

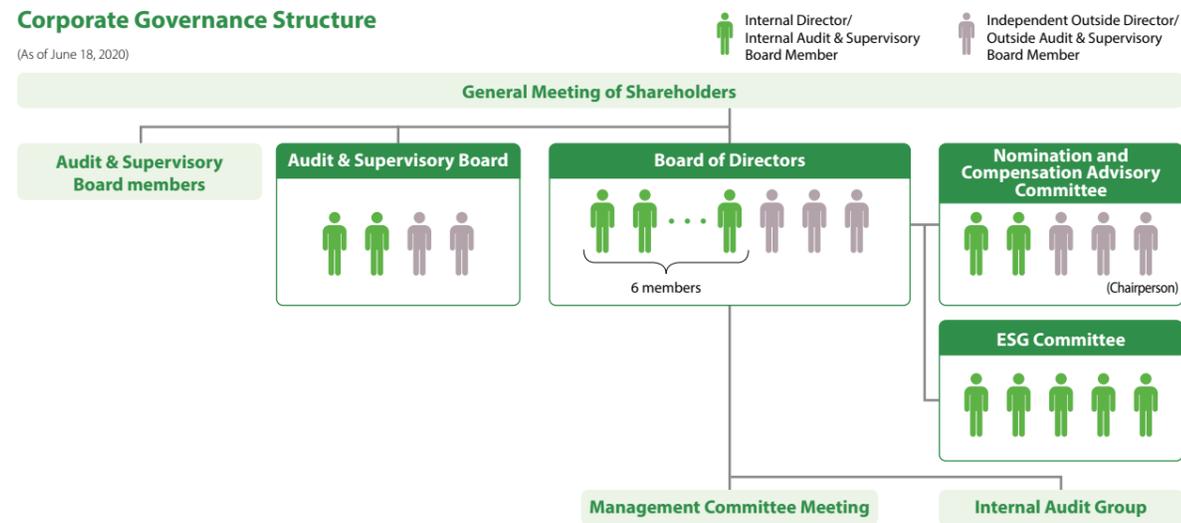
Corporate Governance

Basic Approach

The Fuji Oil Group has established the Fuji Oil Group Management Philosophy to serve as a universal policy for the operation of its business and as a foundation for conducting its business activities. To realize the principles set forth in the Group Management Philosophy, we have declared the strengthening and reinforcement of corporate governance as one of our priority issues for management. Through the realization of effective corporate governance, the Company aims to prevent the occurrence of situations that could harm its corporate value, including violations of laws and regulations, fraud, or misconduct, as well as promote sustainable growth and increase its medium- to long-term corporate value. Therefore, corporate governance is a vital framework for meeting the expectations of our stakeholders, including shareholders, clients and business partners, Company executives and employees, and greater society, ensuring fair and rapid decision-making.

Corporate Governance Structure

(As of June 18, 2020)



Status of Corporate Governance

(As of June 18, 2020)

Company Name	Fuji Oil Holdings Inc.	Organizational System				Pure Holding Company
Institutional Design	Company with an Audit & Supervisory Board	Number of Outside Directors				3 (including one woman)
Composition						
	Chairperson	Total	Internal Directors	Independent Outside Directors	Audit & Supervisory Board Members	Reference: Meetings during FY2019*1
Board of Directors	President (Hiroshi Shimizu)	13	6	3	4 (including 2 outside members)	16
Management Committee Meeting	President (Hiroshi Shimizu)	14*2	6	0	Observer	23
Nomination and Compensation Advisory Committee	Independent outside director (Kazuhiro Mishina)	5	2	3	Observer	15
ESG Committee	Internal director (Takashi Kadota, C"ESG"O)	5	5	—	—	3
Audit & Supervisory Board	Standing Audit & Supervisory Board member (Makoto Shibuya)	4	0	0	4 (including 2 outside members)	12

*1 April 2019 to March 2020

*2 Includes eight executive officers appointed by the president

(Reference) Disclosure of Information Regarding Corporate Governance
 • Corporate Governance Guidelines: https://www.fujioilholdings.com/en/ir/policies_and_systems/governance/
 A set of guidelines for executives and employees of the Fuji Oil Group for the achievement of sound corporate governance
 • Corporate Governance Report: https://www.fujioilholdings.com/en/ir/library/governance_report/
 Disclosure based on the principles of the Corporate Governance Code

Background to Reform of Corporate Governance Structure

In order to accelerate its decision-making process, the Fuji Oil Group transitioned to a pure holding company structure and separated the execution of business and the supervision of management, thereby delegating authority to its operating companies that serve as regional headquarters. Meanwhile, Fuji Oil Holdings plans strategies for Group management as well as managing and providing support to Group subsidiaries. We are constantly pursuing improvements to our corporate governance structure because we believe that functional and appropriate decision-making and business execution, as well as the strengthening of monitoring and supervisory functions of management, are critical to earning the trust and meeting the expectations of shareholders and other stakeholders.

(FY)

	2014	2015	2016	2017	2018	2019	2020
Separation of management supervision and business execution			● Transition to holding company structure Delegation of authority to regional headquarters				
Number of directors	● 12	● 10		● 8	● 9	● 10	● 9
Of whom, outside directors	● 1	● 2				● 3	
Committee	● Audit & Supervisory Board		● Establishment of Nomination and Compensation Advisory Committee and ESG Committee				
Evaluation of effectiveness of the Board of Directors				● Evaluation of effectiveness of the Board of Directors			
Compensation system	● Performance-linked compensation system		● Revision to amount of compensation of Audit & Supervisory Board members		● Formulation of Policy on Revisions to the Compensation System	● Implementation of performance-linked compensation system	
CEO succession plan						● Consideration of CEO succession plan	

Evaluation of Effectiveness of the Board of Directors

We evaluate the effectiveness of the Board of Directors in a manner that ensures objectivity and transparency with the aim of enhancing the function of the Board of Directors, strengthening corporate governance, and further improving corporate value. In FY2019, we conducted the evaluation based primarily on our progress on issues identified in the previous year's evaluation.

Results of Evaluation of Effectiveness in FY2017

Improvements

- Proactively engaged in efforts to improve governance
- Inaugurated the Board of Directors' meetings through leadership of President Shimizu and the insight of outside directors
- Established a culture that respects all opinions and ideas of directors and outside Audit & Supervisory Board members, and conducted open and lively discussions at the Board of Directors' meetings

Projected Improvements and Strengthening of Functions Going Forward

- Strengthen the supervisory function of the Board of Directors of the holding company
- Clarify the role of the Nomination and Compensation Advisory Committee and further improve its functions
- Enhance the diversity of the Board of Directors

Results of Evaluation of Effectiveness in FY2018

Improvements

Strengthened the diversity and clarified the roles of the Board of Directors through an increase in the number of outside directors and organizational reform (review of selection of corporate officer members and personnel)

Future Initiatives

Enhance Group governance in line with large-scale acquisition

Projected Improvements and Strengthening of Functions Going Forward

- Enhance discussions on medium- to long-term strategies and appropriately monitor their execution
- Clarify the roles and functions of the Nomination and Compensation Advisory Committee

Results of Evaluation of Effectiveness in FY2019

Identified Matters

- President Shimizu's strong leadership and the Board of Directors' sharp awareness toward improving governance
- Strong sense of urgency to transform into a global company

Issues to Address Going Forward

- Governance-related issues associated with global companies (strengthening of supervisory function as the Board of Directors of a holding company, etc.)

Overview of Evaluation

- Survey** : Conducted with 10 directors and four Audit & Supervisory Board members
- Interview** :
 - Reported to the president and CEO on the status of progress on issues
 - Asked general questions to one new outside director and one new outside Audit & Supervisory Board member
- Evaluation Process** : Third-party interviews and analysis of results based on anonymity

Question Topics

- Composition and structure of the Board of Directors
- Management and duties of the Board of Directors
- Matters for deliberation by the Board of Directors
- Supervisory function of the Board of Directors
- Status of structure and activities of the Nomination and Compensation Advisory Committee
- Status of activities concerning issues identified in the previous fiscal year

Discussion between Outside Directors

Path of Globalization of the Fuji Oil Group and Creation of Medium- to Long-Term Value

The Fuji Oil Group is rapidly globalizing its operations and reforming its management structure in its quest to become a staple in the global community. The following is a discussion between three outside directors on how they view this undertaking and the management issues they perceive. These individuals also offered advice for the Group to follow in the future.



Kazuhiro Mishina
Director
Independent Director



Yuko Ueno
Director
Independent Director



Hidenori Nishi
Director
Independent Director

Note: This three-way dialogue was conducted through an online system on June 1, 2020.

Mishina

I became a director at Fuji Oil in 2013. In the years that followed, I witnessed the Company's transition to the holding company system in 2015 and then proceeded to boldly embrace change on its quest to become a staple in the global community. One of the largest changes Fuji Oil has undertaken recently is its globalization efforts. Today, I would like to discuss the topic of the globalization of the Fuji Oil Group with Ms. Yuko Ueno, who became an outside director of the Company in 2018, and Mr. Hidenori Nishi, who took up the position of outside director in 2019.

First, I would like to hear your opinion on this subject, Ms. Ueno.

Ueno

At the Fuji Oil Group, overseas sales account for more than 60% of total revenue. Accordingly, the Group could be said to

be on its way to becoming a global conglomerate when you look at the numbers. Furthermore, the 2018 acquisition of Blommer Chocolate Company brought with it operations on par with those of the domestic operations of Fuji Oil. The fact that these operations are positioned overseas, in North America no less, means that this acquisition granted the Group a second major base of operations, placing it in a position in which it should be considering further globalization.

Looking at the Group as a whole, I sense a need to strengthen area-specific management systems given the Group's rapid globalization. The Group must also acquire the specialized insight and expertise required for post-merger integration of overseas companies along with the necessary human support. Another pressing task is the creation of global governance systems. Although the short-term performance of specific regions cannot be ignored, it is now important to foster management that can account for the

“ Although the short-term performance of specific regions cannot be ignored, it is now important to foster management that can account for the characteristics of specific regions and for market conditions from a long-term perspective. ”

characteristics of specific regions and for market conditions from a long-term perspective.

Nishi

You mentioned a long-term perspective. The way I see it, a sense of shared recognition has not been sufficiently established within the Fuji Oil Group with regard to fundamental concepts such as the type of global conglomerate it seeks to become and its concept of globalization.

For example, there are some food industry players that can be called global companies in terms of both name and substance that supply the same products in all regions of operation. Conversely, the Fuji Oil Group does not necessarily offer the same products in every region. Accordingly, it is only natural for the path of its globalization to differ from that of global companies with more cross-regional consistency in their product lineups.

One may then ask: What path should the Fuji Oil Group take in its globalization? As far as overarching direction, I believe that the Fuji Oil Group will be taking a global perspective toward markets, bringing management and corporate governance practices in line with global standards, while tailoring operations to specific regions. However, there is some doubt with regard to whether all employees are going about their daily work based on a shared recognition of this direction. It would no doubt be best for the Fuji Oil Group to move on to the next stage after it has first clarified its vision for the global conglomerate it wishes to become and shared this vision throughout the organization.

Mishina

In fact, when it comes to globalization, the Fuji Oil Group has been undertaking full-fledged overseas expansion since the 1980s. However, the globalization achieved through this expansion was limited to placing bases in China and other parts of Asia in order to acquire the raw materials needed for operating business in Japan at lower prices or to manufacture products in a more affordable manner. In other words, the Group was primarily expanding overseas for the purpose of capitalizing on the cost benefits of emerging countries.



The Fuji Oil Group's current globalization efforts, however, are something completely different. These efforts are aimed at claiming a share of the markets of developed countries, which represents a new approach toward globalization for the Group.

Moreover, prior globalization efforts were focused on businesses, with expansion into overseas markets, the establishment of bases and local joint ventures, and other aspects of operations performed on a by-business basis. Conversely, the Group's new globalization approach is based on regions. In this approach, regional headquarters are set up to oversee specific regions, and authority is delegated to these headquarters. The result is a system that allows for a more comprehensive effort to explore overseas markets as other businesses enter into markets where previously only individual businesses had operations.

As a result, the Fuji Oil Group is currently at a stage in which both of these globalization approaches are being advanced at the same time. This lends to your point, Mr. Nishi, that a shared recognition of globalization has not been established within the Fuji Oil Group.

Ueno

It is important for the Fuji Oil Group to advance a new globalization approach oriented around regions of operation. However, I feel that the idea that operations should be guided by Japan is still too strongly engrained in the Group. Regional headquarters need to directly head efforts to develop operations shaped based on the characteristics of their specific region. The creation of a system in which this is possible is of utmost importance to the Fuji Oil Group. Success in building these systems will hinge on the Group's ability to construct frameworks for collecting and tracking accurate information on local market conditions, needs, and consumer demand and using this information to stimulate demand within their respective regions. If, for example, foundations for healthy business activities based on a shared understanding of the Fuji Oil Group Management Philosophy can be established, it will enable locally hired employees to guide overseas operations as members of upper management.

Nishi

Tying this back to what Ms. Ueno said, the most important area needing to be changed in order for the Fuji Oil Group to advance its new approach toward globalization is how human resources are viewed and utilized. Based on my experience, I think I can be of help by utilizing my experience in global meetings. At such meetings, I could monitor the areas that the management of overseas companies are focusing on and the type of human resources needed to accomplish these aims and offer advice on how to evaluate and utilize human resources throughout the Group's management.

Mishina

On the subject of human resources, the Fuji Oil Group's previous globalization approach entailed positioning staff in Asia and other areas of overseas operation in order to transmit and entrench the operating practices used in Japan. Under the new approach, however, this situation is reversed—the Group is in need of human resources that can learn from their experiences overseas. Overseas regions present a scale that exceeds that of the Fuji Oil Group's conventional operations. For this reason as well, the ability to identify and cultivate individuals capable of learning from overseas business partners will be crucial to advancing this new globalization approach. Examples of what the Group must learn from such partners include how to view markets and project near-future trends as well as the specific methods of approaching certain types of customers that should be adopted based on this knowledge.

Ueno

The Fuji Oil Group excels at developing technologies. I therefore want to see the Group more fully capitalizing on its unique core technologies. Up until now, the Group has focused on developing products in response to the needs of the businesses that were its direct customers, gathering consumer information through these customers, in a model that had it serving consumers indirectly through such businesses. I therefore see a need for the Group to develop a business model that creates demand based on its core technologies going forward. For this purpose, it will need frameworks that enable it to gather consumer

information directly in order to identify the wants and needs of markets and share this information throughout the organization.

Fuji Oil opened UPGRADE Plant based kitchen in 2019. I believe that this establishment can function as a venue for co-creation with customers as Fuji Oil employees will be able to engage in business negotiations with the business operators that are its customers while watching consumers partake of dishes using soy meat and other ingredients. I suspect that this venue will provide a bridgehead for the shift toward demand creation-oriented product development.

Mishina

Up until now, the discussion has primarily focused on the issues facing the Group. However, I do not feel as though the Fuji Oil Group is behind its peers. Food trends originate from developed countries. Accordingly, the fact that the Group was able to develop a platform that gives it direct access to those countries through its new globalization approach is a significant success of this approach. Moreover, the Blommer acquisition enabled the Group to incorporate multinational companies and other players capable of influencing global food trends into its network.

The Group was also able to achieve operating profit exceeding ¥20.0 billion, a hurdle it had previously been unable to surpass. It is true that the Group's income growth had been stagnant for a number of years, but I feel that it has since been able to return to a growth track. This is another major success of the new globalization approach.

Yet another success of this approach was the progress made in management based on environmental, social, and governance (ESG) factors. In terms of environmental factors, Unifuji Sdn. Bhd., which commenced operation in the second half of 2018, will have an important role to play. Using the sustainable palm oils produced by United Plantations Bhd. and the Fuji Oil Group's fractionation technologies, this company manufactures high-value-added palm oil products, making the Group a forerunner in the field of palm oil among Japanese companies. Furthermore, in 2020 the Group declared its medium- to long-term commitment to running abreast with

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major overseas players in the cacao field. In this manner, the Group's initiatives are beginning to move toward a new stage.

As for social factors, the Group's ability to transmit information is improving. The Group is proactive in transmitting information pertaining to plant-based food solutions, whether it be UPGRADE Plant based kitchen, which Ms. Ueno mentioned just a moment ago, or the release of the *Mame-mage* series of soy milk-processed products made using the Ultra Soy Separation method. This proactive information disclosure extends to investor relations activities, which have seen an increased range of information provided to investors via integrated reports and other venues.

In regard to governance, we are seeing rapid progress. While I used to be the only outside director, we now have two more. Other advances have included the revision of office compensation systems and the separation of the oversight function of the Board of Directors from the execution function of the Management Committee Meeting. Meanwhile, vigorous debate is taking place in relation to such topics as standards for selecting and dismissing the CEO, the creation of a succession plan, and policies pertaining to the balance, diversity, and scale of the Board of Directors. Moreover, the new Board members that joined in fiscal 2020 were chosen based, in part, on the opinions of us outside directors.

Ueno

It is my impression that the Fuji Oil Group is very passionate about ESG management. Each Chief Officer has been assigned a specific ESG theme, and they evaluate progress in ESG initiatives based on their respective themes. The initiative and ambition of the Group rings through these efforts.

ESG management is now viewed as an essential practice expected of all global companies. For this reason, the Fuji Oil Group's advocacy of ESG management, and how President Shimizu is soliciting its importance both inside and outside of the Group, has significant meaning in terms of the Group's ability to grow on the global stage.

Nishi

I am truly amazed with President Shimizu's communication on ESG matters and the foresight this indicates. I also feel that the Group is engaged in various initiatives that are impressive even when looked at on a standalone basis. Unfortunately, the Group still lacks the autonomous frameworks for ensuring that such initiatives are advanced consistently on an ongoing basis.

Communication is vital to realizing such frameworks. It is, of course, important to implement initiatives of a high caliber. However, the ability to communicate those initiatives to stakeholders and receive feedback is equally important. Through such an ongoing process of communication, the Fuji Oil Group should be able to generate a virtuous cycle that delivers the type of resolutions to ESG issues that only it can.

This type of communication may not have been necessary when

the Fuji Oil Group was developing traditional business-to-business operations. At this time, the Company was likely primarily focused on communication with customers, neglecting to communicate with consumers or, in other words, society except for through its customers. It was probably not significantly motivated to devote such efforts and money toward communicating with society directly. Going forward, however, it will be absolutely essential for Fuji Oil to ramp up communication with consumers and the greater society and leave an impact on them if it is to promote ESG management and achieve sustainable growth.

The recent increase in interest in ESG management could be seen as an indication of a change in society's priorities. The global COVID-19 pandemic has made the idea of the “new normal” a topic of frequent discussion. Rather than the “new normal,” however, I prefer to think of it in terms of “new priorities.” As we move past this catastrophe, I expect that we will see even greater changes in society's priorities. As the Fuji Oil Group addresses these social trends, it might find itself needing to review its own management priorities.

Mishina

In closing, I would like for all of us to share what we hope to accomplish as outside directors. Ms. Ueno, would you please go first?

Ueno

The Fuji Oil Group is dedicated to empowering female employees, and this conviction is manifesting in a gradual increase in female representation in management positions. The ratio of women among overseas managers is also high, but ratios of women in senior management positions remain low both inside and outside of Japan. It is my hope that the Group will take steps to nurture the ambitions of female employees and heighten their career awareness to increase the number of women in senior management positions. Such improvement could be pursued by introducing job rotation programs to empower female employees and otherwise enhancing human resource development programs.

Meanwhile, it would be desirable for the Group to employ a wider range of individuals from the perspectives of promoting diversity and of cultivating future management candidates. Accordingly, as the Nomination and Compensation Advisory Committee discusses the development of succession plans, it should turn more attention to the talented human resources that can be found overseas. The Fuji Oil Group only stands to become stronger by growing into an organization that encourages contributions from diverse human resources.

I would also like members of the Fuji Oil Group to proactively form connections and collaborate with people outside of the organization who work in different fields and industries and are equipped with different skills. Communication and alliances with outside individuals with different backgrounds can give rise to creative innovation the likes of which has not been seen



before, thereby transforming businesses and shaping technological progress toward the future. In particular, I want to encourage people in technology and other R&D fields to embrace this approach.

The economic and social conditions surrounding companies are undergoing great change. Against this backdrop, as an outside director, I hope to adopt the perspectives of a diverse range of stakeholders to contribute to the ongoing growth and medium- to long-term improvement value of the Fuji Oil Group. I have experience in marketing, branding, and research and development. I therefore look to offer proactive advice to the Group at Board of Directors' meetings and other occasions in order to support it in recruiting and cultivating flexible human resources capable of responding to change and in providing an environment conducive to innovation.

Nishi

The Fuji Oil Group possess distinctive technologies and has developed a firm customer base in Japan. The Group thus had the option to continue developing its traditional business model, without pursuing substantial changes. However, it did not choose this option, rather electing to embrace challenges that would not have been faced in its previous business model through its global expansion, plant-based food solutions, and ESG management efforts. I became an outside director at Fuji Oil when it was in the process of tackling these challenges. I therefore want to do what I can to ensure that this undertaking can prove meaningful to members of the Fuji Oil Group as well as to its stakeholders.

Corporate governance tends to paint the image of passive initiatives, such as those pertaining to compliance. Quite the contrary, I believe that corporate governance initiatives have the potential to drive accelerated growth in corporate value. However, these initiatives can lack effectiveness if they are prefaced on the traditional view that only management should govern the company. The ability to effectively enhance corporate governance hinges on the extent to which a company is able to involve stakeholders in these efforts. The first step in involving stakeholders should be to increase the range of opportunities for dialogue with employees to shrink the distance between labor

and management and reform awareness. Through this process, efforts should also be made to have the internal staff of the Fuji Oil Group recognize us as members of the same team working toward the shared goal of improving corporate value. I am confident that such efforts will increase the effectiveness of corporate governance initiatives while helping shape governance systems that are meaningful and beneficial to society.

Mishina

The Fuji Oil Group Management Philosophy, established in 2015, states "work for people" as one of the Group's central values. I take this statement as being a simple explanation of the very core of the Group's business model. The process of addressing the issues faced by customers and creating product concepts that match their needs through diligent work and innovation is a source of profit. I think that Fuji Oil is a company that works for people in the truest sense as it is the success of its customers that drives its growth. This approach toward growth has continued to drive our commitment to the evolution of food.

People in areas such as Europe and the United States, areas where the Fuji Oil Group is striving to develop operations through its new globalization approach, often have an "if it's not broken, don't fix it" type of mentality. For this reason, it is not uncommon for popular products to continue to be sold as is, without any additional improvements. This situation presents an opportunity for the Fuji Oil Group to claim success. If the Group continues to adhere to its value of "work for people" on the global stage, thereby contributing to the evolution of food across the globe, I anticipate that it will become a presence that can drive change in such social tendencies and in people's views toward food.

In order to become such a presence, it will become more important than ever for the Fuji Oil Group to think about how it can reinforce its unique sense of identity, no matter where it is operating, and to foster solidarity within the Group. It will also be crucial for the Group to increase the number of employees that have a strong sense of identity as members of the Fuji Oil Group, regardless of their nationality or gender. ESG management is being enhanced as one facet of these efforts, and I feel that the role for us outside directors to play in supporting corporate governance is growing ever larger. Recognizing this fact, I hope to contribute to the Fuji Oil Group as a member of the same team, working toward the shared goal of improving corporate value, as articulated by Mr. Nishi.

“ The ability to effectively enhance corporate governance hinges on the extent to which a company is able to involve stakeholders in these efforts. ”

The Role of the Board of Directors

Duties of the Board of Directors

The Fuji Oil Holdings Corporate Governance Guidelines stipulate that in accordance with the provisions of the Companies Act, the Board of Directors shall supervise the execution of duties of Managing Directors and Executive Officers, along with deciding on the execution of important business matters of the Company.

Main Agenda Items of the Board of Directors

While there are several items to be determined, discussed, and reported on by the Board of Directors, the main items are as follows. (The items listed below are examples.)

① Matters regarding laws and resolutions of the Companies Act, etc. (Determination of agenda items at the General Meeting of Shareholders, etc.)

Discussions are held in a lively manner while considering plans for the future and resolving and deliberating on agenda items.

② Discussions on matters regarding long-term strategies and sustainability, etc.

Discussions are held in a lively manner on matters pertaining to long-term business strategies and sustainability initiatives, which are deemed necessary to realizing sustainable improvements in corporate value, and decision-making related to the execution of business is delegated to executive officers.

③ Matters regarding continued deliberation by the Board of Directors through cooperation with advisory committees (Review of executive compensation system, succession plan, etc.)

Matters consulted by the Board of Directors with the Nomination and Compensation Advisory Committee are reported by the Nomination and Compensation Advisory Committee and deliberated by the Board of Directors in a timely manner. At the General Meeting of Shareholders held on June 18, 2020, a resolution was passed for a revision to the executive compensation system and, as a result, a performance-linked compensation system for managing directors was introduced.

④ Status of progress of strategies and measures of the Group and operating companies and medium-term management plan

The status of progress of strategies and measures, including those discussed in this report, and of the medium-term management plan, is confirmed by the Board of Directors after receiving concrete reports from regional headquarters on their results, as well as their issues and measures going forward, in a timely manner.

⑤ Status of management of core operating companies (including reports on post-merger integration)

The status of management of core operating companies is reported, and the status of progress of structural reforms, including their issues and details of measures going forward, is confirmed, in a timely manner.

⑥ Status of internal control, risk management, and compliance implementation

The status of implementation of internal control in accordance with reports from the Internal Audit Group, etc., is confirmed, and the progress of development and operation of the risk management system is monitored. Furthermore, the importance and the status of improvement plans, including recurrence prevention measures, concerning issues pertaining to safety, quality, compliance, etc., arising at operating companies are verified.

Approach to Diversity of the Board of Directors

The Company currently has nine directors (of whom three are independent outside directors, including one female director), and therefore one-third of all directors are outside directors. At the Fuji Oil Group, we deem the importance of ensuring diversity of the Board of Directors (including gender, nationality, and expertise) when selecting director candidates. We strive to ensure the objectivity and transparency of the candidate selection process based on the reports of the Nomination and Compensation Advisory Committee, which is chaired by an outside director.



Director Compensation System

FY2019: Amount and Calculation Method of Director Compensation

Items	Method used in FY2019	
	Board of Directors	Audit & Supervisory Board members
Decision procedure	Within the total amount resolved at the General Meeting of Shareholders • Amount of annual compensation for directors of up to ¥600 million (Of which, the amount of annual compensation for an outside director is up to ¥30 million. Includes bonuses of directors and excludes the portion of employee compensation for directors who concurrently serve as employees)	Within the total amount resolved at the General Meeting of Shareholders • Amount of annual compensation for Audit & Supervisory Board members of up to ¥100 million
Compensation	Determined by a resolution of the Board of Directors upon reports from the Nomination and Compensation Advisory Committee Fixed compensation (monthly salary*) + Short-term performance-based bonus (bonus based on individual and company performance**) Note: Outside directors only receive fixed compensation.	Discussion among Audit & Supervisory Board members Fixed compensation (monthly salary***)

*1 Annual compensation according to position and responsibilities, with reference to survey data from external agencies
 *2 Takes into consideration factors such as short-term results, business environment, stock price and dividend trends
 *3 Appropriate level for roles and duties using survey data from external agencies. In consideration of independence, fixed compensation is based on responsibilities and full-time or part-time duties.

Total Amount of Compensation by Position, Total Amount by Type of Compensation, and Number of Eligible Recipients

Position	Total amount of compensation (millions of yen)	Total amount by type of compensation (millions of yen)				Number of eligible recipients (persons)
		Base compensation	Stock option	Bonuses	Retirement benefits and provision for retirement benefits	
Directors (excluding outside directors)	295	202	—	92	—	7
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	54	54	—	—	—	2
Outside directors/Outside Audit & Supervisory Board members	51	51	—	—	—	6

Notes: 1. The above includes compensation for one outside Audit & Supervisory Board member who retired at the conclusion of the 91st Ordinary General Meeting of Shareholders.
 2. The above includes bonuses for directors for fiscal 2019.
 3. The above total amount of compensation of directors does not include employee compensation for directors who concurrently serve as employees.

New Director Compensation System, Effective as of FY2020 (Introduction of performance-based compensation system)

In accordance with the basic policies related to corporate governance, the Company has decided to revise its director compensation system in order to promote sustainable improvements in the Group's corporate value and the sharing of value with stakeholders, as well as to allow directors to appropriately carry out their duties related to management supervision and business execution.

After continuous discussions concerning the role of director compensation by the Nomination and Compensation Advisory Committee, which consists mainly of outside directors, and upon deliberations by the Board of Directors, we introduced a new director compensation system that further clarifies the relationships between director compensation and the Company's business performance and equity value.

Current System

Position	Base compensation (Fixed compensation)	Bonuses
Director (Internal)	✓	✓
Director (Outside)	✓	—

Basic compensation (ratio when the performance-based coefficient is 1.0)

Fixed compensation	Performance-based compensation
Base compensation 72%	Bonuses 28%

- Goals**
- Further clarify the relationships between director compensation and the Company's business performance and equity value
 - Heighten the awareness of directors regarding their contribution to improving the Company's business performance and corporate value over the medium to long term through their sharing of risks and interests regarding stock price fluctuations with shareholders

New Director Compensation System

Position	Base compensation (Fixed compensation)	Performance-based Compensation (Bonuses)	
		Stock-based compensation	—
Director (Internal)	✓	✓	✓
Director (Outside)	✓	—	—

Basic compensation (ratio when the performance-based coefficient is 1.0)

Fixed compensation	Performance-based compensation
Base compensation 62%	Compensation (Bonuses) 21% Stock-based compensation 17%

Performance-Based Compensation (Bonuses)

Objective

- Heighten awareness regarding improvements to business performance every fiscal year

Amount of Individual Payment

Amount of Base Compensation by Position

• FY2020
 Standard KPI: Consolidated operating profit of ¥23.7 billion in FY2020
 Note: Amount of base compensation in the case of 100% achievement of standard KPI

Position	Base compensation	Eligible directors
Director (President)	¥19.0 million	1
Directors (Senior)	¥9.5 million	3
Directors	¥7.6 million	2

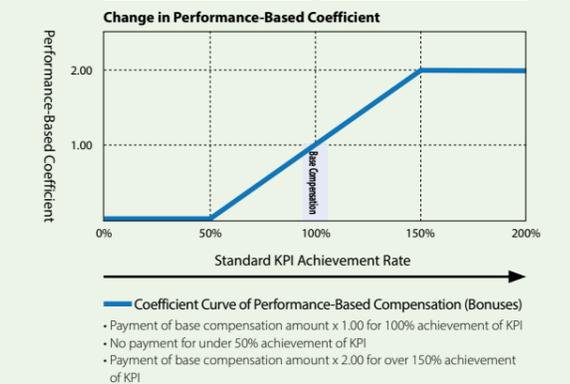
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Performance-Based Coefficient

KPI achievement ratio	Performance-based coefficient
150% or more	2.00
50%–150%	$(\text{Actual KPI} + \text{Standard KPI} - 0.5) \times 2$ Round up to two decimal places.
Less than 50%	0

• KPI achievement ratio = Actual KPI ÷ Standard KPI × 100
 • Actual KPI = Actual amount of consolidated operating profit for the fiscal year under review
 • Standard KPI = Standard amount of consolidated operating profit for the fiscal year under review

KPI	Consolidated operating profit
Determination of amount and payment	Amount of compensation is determined according to the performance results of the fiscal year under review and paid in the following fiscal year
Total amount of payment	Up to ¥200 million
Maximum amount of individual payments to directors	Director (President) ¥50 million Directors (Senior) ¥25 million Directors ¥20 million



Performance-Linked Compensation

Objectives

- Further clarify the link between director compensation and the Company's business performance and equity value, and heighten the awareness of directors regarding their contribution to improving the Company's business performance and corporate value over the medium to long term through their sharing of risks and interests regarding stock price fluctuations with shareholders
- Expand the sharing of value with stakeholders by heightening awareness regarding improvements to business performance every fiscal year

Points Awarded for Individual Payments

Amount of Base Compensation by Position

• FY2020
 Standard KPI: FY2020 EPS target of ¥192
 Note: Amount of base compensation for 100% achievement of KPI

Position	Base compensation	Eligible directors
Director (President)	¥17.3 million	1
Directors (Senior)	¥8.7 million	3
Directors	¥6.9 million	2

Performance-Based Coefficient

KPI achievement ratio	Performance-based coefficient
175% or more	2.00
25%–175%	$(\text{Actual KPI} + \text{Standard KPI} - 0.25) \times 1.33$ Round up to two decimal places.
Less than 25%	0

• KPI achievement ratio = Actual KPI ÷ Standard KPI × 100
 • Actual KPI = Actual amount of net income per share (EPS) for the fiscal year under review
 • Standard KPI = Standard amount of net income per share (EPS) for the fiscal year under review
 Note: Amount of compensation will be reduced by 10% when the consolidated ROE is 5% or below.

Price of Company Shares Acquired by Trust

For shares acquired by the trust, the method of acquisition, the number of acquired shares, and the price of acquired shares are determined at the meeting of the Board of Directors and disclosed to the public on the same day.

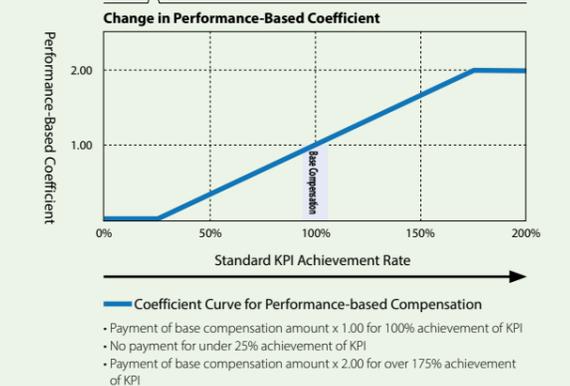
Acquisition Method

Acquisition method	Price of acquired shares
Disposal of treasury stock held by the Company	Closing price of Company shares on the Tokyo Stock Exchange (TSE) on the business day prior to the meeting of the Board of Directors to determine third-party assignment (shares incorporated into trust) under the system
Stock exchange market (including after-hours trading)	Price of Company shares purchased from stock exchange market after determination of share acquisition under the system at the meeting of the Board of Directors

Awarding Method
(Thousand points)

Position	Maximum number of points
Director (President)	25.0
Directors (Senior)	12.5
Directors	10.0

KPI	Single-year consolidated EPS and ROE
Overview of system	Under this stock-based compensation system, Fuji Oil Holdings will establish a trust, which will hold the assets to be paid as performance-based compensation. The trustee will purchase shares in Fuji Oil Holdings, hold the shares, and then deliver them to each director in an amount commensurate with the points the director has earned. Under this system, 1 point shall be equivalent to 1 share. In principle, upon retirement of the director
Eligibility period	Maximum amount: ¥200 million per fiscal year Maximum number of points awarded to eligible recipients: 100,000 points per fiscal year
Maximum amount of trust principal	



Directors, Audit & Supervisory Board Members, and Executive Officers

(As of June 18, 2020)

Directors



Hiroshi Shimizu
President
Chief Executive Officer (CEO)
Born July 1, 1953

Apr. 1977 Joined the Company
Jun. 2004 Director
Apr. 2013 President and Chief Executive Officer (CEO) (to present)
Oct. 2015 Chief Executive Officer (CEO) (to present)

Mr. Hiroshi Shimizu was appointed as a director in June 2004 and has acted as President and CEO since April 2013. During the transition to a pure holding company in October 2015, he directed the reform of the management system and set the foundation for realizing the improvement of corporate value through sustainable growth of the Group, by delegating authority to regional headquarters and by strengthening overall governance functions in the Group.



Mikio Sakai
Director
Senior Executive Officer
Chairman of Blommer Chocolate Company
President of Fuji Specialties, Inc.
Born October 6, 1959

Apr. 1983 Joined the Company
Jun. 2015 Director (to present)
Apr. 2019 Senior Executive Officer, Chairman of Blommer Chocolate Company (to present)
Apr. 2020 President of Fuji Specialties, Inc. (to present)

Mr. Mikio Sakai has experience as president of important subsidiaries of the Group in regions such as China and the U.S. and was appointed as a director in June 2015. He later served as Chief Strategy Officer, and since April 2019, he has taken the lead in the international business by making full use of his business execution and management capabilities as Chairman of Blommer Chocolate Company, which is the Company's core chocolate business in North America.



Tomoki Matsumoto
Director
Senior Executive Officer,
Chief Financial Officer (CFO)
Born December 20, 1960

Apr. 1985 Joined the Company
Jun. 2015 Director (to present)
Oct. 2015 Chief Financial Officer (CFO) (to present)
Apr. 2019 Senior Executive Officer (to present)

Mr. Tomoki Matsumoto has a wealth of business experience mainly in finance, accounting, and corporate planning, and was appointed as a director in June 2015. He has served as Chief Financial Officer since October 2015, when the Company made the transition to a pure holding company structure, and has contributed to the proactive disclosure of Company information.



Tatsuji Omori
Director
Senior Executive Officer
President of Fuji Oil Co., Ltd.
Born April 28, 1960

Apr. 1983 Joined the Company
Apr. 2017 President of Fuji Oil Co., Ltd. (to present)
Jun. 2017 Director (to present)
Apr. 2019 Senior Executive Officer (to present)

Following many years of experience working in the Sales Department, Mr. Tatsuji Omori served as president of a Group subsidiary in China and general manager. Since April 2017, he has taken the lead in domestic business by making full use of his business execution and management capabilities as President of Fuji Oil Co., Ltd., which is the core of the Group companies.



Takashi Kadota
Director
Senior Executive Officer,
Chief "ESG" Officer (C"ESG"O)
Born April 2, 1959

Apr. 1985 Joined the Company
Jun. 2018 Director (to present)
Apr. 2019 Chief "ESG" Officer (C"ESG"O) (to present)
Senior Executive Officer (to present)

Mr. Takashi Kadota has worked in the engineering development department for a long period of time; has been responsible for overseeing safety, quality, and production; and has spent time living in the United States and China. Since April 2018, he has been in charge of safety, quality, and environmental strategies for the Group as Chief Quality Officer of the Company. Since April 2019, he has been responsible for promoting ESG management as Chief "ESG" Officer.



Takeshi Takasugi
Director
Senior Executive Officer,
Chief Administrative Officer (CAO)
Born July 16, 1959

Apr. 1982 Joined ITOCHU Corporation
Apr. 2017 Joined the Company
Apr. 2019 Senior Executive Officer (to present)
Apr. 2020 Chief Administrative Officer (CAO) (to present)
Jun. 2020 Director (to present)

Mr. Takeshi Takasugi has experience working in sales and management within the food sector for a major Japanese trading company and is well versed in overseas business. After joining the Company, he was involved in the development of its overseas business and served as the president of regional headquarters in the Americas. He has a wealth of experience in the food business in both Japan and overseas, and has been in charge of promoting global management for the Group as the Chief Administrative Officer (CAO) since April 2020.



Kazuhiro Mishina
Director*¹
Independent Director
Born September 23, 1959

Sep. 1989 Assistant Professor, Harvard Business School
Apr. 1997 Assistant Professor, The School of Knowledge Science, Japan Advanced Institute of Science and Technology
Oct. 2004 Professor at Graduate School of Business Administration, Kobe University (to present)
Jun. 2012 Outside Director, NICHIREI CORPORATION
Jun. 2013 Outside Director (to present)
Jun. 2016 Outside Director, Nippon Paint Holdings Co., Ltd.

Mr. Kazuhiro Mishina is an academic who has years of experience in the forefront of corporate economic research such as corporate strategies and theory of corporate managers. He has not directly engaged in corporate management, but he works as an outside director at multiple companies and has highly specialized knowledge along with a wealth of experience.



Yuko Ueno
Director*¹
Independent Director
Born July 7, 1954

May 1981 Established World Design Corporation
Sep. 2010 President and CEO of Ueno Distribution Strategy Laboratory Co., Ltd. (to present)
Jun. 2016 Councilor of Incorporated Educational Institution Kobe Shoin Women's University
Jun. 2018 Outside Director (to present)
Apr. 2020 Trustee (part-time), Kobe University (to present)

Ms. Yuko Ueno has worked as a marketing consultant for many years, and has provided consultation to many companies and local government agencies, etc. In addition, she is involved in corporate management as a manager, works as an outside director for a listed company, and has a wealth of experience as well as an advanced level of insight.



Hidenori Nishi
Director*¹
Independent Director
Born January 6, 1951

Apr. 1975 Joined Kagome Co., Ltd.
Jun. 2009 President & Representative Director, Kagome Co., Ltd.
Jun. 2014 Chairman of the Board of Directors & Representative Director, Kagome Co., Ltd.
Jun. 2014 Outside Director, Nagase & Co., Ltd.
Jun. 2016 Chairman of the Board of Directors, Kagome Co., Ltd.
Jun. 2019 Outside Director (to present)
Jun. 2020 Outside Director, Terumo Corporation (to present)*²

Mr. Hidenori Nishi has worked for many years in a global food products business and has abundant experience as a corporate manager, a deep knowledge of marketing, and a high level of insight into the food industry, the Company's core business area. The Company believes that he can help strengthen the oversight of the Company's business execution and further enhance the effectiveness of the Board of Directors by utilizing his years of management experience and drawing on his current role as an outside director of a listed company.

Audit & Supervisory Board Members



Makoto Shibuya
Standing Audit & Supervisory Board Member
Born October 25, 1959



Takehiko Sumiya
Standing Audit & Supervisory Board Member
Born July 16, 1958



Ryuta Uozumi
Outside Audit & Supervisory Board Member*³
Independent Audit & Supervisory Board Member
Born February 24, 1948



Hirohiko Ikeda
Outside Audit & Supervisory Board Member*³
Independent Audit & Supervisory Board Member
Born June 21, 1960

Executive Officers

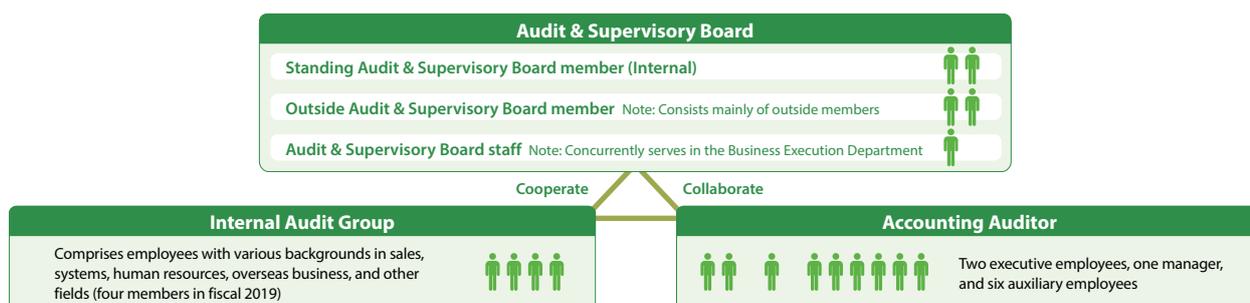
Haruyasu Kida	Senior Executive Officer	Chief Technology Officer (CTO)
Yasuhiro Maruhashi	Senior Executive Officer	Chief Strategy Officer (CSO) Member of the Board of Fuji Oil Co., Ltd.
Masataka Minemura	Executive Officer	President of Fuji Oil (China) Investment Co., Ltd.
Hiroshi Shinano	Executive Officer	Oils & Fats and Chocolate Division
Hitoshi Shindachi	Executive Officer	Managing Director of Fuji Oil Asia Pte. Ltd.
Naohiro Rokukawa	Executive Officer	Managing Director of Fuji Europe Africa B.V.
Kiyohito Suzuki	Executive Officer	PBFS (Plant-Based Food Solutions) Division
Akihiro Nakamura	Executive Officer	Research Institute for Creating the Future

*¹ Directors Kazuhiro Mishina, Yuko Ueno, and Hidenori Nishi are outside directors pursuant to Article 2 (3) (v) of the Ordinance for Enforcement of the Companies Act.
*² Appointed on June 25, 2020
*³ Outside Audit & Supervisory Board members Ryuta Uozumi and Hirohiko Ikeda are outside Audit & Supervisory Board members pursuant to Article 2 (3) (v) of the Ordinance for Enforcement of the Companies Act.

Initiatives on Enhancing the Effectiveness of Three-Way Audits

1. Cooperation between the Audit & Supervisory Board, Internal Audit Group, and Accounting Auditor (Three-Way Audit)

The Audit & Supervisory Board, Internal Audit Group, and Accounting Auditor conduct audits according to their respective roles and responsibilities, and share information, collaborate on audits of Group companies, and follow up on the results of audits together as a group. In this way, we have established a framework for strengthening the effectiveness of their audits.



2. Overview of the Audit & Supervisory Board's Audit Activities

The Audit & Supervisory Board has formulated an annual action plan by considering the risks and issues involved in the four areas of (1) directors' execution of duties, (2) business execution, (3) internal control, and (4) accounting audits. The audit activities of each area are outlined in the chart below. The Audit & Supervisory Board has provided advice and recommendations on the matters identified through these audit activities to the directors and the Business Execution Department.

Area	Audit & Supervisory Board members
Execution of Duties by Directors	<ul style="list-style-type: none"> Attendance at Board of Directors' meetings Interviews with other directors Exchange of opinions between Audit & Supervisory Board members and the director in charge (governance system, etc.) Holding of regular meetings with representative directors
Business Execution	<ul style="list-style-type: none"> Audit of headquarters, business sites, subsidiaries, etc. (domestic and overseas) Attendance as an observer at meetings of the Management Council Meeting Interview with the Business Execution Officer (department chair)
Internal Control	<ul style="list-style-type: none"> Explanations on internal audit plan and reports on audit results from the Internal Audit Group Holding of Liaison Committee meetings with the Internal Audit Group
Accounting Audits	<ul style="list-style-type: none"> Explanations on audit plan and reports on quarterly reviews and audit results from the accounting auditor on a regular basis Other meetings with the accounting auditor on an ad-hoc basis Implementation of accounting auditor evaluations

3. Key Auditing Issues and Activities in FY2019

Key Auditing Issues	Main Activities
1 Validity of decision-making process	Audits on Group Companies and Divisions Conducted a series of audits at each Group company based on interviews with the management team and division managers <ol style="list-style-type: none"> Japan: Eleven bases (seven Fuji Oil business sites, four domestic Group companies) and six functional divisions (operational control, safety and the environment, logistics, raw materials, human resources and general affairs, and ICT) Overseas: Five bases in three countries (Singapore, Indonesia, and China) Follow-up of Audit Results In addition to providing advice and recommendations to audited divisions, for any individually identified matters that may have an impact on the management of the entire Group, we presented these issues and provided recommendations to the President and CEO at regular meetings, and submitted for review to the heads of management all important matters and matters requiring improvement identified through audit activities during the year. Communication with Accounting Auditors and Assessment of Appropriateness of Accounting Audits On top of regular meetings with the accounting auditor on quarterly and year-end reviews and other matters, we held additional meetings to exchange opinions on key audit-related topics (16 meetings during the year). In addition, we assessed the impartiality of audit results from the accounting auditor in accordance with the Company's accounting auditor assessment standards and evaluated the appropriateness of his or her reappointment.
2 Confirmation of audit status by the accounting auditors of Group companies	
3 Confirmation of compliance promotion status	
4 Operational status of risk management system	
5 Other extraordinary circumstances (Confirmation of operational status at major Group companies, communication with accounting auditor on implementation of KAM (Key Audit Matters))	
6 Confirmation of consistency of details regarding ESG disclosed in the Integrated Report, Sustainability Report, Corporate Governance Report, and other materials	

4. Key Auditing Issues to Address in FY2020

In fiscal 2020, we will look to enhance the effectiveness of our audits even further by addressing such key issues as establishing an internal control system at major overseas Group companies, communicating with accounting auditors involved in KAM (Key Audit Matters), and assessing the post-COVID-19 status of operations at Group companies.