(Translation)

March 27, 2015

Dear Sirs and Madams,

Name of Company: Shiseido Company, Limited
Name of Representative: Masahiko Uotani
President & CEO
(Representative Director)
(Code No. 4911; The First Section of the Tokyo Stock Exchange)
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Shiseido will establish the new research center "Global Innovation Center*" in the Yokohama Minato Mirai 21 District, Japan

Shiseido will establish a new research facility, the "Global Innovation Center*", which is an urban type open lab for research where innovative technologies and new value are created through the integration of a variety of expertise and diverse people.

On March 26, 2015, the city of Yokohama granted Shiseido permission to acquire land for the new research center in the Yokohama Minato Mirai 21 District. The new research center is scheduled to start operating by the end of 2018.

*tentative name



Image of the entire building

Expanding investment in R&D that realizes innovation

In last December, the company announced the mid-to-long term "VISION 2020" under which, by the year 2020, Shiseido aims to become a company that responds to the expectations of active consumers. Under VISION 2020, the company will simultaneously pursue sales growth and cost optimization through various management reforms including increased investment primarily in marketing and R&D. Directed at strengthening the brands that will drive growth, with highly capable personnel and organizations, the company will strive to link and integrate innovative product development based on cutting-edge basic technologies with marketing that continues up through the "customer."

In terms of R&D, we will promote the following important actions.

○Establish and expand a more regionally-oriented research framework for the purpose of strengthening product development and marketing capabilities by country and region at the research centers that currently exist in Japan, China, Southeast Asia (Thailand), Europe (France) and the United States;

- Increase the number of researchers worldwide from 1,000 at present to 1,500 by 2020;
- Strengthen the basic and generic research and research in new fields that form the foundation of innovative product development;
- Establish the new research center “Global Innovation Center*”
- Increase the ratio of R&D expenses to net sales to 2.5% in 2020 from the current 1.8%

*tentative name

The Global Innovation Center*

We have placed a great deal of emphasis on location for the Global Innovation Center*. The reason for this lies in the fact that the Center will become the forum through which we aim to materialize an open research form where innovation is created in an environment that buzzes with activity, enabling customers, marketers, and researchers to mingle on a daily basis.

To ensure that the study of cosmetics and other beauty businesses moves forward, we must go beyond scientific approaches. We must also realize how indispensable it is to take on a more emotional approach that values a human connection when dealing with ordinary people and the market. It is important that researchers stay in touch with our sensitivity by never falling unaware of the changes in the times or the city, directly feeling the dynamism of ordinary people and the changes in people's lifestyles. In light of these approaches, we decided to open the doors of these research facilities, for the pursuit of beauty, right in the center of this busy city, where ordinary people come and go.

The decision we came to when deliberating over the location was that the Yokohama Minatomirai Area could be the only ideal location for the Global Innovation Center*, as it is an open area with "the sea," "the port" and "open skies" that is always leading the trends of the times and stands to serve as a crossroads of cultures, people and information from around the world come together.

Moving forward, we aim to strengthen product development structures based on local needs. In terms of world markets, given that Japanese quality serves as a strong competitive advantage, we will continue to set the basis for basic and generic research in Japan, where Shiseido was born, to support future growth. With diverse human resources coming together and wisdom from around the world convening at the Global Innovation Center*, we will be able to accelerate the creation of innovation.

The three concepts in order to make it a new location and form for research that creates new value are as follows.

1. **Urban open lab**
   Creating value through direct exchanges with active consumers
2. **Integration of various expertise**
   Creation of new value through encounters with cutting-edge research facilities and other industries such as logistics
3. **Global innovation hub**
   Broadcast value through the centralization of customer information from around the world and technical information as well as its global utilization

[Location]

2-52 and ten additional parcels of land (56-2 block in Minato Mirai 21), Takashima 1-chome, Nishi-ku, Yokohama-shi

[Site area]

7,023m^2 (Commercial zone: floor area ratio of 800% and building coverage ratio of 80%)

[Overview of the building]

14 floors above ground and 2 floors below ground (steel framed, seismic isolation and control structure, total floor space of 57,000 m^2, building height of 69.4m)

[Total construction cost]

30–40 billion JPY (estimate)/6.55billion JPY of which constitutes the cost to acquire the land

*tentative name

One of the largest cosmetics research facilities in the world

The first floor will be a communication area that adds bustle to the streetscape based on the key phrase of “Meet, learn, and experience.” The streets around the facility will have an impressive streetscape surrounded by greenery and window displays with a Shiseido feel, and a beautiful view will be created in compliance with the Basic Agreement on Town Development under Minato Mirai 21 and other ordinances. In addition, through the use of renewable energy, conservation of energy use, and other environmental measures, the company aims to obtain the highest rank of S under CASBEE Yokohama (the Comprehensive Assessment System for Built Environment Efficiency of Yokohama City).

Furthermore, a semi-public space will be secured for responding to emergencies and for accepting people who are unable to return home following a disaster, and emergency supplies will be stored not only for employees, but also for people who are unable to return home.



Image of the building from the street
Introduction of a communication area and impressive streetscape with greenery



Image of the 1st floor
Communication area that adds bustle to the streetscape

-End of News Release-