



Sustainability Report 2023  
FineToday Group

# Purpose

Our purpose is to enrich the lives of everyone today and for generations to come, one fine day at a time.

Our inherited Aesthetic Intelligence and expertise enables us to help people feel more alive every day.  
Our products and services bring wellness to the mind and body as well as the environment.  
Our team embodies truth, goodness, and beauty, and acts as one for the benefit of people and the planet.

## Values



We strive to delight our customers, providing exceptional products and services tailored to their daily lives. We work together as one united and agile team to anticipate and meet our customers' true needs wherever they are.



We are committed to continuing our inherited tradition of "Aesthetic Intelligence". We are true to both people and the planet. We act with integrity, compelled to enrich present and future generations by bringing quality and comfort to their minds and bodies.



We challenge ourselves to generate ideas, experiment, and be open to new possibilities. We embrace diversity and inspire each other with different perspectives in pursuit of our purpose.

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## Editorial Policy

Business administration and promotion of environmental, social, and governance (ESG) initiatives serve as the integral twin axles of FineToday Group's business. The Group has published this document, the Sustainability Report for the first time, to enhance dialogue with stakeholders. The first part of the Report consists of the "Introduction" and "FineToday Group's Sustainability." These include a message from the CEO along with information serving as the fundamental premises of reporting on ESG activities, including FineToday's Purpose and Values, its medium- to long-term vision, and information on R&D and manufacturing activities. With reference to Global Reporting Initiative (GRI) Standards, the sections on the "Environment," "Social," and "Governance" each report on individual activities related to ESG initiatives, as comprehensively and specifically as possible. Stakeholder dialogue is essential to business growth and raising the bar on ESG initiatives. FineToday Group will continue its proactive approach to disclosure in the future as well.

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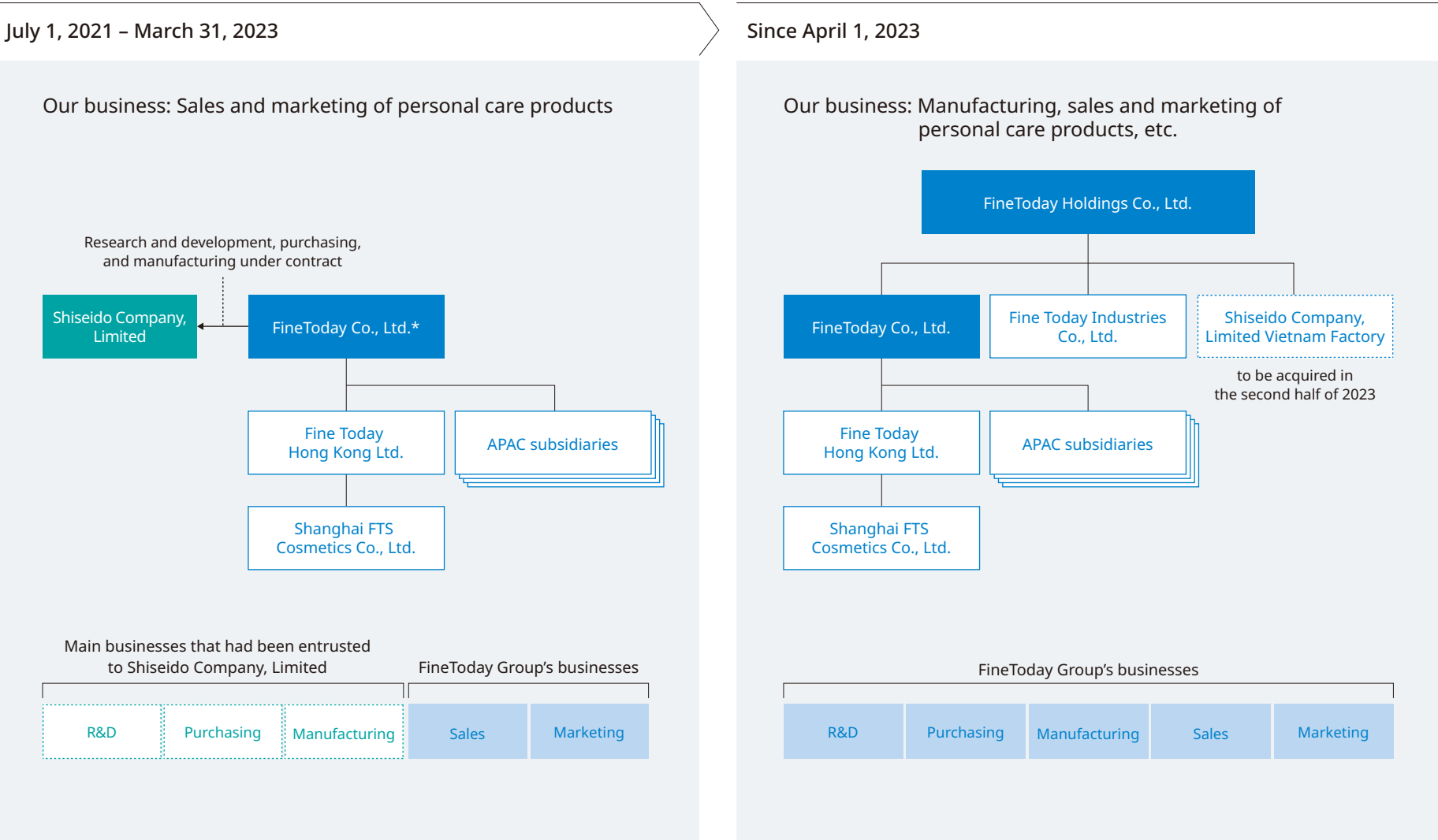
|                                      |   |
|--------------------------------------|---|
| Published                            | August 4, 2023<br>* This Report is the first Sustainability Report published by FineToday Holdings Co., Ltd.  |
| Period covered by this Report        | FY2022 (January 1 – December 31, 2022)<br>* Includes some information from other periods.   |
| Organizations covered by this Report | FineToday Holdings Co., Ltd. and 12 Group companies (two companies in Japan, two companies in China, and eight companies in the Asia-Pacific [APAC] region) |

|  |  |
|--|--|
| Subjects referred to in this Report      | Information on FineToday Holdings Co., Ltd. is identified by the terms "FineToday Holdings Co., Ltd." and "Company." Information on the Group as a whole uses the terms "FineToday Group" and "Group." Information concerning FineToday Co., Ltd. uses the terms "FineToday Co., Ltd." and "FineToday." Other companies are referred to by their individual names. |
| Guidelines and other reference materials | • The Global Reporting Initiative's GRI Standards<br>• The Framework of the Task Force on Climate-related Financial Disclosures (TCFD)   |

FineToday Group launched its business in July 2021 as a fables manufacturer succeeding to the personal-care businesses of Shiseido Company, Limited and FT Shiseido Co., Ltd., through an absorption-type company split.

On April 1, 2023, the Group secured its own manufacturing facility when it acquired the businesses of the Kuki Factory from Shiseido Company, Limited. This established a structure integrating manufacturing and sales functions and made steady progress toward a business system that includes functions such as research and development and purchasing. Plans call for acquiring the business of the Shiseido Company, Limited wholly owned subsidiary Shiseido Vietnam Inc. in the second half of 2023. The Group also is making steady progress on preparing to bring R&D facilities in-house.

Shiseido Co., Ltd. will continue to support our Group's operations for a certain period of time after April 1, 2023, under certain conditions. This support is intended to develop a structure capable of independent business activities.



\* On January 1, 2023, the trade name (corporate name) changed from Fine Today Shiseido Co., Ltd. to FineToday Co., Ltd.

# Providing daily-use beauty products to make every day a fine day as a glocal company in Asia

## Business

Supplying the personal care products that consumers truly desire

FineToday Group delivers high-quality personal care products based on an understanding of consumers' essential needs. Demonstrating a frontier spirit based on aesthetic intelligence, the Group aims to grow to be Asia's No.1 Personal Care Company.

## Network

Operating 19 locations as a glocal company in Asia

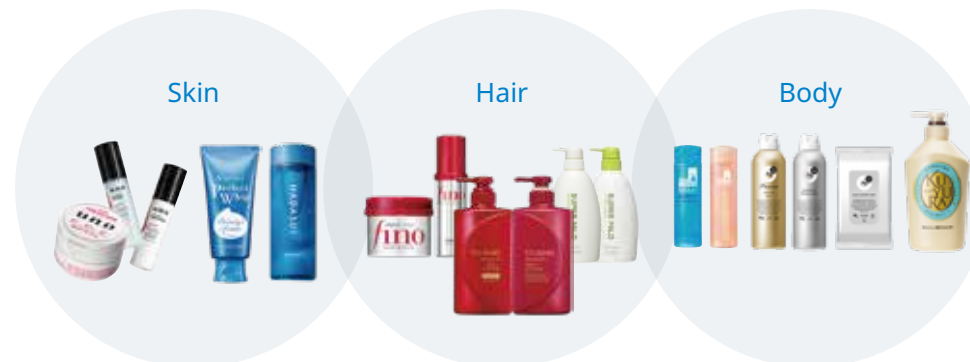
In addition to Japan, FineToday Group has sales and brand marketing offices abroad. It aims to meet the diverse needs of people in Asia as a glocal company in the region.



## Brands

Offering daily-use beauty products for beautiful skin, hair, and body care every day

Our products are more than daily necessities. They're tools for beauty that have earned the solid support of consumers for enriching their lives in three main focus areas: skin, hair, and body care.



## Consolidated net revenue

More than  
JPY 100 billion

(FY2022)

## Percentage of revenue from overseas

More than 50%

(FY2022)

## Group employees

Approx. 1,900

## Group percentage of women employees by region

| Japan       | China       | APAC        |
|-------------|-------------|-------------|
| Approx. 50% | Approx. 60% | Approx. 80% |

(As of April 2023; not including executives and temporary employees)



# Contributing to a sustainable world through management balancing business and ESG

Tetsuo Komori

Representative Director, CEO  
FineToday Holdings Co., Ltd.

## Message

Thank you to all of our stakeholders for their continued support of FineToday Group.

We have grown our businesses steadily since our founding in July 2021 as Fine Today Shiseido Co., Ltd. Today, we are advancing efforts to establish an autonomous management structure integrated from research and development through manufacturing and sales with a sense of urgency. At the same time, as our supply chain grows so does the scope of the stakeholders with whom the Group interacts. We recognize the need for even more active efforts in areas such as responding to climate change and human rights in the supply chain as integral parts of business management. We also recognize the importance of proactive disclosure of related

information, in order to build even stronger trust among all stakeholders and fulfill our responsibilities as a member of society.

This Report plays an important role in our disclosure initiatives by providing information on current initiatives centered on those related to sustainability. Nothing would make me happier than for this Report to help readers to understand the Group even better.

While the lengthy COVID-19 pandemic has at long last begun to show signs of settling down, the business environment continues to face numerous factors contributing to change, such as skyrocketing prices of raw materials and foreign-exchange instability. Even under these conditions, the Group was able to increase profits in FY2022. In FY2023 as well, all of us will continue working together to enhance our corporate value—including sustainability initiatives—toward our short-term target of an IPO.



**Our Purpose is like the guiding star of the good ship *FineToday's* navigation.**

The Group's businesses began in July 2021, succeeding to the personal care businesses of Shiseido Company, Limited and FT Shiseido Co., Ltd. Powered by our richly diverse organization and unceasing spirit of opening up new frontiers, we deliver products and services to enrich body and mind, based on aesthetic intelligence, to "Make Every Day a Fine Day" for people around the world.

When we marked our first anniversary in July 2022, we established our "Purpose" (our reason for being) and "Values," (Our ideals and principles) to express the vision to "Make Every Day a Fine Day" for people around the world that is the origin of our company name more vividly and to identify clearly our target courses of action.



These incorporate our determination to contribute to sustainable growth as a role model of a glocal enterprise in the region of Asia for the personal care field. We do this by supplying products localized for the needs of each country and region while valuing our inherited aesthetic intelligence as a company with roots in Japan and the principles of truth, goodness, and beauty.

Our employees, including those at Group companies overseas, played leading roles in formulating each of these important precepts. The Purpose is like the guiding star we will use to navigate our *FineToday* on its voyage toward being a group of companies beloved by our children's and grandchildren's generation a century from now. With this Purpose serving as a principle that we created ourselves, each employee will play an important role in charting our course and continuing to deliver sustainable value to all the stakeholders.

**The importance of ESG to FineToday Group**

Based on this Purpose, business administration and promotion of environmental, social, and governance (ESG) initiatives serve as the integral twin axles of our business. Without these two axles, the organization would be incomplete, as the Group continues to take on the challenge of making every day a positive experience by enriching the lives of people around the world.

The supply chain of the personal care products business is built on a wide range of stakeholders. We consider our ability to provide stakeholders with value not only in business aspects but also in those concerning sustainability, including the environment and

human rights, to be extremely important. We build trust, empathy, and inspiration through means that include supplying products that embody not only functional value but emotional value as well and carrying out various ESG initiatives. By doing so, we will generate in concert with our stakeholders' behavioral changes that will lead to positive action for people, society, and the environment. This also helps us to make progress toward further business growth and ESG initiatives at an even higher level. Through this cycle we will aim to increase our corporate value integrating both financial and nonfinancial aspects.

**Practical ESG initiatives**

To be a sustainable enterprise, it is vital to contribute to sustainability around the world. Based on this understanding, the Group has continued to enhance its sustainability initiatives ever since its founding.

In FY2022, we formulated "Fine Today & Tomorrow 2030," our mid- to long-term vision for realizing our Purpose and Values as we move forward toward FY2030 based on the four "P's" (Principles of Governance, People, Planet, and Prosperity). We see "Fine Today & Tomorrow 2030" as a roadmap for continuing to provide value to all of our diverse stakeholders, and today we are promoting a wide range of initiatives in line with this vision.

We have amassed a number of achievements through today. For example, we have identified priority materiality topics and expressed our support for international norms including the

United Nations Global Compact and the Roundtable on Sustainable Palm Oil (RSPO). In the area of climate change, we have calculated greenhouse gas emissions, declared our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), published a TCFD Report, and submitted a commitment letter for Science Based Targets (SBT) accreditation. We also earned a Silver Medal from EcoVadis\* in 2022, our first year of undergoing review by that organization, ranking us among the top 25% in its assessment.

Under our medium- to long-term vision “Fine Today & Tomorrow 2030” as well, we will aim to achieve targets on KPIs established in the four “P’s” of Principles of Governance, People, Planet, and Prosperity. We also will strengthen our initiatives in the area of human rights, through means including formulation of a human-rights policy and launching a human-rights working group.

At the same time, we recognize that as our company grows rapidly in scale, we will need to develop a structure for thinking and acting autonomously on measures based on the actual conditions in each country and region (e.g., differences in receptivity to ESG initiatives). We also should make sure to deploy best practices horizontally across the organization in the future.

We will aim for even broader and more in-depth sustainability initiatives by sharing information and creating opportunities for discussion, to achieve even closer cooperation among individual countries and regions.

\* The world's largest sustainability assessment agency, with more than 100,000 registered companies in 175 countries.

**The importance of ESG to FineToday Group**

Business management and ESG are the twin axles of our Purpose-driven management

**Basic Concept of Purpose-Driven Management**





## Our aims in business operation

We consider the Group to be a “Big Venture”—that is, an organization that incorporates elements of both a major firm and a startup, recording net sales of more than 100 billion yen soon after its launch.

Overseas sales account for more than 50% of the net sales of our brands, which demonstrate competitive strengths on a global basis in the three priority regions of Japan, China, and the Asia-Pacific region (APAC). They include brands that are building flexible business promotion structures capable of adapting swiftly to local needs, through means such as deployment of products localized for individual countries and regions.

In light of these circumstances, our medium- to long-term vision calls for us to achieve by FY2030 the status of a role model in Asia for the glocal firm that the world of today expects. The entire organization will take steps toward achieving this vision together. As the first step, we will aim for further growth centered on Asia, by swiftly establishing autonomous business operations.

Toward this aim, in the roughly two years since we began business operations we have laid the foundations of business in a wide range of areas. In FY2022, we added 10 business entities in the APAC region to the Group, as well as completing the process of bringing in-house our IT systems in 11 countries and regions, including Japan. Furthermore, in FY2023, we acquired the Kuki Factory from Shiseido Company, Limited to as a manufacturing facility. It got a new start in April as Fine Today Industries Co., Ltd. We plan to acquire a factory in Vietnam in the second half of the

same fiscal year as well. We also are making steady progress on preparations to bring an R&D facility in-house.

Through these initiatives, we will focus on building a business system integrated from research and development through manufacturing and sales. This way, we will further accelerate and achieve flexibility in our ability to supply appropriate quantities of a diverse range of high-quality products to meet market needs in each country and region. We also will advance optimization of the entire supply chain while further promoting the competitive strengths of our brands, which have earned the support of numerous customers.

Together with this business growth, we expect the number of employees in the entire Group, including overseas operations, to reach a total of about 3000 people during FY2023, after starting at about 300 people. Under such conditions, it is vital to work toward solutions autonomously in teams that extend above and beyond sectional and hierarchical boundaries. We believe that doing so will promote inclusion naturally, leading to glocal innovation. As one example, the manufacturing facility Fine Today Industries Co., Ltd. is striving toward solutions across organizational boundaries through means such as factory employees, who also are consumers themselves, proposing improvements to packaging materials and contents, to function as a factory that generates solutions.

To be a group of companies that will remain beloved and respected in the world a century from now, we in FineToday Group will continue to navigate the seas of a world of uncertain prospects and an unpredictable future while overcoming various

business challenges, using our purpose and our values as our navigator. We would appreciate the continued guidance and support of all stakeholders.



Representative Director, CEO  
FineToday Holdings Co., Ltd.

# Continually creating value for all stakeholders, aiming to grow to be Asia’s top personal care company

## The value FineToday Group delivers to stakeholders

### Embodying truth, goodness, and beauty

We will build the trust of all stakeholders by developing harmonious beauty through straightforward pursuit of ethical practices as a glocal enterprise.

### Acting as one for the benefit of people and the planet

FineToday Group balances business growth with the sustainable development of the region centered on Asia: the growth engine of the global economy with a wealth of natural bounty.

### Principles of Governance

To become a presence trusted by all of our stakeholders.



|                    |  |
|--------------------|--|
| Pursuit of purpose | Transparent governance                 |
| Ethical conduct    | Integration of risks and opportunities |

### Planet

To halve our environmental impact throughout our value chain.



|                               |   |
|-------------------------------|---|
| Response to climate change    | Conservation of nature and biodiversity |
| Pursuit of a circular economy | Caring for water, air, etc.             |

### People

To respect all people and deepen our relationships.



|                                  |                      |
|----------------------------------|----------------------|
| Commitment to human rights       | DE&I                 |
| Improvement of health and safety | Investment in talent |

### Prosperity

To provide a wonderful day to as many people as possible.



|                                     |                                      |
|-------------------------------------|--------------------------------------|
| Expansion of economic contributions | Improvement of consumer satisfaction |
| Product innovation                  | Community support                    |

### Bringing wellness to mind and body as well as the environment

Respecting ethnical, cultural, and value diversity of the region centered in Asia, FineToday Group builds stronger ties with people by helping everyone work and live in their desired ways.

### Making every day a fine day through aesthetic intelligence

FineToday Group takes on the unmet needs of today's society, as it changes in rapid and complex ways, to make every day a “fine day” through personal beauty products.

Fine Today & Tomorrow

**Our promises as we move toward 2030**

To enable everyone in the world to weave a wonderful day and live everlastingly beautiful and enriched lives

# Identification of 18 materiality items fundamental to sustainable value creation

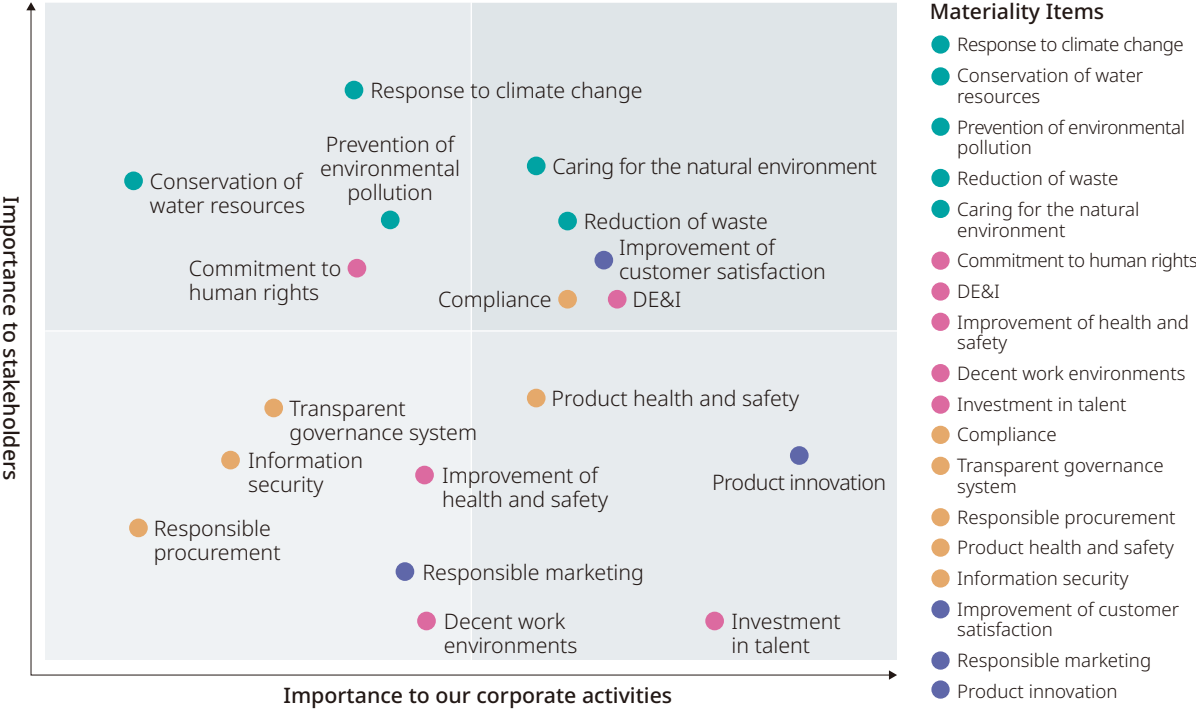
## Materiality Identification Process

Reflecting international sustainability norms and guidance, in 2022 FineToday Group defined 18 materiality items (key issues) to address through a four-step process aimed at realizing its management vision and helping to achieve the United Nations Sustainable Development Goals (SDGs). Moving forward, the Group will revise these as needed in response to trends in the international community and changes in its businesses.

|        |  |  |
|--------|--|--|
| Step 1 | Identification of social issues to address                       | Listing materiality candidates with reference including the UN Global Compact, ISO 26000, the GRI Standards, the SDGs, and assessment items used by ESG assessment organizations                           |
| Step 2 | Analysis of social and business impact                           | Examining the degree of the business impact of the materiality items identified in Step 1 in terms of responsibility to stakeholders and value creation, while reflecting the opinions of external experts |
| Step 3 | Identification of the validity and priority of materiality items | Based on the results of the impact analysis in Step 2, preparing a materiality matrix to identify 18 materiality items that are demanded by stakeholders and have significant business impacts             |
| Step 4 | Approval by the executive committee and the board of directors   | Approval of the 18 identified materiality items by the executive committee and the board of directors  |

## Materiality Matrix

FineToday Group identifies the ESG challenges that are important to implementing its mid-to-long-term strategies, in terms of their importance both to stakeholders and to our corporate activities. Then, it considers the actions that the Group must take.



# Reflecting stakeholder dialogue in sustainability activities

**Consumers** FineToday Group is expanding its range of consumers contact through means such as consumer support desks and social media platforms. The Group rewards consumers’ trust by listening with sincerity to their voices and reflecting them in quality management for its products and services.

- Dialogue methods and venues
- Consumer support desks
  - Social media

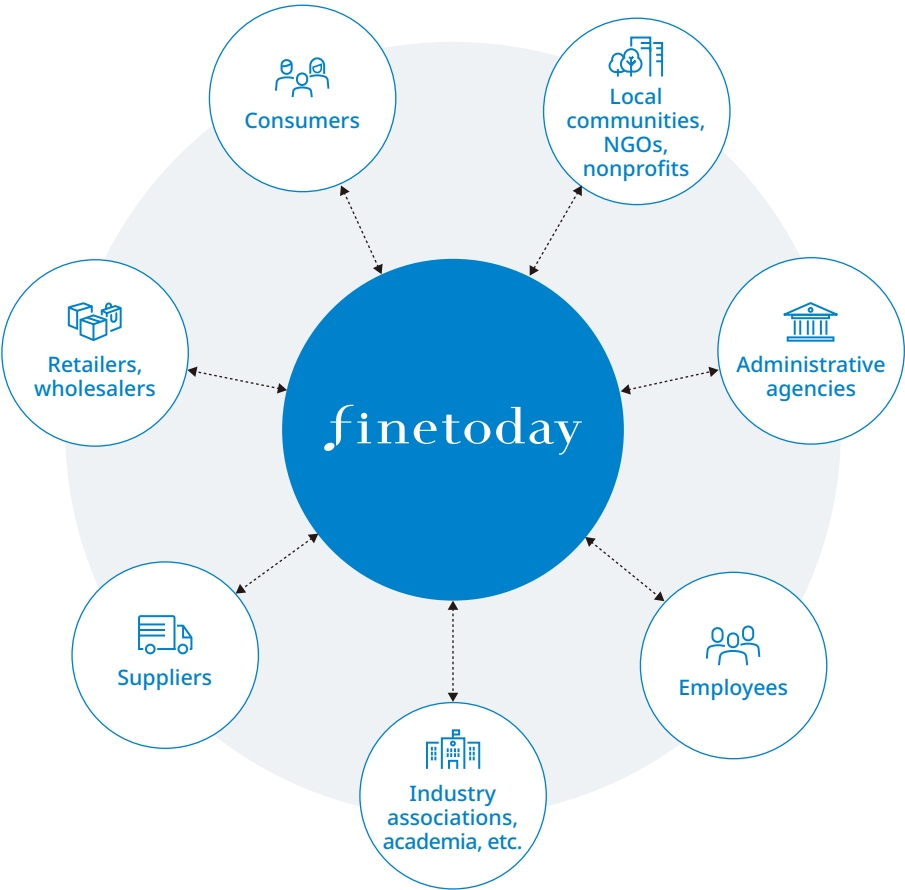
**Retailers, wholesalers** FineToday Group listens with sincerity to the voices of retailers and wholesalers and reflects them in product improvements, new-product development, and service improvements.

- Dialogue methods and venues
- Briefings on new products and marketing
  - Meetings to share merchandising proposals
  - Product study meetings

**Suppliers\*** FineToday Group strives to enhance sustainable and responsible supply chains together with suppliers who share the vision of the FineToday Group Procurement Policy.

- Dialogue methods and venues
- Concluding Master Purchase Agreement which incorporates items required in the FineToday Group Supplier Code of Conduct

\* Packaging materials, Raw materials, OEM and ODM suppliers



**Local communities, NGOs, nonprofits** As a good corporate citizen, FineToday Group actively participates in the activities of local communities, NGOs, and nonprofits, to help realize a sound, sustainable society and environmental solutions.

- Dialogue methods and venues
- Activities to contribute to society in accordance with the FineToday Group Corporate Citizenship Policy
  - Donating funds and products
  - Volunteer activities
  - Dialogue with outside experts

**Administrative agencies** In addition to complying with applicable laws, regulations, and rules in each country and region, FineToday Group cooperates with administrative agencies to contribute to solutions to social issues and to sustainable development in the international community.

- Dialogue methods and venues
- Exchange of opinions
  - Cooperation in events organized by local governments and others














**Employees** FineToday Group aims to be an organization in which diverse people can leverage their individual strengths to thrive on their own, regardless of gender, nationality, religious belief, disability status, and sexual orientation.

- Dialogue methods and venues
- Engagement surveys
  - Internal whistleblowing systems, hotlines
  - Leadership development
  - Values and Leadership Behavior Internal Promotion, Global communication conferences

**Industry associations, academia, etc.** FineToday Group cooperates in contributing to the progress of society and the industry, through active and wide-ranging knowledge sharing and exchange of opinions.










- Dialogue methods and venues
- Information collection
  - Exchange of opinions

# Setting KPIs on 16 items in the four areas of the mid-to-long-term vision and promoting steady activities through a PDCA cycle


| Vision and story for 2030  |  |  | Strategic KPIs and 2030 targets   | Related Sustainable Development Goals (SDGs)   |
|--|--|--|---|--|
| <div>Principles of Governance</div> <div></div> | Ethical conduct                        | <p><b>An organizational culture that prevents and has zero tolerance for compliance violations</b></p> <p>We will do business fairly, in pursuit of proper ethics, in every country, region, and environment.</p>  | <p>Number of serious compliance violations*</p> <p>0</p>  | <div></div>       |
|  | Transparent governance                 | <p><b>Structures are in place under which anybody can notify the organization of any internal and external issues with confidence that they will be resolved.</b></p> <p>We will build systems that enable constant pursuit of even better business practices, across organizational and company boundaries.</p> | <p>Percentage of issues reported to the group internal hotline that have been resolved</p> <p>100%</p>                                      | <div></div>       |
|  | Integration of risks and opportunities | <p><b>Structures are in place throughout the value chain to detect and respond quickly to risks and opportunities.</b></p> <p>We strive to minimize the negative impacts and maximize the positive ones of our businesses, to support consumers' daily lives.</p>  | <p>Percentage of long-term risks and opportunities analyzed and responded to appropriately by the Risk Management Committee</p> <p>100%</p> | <div></div> |
|  | Pursuit of Purpose                     | <p><b>Each and every employee puts into practice various actions and decision-making based on the Purpose.</b></p> <p>We act based on thinking of our Purpose at all times, to beautify and enrich the lives of people in diverse communities.</p>   | <p>Percentage of positive responses on the Purpose and Vision in engagement surveys</p> <p>88pts.</p>                                       | <div></div> |








\* Acts subject to external disclosure under FineToday Group in-house rules, violations by Directors or Executives impacting Company management



| Vision and story for 2030  |                                  |  | Strategic KPIs and 2030 targets   | Related Sustainable Development Goals (SDGs)  |
|--|----------------------------------|--|---|---|
| <div>People</div> <div></div> | Commitment to human rights       | <p><b>The human rights of all people are afforded the utmost respect, with no one left behind, throughout the value chain.</b></p> <p>We will deliver fine days with respect for all in our activities from raw-materials procurement through manufacturing and sales, centered on the Asia region.</p>  | <p>Ratio of ascertaining internal and external human-rights risks, including those of suppliers, and responding appropriately</p> <p><b>100%</b></p>  | <div></div>     |
|  | DE&I                             | <p><b>All people in the value chain can demonstrate their abilities to the maximum in fair environments respecting diversity.</b></p> <p>We will provide consumers with better value as an organization in which everybody can work in their own ways with peace of mind, as an enterprise grounded in the diverse nationalities and values of Asia.</p> | <p>Psychological safety score on engagement surveys, the average of scores on interpersonal relations and acknowledgement</p> <p><b>78pts.</b></p> <p>Percentage of women managers</p> <p><b>30%</b></p>  | <div></div>     |
|  | Improvement of health and safety | <p><b>All people on the value chain do their job every day in decent work environments*.</b></p> <p>We take pride in beautifying and enriching heart, body, and planet thanks to our safe, healthy workplaces in each country and region.</p>  | <p>Decent work score on engagement surveys, the average of scores on rewarding work and good health</p> <p><b>80pts.</b></p> <p>Number of on-the-job accidents (resulting in time off work)</p> <p><b>0%</b></p>  | <div></div>     |
|  | Investment in talent             | <p><b>Each and every individual bravely takes on never experienced challenges, and has a positive impact both internally and externally working together as one.</b></p> <p>We will build an organizational culture whose members can experience true growth by taking on challenges dauntlessly while thinking about people and the planet.</p>         | <p>Percentage of employees whose actions demonstrate Values &amp; Leadership Behavior (permeation)</p> <p><b>95%</b></p> <p>Autonomous growth score on engagement surveys, the average of scores on opportunities for growth and culture of taking on challenges</p> <p><b>83pts.</b></p> | <div></div> |

\* Humane, rewarding work; more specifically, productive work in conditions of freedom, equity, security, and human dignity for all  
Source: International Labour Organisation <https://www.ilo.org/global/lang-en/index.htm>

| Vision and story for 2030  |                                      |   | Strategic KPIs and 2030 targets | Related Sustainable Development Goals (SDGs) |
|--|--------------------------------------|---|---------------------------------|--|
| <div>Prosperity</div> <div></div> | Expansion of economic contributions  | <p><b>Sustained generation of profits and continual contribution to solutions to social challenges through business activities.</b></p> <p>We will reinvest profits from business in solutions to unresolved challenges, to build relations of co-prosperity with as many consumers as possible.</p>  | Internal targets only           |  |
|  | Improvement of consumer satisfaction | <p><b>FineToday Group brands' unique products and services to meet the unmet needs of consumers across generations.</b></p> <p>We will build relations of trust between our brands and consumers, by beautifying and enriching their daily lives and making their lives more satisfying.</p>  | Internal targets only           |  |
|  | Product innovation                   | <p><b>FineToday Group ceaselessly takes on the challenges of value innovation, to deliver fine days to as many people as possible around the world.</b></p> <p>In addition to progress on features and technologies for healthier, more attractive skin and hair, we will continue to improve the sensual value that delivers joy and satisfaction.</p> | Internal targets only           |  |
|  | Community support                    | <p><b>Contributing to community development as a member of the local communities where business activities take place.</b></p> <p>We will support the progress of the communities near our facilities and factories across the countries and regions of Asia, through sustainable business growth.</p>  | Internal targets only           |  |

| Vision and story for 2030   |   |   | Strategic KPIs and 2030 targets   | Related Sustainable Development Goals (SDGs)  |
|---|---|---|---|---|
| <div>Planet</div>  | Response to climate change              | <p><b>Reducing greenhouse-gas (GHG) emissions throughout the product life cycle, and contributing to minimizing climate risks and maximizing climate opportunities.</b></p> <p>We can lessen the risks of climate change to consumers in Asia and worldwide by rebuilding the ways we do business with an emphasis on the planet.</p> | <p>GHG emissions</p> <p><b>Reduced 42%</b> (vs. 2021)<br/>(Realizing carbon neutrality by 2050)</p> |    |
|   | Conservation of nature and biodiversity | <p><b>Assessment and reduction of impacts on ecosystems throughout the value chain.</b></p> <p>We can balance forest conservation and business development in Southeast Asia through means such as use of certified palm oil.</p>   | <p>Sustainable palm oil procurement</p> <p><b>100%</b></p>  |     |
|   | Pursuit of a circular economy           | <p><b>Circular social systems are developed and the resource cycle is made more efficient, including use of sustainable containers and packaging.</b></p> <p>We can contribute to reducing oceanic pollution in Asia and around the world through means such as reducing use of plastics and increasing recycling rates.</p>          | <p>Percentage of sustainable containers and packaging</p> <p><b>100%</b></p>                        |   |
|   | Caring for water, air, etc.             | <p><b>Business activities minimize their impacts on water and the natural environment.</b></p> <p>We can contribute to reducing the water stress that affects half the world's population through products that help conserve water.</p>  | <p>Water intensity</p> <p><b>Reduced by 10%</b> (vs. 2021)<br/>(Factory water monitoring: 100%)</p> |    |

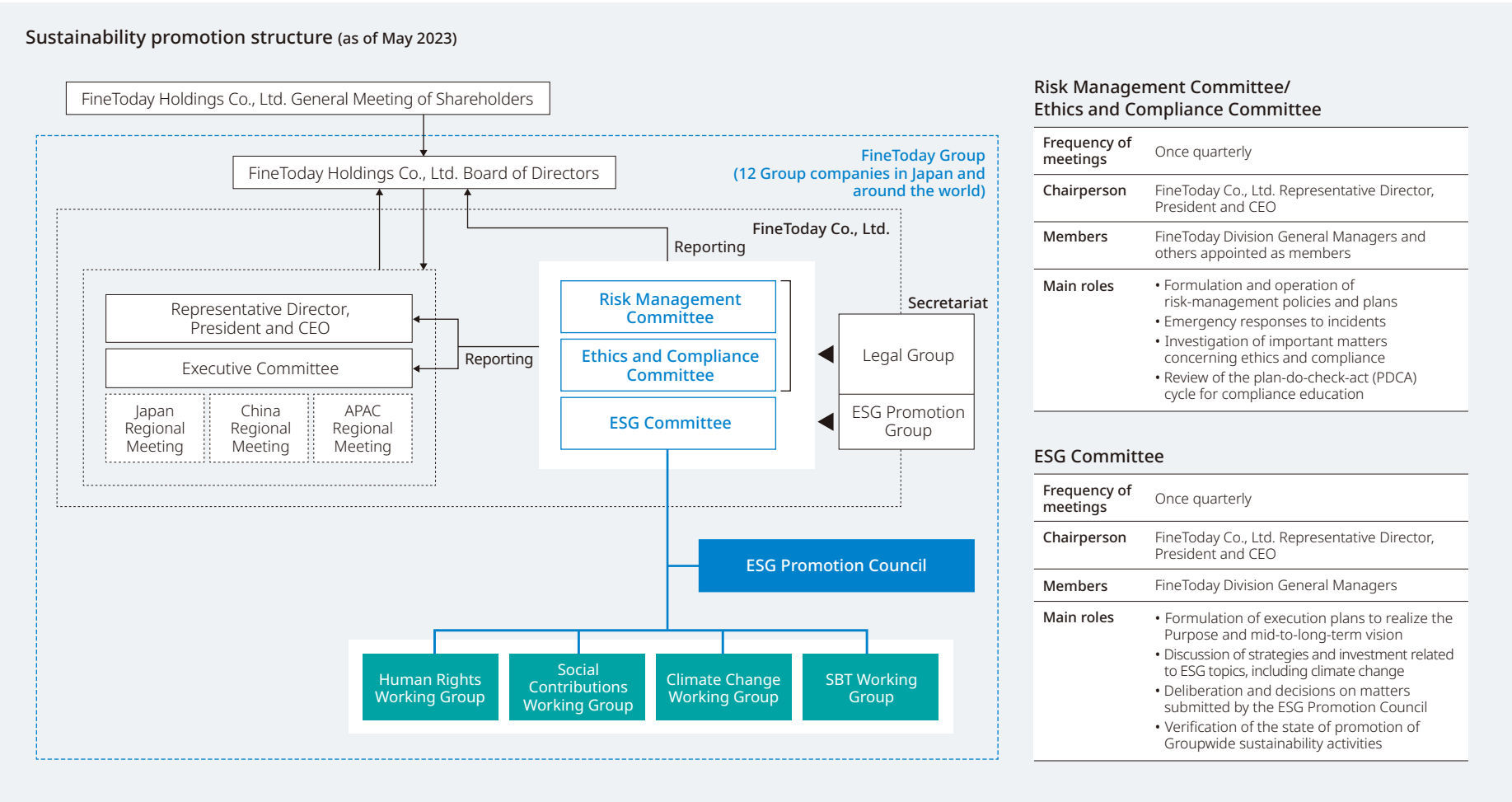
# Developing a sustainability promotion structure in which top management plays a central role

FineToday Group has established the Risk Management Committee, the Ethics and Compliance Committee, and the ESG Committee as organizations responsible for activities such as confirming and assessing risks related to the environment, society, and governance (ESG) and formulating policies and plans for sustainability activities. The Representative Director, President and CEO is responsible for these committees.

FineToday Group has established the ESG Promotion Council and the ESG Working Group under the ESG Committee. They perform central roles in activities such as following up on the sustainability action plans carried out by individual sections and formulating execution plans on important topics.

FineToday Group also has adopted a system that reflects sustainability indicators in decisions on remuneration for executives and division general managers.\*

\* This system will be adopted beginning in the second half of FY2023 and reflected in actual remuneration beginning in FY2024. While plans call for using the two indicators of EcoVadis assessment results and engagement survey results in the first fiscal year, the Group plans to consider additional indicators and when to adopt them in the future.



# Focus 1

R&D in FineToday Group

## Developing an R&D structure to meet glocal needs

Aiming to be a role model for a glocal enterprise in Asia, FineToday Group is making progress on development of an integrated business system covering activities from development of new technologies, products, and brands through manufacturing and sales. The aim is to continue supplying products and services to meet the diverse needs of consumers in the areas where it does business.

Since FY2021, FineToday's R&D Division has played a central role in building an R&D

structure as part of these efforts. This division has formulated a three-year midterm plan under which it aims to realize the R&D needed of a glocal enterprise in Asia, by FY2024, through systematic progress in areas such as enhancement of human resources and organizational reforms. In this way, FineToday Group is taking on the challenge of growing to be a business group that will earn the support of even more consumers in the personal care field.

### Overview of and progress on midterm plans

#### Toward realizing a development structure as a glocal enterprise

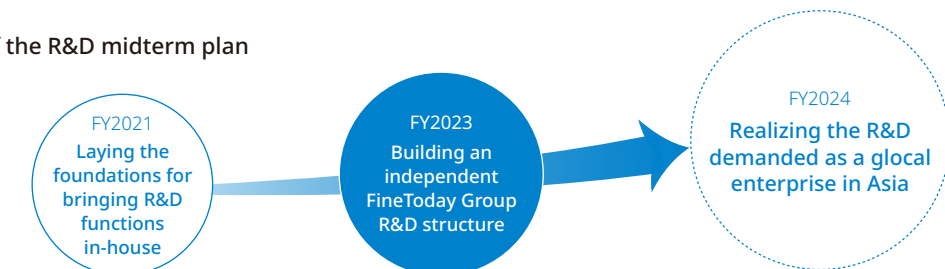
At least 50% of FineToday Group's sales come from the overseas markets of China and APAC. Currently, Group products consist of brands developed in the Japan market adjusted for overseas markets. In the future, however, the Group will aim to develop products and services better suited to consumers through thoroughly identifying and analyzing consumer needs in each country and region. The Group has identified as an important future goal the development of a structure under which facilities outside of Japan individually collect information on market needs and work together with the R&D Division in Japan to develop and supply unique products and

services for each country and region.

The R&D Division's midterm plan identifies the themes of initiatives for each fiscal year based on this goal. In this way, the Group will move forward steadily on improving its R&D structure to meet glocal needs.

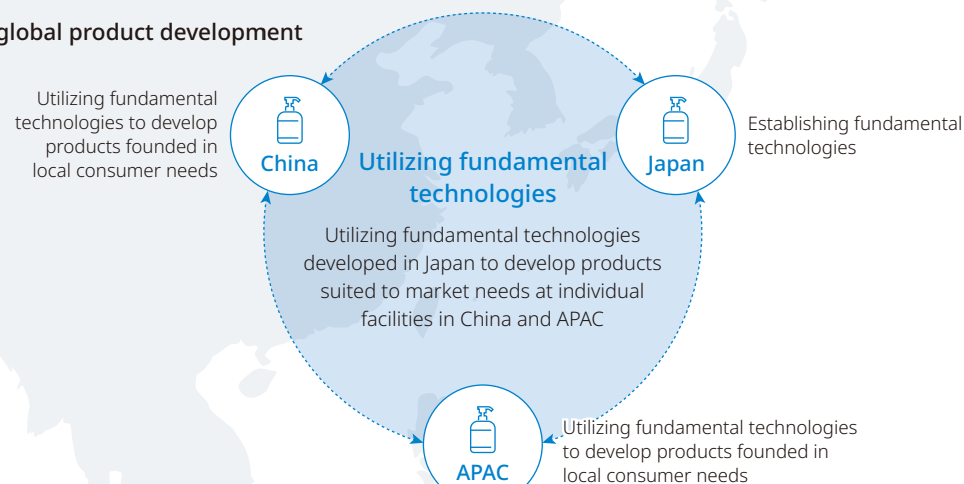
FineToday Group has laid the foundations for building such an R&D structure in FY2022-2023, which it has identified as the period in which the Group will establish this structure. The Group has made enhancements to its people in charge of R&D, pharmaceutical affairs, quality assurance, technology, and intellectual property. It also is making progress in areas such as development of organizational structures and information systems in addition to securing the permits needed.

#### Topics of the R&D midterm plan





### — Future global product development



## Promotion structure

### Brand value development and core research and development for future solutions

To promote the midterm plan in R&D, FineToday Group's R&D focuses on the central themes of brand value development and applied and advanced research for future solutions. Brand value development aims to establish technologies to deliver to consumers FineToday Group's unique brand value, which has earned the trust of personal care markets, while valuing the brand value technologies inherited from Shiseido Co., Ltd.

In addition to product quality, safety, and features, the Group strives to generate sensual value through which consumers truly can experience the brand value of the products they use. For this reason, it is focusing on research

and development and enhancement of expertise to communicate this sensual value to consumers.

At the same time, it is vital to carry out R&D over the medium to long term on core technologies to serve as foundations for new product development. In the cosmetics and pharmaceuticals industry in particular, which includes the personal care field, not a few companies leverage their own proprietary core technologies to develop products with competitive advantages. FineToday Group too will aim to develop technologies to contribute to further growth in China and APAC while enhancing the Group's resources such as its people and facilities.

## FineToday Group's strengths

### Leveraging Group resources toward further growth

Currently, the R&D Division's staff includes researchers with backgrounds in various organizations, including raw-material producers as well as cosmetics manufacturers. This stimulating environment of interaction among people with such diverse backgrounds serves as an important strength in advancing development of products and services.

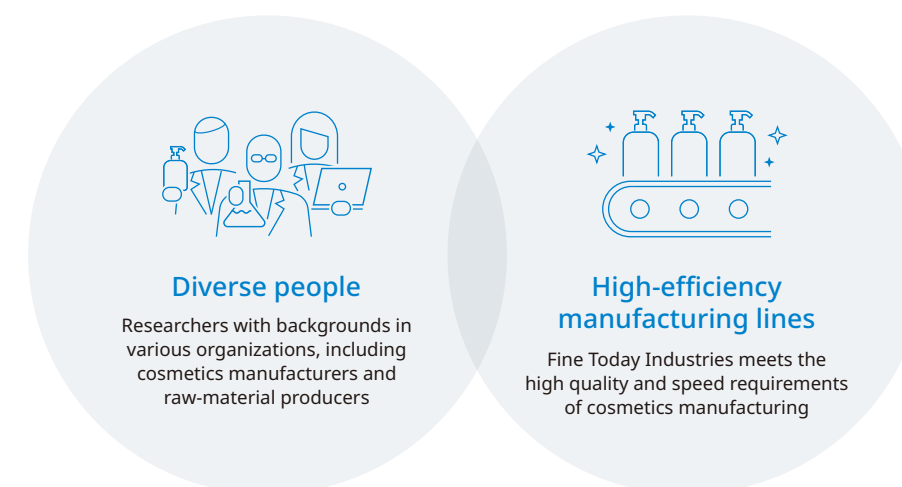
Fine Today Industries (formerly the Shiseido Company, Limited Kuki Factory), which joined the Group in April 2023, satisfies the high quality

and manufacturing-speed demands of cosmetics. It is capable of timely introduction of products that reflect basic research and new ideas.

FineToday Group will strengthen collaboration and leverage its strengths to the maximum in accelerating innovation deliver value to consumers and accelerate innovation for growth.



### — The Group's strengths serving as the bases for delivering value



Focus  
2

Fine Today Industries' environmental and social initiatives

# Aiming to produce high-quality products with consideration for employee safety and lessening environmental impact

Fine Today Industries Co., Ltd. (FTI), which is responsible for FineToday Group's manufacturing functions, began operation in April 2023.

FTI, whose predecessor the Shiseido Co., Ltd. Kuki Factory began operation in 1983, seeks to produce high-quality personal care products to beautify and enrich consumers' daily lives, with a thorough focus on aesthetic intelligence. In its manufacturing processes, it focuses on lessening environmental impact and maintaining safe, secure working environments, as a member of the local community.

FTI has a worldwide presence in the FineToday Group, as it aims to develop an integrated business system from technology development through purchasing, manufacturing, sales, and marketing.

— Profile of FTI

|  |  |
|--|--|
| Trade Name                               | Fine Today Industries Co., Ltd.                  |
| Location of Head Office                  | 5 Kiyoku-cho, Kuki City, Saitama Prefecture      |
| Representative                           | Hiroto Morozumi, CEO and Representative Director |
| Business Areas                           | Manufacturing of personal care products, etc.    |
| Major Shareholder and Shareholding Ratio | FineToday Holdings Co., Ltd.: 100%               |



A group photo from the ceremony commemorating FTI's founding

## Environmental management

### Continual improvements to environmental activities based on ISO 14001

In 1997, when it was operating as the Kuki Factory of Shiseido Co., Ltd., FTI was the first facility in the cosmetics industry in Japan to earn ISO 14001 certification. By running through a plan-do-check-act (PDCA) cycle based on ISO 14001, it strives to enhance its environmental management structure and continually reduce its environmental impact.

It continues to maintain ISO 14001 certification through annual regular maintenance review and update review every three years, both conducted by external agencies.

### Compliance with environmental laws and regulations through a periodic checking structure

The manufacturing sections, whose activities involve larger environmental impacts, play leading roles in assessment of compliance with environmental laws, regulations, etc. based on ISO 14001, to ensure thorough compliance.

### Promoting education and training to raise employees’ environmental conscious

FTI provides a wide range of environmental education and training for employees. By raising the environmental awareness of each and every employee involved in diverse activities in each section, it aims to lessen its environmental impact while also maintaining and building positive relations with the local community.

#### Main education and training topics at FTI

- Sharing results and plans for environmental management, including protection of energy sources and responding to climate change
- Requests for cooperation in waste segregation, energy conservation, and paperless operations
- Raising awareness of measures to prevent outflows of raw materials and chemicals off site
- Requests for cooperation in refraining from idling vehicle engines

## Lessening environmental impact

### Reducing CO<sub>2</sub> emissions through systematic environmental investment

FineToday Group’s mid-to-long-term vision Fine Today & Tomorrow 2030 identifies the “Planet” as one important pillar of the Group’s activities. FTI too is striving to reduce CO<sub>2</sub> emissions through systematic investment.

### Upgrading cogeneration systems

In 2012, FTI upgraded the gas-turbine generator system it had adopted in 2001 to a power-generation system based on two gas-engine generators. It uses waste heat generated by this system to produce hot water and steam for use in manufacturing areas. Stable operation of this generation system also supports manufacturing with little energy loss. It also supplies about 900 kW of electricity and makes it possible to secure power supplies even in the event of lengthy power failures or rolling blackouts due to natural disasters or other causes.

#### — Main examples of capital investment toward CO<sub>2</sub> reduction

|             |  |
|-------------|--|
| 2001        | • Adoption of a cogeneration system (one gas-turbine system)   |
| 2004 – 2007 | • Replacement of lighting fixtures (replacement of approx. 3000 40-watt fluorescent lamps with energy-saving lamps)  |
| 2005        | • Upgrading to high-efficiency compressors (four units)  |
| 2006        | • Upgrading electrical substation transformers (two units)   |
| 2010        | • Installing solar lightning in warehouses (82 units)<br>• Installing hybrid wind- and solar-powered street lighting   |
| 2012        | • Upgrading from absorption chillers to heat-pump chillers<br>• Upgrading cogeneration systems (two gas-engine systems)  |
| 2015        | • Upgrading brine chillers<br>• Changing method of connecting fluid supplies from semifinished-product tanks to filling lines (reducing CO <sub>2</sub> emissions by using less hot water, through switching from automated pipe connectors to a process under which workers connect fluid supply hoses manually)  |
| 2016        | • Upgrading the electrical substation for factory building no. 4 from standard oil-immersed transformers to super-high-efficiency oil-immersed transformers (three units)  |
| 2017        | • Upgrading the production chillers in factory building no. 4 and switching to LED lighting in the building  |
| 2018        | • Promoting use of LED lighting  |
| 2019        | • Switching some electricity used to hydroelectric power (3,455 MW)  |
| 2022        | • Switching all electricity used to hydroelectric power (target power: 9,799 MW)<br>• Use of carbon-offset credits (J-Credits) (purchase of CO <sub>2</sub> emissions credits)<br>• Upgrading the electrical substation for factory building no. 5 to ultra-high-efficiency transformers<br>• Upgrading the energy building's compressor to an inverter-controlled compressor (one unit) |





**Focusing on waste reduction and appropriate control of chemical substances**

Together with advancing efforts to reduce wastes generated in manufacturing processes and the employee dining hall, FTI also properly controls harmful chemical substances used in its operations. It also carries out periodic environmental surveys in accordance with laws, regulations, etc. to prevent soil pollution and air and water pollution.

**Waste reduction**

- Each type of waste is treated in accordance with applicable environmental work procedures.
- Various shredders and compactors have been adopted in the Recycling Center on site, where some wastes are compacted and reduced for recycling as valuable resources.
  - FTI has adopted drum washers to wash the insides of polymer drums and composite packaging, previously disposed of as waste, so they can be recycled as valuable resources.
  - Raw wastes, produced mainly in the employee dining hall, are reduced through biotreatment in raw-waste disposal equipment.

**Control of hazardous wastes**

- Waste batteries are disposed of properly by industrial waste processing vendors.
- Ex.: Primary batteries (alkaline and manganese batteries) are disposed of properly through a process of segregation and nonferrous smelting (zinc recovery)

**Control of substances subject to the PRTR Act**

- Pursuant to the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement (PRTR Act), the names and quantities handled of specified chemical substances produced or used are reported to the Atmospheric Environment Department of the Saitama Prefecture Environment Bureau in June of each year.

**Prevention of soil pollution**

- A review conducted in FY2021 showed that soil pollution levels conformed to reference values. FTI renovates facilities such as the interior and exterior drainpipes of individual buildings and underground piping on the factory site in a timely manner.

**Prevention of air and water pollution**

- FTI has adopted equipment and technologies to reduce atmospheric pollutants such as NOx and SOx and organic substances included in wastewater generated in manufacturing processes to within the reference values stipulated by laws and regulations and values agreed to with local governments. It measures NOx concentrations twice a year and soot and dust concentrations once every five years.
- FTI processes manufacturing wastewater through activated-sludge treatment in its wastewater treatment facilities, releasing it into the sewer system only after first treating it to conform to values specified by laws and regulations.

**Prevention of noise pollution**

- FTI thoroughly prohibits idling by delivery trucks and employees’ personal vehicles on site.
- It measures noise levels on site boundary lines once a year. These measurements showed that reference levels continued to be satisfied in FY2022.

**FTI’s environmental data  
(January-December 2022)**

|               |         |
|---------------|---------|
| Atmosphere    |         |
| NOx emissions | 24.15 t |
| SOx emissions | N/A     |

|   |         |
|---|---------|
| Substances subject to the PRTR Act              |         |
| Emissions of substances subject to the PRTR Act | 23.24 t |

|                      |  |
|----------------------|--|
| Wastes               |  |
| Waste emissions      | 1,762.5 t  |
| Volume recycled      | 1,762.5 t  |
| Volume not recycled  | 0.002 t<br>Asbestos used as thermal-insulation materials in thermostat-oven processing |
| Landfill wastes      | 0 t  |
| Waste recycling rate | 99% or above   |

|                    |            |
|--------------------|------------|
| Water              |            |
| Total water intake | 235,090 m³ |
| Total drain water  | 203,882 m³ |

## Maintaining working environments in which people can do their jobs with safety and peace of mind

### Complying with independent rules based on occupational health and safety laws and regulations

Delivering stable supplies of products that earn the support of diverse customers requires working environments where people can work with peace of mind.

FTI has established its own independent rules conforming to applicable laws and regulations, through which it strives to ensure the safety of its workplaces. As part of these efforts, it endeavors to eliminate hazards and reduce danger in the workplace through identification and risk assessment of dangers involved in the equipment, chemical substances used, and work performed in the workplace. It also educates employees to prevent workplace accidents by learning about how they occur, through simulated experience with common accidents and injuries in manufacturing workplaces.



Shampoo manufacturing process



The bright, spacious employee dining hall



Hands-on safety training

### FTI employee data (as of April 2023)

366 women | 315 men



Percentage of  
employees with  
disabilities

3.97%



# Environment

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# FineToday Group Basic Environmental Policy

## FineToday Group Basic Environmental Policy

### Basic Philosophy

• **Realization of a Sustainable Society**

We in the FineToday Group believe in the importance of balancing our business activities with conservation of the global environment so that we may pass on a beautiful global environment to future generations. Through our personal care products, we strive to provide people all around the world with a fine day, and at the same time, we are contributing to the realization of a sustainable society by working to protect the global environment through our business activities in order to beautify and enrich the lives of those in future generations.

• **Corporate Social Responsibility**

We in the FineToday Group recognize the social responsibility that we bear as a company, and in addition to complying with laws, regulations, and international rules aimed at conserving the global environment, providing our employees with environmental education, and collaborating with local communities, we also intend to proactively disclose information and engage in other forms of environmental communication.

### Action Agenda

• **Priority Areas and Basic Approach**

- (1) Initiatives in Response to Climate Change  
Through our business activities and value chain, we work to promote energy-efficiency and reduce greenhouse gas emissions, which cause climate change.
- (2) Initiatives in Biodiversity Conservation  
We work to assess the impact of our business activities and value chain on biodiversity and endeavor to reduce any negative effects in order to promote sustainable use of natural capital in harmony with nature.
- (3) Sustainable Management of Water  
Through our business activities and value chain, we engage in sustainable use and management of water resources, in regard to both water withdrawal and water discharge.
- (4) Initiatives in Realizing a Sound Material-Cycle Society (Circularity)  
In order to promote sustainable consumption, we contribute to the realization of a circular economy through appropriately managing and efficiently utilizing resources as well as through reducing waste in our business operations, product usage, and product life cycles, including used product packaging.

- (5) Air Quality Control and Chemicals Management  
We strive to reduce our environmental impact and prevent pollution by reliably managing the chemical substances used in our business activities and value chain.

• **Environmental Management System**

We in the FineToday Group have established an environmental management system and intend to work continuously to maintain and improve this system through application of the PDCA cycle.

# 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 FY2022, the Climate Change Working Group (WG) was established. Eight divisions and nine departments participate in the WG. We are advancing the response to climate change through means including identification of climate-related risks and opportunities, assessment of their financial impacts, and scenario analysis.

Website

TCFD Report  
<https://www.finetoday.com/en/sustainability/environmental/climate/>

## Science-Based Targets (SBT)

FineToday has established the SBT WG to formulate greenhouse-gas (GHG) emissions reduction targets consistent with the levels called for in the Paris Agreement. We have completed calculation of Scope 1, 2, and 3 GHG emissions (see p. 64) with the cooperation of six departments and two factories.

Next, we plan to formulate specific reduction targets, including medium- to long-term targets, and commence drafting of plans for their achievement.

## Climate-related risks and opportunities

Information on climate-related risks and opportunities reported by eight divisions and nine departments through the Climate Change WG initially reached 71 items.

Through assessing the financial impact of each of these items, we identified priority topics (five risks and five opportunities) climate-related risks and opportunities assessed as “Medium” to “High” according to FineToday’s criteria.

# Our responses to climate change

— 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 manufacturing 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.”

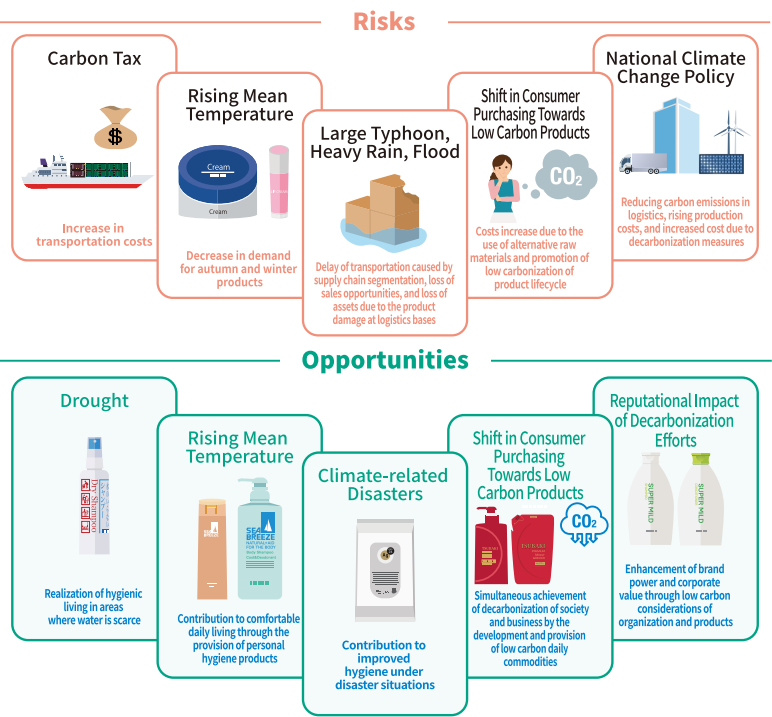
\*2 FineToday specifies the timeframe as shown on the right. Short-term: 2022-2023 (The time of assessment) Mid-term: Around 2030 Long-term: Around 2050

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 |                 |             | ○        | ○         |

# Our responses to climate change

## 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.

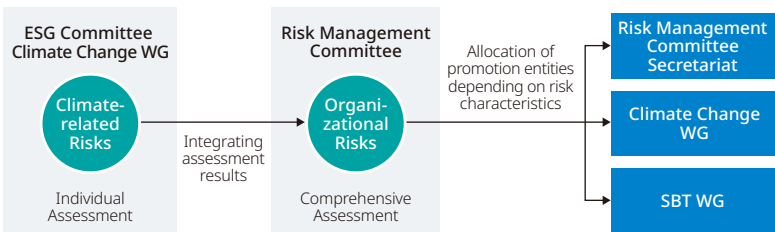
## Climate-related risks management

The five climate-related risks identified by the Climate Change WG were classified into 3 categories based on their risk characteristics, and the Risk Management Committee, Climate Change WG, and SBT WG were assigned to address each category of risks. The only acute physical risk that was assessed as “short-term” and “high,” is “large typhoon, heavy rain, flood.” Currently, measures are being taken by dividing logistics warehouses into eastern and western regions and increasing inventory levels. However, in the future, the

Risk Management Committee responsible for natural disaster risks will take the lead in addressing this issue. Furthermore, regarding risks such as “rising mean temperature” and “shift in consumer purchasing towards low carbon products,” the Climate Change WG will promote countermeasures. As for the risks associated with “carbon tax” and “national climate change policy,” the SBT WG will advance measures by calculating and reducing CO<sub>2</sub> emissions.

Together with promoting activities to increase our resilience to climate-related risks, we will continue to disclose information in line with the TCFD recommendations in the future as well.

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





# Action towards a sound material-cycle society (circularity)

## Basic policy

The FineToday Group has established the FineToday Group Basic Environmental Policy to contribute to a sustainable society. Together with climate change, realizing a sound material-cycle society (circularity) is an important topic of FineToday's management. In accordance with the medium- to long-term vision "Fine Today & Tomorrow 2030," the Group focuses on efficient use of resources and recycling.

## Container and packaging initiatives

The FineToday Group strives to lessen the environmental impact of containers and packaging materials. For example, bottles\* for the Super Mild natural haircare brand use approximately 96% eco-friendly bioplastics from sugarcane. In addition, products provide information on the resources used in their packages to encourage recycling. Pursuant to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging, FineToday calculates annually the volumes of materials used in containers and packaging and sends them out for recycling by vendors as specified in the act.

\* Sold in bottles in China only.



— Container and packaging wastes sent out for recycling <FineToday>

|                                  | FY2021*      | FY2022*      |
|----------------------------------|--------------|--------------|
| Glass                            | 4,532 kg     | 4,260 kg     |
| Paper containers                 | 110,390 kg   | 102,189 kg   |
| Plastic containers and packaging | 3,486,029 kg | 3,484,604 kg |

\* Fiscal year of application under the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging (not year of waste generation)

## Initiatives for promotional materials

FineToday uses various promotional tools to support product sales by retailers. These promotional materials play important roles displaying products and communicating product information and product visions to customers on the sales floor.

Most promotional materials are disposed of after use, and some are disposed of without being used as planned. FineToday actively strives to reduce wastes of promotional materials and change the materials to be more environmentally friendly.

### Reducing wastes of promotional materials

FT Shiseido Co., Ltd., FineToday's predecessor, first launched these efforts to reduce wastes of promotional and related materials.

### • Activities to put unneeded materials to prompt use

For several years, FineToday has addressed the issue of inventories of promotional materials remaining unused over the long term by separating materials into those planned for immediate use and those not expected to be used. Unused materials are disposed of through systematic monthly waste processing. This has helped to reduce inventories of promotional materials remaining unused over the long term and to cut wastes of promotional materials as a whole.

### • Ordering promotional materials more efficiently

By nature, the volumes of promotional materials needed are not necessarily clear in advance. This can cause gaps between volumes of promotional materials produced and those actually used. In response, FineToday changed how Sales and Marketing cooperate, adopting a structure under which Sales, with their wealth of retail knowledge, decide on volumes of promotional materials. This helps to reduce waste by using promotional materials more efficiently.

### • Efforts to prevent waste of resources

FineToday also conserves resources by improving how it packs promotional materials. For example, use of floor stands that reuse cardboard boxes, instead of disposing of the boxes after unpacking, conserves resources used for promotional materials.



Floor stand

# Action towards a sound material-cycle society (circularity)

## — Volume of wastes from promotional materials\* <FineToday>

|                  | FY2019 | FY2020 | FY2021 | FY2022 |
|------------------|--------|--------|--------|--------|
| Volume of wastes | 100    | 103    | 109    | 25     |

FY2019 and FY2020 data are for FT Shiseido Co., Ltd. FY2021 data also include data for FT Shiseido Co., Ltd.  
\* Index calculated assigning a value of 100 to actual wastes in FY2019.

### Review of materials used in promotional materials

FineToday’s promotional materials are made mainly of paper, but they may use plastic and metal as well. Since the United Nations Environment Assembly passed a resolution on international rules to prevent plastic pollution in February 2022, demands have been increasing for reducing use of plastic and disposing of it properly in order to protect marine ecosystems.

In-store promotional materials include product hanger displays. Many hooks on hanger displays are made of plastic, but since January 2022 FineToday has strived to reduce plastic use by switching to paper hangers where possible.

### Highlight

#### Hanger displays using paper hooks successfully introduced

It is vital for in-store product displays to make it easy for customers to see and grab products. To transition away from plastics, FineToday studied replacing these plastic hooks with paper ones, but this led to practical issues with durability. Over several months beginning in January 2022, FineToday tested the durability of paper hooks in areas such as vulnerability to force and humidity,

with the cooperation of about 30 retailers across Japan. The findings showed that the hooks tended to bend when people’s hands touched them and to sag when used for heavy products. Through trial and error, in autumn 2022 some retailers began using paper hanger displays to display Water In Lip lip creme products. The cooperation of retailers and other stakeholders will drive steady progress on transitioning away from plastics in the future as well.



Hanger display with paper hook

### More efficient deliveries of promotional materials

FT Shiseido Co., Ltd. began efforts to reduce use of trucks through more efficient deliveries of promotional materials. Like other companies in the industry, FineToday had delivered promotional materials to stores independently, but since June 2019 deliveries to the same stores on the same day have been made jointly with Lion Corporation and Unicharm Corporation, in the same packages. In addition to saving on packaging materials, this helps to reduce CO2 emissions from logistics.



Cardboard box containing promotional materials for the three companies

### Highlight

#### FRESSY makes hair more comfortable while saving water

FRESSY is a dry shampoo that does not require any water. Users simply spray an appropriate amount on the hair and scalp, massage it gently into the scalp, and dry with a dry towel. Not only does FRESSY make it easy to refresh hair and scalp, but it also saves water.



# Social

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# Quality assurance

## Basic policy

The FineToday Group has established the FineToday Group Quality Assurance Principle, based on its Purpose and Values. This principle identifies the attitude and responsibilities for quality assurance in all stages from product design, research and development, manufacturing, distribution/logistics, and customer use.

The FineToday Group’s quality assurance values

Customer Delight and Commitment to Quality

- We strive to delight our customers, providing exceptional products and services tailored to their daily lives.
- We work together as one united and agile team to anticipate and meet our customers’ true needs wherever they are.

## Quality management system

The FineToday Group is developing its own quality management system (QMS) to deliver products that will satisfy customers and earn their trust. The QMS will be utilized in governance based on objective decision-making following management review in the near future.

## Quality control at Fine Today Industries

Fine Today Industries, which handles the Group’s manufacturing functions, strives to produce quality products by complying with Good Manufacturing Practice (GMP).  
In addition to multiple inspections during manufacturing processes and testing using precision instruments, its highly experienced staff also assess products through sensory analysis. The plant interior is zoned by sanitation management level, strictly restricting the apparel that may be worn in and articles that may be brought in to each zone.



## Product safety education and training

FineToday raises awareness of product safety by sharing information concerning daily customer service with management and related sections.  
In addition, as a marketing authorization holder, FineToday establishes rules and procedures for quality assurance and safety management, and carries out education and training based on them to fulfill its responsibilities.

## Responding to quality issues and product incidents

Any quality issues and incidents concerning FineToday Group products need to be responded to swiftly. The Group responds appropriately based on rules, procedures, and related manuals.

# Giving consumers information they need

## Basic policy

In accordance with FineToday's Purpose and Values, and with the FineToday Group Code of Conduct and Ethics (see p. 60), advertising, labeling, promotion, and other activities for FineToday Group products comply with applicable laws and regulations. All products sold to consumers are labeled accurately and advertised and promoted responsibly.

FineToday has established a quality control structure for product labeling to ensure that labeling conforms to applicable laws and regulations and is easy for consumers to read and understand. Staff devoted to checking the content of labeling and advertising participate in training programs led by regulators and in various seminars to be able to judge the quality of labeling in light of the latest legal interpretations and regulatory and societal trends. FineToday also discusses related matters with outside experts and consults with regulators as appropriate, striving to maintain and improve specialized abilities in this area.

## Advertising initiatives

FineToday Group has established in-house rules calling for communication in line with the standards for appropriate advertising of medicinal and similar products, the fair competition code, and guidelines on the appropriate advertising of cosmetics and similar products issued by industry associations and other bodies.

### Closed captioning TV commercials

Closed captioning of TV commercials helps to communicate information to a wider range of viewers, including those with special hearing needs. The Japan Commercial Broadcasters Association's closed-captioning initiatives previously accepted closed-captioned TV commercials in only network and local broadcast time slots, but since October 2022 broadcasters have accepted closed-captioned TV commercials in all time slots.

In response, all of FineToday's TV commercials have been closed captioned since the new commercials for the haircare brand Tsubaki first aired on October 14, 2022.

Website

**Closed-captioned TV commercials launched**  
<https://www.finetoday.com/jp/news/newsrelease/20221013/> (Japanese only)

## Information on websites

FineToday Group communicates information on products and services via a wide range of media, including not only advertising but also owned media such as brand sites and official social media accounts as well as external media.

The official FineToday website introduced a consumer support page in June 2023. This page features frequently asked questions and answers (FAQs) on each brand and product as well as information on contacting FineToday by toll-free calls, email, and web chat.

## Package initiatives

FineToday regularly reviews the content and methods of labeling on product packages, to make sure consumers can understand product features and other information correctly.

### Labeling in the languages of the countries and regions where products are sold

Information on subjects such as how to use products and their ingredients is labeled in local languages. FineToday strives to communicate the information consumers need in accordance with the laws and regulations of the countries and regions where products are sold.

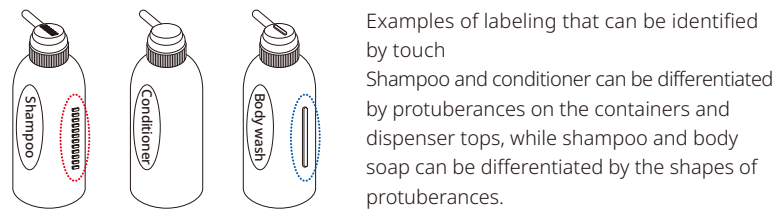


# Giving consumers information they need

## Universal design

FineToday is promoting universal design of product packages based on Japan Cosmetic Industry Association guidelines and Japan Industrial Standards (JIS).

For example, containers of shampoo, conditioner, and body wash, which often come in similar containers and are used together in baths and bathrooms, feature labeling that can be identified by touch so that consumers with visual disabilities can use them with peace of mind. Products for China & APAC markets have similar labeling.



## To reflect the voice of consumers in our products and services

FineToday has brought in-house consumer contact operations, which had been outsourced, with the launch of the FineToday consumer support desks in June 2023.

Under its motto “Making Every Day a Fine Day by Listening and Responding to the Voice of Consumers,” the consumer support desks accept questions and comments from consumers by telephone,

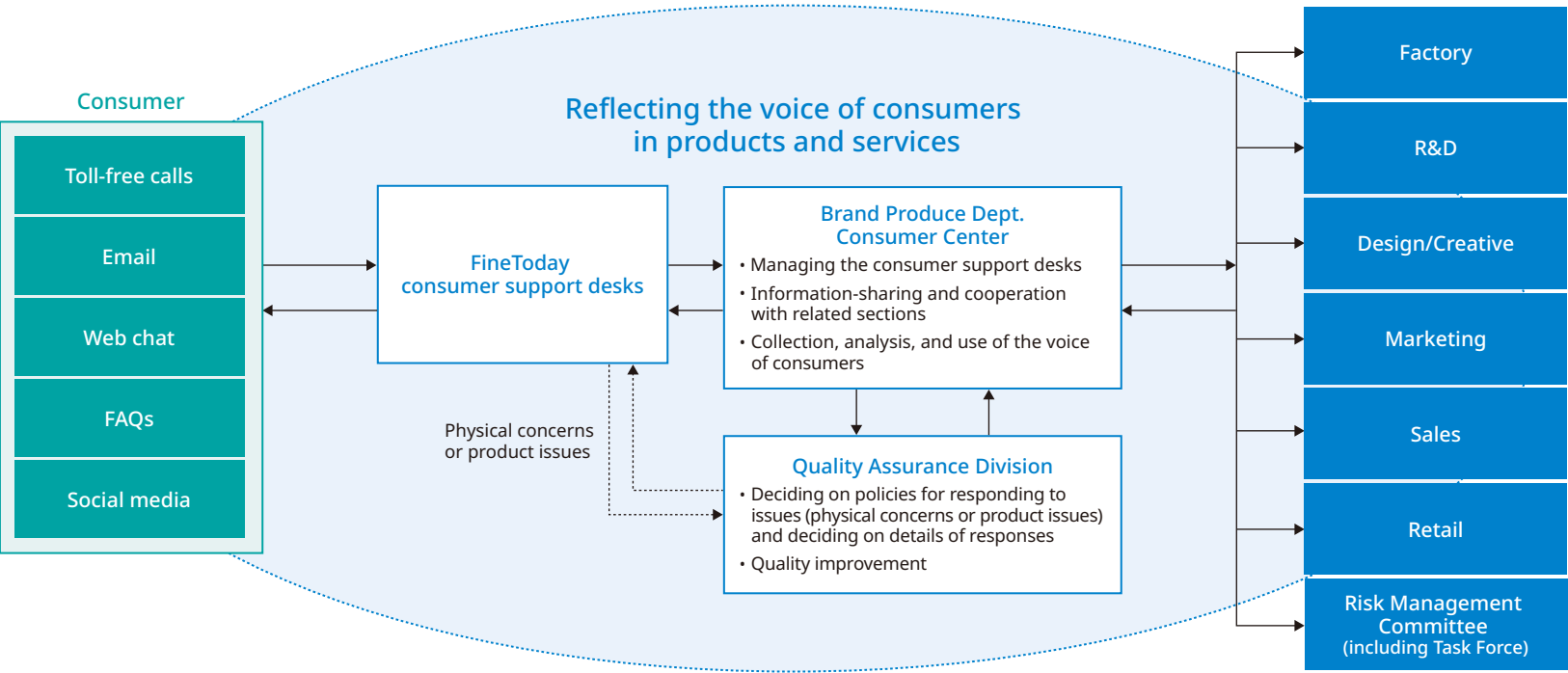
email, chat, and social media. It also shares the voice of consumers it receives daily with management and related sections, to develop better products and services.

In FY2022, FineToday received a cumulative total of 8,490 contacts expressing the voice of consumers. About 90% of these were inquiries about subjects such as product use and information

of stores while the remainder consisted of complaints about product defects or inventories, requests such as those to reintroduce discontinued products, and positive feedback on brands/products.

FineToday will continue striving to respond promptly and sincerely to the voice of consumers while aiming to make it even easier for more consumers to contact us.

— To reflect the voice of consumers in our products and services (as of May 2023)



# Giving consumers information they need

## Education and training on advertising and labeling

FineToday's risk management training for all employees other than officers, temporary employees, and contractors covers expressions used in advertising and labeling. Training topics in FY2022 include gender expressions and expressions inappropriate from the perspectives of ethics or consideration (see p. 59).

About 50 brand personnel take part in another educational program, which in FY2022 provided guidance on practical points of advertising production under the title, "Partnering with advertising agencies." Other activities such as trademark seminars led by product development sections have encouraged understanding of using trademarks properly, by explaining basic trademark knowledge.

- **Education and training plans for FY2023 and beyond (topics)**
  - Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices
  - Act against Unjustifiable Premiums and Misleading Representations
  - Voluntary codes of industry associations (guidelines on appropriate advertising of cosmetics and similar products), etc.

— **Main marketing indicator**

|   |   |
|---|---|
| Total violations of regulations or voluntary codes concerning marketing communication | 0 |
|---|---|

# Respect for human rights

## Basic policy

FineToday Group recognizes the importance of international standards on human rights. These include the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. In addition, recent years have seen growing interest around the world in not only issues such as forced labor and child labor but also topics such as harassment rooted in changing social structures and diverse values. Businesses have important responsibilities concerning solutions to these issues, and failure to respond appropriately could pose severe risks to a business.

Recognizing that all its business activities are grounded in respect for human rights, FineToday Group has established the FineToday Group Human Rights Policy, based on the United Nations Guiding Principles on Business & Human Rights. It also has identified commitment to human rights as a Group materiality item and strictly prohibits and calls for zero tolerance of various types of discrimination, mistreatment, and abuse of power under the FineToday Group Code of Conduct and Ethics (see p. 60).

### FineToday Group Human Rights Policy (Preamble)

We in the FineToday Group are committed to respecting the human rights of all stakeholders associated with the value chain of our business activities in accordance with our Purpose (our reason for existing in society) and our Values (our ideals and principles).

The daily necessities that we provide reach all corners of life throughout the world and promote wellbeing by improving sanitation and bolstering physical and mental health. Consequently, we believe that a culture of cooperating with stakeholders and accepting diversity is essential in contributing to the sustainable development of society and promoting innovation.

At the same time, we also recognize that our products could potentially lead to a variety of negative impacts during their life cycle. In order to fulfill our responsibilities as a provider of daily necessities, we respect the human rights of employees, consumers, local communities, business partners, suppliers, and everyone else who plays a role in our value chain.

Website

**FineToday Group Human Rights Policy**  
<https://www.finetoday.com/en/sustainability/esg-list/>

## Human rights management system

The Human Rights Working Group (WG) established under the ESG Committee (see p. 16) promotes thorough respect for human rights throughout all organizations in FineToday Group. The WG meets quarterly to ascertain and assess current conditions of human rights, plan improvements, and plan employee education, along with other activities including risk assessment in the supply chain and deliberating on response policies.

With the addition of a manufacturing function to the Group in April 2023, the WG plans to focus on matters such as supplier dialogue as well.

### — Initiatives planned in FY2023

- Human-rights due diligence
- e-Learning for all FineToday employees
- Establishment of strategic KPIs on human rights
- Developing a complaint resolution mechanism including the supply chain
- Confirmation of supplier status (e.g., whether they have been assessed by EcoVadis)

# Respect for human rights

## Education and training on human rights

In FY2022, FineToday provided all employees with training on human rights and compliance through e-learning, as well as holding seminars led by outside instructors for employees in supply-chain management, legal, HR, and sustainability sections, who particularly require in-depth understandings of human rights.

– Status of education and training on human rights (FY2022) <FineToday>

| e-Learning  |   |
|---|---|
| Eligible persons                                      | All employees other than executives, temporary employees, and contractors               |
| Topics  | Encouraging understanding of harassment and raising awareness of whistleblowing systems |
| Employees eligible for training                       | 380   |
| Employees who underwent training (participation rate) | 376 (99%)   |

| Seminars by outside instructors |  |
|---------------------------------|--|
| Eligible persons                | Employees in supply-chain management, legal, HR, and sustainability sections   |
| Topics                          | Basic understanding of human rights, sharing of past case studies, raising awareness on the initiatives demanded of businesses |
| Sessions                        | 2  |
| Trainees                        | 62   |

## Human-rights due diligence

FineToday Group is proceeding with human-rights due diligence in the supply chain, in stages.

FineToday surveyed all employees in March 2023. This survey served as the initial assessment stage, and its findings were analyzed to identify issues concerning human rights in the organization. Future plans call for studying and implementing policies to respond to the issues identified.

Together with these efforts, plans call for requesting sustainability assessment by EcoVadis or similar independent agencies to ascertain the state of human rights initiatives at suppliers to the Group companies, in consideration of the state of their transactions with the Group and other factors. Under consideration is a process through which procurement sections (see p. 53), which handle manufacturing materials such as product packages and raw materials as well as OEM and ODM suppliers, would cooperate with the Human Rights Working Group to analyze results of and responses to this review and establish and implement a plan-do-check-act (PDCA) cycle to encourage improvements. Independent auditing of corrective measures also is being considered.

– State of education and training on human rights (FY2023) <FineToday>

| e-Learning  |                                      |
|---|--------------------------------------|
| Eligible persons                                      | All employees other than contractors |
| Topics  | Business and human rights            |
| Employees eligible for training                       | 438                                  |
| Employees who underwent training (participation rate) | 431 (98%)                            |

# Respect for human rights

## Preventing harassment

The FineToday Group Code of Conduct and Ethics (see p. 60) strictly prohibits and calls for zero tolerance of discrimination by race, gender, age, nationality, religion, disability status, or other qualities as well as abuse, sexual harassment, and abuse of power.

The Group Internal Hotline and Group External Hotline accept reports of acts such as the above. These hotlines also accept reports of compliance violations and other incidents that could lead to loss of society’s trust. All global employees, including those of Group companies outside Japan, can use them. The sections in charge of the hotlines respond to consultations and reports received, with consideration for the privacy of whistleblowers.

### — Harassment whistleblowing hotlines

|                        |  |
|------------------------|--|
| Group Internal Hotline | • The hotlines accept anonymous consultation and reports   |
| Group External Hotline | • All employees may use them, regardless of contractual status<br>• Whistleblowers will not suffer any disadvantages |

### — Human rights incidents <FineToday Group>

No incidents were identified in FY2022 concerning forced labor, child labor, or human trafficking



# Hiring, promotion, diversity, equity, and inclusion

## Basic policy

To enrich the lives of everyone today and for generations to come, one fine day at a time, FineToday Group considers diversity, equity, and inclusion (DE&I) to be fundamental to all of its activities. The FineToday Group Code of Conduct and Ethics (see p. 60) strictly prohibits and calls for zero tolerance of various types of discrimination, mistreatment, and abuse of power based on considerations such as race, skin color, gender, age, language, wealth, nationality, country of origin, religion, ethnicity, social background, political views, disability, health status, and sexual orientation.

Currently, the Group operates a total of 19 facilities in Japan, China, and the Asia-Pacific region (APAC). More than 40% of its approximately 1900 employees work outside of Japan, as its workforce becomes increasingly diverse. FineToday actively hires new graduates and mid-career hires, believing that collaboration among diverse employees leads to creation of new value. Recognizing DE&I as an important component of sustained growth, the Group has identified it as one of its materiality items.

## Hiring

FineToday Group believes that employment of people with diverse values, backgrounds, and skills generates innovation that will contribute to sustainable growth in the Group and society. For this reason, it has identified fair hiring with respect for individual diversity as a basic policy of employment.

In employee selection, it eliminates from consideration factors unrelated to job ability. People involved in hiring undergo training to ensure compliance with this principle.

### — Employees <FineToday Group>

Approx. **1,900**  
(As of April 2023; not including executives and temporary employees)

### — New hires (FY2022) <FineToday>

| New hires at FineToday |                | 161       |
|------------------------|----------------|-----------|
|                        | Under 30 years | 37 (23%)  |
|                        | 30-50 years    | 105 (65%) |
|                        | Over 50 years  | 19 (12%)  |

(Figures in parentheses indicate percentages of all new hires.)

## Multinational Recruitment

Group companies in Japan, China and APAC regions actively hire people with diverse national and cultural backgrounds. Multinational recruitment conforms to immigration regulations on visa status and other matters.

## Employment of people with disabilities

As advocated in the medium- to long-term vision “Fine Today & Tomorrow 2030,” in its diversity, equity, and inclusion initiatives FineToday Group focuses in particular on inclusion of its diverse workforce. As part of these efforts, it strives to employ and empower people with disabilities. It hires people with strengths that differ by individual and creates opportunities for them to thrive based on their own specialties and job aptitudes.

In January 2022 it hired a qualified massage therapist who has a visual impairment, tasked with conceptual and systematic preparations for opening an in-house massage center and operating the center after it opened.

Since August 2022, FineToday has employed two para-athletes active on the international stage. It actively creates opportunities for these athletes, who usually train for competitions on their own, to connect with other employees so that they can devote themselves to competition with a true feel for how their activities inspire employees.

# Hiring, promotion, diversity, equity, and inclusion

## Reemployment of retirees

Group companies in Japan are leveraging the talents of highly experienced senior employees by adopting programs to provide job opportunities to motivated employees who have retired at the mandatory retirement age of 60 years.

— Users of the retiree reemployment program <FineToday>

11 (FY2022)

## Employment of contracted employees with fixed periods and temporary employees

Group companies in Japan employ contracted employees with fixed terms and temporary employees as well as permanent, full-time employees. We conclude appropriate employment agreements with such employees and provide appropriate management and compensation in line with laws and regulations. We also offer the opportunity for contracted employees with fixed periods whose total contract terms exceed five years to switch to contracts with no fixed periods.

## Evaluation and compensation

The FineToday Group Code of Conduct and Ethics (see p. 60) calls for the Group to evaluate people fairly. Under the Human Resources Policy based on this Code, the Group strives to ensure fairness and equity in areas such as evaluation and compensation of employees.

### Human Resources Policy

- Employees will be treated fairly both inside and outside the Company, and systems will be employed that are designed to secure employees' understanding.
- Employee evaluations will be highly transparent and based on objective facts, free from prejudice and overreliance on first impressions.
- Evaluations will be based on management by objectives (results) and competency (actions)
- Standards for evaluation, promotion, etc. will be disclosed to employees, and employees will be given feedback on the results of evaluations.
- Support and guidance for employee development will be provided through regular communication in addition to evaluation interviews held at least once a year.

## Remuneration levels and systems

In addition to complying with rules such as minimum wages and working hours designated under laws and regulations, FineToday Group takes care to maintain remuneration levels and systems that are competitive in the labor markets of individual countries and regions. Decisions on remuneration amounts reflect wage statistics from government agencies and other sources as well as remuneration data from external research institutions and are reviewed regularly.

FineToday Group also maintains diverse remuneration systems that reflect roles, duties, and results, striving to eliminate seniority factors. Base salaries reflect individual roles and duties, and calculations are free from discrimination by gender or other considerations. The Group provides information on salaries, bonuses, evaluations, promotions, and other aspects of the system on the intranet.

In accordance with the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, FineToday complies with legal minimum wage and applies identical remuneration systems to identical levels of qualifications and duties (equal pay for equal work).

# Hiring, promotion, diversity, equity, and inclusion

— Annual wage differential by gender\* (FY2022) <FineToday>

| Tier                   | Male | Female |
|------------------------|------|--------|
| All employees          | 100  | 70     |
| Managerial             | 100  | 96     |
| Assistant manager tier | 100  | 91     |
| Clerical tier          | 100  | 86     |

\* Percentage based on assigning a value of 100 to average male wages.  
The wage differential by gender is due mainly to differences in base pay resulting from differences in duties, differences in overtime hours worked, and differences in composition of personnel within individual tiers.

Consideration in job transfers

FineToday’s labor agreement calls for negotiation and decision-making in good faith by the employer and the labor union when opening or relocation of business sites involves job transfers that could have a major impact on employees’ lives.

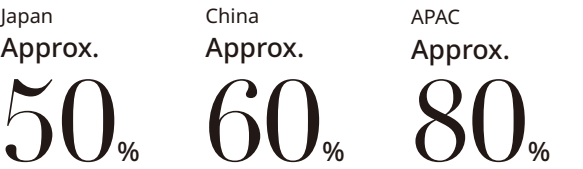
Empowering diverse employees

FineToday Group’s people are diverse in terms of age, nationality, and other factors. The Group strives to improve workplaces and enhance various support programs so that employees can leverage their individual strengths to demonstrate their abilities to the fullest.

Currently, the Group is focusing on empowering women employees, targeting a percentage of 25% of Group managerial personnel being women by FY2028. It also is raising LGBTQ+ awareness to enable all employees to be themselves free from discrimination or harassment based on sexual identity or orientation.

FineToday has introduced an employee referral program through which employees can recommend their friends and acquaintances for employment, to lessen gaps between job expectations before and actual working conditions after hiring and to promote hiring and empowerment of diverse people. Under certain conditions, the referring employees can receive monetary rewards upon hiring of candidates they referred. Since they can know about the company culture, work styles, and job descriptions in advance, this program enables new referred employees to adjust to work smoothly by having accurate expectations for their jobs. To ensure fairness in hiring decisions, FineToday reviews applicants using the same standards and selection process employed for other mid-career hires.

— Percentage of women employees by region <FineToday Group>



(As of April 2023; not including executives and temporary employees)

— Women as a percentage of senior managers (not including executives) <FineToday>



— Major initiatives to empower employees <FineToday>

Training, seminars

- Video sharing of seminar on women’s health issues (period, menopause)
- In-house lecture meeting and roundtable discussion on International Women’s Day

Programs

- Flextime program with no assigned core hours
- Work styles offering work from home and remote work options
- Encouraging male employees to take childcare leave
- Adoption of support programs to help improve women’s health (period, menopause)
- Stipulation in rules of employment that employees’ same-sex partners are eligible for the same benefits as spouses of different sexes

# Employee skills development

## Basic policy

FineToday Group aims to provide an environment in which all people across national and regional boundaries, regardless of race, gender, age, or nationality, can thrive while thinking and acting on their own.

Fine Today & Tomorrow 2030, the medium- to long-term vision targeting the year 2030, identifies investment in talent as one of its goals. In addition to focusing on skills development through activities such as education and training, FineToday Group ascertains the state of engagement periodically through surveys and other means and puts the findings to use to make further improvements. Dividing human-resource measures into three phases for the period from 2021, when it began doing business, through 2030, it has established specific themes for each phase. During Phase One, “Wakuwaku (excitement) I,” the phase until its IPO, it is deploying measures focusing on improving the motivation and sense of wellbeing that serve as the driving forces behind the work of each and every employee.

Through these initiatives, FineToday Group aims to realize an environment in which all employees can continue to have positive impacts on the organization and society conscious of their own Purposes for working, while taking on and striving to achieve the FineToday Purpose.

Three phases of human-resource measures

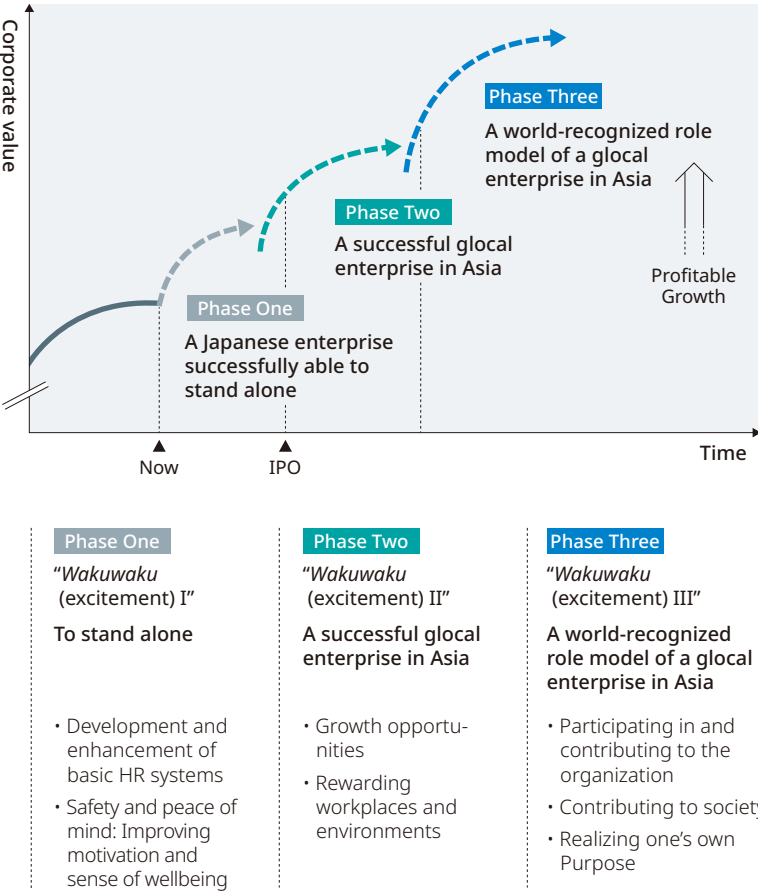
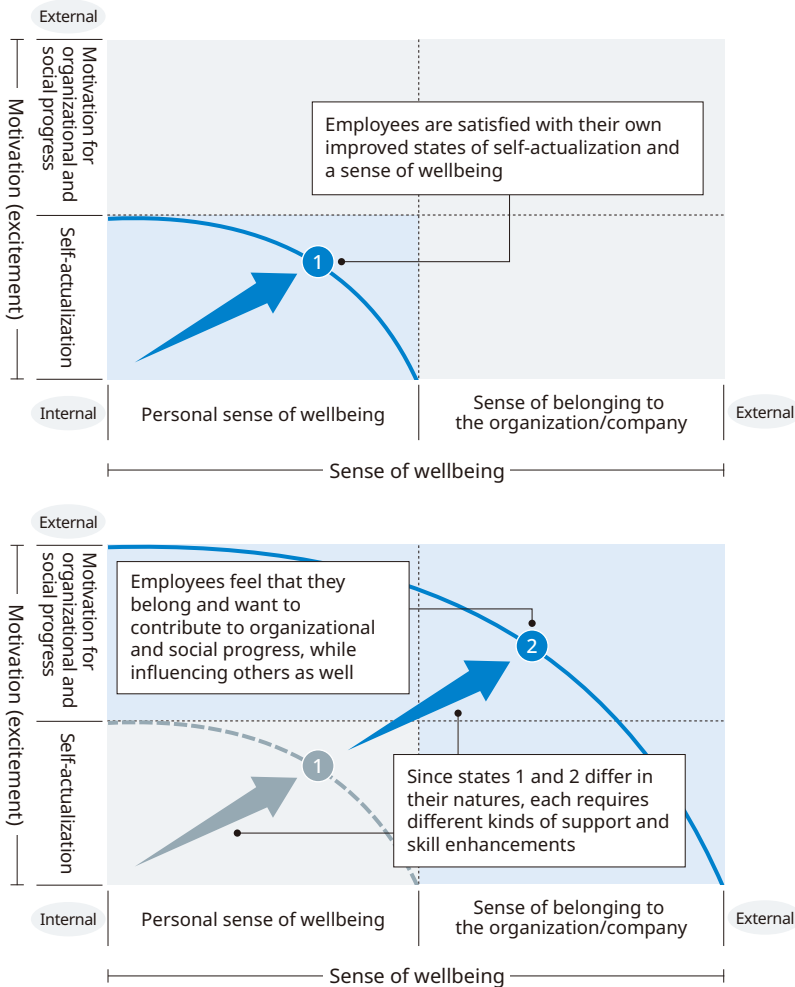


Illustration of improving motivation and sense of wellbeing



# Employee skills development

## Programs to support skills development

In addition to tier-based training, for all job categories, FineToday also offers training programs for individual posts, to improve individuals’ specialized abilities, and programs that support self-learning and growth, so that people who are motivated can learn on their own.

### Tier-based training

This training program groups employees into three tiers: Self Leadership, Coaching, and Upper Management, to encourage acquisition of the leadership skills and mindset needed at each tier. All of these training programs provide opportunities such as workshops to explore the intersections between individual motivations and values and the company’s Purpose.

### International work experience program

Markets outside of Japan generate more than 50% of FineToday Group’s sales, and this percentage should grow even higher in the future.

Under these conditions, FineToday offers an international work experience program to help younger employees to grow to become global leaders and to encourage interaction among employees at a personal level, across national and regional borders. The program provides opportunities to participate in ESG activities overseas in addition to working on assigned projects. One

— Education and training systems (FY2022) <FineToday>

|                      | Required   |                                  |                                  | Elective                |   | Selective                             | Career development  | Self-improvement    |  |
|----------------------|--|----------------------------------|----------------------------------|-------------------------|---|---------------------------------------|---|---------------------|--|
|                      | All job types  | Individual job tiers and courses |                                  | Business skills         | Specialized skills  |                                       |   |                     |  |
| Managerial employees | <ul style="list-style-type: none"><li>Onboarding</li><li>Required governance and compliance training</li></ul> | Upper management                 |                                  |                         |   |                                       |   | External e-learning |  |
|                      |  | Coaching                         | Job training for new assignments |                         |   |                                       | <div>Life-planning training (55 years and older)</div> <div>Career-design training (35 years and older)</div> |                     |  |
| General employees    |  |                                  | Pre-manager training             | Basic business training | <ul style="list-style-type: none"><li>Marketing Academy</li><li>Sales Academy</li><li>Digital Academy</li></ul> | International work experience program |   |                     |  |
|                      |  | Self-leadership                  |                                  |                         |   |                                       |   |                     |  |
|                      |  |                                  | Year-three training              |                         |   |                                       |   |                     |  |
|                      |  | New-employee training            |                                  |                         |   |                                       |   |                     |  |

employee used this program in FY2022 and currently works at the APAC regional headquarters in Singapore.

### e-Learning

FineToday Group has introduced an e-learning service offering a wide range of about 17,000 courses, to help employees to improve their skills. The ability to learn about topics that interest them, at any time and place and as many times as they desire, should prove

useful in employees’ daily work and career development, by making learning fun.

### Onboarding support

Orientations for new mid-career hires help them to adjust smoothly to their new workplaces. Mid-Career hires also have free access to the Knowledge Site, which contains a wealth of in-house knowledge new employees need.



# Employee skills development

— Average education and training hours/costs per employee <FineToday>

21.15<sub>hours</sub> 44,621<sub>yen</sub> (FY2022)

## Enhancement of engagement

The level of achievement and necessary environment of employees' motivation and sense of wellbeing may vary widely. In addition to skills development for self-confidence and career formation, it also is vital to develop a culture of acceptance of diversity among colleagues.

FineToday Group describes this thinking in detail in "Leadership Behavior," a shared Group code. It plans to focus on initiatives to ensure that Leadership Behavior permeates to the level of individual behavior. It uses means such as regular engagement surveys and global meetings to ascertain the status of engagement periodically.

### Engagement surveys

Once every half-year, FineToday Group conducts an engagement survey of all employees, using an external survey tool. This initiative not only assesses objectively the state of matters such as ease of work but also plays an important role in identifying current issues in each organization in the Group and encouraging

autonomous improvements.

The September 2022 survey had a response rate of about 90% in each of the regions of Japan, China, and APAC. Management in each organization uses the survey's findings to identify actions for improvement. Individual employees also strive to improve their organizations under the slogan "We Do."

Before each survey, a training session is held to let employees know how to use the survey tool. The tool also is used in tier-based training to inspire autonomous action by individual employees through registration of action statements for organizational improvement.

### Global meetings

FineToday Group regularly holds G3 Meetings and townhall meetings in which all employees, from Japan, China, and APAC, take part.

The G3 Meetings provide opportunities for communication across national and regional boundaries, to stimulate interpersonal exchange within the organization and enhance its cooperative structures. The townhall meetings share information on strategies and financial results as well as global best practices, aiming to generate new ideas and promote mutual understanding. Management answers questions from employees on any topic in these meetings and using our Sharepoint systems.

Although these meetings had been held online in principle since FineToday Group began doing business in July 2021, the G3 Meeting in December 2022, held in person while taking care to stop the spread of COVID-19, provided the first opportunity for

employees from all over Japan to come together in one place. Attendees introduced themselves to colleagues from other sites and expressed surprise at how many people were there. The meeting was followed by social gatherings of employees from each region. The meeting proved an opportunity to reaffirm the commitment to further solidarity in the Group's initiatives in FY2023.

### Encouraging communication across sections

While FineToday's monthly Ichigan Meeting is intended mainly to share information among sales staff, all employees take part regardless of their assigned duties. It also serves as an opportunity to introduce new employees who joined the organization during the month. This kind of interaction helps build ties based on work and personal interests.

In FY2022, the labor union and the Human Resources Division together launched the new Fine Community initiative. Fine Community is an internal community that aims to help employees find and connect with colleagues who share their interests, under the slogan "Work hard, Play hard together!"

A survey of all employees conducted in December 2022 showed that 48 groups had already formed, across a wide range of interests including exercise and cultural activities, and 209 employees wanted to take part. Participants interact through chat rooms for individual groups, and groups communicate information on their activities companywide through the in-house social networking service.

# Employee skills development

**Highlight**

**Values established to mark the Group’s first anniversary by motivating all employees.**

FineToday Group marked its first anniversary on July 1, 2022, by establishing its Purpose and Values. The Values are based on key themes chosen to motivate all employees together. The G3 Meeting held the same day revealed the Values to employees and presented employees with commemorative gifts reflecting the qualities of each region.



# Promoting work-life balance

## Basic policy

FineToday Group considers development of workplaces where employees can balance their careers with life events such as childbirth and the need to care for family members and can work with vitality in line with their own lifestyles to contribute not only to individual growth but to improving the performance of workplaces as well. Based on this perspective, the Group has identified decent work environments as a materiality item and offers various programs to support employees’ diverse work styles.

## Programs to support diverse work styles

FineToday Group carries out a variety of measures to enable employees to balance work with their private lives.

### Support for work styles unbound by time and place

Group companies in Japan offer flextime programs with no core hours and remote working programs that enable employees to work wherever they feel most comfortable, even outside of the office or the home.

FineToday has adopted a free-address office space at its head office, so that employees can choose the most comfortable places to work on each assignment, such as spaces where they can concentrate on the task at hand or casual spaces where they can generate ideas together. This helps to stimulate communication in the organization and encourage collaboration across sections.

### Encouraging employees to take annual paid leave

At the start of the year, FineToday Group issues a company wide notice encouraging employees to take annual paid leave and asks them to plan when to take leave. It also strives to foster a company culture in which employees actively take leave, through means including employees sharing their leave plans through the in-house social networking service.

#### — Percentage of employees taking annual paid leave <FineToday>

65.6% (FY2022)

#### — Overview of main programs <FineToday>

| Program                | Summary  |
|------------------------|--|
| Annual paid leave      | Employees receive up to 21 days of annual paid leave, depending on years of continual service when month of joining the company. Rules call for employees awarded 10 or more days of annual paid leave to take at least five of those days during the fiscal year in which they were awarded.  |
| Summer vacation        | Employees receive five days off in addition to Saturdays and Sundays.  |
| Refreshment leave      | Employees with 10 or more years of continuous service may take five or 10 consecutive days off every five years. Assistance is available for travel and other expenses as well.  |
| Flextime program       | Employees may use this program as long as they work at least one hour per day, with no specified core working hours. (Working hours are managed by the month, instead of the day.)   |
| Remote working program | Employees can use this program as many times as they need, for childcare, family care, or any reason. They can work from home or elsewhere.  |
| Side-job program       | FineToday has established conditions for permitting employees to work side jobs and rules on handling time spent on side jobs. Employees may work side jobs after the company has checked and approved conditions reported by the employees, such as forms and places of employment and expected working hours. This is intended to protect employee health and safety as well as retaining the trust of society and protecting trade secrets. |

# Promoting work-life balance

## Programs to support childcare and family care

FineToday Group offers longer leave than required by law for employees who need to care for children or other family members. It also publicizes these programs to employees. In addition, FineToday has established the Guidelines on Transfers Involving Employees Caring for Children. Employees taking time off for childcare or family care also are exempt from unwanted transfers involving relocation.

### Support for returning to the workplace after childcare leave

FineToday offers a childcare plan program through which female employees check with their superiors on the process from pregnancy through returning to the workplace after childbirth. This helps to alleviate employees’ concerns about pregnancy, childbirth, and childcare and to share information with their superior, to facilitate returning to the workplace.

### Percentage of eligible employees taking childcare leave (female) <FineToday>

100% (FY2022)

### Overview of main programs <FineToday>

| Program  | Summary   |
|--|---|
| Support for childcare                                  |   |
| Childcare leave  | Employees can take this leave for up to five years in total, until their children reach the age of three years. This period exceeds that required by law. In special situations, an employee may take leave up to three times for the same child.<br>Note: While childcare leave is unpaid, childcare leave benefits are paid under employment insurance.           |
| Maternity leave  | An expectant mother may take six weeks of paid leave before and eight weeks of paid leave after giving birth. (Some periods of this leave are unpaid.)<br>Note: Employees may use accumulated leave or annual paid leave for the unpaid periods.  |
| Short-term childcare leave                             | Employees may take paid short-term childcare leave for up to two weeks during the period until the child's third birthday. An employee whose spouse or other partner has given birth may take separate special paid leave of up to five days.   |
| Child Care working hours                               | Employees may shorten their working hours by up to two hours per day during the period until the child enters the third grade (i.e., the end of March when the child is nine years old). This exceeds the legal requirement. During the period until the child reaches the age of one year, one hour of the shortened working hours is paid.                        |
| Financial assistance for employees caring for children | One of the Cafeteria Plan* options provides employees caring for dependent children with financial assistance for childcare costs such as those of nursery school and babysitting and with the children's education costs.  |
| Child nursing care leave                               | Employees may take paid time off in hourly units to care for sick or injured preschool children or take them to health checkups or vaccinations.<br>Note: This leave is available for up to five days (40 hours) per year for a parent of one child or up to ten days (80 hours) per year for a parent of two or more children. This exceeds the legal requirement. |
| Spousal accompaniment program for childcare            | An employee caring for a child through the third grade who accompanies a spouse or other partner on a job transfer in Japan may continue his or her career at a business facility near the partner's assignment.  |

| Program   | Summary  |
|---|--|
| Support for family care                                     | Family members eligible for care include members of not only the employee's family but that of the employee's spouse or other partner too.   |
| Family care leave   | Employees may take leave an unlimited number of times (up to one year each time) for each relative who requires long-term care (up to a total of three years).                               |
| Family care working hours                                   | Employees may take paid time off in hourly units to care for relatives who require long-term care. This time off is paid for up to five days (40 hours) per year per eligible family member. |
| Financial assistance for employees providing long-term care | One of the Cafeteria Plan* options provides an allowance to help pay for long-term care services and facility charges for family members certified to require long-term care.                |

\* A benefit program under which the company awards points to employees that they can use to receive their choice of services.

# Promoting work-life balance

## Other programs

FineToday is enhancing its programs to support employees in various situations, such as when a spouse is transferred to work overseas or when volunteering.

— Overview of main programs <FineToday>

| Program  | Summary   |
|--|---|
| Leave program for transfer of a spouse to work overseas      | An employee may take up to three years of leave to accompany a spouse or other partner who has been transferred overseas.       |
| Special volunteer leave program (Social studies day program) | An employee may take up to three days of paid leave per year to participate in activities to contribute to society on weekdays. |



# Occupational health and safety

## Basic policy

FineToday Group’s Purpose calls for it “To enrich the lives of everyone today and for generations to come, one fine day at a time.” Based on this concept, the FineToday Group Code of Conduct and Ethics (see p. 60) specifies that the Group will strive to create healthy and safe workplaces and enhance work-life quality for employees. The group also has established the Occupational Health and Safety Policy, under which it focuses on maintenance and improvement of employees’ health and building workplace environments and a corporate culture for safety and peace of mind.

The Occupational Health and Safety Policy also identifies the aim of workplaces where everybody can work in good health and with peace of mind. This policy serves as the foundation of a variety of active efforts now underway, including prevention of occupational illnesses, formation of appropriate workplace environments, and support for autonomous health management by employees.

### Occupational Health and Safety Policy

FineToday Group aims for workplaces where everybody can work in good health and with peace of mind.

It will carry out the following measures toward this end.

- 1. Realizing safe, comfortable working environments for all workers
- 2. Aiming for zero accidents involving time off work
- 3. Conforming to the requirements of the occupational health and safety management system (applies only to business sites with manufacturing sections)
- 4. Conducting risk assessments and striving to prevent on-the-job accidents in all workplaces
- 5. Continually improving the occupational health and safety management system and raising the level of occupational health and safety (applies only to business sites with manufacturing sections)
- 6. Promoting occupational health and safety activities to emphasize an appropriate culture and thinking, through discussion and engagement with all employees

## Promoting occupational health and safety

FineToday has established the seven-member Health and Safety Committee, chaired by a manager from the Human Resources Division. The committee’s other members comprise two managers from the Human Resources Division, one industrial physician, and three representatives chosen from employees. It meets at least

monthly to promote various occupational health and safety measures. It met 12 times in FY2022.

Fine Today Industries Co., Ltd., which joined the FineToday Group in April 2023, also has a Health and Safety Committee that meets at least once each month. It strives toward its goal of eliminating lost-time accidents by making improvements to hazards and unsafe activities and preventing serious accidents.

### — Main agenda items of the Health and Safety Committee (FY2022) <FineToday>

- Sharing the findings of workplace patrols and addressing issues identified
- Keeping down long working hours (e.g., numbers of eligible persons and consultations with the industrial physician)
- State of appointments for and completion of checkups
- State of occurrence of on-the-job accidents
- Sharing of information provided by the industrial physician (e.g., findings based on results of checkups, raising awareness of heatstroke and seasonal infectious diseases)
- Sharing of information provided by the health insurance society

# Occupational health and safety

— On-the-job accidents (FY2022) <FineToday>

|  |   |
|--|---|
| Number of on-the-job accidents             | 0 |
| Incidence rate                             | 0 |
| Lost-time injury frequency rate (LTIFR)    | 0 |
| Occupational-illness frequency rate (OIFR) | 0 |

## Education and training on occupational health and safety

FineToday provides online training for employees, with aims including to raise awareness of occupational health and safety and to share information on cautions.

— Status of education and training on occupational health and safety (FY2022) <FineToday>

| e-Learning  |   |
|---|---|
| Eligible persons                                      | All employees other than executives, temporary employees, and contractors |
| Employees eligible for training                       | 380   |
| Employees who underwent training (participation rate) | 376 (99%)   |

## Ensuring occupational health and safety

FineToday Group implements measures from a variety of approaches to realize workplace environments where employees can work in good health and with peace of mind.

### Keeping down long working hours

FineToday's "Article 36" agreement (an agreement on working hours under Article 36 of the Labor Standards Act in Japan) specifies a maximum of 80 hours of overtime work per month. It strives toward thorough management and more efficient work so that employees will not exceed this maximum. The HR section meets with the superiors of employees found to have exceeded this maximum, to identify the reason why and study and implement practical improvements.

Since temporary workload increases and imbalances during peak periods could lead to overworking, FineToday checks project workloads and staff assignments. If a project does not have the staff it needs at the time, responses are considered such as partial outsourcing, use of temporary placement agencies and development of new tools.

As part of these initiatives, a new employment management system was adopted in FY2022. This system's user-friendly interface makes it possible to check individual working hours in real time and issues automated alerts when monthly working hours exceed a certain level, to help each section to manage working hours thoroughly and efficiently.

### Health checkups

All employees of Group companies in Japan are members of the health insurance society, which provides annual health checkups. Checkups cover the examination items of regular checkups that employers must provide by law (statutory items) and other optional items provided by the health insurance society, chiefly cancer screening (optional items). All employees are made aware of the need to undergo checkups on the mandatory statutory items.

Employees instructed to seek treatment, follow-up exams, or detailed exams following checkups receive the support they need through means such as meeting with industrial physicians and follow-up exams. A 24-hour health support hotline is available as well.

Appropriate health checkups and similar services are provided at Group companies overseas in accordance with local laws and regulations.

### Stress checks

FineToday provides annual stress checks for all employees other than temporary employees. In FY2022, 87% of employees completed these checks. The checks found that 9% of these employees had high stress levels. Based on these findings, employees who desired to speak to professionals were provided with appropriate care and measures are underway such as enhancement of leadership training to lessen the causes of stress in the workplace.

# Occupational health and safety

## Support programs for women’s health issues (period, menopause)

FineToday provides employees with external health improvement services to provide support for addressing health issues specific to women.

### – Details of support programs for health issues

|                          |   |
|--------------------------|---|
| Menstrual period program | <ul style="list-style-type: none"><li>• Providing online content for all employees to learn about the menstrual period</li><li>• Support for administering low-dosage oral contraceptive pills through online gynecological exams</li></ul> |
| Menopause program        | <ul style="list-style-type: none"><li>• Providing online content for all employees to learn about menopause</li><li>• Support for administering traditional Chinese herbal medicines and other treatment through online exams</li></ul>     |

## Health campaigns etc.

The health insurance society plays a leading role in appropriate activities such as campaigns to maintain and improve employees’ health.

### – Main initiatives (FY2022)

|                         |   |
|-------------------------|---|
| Dental checkup campaign | Covers part of the cost of employee dental checkups   |
| Flu vaccinations        | Covers part of the cost of (optional) flu vaccinations for employees and their families (FineToday covers all vaccination costs for its employees themselves) |

## Physical and mental health hotlines

Internal and external hotlines have been set up to accept questions and requests for consultation by employees of Group companies in Japan (not including temporary employees) regarding physical and mental health concerns. Employees can reach the hotlines by telephone, email, and other means, and some hotline services are available 24 hours/day, 365 days/year.

The hotlines protect the privacy of their users, and information they share with the hotlines will not be provided to their workplaces or superiors without their permission. Employees are informed about the hotlines so that all can use them worry-free.

### – Examples of topics addressed by physical and mental health hotlines

|                        |  |
|------------------------|--|
| General health topics  | <ul style="list-style-type: none"><li>• Concerns about recent symptoms</li><li>• Seeking specialist opinions</li><li>• Seeking an appropriate hospital</li></ul> |
| Mental health concerns | <ul style="list-style-type: none"><li>• Feeling stressed and uneasy</li><li>• Feeling out of sorts</li></ul>   |

### Highlight

#### In-house massage center for employees

To support employees’ health and improve productivity, the Re-fine massage center has opened at the FineToday head office. A nationally qualified massage therapist is on hand at all times to provide massage therapy as well as communicating health management tips, the latest health research findings, and other information for living healthier every day, through the in-house social networking service. Employees working at other sites may receive assistance with part of the costs of using private relaxation spas.



# Labor-management relations

## Labor-management negotiations

The preamble to FineToday's labor-management agreement concluded with its labor union states, "In recognition of the social mission of our business, we will strive toward sound corporate growth while maintaining and improving the economic and social standing of employees, based on solid labor-management relations grounded in integrity and trust." Based on this principle, opportunities are made available for discussions through joint management councils, labor-management study meetings, and discussions with the three top union leaders (chairperson, vice-chairperson, and general secretary), to achieve solutions to various labor-management issues including working conditions. One labor-management council was held during FY2022.

In addition, FineToday Group recognizes the importance of international standards such as the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and also strives to build and maintain healthy labor-management relations at the international facilities with respect for the labor laws and regulations of each country and region.

The labor union has adopted a union-shop system, and as of the end of March 2023 all general employees (permanent, full-time employees other than those in managerial posts) were union members. Similarly, general employees of Fine Today Industries Co., Ltd. (FTI), which produces personal care and other products and joined the FineToday Group on April 1, 2023 from Shiseido Co., Ltd., are union members.

— Employees subject to the labor agreement <FineToday>

224 (FY2022)

— Main topics of labor-management negotiations (FY2022)

- Relationship between the employer and the labor union at FineToday
- Future measures based on the findings of employee engagement surveys

## Dialogue between employees and top management

FineToday actively provides opportunities for direct, two-way dialogue between the Representative Director and CEO and employees, regardless of their forms of employment.

About 60 sessions took place during FY2022, including One-on-One Meetings for direct dialogue between the CEO and employees, get-together events with individual sections, and site visits. The CEO asked employees about subjects such as their careers and current duties, while employees spoke directly to the CEO about their views and questions concerning management policies and other topics.

Such dialogue provides a valuable opportunity to deepen mutual communication, as management ascertains information on

matters such as the thinking of our workforce of employees with diverse backgrounds. Employees have responded positively to this initiative. For example, one commented, "It makes me feel like I have a part to play in management and what's going on today."

We set plans to continue to provide various opportunities for exchange of opinions, as well as increasing chances for dialogue with employees at facilities overseas and FTI employees.

# 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/>



# Engagement with suppliers to promote sustainable and responsible procurement

## 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. 16) 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. As a result of supplier assessment conducted in FY2022, no high-risk suppliers subject to remedy or third-party audits were identified.

### Overview of FY2022 supplier assessment

Assessment was conducted by the contractor, Shiseido Co., Ltd., and the scope of the following result is limited to the suppliers\* related to the FineToday Group.

|   |      |
|---|------|
| Percentage of suppliers that signed the Supplier Code of Conduct                                      | 100% |
| Percentage of suppliers whose contracts contain provisions on the environment, labor, or human rights | 100% |
| Percentage of suppliers that underwent CSR assessments  | 100% |
| Percentage of suppliers that underwent CSR audits   | 0%   |
| Percentage of suppliers undergoing auditing or assessment that were subject to remedy                 | 0%   |

\* Packaging-materials, raw-materials, OEM, and ODM suppliers

## 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 issues are deeply involved in sustainable procurement. In FY2022, FineToday provided all employees with training on human rights and compliance through e-learning, as well as holding two seminars led by outside instructors for employees in sections that require in-depth understandings of the relationship between business and human rights.

In March 2023, together with training on human rights and compliance, FineToday surveyed all employees on potential human-rights issues in the supply chain. This survey served as the initial assessment stage, and its findings were analyzed to identify issues concerning human rights in the organization. As a next step, FineToday Group will study and implement policies to respond to the issues identified.

### Reference

p. 36: Status of education and training on human rights

# Community collaboration

## Basic policy

FineToday Group's medium- to long-term vision Fine Today & Tomorrow 2030 identifies as one of its goals prosperity with

### FineToday Group Corporate Citizenship Policy

We are committed to our Purpose – “to enrich the lives of everyone today and for generations to come, one fine day at a time” – and work to realize it through our activities.

In our corporate citizenship activities, we keep our Purpose in the forefront of our minds as we support communities with the aim of contributing to the realization of our Purpose as well as the Brand Purpose set forth by each brand.

#### Priority Areas

- Beauty and enrichment
- Support for the next generation
- Environment and nature
- Support for local residents

#### Criteria for reviewing and deciding on activities

- We shall contribute to the realization of our Purpose or Brand Purpose through activities in key areas.
- Activities must enable employees to put our Values into practice.
- We shall maintain a perspective that balances social impact and corporate value.
- We shall collaborate with a wide range of stakeholders, including NPO/NGOs, and leverage their respective advantages.
- We shall make effective use of management resources, including the skills and expertise possessed by employees.

consumers and other stakeholders. Toward this end, the Group carries out active community collaboration initiatives.

The FineToday Group Corporate Citizenship Policy was established in March 2023 to make steady progress on these activities. The Group strives to make an impact on society and increase corporate value through continual progress on activities centered on the four priority areas of beauty and enrichment, environment and nature, support for the next generation, and support for local residents.

## Promotion structure

Together with establishing the Corporate Citizenship Policy, FineToday Group launched a Social Contribution Working Group with the missions of collecting and sharing information on Group social contribution activities, ascertaining the Group's' total expenditures on social contribution, and restructuring governance of social contribution activities. Members of the Working Group are tasked with promoting social-contribution activities and collecting information in their areas of responsibility. They also participate in reviewing proposed donations by Group companies at or above certain amounts.

In addition, in FY2023 FineToday Group established the FT&T\* Awards for social-contribution activities by employees as individuals or in teams. This awards program aims to encourage

social-contribution activities to help achieve the Purpose throughout the Group and to properly build a governance system capable of collecting the information needed.

\* Fine Today & Tomorrow

### – Main donations (FY2022) <FineToday>

| Recipient                    | Details   |
|------------------------------|---|
| Kanagawa Prefecture          | • Donated 9 products (52,002 units in total)  |
| Abiko city, Chiba Prefecture | • Donated 12 products (7,122 units in total)  |
| NPO Florence                 | • Donated 1 million yen in cash to children's meal delivery program                       |
| Living in Peace              | • Donated 1 product (408 units)<br>• Donated 1 million yen in cash to children's projects |

### – Awards received for social-contribution activities (FY2022) <FineToday>

| Awarding agency or organization | Details                     |
|---------------------------------|-----------------------------|
| Cabinet Office                  | Medal with Dark Blue Ribbon |
| Kanagawa Prefecture             | Letter of Appreciation      |
| Abiko city, Chiba Prefecture    | Letter of Appreciation      |

|         |  |
|---------|--|
| Website | Community Contribution Activities<br><a href="https://www.finetoday.com/en/sustainability/social/stakeholders/">https://www.finetoday.com/en/sustainability/social/stakeholders/</a> |
|---------|--|

# Governance

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# Corporate governance

## Basic policy

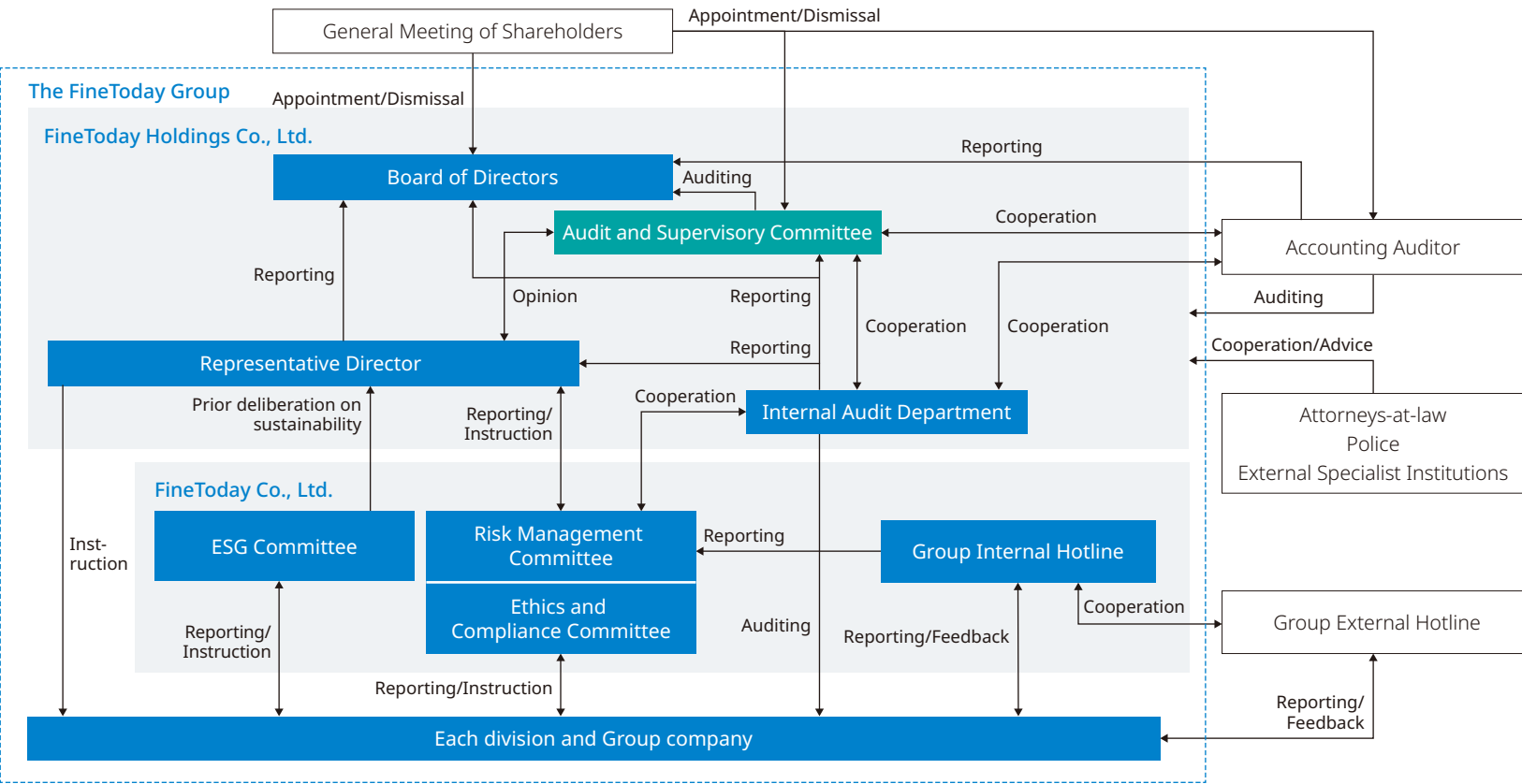
The FineToday Group takes a transparent governance system to be one of our key management issues (materiality). We will continue striving to maintain and improve the transparency, fairness, and speed of decision making while engaging in dialogue with all stakeholders, including customers, suppliers, employees, shareholders, local communities, and the planet, reflecting the results in further improvements to maximize corporate value over the medium to long term.

## Corporate governance system

The FineToday Group’s goal is to be an independent company by building our own unique business model grounded in the personal care business succeeded from Shiseido Co., Ltd. One of our goals is an IPO, and we are accelerating efforts to establish a corporate governance system satisfying the listing examination standards.

In April 2023, FineToday Holdings Co., Ltd. transitioned to a company with an Audit and Supervisory Committee from a company with a board of corporate auditors. This move aims to strengthen the Board of Directors’ core function of monitoring through management oversight, supervision, and assessment.

— The FineToday Group’s Corporate Governance Framework (as of May 2023)



# Corporate governance

## Board of Directors

---

The Board of Directors of FineToday Holdings Co., Ltd. has nine members in total (including two independent outside directors): two executive directors, three outside non-executive directors, and four outside directors/Audit and Supervisory Committee members.

The Board meets monthly in principle, deciding on management strategies and plans and making other important management decisions. It also receives reports on matters such as execution of the duties of directors, important business operations by Group companies, and compliance and risk management. It oversees Group management as a whole.

In addition to deliberating on important corporate management policies as needed, the Board also strives to enhance management oversight functions further through means such as advising executives.

## Audit and Supervisory Committee

---

The Audit and Supervisory Committee of FineToday Holdings Co., Ltd. has four members in total (including two independent outside directors who satisfy the company’s independence criteria).

The Audit and Supervisory Committee establishes audit policies, plans, etc. and audits the performance of the duties of Directors and other executives. Audit and Supervisory Committee members cooperate with the accounting audit firm and the Internal Audit Department through means including exchange of opinions on annual audit plans and audit findings, while respecting each other’s auditing independence.



# Risk management

## Basic policy

As the business environment is becoming more and more complex and diverse, the FineToday Group is developing and enhancing our risk management system in line with our Purpose and management strategies. “Management of Risks and Opportunities” is also one of our 16 priorities in the medium- to long-term vision “Fine Today & Tomorrow 2030.”

The FineToday Group will strive to both minimize losses at critical situations arising from potential risks and secure assets and benefit stakeholders through appropriate Groupwide management of various uncertainties that might be obstacles to increasing our corporate value. In this way, we will fulfill our social responsibilities and sustainably enhance our corporate value.

## Risk management system

The FineToday Group considers the Risk Management Committee as an independent organization along with the Ethics and Compliance Committee and the ESG Committee (see p. 56). Matters of consideration or report of the Risk Management Committee will be reported as necessary to Representative Director and the Board of Directors of FineToday Holdings, and be shared with the Internal Audit Department as needed.

The Risk Management Committee shall be hold four times a

year to decide on policies for addressing and evaluating potential risks identified by each business division of the FineToday Group. It also promotes timely preventive measures. As part of these activities, the committee implements Groupwide responses to 18 risks identified as priority risks. Its secretariat plays a leading role in these efforts. Based on the two pillars of appropriate insurance and risk mitigation, it enhances various measures starting with those risks judged to present the most danger.

The committee responds to emergencies by setting up emergency task forces. It maintains a structure to enable swift responses through means including identifying in advance the main sections responsible for individual risks and the sections that will support their efforts, to simplify the approval process in an emergency situation.

Plans call for proceeding with various improvements in stages to establish an organization-wide risk management system that will satisfy the standards for listing shares on the stock market.

### — Priority risks considered to be especially high risk

Among the 18 priority risks, the following three items identified to be high risk will be addressed as top priorities.

- Natural disasters
- Quality-assurance issues
- Reputation issues

### — Three steps toward a more advanced risk-management structure

1. Establishing reporting lines to ascertain numbers of incidents and their financial impacts. Making assessments more precise based on quantitative indicators of risks.
2. Identifying opportunities for improving corporate value through enhancement of risk responses, based on megatrends, long-term risks identified in reports from international institutions and other sources, and the insights of outside experts. Enhancing the content of IR materials.
3. Linking the KPIs and budgets of business plans to nonfinancial indicators and risk indicators, and making progress on developing a dashboard function for integrated management.

# Risk management

## Education and training related to risk management

The FineToday Group carries out education and training to enhance the risk management system.

Plans call for continuing e-learning on important risks since FY2023, based on the results of risk assessment. Other plans include drills on the business continuity plan (BCP) and handling recalls.

— State of risk-management education and training (FY2022) <FineToday>

| e-Learning  |   |
|---|---|
| Eligible persons                                      | All employees other than executives, temporary employees, and contractors |
| Sessions  | Once  |
| Employees eligible for training                       | 380   |
| Employees who underwent training (participation rate) | 376 (99%)   |

# Compliance

## Basic policy

The FineToday Group considers ensuring compliance as one of our materiality items. In addition to complying with the laws and regulations of each country and with in-house rules, we have established the FineToday Group Code of Conduct and Ethics describing specific actions that executives and employees should take, to do business with even higher ethical values.

### FineToday Group Code of Conduct and Ethics (extract)

The FineToday Group Code of Conduct and Ethics provides standards for all members of the FineToday Group to follow as they carry out their daily activities. The Group has established these specific conduct guidelines to ensure that its members are upholding higher ethical standards, while also complying with national and regional laws and regulations, as well as company rules.

All members of FineToday Group pursue shared and sustainable growth with all stakeholders.

#### With Consumers

- 1. We always take the consumer's viewpoint and strive to research, develop, manufacture, and deliver products and services that will provide safety, excellence and complete satisfaction.
- 2. We treat customers with sincerity whenever we interact with them, to increase their satisfaction and confidence in us.
- 3. We strive to improve the value of all FineToday Group brands.

#### With Business Partners

- 1. We select business partners and conduct transactions appropriately, while always engaging in fair, transparent, and free competition.
- 2. We never give or receive gifts or entertainment that could cast doubt our commitment to fairness.
- 3. We treat all business partners who share our goals with respect, and strive for mutual sustainable development.

#### With Employees

- 1. We respect the personality, individuality and diversity of everyone in our workplace, and strive to grow together with them.
- 2. We work diligently and maintain a separation between workplace and private activities.
- 3. We strive to create healthy and safe workplaces and enhance work-life quality for employees of the Group.

#### With Shareholders

- 1. We maximize use of the Group's assets, including funds and tangible and intangible assets, while striving to continuously improve corporate value.
- 2. We comply with rules related to corporate governance and internal control, and maintain proper accounting procedures.
- 3. We place emphasis on dialogue with shareholders and investors and strive to maintain their trust.

#### With Society and the Earth

- 1. We comply with all applicable laws and regulations in the jurisdictions in which we operate, while upholding high ethical standards and respect for human rights.
- 2. We aim to help create a sustainable world where people and the planet coexist in harmony. We also promote environmental measures in accordance with our own strict standards while taking biodiversity conservation into consideration.
- 3. We strive to maintain good communication with the wider society while working together with others to help solve social issues.

# Compliance

## Compliance system

FineToday Group's Ethics and Compliance Committee serves as an independent organization along with the Risk Management Committee and the ESG Committee (see p. 56). As necessary, this committee reports on its proceedings and submits reports to FineToday Holdings' Representative Director and CEO and Board of Directors, as well as sharing them with the Internal Audit Office regularly.

The committee meets four times a year to study, plan, and propose important matters concerning ethics and compliance. It also advises and guides individual sections as appropriate.

Currently the Group is striving to establish a legal and regulatory compliance system that satisfies the standards for listing on the stock market. These efforts focus on enhancement of compliance monitoring and of control activities to prevent any ties or transactions with antisocial forces.

## Compliance education and training

FineToday Group progressively enhances education and training systems to raise awareness among executives and employees and strengthen the compliance system continually.

### — State of compliance education and training (FY2022) <FineToday>

| e-Learning  |   |
|---|---|
| Eligible persons                                      | All employees other than executives, temporary employees, and contractors   |
| Topics  | Promoting understanding of the Code of Conduct and Ethics, raising awareness of whistleblowing programs, prevention of ties with antisocial forces, prohibition of insider trading and corruption |
| Employees eligible for training                       | 380   |
| Employees who underwent training (participation rate) | 376 (99%)   |

## Employee helplines

FineToday Group has established hotlines where global employees can report on legal or regulatory violations, harassment, or other cases they have observed that could prove detrimental to society's trust in the Group.

The Whistleblowing Office responds to reports received while taking privacy protections into consideration. It checks on the facts of the case with related parties as needed and discipline the perpetrators of any confirmed violations in accordance with the rules of employment. Any matters that could impact management are reported promptly to management by the individual sections concerned. Serious compliance concerns are reported to management through the Ethics and Compliance Committee, in

order to prevent their reoccurrence.

The rules that govern the operation of each hotline clearly describe fair investigation and resolution flows, prohibitions against treating whistleblowers at a disadvantage, and confidentiality of reports and consultations. Employees are made thoroughly aware of related rules and how consultations are accepted, through e-learning and the intranet.

### — Hotline

|                        | Group Internal Hotline                        | Group External Hotline |
|------------------------|---|------------------------|
| Eligible users         | Group employees                               | Group employees        |
| Anonymous consultation | Y   | Y                      |
| Consultation method    | Email, in writing                             | Email                  |
| Liaison                | Whistleblowing Office (FineToday Legal Group) | Outside law office     |

### — Main compliance indicators (FY2022) <FineToday Group>

|   |   |
|---|---|
| Consultations to the Compliance Hotline | 0 |
| Confirmed acts of corruption            | 0 |
| Confirmed serious compliance concerns   | 0 |

# Information security

## Basic policy

The FineToday Group Code of Conduct and Ethics (see p. 60) calls for managing confidential information and personal information appropriate and preventing its misuse. This is intended to prevent cases such as loss or leakage of such information. Based on this code, the Group strives to protect and properly manage the important information assets it holds, through establishment of related rules and regulations, including the FineToday Group Information Security Policy, and sharing with employees of all business sites information on the importance of and our responsibility for information management.

— **Information security rules and regulations**

- Information Security Policy
- Information System Management Regulations
- Information System Use Regulations
- Rules on bring your own device (BYOD) policies, external storage, information devices, antivirus measures, and software
- Confidential Information Management Regulations
- Regulations on Handling of Information Assets
- The FineToday Group Global Personal Information Protection Policies
- Privacy Policy
- Personal Information Protection Regulations
- Regulations on Handling of Specific Personal Information

— **Subjects of the FineToday Group Information Security Policy**

1. Purpose
2. Definitions
3. Information security promotion structure
4. Outsourcee assessment
5. Education, inspection, auditing
6. Practical procedures
7. Duties of employees and others

## Information security system

FineToday Group has appointed the Group Chief Information Security Officer (CISO) holding comprehensive responsibility for handling of information assets and information systems throughout the Group. In this way, the Group strives to maintain a robust information security system.

Each Group company appoints a person responsible for managing the handling of information assets and information systems inside the company. It also maintains and thoroughly puts into practice rules and regulations on control of confidential information, protection of personal information, information system administration, and information security measures, as well as carrying out activities such as security measures, education, and drills. The CISO oversees these activities and provides additional

instructions as needed.

Furthermore, periodic meetings on information security are held to continually improve the information security system of the Group as a whole.

## Handling of personal information

FineToday Group has established The FineToday Group Global Personal Information Protection Policies in recognition of its responsibility to handle personal information safely and securely.

These policies apply to all Group companies. The implementation plans of Group companies and promotional campaigns will establish individual policies and rules on the handling of personal information in line with this policy and with applicable laws, regulations, etc.

|                |  |
|----------------|--|
| <b>Website</b> | <b>Privacy Policy</b><br><a href="https://www.finetoday.com/en/privacy/">https://www.finetoday.com/en/privacy/</a> |
|----------------|--|



# Information security

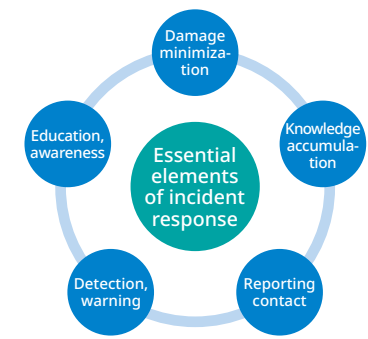
## Responding to information security incidents

FineToday Group adopts an advanced zero-trust security model to enhance its measures to counter information security incidents. For example, it configures access controls to prevent unauthorized access to confidential information through business systems. It also has established the Security Operation Center (SOC) to monitor for external threats and detect and report cyberattacks 24 hours/day, 365 days/year. Group internal hotlines also accept reports concerning information security.

In FY2023, FineToday Group organized a Computer Security Incident Response Team (CSIRT) that specializes in responding to information security incidents. The CSIRT members come from FineToday's IT, general affairs, and corporate communications sections. The Group recognizes the importance of acting quickly in response to any incidents. Instead of relying on its systems and structures alone, the Group plans to have staff undergo continual specialized education and drills. The FineToday Chief Information Officer (CIO), who is responsible for Group cybersecurity, will respond to any serious incidents through an emergency response structure. To improve response capabilities even more, plans call for conducting drills that involve related business sections as well.

### — Roles of the CSIRT

- Improving response capabilities through regular drills and training of team members
- Taking leadership in responding to information security incidents and minimizing their damage (internal and external cooperation)
- Serving as a single contact point for internal and external reporting



## Cybersecurity assessment

FineToday took an independent cybersecurity assessment in FY2022. It strives to counter constantly changing cybersecurity risks by assessing risk levels objectively and, based on the results of this assessment, defining and taking actions to strengthen its responses further.

### — Information security KPIs <FineToday Group>

|   |       |
|---|-------|
| Total number of cybersecurity incidents, including intrusions   | 0     |
| Total number of violations of information security related to leaks of customer personal information                      | 0     |
| Total number of customers affected by intrusions on company data  | 0     |
| Total amounts of fines/penalties paid in connection with information security violations or other cybersecurity incidents | 0 yen |

## Information security education and training

FineToday Group provides education and training for executives and employees to prevent information security incidents and enhance its systems for managing them. In FY2023, FineToday will carry out new drills for responding to the cyberthreat of targeted email attacks.

### — State of information security education and training (FY2022) <FineToday>

| e-Learning  |   |
|---|---|
| Eligible persons                                      | All employees other than executives, temporary employees, and contractors |
| Topics  | Preventing information security intrusions                                |
| Employees eligible for training                       | 380   |
| Employees who underwent training (participation rate) | 376 (99%)   |

# ESG data

FineToday Group’s ESG data are reviewed below.  
**Period covered by this Report:** FY2022 (January 1 – December 31, 2022)   \* Data for different periods are identified under “Notes.”

– Group basic data

|   |          | FY2022                    | Notes  |
|---|----------|---------------------------|--|
| Consolidated Net Revenue                      |          | More than JPY 100 billion |  |
| Percentage of revenue from overseas           |          | More than 50%             |  |
| Facilities                                    |          | 19 locations              | As of April 2023   |
|   | Domestic | 9 locations               |  |
|   | Overseas | 10 locations              |  |
| Group employees                               |          | Approx. 1,900             | As of April 2023; not including executives and temporary employees |
| Group percentage of women employees by region | Japan    | 50%                       | As of April 2023; not including executives and temporary employees |
|   | China    | 60%                       |  |
|   | APAC     | 80%                       |  |

– Environment

|               |           | FY2021         | Notes   |
|---------------|-----------|----------------|---|
| CO2 emissions |           | 368,825 t-CO2e | Scope 2: market based<br>Scope 3: not including Category 11 |
|               | Scope 1   | 6,764 t-CO2e   |   |
|               | Scope 2   | 2,150 t-CO2e   |   |
|               | Scope 1+2 | 8,913 t-CO2e   |   |
|               | Scope 3   | 359,912 t-CO2e |   |

|   | FY2022       | Notes   |
|---|--------------|---|
| Fine Today Industries environmental data        |              |   |
| NOx emissions                                   | 24.15 t      |   |
| SOx emissions                                   | N/A          |   |
| Emissions of substances subject to the PRTR Act | 23.24 t      |   |
| Waste emissions                                 | 1,762.5 t    |   |
| Volume recycled                                 | 1,762.5 t    |   |
| Volume not recycled                             | 0.002 t      | Asbestos used as thermal-insulation materials in thermostat-oven processing |
| Landfill wastes                                 | 0 t          |   |
| Waste recycling rate                            | 99% or above |   |
| Total water intake                              | 235,090 m³   |   |
| Total drain water                               | 203,882 m³   |   |

ESG data

— Society

|   | FY2022                   | Notes  |
|---|--------------------------|--|
| Information provided to consumers   |                          |  |
| Total violations of regulations or voluntary codes concerning marketing communication | 0                        |  |
| Human rights  |                          |  |
| Employees who underwent e-Learning (participation rate)                               | 376 (99%)                | FineToday<br>All employees other than executives, temporary employees, and contractors |
| Employees who underwent seminars by outside instructors (two sessions)                | 62                       | FineToday  |
| Employees who underwent e-Learning on business and human rights (participation rate)  | 431 (98%)                | Conducted March 2023<br>FineToday  |
| Incidents concerning forced labor, child labor, or human trafficking                  | None                     |  |
| Hiring, promotion, diversity, equity, and inclusion                                   |                          |  |
| New hires   | 161                      | FineToday<br>(Figures in parentheses indicate percentages of all new hires.)           |
|   | Under 30 years           |  |
|   | 30-50 years              |  |
|   | Over 50 years            |  |
| Percentage of people with disabilities  | FineToday                | As of May 2023   |
|   | Fine Today Industries    | As of April 2023   |
| Users of the retiree reemployment program   | 11                       | FineToday  |
| Women as a percentage of senior managers (not including executives)                   | 15.20%                   | FineToday  |
| Employee skills development   |                          |  |
| Average education and training hours/costs per employee                               | 21.15 hours / 44,621 yen | FineToday  |

|  | FY2022    | Notes  |
|--|-----------|--|
| Work-life balance  |           |  |
| Percentage of employees taking annual paid leave   | 65.6%     | FineToday  |
| Percentage of eligible employees taking childcare leave (female)   | 100%      | FineToday  |
| Occupational health and safety   |           |  |
| Number of on-the-job accidents   | 0         | FineToday  |
| Frequency rate   | 0         | FineToday  |
| Incidence rate   | 0         | FineToday  |
| Lost-time injury frequency rate (LTIFR)  | 0         | FineToday  |
| Occupational-illness frequency rate (OIFR)   | 0         | FineToday  |
| Employees who underwent e-Learning (participation rate)  | 376 (99%) | FineToday<br>All employees other than executives, temporary employees, and contractors |
| Labor-management relations   |           |  |
| Employees subject to the labor agreement   | 224       | FineToday  |
| Engagement with suppliers to promote sustainable and responsible procurement<br>Packaging-materials, raw-materials, OEM, and ODM suppliers |           |  |
| Percentage of suppliers that signed the Supplier Code of Conduct   | 100%      |  |
| Percentage of suppliers whose contracts contain provisions on the environment, labor, or human rights                                      | 100%      |  |
| Percentage of suppliers that underwent CSR assessments   | 100%      |  |
| Percentage of suppliers that underwent CSR audits  | 0%        |  |
| Percentage of suppliers undergoing auditing or assessment that were subject to remedy  | 0%        |  |

ESG data

|   |  | FY2022  | Notes  |
|---|--|---|--|
| Donations   |  |   |  |
| Main donations  | Kanagawa Prefecture  | Donated 9 products (52,002 units in total)  |  |
|   | Abiko city, Chiba Prefecture   | Donated 12 products (7,122 units in total)  |  |
|   | NPO Florence   | Donated 1 million yen in cash to children's meal delivery program                         |  |
|   | Living in Peace  | • Donated 1 product (408 units)<br>• Donated 1 million yen in cash to children's projects |  |
|   |  |   |  |
| — Governance  |  |   |  |
|   |  | FY2022  | Notes  |
| Corporate governance                                    |  |   |  |
| Directors   |  | 9   | FineToday Holdings   |
|   | Independent outside directors  | 2   |  |
| Board of Directors                                      | Executive directors  | 2   | FineToday Holdings   |
|   | Outside non-executive directors  | 3   |  |
|   | Outside directors/Audit and Supervisory Committee members              | 4   |  |
| Directors/Audit and Supervisory Committee members       |  | 4   | FineToday Holdings   |
|   | Independent outside directors/ Audit and Supervisory Committee members | 2   |  |
| Risk management   |  |   |  |
| Employees who underwent e-Learning (participation rate) |  | 376 (99%)   | FineToday<br>All employees other than executives, temporary employees, and contractors |

|   | FY2022    | Notes  |
|---|-----------|--|
| Compliance  |           |  |
| Employees who underwent e-Learning (participation rate)   | 376 (99%) | FineToday<br>All employees other than executives, temporary employees, and contractors |
| Consultations to the Compliance Hotline   | 0         | FineToday Group  |
| Confirmed acts of corruption  | 0         | FineToday Group  |
| Confirmed serious compliance concerns   | 0         | FineToday Group  |
| Information security  |           |  |
| Total number of cybersecurity incidents, including intrusions   | 0         | FineToday Group  |
| Total number of violations of information security related to leaks of customer personal information                      | 0         | FineToday Group  |
| Total number of customers affected by intrusions on company data  | 0         | FineToday Group  |
| Total amounts of fines/penalties paid in connection with information security violations or other cybersecurity incidents | 0 yen     | FineToday Group  |
| Employees who underwent e-Learning (participation rate)   | 376 (99%) | FineToday<br>All employees other than executives, temporary employees, and contractors |

# GRI content index

This index describes the relationship between the content of the Report and Global Reporting Initiative (GRI) Standards.

— Group basic data

| Indicator                                       |  | Where to find it in the Report  |
|---|--|---|
| 1. The organization and its reporting practices |  |   |
| 2-1   | Organizational details   | Company profile (p. 73)   |
| 2-2   | Entities included in the organization's sustainability reporting | Editorial Policy (p. 02)<br>Organization (p. 03)  |
| 2-3   | Reporting period, frequency and contact point                    | Editorial Policy (p. 02)<br>FineToday website consumer support page   |
| 2-4   | Restatements of information                                      | N/A   |
| 2-5   | External assurance   | —   |
| 2. Activities and workers                       |  |   |
| 2-6   | Activities, value chain and other business relationships         | Organization (p. 03)<br>At a glance (p. 04)<br>Stakeholder engagement (p. 11)<br>Assessing compliance to the Supplier Code of Conduct (p. 53) |
| 2-7   | Employees  | At a glance (p. 04)<br>Hiring (p. 38)<br>Empowering diverse employees (p. 40)<br>ESG data (p. 64)   |
| 2-8   | Workers who are not employees                                    | —   |
| 3. Governance                                   |  |   |
| 2-9   | Governance structure and composition                             | Sustainability management (p. 16)<br>Corporate governance (p. 56)<br>Risk management (p. 58)<br>Compliance (p. 60)                            |
| 2-10  | Nomination and selection of the highest governance body          | —   |

| Indicator |   | Where to find it in the Report   |
|-----------|---|--|
| 2-11      | Chair of the highest governance body  | Sustainability management (p. 16)<br>Corporate governance (p. 56)<br>Risk management (p. 58)<br>Compliance (p. 60) |
| 2-12      | Role of the highest governance body in overseeing the management of impacts | Sustainability management (p. 16)<br>Risk management (p. 58)<br>Compliance (p. 60)                                 |
| 2-13      | Delegation of responsibility for managing impacts                           | Sustainability management (p. 16)<br>Risk management (p. 58)<br>Compliance (p. 60)                                 |
| 2-14      | Role of the highest governance body in sustainability reporting             | Sustainability management (p. 16)<br>Corporate governance (p. 56)<br>Risk management (p. 58)<br>Compliance (p. 60) |
| 2-15      | Conflicts of interest   | —  |
| 2-16      | Communication of critical concerns  | Sustainability management (p. 16)<br>Corporate governance (p. 56)<br>Risk management (p. 58)<br>Compliance (p. 60) |
| 2-17      | Collective knowledge of the highest governance body                         | —  |
| 2-18      | Evaluation of the performance of the highest governance body                | —  |
| 2-19      | Remuneration policies   | —  |
| 2-20      | Process to determine remuneration   | —  |
| 2-21      | Annual total compensation ratio   | —  |

# GRI content index

| Indicator                           |   | Where to find it in the Report  |
|-------------------------------------|---|---|
| 4. Strategy, policies and practices |   |   |
| 2-22                                | Statement on sustainable development strategy | CEO's message (p. 05)   |
| 2-23                                | Policy commitments                            | Purpose/Values (p. 01)<br>Fine Today & Tomorrow 2030, the mid-to-long term vision (p. 09)<br>FineToday Group Basic Environmental Policy (p. 24)<br>Human Rights Policy (p. 35)<br>Occupational Health and Safety Policy (p. 48)<br>Procurement Policy (p. 52)<br>Corporate Citizenship Policy (p. 54)<br>Code of Conduct and Ethics (p. 60)<br>Participation in external initiatives / external evaluation (p. 73)  |
| 2-24                                | Embedding policy commitments                  | Targets for achieving the mid-to-long-term vision and their progress (p. 12)<br>Sustainability management (p. 16)<br>Our responses to climate change (p. 25)<br>Action towards a sound material-cycle society (circularity) (p. 28)<br>Quality assurance (p. 31)<br>Giving consumers information they need (p. 32)<br>Respect for human rights (p. 35)<br>Hiring, promotion, diversity, equity, and inclusion (p. 38)<br>Employee skills development (p. 41)<br>Promoting work-life balance (p. 45)<br>Occupational health and safety (p. 48)<br>Labor-management relations (p. 51)<br>Engagement with suppliers to promote sustainable and responsible procurement (p. 52)<br>Community collaboration (p. 54)<br>Corporate governance (p. 56)<br>Risk management (p. 58)<br>Compliance (p. 60)<br>Information security (p. 62) |

| Indicator                 |  | Where to find it in the Report  |
|---------------------------|--|---|
| 2-25                      | Processes to remediate negative impacts            | Fine Today & Tomorrow 2030, the mid-to-long term vision (p. 09)<br>FineToday Group Basic Environmental Policy (p. 24)<br>Responding to quality issues and product incidents (p. 31)<br>To reflect the voice of consumers in our products and services (p. 33)<br>Preventing harassment (p. 37)<br>Labor-management relations (p. 51)<br>Assessing compliance to the Supplier Code of Conduct (p. 53)<br>Corporate governance (p. 56)<br>Employee helplines (p. 61)<br>Participation in external initiatives / external evaluation (p. 73) |
| 2-26                      | Mechanisms for seeking advice and raising concerns | Responding to quality issues and product incidents (p. 31)<br>To reflect the voice of consumers in our products and services (p. 33)<br>Preventing harassment (p. 37)<br>Labor-management relations (p. 51)<br>Assessing compliance to the Supplier Code of Conduct (p. 53)<br>Corporate governance (p. 56)<br>Employee helplines (p. 61)   |
| 2-27                      | Compliance with laws and regulations               | N/A   |
| 2-28                      | Membership associations                            | —   |
| 5. Stakeholder engagement |  |   |
| 2-29                      | Approach to stakeholder engagement                 | Stakeholder engagement (p. 11)  |
| 2-30                      | Collective bargaining agreements                   | Labor-management relations (p. 51)  |



# GRI content index

— Material Topics 2021

| Indicator |                                      | Where to find it in the Report   |
|-----------|--------------------------------------|--|
| 3-1       | Process to determine material topics | Materiality (p. 10)  |
| 3-2       | List of material topics              | Materiality (p. 10)  |
| 3-3       | Management of material topics        | Fine Today & Tomorrow 2030, the mid-to-long term vision (p. 09)<br>Targets for achieving the mid-to-long-term vision and their progress (p. 12)<br>Sustainability management (p. 16) |

— Economic

| Indicator                           |  | Where to find it in the Report                  |
|-------------------------------------|--|---|
| 201: Economic Performance 2016      |  |   |
| 201-1                               | Direct economic value generated and distributed                                | At a glance (p. 04)<br>ESG data (p. 64)         |
| 201-2                               | Financial implications and other risks and opportunities due to climate change | Climate-related risks and opportunities (p. 25) |
| 201-3                               | Defined benefit plan obligations and other retirement plans                    | —   |
| 201-4                               | Financial assistance received from government                                  | —   |
| 202: Market Presence 2016           |  |   |
| 202-1                               | Ratios of standard entry level wage by gender compared to local minimum wage   | —   |
| 202-2                               | Proportion of senior management hired from the local community                 | —   |
| 203: Indirect Economic Impacts 2016 |  |   |
| 203-1                               | Infrastructure investments and services supported                              | Community collaboration (p. 54)                 |
| 203-2                               | Significant indirect economic impacts  | —   |
| 204: Procurement Practices 2016     |  |   |
| 204-1                               | Proportion of spending on local suppliers                                      | —   |

| Indicator                           |   | Where to find it in the Report   |
|-------------------------------------|---|--|
| 205: Anti-corruption 2016           |   |  |
| 205-1                               | Operations assessed for risks related to corruption                             | Main compliance indicators (p. 61)<br>ESG data (p. 64)   |
| 205-2                               | Communication and training about anti-corruption policies and procedures        | Assessing compliance to the Supplier Code of Conduct (p. 53)<br>Compliance (p. 60)<br>ESG data (p. 64) |
| 205-3                               | Confirmed incidents of corruption and actions taken                             | N/A  |
| 206: Anti-competitive Behavior 2016 |   |  |
| 206-1                               | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | N/A  |
| 207: Tax 2019                       |   |  |
| 207-1                               | Approach to tax   | —  |
| 207-2                               | Tax governance, control, and risk management                                    | —  |
| 207-3                               | Stakeholder engagement and management of concerns related to tax                | —  |
| 207-4                               | Country-by-country reporting  | —  |

— Environmental

| Indicator           |  | Where to find it in the Report  |
|---------------------|--|---|
| 301: Materials 2016 |  |   |
| 303-1               | Materials used by weight or volume               | —   |
| 303-2               | Recycled input materials used                    | —   |
| 303-3               | Reclaimed products and their packaging materials | FTI's environmental data (p. 21)<br>Container and packaging wastes sent out for recycling (p. 28)<br>ESG data (p. 64) |

# GRI content index

| Indicator   | Where to find it in the Report                       |
|---|--|
| 302: Energy 2016  |  |
| 302-1   Energy consumption within the organization  | —  |
| 302-2   Energy consumption outside of the organization  | —  |
| 302-3   Energy intensity  | —  |
| 302-4   Reduction of energy consumption   | —  |
| 302-5   Reductions in energy requirements of products and services  | —  |
| 303: Water and Effluents 2018   |  |
| 303-1   Interactions with water as a shared resource  | —  |
| 303-2   Management of water dischargereLATED impacts  | Prevention of air and water pollution (p. 21)        |
| 303-3   Water withdrawal  | FTI's environmental data (p. 21)<br>ESG data (p. 64) |
| 303-4   Water discharge   | FTI's environmental data (p. 21)<br>ESG data (p. 64) |
| 303-5   Water consumption   | —  |
| 304: Biodiversity 2016  |  |
| 304-1   Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | —  |
| 304-2   Significant impacts of activities, products and services on biodiversity  | —  |
| 304-3   Habitats protected or restored  | —  |
| 304-4   IUCN Red List species and national conservation list species with habitats in areas affected by operations                                | —  |

| Indicator   | Where to find it in the Report  |
|---|---|
| 305: Emissions 2016   |   |
| 305-1   Direct (Scope 1) GHG emissions  | ESG data (p. 64)  |
| 305-2   Energy indirect (Scope 2) GHG emissions   | ESG data (p. 64)  |
| 305-3   Other indirect (Scope 3) GHG emissions  | ESG data (p. 64)  |
| 305-4   GHG emissions intensity   | —   |
| 305-5   Reduction of GHG emissions  | —   |
| 305-6   Emissions of ozone-depleting substances (ODS)                                   | —   |
| 305-7   Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | FTI's environmental data (p. 21)<br>ESG data (p. 64)  |
| 306: Waste 2020   |   |
| 306-1   Waste generation and significant waste-related impacts                          | Container and packaging initiatives (p. 28)<br>Initiatives for promotional materials (p. 28)                            |
| 306-2   Management of significant waste-related impacts                                 | Waste reduction (p. 21)<br>Container and packaging initiatives (p. 28)<br>Initiatives for promotional materials (p. 28) |
| 306-3   Waste generated   | FTI's environmental data (p. 21)<br>ESG data (p. 64)  |
| 306-4   Waste diverted from disposal  | FTI's environmental data (p. 21)<br>ESG data (p. 64)  |
| 306-5   Waste directed to disposal  | FTI's environmental data (p. 21)<br>ESG data (p. 64)  |
| 308: Supplier Environmental Assessment 2016   |   |
| 308-1   New suppliers that were screened using environmental criteria                   | —   |
| 308-2   Negative environmental impacts in the supply chain and actions taken            | Overview of FY2022 supplier assessment (p. 53)<br>ESG data (p. 64)  |

# GRI content index

— Social

| Indicator   | Where to find it in the Report  |
|---|---|
| 401: Employment 2016  |   |
| 401-1   New employee hires and employee turnover  | New hires (p. 38)<br>ESG data (p. 64)   |
| 401-2   Benefits provided to full-time employees that are not provided to temporary or part-time employees            | —   |
| 401-3   Parental leave  | Percentage of eligible employees taking childcare leave (p. 46)<br>ESG data (p. 64)                                 |
| 402: Labor/Management Relations 2016  |   |
| 402-1   Minimum notice periods regarding operational changes  | —   |
| 403: Occupational Health and Safety 2018  |   |
| 403-1   Occupational health and safety management system  | Occupational Health and Safety Policy (p. 48)<br>Promoting occupational health and safety (p. 48)                   |
| 403-2   Hazard identification, risk assessment, and incident investigation  | Promoting occupational health and safety (p. 48)  |
| 403-3   Occupational health services  | Promoting occupational health and safety (p. 48)  |
| 403-4   Worker participation, consultation, and communication on occupational health and safety                       | Promoting occupational health and safety (p. 48)  |
| 403-5   Worker training on occupational health and safety   | Education and training on occupational health and safety (p. 49)  |
| 403-6   Promotion of worker health  | Education and training on occupational health and safety (p. 49)<br>Ensuring occupational health and safety (p. 49) |
| 403-7   Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Assessing compliance to the Supplier Code of Conduct (p. 53)  |
| 403-8   Workers covered by an occupational health and safety management system  | Promoting occupational health and safety (p. 48)  |
| 403-9   Work-related injuries   | N/A   |
| 403-10   Work-related ill health  | —   |
| 404: Training and Education 2016  |   |
| 404-1   Average hours of training per year per employee   | Average education and training hours/costs per employee (p. 43)<br>ESG data (p. 64)                                 |

| Indicator  | Where to find it in the Report   |
|--|--|
| 404-2   Programs for upgrading employee skills and transition assistance programs                                      | Programs to support skills development (p. 42)   |
| 404-3   Percentage of employees receiving regular performance and career development reviews                           | —  |
| 405: Diversity and Equal Opportunity 2016  |  |
| 405-1   Diversity of governance bodies and employees   | At a glance (p. 04)<br>FTI employee data (p. 22)<br>New hires (p. 38)<br>Percentage of women employees by region (p. 40)<br>Women as a percentage of senior managers (p. 40)<br>ESG data (p. 64) |
| 405-2   Ratio of basic salary and remuneration of women to men   | Annual wage differential by gender (p. 40)<br>ESG data (p. 64)   |
| 406: Non-discrimination 2016   |  |
| 406-1   Incidents of discrimination and corrective actions taken   | —  |
| 407: Freedom of Association and Collective Bargaining 2016   |  |
| 407-1   Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | —  |
| 408: Child Labor 2016  |  |
| 408-1   Operations and suppliers at significant risk for incidents of child labor                                      | N/A  |
| 409: Forced or Compulsory Labor 2016   |  |
| 409-1   Operations and suppliers at significant risk for incidents of forced or compulsory labor                       | N/A  |
| 410: Security Practices 2016   |  |
| 410-1   Security personnel trained in human rights policies or procedures  | —  |
| 411: Rights of Indigenous Peoples 2016   |  |
| 411-1   Incidents of violations involving rights of indigenous peoples   | —  |

# GRI content index

| Indicator  | Where to find it in the Report   |
|--|--|
| 412: Human Rights Assessment 2016  |  |
| 412-1   Operations that have been subject to human rights reviews or impact assessments  | Status of education and training on human rights (p. 36)<br>Overview of FY2022 supplier assessment (p. 53)<br>ESG data (p. 64) |
| 412-2   Employee training on human rights policies or procedures   | Status of education and training on human rights (p. 36)<br>Overview of FY2022 supplier assessment (p. 53)<br>ESG data (p. 64) |
| 412-3   Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | —  |
| 413: Local Communities 2016  |  |
| 413-1   Operations with local community engagement, impact assessments, and development programs                                   | —  |
| 413-2   Operations with significant actual and potential negative impacts on local communities                                     | —  |
| 414: Supplier Social Assessment 2016   |  |
| 414-1   New suppliers that were screened using social criteria   | —  |
| 414-2   Negative social impacts in the supply chain and actions taken  | Overview of FY2022 supplier assessment (p. 53)<br>ESG data (p. 64)   |
| 415: Public Policy 2016  |  |
| 415-1   Political contributions  | —  |
| 416: Customer Health and Safety 2016   |  |
| 416-1   Assessment of the health and safety impacts of product and service categories  | —  |
| 416-2   Incidents of non-compliance concerning the health and safety impacts of products and services                              | —  |

| Indicator  | Where to find it in the Report  |
|--|---|
| 417: Marketing and Labeling 2016   |   |
| 417-1   Requirements for product and service information and labeling                                | Container and packaging initiatives (p. 28)<br>Information on websites (p. 32)<br>Package initiatives (p. 32) |
| 417-2   Incidents of non-compliance concerning product and service information and labeling          | —   |
| 417-3   Incidents of non-compliance concerning marketing communications                              | N/A   |
| 418: Customer Privacy 2016   |   |
| 418-1   Substantiated complaints concerning breaches of customer privacy and losses of customer data | N/A   |

# Participation in external initiatives / external evaluation

In line with our purpose “to enrich the lives of everyone today and for generations to come, one fine day at a time,” we at FineToday Group work to identify our key issues (materiality items) in order to promote sustainability management and strive to resolve social issues through our business activities. As one aspect of these efforts, we participate actively in international initiatives. Our sustainability activities also are evaluated by an external organization.

## Participation in External Initiatives

### Task Force on Climate-Related Financial Disclosures (TCFD)

Endorsed in June 2022  
<FineToday>



### UN Global Compact

Signed in April 2022  
Also joined Global Compact Network Japan at the same time  
<FineToday>



### Roundtable on Sustainable Palm Oil (RSPO)

Joined in April 2022  
<FineToday>



### Women’s Empowerment Principles (WEPs)

Signed in March 2022  
<FineToday>



## External Evaluation

### EcoVadis

In June 2022, FineToday Group earned a silver medal from EcoVadis. The silver medal is awarded to only the top 25% among companies evaluated. EcoVadis is the world’s largest sustainability assessment agency, with more than 100,000 registered companies in 175 countries.  
<FineToday Group>



# Company profile

## Company Name

FineToday Holdings Co., Ltd.

## Location of Head Office

18F, Shinagawa Grand Central Tower, 2-16-3  
Konan, Minato-ku, Tokyo, Japan

## Representative

Tetsuo Komori  
Representative Director, CEO

## Our Business

Manufacturing, Sales and Marketing of  
Personal Care Products, etc.

## Date of Business Launch

January 1, 2023

Shiseido Company, Limited maintains a 20.1% share in the parent company of FineToday Holdings Co., Ltd., and indirectly engages in the personal care business as a joint enterprise.

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