

# Governance

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# Corporate governance

## Basic policy

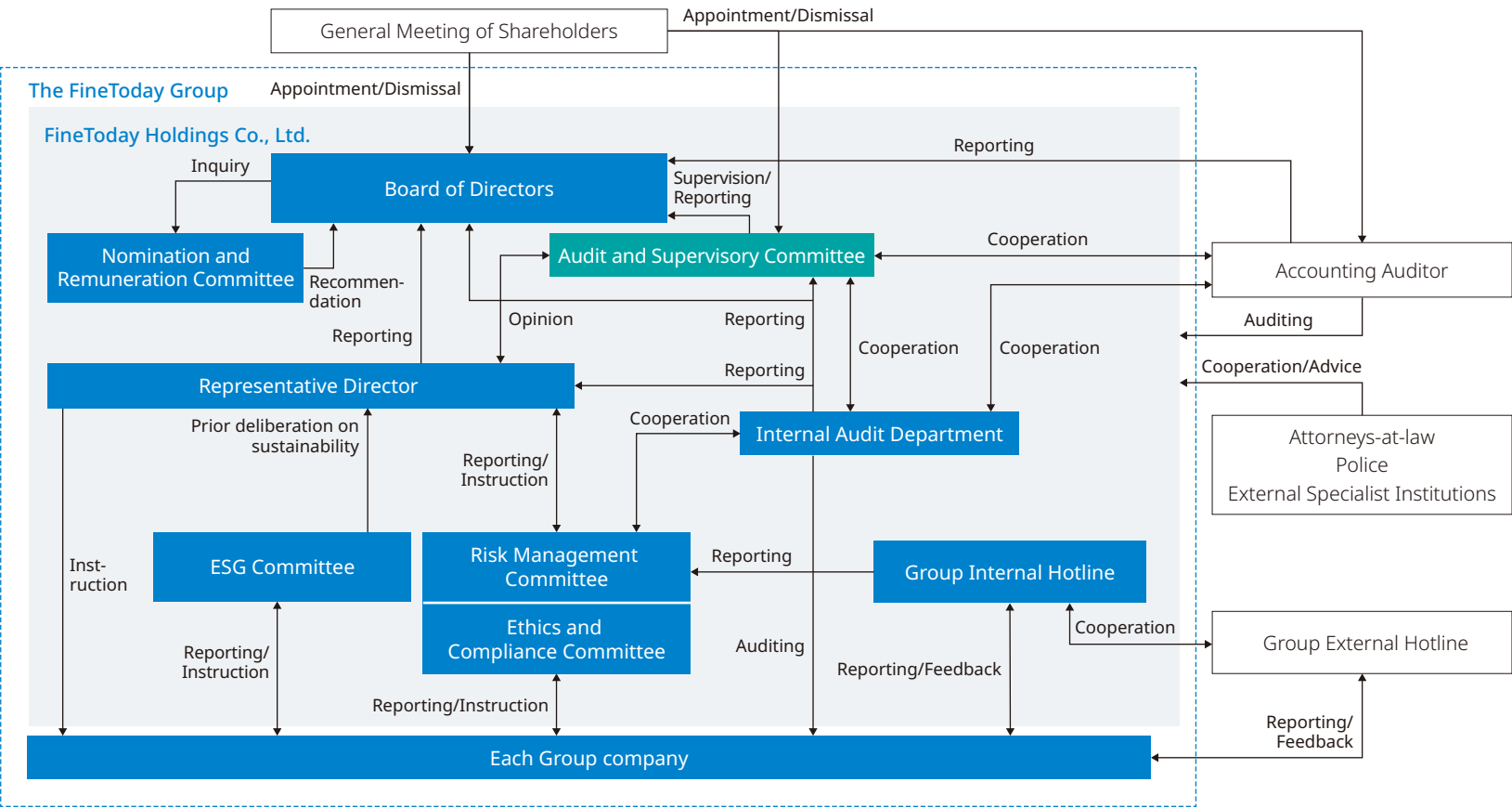
The FineToday Group takes a transparent governance system to be one of our key management issues (materiality). We will continue striving to maintain and improve the transparency, fairness, and speed of decision making while engaging in dialogue with all stakeholders, including customers, suppliers, 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. We are accelerating efforts to establish a robust corporate governance system.

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 June 2024)



# Corporate governance

## Board of Directors

The Board of Directors of FineToday Holdings Co., Ltd, has eight members as of June 20, 2024: two executive directors, two non-executive directors (including one outside director), and four directors/Audit and Supervisory Committee members (including three outside directors).

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) as of June 20, 2024.

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. “Integration 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 of 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. 55). 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 held 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.

### – Priority risks considered to be especially at 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.

## Education and training related to risk management

The FineToday Group carries out education and training to enhance the risk management system. The risk assessment results will continue to be used for ongoing e-learning about important risks in FY2024.

# 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 region 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. 55). 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.

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.

The Group is strengthening its legal and regulatory compliance system with a main focus on enhancing compliance monitoring and 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.

## 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 handles reports and consultations while taking steps to ensure the reporting individual incurs no disadvantageous treatment. 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 disadvantageous treatment of whistleblowers, 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	Audit and Supervisory Committee Contact
Eligible users	Group employees	Group employees
Anonymous consultation	Y	Y
Consultation method	Email, in writing	Email
Liaison	Whistleblowing Office (Human Resources Department, FineToday Holdings)	Audit and Supervisory Committee Chair

	Group External Hotline
Eligible users	Group employees
Anonymous consultation	Y
Consultation method	Email
Liaison	Outside law office

# Information security

## Basic policy

The FineToday Group Code of Conduct and Ethics (see p. 58) 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

The FineToday Group recognizes its corporate responsibility to handle personal information safely and securely, and has established The FineToday Group Global Personal Information Protection Policies for all Group companies. Each Group company maintains a privacy policy based on the laws and regulations of their specific country and region and carry out measures to protect personal information.

The implementation plans of Group companies and promotional campaigns set individual policies and rules for handling personal information in accordance with the policies and the applicable laws and regulations.

Website

**The FineToday Group Global Personal Information Protection Policies**  
<https://www.finetoday.com/en/privacy/>



# Information security

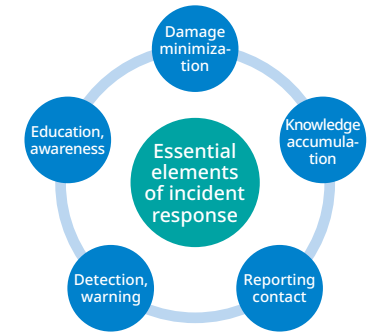
## Responding to information security incidents

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 and supplements its security systems and structures with ongoing specialized education and drills for employees. 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 FY2023. 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 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. FineToday conducts two cyberthreat response drills for targeted email attacks annually.