

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

[CONTENTS]

○ What is Shiseido CSR?	1
○ Commitment by Management	9
○ Three Commitments of Shiseido CSR	12
● Woman and Cosmetics	13
● Culture	14
● Environment	15
○ Corporate Governance and Corporate Ethics	16
● Corporate Governance	16
● Shiseido's Corporate Ethics	16
○ Human Rights	22
● Policy Related to Respect for Human Rights and Discrimination	22
● Promotion System	23
● Human Rights Enlightenment (Education)	23
● Points of Contact for Employee Inquiries	24
○ Labor Practices	25
● Basic policy regarding personnel affairs	25
● Respect Diversity	26
● Giving consideration to working form	34
● Personnel affairs and fair evaluation	43
● Utilization and development of human resources	45
● Safety and health of employees	48
● Employment and Labor	52
● Good Relationship with labor union	54
○ Environment	56
● Environmental policy	56
● Environmental targets and results	63
● Specific initiatives by life cycle segment	69
● Initiatives to conserve biodiversity	84
● Office initiatives	89
● Responding to Environmental Risks	90
● Environment communication	92
○ Fair Business Practices	100
● Fair Competition and Comprehensive Transactions	100
● Protection of Intellectual Properties	103
● Information Security Management	103
○ Consumer Issues	104
● Promotion of Reliable and Safe Manufacturing	104
● Activities to Enhance Customer Satisfaction	109
● Initiatives in Response to Animal Testing and Alternative Methods	115

○ Participation in Community and Development	118
● Shiseido's Social Activities	118
■ Women & Cosmetics	118
■ Environment	
■ Culture	
■ Communication with Local Communities (Social Activities at Respective Business Locations)	155
■ Disaster support activities	177
■ Regional Development (Employment Creation, Technology Development, etc.)	180
■ Activities of Shiseido Social Welfare Foundation	
● Employee-led "Social Contribution Club" Activities	181
○ Shiseido Aid Initiatives in the Wake of the Great East Japan Earthquake, In 2012	190
○ Activity Results Data	193
● Social Activity-Related Data	193
● Personnel Related Data	194
● Environmental Activity-performance Data	201
○ Engagement with stakeholders	207
● Stakeholder Dialog	207
○ Editorial Policy GRI Guidelines Index	213
● Editorial Policy	213
● GRI Guidelines Index	214

Home > Social Responsibility > What is Shiseido CSR?

What is Shiseido CSR?

Shiseido's overall image and domains of CSR activities based on the implementation of "Our Way."

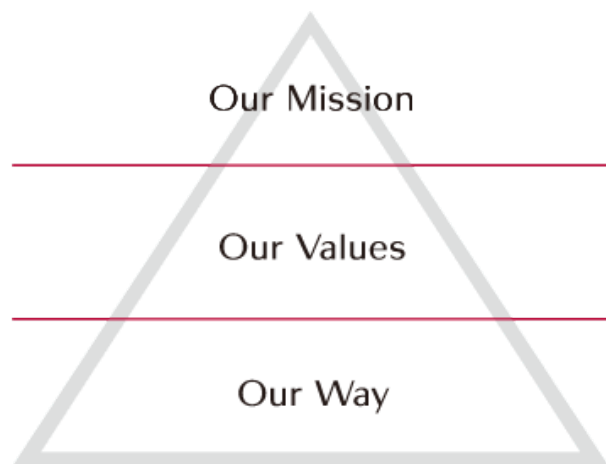
Overall Image of Shiseido CSR

■ Basic Concept

We aim to realize a sustainable society through dialogue and cooperation with stakeholders while also promoting management that contributes to the creation of people's beauty and health by developing activities that address social issues and meet expectations.

The Shiseido Group's corporate social responsibility (CSR) activities follow the basic concept of "Our Way", which denotes action standards that each and every employee should take toward stakeholders based on the Shiseido Group corporate philosophy "Our Mission, Values and Way."

To Shiseido Group Corporate Philosophy



■ 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" (revised in December 2011), 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.

Also, in September 2010, Shiseido signed to recognize "the Women's Empowerment Principles," a set of practical guidelines collaboratively developed by the United Nations Development Fund for Women (UNIFEM, part of UN Women) and the United Nations Global Compact for companies and private entities to promote women's empowerment.



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



Letter of certification

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 10,000 organizations worldwide (as of June 2011) have declared their support of and participation in the United Nations Global Compact.

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

■ CSR Activities Domain



■ CSR Activity Promotion Structure

Shiseido's CSR activities are deliberated and discussed by the CSR 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. To ensure expertise, fairness and transparency, external committee members and a Shiseido labor union committee chairman representing Shiseido employees are included as members.

Committee Organization



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

Implementation of CSR verification

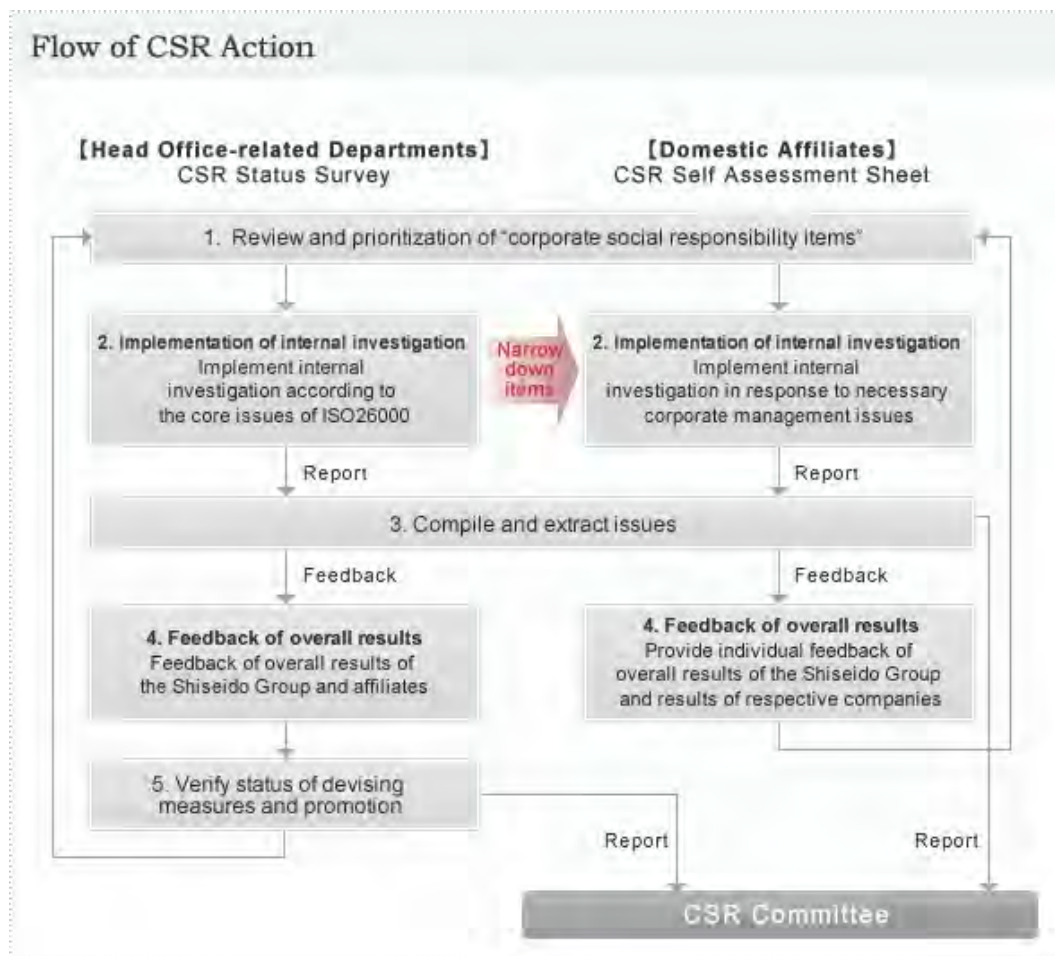
The target of our "CSR Committee", a committee under the direct authority of the Board of Directors covers all the potential areas which are supposed to be required for Shiseido Group to carry out social responsibility.

In order to respond to the social demand, challenges are extracted from a unitary perspective. Promoting appropriate measures(CSR actions) as well as examining the orientation of CSR activities, we try to obtain and evaluate possible risks in management strategies and operating business activities, and thus, try to take necessary measures.

The CSR Committee is run by members who are selected from throughout the Company and key figures from the outside. Activity plans and results are thereby proposed and reported to the Board of Directors.

Promotion procedures

Shiseido recognizes risk prevention as essential for sustainable business and implements various measures emphasizing verification of latent risks. In order to ensure that various issues that need to be addressed are not overlooked, including forecasts for the social environment and international affairs as well as amendments to treaties and laws, Shiseido is making decisions on initiatives that should be promoted (CSR actions) by addressing risks from the three perspectives of "what is expected from society," "what is not being addressed (cannot be addressed) by Shiseido" and "what should be addressed by Shiseido."



Specifically, Shiseido categorizes all questionnaires that are received from Socially Responsible Investment (SRI) and CSR-related investigation institutions by area in keeping with relevant items of Our Way, GRI Guidelines and ISO26000. These areas include corporate governance, human rights, labor practices, the environment, fair business practices, consumer issues, participation in communities and community development. Moreover, items are further established in detail according to these areas, with each item carefully examined from the viewpoints of "whether or not a basic plan is established (Plan)," "whether or not a system is in place for implementation (Do)" and "whether or not evaluation and verification are being conducted (Check & Act)," thereby identifying activities that should be implemented. As for issues that have been identified and are being evaluated according to the two pillars of "level of impact on business" and "level of focus from society," thereby prioritizing items that need to be addressed.

Shiseido utilizes these results for a risk map, reports the results to the CSR Committee and provides feedback to departments in charge of handling to ensure quick establishment and implementation of plans. Furthermore, from fiscal 2011, Shiseido also implemented self-assessment according to items that are equivalent to CSR actions for domestics and overseas affiliated companies. In doing so, Shiseido established a system that is capable of identifying latent risks for the Group. In the future, Shiseido will continue aiming to respond quickly and appropriately by identifying social perspectives and degrees of impact on our business.

■ Shiseido's Inclusion in SRI (Socially Responsible Investment) Indexes and Other Indexes

Being selected as a company included in Socially Responsible Investment (SRI) indexes, which take account of companies that are highly trusted by society in terms of ethics, environment, employment and safety in their operations, signifies that the company is found to have both a high level of social trust and sound financial performance.

Shiseido received various evaluations from SRI evaluation institutions of countries worldwide and was selected for inclusion as a constituent company for SRI indexes in Japan and overseas. In this respect, Shiseido will continue to contribute to the development of a sustainable society and be consistently accountable by promoting specific CSR activities that utilize Shiseido's strengths.

SRI indexes in fiscal 2011

Overseas, Shiseido has been continuously included as a company member for the FTSE4Good Global Index, a representative UK SRI index, STOXX Global ESG Leaders

Index, a representative Switherland SRI index, as well as the Morningstar Socially Responsible Investment Index (MS-SRI) in Japan.

<Overseas Indexes>



FTSE4Good

* Shiseido has been continuously included since March 2007.



* Shiseido has been continuously included since June 2004.



* Shiseido has been continuously included since September 2011.

<Japan Index>



* Shiseido has been continuously included since the launch of the index in July 2003.

Evaluation from External Evaluation Institution in Fiscal 2011

Besides SRI index, Shiseido has been selected by some research institutes to provide information and data to SRI and some international think tank.

In March 2012, [Ethisphere Institute](#), a US-based think tank, specializing in corporate ethics and CSR (Corporate Social Responsibility)etc. announced that Shiseido got the highest evaluation, with regards to corporate ethics and other issues, as a result of respondents of inquiries to researches targeting more than 1000 companies over the world and [we are honored to have been selected as "World's Most Ethical Companies 2012"](#). In such a manner, Shiseido's corporate sustainability and transparency were highly evaluated because focusing on "[The Shiseido Earth Care Project](#)", which is our environmental project conducted by all Shiseido Group employees worldwide, and

supply-chain system, Shiseido has committed to its CSR strategies together with other specific activities and our efforts to send message about the corporate stance to our stakeholders, through disclosure of our corporate objectives and achievement.

On the other hand, in Japan, since 2003, every year Shiseido has been selected as "Companies With the Most Advanced Commitment in Socially Responsible Management" by Nihon Sogo Kenkyujo, The Japan Research Institute, Limited.

In addition, Shiseido is committing to maximize its corporate value and shareholder value through expanding the growth potential and improving profitability, and simultaneously, Shiseido Group is endeavoring to fulfill the communication via disclosure of appropriate information and dialogues through various channels according to each occasion, in order to pursue understanding and trust from our shareholders.

❖ For investor information

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Commitment by Management

Commitment from Shiseido President & CEO regarding corporate social responsibility.

To Our Stakeholders

Shiseido's Basic Philosophy of CSR

At present looking around the world, Japan, and even various regions, we are facing an enormous amount of challenges in an unprecedented scale. In the midst of rapid development of globalization and global competition, we are experiencing "transnational challenges" and "rapid changes in society and consumers" such as growing disparity and unfairness between people, concentration of population, in urban areas, depopulation in rural areas, aggravating environmental problems, low birth rates and aging society in developed countries, and growing energy consumption as a result of rise in emerging countries, the list could go on and go on... We are living in the beginning of the 21st century, and now it is the time for us to be engaged in our business activities, dealing with our current problems and changes, after coming back to "Corporate Basic Principle" such as "making people happy and society prosperous".

Needless to say, a company is engaged in its business activity, closely related to society. Thus, as a member of society, every employee of Shiseido should take on responsibility to establish, maintain and develop better society through practicing Shiseido Group corporate philosophy, "[Our Mission, Values and Way](#)" and throughout our business activities.

Particularly, "Our Way" denotes action standard that each and every employee should take toward stakeholders. "Our Way" contains 10 principles regarding "Human Rights", "Labor Standards" "Environment" and "Anti-Corruption" declared in the United Nations Global Compact, which Shiseido announced to join in. It also includes social responsibility principle and the core subject of "ISO 26000".

Going forward, based on an action standard, "Our Way", which is designated to carry out their upholding higher ethical standards, all employees are aiming to realize sustainable society, fulfill dialog and cooperation with stakeholders, thus implementing activities to contribute to the creation of people's beauty and health.



Our activities to reconstruct the eastern Japan after the disastrous earthquake

One year has passed since the great earthquake in eastern Japan. Up until now, Shiseido Group has made utmost efforts to provide various support activities in affected areas as much as possible, including visiting shelters and temporary houses for disaster-hit victims, delivering aid staff, as well as dispatching beauty staff to provide skin treatment for victims and sending necessary information.



It was a great pleasure to receive encouraging comment from many people such as "I now feel more positive". Once again we were able to recognize "the power of cosmetics".

Although it would take some more time for affected areas to recover, we believe that all the disaster-hit victims could come back their happy smile and Shiseido will continue our support activities with a lot of hopes.

Marking the 140th anniversary since the foundation

I am happy to announce that in 2012, Shiseido has marked the 140th anniversary since its foundation. I want to express my sincere gratitude to our customers and society for their long lasting support. Undoubtedly, without them, we would not have been able to continue our corporate activities.

In return, to express our humbled appreciation, all the employees in Shiseido Group in each division and each section will be engaged in social contribution activities under the slogan of "creation of beauty in three designated domains such as "women & cosmetics (beauty)", "culture" and the "environment" where Shiseido could distribute its strength. With the warm hearted sense of "large-flowered tsubaki (camellia) which is expected to bloom in future", we call the project as "Future Tsubaki (camellia) Project".



We truly hope that this specific activity would not end in just representing limited effect as a part of commemorative event of the 140th anniversary, but rather, such activity could trigger each employee to face with society sincerely, and eventually Shiseido could grow to be the corporate which can always strive to ask itself, "what can we do ?".

Shiseido Group will further promise to make utmost efforts with all our employees over the world to pursue Our Mission;

We cultivate relationships with people

We appreciate genuine, meaningful values

We create beauty, we create wellness.

Hisayuki Suekawa
President & CEO
(Representative Director)



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Three Commitments of Shiseido CSR

The following "three commitments of Shiseido CSR" are particularly important among all CSR activities that Shiseido aspires to pursue.

Shiseido CSR Concept

Shiseido's aspires for CSR to create a beautiful society that will be sustainable well into the future by everyone related to Shiseido. Shiseido's social responsibility is based on the basic concept of "Our Way," established under our corporate initiative of "Our Mission, Values and Way." Additionally, Shiseido has designated CSR items which the Company particularly would like to emphasize among all activities, and defined as the ["Three Commitments of Shiseido CRS" directed toward 2020.](#)

Three Commitments of Shiseido CSR Directed toward 2020

	Social issues	What Shiseido can do to resolve social issues	Commitments for 2020
Women and Cosmetics	【International society】 - Eradication of poverty - Promotion of gender equality and enhancement of women's status - Health of pregnant and parturient women and reduction of child mortality rate - Achievement of universal primary education (from the United Nations Millennium Development Goals) 【Japanese society】 - Response to declining birthrate and aging society - Realization of gender-equal society	Accumulated knowledge of women's beauty and health or support women taking active roles by utilizing experience as a company promoting gender equality	Provide support so that all women will be healthy and beautiful
Culture	Response to values that seek emotional peace of mind or enrichment rather than material affluence	As a company that has continuously valued aesthetic sensibility, support realizing a fulfilling and enriched society through support of culture and the arts.	Create beautiful culture and link to the future.
Environment	- Curb global warming and reduce CO2 reductions - Response to resource depletion and resource saving - Response to biodiversity	Various activities that connect a beautiful and enriched lifestyle and the environment through manufacturing	Promote environmental activities so that both people and the Earth remain beautiful.
Promotion of Fundamental CSR			
Initiatives that will become the base for gaining trust from stakeholders, including corporate sustainability and compliance			

Woman and Cosmetics

Shiseido supports the health and beauty of all women.

Enriching the minds of women through cosmetics is at the foundation of Shiseido's activities. Beginning with the SHISEIDO LIFE QUALITY BEAUTY PROGRAM, Shiseido will continuously offer support from various perspectives, including support of ways of working, to ensure that all women can live actively in unique ways.



SHISEIDO LIFE QUALITY MAKEUP Activity

Shiseido offers makeup advice that responds to people who are deeply concerned about their skin or minds at cosmetics specialty stores and medical institutions across the nation.

❖ [Click here for more information.](#)



SHISEIDO LIFE QUALITY BEAUTY SEMINAR

Shiseido Life Quality Beauty Seminar is an activity aimed at broadly informing society that cosmetics make people feel positive. Shiseido conducts the seminars at various locations including elderly care facilities free of cost to local communities.

❖ [Click here for more information.](#)

Culture

Shiseido will create a beautiful culture and link to the future.

Since its foundation, Shiseido has been emphasizing the importance of aesthetic sense as well as arts and culture support. By connecting various activities centered on expression of art in society, Shiseido aims to be a company that continues to help realize an enriched society.



Shiseido Gallery

Since opening in 1919, the Shiseido Gallery has continuously promoted nonprofit activities such as by supporting artists and holding exhibitions based on the philosophy of "discovery and the creation of new beauty."

❖ [Click here for more information.](#)



Shiseido Corporate Museum

Since its establishment in the Meiji era, Shiseido Corporate Museum has stored various works, including product packaging and posters as well as TV commercials produced by Shiseido and exhibits these items to the general public.

❖ [Click here for more information.](#)

Environment

Like our care for skin, realizing a balanced environment by giving consideration to the Earth is one of Shiseido's important missions. By considering all processes from cosmetics planning and development to procurement, production, logistics, sales, use and disposal, Shiseido makes its manufacturing consistent and beautiful.



Product-related Environmental Response Throughout Total Life Cycle

A product life cycle refers to a process that covers everything from product planning and development to raw material procurement, production, logistics, sales, use and disposal. Shiseido pursues responsible environmental responses in various phases of these life cycles.

❖ [Click here for more information.](#)



Global Reduction of CO2 Emissions

Shiseido will promote the reduction of CO2 emissions at all of its business locations beginning with the factories and sales companies not only in Japan but also throughout the world.

❖ [Click here for more information.](#)

Corporate Governance and Corporate Ethics

Shiseido's initiatives to create structures to fulfill its social responsibility as a company.

Corporate Governance

Corporate Governance Basic Policy

Shiseido is setting higher standards of corporate governance based on the understanding that maximizing corporate and shareholder value, fulfilling social responsibilities and achieving sustainable growth and development are key to maintaining support as a valuable company from all stakeholders (customers, business partners, shareholders, employees and society).

Shiseido's Corporate Ethics

In April 2011, Shiseido established its new Group corporate philosophy "[Our Mission, Values and Way](#)". In order to realize Our Mission, which is designated as the Group's shared corporate mission, business domain and universal raison d'etre, Shiseido has established Our Values, which defines a mindset that should be shared by each and every person in the Group, and Our Way, which refers to action standards for employees to carry out their work according to higher ethical standards. Accordingly, we are promoting legitimate and fair corporate activities.

In addition to compliance, Shiseido's initiatives related to corporate ethics are variously aimed at gaining acceptance throughout the world that Shiseido is "a company that is helpful to society," "an essential company" and "an attractive company."

Human Rights Awareness and Corporate Ethics Training

(1) Director and executive employees training (once a year)

In fiscal 2010, Shiseido invited Professor Tsuneo Matsumoto of Hitotsubashi University, who also served as the Chairman of the ISO/SR National Committee, to conduct a lecture. His presentation was based on the theme of the significance of ISO 26000, which is the world's first international standard related to social responsibility issued in November 2010, and corporate response. Attended by approximately 160 directors and executives from Japan and overseas, this training was aimed at creating an opportunity to reconsider how to fulfill social responsibility at respective companies, business locations and departments in order to steadily address social expectations aspired to based on ISO 26000 through penetration activities of [the Shiseido Group corporate philosophy](#) "Our Mission, Values and Way."

(2) Training for all employees

Based on the theme of "be considerate and take action," human rights training was conducted for all employees at all business locations of the Shiseido Group, in which emphasis was placed on "becoming aware" through employee discussions.

In terms of promotion, Shiseido established a system led by Human Rights Enlightenment Promotion Committee members assigned to business locations nationwide. Accordingly, all committee members gather at an annual meeting to discuss solving issues related to the theme of human rights. Specifically, in fiscal 2010, training was conducted for newly appointed Human Rights Enlightenment Promotion Committee members covering aspects such as acquiring basic knowledge regarding human rights and corporate ethics as well as training promotion skills. The training was implemented twice in eastern and western Japan in an effort to improve training content.

Additionally, the Shiseido Human Rights Enlightenment Promotion Committee Member Guidebook that consolidates information for addressing human rights and various issues was created and is being shared with all committee members.

(3) Position-specific training

The following group training is conducted according to respective positions in addition to training for all employees.

Type of Training	Target	Details	Number of participants
Human rights enlightenment training for new employees	New employees for fiscal 2010	Basic knowledge of human rights centered on "company and human rights"	Approx. 100 persons
Human rights enlightenment training for domestic managers	Managers of business locations nationwide	Creation of an open workplace in order to "work together with persons with disabilities"	Approx. 200 persons
Human rights enlightenment training for Kinki district management-level positions	Persons in management-level positions in the Kinki district	Issues of discrimination and measures centered on a case survey on racial discrimination	Approx. 200 persons

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 to the Company's business and operations in general. The Office has worked to quickly resolve 223 inquiries in the year ended March 2010, bringing the total since April 2000 to 1,355. The Company also has distributed an Ethics Card to all employees, including employees dispatched from employment agencies.

The Ethics Card features various information including contacts for the aforementioned work-related consultation inside and outside the Company, as well as Mental Health Consultation (internal) and Shiseido Health Support Dial 24 (external) for advice related to mental and physical matters.



Ethics Card (2010)

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. Results of the survey are applied to the Company's activities.

The survey covers all employees, including temporary contract employees and employees dispatched from employment agencies, to reflect increasing diversity in the Company's employment pattern.

Improvements in identified issues will be implemented through training, thereby promoting the development of capable personnel and an appealing workplace.

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, Our Way 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

Shiseido's risk management

The basic policy of Shiseido risk management is primarily to ensure the safety of employees and their families as well as ensure stakeholders' trust while preserving corporate assets and sustaining operations. Based on this policy, in addition to quickly responding to and minimizing the impact of manifest risk, Shiseido considers corporate value to be enhanced through responsible action to contribute to society by eliminating social losses as well as possible. As for promotion structure, Shiseido established the CSR Committee to be under the direct management of the Board of Directors, for comprehensive control of all risks and corporate activity compliance as well as promotion of various risk prevention measures. Also, the Company adopted a system whereby manifest risks are addressed by organizations at various levels, including countermeasure headquarters, countermeasure projects and countermeasure teams, according to the severity of the case.

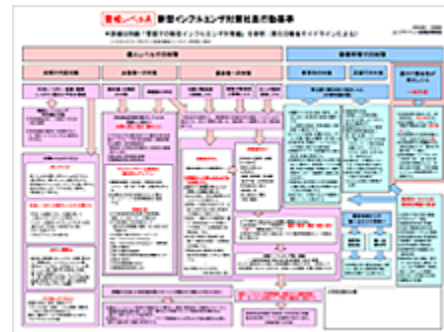
Amid such circumstances, Shiseido has been formulating and enacting the Business Continuity Basic Plan I and Business Continuity Basic Plan II from 2004 with the aim of establishing an operation system of Business Continuity Plan (BCP) cycle. However, the Company established the Business Continuity Basic Plan III in February 2011 for the purposes of 1) overseeing work flow of respective departments and overall movement of the Company in an easy to understand manner, 2) clarifying specific work procedures and personnel in charge and 3) ensuring versatility to address various risks. This plan was highly effective around the time of the Great East Japan Earthquake in March 2011.

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 disasters including major earthquakes and new strains of influenza, in a manner that would allow the Company to minimize damage and resume operations at the earliest possible opportunity.

With regard to new strains of influenza causing human suffering, the Company has established responses by level, including temporary business suspension, to address various conditions from strong toxicity to weak toxicity. The Company also formulated the Employee Action Guidelines for New Strains of Influenza Countermeasures, which compiles standards of action for operations by level, and introduced them on the Intranet in order to raise employee awareness and enable employees to respond calmly under such circumstances. Additionally, the Company published a booklet to heighten employee awareness about earthquakes and new strains of influenza, which are disasters that have a high possibility of occurring.

The Company distributed to all employees an earthquake safety action manual detailing actions to be taken when earthquakes occur, disaster prevention measures and the experience of the Great-Hanshin Awaji Earthquake disaster. In response to new strains of influenza, the New Strains of Influenza Countermeasures Manual



Employees action guidelines for New Strains of Influenza Countermeasures

was created and distributed to all employees to inform them of basic knowledge, prevention methods and what to do when symptoms appear.



New Strains of Influenza Countermeasure Manual (Front cover)



New Strains of Influenza Countermeasure Manual (Contents)



Earthquake safety action manual

Human Rights

Shiseido promotes various initiatives, including consciousness-raising activities, to respect all human rights.

Policy Related to Respect for Human Rights and Discrimination

Shiseido Group members extensively learn about human rights issues through enlightenment training at all business sites, including affiliated companies. Our basic policy on human rights enlightenment is aimed at "creating a corporate culture in which human rights are respected without discrimination and discrimination is prohibited." According to [Our Way](#) "Toward Employees" of "Our Mission, Values and Way," human rights-related aspects are defined as follows.

Toward Employees(Excerpt)

1 We respect the character and individuality of everyone in the work place, in all their diversity, and strive to develop and grow together.

- (1) We never engage in or tolerate discrimination on any basis including, but not limited to, race, color, gender, age, language, property, nationality or national origin, religion, ethnic or social origin, political or other opinion, disability, health status and sexual orientation, nor do we engage in or tolerate moral harassment, including sexual harassment and abuse of power.

Toward Business Partners(Excerpt)

3 We respect all of our business partners who share our aims, and work together with them toward sustained growth.

- (1) We maintain equitable relationships with our business partners, and do not apply coercive pressure.
- (2) We share our stance regarding fulfillment of social responsibility, including respect for human rights, compliance with laws and protection of the environment, with our business partners and encourage them to take their own voluntary initiatives.
- (3) We cooperate with our business partners in working to enhance the value of the Shiseido Group's brands.

Also, in the area of human rights activities, Shiseido has established [the Shiseido Group Supplier Code of Conduct](#) in the context of its own corporate activities. In this code of conduct, the Company has incorporated items pertaining to labor (prohibition of child labor, prohibition of discrimination, occupational health and safety, etc.). In

addition to promoting these initiatives in a sustainable manner, Shiseido also 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 that "human rights are universal and major issues in business and that the Company will respect and support human rights in respective corporate activities."

Promotion System

Shiseido Group examines its direction of enlightenment activities and details in the Human Rights Enlightenment Council led by the General Manager of the Human Resources Department of Shiseido. The Human Rights Enlightenment Council is promoting internal research and external human rights enlightenment activities while collaborating with secretariats (Diversity Promotion Group, Human Resources Department at the Shiseido Head Office and Diversity Promotion Group, Business Administration Department of Shiseido Sales Co., Ltd).

Also, the head office, factories, research centers, domestic affiliated companies and respective offices of Shiseido Sales Co., Ltd. have established the Human Rights Enlightenment Promotion Committee under the Human Rights Enlightenment Council for annual training. Moreover, a Shiseido vice president is responsible for the oversight of human rights issues in developing countries to promote relevant enlightenment initiatives from a global perspective.

Human Rights Enlightenment (Education)

[Shiseido Human Rights Basic Policy](#) is internally disclosed via the intranet of the CSR Committee.

The human rights enlightenment training is implemented to verify the Shiseido Group Basic Policy on the Enlightenment of Human Rights. To steadily respond to social expectations according to the ISO26000 regarding various human rights issues, including anti-discrimination problems, women, children, persons with disabilities, gender identity disorder and harassment, we are conducting enlightenment activities directed at eliminating discrimination and bias by establishing themes and personnel in charge at overseas business sites every year.

Specifically, an upper-level management workshop for the head office directors and domestic and overseas general managers, a workshop for domestic business site managers, a workshop for business office employees (90% participation rate for fiscal 2010) and a workshop for new employees are conducted once a year. Moreover, fiscal year policy is confirmed and annual regular meetings on various subjects, such as

training implementation plans, are carried out in National Human Rights Enlightenment Promotion Committee Training, which is for Human Rights Enlightenment Promotion Committee members from respective business sites nationwide.

At overseas business sites, in line with the current revision of "Our Mission, Values and Way," employees deepen their shared recognition of human rights by indicating the definition of human rights in English in the context of "Toward employees" in [Our Way](#). Going forward, Shiseido will further promote activity to spread human rights on a global scale.

To address abuse of power, we twice held e-Learning for all Group employees in fiscal 2010 with the aim of raising awareness to eliminate power harassment and will continue to organize such events.

Points of Contact for Employee Inquiries

In response to the Whistleblower Protection Act, which took effect in April 2006, and in order to internally resolve misconduct in the unlikely event of such occurrence and before such an issue would become more serious, Shiseido is working toward more widespread recognition of two points of contact: the in-house Shiseido Consultation Office and the Shiseido External Consultation Office, which is located at a law firm. Relevant information is distributed in various ways such as through manager training and pamphlet distribution to all employees.

Also, a set of Shiseido Group Consultation Office Regulations was established to clarify paths of investigation and resolution and to prohibit prejudicial treatment of whistleblowers (as well as individuals seeking advice). Employees have been informed of these initiatives.

The Shiseido Consultation Office welcomes individuals seeking advice on a wide range of topics relating to the Company's business and operations in general, and is trying to quickly resolve employees' inquiries. In fiscal 2010, a total of 221 inquiries was received, contributing to a cumulative total of 1,576 inquiries since the establishment of facilities in April 2000.

Furthermore, the Company distributed an Ethics Card to each employee, including employees dispatched from employment agencies. The Ethics Card features various information including contacts for the aforementioned work-related consultation inside and outside the Company, as well as internal Mental Health Consultation and external Shiseido Health Support Dial 24 for advice related to mental and physical concerns.

Labor Practices

Toward Employees. Shiseido promotes the development of workplaces in which all employees can work with a sense of ease by placing importance on employee diversity.

Basic policy regarding personnel affairs

Shiseido Group denotes its policy under "Toward Employees" and "Toward Society and the Earth" in [Our Way](#), which is established under "Our Mission, Values and Way," and adopts the policy in all subsidiaries and business sites in Japan and overseas.

Toward Employees(Excerpt)

1 We respect the character and individuality of everyone in the work place, in all their diversity, and strive to develop and grow together.

- (2) We work together with our co-workers to fulfill our potential in our jobs.
- (3) We strive to maintain a dialogue with our co-workers, and are committed to their growth as well as our own.
- (4) We strive to conduct fair evaluations.

3 We strive to create a safe, healthy work environment and enhance employees' comfort and sense of fulfillment.

- (1) We seek to make work environments safe, clean and healthy.
- (2) We strive to maintain and manage our physical and mental health, and to maintain an appropriate work/life balance.

Toward Society and the Earth(Excerpt)

1 We abide by the laws of each country and region in which we operate, and maintain sound ethical behavior as well as respect human rights.

- (1) We abide by the laws and respect the history, culture, customs and other aspects of each country and region in which we operate.
- (2) We respect international laws including treaties. We never engage in human rights violations such as child labor or forced labor.

Based on these basic policies, Shiseido and domestic Group companies individually establish personnel affairs regulations, including employment regulations, in accordance with domestic laws and regulations. They also adopt rules and regulations that respond to employment terms for all directly hired employees including fixed-term contract employees. As for the establishment and revision of personnel affairs

regulations, it is fundamental for Shiseido to develop content that exceeds legal requirements and the Company is reporting relevant matters to administrative authorities upon receiving confirmation and approval from labor unions or the majority of employee representatives. In this respect, Shiseido will continue complying with the law.

Also, based on these policies, Shiseido Global Personnel Affairs Policy was established in 2008 as a globally shared set of principles related to personnel management and the Company is disseminating respective policy to all subsidiaries and business sites in Japan and overseas.

Respect Diversity

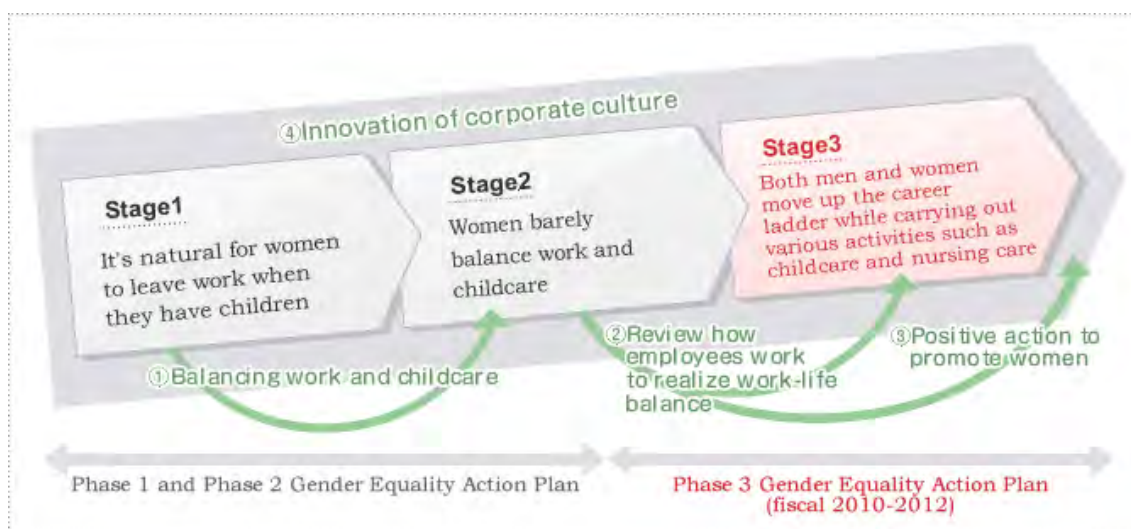
Promotion of Diversity

Shiseido Group denotes its policy in "Toward Employees" and "Toward Society and the Earth" in [Our Way](#), which is established under "Our Mission, Values and Way," for adoption at all subsidiaries and business sites in Japan and overseas. Shiseido designates gender equality as a management strategy to create a corporate culture in which results are constantly achieved by enhancing employees' vitality. Accordingly, the Company actively promotes various initiatives with the aim of "enhancing corporate trust of employees, who are major stakeholders in the company." At the same time, efforts are made to enhance the level of "company recognition externally through advanced initiatives that are unique to Shiseido."

In Phase 3 of the Gender Equality Action Plan being implemented from fiscal 2010 to fiscal 2012, based on the theme of activity to "firmly establish a corporate culture in which female leaders are continuously promoted," Shiseido has devised specific action plans emphasizing the two key issues of "strengthening the appointment and promotion of female leaders and human resources development" and "reviewing how employees work to improve productivity."

While proceeding to "review how employees work to realize work-life balance," we are also expanding initiatives to "switch off lights at 10 p.m." and activities to reduce overtime work at all business locations. In Phase 3 of [the Action Plan](#) that started from fiscal 2010, Shiseido pursues further initiatives to energize organizational capabilities by enabling employees with diverse values to take active roles with the aim of reaching a stage at which men and women are able to advance their careers as well as balance work with childcare and nursing care.

●Three Steps for Women Taking Active Roles



Action Plan

Theme 1: Strengthening the appointment and promotion of female leaders and human resources development

No	Action Plan
1	Plan and promote human resources development plan and promote the appointment of female leaders as a means of enhancing organizational capabilities with the aim of achieving a 30% ratio of female leaders by fiscal 2013 (from 22.2% in fiscal 2010).
2	Strengthen personnel transfers of female employees for the purpose of expanding their professional experience.
3	Hold Career Support Forum nationwide with the aim of raising the awareness of female employees regarding their careers.

Theme 2: Reviewing how employees work to improve productivity

No	Action Plan
1	In conjunction with initiatives to develop excellent personnel and workplaces, which have been promoted since fiscal 2007, undertake various measures by continuously improving how employees work, including establishing operational reforms, reducing overtime, leaving work on time, redefining job descriptions and developing standard procedures for management and reporting duties.
2	Develop criteria for improving operational productivity in workplaces and carefully consider business assessments and personnel evaluations.
3	Introduce system of working at home for employees who are balancing work and childcare and nursing care. *System introduced from fiscal 2011 on a trial basis.

Measures to Support Women to Take Active Roles

The Career Support Forum was held in order to realize the theme of activity to "firmly establish a corporate culture in which female leaders are continuously promoted," established under Phase 3 of the Gender Equality Action Plan, as well as to disseminate information internally. This forum enables female employees to take initiatives to consider developing careers on their own with the aim of gaining independence and professional awareness. The program is comprised of various sessions including a message from top management, a lecture by an external instructor under the theme of time management and sharing experiences of female employees in managerial positions. Such forums were held on 22 occasions from March to October 2010 at the head office, research centers, factories and affiliated companies. The forums had a significant impact on 1,925 participants centering on female employees and leaders (participation rate of 91.2%). Comments received included "the forum provided an opportunity to air thoughts about developing one's own career and improving operational efficiency" and "I got more positive ideas about career development through transfers." This program is currently held nationwide for employees of Shiseido Sales Co., Ltd.



Career Support Forum

TOPICS

Shiseido's Participation in the 15th APEC Woman Leaders Network Meeting

Shiseido was approved as a public relations supporter during the 15th APEC Woman Leaders Network Meeting (hereinafter, "2010 APEC WLN") held for three days in September in Tokyo. Executive Vice President and Representative Director Kimie Iwata attended the meeting as the Vice Chairperson of the 2010 APEC WLN Steering Committee and also participated in a panel discussion entitled "Strategy for Women's Initiative in Business and Economy" as a panelist. The APEC Women's Leader Network is a network of female leaders in industry, academia, the public sector and private organizations and other fields from the 21 APEC member economies. Organized by the chair country of APEC, 2010 APEC WLN was hosted this year by Japan as a meeting aimed at contributing to the development of economic activities by women to help realize a gender-equal society.

At this time, policy recommendations were made based on the following three pillars.

1. Career development of women's organizations
2. Realizing women's entrepreneurship through people, nature and culture
3. Creating new economic opportunities for women

In addition to Executive Vice President Iwata's participation, the Shiseido Beauty Creation Center (currently, Shiseido Beauty Creation Laboratory) also handled hair and makeup for the "KIMONO Collection from KYOTO" cultural event at the meeting (organized by the Kyoto Prefecture and the Management Committee of "Kimono-no-niau-machi Kyoto") to let people appreciate the kimono, a symbol of Japanese aesthetic beauty, tradition and culture. In addition to introducing kimonos with contemporary designs, women appeared on stage one after another wearing kimonos proposed by Kyoto that are suitable for occasions including dates, lessons and artistic performances. Besides providing support in hair and makeup techniques, Shiseido also helped plan the overall show. Female leaders of respective industries were captivated by the Japanese aesthetic beauty originating from Shiseido, presented in traditional white and contrasting colorful wedding kimonos with suitable bridal hairstyles and makeup.



Executive Vice President and Representative Director Kimie Iwata of Shiseido Company, Limited giving her opinions as a panelist (second from the left)



KIMONO Collection from KYOTO

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. Through this initiative, we have collected more than 240,000 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.

Providing Diverse Employment Opportunities

■ Ratio of Female Managers

In Phase 3 of the Gender Equality Action Plan being implemented from fiscal 2010 to fiscal 2012, Shiseido has set a goal to "achieve a 30% ratio of females in managerial positions" by October 2013. Accordingly, the Company is currently promoting "individual personnel development" to enable future female employee candidates to assume managerial positions through "steady achievement of results," "learning the basics of management," dealing with higher level of work duties, expanding professional area of focus (transfer) and other relevant initiatives.

* Reference: Ratio of females in managerial positions as of April 2012: 22.9% (from 21.1% in October 2011)



■ Employment of Temporary Employees

Temporary employees are working at the respective business sites and domestic Group companies of Shiseido according to the Worker Dispatch Law.

With regard to the employment of temporary employees at Shiseido Group, we are implementing various measures such as concluding agreements with employment agencies, development and management of registers, and appointment of personnel in charge of management, all of which is based on the Worker Dispatch Law policy related to measures that should be established regarding employment agencies and other relevant laws and regulations.

Since there was a new set of governmental guidelines introduced related to the Worker Dispatch Law in fiscal 2010, Shiseido verified the temporary employment contracts and details of work at all domestic business sites using a checklist to confirm the understanding of laws and regulations stipulated under the dispatch law together with personnel in charge of management.

Shiseido will continuously and appropriately respond to amendments in or reinterpretations of respective laws and regulations.

■ Employment of Foreign Personnel

In addition to overseas subsidiaries, the Shiseido head office also has been employing diverse personnel regardless of nationality. We are hiring foreign personnel at the head office while adhering to the immigration control system, including resident status considerations, and subjecting them, regardless of nationality, to the same employment regulations after they join the company as the Japanese employees.

■ Employment of Individuals With Disabilities

In January 2006, Shiseido's Hanatsubaki Factory Co., Ltd. was certified as a special subsidiary, which is staffed primarily by developmentally challenged individuals as part of an effort to create a workplace where all employees can actively work.

Currently, 30 employees are taking active roles at the three locations in Tokyo and Osaka.

The rate of employment of developmentally challenged individuals among all employees in the overall domestic Shiseido Group for fiscal 2010 was 1.83%, surpassing the statutory employment rate of 1.80%.

Comments from Hanatsubaki Factory Employees

Although it has been three years since I joined the company, all of my family members including my father, mother and grandfather were delighted to hear that I was going to join the company. When I am at work, I am trying to keep in mind the importance of being strictly accurate. I will try to do my best at all times.



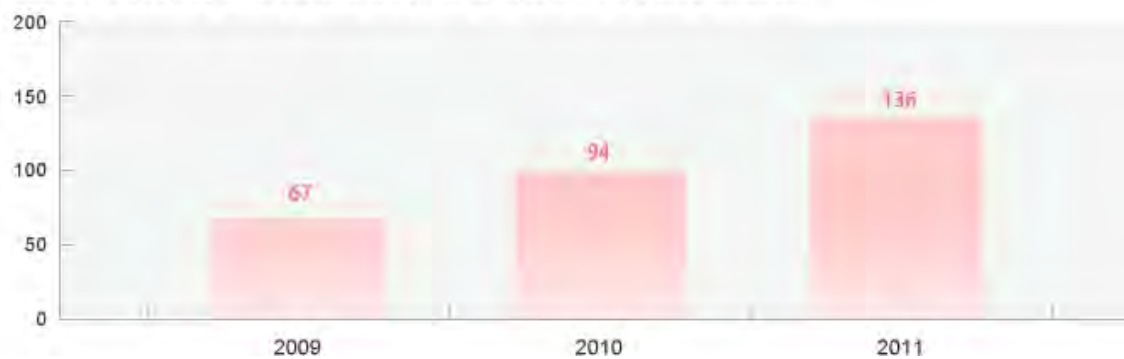
I enjoy going to work every day and making the utmost effort to carry out my duties. I especially enjoy company trips and bowling competitions. I hope to continue working at the Hanatsubaki Factory.

I have been working at this factory for five years and my job is to complete Shiseido products. Although other colleagues I work with are also developmentally challenged, I am happy to be in an environment that is easy to work in and gives me the sense that people in the company are keeping me protected. I am proud that I joined this company and will keep doing my duties along with my colleagues.

■ Post-retirement Reemployment System

Shiseido is introducing a post-retirement reemployment system aimed at developing an energetic corporate culture in which middle-aged and older employees who have grown within Shiseido can continue to work as long as they have the motivation and ability to do so. Specifically, although Shiseido employees are to retire at age 60, the system calls for reemploying those who qualify and wish to continue working. With this system, Shiseido will pursue various initiatives for middle-aged and older employees to hand down techniques and knowledge to other employees, particularly in research, development, production, sales and other relevant fields.

Number of employees using the post-retirement reemployment system at Shiseido



Comments from employees using the post-retirement reemployment system



Chikara Murata, Manufacturing Department, Kamakura Factory in Japan

In the third year after retiring from the company in March 2008, I became reemployed. Subsequently, I was assigned to new duties at the same workplace. There are young employees there and I am motivated every day to keep up with the people around me. I absorb the youthful enthusiasm of others and proactively take initiative according to what I am able to do.

When I am off duty, I enjoy tennis with my colleagues on a tennis court at the factory. It keeps up my energy level for work the following day.



Miyoko Ootsu, Oita Office, Kyushu Branch Office, Shiseido Sales Co., Ltd

I have been working since October 2010 as a person in charge of sales at the Oita Office by taking advantage of the post-retirement reemployment system. I think sales are worthwhile. I gain cooperation from store managers and employees of business partners, and am always thinking about making customers happy by making them beautiful on a daily basis.

The atmosphere at the Oita Office is good. I enjoy working with my colleague everyday.

Moreover, the Senior Expert System and Senior Scientist System are being adopted for personnel that possess high expertise. This helps channel the special abilities of these respective experts into the development of suitable treatments.

■ Career Staff System

Shiseido grants the Career Staff license for retired employees who satisfy the standards. Employees who retain the license and wish to be reemployed at Shiseido have discussions at the business sites at which they want to work. This system

provides successful, capable employees who have retired from the Company with opportunities to take active roles there again. Moreover, it enables Shiseido to establish an energetic corporate culture and enables the reemployed workers to use the experience after their retirement that they have accumulated at the Company previously.

Giving consideration to working form

Employees' Childcare and Nursing Care

As a means for all employees to realize work-life balance and increase productivity, Shiseido has since 1990 been introducing various systems and measures helping employees to balance work with childcare and nursing care.

The Company has been promoting its initiatives to develop an environment in which employees can work with a sense of assurance. Specifically, such initiatives include the establishment and operation of the Kangaroom Shiodome*1 daycare facility located within a business site, a paid childcare leave system within a limited period of two weeks to encourage male employees to take childcare leave and Kangaroo Staff System*2 for Beauty Consultants to take time off from work for childcare.

Employees' use of leave and shorter working hour systems related to childcare and nursing care is increasing every year. As of fiscal 2010, the number of Shiseido Group employees who used the childcare leave system for taking time off for childcare is as follows: 1,218 employees took paternal leave (including 17 male employees), 1,415 employees took time off to care for their children (including 3 male employees), 33 employees took nursing care leave (including 4 male employees) and 21 employees took time off for nursing care (no male employees).

(*1) Kangaroom Shiodome (Japan)

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, supporting the concept of "improving the child-rearing environment through cooperation with other companies." Kangaroom Shiodome has significantly helped to change employee awareness of how they work and achieve a good work-life balance. The facility has been well received by people utilizing its childcare services, enabling

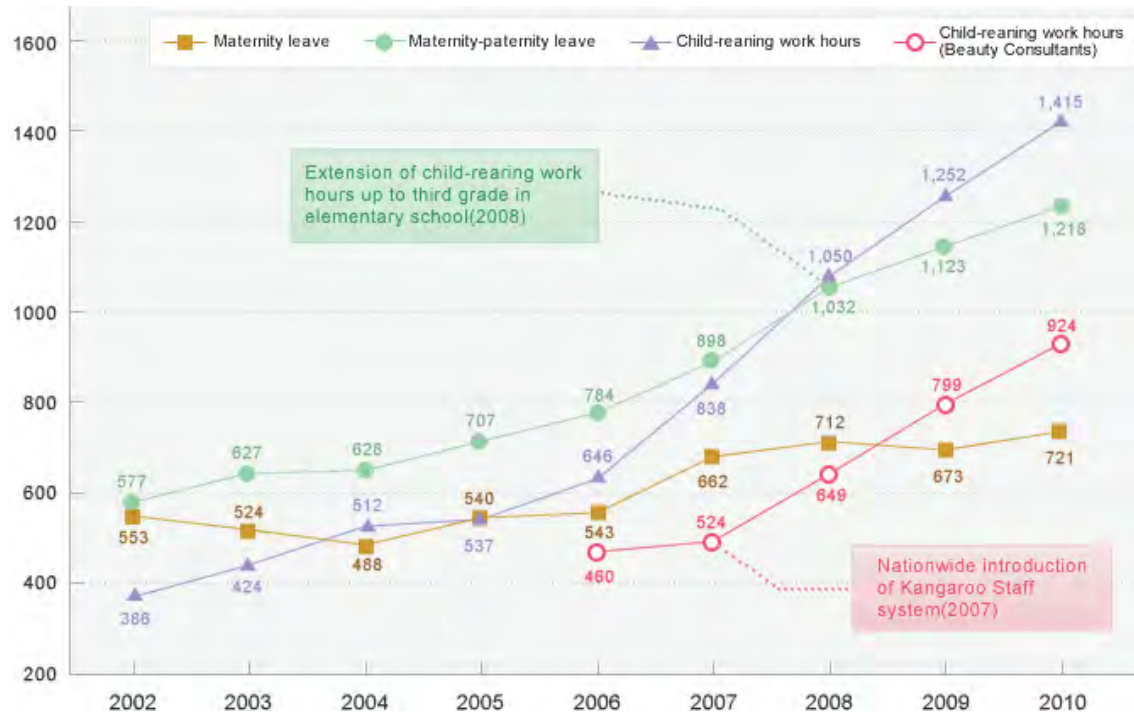


women to return to work with complete peace of mind after the birth of a child and feel secure in the knowledge that their children are nearby, as well as allowing them to make more effective use of their time with no need to spend time travelling to a separate facility to pick up their children.

(*2) Kangaroo Staff Program (Japan)

Shiseido introduced the Kangaroo Staff Program in 2006 to support evening storefront activities by having temporary workers take the place of Beauty Consultants (BCs) engaged in customer service so that the BCs could take time off to care for their children. This program has enabled us to create a workplace environment that allows BCs who had difficulty balancing the competing demands of work and childcare to have children with peace of mind, since they would be able to care for the children while working to advance Shiseido's 100% customer-oriented philosophy. 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 2011, the Kangaroo Staff program was expanded to more than 1,400 staff providing such support for approximately 900 BCs taking time off.

● Data including the number of Shiseido Group employees who used childcare system in Japan



* The data is subject to the number of persons who used the systems among the domestic Shiseido Group managers, employees in general positions, Beauty Consultants, employees in specialized positions (routine operations specific to worksites), affiliates' employees and limited-term contract employees.

* The targeted number of people is 25,636 as of April 1, 2011 (7,668 BCs).

* Number of employees who used the childcare leave and took time off to care for their children is a cumulative total.

Since we are forecasting an increase in the number of employees who will continue working while using child-rearing work hours and nursing care work hours, employees are expected to be more conscious about their work and try to acquire time management, risk management and communication skills to consistently achieve results within their limited time. At the same time, managers are expected to exercise their management capabilities to raise motivation while understanding each and every employee's situation.

Comment from male employee who took childcare leave



Naoto Yamada,
Human Resources Department, Head Office, Shiseido Company Limited

I took childcare leave and realized that child rearing is much harder than I thought. Taking care of a child, such as changing diapers, preparing baby food, taking the child for a walk, and doing housework such as laundry and cleaning would fully occupy me for the day. I realized how hard it is for my wife to do this every day. It also made me think that as with work, it is very important how efficiently these tasks are done.

Until I took the leave, my daughter was saying "dad" to everyone, but since I'd been able to spend more time with her, I was happy when she began calling me "dad."

Taking the leave was a very good experience for me and I am grateful to my supervisors and colleagues for being understanding and cooperative when I used the childcare leave system.

Comment from employee who used Kangaroo Staff program

Yuko Fusawa,
Key Account Sales Department II, Shiseido Sales Co., Ltd.

I found out about the Kangaroo Staff program and I applied for the position by empathizing with the program's concept. At first, I was worried about working at a storefront but the more I came in contact with customers, the more accustomed I became to gaining support from everyone around me, including the BCs who were taking time off to care for their children. I hope to be involved in work related to beauty in the future.

Comment from employee who used Kangaroo Staff program

Kaori Tanaka,
Key Account Sales Department II, Shiseido Sales Co., Ltd.

Using the Kangaroo Staff program enabled me to enhance awareness to carry out work according to plan. Also, it allowed me to spend more time on childcare, for the sake of the mental security of my child. I am grateful for this program which helps raise one's motivation to work.

I appreciate the support and cooperation of the Kangaroo staff and everyone around me which enabled me to work and perform childcare every day. I am carrying out my daily activities with the attitude that I should work in such a way that will contribute to the Company so that such systems will be passed on to fellow BCs.

Overview of Work/Childcare and Nursing Care Programs Previously Introduced by Shiseido

Support Program	Year Introduced	Details
Maternity/paternity leave	1990	A system by which employees may take leave after having a baby until the child is three years old for a total of up to five years (Employees may take leave a total of up to three times for the same child in the case of special circumstances. <Revised in 2009>)
Child-rearing work hours	1991	A system by which employees may shorten work hours by up to two hours a day if they have children in up to the third grade of elementary school.<Revised in 2008>
Nursing care leave	1993	A system by which employees can take up to one year off at a time per family member for a total of up to three years.
Nursing care work hours	1993	A system by which employees may shorten work hours by up to two hours a day for up to one year at a time per family member for a total of up to three years.
Cafeteria system for childcare support (fixed annual amount)	1998	A system by which employees can receive a fixed annual subsidy to offset childcare fees for children in nursery school.
Cafeteria system for childcare support (as needed)	1998	A system by which employees can receive a need-based subsidy to offset the cost of extended childcare for a babysitter, daycare center or other childcare facility if they have children in up to the third grade of elementary school.
Childcare plan	1999	A plan implemented to improve communication structures that enable employees to confirm with their managers the process from pregnancy onward to return to the workplace.
Kangaroom Shiodome	2003	An in-house daycare center for Shiseido employees' children at the Shiodome Office. Accommodating a fixed number of children, the center is also partially open to the children of employees of nearby companies.
Short-term paid parental leave	2005	A system by which employees may take leave up to two consecutive weeks until the child is three years old. This short-term paid parental leave system encourages male employees to take leave.
Nursing care leave system for children	2005	A system by which employees may take paid leave if they have children not yet enrolled in elementary school who require nursing care due to sickness or injury. Employees may take leave of up to five days per year for one child and up to ten days for two or more children per year. (Paid leave) Half-day leave is also permitted.<Revised in 2010>
Childcare support center	2006	Medical office staff at the head office provide support centering on health issues, including various concerns or questions related to pregnancy, birth and child-rearing.
Maternity wear	2006	A system in which maternity wear is provided for BCs.
Kangaroo Staff system	2007	A system by which alternative staff relieve BCs taking time off for childcare.
Guidelines governing transfers of employees with childcare and nursing care responsibilities	2008	A system of rules that prevents transfers of employees that would require them to move while taking time off for childcare or nursing care.
Spousal accompaniment for childcare	2008	A system by which employees with childcare responsibilities (e.g., with children up to the third grade in elementary school) may request to accompany their spouse who is transferred within Japan.
Leave to accompany spouse when transferred overseas	2008	A system by which the company allows up to three years of leave so that employees can accompany spouses who are transferred overseas.
Encourage fathers whose infants are less than 8 weeks old to take paternity leave	2010	A system by which the company allows fathers who acquired paternity leave within 8 weeks after their spouses gave birth may take paternity leave again.

Action Plan for Supporting the Development of Next Generation

Shiseido has acquired the next-generation certification mark "Kurumin" in May 2007. This mark is accredited to companies that have achieved the goals of the "action plan for supporting the development of the next generation" based on the Law for Measures to Support the Development of the Next Generation.

Shiseido has formulated Phase 3 of an action plan for supporting the development of the next generation commencing from fiscal 2010, thereby promoting various initiatives such as "supporting a balance of work, childcare and nursing care" and "reviewing how employees work."



Shiseido Company Limited Action Plan for Supporting the Development of Next Generation (From April 1, 2010 to March 31, 2013) (February 4, 2013: It was revised)

Aim	Specific Action Plan	Timing
Ameliorate long working hours	Continue switching off lights at 10 p.m. and expand weeks of switching off lights at 8 p.m. (Phase 3 Gender Equality Action Plan)	FY2010 to FY2011
Support balancing work/childbirth, childcare and nursing care	Career support measure for female employees Holding of Career Support Forum for Female Employees (Phase 3 Gender Equality Action Plan)	FY2009 to FY2012
	Make exemption from overtime working hours obligatory due to childcare and nursing care Expand the period of accepting requests for exemption from overtime work and work on holidays up until March 31, until the child becomes a fourth-grader in elementary school (amendment of employment regulations) Also, inclusion of employees taking nursing care work hours in this system will be discussed based on labor-management consultations during fiscal 2010.	System introduced in April 2010
	Expansion of nursing care leave system for children For one child: 5 days (paid leave), For two or more children: 10 days (paid leave) Half-day leave: Up to 20 days/year *Vaccination and health check are also permitted (Ordinance of the Ministry of Health, Labor and Welfare (proposal))	System introduced in April 2010
	Additional parental leave for moms and dads (tentative name) Permit contract employees to take parental leave until the child is 14 months old. *Measures are taken for regular employees	System introduced in April 2010
	Encouraging fathers whose infants are less than 8 weeks old to take paternity leave Fathers who acquired paternity leave within 8 weeks after their spouses gave birth may take paternity leave again.	System introduced in April 2010
	Establishment of short-term nursing care leave Establish short-term nursing care leave to accommodate employees who will accompany a family member under nursing care (Up to 5 days/year for one family member and up to 10 days/year for two or more family members.)	System introduced in April 2010
Measure for the next generation	Holding Bring Your Kids to Work Day In considering expanding the target from internal to external (including children of Shiseido's business partners and children in general).	FY2010 onwards

■ Shiseido Sales Co., Ltd. Action Plan for Supporting the Development of the Next Generation

Shiseido Sales Co., Ltd. established the following action plan to enable employees to balance work and childcare and fully exert their abilities by creating an environment in which they can work with a sense of assurance.

Plan period

Three-year period from December 1, 2010 to November 30, 2013

Detail

Plan			Period
Support balancing work and childcare	1	Broadly inform about "exemption from overtime working hours" for employees taking child-rearing hours	December 2010 to November 2013
		Broadly inform about the system within the company to create an environment in which employees can work with a sense of assurance	
	2	Broadly inform about the expansion of the nursing care leave system for children	December 2010 to November 2013
		Broadly inform about the system within the company	
	3	Additional parental leave for moms and dads	December 2010 to November 2013
		Broadly inform about the system within the company and promote its use	
	4	Encourage male employees to acquire paternity leave	December 2010 to November 2013
		Broadly inform about the system within the company and promote its use	
	5	Broadly inform about short-term nursing care leave	December 2010 to November 2013
		Broadly inform about the system within the company	
Improve the review of how employees work	6	Reduction of long working hours (overtime work)	Nationwide introduction from December 2010
		Continue and expand initiatives to switch off lights at 10 p.m.	
Support nurturing the next generation	7	Holding Bring Your Kids to Work Day	From 2011 to 2013 in summer
		Invite employees' children in elementary and junior high schools during summer vacation period to the company for various activities such as interaction session with president and visits to parents' workplaces.	

Reduction of Overtime Work

Shiseido is working to eliminate long working hours and increase ways of working in order to realize work-life balance while also expanding and improving systems and measures to balance work, childcare and nursing care.

Shiseido business sites and domestic affiliated companies are concluding labor-management agreements pertaining to overtime work by business site according to laws and regulations, and reporting to concerned administrative authorities.

As for concluding the labor-management agreements, not only do we state the statutory limit related to working hours but also include aspects of the risk of overwork based on government guidelines. With this agreement, Shiseido is setting a maximum of 80 hours per month of overtime work even in exceptional cases (from 45 to 80 hours of overtime work per month is limited to occurring up to 6 times per year). Shiseido's efforts to reduce long working hours are as follows.

1. Spread knowledge of the labor-management agreement ("Agreement 36 (Saburoku kyotei)")

Based on the understanding that overtime work is mandatory upon the order of the employer (supervisors), Shiseido ensures that personnel in charge at respective workplaces are informed of and follow the details of the agreement, while various initiatives are carried out such as providing employees with relevant information by using in-house bulletin boards and other means.

2. Promotion of activities to review how employees work

At the beginning of fiscal 2010, Shiseido established the guidelines (key performance indicator (KPI) and goals related to working hours) up to fiscal 2012 for reviewing how employees work and is currently promoting activities to review how employees work at all domestic business sites. In the guidelines for reviewing how employees work, we have devised three objectives to 1) observe "Agreement 36 (Saburoku kyotei)" (including special articles), 2) achieve the acquisition rate of 60% in annual paid leave and 3) reduce overall actual working hours. Accordingly, we are making progress in terms of reviewing promotion methods of work that address each business location and workplace. We are also horizontally expanding good internal examples by developing and distributing a collection of case studies for review.

To strengthen this activity, in fiscal 2011, among the goals indicated in the guidelines ("Agreement 36 (Saburoku kyotei)"), Shiseido puts particular emphasis on reducing monthly overtime work to a maximum limit of 60 hours (which can occur up to 6 times). In this way, Shiseido is making greater efforts to reduce long working hours at workplaces.

3. Measure to switch off lights at 10 p.m.

Since fiscal 2009 at the head office, lights have gotten switched off at 10 p.m. This measure will extend to all domestic business sites, including affiliated companies in fiscal 2010, and we will also continue this initiative in fiscal 2011.

* Excluding factories, stores and storefronts that are implementing 24-hour operations or shift work.

4. Verification of actual status of overtime work between employer and employees

Actual work hours and acquisition rate of paid leave are being regularly verified between employer and employees, reflecting the results in labor-management initiatives.

Additionally, with regard to leaves and shortened work hours systems, in order to respond to the requests for more diverse working forms, Shiseido is improving childcare- and nursing care-related leaves and short working hours and time-off systems based on laws and regulations. In particular, the Company made it possible for employees to use the system for childcare for children up to the third grade in elementary school (conditions for limited-term contract employees vary depending on

contract terms; however, the conditions are higher than what have been stipulated by law.)

Furthermore, the Company has a spousal accompaniment for childcare system in place, by which employees with childcare responsibilities may request to accompany a spouse transferred within Japan. As for overseas transfers, we have a leave system to allow employees to take leave up to three years so that then can accompany spouses who are transferred overseas. At the same time, regarding work-related systems, the Company introduces a specialized discretionary work hour system for researchers at research centers. In addition to these systems, in fiscal 2011, Shiseido has introduced a work-at-home system for employees at the head office who are going through a phase of childcare, nursing or preparation for childbirth.

Personnel affairs and fair evaluation

Promotion Structure of Fair Evaluation and Work Conditions

In order to be a stronger corporate group in Japan and overseas, Shiseido Group has established its global personnel affairs policy, thereby defining rules and guidelines regarding various aspects such as evaluations and work conditions as a personnel affairs policy measures.

Rules refer to globally unified standards that should be followed throughout the Shiseido Group and personnel affairs measures are developed according to this policy.

Rules for Evaluation and Work Conditions

- Implement system operation that will seek a degree of employee satisfaction while also ensuring fairness of work conditions internally and externally.
- Eliminate evaluations that are based on preconceived ideas or impressions and strive to carry out highly transparent evaluations based on objective facts.

Guidelines refer to various aspects that specifically define the operational standards of personnel affairs measures based on globally unified rules. Specific plans or operations of a system are promoted based on these guidelines in view of attributes of respective countries and regions or subsidiaries.

Guidelines for Evaluation and Work Conditions

- Implement evaluations based on target management
- In addition to accomplishment and performance, promote a development-type ability evaluation with an emphasis on process (exert abilities).
- Provide evaluation feedback to employees and disclose relevant standards, including evaluation and promotion standards.
- Implement evaluation interview with employees at least once a year

Based on the aforementioned Shiseido Global Personnel Affairs Policy, the Shiseido Group in Japan is also evaluating processes and actions along with achievement in an appropriate manner, thereby building a system with a high degree of fairness and satisfaction.

Moreover, as a means of enhancing fairness and satisfaction of evaluation, the Group is also improving and expanding opportunities for training and offering feedback to personnel in managerial positions. Specifically, we are enhancing the skills of assessors on various occasions by means such as management training and newly appointed assessor training. Additionally, with the implementation of the 360-degree evaluation program for managers, Shiseido is working to enhance the management abilities of managers by encouraging them to recognize their strengths and points to be improved in respective work behaviors through results of 360-degree observation from supervisors, colleagues and subordinates.

Structure for Listening to Employee Opinions

The Shiseido Group Employee Satisfaction Survey is conducted once a year targeting all Group employees working at domestic business sites with the aim of "creating a dynamic organizational culture" in which each and every Shiseido Group employee is able to enthusiastically work in an open and transparent workplace and gain a sense of satisfaction toward their work.

This survey was initiated as part of management reforms being promoted throughout the Shiseido Group. Shiseido must tackle a multitude of issues in order to promote such reforms, and employees are constantly expected to "change their awareness and actions." As these reforms proceed, various concerns may arise such as a gap between employees in terms of their awareness and efforts or motivation for undertaking such efforts may decline due to a sense of placing a heavier burden on employees. This in turn may reduce the speed of realizing Shiseido's vision. Consequently, the survey results are used so that the members of top management can take the initiative in listening to employees' opinions, clarifying current issues and utilizing the information to develop specific actions toward solving any concerns or problems.

Additionally, the results of the employee satisfaction survey are provided to employees via the persons in charge of respective workplaces. At the same time, all employees carry out initiatives in their respective workplaces to improve issues that have been identified in business operations and work environments.

The survey was conducted in September in fiscal 2010 and the feedback of survey results was provided to Shiseido (head office, research centers, factories), Shiseido Sales Company Limited as well as employees of affiliated companies, including limited-term contract employees.

Accordingly, respective workplaces have reflected the results in relevant initiatives to realize improvement in fiscal 2011, such as in activities for "developing personnel and workplaces with appeal" companywide, and in individual initiatives.

Shiseido established the in-house Shiseido Consultation Office in 2000 and the Shiseido External Consultation Office, which is outside the Company, in 2002, thereby addressing various matters such as inquiries and whistle blowing related to employment regulations and violations of laws and regulations from employees, limited-term contract employees and temporary employees.

Utilization and development of human resources

Human Resources Development Policy

Shiseido has been earnest in its human resources development since it was founded. The Company, in fact, was once known in society as "Shoseido" which translates to "hall of scholars." Such distinction of corporate culture endures today as the Company reflected in the "Shared Education" Declaration launched in 2006. The declaration seeks to cultivate people by linking workers' self-realization to 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, specifically defining who we consider to be "interesting and talented people." Finally, we are working to create an environment where employees can develop through a process of mutual growth reinforced by daily guidance and training, personnel assignments, and evaluations by supervisors.

In accordance with its "Shared Education" Declaration, Shiseido opened a corporate university called Ecole Shiseido in 2006 to implement the Company's human resources development policy and oversee companywide training. A variety of training initiatives are being offered, 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.

Ecole Shiseido also established the Shiseido Beauty Academy, a graduate school of beauty, as a gateway for highly advanced professionals specializing in beauty. Career development measures are in place for approximately 12,000 employees in beauty-related fields (BCs) nationwide. Two courses are offered: one is for students aimed at leading organizations as managers and the other is for students aimed at becoming advanced professionals in mastering beauty techniques.

Promotion System

Shiseido's policy is to cooperatively promote the four functions of human resources, namely OJT, evaluation and work conditions, training and transfer. Consequently, the four main bodies (the personnel, supervisor, Human Resources Department, divisions and departments) to be promoting these initiatives recognize their respective roles and aim to be actively engaged in realizing individual growth and career plans. In terms of human resources development, Shiseido categorizes the areas in which employees take active roles into seven segments (beauty, sales and marketing, advertising production, R&D, production, finance and accounting, and corporate staffing), whereby individual employees are expected to establish their core area of career. Employees work to improve themselves based on ability requirements (disclosed via the Company intranet) according to area while aiming to become more professional through various opportunities.

The Beauty Field Career Development Plan Program established in 2009 is an example of a structure aimed at fostering professionals. Under this program, BCs, hair and makeup artists and salon stylists who are Shiseido employees in the beauty field, join the selective Shiseido Beauty Academy as a career path, then proceed to become advanced beauty professionals at the top of their respective fields in Shiseido Group after graduating from the academy.

Educational Training for Employees

The Career Design Center was established in April 2011 to support employee career development. In conjunction, we started a system to support employees' careers from the time they join the company to the time they retire through various means including individual career counseling and seminars. While employees receive such support, they also independently develop their careers utilizing an in-house job challenge system, a free agent system and others.

At Ecole Shiseido, which supports the development of professionals by particular field, a total of approximately 7,800 employees annually take courses in about 100 training programs. The expenses incurred to implement these programs are roughly 0.09%*1 of net sales. The training programs conducted at Ecole Shiseido are summarized each fiscal year by the heads of respective faculties at the head meeting to discuss human resources development policy, development measures and more.

Shiseido is also developing and expanding correspondence courses to enhance each and every employee's skills. Available courses include programs to help improve action and capabilities, programs to develop specialized knowledge and skills required for

respective fields, and programs for acquiring official certifications aimed at enhancing language ability and OA skills.

* Calculated through Shiseido training management system (Reference value for fiscal 2009)

■ Globalization of human resources and human resources development in globalization

In accordance with the expansion of our overseas business performance, Shiseido promotes globalization of human resources. In Japan, "global business training" and "global career development programs" are implemented targeting employees of middle standing and junior employees, thus continuously cultivating human resources with "adaptability to deal with other culture" and "understanding global businesses".



the Shiseido Regional Leadership Program

Externally outside of Japan, "the Shiseido Regional Leadership Program (SRLP)" started in 2011, promoting human resources development in respective regions. From now on, targeting mainly local subsidiaries' managers and head office employees, talent management initiatives on a global scale, are launched, accelerating to train and utilize talent in respective groups.

■ Support to develop employees' career track

In April in 2011, "the Career Design Center" was established as an organization to support development of employees' independent career. In "the Career Design Center", professionally trained employees are deployed, helping provide services to support employees' careers from the time they join the company to the time they retire through various means including individual career counseling and seminars.

While employees receive such support, they also independently develop their careers utilizing "job challenge system (in-house job challenge system)" to which employees apply to be a candidate, and "free agent system" by which employees can challenge to get certain post if they want and other systems. Shiseido is also providing information for employees to review their careers and is introducing seminars and specific past cases corresponding to each employee in addition to introduction of booklet, "Career Design Book" and "the Career Design Center" at in-house portal site. As a



Career Design Book

company, Shiseido tries to face with each career in each employee and is supporting each employee to make feel rewarded in one's work so that employees could be motivated to play their roles in respective fields in respective life.

TOPICS

The Career Design Seminar was held.

Starting from 2011, Shiseido takes place "The Career Design Seminar" targeting employees over 40 years old with the viewpoint of "our Time, our Life for 80 years old". In such an initiative, the seminars are providing opportunity for employees to reflect upon how they should build up their remaining job careers in the latter half in a company, and what is one's own strength, and weakness as well as what they want to achieve in future after looking back each career track. The seminar is promoting for participants to review their life planning from the viewpoint of life long careers (their roles and way of living in their respective life including their job careers). In 2011, Shiseido held such seminars four times with total 107 participants.

The Career Design Seminars



In order to realize more substantial careers, participants can review their job careers with a diversified viewpoint.



In World Café, they touch upon diversified ideas through sessions among participants belonging in different sections with different experiences, to be inspired in various way.



Job career theory is changing day by day. Participants learn the basic way of thinking with an additional viewpoint of their personal life.

Safety and health of employees

Health Management Policy

Shiseido is pursuing companywide 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. That is why Shiseido has established its basic health management policy to protect the invaluable health of each and every employee and supports their physical and emotional wellness.

< Shiseido's Basic Health Management Policy >

As a company supporting "This moment. This life. Beautifully" for customers, Shiseido promotes healthy, sound management. This helps each and every employee to live "This moment. This life. Beautifully" by being physically and emotionally well, in turn.

1. Employees will actively take various initiatives, such as improving lifestyles, to be healthy, and the Company will support employee health through the health business.
2. Shiseido will support employees through creating a safe and comfortable workplace environment so that each and every one can fulfill a professional role by fully exercising their abilities.
3. Shiseido will promote health management based on compliance with laws and regulations while thoroughly pursuing the appropriate use and management of personal information, including health information.

Promotion Structure of Safety and Health

To ensure that the basic health management policy functions effectively across the Shiseido Group, the Company regularly holds a Hygiene Council seminar (initiated in January 2008) to discuss companywide promotion of health programs. Participants include the human resource managers of domestic Shiseido Group companies, industrial physicians, occupational health nurses, regular nurses and other industrial health staff, labor union representatives, staff from the Head Office Human Resources Department and health insurance union representatives.

At the Group's domestic business offices, hygiene committees are being established to point out and improve hazardous areas by making tours of the offices in accordance with laws and regulations.

Research centers and factories are established with occupational safety and health policies and safety and health committees. Accordingly, respective entities regularly check offices, shared facilities and operation sites, pointing out hazardous areas or dangerous behaviors to make improvements to. At the same time, new facilities are being verified prior to their start of operation to ensure absence of dangers.

Measures are also being taken at the domestic factories to prevent the occurrence of major accidents by setting the goal of eliminating layoffs caused by disasters every year.

Comment from Employee



Rikako Kataoka, person in charge of safety and health, Kakegawa Factory

I have been in charge of safety and health since August 2010. A safety and health committee meeting is held every month and I am struggling as a secretariat member aiming to eliminate disasters. Work related to health and safety starts with observing the Occupational Safety and Health Act and there are various problems unique to factories due to the buildings and facilities installed. To address these issues, we need to be flexible and respond quickly. However, since there are no perfect corrective measures, we are implementing measures to address problems that we can assume would occur.

The scope of activity is extensive. Thus, it is very hard to steadily promote occupational safety activities by understanding all aspects. Nonetheless, I think the job is worthwhile since it is directly connected to avoiding danger and managing health of all employees. I hope to continuously take on new challenges to maintain and enhance health of employees by putting the highest priority on safety activities. I aim to make Kakegawa Factory into a safer, healthier factory.

Safety and Health Education for Employees

Shiseido distributes a pamphlet entitled Achieving Physical and Mental Health to all employees as a means of promoting the health of each and every employee. The company provides information under various themes centering on measures to prevent lifestyle-related diseases, which requires self control. Also, in addition to health counseling, we are also implementing programs such as health-related seminars and conducting the following health education.

Preventing lifestyle-related diseases

The Company is holding seminars to prevent lifestyle-related diseases at position-specific training sessions primarily attended by employees in their 30s and 40s. This seminar is aimed at encouraging employees to improve bad lifestyles by making them aware of the importance of being healthy.

Discouraging tobacco use

Shiseido is implementing non-smoking in the company with the objective of improving employees' health, enhancing customer satisfaction and fulfilling social responsibility. Enlightenment activities included no-smoking days to foster understanding within the Company prior to implementation of the non-smoking rule.

Providing mental healthcare

Shiseido is conducting self-care training for general employees and line-care training for managers mainly at the head office. A program to support employees resuming work is also available for those who have been on long-term leave, helping to smooth their return to work. Measures are also being taken to spread relevant knowledge through manager training so that the program operates appropriately. An internal mental health counseling office is also established and external counseling offices are available for making general health inquiries.

Supporting women's health

Shiseido is consecutively implementing Health Seminar for Women at its domestic business sites where 77% of employees are women. The seminar aims to increase awareness for managing individual health and explain diseases that are specific to women according to life stages.

Regular health check (Including a health check for lifestyle-related diseases conducted by health insurance society)

The Company allows employees to individually select certain items besides statutory health check items, thereby raising employees' interest toward their health through regular health checks.

Interview to prevent overwork

To prevent health disorders due to overwork, Shiseido business sites, including the head office, have established standards that exceed statutory standards and industrial physicians are conducting interviews among all relevant employees.

Measures to prevent new influenza

New influenza-related and other relevant information, including generation status and warning levels, is introduced via the intranet. Shiseido is taking measures to establish employee action standards in accordance with warning levels and enhancing employee recognition.

Education and increasing awareness about infectious diseases

Information calling attention to infectious diseases is posted on the intranet for employees traveling overseas while a booklet on infectious disease prevention is distributed to employees prior to their transfer to work overseas.

Mental Health

Shiseido introduced MTOP, a website-based stress check to enable employees to check their emotional status or degree of stress. With this system, employees can easily perform the check using their personal computers at home or cell phone terminals when necessary. Additionally, an in-house mental health counseling office is established. It is run by industrial health staff, including specialized counselors, industrial physicians, occupational health nurses and regular nurses, constituting a counseling system that realizes cooperation with workplaces and healthcare. Moreover, in order to provide for emotional care of employees who are concerned about their personal lives besides work, an external cooperative counseling office is also available through the Employee Assistance Program, for a system that can be used 24 hours a day, all year round.

In fiscal 2009, we established a system to support employees returning to work. Since that unified management had not been previously implemented at business sites regarding workplace returnees, this program clarifies the steps for returning to work and also establishes uniform standards (guidelines) for Shiseido Group in Japan.

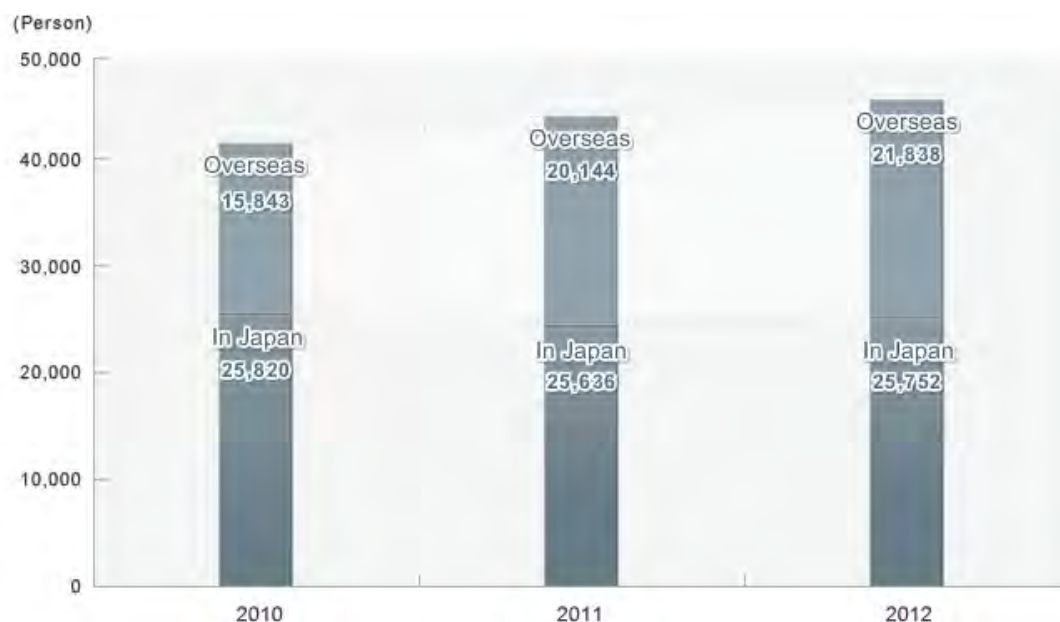
Employment and Labor

The Number of Employees

All the Shiseido Group companies worldwide apply diversified employee working conditions in accordance with each business and each specific role expected to each employee, aiming to maintain and improve our competitive strength.

As of the 1st April, 2012, the number of employees throughout our Group companies totals 47,600, 1820 up over the previous year. The number of employees within Japan is about 25,700, leveling off year on year comparison, meanwhile, that of local branches and subsidiaries overseas has dramatically increased due to the fact that Bare Escentuals joined Shiseido Group in 2010. Since then, as the expansion of our business scale, the number of employees has been increasing.

●The number of employees in Shiseido Group companies



* each figure is based on the data as of the 1st April, the overseas data is based on the number of those who worked under the direct labor contact mutually with local branches and subsidiaries as of the end of December in 2011.

Employee benefits and welfare

Aiming for our employees and their families to achieve "the realization of prosperous and comfortably affluent life", we are putting the force on fulfillment of employee benefits and welfare as well as making our working conditions in good order so that they can be actively engaged in corporate and social activities.

■ Our welfare facilities to support our employee to accumulate their business career and design their own life style

Shiseido is supporting our employees to accumulate their business career and design their own life style based on their self-control and responsibility in their work and life, providing them with our various welfare facilities.

We introduce various systems and facilities to support our employees to realize their work-life balance between their job and child-rearing or nursing care, and in addition, our employees can enjoy certain benefits such as housing allowance, workers' tax free asset making deposit, employee stock ownership plan and a gift of money in token of one's sympathy, and "cafeteria system," (selectable benefit plan).

Under such system, Group companies provide some programs responding to our employees' life style and necessities like "self-development", "child-rearing, nursing care", "health promotion", and on the other hand, employees can select necessary support program according to their points which they have accumulated.

■ Life planning support for employees by corporate pension plan

Shiseido contributes to support employees' life planning management.

Retirement allowances in Shiseido Group companies consist of "defined benefit pension plan", "defined contribution pension scheme" or "allowance for employee retirement benefits" and "lump sum retirement pay".

Employees enjoy benefit after selecting a plan between defined contribution pension scheme and allowance for employee retirement benefits. With regards to defined contribution pension scheme, Shiseido helps support our employees to actively practice post retirement life design planning through asset management and investment information periodically provided by Shiseido.

Partially some local subsidiaries are providing defined benefit type plan, lump sum retirement pay and defined contribution type plans.

Employment

In Shiseido Group Companies, both companies and employees are maximizing their efforts to maintain employment of workers, and our commitment to stabilize the employment is certainly comply with laws and regulations in each respective region in each respective operating country.

In employing workers, upholding the Shiseido Group corporate philosophy of "Our Mission, Values and Way", we try to respect diversity and to realize such a working environment that employees could feel rewarded.

Basically, Shiseido introduces regular employment system twice a year in spring and summer, and as far as targeted candidates are concerned, it does not matter whether it would be a new graduate or previous graduate. Meanwhile, the Group companies also employs experienced candidates, targeting those already accumulated their professional career. Offering diversified job opportunities, with an objective of careful adjustment of employees' working conditions, Shiseido tries to organize employment systems. Furthermore, in case that an employee could be significantly affected in their life accompanying with relocation of a new branch or transferring to another office, our labor agreement stipulates that Shiseido should set up a commission consisting of management and labor union members to sincerely settle specific problems based on a discussion between labor and management for immediate solution.

Good Relationship with labor union

Based on the concept that "good labor-management relations are fundamental to corporate management," the Shiseido Group actively promotes information sharing regarding general corporate activities and discussions with employees to resolve issues in a concerted manner.

Shiseido Company, Limited and certain Group companies' (including overseas subsidiaries') employees are organized according to labor unions. In Japan, Shiseido's labor union, representing Shiseido Company, Limited, Shiseido Sales Co., Ltd. and certain affiliates' employees, adopts and operates the Union Shop System (applicable to approximately 11,800 Shiseido Group employees in Japan as of April 1, 2011).

In the union agreement document, Shiseido Company, Limited and Shiseido's labor union confirmed aims to "recognize the social mission of Shiseido's business, strive to realize sound development of the Company and maintain and improve the economic and social status of employees, thereby sustaining labor-management relations based on goodwill and trust." On this basis, both parties aim to honor their mutual stance and hold management councils as well as labor-management discussions in consideration of various issues. In fiscal 2010, joint consultations were actively promoted based on themes including "employees' work conditions and welfare" and "reviewing how employees work, work-life balance and correcting long working hours" to help optimize business operations.

Overseas subsidiaries are also doing business while respecting labor laws and regulations of respective countries, and are thereby striving to build and maintain around labor-management relationships through communication with management, labor unions and employees.



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Home > Social Responsibility > Environment

Environment

Shiseido is pursuing environmental initiatives, including product-related environmental responses and the reduction of CO₂ emissions at business sites.

Environmental policy

Shiseido has pursued its business in a spirit of gratitude for the blessings of the Earth since its founding, living up to the phrase that inspired its name: "Praise the virtues of the great Earth, which nurses new life and brings forth new values."

Significance of environmental initiatives

Ethos of Shiseido derived from its name


至哉坤元 万物資生

Our corporate name is derived from one passage in "I Ching," a Chinese classic literature.

This means "Praise the virtues of the great Earth, which nurtures new life and brings forth new values."

Shiseido has proposed new beauty, utilizing various blessings of the Earth. In order to keep proposing beauty to consumers, we need to coexist with the Earth while returning the favor to it.

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 consumer to "live beautifully" without contributing to a beautiful global environment. In the "Toward Society and the Earth" section of [Our Way](#), which defines how individual Shiseido employees should conduct themselves, we declare: "We will strive to achieve a sustainable society in which people and the Earth can coexist in beauty while pursuing environmental action in line with our own rigorous standards, taking the need to conserve biodiversity into account." Shiseido 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.

Shiseido Eco Policy

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

In order to undertake efforts to preserve the global environment in all of Shiseido's business activities:

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

Shiseido's Core Approach to Environmental Activities

As suggested by the [origin of its name](#), Shiseido has consistently strived to be a good steward of the bounty of the Earth since its founding. Today, this bounty is being lost at a rapid pace, casting into doubt our ability to pass them down to future generations. Shiseido has returned to its roots and reaffirmed the importance of conducting its business while acting as good stewards of the Earth's bounty. We have embraced a "new Policy on Biodiversity" that places "the preservation the bounty of the Earth" at the core of our environmental activities. This policy complements the first principle of the Shiseido Eco Policy ("Consider the environment and use natural resources and energy with great care"). Shiseido is pursuing the three principles of "conserving biodiversity (i.e., preserving the bounty of the Earth)," "reducing CO2 emissions," and "reducing use of resources."

Biodiversity at Shiseido

Shiseido is grateful for the benefits of the Earth, the source of new values. Recognizing that the resources of the Earth are limited, we will use them wisely and fairly for the sake of future generations. Working proactively for their conservation, we will strive to realize a sustainable society.

Shiseido Earth Care Project

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 [the Shiseido Eco Policy](#), which is designated as [the Shiseido Group'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.



Symbol mark of the Shiseido Earth Care Project



Shiseido Earth Care Project

This ring symbolizes the Earth, recycling, and commitment:

The Earth gives us a rich range of blessings.

Recycling represents a beautiful cycle that continues for eternity.

Commitment links Shiseido with society and with the Earth.

The mark's beautiful blue color symbolizes water. About 70% of the surface of the Earth is covered with water, which also accounts for some 60% of the human body. It is essential for every ecosystem, just as it is important in cosmetics. By combining the camellia flower, which symbolizes Shiseido, with the ring, we have expressed the coexistence of our corporate activities and nature.



Shiseido Earth Care Project

Regarding the
Shiseido Earth Care Project

Environmental Management

Structures

Shiseido launched the Shiseido Earth Care Project as an environmental project with a membership consisting of all employees worldwide in fiscal 2009. We also created the Shiseido Earth Care Project Promotion Council consisting of corporate officers in charge of the Shiseido Group's various departments, both to share progress in the Company's internal planning of environmental activities, and to consider and consult on a variety of environmental issues.

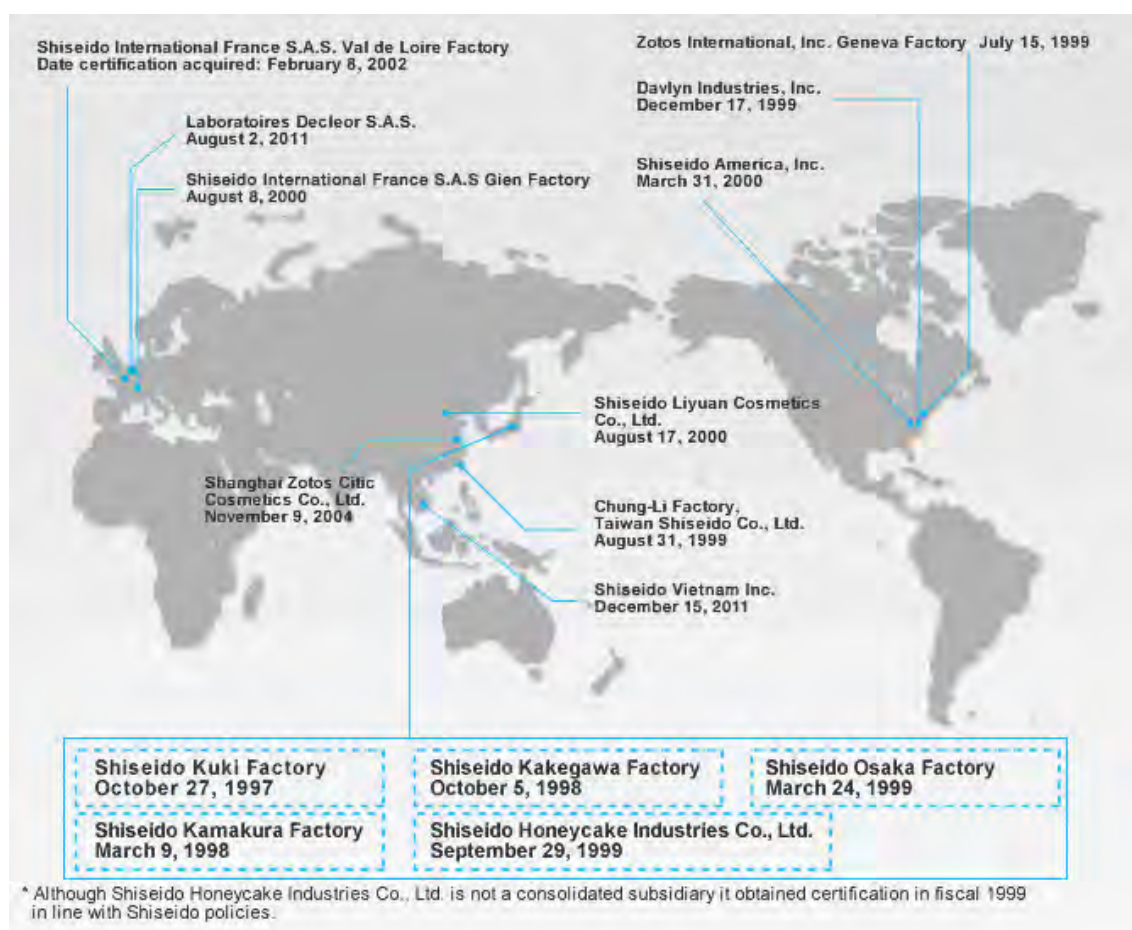
Associated structures



ISO 14001 certification initiatives

14 production facilities of shiseido have earned certification under the ISO 14001 international environmental management standard. Production factories use a management system based on ISO 14001, and they strive to improve management structures and reduce environmental impacts through the repeated use of the PDCA cycle ("Plan," "Do," "Check," "Action").

Status of ISO 14001 Certification



Eco Standards

In fiscal 2010, we adopted and began implementing the Production Eco Standards and the Sales Promotion Tools Eco Standards comprising rules for the environmental compliance of products and promotional materials from a life cycle perspective based on changes in the circumstances surrounding environmental issues. We also compiled and began implementing the Office Eco Standards outlining environmental compliance in offices.

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. And in response to the revision of the terms issued (in September 2010) by the Ministry of the Environment, Shiseido declared the new environmental conservation effort target as the "Eco-First Commitment" in May 2012 and was re-certified. In addition to reporting on the progress of future initiatives to the Minister of the Environment, we will make relevant information available regularly on our website and by other means.

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 measures geared to combat global warming, reduce waste, and spur recycling." Certified companies are permitted to use the Eco-First Mark in publications and advertising.



Eco-First Mark

Shiseido's Eco-First Commitment

In May 2012, Shiseido made a commitment for 4 new efforts with the Minister of the Environment.

1. We will proactively promote environment responsiveness of our products by also focusing on the 3 Rs (reduce, reuse, recycle) of containers and packaging.
2. We will proactively work on the conservation of the blessings of the Earth which are the sources of value making.
3. We will engage actively in providing environmental education to our employees to foster human resources that may contribute to the conservation of the blessings of the Earth.
4. We will proactively promote efforts to prevent global warming.

[Click here for more information. \(PDF: 60KB\)](#)

Shiseido President&CEO Hisayuki Suekawa(right) receives official certification as Eco-First Company from Minister of the Environment Takeshi Hosono(left), Japan, on May 24, 2012.



Environmental targets and results

The current three-year (2011-2013) environmental program commits Shiseido to pursuing "environmental friendliness throughout the product life cycle" and "global initiatives to reduce CO₂" as two pillars.

Current three-year (2011 to 2013) environmental policies and targets

The current three-year environmental program, which began in fiscal 2011, commits Shiseido to pursuing environmental friendliness throughout the product life cycle and reducing CO₂ emissions worldwide.

Making our Products More Environmentally Friendly
Throughout Their Total Life Cycle

Global Initiatives to Reduce CO₂ Emissions

Environmental friendliness throughout the product life cycle

Pursuing environmental friendliness throughout the product life cycle consists of lowering environmental impacts throughout the life cycle in accordance with the Production Eco Standards, Shiseido's unique set of environmental standards addressing research and development, product planning, procurement, production, distribution, sale, use, disposal, and recycling.

We began using [sugarcane-derived polyethylene](#) for containers in order to save a finite petroleum resource and reduce CO₂ emissions during disposal and incineration from fiscal 2011. In addition, we are actively working to increase the environmental friendliness of our products, for example by increasing availability of refill products and using paper manufactured from bagasse, the fibrous material that remains after sugarcane is pressed, for product packaging.

Environmental friendliness product targets

Item	Objective
Utilization of plant-derived containers	We will switch over 70% of the polyethylene used in domestic cosmetics business from petroleum-derived polyethylene to plant-derived polyethylene by 2020.
Acceleration of the shift to refills	We will make refills available for 100% of foundation (compact type)/ face powder/jumbo sized shampoo and conditioner in the domestic cosmetics business by 2020. We will make refills available for over 70% of lotion/emulsion (dispenser type).
Proactive utilization of bagasse paper*	We will promote the switch to bagasse paper in new products and renewed products that use paper in domestic cosmetics business starting in 2012.

* Nonwood paper made from the residual fibers (bagasse) after refining sugar from sugarcane

Global initiatives to reduce CO₂ emissions

To reduce CO₂ emissions worldwide, we will manage CO₂ emissions at all facilities, including those located overseas (head offices, research centers, production facilities, sales companies, and affiliates), starting in fiscal 2011. To date, we have focused our management of CO₂ emissions on production facilities, but in the future we will intensify our efforts to lower CO₂ emissions worldwide by assessing the performance of all overseas and domestic facilities.

CO₂ emission reduction targets

Fiscal 2013 target

Targeted entity		Target
Domestic	Production facilities	Reduce by 15% compared to fiscal 2009 levels (absolute amount)
	Non-production facilities	Reduce by 5% compared to fiscal 2009 levels (absolute amount)
Overseas	Production facilities	Reduce by 20% (compared to BAU*)
	Non-production facilities	Reduce by 4% compared to fiscal 2009 levels (absolute amount) * Excludes facilities from which data has not yet been acquired.

Fiscal 2020 target

Targeted entity		Target
Domestic	Production facilities	Reduce by 20% compared to fiscal 2009 levels (absolute amount)
	Non-production facilities	Reduce by 14% compared to fiscal 2009 levels (absolute amount)
Overseas	Production facilities	Reduce by 23% (compared to BAU*)
	Non-production facilities	Reduce by 11% compared to fiscal 2009 levels (absolute amount) * Excludes facilities from which data has not yet been acquired.

*BAU ratio A comparison of the CO₂ emissions that would be expected if particular reduction measures were not implemented ("business as usual," or BAU) and the CO₂ emissions that would be expected if reduction measures are implemented.

Sugarcane-derived Polyethylene

The CO₂ generated when petroleum-derived polyethylene, which is also the main material in cosmetics containers, is disposed of/incinerated increases the CO₂ level in the atmosphere and becomes one of the factors of global warming.

On the other hand, the CO₂ generated when sugarcane-derived polyethylene is incinerated is the CO₂ that had been absorbed by the sugarcane in the course of their growth. Therefore, we can say that there is zero increase/decrease in CO₂ when it's incinerated.

In addition, sugarcane-derived polyethylene is also effective in CO₂ emission reduction in the manufacturing process. In addition to the advantage that the energy consumption is less than petroleum-derived polyethylene due to the fact that the heating temperature in the manufacturing process is lower, it utilizes the electricity generated from incinerating "bagasse," which is the residual material after refining sugar from sugarcane.

Due to this, we can significantly reduce the CO₂ emission compared to before.

(Refer to Diagram 1)

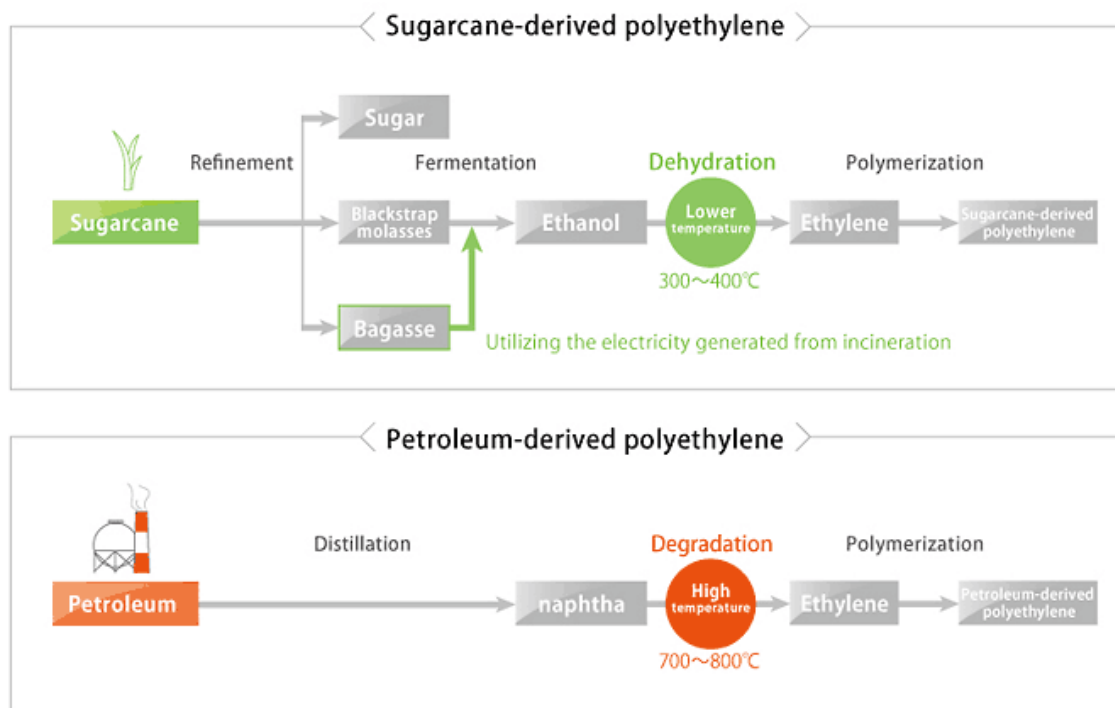


Diagram 1: Polyethylene Manufacturing Process

Furthermore, bioethanol, which is a raw material for sugarcane-derived polyethylene, is mainly produced by fermenting the residual liquid (Blackstrap molasses) after refining sugar from the juice of sugarcane, etc. Because of this, it's advantageous in the fact that competition is less likely to occur with food source compared to soybean or corn.

Considering these facts, we can calculate that the CO₂ emission in the overall sugarcane-derived polyethylene lifecycle, which we have been utilizing since September of 2011, is smaller compared to petroleum-derived polyethylene by over 70%.

(Refer to Diagram 2)

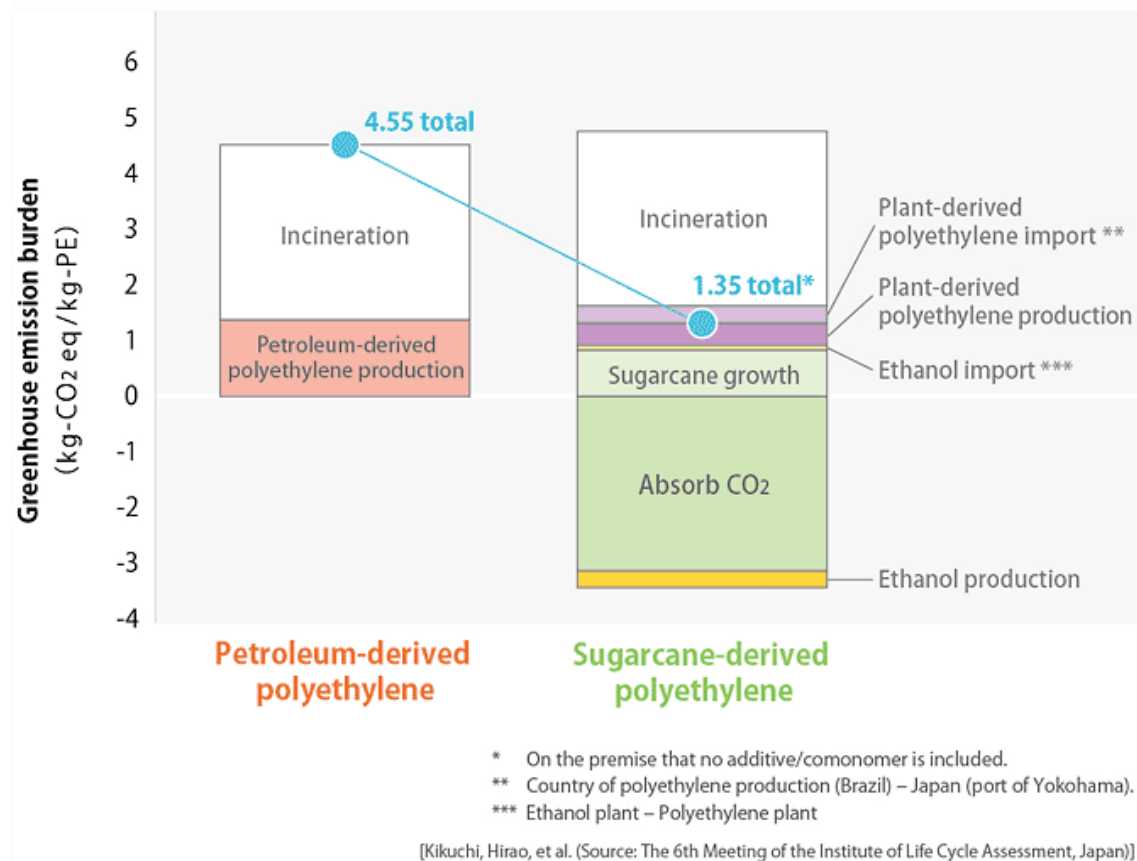
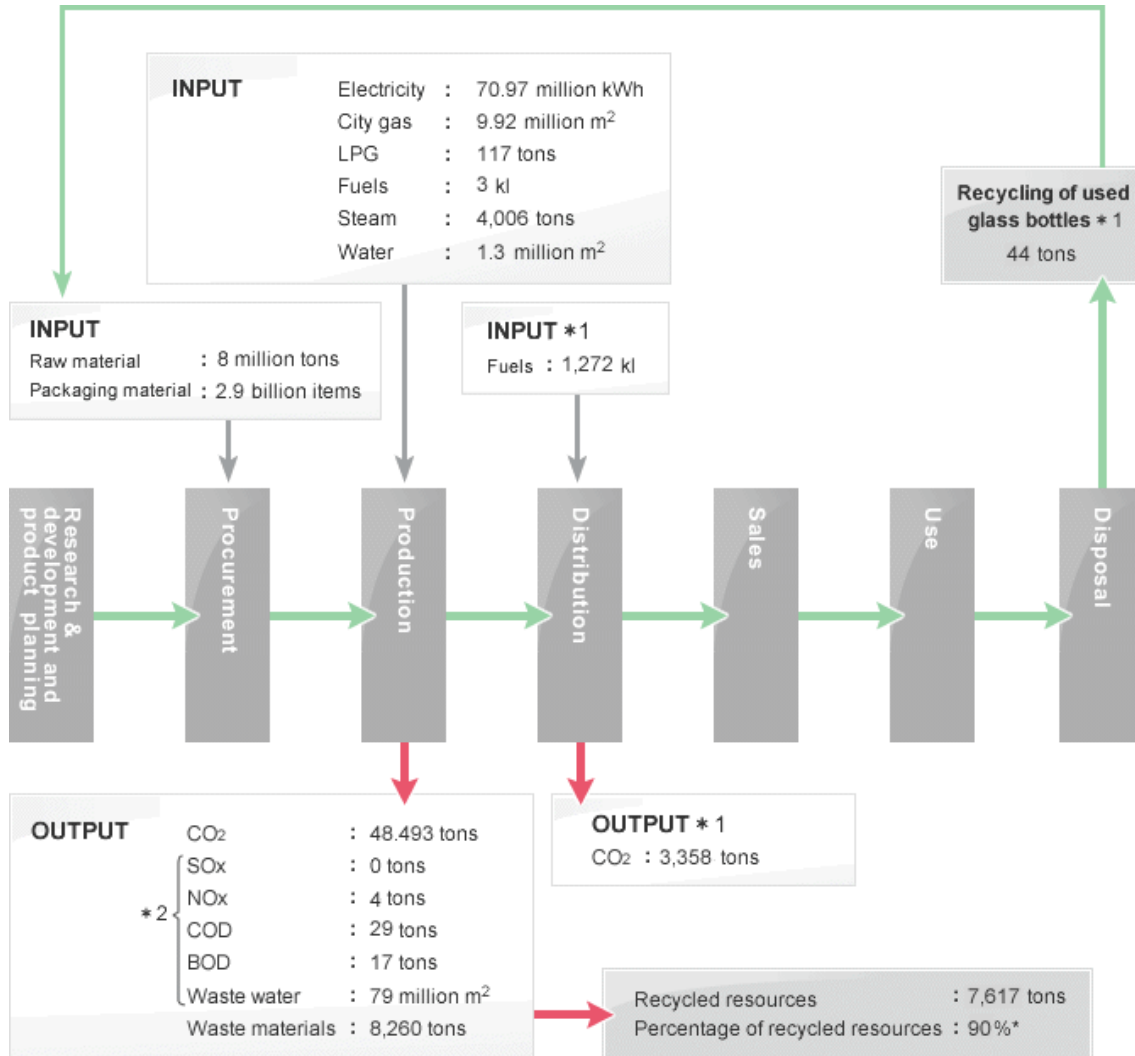


Diagram 2: CO₂ Emission Volume Reduction Effect

Environmental impact results

The following are the environmental impact results for Shiseido's fiscal 2011 business activities.



Target range

- * 1 Shiseido Company, Limited
- * 2 Domestic production facilities

* The following production facilities have achieved zero-emissions over 99.5% waste recycling rate.

Domestic : Osaka Factory, Kakegawa Factory, Kuki Factory

Overseas : Shiseido International France, Val de Loire Factory, Gien Factory, Decleor Argenteuil Factory, Shiseido Vietnam Inc. Shanghai Zotos Citic Cosmetics Co., Ltd.

◆ Other Environmental Activity Performance Data

Environmental Accounting

Basis for environmental accounting calculations

Target Period : April 1, 2010 - March 31, 2011

Scope of Target : Domestic production facilities, overseas production facilities, research centers in Japan, and Head Office departments.

Unit : Millions of yen.

1. Environmental Protection Costs

Category		Principal measures	Amount invested	Expenses
(1) Cost breakdown by operation			239	296
Breakdown	(1)- 1 Pollution prevention	Water contamination, atmospheric pollution, etc.	66	84
	(1)- 2 Global environmental protection	Promotion of energy conservation, measures to protect the ozone layer, etc.	169	19
	(1)- 3 Recycling	Waste Processing, recycling, wastewater re-use, reducing materials, etc.	3	194
(2)Upstream/downstream costs		Costs associated with Recycling of Containers and Packaging Recycling Law, green procurement product recycling, etc.	0	327
(3)Administrative costs		Personnel expenses (excluding R&D) for environmental management	1	487
(4)Research and Development costs		R&D for environmentally friendly products, etc. (including personnel expenses)	0	149
(5)Social contribution costs		Support of environmental groups, disclosure of environmental information, environmental advertising, etc.	0	71
(6)Environmental remediation costs		Environmental remediation costs, etc.	0	0
(7)Other costs			0	0
Total			239	1,331

2. Environmental Protection Outcomes

Details of effects		Economic effect
Earnings	"Revenue from the recycling of waste generated in main business activities and the recycling of used products, etc."	35
Cost savings	From energy conservation	86
	Waste-related	5
	From Resource conservation	11
	Other	0
Total		136

Specific initiatives by life cycle segment

The Shiseido Earth Care Project consists of a series of numbered environmental activities that are symbolic of the Shiseido Group. This section introduces some recently numbered initiatives as well as some typical initiatives that have been pursued in the past, organizing them by life cycle segment.

Product initiatives

Shiseido adopted the Production Eco Standards, a series of environmental standards governing the product design process, in fiscal 2010. To ensure that these standards are observed in all relevant operations, we are holding workshops and other programs for product planning departments. Our goal is not simply to incorporate environmental considerations into product planning, but rather to propose a new lifestyle through our products by facilitating the coexistence of beauty and ecology through manufacturing without sacrificing products' value as cosmetics (in terms of effectiveness texture, usage experience, ease of use, beauty of design, etc.)

Mark indicated on products

Shiseido indicates **the symbol mark for "Shiseido Earth Care Project"** on products that use more than 20% (weight ratio) of plant-derived plastic, such as sugarcane-derived polyethylene, in the overall container.



No.084 Reducing plastic use by making *HAKU* refills available

Shiseido launched a new "replaceable refill product" in line with the renewal of its *HAKU melanofocusW* skin brightening essence in February 2011.

The amount of plastics used to make this refill container is reduced by approximately 60% compared with the amount used for the original product container. Adopting a refill item for this product is expected to reduce roughly 20 tons of plastics used annually versus manufacturing the original product container only.

In addition to the environmental consideration of saving resources, another main objective of introducing this refill product is closely tied to Shiseido's desire to respond to consumers' feedback,



HAKU melanofocusW
Left: 45g
Right: 45g (refill)

including: "It's such a waste to throw out a wonderful package" or "Please make a container so that you can check how much remains in the container."

Additionally, in terms of the development of the refill container, we have put a lot of ingenuity into creating a structure so that consumers can replace the container as easily as possible.

Moreover, another environmental measure was taken by replacing the exterior plastic packaging with packaging made from bagasse paper (non-wood paper made from fiber after extracting the sugar content from sugarcane), and in turn, curbing the use of petroleum, which is an exhaustible resource, and changing to a sustainable plant-based raw material.

No.083 Environmental initiatives associated with the redesign of clé de peau BEAUTÉ Skincare Products

In order to meet the satisfaction of consumers seeking total "authenticity," Shiseido's luxury brand, *clé de peau BEAUTÉ*, aims to be "luxurious" in all aspects, naturally in terms of product quality as well.

At this time, Shiseido has conducted forward-looking initiatives such as the following in line with the renewal of skincare products in January 2011.

1. Formulated with some fragrances such as sandalwood procured from fair trade sources.
2. Deployed first refill products for *la crème* (cream).
3. Adopted bagasse paper for exterior packages and package inserts (instructions) of products (non-wood paper made from fiber after extracting the sugar content from sugarcane).

clé de peau BEAUTÉ places importance on connections with nature and society and delivers products that take into account the environment as well as product quality.

* Fair trade is an initiative aimed at improving living standards and promoting the independence of producers and workers in developing countries by continuously purchasing raw materials or goods at optimal prices. It also contributes to environmental preservation by preventing such aspects as the overexploitation of resources in order to realize sustainable use.



New clé de peau BEAUTÉ skincare products
(total of 21 products, 21 items)



clé de peau BEAUTÉ
La crème <cream>



clé de peau BEAUTÉ
La crème (refill) <cream>

No.079 Shiseido Launches *Awafuru Eco Soap* for Hotels that is Gentle on the Environment and Skin

On October 1 2010, Shiseido launched 10g and 18g sizes of *Awafuru Eco Soap*, a hotel-use soap that is gentle on the environment and skin. Shiseido Amenity Goods Co., Ltd. distributes the soap and handles hotel guestroom amenities and other facilities as well as professional-use cosmetics.

Until now, hotels have had difficulty dealing with soap. Minimal amounts of soap are used in guestrooms at hotels and other facilities during guests' stays and the soap remains are disposed of as industrial waste.

The newly launched *Awafuru Eco Soap* (hereinafter, "the product") contains micro air bubbles that cause it to form lather and dissolve quickly for easier consumption. As a result, soap remains are reduced, making it possible to reduce waste significantly. From its practical usage testing, the Shiseido Research Center learned that the volume of remains for disposal of the new type of soap compared with Shiseido conventional soap was about 90% less for the 10g soap bars and about 67% less for the 18g soap bars. According to Shiseido sales projections, both sizes of the new soap are expected to result in remains for disposal falling by a total of roughly 84 tons annually. Also, the inclusion of air bubbles helps to reduce not only waste but also the amount of raw materials used by approximately 30% without reducing soap size.

Moreover, the product adopts the "wakuneri" manufacturing method used for premium facial soap rather than the "kikaineri" (machine mixing) manufacturing method generally used for hotel-use soaps. For this reason, while common soaps used at hotels contain no or small amounts of moisturizing ingredients, the new product is formulated so that approximately 30% is comprised of moisturizing ingredients. With rich lather containing plenty of these ingredients, the product provides a luxurious feel that other hotel-use soaps cannot match for washing the face and other parts of the body. (Patent pending for respective technological processes and formula)

The soap has both considerable eco appeal and beauty appeal for its gentleness on the environment as well as



Awafuru Eco Soap



Contains micro air bubbles



Differences between remaining volumes before and after use, comparing *Awafuru Eco Soap* and Shiseido's conventional products.

skin. As a result, Shiseido is already receiving requests from many hotels for introduction of the product.

Shiseido will continue promoting environmental initiatives throughout the Group.

No.075 Shiseido adopts Cartocan eco-friendly paper containers for *Kirei no Susume*

Kirei no Susume, which was launched by Shiseido on July 21, 2010, is packaged in Cartocan, an environmentally friendly paper beverage container. Cartocan offers the following features:

(1) Promotion of forestland conservation by using wood from thinning operations

Thinning, a process by which weak trees are cut from crowded forests, is a critical part of developing healthy forests. Cartocan makes extensive use of thinned lumber. In addition, by using over 30% domestic materials, the material promotes the conservation and healthy development of domestic forests. Since those forests absorb CO₂ when they grow healthily, the material also helps reduce CO₂.



Kirei no Susume

(2) Contribution to the Midori no Bokin (Green Fund)

A portion of sales is donated to the Midori no Bokin (Green Fund) and put to use in the development of forests in Japan.

(3) 100% recyclability

Cartocan can be recycled in the same manner as milk cartons.

Although initially it was difficult to provide Shiseido's desired shelf life with Cartocan, we decided to use the container after our business partners were able to extend its shelf life.

No.073 Shiseido Reduces Plastic Use by Adopting Paper Exterior Packaging Boxes for the *ELIXIR* Skincare Series

Shiseido is working to improve the environmental friendliness of its core lines *ELIXIR* Skincare Series.

Shiseido has switched from plastic to paper exterior packaging boxes for *RETINO VITAL*, a sophisticated product launched in September 2009 as part of *ELIXIR SUPERIEUR* series, which is designed to create rich, firm skin. In addition, Shiseido switched from plastic to paper exterior packaging boxes for 15 products in the *ELIXIR WHITE* range, a new brightening line launched in February 2010, and for 18 *ELIXIR SUPERIEUR* products that were launched on September 21, 2010. Together, these measures are expected to cut the company's use of plastic by about 117 tons per year.

In addition to reducing use of non-renewable resources, the move to paper exterior packaging boxes opens up more room on the packaging for useful information. Shiseido plans to take advantage of this space to incorporate information that will help consumers make purchase decisions, including product features such as ingredients and directions for use.

In the future, Shiseido plans to continue to improve the environmental friendliness of the *ELIXIR* Skincare Series by adopting paper packaging for *ELIXIR PRIOR*.



ELIXIR SUPERIEUR RETINO VITAL



ELIXIR WHITE (left)

ELIXIR SUPERIEUR (right)



ELIXIR SUPERIEUR
ELIXIR PRIOR * Future initiative

No.065 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

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.



Plastic box

Film packaging

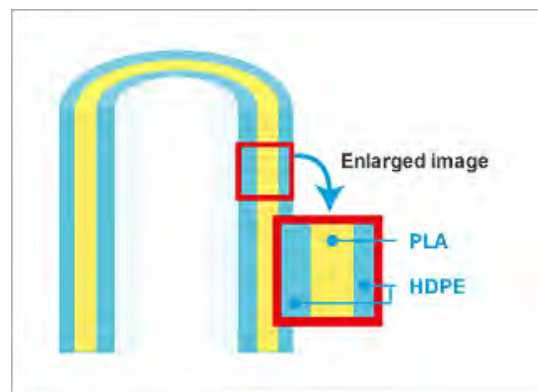
No.060 Commercialization of Polylactic Acid containers for *URARA* brand products

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 developed containers with low environmental impacts using more than 50% plant-based plastic polylactic acid (PLA), and utilized the material for five items launched in September 2009, including shampoo products. Since PLA has disadvantages in terms of heat and shock resistance and 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 was developed for *URARA* brand products, making Shiseido the first major cosmetic manufacturer in China to launch PLA containers.



URARA brand



Cross-section diagram of laminated structure

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

Production initiatives

Due in part to the fact that their operations generate large amounts of CO₂ emissions, production departments aggressively practice the PDCA cycle with specific action plans in order to achieve reduction targets. We will also investigate the possibility of installing solar power systems at production facilities and achieving zero emissions at all production facilities over the long term.

No.078 Introduction of Solar-Powered Lighting and LED Lamps Saves Energy

As of May 2010, the Shiseido Kuki Factory has introduced solar-powered lighting in its storage facility, making it the first building of its kind in Saitama Prefecture with a system installed that eliminates use of electricity.

Solar-powered lighting is a new kind of illumination system that uses sunlight collected from rooftops rather than electricity to provide light in buildings.

Reflection plates with specially processed curved surfaces effectively collect sunlight even in the morning or late afternoon, or when the sun is low in the sky in winter. Meanwhile, prism reflection diffuses collected light into the building, brightening up corners of the storage space that had been dimly lit under mercury lights. The solar-powered lighting thereby enhances operational efficiency and safety. Since solar-powered lighting uses solar energy, it also contributes to reducing environmental load by totally eliminating CO₂ emissions and does not require maintenance after installation.

Also during this same period, all external lights on the factory premises were changed from mercury lamps to LEDs that consume half as much energy. These two initiatives are expected to help reduce CO₂ emissions by about 45 tons annually.



Solar-powered lighting (rooftop)



Solar-powered lighting (image)



Solar-powered lighting (inside storage facility)

No.074 Shiseido Develops a Protective Material for Transporting Products that Offers Flexibility and Recyclability

Shiseido's Osaka Factory and Kakegawa Factory have developed a new environmentally friendly protective material for transporting products. The facilities began using the new material in April 2010.

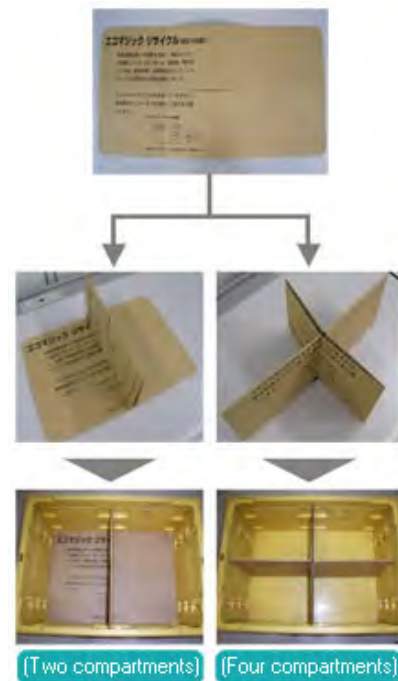
In the past, the factories' approach to shipping products involved the use of a variety of protective materials according to the shape and quantity of the product, and these materials were typically discarded after shipment due to the difficulty of reuse.

Working with Shiseido distribution partner Hitachi Collabonext Transport System Co., Ltd., the factories developed a standardized system of partitions that can be reconfigured to accommodate a variety of shapes.

These partitions can be folded to segment packaging into two or four compartments, allowing them to be flexibly reconfigured to suit the purpose at hand.

Best of all, they can be folded up into a compact size and shipped back to the factory, allowing their reuse.

Shiseido expects to cut its annual transportation-related CO2 emissions by about 43 tons thanks to a reduction of some 53 tons in annual cardboard use and increases in shipping efficiency made possible by the ability to reuse the partitions.



A cardboard insert can be flexibly altered

No.072 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 ecofriendly measures are also pursued in terms of lighting and cooling and airconditioning 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, and then achieving zero emissions at the moment.



Vietnam Factory

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.

No.051 Installing a solar power system at Shiseido's U.S. factory, Shiseido America, Inc. (SAI)

East Windsor, New Jersey-headquartered SAI completed the phase 1 of a fixed-tilt solar power system in May 2007. In August 2010, the company completed the phase 2 of the project by installing a solar tracking system that changes the angle of panels in step with the position of the sun during the day.

With this installation, together with the system that was initially installed, the system is expected to generate approximately 2,300 MWh of power on an annual basis. This will cover more than 70% of electricity consumed annually at SAI using solar power generation. In addition, approximately 1,200 tons of CO₂ emissions can be reduced annually by utilizing the solar power generation equipment, ranking the system among the largest installations in the state.

In 2010, SAI received the [New Jersey Governor's Environmental Excellence Award](#).

Date operational :	May 2007 (phase 1) and August 2010 (phase 2)
Annual capacity :	About 2.3 million kWh
CO ₂ emissions reduction :	About 1,200 tons/year



Phase 1 installation (fixed tilt system)



Phase 2 installation (solar tracking system)

No.012 Kuki Factory earns ISO 14001 certification (Japan)

In October 1997, Shiseido's Kuki Factory became the first plant in the cosmetics industry in Japan to earn certification under ISO 14001, an international standard governing environmental management that was established in 1996. Since initial certification, the plant has been subject to an ongoing certification process to verify that its environmental management system is maintained and improved through annual inspections and a renewal investigation every three years, both conducted by an outside organization. The Kuki Factory has established its own environmental targets for its management, and the investigations by outside organizations have concluded that the system is being maintained at a high level. The factory's certification spurred Shiseido to begin a drive to have all domestic factories earn certification.

Initiatives in research, procurement, distribution, and sales

In addition to developing environmental technologies to reduce CO₂ emissions, Shiseido strives to create new value through its research and development operations by conducting research into new technologies for implementing value for consumers in an environmentally friendly manner and pursuing software development.

In procurement, we strive to use raw materials that do not increase atmospheric concentrations of CO₂ at the time of disposal or incineration, for example through joint research into sugarcane-derived polyethylene, and we work closely with our business partners to develop environmentally friendly technologies. In March 2006, we began verifying suppliers' agreement with and adherence to the [Shiseido Group Supplier Code of Conduct](#) (which was revised in May 2010). Going forward, we will continue to work with suppliers to take biodiversity into account and contribute to a sustainable society.

In distribution, we are working to reduce CO₂ emissions through such means as reassessing the viability of high-frequency, small-volume shipments and conducting joint distribution operations with other companies in the same industry (that is, sharing distribution facilities).

In sales initiatives, we strive for transitioning to LED lighting at stores and developing environmentally friendly promotional tools for use in stores. We introduced a sales vehicle-sharing system in fiscal 2009, and in fiscal 2010 we purchased 10 electric automobiles.

No.080 New Skincare Product Display Tray That Utilizes Recycled Plastics the First to Acquire Eco Mark in the Cosmetics Industry in Japan

From October 2010, Shiseido realized a skincare product display tray with standard specifications, which previously differed by brand, and achieved resource saving through the use of recycled plastics.

By standardizing skincare product display tray specifications, Shiseido managed to reduce the use of metal molds (steel) when molding trays. Additionally, since the tray can be used for other skincare brands by simply replacing showcards inserted into trays, it can be used for a relatively long period and contributes to waste reduction. Furthermore, about 70 tons of virgin plastics will be reduced since 68% of the overall tray is made up of recycled plastics. The skincare product display tray is also the first to acquire the Eco Mark in the cosmetics industry in Japan.



Eco Mark stamp (enlarged image)

No.071 Electric Vehicle Introduced for Sales vehicles

After deciding to adopt the Nissan LEAF electric vehicle (EV) for its sales fleet, Shiseido purchased a total of 10 of the vehicles in January 2011 for use at sales facilities operated by Shiseido Sales Co., Ltd., in the Tokyo metropolitan area and Kanagawa Prefecture in Japan.

Shiseido Sales Co., Ltd. currently has approximately 1,500 sales vehicles nationwide. Powered by electricity rather than gasoline, EVs do not emit CO₂ while running, thereby enabling a significant reduction in CO₂ emissions.

The name of the "Shiseido Earth Care Project", which is being promoted by all Shiseido Group employees, and project logo are prominently displayed on the sides and rear of the car body to promote Shiseido's trailblazing efforts for the environment.



Nissan LEAF electric vehicle
(Original Shiseido design)

No.067 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 realized a low-energy technique for manufacturing that eliminates the need for a cooling process.



ROSARIUM rose body milk RX

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.

No.066 MAQuillage Makeup Line Specification Change for Tester Trays and Product Display Stands

Shiseido has switched its conventional plastic tester trays used for displaying tester products prior to the launch of new products to paper tester trays for its MAQuillage makeup line. The function of a product display stand, which is used for displaying products after launch, has also been added, thereby developing a unified display unit that may be utilized as both a tester tray and product display stand.

In addition to being able to reduce the use of plastic resin by approximately 27 tons as a result of shifting from plastic to paper, the amount of paper and cardboard materials can be cut by roughly 20% by integrating the functions of tester trays and product display stands, which were previously produced separately, into a single unit. Further, it is expected that the number of 10-ton trucks used for transport and delivery will be reduced by 96 vehicles annually.

No.064 Development of Manufacturing Process for Shampoo Using Minimal Energy

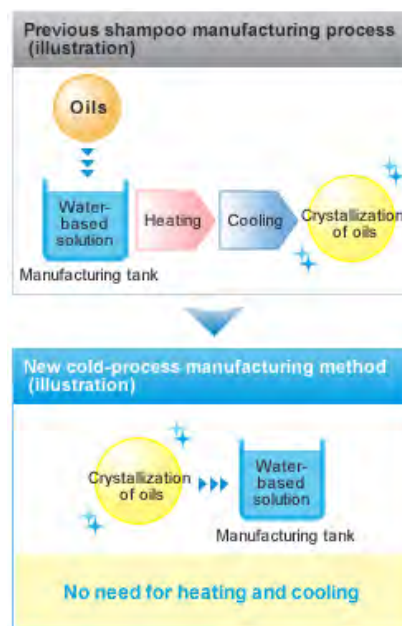
The Kuki Factory has successfully developed a manufacturing process using minimal energy by reviewing the shampoo manufacturing process.

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.



No.063 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.

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.



No.058 Starting Delivery Using 10-Sided Cardboard Boxes

Shiseido has introduced machinery for making 10-sided cardboard boxes for product shipments as well as for putting products into these boxes at the Kuki Factory. These boxes are currently adopted for TSUBAKI, SUPER MiLD, AQUAIR and SEA BREEZE hair care brands.



The 10-sided cardboard box developed by Shiseido is configured with the four corners removed from a conventional six-sided box (octagon-shaped when viewed from the top) and since its strength is increased due to a higher number of support columns, can be made thinner than conventional paper cardboard boxes. At the same time, the box enables many products to be packed inside without leaving extra spaces, thereby making delivery more efficient.

The reduction in the amount of cardboard materials used and greater delivery efficiency have enabled Shiseido to save resources and reduce CO₂ emissions by more than 800 tons annually. In this way, Shiseido promotes comprehensive environmental activities encompassing all processes from manufacturing to shipping and delivery.

Initiatives to conserve biodiversity

All Shiseido products derive from the bounty of the Earth. It is critical that we conserve this bounty in the form of biodiversity so that we can continue to make use of it in the future. We must be aware that we are benefiting from the bounty of the Earth when we create products, and we must strive to conserve it in all its forms throughout the product life cycle. Shiseido places the conservation of the Earth's bounty at the core of its environmental activities, and we have put forth a statement of this policy entitled "[Biodiversity at Shiseido](#)."

Initiatives for the issue of palm oil

The demand for palm oil, which is a raw material for food and cosmetics, has been drastically increasing in recent years. Tropical rainforests of *elaeis guineensis*, which is the raw material, have been illegally logged for major plantation developments, and endangered wildlife and effect for global warming from reduced forests have become issues. Shiseido has been participating in the "[RSPO: Roundtable on Sustainable Palm Oil](#)," which was established with the aim of conserving the environment and promoting and operating sustainable palm oil industry, since 2010. Based on the RSPO conference in March, 2012, we have declared to switch all of palm oil and palm kernel oil used by the Shiseido Group with palm oil certified by the RSPO by 2013. This is also released on the RSPO website.



The wild orangutan that inhabit the rainforest



The employee listening to the description of the oil palm

Other initiatives

Since fiscal 2010, Shiseido has been supporting the activities of the non-profit organization Earthwatch Japan by participating as a volunteer in a variety of field research projects both in Japan and overseas. We also joined [the Japan Business Initiative for Biodiversity \(JBIB\)](#) in fiscal 2011. In addition to continuing to examine potential solutions to biodiversity-related issues by actively participating in these groups' meetings and workshops, we will pursue opportunities to cooperate with a broad range of stakeholders.



Jaguar biological research (Brazil)

Dormouse biological research
(Kiyosato, Japan)

Coral reef research (Okinawa, Japan)

No.089 Shiseido holds first volunteer camellia planting and conservation event in the Goto Islands in Nagasaki Prefecture, where an ingredient for *TSUBAKI* hair care brand products is produced

On Saturday and Sunday, October 8 and 9, 2011, Shiseido held its first volunteer event to plant and conserve camellia trees in the Goto Islands in Nagasaki Prefecture.

The Goto Islands event attracted employee volunteers to plant camellia trees and participate in conservation activities in an area where camellia oil, a key ingredient in *TSUBAKI* products, is produced. The Goto Islands, which is the second area in Japan after [Wakayama Prefecture](#) where camellia oil is produced for use in *TSUBAKI* hair care brand products, which were updated in June. Shiseido initiated this event to promote an understanding of the importance of conservation of the earth's bounty, and to create a recycling-oriented approach that will lead to stable business operations through the use of more abundant camellia oil in products (see figure).

A total of 56 employees and their families, including Representative Director: Executive Vice President Kimie Iwata and Corporate Officer Michiko Achilles, participated in the program, which was held on a sunny and quite hot day. Working with assistance from community members of Nagasaki Prefecture and the town of Shinkamigoto, participants planted and worked to conserve Japanese camellia (*Camellia japonica*) trees at Mt. Kujiramiya in the town's Arikawa district.

Employee volunteers each planted about two camellia seedlings, after which they wrote a message expressing a wish on a wooden tag and



Recycling-oriented approach (image)

(* Click on image to enlarge)



Volunteers plant camellia seedlings



Volunteers remove vines

placed it next to the seedlings. About 10 years from now, Shiseido will be able to harvest oil from the camellia seedlings planted this year, and the company plans to use that oil in *TSUBAKI* products. The conservation part of the program focused on removing vines from camellia trees that had been covered by them and weakened as a result. Thanks to this work, the trees will grow with new vigor and produce more seeds, which ultimately will be used in the production of *TSUBAKI* products.

On Sunday, the second day of the event, volunteers planted cuttings and experienced a hands-on oil-pressing lesson. Cutting, a method for propagating camellia seedlings, involves placing a branch cut from a camellia tree in soil, where it will grow into a new tree. Shiseido plans to use cuttings prepared by employees as seedlings for future planting activities. The hands-on oil-pressing lesson gave volunteers an opportunity to experience a simple method for extracting oil from camellia seeds, and they cheered when the first camellia oil flowed out of the press.

Employee volunteer expressed their joy of being able to help conserve an ingredient used in *TSUBAKI* products. Going forward, Shiseido will pursue this program in the hope that both camellia trees on the Goto Islands and its own *TSUBAKI* products will continue to grow and develop.



a commemorative group photograph (* Click on image to enlarge)

No.070 Tree-planting and conservation activities in Shiseido Tsubaki Forest

In February 2009, Shiseido signed an agreement to participate in Wakayama Prefecture's Company Forest program and planted some 3,000 Japanese camellia trees on about 1.7 hectares of land in Shirahama-cho, Nishimuro-gun, Wakayama Prefecture. This was the start of a 10-year program of forest protection activities. When the Company held its forest volunteer activity in October 2009, more than 100 volunteers including employees and their families planted trees and cut back underbrush.



First volunteer activity

We plan to continue to conserve the Shiseido Tsubaki Forest by continuing annual volunteer activities.

No.069 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, various research into KODA is currently underway in such areas as the agricultural products in which yields are declining 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.

The partners won the 18th Chemical and Bio Technology Prize for their discovery of 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

No.053 Tree-Planting Activities 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. 22.6ha
No. of trees	Approx. 48,000 (April 2008, to December 2010)
Program duration	Approx. 10 years



A monument commemorating the tree-planting base



Volunteers plant trees

No.033-2 Volunteers Plant Mangrove Trees in Thailand

In September 2010, 25 local employees of Shiseido Thailand Co., Ltd., a Shiseido Group sales company in Thailand, volunteered to plant 250 mangrove trees at the Klongkhon Mangrove Forest Conservation Center in Samutsongkhram Province, approximately a 90-minute drive from the city of Bangkok.

Shiseido Thailand previously cooperated in a mangrove rehabilitation project organized by the city of Bangkok in December 2008. For that project, 2,600 mangrove trees were planted together with an elementary school adjacent to wetlands containing the mangrove habitat. The company also planted 500 teak trees in the following year of 2009.

Mangroves can grow into robust trees about three years after they are planted. Under good conditions, they can grow at the rate of one meter per year. Since mangroves absorb atmospheric CO₂, mangrove forests are expected to provide preventative effects against global warming.

Shiseido Thailand plans to continue to promote mangrove tree planting activities in order for future generations to inherit a more beautiful Earth.



Shiseido Thailand employee volunteers



Tree planting

Office initiatives

In order to accelerate environmental activities at its worksites, Shiseido adopted the Office Eco Standards in 2010 as rules that should be observed by all employees in implementing environmental measures at offices. These standards define specific environmental measures for offices that can be implemented by all employees. They also provide for the visualization and sharing of the results of such activities in offices in an effort to give all employees an awareness that they are participating in environmental activities, and to energize them to pursue such activities by maintaining a shared awareness of progress.



Example of activities described in the Office Eco Standards

In October 2009, the Shiodome Building at Shiseido's Head Office began posting monthly power usage data by floor along with month-on-month and year-on-year comparisons. By helping employees visualize power usage, the initiative seeks to instill a shared awareness among employees on each floor of their floor's power use and CO2 emission volume, motivating individual employees to take action.

Going forward, we will strive to achieve a more environmentally friendly workplace through initiatives in which individual employees can participate.

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. Investigations of domestic and overseas affiliates revealed no major violations of environmental laws or regulations during fiscal 2011. Going forward, Shiseido is committed to managing its operations in an appropriate manner.

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 progress

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 ensure that Material Safety Data Sheets (MSDS) are issued to business partners, for example by systemizing the issue of MSDS for semi-finished products when supplying chemical substances containing ingredients specified by laws such as the PRTR Law and the Industrial Safety and Health Act to customers.

Correspondence to the PRTR Law

■ PRTR target substance emissions and transfers

Fiscal 2011 (unit: tons)

Legal No.	Substance name (legal designation)	Amounts of Emissions			Amounts of Transfers	
		Atmospheric	Public water	Soil	Sewage	Waste
13	Acetonitrile	0.0	0.0	0.0	0.0	2.6
56	Ethylene oxide (20%)	0.0	0.0	0.0	0.0	0.0
71	Ferric chloride	0.0	0.0	0.0	0.0	0.0
127	Chloroform	0.0	0.0	0.0	0.0	1.5
207	Ditertiary butyl 4-cresol	0.0	0.0	0.0	0.0	0.0
275	Lithium dodecyl sulfate	0.0	0.0	0.0	0.0	7.1
300	Toluene	0.0	0.0	0.0	0.0	1.4
334	Methyl-4 p-hydroxybenzoate	0.0	0.0	0.0	0.0	0.0
389	Hexadecyltrimethylammonium Chloride	0.0	0.0	0.0	0.0	0.0
409	Sodium poly (oxyethylene) dodecyl ether sulfonate	0.0	0.0	0.0	0.0	16.4

Scope of Data Shiseido Company, Limited (Kamakura, Kakegawa, Osaka, Kuki factories and Research Center), Shiseido Irica Technology Inc. The above chemicals are PRTR Specified Class I Chemical Substances and are reported when a single facility annually handles one ton or more.

(Specified Class I Designated Chemical Substances are reported when 0.5 tons or more are handled.)
Released amount Transferred amount

*1 PRTR (Pollutant Release and Transfer Register) Law: Law concerning reporting, etc. of the release of specific chemical substances into the environment and promoting improvements in the management of such chemical substances.

Legal number Name of substance (legal designation)

Environment communication

Internal communication

In order to increase employees' awareness of environmental issues, Shiseido disseminates information about environmental topics and successful initiatives via its intranet. To help increase their environment-related knowledge, we also offer e-learning programs and encourage employees to take the Certification Test for Environmental Specialists (Eco Test). Training for new and intermediate hires employs a curriculum designed to deepen recruits' understanding of Shiseido's environmental initiatives. In fiscal 2009, the Company began utilizing environmental conservation volunteer activities by employees and their families at [Shiseido Tsubaki Forest, Wakayama](#) Prefecture in Japan as a form of outdoor environmental education.



Shiseido Tsubaki Forest, Wakayama Prefecture in Japan
Environmental education through tree planting and conservation volunteer activities

Outside communication

In addition to using a proprietary numbering system to organize exceptional environmental initiatives, we introduce a number of certified initiatives on our [Shiseido Earth Care Project website](#). In addition, Shiseido ran advertisements featuring its environmental initiatives in magazines from January 2010 to January 2011.

The environmental activity at a raw material production site for our product received the "Japan Business Federation Chairman Award" of the "21st Grand Prize for the Global Environment Award"

In April 2012, Shiseido was presented with the "Japan Business Federation Chairman Award" of the "21st Grand Prize for the Global Environment Award."

The "Grand Prize for the Global Environment Award" was established in 1992 in special cooperation with the World Wide Fund for Nature Japan (WWF Japan, Honorary President: Imperial Highness Prince Akishino) as an award system for the field of industry with the aim of "industry's development and co-existence with global environment." Hosted by the Fuji Sankei Group, this is Japan's most authoritative and prestigious award for environmental achievements and is supported by



Conservation activities for the "bounty of the Earth" in full coordination with business activities

the Ministry of Economy, Trade and Industry, the Ministry of the Environment, the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Land, Infrastructure, Transport and Tourism, and Japan Business Federation.

This award was given for our initiative to incorporate the camellia oil from the Goto Islands in Nagasaki Prefecture, which is one of the main producers of camellia oil in Japan, into "TSUBAKI," which is our main hair care brand. Through this initiative, employee volunteers have started planting camellia seedlings in the natural woodland, which is the raw material production site, as well as conducting conservation activities.

Camellia oil, which is a raw material, is made by harvesting the fruits from camellia trees that grow in the natural woodland at a raw material production site, pressing them for oil, and purifying it. Employees who volunteered for this initiative visited the natural woodland, planted camellia seedlings, and conducted conservation activities, such as cutting down the underbush, etc., in order to rejuvenate the natural woodland. We were able to realize the "conservation activities for the bounty of the Earth" in full coordination with "business activities."

This initiative also leads to deepening employees' sense of appreciation toward the "bounty of the Earth." Furthermore, the Goto Development and Promotion Bureau of Nagasaki Prefecture has informed us that this initiative is starting to not only increase the demand for camellia oil but also lead to regional rejuvenation, such as enhancing the attention for the Goto Islands, etc.

The award ceremony for the "21st Grand Prize for the Global Environment Award" was held at Meiji Kinenkan in Minato-ward, Tokyo on April 24 with the honor of the presence of Prince and Princess Akishino. Shiseido's Representative Director, President & CEO Hisayuki Suekawa attended the ceremony and received the certificate and trophy.

Furthermore, this was the third award for Shiseido, following the (9th) Minister for Environment Award in 2000 and the (11th) Minister of Education, Culture, Sports, Science and Technology Award in 2002.



Planting camellia seedlings



Shiseido's Representative Director, President & CEO Hisayuki Suekawa receives the certificate and trophy at the award ceremony (left)

"clé de peau BEAUTÉ " and "HAKU" Receive the "Good Design Award" for Environmentally Conscious Packaging

"clé de peau BEAUTÉ" (skincare/makeup product) and "HAKU" (skin brightening essence) received the "Good Design Award 2011."

Good Design Award is a comprehensive program for the evaluation and encouragement of design organized by Japan Institute of Design Promotion. 2011's theme was "reasonableness," and products with designs that enrich lives, industries, and society were selected from a wide range of genres. A total of 7 pieces from Shiseido received the award, including "clé de peau BEAUTÉ," "HAKU" and 5 other pieces.

"clé de peau BEAUTÉ" and "HAKU" received especially high evaluations for the fact that they had incorporated environmental perspectives. "clé de peau BEAUTÉ" utilized refills for the first time for Shiseido's cream. Rather than only making the packaging simple, "clé de peau BEAUTÉ" realized resource saving without damaging the value as a prestige line.

Judges evaluated that "(the piece) expressed the grace of a prestige line with the texture that directly appeals to consumers' psychological side, rather than with excessive decoration. Refills and reuse of dispensers are good examples of eco-friendliness in high quality products. We can say that this suggests the future way of the highest brands, including improvements in functions from users' perspective as well."

Furthermore, Shiseido has modified the specifications for the makeup item, which will be released on January 21, so that the outer container can be reused by employing lipsticks in the cartridge form.

With "HAKU," Shiseido realized a significant reduction of plastic use by changing the container into a refillable container without changing the shape of the outer container. Judges evaluated that "Although it has been 6 years since its release, its unique styling that resembles white bamboo has not become obsolete at all. The shape itself does not simply express stylishness but leads to the expectation for the brightening effect as well. Moreover, we also appreciate that they enabled refills without compromising the shape."



Award for "clé de peau BEAUTÉ"
(* Click on image to enlarge)



Award for "HAKU"
(* Click on image to enlarge)



(Left) "clé de peau BEAUTÉ"
(Right) "HAKU" melanofocus W

The initiatives of "*clé de peau BEAUTÉ*" and "*HAKU*" for environment have been approved as [No.083 \(*clé de peau BEAUTÉ*\)](#) and [No.084 \(*HAKU*\)](#) in our "numbering system" to organize assign numbers to representative environmental initiatives.

Shiseido Introduced Environmental Initiatives at Eco-Products 2011

Shiseido participated in the 13th Eco-Products exhibition held at Tokyo Big Sight from December 15 to December 17, 2011. Eco-Products is one of the largest environmental exhibitions in Japan, and this year, a total of 752 companies and organizations took part in the exhibition and approximately 180,000 people visited the venue.

During this period, many consumers visited the Shiseido booth and viewed Shiseido's environmental initiatives.

At its booth, Shiseido displayed and introduced its policies related to environmental initiatives along with specific activities with a primary emphasis on environmental consideration by brand, including "*TSUBAKI*" and "*SUPER MiLD*" hair care products, "*clé de peau BEAUTÉ*" skincare and makeup products, "*HAKU*" skin brightening essence, "*ELIXIR WHITE*" skincare products as well as "*The Collagen*", "*Pure White*" and "*Kirei no Susume*" beauty drinks.

Additionally, a hand massage corner was set up to enable consumers to experience hand massages, which is one of the "*Fuyuonkatsu no Susume*" concepts that Shiseido is proposing during this winter in Japan. With this initiative, Shiseido introduced to consumers that hand massages will improve overall circulation and skin blood flow while also providing tips on how to keep warm in cold weather by making one's entire body warm.

Details of displays by respective brands are as follows.

■ *TSUBAKI*

As part of environmental response throughout the product lifecycle, initiatives were introduced from the production stage of using recycled materials for bottles to the distribution stage of using [a 10-sided cardboard box](#) to reduce CO₂, as well as [a](#)



Shiseido booth



During the exhibition period



Hand massages

volunteer activity to plant and conserve camellia trees in the Goto Islands in Nagasaki Prefecture which is a production area of "Camellia Oil."

■ ***SUPER MILD***

CO₂ reduction activities using sugarcane-derived polyethylene for containers and "*the Papa Furo*" initiative, which promotes the concept of families bathing together to save gas and electricity and in turn contribute to the environment, were introduced.

■ ***clé de peau BEAUTÉ***

As a brand aiming to realize sustainable design, initiatives were introduced related to a shift to refill (replacement) products for makeup items, which were launched on January 21, 2012 as a follow up to skincare items.

■ ***HAKU and ELIXIR WHITE***

The initiative to reduce the use of plastics for containers by shifting to refill (replacement) products was introduced.

■ ***The Collagen and Pure White***

Initiatives for reducing the weight of glass bottles and using labels that are easy to remove were introduced.

■ ***Kirei no Susume***

Initiatives were presented regarding the use of the eco-friendly paper container Cartocan and efforts that support forest conservation in Japan by donating a portion of product sales to "Midori no Bokin (Green Fund)".

Shiseido received comments from consumers who visited the Shiseido booth that included: "I thought the collaboration of beauty and the environment was very good" and "I was more interested in Shiseido to find out about the environmental initiatives, including packages." Comments were also received from consumers who experienced our hand massages, which included that "the service was heartwarming not also body."

Shiseido will continuously promote its product-related environmental initiatives while also proactively introducing such activities to consumers.

Shiseido's U.S. Factory (SAI) Receives 2010 New Jersey Governor's Environmental Excellence Award

Shiseido Group company Shiseido America, Inc. (SAI), which is located in East Windsor, New Jersey, received a 2010 New Jersey Governor's Environmental Excellence Award.

The U.S. state of New Jersey has been presenting these awards since 2,000 to various organizations including companies, government offices and educational institutions for their initiatives that have contributed to protecting the state's environment. Among the eight award categories, SAI was currently awarded in the Clean Air Category in recognition of its environmental contribution as a result of Phase 1 and



Aerial view of SAI solar panels

Phase 2 installations of solar power generation equipment in 2007 and August 2010, respectively.

SAI President & CEO Tamaki Shimamoto attended the awards presentation ceremony and received a trophy from a representative of the State of New Jersey Department of Environmental Protection (NJDEP).

SAI has previously installed a fixed tilt system, which is set at a fixed angle in May 2007. In addition to the same type of equipment, power generation equipment introduced as Phase 2 in August 2010 featured a solar tracking system, which changes the angle of solar panels according to the movement of the sun during the day.

With this equipment, the factory will be able to generate over 70% of the facility's electricity consumption using solar power and is expected to reduce its CO₂ output by more than 1,200 tons annually.



Award presentation
From left: Former New Jersey Governor Jim Florio, SAI President & CEO Tamaki Shimamoto and NJDEP representative Bob Martin

Participating in the 2010 Recycle Design Forum

In October 2010, Shiseido participated in the 2010 Recycling Design Forum at Osanbashi Hall at the Port of Yokohama.

The Forum, a hands-on environmental festival sponsored by the Yokohama City Resource Recycling Business Cooperative was held for the 16th time in 2010. It was initially held to provide an opportunity for children to think about the environment and to encourage the general public to take an interest in the environment, by soliciting picture diaries of the environment from elementary school students in Yokohama and the surrounding communities.

Entrants submitted about 15,000 diaries in fiscal 2010, and about 500 of those were on exhibit the day of the Forum. An award ceremony was held to recognize outstanding entries, and Shiseido selected one diary to receive the Shiseido Award.

A total of about 5,400 people attended the Forum, including prizewinning elementary school students and their families. Twelve corporate sponsors had booths at the venue, and Shiseido introduced the children and their families to its environmental initiatives with a panel display profiling its environmental activities and a hands-on area where visitors could easily understand how they had applied sunscreen.



"Picture Diary of the Environment"
Award Ceremony



At Shiseido's exhibit booth

Shiseido gives a talk on its environmental initiatives at the Public Symposium on Biodiversity in Nagoya

In September 2010, Shiseido participated in the Public Symposium on Biodiversity by giving a talk and contributing a panel-mounted display. It was held at SMBC Park Sakae by the Eco-First Promotion Council as a partnership project of the tenth meeting of the Conference of the Parties to the Convention on Biodiversity (COP 10).

Shiseido's talk explored the reasoning behind the Company's environmental initiatives, offered an overview of those endeavors, profiled efforts to conserve the bounty of the Earth (biodiversity), and introduced future initiatives.

The following Eco-First Promotion Council member companies also gave talks about biodiversity conservation initiatives and related topics: UNY Co., Ltd.; Kirin Brewery Company, Limited; Lion Corporation; INAX Corporation; Shiga Bank; Dentsu Inc.; Nissan Motor Co., Ltd.; Tokio Marine & Nichido Fire Insurance Co., Ltd.; and Sumitomo Rubber Industries, Ltd.

* Corporate names are those at the time.



At the talk on Shiseido's environmental initiatives



Shiseido's panel display (center)

Discovery of KODA recognized with the 18th Chemical and Bio Technology Prize

In May 2010, the National Institute of Advanced Industrial Science and Technology (AIST) (in Tsukuba, Ibaraki Prefecture) held a ceremony to present the 18th Chemical and Bio Technology Prize to Mineyuki Yokoyama of the Frontier Science Group of the Innovative Science Research & Development Center, a Shiseido Research Center.

The Chemistry BioTsukuba Foundation bestows the honor to researchers who have contributed to the development of industry through creative research in the fields of chemistry and bioscience, or who are deemed likely to make such a contribution in the future. Three researchers, including Shiseido's Yokoyama, won the award in fiscal 2010.

The research project for which Yokoyama was recognized ("Discovery and Development of the Physiological Effects of KODA<*>") comprised the discovery of KODA, a substance that helps ensure



Shiseido researcher Mineyuki Yokoyama (second from left) receives the award.

stress doesn't prevent the flowers from blooming during the flower growth process, the portion of the plant growth process that is most susceptible to the effects of environmental changes. Yokoyama succeeded in promoting flower initiation in carnations and numerous other plants by spraying them with KODA.

* KODA: α -Ketol-OctadecaDienoic Acid

In addition to promoting flower formation, KODA increases the size of onions and promotes root development in species that are difficult to grow from root cuttings, raising expectations that the substance will help ease the future impact of climate change caused by global warming on agricultural produce

Fair Business Practices

Toward Business Partners. Activities for promoting fair business in accordance with ethical action standards.

Fair Competition and Comprehensive Transactions

Policy for Fair Transactions

Based on "Toward Business Partners" in [Our Way](#), which is denoted in "Our Mission, Values and Way," Shiseido also aims to realize a good partnership in terms of CSR activity with all business partners, including retailers and suppliers.

Toward Business Partners

1. We select business partners properly, and engage in fair, transparent and free competition and appropriate business transactions.

- (1) We choose our clients, suppliers, outsourcing vendors and other business partners on the basis of their efforts to respect human rights, comply with laws, protect the environment and address social issues, as well as considerations such as quality and price.
- (2) We do not engage in unfair price fixing, collusion, dumping or any other actions that hinder free competition.

2. We do not provide or accept gifts or entertainment that may cause suspicion regarding our fairness.

- (1) We do not give or accept money or gifts in the course of our work with our business partners.
Exceptions are seasonal and courtesy gifts given as a matter of custom, provided that such gifts are within socially acceptable limits.
- (2) We also keep meals and entertainment with our business partners within socially acceptable limits only.

3. We respect all of our business partners who share our aims, and work together with them toward sustained growth.

- (1) We maintain equitable relationships with our business partners, and do not apply coercive pressure.
- (2) We share our stance regarding fulfillment of social responsibility, including respect for human rights, compliance with laws and protection of the environment, with our business partners and encourage them to take their own voluntary initiatives.
- (3) We cooperate with our business partners in working to enhance the value of the Shiseido Group's brands.

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.

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

In order to address changes of the times and social requirements, with regard to Shiseido's concept of procurement, Shiseido considers it important to promote manufacturing along with business partners by gaining their understanding with a sincere approach to society. 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, domestic procurement departments are holding annual briefing sessions of purchasing activity policy and section meetings of purchasing 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.

In fiscal 2011, approximately 140 companies of business partners participated in these sessions in May in which Shiseido conveyed the Company's aspirations regarding the environment and CSR in greater detail and asked for continued cooperation from partners.



Briefing session on purchasing activity policy in fiscal 2011

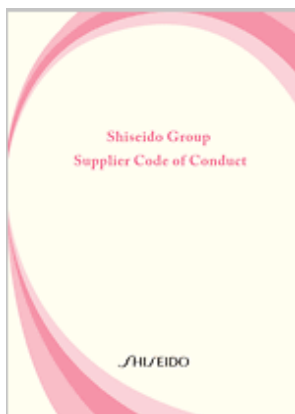


Shiseido environmental and CSR information materials

Shiseido Group Supplier Code of Conduct

As the "creating a beautiful lifestyle culture" circle expands, Shiseido considers each partner for procuring research, development, manufacturing or sales promotion capabilities as a "partner who will create new value with Shiseido" in the business of advancing safe, superior products and services that gain customer satisfaction. Accordingly, Shiseido is also collaborating to promote CSR activities primarily emphasizing mutual understanding. In February 2001, we conducted a survey of suppliers' environmental activities in accordance with the Green Procurement Standards established in 1999 that clearly state items which business partners are required to follow regarding environmental consciousness. 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 what was then 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, the Company established the Shiseido Group Supplier Code of Conduct (updated in 2010) that is relevant to human rights, legal compliance, labor, the protection of intellectual property and confidentiality, environmental conservation, fair commercial transactions and confirmation of compliance status, and is distributed to the domestic and overseas business partners for recognition. At the same time, Shiseido is concluding purchasing agreements and memorandums of understanding regarding compliance with Supplier Code of Conduct with its business partners. Additionally, in order to qualitatively assess compliance status, the Company also uses questionnaires or direct interviews related to control systems, including quality and delivery deadlines, CSR initiatives and other relevant aspects on an annual basis. In the unlikely event that a violation of the Shiseido Group Supplier Code of Conduct is identified, Shiseido will strictly request remedial action and implement corrective guidance and support.



[Shiseido Group Supplier Code of Conduct
\(updated in December 2011\)\[PDF:163KB\]](#)

[Click here](#) for information pertaining to gift-giving, business entertainment and other relevant matters.

Protection of Intellectual Properties

Shiseido Group is doing business with business partners who have necessary measures in place to protect the intellectual property rights, thereby ensuring the confidentiality of business partners, Shiseido Group and third parties. In addition to promoting the acquisition of intellectual property rights related to transactions with Shiseido, as a means of steadily promoting items that include those for preventing violation of intellectual property rights, identification and management of business confidentiality, protection of individual information and other relevant aspects, Shiseido Group expects its business partners to have policies and procedures to train and provide guidance to their employees.

* Intellectual properties refer to intellectual property rights (patent rights, trademark, copyrights on registered designs, etc.) and business confidentiality (know how, etc.).

◆ The Shiseido Group Supplier Code of Conduct

Information Security Management

Policy Related to Information Security

Shiseido establishes Information Security Management Policy (Security Policy) for all people working in the Shiseido Group to protect and maintain various essential information assets owned by business sites of the Shiseido Group by establishing robust information security. In fiscal 2010, the Company continuously promoted information security training for employees through initiatives such as conducting relevant e-Learning on two occasions and study sessions at certain business locations.

Policy Related to the Protection of Individuals' Information

Shiseido deeply recognizes the importance of individuals' information acquired through business and other relevant activities and considers it a social responsibility to thoroughly protect such information. Accordingly, the Company endeavors to steadily take action by establishing the individuals' information protection policy.

◆ Personal Information Protection Policy

◆ Shiseido group website Privacy Policy

◆ Handling of Personal Information

Consumer Issues

Toward Customers. Shiseido is working to manufacture safe, reliable products and disseminate information with the aim of being "100% customer-oriented."

Promotion of Reliable and Safe Manufacturing

Establishment of Unique Product Safety Standards

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.



Sensory testing of cosmetics



❖ Screening of Raw Materials

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.

* 「Fujimoto et al., Patch test results in 492 patients of suspected cosmetic dermatitis (1996–2000), Environ. Dermatol., 9, 53–62, 2002.」より

◆ Voice of Customer

Total Reassurance and Safety Management of Chemical Substances

■ A Basic Approach Based on Health and Environmental Considerations

Shiseido manages chemical substances used in products and containers based on the international goal of "minimizing adverse effects that the manufacturing and use of chemical substances have on human health and the environment by 2020," as adopted at the 2002 World Summit on Sustainable Development (WSSD).

Shiseido collects information about chemical substance safety and trends in the regulation of chemical substances in Europe, the Americas, Asia, Japan, and other regions. This data is evaluated based on the latest scientific knowledge and put to use in order to ensure safety by evaluating the effects of chemical substances used for products on people or the environment.

In the event that concerns about the effects of ingredients used in products on human health or the environment were to be brought to our attention, we would make a judgment as to whether to continue their use based on the latest scientific knowledge available at that point in time. Based on this judgment, if necessary, we would halt the use of respective substances immediately and switch to an alternative substance.

■ Complying with the European REACH Regulation

Under Europe's new chemical substance regulatory framework, known as the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulation, which was put into force in June 2007, all chemical substances contained in cosmetics and containers exported to Europe from Japan are subject to regulation.

In particular, substances imported into Europe in quantities of one ton or greater per year must be registered in accordance with procedures set forth in the REACH Regulation. Shiseido has assessed all such substances which must be registered.

The REACH Regulation also requires that manufacturers provide information to business partners and customers concerning products and containers that contain at least 0.1% of certain substances that are feared to have an effect on the human body or the environment, known for the purposes of the regulation as Substances of Very High Concern (SVHC). At the present time, Shiseido has verified that none of its products or containers falls under this category. The SVHC list is updated periodically. However, in the event that a substance used for a product or container is included on the SVHC list, Shiseido's policy is to halt use of the respective substance, for example by switching to an alternative substance.

Policy regarding the use of cosmetics raw materials derived from genetically engineered plants

Global consensus has not necessarily been reached with regard to the safety of genetically engineered plants. Also, as with food, customers strictly expect the safety of cosmetics. Consequently, Shiseido's corporate policy is to make scientific determinations such as that a product "does not contain genetically engineered proteins or those derived from genetic engineering," thereby ensuring that cosmetics raw materials deemed to have been derived from genetically engineered plants are not used.

Establishment of Manufacturing Eco Standards and Sales Promotion Tools Eco Standards

In fiscal 2010, Shiseido established the Manufacturing Eco Standards and Sales Promotion Tools Eco Standards to devise rules of environmental responses for products and sales promotion tools from the perspective of life cycles and commenced operations accordingly.

✦ [Click here for details](#)

System for Stable Supply of High Quality Products

Shiseido is observing the quality standards of designated global guidelines worldwide and producing cosmetics under strict quality control. In order to ensure customer assurance by placing the highest priority on quality and safety, we have continuously worked to maintain and manage product quality by establishing Shiseido Good Manufacturing Practice (Shiseido GMP) as self-imposed standards related to manufacturing.

Shiseido observes all items (e.g. organizations and systems from educational training to acceptance, manufacturing management, inspections, etc.) that are stipulated under the ISO22716, which was established as an international standard related to cosmetics manufacturing in 2007, and is delivering reliable, safe, high quality products that have been produced under comprehensive quality control.

In order to protect safety and high quality in terms of healthcare products beginning with food, Shiseido is intensively carrying out quality control in respective stages of raw material selection, product commercialization, production and distribution. In doing so, we are manufacturing products enabling customers to use our products regularly with a peace of mind. Similarly with cosmetics, in selecting raw materials, Shiseido is gathering information from around the world and using only raw materials that are confirmed as reliable by looking at local data, including that regarding soil and pesticide residues. In product commercialization, production and distribution, the Company also has a system in place to realize a stable supply of high quality products by employing respective standards, including HACCP*1, ISO9000, ISO22000 and GMP*2 as well as self-imposed specifications.

*1 HACCP : HACCP is a method of food sanitation control developed to ensure the safety of space food in the United States in the 1960s.

*2 GMP : Good Manufacturing Practice (GMP) is a quality control standard applied to pharmaceuticals that was established by the Minister of Health, Labour and Welfare based on the Pharmaceutical Affairs Law.

✦ [Unique Quality Testing](#)

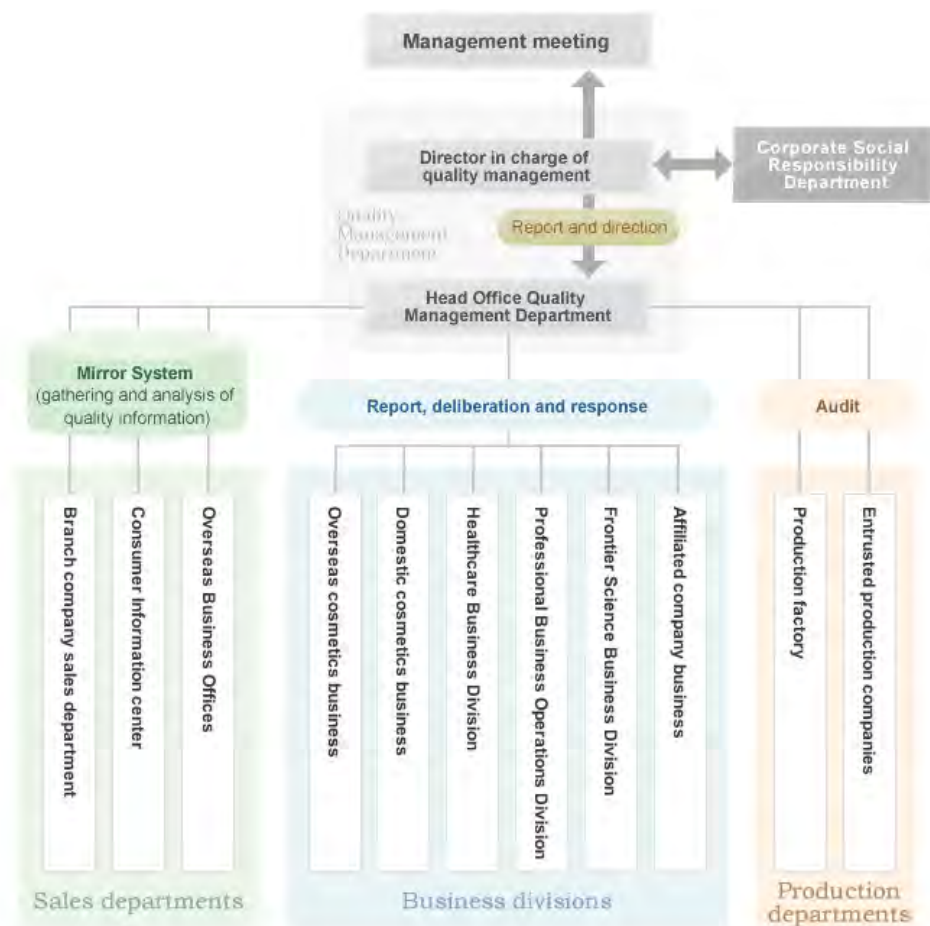
✦ [Reliable Production](#)

Response to Product Accidents

In order to promote research, development, manufacture and sales of safe products that will achieve customer satisfaction, Shiseido clarifies where the authority and responsibility lie in terms of quality assurance, including product planning, manufacturing, sales and imports, and product accident prevention. At the same time, obligations to report accidents are in statutory form, thereby strengthening and comprehensively promoting quality assurance and product accident prevention activities at Shiseido and the Group companies.

In the unlikely event of a quality accident and/or product liability accident involving the Company's products, a department that receives information is expected to immediately report the case to the Quality Management Department, Business Division and Corporate Social Responsibility Department. The Corporate Social Responsibility Department will establish the response level in accordance with the degree of severity and decide on the accident response methods. The Quality Management Department will investigate the cause and the Business Division will promote various initiatives, including responses.

Response to Product Accidents



Appropriate Provision of Product Information

Our Way is a summary of actions that each and every person at the Shiseido Group should take. In Our Way, Shiseido stipulated that "we do our work with a greater sense of ethics in regard to our product information and labeling or advertising and labeling as well as observing respective countries' and regions' laws and regulations, including corporate regulations."

Toward Consumers

- 1. We consistently strive to research, develop, manufacture and sell safe and excellent products and services that deliver true satisfaction from the standpoint of consumers.**
 - (1) We always place the highest priority on quality and safety to ensure the confidence of consumers. Moreover, we comply with our own stringent internal standards in addition to external regulations, and carry out safety assessments.
 - (2) We provide information that consumers need in a timely and appropriate manner. Furthermore, we clearly and accurately present and carefully explain information that consumers need when selecting products and services.
 - (3) We produce ethical, creative and appealing advertising that wins the support of consumers and helps them in selecting products and services.

■ Compliance Status of Laws and Regulations Related to Advertising and Labeling

Details that should be indicated on cosmetics are stipulated under the Pharmaceutical Affairs Law (statutory labeling). At the same time, aspects of advertising are restricted under the Standards for Fair Advertising Practices of Drugs, Quasi-drugs, Cosmetics and Medical Devices (Notification from the Director-General of the Pharmaceutical Affairs Bureau, Ministry of Health and Welfare, October 9, 1980). Based on these standards, the Japan Cosmetic Industry Association (JCIA) industry organization has established Appropriate Advertising Guidelines including Cosmetics as self-imposed industry standards that clarify relevant examples and explanations.

As for statutory labeling, Shiseido operates by defining "labeling regulations." With regard to advertising, the Company observes laws and regulations by following the Appropriate Advertising Guidelines including Cosmetics.

Also, JCIA established the Advertising and General Publicity Committee within the organization and the Cosmetics Advertising Deliberation Council as an institution pertaining to the committee. This council independently carries out deliberations to enhance the reliability of and optimize cosmetics advertising expressions. These deliberations, conducted three times annually, are based on the Pharmaceutical Affairs Law, the Standards for Fair Advertising Practices of Drugs, Quasi-drugs, Cosmetics and Medical Devices, Appropriate Advertising Guidelines including Cosmetics and other relevant laws and regulations and addresses television, newspaper and magazine advertising.

■ Implementation of Study Sessions Related to Advertising and Labeling

At Shiseido, we implemented the Statutory Labeling Seminar and Advertising Appeal Seminar in fiscal 2010 which were attended by a total of about 300 employees.

Activities to Enhance Customer Satisfaction

Based on [Our Way](#), which is denoted under the Group's corporate philosophy of "Our Mission, Values and Way," Shiseido aims to help customers and society. Products and services with values generating customer satisfaction will be created by uniting the hardware of cosmetics and the software of various information and beauty methods that accompany the hardware. To this end, Shiseido is also promoting various initiatives in terms of counseling and services to address customers' beauty and health needs.

A Structure that Reflects Customer Feedback

In order to realize 'Customer first strategy' manufacturing, Shiseido is promoting initiatives to internally report back the valuable feedback, including consultations and requests received from customers, and utilize it for product development and service enhancement. By quickly detecting changes in customers or society and reflecting these changes in corporate activities, Shiseido is gathering and analyzing customer feedback information and working to share information throughout the company. In doing so, we are requesting that relevant departments respond to develop and revamp products, beauty information and service with the aim of becoming 'Customer first strategy'. The Shiseido Consumer Information Center is responsible for taking the central role regarding such initiatives.

Customer Satisfaction Action Guideline

In fiscal 2006, the Consumer Information Center established the Customer Counseling Action Guidelines to service customers by always keeping in mind that earnest responses in daily operations nurture customers' trust and ties with Shiseido through better communication.

Gathering and Sharing Customer Feedback

In Japan, Shiseido gathers customer feedback in various ways. Approximately 120,000 opinions (about our products [53%], about our shops of our products [20%]) and inquiries are directed annually to the Consumer Information Center via toll-free numbers, e-mail and letters, and about 130,000 customers provided feedback to Beauty Consultants that they came into contact with at the storefronts. Afterwards, Beauty Consultants posted customer feedback using exclusive handsets. Shiseido fosters an

environment for managing such information using a system and people to conduct analysis on a case-by-case basis.

Shiseido employees share customer feedback via the intranet in an initiative to gather opinions and product evaluations, refer to the information to refine products, understand how customers feel about cosmetics in everyday life and create value that further satisfies customers.

Product Manufacturing that Reflects Customer Feedback

■ "ELIXIR WHITE" Reset Brightenist

In developing refill containers, we created a new inner container which is applied an inner P seal as a replacement of unnecessary cap when a new container is set in a jar, thus realizing our new specification with less disposable resin part. We also provide outer case design specification by which you can easily distinguish between a jar and a refill. Thanks to such features, you will enjoy more sophisticated cream in an environmentally friendly packaging.



■ "THE COLLAGEN" "PURE WHITE"

In launching renewed product, we applied a label which you can easily peel off by your hand, on a glass made bottle by 10% lighter than the previous model without changing the bottle strength. We are happy to offer an environmentally friendly packaging by reducing your burden to recycle vacant bottles and carry them away.



■ clé de peau BEAUTÉ New Skincare

An easy-to-grip container design with an easy-to-push dispenser and a stable container height that also allows easy storage improved the convenience of this lotion and emulsion. In addition, Shiseido made the product easy to understand.

For example, larger type size makes the package insert easy to read, the bottle color makes the item easy to identify, and the simple product names are easy to remember. We also introduced a cream refill to enable extended use of the original container.



■ HAKU Melanofocus W

We developed a refill container that preserves the quality of the contents while allowing the user to easily see how much is remaining. Introducing the refill has reduced the amount of plastic used for containers by 60 percent.

After launching the first product, we received and aggregated comments such as "I have trouble knowing when to buy more because I can't see inside" and "Throwing away the container every time I use up the product is wasteful" and used them to evolve the container.



Customer Satisfaction

Beauty Consultants (BCs) have major roles in responding to customer needs at the storefronts and introducing products and beauty information according to each and every customer's skin and cosmetic lifestyle. In 1988, Shiseido was first in the industry to introduce an in-house BC proficiency exam system certified by the Minister of Health, Labour and Welfare. The system relating to beauty knowledge and techniques was aimed at enhancing the quality of counseling activities as the group engaged in professional beauty service. Also, Shiseido has incorporated the "customer satisfaction from degree of response" criteria in activity evaluation of BCs since fiscal 2005 as a means of realizing "100% customer oriented" storefront activities. Customer feedback is reported to BCs on a monthly basis, leading to further improvements in response level and customer satisfaction by reviewing activities and recognizing issues. Overseas, Shiseido has also been working on counseling innovation since 2009 to expand the number of regular users by maximizing customer satisfaction. Specifically, in addition to developing and introducing Customer Satisfaction Flow with the objective of enhancing skincare consultation capability, Shiseido also distributed the SHISEIDO BC OMOTENASHI CREDO, which is an action indicator for Beauty Consultants worldwide to realize the spirit of hospitality at the storefronts, and is utilizing it in daily activities. Also, in order to enhance customer satisfaction by verifying penetration of the counseling innovation and thoroughly promote at the storefronts, Shiseido is also implementing a Customer Questionnaire once every six months overseas in order to help formulate action plans based on the evaluation results and apply them to training and OJT.

Activities to Increase Customer Satisfaction



Striving to Earn Customers' Trust as a Beauty Consultant
Yuki Narita
Hokkaido Branch Office of Shiseido Sales Co., Ltd.

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.

Education and Services for Customers

Shiseido Website

Shiseido provides extensive product, beauty, and company information on [Shiseido group website](#) and [watashi+\(Japanese only\)](#), reflecting efforts to create appealing content and administer the site in response to customers' desires and needs.



Shiseido group website



watashi+ (Japanese Only)

■ Listener's Cafe

Shiseido's **Listener's Cafe (Japanese only)** 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.



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 on the right.

Shiseido will continue to value customers' 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.

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.

Initiatives in Response to Animal Testing and Alternative Methods

Shiseido's Policy towards Abolishing Animal Testing for Cosmetics

Shiseido does not test its cosmetic products or ingredients on animals except when absolutely mandated by law, or in the rare case where there are absolutely no alternative methods for guaranteeing product safety.

Shiseido's mission is to provide safe and effective products to customers, and to comply with the cosmetics regulations in force, while understanding and respecting the principles behind animal protection.

We will, through collaboration with domestic and international industry groups and institutions working to verify alternative methods, continue to exert our utmost efforts on developing alternative methods that would enable us to eliminate animal testing at the earliest possible opportunity as well as to approach authorities of each country more proactively to advocate for the acceptance of alternative testing methods as part of official regulation standards under each country's law.

Year	SHISEIDO's Studies contributing to development of alternative methods and safety evaluation
2011	Development of in vitro sensitization test using changes of cell surface thiols as a biomarker (SH test)
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 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.

Mandated by law

In China, in order to guarantee the safety of imported cosmetics, safety studies including animal testing may be required.

Guaranteeing product safety

Not only for new ingredients, but also ingredients that have already been used, when these are suspected to be potentially harmful through future scientific knowledge, safety studies including animal testing may be required.

Alternative methods

Shiseido makes every possible effort to eliminate 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 Cosmetics Europe (CE). 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 Union Reference Laboratory on Alternative to Animal Testing (EURL ECVAM).

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

Participation in Community and Development

Toward Society. Shiseido's social participation activities as a community member including support of women to take active roles as well as cultural and art support.

Shiseido's Social Activities

Shiseido is promoting management that will create beauty and health in order to respond to social issues and expectations by enhancing communication and joint activities with all stakeholders with the aim of realizing a sustainable society. The Shiseido has designated the three priority areas: 1) Women & cosmetics: Support involving activities that promote total feminine care and well-being; 2) Culture: Create beauty based on a profound aesthetic sensibility and intellect; and 3) Environment: Realize a society where humanity and the Earth's environment can coexist beautifully.

Women & Cosmetics

Shiseido is promoting various activities with the aim of contributing to beauty and health throughout women's lives, including initiatives of energizing the minds and bodies of women who have serious concerns about their skin or emotionally by using makeup and beauty techniques. The Company also supports the independence and active roles of women in Japan and overseas as a company addressing many female customers.

SHISEIDO LIFE QUALITY BEAUTY PROGRAM

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 promoted initiatives to support improvements in quality of life (QOL) through the SHISEIDO LIFE QUALITY BEAUTY PROGRAM, in which Shiseido provides distinctive beauty products and services to individuals with certain skin, physical and emotional concerns. Under this program, Shiseido carries out SHISEIDO LIFE QUALITY MAKEUP at the SHISEIDO LIFE QUALITY BEAUTY CENTER which was established in the Tokyo Head Office building in Ginza to provide makeup services for people with skin concerns such as birthmarks, vitiligo and skin irregularities. Also, the SHISEIDO LIFE QUALITY BEAUTY SEMINAR provides skincare and makeup services at welfare facilities for the elderly and facilities for persons with disabilities. These activities are being developed worldwide beginning with China.

TOPICS

SHISEIDO LIFE QUALITY BEAUTY PROGRAM

Receives "Beauty with Heart Prize" Corporate Philanthropy Award Special Prize

Since its foundation, Shiseido has sought to realize the beauty that each and every customer desires by utilizing accumulated research results both in terms of beauty-related products and services with the aim of enriching people's hearts and minds. As part of such efforts, Shiseido is promoting the SHISEIDO LIFE QUALITY BEAUTY PROGRAM. This program was recently recognized by the Japan Philanthropic Association as activities that "realize corporate philanthropy that nurtures a sense of responsibility and pride toward one's own work." Accordingly, Shiseido received the "Beauty with Heart Prize" Corporate Philanthropy Award Special Prize (Japanese only).

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.

The award-winning SHISEIDO LIFE QUALITY BEAUTY PROGRAM features activities that are being well received by many customers in Japan and overseas, whereby Shiseido employees offer various services including providing makeup advice free of charge for individuals with serious skin or emotional concerns. Furthermore, these activities enable participating employees to closely observe a change in customers' faces into lively expressions by means of Shiseido's products and services. This opportunity is also a moment in which they can realize that their work is contributing to society. Shiseido has continuously promoted these activities over many years by realizing that the cumulative effect of such initiatives will also nurture highly motivated employees who possess a wide spectrum of social values as well as a strong affinity and knowledge toward Shiseido products and business operations. Shiseido considers that being awarded this recent honor is the result of garnering high recognition in terms of nurturing responsibility and pride toward such work.

In order to remain true to the ideals of this award, all employees of Shiseido in Japan and overseas will continuously undertake concerted efforts to bring a smile to the faces of customers we encounter throughout the world by utilizing Shiseido's "power of cosmetics."



Then Corporate Officer Takafumi Uchida of Shiseido Company, Limited receives testimonial award from Japan Philanthropic Association Director Yoko Takahashi (left)



The presentation event

SHISEIDO LIFE QUALITY MAKEUP

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 established the **SHISEIDO LIFE QUALITY BEAUTY CENTER (Japanese Only)** at 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 March 31, 2011, there were 350 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.

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.



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, hand care 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 in *Relay for Life* in Sendai, 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 got to hear about beauty-related concerns and challenges from participants. 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 unnatural skin tone and drawing eyebrows and eyelashes, intently observed as staff from the LIFE QUALITY BEAUTY CENTER offered advice



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. As of the end of the fiscal year ended March 2010, a total of around 3,026 seminars were conducted for approximately 46,217 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 currently holding this activity in 15 countries and 1 region overseas, including China, Germany and the United States, and will actively promote the initiatives centering on Asia in the coming years.



Seminar at a welfare facility for the elderly in Singapore



Seminar at a medical facility in Germany

Comments from Persons in Charge of Facilities Where Events Were Held

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



Seminar at a women's rehabilitation facility

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 childhoods or are the victims of domestic violence. As a result, many of them have lost confidence. 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.

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.

The SHISEIDO LIFE QUALITY BEAUTY SEMINAR for those including senior citizens and persons with disabilities are becoming widespread grassroots 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 4,381 beauty seminars (SHISEIDO LIFE QUALITY BEAUTY SEMINAR and Shiseido Beauty Enhancement Seminars), in which approximately 86,695 customers participated nationwide as of the end of the fiscal year ended March 2010.

Shiseido Beauty Volunteer Program

Demand for Beauty Seminars for persons with disabilities, senior citizens and other people 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 427 persons having registered as of March 31, 2011. 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 welfare facility for elderly people 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 the fiscal year ended March 2011, a total of 2,232 employees have taken part in the program from the beginning. 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 Suekawa participating in the seminar



Employee participating in the seminar at the Saganoseki Hospital in Oita Prefecture

Comments from Beauty Supporters

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 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

Shiseido Life Quality Beauty Seminar Held at 2010 Work Fair for People with Disabilities

In conjunction with the 32nd Abilympics (National Technical Skills Competition for Persons with Disabilities) (*1) at the Yokohama Arena from October 15 through 17, the 2010 Work Fair for People with Disabilities (*2) was held on October 15 and 16. As part of the Work Fair, Shiseido staged a SHISEIDO LIFE QUALITY BEAUTY SEMINAR on personal appearance for those with disabilities seeking employment.

It was the third time for Shiseido to participate in the fair. The first was in Chiba in 2008 and the second was in Ibaraki in 2009. A total of 55 women and 66 men attended the seminar during the two days. With Beauty Consultants - beauty specialists - serving as instructors, programs comprised three 75-minute demonstrations of skincare and makeup for women, and three 45-minute demonstrations of skincare, hair care and styling for men.

A representative of the Japan Organization for Employment of the Elderly and Persons with Disabilities (JEED), sponsor of the Abilympics, said: The "Shiseido Life Quality Beauty Seminar" offers an opportunity for people with disabilities to see for themselves what they can do, and it has been highly evaluated by many participants, both men and women. As the host of the event, we are most grateful and hope the participants will be inspired by the seminar and be more positive about job hunting and that they will be able to secure desired employment."

Shiseido will continue staging the SHISEIDO LIFE QUALITY BEAUTY SEMINAR around the country to try to improve quality of life (QOL) through cosmetics and beauty care technologies, so that individuals can live better every day.



Seminar at the Work Fair



Beauty Consultant applying makeup to a woman participant

TOPICS

Shiseido Receives Honor as a "Company Responding to a Longevity Society" from JANCA

In May 2010, Shiseido was nominated and awarded as a "CSR company responding to a longevity society" by the Japan NGO Council on Ageing (JANCA; Representatives: Keiko Higuchi, Tsutomu Hotta).

Established in 1998 by integrating organizations related to an aging Japanese society, JANCA is working in concert to respond to the aging of the population on a global level. As of 2009, 54 group members and 8 supporting member companies are promoting activities. Efforts include executing seminars, events and other programs jointly with governments and specialized agencies, in which implementation plans detailing activities are developed based on "opinion surveys" (N=1,500 `2000 persons) conducted together with members of affiliated organizations.

The award received at this time was as a result of obtaining the largest number of votes in an opinion survey conducted in fiscal 2009 during which nominations were requested for a "company that responds to a longevity society."

On the day of the award presentation, Ms. Higuchi presented a certificate of merit to General Manager Yasuko Takayama of the Corporate Social Responsibility Department. At the same time, Shiseido was generously acknowledged. The Company was recognized for its CSR and business activities, which promote the independence of the elderly and having a purpose in life looking to the 21st century as embodied in such concepts advocated by the United Nations, as well as enabling all generations including elderly people achieve self-fulfillment. Specifically, utilizing beauty volunteers for the SHISEIDO LIFE QUALITY BEAUTY SEMINAR, in which retired employees find a new lease on life working and volunteering their efforts aimed at encouraging individuals including elderly persons with cognitive impairment to regain their independence and improve their quality of life (QOL) through cosmetics, was highly praised. In addition, the development of products and services based on the Shiseido Universal Design Guidelines and the fact that this concept was utilized for SHISEIDO ELIXIR PRIOR, one of the Company's representative skincare brands, were also highly regarded.

Shiseido considers that promoting activities together with retired employees and current employees at such facilities realizes the major benefit of providing an opportunity to convey to younger employees the "spirit of omotenashi" and "beauty techniques" that have been accumulated over many years. In this respect, Shiseido is considering ways to further improve this system.



JANCA representative Keiko Higuchi presents a certificate of merit to General Manager Yasuko Takayama of the Corporate Social Responsibility Department.



Beauty volunteer conducting seminar activity

TOPICS

Renewal of Braille Beauty Care Booklet and Additional Booklet for Men

It has been reported that in Japan there are currently approximately 350,000 visually impaired persons. As a result of a proposal from visually impaired persons within the Company in 1984, Shiseido proposed and developed beauty-related educational materials including braille beauty care booklets, braille labels for identifying products and labels to get a rough idea of the remaining volume of a product being used. Lectures for visually impaired persons also have been developed at the grassroots level through mutual consensus with schools for visually impaired persons regarding the importance of cosmetics, in which Shiseido has recommended makeup techniques to high school students using these booklets. Today, these lectures have been expanded in various areas for persons with disabilities and people at senior care facilities.

From 1987, Shiseido produced *A Time for Beauty*, a compilation of beauty-related information issued quarterly on cassette tapes (currently in CD format). These are donated to facilities supporting visually impaired persons, including approximately 100 braille libraries throughout Japan, and are used by roughly 4,000 persons on an annual basis.

From 2002, Shiseido made "A Time for Beauty and Shiseido Listener's Cafe" (Japanese only) available on its website to offer basic beauty-related information such as cosmetics application techniques and appropriate amounts to use. The information is continuously updated for everyone's enjoyment. For details, please visit the site at <http://www.shiseido.co.jp/listener/html/> (Japanese only).

Two types of braille beauty care booklets, including skincare and makeup booklets for women, were previously developed and used as part of the SHISEIDO LIFE QUALITY BEAUTY SEMINAR program for visually impaired persons. In commemorating the bicentennial of the birth of Louis Braille (born 1809 in France) who invented the braille system this year, the two booklets *Beauty Care (For Women): Shiseido's Hair Care and Body Care* for female participants and *Skincare and Hair Care Text: Shiseido's Beauty Care for*

Men for male participants have been added as well as audio CD format of all beauty booklets.

Visually impaired persons from inside and outside the Company cooperated in the development process by considering various points, including "revising booklets by selecting key points of beauty care and reducing the number of pages for easy use," "using water-repellent paper to enable readers to carry out beauty care while checking the braille text with wet hands in the bathroom," and "using 22-point font size for letters printed along with braille to enable easy reading for persons with weak eyesight," as well as "adopting braille printing that will maintain its form with repeated use" and "adopting 0.4mm dot height for easy reading.

Shiseido will continuously provide support to realize its corporate message "This moment. This life. Beautifully," for all customers through complimentary beauty seminars and the SHISEIDO LIFE QUALITY BEAUTY SEMINAR program for senior citizens and persons with disabilities. Additionally, respective booklets are distributed at these seminars held throughout Japan for visually impaired persons and are also lent out to Braille libraries nationwide.



Four volumes of braille beauty booklets and CD beauty booklet



Braille labels for identifying products, labels to measure the remaining amount of product being used and A Time for Beauty CDs featuring beauty-related information

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 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 in two sessions held in the morning and afternoon. During the sessions, participants looked at themselves using a magnifying glass and were happy to see their faces with makeup. Also, they were extremely delighted to see themselves becoming beautiful by wearing makeup 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 able to realize the power of cosmetics from the moment participants smiles lit up their faces.



Seminar at Eye Festa 2009 in Wakayama

Initiatives Overseas

The activities of the SHISEIDO LIFE QUALITY BEAUTY PROGRAM are also being developed overseas. The SHISEIDO LIFE QUALITY BEAUTY CENTER providing advice on SHISEIDO LIFE QUALITY MAKEUP opened in Shanghai, Taipei and Kaohsiung in April 2009. Such centers continue expanding activities.

Additionally, the SHISEIDO LIFE QUALITY BEAUTY SEMINAR is currently held in 15 countries and 1 region, including China, Germany and the United States, and Shiseido plans to actively promote this activity centering on Asia in the future.

Shiseido will continue expanding activities to enable everyone to live beautifully through the "power of cosmetics."

SHISEIDO LIFE QUALITY MAKEUP

Commencement of SHISEIDO LIFE QUALITY MAKEUP in Hong Kong Follows Shanghai

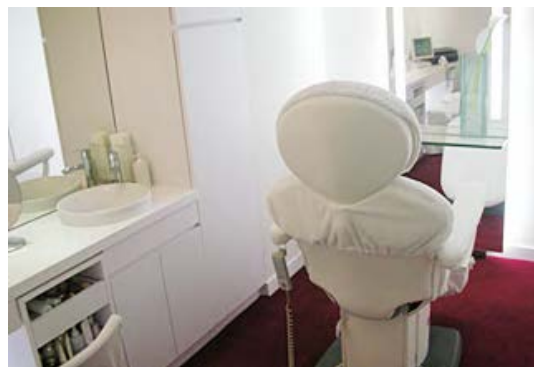
In April 2009, Shiseido opened the SHISEIDO LIFE QUALITY BEAUTY CENTER in Shanghai, Taipei and Kaohsiung. As the overseas bases for developing SHISEIDO LIFE QUALITY BEAUTY MAKEUP (hereinafter, "SLQ MAKEUP"), which is part of Shiseido's "CSR activities through cosmetics and beauty," the centers with beauty facilities are offering makeup advice free of charge to individuals who are deeply concerned about skin problems such as birthmarks, vitiligo and scars.

An exclusive room for providing SLQ MAKEUP advice was also established and commenced activities within the SHISEIDO BEAUTY CENTER in Hong Kong in April 2010.

Shiseido will continuously promote activities while cooperating with dermatologists and medical institutions to enhance the quality of life (QOL) of people with skin problems.



SHISEIDO LIFE QUALITY BEAUTY CENTER opened in Shanghai in 2009



Exclusive for SLQ makeup room located in the beauty center in Hong Kong

SHISEIDO LIFE QUALITY BEAUTY SEMINAR**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 while expanding to areas including Beijing as well as welfare 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 positive comments from a participant, who said, "I will be turning 60 years old but I have always thought that wearing makeup is irrelevant to my life because I have a visual impairment. The only time I wore makeup was at my wedding. Although I can't clearly see for myself, today is the second time in my life that I have worn makeup and I am so happy that people around me told me that I had become beautiful. It made me feel like going out for a meal with everyone before I remove the makeup." Additionally, Shiseido's local staff also commented, "I sensed through the seminar that beauty is not only about one's appearance but rather something that blooms from within one's heart like a vibrant flower. The current seminar included participants with disabilities and I was able to truly understand the meaning of beauty by seeing participants' faces becoming lively and radiant in only 60 minutes. The seminar also let me realize the significance of my work."



Seminar at a facility for people with disabilities in Shanghai

Shiseido Participated as a Co-sponsor of Expo 2010 Shanghai China and Developed Cosmetics- and Beauty-related Activities

Prior to participating in Expo 2010 Shanghai China as a co-sponsor, Shiseido developed distinctive activities in line with the "Better City, Better Life" Expo Shanghai theme.

Shiseido China Co., Ltd. initially held the SHISEIDO LIFE QUALITY BEAUTY SEMINAR for 51 staff members in charge of operations of the pavilion for persons with disabilities, thereby conducting makeup guidance suitable for uniforms worn in the pavilion and skincare sessions.



Venue of SLQ Seminar

[Comments from personnel in charge of seminars]

The seminar participants are expected to wear makeup according to Shiseido patterns during the Expo period. The session went beyond usual seminars by letting participants enjoy the techniques conveyed so that they can wear makeup by themselves. The pavilion with persons with disabilities is the first facility in the 160-year history of the Expo that was promoted according to the theme of developmentally challenged individuals and I was honored to hold this beauty seminar for the pavilion staff.



Main visual of the Shiseido Beauty Heritage Exhibition (corporate cultural exhibition held in Shanghai)

[Comments from seminar participant]

I have always wanted to learn about beauty but didn't have a chance. I am delighted to have this opportunity to become much more beautiful than I expected as a volunteer. I would like to properly wear makeup during the Expo and welcome visitors from around the world.

Additionally, from mid April to the end of August, makeup sessions were conducted for 135 attendants and 126 Chinese student interns who supported the operations of the Japan Pavilion. Various tips were provided, including basic makeup techniques using natural colors, how to select and match colors that give a good impression and basic knowledge on color coordination.

Moreover, a fashion show of the 2nd SHINMAI Creator's Project, which Shiseido co-sponsored, was reproduced on the event stage of the Japan Pavilion at the Expo. The project, held by the Japan Fashion Week Organization in Japan, aims to cultivate young, talented designers. Chinese designers have joined the previously selected designers of four brands and various shows and events were held from July 2 to July 7.

Beyond the Expo venue, Shiseido also held the Shiseido Beauty Heritage Exhibition featuring "images of beautiful women" at the Shanghai Art Museum from June 30 to July 23 in conjunction with Expo 2010 Shanghai China. During this 24-day period, a total of 39,558 persons, averaging 1,648 visitors per day, visited the exhibition, making it Shiseido's most-attended exhibition to date.

The "images of beautiful women" showcased Shiseido's corporate culture in continuous pursuit of beauty for 138 years and running through approximately 1,000 items including posters, products, art and Miss Shiseido* photographs, and small illustrations focused on beautiful women and tracing the history of beauty.

China and Shiseido have had deep connections since the Company started, as evidenced by the origin of the name Shiseido, which is derived from the classic "Yi Jing" ("Book of Changes") Chinese text.

The cultural exhibition expressed Shiseido's gratitude to China for its company name and conveyed Shiseido's stronger-than-ever determination to be trusted and admired by Chinese customers.

* Miss Shiseido: Nine women initially debuted as Miss Shiseido in April 1934. They are the forerunners of Beauty Consultants who provide customers with beauty advice at storefronts.

TOPICS

SHISEIDO LIFE QUALITY BEAUTY SEMINAR for Volunteer Staff of the Expo 2010 Shanghai China Life & Sunshine Pavilion (Pavilion for Persons with Disabilities) Receives Recognition Award

In April 2010, Shiseido China Co., Ltd. conducted the **SHISEIDO LIFE QUALITY BEAUTY SEMINAR** prior to the opening of Expo 2010 Shanghai China. The seminar was held for volunteer staff in charge of operations of the Life & Sunshine Pavilion (Pavilion for Persons with Disabilities) to convey suitable makeup for welcoming visitors and offer guidance during the Expo period.

Consequently, in October 2010, this initiative was recognized, whereby the Company received a commemorative plaque entitled an "organization that offered public service with passion, sincerity and compassion to disadvantaged people at the exposition" from the China Disabled Persons' Federation and the Expo 2010 Shanghai China Pavilion for Persons with Disabilities Committee. Shiseido was commended as a company that carried out cooperative efforts for the exhibition and the support of persons with disabilities during the Expo period.



Commemorative plaque

TOPICS

SAC's Heidi Manheimer Honored with CEW Award

In December 2010, Heidi Manheimer, Chief Executive Officer of Shiseido Cosmetics America (SCA) Division / Shiseido Americas Corporation (SAC) received the Cosmetic Executive Woman (CEW)* Award, which is presented to women who have contributed to the U.S. beauty industry.

The award was currently presented in recognition of proactive social contribution activities conducted over many years by respective divisions, and Ms. Manheimer, who has taken the lead in these activities, received the award on behalf of the SCA Division. In particular, from fiscal 2010 the division has been conducting the SHISEIDO LIFE QUALITY BEAUTY SEMINAR as part of [SHISEIDO LIFE QUALITY BEAUTY PROGRAM](#). The seminar was held for working women with cancer or who have had cancer in Boston in April, Washington DC in July and New York in October.

Ms. Manheimer stated, "This current recognition is extremely significant. Initiatives such as the Beauty of Caring program for working women battling cancer or who have had cancer is realized through companywide efforts that involve all of SCA's departments and employees. Through the SHISEIDO LIFE QUALITY BEAUTY PROGRAM, we are introducing various aspects of what Shiseido possesses, including products, technology and human resources for people faced with physical and mental hardships. Cosmetics, the products that we create and sell can make people feel better."

* Cosmetic Executive Women (CEW)

Cosmetic Executive Woman is a nonprofit organization established in the United States in 1954 with the aim of supporting women who are taking active roles in the beauty industry. Supporters of its activities have gradually increased since around 1985 and the scope of its support activities has been expanded to industry development, education and philanthropy. Its main activities include the establishment of the CEW Foundation in 1991 to help women better their lives. The Foundation developed the Cancer and Careers program in 2001 to support working women with cancer.

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.

✦ [Click here for the details of activities for supporting female researchers](#)

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](#) (Japanese Only) 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.

In addition to 2010, our achievements in research in aesthetic dermatology have been recognized by the Japanese Society of Aesthetic Dermatology since 2004. Today research in topics such as chemical peeling using glycolic acid, tranexamic acid ion implantation and pore contraction using Glycylglycine is contributing to the development of new cosmetics and aesthetic medicine.



SKIN•NAVI CLINIC

その先の肌へ— スキンナビ クリニック

Supporting Female Researchers

Supporting Female Researchers

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.

A total of 109 applications were submitted for the 4th Shiseido Female Researcher Science Grant for fiscal 2010 and the grant was presented to the following 10 recipients after strict deliberations by internal and external judges.

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 4th Shiseido Female Researcher Science Grant Recipients

Name	Organization/Department	Title	Research Theme
Ms. Naoko Kanda	Department of Dermatology, Teikyo University School of Medicine	Associate Professor	The therapy for psoriasis by the control of adipokines: relations to metabolic syndromes
Ms. Rie Kusakabe	Department of Biology, Graduate School of Science, Kobe University	Assistant Professor	Functional analysis of microRNAs in the development and regeneration of skeletal muscles
Ms. Ayano Satoh	Okayama University, The Research Core for Interdisciplinary Sciences	Assistant Professor	Visualization of collagen trafficking
Ms. Miyoko Tanaka	National Institute for Materials Science	Senior Researcher	Structural Observation and Analysis of Solid-Oxide Fuel Cell Interface in Oxygen Atmosphere
Ms. Chizu Tanikawa	Laboratory of Molecular Medicine, Human Genome Center, Institute of Medical Science, the University of Tokyo	Postdoctoral fellow	Genome-wide association study of menstrual cycle and age at menarche and menopause
Ms. Natsuko Chiba	Department of Molecular Immunology, Institute of Development, Aging and Cancer, Tohoku University	Associate Professor	Analysis of ubiquitination mechanism of tumor suppressor gene product for order-made medicine of breast cancer
Ms. Yumi Noda	Department of Nephrology and Chronic Kidney Disease, Tokyo Medical and Dental University	Associate Professor	Development of novel therapy for water balance disorders based on the spatiotemporal regulation mechanism of water channel aquaporin
Ms. Akiko Hokura	Department of Green and Sustainable Chemistry, School of Engineering, Tokyo Denki University	Associate Professor	Metallic nanoparticle production utilizing physiological activity of moss
Ms. Tomoko Matsuda	Department of Bioengineering Graduate School of Bioscience and Biotechnology Tokyo Institute of Technology	Associate Professor	Organic synthesis using CO ₂ and enzymes - green bio innovation
Ms. Nina Yasuda	Faculty of Agriculture University of Miyazaki, Department of Marine Biology and Environmental Sciences	Assistant Professor	Speciation and gene flow in Coral Triangle

* Organizations / departments and titles are at the time of grant award.

External judges

Professor Sanae Ariga of Hokkaido University

Professor Emeritus Kashiko Kodate of Japan Women's University

Professor Emeritus Masako Sasaki of Tokai University

Ms. Kimiko Yabe of the National Agriculture and Food Research Organization National Food Research Institute

◆ [List of the Shiseido Female Researcher Science Grant Recipients \(Japanese only\)](#) ⇨

Comments from the 4th Grant Recipients



Assistant Professor Rie Kusakabe, Kobe University

Functional analysis of microRNAs in the development and regeneration of skeletal muscles

I am grateful that my research was selected as the Shiseido Female Researcher Science Grant. I am extremely honored and determined to further develop research going forward.

I always had a desire to unveil the mystery of life on Earth since I was at high school and aspired to become a biology researcher. As opposed to an unrestricted student life, I worked to become independent as a researcher by taking a Ph.D. course from the latter half of my twenties, while I also got married, gave birth to three children and engaged in raising them as well. I am currently elucidating the functions of muscles, which control the essential physical exercise of animals, at the genetic level.

Up until now, I had continuously aimed to work on a consistent research theme despite the instability in my ways of working. In addition to the encouragement of people around me at my university and home, being evaluated for such a grant gave me a big push as a driving force. With this grant, I would like to improve research infrastructure to make significant progress.



Ms. Tomoko Matsuda, Tokyo Institute of Technology

Organic synthesis using CO₂ and enzymes -green bio innovation

I am extremely honored to be selected as one of the grant recipients at this time. The grant has resolved the insufficiency of research expense coverage, which had been an obstacle to date, and enabled us to carry out truly satisfactory research freely. Also, I was able to realize Shiseido's initiatives to promote gender equality, which supported me emotionally and provided greater hope for the future.

I am currently enjoying both research and childcare. Watching relaxed children every day has made me consider what science technology is truly necessary for the future. This has helped me to come up with good ideas and receive the grant.

I am carrying out research to make use of enzymes as a catalyzer with the aim of developing an organic synthesis reaction that uses carbon dioxide. With this research, I hope to develop green chemistry that will be useful for future society to reduce the use of exhaustible resources.

TOPICS

Shiseido Female Researcher Science Grant Presentation Ceremony 2011 Held

The Shiseido Research Center is implementing the Shiseido Female Researcher Science Grant program as a means of supporting female researchers in active roles in Japan.

On June 2, 2011, the Shiseido Female Researcher Science Grant Presentation Ceremony 2011 (the 3rd grant recipients' research achievement report and the 4th grant presentation ceremony) was held at the Shiseido Research Center in Shin-Yokohama. A total of 20 grant recipients from throughout the nation participated for the 3rd and 4th events.

During the greeting speech from the representative of the 4th grant recipients, Associate Professor Natsuko Chiba of Tohoku University, who was personally affected by the Great East Japan Earthquake after the grant decisions were made, expressed the joy of a receiving grant and strong determination to conduct research starting from scratch. In the greetings from the representative of the 3rd grant recipients, Associate Professor Qiumei Akiyama of Kyoto University, who comes from China, expressed appreciation for this grant and said "I was very delighted since this was the only grant that I could apply for as a foreigner."

This grant sets no limits on applicants with regard to age and other irrelevant factors, so it can be offered to as many female researchers as possible. It applies to broad areas of research within the "natural sciences" field. Additionally, this grant can be used beyond research expenses for test reagents and test equipment, as it can be used for expenses such as employment compensation for assistant researchers. It can thereby help female researchers continue their research without being affected by life-stage responsibilities including childbirth and childcare.

During the debriefing session recounting research achievements, the 3rd grant recipients not only reported their annual achievements; some also happily reported how the grant helped them establish an independent laboratory or get promoted. The event was very meaningful and made us realize that the support for researchers creating the next generation will serve as the driving force to energize the future science industry as well as Japanese society overall.



The 4th grant recipients and internal and external judges



At the Shiseido Female Researcher Science Grant Presentation Ceremony 2011

◆ [Click here for other academic support\(Japanese Only\)](#) 外部リンク

◆ [To exclusive page for Shiseido Female Researcher Science Grant\(Japanese Only\)](#) 外部リンク

Assistance for Projects to Support Female Junior High School and High School Students in Selecting Science-Related Courses

Shiseido is conducting activities to present the possibility of selecting science-related courses, with a wide range of career options, to female junior high school and high school students including future researchers.

Specifically, we are sending young employees who have completed science-related courses to schools as "career education" instructors to introduce their experience in selecting science-related courses and details of their work to students.

By presenting such role models, Shiseido hopes to encourage female junior high school and high school students to plan for their dreams with the aim of nurturing personnel who will support Japan's future as a "building nation that is creative in science and technology."

TOPICS

Nika Senior High School (Sendai City Miyagi Prefecture) Career guidance session by Shiseido researchers: what studying science means

On the 14th of June 2011, Shiseido conducted a career guidance session for 240 first year pupils at the Miyagi Prefectural Nika Senior High School in Sendai, to introduce the work of scientific researchers. This was in response to a request from the Guidance Counselor of Nika High School to help students choose between science and the humanities in their further studies, by talking about the possibilities that a career in science would offer.

Three researchers from the Shiseido Research Center - Ms. Yokoo, Mr. Kurokawa, and Ms. Minoda - spoke about Shiseido, and the work and roles of researchers, as well as what their current research was about. They also introduced in a clear and absorbing presentation the steps involved in developing a new product, as well as how cosmetics are responding to environmental concerns.

There was also an opportunity for the participants to experience what it was like to be a "nose", which creates new fragrances for products, through a workshop that gave further depth to their understanding.

All of the pupils had an opportunity to sniff the fragrance ingredient limonene and were then asked to verbally describe the images that the smell made them think of.

SEA BREEZE "Deo & Water" is popular amongst junior and senior high school students.

Two items from the range were used in a "fragrance sensory test" experience that helped the pupils understand the vital importance of "choosing the right combination of color & package design that fit the image of the scent "in developing a product.

The three researchers ended the session by talking about their own career choices, looking back at their own high school experiences, and sharing the passion and fulfillment that they feel from their current work.

Comments from the students -

"I now understand that Shiseido's (researchers) work is very fulfilling. I dream of being able to do something like this, and to be able to pursue what intrigues me. "

"Before this session, I could not really visualize what a researcher actually did. I now understand what marvelous work they do, for the sake of other people, for the environment, and for the entire world, by developing new things."

Comments such as these show that the session encouraged the participants who were interested in a career as a scientific researcher and those who were finding it difficult to choose whether to study science or the humanities in seriously considering the possibilities that a career in science could offer.

"Career guidance sessions by researchers" is an activity that Shiseido will continue to promote for junior and senior high school students (ages 12-18) who have begun thinking seriously about their futures, in order to demonstrate the possibilities that a career in science (broadening career path choices) can offer.

This activity was made possible with the collaboration of the S.A.(Science Angels), a group of volunteer women students from the Tohoku University Graduate School. Nika Senior High School plans to conduct three career guidance sessions per annum for first year students. Shiseido gave the first in the series for this year, and gave a vivid introduction to the world of grown-ups who chose science careers.



Career Seminar For Female University Students

The Shiseido Beauty Creation Research Center has been implementing career seminars since November 2009 for university female students leading the next generation. The seminars started with the hope of conveying the purpose of work and providing information about companies before these future leaders move on to work in society.

In November 2010, the seminar was held targeting approximately 70 students of Ochanomizu Women's University. An approximately 90-minute lecture was conducted there about various topics, including women's career development, Shiseido's history and personnel as well as beauty science based on the experience of Shiseido personnel, including General Manager Emiko Takasu of the Shiseido Beauty Creation Research

Center. This lecture succeeded in giving many students a deeper understanding about ways of thinking of work and Shiseido as a company.



Visiting lecturer Emiko Takasu, then General Manager of Shiseido Beauty Creation Research Center



During the lecture

TOPICS

Participation of Shiseido Research Center Employees in the 2010 Summer School for Female Junior High School and High School Students

On August 13 2010, Ms. Yumi Ueda of the Research Administration Department of Shiseido Research Center and Ms. Yuko Nakanishi of the Skincare Product Research & Development Center participated in the "2010 Summer School for Female Junior High School and High School Students - For Future Scientists and Engineers " held at the National Women's Education Center, Japan in Saitama prefecture. This sixth such event was organized by the National Women's Education Center, Japan and Science Council of Japan for female junior high school and high school students to learn about things such as "experiencing" the fascinating aspects of science and technology and "interacting" with women who are active in this field.

The event was conducted for 176 individuals including students, parents and teachers, and was organized by researchers affiliated with various science- and technology-related academic circles as well as female engineers working in companies. On that day, we spoke to students at the exhibition booth about how happy we were to work at a research center as well as Shiseido's corporate initiatives, emphasizing technologies and science used for Shiseido cosmetic products in simple terms.

Since there were only a few company booths, Shiseido's booth stood out and drew a good proportion of students, parents and teachers who gained a greater sense of Shiseido's capabilities for high technology and career satisfaction. Also, the lecture occurred during the Summer School Support Program session for parents and teachers regarding Shiseido's policy and systems related to gender equality and women's ways of working at the research center. A frank discussion followed about working as a corporate researcher and we were able to share our feelings with participants. In this way, Shiseido will further improve systems and promote initiatives in career education that encourage

female junior high school and high school students to select science-related courses to meet society's expectations.



Researchers Ms. Yumi Ueda (right) and Ms. Yuko Nakanishi at the exhibition booth



Explaining interesting aspects of work

Mamahatena?

Mamahatena? is a website in a weblog format for Shiseido employees who have experienced childbirth or childcare to share thoughts, both as employees and persons outside the Company. Volunteer employees who became core members update the blog twice a week, creating text based on exchange of information via internal lunch meetings and bulletin boards. The content deals with beauty care during childcare and simple hints to save time while raising children. Plans are currently underway to deepen ties on site, such as by inviting Shiseido customers for family factory tours.



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

Shiseido Running Club

Shiseido Running Club promotes activities based on the slogan of "strong, quick and beautiful." By supporting female athletes, the club encourages health and beauty that are unique to Shiseido in three respects: mind, performance and body. The club thereby nurtures not only the "strength to win over yourself" and "ability and technique to run faster" but also the "spirit of hospitality." In addition to developing athletes who are affiliated with the club, we will also promote tips on running externally, lectures and "participation in local running events" in order to contribute to society. In doing so, we will spread the joy of running and better health among runners in general, ranging from children to elderly people.

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.



Initiatives for Children

Activities to Provide Beauty Information to the Next Generation

The number of children with 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.



During the Shiseido Children's Seminar
At the Shiseido

- Initiative to disseminate daily beauty information via "Beauty Club for Kids" website (Japanese only)
- Provision of visual educational materials (DVDs) for supporting healthcare lessons, wall newspapers posted on school billboards and leaflets for distribution to children at no cost.
- Face-to-face awareness-raising activity at a special lesson at school

Please [e-mail](#) us regarding the Shiseido Children's Seminar.

TOPICS

Visiting "Shiseido Children's Seminar" Class Conducted by Employee Instructors as Part of Social Contribution Activities

Shiseido received a request to conduct a lesson on measures to prevent UV ray damage from Natsumidai Elementary School in Funabashi city, which we had visited in March to teach the proper way to wash one's face. On May 12, prior to the school's sports day in June, we implemented the "Shiseido Children's Seminar - Sun Protection" for four classes of six graders. The seminar, comprised of a lecture and practical session for learning the proper way to use ANESSA Baby Care Sunscreen, was aimed at spreading knowledge about skin damage caused by UV rays and enabling students to protect their skin from UV rays.

After confirming the advantageous and disadvantageous effects of UV rays through visual images and a lecture, children were separated into groups and were given a practical demonstration by employee instructors in a session on the different amounts of sunscreen to use on various body/facial areas and how to apply it on skin. Many of the children applying sunscreen for the first time looked tense at first, but as the seminar proceeded, they enjoyed the feeling of applying it, and commented "it's fun" and "it's easy." Some children said with confidence that learning how to remove sunscreen perfectly suited what they had learned about washing one's face in March. The employee instructors smiled to hear such comments and reinforced the face-washing lesson conducted previously. We also got encouraging comments from a participating teacher that "the lesson helpfully let us learn how to provide guidance on protection against UV rays, so we can attend our sports day without worrying."

Photographs were taken by the school photographer all throughout this occasion and will be posted in a section of the sixth grade graduation album. The seminar provided a valuable opportunity for children to develop a practical connection with Shiseido.



Experiential lesson given by visiting employee instructors
During a Shiseido Children's Seminar - Sun Protection (Natsumidai Elementary School in Funabashi city on May 12, 2011)



Participating employee instructors

TOPICS

Shiseido Children's Seminar Conducted a Trial Lesson at the Consumer Education Festa

From February 22 to February 23, the Consumption Education Festa<*> was held with the aim of developing personnel to lead the movement toward a sustainable society. On this occasion of the first collaborative event organized by the government, NPOs, NGOs and companies, Shiseido conducted a "Shiseido Children's Seminar - Sun Protection" trial lesson as a case study of a private company activity. Although this seminar is usually primarily for fifth and sixth grade elementary school classes, the February seminar targeted adults from NPOs and NGOs nationwide, including educational committees, school related parties and consumer organizations, who are also stakeholders in terms of "consumer education."

More than 50 individuals who participated eagerly listened to the lecture and learned the proper, practical way of applying sunscreen to their arms by instructor demonstrations. We were able to understand and share feelings through the seminar and received comments afterwards, such as "it was helpful that I learned how to instruct others about the importance of preventing the damage that UV rays can cause to children" and "it helpfully informed me of many things that I didn't know about such as the proper way to apply sunscreen."

In conjunction with the seminar, we have exhibited panels to introduce activities and educational materials, so that visitors can see how we address the junior segment, beginning with the Children's Seminar.

* The Consumer Education Festa was held as part of the "consumer and citizen education model business," which is a cooperative project run by a roundtable conference (through the Cabinet Office, Government of Japan) and the Ministry of Education, Culture, Sports, Science & Technology in Japan to address social responsibility. The event introduced trial lessons and educational materials promoted by various organizations and companies.



During the trial lesson



Panel exhibition for introducing

Activities for the Development of the Next Generation in Offices

Activities in the Osaka Factory

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

Initiatives at the Beauty Creation Research Center

■ Activities to Support Learning through Workplace Experience

The Shiseido Beauty Creation Research Center continuously supports learning through workplace experience and holds classes at area schools as part of its local community activities. This initiative is carried out every year with the aim of allowing people to obtain general knowledge about rules and regulations, etiquette and words in society's familiar workplace settings. In December 2010, five students from the sixth and seventh grades at Hino Gakuen, a public integrated elementary and middle school in Tokyo's Shinagawa Ward, visited the Company for workplace experience. At this time, students interacted with Shiseido employees by interviewing them about work.



Employees answering student's questions
 "Why did you choose to work at Shiseido?"
 "What do you find most enjoyable about work?"
 Is there anything that you think is tough about work?"

[Content]

- Learn about familiar workplaces as part of course study
- Learn about etiquette of visits or social rules by being exposed to social structures
- Use the opportunity to consider career options

■ Shiseido Smile Class

The "Smile Class" was launched in 2008 and 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.

- Consider your smile
- Change the impression of your smile
- Consider changing your smile
- Shiseido Face Muscle Program for smiles
- Show your smile's appeal (smiling competition)

There are various words for expressing a smile, including a grin, a smile and a bashful smile. In other words, we finely distinguish the characteristics of smiles. Shiseido has verified how a person's facial impression changes according to the level of their smile. The aim of this class is to recognize the impression that your smile gives to others and master a smile to develop better communication.

Participants' expressions were totally transformed by the end of the session. Participants had tense expressions and were hesitant at first, but they gradually smiled more frequently and showed full smiling faces toward the end in a relaxed atmosphere. Shiseido hopes to continuously promote the Smile Class as part of its unique efforts to support the next generation based on accumulated Company research on facial expressions and attractiveness.

TOPICS

Shiseido Smile Class Held in Hino Gakuen in Tokyo's Shinagawa Ward

In May 2011, the Smile Class was held at the Hino Gakuen in Tokyo's Shinagawa Ward. This session has been implemented every year since 2008 for junior high school students leading the next generation. The aim is to acquire a smile for better communication based on Shiseido's research related to facial expressions. At this fourth such event, Vice President Iwata participated and shared smiles with children.

Hino Gakuen is recognized as Japan's first public integrated elementary and middle school in Tokyo's Shinagawa Ward. A total of 124 students who participated in the Smile Class from the three classes in the second year of junior high school were interested in the session program. From them, we received many positive opinions such as "I thought it would be more enjoyable to speak with people by considering the range of facial expressions in terms of smile level from 0%-120%," "I recognized that

impressions made on people change depending on the level of smile" and "I want to express myself more by using the level of smile as a reference."



Vice President Iwata participated as a staff member



During the Smile Class

Communication with Local Communities (Social Activities at Respective Business Locations)

Shiseido is promoting original activities at domestic and overseas business locations suited to respective local communities.

Initiatives at Domestic Business Locations

Initiatives at the Beauty Creation Research Center Let's Go Out and See Local Communities! Eight Beauty Artists Volunteer to Give Haircuts

The Beauty Creation Research 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. As a follow-up to 2009, on December 1, 2010, Shiseido employees visited an elderly care nursing facility in Shinagawa Ward as haircut volunteers. Nine employees including Shiseido top [beauty specialist Miyako Okamoto \(Japanese Only\)](#) cut the hair of residents who are unable to go out due to health conditions and staff members to enable them to comfortably spend time and look nice for the year-end and new year holidays.



Let's Go Out and See Local Communities!

Makeup Volunteer Initiatives at Elderly Care Facilities by Beauty Artists and Beauty Consultants

As part of "Let's Go Out and See Local Communities!" initiatives, the Makeup Volunteer initiative was held on September 12, 2010 for 36 participants at an elderly care facility in Shinagawa Ward. On that day, seven Shiseido employees including Shiseido top beauty specialist Etsu Nishijima (Japanese Only) communicated with each participant and put bright smiles on their faces.



Activities with Shanti Volunteer Association (SVA)

The Beauty Creation Research Center is holding the Developing Countries Education Support Bazaar, in which clothing and books collected from employees all year round are sold to support the education of children in refugee camps. Proceeds collected from the bazaar are donated to SVA for issuing folktale picture books. The third charity bazaar event was held in September 2010 and a folk tale picture book *The Peaceful Forest* was issued in March 2011.

A total of 1,000 copies each of *Present from my Father* (2008) and *The Two Princes* (2009) folktale picture books were published in the Burmese and Karen languages. The books were then distributed in refugee camp 21 facilities, including libraries, schools and hospitals to be read by over 140,000 refugees, many of them children. A library and folk tale picture books can have major roles in improving life skills in terms of knowledge, techniques and attitudes of children in refugee camps and passing along traditional cultures. Native language picture books being made available at refugee camps, where books are overwhelmingly scarce, will help children by fostering literacy, inspiring dreams and hope and conveying ethnic culture. Shiseido will promote efforts to continue such initiatives.



Testimonial from Shanti Volunteer Association



folk tale picture book "The Peaceful Forest"

SHISEIDO BEAUTY MODERN Exhibition

From July 21 to July 25, 2010 Shiseido held the SHISEIDO BEAUTY MODERN exhibition at the Word Hall on the 9th floor of the Tokyo Ginza Shiseido Building.

The exhibition featured fashion perspectives of Shiseido creators, including work with hair and makeup, as well as digital movie images of women of the next generation reflecting inner selves and trends of the times. Through these works, Shiseido proposes the next generation of beauty based on significant trends of the times such as the increasing awareness of the ecology, a shift away from materialism and Japan's gradual move toward becoming a culture-disseminating country.

The exhibited works were jointly produced by four teams of creators comprised of art directors of Shiseido Advertising Creation Department and hair and makeup artists of Shiseido Beauty Creation Research Center. The four models, Ms. ICONIQ, Ms. Yu Aoi, Ms. Yuri Ebihara and Ms. Jun Hasegawa who have appeared in Shiseido TV commercials, participated and appeared as exhibition image models.



POP TOKYO



"The Subtle and Profound"



Contrast



Love Earth

Publication of Cosmetic Therapy - *The new aspect of empowering mind and body*

"Putting on makeup enabled dementia patients to be more conscious of their appearance." "Makeup helps improve symptoms of depression." "Esthetic treatments alleviate symptoms of menopause." "Aromas reduce atopic eczema." "Becoming more positive by covering birth marks."

All sorts of cosmetic behavior such as putting on makeup and taking care of skin not only enhance physical appearance but also soothe various anxieties that women encounter during their lives. This spring, through Nikkei Business Publications, Inc., Shiseido published a new book that introduces similar new types of powers possessed by cosmetic behavior. As a sequel to *The Psychology of Cosmetic Behavior* compiled and edited by Shiseido in 1993, the new publication compiles research on the psychology of cosmetic behavior during the subsequent 15 years. The publication introduces solutions for women's psychosomatic symptoms and skin problems based on psychophysiological research and data. In this publication, experts from Japan and overseas unlock approaches for using cosmetics to soothe the various concerns unique to women and give women a sense of pleasure and confidence.

The publication analyzes from multiple perspectives the methods that enable middle-aged and older women to age with vitality and beauty and features persons serving as observers who actually put these methods into practice. Through this publication, we hope to spur a new awareness about the powers of cosmetics among all women who take an interest in their physical and mental health. Such women include persons affiliated with the cosmetics and beauty industries, persons involved with social welfare and nursing care, and college students and researchers with an interest in beauty and cosmetics research.



Summary of Publication
 Title of Publication:
 Cosmetic Therapy
 - The new aspect
 of empowering mind and
 body
 Publisher: Nikkei Business
 Publications, Inc.
 Editing: Shiseido's
 Beauty Solution
 Development Center
 Price: ¥1,600 plus tax



Approach toward person with vitiligo or birth marks (image photo)



Approach directed toward a senile dementia patient (image photo)

Initiatives in Ginza and at the Shiodome Office

Social Studies Club Donates Wells in Cambodia

The Social Studies Club was inaugurated in July 2007 as a circle mainly comprised of Cosmetics Business Planning Department members to conduct volunteer activities based on the idea of "seeking ways to help society by considering and taking our own action outside of work." The circle actively promote activities for collecting used stamps, cards and postcards that are unusable due to writing errors and other items, with the aim of supporting school attendance of children in developing countries. Activities for donating wells are also carried out in view of water-related issues in those countries. In developing countries where clean water is not available, people are forced to drink water from muddy ponds or rivers, which infect children with various diseases, including contagious ones, and result in the loss of precious lives.

To this end, the Social Studies Club has collected funds through various events, such as sales of books or DVDs contributed by respective members. Charity bowling competitions serve as another means for members to deepen ties. In turn, the club has been donating wells in Cambodia through the Association of School Development by the Japan Team of Young Human Power (JHP). To date, a total of two wells have been donated, to Khpob Veng Secondary School in Kandal Province and Prey Veng Krong primary school in Prey Veng Province, Cambodia, in August 2008 and in January 2009, respectively. A third new well is currently under construction at the Ang Khna Primary School in Kandal Province. In addition to improving lives of schoolchildren, these wells have also contributed to the daily living of neighboring residents. As a result, the Social Studies Club received a certificate of appreciation from the Cambodian government in August 2009.

In addition to the initial members of the Cosmetics Business Planning Department, the Club has expanded and currently has volunteers from eight departments in all, also including the Corporate Planning Department, Sales Administration Department, Distribution Strategy Department, Beauty Consultation Planning Department, Promotional Brand Marketing Unit, SBU Administration Department and Beauty Solution Development Center. Continuous efforts are being made to further improve such activities.



Completed construction of Khpob Veng Secondary School and well in Kandal Province



Certificate of appreciation from the Cambodian government (translation follows)

Kingdom of Cambodia
Certificate of Appreciation to Shiseido Company, Limited

The Ministry of Education, Youth and Sport of Kingdom of Cambodia wishes to express its profound gratitude for your generous support in providing one pumping well through JHP for Prey Veng Krong primary school in village No 2, Kampong Leav commune, Prey Veng town, Prey Veng province, Cambodia.

Phnom Penh August 12, 2009
H.E. Im Sethy, Minister of Education,
Youth and Sport of the Kingdom of Cambodia

Activities of TABLE FOR TWO at Nationwide Business Locations with Cafeteria Facilities - A total of 32,568 School Meals provided for Children in Africa -

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.

Shiseido's participation in this activity, beginning with the Shiseido Shiodome Office cafeteria in July 2007, has expanded to the Kakegawa Factory and Kuki Factory in March 2010, the Osaka Factory and Research Center in July 2010 and the Kamakura Factory in August 2010, so that the TFT program is in effect at all of our six domestic business locations with cafeteria facilities. In fiscal 2010, we provided a total of 32,568 meals to children in Africa, contributing to children's growth, giving children a foothold to enjoy learning and encouraging them to keep learning.

This initiative is also expanding to Shiseido's affiliated organizations. The Shiseido Beauty Academy started the program from December 2010 with the participation of young students who are likely to lead the future beauty industry in Japan. Furthermore, from March 2011, certain vending machines on the school premises were replaced with machines that are exclusively for the Cup for Two (CFT) program. In the future, we will consider improvements, such as setting donation boxes in cafeterias so that the students can directly carry out donation activities as part of efforts to enhance students' awareness about participation in social contribution activities.

The program is steadily taking root, giving every person who participates in it a good opportunity to consider individuals' health as well as the issue of world hunger.



Certificate of appreciation received from TFT secretariat (May 2011)

Hanatsubaki Avenue Cleanup Activities

Ginza is a district that always sets trends ahead of the times while cherishing its history and traditions. Hanatsubaki Avenue defines the border of Ginza 7-chome and The Ginza 8-chome area, where the Tokyo Ginza Shiseido Building is located, was previously known as Izumochi since the area was developed by the Matsue Han (Matsue Clan) in the Edo era. Founded in Izumochi 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 Izumochi city along Hanatsubaki Avenue and is setting up flags created by Shiseido designers four times each year in the spring, 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 morning of each month along Hanatsubaki Avenue. 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. It has been 17 years since these activities were initiated. A total of 10 such monthly events took place during fiscal 2010, except in September and March. A total of 1,297 people from Shiseido (about 20-30 per month) have participated.

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 of Ginza."



Christmas flags and illumination in 2010



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 20, 2010 to January 6, 2011 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.

The remaining 495 calendars were presented to the [Nagasaki International Association](#), which conducts charity sales of calendars collected from respective regions nationwide. The total proceeds from this charity drive were donated to the student international non-governmental organization (NGO) BOAT, which uses such donations to help children with visual impairments in Nepal via the Nepal Blind Support Association (NBSA).



Employees choosing calendars and notebooks

In fiscal 2010, 2,783 such calendars and notebooks were collected and donated to the Nagasaki International Association, which truly appreciated Shiseido's cooperation. The event ended successfully, attracting about 730 visitors from January 10 to January 15.

Initiatives at the Tohoku Branch Office (Aomori Office, Sendai Office and Fukushima Office) Activities with Nonprofit Organization International Volunteer Center of Yamagata (IVY)

A total of 108 spare Shiseido summer campaign T-shirts used by Beauty Consultants were donated to the nonprofit organization, IVY.

Up until now, all T-shirts used for campaigns and other events were supposed to be collected as part of risk management. However, the Shiseido Tohoku Branch Office (comprising the Aomori Office, Sendai Office and Fukushima Office) took the initiative to donate the T-shirts in consideration of contributing to society. Consequently, the T-shirts were delivered in March 2010 to villagers (Svay Rieng Province), school teachers and children in Cambodia.

IVY promotes efforts to support of children's education and mothers' economic independence in Cambodia. Shiseido's current initiatives were fully appreciated and the Company received photos of respective activities from IVY.



T-shirts donated to schoolteachers (top left), mothers (top right) and children (bottom right)



In 2008, Shuto Ken Sales Division II of Shiseido Sales Co., Ltd. also provided donations to disadvantaged children in Indonesia through activities with Sengoku International Judo Hall, a non-profit organization. Shiseido hopes to continue meeting and interacting with many others in need.

Initiatives at Shiseido Parlour

Launch of "Partner Appreciation Gift" to Support Activities for Protecting Lives of Mothers in Developing Countries

The Shiseido Beauty Saloon and Shiseido Parlour have commenced sales of the Partner Appreciation Gift<*1> as a product accompanying donations via the Internet. As a means of supporting the activities of the United Nations Population Fund (UNFPA) to protect lives of mothers in developing countries, the current initiative was realized through the participation of the Shiseido Beauty Saloon and Shiseido Parlour in the "from Papa to Mama" project, which is planned by the UNFPA Tokyo Office.

Protecting the lives of mothers is aimed at supporting the "improvement of health of pregnant and parturient women," advancing the United Nations Millennium Development Goals<*2>. A portion of proceeds from the products will be utilized for activities to protect lives of mothers in developing countries through respective organizations.



(C)UNFPA

The Shiseido Beauty Saloon and Shiseido Parlour will promote this activity with the hope of gaining people's interest and understanding to protect lives of mothers throughout the world, thereby helping to change and improve relevant behavior broadly across Japanese society.

The product details can be viewed via the Shiseido Parlour Online Shopping.

*1 Partner Appreciation Gift:

Gift to show appreciation for an irreplaceable partner who became a mother through pregnancy and childbirth.

*2 United Nations Millennium Development Goals:

A set of global commitments including the target to "reduce global poverty by half by 2015" that are shared among various institutions, including the United Nations and governments of respective countries as means of resolving poverty issues in developing countries. Eight goals to be met by 2015 were established in the wake of the United Nations Millennium Declaration in 2000, which was adopted by 189 countries, including Japan.

Click here for more information:

[Japan NGO Center for International Cooperation \(JANIC\): http://www.janic.org/en/](http://www.janic.org/en/)

Shiseido Parlour Nurtures Next Generation with Food

In order to spread the wonders of food culture, Shiseido Parlour is promoting activities together with educational institutions ranging from elementary schools to universities, technical schools and special support schools. Initiatives include restaurant customer service training, table manner seminars and workplace visits at the Ginza main shop, factory tours at the Kasukabe confectionery factory and internships (approximately four per year).

For the first time, a Shiseido Parlour employee will conduct a special lesson at the Tokyo Metropolitan Katsushika School for the Deaf. Also, the Company will arrange a lecture on "food education" at the HATTORI Food Education Club as a corporate member seminar hosted by Hattori Nutrition College (President Yukio Hattori, Ph.D.).

[Special class at the Tokyo Metropolitan Katsushika School for the Deaf]

On June 30, 2010, Ms. Yu Hinata, a confectionery staff member at the Ginza main shop and the first graduate of the Tokyo Metropolitan Katsushika School for the Deaf, visited the school in response to a request for a "lecture regarding career options for graduates." Before 120 students, teachers and guardians, Ms. Hinata gave a presentation aided by Power Point to introduce Shiseido, give a job overview and convey a message to everyone. During the Q&A session, inquiries were raised about career options, employment and related topics. Questions from a student [students] scheduled for an internship [internships] at the Ginza main shop at the end of July in particular kept the speaker busy



Ms. Yu Hinata of the Ginza main shop's confectionery staff lectures on career options for graduates.

until the end of the session. It was great to see students take such an avid interest.

Also, on July 7, a special class was conducted during a special cooking workshop by confectionery staff member Mr. Kazuhiko Naeyama at the Ginza main shop for six students and four instructors. All of the students learned how to make a roll cake under Mr. Naeyama's careful guidance. Mr. Naeyama also demonstrated how to create roses and petals using original skills and techniques. Despite the impulse to eat their beautiful work immediately, they enjoyed eating the treats, which had to cool down, after class. The workshop was well received, with participants wanting to learn everything again.



Mr. Kazuhiko Naeyama of the Ginza main shop's confectionery staff leads special cooking workshop.

[Special class at the Tokyo Metropolitan Katsushika School for the Deaf]

On July 16, a lecture at the "HATTORI Food Education Club" corporate member seminar focused on food education activities at Shiseido Parlour.

The HATTORI Food Education Club promotes "food education," which expresses thoughts about food and human enrichment in addition to the three pillars of Japanese education that include intellectual training, moral education and physical education. The college focuses on safety of food and food materials plus dietary balance; learning correct table manners; and responses to food and environmental issues as the three pillars of food education. In support of such "food education," Shiseido Parlour members conducted a lecture for the occasion of the meeting.

President & CEO Atsushi Isoda of Shiseido Parlour Co., Ltd. started with a lecture touching on the Company's corporate overview, founding spirit and social activities of the Shiseido Group as well as the story behind the establishment of Shiseido Parlour and its corporate overview. Subsequently, the store manager of the Shiseido Parlour of Yokohama Takashimaya department store, Shinsuke Tomizawa, introduced food education activities including restaurant customer service training, table manner seminars and workplace visits by schools.

Shiseido Parlour will continue promoting initiatives to nurture the next generation through food.



President and CEO Atsushi Isoda of Shiseido Parlour Co., Ltd. (left); Dr. Yukio Hattori, President of Hattori Nutrition College (center); and the store manager of the Shiseido Parlour of Yokohama Takashimaya department store, Shinsuke Tomizawa (right)

Initiatives in Overseas Business Offices

Initiatives in Asia and Oceania

Commencement of "Shiseido Future Beauty Project" as a Social Contribution Activity in China

The Shiseido Group in China started the "Shiseido Future Beauty Project" on May 18, 2011 as a social contribution activity aimed at developing human resources and commemorating Shiseido's 30th anniversary of doing business in China. The project is based on the concept of "showing gratitude to China" by supporting models, hair and makeup artists taking the lead for the next generation in that country.

For this project, models with high potential are to be selected and used for advertising produced by Shiseido. Hair and makeup artists will also be selected and have the opportunity to study for two weeks in Japan. This learning period will include special training at the Shiseido Academy of Beauty and Fashion (SABFA), which develops top hair and makeup artists for careers in the industry. The chosen artists will also have the chance to enhance their techniques and aesthetic sensibilities by accompanying others to events including the New York Collection.

The application process commenced from May 18 and the final selection will take place in Shanghai on September 14 after a short-listing of candidates and regional selections. The judges, including top international photographers, models and fashion designers, will select the winners among applicants from throughout China.

Focusing on social contribution, the Shiseido Group in China has implemented CSR initiatives such as tree-planting activities and the SLQ Center, as well as the Shiseido Future Beauty Project.

From its unique perspective, Shiseido will continue supporting social development and expanding concepts of "beauty" in China.



Poster announcing the "Shiseido Future Beauty Project"

Shiseido Group Scholarships Granted to Shanxi Normal University Students in China

On October 18, 2010 the Shiseido Group in China granted scholarships to 15 Shanxi Normal University students who are economically underprivileged but academically outstanding. The presentation ceremony held in Xian City of Shanxi Province was attended by representatives of the provincial government and Shanxi Normal University, as well as Mr. Masaru Miyagawa, Shiseido's Corporate Officer, Chief Officer of China Business Division and Chief Area Managing Officer of China.



Scholarships granted to 15 students of Shanxi Normal University

The scholarships that the program provides as lump sums for academic fees do not need to be repaid by the students who receive them. At the ceremony in which he handed out the subsidies to students, Chief Area Managing Officer of China Business Miyagawa made the following statement:

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Tree-Planting Program in China

Shiseido launched a 10-year [tree planting program in the city of Lanzhou in China's Gansu Province](#) in 2008.

During the program's fourth year in 2011, 64 Shiseido Group members from the head office in Japan and five business offices in China participated in the event together with local people of Gansu Province and the city of Lanzhou as well as government representatives. Corporate Officer and Chief Officer of the China Business Masaru Miyagawa, President Masashi Kamata of Shiseido China Co., Ltd., heads of large department stores in the city of Lanzhou, which are Shiseido's business partners, and local print media journalists were among the various other participants involved at this time.

More than 90% of approximately 48,000 trees planted during the past three years have taken root as a major contribution to steady tree-planting activities in Gansu Province. In addition to the oriental arborvitae and locust trees being planted annually, cherry blossom trees reminiscent of Japan were also planted at this time to commemorate deep ties with Shiseido, leaving another trace of Shiseido's tree-planting activities.

Amid the harsh environment, Shiseido hopes that these cherry blossom trees will firmly take root, just as the trees planted earlier did.



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, China's national project fund, and donated 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 elementary school opened in September and a commemorative ceremony was held in December 2009. Qishan was also an area affected by the great Sichuan Earthquake and this location was selected as a means of supporting rehabilitation.



At the ceremony

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

Shiseido plans to continue providing assistance to children who will support China's future by donating supplies and various other items needed at schools. At the ceremony

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 and held a series of Beauty Seminars in various cities including Beijing and Shanghai.

In fiscal 2011, Shiseido will continue proposing ways for Chinese women to cultivate a beautiful appearance through Beauty Enhancement Seminars for companies, universities, and groups such as the Association of Women Mayors. The Company will also promote other initiatives such as a national "beauty knowledge competition" and production of 1.5 million beauty pamphlets aimed at contributing to the beauty of Chinese women.



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



"Feminine from the Heart" seminar in Changsha

Chinese White Dolphin Conservation Project

Shiseido's Chinese subsidiary, Shiseido Liyuan Cosmetics Co., Ltd., (SLC), has been promoting the Chinese White Dolphin Conservation Project since July 2008 in collaboration with the World Wildlife Fund (WWF) Hong Kong. In addition to tapping specialists in China and 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, 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



At the ceremony launching the project

Shiseido Thailand Co., Ltd.

A social contribution group within Shiseido Thailand Co., Ltd was established to engage in 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 fundraising are carried out every year, in which items including food, clothing and money collected from employees are donated to disaster victims or people enduring harsh economic circumstances through the Red Cross or elderly care facilities. Shiseido Thailand will continue its efforts aimed at developing compassion among individual employees into major social contribution activities.

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

On June 6, 2009, Shiseido (Thailand) Co., Ltd. (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 of CSR. ST is one of 50 selected companies in Thailand recognized for continuously making CSR activities important priorities.

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 take initiative, 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) Co., Ltd. Selected as a Member of Female Labor Protection Network Organized by the Labor Protection Ministry

In June 2008, Shiseido (Thailand) Co., Ltd. (ST) was selected as a member of the Female Labor Protection Network, which is managed by the Labor Department, Ministry of Labor and Social Welfare. Members of the Female Labor Protection Network are comprised of organizations, which have no previous record of violating employee labor issues and properly comply with labor laws.

ST assigned managers of the Human Resources Department to the network's meetings, which are held three times a year. These managers exchanged opinions regarding new labor laws and employee relations during the first meeting held in November 2008 and the second meeting held in September 2009.

One of the reasons ST was selected at this time was that the majority of its employees are females, enabling ST to provide advice in a consulting role to the Labor Department as well as advice regarding the situation of other organizations in terms of women's work environment. In this respect, ST is promoting initiatives to offer various advice on issues including work and health conditions of workers, occupational safety



Shiseido Thailand employees at the seminar supporting women who have lost work opportunities as a result of household poverty

and health, quality of work and quality of life (QOL). In these meetings, members share examples of respective organizations and propose ideas for revising laws in the future, thereby mutually supporting the balance of the three relevant parties of government, organizations and female employees. The network members are also invited to participate in various events on National Female Day held on March 8 each year.

■ Contribution to Goodwill Group Foundation and Beauty Seminar Event

As a means of supporting women, who as a result of household poverty or domestic violence have missed educational opportunities to be active members of society, the IPSA team of Shiseido Thailand Co., Ltd. held a workshop on March 28, 2008 to teach makeup application techniques and share the joy 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 everyday 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 an activity for planting mangrove trees, the number of which has been significantly reduced due to environmental degradation, as part of a tree-planting initiative.



CSR Activities in New Zealand

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

Look Good Feel Better, offered to women undergoing treatment for cancer, is a free service aimed at helping to restore and enhance the appearance of patients during and after cancer treatment.

Guidance, information and makeover expertise is offered at workshops held around New Zealand. A key contribution is made through annual donations of around 3,000 products used in 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 is committed to supporting team members who would like to be involved in the workshops by allocating time in their work schedules to enable them to participate.

Support has also been offered in fundraising activities such as for a table at the annual charity ball, purchase of auction items and assistance at the [Fine Homes Tour](#).



Volunteers on the Fine Homes Tour

Fine Homes Tour

The goal of the tours of beautifully designed private residences 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.

Initiatives in Europe

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

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



Shiseido booth at job fair

Inviting young students not only deepens their understanding of Shiseido and society, it also helps us bring vitality to our workplace and achieve other synergistic effects. Accordingly, since its establishment in 1998, Shiseido España has introduced 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 received such comments as "this program has enabled me to discover the depth of the cosmetics business." The Shiseido Group will continuously promote such initiatives as part of its CSR activities and corporate responsibilities.

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 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



Skincare consultation service

1973) with the aim of bringing back their smiling faces and mental vitality. This program is carried out in a warm, comfortable atmosphere in which local staff members carefully explain various aspects of makeup application, such as how to draw natural eyebrows (after previous ones were lost due to treatment side effects) and help patients 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. Local staff also reaffirmed the "power of cosmetics" and sensed how meaningful this activity was by witnessing the delight of the patients. This program was held approximately 1-2 times per month in 2009 (24 participants as of July 2009), and we will continue actively promoting this program in the future. (Sponsoring body: Italian Association of Cosmetic Industries (UNIPRO))



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

Initiatives in the United States and Canada

ZOTOS INTERNATIONAL, INC. Recognized in the U.S. for Social Contribution Activities

Sara Jones, manager in charge of the Joico haircare brand products sold by Shiseido affiliate ZOTOS INTERNATIONAL, INC. (hereinafter, "ZOTOS"), which supplies salon products in the United States and worldwide, has been selected to receive the 2011 Spirit of Life Award by City of Hope, a medical center focusing on cancer, HIV, and diabetes treatment and research. City of Hope is an active contributor to progress in advanced medicine and pharmaceutical development.

In addition to establishing a charitable organization under the City of Hope umbrella and pursuing an aggressive program of social contribution activities, the salon industry in the U.S. selects one person of merit each year to receive the Spirit of Life Award.

This year's award honors Jones for a wide range of service, including her ongoing involvement in social contribution activities since first joining the salon industry as a hairdresser, her



Comment from award recipient Sara Jones:
"City of Hope is a groundbreaking facility for compassionate care and pioneering research," Jones says. "At Joico, we never stop seeking out new ideas for attaining healthy, beautiful hair. The team at City of Hope never stops seeking out ideas for recovering beautifully healthy lives. Together, I believe we can make an important difference in the lives of beauty industry professionals, salon clients and women everywhere, and I am thrilled to be this year's Spirit of Life honoree."

participation in the ZOTOS employee pink ribbon program, and her role in developing Joico brand promotions linked to Beauty for a Cure's campaign to eradicate breast cancer.

An award ceremony has been scheduled during Professional Beauty Association Week, a nationwide salon industry event that will be held in July 2011.

ZOTOS is collaborating with Shiseido Americas Corporation to offer a special SHISEIDO Lip Gloss in commemoration of Jones's award. The two companies will donate all proceeds to City of Hope as part of their continued commitment to supporting research and development in the areas of patient treatment, medical technology, and pharmaceuticals.



A volunteer event organized by Zotos employees to prevent breast cancer

Disaster support activities

Great East Japan Earthquake

The Great East Japan Earthquake in March damaged Shiseido's offices and factories, clients and business partners. In accordance with our Business Continuity Plan III, immediately after the earthquake, Shiseido established the Headquarters for Emergency Disaster Response at our head office to determine damage and set up an organization to maintain continuous product supply. At the same time, we initiated support activities in affected areas.

In addition to donating ¥100 million as relief money soon after the earthquake disaster, Shiseido provided 200,000 Shiseido products free of cost as relief supplies, including FRESSY Dry Shampoo (does not require water), in response to many requests from affected areas. Shiseido also delivered to evacuation centers 30,000 packages, each containing such basic cosmetics as skin lotion and makeup products, and promoted donation activities. Shiseido Group employees, including domestic employees, have voluntarily donated money through the Shiseido Social Contribution Club - Camellia Fund, which supports social contribution activities. Money was also raised from Shiseido Group companies and their employees overseas.

Despite the damage to production facilities at the Kuki Factory, production was restored in two weeks and the factory resumed operations. We are addressing power shortages by changing factory working days and hours or shifting production to other factories. Furthermore, although we are impacted in our ability to procure certain ingredients and raw materials from business partners affected by the disaster, Shiseido is supporting the recovery of suppliers and pursuing alternative procurement.

Click here for more information about
Shiseido Aid Initiatives in the Wake of the Great East Japan Earthquake

✦ [Shiseido Aid Initiatives in the Wake of the Great East Japan Earthquake \(top page\)](#)

Floods in Pakistan and Gansu Province, China

Most recently, contributions from employees were donated to recovery efforts in areas affected by flooding that occurred at the end of July and early August 2010 in Pakistan and Gansu Province, China. The money was delivered on October 28 to the NPO Japan Platform (JPF) and to the Japanese Red Cross Society.

- To JPF: ¥1,504,000 (donated by 3,008 persons) for flood relief in Pakistan

- To the Japanese Red Cross Society: ¥1,464,000 (donated by 2,928 persons) for flood relief in Gansu Province, China

In addition to the distribution of food and daily necessities and provision of medical support, the money will be used for a wide range of ongoing activities, including the distribution of food (rice, cooking oil, etc.) and daily necessities (winter clothes, detergent, etc.) to disaster victims, medical team rescue and relief operations, and response and recovery (lifeline) activities.

Shiseido would like to extend our deepest condolences to people who lost family and friends as well as to convey our deepest sympathy to all victims and our hope for their swift recovery.



Japan Platform



The Japanese Red Cross Society

Shiseido Makes Donations in Support of Flood Disaster in the Federative Republic of Brazil

Based on the Overseas Disaster Support Guidelines, Shiseido decided to make a donation in the wake of the disaster caused by the heavy rains that struck the southeastern area of the state of Rio de Janeiro and other areas in January. Corporate Officer Shoji Takahashi, responsible for the Americas, visited the Embassy of the Federative Republic of Brazil in Japan on March 3 and presented a donation of ¥2 million on behalf of Shiseido to Ambassador Marcos Bezerra Abbott Galvao. The Ambassador expressed his sincere thanks and appreciation for Shiseido's strong support.

Additionally, a total of ¥1,656,500 (relief aid donated by 3,313 persons), which was solicited from Shiseido employees, was presented to the nonprofit organization Japan Platform.



Presenting donation to Brazilian Ambassador to Japan



Presenting donation at JPF

Qinghai Earthquake

A 7.1-magnitude earthquake struck Qinghai Province in China on April 14 at 8:49 a.m., Japan time. It has been reported that the death toll has reached 2,183, with 84 persons missing and 12,135 injured as of April 22.

On April 15, the day after the earthquake occurred, Shiseido Company, Limited donated ¥5 million to the Chinese Embassy in Japan to be used for relief activities in aiding disaster victims. Additionally, a total of ¥3.92 million was donated from respective local subsidiaries in China, including ¥1.96 million from Shiseido China Co., Ltd. (Shanghai), ¥1.76 million from Shiseido Liyuan Cosmetics Co., Ltd. (Beijing), ¥130,000 from Shanghai Zotos Citic Cosmetics Co., Ltd. (Shanghai) and ¥70,000 from Shiseido China Research Center Co., Ltd.

Donations also are being solicited from employees via [the Camellia Fund](#) and respective local subsidiaries in China.

Shiseido Company, Limited has previously contributed to disaster support for Hurricane Katrina in the United States in September 2005 (¥11 million), the Kashmir Earthquake in Pakistan earthquake in October 2005 (¥2 million), the Central Java Earthquake in Indonesia in May 2006 (¥1 million) and the Great Sichuan Earthquake in China in May 2008 (¥10 million).

Shiseido would like to extend our deepest condolences to people who lost family and friends as well as convey our deepest sympathy to disaster victims and hopes for a swift recovery.

Regional Development (Employment Creation, Technology Development, etc.)

Joint Activities with IV-JAPAN for Supporting the Independence of Women in Laos

Shiseido has been supporting [International Cooperation NGO IV-JAPAN](#) (Representative Sachiko Tominaga) since 2001 with the aim of supporting independence of women.

Activities of IV-JAPAN are based in Vientiane, the capital of Laos, at a professional training school to support the independence of Laotian women and young people who are unemployed and have no educational opportunities. In this respect, Shiseido supports various initiatives including donating funds for inaugurating a Hairstyling and Cosmetics Course to learn haircut and massage skills (2002), as well as providing software for curriculum details, management, sales and services, and supporting plans for free dormitories for students from throughout the nation. Additionally, two former Shiseido employees visited Vientiane as instructors in order to conduct customer service and Japanese language lessons, thereby providing guidance on omotenashi, or the "spirit of hospitality" while accepting home stays for Laotian trainees. In such ways, the field of activities continues to expand.

Moreover, the Professional Business Operations Division provides expenses for sending Thai hairstylists, whose culture and customs are close to those of the Laotian people, in cooperation with Shiseido's joint partner O.C.C. PUBLIC COMPANY LIMITED. Additionally, Shiseido employees and former female employees are voluntarily holding folk dance fashion shows in Japan to raise activity funds. Employees who volunteered have been taking part as models for folk dance fashion shows since 2003 and seven employees' children have also appeared onstage in 2008, to the excitement of audiences. This scope of activity is expanding, with more than 50 employees having participated in the event to date.

A positive report from local staff notes, "We are achieving results, including a 70% ratio of graduates who started their own businesses or found work by utilizing acquired skills, as well as an increase in cases of graduates handling household finances."



Hairstyling and Cosmetics Course at the professional training school



Applying newly acquired haircutting skills on volunteers at a village elementary school

Employee-led "Social Contribution Club" Activities

In order to heighten employee awareness toward social contribution with the aim of putting into practice "[Toward Society and the Earth](#)," which is stated under the employee action standards "Our Way," Shiseido is striving to create a corporate culture in which each and every employee has a perspective toward resolving social issues.

To provide an outlet for the kind of employee who thinks "I'm willing to do something to help society but I don't know what to do," Shiseido established the Social Contribution Club for all employees of the domestic Group companies. The Social Contribution Club is designated for the purposes of individual social contribution through a company and developing donation and volunteer activities.

Camellia Fund

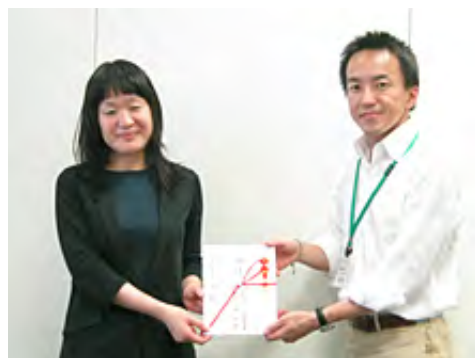
The Camellia Fund, an employee organization designed to encourage social contributions, was founded in 2005. Group employees who share its goals make monthly contributions from their salaries to sound, transparent groups selected from the three standpoints of improvement regarding social issues affecting women, improvement in quality of life through cosmetics and global environmental conservation. Administered by employees who either volunteer or are recommended by their peers, the organization also makes decisions on collecting donations from employees in the event of natural disasters.

In addition to current employees, participation by employees who have reached Shiseido's mandatory retirement age is welcomed, as is participation by shareholders who elect to enroll in the Support for Global Environment Protection Activity benefit program. Shiseido also donates money and other items to aid recipients in proportion to Camellia Fund contributions. In fiscal 2009, ¥3,925 thousand in shareholder contributions was donated to WWF Japan (World Wide Fund for Nature).

On June 6, 2011 a donation presentation ceremony of the Camellia Fund was held at Shiseido's Shiodome Office. Donations collected during the second half of fiscal 2010 were presented to eight organizations on the day of the ceremony. During the event, in addition to



Presentation ceremony of the donations collected via the Camellia Fund for the second half of fiscal 2010
Presented by steering committee member Ms. Iwamatsu (right) to Ms. Kojima (left) of the United Nations High Commissioner for Refugees



Presentation ceremony of the donations collected via the Camellia Fund for the second half of fiscal 2010
Presented by steering committee member Mr. Kinumaki (right) to Ms. Nishiguchi (left) of Save the Children Japan

expressing their appreciation, representatives of respective recipient organizations also reported on the achievements of their activities in fiscal 2010 and future plans regarding the use of contributions.

Listening directly to various parties involved in activities conducted by respective organizations enables Shiseido employees to better understand each activity and presents valuable opportunities to recognize their importance. Steering committee members' comments included "I was moved by the serious situation in Japan and the world," "As an employee representative, I want to properly evaluate and select recipient organizations," and "I would also like to consider workplace activities to enhance the degree to recognition of the fund."

■ Working with Organizations that Receive Support from the Camellia Fund

Holding of Nature Observation Session at Shinjuku Gyoen

On November 28, 2010, the Nature Observation Session was held at the Shinjuku Gyoen National Garden in Tokyo. The event organized as a cooperative program with The Nature Conservation Society of Japan (NACS-J) was participated by 44 people, including Shiseido employees and their families.

The Nature Observation Session is an environmental education initiative conducted by nature observation instructors who are approved by the NACS-J. The aim of the session is to come in contact with nature's various signs around you while listening to explanations about and learning how to observe nature, thereby enjoying the discovery and suggesting action to protect nature.

The late autumn weather was warm, comfortable and clear. Following the opening remarks by Camellia Fund steering committee member Mr./Ms. Fujii, participants were divided into groups of 7-9 people and walked with nature observation instructors around Shinjuku Gyoen for about two hours. Participants learned how to identify edible acorns, tasted honey on the camellia sasanquas flower center and enjoyed nature using five senses.

In closing, General Manager Hirose of NACS-J explained the use of donations collected through the Camellia Fund. Comments from participating employees included: "Explanations by nature observation instructors were interesting and enabled me to recognize that there are many things that I don't know about the nature nearby" and "It was worthwhile since I was able to discover various things and learn about the role of ecosystems again."



The group photo



Participants eagerly listening to a nature observation instructor



Children walking with nature observation instructors

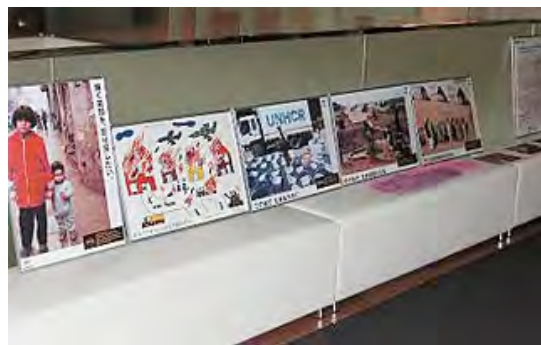
Holding the Refugee Film Festival, a special movie screening for employees

On July 29, 2010, 73 employees participated in the Refugee Film Festival, a special movie screening for employees held at the Shiodome Office in conjunction with the United Nations High Commissioner for Refugees (Japan for UNHCR), one of the organizations that receives support from the Camellia Fund. The event, which is the second of its kind in two years, was conceived to promote deeper knowledge of refugee issues, an area of global concern, and to create opportunities for employees to think about and pursue community service.

The screening of a documentary about refugees was preceded by a lecture by Yumiko Takashima, Executive Director of Japan for UNHCR. Ms. Takashima discussed how donations from the Camellia Fund are being put to use, as well as the environment in which refugees worldwide find themselves today, describing her experiences providing direct assistance to refugees in such locations as Sudan, East Timor, Myanmar, Afghanistan, and Kenya. Employees attending the event expressed gratitude for the opportunity to learn more about refugee issues. In the words of one participant, "I was shocked to discover the heroic efforts being made by some of these people, which I wouldn't even have imagined before seeing the film." Said another, "I gained a new understanding of the importance of knowledge and of acting on that knowledge. I'm looking forward to doing what I can in my own life, for example by communicating these issues to those around me."



Yumiko Takashima,
Executive Director of Japan for UNHCR,
giving her lecture



Displays outside the venue introducing
various support activities being
undertaken by the Camellia Fund

Holding the XP Patient Seminar and Volunteer Activity to Take Care of Children

On April 10, 2010, a general meeting of the XP Tsukushinbo Group, a parent/patient association of the Japanese National Network of Xeroderma Pigmentosum (XP), which is supported by the Camellia Fund, was held at Amity Maishima in Osaka. On this day, Shiseido employees participated as volunteers and a seminar was conducted for XP patients and their families regarding "how to use suncare cosmetics" by members in charge of the seminar from the Kinki Branch Office of Shiseido Sales Co., Ltd. and Area Sales Department of Shiseido Company, Limited.

Shiseido initially held a seminar for XP patients and their families, for whom sun cream is an essential product, in 2007. For the fourth such event, the seminar was held in Osaka for 13 XP patients and their families. Participants were able to actually experience correct ways to apply and remove suncare cosmetics by using sunscreen and cleansing products, address various daily concerns and receive advice.

Shiseido employees who participated in the volunteer activity played with and took care of children afflicted with XP while their guardians attended the general meeting.

Various favorable comments from participants included: "It made a big difference that the seminar enabled us to actually take cosmetic items in our hands and try them rather than just listening. I was able to learn many things." "Since the staff slowly and carefully explained things, I was able to thoroughly check the ways that I had previously applied cream on my own."

Shiseido has been supporting XP patients through monetary donations and suncare cosmetics<*> since fiscal 2000. Shiseido also began soliciting employee donations from fiscal 2005 as one of the organizations supported by the Camellia Fund, as well as has been carrying out other initiatives to assist all XP patients by organizing volunteer activities and seminars.

* Products include Anessa, 2e, Sunmedic and Avene brands (Maruho Co., Ltd. is also cooperating by launching the 2e brand products that are manufactured by Shiseido.)



"How to use sunscreen" seminar
Conducted by Ms. Teruko Haraguchi,
Kinki Branch Office, Shiseido Sales Co., Ltd. (center)



Introducing sunscreen cream application and
removal by separating into small groups

Eight Support Group of Camellia Fund for Fiscal 2011

United Nations Entity for Gender Equality and the Empowerment of Women (Japan National Committee for UN Women)

United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) is a United Nations organization that was established on January 1, 2011 by integrating four United Nations organizations, including UN Women, and is dedicated to gender equality and the empowerment of women. The Japan National Committee for UN Women collects donations from the private sector and sends them to UN Women, also supporting various projects aimed at realizing the empowerment of women and gender equality.

Donations are used to fund computer and English education so that Afghan women can acquire basic skills to become economically independent.



United Nations High Commissioner for Refugees (Japan for UNHCR)

Japan for UNHCR, the official Japanese support arm of the United Nations High Commissioner for Refugees (UNHCR), is responsible for offering assistance to refugees and conducting public relations and fundraising activities. In refugee camps in Nepal, where Bhutanese refugees are taking shelter, female refugees are earning cash income by making sanitary towels from cloth, as one of the ways in which UNHCR supports their acquisition of skills to become independent.

Donations are used to support female Bhutanese refugees' businesses making sanitary products.



©UNHCR

All Japan Women's Shelter Net

All Japan Women's Shelter Net is a network of private support organizations nationwide that support women and children who are victims of domestic and sexual violence. All Japan Women's Shelter Net is developing long-term activities together with women and children who have escaped from such violence to rebuild their lives. Donations are used to help such individuals trying to make a fresh start despite their severe situations.



Save the Children Japan

Save the Children is an international support organization offering assistance to children. Founded in 1919 in the United Kingdom, Save the Children currently promotes activities in more than 120 countries worldwide to protect children's lives and rights, including those regarding education, nutrition, health maintenance and protection from violence and abuse.

Donations are used for improving the nutrition of mothers and children with an emphasis on breastfeeding without supplements, aiming to improve the health of children five years old and younger in Myanmar.



©SCJ

Shiseido Social Welfare Foundation

Over the past 38 years since its foundation, the Shiseido Social Welfare Foundation has been promoting various welfare projects for children and women who are raising children. There are more than 30,000 children in Japan who grew up in children's homes or foster homes as a result of difficult experiences such as child abuse, divorce or breakup of the family. Among these children, the foundation provides scholarships for outstanding high school students who wish to attend university or other educational institutions and aim at being involved in the child welfare field. Also, childcare information is provided in conjunction with child and family support centers nationwide for young parents who are raising children. Donations are being used for such initiatives.



Note: Shiseido Social Welfare Foundation was approved as a public interest cooperative in April 2010.

Japanese National Network of Xeroderma Pigmentosum (XP)

The Japanese National Network of Xeroderma Pigmentosum (XP) is a parent/patient association dealing with XP. Patients with XP, an incurable disease, have a high probability of developing skin cancer after their skin is exposed to ultraviolet (UV) rays. Many patients also exhibit progressive neurological symptoms. The association enables information exchange to slow the progress of the disease by preventing exposure to UV rays through, for example, using sunscreen and protective clothing. Donations are used for UV protection items such as UV-blocking fabric/film for protective clothing, as well as study groups and enlightenment activities.



WWF Japan (World Wide Fund for Nature)

World Wide Fund for Nature (WWF) is a global environment conservation organization promoting activities in approximately 100 countries worldwide.

Tropical rainforests in Sumatra, Indonesia, are rapidly shrinking due to large-scale logging and raw material harvesting to develop paper pulp, palm oil and other resources. As a result, habitats for wild animals such as elephants and tigers are shrinking, leading to more accidents and conflicts between such animals and neighboring residents. Donations support the fund's conservation activities for expanding patrols and protected areas to prevent such encounters from occurring.



©WWF

The Nature Conservation Society of Japan (NACS-J)

The Nature Conservation Society of Japan (NACS-J) is a non-governmental organization (NGO) committed to protecting Japan's rich nature and biodiversity. For more than half a century, the organization has been promoting activities together with people who admire nature to protect Japan's world-class nature, including coral reefs in Oze, Ogasawara and Okinawa.

Many supporters are still needed to hand down this legacy of nature to children in the future. Donations are used to develop nature observation instructors who will be protecting nature in various regions.



■ Employee Support Activities in Times of Disaster

The Camellia Fund is calling for donations and relief money from domestic employees in times of disaster. Donations are presented via the non-profit organization (NPO) Japan Platform to people who are affected by disasters. Moreover, the donations are used for support activities that include distribution of food and daily necessities, medical teams' rescue and save activities and lifeline recovery activity. Relief funds are directly presented to disaster victims as consolation payments through the Japanese Red Cross.

* Click [here](#) for presentation details about relief funds.



Presented to Japan Platform



Presented to Japanese Red Cross

TOPICS

Volunteer Activity by Collecting Various Items

Shiseido is implementing activities to support pregnant and parturient women and providing educational assistance for children in developing countries by collecting various items such as used stamps, miswritten postcards, coins and notes. This activity, which was formerly conducted by respective departments, was integrated from 2005 and has expanded into a company-wide initiative. In addition to volunteer activity that enables everyone to easily take part basically at any time anywhere throughout the year, we are also conducting campaigns twice a year.

Collected used stamps are used for various purposes via the Japanese Organization for International Cooperation in Family Planning, including payment of recycled bicycle shipping costs and activities (White Ribbon Campaign) to save lives of mothers and babies in developing countries. Also, miswritten postcards, coins, notes and other items are used for the Darunee Scholarship Fund via the Education for Development Foundation to support children in Thailand, Laos and Cambodia.

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 132 days were utilized under this system in fiscal 2010, in which 126 participants took this time to hone their skills 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 and their families as well as retired employees by supplying products such as shampoo and hand soap to facilities and initiatives. In the fiscal year ended March 2011, 23 activities occurred through this program.

[Home](#) > [Shiseido Aid Initiatives in the Wake of the Great East Japan Earthquake](#)

Shiseido Aid Initiatives in the Wake of the Great East Japan Earthquake, In 2012

Shiseido Co., Ltd. extends its heartfelt sympathies and deepest condolences to the people affected by the Great East Japan Earthquake.

The Shiseido Group has been implementing various support including Beauty Support activities.

In 2012, Shiseido is providing activities mainly on the following initiatives as what can be useful at moment.

✦ [More information about Shiseido activities in 2011 and its aid activities in disaster hit areas](#)

MIRAI-TSUBAKI Project

In MIRAI-TSUBAKI Project, Shiseido would like to express our gratitude to our customers and societies for their kind support for 140 years through our employees' participation in social contributing activities in return. Particularly, some activities in an effort to help support in the wake of the Great East Japan Earthquake hit areas include " beauty support activities to those areas or those evacuated far from their home ", " next generation activities to junior and senior high school students " and " activities in coastal areas under the influence of environmental conditions ".



MIRAI-TSUBAKI Project

✦ [More details of activities in MIRAI-TSUBAKI Project](#)

BALLOONS OF COLORFUL HOPES

Shiseido's hair makeup artists and creators in the Advertising Creation department have set up this exhibition, introducing many paintings and compositions coming from children in Fukushima.

Upholding the title of "BALLOONS OF COLORFUL HOPES", Shiseido is proactively contributing to such activities, expecting to convey the hopes and dreams of those children to nationwide Japan just like inflated balloons flying in the sky.

The event held in Iwaki Business Innovation Center from 21th to 25th December, 2012.

~ The exhibition was held under the auspices of Shiseido and Mainichi Daily News, both of which marked the 140th anniversary since their foundation ~



Website to BALLOONS OF COLORFUL HOPES



◆ More Information about activities at "BALLOONS OF COLORFUL HOPES" (Japanese only)

Shiseido Beauty Support activities in Japan Women's Conference in Sendai 2012

Shiseido introduced its aid activities which were provided in disaster affected Northeast Japan, in "Japan Women's Conference in Sendai 2012" * held at Sendai International Center from 26th Fri to 27th Sat, October 2012.

In the venue, totaling 11 beauty consultants from The Tohoku Branch of Shiseido Sales Co., Ltd presented hand massage service performances which actually had been provided women in evacuation shelters and temporary housing in disaster hit areas, sharing the their effort to recover their living as well as experiences of dispatched employees themselves. Thus, we are happy to announce that participants in the conference were convinced that "there is the power in makeup to revitalize



Shiseido Beauty Consultants providing hand massage services

people's mind and heart". In addition, 4 of Shiseido's Top Beauty Specialists exhibited their totaling 18 works in 4 sections such as the entrance and main halls. They presented newly created works under the theme of " One Step Toward Tomorrow, the Power of Hope " and their photo works exhibited in a photo show held in Sendai January, 2012.

* Japan Women's Conference has been held since 1984, as one of the biggest female annual symposiums with its venue taking turn among cities nationwide, in an effort to realize the improvement of women's status and Gender Equal Society. Agenda discussed in the Sendai conference this year includes the revival from the Great Northeast Earthquake from women's perspective and the pursuit of how disaster prevention should be.



Works exhibited by Shiseido's Top Beauty Specialists

Activity Results Data

Data detailing Shiseido's CSR and environmental activities is available.

Social Activity-Related Data

Area	Item		Indicator	Unit	FY2011	FY2012	Scope
Women and cosmetics (Beauty)	SHISEIDO LIFE QUALITY BEAUTY PROGRAM	LIFE QUALITY BEAUTY CENTER	Number of countries and regions (Number of facilities (locations)) (*1)	Country, Region (Locations)	3 (4)	3 (5)	Japan and overseas
			Number of users	Person	1,479	1,660	Japan and overseas
		LIFE QUALITY BEAUTY SEMINAR	Total seminars held	Times	3,095	2,864	Japan and overseas
			Total participants	Person	47,919	43,946	Japan and overseas
			Number of Beauty volunteer's participating *1: Total participants	Person	3,515	2,697	Japan
	Shiseido Children's Seminar (*2)		Number of attendees (*2)	Person	810	1,432	Japan
	Shiseido Running Club	Running Lesson Number of times held	Times	2	3	Japan	
		Outside lecture Number of times held	Times	2	6	Japan	
	Shiseido Female Researcher Science Grant		Number of grant recipientsrecipients	Person	10	10	Japan
	Culture	Shiseido Corporate Museum		Number of times planned exhibition held	Exhibits	2	3
Shiseido Gallery		Exhibits	7		5	Japan	
Shiseido Art House		Exhibits	4		4	Japan	
Employee Social Contribution	Shiseido Camellia Fund (*3)		Monthly number of pledge Pledge (*3)	Pledge	12,589	15,527	Japan

1. Beauty volunteer: Retired beauty consultants who provide activity support.

2. Shiseido Children's Seminar: Seminar for children reaching early adolescence when their skin goes through changes. Information and instruction about skin and cleanliness as well as proper skincare are provided in the seminar.

(Note) 3. Shiseido Camellia Fund: Employees make donation from their wages and voluntarily participate in support activities. There are currently nine support groups.

*1 Tokyo, Shanghai, Taipei, Kaohsiung; established in Hong Kong in April 2011.

*2 For elementary school children in the fifth and sixth grades

*3 1 pledge = ¥100; pledge totals for March

Personnel Related Data

Human Rights Enlightenment and Corporate Ethics Training

Target: Japan and overseas managers

	FY2010	FY2011
Training theme	ISO26000	Creation of human rights
Number of times held	1	1
Time (/one occasion)	1 hour	1 hour
Participants	327 persons	320 persons

Domestic Employee Training

Target: Domestic Group employees in Japan

	FY2010	FY2011
Training theme	Power harassment and communication	Harassment
Number of times held	2	2
Time (/one occasion)	30 minutes	15 minutes
Participants	22,700 persons	22,000 persons

* Number of participants refers to the number who participate per training (including e-Learning and learning through text materials)

Number of Shiseido Group Employees

		April 1, 2010 (Ratio)			April 1, 2011 (Ratio)		
		Total	Male	Female	Total	Male	Female
Total		45,780 (100%)	—	—	47,590 (100%)	—	—
	Employees	32,585 (71.2%)	—	—	33,501 (70.4%)	—	—
	Fixed-term contact employee	13,195 (28.8%)	—	—	14,089 (29.6%)	—	—
Shiseido Group (Japan)		25,636 (56.0%)	4,404 (17.2%)	21,232 (82.8%)	25,752 (54.1%)	4,401 (17.1%)	21,351 (82.9%)
	Employees	15,867 (34.7%)	3,728 (23.5%)	12,139 (82.8%)	15,854 (33.3%)	3,648 (23.0%)	12,206 (77.0%)
	Fixed-term contact employee	9,769 (21.3%)	676 (6.9%)	9,093 (93.1%)	9,898 (20.8%)	753 (7.6%)	9,145 (92.4%)
Overseas		20,144 (44.0%)	—	—	21,838 (45.9%)	—	—
	Employees	16,718 (36.5%)	—	—	17,647 (37.1%)	—	—
	Fixed-term contact employee	3,426 (7.5%)	—	—	4,191 (8.8%)	—	—

Number of Employees by Region

	April 1, 2011 (Ratio)			April 1, 2012 (Ratio)		
	Total	Male	Female	Total	Male	Female
Total	45,780 (100%)	—	—	47,590 (100%)	—	—
Japan	25,636 (56.0%)	4,404人 (17.2%)	21,232人 (82.8%)	25,752 (54.1%)	4,401 (17.1%)	21,351 (82.9%)
Overseas	20,144 (44.0%)	/	/	21,838 (45.9%)	/	/
Europe	2,883 (6.3%)			3,037 (6.4%)		
America	4,946 (10.8%)			5,619 (11.8%)		
Asia・Oceania	12,315 (26.9%)			13,182 (27.7%)		
China	9,486 (20.7%)			10,077 (21.2%)		
Employees	32,585 (71.2%)	—	—	33,501 (70.4%)	—	—
Japan	15,867 (48.7%)	3,728 (23.5%)	12,139 (76.5%)	15,864 (47.3%)	3,648 (23.0%)	12,206 (77.0%)
Overseas	16,718 (51.3%)	11,355 (34.9%)	/	17,647 (52.7%)	/	/
Europe	2,331 (7.2%)			2,403 (7.2%)		
America	3,032 (9.3%)			3,262 (9.7%)		
Asia・Oceania	11,268 (34.6%)			11,982 (35.8%)		
China	8,925 (27.4%)			9,299 (27.8%)		
Fixed-term contact employee	13,195 (28.8%)	—	—	14,089 (29.6%)	—	—
Japan	9,769 (74.0%)	676 (6.9%)	9,093 (93.1%)	9,898 (70.3%)	753 (7.6%)	9,145 (92.4%)
Overseas	3,426 (26.0%)	960 (7.3%)	/	4,191 (29.7%)	/	/
Europe	552 (4.9%)			634 (4.5%)		
America	1,914 (14.5%)			2,357 (16.7%)		
Asia・Oceania	940 (7.1%)			1,200 (8.5%)		
China	561 (4.6%)			778 (5.5%)		

Ratio of Non-Japanese Directors in Overseas Affiliated Companies

	April 1, 2011	April 1, 2012
Overseas Group	52.6%	49.2%

* Non-Japanese directors at the head office who concurrently hold posts at overseas subsidiaries are counted as local directors overseas.

* Directors who are hold positions as directors in multiple companies will also be included.

Ratio of Male and Female Leaders

	April 1, 2011			April 1, 2012		
	Total	Male	Female	Total	Male	Female
Total leaders	2,596	1,506	1,090	2,637	1,479	1,158
Japan	1,098	854	244	1,088	839	249
Overseas	1,498	652	846	1,549	640	909
Europe	273	136	137	298	138	160
America	647	204	443	643	190	453
Asia	561	304	257	608	312	296
China	374	207	167	401	210	191
Ratio of leaders	100%	58.0%	42.0%	100%	56.1%	43.9%
Japan	42.3%	77.8%	22.2%	41.3%	77.1%	22.9%
Overseas	57.7%	43.5%	56.5%	58.7%	41.3%	58.7%
Europe	10.5%	49.8%	50.2%	11.3%	46.3%	53.7%
America	24.9%	31.5%	68.5%	24.4%	29.5%	70.5%
Asia	21.6%	54.2%	45.8%	23.1%	51.3%	48.7%
China	14.4%	55.3%	44.7%	15.2%	52.4%	47.6%

* Numbers of leaders in Japan and overseas as of April 1, 2011 and December 31, 2010, respectively.

* Overseas leaders refer to personnel in managerial positions (manager or higher).

Ratio of Physically -challenged employees

	FY2010	FY2011
Shiseido Company Limited	3.02%	2.81%
Domestic Shiseido Group	1.83%	1.90%

* Data as of June 30 of respective years.

Number of employees who used system of rehired after retirement

	April 1, 2011	April 1, 2012
Shiseido Group employee in Japan	136	181

Number of employees who used childcare leave and child-rearing work hour systems and number of Kangaroo Staff

	FY2010 (Ratio)	FY2011 (Ratio)
Childcare leave (Including short-term childcare leave)	1,218 (4.72%)	1,321 (5.15%)
Male	17 (0.07%)	15 (0.06%)
Female	1,201 (4.65%)	1,306 (5.09%)
Child-rearing work hours	1,415 (5.48%)	1,681 (6.56%)
Male	3 (0.01%)	5 (0.02%)
Female	1,412 (5.47%)	1,676 (6.54%)
Beauty Consultants taking time off for childcare	924	1,025
Male	0	0
Female	924	1,025
Kangaroo Staff	1,417	1,534

* Shiseido Group in Japan

* Acquisition rate of childcare leave (work hours) = Number of persons taking childcare leave (work hours) / Number of domestic employees at the beginning of term x 100

* All employees (included fixed-term contact employee)

Number of employees who used nursing care leave and nursing care work hour systems

	FY2010 (Ratio)	FY2011 (Ratio)
Nursing care leave	33 (0.13%)	24 (0.09%)
Male	4 (0.02%)	1 (0.00%)
Female	29 (0.11%)	23 (0.09%)
Nursing care work hours	21 (0.08%)	18 (0.07%)
Male	0 (0%)	0 (0%)
Female	21 (0.08%)	18 (0.07%)

* Shiseido Group in Japan

* All employees (included fixed-term contact employee)

* Acquisition rate of nursing care leave (work hours) = Number of persons taking nursing care leave (work hours) / Number of domestic employees at the beginning of term x 100

Working hours / Rate of taking paid holidays

	Target	FY2010	FY2011
Total annual hours worked /person	Below previous year	/	/
Shiseido Company Limited		1,897.4	1,876.6
Group employee in Japan		1,812.8	1,813.5
Annual designated hours worked (Japan)	/	1,844.5	1,852.25
Average designated overtime hours worked /person	Below previous year	/	/
Shiseido Company Limited		215.9	188.3
Group employee in Japan		83.15	87.6
Acquisition rate of paid leave/year	60% or over	/	/
Shiseido Company Limited		70.4%	71.1%
Group employee in Japan		49.0%	49.7%

* Personnel in sales positions are adopting flexible working hour system

Entrance pay

Newly employed in April in 2012 : in case a worker's service area is located in Tokyo Metropolitan and 23 districts.

Category	allowance
A person with doctoral course	monthly salary 247,580yen
A person with master's degree	monthly salary 219,770yen
A college(university) graduate	monthly salary 205,710yen
A graduate from a technical college	monthly salary 186,300yen

* In any case, a service area allowance, 9000yen (amount of an allowance is different by one's service area) is included.

Number of employees who used short working hour system

	FY2010 (Ratio)	FY2011 (Ratio)
Japan	1,436 (5.50%)	1,705 (6.65%)
Male	3 (0.01%)	5 (0.02%)
Female	1,433 (5.55%)	1,700 (6.63%)

* Personnel using short working hours refers to those who are acquiring childcare work hours and nursing care work hours.

* All employees (included fixed-term contact employee)

* Acquisition rate of short working hours = Number of persons taking short working hours/Number of domestic employees at the beginning of term x 100

Number of Qualified Personnel for Ecole Shiseido

	FY2010 (Ratio)	FY2011 (Ratio)
Japan	13,569 (52.9%)	13,674 (53.1%)

* Scope comprised of personnel in managerial, general, BC positions (excluding directors)

Number of Work-related Accidents

	FY2010	FY2011
Japan (Company)	13	14
Service is provided in in-house factories・companies under business consignment	7	1
Overseas (Company)	149	173

* Number of work-related accidents that accompanied suspension of operations.

* Number of work-related accidents at business partners consigned by domestic factories is the number of accidents reported at business partners on consignment.

Business accident severity rate

	FY2010	FY2011
Number of work-related accidents	13	14
Accident severity rate	0.005	0.014

* Number of work-related accidents in Shiseido Group in Japan

* Accident severity rate = Number of days lost due to work-related accidents/Total hours worked x 1,000

Job Turnover Rate

	FY2010	FY2011
Shiseido Group in Japan	1.7%	2.1%
Reason of marriage, maternity, child care	/	0.08%
Shiseido Sales CO., Ltd.	2.0%	2.0%
Reason of marriage, maternity, child care	/	0.22%

* Target of domestic Group personnel in Japan: Managers and general personnel

* Target of Shiseido Sales Co., Ltd.: Beauty Consultants only (excluding fixed-term contract employees)

The reinstatement rate and the stability rate of the work office after one's maternity leave and childcare leave

		2010	2011
The reinstatement rate	Shiseido Group companies in Japan	/	97.8%
	Shiseido Sales Co., Ltd.	/	93.4%
The stability rate of the work office	Shiseido Group Companies in Japan	/	100%
	Shiseido Sales Co., Ltd.	/	96.9%

Lost time incident (LTI) rate and lost time injury rate (LTIER) rate

	FY2010	FY2011
LTI	0.067	0.071
LTIER	8.48	22.16

* Lost time incident rate and lost time injury rate for Shiseido Group in Japan

* Lost time incident (LTI) rate = Number of lost time incidents / Total hours worked x 200,000

* LTIER rate = Lost time injury rate / Total hours worked x 200,000

Number of Labor Union Members and Composition

		April 1, 2011	April 1, 2012
Shiseido Company Limited	Labor union members	2,602	2,613
	Composition (*1)	46.1%	44.5%
	Employees who will be covered by labor law	100%	100%
Shiseido Group in Japan	Labor union members	11,878	11,924
	Composition (*1)	46.3%	46.3%
	Employees who will be covered by labor law	100%	100%

* Data as of April 1 of respective years.

* Composition = Number of labor union members / Number of employees (including personnel in managerial positions and fixed-term contact employees) x 100

Average service years of employees

	April 1, 2011	April 1, 2012
Overall domestic Group	14.8	15.3
Male	17.9	18.1
Female	13.9	14.1

* All employees (included fixed-term contact employee)

Number of Employees per industrial physician and/or industrial healthcare staff

	April 1, 2011	April 1, 2012
Shiseido Company Limited	217	195.9
Domestic Group	222.9	218.3

* Definition: One industrial physician per business location to which the physician is appointed. (In cases where a business location is under contract with several full-time industrial physicians and part-time industrial physicians, physicians will all be included in the figure.)

Subsidiaries with Labor Unions

	April 1, 2011	April 1, 2011
Japan	25.0%	18.2%
Overseas	30.8%	33.3%

Environmental Activity-performance Data

Domestic

Index		Scope	FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	Production facilities	3,801	3,776	3,384
		Non-production facilities	4,646	4,525	3,484
	City gas (10,000 m ³)	Production facilities	665	583	567
		Non-production facilities	125	132	103
	LPG (t)	Production facilities	46	41	42
		Non-production facilities	0	0	0
	Fuel (kl)	Production facilities	0	0	1
		Non-production facilities	0	10	78
Output	Steam (GJ)	Non-production facilities	11,720	11,974	10,062
	Water (10,000 m ³)	Production facilities	92	85	85
		Non-production facilities	28,873	26,996	25,171
	CO ₂ (t)	Production facilities	19,331	19,077	14,960
		Non-production facilities	0	0	0
	SOx (t)	Production facilities	6	5	4
	NOx (t)		76	74	79
	Waste water (10,000 m ³)	Production facilities	13	20	17
	BOD (t)	Production facilities	27	32	29
	COD (t)		5,160	4,474	4,189
	Wast (t)	Production facilities	1,536	1,410	1,247
		Non-production facilities	100	100	100
	Recycling rate (%)	Production facilities			

Data by Domestic Production Facility

Kamakura Factory

Index		FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	736	695	573
	City gas (10,000m ³)	85	80	67
	Water (10,000m ³)	14	12	11
Output	CO ₂ (t)	4,634	4,368	3,611
	SOx (t)	0	0	0
	NOx (t)	0	0	0
	Waste water (10,000 m ³)	11	10	9
	BOD (t)	1	2	1
	COD (t)	3	3	1
	Waste (t)	667	560	420

Osaka Factory

Index		FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	788	761	710
	City gas (10,000m ³)	70	68	67
	Fuel (kl)	0	0	1
	Water (10,000m ³)	19	18	19
Output	CO ₂ (t)	4,499	4,360	4,152
	SOx (t)	0	0	0
	NOx (t)	0	0	0
	Waste water (10,000 m ³)	19	18	19
	BOD (t)	1	1	0
	COD (t)	3	3	3
	Waste (t)	1,026	909	877

Kakegawa Factory

Index		FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	1,416	1,337	1,110
	City gas (10,000m ³)	198	172	152
	Water (10,000m ³)	26	25	23
Output	CO ₂ (t)	9,630	8,772	7,492
	SOx (t)	0	0	0
	NOx (t)	2	2	1
	Waste water (10,000 m ³)	18	20	19
	BOD (t)	2	8	4
	COD (t)	4	8	6
	Waste (t)	649	614	453

Kuki Factory

Index		FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	861	983	991
	City gas (10,000m ³)	312	263	281
	LPG (t)	46	41	42
	Water (10,000m ³)	33	31	32
Output	CO ₂ (t)	10,110	9,496	9,916
	SOx (t)	0	0	0
	NOx (t)	3	2	3
	Waste water (10,000 m ³)	28	26	32
	BOD (t)	9	10	12
	COD (t)	17	19	19
	Waste (t)	2,817	2,391	2,440

Overseas

Index		Scope	FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	Production facilities	3,460	3,763	3,713
		Non-production facilities	643	670	660
	City gas (10,000 m ³)	Production facilities	326	380	425
		Non-production facilities	15	15	15
	LPG (t)	Production facilities	3	53	75
		Non-production facilities	0	0	0
	Fuel (kl)	Production facilities	37	24	2
		Non-production facilities	0	60	39
Output	Steam (t)	Production facilities	4,680	4,627	4,006
	Water (10,000 m ³)	Production facilities	37	40	45
	CO ₂ (t)	Production facilities	26,290	28,177	23,322
		Non-production facilities	2,689	2,952	2,252
	Waste (t)	Production facilities	3,358	3,313	4,071
		Non-production facilities	591	584	581
Output	Recycling rate (%)	Production facilities	87	89	80

*1 non-production facilities in Japan added a small scale office which is targeted to report its performance under energy saving law, in their targeted range.

*2 Overseas non-production facilities are main facilities only.

Data by Overseas Production Facility

Shiseido America Inc.

Index		FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	253	198	115
	City gas (10,000m ³)	34	34	36
	Water (10,000m ³)	1	1	1
Output	CO ₂ (t)	1,997	1,713	1,299
	Waste (t)	486	316	299

Davlyn Industries, Inc.

Index		FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	294	307	308
	City gas (10,000m ³)	40	38	40
	Water (10,000m ³)	4	4	4
Output	CO ₂ (t)	2,334	2,360	2,420
	Waste (t)	404	393	435

Geneva Factory, ZOTOS International, Inc.

Index		FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	965	1,013	1,079
	City gas (10,000m ³)	135	145	151
	LPG (t)	3	6	5
	Water (10,000m ³)	14	11	16
Output	CO ₂ (t)	7,800	8,251	3,923
	Waste (t)	670	784	1,777

Val de Loire Factory, Shiseido International France S.A.S.

Index		FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	410	426	420
	City gas (10,000m ³)	58	57	52
	Fuel (t)	0	0	0
	Water (10,000m ³)	3	3	3
Output	CO ₂ (t)	1,843	1,828	1,681
	Waste (t)	348	313	270

Gien Factory, Shiseido International France S.A.S.

Index		FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	476	474	459
	City gas (10,000m ³)	33	31	30
	Fuel (kl)	1	0	1
	Water (10,000m ³)	1	1	1
Output	CO ₂ (t)	1,245	1,204	1,166
	Waste (t)	802	865	598

Argenteuil Factory, Decleor

Index		FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	120	118	121
	City gas (10,000m ³)	9	10	8
	Water (10,000m ³)	1	1	1
Output	CO ₂ (t)	327	329	293
	Waste (t)	205	210	230

Shiseido Liyuan Cosmetics Co., Ltd.

Index		FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	285	259	261
	City gas (10,000m ³)	2	2	2
	Steam (t)	4,680	4,627	4,006
	Water (10,000m ³)	5	4	4
Output	CO ₂ (t)	4,459	4,180	3,981
	Waste (t)	123	97	132

Shanghai Zotos Citic Cosmetics Co., Ltd.

Index		FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	393	421	486
	City gas (10,000m ³)	21	24	30
	Water (10,000m ³)	6	7	9
Output	CO ₂ (t)	4,362	4,696	5,476
	Waste (t)	205	175	191

Chung-Li Factory, Taiwan Shiseido Co., Ltd.

Index		FY2009 Results	FY2010 Results	FY2011 Results
Input	Electric power (10,000 kWh)	182	184	171
	City gas (10,000m ³)	6	6	6
	Fuel (t)	2	1	1
	Water (10,000m ³)	2	2	2
Output	CO ₂ (t)	1,287	1,301	1,208
	Waste (t)	74	71	57

Shiseido Vietnam Inc.

Index		FY2009 Results	FY2010 Results	FY2010 Results
Input	Electric power (10,000 kWh)	—	295	293
	LPG (t)	—	47	70
	Water (10,000m ³)	—	6	4
Output	CO ₂ (t)	—	1,815	1,875
	Waste (t)	—	3	81

Engagement with stakeholders

Stakeholder Dialog

"Stakeholder Dialog under the theme of challenges based on social requirements and what is expected to Shiseido" was held



Date and time: Monday, 30th January, 2012, 10:00am~12:00

Place: meeting room at the Shiseido Shiodome office

Shiseido held its Stakeholder Dialog on the 30th January, 2012. This time, "which direction should Shiseido take ?" was discussed based on challenges emerged as a result of "Shiseido [CSR](#) Action (PDCA management to confirm the degree of implementation in social requirement issues)". Participants were representing stakeholders from each respective segment including consumers, investors, and Shiseido employees etc. They exchanged their opinions about challenges and expectations toward Shiseido viewed from transition in social trend.

Participants in the dialog

Mariko Kawaguchi,	Managing Director Head of ESG Research Department, Daiwa Institute of Research Ltd.
Koichi Nomura,	Group Manager, Planning Group Corporate Social Responsibility Department Fuji Xerox Co, Ltd.
Yoko Hayashi,	Attorney at Law, Athena Law Office
Etsuko Masuda,	Executive Director, Japan Association of Consumer Affairs Specialists
Hajime Akatsuka,	Chairman of the Central Executive, Shiseido Labor Union.

Chairman: Mitsuo Ogawa, President, Craig Consulting Corp.

Shiseido Company Limited

Michiko Achilles, Corporate Officer, Shiseido Company Limited.

Yoshihiro Shiojima, General Manager, CSR department.

Mari Kataoka, Deputy Manager, CSR department.

(total 9 participants)

■ Shiseido's challenges for CSR activities

Participants exchanged their opinions from a wide-ranging perspective, based on the result of "Shiseido CSR Action Plans" implemented in 2011 including following two points:

1. Consideration for diversified customers

Developing products easy to use even for socially vulnerable people such as the aged, disabled, and non-Japanese customers and distributing information.

2.Responding consciousness- raising activities to respect all Human Rights to meet global standards

Shiseido takes more active stance to respect Human Rights, and as a business enterprise, it is required to act with due diligence, as well as comply with laws in respective countries.

■ Opinions and proposals from participants **(arranged in the order of the Japanese syllabary)**

Mariko Kawaguchi / manager, Environment CSR Research Department, Daiwa Institute of Research Ltd.



(opinion) As an investor, I truly expect Shiseido to challenge to relate CSR to Corporate Value in a long term. As one of challenges in Japanese companies, CSR department in respective companies confronting many stakeholders fail to take good coordination with IR department facing shareholders, and they cannot share corporate principles and sense of consciousness among their employees. As a result, CSR initiative is not fully incorporated in their management performance. At present, many investors are interested in their short term performance, while executive officers are likely to expect shareholders to pursue short-term numerical results. Thus, CSR initiative which is supposed to relate to Corporate Value in a long term, is highly likely to end in superficial activities without any significant substance. I believe that Shiseido should appeal its Corporate Value to investors

with long-term perspective. For example, if Shiseido tries to be coherent with their activities regarding their CSR initiatives such as investment in SRI* funds to yield Shiseido corporate pension, it could have a significant social impact. Being a leading company as it is, I expect Shiseido to bring changes to other Japanese companies and investors. In addition, from a consumer's viewpoint, I expect Shiseido to educate customers to be independent based on cooperation with those in the industry and relevant institutions. In such commitment, Shiseido should send its message in a business-oriented manner by way of appealing the abolition of animal test in developing cosmetics products and the safety in the origin of ingredients contained in products. The challenge here is how Shiseido should relate in-depth activities including environmental initiatives to its Corporate Value, and I expect Shiseido to take certain approaches, contributing to female empowerment and improvement in female positions in newly emerging countries.

* SRI: Social Responsibility Investment: before investing their money, investors should select an ideal company to invest, considering whether or not a company plays out activities to meet Social Responsibility not only from financial viewpoint but also from the social, ethical, and environmental viewpoints.

Koichi Nomura, Group Manager, Planning Group CSR Department
Fuji Xerox Co, Ltd.



(opinion) While external environments surrounding business enterprises are drastically changing, many Japanese companies are said yet to successfully incorporate CSR initiatives in their management performance, I believe in enormous potentiality in such companies. Their biggest advantage is employees' understanding and the sense of resonance toward CSR. It is necessary for Top executive management and CSR department to continuously enlighten CSR initiatives to make penetrate through their employees. However, they should actively deliver to their employees about their customers' response to CSR initiatives and their change in awareness toward such initiatives so that their employees could fully understand CSR actions are closely related with their actual business performance. In fact such an effort might be to be the most effective way to penetrate CSR in companies. Particularly, overseas customers are much more deeply interested in CSR initiatives than expected, and once staff in sales & marketing department recognizes such fact, they are likely

to enhance their awareness toward CSR. Furthermore, when sales activities are provided contributing to overcome challenges in respective regions, local workers concerned are likely to deepen their degree of understanding about CSR, thus leading to raise their morals. In such a manner, I hope all the Shiseido employees to commit their CSR initiatives in a full scale, so that Shiseido would be trusted and loved in a regional and global scale, as a good representative of Japanese companies.

Yoko Hayashi, Attorney at Law, Athena Law Office



(opinion) I understand that CSR is the major challenge for a company, like "what kind of capitalism is a company aiming to achieve?" I recognize that CSR is corporate activities to respond to proposition of what values should be offered to every stakeholder. The companies which put the importance on CSR activities should collect cutting edge information crossing the border of the compliance issues and should take actions accordingly, shouldn't they? For example, it was recently disclosed as blunder in employment management that some company prohibited its female employee from returning to her work site after her coming back from child-care leave. Although this specific company did not necessarily violate the labor laws, the management of the company lost the case, and as a result, they significantly damaged its corporate brand. Companies are required not only just to comply with laws passively but also to take more active conduct. Regarding "protect, respect and remedy" framework, which is described in the Report of John Ruggie*, the Special Representative of the Secretary General, I truly hope Shiseido to follow the case as a leading company in CSR initiatives, thus leading to set the pace. In order for Shiseido to develop continuously, further innovation is expected.

* Ruggie Report: John Ruggie, the Special Representative of the Secretary General, UN submitted the report on the issue of human rights and transnational corporations and other enterprises to UN Human Rights Committee. The report had a significant influence over working out ISO 26000 and revision of guidelines for OECD multinational enterprises.

Etsuko Masuda, Executive Director,
Japan Association of Consumer Affairs Specialists



(opinion) While in our time, commercialized products in the market including financial products have been increasingly sophisticated, and we are seeing more troubled cases in normal transactions due to the deterioration in consumers' capability. On the other hand, more and more counterfeit consumer brand products have been seen on the market as a result of enhanced liquidity in transaction through the Internet etc. However, the reality that companies' commitment to protect and recover their severely damaged brand image is invisible for customers. Let me refer some examples of consumers' trouble, in fact, the aged consumer had mistakenly put on some shampoo on her face as she took it as a face cream and another, some children had eaten soap in a beautiful gift box, mistaken it for a piece of cake. I believe that if consumers' voices are delivered to employees in a company, employees will probably enhance their working motivations and once employees are motivated, such a company will be able to execute ideal business activities to make consumers satisfied, vice versa. In such a sense, I expect Shiseido to take the position to show the social standards in distributing right information and ideas about cosmetics and health food. However, on the other hand, we are facing the matter of degradation in consumers' morals. I expect Shiseido to discuss what is educating consumers in a real sense, and further to be instrumental in solving such problems in cooperation with the business circle and related institutions.

Hajime Akatsuka, Chairman of the Central Executive, Shiseido Labor Union.



(opinion) I don't think that CSR initiatives have been sufficiently penetrated within Shiseido. If a company pursues short term profit, in return, it could kill itself in a long term. Just because of this, as a company, we should incorporate CSR initiatives in our management system in a larger sense. Actually Shiseido marks the 140th anniversary this year since its foundation, and I am so proud to be a part of such a long-lasting company that I am grateful to our stakeholders for their earnest support. In order for Shiseido to be needed in a society in future as well, as a member of Shiseido labor union, I am determined to enhance employees' awareness toward CSR initiatives. In addition, according to research about the degree of employees' satisfaction, results show that Shiseido

employees have relatively high degree of satisfaction, but that is not enough for us. In fact, some Shiseido employees seem to be confused at changes including globalization. While the employees should enhance their flexibility and positive attitude to accept such changes, I expect Shiseido as a corporate to further commit to extract potentiality of each single employee.

■ In response to stakeholder dialog



Michiko Achilles
Corporate Officer, Shiseido
Company Limited.

Shiseido has been pro-actively exercising CSR activities, and is highly evaluated by people concerned. Meanwhile, we still have some challenges to realize our ideal structure as a company. This time, it was a great pleasure to receive various implications and suggestions about the necessity of dialogue with our customers through our products and measures to deliver information. In our path to extend global management, we could again recognize the importance of CSR initiatives to penetrate through even each employee and relate to the improvement of Corporate Value. We are happy to announce that Shiseido marks the 140th anniversary this year. As a part of executive management, I am determined to lead our way, listening to voices from working sites internally and externally so that Shiseido could still continue to be a company needed by people in which our employees could play out their business capabilities. Hoping to continue our stakeholders' dialogues in future as well, we will follow diversified opinion, realizing CSR activities to be our central core business activities throughout all our global sites.

Editorial Policy GRI Guidelines Index

Editorial Policy

Information about Shiseido's CSR and environmental activities is compiled in accordance with the following policies:

For the first time, this report introduces the commitment to society embodied by Shiseido's CSR and environmental activities as we look toward 2020, and it presents a report detailing those activities' performance (results) in list form. Starting this fiscal year, we are also introducing activities and initiatives based on the seven core issues outlined by ISO 26000 (Guidelines for Social Responsibility). In addition, the report describes the assistance offered by the Shiseido Group in the aftermath of the Great East Japan Earthquake of March 2011.

- We have provided clear information about our approach to individual activities as well as future directions.
- We have included candid insights from involved parties so that the report may serve as Shiseido's "face".
- We have included overseas initiatives in the focus of the report to enhance its Group-related content.
- We have held a stakeholder dialog<*> and included third-party opinions of the report in order to increase objectivity, transparency, and reliability.
- While the website primarily covers activities undertaken during fiscal 2010 (April 1, 2010, to March 31, 2011), it also includes content from before and after that period.
- We have referred to the United Nations Global Compact, the 3.1 edition (G3.1) of the Global Reporting Initiative's Sustainability Reporting Guidelines, and ISO 26000 (Guidelines for Social Responsibility), which was issued in November 2010.
- Information on the website is current as of March 31, 2011, and covers Shiseido Company, Limited, as well as 95 Shiseido Group companies (28 domestic and 67 overseas consolidated subsidiaries). Notes are provided when the scope of data presented differs from the above.

In addition to the Shiseido CSR and Environmental website, information about Shiseido's fiscal 2010 CSR and environmental activities is available in the 2011 Annual Report.

GRI Guidelines Index

The 2006 edition of the Global Reporting Initiative Sustainability Reporting Guidelines was used as a reference resource in the compilation of Shiseido CSR 2012.

When this information is included in media other than the Shiseido CSR 2012, the names of those media are included. The balance sheet includes information about United Nations Global Compact principles

1. Strategy and Analysis

G3 Disclosure		Description	Contents	GC
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.	Three Commitments of Shiseido CSR CSR Activities Domain CSR Activity Promotion Structure Shiseido's risk management Annual securities report (Japanese only) Corporate Information	

2. Organizational Profile

G3 Disclosure		Description	Contents	GC
2.1		Name of the organization.	Corporate Information	
2.2		Primary brands, products, and/or services.	Outline of Business	
2.3		Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Shiseido Group Outline	
2.4		Location of organization's headquarters.	Corporate Information	
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.	Business Overview	
2.6		Nature of ownership and legal form.	Business Overview	
2.7		Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Outline of Business	
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 Information Annual securities report (Japanese only)	
2.9		Significant changes during the reporting period regarding size, structure, or ownership including: • The location of, or changes in operations, including facility	Annual securities report (Japanese only)	

		openings, closings, and expansions; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).		
2.10		Awards received in the reporting period.	Corporate Profile	

3. Report Parameters

Report Profile

G3 Disclosure		Description	Contents	GC
3.1		Reporting period (e.g., fiscal/calendar year) for information provided.	Editorial Policy	
3.2		Date of most recent previous report (if any).	<i>June 2012</i>	
3.3		Reporting cycle (annual, biennial, etc.)	<i>Published annually</i>	
3.4		Contact point for questions regarding the report or its contents.	Inquiries about Shiseido CSR	

Report Scope and Boundary

G3 Disclosure		Description	Contents	GC
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.	Three Commitments of Shiseido CSR CSR Activities Domain CSR Activity Promotion Structure	
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.	Editorial Policy Activity Results Data	
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

G3 Disclosure		Description	Contents	GC
3.12		Table identifying the location of the Standard Disclosures in the report.	GRI Guidelines Index	

Assurance

G3 Disclosure		Description	Contents	GC
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).	<i>Third Party Evaluation</i>	

4. Governance, Commitments, and Engagement

Governance

G3 Disclosure		Description	Contents	GC
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 Corporate Information	
4.4		Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Compliance with Japan's Whistleblower Protection Act and Corporate Ethics Help Line Identifying Issues and Taking Steps to Implement Improvements Points of Contact for Employee Inquiries Personnel affairs and fair evaluation Good Relationship with labor union	
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.	CSR Activity Promotion Structure 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.	Corporate Governance Corporate Information	
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.	Corporate Ideals and the Shiseido Way Three Commitments of Shiseido CSR CSR Activities Domain	
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.	CSR Activities Domain CSR Activity Promotion Structure Initiatives Related to the United Nations Global Compact Commitment to Society	
4.10		Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	CSR Activity Promotion Structure Corporate Governance	

Commitments to External Initiatives

G3 Disclosure		Description	Contents	GC
4.11		Explanation of whether and how the precautionary approach or principle is addressed by the organization.	CSR Activity Promotion Structure	
4.12		Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Initiatives Related to the United Nations Global Compact	
4.13		Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; or • Views membership as strategic. 	Initiatives Related to the United Nations Global Compact Commitment to Society Initiatives to conserve biodiversity	

Stakeholder Engagement

G3 Disclosure		Description	Contents	GC
4.14		List of stakeholder groups engaged by the organization.	Participation in Community and Development Engagement with stakeholders	
4.15		Basis for identification and selection of stakeholders with whom to engage.	Our Way	
4.16		Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Participation in Community and Development Engagement with stakeholders CSR and Environmental Activities E-Mail Newsletter Service	
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.	Engagement with stakeholders	

5. Management Approach and Performance Indicators

■ Economic

G3 Disclosure		Description	Contents	GC
		Disclosure on Management Approach	Annual securities report (Japanese only)	

aspect: Economic Performance

G3 Disclosure		Description	Contents	GC
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.	Annual securities report (Japanese only)	
EC2	CORE	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Environmental targets and results	Principle 7
EC3	CORE	Coverage of the organization's defined benefit plan obligations.	Life planning support for employees by corporate pension plan	
EC4	CORE	Significant financial assistance received from government.	NA	

aspect: Market Presence

G3 Disclosure		Description	Contents	GC
EC5	ADD	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Entrance pay Personnel Related Data	Principle 1
EC6	CORE	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fair Competition and Comprehensive Transactions <i>The procurement rate of China-produced raw materials in factories in China in fiscal year 2011(based on quantities)</i> - Raw materials : 53.5% -Materials : 97.7%	
EC7	CORE	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Personnel Related Data	Principle 6

aspect: Indirect Economic Impacts

G3 Disclosure		Description	Contents	GC
EC8	CORE	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Participation in Community and Development	
EC9	ADD	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Social Activity-Related Data	

■ Environmental

G3 Disclosure		Description	Contents	GC
		Disclosure on Management Approach	Environmental Policy Environmental targets and results	

aspect: Materials

G3 Disclosure		Description	Contents	GC
EN1	CORE	Materials used by weight or volume	Environmental impact results	Principle 8
EN2	CORE	Percentage of materials used that are recycled input materials.	Environmental impact results Environmental Activity-performance Data	Principle 8.9

aspect: Energy

G3 Disclosure		Description	Contents	GC
EN3	CORE	Direct energy consumption by primary energy source.	Environmental impact results Environmental Activity-performance Data	Principle 8
EN4	CORE	Indirect energy consumption by primary source.	Environmental impact results Environmental Activity-performance Data	Principle 8
EN5	ADD	Energy saved due to conservation and efficiency improvements.	<i>Specific Initiatives life cycle segment > Production initiatives (No.051/ No.078)</i>	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.	<i>Specific Initiatives life cycle segment > Initiatives in research, procurement, distribution, and sales (No.067)</i>	Principle 8.9
EN7	ADD	Initiatives to reduce indirect energy consumption and reductions achieved.	<i>Specific Initiatives life cycle segment > Production initiatives (No.074)</i>	Principle 8.9

aspect: Water

G3 Disclosure		Description	Contents	GC
EN8	CORE	Total water withdrawal by source.	Environmental impact results Environmental Activity-performance Data	Principle 8
EN9	ADD	Water sources significantly affected by withdrawal of water.	NA	Principle 8
EN10	ADD	Percentage and total volume of water recycled and reused.		Principle 8.9

aspect: Biodiversity

G3 Disclosure		Description	Contents	GC
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.	NA	Principle 8
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.	NA	Principle 8
EN13	ADD	Habitats protected or restored.	NA	Principle 8
EN14	ADD	Strategies, current actions, and future plans for managing impacts on biodiversity.	Initiatives to conserve biodiversity	Principle 8
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.	NA	Principle 8

aspect: Emissions, Effluents, and Waste

G3 Disclosure		Description	Contents	GC
EN16	CORE	Total direct and indirect greenhouse gas emissions by weight.	Environmental impact results Environmental Activity-performance Data	Principle 8
EN17	CORE	Other relevant indirect greenhouse gas emissions by weight.		Principle 8
EN18	ADD	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Specific initiatives by life cycle segment Environmental Activity-performance Data	Principle 7.8.9
EN19	CORE	Emissions of ozone-depleting substances by weight.	NA	Principle 8
EN20	CORE	NO, SO, and other significant air emissions by type and weight.	Environmental impact results Environmental Activity-performance Data	Principle 8
EN21	CORE	Total water discharge by quality and destination.	Environmental impact results Environmental Activity-performance Data	Principle 8
EN22	CORE	Total weight of waste by type and disposal method.	Environmental impact results Environmental Activity-performance Data	Principle 8
EN23	CORE	Total number and volume of significant spills.	NA	Principle 8
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.	NA	Principle 8
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.	NA	Principle 8

aspect: Products and Services

G3 Disclosure		Description	Contents	GC
EN26	CORE	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Specific initiatives by life cycle segment	Principle 7.8.9
EN27	CORE	Percentage of products sold and their packaging materials that are reclaimed by category.	Specific initiatives by life cycle segment > Production initiatives (No.065)	Principle 8.9

aspect: Compliance

G3 Disclosure		Description	Contents	GC
EN28	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	NA	Principle 8

aspect: Transport

G3 Disclosure		Description	Contents	GC
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.	Specific initiatives by life cycle segment	Principle 8

aspect: Overall

G3 Disclosure		Description	Contents	GC
EN30	ADD	Total environmental protection expenditures and investments by type.	Environmental Accounting	Principle 7.8.9

■ Labor Practices and Decent Work

G3 Disclosure		Description	Contents	GC
		Disclosure on Management Approach	Labor Practices	

aspect: Employment

G3 Disclosure		Description	Contents	GC
LA1	CORE	Total workforce by employment type, employment contract, and region.	Personnel Related Data	<*> Principle 6
LA2	CORE	Total number and rate of employee turnover by age group, gender, and region.	Personnel Related Data	Principle 6
LA3	ADD	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Employee benefits and welfare	
LA15	CORE	Return to work and retention rates after parental leave, by gender.	Giving consideration to how employees work Personnel Related Data	<*> Principle 6

aspect: Labor/Management Relations

G3 Disclosure		Description	Contents	GC
LA4	CORE	Percentage of employees covered by collective bargaining agreements.	Good Relationship with labor union Personnel Related Data	Principle 1.3
LA5	CORE	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Employment	Principle 3

aspect: Occupational Health and Safety

G3 Disclosure		Description	Contents	GC
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.	Safety and health of employees Personnel Related Data	Principle 1
LA7	CORE	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Personnel Related Data	Principle 1
LA8	CORE	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Safety and health of employees Personnel Related Data	Principle 1
LA9	ADD	Health and safety topics covered in formal agreements with trade unions.	Safety and health of employees	Principle 1

aspect: Training and Education

G3 Disclosure		Description	Contents	GC
LA10	CORE	Average hours of training per year per employee by employee category.	Personnel Related Data	<*> Principle 6
LA11	ADD	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Utilization and development of human resources	
LA12	ADD	Percentage of employees receiving regular performance and career development reviews.	Personnel affairs and fair evaluation	<*> Principle 6

aspect: Diversity and Equal Opportunity

G3 Disclosure		Description	Contents	GC
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.	Basic policy regarding personnel affairs Respect Diversity Personnel Related Data	Principle 1.6

aspect: Equal Remuneration for Women and Men

G3 Disclosure		Description	Contents	GC
LA14	CORE	Ratio of basic salary of men to women by employee category.		Principle 1.6

■ Human Rights

G3 Disclosure		Description	Contents	GC
		Disclosure on Management Approach	Human Rights	

aspect: Investment and Procurement Practices

G3 Disclosure		Description	Contents	GC
HR1	CORE	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Human Rights	Principle 1.2.3.4. 5.6
HR2	CORE	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fair Competition and Comprehensive Transactions	Principle 1.2.3.4. 5.6
HR3	CORE	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.	Human Rights Awareness and Corporate Ethics Training Human Rights Enlightenment (Education) Personnel Related Data	Principle 1.2.3.4. 5.6

aspect: Non-Discrimination

G3 Disclosure		Description	Contents	GC
HR4	CORE	Total number of incidents of discrimination and actions taken.	Human Rights	Principle 1.2.6

aspect: Freedom of Association and Collective Bargaining

G3 Disclosure		Description	Contents	GC
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 1.2.3

aspect: Child Labor

G3 Disclosure		Description	Contents	GC
HR6	CORE	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Policy Related to Respect for Human Rights and Discrimination Shiseido Group Supplier Code of Conduct	Principle 1.2.5

aspect: Forced and Compulsory Labor

G3 Disclosure		Description	Contents	GC
HR7	CORE	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	Policy Related to Respect for Human Rights and Discrimination Shiseido Group Supplier Code of Conduct	Principle 1.2.4

aspect: Security Practices

G3 Disclosure		Description	Contents	GC
HR8	ADD	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.		Principle 1.2

aspect: Indigenous Rights

G3 Disclosure		Description	Contents	GC
HR9	ADD	Total number of incidents of violations involving rights of indigenous people and actions taken.	NA	Principle 1.2

aspect: Assessment

G3 Disclosure		Description	Contents	GC
HR10	CORE	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Human Rights <i>Targetting all the business offices inside and outside Japan.</i>	

aspect: Remediation

G3 Disclosure		Description	Contents	GC
HR11	CORE	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Compliance with Japan's Whistleblower Protection Act and Corporate Ethics Help Line Points of Contact for Employee Inquiries Good Relationship with labor union	<*> Principle 1.2

■ Society

G3 Disclosure		Description	Contents	GC
		Disclosure on Management Approach	Participation in Community and Development	

aspect: Community

G3 Disclosure		Description	Contents	GC
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.	Shiseido's Social Activities Social Activity-Related Data	
SO9	CORE	Operations with significant potential or actual negative impacts on local communities.	NA	
SO10	CORE	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	NA	

aspect: Corruption

G3 Disclosure		Description	Contents	GC
SO2	CORE	Percentage and total number of business units analyzed for risks related to corruption.	Reporting on Breaches	Principle 10
SO3	CORE	Percentage of employees trained in organization's anti-corruption policies and procedures.	Human Rights Awareness and Corporate Ethics Training	Principle 10
SO4	CORE	Actions taken in response to incidents of corruption.	Reporting on Breaches	Principle 10

aspect: Public Policy

G3 Disclosure		Description	Contents	GC
SO5	CORE	Public policy positions and participation in public policy development and lobbying.	Initiatives Related to the United Nations Global Compact	Principle 1.2.3.4. 5.6.7.8. 9.10
SO6	ADD	Public policy positions and participation in public policy development and lobbying.	Results in fiscal year 2011 "no political contribution" <target areas to cover : Japan>	Principle 10

aspect: Anti-Competitive Behavior

G3 Disclosure		Description	Contents	GC
SO7	ADD	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	Results in fiscal year 2011 "No legal actions" <target areas to cover : Japan>	

aspect: Compliance

G3 Disclosure		Description	Contents	GC
SO8	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	Results in fiscal year 2011 "No sanctions such as penalties and any other actions besides penalties" <target areas to cover : Japan>	

■ Product Responsibility

G3 Disclosure		Description	Contents	GC
		Disclosure on Management Approach	Consumer Issues	

aspect: Customer Health and Safety

G3 Disclosure		Description	Contents	GC
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.	Promotion of Reliable and Safe Manufacturing	Principle 1
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.	Results in fiscal year 2011 "No violations against rules and regulations as well as voluntary codes" (some examples of administrative guidance based on act against Pharmaceutical Affairs Law) <target areas to cover : Japan>	Principle 1

aspect: Product and Service Labeling

G3 Disclosure		Description	Contents	GC
PR3	CORE	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	<u>Activities to Enhance Customer Satisfaction</u>	Principle 8
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.	<i>Results in fiscal year 2011 "No violations against rules and regulations as well as voluntary codes" (Code of conducts "recalls & voluntary collection" some examples) <target areas to cover : Japan></i>	Principle 8
PR5	ADD	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	<u>Activities to Increase Customer Satisfaction</u>	

aspect: Marketing Communications

G3 Disclosure		Description	Contents	GC
PR6	CORE	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	<u>Promotion of Reliable and Safe Manufacturing</u>	
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.	<i>Results in fiscal year 2011 "No violations against rules and regulations as well as voluntary codes" (some examples of administrative guidance based on act against Unjustifiable Premiums and Misleading Representations and Pharmaceutical Affairs Law) <target areas to cover : Japan></i>	

aspect: Customer Privacy

G3 Disclosure		Description	Contents	GC
PR8	ADD	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	<i>Results in fiscal year 2011 "one example" (an incident of reporting personal information disclosure to a privacy examining authority) <target to cover : Shiseido Co., Ltd.></i>	Principle 1

aspect: Compliance

G3 Disclosure		Description	Contents	GC
PR9	CORE	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	<i>Results in 2011 fiscal year "No penalties against violating rules and regulations"</i> <target areas to cover : Japan>	

NA Not applicable, or no significant instances.

Blankcolumn Information not disclosed.