#### With Consumers

With Consumers. Shiseido is working to manufacture safe, reliable products and disseminate information with the aim of being consumer-oriented.

#### > Promotion of Safe and **Reliable Manufacuturing**



Shiseido's research and production activities to ensure consumers use our products with peace of mind

#### > Excellent Services to Enchance **Consumer Satisfaction**



Shiseido's counseling services to meet consumer needs and expectations by suggesting best products and beauty tips at the counters

#### > Reflecting Consumer Feedback



We are strengthening our efforts to make the most of consumer feedback for product development and service improvement.

#### Universal Design Intiatives



We are working on developing products that can be used safely and comfortably by all consumers.

#### > Information for Consumers



We ensure that the information and websites we offer reflect needs.

#### > Intiative in Responce to **Animal Testing and** Alternative Methods



Shiseido's initiatives aimed at eliminating animal testing in the consumers' feelings and meet their development of cosmetic products

#### **Promotion of Safe and Reliable Manufacturing**

#### The Establishment of the Original Product Safety Guarantee Standard

Product research and manufacturing at Shiseido are designed to create products that consumers 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, interface 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

#### 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 has been maintained.

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

#### 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, including 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 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 and put necessary measures in place.

### 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.

#### System for Stable Supply of High Quality Products

At Shiseido, quality and safety take priority over all other matters. We have continuously worked on maintaining and controlling product quality not only by observing all applicable laws and regulations but also by keeping our own rules of the Global Quality Policy so that consumers can use our products with complete confidence. We conduct thorough quality control at all stages of the raw materials selection, commercialization, production and distribution in order to ensure the quality and safety of our medical and food products as well as cosmetics. In doing so, we manufacture products that our consumers can use regularly without any concerns.

At the raw materials selection stage, we collect and check information on raw materials, including their components, from all over the world to make sure that we use only safe raw materials.

For the commercialization, production, and distribution stages, we also have systems in place to ensure a stable supply of high-quality products at all times by complying with various standards, such as Good Manufacturing Practice (GMP), ISO 22000, and HACCP\*, as well as our own product standards. For our cosmetic products, for example, we comply with all items (e.g. organizations and systems, buildings and facilities, manufacturing management, and inspections) stipulated in the Cosmetics GMP set by ISO22716, an international standard that gives guidelines for the production, control, storage and distribution of cosmetic products, to provide consumers with safe and secure products of high quality manufactured under strict quality control.

\*HACCP:A method of food sanitation control developed to ensure the safety of space food in the United States.

#### Response to Product Problems

In order to promote research, development, manufacture and sales of safe products that will achieve consumer satisfaction, Shiseido clarifies where the authority and responsibility lie in terms of quality assurance (including product planning, manufacturing, sales and imports), and product problem prevention. We also have our own manuals for dealing with any product problems so that we can respond to problems in a concerted manner and promptly bring the situations under control while putting customer safety first. Thus, we are committed to strengthening and comprehensively promoting quality assurance and product problem prevention activities at Shiseido and the Group companies.

In the unlikely event of a quality problem and/or product liability problem involving the Company's products, the department that has received the information is expected to immediately report the case to the Quality Management Department, related business divisions and Risk Management Department. The Risk Management Department will decide on the problem response methods in accordance with its level of severity. The Quality Management Department will investigate the cause and the business divisions will promote various initiatives, including responses to the market.

#### Appropriate Provision of Product Information

Shiseido Group Standards of Business Conduct and Ethics 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 expressions as well as observing respective countries' and regions' laws and regulations and corporate regulations."

#### Compliance Status of Laws and Regulations Related to Advertising Expressions

Details that should be indicated on cosmetics are stipulated under the Regulatory 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, September 29, 2017). Based on these standards, the Japan Cosmetic Industry Association (JCIA) has established Appropriate Advertising Guidelines including Cosmetics as self-imposed industry standards that provide 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 Regulatory 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

Shiseido holds the "Statutory Labeling Seminar" and "Advertising Expression Seminar" twice a year in order to enhance the employees' knowledge about compliance with the laws on pharmaceuticals and medical devices concerning advertising and labeling.

#### Nutrition and Health

Through the Shiseido Group Standards of Business Conduct and Ethics, the company declares its best efforts to provide safe, high-quality products and services for the satisfaction of consumers.

#### Ethical measures in the food business

#### 1. Organic

The Shiseido Parlour restaurant FARO uses organic vegetables grown with reduced amounts of agricultural chemicals and fertilizers. Organic vegetables are used in 80% of the course menu.

\* FARO: An innovative Italian restaurant in Ginza, Tokyo operated by Shiseido Parlour Co., Ltd.

#### 2. Sugars and fats

Shiseido Parlour Co., Ltd., the Ginza main store, and the main store's Salon de Café provide menus in consideration of sugar levels. FARO, as operated by the company, provides desserts with no refined sugars, as well as full course meals with reduced animal fats for vegetarians. In addition, the Shiseido Group distributes health and beauty products throughout Japan. Among these, its core product collagen drinks\* contain no fats, no caffeine, and no added preservatives. Artificial ingredients are not used at the Shiseido Parlour restaurant FARO nor in the health and beauty products distributed by the Shiseido Group in Japan.

\* Collagen drinks: Drinks in Shiseido The Collagen series

#### 3. Other

- Shiseido Parlour Co., Ltd. distributes gluten-free boil-in-bag food products to cater to consumers with diverse diet needs. (Available since April 1, 2019)
- Beauty Princess, a beverage by Shiseido Parlour Co., Ltd., is compounded with hyaluronic acid and collagen peptide.

#### **Excellent Services to Enhance Consumer Satisfaction**

Beauty Consultants (BCs) have major roles in responding to consumer needs at the counters and introducing products and beauty information according to each and every consumer's skin and cosmetic lifestyle. Since 1998, Shiseido has been 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 services.

Overseas, in order to expand the number of regular users by maximizing consumer satisfaction, we have distributed and put into daily use Shiseido's action indicator for Beauty Consultants, aimed at realizing "omotenashi spirit" at the storefronts worldwide. Also, to improve consultants' response and suggestion capabilities at the storefronts, Shiseido has developed original software, a convergence of its accumulated service know-how and beauty techniques, to be effectively used as a globally applicable tool.

In June 2013, tablet computers named "Beauty Tablet" were distributed to approximately 10,000 Beauty Consultants across Japan. Since July of the same year, exclusively designed application software has been installed in those tablets and been used at the storefronts. "The Makeup Simulator" is one of the contents of the software, with which consumers can try virtual makeup, without removing their makeup, by simply positioning their face in front of the tablet just like looking into a mirror. Other features include Foundation Finder, Skincare Consultation and Healthcare that help Beauty Consultants select the most suitable items for individual consumers from a wide variety of products. Also, to create opportunities for consumers from overseas to meet Shiseido products and to enhance their beauty, some contents are displayed in foreign languages such as Chinese (traditional and simplified), English and Thai.

We aim to increase consumer satisfaction by using such tools developed by the latest technologies, intriguing consumers at the storefronts, and helping them discover their inherent charm unknown to themselves. At the same time, we try to promptly share the voice of our consumers by inputting their opinions into the Beauty Tablet and then transmitting the data to relevant departments by the following day.

In addition, in order to further improve and develop the service skills of domestic Beauty Consultants, we began from July 2016 to appoint Lead Beauty Consultants, who work at store counters with other consultants to encourage their steady growth. By creating an environment where Beauty Consultants can constantly develop their abilities, we make an extra effort to enhance consumer satisfaction.





#### **Reflecting Consumer Feedback**

In order to realize medium-to-long-term strategy "VISION 2020," Shiseido is promoting initiatives to internally report back the valuable feedback, including consultations and requests received from consumers, and utilize it for product development and service enhancement. By quickly detecting changes in consumers or society and reflecting these changes in corporate activities, Shiseido is gathering and analyzing consumer 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 leading to the enhancement of the corporate value through the "consumer-focused perspective."

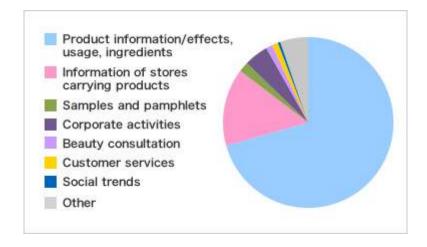
#### Consumer Services: Action Policy

Shiseido Consumer Communication Center, established in 1968, celebrates its 50th anniversary in 2018. Since the beginning, it has offered sincere responses to inquiries and consultations from consumers and transmits information that can be further utilized by consumers. The center has been awarded three stars by HDI\*-Japan's Quality Ranking Monitoring for four years in a row since 2013. In 2016, we received five stars, the top ranking, in the HDI Five Star Quality Service certification, for the first time as a cosmetic company. We continuously offer sincere, face-to-face services to consumers and strive to provide more consumer-oriented assistance to gain patronage and boosts Shiseido's reputation for reliability.

\*Established in the U.S. in 1989, HDI is the world's largest international organization for the IT support service industry. Many of the top 500 companies in the world listed in the U.S. financial magazine "Fortune" are members of HDI. A lot of companies are members of HDI-Japan, which performs the HDI Benchmarking assessment of the companies' consumer help desks in order to improve support service levels.

#### Gathering and Sharing Consumer Feedback

In Japan, Shiseido gathers consumer feedback in various ways. Approximately 150,000 opinions and inquiries (about our products [68%], about shops carrying our products [18%]) are directed annually via toll-free numbers, e-mail and letters, and about 90,000 consumers provide feedback to Beauty Consultants that they came into contact with at the storefronts. Also, we receive consumers' voices via SNS (Social Networking Services) such as Twitter, and blogs. We manage this consumer feedback in a centralized system and share it internally on intranet in order to utilize it for product development and value creation, thus improving consumer satisfaction.



#### Specific Initiatives

The Shiseido Consumer Communication Center studies inquiry cases, provides training, and compiles and revises various manuals to provide sincere, quick, and correct responses to the opinions and inquiries from a wide variety of consumers. In 2017, it conducted workshops to promote a better understanding of how elderly consumers experience physical change and how they feel in general. The participants held a telephone simulation while wearing age simulation suits, which helped them imagine the condition of the consumer on the other end of the line. The purpose was to encourage our staff to engage in their activities while being more considerate toward consumers' feelings. This has also been reflected in the "Manual for Consumer Service Staff," which was revised in March 2018.

In addition, sharing the experiences from the workshops and feedback from elderly consumers with related departments has contributed to the development and improvement of products.

#### Collaborative Education Activities to Learn on Consumers' Perspective

We also promote collaborative learning activities to gain a deep understanding of consumers' feelings related to daily use of cosmetics and their backgrounds, and to further improve our products and services. Employees in various departments and positions, be it factory workers, sales representatives or Beauty Consultants, consider things from consumers' perspective by listening to their voices and use it as an opportunity to review operations.

In 2017, we conducted "consumer feedback seminars" in which employees learned about the feedback received at the Shiseido Consumer Communication Center; we also provided e-learning training to all the employees. In addition, the Consumer Communication Center offers consumer feedback monitoring experience as needed. Every year, over 100 people take the opportunity, including corporate officers and audit & supervisory board members, employees at factories, laboratories, departments in charge of quality control, product development, marketing, sales, and affiliated companies.



Consumer feedback seminar at factories in Japan and overseas

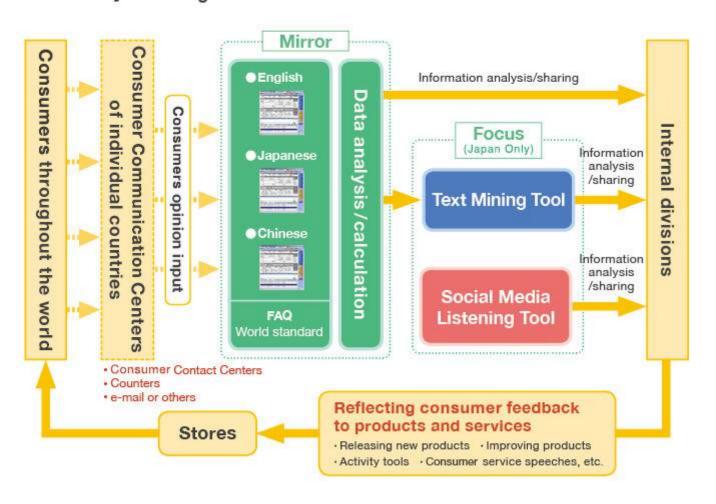
### System to Gather and Utilize Consumer Services and Consumer Feedback Information

Shiseido has enhanced its consumer feedback system, which had been in use since 1996, into one that can share and utilize consumer feedback information from all over the world, along with the globalization of the business. This system, named "Mirror\*," was introduced within and outside of Japan in 2011. We are taking on the challenge of creating values for the Shiseido Group by enhancing our response to consultations and requests that come to consumer service centers throughout the world and gathering/analyzing consumer feedback information from all over the world in an efficient manner through the introduction of "Mirror." "Mirror" is in operation in 20 countries and regions, including Japan.

In Japan, we are establishing an environment in which all employees can easily analyze/utilize the consumer feedback information, which has been accumulated in "Mirror," according to the objectives by linking the information with the text mining system "Focus" and visualizing consumer feedback. We also utilize an SNS listening system in order to reflect consumer feedback which is not normally directly delivered to the company to corporate activities.

\*Mirror: The name implies our hope to review/reflect the actual state of Shiseido's activities through the "mirror" of consumer feedback.

#### System to gather/utilize consumer feedback information



#### Increasing Points of Contact with Various Consumers

Younger consumers are increasingly using SNS to find answers to their questions and concerns. In the light of such trend, we opened an official consumer helpdesk on Twitter in 2015 and at Yahoo! Chiebukuro in 2017. Moreover, we started a beauty consultation service with the chat feature of LINE, a new communication tool, in February 2018. Those are examples of our efforts to enhance consumer support focusing on the younger generation.

In addition, the frequently asked questions (FAQ) page on our website was renewed in October 2017. We constantly improve consumers' convenience to help them find quick and satisfactory solutions.

#### Product Manufacturing that Reflects Consumer Feedback

# *Kirei No Susume TsuyaTsuyaPurun Jelly*Notes on the package defined for comfortable drinking (2018)

To help users safely and easily open the cap, we enlarged the mark indicating the point to be held by the fingers when opening the cap and its explanatory note (Photo 1).

For those who prefer a softer texture, a friendly suggestion appears on the package being highlighted in enlarged, bold and underlined texts (Photo 2).

Responding to consumers' requests, the package is being renewed starting from our new Kirei No Susume products (White Grape Flavor and Calorie Zero Pineapple Flavor) to be launched on March 21, 2018.



### MAQuillAGE Dramatic Styling Eyes Shades indicated on the bottom of the case (2017)

Feedback from our makeup item users includes voices such as "I want to know the color without opening the case" or "can't distinguish from other items." MAQuillAGE Dramatic Styling Eyes, a line of eyeshadow launched in August 2017, indicates its shades on the bottom of each case.



#### TSUBAKI Premium Repair Mask User-friendly Cap (2017)

TSUBAKI Premium Repair Mask, launched in September 2017, comes with a cap partially knurled on its side to be firmly yet easily gripped with wet hands.



### Kirei No Susume TsuyaTsuyaPurun Jelly Completing the lineup with Apple&Cherry flavor (2017)

Apple&Cherry flavor of the product launched as a limited edition in June 2016 was highly appraised by many consumers who found it delicious. Responding to the consumers' requests, we made it a regular flavor in the product lineup since March 2017.



#### **AUSLESE**

#### Container renewal: light, easy to use, and eco-friendly (2017)

Bottle containers for AUSLESE, a male-oriented brand launched in 1980, were renewed in February 2017. We hope many more consumers will continue using the brand in the future. Bottle material has been changed from glass to plastic, making the product lighter, easier to use, and easier to dispose of after use. As a token of gratitude to our long-time users, we have increased the bottle contents by 10% without affecting the price.



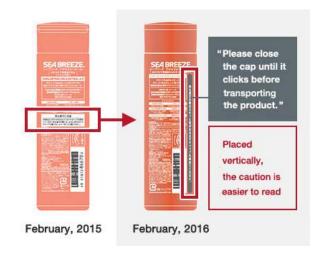
# MAQuillAGE Perfect Multi Base BB "Natural": From limited edition to regular color (2016)

The "Natural" color of the product launched as a limited edition in August 2014 was well received, and many consumers gave feedback that it blended well with their skin tone. Responding to the consumers' requests, we made it a regular color in the product lineup since August 2016.



# SEA BREEZE Deo & Water Enhanced the caution label display for better understanding (2016)

In response to consumer feedback, such as "SEA BREEZE Deo & Water spilled in my bag", we have enhanced the caution label display.



### TSUBAKI Shampoo/conditioner (refill type) Enhanced the design for easier differentiation (2016)

In order to make it easier to differentiate the "shampoo/conditioner (refill)", we have changed the colors on top of the main body. With this change, users can differentiate the two at a glance.



# MAQuillAGE Dramatic Mood Eyes Developed a new internal package with a film, which indicates the use at a glance (2015)

We have enhanced the film included in the product to protect the mirror from eye shadow powder. In response to the concern regarding use, such as "I don't know how to apply the eye shadow", and consumer feedback regarding user-friendliness, such as "I drop the film on top" and "I lose the film", we included a film with illustrations of the use and also developed a package with the film attached to it so it would not fall from the compact. We used the design in Dramatic Mood Eyes, which was released in August of 2015.



#### **Universal Design Initiatives**

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

Shiseido has further developed the Shiseido Universal Design Guidelines, adopted in 2005 based on expert theory and legislation, and renewed them in 2017 into more comprehensible, specific guidelines following our basic policy of "creating more attractive designs while giving priority to safety, security and user-friendliness."

In the current new product development process, we share actual information among related divisions, in line with the guidelines, about potential consumers who will use the products, possible situations where they will use them and how they will use them, in order to successfully carry out the design work.

"Is this designed as intuitively usable?", "Are appropriate amounts to be used and the usage instructions clearly displayed?" or "Will this be comfortably finished up?" – Asking ourselves those questions, we always seek safe, easy-to-use and comfortable package/container designs for every user of various physical sizes and abilities.

#### <Specific examples>

Shiseido launched PRIOR (in Japan)



Skincare dispenser easily dispenses the appropriate amount. We have made it easy to push.

It also comes with a cap cover, which can be removed in one step. This prevents users from pushing the dispenser by mistake and also responds to the hygienic aspect.



With makeup, the use of which is not easily understood, we used color photos on the outer package itself to easily show the use and the finish image in a visual manner.

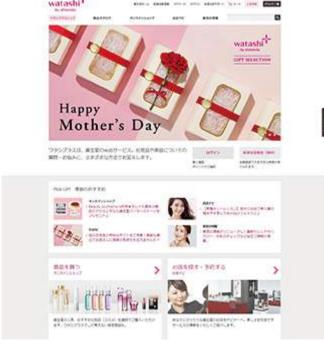
To develop the containers and packages, we directly interviewed a number of consumers in the target age group in order to repeatedly conduct the study, such as hearing about what they find inconvenient in their daily makeup routine and asking them to use the prototype. We have reflected the requests, which we heard in the course of this process, in the containers and package designs shown in the above photos.

#### **Information for Consumers**

#### 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 toires consumers' desires and needs.





Shiseido group website

watashi+ (Japanese Only)

#### **Providing Audio Information for the Visually Challenged**

"Listeners' Café" provides a speech-based introduction to the basic use of cosmetics and other information to visually challenged individuals in an easy-to-understand manner. It also publishes an audio content "Osharena Hitotoki (Stylish Moments)" four times a year in each season.

Both "Listeners' Café" and "Osharena Hitotoki" are provided only in Japanese.



#### What Skincare and Makeup Can Do for Healthier Days of Various Generations

Taking advantage of its strength, Shiseido will continuously contribute to society and people's health to realize a sustainable society.

#### For All Generations

Makeup

#### **Shiseido Life Quality Makeup**



- Activities powered by makeup to improve the quality of life (QOL) of people who have serious skin concerns such as appearance changes caused by side effects of cancer treatment, birthmarks and scars.
- Shiseido Life Quality Beauty Center A unique facility specialized in Shiseido's cover makeup.

#### For Working Adults For Elderly People

Skincare Makeup

#### **Shiseido Life Quality Beauty Seminar**



- Beauty Seminars
   Grooming and makeup lessons for new graduates, company executives and other working adults.
   Favorable appearance upgrades your first impression and trustworthiness.
- Shiseido Cosmetic Therapy Elderly people can improve their daily movements and activities by doing skincare and makeup for themselves.

### For Babies and Toddlers

Skincare



• Skincare for babies to prevent allergies.

For Children

Skincare

For Children

Skincare

Figure cleansing, UV protection methods and other day-to-day beauty information provided to protect children's healthy skin.

For Expectant Mothers and Mothers

Skincare



• Skincare to energize the sensitive skin and minds of expectant mothers and mothers.

### Initiatives in Response to Animal Testing and Alternative Methods

#### Initiatives towards Abolishing Animal Testing

Shiseido has established a safety assurance system based on alternative methods and has discontinued animal testing in cosmetics/quasi drugs that are developed in April, 2013 or later. This excludes cases in which we must explain the safety to society.

We will continue to develop effective alternative methods in the future and proactively and sternly work with administrative agencies in various countries with the aim of establishing alternative methods as official methods (to be certified as official experimental methods according to laws and regulations of various countries/regions).

Promotion of Safe and Reliable Manufacturing



Excellent Services to Enhance Consumer Satisfaction



Reflecting Consumer Feedback



Universal Design Initiatives



> Information for Consumers



Initiatives in Response to Animal Testing and Alternative Methods



Initiatives in Response to Animal Testing and Alternative Methods

#### **Shiseido Safety Assurance System**

Shiseido has established a system that assures the safety of raw materials without animal testing through the three steps of safety assurance by existing toxicological data, safety assurance by alternative methods, and final safety assurance by human-testing (regular use test and patch test on people under the supervision of doctors, etc.). We have also established the Discussion Panel on Cosmetics Safety Assurance Independent of Animal Testing, involving external experts and researchers, with the aim of discussing the scientific validity and social acceptance regarding this system.

Initiatives in Response to Animal Testing and Alternative Methods

#### In cases in which we must explain the safety to society

This refers to cases in which we must prove again the safety of ingredients that are in the market and the only option in order to do so is animal testing, as well as cases in which animal testing is essential to assure the safety of cosmetics in some countries.

Initiatives in Response to Animal Testing and Alternative Methods

#### Mandated by law

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

Initiatives in Response to Animal Testing and Alternative Methods

#### 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.