

CSR Communication Report 2019



Adersans

Realization of a Global Wellness Company

Our company was founded in Japan as a specialty store for men's custom-made wigs. Currently, we do business not only in Japan but also overseas such as the U.S., Europe, and Asia, becoming a total hair solutions company.

Furthermore, with the 50th anniversary of our founding in 2018, we will strengthen our development from the conventional business domain to the wellness industry of hair, beauty, and health.

There are currently 19 countries and regions, and approximately 6,600 employees are expanding our global activities. Along with this, a global perspective is indispensable for corporate social responsibility.

We value our founding spirit of desire for solving customer's hair-related problems, making products that make customers happy, and offering hospitality for customers. Developing that spirit in an appropriate manner is our CSR. We believe that solid compliance must be the foundation of our business.

In order to realize the dream of "Global Brand Aderans," we will continue to challenge new creations of social value.



Nobuo Nemoto

**Founder,
Representative Director,
Chairman
Aderans Co., Ltd.**



Yoshihiro Tsumura

**Group CEO,
Representative Director,
President
Aderans Co., Ltd.**

Management Philosophy

Our greatest mission as the Aderans Group is to promote overall wellness through our hair-related, beauty and health businesses. We aim to help clients worldwide attain physical and emotional wellbeing. We also aim to bring smiles to faces, so they can fulfill their dreams and live full, happy lives.

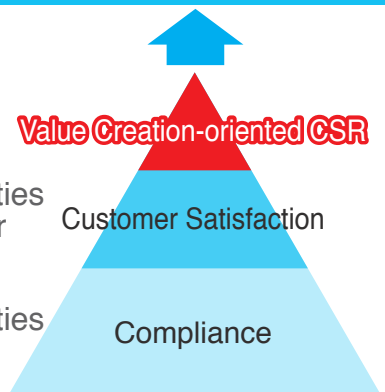
We strive for:

- Product excellence
- Technological expertise
- Most educated in hair-related, beauty and health solutions with the highest levels of service

Our CSR

Our CSR is defining CSR as integrating with business : The purpose of CSR is "To achieve healthy and lasting corporate growth." We defined CSR as the driver of corporate growth. Our activities are based on taking advantage of our strengths in society.

Value Creation-oriented CSR
by integrating with core business



Responsibilities for Customer

Customer Satisfaction

Basic Responsibilities for Society

Compliance

Corporate Data

Company Name:	Aderans Company Limited
Head Office:	1-6-3 Shinjuku, Shinjuku-ku, Tokyo 160-8429 JAPAN
Founded:	March 1, 1969
Paid-in Capital:	¥12.9 billion
Number of Group Companies:	68 (As of April 30, 2019) ※Including non-consolidated companies and dormant companies
Number of Salons:	Domestic 513 Overseas 305 (As of April 30, 2019)

For additional details please refer to the following website.
<https://www.aderans.co.jp/corporate/english/company/>

Board of Directors and Audit & Supervisory Board Members

Board of Directors

(As of June 1, 2019)

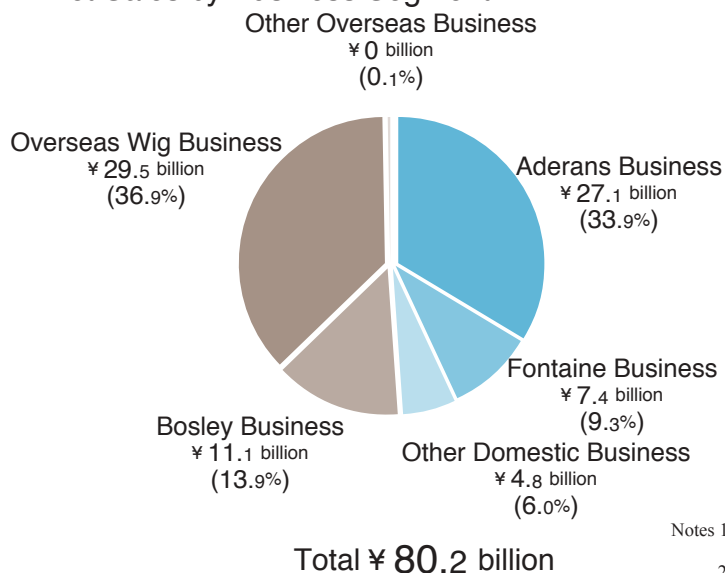
Founder, Representative Director, Chairman	Nobuo Nemoto
Group CEO, Representative Director, President	Yoshihiro Tsumura
Director, Senior Managing Executive Officer, in charge of Overseas Business and Production Group	Masaaki Furukawa
Director, Senior Managing Executive Officer, in charge of Domestic Business and Asia Business	Masatoshi Kageyama
Outside Director	Kazuhiko Takano
Outside Director	Reijiro Yamamoto
Outside Director	Tsuyoshi Yamazaki

Audit & Supervisory Board Members

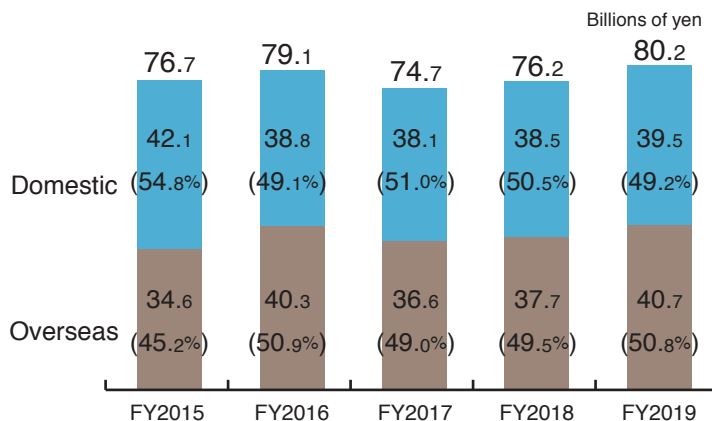
Standing member of Audit & Supervisory Board	Keizo Seki
Outside Audit & Supervisory Board Member	Kazuhiro Miyakawa
Outside Audit & Supervisory Board Member	Yoshiyuki Seki

Consolidated Financial Highlights (Year ended February 28, 2019)

Net Sales by Business Segment



Net Sales by Region



Notes 1: Other Domestic Business represents sales from beauty supply route business, medical-use wig business, electronic commerce business, and Hi-Net Co., Ltd.
2: Yen amounts are truncated to the stated unit. Percentages are rounded to the first decimal place. Therefore, the sum of individual components may not add up to the stated total.

Aderans Group has 68 companies in 19 countries overseas.



Please visit the following website for information about the Aderans Group.
<https://www.aderans.co.jp/corporate/english/company/group.html>

Number of Salons

(As of April 30, 2019)

Domestic	513
Aderans	
Ladies' Aderans	167
FONTAINE	231
In-hospital hair salon	31
Other	84
Overseas	305

Number of Employees (As of May 31, 2019)

Domestic	2,792
Overseas	3,822
Total of	6,614

Our History

We have contributed to the development of total hair-related solutions since its establishment in 1968.

ABOUT US

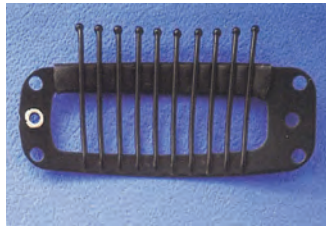
COVER STORY

SYMBOLIC ACTIVITIES



TV commercials started; spreading the news of men's wigs

1972



One-touch attachment product AQ-15 began sale

1976



AS-1, an Artificial Skin wig, began sale *Above photo is AS-3

1974



Aderans founded, as a small store specializing in men's custom-made wigs

1968



First National All-Japan Skills Competition held

1980



Studio AD started

1985



Fitter for making mold developed

1979

Integrated manufacturing and sales in Total Hair-Related Business

Foundation Period

1983

Research on Artificial hair started



1978

Love Charity started



The Major Changes Of Aderans Group

- 1969 | **Aderans Co., Ltd. established**
Started business in 1968
- 1985 | **Fontaine Co., Ltd. joined the group**
Founded in 1970, merged with Aderans Co., Ltd. in 2003
- 1986 | **Aderans Thai., Ltd. established**
- 1990 | **Aderans Taiwan, Inc. established**
- 1992 | **World Quality Co., Ltd. established**

1992

Aderans France SAS, Aderans Germany GmbH and Aderans Benelux B.V. joined the group
Camaflex-Societe Europeenne de Distribution(founded in 1952), D. van Nooijen B.V.(founded in 1925, joined in 1994), Créations de Paris Camaflex Vertriebs GmbH (founded in 1966), Monfair Moden Vertriebs GmbH (founded in 1986), Camaflex S.A. (founded in 1962)

2001

Bosley joined the group
In 2001, BOSLEY MEDICAL INSTITUTE, INC.(founded in 1989) and BOSLEY MEDICAL INSTITUTE OF CANADA INC.(founded in 1997) were merged with Bosley, Inc(founded in 1974). MHR, INC.(founded in 1999, joined in 2007).



To be Global Brand アデアランス

World's first National Standard
for Medical Wigs
2015



First in-hospital hair
salon opened
2002



ISO 9001 and ISO 14000
Certification(Thai factory)
1999

Globalization

Beauty and Health Business Domain

1991

Artificial hair "Cyberhair"
products began sale



2009

Fontaine Green Forest Campaign
started



2013

Support for Shining Women
started



2016

Expansion to the wellness
industry, Beaustage brand
released



2017

Fontaine All-Japan Role-Play/
Styling Competition held



2002

Aderans Singapore Pte., Ltd.
Aderans Philippines, Inc. established.
Aderans UK Limited joined the group
TREND HAIR SUPPLIES CO., LTD. (founded in
1964)

2005

Aderans (Shanghai) Co., Ltd. established
Aderans Sweden AB joined the group
Carl M Lundh AB(founded in 1900)

2009

Aderans Hair Goods, Inc. joined the group
Integration of International Hairgoods, Inc.
(founded in 1968, joined in 1987), René of Paris
(founded in 1971, joined in 1989), New
Concepts Hair Goods, Inc.(founded in 1991,
joined in 1998), General Wig Manufacturers, Inc.
(founded in 1963, joined in 1998) and Aderans
Retailing Company, Inc.(founded in 2001)

2013

HC (USA), Inc. joined the group
Hair Club for Men (founded in 1976, merged
with HC Inc. in 2003)

2014

**Aderans Lao Co., Ltd. (Lao Quality Sole Co.,
Ltd. at the present) established**

2016

Hi-Net Co., Ltd. joined the group
Founded in 1960
Reizvoll Co., Ltd. joined the group
Founded in 2003

2017

Aderans Medical Research Co., Ltd. established
Aderans Hong Kong Limited established

2018

**Amekor Industries, Inc.(founded in 1980)
and Estetica Designs, Inc.(founded in 2005)
joined the group**

**Aderans Total Hair Solution Iberia S.L.
established**

**Aderans Total Hair Beauty Solution (Thailand)
Co., Ltd. established**

Domestic Businesses

Aderans Group carries "the highest levels of service" as one of the management philosophies which "we strive for". We would like to introduce some of our activities, which involve the entire company as a united body and are deployed to raise the satisfaction level and trust of our customers.

Aderans Business

Total Hair Solution Brand Aderans

Aderans' services begin with careful consultations regarding customers' hair and scalp. Then, depending on each customer's concerns or preferred hairstyle, the right products and services to make the individual look and feel as attractive as he or she can be are selected from custom-made wigs, which are created to match the customer's hair color and shape of head, hair-volumizing products, which utilize the customer's own hair to create volume in specific areas, healthy hair growth services, which create scalp conditions conducive to healthy hair growth, and hair systems, which represent the latest in hair-volumizing technology. We have also enhanced after-sales services, including regular product checks and wig maintenance, haircuts and own-hair care.

(As of April 30, 2019, 167 stores in Japan)

Two approaches: Increase hair and grow hair

The lineup is extensive, from Hair Perfect, a new hair-volumizing service, to Pinpoint® and Vital EX, two hair-volumizing products that bind artificial hair to the customer's own hair, as well as Hair Repro, a healthy hair-growth product. The Aderans Business also offers Freedom, a membership flat-free plan, new hair-volumizing system drawn from U.S. subsidiary Hair Club. This business segment continues to evolve to meet the wide-ranging needs of men who are concerned about thinning hair.



ADERANS

From custom-made wigs to total beauty care and scalp care

The eve series, a ladies' custom-made wig brand popular with customers for many years, showcases products based on technology and know-how accumulated within us to address concerns women have about their hair and enable them to maintain a fun, stylish appearance. We also offer Hair Up, hair extensions, and Benefage, a series of products to care for the scalp and make hair beautiful.



レフィス
アデランス

Other Domestic Businesses

Domestic Affiliated Companies



Hi-Net Co., Ltd.

Established in 1960, consolidated in 2016.

Hi-Net offers ready-made wig Hi-Net, fashion wig for 20s-30s women NAVANA WIG, beauty products NAVANA beauty and apparel products YVETTE to department stores.



Reizvoll Co., Ltd.

Established in 2003, consolidated in 2016.

Reizvoll owns a dedicated factory to produce and sell wigs mainly for women and medical use. Also, the company offers to beauty salons and e-commerce.



Aderans Medical Research Co., Ltd.

Established in 2017, consolidated in 2017.

Aderans Medical Research sells equipment, medicines and other products to medical institutions and provides clinics with advisory services in its establishment and operation.

Pal Messe Co., Ltd.

Established in 1985, consolidated in 1985.

Pal Messe carries out real estate agent and the non-life and life insurance agent business. Also, the company offers beauty products.

Fontaine Business

Rich selection of easy-to-enjoy ready-made wigs

As of May 31, 2019, ready-made wigs were available through a 230-store presence including department stores, directly operated shops and major distribution chains. Through department stores and directly operated salons, we offer high-quality, very fashionable ready-made wigs, including hand-made VALAN wigs featuring a mix of human and artificial hair, stylish ROLOC wigs in a palette of personality-creating colors, and Toppiece® which easily creates volume in a specific area.

Fontaine brand continues to expand

We want to give more women the opportunity to have fun with wigs. With this in mind, we draw on diverse retailing points to deliver a message that Fontaine enables women to create an appearance matched to any fashion scene. We convey the appeal of the Fontaine brand at department stores, and directly operated shops. In recent years, we have worked to build a higher profile at large super- markets and shopping malls, with an emphasis on Swanee by Fontaine, an easy-to-use, anytime wig, and René of Paris, a wig brand loved by women overseas, especially in Europe and the United States. We enriched our lineup with ANY D'AVRAY, a wig brand from Paris, France, infused with an entertainment quality, and present different ways to have fun with wigs.

FONTAINE



ANY D'AVRAY
CRÉATRICE DE CHEVEUX pour Aderans



Medical-Use Wig Business

Aderans has opened 32 salons (as of August 31, 2019) inside hospitals. Salons are equipped with mobile salon chairs or have layouts to accommodate wheelchairs, in consideration of the physical limitations that many patients have, and offers regular barber and beauty salon services, such as shampoo and cut, using proprietary products gentle to the skin. The medical wig Raфра® is also available at these in-hospital locations. Staff provides patients nail and cuticle oil and introduces MediCure low-irritation inner wear made by Gunze Limited, to help patients achieve a better quality of life.



Beauty Supply Route Business

Ready-made wigs and custom-made wigs are offered to beauty salons across Japan through distributors of beauty supplies. We promote sales through such opportunities as workshops for beauticians and hairstylists. We also offer ready-made wigs to cosmetics stores on a wholesale basis and sell ready-made wigs to the general public. In addition, we have started to extend our presence into the beauty domain, tapped as a new business, with the Beaustage Business Center.



Direct-Order Business

We focus on three approaches: 1) B-to-C sales hinging on an e-commerce site and direct-order access; 2) B-to-B sales hinging on wholesale services to direct-order companies, including providers of home-shopping products; and 3) marketing development business to plan and cultivate new marketing channels. Our extensive lineup is noteworthy, ranging from haircare products for men and women to beauty equipment and wigs.

Overseas Business

The overseas subsidiaries of Aderans Group operate in 19 countries and regions. "For Everyone's Smile" linked with the efforts being made in Japan, their business are also undertaken, based on taking advantage of our strengths in society.

Bosley, Inc.

BOSLEY



Bosley is a leader in the North American hair transplantation market

Bosley, a U.S.-based member of the Aderans Group, is the world's leading authority and practitioner of surgical hair restoration, and continues to enjoy the top share of the North American market. Hair transplantation by Bosley is a surgical procedure whereby a highly qualified and experienced physician, working with a trained clinical staff, removes healthy follicles from the back and sides of the scalp and relocates them to areas of hair loss. Bosley complements the FUT*¹ conventional technique with FUE*², a technique that does not use a scalpel, to provide procedures better matched to patient needs. As of April 30, 2019, the company had 27 surgical offices and 42 consultation offices.

*1: FUT = Follicular Unit Transplantation

*2: FUE = Follicular Unit Extraction

HC (USA), Inc.

HAIRCLUB



Hair Club is a leading provider of comprehensive hair restoration solutions for men and women in North America.

As a leader in hair loss solutions in North America, Hair Club responds to the hair loss concerns of all customers. The company offers carefully considered services unmatched by any other company and backed by a solid track record, maintains a cooperative arrangement with Bosley, an Aderans Group company, to introduce hair transplantation customers, and presents a wide selection of products, hinging on hair systems and hair growth products. Solutions are personalized to customer requirements, such as the degree of concern over hair loss as well as budget and hair-volumizing technique.

As of April 30, 2019, Hair Club had 121 offices, mostly in the United States and Canada.

For more than 40 years, Hair Club has helped men and women find solutions to hair loss. The company's experienced hair restoration consultants, licensed cosmetologists and surgical staff work as a team and will continue to build trust and tangible results.

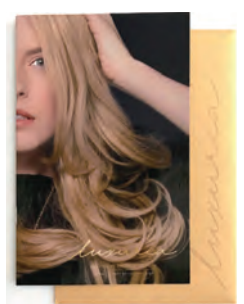
Other Overseas Businesses (North America)

Aderans Hair Goods, Inc.

Aderans Hair Goods is driving wholesale and retail activities ahead in the U.S. market for men's and women's custom-made and ready-made wigs. We have offered Cyber Hair products in America after IHI joined the Aderans Group in 1987. Also, we have tried to expand into lady fashionable wig business and medical wig business after René of Paris joined in 1989. Seeking further growth, the company is working to strengthen existing brands, develop new products and cultivate new marketing channels.

Amekor Industries, Inc. Estetica Designs, Inc.

Wholesale business of ready-made wigs for women. As Amekor specializes in the African-American market, the synergy within the group will expand.





Donation to the American Breast Cancer Research Foundation

Bosley has donated part of its revenue to the American Breast Cancer Foundation since 2014. From 2015, by changing donation from fixed amount of money to sales percentage during Pink Ribbon month, employee awareness was intensified and they became active. Currently, Bosley has donated more than \$125,000 to the American Breast Cancer Research Foundation.



Pay It Forward

Inspired by the movie "Pay It Forward", Hair Club started volunteer activity that will spread kindness by expanding feeling of gratitude instead of returning kindness afterwards when we receive.



HAIR CLUB FOR KIDS

From 1992, Hair Club has provided non-surgical hair replacement services to children aged 6 to 17 who have lost their hair, as well as Aderans' Love Charity program.



Toys for Tots

Aderans Hair Goods has been carrying out "Toys for Tots" activity since 2018 with the idea of "toys for children." During the Christmas season, we distribute new, unopened toys to underprivileged children. We presented 220 toys during the year.

Wig Donation for Support Groups

In the U.S., there are non-profit charity organizations that support patients who need wigs for cancer treatment. Aderans Hair Goods has supported activities by providing wigs to those groups. In 2018, we offered about 1,800 wigs to 6 organizations.

Support "Look Good Feel Better"

"Look Good Feel Better" is an organization that provides free support for beauty techniques to improve the appearance of female cancer patients affected during treatment. To date, 2 million people in 27 countries were supported. Aderans Hair Goods provided about \$8,000 worth of wigs for this program as an improvement item of quality of life.

Overseas Business

Overseas Businesses (Asia, excluding Japan)

Aderans Singapore Pte., Ltd.



In September 2002, a local subsidiary was established a local subsidiary. Consolidated Fortune Wigs Center, which deals in ready-made wigs, in October 2002, and salons in 2004. In addition to sales of ready-made wigs that are developed at the mall, the salon offers total solutions for custom-made wigs, hair volumizing, and hair growth.

Aderans Taiwan, Inc.



In January 1990, a local subsidiary was established, dealing with ready-made wigs and custom-made wigs. Focusing on custom-made wigs with fully equipped hair salon functions, and salon operations mainly with hair volumizing and hair growth services. The company is actively engaged in CSR activities and leads Asian sales companies.

Aderans Hong Kong Limited

In April 2017, a local subsidiary was established in Causeway Bay, one of Hong Kong's leading commercial areas. The same year in September, Aderans Causeway Bay store was opened. It has a salon function and offers not only wigs, but also hair volumizing, hair growth services, and beauty equipment.

Aderans (Shanghai) Co., Ltd.

In December 2005, a local subsidiary was established in Shanghai. Custom-made wigs and ready-made wigs are dealt with like in Japan. The company is particularly focusing on selling ready-made wigs at department stores and malls.

Aderans Total Hair Beauty Solution (Thailand) Co., Ltd.

In September 2018, a local subsidiary was established in Bangkok. The same year in November, "Aderans Siam Takashimaya" in Siam Takashimaya was opened. The company provides ready-made wigs, custom-made wigs, and hair-volumizing products.

Overseas Businesses (Europe)

Aderans France SAS



In 1992, Aderans France SAS joined our group for the first time in Europe and became Aderans founding place in Europe. In addition to manufacturing and selling wigs, hairpieces, and hair-related products, the company is developing total hair solution salons.

Aderans Benelux B.V.



In addition to retail sales at wholesale and directly managed stores in the Netherlands and Belgium, Aderans Benelux B.V. provides in-hospital salons in the Netherlands. In the field of women's wigs, the company is a fashion leader in the Netherlands and Belgium.

Aderans UK Limited



Aderans UK is a leading wig provider in the UK that sells wholesale and retail sales of fashion wigs, hair extensions, and other hair-related products.

Aderans Sweden AB

Aderans Sweden AB has become synonymous with wigs in Sweden. Not only to Sweden but also exports to Finland, Norway, and Denmark. The company also operates stores including in-hospital salons.

Aderans Germany GmbH

Wigs and hairpieces are sold at department stores and directly managed stores in Germany. Aderans Germany GmbH carries out wholesale in Germany and abroad, and has expanded the medical field.

Aderans Total Hair Solution Iberia S.L.

Aderans Total Hair Solution Iberia S.L. wholesales fashion wigs, hair extensions, and other hair-related products to Spain and Portugal. In addition, the company operates two retail stores.



Wig Donation to Hospital in Taiwan

Aderans Taiwan donated exhibited sample items from stores to hospitals in Kaohsiung City in 2017. While seeking to open in-hospital hair salons in Taiwan, we found that there was a demand for free rental of wigs, and we decided to donate them for rental. In 2018, we donated 10 wigs and 20 hats for hair removal to hospitals in Taichung City.



Free Haircut at Disabled Facilities

At Aderans Taiwan, our staffs visits facilities for the disabled and offer free haircut. Since we were called by the volunteer organization in 2012, we conduct them once a week in Kaohsiung City. In 2015, by request from a beauty salon owner of Keelung City, we also started offering the service in that city, too. This activity will also increase technical skills of our employees, so we will continue to do so in the future.



Held "Ladies Night Charity Fashion Show"

Aderans UK held a CSR event, "Ladies Night Charity Fashion Show," in Brighton, England. It was held with the aim of telling society at large that there are many people who suffer from hair loss, and calling for support of them.



Support for "My New Hair"

"My New Hair" is a charity organization for people suffering from cancer and medical hair loss, set up by world class hair stylist Trevor Sorbie, MBE. Aderans UK, our group company in the United Kingdom, supplies wigs to the charity and provides coaching to beauticians in providing hair cuts.



Support for "Alopecia areata deutschland e.v."

Since 2017, Aderans Germany has been supporting the alopecia patient group "Alopecia areata deutschland e.V." We offer wigs at discounted prices and free wigs for children under the age of 17. Three organizations, adding the Alopecia Foundation, made calendars using Alopecia patients as models, and donate sales to the organizations.



Established "Stitching NU JIJ" Foundation to Support Cancer Patients and Families

Lenny Van Zundato, the Shop Manager of Francie-hair Boutique, under Aderans Benelux, founded "Stichting Nu Jij" to support cancer patients based on her own cancer experience. Aderans Benelux is supporting this activity as well. Various events are held on the weekend, and 120 patients aged 18 to 40 have participated so far.

Production Bases

Aderans relies on experienced technicians at its own production facilities and the facilities of alliance partners in Thailand, the Philippines and Laos to craft delicately constructed, high-quality wigs under an integrated production and marketing structure.



Aderans Thai., Ltd.



World Quality Co., Ltd.

In 1986, Aderans established our first overseas plant operated by Aderans Thai, Ltd. Further expansion of its production capability in Southeast Asia came with the establishment of plants operated by World Quality Co., Ltd. (Thailand) in 1992, and Aderans Philippines, Inc. in 2002. Following the inauguration of a second Philippines plant in October 2013, we began local production in Laos from September 2012. We deliver high-quality wigs to customers through this three-point structure in Thailand, the Philippines and Laos.



ISO 14001

In 1999, the Group's production facilities in Thailand acquired ISO 14001 Certification for environment-friendly operations.

1. Prevent water pollution through factory effluent.
2. Prevent air pollution within the factory.
3. Safely dispose of industrial waste.
4. Effectively utilize available resources.
5. Improve working conditions within the factory.



ISO 9001

Our main production plant in Thailand has been certified ISO 9001 (international standard for quality management systems) in 1999 to ensure stable quality of our products.

Aderans Thai., Ltd.

Established in Nava Nakorn in 1986, the Buriram factory started operation in 1988. The factory conducts integrated production of ready-made wigs, hair planting/base back coating/inspection of custom-made wigs, and product repair work. In 1999, the factory acquired ISO 9001 and ISO 14001 certification.

World Quality Co., Ltd.

Established in Ayutthaya, Thailand in 1992, World Quality Co., Ltd. built and moved our Saraburi factory in 2012. The factory is in charge of manufacturing and logistics for the Aderans Group products. The factory also produces artificial "vital hair," not to mention wigs.

Aderans Philippines, Inc.

Established in Clark, Philippines, in 2002. The factory manufactures and exports custom-made wigs for men and women, and produces artificial "Cyber Hair."

In 2013, the second factory started operations for custom-made wig hair planting processes.

Lao Quality Sole Co., Ltd.

In 2012, as a new production base, the factory began consignment production of custom-made wig hair planting at the Vientiane Factory in Laos.

In 2017, Lao Quality Sole Co., Ltd., which operates the factory, was consolidated. The factory mainly engaged in hair planting for products received from World Quality Co., Ltd.



Aderans Philippines, Inc.



Lao Quality Sole Co., Ltd.



Wig Donation to Hospital
2,294 cumulative pieces were offered

We have been donating wigs every year since 2012, in association with our wig production plant in Thailand. In 2019, we donated 130 pieces to 3 hospitals. Since the start, about 2,294 wigs have been donated in total.

Until 2016, only Aderans Thai., Ltd. participated, but from 2017, we also offered wigs made by World Quality. We not only offered them to the hospitals in Bangkok, but also to the Buriram area, where we have a factory.



Installation of Welfare Support Vending Machines

At World Quality, we have installed a vending machine to support children suffering from poverty and disabilities. Part of sales of vending machines support local deaf schools and children who cannot receive an education.



Use of Scraps from Wig Manufacturing Process

At Aderans Thai, considerations were made to eliminate waste and to effectively use as resources the scrap materials that are produced during the manufacturing of wigs. Efforts are being made for various experimental manufacturing, such as artificial flowers, car wipes, cushions, and sandals.



Provide Donations and Relief Supplies

In response to the flood damage that occurred in Laos Attapeu in July 2018, Lao Quality Sole donated relief supplies such as used clothes, sandals, and instant noodles, and monetary donations. In addition, employees at Lao Quality participated as volunteers in delivering to the disaster support reception.



School Forestation in Thailand

At Aderans Thai, we, together with teachers and students, have planted trees within the school area, as part of TO BE NUMBER ONE movement from 2009. This event was meant to raise awareness of the environment by through a protection activity for children.

Provide Donation of Money for School Food Service and Textbook

At World Quality, we have donated money for food service and textbook to schools which are near the factory.



Award Winning Work Environment

At Aderans Philippines, we were commended by MDG ACHI-EVENT FUND, which is under the Department of Labor and Employment in Republic of the Philippines, for our diversity in the workplace environment for employees in February 2013.



Our CSR Activities for the SDGs

In 2015, the United Nations General Assembly adopted the Sustainable Development Goals (SDGs) as goals to be achieved by 2030, such as poverty, inequality, eradication of injustice, and response to climate change.

Not only emerging countries, but also all countries and regions including developed countries, set international goals for 15 years from 2016 to 2030. It consists of 17 big goals to achieve a sustainable world, and 169 specific targets to achieve them.

Aderans Group, as a company that develops business on a global scale, face a variety of issues faced by the world. We work to solve social issues through our business, promote initiatives for important issues to realize a sustainable society, and aim for sustainable growth.



Started Joint Research on Novel Hair Materials to Contribute Sustainable Society Utilizing Structural Proteins Originally Developed by Spiber Inc.



We started joint research and development on new hair materials with Spiber Inc. (Head Office: Tsuruoka City, Yamagata Prefecture, Director and Representative Executive Officer: Kazuhide Sekiyama) by utilizing structural proteins originally developed by Spiber.

Spiber conducts cutting edge R&D devoted to the commercialization of sustainable structural protein materials as a new cornerstone material of industry, all to push forward its mission: contributing to innovative solutions to global issues.

What motivates our collaboration is not just the innovative use of bio-produced protein materials, but more fundamentally, the shared passion for contributing to people's happiness.

Petroleum that serves as their raw material is an exhaustible resource. Looking ahead to the next 100 years, we felt that it is necessary to find renewable alternatives, we will continue to create hair materials that will be a new option and not depend on depleted resources.

Special Partner for Asahi World Forum 2018 A Value Creation-oriented CSR of Aderans Corresponding to the Idea of SDGs



At the "Asahi World Forum 2018" hosted by The Asahi Shimbun Company (Newspaper) held in September 2018, we deeply sympathized with the SDGs concept, which is the purpose of the conference, and gave special support.

We displayed products with the latest hair and beauty technologies. Under the theme of "What is the effect of appearance and appearance care for cancer patients?", two

panelists of breast cancer survivors had discussions about the importance of appearance care based on their own experience. Afterwards, Mutsuo Minowa, Executive Officer, Deputy Executive Manager of Overseas Business Group, in charge of Group CSR & Corporate Communications, gave a special lecture entitled "Familiar Efforts Become a Global Expansion with Smiles."



Value Creation-oriented CSR by integrating with core business



Since our founding, to "resolve customers' hair-related problems," we have been committed to "integrate the business" with the values and strengths that we can realize. We are linking these value creation-oriented CSR activities with each SDG goal.

Going forward, we will promote measures to deepen understanding of SDGs for group employees, and set goals for achieving SDGs through problem solving. We will promote businesses that contribute to further solving of social issues.



Aderans celebrated its 50th anniversary in 2018 and is constantly challenging employees with new missions. We have categorized our value creation-oriented CSR, which are integrated with business, into the following four areas. Each area is associated with SDGs's 17 categories to resolve social issues.

- 1 "Social and Community Contributions" broaden smiles and joy throughout society, including love charities and support for cancer patients.
- 2 "Reliable and Safe for Customers" encourages sincere hospitality, such as in-hospital salons and greetings/customer service with smiles based on credo.
- 3 "Environmental Efforts" is aimed at creating a sustainable society where the economy and the environment are compatible, such as Fontaine Green Forest and reducing environmental impact.
- 4 "Academic and Cultural Activities," such as support for arts and culture by Studio AD, joint research, and development of new hair materials through collaboration with Spiber, and support for women's active participation.

The missions that companies are engaged in are expressed in concrete behavioral aspects, making it possible to work together as a company-wide common goal.

We announced a mission that we will work on social issues by associating value creation-oriented CSR with SDGs. In that sense, we are convinced that this will make a significant contribution to fostering a sense of unity among employees.

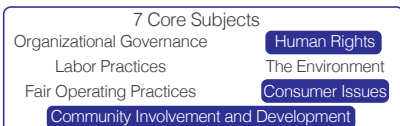
We have been leaders as a comprehensive hair-related company. The corporate culture of "challenge and innovation," which is aimed at the wellness industry of hair, beauty, and health, will be always a new mission. I sincerely hope that this corporate culture will be nurtured warmly and carefully.



Junichi Mizuo
Advisor, Aderans Co., Ltd.
Professor emeritus,
Surugadai University

Social and Regional Contributions

Through our hair-related business, we have continued to make efforts in various activities, both domestically and outside Japan, as we consider ways to spread smile and joy not only for our customers who use our products but broadly across society.



Love Charity started in 1978 to provide custom-made wigs to children aged 4 to 15 who have lost their hair due to some sort of trauma, such as sickness or injury. The underlying concept of this campaign is to prevent the physical trauma of hair loss from becoming an emotional scar as well. Love Charity Campaign is an opportunity to bring smiles back through the gift of a custom-made wig.

Furthermore, as of September 2012, we have decided to conduct throughout the year our campaign that had previously been limited to the Christmas period, for the happiness of greater numbers of children. Also, from 2014, we started to provide ready-made wigs to children who need wigs immediately.



Fiscal Year	Number of Provided Wigs
2013	172
2014	265
2015	343
2016	336
2017	315
2018	330

Love Charity Since 1978 Starting Point of Our CSR Activities

For Patients with Cancer and Other Major Conditions



Cooperation with NPO JHD&C

We agreed to the activities of the non-profit organization Japan Hair Donation & Charity (JHD&C), which provides free wigs for children who need wigs due to illness. Starting in March 2015, we worked with Aderans stores nationwide to measure head sizes. In April 2016, we started our cooperation in wig production. In 2018, we installed hair donation support vending machines in our company.

Register with JHD&C Supporter Beauty Salon

JHD&C's activities are supported by volunteers from active hairdressers in Japan. Hairdressers perform various tasks such as haircuts, head measurement, and style cuts (haircuts for wigs), when they have free time.

Starting in 2018, 32 in-hospital salons and Any D'avray Fukuoka Keyaki-dori store have been registered as JHD&C supporter beauty salons. It is now possible to accept donors who wish to cut donated wigs.



Supporting World Children's Day Youth Festival

We supported the "World Children's Day Youth Festival" held in November 2018. This event was organized by the international human rights NGO HumanRightsNow, which aims to eliminate serious human rights violations around the world. We offered to provide Fontaine wigs to Secretary General Anjana K.C., a representative and independent living center of Pokhara.

For Society and Community



Haircut Volunteer at a Welfare Facility

In July 2018, four new employees participated in the "Scissors Day Haircut Volunteer," held at Nissei Day Service Center in Minami Nagasaki and in Akabanedai. This activity is held annually by Incorporated Yamano Gakuen and General Incorporated Association of International Beauty Association as a commemorative event for Scissors Day. This is the first time for us to participate with haircut volunteers on Scissors Day.



Held "Blind Makeup" seminar Supporting JAPAN CAREMAKE Association

In June 2019, we held a "Blind Makeup" seminar in which visually impaired people voluntarily make up their own, support of the philosophy of the JAPAN CAREMAKE Association.

This association is working to establish a "care makeup" model that can be practiced by people in the welfare field, such as elderly people, people with dementia, people with disabilities, and people with illness, and to disseminate their activities widely.



Sponsored "Osaka SDGs/Ken-Katsu 10 Special Match Day"

In support of Osaka Prefecture's philosophy, whose catch phrase is "Ken-Katsu (healthy activity) 10," a prefectural initiative that promotes proactive health throughout life, we sponsored the "Osaka SDGs/KenKatsu 10 Special Match Day" held in September 2018. We conducted "Pink Ribbon Activities" to support early detection, early diagnosis, and early treatment of breast cancer, and raised awareness for visitors.



Pink Ribbon Smile Walk

We supports the Pink Ribbon Campaign that conveys the importance of early detection, early diagnosis, and early treatment of breast cancer. In addition to distributing the Pink Ribbon badge, we have set up the "Pink Ribbon Mark" stand at the reception desks of all sales offices in an effort to raise employee awareness.

In 2018, we participated in the Pink Ribbon Smile Walk held in Tokyo and Kobe for the 8th time.



Care Support Service for Medical Wigs in the Disaster Areas

Since July 2012, we have been offering "Wig Care Support Services" that provide wig care and other services at half price for cancer patients affected by the Great East Japan Earthquake.

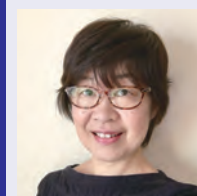
This service was scheduled to terminate at the end of June 2019. But due to many requests for continuation, it will be extended to the end of June 2021, the year of the 10th anniversary of the Great East Japan Earthquake.

Supporting Cancer Patients Affected by the Great East Japan Earthquake

The "One World Project" began with the delivery of care products to cancer patients affected by the Great East Japan Earthquake. We provided support items such as wigs from around the nation to patients through Tohoku hospitals. In July 2012, with the cooperation of Aderans, we started a "care support service" that allows users to use wig care and other services at half price. The patients who used this service rejoiced when the old and damaged wigs were restored by shampooing and cutting.

Thanks to the popularity, we have continued to extend. We are grateful for extending the service again until 2021.

We have already finished recruiting large-scale support items for the project, but we would appreciate it if there would be donations of wigs in the future.



Mayumi Terada
Representative
One World Project Secretariat

Customer Comfort and Safety

We carry "heartfelt service" as one of the management philosophies that it "aims to achieve". We would like to introduce some of our activities, which involve the entire company as a united body and are deployed to raise the satisfaction level and trust of our customers.



Since September 2002, we have been organizing in-hospital hair salons and offering various support to patients with delicate issues over their hair due to their illnesses and treatments. As of 2019, there are 32 in-hospital hair salons.

We support a better quality of life for patients through these salons, and our efforts include handling JIS-compliant medical-use wigs, offering makeup and manicure services to enhance outward appearance and, in response to comments from the medical front-line, the use of a foam-type shampoo more suitable for patients who are losing their hair due to cancer treatment.

The salons have been made barrier-free so patients can come in wheelchairs. Mobile salon chairs have been adopted at all salons in consideration of patient conditions, so that we may be prepared to move anywhere within the hospital.



In-Hospital Hair Salon

Opened in Japan Since 2002

Supporting Various Customer's Needs

Thoughtful Serving

We sold its first medical-use wig in 2005, and all staff involved in sales at that time were required to attend a seminar on medical care presented by outside experts (VOL-NEXT).

More than 2,000 employees have attended our medical care seminars, underpinning a system that allows customers to purchase products with peace of mind.

Overseas Expansion of In-Hospital Hair Salon

We have introduced in-hospital hair salons in Germany, Denmark and Sweden since 2011. This project is well recognized in Japan. Also, we will introduce this system into US. As of July 2019, there are 8 salons in Europe.

Hair Salon Komorebi in Osaka International Cancer Center Received a Reception Award

The hair salon Komorebi in Osaka International Cancer Center won a double award for excellence and hospitality. It was the first time that an organization outside the center won the award.

Continue Working with Thoughts

This time, Osaka International Cancer Institute gave us an excellence award and a hospitality award. We were surprised and joyful because those awards enable us to receive by evaluations from various workers and patients in the hospital, unlike in-house.

We always try to handle customers with consideration of the physical condition of them, as well as keeping in mind that our customers are at the crossroads of their lives so that the salon is not just a place to get their hair cut.

There is no upper limit to the customer's appearance. Furthermore, we would like to continue to work with our thoughts while learning various knowledge.



Kazuhisa Hirayama
Shop Manager
Hair Salon Komorebi
in Osaka International Cancer Institute

Realization of Customer Needs



New Standardized in JIS Medical-use Wigs for Men

We launched a new style of ready-made wigs for men from the medical-use wig brand "RaFra®" in June 2019, because the number of inquiries from customers were increasing. To provide products that stand close to customers, we are focusing on comfort and ease of handling. We repeated the trial and error process several times over the course of a year.

Launched Semi-order Type Medical-use Wigs

In May 2019, we launched "Aderans Wellness Wig," our first semi-order medical-use wig. The semi-order type is a popular product among customers with high demand among medical-use wigs. Style arrangements and cuts are possible at the salon, so customers can enjoy fashion without forgetting their personality even while fighting with diseases.



New Release of Beauty Machine for Scalp, Hair, and Facial Care

In June 2019, we released "HairReproZ Premium" for scalp, hair, and facial care.

This is a new product equipped with various functions for those who want to further strengthen their scalp care, due to the rapid increase in aesthetics among consumers.

Improvement of Skill and Knowledge



National Skill Competition

To meet customer needs for hair, Aderans takes "After Service" as a big deal. Among them, we consider "Skill" as an important factor. We hold "National Skill Competition" where Aderans hairdressers compete to showcase their "Skill".

"Aderans National Skill Competition" is a tournament that chooses one person in "Barber Department" and "Beauty Department" who has the highest technique among barbers and hairdressers from the workers of Aderans shops.

In 2019, we held 25th event, 1,004 staffs participated and 19 winners were chosen.



Fontaine Ready-Made Skill Competition

We have held "Fontaine Ready-Made Skill Competition" from 2017. This is a competition that selects the person who has the highest customer service and technical skills. This was held for the first time as Fontaine against the backdrop of a rising demand for wigs in recent years. Its aim was to further improve of our company's strengths: "customer service strength" and "technical strength."

In 2019, we held 3rd event, 695 staffs participated and winners in customer service strength and in technical strength were chosen.



Right knowledge of hair and skin

Our aim is to pass on our knowledge on hair and skin to our customers. To meet our goal, we became a member of Japan Hair Science Association and encourage our employees to attain Hair Adviser certification.

(as of June 2019)

343 certified Hair Adviser.

13 certified Hair Consultant.

7 certified Senior Hair Consultant.

Environmental Efforts

We consider the reduction of environmental burdens such as CO₂ emissions as a corporate social responsibility and is moving forward in its efforts for the environment, such as environmental adaptability of its products and reductions of CO₂ emissions from the offices.

7 Core Subjects

- Organizational Governance
- Labor Practices
- Fair Operating Practices
- Community Involvement and Development
- Human Rights
- The Environment**
- Consumer Issues



Since 2009, we have been involved in an initiative, dubbed "Fontaine Green Forest Campaign," to plant trees on mountains through the environmental communication company Tuvalu Forest Corporation.

This campaign began with customers' feedbacks considering the environmental effects at disposal of old wigs. Most of ready-made wigs are made of polyester. So if customers dispose them as household waste, there are slight emissions of CO₂ from waste incineration.

About This Campaign

When customer bring old wigs to our shops, we offer coupon to the customer. If the customer use coupon and buy new ones, we offer wigs at reduced prices and spend a part of its sales, 100 YEN per wig, to preserve environment.



Fontaine Green Forest Campaign Bringing Together Tree-Planting for Eco Cycling 11th year since starting in 2009

Year	Covering Area
2009	406 m ²
2010	1,813 m ²
2011	2,063 m ²
2012	2,531 m ²
2013	3,469 m ²
2014	5,013 m ²
2015	6,825 m ²
2016	7,875 m ²
2017	12,459 m ²
2018	22,776 m ²

Environment-Friendly Disposal

Wigs we collect are disposed upon much stricter regulations than that at general disposal facilities by our contracted waste disposal company, J&T Recycling Corporation Kawasaki Eco-Clean Factory.



Covering area is estimate which is evaluated from number of trees and our ratio of support to environmental preservation groups.

Reduce Environmental Impact



Mold Making System by 3D Scanner
By introducing the new mold making system in December 2014, we actively manage to be environmentally friendly since we can reduce the amount of fitting materials. It also leads to the reduction of power usage because both domestic and international transportation of those objects are no longer required.



Utilizing LEDs In Salons
At Ladies' Aderans, we have been installing a "Style Museum" in which wigs are shown with huge varieties in styles for our customers to find their ideal hairstyles. We also attempt to minimize environmental impact at our stores by reducing power consumption such as converting lightings to LEDs at salon renovations and construction of new salon.



Introduction of Water-Saving Shower Heads at Salons
We have installed hand-held showers with water-saving attachments at salons where staff has the expertise to offer barber and hairdressing services. These showers reduce the amount of water used and lead to less CO₂ emis-

Nationwide Activity, "Green Forest Campaign" Expand Into Nationwide in Japan

"Fontaine Green Forest Campaign" which was started since 2009, we expanded our tree-planting activity in Yamanashi Prefecture into nationwide in Japan from 2017. We will save beautiful nature in Japan for our descent.



"Green Forest Campaign," the 1st Nationwide Development Collaboration with NPO Sakura Namiki Network

Since 2017, we have been supporting cherry blossom tree planting in areas affected by the Great East Japan Earthquake.

This year was the third participation in the "Life Forest with a Sea View" project to plant trees at the tsunami arrival point in Minamisanriku-cho.

The "Life Forest with the Sea" project was launched in 2016. It is a place to convey "what we learned," "what we need to convey to future generations," "what we want to pray," and "the landscape we want to keep." Minamisanriku-cho locals are planting trees every March along with 3.11.



I would like to express my sincere appreciation to Aderans for visiting the local area and helping to create a new community place in the disaster area. The cherry blossoms planted in the "Life Forest with the Sea" will brighten the hearts of the local people. We will strive to make this place for environmental activities and transmit the lessons of earthquake disaster.

Keiko Abe
Hostess
Minami Sanriku Hotel Kanyo



NPO Sakura Namiki Network
Sakura Namiki Network, a NPO, has planted cherry trees as memory and disaster prevention landmarks of 3.11 Tohoku earthquake and Tsunami.

"Green Forest Campaign," the 2nd Nationwide Expansion Regeneration of Red Pine Forest at Shizuoka Prefectural Forest Park First Support as a Private Company

In 2019, as a new environmental conservation destination, we began to support the restoration of red pine trees at Shizuoka Prefectural Forest Park (Ono, Hamakita-ku, Hamamatsu City), as the first supporter among private companies.

This park is a popular nature landscape in the prefecture, mainly composed of red pine trees. It is also recognized as a habitat for rare organisms, such as being selected as a "The important Satochi-Satoyama (community-based forest areas and the surrounding countryside) for Biodiversity Conservation" by the Ministry of the Environment. However, due to the 2011 Great East Japan Earthquake, a helicopter for spraying insect control agents in the air could not be secured, and the damage of pine worms increased dramatically. As a result, the red pine forest that existed as a pure forest in a wide area of the park has been reduced to about 1/3 of that of 10 years ago.

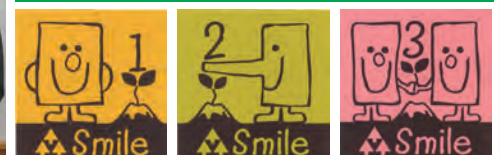
In light of these circumstances, we decided to cooperate with the red pine forest restoration activities in the park. Regeneration of red pine forests takes decades. As the company celebrated its 50th anniversary in 2018, we will continue to support the revitalization of the Japanese red pine forest for the next 100th anniversary.



We appreciate that Aderans participated as the first private company for the "Conservation and Restoration of Red Pine Forest" in Shizuoka Prefectural Forest Park.

A red pine forest is a symbol of the forest park. I am very reassured by Aderans' participation. This prefectural forest park, which has 850,000 visitors a year, is expected to increase in attractiveness and value, by the beautiful restored scenery. We are expecting more visitors from outside of prefecture.

Toru Suzuki
Director of Community and Environmental Affairs Department
Shizuoka prefecture



"Shizuoka Future Forest Supporter" Certification Label

This is a certified label given by Shizuoka Prefecture to companies that engage in forest activities in Shizuoka Prefecture as a social contribution activity.

Academic and Cultural Activities

Aiming to realize a society that is full of "smile" and "joy", we enrich its dialogue and joint activities with everyone to respond to the hopes and issues of our society and promotes management for creating social values. It places particular focus on activities in the area of "hair and wigs", where it can leverage the strengths of us.

7 Core Subjects

- Organizational Governance
- Labor Practices
- Fair Operating Practices
- Community Involvement and Development
- Human Rights
- The Environment
- Consumer Issues

Challenges for the Future of Hair

We are actively researching and developing to meet the demands of society that change with the times.

Many custom-made wigs use human hair. We started research on artificial hair in 1983 to provide stable wig production in anticipation of human hair depletion which may occur in the future.

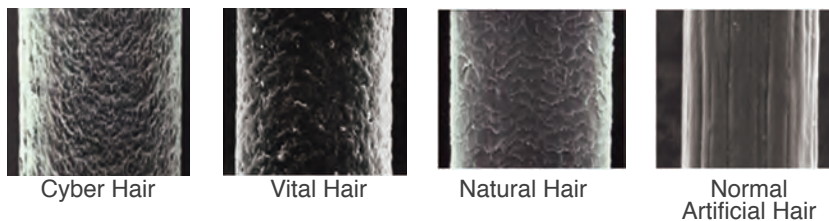
In 1990, we succeeded in developing artificial hair that has no color fading and has excellent style retention, which has similar surface shape of the human cuticle. We commercialized and launched the product under the name "Cyber Hair" in 1991.

Furthermore, we succeeded in developing "Vital Hair" that can express the texture of natural hair that changes due to rain, hair washing, and moisture in the air. This product was launched in 2006.

We believe that the realization of artificial hair which is closer to human hair is one of the solutions to social issues in human hair supply. In addition, our artificial hair materials are less likely to generate environmental pollutants even when incinerated, and are friendly to the environment.

In September 2018, we started joint research and development on new hair materials with Spiber, aiming for a sustainable society. **(Reference: 13 pages of this report)**

Going forward, we will continue to develop the next generation of artificial hair through further research and development.



Collaborative Research with Academic Institutions

Osaka University



With a research team led by specially-appointed Prof. Shigeki Inui, Graduate School of Medicine, a pioneer in hair research in Japan, we have investigated the mechanism of hair loss and growth since 2006.

Oita University



We collaboratively examine prevention of hair loss, a side effect of chemotherapy, with Assoc. Prof. Masabumi Inomata. He is one of researcher sat the forefront of cancer research.

Tokyo Institute of Technology



We conclude the cooperative research contract with Prof. Takeshi Kikutani, Tokyo Institute of Technology, who is world authority in spinning engineering and plastic processing. We have researched artificial hair since December 2014.



(November 2018, Oita)
The 9th Meeting of the Society for Cancer, Inflammation and Antioxidant



(November 2018, Tokyo)
The 23th Annual Meeting of Japan Society of Clinical Hair Restoration



(October 2018, Tokyo)
The 6th Annual Meeting of The Society for Nursing Science and Engineering



(October 2018, Chiba)
CEATEC JAPAN 2018

Studio AD Experts in wigs and hair makeup
Support Entertainment Business for 36th years



Photo by Masanobu Yamanoue

The Shiki Theater Company brought the musical "Cats" to the stage in Japan in 1983. The development of wigs that could withstand the vigorous dancing in "Cats" was a cooperative effort between staff at Aderans and the hair and makeup artists and costume designers at the theater company at that time.

Our very own wigs for the performing arts, later helping to realize such headlining stage productions in Japan as "Phantom of the Opera" and "Beauty and the Beast", have also been used in non-theater applications, including a variety of movies and television shows as well as concerts. We advocate the wig culture in Japan through our provision of wigs for various culture and entertainment activities. The culture and entertainment department at Aderans is called Studio AD, a group of experts in wig and hair and makeup.

Make Customers Smile Contributing as Unsung Hero

With the premiere of the musical "Cats" in Japan, Studio AD began its activities in 1985, pursuing new possibilities for wigs. We have continued our activities with the goal of our wigs being able to withstand rough movements but still look natural, and better comfortable and well-designed. It is a rewarding job that will please customers who have seen the stage, movies, and dramas.

It remains in my mind that an actress, who has been acting through the war, said she didn't lose the feeling of desire for being beautiful, even when time didn't allow people to be fashionable.

Studio AD, which plays role of cultural and entertainment activities of Aderans, would like to contribute to the entertainment continuously. Through repeated efforts and changes as an unsung supporter, we would like to make customers beautiful and smile at all times.



Miyuki Hayashi
Sub Manager of
Theatrical & Arts Studio
Department
Aderans Co., Ltd.

Support For Shining Women

We support women who live their own way and shine now through hair and wig.



Anna Saeki
Tango Singer

Anna Saeki attracted attention as a new sensibility singer in the tango world. She was among the "100 Japanese whom the world respects" (Newsweek Japan) and "20 people who contributed to Tango" (Argentina). She also received the praise of "Gran Artista (great artist)" by Mr. Horacio Ferrer, the greatest poet in the Tango world. She is earning high praise around the world.



Joanna Rowsell
Former Women's
Bicycle Sports
Olympic Gold Medalist

Joanna Rowsell, is a former British cyclist, who won two consecutive gold medals at the Olympic Games in London (2012) and Rio de Janeiro (2016) (retired in March 2017). Also, when she was young, she suffered from Alopecia (alopecia), and most of her hair was lost.

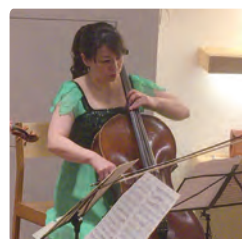
Rowsell first encountered Aderans UK when she was in a London shop looking for a wig to use for the Olympic ceremony.

Also, Rowsell's wedding picture, which showed her wearing our wig, was picked up by the British popular magazine "Hello" and it became a big topic.



Saren Nagata
Calligrapher

Honest words unique to women, colorful rich images that come from the words, and the free atmosphere beyond the calligraphy frame. Saren Nagata is an artist who is supported by many women. In recent years, she has focused on lessons and training lecturers, and she has now certified 30 lecturers all over the country.



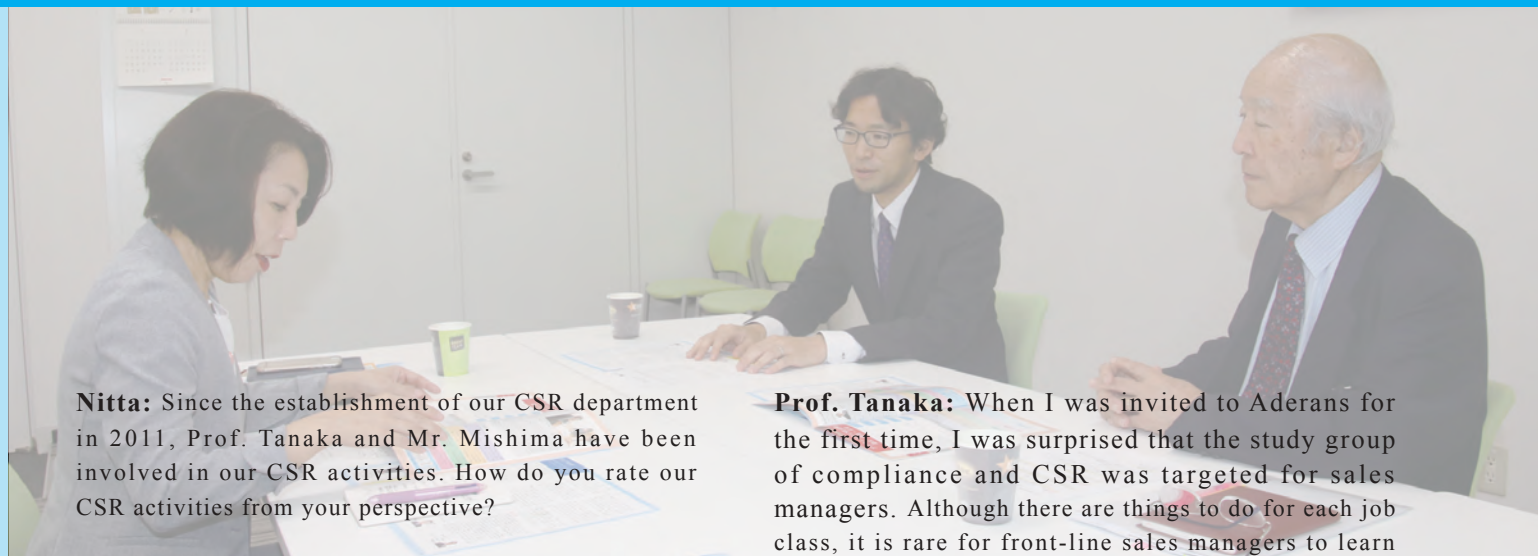
Chika Ohmae
Cellist,
Cooking specialist,
and Sommelier

After graduating from the Toho Gakuen School of Music, Ohmae studied at music schools in New York, Germany and Paris, and she has had numerous successful recitals, both domestically and internationally.

While acquiring musical training, she finished all her courses for French cuisine, confectionery, and bread at Ecole Ritz Escoffier in Hotel Ritz, a prestigious hotel in Paris, and has received a Grand Superior Diploma. With that background, she hosts a unique event, called "The Sound and Food Concert," and these activities are drawing attention.

Stakeholder Dialogue

This time, we held a "Stakeholder Dialogue" by inviting Prof. Hiroji Tanaka, Senior Research Fellow of Business Ethics Research Center(BERC), and Mr. Kota Mishima, representative of Tuvalu Forest LLC, as outside experts. (Meeting date: July 24, 2019)



Nitta: Since the establishment of our CSR department in 2011, Prof. Tanaka and Mr. Mishima have been involved in our CSR activities. How do you rate our CSR activities from your perspective?

Prof. Tanaka: Aderans was founded in 1968, and started so-called "CSR activities" in the 1970s. I think it is strength that was rooted in business. Now it is called "CSR Management Integrated with Business," but it was not used at first. I think that Aderans' criterion is firmly settled in each employee's consciousness, and it is rooted in corporate culture.

Mr. Mishima: In typical CSR activities, they would normally donate with an unrelated business industry. But in the case of Aderans, most of the actual activities are in the areas related to your business. In that respect, I feel Aderans is different from other companies. I think that the combination of areas where you are good with each other, rather than just one company, will be a future style not only in CSR but also in the business world. Collaboration with JHD&C is an easy-to-understand example. Activities in such a collaborative style have been realized for a long time without us being aware of it.

Prof. Tanaka: When I was invited to Aderans for the first time, I was surprised that the study group of compliance and CSR was targeted for sales managers. Although there are things to do for each job class, it is rare for front-line sales managers to learn about compliance and CSR. It is very important for the sales manager to understand the meaning of compliance/CSR before conducting sales activities. I think it is a strong point of your company because it leads to the integration of business and "doing it as usual."

Nitta: I hear a lot of people say that "CSR is a low-return project" and tends to be in conflict with sales. However, our CSR activities are featured so that CSR activities are put in the center of sales activities. Sales managers, not to mention executives, are aware of it. Looking at our past stakeholder dialogues, people in the sales department participate in the stakeholder dialogue.

Mr. Mishima: Talking about the sales department, I think that the activities customers can see are also a feature of Aderans. "Fontaine Green Forest," which began in 2009, is a system that leads to greenery when customers enter the campaign. It has become a continuous campaign evaluated by customers who understand our will.

Hiroji Tanaka

Senior Research Fellow of Business Ethics Research Center (BERC)

Prof. Tanaka has participated in every stakeholder dialogues since our first CSR communication report was issued in 2012.



Kota Mishima

Representative of Tuvalu Forest LLC

Tuvalu Forest has coordinated and arranged for the promotion plan and environmental measures since 2009 when we started "Fontaine Green Forest."



(Host) Kyoko Nitta

General Manager of Group CSR & Corporate Communications Office Aderans Co., Ltd.

Certified Business Ethics Experts

Nitta: "Fontaine Green Forest" is a system which makes everyone smile. It is exactly the "Sampo-Yoshi (three-way satisfaction; good for seller, good for buyer and good for society)" mechanism. It was highly evaluated by the University of Leicester and led to a third consecutive lecture there.

Prof. Tanaka: There are many companies whose executive says, "Let's do CSR activities." But there are surprisingly few companies whose intentions are communicated to employees on the ground. For those who work in a company, you may not know when you are working, but how much work you have done to society will enrich your life. In a sense, you can say that your CSR activities will enrich each employee.

Nitta: I'm happy as an employee to hear that story, and I think it's the same for other employees. In recent years, the importance of SDGs has increased. In light of this, how do you think we should move forward?

Mr. Mishima: SDGs's basic theme is to solve social issues with economic growth. In the case of general companies, many CSR companies are far from the business, and there are companies that are struggling to deal with SDGs. In the case of Aderans, Aderans has been engaged in CSR activities rooted in the business. Of course, there are SDG themes which are not supported yet. But since you are doing business not only in Japan but also globally, I think that the areas of CSR activities are expanding. For example, if it's difficult to deal with in Japan, it could be possible to respond in an overseas group company.

Prof. Tanaka: Aderans always has been asked and responded to outside the company, and has the basic concept of diversity and not leaving the weak behind. If you jump on right away because it is the age of the SDGs, it could be destroying the basics. Aderans doesn't pull down the framework, which maintains four pillars, your company's goal. In addition, as Mr. Mishima mentioned, I think it would be good to do the activities that can expand the SDGs at overseas group companies, in the form of adding to the framework.

Nitta: Today we talked about the story of our company. I realized the importance of reaffirming the fundamentals of CSR and deepening and continuing our original activities integrated with the business. Thank you very much.

Strengthen "Defensive CSR" for Global Company

The establishment and operation of corporate governance, risk management system, and compliance system are the management foundation for sound and sustainable development. It can be called "Defensive CSR."

We have three outside directors, among seven directors, and two outside auditors, among three corporate auditors. We do audit business management in the view from an external perspective. We established the "External Officers Council." This provides a forum for discussions about concerns and awareness of outside officers with an outside manager. And it has led to the activation of discussions at the Board of Directors meetings.

In addition, we established the Compliance Governance Committee, which consists of the President and Representative Director and three outside directors to oversee the establishment and operation of a group-wide risk management system. We also conduct crisis training and strive to regularly review the effectiveness of risk management.

In this way, we think that we are operating a highly complete system. Since the group's business has been developed further, in recent years, overseas sales have surpassed Japan. That makes it a "global company" in both name and reality. As this development progresses, there are new challenges that must be addressed. For example, regarding information management, we have acquired the Privacy Mark in Japan. And we are striving to raise the level of compliance with overseas laws and regulations such as GDPR (General Data Protection Regulations).

We hope that by further improving "Defensive CSR," we will continue to develop as a true global company.



Kazuhiko Takano

Outside Director, Aderans Co., Ltd.

- Professor/Doctor of Law, Kansai University, Faculty of Social Safety Sciences, Graduate School of Social Safety Sciences
- Executive Director, Japan Society for Business Ethics
- Senior Researcher, Business Ethics Research Center (BERC)
- Director, Association of Certified Business Ethics Experts Japan

Uniqueness of Aderans CSR Activities

I would like to get my head straight again about the uniqueness of our CSR activities.

The concept of CSR began with the European idea that "business growth is in harmony with the earth, and management is not guaranteed to be perpetuated by ignoring the global environment." When thinking about business activities, many companies started to fulfill the corporate social responsibility (CSR) by thoroughly avoiding global warming and reducing carbon dioxide.

However, if the too-big goal of "protecting the global environment" is taken as the basis of the activity, it will not be linked to the company's daily sales activities. The confrontation will happen as another. "Sales activities are sales activities; CSR activities are CSR activities."

In order to avoid such a situation, we identified "activity with social value" from our sales activities and devised it to continue that activity as "corporate social responsibility" for the long term. As a result, our iconic "Love Charity," "In-hospital Salon," "Fontaine Green Forest," "Wigs for Performing Arts," and "Development of New Hair Materials" are integrated with the sales team. And we are realizing the continuity.

Here is our uniqueness. I truly hope to continue promoting our own CSR activities based on the sales activity.



Mutsuo Minowa

Executive Officer,
in charge of Group CSR & Corporate Communications,
Aderans Co., Ltd.

CSR Communication

To let more people know about the Aderans Group's activities, we have lectured at events and cooperated with media to coverage.

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Seminars for investors	1	1	8	3	2	3	2	2	2
Seminars for public	1	2	3	10	7	1	3	3	1
CSR lectures at universities	0	2	11	8	9	12	9	8	4

(As of Aug. 31, 2019)

Lecture

CSR lecture for international students are at the University of Leicester, Rose Hallman Institute of Technology, and Rochester Institute of Technology



On July 16 2019, we had a CSR lecture at Kanazawa Institute of Technology for 26 international students who were affiliated schools student and came to study engineering technology and Japanese culture from the University of Leicester in the UK, Rose Hallman Institute of Technology in the USA, and Rochester Institute of Technology in the USA.

The prestigious Leicester University in the Midwest of the UK boasts world-class research. We had a CSR lecture for the 3rd consecutive year since 2016, as the first Japanese company to conduct. In addition, this time, international students from the Rose Hallman Institute of Technology, Indiana, which is highly regarded among all technical universities in the United States, and Rochester Institute of Technology in New York, which is known for its excellent graduate studies and extensive facilities, were attended. We explained our company's original CSR activities that spread and utilize our strengths in society.

Mutsuo Minowa, Executive Officer, Deputy Executive Manager of Overseas Business Group, in charge of Group CSR Corporate Communications Department, had a lecture under the title of "Strategic CSR by Integrating with Core Business." He introduced along with the cultural background about the merchant's philosophy, which was handed down since 1750 in Japan. "Sampo-Yoshi" incorporates merchant satisfaction, customer satisfaction, and social responsibility. He also introduced positive examples that CSR is an integral part of our business, which makes everybody happy. In addition, Andrew Yosuke Ikunaga from Overseas Business Group explained the economic value of CSR, under the title of "Our Unique CSR Method" based on the advertisement-converted values of various articles covering our CSR activities.

We had a lot of reviews from those who attended the lecture. "It was a good opportunity to realize that business can not only make money but also spread smiles to society." "Throughout the lecture, it was very meaningful to know three practical examples based on the business methods well known in the Europe." "The mechanism of the Fontaine Green Forest was interesting. I thought it was a sustainable approach for the future." "I was impressed by the fact that the product of Aderans has an impact on life." After the lecture, many questions were asked, and I realized how deeply students are interested in our CSR activities.



Mutsuo Minowa
Executive Officer,
Deputy Executive Manager of Overseas Business Group,
in charge of Group CSR & Corporate Communications,
Aderans Co., Ltd.



Andrew Yosuke Ikunaga
Overseas Business Group,
Aderans Co., Ltd.

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Editorial Policy

Issuing the CSR Communication Report 2019

This time, in order to make it easier for customers to understand the business outline of the Group, which has spread around the world, including Japan, we have increased the elements of the company guide and expanded the content. In addition, we reported the SDG initiatives in the group as a special feature.

We have positioned this "CSR Communication Report" as an important tool for further promoting value creation-oriented CSR with uniqueness while incorporating the opinions of those both inside and outside the company.

We would appreciate stakeholders such as customers, business partners, employees, and local communities to read this report and understand our creation of social value. We would appreciate if you could give any requests or feedback.

CSR Issues

The international standard ISO 26000, a guide on social responsibility for all types of organizations, was issued in 2010. Our activities aimed at a sustainable society (the "Symbolic Activities" pages in this report) are classified based on the seven core subjects of ISO 26000.

7 Core Subjects	
Organizational Governance	Human Rights
Labor Practices	The Environment
Fair Operating Practices	Consumer Issues
Community Involvement and Development	

In order to understand how our activities will lead to the achievement of the Sustainable Development Goals (SDGs) adopted in 2015 by the United Nations General Assembly, we also listed the SDGs which relate to our main activities.

Period Covered

From March 1, 2018 to February 28, 2019

*Some parts of the activities also include current parts.

Coverage

Aderans Co., Ltd. and major consolidated subsidiaries are covered.

Editorial

Editor-in-Chief Misaki Tamahashi, Group CSR & Corporate Communications Office, Aderans Co., Ltd.

Advisor&Coordinator Tuvalu Forest LLC

CSR Disclosure System

We have arranged the information in the form of a "booklet" and "Web" so that information of the Aderans Group's various activities can be properly delivered to all stakeholders.

Booklet



We have published "CSR Communication Report" and "For Everyone's Smile"(Japanese only) to let more people know about the Aderans Group's activities.

Web



We have announced activities which were not written on booklets.

<https://www.aderans.co.jp/corporate/english/csr/>

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About this cover image

Saren Nagata's works have been very popular among many females because of the integrity of words and the richness of colors. A sense of freedom is also created in her calligraphies by going beyond the traditions. She has made works for covers of our newsletters, calendars and also the cover of this booklet.

Saren Nagata
Calligrapher

For Everyone's Smile

Aderans's Approach is continuing now and will in the future

Aderans Co., Ltd.

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Our efforts to protect personal information have been certified by JIPDEC, and our framework and operation for processing of personal information have been assessed secure and appropriate. We will continue to handle and protect personal information carefully.



Since April 2014, Aderans Group has participated in the United Nations Global Compact. To meet its principles, Aderans Group takes advantages of the strength to tackle social problems as a role of a globally integrated enterprise that contribute widely to society. Our challenge is to create a more sustainable society.