Vision
We seek to contribute to society by creating the future of delicious and healthy foods using our core technologies in oils & fats and soy.

Values
(The values that inform our actions)
- Safety, quality, and the environment
- Work for people
- Challenge and innovation
- Speed and timing

Our Principles
(Our Principles)

Mission
(Our reason for being)
The Fuji Oil Group seeks to develop the potential of food ingredients. We will contribute to the happiness and well-being of the people by offering delicious and healthy food.

Our shift to tropical oils, our pursuit of soy protein material... The growth of the Fuji Oil Group has contributed greatly to the pursuit of possibilities for food ingredients.

Amid global population growth, it is clear that the world will face a shortage of animal protein. It would be impossible for the Fuji Oil Group alone to prosper in an impoverished world. We cannot further explore plant oils and soy protein materials, or discover new ingredients to succeed these materials, without the capability for perseverance, mental fortitude, and creativity, mental fortitude, and perseverance, as well as the will to be conscientious and energetic. We will take up the challenge of transformation so that the Fuji Oil Group can continue to be needed by society, 50 and even 100 years into the future. We believe that our mission – that of pursuing, realizing, and deepening the possibilities for food ingredients in order to contribute to the joy of food and health – will itself lead to contributions to society and to the world.
The Group’s Major External Initiatives

- **Evaluation from Society (Abridged)**
  - **Editorial Policy**
    - The Integrated Report and the Sustainability Report are published each year to serve as communication tools between the Fuji Oil Group and its stakeholders.
    - The Integrated Report provides an overview of the Group’s business activities and outlines its medium- to long-term strategies. This information provides the basis for our series of discussions with all stakeholders, intended to enhance our corporate value. Moreover, the Sustainability Report is a supplementary resource for the ESG information contained in the Integrated Report. The Sustainability Report is intended to provide a wider range of stakeholders with comprehensive and honest information on our policies and initiatives concerning the impact of our business on the sustainability of society.

- **Integrated Report 2021** was prepared in accordance with the following editorial policy:
  - Provide information to investors and our wide range of other stakeholders within and outside the Group, enhancing their awareness of the Group’s business model, vision, and values.
  - Create a framework in the Group’s measures for strengthening its business by incorporating the views of stakeholders obtained through discussions, as well as on issues and matters that may be construed negatively by readers.
  - Form the basis of discussions between the Group and its stakeholders to strengthen mutual understanding and maintain a positive cycle of business improvements.

In accordance with these objectives, we have prepared our Integrated Report for the fiscal year ended March 31, 2021 by referencing the disclosure framework of the International Integrated Reporting Council (IIRC) and by understanding the correlation of information and our relationship with stakeholders.

- **Company Names**
  - Company names are presented as follows:
    - Fuji Oil Holdings: Fuji Oil Holdings Inc. (leading company), Fuji Oil Co., Ltd.
    - Regional headquarters in Japan: the Fuji Oil Group (the Group) All Group companies in Japan and overseas, including Fuji Oil Holdings Inc.

- **Period Covered**
  - Fiscal 2020 (April 1, 2020–March 31, 2021)

Details of some prior and more recent activities and initiatives are also included.

- **Forward-Looking Statements**
  - Forward-looking statements, such as earnings forecasts of the Fuji Oil Group and other projections contained in this report reflect the Group’s current analysis based on information available at the time of publication. Please be aware that actual results may differ from these forward-looking statements due to various factors such as economic trends and the environment surrounding the Group.

- **IR Special Award and Best IR Award for Encouragement in the 25th IR Award 2020 organized by the Japan Investor Relations Association**

External Initiatives

- **Scopes of Coverage**
  - Activities of the Fuji Oil Group

- **Company Names**
  - Company names are presented as follows:
    - Fuji Oil Holdings: Fuji Oil Holdings Inc. (leading company), Fuji Oil Co., Ltd.
    - Regional headquarters in Japan: the Fuji Oil Group (the Group) All Group companies in Japan and overseas, including Fuji Oil Holdings Inc.

- **Period Covered**
  - Fiscal 2020 (April 1, 2020–March 31, 2021)

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- **Forward-Looking Statements**
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The Fuji Oil Group at a Glance

Industrial Chocolate Business
- **Revenue (outer circle)** ¥162.4 billion / Ratio of Total Revenue 44.5%
- **Operating Profit (inner circle)** ¥7.6 billion / Ratio of Operating Profit 35.1%
- **Share (Company estimate)** Vegetable Fats for Chocolate (CBE)*: World’s top 3
- **Main Raw Materials** Cocoa, Sugar, Vegetable fats for chocolate
- **Annual Production Volume** Approx. 400,000 tons
- **Year of Establishment** 1950
- **Number of Employees (consolidated)** 5,679
- **Global Business Network** 15 countries and regions
- **Number of Consolidated Subsidiaries** 38

Soy-Based Ingredients Business
- **Revenue (outer circle)** ¥34.4 billion / Ratio of Total Revenue 9.4%
- **Operating Profit (inner circle)** ¥3.2 billion / Ratio of Operating Profit 14.6%
- **Share (Company estimate)** Soy Protein Ingredients: No. 1 in Japan
- **Main Raw Materials** Soy, Water-soluble soy polysaccharides
- **Main Product Line** Soy protein ingredients
- **Additional Products** Soy-based foods, Functional ingredients

**Notes:**
1. Data for total operating profit for each business segment includes Group administrative expenses.
2. Fiscal 2020 results reflect retroactively adjusted figures for soy milk and USS soy milk products, which were reclassified to the Emulsified and Fermented Ingredients Business as of fiscal 2021.

*Vegetable fats for chocolate with the same physical properties as cocoa butter

* Ultra Soy Separation manufacturing method, the world’s first soy separation and fractionation technology

* Vegetable fats for chocolate with the same physical properties as cocoa butter

* Includes Group administrative expenses (¥3.8 billion)
Message from the CEO

Mikio Sakai
President
Chief Executive Officer (CEO)
Fuji Oil Holdings, Inc.

Profile
Mr. Mikio Sakai joined the Fuji Oil Group in 1983. He has experience as president of major Group subsidiaries in regions such as China and the U.S. and was appointed as a director in June 2015. After serving as Chief Strategy Officer, in April 2019 he became Chairman of Blommer Chocolate Company, the Group’s core chocolate business in North America. He has held his current role as President and CEO since April 2021.

Introduction
First of all, on behalf of everyone at the Fuji Oil Group, I would like to express my deepest condolences to the many people around the world who lost their loved ones to the COVID-19 pandemic, which has yet to show signs of containment. I would also like to extend my heartfelt thoughts and prayers to those who contracted the virus and wish them a speedy recovery. And, of course, to the health-care workers and everyone else who bravely confront and protect all of us from this deadly virus—all I can say is thank you.

The COVID-19 pandemic has undoubtedly had a significantly negative impact on our financial results, but it has also served as a catalyst for detecting new issues. While we were fortunate to avoid the worst-case scenario of halting our plant operations, there still remain issues in regard to our response and its timeliness to uncertainties, such as changes in consumption patterns.

It is imperative that we make a renewed effort to revise the functions of Group headquarters and put a structure in place that enables us to underpin Group companies, which stand at the forefront of the changing business environment, by responding to their crises, accelerating their business growth, and offering our strong support. Fiscal 2021 saw partial amendments made to our regional management structure, including the appointment of a new CEO and CSO. I, Mikio Sakai, will lead the way as president and CEO and clarify the roles of Group headquarters and regional businesses and ensure that they fulfill their respective responsibilities, thereby enhancing the speed of our business management.

Review of Medium-Term Management Plan “Towards a Further Leap 2020”
Fiscal 2020 marked the final year of our four-year medium-term management plan “Towards a Further Leap 2020.” Over the course of this plan, we continued to expand our Industrial Chocolate Business through M&As aimed at the “reinforcement of core competence.” However, as a result of COVID-19 and other factors, we are well aware that in terms of profit, our results have been inadequate.

The biggest issue facing the Group from a business strategy perspective is the strengthening of profitability of the Industrial Chocolate Business. Despite investing nearly ¥100.0 billion since fiscal 2015 to expand its scale worldwide, the Industrial Chocolate Business has fallen short in meeting our initial expectations.

Blommer, a company and brand boasting a track record of nearly 80 years as well as solid sales capabilities, is experiencing sluggish growth due to the issue of production efficiency. Meanwhile, the company is also feeling the adverse effects of the industrywide unprofitability of cocoa mass. With our highest priority on improving productivity, we are increasing production capacity by 20% over the course of three years from fiscal 2021.

As for Harald, the Brazilian manufacturer of industrial chocolates was hit hard as a result of COVID-19 in the form of lower sales volume, in addition to the rising cost of raw materials stemming from the rapidly weakening Brazilian real. In spite of that, Harald posted its highest monthly production volume in February 2021, as measures to enhance productivity have begun to bear fruit. We will also break ground on Harald’s second plant, which was in our plans from the time we acquired the...
company, with the first stage of its construction slated to commence in 2021 and conclude in the latter half of 2022. Through such means, we will launch a counterattack with the aim of expanding our market share.

The Industrial Chocolate Business is a market that offers growth opportunities going forward. We will look to expand this business by proceeding further ahead with measures that firmly enhance our production and create Group synergies.

The management of raw material markets is essential to the Vegetable Oils and Fats Business. Fluctuations in the market for palm oil will have a significant impact on our results due to the critical nature of its role as a core ingredient of the business. We are working to enhance our precision for managing the position of raw materials within the Group, in addition to revising the Group’s portfolio, acquiring new raw materials, creating added value for its products, and enhancing its productivity. Our new plant in New Orleans, Louisiana, which is set to launch operations in fiscal 2021, is poised to achieve profitability right away and expand our presence in the North American region.

In the Emulsified and Fermented Ingredients Business, we will raise the standard of our products in order to differentiate them from those of our competitors in our markets of strength. In China, our differentiation strategies for bakery ingredients have become firmly entrenched, as efforts to raise the level of production capacity are proceeding ahead toward our continuous achievement of growth in this market. As for Japan, we will expedite the rollout of unique products centered on plant-based materials with the intention of improving profitability.

In the Soy-Based Ingredients Business, we launched and successfully proceeded with operations of our new Chiba Plant, which was established in fiscal 2020. In Japan, maintaining our high market share and working to expand this share is simply not enough. We must find ways to boost the value of each product and thereby continue to bolster our presence in this market. Meanwhile overseas, we will seek to grow our business in the European market as swiftly as possible through the development of new technologies and products centered on our polysaccharide plant in Germany, which is currently under construction, and our newest R&D center, which will be opened in Europe.

Resolution of Social Issues through Plant-Based Food Ingredients

At the Fuji Oil Group, all of our businesses and the products we create identify with our concept of Plant-Based Food Solutions (PBFS). Plant-Based Food Solutions demonstrate our unwavering commitment as “a company that resolves social issues through plant-based food ingredients.”

The sustainability of our manufacturing processes and the products manufactured therefrom, which pay due consideration to the global environment and human rights, is absolutely essential to resolving the issues of society through plant-based food ingredients. Accordingly, for raw material procurement, production, and other activities along the value chain that may have an adverse impact on society, the Fuji Oil Group declares medium- to long-term commitments, defines KPIs, and proceeds with measures based on these commitments and KPIs to mitigate adverse impacts on society and risks to its business.

Over the years, the Fuji Oil Group has continued to make intensive use of southern oils and fats and soybeans with its distinctive technology, affording it the opportunity to expand the possibilities of food through a variety of plant-based food ingredients that include chocolates, vegetable fats for chocolates, polysaccharides made from soybean curd residue, and soy protein ingredients. Food cultures around the world have undergone transformations as a result of economic development in their respective regions. By facilitating this transformation through resolving food-related issues in each era and providing people with greater enjoyment for food, we want to grow our business.

Moving forward, we will continue to anticipate the issues of society and address the range of challenges associated with providing deliciousness and health to people and our planet by advancing even further with the expansion of our plant-based food ingredients business. Based on the combination of our long-cultivated unique processing technologies for plant-based oils and fats and plant-based protein, we will continue to cultivate the plant-based food ingredients that are distinctive to the Fuji Oil Group with the belief that this will add to our financial value. The development and cultivation of new technologies and businesses within all of our regions and business segments will remain a focal point of our activities going forward.

Closing

My mission as the Group’s president and CEO is to shed light on the areas that proved inadequate under the previous medium-term management plan, while putting the Group on a growth trajectory conducive to fulfilling market expectations under the new medium-term management plan, which will kick off in fiscal 2022.

Boasting a Group-wide network of 15 countries and regions and a workforce consisting of roughly 70% overseas employees, diversity is quickly becoming a significant asset of the Fuji Oil Group. We will work to provide our employees worldwide who strive to enhance our corporate value with an even better workplace environment that offers fair opportunities for new challenges, appropriately acknowledges the respective achievements of each position, and brings out the best in each individual. Through such means, we will strengthen our efforts from a diversity, equity and inclusion (DE&I) perspective and come together as a single unit to continue to drive the growth of the Group forward.

In our business domains, opportunities are still appearing one after another before our very eyes. We must remain in touch with opportunities that enhance our economic value while, at the same time, looking for ways in which we can provide greater value to society. We extend our sincere gratitude to all of our stakeholders, including our customers who place their trust in the Group, our employees who work tirelessly day in and day out, and our shareholders who constantly provide us with both reprimand and encouragement. “Work for people,” a value ingrained in the Group’s employees since its founding, will provide the basis for its pursuit of continuous growth as a company that contributes to all of its stakeholders.

September 2021

Misao Sakai
President
Chief Executive Officer
Fuji Oil Holdings, Inc.
Special Feature: Discussion between the CEO and an Outside Director

Strengthening the Group’s Global Ensuring Continuous Growth

The Fuji Oil Group redesigned its management structure with the aim of advancing globalization, strengthening its crisis response framework, and realizing further growth. The newly appointed CEO Mikio Sakai and Outside Director Hidenori Nishi sat down to share their thoughts on these issues.

Global Management Issues That Have Been Emerging in the Midst of COVID-19

Nishi

I have been monitoring the Fuji Oil Group’s approach to COVID-19 for about a year now since my appointment as Outside Director. “Despite the distressing situation, it’s hanging in there. However, that’s about it.” would be my honest assessment of the Company’s response. The COVID-19 economy is viewed as a K-shaped recovery, which occurs when companies either regain or maintain success or flounder during a recession. Under these circumstances, it is a little bit difficult to say the Fuji Oil Group is becoming one of a few companies to regain or maintain success.

In this age of constantly expanding information networks, the flow of information and money has not been affected from COVID-19 for the most part. Nonetheless, the pandemic has dealt a harsh blow to the flow of people and products physically—the source of revenue for the Group. I get the impression that the Company is reacting somewhat as if it is still in a state of normalcy and, because of that, there must be a greater sense of urgency in its analysis of the shifting business landscape and its formulation and execution of strategies.

With the adoption of “strengthening the Group’s headquarters’ functions and strategies” as one of your management policies toward the formulation of the next medium-term management plan, I get the sense that you share the same views.

Sakai

As you indicated, the halt to distribution became a constraint on our ability to procure raw materials and maintain steady shipment. And our response to that was inadequate as we did not work collectively enough from a procurement point of view and capitalize on the advantages provided by our global business network. In terms of our response to COVID-19, despite the existence of cultural differences, as with the wearing of masks, I realize now that rules should have been enforced in advance throughout the Group with the aim of preventing the spread of the virus. We have come to the realization that in Europe and the U.S., regions known for their high labor market fluidity, we must hold more in-depth discussions on infusing our strengths in “safety, quality, and the environment,” which in turn has made us rethink what a global business is all about.

Significant discrepancies exist between Group companies in terms of productivity and a sense of awareness on “safety, quality, and the environment” and I certainly cannot say with great confidence that our regional management is benefiting from the sharing of technologies and know-how. As it stands, we cannot say our management system has been functioning globally. I have become keenly aware of this fact.

Nishi

In practice, ensuring thorough awareness of “safety, quality, and the environment” will entail the use of digital technology. Sensors and cameras must be installed to facilitate the visualization of production control and enhance productivities. The rollout of businesses overseas is accompanied by a diverse sense of values among employees and there is a boundary to the degree in which a culture that has flourished in Japan can be adopted directly by a company overseas. On the other hand, while embracing a whole new culture can be an unacceptable task, introducing a new civilization is possible. How about taking that approach under the lead of Group headquarters?

From a globalization point of view, the Group must identify its vision for the global company it wishes to become. No matter what lengths it goes to, a food product manufacturer like the Fuji Oil Group can only address a certain portion of the eating habits in society. Therefore, the Group must clarify areas to focus on and instill this vision throughout the entire organization worldwide.

There is also the concept of plant-based food solutions, but we believe this is a kind of “domain” pursued by the Group and not an individual strategy. Engaging in every plant-based food is next to impossible, so we must work to identify the areas where we can strengthen our efforts.

Profile

Mr. Hidenori Nishi has served as an Outside Director of Fuji Oil Holdings Inc. since June 2019. After serving as Chief Strategy Officer of Blommer Chocolate Company, he joined Fuji Oil Group’s core chocolate business in North America. He has held his current role as President and CEO since April 2021.

Profile

Mr. Mikio Sakai joined the Fuji Oil Group in 1983. He has been working as president of a major Group subsidiary in regions such as China and the U.S., and was appointed as a director of Fuji Oil Holdings Inc. in June 2021. After serving as Chief Strategy Officer in April 2019 he became President of Blommer Chocolate Company, the Group’s core chocolate business in North America. He has held his current role as President and CEO since April 2021.

Management Foundation and

Profile

Mr. Hidenori Nishi has served as an Outside Director of Fuji Oil Holdings Inc. since June 2019. After serving as Chief Strategy Officer in April 2019 he became President of Blommer Chocolate Company, the Group’s core chocolate business in North America. He has held his current role as President and CEO since April 2021.

Profile

Mr. Mikio Sakai joined the Fuji Oil Group in 1983. He has worked for many years as the president and CEO of Kagome Co., Ltd., one of the Group’s core business areas. He has abundant experience as a corporate manager, a deep knowledge of marketing, and a high level of insight into the food industry, the core business area of the Fuji Oil Group.
The Fuji Oil Group’s Path to Surviving Global Competition

I agree with you in regard to the fact that there is plenty of room for discussing the finer points of plant-based food solutions. First of all, we need to discuss how society can benefit from our strengths in processing technologies. Beyond that is where we will find the answer to what globalization is all about for the Fuji Oil Group.

By incorporating both forecasting and backcasting into our discussions, we have set out in pursuit of plant-based foods that will resolve issues in future society. The transformation of society as a result of the COVID-19 pandemic has fueled greater interest in plant-based meats, as their projected growth in demand has accelerated even more.

From a global perspective, we are still a relatively small company. Therefore, rather than competing through mass production, we must serve as partners to our customers and develop products that closely reflect their specific needs by leveraging our strengths in processing technology. And doing so on a global scale is, I believe, our path to surviving global competition.

Moreover, having a set of beliefs in place will prove critical to the management of our global business. For instance, we were able to expand our share of industrial chocolates in Japan to our current level due to the fundamental philosophy of the Fuji Oil Basic Management Principles—“To achieve ceaseless growth by accomplishing customer satisfaction”—becoming firmly entrenched throughout the organization. This fundamental philosophy has served as our unifying principle and as the basis for all employees to strive to provide more to our customers at all times. However, with the global expansion of our business, we are now at a stage where we must not only serve our customers but also ensure that we contribute fully to society.

“Work for people” is a value shared by all employees of the Fuji Oil Group and a key element of its Management Philosophy. “People” in this sense applies not only to the customers with whom we engage directly but to all forms of humanity across the globe, based on our belief that every individual on this planet is a stakeholder of the Group, whether directly or indirectly.

In the current COVID-19 era, our Group companies have continued to operate in their respective countries based on the recognition as an essential business for their membership in the food manufacturing industry. Our identity as a business essential to the lives of humanity has renewed our awareness of the fact that we must hold ourselves twice as accountable for ensuring safety and security and respecting human rights. “Work for people,” in other words, constitutes the basis of our business. With the Group’s entire workforce consisting of roughly 70% overseas employees, diversity is quickly becoming a valuable asset for our organization. We will work to provide the employees worldwide who strive to enhance our corporate value with an optimal workplace environment that offers fair opportunities for new challenges, appropriately acknowledges the respective achievements of each position, and brings out the best in each individual. Through such measures, we will strengthen our efforts from a diversity, equity and inclusion (DE&I) perspective and come together as a single unit to continue to drive the growth of the Group forward.

Identifying the areas of the highest priority is pivotal to a company when determining how it can contribute to society. While declaring one’s goals is important, the springboard for the ascent toward those goals must be provided. This is where the Group’s leadership capabilities must come to the fore and its intentions must be communicated throughout the entire Group.

While this is a regret on my part for my role as the CEO in formulating the previous medium-term management plan, we lacked awareness in regard to the Group’s capital and management efficiency. And this is the reason why I set forth a “commitment to profit” as a management policy upon my appointment as CEO. I have received criticism for the obvious nature of this goal from those outside the Group, and I guess we must still be reminded of whom we ought to be grateful to for the funds that are invested to keep our business running. This should never be taken out of the equation for such excuses as social contributions and ESG management. A robust profit base is a prerequisite for our contribution to all stakeholders, and this is an awareness and a determined resolve shared by all members of our management team.

As you mentioned earlier, the flow of information and money has become borderless and our work styles have changed dramatically. In such a situation, relying solely on the traditional Japanese way of thinking will be insufficient, even more so than ever before. When managing a global business, understanding “who we are, who we work for, and who we contribute to” should serve as the set of beliefs that the entire Group will follow. The recipient of one’s contributions is society, which includes customers, as well as its shareholders and employees. In order to contribute to these three stakeholders, we must, for instance, clearly set forth our commitment to financial results, such as targets for the operating profit margin and CO2 emission reductions, in light of our awareness of the strengths along our value chain.

I am truly in favor of the disclosure of numerical targets. Revealing the operating profit margin would be advantageous from the perspective of encouraging employee contributions. It may be difficult to identify the connection between R&D and ROIC and the day-to-day work of the front lines, but the link between operating profit margin and the figures for revenue and cost is quite visible, allowing our employees to clearly see their contributions to the Group’s targets. While this also holds true for our value of “safety, quality, and the environment,” it is absolutely essential that we disclose indicators that clearly set forth our commitment to financial results and communicates this throughout the front lines.

On the topic of the medium-term management plan from earlier, the important things to keep in mind for the next medium-term management plan are clarifying the business portfolio to be managed as well as for time-series investment returns and profitability. From the...
The Tasks at Hand toward Becoming a Truly Global Company

Looking back on the previous medium-term management plan, although our targets for the plan were already in place, we lacked sufficient, substantive discussion, which led to our inability to respond in a timely manner to the changing business environment. We have come to call the collection of individual products managed by Fuji Oil Co., Ltd. as a business segment, with our current organization consisting of four such business segments. However, with Vegetable Oils and Fats and Industrial Chocolate in particular, they are closely related to one another and cannot be separated as a result. In order to enhance the profitability of our portfolio, we must consider the possibility of reorganizing our business segments.

From a regional point of view, I do not believe that now is the time to expand. First, we must assess the length to which we can contribute to our current regions of operations by leveraging our strengths in processing technology. I may be reiterating this, but the basis for that is achieving profit levels in excess of those expected by shareholders, the providers of our capital.

When the Group was doing business solely in a flourishing market such as Japan, a bottom-up approach to tallying figures reported from each department worked just fine. However, there is no way that a strategy tailored to the Japanese market would succeed as is overseas. The globalization and business portfolio you referred to earlier as well as an approach that takes diversity and work style reform into account will likely play a key role in the years ahead. For example, we are seeing multiple aspects in the ways in which companies are viewed by its employees. The aspects of a company that appealed to Japanese employees until now are different from what are demanded by their overseas counterparts. Issues concerning the environment, such as CO2 and water consumption, diversity, the supply chain, and other matters were irrelevant when the Group conducted its business entirely in Japan. However, all of these issues must be addressed for the Group to become a truly global company.

The formulation of a Group’s medium-term management plan entails identifying who will take ownership of determining the various targets and implementing the measures necessary. The possibility of just words and objectives being announced without identifying who is accountable for what worries me to some degree.

In terms of ESG management, into which we have invested considerable resources, devoting one’s efforts to ESG just because the rest of society is doing so will not get us anywhere. This will likely conflict with the creation of profits in the short term, and employees will probably have a difficult time deciding which should be given priority. For that reason, we must declare a top commitment specifying such quantitative figures as yearly targets for CO2 emissions and the maximum amount of investments that can be made.

At the same time, if a business within our portfolio is deemed unprofitable given its intended profit margin, we must be prepared to abandon it and move on. Based on the time-series approach you referred to earlier, we must reflect on how much profit can be expected from each business.

To be able to make sound judgments, we must clarify the missions of the Board of Directors and the Management Committee Meeting. The Board of Directors must be utilized as a venue for receiving objective opinions on approaches to setting targets, which we talked about earlier, and on the discrepancy between stakeholder expectations and our internal awareness. These opinions will form the basis for more in-depth discussions at the Management Committee Meeting. The roles of the Board of Directors and the Management Committee Meeting must be clearly defined in such ways. To that end, our desire is to have independent outside directors account for the majority of the Board of Directors within a few years.

Further, ITOCHU Corporation’s ratio of shareholding increased to 39.9% in fiscal 2020. We must be aware of how this impacts the Fuji Oil Group as well as our increased responsibilities associated with our transactions with major shareholders.

Corporate governance is viewed as a priority issue for management, and accordingly, we will continue to strengthen the role of the Board of Directors as a monitoring body while enhancing our management transparency.

With your appointment as the new president and the formulation of the Group’s next medium-term management plan, fiscal 2021 may very well be an important year for the Fuji Oil Group. Ensuring firm results in the near term and identifying the springboard for the Group’s next leap forward will play an integral part in its realization of medium- to long-term growth. I feel that there is a need to explain how these goals are reflected in management’s policies of “commitment to profit,” “strengthening the Group’s headquarter functions and strategies,” and “enhancement of efforts in line with the sustainability needs of society.” It is my hope that efforts are made to communicate this throughout and beyond the Group. Management must be committed in order to ensure the sufficient understanding of all employees. For instance, detailed explanations must be provided to employees to ensure that a “commitment to profit” is not interpreted as just the pursuit of immediate profits.

As an outside director, I will keep a watchful eye particularly on the Group’s current state of profit recovery and its approach to profits under the next medium-term management plan. At the same time, I will continue to share my opinions and advice, acting as stepping stones for the Group’s further leap forward.
“There’s copra in the south. Let’s explore coconut oil.”

“If we’re pursuing soybeans, then we should pursue soy protein.”

“Reflecting our uniqueness in raw materials, technologies, and products”

“Simply separating raw materials adds very little value. They must be processed and processed again until the very end. To dig vertically you must naturally dig horizontally as well if you desire to keep growing.”

“Our new ingredients must function not as alternatives but rather as the nucleus.”

“The views of substantive founder Masataro Nishimura on the company’s pursuit of uniqueness, vertical management, and creativity still live on today.”

“...the establishment of the Hannan Plant—a Facility Optimized for the Environment—was adopted as our corporate objective upon the establishment of the Hannan Plant in 1982, clearly conveying our Group’s focus on environmental measures, environmental awareness was even more deeply entrenched throughout the organization.”

“A Globally Mingled Food Business Founded on the Basic Raw Materials of Oils and Fats and Protein”

“Safety Takes Precedence”

“We at Fuji Oil will flourish only as a result of our contributions to society.”

“We are to become a company in such a way that, without the sourcing of social values, we accelerated our performance improvement and consensus-building, which are central to the business. Our plants in Japan and abroad have been reorganized with high standards with the ambition to promote further growth in the years ahead.”

“Formulation of the Fuji Oil Group Basic Policy of Safety, Quality and Environment”

“Promotion of Sustainable Management / Commencement of Sustainable Procurement”

“Expansion of Global Business”

“Focus on sustainable procurement (palm and cocoa) and sustainable growth”

“Realizing Diversity, Equity and Inclusion”

“Strengthening of Sustainability Initiatives”

“Transition to Holding Company Structure”

“Strengthening of Management”

“Establishment of regional headquarters”

“Measures to improve corporate governance”

“FUJI OIL GROUP Integrated Report 2021”

“Expansion of Global Business and Establishment of Management Framework”

“The Fuji Oil Group’s Value Creation”

“The Fuji Oil Group’s Values and History”

“Value Creation”

“The Fuji Oil Group Values and History”

“Japan-First and World-First R&D Technologies”

“Ganache...Couverture chocolates...plant-based alternatives”

“The Fuji Oil Group’s Value Creation”

“The Fuji Oil Group Values and History”

“Challenge and innovation”

“Work for people”

“Safety, quality, and the environment”

“Rollout of Core Products and Foray Overseas”

“Targets of Overseas Expansion”

“Establishment of USS manufacturing method/Transition to Holding Company Structure”

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“Targets of Overseas Expansion”

“Establishment of USS manufacturing method/Transition to Holding Company Structure”
The Fuji Oil Group places significant importance on the management of risks associated with potential adverse effects on society, such as human rights and global environmental issues, along its value chain. This commitment is reflected in the quality of its products, through which we aim to provide customers and consumers with value tailored to changes in the times. Our product development and business development activities are advanced in line with our concept of Plant-Based Food Solutions. In order to expand this business, we are funneling our efforts into the establishment of a more robust and sophisticated global management structure. The profits and cash flows generated through our business activities are reinvested toward the sustainable growth of the Group, which in turn, helps improve the sustainability of the food value chain overall. Through this cyclical value creation process, we will fulfill the mission of the Fuji Oil Group and contribute to the realization of a sustainable society.

### Plant-Based Food Solutions

Resolution of Social Issues through Plant-Based Food Ingredients

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**Sustainable Procurement**

**Environmental Vision 2030**

**Sustainable growth of the Fuji Oil Group**

---

**Risk Management**

Management of potential adverse effects and business risks on society, such as human rights and global environmental issues.

**Provision of Value**

Create and provide customers and consumers with new value tailored to changes in the times.

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**Value Creation and Business Opportunities**

- Plant-Based Food Solutions

---

**Realization of a Sustainable Society**

Contribute to the happiness and well-being of people through delicious and healthy food.
Sustainable Procurement of Key Raw Materials

We are well aware of the fact that, in this new era, we are called upon to fulfill our responsibilities to an even wider range of stakeholders that not only includes investors, employees, and customers but also the local societies of our production regions and nongovernmental organizations (NGOs). Moreover, we must work to not only acquire international certification for our various raw materials but also to ensure an even higher standard of transparency and traceability and work to resolve the social issues along our supply chain rather than avoiding them.

While palm and key raw materials for the Fuji Oil Group, are associated with such social issues as human rights and global environment, the roots of the issues and the measures to address them are different for each raw material. Since the formulation of our sourcing policy in 2016, we have proceeded ahead with initiatives for the procurement of palm oil joint efforts with nonprofit organizations (NPOs). As for cocoa, in addition to the fact that the majority of its procurement is handled by small farmers and that it is procured from geographically distant locations, the issues associated with this raw material were to be assessed through on-site inspections, however, the timing of these efforts coincided with the emergence of COVID-19. Due to such multiple factors, we were unable to make much progress on addressing these social issues.

In fiscal 2020, the Group established a new KPIs that pertain to the procurement of palm oil and cocoa. We are convinced that the various approaches we undertake will lead to the attainment of our ultimate goals.

Meanwhile, in June 2021, we announced our raw material sourcing policy for soybeans and shea kernels. We will continue to assess the issues along our supply chain and carry out specific measures accordingly.

The sustainable procurement activities for such key raw materials are promoted under the management of the Chief Strategy Officer (CSO). Striving to enhance the effectiveness of the Sustainable Procurement Commitment, in fiscal 2020 the Group established the Global Sustainable Sourcing Committee. The committee assesses the specific circumstances of each raw material and region of production and ensures the measures to promote the measures necessary for the Group’s realization of sustainability over a range of domains. Such initiatives take time and honest efforts; however, they are indispensable to the continuance of our sustainable procurement and secures the resources and promotes the measures necessary for the Group’s realization of sustainability over a range of domains.

The Fuji Oil Group takes the possibility of human rights violations taking place in our supply chain very seriously. Although we expect our suppliers to pay as much attention on promoting human rights as we do, the global and complex nature of our supply chains presents a challenge for the traceability of our raw materials to their origin. Traceability is essential to identify risks, implement and monitor improvement initiatives, and remediate human rights incidents. Through transatlantic expert teams, the Fuji Oil Group is developing responsible sourcing policies for our main raw materials, which include targets for traceability and relevant social impacts. Additionally, we take a proactive and constructive approach in our dialogue with other stakeholders through our participation in industry associations. Our objective is to ensure a future-proof supply chain that considers resilience against sustainability issues and upcoming legislation, like the EU-wide environmental and human rights due diligence law.

<table>
<thead>
<tr>
<th>Raw Materials</th>
<th>Social Issues in the Supply Chain</th>
<th>Medium- to Long-Term Targets</th>
<th>KPIs</th>
<th>FY2020 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Palm oil</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global human</td>
<td>Depletion of primary forest</td>
<td>100% TTP*</td>
<td>75% TTP</td>
<td></td>
</tr>
<tr>
<td>Human rights</td>
<td>Child labor</td>
<td>No determination</td>
<td>71%</td>
<td></td>
</tr>
<tr>
<td>Social equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cocoa</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global human</td>
<td>Depletion of primary forest</td>
<td>1 million trees planted**</td>
<td>500,000 trees planted</td>
<td></td>
</tr>
<tr>
<td>Human rights</td>
<td>Child labor</td>
<td>Elimination of child labor</td>
<td>10,000 trees</td>
<td></td>
</tr>
<tr>
<td>Social equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Soy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global human</td>
<td>Depletion of primary forest</td>
<td>Traceability achieved to the community by 2021, or 100% procurement of STS-certified products or products certified to equivalent standards</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Human rights</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shea kernels</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global human</td>
<td>Depletion of primary forest</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Human rights</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Formulation of Supplier Code of Conduct

In April 2021, the Fuji Oil Group announced the implementation of its Supplier Code of Conduct as a high-level policy of its existing guidelines and policies, with the aim of communicating its comprehensive views on Groupwide procurement to all of its suppliers.

The Fuji Oil Group’s Supplier Code of Conduct requires all suppliers to comply with a set of principles covering human rights, product quality and food safety, and environmental protection, while requesting the adoption of prevention and remediation measures to detect and address violations to the code of conduct.

Global Sustainable Sourcing Committee

In September 2020, the Global Sustainable Sourcing Committee was established with the aim of enhancing the effectiveness of our sustainable procurement commitment. The committee convenes once a month and for each raw material (palm oil, cocoa, soybeans, and shea kernels), a subcommittee has been established consisting of members who have been selected from our various regions of operation, and discussions centered on each raw material are carried out by the respective subcommittee.

Strengthening of Initiatives for Respecting Human Rights along the Supply Chain

Upon carrying out our second impact assessment (please see page 77), we have recognized that the human rights risks of employing our supply chain is significant. Going forward by focusing on the working environment at plantations, occupational health and safety, non-discrimination and equal opportunities, forced labor and child labor, and land rights, we will work to ensure full awareness of the Group’s Supplier Code of Conduct while steadily promoting and improving our specific measures for each raw material. In addition, we will remain up to date on the latest developments regarding laws and regulations overseas and be quick to address issues along our supply chain.

Sustainable Procurement of Key Raw Materials

Sustainable Procurement of Key Raw Materials

Pursuing the Establishment of a Promising Supply Chain

Fuji Oil Group values all types of stakeholders, and we are committed to promoting sustainable practices within our supply chain.

- **Cocoa**: Threat of poverty among farming families, exploitation of indigenous peoples, local residents, and workers
- **Palm oil**: Loss of peatland
- **Soy**: Treatment for women and children in the vicinity of the plantation
- **Shea kernel**: Fraud associated with Shea production

Please refer to Sustainability Report 2021 (scheduled to be issued in October 2021) for details on our initiatives regarding sustainable procurement of raw materials and their social impacts.

Sustainable Procurement of Key Raw Materials

- **Cocoa**: Striving to enhance the effectiveness of Sustainable Procurement Commitment, in fiscal 2020 the Group established the Global Sustainable Sourcing Committee.
- **Palm oil**: In fiscal 2020, the Group established a new KPIs that pertain to the procurement of palm oil and cocoa.
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Sustainable Procurement of Key Raw Materials

- **Cocoa**: We are well aware of the fact that, in this new era, we are called upon to fulfill our responsibilities to an even wider range of stakeholders that not only includes investors, employees, and customers but also the local societies of our production regions and nongovernmental organizations (NGOs).
- **Palm oil**: We have proceeded ahead with initiatives for the procurement of palm oil joint efforts with nonprofit organizations (NPOs).
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Sustainable Procurement of Key Raw Materials

- **Cocoa**: In June 2021, we announced our raw material sourcing policy for soybeans and shea kernels.
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Sustainable Procurement of Palm Oil

Social Issues Associated with Palm Oil Industry

Palm oil is the oil extracted from oil palm grown in Southeast Asia and other tropical regions. Known for its ease of processing and significant profit per area cultivation volume relative to other edible oils and fats, palm oil is used in food products, chemicals, and a variety of other applications and is the most widely produced vegetable oil and fat in the world. However, there are concerns about deforestation caused by plantation development and human rights issues, such as child labor and forced labor.

The Group’s Sourcing Policy and Medium- to Long-Term Targets

Our Responsible Palm Oil Sourcing Policy, which we announced in March 2014, declares our commitment to produce palm oil produced in a responsible manner by suppliers that respect both people and the global environment.

Palm Oil Supply Chain and the Group’s Approach to Social Issues

Resolving unregulated deforestation and human rights issues will entail cooperation with governments, NGOs, and HPDs in addition to engaging with the oil mills and plantations in each region to raise awareness of the significance of forest conservation. To that end, we will first enhance our TTP (traceability to plantation) by identifying the production regions of the palm oil purchased and utilized by the Group, as well as engendering with the oil mills and plantations of each region to raise awareness of the significance of forest conservation. To that end, we will first enhance our TTP (traceability to plantation) by identifying the production regions of the palm oil purchased and utilized by the Group, as well as engendering with the oil mills and plantations of each region to raise awareness of the significance of forest conservation.

<table>
<thead>
<tr>
<th>Social Issue</th>
<th>Solution-Driven Approach</th>
<th>Overarching Measures</th>
<th>Location/Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>Goal-driven based monitoring</td>
<td>Identify, monitor, and verify activities using our supply chain that contribute to deforestation through the use of suitable indices and information</td>
<td>Indonesia</td>
</tr>
<tr>
<td>Human Rights</td>
<td>Implement Labour Transformation Programme (LTP)</td>
<td>Do so on the basis of a dedicated framework for addressing complaints to the Group and its direct and indirect suppliers. In fiscal 2020, we widened the coverage of our grievance mechanism to include not only companies subject to the grievance but also the other palm oil companies operated by this parent Group. In addition, a Suspension &amp; Engagement Protocol has been put in place to enhance the degree of our measures against all grievances.</td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>Landscape protection</td>
<td>In order to prevent the destruction of palm oil plantations caused by the conversion of palm oil plantations to wetland areas, the Group has introduced a system for the identification of areas that are located in the vicinity of palm oil plantations.</td>
<td>Malaysia</td>
</tr>
</tbody>
</table>

Challenges Toward Initiatives

- Improvements to TTP in the form of addressing supply chain complexity and information confidentiality will likely take time.
- As smallholders account for a majority of palm oil production, rules on forest clearing, land rights, the rights of workers at plantations, and many other issues must be addressed.

- It is important that we remain constantly aware of the issues at hand while securing the resources necessary to realize improvements to the supply chain.

Engaging and Creating Markets with Stakeholders

Co-Creating with Customers

Unfi’s simplified supply chain and the quality of its products have received high praise overseas, recognized as the best supplier by a multinational company customer.

In Japan, the demand for sustainable palm oil is experiencing extraordinary growth. We are at the forefront of sustainability efforts in this market with such initiatives as conducting lectures and plantation tours for our customers to raise awareness of sustainability and providing support for the adoption of certified oil.

Inspiring Consumers and Markets

The Fuji Oil Group, engaging in collaborative efforts within the industry through participating various association such as The Consumer Goods Forum (CGF) to establish the Roundtable on Sustainable Palm Oil (RSPO) and Certified Palm Oil, is a trusted and indispensable partner.

Aiming to realize sustainable procurement of palm oil, Calbee, Inc. has set forth the goal of achieving 100% use of certified palm oil by 2030 and has become a member of the Roundtable on Sustainable Palm Oil (RSPO). Recognizing the need for improvements to be made in this area by our suppliers, we are closely assessing and supporting the efforts of the Fuji Oil Group. As the degree of environmental, human rights, and labor issues continues to intensify in the region of production, the Fuji Oil Group will continue to work alongside local NGOs to strengthen its sustainable procurement initiatives and disclose such information to Calbee on a regular basis. For a company like Calbee that is committed to expanding the use of RSPO-certified palm oil, the Fuji Oil Group is a trusted and indispensable partner.
Sustainable Procurement of Cocoa

Social Issues Associated with Cocoa and Chocolate Industries

Cocoa producing regions, the majority of which comprises small farmers, are associated with a range of issues. These include poverty and, linked to this, challenges for children's education, child labor, climate change impacts. Low productivity due lack of knowledge and supplies, and the clearing of forests to make more room for farming. Accordingly, a multifaceted approach will be necessary in order to resolve these issues. Moreover, as demand for cocoa wanes due to the impact of COVID-19, the issues that must be addressed along our supply chain are becoming increasingly complex.

As a means for resolving the variety of social issues associated with cocoa-producing regions such as Ghana, Côte d’Ivoire, and Ecuador, we have been expanding our cocoa farmer support program. In 2020, the program that has been administered by Blommer since 2007 was also rolled out to Ghana, in addition to the launch of initiatives geared to the Japanese market.

We will also look to improve the income levels of small farmers, eliminate child labor, engage in agroforestry and reforestation through tree planting, and enhance the transparency of our supply chain.

Cocoa Bean Supply Chain and the Group’s Approach to Social Issues

As a driver of sustainable cocoa supply, Fujioil has a responsibility to contribute to the sustainable development of cocoa-producing countries.

![Image](image.png)

Here is an excerpt from the document:

**Sustainable Procurement of Key Raw Materials**

**HIGHLIGHTS**

Eliminating Child Labor by Monitoring Activities and Providing Educational Opportunities

In regard to the issue of child labor, Fujioil Group has placed emphasis on its implementation of CLMRS (Child Labour Monitoring & Remediation System) and its support for providing educational opportunities to underprivileged children. The problem of child labor in Africa has a number of causal factors, including poverty, the challenges of sending children to school, and the fact that children are generally needed to help out on family farms, assessing the number of child laborers in this region is difficult. Furthermore, our CLMRS has also been utilized in our community assistance program in Ghana and Côte d’Ivoire.

**CLMRS Framework**

- Visit to associate companies and plantation by community communication representatives to gather basic information on issues
- Discovery or self-reporting on work by children
- Reports database on child labor and situation verification
- Child labor report card
- Database analyzes information and distributes labor agent and community communication representatives to group corrective programs
- Corrective action support to collaborating agents provided by local partners
- Monitoring of subject and evidence of improvement activities

Reducing Deforestation and Afforestation Activities

The Fuji Oil Group will partner with the U.S. nonprofit One Tree Planted to plant 100,000 shade trees of different varieties on cocoa plantations and surrounding areas in Ghana in 2021. This region has lost biodiversity due to widespread deforestation. Local communities and small farmers are also affected by an increased frequency of floods and droughts caused by rising greenhouse gas emissions.

By distributing a variety of saplings to cocoa farmers and planting them in the region, we will help promote biodiversity and improving soil health. Coca farmers will also be able to earn a profit by selling the fruits and spices they harvest from the planted trees. Also known as agroforestry, this practice can contribute to better livelihoods for farmers.

Engaging and Creating Markets with Stakeholders

Co-Creating with Customers

At Blommer, we have developed a community assistance program (Sustainable Origins™) in each community support through a joint effort with our customers and promote sales under the Program Bean program. In an effort to expand the sustainable cocoa and chocolate markets in Japan, we are engaging with customers specifically toward increasing our line up of products under the Program Bean program.

Co-Creating with the Cocoa Industry

Blommer is one of the founding members of the World Cocoa Foundation (WCF) and currently serves as its director of the organization. Through our involvement in Cocoa Action, the Cocoa & Forests Initiative (CFI), and other key programs, we will play a leading role in this organization.

Challenges Toward Initiatives

- We believe it crucial to support the financial independence of farmers by offering guidance on agricultural know-how and tree planting. Ensuring educational opportunities to children is important to eliminate child labor issue.
- Since the majority of cocoa production is handled by small farmers, the supply chain is complex. Thus improvements in traceability is not an easy issue to achieve.
- In the regions where programs will be implemented, we must assess the issue of child labor and provide agricultural training to improve the income of farmers, one factor behind the issue of child labor. However, engaging with local communities and gaining their understanding will take time.
The Fuji Oil Group’s Value Creation

2 Technologies That Underpin Trust

The Fuji Oil Group’s business is underpinned by our countless customers who place their trust in us and engage in the “co-creation” of our Mezuzakuro. Our daily communication with customers forms the basis for identifying issues and needs and the pursuit of resolutions utilizing our various technologies. Such efforts translate into a higher rate of customer satisfaction, and as a consequence, creates a cycle of constant communication with customers reaching out to us at times of concern. The customer base and relationships of trust we have developed over the years through our diverse business formats and products serve as the source of the Group’s growth.

Growing as a Company by Resolving the Concerns of Customers

Sales Activities That Deliver Value to Consumers

I am in charge of product proposals, mainly related to bread, for major convenience stores. When proposing products, I ensure that the value we are able to provide to consumers are very clear, and I put my heart and soul into delivering this value through the use of Fuji Oil products. For that reason, the needs of our customers and the consumers before them, as well as changes on the horizon in our business environment are always at the forefront of our minds.

In recent years, I have noticed a growing connection between the issues of society and the needs of our customers. For example, the pursuit of food waste reduction has spurred greater demand for products that offer longer shelf life and the development of raw materials and schemes that pay due consideration to the global environment. I hope to relate even more closely to our customers and consumers and make important contributions to customers and society through our focus on social issues.

Maximizing the Value We Provide to Customers

For an intermediate material manufacturer like Fuji Oil, our direct customers are food manufacturers, confectionary stores and bakeries, food service outlets, convenience stores, and other vendors, and our products are not sold directly at stores. However, we do propose end-products that incorporate the latest market trends and technologies that are critical to producing even more compelling products for our customers. And, in so doing, we aim to maximize the value we provide to our customers.

Example: Development of Chocolate Products

Leveraging our technologies for separating oils and fats and forming raw materials, which underpin the essential features of our chocolate, functionality and the deliciousness of chocolates, we provide products that are fully optimized for our customers’ specific needs.

Separating Oils and Fats

Separating Raw Materials into Fractions

The process of separating oils and fats from their solid fractions is called fractionation. We manufacture oils and fats that fulfill the needs of our customers by drawing on the features of each fraction.

- We make effective use of the various by-products derived from production processes and hereby build cost competitiveness.

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Continuing to Ensure Stable Production and Supply as a Manufacturer of Industrial-Use Raw Materials

As a manufacturer of industrial-use raw materials, the Fuji Oil Group is called on to supply products of consistent quality in a timely manner no matter how large the size of the order. Creating products of the same flavor and physical properties as those of prototypes at our research and small-scale facilities entails technological capabilities that ensure conformity with our daily manufacturing conditions.

Through the extensive know-how in production technology passed down by our experienced production workers and the undertaking of total quality management (TQM) activities, we ensure the safety of our operations, enhance productivity, promote human resource development, and instill a corporate culture that increases the motivation and skills of each employee. Moreover, based on our detailed production plans designed in coordination with our sales divisions, we strive to ensure efficient production with minimal amounts of production losses.

Food Safety and Quality

Throughout each process, from the procurement of raw materials through to production and delivery, the Quality Control Department verifies that each product and its manufacturing process adhere to the Company’s standards and criteria. Meanwhile, the Quality Assurance Department and the Safety, Quality & Environmental Audit Department have been established as independent organizations to ensure compliance with laws and regulations and verify whether our products are of high quality from the customers’ point of view. Moreover, quality inspections* are conducted at contract manufacturers while verifying products and manufacturing processes related to food safety across the organization.

In addition, the Safety, Quality, and Environment Conference convenes once a month, whereby the relevant divisions report on problems and issues as well as their countermeasures, thereby sharing information to prevent the recurrence of such matters throughout the Group.

Leveraging Our Technological Framework in Global Business

The Fuji Oil Group continues to expand its business across the globe. Due to the fact that preferences and business practices differ according to each region, our respective businesses are strengthened within their region of operations. Meanwhile, we are also in the process of developing a business foundation that will allow us to boost competitiveness throughout the Group.

Our production sites are called on to efficiently manufacture products of the quality expected by our customers whenever the need arises. To improve our capacity in this area, we are devoting our attention to enhancing our production efficiency and emergency response capabilities. In an effort to minimize production losses in our manufacturing processes on a Groupwide level, we also report on our various measures and share best practices across the Group on a monthly basis.

While equipment- and quality-related issues do emerge from time to time, we minimize their impact by ensuring that all of our equipment are operating based on having a thorough understanding of their configuration and purpose at all times and enhancing the abilities of each member of our team to respond when called upon.

At our production sites, employees are encouraged to work together to determine how to arrive at a solution rather than simply relying on excuses and using “no” as an answer.

Safety, quality, and the environment

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* Verification tests to ensure high quality standards

Environment

We at the Fuji Oil Group believe that the creation of economic value and the promotion of business activities that pay due consideration to the global environment are responsibilities we must fulfill as a member of society. Under Environmental Vision 2030, which was formulated on the basis of our Basic Policy on Environmental Integrity, we have set forth our targets for CO2 emissions reduction, water use reduction, waste reduction, and resource recycling and are introducing energy-efficient equipment and developing a framework for the recycling of wastewater from production processes.

In Japan, the Energy Management Office was established to accelerate our efforts in production technology designed to reduce environmental impact through the strengthening of ties with the Engineering Development Department and other departments.
Value Creation and Business Opportunities —Plant-Based Food Solutions—

In 2017, the Fuji Oil Group adopted Plant-Based Food Solutions (PBFS) as the concept for its aim for product development and business expansion, expressing its determination to resolve the issues facing society through the use of plant-based materials.

Our Constant Creation of Value

Since its founding, the Fuji Oil Group has continued to help resolve the concerns of customers and consumers through the provision of products that center on the plant-based ingredients of palm, cocoa, and soybeans.

With the pursuit of material affluence in times of global economic growth, the Group has continued to help expand and transform food cultures by not only providing alternatives to real food but by also creating a new type of real food that offers unparalleled value, through which it enhances the deliciousness, quality, and the various functionalities of end-products.

Plant-Based Food Solutions

Providing Customers and Consumers with New Value That Answers the Needs of a Changing Society

Our Value Going Forward

In addition to the value it has created to date, the Fuji Oil Group will continue to provide new value that helps realize a better society in the years ahead.

Today, concerns over human rights, the global environment, and a range of other issues are intensifying across the globe, and initiatives geared to realizing a sustainable society are picking up steam. Moreover, with the ongoing changes to eating habits and demographics, food and health are becoming increasingly inseparable in efforts to combat lifestyle-related diseases and maintain good health over longer lifespans, the result of an aging society. By leveraging the full potential of plant-based materials, the Group will provide the kind of deliciousness that contributes to better mental and physical well-being and the sustainability of consumers and societies around the world.

Fat and protein are a source of nutrients essential for the survival of human beings. Meanwhile, chocolates and emulsified and fermented ingredients provide a delicious means to such nutrients. Through the creation of products combining the strengths and technologies of its four major businesses, the Fuji Oil Group will look to create new business opportunities geared toward realizing even further growth.

• Deliciousness (mental and physical well-being) • Sustainability

Our Value Creation and Business Opportunities

Plant-Based Food Solutions

We believe that plants possess an infinite power for good. By harnessing that power, we will create food ingredients that are delicious, improve people’s well-being, and protect the planet.

Through our plant-based solutions, we will stay ahead of our time, inventing answers that anticipate tomorrow’s problems. We will help provide sustenance for growing populations, support our aging societies, and meet global demands for better health.

Our Constant Creation of Value

Vegetable Fats for Chocolate / Industrial Chocolates

While providing stable, low-cost supplies of chocolates made possible by emulating the physical properties of cocoa butter, we helped diversify the range of food products made of chocolate through the use of compound coating that draws on the functionalities that are the product of our oil and fat technologies.

Plant-Based Cream and Cheese Alternatives

We have helped maintain the deliciousness of foods through our development of alternatives to dairy ingredients and functionalities, realizing cost reductions, in addition to improving work efficiency, extending shelf life, and preventing food deterioration at stores, and thereby contributing to the diversification of sales formats and enhancement of quality.

Soy Protein Ingredients

Since our founding, we have been developing applications focused on the high-quality protein of soybeans and contributing to enhancing the quality of texture and functionality of certain meat and fish alternatives. In addition, by providing various forms and functionalities and processing plant-based protein in an easily consumable manner, we have contributed to the realization of healthy food cultures.

Water-Soluble Soy Polysaccharides

Water-soluble soy polysaccharides are a highly utilized application for soybean curd residue, which is extracted from the production process of soy protein ingredients. They prevent the precipitation of acidic milk drinks and help eliminate the sticking of noodles and rice, enhancing the convenience of foods geared to diverse lifestyles.

Consumer Value

• Deliciousness • Food diversity • Convenience

Customer Value

• Improved functionality through better physical properties • Consistent and improved quality • Low prices • Stable supplies

Social Background

• Pursuit of economic growth and material affluence • Development of and changes in food cultures
The Fuji Oil Group’s Value Creation

Our Value Creation and Business Opportunities

Plant-Based Food Solutions

Expanding Our Selection of Plant-Based Ingredients

With the global population estimated to reach approximately 10 billion by 2050, the protein necessary to cover this population growth will likely be insufficient. From the perspective of reducing this impact on climate change and the environment, we must expand the supply of protein sources not only through livestock but also by means of alternative sources, such as plants, cultured meat, and insects. For that reason, the plant-based food market is expected to grow even further in the years ahead.

Global meat consumption: Supply of new plant-based meat likely to expand to roughly 3.8 times that of today’s supply in 2040

<table>
<thead>
<tr>
<th>Year</th>
<th>Cultured meat</th>
<th>Novel insect meat replacement*1</th>
<th>Conventional meat</th>
</tr>
</thead>
<tbody>
<tr>
<td>2025</td>
<td>1,200</td>
<td>Approx. 1.5 times</td>
<td>800</td>
</tr>
<tr>
<td>2030</td>
<td>1,400</td>
<td></td>
<td>720</td>
</tr>
<tr>
<td>2040</td>
<td>1,800</td>
<td></td>
<td>600</td>
</tr>
</tbody>
</table>

*1 Figures are rounded to the nearest hundred billion.

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Eliminate uneven distribution of food supplies and quality and improve the well-being of each individual

Introduction to New Technology and Businesses That Serve as the Pillars of Future Growth

Response to climate change

Reduction of environmental impact

Uneven distribution of food supplies

Well-being of each individual

FUJI OIL GROUP Integrated Report 2021

Our Vision of Society

In 2050


FUJI OIL GROUP Integrated Report 2021

Technology-intensive segments

Vegetable Oils and Fats

Industrial Chocolate

Unclassified and Fermented Ingredients

Soy-Based Ingredients

Our Value Going Forward

Healthy Chocolates Going Forward

By drawing on the delicious flavors of chocolates, we are strengthening our robust of healthy chocolates that are enjoyed by a wide range of consumers. We have been expanding the line of high-protein chocolates geared towards consumers of high levels of protein and chocolates containing polyphenols and other health-promoting ingredients, thanks to the Fuji Oil Group’s capacity to ensure rigorous quality control throughout the production process.

Sugar-free Chocolates

Measures to curb excessive sugar intake have gained more attention worldwide. The Fuji Oil Group will work to continue providing deliciousness and better health through the rollout of sugar-free chocolates that do not compromise our traditional delicious flavors.

Healthy Oils and Fats That Contribute to Low-Salt Intake and Other Benefits

Utilizing technology that disperses slightly soluble substances, we developed an oil and fat that provides foods with a pungent and salty flavor with some spiciness and savoriness. In this way, we were able to provide a low-salt solution to oils and fats that maintain foods’ deliciousness while reducing the use of seasonings.

Stabilized DHA/EPA

Despite its well-known effects for improving cognitive functions and reducing mental illness, DHA/EPA deteriorates in flavor quickly, and for that reason, it has been limited to specific uses. The Group’s stabilized technology will expand the range of applications in which DHA/EPA can be consumed readily and help extend the healthy lifespan of those living in rapidly aging societies.

Expanding the Lineup of Plant-Based-Ingredients

We will expand our lineup of plant-based ingredients in line with the growing selection of plant-based products, such as cheese ingredients, whipping cream, and soy cream butter that offer texture and flavor that resemble real meat more so than conventional vegan and vegetarian products.

Promoting the Consumption of Protein

Lack of protein intake leads to the deterioration of the immune system, motor skills, and cognitive functions. The Group provides plant-based protein ingredients that maintain deliciousness while providing an acceptable form by improving its texture and savorability.

Pursuit of Plant-Based Protein Ingredients

We are in pursuit of plant-based protein ingredients that are derived from materials other than soybeans. Through measures centered on functional protein and functional ingredients derived from protein, we will help address health-related issues, such as sports nutrition, diabetes, and mental and physical well-being.

Dairy-free Chocolates

Milk chocolates contain an abundance of dairy ingredients. To address the shortage of dairy ingredients supplies and diverse food and consumption preferences that will likely occur in the future, we are in the process of developing dairy-free chocolates that maintain the deliciousness of chocolates without the use of dairy ingredients.

Low-Trans-Fatty-Acid Oils and Fats

Research has found that a high intake of trans-fatty-acids increases the risk of heart disease. Through measures such as the establishment of a supply system designed to accommodate high demand, we are speeding up the pace of our rollout of low-trans-fatty-acid oils and fats across the entire Group.

Strengthening of Basic Emulsification and Fermentation Research

By strengthening our team of researchers who conduct basic research and acquiring cutting-edge technologies and know-how in dairy science through study abroad programs, we are bolstering our technological platform for emulsification and fermentation, which will play a critical role in ensuring the deliciousness of foods.

Other Polysaccharide Ingredients

We are in the midst of developing a new production structure in Europe, which centers on our global strategy of promoting awareness of the deliciousness of acidic milk drinks, including those low in sugar that offer a refreshing taste.

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We are in pursuit of plant-based protein ingredients that are derived from materials other than soybeans. Through measures centered on functional protein and functional ingredients derived from protein, we will help address health-related issues, such as sports nutrition, diabetes, and mental and physical well-being.

Deliciousness (mental and physical well-being) • Sustainability

• Sustainability considerations (human rights/environment)
• Changing demographics and uneven distribution of food supplies
• Diverse health issues
In pursuit of both sustainable growth for the Fuji Oil Group and a sustainable society, we identified the significant Groupwide risks and ESG materiality that are critical to our promotion of ESG management and are proceeding with measures under the direction of the chief officers.

Important Matters Deemed to Have a High Probability of Occurrence and Able to Be Quantitatively Analyzed from a Financial Impact Point of View

Significant Groupwide Risks

Seeking to resolve the issues of society through plant-based food ingredients, the Fuji Oil Group aims to achieve sustainable growth while managing its business with the goal of helping to realize a sustainable society. The Fuji Oil Group is expanding its business in the four segments of Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-Based Ingredients across the globe, including in Japan, the Americas and Europe, Southeast Asia, and China. We have also honed our R&D capabilities to unlock the full potential of plant-based ingredients and cultivated our production technology over the last 70 years. By merging these strengths with our product lineup to enhance added value, we have continued to expand our business. Social issues, the changing economic environment, and other factors are having a direct influence on our value chain. While we are well aware of the variety of risks inherent in our value chain, in fiscal 2021 we have identified 12 major risks from those that may have a significant impact on our business and are working to mitigate business risks through our risk management activities.

Important Matters with a High Degree of Impact on Society and the Global Environment

ESG Materiality

The Fuji Oil Group analyzes the significance of social issues from the perspectives of stakeholder expectations and impact on the Group’s business, and determines matters of the highest priority as material ESG issues. As material ESG issues are a range of important matters that are likely to have a considerable impact on society and the environment, they also consist of matters for which it is difficult to measure financial impact. Meanwhile, at the present time, significant Groupwide risks are regarded as matters material to our business that are deemed to have a high probability of occurrence and are able to be quantitatively analyzed from a financial impact point of view.

While they may overlap to a certain degree, the Group manages both ESG materiality and significant Groupwide risks.
**Significant Groupwide Risks**

### The Fuji Oil Group’s Risk Management Structure

As the Fuji Oil Group operates its business throughout the globe, a variety of risks are inherent in the scope of its operations. With the objective of managing such risks, we have developed the following risk management structure.

#### 1. Risk Identification

At each Group company, we create a risk map and identify operational risks while determining strategic and financial risks through the Management Committee Meeting. After comprehensively identifying risks through such measures, we determine risks that are of particular significance through the Board of Directors.

#### 2. Risk Response and Monitoring

The Management Committee Meeting serves as an organization for managing all risks pertaining to the Fuji Oil Group. Risks that are deemed significant by the Board of Directors are addressed through the selection of a chief officer for each risk and the determination of response measures. Each chief officer reports on the progress of response measures and reviews and selects risks with significance to the entire Group. These activities are managed by the C’ESG’O, who is the chief officer in charge of risk management, and reported to the Board of Directors on a regular basis.

As a monitoring body, the Board of Directors confirms and overviews the information reported by the Management Committee Meeting. For risks or potential risks that may have implications for the entire Group, meetings are held by the Board of Directors to determine response measures to such risks, and guidelines for such measures are disclosed to the Management Committee Meeting.

#### 3. Monitoring Results for Fiscal 2020

For the 11 significant risks selected in fiscal 2020, response measures were established and the progress and issues concerning each risk were reported by the chief officers to the Board of Directors as necessary, while working to mitigate such risks. With regard to fiscal 2020, the progress of response measures and any course of action to address the situation were reported by the chief officers for each risk to the Board of Directors, and the causes of the manifested risks and the appropriateness and timeliness of response measures were confirmed.

*Countryside risk of regions comprising the Group’s global network* was newly added as a significant risk in fiscal 2021, and the chief officers have been instructed to take the necessary measures in response to this risk.

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### The Fuji Oil Group’s Significant Risks (for Fiscal 2021)

We have selected the following 12 items as significant risks to be monitored by the Fuji Oil Group, and have designated a chief officer and formulated a risk response plan for each risk. In addition, the status of responses is reported to the Board of Directors, and we have put in place a framework for monitoring these risks. Moreover, with regard to forward-looking statements, the Fuji Oil Group has determined them to be appropriate based on information currently available as of March 31, 2021.

<table>
<thead>
<tr>
<th>Risk Item</th>
<th>Significant Groupwide Risks</th>
<th>Risk Response Measures</th>
<th>Chief Officer in Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Risks related to fluctuations in oil prices</td>
<td>Fluctuations in or prices of main raw materials</td>
<td>Establish a framework to manage the balance of the materials throughout the Group, including leveraging multiple suppliers to strengthen bargaining power.</td>
</tr>
<tr>
<td>2</td>
<td>Financial and tax risk</td>
<td>Fluctuations in currency and interest rates, changes in tax laws and regulations</td>
<td>Reduce risks through the use of derivatives and reduce costs through management of tax laws and regulations, and appropriate management of tax-related tasks</td>
</tr>
<tr>
<td>3</td>
<td>Legal and compliance risk</td>
<td>Non-compliance with countries’ laws and regulations</td>
<td>Comply with laws and regulations and rigorously manage the Group’s affairs</td>
</tr>
<tr>
<td>4</td>
<td>Management of Group companies</td>
<td>Improvement of good faith and friendly business relationships</td>
<td>Promote the Group’s good faith and friendly business relationships</td>
</tr>
<tr>
<td>5</td>
<td>Risks related to fixed assets</td>
<td>Incurrence of substantial costs and loss of rationalization due to significant safety and quality issues</td>
<td>Address any rationalization-related issues</td>
</tr>
<tr>
<td>6</td>
<td>Supply chain-related risk</td>
<td>Incidence of risks related to supply chain disruptions</td>
<td>Address risks related to supply chain disruptions</td>
</tr>
<tr>
<td>7</td>
<td>Risks related to regulation, environmental and human rights</td>
<td>Incidence of environmental and human rights-related issues along the supply chain</td>
<td>Address environmental and human rights-related issues along the supply chain</td>
</tr>
<tr>
<td>8</td>
<td>Information system security and vulnerability risk</td>
<td>Incidence and loss of information due to information system failure</td>
<td>Address information system security and vulnerability issues</td>
</tr>
<tr>
<td>9</td>
<td>Risks related to further corporate development</td>
<td>Incidence of financial difficulties due to changes in business operations</td>
<td>Address financial difficulties due to changes in business operations</td>
</tr>
<tr>
<td>10</td>
<td>Intra-group/inter-group risk</td>
<td>Incidence of intra-group and inter-group transactions</td>
<td>Address intra-group and inter-group transactions</td>
</tr>
<tr>
<td>11</td>
<td>Environmental and human rights risk</td>
<td>Incidence of business activities triggered by climate change and environmental issues</td>
<td>Address environmental and human rights issues</td>
</tr>
<tr>
<td>12</td>
<td>Country risk of foreign companies</td>
<td>Incidence of business activities triggered by changes in business environments</td>
<td>Address country risks and changing business environments</td>
</tr>
</tbody>
</table>

---

**Note:** The information in this document is based on the current status as of March 31, 2021, and is subject to change.
**ESG Materiality**

The Fuji Oil Group established ESG issues to contribute, through its business activities, to the sustainable development of society, its own sustainable growth, and the creation of value for society. Material ESG issues contribute to two of the four activity areas for promoting ESG value: “Creation of positive impact” and “Reduction of negative impact.” We perform a materiality assessment once a year based on the input received through our dialogue with stakeholders, including suggestions on new social issues.

**FY2021 Identification and Selection Process of Material ESG Issues**

Compile a comprehensiv* e list of social issues subject to assessment

Conduct deliberations through the ESG Committee

Appraisal from the Board of Directors

We invite experts as advisors to the ESG Committee to adopt a social perspective. After each meeting, the ESG Committee submits the results of the discussion to the Board of Directors for review.

The framework for “packaging materials reduction,” which was designated as an element of material ESG issues in fiscal 2020, was changed from one in which the issue is addressed by the Group as a whole to one in which the issue is addressed on a Group company basis. In addition, “provision of healthy food” and “compliance” were added to the list of material ESG issues.

**FY2021 ESG Materiality Map**

**Material ESG Issues for Fiscal 2021**

<table>
<thead>
<tr>
<th>Priority Area</th>
<th>Priority Theme</th>
<th>Our Vision</th>
<th>SDGs We Aim to Support</th>
<th>Co2 In Charge</th>
<th>Relevant Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Creative food solutions</td>
<td>Solutions to food insecurity</td>
<td>Establish alternative techniques and disseminate environment-friendly, plant-based food ingredients as substitutes for animal protein and dairy products. To address the pressing issue of food resource shortages in the future and reestablish lifestyle balances.</td>
<td>CTO</td>
<td>Pages 30–33, 67–71</td>
<td></td>
</tr>
<tr>
<td>2. Sustainable procurement</td>
<td>Sustainable procurement of palm oil</td>
<td>Achieve “No Deforestation, No Peatland Encroachment, No Exploitation (NPEN)” throughout the supply chain. Achieve 100% traceability to plantation (TTP) by 2020. Implement the Labudak 1.5 and mandatory program for all suppliers of palm oil.</td>
<td>CSO</td>
<td>Pages 32–40, 97</td>
<td></td>
</tr>
<tr>
<td>3. Environmentally conscious manufacturing</td>
<td>Reduction of material use</td>
<td>Reduce the amount of waste materials contained in products in compliance with the WHO’s recommendations and the laws and regulations of each country.</td>
<td>CTO</td>
<td>Pages 30–33, 67–71</td>
<td></td>
</tr>
<tr>
<td>6. Reducing the environmental impact of raw materials and products</td>
<td>Reduction of the environmental impact of raw materials and products</td>
<td>Advance Environmental Vision 2030 by finding and using alternative raw materials and developing new technologies that reduce environmental impact</td>
<td>CTO</td>
<td>Pages 30–33, 67–71</td>
<td></td>
</tr>
<tr>
<td>7. DEI**</td>
<td>Diversity management</td>
<td>Foster a trusting working environment of discrimination-free and harassment-free workplace. Ensure that the basic human rights and dignity, character, and identity of all associates are respected.</td>
<td>CBO</td>
<td>Pages 80–83</td>
<td></td>
</tr>
<tr>
<td>8. Risk management system</td>
<td>Risk management system</td>
<td>Ensure the trust of society by demonstrating high reliability and risk management capability.</td>
<td>CTO</td>
<td>Pages 30–33, 67–71</td>
<td></td>
</tr>
<tr>
<td>9. Information security management</td>
<td>Information security management</td>
<td>Facilitate the achievement of Group governance through effective risk management.</td>
<td>CTO</td>
<td>Pages 30–33, 67–71</td>
<td></td>
</tr>
<tr>
<td>10. Compliance</td>
<td>Corporate governance</td>
<td>Ensure that core values of the Group are acknowledged and followed.</td>
<td>CBO</td>
<td>Pages 80–83</td>
<td></td>
</tr>
</tbody>
</table>

**ESG Committee**

- Chairperson: Chief ESG Officer (CEO) ESG Officer
- Members: CEO, CFO, CAO, CTO, CSO
- Advisors: One internal expert, one external expert

**ESG Materiality**

Please refer to Sustainability Report 2021 (scheduled to be issued in October 2021) for details on our initiatives regarding ESG Materiality. [https://www.fujioilholdings.com/en/sustainability/materiality/](https://www.fujioilholdings.com/en/sustainability/materiality/)

**Business foundation areas**

- Assurance of product quality and safety
- Ensuring food safety and quality
- Promoting occupational health and safety
- Promoting environmental management and safety
- Improving welfare and safety
- Providing fulfilling workplaces
- Promoting product quality and safety
- Ensuring food safety
- Enhancing food safety
- Promoting sustainable procurement of soybeans and soy protein raw materials

**Areas to create initiatives that lead the industry, leveraging our business strength**

- Support effective Group governance system
- Enhance corporate value through the establishment of an effective Group governance system
- Earn the trust of society by demonstrating high reliability and individuality of every associate is respected
- Earn the trust of all stakeholders by conducting business fairly, using safe and secure ICT and create corporate value
- Reform processes through the use of information and communications technology (ICT) and create corporate value
- Advance Environmental Vision 2030 by finding and using alternative raw materials and developing new technologies that reduce environmental impact
- Advance Environmental Vision 2030 by finding and using alternative raw materials and developing new technologies that reduce environmental impact
In May 2019, the Fuji Oil Group announced its support of the Task Force on Climate-related Financial Disclosures (TCFD). We will work to actively disclose information in accordance with the TCFD’s four recommendation areas of governance, strategy, risk management, and metrics and targets.

Information Disclosure on Four Areas of Recommendation by the TCFD

- Under the management of the C"ESG"O, we oversee risks and opportunities associated with climate change through our Groupwide risk management system, conduct scenario analysis based on the recommendations of the TCFD, and report the details of this analysis at least once a year to the Management Committee Meeting and the Board of Directors for confirmation.
- As an advisory body to the Board of Directors, we have established an ESG Committee, which is chaired by the C"ESG"O and presents the details of its activities to the Board of Directors. The committee identifies material ESG issues, reviews the status of measures to address such issues, and examines and discusses sustainability strategies. Mitigation and adaptation to climate change has also been identified as a material ESG issue, and we are proceeding ahead with such efforts in line with Environmental Vision 2030.

**Goverance**

- Our domestic and major overseas Group companies have undergone scenario analysis based on the recommendations of the TCFD, through which they have identified risks and opportunities associated with climate change and assessed their financial impact. (Please refer to “Assessing the Financial Impact of Risks and Opportunities Associated with Climate Change” on page 41.)
- The outcomes of this assessment will be utilized to further advance our energy conservation, renewable energy, and other efforts to reduce CO2 emissions toward the realization of a decarbonized society, thereby having a positive influence on the Group, society, and the environment.
- Based on its concept of Plant-Based Food Solutions (PFBS), the Group is committed to resolving the issues of scarcity through the supply of plant-based materials. We are also ramping up our business to accommodate the possible expansion of the meat analogue and other plant-based food markets sparked by concerns over the adverse impacts of the fattening of livestock on climate change.

**Strategy**

- A Groupwide risk management system has been put in place to identify risks of significance to the entire Group and manage these risks using a PDSA cycle. (Please refer to “Significant Groupwide Risks” on page 36.)
- Climate change risk has also been deemed a significant Groupwide risk and will be managed through our Groupwide risk management system, while details on our risk response measures will be reported at least once a year to the Board of Directors.
- For related content, please refer to “Significant Groupwide Risks” on page 36.

**Risk Management**

- Environmental Vision 2030 stipulates our goal of reducing total Scope 1 and Scope 2 CO2 emissions by 40% and total Scope 3 (Category 1) emissions by 18% in fiscal 2030 compared with fiscal 2016 standards.
- With our sights set on realizing the Environmental Vision 2030 targets, we will introduce new energy-saving measures and equipment at production sites, actively engage in the use of renewable energy, enhance the precision of Scope 3 emissions data, explore methods to reduce the high level of Category 1 emissions, and conduct Groupwide seminar and awareness-raising activities toward the acquisition of Science Based Targets (SBT) certification.

**Metrics and Targets**

- Global markets for meat analogues and dairy substitutes are expected to grow dramatically based on the view that the fattening of livestock will have a negative influence on climate change through water shortages and deforestation, leading to the increased consumption of meat and dairy products. Meanwhile, the Group’s cultivation of key raw materials is expected to decline at the current level due to increasingly stringent restrictions imposed on forest development and the resulting inability to increase increases in arable land.

- Reduced sales potentially aris- 

- Increased cost possibly arising from the impact of population growth on rising demand and a consequent shortage in supply resulting in the inability to procure certain key raw materials, including palm oil, cocoa, and soybeans, and thereby hindering the production of Group products. Moreover, the Group’s cultivation of key raw materials is expected to decline at the current level due to increasingly stringent restrictions imposed on forest development and the resulting inability to increase increases in arable land.

- Each scenario is on page 20.

- Increased cost possibly arising from the impact of population growth on rising demand and a consequent shortage in supply resulting in the inability to procure certain key raw materials, including palm oil, cocoa, and soybeans, and thereby hindering the production of Group products. Moreover, the Group’s cultivation of key raw materials is expected to decline at the current level due to increasingly stringent restrictions imposed on forest development and the resulting inability to increase increases in arable land.

The results of our scenario analysis are provided on the following page. The Group is taking the following measures to address its four identified risks.

<table>
<thead>
<tr>
<th>1. Increased cost of complying with environmental regulations</th>
<th>Set up a team of experts on the environment and energy conservation within the Engineering Development Department and propose and develop production facilities that minimize environmental impact at Group companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Impact of deforestation linked to natural disasters</td>
<td>Establish a Global Sustainable Sourcing Committee and adopt a framework for managing Groupwide risks</td>
</tr>
<tr>
<td>3. Intensifying natural disasters due to extreme weather</td>
<td>Devise a BCP to ensure continuity of operations in the event of a natural disaster</td>
</tr>
<tr>
<td>4. Concerns over increasing cost of key raw materials worldwide</td>
<td>Establish a Global Sustainable Sourcing Committee and adopt a framework for managing Groupwide risks</td>
</tr>
</tbody>
</table>

**Policy & regulations**

- Increased cost of complying with environmental regulations
  - Likelihood of increased cost stemming from carbon tax imposed in certain countries to comply with increasingly stringent environmental regulations.

- Risk management
  - Potential requirement for the Group’s regulators or clients to be held accountable for indirect involvement in deforestation linked to suppliers of key raw materials, including palm oil, cocoa, and soybeans.

- Metrics and Targets
  - Possible damage incurred as a result of the increasing number and magnitude of storms and floods and the consequent inability to continue operations at the mills of Group companies such as Fuji Oil—which operates mills in Japan, a country frequently hit with typhoons—and Fuji Vegetable Oil—which operates mills in Louisiana and Georgia, the U.S., a country regularly hit with hurricanes.

- Risks
  - Likelihood of incurring even greater damage from the increasing number and magnitude of storms and floods compared with the 2°C scenario due to the increased frequency and intensity of storms and floods (including palm oil, cocoa, and soybeans) and thereby vastly hindering the production of Group products. Moreover, the Group’s cultivation of key raw materials is expected to decline at the current level due to increasingly stringent restrictions imposed on forest development and the resulting inability to increase increases in arable land.

- Scenario Degree of Impact
  - Same risks as 2°C scenario
  - Risk Management
  - Vulnerability of increased cost stemming from the impact of population growth on rising demand and a consequent shortage in supply resulting in the inability to procure certain key raw materials, including palm oil, cocoa, and soybeans, and thereby hindering the production of Group products. Moreover, the Group’s cultivation of key raw materials is expected to decline at the current level due to increasingly stringent restrictions imposed on forest development and the resulting inability to increase increases in arable land.

- Physical risk
  - Negative impact / 5

- Transition risk
  - Negative impact / 5

- Market
  - Global markets for meat analogues and dairy substitutes are expected to grow dramatically based on the view that the fattening of livestock will have a negative influence on climate change through water shortages and deforestation, leading to the increased consumption of meat and dairy products. |

- Scenario Degree of Impact
  - Risk Management
  - Vulnerability of increased cost stemming from the impact of population growth on rising demand and a consequent shortage in supply resulting in the inability to procure certain key raw materials, including palm oil, cocoa, and soybeans, and thereby hindering the production of Group products. Moreover, the Group’s cultivation of key raw materials is expected to decline at the current level due to increasingly stringent restrictions imposed on forest development and the resulting inability to increase increases in arable land.

- Physical risk
  - Negative impact / 5

- Transition risk
  - Negative impact / 5
Our Continuous Pursuit of Strong Financial Discipline and High Capital Efficiency

Fiscal 2020 was supposed to be a year in which we reached our targets as it marked the final year of our medium-term management plan—“Towards a Further Leap 2020.” However, the inability to realize revenue according to schedule in new businesses as well as at Blommer and Harold and the impact of the COVID-19 pandemic hindered our efforts to reach the profit targets set out in the medium-term management plan.

We must continue to gauge the impact of COVID-19 on our business activities and performance while, at the same time, investing in capital and businesses and improving our financial position by anticipating the post-COVID-19 environment. At the top of our priorities each year is the securing of ¥100.0 billion or more in free cash flow by generating operating cash flow and controlling investments. We determine limits and priorities for investments relative to each business division and revise our business portfolio accordingly.

In fiscal 2020, we saw positive contributions to profit through Blommer’s reversal of losses from cocoa futures in the previous year and Groupwide measures to reduce costs. However, their impacts were outweighed by diminished sales volume resulting from the effects of COVID-19, which led to year-on-year decreases in revenue and operating profit. Operating cash flow amounted to ¥38.2 billion, our highest ever, while free cash flow totaled ¥20.8 billion and interest-bearing debt fell ¥14.9 billion from the previous year. These achievements were primarily the result of the decline in inventory assets resulting from the procurement scheme established between Blommer and ITDOCHU Corporation.

Despite the increased costs associated with the scrapping of palm oil and other raw materials and new capital investments, in fiscal 2021 we anticipate operating profit to remain on a par with that of the fiscal year under review as we foresee a growth in sales volumes and a shift in raw material prices. Looking to the future growth of the Group, we have invested in the construction of new mills in the U.S. and Germany as well as in the facilities of Blommer and Harold, and the timely earning of returns on these investments is the challenge that awaits us now.

Our financial infrastructure, which was hit hard by the Blommer acquisition, has been showing signs of moderate recovery but has not quite lived up to our expectations due to the impact of COVID-19. We will continue to strengthen our financial governance while improving our capital efficiency with the aim of enhancing our corporate value.

Financial Strategy

Balance Sheet Management

As of March 31, 2021, the Fuji Oil Group’s interest-bearing debt, which increased with the acquisition of Blommer, was ¥131.3 billion, a decline of ¥14.9 billion from a year ago. We financed a portion of the acquisition by issuing ¥35.0 billion in subordinated bonds to ensure sound finances and maintain and improve capital efficiency. We intend to continue carrying out growth investments that emphasize the cost of capital while generating cash flow and maximizing capital efficiency in order to achieve a net D/E ratio of 0.5 times or lower over the medium term.

Reducing Interest-Bearing Debt and Ensuring Cash Liquidity

In fiscal 2020, tangible fixed assets increased as a result of the establishment of a vegetable oils and fats mill in the U.S. and a functional ingredient (isolatable pea polysaccharide) mill in Germany. However, the decline in inventory assets and working capital stemming from the cocoa bean procurement scheme, a continuous decrease in cross-shareholdings, the transfer of shares of Toraku Foods Co., Ltd., and other factors contributed to a decrease in total assets of ¥8.9 billion from the previous year, to ¥358.5 billion as of March 31, 2021. Meanwhile, as our profit level also took a hit, resulting in a decline in our return on assets (ROA) from 5.9% to 4.8%, we will manage the size of our asset portfolio in line with profitability.

Moreover, our commitment line with financial institutions has been increased with the intent of maintaining cash liquidity in preparation for unforeseen events, such as natural disasters, and the continuation of the COVID-19 pandemic. Furthermore, Blommer has begun funding under the guarantee of the company and is thereby mitigating financial risk.

Improving Our Ratio of Goodwill to Net Assets

With the acquisition of Blommer, at the end of fiscal 2018 our goodwill amounted to ¥46.6 billion and our ratio of goodwill to net assets escalated to 38%. While our ratio of goodwill to net assets improved to 29% at the end of fiscal 2020 due to amortization of goodwill and other factors, we feel that it is still too high. Looking ahead, we must direct our attention to the development of a stable financial infrastructure, particularly for the subsidiaries we have acquired, by improving our sustainable profitability.

Chief Financial Officer (CFO)

Tomoki Matsumoto
Senior Executive Officer, Director and CFO
Financial Strategy

Cash Flow Management

Controlling Cash Flow

Operating cash flow for the four-year period covering our medium-term management plan amounted to ¥126.1 billion, greatly exceeding the ¥100.0 billion targeted under the plan. Maintaining and improving financial discipline will entail reductions to interest-bearing debt and, most importantly, the generation of free cash flow of ¥10.0 billion or more on an annual basis through steady profit growth and a shortening of the cash conversion cycle. This holds true under the COVID-19 pandemic as well. We will minimize our capital expenditure by assessing each investment opportunity, while departing from non-core businesses and further reducing cross-shareholdings in order to manage cash flow.

Shareholder Return Policy

In continuation from the previous year, for fiscal 2021 we have set forth a dividend payout ratio of 30%-40% as a management target, in accordance with our shareholder return policy of providing stable, consistent dividends.

Our initial projection for fiscal 2020 was the achievement of a year-on-year dividend increase for the ninth consecutive year. However, this was hampered by the impact of COVID-19, as a result of which, we were forced to turn our attention to reasur- tating our financial status. Consequently, the annual dividend was ¥52 per share, decreasing by ¥4 compared with the previ- ous year. In accordance with the dividend payout ratio, we plan to pay annual dividends of ¥52 per share again in fiscal 2021.

Strengthening Management through Dialogue with Capital Markets

We at the Fuji Oil Group understand the significance of engaging in dialogue with capital markets on the enhancement of our corporate value.

The opinions and advice we receive from all investors and analysts through our dialogues, which actively involve the CEO and CFO as well as outside directors, other directors, and executives, are taken into serious consideration and reflected in our improvement of management. We are also placing greater emphasis on our one-on-one dialogues centered on medium- to long-term strategies, including non-financial information, with the integrated report serving as a tool for the basis of such dialogues. As we proceed forward, we will continue to strengthen our dia- logue with capital markets in pursuit of our goal of enhancing the quality of management and improving corporate value.

Enhancing Management by Strengthening Financial Governance and Establishing an IT Infrastructure

Strengthening Financial Governance

The Fuji Oil Group has continued to make steady strides in the development of a global capital management structure, such as the consolidation of accounting periods, and the unification of core systems, with a view to strengthening its financial governance. As we move forward, we will rely on the system infrastructure we have put in place to continue to strengthen our financial governance and quality of management.

Establishing a Structure for Global Management Decision-Making

In regard to the unification of core systems, an initiative we began undertaking in fiscal 2017, we plan to implement the core system at Blommer under the next medium-term management plan, which will unify the systems of roughly 90% of Group companies on a revenue basis.

In light of our business landscape characterized by intensifying competition and the necessity for globalization, the issues we must address going forward include: (1) the establishment of a business environment that facilitates management decision-making on a global scale and (2) timely decision-making hinging on the use of data. From the Group companies that have already implemented the core system, we have begun acquiring the information necessary for its operation, and to resolve the aforementioned issues, we have moved full steam ahead with our Center of Excellence (CoE) activities in pursuit of a business environment conducive to the effective use of data worldwide.

An infrastructure will be put in place for our CoE activities to further enhance operating efficiency and visualization while speeding up the pace of decision-making. We will continue to push forward with our IT system that leverages on a global scale the resources and know-how of Fujitsu Limited, with which we have concluded an IT partnership agreement, while nurturing our in-house IT personnel, who are well-versed in the Group’s business, and promoting digital transformation.

Reforming Operations and Creating New Businesses through Digital Transformation

The Fuji Oil Group is looking into the implementation of two digital transformation tactics: one focused on business reforms and the other centered on the creation of new businesses. Our digital transformation aims at business reforms involves the use of digital technology to revise our current work processes and thereby enhance the productivity of and add value to existing businesses. Meanwhile, our digital transformation geared to the creation of new businesses facilitates the establishment of new services and forays into new markets through the use of digital technology.

To put our digital transformation centered on business reforms into practice, we will forge ahead with the digitization of information across the Group while working to update our existing work processes and internal rules and regulations. As for our digital transformation geared to the creation of new businesses, we will continue to stay in tune with the latest technology and provide support to business divisions, such as through the deployment of personnel, in order to implement initiatives across the entire organization, including business divisions.

The Fuji Oil Group’s Blueprint for Realizing Digital Transformation

Conductive to the use of data

Promote awareness of the Group

Enhance corporate value through active dialogue

Provide medium- to long-term value creation story

Suggestion to improve management strategies and information disclosure

Feedback to management

Contribute to social change

Redefine businesses

Reform operations

Develop a workplace environment

Conduct to the use of data

Conduct to the use of data

Conduct to the use of data

Conduct to the use of data

Conduct to the use of data

Conduct to the use of data

Conduct to the use of data

Conduct to the use of data

Conduct to the use of data
The lower revenue and operating profit were a consequence of the reduced sales volume in each segment in the wake of the COVID-19 pandemic and the subsequent lockdowns worldwide that forced people to stay home.

### Vegetable Oils and Fats Business

**FY2020 Results**

- **Revenue**: ¥364.8 billion (down ¥18.9 billion yoy)
- **Operating profit**: ¥17.9 billion (down ¥3.5 billion yoy)

**FY2020 Results**

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2019 (¥ billion)</th>
<th>FY2020 (¥ billion)</th>
<th>Var. (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>39.4</td>
<td>39.2</td>
<td>-0.2</td>
</tr>
<tr>
<td>Asia</td>
<td>31.5</td>
<td>31.7</td>
<td>+0.2</td>
</tr>
<tr>
<td>Europe</td>
<td>16.3</td>
<td>15.9</td>
<td>-0.4</td>
</tr>
<tr>
<td>Total</td>
<td>87.2</td>
<td>86.8</td>
<td>-0.4</td>
</tr>
</tbody>
</table>

**Operating profit**

Operating profit diminished as a result of lower sales volume of vegetable fats for chocolate and oils and fats for the food service sector.

**Industrial Chocolate Business**

**FY2020 Results**

- **Revenue**: ¥162.4 billion (down ¥9.3 billion yoy)
- **Operating profit**: ¥7.6 billion (down ¥0.1 billion yoy)

**FY2020 Results**

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2019 (¥ billion)</th>
<th>FY2020 (¥ billion)</th>
<th>Var. (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>38.2</td>
<td>36.3</td>
<td>-1.9</td>
</tr>
<tr>
<td>Asia</td>
<td>11.6</td>
<td>10.7</td>
<td>-0.9</td>
</tr>
<tr>
<td>Europe</td>
<td>12.1</td>
<td>11.1</td>
<td>-0.4</td>
</tr>
<tr>
<td>Total</td>
<td>62.0</td>
<td>58.1</td>
<td>-3.9</td>
</tr>
</tbody>
</table>

**Operating profit**

Operating profit slipped by virtue of lower sales volume and other factors, despite dissipation of the gains from Blommer’s cocoa business.

**Emulsified and Fermented Ingredients Business**

**FY2020 Results**

- **Revenue**: ¥69.6 billion (down ¥9.8 billion yoy)
- **Operating profit**: ¥3.0 billion (down ¥0.5 billion yoy)

**FY2020 Results**

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2019 (¥ billion)</th>
<th>FY2020 (¥ billion)</th>
<th>Var. (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>12.8</td>
<td>13.1</td>
<td>+0.3</td>
</tr>
<tr>
<td>Asia</td>
<td>4.9</td>
<td>4.7</td>
<td>-0.2</td>
</tr>
<tr>
<td>Europe</td>
<td>2.5</td>
<td>2.3</td>
<td>-0.2</td>
</tr>
<tr>
<td>Total</td>
<td>19.2</td>
<td>19.1</td>
<td>+0.1</td>
</tr>
</tbody>
</table>

**Operating profit**

Operating profit diminished as a result of lower sales volume of vegetable fats for chocolate, higher raw material prices, and other factors.

**Soy-Based Ingredients Business**

**FY2020 Results**

- **Revenue**: ¥34.6 billion (down ¥0.6 billion yoy)
- **Operating profit**: ¥3.2 billion (down ¥0.8 billion yoy)

**FY2020 Results**

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2019 (¥ billion)</th>
<th>FY2020 (¥ billion)</th>
<th>Var. (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>31.0</td>
<td>31.6</td>
<td>+0.6</td>
</tr>
<tr>
<td>Asia</td>
<td>2.5</td>
<td>2.7</td>
<td>-0.2</td>
</tr>
<tr>
<td>China</td>
<td>0.3</td>
<td>0.3</td>
<td>+0.0</td>
</tr>
<tr>
<td>Europe</td>
<td>0.2</td>
<td>0.3</td>
<td>-0.1</td>
</tr>
<tr>
<td>Total</td>
<td>34.8</td>
<td>35.0</td>
<td>+0.2</td>
</tr>
</tbody>
</table>

**Operating profit**

Operating profit fell in the face of lower sales volume of soy protein foods and functional ingredients.

### Performance Forecast for FY2021

In fiscal 2021, revenue is projected to increase from the previous fiscal year through the rejuvenation of sales volume and higher prices of raw materials.

**Revenue**

- **+¥400.0 billion (up ¥35.2 billion yoy)**

**Operating profit**

- **+¥18.0 billion (up ¥0.1 billion yoy)**

**Revenue**

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2019 (¥ billion)</th>
<th>FY2020 (¥ billion)</th>
<th>Var. (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>10.7</td>
<td>11.5</td>
<td>+0.8</td>
</tr>
<tr>
<td>Asia</td>
<td>10.6</td>
<td>9.2</td>
<td>-1.4</td>
</tr>
<tr>
<td>Europe</td>
<td>116.7</td>
<td>107.7</td>
<td>-9.0</td>
</tr>
<tr>
<td>Total</td>
<td>137.0</td>
<td>128.4</td>
<td>-8.6</td>
</tr>
</tbody>
</table>

**Operating profit**

Operating profit is projected to increase as a result of higher sales volume, higher raw material prices, and upfront investment in costs, which are marginally offset by the impact of the revitalized sales volume.

**Revenue**

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2019 (¥ billion)</th>
<th>FY2020 (¥ billion)</th>
<th>Var. (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>35.2</td>
<td>35.5</td>
<td>+0.3</td>
</tr>
<tr>
<td>Asia</td>
<td>15.0</td>
<td>14.7</td>
<td>-0.3</td>
</tr>
<tr>
<td>Europe</td>
<td>28.2</td>
<td>30.7</td>
<td>+2.5</td>
</tr>
<tr>
<td>Total</td>
<td>78.4</td>
<td>80.9</td>
<td>+2.5</td>
</tr>
</tbody>
</table>

**Operating profit**

Operating profit is projected to increase as a result of higher sales volume, higher raw material prices, and the resulting decline in profitability and costs associated with the establishment of a new mill in the G.S.
### Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>292,547</td>
<td>307,645</td>
<td>300,844</td>
<td>241,727</td>
<td>236,779</td>
</tr>
<tr>
<td>Europe</td>
<td>152,863</td>
<td>155,764</td>
<td>150,959</td>
<td>145,179</td>
<td>140,192</td>
</tr>
<tr>
<td>China</td>
<td>19,464</td>
<td>20,481</td>
<td>18,525</td>
<td>23,398</td>
<td>17,911</td>
</tr>
<tr>
<td>Southeast Asia*</td>
<td>19,712</td>
<td>19,983</td>
<td>18,176</td>
<td>22,359</td>
<td>17,565</td>
</tr>
<tr>
<td>Americas</td>
<td>18,103</td>
<td>18,833</td>
<td>16,538</td>
<td>23,279</td>
<td>17,020</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>12,105</td>
<td>13,742</td>
<td>11,582</td>
<td>16,375</td>
<td>11,016</td>
</tr>
</tbody>
</table>

### Operating Profit Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>2,336</td>
<td>3,709</td>
<td>3,103</td>
<td>2,874</td>
<td>2,626</td>
</tr>
<tr>
<td>ROA**</td>
<td>4.9%</td>
<td>6.0%</td>
<td>6.1%</td>
<td>5.9%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

### Notable Past Events

- **Fiscal 2019:** A substantial increase in operating profit on the back of the consolidation of Blommer into the Group and figures referring to 16 months of results, as opposed to 12 months, due to the consolidation of Blommer subsidiaries.
- **Fiscal 2020:** Revenue declined in the wake of COVID-19 and resulting impact on the demand and consumption of industrial chocolates and other products.

### Financial Highlights

#### Results by Business Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Result</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vegetable Oils and Fats Business</td>
<td>Revenue</td>
<td>106,490</td>
<td>113,578</td>
<td>110,140</td>
<td>114,104</td>
<td>98,413</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>6,951</td>
<td>7,288</td>
<td>7,825</td>
<td>11,203</td>
<td>7,872</td>
</tr>
<tr>
<td></td>
<td>Segment assets</td>
<td>—</td>
<td>—</td>
<td>79,826</td>
<td>81,953</td>
<td>92,962</td>
</tr>
<tr>
<td></td>
<td>ROA**</td>
<td>—</td>
<td>—</td>
<td>9.8%</td>
<td>13.7%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Industrial Chocolate Business**</td>
<td>Revenue</td>
<td>146,831</td>
<td>68,557</td>
<td>72,100</td>
<td>180,068</td>
<td>162,445</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>11,808</td>
<td>8,483</td>
<td>7,756</td>
<td>8,324</td>
<td>7,608</td>
</tr>
<tr>
<td></td>
<td>Segment assets</td>
<td>—</td>
<td>—</td>
<td>191,034</td>
<td>170,437</td>
<td>150,980</td>
</tr>
<tr>
<td></td>
<td>ROA**</td>
<td>—</td>
<td>—</td>
<td>5.1%</td>
<td>4.9%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Emulsified and Fermented Ingredients Business**</td>
<td>Revenue</td>
<td>39,226</td>
<td>39,084</td>
<td>36,110</td>
<td>35,346</td>
<td>34,355</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>3,582</td>
<td>3,546</td>
<td>3,289</td>
<td>4,016</td>
<td>3,169</td>
</tr>
<tr>
<td></td>
<td>Segment assets</td>
<td>—</td>
<td>—</td>
<td>58,197</td>
<td>55,999</td>
<td>49,045</td>
</tr>
<tr>
<td></td>
<td>ROA**</td>
<td>—</td>
<td>—</td>
<td>5.7%</td>
<td>7.2%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

#### Results by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Result</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>Revenue</td>
<td>177,406</td>
<td>175,764</td>
<td>170,959</td>
<td>165,179</td>
<td>152,863</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>14,795</td>
<td>14,971</td>
<td>13,722</td>
<td>17,418</td>
<td>15,140</td>
</tr>
<tr>
<td>Americas</td>
<td>Revenue</td>
<td>44,813</td>
<td>50,795</td>
<td>46,030</td>
<td>156,733</td>
<td>138,071</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>2,336</td>
<td>3,709</td>
<td>3,103</td>
<td>2,874</td>
<td>3,200</td>
</tr>
<tr>
<td>Southeast Asia*</td>
<td>Revenue</td>
<td>49,484</td>
<td>37,681</td>
<td>39,022</td>
<td>46,211</td>
<td>33,925</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>4,423</td>
<td>3,244</td>
<td>2,098</td>
<td>3,206</td>
<td>1,296</td>
</tr>
<tr>
<td>China</td>
<td>Revenue</td>
<td>19,429</td>
<td>21,410</td>
<td>22,792</td>
<td>21,685</td>
<td>3,200</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>1,487</td>
<td>1,788</td>
<td>2,225</td>
<td>1,670</td>
<td>1,296</td>
</tr>
<tr>
<td>Europe</td>
<td>Revenue</td>
<td>20,862</td>
<td>23,974</td>
<td>25,922</td>
<td>23,809</td>
<td>18,822</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>871</td>
<td>430</td>
<td>1,165</td>
<td>1,974</td>
<td>303</td>
</tr>
</tbody>
</table>

### Group administrative expenses

<table>
<thead>
<tr>
<th>Result</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Millions of yen)</td>
<td>(2,648)</td>
<td>(3,308)</td>
<td>(3,465)</td>
<td>(4,800)</td>
<td>(3,756)</td>
</tr>
</tbody>
</table>

---

* From fiscal 2010, the Company has included deferred tax assets under investments and other assets, and deferred tax liabilities under fixed assets based on Accounting Standards of Japan Statement No. 24, ‘Financial Instruments Accounting Standard for Tax Effect Accounting.’

** Due to the use of the provisioned accounting method for business reorganizations in fiscal 2011, the figures for fiscal 2010 have been restated by reclassifying the fixed assets, etc. as deferred tax assets.

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Changes in the prices of palm oil and other raw materials, shifts in sales volume, establishment of new mills and new facilities, cost savings and sales of subsidiaries through M&A, and other internal and external factors for revenue.

### Notable Past Events

- **Fiscal 2019:** Operating profit in the Oils and Fats Business, the Confectionery and Bakery Ingredients Business, and other businesses due to a rise in raw material prices.
- **Fiscal 2016:** Operating profit grew owing to contributions from the growth of the Confectionery and bakery ingredients business and other products.

**From fiscal 2018, the Company has reclassified deferred tax assets under investments and other assets, and deferred tax liabilities under fixed liabilities based on Accounting Standards Board of Japan Statement No. 24, ‘Financial Instruments Accounting Standard for Tax Effect Accounting.’**

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Changes in the prices of palm oil and other raw materials, shifts in sales volume, establishment of new mills and new facilities, cost savings and sales of subsidiaries through M&A, and other internal and external factors for revenue.

### Notable Past Events

- **Fiscal 2019:** A substantial increase in operating profit on the back of the consolidation of Blommer into the Group and figures referring to 16 months of results, as opposed to 12 months, due to the consolidation of Blommer subsidiaries.
- **Fiscal 2020:** Revenue declined in the wake of COVID-19 and resulting impact on the demand and consumption of industrial chocolates and other products.

Drastic fluctuations in the prices of palm oil and other raw materials, shifts in sales volume, establishment of new mills and new facilities, cost savings and sales of subsidiaries through M&A, and other internal and external factors for revenue.

### Notable Past Events

- **Fiscal 2019:** Operating profit in the Oils and Fats Business, the Confectionery and Bakery Ingredients Business, and other businesses due to a rise in raw material prices.
- **Fiscal 2016:** Operating profit grew owing to contributions from the growth of the Confectionery and bakery ingredients business and other products.
Financial Position

Fuji Oil Holdings Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 to March 31, 2016

Balance Sheet Summary

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2017*1</th>
<th>FY2018*2</th>
<th>FY2019*3</th>
<th>FY2020</th>
</tr>
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<tbody>
<tr>
<td>Current assets</td>
<td>132,455</td>
<td>130,805</td>
<td>185,435</td>
<td>148,662</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>139,653</td>
<td>139,925</td>
<td>205,088</td>
<td>198,659</td>
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<tr>
<td>Total assets</td>
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<td>367,365</td>
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<tr>
<td>Current liabilities</td>
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<td>67,460</td>
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<tr>
<td>Fixed liabilities</td>
<td>47,051</td>
<td>38,372</td>
<td>62,963</td>
<td>103,894</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>116,628</td>
<td>105,833</td>
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<td>252,556</td>
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<tr>
<td>Total net assets</td>
<td>155,480</td>
<td>164,897</td>
<td>159,227</td>
<td>157,986</td>
</tr>
</tbody>
</table>

Cash Flow Summary

- Cash flow from operating activities: 16,521, 28,206, 22,637, 37,058 yen
- Cash flow from investing activities: (13,740), (14,510), (79,104), (18,302) yen
- Cash flow from financing activities: (5,662), (13,452), 65,487, (20,674) yen
- Free cash flow: 2,760, 13,695, (56,467), 18,755 yen

Balance Sheet Composition and Equity Ratio

- ROE: 8.3, 8.8, 7.3, 10.2%
- ROA: 7.3, 7.4, 5.5, 7.4%
- ROIC: 6.4, 6.7, 4.0, 5.1%
- Net D/E ratio: 0.4, 0.3, 0.9, 0.7
- Equity ratio (%): 59.2, 40.1, 42.3, 44.6%

Capital Expenditures / Depreciation / R&D Expenses

- Capital expenditures: 13,611, 14,689, 15,943, 18,042 yen
- Depreciation expenses: 9,593, 9,995, 10,992, 12,960 yen
- R&D expenses: 4,459, 4,613, 4,758, 5,331 yen

Stock price, at year-end: 2,607, 3,210, 3,790, 2,608 yen

Note: The impact of the consolidation of Blommer’s balance sheet has not been reflected in the figure for fiscal 2018. The figure for fiscal 2019 has been calculated based on 12 months of results for Group companies that changed their accounting period.

Due to the change in the accounting period of 19 overseas consolidated subsidiaries, the fiscal 2019 figures reflect 15 months (January 1, 2019 to March 31, 2020) of results for these subsidiaries.

Due to the use of the provisional accounting method for business integrations in fiscal 2019, the fiscal 2018 figures have been reflected using this method.

Japan Statement No. 28 “Partial Amendments to Accounting Standard for Tax Effect Accounting.” Results for fiscal 2017 have been retroactively adjusted to reflect the change.

*1 From fiscal 2019, the Group has reclassified deferred tax assets under investments and other assets, and deferred tax liabilities under trade and other liabilities based on Accounting Standards Board of Japan Opinion No. 28, “Provisional Accounting.” Results for fiscal 2017 have been restated accordingly to reflect this change.

*2 Due to the use of the provisional accounting method for business integrations in fiscal 2019, the fiscal 2018 figures have been restated using this method.

*3 Due to the use of the provisional accounting method for business integrations in fiscal 2019, the fiscal 2018 figures have been restated using this method.

*4 The impact of the consolidation of Blommer’s balance sheet has not been reflected in the figure for fiscal 2018. The figure for fiscal 2019 has been calculated based on 12 months of results for Group companies that changed their accounting period.

*5 The impact of the consolidation of Blommer’s balance sheet has not been reflected in the figure for fiscal 2018. The figure for fiscal 2019 has been calculated based on 12 months of results for Group companies that changed their accounting period.
We will steadily proceed with the measures we were unable to implement as a result of COVID-19.

The four years covering the Group’s previous medium-term management plan, “Towards a Further Leap 2020 (2017–2020),” was a period in which we laid a variety of groundwork for the global expansion of our business and the strengthening of our management foundation on the back of our four growth strategies—“reinforcement of core competence,” “growth of soy business,” “development of functional high-value-added products business,” and “cost reduction and unification with the global standard”—while at the same time uncovering a range of issues.

For the “reinforcement of core competence,” we set out to steadily expand the markets and product lines in which we are strong and actively enhanced our presence in each segment. In the Vegetable Oils and Fats Business, Unifuji Sdn Bhd, which began operating in 2018, secured its supply chain and expanded sales of sustainable palm. Along with extending collaborative efforts, we are diversifying our line of oil and fat raw materials while expanding production and promoting sustainability initiatives for shea kernel. In the Industrial Chocolate Business, in addition to our acquisition of Blommer Chocolate Company in fiscal 2018, we aggressively invested and enhanced production capacity in each region while widening our regional coverage and building our management structure. Regardless of these efforts, the stability of Blommer’s operations, Harold’s measures to address the weakening Brazilian real, and the creation of synergies through global business alliances are ongoing issues and we will continue to pursue improvements in these areas accordingly.

For the “growth of soy business,” we restructured the business portfolio of the Soy-Based Ingredients Business and pressed forward with our selection and concentration efforts. Unprofitable, non-core businesses and assets were transferred and sold to improve the business’s profitability while operations of our new Chiba Plant commenced in fiscal 2020, putting a framework in place to address the growing demand for textured soy protein, an area of concentration. Moreover, the operations of “UPGRADE Plant based kitchen,” a pop-up store serving plant-based foods since 2019, has played a key role in strengthening our communication with consumers and expanding our knowledge of the plant-based food market. While the fruits of such efforts will not be realized until further down the line, I truly believe these initiatives have helped uncover our direction as a sustainable business committed to resolving the issues of society, as well as paving the way for our future.

As for the “development of functional high-value-added products business,” while profitability of the stabilized DMA/EPA business fell behind schedule, we bolstered the production capacity of water-soluble soy polysaccharides to help drive its earnings. In addition, we are making headway with the construction of our new plant in Germany to expand our global sales network for the polysaccharide business and set the stage for our rollout of plant-based food ingredients in Europe and the Americas.
Message from the CSO

Fiscal 2020 Results and Impact of COVID-19

Fiscal 2020 was a severely challenging and tumultuous year in which the lives of Fuji Oil Group employees were tragically lost and over 300 employees fell victim to the COVID-19 pandemic, particularly in the U.S. and South America. However, through our determined resolve to continue to provide food to society as an essential business, we banded together as a team and managed to sustain the operations of all of our plants without having to take such actions as extended closures.

While the degree of the impact of COVID-19 on our earnings is different between each country and region, we suffered the consequences of the pandemic in terms of unstable plant operations, labor shortages, and diminished demand in all of the markets in which we operate. As a result of government restrictions imposed on the movement of people, we were able to tap into new demand in areas we had yet to encounter. However, our sales volume declined in our existing businesses.

Lockdowns and other measures enforced around the world to restrict the flow of people have interfered in our efforts to ensure adequate labor, steady production, and stable operations. Moreover, in addition to our human resources, the labor shortage has had a significant impact on our flow of goods, as it has led to delays in our logistics processes and unstable supplies of primary commodities. To ensure the safety of our employees and prevent them from being exposed to the virus, the Group placed restrictions on the number of employees within our plants and prohibited the entry of visitors. These preventative measures, however, hindered the operations of plants in the U.S. and Brazil, where the number of COVID-19 cases has been rather significant. Specifically, restrictions on the number of employees at Blommer’s plants in the U.S. caused delays to its growth investment, which was a hard pill to swallow from a strategic point of view.

In terms of the pandemic’s impact on demand, government restrictions to stay indoors triggered a setback in demand for products consumed at food service outlets and other destinations. The travel and tourism industry was also dealt a big blow, as a result of which our demand in the souvenirs market plummeted in each region. Meanwhile, preferences toward at-home consumption and demand associated with people staying at home are sparking a growth in demand in Japan for products seen as “offering a little treat for myself.” At the Fuji Oil Group, we have continued to adapt to the changing needs of each region through the sales of products geared toward takeout and delivery services, products packaged in small quantities tailored to individual customers, and chocolate filling for homemade confectioneries, as well as the development of sugar-free chocolates and other high-value-added products aimed at providing better health.

Furthermore, in China, a new web-based sales method was put in place, fuels sales growth of products in the bakery market.

In terms of fiscal 2020 by quarter, while the first quarter saw demand drop by half in certain markets, the Chinese market bounced back in the second quarter; certain other countries got back on track gradually in the third quarter; and economic activities and consumption recovered at last in Japan, Europe, and the Americas in the fourth quarter. As a consequence, we were able to conclude the fourth quarter with results almost on a par with previous years. Despite this resurgence, the pandemic continues to linger in fiscal 2021.

Our Measures for Fiscal 2021

“Commitment to profit” has been declared by the Group’s CEO as the policy for our contributions to all stakeholders in fiscal 2021. We will steadily proceed with measures we were unable to accomplish in fiscal 2020 as a result of COVID-19, while making the achievement of our fiscal 2021 profit plan a top priority to chart our course for the launch of our new medium-term management plan in fiscal 2022.

To that end, our initial focus will be to firmly generate profits in the Industrial Chocolate Business in the Americas and Southeast Asia. Adjusting to the changing consumption patterns under the new normal era and our ongoing efforts from fiscal 2020 to regain the demand that dissipated due to COVID-19 will be essential to realizing top-line growth. In the process, our measures to date to improve productivity and operational efficiency will help enhance the level of our profits. And, while we expect to feel the effects of the soaring prices of palm oil and other raw materials, we will strive to improve our earnings through steady price adjustments and other measures.

In addition, our efforts to strengthen cross-organizational systems and activities are moving along the right path. In fiscal 2021, the regional headquarters of the Americas and Europe regions were integrated, thereby establishing a framework that accelerates the pace of risk management for raw material supply chains and market fluctuations, synergy creation between the Vegetable Oils and Fats and the Industrial Chocolate businesses, and development of new value-added products. Also, the Global Chocolate Committee and Global Sustainable Sourcing Committee were established under the direct guidance of the CSO, through which we will look to enhance the speed of decision-making for Groupwide strategies and generate even more synergies.

While concerns over our unstable business environment stemming from COVID-19 will still be undeniable evident in fiscal 2021, we will do everything in our power to restore profits and set the stage for our next medium-term management plan.

Our Direction Going Forward and Vision for the Medium to Long Term

Our immediate focus is on achieving profitability of Harald and Blommer, which form the basis of our Industrial Chocolate Business, in a timely manner and acquiring returns commensurate with the level of our investment. We must quickly address the issue of productivity improvement, which has become increasingly urgent and is also a reason for the delay in profitability.

Meanwhile, our new oil and fat plants in the U.S. that will commence operations in fiscal 2021 will look to capitalize on the increased demand for oils and fats, while our polysaccharide plants in Germany that are currently under construction will team up with the new R&D center in Europe—a leader in the health and nutrition market—and pursue entry into new markets. In Brazil, we will boost our production capacity while seeking further growth in the expanding chocolate market through the operations of the second plant, which is currently in its planning stages. Furthermore, in China, the plant-based cream market is projected to expand, and we are working to enhance earnings by capturing this growing market for our new plant in this market.

Almost all of the raw materials used in our four existing businesses—Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-Based Ingredients—are derived from plants. We adopted a new sourcing policy for soybeans and shale kernels in fiscal 2021 and will continue to make steady strides with the sustainable procurement of such key raw materials, in an effort to help realize a sustainable society.

With a view to establishing purchasing partnerships across the globe, we will monitor our raw material procurement with an overarching view of its entire framework, through which we will enhance the level of our profits. For example, the Global Chocolate Committee, which was established in fiscal 2021 as a project under the direct supervision of the CSO, aims to maximize synergies through the sharing of chocolate business strategies across the Group.

Our mission is to provide customers with value that brings deliciousness and health to their lifestyles and contribute to delivering value to society.

We will continue to hone our technologies, which form the foundation of our business, and strengthen our commitment to safety, quality, and the environment so that we can build even stronger relationships of trust with our customers for our products and services, which serve as the lifeblood of our business. Looking ahead, we will leverage the strengths of our technologies in the Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-Based Ingredients businesses and combine them along the way to descend upon new spectrums of food.

With our sights set on contributing to the lives of all stakeholders, we will continue to draw on the capabilities of our global network, plant-based food ingredients, and solid processing technologies to roll out new businesses and grow even further as a company. What ought to lie ahead of that is a bright future for the world of food that is friendly to both humanity and the environment.

Hitoshi Shindachi
Senior Executive Officer
Chief Strategy Officer (CSO)
Management of Business Segments and Regions

Since our transition to a holding company system in 2015 with the aim of achieving sustainable growth, we have developed a management structure optimized for our entire operations by focusing on business execution in our five regions (four regions from fiscal 2021 due to the integration of the Americas and Europe) while promoting global strategies centered on our four business lines.

**Management of Business Segments**

Amid the increasing globalization of our business, there is a growing need for global strategies such as enhancing the brand value of our products and addressing the needs of customers worldwide. As such, we are strengthening our design and execution of strategies in the form of global supply chain development, integration of sustainability programs, global customer response, joint procurement, and enhancement of brand value.

In fiscal 2020, we established the role of business unit manager and honed our ability to formulate global strategies with respect to each of our core global product lines, with the aim of optimizing our products across the Group. Moreover, in an effort to ramp up the pace of synergy creation on a global scale, the Global Sustainable Sourcing Committee was established in fiscal 2020 and the Global Chocolate Committee was established in fiscal 2021.

**Management of Regions**

The development of the food business, which is deeply rooted in the culture and tastes of the various regions across the globe, entails timely responses to changes in the food environment of each region. For that reason, we have established regional headquarters in Japan, Southeast Asia, China, Europe, and the Americas to which we delegate the authority necessary for making management decisions whenever possible, in order to increase the efficiency and speed of our management.

To enhance our management efficiency to an even greater degree while maximizing profits in each business segment and region, we will develop an execution system and formulate regional strategies in accordance with our Group strategies.

**Strengthening Our Global Integration and Global Management Structure**

The Fuji Oil Group is proceeding ahead with its global integration efforts to take full advantage of Groupwide assets such as the unique strengths and production capacity of each region and operating company. In so doing, we will continue to press forward with our Group management and leverage our collective strengths, while the streamlining of functions and adjustments necessary for leveraging such synergies will be carried out by Group headquarters.

In order to continue raising the level of such Groupwide collaboration and business growth, we will develop the global management infrastructure and Group governance necessary and thereby establish a more robust and sophisticated global management structure (see page 92 for details on our Group governance).

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**Notes:**
1. Mainly consolidated subsidiaries and equity-method affiliates
2. Includes non-consolidated subsidiaries and associates
3. The fiscal years enclosed in ( ) represent the companies' year of establishment. However, for companies acquired during the fiscal period, their fiscal year of acquisition is provided.
### Japan

<table>
<thead>
<tr>
<th>Revenue / Operating Profit</th>
<th>Market Trends</th>
</tr>
</thead>
<tbody>
<tr>
<td>(¥ billion)</td>
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<tr>
<td>2021</td>
<td>170.3</td>
</tr>
<tr>
<td>2020</td>
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<tr>
<td>2019</td>
<td>132.5</td>
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<td>2018</td>
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#### Southeast Asia

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#### China

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### Americas

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### Europe

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<td>13.2</td>
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<tr>
<td>2018</td>
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</table>

### Regional Synergies (Americas and Europe)

- In the U.S. and Europe, the need for timely response and adequate solutions concerning safety, security, wellness, and the environment are continuing to grow. Fuji Specialties, Inc. will focus on tackling challenges such as maintaining a reliable supply chain, securing sufficient sustainable raw materials, managing highly volatile market risks, and creating new value-added products that answer the needs of diversified and varying consumption patterns by leveraging the strengths and good practices of Group companies in the Americas and the Europe-Africa region.

- Challenges concerning various ESG issues, especially in Europe and the U.S., where ESG awareness is higher than in other parts of the globe, will be handled by the newly established Sustainability Development Team, in Europe. “Transatlantic” working groups responsible for innovation, strategic raw material, and communication have been established in order to responsibly contribute to the Fuji Oil Group as one of its core and strategic regions.

- Joint product development is also on the way through alliances between Blommer and Fuji Vegetable Oil as well as among Blommer, Harald, and Fuji Oil Europe. We plan to launch a new group of value-added chocolate products. Fuji Oil Ghana will partner with Fuji Vegetable Oil to roll out a new line of sustainable oils and fats.

### Resolving the Issues of Society through Innovative and Sustainable Products

- In Europe and the Americas, we will continue to incorporate the needs and global standards concerning safety, security, wellness, and sustainability into our business strategies, and thereby contribute to the growth of the Group. With the growing attention to environmental conservation and climate change among millennials and Generation Z during and after the COVID-19 era, we will ramp up sales of sustainable products to multinational companies and other existing customers while directing our product development towards ethical consumption.

### Local Strategy

- Leveraging the capabilities of the Global Innovation Center Europe (GICE) in new R&D center that will commence operations in fiscal 2021, and our partnership with plant-based food business developers in Europe, we will set out to launch new products and expand sales of oils and fats, chocolate, and functional ingredients for the plant-based food market.

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**Promoting the Innovation of Foods Centered on Plant-Based Ingredients**

On the basis of “Deliciousness and Health,” the decling birthrate, aging population, and diminishing labor force will remain an ongoing issue in Japan. The nation’s real GDP suffered negative growth in fiscal 2020, and the business environment surrounding the manufacturing industry underwent significant changes due to the impact of COVID-19.

In light of such conditions, the Fuji Oil Group will continue to remain fully committed to the development of products that contribute to longer healthy lifespans, while devoting even more attention to plant-based foods, which will likely see greater demand as a result of the growing interest in the global environment.

Although we will continue to suffer the effects of the deteriorating food service and souvenir markets sparked by COVID-19, we will explore methods to offset this loss by increasing the revenue of our products geared to plant-based food solutions, takoyaki, and homemade meals.

Moving forward, the Fuji Oil Group will remain committed to its unswerving beliefs and continue to contribute to the achievement of the SDGs through its main business. We will accomplish this by strengthening ESG management, adapting to the needs of society, and promoting the innovation of foods, centered on plant-based foods.

---

**Addressing the Needs of Asia’s Diverse Food Markets and Complying with the Global Sustainability Standards for Oils and Fats**

In the industrial Chocolate Business, we will drive our manufacturing bases to closely accommodate the market and customer needs of each country and tap into new markets while detecting deeper into existing markets. We will leverage our technology developed in Japan to focus on the market for high-quality, high-value-added products, while strengthening cost competitiveness and targeting our volume area.

As for the supply of oil and fats intermediate products, we will assemble a supply chain that complies with globally accepted sustainability and traceability standards.

---

**Regional Synergies**

We will effectively draw on the capabilities of the Asia R&D Center and application center FUJISSUNNYPLAZA to optimally expand our business in the Southeast Asian market. We will also look to boost our cost competitiveness by enhancing operational efficiency at each business site and maximizing productivity at each plant.

---

**Three Core Pillars Pivoted to Realize 10% Profit for the Group and Contribute to Sustainable Growth**

In the Emulsified and Fermented Ingredients Business, we cemented our position for fillings in the Chinese market and formed a nationwide sales structure with FUJISSUNNYPLAZA customer service centers, which are open at sites within the seven urban centers of China.

We expanded our production capacity through the contributions of Blommer (Shanghai), realizing a framework that accommodates further growth of our sales going forward. We will strive to maintain our market share for the Emulsified and Fermented Ingredients Business, develop the chocolate business to comprise realizing a framework that accommodates further growth of our sales going forward. We will strive to maintain our market share for the Emulsified and Fermented Ingredients Business, while devoting even more attention to plant-based foods, which will likely see greater demand as a result of the growing interest in the global environment.

Although we will continue to suffer the effects of the deteriorating food service and souvenir markets sparked by COVID-19, we will explore methods to offset this loss by increasing the revenue of our products geared to plant-based food solutions, takoyaki, and homemade meals.

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---

**Regional Synergies**

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Vegetable Oils and Fats Business

In the Vegetable Oils and Fats Business, we supply a wide array of oil and fat products to food manufacturers. The raw materials that we use are a range of vegetable oils and fats such as palm oil, palm kernel oil and sunflower oil, of which processing such as fractionation, interesterification, among other processes, is performed at our global production sites. We continue to expand our global network and contribute to the growth of our core businesses.

Core Product Line
- Edible oils and fats
- Oils and fats for food processing
- Vegetable fats for chocolate

Main Applications
- Chocolate
- Snacks
- Instant noodles
- Ice cream
- Infant formulas
- Margarine, etc.

Market Trends and Business Opportunities
- Growing demand for sustainable raw materials
- Increasing need for safe and secure ingredients
- Greater consumption of processed foods and beverages
- Gaining interest toward immunostimulation-related foods and ingredients

Competitive Advantages
- Customer trust earned through provision of high-quality products
- First-mover advantage earned as an industry leader in patent applications
- Creation of intersegment synergies
- Stable supply facilitated by intra-Group procurement
- Differentiation realized through procurement of certified raw materials

Challenges and Areas of Improvement
- Limited presence in unserved markets
- Delays in reorganization of product portfolios
- Lack of external dissemination of business-related information
- Opportunity loss due to production at full capacity

Specific Risks
- Lower profitability of products due to increasing competition
- Possibility of disruption arising from overdependence on palm oil
- Lack of infrastructure in response to sustainable needs
- Restrictions on supply chain stemming from dependence on third parties for raw materials
- Emergence of new competitors

Development of Intra-Group Supply Chain for Certified Palm Oil

The demand for sustainable certified palm oil is increasing particularly among multinational companies based in Europe and the United States. With that said, the Fuji Oil Group will draw on its production sites in Malaysia and Singapore even more for the supply of certified oil to Europe and the U.S. We will also team up with our primary raw material suppliers while putting a supply system in place at Group companies overseas to expand our share of the European and U.S. markets.

FY2021 Priorities
- Develop supply chain for vegetable fats for chocolate
- Rapidly expand the range of applications for sustainable oils and fats
- Introduce new value-added products
- Provide safe and secure products
- Reduce reliance on palm oil through alternative use of various raw materials
- Strengthen synergies between Group businesses

Vegetable Fats for Chocolate

Chocolate is made primarily of cocoa, milk, sugar, and oils and fats. Chocolates made of oils and fats containing cocoa butter only are called pure chocolate while chocolates made of vegetable fats for chocolate produced from palm oil and other raw materials are dubbed "compound coating." The Fuji Oil Group will draw on its long-cultivated know-how in vegetable fats for chocolate to contribute to the growing markets of foods containing chocolate across the globe.

Enhancement of Productivity and Rollout of Sustainability Program at Fuji Oil Ghana Ltd.

At Fuji Oil Ghana Ltd., a Group subsidiary that manufactures shea butter (a raw material for vegetable fats for chocolate), we have been working to enhance productivity by revising our work processes and improving our employees’ skill set. As a result, our productivity in fiscal 2020 improved by a substantial 50% over the previous fiscal year, despite the impact of COVID-19. Meanwhile, through our Tamba-Kandu shea kernel sustainability program, which was instituted in fiscal 2021, we will help promote the empowerment of women, reforestation, and the development of local economies, while joining forces with external organizations to continue to create new value.

Pursuit of Leading Market Share for Tropical Oils and Fats in the Southern Region of the U.S.

Our new refinery in New Orleans, Louisiana, for which construction was delayed due to COVID-19, will commence operations in the latter half of fiscal 2021. Conveniently located within the proximity of our core customers, the new refinery will be utilized to pursue a 40% share of the market in the eight southern states of the U.S., including Texas, where the population continues to grow and is projected to play a prominent role in the expansion of our sales channels to the Midwest region and Mexico. In addition, the New Orleans refinery will accommodate the partial production transfer from our Savannah refinery (Fuji Vegetable Oil) in Georgia, which is already operating at full capacity. The New Orleans refinery will serve as an important production site as it will create room for more production capacity with the potential to capture new business opportunities in the eastern region of the U.S., while also functioning as a production backup in the event of a disaster and fulfilling the business continuity plan needs of customers.

We have been receiving a number of positive inquiries from customers in regard to the New Orleans refinery since its construction stage. In order to fulfill the expectations and earn the trust of our customers, employees of the quality, production, and other divisions of the New Orleans refinery underwent thorough training at the Savannah refinery in advance, as part of our preparation to declare all systems go for the refinery’s full-scale operation in the latter half of fiscal 2021. Moving forward, all of our employees will continue to strive to expand our business by maintaining high morale.
**Industrial Chocolate Business**

The Industrial Chocolate Business manufactures and sells industrial chocolates for use in confectioneries, bakery products, ice cream, and a wide assortment of other products. Our strengths lie in compound coating, which is underpinned by our oils and fats technology for chocolates. We also play an active role in the supply of sustainable, better-for-you products.1)

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### Core Product Line
- **Industrial chocolate**
- **Non-tempering chocolates**2)
- **Tempering chocolates**2)
- **Colored chocolate**
- **Molded chocolate**

### Main Applications
- All products containing chocolate
- Chocolate confectionaries
- Western-style confectionaries
- Sweet baked goods
- Ice cream, etc.

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**Opportunities**

- **Scale of the Group’s chocolate business**
- **Accumulation of know-how in production-site operations**
- **Portfolio of technologies for oils and fats**
- **Development of relationships with multinational companies in Asia**
- **Growth of demand for sustainable products**
- **Solid demand for chocolate confectioneries**
- **Growth of e-commerce market**

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**Challenges and Areas of Improvement**

- **Productivity growth**
- **Heightening of profile in global markets**
- **Enhancement of added value**
- **Strengthening of cold competitiveness**
- **Realization of benefits from Group collaboration**
- **Scale of the Group’s chocolate business**

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**Activities of Key Players and Competitive Landscape**

- **Forming of oligopolies along value chain**
- **Presence of major players and fierce competition**
- **Emergence of sustainable chocolates**
- **Shift in market landscape of cocoa raw materials**
- **Impact of COVID-19 on productivity**

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**Challenges and Areas of Improvement**

- **Productivity growth**
- **Heightening of profile in global markets**
- **Enhancement of added value**
- **Strengthening of cold competitiveness**
- **Realization of benefits from Group collaboration**
- **Scale of the Group’s chocolate business**

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**Strategic Directions**

**Reinforcing Our Production Sites and Harnessing Our Competitive Strengths in Compound Coating**

The Industrial Chocolate Business will draw on its technologies dedicated to oils and fats, cocoa, and other raw ingredients to provide chocolate and compound coating to a range of markets across the globe and contribute to the sustainability of cocoa. We will boost the capacity of our production sites in each region while adapting promptly to the needs of the changing markets. By bolstering productivity and leveraging our strength in compound coating, underpinning our oils and fats technology, we will continue to raise the competitiveness of the Group to new heights.

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**FY2020 Results**

- **Announced medium- to long-term sustainable cocoa procurement targets**
- **Launched cocoa bean certification program in Ghana**
- **Mitigated impact of cocoa bean raw material market on Blemmer**
- **Developed synergies between Blemmer (Shanghai) and Fuji Oil China Joint Co., Ltd.**
- **Initiated remote seminars to comply with restrictions arising from COVID-19**
- **Saw brisk sales of products for at-home consumption market**
- **Fixed internal competition for products in overseas market**

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**Priorities in FY2021**

- **Expand sales volume in response to anticipated recovery in demand**
- **Move forward with capital investment plan to realize greater productivity at Blemmer plants in North America**
- **Promote sales of reduced-sugar and other better-for-you products**
- **Produce raw materials for better-for-you products**
- **Maintain productivity amid COVID-19 pandemic**

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**Trends in Japanese Market**

In the Japanese industrial chocolate market, the Fuji Oil Group continues to forge ahead with its fundamental strategy of maintaining and striving to increase its market share as an industry-leading company. Fiscal 2020 was a year in which we suffered the significant effects of the spread of COVID-19 on our sales. While sales of products for the souvenir market took a hit, we were able to achieve favorable results for products in the ice cream market, thanks to the increased demand associated with people staying at home, as well as for ready-to-eat sweets and products for convenience stores. By addressing the rapid shifts in sales floors and markets caused by COVID-19, in the fourth quarter of fiscal 2020 we were able to regain our sales volume relative to our results in the previous fiscal year, despite discrepancies between industries. In our aim to continue growing our business in the years ahead, we will promote sales of healthy nutrient-rich chocolates that are tailored to the rising needs of health-conscious consumers, chocolates made of sustainable cocoa raw ingredients, and other products that contribute to the resolution of human rights and environmental issues.

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**Trends in Southeast Asian Market**

Our operations in Southeast Asia hinge on the supply of products tailored to the markets of this region from our production sites in Indonesia, Thailand, and Australia, in addition to the export of other products to other markets via our operating bases in Malaysia and Indonesia. We also promote sales of compound coating products that are geared toward the climates of Southeast Asia as well as accommodating the requests of Japanese confectionary companies that have tapped into this region. As for the Australian market, we are seeing a rise in demand for domestically produced chocolate, reduced-sugar products, and ethical products, and are catering to this need accordingly. By harnessing the strengths born out of our collaborations between Group companies and with oil and fat production sites, we will raise our sales volume in line with the expected rise in demand upon the widening deployment of COVID-19 vaccines.

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**Trends in European Market**

The European market is seeing a great deal of attention being placed on ethical consumption, health-conscious consumption, and food safety. At Fuji Oil Europe, we supply products made of sustainable raw ingredients, products that can be consumed safely with peace of mind, and other high-value-added products to the European market. We hold a competitive edge in not only the development and manufacture of oils, fats, and chocolates but also in filling products, which draw on the advantages provided by the oils and fats manufactured at our production sites. Due to the impact of COVID-19 on our sales for the souvenir market, in fiscal 2020 we turned our attention instead to our sales for the chocolate confectionery and bakery markets. Meanwhile, fiscal 2021 we will see our production capacity increase and our sales grow through the launch of new products, while exporting chocolate filling products made in Belgium to our Group subsidiaries.
Global Chocolate Committee

In fiscal 2021, the Fuji Oil Group established its Global Chocolate Committee to serve as a decision-making body for the Group’s chocolate business. Consisting of regional and Group company managers in the chocolate business who report directly to the chief strategy officer (CSO), the Global Chocolate Committee determines strategic policies for the Group and decides on the measures necessary for creating synergies. The committee also serves as a forum in addition to our general meeting, for conducting discussions on the issues specific to the regions of Europe, the Americas, and Japan, China, and the rest of Asia.

Harald

Direction Going Forward
Harald is a leading manufacturer of industrial chocolates in Brazil. Boosting its expansive nationwide sales network, Harald markets its own brand products, focusing on compound coatings used as confectionery ingredients. In Brazil, there are a number of housewives who sell chocolate cakes and other products for breakfast and on the streets. For Harald, they represent a core customer group, and this sales approach has received a great deal of attention as a business for lower income earners with very limited capital. In 2022, Harald will celebrate its 40th anniversary, and this initiative has won the support of many fans for its continuous contributions to these women through the sale of ingredients and the provision of seminars on cooking recipes as well as on laws and regulations.

The confectionery ingredient market and Harald’s sales network have also suffered the consequences of COVID-19. As a result, we have turned our attention to creating new sales outlets and marketing-related activities to accommodate changes in business environment, focusing on productivity improvements through price revisions while concentrating on expanding sales in new market segments, such as food services and ice cream ingredients, uncovering new sales outlets, and broadening our portfolio. Harald also plans on expanding its production capacity in an effort to realize its new growth strategy of cementing its presence as a leading brand in Brazil.

Blommer

Direction Going Forward
Despite the severe impact on the food service market from COVID-19, our industrial chocolate business in North America felt limited effects. Demand remained firm owing to the better-than-expected results in the retail market, consisting primarily of chocolate confectionery products by multinational corporations. While progress has been made to improve productivity at Blommer, challenges continue to arise from COVID-19, such as catching up on delays in capital investment plans and effectively securing sufficient labor resources for production.

The demand for sugar-free chocolates, one of the strategic products for Blommer, continues to increase in the Americas, supported by the growing need for healthy products. In order to serve further diversified market demands, we will commence planning for sales of filling products in North America to leverage Fuji Oil’s oils and fats technology.

The North American market will see a recovery and growth in demand with the resurgence of the economy from COVID-19. Immediate actions will be taken to renew and revitalize our aging facilities and automate its production lines, and carry out capital investments to expand production capacity, efficiency, and quality. Together with our improved and reliable supply chain, we are committed to serving the needs of our customers and enhancing our sales.

Fiscal 2020 was a challenging year given the COVID-19 pandemic. We prioritized the safety of our employees as we continued to supply our customers. Despite strong demand, severe labor shortages exist as many workers continue to stay home due to ongoing COVID concerns and enhanced unemployment benefits. We are addressing this challenge through increased wages, employee engagement initiatives, and process automation.

Blommer’s top priority is to improve operational efficiency and capacity to meet the strong customer demand. The Fuji Oil Group is supporting our efforts with increased plant investment and engineering resources. One success is the expansion of sugar-free chocolate production capacity in two plants. We also continue to work with our Fuji Oil colleagues to realize synergies of the Fuji–Blommer combination and global sustainability procurement.
Emulsified and Fermented Ingredients Business

In the Emulsified and Fermented Ingredients Business, we manufacture and sell confectionery and bakery ingredients in the form of whipping cream, margarine, filling, and cheese-like ingredients that offer a combination of functionality and deliciousness made possible by our proprietary emulsification, fermentation, and antibacterial technologies. In recent years, we have been expanding the line of products made of plant-based ingredients, which emulate the deliciousness of animal-based ingredients.

Core Product Line
- Whipping cream
- Margarine
- Fillings
- Preparations
- US$-say milk products*1
- US$-say soy products*2
* Included as part of Emulsified and Fermented Ingredients Business as of fiscal 2021

Main Applications
- Confectioneries
- Bakery
- Beverages
- Cooking, etc.

Market Trends and Business Opportunities
- Contraction of souvenir market and increased consumption associated with people staying at home
- Greater demand for takeout and delivery services
- Expansion of beverage and processed food markets
- Development of chilled bakery market (China)
- Regulations on reduction of trans-fatty acids (Asia and other parts of Asia)

Competitive Advantages
- Accumulation of recipes and manufacturing know-how
- Control of physical properties through oil and fat technology
- Portfolio of unique plant-based food ingredients (Japan)
- Japanese brand power overseas (China)
- Online seminars which attract many customers

Challenges and Areas of Improvement
- Cost competitiveness of dairy ingredients
- Cost dependence on certain industries and customers
- Delays in revenue realization from plant-based materials

Strategic Directions
Targeting Growth Markets with Product Mix Tailored to Changing Consumer Needs

The beverage and processed food markets have grown as a result of the increased consumption associated with people staying at home in light of COVID-19. Meanwhile, the plant-based food market has also seen a rise in demand in recent years due to the inclusion of plant-based foods into the lifestyles of many consumers. Accordingly, the Fuji Oil Group will enhance its product lineup for these markets, while revamping its small-lot multi-product business model to improve production efficiency and reduce food waste in a bid to boost profitability.

FY2020 Results
- sluggish performance of retail and food service markets (Japan)
- Expansion of beverage and confectionery markets (Japan)
- Higher revenue and operating profit posted from second quarter owing to market recovery and sales promotion measures (China)
- Shredding of costs via reduction/cessation measures imposed on social insurance premiums (China)
- Lackluster sales in the countries and regions of export destinations reflecting the impact of COVID-19 (Asia)

Priorities in FY2021
- Review prices in accordance with surging cost of raw materials (Japan)
- Boost productivity through product integrations (Japan)
- Promote sales of plant-based food products in food service markets (Japan)
- Develop new products and line-flexible application development capabilities (China)
- Strengthen technology through introduction of new products and lines (China)
- Roll out oils and fats low in trans-fatty acids (Asia)

China: Solidifying Our Presence in Bakery Filling Ingredients

Orchestrating Market Growth

In China, the bakery market continues to expand on the back of rapidly shifting preferences and drastically diversifying needs from its traditional food culture consisting of steamed buns and rice glue. At the Fuji Oil Group, we have put a framework in place that allows us to promptly detect the developments of growth markets and build a supply network that encompasses the entire region of China. In China, the number of bakeries and retailers selling bread continues to grow in not only the urban centers along the coast but in the inland areas along the mountains as well. In light of this ongoing growth, on the supply front we have continued to play a leading role in promoting bakery culture throughout China and outpace market growth.

Sales Volume of Chinese Market (fiscal 2014 = 100%)

Providing Solutions That Outpace the Speed of the Market

The Chinese market is influenced greatly by temporary booms, constant turnovers of hit products, and sales of similar products by competitors, including those based locally. Accordingly, consistently staying ahead of the market and continuously proposing new unrivaled ideas will prove critical to our continued success in China. As we were unable to provide technical assistance in person to customers during fiscal 2020 as a result of COVID-19, we utilized social media to promptly introduce new proposal and sales tactics through which we developed a line of new hit products.

Japan: Ramping Up Plant-Based Food Materials

Reforming Business Structure to Achieve Higher Profitability

Our Emulsified and Fermented Ingredients Business in Japan is centered on whipping cream for confectionery and products for bakery, primarily for convenience stores.

However, we have been restructuring our organization in recent years due to the stagnant growth and profitability of our business overall, stemming from shifts in consumer preferences, lackluster growth of the retail market, an increasing number of rival products and competitors, and other factors. To date, we have spun out non-core businesses, enhanced product lineup, and reduced food loss and waste in phased efforts.

Placing Plant-Based Materials at the Core of Our Strategic Product Lineup

We have developed Plant-Based Food Solutions for key products in our product lineup, which are gaining immediate attention from our customers.

By pursuing deliciousness, health, and sustainability through our plant-based food materials, we will lead society into the future while growing our business.

Emulsified and Fermented Ingredients Business
Soy-Based Ingredients Business

The Soy-Based Ingredients Business strives to unlock the potential of soybeans from the perspectives of nutrition, health, deliciousness, and functionality, and engages in soy-based ingredients and food products. As a pioneer of soy-based ingredients, we will continue to contribute to the better health of the earth and its people.

Core Product Line
- Soy protein ingredients
- Soy protein isolate
- Textured soy protein (soy meat)
- Soy protein foods
- Functional ingredients
- Water-soluble soy polysaccharides

Main Applications
- Hits, sausages, protein, healthy foods, etc.
- Frozen foods, bakery products, confectionery, healthy and nutritious foods, prepared foods, etc.
- Foods served at restaurants, commercial catering, school lunches, instant noodles, etc.
- Acids, milk drinks, noodles, rice balls, healthy drinks, alcohol, beer, processed foods, prepared foods, and foods served at restaurants

Market Trends and Business Opportunities
- Growth of plant-based food and soy meat markets
- Global expansion of protein market
- Continuous improvement in demand for healthy foods
- Higher demand for frozen foods consumed at home and lower demand for frozen foods consumed commercially
- Spread of immunoregulation-related products

Activities of Key Players and Competitive Landscape
- Overseas brands seeking market share of minimally processed products
- Start-ups at the forefront of plant-based meats
- Ongoing restructurings of companies in plant-based meat market
- Promotion of “food tech” by the Ministry of Agriculture, Forestry and Fisheries in Japan
- Strengthening of investment in plant-based foods

Challenges and Areas of Improvement
- Price competitiveness in commodities
- Procurement of highly competitive key raw materials
- Overemphasis on soybeans and diversifying demand for plant protein sources

Competitive Advantages
- “Food tech” incorporating the development of differentiated elemental technologies
- Production technology and quality assurance system
- Extensive customer base spanning a wide range of markets

Strategic Directions
Spearheading the Growth of the Plant-Based Food Industry from a Health, Environment, and Deliciousness Point of View

In an effort to resolve the issues of both consumers and society, we will aggressively proceed with the creation of new technologies on the basis of our existing technology that has been cultivated throughout our history. We will adapt accordingly to the rising demand for health-conscious products and the resulting growth of the plant-based food market as well as to the growing need for environment-friendly soy meat and other plant-based foods and, by doing so, spearhead the growth of the plant-based food industry.

FY2020 Results
- Brave sales volume of soy protein ingredients (soy protein isolate and textured soy protein) (Japan)
- Lower sales volume of soy protein foods served at restaurants and used in school lunches (Japan)
- Diminished sales volume of functional ingredients for beverages and processed noodles sold at convenience stores (Japan)
- Brisk growth on new plant for water-soluble pea polysaccharides (Germany)

Priorities in FY2021
- Strengthen productivity at new textured soy protein plant (Japan) and improve operational efficiency via an slim-down production system
- Enhance added value of soy protein ingredients (soy protein isolate and textured soy protein)
- Accelerate the shift to soy protein foods containing added nutrients and intermediate ingredients
- Ramp up the pace of product development in line with local needs through the establishment of new R&D Department (China)
- New water-soluble pea polysaccharide plant set to commence operations in January 2022 (Germany)

Our History of Structural Reforms

1 Japan: Addressing the Rising Demand for Protein with Soy Protein Ingredients

In Japan, the importance of protein intake on maintaining a healthy lifestyle and enhancing mental and physical performance is regaining greater attention and, as a result, we are seeing a growing number of products in various forms endorsing the use of protein. The demand for plant protein is on the rise, based on its contributions to the global environment and the potential emergence of a Protein Crisis.* We will work to set higher standards in the flavor and physical properties of our soy protein ingredients, thereby diversifying their uses, ensuring deliciousness, and driving the growth of their market.

In the area of soy protein isolate, we supply ingredients of consistent quality to accommodate the growing demand for plant protein ingredients used in sports and for weight loss. As for textured soy protein (soy meat), we have developed a two-pronged production structure comprising our new plant in China and our existing plant in Haman, Osaka. In response to the rising demand for ingredients used in meats which can be prepared right away, and meatless burger patties. Through such efforts, we continue to propose solutions to the needs of our customers, including from a business continuity plan (BCP) point of view.

2 Europe: Expanding Our Business Network

We are currently in the process of forging a production structure for the water-soluble pea polysaccharide business in Germany to accommodate our production of water-soluble soy polysaccharides. While preferences toward acidic milk drinks differ in Japan relative to those in Europe, the U.S., and other regions overseas, we will look to foster demand and expand the market for acidic milk drinks, which offer a smooth and succulent texture made possible through the use of polysaccharides. With particular emphasis on our global strategy of communicating the deliciousness of acidic milk drinks to people across the globe, we will also seek synergy through our investment in a food tech venture capital and open innovation with companies pursuing forays into the plant-based food market, with a view to expanding the scope of our plant-based food solutions business.

3 Continuous Growth of Ingredients for Plant-Based Foods
The Fuji Oil Group’s Approach to Cultivating the Plant-Based Food Market

Continuous Growth of Ingredients for Plant-Based Foods

We continuously strive to provide ingredients for the ever-growing plant-based food market that offer the kind of deliciousness that contributes to better mental and physical well-being as solutions for social issues, such as population growth and climate change. As incorporating plant-based foods into our daily diets in a natural manner will be key to their widespread growth, we aim to evoke in consumers a feeling of amazement in that the food they are eating is in fact made of plants and are indeed delicious. We thus believe that offering deliciousness, amazement, and new experiences serves as a bridge between plant-based foods and consumers.

Ensuring the Health of the Earth and Its People by Contributing to Healthy Lifestyles and Hearty Meals for All

By continuing to embrace the various food cultures worldwide and utilizing the power of plants to its fullest, we will consistently deliver innovative and sustainable foods to all.

Technology and Business Integrated Approach

We combine the products and technological capabilities honed by the Vegetable Oils and Fats, Emulsifiers and Fermented Ingredients, Industrial Chocolate, and Soy-Based Ingredients businesses to create plant-based ingredients that realize new forms of deliciousness in plant-based foods.

Our Intended Course of Action

- **Deliciousness**
  - Example: Plant-based seasonings
  - Polysaccharides
  - Vegetable oils and fats
  - Emulsifiers and fermented technologies

- **Health and Nutrition**
  - Example: Plant-based proteins
  - Polysaccharides
  - Vegetable oils and fats

Developing Business in Japan, a Region of Strength for the Group

We are developing business schemes in Japan for our potential expansion to China and other markets overseas. We will also look to tap into new markets through investments in joint ventures with other companies.

Communication with Consumers

We promote communication with consumers through the use of marketing communication at pop-up stores and the initiatives of the Plant Based Lifestyle Lab (P-Lab).

Collaboration

Through the efforts of P-Lab and the Council for Public–Private Partnerships in Food Technology, we strive to actively promote open innovation and enhance the growth of the unique Japanese plant-based food market.

The demand for plant-based protein and soy meat continues to grow at a steady rate. Despite the impact of COVID-19, in fiscal 2020 we were able to successfully carry out a range of initiatives in Japan toward our continuos growth in the years ahead. Such initiatives include the start of operations of the Dibba Plant, the launch of the ‘UPGRADE Plant-based kitchen’ pop-up store and food truck, demonstration of proof of concept (PoC) through collaboration with Ippudo, a popular ramen brand, and activities to enhance the popularization of plant-based foods, such as the establishment of P-Lab. Meanwhile overseas, we laid the groundwork for work in a fund set up by Unovis Asset Management, a world-leading food tech venture capital company based in the Netherlands.

As the business environment continues to undergo major changes, in fiscal 2021 we will be called upon to respond even more flexibly and resourcefully than ever. In order to consistently remain a step ahead of the competition in both Japan and overseas while continuing to grow the business by addressing the rising demand for plant-based protein and plant-based foods, the Fuji Oil Group has an organizational framework in place designed to make the most of its technological and resource capabilities. Valuing the importance of profit-while-growing, our management team will continue to run our business with speed and agility to introduce new products that demonstrate our commitment to consumers and the transparency of our business.

Developing the Japanese Market—Establishment of the Plant Based Lifestyle Lab (P-Lab)

While plant-based foods have become widespread overseas, they have yet to gain the same level of recognition in Japan, where only a limited selection of such products are available and the level of awareness of the impact of the expanding plant-based food market on various social issues and consumption patterns toward reducing such issues remain low.

For that reason, in March 2021 the Plant Based Lifestyle Lab (P-Lab) was established as a voluntary organization to promote delicious, enjoyable, and healthy lifestyles with plant-based foods. Through this partnership with industries, governments, and academia involving the support of 15 companies from various industries and coordinated by Fuji Oil Holdings Inc., Kagome Co. Ltd., and Paloma Group Inc., we will help improve the health of the Earth and its people and enhance the sustainable growth of society.

P-Lab will serve as a platform for conducting joint R&D on plant-based food products and menus with member organizations, promoting awareness of sustainability and plant-based foods through partnerships with universities and government agencies, and collaborating with companies in various sectors, including agriculture, health, beauty, tourism, and education.

Stepping Up the Pace of Plant-Based Food Solutions Overseas

We have decided to invest in UNOVS NICAP II Fund, organized and managed by Unovis Asset Management B.V., a global pioneer in the management of funds specializing in food technology. By investing in this fund, we will take part in a wide array of alternative protein business domains and utilize our oils and fats and protein processing technologies to pursue synergies with our existing global businesses.
Rapid Transformation of Our R&D in Anticipation of a Post-COVID-19 Society

At the Fuji Oil Group, we are proceeding with “the establishment of an R&D network conducive to a global company” and “the introduction of new technology and businesses that serve as the pillars of future growth” based on our awareness that these measures must be taken immediately in order to address our current state of business and the urgency with which we must respond to changes in society. In addition to changing our mindset to focus on our DNA of pursuing innovation, embracing challenges, and resolving social issues, we have been making steady progress on implementing a global collaborative framework.

Regarding “the establishment of an R&D network conducive to a global company,” we are energetically promoting the exchange of technology throughout the Group and are strengthening our teamwork with the regional leaders of R&D, with the aim of maximizing synergy in each region or business and enhancing profitability for the Group as a whole. In addition, 2021 will see the opening of Global Innovation Center Europe (GICE), the Group’s fourth R&D center. Through the promotion of open innovation with universities and the research groups of multinational companies, GICE will serve as a hub for identifying cutting-edge sustainable technologies as well as for creating new businesses.

As for “the introduction of new technology and businesses that serve as the pillars of future growth,” we have been working together with the Ingredient Development Division to commercialize and generate revenue from a technology developed by the Research Institute for Creating the Future that emulates the deliciousness and satisfaction afforded by animal-based foods through the power of plants. We are also working to identify the sectors that the Group should engage in, taking the view of our future society into account, and we will utilize such themes in our medium- to long-term strategies.

The COVID-19 pandemic, which has wreaked havoc across the globe, has fueled significant changes to consumer awareness and behavior. The rapidness of these changes has surpassed our expectations and, for that reason, the Group must step up the pace of its reforms in order to keep up with the rest of the world. These changes, however, are viewed as an opportunity to expand our business, and we will look to build an organization that can respond quickly to a wide spectrum of areas, ranging from the short term (increasing profitability of core businesses) to the long term (creating future technologies). We intend to continue to manage our business on the basis of technology. We endeavor to enhance our reforms in order to maximize the benefits produced through our differentiated technologies.

Haruyasu Kida
Senior Executive Officer
Chief Technology Officer (CTO)

Research and Development

Short-Term and Long-Term Approaches toward the Resolution of Social Issues

By approaching social issues from both short-term and long-term perspectives, we carry out research and development (R&D) aimed at the creation of new products, new technologies, and new businesses that deliver Plant-Based Food Solutions. Moreover, in a bid to promote technological innovation, we are stepping up our open innovation efforts with universities and research institutes in Japan and overseas, as well as co-creation with customers. Fuji Oil is also stepping up its R&D through the close collaboration of its Research Institute for Creating the Future and its ingredient development, market development, and engineering development teams.

Forging an R&D Structure That Facilitates Group Growth

As society and industries undergo rapid changes to their structure on a global scale, companies are called on to contribute to the resolution of social issues, as exemplified by the realization of the SDGs. We will enhance the Group’s ability for collaborative creation with the goal of resolving such global issues. Specifically, our initiatives include the restructuring of our organization in Japan, the strengthening of our Groupwide network, and the emphasis on strong external ties. The most important of these is our overseas initiatives, which include the development of our first R&D center in Europe, participation in consortiums outside of Japan, collaboration with start-up companies based overseas, strengthening of the development of global talent, and other activities.

1. Establishment of an R&D Network Conducive to a Global Company

2. Introduction of New Technology and Businesses That Serve as the Pillars of Future Growth
Research and Development

Resolving Issues through the Strengthening of the Group’s Global R&D Network
Innovation is created when employees from various backgrounds who have different values work toward a common goal. At the Fuji Oil Group, we share information on global issues and work to resolve them by holding Technical Information Exchange Meetings (TIEMs) on a regular basis and organizing R&D working teams for critical issues.

TIEM (Technical Information Exchange Meeting)
TIEMs are meetings that bring together R&D personnel working in similar businesses from around the world with the goal of sharing technology and market information, exchanging information on new products and technology, refining the skills of R&D staff, and improving communication between Group companies.

R&D Working Teams
R&D working teams engage in the swift resolution of global research-related issues that are difficult to resolve through the capabilities of a single company.

Efforts of the Working Team toward Quality Enhancements
We have assembled a cross-sectional team to resolve the issue of contaminants in oils and fats. With support from our colleagues at Palm Oil Malaysia, we successfully established new analytical methods. With this capability, we are exploring the implementation of mitigation strategies and timely analyses within our facility. Our continued success depends on the ability of each Group company to collaborate as a team. We will actively engage in efforts to foster innovation so that we can continue to build solid relationships throughout the Group.

Promoting Open Innovation and Developing Talent Worldwide Industry-Academia Collaboration Consortiums
In an effort to gain further momentum to resolve social issues, the Fuji Oil Group actively promotes open innovation across the globe. We will develop industry-academia collaboration consortiums with research institutions worldwide and participate in other consortiums overseas with a view to promoting technological innovation.

Main Objectives of Open Innovation

1. Expedite the growth of new businesses: Acquire the latest technology and ingredients attuned to the needs of the natural environment and the resolution of social issues
2. Acquire technology currently not in the Company portfolio: Exploring new technologies and ingredients attuned to the needs of the natural environment and the resolution of social issues

Opening of Fuji Oil Global Innovation Center Europe in Fiscal 2021

Our Aim in the Opening of the Fuji Oil Global Innovation Center Europe

As a result of our efforts to deepen our understanding of the needs of society in the areas of nutrition and the natural environment, we have identified several global issues. For customers in the Americas, we have identified the following areas to be focused on as our current major areas of concern:

- Nutrition
- Capital and promotion of joint research and investment with start-up companies

In Europe, we are focusing on the following areas:

- Participation in Food Valley – Center Europe (GICE), a national organization in Singapore
- Joint research with CSIRO (Commonwealth Scientific and Industrial Research Organisation): a national research institute in Australia
- Participation in OPERA (Program on Innovation in Food and Agricultural Technology): a government organization in the Netherlands
- Participation in OPERA (Program on Innovation in Food and Agricultural Technology): a government organization in the Netherlands
- Participation in OPERA (Program on Innovation in Food and Agricultural Technology): a government organization in the Netherlands

We will actively engage in efforts to foster innovation so that we can continue to build solid relationships throughout the Group.

Participants in Food Tech Studio – Bites!

Speed and timing are of utmost importance in R&D. Start-up companies overseas that actively incorporate digital transformation into their businesses are keenly aware of the needs of the times and update their business model accordingly. The Research Institute for Creating the Future is pushing forward with open innovation and has partnered with Food Tech Studio – Bites!, a global community of start-up companies operated by U.S.-based Scrum Ventures. By establishing partnerships with Japanese corporations and coordinating with start-up companies, we will develop new technologies together and build a new business model that adheres closely to the needs of each market.

Promoting Study Abroad and Overseas Training Programs
Our R&D personnel are actively assigned overseas to study or receive training with the aim of gaining information from abroad, building a global network, and acquiring and cultivating their global perspectives. Employees have been assigned to the University of Copenhagen (Denmark) and Wageningen University & Research (the Netherlands) thus far.

Global Perspectives Spurred by Studies Overseas

I studied abroad for 10 months at the Graduate School of the University of Copenhagen. During my first six months, I attended special courses on state-of-the-art dairy science and technology; while the latter half of my studies was focused on joint research on the theme of identifying metabolic pathways in lactic acid bacteria acting on plant-based protein. The paper I wrote on this topic after returning to Japan was published in Food Chemistry, an international food science journal. The experience I gained overseas has not only expanded my knowledge but has also strengthened my awareness of international trends, which in turn has enhanced my R&D capabilities.

2. Introduction of New Technology and Businesses That Serve as the Pillars of Future Growth

Our Ambitious Pursuit of Resolutions to Social Issues by 2050!

At the Research Institute for Creating the Future, we ask the issues associated with society, the environment, and humanity that will emerge in 2050 and engage in research themes that contribute to resolving the concerns of society. In fiscal 2021, Fuji Oil was reorganized into an organization tasked with the missions of exploring sustainable food resources, creation of innovative technology, and diversification of ingredients and new technology, developing food ingredients that contribute to people’s well-being, and verifying the social value of new technology based on Kotozukuri (creating movements). This past year, we developed and launched MIRACORE™, a technology brand that emulates the deliciousness and satisfaction afforded by animal-based foods in plant-based material. We plan to roll out this technology to food markets across the globe for use in Japanese, Western, Chinese, and Asian cuisine. In addition, we have been elevating the quality of our industry-academia collaboration initiatives by strengthening our partnerships with organizations outside the Group. We are also exploring the possibility of partnering with start-up companies overseas and creating synergy with the distinctive technologies of the Research Institute for Creating the Future, as well as incorporating AI into our R&D activities.

This future timeline provides insight into our vision of society in 2050 and specifies the social issues that need to be resolved by the Research Institute for Creating the Future. By backcasting from the society we envision in 2050, we have identified our current areas of focus for resolving these issues and begun engaging in research to address the concerns of society.

Identify specific fields of study
- Ensure the well-being of an aging society
- Provide sustainable food resources

Build key partnerships
- Analyze utilizing sensing technology and personal information
- Food and agricultural technology fields

Our Vision of Society in 2050

Eliminate uneven distribution of food supplies and quality and improve the well-being of each individual

Develop necessary technology
- Conduct research on ingredients that improve the health of seniors
- Pursue research into technology that facilitates the supply of environment-friendly food
- Utilize digital technology and AI

Akihiro Nakamura
Executive Officer Research Institute for Creating the Future

Global Innovation Center Europe (KICE), the Group’s first R&D center in Europe, located in Food Valley, the Netherlands, will begin operations in the second half of fiscal 2021, as a part of our efforts to firmly establish a global research structure. The Dutch Food Valley, a region where members of the food industry have converged, is designed to function as a global innovation hub for the gathering of information, the development of new technology, the exchange of technology with key clients, and other activities. Our participation in the activities in Food Valley will further support the Group’s ongoing growth. Through such open innovation, we aim to create new value for the Fuji Oil Group and form win-win relationships with our business partners.

Our Participation in Food Tech Studio – Bites!

Voice Representative

Liz Kamei, Ph.D.
Director of Open Innovation & External Partnerships

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Fuji Oil Co., Ltd.
Co-creation Technology Development Section
R&D Department

Naoki Shirotani

Embracing Our “Work for People” DNA

“Work for people,” a value ingrained in the Fuji Oil Group, incorporates our commitment to not only people as individuals but to society as a whole, which trusts us to contribute through our business. Palm oil and other key raw materials utilized by the Group are, in general, associated with a number of issues related to human rights and the environment. As such, we believe it is our responsibility to do whatever it takes to overcome these issues in order to ensure delivery to end-consumers through our sustainable supply chain.

Under the direct control of the Board of Directors, each year the ESG Committee decides on and pursues material ESG issues and activity themes. We are specifically focusing on issues concerning sustainable procurement and the environment and have announced concrete targets for KPIs to attain by 2030 as part of our sustainable procurement commitment.

In regard to procurement, we were quick to become a member of the Roundtable on Sustainable Palm Oil (RSPO) and formulated and promoted activities in accordance with our Human Rights Policy and Sustainable Procurement Policy. In fiscal 2020, we carried out our second human rights impact assessment as a part of human rights due diligence. We also implemented a grievance mechanism to address issues concerning human rights and the environment along our supply chain; however, we realize the need to strengthen our efforts in this area. In addition, from fiscal 2020 we began operating our Global Sustainable Sourcing Committee, which also consists of local staff, in an effort to speed up the development of our supply chain.

In terms of the environment, the raw materials and ingredients that are a major part of our business are estimated to have a roughly 31% impact on total GHG emissions generated throughout the life cycle of agri-food, and the significance of this cannot be ignored by the Group. Our reduction of CO2 emissions in line with the standards defined by the Paris Agreement has been defined as a key performance indicator (KPI) and has been approved as a Science Based Target (SBT).”

With the aim of improving water use and the utilization of other resources, our waste-reduction standards have also been designated as a KPI. Our Group companies are proceeding with such measures as the establishment of a specialized division dedicated to the environment.

While such measures on our part will certainly add to our costs, they are instrumental to the realization of a sustainable society. Being late to react will only result in costs, and such one-time costs will be enormous and put pressure on our business. On the other hand, being quick to react will lead to the strong possibility of acquiring first-mover advantage and other assets. For instance, the Group vows to resolve social issues via plant-based food ingredients in line with its concept of plant-based food solutions (PBFBS). By anticipating the needs of society arising out of the growing interest in sustainability, this is expected to yield significant returns in the long run. I truly believe that the initiatives we are undertaking will contribute greatly to both our corporate value and society in the years ahead.

Takashi Kadota
Director and Senior Executive Officer
Chief “ESG” Officer (C’ESG’O)
Safety, Quality, and the Environment

In the Fuji Oil Group Management Philosophy, the Group has declared Safety, Quality, and the Environment as the values each and every employee must uphold when conducting business activities. These values stem from the organizational climate that has been established at the Fuji Oil Group based on our employees’ awareness of the importance of and approach to establishing a culture and climate devoted to safety, quality, and the environment by adhering to rules and regulations and improving their daily habits.

The Fuji Oil Group Management Philosophy: “Safety, Quality, and the Environment”

The most important value that a food company must fulfill is food product safety. Assurance of quality is vital in maintaining safety, yet its prioritization must not exert negative impacts on the environment. Safety, quality, and the environment have always been, and must continue to be, the highest priority foundations of our management. Safety also encompasses labor safety. We lost precious lives in a past accident. For a company, employees are an irreplaceable asset. Ensuring workplace safety so that employees can work with peace of mind and can exert their individual capabilities is a basic requisite for a company.

Occational Health and Safety

The Fuji Oil Group Management Philosophy places “Safety, Quality, and the Environment” at the top of its values, among which “Safety” warrants the highest priority for our continued growth. We will do everything in our power to ensure the safety of our employees and of those working at our business sites, and prevent the occurrence of occupational accidents.

Assurance of Product Quality and Safety

The Fuji Oil Group conducts its business activities by always bearing in mind the importance of providing safe and reliable products to society. The Group has established the Basic Policy of Quality in order to provide safe products, which customers can use with peace of mind. In accordance with this policy, we produce products by adopting a customer-oriented approach in all processes from product design through to delivery of the product to customers.

FY2020 Target FY2020 Results Next Step

<table>
<thead>
<tr>
<th>Category</th>
<th>2019 Results</th>
<th>2020 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuji Oil Group Number of Lost-Time Injuries per Thousand Employees 4 Days or More</td>
<td>2.9</td>
<td>4.7</td>
</tr>
<tr>
<td>Fuji Oil Group occupational accidents</td>
<td>Frequency rate</td>
<td>2.89</td>
</tr>
<tr>
<td></td>
<td>Overseas</td>
<td>8.62</td>
</tr>
<tr>
<td></td>
<td>Severity rate</td>
<td>Japan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Overseas</td>
</tr>
</tbody>
</table>

Fatal Accident at Unifin Sdn. Bhd.

For serious accidents, one person had a fatal accident at Unifin in Malaysia. In response, overseas Group companies conducted comprehensive safety inspections of all work requiring work permits*1 and worked to prevent the recurrence of similar accidents in Group companies.

*1 Edification of permits *
*2 Work requiring work permits hazardous work such as hot work and work in oxygen-deficient environments

Safety, Quality, and the Environment

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Quality-improvement network

An employee occurred an oil and fire extraction plant on December 22, 1991, in which eight people were severely burned.

December 22 has been designated as “Safety Pledge Day” to remember those who lost their lives in the accident.

Environment

Targets and Progress of Environmental Vision 2030

Category 2030 Targets FY2020 Results*1 Rate of Achievement (under Low Environmental Impact Scenario)

- CO₂ emissions (All Group companies)
  - Targets: 1 & 2:
    - Reduction of total CO₂ emissions*2
    - Reduction of CO₂ emissions from discretionary activities
  - FY2020 Results: 19% reduction
  - Rate of Achievement: 48%

Water usage

- Waste (All Group companies)
  - Targets: 1:
    - Reduction in water intensity
  - FY2020 Results: 22% reduction
  - Rate of Achievement: 100%

Resource recycling (All Group companies in Japan)

- Maintenance of recycling rate at least 99.8%*3
  - FY2020 Results: 99.37%*3
  - Not achieved

Activities of Group Companies

Launch of Cogeneration System (Japan)

In an effort to reduce the level of CO₂ emissions, we implemented a cogeneration system that forms steam through the exhaust heat of electricity generated by city gas at Fuji Oil Hanman Business Operations Complex in August 2020. While this was our first time to install a domestically produced system, it operated in a highly efficient and stable manner, which came as a great relief. As a result, we were also able to introduce new operating methods, which led to drastic reductions in CO₂ emissions in fiscal 2020. Moving forward, we will proceed with our next step in a bid to make further strides toward our goal of realizing Environmental Vision 2030.

Establishment of Solar Power Generators (Singapore)

In September 2020, Woodlands Sunray Foods Pte. Ltd. (Singapore) installed solar power generators, maintaining the use of its extensive rooftop. We have reaped the benefits of these generators as well as Singapore’s eternal summer climate through highly efficient operations, cost reductions, and reduced impact on the environment. Our power generation is monitored at our office lobby, which is viewable by our employees, thereby helping to further raise their awareness of the importance of conserving energy.

Initiatives Pursued under Environmental Vision 2030

Reduction of CO₂ emissions

- Implement and promote the use of solar energy
- Enhance energy efficiency through operation of new cogeneration system
- Upgrade through the use of high-efficiency boilers and convert fuel
- Utilize waste heat generated from oil and fat refining and cooling processes

Reduction of water usage

- Reuse treated water as cleaning water and other purposes
- Convert from water-cooled air-conditioning system to air-cooled system
- Promote measures to reduce steam consumption, in addition to water-saving efforts
- Strengthen management structure and implement measures in areas with low water efficiency

Reduction of waste

- Promote pellet recycling
- Reduce product disposals stemming from thorough implementation of build-to-order production and inventory management systems
- Remove moisture in sludge

Recycling of resources

- Reuse disposed of cocoa shells
- Ensure thorough allocation of waste
- Increase recycling of steel scrap and wasted clay
Harnessing the Creativity of Our Diverse Personnel

For the Fuji Oil Group that conducts business worldwide, respecting the diverse attributes and values of our employees is an indispensable responsibility to society. To continue to contribute to society as the business environment undergoes drastic changes, a business strategy that hinges on backcasting from the future we envision and the need for creativity will prove even more critical. Respecting the basic human rights, diversity, personality, and individuality of each worker and establishing a rewarding workplace environment and corporate culture that prohibit any form of discrimination or harassment will enhance the creativity of each individual and spur corporate reforms and innovation. With this in mind, the Group will continue to “Work for people” and help resolve the issues of society.

The Fuji Oil Group Diversity Vision

Enjoy Diversity

Diverse human resources are a source of inspiration and innovation. We will contribute to society by “Working for people” and enjoying the synergy among us. In doing so, we will provide diverse people worldwide with deliciousness and better health through a variety of food products.

Building a Sound Organization That Fully Unleashes the Values of Our Diverse Talent

On the strengths of its acquisition of Harald (Brazil) and the shift to a holding company system in 2015, the Fuji Oil Group is seeking to build a global structure that can respond flexibly and swiftly to changes in the business environment. Based on the view that our human resource strategy and system are centered on a traditional Japanese approach and that this poses a challenge, under our previous medium-term management plan we put a system and framework in place for discovering and cultivating talents. We have also implemented an overseas trainee system and a program to promote interregional employee interaction to develop the global mindset of our employees in Japan, and are in the preparation stages for instituting an employee training system in Japan and other regions for our employees overseas. Such efforts will enable employees to learn more about the other regions and serve as an opportunity for further growth.

Meanwhile in Japan, we began restructuring our human resource system with the objective of extending the range of work style options for our employees and establishing a more fair-minded evaluation system. Initiatives to encourage the participation of seniors and to address the issue of gender gap remain at the top of our agenda as well. In the Americas and Europe, we have moved ahead with measures aimed at boosting employee satisfaction and preventing discrimination and other acts of inequality.

At the Fuji Oil Group, ensuring diversity, providing equal opportunities, and promoting a sense of belonging, or namely, diversity, equity and inclusion (DE&I), as well as fostering employee development, are regarded as the core themes of management, and we will strive to become a corporate group that brings these themes to fruition. Fiscal 2021 will see the Group introduce a framework for establishing and implementing a regional roadmap upon identifying the issues of each region, assessing the progress of measures, and sharing this information. Realizing our envisioned role from a global vantage point would be quite a tall task as each region faces its own particular issues. However, the thinking process involved in dealing with such issues aligns with the promotion of DE&I which when realized, contributes to the development of employees. And, we will continue to forge ahead based on the conviction that our employees will serve as the driving force of our innovation and sustainable growth.

Our Vision for the Future

Promote global management system: together as a group to unleash our solid global leadership skills

Takehi Takaさugi
Director and Senior Executive Officer, Chief Administrative Officer (CAO)
Global Human Resource Strategy Centered on Diversity

As a part of its Group management strategy, the Fuji Oil Group has been promoting globalization since its transition to a holding company system in fiscal 2015. The ratio of overseas employees to all Group employees increased from 57% in fiscal 2014 to 70% in fiscal 2020, with a particularly significant rise seen in the Americas and Europe from roughly 5% to 32%. Having such a diverse workforce will drive us to becoming a truly global company.

Monitoring Our Talent and Providing Global Career Development Opportunities

Since 2018, we have been maintaining a database consisting of information on roughly 90 employees who have the potential to become a part of the management team at major overseas Group companies in the future and who can thrive on a global scale. In fiscal 2020, one such employee was transferred from Fuji Vegetable Oil, Inc. in the U.S. to Fuji Oil Europe in Belgium, becoming the Group’s first employee to be assigned from one overseas Group subsidiary to another. As we proceed ahead, we will offer career development opportunities and actively assign local talent to allow our diverse employees worldwide to unleash their full potential in the most optimal role.

Promoting Localization

Under our previous medium-term management plan, we pursued strategies that closely reflected the needs of the global market. As such, we pressed forward with localization based on our policy of appointing local employees to management positions to steer our major overseas Group companies forward. Our next major task was localizing the overseas assignments of Japanese expatriates, which commonly occurs in key positions, and the development of local employees capable of promoting localization. In fiscal 2020, we coordinated with each region to track the key positions and vacancies at major overseas Group companies, identify the positions where localization should be emphasized, and promote awareness of the issues surrounding localization. Going forward, we will strive to optimize localization according to the circumstances of each region.

Building a Diverse Management Team

Amid the rapidly changing society, competing on the global stage in the post-COVID-19 era will entail restructuring of the organization so that it embraces diversity and, even more so, the promotion of diversity of the management team at Group headquarters. In fiscal 2020, we organized our Talent Development Committee to globally and strategically cultivate candidates for future management positions. We will continue to develop our employees at each corner of the globe regardless of gender or nationality in order to strengthen the development of our management team, which will orchestrate the growth of the Fuji Oil Group into the future. Along the same lines, we will also strengthen the diversity of directors at overseas Group companies.

Diversity Promotion Activities in Japan

Cultivating Globally Minded Professionals through Overseas Experience

At the Fuji Oil Group, we are constantly seeking to recruit and cultivate those with a global business mindset who have the potential to become part of the management team at our overseas subsidiaries in the future. Aside from dispatching employees from Japan to overseas Group companies, in fiscal 2020 a new trainee system was put in place to cultivate the employees who are paramount to the continuous promotion and expansion of our global business.

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Diversity, Equity and Inclusion

As a process engineer at Fuji Vegetable Oil, I developed a thorough technical understanding of vegetable oil refining. I wanted to expand and build upon my processing knowledge by working at Fuji Oil Europe’s R&D department on process development and applications for oils and fats. Furthermore, the strong synergy between the Oils and Fats and Industrial Chocolate divisions at Fuji Oil Europe creates an environment for learning about compounds, fillings, and chocolate processing. In the future, I would like to continue contributing to the Fuji Oil Group by using my experience from Fuji Vegetable Oil and Fuji Oil Europe to develop processes and technologies that address environmental issues, bridge market demands, and foster new product development.

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Corporate Governance

Main Organizational and Committee Structure

<table>
<thead>
<tr>
<th>Committee Name</th>
<th>Institutional Design</th>
<th>Composition Reference</th>
<th>Meetings during FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>Company with an Advisory Board</td>
<td>Four (including one female director and three independent directors)</td>
<td></td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board</td>
<td>Four internal directors, nine executive officers, and three independent outside directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nomination and Compensation</td>
<td>Four internal directors, nine executive officers, and three independent outside directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ESG Committee</td>
<td>Four internal directors, nine executive officers, and three independent outside directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Committee Meeting</td>
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<td></td>
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</tbody>
</table>

Composition of the Board of Directors

<table>
<thead>
<tr>
<th>Roles</th>
<th>Number of Outside Directors</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Nomination and Compensation</td>
<td>4</td>
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<td>ESG Committee</td>
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<tr>
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</tr>
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<td>Audit &amp; Supervisory Board</td>
<td>4</td>
<td>16</td>
</tr>
</tbody>
</table>

Ratio of outside directors: 50%
Of whom, independent officers: 45%
Ratio of female directors: 12.5%

Our Approach Going Forward

The Group will steadily proceed with the matters outlined above in the role of corporate governance we envision and thereby continue to raise the level of its corporate governance, earn the trust of stakeholders, and enhance corporate value. In regard to the composition of the Board of Directors, director candidates will be selected by taking into account the necessary skills, diversity, independence, and other factors in line with our future medium- to long-term strategies.
Evaluation of Effectiveness of the Board of Directors

An evaluation of the effectiveness of the Board of Directors is held each year through the involvement of a third-party institution to ensure objectivity and transparency. For issues that are uncovered, the Board of Directors deliberates on measures toward improvements and proposes countermeasures necessary to those in charge of execution. Moreover, to enhance the effectiveness of the operation of the Board of Directors, we implement a PDCA cycle that entails confirming the steady execution of improvement measures on a timely basis.

Main Items for Discussion at the Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee is chaired by an independent outside director, with the aim of ensuring a high level of transparency and objectivity. The committee conducts sufficient deliberations on the executives and compensation of directors, on which it receives requests from the Board of Directors, and reports the results of the deliberations to the Board of Directors. The main items on the agenda are as follows.

(1) Nomination-Related Matters
(1) Nomination policies of directors
(2) Nomination and removal of directors
(3) Nomination and removal of director (president and executive directors)
(4) Nomination and removal of executive officers concurrently serving as directors
(5) Nomination and removal of executive officers

(2) Compensation-Related Matters
(1) Nomination policies of directors
(2) Compensation system of directors
(3) Individual compensation amounts of directors
(4) Compensation system of executive officers
(5) Individual compensation amounts of executive officers

Overview of Discussions at Board of Directors’ Meetings

At the Board of Directors’ meetings, deliberations are held on matters that take priority for discussion toward improvements, based on the results of evaluation of the effectiveness of the Board of Directors, in addition to important matters of business execution and other prescribed matters. Through in-depth discussions, new themes in need of discussion are put forth by outside directors and, in such ways, discussions are being held in an active manner at Board of Directors’ meetings. Moreover, discussions at Board of Directors’ meetings incorporate monitoring perspectives, such as those below.

Monitoring Perspectives

I. Is the overall direction of corporate strategies and business management being determined appropriately?
II. Are management indicators critical to measuring the progress of business execution being established?
III. Is there a system and an organization in place that facilitates steady business execution?
IV. Are business matters being executed in an appropriate manner in accordance with I and II above?
V. Are the right personnel in place for business execution? Is there the assurance that management is allowed reflexively and appropriately on human resources?

Evaluation of Effectiveness of the Board of Directors

Evaluation Method

Evaluators:
Third-party institution
Research Method:
Survey (10 directors and four Audit & Supervisory Board members)
Other information: The evaluation委员会 is also involved in third-party evaluations in prior years.
Evaluation Process:
Evaluators were selected from the third-party institution.
Disclosure of Results:
Evaluators will disclose the results of the evaluation.

Main Topics of Discussion at the Nomination and Compensation Advisory Committee

For the Fuji Oil Group, the CEO succession plan is an important strategy for determining the direction of the Group’s future. In fiscal 2020, the Nomination and Compensation Advisory Committee implemented the CEO review meeting to facilitate the decisions of independent outside directors on the reselection of the CEO. By reviewing management issues from an independent perspective, the Nomination and Compensation Advisory Committee narrowed down the list of multiple candidates after conducting sufficient discussions on the ideal candidate for the next CEO, determined the appropriateness of the nominations, and reported the results to the Board of Directors.

Reason for Nomination

Mr. Mikio Sakai has been involved in the management of all aspects of the Group’s business to date, and has taken the lead in enhancing the Group’s results through his roles as president and general manager of important subsidiaries in regions such as China and the Greater China area. After serving as a director since June 1991 and as CEO since June 2019, he took on the role of chairman of Blommar Chocolate Company, our core chocolate business in North America. Mr. Sakai was appointed as president of Fuji Oil Holdings Inc. based on our belief that by making full use of his business execution and management capabilities, he can further contribute to the enhancement of the Group’s corporate value.
Approach to Nominating Candidates for Director and Audit & Supervisory Board Member

- The skills matrix of the Board of Directors, specifying the expertise of each member, is provided below.
- In addition to expertise and attributes (as well as independence), years of service, gender, nationality, and other aspects of diversity, changes in business environment; and other factors are constantly taken into consideration in regard to the composition of the Board of Directors.
- In terms of years of service for independent outside directors, in principle, a maximum of six years for directors and a maximum of eight years for Audit & Supervisory Board members are deemed appropriate from the perspective of maintaining independence.

Skills Matrix

<table>
<thead>
<tr>
<th>Independent Experience in Related Niche</th>
<th>International Experience</th>
<th>Management Experience</th>
<th>Sustainability</th>
<th>Finance and Accounting</th>
<th>RDD and Technology</th>
<th>Sales and Marketing</th>
<th>Information Systems</th>
<th>Legal Affairs</th>
<th>Accounting and Taxation</th>
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</thead>
<tbody>
<tr>
<td>Miko Sasaki</td>
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<td>Tomoki Matsumoto</td>
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<td>Takashi Kadoya</td>
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<td>Takashi Takeuchi</td>
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<td>Yuuki Usui</td>
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<td>Hidenori Nishi</td>
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<td>Shunsuke Miyamoto</td>
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<td>Makoto Shibuya</td>
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<td>Takahiro Sawa</td>
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<td>Ryota Uehara</td>
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<td>Hiroshi Iida</td>
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</table>

Independent Standards for Outside Directors and Outside Audit & Supervisory Board Members

As independence standards for outside directors and outside Audit & Supervisory Board members, the Group stipulates that candidates for independent outside officers (outside directors and outside Audit & Supervisory Board members designated as independent outside officers by the Group) not correspond to any of the following conditions.

1. Directors or Audit & Supervisory Board members (excluding outside directors, executive officers, or employees of Fuji Oil Holdings or a subsidiary of Fuji Oil Holdings) in the Group, hereafter.
2. Directors, Audit & Supervisory Board members, executive officers, or employees of the Group’s major shareholders, hereafter.
3. Directors, Audit & Supervisory Board members, executive officers, or employees of companies that control the Group as a major shareholder.
4. Business partners of which we own the equivalent of 2% or more of their consolidated total assets in the most recent fiscal year.
5. Business partners with which the Group has been engaged in transactions equal to or more than ¥1.0 billion (or ¥1 billion or more in the case of the Group’s consolidated total assets at the end of the most recent fiscal year).
6. Business partners other than (i) and (ii) above.
7. Consultant, accounting experts, or legal experts who, in addition to director compensation, have received benefits in the average annual amount of ¥1 million or more or other assets over the past three fiscal years from the Group.
8. Spouses, relatives with the second degree of kinship, and cohabiting relatives of those who correspond to any of the conditions above.

For the first time in a while, I am taking on the role of outside director while concurrently working at ITOCHU Corporation, a company with deep ties to the Fuji Oil Group. ITOCHU has been supporting the Group’s business activities in recent years on a variety of fronts through the dispatch of personnel and other means. Ever since joining ITOCHU, I have been involved in the food business, and my work with the Group has mainly been in raw material procurement and its Asia business. In an effort to enhance the corporate value of the Group, I will do everything in my power, which includes contributing to the Group’s global development. I sincerely ask for your continued support to this end.

The Fuji Oil Group has continued to sustain food culture on the back of its solid technological capabilities. I would describe the Company as a behind-the-scenes player that helps pave the road to success in all kinds of settings. We have seen drastic changes in food culture as of late and companies are being called on to fulfill their responsibilities to society more than ever. The Group has been on the forefront of such issues and is being recognized for its work in the world of plant-based foods as well as ESG management and contributions to the SDGs. While its presence as a behind-the-scenes player is becoming more prominent within society, I would like to see the Group draw closer to center stage. It is imperative that I offer my full support to that end.

Policy on Protecting the Rights of Minority Shareholders

The significance of minority shareholder protection is mutually verified by ITOCHU Corporation, a major shareholder of the Company, and the Fuji Oil Group.

- For (i) new transactions (valued at ¥1.0 billion or more annually) and (ii) business partnerships deemed to be important to the Fuji Oil Group, conducted with the ITOCHU Group, both companies will engage in discussions on the appropriateness of such transactions, from the perspective of minority shareholder protection. Matters uncovered as a result of these discussions will be deliberated on and resolved at the Board of Directors’ meeting in order to ensure the transparency and appropriateness of our decisions.
- The Board of Directors will verify the status of transactions with the ITOCHU Group at the end of every fiscal year.

Examples of Training Themes

- Development in ESG management in Europe
- Enhancement of ESG management and sustainable corporate value
- Trends in amendments to the Companies Act and Corporate Governance Code
- Stakeholder feedback for integrated report
- Compliance with important laws and regulations pertaining to fair business practices (conflict of use, anti-bribery law, etc.)

Follow-Up System for Newly Appointed Outside Directors

Through cooperation with the relevant internal functions of the Group, the Secretariat of the Board of Directors provides explanations on the Group’s business situation and framework, relevant principal regulations such as those of the Board of Directors, and operational status of the Board of Directors (results of evaluation of effectiveness). In these ways, the Group provides the support necessary to enable newly appointed outside directors to participate in discussions at Board of Directors’ meetings in a steady manner. In addition, contingent upon the items on the agenda, explanations are provided on an individual basis for outside directors prior to the day of the Board of Directors’ meeting.

Officer Training

For outside officers, the Group provides training sessions based on the four themes of sustainability, governance, internal systems, and laws and regulations through the instruction of external experts specializing in each theme.

Corporate Governance

Messages from Newly Appointed Directors

Toshiyuki Umehara

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- Stakeholder feedback for integrated report
- Compliance with important laws and regulations pertaining to fair business practices (conflict of use, anti-bribery law, etc.)
Director Compensation System

The compensation of our directors (including outside directors) is based on a performance-based compensation system that aims to further clarify the relationship between director compensation and the Company’s business performance and corporate 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.

Basic Policy
- Establish a remuneration structure that promotes the sharing of value with shareholders and other stakeholders
- Establish a remuneration structure that raises awareness of improvements to medium- to long-term performance and increases in corporate value

The amount of director compensation for fiscal 2020 was calculated based on a remuneration structure that heightens 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 value with shareholders and other stakeholders. Director compensation is determined by the Board of Directors, within the total amount approved at the General Meeting of Shareholders, upon receiving advice and reports from the Nomination and Compensation Advisory Committee, the majority of which consists of outside directors. The Nomination and Compensation Advisory Committee deliberates on matters related to the total amount of director compensation payments, the calculation method for compensation amounts, and performance-linked indicators used in calculating compensation amounts, and reports the results to the Board of Directors.

Compensation of Audit & Supervisory Board Members

The compensation of Audit & Supervisory Board members consists only of base compensation from the viewpoint of their roles and independence. The maximum amount of total compensation for Audit & Supervisory Board members, determined through resolutions of the General Meeting of Shareholders, is determined based on discussions with the Audit & Supervisory Board members and consideration of the division of duties.

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

Performance-based Compensation (Bonuses)

- Heighten awareness regarding improvements to business performance every fiscal year

<table>
<thead>
<tr>
<th>Objective</th>
<th>Amount of Base Compensation by Position</th>
<th>Performance-based Compensation</th>
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<tbody>
<tr>
<td></td>
<td>FY2021</td>
<td>Standard KPI: Consolidated operating profit of ¥233.7 billion in FY2021</td>
</tr>
<tr>
<td></td>
<td>FY2021</td>
<td>Note: Amount of base compensation in the case of 100% achievement of KPI</td>
</tr>
<tr>
<td></td>
<td>FY2021</td>
<td>Standard KPI: Consolidated operating profit of ¥233.7 billion in FY2021</td>
</tr>
</tbody>
</table>

Price of Company Shares Acquired by Trust

For shares acquired by trust, the methods of acquisition are determined by the 92nd Ordinary General Meeting of Shareholders, and the price of acquired shares is determined at the meeting of the Board of Directors and disclosed to the public on the same day.

Acquisition Method

- Price of shares compensation: 1.00 to 1.20; the standard compensation is ¥19.0 million
- Price of shares compensation: 1.20 to 1.30; the standard compensation is ¥7.6 million

Change in Performance-based Coefficient

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount of compensation (millions of yen)</th>
<th>Performance-based Coefficient</th>
</tr>
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<tbody>
<tr>
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<td>FY2021</td>
<td>FY2021</td>
<td>Standard KPI: Consolidated operating profit of ¥233.7 billion in FY2021</td>
</tr>
</tbody>
</table>

Base compensation (Fixed compensation) = Base compensation (Monetary compensation) + Base compensation (Stock-based compensation)
Group Governance

At the Fuji Oil Group, we believe that effectively functioning Group governance is a critical element of our continued efforts to deliver new value to society through our corporate governance.

**FUJI OIL GROUP Integrated Report 2021**

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**First Line**

**Establishing Regional Headquarters and Reinforcing Governance Functions at Operating Companies**

Upon its transition to a holding company structure in 2015, the Fuji Oil Group established a regional headquarters in all regions of operations. The Group’s regional headquarters strive to enhance their functions and frameworks through the establishment of various regulations to appropriately carry out business matters based on the Group Policy and through the development of a control environment, such as participation in the Board of Directors’ meetings of Group companies. In this manner, our regional headquarters direct and monitor the control functions for the appropriate execution of business matters of Group companies, which represent the front lines of our business.

**Second Line**

**Holding Company Structure**

In October 2015, the Fuji Oil Group transitioned to a holding company structure with the goal of localizing management and optimizing the functions of the entire Group. Executive officers (chief officers) responsible for the management supervision and business execution of their respective functions were assigned to Group headquarters in order to strengthen governance throughout the Group. And, through the establishment of regional headquarters and the assignment of executive officers in charge of regional business execution and management, we have developed a management structure centered on our regions of operation.

**Third Line**

**Strengthening the Control Functions of Chief Officers**

In accordance with their respective missions (please see page 35), the chief officers work to establish the measures and infrastructures necessary in order to strengthen the control functions of Group companies across the globe. In terms of measures, the chief officers develop functions and frameworks for each region and operating company by communicating and working closely with regional headquarters to provide support and establish the infrastructure (systems, policies, etc.) necessary to enable operating companies, the first lines of our business, to appropriately execute business matters.

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**Internal Control Framework**

**Fuji Oil Group Management Philosophy and Awareness-Raising Activities**

For the Fuji Oil Group, the Group Management Philosophy embodies the values and standards of conduct the Group shares throughout the organization toward the realization of its vision and raison d’être, and represents the foundation of its management. We believe the rigorous implementation and sharing of the Group Management Philosophy represents the root of our strengths as an organization and leads to the fulfillment of our Mission. With this in mind, we have incorporated programs into our various training systems to promote awareness of the Group Management Philosophy as a part of our management development efforts.

In fiscal 2021, the plan is to continue to forge ahead with efforts to enhance awareness of the Group Management Philosophy through e-learning training programs provided in nine different languages with the primary aim of having our employees take the Group Management Philosophy to heart in their day-to-day activities, as well as the commencement of a Groupwide award system.

**Group Policy and Work & Other Regulations**

To put into practice the Group Management Philosophy, which forms the basis of our Group governance, we formulated our Group Policy, based on our ambition to build an effective Group governance system. The Group Policy consists of 29 regulations and detailed rules, such as operating regulations in regard to decision-making authority, which sets forth the authority for determining the duties of those in charge of execution, regulations on the division of duties, which specify the division of roles for each function and framework, and work regulations that stipulate the procedure for the appropriate execution of duties by each function and department. Through provision of the Group Policy in three languages on the company intranet to be shared worldwide and briefings on regulations for Group companies by the functions and departments of Group headquarters, we strive to promote awareness of the Group Policy throughout the Group.

**Whistleblowing System**

The Fuji Oil Group Whistleblower Hotline, a whistleblowing hotline outsourced to an outside law firm, and the Fair Trade Helpline are established for Group company employees, while the Fuji Oil Group’s Compliance Helpline is in place for Group companies outside Japan. The environment we have implemented allows whistleblowers to feel assured when reporting incidents through any of these systems by ensuring their confidentiality and anonymity through the use of an external institution and being available for consultation 24 hours a day, 365 days a year. The whistleblowing regulations of Fuji Oil Group headquarters prohibit the dismissal and unfair treatment of an employee for reporting an incident. The regulations also stipulate that those who have unfairly treated or harassed an informant employee may be subject to disciplinary action in accordance with their work or other regulations.

Over the last few years, the number of reports received annually throughout the Group has remained in the range of five to 10. Upon receipt of a whistleblowing report, we promptly investigate the details of the report, take the necessary corrective measures, and provide feedback to the informant. We also conduct a Groupwide yearly survey on the hotline system to ensure that the system is well known and as good as possible.

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* An external hotline for subcontractors is available in English and Chinese.
* An external whistleblowing system for Group company employees.
* An external hotline for subcontractors in specified fields established to promote fair transactions.
Group Governance

HIGHLIGHTS

Strengthening Compliance
We recognize that, to strengthen our compliance, we need to develop a compliance risk management system (including prevention of bribery and other corruption) for the entire Group. To address this issue, we set the following targets for fiscal 2021.

- Strengthen collaboration with the legal affairs department of Fuji Oil Holdings Inc. by appointing staff responsible for legal affairs at the regional headquarters or their subsidiary Group companies.
- Have regional headquarters or their subsidiary Group companies conduct a self-assessment on compliance management, and have the Fuji Oil Holdings Inc. legal affairs department review the results.
- Provide compliance training programs (e-learning) in nine different languages to Group employees.
- Conduct group training sessions to improve the knowledge of legal affairs of core management team members and representatives of operating companies.

Strengthening Global Employee Relationships and Public Relations
A new online community portal has been established to promote awareness of our Group Management Philosophy and develop a sense of unity among the growing number of Group companies, share Group domains, and exchange information, thereby enhancing Groupwide communication on a global scale.

Moreover, in an effort to strengthen communication with our diverse stakeholders around the world, we updated our corporate website, jointly released information through news releases and LinkedIn, and conducted a webinar on sustainability initiatives to enhance our ability to convey information and awareness of the Group’s various efforts. In such ways, we will aim to deepen the mindset of each Fuji Oil Group employee and embrace their individual strengths to further enhance the strengths of the Group.

Third Line
Internal Audits
In accordance with internal audit regulations, the Internal Audit Group (consisting of five members in fiscal 2021) conducts internal control audits, operational audits, and audits on the operations of each functional group of Fuji Oil Holdings and Group companies. In terms of operational audits, due to the difficulties associated with conducting them in person in the current COVID-19 era, audits are remotely held through the use of an online meeting system and system data analysis, reflecting the effectiveness of our internal control processes.

Also, in response to our growing global business, we will work to improve the career development and diversity of auditors and promote the digital transformation of auditing methods with the purpose of enhancing the quality of our audits.

Group Governance Goals for Fiscal 2021
The Group is aware that in order to strengthen its Group governance structure, it must reinforce its management cycle of “supervision of management” and “execution of business” between Group headquarters and Group companies. We will address this need by working to realize the following fiscal 2021 goals as we proceed along with the formulation of our new medium-term management plan.

- Clarify the responsibilities and authority for “supervision of management” and “execution of business” within the Fuji Oil Group through amendments to the Group Policy.
- Reestablish communication methods with regional headquarters to promote awareness of the Group Management Philosophy and to embrace Group strategies.
- Strengthen ties with the Internal Audit Group for confirmation of the status of business execution (monitoring of execution)

Three-Way Audits
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 audits.

1. 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 following four areas.

2. Key Auditing Issues and Main Activities in Fiscal 2020
Due to the impact of the COVID-19 pandemic on our auditing activities, we revised our initial audit plan during the fiscal year under review. At overseas Group companies, web-based interviews were held with the representatives of regional headquarters in place of the usual method involving on-site visits. In Japan, audits were either carried out in person or through web-based interviews depending on the circumstances surrounding COVID-19 at the time.

3. Important Audit-Related Issues to Address in Fiscal 2021
“Assesses the status of business management of Group companies in the post-pandemic era,” “establish and monitor operations of Group companies,” and “follow up on KAMs taken into consideration by accounting auditors in fiscal 2020” have been identified as important audit-related issues to address in fiscal 2021.
Directors, Audit & Supervisory Board Members, and Executive Officers

(Mas of June 30, 2021)

Directors

Mikio Sakai
President & Chief Executive Officer (CEO)

Tomoki Matsumoto
Director, Senior Executive Officer, Chief Financial Officer (CFO)

Takashi Kadota
Director, Senior Executive Officer, Chief Executive Officer (CEO)

Takashi Takasugi
Director, Senior Executive Officer, Chief Financial Officer (CFO)

Yuko Ueno
Independent Director

Hidenori Nishi
Independent Director

Audit & Supervisory Board Members

Makoto Shibuya
Standing Audit & Supervisory Board Member

Takehiko Sumiya
Standing Audit & Supervisory Board Member

Ryuuta Uozumi
Standing Audit & Supervisory Board Member

Hiroshi Ikeda
Standing Audit & Supervisory Board Member

Toshiyuki Umehara
Independent Director

Shuichi Miyamoto
Independent Director

Executive Officers

Tatsuaki Omori
President & Executive Officer

Haruyasu Kida
Chief Technology Officer (CTO)

Hitoshi Shindoh
Senior Executive Officer

Masaru Mimura
Senior Executive Officer

Naohiro Rokukawa
Executive Officer
Regarding the Issuance of Integrated Report 2021

Since the issuance of Integrated Report 2018, the Group’s first integrated report, we have worked to strengthen dialogue with capital markets on the basis of our integrated reports and, in the process, enhance our corporate value. Upon the issuance of Integrated Report 2020, our efforts have centered on improving management issues by reflecting the voices of capital markets such as from dialogues between the chief officers and investors, the sharing of feedback with all directors and executive officers, discussions at director training sessions, and other venues.

Integrated Report 2021 is the fourth integrated report for the Fuji Oil Group. Fiscal 2021 is an important year in which the Group appointed a new CEO, the global economy began to recover from the effects of COVID-19, and our new medium-term management plan was formulated, with a launch date set for the following year. In light of such circumstances, Integrated Report 2021 was prepared by taking into careful account the voices of capital markets, such as: “What is the direction of the Fuji Oil Group? Is it proceeding in its desired direction?” “How does the Group improve corporate value through its sustainability initiatives?” and “What is the Group’s ideal form of global management?” which were addressed by means of in-depth discussions on the part of management.

While our unfavorable business environment will continue in fiscal 2021, I hope this report provides investors and all other stakeholders with a better understanding of the Fuji Oil Group and its awareness of management issues and the direction and initiatives it will take going forward.

Moreover, Integrated Report 2021 was prepared in reference to and in accordance with the policies and principles of the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry in Japan and the International Integrated Reporting Framework put forth by the International Integrated Reporting Council (IIRC). The report discloses, in an integrated manner, all important matters with the potential to impact value creation over the short, medium, and long terms as identified by the Group, which was confirmed and acknowledged at the Board of Directors meeting held on August 19, 2021. Furthermore, I can assure you that Integrated Report 2021 was prepared through the transparent and honest disclosure of information based on the perspectives of management.

Corporate Profile

Company Name
Fuji Oil Holdings Inc.

Headquarters
Daburi Honkan Building, 3-32 Nakano-shima, Kita-ku, Osaka 530-0055, Japan

Established
October 9, 1950

Capitalization
¥13,208 million

Stock Information
Total shares authorized: 357,324,000
Number of shares outstanding: 87,569,383
Number of shareholders: 23,794

Composition of Shareholders
- Individuals, etc.: 11,667 thousand (13.03%)
- Financial institutions: 24,712 thousand (29.23%)
- Securities houses: 54.2 thousand (0.62%)
- Foreign corporations: 11,667 thousand (13.03%)
- Other corporations: 38,064 thousand (44.67%)

Major Shareholders (Top 10)

<table>
<thead>
<tr>
<th>Shareholder name</th>
<th>Number of shares held (Thousands)</th>
<th>Ratio of shares held (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITDCOIF Food Investment, LLC</td>
<td>33,719</td>
<td>9.59</td>
</tr>
<tr>
<td>The Mitsubishi Trust Bank of Japan, Ltd.</td>
<td>34,137</td>
<td>9.55</td>
</tr>
<tr>
<td>Sumitomo Mitsui Banking Corporation</td>
<td>3,669</td>
<td>4.48</td>
</tr>
<tr>
<td>The National Mutual Life Insurance Company</td>
<td>2,899</td>
<td>3.07</td>
</tr>
<tr>
<td>Fuji Oil Customer Shareholding Association</td>
<td>1,409</td>
<td>1.65</td>
</tr>
<tr>
<td>TOHO Oil Sugar Co., Ltd.</td>
<td>1,100</td>
<td>1.28</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>1,078</td>
<td>1.25</td>
</tr>
<tr>
<td>The Mitsubishi Trust Bank of Japan, Ltd.</td>
<td>1,058</td>
<td>1.23</td>
</tr>
<tr>
<td>The Norinchukin Bank</td>
<td>1,058</td>
<td>1.23</td>
</tr>
<tr>
<td>The Mitsubishi Trust Bank of Japan, Ltd.</td>
<td>1,409</td>
<td>1.65</td>
</tr>
</tbody>
</table>

Stock Price and Trading Volume

<table>
<thead>
<tr>
<th>Year</th>
<th>Share Price (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,050 1,180 1,300</td>
</tr>
<tr>
<td>2016</td>
<td>1,300 1,420 1,540</td>
</tr>
<tr>
<td>2017</td>
<td>1,420 1,540 1,660</td>
</tr>
<tr>
<td>2018</td>
<td>1,540 1,660 1,780</td>
</tr>
<tr>
<td>2019</td>
<td>1,660 1,780 1,900</td>
</tr>
<tr>
<td>2020</td>
<td>1,900 2,020 2,140</td>
</tr>
<tr>
<td>2021</td>
<td>2,140 2,260 2,380</td>
</tr>
</tbody>
</table>

Note: Appointed in April 2021

President and CEO: Mikio Sakai

Number of Employees (consolidated): 5,679

Subsidiaries and Affiliates
38 consolidated subsidiaries
10 non-consolidated subsidiaries and affiliates

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Shares Held (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>13,208</td>
</tr>
<tr>
<td>2016</td>
<td>13,208</td>
</tr>
<tr>
<td>2017</td>
<td>13,208</td>
</tr>
<tr>
<td>2018</td>
<td>13,208</td>
</tr>
<tr>
<td>2019</td>
<td>13,208</td>
</tr>
<tr>
<td>2020</td>
<td>13,208</td>
</tr>
</tbody>
</table>

Note: Shares held include treasury shares. For FY2020 the number of treasury shares is 35,219 thousand shares.