

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/>

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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. 16) 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. As a result of supplier assessment conducted in FY2022, no high-risk suppliers subject to remedy or third-party audits were identified.

– Overview of FY2022 supplier assessment

Assessment was conducted by the contractor, Shiseido Co., Ltd., and the scope of the following result is limited to the suppliers* related to the FineToday Group.

Percentage of suppliers that signed the Supplier Code of Conduct	100%
Percentage of suppliers whose contracts contain provisions on the environment, labor, or human rights	100%
Percentage of suppliers that underwent CSR assessments	100%
Percentage of suppliers that underwent CSR audits	0%
Percentage of suppliers undergoing auditing or assessment that were subject to remedy	0%

* Packaging-materials, raw-materials, OEM, and ODM suppliers

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 issues are deeply involved in sustainable procurement. In FY2022, FineToday provided all employees with training on human rights and compliance through e-learning, as well as holding two seminars led by outside instructors for employees in sections that require in-depth understandings of the relationship between business and human rights.

In March 2023, together with training on human rights and compliance, FineToday surveyed all employees on potential human-rights issues in the supply chain. This survey served as the initial assessment stage, and its findings were analyzed to identify issues concerning human rights in the organization. As a next step, FineToday Group will study and implement policies to respond to the issues identified.

Reference p. 36: Status of education and training on human rights