

Eight Material Issues that the FineToday Group is addressing to continually create value for all stakeholders

Principles of Governance

To become a presence trusted by all of our stakeholders.

Promotion of transparent, fair, and trustworthy governance

We will continue to strengthen our prompt, transparent, and effective corporate governance system, including the proper operation of our internal control system.

Creation of a corporate culture that realizes our purpose

In fulfilling our Purpose, we will build a corporate culture where business growth and ESG improvement are core pillars of management.



People

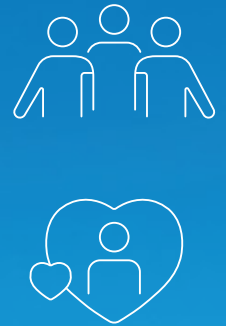
To respect all people and deepen our relationships.

Respect for human rights, and promotion of DE&I in the value chain

We respect the fundamental human rights of all people in our value chain and support the creation of a society that is inclusive and supportive of diverse values, ideas, and personalities.

Improvement of employee well-being

We will continue to develop and expand a comfortable work environment and systems so that every employee pursues a physically, mentally, and socially fulfilling professional career.



Planet

To halve our environmental impact throughout our value chain.

Our responses to climate change

We are implementing initiatives to lower CO₂ emissions from our business activities and to increase sales of our environmentally friendly products to reduce emissions beyond our own operations.

Conservation of the natural environment and biodiversity, and realization of a circular society

We will construct a sustainable business model that has low environmental impact throughout the value chain and that uses natural resources effectively.



Prosperity

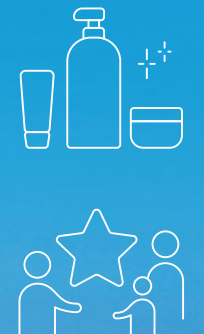
To provide a wonderful day to as many people as possible.

Innovation to beautify and enrich everyday life

We will continue to create new value that meets the diverse needs of consumers and provide beauty and richness to the mind, body, and environment.

Improvement of community well-being

We will return technology, human resources, products, funds, and our other management resources to society to help create happy and flourishing communities.



Redefining Material Issues and our medium- to long-term goals in accord with our business activities as a manufacturer of refined beauty essentials

To improve the effectiveness of its Purpose-driven management and contribute to achieving the SDGs, the FineToday Group redefined its 8 Material Issues and updated 16 initiatives in 2024 to better reflect international sustainability standards and guidance. We periodically review and revise our sustainability activities as necessary in accordance with the trends in the international community and changes in the business environment.

Materiality identification process



Strategic KPIs and PDCA cycles for each Material Issue

Prosperity

Material Issues	Commitments	Initiatives	KPIs	Target value (Achievement year)	FY2025 results	FY2026 measures	Related Sustainable Development Goals (SDGs)
Innovation to beautify and enrich everyday life 	We will continue to create new value that meets the diverse needs of consumers through innovation, and bring beauty and wellness to mind, body, and the environment.	Provide unique value through joyful brand experiences	Achievement rate of the top share in category segments	85% (FY2030)	75%	• Conduct promotions tailored to each product and region	
		Innovate to create diverse value	Provision of new value to global consumers, with a focus on Asia*	More than one new value in FY2025	Two	• Expand the men's hair care category by capturing growing demand	
Improvement of community well-being 	As a public institution in society, we aim to improve the well-being of local communities, and we will actively contribute to communities by making use of our technology, human resources, products, funds, and other resources in ways that benefit society.	Contribute and donate to local communities	Ongoing collaboration with NGOs, NPOs, public interest organizations, local governments, and other external partners	No numerical targets (FY2025)	Approx. ¥62.0 million	• Continue social contribution activities centered on local issues at each site	

* Including the creation of new brands and overseas rollout of existing products

People

Material Issues	Commitments	Initiatives	KPIs	Target value (Achievement year)	FY2025 results	FY2026 measures	Related Sustainable Development Goals (SDGs)
Respect for human rights, and promotion of DE&I in the value chain 	We will share with all of our stakeholders our policy of respecting the basic human rights of all people in the value chain and of refusing to tolerate any human rights violations, and we will fulfill our responsibilities in this area in accordance with the United Nations Guiding Principles on Business and Human Rights, and other internationally accepted human rights principles.	Respect human rights, and ensure responsible value chain management	Execution rate of measures to appropriately address currently defined priority human rights risks*1	100% ongoing (FY2025)	100%	• Review human rights KPIs and monitoring methods for advertising content	  
	We will contribute to the realization of a society where people with diverse values and ideas are able to fully demonstrate their individuality and abilities regardless of skin color, gender, social, cultural or geographical background, living environment, religion and beliefs, physical characteristics, or any other trait, and where everyone is able to live in their own way.	Contribute to improving self-esteem and realizing a society where people can live in their own way through our products and services	Implementation rate of the DE&I assessment process when proposing new products*2	100% ongoing (FY2025)	Reviewed operating methods	• Conduct thorough assessment processes and raise DE&I awareness	 
		Eliminate inequality based on gender, physical characteristics, nationality, etc. in the workplace Percentage of engagement survey responses that were positive for acknowledgement of comments and opinions	Percentage of engagement survey responses that were positive for acknowledgement of comments and opinions	90% (FY2030)	79.9%*3	• Conduct evaluation training and 180-degree feedback for executives	 
			Percentage of women in management positions	35% (FY2030)	35.7%	• Implement the Fine Tomorrow Program (medium- to long-term development program)	
Improvement of employee well-being 	In order to generate a high degree of vitality and ensure physical, mental, and social fulfillment for each and every employee, we will boost job satisfaction (joy and sense of achievement gained through work) and facilitate work comfort (internal environments and systems) to improve the well-being of employees.	Ensure occupational health and safety, and promote decent work environments	Percentage of engagement survey responses that were positive for rewarding work	80% (FY2030)	69.0%*3	• Conduct training and global communication to foster aesthetic intelligence management and culture	 
			Number of serious occupational accidents	0 ongoing cases (FY2025)	0	• Increase company injury and illness support and create an environment where employees can work with peace of mind	
		Develop human resources in the workplace	Percentage of engagement survey responses that were positive for opportunities for growth	80% (FY2030)	66.1%*3	• Conduct evaluator training	  
			Percentage of employees who hold to our Values & Leadership Behavior (behavioral level)	95% (FY2030)	55.3%	• Introduce behavioral assessments based on Leadership Behavior • Implement “Cultureship”	

*1 Risks identified during human rights due diligence at the start and during the fiscal year
*2 Of the new products proposed within the target fiscal year, those that meet the company's internal DE&I requirements
*3 FineToday Holdings and FineToday employees

Planet

Material Issues	Commitments	Initiatives	KPIs	Target value (Achievement year)	FY2025 results	FY2026 measures	Related Sustainable Development Goals (SDGs)
Response to climate change 	We will reduce the volume of CO2 emitted through our business activities by using renewable energy and installing energy-efficient equipment. We will reduce the volume of CO2 emitted through the use of our products and services by providing eco-friendly products and promoting eco-friendly practices. We will reduce CO2 emissions at the procurement stage by promoting supplier engagement and purchasing raw materials that emit low volumes of CO2.	Reduce greenhouse gas (GHG) emissions	Scope 1,2 emissions reduction rate (compared to 2021)	42% (FY2030)	47%	- Conduct surveys with key suppliers to reduce Scope 3 emissions - Explore renewable energy procurement for offices	
			Scope 3 emissions reduction rate (compared to 2021)	25% (FY2030)	Scope 3 emissions increased by 2% compared to 2021		
Conservation of the natural environment and biodiversity, and realization of a circular society 	We will build a sustainable business by helping to conserve biodiversity and reduce the burden on the natural environment, while also actively applying innovative technologies. We will eliminate all waste in our business activities and throughout the entire value chain, and promote the effective use of resources.	Conserve biodiversity	Sustainable palm oil procurement	100% (FY2030)	Published a TNFD report	- Maintain RSPO SC certification - Increase the percentage of RSPO-certified palm oil in line with the procurement roadmap	
		Sustainably procure raw materials (mainly palm oil)			RSPO-certified palm oil percentage: 19%		
		Sustainable containers and packaging (mainly plastic)	Percentage of sustainable containers and packaging	100% (FY2030)	96%	Revise the container and packaging guidelines	
			Reduction rate of petroleum-derived virgin plastic used in primary containers (Per unit compared to 2022)	25% or higher (FY2030)	2%	- Advance the development of Group-wide plastic reduction policies and plans - Promote refills at overseas sites	
		Conserve water resources in our production activities	Reduction rate of water intensity (compared to 2021): FTI	10% (FY2030)	8%	- Track total Group water usage - Formulate a plan to reduce manufacturing sites water consumption	
			Reduction rate of water intensity (compared to 2021): FTIV	10% (FY2030)	31%		

Principles of Governance

Material Issues	Commitments	Initiatives	KPIs	Target value (Achievement year)	FY2025 results	FY2026 measures	Related Sustainable Development Goals (SDGs)
Promotion of transparent, fair, and trustworthy governance 	We will establish an effective corporate governance system with the aim of ensuring a transparent management structure capable of quickly addressing the needs of all stakeholders, including customers, business partners, and shareholders. We will also work to strengthen our corporate governance through consistent and proper operation of our internal control system.	Strengthening governance, ensuring compliance, and promoting risk management	Number of serious compliance violations*1	0 ongoing cases (FY2025)	0	- Conduct compliance education and training - Develop a compliance program	  
		Address information security and cyber security	Ongoing information security training and cybersecurity drills	No numerical targets (FY2025)	Training sessions: 1 Practice sessions: 3	- Hold information security training - Conduct targeted email attack and CSIRT practice drills	 
	We will contribute to the creation of a safe and secure society where product reliability is guaranteed and risks are properly managed.	Promote activities to ensure product reliability	Number of serious quality-related incidents*2	0 ongoing cases (FY2025)	0	- Strengthen quality control processes during new product development - Strengthen the management system for halal products in Indonesia	 
Creation of a corporate culture that realizes our purpose 	Under the Purpose of “To enrich the lives of everyone today and for generations to come, one fine day at a time,” we will continue to foster a corporate culture that contributes to the realization of a sustainable society through management that combines our business operations with the promotion of ESG measures	Provide each and every employee with opportunities to work toward our purpose	Percentage of positive responses on the Purpose and Vision in engagement surveys	88% (FY2030)	83.6%*3	Hold Group-wide meetings and other opportunities to think about our corporate Purpose	  

*1 Events that harm public welfare and require external disclosure
*2 Number of serious health issues that must be reported to the Pharmaceuticals and Medical Devices Agency (PMDA)
*3 FineToday Holdings and FineToday employees

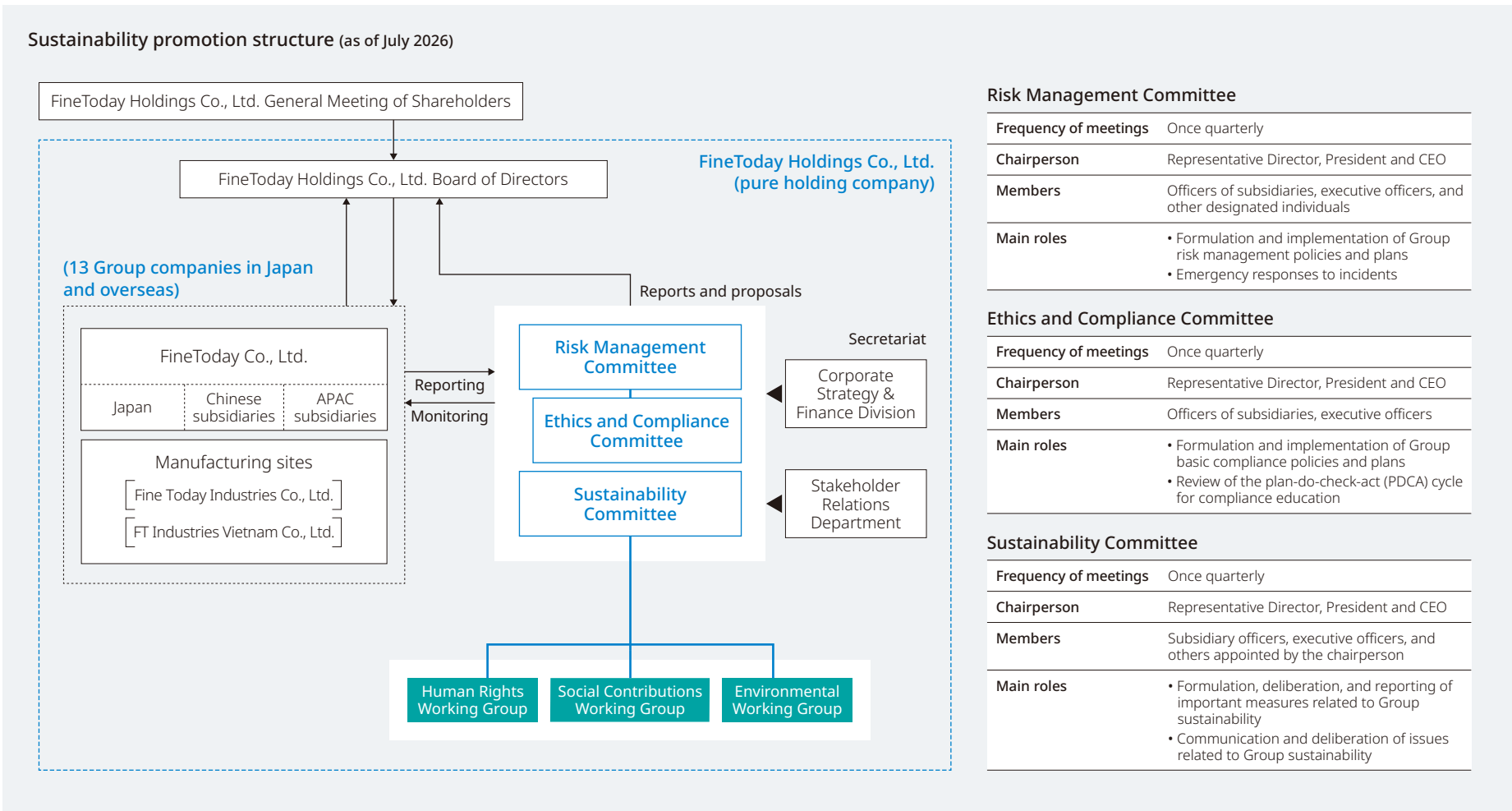
Developing a sustainability promotion structure in which top management plays a central role

The FineToday Group Risk Management Committee, Ethics and Compliance Committee, and Sustainability Committee, overseen by the FineToday Holdings Representative Director, President and CEO, are responsible for confirming and assessing business and sustainability risks and formulating sustainability policies and plans.

The Sustainability Working Group of the Sustainability Committee performs a central role in activities such as following up on the sustainability action plans carried out by individual sections and formulating execution plans on important topics.

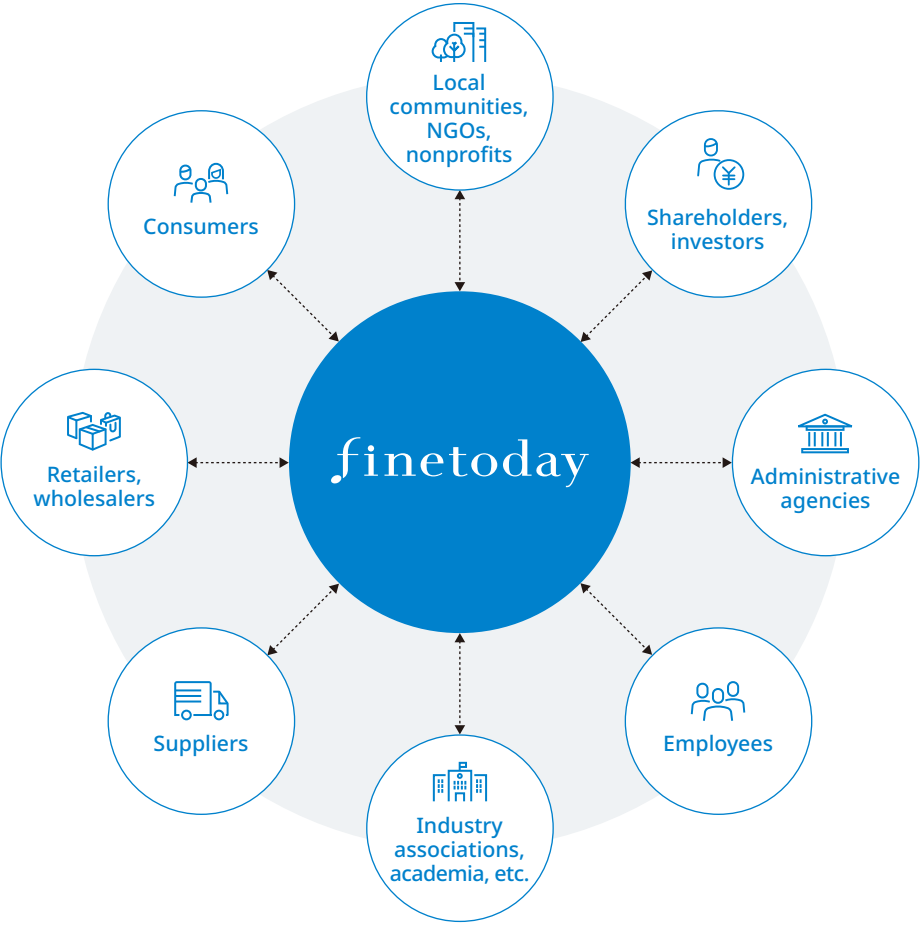
The FineToday Group also has adopted a system that reflects sustainability indicators in decisions on remuneration for executives and division general managers.*

* The remuneration system includes performance-linked bonuses evaluated from the degree of achievement of sustainability indicators, which are set based on engagement survey findings and GHG emissions conditions. The Nomination and Remuneration Committee deliberates on the strategic use of officer nominations and remuneration to enhance the effectiveness of the Company's governance framework.



Reflecting stakeholder dialogue in sustainability activities

Consumers	The FineToday Group is expanding its range of consumer 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	The 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*	The 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
Industry associations, academia, etc.	The FineToday Group works with industry associations to promote the sustainable development of society and the industry. Dialogue methods and venues • Participation in councils organized by industry associations • Information collection and opinion exchanges • Dialogue with external experts



Local communities, NGOs, nonprofits	As a good corporate citizen, the 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 • Cash and product donations • Volunteer activities • Sharing comments about our activities and from donation recipients
Shareholders, investors	We seek to enhance our corporate value by disclosing information and engaging in dialogue to build trust and interest in FineToday. Dialogue methods and venues • Information collection • Exchange of opinions • Information disclosure • Overseas investor meetings
Administrative agencies	In addition to complying with applicable laws, regulations, and rules in each country and region, the 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	The 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

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 the FineToday Group work to identify our key issues (material issues) 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



GX Future Consortium

Joined the TCFD Consortium (now GX Future Consortium) in December 2023
FineToday



Science Based Targets initiative (SBTi)

Certified for “1.5°C target” in January 2024
FineToday



Roundtable on Sustainable Palm Oil (RSPO)

Joined in April 2022
FineToday



Taskforce on Nature-related Financial Disclosures (TNFD)

Registered as a TNFD Adopter in July 2025
FineToday



Japan Clean Ocean Material Alliance (CLOMA)

Joined in May 2025
FineToday



Women’s Empowerment Principles (WEPs)

Signed in March 2022
FineToday



UN Global Compact

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



External evaluation

EcoVadis

In November 2025, the FineToday Group was awarded a Gold Medal by EcoVadis, placing it within the top 5% of companies evaluated. EcoVadis is one of the world’s largest sustainability assessment organizations, assessing more than 170,000 companies in 180 countries.
FineToday Group



Cultural Diversity Index

In October 2025, the Company received Gold certification from CDI for its guidelines for cultural diversity initiatives and inclusion metrics, which cover ethnicity, race, skin color, culture, customs, language, and religion.
FineToday Group

