



Tetsuo Komori

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We are now a fully autonomous manufacturer applying our Purpose-driven management as we work with stakeholders to enhance our sustainable corporate value.

Introduction

Since our founding in July 2021 as Fine Today Shiseido Co., Ltd., the FineToday Group has steadily grown its business and rapidly established a structure for autonomous business operations.

The year 2023 was a major milestone for the Group. In January, we adopted a new corporate name without “Shiseido” and a holding company structure to enable faster and more agile decision-making. We also fortified our position in the rapidly changing personal care market by establishing a structure to facilitate the development and supply of products for the Japanese and overseas markets. This was accomplished by acquiring manufacturing bases in Japan and Vietnam from Shiseido, opening the FineToday Beauty Innovation Center, which is our proprietary R&D facility, and establishing a fully in-house, integrated business system from technological development to production, marketing, and sales. In November, we debuted the first original FineToday product brand, +tmr (“Plus Tomorrow”), heralding in both name and reality the autonomy of our business operations.

We are also aware that the rapid expansion of our supply chain for our growing business domain means that our responsibility to create a sustainable operation is also increasing. To fulfill our aim to be a Group that is respected by generations 100 years from now, we know that to continue increasing our corporate value, it is

absolutely essential that we not just grow our business, but that we work together with our stakeholders to realize sustainability for our society and planet.

In this report, we present the FineToday Group’s approach to sustainability, share the outcomes of various related initiatives, and introduce our medium- and long-term targets in the hope that readers will gain a deeper understanding of how we will pursue sustainability-related initiatives to enhance our corporate value.

Basic concept of the Group’s Purpose-driven management

The FineToday Group’s management is rooted in our Purpose (Our reason for existence) and Values (Our ideals and principles).

Our employees in Japan and overseas formulated our Purpose and Values in FY2022 to elucidate the meaning of our slogan “bringing a fine day to everyone in the world,” which is the source of the name we adopted for the company.

The graphic on page 10 illustrates the management approach we apply to our business. With the solid foundation of our Values, we carry out our Purpose by advancing business activities and ESG initiatives that earn the trust, empathy, and inspiration of our stakeholders and by engaging with our stakeholders to bring about

behavioral change that leads to positive action for people, society, and the environment, which together will support ongoing enhancement of our corporate value.

I believe that the key to gaining stakeholder trust, empathy, and inspiration is our Group's unique "aesthetic intelligence."

Our greatest strength is our unique lineup of daily-use beauty products that express the unique sense of beauty we have cultivated by creating cosmetics and other products focused on "beauty." Our sense of beauty goes deeper than surface beauty to embrace internal and emotional values—the full richness of mind and body. Our products deliver added value through their functionality and also through our aesthetic intelligence by brightening people's moods, which is the objective of our Purpose "to enrich the lives of everyone today and for generations to come, one fine day at a time."

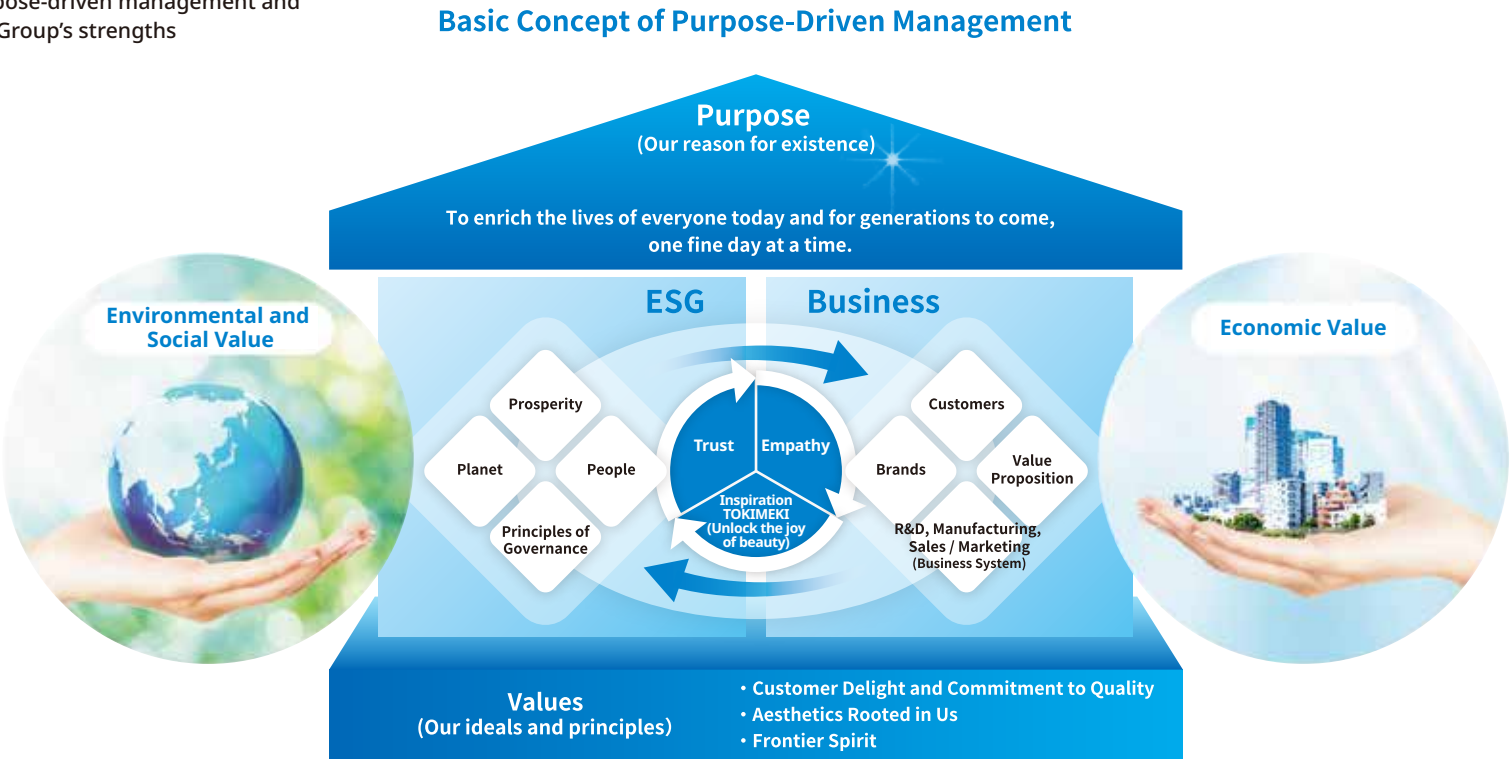
Sustainability initiatives that enhance our brand and product value

Our efforts to establish sustainability add to the aesthetic intelligence of the internal and emotional value of our brand and products. A product with the added value of contributing to the sustainability of society and the Earth can resonate with customers in the form of emotional value.

That has been our belief since the Group was founded, and it is behind our continuous efforts to strengthen our initiatives to achieve sustainability.

The roadmap for these initiatives is our medium- to long-term vision "Fine Today & Tomorrow 2030." The vision sets key performance indicators (KPIs) for sustainability in the domains we call the four "P's"—Principles of Governance, People, Planet, and Prosperity—where we are actively applying the PDCA cycle.

Purpose-driven management and the Group's strengths



In FY2022, just two years after our founding, we issued a TCFD report, calculated our greenhouse gas (GHG) emissions, and subsequently received the EcoVadis^{*1} Silver Medal as being in the top 25% of all companies rated. We continued making progress in FY2023 when we received the EcoVadis Gold Medal for being a top 5% company and obtained SBT initiative certification for our GHG reduction targets. We also conducted our own Fine Today & Tomorrow Award event to highlight the social contributions of our employees in Japan and worldwide. We are also continuing to deepen the sustainability initiatives in our business activities,

including cooperating with companies across industries for Container Round Use^{*2} and utilizing a high percentage of recycled PET plastic for our +tmr (Plus Tomorrow) brand products. For such a newly formed company, we believe we are making rapid progress expanding the scope and depth of our sustainability initiatives.

^{*1} The world's largest sustainability assessment platform with more than 100,000 companies rated across 175 countries.

^{*2} A circular system for product transport in which companies cooperate by unloading import containers and allowing other companies to reuse the containers for export, thereby eliminating shipment of empty containers and improving logistic efficiency.

The heart of our Purpose-driven management is DE&I

The FineToday Group considers Diversity, Equity, and Inclusion (DE&I) to be the engine of its management and puts DE&I at the core of all of its activities because we believe that maximizing the potential and actively engaging human resources with diverse backgrounds and values is the source for creating corporate value.

When our company was created in July 2021, we had about 300 employees. Now, we have some 2,600 employees at 20 business sites in Japan, China, and across the Asia-Pacific region. We have an exceedingly diverse group of human resources, roughly half of which are foreign nationals, with a wide variety of career experiences and personal backgrounds.

With such rich diversity, I believe it is important for us to implement glocalization in all regions by applying our Purpose following a global standard for valuing diversity and fairness combined with local activities geared to each region's specific

needs and culture. A culture that is accepting of diversity provides a foundation with a strong psychological safety and creates an environment where employees with various values feel self-motivation and satisfaction in their jobs. I believe that environment encourages the sharing of ideas and will enable us to flexibly develop products catered to local needs.

The aesthetic intelligence in the Group's products does not refer to a uniform sense of beauty. By listening to different perspectives and seeking to understand our customers' needs, I believe we can brighten the hearts of even more customers by imbuing FineToday's unique aesthetic intelligence into value-added products.

Conducting our business with full consideration for human rights is also absolutely essential, as it is fundamental to accepting diversity, gaining the trust of stakeholders, and building good relationships. For that reason, we will continue conducting human rights due diligence as well as training for harassment prevention and other programs.

Connecting sustainability measures to our efforts to establish ongoing corporate value growth

As I stated earlier, the trust, empathy, and inspiration of our customers and stakeholders for our brand, products, and the FineToday Group itself that we build through our sustainability efforts is the core of our Group's strength and the foundation for enhancing our corporate value.

The market for high value-added and high-priced products is expanding not only in Japan but in all the Asian countries and regions where we do business. At the same time, interest in sustainability is rapidly increasing. I believe these trends will present profit opportunities for the Group as we apply our unique

aesthetic intelligence coupled with our sustainability activities. I also believe these qualities will set us apart from the price competition that the mass-produced daily necessities industry is so prone to, thereby providing us with a solid foundation for continuously enhancing our corporate value into the future.

We are advancing Group sustainability initiatives to achieve the medium- and long-term objectives of the Fine Today & Tomorrow 2030 vision, including our longer aim to achieve carbon neutrality by 2050.

The current business environment is very unsettled, particularly from the unstable international situation and soaring cost of raw materials. We will remain dedicated to our Purpose, which guides our business development, as sustainability measures become increasingly critical to the sustainability of our business and our world.

Our Purpose will be the driving force for actively advancing management focused on both our business and sustainability as the Group puts forth a united effort to successfully navigate the adverse conditions and continue enhancing corporate value to be a Group respected by generations 100 years in the future.



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