

# Engagement with suppliers to promote sustainable and responsible procurement

## Basic policy

To continue delivering products and services which make every day a fine day for consumers, packaging-materials, raw-materials, OEM, and ODM suppliers are essential partners. FineToday Group strives to strengthen the supply chain through dialogue and cooperation with suppliers and to promote sustainable and responsible procurement activities including compliance, human rights, and environmental protection.

To promote sustainable and responsible procurement with suppliers, FineToday Group has established the “FineToday Group Procurement Policy” and “FineToday Group Sustainable Raw Materials Procurement Guidelines.” In addition to these, FineToday Group has established the “FineToday Group Supplier Code of Conduct” describing specific requirements that suppliers need to meet. To reinforce our commitment to work together with suppliers, FineToday Group is concluding Master Purchase Agreements that incorporate items required in the Code of Conduct with existing and new suppliers.

### FineToday Group Procurement Policy

#### Procurement Vision

- Together with our Purpose “to enrich the lives of everyone today and for generations to come, one fine day at a time”, we strive through our procurement activities to achieve the following.
- Optimized costs, best quality, and provision of products and services in a timely manner
  - A society in which human rights are respected and a sustainable society where environments are conserved and people and the planet coexist in harmony.

We will conduct business with suppliers that share the same spirit toward the vision above in accordance with the policy below.

#### Basic Policy

- Building good partnerships  
We strive to create new value and improved products with suppliers based on a firm, trusting relationship and to mutually evolve and develop.
- Fair purchasing transactions  
We engage in fair, transparent and free competition, and appropriate business transactions.
- Performance of contracts  
We strictly adhere to contracts and rules related to purchasing transactions built on high transparency and ethics.
- Promoting responsible procurement  
We share our stance on fulfilling our social sustainability responsibilities—including compliance with laws, labor practices, respect for human rights, conflict minerals, and protection of the environment—with our business partners and encourage them to take their own voluntary initiatives.
- Respecting diverse values  
We embrace the diverse values of our suppliers and continuously create new ideas and innovations that have never been seen before.

### FineToday Group Supplier Code of Conduct

- [ I ] Legal Compliance
- [ II ] Anti-Corruption
  1. Prohibition of Bribery and Corruption
  2. Prohibition of Unfair Provision of Gifts and Entertainment
  3. Prohibition of Improper Transactions
  4. Information Security, Protection of Intellectual Property, Confidential Information, and Personal Information
  5. Publication of Information
- [ III ] Respect for Human Rights
  1. Prohibition of Discrimination
  2. Prohibition of Abuse and Harassment
  3. Prohibition of Forced Labor and Human Trafficking
  4. Prohibition of Child Labor
  5. Compliance with Labor-Related Laws and Regulations
  6. Freedom of Association and Collective Bargaining
  7. Respect for the Rights of Indigenous People
  8. Migrant Workers
- [ IV ] Safe and Healthy Working Environment
  1. Safe and Healthy Facilities
  2. Prevention of Workplace Injuries and Illnesses
  3. Disaster Prevention Measures
- [ V ] Protection of the Environment
- [ VI ] Quality Assurance and Securing Traceability
- [ VII ] Measures
- [ VIII ] Subcontractors’ Compliance with this Code

#### Website

- FineToday Group Procurement Policy
- FineToday Group Sustainable Raw Materials Procurement Guidelines
- FineToday Group Supplier Code of Conduct  
<https://www.finetoday.com/en/sustainability/esg-list/>

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## Assessing compliance to the Supplier Code of Conduct

FineToday Group added a manufacturing function in April 2023 (see p. 03). To promote sustainable and responsible procurement throughout the supply chain, FineToday Group concludes Master Purchase Agreements with packaging-materials, raw-materials, OEM, and ODM suppliers that require compliance with the Supplier Code of Conduct. A regular process to assess and monitor compliance with the Supplier Code of Conduct is under consideration.

We plan to conduct it in several steps. Specifically, FineToday Group plans to request suppliers to undertake assessment by EcoVadis or similar third party assessment tools. The Procurement Department and the Human Rights Working Group (see p. 19) will review the results of assessment, and a plan-do-check-act (PDCA) cycle to encourage improvements is under consideration to respond to any issue found. The Group also is considering using third party audits to remedy issues.

FineToday conducted transactions with approximately 130 suppliers in FY2023. The sustainability assessment of suppliers conducted in FY2022 found no high-risk suppliers requiring corrective action. The assessment was conducted by Shiseido Co., Ltd., subcontracted procurement activity then, and was limited to suppliers of product packaging, production materials (such as raw materials), and produces of finished products (such as OEMs and ODMs).

## Sustainable raw-materials procurement

FineToday Group uses palm oil as one of its main raw materials. In light of the fact that various issues concerning the environment, human rights, and other topics have been identified with regard to extraction of palm oil and cultivation of oil palm, from which the material is sourced, in April 2022, FineToday joined the Roundtable on Sustainable Palm Oil (RSPO).

## Education and training

Human rights are fundamental to sustainable procurement. FineToday accordingly provides human rights education and training to its buyers in its Procurement Department who are directly engaged in ensuring sustainable and responsible procurement, as well as to all employees. In FY2023, we conducted e-learning on human rights and compliance and on business and human rights.

**Reference**   p. 37: Education and training on human rights