center (UNIC) website

Risk management at Shiseido

To address company-wide risk and implement preventive measures for specific risks across businesses and departments, Shiseido has created a Risk Coordination Subcommittee and liaison meeting of departments in charge of handling risk under the Compliance Committee, which is taking company-wide control of all risks and compliance related to corporate activities. The subcommittee advances a variety of measures to prevent risk and deals with manifest risk on a variety of levels through task forces, action projects and response teams.

The Company's approach to risk management is founded on a policy of fulfilling social responsibility by minimizing the effects of any manifest risk. We seek to the best of our ability to prevent the occurrence of any social loss and act in a responsible manner so as to contribute to society, thereby increasing our corporate value.

■ Business Continuity Plan and Employee Earthquake Manual detailing action to be taken in the event of a major earthquake or the outbreak of a virus.

Shiseido has established a Business Continuity Plan (BCP) spelling out how important operations would be restored and carried on in the event of a major earthquake, in a manner that would allow it to minimize damage and resume operations at the earliest possible opportunity. The Company also compiled and distributed to all employees a pamphlet entitled *Earthquake! What Should You Do?* to provide an earthquake safety action manual for employees as well as the *New Strains of Influenza Countermeasure Manual* for employees. Designed to increase employee awareness, the publication features standard instructions for actions to be taken by employees in the event of such assumed risks, enabling employees to respond calmly under these circumstances.



Employees action guidelines for New Strains of Influenza Countermeasures



New Strains of Influenza Countermeasure Manual (Front cover)



New Strains of Influenza Countermeasure Manual (Contents)



Earthquake safety action manual

TOPICS

Shiseido Wins the 2009 Integrity Award Grand Prize and Delivers Integrity Award Grand Prize Recipient Address

On March 17, 2009, Shiseido received the 2009 Integrity Award Grand Prize at an award ceremony held by the Integrity Award Council. The award recognizes companies with exceptional internal control and compliance systems that pursue advanced initiatives.

Shiseido was selected by the Council from 13 candidates for the award, from a shortlist of companies that were initially selected from the 744 corporations that responded to the 8th IntegreX Survey on Company Integrity and Transparency (Morality and Social Responsibility). The survey was sent out during the second half of 2008 to each of Japan's 3,891 publicly-held companies. In selecting Shiseido to receive this award, the Council pointed to the explicit commitment to social responsibility on the part of the company's management, and efforts to clearly state its stance on related issues to stakeholders by articulating and making publicly available its corporate mission, The Shiseido Way (a corporate behavior declaration), and The Shiseido Code (a corporate ethics code of conduct). Shinzo Maeda, President & CEO, Shiseido Company, Limited, attended the ceremony, where he accepted a letter of commendation and commemorative gift on behalf of the company. After the award ceremony, President Maeda delivered an address entitled "Corporate Ethical Compliance at Shiseido" from the company's perspective as a winner of the Integrity Award Grand Prize. The audience of nearly 170 attendees included organizational sponsors and representatives responsible for internal control systems in their companies.

A summary of Address by Shinzo Maeda, President & CEO, Shiseido Company, Limited, follows:

I am grateful for the privilege of receiving this award and sobered by the honor. In order to fulfill its corporate mission of "We seek to identify new, richer sources of value and using them to create a beautiful lifestyle," Shiseido maintains mechanisms for pursuing its operations based on The Shiseido Way, a declaration of behavior that we have made to all stakeholders, and The Shiseido Code, a corporate ethics code of conduct that all employees must observe. We have also placed Code Leaders in all domestic workplaces, where they lead efforts to ensure that our operations are rooted in ethical compliance. Other means by which we strive for transparency in the area of corporate ethics include an employee satisfaction survey for all employees once a year; multiple reporting and counseling entities, including outside attorneys, geared to facilitate the early discovery and resolution of ethical irregularities; and efforts to ensure transparency and diversity in our management.

However, we believe that more important than creating mechanisms such as these is our employees' desire to do what is right for the company and their pride as Shiseido employees. For more than 30 years, Shiseido has offered Beauty Seminars at facilities for senior citizens and individuals with disabilities as a way of practicing its corporate message of "This moment. This life. Beautifully." I've been participating in that program myself since last year, and starting in April, all employees will participate. We believe these activities help spread an awareness of our mission and engender a sense of ethics by giving employees a chance to experience the deeply revitalizing effect that cosmetics can have on people's emotional well-being, share an understanding of Shiseido's social significance, and gain new motivation for their work. Going forward, we are committed to living up to this award by continuing to fulfill our social responsibilities.



Council chairman Eisuke Nagatomo (left)
and Shiseido President Maeda Shinzo (right)
at the award ceremony



Giving the Integrity Award
Grand Prize Recipient Address
"Corporate Ethical Compliance at Shiseido"

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TOP > [Activities that take advantage of Shiseido's core business]

Activities that take advantage of Shiseido's core business

Since its founding, Shiseido has sought to harness the results of its accumulated beauty-related research for both products and services to help each and every customer achieve the beauty they desire through a process of physical and emotional enrichment. In particular, we have actively worked to support improvements in quality of life (QOL) by providing our distinctive beauty products and services to individuals with certain skin, physical and emotional concerns.

Providing makeup advice to individuals with serious skin concerns

<http://www.shiseido.co.jp/slqc/> (Japanese only)

These activities are geared to help beautify both the skin and hearts of customers who are deeply concerned about their skin, helping to improve their quality of life by providing optimal products and beauty techniques.

Until now, Shiseido has worked in partnership with medical institutions to provide makeup advice for customers with skin disorders or scarring, while developing Perfect Cover Foundation, a product specifically designed to conceal birthmarks and other blemishes. In June 2006 we opened SHISEIDO LIFE QUALITY BEAUTY SEMINAR in our head office building in Tokyo's Ginza district to further broaden these activities. Staff members who have undergone a special program of on-the-job training and practical training at medical institutions help people with concerns about skin color due to birthmarks, vitiligo<*>, skin irregularities, and other conditions by providing free-of-charge makeup advice and instruction in how to conceal blemishes with cosmetics. Available by appointment only, services are provided in a private setting so that customers can relax and learn with peace of mind. Individuals who have visited the Center describe how they have a new sense of confidence and hope and speak of how they look forward to enjoying cosmetics now that they know how to conceal blemishes in an attractive way.

Business partners and medical institutions around Japan who have been trained in the Center's techniques have been introducing their customers and patients.

(As of January 31, 2010, there were 365 organizations participating in this program.)

*Vitiligo is an acquired skin condition characterized by pigment loss causing white areas in the hands, feet, and other areas. Its cause is unknown.



Customers receive makeup advice in the clean, relaxed setting of a private room.



Shiseido's Perfect Cover Foundation series is an effective way to address skin color concerns and cover skin irregularities.

voice

Makeup Advice Working in Partnership with Conventional Treatment

Dr. Ayako Ikejima
Assistant Professor
Department of Dermatology, Juntendo University School of Medicine



The number of options available for the treatment of vitiligo has increased considerably. Nonetheless, it's by no means unusual to encounter cases where patients have been forced to discontinue treatment because they are dissatisfied with the results or find that it takes an excessive toll on their skin. In such cases, I believe that makeup plays an extremely important role as a complement to medical skin care. Although it lacks subjective symptoms such as itchiness and pain, vitiligo poses significant beauty-related challenges, and many patients experience significant psychological stress as a result. Makeup is not a fundamental mode of treatment, but I believe that it does provide an important option by virtue of its ability to improve patient quality of life. The joyful reaction of the patients I've introduced to SHISEIDO LIFE QUALITY BEAUTY CENTER, where they can receive makeup advice from professionals, is a testament to the efficacy of the therapy makeup approach. I think it's wonderful that the makeup advice offered by the Center is also available at other stores nationwide.

Activities That Inspire Joy in Customers

Keiko Nishiyama
Owner, NISHIKI (Yamanashi Prefecture)



When you meet a customer through the makeup advice program who is deeply concerned about their skin, you can sense their heartfelt joy. A customer with an angioma on her face to whom I introduced Perfect Cover Foundation told me with tears of joy in her eyes, "I love how easy it is to conceal my birthmark. Until now I've always envied people that could freshen their makeup at work or while they're out and about. I couldn't do that before, but now I can. It's like a dream come true." When a customer discovers that she has become more beautiful, her joy is contagious, and you can't help but smile along with her. I'm looking forward to valuing each and every customer that visits my store and working hard to bring them this joy.

TOPICS

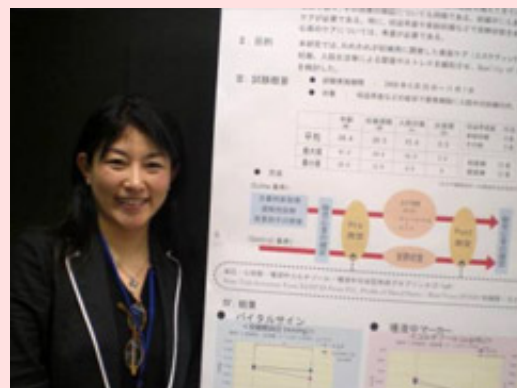
Presentation of "Effects of Beauty (Esthetic) Treatment for Pregnant Women in Hospitals" at the Joint Conference of 5 Societies from the Psychosomatic Medicine Field in Japan

On June 6-7, 2009, the 1st Joint Conference of 5 Societies from the Psychosomatic Medicine Field in Japan took place at the Tokyo International Forum. The conference was held for the first time in Japan as a joint conference of five academic societies, including the Japanese Society of Psychosomatic Medicine, Japanese Society of Psychosomatic Obstetrics and Gynecology, Japanese Society of Psychosomatic Pediatrics, Japanese Society of Psychosomatic Dentistry and Japanese Society of Psychosomatic Internal Medicine, with the aim of further spreading psychosomatic medicine in Japan through active interaction among the respective five academic societies.

During the joint conference, Shiseido presented its joint research results with Aiiku Hospital regarding the "effects of beauty (esthetic) treatments for pregnant women in hospitals." Pregnant women are frequently experiencing various unpleasant symptoms, and those who are forced to rest and stay in the hospital particularly experience major anxiety and stress and require mental and physical support from all angles. To this end, Shiseido developed esthetic treatments for pregnant women, and subsequently carried out these treatments for pregnant women at a hospital and discussed its effects under the supervision of doctors, midwives and medical staff. As a result, a decrease in systolic blood pressure and increase of salivary S-IgA (immunity index in saliva) became evident along with improving pregnant women's emotional state and reducing their anxiety. This suggests the possibility of enhancing the quality of life (QOL) of pregnant women in hospitals through alleviating the strain and stress arising from factors such as pregnancy and hospital stays. Shiseido staff members were able to exchange opinions with various people after the presentation including doctors of obstetrics and gynecology and psychosomatic internal medicine. Shiseido will continuously undertake efforts to improve QOL through further promoting in-depth research to support the various concerns of many people, including pregnant women, as well as the elderly and cancer patients, through the power of cosmetics.



Listening to research presentation at the joint conference



Presenter Ms. Maki Shirato and presentation panel

Cancer Charity Event Relay for Life

Relay for Life was initially launched in the United States as a campaign to heighten awareness of cancer with the aim of creating a society in which people are not afraid of this disease.

Cancer patients and their families as well as their supporters form teams and take turns promoting cancer prevention to society. Additionally, donations collected by individuals or each team for cancer prevention are donated to help support patients via the Japan Cancer Society. In Japan, *Relay for Life* began in 2006, and Shiseido has since been participating the event annually to support cancer patients and their families.

On September 12-13, 2009, *Relay for Life* was held in the Tohoku region for the first time at the Tohoku Electric Power Natori Sports Park Medeshima Stadium in Natori City, Miyagi Prefecture. In this event, a total of 15 Shiseido employees from Kita Nihon Sales Division within the Tohoku branch office of Shiseido Sales Co., Ltd. and Social Affairs and Consumer Relations Department of the Head Office formed a team and walked as well as provided additional support through offering beauty care services.

With regard to beauty care, various services such as makeup application, manicures and hand and foot massages were made available at ¥500 each with proceeds donated to the cause. Shiseido employees were delighted to hear, "Let's try again and take another walk!" from people who came in feeling tired and gained their energy after receiving treatment. Approximately 500 people participated the event, which was less than expected due to a short preparation period after the decision was made on short notice for holding the event; however, we were able to offer beauty care to 47 people and present donations amounting to a total of ¥38,850 including contributions, which were collected in advance, to Relay for Life Japan 2009 in Miyagi.

Additionally, comments were received from Shiseido employees who participated in the event for the first time such as, "I would be glad, if in even the slightest way, I was able to support social contribution activities directed toward curing cancer," "I was able to help local members by participating in regional activities," and "I hope to keep up the spirit and participate the event again next year." As we are in an era in which cancer is said to affect all people, we would like to support such activities, hoping these efforts will become ingrained in local communities.



Shiseido team



Shiseido employees conducting beauty care activities



Presenting collected donations.

Shiseido Holds Smile Seminar for Cancer Patients and Survivors to Create Smiles through Cosmetics

On February 10, 2009, Shiseido held a Smile Support Beauty Seminar sponsored by the Japan Cancer Society. Smile Seminars are part of the Smile Fund program. This program has been working to conquer breast cancer primarily through educational activities geared to encourage early detection, for example, by helping fund purchases of breast cancer screening equipment and airing television commercials designed to increase breast cancer awareness. This seminar has also been offering free consultation regarding cancer as part of its initiatives to support patients; however, the seminar held at this time marked the first time in which the program has set out to assist patients from the perspective of "beauty treatment."

The SHISEIDO LIFE QUALITY BEAUTY CENTER offered across-the-board cooperation by providing advice on makeup application techniques to address patients' treatment-related beauty concerns (skin dullness due to chemotherapy, the loss of eyebrows and eyelashes, etc.). In the end, all 18 participants were smiling when the time came to go home. The day was also meaningful for Shiseido staff, who plan to use the beauty-related concerns and challenges described by participants to improve future activities. Shiseido looks forward to redoubling its research efforts and working to provide even better advice to individuals with skin concerns



Smile Support Beauty Seminar

Participants in the seminar, which was divided into courses about techniques for covering skin color and drawing eyebrows and eyelashes, watched with serious expressions as staff from the LIFE QUALITY BEAUTY CENTER offered advice and gave demonstrations.

SHISEIDO LIFE QUALITY BEAUTY SEMINAR

The SHISEIDO LIFE QUALITY BEAUTY PROGRAM seeks to improve quality of life (QOL) through cosmetics and beauty care technologies for individuals with skin, emotional, or physical concerns.

The program includes the SHISEIDO LIFE QUALITY BEAUTY SEMINAR, a series of free beauty seminars conducted locally throughout Japan for people including senior citizens and persons with disabilities to help them enjoy healthier and more fulfilling lives.

Currently, Shiseido personnel visit various welfare facilities, including those for the elderly and persons with disabilities as well as relief and rehabilitation facilities<*> to conduct a total of around 2,200 seminars for approximately 36,000 people each year. The seminars provide basic information about beauty care and cosmetics use, allowing participants to gain firsthand experience of skin care and makeup techniques. These events are open to individuals without regard to gender or age, and give numerous participants a chance to enjoy fellowship with one another through communication and cosmetics.

Shiseido is already involved in similar activities that respond to local needs in overseas locations, and we plan to expand our domestic initiatives to countries worldwide in the coming years.

*Relief and rehabilitation facilities

Relief and rehabilitation facilities are facilities for helping young people who have unfortunately committed crimes due to neglect and other reasons at home to live independently through providing guidance and support to enable them to return to and become sound and healthy members of society. There are approximately 100 relief and rehabilitation facilities nationwide, which are operated as public corporations upon receiving approval from the Minister of Justice based on the Offenders Rehabilitation Services Act.



Activities at a nursing home undertaken in Singapore



Activity at a medical facility in Germany

■ Comments from Persons in Charge of Facilities Where Events Were Held

voice

Holding of Cosmetic Lessons

Muryo Jukai Social Welfare Corporation
Coordinator Nin Enokida



Cosmetic lessons conducted by members of Shiseido bring us new sense of excitement each time. The expressions of senior citizens at Muryo Jukai change by simply applying lipstick, and they show us wonderfully happy faces we have not seen before. One lady smiled and commented, "I love the fragrance of cosmetics." This made me think that she must have a wonderful memory associated with cosmetics.

I would like to thank the many Shiseido volunteers who added warmth and brightness to the New Year's party, summer festival and respect-for-senior-citizens ceremony. I think those who were able to dress up for the festivities were extremely delighted.

I hope Shiseido will continuously introduce us to new trends.

Holding of Beauty Seminar

Women's Halfway house in Tokyo
Guidance Officer Junko Fukuda

A beauty seminar was held as a "makeup lesson for creating a favorable impression" thanks to the cooperation of Shiseido members. Since everyone at the facility participated, this suggested an overall strong interest in beauty. I was truly glad to see the lit-up expressions of participants. At our facility, guidance and support as well as various treatment programs are implemented to prevent the recurrence of crimes as a means of helping women to gain independence. Many of these women have experienced abuse by their families during their childhood or are the victims of domestic violence. As a result, they have lost confidence and have negative images of themselves. In this respect, I hope that women in this facility can have a greater self-awareness through this seminar and become capable of expressing themselves, thereby gaining the confidence to live normal lives in society.

TOPICS**SHISEIDO LIFE QUALITY BEAUTY SEMINAR Continuously Being Held in China**

The SHISEIDO LIFE QUALITY BEAUTY SEMINAR, a program that was initially launched in 2009 at a facility for persons with disabilities in Shanghai, is continuously being held along with expanding to areas including Beijing as well as facilities for the elderly. This seminar enables participants to experience "techniques for applying cosmetics" and also provides "the latest cosmetics information and skin care and makeup techniques that can be done by oneself."

We received delightful comments from a participant's mother, who said, "I have never seen my daughter so beautiful. Not only did her face become more beautiful, but I also felt that her heart became beautiful in seeing her smiling face. As a mother, I was so impressed." Additionally, Shiseido's local staff also commented, "As I assisted in the beauty treatment, I found that the expression of participants became brighter. I sensed this and I felt as if my mind also became pure and beautiful." /p>

Shiseido will continuously undertake efforts to improve quality of life (QOL) for people everywhere through beauty and cosmetic techniques.



Providing makeup advice at a facility for people with disabilities in Shanghai



Materials translated into Chinese for the seminar

■ History of Beauty Seminars at Shiseido

Beauty seminars are held by Beauty Consultants from worksites nationwide. They began in 1949 with a special beauty class that taught students planning to graduate from high school how to use cosmetics properly, in order to maintain an appearance appropriate for an adult. The program was renamed as a cosmetology class and eventually became the current Shiseido Beauty Enhancement Seminar, which is actively held at companies, organizations, schools, and other groups nationwide.

SHISEIDO LIFE QUALITY BEAUTY SEMINARS for senior citizens and persons with disabilities are spreading like a grass-roots movement. The benefits of cosmetics are also currently receiving attention in the medical community in the form of “makeup therapy,” a process in which cosmetics play a useful role in creating a positive outlook in patients, motivating them to complete their physical therapy, and enriching their interaction with society.

In an effort to realize "This moment. This life. Beautifully." based on a desire for "making all people beautiful," each year Shiseido holds approximately 3,900 beauty seminars (SHISEIDO LIFE QUALITY BEAUTY SEMINAR and Shiseido Beauty Enhancement Seminars), in which approximately 84,000 customers participate nationwide.

■ Shiseido Beauty Volunteer Program

Demand for Beauty Seminars for persons with disabilities and senior citizens increases with each passing year. To accommodate the high level of interest in this program, we introduced Shiseido Beauty Volunteer program in 2000 for Beauty Consultants who have retired from Shiseido.

Under this program, respective business offices recruit and register former members of Shiseido who are interested in volunteering as Beauty Volunteers, with approximately 380 persons having registered as of December 2009. These Beauty Volunteers participate in SHISEIDO LIFE QUALITY BEAUTY SEMINARS held at nearby facilities for senior citizens, persons with disabilities and individuals with emotional issues.



A Beauty Seminar held at a nursing home in Kagoshima City, Kagoshima Prefecture.

■ Shiseido Beauty Supporter System

SHISEIDO LIFE QUALITY BEAUTY SEMINARS are organized by respective business offices nationwide and are promoted by members, centering on Beauty Consultants. From April 2009, initiatives were taken to strongly appeal to directors and staff members to take part in these seminars and the Beauty Supporter System was newly established to enable many employees to participate. As of December 2009, 873 employees have taken part in the program. By participating in the seminars, employees are gaining a new understanding of the power of cosmetics and beauty treatments while also offering an opportunity for society and Shiseido to coexist harmoniously.



President Maeda (left)
and Vice President Iwata (right)
participating in the seminar



Participating in the seminar at the
Saganoseki Hospital in Oita Prefecture

■ Comments from Beauty Supporters

voice

After participating in a seminar for visually impaired persons

Although it was the first time for me to participate in the SHISEIDO LIFE QUALITY BEAUTY SEMINAR program, I realized that the smiles I saw during the seminar were the true value of the power of cosmetics. It is not just about giving advice on how to use makeup, but rather, I realized that it is also about conveying this information in a sincere manner. By taking part in the seminar, I felt the power of the smiling faces of participants.

After participating in a seminar for senior citizens

At the beginning, one woman who said that "I am okay with just watching" actively participated as the seminar progressed, and it was heartwarming to see everyone's delighted smiling faces and hear their words that "I truly look different from usual" and "I became beautiful." Although I don't directly come in contact with customers in my daily work, I would like to keep in mind the idea of "making customers happy," which I learned through this experience.

TOPICS

Cooperating in Teaching Beauty Techniques at the Comprehensive Welfare Equipment Exhibition "Eye Festa 2009 in Wakayama" for Visually Impaired Individuals

On July 26, 2009, Eye Festa 2009 was held at the Wakayama City Fureai Center in Wakayama, Japan. Eye Festa is a regional event organized at the respective branch offices of the Japanese Retinitis Pigmentosa Society (JRPS), in which comprehensive welfare equipment for visually impaired individuals is exhibited and consultation in areas including medical, daily life and beauty is provided. In cooperation with this event, Shiseido held a SHISEIDO LIFE QUALITY BEAUTY SEMINAR as part of its beauty contribution activities upon receiving a request to participate in the event from the JRPS Wakayama Branch Office.

Eye Festa 2009 in Wakayama was organized under the theme of establishing treatment methods for retinitis pigmentosa and aiming to improve the quality of daily life for those with the disorder. In relation, organizers from the JRPS Wakayama Branch Office said that "Despite having a visual impairment, a person wants to act positively and women specifically want to wear beautiful makeup."

Shiseido hopes to support individuals who have certain skin concerns or psychological or physical stress through the power of cosmetics. This seminar was part of such initiatives. Additionally, Shiseido has established and has been promoting a program to enable the president, directors and employees as possible to participate in these types of seminars as an opportunity to reconfirm the "power of cosmetics." For this event, employees of Shiseido Sales Co., Ltd.'s Kinki Branch Office offered advice on suitable colors and application methods according to individual participants based on the theme "feeling positive through makeup."

A total of 14 persons participated the morning and afternoon sessions of the seminar. During the sessions, participants looked at themselves using a magnifying glass and were happy to see their faces with makeup. Also, they were extremely pleased and could not resist smiling as one of the guides providing assistance said to the participants, "Your complexion became brighter when you applied foundation!" and "That lipstick suits you really well!" Employees who participated in the seminar were encouraged by the power of cosmetics from the moment participants showed their pleasure and smiles lit up their faces.



Participants at the "feeling positive through makeup" seminar

TOP > [Initiatives with Stakeholders]With Our Customers

With Our Customers

Our wishes for our customers' beauty, health, and happiness are shared by all employees and lie behind every product and service we offer. We are proud to work with customers to realize the beauty of every individual.

100% Customer-oriented Manufacturing

Manufacturing Cosmetics that Can Be Used with Safety and Peace of Mind

Product research and production at Shiseido are designed to create products that customers can use with confidence and peace of mind. Based on our belief that correct knowledge of the skin is critical, the cosmetics development process starts with intensive research into skin structure conducted in collaboration with Japanese and overseas dermatologists, universities, and other research institutions utilizing state-of-the-art technology from a broad range of disciplines related to cosmetics (including the life sciences, dermatology, surface science, ergonomics, and psychology). Then ingredients are thoroughly investigated for impurities and other substances that might adversely affect the skin, and only those of unquestionable safety are selected for use. Finally, we conduct patch tests and dermatologist-supervised trials to ensure that the resulting formulations will be free of problems when used in products.



■ Manufacturing Stage: Strict Standards

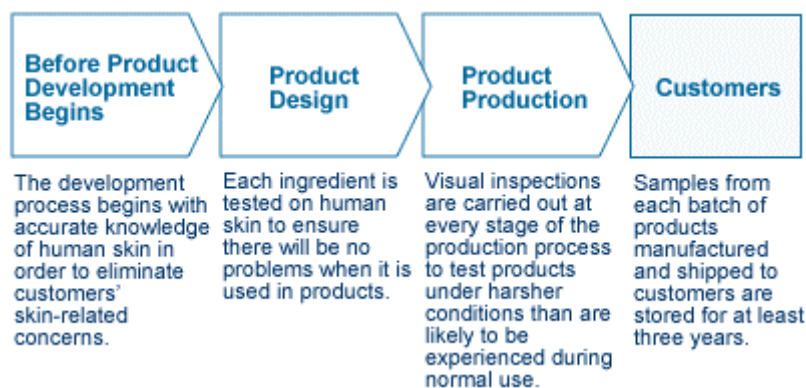
During product manufacturing, Shiseido establishes strict standards with regard to hygiene, manufacturing and product quality at its factories. Personnel, working under hygienically controlled conditions, use clean facilities and manufacture products while conforming to stringent manufacturing guidelines. In addition to verifying products through implementing respective inspections during and after the manufacturing processes, Shiseido conducts sensory tests to check smell, color and usability, thereby ensuring that there is no uncomfortable feeling for customers when using products. Sensory testing is an inspection carried out by internally qualified inspectors, whose senses (vision, smell, touch) are relied upon to make judgments. Products that have passed such quality checks are then shipped and delivered to customers. Additionally,

we are also checking the quality of our products by storing product samples for five years after shipment.

■ Safety, Backed Up by Data

When treating patients with dermatitis (rash) suspected to have been caused by cosmetics, dermatologists attempt to track down the cause of the condition by conducting patch tests with the cosmetics used by the patient, as well as their ingredients. Statistical data summarizing the rate of positive results for these patch tests for individual manufacturers can be interpreted as an indicator of the effectiveness of those companies' safety assurance programs. Published reports show that the rate of positive results for Shiseido cosmetics is the lowest of all domestic and overseas cosmetics manufacturers*, and that a high level of safety is maintained.

* From Fujimoto et al., "Patch Test Results in 492 Patients of Suspected Cosmetic Dermatitis (1996 to 2000)," *Environmental Dermatology*, Vol. 9, No. 53-62, 2002



■ Initiatives in Healthcare Products

Shiseido also promotes a 100% customer-oriented approach to the manufacture of healthcare products.

At Shiseido, state-of-the-art technology plays an important role in the commercialization of beauty, health and pharmaceutical products like The Collagen, which is gaining customer support as a patented beauty product, and Aperio, a pioneering beauty drink that has inspired a dedicated following for more than 20 years.

We've also made social contributions in the area of food products, for example with Fine Rice, which was launched in 1991 for individuals with rice allergies as Japan's first specified health food. The product employed technology for eliminating allergens from rice germ and was sold for 16 years until 2007, when alternative technologies became available.

We pride ourselves on manufacturing healthcare products that our customers can consume with confidence and peace of mind by following GMP standards developed for pharmaceuticals or Shiseido standards at every stage of the manufacturing process, from ingredient selection to commercialization and production.

As with our cosmetics, the ingredient selection process involves gathering information from around the world and checking data describing site conditions, soil quality, residual pesticides, and other characteristics so that we can use only ingredients that inspire peace of mind. In commercialization and production, we maintain systems capable of maintaining a stable supply of high-caliber, high-quality products by observing internal Shiseido standards as well as HACCP^{*2}, ISO 9000, ISO 22000, GMP, and other industry standards and guidelines.

In all of these initiatives, we are not satisfied to rest on our accumulated experience, but rather continuously strive to develop safe and original products while gathering the latest health information and applying state-of-the-art technologies. To this end, our research, product development, and beauty services departments cooperate and regularly exchange information.

*1 GMP: Good Manufacturing Practice. Quality control standards for pharmaceuticals and other products developed by the Minister of Health, Labour and Welfare in accordance with Japan's Pharmaceutical Affairs Law.

*2 HACCP: A technique for controlling food product hygiene developed in the 1960s in the United States to ensure the safety of space rations used by astronauts.

Communicating with Customers

In addition to moving beyond the retail outlets that comprise our most common point of contact to seek out the opinions and desires of our customers, we are promoting two-way communication as a way to provide a range of information about products and beauty.

Customer Center

<https://www.shiseido.co.jp/corp/customer/guide/index.html> (Japanese only)

The Shiseido Customer Center solicits opinions from customers throughout Japan by a variety of means including toll-free calls, letters, and email. The Center processes some 190,000 contacts on a broad range of subjects each year, including questions about how to use or choose products, opinions and requests for products, and responses to advertisements.



The Shiseido Customer Center



Company newsletter featuring the Shiseido Customer Center

■ Frequently Asked Questions (FAQ)

<https://www.shiseido.co.jp/corp/faq/index.asp> (Japanese only)

We grouped together answers to some of the most common questions we receive from customers in a Frequently Asked Questions document (FAQ) and made it available on [the Shiseido website\(Japanese only\)](https://www.shiseido.co.jp/corp/faq/index.asp) in February 2008.



Shiseido Website

<http://www.shiseido.com/> (global)

Shiseido provides extensive product, beauty, and company information on [its website\(Japanese only\)](http://www.shiseido.com/), reflecting efforts to create appealing content and administer the site in response to customers' desires and needs.

Additionally, the [Shiseido Global website](http://www.shiseido.com/) is also available through three carriers, iMode, EZweb and Yahoo! Mobile.

[Shiseido Net members \(Japanese only\)](http://www.shiseido.com/) receive various exclusive service offers including participation as monitors, application to receive complimentary product samples and viewing of "my page" with personalized information.

Additionally, subscription to email magazines including Shiseido News (Japanese only) packed with a variety of the latest information is also available.



Shiseido website

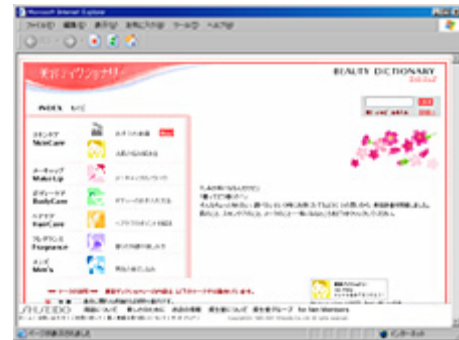


Shiseido global website

■ Beauty Dictionary

<http://www.shiseido.co.jp/beauty/dictionary/> (Japanese only)

The online Beauty Dictionary(Japanese only) is a helpful resource for individuals wanting to know more about beauty. It contains theoretical explanations related to beauty, basic instructions for using cosmetics, and information about makeup techniques and skincare methods. Videos make content more accessible.



■ Listener's Cafe

<http://www.shiseido.co.jp/listener/html/> (Japanese only)

Shiseido's Listener's Cafe provides the audio equivalents of content such as beauty information and basic cosmetics knowledge for visually challenged individuals. Other offerings include A Time for Beauty, a wide-ranging compilation of information about beauty, trends, fashion, and health published quarterly on CD and donated by the Company to 100 Braille libraries throughout Japan.



We've also made this report easier to use by making detailed information about the products it mentions immediately accessible.

Shiseido Nationwide Beauty Enhancement Seminars Centering on Shiseido Net Members

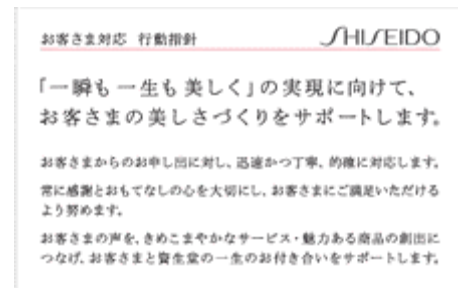
Since 2005, Shiseido has been holding Shiseido Nationwide Beauty Enhancement Seminars, which are carried out in conjunction with various measures, concurrently at business locations throughout Japan to provide Shiseido Net Members with the latest beauty information and also allow them to experience new products. To date, over 45,000 customers have participated. The online registration process gives priority to customers who have registered as Shiseido Net Members.



Note: Registration is available through such channels as select store locations and via local media.

Initiatives to Share Customer Feedback Internally and Utilize It in Company Activities

Shiseido uses feedback from customers as a compass to guide its corporate activities and to create more satisfying products and services. Our Consumer Information Center accepts suggestions and feedback from customers and plays a central role in navigating the corporate organization to ensure that this valuable resource is reflected in a variety of activities designed to create joy on the part of customers.



Customer Service Code of Conduct

We adopted a Customer Service Code of Conduct in fiscal 2006 to ensure that the Center's daily efforts to respond in good faith serve to foster trust and meaningful relationships with the Company, and we continue to work to improve the quality of our communication with customers.

In order to deepen our understanding of customers and to reflect their input in our efforts to improve and develop more satisfying products and services, we are working to implement a program of customer information management that seeks to collect customer feedback via a variety of sources and methods, including the Shiseido Customer Center.

Collecting Customer Feedback

Shiseido gathers customer feedback through a broad range of methods and puts it to work in developing a deeper understanding of its customers.

■ Collecting Customer Feedback from Retail Outlets (Mobile Handsets)

Based on a belief that spontaneous reactions at retail outlets signal customers' true feelings, Beauty Consultants collect 130,000 instances of customer feedback each year on the sales floor using special mobile handsets. The system enables authentic customer reactions to the Company's marketing activities to be shared companywide within one day of being entered on the handsets.



Special mobile handset used by Beauty Consultants

■ Collecting Customer Feedback from Surveys and Internet Monitors

About 10,000 survey participants and Internet Monitors are selected from customers who have registered to become [Shiseido Net members\(Japanese only\)](#). In addition to having these individuals respond to our proprietary survey system, we use feedback gained from monitor surveys and other means of two-way communication in product development, and to help improve customer service.

■ Website Soliciting Customer Suggestions (Idea Garden)

http://www.shiseido.co.jp/netclub/idea_garden/index.asp (Japanese only)

Shiseido added an area where visitors can submit ideas and suggestions to its website in April 2008. Solicitations are limited to users of My Page on the Shiseido website (Japanese only), but are publicized widely. Voting by all website visitors helps the Company understand customers' expectations and reflect them in its corporate activities.



Analyzing Customer Feedback

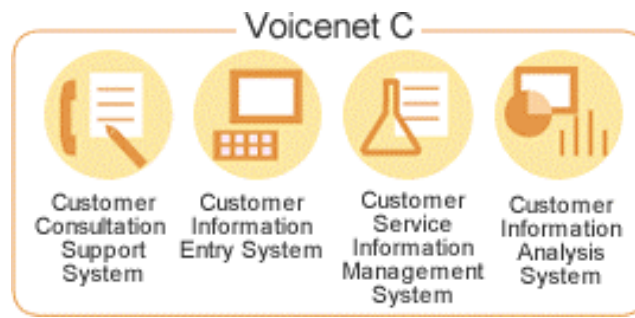
Customer feedback that has been aggregated by the Voicenet C system is subjectively analyzed by employees and used to provide better products and services.

■ Voicenet C System

In order to collectively manage customer information, Shiseido has implemented the "Voicenet C" system since 1996.

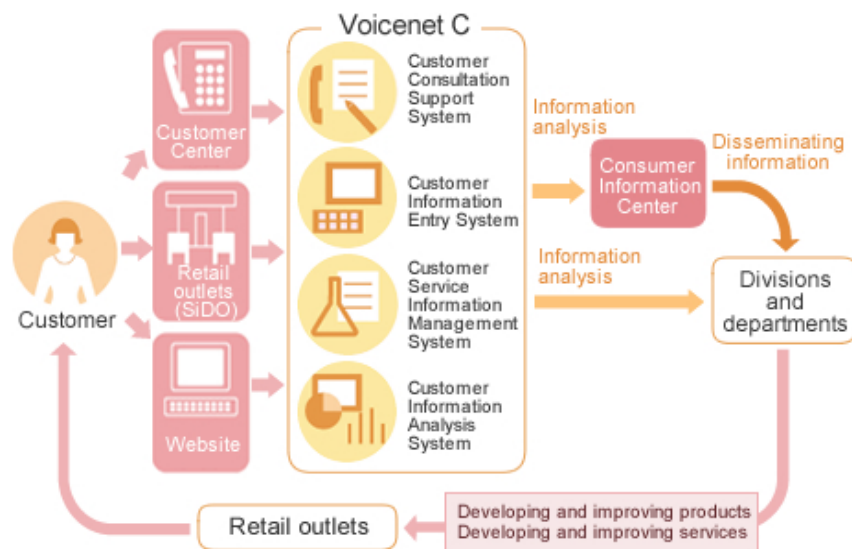
The Voicenet C system provides functionality for supporting responses at the Customer Center (Customer Consultation Support System), recording and storing feedback details and associated circumstances (Customer Information Entry System), supporting contact between the Consumer Information Center and other worksites and departments throughout Japan (Customer Service Information Management System), and analyzing issues and trends in customer information that should be shared (Customer Information Analysis System).

Information from these four functions can be accessed from any Company location via the Internet, enabling the results of customer feedback analysis to be employed in enhancing a variety of operations.



Reflecting Customer Feedback in Company Operations

Shiseido maintains a system for quickly routing information obtained from the Consumer Information Center, which forwards feedback received on a daily basis to other departments as appropriate, ensuring its ability to take optimal and timely action in regard to customers. Customer feedback continuously circulates throughout the Company so that customer satisfaction can be assured not only in times of emergency, but also in daily operations.



■ Customer Feedback Information (Intranet)

The Consumer Information Center selects evaluations of Shiseido products and services as well as hints for increasing customer satisfaction from customer information collected by Voicenet C and edits them for dissemination in weekly, monthly, annual, and other reports so that they can be reflected in the Company's marketing activities.



■ Voices of Customers Seminars

Shiseido holds Voices of Customers seminars to provide deeper knowledge of customer's thoughts and feelings as they enjoy cosmetics in their daily lives, as well as background information. By allowing them to directly experience and share actual customer feedback among themselves, the program gives participating employees an opportunity to see their responsibilities in a new light from the customer's perspective, helping them to develop a sense of empathy with and understanding of customers.



Seminar being held at a factory

Applying Customer Feedback to the Product Creation Process

Shiseido shares feedback from customers internally to ensure our products will satisfy customers for as long as they use them. The valuable information we gain from this feedback is used in company activities, and these initiatives are also applied to the product creation process.

Recent key examples are introduced here.

[Click here \(Japanese only\) to view key examples up until now.](http://www.shiseido.co.jp/macherie/index.html)

■ MA CHÉRIE Shampoo and Conditioner Refills(sold only in Japan)

<http://www.shiseido.co.jp/macherie/index.html> (Japanese only)

Launched product refills in line with brand renewal.

Customer Voices

I like the product and have been using it for a long time; however, for refills, I think a plastic pouch would be better than a plastic bottle. (Female, 20s)

I have been regularly using *MA CHÉRIE* for a long time because I like the brand, but there is one thing I would like to see improved. Would it be possible to change the refill container to a plastic pouch such as those used for *TSUBAKI*? It's easy to simply replace dispensers, but the volume of waste increases. Is there any plan to change the packaging? (Female, 30s)

Our Improvements

In response to the opinions of numerous regular users, the containers were changed from "bottle-type refills" to "pouch-type refills." With this change, plastics used for containers will be reduced by approximately 110.7 tons annually.



New *MA CHÉRIE* shampoo and conditioner refills

■ BENEFIQUE NT / BENEFIQUE RENEW New Lotion and Emulsion(sold only in Japan)

<http://www.shiseido.co.jp/benefique/index.htm> (Japanese only)

In line with the renewal of the formulation, a new packaging design was adopted to enable customers to use the products easily.

Customer Voices

It's quite hard to press the pump dispenser. I was wondering if it's possible to make the container easier to use. (Female, 70s)

The container often falls over as the contents are used up. Just pumping the dispenser causes the container to fall on the tray next to the product creating a mess! It seems that the bottle is unstable because the cap is too large and heavy. Please tell the company to improve the container. (Female, 40s)



Our Improvements

Customer opinions regarding containers, including "the dispenser is hard to press," "the container falls over easily as the contents are used up and the quantity becomes less" and "the container is too tall and I can't store it easily," have been reflected in the development of a new bottle design that facilitates use.

In addition to making the container shorter and the pump dispenser easier to press, the shape of the container was widened at the bottom to enhance stability and also enable convenient storage in a vanity drawer, thereby adopting a design that enables everyone to comfortably use the products regardless of age.

User-friendly design: Container shape has been designed for easy dispensing.



The container shape was widened at the bottom to achieve stability and enable more convenient storage.



User-friendly design: Container shape has been designed for easy dispensing.

The container shape was widened at the bottom to achieve stability and enable more convenient storage.

■ UNO FOG BAR Refills Men's hair care products(sold only in Japan)

<http://www.shiseido.co.jp/uno/indexp.htm> (Japanese only)

Launched Japan's first standing pouch-type refills for a hair styling product.

Customer Voices

Excellent product from Shiseido!

I used to use wax and spray, but I became a regular user of *FOG BAR* because I only need to use one item and styling is easy, plus it's convenient to use.

It would be nice if refill products were available. (Male, teens)

The product is used up quickly because I use it every day.

Since the container is well made, wouldn't it be more environmentally friendly if refill products were available? Wouldn't the price be cheaper as well? (Male, 20s)

Our Improvements

By taking advantage of the product's liquid formulation, Shiseido launched Japan's first standing pouch-type refills for a hair styling product. As a result, Shiseido managed to reduce plastics used for containers by 88% compared with bottle-type products.



UNO FOG BAR refills

■ BENEFIQUE Quick Hair Concealer(sold only in Japan)

<http://www.shiseido.co.jp/benefique/index.htm> (Japanese only)

Launched single-touch styling hair color that easily resolves concerns over gray hair to achieve a beautiful finish.

Customer Voices

I use hair color once a month, but it's especially hard to apply hair color at the roots of my hair. Gray hair starts to show quickly if I don't color my hair every 10 days.

Because I'm working, it's convenient to use hair color that easily allows coloring of certain parts of my hair.

I would like to use hair color exclusively for specific areas and a product that allows me to use only the amount I need without mixing. (Female, 60s)

I am concerned about hair damage caused by the frequent use of hair color. At the same time, it's hard for me to color my hair because my eyesight is getting worse with age and my hands aren't as flexible anymore. Since I am concerned about my roots and other certain areas, I need a product that enables me to cover only those areas. (Female, 60s)

Our Improvements

Shiseido launched a new type of hair color in response to customer requests to "quickly and beautifully cover gray roots and around the parting of hair as needed in between coloring hair. "

Simple application by combing thoroughly covers gray hair at the roots and around the parting of hair. The new product not only covers gray hair but it also gradually colors hair without causing damage. Since hair does not become stiff, it realizes a light and airy, youthful hairstyle with natural color.



Natural brown (natural brunette)

Dark brown (dark brunette)

Natural black (natural black)

Marker-shaped container with a comb enables easy and thorough application without staining the scalp [hairline]

■ The Collagen Supplement drink / tablet (sold only in Japan)

<http://www.shiseido.co.jp/collagen/> (Japanese only)

Nutritional information has been added in response to a number of requests to "know the ingredients formulated in this product as well as their quantities."

Customer Voices

I am looking at the Shiseido website right now. Three types of collagen are listed here, but what are the differences between each type? What are the quantities of the respective types of collagen? (Female, 30s)

Tell us in detail the quantities of the ingredients formulated in Collagen Enriched. There are many other manufacturers' products that give this information, but there is no information for Shiseido's products. Specifically, tell us the quantities of collagen, coenzyme Q10, shark fin [cartilage] extract and hyaluronic acid. (Female, 40s)

Our Improvements

Shiseido added nutritional information in order to respond to a number of requests to "know the ingredients that are formulated in this product and their quantities." Accordingly, we have listed ingredient information, as well as quantities where possible.



■ AquaLabel Moisturizing Skincare Line

<http://www.shiseido.co.jp/aqua/index.htm> (Japanese only)

In order to address a request of "reducing waste volume and eliminating waste," shrink wrap packaging has been newly adopted for eight items of the AquaLabel line, including skin lotion and emulsion at the time of product renewal, thereby reduced items that use plastic cases. As for products that require cases, the plastic is made thinner and the amount of resin used has been reduced.

Through this initiative, Shiseido has reduced the overall annual amount of resin used in packaging by 23.7 tons for this brand.



Plastic packaging



Shrink wrap packaging

■ **TSUBAKI Large Size & Treatment Set**
TSUBAKI Damage Care Large Size & Treatment Set

<http://www.shiseido.co.jp/tsubaki/index.htm> (Japanese only)

To facilitate the disposal of used product packaging, which is "taking up too much space and is therefore difficult to dispose of," plastic packaging used for limited sets of products has been changed to paper packaging to make disposal more convenient.

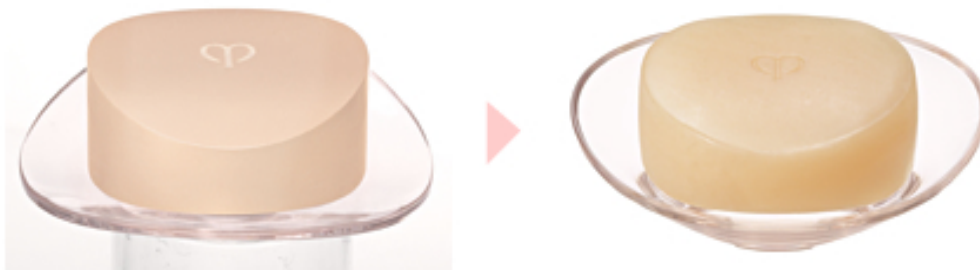


■ **clé de peau BEAUTÉ Savon SYNER GIQUE**

<http://www.shiseido.co.jp/cpb/html/> (Japanese only)

The shape of the soap tray has been modified to address the request of "enhancing stability when soap is placed on the tray."

The shape of the soap has also been changed, making it easier to hold and less likely to slip for enhanced usability.



■ clé de peau BEAUTÉ Serum Blanc Extra

<http://www.shiseido.co.jp/cpb/html/> (Japanese only)

In response to customer's requests for containers that enable them to see the remaining volume to give an idea when they will finish the product and offer refill products, Shiseido has made improvements to containers in line with the renewal of content to enable users to see the remaining volume and newly launched refill products.

Since users can visually check the remaining volume, the inconvenience of suddenly running out of a product is avoided and users can refill dispensers instead of disposal.



Universal Design Initiatives

Universal design * takes into account the environments in which all kinds of people live. It is an important approach for Shiseido given our commitment to create products that all customers can enjoy with confidence and peace of mind.

Shiseido adopted the Shiseido Universal Design * Guidelines in 2005 based on expert theory and legislation, and crafted to reflect the characteristics of our products. The guidelines span 6 principles and 14 provisions and describe a product development process in which all product planning and design departments share information. A key point during the formulation of the guidelines was to precisely identify what kind of customers used actual products, as well as how they used them and in what circumstances. It was also important to imagine as many such situations as possible.

For example, the principle requiring that it be obvious how to use the product includes an "intuitive design" checkbox indicating that users should intuitively understand where to hold the container and twist in order to open it. Designs that take such considerations into account are defined as easy-to-use designs. Conversely, a design that contravenes the user's intuition by having a non-functional design element that looks like a button that should be pressed to open the container would be a difficult-to-use design.

In fall 2008, we launched ELIXIR PRIOR for customers aged 60 and over. During the development of the container, designers met many times with customers in the target age group to solicit feedback on what they found inconvenient about their daily makeup routine and to give them an opportunity to handle the actual container. The requests and concerns that emerged from those meetings were incorporated into the design as shown in the photograph below.

Shiseido will continue to value customer's perspectives in product development.



A space between the bottle and cap provides a finger-hold, making it easier to open the product.



We incorporated enlarged item names like "lotion", which had been displayed in English on the front of the product as design elements, into easily visible positions on the back of the product. Moreover, the product seals are also easy to peel off.

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* Universal Design

The late Professor Ronald Mace of North Carolina State University coined the term "universal design" in 1975 to describe the concept of designing built spaces so that they can be accessed by everyone, and designing products so that they can be easily understood and used by everyone while respecting the value of the individual. The approach espoused by Mace, who himself had experience practicing architecture while disabled, initially gained attention in Japan and the United States in the design of public facilities. Recently it has developed into a significant social theme against a backdrop of increasing awareness of the need to apply such standards to living environment for older and specially challenged individuals.

TOP > [Initiatives with Stakeholders]With Our Business Partners

With Our Business Partners

Shiseido's CSR activities seek to create good partnerships with business partners such as customers and suppliers.

Information on Shiseido's
procurement of materials
(Japanese Only)
Collaboration & Creation

Initiatives with Business Partners

Shiseido purchases ingredients and perfumes used in the manufacture of cosmetics, packaging, promotional sales materials, and other products from outside companies. We view all suppliers as partners in the creation of new value and consider mutual understanding, including in the promotion of CSR activities, to be of the greatest importance.

■ Shiseido Group Supplier Code of Conduct

Shiseido has also actively worked with partners to promote involvement in environmental activities. In February 2001, we conducted a survey of suppliers' environmental activities in accordance with the Green Procurement Standards. Based on the results, we established Seven Preconditions for Collaborating with Business Partners, starting with our Environmental Policy, and as of April 2003 we had obtained agreement from all suppliers.

In July 2004, Shiseido established a Business Partner Subcommittee under the Corporate Ethics Committee (currently the Compliance Committee) to begin examining how the scope of our initiatives could be expanded from a focus on the environment to encompass more general CSR activities. Then starting in March 2005, we surveyed approximately 400 domestic and 200 overseas suppliers to assess the state of current practice. In March 2006 we compiled and distributed to target suppliers the Shiseido Group Supplier Code of Conduct based on the survey results and taking into account the United Nations Global Compact, case studies of other companies pioneering efforts, and other resources. The document lays out standards in the areas of legal compliance, labor (child labor, discrimination, occupational safety and health, etc.), the protection of intellectual property and confidentiality, environmental conservation, and fair commercial transactions.

A survey conducted in June 2006 based on the same content indicated that suppliers understand and empathize with these initiatives.

Shiseido is committed to pursuing activities to increase corporate value along with our business partners, including making formal acceptance of the Shiseido Group Supplier Code of Conduct a requirement when selecting business partners.



[Shiseido Group Supplier Code of Conduct](#)

[Utilizing Sugarcane-based Polyethylene in Cosmetics Containers](#)

■ Aiming to Strengthen Partnerships with Our Business Partners - Briefing Session on Purchasing Activity Policy

As a means of expanding the circle of "creating a beautiful lifestyle culture at the global level," Shiseido clearly stated that the Company aims to achieve growth together with its business partners while promoting "coexistence with society" via procurement activities and practicing "new value creation" also from the perspective of procurement. Since the understanding and cooperation of business partners is indispensable in promoting CSR initiatives, and in order to address social requirements in the future, Shiseido considers it important that our business partners show greater understanding toward Shiseido's concept of CSR and promote manufacturing together with a sincere stance for society.

To this end, procurement departments are holding annual briefing sessions of purchasing policy and section meetings of activity policy sessions, which are held by respective fields such as raw materials, fragrance and materials, with our business partners. These sessions are held with the aim of strengthening the partnership with our business partners, in which Shiseido's idea of corporate social responsibility (CSR) is communicated while reaffirming that the respective parties will work together in this endeavor.

Approximately 130 companies of business partners participated in these sessions in fiscal 2009, in which Shiseido conveyed the Company's environmental and CSR needs in greater detail and asked for their continued cooperation.



Briefing session on purchasing policy
in fiscal 2009



Shiseido environmental and
CSR information materials

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TOP > [With Our Shareholders]

With Our Shareholders

In addition to seeking to maximize corporate and shareholder value through expanded growth and improved profitability, Shiseido is committed to enhancing communication with shareholders to gain their understanding and trust through timely and adequate information disclosures and dialogue.

For investor information



With Our Employees

Shiseido is striving to meet its goal of "filling the Shiseido organization with people with their own appeal" by creating a work environment where all employees can realize their full potential.

Shiseido "Shared Education" Declaration

The successful implementation of Shiseido's management vision hinges on the people who carry it out. In other words, the development of interesting and talented people is directly linked to management.

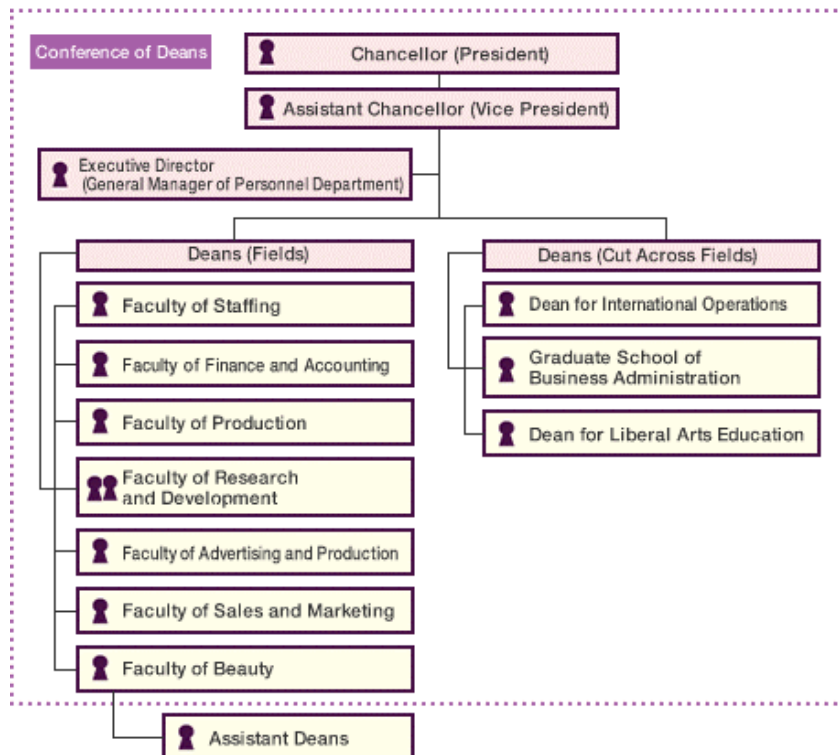
When it was founded, Shiseido was widely known for its devotion to human resource development. That organizational culture has been passed down through our history and endures today, as reflected in the "Shared Education" Declaration adopted in 2006. The declaration seeks to cultivate people by linking the self-realization of workers and the growth of the company. We also established the "sense of beauty, autonomy, and the ability to change" as indicators of the skills and sensibility that we seek to cultivate, comprising a specific definition of what is meant by "interesting and talented people." Finally, we are working to create an environment where employees can develop through a process of mutual growth that is reinforced by daily guidance and training, personnel assignments, and evaluations by their supervisors.

Basic Approach to Human Resources Development



Ecole Shiseido

In accordance with its "Shared Education" Declaration, Shiseido opened a corporate university called Ecole Shiseido in 2006 and launched a variety of training initiatives to implement the Company's human resources development policy and oversee companywide training. Approximately 100 training programs were offered in fiscal 2008, including professional training in a variety of fields, new employee and management training that cuts across fields, and training to develop the skills required in upper management positions. While the president serves as the chancellor of the university, corporate officers take the lead in developing a pool of interested and talented employees by serving as the deans of the faculties in the university that correspond to their own areas of responsibility.



voice

Helping Each Employee Realize His or Her Full Potential

Mitsuo Takashige
Executive Director, Ecole Shiseido
Corporate Officer and General Manager of Personnel Department



I believe that the most important management resource a corporation can have is its people, who alone can focus on a single task and grow one of something into two or three. This approach underlies a human resources development strategy that treats employees as individuals through a program of daily on-the-job training, fair evaluation, education and training, and personnel assignments with an eye on future developmental potential. It increases the energy and vitality of the organization

by offering robust support to employees who work actively to taken full advantage of their innate potential.

Gender Equality Initiatives

■ Approach to Gender Equality and Associated Structures

Shiseido is pursuing gender equality initiatives as one of several management strategies aimed at energizing employees and creating an organizational culture conducive to worker performance.

Shiseido's active involvement in gender equality initiatives stems not only from a concern with human resources issues but also from a desire to increase trust of the Company on the part of emp

loyees, an important group of stakeholders, by going above and beyond legal requirements. We are also working to enhance the Company's standing in society at large by pursuing advanced initiatives that reflect Shiseido's true character.

In fiscal 2007, we created a Subcommittee on Gender Equality under the Corporate Value Creation Committee chaired by the president. The new subcommittee is charged with developing the Company's Gender Equality Action Plan and keeping tabs on progress in its implementation.

■ Phase 2, Gender Equality Action Plan 15

We began implementing Phase 2 of [Gender Equality Action Plan 15 in fiscal 2007](#). All of the Company's employees are working together to address the four issue areas of fostering a culture of gender equality, training and promoting leaders, reviewing how employees work, and helping employees balance work and parenthood. Energy and resources are also being focused on advancing the plan's 15 goals concerning social contributions for fostering the next generation.

■ Training and Promoting Female Leaders

Shiseido refers to individuals in management positions with subordinates that they evaluate as "leaders," and as of April 2009 female employees account for 18.7% of all domestic Group leaders (see ["Personnel Data"](#)). This is by no means a high value given Shiseido's status as a cosmetics manufacturer. The Company is working to increase this percentage by establishing numerical targets for participation by female employees.

Specifically, we anticipate increasing the percentage to 30% by 2013 through fostering the development of female leaders via a combination of on-the-job training (OJT), evaluations, training and personnel transfers that take into consideration the circumstances and needs of individual employees. The Company sees this goal not as a firm quota but rather as a nonbinding target.

Personnel transfers remains an unresolved issue related to training and promoting female leaders. Because the number of female course employees nationwide is comparatively high at 812 (as of April 2009), we created a new system for use by both male and female employees. With the exception of certain items that specifically target

women, we developed the Gender Equality Action Plan 15 that applies to both male and female employees to enable equal treatment of both genders rather than resorting to preferential treatment for women.

■ Expanding Support for Balancing Work, Childcare, and Family Life

Shiseido has introduced seven new or redesigned personnel programs to provide support for balancing work, childcare and family life under the Gender Equality Action Plan 15 in April 2008. We responded to employee requests by broadening the scope of assistance to include employees with children in lower elementary grades, a group that had not been covered under the previous system. Other efforts have sought to create a more employee-friendly workplace environment, for example by establishing rules governing transfers of employees with childcare and nursing care responsibilities and by making changes to existing childcare programs to reflect actual conditions and facilitate their use by employees. Thanks to these mechanisms, we have progressed to the second step of the plan, a stage where women are able to continue working instead of quitting to have and raise children.

Such initiatives were recognized and received the 3rd Nikkei Parent-Friendliness Award<*> sponsored by Nihon Keizai Shimbun, Inc. in 2008.

Going forward, Shiseido will continue to strive to become a company where women can advance their careers while raising their families.

* Nihon Keizai Shimbun has presented this award since 2006 in recognition of private companies, local governmental agencies, private organizations, neighborhood associations and other groups that are actively involved in supporting parenting and childcare.

| | | Program | Description of new program/changes |
|---|----------------|--|---|
| 1 | New | Guidelines governing transfers of employees with childcare and nursing care responsibilities | A system of rules that prevents employees taking childcare or nursing care time off from being considered for transfers that would require them to move. |
| 2 | New | Spouse accompaniment for childcare | A system by which employees with childcare responsibilities (i.e., with children up to the third grade in elementary school) may request to accompany their spouse if the spouse is transferred within Japan. |
| 3 | New | Leave to accompany spouse when transferred overseas | A system by which the Company allows up to three years of leave so that employees can accompany a spouse who is transferred overseas. |
| 4 | New | Rules governing the treatment of re-employed retirees | A system of rules that provides a route by which re-hired retirees can be promoted to permanent employees. |
| 5 | Program change | Maternity/paternity leave | Shiseido now allows employees to take leave up to three times per child in special circumstances (before revision: once per child). |
| 6 | Program change | Child nursing care leave | Shiseido now allows employees to take time off in half-day blocks (before revision: one-day blocks). |
| 7 | Program change | Child-rearing work hours | Shiseido has extended eligibility through the third grade in elementary school (before revision: until enrollment in elementary school). |

Achieving Work-Life Balance (WLB)

■ Reviewing How Employees Work

Shiseido seeks to realize WLB so that each and every employee can perform his or her job in an energetic and fulfilling manner, regardless of gender or age. The process of reviewing how employees work is intended to help both the Company and individual employees experience meaningful growth by enhancing the ability of employees to pursue their personal interests and social activities during time gained through increases in efficiency. Those employees can then bring multifaceted values, knowledge, character, sense of beauty, information, and contacts to bear in their jobs.

At a meeting to announce the Company's fiscal 2007 management philosophy, the president instructed department managers and worksite leaders to plan activities to review the way employees work, achieve gender equality, and implement human resources development. As a result of the active pursuit of these initiatives, worksites have developed exemplary programs. Additionally, Shiseido's head office has been carrying out an initiative since April 2009 to switch off lights at 10 p.m. (8 p.m. during Work-Life Balance Week) and is in turn re-examining how employees work while considering employee welfare from a health perspective.

TOPICS

Shiseido Receives Work-Life Balance Prize at the 2nd Diversity Management Awards Sponsored by Toyo Keizai, Inc.

Shiseido received the Work-Life Balance Prize at the 2nd Diversity Management Awards in 2009 sponsored by publishing company Toyo Keizai, Inc. The Diversity Management Award was established in 2008 (sponsored by Toyo Keizai, Inc.) with the aim of recognizing companies that are upholding diversity management in their corporate philosophies and are taking leading roles in promoting the implementation of diversity management, a method that utilizes diverse human resources as an important management asset. Shiseido received this award as a result of earning a high reputation for its achievements from introducing various systems to support balancing work and child-rearing based on the work-life balance concept.

An overview of systems for which Shiseido was recognized include the establishment and availability and use by nearby companies of Kangaroom Shiodome, an in-house childcare facility (2003); nationwide introduction of Kangaroo Staff system, which dispatches staff to stores to replace personnel who are engaged in beauty-related jobs and taking time off for child-rearing (2007); and implementation of activities as an organizer of the School for Work-Life Balance, in which a total of 34 leading companies from various industries are participating as a venue for discussing the promotion of work-life balance (fiscal 2004-fiscal 2006). Additionally, in fiscal 2008, Shiseido introduced new or revised personnel systems, such as excluding employees who are on leave for child-rearing from consideration for job transfers that would require them to relocate, while also establishing programs to allow spouses to accompany their partners when transferred within Japan and take time off when transferring overseas. In other initiatives, Shiseido has also promoted a campaign to encourage males to participate in child-rearing.

In her opening remarks at the awards ceremony, Vice President and Representative Director Kimie Iwata stated: "Shiseido was among the first to realize various programs to support balancing work and child-rearing, and today, there are scarcely any employees who leave the Company due to childbirth or child-rearing. However, there are still issues that need to be addressed. One of these is to improve the environment in which female employees who are going through the life stage of child-rearing are able to advance their careers to reach management levels after returning to the workplace rather than just working and being protected by the system. Another issue is to create a climate in which it is commonplace for male employees to participate in child-rearing. To realize this, instead of evaluating one's work based on long working hours, we need to review how each and every employee works and how we can enhance productivity. Up until now, we have focused on improving the environment for women who are going through the life stage of child-rearing; however, our goal is to advance our initiatives to review ways of working for all employees in the future."

Shiseido intends to further promote initiatives to create a positive balance between work and personal life for all employees with the aim of creating greater value and realizing improved productivity.



Vice President and Representative Director Kimie Iwata (left) receiving the award

Publication related to the School for Balancing Work and Personal Life (written and edited by the Gakushuin University Research Institute for Economics and Management; Publisher: Dai-ichi Hoki Co.,Ltd.)
(* Link:Japanese only)

Kangaroo Staff Grows to 1,000

Shiseido introduced the Kangaroo Staff program in 2006 as a way to support retail activities during evening hours by having temporary workers take the place of Beauty Consultants (BCs) working in customer service so that they can take time off to care for their children. This program has enabled us to create a workplace environment that allows BCs who have difficulty balancing the competing demands of work and childcare to have children with peace of mind, secure in the knowledge that they will be able to care for them while pursuing Shiseido's 100% customer-oriented philosophy at work.

When the program was first introduced, approximately 600 Kangaroo Staff members provided support for about 500 BCs who took advantage of the child-rearing work hours program. In April 2009, the Kangaroo Staff program was expanded to about 1,000 staff to provide support for approximately 650 BCs taking time off to raise their children.

voice

Beauty Consultants (BCs) to take time off for childcare

Tomoko Fukuda
West Tokyo Branch, Shuto Ken Branch Office, Shiseido Sales Co.,



A system that enables me to take time off for childcare has made it easier for me to balance work and childcare. I am extremely grateful to the Company for creating such an environment and the Kangaroo Staff, who are offering support. I realize now that childcare is a growing topic in the professional field in terms of communication with customers and proposals. I would like to pass on such experience to upcoming fellow BCs.

Kangaroo Staff

kari Takenouchi
West Tokyo Branch, Shuto Ken Branch Office, Shiseido Sales Co., Ltd.



I was motivated by this system and began working as a Kangaroo staff member. I was confused with many things at first; however, thanks to the support from colleagues, I am now able to carry out activities with a sense of fulfillment from the smiles of BCs who are taking time off for childcare and customers making the experience truly worthwhile.

Physical and mental health initiatives

Shiseido is pursuing personal development as it strives to achieve its vision of filling the Company's organization with interesting and talented people. It is of paramount importance that each and every employee be able to work in a fresh and lively manner, healthy in body and spirit, and we believe that healthy living is the foundation of personal development.

We have established targets to guide the practice of health management, an approach that promotes employee health from a business management perspective based on the belief that healthy living is in the interest of both the individual and the Company. Working toward these targets, in May 2007 we published a pamphlet entitled *Achieving Physical and Mental Health* and announced future policies to all employees. The pamphlet, which begins with a foreword from President Shinzo Maeda, provides information concerning Shiseido's basic health management policy, health management programs, and the importance of prevention and primary prevention efforts (prevention of disease and health promotion). It also includes a declaration from the Company concerning four health projects: preventing adult-onset diseases, discouraging tobacco use, providing mental healthcare, and practicing health management for women.

(1) Preventing adult-onset diseases

The Company arranged lectures on the need to prevent adult-onset diseases at position-specific training sessions attended by employees at ages where such diseases can be effectively prevented (career development training for employees receiving SIII promotions).

(2) Discouraging tobacco use

While all worksites previously have implemented no-smoking days in conjunction with World No Tobacco Day, Shiseido no-smoking days are implemented on the first day of each month since June 2009.

The Company implements a non-smoking support program for applicants.

(3) Providing mental healthcare

In addition to outside counseling offices, in April 2008 we established an internal mental health counseling office in partnership with specialized counselors and medical staff and industrial health staff.

(4) Practicing health management for women

Since February 2009, the Company has been implementing nationwide health enlightenment seminars addressing physical changes and diseases to which women are susceptible, with a focus on the female life cycle.

The Company established a Child Care Support Center, where industrial physicians and occupational health nurses address various work-related health anxieties and questions concerning pregnancy, childbirth and child rearing.

While sharing the aforementioned four health programs across the Shiseido Group, to ensure these programs function effectively, the Company is holding a Hygiene Council seminar (initiated in January 2008) twice annually to discuss the companywide promotion of health programs. Participants include the human resource managers of Shiseido Group companies, industrial physicians, occupational health nurses, regular nurses and other industrial health staff, labor union representatives, staff from the Head Office Personnel Department and health insurance union representatives.

Work Improvement Proposal System (Chie-Tsubaki Proposal System)

Shiseido believes it is the willingness of individual employees to meet challenges and take action that drives reform of the Company forward. We launched the Chie-Tsubaki Proposal System in June 2006 to enable all employees to participate in the reform process by submitting ideas on how operations can be improved. This initiative has collected more than 180,000 suggestions so far.

The system provides a mechanism for evaluating proposals made by employees based on their creative problem-solving and improvement efforts. Proposals that receive a favorable evaluation are presented directly by the submitting employee to the Company's president and directors, who evaluate the proposal and recognize the employee's contribution. Individuals and worksites that are actively involved in submitting ideas on an ongoing basis are also recognized.

By continuing this initiative, the Company is seeking to increase individual employees' awareness and willingness to take action, thereby creating an organizational culture in which individuals can make improvements, no matter how small, on their own initiative, and to foster the development of thoughtfulness toward other employees.

Proposals that can be implemented horizontally across the organization are applied companywide to help gain new customers and streamline operations.

voice

Carrying out activities by always considering "That can be done to make customers more happy."

First Place, Annual Individual Proposal Award<*> (Beauty Category), Fiscal 2008
Akiko Yamamoto, AYURA Partner
AYURA Laboratories Inc.

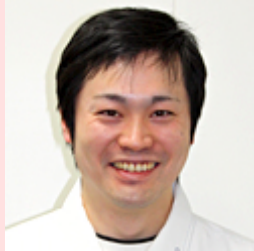


Sales counter staff are undertaking concerted efforts to carry out activities to create better storefronts by always considering "that we can do to make customers more happy" and "That kinds of activities are required to ensure more customers visit our stores." Amid this effort, the Chie-Tsubaki Proposal System gave us the ability to recognize opportunities for resolving mistakes or answering small questions without leaving them in a gray zone.

We will continuously work to better prepare storefronts while communicating minor small issues as well as improvement points with all senior staff members. We will also propose such achievements to the Chie-Tsubaki Proposal System to ensure all customers who visit AYURA stores leave with a satisfied smile.

I feel that the Chie-Tsubaki Proposal System is indispensable for my professional growth and workplace development.

First Place, Annual Individual Proposal Award (General Category), Fiscal 2008
Masato Yamaguchi, Kuki Factory



Since I was chosen as a member of the improvement promotion activity group at my workplace, I took the initiative to evaluate my own work habits as my first step to contributing to the program and have always sought to be conscious if there are any points that could be improved. The Chie-Tsubaki Proposal System is significant in terms of enhancing my skill level and workplace development as well as building relationships of mutual trust among colleagues. I hope to continuously promote this activity in order to further achieve growth.

The Chie-Tsubaki Proposal System, which embodies members' ideas is being utilized to build an open work environment where employees can accept each other, share positive experiences and realize greater improvements.

First Place, Outstanding Workplace Award<*>, Fiscal 2008
Business Administration Department, China Business Division, Head Office

Each and every member of the China Business Division sincerely reviews individual issues and takes actions with a strong intention of "creating a better company or operation as much as possible" along with submitting proposals via the Chie-Tsubaki Proposal System. Division supervisors can often be seen offering advice to subordinates with a Chie-Tsubaki proposal in their hands. At the same time, they are often not satisfied with achieving just one improvement, and instead tie-in various improvement proposals to realize greater progress. Additionally, respective proposals are shared during divisional meetings, thereby seeking to raise motivation by congratulating each other on achievements.

(Takumi Katayama, General Manager of Business Administration Department, China Business Division)



- * Annual Individual Proposal Award: An award recognizing employees who have submitted proposals on an ongoing basis throughout the year. Awards are presented in both Beauty and General categories.
- * Outstanding Workplace Award: An award recognizing business offices or divisions, whereby many employees have participated in improvement activities and submitted a large number of proposals throughout the year.

Activities to Increase Customer Satisfaction

Shiseido has embarked on a series of reforms to transform itself into a 100% customer-oriented company. Key to this endeavor is a reorganization of the activities of about 10,000 Beauty Consultants (BCs) who are capable of breathing new value into products developed in response to customer needs, and communicating that value directly to customers. We eliminated sales targets for BCs in April 2006 as part of this ongoing effort and replaced them with a satisfaction-based mechanism for evaluating customer service. Feedback from customers is provided to individual BCs on a monthly basis and used to enhance the level of service and customer satisfaction by enabling them to reflect on their own activities and identify areas for improvement. Following this approach, BCs can ask themselves how many customers they helped become more beautiful each day, and whether those customers were satisfied with the service they received. All Company employees have focused their energy and resources on improving day-to-day customer service and trust.

voice

Earning customers' trust as a BC

Rie Fujii
Chubu Area Sales Department (1), Shiseido Sales Co., Ltd.



We greatly value the feedback customers provide in the form of survey postcards. You need look no further than that feedback to see what customers expect of us and what they would like to see us do. Most customers who come into our store are satisfied with the service we provide, and they purchase our products and use them on an ongoing basis. Each customer's feedback is a treasure, invaluable in ensuring that person's future satisfaction. When we occasionally receive a critical opinion, we take it to heart and strive to improve

our service.

My goal is to earn the trust of all customers by taking their needs seriously.

Aiming to develop a workplace in which all employees can work enthusiastically

Hanatsubaki Factory

In January 2006, Shiseido established the Hanatsubaki Factory Co., Ltd., a special subsidiary<*> staffed primarily by developmentally challenged individuals, as part of an effort to create a workplace where all employees can actively engage in work. Currently, 22 developmentally challenged individuals are working at three sites, including in Sumida, Shiodome and Osaka.

Staff members at the Sumida site are working to process makeup products such as Kesho-Wakusei and Integrate applying labeling and packing them for shipment. At Shiodome Workplace and Osaka Workplace, workers help create a clean, comfortable office environment by providing services such as cleaning Shiseido offices, collecting recyclables, and disposing of confidential documents. Reflecting the high regard in which their services are held inside the company, employees received the fiscal 2007 Shiseido President's Award for Special Service.

Going forward, Shiseido is committed to redoubling its occupational development initiatives in order to promote the independence and employment of persons with disabilities.

* Special subsidiary: A company established under Japan's special subsidiary system with the goal of promoting the employment of individuals with disabilities. Special subsidiaries offer jobs and facilities that have been specifically designed to accommodate workers with disabilities.



Employees perform production work at the Sumida Workplace.



Employees collect recyclables at the Shiodome Workplace.



Employees organize forms at the Osaka Workplace.

TOPICS

Shiseido Received Minister of Health, Labour and Welfare Award at a National Awards Presentation Ceremony as an Excellent Example of an Enterprise Employing Persons with Disabilities

On September 2, 2009, Shiseido received the Minister of Health, Labour and Welfare Award 2009 at a national awards presentation ceremony as an excellent example of an enterprise employing persons with disabilities as nominated by the Association of Employment Development for Citizens, Tokyo.

On September 2, 2009, Shiseido received the Minister of Health, Labour and Welfare Award 2009 at a national awards presentation ceremony as an excellent example of an enterprise employing persons with disabilities as nominated by the Association of Employment Development for Citizens, Tokyo.

On that day, former Minister of Health, Labor and Welfare Yoichi Masuzoe greeted participants and commendation certificates were presented thereafter in recognition of being "an excellent example of an enterprise employing persons with disabilities," "the best poster of publicizing Disability Employment Support Month" and "good example of improvement of a workplace for persons with disabilities." Shiseido received the award at this time in recognition for being a company with an employment rate of persons with disabilities (2.88% as of June 2009) surpassing the rate stipulated by law, which has been achieved through continuous efforts to employ persons with disabilities via its special subsidiary, Hanatsubaki Factory Co., Ltd. Additionally, Shiseido was acknowledged for promoting other measures such as conducting follow-up training and interviews during the first and second year after joining the company to enhance employee motivation, as well as internal enlightenment activities and promoting barrier-free offices and training sites directed toward creating a comfortable work environment.

Shiseido is seeking to "realize normalization" with the aim of becoming a company in which all employees including women, the elderly and persons with disabilities can enthusiastically work with a shared sense of enjoyment. Regarding employees with disabilities, Shiseido establishes mottos conveying efforts to "place serious expectations on employees," "consider certain needs, but not according special treatment" and "actively support employees who want to put forth their best efforts." By firmly establishing these ideas in the Company, Shiseido is actively assigning meaningful work to such employees rather than support tasks as a means of nurturing rewarding careers.

As the award recipient, Shiseido will continuously strive to promote active employment and develop a workplace in which employees can gain a sense of satisfaction.



Mr. Koji Kubo, Diversity Group, Personnel Department, receiving a certificate of commendation



Hanatsubaki Factory Co., Ltd.

Bring Your Kids to Work Day

Shiseido has been holding Bring Your Kids to Work Day as a means of addressing the Law for Measures to Support the Development of the Next Generation promoted by the Japanese government. On this day, elementary and middle school children of Shiseido employees are invited to the Company, where various activities are organized, including a talk with the president, a visit to their parent's workplace and a business card exchange activity. This event is being held during the summer holiday period since fiscal 2005.

Various programs are developed every year for this day with the aim of accomplishing the three goals of "expressing the Company's appreciation for employees and their families," "promoting Work/Life Balance" and "encouraging independence through deepening children's understanding and interest toward work." In this year's program, which was held at the Shiodome Office on August 21, 2009, a business card exchange as well as other activities were conducted such as creating original advertising posters as well as an educational session about children living in refugee camps.

As part of the poster design activity, a photographer who works exclusively for Shiseido took individual photos of the children in their favorite pose. The children then used the images to create original advertising posters with advice from a designer of Shiseido's Advertising Creation Department.

The educational session on children living at refugee camps was organized to enable children to learn about the current world situation and international cooperation in an easy-to-understand manner. The workshop was cooperatively held with Save the Children Japan, a non-governmental organization that is one of the organizations supported by Shiseido's Camellia Fund. In addition to introducing a story using picture cards about girls from Sierra Leone to whom Save the Children Japan provided assistance, this program also introduced support activities carried out by Save the Children Japan.

Bring Your Kids to Work Day is being held not only at the Shiodome Office but also is spreading throughout the Shiseido Group, in which employees of factories, research centers and sales companies are voluntarily organizing similar activities. In 2009, we were able to host a total of over 200 children through the Bring Your Kids to Work Day held at the Shiseido Research Center, Kakegawa Factory and Managing Division of Kyushu Area.



Advertising Creation
Department designer guiding
children during poster activity
(Shiodome Office, Japan).



Learning about the daily life of
children at refugee camps
through a collaboration with
Save the Children Japan
(Shiodome Office, Japan).



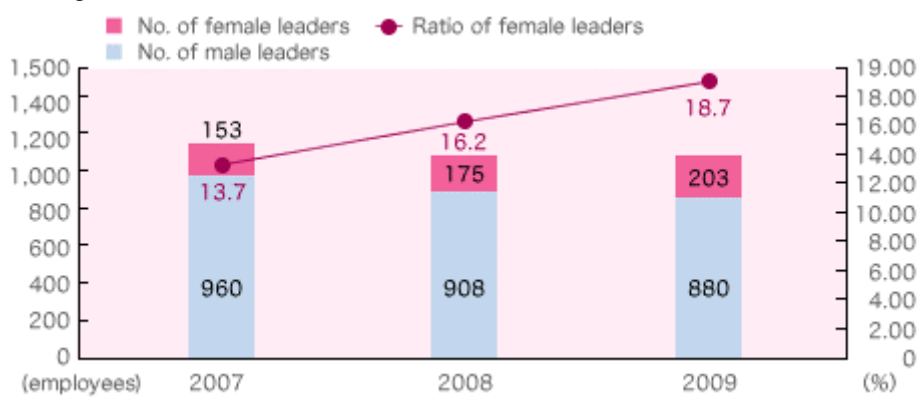
Identifying cotton fibers and
artificial fibers, observing the
status of water and oil in
emulsion and microorganisms
using a microscope
(Kakegawa Factory, Japan).

Personnel Data

Composition of Personnel in the Shiseido Group (Domestic) (as of April 1, 2009)

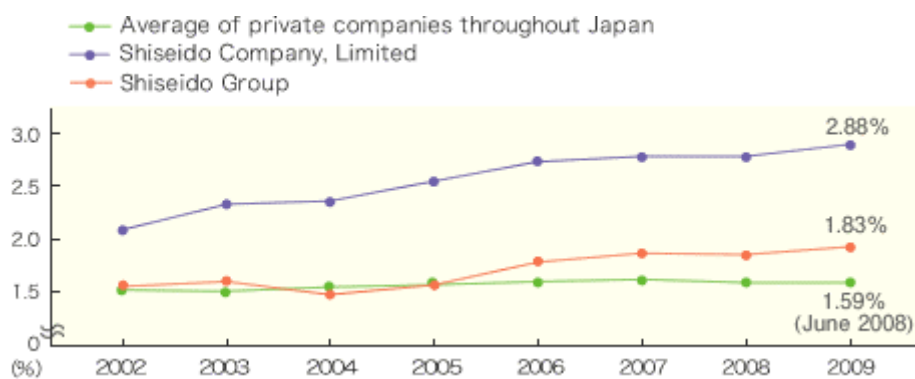
| | Male | Female | Total |
|----------------------------------|-------|--------|--------|
| Managers | 1,556 | 320 | 1,876 |
| General | 1,691 | 2,686 | 4,377 |
| Beauty Consultants | 9 | 6,622 | 6,631 |
| Others (part-time and temporary) | 124 | 84 | 208 |
| Affiliate employees | 421 | 1,227 | 1,648 |
| Subtotal | 3,801 | 10,939 | 14,740 |
| Limited-term contract | 717 | 10,746 | 11,463 |
| Total | 4,518 | 21,685 | 26,203 |

Change in No. of Leaders and Ratio of Female Leaders



* Leader: Since fiscal 2006, Shiseido has defined the "leader" post separate from the qualified manager position evaluated based on an ability-based qualification scheme. Managers who manage and evaluate their staff are collectively referred to as "leaders".

Percentage of Developmentally-Challenged Employees



Work-related accidents (Domestic)

| | 2004 Work- related accidents | 2005 Work- related accidents | 2006 Work- related accidents | 2007 Work- related accidents | 2008 Work- related accidents |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Head office | 11 | 2 | 7 | 4 | 3 |
| Sales companies | 5 | 12 | 20 | 9 | 6 |
| Factories and research centers | 8 | 12 | 10 | 6 | 1 |
| Affiliates | 22 | 29 | 27 | 4 | 0 |
| Total | 46 | 55 | 64 | 23 | 10 |

* Figures are for the number of incident reports submitted

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With Our Society: Social Contribution Activities (Welfare and Local Community Activities)

We are pursuing a program of social activities that takes advantage of our accumulated knowledge and technology in order to create a beautiful lifestyle, which is one of our corporate ideals.

Employee-led Social Contribution Activities

In order to heighten employee awareness toward social contribution with the aim of putting into practice "[With Our Employees.](#)" which is stated under the declaration of corporate conduct "THE SHISEIDO WAY," Shiseido is striving to create a corporate culture in which each and every employee has a perspective toward resolving social issues.

Shiseido Social Contribution Club -Camellia Fund

The Shiseido Social Contribution Club - Camellia Fund, an employee organization designed to encourage social contributions, was founded in 2005. Group employees who share its goals make monthly contributions from their salaries to groups selected from the three standpoints of improvement of social issues surrounding women, quality of life improvements through cosmetics and environmental conservation. Administered by employees who either volunteer or are recommended by their peers, the organization also helps to collect donations from employees in the event of natural disasters.

In addition to current employees, the club welcomes participation by employees who have reached Shiseido's mandatory retirement age, as well as shareholders who elect to enroll in the Social Support Group Contribution benefit program. Shiseido also donates money and other items to aid recipients in proportion to Camellia Fund contributions. In fiscal 2009, the club donated ¥3,925 thousands in shareholder contributions to the WWF (World Wide Fund for Nature).

On May 22, 2009, a donation presentation ceremony of the Shiseido Social Contribution Club-Camellia Fund was held at Shiseido's Shiodome Office. Donations collected during the second half of fiscal 2008 were presented to the following eight organizations on the day of the ceremony. During the event, in addition to expressing their appreciation, representatives of respective recipient organizations also reported on the achievements of their activities in fiscal 2008 and future plans regarding the use of contributions.



Steering committee and recipient organization members listening to activity reports from representatives of respective recipient organizations.



Presentation ceremony of donations collected during the second half of fiscal 2008. Presented by steering committee member Ms. Nakajima (left) to Ms. Hasegawa (middle) and Ms. Shiozawa (right) of XP (Xeroderma Pigmentosum) Association Japan.

United Nations Development Fund for Women (UNIFEM)

UNIFEM is a United Nations fund promoting the independence of women in developing nations. The world population is approximately 6.7 billion, in which one-fifth of the population is living in extreme poverty on less than one dollar a day, and 70% of these people are women. Two-thirds of the roughly 900 million illiterate people worldwide are also women. UNIFEM develops various projects for women who are still suffering from the dual discrimination of being both poor and a woman. Donations are offered as funding for micro-finance programs for Afghan women, thereby promoting the economic empowerment of women.



All Japan Women's Shelter Net

Shelters are safe houses dedicated to helping women and children who have escaped domestic violence<*> recover emotionally and physically so that they can make a fresh start. One in three Japanese women are said to have experienced some form of domestic violence. In addition to providing livelihood support to victims, shelters help with a variety of procedures and offer emotional support. Donations are used to provide daily necessities (clothing and pharmaceuticals) to women who flee to the shelter with only the clothes on their back.

* Domestic violence: Any of a variety of acts of violence between domestic partners.



Shiseido Social Welfare Foundation

Donations are used to fund the Shiseido Child Welfare Scholarship Program and to provide childcare seminars. The Shiseido Child Welfare Scholarship Program provides an annual stipend of ¥500,000 to five exceptional students who live in children's homes as a result of experiencing child abuse, divorce or the death of one or both parents, and plan to attend a university or other educational institution as a precursor to becoming involved in the child welfare field. The number of cooperating universities is increasing every year. Childcare seminars, which are held in conjunction with child and family support centers at 15 venues nationwide, feature expert speakers who help parents resolve their child-rearing concerns and make new friends.



XP (Xeroderma Pigmentosum) Association Japan

Xeroderma Pigmentosum (XP) is an incurable disease whose patients have a high probability of developing cancer when their skin is exposed to ultraviolet light. Many patients also exhibit neurological symptoms as well as gait and breathing disorders, and many die before reaching adulthood. Donations are used in an effort to slow the progress of the disease by preventing exposure to ultraviolet light, for example through the use of sunscreen and protective clothing, by funding the manufacture of protective clothing, to provide daily necessities (such as gloves, hats, and UV-blocking film), to offset the cost of study groups, and for other purposes.



XP national meeting in November 2008

World Wildlife Fund (WWF)

The World Wildlife Fund is a non-governmental conservation organization involved in a wide range of initiatives to conserve the planet's overall natural environment. Rich tropical rain forests like the Tesso Nilo in Sumatra, Indonesia, are undergoing a dramatic transformation as their area shrinks rapidly due to illegal logging and the clearing of land for plantations for harvesting raw materials to develop paper pulp and palm oil, ingredients used in the manufacture of cosmetics. The expansion of protected areas is urgently required, and a decision was recently made to partially expand these protected areas due to the efforts of relevant activities. Donations are used to support the fund's conservation activities.



©WWF Japan

Japan association for UNHCR
(Japan Committee of the United Nations High Commissioner for Refugees)

Japan for UNHCR is the official Japanese support arm of the United Nations organization responsible for offering protection and assistance to refugees and displaced persons who have fled their homes due to conflict or serious human rights violations. Roughly 80% of refugees and displaced persons are women and children. In refugee camps in Nepal, where more than 100,000 Bhutanese refugees are taking shelter, female refugees are making sanitary towels from cloth. Supplying sanitary products will improve hygiene while funds earned from weaving cloth also help to support economic independence. Donations are used to support the businesses of female Bhutanese refugees.



©UNHCR

Save the Children Japan

Save the Children Japan is a UN-approved, non-governmental organization (NGO) dedicated to children's issues. Devoted to the principles expressed in the United Nation's Convention on the Rights of the Child, in an effort to improve the lives of the world's children, their families and their communities, the group is currently involved in a variety of programs in more than 120 countries. These programs are extended in broad areas including educational support, food aid and nutritional guidance, child abuse-related issues and emergency assistance in disaster situations. Donations are used to fund programs conceived to improve the health of mothers and children as well as improve the nutrition of children in Asian agricultural villages.



The Nature Conservation Society of Japan (NACS-J)

The Nature Conservation Society of Japan (NACS-J) is a non-governmental organization (NGO) supported by membership fees and donations and is committed to resolving natural conservation issues worldwide through policy recommendations and discussions based on scientific research. NACS-J continuously promotes activities by seeking ways to ensure the sustainability of abundant nature and human life benefiting from its blessings. Donations are used to urgently respond to protecting diminishing natural areas such as the Awase Tidal Flats in Okinawa as well as developing a new model to conserve nature and other initiatives such as public surveys and environmental education activities to create a society in which each and every person undertakes efforts to protect nature.



TOPICS

Shiseido Offers Seminar for Families of Xeroderma Pigmentosum (XP) Patients

Shiseido Social Contribution Club-Camellia Fund is an employee organization dedicated to supporting the activities of NPOs and NGOs through donations and volunteer work.

Shiseido employees recently volunteered at the first national conference to be held by XP (Xeroderma Pigmentosum) Association Japan, one of the organizations supported by the club, at Aichi Health Plaza in Aichi Prefecture on November 1 and 2. Staff from Chubu Sales Division I, II of the Chubu Branch Office, held a seminar for the families of XP patients entitled “Using Sunscreen Cosmetics.”

Xeroderma Pigmentosum (XP) is an incurable disease that causes patients to develop cancer at a high rate when exposed to ultraviolet light, which patients must avoid by wearing protective clothing and applying sunscreen on a daily basis.

Shiseido held its first seminar for families of XP patients, for whom sunscreen is an essential product, in 2007. During 2008, the Company demonstrated proper techniques for applying and removing sunscreen cosmetics for 50 groups of patients’ family members and provided one-on-one counseling.

In addition to seminars, the national conference included lectures by dermatologists, opportunities for patients and their families to meet and share information, a puppet play designed to raise awareness of XP, and other events. Employee volunteers from Shiseido helped look after XP patients’ children.



“Using Sunscreen Cosmetics” seminar



One-on-one counseling after the seminar

Shiseido has been donating money and sunscreen cosmetics like Anessa to XP patients since fiscal 2000, and Shiseido Social Contribution Club-Camellia Fund has supported XP patients since fiscal 2005, including by coordinating employee donations and volunteer activities, and holding seminars.

For more information about Shiseido Social Contribution Club-Camellia Fund activities,

Programs that Support Employees' Social Activities

Shiseido's support of employees' social activities derives from the belief that improving oneself through involvement with society leads to growth of not only the employee but also the company.

■ Social Studies Days

Since 1993, Shiseido's Social Studies Days Program has allowed employees to participate in social contribution activities instead of coming to work for up to three days each year. A total of 90 days were utilized under this system in fiscal 2009, in which participants took this time to hone their skills to be used for volunteer and social contribution activities, and to register as volunteers.

■ Product Matching Gifts

Under a program introduced in 1998, Shiseido matches participation in volunteer activities by employees, retired employees, and their families by supplying products such as shampoo and soap to welfare facilities. In the fiscal year ended March 2009, 17 activities were undertaken through this program.

Social Activities Award

Social Activities Award Recipients, fiscal 2008



Teaching Japanese to Foreign Students

Kanetsu Sales Division I, Shiseido Sales Co., Ltd.
Sachiko Imai

Ms. Imai has been conducting voluntary activities since 1999 such as offering assistance in Japanese daily conversation lessons and other lessons at universities for foreign students in international universities.



Initiative as a Female Volunteer Firefighters Squad Leader

Shuto Ken Sales Division II, Shiseido Sales Co., Ltd.
Michiyo Arita

Ms. Arita joined the female volunteer firefighter squad in 2002 and has since been contributing to local disaster prevention activities as squad leader, such as carrying out security duties in case of fire, rescue training sessions and female firefighter training. (far left in the photo)



Volunteer Activity of Singing at Welfare Facilities for Senior Citizens and Persons with Disabilities

Kinki Administration Department, Shiseido Sales Co., Ltd.
Mai Kanamori

Since 2003, Ms. Kanamori has been carrying out volunteer activities as a member of gospel group at the welfare facilities for senior citizens and persons with disabilities. She sings various songs including popular songs and children's songs together with people at the facilities, thereby deepening friendship with residents.



Blood Donation Activities Carried Out Over Roughly 22 Years

Innovative Science Research & Development Center, Research Center
Kenichi Sakuma

Mr. Sakuma has been carrying out blood drive activities for 22 years and from 1986 to 2008 has donated blood a total of 100 times.



Coaching Local Junior Tennis Club as a Volunteer Activity

Cosmetic Materials Research & Development Center, Research Center
Tomonori Ueda

Mr. Ueda has been coaching tennis to second and third grade elementary school children (approximately 80 persons) at a local junior tennis club since 1996.



Coaching Rubber-ball Baseball

Kamakura Factory
Shigeyuki Kawaguchi

Since 1989, Mr. Kawaguchi has been coaching rubber-ball baseball for local elementary school children, and has participated and cooperated in various team events such as summer camp and swimming tournaments, thereby contributing to the healthy development of children.



Coaching Volleyball Team for Mothers as a Local Sports Development Activity

Osaka Factory
Masashi Nakamura

Mr. Nakamura has been coaching a volleyball team for mothers since 1998, thereby contributing to the development of sports in the local area.



Local Clean-up Project

Osaka Factory
Yoshio Kozaki

Since 2006, Mr. Kozaki has been conducting cleanup activities by forming a team once a month to clean up areas around America Town and the inside Mito Park.



Establishment of Oyajinokai in School for Children with Disabilities

Kuki Factory
Kimimotsu Miyao

Oyajinokai was established in 2006 as an external organization of the PTA of a local school for children with disabilities, in which Mr. Miyao actively conducts activities that include setting up bazaars at school festivals, donating intellectual training toys, maintaining flowerbeds and planning lectures on personal appearance for senior high schools.



Sports-related Volunteer Activities and Various Contribution Activities Spanning 36 Years

Shiseido Business Solutions Co., Ltd.
Toshio Sakai (retired)

Since 2002, Mr. Sakai has been carrying out activities as an operations volunteer for various events such as the Tokyo City Road Race and the Tokyo Marathon. Additionally, he has been conducting blood drives for over 36 years, in which he actively participates in various events such as AED (Automated External Defibrillator) workshops and life-saving training sessions. (left in the photo)



Volunteer Head Umpire of Elementary School Baseball League

Shiseido Professional Co., Ltd.
Tomoya Tanaka

Mr. Tanaka has been head umpire for a local elementary school's baseball league since 2005, along with undertaking affiliated operational activities such as the procession of opening ceremonies and other events, setting up and operation of venues as well as providing guidance and training to the team of umpires. (third from the right in the photo)



Coaching and Umpiring Activities for the Local Junior Soccer Team

AYURA Laboratories Inc.
Shoichiro Terashi

Mr. Terashi has coached soccer to the local junior soccer team since 2000. He also acquired Grade 4 umpire certification by the Japan Football Association. (far right in the photo)



Hosting Home Stays and Operational Cooperation Activities via Nonprofit Organization

Ettusais Co., Ltd.
Tamami Murakami

Since 2006, Ms. Murakami has been hosting trainees from respective countries at her home as part of activities undertaken by the Children's International Summer Villages (CISV) as well as conducting PR cooperation activities such as developing newsletters.



Charity Bazaars at Senior Care Centers and Other Volunteer Activities

Shiseido Dah Chong Hong Cosmetics Ltd.

Shiseido Dah Chong Hong Cosmetics Ltd. has promoted volunteer activities since 2007 in local facilities for senior citizens, including holding charity bazaars along with offering beauty services.



Contribution Support Initiatives via Charity Events

Zotos International, Inc. (Geneva Factory)

Zotos International, Inc. holds various charity events such as an annual charity bazaar for a month-long period to collect donations, in which various activities are planned including food booths and a game area. Many employees (80 persons) also participated in a walking event, in which they walked around Seneca Lake to raise funds for various causes..



Local Contribution and Volunteer Activities

Zotos International, Inc. (Geneva Factory)
Jack O'Donnell

Mr. O'Donnell has been undertaking various volunteer activities in the local area since 1986, including conducting lectures in accounting classes at a local university, acting as coach and umpire for a junior baseball league as well as participating in various charity events.



Volunteer Activities Including Providing Haircuts for Mongolian Orphans and Offering Instruction on How to Cut Hair

Zotos International, Inc. (Arcadia Office)
Daniel Salce

Mr. Salce started voluntary activities by visiting regions where support is needed in Mongolia, including for homeless children, through the activities of LifeQuest International. Along with food aid and providing support in terms of medical and hygienic supplies, he also cuts children's hair and offers basic instruction on how to cut hair to local children.



Volunteer Activity of Providing Information to Tourists at the Airport

Shiseido (Canada) Inc. (BPI)
Mary Lynn Oates

Since 1991, Ms. Oates has been carrying out volunteer activities by welcoming tourists who arrive at Calgary Airport and offering assistance to those who need support by responding to their questions and concerns.



Social Contribution Activities as a Boy Scout and Girl Scout Leader

Shiseido (Canada) Inc.
Rose Ho

In addition to teaching children in the Boy Scouts and Girl Scouts (ages 10-14) since 1990 regarding the conservation of natural resources and associated measures in local areas, Ms. Ho develops, plans and carries out activities such as outdoor activities and replanting flowerbeds in parks.



Cancer Patient Support Program in Children's Hospital

Shiseido (Canada) Inc.
Monique McDermott

Since 2007, Ms. McDermott has been teaching the importance of skincare, specifically the importance of sun protection to teenage patients and their families at the children's hospital. Additionally, she also offers guidance on makeup application techniques to naturally draw eyebrows lost due to cancer treatment, and thus, carries out activities to improve the quality of life (QOL) of patients and their families.

Disaster Relief

Sumatra Indonesia Earthquake

The Shiseido Social Contribution Club - Camellia Fund has solicited relief aid from all Shiseido employees to support disaster recovery efforts following the Sumatra Indonesia earthquake that occurred on September 30, 2009.

A total of ¥2.07 million (donated by 4,140 persons) was collected and donated to the nonprofit organization Japan Platform (JPF).

Relief aid is used to support the distribution of food and daily necessities as well as providing medical assistance to prevent infectious diseases, tents for conducting lessons for children outdoors and technical guidance for improving houses that can withstand an earthquake



Myanmar Cyclone and the Chengdu Earthquake

Shiseido Social Contribution Club-Camellia Fund collected donations from employees to aid recovery efforts in the wake of Cyclone Nargis, which struck the southern part of Myanmar on May 3, 2008, and the powerful earthquake centered in the city of Chengdu in Sichuan Province, China, that occurred on May 12, 2008. All funds that were collected were donated to Japan Platform (JPF), including a total of ¥3,428,416 (from 6,884 employees) for the Myanmar cyclone and ¥3,495,265 for the Chengdu earthquake. Donations are being used to aid in the recovery process in affected areas.



Chuetsu Offshore Earthquake

[Shiseido Social Contribution Club-Camellia Fund\(Japanese only\)](#) called on all employees to offer assistance to victims of a powerful earthquake that occurred off the coast of the Chuetsu region on July 16, 2007, and ultimately donated a total of ¥4,043,000 (from 8,086 donors) to the Niigata Prefecture Community Chest. Donations were used to help fund recovery programs in the affected areas.



Support for Areas Affected by Typhoon Morakot in Taiwan

Typhoon Morakot, which hit Taiwan on August 8-9, 2009, caused major damage in southern areas including Kaohsiung and Tainan, with over 690 casualties and 76 persons still missing as of September 8, 2009. With regard to affected residential urban areas, cars and houses are buried in sediment up to their roofs, necessitating full-scale rescue activities using military boats and courageous volunteer support activities to be undertaken.

Taiwan Shiseido Co., Ltd. established a countermeasures headquarters on the following day (August 10) to confirm the safety of Shiseido employees and business partners. At the same time, executives of Taiwan Shiseido, led by Chairman Kuo Shiang Lee, responded to the disaster by taking measures such as visiting stores that have been affected by the disaster to offer consolation while also donating various materials, including Honey Cake Soap, totaling roughly ¥4.5 million to the Red Cross Society of Republic of China. This donation was presented together with a monetary contribution of approximately ¥4 million from Taiwan Shiseido Group employees.

Additionally, Taiwan Shiseido employees visited the homes of disaster victims and conducted relief activities, during which residents commented: "We cannot eat or even drink water and we cannot sleep at night. I can't stop crying when I think about what our lives will be like in the future. After one week since the typhoon, you are the first to visit our house."



Store of a business partner affected by typhoon



Donation from Taiwan Shiseido to Red Cross Society of Republic of China

Initiatives at Domestic Business Locations

Initiatives at the Beauty Solution Development Center

■ Let's Go Out and See Local Communities! Eight Beauty Artists Volunteer to Give Haircuts

The Beauty Solution Development Center is promoting "Let's Go Out and See Local Communities" all year round as a social contribution activity conducted with the aim of realizing and accepting different values by enabling respective employees to come to understand personally their relationship with society. On December 2, 2009, Shiseido employees visited an elderly care nursing facility in Shinagawa Ward as haircut volunteers. Eight beauty artists including Shiseido top beauty specialist Etsu Nishijima and Miyako Okamoto cut the hair of 20 residents who are unable to go out due to health conditions and 15 staff members to enable them to comfortably spend time and look nice for the year-end and new year holidays.



Beauty artists put a smile on faces using a single pair of scissors

■ Activities with Shanti Volunteer Association (SVA)

A picture book was issued in March 2009, which was developed through proceeds collected at the Developing Countries Education Support Bazaar held on September 5, 2008.

Folk tale picture book *"Present from my Father"*

1,000 books were published each in the Burmese and Karen languages and were then distributed in refugee camp facilities, including libraries, schools and hospitals to be read by over 140,000 refugees, many of who are children. Native language picture books being made available at refugee camps, where books are overwhelmingly scarce, will help children in terms of fostering literacy and inspiring dreams, hope and conveying ethnic culture.



"Present from my Father" in the Burmese and Karen languages



Developing Countries Education Support Bazaar

■ Activities with TABLE FOR TWO Nonprofit Organization

Shiseido supports the TABLE FOR TWO (TFT) concept and has participated in TFT activities in the cafeteria at the Shiodome Office since July 1, 2009. TFT is a new social contribution program originating in Japan, which started with the aim of resolving "unbalanced diets" in "advanced nations where there is sufficient food" and "developing countries where there is a lack of food," thereby making people healthy in both advanced and developing countries.

Under this program, low-calorie and nutritiously balanced, healthy meals are offered and priced ¥20 higher than the regular menu at the cafeteria. The ¥20 from each meal will be donated to TFT to be used in school meals for local children in Africa.

At the Shiseido Shiodome Office cafeteria, a "TFT participation menu" is offered in line with the TFT concept, whereby donation activities are being carried out on a daily basis. The program is steadily taking root, giving every person who participates in this activity a good opportunity to consider one's health as well as the issue of world hunger.



Properly balanced meals with less than 700 kilocalories, low salt and fat content are introduced to contribute to employees' health.



■ Hanatsubaki Avenue Cleanup Activities

Ginza is a district that is always capturing the trends ahead of the times while cherishing its history and traditions. Hanatsubaki Avenue defines the border of Ginza 7-chome and Ginza 8-chome. The Ginza 8-chome area, where the Tokyo Ginza Shiseido Building is located, was previously known as Izumochō since the area was developed by the Matsue Han (Matsue Clan) in the Edo era. Founded in Izumochō in 1872, Shiseido planted wild camellia trees along a nearby avenue, which became known as Hanatsubaki Avenue over time. In 1993, Shiseido planted eight camellia trees presented by Izumochō city along Hanatsubaki Avenue and is setting up flags created by Shiseido designers four times each year in the spring and summer and during the Christmas and New Year holidays, thereby brightening up the area.

Additionally, neighboring companies and individuals of local stores conduct cleanup activities on the fourth Tuesday of each month along Hanatsubaki Avenue in the morning. Shiseido employees from the Head Office as well as staff members of Shiseido Parlour and The Ginza also participate every month in cleanup activities such as sweeping and cleaning using brushes and hoses and displaying notices to remove illegally abandoned bicycles in an effort to keep Ginza clean. A total of 16 years have already passed since these activities were initiated, whereby a total of 104 persons from Shiseido have participated as of the 170th event in October and approximately 20-30 Shiseido employees are participating every month.

It has been said that in their later years, Shiseido's founder Arinobu Fukuhara and his wife Toku bowed and paid their respects to stores along the streets when they took a stroll every morning through Ginza, even when the shops were closed. A sense of gratitude for the support Shiseido has received from Ginza has remained unchanged from that time, as exemplified by the words of Toku Fukuhara, "Ginza exists because of everyone and Shiseido exists because Ginza exists."



Hanatsubaki Avenue 2009 flag



Shiseido employees participating in Hanatsubaki Avenue cleanup activity

■ Activity to Support Underprivileged Children via Calendars and Notebooks

Shiseido is promoting an activity to effectively use calendars and notebooks received from our business partners at the end of the year by sharing them with employees in other departments. From December 17 to 25, the annual campaign based on the concepts of "mottainai" (not wasting anything) and "supporting underprivileged children via calendars and notebooks" was held in the cafeteria on the 12th floor of the Shiodome Office. Unused calendars and notebooks were collected by calling on the Head Office, research centers, factories and sales companies in the Kanto region, and were widely shared among employees.

Additionally, during the same period, donations starting from the amount of ¥1 were solicited from employees and respectively presented to Save the Children Japan and Shiseido Social Welfare Foundation, two organizations that are supporting children, via the Camellia Fund.

Furthermore, the remaining calendars were given to the Nagasaki International Association, which conducts charity sales of calendars collected from respective regions nationwide. The total proceeds from this charity drive were used for donations, including pencils and notebooks to children and food aid for persons affected by Cyclone Nargis that struck Myanmar in May 2008, and were provided through the student international non-governmental organization (NGO) BOAT run by Nagasaki University's International Student Center.

In fiscal 2009, a total of 702 calendars and notebooks were collected and donated to the Nagasaki International Association, which truly appreciated Shiseido's cooperation during "a very challenging year for collecting such items."



Site where numerous calendars and notebooks were collected



Employees choosing calendars and notebooks

■ Activities with Nonprofit Organization Sengoku International Judo Hall

On September 19, 2008, Shiseido donated 1,264 T-shirts that had been used by beauty consultants in a summer promotional campaign to the nonprofit organization (NPO) Sengoku International Judo Hall.

Previously, the company had collected clothing used in promotional campaigns and other events as part of its risk management strategy. Eager to put the clothing to use in a manner that would benefit society, when the promotional campaign ended in Japan the Shuto Ken Sales Division II of Shiseido Sales Co., Ltd. donated the T-shirts to Sengoku International Judo Hall. The clothing is to be gradually delivered to disadvantaged children in Indonesia by spring 2009.

Sengoku International Judo Hall, a NPO dedicated to contributing to international exchange through judo by teaching the sport to Indonesian children, has some 150 registered students of elementary school age. President Motoko Sengoku sent Shiseido a note acknowledging the donation:

" I was eager to quickly hand out the T-shirts on September 25. The children love them, and their parents have been clamoring for more. I'm enclosing a photograph of the kids wearing the shirts. If you take a look at the joy in the beaming faces of these kids from Bali, I think you'll see that their smiles are a bit different from those of Japanese children. We're all truly grateful for your donation."

Shiseido's employees are eager to continue to grow by meeting and interacting with as many people as possible.



Initiatives for Children

<http://www.shiseido.co.jp/kids/index.htm> (Japanese only)

Activities to Provide Beauty Information to the Next Generation

The number of children with various skin problems such as rough skin is increasing in line with the trend to begin using cosmetic products at a younger age. To address this issue, Shiseido is disseminating daily beauty information for children, including face washing and UV-protection methods in an easy-to-understand manner, thereby enabling children to become familiar with suitable ways to treat their skin and maintain beautiful skin for many years.

- Initiative to disseminate daily beauty information via ["Beauty Club for Kids" website](#) (Japanese only)
- Sampling activity of facial cleansing foam and sunscreen via school teachers
- Face-to-face awareness-raising activity at a special lesson at school



Face-to-face awareness-raising activity during a special lesson at school

Participating in the Aichi Children's Art University

In 2008, a hair and makeup artist from the Shiseido Beauty Creation Center served as an instructor at the Aichi Children's Art University, which offers a range of courses in subjects including music, art, dance, and sculpture for elementary and middle school students living in Aichi Prefecture. Having been recommended in recognition of the artistry of Shiseido's approach to expressing beauty, she threw herself into her responsibilities in the hope that the creative activities of the Beauty Creation Center would serve as a form of social contribution that improves children's futures.

The course, entitled "I'm the Canvas!? The World of Show Makeup," was offered on September 20, 2008. Students ranging from the fifth grade to middle school age experienced what it's like to live the dream of being a model, gaining an understanding of the power and fun of cosmetics as well as of the rich possibilities of self-expression.



Mieko Ueda gives a demonstration.
Photography: Ryoji Yamauchi



Transformed by show makeup!
Photography: Ryoji Yamauchi

voice

I Want Children to Experience the Power and Fun of Makeup.



Hair and makeup artist, Beauty Creation Center
Mieko Ueda

This was my first time to teach makeup to children, and I did quite a lot of work preparing for the course so that the kids would be able to experience the fun of cosmetics, and the power of hair and makeup to transform how they look. The children had a great time on the day of the course and got to try their hands at creative makeup.

Activity to Support Career Development for University Students in Japan

The Beauty Solution Development Center began seminars from November 2009 targeting male and female university students who represent the next generation who will lead the way as a means of hoping to provide assistance that will prove to be of use amid today's uncertain circumstances.

In November 2009, Emiko Takasu, General Manager of the Beauty Solution Development Center conducted an approximately two-hour seminar for 120 female Rikkyo University students at the Shiseido Gotanda Building, in which she presented a lecture based on her experience regarding female career development, Shiseido's history and people and beauty science. The lecture was successful as evidenced by the various questions and messages of appreciation received from many of the students who participated. Subsequently, a lecture was conducted in January 2010 targeting third-year students of Aichi Toho University. This lecture was once again extremely successful and enabled many students to gain a deeper understanding toward the concept of work and about Shiseido as a company. A third lecture inviting Showa Women's University students was held in February.

In the future, Shiseido plans to actively organize lectures in response to multiple requests.



Visiting lecture by Emiko Takasu, General Manager of Beauty Solution Development Center



Participating students raising questions

Activities to Promote the Development of the Next Generation Conducted in Cooperation With Governmental Institutions (Examples of activities held at Komatsu Elementary School and Fujinoki Junior High School in Japan)

■ Participation in Komatsu Waku Waku Lessons

The Osaka Factory participated in Komatsu Waku Waku Lessons held at the neighboring Komatsu Elementary School on January 30, 2010, which featured music lessons conducted by the light music society Shisei-Kai and a cosmetic production lessons by the Contents Technical Group, Technical Department. On this day, participating factory members were also able to interact with neighboring governmental institutions and companies as well as PTA and local community members. The Osaka Factory plans to continuously participate in such activities for promoting children's education.



Music lesson and cosmetic production lesson

■ Career Education Sponsored by Nippon Keidanren (Japan Business Federation)

In support of the aim of collaborative promotion of education by schools and companies being pursued by Nippon Keidanren, a lesson related to career education was conducted by the Shiseido Head Office CSR Group, General Affairs Department jointly with Canon, IBM Japan, Kiyoken and Fujitsu for first-year students at Fujinoki Junior High School in Yokohama city on February 10. Students gained a better understanding toward working professions, as reflected by a comment from a student who said, "I was able to realize that even an item that I see every day without paying much attention involves a lot of hard work in the production process."



During the lesson.

Activities to Support Learning through Workplace Experience

Shiseido supports learning through workplace experience and holds classes at area schools as part of its local community activities. In 2008, seventh and eighth graders from Hino Gakuen, a public integrated elementary and middle school in Tokyo's Shinagawa Ward, visited the company for workplace experience. We also oversaw a "Smile Class" for 152 eighth graders as part of Hino Gakuen's civics class in 2009.

Smile Class consists of lessons based on Shiseido's research related to facial expression that has been organized for junior high school students to address the increasing number of children who have trouble associating with others due to a lack of emotional communication] brought about by the widespread use of the Internet and cell phones. Specifically, in addition to learning about the importance of people's faces and their expressions, students consider their own smiles by checking the smiling level and learn that a smile can make a different impression on others. At the end of the session, all members did "SHISEIDO Face Exercises" for creating wonderful smiles. We hope to continuously promote the Smile Class as part of Shiseido's unique efforts to support the next generation based on its accumulated research on facial expression (facial attractiveness).



Students learning through workplace experience



The "Smile Class" at Hino Gakuen



"Smile Class" at Hino Gakuen in June 2009

voice

Through Workplace Experience

Eighth graders at Hino Gakuen, a public school (two-day program)

Students learned that work includes many fun experiences, as well as plenty that is difficult

Through the Smile Class

Eight graders at Hino Gakuen, a public school

The class taught us about the importance of smiling. We were surprised to learn that people's first expression as an infant is one of anger. We also learned that smiling indicates a preference for peace and distaste for confrontation and argument. We gained a new understanding of the fact that smiling doesn't just feel good to the person doing it, but that it also gives a good impression to those around us.

Study Tour Support Activity

Since fiscal 2000, Shiseido has been participating in a study tour to deepen self-understanding of students to consider their career options for second-year students of Tottori Higashi High School in Japan. The program is conducted annually in October in the Kanto area, in which approximately 300 students visit an establishment that they have chosen from among approximately 30 establishments located mainly in Tokyo. During the ninth event in fiscal 2009, Shiseido welcomed 43 students and carried out various activities including introducing Shiseido's history, giving a presentation on UV rays and the skin, conducting a "Smile Class" and a hosting a discussion regarding career options with Shiseido employees.



Job introduction by Shiseido employee



"Smile Class" to support communication

TOPICS

Summer Holiday Project for Children at Shiseido Art House in Japan "Let's Make Traditional Japanese Painting on Paper Fans" Workshop

As part of its initiatives to contribute to art and culture, while cultivating the next generation in local communities, Shiseido Art House holds annual workshops for children in conjunction with exhibitions scheduled to coincide with the start of the summer holidays.

In 2009, in conjunction with the exhibition "Attractive Japanese-style Paintings Featuring Flower, Birds, Wind and the Moon" held from July 3 to September 27, a children's art workshop entitled "Let's Make Traditional Japanese Painting on Paper Fans" was organized on August 1 and 2. A traditional Japanese-style painting restoration specialist and a part-time lecturer at the Joshibi University of Art and Design, Ms. Ayako Koga, who is also directing the restoration of traditional Japanese-style paintings owned and stored by Shiseido Art House, was invited as a guest lecturer to enable elementary and middle school children to experience this unique style of art for the first time. A total of 10 children participated in the highly successful workshop on the first day and nine on the second day.

At first, the children were puzzled by the unfamiliar paints used for this style of painting, but soon began to create vivid images as they became accustomed to the medium. Participating staff was amazed at the splendid results produced by the children. Each brilliant work of art depicted a heightened sense of creative freedom and promising potential. After they finished painting, the children held up their fans and with big smiles made comments such as, "It was hard to paint, but I enjoyed it," "It was surprising because the powder turned into paints" and "Are there going to be more workshops like this one? I want to do it again!" Additionally, many comments were also received from the accompanying parents such as, "I want to try painting as well," "The children seemed to be really enjoying themselves. I was envious and wanted to join in," and "We are looking forward to participating in the event next year."

This traditional style of painting has been practiced in Japan for more than a 1,000 years over the course of Japanese history, taking form in the decoration of such items as folding screens, scrolls and panels of sliding doors. The paint used in traditional Japanese-style painting is made from glue and powdered colorants and is very fragile and difficult to handle. This delicate quality of the paint makes the medium ideal for expressing the Japanese spirit of appreciating a fleeting moment of beauty in nature. However, this style of art is rarely taught in Japanese art education today, except for specialized departments (including Arts and Sciences). In this respect, the workshop offered a valuable experience for all who participated.

Shiseido Art House will work to continuously convey the richness of art and culture to children through such workshops together with exhibition activities.



Children at the workshop



Children using Japanese painting tools for the first time

Kangaroom Shiodome, a Nursery School Operated by Shiseido

Shiseido opened Kangaroom Shiodome in September 2003, as part of its initiatives to help employees raising children in the Tokyo metropolitan area balance the demands of work and childcare. The facility also accepts a certain number of children of employees of other companies, which are supporting the concept of "improving the child-rearing environment through cooperation with other companies." Kangaroom Shiodome has made a significant contribution to transforming employees' awareness of how they work and realize a work-life balance. The facility has been well received by people utilizing its childcare services for reasons such as enabling women to return to work with complete peace of mind after the birth of a child and feel secure in the knowledge that their children are nearby, as well as allowing them to effectively make use of their time since they don't need to allot time to travel to a separate facility to pick up their children.



TOPICS

Empress Michiko Visits Kangaroom Shiodome

On May 15, 2009, Her Majesty Empress Michiko visited Kangaroom Shiodome. On the day of her visit, the Empress took time to interact with children and spoke in a friendly manner to 4-to-5-year-old children drawing pictures and 2-to-3-year-old children playing with clay while also joining 0-to-1-year old children playing house. The Empress also spoke cordially with eight parents using the facility and expressed a great interest in Shiseido's stance of providing support in balancing work and childcare.



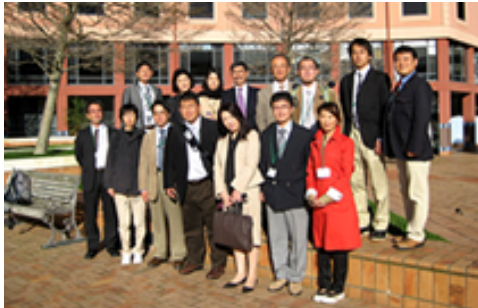
<http://www.zaidan.shiseido.co.jp/html/> (Japanese only)

In every era, children are the treasure of humankind. As a member of society, Shiseido believes that supporting the healthy development of the children who will be the leaders of the next generation is one of the Company's natural obligations. Founded in 1972, the Foundation is working to improve the environment in which children live and grow through aid activities such as human resources development programs for workers at child welfare facilities.

Overview of Activities

1. Global training programs

- (1) Overseas Training Program, which seeks to increase the skills of key employees at child welfare facilities



34th Overseas Training Program in Wellington (New Zealand)

- (2) Japan-based Invitational Asian Training Program, which seeks to help workers at child welfare facilities in Asian nations master welfare skills



Participants in the Japan-based Invitational Asian Training Program visit a children's home (in Osaka)

- (3) High School Student Asia Volunteer Support Program, conceived to foster sociability and independence



Participants in the High School Student Asia Volunteer Support Program visit a facility for disabled children (run by the Salvation Army in Singapore)

2. Domestic Training Programs

Domestic Training Support Program, which works to improve the specialization of workers at child welfare facilities



Family Counselor Central Training
(at Shiseido's Shonan Training Institute)



Childcare Workshop Supporting the Education
Function of the Family (at Shiseido's Shonan
Training Institute)

3. Regional Activities

- (1) Childcare Seminars, which provide useful information to mothers and fathers how have concerns about how to raise their children



Family Support Center ASUNARO Child development Square
(Ishikawa Prefecture)

- (2) Worker Training Program, which seeks to improve the support skills of workers at community-based counseling centers



Worker Training Program
(at Shiseido's Shonan Training Institute)

4. Publishing Program

Children and Motherhood Worldwide (Japanese edition), a publication dedicated to improving child welfare in Japan by collecting and disseminating a broad range of information related to child welfare from a global perspective



Children and Motherhood Worldwide information magazine
(published April and October)

5. Activities for Supporting Independence

- (1) Promoting "A Celebration of Independence" to support the social independence of children in institutions and foster children

An Etiquette, Manners and Beauty Seminar supported by Shiseido employees was successfully held in 2009 for children who grew up in institutions and foster children and who will become independent after graduating from high school. The seminar was conducted on March 1, 2009 jointly with the Association for Celebrating Graduation from High School and the Start of Adulthood and the Association for Celebrating the Start of Adulthood for Foster Children. On this day, 19 graduating high-school seniors from four children's institutions in cities in the Kanto region were invited to participate. The 18-year-old young adults took part in a beauty session on "how to dress appropriately as a member of society" from volunteers of Shiseido's Beauty Solution Development Center followed by taking individual and group commemorative photos. At a social gathering held afterwards, the soon-to-be graduates as well as foster parents and institution staff and Shiseido employees had a fun time enjoying games, presented gifts and a mini-concert.



Celebration speech by Takafumi Uchida, Shiseido Corporate Officer and Standing Director of Shiseido Social Welfare Foundation



Boys take a serious interest in hair styling techniques.



Commemorative photo-taking session by Shiseido photographer. Photo albums were given to each person at a later date.

- (2) Supporting high school students entering universities, junior colleges and vocational schools via the Shiseido Child Welfare Scholarship Program directed toward expanding future initiatives in the area of child welfare

Target

18-year-old young adults living in institutions and foster children who are planning to enter universities, junior colleges and vocational schools in April 2010.

Financial support

An annual stipend of ¥500,000 is provided to partially cover course fees.

Period

4 years or 2 years

Number of recipients

Approximately 5 persons



TOPICS

Many Smiling Faces of Mothers at Single Mother Facility at Christmas

Currently, there are approximately 750,000 single-mother households in Japan (as of 2005), an increase of 20% over a five-year period. Among these households, approximately 4,500 households are living in mother-child living support facilities at 272 locations nationwide. These facilities are established with the aim of protecting single mothers with children and supporting the independence of mothers. Many of those living in these facilities have experienced domestic violence from family members including their husband. Those who have managed to get to these facilities after leaving their homes without any belongings become independent after few years by acquiring jobs but they have little money and cannot afford to buy cosmetics. As a means of supporting mothers living at these facilities to become "bright and happy mothers" again by getting a job as early as possible, the Shiseido Social Welfare Foundation has donated product sets of Shiseido's mainstay Aqua Label skincare line (products before renewal). Products were wrapped and delivered for Christmas events in December via an organization of ZENBOKYOU for supporting single mothers with children along with messages from the foundation to mothers. The donation of cosmetics has enabled mothers to look back on themselves and has helped to give mothers, who had no choice but to enter the facility due to various circumstances and raising children under difficult situations, hope for the future. The following letter was received from one mother.

I would like to express my appreciation for sending wonderful gifts at this time. I have lived the past 10 years in a single-mother household, in which I have struggled to work to raise a child without wearing makeup or going to a hair salon or applying sun protection cream. I was devastated to see myself in a mirror after a long time when my child grew up and I had reached my 40s and realized my skin was aging.

I am beginning to think about my life since my child will soon become independent. I became extremely sensitive toward products written with the words "spots" and "lift up." I think everyone else is the same. I hope to make efforts to recapture my "beauty" as much as possible in the future. I will soon no longer be a single-mother household and hope to purchase Shiseido products with the money I earned; however, I ask Shiseido to continue to contribute to mothers of single-mother households.

In addition to the conventional means of support related to the welfare of children and women, the Shiseido Social Welfare Foundation also promotes activities toward realizing "This moment. This Life. Beautifully" for mothers who are living in single mother facilities and trying hard together with their children.



The SHISEIDO LIFE QUALITY BEAUTY SEMINAR at a single mother facility



Aqua Label gift set

Initiatives in Overseas Business Offices

Construction Support of Xiao Shi Gong Shiseido Group Hope School in Shanxi Province in China

Up until now, Shiseido has supported the construction of four Hua Zhi You Hope Schools by the local government of Beijing via the Kibou Kotei Kikin, a national project fund, along with donating school supplies together with its local subsidiary in Shanghai. In 2009, Shiseido supported the construction of an elementary school for Shanxi Province Baoji City Qishan Fengxiang District. This area is related to "Yi Jing"("Book of Changes"), which is the origin of Shiseido's company name. The respective elementary school was opened in September and a commemorative ceremony was held in December 2009. Additionally, Qishan is also an affected area of the great Sichuan Earthquake, whereby this location was selected also as a means of supporting rehabilitation.

The Xiao Shi Gong Shiseido Group Hope School is the fifth school supported by the Shiseido Group, but is the first elementary school in which "Shiseido Group" is part of its name. Representatives from the Shiseido Head Office and local subsidiaries attended the ceremony on December 7 and presented school supplies including stationeries and dictionaries to the school and children.

Shiseido plans to continue to provide assistance to children who will be supporting the future of China through donating various items including supplies that are needed at schools.



At the ceremony

Shiseido España S.A Promotes the Development of Capable Personnel for the Next Generation

Shiseido considers that one of its major responsibilities is to welcome students and provide them with opportunities to gain actual work experience and a greater professional awareness. As part of its initiatives to support the employment of enthusiastic students, on April 22, 2009 Shiseido España S.A participated in a job fair held at Nebrija University in Madrid, Spain. A total of 32 companies participated in this event, which was organized for students who will be graduating from the university with the aim of gaining a better understanding about respective companies' businesses. Approximately 300 students visited the Shiseido booth. Events such as this are also becoming a new venue to communicate with new students who may become future Shiseido employees.

In addition to deepening their understanding about Shiseido and society, we also think that young students have synergistic effects such as vitalizing our workplace. Accordingly, since its establishment in 1998, Shiseido España has been introducing an internship program, in which three students are accepted every year. Through this program, many students mainly experience marketing activities, including planning promotions of Shiseido España.

Each time, we are receiving comments that "this program has enabled me to discover the depth of cosmetics business."

The Shiseido Group will continuously promote such initiatives as part of its CSR activities and corporate responsibilities.



Shiseido booth at job fair

Shiseido Cosmetici (Italia) S.p.A. Continues to Promote La Forza e il Sorriso (Power and Smile) Program for Female Cancer Patients

Based on the idea of "contributing to the local community as a means of expressing our appreciation up to this day," and in commemorating the 40th anniversary of its establishment, Shiseido Cosmetici (Italia) S.p.A. initiated the La Forza e il Sorriso (Power and Smile) program in April 2008, which offers free skincare and makeup services for cancer patients. For each event, six female cancer patients who are undergoing treatment with anticancer drugs are invited to the venues owned by the two associations of IEO (Istituto Europeo di Oncologia; established in 1994) and Attivecomeprima Onlus (established in 1973) with the aim of bringing back their smiling faces and mental vitality. This program is carried out in a warm and comfortable atmosphere, in which local staff members provide careful explanations regarding various aspects of makeup application, such as how to draw natural eyebrows that were lost due to the side effects of treatment in order to help patients be able to apply makeup on their own.

In addition to activities held in Milan, this program was held three times in fiscal 2008 with a total of 18 participants. The local staff could also reaffirm the "power of cosmetics" and sensed the meaning of this activity by seeing the delight of the patients. This program is being held approximately 1-2 times per month in 2009 (24 participants as of July 2009), and we will continuously undertake efforts to actively promote this program in the future. (Sponsoring body: Italian Association of Cosmetic Industries (UNIPRO))



Skincare consultation service



Shiseido Cosmetici (Italia)
S.p.A. employee (right)
offering makeup advice to participants

Social Contribution Activities at Shiseido Thailand Co., Ltd.

A social contribution group within Shiseido Thailand Co., Ltd was established to undertake various voluntary social contribution activities. As a follow-up to support facilities for women and AIDS treatment in fiscal 2008, Shiseido Thailand carried out activities in fiscal 2009 including beauty seminars at women's shelters and elderly care facilities. Additionally, activities such as fund-raising are carried out every year, in which items including food, clothing and money collected from employees are donated to disaster victims or people in need through the Red Cross or elderly care facilities. Shiseido Thailand will continue its efforts to actively promote activities with a desire of developing the genuine courtesy of individual employees into major social contribution activities.

■ CSR Day Held Under the Concept of "Fair, Share and Care"

On June 6, 2009, Shiseido (Thailand) Co., Ltd. (hereinafter, "ST") held CSR Day under the co-sponsorship of the Corporate Social Responsibility Institute (CSRI) as part of its CSR activities, in which Dr. Pipat Yodprudtikan, Director of Thaipat Institute (Foundation for Thailand Rural Reconstruction Movement under Royal Patronage) was invited as a lecturer to improve ST employees' knowledge on CSR. ST was recently selected as one of 50 companies in Thailand recognized as a company that places a continuous importance on CSR activities, which in turn, has enabled the Company to hold CSR Day as an educational seminar event.

Based on the concept of "Fair, Share and Care," all ST employees are undertaking CSR activities as part of their daily operations that can be carried out anytime, anywhere with the aim of providing superior services. At the same time, ST employees cooperate with each other and responsibly undertake initiatives from carrying out activities to making donations after activities are completed.

ST Managing Director Tatsuo Sudo gave a speech to all employees, in which he communicated the company's direction on CSR and advised everyone to keep in mind the spirit of *omotenashi* (hospitality) in their operations.



CSR Day



P- ST Managing Director
Tatsuo Sudo (left)
received a commendation certificate
for completing CSR Day from
Dr. Pipat Yodprudtikan (right)

■ **SHISEIDO THAILAND was selected as the member of Female Labor Protection Network organized by Labor Protection Ministry**

This is an invitation for selected organization without any bad records of labor problem and following labor law properly.

SHISEIDO THAILAND was informed from the senior labor officer at the end of June 2008 that they were selected as the member of Female Labor Protection Network to work with Labor Officer. Shiseido Thailand accepted this invitation and according to the labor officer's indication, they appoint a staff to volunteer in participation in meetings every 3 times a year with responsibility to protect labor protection practice in own organization. The first meeting was held on November 2008 followed by the second meeting on September 2009 regarding New Labour Law and exchanging ideas on employee relations.

One of the reasons why SHISEIDO THAILAND was invited is that their majority of staffs are female and it will be able to support Labor Officer to observe and make advices as the watchdog for other organizations. SHISEIDO THAILAND committed to work as the labor consultant for employees to take care working condition, well-being, hygienic & safety, quality of work-life and so on.

In the meeting, all network members will share best practices of each organization and propose ideas on improvement of future legal practices to Labor Officers, to support each other in order to provide the good harmony in tri-parties system: Government + Organization + Female Employees. Every network member will also be invited in National Female Day in every March 8 of the year.



Shiseido Thailand employees carrying out the seminar as a means of supporting women who have lost the labor opportunity as a result of household poverty

■ Contribution to Goodwill Group Foundation and Beauty Seminar Event

As a means of supporting women who have missed the opportunity of receiving education as a result of household poverty or domestic violence to actively participate in society, the IPSA team held a workshop on March 28, 2008, to teach makeup application techniques and share the enjoyment of becoming beautiful through cosmetics.



■ Beauty Seminar Event at Elderly Care Facility

On August 28, 2008, a beauty seminar was held at an elderly care facility where senior citizens who have no one to depend on are looked after. Additionally, contributions and daily goods were donated by employees.



■ Workshop Held at the Association for the Promotion of the Status of Women

On September 26, 2008, a visit was made to a facility where women and children who have suffered from domestic violence or abuse are protected, and a workshop was held to convey the enjoyment of wearing makeup. In addition to donations and daily goods from employees, a special lunch was offered to all members at the facility.



■ Tree-planting Program with Pittayakom Elementary School Students in Samuthprakarn

On December 9, 2008, local elementary students joined on activity for planting mangrove trees, the number of which has been significantly reduced due to environmental degradation, as part of a tree-planting activity.



CSR Activity in Shiseido Dah Chong Hong Cosmetics Ltd.

Kickoff events timed to coincide with visits by top management can be used to get press coverage for both CSR activities and management.

Kickoff events timed to coincide with visits by top management can be used to get press coverage for both CSR activities and management. As an extension of Shiseido's CSR program, SDC held a charity sale in Hong Kong from November 9 to December 31, 2008 to raise funds for the United Nations Children's Fund (UNICEF). UNICEF supports gender equality and works to ensure equal opportunity in education. Providing educational opportunities to disadvantaged girls is aimed at increasing women's general income level in the long term and improving the living conditions of women and children in China. President Maeda gave a speech at the kickoff event, which was reported in the local print media the following day.

Participating brands: Shiseido, Shiseido Beauty Centre, Qi Shiseido Esthetics, Cle de Peau Beauté, IPSA, Ettusais, Issey Miyake, Jean Paul Gaultier, Narciso Rodriguez, Shiseido Haircare Division, Za, Majolica Majorca, Aqua Label, Uno and Dramatical Eyes

The mechanics are as follows:

Donate HK\$100 or above at any shop or counter and receive a thank-you gift.

Donate HK\$150 or above and receive the Shiseido Tote Bag Kit with the limited edition tote bag featuring a print designed by Shiseido's Corporate Advertising Japanese illustrator Mr. Ayao Yamana, plus a thank-you gift.

Donate HK\$200 or above at any Shiseido shop, Shiseido Beauty Centre or at Qi Shiseido Esthetics and receive a limited edition Shiseido Parlour Chocolatier direct from Japan, plus a thank-you gift.

Four bottles of Issey Miyake limited perfumes, the Shiro Kuramata edition, will be donated to UNICEF. Only 2,500 bottles have been produced for sale worldwide and only 10 bottles for HK. The charity price is HK\$2,800 each.

All proceeds after deduction of operational costs will go to UNICEF's girls' education scheme in China.



Speech by Shiseido President Shinzo Maeda



Cheque presentation by SDC & Vivian Chow to UNICEF & Miriam Yeung



Event venue

Chinese White Dolphin Conservation Project

Shiseido Chinese subsidiary Shiseido Liyuan Cosmetics Co., Ltd., (SLC) launched the Chinese White Dolphin Conservation Project in July 2008 in collaboration with the World Wildlife Fund (WWF) Hong Kong. In addition to tapping specialists in China and from around the world to conduct research into the ecology and habitat of the Chinese white dolphin, a species about which many questions remain unanswered, the project is researching how to best pursue conservation efforts.

Chinese white dolphins, which primarily inhabit coastal waters from the Indian Ocean to the Western Pacific, are experiencing a drop in population caused by factors such as marine pollution and coastal land reclamation projects. The species has been red-listed by the International Union for Conservation of Nature and Natural Resources (IUCN). Sometimes called the “panda of the sea” and a “marine national treasure” due to its rarity, the animal has also been designated as a Class I protected species in China, reflecting its status as an endangered species.



At SLC, Beauty Consultants manning sales counters for AUPRES, a brand sold exclusively at more than 700 department stores in China, are working to call attention to the importance of environmental conservation by wearing badges portraying the Chinese white dolphin and handing out educational pamphlets to customers.



At the ceremony launching the project



CSR Activity in Shiseido New Zealand

Shiseido NZ Ltd has chosen to support Look Good Feel Better over a number of years.

Look Good Feel Better is a free service offered to women undergoing treatment for cancer. The aim is to help restore and enhance the appearance of cancer patients both during and after treatment.

Guidance, information and makeover expertise is offered at special workshops around New Zealand.

A key contribution is made through the donation of product; around 3000 pieces per year. This product is used in both the workshops and given to participants to take home for continued use.

A group of employees from Shiseido NZ Ltd have recently attended Look Good Feel Better training sessions to enable them to volunteer at special workshops for cancer patients. The company have committed to supporting team members who would like to be involved in the workshops by allocating time within their work schedules for them to participate in the workshops.

In addition support has been offered in fund raising activities such a table at the annual ball, purchase of auction items and assistance at the Fine Homes Tour *.



Volunteers on the Fine Homes Tour

* Fine Homes Tour

A tour of beautifully designed private residences. The goal of the tour is for participants to put what they discover to use in the interior design of their own homes. Part of the participation fees is donated to the Look Good Feel Better program.

Beauty Seminars in China

Shiseido's AUPRES product line was selected as the sole sponsoring brand for the Chinese League of Women's "Feminine from the Heart: Educational Project to Cultivate an Ideal of Beauty for Chinese Women," a program conceived to improve the image of Chinese women. The project is being held in advance of the 2008 Beijing Olympics with the goal of cultivating the inner and outer beauty of Chinese women. Thus far, the Company has published an educational booklet about basic beauty knowledge (1.89 million copies) and held a series of Beauty Seminars in 20 cities including Beijing and Shanghai (more than 40,000 people have participated in a total of approximately 600 seminars).

From 2009 as well, Shiseido will continue proposing ways for Chinese women to cultivate a beautiful appearance through a variety of programs including Beauty Enhancement Seminars at companies, universities, and groups such as the Association of Women Mayors, as we strive to contribute to the beauty of Chinese women.



Educational booklet about basic beauty knowledge for the "Feminine from the Heart" project



"Feminine from the Heart" Seminar in Changsha

TOPICS

Shiseido Subsidiary Signs Sponsorship Agreement for World Expo Shanghai 2010

On December 26, 2008, Shiseido China Co., Ltd., signed an agreement in Shanghai with the Bureau of Shanghai World Expo Coordination to become the official cosmetics product sponsor for World Expo Shanghai 2010. This event, planned to be the largest world expo in history and China's first large national project to follow the 2008 Beijing Olympics, will focus on harmonious urban planning with the theme "Better City, Better Life."

Since its founding, Shiseido has provided both high-quality products and custom-tailored service while placing great importance on the "Spirit of Omotenashi," an approach that seeks to enrich customers' physical and emotional health and beauty. The company's decision to become a sponsor was based on its belief that its Corporate Mission ("We seek to identify new, richer sources of value and use them to create a beautiful lifestyle.") fits well with the World Expo Shanghai 2010 theme. Shiseido becomes the event's first Japanese corporate sponsor.

Mr. Hong Hao, Deputy Secretary General of the Shanghai Municipal Government and Director General of the Bureau of Shanghai World Expo Coordination, attended the signing ceremony and said, "That Shiseido has become a project sponsor of World Expo Shanghai is a sign of the company's enthusiastic approach to corporate social responsibility and of participation by Japanese companies in the Expo. I hope that Shiseido will join with our corporate partners to make a significant contribution to a successful and memorable Expo."(*)Masaru Miyagawa, President, Shiseido China Co., Ltd., joined other Shiseido officials in attending the event, where they affirmed the company's forward-looking approach to support for World Expo Shanghai.

Other Shiseido initiatives in China include a [tree-planting program in the city of Lanzhou in Gansu Province](#) and [the Chinese White Dolphin Conservation Project](#). Going forward, the company remains committed to taking advantage of a range of opportunities to contribute to society.



Shiseido has become the cosmetics project sponsor for China's World Expo Shanghai 2010.

*Source: [World Expo Shanghai 2010 Official Website \(http://www.expo2010china.com/\)](http://www.expo2010china.com/)

Article: Xu Sun

Photography: Xu Jiechen

Date: December 26, 2008

With Our Society: Activities to Support Academic Research

We are pursuing a program of social activities that takes advantage of our accumulated knowledge and technology in order to create a beautiful lifestyle, one of our corporate ideals.

Activities to Support Academic Research

In addition to continuing support for academic conferences in dermatology, Shiseido has helped fund research in this area for nearly 40 years. The Company helps to raise the level of research in the discipline by actively publicizing associated research results.

Grants to Research Institutions in Fiscal 2008

| Name | Description of grant | Award per grant | Total grants and total awards | Start of grant period |
|---|--|-----------------|---|-----------------------|
| Japanese Dermatologica Association basic medical research grant (Shiseido donation) | To support basic and clinical medical research in the area of dermatology jointly with the Japanese Dermatological Association | 0.5 million yen | 12 grants 6 million yen | 1967 |
| The Japanese Society for Investigative Dermatology Fellowship Shiseido Award | To support basic research in dermatology jointly with the Japanese Society for Investigative Dermatology | 1 million yen | 2 grants 2 million yen | 1998 |
| Shiseido Female Researcher Science Grant | To support the research activities of female researchers in the natural sciences | 1 million yen | Maximum 10 grants Maximum 10 million yen | 2007 |
| Society grants | To subsidize academic conventions and research activities, centering mainly on dermatology-related societies | - | 10 grants 2.08 million yen | - |

* Shiseido introduced the Shiseido Female Researcher Science Grant, which supports the research activities of outstanding female researchers specializing in the natural sciences. At the same time, the Shiseido Science Research Grant which was launched in 2003 was discontinued (effective at the end of fiscal 2006).

Supporting Female Researchers

<http://www.shiseido.co.jp/doctor/grants/science.htm> (Japanese only)

Even as proponents praise the goal of making Japan a nation built on the platform of scientific and technological creativity, students are taking science courses in ever-decreasing numbers, so that securing talented students has become a pressing issue for the fields of science and technology. Yet despite social acceptance of women's participation in society, even today, the proportion of Japanese researchers who are female is extremely low compared with other countries. This disparity is likely due to a variety of factors, but one major reason is that women often feel that they must forego a life spent pursuing scientific research because they are more likely to be involved in the life stages of delivery, childcare, and nursing care than men.

Faced with this situation, Shiseido established the Shiseido Female Researcher Science Grant program in fiscal 2007 to help foster the development of a new generation of leading female researchers, by supporting the research activities of outstanding female researchers specializing in the natural sciences. In order to extend support to the largest possible pool of applicants, we do not set limits on age and have expanded research fields to encompass all natural science research. Whereas most research grants restrict the use of grant money to the purchase of reagents and equipment, we elected to allow these funds to be used to hire research assistants in support of female researchers' ability, to continue their research free of concerns about their particular life stage.

As the activities of female researchers become even more important in the fields of science and technology in the future, it is Shiseido's hope that outstanding female researchers will make use of this grant program to facilitate even greater accomplishments.

The 2nd Shiseido Female Researcher Science Grant Recipients

| Name | Organization/Department | Title | Research Theme |
|---------------------|--|---------------------|---|
| Ms. Mayumi Ueta | Research Center for Regenerative Medicine, Faculty of Life and Medical Sciences, Doshisha University | Assistant Professor | Mechanism of Inflammation Regulated by Epithelial Cells |
| Ms. Emiko Okamura | Faculty of Pharmaceutical Sciences, Himeji Dokkyo University | Professor | In-cell NMR spectroscopy of drugs: noninvasive detection and transport mechanism |
| Ms. Harumi Sato | School of Science & Technology, Kwansei Gakuin University | Postdoctoral Fellow | Role of weak hydrogen bondings in meso-structure formation mechanism of biopolyester |
| Ms. Midori Shimada | Department of Biochemistry and Cell Biology, Medical School, Nagoya City University | Assistant Professor | Elucidation of the molecular basis underlying the induction of premature senescence for developing anti-aging drugs |
| Ms. Masae Takahashi | Advanced Research Center of Metallic Glasses, Institute for Materials Research, Tohoku University | Associate Professor | Perfect analysis of anharmonic large-amplitude vibrations in terahertz fingerprint region for the medical application of terahertz wave |

| | | | |
|---------------------|---|---------------------|--|
| Ms. Yuko Takeoka | Department of Materials and Life Sciences, Sophia University | Lecturer | Microwave-assisted rapid fabrication of biomaterials using biodegradable polymers |
| Ms. Mika Teranishi | Department of Environmental Life Sciences, Tohoku University | Research Associate | Analysis of the mechanisms of UV resistance in plant for reducing the atmospheric CO2 concentrations |
| Ms. Masako Miura | Department of Medicine and Clinical Science, Kyoto University Graduate School of Medicine | Assistant Professor | A new therapeutic approach for osteoporosis with stem cells from human exfoliated deciduous teeth (SHED) |
| Ms. Kimiko Yamamoto | Laboratory of System Physiology, Graduate School of Medicine, The University of Tokyo | Lecturer | Exploring atherosclerosis-related molecules responding to blood flow |
| Ms. Sayaka Wakayama | Center for Developmental Biology of RIKEN Genomic Reprogramming team | Researcher | Study of somatic cell reprogramming using oocyte cytoplasm for iPS establishment without gene insertion |

List of the 1st Shiseido Female Researcher Science Grant Recipients (Japanese only)

voice

Comments in Receiving the Shiseido Female Researcher Science Grant

1st grant recipient

Katsuko Kajiya, Ph.D., Yamaguchi University



I was extremely delighted when I heard that I had received this grant award. One of the characteristics of this award is that the research grant can be used to cover the expense for employing assistant researchers. This system was extremely helpful in conducting research while being engaged in childcare. Additionally, I feel that it was extremely meaningful for female researchers with few role models and colleagues alike to have an opportunity to meet external judges and to gather the 1st and 2nd Shiseido Female

Researcher Science Grant recipients together at the award ceremony and debriefing session held on June 2, 2009. I hope this stance will be continuously supported in the future. Although the current research grant period has ended, I highly value the various ties gained through this experience.

2nd grant recipient

Yuko Takeoka, Ph.D., Sophia University



I was encouraged by receiving this grant from Shiseido, which is a company recognized for being supported by many women, and I was deeply impressed in the difference from other research grants such as Grant-in-Aid for Science Research. Additionally, it was a valuable experience at the presentation ceremony, in which I was able to meet female researchers in a broad range of fields with whom I could talk about various aspects and was inspired by them. Once again, I was determined to undertake

efforts to achieve research results through utilizing this grant.

TOPICS

Shiseido Female Researcher Science Grant First Presentation Ceremony and Debriefing Session Held

Shiseido is implementing [the Shiseido Female Researcher Science Grant \(* Link:Japanese only\)](#) with the aim of fostering the development of female researchers taking a leading role in the science and technology field by supporting research activities of female researchers specialized in the natural sciences field.

On June 2, an award ceremony for grant recipients was held for the first time and welcomed the 1st and 2nd Shiseido Female Researcher Science Grant recipients at the Shiseido Research Center in Shin-Yokohama. Additionally, in conjunction with the presentation ceremony, a debriefing session was held by the grant recipients who completed the initial one-year research period.

Along with grant recipients, external judges including Professor Sanae Ariga of Hokkaido University, Professor Kashiko Kodate of Japan Women's University and Emeritus Professor Masako Sasaki of Tokai University also attended the ceremony. Vice President and Representative Director Kimie Iwata of Shiseido Company, Limited presented a memorial plaque to grant recipients in a cordial atmosphere. Additionally, the 1st Shiseido Female Researcher Science Grant recipients reported achievements during the research period, and a Q&A session was actively carried out thereafter together with Shiseido research staff. Moreover, roundtable discussions conducted after the debriefing session had a significant meaning, in which participants were able to actively exchange opinions regarding balancing work and personal life in addition to research-related discussions.

In order to offer this grant to as many female researchers as possible, there is no specified age limit for submitting proposals, and research areas have been set in broad terms as the "natural sciences." Furthermore, in order to support female researchers who tend to be affected by life-stage responsibilities, including childbirth and childcare, and enable them to continue their research activities, besides research costs, this grant may also be applied to expenses such as employment fees of assistant researchers. This grant system is garnering a high reputation, in which the number of proposals is increasing every year, as reflected by 132 proposals and 208 proposals submitted for the 1st and 2nd Shiseido Female Researcher Science Grants, respectively, versus the 10 grants offered. Shiseido will continue to support female researchers in the future



Commemorative photo of the
1st and 2nd Shiseido
Female Researcher Science
Grant recipients

Cooperating with the Super Science High School Program to Train the Next Generation of Scientists

Shiseido is proud to work with the Super Science High School (SSH)* program, part of the "Love Science and Technology Plan" that the Ministry of Education, Culture, Sports, Science and Technology has pursued since 2002.

In fiscal 2008, 53 students from three schools designated as a Super Science High School (SSH) visited our Research Centers, where they enjoyed tours of our laboratories and learned about various aspects of cosmetic science, including dermatological research, development of cosmetic ingredients, skin characteristics measurement, and the effects of aromachology. Staff sought to inspire an interest in cosmetic science among the students, and included experiments in their lectures. Through the experience, the students seem to have gained an understanding of cosmetics as a field where state-of-the-art science from a broad range of fields comes together in the form of pure skin research, the search for attractive ingredients, safety assurance, and the psychological effects of products.

We have also been sending researchers to schools in response to requests to show students who want to be scientists what it's like to immerse oneself in research on a daily basis. Designed to give students a more familiar experience of science, lectures by researchers span content ranging from descriptions of their research to scientific hints gleaned from daily life.

Students who have participated in the program speak of it in glowing terms, describing how seeing real research is conducted helped them overcome their dislike of science to develop an interest in the subject, and how they are now considering pursuing a future in the sciences.

We plan to expand these efforts beyond exposing students to the depth and complexity of the research and cosmetic science pursued at Shiseido. In doing so, we hope to contribute to the training of new scientists and engineers by helping the children who will be responsible for the future of Japan gain familiarity with science.

* Super Science High School: A high school emphasizing technology, science, and mathematics as part of an initiative to enhance education in those areas. During Fiscal 2008, a total of 106 schools throughout Japan have received the designation.

**Camellia Club Medical Foundation Incorporated/
Minami Aoyama Dermatology Skin Navi Clinic**

In response to Japan's aging population and significant changes in the environment for medicine as well as the quality of medical care itself, Shiseido established the Minami Aoyama Dermatology Skin Navi Clinic using donations from the Camellia Club Medical Foundation Incorporated in an effort to help improve quality of life (QOL) for all individuals.

The desire to enjoy lifelong beauty, health, and happiness is not unique to women but rather a common goal of all people. By harnessing the dermatological knowledge gained through collaboration with Shiseido research and development in aesthetic medicine and the development of cosmetics, the clinic will search for safer, more effective preventive methods and medical treatments.

Our achievements in research in aesthetic dermatology have been recognized by the Japanese Society of Aesthetic Dermatology in each of the three years since 2004. Today research in topics such as chemical peeling using glycolic acid and tranexamic acid ion implantation is contributing to the development of new cosmetics and aesthetic medicine.

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With Our Society: Corporate Cultural Activities and Support of Artistic and Cultural Activities (Philanthropy)

We are pursuing a program of social activities that takes advantage of our accumulated knowledge and technology in order to create a beautiful lifestyle, which is one of our corporate ideals.

Philanthropic Activities Supporting the Creation of New Beauty

The Shiseido Gallery

<http://www.shiseido.co.jp/e/gallery/html/>

■ Holding of "shiseido art egg"

Shiseido Gallery is Japan's oldest existing gallery established in 1919. Since its opening, the gallery has continuously provided opportunities for modern artists to introduce their works for presentation based on the philosophy of creating and cultivating new art. From 2006, the gallery has been hosting "shiseido art egg" to throw open its doors ever wider to the public by providing various support for holding exhibitions. Accordingly, Shiseido Gallery space is made available as a solo exhibition venue for three weeks free of charge to up-and-coming artists seeking a place to present their work.

Sponsorship Activities

<http://www.shiseido.co.jp/mecenat/> (Japanese)

Since its founding, the Shiseido Gallery has pursued a consistent program of philanthropic activities under the philosophy of creating and cultivating new art. The institution continues to sponsor a variety of contemporary artistic activities, particularly modern art, but also drama, dance and other forms. Throughout all these initiatives, the gallery values bonds with individual artists and is proud to foster long-term relationships that stretch from support for their initial debut to follow-up assistance later on.

In the fiscal year ended March 2009, we actively supported leading roles of the 6th generation of members of the Tsubaki-kai, a series of exhibitions organized by the Shiseido Gallery since 1947.

HOUSE OF SHISEIDO

The HOUSE OF SHISEIDO, a facility devoted to communicating Shiseido's corporate culture and sense of beauty, opened in 2004. It features an Archive Table with pull-out drawers featuring the Company's essence, a library where visitors can learn about the history of Ginza and women's history, and exhibits of past commercials and artistic works collected as part of the Company's philanthropic activities.



For more information, see
<http://www.shiseido.co.jp/e/house-of-shiseido/>

Shiseido Corporate Museum

Located next door to the Art House is the Shiseido Corporate Museum, which was established in 1992 on the occasion of the 120th anniversary of the Company's founding to preserve the Company's cultural assets in one location. These include product packaging, posters, and commercials, as well as documentary materials related to the Company's birthplace of Ginza that have been collected from the time of its founding in 1872 through to the present day. Part of the collection is on permanent display. The Museum also publishes a regular research bulletin entitled to publicize its research findings.

For more information, see
<http://www.shiseido.co.jp/museum/> (Japanese only)

Shiseido Art House

Founded in 1978 in Kakegawa City in Shizuoka Prefecture, Japan, the Shiseido Art House is home to a collection of about 1,600 paintings, sculptures, and crafts, many of which have been previously displayed at exhibitions such as the Camellia Club Exhibition and Exhibition of Modern Industrial Art at the Shiseido Gallery. In addition to holding a variety of themed exhibitions throughout the year, the facility loans works to museums throughout Japan. It also holds Children's Workshops to provide an opportunity for local elementary and middle school students to experience genuine art during their spring and summer vacations.

For more information, see
<http://www.shiseido.co.jp/museum/> (Japanese only)

Hanatsubaki (Camellia) Magazine

Shiseido's cultural magazine *Hanatsubaki (Camellia)* was founded in 1937. The magazine introduced a new format starting with the July 2007 issue and is now published alternately as *Hanatsubaki: Look* (odd months), consisting primarily of visual content related to beauty and fashion, and *Hanatsubaki: Read* (even months), featuring written content beginning with special features by a different writer for each issue. A limited number of copies of an annual summary entitled *Hanatsubaki Comprehensive* are also published.

For more information, see
<http://www.shiseido.co.jp/hanatsubaki/> (Japanese only)

TOPICS

Shiseido's Corporate Materials Released Through MIT's Online OpenCourseWare

<http://ocw.mit.edu/shiseido>

Shiseido's cosmetics marketing materials are currently used as educational material for modern Japanese history and culture courses offered at the Massachusetts Institute of Technology (MIT) in the United States. Relevant materials including advertising, sales counter tools and in-house magazines developed during the Taisho Era through to the prewar period are offered to the public free of charge from May 26, 2009 via OpenCourseWare (OCW), an open site containing lecture information operated by MIT and that offers free course materials officially used in MIT courses on the Internet. This is the first time MIT will launch a website to introduce the in-depth marketing history of a Japanese company as educational material for the study of Japanese history and culture, in which Shiseido's materials are posted as the 7th theme in the educational materials along with "Black Ships & Samurai" in web-based Visualizing Cultures, which conveys the modern history and culture of Japan.



This educational material, entitled "Selling Shiseido: Cosmetics Advertising & Design in Early 20th-Century Japan," will be used in lectures including "Introduction to Japanese Culture," which will be presented by Professor Shigeru Miyagawa (Foreign Languages and Literatures, MIT) commencing in spring 2010. Materials are comprised of items such as a general statement advised by Professor John W. Dower (Japanese history, MIT); an essay by Associate Professor Gennifer Weisenfeld (Art, Art History & Visual Studies, Duke University Graduate School) and an image gallery for

reference, in which approximately 300 images provided by Shiseido are posted. Shiseido believes that the selection of Shiseido's corporate materials by MIT as their educational material in verifying Japanese history or culture suggests that Shiseido's accumulated corporate activities and research have been recognized. Shiseido hopes that the information will prove beneficial, and in turn, contribute to enhance the understanding of Japanese culture by many people through this site.



Covers of in-house magazines Shiseido Graph (predecessor of current Hanatsubaki magazine), Vol. 48 and 50, used in educational material (1937)

Corporate Policy on Animal Testing and Alternative Methods

Shiseido's Policy towards Abolishing Animal Testing for Cosmetics

Shiseido does not test its cosmetic products on animals, under any circumstances. As for cosmetic ingredients, we do not conduct animal testing save for exceptional cases where it is required by law, or where there are absolutely no other alternative methods to animal testing, and therefore unavoidable to guarantee product safety *1 .

Shiseido's goal is to eliminate "animal testing" for cosmetics, rigorously working to ensure the safety of cosmetics, in order that our customers can feel safe to use them, while paying full respect to animal protection as well.

Shiseido shall proactively seek the abolition of animal testing in line with EU regulations (the EU's Cosmetics Directive) *2 , which envisions to eliminate animal testing by 2013.

Up until its abolition in 2013, we will, through collaboration with domestic and international industry groups and institutions working to verify alternative methods, such as the Japan Cosmetic Industry Association, the European Centre for the Validation of Alternative Methods and the U.S.'s Interagency Coordinating Committee on the Validation of Alternative Methods, continue to exert our utmost efforts on developing alternative methods *3 that would enable us to eliminate animal testing at the earliest possible opportunity.

| Year | SHISEIDO's Studies contributing to development of alternative methods and safety evaluation |
|------|--|
| 2008 | Study on a tier evaluation system for eye irritation test using monolayer culture of SIRC cells and a three-dimensional dermal model |
| 2005 | A Japanese ring study of human Cell Line Activation Test (h-CLAT) for predicting skin sensitizing potential of chemicals in vitro Studies on the effects of light sources used in alternative methods for phototoxicity testing |
| 2003 | Studies on the use of culture cell lines as alternative methods for acute toxicity testing |
| 2002 | Research on the development of a predictive algorithm for skin permeability and its use for predicting skin sensitizing potential of chemicals |
| 2001 | Studies on the use of CD86 and MHC class II expression in THP-1 human monocytes as an index of an alternative method for skin sensitization tests |
| 2000 | Studies on the induction of unscheduled DNA synthesis in epidermis by skin carcinogens |
| 1999 | Comparative study on the neutral red uptake phototoxicity methods in three different cell lines |
| 1997 | Studies on the use of cytotoxicity assays as an alternative alternative method for skin irritation test for evaluating the irritant properties of water-insoluble chemicals |
| 1996 | Studies on the use of quantitative measurements of pro-inflammatory cytokine gene expression as an alternative method for skin irritation test |
| 1994 | Studies on the application of electrophysiological techniques on neuronal cells for use as an in vitro skin sensory irritation test |

| | |
|------|---|
| 1992 | Studies on the use of red blood cells photohemolysis and yeast growth inhibition assays as alternative methods for phototoxicity tests |
| 1991 | Study on the use of hemoglobin denaturation assay as an alternative method for eye irritation tests Study on the use of liposomes prepared from lipids extracts of bovine cornea, as an alternative method for eye irritation test |

Above studies were awarded by various organizations such as the Japanese Society for Alternatives to Animal Experiments.

***1: Guarantee of Product Safety**

If all alternative methods to animal testing were completed to confirm the safety of cosmetic ingredients, no animal testing would be required. However, at the current scientific level, not all alternative methods have been established or authorized, and in order to guarantee customer safety and security, there are now cases * in which safety tests involving animal testing are necessary according to either the law or product safety assurances.

In cases where we have no choice but to conduct animal testing, our testing plans are strictly examined by the "Animal Testing Council" that is set up in-house, to check whether they conform with the 3Rs principles (Reduction = reduction of the number of animals used; Refinement = alleviation or minimization of pain and discomfort; and Replacement = switching to non-animal testing) contained in the guidelines of the Science Council of Japan.

· There may be cases where animal testing is required for confirming the safety of new ingredients compounded in quasi drugs, or ultraviolet absorbers, preservatives or tar dyes (positive list ingredients) dispensed in cosmetics in Japan. Not only for new ingredients, but also ingredients that have already been used, when these are to be potentially harmful through future scientific knowledge, safety tests including animal testing may be required.

· With ingredients for which there is concern over their safety with regard to matters such as allergies (skin sensitization), besides the matters that are required by law, because no alternative methods have been established, we may be required to perform the minimum level of animal testing, with the aim of guaranteeing the safety of the products that we supply to customers, given our responsibilities as a cosmetics manufacturer.

· In China, in order to guarantee the safety of imported cosmetics, safety tests including animal testing are sometimes required. Also, in some countries such as Korea and Taiwan, there are ingredients for which animal testing is required by law.

Furthermore, we will abolish all in-house animal testing by March 2011. After March 2011, in cases where animal testing is deemed unavoidable for any reasons such as "obligations required by law", we will conduct animal testing under the strictest standards and supervision of external authoritative institutions, subsequent to ample deliberation at the in-house "Animal Testing Council".

In addition, we intend to exchange ideas with relevant experts, scientists and animal protection groups.

***2: EU regulations (the EU's Cosmetics Directive)**

At present, because no alternative methods have been established to replace animal testing for "repeated-dose toxicity", "reproductive toxicity" and "toxicokinetics", bans on the sale of cosmetics for which these tests had been performed will be deferred until March 2013 according to the EU's Cosmetics Directive. Therefore, comprehensive studies are being carried out in the EU with the aim of establishing such alternative methods by 2013.

***3: Our Efforts on Developing Alternative Methods**

Shiseido makes every possible effort to minimize animal testing, through combined use of official safety information and literature information, accumulated safety databases, safety prediction systems based on chemical structures, and safety evaluation results from in vitro tests (tests carried out under artificially-constructed conditions, such as in test tubes) and tests on humans.

In Japan, we have set up a joint research of the Alternative Method Consortium with specialists outside the company, and have made public our successes at the symposium that we hold jointly with the Japanese Society for Alternative to Animal Experiments (JSAAE). Furthermore, we have actively participated in projects for validation and evaluation of alternative methods conducted by research groups supported by the Japanese Ministry of Health, Labor and Welfare, and by the JSAAE since the initial periods of these research projects, working to encourage the spread and expansion of alternative methods in place of animal testing.

As for our efforts abroad, we have cooperated in developing and evaluating alternative methods, as an expert panel for the U.S.'s Interagency Coordinating Committee on the Validation of Alternative Methods (ICCVAM), and as a member of an industry-government-academia project for the European Partnership for Alternative Approaches to Animal Testing (EPAA) and the European Cosmetics Association (COLIPA). For skin sensitization tests, which are vital for evaluating the safety of cosmetic ingredients, in partnership with Kao Corporation, we are currently developing the human Cell Line Activation Test (h-CLAT), and as a result of joint research both in Japan and abroad, verification research is now being commenced at the European Centre for the Validation of Alternative Methods (ECVAM).

We continue to work even more actively to develop non-animal alternative methods, in cooperation with the industries, government and academic bodies, both in Japan with the Japan Cosmetic Industry Association, JSAAE and the Japanese Center for the Validation of Alternative Methods (JaCVAM), and outside Japan with COLIPA, ECVAM, EPAA, the Personal Care Products Council (PCPC), and ICCVAM.

Initiatives for a Healthy Environment

Management Policy Related to the Environment

Since 1992, when the Company adopted the Shiseido Eco Policy, a set of guidelines detailing how environmental considerations should weigh on management decisions, environmental protection has been a key effort in all of Shiseido's business activities.

Shiseido Eco Policy

1. Consider the environment and use natural resources and energy with great care
2. Promote the development and application of new technologies that do not place a burden on the environment
3. Aim to raise the level of employee awareness toward environmental protection
4. Endeavor to work closely with local communities and society

Environmental Goals and Fiscal 2007 Achievements

Shiseido has established Global Eco Standards to serve as activity guidelines in each business domain to ensure that the Group's domestic and international operations promote environmental activities that adhere to the Shiseido Eco Policy. Responses to environmental challenges have been classified into six categories: product development, research and development, manufacturing and procurement, distribution, sales and offices. Each category consists of (1) a basic policy, (2) specific design and action standards, and (3) operating standards to implement those standards.

We are also working with business partners such as suppliers of ingredients and promotional materials and contract manufacturers to encourage environmental initiatives in accordance with the Supplier Code of Conduct (CSR Procurement Standards) adopted in 2006.

Commitment to Society

In November 2008, Shiseido announced its participation in Caring for Climate, a climate change initiative also being spearheaded by the Global Compact, and declared to the world its commitment to pursuing environmental activities in business activities while also supporting and actively taking part in global initiatives related to climate change.

In Japan, Shiseido became the first company in the cosmetics industry to be certified as an "Eco-First Company" in March 2009 and made a declaration of its activities to be carried out in accordance with the Eco-First Commitment.

Environmental Goals and Fiscal 2008 Achievements

[Environmental Goals and Fiscal 2008 Achievements \(PDF/13KB\)](#)

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Environmental Management

Responding to Environmental Risks

There is a broad array of risks related to the environment and laws related to this issue are growing stricter every year in respective countries worldwide. Based on these circumstances, Shiseido's Head Office takes the lead in gathering information about new environmental laws, analyzing their provisions, disseminating information to the relevant departments and ensuring thorough compliance. Observance of environmental laws and regulations is evaluated in production departments based on ISO 14001 standards to ensure thorough compliance.

[ISO 14001 certified business sites \(PDF\)](#)

Thorough Management of Waste Materials

While waste producers are being held accountable with regard to the illegal disposal of waste materials, Shiseido is promoting optimal management to address this issue centering on waste material managers, which is a position created at all domestic worksites. Additionally, initiatives are being undertaken to practice thorough compliance by carrying out evaluations including environmental laws and regulations in production departments based on ISO 14001 standards.



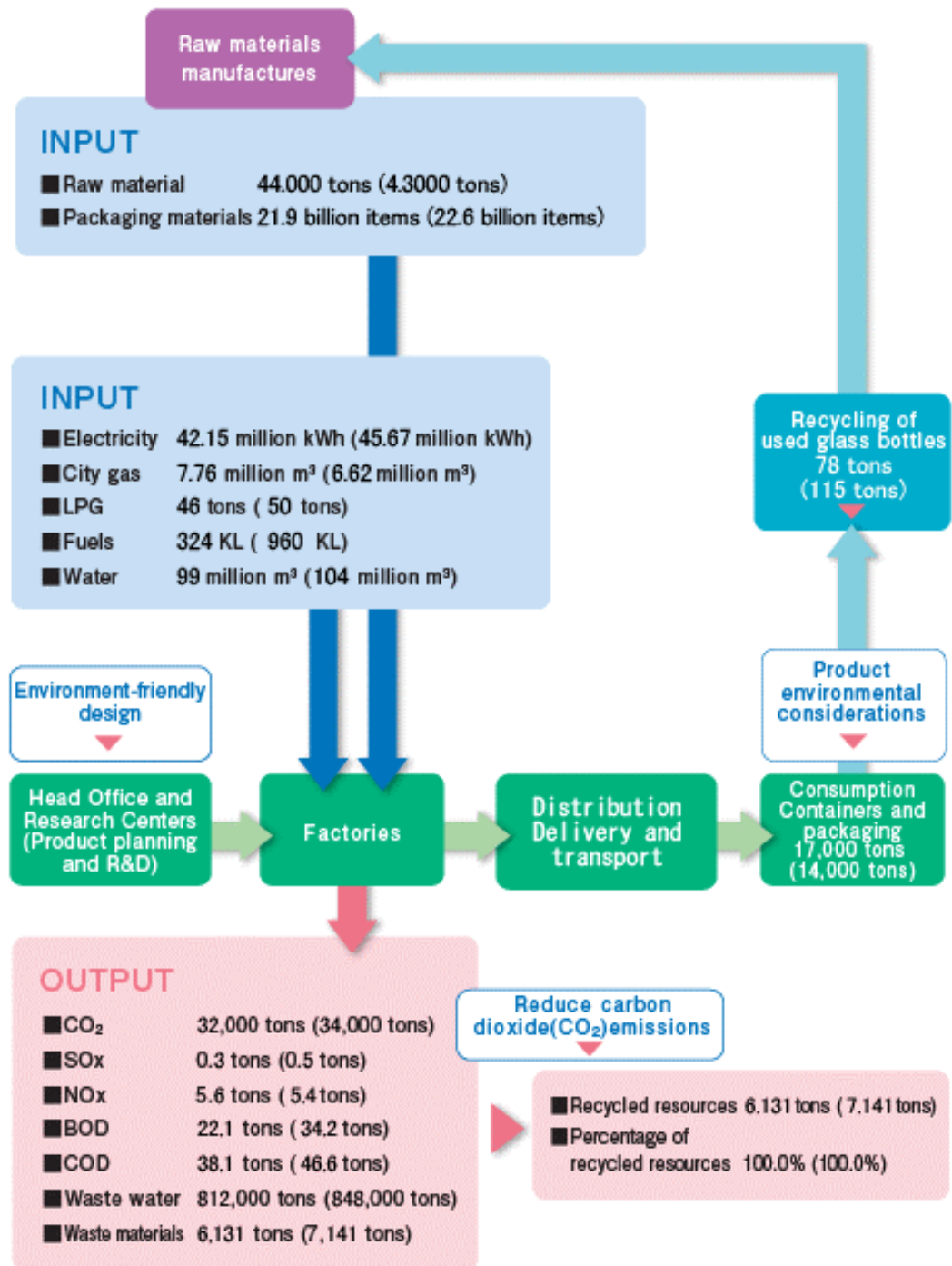
Waste material management training in

Thorough Management of Chemical Substances

Shiseido not only satisfies the legal reporting requirements set out in the for Pollutant Release and Transfer Register (PRTR) Law and Promotion of Chemical Management but also proactively conducts voluntary management of the use and disposal of chemical substances such as ingredients and reagents in factories and laboratories. From the standpoint of workplace safety, we issue Material Safety Data Sheets (MSDS) to business partners as legally required when transferring or supplying chemical substances containing ingredients specified by laws such as the PRTR Law and the Industrial Safety and Health Act, and we are working to systemize the issuing of MSDS for semi-finished products.

Reducing Environmental Impacts

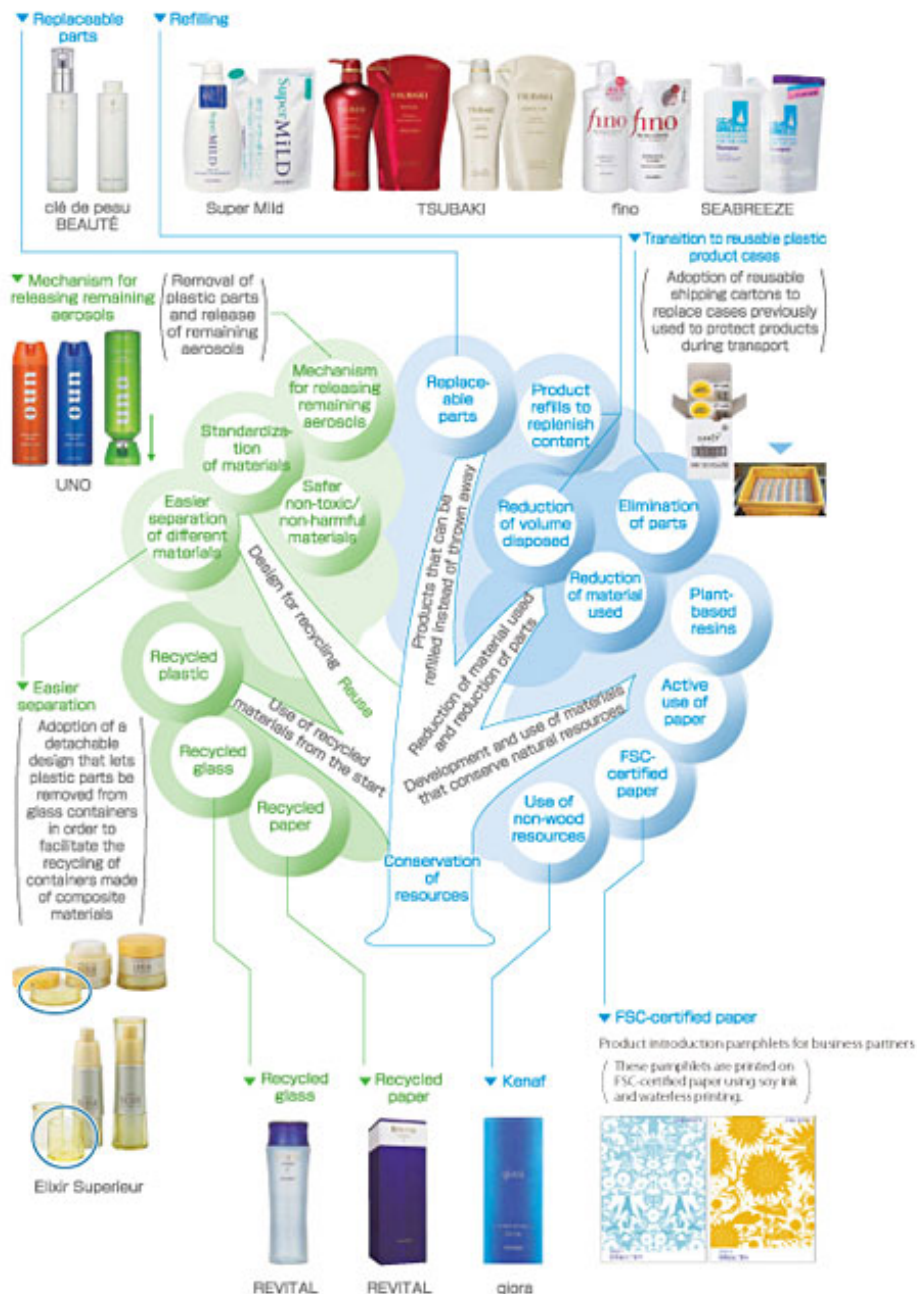
Overview of Environmental Impacts



(Previous year's results)

Environment Friendly Product Development

Shiseido's product development, research and development, purchasing, and manufacturing plants' design departments work together to incorporate environmental considerations into products by selecting environmental friendly materials, reducing excessive packaging, designing more lightweight containers and packaging, and designing easily recycled containers.



[Click an image to view as a PDF \(375 KB, 1 page\).](#)

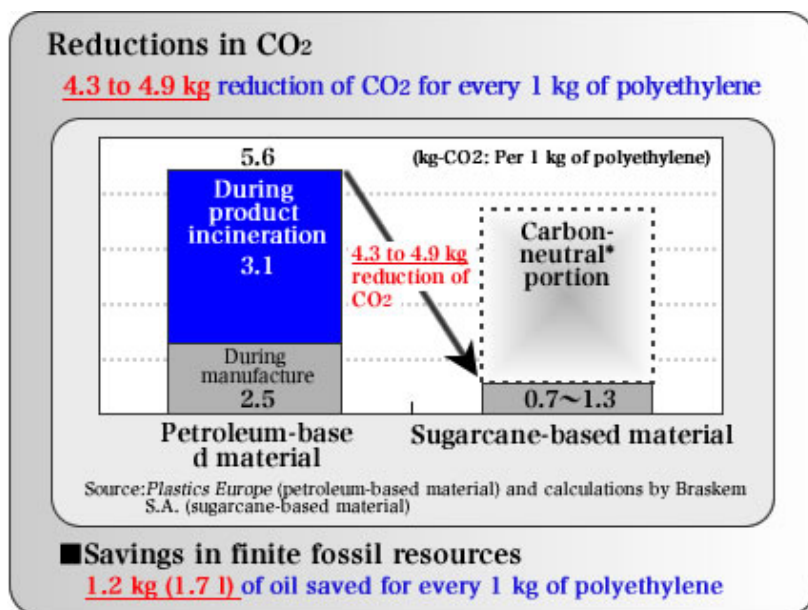
The Adobe Reader plugin or other PDF plugin is required to view PDF content.

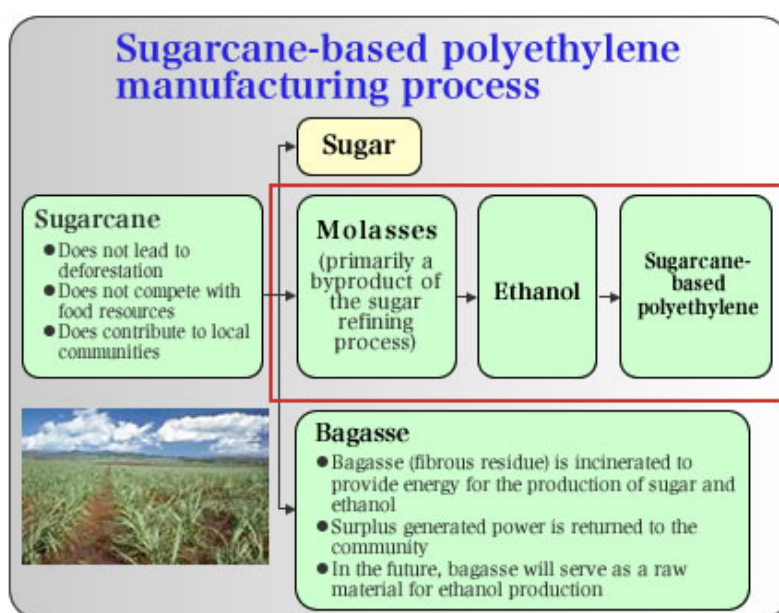
Utilizing Sugarcane-based Polyethylene in Cosmetics Containers

In October 2008, Shiseido concluded a joint development agreement with Braskem S.A. (head office: Brazil) and Toyota Tsusho Corporation (head office: Nagoya, Japan) in an effort to utilize sugarcane-based polyethylene in cosmetics containers. From 2011, Shiseido plans to proactively begin shifting to cosmetics bottles and tube containers made of sugarcane-based polyethylene, thereby strengthening its efforts to avoid increasing the concentration of atmospheric carbon dioxide (CO₂) during disposal and incineration. Containers made from petroleum-based plastics generate CO₂, one cause of global warming, when incinerated after disposal. Conversely, polyethylene containers manufactured using plant-based materials do not increase atmospheric CO₂ concentrations (that is, they are carbon-neutral*). Moreover, since the bioethanol that serves as the raw material for the polyethylene currently under development is produced by fermenting a residual liquid (molasses) that is a byproduct of the process of refining sugar by pressing sugarcane, this approach has the advantage of being less likely to compete against its use as food (sugar).

In addition, Brazilian sugarcane is one of the world's few mass-produced non-grain bio-resources, and one that offers excellent long-term sustainability and potential supply. For these reasons, Shiseido is considering using the material in a broad range of applications as part of its effort to develop environmentally friendly products.

* Carbon-neutral: Containers made from petroleum-based plastics generate CO₂ when incinerated after disposal, increasing atmospheric CO₂ concentrations and contributing to global warming. By contrast, carbon atoms in plant-based materials are derived from CO₂ that originally existed in the atmosphere since plants fix atmospheric CO₂ as they grow. Accordingly, the CO₂ generated when plant-based containers are incinerated originally existed in the atmosphere, and there is no net increase or decrease of CO₂. Thus, these materials are said to be carbon-neutral.





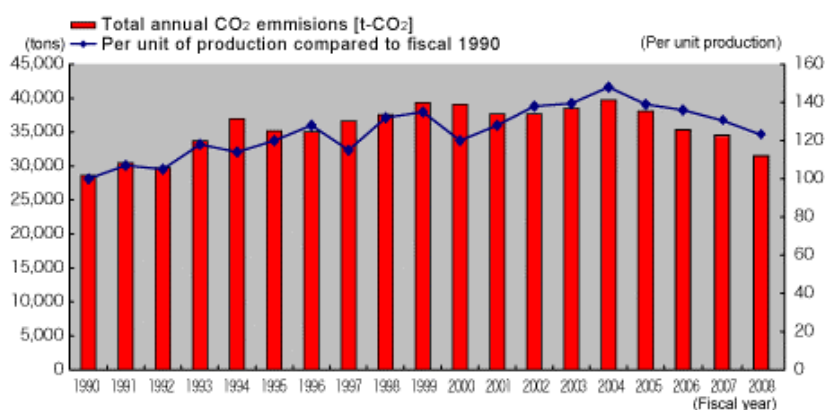
Initiatives to reduce carbon dioxide (CO₂) emissions

Activities in Domestic Factories

In fiscal 1990 emission levels were assigned a relative value of 100, CO₂ emissions associated with the use of electricity and fuel at the Company's domestic factories (measured per unit of production) improved 17 percentage points to 113 in fiscal 2008 compared with the previous year's score of 130, and total emissions decreased by approximately 1,800 tons from the previous year. These reductions were due to the deployment of energy-saving equipment and a transition from liquid petroleum gas and kerosene to natural gas. In addition to pursuing steps such as switching to more efficient fuels and deploying energy-saving equipment in the future, we are committed to working to meet our targets, including the possibility of participating in CO₂ reduction initiatives using society-wide structures such as the Kyoto Protocol being promoted by the government.

*Four domestic factories: Kamakura, Kakegawa, Osaka, and Kuki

Change in CO₂Emissions (by Fiscal Year)



■ Installation of Solar Power Generation Equipment at U.S. Plant

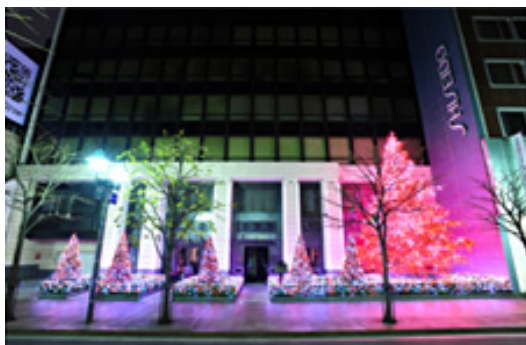
Solar power generation equipment was installed at Shiseido's plant in East Windsor, New Jersey, and began operation in May 2007. With a generating capacity of 699 kW, the new system ranks is one of the largest installations of its type in the state.

| | |
|-------------------------------------|--|
| Operational | May 2007 |
| Total investment | US\$4.45 million |
| Solar panel area | 43,960 square feet (4,084 m ²) |
| Generating capacity | 699 kW |
| Annual output | 840,000 kWh |
| CO ₂ emissions reduction | Approx. 270 tons/year |



■ Using Green Electricity

The illuminated Shiseido Christmas Tree on display in front of our Head Office in Tokyo's Ginza district from November 14 to December 25, 2008, was powered by natural energy (green power) from a wind-powered generator. Additionally, we are using green power for the electricity required for conducting the General Meeting of Shareholders in fiscal 2009.



"Warm Biz" and "Cool Biz" Programs

Since fiscal 2005, Shiseido has been promoting government-sponsored "Cool Biz" and "Warm Biz" programs at all domestic worksites as part of efforts to reduce the greenhouse gas emissions that cause global warming.

We continued to implement the "Cool Biz" (June 1 to September 30) and "Warm Biz" (December 1 to March 31) programs during fiscal 2008. Through these programs we successfully cut greenhouse gas emissions and achieved the equivalent of an approximately 5% year-on-year reduction in CO₂ (a reduction of 15% compared with fiscal 2004 levels before the programs were introduced) thanks to decreased electricity use at the Head Office (Shiodome, Ginza and Gotanda) and a reduction in regional electricity consumption for air conditioning.

Switch to Plant-Based Fermented Alcohol

At Shiseido, all synthetic alcohol used by our four domestic factories and research centers has been switched to carbon-neutral, plant-based (sugarcane-based) fermented alcohol. In order to avoid competing with food sources as much as possible, we select alcohol that uses sugarcane as a raw material and is produced by individually managed processes from procurement to shipping. With this switch, we are able to reduce several thousands tons of CO₂.

Development of Manufacturing Process for Shampoo Using Minimal Energy

The Kuki Factory has successfully developed a manufacturing process using minimal energy by reviewing the shampoo manufacturing process.

Shampoo is generally manufactured by mixing oil content with a water-based solution to give hair a shiny appearance. In the conventional manufacturing process, manufacturing tanks are heated once in order to evenly mix oil content in the solution and then cool it down to crystallize oil content.

In the currently developed manufacturing method using minimal energy, the order and timing of putting crystallized oil content procured from raw material manufacturers, water and cleansing ingredients into tanks were reviewed, thereby eliminating the process of heating and cooling.

With this development, a reduction in CO₂ emissions and manufacturing time can be realized. Further, CO₂ emissions are expected to be reduced by approximately 500 tons annually when all shampoo products produced at the Kuki Factory are switched to this process.

The process is already being adopted for certain professional-use shampoo products for hair and beauty salons, and Shiseido plans to consecutively expand the process for other products in the future.

ZOTOS INTERNATIONAL, INC.

Recycling of Plastics Used for Hair Care Product Bottles

ZOTOS INTERNATIONAL, INC. (Connecticut State, U.S.A.), which manufactures professional products for hair salons for the Shiseido Group, has reduced the amount of virgin resin usage while maintaining quality, safety and also the look of the bottle.

With the introduction of plastic bottle molding equipment, bottle production, which was previously outsourced, has been shifted in-house. After that, the development of molding technology featuring an original four-layered structure, which is innovated by sandwiching two layers that contain recycled plastic with outer and inner layers comprised of thin, virgin plastic, has enabled a maximum of 70% of recycled plastic per container to be used. This is expected to reduce the usage amount of new plastics by nearly 75 tons per year in addition to curbing CO₂ emissions by approximately 360 tons annually.



JOICO

Development of Low-Energy Manufacturing Process for Skincare Emulsions

The conventional process of manufacturing emulsions generally has entailed “cooling after heating and emulsifying all ingredients.” Shiseido has reviewed this process and developed a manufacturing process, whereby a “concentrated emulsion” is made by heating a small portion of ingredients and then letting the emulsion cool down

naturally by diluting it with room temperature water. In addition to reducing energy used for “heating,” this development has also eliminated the cooling process and realized a low-energy technique for manufacturing.

With this change, it is anticipated that CO2 emissions will be reduced by roughly 22 tons annually during production* while also reducing content loss and manufacturing time.

Manufacturing using a low-energy technique is currently utilized for producing ROSARIUM rose body milk RX products and is slated to be consecutively introduced for other products as well.

*The figure refers to the case in which all targeted emulsion products are switched to this process.



ROSARIUM rose body milk RX

ZOTOS INTERNATIONAL, INC.

Reduction of CO2 Emissions in Logistics

ZOTOS INTERNATIONAL, INC. (Connecticut, U.S.A.), which manufactures professional products for hair salons for the Shiseido Group, has restored an old freight railway within its own factory premises in cooperation with the city of Geneva which is in New York State, thereby partially shifting the transportation of raw materials from conventional truck transportation to railway transportation.

Some raw materials equivalent to the freight of 40 trucks can be transported and fuel savings of nearly 136,000 liters annually are expected as a result of a modal shift. Further, the consolidation of raw materials which is realized by the surfactant blending technique is expected to reduce the frequency of transportation and in turn realize fuel reductions of approximately 26,000 liters annually. Through this initiative, the effect of reducing CO2 emissions is anticipated to reach roughly 300 tons annually.

ZOTOS will continuously review all processes and identify points that can reduce environmental load in order to realize further improvements.



Introduction of Electric Vehicles (EVs) for Sales Activities

Shiseido has decided to introduce the Nissan LEAF electric car for its sales vehicles. The respective vehicle is being developed by Nissan Motor Co., Ltd., which is also certified as an Eco-First Company.

Approximately 10 EV vehicles accounting for roughly one-third of existing sales vehicles are slated to be introduced at sales offices in the Yokohama area in line with the launch of the Nissan LEAF in the latter half of 2010. This initiative will enable a significant reduction in CO2 emissions since EVs do not emit CO2 and exhaust emissions while running.

There are approximately 1,500 sales vehicles used by Shiseido nationwide in Japan. As a means of promoting a response to environmental concerns, plans call for consecutively expanding the introduction of EVs by considering the timing of leasing contracts and the development status of charging facilities.



Nissan LEAF

Environmentally Responsive Vietnam Factory

Shiseido's 15th factory commenced operations from April 2010 as an "environmental model factory in Asia."

At the Vietnam Factory, we have introduced a central energy monitoring system from Japan as an energy saving measure, thereby optimally controlling energy consumption by visualizing energy use within the factory. Additionally, energy saving and eco-friendly measures are also pursued in terms of lighting and cooling and air-conditioning equipment through various means such as introducing these systems from Japan and neighboring countries.

Additionally, surplus soil generated from excavation during construction was reused for landscaping the premises rather than disposal, thereby achieving zero emissions from the beginning of operations.

The Vietnam Factory will continue to actively respond to energy and resource savings and zero emissions with the aim of minimizing the burden on the environment.



Vietnam Factory

System for Recycling Used Glass Cosmetics Bottles

System for Recycling Used Glass Cosmetics Bottles

Since it launched its glass cosmetics bottles recycling program in April 2001, Shiseido has been expanding the program throughout Japan which is now entering its eighth year in April 2009. The Company promotes recycling through developing resource recycling systems with customers, retail stores and glass bottle manufacturers to efficiently reuse limited resources.



Process until cullet is recycled as raw material for cosmetics glass bottles



Trends in volume collected

| | |
|--------|----------|
| FY2008 | 78 tons |
| FY2007 | 115 tons |
| FY2006 | 141 tons |
| FY2005 | 121 tons |
| FY2004 | 114 tons |
| FY2003 | 97 tons |
| FY2002 | 65 tons |
| FY2001 | 28 tons |

Recycling Used Glass Cosmetics Bottles into Art

From the perspectives of cultural support and environmental preservation, Shiseido supports figurative artist Ms. Michiko Miyake by providing used glass cosmetics bottles.

Ms. Michiko Miyake reuses used glass bottles to produce a "Recycling" design series, in which glass bottles that had served their original purpose have been newly transformed into beautiful art. In December 2006, used glass bottles were efficiently reused for dressing tables in the Marukame shopping district in Takamatsu city, Kagawa Prefecture.



Dressing tables used at
the Marugame-machi Shopping Arcade



Tables used at
the Marugame-machi Shopping Arcade

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Strengthening Environmental Communication

Environmental Education Activities

Environmental e-Learning Program

Since fiscal 2006, Shiseido has been offering Environmental e-Learning programs for employees (approximately 9,300 individuals participated in fiscal 2008) on a regular basis via our company LAN [Intranet] with the aim of improving employees' understanding of why environmental activities are important and what Shiseido is doing to help conserve the environment.



Soliciting Eco Ideas from All Employees

Shiseido solicited eco ideas targeting all domestic employees in fiscal 2007. President Shinzo Maeda sent a letter to employees calling on them to actively provide proposals, which resulted in approximately 19,000 submissions.



Environmental Public Relations

Receives Semi-grand Prize in Shizuoka Prefecture Environmental Campaign

Shiseido's Kakegawa Factory won the Semi-grand Prize in the CSR and Eco Office category (out of 139 participating teams) of Shizuoka Prefecture's Stop Global Warming Grand Prix, held on February 23, 2008. The campaign was first held in 2007 to provide an opportunity for all Shizuoka Prefecture residents to take action to prevent global warming in a range of ways.



Announcement of results
at the Stop Global Warming
Grand Prix



Award ceremony



Trophy, certificate,
and ceremony catalog

Cooperation with Nakamura Gakuen Middle School (Koto-ku, Tokyo) on Environmental Education

On January 29, 2008 Shiseido conducted a lecture on the Company's environmental initiatives as part of a joint effort with Nakamura Gakuen Middle School to educate students on the environment.



Lecture for students from Namakura Middle School (located in Tokyo's Koto Ward) (January 29, 2008)

Joint Environmental Workshop with Saitama Prefectural Government

On January 27, 2009, Shiseido jointly held an environmental workshop with the Saitama Prefectural Government at which both parties introduced their environmental efforts while also discussing plans for collaboration on environmental initiatives between public and private organizations.



Environmental workshop

Introduction of Environmental Activities at Shiseido Sales Conference

Shiseido introduced its environmental activities to visitors, including business partners, by setting up an environmental booth at the fiscal 2008 Shiseido Sales Conference (new products briefing session).



Cooperation with Kamakura Jogakuin Junior and Senior High School on Environmental Education

The Kamakura Factory has been involved in an environmental education program at Kamakura Jogakuin Junior and Senior High School since fiscal 1999. As part of this program, the plant offered tours of its environmental and other facilities, and introduced students to its waste material recycling and energy conservation initiatives.



Students attending a lecture



Students touring the factory

Shiseido Exhibited at Eco-Products 2009

Shiseido participated in Eco-Products 2009 held at Tokyo Big Sight from December 10 to 12. Along with setting up an exhibition booth for introducing its corporate activities, Shiseido conducted an “Eco Pro Class” at the Junior Green School set up in the special theme zone for elementary, junior high and high school students and their families, promoting its environmental education program in a workshop format.

For the Eco Pro Class, together with a lecture regarding Shiseido’s environmental initiatives, all participants conducted an experiment on foaming facial cleanser. In the exhibition booth, in addition to displaying Shiseido’s eco-friendly products and panels, an area was established for experiencing the effect of sunscreen, thereby enabling visitors to deepen their understanding about Shiseido’s environmental activities.

We were able to receive many comments from participants via a questionnaire, such as: “It was a good opportunity to find out about environmental activities of cosmetics since I was wondering about it.” and “I support Shiseido and I hope that the company will continue to promote environmental activities.”

Shiseido will further strengthen its environmental initiatives along with disseminating information through various means.



Eco Pro Class



Booth display (interior)



Booth display (exterior)

Environmental Initiatives Promoted by Three Business Sites Received Awards

Environmental initiatives promoted by three of Shiseido's business sites in Japan received awards from Yokohama City and Chuo Ward in Tokyo.

<Environmental Action Award from Yokohama City>

On November 29, the Shiseido Research Center (Shin Yokohama) and Shiseido Research Center (Kanazawa-Hakkei) have received the Yokohama Environmental Action Award from Yokohama City and were certified as excellent garbage separation business sites. As part of its Yokohama 30 Plan, Yokohama City is currently undertaking efforts to reduce waste and promoting recycling by setting the target of reducing the amount of garbage disposed of by 30% compared with fiscal 2001 levels by fiscal 2010.

The following three points are the certification standards for excellent (three-star) business sites.

1. Separation of items is properly being carried out
2. Separation is thoroughly being carried out
3. All recyclable items are being recycled

In addition to meeting these certification standards, various activities at the respective research centers were recognized, including persons in charge trying to quickly solve problems when they occurred in cases such as waste separation and adjusting food materials in accordance with information on increases/decreases of cafeteria users to avoid leftover food as much as possible as a means of reducing raw garbage and other waste generated from the cafeteria. Moreover, raw garbage generated from the cafeteria is composted using a raw garbage processor and distributed free of charge to interested parties in the local community and employees of research centers.



Plaques presented by Yokohama City

<Testimonial Award Presented by Mayor of Chuo Ward, Tokyo>

On December 7, Shiseido Co., Ltd. (Shiseido Head Office building) received a testimonial award in recognition of its "eco responsiveness as the owner of a business-use, large-scale building" along with New Japan Radio Co., Ltd. from the mayor of Chuo Ward in Tokyo.

The three points for receiving the award are as follows:

1. Overall building has addressed garbage issue by creating an organization promoting waste reduction that also involves tenants

2. Achieving recycling rate of 100%
3. Separation is managed in an easy-to-understand manner

Shiseido will continue to promote various environmental initiatives at respective business sites beginning with waste reduction.



Shiseido Corporate Officer Takafumi Uchida receives testimonial from the mayor of Chuo Ward

Research on KODA

Shiseido has discovered through conducting joint research*¹ with Sumitomo Forestry Co., Ltd. that KODA (α -Ketol-OctadecaDienoic Acid), which is a new type of natural plant fatty acid with the stimulatory effect of activating flower initiation (process of flower formation), has a stimulatory effect on rhizogenesis (root formation) of cuttage. Application of this effect has significantly increased the cutting propagation rate of Somei-yoshino cherry trees through cuttage, for which root formation was previously considered unstable.

Subsequently, together with Sumitomo Forestry, Shiseido has succeeded in the propagation of successor saplings originating from camellia trees that are over 300 years old at Reikan Temple in Kyoto as well as 350 years old Camellia Sasanqua trees at Ankokuron Temple in Kamakura city that were in danger of dying due to decay. The stimulatory effect of KODA on rhizogenesis has contributed to preventing the loss of a “diversity of species” from a biodiversity perspective.

Research on KODA started with developing cosmetic ingredients through plant tissue cultures. We are now researching in the joint project*² on the development of flower initiation control technology of fruit trees. In addition to it, other various researches on KODA are currently underway in such areas as the agricultural products in which the yields is declined due to global warming. Such technology is expected to contribute to the impact on agricultural products caused by climate change, which is induced by global warming.



Comparison 10μM KODA 100μM KODA
Stimulatory effect of KODA on rhizogenesis of cuttage of Somei-yoshino

*¹ Joint research project (“Enhancement of CO₂ sinks by improvement of afforestation technology in tropical forests”) funded by the Environment Research & Technology Development Fund administered by the Ministry of the Environment

*² Joint research project (“Development of flower initiation control technology of fruit trees using KODA”) supported by a grant-in-aid from the Research and Development Program for New Bio-industry Initiatives

Tsubaki Forest Tree-Planting and Conservation Program

In February 2009, Shiseido signed an agreement to participate in the Corporate Forest program in Wakayama Prefecture, marking the start of forest conservation activities by planting approximately 3,000 Japanese camellia trees on about 1.7 hectares of land over the next 10 years in the Tsubaki district of Shirahama-cho in Nishimuro-gun, Wakayama Prefecture.



First volunteer activity

The first volunteer activity was conducted in October 2009, in which more than 100 Shiseido employees and their families participated in tree planting and weeding.

Shiseido will continue its annual volunteer activities along with promoting ongoing conservation efforts directed toward development of the Tsubaki Forest.

TOPICS

Shiseido Receives "Eco-First Company" Certification from the Japanese Ministry of the Environment

On March 9, 2009, Shiseido became the first company in the cosmetics industry to be certified under the Japanese Ministry of the Environment's "Eco-First Company."



Shiseido President Shinzo Maeda (right) receives official certification as Eco-First Company from Minister of the Environment Tetsuo Saito (center) and Hideki Minamikawa, Ministry of the Environment, Japan.

Shiseido's Eco-First Commitment (The Company's commitments are presented in summary form.)

1. Shiseido will actively pursue initiatives to prevent global warming.
2. Shiseido will actively pursue initiatives to realize a recycling-oriented society.
3. Shiseido will actively propose activities for realizing a society characterized by the beautiful coexistence of humankind and the planet Earth, both inside and outside the company.

In addition to verifying the progress of these initiatives and reporting the results to the Ministry of the Environment, Shiseido will officially announce these results through its website and other channels.

About the Eco-First Program

The Eco-First Program was created by the Ministry of the Environment in April 2008 to "encourage leading companies in each industry to redouble their environmental protection activities by having them make a commitment to the Minister of the Environment concerning their environmental protection initiatives such as global warming countermeasures geared toward compliance with targets mandated by the Kyoto Protocol." Certified companies are permitted to use the Eco-First Mark (see below) in publications and advertising.



For more information, see

<http://www.shiseido.co.jp/releimg/1626-j.pdf>

TOPICS

Shiseido's Kuki Factory Receives Encouragement Prize at PRTR Grand Prize Event

Shiseido's Kuki Factory has received the Encouragement Prize as part of the PRTR Grand Prize 2008 event held by the Center for Environmental Information Science. The Pollutant Release and Transfer Register (PRTR) Law was enacted in 2001 with the objective of reducing the environmental risks posed by chemical substances by requiring businesses to assess their own environmental emissions of chemical substances and to implement appropriate management processes, and by facilitating good communication through the sharing of information related to chemical substances with citizens and government. The PRTR Grand Prize program recognizes corporations that have achieved outstanding results by taking the initiative to manage chemical substances based on an understanding of the system's provisions and actively undertaking risk communication programs designed to earn the understanding of citizens concerning the status of those efforts.

In addition to adopting [an Environmental Policy based on the principles laid out in the Shiseido Eco Policy](#), Kuki Factory has actively pursued environmental activities, as evidenced by its becoming the first facility in the Japanese cosmetics industry [to receive ISO 14001 certification](#) in 1997. The factory has also worked actively to reduce CO₂ emissions, which it recognizes as a global problem, by deploying a cogeneration system (an energy supply system that reuses waste heat from power generation to meet thermal demand for air conditioning and heating, hot water, etc.), transitioning to an energy-saving air conditioning system, and replacing lighting with energy-efficient fluorescent bulbs. Efforts to reduce waste volume have centered on the "3R's" for building a recycling-based society (reduce, reuse and recycle), and in 2003 the facility achieved zero emissions by recycling of 100% of its waste product stream. More recently, the factory has expanded efforts to convert waste substances that had

been disposed of as waste products into valuable resources by selling them at a profit. The Encouragement Prize was awarded in recognition of the factory's proactive approach to communicating with the local community and disclosing information as reflected in a risk communication program consisting of a 2007 discussion of safety and environmental considerations in cosmetics. Meiji University professor Masaru Kitano acted as facilitator for the event, which brought together local residents and governmental representatives from Saitama Prefecture and Kuki City. Going forward, Kuki Factory will continue to pursue environmental activities in order to fulfill its social responsibility as a corporate citizen, including by promoting activities to reduce the environmental impact of its operations, thoroughly implementing environmental risk management practices through such processes as chemical substance management, and proactively advancing communication with its local community.



At the risk communication event



At the award ceremony (Kuki Factory Facilities Administration Group Leader Junichi Nakagawa [left])

Tree-planting Program

Lanzhou City, Gansu Province in China

In April 2008, Shiseido launched a 10-year tree planting program in the city of Lanzhou in China's Gansu Province. The initiative seeks to contribute to Chinese society, including by deepening the bonds of friendship between Japan and China, protecting the environment by reducing CO₂, and creating opportunities for local employment.

| | |
|-------------------------------|--|
| Location | Lanzhou city, Gansu Province, China |
| Planting area | Approx. 70,000 m ² |
| No. of trees | Approx. 38,000 (April 2008, to May 2009) |
| CO ₂ absorption<*> | Approx. 98 tons/year |
| Program duration | Approx. 10 years |

* Calculation based on CO₂ absorption per tree according to the Forestry Agency of Japan's Ministry of the Environment.



Monument commemorating the tree-planting program



Shiseido Group employees from China and Japan carrying out the tree-planting program



Participants gathering around the monument

Environmental Data

Environmental Accounting

[Environmental Accounting\(PDF:33KB\)](#)

Status of ISO 14001 Certification

[Status of ISO 14001 Certification\(PDF:714KB\)](#)

Environmental Policy

[Environmental Policy \(PDF:157KB\)](#)

Energy Consumption at Manufacturing Sites in Japan (Fiscal 2008)

[Energy Consumption at Manufacturing Sites in Japan \(Fiscal 2008\) \(PDF:44KB\)](#)

Change in CO₂ Emissions (Domestic Factories)

[Change in CO₂ Emissions \(Domestic Factories\) \(PDF:52KB\)](#)

Waste Generation and Recycling Rate at Manufacturing Sites in Japan (Fiscal 2008)

[Waste Generation and Recycling Rate at Manufacturing Sites in Japan \(Fiscal 2008\) \(PDF:49KB\)](#)

Compliance with the PRTR Law

[Compliance with the PRTR Law\(PDF:37KB\)](#)

History of social and environmental activities

■ Company History

- 1872 Establishes as Shiseido Drug Store in Ginza, Tokyo
- 1888 Markets Japan's first toothpaste, *Fukuhara Hygienic Tooth Brushing Soap*
- 1897 Enters cosmetics market with *Eudermine* skin lotion
- 1915 Registers trademark *Hanatsubaki*
- 1921 Establishes the Five Management Principles
- 1923 Adopts chain store system
- 1927 Changes from limited partnership to joint-stock company
Adopts system of sales companies
- 1939 Establishes Shiseido Research Laboratory
- 1949 Lists shares on Tokyo Stock Exchange
- 1953 Establishes Shiseido Institute of Beauty Science
- 1972 Celebrates 100th Anniversary
- 1974 Begins beauty salon classes for new college graduates
- 1983 Issues first convertible bonds
Signs technological collaboration agreement with Beijing City
- 1985 Establishes Institute of Beauty Sciences
- 1988 Liberalizes dress code and usage of appellations among colleagues
- 1989 Establishes Corporate Ideals
Announces Corporate Slogan, "Science of making people more beautiful"
- 1990 Introduces selection-type system for developing human resources
Introduces parental leave system
Introduces system of time off from work for personal revitalization
Introduces system of consecutive days leave
- 1991 Introduces system of childcare during work hours
- 1993 Introduces system of taking leave to care for family members
- 1997 Announces "The Shiseido Way"
-Declaration of Corporate Behavior
Establishes Corporate Ethics Committee
Announces "The Shiseido Code"
(Corporate Ethics and Behavior Standards)

- 2000 Announces new Corporate Message,
"Work together·Art de Vivre"
- 2002 Implements "wiwiw" program to support employees on parental leave
- 2003 Opens in-house childcare center
Revises "The Shiseido Code" (Corporate Ethics and Behavior Standards)
- 2004 Establishes CSR Department (reports directly to President)
Establishes CSR Committee
Establishes Action Plan for Support of Education for the Next Generation
Participates in the United Nations Global Compact
- 2005 Formulates new corporate message "This moment. This life. Beautifully."
- 2006 Announces the Shiseido "Shared Education" Declaration
Establishes Ecole Shiseido
- 2008 Established Shiseido China Training Center in Shanghai
Established Shiseido Business Solution Co., Ltd

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History of social and environmental activities

■ Social Contribution Activities

- 1919 Opens the Shiseido Gallery
- 1924 Publishes inaugural issue of *Shiseido Geppo* (Shiseido Monthly Newsletter)
- 1928 Holds the first Shiseido Art Exhibition
- 1933 Publishes inaugural issue of *Shiseido Graph*
- 1937 Establishes Shiseido Hanatsubaki Club, publishes inaugural issue of *Hanatsubaki*
- 1947 Hosts the first Tsubakikai (Camellia Group) Exhibition
- 1949 Begins "personal appearance lectures" for developmentally challenged and elderly people
- 1964 Supports Paralympic Games Tokyo
- 1972 Establishes Shiseido Social Welfare Foundation
 Hosts Shiseido International Conference: "Seminar on Light and the Skin"
- 1977 Hosts "Six Designers in Paris"
- 1978 Opens Shiseido Art House (Kakegawa, Shizuoka)
- 1980 Hosts Shiseido International Conference: "The Skin and Science of Cosmetics"
- 1983 Establishes Hanatsubaki Award for Contemporary Poetry
- 1984 Prepares and distributes cosmetic booklet for skincare in Braille
- 1985 Hosts Shiseido International Conference: "Aging and the Skin"
 Hosts Shiseido Exhibition of Advertising Art in New York
- 1986 Prepares and distributes cosmetic booklet for makeup in Braille
 Musée de la Publicity hosts exhibition entitled "Beauty and Advertising at Shiseido: 1872 - 1986"
- 1987 Prepares and distributes audio tape of cosmetic information for visually impaired
 Supports Shiseido Musical "Les Miserables"
- 1989 Establishes MGH/Harvard Cutaneous Biology Research Center and begins joint research
 Hosts Shiseido International Forum 1989: "Successful Aging"
- 1990 Establishes Corporate Culture Department
- 1991 Markets hypoallergenic rice, *Fine Rice*
 Establishes Shiseido Research Fund for Skin Aging

- Hosts Shiseido International Forum 1991:
"Successful Aging: Relationship between the body and spirit"
- 1992 Develops makeup method for hiding birthmarks and dark skin blemishes
Introduces Social Contribution Awards for employees
Hosts Science Symposium commemorating Shiseido's 120th Founding Anniversary:
"Human Health Sciences and the Skin"
Opens Shiseido Corporate Museum (Kakegawa, Shizuoka)
- 1993 Adopts Social Studies Days program
Hosts Shiseido Science Forum 1993:
"Successful Aging: Stimulation of the spirit·Creativity and self-expression"
- 1995 Provides recovery assistance after the Great Hanshin Earthquake
Markets Shiseido Perfect Cover
Hosts Shiseido Forum 1995: "Successful Aging: My fragrance"
- 1997 Supports Paralympic Games Nagano
Institutes program for sending employees overseas to experience volunteer work
Hosts Shiseido Science Symposium 1997:
"Skin·Interface of the body. A new era of skincare"
Hosts Shiseido Forum 1997: "Frontline of Successful Aging"
Hosts corporate culture exhibit in Paris:
"Paris-Tokyo-Paris Shiseido 1897-1997 la Beauty" 「PARIS-TOKYO-PARIS SHISEIDO 1897-1997LA BEAUTE」
- 1998 Introduces "Matching Gift" program
Hosts corporate culture exhibit in Tokyo: Shiseido Meme Exposition
- 1999 Hosts Shiseido International Forum 1999:
"Successful Aging: Rejuvenated sense of touch·The feel of youthful skin"
- 2000 Hosts Shiseido Science Symposium 2000 Skincare Millennium:
"The Skin and Genes'Making the Connection"
at Grey Art Gallery, New York University
Hosts "Face to Face/Shiseido and the Manufacture of Beauty 1900-2000 Exhibit"
- 2001 Hosts Shiseido Forum 2001: "Successful Aging: Time refines humans"
- 2002 Receives "Business Ethics Most Outstanding Effort Award" from Business Ethics Research Center
- 2003 Receives "Survey on Corporate Contributions to Society 2003" award from Asahi Shimbun Foundation
Hosts Shiseido Forum 2003: Successful Aging "How to add years and control aging"
- 2004 Announces to join the United Nations Global Compact
- 2005 Establishes Shiseido Social Contribution Club Hanatsubaki Fund

- 2006 Establishes Hanatsubaki Factory Co., Ltd.
- 2007 Receives the Mecenat Grand Prize at Japan Mecenat Awards
Hosts Shinzo Fukuhara, Art & Shiseido Exhibition
- 2008 Receives the 3rd Nikkei Patent-Friendliness Award
Supports the "CEO Declaration to Respect and Support Human Rights in
Corporate Activities" on the occasion of the 60th Anniversary of the Universal
Declaration of Human Rights spearheaded by the United Nations Global
Compact
- 2009 Receives the 2009 Integrity Award Grand Prize
Opens the SHISEIDO LIFE QUALITY BEAUTY CENTER in China
(Shanghai) and Taiwan (Taipei and Kaohsiung)

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History of social and environmental activities

■ Environmental Activities

- 1989 Declaration to eliminate the use of chlorofluorocarbons
- 1990 Completes elimination of chlorofluorocarbons
- 1991 Inaugurates Environmental Coexistence Committee
(organ for company-wide deliberation of environmental issues and setting direction of company's environmental policies)
- 1992 Establishes Shiseido Eco Policy
(business policies related to the environment)
- 1993 Establishes Product Planning Eco Guidelines(guidelines for planning and designing products that consider the environment)
- 1996 Initiates public disclosure of environmental data
- 1997 Acquires ISO 14001 certification at Kuki Factory(the first in domestic cosmetics industry)
Establishes Shiseido Global Eco Standards(for product development)
- 1998 Publishes Shiseido *1997 Environmental Report (Environmental Reports published annually hereafter)*
Announces "Four Promises to Society" concerning the environment
- 1999 Hosts Environmental Symposium
- 2000 Receives Director General of Environment Award in Global Environmental Awards of FujiSankei Business i Completes ISO 14001 certification acquisitions at all domestic and overseas cosmetics factories (15 plants)
Completes elimination of polychloride vinyl in containers / packaging
- 2001 Develops nationwide system for recycling used glass bottle containers
Announces new environmental goal:
Installs cogeneration system at Kuki Factory
- 2002 Receives Minister of Education, Culture, Sports, Science, and Technology Award in Global Environmental Awards of FujiSankei Business i.
- 2003 Activities zero emissions at all domestic cosmetics factories and Ginza head office/ Shiodome office
- 2004 Receives an Incentive Award in the Environmental Communication Awards
- 2005 Establishes the Supplier Code of Conduct (CSR Procurement Standards)
- 2006 Converts boilers to more environmentally friendly fuels (Kakegawa Factory, Osaka Factory) (Reducing CO₂ emissions)

- 2007 Installation of solar power generation equipment at U.S. factory
- 2008 Starts tree-planting program in China
 Declaration of participation in the United Nations Global Compact's Initiative
 on Climate Change
- 2009 Receives "Eco-First Company" certification from Japanese Ministry of the
 Environment
 Starts tree planting program in Japan (Shirahama, Wakayama)

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Past issues

2008

[2008 Stakeholder Dialog 2008 \(Sixth\)](#)

2007

[Fifth Stakeholder Dialog \(pdf,1.7MB\)](#)

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Third Party Evaluation



Toshihiko Fujii
Consulting Fellow,
Research Institute of Economy, Trade and
Industry (RIETI)

1. CSR-related issues derived from the acceleration of Shiseido's transformation into a global corporation

President Maeda stated the following in the beginning of Shiseido's CSR vision, *"Shiseido declared its intention to redouble its transformation into a global company in a new three-year plan beginning in 2008."*

In this respect, many Japanese companies, which have achieved success through carrying out reforms directed toward becoming a global company, are categorized into mass production, assembly-type industries. At the same time, not many Japanese companies denote their global presence in lifestyle-related industries, which provide products and services that are deeply rooted in people's values and cultural background. Shiseido's voyage as a global lifestyle-related industry originating from Japan could be referred to as navigating without a map. In fact, up until now Shiseido has been receiving various requests from its stakeholders who have a desire for securing social sustainability, including requests that Japanese companies have not addressed before. This trend is also expected to continue into the future. The issues for Shiseido's CSR efforts are to what extent the Company is prepared to address a wide range of social expectations that are scrutinized because the Company is a global player, and to what extent has the Company actually responded.

2. Is Shiseido ready to respond?

Shiseido possesses well-developed internal systems that enable the Company to incorporate various stakeholder opinions, which are reflected in CSR activities. The Company has established the CSR Committee under the direct control of the Board of Directors. This committee is responsible for verifying various aspects, including whether or not Shiseido's CSR initiatives are in line with stakeholder requests or if the Company is realizing CSR that is unique to Shiseido, and in turn, identifies issues that need to be addressed and requests relevant departments in charge to formulate plans. Moreover, in addition to its Corporate Mission, Shiseido has also established THE SHISEIDO WAY (declaration of corporate code of conduct) and THE SHISEIDO CODE (corporate ethics and behavior norms) as rules to support Shiseido CSR initiatives. While these three documents are logically written in general terms, they serve as the guidelines for discussing specific aspects by the CSR Committee and implementing

discussed matters. Additionally, Shiseido clarifies its management commitment on a global scale through various initiatives, including participation in the UN Global Compact and signing the "CEO Declaration to Respect and Support Human Rights in Corporate Activities." In this respect, Shiseido is regarded as a company that is prepared to listen to stakeholder opinions.

3. To what extent has Shiseido previously responded?

Looking at the initiatives related to human resources, for example, Shiseido's activities aimed at growing "together with employees," including the Kangaroo Staff program and efforts to support female employees, are an outstanding standard among Japanese companies. In particular, the Kangaroo Staff program is highly evaluated as a solution to address the growing social issue of Japan's declining birthrate and a way of promoting work sharing initiatives. Additionally, various active responses have been reported from an environmental perspective as well.

Shiseido is currently implementing numerous initiatives. On the other hand, the scope of initiatives introduced in reports (booklets and website) is not necessarily sufficient. One example is the issue of animal testing. There is no doubt that a considerable number of readers, especially international readers, are concerned about animal testing. Reports, however, briefly refer to the Company's contribution toward the widespread use of alternative testing methods. At the same time, I expect the issues in relation to animal testing will be raised in future stakeholder dialogs as well.

The way in which this specific issue will be addressed is a matter of judgment. As a third party, I am not in the position to make any prejudgments on a "desirable" decision. At the same time, as long as major issues are raised, regardless of the final outcome, I think these efforts are indispensable to communicate with stakeholders who will comprehend relevant facts and become involved.

4. Future response regarding CSR issues

Internal systems for Shiseido's CSR activities are well established and external commitments are also clear. At the same time, accountability in relation to a portion of principal CSR initiatives is not necessarily sufficient. Why is such a gap occurring? Shiseido organizes CSR into "fundamental CSR," which centers on compliance, and "selective CSR," which focuses on social contribution. In fact, various CSR-related issues exist in between these respective categories. A typical example is global warming. As evidenced by animal testing, not every social issue has corresponding laws and regulations, but rather, issues are often raised as a corporate social responsibility precisely because there are no effective laws and regulations in terms of response.

In reading the report, it becomes clear that the Company is also promoting activities beyond the framework of compliance, including the establishment of the Shiseido Group Supplier Code of Conduct and the aforementioned Kangaroo Staff program. In the future, Shiseido's CSR initiatives will be undertaken with greater effort that goes

beyond laws and regulations and integrates solutions for environmental and social issues into its business.

5. Evaluation of social contribution activity

One of the major emphasis Shiseido places on its CSR is social contribution activities, as represented by the SHISEIDO LIFE QUALITY BEAUTY PROGRAM. In this context, I would like to provide an independent evaluation regarding social contribution activities since issues are often separated into CSR and social contribution aspects in Europe and the United States. The Company's social contribution activities that "support improvements in quality of life (QOL) by providing our distinctive beauty products and services are initiatives truly unique to Shiseido. Details of such activities introduced on the website convey that top management is committed to such activities and employees are actively participating as well. In this respect, I would highly evaluate and fully support Shiseido's social contribution activities, and anticipate further international development in this area.

6. Expectations for Shiseido CSR

Based on the above evaluation, I would like to state three points in relation to expectations for the future of Shiseido.

1) Strengthen social contribution activities through integrating accountability and critical opinions into these initiatives

If only a single side of an issue is expressed, communication can become one-way. Shiseido's social contribution activities can be more accurately communicated with the reporting of critical opinions submitted to the Company, thereby fulfilling accountability. An additional scope of discussions regarding the method of stakeholder engagement is evident from this standpoint as well.

2) Undertake efforts to further revitalize internal deliberation structure for CSR while also improving transparency

The Company states that CSR verification handled by the CSR Committee is carried out from the three perspectives of "activities requested by society," *"activities that are not addressed (or unable to be addressed) by Shiseido"* and *"activities that should be addressed by Shiseido"*. While this approach is highly appropriate, the verification process and results are not clear from the report.

Of course, it is not realistic for a company to respond to all expectations and criticisms received from various stakeholders. It is natural that there are issues that cannot be addressed; however, because of this reason, it is important to fulfill accountability regarding the selection of issues to be addressed and issues that will not be addressed. In this respect, Shiseido is expected to "visualize" the CSR verification process.

3) Reinforce initiatives for creating new market value

Finally, I would like to mention "creation of new market value," which is designated as the highest priority in "selective CSR." The road to new market value will open by fusing social understanding and business through CSR. This specifically applies to Shiseido, which provides lifestyle-based products. One of the aspects, which is currently the most strongly expected of global companies by the international society, is the creation of new business value in the least developed countries (bottom of the pyramid (BOP)). In the United Nations Millennium Development Goals, eight targets were established to be accomplished by 2015, including the eradication of extreme poverty and hunger as well as the promotion of gender equality and empower women. Of course, governments of developed countries also have significant roles to play; however, similar expectations are directed toward companies as well.

The purpose of carrying out business activities in BOP markets is not limited to creating jobs. Working suggests "being helpful for someone," while it also brings meaning to life as well as self-respect to people, which is something many people in developing countries continue to pursue and desire. Additionally, new products and services offer new customers a sense of richness and hope. For example, new businesses may emerge as a result of efforts such as pursuing further global expansion of the SHISEIDO LIFE QUALITY BEAUTY PROGRAM. As with hybrid engines, which were favorably received by celebrities in Hollywood, customers in developed countries may also form a positive impression of Shiseido's unique commitments toward global development issues.

The desire to be beautiful is universal. It would be wonderful for everyone to realize "This moment. This life. Beautifully." no matter where one lives in the world.

Comments on the Third Party Evaluation for Shiseido CSR website

I would like to take this opportunity to express our appreciation for providing suggestions regarding Shiseido's CSR activities.

Shiseido considers its relationships with all stakeholders, including customers, business partners, shareholders, employees and society, to be an indispensable element in achieving sustainable corporate development. Based on this idea, Shiseido established the Compliance Committee and the CSR Committee under the direct control of the Board of Directors and is currently promoting company-wide CSR activities. We are extremely pleased to receive recognition for the solid commitment of Shiseido top management to CSR activities that are unique to Shiseido; the Company's internal systems for CSR; initiatives related to the Kangaroo Staff program, which involves dispatching staff to stores to replace Beauty Consultants who are taking time off from work for childcare; and the SHISEIDO LIFE QUALITY BEAUTY PROGRAM, which is a social contribution activity that utilizes our unique, core cosmetics business.

On the other hand, with regard to questions as to Shiseido's accountability in terms of disclosure of information concerning CSR verification processes and results and responding to opinions critical of the Company, as well as the degree to which the meaning of Shiseido CSR is thoroughly communicated to all employees, we are

regrettably unable to confirm that such initiatives are sufficient. We are currently seeking ways to realize social recognition through CSR activities in our daily operations, and in view of such matters, will exert our utmost efforts to deepen communication with our stakeholders through recognizing major issues and risks derived from the rapid changes in the social environment. At the same time, we will steadily promote various initiatives to identify, systemize and visualize specific CSR issues utilizing Shiseido's strengths and manage issues throughout the Company to ensure thorough compliance and accountability.

Additionally, Shiseido has yet to clarify the relevance between the United Nations Millennium Development Goals, the achievement of which are highly expected of a global company, and our "new market value creation." In this respect, Shiseido considers the cohesive integration of CSR activities with our business activities necessary in order for Shiseido to resolve global social issues. To accomplish this, we realize that our major challenge is to create a corporate culture in which each and every employee has a contributing voice in regard to solving social issues. We will undertake greater efforts to develop CSR initiatives, which will enable the Company to transform its involvement in solving social issues into new market value creation by also taking into account the fundamentals of "Shiseido's identity."

In order to fulfill our corporate mission in which "we seek to identify new, richer sources of value and use them to create a beautiful lifestyle," Shiseido will undertake initiatives directed toward becoming a global lifestyle-related company originating from Japan by pursuing economic, social and cultural benefits as a good corporate citizen, while nurturing our human resources.

G3 GRI Content Index

The 2006 edition of the Global Reporting Initiative Sustainability Reporting Guidelines was used as a reference resource in the compilation of Shiseido CSR 2008.

When this information is included in media other than the Shiseido CSR 2008, the names of those media are included.

The balance sheet includes information about United Nations Global Compact principles.

| G3 Disclosure | | Description | Contents | Remarks Column |
|---------------------------------|--|--|---|----------------|
| 1 Strategy and Analysis | | | | |
| 1.1 | | Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy. | Commitment by Management | |
| 1.2 | | Description of key impacts, risks, and opportunities. | Corporate Data and Overview of Business | |
| 2 Organizational Profile | | | | |
| 2.1 | | Name of the organization. | Corporate Data and Overview of Business | |
| 2.2 | | Primary brands, products, and/or services. | Corporate Data and Overview of Business | |
| 2.3 | | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures. | Corporate Data and Overview of Business | |
| 2.4 | | Location of organization's headquarters. | Corporate Data and Overview of Business | |
| 2.5 | | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | Corporate Data and Overview of Business | |
| 2.6 | | Nature of ownership and legal form. | Corporate Data and Overview of Business | |
| 2.7 | | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | Corporate Data and Overview of Business | |

| G3 Disclosure | | Description | Contents | Remarks Column |
|----------------------------|--|---|--|----------------|
| 2.8 | | Scale of the reporting organization, including: - Number of employees; - Net sales (for private sector organizations) or net revenues (for public sector organizations); - Total capitalization broken down in terms of debt and equity (for private sector organizations); and - Quantity of products or services provided. | Corporate Data and Overview of Business | |
| 2.9 | | Significant changes during the reporting period regarding size, structure, or ownership including: - The location of, or changes in operations, including facility openings, closings, and expansions; and - Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). | Annual securities report (Japanese only) | |
| 2.10 | | Awards received in the reporting period. | Social Contributions and Environmental Activities over the Years | |
| 3 Report Parameters | | | | |
| Report Profile | | | | |
| 3.1 | | Reporting period (e.g., fiscal/calendar year) for information provided. | Editorial Policy | |
| 3.2 | | Date of most recent previous report (if any). | June 2007 | |
| 3.3 | | Reporting cycle (annual, biennial, etc.) | Editorial Policy | |
| 3.4 | | Contact point for questions regarding the report or its contents. | Shiseido CSR top page | |
| Report Scope and Boundary | | | | |
| 3.5 | | Process for defining report content, including: - Determining materiality; - Prioritizing topics within the report; and - Identifying stakeholders the organization expects to use the report. | Initiatives with Stakeholders | |
| 3.6 | | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). | Editorial Policy | |
| 3.7 | | State any specific limitations on the scope or boundary of the report. | Editorial Policy | |
| 3.8 | | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations. | Annual securities report (Japanese only) | |
| 3.9 | | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. | | |
| 3.10 | | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods). | Annual securities report (Japanese only) | |
| 3.11 | | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | Annual securities report (Japanese only) | |
| GRI content index | | | | |
| 3.12 | | Table identifying the location of the Standard Disclosures in the report. | GRI Guidelines Index | |

| G3 Disclosure | | Description | Contents | Remarks Column |
|--|--|---|--|----------------|
| Assurance | | | | |
| 3.13 | | Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s). | Third Party Evaluation 2008 | |
| 4 Governance, Commitments, and Engagement | | | | |
| Governance | | | | |
| 4.1 | | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. | Corporate Governance | |
| 4.2 | | Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement). | Corporate Governance | |
| 4.3 | | For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. | Corporate Governance | |
| 4.4 | | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | Corporate Governance and Corporate Ethics | |
| 4.5 | | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance). | Corporate Governance | |
| 4.6 | | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | Corporate Governance | |
| 4.7 | | Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics. | Shiseido's CSR Philosophy and Corporate Governance | |
| 4.8 | | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. | Shiseido's CSR Philosophy, Corporate Ethics and With Our Business Partners | |
| 4.9 | | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. | The CSR Activities Domain and Associated Structures | |
| 4.10 | | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance. | Corporate Governance | |
| Commitments to External Initiatives | | | | |
| 4.11 | | Explanation of whether and how the precautionary approach or principle is addressed by the organization. | The CSR Activities Domain and Associated Structures | |
| 4.12 | | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. | Corporate Ethics | |

| G3 Disclosure | | Description | Contents | Remarks Column |
|--|------|--|---|-----------------|
| 4.13 | | Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: - Has positions in governance bodies; - Participates in projects or committees; - Provides substantive funding beyond routine membership dues; or - Views membership as strategic. | Corporate Ethics | |
| Stakeholder Engagement | | | | |
| 4.14 | | List of stakeholder groups engaged by the organization. | Initiatives with Stakeholders | |
| 4.15 | | Basis for identification and selection of stakeholders with whom to engage. | Initiatives with Stakeholders | |
| 4.16 | | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | Initiatives with Stakeholders | |
| 4.17 | | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. | Stakeholder Dialog | |
| 5 Management Approach and Performance Indicators | | | | |
| Economic | | | | |
| | | Disclosure on Management Approach | Annual securities report (Japanese only) | |
| aspect: Economic Performance | | | | |
| EC1 | CORE | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | Corporate Data and Overview of Business | |
| EC2 | CORE | Financial implications and other risks and opportunities for the organization's activities due to climate change. | | |
| EC3 | CORE | Coverage of the organization's defined benefit plan obligations. | | |
| EC4 | CORE | Significant financial assistance received from government. | | |
| aspect: Market Presence | | | | |
| EC5 | ADD | Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation. | | |
| EC6 | CORE | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. | With Our Business Partners | |
| EC7 | CORE | Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation. | | |
| aspect: Indirect Economic Impacts | | | | |
| EC8 | CORE | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | With Our Society: Social Contribution Activities (Welfare and Local Community Activities) | |
| EC9 | ADD | Understanding and describing significant indirect economic impacts, including the extent of impacts. | | |
| Environmental | | | | |
| | | Disclosure on Management Approach | Initiatives for a Healthy Environment | Principle 7.8.9 |

| G3 Disclosure | | Description | Contents | Remarks Column |
|---|------|---|--------------------------------|----------------|
| aspect: Materials | | | | |
| EN1 | CORE | Materials used by weight or volume. | Reducing Environmental Impacts | Principle 8.9 |
| EN2 | CORE | Percentage of materials used that are recycled input materials. | | |
| aspect: Energy | | | | |
| EN3 | CORE | Direct energy consumption by primary energy source. | Reducing Environmental Impacts | |
| EN4 | CORE | Indirect energy consumption by primary source. | | |
| EN5 | ADD | Energy saved due to conservation and efficiency improvements. | Reducing Environmental Impacts | Principle 8.9 |
| EN6 | ADD | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | | |
| EN7 | ADD | Initiatives to reduce indirect energy consumption and reductions achieved. | Reducing Environmental Impacts | |
| aspect: Water | | | | |
| EN8 | CORE | Total water withdrawal by source. | Reducing Environmental Impacts | |
| EN9 | ADD | Water sources significantly affected by withdrawal of water. | | |
| EN10 | ADD | Percentage and total volume of water recycled and reused. | | |
| aspect: Biodiversity | | | | |
| EN11 | CORE | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | | |
| EN12 | CORE | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | | |
| EN13 | ADD | Habitats protected or restored. | | |
| EN14 | ADD | Strategies, current actions, and future plans for managing impacts on biodiversity. | | |
| EN15 | ADD | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. | | |
| aspect: Emissions, Effluents, and Waste | | | | |
| EN16 | CORE | Total direct and indirect greenhouse gas emissions by weight. | Reducing Environmental Impacts | |
| EN17 | CORE | Other relevant indirect greenhouse gas emissions by weight. | | |
| EN18 | ADD | Initiatives to reduce greenhouse gas emissions and reductions achieved. | Reducing Environmental Impacts | |
| EN19 | CORE | Emissions of ozone-depleting substances by weight. | | |
| EN20 | CORE | NO, SO, and other significant air emissions by type and weight. | Reducing Environmental Impacts | |
| EN21 | CORE | Total water discharge by quality and destination. | | |
| EN22 | CORE | Total weight of waste by type and disposal method. | Environmental Data | |
| EN23 | CORE | Total number and volume of significant spills. | | |
| EN24 | ADD | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. | | |

| G3 Disclosure | | Description | Contents | Remarks Column |
|--|------|--|--------------------------------|----------------|
| EN25 | ADD | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. | | |
| aspect: Products and Services | | | | |
| EN26 | CORE | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | Reducing Environmental Impacts | Principle 8.9 |
| EN27 | CORE | Percentage of products sold and their packaging materials that are reclaimed by category. | | |
| aspect: Compliance | | | | |
| EN28 | CORE | Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations. | | |
| aspect: Transport | | | | |
| EN29 | ADD | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. | | |
| aspect: Overall | | | | |
| EN30 | ADD | Total environmental protection expenditures and investments by type. | Environmental Data | Principle 8 |
| Labor Practices and Decent Work | | | | |
| | | Disclosure on Management Approach | With Our Employees | |
| aspect: Employment | | | | |
| LA1 | CORE | Total workforce by employment type, employment contract, and region. | With Our Employees | |
| LA2 | CORE | Total number and rate of employee turnover by age group, gender, and region. | | |
| LA3 | ADD | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. | | |
| aspect: Labor/Management Relations | | | | |
| LA4 | CORE | Percentage of employees covered by collective bargaining agreements. | | |
| LA5 | CORE | Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements. | | |
| aspect: Occupational Health and Safety | | | | |
| LA6 | ADD | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. | | |
| LA7 | CORE | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. | With Our Employees | |
| LA8 | CORE | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. | With Our Employees | |
| LA9 | CORE | Health and safety topics covered in formal agreements with trade unions. | | |
| aspect: Training and Education | | | | |
| LA10 | CORE | Average hours of training per year per employee by employee category. | | |
| LA11 | ADD | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | With Our Employees | |
| LA12 | ADD | Percentage of employees receiving regular performance and career development reviews. | | |

| G3 Disclosure | | Description | Contents | Remarks Column |
|--|------|--|----------------------|---------------------|
| aspect: Diversity and Equal Opportunity | | | | |
| LA13 | CORE | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. | With Our Employees | Principle 3.6 |
| LA14 | CORE | Ratio of basic salary of men to women by employee category. | | |
| Human Rights | | | | |
| | | Disclosure on Management Approach | Corporate Ethics | Principle 1.2.4.5.6 |
| aspect: Investment and Procurement Practices | | | | |
| HR1 | CORE | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. | | |
| HR2 | CORE | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. | | |
| HR3 | ADD | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. | Corporate Ethics | Principle 1 |
| aspect: Non-Discrimination | | | | |
| HR4 | CORE | Total number of incidents of discrimination and actions taken. | NA | Principle 1.3 |
| aspect: Freedom of Association and Collective Bargaining | | | | |
| HR5 | CORE | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. | NA | Principle 1.3 |
| aspect: Child Labor | | | | |
| HR6 | CORE | Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. | NA | Principle 1.5.6 |
| aspect: Forced and Compulsory Labor | | | | |
| HR7 | CORE | Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor. | NA | Principle 1.4 |
| aspect: Security Practices | | | | |
| HR8 | ADD | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. | | |
| aspect: Indigenous Rights | | | | |
| HR9 | ADD | Total number of incidents of violations involving rights of indigenous people and actions taken. | NA | Principle 1 |
| Society | | | | |
| | | Disclosure on Management Approach | Corporate Governance | Principle 10 |
| aspect: Community | | | | |
| SO1 | CORE | Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. | | |
| aspect: Corruption | | | | |
| SO2 | CORE | Percentage and total number of business units analyzed for risks related to corruption. | | |
| SO3 | CORE | Percentage of employees trained in organization's anti-corruption policies and procedures. | Corporate Ethics | Principle 10 |
| SO4 | CORE | Actions taken in response to incidents of corruption. | | |

| G3 Disclosure | | Description | Contents | Remarks Column |
|--------------------------------------|------|--|--------------------|----------------|
| aspect: Public Policy | | | | |
| SO5 | CORE | Public policy positions and participation in public policy development and lobbying. | | |
| SO6 | ADD | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. | | |
| aspect: Anti-Competitive Behavior | | | | |
| SO7 | ADD | Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes. | NA | |
| aspect: Compliance | | | | |
| SO8 | CORE | Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. | NA | |
| Product Responsibility | | | | |
| | | Disclosure on Management Approach | With Our Customers | |
| aspect: Customer Health and Safety | | | | |
| PR1 | CORE | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. | | |
| PR2 | ADD | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. | | |
| aspect: Product and Service Labeling | | | | |
| PR3 | CORE | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. | | |
| PR4 | ADD | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. | | |
| PR5 | ADD | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. | With Our Customers | |
| aspect: Marketing Communications | | | | |
| PR6 | CORE | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. | | |
| PR7 | ADD | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. | | |
| aspect: Customer Privacy | | | | |
| PR8 | ADD | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | NA | |
| aspect: Compliance | | | | |
| PR9 | CORE | Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services. | NA | |