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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.

Focus  
2

R&amp;D in FineToday Group

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

## Toward realizing a development structure as a glocal enterprise

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

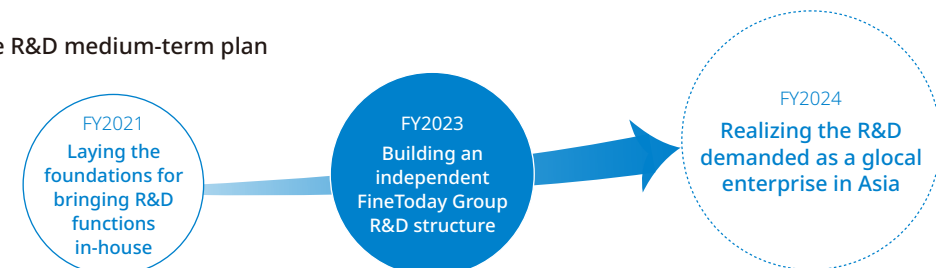
structure as part of these efforts. This division has formulated a three-year medium-term plan under which it aims to realize the R&D needed of a glocal enterprise in Asia, by FY2024, through systematic progress in areas such as enhancement of human resources and organizational reforms. In this way, 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

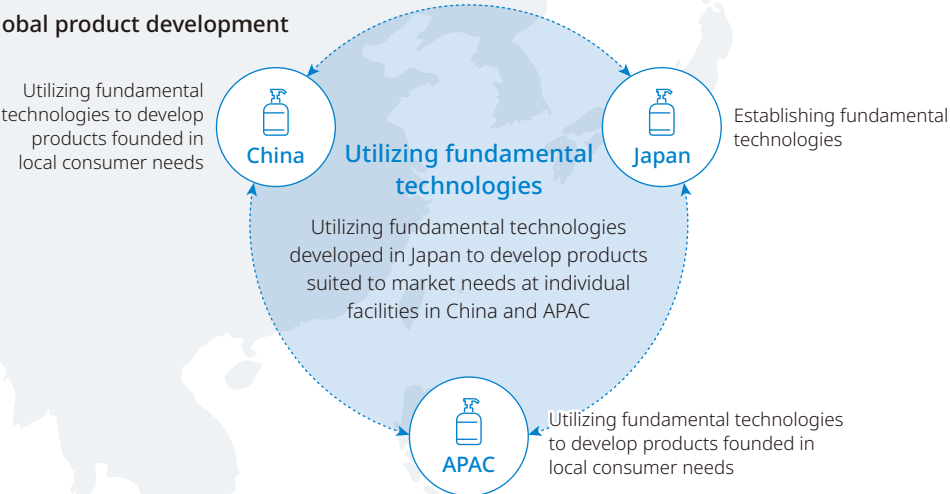
At least 60% of FineToday Group's sales come from the overseas markets of China and APAC. Currently, Group products consist of brands developed in the Japan market adjusted for overseas markets. In the future, however, the Group will aim to develop products and services better suited to consumers through 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&amp;D medium-term plan



— Future global product development



Developing brand value and advancing Basic and Fundamental Research

To promote the medium-term plan in R&D, FineToday Group's R&D focuses on the central themes of Brand Value Development and Basic and Fundamental 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 Basic and Fundamental Research over the medium to long term to continue developing new products. 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.

Leveraging Group resources toward further growth

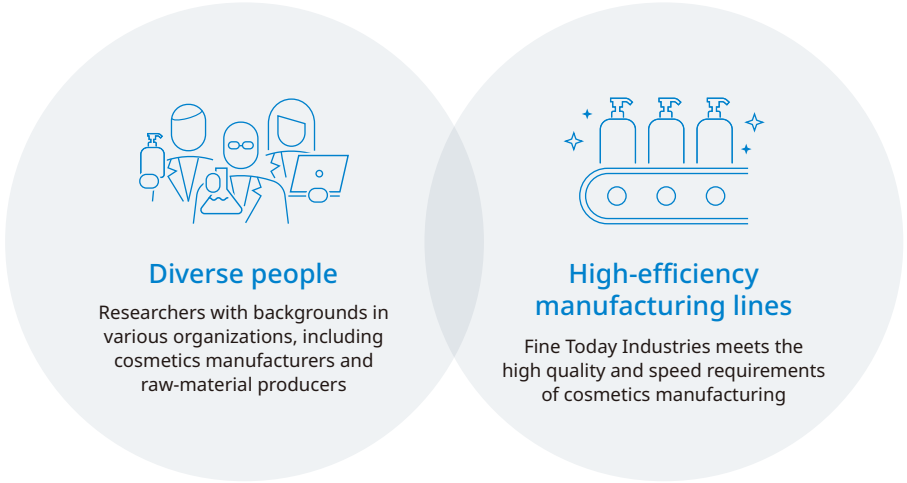
Currently, the R&D Division's staff includes researchers with backgrounds in various organizations, including raw-material producers as well as cosmetics manufacturers. This stimulating environment of interaction among people with such diverse backgrounds serves as an important strength in advancing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

Fine Today Industries, 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 and Fundamental Research and new ideas.  
FineToday Group will strengthen collaboration and leverage its strengths to the maximum in accelerating innovation for growth and delivering value to consumers.



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





# 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. 58), 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 for cosmetics advertising from associations

including the Japan Advertising Agencies Association, and Word of Mouth Marketing Association of Japan.

### 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, online chat, and social media.

Website

**Consumer Support**  
<https://support.finetoday.com/hc/ja> (Japanese only)

## Package initiatives

FineToday's in-house manual on legal requirements for product packaging ensures our products present information in full compliance with laws, regulations, and guidelines so consumers have a clear understanding of our products.

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

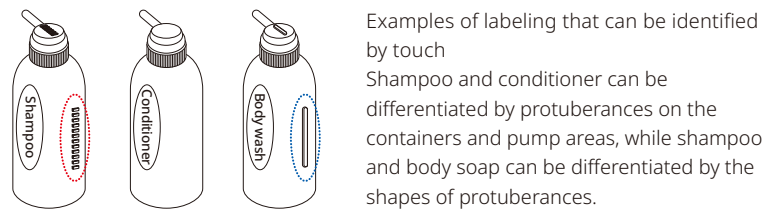
Information on subjects such as how to use products and their ingredients is labeled in local languages. FineToday strives to communicate the information consumers need in accordance with the laws and regulations of the countries and regions where products are sold.

# 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 Consumer in our products and services

The FineToday Consumer Support Desk were set up in June 2023 with the motto “Making Every Day a Fine Day by Listening and Responding to the Voice of Consumer.” The desk responds to questions and comments from consumers by toll-free calls, email, online chat, and social media. The desk shares the Voice of Consumer (VOC) feedback it receives with management and

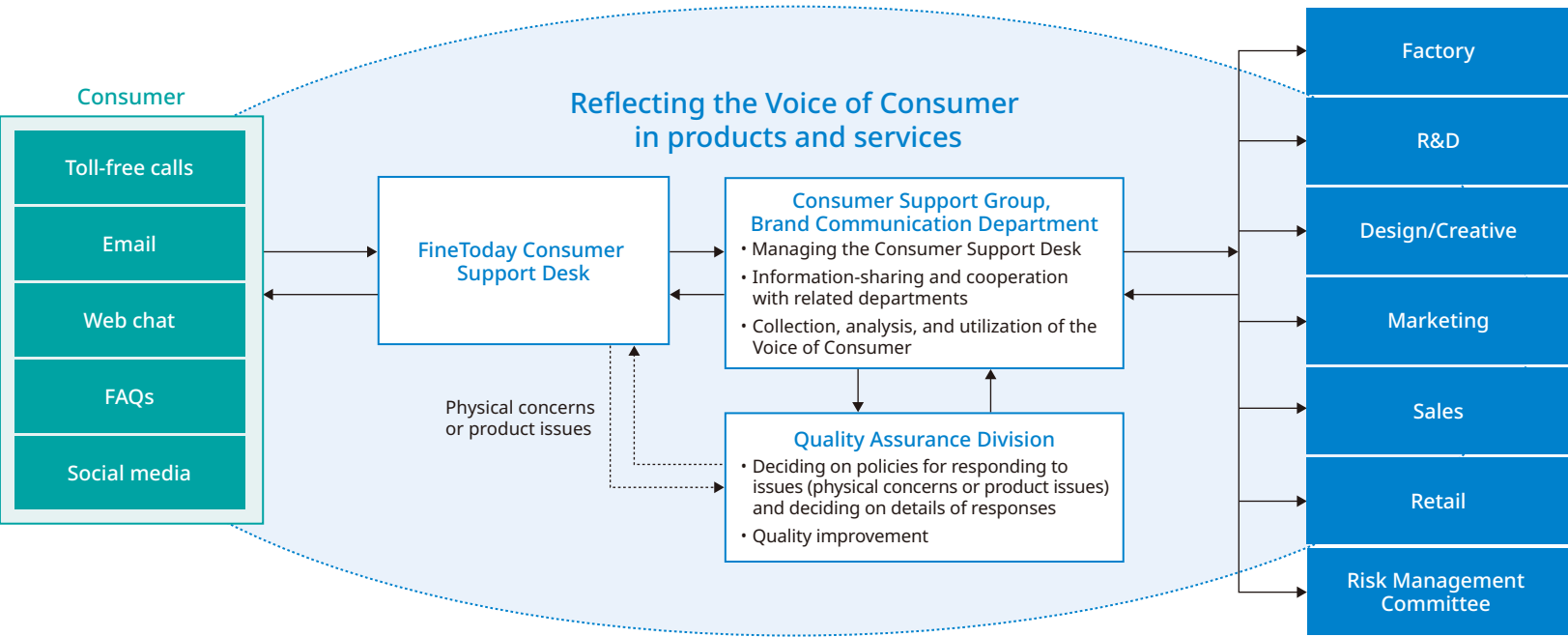
related departments on a daily basis, which helps us to continue improving our products and services.

The introduction of the Consumer Support page to our corporate website led to a year-on-year increase in VOC feedback in FY2023. As in the previous year, about 90% of consumer feedback was about how to use or where to buy a product. The remaining 10% comprised comments indicating dissatisfaction due

to a product being defective or out of stock, requests for a product to be reissued, and compliments about a product’s effectiveness.

We endeavor to promptly and diligently respond to consumer feedback and will continue seeking to provide an environment that makes it easy for customers to contact us with questions and comments about our products.

### — To reflect the Voice of Consumer in our products and services (as of April 2024)



# Giving consumers information they need

## Education and training on advertising and labeling

FineToday's risk management training for all employees other than temporary employees and contractors covers expressions used in advertising and labeling. Training topics in FY2022 and FY2023 included gender expressions and appropriate expressions from the perspectives of ethics or consideration (see p. 57).

We also make every effort to provide consumers with all appropriate information. We held multiple study sessions attended by some 50 brand representatives following the tightened regulations on new types of misrepresentations, such as so-called stealth marketing, outlined in the October 2023 amendment to the Act on Unjustifiable Premiums and Misleading Representations. The legal sections held seminars on trademarks where they provided an overview of the trademark protection system and shared knowledge about the proper use of trademarks. We also conducted training sessions on advertising regulations based on the Act on Securing Quality, Efficacy and Safety of Products including Pharmaceuticals and Medical Devices. Aimed at marketing staff, the sessions seek to prevent false, exaggerated, or unlawful advertising through a careful examination of the law details and specific examples of law violations.

### — 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.

# 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 mental harassment under the FineToday Group Code of Conduct and Ethics (see p. 58).

### 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. 19) promotes thorough respect for human rights throughout all organizations in FineToday Group. The WG holds plenary meetings and subcommittee meetings as deemed necessary 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 including respect for human rights throughout the supply chain.

### — FY2023 initiatives

- Preparation for human rights due diligence
- e-Learning for all FineToday employees

### — FY2024 ongoing initiatives

- Establishment of strategic KPIs on human rights
- Developing a complaint resolution mechanism
- Identifying the respect for human rights status at suppliers



# Respect for human rights

## Education and training on human rights

In FY2023, FineToday conducted e-learning for all employees on human rights and compliance and on business and human rights. We also invited external experts to engage in dialogues with top management.

## Human-rights due diligence

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

FineToday conducted a human rights survey of all employees in March 2023 and analyzed the findings to identify issues 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. 52), which handle manufacturing materials such as product packages and raw materials as well as OEM and ODM supplies, 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.

## Preventing harassment

The FineToday Group Code of Conduct and Ethics (see p. 58) 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, Group External Hotline, and Audit and Supervisory Committee Contact accept reports of acts such as the above. These three 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 to prevent any disadvantageous treatment of the whistleblowers.

### — Harassment whistleblowing hotlines

Group Internal Hotline	• The hotlines accept anonymous consultation and reports
Audit and Supervisory Committee Contact	• All employees may use them, regardless of contractual status
Group External Hotline	• Whistleblowers will not suffer any disadvantageous treatment

# 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. 58) strictly prohibits and calls for zero tolerance of various types of discrimination, mistreatment, and mental harassment 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.

The Group currently operates facilities in Japan, China, and the Asia-Pacific region (APAC). The workforce is becoming increasingly diverse as roughly 60% of its employees work outside of Japan. 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.

### 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.

## 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. 58) calls for the Group to evaluate people fairly. Under the Approach to Evaluations and Compensation based on this Code, the Group strives to ensure fairness and equity in areas such as evaluation and compensation of employees.

### Approach to evaluations and compensation

- 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 (performance) 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).

## 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.

# Hiring, promotion, diversity, equity, and inclusion

## 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 40% of Group managerial personnel being women by FY2030. 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.

### — 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

#### 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 employee 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,” of establishing our independence, measures are focusing on improving the motivation and psychological safety 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

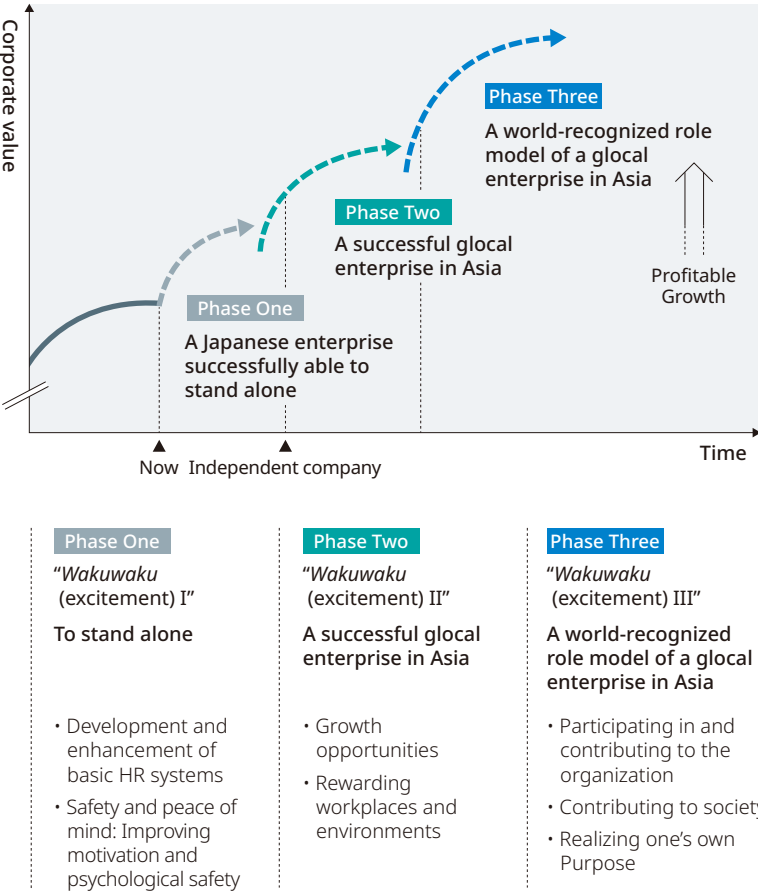
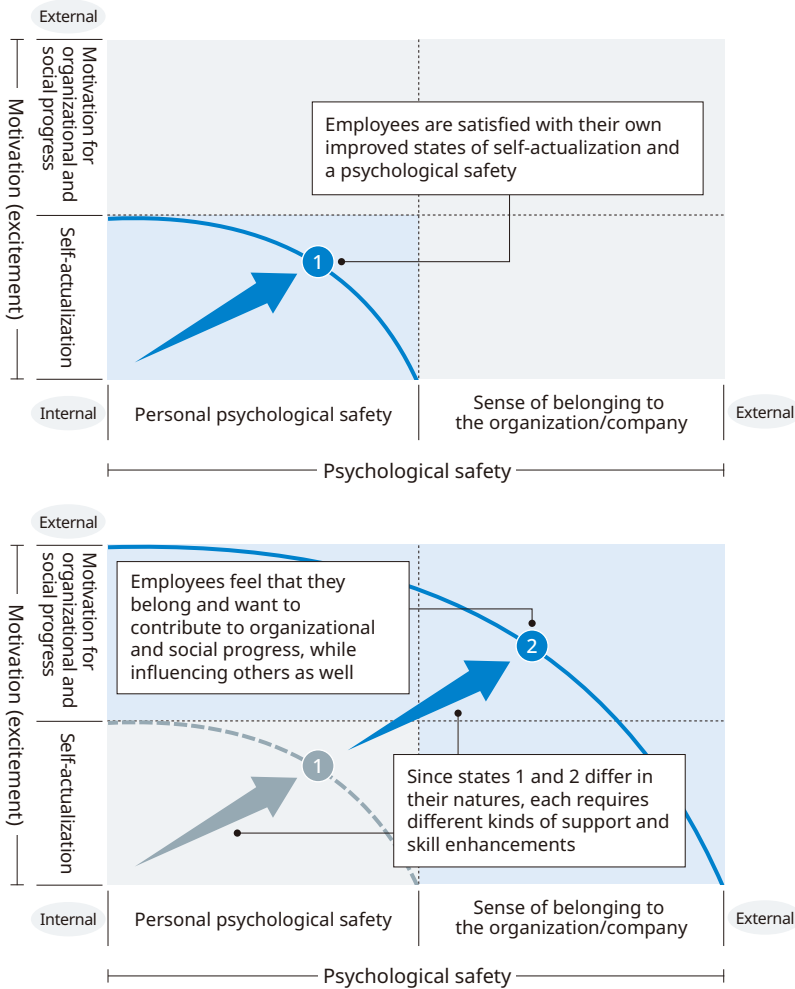


Illustration of improving motivation and psychological safety





# Employee skills development

## Programs to support skills development

In addition to individual programs designed to deepen understanding of the company's business, FineToday offers training programs for individual posts, to improve individuals' specialized abilities, and programs to support self-learning and growth so that people who are motivated can learn on their own.

### Business simulation programs

Our *ICHIGANize* business simulation program provides employees with a deeper understanding of the fundamental Values & Leadership Behavior shared by all of FineToday's businesses and group companies. Participants in the program held for senior managers in FY2023 engaged in company management simulations that provided deeper insight into the company's characteristics and the standard of value that FineToday upholds.

### e-Learning

The company's e-learning service was created to support employees seeking to improve their skills. The service covers 20 categories and some 8,000 topics ranging from basic business and management skills to marketing and digital transformation.

We provide an environment that encourages employees to learn at their own pace and as often as they desire at any time or location so each employee can take the initiative and enjoy developing skills for their daily activities and career development.

— Education and training systems (FY2023) <FineToday>

Classifi- cation	All job types				Specialty	Individual job tiers and courses		Upper management	Self-education
Executives	Onboarding	Required compliance and governance training	FineToday business fundamentals	ICHIGANize business simulation program	By department			MLP coaching program	e-learning
						Upper management	Training for new executives		
						Coaching			
General employees						Self-leadership		International work experience program	

### 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 containing a wealth of in-house information to ensure a successful transition into the company.

# Employee skills development

## Enhancement of engagement

The level of achievement and necessary environment of employees' motivation and psychological safety 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.

The FineToday Group clearly states its approach in the Group's fundamental Values & Leadership Behavior. We are conducting workshops and building an organizational culture designed to instill in each individual with leadership behavior. We also regularly monitor employee engagement through surveys and other methods.

### 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.

Management in each organization uses the survey findings to identify actions for employee improvement. Individual employees also strive to improve their organizations under the slogan "We Do."

## 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.

### Highlight

#### "Cultureship" workshop creates an employee-led Group organizational culture

The FineToday Group celebrated the first anniversary of its founding in July 2022 by establishing our Purpose (reason for being) and our Values (ideals and principles). In FY2023 we defined the Leadership Behavior—the specific ways we expect employees to conduct themselves as we seek to embody these high-level concepts. We also held a "Cultureship" workshop for participants to give thought to the Group's organizational culture. Participants led discussions about how the company should change and what actions each of us could take to create our own unique organizational culture.



# 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 culture in which employees actively take leave, through means including employees sharing their leave plans through the in-house social networking service.

### — 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 and the 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 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 employee concerns about pregnancy, childbirth, and childcare and with sharing information with superiors to facilitate returning to work.

### 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. Note: While childcare leave is unpaid, childcare leave benefits are paid under employment insurance.
Childcare leave system for childbirth	Employees can take four weeks of leave within the first eight weeks after childbirth. This leave is primarily intended for employees who do not take maternity leave (primarily male employees).
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.) 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.
Childcare 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. 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.

### VOICE — Comment from the management team

**We want to create an environment and corporate culture where every employee can fulfill their objectives.**

**Sanae Ishii** Managing Executive Officer, General Manager, Human Resources Division, FineToday Co., Ltd.

We have reached our fourth year of operation since taking over Shiseido's personal care business in July 2021. We currently have about 2,600 employees, about 60% of which are overseas, working at 9 bases in Japan and 11 bases overseas.

Our Tsubaki and other brands embody the aesthetic sense that has been cultivated since we were part of Shiseido. We want our products to be more than daily necessities but to be daily-use beauty products that enrich both mind and body. Our employees share this sentiment, and this is reflected in our high percentage of female employees, which exceeds 50% in all three of our business regions\* and as high as 70% in the APAC region.

Our workforce is characterized by a higher number of mid-career hires with diverse backgrounds and personnel with individual aspirations all pursuing our shared corporate purpose. We call these personal goals and ambitions "My Purpose." As a company, we embrace employees who are driven by their own motivations. We consider it our mission to create an environment and corporate culture that enables all employees to use their

work to pursue their My Purpose, whether it's to advance their career overseas or to develop new products that are safe for the environment and people. We believe that having a workforce of employees who share our value of "aesthetic intelligence" as they pursue their My Purpose also ultimately leads to fulfilling our corporate purpose.

We believe that fostering this corporate culture will enable us to evolve into a borderless, global company, enhance our corporate value, and enrich the lives of every employee and stakeholder. We will continue to respect and be receptive to our employees' sensibilities and aesthetic intelligence to offer daily-use beauty products that reflect our sensibilities to customers.

\* Japan, China, and APAC





# 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. 58) 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.

Fine Today Industries Co., Ltd. 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 (FY2023) <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)
- Status of health checkups and stress checks
- State of occurrence of on-the-job accidents
- Sharing information provided by industrial physicians (e.g., cautionary alerts for heat stroke and seasonal diseases, hay fever, characteristics of seasonal depression, cognitive behavioral therapy)
- Providing the Mental Health Promotion Plan
- Sharing information provided by the health insurance association
- Changing the health insurance association
- Setting up the counselor contact desk

# Occupational health and safety

## 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.

## 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 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.

In addition to these initiatives, we have introduced an attendance management system that enables each department to thoroughly and efficiently manage work hours of their employees. The system enables work-hour verification in real time and automatically sends alerts when monthly work hours exceed a set amount.

### 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.

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. We provide consultation upon request for individuals evaluated as "highly stressed" and are taking steps to reduce sources of stress in the workplace, including by improving our leadership training.

# Occupational health and safety

## Support programs for women’s health issues

FineToday provides external services to support women's health issues. These services have contributed to improved presenteeism (reduced productivity when employees are not fully functioning in the workplace due to health issues) and increased productivity.

### — 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.

We conduct various campaigns when considered helpful for employees to maintain and improve their health.

### — Main initiatives (FY2023)

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

## Physical and mental health hotlines

FineToday provides a consultation desk accessible by full-time company employees of Group companies in Japan to contact about physical or mental health issues. Counselors specializing in various issues may be contacted by telephone, email, or other method.

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 Group’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.” Following this principle, we have established a forum for labor and management to engage in mutually respectful dialogue to address and resolve issues related to working conditions and other topics.

In addition, the 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 2024 all general employees (permanent, full-time employees other than those in managerial posts) were union members.

- **Main topics of labor-management negotiations (FY2023) <FineToday>**
  - 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 FY2023, 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 will continue to provide various opportunities for two-way dialogue with 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. 19) 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.

FineToday conducted transactions with approximately 130 suppliers in FY2023. The sustainability assessment of suppliers conducted in FY2022 found no high-risk suppliers requiring corrective action. The assessment was conducted by Shiseido Co., Ltd., subcontracted procurement activity then, and was limited to suppliers of product packaging, production materials (such as raw materials), and produces of finished products (such as OEMs and ODMs).

## 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 are fundamental to sustainable procurement. FineToday accordingly provides human rights education and training to its buyers in its Procurement Department who are directly engaged in ensuring sustainable and responsible procurement, as well as to all employees. In FY2023, we conducted e-learning on human rights and compliance and on business and human rights.

Reference

p. 37: 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 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.

### 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



#### 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.

## Promotion structure

FineToday Group adopted the Corporate Citizenship Policy and simultaneously launched a Social Contributions Working Group with the missions of promoting the Group’s social contribution activities, collecting and sharing information about the activities, and formulating a governance structure for the activities. 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

Website

**Community Contribution Activities**  
<https://www.finetoday.com/en/sustainability/social/stakeholders/>