Corporate Governance Report

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The corporate governance of Shiseido Company, Limited (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Shiseido ("the Company") understands the importance of maximizing medium- and long-term corporate and shareholder value, fulfilling social responsibilities and achieving sustainable growth and development as the keys to maintaining support as a valuable company from all stakeholders (customers, business partners, shareholders, employees, society and the Earth). In order to improve "Management transparency, fairness and speed," which is necessary to realize these aims, the Company is setting higher standards of corporate governance.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

<Supplementary Principle 3.2.1: Evaluation of External Accounting Auditor by the Audit & Supervisory Board> has been removed from this Clause owing to the establishment of "Guidelines for Deliberation on the Appointment, Reappointment, Dismissal, or Non-reappointment of Accounting Auditor" by the Audit & Supervisory Board at its meeting held in November 2015. Concerning the reappointment of the accounting auditor provided for in the aforesaid "Guidelines for Deliberation," evaluation of the accounting auditor will be conducted in accordance with not only the "Policy for Determining the Dismissal or Non-reappointment of Accounting Auditor," but also from the standpoints of the accounting auditor's quality control, audit team, audit plan, its communication with the Audit & Supervisory Board Members, etc. and audit remuneration.

Although it has adopted certain initiatives with regard to the two items stated below out of all the Principles of Japan's Corporate Governance Code (the "Corporate Governance Code"), the Company believes further verification/review, and subsequent actions are necessary with the objective of supporting "transparent, fair, timely and decisive decision-making" through initiatives for corporate governance including implementation of best practices specified by the Corporate Governance Code.
With regard to Principles 4.8 and 4.11.3, the Board of Directors deliberated about their direction at its meeting held in July 2015, and resolved to continue the review, tentatively targeting December 31, 2015 for its conclusion.

<Principle 4.8: Approach concerning the Ratio of External Directors at the Board of Directors and the Roadmap for the Implementation>

As of June 30, 2015, the Board of Directors of the Company is comprised of a total of six members, three executive directors and three independent directors. The ratio of independent directors at the Board of Directors is 50%.
However, the Company has not yet reached a conclusion at this point, as to whether the Company believes it

needs to appoint at least one-third of directors as independent directors, and a roadmap for the case in which it is believed this would be necessary. The Company believes that the ratio of independent directors at the Board of Directors is a matter that would be directly related to decisions as to whether the Board of Directors should be positioned as a body specifically designed for monitoring functions, or as a body responsible for a considerable part of business execution functions. Because this could lead to discussions on which form of organizational structure the Company should adopt, namely a committee-based form such as a company with nominating committee, etc. and a company with audit and supervisory committee, or the type of company with Audit & Supervisory Board, we are currently reviewing it carefully.
The Company's view and the policy will be notified upon being determined.

<Supplementary Principle 4.11.3: Summary of Analysis and Evaluation concerning Effectiveness of the Board of Directors>

While there is no analysis or evaluation on the Board of Directors conducted on a regular basis at this time, we have conducted evaluations through questionnaires (self-evaluation) as necessary for the purpose of gaining an understanding of issues at the Board of Directors.
Going forward, we will consider implementing regular analysis and evaluation on the Board of Directors to ensure management with the PDCA cycle whereby the Company identifies issues to address to improve effectiveness of the Board of Directors, takes necessary steps and verifies the results.
Once analysis and evaluation methods are determined and they are implemented, we will notify you of the methods and a summary of the results.

[Disclosure Based on the Principles of the Corporate Governance Code]

Initiatives for the Company's corporate governance are disclosed in convocation notices of general meetings of shareholders, annual securities reports, annual reports and others, in addition to this report.
Descriptions of the items disclosed based on each Principle of the Corporate Governance Code are as follows:

<Principle 1.3: Fundamental Approach to Capital Policy>

The Company endeavors to maintain its shareholders' equity at a certain level in order to invest promptly and decisively when considered necessary in order to ensure sustainable growth. In addition, the Company regards free cash flow and the cash conversion cycle as important, and practices management focused on ensuring capital efficiency by improving its management of cash flows and its balance sheet.
The Company aims to maintain a financial standing that enables it to obtain financing on favorable terms by targeting a benchmark interest-bearing debt ratio of 25%. For large-scale investments that require financing, the Company will consider factors including business trends, financial condition and market environment to make timely use of the optimum financing method.
Our total shareholder return policy emphasizes maximizing returns to shareholders through direct means in addition to generating medium- and long-term share price gains. To this end, our fundamental policy is to deploy growth-oriented strategic investments to drive increases in earnings and improvements in capital efficiency. Our medium-term profit return objective is to achieve a consolidated dividend payout ratio of 40%. To this end, we will maintain dividend payments in a stable and consistent manner. With respect to share buybacks, we will act appropriately while considering free cash flow levels and the market environment.

<Principle 1.4: Policy with Regard to Strategic Stockholdings and Criteria for Exercising Voting Rights with Regard to Strategic Stockholdings>

1. The Company's Policy with Regard to Strategic Stockholdings
   The Company conducts strategic stockholdings in accordance with the policy below, and keeps such stockholdings at the minimum level necessary.
   - In line with good corporate governance, the Company avoids being an inert stockholder in its

strategic stockholdings.

- The Company takes dividends and other returns into consideration and holds stocks only if they offer business benefits such as facilitating operations.
- The Company regularly reviews its stockholdings, primarily from the perspective of business benefits and other advantages, and mainly curtails its holdings of stocks that have become less necessary.

2. The Company's Criteria for Exercising Voting Rights with Regard to Strategic Stockholdings
When exercising its voting rights with regard to shares of strategic stockholdings, the Company confirms whether the proposed item of business would lead to impairment of shareholder value. It then considers the situation of an investee company and other factors to determine its approval or disapproval before exercising its voting rights.
If the Company wishes to confirm the intent of an item of business, etc., it will discuss the matter with the investee company if necessary.

<Principle 1.7: Framework for Confirmation of Transactions with Related Parties >

The Company investigates and specifies related parties that carry the possibility of having an impact on the Company's financial position and operating results based on the "Accounting Standard for Related Party Disclosures" and the "Guidance on Accounting Standard for Related Party Disclosures," confirms the existence of transactions with the said related parties and the importance of the said transactions, and, if there are transactions to be disclosed, carries out disclosure accordingly.
The existence of related parties, the existence of transactions with related parties, the contents of transactions and other such information, are reported to the Board of Directors in advance of disclosure, and a review is conducted based on the criteria for judgment of importance stipulated in the "Guidance on Accounting Standard for Related Party Disclosures."

<Principle 3.1: Proactive Provision of Information>

1. The Company's corporate philosophy, corporate strategies and business plans
The Company's corporate philosophy, corporate strategies and business plans are contained and disclosed in the Company's Notice of Convocation of the 115th Ordinary General Meeting of Shareholders (pages 19 to 24).
http://www.shiseidogroup.com/ir/shareholder/e1506shm/img/shm_0000.pdf
In addition, the Company's corporate mission, "Our Mission," "Our Values" which defines a frame of mind that must be shared by each and every employee of the Shiseido Group, and "Our Way" and the "Shiseido Ethical Conduct Standards," both of which set out the standards of conduct for each and every employee of the Shiseido Group, are also stated in 2. of "Other" of this report.

2. Basic Stance and Basic Policy on Corporate Governance
The basic stance and basic policy on the Company's corporate governance are shown in 1. of "Basic Stance on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information" in this report. In addition, reasons why we adopted the current corporate governance system are shown in 3. of the "Status of Management Structure for Management Decision-Making, Operational Execution and Supervising, and Other Corporate Governance Systems" in this report.

3. Policies and Procedures in Determining the Remuneration of the Senior Management and Directors by the Board of Directors
The directors, audit & supervisory board members and corporate officers remuneration policy of the Company is established by the Remuneration Advisory Committee, which is chaired by an external director and includes external professionals as the Committee members, to maintain objectivity and high transparency. Remuneration to directors, audit & supervisory board members and corporate officers of the Company consists of a basic remuneration that is not linked to business performance and a performance-linked remuneration that fluctuates depending on the achievement of management targets and share price. The Company sets appropriate remuneration levels by making comparisons with

companies in the same industry or of the same scale in Japan and overseas, taking the Company's performance into consideration.
External directors and audit & supervisory board members receive only basic remuneration, as performance-linked remuneration is inconsistent with their supervisory functions from a stance independent from business execution. Meanwhile, the Company abolished its officers' retirement benefit plan as of June 29, 2004 on which the 104th Ordinary General Meeting of Shareholders was held.
More details on the directors, audit & supervisory board members and corporate officers remuneration policy are shown for disclosure on the Notice of Convocation of the 115th Ordinary General Meeting of Shareholders of the Company (pages 54 to 60).
http://www.shiseidogroup.com/ir/shareholder/e1506shm/img/shm_0000.pdf

4. Policies and Procedures in Appointing the Senior Management and Nominating Candidates for Directors and Audit & Supervisory Board Members by the Board of Directors

In nominating candidates for directors and audit & supervisory board members and appointing corporate officers, it is a policy of the Company to nominate or appoint appropriate persons who are able to fulfill their duties and responsibility, fully taking into consideration their personality and intellectuality and the like regardless of gender, age and nationality. In addition, the Company also takes into consideration "the importance of roles to fulfill in response to entrustment on management by shareholders" for candidates for directors, and "the importance of audit and functions of audit & supervisory board members for the corporate management" for candidates for audit & supervisory board members, in nominating them respectively.
Nomination of candidates for directors and appointment of corporate officers are determined upon resolution by the Board of Directors after the Company receives a report from the Nomination Advisory Committee chaired by an external director on whether or not the candidates are adequate. In addition to following the procedure, appointment of President and CEO is further carefully reviewed by the Nomination Advisory Committee. The candidate for President and CEO is selected from both inside and outside of the Company without excluding all sorts of possibilities from the standpoint of realizing the corporate philosophy and corporate strategies of the Company, and is bound to be subject to deliberation at the Nomination Advisory Committee chaired by an external director and a special working group established by the Chair of the Committee, starting from this selecting stage.
For nomination of candidates for audit & supervisory board members, the representative directors select candidates, and the Company receives a report from the Nomination Advisory Committee on whether or not the candidates are adequate. Then the Board of Directors determines the nomination of candidates for audit & supervisory board members upon receiving consent of the Audit & Supervisory Board on submitting a proposal for the election to the ordinary general meeting of shareholders.

5. Explanations over Each Individual Appointment and Nomination with Respect to Appointments of Senior Management and Nominations of Candidates for Directors and Audit & Supervisory Board Members by the Board of Directors based on 4. above

With respect to all candidates for directors and audit & supervisory board members, the Company has consistently clarified "Reasons for Nomination of the Candidate" in relevant proposals for the election of the Notice of Convocation of the Ordinary General Meeting of Shareholders (Reference Document). The "Reasons for Nomination of the Candidates" for directors and audit & supervisory board members proposed for election at the 115th Ordinary General Meeting of Shareholders are shown below. In addition, reasons for nomination for election of three auditors & supervisory board members other than two members identified above out of five members in the office of the audit & supervisory board members as of the conclusion of the 115th Ordinary General Meeting of Shareholders are also shown below.

[Directors]

Masahiko Uotani:

Mr. Masahiko Uotani has a proven track record in business management and is particularly highly regarded within the marketing field. As a result of this and other factors, the Company invited him to become President & CEO, and in April 2014 he assumed that office. Following his election as a director of the Company at the 114th ordinary general meeting of shareholders held on June 25th that year, he was

selected as representative director by the Board of Directors and since then has undertaken the mandate given by our shareholders to steer the Company's management.

During fiscal 2014, Mr. Uotani demonstrated high-level marketing capabilities and leadership, discarding organizational hierarchy to build a structure enabling the entire Company to work as one to generate value and deliver that value to customers. He also fully identified all the issues challenging the Company and faced them head-on, formulating the VISION 2020 medium- to long-term strategy to define a road map for resolving those issues.

Due to these facts the Board of Directors has continuously selected him as a candidate for director. (The 115th Ordinary General Meeting of Shareholders)

Toru Sakai:

Mr. Toru Sakai has actively made statements at meetings of the Board of Directors as a director of the Company and performed appropriately, determining important managerial events and matters and supervising business execution. He has ample business experience in overall supply chain operations including production, purchasing and logistics, and after assuming the office of corporate officer he planned companywide management strategies and implemented structural reforms as General Manager of the Corporate Planning Department. From fiscal 2013 he took responsibility for the domestic cosmetics business, taking charge of the planning and implementation of its business strategies. During fiscal 2014 he led the implementation of the ICHIGAN Project whereby everybody in the Company works in unison to convey the value of our brands and lines to customers. He also, as a member of the CSR Committee of the Company, has attended Committee meetings and actively expressed opinions.

Due to these facts the Board of Directors has continuously selected him as a candidate for director. (The 115th Ordinary General Meeting of Shareholders)

Tsunehiko Iwai:

Mr. Tsunehiko Iwai has actively made statements at meetings of the Board of Directors as a director of the Company and performed appropriately, determining important managerial events and matters and supervising business execution. Since assuming the office of corporate officer, he has served as officer responsible for quality management, pharmaceuticals affairs, CSR, environmental affairs, and frontier science business. Since fiscal 2014 he has served as officer with overall responsibility for research and development, production, and technical affairs. In the research and development field his contribution included leading the advancement of value development from the customer's perspective. He also, as a member of the CSR Committee of the Company, has actively made statements at meetings of the Committee.

Due to these facts the Board of Directors has continuously selected him as a candidate for director. (The 115th Ordinary General Meeting of Shareholders)

Yoko Ishikura:

Ms. Yoko Ishikura has deep professional knowledge in international politics and economics, as well as international corporate strategy, and has built up experience serving as external director in a number of companies. She has also been involved in activities to facilitate greater global competitiveness and innovation by promoting diversity and women's empowerment. We believe that Ms. Ishikura can help to enhance the Company's corporate value by drawing on this experience and knowledge, professional and otherwise, not only to supervise management as an external director, but also to actively participate in promoting diversity and more active roles for women.

Ms. Ishikura has not participated in management of companies other than as an external director. For the reasons stated above, however, the Company is of an opinion that she would be able to achieve adequately the role of external director. Accordingly, the Board of Directors has decided to select her as a new candidate for external director. (The 115th Ordinary General Meeting of Shareholders)

Shoichiro Iwata:

Mr. Shoichiro Iwata has reflected his view as an active operator of the different business and industry free from the conventional framework on the management of the Company and he has actively made statements at meetings of the Board of Directors. Mr. Iwata performed appropriately as external director including supervising business execution. He also, as the Chairman of the Remuneration Advisory Committee and a member of the Nomination Advisory Committee of the Company, has actively made statements at meetings of these Committees.

Due to these facts the Board of Directors has continuously selected him as a candidate for external director. (The 115th Ordinary General Meeting of Shareholders)

Tatsuo Uemura:

Mr. Tatsuo Uemura has deep experience and knowledge on capital markets and corporate governance in addition to knowledge on laws as a university professor specializing in research on laws, based on which he has actively made statements at meetings of the Board of Directors. He has achieved as external director of the Company adequate role on supervising the execution of business. He also, as a member of Remuneration Advisory Committee and as the Chairman of Nomination Advisory Committee of the Company, has actively made statements at meetings of these Committees.

He has not participated in management of companies other than as external director. For the reasons stated above, however, the Company is of an opinion that he would be able to achieve adequately the role of external director. Accordingly, the Board of Directors has continuously selected him as a candidate for external director. (The 115th Ordinary General Meeting of Shareholders)

[Audit & Supervisory Board Members]

Yoshinori Nishimura:

Before assuming office as an audit & supervisory board member, Mr. Yoshinori Nishimura has actively made statements at meetings of the Board of Directors as a director of the Company and achieved adequate role such as determining important managerial events and matters and controlling business execution. He also, as a member of the Remuneration Advisory Committee and CSR Committee of the Company, has actively made statements at meetings of these Committees. In addition, he held the office of corporate officer and Chief Financial Officer and sufficiently performed his duties as the person responsible for Finance, Investor Relations, Information System Planning and Internal Control.

Furthermore, Mr. Nishimura has experience and knowledge in financing, accounting and taxation. Due to these facts the Board of Directors has selected him as a candidate for audit & supervisory board member. (The 114th Ordinary General Meeting of Shareholders)

Kyoko Okada:

In addition to her service in the Corporate Culture Department of the Company, Ms. Kyoko Okada has also experienced a variety of other departments including the CSR Department and the Institute of Beauty Science. She is familiar with the Company's intangible assets and related information, such as its information relating to beauty techniques and knowhow, the Company's history and corporate culture, and its support for external cultural endeavors. Ms. Okada therefore has ample knowledge in areas that complements the experience and knowledge of the other audit & supervisory board members. The Company is of the opinion that Ms. Okada would be able to draw on this expertise to cooperate with the other audit & supervisory board members in fulfilling the function of audit & supervisory board member. Accordingly, the Board of Directors decided to select her as a new candidate for audit & supervisory board member. (The 115th Ordinary General Meeting of Shareholders)

Akio Harada:

Mr. Akio Harada has a wide range of experience and knowledge especially in the field of legal matters as he held important posts in legal circles such as Vice-Minister of Justice and Prosecutor General. Mr. Harada achieved adequate role as external audit & supervisory board member of the Company including the supervisory function with respect to directors' execution of business. Mr. Harada currently holds the office of external director and external audit & supervisory board member for several companies and has affluent experience and a high level of knowledge. He has not participated in management of companies other than as external director and external audit & supervisory board member. For the reasons stated above, however, the Company is of an opinion that he would be able to adequately achieve the role of external audit & supervisory board member. Accordingly, the Board of Directors has continuously selected him as a candidate for external audit & supervisory board member. (The 113th Ordinary General Meeting of Shareholders)

Nobuo Otsuka:

Mr. Nobuo Otsuka has ample knowledge and strong intellect as a doctor, as well as long experience in managing a medical corporation offering thoroughly patient-oriented services unbound by conventional

modes of hospital operation. In these respects, he is fulfilling the function of audit & supervisory board member well, for example by actively making statements as external audit & supervisory board member of the Company.
Mr. Otsuka has not participated in management of companies other than as external audit & supervisory board member. For the reasons stated above, however, the Company is of an opinion that he would be able to adequately achieve the role of external audit & supervisory board member. Accordingly, the Board of Directors has continuously selected him as a candidate for external audit & supervisory board member. (The 115th Ordinary General Meeting of Shareholders)

Eiko Tsujiyama:

Dr. Eiko Tsujiyama currently serves as a professor of School of Commerce and a professor and Dean of the Graduate School of Commerce of Waseda University. As a Certified Public Accountant with extensive knowledge in finance, accounting and taxation, and experience in implementing various public services such as a Professional Member of the Tax Commission , Cabinet Office, Government of Japan. Dr. Tsujiyama currently holds the office of external director and external audit & supervisory board member for several companies and has affluent experience and a high level of knowledge.
She has not participated in management of companies other than as external director and external audit & supervisory board member. For the reasons stated above, however, the Company is of an opinion that she would be able to adequately achieve the role of external audit & supervisory board member. Accordingly, the Board of Directors has selected her as a candidate for external audit & supervisory board member. (The 112th Ordinary General Meeting of Shareholders)

<Supplementary Principle 4.1.1: Summary of Scope of Matters Delegated from the Board of Directors to the Management>

The Company has specified matters to be determined by resolution of the Board of Directors in the Regulation on the Board of Directors . Such matters consists of items relating to the general meeting of shareholders, personnel/organization, account settlement stock/bonds, and stock acquisition rights, corporate property, etc., business management and others of the Shiseido Group, that are matters provided in the Companies Act and other laws and regulations, and any other important matters equivalent thereof. Meanwhile, with the aim of clarifying the allocation of responsibility for the business management and accelerating decision making by delegation of authority, the Company introduced a corporate officer system in 2001. Authority for making decisions on matters relating to business executions other than those specified in the Regulation on the Board of Directors have been delegated to the Executive Committee, the Business Plan Meeting, and other meeting bodies comprised of corporate officers.
The Company believes it is necessary to verify whether the current scope of authorities delegated to the corporate officers and the meeting bodies comprised of the corporate officers is proper in order to further improve the speed of the business management. We tentatively target December 31, 2015 for conducting this verification, as with the two items stated in "Reason for Non-Performance of Principles of Corporate Governance Code." We will inform you of the result and a new scope of authorities delegated to be subsequently specified as soon as the conclusion is made.

<Supplementary Principle 4.8.1 and 2: Establishment of Framework for Information Exchange among Independent Directors/Establishment of Framework for Communication with Various Corporate Bodies>

The Company has elected a total of six external directors and audit & external supervisory board members: three external directors and three external audit & supervisory board members with high degree of independence.
To ensure that external directors and external audit & supervisory board members can fully play their expected roles, the Company has implemented measures contributing to exchange and sharing of information by providing them with training with regard to the industry the Company belongs to, history, business overview and strategies and the like of the Company at the time they newly assume office, providing them with materials for meetings of the Board of Directors in advance, and holding meetings with the attendance of all directors and all audit & supervisory board members as necessary. However, no meeting with the attendance of independent directors only is being held, and a lead independent director among the independent directors or the like is not assigned.

The Company has been reviewing these initiatives shown as examples in the Corporate Governance Code to see if they are effective for the Company.

<Principle 4.9: Independence Standards Aimed at Securing Effective Independence of Persons Who Will Become Independent Directors>

The Company established criteria for independence of external directors in 2012, which are included in the convocation notices of general meeting of shareholders and the like for disclosure. Specific descriptions can be found in the Notice of Convocation of the 115th Ordinary General Meeting of Shareholders of the Company (pages 38 to 41), and [Independent Directors] in 1. Matters Relating to Institutional Structure and Organizational Operation of "Status of Management Structure for Management Decision-Making, Operational Execution and Supervising, and Other Corporate Governance Systems" in this report.
http://www.shiseidogroup.com/ir/shareholder/e1506shm/img/shm_0000.pdf

<Supplementary Principle 4.11.1: View on the Appropriate Balance between Knowledge, Experience and Skills of the Board of Directors as a Whole>

The Company believes that the Board of Directors of the Company should be composed of directors with various viewpoints and backgrounds, on top of multilateral sophisticated skills, for effective supervision over the execution of business as well as decision-making on critical matters. Furthermore, the Company believes that audit & supervisory board members should have the same diversity and sophisticated skills as the directors as they have a duty to attend meetings of the Board of Directors and state opinions as necessary.
On the other hand, the Company expects external directors and external audit & supervisory board members to effectively perform double checks, the supervisory function by the Board of Directors and the auditing function by the audit & supervisory board members, thus external directors with voting rights at the Board of Directors are needed as well as statutory external audit & supervisory board members, where high degree of independence is a critical requirement for both capacities.
Diversity of the directors and the audit & supervisory board members must be ensured in the critical decision-making at meetings of the Board of Directors. In this respect female value and thinking is of particular importance to Shiseido, a cosmetic manufacturer, and as a result, the Company believes that electing female directors and audit & supervisory board members is vital. As of the end of June, 2015, six directors include one with a career background in management outside the Shiseido Group, two with career backgrounds in the Shiseido Group, and three members outside the Company with high degrees of independence. Meanwhile, five audit & supervisory board members include two full-timers with career backgrounds in the Shiseido Group and three part-time members outside the Company with high degrees of independence. The total of 11 directors and audit & supervisory board members comprises three females and eight males.
These diverse members engage in discussions capitalizing on respective knowledge, experience and competence for decision-making and supervision of business execution based on laws and regulations and management.

<Supplementary Principle 4.11.2: Concurrent Posts Assumed by Directors and Audit & Supervisory Board Members>

Matters concerning important positions at other organizations concurrently assumed by directors and audit & supervisory board members of the Company are shown in the Notice of Convocation of the 115th Ordinary General Meeting of Shareholders of the Company (page 47, pages 100 to 110).
Also, the important positions at other organizations concurrently assumed by external directors and external audit & supervisory board members and relationships between organizations and the Company are shown in the Notice of Convocation of the 115th Ordinary General Meeting of Shareholders of the Company (pages 48 to 51, pages 105 to 106).
http://www.shiseidogroup.com/ir/shareholder/e1506shm/img/shm_0000.pdf

<Supplementary Principle 4.14.2: Training Policy for Directors and Audit & Supervisory Board Members>

Prior to the assumption of office, the newly appointed external directors and external audit & supervisory board members take part in training programs through which they attain knowledge of the Company, such as the industry in which it operates, its history, an overview of its business, strategies and more. In addition, the Company gives candidates for new directors and new audit & supervisory board members training regarding their legal powers, obligations and the like, and also makes use of training at external institutions where necessary.
For directors who execute business and corporate officers, the Company holds an executive program, as well as utilizing training at external institutions, in order to develop leadership capabilities to an even higher level. In respect of the cultivation of the next generation of management, executives who are corporate officer candidates are provided with training programs to nurture their leadership abilities and management skills required for top management officers.

<Principle 5.1: Policies concerning the Measures and Organizational Structures Aimed at Promoting Constructive Dialogue with Shareholders>

The Company established the Disclosure Policy, consisting of "Basic Policy on Information Disclosure," "Standards for Information Disclosure," "Method of Information Disclosure," "Quiet Periods," and "Forward-Looking Statements" in 2006. The Policy is published on the website of the Company.
http://www.shiseidogroup.com/ir/disclosure/policy/
Currently, the Company is aggressively implementing the initiatives described in 1. and 2. of "Implementation of Measures Regarding Shareholders and Other Stakeholders" in this report, based on the Disclosure Policy, with the aim of appropriately providing both institutional investors (shareholders) and individual investors (shareholders) with information.
As we believe that the Company is expected to make further improvements in these various activities, from the standpoint of "promoting constructive dialogue," we are currently studying this point. We will inform you of results of the study in a timely manner.

2. Capital Structure

Foreign Shareholding Ratio	More than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
JP MORGAN CHASE BANK 380055	29,703,128	7.42
The Master Trust Bank of Japan, Ltd. (Trust Account)	28,377,300	7.09
Mizuho Bank, Ltd.	21,226,732	5.30
Japan Trustee Services Bank, Ltd (Trust Account)	13,594,300	3.39
Shiseido Employees' Stockholding	9,405,332	2.35
Sompo Japan Nipponkoa Insurance Inc.	5,934,497	1.48
Nippon Life Insurance Company	5,615,653	1.40
Mitsui Sumitomo Insurance Company, Limited	5,600,000	1.40
THE BANK OF NEW YORK MELLON SA/NV 10	5,286,712	1.32
STATE STREET BANK AND TRUST COMPANY	5,227,547	1.30

Controlling Shareholder (except for Parent Company)	□-
Parent Company	None

Supplementary Explanation
None.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	December
Type of Business	Chemicals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

N/A

5. Other Special Circumstances which may have Material Impact on Corporate Governance

None.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with *Kansayaku* Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	6
Number of External Directors	3
Number of Independent Directors	3

External Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yoko Ishikura	Other											
Shoichiro Iwata	Originally from other company								○	△		
Tatsuo Uemura	Scholar											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

External Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yoko Ishikura	○	With regard to Ms. Yoko Ishikura, none of the relationship classification stated above (classification "a" – classification "k") applies to her. Ms. Ishikura's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows: • Outside Director, Nissin Food Holdings Co., Ltd. • Outside Director, Lifenet Insurance Company • Outside Director, Sojitz Corporation • Professor Emeritus, Hitotsubashi University The Company considers not only the independence against the Company, but also other various viewpoints such as "Principal Occupation" when it estimates the importance of Ms. Ishikura's "Important Position of Other Organizations Concurrently Assumed."	<Reasons for appointing as an external director and roles and functions in the Company> Ms. Ishikura has deep professional knowledge in international politics and economics, as well as international corporate strategy, and has built up experience serving as outside director in a number of companies. She has also been involved in activities to facilitate greater global competitiveness and innovation by promoting diversity and women's empowerment. We believe that Ms. Ishikura can help to enhance the Company's corporate value by drawing on this experience and knowledge, professional and otherwise, not only to supervise management as an external director, but also to actively participate in promoting diversity and more active roles for women. <Status of meeting the standards for the independent directors and reason for appointing as independent director> Ms. Ishikura maintains full independence as none of the items (1) through (5) stated below applies. Furthermore, the Company sets forth the Criteria for Independence of "External Directors." Ms. Ishikura has fulfilled the Criteria in full. Hence Ms. Ishikura has been determined capable of sufficiently

			protecting the interests of the general shareholder and has been appointed independent director. (1) Corporate officer, etc. of a parent company or sister company; (2) A person whose main business partner is the Company, or a corporate officer, etc. thereof; a major business partner of the Company, or a corporate officer, etc. thereof; (3) A consultant, an accountant or a legal specialist receiving significant sums of money from the Company other than executive remunerations; (4) A principle shareholder of the Company; (5) A close relative of a person (excluding inconsequential persons) meeting either condition (a) or (b) below (a) person described in items (1) through (4); (b) A corporate officer of the Company or the Company's subsidiary
Shoichiro Iwata	○	Mr. Shoichiro Iwata concurrently assumes the office of President & Chief Executive Officer of ASKUL Corporation ("ASKUL"). With regard to Mr. Iwata, the relationship classification "h" applies to him at present. The relationship classification "i" applied to him in the past. The Company purchases stationeries, etc. from ASKUL and the payment for such purchases represented less than 0.1% of the total amount of the cost of sales and the selling, general and administrative expenses of the Company for the fiscal year ended March 31, 2015. Transaction value is minimal for the Company. Such sales represented less than 0.1% of the net sales of ASKUL for the fiscal year ended May 31, 2014. Transaction value is minimal for ASKUL. The Shiseido Group purchase stationeries, etc. from ASKUL Group, and the payment to the	<Reasons for appointing as an external director and roles and functions in the Company> Mr. Iwata has been appointed external director in order to reflect his views to the management of the Company, which views are free from the Company's established structure as an incumbent management executive. Mr. Iwata has voiced necessary views from an independent perspective, in addition to serving as the head of the Remuneration Committee and compiling proposals on the remuneration system for directors and audit & supervisory board members. <Status of meeting the standards for the independent directors and reason for appointing as independent director> Mr. Iwata maintains full independence as none of the items (1) through (5) stated below applies. Furthermore, the Company sets forth the Criteria for Independence of "External Directors." Mr. Iwata has fulfilled the Criteria in full. Hence Mr. Iwata has been

		ASKUL Group represented less than 0.1% of the total amount of the consolidated cost of sales and the consolidated selling, general and administrative expenses of the Company for the fiscal year ended March 31, 2015. Transaction value is minimal for Shiseido Group. Such sales represented approximately 0.1% of the consolidated net sales of ASKUL Group for the fiscal year ended May 31, 2014. Transaction value is minimal for ASKUL Group. The Shiseido Group sells cosmetics, etc. to the ASKUL Group and such sales to the ASKUL Group by the Shiseido Group represented less than 0.1% of the consolidated net sales of the Company for the fiscal year ended March 31, 2015. Transaction value is minimal for the Shiseido Group. Purchases of cosmetics, etc. by the ASKUL Group from the Shiseido Group represented approximately 0.1% of ASKUL's consolidated cost of sales for the fiscal year ended May 31, 2014. Transaction value is minimal for the ASKUL Group. ASKUL sells cosmetics, etc. and has a relationship with the Company consisting of transactions in competition. Consequently, the contents and maximum amounts of transactions between the Company and ASKUL Corporation are approved in advance at the Board of Directors along with matters pertaining to transactions with conflicts of interest, and the results are reported to the Board of Directors following the end of the business year of ASKUL Corporation. The amount of ASKUL Corporation's net sales of cosmetics, etc. in that period was approximately 0.4% of the	determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent director. (1) Corporate officer, etc. of a parent company or sister company; (2) A person whose main business partner is the Company, or a corporate officer, etc. thereof; a major business partner of the Company, or a corporate officer, etc. thereof; (3) A consultant, an accountant or a legal specialist receiving significant sums of money from the Company other than executive remunerations; (4) A principle shareholder of the Company; (5) A close relative of a person (excluding inconsequential persons) meeting either condition (a) or (b) below (a) person described in items (1) through (4); (b) A corporate officer of the Company or the Company's subsidiary

		consolidated net sales of the Company, and in the fiscal year ended May 31, 2014, ASKUL Corporation's net sales of cosmetics, etc. accounted for approximately 1.1% of its total sales. In these conditions, the transactions in competition have no impact on interests of shareholders. Mr. Tadakatsu Saito who is an outside director of ASKUL assumed the office of Director of the Company during June 1997 to June 2004, but the Company has no special relationships of interest with Mr. Saito at present. Mr. Iwata's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows: • President & Chief Executive Officer of ASKUL Corporation The Company considers not only the independence against the Company, but also other various viewpoints such as "Principal Occupation" when it estimates the importance of Mr. Iwata's "Important Position of Other Organizations Concurrently Assumed."	
Tatsuo Uemura	○	With regard to Mr. Tatsuo Uemura, none of the relationship classification stated above (classification " a" – classification "k") applies to him. Mr. Uemura's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows: • Professor, School of Law, Waseda University The Company considers not only the independence against the Company, but also other various viewpoints such as	<Reasons for appointing as an external director and roles and functions in the Company> Mr. Uemura has been appointed external director to reflect his legal knowledge to the management of the Company, as well as his knowledge and experiences in the area of capital market and corporate governance. Mr. Uemura has voiced necessary views from an independent perspective, in addition to serving as the head of the Nomination Advisory Committee and compiling proposals on the selection of candidates for directors and executive officers.

		"Principal Occupation" when it estimates the importance of Mr. Uemura's "Important Position of Other Organizations Concurrently Assumed."	<Status of meeting the standards for the independent directors and reason for appointing as independent director> Mr. Uemura maintains full independence as none of the items (1) through (5) stated below applies. Furthermore, the Company sets forth the Criteria for Independence of "External Directors." Mr. Uemura has fulfilled the Criteria in full. Hence Mr. Uemura has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent director. (1) Corporate officer, etc. of a parent company or sister company; (2) A person whose main business partner is the Company, or a corporate officer, etc. thereof; a major business partner of the Company, or a corporate officer, etc. thereof; (3) A consultant, an accountant or a legal specialist receiving significant sums of money from the Company other than executive remunerations; (4) A principle shareholder of the Company; (5) A close relative of a person (excluding inconsequential persons) meeting either condition (a) or (b) below (a) person described in items (1) through (4); (b) A corporate officer of the Company or the Company's subsidiary

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Advisory Committee	Remuneration Advisory Committee
All Committee Members	5	5
Full-time Members	0	0
Inside Directors	2	1
External Directors	3	3
Outside Experts	0	1
Other	0	0
Chairperson	External Director	External Director

Supplementary Explanation

<Nomination Advisory Committee>
The Nomination Advisory Committee makes reports to the Board of Directors on matters including the selection of candidates for directors and corporate officers and their promotions and demotions. The Nomination Advisory Committee had three meetings in fiscal 2014. In addition to proposing the formulation of a framework comprising directors, audit & supervisory board members and corporate officers, the committee carried out activities including discussing promotions, recruitments, retirements and appointments from outside.

<Remuneration Advisory Committee>
The Remuneration Advisory Committee makes reports to the Board of Directors regarding the remuneration system for directors as well as evaluation of their performance. Remuneration Advisory Committee had three meetings in fiscal 2014 and reviewed issues including the Company's executive bonuses for fiscal 2014 and a new remuneration system for the three year period from fiscal 2015 to fiscal 2017.

[Audit & Supervisory Board Members *(Kansayaku)*]

Establishment of Audit & Supervisory Board (*Kansayaku* Board)	Established
Maximum Number of *Kansayaku* Stipulated in Articles of Incorporation	The Company doesn't set a ceiling on the number of corporate auditors
Number of *Kansayaku*	5

Cooperation among *Kansayaku*, Accounting Auditors and Internal Audit Departments

The audit & supervisory board members receive reports on audit plans for audit system and schedule from the accounting auditors, and opinions are exchanged. The audit & supervisory board members receive reports on audit results and its method from accounting auditors throughout the fiscal year.
The audit & supervisory board members receive reports on audit plans and the results of audits and surveys from the Internal Auditing Department, and opinions are exchanged on necessary commitments.
In addition, representative directors and audit & supervisory board members periodically hold meeting for exchanging opinions.

Appointment of External *Kansayaku*	Appointed
Number of Outside *Kansayaku*	3
Number of Independent *Kansayaku*	3

External *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Akio Harada	Attorney at Law													
Nobuo Otsuka	Other													
Eiko Tsujiyama	CPA													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. *Kansayaku* of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)
k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
m. Others

External *Kansayaku*'s Relationship with the Company (2)

Name	Designation as Independent *Kansayaku*	Supplementary Explanation of the Relationship	Reasons of Appointment
Akio Harada	○	With regard to Mr. Akio Harada, none of the relationship classification stated above (classification " a" – classification "m") applies to him. Mr. Harada's	<Reasons for appointing as an external member of audit & supervisory board and roles and functions in the Company> Mr. Harada has been appointed audit & supervisory board member (external) in order to ensure objectivity and neutrality of auditing by audit & supervisory board members, based on

		"Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows: • External Director of Seiko Holdings Corporation • Outside Director of Sumitomo Corporation • External Director of Yamazaki Baking Co., Ltd. • Representative director of Young Men's Christian Association at the University of Tokyo, public interest incorporated foundation • Representative director of Japan Criminal Policy Society, general incorporated foundation • Representative director of International Civil and Commercial Law Centre Foundation, public interest incorporated foundation The Company considers not only the independence against the Company, but also other various viewpoints such as "Principal Occupation" when it estimates the importance of Mr. Harada's "Important Position of Other Organizations Concurrently Assumed."	his experiences and knowledge in legal field. Mr. Harada has expressed necessary views from an independent perspective. <Status of meeting the standards for the independent auditors and reason for appointing as independent auditor> Mr. Harada maintains full independence as none of the items (1) through (5) stated below applies. Furthermore, the Company sets forth the Criteria for Independence of "External Directors." Mr. Harada has fulfilled the Criteria in full. Hence Mr. Harada has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent auditor. (1) Corporate officer, etc. of a parent company or sister company; (2) A person whose main business partner is the Company, or a corporate officer, etc. thereof; a major business partner of the Company, or a corporate officer, etc. thereof; (3) A consultant, an accountant or a legal specialist receiving significant sums of money from the Company other than executive remunerations; (4) A principle shareholder of the Company; (5) A close relative of a person (excluding inconsequential persons) meeting either condition (a) or (b) below (a) person described in items (1) through (4); (b) A corporate officer of the Company or the Company's subsidiary

Nobuo Otsuka	○	With regard to Mr. Nobuo Otsuka, none of the relationship classification stated above (classification " a" – classification "m") applies to him. Mr. Otsuka's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows: • Chairman of Keiseikai Hospital Group The Company considers not only the independence against the Company, but also other various viewpoints such as "Principal Occupation" when it estimates the importance of Mr. Otsuka's "Important Position of Other Organizations Concurrently Assumed."	<Reasons for appointing as an external member of audit & supervisory board and roles and functions in the Company> Mr. Otsuka has been appointed audit & supervisory board member (external) in order to ensure objectivity and neutrality of auditing by audit & supervisory board members, based on his experiences and knowledge as management executive of a medical corporation. Mr. Otsuka has expressed necessary views from an independent perspective. <Status of meeting the standards for the independent auditors and reason for appointing as independent auditor> Mr. Otsuka maintains full independence as none of the items (1) through (5) stated below applies. Furthermore, the Company sets forth the Criteria for Independence of "External Directors." Mr. Otsuka has fulfilled the Criteria in full. Hence Mr. Otsuka has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent auditor. (1) Corporate officer, etc. of a parent company or sister company; (2) A person whose main business partner is the Company, or a corporate officer, etc. thereof; a major business partner of the Company, or a corporate officer, etc. thereof; (3) A consultant, an accountant or a legal specialist receiving significant sums of money from the Company other than executive remunerations; (4) A principle shareholder of the Company; (5) A close relative of a person (excluding inconsequential persons) meeting either condition (a) or (b) below (a) person described in items (1) through (4); (b) A corporate officer of the Company or the Company's subsidiary

Eiko Tsujiyama	○	With regard to Dr. Eiko Tsujiyama, none of the relationship classification stated above (classification " a" – classification "m") applies to her. Dr. Tsujiyama's "Important Position of Other Organizations Concurrently Assumed" stated in the Companies Act are as follows: • Professor, School of Commerce and the Graduate School of Commerce, Waseda University • Outside Corporate Auditor of Mitsubishi Corporation • Outside Director of ORIX Corporation • Outside Corporate Auditor of LAWSON, INC. • Outside Corporate Auditor of NTT DOCOMO, INC. The Company considers not only the independence against the Company, but also other various viewpoints such as "Principal Occupation" when it estimates the importance of Dr. Tsujiyama's "Important Position of Other Organizations Concurrently Assumed."	<Reasons for appointing as an external member of audit & supervisory board and roles and functions in the Company> Dr. Tsujiyama has been appointed audit & supervisory board member (external) in order to ensure objectivity and neutrality of auditing by audit & supervisory board members, based on her experiences and knowledge as management executive of a medical corporation. <Status of meeting the standards for the independent auditors and reason for appointing as independent auditor> Dr. Tsujiyama maintains full independence as none of the items (1) through (5) stated below applies. Furthermore, the Company sets forth the Criteria for Independence of "External Directors." Dr. Tsujiyama has fulfilled the Criteria in full. Hence Dr. Tsujiyama has been determined capable of sufficiently protecting the interests of the general shareholder and has been appointed independent auditor. (1) Corporate officer, etc. of a parent company or sister company; (2) A person whose main business partner is the Company, or a corporate officer, etc. thereof; a major business partner of the Company, or a corporate officer, etc. thereof; (3) A consultant, an accountant or a legal specialist receiving significant sums of money from the Company other than executive remunerations; (4) A principle shareholder of the Company; (5) A close relative of a person (excluding inconsequential persons) meeting either condition (a) or (b) below (a) person described in items (1) through (4); (b) A corporate officer of the Company or the Company's subsidiary

[Independent Directors/*Kansayaku*]

Number of Independent Directors/*Kansayaku*	6

Matters relating to Independent Directors/*Kansayaku*

The Company establishes its own rules of "Criteria for Independence of External Directors/Audit & Supervisory Board Members" (the "Criteria") and "Insignificance Criteria for Omission of Description about Relationships between the Company and the External Directors/Audit & Supervisory Board Members in the Notification/Disclosure Documents" (the "Insignificance Criteria"), which is contingent upon the Criteria. In this report, some of the descriptions about the relationships between the Company and other organizations in which external directors/audit & supervisory board members concurrently assume important position are omitted according to the Insignificance Criteria.

<Criteria for Independence of External Directors/Audit & Supervisory Board Members>

Shiseido Company, Limited (the "Company") deems an external director and audit & supervisory board member (collectively the "External Director") or a candidate for the External Director to have sufficient independence against the Company in the event that all the following requirements are fulfilled upon the Company's research to the practically possible and reasonable extent.

1. He/She is not nor has been an executive person[i] of the Company or an affiliated company[ii] (collectively the "Shiseido Group");
   In the case of an audit & supervisory board members (external), in addition to the above, he/she has not been a non-executive director nor accounting advisor (in the case of accounting advisor being an artificial person, a staff in charge of the duty) of the Shiseido Group.
2. He/She does not fall under any of the following items for the current fiscal year and the last nine (9) fiscal years (all these fiscal years being referred to as the "Relevant Fiscal Years"):
   1) A counterparty which has transactions principally with the Shiseido Group[iii], or its executive person (including a person having once been executive officer for the Relevant Fiscal Years. The same is applicable to Items 2) to 4) of this Clause below);
   2) A principal counterparty of the Shiseido Group[iv], or its executive person;
   3) A large shareholder who holds or has held directly or indirectly 10% or more of the voting rights of the Company in the Relevant Fiscal Years or its executive person;
   4) An executive person of a company of which the Shiseido Group holds or has held directly or indirectly 10% or more of the total voting rights in the Relevant Fiscal Years;
   5) A consultant, accounting professional or legal professional who has been paid a large amount of money or other assets[v] in addition to the External Director's remunerations in the Relevant Fiscal Years. In addition, in the event that the accounting professional or legal professional is an organization such as artificial person or association, a person who belongs to such organization (including a person who has once belonged to such organization in the Relevant Fiscal Years. The same is applicable to Items 6 and 7 below of this Clause) is included.
   6) A person/organization who received donation of a large amount of money or other assetsv from the Shiseido Group in the Relevant Fiscal Years. In addition, in the event that those who received donation from the Shiseido Group are an organization such as artificial person or association, a person who belongs to such organization is included.
   7) An accounting auditor of the Company. In addition, in the event that the accounting auditor is an organization such as artificial person or association, a person who belongs to such organization is included.
3. He/She is not a spouse of the following person, relative in second or less degree, relative living in the same place or a person with whom living costs are shared, provided, however that Item 2) is applicable only to make judgment on the independence of an audit & supervisory board members (external).
   1) An important person[vi] among executive persons of the Shiseido Group;
   2) Non-executive director of a company in the Shiseido Group;
   3) A person falling under any of Items 1) to 4) of Clause 2; provided, however, that with respect to these executive persons, applicable only to the important person[vi].

4) A person falling under any of Items 5) to 7) of Clause 2; provided, however, that with respect to a person belonging to the organization, applicable only to the important persons[vii].

4. Any of the following situations that could be deemed as "Cross-Assumption of Offices of Directors, etc." is not applicable:
   1) In the event that the External Director of the Company or a candidate for the External Director of the Company currently assumes the office of an executive person, external director, corporate auditor or the office equivalent thereto[viii] of a company other than the Company, in Japan or overseas (the "Subject Company"), an executive person, an external director, corporate auditor (excluding the aforesaid External Director or candidate for the External Director) or person in the office equivalent thereto of the Shiseido Group assumes director (including an external director), executive officer, corporate auditor (including external corporate auditor), executive officer or person in the position equivalent thereto[viii] of the Subject Company.
   2) In the event that the External Director of the Company or a candidate for the External Director of the Company currently assumes the office of an executive person, director, officer or the office equivalent to director or officer of an artificial person or other organization (other than a company) (the "Subject Organization"), an executive person, an external director, corporate auditor (excluding aforesaid executive officer or candidate for External Director) or person in the office equivalent thereto of the Shiseido Group assumes the office of director, officer or person in the position equivalent thereto[ix] of the Subject Organization.
5. In addition to Clauses 1 to 4, there exist no circumstances in which duties imposed on an independent External Director are reasonably deemed not to be achieved.
6. It is presently expected that any event or matter stated in Clauses 1 to 5 would not occur or exist hereafter.

Note:

i. An "affiliated company" means the affiliated company stated in Article 2, Paragraph 3, Item 22 of the Ordinance on Company Accounting.

ii. An "executive person" means an executive director, executive officer, corporate officer, staff executing business of a company divided into interest (mochibun kaisha) (in the event of the staff being a artificial person, a person to discharge duties stated in Article 598, Paragraph 1 of the Companies Act), a person executing business of artificial person or organization other than a company and an employed person (an employee, etc.) of a artificial person or organization including a company.

iii. A "counterparty which has transactions principally with the Shiseido Group" means a person/organization falling under any of the following items:
   1) The counterparty or the counter party group (a consolidated group to which the company that has direct transactions with the Shiseido Group belongs to) (collectively the "counterparty")which provides or provided products or services to the Shiseido Group and the aggregate amount of transactions between the counterparty and the Shiseido Group exceeds Yen10 million per fiscal year, and which exceeds 2% of consolidated net sales of the counterparty (or if the counterparty does not prepare consolidated financial statement, non-consolidated net sales of the counterparty) for the Relevant Fiscal Years.
   2) The counterparty group to which the Shiseido Group is or was indebted to the counterparty group and the aggregate amount of indebtedness of the Shiseido Group exceeds Yen10 million as at the end of each fiscal year, and which exceeds 2% of consolidated total assets (or if the counterparty does not prepare consolidated financial statement, non-consolidated total assets of the counterparty) of the counterparty for the Relevant Fiscal Years.

iv. A "principal counterparty of the Shiseido Group" means a person/organization falling under any of the following items:
   1) The counterparty to which the Shiseido Group provides or provided products or services and the aggregate amount of transactions between the counterparty and the Shiseido Group exceeds ¥10 million per fiscal year, and which exceeds 2% of consolidated net sales of the Shiseido Group for the Relevant Fiscal Years.
   2) The counterparty to which the Company Group has account-receivable, advance and account due (collectively "account-receivable") and the aggregate amount of the account-receivable of the Shiseido Group exceeds Yen10 million as at the end of each fiscal year, and which exceeds 2% of consolidated total assets of the Shiseido Group as at the end of the Relevant Fiscal Years.

3) A financial institution group (to which the direct lender belongs) from which the Shiseido Group borrows or borrowed and the aggregate amount of the borrowing exceeds 2% of consolidated total assets of the Shiseido Group as at the end of the Relevant Fiscal Years.

v. A "large amount of money or other assets" means in excess of Yen 10 million per fiscal year.

vi. An "important person" from among executive persons means a director (excluding external director), an executive officer, corporate officer, and employed person in the office of senior management not lower than general manager.

vii. An "important person" from among persons "belonging to the organization" stated in 5) and 7) in Clause 2 above means an officer such as certified public accountants belonging to audit corporation or accounting firm, lawyer (including so as to call associates) belonging to law firm, director and supervisor belonging to a judicial foundation, incorporated association, incorporated school and other artificial persons (collectively "Various Artificial Person") In the event that an organization to which a person belongs is not any of audit corporation, accounting firm, law firm and Various Artificial Person, a person who is deemed objectively and reasonably important equivalent to the persons stated above in this note by the organization.

viii. An "office of an executive person, external director, corporate auditor or the position equivalent thereto" includes the positions such as "Counselor", "Advisor", etc. assumed by retired director, retired corporate auditor, retired executive officer or retired corporate officer enabling them to give advice to the Company, in addition to an executive person defined in Note ii above, non-executive director (including external director), and corporate auditor (including external corporate auditor).

ix. The "office of director or person in the position equivalent thereto" includes the positions such as "Counselor", "Advisor", etc. assumed by retired director, retired councilor or retired supervisor enabling them to give advice to the subject organization, in addition to director, councilor or supervisor.

< Insignificance Criteria for Omission of Description about Relationships between the Company and the Eternal Directors/Audit & Supervisory Board Members in the Notification/Disclosure Documents >

Shiseido Company, Limited (the "Company") establishes its own rules of " Insignificance Criteria for Omission of Description about Relationships between the Company and the Eternal Directors/Audit & Supervisory Board Members in the Notification/Disclosure Documents" (the "Insignificance Criteria") in accordance with its own rules of "Criteria for Independence of External Directors/Audit & Supervisory Board Members" as described below. This Insignificance Criteria defines monetary amount standards by which the Company deems an external director and audit & supervisory board member (collectively the "External Director") or a candidate for the External Director to axiomatically have sufficient independence against the Company and it is allowed to omit detailed descriptions in the notification documents and disclosure documents (collectively the "Notification Documents".) Descriptions about the independence of the External Directors in the Notification Documents are made according to this Insignificance Criteria and, in principle, some of the descriptions about the relationships between the Company and other organizations in which External Directors concurrently assume important position to be omitted according to this Insignificance Criteria. In addition, the "Relevant Fiscal Years" in this Insignificance Criteria means "the current fiscal year and the last nine (9) fiscal years."

1. Descriptions on "A principal counterparty of the Shiseido Group, or its executive person" and "A counterparty which has transactions principally with the Shiseido Group, or its executive person "

   The Company shall omit descriptions about the transactional relationships if all of transaction amount specified in the following 1) through 5) are smaller than Yen 10 million per year in the Relevant Fiscal Years.

   1) Total amount of transactions of providing products or services from a counterparty group to the Shiseido Group in each Relevant Fiscal Years
   2) Shiseido Group's total unpaid amount to a counterparty group at the end of each fiscal year of the Relevant Fiscal Years
   3) Total amount of transactions of providing products or services from Shiseido Group to a counterparty group in each Relevant Fiscal Years
   4) Shiseido Group's total amount of trade receivable to a counterparty group at the end of each fiscal year of the Relevant Fiscal Years

5) Total amount of debt loan from a financial institution group at the end of each fiscal year of the Relevant Fiscal Years

2. Descriptions on "A consultant, accounting professional or legal professional who has been paid a large amount of money or other assets in addition to the External Director's remunerations"

   The Company shall omit descriptions about a consultant, accounting professional, or legal professional who has been paid some money from Shiseido Group in addition to the External Director's remunerations if the amount of payment is smaller than Yen 10 million per year in the Relevant Fiscal Years.

3. Descriptions on "A person/organization who received donation of a large amount of money or other assets"

   The Company shall omit descriptions about a person/organization who received donation from Shiseido Group if the amount of donation is smaller than Yen 5 million per year in the Relevant Fiscal Years.

4. Descriptions on "Relatives of the External Directors"

   The Company shall omit descriptions about relatives in fourth or more degree. However, descriptions about a relative living in the same place with the External Directors or a person with whom living costs are shared with the External Directors can not be omitted.

5. Descriptions on "Cross-Assumption of Offices of Directors, etc."

   The Company shall omit descriptions about "cross-assumption of offices of directors, etc. (*)" if ten years or more have passed after severing such situations.

   * In the event that the External Directors or a candidate for the External Director currently assumes the office of an executive person, external director, corporate auditor or the office equivalent thereto of a company other than the Company, in Japan or overseas (the "Subject Company"), an executive person, an external director, corporate auditor (excluding the aforesaid External Director or candidate for the External Director) or person in the office equivalent thereto of the Shiseido Group assumes director (including an external director), executive officer, corporate auditor (including external corporate auditor), executive officer or person in the position equivalent thereto of the Subject Company.
   And also in the event that the External Director of the Company or a candidate for the External Director of the Company currently assumes the office of an executive person, director, officer or the office equivalent to director or officer of an artificial person or other organization (other than a company) (the "Subject Organization"), an executive person, an external director, corporate auditor (excluding aforesaid executive officer or candidate for External Director) or person in the office equivalent thereto of the Shiseido Group assumes the office of director, officer or person in the position equivalent thereto of the Subject Organization.

[Incentives]

Incentive Policies for Directors	Introduced Performance-linked Remuneration and Stock Options

Supplementary Explanation

The directors, audit & supervisory board members and corporate officers remuneration policy of the Company is established by the Remuneration Advisory Committee, which is chaired by an external director, to maintain objectivity and high transparency. Remuneration to directors, audit & supervisory board members and corporate officers of the Company consists of a basic remuneration that is not linked to business performance and a performance-linked remuneration that fluctuates depending on the achievement of management targets and share price. The Company sets appropriate remuneration levels by making comparisons with companies in the same industry or of the same scale in Japan and overseas, taking the Company's performance into consideration.
External directors and audit & supervisory board members receive only basic remuneration, as fluctuating remuneration such as performance-linked remuneration is inconsistent with their supervisory functions from a stance independent from business execution. Meanwhile, the Company abolished its officers' retirement benefit plan as of June 29, 2004 on which the 104th ordinary general meeting of shareholders was held.

Recipients of Stock Options	Inside Directors and others (Corporate Officer)

Supplementary Explanation

The Company grants stock options to executive directors and corporate officers who don't concurrently serve as director of the Company in order to have them share risks with its shareholders and to motivate balanced management from a medium-to-long-term perspective, not just a short-term focus.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors

Supplementary Explanation

Total amounts paid to non-external directors, external directors, audit & supervisory board members, and audit & supervisory board members (external) are separately disclosed of basic fixed remuneration, bonuses and stock options.
Amounts of remunerations, etc. of representative directors and directors whose total amount of remunerations, etc. exceeds Yen 100 million, by type of payment for the current fiscal year ended March 2015 are disclosed as well.

Amount of remunerations, etc. to Directors and Audit & Supervisory Board Members of the current fiscal year

(millions of yen)

	Basic remuneration	Bonuses	Stock Options	Total
Directors (11 persons)	262	51	130	445
External directors (3 persons)	39	-	-	39
Audit & Supervisory Board Members (6 persons)	96	-	-	96
External members (3 persons)	36	-	-	36
Total	358	51	130	541

Notes:

1. Basic remuneration for directors has the ceiling amount of Yen 30 million per month as per the resolution of the 89th ordinary general meeting of shareholders held on June 29, 1989. Basic remuneration for audit & supervisory board members has the ceiling amount of Yen 10 million per month as per the resolution of the 105th ordinary general meeting of shareholders held on June 29, 2005.
2. The above amount of basic fixed remuneration includes Yen 32 million as basic remuneration for fiscal 2014 that four subsidiaries of the Company paid through the Company to one director of the Company who served concurrently as the director of said subsidiaries.
3. The amount of long-term incentive stock options indicated above represents the expenses associated with the current fiscal year among the stock options (stock acquisition rights) in the fiscal year, upon the approval of the ordinary general meeting of shareholders, in consideration of duties executed by directors.
4. In addition to the above payments, there are other remuneration, etc. as follows:
   1) ¥8 million was recorded for the fiscal year ended March 31, 2015 as expenses associated with stock options granted to three directors and one audit & supervisory board member of the Company, at the time they served as corporate officers not holding the offices of directors.
   2) ¥23 million of officers' retirement benefits was paid to a director who retired as of the conclusion of the 114th ordinary general meeting of shareholders held on June 25, 2014 as the portion of final payment following the abolishment of the officers' retirement benefit plan in 2004.
5. None of the directors or the audit & supervisory board members will be paid remunerations other than the executive remunerations described above (including those described in notes 1 through 4).

Amounts of Remunerations, etc. of Representative Directors and Directors Whose Total Amount of Remunerations, etc. Exceeds 100 Million Yen, by Type of Remuneration for the Fiscal Year Ended March 31, 2015

(millions of yen)

	Basic remuneration	Bonuses	Stock Options	Total
Masahiko Uotani, Representative Director	47	6	9	63
Carsten Fischer, Representative Director	82	29	65	178

Notes:

1. Amounts of remunerations, etc. of representative directors and directors whose total amount of remunerations, etc. exceeds Yen 100 million for the current fiscal year ended March 2015 are disclosed
2. The above amount of basic remuneration includes ¥32 million as basic remuneration for fiscal 2014 that four subsidiaries paid through the Company to Mr. Carsten Fischer, representative director, who served concurrently as the director of said subsidiaries.
3. The amount of long-term incentive type remuneration (stock options) indicated above represents the expenses associated with the fiscal year under review among the stock options (stock acquisition rights) in the fiscal year, upon the approval of the ordinary general meeting of shareholders, in consideration of duties executed by directors.
4. None of the two directors above will be paid remunerations other than the remunerations described above (including those described in notes 1 through 3)

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

<Basic principle on determining remuneration amounts and calculation method>

The directors, audit & supervisory board members and corporate officers remuneration policy of the Company is established by the Remuneration Advisory Committee, which is chaired by an external director, to maintain objectivity and high transparency. Remuneration to directors, audit & supervisory board members and corporate officers of the Company consists of a basic remuneration that is not linked to business performance and a performance-linked remuneration that fluctuates depending on the achievement of management targets and share price. The Company sets appropriate remuneration levels by making comparisons with companies in the same industry or of the same scale in Japan and overseas, taking the Company's performance into consideration.
External directors and audit & supervisory board members receive only basic remuneration, as fluctuating remuneration such as performance-linked remuneration is inconsistent with their supervisory functions from a stance independent from business execution. Meanwhile, the Company abolished its officers' retirement benefit plan as of June 29, 2004 on which the 104th ordinary general meeting of shareholders was held.
The Company will introduce a new policy for directors, audit & supervisory board members and corporate officers remuneration effective from fiscal 2015, but there will be no change to this basic principle.

< New directors, audit & supervisory board members and corporate officers remuneration policy aligned to the Three-Year Plan of fiscal 2015 through fiscal 2017>

(Purpose of the changes and basic concept of the new policy)
The Company launched a new Three-Year plan starting fiscal 2015. Taking this opportunity, we implemented changes to the directors, audit & supervisory board members and corporate officers remuneration policy to be more closely linked to performance and responsibility of respective directors and corporate officers. With this new policy, we intend to motivate them to steadily achieve the Three-Year Plan of fiscal 2015 through fiscal 2017, and ensure that the solid foundation will be established for Shiseido to continue to shine bright 100 years from now.
We designed the new directors, audit & supervisory board members and corporate officers remuneration policy to ensure that qualities and roles required as the leaders executing transformation throughout the time of restructuring the business platform through drastic transformation, and that directors and corporate officers who bring expected results will be rewarded by remuneration commensurate with the results. We assume that it will need some time for the result of restructuring the business platform implemented from fiscal 2015 to fiscal 2017 to be reflected in the figures for performance such as consolidated business performance and performance of business of which respective directors and corporate officers are in charge. At the same time, those officers of the Company are required to solve highly important issues of the Company from the perspective of the Company's long-term growth and get results. We therefore concluded that the previous scheme having a high level of correlation with performance figures cannot provide sufficient rewards for their efforts for the transformation and its outcome during the time from fiscal 2015 to fiscal 2017, and decided to increase the weight of evaluation for the result of strategic initiatives that are not quickly reflected in performance figures, in addition to the evaluation based on the consolidated performance and performance of business of which respective directors and corporate officers are in charge.
Because this new directors, audit & supervisory board members and corporate officers remuneration policy is designed specifically to ensure successful restructuring of the business platform, the Company will review the policy again for fiscal 2018 and beyond to change the scheme to be in line with the business environment, challenges, and management goals for fiscal 2018 and beyond.
Basic concepts of new directors and corporate officers remuneration policy are as follows;

1. Design to be able to provide rewards for implementation of drastic structural transformation
2. Clarify roles and responsibilities of respective directors, audit & supervisory board members and corporate officers under the new organizational structure and design a scheme of remunerations to be provided in accordance with the level of their roles and responsibilities

3. Ensure that the remuneration levels will support prevention of outflow of talented personnel and acquisition of such personnel from outside as needed

(Overview of the new directors, audit & supervisory board members and corporate officers remuneration policy)
In the new directors, audit & supervisory board members and corporate officers remuneration policy, the Company will make changes to the levels and the package of both basic remuneration and performance-linked remuneration in accordance with the basic concept above.
First, we will review the level of the basic remuneration. Previously, such remuneration was determined based on the rank as corporate officer. In the new scheme, however, the "Role grades" are established based on the levels of roles and responsibilities of directors, audit & supervisory board members and corporate officers, and such remuneration corresponds to the belonging "Role grade" of each officer. We will also change the framework for performance-linked remuneration so as to effectively work as incentives for the initiatives of restructuring the business platform from fiscal 2015 through fiscal 2017.
Consequently, although the new directors, audit & supervisory board members and corporate officers remuneration policy follows the previous remuneration scheme of the Company in the point that the greater the coverage of functions they are in charge of or the greater their responsibility or the impact to business management of the group is, the higher the rate of performance-linked remuneration would be. However at the same time the proportion of the basic remuneration is higher than the past. The conditions on performance-linked remuneration become severer by reducing an upper limit of annual bonus payment rate, and making the payment condition severer in case of the achievement rate of less than 100%, and introducing performance requirements that were not as part of the long-term incentive-type remuneration. As a result, the design of the scheme as a whole is stringent because in the new scheme, subject officers are not able to receive sufficient remuneration if high achievement rates of various goals are not attained.

Detailed descriptions of new directors, audit & supervisory board members and corporate officers remuneration policy are shown in the Notice of Convocation of the 115th Ordinary General Meeting of Shareholders of the Company (pages 54 to 60).
http://www.shiseidogroup.com/ir/shareholder/e1506shm/img/shm_0000.pdf

[Supporting System for Outside Directors and/or *Kansayaku*]

<External Directors>

Section in charge is formed and assists the duties of the external directors to ensure smooth operation.

<External Members of Audit & Supervisory Board Members>

Employees are positioned to assist the Audit & Supervisory Board and members of Audit & Supervisory Board.

2.Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

<Status of management and business execution (including the roles and functions of the external directors)>

(Meetings for Board of Directors and Corporate Executive Officers are involved)
Composed of six members including three external directors and presided by CEO, the Board of Directors is small and able to make decisions quickly.
The Board of Directors meets at least once a month to discuss all significant matters.
Through the adoption of a corporate executive officer system, we separate the decision-making and supervisory functions of the Board of Directors from the business execution functions of corporate executive officers. The Executive Committee, which acts as the final decision-making body regarding corporate executive officers' material issues, and the Business Planning Committee, where corporate executive officers deliberate the Company's medium-to-long-term strategies and annual business plan and decide the direction

the strategies are to take, serve to transfer authority to corporate executive officers, thereby clarifying their responsibilities and accelerating operational execution.
President and Chief Executive Officer chairs the Executive Committee and the Business Planning Committee.
In addition to the above, corporate executive officers hold Decision-Making Meetings of Corporate Executive Officers to make decisions regarding the execution of business in their respective business divisions, as well as deliberate matters to be proposed to the Board of Directors and the Executive Committee. The term of office of directors and corporate executive 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 highly independent external directors from the fiscal year ended March 2007. With the addition of one more independent external director in fiscal year 2011, Shiseido appointed three highly independent external directors.
In addition, one of the three directors aside from the external directors has built careers outside of Shiseido, ensuring diversity among the directors. We are also handpicking a small able group of corporate executive officers in addition to recruiting younger members, thereby aiming to strengthen the executive function.

(Advisory Committees to the Board of Directors)
Additionally, to promote transparency and objectivity in management, Shiseido established two committees to play an advisory role to the Board of Directors: the Remuneration Advisory Committee, charged with setting executive remuneration, and the Nomination Advisory Committee, which evaluates and nominates candidates for directors and corporate executive officers. Both committees are chaired by external directors to maintain objectivity.
The Remuneration Advisory Committee makes reports to the Board of Directors regarding the remuneration system for directors as well as evaluation of their performance. The Remuneration Advisory Committee reviewed issues including the Company's executive bonuses for fiscal 2014 and a new remuneration system for the three year period from fiscal 2015 to fiscal 2017.
The Nomination Advisory Committee, in addition to proposing candidates for directors and corporate executive officers, determines the limits on the terms of corporate executive officers as well as the rules for their promotions or demotion and retirement in order to enhance the capabilities of top management, and manages these policies in a highly transparent and impartial manner. The term limit of corporate executive officers is four years per position in principle and six years maximum.

< Diversity in directors and audit & supervisory board member, etc>

The Company believes that the Board of Directors of the Company should comprise members with various viewpoints and backgrounds, on top of multilateral sophisticated skills, for effective supervision over the execution of business as well as decision-making on critical matters. On the other hand, the Company expects external directors to effectively perform double checks, the supervisory function by the Board of Directors and the auditing function by the Audit & Supervisory Board, thus external directors with voting rights at the Board of Directors are needed, let alone statutory audit & supervisory board members, where high degree of independence is a critical requirement for both capacities. Furthermore, diversity of the members of the Board must be ensured in the critical decision-making. In this respect female value and thinking is of particular importance to Shiseido, a cosmetic manufacturer, and female representation at the Board of Directors is believed vital.
Upon business execution and decision making regarding items under laws and regulations and based on management, directors and audit & supervisory board members discuss thoroughly utilizing their knowledge, experiences and skills.

(Composition of the boards, committees and the others as of June 30, 2015)
- Directors (a total of six):
  Five out of six are male and one is female
- Audit & supervisory board members (a total of five):
  Three out of five are male and two are female
- Corporate officers who do not serve as Director (a total of seventeen):
  Fourteen out of seventeen are male and three are female
- Remuneration Advisory Committee (one chairman and four members):
  Four out of five are male and one is female
- Nomination Advisory Committee (one chairman and four members):

Four out of five are male and one is female

· CSR Committee (one chairman and eight members):
Eight out of nine are male and one is female

<Status of audits>

(Composition of audit & supervisory board members)
Audit & supervisory board members (a total of five): Two full-time members and three external members who are highly independent from the Company.

(Internal audit)
The Internal Auditing Department, which reports directly to the President, monitors the appropriateness of business execution, as well as effectiveness of internal controls throughout the Group, and reports the audit results to the Board of Directors and the Audit & Supervisory Board.
Furthermore, auditing for specialized areas, i.e. security, environment, information systems, are mainly conducted by the relevant divisions.

(Audit & supervisory board members' audits and initiatives toward strengthening their functions)
Shiseido's Audit & Supervisory Board consists of two standing members and three highly independent external members. They monitor the legality and appropriateness of directors' performance by attending Board of Directors meetings and other important meetings. Additionally, three audit & supervisory board member (external) offer advices, proposals and views from an independent perspective, based on their abundant experience and insight in their respective fields.
Representative directors and audit & supervisory board members meet regularly to exchange opinions on actions that will resolve corporate governance issues. The Company maintains a framework to ensure that audit & supervisory board members discharge their duties effectively, such as the assignment of staff dedicated to assisting them.

(Accounting audits)
The Company's accounting audit is conducted by KPMG AZSA LLC, an accounting auditor pursuant to the Companies Act and the Financial Instruments and Exchange Act
The names of certified public accountants that have conducted auditing and the name of auditing firm are as follows:

Name of auditing firm	Name of certified public accountant conducting audit operations	Continuous years of service
KPMG AZSA LLC	Masahiro Mekada, Designated Limited Liability Partner	4 years
The same as the above	Ryoji Fujii, Designated Limited Liability Partner	2 years
The same as the above	Takashi Kawakami, Designated Limited Liability Partner	5 years

Assistants for the accounting audits of the Company comprise certified public accountants and junior accountants.

(Mutual cooperation among internal audits, audit & supervisory board members' audits, and accounting audits)
The Company, in order to improve the effectiveness and efficiency of the so-called three-pillar audit system (internal audits, audit & supervisory board members' audits, and accounting audits), has been making efforts to enhance the mutual cooperation among the parties concerned by such means as arranging regular liaison meetings to report on audit plans and audit results as well as to conduct exchanges of opinions.

<Systems and schemes unique to Shiseido (CSR Committee)>

The CSR Committee was established under the jurisdiction of the Board of Directors. The committee is headed by the President and comprises members elected companywide. They make proposals for and report on plans and results of activities to the Board of Directors.

Guided by the idea that fulfilling corporate social responsibility (CSR) is crucial to the Company's sustainable development, the CSR Committee carries out comprehensive monitoring from a companywide perspective, with the aim of increasing corporate value.
And The CSR Committee also works to ensure legitimate and fair business practices in the Group, and promotes activities including the dissemination of corporate ethics, formulating risk management countermeasures and information security to enhance management quality.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the framework of a company with the Audit & Supervisory Board system, which exercises the dual checking functions over business execution by the Board of Directors and over the legality and effectiveness by the Audit & Supervisory Board. Furthermore, as the Company aims to become a truly global enterprise, it holds the establishment of corporate governance that is capable of satisfying the scrutiny and trust of global-level stakeholders and the reinforcement of top management capable of surviving global competition to be of paramount importance. Consequently, the Company, to the end of improving the "Management transparency, fairness and speed," has been engaged in reforms to its corporate governance from the following four perspectives:

- Clarifying the allocation of responsibility (Introduction of the corporate executive officer system and the like)
- Enhancing management transparency and soundness (Establishment of the Nomination Advisory Committee and the Remuneration Committee)
- Reinforcing supervisory and auditing functions (Inviting external directors, appointing highly independent external directors and external members of audit & supervisory board)
- Strengthening decision-making function (Establishment of the Executive Committee and the Business Planning Committee and the like)

In order to strengthen these functions, the Company has adopted the framework of a company with the audit & supervisory board system as its base to which it has integrated the superior functions of a company with Committees.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Shiseido makes every effort to distribute a convocation notice about 3 weeks prior to a general meeting of shareholders. For the 115th Ordinary General Meeting of Shareholders, the convocation of notice was distributed on May 29, 2015, 25 days prior to the Meeting. The Company disclosed the notice of convocations on its website before the date of mailing in light of earliest possible information service (Japanese: on May 19, English translation: on May 26.)
Scheduling AGMs Avoiding the Peak Day	The Company held the 115th Ordinary General Meeting of Shareholders on June 23, 2015. The date is 3 days prior to the most concentrated date for general meeting of shareholders of Japanese companies.
Allowing Electronic Exercise of Voting Rights	Since the 103rd Ordinary General Meeting of Shareholders in 2003, the Company has introduced the measure of exercising voting rights via website.

Participation in Electronic Voting Platform	Since the 106th Ordinary General Meeting of Shareholders in 2006, the Company has taken part in the Electronic Voting Platform operated and managed by ICJ, Inc.
Providing Convocation Notice in English	An English translation of the convocation of notice is prepared, distributed to foreign shareholders to the maximum extent, and posted on the Tokyo Stock Exchange's website as well as the Company's website.
Other	Starting from June 2008, the Company started disclosing the results of the exercise of voting rights. Starting from 2010, the Company disclosed the result of the exercise of voting rights on the Tokyo Stock Exchange's website, the Company's website, and the extraordinary reports through EDINET of the Financial Services Agency of Japan. The ordinary general meeting of shareholders is held using environmental friendly materials and we carried out carbon offsets to counterbalance the amount of greenhouse gases emitted through the purchase of credits for reduction or absorption of greenhouse gas emissions achieved elsewhere. Environmental friendly inks and papers are used for printed materials sent to shareholders, such as Notice of Convocation and Notice of Resolution, in order to contribute to protect the earth from global warming.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	Established the Disclosure Policy, consisting of "Basic Policy on Information Disclosure", "Standards for Information Disclosure", "Method of Information Disclosure", "Quiet Periods", "Forward-Looking Statements" in 2006. The Policy is published on the website of the Company. http://www.shiseidogroup.com/ir/disclosure/policy/
Regular Investor Briefings for Individual Investors	Hold presentation meetings presented by CEO or other corporate officers, and these presentations are distributed via the Internet. In addition, the Company started the "Individual Shareholders Meeting", a regular meeting for exchanging opinions concerning shareholder relations of the Company with its individual shareholders (1st round: held in Osaka on February 9,2012, 2nd round: held in Nagoya on September 7, 2012, 3rd round: held in Fukuoka on February 8,2013, 4th round: held in Kobe on September 6,2013, 5th round: held in Saitama on February 6, 2014, 6th round: held in Nagoya on September 12, 2014, 7th round: held in Sapporo on February 20, 2015)
Regular Investor Briefings for Analysts and Institutional Investors	Hold meetings twice a year when the Company announces about financial statements of full-year and the second Quarter.
Regular Investor Briefings for Overseas Investors	Hold meetings individually mainly in countries in North America, Europe and Asia.

Posting of IR Materials on Website	The following statutory and non-statutory reports and materials are posted on the Company's website: Notice of convocation of ordinary general meeting of shareholders, annual security reports (quarterly reports), timely disclosure materials, declaration for timely disclosure, references at financial result briefing, consolidated financial results for quarter, annual report and business report. http://www.shiseidogroup.com/ir/library/ In addition, we post Japanese and English version of movies of 2Q and 4Q financial results announcement meeting. Movies of financial results presentation and QA sessions are posted. http://www.shiseidogroup.com/ir/library/acc/
Establishment of Department and/or Manager in Charge of IR	Department in charge: Investor Relations Department Corporate Officer etc. in charge: Norio Tadakawa, Corporate Officer, CFO Mihoko Nagai, Vice President, Corporate Communications Person in charge to contact: Tetsuaki Shiraiwa, General Manager of Investor Relations Department
Other	Hold joint-meeting with and individually calling on domestic and foreign investors, in series

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Towards the realization of the Shiseido Group Corporate Philosophy "Our Mission, Values and Way", the Company established "Our Mission," which sets out the raison d'être, that is core to the Group. "Our Values" defines the value that must be held and share to realize "Our Mission." In addition, the Company established "Our Way" and "Shiseido Group Standards of Business Conduct and Ethics." "Our Way" defines what corporate actions should be taken in relation to stakeholders (customers, business partners, shareholders, employees, and society and the Earth) and sets out not only abiding by the laws of each country and region, internal rules and regulations of the Shiseido Group companies, but also the action standards for business conducts with highest ethical standards.
Implementation of Environmental Activities, CSR Activities etc.	The Shiseido Group's corporate social responsibility (CSR) activities follow the basic concept of "Our Way", which denotes action standards that each and every employee should take toward stakeholders based on the Shiseido Group corporate philosophy "Our Mission, Values and Way." The Company offers information in its Annual report and the form of CSR reports as part of its effort to inform stakeholders of its social responsibility. In the corporate website, the SOCIAL RESPONSIBILITY pages (http://www.shiseidogroup.com/csr/) have been edited according to the following policies; - We introduce each activity according to the 7 core subjects of ISO26000 (Social Responsibility). - We have simplified the contents of reports on each page to make them easier to read. - We have also focused on overseas activities in order to enhance the Group's reports. - We disclose social responsibility/human resources result reports in lists. - Target period for the information included in this website is mainly for

	FY2014 (from April 1, 2014 to March 31, 2015). However, part of the information may be from prior to the said period or more recent than the period. - We have edited the website by using the United Nations Global Compact, Sustainability Reporting Guidelines G4 of GRI (Global Reporting Initiative), and ISO26000 (Social Responsibility) for reference. - The scope includes Shiseido Co. Ltd. and 92 Shiseido Group companies (subsidiaries) as of March 31, 2015. Notes have been added to data outside of the above scope.
Other	< Diversity in employees > Employees, who work for the Shiseido Group in various countries and regions worldwide, have diverse attributes, including nationality, gender, age, employment status and developmental challenges, as well as values and viewpoints, and we are promoting diversity on a global level. Since 90 percent of the Shiseido Group's customers are women, we focus on providing new products and services based on our understandings of women's values and current lifestyles. Our female employees, who account for approximately 80 percent of all the employees, must therefore play a central role in management and business activities. (as of the end of March,2015) - Ratios of female employees in the Shiseido Group worldwide: 84.3% - Ratios of female leaders* in the Shiseido Group worldwide: 50.3% - Ratios of female employees in the Shiseido Group in Japan: 83.7% - Ratios of female leaders* in the Shiseido Group in Japan: 27.5% * Ratio of female leaders: Ratio of females in managers with subordinates. The Company has declared that it is targeting a ratio of having female employees make up 30% its domestic leadership in the fiscal 2016, in advance of the government's stated goal (in 2020). As of April 1, 2015, females account for 27.2% of the Group's leadership in Japan. We believe that the important thing is not to make a goal of achieving numerical targets, but to nurture human resources equally, whether they are males or females, on the premise of promoting talented employees to positions of leadership. Therefore, we will continue seeking to foster a corporate climate that produces female leaders on a regular basis. Specific efforts regarding gender equality, including support measures for the balancing of work and child-raising/at-home care of elderly family members, are described on our corporate website. http://www.shiseidogroup.com/csr/labor/diversity.html http://www.shiseidogroup.com/csr/labor/working.html

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

(1) System under Which Execution of Duties by Directors and Employees of the Company and all Group Companies Is Ensured to Comply with Laws and Regulations and the Articles of Incorporation of the Company; System under Which the Appropriateness of Business of the Whole Group Is Ensured

The Board of Directors shall determine important matters which will affect the Company and its subsidiaries and affiliates as a group.

The representative directors of the Company shall regularly report the status of execution of business to the Board of Directors. External directors shall be elected to strengthen and maintain the Board of Directors' supervisory functions in regard to operational execution. The audit & supervisory board members audit legality and appropriateness of the directors' execution of business. Upon request of any audit & supervisory board member, directors and employees shall report the status of execution of business to the audit & supervisory board member.

In order to realize "Our Mission," which defines the Shiseido Group's corporate philosophy and business domains and sets out its raison d'être, the Company has established "Our Values," which must be held and shared by each and every employee of the Shiseido Group, and "Our Way" and the "Shiseido Ethical Conduct Standards," which sets out the action standards for business conducts with highest ethical standards, and promotes corporate activities that are both legitimate and fair.

The Company should establish a basic policy and rules in line with "Our Way" and the "Shiseido Ethical Conduct Standards," with which the whole Shiseido Group is required to comply. Every group company and business office shall be fully aware of this policy and rules, along with "Our Mission," "Our Values," "Our Way" and the "Shiseido Ethical Conduct Standards," so that environments for the formulation of detailed internal regulations of the Company will be created at every group company and business office.

The "CSR Committee," under jurisdiction of the Board of Directors, shall be responsible for improving the quality of the Company by enhancing legitimate and fair corporate activities of the group, and risk management. The committee shall propose and report the plans and activities to the Board of Directors.

The Company deploys a person in charge of corporate ethics promotion at each group company and business office in order to promote legitimate and fair corporate activities across the Group, and organizes regular training for corporate ethics. The person in charge of corporate ethics promotion drafts plans for corporate ethics activities at each workplace, and reports the status of the said activities and their results to the CSR Committee.

For the purpose of detection and remediation of conducts within the Group that are in violation of laws and regulations, Articles of Incorporation and internal regulations of the Company, the Company shall introduce internal whistle blowing offices under the CSR Committee, where the Chairman of the CSR Committee, staff counselors, an external law office or other representatives will be appointed as a contact for informing and consultations on matters relating to compliance.

In accordance with the internal regulations of the Company pertaining to internal auditing, internal auditing shall be conducted with respect to the whole Group to audit the appropriateness of business.

The results of audit shall be reported to directors and audit & supervisory board members.

(2) System under Which Directors of the Company and all Group Companies Shall Be Ensured to Efficiently Execute Duties

The Company adopted a corporate executive officer system to actualize smooth and highly efficient corporate management, wherein functions of directors, who are responsible for decision-making and

overseeing execution of business, are separated from those of corporate officers, who are responsible for business execution.

A representative director shall coordinate and supervise the Group's overall execution of business operations that are directed towards achieving given corporate targets. A corporate officer shall fix the specified target in the assigned field, including all Group companies, and set up a business system by which the target shall efficiently be achieved.

Furthermore, with respect to the execution of important business, the Corporate Executive Officer Committee consisting of corporate officers shall deliberate the business execution from viewpoints of various aspects.

The Board of Directors and the Corporate Executive Officer Committee shall confirm the status of development vis-à-vis the target and conduct necessary improvement measure.

(3) System under Which Information Regarding Execution of Business by the Company's Directors Shall Be Maintained and Managed; System under Which Items Regarding Execution of Business by Directors and Employees of All Group Companies Shall be Reported to the Company

Important documents such as minutes of the Board of Directors meetings and minutes of the Corporate Executive Officer Committee meetings shall be managed pursuant to laws and regulations and the internal regulations of the Company and these important documents shall be presented to directors and audit & supervisory board members immediately whenever requested for inspection.

In addition, for information with respect to execution of business by directors and employees, internal regulations of the Company regarding protection of information assets and information disclosure shall be formulated, and the information shall be managed in accordance with them.

Important information regarding the execution of duties by directors and employees of all Group companies shall be reported in a timely manner to the Company by all Group companies in accordance with the internal regulations of the Company that stipulate matters such as reporting to the Company.

(4) Regulation Regarding Control of Risk for Loss at the Company and all Group Companies and Other Regulation Systems

The "CSR Committee," under the jurisdiction of the Board of Directors, shall manage risks associated with corporate activities of the whole group. Risks associated with management strategy and business execution shall be recognized and evaluated by the Committee so that necessary measures shall be taken. A contingency manual shall be prepared to deal with emergency situation.

In the case of emergency, countermeasure headquarters, projects or teams shall be set up pursuant to the levels of the emergency and shall take countermeasures.

(5) System Related to Employees to Assist Duties of Audit & Supervisory Board Members When Audit & Supervisory Board Members Request to Do So; and Matters Related to the Independence of Such Employees from Directors; Matters Related to Securing the Effectiveness of Instructions from Audit & Supervisory Board Members to Such Employees

The Audit & Supervisory Board Staff Group shall be established and employees shall be positioned there to assist the Audit & Supervisory Board and audit & supervisory board members.

In order to ensure the independence of the employees in the Audit & Supervisory Board Staff Group from directors and the effectiveness of instructions from audit & supervisory board members to them, the audit & supervisory board members' consent shall be necessary for determination of personnel matters such as appointments, movements and evaluations of these employees.

(6) System under Which Directors and Employees Report to Audit & Supervisory Board Members and Other Systems under Which Any Report Is Made to Audit & Supervisory Board Members; System to Ensure That Persons Are Not Treated Disadvantageously for Making Such Reports to Audit & Supervisory Board Members

Directors and employees shall report the status of their execution of duties to audit & supervisory board members by enabling them to attend meetings of the Board of Directors and other important meetings, and they shall also report results of audit performed by the department in charge of internal auditing to audit & supervisory board members. In addition, the status of business and conditions of assets shall be reported to audit & supervisory board members upon their request.

Separately, the Company shall establish a method through which directors and employees, including those of all Group companies, can directly inform audit & supervisory board members of issues, and shall make this method known throughout the Group.

The Company and all Group companies shall develop internal regulations of the Company to ensure that the said directors and employees are not dismissed, discharged from service or receive any other disadvantageous treatment due to reporting to audit & supervisory board members or informing them of issues, and shall make these regulations known.

(7) Matters Regarding Policy on Handling Advance Payment or Repayment of Expenses Resulting from Audit & Supervisory Board Members' Execution of Duties or Other Expenses or Debts Arising from the Said Execution of Duties

Expenses deemed necessary for the execution of duties by the Audit & Supervisory Board and audit & supervisory board members shall be budgeted for and recorded in advance. However, expenses paid urgently or temporarily shall be handled by repaying them afterwards.

(8) Other Systems under Which Audit by Audit & Supervisory Board Members Is Ensured Efficiently to Be Performed

Opinion exchange meetings shall be held regularly between representative directors and audit & supervisory board members. The Company shall ensure a system under which corporate audits are implemented efficiently. Liaison meeting shall be held among audit & supervisory board members, the accounting auditor and the internal auditing department upon request of audit & supervisory board members. In addition, audit & supervisory board members shall be ensured to attend various meetings.

2. Basic Views on Eliminating Anti-Social Forces

In the "Our Way," the Company has declared that "we do not have relationships with individuals or organizations that engage in illegal activities such as threatening public order or safety. We also do not respond to any requests for money or services from such individuals or organizations." A coordination office was established in the CSR Department for the purpose of intensively collecting information and at the same time the Manual on how to cope with such power is revised on the intranet. Consulting with the local police offices for cooperation, the Company is a member of the "Conference on how to cope with particular violence" so that it strengths to collect outside information and the cooperation with outside organizations.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
None.

2. Other Matters Concerning to Corporate Governance System

The internal system for ensuring the timely disclosure of our corporate information is described below.

To put into practice what we call Our Mission "We cultivate relationships with people, We appreciate genuine, meaningful values, We inspire a life of beauty and culture," it sets out our raison d'être that is core to the Shiseido Group, the Company defines the values that must be held and shared by each and every employee of the Shiseido Group, which we call Our Values (*1), and also has a code of conduct in relation to stakeholders of all types (customers, business partners, shareholders, employees, and society and the Earth), which we call Our way. (*2)
Our way contains, under the heading "Toward Shareholders," our declaration "We strive to continuously enhance the Shiseido Group's corporate value by making full use of its tangible, intangible, financial and other assets", "We comply with rules concerning corporate governance and internal controls, and follow proper accounting procedures" and "We place importance on dialogues with shareholders and investors, and strive to earn their trust" which serves as the basis of our corporate actions intended to gain trust from our valued shareholders and investors.

We also have the "Shiseido Disclosure Policy," (*3) which we established as a policy on the disclosure of management information to investors, etc.

Thus, everyone in the Shiseido Group is working sincerely on disclosing, in a timely and appropriate manner, facts that have a material impact on investment decision-making by investors and financial information.

Specifically, we set in place the following structures to treat material facts that have an impact on decision-making by investors, for facts of decisions made and financial information and for facts of actual events, respectively:

1. Facts of Decisions Made and Financial Information
In order to understand and identify what kinds of fact fall under the category of material fact, each place of business and each department of the Shiseido Group has put together a list of material facts under internal rules that reflect laws and regulations and listing rules and makes a judgment on a case-by-case basis whether or not a certain fact is a material fact.
In addition, when an applicable case is brought to the Board of Directors, etc. for approval, the Investor Relations Department, a section responsible for the Tokyo Stock Exchange, checks whether or not it falls

under the category of material fact in accordance with the Timely Disclosure Rules of the Tokyo Stock Exchange, and the Management and Planning Department manages material facts.
On top of this framework for the clear representation of material facts, we have other frameworks for the timely disclosure in an appropriate fashion: the "Disclosure Meeting," which is held on a regular basis, and an "Examination Team," which is to be set up flexibly according to the specifics of the material fact. Its work involves not only the examination of the information subject to disclosure, but also the preparation and confirmation of the documents subject to disclosure.
It is after all those frameworks are drawn on that the Board of Directors approves a case and decides to take an information disclosure action, immediately after which the information is disclosed in an appropriate manner through the Tokyo Stock Exchange.

2. Facts of Actual Events
In preparation for addressing abrupt events, we have developed a framework under which the "CSR Committee" gathers related departments to take emergency actions and ensure prompt disclosure actions.
Specifically, an "Emergency Conference" or "Ad Hoc Committee" will be organized in accordance with the Emergency Procedures Manual, which has been developed as internal rules. The level of risk involved is determined there and, depending on the level, an organ responsible for addressing it will be set up. For those of which level of risk falls under the category of material fact, an Emergency Task Force will be established in an attempt to take quick and appropriate disclosure actions.

For any business execution by each place of business and each department, the Internal Auditing Department strives to ensure and improve the fairness and transparency of our corporate management by performing stringent internal audits.

(*1)
Our Values

In Heritage, Excellence,
In Diversity, Strength
In Innovation, Growth

(*2)
Our Way

All members of Shiseido Group pursue shared and sustainable growth with all stakeholders.

[With Consumers]
1. We consistently strive to research, develop, manufacture and sell safe and excellent products and services that deliver true satisfaction from the standpoint of consumers.
 1) We always place the highest priority on quality and safety to ensure the confidence of consumers. Moreover, we comply with our own stringent internal standards in addition to external regulations, and carry out safety assessments.
 2) We provide information that consumers need in a timely and appropriate manner. Furthermore, we clearly and accurately present and carefully explain information that consumers need when selecting products and services.
 3) We produce ethical, creative and appealing advertising that wins the support of consumers and helps them in selecting products and services.
2. We sincerely strive to enhance satisfaction and trust at all points of contact with consumers.
 1) We always treat consumers with a sense of appreciation and the spirit of OMOTENASHI.
 2) We handle consumer complaints sincerely and promptly.
 3) We take consumer feedback seriously, and use it to improve and develop products and services.

3. We continually strive to increase the value of all of the Shiseido Group's brands.
 1) We earn trust and increase the value of the Shiseido Group's brands by thinking together with consumers

about how we can help them achieve beauty and well-being. We also strive to increase brand value at stores and other points of consumer contact.
2) We manage intellectual property, which increases the value of the Shiseido Group's brands, to prevent infringement. We also respect the intellectual property rights of others.

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

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

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

[With Employees]
1. We respect the character and individuality of everyone in the work place, in all their diversity, and strive to develop and grow together.
1) We never engage in or tolerate discrimination on any basis including, but not limited to, race, color, gender, age, language, property, nationality or national origin, religion, ethnic or social origin, political or other opinion, disability, health status and sexual orientation, nor do we engage in or tolerate moral harassment, including sexual harassment and abuse of power.
2) We work together with our co-workers to fulfill our potential in our jobs.
3) We strive to maintain a dialogue with our co-workers, and are committed to their growth as well as our own.
4) We strive to conduct fair evaluations.

2. We work conscientiously and maintain a clear distinction between professional and private matters.
1) We properly manage confidential and personal information to prevent it from being leaked or lost, and do not use such information improperly.
2) We do not engage in businesses that compete with the Shiseido Group's products or services, or in any other actions that could negatively affect the Shiseido Group's business operations.
3) We do not use our authority or position to obtain personal entertainment or goods, and do not solicit cooperation in personal activities or provide favors to third parties.

3. We strive to create a safe, healthy work environment and enhance employees' comfort and sense of fulfillment.
1) We seek to make work environments safe, clean and healthy.
2) We strive to maintain and manage our physical and mental health, and to maintain an appropriate work/life balance.

[With Shareholders]
1. We strive to continuously enhance the Shiseido Group's corporate value by making full use of its tangible, intangible, financial and other assets.
1) We manage assets properly, and use them appropriately and wisely for business purposes and contribution

to society.
2) We prudently assess investments and loans, and follow proper procedures when undertaking them.
3) We comprehensively assess business risks and take proactive measures to preclude them. In the event of a crisis, we respond quickly to minimize loss, and work to prevent a recurrence.

2. We comply with rules concerning corporate governance and internal controls, and follow proper accounting procedures.
1) We conduct accurate financial and tax accounting to ensure credibility.
2) We maintain strong internal and external audit functions to conduct sound corporate management.
3) We properly handle information that could affect our share price, and never engage in unfair transactions such as insider trading.

3. We place importance on dialogues with shareholders and investors, and strive to earn their trust.
1) We deal with all shareholders and investors impartially and disclose accurate management information actively and promptly. We also build good, trusting relationships with shareholders and investors by incorporating their views in our corporate management.
2) We properly conduct the general meeting of shareholders, the highest decision-making body of a company, to fulfill our accountability to shareholders.

[With Society and the Earth]
1. We abide by the laws of each country and region in which we operate, and maintain sound ethical behavior as well as respect human rights.
1) We abide by the laws and respect the history, culture, customs and other aspects of each country and region in which we operate.
2) We respect international laws including treaties. We never engage in human rights violations such as child labor or forced labor.
3) We do not have relationships with individuals or organizations that engage in illegal activities such as threatening public order or safety. We also do not respond to any requests for money or services from such individuals or organizations.
4) We strictly maintain fairness and a high level of transparency in our relationships with national and local government entities and officials, political parties and politicians.

2. We promote environmental initiatives in line with our own stringent standards, and consider biodiversity as we aim for a sustainable society in which humanity and the Earth coexist beautifully.
1) We strive to mitigate climate change through efforts such as reducing emissions of CO2 and other greenhouse gases (GHG).We also manage chemical substances properly to prevent air, water and soil pollution.
2) We strive to minimize waste in our business processes and in use by consumers, with emphasis on the 3Rs: reduce, reuse and recycle.
3) We work to develop new products and services that bring out the beauty of consumers and are also eco-friendly.
4) We proactively develop new technologies to balance environmental initiatives with our business activities.

3. We engage in a broad dialogue with society and strive to cooperate in solving social challenges.
1) We strive to meet the expectations of global society through various activities, such as using the power of cosmetics to lift people's spirits and improve their quality of life, furthering the advancement of women, promoting the arts and culture, and conducting environmental activities.
2) We work to deepen our interaction with communities where our affiliates are located and contribute to their development, thereby fulfilling our responsibility as a good corporate citizen.

(*3)
Shiseido Disclosure Policy

I. Basic Policy on Information Disclosure
Shiseido fully recognizes that the timely and appropriate disclosure of corporate information to investors forms the basis of a sound securities market. We will make constant efforts to improve our internal systems to ensure the prompt, accurate and fair disclosure of corporate information from an investor's viewpoint, and

will focus on the timely and appropriate disclosure of corporate information to investors.
Through this timely and appropriate disclosure, we will endeavor to increase shareholder value by building favorable relationships with the capital market and incorporating market valuations in feedback to the management of the company.

II. Standards for Information Disclosure

1. Timely Disclosure of Material Information
   We will disclose information in accordance with the Financial Instruments and Exchange Act, other legislation and the rules on timely disclosure as defined by the Tokyo Stock Exchange, on which Shiseido is listed.
2. Voluntary Disclosure
   Any information not required by the above rules on timely disclosure will be disclosed by us in light of timeliness and fairness if we consider it useful for investment decisions.

III. Method of Information Disclosure

The disclosure of the material information prescribed in the rules for timely disclosure and the voluntary disclosure of other useful information not required by the rules will be made through TDnet, a timely disclosure system provided by the Tokyo Stock Exchange. Information disclosed on TDnet is also disclosed promptly on the Shiseido website.

IV. Quiet Periods

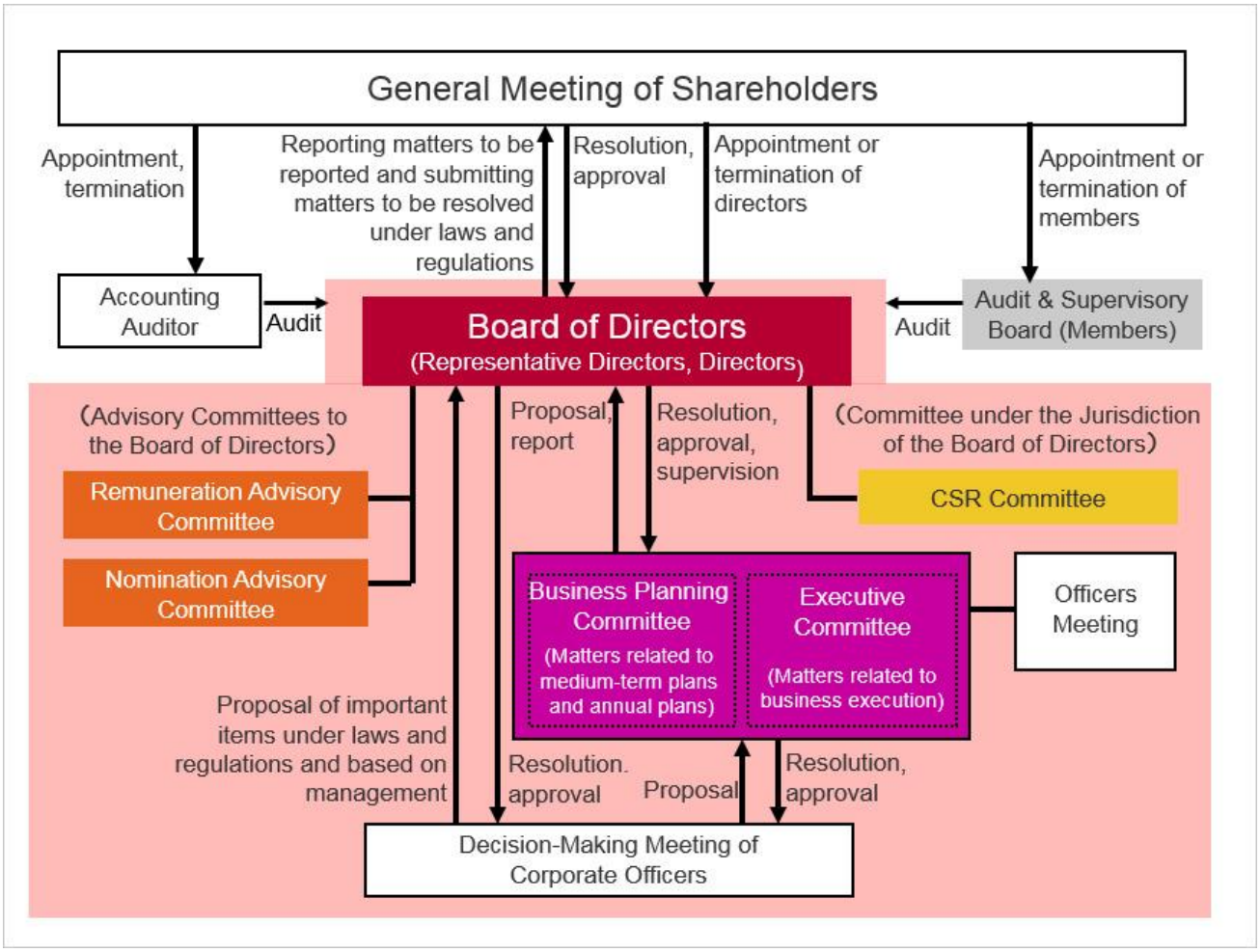
Shiseido observes quiet periods before the announcement of business results to prevent leaks of information on business results, and to assure fairness.
The quiet periods before the announcement of the full year results and half year results are the weeks between the day after the closing date (*) and the results announcement date. The quiet periods for the 1st and 3rd quarter earnings are two weeks before the results announcement date. During the quiet period, we do not respond to inquiries or make any comments on business results.

* Because the Company changed its fiscal period, FY2015 has irregular term and the Company's closing date of FY2015 is December 31, 2015. For the Company and its Japanese subsidiaries, FY2015 runs from April 1, 2015 to December 31, 2015. For overseas subsidiaries of the Company, FY2015 runs from January 1, 2015 to December 31, 2015.

V. Forward-Looking Statements

Statements of information disclosed by Shiseido that are not historic facts are forward-looking statements that reflect management's views and assumptions at the time of the announcement and management targets based on its plans. These forward-looking statements may involve risks and other uncertain factors, and the actual business results and performance may differ materially from the projections contained in these forward-looking statements.

<The Company's Corporate Governance Framework>



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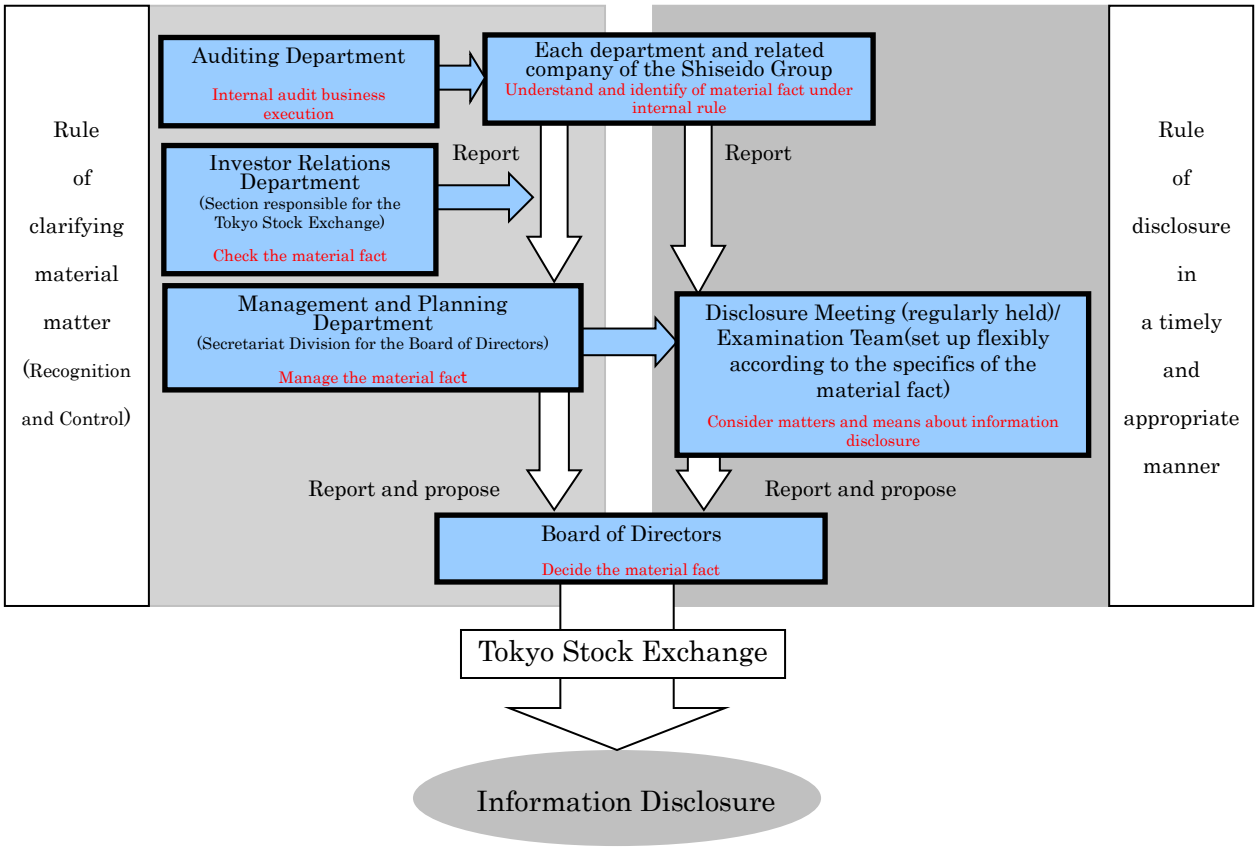

<The Company's System for Information Disclosure of Facts of Actual Events>

