

TNFD Report

Taskforce on Nature-related Financial Disclosures

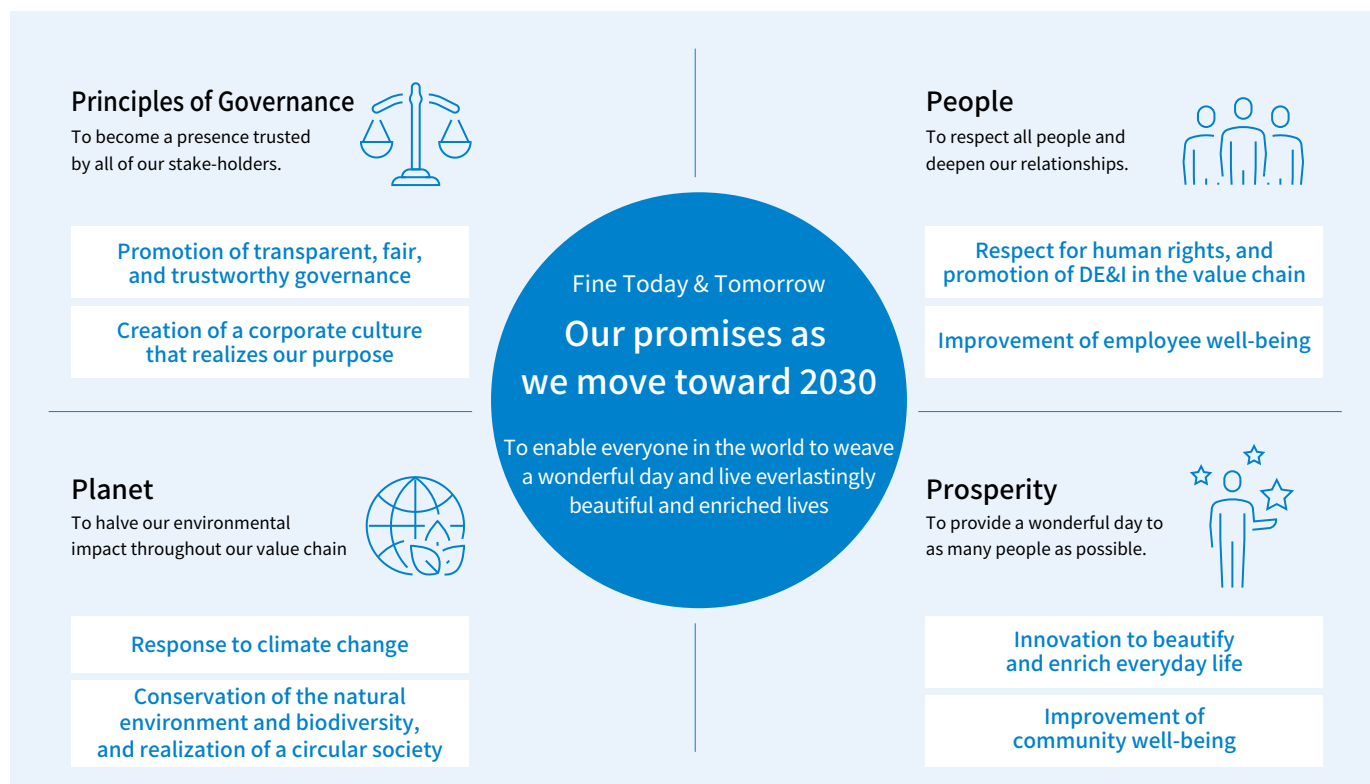


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Introduction

To achieve the Company purpose – We enrich the lives of everyone today and for generations to come, one fine day at a time, FineToday Co., Ltd. has identified four materialities that we must actively address by 2030, including Principles of Governance, People, Planet, and Prosperity, as the Fine Today & Tomorrow. In regard to Planet, we set “conservation of the natural environment and biodiversity” as a priority based on the recognition that approaches to natural capital are a priority issue for business management.



FineToday supports the principle of the Taskforce on nature-related Financial Disclosures (TNFD)*, and joined the TNFD Forum in September 2024. The TNFD Forum is a network that supports the establishment of the TNFD framework.



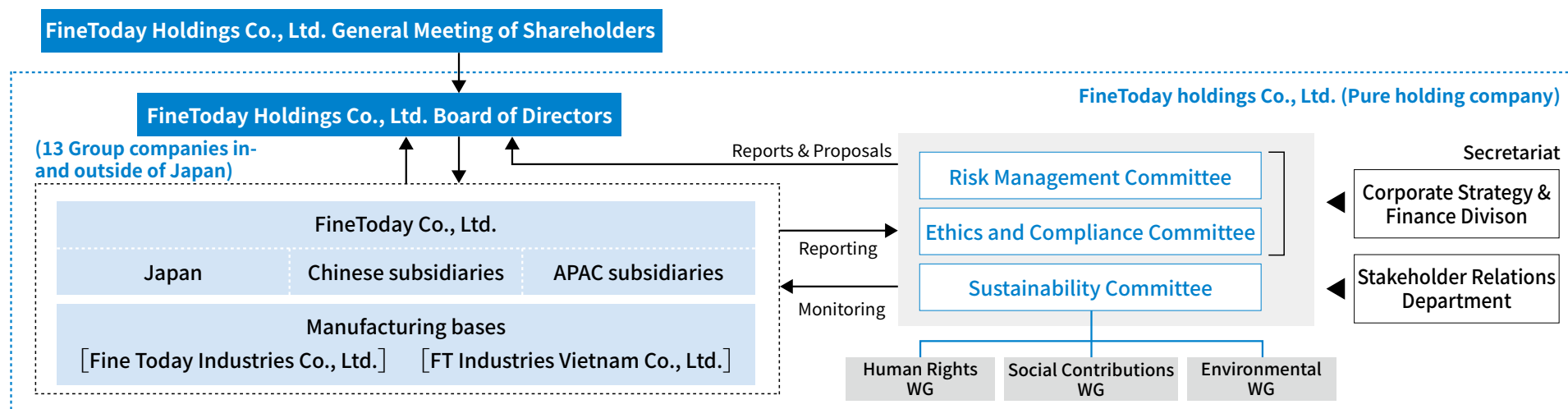
* TNFD is an international network of private companies and financial institutions cooperating to establish a framework to assess and disclose risks and opportunities for natural capital and biodiversity. The TNFD was officially established by the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Development Programme (UNDP), the World Wide Fund for Nature (WWF), and Global Canopy (NGO in England) in June 2021.

1 Governance

Governance Structure

FineToday promotes initiatives for natural capital conservation established by the Sustainability Committee, whose meetings are held quarterly each year. The Sustainability Committee meetings are chaired by the President and CEO, and attended by the heads of each division with the goal of discussing and establishing measures, policies, and strategies to address environmental issues, including natural capital conservation. Important issues identified by the Sustainability Committee during its discussions and included in the Committee's resolutions are also reported at the Board of Directors' meeting.

Sustainability Promotion Structure (As of May 2025)



Respect for human rights in the supply chain

Recognizing that all its business activities are grounded in respect for human rights, the FineToday has established the FineToday Group Human Rights Policy, a policy based on the United Nations Guiding Principles on Business & Human Rights. The Human Rights Working Group (WG) established under the Sustainability Committee promotes thorough respect for human rights throughout all divisions and departments in the FineToday. Through such structure, the FineToday endeavors to ascertain and assess the current status of human rights, create improvement plans and employee education programs as well as respond to human right risks in its supply chain, including human right risks regarding the impact on natural capital.

Human Rights Policy Disclosure :

FineToday Group Human Rights Policy ►►► [FineToday_Human-Rights-Policy_2023.pdf](#)

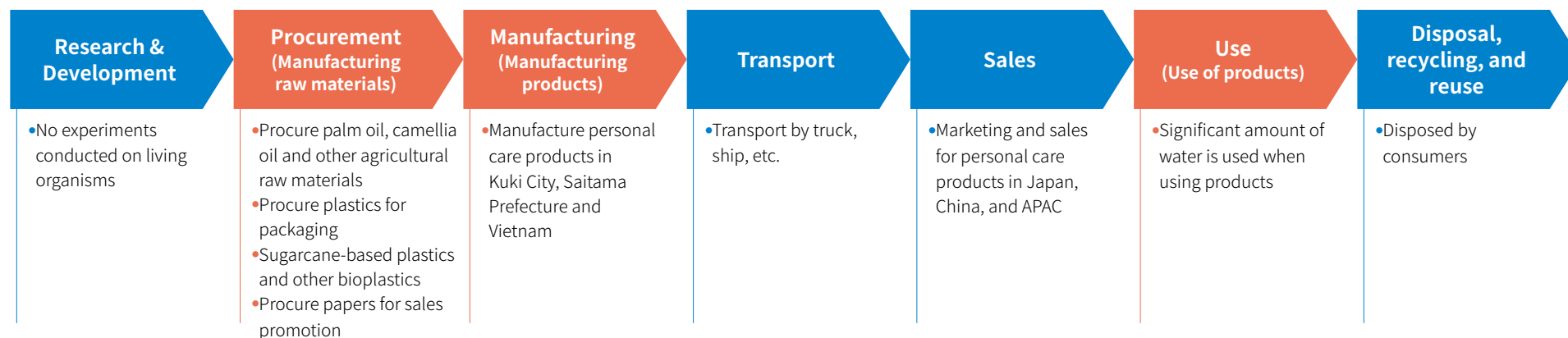
2 Strategy

The 15th Convention on Biological Diversity (COP15), held in December 2022, adopted new global goals on biodiversity to be achieved by 2030 and 2050.

Recognizing such a significant global direction, FineToday assessed the impact, dependence, risks and opportunities based on the LEAP approach and discussed solutions by utilizing the TNFD framework to understand its association with nature in order to shift to a nature-positive organization.

Scoping

To determine the scope of the LEAP assessment, FineToday decided to consider its value chain and examine “procurement (raw material production),” “manufacturing products,” and “use of products,” all of which are considered to have a significant relationship with natural capital.



Locate: Discovery of touchpoint with nature

Using ENCORE, a tool to assess nature-related risks and impacts on nature that individual sectors are exposed to, we clarified the impacts and dependencies on natural capital by individual sectors associated with the FineToday value chain. “Manufacturing raw materials” was assessed with ENCORE’s tool for large-scale rainfed arable crops, and “manufacturing products” was assessed with its tool for personal products. Since there was no appropriate classification, “use of products” was assessed uniquely using a method established by us.

Evaluate: Evaluation of dependencies and impacts

Based on the impacts and dependencies assessment by ENCORE, we examined those included in the FineToday value chain. In regard to “use of products,” we assessed impacts only since no dependencies were expected. The results of the assessment are shown below:

Impacts on Natural Capital in Value Chain

	Input (Use)		Output (Pollution)					
	Use of terrestrial ecosystem	Use of water	GHG emissions	Non-GHG air pollutants	Water pollutants	Soil pollutants	Solid waste	Microplastics
Manufacturing raw materials		NA		NA			NA	NA
Manufacturing products	NA							NA
Use of products	NA			NA	NA	NA		
Materiality								
Very High High Medium Low NA								

Value Chain Dependencies on Natural Capital

* Since “manufacturing raw materials” is indirect involvement, only those items evaluated as “high” were assessed with the ENCORE tool.

	Direct physical input			Promotion of manufacturing			Mitigation of direct impacts					Prevention of collapse	
	Textile and other materials	Ground water	Surface water	Pollination	Soil quality	Water circulation	Buffering and attenuation of mass flows	Climate regulation	Dilution by atmosphere and ecosystems	Disease control	Hazardous substance control	Flood and storm protection	Mass stabilization and erosion control
Manufacturing raw materials	NA	NA	NA						NA				
Manufacturing products				NA	NA	NA	NA	NA		NA	NA	NA	NA
Materiality													
Very High High Medium Low NA													

Since “manufacturing raw materials” is indirect involvement, only those items evaluated as “high” were assessed with the ENCORE tool.

Assess: Assessment for risks and opportunities

We examined items assessed as “medium” for impacts and dependencies of “manufacturing raw materials,” “manufacturing products,” and “use of products” to comprehensively understand the state of transition risks (policy and legal risks/ market risk/ technology risk/ reputation risk), physical risks (acute risk/ chronic risk), corporate performance opportunities (markets/ capital flow and fund procurement/ resource efficiency/ products and services/ reputational capital/ resilience), and sustainable performance opportunities (sustainable use of natural resources/ ecosystem conservation, restoration, and regeneration), and identified material risks and opportunities.

Prepare: Preparation for responses and reports

We sorted responses to material risks and opportunities regarding “manufacturing raw materials,” “manufacturing products,” and “use of products” identified through assessment using the SBTN’s AR3T framework, and identified priorities as shown below:

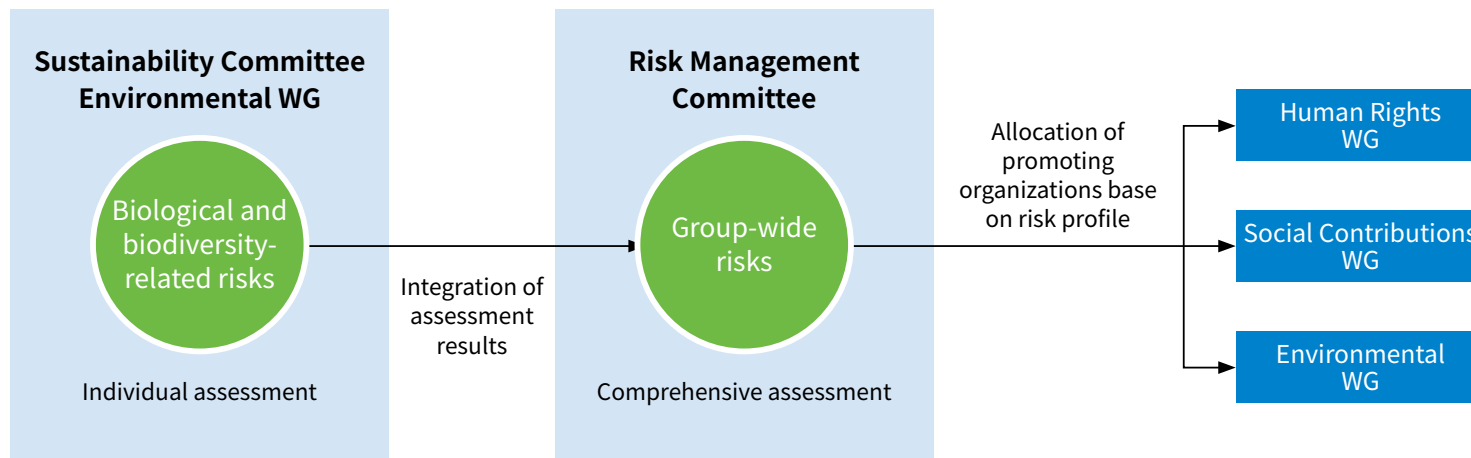
	Classification (Risks/ Opportunities)		Expected Risks and Opportunities	Priority Responses
Manufacturing raw material	Transition risk	Policy	Increasing the costs of countermeasures due to the expansion of regulations such as EUDR, and increasing difficulty in procurement	Promoting procurement of environmentally-friendly raw materials such as RSPO certified palm oil, etc.
		Market	Decreasing the sales of products that are non-compliant with RSPO certification, etc.	
		Reputation	Reputational damage due to the continued use of palm oil resources despite its effect on deforestation	
	Opportunity	Market	Increasing demand for products that are made from sustainable raw materials certified by RSPO, etc.	
		Reputational capital	Reputational benefit through the use of sustainable raw materials	
	Physical risk	Acute	Increasing costs due to damage to agricultural products caused by flooding and other natural disasters	Decentralized procurement
Manufacturing product	Opportunity	Market	Increasing demand for products made from raw materials produced with attention to reducing pollution, such as environmentally-friendly agriculture	Promoting raw material procurement through regenerative and organic agriculture
		Reputational capital	Reputational benefit through the use of raw materials produced with attention to reducing pollution	
	Transition risk	Policy	Increasing cost of countermeasures due to the need for reducing water use	Increasing water-use efficiency in manufacturing process/ reuse of water
	Opportunity	Resource efficiency	Improving the business continuity and reducing costs through the improvement of water-use efficiency	
	Opportunity	Policy	Increasing costs due to the need for visualization and the reduction of GHG emissions	Reducing GHG emissions in the manufacturing process
		Market	Increasing demand for low-carbon footprint products	
		Resource efficiency	Decreasing costs by reducing GHG emissions and implementing other energy-saving measures	
	Opportunity	Reputational capital	Reputational benefit from reducing GHG emissions	Reduction of waste in the manufacturing process
		Policy	Increasing costs due to the need for waste control	
	Opportunity	Resource efficiency	Decreasing costs by reducing waste in the manufacturing process	
Use of products	Opportunity	Policy	Increasing costs due to the need for visualization and the reduction of GHG emissions	Reduction of pollutants in the manufacturing process
		Resource efficiency	Decreasing costs by reducing pollutants in the manufacturing process	
	Opportunity	Market	Increasing costs due to the need for reducing water use	Development of products that do not require water or that require less water when using
		Reputational capital	Improving business continuity and reducing costs through the improvement of water-use efficiency	
		Policy	Increasing costs due to the need for visualization and the reduction of GHG emissions	Development of products that do not use require hot water or use low-temperature warm water
		Market	Increasing demand for products that do not require hot water when using	
	Opportunity	Capital flow and fund procurement	Support from financial institutions for GHG emission reduction	
		Reputational capital	Reputational benefit from reducing GHG emissions	

3

Risk and Impact Management

As the business environment surrounding companies has become diverse and complex, FineToday identified the “integration of risks and opportunities” as a material issue, and appropriately manages intangible factors that interfere with the improvement of corporate value, including those related to natural capital, Group-wide under the supervision by the Risk Management Committee, which holds meetings four times a year.

The Sustainability Committee assess the risks and impacts related to natural capital to identify them and provide appropriate management. The processes for identifying and managing natural capital-related risks are integrated with the organizational risk management processes by the Risk Management Committee. The Sustainability Committee identifies and reports the natural capital-related risks to the Risk Management Committee secretariat and manage them as Group-wide risks.



(As of May 2025)

FineToday has been collecting data from its manufacturing, sales and brand marketing bases since 2021 to understand the impacts of its business activities on the environment.

As of May 2025, FineToday collects nature-related data from 10 domestic and 33 overseas bases to visualize environmental performance, and discloses the data through its sustainability reports and websites.

Current Status of TNFD Core Global Disclosure Metrics for Nature-related Dependencies and Impacts

No.	Impact drivers	Metrics	Actual Value
C1.0	Land/ freshwater/ ocean-use change	Total spatial footprint	Land area of manufacturing bases, etc.
C1.1		Land/ freshwater/ ocean-use change	FTI: Approx. 100,000m ² FTIV: Approx. 70,000m ²
C2.0	Pollution	Soil pollution	No soil pollution
C2.1		Wastewater discharge	Amount of wastewater discharged: See the ESG data
C2.2		Waste	Waste disposal: See the ESG data
C2.3		Plastic pollution	Total plastic consumption: See the ESG data
C2.4		Non-GHG air pollutants	Amount of NOx discharged: See the ESG data
C3.0	Resource use	Water withdrawal and consumption from areas of water scarcity	No business performed in areas of water scarcity
C3.1		Quantity of high-risk natural commodities sourced from land/ ocean/ freshwater	Palm oil consumption: See the ESG data
C4.0	Invasive alien species introduction	Measures against unintentional introduction of invasive alien species	Not applicable
C5.0	State of Nature	Ecosystem condition/ Species extinction risk	Currently no measures in place

Disclosure:

Sustainability website ▶▶▶ <https://www.finetoday.com/en/sustainability/>

Sustainability Report (ESG data) ▶▶▶ <https://www.finetoday.com/en/sustainability/sustainability-report/>

Current Status of TNFD Core Global Disclosure Metrics for Nature-related Risks and Opportunities

No.	Drivers of impact	Metrics	Actual Value
C7.0	Risks	Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related transition risks	No measures in place
C7.1		Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related physical risks	
C7.2		Description and value of significant fines/ penalties received/ litigation action in the year due to negative natural capital-related impacts	Not applicable
C7.3	Opportunities	Amount of capital expenditures deployed towards nature-related opportunities	No measures in place
C7.4		Revenue from products producing positive impacts on natural capital	

Targets

We set KPIs and targets for four items in regard to Planet, one of our material domains, and apply the PDCA cycle to ensure.

Material Issues	Commitments	Initiatives	KPIs	Target Value	Achievement year
Response to climate change	We will reduce the volume of CO ₂ emitted through our business activities by using renewable energy and installing energy-efficient equipment. We will reduce the volume of CO ₂ emitted through the use of our products and services by providing eco-friendly products and promoting eco-friendly practices. We will reduce CO ₂ emissions at the procurement stage by promoting supplier engagement and purchasing raw materials that emit low volumes of CO ₂ .	Reduce greenhouse gas (GHG) emissions	Scope 1,2 emissions reduction rate (compared to 2021)	42%	2030
			Scope 3 emissions reduction rate (compared to 2021)	25%	2030
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.	Sustainably procure raw materials (mainly palm oil)	Sustainable palm oil procurement	100%	2030
		Sustainable containers and packaging (mainly plastic)	Percentage of sustainable containers and packaging	100%	2030
			Reduction rate of petroleum-derived virgin plastic used in primary containers (Per unit compared to 2022)	25% or higher	2030
		Conserve water resources in our production activities	Reduction rate of water intensity (compared to 2021)	10%	2030

Participation in External Initiatives

Participation in External Initiatives

Task Force on Climate-Related Financial Disclosures (TCFD)

Endorsed in June 2022

<FineToday Co., Ltd.>



Task Force on Climate-Related Financial Disclosures (TCFD)

Consortium joined in December 2023

<FineToday Co., Ltd.>



Science Based Targets initiative (SBTi)

Certified for “1.5°C target” in January 2024

<FineToday Co., Ltd.>



UN Global Compact

Signed in April 2022

Also joined Global Compact Network Japan at the same time

<FineToday Co., Ltd.>



Roundtable on Sustainable Palm Oil (RSPO)

Joined in April 2022

<FineToday Co., Ltd.>



Women's Empowerment Principles (WEPs)

Signed in March 2022

<FineToday Co., Ltd.>

In support of

**WOMEN'S
EMPOWERMENT
PRINCIPLES**

Established by UN Women and the
UN Global Compact Office

Taskforce on Nature-related Financial Disclosures (TNFD)

Forum joined in October 2024

<FineToday Co., Ltd.>



Japan Clean Ocean Material Alliance (CLOMA)

Joined in May 2025

<FineToday Co., Ltd.>



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