

[Reference]

Shiseido to Complete Construction of Vietnam Factory Geared Toward Bolstering Global Production System

Directed toward strengthening its global production system, Shiseido has completed construction in February 2010 of a cosmetics production factory in Vietnam as its 15th factory globally. The factory, which has been under construction in Amata Industrial Park, Long Binh Ward, Bien Hoa City, Dong Nai Province, will become a production base mainly for products targeting the middle-income group in Asia, including China, where major growth is anticipated in the future.

A completion ceremony will be held from 9:00 a.m. (Japan time: 11:00 a.m.) on February 2 and will be attended by Shinzo Maeda, President & CEO of Shiseido Co., Ltd.



Strict quality inspection adhering to global standards



**Production process undertaken in state-of-the-art,
clean environment**

Strengthening of Global Production System and Vietnam Factory

Shiseido has been promoting its Three-Year Plan from 2008 in seeking to become “a global player representing Asia with its origins in Japan.” Overseas sales accounted for around 38% as of the fiscal term ended March 2009, whereby Shiseido aims to expand this ratio to more than 50% by 2017. In line with this objective, strengthening its production system on a global level that particularly addresses China and other Asian markets, which are continuously expanding and growing, has been an urgent issue.

To this end, Shiseido has established Shiseido Vietnam Inc., a wholly owned manufacturing company, in April 2008. Construction of the new factory began in December of the same year in

view of the fact that Vietnam is situated in the center of ASEAN countries and has beneficial conditions, including geographically and in terms of exports, as well as with regard to transportation costs, reduction of time and tariffs within the ASEAN region. The country also boasts a young and vibrant workforce.

The factory will commence full-scale operations from April following the completion of construction in February and primarily manufacture products such as men's cosmetics, hair styling agents and facial cleansers for the Japanese market. As the main production base of Shiseido's *masstige** business, which will be developed on a full scale in the next Three-Year Plan starting from 2011, the factory will manufacture products targeting the middle-income group in Asia expected to achieve significant growth in the future.

* *Masstige* refers to a category that is "more expensive than mass-produced products, but more moderately priced compared with prestige products."

"High Quality, Environment and People" — Three Pillars that Support Vietnam Factory

"High quality," "environment" and "people" were designated as the three pillars in constructing the Vietnam factory.

First, with regard to "high quality," the factory complies with the most current ISO 22716 standard of Cosmetics Good Manufacturing Practices, in which stringent production and quality control (covering areas from organizational structure to facilities, sanitation, personnel, raw materials and packaging materials and disposal) are thoroughly carried out on the same level as the manufacturing of orally administered drugs. The production area within the factory has realized a "clean environment" at an extremely stringent level for cosmetics manufacturing, including air cleaning and blocking the entry of contaminated air.

Second, with regard to "environment," together with the installation of the latest energy-saving facilities directed toward reducing CO₂ emissions, a system directed toward achieving zero emissions through recycling and reuse of waste generated from the factory is in place.

Finally, in terms of "people," based on Shiseido's company-wide belief that "human resources are its most important management asset," concerted efforts on training the new factory's personnel will be made as well to ensure they will become members capable of supporting Shiseido in the future. For example, practical training was conducted in Japan for approximately five months for 15 local employees who are expected to assume roles as key persons at the new factory. During this period, in addition to production techniques, Shiseido provided opportunities for the trainees to learn about many aspects ranging from Japanese language and culture to Shiseido's *monozukuri* (manufacturing) spirit and corporate culture.

In this way, these three initiatives will come together at the new factory to supply high quality products that meet global standards with the aim of making customers happy around the world.



Overview of New Factory

Company name:	Shiseido Vietnam Inc.
Factory name:	Shiseido Vietnam Factory
Address:	Amata Industrial Park, Long Binh Ward, Bien Hoa City, Dong Nai Province, Vietnam
Site area:	100,000 m ²
Total floor space:	25,000 m ²
Green belt area:	69,000 m ²
Building area for production facility and adjacent wing:	21,400 m ²
Production capacity:	Approximately 22 million items (annually)
Manufactured items:	Lotions, emulsions, creams, facial cleansers and hair styling agents
Number of employees:	Approximately 50 (200 planned by the end of 2010)
Investment scale:	US\$42 million
Capital:	US\$39 million
Start of operations:	April 2010 (planned)

Shiseido Production Bases

