

CSR REPORT 2013

Corporate Social Responsibility

【Full Report】

POLA ORBIS HOLDINGS INC.

POLA ORBIS Group Philosophy

Inspire All People and Touch Their Hearts

The POLA ORBIS Group is committed to providing distinctly unique products and services to you, the customer, backed with the assurance of solid scientific testing. We make every effort to contribute to improving the global cosmetics culture as well as preserving the global environment in the name of beauty and health. We aim to build a brand that will be forever admired and trusted in every corner of the globe.

Achieving this requires us to approach each and every challenge with humility, and to identify precisely what makes people happy, stemming from our very own personal experiences.

With this in mind, we, the POLA ORBIS Group, spend our days at work and at home full of vitality and with a smile on our faces.



-Organizations covered by this report

POLA ORBIS HOLDINGS INC./POLA INC./POLA U.S.A. Inc./POLA COSMETICS (THAILAND) CO., LTD./POLA COSMETICS (HONG KONG) COMPANY LIMITED/Shanghai POLA Trading CO., LTD./POLA LLC/POLA TAIWAN INC./POLA CHINA BEAUTY CO., LTD./ORBIS Inc./ORBIS KOREA Inc./Taiwan Orbis Inc./Orbis Beijing Inc./ORBIS CHINA HONG KONG LIMITED/H2O PLUS HOLDINGS, LLC/H2O PLUS, LLC/CSW H2O Holdings, Inc./H2O PLUS CANADA CORP./Pola Orbis Jurlique Holdings Pty Ltd./Pola Orbis Jurlique Pty Ltd./Jurlique International Pty Ltd./Jurlique Spa Pty Limited/J&J Distribution Pty Limited/J&J Franchising Pty Ltd./Jurlique Holistic Skin Care Inc./Jurlique USA Inc./Jurlique UK Ltd./Jurlique Japan/Jurlique Hong Kong Limited/Elvaa International Group Limited/Profit Joy Corporation Limited/Beijing Cairunyuan Trade and Commercial Co., Ltd./pdc INC./FUTURE LABO INC./MEDI LABO INC./ORLANE JAPON INC./decencia INC./ACRO INC./POLA CHEMICAL INDUSTRIES, INC./P.O. REAL ESTATE INC./POLA-PHARMA INC./KAYAKU CO., LTD./P.O. TECHNO SERVICE INC./SHINOBU INSURANCE SERVICE INC.

Note: The names of the above companies and the titles of all POLA ORBIS Group employees appearing in this report are as of December 31st, 2012.



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- Editorial Policies

POLA ORBIS HOLDINGS adhered to the following three editorial policies in preparing the CSR Report 2013.

1. Introducing the upper management messages of overseas Group companies

We have included messages from the upper management of Jurlique and H2O Plus, to promote understanding of the CSR activities of our overseas Group companies.

2. Introducing global CSR Activities

To mark the starting year of our full-scale globalization, we feature special reports and other reporting on our global record of CSR activities.

3. Making the report available web-based and printed versions

As in the previous year, we prepared this report as a web-based (full report edition*) and a booklet (highlights edition), with an English-language version of each, to allow distribution to overseas employees, investors and others.

- Reporting period: January 1st to December 31st, 2012

- Date of issue: March 28th, 2013

- For any questions regarding this report, contact: CSR Promotion Div. POLA ORBIS HOLDINGS INC. Tel +81-3-3563-5526

- Website: <http://www.po-holdings.co.jp/en/>

Beginning full-fledged globalization

Reaching out to people worldwide in our pursuit of beauty, a commitment that remains unchanged since our foundation

In 2012, the POLA ORBIS Group stepped up its overseas expansion efforts

2012 was a year in which we of the POLA ORBIS Group took significant strides towards achieving our long-term vision of becoming a highly profitable global company; a vision that is a key element in realizing our Group philosophy, "Inspire all people and touch their hearts."

Following H2O Plus in 2011, February 2012 saw the addition of Jurlique to our Group; a company specialized in providing organic body-care and skincare products to Australia, Asia, the United States and Europe.

We are confident that adding Jurlique and H2O Plus to our seven-company, core domestic brands has created an even more attractive brand portfolio.

We also engaged in several tasks aimed at generating synergy including the reinforcement of brand strength and sales networks to provide us with a competitive edge abroad, the cultivation of global human resources and the development of business strategies targeting overseas growth.

The synergy generated by the two overseas member companies will benefit the future of our Group

In the period shortly after the addition of Jurlique and H2O Plus to our Group, several of our staff members, including myself, attended H2O Plus dealer conferences and visited all Jurlique branches. Through these visits, we actively engaged in communications, expressing our intent to work together in raising our brand value. In August, all Group directors participated in an inspection tour covering the stores of each Group company in Hong Kong, experiencing firsthand the current state of competition against brands from around the world. In doing so, each participant felt the necessity to shift from two-dimensional to three-dimensional thinking. Although the process is gradual, combined with the opportune addition of the two new companies, my perception towards globalization, as well as that of each and every employee, is changing.

In the area of sales strategy, there is much we can learn from Jurlique and H2O Plus, particularly with respect to their superior brand management skills and their expertise in establishing multinational channels. By incorporating the know-how of these two companies into the existing strategy of the POLA ORBIS Group, I believe we will be able to substantially accelerate our overseas expansion. Currently, in addition



鈴木郷史

Satoshi Suzuki
President
POLA ORBIS HOLDINGS INC.

to the Asia-centered expansion efforts of POLA and ORBIS, ACRO's "THREE" has been slated to commence operations in Thailand in 2013.

With respect to research and development and technical development, September 2012 saw the launch of the first of our jointly developed products, a high-grade cream that combines skincare technologies using ocean-derived ingredients (a specialty of H2O Plus) with anti-aging expertise (a specialty of POLA CHEMICAL INDUSTRIES). The product is currently available in countries around the world including the U.S.A., Canada, Thailand, and Malaysia. Meanwhile, joint development with Jurlique has begun for new ingredients using extracts from an extensive variety of plants cultivated at biodynamic farms in Australia.

Working together with our two overseas companies, our CSR from this day forward is to "Inspire All People and Touch Their Hearts"

The CSR initiatives of the POLA ORBIS Group are implemented in three areas: "Fundamental CSR", "Business CSR", and "Selective CSR". Of these, a large part of our efforts are focused on "Business CSR".

Over 70 years ago, before the term "CSR" came into

existence, we were meeting the expectations and demands of society through our business activities. These activities included our "POLA Ladies" sales force for cosmetic products which served to expand work opportunities for women.

The new additions to our Group, Jurlique and H2O Plus, also devote a significant amount of effort towards Business CSR. On one hand, with "organic" at the core of its business, Jurlique's CSR activities are focused on the protection and sustenance of an ideal environment for plant cultivation. On the other, H2O Plus whose business is supported by "the blessings of the sea", focuses its CSR efforts on marine conservation and restoration.

We are now in a position where it is essential to target our stakeholders around the world and meet the diverse expectations and demands of society. The addition of the two companies will benefit our activities not only from a business standpoint, but from a CSR aspect as well.

In future, we will work together with Jurlique and H2O Plus to "Inspire All People and Touch Their Hearts" more than ever before.

With this in mind, we look forward to your continued support and guidance.

Facing an ever evolving future as one



Sam Mckay

President & CEO
Jurlique International Pty Ltd.

A fusion between plant energy drawn from Australian soil and the POLA ORBIS Group's world-renowned science

2012 is a milestone year with the potential for new innovation

Jurlique

Jurlique was founded in 1985 by Dr. Jurgen Klein and Ulrike Klein.

Started in South Australia, Jurlique established its own farm in the Adelaide Hills, becoming the only Australian skincare brand to own a biodynamic farm certified by NASAA (The National Association of Sustainable Agriculture, Australia). The company cultivates a wide variety of plants, herbs and flowers, all by hand, which lend their natural power to the strong skincare effects of Jurlique's 140-product range.

As a global skincare brand, Jurlique has spent over 25 years unearthing potent organic and biodynamic ingredients. The company has developed its own manufacturing processes and striven to develop skincare products packed with the pure power of nature. In its biodynamic farm, the company takes a novel perspective on the abundance of nature, and has demonstrated that the life force of plants can be combined with science to create highly effective products.

Jurlique owns 18 concept stores across Australia and more than 60 concept stores throughout 19 countries. In addition, the company is represented in over 5,000 retail outlets, including some of the world's most prestigious stores such as Selfridges, Isetan, DFS and Lane

Crawford.

2012 was a milestone for Jurlique, as it became part of the POLA ORBIS Group.

Joining the POLA ORBIS Group will yield major opportunities, such as strengthening the company's manufacturing operations in the Adelaide Hills, which include the 153 acre (619,200 m²) farm, and expanding its business operations in China. In fact, Jurlique has already begun developing groundbreaking new products, through collaboration with the research and development division of POLA CHEMICAL INDUSTRIES.

Going forward, Jurlique is well positioned to capitalize on its strong distribution network in many markets, and the company intends to focus on expanding its brand recognition and building productivity in Greater China, throughout Asia and the United States.

CSR will be a major theme in the work of all Jurlique employees. In keeping with its commitment to contribute to the community, the company is planning to introduce several innovative CSR projects in 2013.

Discovering the potential for new "beauty" today

An encounter between uniquely creative skincare development from ocean-derived ingredients, and the anti-aging expertise of the POLA ORBIS Group

2012, we dream of a coming future made possible by the merchandising of jointly developed, new products



Robert F. Seidl

President & CEO
H2O PLUS, LLC
(Chief global business strategy officer
at POLA ORBIS HOLDINGS INC. as of January 2013.)

H2O Plus was founded by Cindy Melk in 1989 in the United States as a skincare company committed to skincare products that make the best use of natural ingredients from the world's seas and oceans.

From its inception, natural marine ingredients have been the company's foundation for growth. Through the discovery and development of natural compounds which yield outstanding skincare results for women, the company continues to introduce unique and innovative products. For this purpose, H2O Plus laboratories work together with its affiliated research and development partners around the world. Although H2O Plus is renowned for its innovative product development and brand marketing, it is also recognized as a retail sales pioneer for directly communicating its brand concept to consumers, offering them opportunities to actually use its products. This retail approach and related techniques are now the standard for globally expanding brand recognition.

Today, the H2O Plus brand is marketed in more than 30 countries worldwide, in over 3,000 retail locations across the globe, including 30 concept stores. The brand also enjoys official amenity product supplier status to Disney hotels, serving over 40,000 rooms worldwide.

Joining the POLA ORBIS Group in 2011 has been mutu-

ally beneficial, providing H2O Plus with opportunities that include technology sharing with POLA CHEMICAL INDUSTRIES and the successful commercial release of jointly developed new products. Business expansion was achieved in key global markets, most notably Russia and India, marking a significant strategic advance in reinforcing global brand impact.

H2O Plus continues to expand in global markets while further solidifying its current distribution strengths in North America and Asia. A key objective for 2013 will be brand development and market penetration in Latin America, a fast-growing and influential global market territory.

At H2O Plus, CSR is a matter of utmost priority. For 2013, the company is planning a number of innovative and meaningful projects that will contribute to its CSR efforts. Specific projects include:

- (1) Continued participation in EarthEcho and Azure Worldwide, two global agencies engaged in the conservation and restoration of seas and coastlines.
- (2) The support of Ronald McDonald House Charities in their efforts to improve the health and well-being of children.
- (3) The implementation of company-wide recycling activities.

Inspire All People and Touch Their Hearts

Special Reports **01.**

CSR Activities by Jurlique

"It is impossible to manufacture pure skin-care, that's why we grow it instead".

(A quote from Jurlique founder Dr. Jurgen Klein)

As a company that honors its promise to the environment and society, Jurlique believes in taking steps to care for the world we live in and the people who live in it.

A long-term perspective towards fulfilling environmental responsibilities

Jurlique makes it a practice to focus on and implement environment-friendly businesses.

The company is also actively involved in planting trees. On September 14th, 2012, over 100 Jurlique employees participated in a tree planting event held at the company's Mylor Farm. The 2,000 trees planted on this day is expected to absorb the CO₂ emissions of approximately 69 vehicles over a 30-year period. Through this activity, the company contributed towards improving the environment while raising the environmental awareness of its employees. Each and every employee is now looking forward to the growth of this greening project and are delighted in having an opportunity to make a difference in protecting the environment.

Improving waste management, and looking to reinforce methods for recycling and reuse of materials

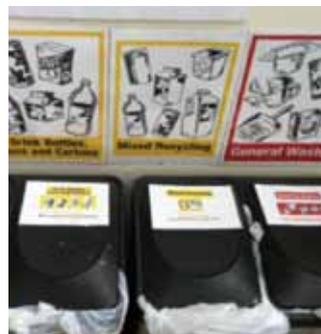
Jurlique's packaging reflects the company's policy of taking only what is necessary from nature. The company intends to further improve its package recycle rate which currently exceeds 95%, and is targeting a 20% across the board reduction by the end of 2015 of its 2010 rates for energy and water consumption as well as landfill waste production. To facilitate recycling, Jurlique's offices have adopted the waste bin colors and labels that are standard throughout Australia. This has made waste sorting easier to comprehend than in the past, further reducing landfill waste. Also notable is that by implementing an idea to reuse plastic boxes as partition boards in the filling process, the company reduced cost by half at its production facilities.

Jurlique's contribution to helping women world-wide

Jurlique believes a positive change starts with an idea. With this in mind, the company established the Jurlique Ideas of Beauty Fund. The fund focuses on improving the lives of girls and women world-wide by providing financial support or undertaking initiatives that support the empowerment of girls and women. In 2012, Jurlique raised AUD\$100,000 with a Limited Edition version of their best-selling Rosewater Balancing Mist. This was donated to Jurlique's first global charity, AIME (Australian Indigenous Mentoring Experience), a philanthropic organization for helping indigenous students finish high school at the same rate as all Australians.



Over 100 Jurlique staff joined in a tree planting event at Mylor Farm.



The labels and colors of trash bins are standardized everywhere.



Used plastic boxes are reused as partition boards.



Jurlique's Ideas of Beauty Fund collaborates with AIME (Australian Indigenous Mentoring Experience) to support high schools for indigenous people.

Inspire All People and Touch Their Hearts

Special
Reports **02.**

CSR Activities by H2O Plus

To protect our ocean—a vital resource and mankind's symbol of unbound beauty.

We are working hard to protect and restore marine environments, and to eternally preserve the strong and healthy seas that enhance our lives and beauty.

Helping children to participate in activities that protect and restore our oceans and our world

H2O Plus is a member of the board of EarthEcho, one of America's leading environmental education agencies for young people. EarthEcho seeks to empower youth with a deeper understanding of the sea and its vital link to life on our planet, equipping tomorrow's leaders with the knowledge, skills and motivation to protect and restore our water world.

H2O Plus has been a member of the corporate advisory board since 2011. Aside from being involved in developing specific program content, the company matches the donations of its clients to create and extend educational opportunities aimed at protecting the sea.

Active company-wide participation in ocean conservation and beautification

H2O Plus, through Ocean Conservancy, actively participates in cleaning up our oceans, supporting environmental conservation and related development efforts.

Ocean Conservancy has the longest history of any American marine conservation organization, and its Coastal Cleanup Day campaign enjoys the support of over 600,000 volunteers in the United States and in over 90 countries around the world. In 2012, the cleanup effort resulted in an annual waste collection totaling approximately seven million tons. By actively participating in this event, H2O Plus employees contributed to ocean beautification.

Supporting programs that directly improve the health and welfare of children

H2O Plus provides products to Ronald McDonald House Charities (RMHC). The mission of RMHC is to prepare, discover, or support plans which directly improve the health and welfare of children.

In partnership with RMHC, H2O Plus supports seriously ill children, and supports families facing difficulties due to child illnesses by providing hair-care and body-care products. We believe that changing children's lives changes their families' lives and by extension, changes communities and ultimately, the world.



Through its participation in EarthEcho and other activities, H2O Plus supports education for marine conservation.



Large volumes of trash including cigarette butts, polyethylene bottles, plastic caps, empty cans and vinyl bags were collected to create a healthier sea environment and to protect marine life.



H2O Plus provides products to Ronald McDonald House in Chicago.



Inspire All People and Touch Their Hearts

Special
Reports

03.

POLA's Social Contribution
Activities through Sports

The continuing evolution of Fairy Japan POLA.
Providing beauty support to young women
who glow with attractive determination.

With the beauty support of Fairy Japan POLA, dancing princesses reach out to the world to deliver smiles, inspiration and courage.

POLA provides beauty support to women who venture forth from Japan to countries around the world

POLA has been working together with the National Rhythmic Gymnastics Team since 2007. As Fairy Japan POLA, the company provides beauty support to the team's members. Assisting those who express beauty on the global stage is a privilege enjoyed by POLA as it is in line with the company's commitment to support women who wish to be beautiful as well as women who take on challenges to achieve their dreams.

Challenging the world with Fairy Japan POLA's original makeup

Together with exquisite skill, visual appeal is also an important factor in rhythmic gymnastics competition. This in turn requires makeup that stands up to the rigors of the sport over long periods of time and that communicates beauty with impact when viewed from a distance. The distance between judges and competitors can be as much as 15 meters, and it is essential to emphasize the impression made by the eyes and the three-dimensional form of the face. POLA provides each team member with detailed skincare support, including individual skin tests to maintain excellent skin condition and show the makeup to best effect. In the summer of 2012, the team, backed by seven beauty coaches, entered the world competition wearing new "Japanese Beauty" makeup which was designed to enhance the visual appeal of Japanese women. The gymnasts presented their elegant performing skills and achieved major success by placing seventh for the first time in 12 years. The support they received, backed by POLA technology, significantly contributed to their confidence.

Supporting the smiles of women and children pursuing their dreams in disaster areas

The earthquake disaster which hit Eastern Japan in 2011 changed the everyday lives of students who were devoting themselves to rhythmic gymnastics. To relieve, even a little, their sadness at losing practice facilities, equipment and even leotards, the Japan Gymnastic Association held exchange events in 2011 and 2012 in Sendai, one of the disaster areas. Fairy Japan POLA supported the team, who performed before a delighted audience which included children and high schoolers who shared their love for rhythmic gymnastics. Although the team intended to cheer up the attending audience, they were instead moved by the spectators who, despite their sadness, expressed their pride and support throughout the team's performance. It was an uplifting experience that renewed the team's resolve as representatives of Japan. Sharing the ambition of those who pursue beauty, POLA aims to advance rhythmic gymnastics through the work of Fairy Japan POLA, and will go on supporting Japan's women and children as they reach for their dreams.



Lovely smiles from the gymnasts of the Fairy Japan POLA team, now in its eighth season. Photo: Rimako Takeuchi



Beauty coaches picked from among POLA staff provide makeup tailored to each person.



Ribbon performance with children at the Sendai exchange event.

Special
Reports

04.

Environmental Conservation
Activities by ORBIS

MANGROVE REHABILITATION PROGRAMME Korotogo Village

Under the belief that

"I am a global citizen. Everything I do reflects back on the earth", we hope to protect and regenerate our beautiful green forests.



Supported By

ORBIS JAPAN

ORBIS wishes to restore the forests that give us paper resources, and pass them on to the next generation. The company's foresting activities, which began 11 years ago with that thought in mind, are developing into a powerful foresting program that repeatedly reuses resources.

ORBIS foresting activities led the way in cooperative programs with governmental and non-governmental organizations

As ORBIS is primarily involved in mail-order sales which consumes a large volume of paper for catalogues and other materials, the company is motivated to protect limited forest resources. ORBIS is a sponsor of the Organization for Industrial, Spiritual and Cultural Advancement-International (OISCA, Japan), which promotes environmental conservation activities in the Asia-Pacific region. In support of its activities, the company performed its first tree planting in 2002 at the Kofu City Forest Park "Takeda-no-Mori". It was a three-way partnership between government, a non-government organization, and a company, which was almost unprecedented at the time that led to many later collaborative efforts between the government and the private sector. In 2007, ORBIS participated in the "Reforestation Mt. Fuji" project for restoring the insect-damaged artificial forests on Mt. Fuji. In 2012, the company initiated "Koshu City ORBIS Forest", a comprehensive project for regenerating the local mountain forests of Yamanashi Prefecture's Koshu City.

ORBIS's support for reforestation and environmental conservation activities also extends overseas

Since 2002, ORBIS has endorsed OISCA's "Children's Forest Program", which teaches local children the importance of forests, and has begun supporting reforestation and environmental education activities in Fiji, where environmental damage is even more advanced than it is in Japan. In Fiji, the mangrove forests are diminishing, and coral reefs are becoming bleached by the impact of rising seawater temperatures, mudslides and debris washing into the sea. One cause of this situation is that development in Fiji advanced before the public had an adequate understanding of the importance of nature and forests. ORBIS employees went to Fiji to plant trees, and Fijian children came to Japan in 2012 to visit ORBIS, later reporting on the state of their forested land. These are just some of the elements in an ongoing overseas exchange.

ORBIS's environmental activities are making rapid progress through stronger integration with business

ORBIS's reforestation activities extend to actions aimed at raising the ability of forests to regenerate themselves. ORBIS led the cosmetics industry in introducing simplified packaging and refillable products, as part of its ongoing effort to reduce the environmental burden of its main operations. In 2012, the company added the statement "I am a global citizen. Everything I do reflects back on the earth", to its employee code of conduct, "ORBIS Style". For the future, ORBIS will even more actively continue to promote environmental activism as an integrated part of its business operations in order to provide value which benefits society.



In 2012, 81 employees and family members participated in "Koshu City ORBIS Forest", a project to link people with the forest.



Employees traveled to Fiji in 2002 and 2008. Other than planting trees, they had exchanges with elementary school children who were tending the trees.



In May 2012, children from Fiji, a support beneficiary, visited ORBIS.



ORBIS was ahead of any other company in introducing simplified packaging and refillable products to cut down excessive packaging and outer boxes.

World renowned, cutting edge dermatology and the unlimited pursuit of beauty.

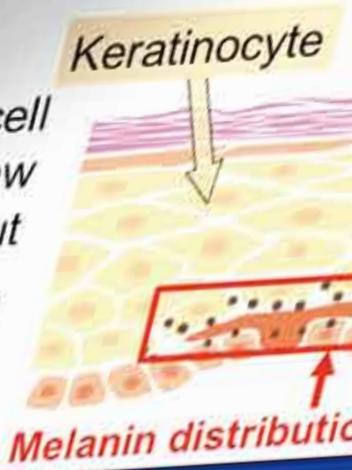
We want to support women around the world who desire to be beautiful.

Introduction

Unknown factors seem to influence normal melanin accumulation can cause areas of uneven pigmentation. Many studies have shown the development of various skin conditions, and the resulting discovery of unknown factors. This suggests the existence of unknown factors underlying melanin accumulation.

Purpose

To identify new factors related to dendrites, based on their role as the primary cell responsible for melanin transport in melanocytes. Few dendrites are seen under steady-state culture conditions (a), but melanocytes show increased numbers of dendrites (b), and the area of melanin distribution. We assumed that this change plays a pivotal role in melanin accumulation.



Conclusion

Adrenomedullin (ADM) plays a pivotal role in pigmentation and UV-induced pigmentation.

and Discussion

- ADM was identified as a novel melanocyte-activating factor
- ADM markedly increases the number of dendrites
- Higher levels of ADM were detected in UV-irradiated skin

Identified using 45,015 genetic probes as a new factor that increases melanin production



We want to deliver results to our customers as soon as we can, to bring them even higher satisfaction.

This objective is the foundation of our ongoing research and development efforts.

Our researchers work to see customers' delighted faces, and the fruits of their efforts remain highly regarded around the world

POLA CHEMICAL INDUSTRIES, which serves as the research and development arm of the POLA ORBIS Group, strives to reinforce its research and development as well as technology development prowess to produce a stream of innovative and excellent cosmetic and beauty-related products, an endeavor that has earned the company an outstanding reputation in Japan and overseas.

Organized by the International Federation of Societies of Cosmetic Chemists, the IFSCC Congress is a prestigious forum where cosmetic chemists from around the world gather for the presentation of cutting-edge cosmetics research. Since earning a Meritorious Award at the 1986 IFSCC Congress held in Barcelona, POLA CHEMICAL INDUSTRIES has been the proud recipient of several IFSCC awards over the years. But for POLA CHEMICAL INDUSTRIES, the awards received are just one of the many processes in their work. For the company, their research and development work is only complete when their results have swiftly yielded a new product that can be delivered to and enjoyed by customers.

In October 2012, at the IFSCC Congress held in Johannesburg, POLA CHEMICAL INDUSTRIES received the most meritorious award in the challenging poster presentation category for its new approach to skin-lightening cosmetics, a theme it has been working on since its foundation. The results of the new approach have already been put to use in POLA's "White Shot CX" skin-lightening cosmetics, which enjoyed even more customer satisfaction than ever before.

Delivering made-in-Japan quality worldwide with the synergy created by Jurlique and H2O Plus

2012 was a year of growing expectations for the research and development synergy generated from the new additions of Jurlique and H2O Plus to the Group. The evident brand values of Jurlique's "organics" and H2O Plus's "marine ingredients" have been enhanced by POLA CHEMICAL INDUSTRIES' research and development efforts.

In fact, the first synergistic product between H2O Plus and POLA CHEMICAL INDUSTRIES was launched in September 2012. The product is a high-grade cream produced by a fusion between POLA CHEMICAL INDUSTRIES' research and development ability in the field of anti-aging and the strength of the H2O Plus brand. Launched by H2O Plus, the product is an important first step in the overseas expansion of the POLA ORBIS Group in the future.

POLA CHEMICAL INDUSTRIES will continue providing the world with high-quality products that are representative of the made-in-Japan quality that customers around the world have come to expect. To do so, the company will remain committed to research and development as well as technology development on a daily basis, in order to fulfill the customers' wish to be beautiful.



In October 2012, received the most meritorious award in the poster presentation category at the IFSCC Congress (Johannesburg).

POLA CHEMICAL INDUSTRIES' IFSCC Congress Awards

- 1986 IFSCC Congress(Barcelona) meritorious award for "Optical Research Into Powders and Their Wrinkle-hiding Effects"
- 1994 IFSCC Congress(Venice) most meritorious award for "Psycho-neuroimmunological Benefits of Cosmetics"
- 1996 IFSCC Congress(Sydney) meritorious award for "Research into the Optical Characteristics of the Stratum Corneum, and the Development of Cosmetics for Natural-looking Makeup"
- 1998 IFSCC Congress(Cannes) most meritorious award for "A New Approach to aging Improvement Methods Using Reconstruction of Dermal Fibrous Strand Structures" 
- 2008 IFSCC Congress(Barcelona) most meritorious award for "Epidermal Tight Junction: The Master Skin Barrier Regulator" 
- 2012 October, IFSCC Congress(Johannesburg) poster presentation category, most meritorious award for "New Melanocyte Activation Ingredient: The Identification and Mechanisms of Adrenomedullin"



Total Source Night Cream was launched in September 2012 as a synergistic product between H2O Plus and POLA CHEMICAL INDUSTRIES.



Inspire All People and Touch Their Hearts

Special Reports **06.**

Art and Culture Support Activities by the POLA ORBIS Group

The cultural activities of the POLA ORBIS Group are backed by the Group's ideal towards beauty which remains unchanged since its foundation, and are very much alive throughout Japan and around the world.

By passing on Japan's cultural traditions, nurturing them in the field of art, and supporting foundations that exhibit and publish works of art, POLA supports the building of an affluent, peaceful society and the advancement of culture.

POLA's cultural support began with exploring women's cosmetic culture and preserving Japanese traditions

The latter half of the 1970s, after the first Oil Shock, saw a pervasive mood of unease in society. The company's president at the time, Tsuneshi Suzuki, the son of POLA's founder, stated the following company philosophy: "Contribute to the flourishing of an affluent and peaceful society and the enhancement of culture through health and beauty related business." With this in mind, he began the company's culture and art support activities. The POLA Research Institute of Beauty and Culture was founded in 1976. Based on the theme of "cosmetics, women and the perception of beauty", the Institute conducts wide-ranging research on subjects that include the history of cosmetics, customs, and beauty perception of the East and the West. By publishing the findings from their research, the Institute broadly contributes to society. To pass on Japan's traditional culture to future generations, POLA established the POLA Foundation for the Promotion of Traditional Japanese Culture in 1979, the year that the company celebrated the 50th anniversary of its establishment. The Foundation bestows honors and grants, and compiles records to preserve various fields including traditional performing arts, folk events, and traditional arts and crafts techniques that survive in various regions of Japan.

POLA actively supports international cultural exchanges

In 1996, POLA established the POLA Art Foundation. As part of its contribution to society, the Foundation assists art museum staff in surveys and research, supports and subsidizes young artists to train overseas, and conducts various support activities to encourage creative work. The Foundation also engages in a wide range of global activities that include the support of international art-related functions such as hosting symposiums and seminars for foreign artists, researchers, curators and others, as well as assisting in the stimulation of cultural exchanges.

Amid the abundance of natural beauty, POLA passes on the joy of experiencing the world's beauty and art

In September 2002, the POLA Museum of Art was established under the concept of "symbiosis between Hakone's natural beauty and works of art". In addition to offering visitors with an opportunity to enjoy the true beauty of the POLA collection, each exhibition features a "gallery talk" event which provides commentary that makes it easier to understand the art. During summer vacation and other holidays, events are held to teach children how to appreciate paintings. The museum has also started opening walking paths and outdoor sculptures in the surrounding woods for public viewing. The POLA Museum of Art is committed to communicating beauty to the local community, and around the world.

①



POLA Research Institute of Beauty and Culture also researches Japanese and foreign cosmetic utensils that evoke a mood of wealth.



POLA Foundation for the Promotion of Traditional Japanese Culture publishes its annual magazine "Tradition and Culture" to communicate Japanese tradition and culture in an easily comprehensible way.

②



③



POLA Museum of Art displays a wide range of collections including Western and Japanese paintings as well as oriental ceramics.



With every season, POLA Museum of Art stages events and concerts which can be enjoyed amid nature.

- ① "Glass cosmetics set", ca. 1900, Saint-Louis France
- ② Pierre Auguste Renoir "La Coiffure", 1888
- ③ Yokoyama Taikan "Mt. Fuji - Autumn, in the series of Ten Scenes of Mt. Fuji", 1940

Report on Stakeholder Dialogues

The POLA ORBIS Group held dialogues with stakeholders outside the Group to determine society's needs with regard to its role, and whether its corporate activities are in accord with social expectations and requirements. As in 2011, the issues facing POLA and ORBIS, the principal companies of the Group, were discussed in 2012. Details of the dialogues are reported in the pages that follow.

Stakeholder Dialogue: an attempt to find common ground among various stakeholders that have different interests in a company by understanding and confirming their points of agreement and disagreement and the reasons thereof through a dialogue. From the company's perspective, the points of agreement are reflected in its business management to seek the mutual growth of itself and society.



Discussion Theme

To remain a company that supports women

At the 2011 (Second) Stakeholder Dialogue, the participating experts raised the following three issues:

- ① The essence of the "AAA Declaration" is that it is important to strongly assert the beauty of how women live while acknowledging the onset of age.
- ② How should support for women be targeted? It is important that the undertaking be actually felt as an effort to support women.
- ③ It is important to use diverse forms of dissemination to introduce women's achievements through ambassadors who are in agreement with the concepts of the "AAA Declaration".

With the aforementioned in mind, POLA outlined its second year of "AAA Declaration" related activities at the 2012 Stakeholder Dialogue, during which the attending experts provided their assessments.

In addition, the experts provided invaluable input regarding how "AAA Declaration" can be used to effectively communicate POLA's corporate values and culture as well as earn wider public acceptance.

Participants on behalf of stakeholders



Naoki Atsumi
Expert Committee Member,
Council for Gender Equality,
Cabinet Office



Keiko Fukuzawa
Journalist
(Executive Director, Japan Association for the Advancement of Working Women)



Sachiko Fumoto
Bizlife Office Director,
Nikkei Business Publications, Inc.



Anti Aging Alliance

AAA Declaration stands for the Anti Aging Alliance Declaration. To have confidence in oneself and to love oneself in the future even more. POLA believes that the true nature of anti-aging is to increase one's passion for life a little at a time. For the sake of each and every woman who desires to "be beautiful at any and for all time", POLA seeks to forge alliances with partners in fields including the media, companies and communities, who share and empathize with the Declaration. By doing so, POLA intends to create opportunities to encounter those wonderfully genuine individuals.

- Date and Time: October 10th, 2012 (Wednesday)
4 p.m. - 6 p.m.

- Place: POLA Headquarters, 5F, Main Meeting Room

- Participants:

On behalf of stakeholders (experts)

Naoki Atsumi Expert Committee Member, Council for Gender Equality, Cabinet Office

Keiko Fukuzawa Journalist (Executive Director, Japan Association for the Advancement of Working Women)

Sachiko Fumoto Bizlife Office Director, Nikkei Business Publications, Inc.

On behalf of POLA

Takako Konishi Executive and Vice President (AAA promotion owner)

Mamoru Eda Chief Officer, Personnel Div

Isao Aoyagi Vice President, Direct Sales Business

Miki Oikawa Chief Officer, Product Planning & Publicity & Beauty Research

Facilitator

Hiroko Ozawa Ernst & Young ShinNihon LLC

(The titles of participants are as of the date when the dialogue was held.)

Subject 1 The Intended Message of the AAA Declaration

As POLA extends alliances to various companies, it must now look at the assets it started out with and reassess their value.



Opinions and Advice from Stakeholders

POLA Ladies are an unmatched resource that is unique to POLA. This resource is an outstanding example of the AAA Declaration in actual practice, and should be spotlighted for all to see. POLA Ladies range in age from their 20s to their 90s. Introducing the elder members who remain fully active in the frontlines of business as role models that personify the future of Japanese society supports women and acts as a guideline for creating value in "aging". (Fumoto)

For POLA Ladies, a solid balance between work and lifestyle acts as the driving force to their long and continuing work as well as the source of their ageless beauty. By clearly introducing the thoughts and work styles of POLA Ladies as a solution to women who are struggling to maintain a balance between work and life, specific approaches should be undertaken as consumers apply the solution to their own lives. (Fukuzawa)

POLA's Response

There are approximately 5,000 women in their 80s, and about 500 in their 90s who are still active POLA Ladies. Within the company, we recognize their excellence, but Fumoto-san's view that their existence personifies "the future of Japanese society" and also provides hope to all women was a new revelation for us. In order to introduce those values to the general public, we are planning a November publication of "Viva-den", a book that features eleven POLA Ladies who are over 90 years old.

The philosophy of the POLA Ladies is "the customer's happiness is our happiness". Not limiting ourselves to just selling products and services, but discovering value through involvement with people and society leads to "selling ways to become beautiful". With this in mind, we hope to earn the public's support by introducing the thoughts and work styles of POLA Ladies through various means including books and events.

Subject 2 New Perspectives on Disseminating the AAA Declaration

POLA has been spreading the philosophy of the AAA Declaration for a year, but it has not yet been sufficiently disseminated. Accordingly, other than employing straightforward tactics, the company feels it is important to adopt new perspectives with a flexible attitude.



Opinions and Advice from Stakeholders

For effective advertising activities, it is important to guide users with realistic benefits. In addition, we believe the publication of "POLA's Bihada Shokudo" (a collection of anti-aging recipes) is superb for this as it has a definite approach in providing information on "what should I do, how should I do it, and when should I do it", while also meeting consumer wishes for "I want to do this kind of thing". (Fukuzawa)

A partner's support is often indispensable to an active woman. In certain cases, the involvement of an ideal male partner can be an asset to the progress of a woman's activities. I feel that it is worthwhile to introduce actual examples of male employees who balance their work life while being supportive of their female partners. (Atsumi)

POLA's Response

Beyond trying to convey the mental aspects of the AAA Declaration, there are other areas where we have paid little attention to realizing actual benefits. As a result, we will think about methods for communicating what women want to know through books such as "Bijin Denshin", a collection of anti-aging views and opinions from 15 successful women published in 2011, as well as through media such as magazines and websites.

Many POLA Ladies express themselves through the support of a partner. In addition, we hope to discover facts on how well male employees are balancing life and work, and then instill in them an awareness of implementing the AAA Declaration through a partnership.

Subject 3 Effective Ways of Communicating the AAA Declaration



Forming a community for exchanges between POLA Ladies and its customers is an effective way of enhancing POLA's capability for disseminating information. It is also necessary to project role models within the community.

Opinions and Advice from Stakeholders

Two-way communication is what has been lacking in the dissemination of information in the "AAA Declaration". As a result, we recommend building a communications framework in which POLA Ladies deliver information and have users respond. The blend of public and private information that POLA Ladies possess will be highly persuasive when disseminated to society in the future. (Fumoto)

Once a community forms, people will eventually want to meet face-to-face and talk. This happens because women want to share values and "meet other women who can be role models in life". Your company already has POLA Ladies who are superb role models in all parts of the country, and therefore, it's important to build a system to have them meet the women who are seeking them out. (Fumoto)

POLA's Response

While POLA Ladies are certainly a valuable presence, we have yet to grasp how to effectively communicate their value to the world at large. Based on the opinions expressed today, we want to keep track of the information POLA Ladies have, and come up with ways on how to disseminate it.

In the future, we will push to increase the number of venues for encounters between POLA Ladies who are role models in all parts of the country, as well as women looking for role models in life; with the goal of establishing some form of two-way communication.

Takako Konishi, Executive and Vice President, POLA INC.

Disseminating a Powerful Message that Conveys POLA's Values

The AAA Declaration started with our ambition to support women already living sparkling lives by spreading our own values widely throughout society. By doing this, POLA would be able to carry on its corporate work far into the future, for as long as 90 or 100 years. The very tenet of our corporate philosophy is one of "to be a company that supports women's desire to be beautiful throughout their whole lives", owing to our long history of supporting the activities of women and POLA Ladies in society.

Listening to your comments has, first of all, reaffirmed our own values. However, we were initially uncertain about how to present those views to society to earn its empathy, though it has now been clarified for us. Until now, we have done a variety of things under the AAA Declaration, but we clearly lacked a single, strong and distinctive message to unify them all. Additionally, we have also been reminded of the importance of finding a way to build a community element into the AAA Declaration, so that two-way communication can be established. In the future, we want to address these issues, while also pursuing activities that will generate a major groundswell in society as a kind of social phenomenon. Thank you.



Discussion Theme

Aiming to Deliver Social Value Unique to ORBIS

At the 2011 (First) Stakeholder Dialogue, the participating experts raised the following two issues:

- ① We need to meet society's expectations that ORBIS will provide society with something beyond manufacturing.
- ② ORBIS does many things to contribute to society, but their appeal outside the company is limited. These details are not what we need to convey. The priority should be what the company aspires to be, and how it wishes to be perceived by society.

With the aforementioned in mind, ORBIS outlined its specific efforts in 2012, and the participating experts provided their assessments at the 2012 Stakeholder Dialogue.

At the same time, the experts provided invaluable input that centered on "OIL FREE STYLE", WE ARE. for furthering the evolution of ORBIS's brand value, as well as issues including how to convey the company's social value.

Participants on behalf of stakeholders



Eiichiro Adachi
Counselor, Head of ESG Research Center, The Japan Research Institute, Limited



Kenji Shiratsuchi
Executive Officer, Dentsu Inc.



Yoshiko Miura
Consumer Affairs Consultant

“OIL FREE STYLE”, WE ARE.

“OIL FREE STYLE”, WE ARE.: Since its foundation, ORBIS has developed and marketed 100% oil-cut skincare products in accordance with its belief that "what skin really needs is moisture, not oil". Moreover, by perceiving that "an oil-cut environment raises the activity of enzymes in human skin", the company incorporated what it knew for 25 years to be the true value of oil-cut skincare into its new brand statement. The word "free" in the statement embodies the company's passion to remain free from conventional wisdom and constraints, while continuing to provide solutions that are absolutely good for both the skin and the body. It also represents the company's commitment and resolve to realize a new definition for "beauty".

- Date and Time: November 14th, 2012 (Wednesday)
10 a.m. – 12 p.m.

- Place: ORBIS Headquarters, 1F Lecture Hall

- Participants:

On behalf of stakeholders (experts)

Eiichiro Adachi Counselor, Head of ESG Research Center, The Japan Research Institute, Limited

Kenji Shiratsuchi Executive Officer, Dentsu Inc.

Yoshiko Miura Consumer Affairs Consultant

On behalf of ORBIS

Tsuneo Machida Representative Director and President

Naoko Abe Executive Director, Product Management

Yoshihisa Hashimoto General Manager, Business Management Division, CSR Executive Office Manager

Yuka Akiyoshi Manager, Mail Order Business Division (Environment Team Leader)

Facilitator

Hiroko Ozawa Ernst & Young ShinNihon LLC

(The titles of participants are as of the date when the dialogue was held.)

Subject 1

ORBIS's Philosophy of Sincerity



Since its establishment, ORBIS has upheld "sincerity" as its corporate philosophy. The company believes that "sincerity" must evolve in order to create new value as it maintains its assets and the trust of its customers accumulated over the years.

Opinions and Advice from Stakeholders

ORBIS's strength is that the company strives to work sincerely, while at the same time imagining and addressing customer's feelings and frustrations, such as "it's hard to return products". In today's market, the customer takes the lead with a feminine perspective. In addition, our sense of values is shifting from external to internal, from others to ourselves (being true to ourselves), and to real scientific value and value for money rather than advertising images. I believe ORBIS is firmly positioned for such changes in social tendencies. (Shiratsuchi)

In the future CSR, it will be important to recognize the negative impacts of the company as well as its positive sides, and work to address those negative impacts. Besides the sincere approach of doing good things for their own sake, there is also the sincerity of recognizing what requires improvement and changing it, and much more concern is being given to that aspect. (Adachi)

ORBIS's Response

We believe there are occasions when we have been passive in disseminating certain elements of information to customers who have various judgment criteria and information. Rather than thinking "people will understand us if we just work earnestly and sincerely", we should adapt flexibly to the market environment and people's values, which change over time, and actively work to provide society with positive value.

ORBIS's reforestation work began from a wish to return even a portion of the forest resources consumed on the company's part; a concern with regard to the burden imposed by mass consumption of paper resulting from the catalogues distributed to the company's customers. In the future, ORBIS should carefully identify and convey these negative aspects, and consider them in its undertakings.

Subject 2

Recognition of the Current Situation and Issues



The social environment is shifting from CSR to CSV, and companies must adopt new perspectives as they work towards solutions concerning social issues.

Opinions and Advice from Stakeholders

The concept of CSV*, as an evolution from CSR, is attracting considerable attention as an approach to the relationship between companies and social contribution. It is important for companies to see that they should contribute to society through their own business operation, and to think about how to utilize their own resources to identify social problems and contribute to their solutions. (Adachi)

* CSV is an abbreviation for Creating Shared Value. This management philosophy aims to reconcile the company's profits with its value in society, as well as to solve social problems through business activities and build competitive strength.

There is a demand for CSR undertakings to change from corporate philanthropy to social contribution that is integral to a company's main business. In the future, it will be important to maintain consistency between all activities within the company. Moreover, when setting the company's future, it is important to run a single theme through the questions of where the company should be going, as well as what kind of company it should become so that all elements are aligned and integrated. (Shiratsuchi)

ORBIS's Response

Instead of considering social contribution and business as separate undertakings, the future efforts that we pursue should incorporate a stance to resolve social issues by means of the products and services themselves. Through this approach, we aim to achieve a kind of social contribution that only ORBIS can deliver.

In 2012, ORBIS declared its aim of realizing innovative value creation, liberated from conventional wisdom and constraints, under its brand message of "OIL FREE STYLE", WE ARE. Building on that position, we aim to work through repeated cycles of challenge and innovation, without being bound by past successes, to evolve into a company in which our core business delivers excellent social value.

Subject 3 Our Issue Resolution Plans

In making a new start towards solutions to today's issues, it is important to provide value that today's women will widely empathize with, and to aggressively disseminate that value.



Opinions and Advice from Stakeholders

While there are growing numbers of active seniors in the latter half of their 40s, our impression is that the value of oil cutting has not fully reached that target generation age group. As aging care becomes more widespread, we feel it necessary to deliver the message that the best results come from drawing out the strength of each person's skin, whatever their age. (Miura)

In marketing, there is a view that it is effective to segment users and to define and target them. However, the individual character of one individual differs between when they are at home, at the office, or on vacation. In the future, isn't it more important to think about how to respond to the diversity and situations of one individual, rather than to focus on a single target? (Shiratsuchi)

ORBIS's Response

We are aware that customers in their 40s have yet to become aware of the value of oil cutting, and dispelling that image is one our most important themes. First, we are spreading the message of smart aging to people in their 30s, and conveying ORBIS's unique approach to aging. For the future, we plan spread valuable products and information to people in their 40s, 50s, and older.

We see "I am myself" and "I choose by my own yardsticks and aesthetics" as keywords for redefining our customers, and to target those who empathize with ORBIS values. In addition, we also work with university researchers to perform market analysis, and we intend to incorporate "the diversity within one person" as a key perspective for meeting women's needs.

Tsuneo Machida, President, ORBIS Inc.

To Become a Company that is Good for Society, Good for the Environment and Good for Customers



The introduction of simple packaging and refills was unprecedented in the industry, and a major decision on our part that was encouraged by the opinions of our customers. For the company, this move contributed to better quality and services while ensuring better value and savings to our customers. In addition, it had the social merit of reducing both resource consumption and trash.

The forthright opinions we received reaffirmed to us that it is our responsibility as a company to share benefits between customers, society and the company, and create a sustainable cycle. The root of "OIL FREE STYLE", WE ARE. is our aim to overturn conventional wisdom and create social value, while also listening to the voices of our customers.

CSR Activities of the POLA ORBIS Group

【CSR Charter】

Since its foundation, the POLA ORBIS Group remains committed to its long-held spirit to "find happiness in giving happiness" as it strives to build a corporate brand that is loved and trusted by society. The Group's corporate social responsibility (CSR) activities reflect efforts to cultivate this spirit and to fulfill its responsibilities as a good corporate citizen in contributing to society. To that end, the Group has set forth this CSR Charter to ensure the strict observation of laws and social ethics and to provide its employees with the necessary guidelines in their pursuit of spreading happiness around the world.

Together with our customers	We realize beautiful and healthy lives by providing high-quality products and services backed with the assurance of solid scientific testing that consider the needs of each and every individual.
Together with our suppliers	We maintain fair and equitable relationships with all our suppliers, so that we advance together as good partners.
Together with our employees	We create workplaces in which every individual can achieve their full potential and energetically work with a smile on their faces.
Together with our shareholders	We globally expand our business in the field of health and beauty, to continually raise our corporate value.
Together with the environment	We actively engage in environmental conservation, striving to create a sustainable global environment.
Together with society	Through artistic, cultural and voluntary activities, we contribute to the creation of a society and communities that are beautiful and fulfilling.

CSR
Corporate Social Responsibility

CSR or corporate social responsibility is a company's commitment to conduct its business activities not for the sole purpose of profit, but to ensure a positive impact on stakeholders including the environment, communities, customers, suppliers, employees, and shareholders.

【CSR Activities with Stakeholders】

Our business management draws on relationships of trust with stakeholders

The business activities of the POLA ORBIS Group are structured and undertaken according to each key stakeholder to create an organization that is capable of fulfilling its responsibilities and responding to their needs. Moreover, the Group's corporate management strives to reflect the opinions and demands of its stakeholders.

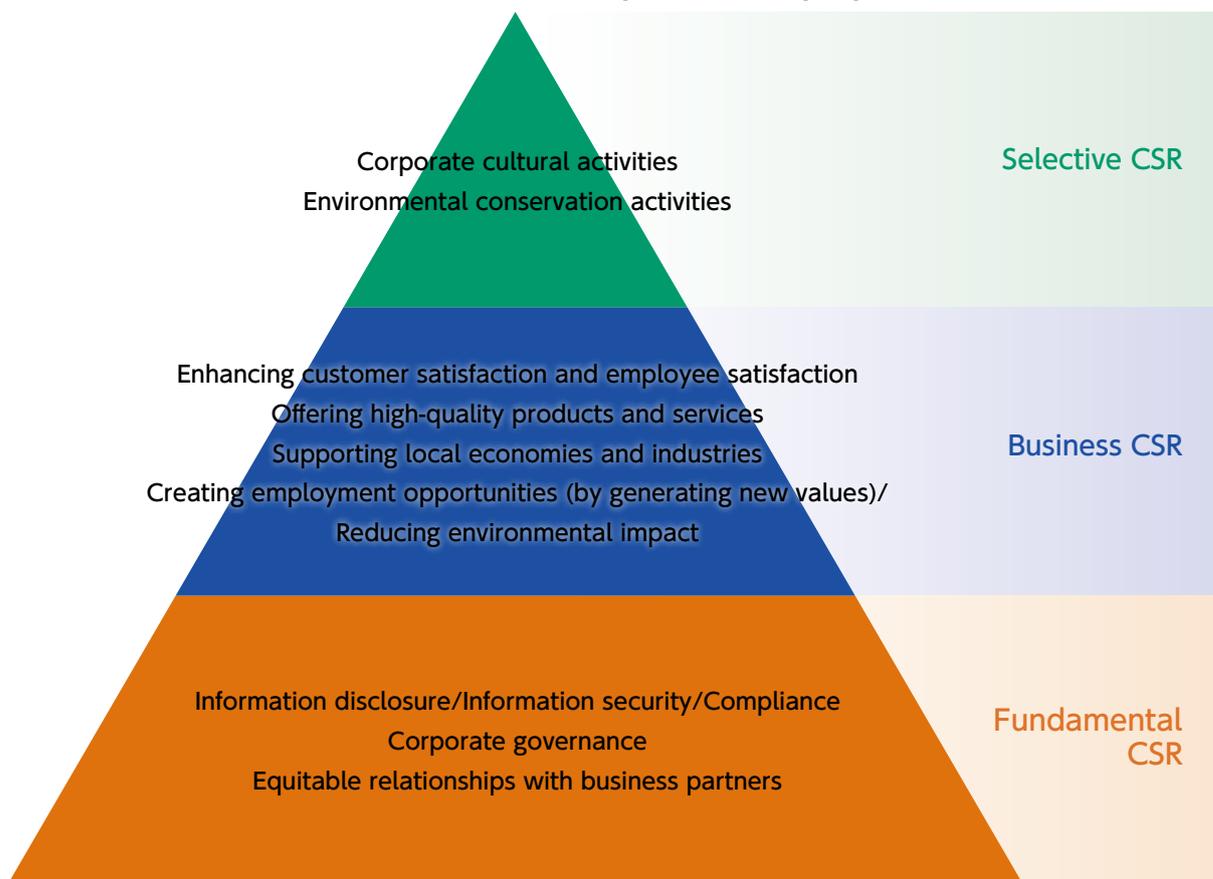
Main stakeholders	Main responsibilities	Main responses
The Customer 	<ul style="list-style-type: none"> ● Provide products and services that are safe and provide peace of mind ● Appropriate response to customers ● Appropriate provision of product information ● Enhancing customer satisfaction ● Managing customer information appropriately ● Promoting universal design ● Providing environment-friendly products and services 	<p>We listen to our customers through call centers, questionnaires and other situations, and reflect their ideas in our product and service development.</p>
Suppliers and Business Partners 	<ul style="list-style-type: none"> ● Growth and improved business performance for suppliers ● Fair selection and equitable transactions with procurement partners ● Open trading opportunities ● Request for cooperation in CSR execution ● Support for CSR execution 	<p>We aim to grow together with our business partners including the sales ladies, retail facilities and purchasing sources.</p>
Employees 	<ul style="list-style-type: none"> ● Respect for human rights ● Respect for diversity ● Fair assessment and treatment ● Support for diverse ways of working ● Applying and nurturing human resources ● Securing health and safety in the workplace, and considering health ● Proper management of employees' personal information 	<p>We aim to create workplace environments that are comfortable to work in, and that reflect the views and opinions of employees obtained by conducting employee satisfaction surveys.</p>
Shareholders 	<ul style="list-style-type: none"> ● Expansion of corporate value ● Appropriate return of profits ● Appropriate and timely information disclosure ● Revitalization of Shareholders' General Meetings ● Creating good relationship 	<p>We strive to provide long-term, stable dividend returns, so that we can continue to make progress alongside our shareholders.</p>
Environment 	<ul style="list-style-type: none"> ● Environmental conservation ● Environmental beautification ● Reduction of environmental loads ● Prevention of climate change 	<p>We work to reduce the environmental loads imposed by our business activities and to prevent climate change, and we engage in voluntary activities for environmental conservation and beautification.</p>
Society 	<ul style="list-style-type: none"> ● Respect for local culture and customs ● Prevention of accidents and disasters in the workplace ● Building support systems to aid local communities in a disaster ● Activities for contribution to local communities 	<p>We promote contribution to local communities by stimulating local industries and meeting local people in various exchange activities.</p>
Government and Local Authorities 	<ul style="list-style-type: none"> ● Compliance with laws and regulations ● Tax payment ● Proper permit applications related to the import, export, manufacturing and sale of cosmetics 	<p>We fulfill our corporate responsibilities starting with tasks that include various applications.</p>
NPO/NGO 	<ul style="list-style-type: none"> ● Collaboration and support towards solutions for various world problems ● Collaboration in key fields of social contribution activity 	<p>We collaborate with NPOs and NGOs in activities that contribute to society such as TFT, cleaning, tree planting, and the Ecocap Movement. (→ P60)</p>

Photograph provided by: TABLE FOR TWO (TFT)

【Three Specific Areas of CSR Activities】

The POLA ORBIS Group organizes and implements CSR activities in three specific areas: Fundamental, Business, and Selective

Realization of the Group Philosophy



The Three Specific Areas of the POLA ORBIS Group's CSR Activities

Fundamental CSR	Fundamental activities that all companies should carry out, such as compliance with laws, regulations and public morals, corporate governance related to the Group's operating structure, and information disclosure to meet corporate standards of accountability
Business CSR	Programs implemented through our core business and in cooperation with stakeholders to support sustainable development, such as enhancing customer and employee satisfaction, providing high-quality products and services, supporting local economies and industries, and creating employment opportunities by generating new value
Selective CSR	Active corporate culture and environmental protection programs that make significant contributions to society and enrich our core business

POLA ORBIS Group Record of CSR Activities in 2012

Activity Theme	Record of Activities in 2012	Featured page	
Fundamental CSR	01. Maintenance of Corporate Governance	(1) Promotion of the CSR Management System ① Stable management through governance system development	P.31
	02. Reinforcing Compliance 	(1) Understanding of CSR and Strict Observance of Basic Policies ① Promoting the understanding of CSR and ensuring strict compliance by all employees ② Using internal awards to promote understanding of CSR activities	P.32
		(2) Strengthening Risk Management ① Implementation of the risk-reduction plan through the PDCA cycle ② Reinforce risk management through strict application of internal controls ③ Implementation of group-wide training based on adoption of a Business Continuity Plan (BCP) ④ Implementation of simplified data security diagnosis and improvement plan progress management ⑤ Consider handling of SNS and start creating rules	P.34
		(3) Continuation of CSR Education ① Implementation of e-Learning sessions and seminars for all directors and employees	P.36
(4) Implementation of Monitoring ① Identification and improvement of issues through employee awareness surveys ② Risk reduction and infraction prevention using the Help Line System		P.36	
Business CSR	03. Enhancing Customer Satisfaction	(1) Reinforcement of Quality Assurance System ① Strengthen quality assurance system in line with basic policies	P.37
		(2) Enhancing Customer Handling Ability ① Reflect customer needs in business activities and provide better service ② Continue improving telephone manners, and raise service quality	P.38
		(3) Realizing Services that Reflect Customer Needs ① Extending "Moving Salon" mobile stores nationwide to assist customers who find shopping inconvenient ② Meeting customer requests by realizing nationwide, flat rate, next-day delivery, and same-day delivery in major cities in Kanto and Kansai regions ③ Implementing discussions with customers to coincide with new product launches to identify what customers are saying ④ Hold free skin disease consultations and open public courses ⑤ Implement questionnaire surveys for women and raise the quality of the operation of major buildings	P.39
04. Achieving Further Progress in Collaboration with Suppliers 	(1) Strengthening Links with Suppliers and Business Partners ① Support the development of the next generation of female entrepreneurs and leaders ② Working with stores to better deal with customers and enhance service	P.41	
	(2) Working with Business Partners to Support Women's Lifestyles ① Initiate the AAA Award as an element in activities to support women's lifestyles ② Working with publishers to release books that introduce women who shine, regardless of age ③ Hold Successful Woman classes as activities to support women's dreams and lifestyles	P.42	
05. Enhancing Employee Satisfaction 	(1) Developing an Environment in which Anyone can Work Comfortably ① Consider work-life balance and improve the working environment ② Develop a workplace environment in which individuals with disabilities can work with peace of mind ③ Group-wide efforts for mental health care ④ Hold workplace participation days to help families understand the workplace ⑤ Make ongoing efforts to support the raising of the next generation of children, and obtained the "Kurumin" certification label	P.43	
	(2) Developing an Environment that Supports Women ① Actively supporting female employees in their career advancement ② Hold seminars to support the mental and physical health of working women ③ Support women's health and beauty through the menu in the employee's canteen	P.45	
	(3) Developing Human Resources for the Future ① Supporting the personal growth of each individual employee	P.46	

06. Promoting Better Understanding of Our Corporate Activities with Shareholders and Investors



(1) Setting Our Long-Term Vision

P.47

(2) Good Communications with Shareholders and Investors

P.48

- ① Shareholders' General Meeting
- ② Generous benefits and returns to shareholders
- ③ Expand investor briefings and pursue active communication

07. Environmental Considerations



(1) Care for the Environment in Offices

P.49

- ① Reduce energy consumption in group companies

(2) Care for the Environment in Production Divisions

P.50

- ① Continuously considering the environment in production activities
- ② CO₂ emissions reduction in production activities
- ③ Introducing solar power generation systems for harmony with the environment
- ④ Promote recycling of industrial waste
- ⑤ Continue developing environmentally friendly products

08. Working with Communities



(1) Regional Development and Stimulus for Local Industry

P.53

- ① Continue the "3-9 Project" to carry Japan's proud artisanship into the future
- ② Continue partnership with producers

(2) Contribution to Communities

P.54

- ① Continuing beauty volunteer work at institutions and hospitals nationwide
- ② Use the opportunity of skin checks to collect donations for the wider use of cervical cancer testing
- ③ Expand factory visits to deepen the understanding of our business in local communities
- ④ Operating the community "Bihada Café" to support female dermatologists

(3) Activities to Support Child Raising and Education

P.56

- ① Provide various forms of educational support, from elementary school to universities
- ② Use music to support orchestras of parents and children from child raising households, and community orchestras
- ③ Stage events as support activities in child raising condominiums

09. Contribution to Society



(1) Supporting Recovery from the Great East Japan Earthquake

P.57

- ① Continuing sales of special regional products from disaster areas to support recovery from the Great East Japan Earthquake
- ② Carrying on activities in the "ITSUMO-Project", a recovery support project
- ③ Donating cosmetics and other supplies to encourage mothers and children in disaster areas

(2) Environment Beautification and Conservation Activities

P.58

- ① Implementation of a nationwide cleanup day on the anniversary of our foundation
- ② Cleaning of Mt. Fuji to commemorate the occasion of the launch of cosmetics using natural water from the mountain
- ③ Participation in the "Ginza Avenue Cleanup Campaign" cleaning activities
- ④ Continuous implementation of environmental beautification and cleaning activities with close community links
- ⑤ Participation in events against the Tokyo heat island phenomenon

(3) International Social Contribution Activities

P.60

- ① Continued implementation of TFT as support for famine relief in developing countries
- ② Support Pink Ribbon activities to protect the health of women around the world
- ③ Continue the Ecocap Movement that delivers vaccines to children around the world
- ④ Continued implementation of mangrove planting and support for the social advancement of women in Thailand
- ⑤ Implement environmental improvement activities at Gwanaksan, South Korea
- ⑥ Implement donated sales to support educational activities in Laos and Ghana

(4) Activities to Support Art and Culture

P.62

- ① Operate the Ginza Gallery to make arts and crafts more accessible
- ② Provide research findings on cosmetics and culture widely in society
- ③ Continue presenting "Pola Traditional Culture Awards" to promote traditional culture in all regions of Japan
- ④ Subsidize young artists and support the operation of the Pola Museum of Art

01. Maintenance of Corporate Governance

(1) Promotion of the CSR Management System

① Stable management through governance system development

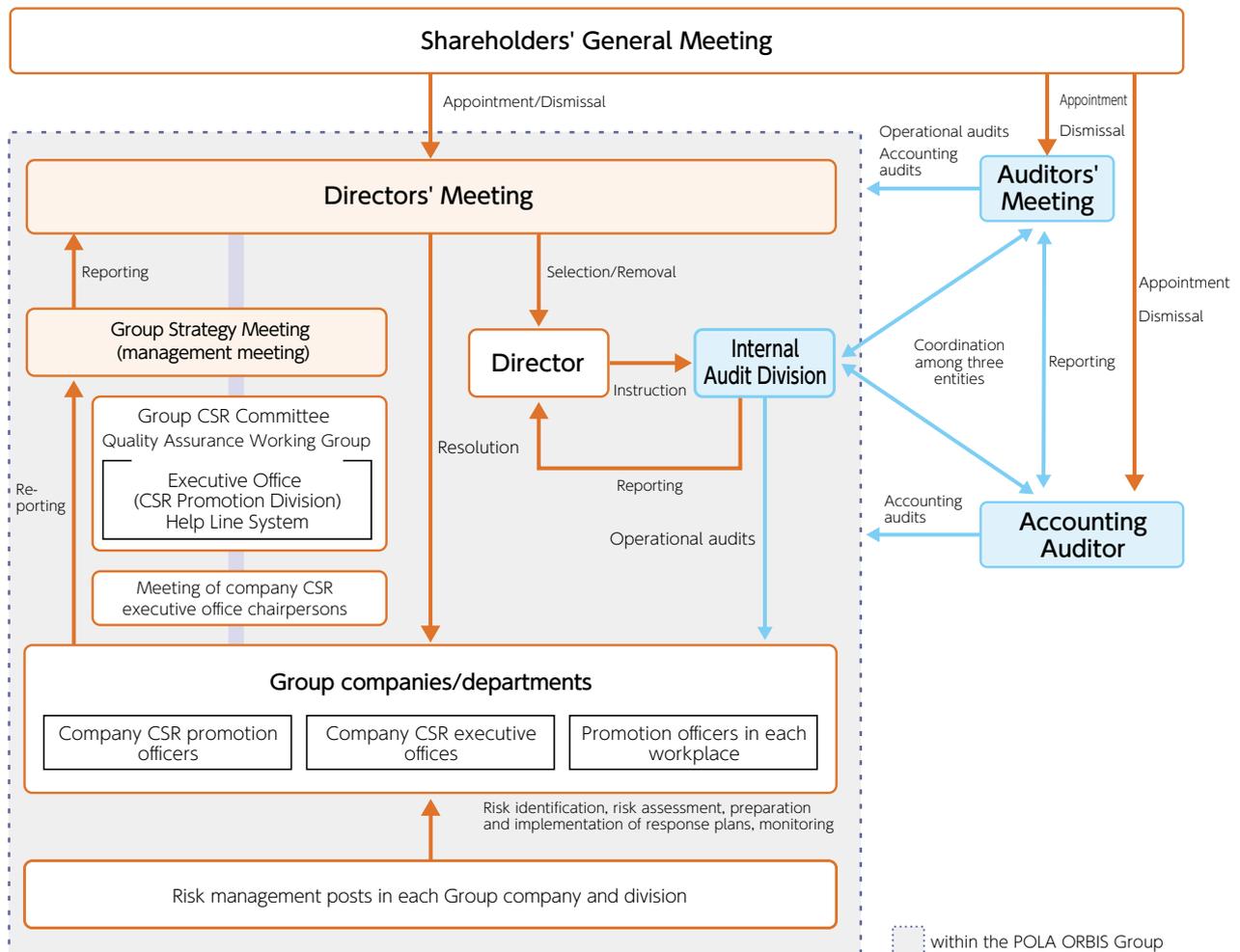
Group Strategy Meetings (management meetings) are held to report and deliberate on important matters, for the purpose of increasing the profits and supporting the development of the Group as a whole.

The Auditors' Meeting, which audits all areas of management, consists of three auditors (two of whom are external auditors). They attend the Shareholders' General Meeting, Directors' Meeting, Group Strategy Meeting and other events, gather reports from employees and accounting auditors, and supervise the executive work of the directors.

The Internal Audit Division assesses potential risks that could occur in business, gives advice on improvements, and works with accounting auditors to make auditing efficient.

The promotion of CSR activities centers on each company's CSR promotion officer, and each company has a CSR executive office and workplace promotion officers to support the work of the CSR promotion officer.

The Basic Governance System of the POLA ORBIS Group in 2012



02. Reinforcing Compliance

(1) Understanding of CSR and Strict Observance of Basic Policies

The POLA ORBIS Group's Basic Policy on Compliance Management

1. Directors, Corporate Officers, and other Managers recognize it is their responsibility to realize the spirit of the code of conduct. This can be achieved by taking the initiative and constantly keeping track of voices from inside and outside the company, building effective internal systems and rooting them firmly within the company, and making sure trading partners are aware of them. In the event of a legal infraction or other violation of the code of conduct, top management must personally engage in problem solving, identifying causes, rapidly devising corrective measures, working to prevent recurrence, and applying strict punishments as necessary, including to themselves.
2. All Directors and employees strictly observe the "POLA ORBIS Group Code of Conduct".
3. Appoint a Director (officer) in charge of group-wide promotion of all aspects of CSR, including compliance, establishing a CSR Promotion Office as the body in charge, implement education and training programs, run the Help Line system, and other measures.
4. Use questionnaires and interviews for internal monitoring surveys, implementing various internal and external audits, and devising improvement policies to build an upward spiral. These questionnaires and interviews should be used to incorporate such measures into performance reviews as necessary.
5. While creating a compliance basis, further make the areas of fundamental, business and selective CSR activities a group-wide effort, while also addressing them in close collaboration with business and trading partners.

① Promoting the understanding of CSR and ensuring strict compliance by all employees

The POLA ORBIS Group Code of Conduct (referred to below as "the code of conduct") was enacted as the standard of behavior for putting the CSR charter into effect. Additionally, all Directors and employees honor the corporate law and social ethics by strictly observing the rules laid down in the code of conduct.

The POLA ORBIS Group CSR Handbook, which states the code of conduct and other content, is distributed to all Directors and employees, all of whom sign written pledges to comply with it; and all are thoroughly aware of the content and follow it. The cover has a check box, and all personnel read the code together semiannually, and check the box.



POLA ORBIS Group
CSR Handbook

02. Reinforcing Compliance

② Using internal awards to promote understanding of CSR activities

The POLA ORBIS Group CSR Award was established to honor departments, groups and individuals who actively engaged in CSR activities, and to support their efforts and publicize them within the group.

For fiscal 2012, one President's Award was presented as described below.



Recipients of the Fiscal 2012 POLA ORBIS Group CSR awards

Fiscal 2012 (Sixth) POLA ORBIS Group CSR Award, President's Award and Meritorious award

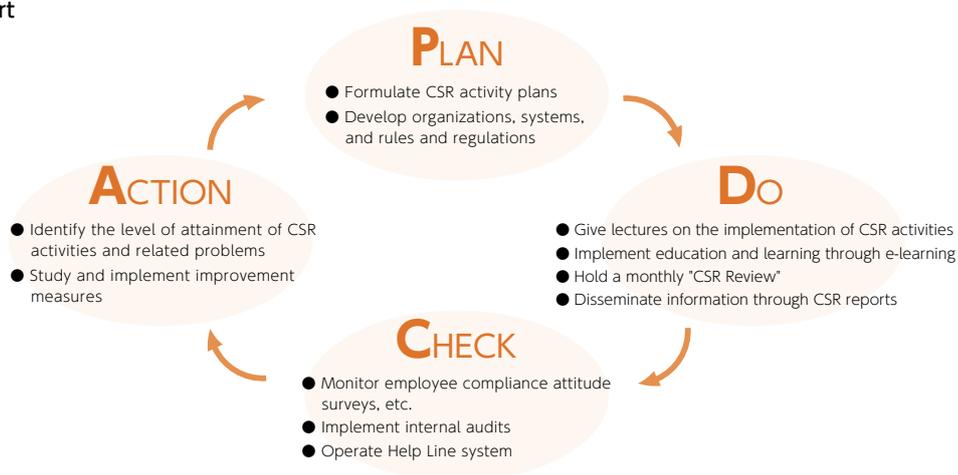
Award	Award Theme	Reason for Awarding	Related page
President's Award	<p>This research was the first in the world to identify a new gene related to spots formation, and helped raise customer satisfaction and corporate value.</p>  <p>Tomonori Motokawa, Skin Scientific Research Division, POLA CHEMICAL INDUSTRIES</p>	<p>At the 2012 IFSCC Johannesburg Congress, received the most meritorious award in the poster presentation category demonstrating the group's technical prowess in Japan and overseas.</p>	P16
Meritorious award	<p>Two consecutive years as No.1 in mail-ordersales industry category of Japan's largest customer satisfaction survey, the Japanese Customer Satisfaction Index (JCSI) survey of 2012</p>  <p>Masaki Okawa, Manager, Mail Order Business Division ORBIS Inc.</p>	<p>Held the No.1 position in 2011 and 2012. Since POLA's foundation, the entire Group has pursued customer satisfaction, resulting in good assessments from outside agencies and helping to enhance its image and recognition level.</p>	P38
	<p>The publication of "Viva den" was a new opportunity for the Group to introduce and show its support of the active careers and lifestyles of POLA Ladies.</p>  <p>Nobue Iwata, Chief of Tokyo Kosugi Sales Center, East Tokyo Area (Age: 93) * The age listed is at the time of this interview</p>	<p>Since POLA's foundation, it has continuously provided employment opportunities for women, and woman-friendly working environments for POLA Ladies. "Viva den" features 11 POLA Ladies who are at the age of 90 years or more, and introduces their active careers and their views on life. The book widely publicized POLA's activities supporting women.</p>	P42

(2) Strengthening Risk Management

① Implementation of the risk-reduction plan through the PDCA cycle

Besides strict observance of the law, the POLA ORBIS Group takes compliance to include observance of the spirit of the law, of the company philosophy, and of the code of conduct. It runs through the PDCA cycle to reduce risks, while conducting business activities in a fair and impartial manner.

PDCA Cycles Chart



② Reinforce risk management through strict application of internal controls

In order to ascertain the various risks in business activities as well as develop and utilize a risk management system that is appropriately responsive, the Group sets in place a "Basic Policy on Internal Control Systems" in accordance with the principles of corporate law. To ensure full understanding and awareness by all employees, the policy is disseminated by means of company intranet and other channels.

At each Group company, risks are reviewed through resources such as annual compliance awareness survey results. These risks are then prioritized and a "Risk Reduction Plan" is formulated. In keeping with the PDCA cycle, the progress of the plan is supervised through quarterly meetings of CSR Executive Office Managers.



POLA ORBIS Group CSR Executive Office Manager meeting

02. Reinforcing Compliance

③ Implementation of group-wide training based on adoption of a Business Continuity Plan (BCP)

Drawing on the experience of the 2011 Great East Japan Earthquake, the POLA ORBIS Group has formulated a Business Continuity Plan (BCP) concerning initial responses of each Group company.

A group-wide BCP drill was implemented on April 17th, 2012 to verify the efficacy of the planned initial responses, resulting in several issues being raised by each company. The principal issues were laid out in the form of an issue response management chart which is shared and the progress monitored by the entire Group. In particular, the drill revealed that too much time was taken to verify employee safety and welfare, indicating the necessity of prompt group-wide verification. The introduction of a new Groupwide management system to check employee safety is under consideration, and it is scheduled to go into effect from April 2013.

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BCP basic plan contents

④ Implementation of simplified data security diagnosis and improvement plan progress management

Between November 2011 and April 2012, the POLA ORBIS Group underwent a data security diagnosis of 13 companies by an external agency (FUJITSU FIP CORPORATION) according to ISMS standards, to investigate and analyze the security status of each company from a professional and objective standpoint. As a result, several issues including data security vulnerabilities were identified and an improvement plan was set in place with its progress managed on a semiannual basis.



Data security diagnostic service report

⑤ Consider handling of SNS and start creating rules

Responding to trends such as the shift in customers' purchasing behavior to social network services (SNS), the demand for two-way communications with companies, and the increase in Internet users brought about by the rapid spread of smartphones, the POLA ORBIS Group has commenced the development of rules and regulations aimed at protecting both business and employees through the use of social media.

Specifically, an interdivisional working team was established within POLA ORBIS HOLDINGS in October 2012, and is compiling social media policies and draft guidelines. From fiscal 2013, a group-wide program combined with social media education will be implemented for all employees.



The ORBIS top page on Facebook

(3) Continuation of CSR Education

① Implementation of e-Learning sessions and seminars for all directors and employees

The Group is working to instill understanding and awareness of compliance in all directors and employees.

In 2012, 13 lectures entitled "What if There Was a Major Earthquake? What Everyone Needs to Know" were held for all Group directors and employees. Also, to follow up on those who were unable to attend, a video of the proceedings were presented to ensure a thorough understanding of the content. A series of e-learning sessions were conducted on four themes: "CSR Activities of the POLA ORBIS Group", "Take Care of Data Management", "BCP and Disaster Prevention", and "Making Workplaces Easy for Everyone to Work In". Employees who do not have access to an online environment were provided "Key Points of CSR", a summary of the e-learning content.

The month of September is designated as "Think About CSR" month, in which CSR issues, including compliance, are raised in each company, with activities for related improvements.



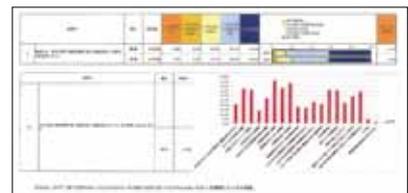
"What if There Was a Big Earthquake?" lecture

(4) Implementation of Monitoring

① Identification and improvement of issues through employee awareness surveys

To make an objective assessment of the degree of permeation of compliance, an employee compliance awareness survey was implemented to identify issues.

Survey results from 2012 confirmed issues such as data security, a workplace environment in which it is difficult to get paid leave, and the continued existence of harassment, despite ongoing improvement. We are watching these situations in each company, formulating action plans to improve each one, and working to remedy the problems.



Employee compliance awareness survey

② Risk reduction and infraction prevention using the Help Line System

By implementing a Help Line System that allows the Group's directors and employees to report or discuss issues, the POLA ORBIS Group is able to directly identify internal risks, allowing it to respond with preventative or corrective measures. In 2012, over 80% of reports and consultations concerned workplace environments, of which the majority were confirmed to be occurring in divisions away from headquarters.

The Help Line System



03. Enhancing Customer Satisfaction

(1) Reinforcement of Quality Assurance System

Basic Policy on Quality Assurance

The POLA ORBIS Group puts customer satisfaction first, providing products of high quality and functionality, suitable for each brand, so that our customers can use them with safety and peace of mind.

1. We endeavor to respond to customer feedback and strive to further improve the quality of our products while keeping in mind customer satisfaction as our top priority.
2. We strive to manufacture and sell products that are available for customers' safe use with the proven benefits and safety underpinned by the latest science.
3. We strive to ensure the satisfactory quality of our products through their entire life cycle from the product planning stage to the end-user.
4. We comply with laws and regulations in all aspects of our corporate activities and strive to research, manufacture and sell our products in cooperation with policies outlined by public administrative bodies.
5. Our management strives to establish a highly transparent management structure to practice the most appropriate quality assurance.

① Strengthen quality assurance system in line with basic policies

In line with the Basic Policy on Quality Assurance, the Subcommittee on Quality Assurance was established as an internal organization across the Group within the Group CSR Committee. The subcommittee consists primarily of the QA supervisors of the respective Group companies and engages in the following tasks: 1) streamlining Group-wide responses to quality assurance, as well as the control environment that entails various regulations, codes and rules; 2) identifying quality-related issues; and 3) following up on the quality assurance system, monitored results and improvement plan of each Group company.

The Group organizes a systematic quality assurance structure that includes the "Quality Review Meeting", the "Production Design Evaluation Meeting" and the "Committee for Promoting Quality". In addition, the Group endeavors to grasp quality-related, after-sales information to improve quality where necessary in order to further increase customer satisfaction throughout the life cycle of its products.

In 2012, the ISO9001 certifications of each business office was integrated and unified. Also, to further enhance quality, the Group initiated its "Quality A (First)" program, a quality improvement effort based on the viewpoint of third-party agencies. In addition, quality-related issues and problems in the production sector are tabulated on a weekly basis, and the information is with related departments as a weekly report.



Quality Manuals

Quality Assurance Characteristics of the POLA ORBIS Group

Quality-related review

- ① Safety
- ② Stability
- ③ Usability
- ④ Usefulness
- ⑤ Labeling
- ⑥ Container and packaging guarantees

Product life cycle-related deliberations



(2) Enhancing Customer Handling Ability

① Reflect customer needs in business activities and provide better service

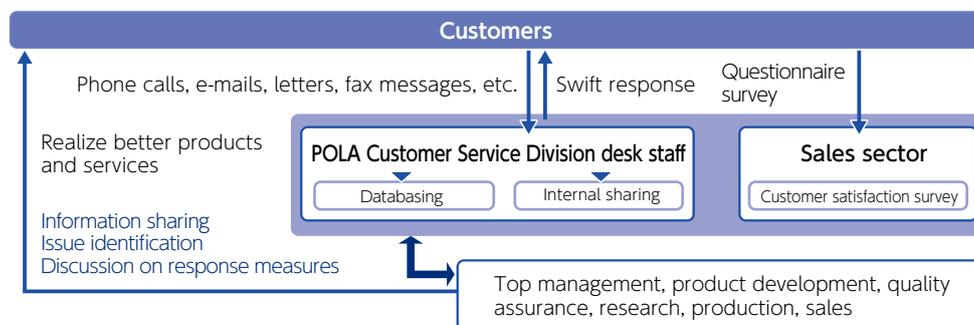
In order to integrate customers' opinions and requests in POLA's products and/or services, customer claims are circulated with weekly bulletins and reported in monthly management meetings. Moreover, the information is swiftly provided to various sectors including product planning, research and development and production to implement various improvements to new product design, functional improvement, the amelioration of ingredients and/or containers, and the optimization of product labels and ads.

In 2012, there were 20,867 inquiries from customers, an increase of 103.1% over the previous year. To provide customers with an even better level of service, monthly study meetings for customer service staff were held, covering the PR points of new products, telephone manners and other content. Moreover, Groupwide customer service exchange meetings are held twice a year (August and December), to share information regarding matters such as customers' skin problems and their remedies, and how to handle queries about product quality.



POLA Customer Service Division

Customer's voice feedback mechanism



② Continue improving telephone manners, and raise service quality

Recognizing the major significance of how well operators respond to customers who directly contact the company by telephone, ORBIS implements mystery calls, telephone service competitions, questionnaires to customers, and other tools to improve service.

In 2012, ORBIS was awarded the Excellence Prize at the "Corporate Telephone Response Contest (Call Center category) for the Southern Tokyo Area" organized by the Japan Telecom Users' Association. In one of Japan's largest surveys of customer satisfaction, run by SPRING, ORBIS was No.1 for two consecutive years in the Internet shopping and mail-order industry category. For ORBIS, these achievements are considered as recognition of its commitment in the pursuit of convenience from a woman's perspective, the quality of its telephone response and other related efforts.



ORBIS Call Center

03. Enhancing Customer Satisfaction

(3) Realizing Services that Reflect Customer Needs

① Extending "Moving Salon" mobile stores nationwide to assist customers who find shopping inconvenient

POLA started running its "Moving Salon" mobile store in October 2011 to provide customers living in areas without easy access to shopping in department stores and high-class boutiques with chances to enjoy shopping in a luxurious space. The second vehicle started running in June 2012. During a visit to Okinawa prefecture in December, the Salons had visited all 47 prefectures, delivering products to customers nationwide. By delivering products directly to consumers, the Moving Salons are an example of POLA getting back to its roots. Offering a comprehensive range of services that is well-received by customers, the mobile stores identify customer needs in advance and expand their product selections accordingly.

The record of the Moving Salon to date

Numbers of visited venues (October 2011 to the end of December 2012): 351 venues (2011: 54 venues, 2012: 297 venues)

Numbers of visitors (October 2011 to the end of December 2012): 19,301 (2011: 3,062, 2012: 16,239)

Total distance traveled: 86,649km (total distance traveled by bus No.1 and bus No.2, from October 2011 to the end of December 2012)



The Second Moving Salon Bus

② Meeting customer's requests by realizing nationwide next-day delivery, and same-day delivery in major cities in Kanto and Kansai regions

In February 2012, ORBIS utilized the latest IT digital technology to put the ORBIS West Japan Distribution Center (Nishinomiya City, Hyogo Prefecture) as the company's first logistics center of its own for Western Japan. We also consolidated three existing logistics centers in the Kanto region into the ORBIS East Japan Distribution Center (Kazo City, Saitama Prefecture). Building a two-center east-west system enabled us to deliver products by the next day nationwide, as well as to deliver same-day to major cities in the Kanto and Kansai regions; with product traceability, reduced logistics costs, and reduced disaster risks. We also meet customers' needs to receive deliveries away from home by partnering with Yamato Transport to allow customers to pick up deliveries from a convenience store that they specify, which proved to be a more convenient arrangement.



ORBIS East Japan Distribution Center

③ Implementing discussions with customers to coincide with new product launches to identify what customers are saying

In 2012, decencia ran its regular annual customer discussion meetings once again. It invited customers in March and September to coincide with product launches, as well as to introduce new products and provide counseling about skin problems. Customers at the venues gave their impressions of the new products and expressed what they wanted from decencia. The customer input was taken back to the company to be reflected in future product development and service provision.



A decencia customer discussion meeting

④ Hold free skin disease consultations and open public courses

Two days prior to "Good Skin Day", POLA-PHARMA organized free consultation sessions for skin disease and "skin-friendly makeup advice" in Numazu City on November 10, 2012. At the same time, the company held a lecture on "Tips About Feet and What People May Not Know About Feet" by Dr. Hata of the Numazu Municipal Hospital, which was attended by approximately 120 people.



Poster announcing public courses

⑤ Implement questionnaire surveys for women and raise the quality of the operation of major buildings

In 2012, P.O. REAL ESTATE conducted a questionnaire survey of female employees of their tenant in the buildings, aiming for further improvements in service by continuing to provide comfortable environments for building users. The findings were reflected in building management and operation that meet tenant needs in areas such as office sanitation and restroom redecoration.



POLA Shibuya Bldg.

Package designs, produced to delight customers, are highly regarded in Japan and overseas.

FUTURE LABO White Diamante Beauty Hand Essence

- The Japan Packaging Contest
Won awards in the good packaging and the cosmetics packaging categories
- Tokyo Pack 2012
Publicly exhibited as a work of merit

Working together with a container printing company, FUTURE LABO's in-house designers applied the latest in printing technology to produce even more attractive products. This teamwork resulted in the development of low-cost, high quality package designs which earned high praise and recognition as well as the company's first prestigious award.



POLA "B.A RED"

- The Japan Packaging Contest
Won an award in the cosmetics packaging category
- World Packaging Organization (WPO)
Won the World Star Prize



POLA "B.A The Makeup"

- Red Dot Design Award 2012
Won the Red Dot Award
- Won the 2012 Pentaward
- Won the iF Design Award



pdc "love fille"

- The Japan Packaging Contest
Won an award in the cosmetics packaging category



04.

Achieving Further Progress in Collaboration with Suppliers

(1) Strengthening Links with Suppliers and Business Partners

① Support the development of the next generation of female entrepreneurs and leaders

POLA offers a program that allows its sales force of approximately 145,000 POLA Ladies to continue their work throughout the various stages of their lives such as marriage, maternity and childcare by enabling them to tailor their sales activities in accordance with their personal requirements. Furthermore, the company offers them a rich educational curriculum, so that they can learn skills in areas such as aesthetic treatment and makeup. Through these and other efforts, POLA provides employment opportunities for women to support their advancement in society.

2011 saw the start of the "Sales Branch Manager University", a program run by top class, POLA Lady sales branch managers to train fellow POLA Ladies into sales branch managers who are capable of achieving annual sales of over ¥100 million. 42 POLA Ladies attended in 2012, which marked the second year of the program. As a business that provides a workplace for the active involvement of women, the company places value on "supporting the business success" and "nurturing the entrepreneurship" of women. In keeping with this stance, POLA will continue to support the creation of the next generation of female leaders.



Honjo, Sales Branch Manager and University lecturer

② Working with stores to better deal with customers and enhance service

ORBIS works together with store operators in large shopping centers and other leading distributors to improve everyday customer facing. In line with this endeavor, the company participates in various customer service contests. In 2012, the company achieved excellent results in events such as those listed below. The skills gained through actively engaging in opportunities such as these are effectively applied to the company's everyday customer services.

- "Shopping Center Customer Service Role Playing Contest", organized by the Japan Council of Shopping Centers L-MYLOD, SHIN-YURIGAOKA branch: Kanto-Koshinetsu Championship runner-up/AEON MALL KOBE-KITA branch: Kinki Championship runner-up

- AEON Tenant Stores Roleplaying Contest

AEON MALL KOBE-KITA branch: won the Hanshin-Kobe Block Championship's Award of Excellence, placed in the Kinki Championship, and entered the National Championship

- Mystery Shopper In-store Contest

AEON MALL KOBE-KITA branch: ranked No.1/AEON MALL KOCHI branch: ranked No.1/Yumetown TAKAMATSU branch: ranked No.1



There are approximately 110 branches of ORBIS The Shop throughout Japan.

VOICE

"Customer Service" is an important keyword for making shopping malls attractive places that customers can enjoy.

Junichi Kobayashi
General Manager
AEON MALL,
KOBE-KITA



We believe that we must create an environment in which customers can comfortably spend their time. Moreover, our major role is to provide the staff members of each tenant store with an environment that makes serving customers easier, heightens their awareness of customer service, and allows them to improve its quality.

We are very impressed with ORBIS's earnest efforts. These efforts have not only benefited ORBIS, but have been a major, positive influence for several tenant stores in AEON MALL KOBE-KITA. We intend to continue working together with ORBIS to ensure the satisfaction of our many customers.

(2) Working with Business Partners to Support Women's Lifestyles

① Initiate the AAA Award as an element in activities to support women's lifestyles

In 2012, POLA started the AAA Award for its business partners. It is awarded to POLA sales centers that carry on activities contributing to society and to their communities, and to POLA Ladies who continue to shine, regardless of age. The 2012 Grand Prix in the organizations category was awarded to the staff of the Akita Sakura Sales Center in the Northern Tohoku area, who "wanted to show their gratitude to their community" through its cosmetic volunteer activity, an undertaking that started in 1992 and has continued for over 20 years. The Grand Prix in the individual category was awarded to Sanae Morimoto of the Higashi Ichikawa Chuo Sales Center in the Chiba area. 81 years old at the time of the award, Morimoto has been with POLA for 53 years and is adored by numerous customers. She is also passionate about educating the younger generation of POLA staff members and continues to shine as a leader among the POLA Ladies. True to her motto of "Action", she drives her car over 40 km a day. Her overflowing vitality is the very ideal of AAA.



The ladies of Akita Sakura Sales Center and the people of "Sakuranosono" nursing care facility.



Sanae Morimoto, Higashi Ichikawa Chuo Sales Center, Chiba Area

② Working with publishers to release books that introduce women who shine, regardless of age

In an alliance with Kodansha Ltd., POLA released "Bijin Denshin", a book featuring 15 women and their anti-aging lifestyles. This was followed by "Viva den" in November 2012, a book that introduces 11 POLA Ladies who are over 90 years in age and still actively engaged in their work.

In the 84 years since its foundation in 1929, POLA has continuously provided employment opportunities for women and woman-friendly working environments. Moreover, there are many women who have built long careers with the company, several of whom are over 90 years in age. The publication of "Bijin Denshin" and "Viva den" widely introduces the lifestyles of women who remain active regardless of age, providing encouragement and inspiration to many other women.



"Bijin Denshin", the AAA Declaration's bible with tips for leading a life of beauty (Editorial Supervision by Ueshima Keiji and published by Kodansha Ltd.)



"Viva den", stories of 11 women who are over 90 years in age and are beautifully active in their work (Written by Maki Tsuchimoto and published by Kodansha Ltd.)

③ Hold Successful Woman classes as activities to support women's dreams and lifestyles

POLA teamed up with planning producer Taeko Tsugiyu in 2012 to hold "Lectures by Successful Women x AAA", an adult-oriented learning experience for realizing the dreams of women. The guest lecturer for the April event in Tokyo was Japanese paper designer, Eriko Horiki, and the November events in Tokyo, Sendai and Nagoya featured singer and actress, Mari Natsuki. Their uplifting lectures were an inspiration to several women. Also, between July and December, the company held "AAA College" seminars for POLA Ladies around the country, to support women's lifestyles. The seminars, at 12 locations nationwide, invigorated and encouraged the attending POLA Ladies who numbered approximately 2,390 individuals.



"Successful Woman class" in April

05. Enhancing Employee Satisfaction

(1) Developing an Environment in which Anyone can Work Comfortably

① Consider work-life balance and improve the working environment

The POLA ORBIS Group is endeavoring to promote the "Refreshment Leave System" and "No Overtime Day", in an effort to develop a working environment that takes into consideration work-life balance. The Group average annual acquisition rate of paid holidays was 54.5% in 2012. The average monthly overtime per employee was 10.6 hours in 2012, down by 2.3 hours. To raise awareness towards the promotion of work-life balance, POLA conducted "Work-Life Balance Seminars", lectured by Yoshie Komuro, in May (for directors and managers) and August (for general employees). In the second half of the year, the Group organized three "Workstyle Review Study Groups" for managers, with approximately 20 managers participating and deepening their insights into workstyle management at the team level.



Work-life balance seminar by Yoshie Komuro

② Develop a workplace environment in which individuals with disabilities can work with peace of mind

The POLA ORBIS Group is working to build a workplace environment in which employees with disabilities can work comfortably. POLA CHEMICAL INDUSTRIES, in particular, is working hard to improve its facilities. At the Fukuroi factory, the restroom near the demo room entrance was remodeled to be easily accessible to persons with disabilities. Also, a stairway elevator was installed between the first and second floors of the welfare wing of the Yokohama Research Center.

As of December 2012, the employment rate of individuals with disabilities was 1.61% at POLA, the Group's leading company, 1.67% at ORBIS, and 2.32% at POLA CHEMICAL INDUSTRIES. The Group intends to continue raising these employment rates.



POLA CHEMICAL INDUSTRIES, stairway elevator in the welfare wing of the POLA Research Center

③ Group-wide efforts for mental health care

The POLA ORBIS Group is engaged in promoting mental health care at a Groupwide level, an effort which includes the establishment of dedicated contacts for mental health consultations by telephone, e-mail, or face to face, as well as setting up an environment which advice and treatment from specialist doctors at Health Management Centers are readily available. The Group has also begun implementing measures to prevent the onset of mental health problems, such as stress checks followed by guidance to the appropriate employee assistance program (EAP) based on the test results. In addition, all Group companies are involved in determining a standard for returning to work after leave.



Website for checking mental "toughness"

④ Hold workplace participation days to help families understand the workplace

In August, POLA held its first Family Day, providing an opportunity for family members of employees to visit the workplace. The event was attended by 22 elementary school children led by five family members. The children gained a better understanding of the workplace through experiences such as the exchange of business cards and attending experimental classes. Participating employees stated that "seeing their mother at work inspired the children to be more cooperative at home" and that they felt "the children gained a better understanding of work". The families expressed that "the children seemed very happy to see their father's workplace" and that several "enjoyed the makeup lessons". All in all, the event was of significant benefit to the employees and their families.



POLA "Family Day" workplace visit

⑤ Make ongoing efforts to support the raising of the next generation of children, and obtained the "Kurumin" certification label

The POLA ORBIS Group is constantly working to support childcare. In April 2010, POLA was recognized by the Ministry of Health, Labor and Welfare for its efforts, earning the company the Ministry's "Kurumin" certification label. Likewise, POLA CHEMICAL INDUSTRIES also earned the mark in December 2012. Specific undertakings include raising the age limit for children covered by childcare flex time, the implementation of a special incentive leave program, the introduction of a once-a-week "no overtime day", and improving the acquisition rate for paternity leave. In addition, other active efforts continue such as the establishment of a communication forum and network for obtaining advice and information during leaves to facilitate an employee's return to work.



Company certification label for childcare support by The Ministry of Health, Labor and Welfare

VOICE

Involvement in childcare allows me to discover something new about myself every day.

Akira Haruta
Sales Division, No.2,
Sales Section
POLA CHEMICAL
INDUSTRIES, INC.



I took paternity leave a month after my daughter was born. My wife was scheduled to return to work, and we discussed sharing childcare duties. It was only natural that the next step for me was to take paternity leave. As soon as I started taking care of our baby, I was at a loss as to what I could do as there were so many things to consider such as milk feeding time, the baby crying at night; things only my wife (the mother) could handle. By taking paternity leave and working with my wife to take care of our child, I realized that care and consideration for my wife was just as important as tending to our baby. We were both new to parenthood, so when she felt uncertain about things, I did my best to provide unwavering support. Now our daughter is one and a half years old, and she calls me "Papa, Papa" every day; a nice benefit of my paternity leave. Our daughter's growth is now a positive force in my work!

05. Enhancing Employee Satisfaction

(2) Developing an Environment that Supports Women

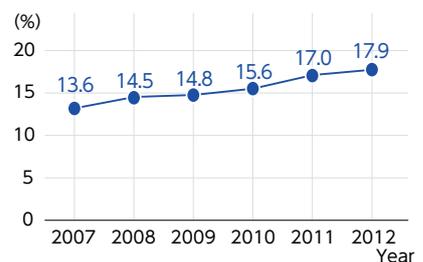
① Actively supporting female employees in their career advancement

The POLA ORBIS Group promotes measures such as expanding the areas in which competent and ambitious women can excel, and increasing the number of positions available to women including managerial appointments. The Group also strives to create an environment in which anyone with sufficient ability can build a career, regardless of age, nationality or mid-career hiring.

The domestic ratio of female managerial staff* for the overall Group was 13.6% in 2007, when the POLA ORBIS HOLDINGS structure was established, and has increased to 17.9% (including directors) in 2012.

*The average ratio of female managerial staff in Japan is 11.9% (Nikkei Shimbun, January 7th, 2013).

Change in the domestic ratio of female managerial staff for the overall Group



② Hold seminars to support the mental and physical health of working women

POLA organized an internal seminar with Dr. Ruriko Tsushima, obstetrician, gynecologist and director of the Women's Wellness Ginza Clinic. The seminar covered several issues including the manner in which the female body changes with age and environment, women's hormones as the key to their emotional changes, and the importance of gynecological checkups. Several of the participating employees commented that the seminar led to an increased awareness of personal health management, and that the event was "an invaluable opportunity to learn about the disorders specific to women" as well as "the importance of gynecological examinations".

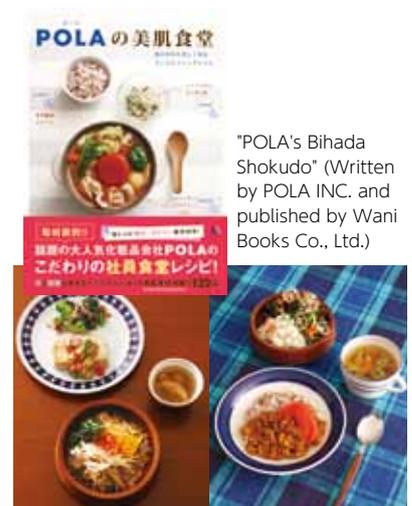


Seminar on "The mental and physical health of working women" by Dr. Ruriko Tsushima

③ Support women's health and beauty through the menu in the employee's canteen

POLA provides an employee canteen menu that is focused on the concept of "beauty from within". The menu selections offer a good nutritional balance and makes extensive use of ingredients said to benefit the skin, while keeping calorie counts at a minimum.

April 2012 saw the publishing of "POLA's Bihada Shokudo" for Beautiful Skin - Anti-aging Recipes to Beautify the Body from Within", a collection of 132 skincare recipes selected for their popularity with female employees from the employee canteen menu offerings. The publication is intended to offer an opportunity for individuals outside of the company to enjoy these specially prepared recipes at home.



"POLA's Bihada Shokudo" (Written by POLA INC. and published by Wani Books Co., Ltd.)

Specially prepared selections from the employee canteen menu

(3) Developing Human Resources for the Future

① Supporting the personal growth of each individual employee

The POLA ORBIS Group provides education and training opportunities across the entire Group to select and develop human resources who are capable of globally playing an active role in the Group's growth. These opportunities include the Top Management Development Course for employees in their 30s and 40s, as well as the Future Study Group that focuses on employees in their late 20s for the development of executive candidates. Furthermore, each group company is offering level-specific training opportunities, implementing such programs as stratified training and management ability training. The Group has also prepared a self-development correspondence course of 150 lectures grouped according to work and career requirements.



Top Management Development Course

Education systems for developing human resources

Target Level	Training Objective	Training Program		Self-education Support	Other
Executive level	Training as management	Implemented across the Group	Implemented in each Group company	Correspondent courses and attendance aid e-Learning self-education programs	CSR and compliance education
Administrative level	Acquisition of abilities required in next-generation managers	Top Manager Development Executive Candidate Development Program	Management ability training		
Staff level	Ability expansion through diverse experience	Top Management Development Course Future Study Course	Various types of stratified training Various subjects training		
New employees	Learning basic skills as a business person		New employee training		



The "Top Management Development Course" made me aware of the link between my own personal growth and the growth of the company.



Hiromi Kumamoto
Executive General Manager,
Product Planning Division
ORBIS Inc.

The course had me struggle with the subject of "Raising One's Perspective", and the most impressive part of it was the dialogue with top management. Exacting and precise question and answer sessions unfolded in response to individual work improvement proposals. Through these sessions, I gained valuable insights from experienced-backed discussions, about the meaning of management principles, how a manager should act, and the importance of possessing an eye for seeing the unseen. I clearly remember the question "Before one is a manager, what kind of a person should one be?" I intend to continue challenging that question.

06. Promoting Better Understanding of Our Corporate Activities with Shareholders and Investors

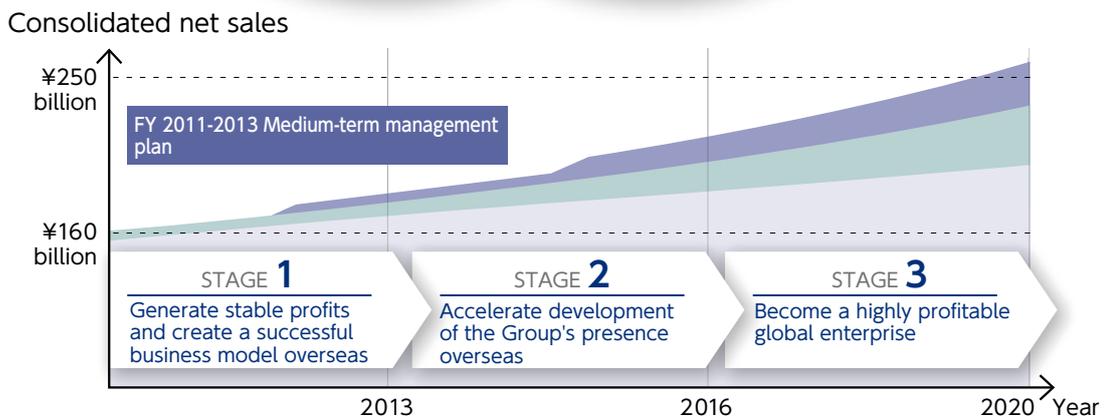
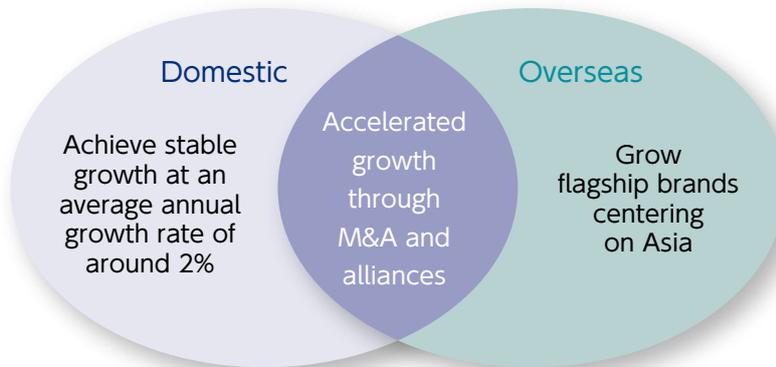
(1) Setting Our Long-Term Vision

Long-Term Vision -Targets for 2020-

To ensure further growth and create additional corporate value, we formulated a long-term vision for the POLA ORBIS Group that looks ahead to 2020 and embarked on a medium-term management plan that runs from fiscal 2011 through fiscal 2013. We will draw on three areas of strength—skincare development technology, direct selling and a global network—and emphasize business practices designed to achieve stable domestic growth and accelerate development of the Group’s presence overseas with the aim of becoming a global organization in the field of beauty and health.

Management Indicators

- Consolidated Net Sales**
 ¥250 billion or more
- Operating Margin**
 13-15% (Top level in the industry)
- Overseas Sales Ratio**
 20% or more



(2) Good Communications with Shareholders and Investors

① Shareholders' General Meeting

The POLA ORBIS Group's Sixth Shareholders' General Meeting took place on March 29th, 2012 at the Shinagawa Prince Hotel. More than 700 shareholders attended, achieving significant communication through exchanging views. A Beauty Seminar was staged after the Shareholders' General Meeting. It was particularly well-received by female shareholders, and also served to deepen their understanding of our Group.



The Sixth Shareholders' General Meeting

② Generous benefits and returns to shareholders

The POLA ORBIS Group aims for a stable base dividend of ¥40 per share, with increased dividends corresponding to increased profits. The annual dividend for fiscal 2012 is projected at ¥50 (¥25 as an interim dividend, and ¥25 as a year-end dividend), a ¥5 increase from fiscal 2011. Also, as a shareholder's benefit, those holding one unit (100 shares) or more are awarded points corresponding to the number of shares held and the duration of the holding (one point is equivalent to ¥100). These points can be used to select products from a number of themes, so that shareholders can select gifts matching their tastes. With reference to opinions from our shareholders, we have added items for men and products from Jurlique, which joined the Group in February 2012, to the selection of gifts to raise their awareness of the POLA ORBIS Group.



Examples of gifts for shareholders

③ Expand investor briefings and pursue active communication

The POLA ORBIS Group is strongly aware of the public nature of a listed company, and maintains active communication with shareholders and investors. The Group held a total of 24 explanatory meetings for individual investors in 2012. Through these meetings over 1,800 individual investors were provided with relevant information including the Group's business strategy and vision for the future. In addition, periodical IR meetings conducted together with events such as skincare lessons were held exclusively for women investors. An undertaking that is unique to POLA, these meetings provide investors with the opportunity to actually touch and experience the products and services offered by the Group companies, and serve to promote a better understanding of the Group's activities.

The number of attendance responses for each of these meetings has been substantial, and the events have enjoyed the attendance of several female investors.



IR seminars for women, incorporating skincare lessons

07. Environmental Considerations

POLA ORBIS Group Environmental Policy

1. We strive to reduce environmental impact throughout the life cycle of products.
2. We strive to make continuous improvements and prevent contamination to the extent technically and economically possible by setting environmental goals.
3. We strive to develop environment-friendly products, save resources, conserve energy and minimize waste at our establishments in order to preserve and improve the global environment.
4. We comply with the laws, municipal bylaws and agreements with local governments (prefectures, cities, towns and villages), as well as voluntary standards, etc.
5. We strive to coexist with local communities and society and promote environmental preservation and improvement activities.

(1) Care for the Environment in Offices

① Reduce energy consumption in group companies

In keeping with its environmental policy, the POLA ORBIS Group is working to reduce energy consumption in the offices of Group companies. Various endeavors including energy-saving efforts on the part of employees as well as the reduction of electricity use resulting from No Overtime Day resulted in office CO₂ emissions of 3,325 tons, 10% less than the previous year. Throughout the Group, efforts to save electricity continue in the aftermath of the 2011 East Japan Earthquake disaster.

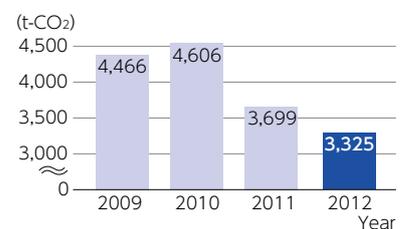
In particular, POLA has imposed rigid energy conservation measures including the decreased use of fluorescent lights and the installation of LED lighting, reduced operation of vending machines and elevators as well as the number of corridors in use, and set the temperature limit for summer air conditioning at 28°C.

KAYAKU established the Energy Conservation Committee which pursues activities such as gathering ideas on saving electricity from employees, running electricity saving patrols (checking usage of lights, 28°C air conditioner settings etc.), reducing the numbers of refrigerators and vending machines in use, installing demand controllers to check electricity usage, and visualizing that usage (presenting graphs of daily usage). Continuing from last year, the company also practiced "summer holiday shift", working on Saturdays and taking Mondays off, as the entire company cooperates in cutting weekday power consumption.

ACRO has installed air circulation fans with air conditioners and implemented the 28°C temperature limit rule for air conditioning.

Moreover, pdc, POLA-PHARMA, and P.O. TECHNO SERVICE actively engaged in efforts to cut summer electricity consumption.

Movements in CO₂ Emissions in POLA ORBIS Group Offices



KAYAKU Energy Conservation Committee

(2) Care for the Environment in Production Divisions

① Continuously considering the environment in production activities

The POLA ORBIS Group keeps track of the environmental loads generated by its production sector in accordance with the ISO14001 environmental management system (see table on p51), and directs its environmental activities towards four goals: "Prevention of global warming", "resource recycling", "risk management", and "communication and education".

Environmental targets and performance in the production activities in the POLA ORBIS Group

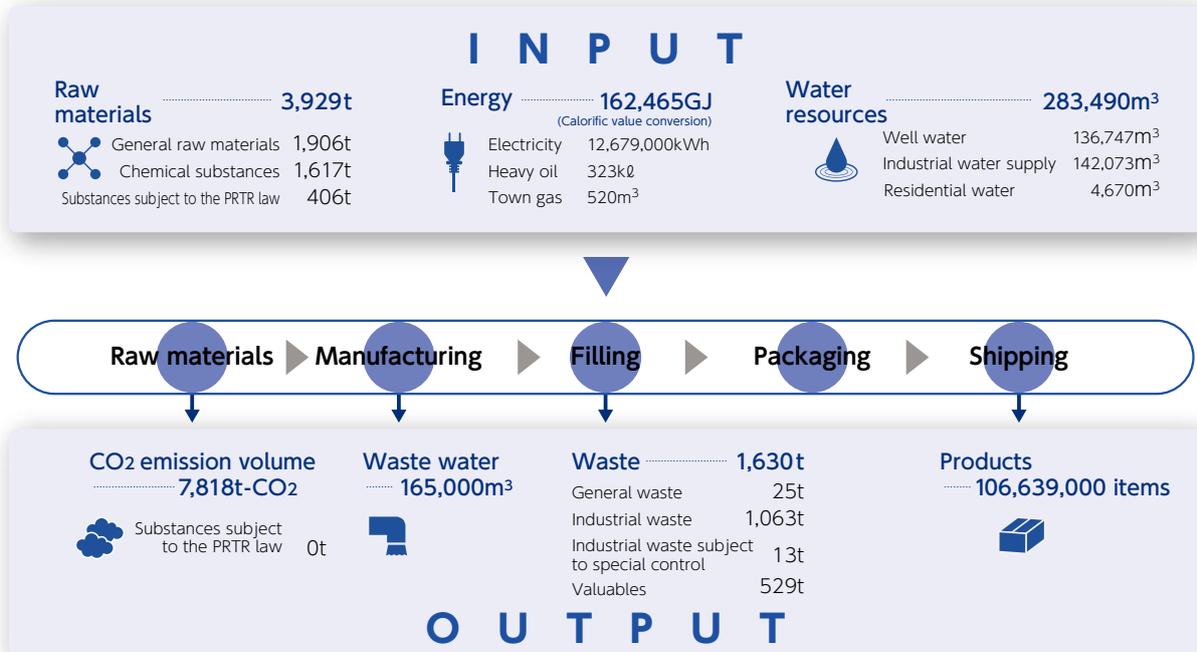
Key promotion tasks	Target items and values for 2012	Results in 2012	Self assessment
Prevention of global warming	CO ₂ emission volume 3% reduction from 2009 (7,633 t-CO ₂ or less)	CO ₂ emission volume was 7,818t, which fell short of the target. Aim to reach future targets through improved efficiency in compressors, which are major power consumers	★★
	Save energy by renewing and upgrading equipment	① Renewal of office air conditioners, etc. ② Adopting a solar power generation system ③ Transition to LEDs for street and site lighting	★★★★
Resource recycling	Reduce total waste output by 1% from 2010	Unable to achieve target, total waste generation was 1,630t Intend to achieve target by reducing production losses	★★
	Rate of valuable materials to total waste up 1% from 2010, exceeding 32.7%	Unable to achieve target, the rate of valuable materials to total waste was 32.5% Intend to improve the ratio by composting wooden pallet waste generated in the transportation of materials	★★
	Promotion of waste reduction and encouragement for recycling activities	Continue production loss reduction measures (for yield rate improvement) and reduction of waste water sludge volume Use waste processed plastic items from the company to make parking lot wheel chocks	★★★★
Risk management	Asbestos countermeasures	Apply sealing measures to fire-resistant materials (blown rockwool) (applied area: 971 m ²)	★★★★
	Thorough management of chemical substances	Provide education on managing chemical substances and training on handling organic solvents	★★★★
Communication and education	Active information disclosure	① Publication of a community environment newspaper (one issue) ② Exchange of views with local authorities near factories (May)	★★★★
	External exchanges	① Participation in Fukuroi City Environmental Company Exchange Meeting (February) ② Participation in volunteer activities such as shore cleaning and flower replanting ③ Environmental education outreach to schools (planned by the Shizuoka Industrial Waste Association, Chuen branch) ④ Green Walk activity (November)	★★★★
	Implementation of environmental education and publicity	① Inspection visits to other companies ② Internal environmental seminars for employees (twice) ③ Education of internal environmental auditors, and level advancement training ④ Implementation of internal ecological testing (twice) ⑤ Held "Environmental Kids" classes and conducted summer vacation factory learning experience program	★★★★

※Valuables ratio = quantity of valuables sold/ total quantity of waste

[Self evaluation] ★★★★★:Well done ★★:just a bit more effort is needed ★:More effort required

07. Environmental Considerations

The environmental load of production activities in the POLA ORBIS Group in 2012

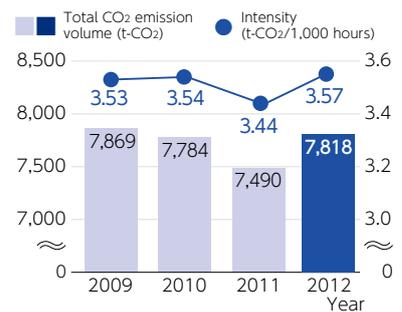


Coverage: POLA CHEMICAL INDUSTRIES' Fukuroi and Shizuoka factories; outsourced and overseas factories not included.

② CO2 emissions reduction in production activities

The production sector of POLA CHEMICAL INDUSTRIES established its Energy Committee in 2010 to manage all aspects of energy. It aims to cut CO2 emission volume by 25% in the entire production sector by 2020, with a view to reaching the national target of 50% CO2 reduction by 2050. The CO2 emission volume in 2012 was 7,818t, which fell short of the intended objective.

Change in CO2 emissions for production (Combined for the Shizuoka and Fukuroi factories)



③ Introducing solar power generation systems for harmony with the environment

POLA CHEMICAL INDUSTRIES installed an 80kW solar power generation system on the roof of the management block at its Fukuroi factory. All power generated from sunlight is used in the management block for operating lights, computers and air conditioning. The annual power output of the system is expected to reach 100,000kWh. Since startup, the Prime Minister's Award-winning Fukuroi factory has also been actively engaged in "greening" with the intent to promote environmental harmony. The company will continue to consider the use of solar power generation systems as a means to coexist with nature in its production activities.



Solar power generation system at POLA CHEMICAL INDUSTRIES' Fukuroi factory

4 Promote recycling of industrial waste

POLA CHEMICAL INDUSTRIES is working to recycle all industrial waste. It achieved zero emission in 2003 and its ongoing efforts to reduce industrial waste or convert it to valuables have yielded effective results. The company also actively participates in cleaning activities sponsored by local groups voluntarily engages in local cleaning activities, and engages in other activities that take into consideration coexistence with the community. The company's efforts were recognized in 2012, when its Fukuroi factory was awarded the Shizuoka prefectural governor's prize for promoting the proper disposal of industrial waste. The company will continue its activities to realize the goals embodied by its environmental slogan of "We want to see a cleaner and more beautiful future".

5 Continue developing environmentally friendly products

POLA CHEMICAL INDUSTRIES has set in place two self-imposed standards: the "Content Eco Standard" and the "Container and Packaging Eco Standard". Based on these standards, the company takes into consideration what environmental measures may be required from a product planning and design aspect. From there, it creates products that are environment-friendly through their entire life cycle from raw material procurement to the customer's disposal of the empty container. As of 2011, the company set research objectives for the formulation and process design of low energy production methods, which led to the successful mass production of three products in 2012.

Movements in emissions of waste and valuables (total of the Shizuoka and Fukuroi factories)



Content Eco Standard

In accordance with the Pharmaceutical Affairs Law and industry standards, self-imposed standards and environmental measures are set in place and strictly observed for the raw materials described below:

- Environmental hormone substances
- Raw materials derived from plants or animals at risk of resource depletion
- Raw materials subject to the PRTR Law
- Chlorofluorocarbons with impacts on the ozone and the atmosphere
- Refractory raw materials

Container and Packaging Eco Standard

Eco-friendly undertakings are based on the three basic approaches described below:

1. Eliminate excessive packaging and consider volume reduction
2. Select container forms and materials that are easy to recycle
3. Consider resource depletion when selecting raw materials

In addition to the basic indices based on the materials and weights of each container and package, the "container and package eco indices" have been defined to take into account eco-friendly attributes such as material quantity reduction, refillability, use of recycled materials, and reduction of parts. Environmental measures are applied to improve these indices.

Trash reduction

Simplify refills (products for refilling), parts and materials, to reduce waste.



POLA B.A THE Cleansing Cream

POLA B.A THE Cleansing Cream Refills

ORBIS Clear lotion (for refill)

Use of recycled materials

Use recycled glass in containers, and recycled paper and non-wood paper for outer boxes, to make effective use of resources.



POLA Whitissimo Medicated lotion White (Using recycled glass)

POLA Whitissimo (outer box) (Using kenaf fiber)

Simplified sorting

Each part can be disassembled and separated for disposal to improve recycle rates.



The nozzle can be removed and separated for disposal.

POLA Idea Style Double design Form

08. Working with Communities

(1) Regional Development and Stimulus for Local Industry

① Continue the "3-9 Project" to carry Japan's proud artisanship into the future

Initiated by POLA in 2009, the "3-9 Project" contributes to the revitalization of local industries, protecting and nurturing Japan's proud tradition of artisanship. In 2012, BITOWA Aizu lacquerware, which combines modern design with advanced techniques fostered by long tradition, encountered POLA's sense of beauty. The collaboration led to the launch of a jewelry box and hand mirror, which adorn everyday life with the luster unique to urushi lacquer and the exquisite beauty of high-relief (takamaki-e) designs. Also, under the direction of Japanese-style paper (washi) designer Eriko Horiki, POLA developed washi interior goods for its thank-you gift* presentations. Providing those items for interior decoration brings washi itself more deeply into everyday life, conveying the appeal of washi from the Echizen region, which has a 1,500-year history, and backing activities to revive the once-extinct washi industry in Seya, Kyoto.

* Thank-you gifts: A selection of POLA original gifts to thank customers for their continuing patronage.



Carry the good things about Japan to the future
 The "3-9 Project" conveys the essence of Japan's proud tradition of artisanship to society through corporate activity, contributing to the revitalization of local industries.



Mitsuru Honda, artisan of traditional Aizu lacquerware



BITOWA Aizu lacquerware Jewelry box

② Continue partnership with producers

The "THREE" cosmetics brand that ACRO has been developing since 2009 follows two concepts: "local production for local consumption" and "shind-ofuji (the idea that eating locally-grown, seasonal produce is good for health)". Accordingly, it concentrates on ingredients and special produce that have been little used in Japan until now, and works with local producers to pursue the development of cosmetic raw materials using Japanese-made ingredients.

In 2012, new products were developed using Kaga fat cucumbers from Ishikawa Prefecture, scallions from Fukui Prefecture, and ripened bitter gourds from Kyoto Prefecture. Products using Nanko plums from Wakayama Prefecture, and Tanba black beans from Hyogo Prefecture are scheduled for release in 2013.

These raw materials are sourced by actually visiting each production region and meeting with local producers. The aim is to supply customers with safe and trustworthy products through good partnerships with these producers.



Kaga fat cucumbers from Ishikawa prefecture



Ripened bitter gourd from Kyoto prefecture

(2) Contribution to Communities

① Continuing beauty volunteer work at institutions and hospitals nationwide

POLA expresses its gratitude to people in its communities when beauty volunteers visit nursing facilities and hospitals, etc., to apply their aesthetic treatment and makeup skills. Volunteers provide skin care and makeup to remind patients and the elderly of the pleasure of dressing up. This encourages people to meet outside visitors more often and injects excitement into their lives, and as such, we carry on this activity annually.

In 2012 there were 360 beauty volunteer visits to facilities nationwide, including the long-term health care facility for the elderly "Sakuranosono", the "Asakaze Rehabilitation Center", etc.



Staff at the Akita Sakura Sales Office are regular volunteers

VOICE

I thank to all the POLA staff who bring happiness.

Ritsuko Ogawa
Executive Office
Manager
Long-term care health
facility for the elderly
"Sakuranosono"



The staff at the POLA Akita Sakura Sales Office come to birthday parties we host every month as cosmetic volunteers for our residents, and we are all very grateful. Normally our residents rarely wear makeup, so they are a little nervous at first. However, the POLA staff speaks to them kindly while doing their makeup, and they start smiling once they finish putting on lipstick as they are entranced with how they look in the mirror. It also makes us very happy to see them that way, and we appreciate the POLA staff for bringing us that happiness.

② Use the opportunity of skin checks to collect donations for the wider use of cervical cancer testing

POLA supports the charity and volunteer activities of Teal and White Ribbon Project (TWR), which educates the public on cervical cancer. The company's voluntary charity involvement began from a suggestion by a POLA lady in 2010. By collecting ¥10 for each customer's skin check, the company raises funds for supporting activities aimed at spreading the use of cervical cancer vaccines and testing. As of December 2012, POLA had delivered a total of ¥14.52 million* in donations to TWR.

* Between February 2011 and December 2012



The Teal & White Ribbon label

08. Working with Communities

③ Expand factory visits to deepen the understanding of our business in local communities

POLA CHEMICAL INDUSTRIES welcomes visitors from trading partners, communities, government, and others to visit its factories, and through these factory tours the company also promotes the excellence and safety of its products, production technologies, and skin analysis technologies. In 2012 the company improved its explanatory materials, tour routes, and service for overseas visitors, aiming to provide a richer and much more easier to understand factory tour experience.

In 2012, there were 73 tours (up 46% over the previous year) of approximately 2,200 visitors (up 56% over the previous year). Particularly noteworthy was the Skin Analysis Center which received 1,880 visitors, nearly 1,000 more than the previous year's 865 visitors (a 117% increase).



Fukuroi factory visit by a group from Fukuroi Asaba-higashi community center

④ Operating the community "Bihada Café" to support female dermatologists

POLA-PHARMA supports a community of female dermatologists with the sincere hope that they will continue to shine in their work both as doctors and women. There are currently about 1,000 participating doctors, and we spread useful information to them through the "Bihada Café Bulletin" members' magazine. We also organize "Bihada Café" seminars and exchange meetings to support communication and networking between fellow doctors. In October 2012, the company organized the lecture "Beautiful aging through correct posture - Learn beautiful habits to build a body that will resist changes in female hormones -" (Lecturer: Dr. Kakuko Nakamura). In November, we organized the lecture "Health habits for bright and beautiful living - Female hormones and changes in the skin and body -" (Lecturers: Dr. Ruriko Tsushima and Erica Angyal). The total attendance for the two lectures was approximately 100 people.



Seminar on "Beautiful aging through correct posture" by Dr. Kakuko Nakamura

VOICE

We have high expectations for this kind of information delivery, which somewhat differs from academic conferences.

Dr. Mieko Hata
Director
Takano Medical
Clinic



At the 2012 "Bihada Café" lecture meeting, Orthopedic Surgeon, Dr. Kakuko Nakamura (Japan Sport Council Department of Sports Medicine), provided superb content, covering information and practical techniques regarding disorders such as locomotive syndrome and other conditions. She also presented fascinating information on women's disorders and other conditions outside the domain of dermatology. Patients often ask me about anti-aging, so I would like to know more about subjects like research and development on cosmetics.

(3) Activities to Support Child Raising and Education

① Provide various forms of educational support, from elementary school to universities

POLA CHEMICAL INDUSTRIES is engaged in a variety of educational support activities. In 2012, it participated in Shizuoka Prefecture's environmental education program, organizing ongoing "Environmental Kids' classes".

The company also continues to collaborate with work experience and related lectures for junior high school students in the Shizuoka and Kanagawa prefectures, teaching students the basics of cosmetics through classwork and activities such as a simple emulsification experiment. These classes were held at three different schools, in January, September, and November 2012.

POLA CHEMICAL INDUSTRIES also provides internships to students from universities and schools in neighboring prefectures. In 2012, the company welcomed eight high school students in July through August, three university students in September, and two junior high school students in October. The interns received practical training to understand the cosmetics manufacturing processes at the Fukuroi factory. They were also provided with an opportunity to think about their future careers.



Talking careers at Yokohama municipal Maio-ka junior high school

② Providing support to the parents and children of child-raising households and to local orchestras

In support of women and as a part of its artistic and cultural activities, ORBIS organized "ORBIS The Kids' Concert" event in Tokyo, Nagoya and Osaka in July. The company invited approximately 1,100 parents and children from child raising families. As these families seldom have a chance to attend a serious classical concert, the event provided them with an opportunity to enjoy some real music. In December, ORBIS organized "ORBIS The Concert 2012" in five cities throughout Japan as part of its financial support for regional orchestras. Approximately 9,000 people spent quality time enfolded in beautiful music, while at the same time, the events contributed to activities for expanding music appreciation.



"ORBIS The Kids' Concert"

③ Stage events as support activities in child raising condominiums

P.O. REAL ESTATE was awarded the 2012 (sixth year) "Kids' Design Prize" in the "Design to support the birth and development of children local/social" category, for its "Brote Okurayama" rental condominium with childcare support functions, which was built in August 2010. Brote Okurayama provides a safe and secure living environment and spacious play areas that relieves the stress of childcare on parents. Brote Okurayama is also aimed at being an apartment block capable of a high level of social contribution, through efforts such as building a community that can be stimulating to residents as well as the local community, and attracting approved kindergartens to the area. In 2012, there were events such as the "Parent-Child Cookie Class" and "Christmas Wreath Making" to heighten communication between residents. In addition, disaster prevention drills and AED practical training were held at the building.



Christmas wreath making at Brote Okurayama

09. Contribution to Society

(1) Supporting Recovery from the Great East Japan Earthquake

① Continuing sales of special regional products from disaster areas to support recovery from the Great East Japan Earthquake

In 2012, POLA continued assistance in disaster areas through the sale of local specialty products. Starting in May, it asked sales offices nationwide to sell "Ochugen" seasonal gifts from the region, and many of them accepted. During the POLA National Convention (in August) products that were not previously offered as "Ochugen" gifts were added, and sales were so brisk that some items sold out. Local manufacturers in the disaster areas, touched by POLA's concern, expressed their thanks.



"Teyori Men", handmade "cool" noodles from Fukushima Yanai Seimen

② Carrying on activities in the "ITSUMO-project", a recovery support project

ORBIS established the ITSUMO-project Fund* in 2011 in the hope that people in the disaster areas could reclaim their everyday lives a little sooner. The program continued to collect donations for that purpose in 2012.

The Fund is used for diverse recovery support activities, including the Coastal Forest Regeneration Project for regenerating the coastal forest of Natori City, Miyagi Prefecture, which was devastated by the tsunami. Another project, the "Mori no Tsumiki Hiroba", is for the children of the Tohoku region who have limited opportunities to play outdoors since the disaster, and includes the dispatch of volunteer staff to assist.

* The current balance of the ITSUMO-project Fund (December 31st, 2012) is ¥70, 712, 884 (running total ¥ 112, 240, 234)

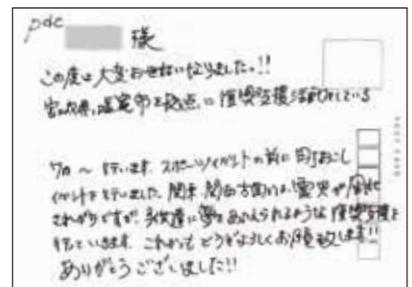


"Morino Tsumiki Hiroba" (environmental education through wooden blocks)

③ Donating cosmetics and other supplies to encourage mothers and children in disaster areas

pdc donated cosmetics gifts to youth sports organizations in 2012 as a part of its support for disaster areas. The company conducted three deliveries in this year and delivered a total of 2,424 items (total for fiscal 2011 was 31,426 items, and two-year total was 33,850 items).

pdc also provided "Moist & Drop", which uses collagen extracted from blue sharks, a product of Kesenuma City, and other goods to the Shiogama Urato Nori Festival which took place in Shiogama City on July 1st, 2012.



A letter of thanks from a former Olympian

(2) Environment Beautification and Conservation Activities

① Implementation of a nationwide cleanup day on the anniversary of our foundation

On September 18th, the anniversary of POLA's founding, the company's headquarters and sales offices nationwide joined together to simultaneously engage in cleaning the neighboring areas of each sales office. Dubbed as the "Nationwide United Cleaning Day", approximately 2,520 sales offices participated in what was to be the company's first nationwide simultaneous cleaning effort. In 2011, POLA introduced its Anti-Aging Alliance (AAA) activities, working with women who wish "to be beautiful whenever and forever" through a series of alliances aimed at supporting the brilliant lifestyles and forward-looking everyday lives of women.

In keeping with the AAA spirit, the POLA organization worked as one under the slogan of "Clean skin, clean town," choosing to undertake this nationwide cleanup effort on its founding anniversary to express its gratitude to the local communities.



Cleanup work around the POLA headquarters building

① Minami-Tohoku region, Mylord Sales Center

Fully prepared to guard against sunburn, each and every POLA Lady joined in to clean up their local communities.

② Kita-Kanto region Iwajuku sales center

Cleaned and weeded out the Iwajuku Ruins Park.

③ Hokuriku region PB Tonami store

To express their gratitude to the local communities, every staff member participated.

④ Chiba Prefecture, Minami-Fujishiro Sales Center

"We will continue this cleanup effort to become a store that is loved by the local community."

⑤ Shizuoka Prefecture, Numazu Sales Center

Clean roads and roadside trees! A refreshing sight that was worth every effort!

⑥ Hyogo Prefecture, Este in Pearl sales center

"In spite of a rainy day, we enjoyed every minute that we spent with the people of our locale!"

⑧ Shikoku Naka Sales Center

"The chief priest was delighted when we cleaned the grounds of the pilgrimage temple."

⑨ Kita-Kyushi region Saga Sales Center

"The local newspaper reported on how we all worked as one in this cleanup effort."



⑦ Nagoya, Este in Asuna sales center

POLA Ladies with children participated with their kids, creating a warm and friendly atmosphere.



② Cleaning of Mt. Fuji to commemorate the occasion of the launch of cosmetics using natural water from the mountain

In February 2012, pdc launched its "Kimecute" skincare series, which uses natural water from Mt. Fuji as an ingredient. The product launch led to a cleanup activity in June to conserve the beauty and eco-system of Mt. Fuji. The activity was conducted under the guidance of the Mt. Fuji Club, a non-profit organization, and involved the participation of 34 members consisting of employee volunteers and other concerned individuals. Together, the participants collected approximately 200kg of mainly burnable trash, and tires and household waste. The significance of the cleanup effort resonated with each and every participating employee.

Through pdc's sales of "Kimecute" products, the company pdc also participates in the "Fujisan Eco Project", a campaign to protect the beauty of Fuji.



The cleanup volunteers on the Asagiri Plateau in Susono, at the foot of Mt. Fuji

09. Contribution to Society

③ Participation in the "Ginza Avenue Cleanup Campaign" cleaning activities

On May and October, 2012, POLA ORBIS Holdings participated in the Ginza Avenue Cleanup Campaign, which was organized by the Ginza Avenue Federation and Tokyo National Roads Office. Conducted twice a year in spring and fall since 1992, this was the 20th year for this cleanup event. For POLA ORBIS Holdings, this was the third year of its participation. The company's cleanup effort primarily focused on the sidewalks near the premises of the POLA Ginza Building and was intended to further improve Ginza Avenue in terms of safety and convenience.

For the October 5th cleanup, approximately 1,000 members from the Ginza Avenue Federation and Tokyo National Roads Office participated, with POLA ORBIS Holdings accounting for about 20 people.



Ginza Avenue Cleanup Campaign

④ Continuous implementation of environmental beautification and cleaning activities with close community links

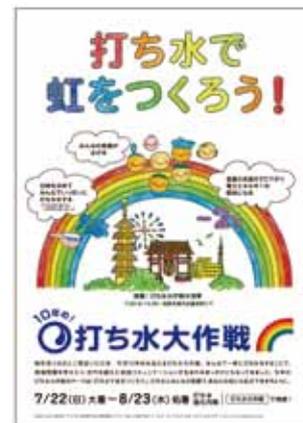
Working together with local communities, POLA CHEMICAL INDUSTRIES, POLA Distribution Center, and P.O. Techno Service Inc. continue to jointly participate in cleanup and environmental beautification activities. During 2012, the companies participated in cherry tree fertilization at "ECOPA Hana no Sato" in January, and in replanting flowerbeds on Aino Memorial Road in June and November, as well as assisting the local people in tending to the flower beds. Between June and October, employees took their families with them to join in with annual cleanup activities organized by the Shizuoka municipal government on the Okitsu river, on the Ohama coast, and elsewhere. The three companies also joined in with efforts organized by the Shizuoka Industrial Waste Association, collecting illegally dumped waste at Omaezaki as well as engaging in educational activities aimed at preventing the illegal dumping.



Replanting flower beds on Aino Memorial Road

⑤ Participation in events against the Tokyo heat island phenomenon

In August 2012, P.O. Techno Service Inc. participated in sprinkling water around the area of the Central Government Building No.7 (sanitation contractor facility) as part of the "2012 Water Sprinkling Campaign". The campaign is intended to alleviate the urban heat island phenomenon in Tokyo. Every year, an estimated six million people participate in the campaign, sprinkling bathwater and other secondary water on the ground to lower the summertime temperatures of Tokyo.



Poster for the Tokyo municipal Water Sprinkling Campaign

(3) International Social Contribution Activities

① Continued implementation of TFT as support for famine relief in developing countries

Since the autumn of 2007, the POLA ORBIS Group has been engaged in the Table For Two (TFT) social contribution program, whereby ¥20 per menu item is automatically donated to help feed schoolchildren in Africa if an employee requests a specified healthy menu item at any of the staff canteens of the Group companies. On the occasion of World Food Day (October 16th, 2012), as part of POLA's AAA activities, a special "TFT & AAA Menu" featuring original anti-aging recipes for beautiful skin was introduced, providing a boost to the TFT program.

By the end of 2012, total donation was ¥5,318,800 (including a matching gift*), making it possible to deliver approximately 265,000 school meals to children.

*Matching gift: A donation system in which the company matches the amount donated by its employees



The TFT & AAA menu in the canteen of the POLA Gotanda Bldg.

② Support Pink Ribbon activities to protect the health of women around the world

The POLA ORBIS Group donates a portion of its beverage sales from office vending machines to the Pink Ribbon Campaign, an international project to support women by promoting the early discovery and early treatment of breast cancer. The Group as a whole donated ¥228,860 in 2012.



A vending machine in POLA CHEMICAL INDUSTRIES' Yokohama Research Center

③ Continue the Ecocap Movement that delivers vaccines to children around the world

The POLA ORBIS Group participates in the Ecocap Movement, in which PET bottle caps are sold to raise funds for the delivery of vaccines to children around the world. By the end of 2012, the Group as a whole had collected a total of 12,184,791 caps, funding a donation sufficient to vaccinate 15,041 people.



A bottle cap collection box in a POLA ORBIS Holdings office

09. Contribution to Society

④ Continued implementation of mangrove planting and support for the social advancement of women in Thailand

Applying over 50 years of business experience in Thailand, POLA continues its local community support activities to express its gratitude. An example of this is the company's ongoing environment conservation program involving tree planting in Thai mangrove forests. There is also the continuing support for the advancement of women in Thai society by providing workplaces for women in around 600 sales centers. On the 17th and 18th of March 2012, 41 employees and their families planted trees in a botanical park in the Petchburi province.



Thai mangrove planting

⑤ Implement environmental improvement activities at Gwanaksan, South Korea

In May, ORBIS Korea worked together with the South Korean nonprofit groups "Forest of Life" and "Gwanaksan Forestry Volunteers" to improve streams around Mt. Gwanaksan, as part of its environmental work. All the employees of ORBIS Korea took shovels and joined in to clear mud, fallen leaves and other debris that had accumulated in the streams. They also went to cut and clear weeds in October, and intend to continue their efforts through a range of activities in the future.



Environmental improvement activities at Gwanaksan in South Korea

⑥ Implement donated sales to support educational activities in Laos and Ghana

pdC supports "MEKOGA", a nonprofit organization that builds schools and provides educational activities in developing countries. For the purposes of opening schools in Laos and Ghana, the company donated the proceeds from the sales of Naturina BB Cream sold through a community-based event booth set up in Keio University in November. The donation sales resulted in a total of ¥10,500, which will be used to cover the expenses of bringing electricity into the classrooms of Nongsawan Elementary School in Laos. The electrical supply will enable children to study at the school regardless of the time or weather, and will also protect their eyesight. In the future, classes using personal computers and televisions will also be possible.



An elementary school class in Nongsawan, Laos

(4) Activities to Support Art and Culture

① Operate the Ginza Gallery to make arts and crafts more accessible

The Pola Museum Annex stages exhibitions of modern art all year around, to make art more accessible. Above all, it supports creative work by providing young artists with a venue for presenting their work. In 2012, the Annex presented a group show by young artists previously selected for subsidies by the Pola Art Foundation. Selected by the art critic Shunsuke Kijima on the theme of "Brilliant Colors Exhibition 2012", richly colorful works by four female artists adorned the gallery.



"Brilliant Colors Exhibition 2012" Koko Noguchi
"A Prayer" (overseas trainee, 2003)

② Provide research findings on cosmetics and culture widely in society

Other than exhibiting cosmetic implements at the Pola Museum of Art, the Pola Research Institute supports the organization of exhibitions at art galleries and museums around the country, lends items from its collection free of charge, supports communities, and helps adults and children alike to broaden their understanding of the cosmetic culture. Its work, continuing for 36 years since the Institute was founded, contributes to cultural activities in communities, as well as building our corporate culture, and helping to raise the values of the Group and its brands.



Exhibition: "The cosmetics of Edo ladies, as seen in ukiyo-e art"

③ Continue presenting "Pola Traditional Culture Awards" to promote traditional culture in all regions of Japan

The Pola Foundation for the Promotion of Traditional Japanese Culture, which the POLA ORBIS Group supports, works to pass on Japan's traditional culture into the future. The "Pola Traditional Culture Awards" are presented to individuals and groups who contribute to the field of traditional culture, and can be expected to go on doing so. In 2012, the first prizes were awarded to "The preparation and tradition of betel" by Yoshito Yamashita and "The tradition and promotion of Ningyo Joruri Bunraku dolls" by Tamame Yoshida. Awards also included two incentive prizes and five community prizes.



The 32nd awards ceremony of the Pola Traditional Culture Awards

④ Subsidize young artists and support the operation of the Pola Museum of Art

The Pola Art Foundation, which is backed by the POLA ORBIS Group, subsidizes young artists studying overseas, investigative research by art museum staff, and international art-related exchanges. In 2012 it subsidized 35 recipients. At the Pola Museum of Art in Hakone, it stages exhibitions and presentations for the general public, performs investigative research on works of art, and works on educational outreach. In 2012, the Museum organized special shows such as "Looking for Beauty: Art Collector Suzuki Tsuneshi" to commemorate the 10th anniversary of the museum's opening.



Candidate receives recognition at the 2012 Foundation Supporter Awards Ceremony

POLA ORBIS Group Organization

● POLA ORBIS HOLDINGS INC. Corporate Summary

Company name: POLA ORBIS HOLDINGS INC.
TSE, First Section, 4927

Business Activities (consolidated): Cosmetics, Fashion, Pharmaceuticals, Realty, and Other

Representative: Satoshi Suzuki, President

Foundation: September 29th, 2006

Address: POLA Ginza Bldg.,
1-7-7 Ginza, Chuo-ku, Tokyo 104-0061, Japan

Tel.: 03-3563-5517 (main)

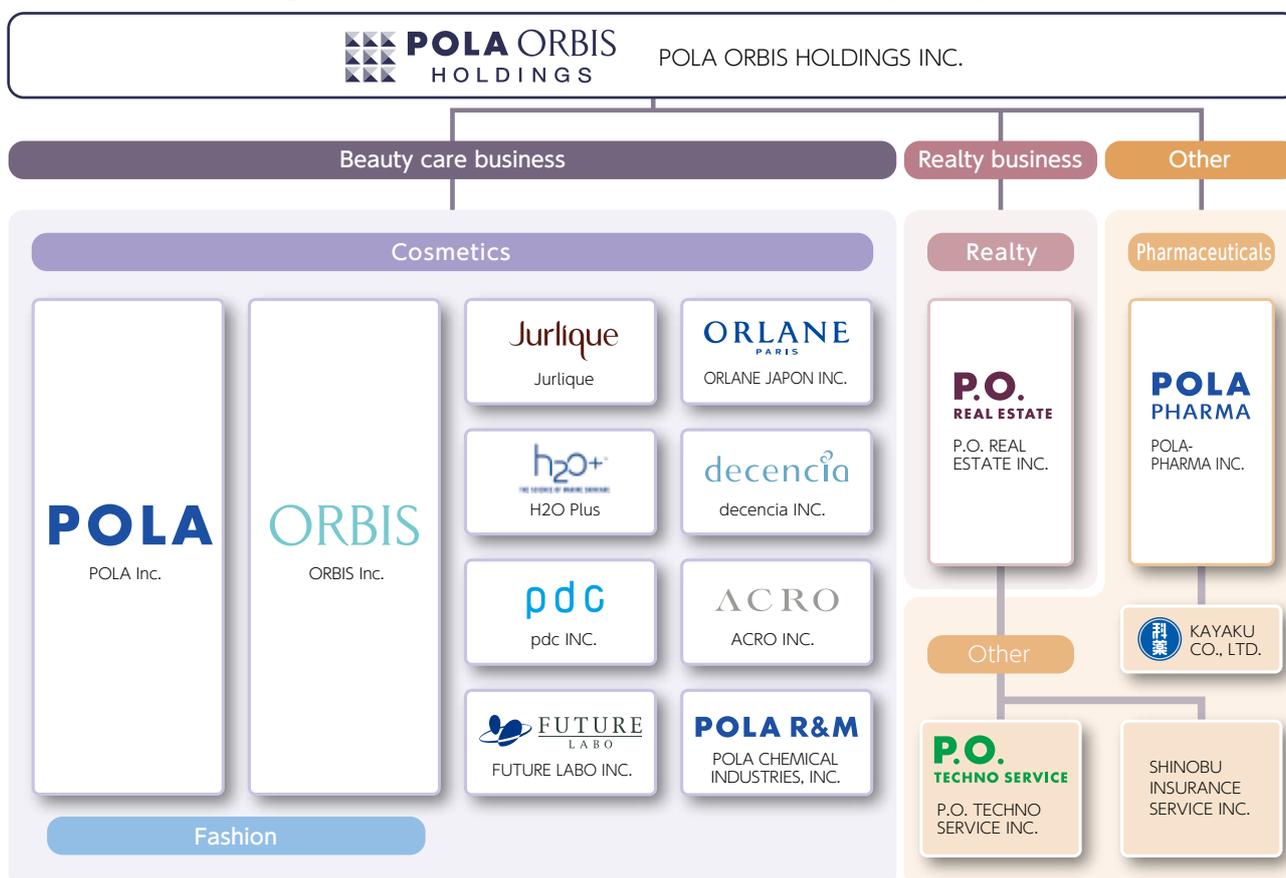
Capital: ¥10 billion

URL: <http://www.po-holdings.co.jp/en/>

Number of employees (consolidated): 4,490

Number of temporary employees: 2,154 (As of December 31st, 2012)

Organizational Chart of Main POLA ORBIS Group Companies



POLA ORBIS Group History

- 1929 Shinobu Suzuki founds the business in Shizuoka Prefecture.
- 1940 POLA CHEMICAL INDUSTRIES INC. is established (incorporated).
- 1946 POLA Cosmetics, Inc. is established (incorporated).
- 1954 The Shizuoka Factory is completed.
- 1960 The POLA Ginza Bldg. is completed.
- 1964 The Yokohama R&D Center is completed.
- 1971 The POLA Gotanda Bldg. is completed.
- 1976 The POLA Research Institute of Beauty & Culture is established.
- 1977 The Fukuroi Factory is completed.
- 1983 POLA CHEMICAL INDUSTRIES becomes a major investor in KAYAKU CO., LTD. and enters the pharmaceuticals business.
- 1984 ORBIS Inc. is established.
- 1992 The Central Research Center (currently the Yokohama R&D Center) is completed.
- 1994 POLA CHEMICAL INDUSTRIES receives the most meritorious award at the 18th IFSCC Congress held in Venice, Italy.
- 1997 The Shizuoka and Fukuroi Factories receive ISO9002 certification.
- 1998 POLA CHEMICAL INDUSTRIES receives the most meritorious award at the 20th IFSCC Congress held in Cannes, France.
The Shizuoka and Fukuroi Factories receive ISO9001 certification.
- 2000 The Shizuoka and Fukuroi Factories receive ISO14001 certification.
- 2002 POLA announces "New Foundation Declaration".
- 2004 The Fukuroi Factory receives the Prime Minister's Award, recognizing it as an Outstanding Green Plant.
- 2005 A new fusion of people and store, "POLA THE BEAUTY" is established.
- 2006 POLA ORBIS HOLDINGS INC. is established and the Group transitions to a pure holding company system.
- 2007 Holdings system starts and the CSR Promotion Division is established.
- 2008 POLA CHEMICAL INDUSTRIES receives the most meritorious award (basic research category) at the 25th IFSCC Congress held in Barcelona, Spain.
- 2009 POLA initiates the "3-9 Project", aiming to revitalize local industries.
The new POLA Ginza Bldg. is completed in commemoration of the company's 80th anniversary.
The "Nine Artists Who Changed Beauty" special exhibition opens at the POLA Museum Annex.
- 2010 P.O. REAL ESTATE's "childcare support condominium (rental)" is approved as a Yokohama City community childcare support condominium.
POLA ORBIS HOLDINGS is listed on the Tokyo Stock Exchange First Section.
- 2011 The Group acquires all outstanding shares in H2O PLUS HOLDINGS, LCC. (Chicago, Illinois).
- 2012 The Group acquires all outstanding shares in Jurlique International Pty Ltd. (South Australia, Australia).
POLA CHEMICAL INDUSTRIES receives the most meritorious award (poster presentation category) at the 27th IFSCC Congress held in Johannesburg, South Africa.



A scale used at the time of the company's foundation to sell cream by weight



The Shizuoka Factory, ca. 1965



1977, Fukuroi Factory completed



1992, the Central Research Center (now the Yokohama R&D Center) completed



2008, Awarded the most meritorious award at the 25th IFSCC academic congress in Barcelona



2009, POLA Ginza Bldg. refurbished



2012, Awarded the most meritorious award at the 27th IFSCC academic congress in Johannesburg

Third-Party Opinions

Third-Party Opinions

The following opinion addresses the various CSR activities of the POLA ORBIS Group.



Keiko Fukuzawa
Journalist
Executive Director
Japan Association for the
Advancement of
Working Women

Worked as a reporter for Asahi Shimbun and then became an independent journalist in 1990. Later became an Assistant Professor of research in Humanities at Tokyo Kasei University, and a visiting Professor at Japan Women's University. Since 2011, Executive Director, The Japan Association for the Advancement of Working Women, and became a specially assigned Professor at Showa Women's University in 2012. Specialist fields include career development theory and media literacy, and also focuses on supporting the employment of women.

We become aware of the company's activities by using its products and services, through people who work for the company, as well as its exposure in the media and other sources. It is however, rare for the media to report in detail on each individual activity in the field of CSR, so companies must produce their own reports to explain their efforts. Even amongst the people in the Group, many will probably learn of these efforts for the first time when they read the specific descriptions of the POLA ORBIS Group's CSR activities in this report. As in any company, when the number of workers and companies in the Group increases, the harder it gets for people to see what is outside their own department.

From a third-party perspective, the POLA ORBIS Group's attitude to CSR feels very orthodox with a straightforward sincerity. It organizes CSR into the three fields of Fundamental CSR, Business CSR and Selective CSR, each with clear categorization between them. Within the Business CSR, there are sub-categories of "Supporting Local Economies and Industries" and "Creating Employment Opportunities (by generating new value)", which indicates business activity is not self-contained within the company, but is put on a firmer footing within ties to the local communities.

I think the CSR activities directly linked to the Group's business content such as beauty volunteers visiting nursing facilities and hospitals, etc., and the operation of the "Bihada Café" community to support female dermatologists, will resonate with many stakeholders.

ORBIS Forest Creation, which is one of the environmental activities, was prompted by the Group's large consumption of paper in its business. This is an example of CSR that is closely linked to everyday operations and extends naturally from them. As a result, such activities are more persuasive.

Third parties do not often browse through this kind of report. I expect the most common interest is based on investment related information gathering, researchers and students gathering case studies, and NPOs and NGOs looking for future partnership candidates. But my feeling on reading this report was that even without a direct vested interest, knowledge of CSR activities within a corporate group provides a more comprehensive understanding of its business activities.

I teach business-related classes at University, and I think this CSR report conveys the idea that business goes beyond the provision of products and services, but carries the mission to change society and create new value and new possibilities. For female students who will graduate into society in future, the very idea that the ratio of female managerial staff in the POLA ORBIS Group is 17.9% (Japanese average is 11.9%) will offer great encouragement and inspiration. As well, the Group's acquisition of the "Kurumin" mark and its systematic implementation of training at each level will inspire women and give them more confidence. Some companies disclose this type of information on employment sites. However, by looking at CSR reports, one can see how the management philosophy and attitudes of the company translates into actual action. Bearing this in mind, I would encourage students investigating companies as part of their job-hunting efforts to read these reports.

As a reader, I expect this CSR report to be an important tool for conveying the presence of the company and the principles behind its operations. In addition, I also expect it to lead to mutual understanding between departments within the Group companies, and appropriate cooperation between companies.

Editor's Postscript

The CSR Report 2013 concentrates on the following points with globalization as the overall theme. We also expanded the space for content, with reference to the opinions expressed by third parties and readers concerning last year's CSR Report 2012 (Japanese version).

① **The detailed full report is available online, with highlights in booklet form.**

The Web version includes more extensive coverage of content such as governance and performance data in the expectation that readers will be CSR experts, SRI assessors, NPOs, NGOs, etc.

The booklet is intended for employees, suppliers and customers and features highlights. Readers should use the version that best fits their interests.

② **This report is available in Japanese and English versions.**

We have prepared both Japanese and English versions of the full report edition and highlight edition of the CSR Report 2013 to serve non-Japanese-speaking stakeholders.

③ **We have reported on the full-scale globalization of the Group from the perspective of CSR.**

The President's Message, and messages from Jurlique and H2O Plus which follow, are included in this report to convey, from the perspective of CSR, the Group's intent to evolve into a global company.

④ **The start of this report features six special reports, which are presented as an introduction to the Group.**

Photographs illustrating the main CSR activities in 2012, and the historical background that supports them, are featured extensively in magazine style at the start of the booklet. This is intended to summarize the Group's CSR activities and introduce their history with overseas stakeholders learning of this Group for the first time.

⑤ **A dialog session with our Stakeholders**

Following 2012, we again held a stakeholder dialogue (an event emphasized in the ISO26000 guidelines) of the global standard for CSR activities, and the content of the event is reported here.

⑥ **We worked to create clearly communicative magazine content.**

As in 2011, this publication has been designed to accommodate users including the elderly, addressing points such as font size and color perception.

Our entire Group aims to keep on surging forward in business CSR.

In closing, we wish to take this opportunity to thank our suppliers and business partners,

NPOs, NGOs and others for their understanding and cooperation in the creation of this report.

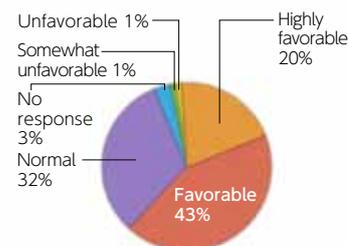
CSR Promotion Div. POLA ORBIS HOLDINGS INC.

CSR Report 2012 (Japanese version) Report of Reader Questionnaire Results

In the overall assessment 20% responded "highly favorable" and 43% "favorable", for a total of 63%. Furthermore, in the assessment of the Group's CSR activities, 20% responded "highly favorable" and 46% "favorable", for a total of 66%.

- We have more influence on society (the world) than we think, and being involved as one member has changed the way I go about my work.
- We understand that the Group is engaged in diverse corporate efforts, and we POLA Ladies are also striving to make the customers happy.
- Efforts to address the Great East Japan Earthquake were clear and easy to understand.
- Overall it was very difficult. I couldn't understand it without reading it a few times.
- I want something with larger text that is easier to read for someone my age.

[Overall Assessment]



Thank you for your cooperation.

ISO26000 and GRI Sustainability Reporting Guideline Index

GRI Indicator description		Contents	Page	ISO26000 Core subjects and issues	
1. Strategy and Analysis					
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	· President's Message	P3-4	6.2	Organizational governance
1.2	Description of key impacts, risks, and opportunities.	· Record of CSR Activities in 2012 · Strengthening Risk Management · Environmental targets and performance for production activities	P29-30 P34 P50	6.2	Organizational governance
2. Organizational Profile					
2.1	Name of the organization.	· Corporate Summary	P63		
2.2	Primary brands, products, and/or services.	· Corporate Summary	P63		
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	· Corporate Summary	P63	6.2	Organizational governance
2.4	Location of organization's headquarters.	· Corporate Summary	P63		
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	· Corporate Summary	P63		
2.6	Nature of ownership and legal form.	· Corporate Summary	P63		
2.7	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	· Corporate Summary	P63		
2.8	Scale of the reporting organization including: Nature of ownership and legal form.	· Corporate Summary	P63		
	Number of employees;				
	Net sales (for private sector organizations) or net revenues (for public sector organizations);				
	Total capitalization broken down in terms of debt and equity (for private sector organizations).				
	Quantity of products or services provided.				
2.9	Significant changes during the reporting period regarding size, structure, or ownership including:				
	The location of, or changes in operations, including facility openings, closings, and expansions; and				
	Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).				

GRI Indicator description		Contents	Page	ISO26000 Core subjects and issues	
3.7	State any specific limitations on the scope or boundary of the report.				
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.				
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.				
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).				
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.				
3.12	Table identifying the location of the Standard Disclosures in the report.	· Comparison Table for ISO26000 and the GRI Guidelines	P67-76		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	· Third-Party Opinions	P65		
4. Governance, Commitments, and Engagement					
Governance					
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	· Governance System	P31	6.2	Organizational governance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	· Governance System	P31	6.2	Organizational governance
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	· Governance System	P31	6.2	Organizational governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	· CSR Activities with Stakeholders · Good Communications with Shareholders and Investors	P27 P48	6.2	Organizational governance
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).			6.2	Organizational governance
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.			6.2	Organizational governance
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.			6.2	Organizational governance

GRI Indicator description		Contents	Page	ISO26000 Core subjects and issues	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	<ul style="list-style-type: none"> · POLA ORBIS Group Philosophy · CSR Charter · Three Specific Areas of CSR Activities · Enactment and Strict Observance of Code of Conduct · Setting Our Long-Term Vision 	P1 P26 P28 P32 P47	6.2	Organizational governance
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	<ul style="list-style-type: none"> · Governance System 	P31	6.2	Organizational governance
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.			6.2	Organizational governance
Commitments to External Initiatives					
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	<ul style="list-style-type: none"> · Environmental targets and performance for production activities (Risk management) 	P50	6.2	Organizational governance
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.			6.2	Organizational governance
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization:			6.2	Organizational governance
	Has positions in governance bodies;				
	Participates in projects or committees;				
	Provides substantive funding beyond routine membership dues; or				
	Views membership as strategic.				
Stakeholder Engagement					
4.14	List of stakeholder groups engaged by the organization.	<ul style="list-style-type: none"> · CSR Activities with Stakeholders 	P27		
4.15	Basis for identification and selection of stakeholders with whom to engage.				
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	<ul style="list-style-type: none"> · Report on Stakeholder Dialogues · CSR Activities with Stakeholders 	P19-25 P27	6.2	Organizational governance
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	<ul style="list-style-type: none"> · Report on Stakeholder Dialogues · CSR Activities with Stakeholders · Customer's voice feedback mechanism 	P19-25 P27 P38	6.2	Organizational governance
5. Management Approach and Performance Indicators					
Economic					
Management Approach Goals and Performance				6.2	Organizational governance
Policy				6.8	Community involvement and development
Additional Contextual Information					
Aspect: Economic Performance					
EC.1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	<ul style="list-style-type: none"> · Supporting Recovery from the Great East Japan Earthquake 	P57	6.8.3	Community involvement
				6.8.7	Wealth and income creation
				6.8.9	Social investment

GRI Indicator description		Contents	Page	ISO26000 Core subjects and issues	
EC.2	Financial implications and other risks and opportunities for the organization's activities due to climate change.			6.5.5	Climate change mitigation and adaptation
EC.3	Coverage of the organization's defined benefit plan obligations.				
EC.4	Significant financial assistance received from government.				
Aspect: Market Presence					
EC.5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.			6.4.4	Conditions of work and social protection
				6.8	Community involvement and development
EC.6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.			6.6.6	Promoting social responsibility in the value chain
				6.8	Community involvement and development
				6.8.5	Employment creation and skills development
				6.8.7	Wealth and income creation
EC.7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.			6.8	Community involvement and development
				6.8.5	Employment creation and skills development
				6.8.7	Wealth and income creation
Aspect: Indirect Economic Impacts					
EC.8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	<ul style="list-style-type: none"> • Regional Development and Stimulus for Local Industry Contribution to Communities • Supporting Recovery from the Great East Japan Earthquake • Environment Beautification and Conservation Activities • International Social Contribution Activities • Activities to Support Child Raising and Education • Activities to Support Art and Culture 	P53-56 P57 P58-59 P60-61 P56 P62	6.3.9 6.8 6.8.3 6.8.4 6.8.5 6.8.6 6.8.7 6.8.9	Economic, social, and cultural rights Community involvement and development Community involvement Education and culture Employment creation and skills development Technology development and access Wealth and income creation Social investment

GRI Indicator description		Contents	Page	ISO26000 Core subjects and issues	
EC.9	Understanding and describing significant indirect economic impacts, including the extent of impacts.			6.3.9	Economic, social, and cultural rights
				6.6.6	Promoting social responsibility in the value chain
				6.6.7	Respect for property rights
				6.7.8	Access to essential services
				6.8	Community involvement and development
				6.8.5	Employment creation and skills development
				6.8.6	Technology development and access
				6.8.7	Wealth and income creation
				6.8.9	Social investment
Environmental					
Management Approach Goals and Performance		<ul style="list-style-type: none"> Record of CSR Activities in 2012 Environmental targets and performance for production activities 	P29-30 P50		
Policy		<ul style="list-style-type: none"> CSR Charter Three Specific Areas of CSR Activities Care for the Environment in Offices 	P26 P28 P49		
Organization Responsibility		<ul style="list-style-type: none"> Governance System 	P31	6.2	Organizational governance
Training and Awareness		<ul style="list-style-type: none"> CSR Education Developing Human Resources for the Future 	P36 P46	6.5	The environment
Monitoring and follow-up		<ul style="list-style-type: none"> Governance System Monitoring Helpline Environmental targets and performance for production activities 	P31 P36 P36 P50		
Aspect: Materials					
EN.1	Materials used by weight or volume.	<ul style="list-style-type: none"> The environmental load of production activities in 2012 (Raw materials) 	P51	6.5	The environment
EN.2	Percentage of materials used that are recycled input materials.			6.5.4	Sustainable resource use
Aspect: Energy					
EN.3	Direct energy consumption by primary energy source.	<ul style="list-style-type: none"> The environmental load of production activities in 2012 Energy (Heavy oil, Town gas) 	P51		
EN.4	Indirect energy consumption by primary source.	<ul style="list-style-type: none"> The environmental load of production activities in 2012 Energy (Electricity) 	P51		
EN.5	Energy saved due to conservation and efficiency improvements.	<ul style="list-style-type: none"> Care for the Environment in Offices Environmental targets and performance for production activities (Prevention of global warming) 	P49 P50		
EN.6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	<ul style="list-style-type: none"> Introducing solar power generation systems 	P51		
EN.7	Initiatives to reduce indirect energy consumption and reductions achieved.	<ul style="list-style-type: none"> Care for the Environment in Offices 	P49		

GRI Indicator description		Contents	Page	ISO26000 Core subjects and issues	
Aspect: Water					
EN.8	Total water withdrawal by source.	· The environmental load of production activities in 2012 (Water resources)	P51		
EN.9	Water sources significantly affected by withdrawal of water.				
EN.10	Percentage and total volume of water recycled and reused.				
Aspect: Biodiversity					
EN.11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.			6.5	The environment
EN.12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.				
EN.13	Habitats protected or restored.				
EN.14	Strategies, current actions, and future plans for managing impacts on biodiversity.			6.5.6	Protection of the environment, biodiversity and restoration of natural habitats
EN.15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.				
Aspect: Emissions, Effluents, and Waste					
EN.16	Total direct and indirect greenhouse gas emissions by weight.	· CO ₂ emissions for production	P51	6.5	The environment
				6.5.6	Protection of the environment, biodiversity and restoration of natural habitats
EN.17	Other relevant indirect greenhouse gas emissions by weight.				
EN.18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	· Introducing solar power systems	P51		
EN.19	Emissions of ozone-depleting substances by weight.			6.5	The environment
				6.5.3	Prevention of pollution
EN.20	NOx, SOx, and other significant air emissions by type and weight.				
EN.21	Total water discharge by quality and destination.	· The environmental load of production activities in 2012 (Waste water)	P51		
EN.22	Total weight of waste by type and disposal method.	· The environmental load of production activities in 2012 (Waste) · Promote recycling of industrial waste	P51		
			P52		
EN.23	Total number and volume of significant spills.				
EN.24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.				
EN.25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.			6.5	The environment
				6.5.4	Sustainable resource use
				6.5.6	Protection of the environment, biodiversity and restoration of natural habitats

GRI Indicator description		Contents	Page	ISO26000 Core subjects and issues	
Aspect: Products and Services					
EN.26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	· Continue developing environmentally friendly products	P52	6.5 6.5.4 6.5.6 6.7.5	The environment Sustainable resource use Protection of the environment, biodiversity and restoration of natural habitats Sustainable consumption
EN.27	Percentage of products sold and their packaging materials that are reclaimed by category.	· Promote recycling of industrial waste	P52	6.5 6.5.4 6.7.5	The environment Sustainable resource use Sustainable consumption
Aspect: Compliance					
EN.28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.			6.5	The environment
Aspect: Transport					
EN.29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.			6.5 6.5.4 6.6.6	The environment Sustainable resource use Promoting social responsibility in the value chain
Aspect: Overall					
EN.30	Total environmental protection expenditures and investments by type.			6.5	The environment
Labor Practices and Decent Work Performance Indicators					
Management Approach Goals and Performance		· Record of CSR Activities in 2012	P29-30	6.2 6.4 6.3.10	Organizational governance Labour practices Fundamental principles and rights at work
Policy		· CSR Charter · Three Specific Areas of CSR Activities	P26 P28		
Organization Responsibility		· Governance System	P31		
Training and Awareness		· CSR Education · Developing Human Resources for the Future	P36 P46		
Monitoring and follow-up		· Governance System · PDCA Cycle · Monitoring · Helpline	P31 P34 P36 P36		
Aspect: Employment					
LA.1	Total workforce by employment type, employment contract, and region.			6.4 6.4.3	Labour practices Employment and employment relationships
LA.2	Total number and rate of employee turnover by age group, gender, and region.				
LA.3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	· Developing an Environment in which Anyone can Work Comfortably	P43-44	6.4 6.4.3 6.4.4	Labour practices Employment and employment relationships Conditions of work and social protection

GRI Indicator description		Contents	Page	ISO26000 Core subjects and issues	
Aspect: Labor/Management Relations					
LA.4	Percentage of employees covered by collective bargaining agreements.			6.4	Labour practices
				6.4.3	Employment and employment relationships
				6.4.4	Conditions of work and social protection
				6.4.5	Social dialogue
				6.3.10	Fundamental principles and rights at work
LA.5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.			6.4	Labour practices
				6.4.3	Employment and employment relationships
				6.4.4	Conditions of work and social protection
				6.4.5	Social dialogue
Aspect: Occupational Health and Safety					
LA.6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.			6.4	Labour practices
LA.7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.			6.4.6	Health and safety at work
LA.8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	· Mental health care	P43	6.4	Labour practices
				6.4.6	Health and safety at work
				6.8	Community involvement and development
				6.8.3	Community involvement
				6.8.4	Education and culture
				6.8.8	Health
LA.9	Health and safety topics covered in formal agreements with trade unions.			6.4	Labour practices
				6.4.6	Health and safety at work
Aspect: Training and Education					
LA.10	Average hours of training per year per employee by employee category.			6.4	Labour practices
				6.4.7	Human development and training in the workplaces

GRI Indicator description		Contents	Page	ISO26000 Core subjects and issues	
LA.11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	· Developing Human Resources for the Future	P46	6.4	Labour practices
				6.4.7	Human development and training in the workplaces
				6.8.5	Employment creation and skills development
LA.12	Percentage of employees receiving regular performance and career development reviews.			6.4	Labour practices
				6.4.7	Human development and training in the workplaces
Aspect: Diversity and Equal Opportunity					
LA.13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	· Employment rate of individuals with disabilities · Ratio of female managerial staff	P45 P43	6.3.7	Discrimination and vulnerable groups
				6.3.10	Fundamental principles and rights at work
				6.4	Labour practices
				6.4.3	Employment and employment relationships
LA.14	Ratio of basic salary of men to women by employee category.			6.3.7	Discrimination and vulnerable groups
				6.3.10	Fundamental principles and rights at work
				6.4	Labour practices
				6.4.3	Employment and employment relationships
				6.4.4	Conditions of work and social protection
Human Rights					
Management Approach Goals and Performance		· Record of CSR Activities in 2012	P29-30		
Policy		· CSR Charter · Three Specific Areas of CSR Activities	P26 P28		
Organization Responsibility		· Governance System	P31	6.2	Organizational governance
Training and Awareness		· CSR Education · Developing Human Resources for the Future	P36 P46	6.3	Human rights
Monitoring and follow-up		· Governance System · PDCA Cycle · Monitoring · Helpline	P31 P34 P36 P36		
Aspect: Investment and Procurement Practices					
HR.1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.			6.3	Human rights
				6.3.3	Due diligence
				6.3.5	Avoidance of complicity
				6.6.6	Promoting social responsibility in the value chain

GRI Indicator description		Contents	Page	ISO26000 Core subjects and issues	
HR.2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.			6.3	Human rights
				6.3.3	Due diligence
				6.3.5	Avoidance of complicity
				6.4.3	Employment and employment relationships
HR.3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	· Developing an Environment in which Anyone can Work Comfortably	P43-44	6.3	Human rights
				6.3.5	Avoidance of complicity
Aspect: Non-discrimination					
HR.4	Total number of incidents of discrimination and actions taken.			6.3	Human rights
				6.3.6	Resolving grievances
				6.3.7	Discrimination and vulnerable groups
				6.3.10	Fundamental principles and rights at work
				6.4.3	Employment and employment relationships
Aspect: Freedom of Association and Collective Bargaining					
HR.5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.			6.3	Human rights
				6.3.3	Due diligence
				6.3.4	Human rights risk situations
				6.3.5	Avoidance of complicity
				6.3.8	Civil and political rights
				6.3.10	Fundamental principles and rights at work
				6.4.3	Employment and employment relationships
				6.4.5	Social dialogue
Aspect: Child Labor				6.3	Human rights
HR.6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.			6.3.3	Due diligence
				6.3.4	Human rights risk situations
Aspect: Forced and Compulsory Labor				6.3.5	Avoidance of complicity
HR.7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.			6.3.7	Discrimination and vulnerable groups
				6.3.10	Fundamental principles and rights at work

GRI Indicator description		Contents	Page	ISO26000 Core subjects and issues	
Aspect: Security Practices					
HR.8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.			6.3 6.3.5 6.4.3 6.6.6	Human rights Avoidance of complicity Employment and employment relationships Promoting social responsibility in the value chain
Aspect: Indigenous Rights					
HR.9	Total number of incidents of violations involving rights of indigenous people and actions taken.			6.3 6.3.6 6.3.7 6.3.8 6.6.7	Human rights Resolving grievances Discrimination and vulnerable groups Civil and political rights Respect for property rights
Society				6.2	
Management Approach Goals and Performance		· Record of CSR Activities in 2012	P29-30	6.2 6.6 6.8	Organizational governance Fair operating practices Community involvement and development
Policy		· CSR Charter · Three Specific Areas of CSR Activities	P26 P28		
Organization Responsibility		· Governance System	P31		
Training and Awareness		· CSR Education · Developing Human Resources for the Future	P36 P46		
Monitoring and follow-up		· Governance System · PDCA Cycle · Monitoring · Helpline	P31 P34 P36 P36		
Aspect: Community					
SO.1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	· Regional Development and Stimulus for Local Industry · Contribution to Communities Activities to Support Child Raising and Education · Environment Beautification and Conservation Activities	P53-56 P58-59	6.3.9 6.8 6.8.5 6.8.7 6.6.7	Economic, social, and cultural rights Community involvement and development Employment creation and skills development Wealth and income creation Respect for property rights
Aspect: Corruption					
SO.2	Percentage and total number of business units analyzed for risks related to corruption.	· Risk Reduction Plan	P34	6.6 6.6.3	Fair operating practices Anti-corruption
SO.3	Percentage of employees trained in organization's anti-corruption policies and procedures.	· CSR Education · Developing Human Resources for the Future	P36 P46		
SO.4	Actions taken in response to incidents of corruption.				

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Aspect: Public Policy					
SO.5	Public policy positions and participation in public policy development and lobbying.			6.6 6.6.4 6.8.3	Fair operating practices Responsible political involvement Community involvement
SO.6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.			6.6 6.6.4 6.8.3	Fair operating practices Responsible political involvement Community involvement
Aspect: Anti-Competitive Behavior					
SO.7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.			6.6 6.6.5 6.6.7	Fair operating practices Fair competition Respect for property rights
Aspect: Compliance					
SO.8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.			6.6 6.6.7 6.8.7	Fair operating practices Respect for property rights Wealth and income creation
Product Responsibility					
Management Approach Goals and Performance		· Record of CSR Activities in 2012	P29-30	6.2 6.6 6.7	Organizational governance Fair operating practices Consumer issues
Policy		· CSR Charter · Three Specific Areas of CSR Activities · Basic Policy on Quality Assurance	P26 P28 P37		
Organization Responsibility		· Governance System	P31		
Training and Awareness		· CSR Education · Developing Human Resources for the Future	P36 P46		
Monitoring and follow-up		· Governance System · Customer' s voice feedback mechanism	P31 P38		
Aspect: Customer Health and Safety					
PR.1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	· Quality Assurance System · Quality Assurance Activities · Continue developing environmentally friendly products	P37 P37 P52	6.3.9 6.6.6 6.7 6.7.4 6.7.5	Economic, social, and cultural rights Promoting social responsibility in the value chain Consumer issues Protecting consumers' health and safety Sustainable consumption
PR.2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.				

GRI Indicator description		Contents	Page	ISO26000 Core subjects and issues	
Aspect: Product and Service Labeling					
PR.3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.			6.7 6.7.3 6.7.4	Consumer issues Fair marketing, factual and unbiased information and fair contractual practices Protecting consumers' health and safety
PR.4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.			6.7.5 6.7.6 6.7.9	Sustainable consumption Consumer service, support, and complaint and dispute resolution Education and awareness
PR.5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	· Customer satisfaction survey	P38	6.7 6.7.4 6.7.5 6.7.6 6.7.8 6.7.9	Consumer issues Protecting consumers' health and safety Sustainable consumption Consumer service, support, and complaint and dispute resolution Access to essential services Education and awareness
Aspect: Marketing Communications					
PR.6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.			6.7 6.7.3	Consumer issues Fair marketing, factual and unbiased information and fair contractual practices
PR.7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.			6.7.6 6.7.9	Consumer service, support, and complaint and dispute resolution Education and awareness
Aspect: Customer Privacy					
PR.8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.			6.7 6.7.7	Consumer issues Consumer data protection and privacy
Aspect: Compliance					
PR.9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.			6.7 6.7.6	Consumer issues Consumer service, support, and complaint and dispute resolution



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