

Our responses to climate change

Basic policy

In line with our Basic Environmental Policy, the FineToday Group strives to fulfill its social responsibility to protect the environment and help realize a sustainable society.

The medium- to long-term vision Fine Today & Tomorrow 2030 identifies addressing climate change as a priority area. We are enhancing our climate-change initiatives as a management priority.

Our responses to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

In June 2022, FineToday announced its support for the TCFD recommendations and conducted scenario analysis to assess climate change-related risk and opportunity impact on corporate management. The analysis results and other information were published in the TCFD Report issued in March 2023.

FineToday also joined the TCFD Consortium (see p. 05) in December 2023 and continues to promote climate change measures.

Website	TCFD Report https://www.finetoday.com/en/sustainability/environmental/climate/
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Science-Based Targets (SBT)

FineToday is committed to reducing greenhouse gas (GHG) emissions throughout its value chain. We have set 2030 targets to reduce the company's greenhouse gas emissions*¹ compared to 2021 by 42% and our total indirect emissions*² (including the value chain) by 25%. The Science Based Targets initiative (SBTi) has validated our targets for its Business Ambition for 1.5°C.

To achieve the Fine Today & Tomorrow 2030 objectives, we will continue monitoring Scope 1, 2, and 3 GHG emissions (see p. 62) and are formulating detailed plans for reducing emissions over the medium and long term.

*1 Direct emissions (Scope 1) from the company's own fuel use and industrial processes and indirect emissions (Scope 2) from electricity and heating purchased by the company

*2 Other indirect emissions (Scope 3) from business activities and the value chain

Environmental initiatives at the Vietnam Factory

The Vietnam Factory, which joined the FineToday Group in December 2023, has installed a Central Energy Monitoring System. The system, which was brought over from Japan, provides visualization of the factory's energy usage and enables meticulous monitoring and control for minimizing energy consumption.

Solar power generation equipment has also been installed on the premises and buildings to incorporate renewable energy sources.

We will continue examining and advancing environmental measures, such as ISO 14001-based initiatives, to lower the factory's power consumption and transition further to renewable energy sources.

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— Priority items

Risk

	Item	Overview	Financial Impact*1			Timeframe*2		
			Sales Item	Expense Item	Investment Item	Short-term	Mid-term	Long-term
Physical Risk	Large Typhoon, Heavy Rain, Flood	Delay of transportation caused by supply chain segmentation, loss of sales opportunities, and loss of assets due to the product damage at logistics bases	Medium	High		○	○	○
	Rising Mean Temperature	Decrease in demand for autumn and winter products	Medium				○	○
Transition Risk	Carbon Tax	Increase in transportation costs		Low - Medium			○	○
	National Climate Change Policy	Reducing carbon emissions in logistics, rising production costs, and increased cost due to decarbonization measures		Low - Medium			○	○
	Shift in Consumer Purchasing Towards Low Carbon Products	Costs increase due to the use of alternative raw materials and promotion of low carbonization of product lifecycle			Medium		○	○

*1 FineToday assesses the financial impact by sales, expenses, and investment items based on the annual profits and expenses using the criteria of “High,” “Medium,” and “Low.”

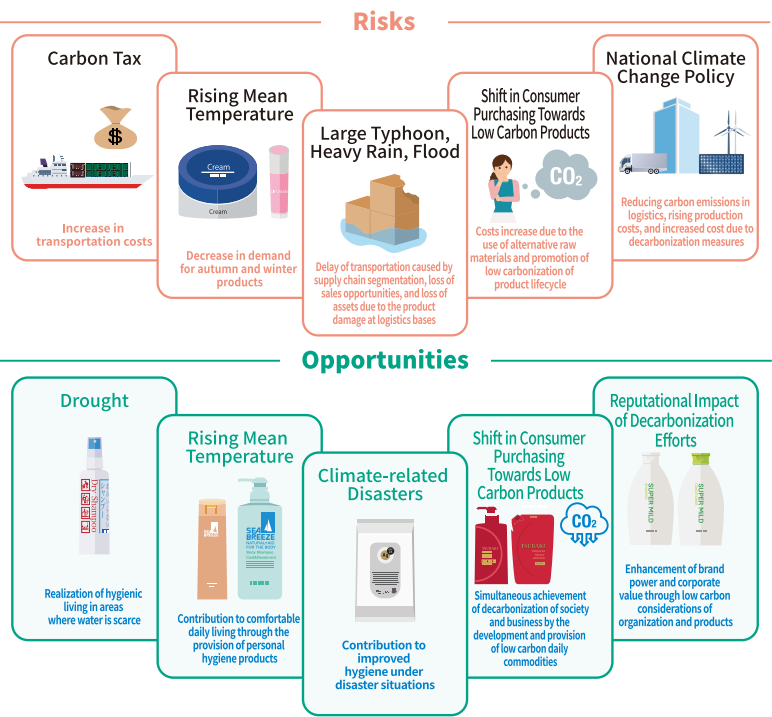
*2 FineToday specifies the timeframe as shown on the right. Short-term: 2022-2023 (The time of assessment) Mid-term: Around 2030 Long-term: Around 2050

Opportunity

	Item	Overview	Financial Impact*1			Timeframe*2		
			Sales Item	Expense Item	Investment Item	Short-term	Mid-term	Long-term
Physical Risk	Climate-related Disasters	Provision of products that can be used during disasters	Low - Medium	High				○
	Drought	Increased demand for products that do not require water	Low - Medium					○
	Rising Mean Temperature	Increased demand for personal hygiene products	Low - Medium				○	○
Transition Risk	Shift in Consumer Purchasing Towards Low Carbon Products	Increased sales resulting from the provision of low carbon products	Medium	Low - Medium				○
	Reputational Impact of Decarbonization Efforts	Enhancement of brand power and corporate value through low carbon considerations of organization and products		Low - Medium			○	○

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Strategic thinking on climate change



FineToday collected and quantitatively assessed information on climate-related risks and opportunities. As a result, it has become clear that the physical risks of climate change associated with the increase of extreme weather events, such as large typhoons, heavy rain, and flood, are inevitable. However, overall trends have emerged indicating that climate change is not always necessarily negative for FineToday products.

Based on the scenario in which the average temperature will increase 1.5 or 2 °C globally in the long term, we believe that it will become more important to promote the development of low carbon products along with the reduction of company-wide greenhouse gas emissions. In addition, we recognize that the importance of developing products that are helpful for people living under extreme weather conditions will increase based on the scenario in which average temperature will increase 4 °C.

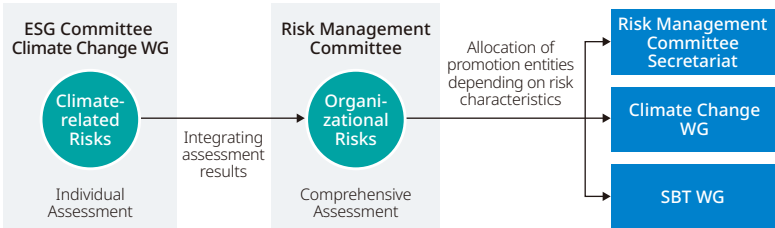
Climate-related risks management

The Risk Management Committee and the ESG Committee's Climate Change Working Group (WG) and SBT WG have been leading measures addressing the five climate-related risks.

The only acute physical risk that was assessed as “short-term” and “high” is “large typhoon, heavy rain, flood.” Current measures are under way to separate our logistics warehouses into eastern and western regions and increase inventory levels. The Risk Management Committee is now in charge of addressing natural disaster risk in addition to leading our risk response for “rising mean temperature,” “shift in consumer purchasing towards low carbon products,” “carbon tax,” and “national climate change policy.”

We will continue advancing activities to bolster our resilience to climate-related risks and disclose relevant information in accordance with the TCFD recommendations.

– Responses to climate-related risks in which the Risk Management Committee plays a central role



(As of September 2023)