

Fair Business Practices

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

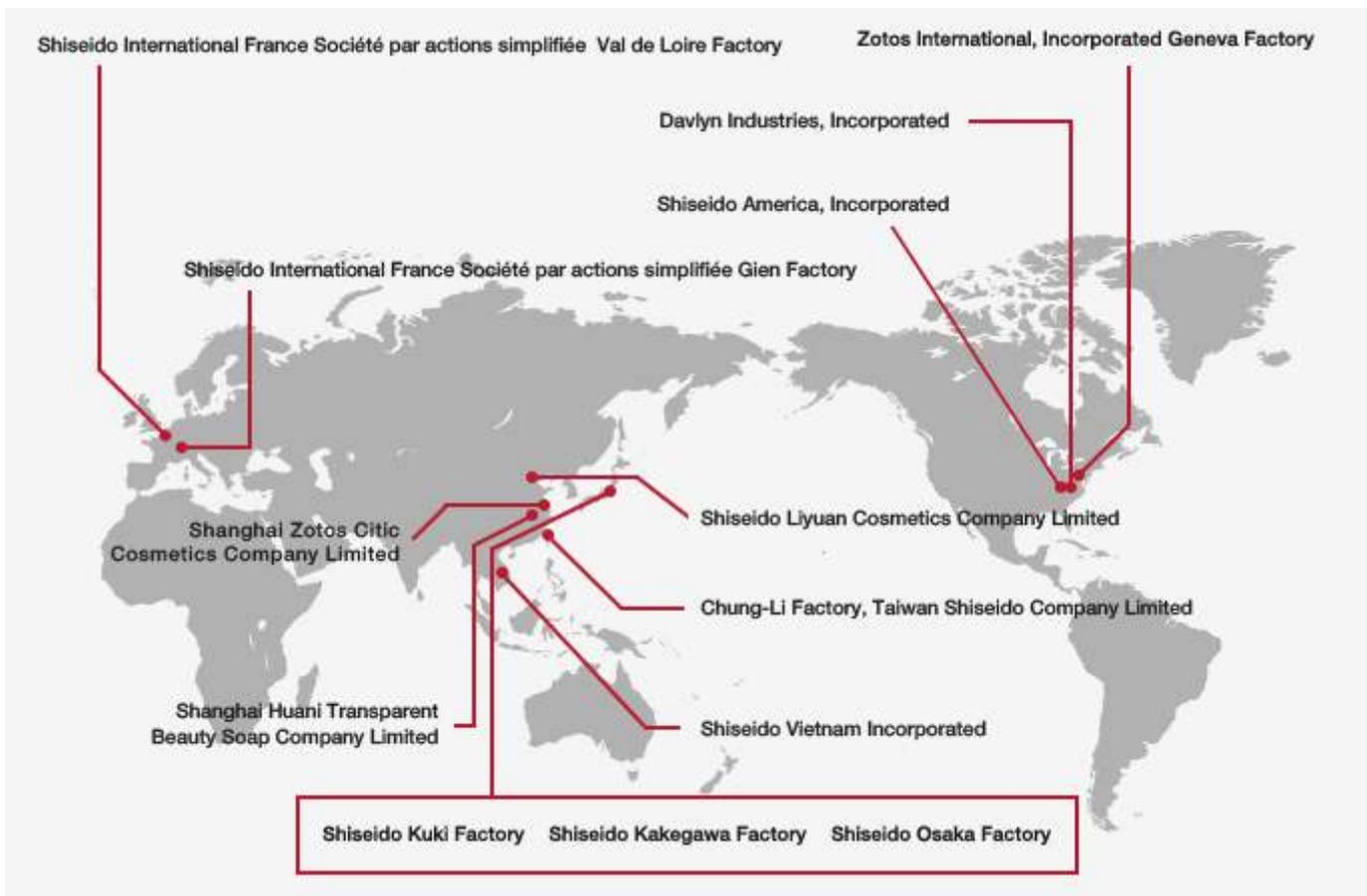
Fair Competition and Comprehensive Transactions

Policy for Fair Transactions

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

Shiseido shares the information of business partners throughout the world and promotes the optimal procurement from a global perspective when purchasing ingredients and fragrances used in the manufacture of cosmetics, packaging, promotional sales materials, and other products. We have also established two "Eco Standards" in production and sales promotional materials by prioritizing the considerations toward safety and global environment, and we also proactively promote these standards in our procurement.

Manufacturing bases of the Shiseido Group



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

In order to address changes of the times and social requirements, with regard to our concept of procurement, Shiseido considers it important to share information with business partners in a timely and accurate manner. Therefore, with the aim of widely spreading the procurement policy, the procurement departments in Japan and China are holding annual briefing sessions of the purchasing activity policy with business partners. Furthermore, the domestic procurement departments are also holding section meetings of purchasing activity policy sessions, which are held by respective fields such as raw materials, fragrances, materials, and indirect materials, to directly communicate the procurement policy, various tasks, and requests in each field as well as to utilize the sessions to respond to questions and requests from business partners.

In 2015, 137 business partners participated in these sessions held by the domestic procurement departments. 134 business partners began participating in these sessions in China, suggesting further development in the future.

Awarding business partners who have contributed to the development of the business

Shiseido awards business partners who have contributed to the development of the business and presents them with the First Prize and Prize. This awarding system selects the awardees from the 3 aspects of quality, cost reduction, and technical development. 6 companies received the awards in fiscal 2015.

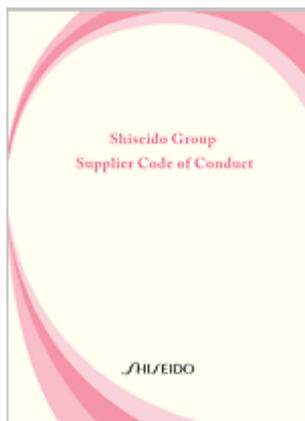
Shiseido Group Supplier Code of Conduct

Shiseido aims to realize "We cultivate relationships with people, we appreciate genuine, meaningful values, we create beauty, we create wellness" and works on researching, developing, manufacturing, and sales of "high quality, secure, and safe" superior products and services that gain customer satisfaction. We consider every business partner a "partner who will create new value with Shiseido" with the aim of sustainable development with mutual understanding of highly ethical standards.

Triggered by the participation in the United Nations Global Compact, we have established the "Shiseido Group Supplier Code of Conduct" in 2006 that clearly stipulates the standards that are relevant to "Human Rights," "Legal Compliance," "Labor Practices," "Protection of Intellectual Property and Maintenance Confidentiality," "Protection of the Environment," and "Fair Operating Practices." We revised this Code of Conduct in December, 2011, by incorporating the New Shiseido Group Corporate Philosophy "Our Mission, Values and Way" and the concept of "ISO26000," which is the world's first international standard on social responsibilities. Among the business partners, who are the targets of the Shiseido Group Supplier Code of Conduct, domestic and overseas companies have signed the agreement for the said Code of Conduct. Furthermore, with the aim of comprehending the compliance situation of the Supplier Code of Conduct, we conduct periodical monitoring, such as questionnaires and audits, etc., with business partners.

In the unlikely event that a violation of the "Shiseido Group Supplier Code of Conduct" is identified, Shiseido will strictly request remedial action and implement corrective guidance and support.

In addition, we have established the "Business Partner Hotline" in Japan with the aim of establishing the system to receive opinions and consultation from business partners. (No report was made in fiscal 2015)



Shiseido Group Supplier Code of Conduct (updated in December 2011)

▪ Transactions Subject to the Shiseido Group Supplier Code of Conduct

Transactions	Purchased Items or Services
Items such as raw materials that are directly used for products	Fragrances, raw materials, etc.
Outsourced products	Cosmetics, beauty equipment, etc.
Sales support products	Small size samples, actual samples, etc.
Packaging	Containers, wrapping materials, package inserts, labels, outer cases, etc.
Outsourced sets	Outsourced set production, etc.
Promotional products	Printed matter (leaflets, catalogs, etc.), premiums, counter furnishings and accessories, sales activity tools, promotional event tools

Environmentally-friendly Raw Material Procurement

In addition to developing environmental technologies to reduce CO₂ emissions, Shiseido strives to create new value through its research and development operations by conducting research into new technologies for implementing value for consumers in an environmentally friendly manner and pursuing software development. In procurement, we strive to use raw materials that do not increase atmospheric concentrations of CO₂ at the time of disposal or incineration, for example through joint research into sugarcane-derived polyethylene. We work closely with our business partners to develop environmentally friendly technologies through initiatives such as procurement with considerations for biodiversity, etc. in order to contribute to the realization of a sustainable society. Some of the specific initiatives include the utilization of bagasse paper, use of plant-based fermented alcohol, sustainable utilization of palm oil, etc.

Protection of Intellectual Properties

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

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

Information Security Management

Policy Related to Information Security

Shiseido establishes Information Security Management Policy (Security Policy) for all people working in the Shiseido Group to protect and maintain various essential information assets owned by business sites of the Shiseido Group by establishing robust information security. Annually we have continuously promoted information security training for employees through initiatives such as conducting relevant e-Learning.

Policy Related to the Protection of Individuals' Information

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