

# Shiseido CSR

[Shiseido's Corporate Social Responsibility]

"Beautiful Society, Bright Future."

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

\*CSR: Corporate Social Responsibility

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TOP &gt; Feature vol1

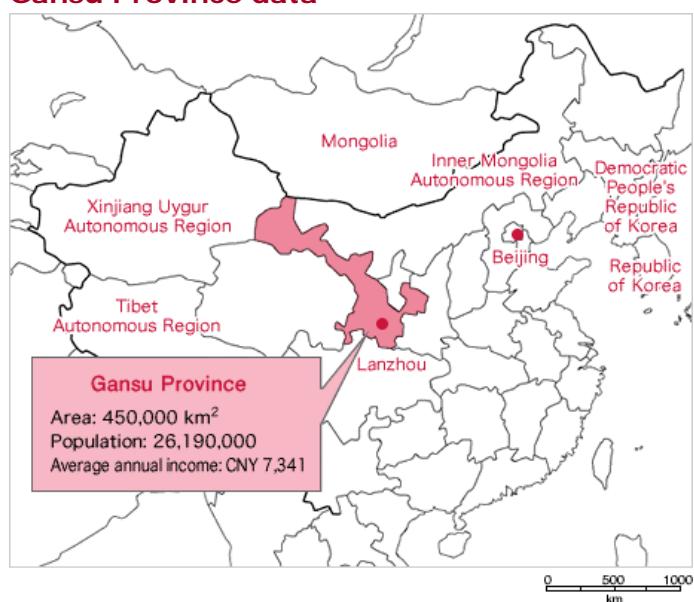
**Feature** vol.1**Environmental Initiatives  
-Shiseido Launches Tree Planting Program in China**

In April 2008, Shiseido launched a 10-year tree planting program in the city of Lanzhou in China's Gansu Province and established the Shiseido-supported Lanzhou Environmental District, an enormous afforestation zone about five times the size of Tokyo Dome (approximately 69,300 square meters). The company plans to plant about 7,000 trees in fiscal 2008, including species such as oriental arbor-vitae<sup>\*1</sup> and locust trees<sup>\*2</sup>.

Shiseido is seeking to contribute to Chinese society through this ten-year afforestation program, including by deepening the bonds of friendship between Japan and China, protecting the environment by reducing CO<sub>2</sub>, and creating opportunities for local employment.

\*1 Oriental arbor-vitae: An indigenous Chinese species that reaches about 20 meters in height.

\*2 Locust tree: A deciduous species that is native to North America. Also known as the pseudoacacia, the locust tree develops hanging clusters of white flowers in the spring.

**Gansu Province data****Gansu Province**

## A group of about 90 Shiseido Group employees and Chinese government workers plant trees

On April 1, 2008, a group of about 90 Shiseido Chinese subsidiary employees, head office employees, and government workers from the city of Lanzhou in Gansu Province held a ground-breaking ceremony at the tree-planting site. Following instructions provided by the site staff, the group took the first step in the afforestation program by planting seedlings.

The company plans to promote the program as a social contribution activity in which all employees, including workers at local subsidiaries, can participate, for example by considering soliciting volunteers from among company employees.



Employees use shovels to dig holes and plant seedlings



Participants around a monument commemorating the tree planting program.

### voice

#### Participating in the tree planting program

The seedlings were larger and the footing worse than I imagined, so it was extremely difficult work. Nonetheless, when I think about how each and every tree I planted can contribute to the environment, I realize that it was a very good experience. My awareness of environmental problems increased as a result of participating in this program, and I developed a new understanding of the importance of establishing cooperative structures between Japan and China through interactions with local residents.

TOP &gt; Feature vol.2

**Feature** vol.2**SHISEIDO LIFE QUALITY BEAUTY SEMINAR**  
Take Advantage of Shiseido's Business Nationwide

The desire to enjoy lifelong health and beauty is a timeless and universal one.

Reflecting our commitment to helping all customers get even a step closer to their dream of beauty in keeping with our corporate message of "This moment. This life. Beautifully". Shiseido holds LIFE QUALITY BEAUTY SEMINAR\* at worksites throughout Japan. These programs, which target senior citizens, handicapped individuals, and customers with skin-related concerns, are a key part of the Company's beauty contribution activities.

\*LIFE QUALITY BEAUTY SEMINAR: A general name for a program of seminars at which Shiseido worksites provide information about health and beauty to various groups and organizations. In addition to senior citizens and handicapped individuals, we hold seminars for such groups as students, new employees entering the workforce, and active seniors.

## A history of Shiseido's LIFE QUALITY BEAUTY SEMINAR Program

### It All Started with Daily Beauty Care Seminars...

Around 1949, Shiseido began holding a series of special beauty seminars designed to teach prospective high school graduates how to use makeup to maintain an adult appearance and how to use cosmetic products properly. The name of the program was later changed to "daily beauty care seminars," and some 10 million high school students participated in programs held at high schools nationwide. At one point, a Shiseido employee involved with the program suggested that courses be developed for schools attended by students with visual or hearing disabilities, and from that point on, courses and beauty services for handicapped individuals began to quickly grow in popularity, spreading far and wide.

### Launching Seminars at Nursing Homes

In 1975, Shiseido launched beauty services for senior citizens after being asked by the director of Fujimi-so, a home for the elderly in the city of Morioka in Iwate Prefecture, to help empower residents to lead rich and fulfilling lives. The results of the program have exceeded expectations, with residents developing a greater interest in cooperating and helping one another. In some cases, residents, encouraged by the program, took the initiative to begin using cosmetics and recovered an optimistic outlook on life, leading them to begin participating in physical therapy and ultimately regaining the ability to walk. In 1993, Shiseido began offering beauty services to senior citizens hospitalized for dementia at Naruto-Yamagami Hospital in the city of Naruto in Tokushima Prefecture. The Company also began a program of research into the benefits of cosmetics use in response to a suggestion by the director of the hospital, who was surprised at the difference in his patients' manner after they began using cosmetics.

As a result, patients began returning to their homes several times each month, and other patients who had been bedridden were able to eliminate their dependence on adult diapers. The program demonstrated that cosmetics can play a role in deepening patients' social interactions and heightening their interest in rehabilitation therapy. A range of medical institutions have taken an interest in the psychological utility of cosmetics as realized through the technique known as cosmetic therapy.

### **Continuing the Program while Broadening the Range of Participating Facilities**

Shiseido continues to conduct seminars where beauty services are provided while broadening the program to include a range of facilities in addition to nursing homes and facilities for handicapped individuals.

In addition, all people involved in social welfare and nursing care work have begun to experience a transformation of awareness in light of the fact that patients become happier and adopt a more optimistic outlook on life when their caregivers maintain an attractive appearance.

Shiseido Listeners' Café (Japanese only)

<http://www.shiseido.co.jp/listener/html/>

Shiseido Beauty Seminars (Japanese only)

<http://www.shiseido.co.jp/bups/>

## **LIFE QUALITY BEAUTY SEMINAR Initiatives**

### **Shiseido's Beauty Volunteer Program**

Shiseido launched the Beauty Volunteer program in 2000 to tap retired Beauty Consultants as a means of meeting the growing demand for seminars. Under the program, retirees with an interest in volunteering can register in advance to help offer seminars. As of 2008, approximately 350 volunteers had registered and were participating in beauty services at facilities for senior citizens and handicapped individuals located close to their place of residence.

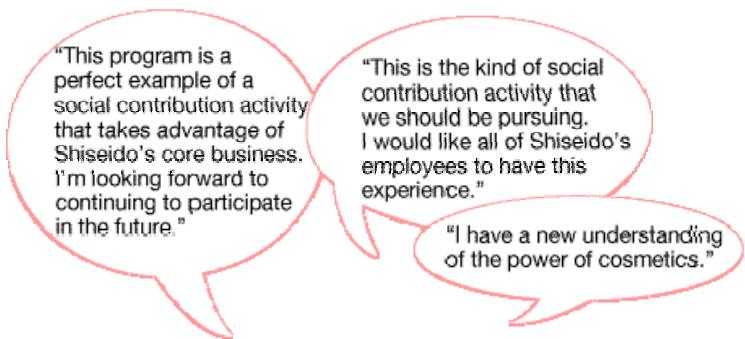
### **Working toward full employee participation**

Starting in fiscal 2008, directors from the president on down began participating in seminars as a way to set an example for the Company's employees. Going forward, Shiseido is committed to working toward full employee participation, reflecting a belief that the program provides an opportunity for workers to renew their appreciation of the power of cosmetics while participating in social contribution activities through cosmetics, which take advantage of the Company's core business.

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### **Impressions from Directors Who Have Participated in Seminars**



### Staff check their massage techniques before a seminar



Directors provide instruction in the proper use of cosmetics and give massages at seminar venues.



TOP > Commitment by Management

## Commitment by Management



Towards

**"This moment. This life.  
Beautifully."**

for customers worldwide

Shiseido declared its intention to redouble its transformation into a global corporation in a new three-year plan beginning in 2008. By spreading the unique value that the Company has continued to cultivate over the course of its history to all corporate activities as well as its businesses, Shiseido will ensure that it is needed, trusted, and loved by customers worldwide.

Looking at our world today, many unsolved problems remain, including global warming and poverty. Yet as part of this generation, we must pass on a livable environment for the next generation. In light of this responsibility, it is impossible to adopt a disinterested stance toward the world's many problems.

The corporation is a public institution, and Shiseido believes that the existence of the corporation has no value unless it can act in a spirit of contributing to society by pursuing social, cultural, and human goals. We seek to bring about a spiritually rich society where all can live comfortably, and we are committed to exploring how Shiseido can play an even more meaningful role with regard to its customers and society.

Shiseido has a track record of striving to fulfill its social responsibility as a corporation (fundamental CSR) in areas such as environmental, regional, and social welfare activities. At the same time, we have sought to leverage our distinctive characteristics (elective CSR) through the themes of "Cosmetics" and "Women," reflecting our core business, as well as our legacy of "Cultural Capital" (Sense of Beauty).

Today as we launch a new three-year plan, we intend to assign a central role in our CSR activities to our commitment to serving all customers that is expressed by our corporate message of "This moment. This life. Beautifully." In short, we have resolved

to enhance social activities that leverage our distinctive "Cosmetics" business; initiatives to address environmental problems, one of the most serious issues facing the world; activities that support the 90% of customers and 70% of employees who are "Women"; and initiatives to secure "Safety and Peace of Mind," the basis of the relationship of trust that we share with our customers.

Specifically, we will help improve quality of life (QOL) through "Cosmetics" by harnessing the potential of accumulated research results in both products and services for individuals who are deeply concerned about their skin due to birthmarks or scarring that is difficult to address by medical technology alone. And by pursuing a program of seminars and other initiatives to help concerned individuals in nursing homes and other facilities adopt a positive outlook through the use of cosmetics.

In environmental initiatives, we are moving to augment existing activities based on the Shiseido Eco Policy by developing a corporate culture that encourages all employees to consider how the environment can be conserved, and to apply those ideas in their work at the Company.

Shiseido is committed to doing everything that it can to help each and every customer achieve the ultimate in beauty and emotional fulfillment, and to ensure that humankind's one and only earth remains beautiful forever. This is Shiseido's promise to customers worldwide.

June, 2008  
Shinzo Maeda  
President & CEO  
Shiseido Company, Limited

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

## Shiseido's CSR Philosophy

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



### Corporate Mission

#### Corporate Mission

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

#### Criteria for Corporate Activity

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

## THE SHISEIDO WAY

### With Our Customers

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

### With Our Business Partners

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

### With Our Shareholders

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

### With Our Employees

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

### With Our Society

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

## THE SHISEIDO CODE(Extract)

### Chapter 1

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

### Chapter 2

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

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

### **Chapter 3**

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

### **Chapter 4**

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

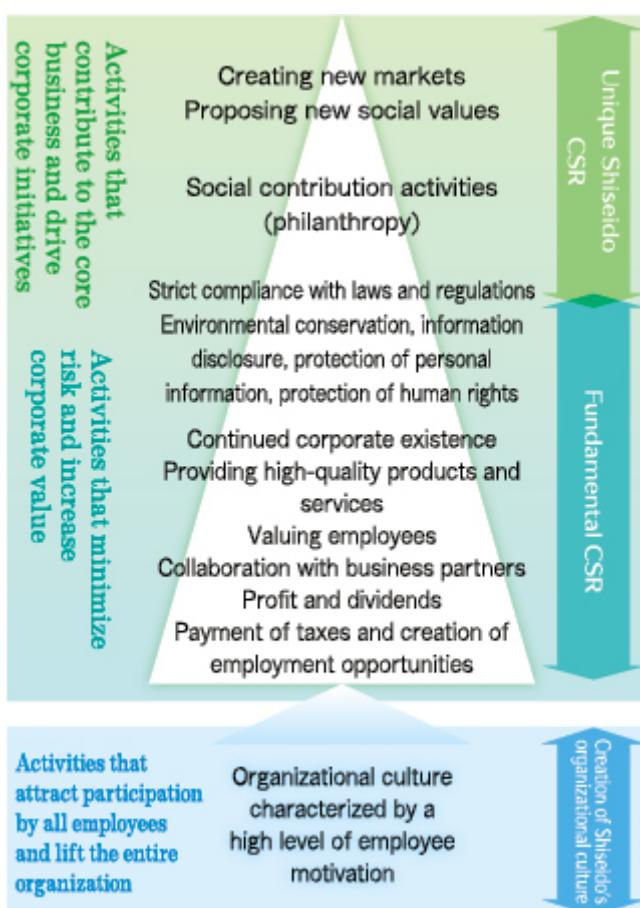
### **Chapter 5**

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

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

## The CSR Activities Domain and Associated Structures

### CSR Activities Domain



### CSR Associated Structures

Shiseido's CSR activities are advanced by the following three committees under the aegis of the CSR Committee, which reports directly to the Company's Board of Directors.

#### Compliance Committee

The Compliance Committee is responsible for oversight of activities incumbent upon the Company such as legal compliance, risk management, corporate ethics, quality, and the environment.

#### Corporate Value Creation Committee

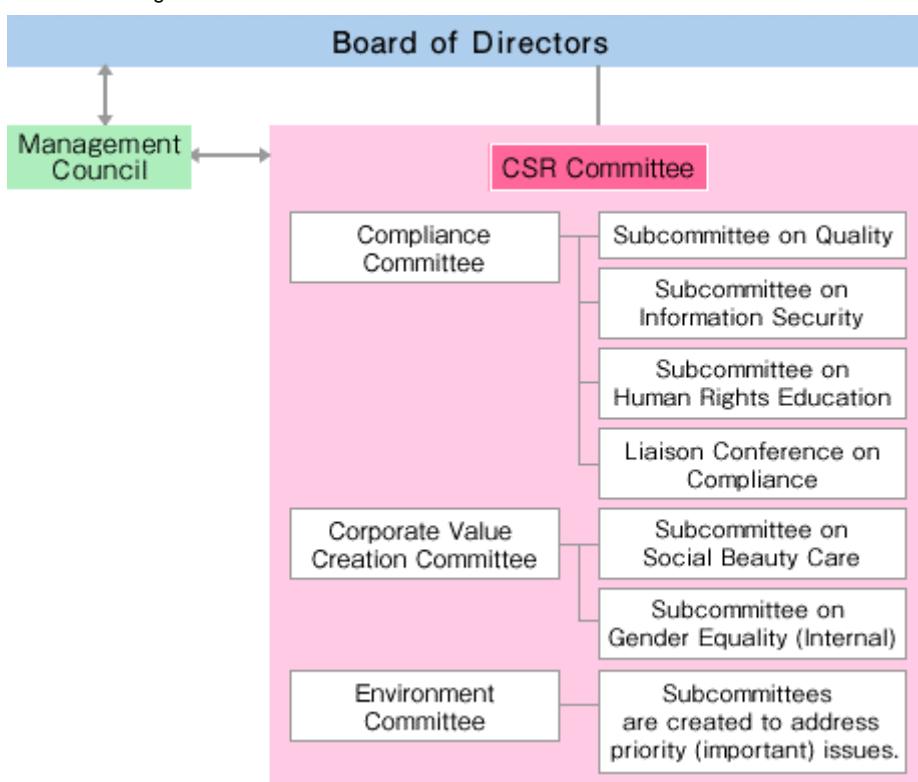
The Corporate Value Creation Committee is responsible for examining activities and corporate directions related to the enhancement of corporate value.

## Environment Committee

The Environment Committee is responsible for implementing an internal PDCA cycle by determining direction and strategy for environmental measures.

Each committee maintains a number of subcommittees dedicated to specific issues. The CSR Committee, comprised of the leadership of these three committees, meets quarterly to hold substantive discussions on the Company's overall direction, and based on the progress being made in each of its subordinate committees, the means by which management quality can best be enhanced. The results of these discussions are then applied to the three committees.

<Committee Organization>



## Compliance Committee

The Compliance Committee is tasked with carrying out Shiseido's corporate responsibility. It pursues corporate activities that will continue to earn the trust of society by moving beyond legal compliance and working to respond to the demands and expectations of the communities in which the Company is active. The committee is responsible for the following four roles.

### Promoting observance of THE SHISEIDO CODE at all levels of the organization

The committee educates employees of the Shiseido Group and works to instill an awareness of corporate mission and corporate ethics so that each individual can better follow THE SHISEIDO CODE. Department and worksite Code Leaders take a lead role

in advancing these activities. The committee also conducts position-specific training for corporate officers and other personnel as well as workplace-specific training for all employees.

#### Risk prevention, discovery, and correction

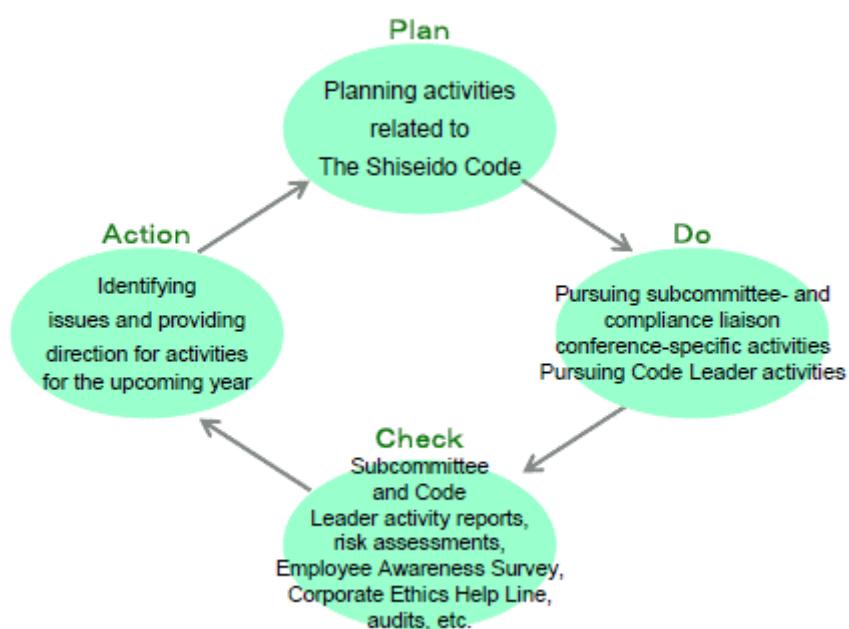
The committee is responsible for undertaking preventive action based on risk assessments. Should unacceptable behavior or an unforeseen development occur, it will seek to address the situation with speed and accuracy by means of an organizational structure that cuts across department lines.

#### Comprehensive monitoring

The committee maintains an accurate understanding of the internal and external conditions in which the Company operates, identifies issues and challenges, and gives direction to policy proposals.

#### Formulation and revision of THE SHISEIDO CODE and related rules

<The Compliance Committee's PDCA Cycle>



## **Corporate Value Creation Committee**

The Corporate Value Creation Committee gives direction to Company policies by examining what initiatives should be undertaken from the dual perspectives of enhancing corporate and social value. The committee aims to consider activities and direction suitable for the SHISEIDO brand by establishing CSR activities unique to Shiseido that are supported by each stakeholder.

Subcommittees dedicated to companywide themes such as gender equality and social beauty care activities examine and advance specific activities.

## **Environment Committee**

The Environment Committee advances the Company's internal PDCA cycle and seeks to make a greater contribution to environmental conservation by proposing companywide environmental initiatives, investigating the overall state of the Company's environmental program, and identifying issues that need to be addressed.

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TOP > [Editorial Policy]

## Editorial Policy

The Shiseido CSR Activities Report is compiled in accordance with the following policies:

- Descriptions of events include a clear statement of underlying approaches and future directions.
- Candid reactions from individuals involved with activities are included to give the report a human face.
- Overseas initiatives are included in order to provide a picture of the Group's operations in their entirety.
- The views of third parties are included in the form of a stakeholder dialog in order to increase the objectivity, transparency, and reliability of the report.
- Although this website focuses on information applying to fiscal 2007 (April 1, 2007, to March 31, 2008), some content addresses activities and initiatives undertaken in the time immediately preceding or following that period.
- This report has been compiled in accordance with the Sustainability Reporting Guidelines (2006 edition) published by the Global Reporting Initiative (GRI)<\*>.

\*Global Reporting Initiative (GRI): A non-profit organization established in 1997 to create worldwide guidelines for sustainability reporting, including not only environmental but also social and economic content.

The CSR Activities Report provides coverage of Shiseido Co., Ltd., and a total of 95 other companies including 92 consolidated subsidiaries (28 domestic and 64 overseas) and 3 equity-method affiliates. When the scope of data presented differs from this group of companies, that fact is noted in the text.

Information describing Shiseido's CSR activities during fiscal 2008 is also available from the following two sources:

### Shiseido CSR website

The website provides a condensed version of all CSR activity information to enable a wider audience to explore Shiseido's initiatives in this area. It is updated each year in August.



### Shiseido CSR Vision: Beautiful Society, Bright Future.

This pamphlet describes the vision underlying the five priority CSR activities being pursued by Shiseido during the new three-year period starting with fiscal 2008.



TOP &gt; [Management Structures] Corporate Data and Overview of Business

## Corporate Data and Overview of Business

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### Corporate Data

● Name	Shiseido Company, Limited
● Head Office	Ginza 7-5-5, Chuo-ku, Tokyo 104-0061
● Telephone	+81-3-3572-5111
● Established	1872
● Capital	\64.5 billion (as of March 31, 2008)
● President and CEO	Shinzo Maeda
● Net Sales	Consolidated: \723.5 billion (For the year ended March 31, 2008) Non-consolidated: \273.2 billion (For the year ended March 31, 2008)
● Number of Employees	3,497 [1,616] (Group 28,793 [11,213]) <small>*Number of employees as of March 31, 2008. Figures in parentheses indicate additional temporary employees, reported as an average for the business year under review. The number of temporary employees includes part-time and short-term contract employees but does not include temporary workers from staffing agencies. (as of March 31, 2008)</small>
● Shiseido Group	94 companies (included in the consolidated report: 31 domestic, 58 overseas, 5 affiliated companies) (as of March 31, 2008) <small>*Excluding Shiseido Company, Limited</small>

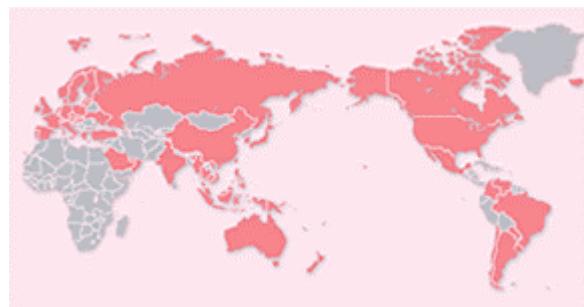
### Overview of Business \*as of March 31, 2008

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

\*Please refer to the following website for details on each business:  
<http://www.shiseido.co.jp> (Japanese only)

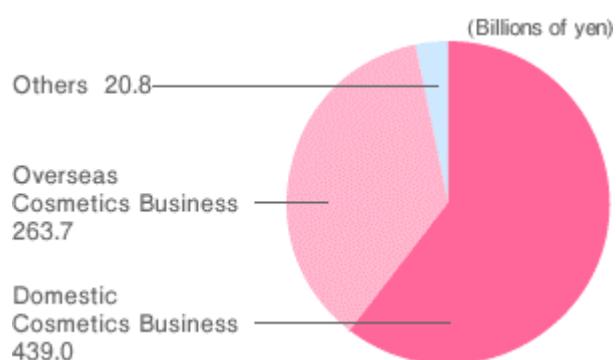
● Overseas Bases

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



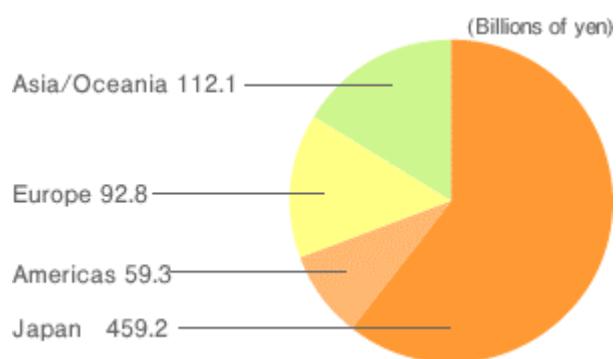
● Consolidated Net Sales by Business Segment

(For the year ended March 31, 2008)



● Consolidated Net Sales by Geographic Segment

(For the year ended March 31, 2008)



TOP > [Management Structures] Corporate Governance

## Corporate Governance

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

### Corporate Governance Basic Policy

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

### Management and Execution Structure

Management and Execution Structure Composed of eight members including two external directors, the Board of Directors is small and able to make decisions quickly. The Board has been reduced by one seat from the fiscal 2007 size of nine seats. It meets at least once a month to discuss all significant matters. Attendance at the 14 Board of Directors meetings in the year ended March 2008 was 98 percent (93% for external directors).

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

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

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

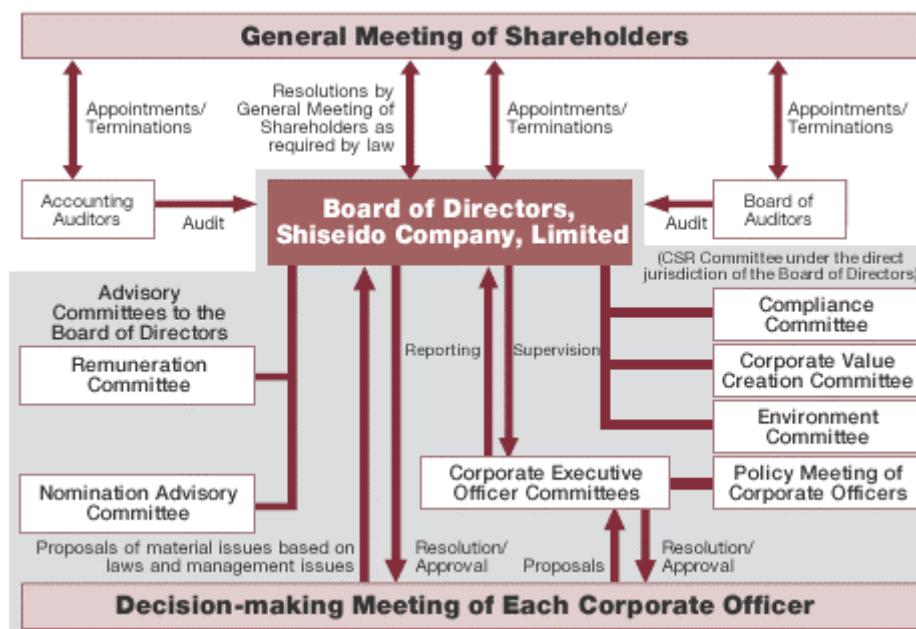
by appointing young individuals and focusing on establishing a small but highly skilled management team.

To promote transparency and objectivity in management, Shiseido established two committees to play an advisory role to the Board of Directors: the Remuneration Committee, charged with setting executive remuneration, and the Nomination Advisory Committee, which evaluates and nominates candidates for directors and corporate officers. Both committees are chaired by external directors to maintain objectivity.

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

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

Shiseido management and business execution structure



## Audit Structure

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

Representative directors and corporate auditors meet regularly to exchange opinions on actions that will resolve corporate governance issues. Shiseido maintains a framework to ensure that corporate auditors discharge their duties effectively. For example, at the corporate auditors' request, it arranges liaison meetings with the accounting auditors and the Internal Auditing Department in addition to assigning full-time employees to assist in audits. Corporate auditor attendance was 94 percent for the 15 Board of Auditors meetings and 92 percent for the 14 Board of Directors meetings held in the year ended March 2008.

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

## Remuneration of Directors, Corporate Officers, and Corporate Auditors

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

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

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

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

Remuneration to Directors and Corporate Auditors (Year ended March 2008)  
(Millions of yen)

	Basic	Bonuses	Stock options	Total
Directors (9)	222	120	38	381
External directors (2 of the 9)	26	—	—	26
Corporate auditors (5)	85	—	—	85
External auditors (3 of the 5)	33	—	—	33
<b>Total</b>	<b>308</b>	<b>120</b>	<b>38</b>	<b>466</b>

- Notes 1. Basic remuneration for directors was within the limit of \30 million per month as per resolution of the 89th Ordinary General Meeting of Shareholders (June 29, 1989). Basic remuneration for corporate auditors was within the limit of \10 million per month as per resolution of the 105th Ordinary General Meeting of Shareholders (June 29, 2005).
2. The above-noted amount for directors' bonuses was based on a resolution of the 108th Ordinary General Meeting of Shareholders held on June 25, 2008.
3. In addition to the above amounts, directors and corporate auditors received the following remuneration during the year ended March 2007.
- In addition to the above amounts, directors and corporate auditors received the following remuneration during the year ended March 2007.
  - Deferred retirement benefits  
\95 million was paid to one retiring corporate officer, and \9 million was paid to one retiring corporate auditor. These payments were based on the abolishment of the retirement benefit system and the award of retirement benefits as per resolution of the 104th Ordinary General Meeting of Shareholders on June 29, 2004.

Remuneration of Accounting Auditors(Year ended March 2008)

(Millions of yen)

Item	Amount
Remuneration paid for services rendered as accounting auditors for the fiscal year under review	77
Total cash and other remuneration to be paid by the Company and its subsidiaries to their accounting auditors	120

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TOP >[Management Structures] Corporate Ethics

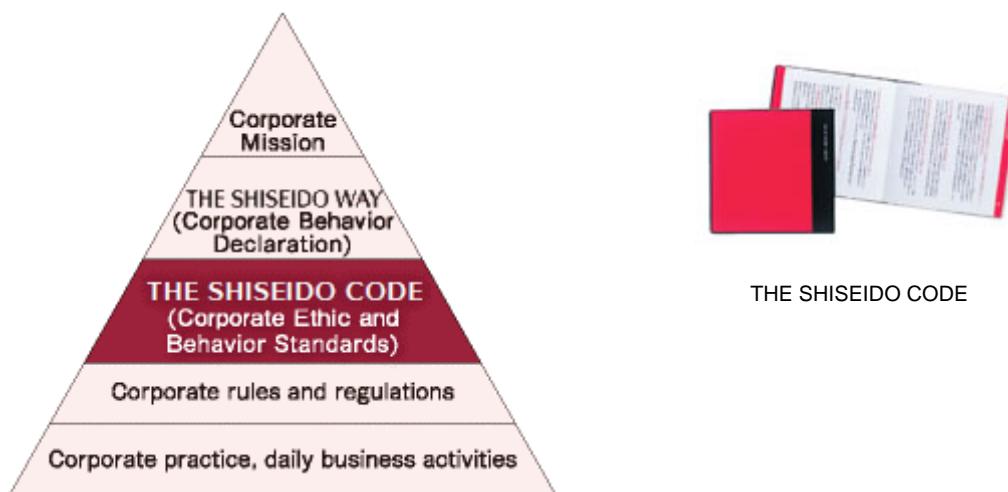
## Corporate Ethics

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

### CSR Activities Based on *THE SHISEIDO CODE*:

*THE SHISEIDO CODE* is a set of specific corporate ethics and behavioral standards for realizing the Corporate Mission and THE SHISEIDO WAY (Corporate Behavior Declaration) and forms the basis of Shiseido's CSR activities. It provides behavioral guidelines that every employee in the Shiseido Group should follow in order to strengthen the relationship of trust binding stakeholders to the company. The content of *THE SHISEIDO CODE* is disclosed to the public via the corporate website(Japanese only).

The Position of *THE SHISEIDO CODE*



## Corporate Ethics Activities Follow a PDCA Cycle

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



## Code Leader Activities

Shiseido has placed about 600 Code Leaders in positions in all domestic divisions and worksites. Selected according to individual worksite characteristics regardless of position, gender, and age, these individuals create action plans for their worksites and conduct educational and training activities following the PDCA Cycle. The Company seeks to share information and utilize it in the formulation of action plans for the upcoming year by introducing examples of successful activities and annual reports on each worksite's initiatives in the Code Letter magazine and the Shiseido Corporate Ethics White Paper. The Company hosts informal gatherings where Compliance Committee members can meet with Code Leaders from around Japan as well as Code Leader Discussions where managers and Code Leaders from individual worksites can meet to improve communication, identify workplace issues, and help create a better workplace.

Code Leader activities in the year ended March 2008 revolved around the theme of "creating a company culture conducive to good internal communications." Code Leaders surveyed all employees at individual workplaces to identify strengths and weaknesses and then established activity themes accordingly.



A Code Leader Discussion  
(held in January 2008)



Company poster introducing Code Leaders

## Human Rights Awareness and Corporate Ethics Training

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

### (1) Training for new Code Leaders (once or twice a year)

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

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

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

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

Code Leaders serve as instructors for these programs in their workplaces. As in the year ended March 2007, the theme for the year ended March 2008 was "creating a company culture conducive to good internal communications." Trainees created Review Notes based on the results of the Awareness Card Training they underwent in fiscal 2006. These materials are used at various worksites as tools for facilitating a review and discussion of the workplace culture.

### (4) Training based on business area

These programs cover legislation related to sales, product liability, pharmaceuticals, patents, etc.

## 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 created and publicized to employees a set of Shiseido Group Consultation Office Regulations setting forth an impartial means of investigating and resolving complaints and clearly prohibiting prejudicial treatment of whistleblowers (as well as individuals seeking advice).

The Shiseido Consultation Office welcomes individuals seeking advice on a wide range of topics, relating not only to *THE SHISEIDO CODE* but also to the Company's business and operations in general. The Office worked to quickly resolve 194 inquiries in the year ended March 2008, bringing the total since April 2000 to 926. The Company also distributed an Ethics Card to all employees, including temporary workers.



Internal pamphlet  
about the Shiseido Consultation Office

## Identifying Issues and Taking Steps to Implement Improvements

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

Although the survey has targeted only regular employees in the past, it was widened in fiscal 2007 to cover all employees, including contract employees and temporary employees, to reflect increasing diversity in the company's employment pattern. Observation of *THE SHISEIDO CODE* continues to steadily improve with each passing year. Looking to the future, Shiseido will work to energize the company culture to

improve items related to workplace culture and how employees go about doing their jobs.

## Reviewing Internal Rules Governing Gift Exchanges and Business Entertainment

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

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

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



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

## Initiatives Related to the United Nations Global Compact

Shiseido announced that it was joining the United Nations Global Compact in September 2004 and declared to international society its intention to take the initiative to fulfill its social responsibility as a good corporate citizen. The Company is working to raise awareness by distributing the Shiseido newsletter to domestic and overseas employees and through training and educational activities.

We also encourage understanding of the Compact by including related articles in a public relations magazine for customers. Furthermore, we created the *Shiseido Group Supplier Code of Conduct* in March 2006 on the basis of the Global Compact's ten principles, and we request that suppliers observe its provisions.

In addition, we report on our business activities by making our annual CSR Report available on the United Nations Global Compact website.



### 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. Currently, approximately 5,000 organizations worldwide have declared their support of and participation in the United Nations Global Compact.

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

### \*ten principles

#### 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.

## Risk management at Shiseido

To address company-wide risk and implement preventive measures for specific risks across businesses and departments, Shiseido has created a Risk Coordination Subcommittee (operating as a dedicated staff team) under the Compliance Committee, the organization with company-wide control of all risks related to corporate activities. The subcommittee advances a variety of measures to prevent risk and deals with manifest risk on a variety of levels through task forces, action projects, and response teams.

The Company's approach to risk management is founded on a policy of fulfilling social responsibility by minimizing the effects of any manifest risk. We seek to the best of our ability not only to prevent the occurrence of any social loss but also to act in a responsible manner so as to contribute to society, thereby increasing our corporate value.

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

Shiseido has established a Business Continuity Plan (BCP) spelling out how important operations would be restored and carried on in the event of a major earthquake, in a manner that would allow it to minimize damage and resume operations at the earliest possible opportunity. The Company also compiled and distributed to all employees a pamphlet entitled "Earthquake! What Should You Do?" to provide an earthquake manual for employees. Designed to increase employee awareness, the publication features instructions for employees in the event of a major earthquake, descriptions of disaster prevention measures that can be implemented at home and at work, and a discussion of lessons learned from the Great Hanshin Earthquake.



Earthquake manual

#### ■ Measures anticipating a new influenza strain

Public health experts worldwide fear the development of a new strain of influenza through a sudden viral mutation resulting in person-to-person transmission, and it is said that a worldwide pandemic is only a matter of time. Shiseido developed and publicized throughout the Company a 2008 New Influenza Action Plan that summarizes in chart form preventive measures, as well as measures addressing employees traveling on business, infected individuals, offices, and retail outlets, taken from the perspective of business continuity.



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

## Activities that take advantage of Shiseido's core business

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

### Providing makeup advice to individuals with serious skin concerns

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

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

Until now, Shiseido has worked in partnership with medical institutions to provide makeup advice for customers with skin disorders or scarring, while developing Perfect Cover Foundation, a product specifically designed to conceal birthmarks and other blemishes. In June 2006 we opened the Social Beauty Care Center in our head office building in Tokyo's Ginza district to further broaden these activities. Ten beauty consultants who have undergone a special program of on-the-job training and practical training at medical institutions help people with concerns about skin color due to birthmarks, vitiligo<sup>\*</sup>, 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 1, 2008, there were 323 organizations participating in this program.)

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



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



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

### voice

#### Makeup Advice Working in Partnership with Conventional Treatment

Dr. Shoji Watanabe  
Head, Department of Plastic Surgery  
Tokyo Rosai Hospital



I used to suggest that patients seek makeup advice as a last resort when it became clear that conventional treatment would not be effective; I saw the approach as the equivalent of giving up on medical treatment. However, I now see makeup advice not as a sign of giving up but rather as a partner that increases the quality of treatment. I introduce patients to its techniques during their treatment, and most of them are receptive to learning more about it. I've been active in telling patients about it since the Social Beauty Care Center opened. It would be a wonderful thing if the advice available at the center were accessible at every store in Japan.

#### 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.

## Beauty Seminars

The desire to enjoy lifelong health and beauty is a timeless one. Reflecting our desire to help customers get even a step closer to their dream of beauty, Shiseido has held about 3,600 Beauty Seminars throughout Japan with participation by some 83,000 customers.

Launched in 1949, these seminars provide a firsthand opportunity for Beauty Consultants at workplaces around the country to teach participants how to apply cosmetics properly while offering ideas about how the use of makeup can be a richer, more enjoyable experience.

Shiseido is also proactive in offering a program of Beauty Seminars for handicapped individuals and senior citizens. The benefits of cosmetics have also received attention in the medical community in the form of "makeup therapy," a process whereby cosmetics play a useful role in creating a positive outlook in patients, motivating them to complete their physical therapy, and enriching their interactions with society.

### ■ Shiseido Beauty Volunteer Program

Demand for our Beauty Seminars for handicapped individuals and senior citizens increases with every passing year. The Shiseido Beauty Volunteer program was introduced in 2000 to address this need by encouraging Beauty Consultants who have retired from Shiseido to volunteer their time. Drawn by the ability to make use of their skills after they retire, today about 200 volunteers are actively involved in conducting seminars at facilities for handicapped individuals and senior citizens.



A Beauty Seminar held at a nursing home in Kagoshima City, Kagoshima Prefecture. Beauty Consultant Ikumi Yasutome (left) was joined by Beauty Volunteers Mutsumi Fuchida (middle) and Terumi Yoshimitsu (right) for the visit to the facility.

## Initiatives 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 China's women. So far the Company has published an educational booklet about basic beauty knowledge (1.89 million copies) and held a series of Beauty Seminars in 15 cities including Beijing and Shanghai (more than 10,000 people have participated in a total of 180 seminars). Shiseido is also proposing ways for China's women to cultivate a beautiful appearance through a variety of programs including Beauty Seminars at companies, universities, and groups such as the Association of Women Mayors. Shiseido is eager to continue contributing to the beauty of China's women through a variety of programs such as these.



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



"Feminine from the Heart"  
Beauty Seminar in Changsha

TOP > [Initiatives with Stakeholders]

## Initiatives with Stakeholders

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TOP > [Initiatives with Stakeholders]With Our Customers

## With Our Customers

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

### 100% Customer-oriented Manufacturing

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

<https://wwws.shiseido.co.jp/seibun/> (Japanese only)

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.



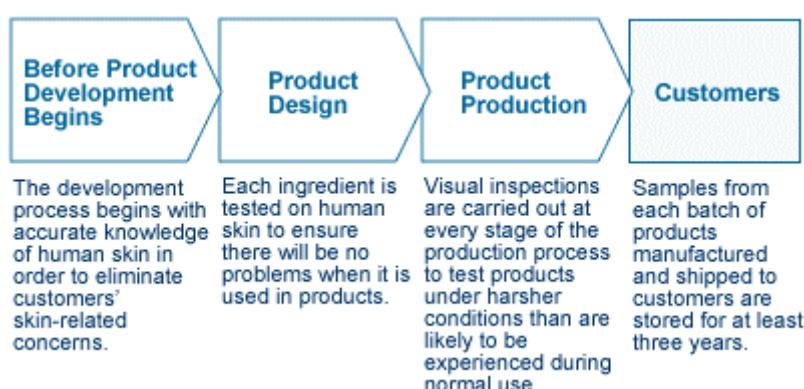
#### ■ The Manufacturing Stage: Strict Standards

After their safety has been verified, Shiseido formulations are manufactured according to strict product standards. In addition to visual inspections at every stage of the production process, during endurance testing products are subject to harsher conditions than are likely to be experienced during normal use. Then, immediately prior to shipment from our factories, sensory inspectors re-inspect the condition, smell, color, and feel of cosmetic products, and only products that pass the final test are shipped. Finally, we store cosmetic samples from each batch shipped at the factory for a period of at least three years so that we can continue to verify product quality after shipment.

## ■ Safety, Backed Up by Data

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

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



## ■ Initiatives in Healthcare Products

Shiseido's commitment to high-quality manufacturing remains unchanged in the beauty and health food domain, where an uncompromising product development process makes use of only carefully selected ingredients.

Shiseido has an unwavering commitment to the safety and high quality of its beauty and health food products. We pride ourselves on delivering products that our customers can consume with confidence and peace of mind by following GMP standards developed for pharmaceuticals<\*1> or Shiseido standards at every stage of the manufacturing process, from ingredient selection to commercialization and production. As with our cosmetics, the ingredient selection process involves gathering information from around the world and checking data describing site conditions, soil quality, residual pesticides, and other characteristics so that we can use only ingredients that inspire peace of mind. In commercialization and production, we maintain systems capable of maintaining a stable supply of high-caliber, high-quality products by observing internal Shiseido standards as well as HACCP<\*2>, ISO 9000, GMP, and other industry standards and guidelines.

In all of these initiatives, we are not satisfied to rest on our accumulated experience, but rather continuously strive to craft the products of tomorrow by gathering the latest health information and applying state-of-the-art technologies. To this end, our research,

product development, and beauty services departments cooperate and regularly exchange information as they work to create safe, original, and confidence-inspiring products.

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

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

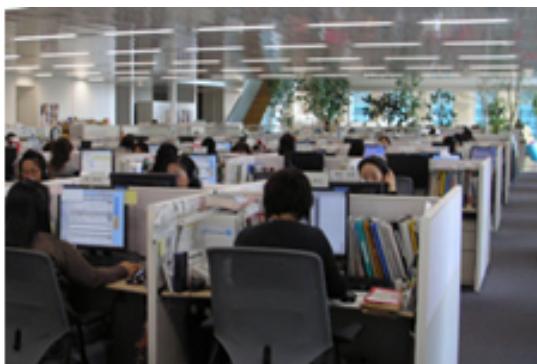
## Communicating with Customers

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

### Customer Center

<https://www.shiseido.co.jp/customer/> (Japanese only)

The Shiseido Customer Center solicits opinions from customers throughout Japan by a variety of means including toll-free calls, letters, and email. The Center processes some 210,000 contacts on a broad range of subjects each year, including questions about how to use or choose products, opinions and requests for products, and responses to advertisements.



The Shiseido Customer Center



Company newsletter featuring  
the Shiseido Customer Center

## ■ Frequently Asked Questions (FAQ)

<http://www.shiseido.co.jp/info/customer/faq/index.asp> (Japanese only)

We grouped together answers to some of the most common questions we receive from customers in a Frequently Asked Questions document (FAQ) and made it available on the Shiseido website(Japanese only) in February 2008.



## ■ Shiseido Website

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

Shiseido provides extensive product, beauty, and company information on its website(Japanese only), reflecting efforts to create appealing content and administer the site in response to customers' desires and needs.

The global website is available in ten languages including English, French, and German, while a mobile site provides an official Shiseido presence on iMode, EZweb, and Yahoo! Mobile.

In addition to taking advantage of members-only services including online skincare checks and the ability to participate as monitors and receive complimentary samples, more than 1 million registered Shiseido Net members(Japanese only) receive email magazines such as the information-packed Shiseido Website News.



Shiseido website

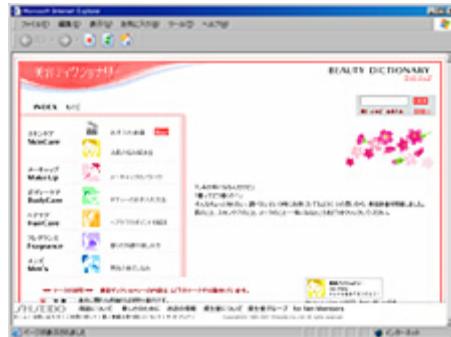


Shiseido global website

## ■ Beauty Dictionary

[http://www.shiseido.co.jp/biyou\\_dic/ \(Japanese only\)](http://www.shiseido.co.jp/biyou_dic/)

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



## ■ Listener's Cafe

[http://www.shiseido.co.jp/listener/html/ \(Japanese only\)](http://www.shiseido.co.jp/listener/html/)

Shiseido's Listener's Cafe provides the audio equivalents of content such as beauty information and basic cosmetics knowledge for visually challenged individuals. Other offerings include A Time for Beauty, a wide ranging compilation of information about beauty, trends, fashion, health, and music 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.



## ■ Beauty Enhancement Seminars and Beauty Enhancement Home Seminars

Since 2005, Shiseido has been holding Beauty Enhancement Seminars at workplaces throughout Japan to expose customers to the latest beauty information and new products. We hold a total of three spring, summer, and fall seminars each year with participation by about 20,000 customers. The online registration process gives priority to customers who have registered as Shiseido Net members.

In fiscal 2006, we began offering Beauty Enhancement Home Seminars to give more customers and Shiseido Net members access to seminars 24 hours a day in their own homes. About 1,000 people participate in each seminar online, where they can experience hands-on beauty training while watching lectures and other graphic content.

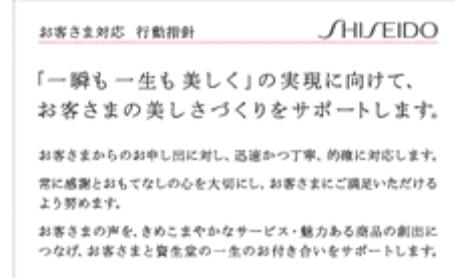


## Initiatives to Share Customer Feedback Internally and Utilize It in Company Activities

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

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

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



Customer Service Code of Conduct

### Collecting Customer Feedback

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

#### Collecting Customer Feedback from Retail Outlets (Mobile Handsets)

Based on a belief that spontaneous reactions at retail outlets signal customers' true feelings, Beauty Consultants collect 150,000 instances of customer feedback each year on the sales floor using special mobile handsets. The system enables authentic customer reactions to the Company's marketing activities to be shared companywide within one day of being entered on the handsets.



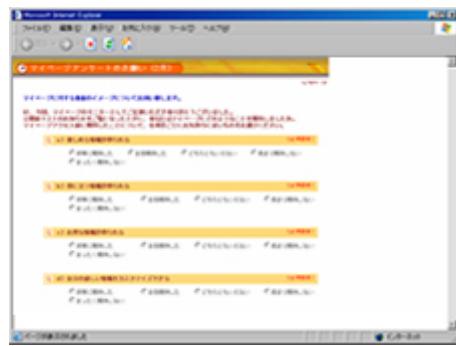
Special mobile handset used by Beauty

### ■ Collecting Customer Feedback from Internet Monitors

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

### ■ "In-House" Quantitative Survey System

This survey system enables employees working in product development or sections responsible for proposing Company policy to create survey screens as easily as if they were simply typing text into a word processor. The ability to rapidly solicit and receive responses from a large number of Internet Monitors helps the Company to quickly obtain outside feedback to apply to product development and policy proposal processes.



Example of the "In-House" quantitative

### ■ "Chatterbox" Qualitative Survey System

This Internet-based group interview system allows employees to participate in virtual online meetings and ask customers their opinions via on-line chat. The ability for participants to transform themselves into cute animated characters keeps the interview enjoyable.



Example of a "Chatterbox" qualitative survey

## ■ Website Soliciting Customer Suggestions (Idea Garden)

[http://www.shiseido.co.jp/netclub/idea\\_garden/index.asp](http://www.shiseido.co.jp/netclub/idea_garden/index.asp) (Japanese only)

Shiseido added an area where visitors can submit ideas and suggestions to its website in April 2008. Solicitations are limited to Internet Monitors but are publicized widely, and voting by all website visitors helps the Company understand customers' expectations and reflect them in its corporate activities.



## Analyzing Customer Feedback

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

## ■ Voicenet C System

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

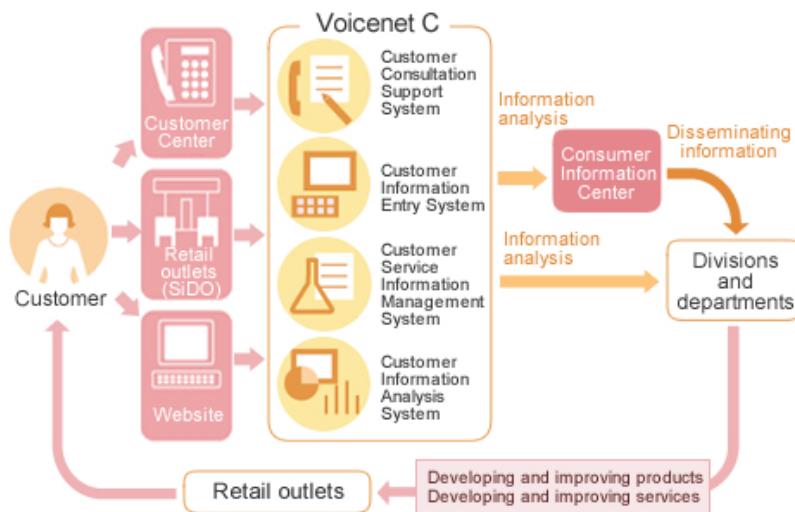
The Voicenet C system provides functionality for supporting responses at the Customer Center (Customer Consultation Support System), recording and storing feedback details and associated circumstances (Customer Information Entry System), supporting contact between the Consumer Information Center and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

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



## Reflecting Customer Feedback in Company Operations

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



### Customer Feedback Information (Intranet)

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



### Customer Monitoring Program

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



Seminar being held at a plant

## Applying Customer Feedback to the Product Creation Process

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

### ■ TSUBAKI

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

In response to feedback from customers who regularly use the product, we added a large size refill (500 mL).

We added a protruding pipe-shaped spout to the refill package to facilitate easy pouring, and designed the corner that is torn off so that the spout fits snugly against the bottle being refilled. We also added Braille print to enable visually impaired customers to discriminate between shampoo and conditioner bottles.



In addition, we addressed customer concerns that the bottle becomes increasingly likely to tip over as its contents are used up, by increasing the area of the bottom surface by 117%, increasing the stability of the design and making it more difficult to tip over, without sacrificing its beautiful form.



## ■ Benefique Renew

[http://www.shiseido.co.jp/benefique/ \(Japanese only\)](http://www.shiseido.co.jp/benefique/)

When we redesigned the Benefique line of products, we incorporated customer feedback that showed the bottle becomes increasingly likely to tip over as its contents are used up, by designing a more stable container that's less likely to spill. We also designed a dispenser suitable for use by individuals with less physical strength, and shaped the bottle so that it is easy for individuals with small hands to hold.



## ■ Integrate Gracy

[http://www.shiseido.co.jp/ieg/index2.htm \(Japanese only\)](http://www.shiseido.co.jp/ieg/index2.htm)

In developing product packaging we took into account customer feedback indicating that the container and case labeling were difficult to understand, and that the type used was too small.

Each side of the product packaging indicates product features, function, and efficacy, using easily understood words. Designers adjusted the size and layout of the type to maximize readability. The new labeling makes it possible for customers to understand and select the product that's right for them at a glance.

Foundation



Makeup base



Concealer



Facial powder



### ■ Shiseido Facial Care Mask N

[http://www.shiseido.co.jp/tools/products/sheet/00022/ \(Japanese only\)](http://www.shiseido.co.jp/tools/products/sheet/00022/)

Customers indicated that when the case was held by the lid, the bottom section was prone to fall off and spill its contents. In response, we redesigned the product packaging to create an integrated case that prevents the lid and the bottom from becoming detached. The new design offers improved ease of use and portability.



### ■ cle de Peau BEAUTE teint naturel fluide s

[http://www.shiseido.co.jp/cpb/html/ \(Japanese only\)](http://www.shiseido.co.jp/cpb/html/)

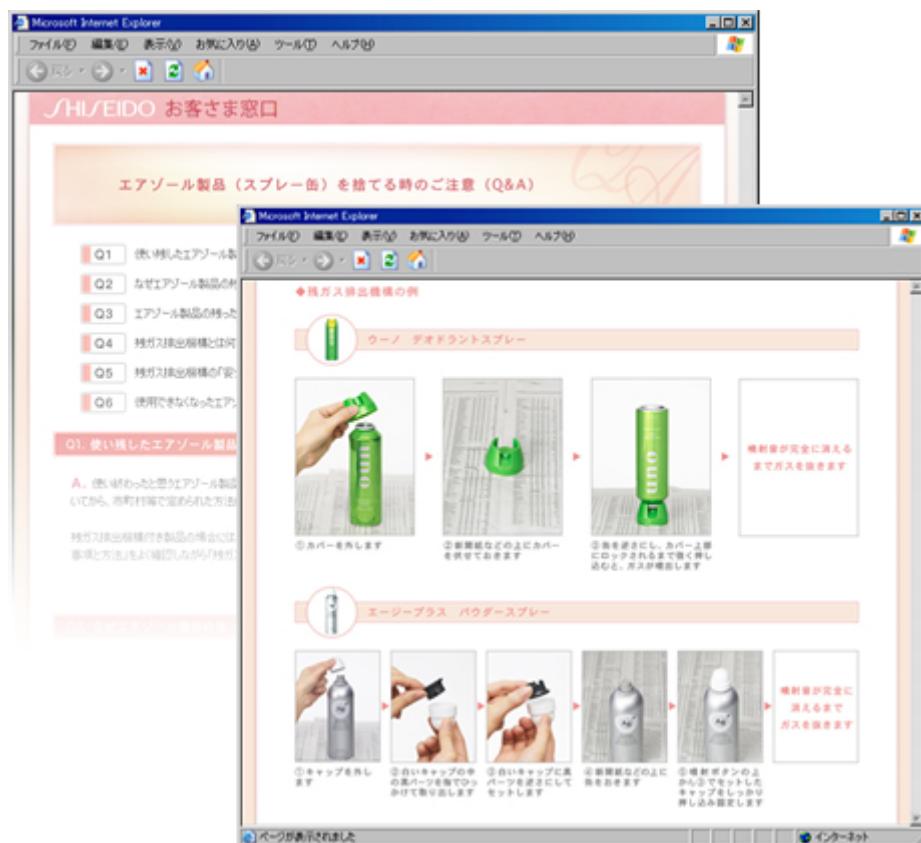
Customers told us that they were getting the cream type foundation under their fingernails when they dispensed it from the bottle. In response, we developed a new dispenser that delivers just the right amount in a way that doesn't get under the user's fingernails, enabling the container to be used in a hygienic manner until the product is used up.



## ■ Aerosol container with mechanism for releasing remaining gas

For some time a common question from customers has been how to best dispose of aerosol products after they've been used up. We developed a new mechanism that meets the legal requirement, starting in April 2008, that all aerosol products incorporate a mechanism for releasing the remaining gas.

Designers worked during the development process to ensure that customers would be able to use Shiseido products with peace of mind until they run out, and we have included a "Precaution Regarding the Disposal of Aerosol (Spray Can) Products" (Japanese only) on our website to increase customer safety when disposing of these containers.



## 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 this way Shiseido is working to create products with easy-to-use and easy-to-understand designs even as it continues to value the beauty, pleasure, and joy that cosmetics inspire when used and even simply held in their containers.

### 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.

Round bottle with a shape that mimics a hand holding it

TOP > [Initiatives with Stakeholders]With Our Business Partners

## With Our Business Partners

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

### Initiatives with Business Partners

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

#### ■ Shiseido Group Supplier Code of Conduct

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

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

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

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

TOP > [With Our Shareholders]

## With Our Shareholders

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

For investor information  
<http://www.shiseido.co.jp/e/ir/>

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TOP > [Initiatives with Stakeholders]With Our Employees

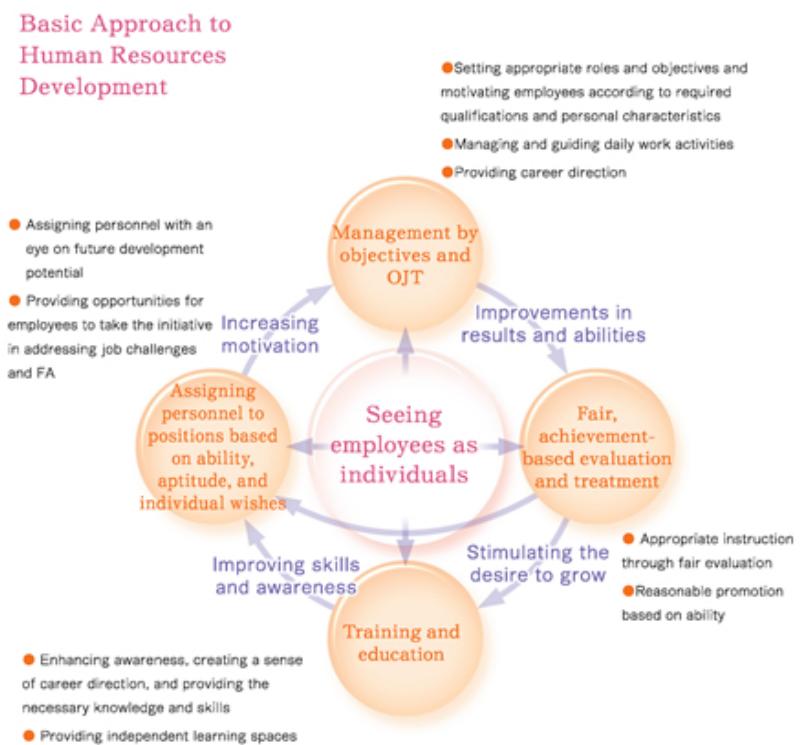
## With Our Employees

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

### Shiseido "Shared Education" Declaration

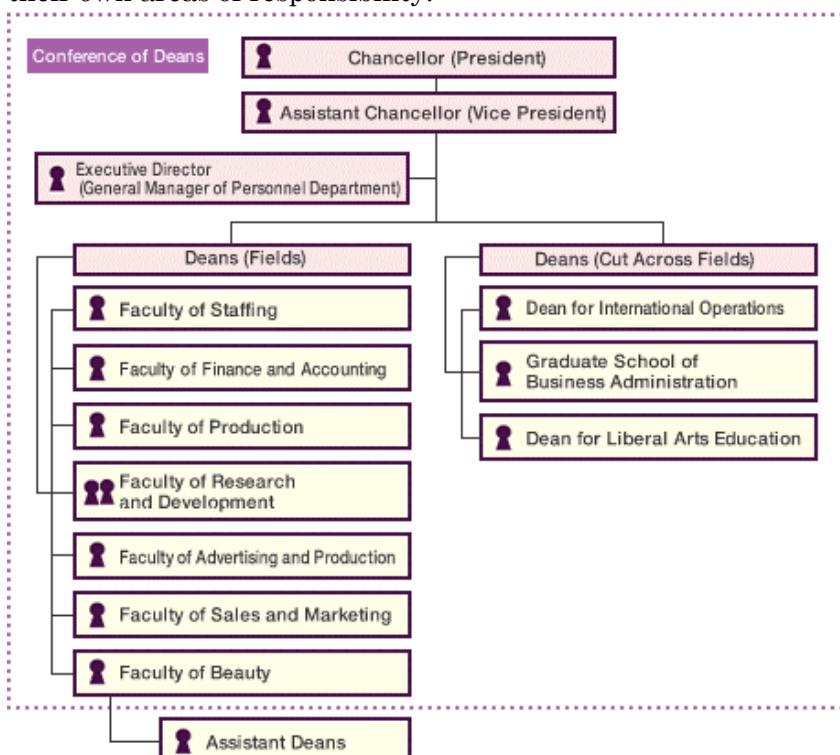
The successful implementation of Shiseido's management vision hinges on the people who carry it out. In other words, the development of interesting and talented people is directly linked to management.

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



## Ecole Shiseido

In accordance with its "Shared Education" Declaration, Shiseido opened a corporate university called Ecole Shiseido in 2006 and launched a variety of training initiatives to implement the Company's human resources development policy and oversee companywide training. Approximately 90 training programs were offered in fiscal 2007, including professional training in a variety of fields, new employee and management training that cuts across fields, and training to develop the skills required in upper management positions. While the president serves as the chancellor of the university, corporate officers take the lead in developing a pool of interested and talented employees by serving as the deans of the faculties in the university that correspond to their own areas of responsibility.



### voice

#### Helping Each Employee Realize His or Her Full Potential

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



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

## Gender Equality Initiatives

### ■ Approach to Gender Equality and Associated Structures

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

Shiseido's active involvement in gender equality initiatives stems not only from a concern with human resources issues but also from a desire to increase trust of the Company on the part of employees, an important group of stakeholders, by going above and beyond legal requirements. We are also working to enhance the Company's standing in society at large by pursuing advanced initiatives that reflect Shiseido's true character.

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

### ■ Phase 2, Gender Equality Action Plan 15

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

### ■ Training and Promoting Female Leaders

Shiseido refers to individuals in management positions with subordinates that they evaluate as "leaders," and female employees account for 16.2% of all domestic Group leaders (see "Personnel Data"). This is by no means a high value given Shiseido's status as a cosmetics manufacturer. The Company is working to increase this percentage by establishing numerical targets for participation by female employees.

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

Personnel transfers remains an unresolved issue related to training and promoting female leaders. Because the number of female course employees nationwide is comparatively high at 735 (as of April 2007), we created a new system for use by both male and female employees. With the exception of certain items that specifically target

women, we developed an action plan that applies to both male and female employees to enable equal treatment of both genders rather than resorting to preferential treatment for women.

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

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

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

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

## Achieving Work-Life Balance (WLB)

### ■ Reviewing How Employees Work

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

At a meeting to announce the Company's fiscal 2007 management philosophy, the president instructed department managers and worksite leaders to plan activities to review the way employees work, achieve gender equality, and implement human resources development. As a result of the active pursuit of these initiatives, worksites have developed exemplary programs.

Shiseido will continue these worksite activities on a group-wide basis in fiscal 2008 so that all employees have a chance to experience WLB in their jobs.

## Kangaroo Staff Grows to 700

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

In fiscal 2007, approximately 600 Kangaroo Staff members provided support for about 500 BCs who took advantage of the child-rearing work hours program. The Kangaroo Staff program was expanded to about 730 employees in April 2008 to provide support for approximately 600 BCs taking time off.

## voice

### Passing the Torch to the Younger Generation

Yukimi Murota (Beauty Consultant)  
Kinki Area Sales Department (2), Shiseido Sales Co., Ltd.



I feel that this program has created an environment where employees can balance childcare and work. To the extent that those of us who take time off to care for our children have limited time, we work to provide the best possible service during that time and try to take advantage of our experience raising children when dealing with customers. By doing this I hope to pass the torch of leadership to younger employees. Once I'm finished caring for my own children, my personal goal is to help the next generation of BCs as they care for theirs.

### Helping Others Achieve Happiness

Haruna Abe (Kangaroo Staff)  
Kinki Area Sales Department (2), Shiseido Sales Co., Ltd.



This program really resonated with me, so I began working as one of the Kangaroo Staff. At first I didn't know what I was doing, but thanks to the support of the more experienced BCs I learned how to provide good service and contribute to the store's activities. Knowing that I'm facilitating others' happiness, for example by helping customers become more beautiful and by supporting BCs as they balance work and childcare, motivates me in this job.

## Physical and mental health initiatives

Shiseido is pursuing human resource development in order to achieve its vision of filling the Company's organization with interesting and talented people. It is of paramount importance for employees to be able to work in a fresh and lively manner, healthy in body and spirit, and we believe that healthy living is the foundation of personal development.

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

### **(1) Preventing adult-onset diseases**

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

### **(2) Discouraging tobacco use**

- All worksites declared their facilities to be non-smoking areas in their entirety for the duration of World No-Tobacco Day.
- The Company held the No-Smoking Marathon, a voluntary no-smoking program.

### **(3) Providing mental healthcare**

- The Company administered a mental health survey as a means of facilitating self-care by making a comprehensive measurement of physical and mental health, as well as stress.
- The Company conducted a review of its mental health-counseling program, revamped its internal and outside counseling offices, and established a new internal mental health counseling office in partnership with specialized counselors and medical staff.

### **(4) Practicing health management for women**

- The Company held a pilot training program consisting of a series of awareness seminars addressing physical changes and diseases to which women are susceptible, with a focus on the female lifecycle.
- Based on the results of this training program, Shiseido Sales Co., Ltd., will spearhead the development of a basic program entitled "Health Seminars for Women" for eventual introduction nationwide.

During fiscal 2008, Shiseido will augment the four health programs described above by continuing to develop its health management program, for example by increasing the size of its occupational safety and health staff.

### **Work Improvement Proposal System (Chie-Tsubaki Proposal System)**

Shiseido believes it is the willingness of individual employees to meet challenges and take action that drives reform of the Company forward. We launched the Chie-Tsubaki Proposal System in June 2006 to enable all employees to participate in the reform process by submitting ideas on how operations can be improved. This initiative has collected more than 100,000 suggestions so far.

The system provides a mechanism for evaluating proposals made by employees based on their creative problem-solving and improvement efforts. Proposals that receive a favorable evaluation are presented directly by the submitting employee to the Company's president and directors, who evaluate the proposal and recognize the

employee's contribution. Individuals and worksites that are actively involved in submitting ideas on an ongoing basis are also recognized.

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

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

## voice

### Experiencing the Importance of Taking the Initiative

First Place, Annual Individual Proposal Award (Beauty Category), Fiscal 2007  
Emiko Miyabayashi (Beauty Consultant)  
Kinki Area Sales Department (2), Shiseido Sales Co., Ltd.



I've made a number of proposals intended to make a small contribution to the efficiency of our work and to capturing the attention of customers at Shiseido's sales spaces so that they stay even a little while longer. Identifying improvements, however small, and working to yield results by implementing them provides an excellent opportunity for recognizing the importance of taking the initiative to act. I'm looking forward to applying this approach to my daily work in Shiseido's retail outlets, and I hope to be able to make customers smile by doing my job as a Beauty Consultant.

### Working to Make Coworkers Happy

First Place, Annual Individual Proposal Award (General Category), Fiscal 2007  
Sakiko Noda  
Kakegawa Factory



I've been doing my best to propose improvements out of a desire to see my coworkers smile when one of my suggestions makes it easier for them to do their jobs. My ideas are small ones, but I'm looking forward to polishing my problem-solving ability so that one day I can propose an improvement that can be applied companywide.

\* Annual Individual Proposal Award: An award recognizing employees who have submitted proposals on an ongoing basis throughout the year. Awards are presented in both Beauty and General categories.

## Activities to Increase Customer Satisfaction

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

### voice

#### Earning customers' trust as a BC

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



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

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

## Respect for Normalization<\*>

### Hanatsubaki Factory

In January 2006, Shiseido established Hanatsubaki Factory Co., Ltd., a special subsidiary staffed primarily by developmentally-challenged individuals, as part of an effort to create a workplace where all employees can actively engage in work. Today, 12 developmentally-challenged individuals work at the Sumida Workplace at Kamakura Factory applying labels to products like Kesho-Wakusei, and Integrate and pack them into individual boxes. Thanks to efforts to standardize the production process while tweaking it to compensate for employees' quirks and simplify difficult procedures, the workplace has posted exceptional results as it strives to achieve its goals of "quality first" and "zero defects".

In March 2007, employees including seven developmentally challenged individuals began providing office services such as cleaning the Shiodome Office and replacing copier paper. We remain committed to facilitating autonomy and offering employment opportunities to developmentally-challenged individuals by further expanding the scope of such work in the future.

\* According to this normalization approach, society should enable individuals who are likely to experience unfavorable treatment, for example the developmentally challenged and aged, to live and work in the same way as other people.



Employees working at the Sumida Workplace.



Yoshi Saito, President  
Hanatsubaki Factory Co., Ltd.

## Bring Your Kids to Work Day

In August 2007, Shiseido held its third Bring Your Kids to Work Day since 2006. A total of 64 children enjoyed a program including experiences like workplace visits, business card exchanges, face washing with a foaming cleanser, and quiz contests. The kids were thrilled by the special welcome they received. In addition to the goals of cultivating the next generation of leaders and encouraging family understanding, the fruitful day also helped foster mutual understanding and communication between among employees.



Children visit a workplace and exchange business cards



Foaming facial cleanser



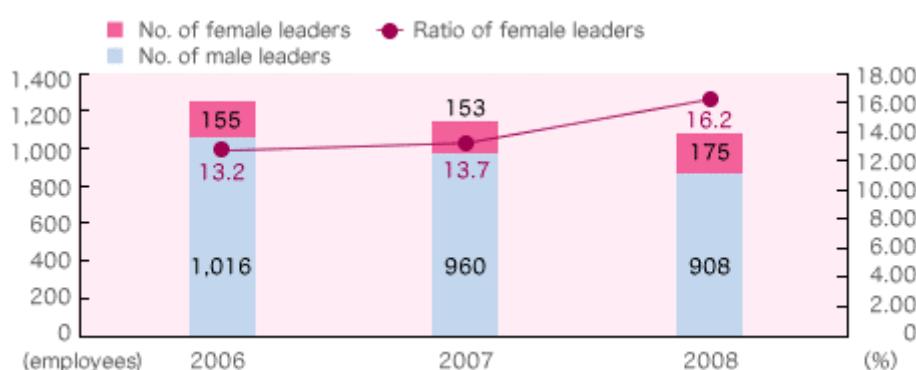
Quiz contest

## Personnel Data

### Composition of Personnel in the Shiseido Group (Domestic) (as of April 1, 2008)

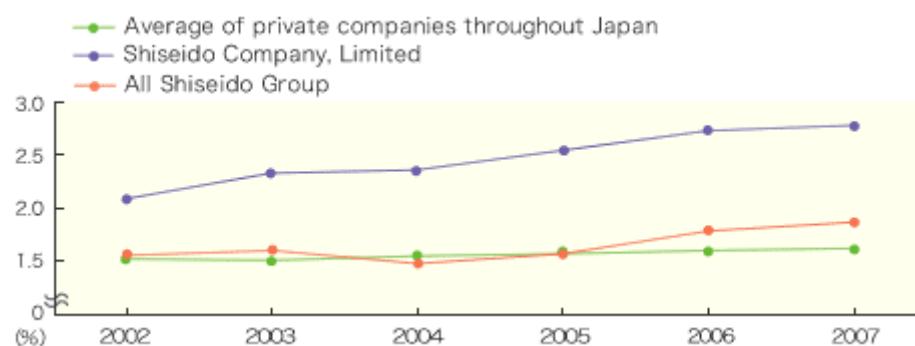
	Male	Female	Total
Managers	1,522	276	1,798
General	1,705	2,641	4,346
Beauty Consultants	6	6,445	6,451
Others (part-time and temporary)	105	60	165
Affiliate employees	516	1,395	1,911
Subtotal	3,854	10,817	14,671
Limited-term contract	673	10,790	11,463
<b>Total</b>	<b>4,527</b>	<b>21,607</b>	<b>26,134</b>

### Change in No. of Leaders and Ratio of Female Leaders



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

### Percentage of Developmentally-Challenged Employees



### Work-related accidents

	2003 Work-related accidents	2004 Work-related accidents	2005 Work-related accidents	2006 Work-related accidents	2007 Work-related accidents
Head office	3	11	2	7	4
Sales companies	0	5	12	20	9
Factories and research centers	11	8	12	10	6
Affiliates	7	22	29	27	4
Total	21	46	55	64	23

\* Figures are for the number of incident reports submitted

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TOP > [Initiatives with Stakeholders] With Our Society: Social Contribution Activities (Welfare and Local Community Activities)

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

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

### Employee-led Social Contribution Activities

#### Shiseido Social Contribution Club –Camellia Fond

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

The Shiseido Social Contribution Club-Camellia Fund, an employee organization designed to encourage social contributions, was founded in 2005. Group employees who share its goals make monthly contributions from their salaries to groups selected from the three standpoints of environmental problems affecting women, quality of life improvements through cosmetics, and environmental conservation. Administered by employees who either volunteer or are recommended by their peers, the organization also helps to collect donations from employees in the event of natural disasters. In addition to current employees, the club welcomes participation by employees who have reached Shiseido's mandatory retirement age, as well as shareholders who elect to enroll in the Social Support Group Contribution benefit program. Shiseido also donates money and other articles to aid recipients in proportion to Camellia Fund contributions. In fiscal 2007, the club donated contributions of \3.93 million from shareholders to the XP (Xeroderma Pigmentosum) Association Japan.

## ■ Direction of Shiseido's Social Contribution Activities

Shiseido's domestic Japanese and overseas worksites have pursued a number of initiatives as part of the Company's regional social contribution activities, including holding Beauty Seminars at senior citizens homes and hospitals, providing social welfare assistance for mothers and their children, and making donations to various causes. In the future, we plan to continue to pursue social contribution activities that embody our unique characteristics as a cosmetics manufacturer.

### United Nations Development Fund for Women (UNIFEM)

UNIFEM is a United Nations organization that provides technical assistance and grants-in-aid to support autonomy and gender equality for women in developing nations. Its Japanese arm focuses on providing assistance to women in Asian nations. Donations are used to fund textbooks and offset the cost of activities in women's education programs administered by the Afghan Women's Educational Center (including literacy education and occupational training).



### National Women's Shelter Network

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



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

## Shiseido Social Welfare Foundation

The Shiseido Social Welfare Foundation is a social support organization specializing in child welfare and dedicated to cultivating the next generation of leaders. Donations are used to fund the Shiseido Child Welfare Scholarship Program and to provide childcare seminars. The Shiseido Child Welfare Scholarship Program provides an annual stipend of ¥500,000 to exceptional students (of whom five are selected each year) who live in a children's home as a result of experiencing child abuse, divorce, or the death of one or both parents, and plan to attend a university or other educational institution as a precursor to becoming involved in the child welfare field. Childcare seminars, which are held in conjunction with child and family support centers at 15 venues nationwide, feature expert speakers who help parents raising children deal with their child-rearing concerns and make new friends.



## XP (Xeroderma Pigmentosum)

### Association Japan

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

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## World Wildlife Fund (WWF)

The World Wildlife Fund is a non-governmental conservation organization dedicated to protecting biodiversity through involvement in a wide range of initiatives geared to conserve the planet's overall natural environment. Rich tropical rain forests like Tesso Nilo in Sumatra, Indonesia, are undergoing a dramatic transformation as their area shrinks rapidly due to illegal logging and clearing of land for plantations for harvesting raw materials for paper pulp and palm oil, an ingredient used in the manufacture of cosmetics. Donations are used to support some of the fund's conservation activities.



©WWF Japan

### Groups receiving support starting in fiscal 2008

#### **Japan for UNHCR**

#### **(Japan Committee of the United Nations High Commissioner for Refugees)**

Japan for UNHCR is the official Japanese support arm of the United Nations organization responsible for offering protection and assistance to refugees and displaced persons who have fled their homes due to conflict or serious human rights violations. Donations are used to provide sanitary products to refugee camps in Nepal where more than 100,000 Bhutanese refugees are taking shelter.



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#### **Save the Children Japan**

Save the Children Japan, a UN-approved non-governmental organization dedicated to children's issues, has the largest international network of its kind. Devoted to the principles expressed in the United Nation's Convention on the Rights of the Child, in an effort to improve the lives of the world's children, their families, and their communities, the group is currently involved in a variety of programs in more than 120 countries. Donations are used to fund programs conceived to improve mothers' and children's health and child nutrition in Asian agricultural villages.



#### **The Nature Conservation Society of Japan (NACS-J)**

The Nature Conservation Society of Japan (NACS-J) is a non-governmental conservation organization devoted to resolving natural conservation issues worldwide through policy recommendations and discussions based on scientific research. For NACS-J, the conservation of nature means protecting biodiversity throughout Japan and ensuring the sustainability of human life in the midst of the blessings of nature. Donations are used to protect human life as well as natural environments consisting of forests, rivers, and the ocean in areas such as Gunma's Akaya Forest and Okinawa's Awase Tidal Flats.



## Social Activities Award

The Social Activities Award was conceived to increase employee awareness of social contribution activities by recognizing employees (either as individuals or groups) who are involved in social activities on an ongoing basis. Winners are selected from a list of candidates consisting of individuals who have put their own names forward or been recommended by others. A donation of ¥2,000 is made for each award to the XP (Xeroderma Pigmentosum) Association Japan, a group supported by the Shiseido Social Contribution Club-Camellia Fund, in honor of the recipients' dedication and accomplishments.

### Social Activities Award Recipients, fiscal 2007



#### Volunteering at the Local Fire Department

Sumio Nakamura  
Shiseido Professional Co., Ltd.

Nakamura has been contributing to local disaster prevention efforts since 2004 by participating in fire prevention programs, rescue activities in response to accidents, and regular training.



#### Fostering Healthy Youth through the Boy Scouts

Yutaka Nagata  
Osaka Factory

Nagata has been helping foster healthy youth since 1993 by participating in local community service activities, as well as camping and hiking programs that use nature and wilderness areas to teach children.



#### Contributing to Local Society through a Parent-Children Association

Kenji Sonoda  
Shiseido Pharmaceutical Co., Ltd.

Since 2001, Sonoda has been helping foster healthy youth and contributing to local disaster prevention efforts as a member of his local Parent-Children Association by participating in earthquake drills, helping clean up the community, and planning a variety of events such as manufacturing classes in partnership with the local chocolate factory.



## Volunteering as a Member of the Elementary School PTA and Parent-Children Association

Masaaki Yasuda  
Beauty Solution Development Center, Head Office

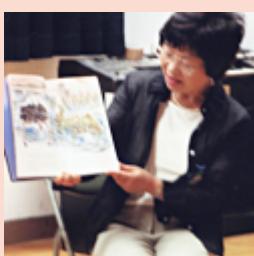
Yasuda has been planning a variety of new activities and participating in volunteer activities since 2006 as the chairman of his elementary school PTA and as a member of his local Parent-Children Association, which encourages fathers to get involved in local society. In addition to his efforts to contribute to his local community, Yasuda shows leadership in getting fathers involved in their communities.



## Reading to Elementary School Students

Mayumi Akiyoshi  
Kita-Nihon Sales Division, Shiseido Sales Co., Ltd.

Since 1998, Akiyoshi has been volunteering to read books during morning circle time at her children's elementary school. She works primarily with first through third graders but also volunteers with fourth through six graders several times a year. She also performs puppet shows.



## Reading Picture Books and Talking with Students

Kuniko Kitagawa  
Cosmetics Business Planning Department, Head Office

Together with seven other mothers of elementary school students, Kitagawa formed the Dandelion Library in 1983, as part of an effort to keep kids interested in reading. She continues to be involved in reading picture books to students, orchestrating handmade picture-story shows, and holding puppet shows.



## Volunteering in Learning Programs at a Children's Home and Serving as a Foster Parent

Yoko Takada  
Frontier Science Business Division, Head Office

In addition to supporting children in developing nations as a foster parent since 2002 (by contributing money and serving as a pen pal), Takada has been volunteering in learning programs at a children's home each week since 2007.



## Providing Support for Developing Nations through NPOs

Fujie Kakizawa  
Healthcare Business Division, Head Office

Kakizawa has been supporting a regional development project in El Salvador through the NPO World Vision since 2006. She continues to support a local six-year-old girl and participates in exchange activities by serving as a pen pal.



## Volunteering as Santa at a Children's Home

Jyunji Miyahara  
Shiseido Sales Co., Ltd.

Miyahara has been making Christmas presents, dressing up as Santa, and giving presents to children at a children's home on Christmas Eve since 2006.



## Volunteering to Help Children with Disabilities and Incurable Diseases on Trips

Sakiko Sono  
Research Center  
Mie Suzuki  
Frontier Science Business Division, Head Office



Since 2005, Sono and Suzuki have served as support volunteers for an annual trip to Tokyo Disneyland for children with disabilities and incurable diseases who don't have many opportunities to get out and take trips. They look after the kids and help create pleasant memories for the children.



## Holding Beauty Classes at Local Welfare Facilities

Instructors at the Shiseido Beauty Academy

Instructors at the Shiseido Beauty Academy have been contributing to local society by holding beauty classes at nearby welfare facilities, children's homes, and other events since 2002. Their efforts also help foster a desire to learn more in this area, for example by allowing potential students to participate as volunteers.



## Supporting Nursing Care of Senior Citizens

Kazuyuki Ikeyama  
Research Center

Ikeyama earned her certification as a nursing care worker and has been using it to give back to society since 2006, for example by helping senior citizens invited to sumo tournaments to get around, and helping with physical therapy exercises for residents of senior citizen care centers.



## Giving Blood for 22 Years

Yoshihide Nakaue  
Kyusyu Sales Division, Shiseido Sales Co., Ltd.

Nakaue has been giving blood for 22 years, since he was a high school student.



## Giving Blood for 40 Years

**Yoshinobu Yamamoto**  
Shuto Ken Administration Department, Shiseido Sales Co., Ltd.

Yamamoto has been giving blood for 40 years, since 1968.



## Coaching Basketball for Area Middle School Students

**Yu Isida**  
Shiseido Beautech Co., Ltd.

Since 2003, Ishida has been helping foster the development of healthy youth and promoting local sports by helping his own coach from middle school coach basketball for middle school students.



## Volunteering as a Soccer Coach for Local Children

**Akihiro Nakagawa**  
Skincare Products Marketing Unit, Head Office

Since 1994, Nakagawa has been helping foster the development of healthy youth and promoting local sports by volunteering as a soccer coach for first through sixth graders in Fujisawa city.



## Volunteering at Local Exchange Events that Focus on Letting People Experience the Natural Ocean Environment

**Kenji Ohashi**  
Research Center

Ohashi has served as a volunteer at natural environment events held by organizations such as NPO PAPALAGI Umi to Sizen No Kyousitu since 2001. He continues to be involved in activities designed to awaken participants to the importance of nature through experience of the natural environment, for example through excursions to observe coastal wildlife and snorkeling classes.



## Serving as a Community Volunteer, for Example by Transporting Injured People

**Joan Curry**  
ZOTOS Geneva

In addition to helping a non-profit organization dedicated to transporting injured people to trauma centers, Curry works with a group of coworkers to hold various charity events.



## Volunteering in Disaster Relief Activities

**Cynthia Moser**  
ZOTOS Darien

As a volunteer member of the American Red Cross, Moser works to cheer up disaster relief victims and provides assistance to disaster-stricken areas worldwide, for example by directing relief efforts following flooding.

## Disaster Relief

### Chuetsu Offshore Earthquake

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



### Social Contribution Activities at Shiseido America Inc.

Shiseido America's East Windsor Factory and Davlyn Industries, Inc., have been participating in the Adopt-A-Highway program since 2003 as an environmental and social contribution activity. Volunteers in the program clean a nearby highway (New Jersey State Route 32) four times a year.

Their efforts were recognized in 2004 when a sign reading "Shiseido America Inc." and "Davlyn Industries, Inc." was erected next to the highway.

Shiseido America is committed to continuing to be actively involved in contributing to local social activities.



Adopt-A-Highway volunteers



Volunteers' cleaning activities



Sign with company names

## Social Contribution Activities at Shiseido Thailand Co., Ltd.

Shiseido Thailand has established an internal social contribution group that facilitates voluntary employee involvement in a variety of social contribution activities.

Fiscal 2006 activities included involvement in programs that provide assistance for local orphans and women.

Each year the company donates contributions of food, clothing, money, and other items from employees to victims of natural disasters and disadvantaged individuals through organizations such as the Red Cross and local old people's homes.

Shiseido Thailand will continue to work actively to transform small acts of sincerity on the part of individual employees into substantial social contribution activities.

### ■ **Helping disadvantaged women participate in society**

As a way to encourage more active participation in society by women who missed the chance to receive an education due to poverty or abuse, Beauty Consultants (training group) have taken the initiative in holding workshops to communicate makeup techniques and the pleasure of becoming more beautiful.

### ■ **Support of AIDS Treatment Facilities**

Nearly 20 employee representatives visited a Buddhist temple to offer encouragement to about 1,200 AIDS patients living there. They also donated rice, oil, daily necessities, and money to the temple.



### ■ Donation of Prosthetic Legs

As part of a project to provide disabled individuals with prosthetic legs, the company placed collection boxes for aluminum beverage cans and pull-tops at various locations throughout its facilities. The prostheses were presented along with employees' heartfelt donations.



## Social Contribution Activities at Shiseido (N.Z.) Ltd.

In addition to being a member of the Cosmetic Toiletry and Fragrance Association of New Zealand, Shiseido New Zealand ("SNZ") is an active participant in the Look Good Feel Better program.

The Look Good Feel Better program has makeup specialists provide beauty information, instruction, and services free of charge to female patients being treated for cancer. Activities, which are held at various locations around New Zealand, are intended to help women with their personal appearance during treatment and as they reenter society following the completion of treatment.

Since the program requires a supply of cosmetics, SNZ provided a total of 660 makeup products during fiscal 2007. Products are selected for donation with the idea that patients will be able to use them on an ongoing basis in their homes and workplaces.

Other assistance includes providing volunteer staff for the Fine Homes Tour, which donates a portion of its entry fees to the Look Good Feel Better program, and participating in the Annual Dream Ball, a party held to raise donations.

SNZ hopes to make an even greater contribution by continuing its passionate involvement in these social contribution activities.

### Fine Homes Tour

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

### Annual Dream Ball

An annual party held to solicit donations. Participants include retailers, suppliers, and Cosmetic Fragrance and Toiletry (CTFA) members. Part of the ticket price, as well as proceeds from an auction held during the party, are donated to the Look Good Feel Better program.



Volunteers on the Fine HomesTour

## Beauty Activities for "Juniors"

[http://www.shiseido.co.jp/kids/index.htm \(Japanese only\)](http://www.shiseido.co.jp/kids/index.htm)

Surveys indicate that girls are starting to use cosmetics at ever younger ages, with the result that some children are suffering from dry or rough skin because of the unorthodox techniques they use to apply makeup. Shiseido provides easy-to-understand beauty lifestyle information to help children like these learn about beauty in an appropriate and accurate manner. For example, it provides opportunities for kids to think about beauty, individuality, and what it means to be human through the "Beauty Club for Kids" section of its website, and by offering samples of sunblock lotion and facial cleanser products.



Beauty Club for Kids main page



Face Washing for Kids

## Activities to Support Learning through Workplace Experience

Shiseido supports learning through workplace experience as part of its local community activities. In 2007, seventh and eighth graders from Hino Gakuen, a public integrated elementary and middle school in Tokyo's Shinagawa Ward, visited the company for workplace experience.

### voice

#### Through Workplace Experience

Seventh graders at Hino Gakuen, a public school in Tokyo's Shinagawa Ward (half-day program)

We learned that you can get the kind of job you want if you work hard, and that cosmetics are made not by a single individual but by everyone working together.

Eighth graders at Hino Gakuen, a public school in Tokyo's Shinagawa Ward (two-day program)

During our two days we learned how work can be both hard and fun. At the MASA Salon(Japanese only) we visited, it was hard washing towels and cleaning the salon. But we also felt motivated to do our work when we heard how workers are happy when customers leave with a smile.

Seventh graders at Hino Gakuen, a public school in Tokyo's Shinagawa Ward (half-day program)

Before our visit, we knew that a long process of trial and error precedes the completion of every product. But we thought that companies didn't improve products very much once they had gone on sale. However, we heard all about how the company listens to opinions from lots of customers even after the product is on sale, and works to make it a better product.

We also learned that Shiseido sells a wide range of products for young and old, men and women. We look forward to using what we learned during the program in our lives.

## Kangaroom Shiodome, a Nursery School Operated by Shiseido

Shiseido opened Kangaroom Shiodome in September 2003, as a facility to help employees raising children in the Tokyo metropolitan area balance the demands of work and childcare. Since then, the facility has been used by many employees as well as by employees of nearby companies that share the goal of transforming the ideal of balancing work and childcare into a social movement.



Kangaroom Shiodome has made a significant contribution to realizing work-life balance, and to transforming employees' awareness of how they work—for example by letting women return to work with peace of mind after the birth of a child; and by letting women focus on their jobs, secure in the knowledge that their children are nearby, and that they don't need to budget time to travel to a separate facility to pick them up.

### TOPICS

#### Prime Minister Yasuo Fukuda Visits Kangaroom Shiodome

Prime Minister Yasuo Fukuda visited Kangaroom Shiodome on February 15, 2008. After attending an informal gathering with users of the facility, the prime minister observed the program in a relaxed peaceful setting, speaking gently to the children as they participated in craft activities and practiced singing.

## 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. Participants have used this time to master skills that are useful in volunteer and social contribution activities, and to register as donors. A total of 45 employees took advantage of this program in fiscal 2007. Shiseido is working to encourage a wider range of employees to use the program.

### Product Matching Gifts

Under a program introduced in 1998, Shiseido matches participation in volunteer activities by employees, retired employees, and their families by supplying products such as shampoo and soap to welfare facilities. In fiscal 2007 we provided products to a total of 18 facilities.

## Shiseido Social Welfare Foundation

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

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

### Overview of Activities

#### 1. Global training programs(Japanese only)

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



32nd Overseas Training Program in Salem, Oregon (U.S.A.)

- (2) Japan-based Invitational Asian Training Program, which seeks to help workers at child



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

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



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

## 2. Domestic Training Programs(Japanese only)

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



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



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

## 3. Regional Activities(Japanese only)

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



BYAKUREN Child and Family Support Center  
(Kochi Prefecture)

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



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

#### **4. Publishing Program(Japanese only)**

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



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

#### **5. Program Supporting Independent Living(Japanese only)**

Aid to the Shiseido Child Welfare Scholarship program and the Independence Support Group, both of which seek to support social independence for residents of children's homes and foster children



Celebration of Graduation from High School and the Start of Adulthood (at Shiseido's Gotanda Building)



Celebration of the Start of Adulthood for Foster Children (at Shiseido's Gotanda Building)

TOP > [Initiatives with Stakeholders] With Our Society: Activities to Support Academic Research

## With Our Society: Activities to Support Academic Research

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

### Activities to Support Academic Research

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

Grants to Research Institutions in Fiscal 2007

Name	Description of grant	Award per grant	Total grants and total awards	Start of grant period
Japanese Dermatologica Association basic medical research grant (Shiseido donation)	To support basic medical research in the area of dermatology jointly with the Japanese Dermatological Association	0.5 million yen	12 grants 6 million yen	1967
The Japanese Society for Investigative Dermatology Fellowship Shiseido Award	To support basic research in dermatology jointly with the Japanese Society for Investigative Dermatology	1 million yen	2 grants 2 million yen	1998
Shiseido Female Researcher Science Grant	To support the research activities of female researchers in the natural sciences	1 million yen	Maximum 10 grants Maximum 10 million yen	2007
Society grants	To subsidize academic conventions and research activities, centering mainly on dermatology-related societies	-	10 grants 2.55 million yen	-

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

### Supporting Female Researchers

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

Even as proponents praise the goal of making Japan a nation built on the platform of scientific and technological creativity, students are taking science courses in ever-decreasing numbers, so that securing talented students has become a pressing issue for the fields of science and technology. Yet despite social acceptance of women's participation in society, the proportion of Japanese researchers who are female is extremely low compared to 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 or qualifications (job title), and we opened the program to all natural science research. Whereas most research grants restrict the use of grant money to the purchase of reagents and equipment, we elected to allow these funds to be used to hire research assistants in support of female researchers' ability, to continue their research free of concerns about their particular life stage.

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

## Promoting Alternatives to Animal Experiments

Shiseido has been pursuing research and development into alternatives to animal experiments since 1981, in an effort to both protect animals and ensure customers' ability to use products with confidence and peace of mind. We have sought to encourage broad adoption of the many alternative methods that we have developed for evaluating the safety of cosmetics by actively publicizing them at domestic and international scientific meetings and other venues. Our research in this area is held in high regard, a fact reflected by the fact that it has been recognized with 12 awards—the most of any Japanese company—including the Golden Presentation Award and Thesis Award at meetings of the Japanese Society for Alternative to Animal Experiments.

In addition to sponsoring the 6th World Congress on Alternatives & Animal Use in the Life Sciences held in Japan in August 2007, marking the first World Congress to be held in Asia, Shiseido made numerous contributions to the organization of the event, including by sending more delegates than any other Japanese company. We are also presented more research than any other Japanese company. In addition, an alternative skin allergy test that we developed has gained attention for its advanced approach, showcasing our technical capability on the international stage.

We are also building a broad coalition with inside and outside specialists in an effort to accelerate research into alternatives to animal experimentation. From the beginning, we have been an active participant in public activities such as evaluation and research conducted by the Health, Labor, and Science Research Group on the Development and Evaluation of Alternatives to Animal Experimentation and the Japanese Society for Alternative to Animal Experiments, and continue to play a pioneering role.

Getting alternatives to animal experimentation established as global standards will be a time-consuming task. Shiseido is committed to contributing to society by working with government, academia, and private industry to advance the development and evaluation of alternatives to animal experimentation around the world.

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

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

In fiscal 2007, students from a school designated as a Super Science High School (SSH) visited our Research Centers, where they enjoyed tours of our laboratories and learned about various aspects of cosmetic science, including dermatological research, development of cosmetic ingredients, skin characteristics measurement, and the effects of aromacology. Staff sought to inspire an interest in cosmetic science among the students, and included experiments in their lectures. Through the experience, the students seem to have gained an understanding of cosmetics as a field where state-of-the-art science from a broad range of fields comes together in the form of pure skin research, the search for attractive ingredients, safety assurance, and the psychological effects of products.

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

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

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

\* Super Science High School: A high school emphasizing technology, science, and mathematics as part of an initiative to enhance education in those areas. As of the 2007-08 school year, a total of 101 schools throughout Japan have received the designation.

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

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

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

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

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TOP > [Initiatives with Stakeholders] With Our Society: Corporate Cultural Activities and Support of Artistic and Cultural Activities (Philanthropy)

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

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

### Philanthropic Activities Supporting the Creation of New Beauty

#### "shiseido art egg" Exhibit at the Shiseido Gallery

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

The Shiseido Gallery, which opened in 1919, is Japan's oldest existing art gallery. Since 2006, the gallery has returned to the starting point of Shiseido philanthropy—supporting up-and-coming artists—by throwing open its doors to "shiseido art egg," a public exhibition. Three artists (groups) are selected for each exhibition and invited to hold their own 21-day exhibition at the Shiseido Gallery the following year. After the exhibitions are over, the "shiseido art egg" award is presented to a winner selected by a panel of three judges with experience in a variety of genres. Going forward, Shiseido will continue to lead the way to the future by supporting creative expression in the present.

#### voice

##### On receiving the "shiseido art egg" award

Taisuke Makihara

Recipient, 2nd "shiseido art egg" Award



Thinking back to the start of the application process, this has been a long journey, and I'm extremely happy to end it in this way. Having graduated, I guess you could say I'm a "30-year old egg." I will treasure this experience and draw on it to encourage my future art, and I hope to find an audience that will take pleasure in my work. Finally, I would like to thank everyone who came to the exhibit.



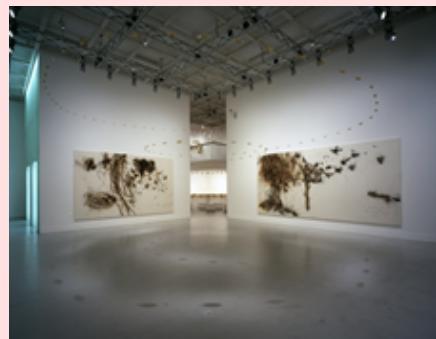
Taisuke Makihara's exhibit "Flooring"  
Photography: Ken Kato

## ■ Sponsorship Activities

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

### Cai Guo-Qiang

Shiseido first encountered prominent Chinese artist Cai Guo-Qiang at the Promenade in Asia exhibit held at the Shiseido Gallery in 1994. Since that time, we have provided support for 23 exhibitions held by the artist, including a retrospective examination of our relationship with him entitled "Light Passage -- Cai Guo-Qiang & Shiseido" held at the Shiseido Gallery in 2007. Cai named this exhibition himself, using an expression that means "time" in Chinese, created from a desire to look back once more at his long relationship with Shiseido.



Light Passage -- Cai Guo-Qiang & Shiseido  
Photography: Tadahisa Sakurai

### ■ Fiscal 2007 Topics

#### ■ Artistic and Cultural Support Activities Recognized with the Mecenat Grand Prize

Shiseido was recognized at the 2007 Japan Mecenat Awards with the Mecenat Grand Prize. The Mecenat Awards have been held annually since 1991 by the Association for Corporate Support of the Arts, Japan, to honor corporations and foundations for their contributions to the promotion of art and culture. This year's award, the organization's highest honor, recognized the Shiseido Gallery for the support of numerous new artists during the 88 years since its founding in 1919.

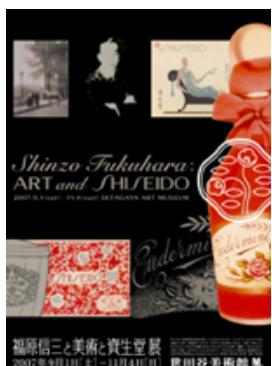
In explaining the reasoning behind the award, the Association noted that: "The Shiseido Gallery has played a pioneering role in support for the arts in Japan by providing ongoing sponsorship for young artists, imbued with a highly unique spirit of philanthropy. The duration of those efforts and the superb skill of the artists they have supported comprise the very history and essence of support of the arts in Japan. We would also like to recognize the fact that the Shiseido Gallery has consistently



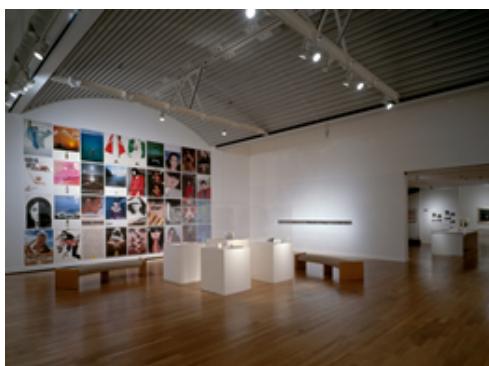
pioneered new programs and maintained a spirit of innovation, avoiding the tendency of other long-term programs to fall into uninspired routine."

### ■ Setagaya Art Museum Holds "Shinzo Fukuhara, Art & Shiseido Exhibition"

The Setagaya Art Museum in Tokyo held the "Shinzo Fukuhara, Art & Shiseido Exhibition" from September 1 to November 4, 2007, in an unusual example of a public museum taking a private corporation as subject matter. The exhibition focused on the ability of the Company's first president Shinzo Fukuhara—an entrepreneur but also a talented photographer, as well as a patron of the arts—to create an image for his company by skillfully incorporating art into its corporate management. In addition to a selection of Fukuhara's photographic work and Shiseido products and advertisements, it included works by artists Riichiro Kawashima and Kenkichi Tomimoto, friends of Fukuhara. Shiseido cooperated with the exhibit in a number of ways, including loaning the museum Shiseido products and advertisements as well as some 700 works of art collected through the Shiseido Gallery. We also designed promotional materials such as posters and pamphlets for the exhibition.



"Shinzo Fukuhara, Art & Shiseido Exhibition" poster



"Shinzo Fukuhara, Art & Shiseido Exhibition" exhibit  
Photography: Tadahisa Sakurai

### Supporting Contemporary Poetry to Foster a Society Rich in Expression and Creativity

#### ■ The Hanatsubaki Prize for Contemporary Poetry

The Hanatsubaki Prize for Contemporary Poetry was established in 1983 to support the writing of poetry, a type of literature with particularly pronounced artistic qualities, based on a desire to increase the ability of words to communicate beauty. Today as the award marks its 25th year, it has established a unique position as an honor that is not associated with a particular publisher or poetry group. Award-winning works are introduced in Hanatsubaki: Read, Shiseido's cultural magazine. Kazue Shinkawa's "Remembering Water" won the 25th Hanatsubaki Prize for Contemporary Poetry.

## Disseminating Shiseido's Sense of Beauty from Its Home in Ginza

### HOUSE OF SHISEIDO

<http://www.shiseido.co.jp/e/house-of-shiseido/>

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



### Shiseido Art House

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

For more information, see  
[http://www.shiseido.co.jp/museum/\(Japanese only\)](http://www.shiseido.co.jp/museum/(Japanese only))

## Shiseido Corporate Museum

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

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

## *Hanatsubaki (Camellia) Magazine*

Shiseido's cultural magazine *Hanatsubaki (Camellia)* was founded in 1937. The magazine introduced a new format starting with the July 2007 issue and is now published alternately as *Hanatsubaki: Look* (odd months), consisting primarily of visual content exploring beauty and function, and *Hanatsubaki: Read* (even months), featuring written content such as useful information and essays. A limited number of copies of an annual summary entitled *Hanatsubaki Comprehensive* are also published.

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

## Become the Source of Leading-Edge Beauty Technologies

### 「SATSS Program

[http://www.shiseido.co.jp/satss/ \(Japanese only\)](http://www.shiseido.co.jp/satss/)

The SATSS Program brings together Shiseido hair and makeup artists who are active at the forefront of the world of beauty, to disseminate information about trends and developments in products and beauty services by applying information and technology from the front lines of the fashion industry. It also contributes to the beautiful lifestyles enjoyed by individual customers by refining hair and makeup technology to create usage tips and trends.

#### voice

### Contributing to the Attractive Appearance of Customers by Proposing New Beauty Techniques and Concepts



Miyako Okamoto, SATSS Program at the Beauty Creation Center

In addition to serving as the makeup team leader for Shiseido's overseas collection, in my role as beauty director for our Maquillage makeup brand I'm responsible for producing products, creating information about services, and overseeing hair and makeup for photo shoots. I look forward to introducing beauty technologies that will satisfy all our customers, through a broad range of activities.

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TOP > [For our precious environment]Initiatives for a Healthy Environment

## Initiatives for a Healthy Environment

Since its adoption in 1992 of the Shiseido Eco Policy, a set of guidelines detailing how environmental considerations should weigh on management decisions, the Company has worked to protect the environment in all of its business activities.

### Framework for Promoting Environmental Policy and Management

#### Shiseido Eco Policy

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

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

The Environment Committee (Office: Technical Department, General Affairs Department CSR Office) works closely with the departments that exercise control over each business domain to implement environmental management. It is conducted along the lines of advancing environmental activities from the dual perspectives of dealing with risks and reducing the environmental impact of operations. We are also working with business partners such as suppliers of ingredients, promotional materials, and contract manufacturers, to encourage their environmental initiatives, particularly the thorough management of industrial waste materials, in accordance with the Supplier Code of Conduct (CSR Procurement Standards) adopted in 2006.

### Environmental Goals and Fiscal 2007 Achievements

[Environmental Goals and Fiscal 2007 Achievements \(PDF/13KB\)](#)

TOP > [For our precious environment] Strengthening Environmental Management

## Strengthening Environmental Management

### Managing Environmental Risks and Complying with Environmental Law

Laws related to the environment have been growing stricter in recent years. 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 the ISO 14001 system to ensure thorough compliance.

### Implementing Thorough Management of Waste Materials

As the problem of illegal waste material disposal grows increasingly large-scale and serious, waste producers are being held accountable. We created the position of waste material manager in all domestic worksites with the goal of strengthening worksite-implemented management, and the Head Office is spearheading detailed training on the legal regulations governing waste materials. Moreover, we require the submission of waste material management reports to the Head Office to allow verification of proper waste material management.

During fiscal 2007, we provided training on changes to applicable laws and regulations, as well as on methods for conducting on-site inspections of waste disposal facilities for each worksite's waste material manager.



Waste material management training in progress

## Implementing Thorough Management of Chemical Substances

Shiseido not only satisfies the legal reporting requirements set out in the Law for PRTR and Promotion of Chemical Management, but also conducts aggressive voluntary management of the use and disposal of chemical substances such as ingredients and reagents in factories and laboratories.

From the standpoint of workplace safety, we issue Material Safety Data Sheets (MSDS) to contractors as legally required when transferring or supplying chemical substances containing ingredients specified by laws such as the Law for PRTR and the Industrial Safety and Health Act, and we are working to systemize the issuing of MSDS for semi-finished products.

During fiscal 2007, we implemented improvements in our chemical substance management system to comply with changes to applicable laws and regulations and otherwise worked to ensure thorough compliance.

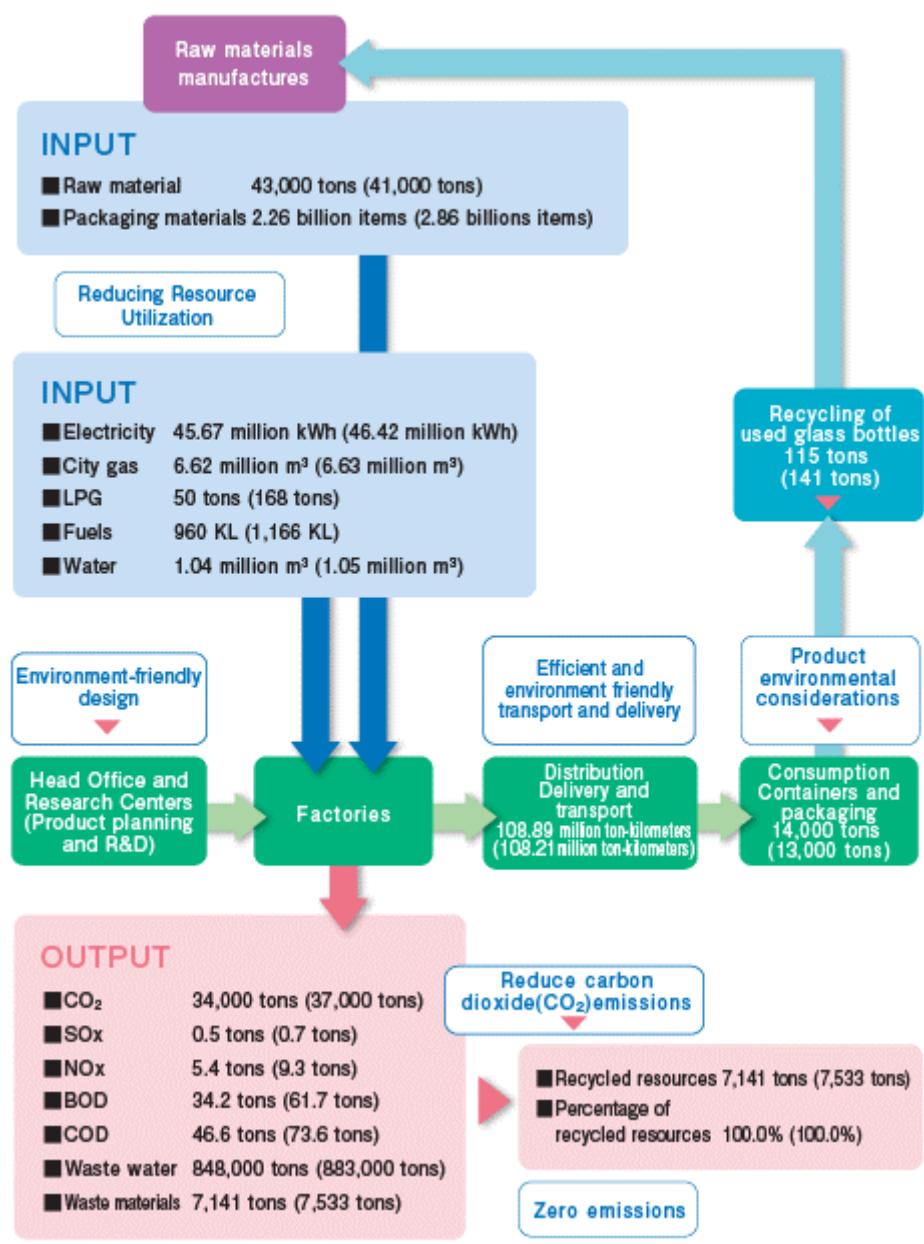
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TOP &gt; [For our precious environment] Reducing Environmental Impacts

## Reducing Environmental Impacts

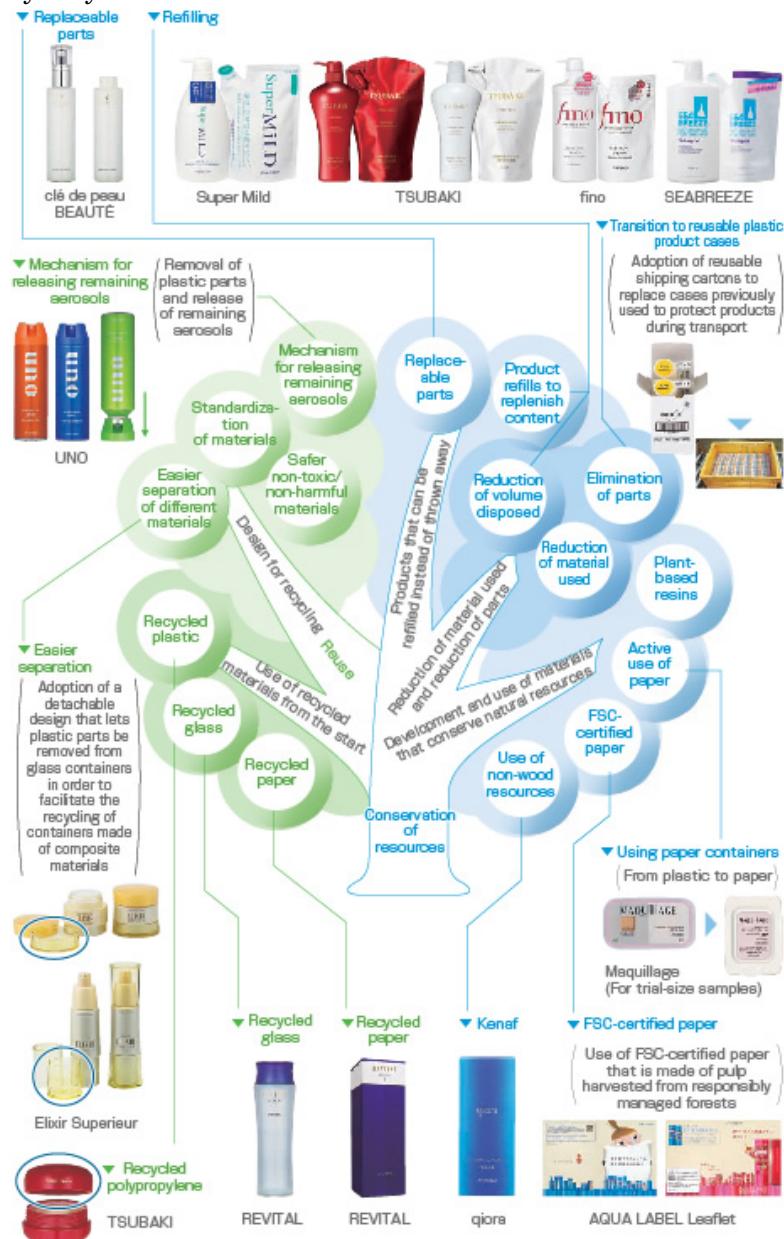
### Overview of Environmental Impacts



## Environment Friendly Product Development

### Eco Tree

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

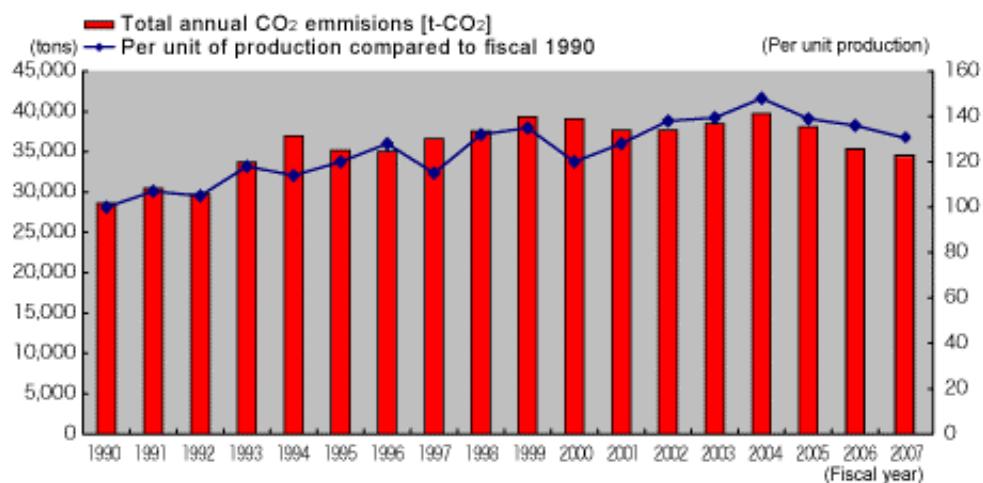


## Initiatives to reduce carbon dioxide (CO<sub>2</sub>) emissions

At Shiseido's factories, the promotion of energy conservation serves as the key goal around which environmental initiatives are organized. If fiscal 1990 emission levels are assigned a relative value of 100, fiscal 2007 CO<sub>2</sub> emissions associated with the use of electricity and fuel at the Company's four domestic factories<sup><\*></sup> (measured per unit of production) improved 6 percentage points from the previous year's score of 136 to 130, and total emissions decreased by approximately 1,200 tons from the previous year. These reductions were due to the deployment of energy-saving equipment and a transition from LPG and kerosene to natural gas. In addition to pursuing steps such as switching to more efficient fuels and deploying energy-saving equipment in the future, we are committed to working to meet our environmental targets, including the possibility of participating in CO<sub>2</sub> reduction initiatives using society-wide structures such as the Kyoto mechanisms being promoted by the government.

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

Change in CO<sub>2</sub>Emissions (by Fiscal Year)



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

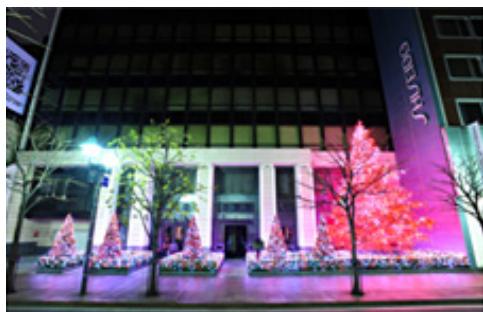
Solar power generation equipment was installed at Shiseido's plant in East Windsor, New Jersey, and began operation in May 2007. With a generating capacity of 699 kW, the new system ranks one of the largest installations of its type in the state. Shiseido remains committed to actively pursuing initiatives geared to prevent global warming, both in Japan and worldwide.

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



## ■ Using Green Electricity

The illuminated Shiseido Christmas Tree on display in front of our Head Office in Tokyo's Ginza district from November 16 to December 25, 2007, was powered by natural energy (green power) from a wind-powered generator.



## "Warm Biz" and "Cool Biz" Programs

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

We continued to implement the "Cool Biz" (June 1 to September 30, 2007) and "Warm Biz" (December 1, 2007 to March 31, 2008) programs during fiscal 2007. Through these programs we successfully cut greenhouse gas emissions and achieved the equivalent of an approximately 2% year-on-year reduction in CO<sub>2</sub> (a reduction of 9% compared to fiscal 2004 before the programs were introduced) thanks to decreased electricity use at the Head Office (Shiodome, Ginza, and Gotanda) and a reduction in regional electricity consumption for air conditioning.

## System for Recycling Used Glass Cosmetics Bottles

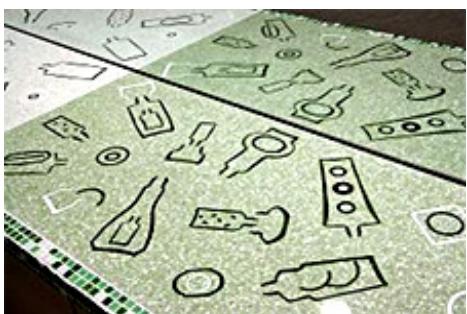
### System for Recycling Used Glass Cosmetics Bottles

Since it launched its glass cosmetics bottles recycling program in April 2001, Shiseido has been expanding the program throughout Japan which is now entering its eighth year in 2008. The Company has named this effort to recycle limited resources "Recycle Together!" as it creates and promotes resource recycling systems with customers, retail stores, and glass bottle manufacturers.



## System for Recycling Used Glass Cosmetics Bottles

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Dressing tables used at  
the Marugame-machi Shopping Arcade



Tables used at  
the Marugame-machi Shopping Arcade

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TOP > [For our precious environment] Strengthening Environmental Communication

## Strengthening Environmental Communication

### Environmental Education Activities

#### Environmental e-Learning Program

Shiseido offered an Environmental e-Learning program open to participating employees (about 9,700 individuals) from January 21 to February 1, 2008. Learning materials provided via our company LAN helped improve employees' understanding of why environmental activities are important and what Shiseido is doing to help conserve the environment.



#### Soliciting Eco Ideas from All Employees

Shiseido launched the Eco Idea Proposal System for all employees in December 2007. President Shinzo Maeda sent a letter to employees calling on them to actively provide proposals under the new system, resulting in approximately 19,000 submissions. We are working both to recognize exceptional proposals and to put them into practice.



## Environmental Public Relations

### Kakegawa Factory Wins Semi-grand Prize in Shizuoka Prefecture Campaign

Shiseido's Kakegawa Factory won the Semi-grand Prize in the CSR and Eco Office category (out of 139 participating teams) of Shizuoka Prefecture's Stop Global Warming Grand Prix, held on February 23, 2008. The campaign was first held in 2007 to provide an opportunity for all Shizuoka Prefecture residents to take action to prevent global warming in a range of ways.



Announcement of results  
at the Stop Global Warming  
Grand Prix



Award ceremony



Trophy, certificate,  
and ceremony catalog

### Disseminating Information Through Lecture Meetings and Exhibits

In addition to annual CSR Reports and our website, we rely on an active program of lectures and exhibits to communicate information about Shiseido's CSR environmental initiatives and activities.



Lecture for students from Namakura Middle School (located in Tokyo's Koto Ward) (January 29, 2008)



Information at Shiseido's 08AW sales conference (May 27 to 30, 2008)

## Cooperating with Environmental Education

Shiseido's Kamakura Factory has been involved with environmental education programs at Kamakura Jogakuin Junior and Senior High School since 1999. The plant offered tours of its environmental and other facilities and introduced students to its waste material recycling and energy conservation initiatives (July 11, 2007).



Students attending a lecture



Students touring the factory

## Environmental Volunteer Activities

### Tree Planting Program 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 CO<sub>2</sub>, and creating opportunities for local employment.

Location	Lanzhou city, Gansu Province, China
Planting area	Approx. 70,000 m <sup>2</sup>
No. of trees	Approx. 7,000 (during fiscal 2008)
CO <sub>2</sub> absorption<*>	Approx. 98 tons/year
Program duration	Approx. 10 years

\* Calculation based on CO<sub>2</sub> absorption per tree according to the Forestry Agency of Japan's Ministry of the Environment.



Monument commemorating the tree planting program



Shiseido employees working to plant trees

TOP > [For our precious environment] Environmental Data

## Environmental Data

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### Environmental Accounting

[Environmental Accounting\(PDF:59KB\)](#)

### Status of ISO 14001 Certification

[Status of ISO 14001 Certification\(PDF:885KB\)](#)

### Compliance with the PRTR Law

[Compliance with the PRTR Law\(PDF:40KB\)](#)

### Change in CO<sub>2</sub> Emissions (by Fiscal Year)

[Change in CO<sub>2</sub> Emissions \(by Fiscal Year\) \(PDF:44KB\)](#)

### Environmental Policy

[Environmental Policy \(PDF:397KB\)](#)

### Waste Generation and Recycling Rate at Manufacturing Sites in Japan (Fiscal 2007)

[Waste Generation and Recycling Rate at Manufacturing Sites in Japan \(Fiscal 2007\) \(PDF:37KB\)](#)

### Energy Consumption at Manufacturing Sites in Japan (Fiscal 2007)

[Energy Consumption at Manufacturing Sites in Japan \(Fiscal 2007\) \(PDF:37KB\)](#)

## History of social and environmental activities

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[Explore the history of Shiseido's social and environmental activities.\(PDF:96KB\)](#)

TOP > [Stakeholder Dialog] : Stakeholder Dialog 2008

## Stakeholder Dialog 2008



## How should Shiseido Support Women in Society?

Shiseido held its sixth Stakeholder Dialog at the Shiodome Office on May 20, 2008. We asked three experts how they thought Shiseido should support women in society in order to create a vision of the company ten years into the future, and to improve corporate and social value.

### Dialog participant (in alphabetical order)



**Mariko Kawaguchi**

Management Strategy  
Research Department, Daiwa  
Institute of Research Ltd.



**Hiroki Sato**

Professor  
University of Tokyo Institute of  
Social Science.



**Mika Takaoka**

Associate Professor Rikkyo  
University, College of  
business

### ● Shiseido Company Limited

**Kimie Iwata** Director and Vice President

**Takafumi Uchida** Corporate Officer and General Manager, General Affairs Department

**Yasuko Takayama** General Manager, Consumer Information Center

### Moderator

**Atsushi Isoda** General Manager, CSR Group, General Affairs Department

**Dialog****Assessing Social Conditions and Pursuing Strategic CSR Activities**

**Moderator:** What is your impression of Shiseido's support for women in society?

**Sato:** Although Shiseido is doing quite a bit both inside and outside the company, I don't see any unique direction behind those efforts. It's a bit of a waste. I can't help but wonder if you shouldn't narrow down the concepts behind these initiatives in a more strategic way.



**Takaoka:** Since Shiseido's new three-year plan describes future efforts to broaden activities on a global scale, the company should develop support for women in society in a strategic manner. I think you should pursue activities chiefly in countries and regions that are involved in sales and production, in a manner that serves to promote understanding on the part of stakeholders.

**Sato:** More than the idea of supporting women because their participation is needed by society, it's important to take the approach that this is something that Shiseido is uniquely capable of doing. For example, couldn't efforts to spread the use of inexpensive cosmetics in developing nations be considered a CSR activity? I also think there is value in supporting research into each country's unique beauty and culture, and also in spreading throughout society the expertise of work-life balance that Shiseido has developed internally.

**Kawaguchi:** Considering "Women" as a socially and culturally formed gender, there are still many areas where support should be provided. For example, Japan is ranked 54th of 93 nations worldwide by the Gender Empowerment Measure, an international indicator that measures the extent to which women participate in economic and political activities and play an important role in decision-making. Moreover, the problem of poverty remains a deep-rooted one worldwide. Even when you look at the track record of an organization like the Grameen Bank<sup>\*1</sup>, which won the Nobel Peace Prize in 2006, in supporting the autonomy of women, it becomes clear that additional support is necessary. In particular, it is said that the relationship between population growth and support for women is a close one.

\*1 Grameen Bank: A bank founded in Bangladesh by Muhammad Yunus to support the independence of agricultural villagers through a micro-credit (micro-lending) system.

**Dialog**

## Taking Advantage of Shiseido's Strengths in Practicing Unique CSR



**Sato:** I believe that the most fundamental aspect of CSR for cosmetics manufacture lies in supporting the ability to live joyfully and energetically through the tool of cosmetics. In this sense, makeup instruction for senior citizens and individuals with significant concerns such as birthmarks or scars is a good activity that plays to the strengths of Shiseido's unique character. Makeup and

similar products may also be needed by victims of domestic violence at shelters<sup>\*2</sup> as part of the healing process. However, there's an inescapable limit to what Shiseido's Beauty Consultants can accomplish on their own. I think these activities could be broadened by increasing the number of people with the necessary skills, for example by establishing a system of qualifications for associated expertise, or sending instructors to vocational schools that teach makeup and nursing care techniques.

**Kawaguchi:** There are more victims of domestic violence than you might think, so I would love to see Shiseido offer support in this area. Although the word "makeup" usually brings to mind an image of surface beauty, in fact cosmetics also have significant emotional and psychological effects. I think that it would be meaningful to pursue the root meaning and value of cosmetics in a scientific manner.

**Takaoka:** Since science is the foundation of cosmetics, it seems that plans taking advantage of the company's research center staff, for example by offering a "science cafe"<sup>\*3</sup>, would be effective, both to address the current shift away from science education in Japan and to revitalize communication with stakeholders.

**Iwata:** I agree. In fact, some 40% of Shiseido's researchers are women, and the research centers are conspicuous for the large number of female researchers they employ. The company should be able to take advantage of its strength in scientific fields by using those human resources.



**Sato:** Female students are interested in science until they reach roughly high school age, but the fact of the matter is that few of them elect to pursue a career in the sciences because they have no models of what their life would be like in the future. This would also be a good way to showcase to society what it means to be a female researcher, while highlighting the connections between science and cosmetics.

**Kawaguchi:** I think focusing the spotlight on researchers is also meaningful from the standpoint of female empowerment.

\*2 Shelter: A safe house providing temporary refuge to victims of domestic violence and supporting their efforts to become self-reliant.

\*3 Science cafe: A place where ordinary people can talk about science with experts in various fields in a casual setting such as a coffee shop.

**Dialog**

## **Supporting Women in Society from a Broad Perspective**

**Takaoka:** I think Shiseido could increase the evaluation that society in general makes of the company by applying its marketing and brand-building capabilities to CSR activities. I would also recommend pursuing initiatives in which stakeholders can participate. For example, one credit union I know of gave customers with deposits in their "environment account" a strainer for their homes' drains and implemented a system where they received a progressively higher rate of interest as the water quality in the area's rivers improved. This is a good example, in that the company was also able to increase its CSR awareness by building in a mechanism for encouraging customers to positively change their own lifestyles, instead of simply acting on its own to use a portion of the deposits in the environmental accounts to improve water quality in the rivers.

**Kawaguchi:** I think that if you structure your activities consistently, people will understand that Shiseido is focusing energy and resources on this area, even if there is little social recognition of the things you've done so far. Although it's true that there is enormous social demand for childcare support right now, I would urge that you take care not to leave the large number of women in other circumstances feeling dissatisfied and left out by targeting only working mothers. Programs need to be designed so that those women don't feel belittled or inferior.

**Takaoka:** While it's important to offer support for a certain way of life, I think that there's increasing variation right now in what motivates women, and how they want to live. I think it would be a good idea to consider holding a forum of women pursuing a variety of lifestyles so that women in different situations or with different approaches to their lives don't feel alienated from one another, but rather come to accept and understand one another.



**Kawaguchi:** Many other companies first enhance support for working mothers and then move on to strengthen support for other employees. There are instances where reduced working hours are being used not only by mothers for childcare purposes but also by other employees for other reasons, for example to study or improve their skills in some area. I would like to see Shiseido join the companies involved with the "Best Mother Award" program in working to encourage a transformation in the way our society views

these issues-take for example our strong-rooted belief that "women raise children and men help"-by recognizing men who take the lead in raising their children.

**Takaoka:** Expanding your business overseas inevitably broadens your base of stakeholders. Different countries and regions have their own social conditions and views of gender, so it's necessary to consider how to offer support in a way that's appropriate in each area. Just as the Tsubaki commercial showcases a number of distinctive actresses to express the unique beauty of each, is it not the case that recognizing women's different values with regard to how they live and the meaning of beauty, and working to expand awareness of such variety also comprises support for women?

**Sato:** You seem to think that support for women is necessary since 90% of your customers and 70% of your employees are women, but going forward I think it would be a good idea for you to reconsider whether support should be limited to women. If the operative concept is supporting the ability to live beautifully and energetically through the management resource of cosmetics, would it not be possible to support young men and women alike?

Low marriage rates are a significant social problem. Factors such as long work hours and differences in men's and women's values play a part in this, but the increasing narrowness of people's social networks also seems to be a major cause. A deterioration in people's ability to built interpersonal relationships and communicate effectively is making it difficult for them to get involved. I think it is important to support volunteering and other employee activities outside the company as part of new employee training. This would also serve to increase employees' ability to communicate effectively.

**Kawaguchi:** I have predicted that we are about to embark on the Asian era, and I think that we're seeing increased interest in Asian-style healing and beauty, as opposed to the Western version of beauty that has enjoyed primacy until now. As a representative Asian manufacturer of cosmetics, conducting research into Asian beauty should be an important part of Shiseido's mission. I hope to see you creating and manufacturing products that reflect an awareness of the need to support the development of regional culture and economies, for example by commercializing traditional regional cosmetics like Japan's uguisunofun makeup and using fair trade containers.

**Moderator:** Thank you for sharing your valuable opinions today. Regarding your suggestion that Shiseido's CSR marketing is not proceeding as smoothly as our businesses, we look forward to making improvements in those areas. I also feel that when we look at society in a broad perspective, there are a variety of ways to play a useful role in society and ample chances to enhance our activities. Thank you for participating, and for your interest in our future initiatives.

TOP > [Stakeholder Dialog] > past Issues

## Past issues

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2007

[Fifth Stakeholder Dialog \(pdf,1.7MB\)](#)

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TOP > [Communication] Third Party Evaluation

## Third Party Evaluation



**Mika Takaoka**  
Associate Professor,  
Rikkyo University College of Business

### Notable Developments

- Like last year, I am very happy to see the report make a clear distinction between activities undertaken to fulfill the Company's social responsibility (fundamental CSR) and those undertaken to leverage its distinctive characteristics (CSR that is unique to Shiseido). An Environment Committee was established in 2008 to examine initiatives relating to serious environmental issues, augmenting the Compliance Committee, which has responsibility for fundamental CSR, and the Corporate Value Creation Committee, which supervises CSR that is unique to Shiseido. Regarding this development, I am very impressed from the standpoint of how well the new committee complements the new three-year business plan (seeking to guide the Company's transformation into a global corporation), its CSR objectives, and associated structures.
- Shiseido works to improve quality of life for individuals with skin, physical, and emotional concerns by providing beauty products and services developed since its founding, as part of a program of CSR activities that take advantage of its core business of cosmetics. The Company's unique research into the psychological benefits of cosmetics, specifically their ability to promote an optimistic outlook, hints at the depth of its philosophy of beauty as well as its highly developed awareness of social responsibility.
- Having entered Phase 2 of Gender Equality Action Plan 15 (fiscal 2007 to 2009), Shiseido has established an ambitious non-binding target of increasing the percentage of female leaders, which stood at 16.2% as of April 2008, to 30% by 2013. I have a favorable impression of the Company's aggressive support for both male and female employees thanks to the fact that this plan adequately addresses employees' work-life balance, for example by outlining seven new and redesigned programs that help employees balance their work and family responsibilities.
- A movement is underway worldwide to dramatically reduce greenhouse gases by the year 2050. In this context, I give Shiseido high marks for working actively to use natural energy and reduce greenhouse gases, for example by installing cogeneration systems at domestic and overseas factories, converting boilers to operate on more environmentally friendly fuels, and outfitting its New Jersey plant in 2007 with a solar power generation system that ranks among the state's largest such installations and meets 25% of the factory's annual power needs.

## Requests

- Unfortunately, it bothers me that the report fails to mention what the Company did to meet the goal of increasing the percentage of female leaders to 20% by October 2007 as laid out in the Phase 1 Gender Equality Action Plan 20 (fiscal 2005 to 2006). I think Shiseido needs to realize that verifying Phase 1 is the first step in developing the approach for Phase 2, together with employees, shareholders, and society at large.
- The idea of a "science cafe" came up in the Stakeholder Dialog, and I think it illustrates how CSR activities targeting certain stakeholders already being pursued by Shiseido (for example, research grant support for female researchers in the sciences or the training of researchers at the Company's own facilities) could be combined with social contribution activities targeting other stakeholders (for example, opening a "science cafe" to promote children's interest in science). This could help expand the potential of those individual activities. For example, researchers receiving funding from Shiseido could discuss cutting-edge science at a "science cafe" event several times a year, thereby making a contribution to society while at the same time improving the quality of the "science cafe" and increasing the number of children who are interested in science. I hope that Shiseido will consider how it can implement CSR activities with a greater scope by leveraging its unique CSR activities to better serve a wide range of stakeholders over the long term.

## Response

**Takafumi Uchida, Corporate Officer: General Manager of General Affairs Department**

Thank you for offering your views on Shiseido's CSR activities from the perspective of society at large.

We plan to give the Environment Committee an important role in Shiseido's CSR activities as a venue for the discussion of significant global environmental issues in keeping with our belief that these critically important issues must be considered as an integral part of the Company's management.

I am very happy to hear your favorable evaluation of our long-running CSR activities involving cosmetics. We are confident that our activities focusing on improving the quality of life through cosmetics are helping customers worldwide to attain beauty and emotional fulfillment.

It is true that we were not able to achieve our goal of increasing the percentage of female leaders to 20% under the Gender Equality Plan. We take this fact seriously, and we intend to make steady progress toward our new goal for 2013.

I think your idea of CSR activities with a greater scope can serve as a pointer to the direction of our future CSR initiatives. Corporate activities have an important role to play in the future of the Earth. We are committed to doing our best to achieve our vision of "Beautiful Society, Bright Future" by adopting a flexible approach to CSR activities and shaping them so that they play a truly useful role.

TOP &gt; [GRI Content Index]

## G3 GRI Content Index

The 2006 edition of the Global Reporting Initiative Sustainability Reporting Guidelines was used as a reference resource in the compilation of Shiseido CSR 2008.

When this information is included in media other than the Shiseido CSR 2008, the names of those media are included.

The balance sheet includes information about United Nations Global Compact principles.

G3 Disclosure		Description	Contents	Remarks Column
<b>1 Strategy and Analysis</b>				
1.1		Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Commitment by Management	
1.2		Description of key impacts, risks, and opportunities.	Corporate Data and Overview of Business	
<b>2 Organizational Profile</b>				
2.1		Name of the organization.	Corporate Data and Overview of Business	
2.2		Primary brands, products, and/or services.	Corporate Data and Overview of Business	
2.3		Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Corporate Data and Overview of Business	
2.4		Location of organization's headquarters.	Corporate Data and Overview of Business	
2.5		Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Corporate Data and Overview of Business	
2.6		Nature of ownership and legal form.	Corporate Data and Overview of Business	
2.7		Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Corporate Data and Overview of Business	

G3 Disclosure		Description	Contents	Remarks Column
2.8		Scale of the reporting organization, including: - Number of employees; - Net sales (for private sector organizations) or net revenues (for public sector organizations); - Total capitalization broken down in terms of debt and equity (for private sector organizations); and - Quantity of products or services provided.	Corporate Data and Overview of Business	
2.9		Significant changes during the reporting period regarding size, structure, or ownership including: - The location of, or changes in operations, including facility openings, closings, and expansions; and - Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	Annual securities report	
2.10		Awards received in the reporting period.	Social Contributions and Environmental Activities over the Years	
<b>3 Report Parameters</b>				
Report Profile				
3.1		Reporting period (e.g., fiscal/calendar year) for information provided.	Editorial Policy	
3.2		Date of most recent previous report (if any).	June 2007	
3.3		Reporting cycle (annual, biennial, etc.)	Editorial Policy	
3.4		Contact point for questions regarding the report or its contents.	Shiseido CSR top page	
Report Scope and Boundary				
3.5		Process for defining report content, including: - Determining materiality; - Prioritizing topics within the report; and - Identifying stakeholders the organization expects to use the report.	Initiatives with Stakeholders	
3.6		Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Editorial Policy	
3.7		State any specific limitations on the scope or boundary of the report.	Editorial Policy	
3.8		Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Annual securities report	
3.9		Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.		
3.10		Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Annual securities report	
3.11		Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Annual securities report	
GRI content index				
3.12		Table identifying the location of the Standard Disclosures in the report.	GRI Guidelines Index	

G3 Disclosure		Description	Contents	Remarks Column
<b>Assurance</b>				
3.13		Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	Third Party Evaluation 2008	
<b>4 Governance, Commitments, and Engagement</b>				
<b>Governance</b>				
4.1		Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Corporate Governance	
4.2		Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Corporate Governance	
4.3		For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Corporate Governance	
4.4		Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Corporate Governance and Corporate Ethics	
4.5		Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Corporate Governance	
4.6		Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance	
4.7		Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Shiseido's CSR Philosophy and Corporate Governance	
4.8		Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Shiseido's CSR Philosophy, Corporate Ethics and With Our Business Partners	
4.9		Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	The CSR Activities Domain and Associated Structures	
4.10		Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Corporate Governance	
<b>Commitments to External Initiatives</b>				
4.11		Explanation of whether and how the precautionary approach or principle is addressed by the organization.	The CSR Activities Domain and Associated Structures	
4.12		Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Corporate Ethics	

G3 Disclosure		Description	Contents	Remarks Column
4.13		<p>Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization:</p> <ul style="list-style-type: none"> <li>- Has positions in governance bodies;</li> <li>- Participates in projects or committees;</li> <li>- Provides substantive funding beyond routine membership dues; or</li> <li>- Views membership as strategic.</li> </ul>	Corporate Ethics	
<b>Stakeholder Engagement</b>				
4.14		List of stakeholder groups engaged by the organization.	Initiatives with Stakeholders	
4.15		Basis for identification and selection of stakeholders with whom to engage.	Initiatives with Stakeholders	
4.16		Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Initiatives with Stakeholders	
4.17		Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Stakeholder Dialog	
<b>5 Management Approach and Performance Indicators</b>				
<b>Economic</b>				
		Disclosure on Management Approach	Annual securities report	
<b>aspect: Economic Performance</b>				
EC1	CORE	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Corporate Data and Overview of Business	
EC2	CORE	Financial implications and other risks and opportunities for the organization's activities due to climate change.		
EC3	CORE	Coverage of the organization's defined benefit plan obligations.		
EC4	CORE	Significant financial assistance received from government.		
<b>aspect: Market Presence</b>				
EC5	ADD	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.		
EC6	CORE	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	With Our Business Partners	
EC7	CORE	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.		
<b>aspect: Indirect Economic Impacts</b>				
EC8	CORE	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	With Our Society: Social Contribution Activities (Welfare and Local Community Activities)	
EC9	ADD	Understanding and describing significant indirect economic impacts, including the extent of impacts.		
<b>Environmental</b>				
		Disclosure on Management Approach	Initiatives for a Healthy Environment	Principle 7.8.9

G3 Disclosure		Description	Contents	Remarks Column
aspect: Materials				
EN1	CORE	Materials used by weight or volume.	Reducing Environmental Impacts	Principle 8.9
EN2	CORE	Percentage of materials used that are recycled input materials.		
aspect: Energy				
EN3	CORE	Direct energy consumption by primary energy source.	Reducing Environmental Impacts	
EN4	CORE	Indirect energy consumption by primary source.		
EN5	ADD	Energy saved due to conservation and efficiency improvements.	Reducing Environmental Impacts	Principle 8.9
EN6	ADD	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		
EN7	ADD	Initiatives to reduce indirect energy consumption and reductions achieved.		
aspect: Water				
EN8	CORE	Total water withdrawal by source.	Reducing Environmental Impacts	
EN9	ADD	Water sources significantly affected by withdrawal of water.		
EN10	ADD	Percentage and total volume of water recycled and reused.		
aspect: Biodiversity				
EN11	CORE	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		
EN12	CORE	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		
EN13	ADD	Habitats protected or restored.		
EN14	ADD	Strategies, current actions, and future plans for managing impacts on biodiversity.		
EN15	ADD	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		
aspect: Emissions, Effluents, and Waste				
EN16	CORE	Total direct and indirect greenhouse gas emissions by weight.	Reducing Environmental Impacts	
EN17	CORE	Other relevant indirect greenhouse gas emissions by weight.		
EN18	ADD	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Reducing Environmental Impacts	
EN19	CORE	Emissions of ozone-depleting substances by weight.		
EN20	CORE	NO, SO, and other significant air emissions by type and weight.	Reducing Environmental Impacts	
EN21	CORE	Total water discharge by quality and destination.		
EN22	CORE	Total weight of waste by type and disposal method.	Environmental Data	
EN23	CORE	Total number and volume of significant spills.		
EN24	ADD	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.		

G3 Disclosure		Description	Contents	Remarks Column
EN25	ADD	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.		
aspect: Products and Services				
EN26	CORE	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Reducing Environmental Impacts	Principle 8.9
EN27	CORE	Percentage of products sold and their packaging materials that are reclaimed by category.		
aspect: Compliance				
EN28	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.		
aspect: Transport				
EN29	ADD	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.		
aspect: Overall				
EN30	ADD	Total environmental protection expenditures and investments by type.	Environmental Data	Principle 8
<b>Labor Practices and Decent Work</b>				
		Disclosure on Management Approach	With Our Employees	
aspect: Employment				
LA1	CORE	Total workforce by employment type, employment contract, and region.	With Our Employees	
LA2	CORE	Total number and rate of employee turnover by age group, gender, and region.		
LA3	ADD	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.		
aspect: Labor/Management Relations				
LA4	CORE	Percentage of employees covered by collective bargaining agreements.		
LA5	CORE	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.		
aspect: Occupational Health and Safety				
LA6	ADD	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		
LA7	CORE	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	With Our Employees	
LA8	CORE	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	With Our Employees	
LA9	CORE	Health and safety topics covered in formal agreements with trade unions.		
aspect: Training and Education				
LA10	CORE	Average hours of training per year per employee by employee category.		
LA11	ADD	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	With Our Employees	
LA12	ADD	Percentage of employees receiving regular performance and career development reviews.		

G3 Disclosure		Description	Contents	Remarks Column
aspect: Diversity and Equal Opportunity				
LA13	CORE	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	With Our Employees	Principle 3.6
LA14	CORE	Ratio of basic salary of men to women by employee category.		
<b>Human Rights</b>				
		Disclosure on Management Approach	Corporate Ethics	Principle 1.2.4.5.6
aspect: Investment and Procurement Practices				
HR1	CORE	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.		
HR2	CORE	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.		
HR3	ADD	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Corporate Ethics	Principle 1
aspect: Non-Discrimination				
HR4	CORE	Total number of incidents of discrimination and actions taken.	NA	Principle 1.3
aspect: Freedom of Association and Collective Bargaining				
HR5	CORE	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	NA	Principle 1.3
aspect: Child Labor				
HR6	CORE	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	NA	Principle 1.5.6
aspect: Forced and Compulsory Labor				
HR7	CORE	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	NA	Principle 1.4
aspect: Security Practices				
HR8	ADD	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.		
aspect: Indigenous Rights				
HR9	ADD	Total number of incidents of violations involving rights of indigenous people and actions taken.	NA	Principle 1
<b>Society</b>				
		Disclosure on Management Approach	Corporate Governance	Principle 10
aspect: Community				
SO1	CORE	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.		
aspect: Corruption				
SO2	CORE	Percentage and total number of business units analyzed for risks related to corruption.		
SO3	CORE	Percentage of employees trained in organization's anti-corruption policies and procedures.	Corporate Ethics	Principle 10
SO4	CORE	Actions taken in response to incidents of corruption.		

G3 Disclosure		Description	Contents	Remarks Column
aspect: Public Policy				
SO5	CORE	Public policy positions and participation in public policy development and lobbying.		
SO6	ADD	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		
aspect: Anti-Competitive Behavior				
SO7	ADD	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	NA	
aspect: Compliance				
SO8	CORE	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	NA	
<b>Product Responsibility</b>				
		Disclosure on Management Approach	With Our Customers	
aspect: Customer Health and Safety				
PR1	CORE	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		
PR2	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.		
aspect: Product and Service Labeling				
PR3	CORE	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		
PR4	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		
PR5	ADD	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	With Our Customers	
aspect: Marketing Communications				
PR6	CORE	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		
PR7	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		
aspect: Customer Privacy				
PR8	ADD	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	NA	
aspect: Compliance				
PR9	CORE	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	NA	