

# 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.

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## 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%)