

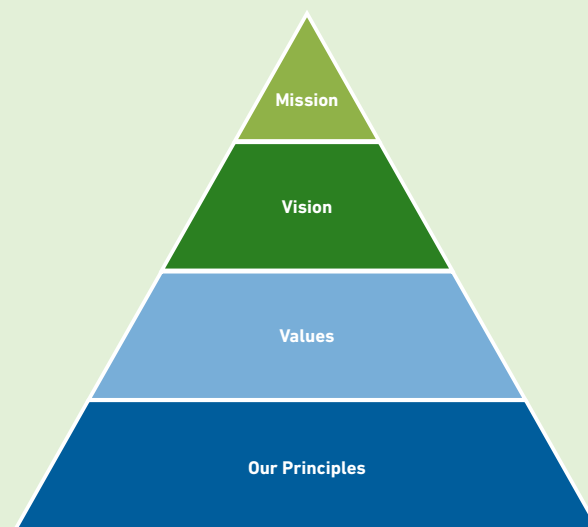
Integrated Report

FUJI OIL GROUP

2021



Fuji Oil Group Management Philosophy



Fuji Oil Group Management Philosophy

In October 2015, we established the Fuji Oil Group Management Philosophy to preserve, further evolve, and pass on the DNA that has been crucial to our group since its founding. Guided by our Management Philosophy, we have set forth our Mission (our reason for being), Vision, Values (the values that inform our actions), and Our Principles in our efforts to grow sustainably while fulfilling our social responsibilities.

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.

Fuji Oil Group Management Philosophy
Potential of food ingredients



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. Meanwhile, the Sustainability Report is a supplementary resource for the ESG information contained in the Integrated Report. The Sustainability Report is intended to provide our wide 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 to enhance their awareness of the Group's business model and value creation story over the short, medium, and long terms
 - Report in a transparent manner on 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 underscoring the correlation of information and our relationship with stakeholders.



Fact Book 2021
➔ https://www.fujiioilholdings.com/en/ir/library/fact_book/



Sustainability Report 2021
➔ <https://www.fujiioilholdings.com/en/sustainability/>

Evaluation from Society (Abridged)

ESG-Related

- Listed in the MSCI Japan ESG Select Leaders Index (fifth consecutive year), MSCI Japan Empowering Women (WIN) Index (third consecutive year), and MSCI Japan Empowering Women (WIN) Select Index (third consecutive year)
- Listed in the FTSE4GOOD Developed Index, FTSE4GOOD Japan Index, and FTSE Blossom Japan Index
- Listed in the S&P/JPX Carbon Efficient Index (fifth consecutive year)
- Triple A (highest rating) in CDP A List 2020, scoring an "A" in all three categories: forests, climate change, and water security
- Leaderboard (highest rating) in CDP Supplier Engagement Rating 2020

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



Grand Prize in the ESG category of the 2nd The Japan Times Satoyama & ESG Awards 2020

"Platinum Kurumin" certification from Japan's Ministry of Health, Labour and Welfare

Named among the top 500 in the large enterprises category (White 500) of the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi

Listed in national rankings of most fulfilling workplaces in Brazil



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IR-Related


- Selected as an Excellent Integrated Report by domestic equity asset managers of the Government Pension Investment Fund (GPIF)
- Award of Excellence in the 23rd Nikkei Annual Report Awards organized by Nikkei Inc. (third consecutive year)
- IR Special Award and Best IR Award for Encouragement in the 25th IR Award 2020 organized by the Japan Investor Relations Association



The Group's Major External Initiatives

- UN Global Compact (UNGC)
- The Consumer Goods Forum
- Roundtable on Sustainable Palm Oil (RSPO)
- Global Shea Alliance
- World Cocoa Foundation (WCF)
- Science Based Targets initiative (SBTi)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Japan Sustainable Palm Oil Network (JaSPON)
- Platform for Sustainable Cocoa in Developing Countries
- Round Table on Responsible Soy (RTRS)





Please refer to *Sustainability Report 2021* (scheduled to be issued in October 2021) for details on these evaluations and initiatives.

Stakeholder engagement ➔ https://www.fujiioilholdings.com/en/sustainability/stakeholder_engagement/

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FY2020 Results



Vegetable Oils and Fats Business

⇒ P60



Revenue (outer circle)

¥98.4 billion / Ratio of Total Revenue 27.0%

Operating Profit (inner circle)

¥7.9 billion / Ratio of Operating Profit 36.3%

Share (Company estimate)

Vegetable Fats for Chocolate (CBE)*: World's top 3

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

Core Product Line

- Edible oils and fats
- Oils and fats for food processing
- Vegetable fats for chocolate

Main Raw Materials

- Palm oil
- Palm kernel oil
- Coconut oil
- Sunflower oil
- Shea butter

Annual Production Volume

- Approx. 900,000 tons

The Fuji Oil Group



Industrial Chocolate Business

⇒ P62



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)

Industrial Chocolate: No. 3 worldwide, No. 1 in Japan

Core Product Line

- Tempering chocolates
- Non-tempering chocolates
- Chocolate for ice cream coating
- Colored chocolate
- Molded chocolate

Main Raw Materials

- Cocoa
- Sugar
- Vegetable fats for chocolate

Annual Production Volume

- Approx. 400,000 tons

Notes:
1. Ratio of 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.

Revenue
¥364.8 billion

Operating Profit*
¥17.9 billion

* Includes Group administrative expenses (¥3.8 billion)

Year of Establishment

1950

Number of Employees (consolidated)

5,679

Global Business Network

15 countries and regions

Number of Consolidated Subsidiaries

38

Emulsified and Fermented Ingredients Business



⇒ P66



Revenue (outer circle)

¥69.6 billion / Ratio of Total Revenue 19.1%

Operating Profit (inner circle)

¥3.0 billion / Ratio of Operating Profit 13.9%

Share (Company estimate)

Fillings: No. 1 in China

Core Product Line

- Whipping cream
- Margarine
- Fillings
- Preparations
- Plant-based cheese alternatives
- USS* processed soy products

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

Main Raw Materials

- Vegetable oils and fats
- Dairy ingredients
- Sugar
- Cocoa

Annual Production Volume

- Approx. 230,000 tons

at a Glance

Soy-Based Ingredients Business



⇒ P68



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

Water-Soluble Soy Polysaccharides: No. 1 worldwide

Core Product Line

- Soy protein ingredients
Granulated soy protein
Textured soy protein (soy meat)
- Soy protein foods
- Functional ingredients

Main Raw Materials

- Water-soluble soy polysaccharides/peptides
- USS soy milk products*

Annual Production Volume

- Soy

* Included as part of Emulsified and Fermented Ingredients Business as of fiscal 2021

Mikio Sakai

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

Message from the CEO

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

Governance SECTION

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CSO SECTION

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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 have continued 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 Groupwide 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 home in on 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

Mikio Sakai

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



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The Fuji Oil Group's Value Creation Process
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C"ESG"O SECTION
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Fuji Oil Group Management Philosophy
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CAO SECTION
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Strengthening the Group’s Global
Ensuring Continuous Growth

Management Foundation and

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

productivity. 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.



Mikio Sakai
President
Chief Executive Officer
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 of Fuji Oil Holdings, Inc. 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.



Hidenori Nishi
Independent Outside Director

Profile

Mr. Hidenori Nishi has served as an Outside Director of Fuji Oil Holdings Inc. since June 2019. He worked for many years as the president and CEO of Kagome Co., Ltd., a global food products business. 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

Sakai

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.

Nishi

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.

Sakai

While this is a regret on my part for my role as the CSO in formulating the previous medium-term management plan, we lack 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.

Nishi

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 ROE 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



SPECIAL FEATURE

Discussion with

Outside Director

vantage point of an outside director, the definition of the Group’s portfolio is not very clear. I do not quite see the direction the Group is taking toward the medium- to long-term management of its business and regional matrix as well as its performance monitoring. I believe a time-series portfolio is of paramount importance over the medium to long term. This means a portfolio that displays how much has been invested and recovered over the years and the outlook for the future, and not one that concludes at a certain point. And monitoring the difference between the actual results and the expected standard for ROE and other numerical indicators is key. For that reason, clarifying the business portfolio, indicators for investment recovery, and profitability is an important role.

The Tasks at Hand toward Becoming a Truly Global Company

Sakai

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.

Mikio Sakai

President
Chief Executive
Officer (CEO)

Nishi

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.

Sakai

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.

Nishi

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.

Sakai

Thank you as always for your invaluable insight. We will bear in mind the views you shared with us today in the creation of our new medium-term management plan. I look forward to continuing to build on our relationship of trust.

Hidegori Nishi

Independent Outside Director

The Fuji Oil Group's Value Creation

The Fuji Oil Group's Values and History

Challenge and innovation

Work for people

Safety, quality, and the environment

Speed and timing

"There's copra in the south. Let's explore coconut oil."

"If we're pursuing soybeans, then we should pursue soy protein."

Those are the words of Toyozo Kikuchi, an authority on oils and fats who partnered with Masataro Nishimura at the time of our founding. For oils and fats, Fuji Oil set out to run a business based on tropical oils and fats, which hardly existed in Japan at the time. For soybeans, Fuji Oil set out to run a business based on the protein contained in soybeans and not on the extraction and sales of oils and fats, which were already pursued by other manufacturers.



Toyozo Kikuchi

"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 vision of uniqueness, vertical management, and creativity still live on today.

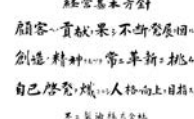


Masataro Nishimura
Our second president

"To achieve ceaseless growth by accomplishing customer satisfaction"

Our Basic Management Principles, consisting of five principles at the time of their formulation in 1960, were reassembled into three principles in 1981 and reestablished as the Fuji Oil Group Management Philosophy in 2015, which continues to guide us today.

* Basic Management Principles:
"To achieve ceaseless growth by accomplishing customer satisfaction.
To challenge innovation continuously with a spirit of creativity.
To enrich individual character through vigorous self-enlightenment."



Hannan Plant—a Facility Optimized for the Environment

Our Hannan Plant in Osaka was launched in 1969, two years after the enactment of the Basic Law for Environmental Pollution Control. By enforcing strict environmental measures, environmental awareness was even more deeply entrenched throughout the organization.



Japan-First and World-First R&D Technologies

Amid the intensive use of differentiated raw materials, we developed technologies and products that were first of their kind in both Japan and the world at the time of their inception.

- 1955 Japan's first equivalent fats for cocoa butter
- 1963 Japan's first chocolate coating for Western-style confectioneries
- 1968 World's first production of aseptic packaging for high-fat cream
- 1980 World's first commercial production of vegetable fats for chocolate using enzymatic interesterification technology
- 1980 Raw materials for Japan's first plant-based cheese alternatives



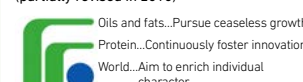
"Our efforts will pay off in the days of my grandchildren."

Those are the words of Masataro Nishimura to an executive officer in 1960, when the soy business was struggling to survive and our reason for existence was in doubt. The business we have remained committed to, based on our belief that it will surely benefit the lives of people someday, forms the basis of our provision of value toward the future.

"A Globally Minded Food Business Founded on the Basic Raw Materials of Oils and Fats and Protein"

This was adopted as our corporate objective upon the establishment of the Hannan Plant and has continued to be passed down ever since. The term "plant-based" was incorporated in 1982, clearly conveying our corporate stance even further.

Corporate logo adopted in 1982 (partially revised in 2010)



"It is important to become firmly entrenched in the region and earn its trust along the way."

Believing that there is no road to success as a global business without the securing of local markets, we accelerated our expansion into overseas markets. In a bid to roll out businesses that are deeply rooted in local communities, we engaged in a range of partner strategies. To tackle the social issues that are difficult to address on our own, we continue to engage in joint efforts with our various stakeholders to this day.

Co-creation with Customers

Based on our underlying theme of creating aspirations for "food," in 1977 we established FUJISUNNY PLAZA in Tokyo. As an operating base that co-creates food with customers by uncovering their needs and preferences, FUJISUNNY PLAZA now operates in eight locations around the world.



Lecture held at FUJISUNNY PLAZA

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

The words expressed by Masataro Nishimura as his basic stance. He preached that Fuji Oil's contributions are the creation of products that bring joy to consumers.

Safety Takes Precedence

An explosion occurred at a solvent extraction plant on December 22, 1991, as a result of which the precious lives of eight people were lost. To this day, we have continued to stress the fact that safety is of the utmost importance in our business.



A Facility for the Global Convergence of Knowledge

Following the development of the Asia R&D Center in 2015, the Fuji Science Innovation Center was established in 2016 to serve as the nexus for the convergence of knowledge from both within and outside the Group. The facility is tasked with the important role of pursuing challenge and innovation by anticipating the needs of global markets.



Promotion of Sustainable Management / Commencement of Sustainable Procurement

In 2004, we became a part of the Roundtable on Sustainable Palm Oil (RSPO) and established the CSR Management Section in 2010. For our "Global & Quality 2013" medium-term management plan, announced in 2011, "promotion of sustainable management" was adopted as the basic policy and priority initiatives were undertaken to resolve the issues of food through our core business. In 2013, we endorsed and declared our support for the United Nations Global Compact, further enhancing our commitment to resolving human rights and environmental issues.

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

Ensuring High Quality and Food Safety

In the mid-1990s, we became the first food company in Japan to acquire ISO 9001 certification. Our Group companies have continued to work to acquire ISO certification as well as a variety of other international certifications to this day.

Measures to Protect the Environment

In 1999, the Fuji Oil Group announced its Basic Policy of Environmental Integrity, declaring its Groupwide commitment to protecting the environment. Meanwhile, in 2010 we formulated our Environmental Vision 2020 and launched activities to address environmental issues over the medium to long term.

Against the backdrop of such efforts, in 2015 we formulated the Fuji Oil Group Basic Policy of Safety, Quality and Environment, which stipulates the overall direction of Group companies in Japan and overseas, and promotes initiatives based on a shared sense of values among all employees.

2015
October

Transition to Holding Company Structure

Expansion of Global Business and Establishment of Management Framework

- Group Management Philosophy — Group Management Philosophy / Group governance → [Page 1](#) / [Page 92](#)
- M&A in the chocolate business — CSO Section → [Page 62](#)
- Establishment of regional headquarters — CSO Section / Group governance → [Page 52](#) / [Page 93](#)
- Measures to improve corporate governance — Corporate governance → [Page 85](#)
- Strengthen financial discipline and enhance capital efficiency — CFO Section → [Page 42](#)
- Realizing Diversity, Equity and Inclusion — CAO Section → [Page 80](#)

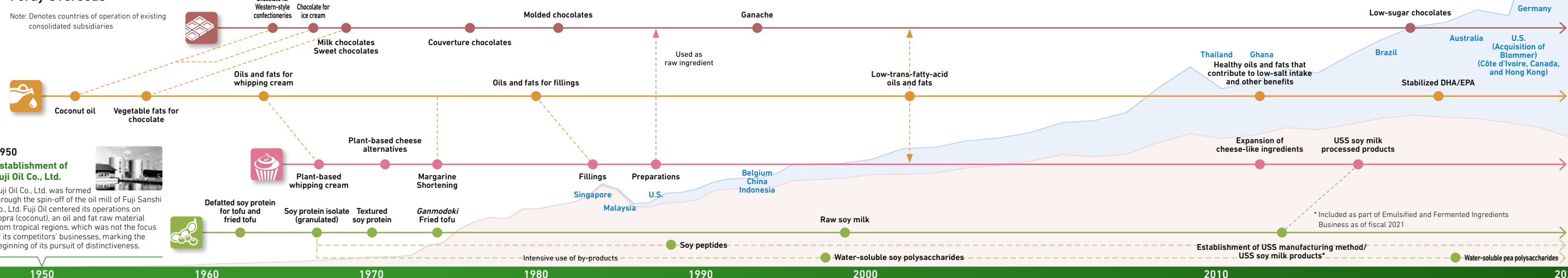
Strengthening of Sustainability Initiatives

- Establishment of ESG Committee — ESG materiality → [Page 38](#)
- Establishment of C"ESG"O — Message from the C"ESG"O → [Page 76](#)
- Reduce human rights risk — Human rights → [Page 77](#)
- Announcement of sustainable sourcing policy for key raw materials and medium-to long-term targets — Sustainable procurement of key raw materials → [Page 20](#)
- Environmental Vision 2030 — Environment → [Page 79](#)

Plant-Based Food Solutions

- Plant-based food solutions — Value Creation and Business Opportunities → [Page 30](#)
- Growth into world's third-largest industrial chocolate manufacturer — CSO Section → [Page 52](#)
- Development of new technologies that serve as the pillars of future growth — CTO Section → [Page 75](#)

Rollout of Core Products and Foray Overseas



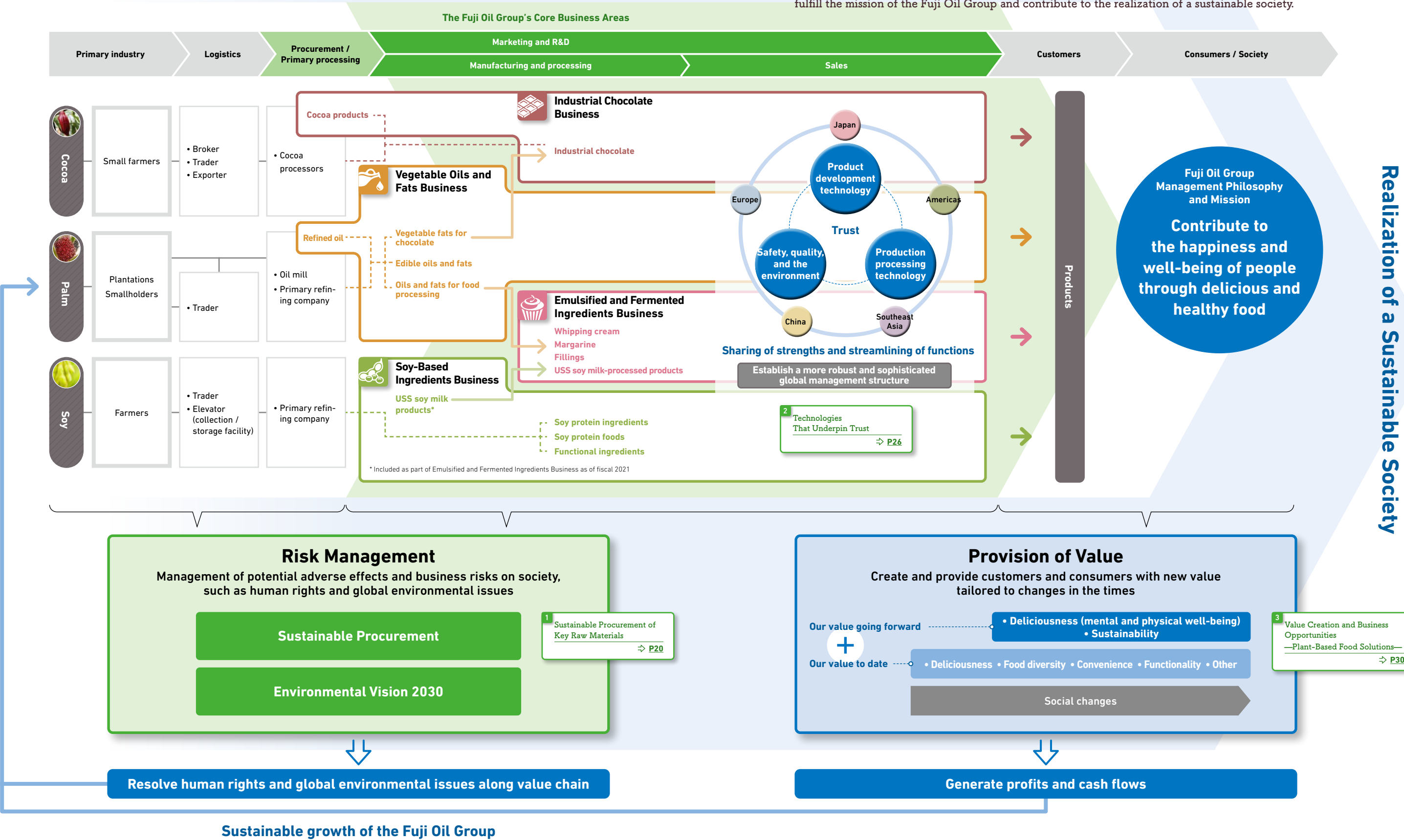
Targets of Overseas Expansion

- Note: Advanced into Malaysia and the Philippines in 1973 and 1974, respectively, for the supply of raw materials to Japan, but quickly withdrew due to issues concerning the national policies of Malaysia
- Emphasis on capturing local needs through the promotion of local development and production
- Global rollout of vegetable fats for chocolate
- Entry into regions with projected growth in demand
- Rapid expansion of a range of products involving a high degree of processing, from oils and fats to ingredients for confectionery bread
- Establishment of production bases by anticipating growth in demand of functional ingredients
- Growth in demand of ingredients for confectionery and bakery products in Southeast Asia
- Expansion of region of operations for Industrial Chocolate Business
- Strengthening of management in each region through regional headquarters
- Focus on sustainable procurement (palm and cocoa) and sustainable growth

The Fuji Oil Group's Value Creation Process

Plant-Based Food Solutions Resolution of Social Issues through Plant-Based Food Ingredients

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.



1

Sustainable Procurement of Key Raw Materials



Securing Resources and Addressing Our Responsibilities to a Variety of Stakeholders

Osamu Watanabe
Senior Manager
Global SCM Group

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 nongovernment 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 cocoa, 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 KPI that pertains 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 secures the resources and promotes the measures necessary for the Group's realization of sustainability over a range of domains. Such initiatives entail time and honest efforts; however, they are indispensable to the continuance of our sustainable procurement activities. We will look to proceed with these efforts while gaining the understanding of our various stakeholders.

Sustainable Procurement

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 employees along our supply chain is significant. Going forward, by focusing on the working environment at plantations, occupational health and safety, non-discrimination and equal opportunity, 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.

Pursuing the Establishment of a Promising Supply Chain

VOICE of Representative

Senior Manager, ESG and Leader Sustainable Development Team
Fuji Europe Africa B.V.

Carmen Alvarado Ascencio

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, 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.

Raw Materials	Social Issues in the Supply Chain	Medium- to Long-Term Targets	KPIs		FY2020 Results
			2030	2025	
Palm oil	Global environment	• Deforestation • Peatland development	No deforestation No peatland development	100% TTP ^{*1}	75% TTP
	Human rights	• Forced labor; child labor; exploitation of indigenous peoples, local residents, and workers	Labor Transformation Program (LTP) implementation rate: 100% (all direct suppliers)	Labor Transformation Program (LTP) implementation rate: 100% (All suppliers of Palmaju Edible Oil (Malaysia)) ^{*2}	71% 10% (All suppliers of Palmaju Edible Oil (Malaysia))
Cocoa	Global environment	• Deforestation • Climate impacts on producing regions • Biodiversity loss	Reforestation Elimination of child labor	1 million trees planted ^{*3}	500,000 trees planted 10,000 trees
	Human rights	• Child labor • Poverty among farming families	Elimination of child labor	No WFCL ^{*4}	GPS utilized to map 83% of cocoa farmers from whom Blommer makes direct purchases of cocoa beans CLMRS ^{*5} established at 100% of cocoa cooperatives from which Blommer makes direct purchases of cocoa beans
Soy	Global environment	• Deforestation • Biodiversity loss	No deforestation No exploitation	Traceability achieved to the community level, or 100% procurement of RTRS ^{*6} -certified products or products certified to equivalent standards	Traceability achieved to primary collection points, or 100% procurement of RTRS-certified products or products certified to equivalent standards
	Human rights	• Exploitation of indigenous peoples, local residents, and workers			N/A
Shea kernels	Global environment	• Loss of parkland	Forest conservation Support for women's empowerment	6,000 trees planted per year ^{*7}	6,000 trees planted per year
	Human rights	• Poverty among farming families		Traceability to village level: 75% • Ratio of directly procured shea kernels traceable to cooperative association: 75% • Out of the above cooperatives, direct procurement of shea kernels from Tebma-Kandu cooperative: 50%, etc.	50% 30% ^{*8} N/A

Please refer to *Sustainability Report 2021* (scheduled to be issued in October 2021) for details on our initiatives regarding sustainable procurement of soybeans and shea kernels.

Sustainable procurement of soybeans → <https://www.fujioilholdings.com/en/sustainability/social/soy/>

Sustainable procurement of shea kernels → https://www.fujioilholdings.com/en/sustainability/social/shea_kernel/

^{*1} TTP: Traceability to Plantation
^{*2} Palmaju Edible Oil Sdn. Bhd. (Malaysia): An oils and fats manufacturer wholly owned by the Fuji Oil Group
^{*3} Plan to plant one million trees for a variety of shade tree saplings over the period of 10 years from 2021 to 2030
^{*4} WFCL: Worst Forms of Child Labour
^{*5} CLMRS: Child Labour Monitoring & Remediation System
^{*6} RTRS: Round Table on Responsible Soy Association
^{*7} Plan to plant 6,000 trees per year, mainly shea tree saplings, starting in 2021
^{*8} KPIs of 10%, 15%, and 20% set for 2021, 2022, and 2023, respectively

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 per-unit-area cultivation volume relative to other vegetable 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 2016, declares our promise to procure palm oil produced in a responsible manner by suppliers that respect both people and the global environment.

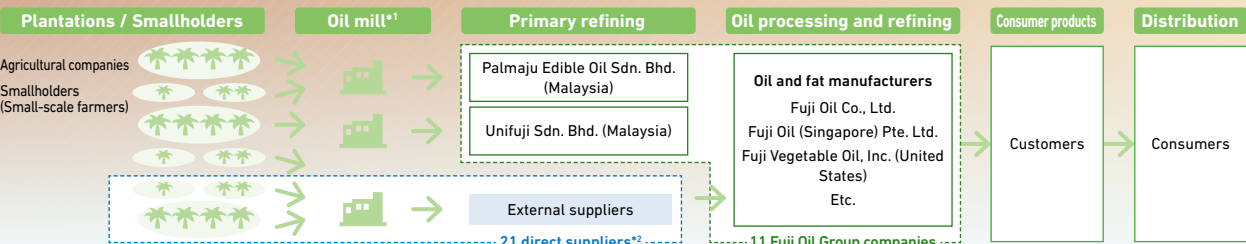
Key Commitments

Compliance with NDPE* standards

- No deforestation of High Conservation Value (HCV) and/or High Carbon Stock (HCS) areas
- No new peatland development
- No exploitation of indigenous peoples, communities, or workers

* NDPE: No Deforestation, No Peatland Development, and No Exploitation

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



*1 More than 1,400 oil mills registered in July–December 2020, oil mill list
*2 As of December 31, 2020

Resolving unregulated deforestation and human rights issues will entail cooperation with governments, NGOs, and NPOs in addition to engaging 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. And by incorporating approaches ① to ⑤ below, we will establish a framework that prevents the emergence of deforestation and human rights issues from palm plantation development.

Social Issue	Solution-Based Approach	Overview of Measures	Location/scope
Global environment	① Satellite-based monitoring	Identify, monitor, and verify activities along our supply chain that contribute to deforestation through the use of satellite images and information	Indonesia
Human rights	② Implement Labour Transformation Programme (LTP)	A one-on-one interview-style program for the improvement of labor practices that provides capacity-building support to suppliers in order to reduce human rights risks in their business and at supply bases. The program is being gradually implemented at direct suppliers of Palmaju Edible Oil.	Malaysia
Global environment	③ Landscape initiatives	An initiative jointly conducted by multiple stakeholders, including local governments, NGOs, private corporations, and plantations in the two regions of Indonesia where its valuable tropical rainforests are located, which are exposed to the threat of plantation development	Indonesia (Aceh Province)
Human rights	④ Promote procurement of certified palm oil	⇒ Highlights	Global
	⑤ Grievance mechanism	⇒ Highlights	Global

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 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.

Sustainable Procurement

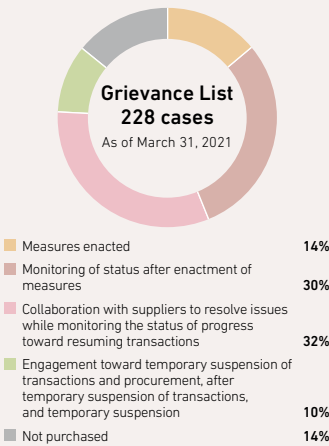
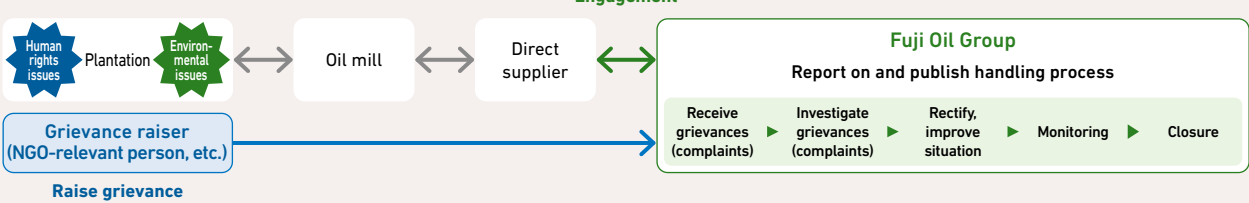
Please refer to *Sustainability Report 2021* (scheduled to be issued in October 2021) for details on our initiatives regarding the sustainable procurement of palm oil.
→ https://www.fujioilholdings.com/en/sustainability/social/palm_oil/

HIGHLIGHTS

Grievance Mechanism

Our grievance mechanism is a system for receiving, responding to, and feasibly resolving stakeholders' concerns regarding human rights and environmental issues in the Fuji Oil Group's supply chain by engaging direct suppliers in accordance with our Responsible Palm Oil Sourcing Policy. We are currently in the process of making improvements in order to provide this mechanism as a 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 & Engagement Protocol has been put in place to enhance the degree of our measures against all grievances.

Grievance Mechanism



Enlarging Production of Sustainable Palm Oil

With the aim of realizing NDPE throughout the entire supply chain, the industry is trending toward a simplified supply chain*1 that ensures traceability and minimizes the risk of human rights violations. Unifuji Sdn. Bhd. is the benchmark for this supply chain; however, the company is expected to reach its production capacity in fiscal 2021 due to the high demand for sustainable products. For that reason, Fuji Oil Asia has collaborated with other players for the supply of high-quality palm that is traceable to a single mill and plantation. The oil will be delivered to Palmaju Edible Oil Sdn. Bhd. (Malaysia) as IP grade*2 and supplied via the Fuji Oil Group's network to key customers worldwide. With the growing attention toward sustainable palm, particularly in the U.S., this strategic partnership will prove critical to adding value to our supply chain and ensuring the growth of our business.

*1 A traceable supply chain encompassing a limited number of plantations and mills that play a role in the delivery to the end-customer
*2 IP grade: With respect to the RSPO certification model, the certification of products completely separated from the supply and distribution of non-certified palm oil to the final product

Engaging and Creating Markets with Stakeholders

Co-Creating with Customers

Unifuji'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 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, engages in collaborative efforts within the industry through participating various association such as The Consumer Goods Forum (TCGF). Understanding the importance of educating the students who will lead the future of our society, the Group has aligned with General Incorporated Association Think the Earth to sponsor the chocolates used in its "SDGs for School" visiting lectures. We are working in such ways to draw students' attention to the sustainable procurement of palm oil and to demonstrate how they can contribute to the realization of a sustainable society.

* SDGs for School: <https://www.fujioilholdings.com/en/sustainability/social/community/>

VOICE of Stakeholder

Yosuke Tomoda
Manager, Procurement Department
Calbee, Inc.

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 continue 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 comprise 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.

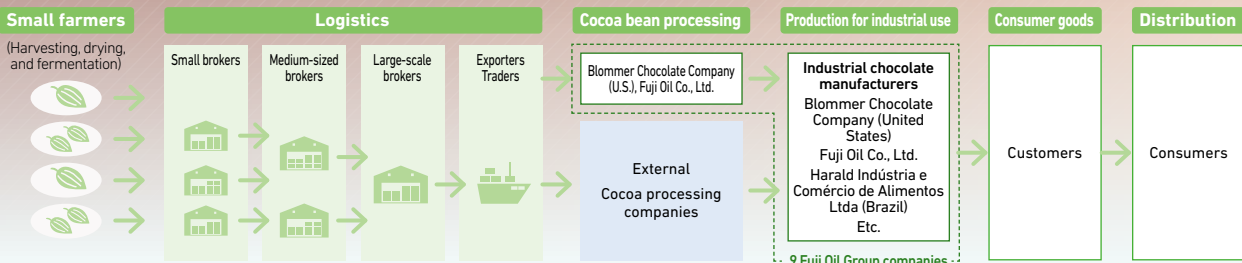
The Group's Sourcing Policy and Medium- to Long-Term Targets

Our Responsible Cocoa Beans Sourcing Policy, announced in August 2018, outlines our strategy for cooperation with a wide range of stakeholders and pledges our pursuit of procuring sustainably grown cocoa throughout our business.

Key Commitments

- Improving the livelihood of cocoa farmers
- Eliminating child labor from our supply chain
- Preventing deforestation and protecting forests

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



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 in Côte d'Ivoire 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 farmers, eliminate child labor, engage in agroforestry and reforestation through tree planting, and enhance the transparency of our supply chain.

Social Issue	Approach to Resolving Issues	Overview of Measures	Region
Global environment	Restoring forests	• Reducing Deforestation and Afforestation Activities ➡ Highlights • Contributed to afforestation through the efforts of Blommer in the Cocoa & Forests Initiative (CFI) of the World Cocoa	Worldwide (centered on Ghana and Côte d'Ivoire, in particular)
Human rights	Introduction of CLMRS and provision of education opportunities to children	• Introduced CLMRS in community assistance programs ➡ Highlights • Built elementary schools in Côte d'Ivoire and provided educational materials as a part of Blommer's L.I.F.T. program* aimed at providing educational opportunities to children	West Africa (Ghana and Côte d'Ivoire, in particular)
Global environment Human rights	Implement community support program	• For farmers participating in the program: Introduced Good Agricultural Practice (GAP), provided a variety of shade tree saplings, and provided direct support on enhancing farmers' awareness of the importance of eliminating child labor through assessments of home environments conducted by local communities	Worldwide (Ghana and Côte d'Ivoire, in particular)

* L.I.F.T. program: Livelihood Infrastructure Food Technology program

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.

Sustainable Procurement

Please refer to *Sustainability Report 2021* (scheduled to be issued in October 2021) for details on our initiatives regarding sustainable procurement of cocoa beans.
➡ <https://www.fujioilholdings.com/en/sustainability/social/cacao/>

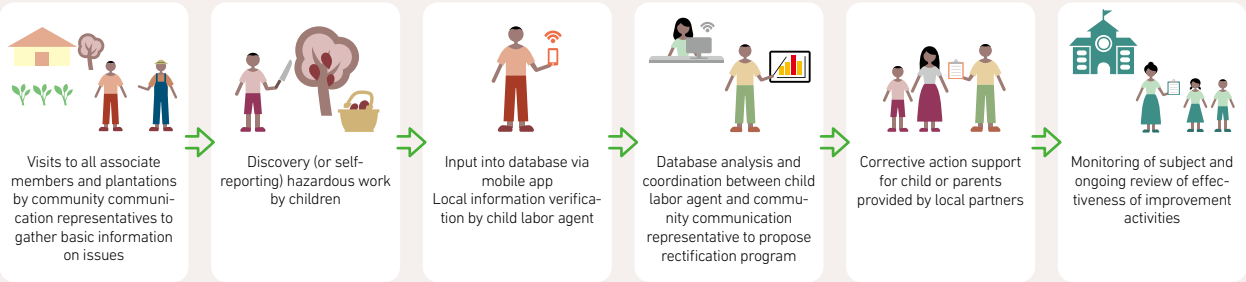
HIGHLIGHTS

Eliminating Child Labor by Monitoring Activities and Providing Educational Opportunities

In regard to the issue of child labor, the Fuji Oil 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



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 promoting biodiversity and improving soil health. Cocoa 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 lineup 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 the 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.

VOICE of Customer

Sheri Flies
Vice President of Global Sustainability and Compliance at Costco Wholesale Corporation

In 2009, Costco Wholesale Corporation and Blommer Chocolate Company, along with supply chain partner Olam, entered into a unique cocoa sustainability partnership in Côte d'Ivoire—the Sassandra Cocoa Program. The program is designed to provide traceable, high-quality products, improve profits and livelihoods for farmers and local communities, and introduce environment-friendly practices. It is audited annually by Intertek, an independent third party. The cocoa sourced from this program is converted into chocolate by Blommer for use in Costco's Kirkland Signature™ chocolate products.

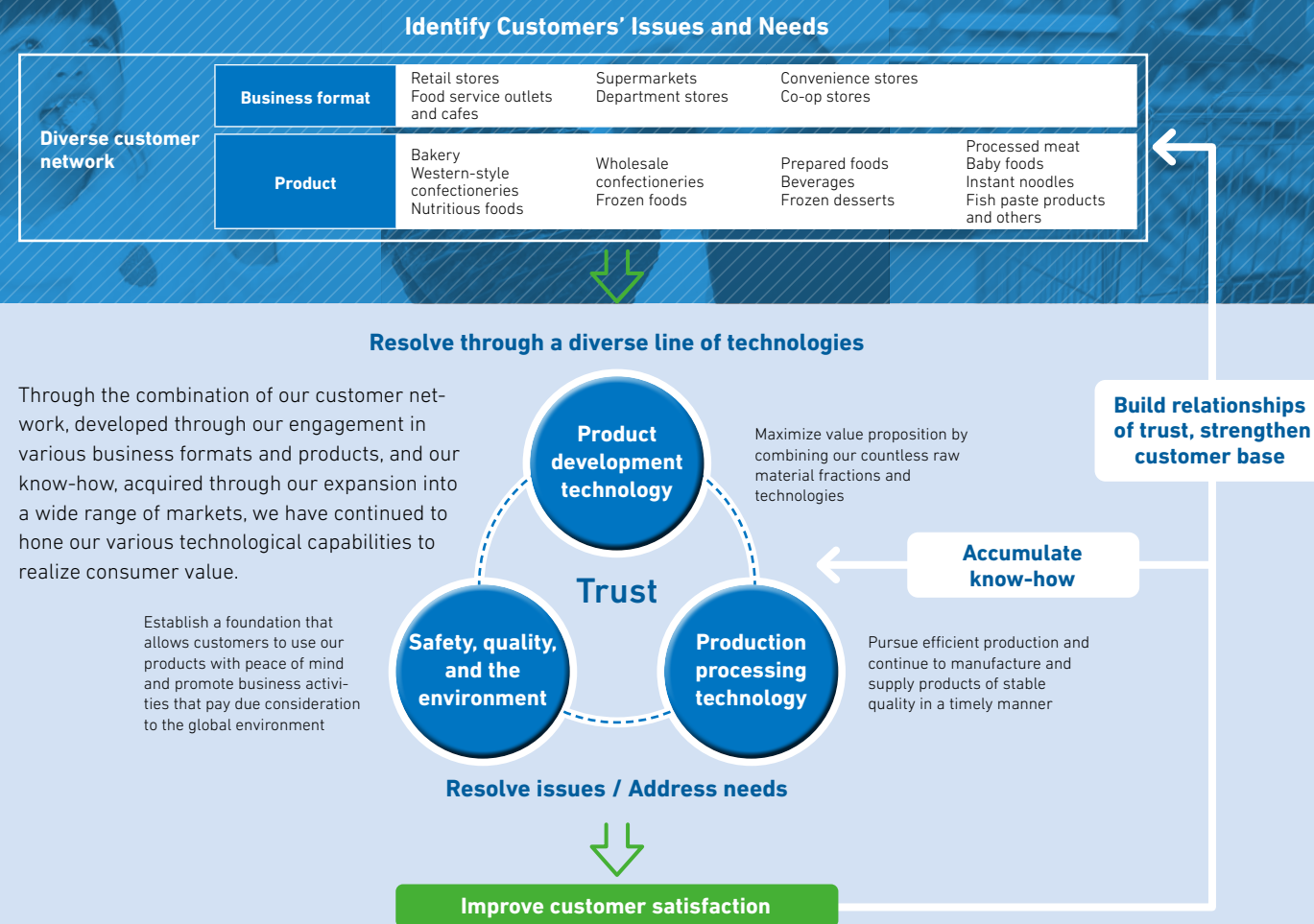
The Sassandra Cocoa Program has made tremendous progress over the years. We consider Sassandra one of our strongest responsible sourcing programs, via both breadth and depth. Costco is pleased to celebrate the 10-year anniversary of the program and its partnership with Blommer and Olam. We look forward to continuing our solid partnership moving forward.

Sassandra Cocoa Program: <https://www.costco.com/sustainability-cocoa-coffee.html>

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 *Monozukuri*. 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

VOICE of Representative



Taichi Taniyama
Department II Sales Division
Fuji Oil Co., Ltd.

I am in charge of product proposals, mainly related to bread, for major convenience store chains. When proposing products, I ensure that the value we are able to provide to consumers is 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.

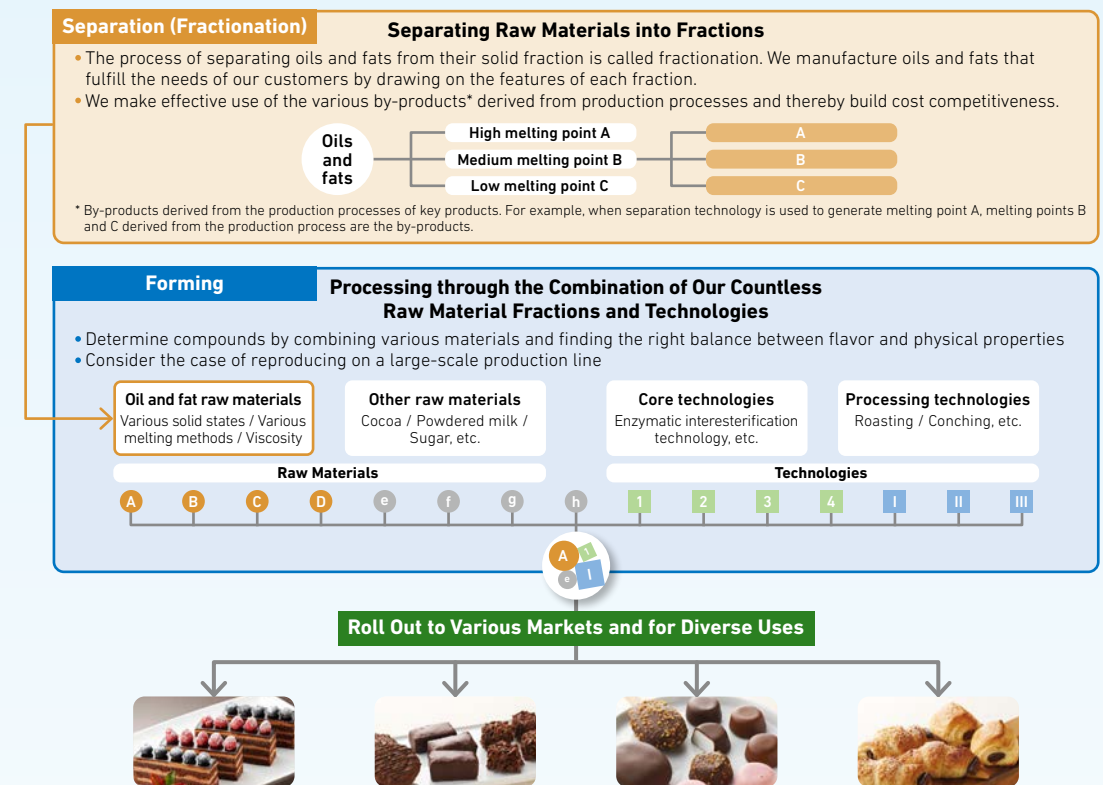
Product development technology

The Ability to Enhance Added Value by Combining Our Countless Raw Material Fractions and Technologies

The creation of a variety of oils and fats through the separation of oils and fats from their solid fraction, combined with the raw materials and technology necessary for realizing their flavor and putting them together in a well-balanced manner, represents our core technology. By realizing the full potential of key plant-based raw materials such as palm and soybeans through the use of our core technology, we will enhance added value and develop an extensive line of products. Through countless combinations of raw materials, compounds, and manufacturing methods, we will deliver products that offer a range of values to customers and consumers.

Example: Development of Chocolate Products

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



Maximizing the Value We Provide to Customers

For an intermediate material manufacturer like Fuji Oil, our direct customers are food manufacturers, confectionery 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.



Creating new value by working collectively with customers

Continuing to Remain a Reliable Presence to Customers through Our Provision of Value

VOICE of Representative



Eriko Harada
Senior Manager, Dessert Section,
Marketing Solution Department I, Research and Development Division, Fuji Oil Co., Ltd.

My goal is to not only address the issues at hand but also to create value for the future by anticipating changes in consumer needs. We propose compelling end-products that help realize this goal and develop products that facilitate the creation of such end-products. I believe this is our distinctive way of providing value.

Anticipating the growth in demand for protein consumption to spill over into the confectionery industry in the coming future, we enhanced the productivity of our customers' manufacturing processes and developed a soy protein product that contributes to better texture. In this way, we have provided a solution to realizing delicious, protein-rich confectioneries, which have been well received by our customers. We hope to continue to remain a reliable partner to our customers through our proposals of delicious foods that contribute to a healthy mind and body and to resolving a wide array of issues.

Production
processing
technology

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.



Accumulation of know-how to minimize quality defects along production processes



Team-building activities and presentations aimed at enhancing productivity on the front lines

Production Sites That Are Reluctant to Accept "No" as an Answer

VOICE
of
Representative



Yuki Osawa

Senior Manager
Chocolate Production Department
Chocolate Division
Fuji Oil Co., Ltd.

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

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.

* Verification tests to ensure high quality standards



Analytical Center for Food Safety

Ensuring the Supply of Safe Products That Offer Peace of Mind

VOICE
of
Representative



Tetsuo Sakata

General Manager, Quality Control Department
Production Technology Division
Fuji Oil Co., Ltd.

The final inspections of our products before delivery to customers are conducted by us at the Quality Control Department, which operates based on its mission of providing safe products and preventing accidents at all times.

For example, flavors, for which standardization can be an arduous task, undergo rigorous checks by our inspection staff and must pass a series of inspection points that facilitate safe use by our customers.

In addition, we work together with the production department to enhance the precision of our inspections throughout the manufacturing process while being quick to develop an analysis structure to not only prevent product defects but to also enhance productivity.

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.



Designing of production line by engineers from the Engineering Development Department specializing in reduction of environmental impact

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 product development technologies and production process technologies, in addition to our technologies geared toward safety, quality, and the environment, which have been honed over the years through the expansion of our business in Japan, are a part of our foundation for creating new value. Fuji Oil Group headquarters has played a leading role in developing the Group's overall network and in providing support for various initiatives.



Implement materiality measures pertaining to safety, quality, and the environment through the support of the C"ESG"O Section
⇒ (Please refer to page 76)



Enhance global network consisting of R&D specialists from around the world
CTO Section
⇒ (Please refer to page 72)



Facilitate production improvements at Group companies through the assignment of specialists from Japan
CSO Section
⇒ (Please refer to page 52)

3 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.

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

Plant-Based Food Solutions

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.

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

- Deliciousness
- Food diversity
- Convenience
- Functionality, etc.

Past

Present

Future

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



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

Our Value Going Forward

Technology-intensive segments



Vegetable Oils and Fats



Industrial Chocolate



Emulsified and Fermented Ingredients



Soy-Based Ingredients

Healthy Chocolates

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

⇒ (Please refer to page 63.)

Sugar-free Chocolates

Measures to curb excessive sugar intake to prevent obesity and lifestyle-related diseases have been gaining 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.

⇒ (Please refer to page 65.)

Dairy-free Chocolates

Milk chocolates contain an abundance of dairy ingredients. To address the shortage of dairy ingredient supplies and diverse food and consumption preferences that will likely unfold 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.

⇒ (Please refer to page 61.)

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.

⇒ (Please refer to page 75.)

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 in a readily consumable form by improving its texture and solubility.

⇒ (Please refer to page 69.)

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 sourness. In this way, we were able to provide a low-salt solution to oils and fats that maintains foods' deliciousness while reducing the use of seasonings.

Stabilized DHA/EPA

Despite its well-known effects for improving cognitive functions and reducing neutral fat, 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 lifespans 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 contain soybeans and other plant-based materials and no animal-based materials.

⇒ (Please refer to page 67.)

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.

⇒ (Please refer to page 69.)

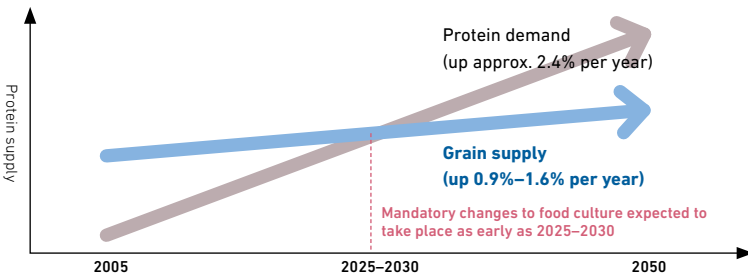
Pursuit of Plant-Based Protein Ingredients

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.

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.

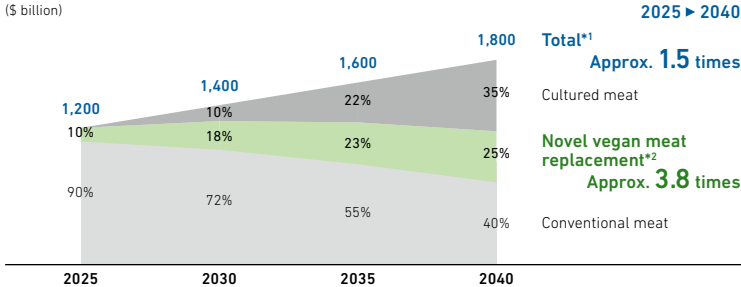
Demand and Supply of Protein



Source: Prepared by Fuji Oil based on December 2020 data provided by Chitose Laboratory Corp.

From the perspective of reducing the 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



Source: Prepared by Fuji Oil based on data provided by A.T. Kearney

*1 Figures are rounded to the nearest hundred billion.

*2 According to the report below, plant-based meat alternative products manufactured through a sophisticated process offer texture and flavor that resemble real meat more so than conventional vegan and vegetarian products.

When consumers go vegan, how much meat will be left on the table for agribusiness? (kearney.com)
Copyright A.T. Kearney, 2020. All rights reserved. Reproduced with permission.

At the Fuji Oil Group, we aim to provide the kind of deliciousness that contributes to better mental and physical well-being through our supply of plant-based ingredients that align with the needs of the plant-based food market, which continues to expand in the face of population growth, climate change, and other social issues. For plant-based foods to truly become widespread throughout society, they must be naturally incorporated into people's eating habits. Based on our belief that providing deliciousness, surprise, and experience is the key to bridging the gap between consumers and plant-based foods, we are proceeding with efforts to enable consumers to experience the surprising deliciousness of plant-based foods for themselves.

⇒ (Please refer to page 70.)



Response to climate change
Reduction of environmental impact

Uneven distribution of food supplies

Well-being of each individual

Our Vision of Society in 2050

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

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

⇒ P75

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

- Sustainability considerations (human rights/the environment)
- Changing demographics and uneven distribution of food supplies
- Diverse health issues

Identification of Important Management-Related Matters and Our Management Execution Structure

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

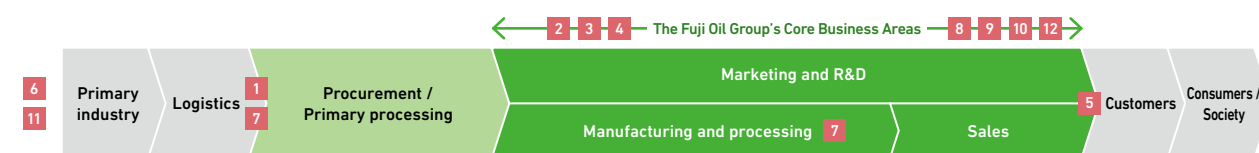
Significant Groupwide Risks

The Fuji Oil Group's Significant Risks → P37

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.

Risk Item	1 Risks related to fluctuations in raw material prices	2 Financial and tax risk	3 Legal and compliance risk	4 Management risk of Group companies	5 Risks related to food safety	6 Supply chain-related risk	7 Risks related to disasters, accidents, and infectious diseases	8 Information system/security-related risk	9 Risks related to human resource hiring and development	10 Business transformation/reform-related risk	11 Environmental and human rights risks	12 Country risk of regions comprising the Group's global network
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Example of Our Financial Value Measurement

Task Force on Climate-related Financial Disclosures

In Support of TCFD Recommendations → P40

In May 2019, the Fuji Oil Group announced its support of the Task Force on Climate-related Financial Disclosures (TCFD).

Through our support of the TCFD, we will quantitatively analyze and measure the financial value of the impact of our business on the global environment and reflect this in our business strategies.

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

Material ESG issues for FY2021 → P39

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.

ESG Materiality	1 Creative food solutions	2 Sustainable procurement	3 Assurance of product quality and safety	4 Occupational health and safety	5 Climate change mitigation and adaptation	6 Conservation of water resources	7 Resource circularity	8 Environmentally conscious manufacturing	9 DE&I ^{*1}	10 GRC ^{*2}
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*1 Diversity, equity and inclusion

*2 Governance, risk, compliance

Mission	Important Management Matters
<p>Tomoki Matsumoto Director and Senior Executive Officer Chief Financial Officer (CFO)</p>	<ul style="list-style-type: none"> Strengthen financial management capacity and manage corporate activities by formulating and executing financial and accounting strategies Provide accurate and highly transparent investor relations (IR) information on our corporate activities to stakeholders in an appropriate manner Direct the planning and execution of ICT strategies and make adjustments toward Companywide optimization <p>2 8 10 10</p> <p>CFO SECTION → P42</p>
<p>Hitoshi Shindachi Senior Executive Officer Chief Strategy Officer (CSO)</p>	<ul style="list-style-type: none"> Conduct planning of Group vision, medium- to long-term management strategies, and global business strategies and promote collaborations and strategies across the Group Support the CEO in drawing up and executing strategies and make adjustments toward Groupwide optimization Collaborate with the CFO to establish a basic policy for mergers and partnering strategies Take charge of managing Group company businesses <p>1 4 6 10 1 2 10</p> <p>CSO SECTION → P52</p>
<p>Haruyasu Kida Senior Executive Officer Chief Technology Officer (CTO)</p>	<ul style="list-style-type: none"> Create new business themes that will form the backbone of future technology-driven businesses and establish new businesses toward the Group's ongoing growth Plan R&D measures and strategies throughout the Group in line with the development of existing businesses and the introduction of new businesses Assemble a global research structure centered on plant-based food solutions and develop an innovation-driven, solution-oriented business <p>6 10 11 1 7 8</p> <p>CTO SECTION → P72</p>
<p>Takashi Kadota Director and Senior Executive Officer Chief "ESG" Officer (C"ESG"O)</p>	<ul style="list-style-type: none"> Strengthen ESG management with an emphasis on the environment (E) and society (S), while enhancing sustainable corporate value and realizing the sustainable growth of society through a joint effort with the Board of Directors, thereby contributing to stakeholders <p>5 7 11 12 3 4 5 6 7 10</p> <p>C"ESG"O SECTION → P76</p>
<p>Takeshi Takasugi Director and Senior Executive Officer Chief Administrative Officer (CAO)</p>	<ul style="list-style-type: none"> Assemble the other chief officers and the Group's departments and divisions together to guide all members toward realizing the Group's goals Provide accurate and highly transparent information on our corporate activities to stakeholders in a timely manner Enhance corporate governance in an effort to earn the trust of stakeholders Plan and implement global management frameworks, personnel, and human resource strategies <p>3 9 12 9 10</p> <p>CAO SECTION → P80</p>

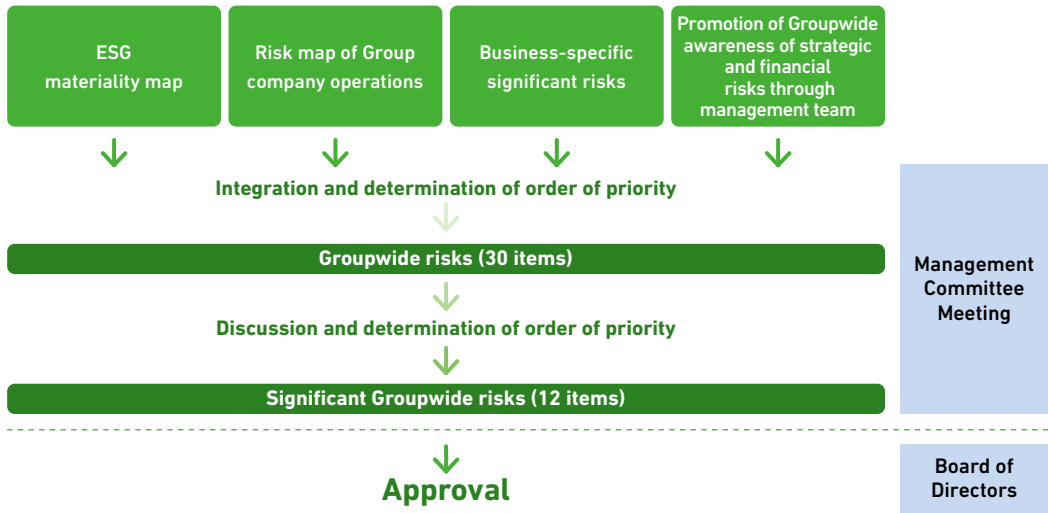
Significant Groupwide Risks

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 oversees 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.

“Country 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.

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.

	Risk Item	Significant Groupwide Risks	Risk Response Measures	Chief Officer in Charge				
				CFO	CSO	CTO	C“ESG”O	CAO
1	Risks related to fluctuations in raw material prices	Fluctuations in prices of main raw materials	• Establish a framework to manage the balance of raw materials throughout the Group, including the leveraging of mutually complementary strengths between business sites • Appropriately manage hedge transactions in accordance with Group policies concerning raw material procurement and hedge transactions		●			
2	Financial and tax risk	Fluctuations in currencies and interest rates; imposition of taxes overseas	• Hedge fluctuation risk through the use of derivatives and reduce liquidity risk through global cash management • Establish a framework to avoid risks related to international taxation and appropriately manage tax payments	●				
3	Legal and compliance risk	Non-compliance with countries’ laws and regulations	• Reinforce global management structure of legal affairs department • Implement rigorous compliance management throughout the Group					●
4	Management risk of Group companies	Impairment of goodwill and fixed assets due to delay in progress of business plan and impact of changes to various rules and regulations on business	• Strengthen management and promote business through Groupwide support structure • Recruit and cultivate human resources who can manage overseas companies • Enhance asset efficiency and examine asset investment opportunities according to investment hurdle rates and exit guidelines • Identify and respond in a timely manner to developments in rule and regulation changes in the areas of operation of Group companies		●			
5	Risks related to food safety	Incurrence of substantial costs and loss of customer trust due to significant safety- and quality-related issues	• Introduce global quality control standards and formulate safety standards • Establish a framework capable of providing technological support for rapid globalization • Develop a global support structure and standardize procedures for initial response in the case of a violation; mitigate risk through the use of insurance				●	
6-1	Supply chain-related risk	Inability to acquire main raw materials (palm, cocoa, soybean, etc.); emergence of environmental and human rights issues along supply chain	• Maintain cooperative relations with suppliers, competitors, and NGOs and promote our program to strengthen supply sources • Prevent and reduce environmental and human rights risks along the supply chain by instituting sourcing policies		●			
6-2		Restrictions to existing raw materials and manufacturing methods due to changes in countries’ regulations and social trends	• Disperse risks through diversification of oil and fat raw materials • Develop oil and fat and protein processing technology that does not use chemical catalysts or solvent processing			●		
7	Risks related to disasters, accidents, and infectious diseases	Discontinuance of operations/deliveries and supply chain disruptions including personal and physical damage, etc., due to natural disasters, workplace accidents, and infectious diseases	• Formulate BCPs incorporating framework for leveraging mutually complementary strengths throughout the Group in preparation for the occurrence of natural disasters • Transfer risk through the use of insurance and prepare a response manual in the case of a crisis • Institute risk prediction activities throughout the Group and further reinforce safety management activities at Group companies with a high risk of accidents • Establish BCPs in preparation for the outbreak of infectious diseases to ensure the safety of employees, continuance of business activities, and stable operation of supply chain				●	
8	Information system/ security-related risk	Leakage and/or loss of information due to inadequate IT governance/security	• Strengthen information security measures by utilizing an outside expert • Implement educational and awareness-raising activities to enhance understanding of information management	●				
9	Risks related to human resource hiring and development	Lack of human resources to facilitate global management structure and to create innovation tailored to diverse values as well as inability to secure the personnel necessary for the operation of factories	• Establish a global human resource development and participation program • Promote diversity and embrace the engagement of senior employees • Create an environment tailored to securing human resources at Group factories					●
10-1	Business transformation/ reform-related risk	Inability to expand and/or transform businesses according to changes in market environment	• Develop a framework capable of promoting product development and business strategies that accurately reflect market trends • Revise business portfolio and optimize the Group’s production bases to facilitate anticipated changes to the operating environment in the future		●			
10-2		Delays in development of new businesses and competitive products and technology in response to market needs	• Establish an organizational framework capable of developing products that address global and local needs and select and concentrate on research themes for utilizing limited human resources			●		
10-3		Inability to make appropriate management decisions due to insufficient data sharing worldwide as a result of delays in digitization	• Introduce ERP software packages to realize global production management, inventory management, and production requests	●				
11-1	Environmental and human rights risks	Restrictions to business activities triggered by delayed and inadequate response to environmental issues	• Formulate and adhere to our numerical environmental targets (Environmental Vision 2030) • Promote measures against climate change and disclose such information by conducting scenario analysis in line with the recommendations of the TCFD				●	
11-2		Limitations to business activities stemming from delayed and inadequate response to human rights issues	• Promote food loss reduction and other resource-recycling efforts • Promote respect for human rights in accordance with the Fuji Oil Group Human Rights Policy, formulated in 2017 in compliance with the UN’s Guiding Principles on Business and Human Rights • Conduct human rights due diligence and, based on the findings, strengthen measures to resolve human rights issues and appropriately disclose such information				●	
12-1	Country risk of regions comprising the Group’s global network	Restrictions to business activities, temporary halt to operations, and supply chain disruption arising from political, economic, and social conflicts	• Revise business portfolio through the efforts of Group headquarters • Implement PDCA activities to manage risks at Group companies				●	
12-2		Occupational fatality resulting from warfare, terrorist attacks, riots, kidnapping, or strikes	• Compile information on the areas of operation of Group companies, appoint external consultants, and enhance safety training programs for employees overseas					●

ESG Materiality

Identification of ESG Materiality

The Fuji Oil Group established material 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 contributes to two of the four activity areas for promoting ESG management*: "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.

*1. Creation of positive impact, 2. Reduction of negative impact, 3. Social contribution activities, and 4. Communication with stakeholders

FY2021 Identification and Selection Process of Material ESG Issues



* By taking into account the list of Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) disclosures, World Benchmarking Alliance (WBA) standards, the SDGs, ESG themes promoted by industry organizations, and the advice of external experts

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.

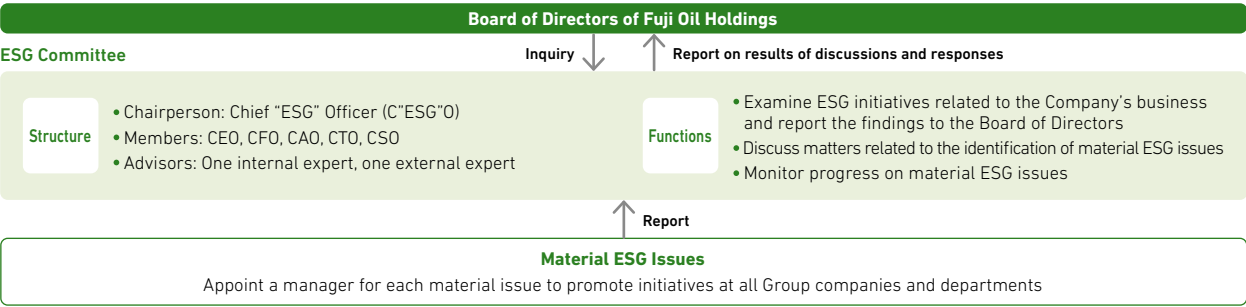
FY2021 ESG Materiality Map


Stakeholder interest	Highest	<ul style="list-style-type: none">• Plastic use reduction	<ul style="list-style-type: none">• GRC*¹• Conservation of water resources• Resource circularity• Environmentally conscious manufacturing	<ul style="list-style-type: none">• Creative food solutions• Sustainable procurement*²• DE&I*³• Climate change mitigation and adaptation
	Higher	<ul style="list-style-type: none">• Animal welfare		<ul style="list-style-type: none">• Assurance of product quality and safety• Occupational health and safety
	High	<ul style="list-style-type: none">• Partnership with communities		<ul style="list-style-type: none">• Human resource development
			High	Higher
Impact on the Fuji Oil Group's business				

*1 Governance, risk, compliance. The perspectives for corporate governance (enhancement of effectiveness of the Board of Directors, etc.) and internal control (Group governance, risk management, etc.) are included in the GRC; however, the ESG Committee will monitor the items pertaining to internal control. Meanwhile, corporate governance will be monitored by the Board of Directors.
*2 Respect for human rights, biodiversity conservation, and forest conservation are also included in the important perspectives regarding sustainable procurement.
*3 Diversity, equity and inclusion

ESG Committee

With the purpose of strengthening ESG management to meet the expectations of stakeholders, in 2015 the ESG Committee was established as an advisory body to the Board of Directors of Fuji Oil Holdings Inc. The ESG Committee convenes at least twice a year to identify and monitor the progress of the Group's material ESG issues, in addition to discussing issues, targets, and strategies related to other ESG activities. 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.





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/>

Material ESG Issues for Fiscal 2021

ESG Materiality		Our Vision		SDGs We Aim to Support	CxO in Charge	Relevant Pages
Priority Area	Priority Theme					
Areas to create initiatives that lead the industry, leveraging our business strength						
1	Creative food solutions	Solutions to food insecurity	• Establish alternative technologies and disseminate environment-friendly plant-based food ingredients—a substitute for animal protein and dairy products—to address the concerning issue of food resource shortages in the future		CTO	Pages 30–33, 67–71
		Provision of healthy food	• Contribute to wellbeing among seniors by addressing health issues and removing lifestyle limitations			
		Reduction of sugars intake	• Provide nutritionally balanced food products that help prevent lifestyle-related diseases by replacing certain sugars with plant-based protein ingredients			
		Reduction of trans fatty acid contents	• Reduce the amount of trans-fatty acids contained in products in compliance with the WHO’s recommendations and the laws and regulations of each country			Pages 32, 61
2	Sustainable procurement	Sustainable procurement of palm oil	• Achieve “No Deforestation, No Peatland Development, No Exploitation (NDPE)” throughout the supply chain • Achieve 100% traceability to plantation (TTP) by 2030 • Implement the Labour Transformation Programme (LTP) at all suppliers of Palmaju Edible Oil Sdn. Bhd. by 2025		CSO	Pages 20–25
		Sustainable procurement of cocoa	• Promote Responsible Cocoa Beans Sourcing Policy • Plant one million trees on cocoa-growing regions by 2030 • End the “worst forms of child labour” defined by ILO Convention by 2025			
		Sustainable procurement of soybeans (including GMO issues)	• Promote sustainable procurement of soybeans and soy protein raw materials			
Business foundation areas						
3	Assurance of product quality and safety	Ensuring food safety and quality	• Ensure that the Fuji Oil Group is never a cause for complaints for any of the products it manufactures		C“ESG”O	Pages 76–79
4	Occupational health and safety	Promoting occupational health and safety	• Place top priority on safety and respect for humanity. Keep all Group companies accident free by creating safe and comfortable workplaces			
5	Climate change mitigation and adaptation	CO ₂ emissions reduction	Environmental Vision 2030 ⇒ P79	• Reduce Scope 1 and 2 CO ₂ emissions (total volume) by 40% and Scope 3 (Category 1) emissions by 18% compared with 2016 (base year) by 2030 Note: Approved by the Science Based Targets initiative (SBTi)		
6	Conservation of water resources	Water use reduction		• 20% reduction in water intensity by 2030 (base year: 2016)		
7	Resource circularity	Waste reduction		• 10% reduction in waste intensity by 2030 (base year: 2016)		
		Food loss and waste reduction	• Contribute to reducing food loss and waste throughout the value chain through technology innovation		CTO	—
8	Environmentally conscious manufacturing	Reduction of the environmental impact of products and raw materials	• Advance Environmental Vision 2030 by finding and using alternative raw materials and developing new technologies that reduce environmental impact			
9	DE&I* ¹	Diversity management	• Provision of fulfilling workplaces free of discrimination and harassment and where the basic human rights, diversity, character, and individuality of every associate is respected		CAO	Pages 80–83
10	GRC* ²	Risk management system	• Earn the trust of society by demonstrating high reliability and risk management capability		C“ESG”O	Page 36
		Information security management	• Reform processes through the use of information and communications technology (ICT) and create corporate value • Facilitate the achievement of Group governance through the use of safe and secure ICT		CFO	Page 45
		Compliance	• Earn the trust of all stakeholders by conducting business fairly, transparently, and with integrity		CAO	Page 94
		Group governance	• Enhance corporate value through the establishment of an effective Group governance system		CSO	Pages 92–94
		Corporate governance	• Improve corporate value through appropriate functioning of the Board of Directors		CAO	Pages 85–91

*1 Diversity, equity and inclusion
*2 Governance, risk, compliance

In Support of TCFD Recommendations

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

Governance	<ul style="list-style-type: none">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 of 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.
Strategy	<ul style="list-style-type: none">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 (PBFS), the Group is committed to resolving the issues of society 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.
Risk Management	<ul style="list-style-type: none">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 PDCA 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.
Metrics and Targets	<ul style="list-style-type: none">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 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 seminars and awareness-raising activities toward the acquisition of Science Based Targets (SBT) certification.

* Reduce Scope 1 and Scope 2 CO₂ emissions (total volume) by 40% and Scope 3 (Category 1) emissions by 18% compared with 2016 (base year) by 2030
Notes: 1. Base year: Fiscal 2016
2. Scope 1: Direct GHG emissions generated from Fuji Oil’s business activities
Scope 2: Indirect GHG emissions generated from the use of electricity and heat purchased from other companies
Scope 3: GHG emissions of other companies generated from Fuji Oil’s business activities (categories 1-15)
3. Category 1: Raw materials
4. Please refer to Environmental Vision 2030 on page 79 for more details.

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.

1. Increased cost of complying with environmental regulations	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 ⇒ (For related content, please refer to the C“ESG”O Section on page 76.)
2. Impact of deforestation linked to suppliers	Establish a Global Sustainable Sourcing Committee and adopt a framework for managing Groupwide risks ⇒ (For related content, please refer to “Sustainable Procurement of Key Raw Materials” on page 20.)
3. Intensifying natural disasters due to extreme weather	Devise a BCP to ensure continuance of operations in the event of a natural disaster ⇒ (For related content, please refer to “Pursuit of Leading Market Share for Tropical Oils and Fats in the Southern Region of the U.S.” on page 61.)
4. Concerns over shortage and rising cost of key raw materials worldwide	Establish a Global Sustainable Sourcing Committee and adopt a framework for managing Groupwide risks ⇒ (For related content, please refer to “Sustainable Procurement of Key Raw Materials” on page 20.)

Assessing the Financial Impact of Risks and Opportunities Associated with Climate Change

Item		No.	Details of Risks and Opportunities	Projected Financial Impact in and around 2050 (↓: negative impact / ↑: positive impact / number of ↓ and ↑ indicates degree of impact)			
				2°C Scenario		4°C Scenario	
				Details	Degree of Impact*	Details	Degree of Impact*
Transition risk	Policy & regulations	1	Increased cost of complying with environmental regulations	<ul style="list-style-type: none">Likelihood of increased cost stemming from carbon tax imposed in certain countries to comply with increasingly stringent environmental regulationsIncreased cost potentially arising from the loss of existing assets and additional capital investment reflecting the need to convert from fossil fuel to renewable energy and to reduce GHG emissions throughout the supply chain, from production processes through to distribution	↓ ↓	<ul style="list-style-type: none">Increased cost possibly arising from carbon tax imposed in certain countries on Group companies, despite an insignificant amount of the tax and fewer number of countries imposing the tax compared with the 2°C scenario	↓
	Reputation	2	Impact of deforestation linked to suppliers	<ul style="list-style-type: none">Potential impairment to the Group’s reputation, loss of business with major customers, and decline in sales stemming from the Group being mistakenly held accountable for indirect involvement in deforestation linked to suppliers of key raw materials, including palm oil, cocoa, and soybeansProspect of diminished sales provoked by disruptions to the raw material procurement and production activities of Group companies due to embargoes placed by countries in Europe, the United States, and the rest of the world on suppliers linked to deforestation	↓ ↓	<ul style="list-style-type: none">Same risks as 2°C scenario	↓ ↓
Physical risk	Acute risk	3	Intensifying natural disasters due to extreme weather	<ul style="list-style-type: none">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 Oil New Orleans and Fuji Vegetable Oil—which operate mills in Louisiana and Georgia, respectively—in the U.S., a country regularly hit with hurricanes	↓ ↓	<ul style="list-style-type: none">Likelihood of incurring even greater damage from the increasing number and magnitude of storms and floods compared with the 2°C scenario and the consequent inability to continue operations over the long term at the mills of Group companies, such as Fuji Oil and Fuji Vegetable Oil	↓ ↓ ↓
	Chronic risk	4	Concerns over shortage and rising cost of key raw materials worldwide	<ul style="list-style-type: none">Possibility of diminished sales 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. Meanwhile, the Group’s cultivation of key raw materials is expected to remain at its current level due to increasingly stringent restrictions imposed on forest development and the resulting inability to foresee increases in arable land.	↓ ↓	<ul style="list-style-type: none">Reduced sales potentially arising from the impact of population growth on rising demand and a consequent substantial shortage in supply, resulting in the inability to procure a large fraction of key raw materials, including palm oil, cocoa, and soybeans, and thereby vastly hindering the production of Group products. Meanwhile, the Group’s cultivation of key raw materials is expected to decline due to the transfer of cultivation areas and a decrease in arable land.	↓ ↓ ↓
Opportunity	Market	5	Expansion of plant-based food (PBF) market	<ul style="list-style-type: none">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 analogues and dairy alternative products.Recognizing this as an opportunity for sales growth, the Group will leverage its distinctive and combined technologies and co-creation efforts with customers to create deliciousness, richness, and flavor through plants, thereby bolstering the competitiveness of its products.	↑ ↑ ↑	<ul style="list-style-type: none">A global shortage in the supply of livestock meat will emerge as a result of intensifying extreme weather in the form of droughts, floods, and other events linked to climate change and its adverse impact on livestock production, as well as rising demand for livestock meat, primarily in middle- and low-income countries, due to global population and economic growth and changes in people’s dietary habits. This is expected to increase the need for meat analogues and expand their market, which will contribute to the Group’s sales growth.	↑ ↑
	Resilience	6	Addressing new health concerns arising from climate change	<ul style="list-style-type: none">The impact of climate change on global temperatures will bring about infectious diseases of the kind we have yet to see in countries and regions and increase the possibility of developing heat stroke, thereby raising new health concerns. This will likely heighten the needs of consumers for highly nutritional products that improve immunity and are high in protein.The resulting growth in demand and market for such products will be viewed as an opportunity for the Group to increase sales by leveraging its existing technologies as well as new technologies currently in development in the functional high-value-added products business, including the polysaccharide business and the stabilized DHA/EPA business, and chocolate business.	↑ ↑	<ul style="list-style-type: none">Same risks as 2°C scenario	↑ ↑

* Financial impact in and around 2030

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 Harald 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 ¥10.0 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

Management Target (Towards a Further Leap 2020 [2017–2020])

Item	FY2016 Results (base year)	FY2017 Results	FY2018 Results	FY2019 Results ^{*1}	FY2020 Results	Medium-Term Management Plan: FY2020 Target
ROE	8.3%	8.8%	7.3%	10.5%	7.0%	10.0%
EPS	¥140.8	¥159.9	¥134.8	¥190.5	¥128.1	EPS CAGR 8% or higher
EPS growth rate	31.2%	13.5%	(15.7)%	—	—	Operating profit CAGR 6% or higher
Operating profit	¥19.7 billion	¥20.5 billion	¥18.5 billion	¥23.6 billion	¥17.9 billion	Dividend payout ratio 30%–40%
Operating profit growth rate	16.9%	4.0%	(9.5)%	—	—	Four-year total results ¥126.1 billion
Shareholder returns (Dividend payout ratio)	31.2%	30.0%	37.1%	29.4%	40.6%	Four-year total results ¥100 billion
Operating cash flow	¥16.5 billion	¥28.2 billion	¥22.6 billion	¥37.1 billion	¥38.2 billion	10-day reduction
CCC	110 days	103 days	105 days ^{*2}	113 days ^{*3}	107 days	Four-year total results ¥69.4 billion
Amount of capital investment	¥13.6 billion	¥14.7 billion	¥15.9 billion	¥18.0 billion	¥20.8 billion	¥50 billion in secured funds
M&A	—	—	Blommer and Industrial Food Services	—	—	

^{*1} FY2019 reflects the change in the accounting period of overseas Group companies from Dec. to Mar. (excluding Blommer and Industrial Food Services).

^{*2} FY2018 CCC: Blommer is not included.

^{*3} FY2019 CCC: Calculated by converting to 12 months for overseas Group companies that apply 15-month financial statements

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 ITOCHU Corporation.

Despite the increased costs associated with the soaring prices 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 volume 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 Harald, 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.

T. Matsumoto

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

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

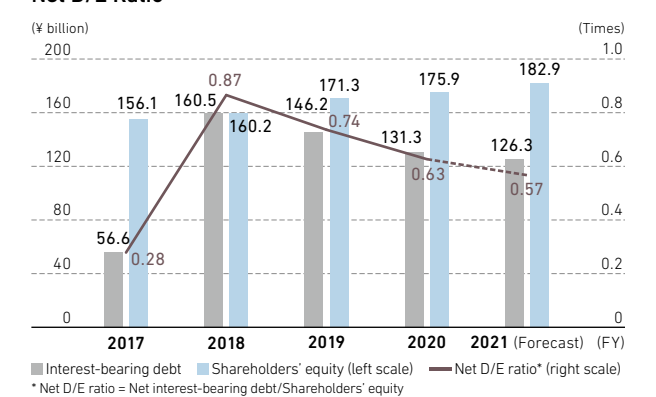
In fiscal 2020, tangible fixed assets increased as a result of the establishment of a vegetable oils and fats mill in the U.S. and a functional ingredient (soluble pea polysaccharides) mill in Germany. However, the decline in inventory assets and working capital stemming from the cocoa bean procurement 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.

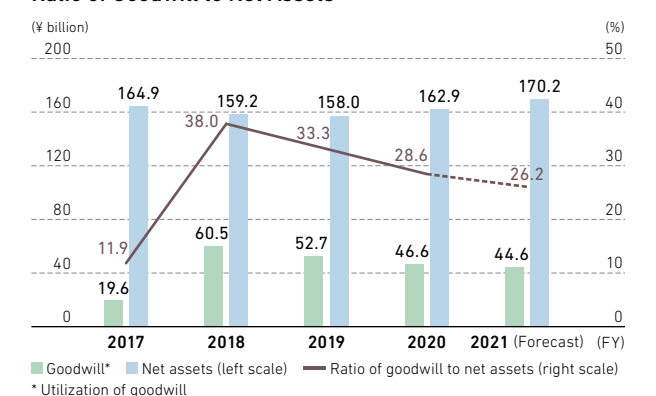
Improving Our Ratio of Goodwill to Net Assets

With the acquisition of Blommer, at the end of fiscal 2018 our goodwill amounted to ¥60.5 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.

Net D/E Ratio



Ratio of Goodwill to Net Assets

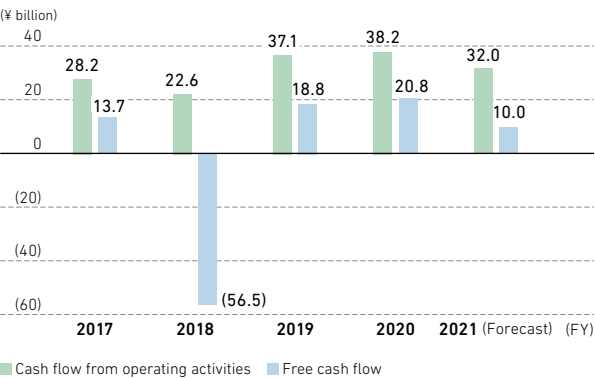


Cash Flow Management

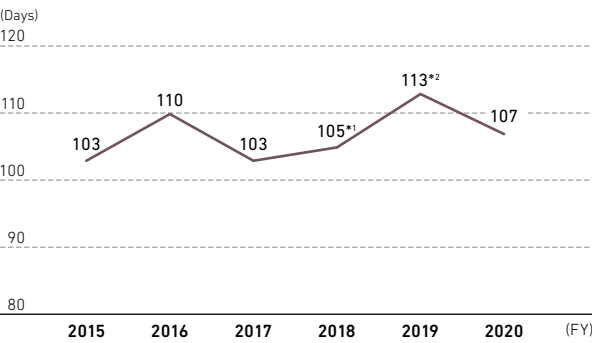
Controlling Cash Flow

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.

Cash Flows



Cash Conversion Cycle



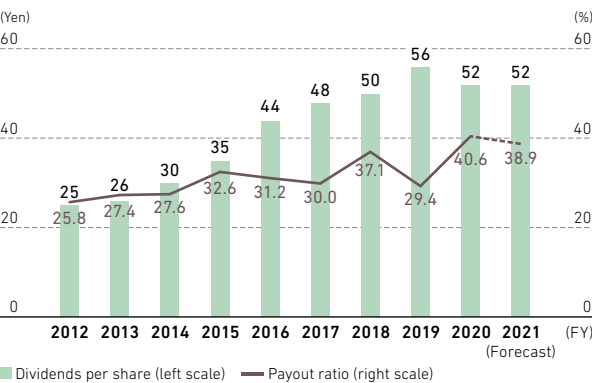
*1 The impact of the consolidation of Blommer's balance sheet is not reflected in the figure for fiscal 2018.
*2 The figure for fiscal 2019 has been calculated based on 12 months of results for Group companies that changed their accounting period.

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 resuscitating our financial status. Consequently, the annual dividend was ¥52 per share, decreasing by ¥4 compared with the previous year. In accordance with the dividend payout ratio, we plan to pay annual dividends of ¥52 per share again in fiscal 2021.

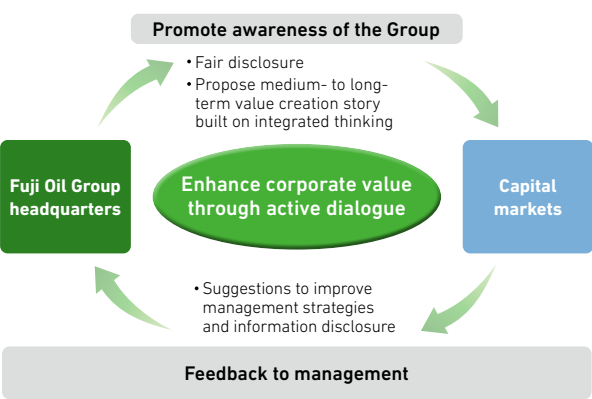
Dividends per Share / Payout Ratio



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 dialogue 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

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.

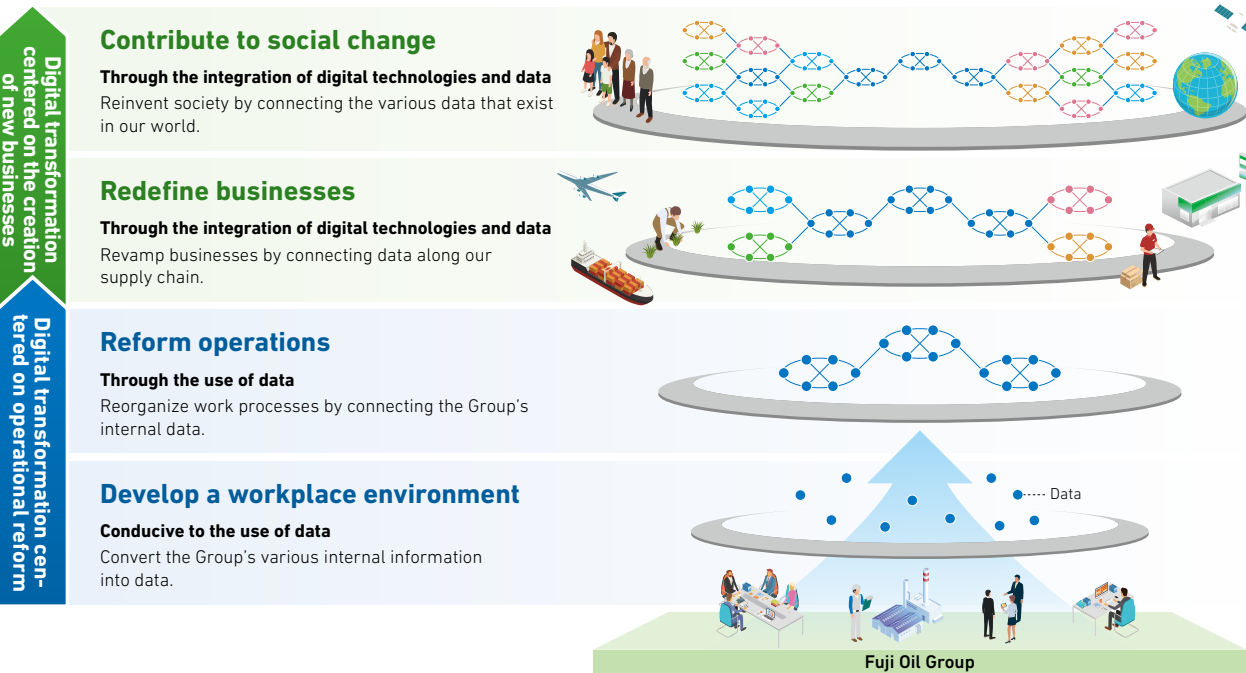
An infrastructure will be put in place for our CoE activities to further enhance operating efficiency and visualization while speeding up the pace of decision-making. We will continue to push forward with our IT system that leverages on a global scale the resources and know-how of Fujitsu Limited, with 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 aimed 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



Management's Discussion and Analysis

FY2020 Results

Revenue

¥364.8 billion (down ¥18.9 billion yoy)

Operating profit

¥17.9 billion (down ¥3.5 billion yoy)

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.

Note: Fiscal 2019 figures reflect 15 months of results due to a change in the accounting period of overseas subsidiaries. However, the year-on-year change has been calculated based on the same 12-month period in fiscal 2019.



Vegetable Oils and Fats Business

FY2020 Results

Revenue ¥98.4 billion ↑¥0.5 billion

Revenue increased owing to demand associated with people staying at home, higher raw material prices, and other factors, despite the lower sales volume of vegetable fats for chocolate and oils and fats for the food service sector.

Operating profit ¥7.9 billion ↓¥2.3 billion

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

Revenue

	FY2019	FY2020	YoY Change	FY2021 Forecast	YoY Change
Japan	35.4	35.2	-0.2	35.7	+0.5
Americas	28.2	30.3	+2.1	38.0	+7.7
Southeast Asia	16.3	15.0	-1.3	16.4	+1.4
China	2.5	2.7	+0.2	2.8	+0.1
Europe	15.4	15.2	-0.3	14.6	-0.6
Total	97.9	98.4	+0.5	107.5	+9.1

(¥ billion)



Industrial Chocolate Business

FY2020 Results

Revenue ¥162.4 billion ↓¥9.3 billion

Revenue deteriorated as a consequence of lower sales volume, the impact of currency depreciation, such as the Brazilian real, and other factors.

Operating profit ¥7.6 billion ↑¥0.1 billion

Operating profit inched upward on the back of gains from Blommer's cocoa futures and other factors, despite the lower sales volume.

Revenue

	FY2019	FY2020	YoY Change	FY2021 Forecast	YoY Change
Japan	38.2	36.3	-1.9	38.4	+2.1
Americas	116.7	107.7	-8.9	114.1	+6.4
Southeast Asia	10.6	9.7	-0.9	12.1	+2.4
China	2.8	5.6	+2.8	7.9	+2.3
Europe	3.5	3.1	-0.4	3.7	+0.6
Total	171.7	162.4	-9.3	176.2	+13.8

(¥ billion)



Emulsified and Fermented Ingredients Business

FY2020 Results

Revenue ¥69.6 billion ↓¥9.8 billion

Revenue dropped on the heels of the sale of Toraku Foods Co., Ltd., lower sales volume in the souvenir market and food service sector, and other factors.

Operating profit ¥3.0 billion ↓¥0.8 billion

Operating profit slipped by virtue of lower sales volume and other factors.

Revenue

	FY2019	FY2020	YoY Change	FY2021 Forecast	YoY Change
Japan (retroactively adjusted)	60.5	49.7	-10.8	52.5	+2.8
(before retroactive adjustment)	58.8	48.7	-10.1		
Southeast Asia	9.8	9.2	-0.6	11.0	+1.8
China	10.7	11.7	+0.9	16.8	+5.1
Total (retroactively adjusted)	81.0	70.6	-10.4	80.3	+9.7
(before retroactive adjustment)	79.3	69.6	-9.8		

(¥ billion)



Soy-Based Ingredients Business

FY2020 Results

Revenue ¥34.4 billion ↓¥0.4 billion

Revenue dipped due to the impact of the sale of the Chinese business in the previous year.

Operating profit ¥3.2 billion ↓¥0.8 billion

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

Revenue

	FY2019	FY2020	YoY Change	FY2021 Forecast	YoY Change
Japan (retroactively adjusted)	31.0	31.6	+0.6	33.9	+2.3
(before retroactive adjustment)	32.7	32.7	-0.0		
China	2.0	1.7	-0.3	2.0	+0.3
Europe	—	—	—	0.1	+0.1
Total (retroactively adjusted)	33.0	33.3	+0.3	36.0	+2.7
(before retroactive adjustment)	34.7	34.4	-0.4		

(¥ billion)

Performance Forecast for FY2021

Revenue

¥400.0 billion (up ¥35.2 billion yoy)

Operating profit

¥18.0 billion (up ¥0.1 billion yoy)

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. Operating profit is expected to increase slightly due to the impact of lower profitability stemming from higher raw material prices and upfront investment in costs, which are marginally offset by the impact of the revitalized sales volume.

Operating Profit

	FY2019	FY2020	YoY Change	FY2021 Forecast	YoY Change
Japan	4.6	4.5	-0.2	3.5	-1.0
Americas	2.7	1.9	-0.8	1.1	-0.8
Southeast Asia	1.3	1.1	-0.2	0.8	-0.3
China	0.2	0.2	+0.0	-0.1	-0.2
Europe	1.2	0.1	-1.1	0.8	+0.7
Total	10.1	7.9	-2.3	6.2	-1.7

(¥ billion)

Operating Profit

	FY2019	FY2020	YoY Change	FY2021 Forecast	YoY Change
Japan	7.0	5.9	-1.1	5.8	-0.1
Americas	-0.8	1.3	+2.0	2.1	+0.8
Southeast Asia	0.9	0.3	-0.5	0.8	+0.4
China	0.1	-0.2	-0.2	0.0	+0.2
Europe	0.4	0.2	-0.1	0.1	-0.1
Total	7.5	7.6	+0.1	8.9	+1.3

(¥ billion)

Operating Profit

	FY2019	FY2020	YoY Change	FY2021 Forecast	YoY Change
Japan (retroactively adjusted)	2.1	1.5	-0.6	1.7	+0.2
(before retroactive adjustment)	2.3	1.8	-0.5		
Southeast Asia	0.3	-0.2	-0.4	0.3	+0.4
China	1.1	1.3	+0.3	1.8	+0.5
Total (retroactively adjusted)	3.6	2.7	-0.9	3.8	+1.1
(before retroactive adjustment)	3.8	3.0	-0.8		

(¥ billion)

Operating Profit

	FY2019	FY2020	YoY Change	FY2021 Forecast	YoY Change
Japan (retroactively adjusted)	3.4	3.3	-0.1	3.0	-0.3
(before retroactive adjustment)	3.2	3.0	-0.2		
China	0.5	0.3	-0.2	0.6	+0.3
Europe	-0.0	-0.1	-0.1	-0.4	-0.2
Total (retroactively adjusted)	4.2	3.5	-0.7	3.4	-0.1
(before retroactive adjustment)	3.9	3.2	-0.8		

(¥ billion)

Performance Forecast for FY2021

Revenue ¥107.5 billion ↑¥9.1 billion

Revenue is expected to rise on the back of revived sales volume, higher raw material prices, and other factors.

Operating profit ¥6.2 billion ↓¥1.7 billion

Operating profit is projected to fall as a result of higher raw material prices and the resulting decline in profitability and costs associated with the establishment of a new mill in the U.S.

Performance Forecast for FY2021

Revenue ¥176.2 billion ↑¥13.8 billion

Revenue is expected to improve by virtue of the rejuvenated sales volume.

Operating profit ¥8.9 billion ↑¥1.3 billion

Operating profit is projected to increase as a consequence of the revived sales volume and other factors, despite dissipation of the gains from Blommer's cocoa futures.

Performance Forecast for FY2021*

Revenue ¥80.3 billion ↑¥9.7 billion

Revenue is expected to improve by virtue of the rejuvenated sales volume.

Operating profit ¥3.8 billion ↑¥1.1 billion

Operating profit is projected to increase as a result of higher revenue.

* The figures for year-on-year change have been retroactively adjusted to reflect the reclassification of soy milk and USS soy milk products from the Soy-Based Ingredients Business to the Emulsified and Fermented Ingredients Business in fiscal 2021.

Performance Forecast for FY2021*

Revenue ¥36.0 billion ↑¥2.7 billion

Revenue is expected to grow owing to higher sales volume of soy protein ingredients.





Operating profit ¥3.4 billion ↓¥0.1 billion

Operating profit is projected to edge downward due to increased costs associated with sales growth in Japan and costs stemming from the construction of a new mill in Europe.

* The figures for year-on-year change have been retroactively adjusted to reflect the reclassification of soy milk and USS soy milk products from the Soy-Based Ingredients Business to the Emulsified and Fermented Ingredients Business in fiscal 2021.

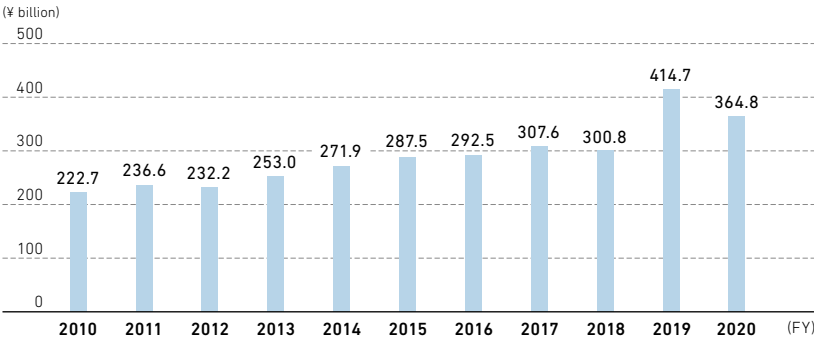
Financial Highlights

Fuji Oil Holdings Inc. and Consolidated Subsidiaries
For the fiscal years ended/As of March 31, 2017 to March 31, 2021

the fiscal years ended/As of March 31, 2017 to March 31, 2021						(Millions of yen)
	FY2016	FY2017*1	FY2018*2	FY2019*3	FY2020	
Results						
Revenue	292,547	307,645	300,844	414,727	364,779	
Operating profit	19,694	20,481	18,525	23,598	17,911	
Ordinary profit	19,712	19,983	18,176	22,359	17,565	
Income before income taxes	18,103	18,833	16,538	23,279	17,020	
Net income attributable to owners of parent	12,105	13,742	11,582	16,375	11,014	
EBITDA	30,751	32,098	31,224	41,485	34,261	
Results by Business Segment						
 Vegetable Oils and Fats Business	Revenue	106,490	113,578	106,140	114,104	98,413
	Operating profit	6,951	7,288	7,825	11,203	7,872
	Segment assets	—	—	79,826	81,953	92,962
	ROA*4	—	—	9.8%	13.7%	8.5%
 Industrial Chocolate Business*5 <small>Note: Figures for the Confectionery and Bakery Ingredients Business are shown for fiscal 2016.</small>	Revenue	146,831	68,557	72,100	180,068	162,445
	Operating profit	11,808	8,483	7,756	8,324	7,608
	Segment assets	—	—	191,034	170,437	150,980
	ROA*4	—	—	4.1%	4.9%	5.0%
 Emulsified and Fermented Ingredients Business*5	Revenue	—	87,505	86,492	85,192	69,567
	Operating profit	—	4,472	3,320	4,054	3,018
	Segment assets	—	—	58,197	55,999	49,045
	ROA*4	—	—	5.7%	7.2%	6.2%
 Soy-Based Ingredients Business	Revenue	39,226	38,004	36,110	35,360	34,353
	Operating profit	3,582	3,546	3,289	4,016	3,169
	Segment assets	—	—	37,041	37,232	43,648
	ROA*4	—	—	8.9%	10.8%	7.3%
Results by Region						
Japan	Revenue	177,406	175,764	170,959	165,179	152,863
	Operating profit	14,795	14,971	13,722	17,418	15,140
Americas	Revenue	44,813	50,795	46,030	156,733	138,071
	Operating profit	2,336	3,709	3,103	2,874	3,200
Southeast Asia*6	Revenue	49,484	37,681	39,022	46,211	33,925
	Operating profit	4,423	3,246	2,098	3,206	1,294
China	Revenue	—	19,429	21,410	22,792	21,685
	Operating profit	—	1,487	1,788	2,225	1,670
Europe	Revenue	20,842	23,974	23,422	23,809	18,232
	Operating profit	871	430	1,165	1,974	303
Group administrative expenses		(2,648)	(3,308)	(3,665)	(4,000)	(3,756)

*1 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. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting." Results for fiscal 2017 have been retroactively adjusted to reflect the change.
*2 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.
*3 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.
*4 Reference figures calculated based on the formula: segment operating profit ÷ segment assets
*5 In fiscal 2019, the Confectionery and Bakery Ingredients Business was split off into the Industrial Chocolate Business and the Emulsified and Fermented Ingredients Business. The figures for fiscal 2016 represent revenue for the Confectionery and Bakery Ingredients Business. Meanwhile, the figures for fiscal 2017 and fiscal 2018 are shown for reference purposes only.
*6 In fiscal 2019, the Asia region was split off into the Southeast Asia region and China region. The figures for fiscal 2016 represent results for the Asia region (combined total for Southeast Asia and China). The figures for fiscal 2017 and fiscal 2018 are shown for reference purposes only.

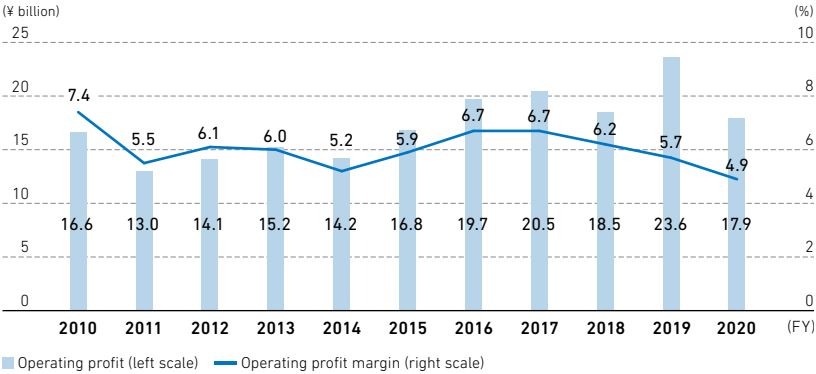
Revenue



Changes in the prices of palm oil and other raw materials, shifts in sales volume, establishment of new mills and capital investment, and acquisitions and sales of subsidiaries through M&As and other means are all determinative factors for revenue.

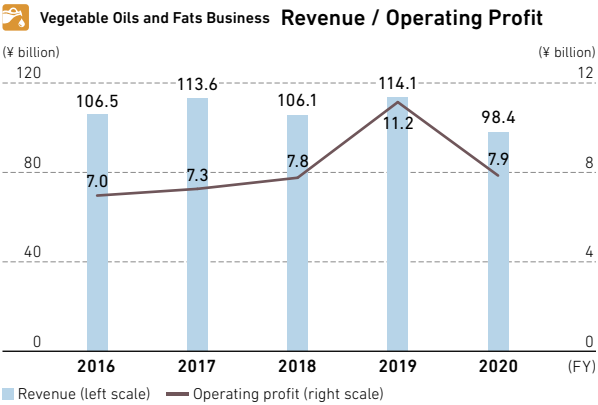
- Notable Past Events**
- Fiscal 2019: A substantial increase in operating profit on the heels of the consolidation of Blommer into the Group and figures reflecting 15 months of results, as opposed to 12 months, due to a change in the accounting period of overseas subsidiaries.
 - Fiscal 2020: Revenue declined in the wake of COVID-19 and its resulting impact on the diminished sales volume of industrial chocolates and other products.

Operating Profit / Operating Profit Margin

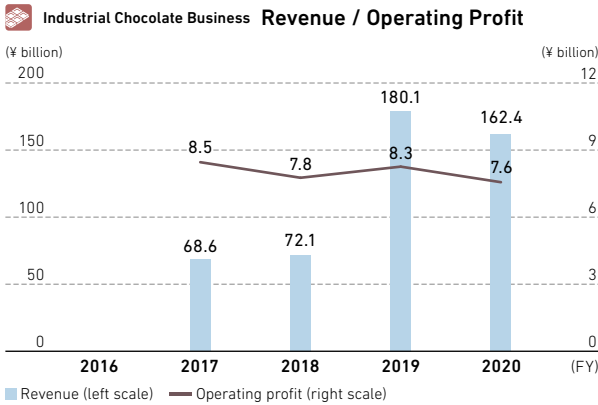


Drastic fluctuations in the prices of palm oil and other raw materials; shifts in sales volume; increases in fixed costs arising from capital investments; and the incurring of special costs resulting from business acquisitions and other transactions are all determinative factors for operating profit.

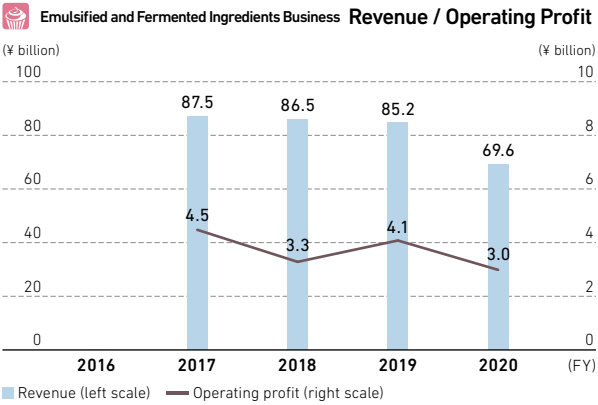
- Notable Past Events**
- Fiscal 2011: Operating profit fell in the Oils and Fats Business, the Confectionery and Bakery Ingredients Business, and other businesses due to a rise in raw material prices.
 - Fiscal 2016: Operating profit grew owing to contributions from the growth of Harald in the Confectionery and Bakery Ingredients Business and higher profitability in the Soy Protein Business.
 - Fiscal 2019: Operating profit increased as a result of the change in the accounting period.



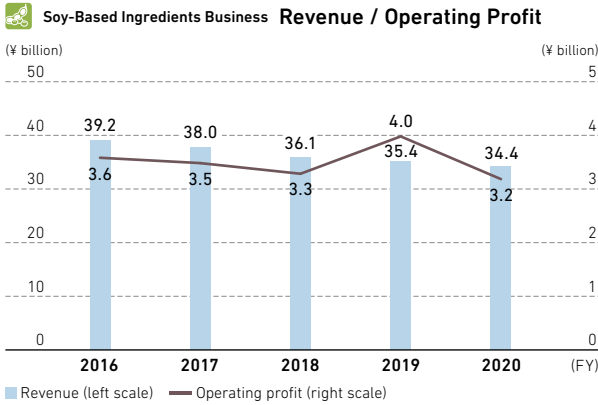
Revenue and operating profit improved in fiscal 2016 and fiscal 2019 due to stability of the oils and fats market.



Operating profit declined in fiscal 2018 due to the incurring of costs associated with the acquisition of Blommer while revenue experienced substantial growth in fiscal 2019 as a result of consolidating Blommer into the Group.



Revenue fell in fiscal 2020 as a result of the sale of Toraku Foods Co., Ltd.



Measures such as the restructuring of the business portfolio and the strengthening of sales of high-value-added products are currently ongoing in order to improve profitability.

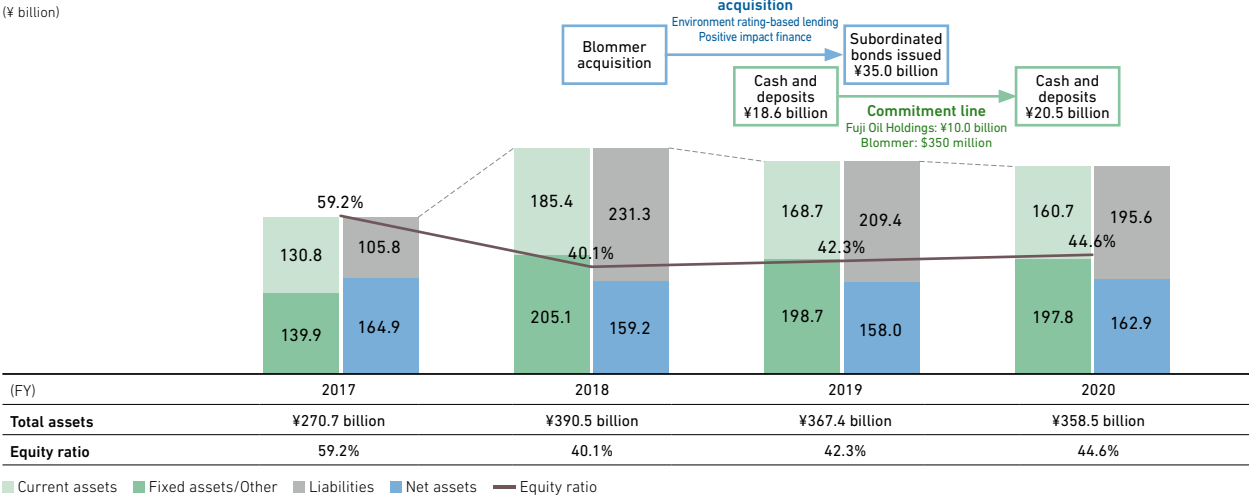
Financial Position

Fuji Oil Holdings Inc. and Consolidated Subsidiaries
For the fiscal years ended/As of March 31, 2017 to March 31, 2021

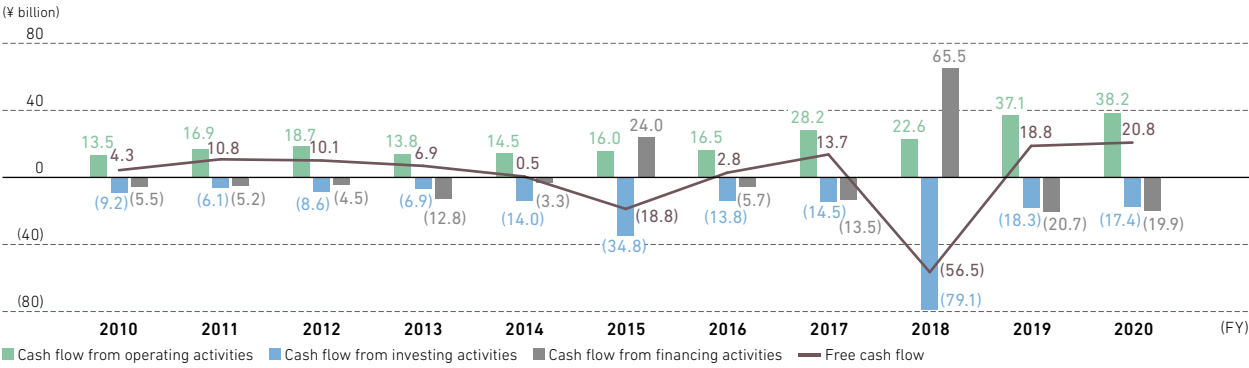
	FY2016	FY2017*1	FY2018*2	FY2019*3	FY2020
Balance Sheet Summary					
Current assets	132,455	130,805	185,435	168,662	160,736
Fixed assets	139,653	139,925	205,088	198,459	197,589
Total assets	272,109	270,731	390,524	367,365	358,511
Current liabilities	69,576	67,460	168,333	105,484	91,017
Fixed liabilities	47,051	38,372	62,963	103,894	104,604
Interest-bearing loans	65,667	56,613	160,454	146,232	131,309
Total liabilities	116,628	105,833	231,297	209,379	195,621
Total net assets	155,480	164,897	159,227	157,986	162,890
Cash Flow Summary					
Cash flow from operating activities	16,521	28,206	22,637	37,058	38,205
Cash flow from investing activities	(13,760)	(14,510)	(79,104)	(18,302)	(17,395)
Free cash flow	2,760	13,695	(56,467)	18,755	20,809
Cash flow from financing activities	(5,662)	(13,452)	65,487	(20,674)	(19,931)
Capital expenditures	13,611	14,689	15,943	18,042	20,824
Depreciation expenses	9,593	9,995	10,992	12,960	11,773
R&D expenses	4,459	4,613	4,758	5,231	4,994
Per Share Data (Yen)					
Stock price, at year-end	2,607	3,210	3,790	2,608	2,953
EPS	140.83	159.87	134.75	190.51	128.14
BPS	1,753.54	1,863.83	1,819.74	1,808.65	1,861.67
Dividends per share	44	48	50	56	52
Payout ratio (%)	31.2	30.0	37.1	29.4	40.6
Financial Indicators					
ROA (%)	7.3	7.4	5.5	5.9	4.8
ROE (%)	8.3	8.8	7.3	10.5	7.0
Net income margin (%)	4.1	4.5	3.8	3.9	3.0
Total asset turnover ratio (%)	1.08	1.14	0.77	1.13	1.01
Financial leverage (Times)	1.8	1.7	2.5	2.4	2.2
ROIC (%)	6.4	6.7	4.0	5.1	4.0
Net D/E ratio = Interest-bearing debt/Shareholders' equity	0.4	0.3	0.9	0.7	0.6
Equity ratio (%)	55.4	59.2	40.1	42.3	44.6
Cash conversion cycle*4 (Days)	110	103	105	113	107
Goodwill (General) (Millions of yen)	21,654	19,638	60,504	52,686	46,648
Amortization of goodwill (Millions of yen)	625	716	709	2,399	2,071
Ratio of goodwill to net assets (%)	13.9	11.9	38.0	33.3	28.6
Other					
Employees	5,056	5,092	5,963	5,874	5,679

*1 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. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting." Results for fiscal 2017 have been retroactively adjusted to reflect the change.
*2 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.
*3 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.
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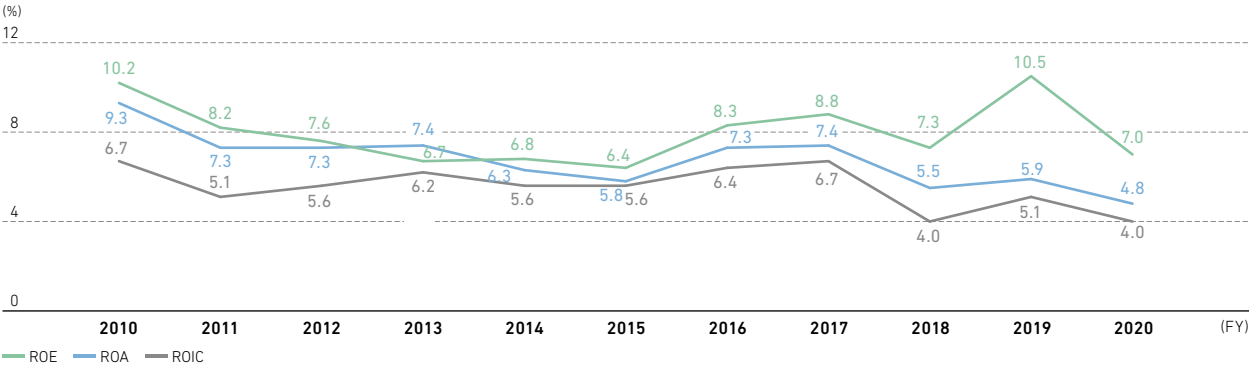
Balance Sheet Composition and Equity Ratio



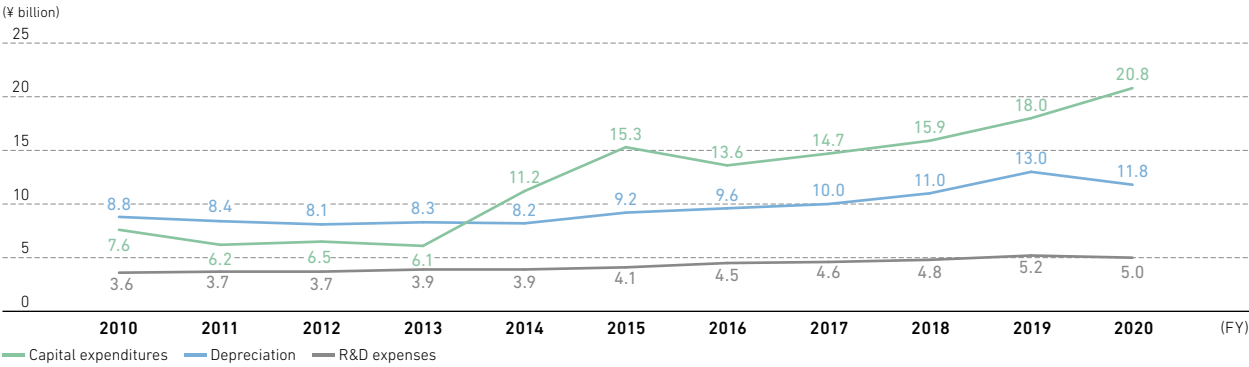
Cash Flows



ROE / ROA / ROIC



Capital Expenditures / Depreciation / R&D Expenses





CSO
SECTION

Hitoshi Shindachi
Senior Executive Officer
Chief Strategy Officer (CSO)

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 lineups 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 bolstering our management structure. Regardless of these efforts, the stability of Blommer's operations, Harald'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 that 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 DHA/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.

In regard to "cost reduction and unification with the global standard," we set out to enhance the Group's productivity and competitiveness. Our efforts also included the establishment of a risk management framework to enhance financial and IT governance as well as identify business risks and strengthen the management structure for such risks. Further, our Group companies are making strides with the implementation of specific KPI-based measures as a result of our declaration of commitments to the sustainability of key raw materials and the reduction of environmental impact and the establishment of a global promotion structure. Meanwhile, we have also been pressing ahead with emphasis on strengthening Group governance, including the establishment of regional headquarters; however, issues still exist with our current governance practices. Accordingly, we will continue to proceed with the measures necessary to strengthen our Group governance structure.

Basic Policies	Medium-Term Management Plan "Towards a Further Leap 2020 (2017–2020)"				
	FY2017 Results	FY2018 Results	FY2019 Results	FY2020 Results	Overview
Reinforcement of core competence					
Vegetable Oils and Fats	■ Establishment of Unifuji	■ Start of operations at Unifuji ■ Started construction of a new plant (Fuji Oil New Orleans)	■ Expanded sales of Unifuji products ■ Consolidated shea nut extraction business in Ghana into the Group	■ Preparations ongoing for launch of new plant in the U.S. (operations slated to commence in 2021)	
Industrial Chocolate	■ Improved earnings of Harald ■ Enhanced production capacity	■ Acquired shares of Blommer ■ Acquired shares of Industrial Food Services (Australia)	■ Increased production capacity of colored chocolate ■ Consolidated Blommer into the Group and conducted PMI ■ Implemented new cocoa bean procurement scheme for futures transactions ■ Launched Global Chocolate Unit Meeting	■ Capital expenditures for Blommer ■ Capital expenditures for Harald ■ Capital expenditures for Fuji Oil Europe ■ Strengthened Group collaboration in Asia and China	Achievements • Expanded Industrial Chocolate Business and advanced into new markets Measures Going Forward • Improve profitability of Blommer and Harald • Launch operations of new vegetable oils and fats plant in the U.S. • Improve earnings by leveraging Group synergies
Expansion of sales in Asia / Other	■ Commenced construction of new plant in China (Fuji Oil (Zhaoqing) Co., Ltd.) ■ Captured growing demand ■ Improved production capacity	■ Started operations of new plant ■ Established FUJISUNNY PLAZA Jinan	■ Received year-round contributions from new plant	■ Transferred Toraku Foods Co., Ltd. ■ Transferred 3F FUJI FOODS PRIVATE LIMITED	
Growth of soy business					
Selection	■ Sakai Plant closed ■ Ishikawa Plant divested	■ Transferred Jilin Fuji Protein	■ Transferred Shandong Longteng Fuji Foodstuffs Co., Ltd.		Achievements • Streamlined product portfolio of existing businesses and generated cash flow Measures Going Forward • Improve earnings by providing added value
Concentration	■ Increased sales of high-value-added products ■ Created soy products market		■ Established new PBFS Division ■ Opened "UPGRADE Plant based kitchen" in Daimaru Shinsaibashi Store	■ Commenced operations at new textured soy protein plant (Chiba Prefecture)	
Development of functional high-value-added products business					
Polysaccharide business		■ Commenced production of water-soluble soy polysaccharides	■ Reinforced production facilities ■ Established new plant in Germany (Fuji Brandenburg)	■ Commenced construction of new plant in Germany to expand overseas sales of polysaccharides (operations slated to commence in 2022)	Achievements • Reinforced production facilities of polysaccharide business Measures Going Forward • Contribute to earnings of stabilized DHA/EPA business
Stabilized DHA/EPA business	■ Acquired labels for functional foods ■ Released Company products for sale online	■ Acquired Self-Affirmed GRAS designation to expand sales in the U.S.	■ Expanded applications and continued to increase sales	■ Expanded sales ■ Established production facilities	
Cost reduction and unification with the global standard					
Financial strategy	• Developed global CMS*1 infrastructure • Implemented core systems	• Commenced operation of core systems and global CMS at certain business sites • Restructured the Group's financial system • Introduced new investment standards	• Implemented core system at roughly 90% of Group companies on a revenue basis*2 • Introduced withdrawal guidelines • Unified accounting periods	• Continued to implement core systems • Continued with preparations to unify accounting standards	Achievements • Unified accounting periods and implemented core systems • Formulated sustainable procurement policy and medium- to long-term targets (for palm and cocoa) and strengthened global promotion structure Measures Going Forward • Establish and strengthen Group governance system
Other management infrastructure	• Established the Productivity Management Group • Supply chain management team commenced operations	• Established headquarters in the Americas and Europe • Responsible Cocoa Beans Sourcing Policy • Introduced grievance mechanism • Formulation of Environmental Vision 2030	• Established C"ESG"0 Section	• Declared medium- to long-term sustainable procurement targets (for palm and cocoa) and commenced operation • Established Global Sustainable Sourcing Committee • Commenced operation of new executive compensation system	

*1 Cash management system

*2 Existing Group companies excluding Blommer and Industrial Food Services

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 set-back 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 souvenir 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, fueling 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 and this will likely have a certain degree of impact on our recovery efforts in the first half of the year. We will take the appropriate measures to address this situation as we move forward.

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 undeniably 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 shea 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)

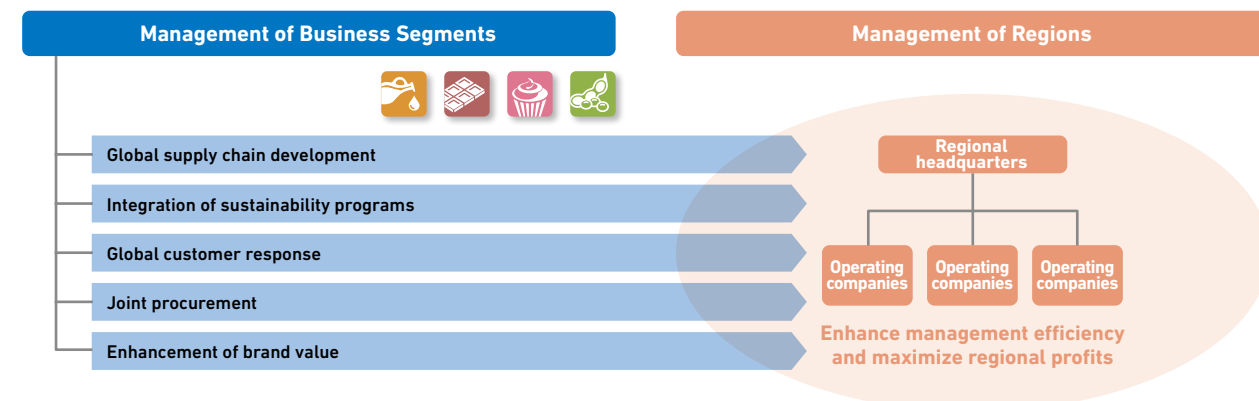
Management of Business Segments and Regions

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 (see page 21) was established in fiscal 2020 and the Global Chocolate Committee (see page 64) was established in fiscal 2021.



Strengthening Our Global Integration and Global Management Structure

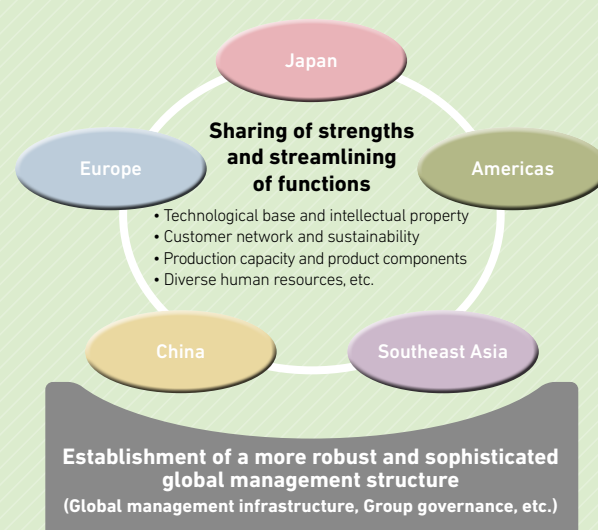
The Fuji Oil Group is proceeding ahead with its global integration efforts to take full advantage of Groupwide assets such as the unique strengths and production capacity of each region and operating company. In so doing, we will continue to press forward with our Group management and leverage our collective 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).

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.

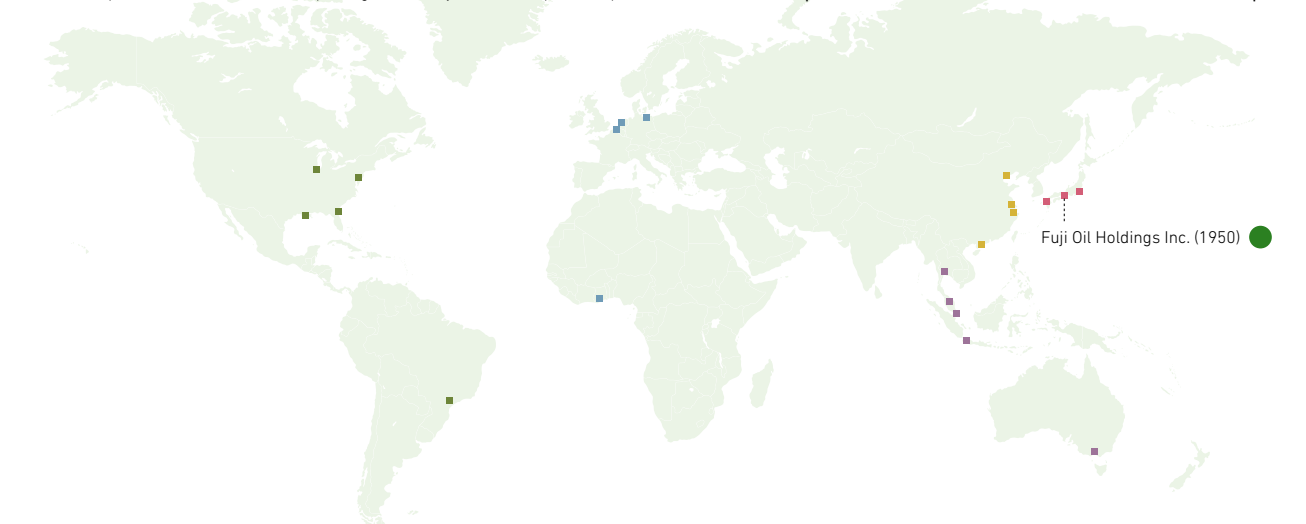
To enhance our management efficiency to an even greater degree while maximizing profits in each business segment and region, we will develop an execution system and formulate regional strategies in accordance with our Group strategies.



Major Group Companies (As of March 31, 2021)

Notes: 1. Mainly consolidated subsidiaries and equity-method affiliates.
2. Business segment notation is based on accounting segment.
3. The fiscal years enclosed in () represent the companies' year of establishment. However, for companies consolidated into the Group through M&As, the year of their acquisition is provided.

Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, Soy-Based Ingredients, Fuji Oil Holdings/Regional headquarters, Japan, Americas, Southeast Asia, China, Europe



Naohiro Rokukawa
President of Fuji Specialties, Inc.
Chairman of Blommer Chocolate Company



Masataka Minemura
President
Fuji Oil (China) Investment Co., Ltd.



Tatsuji Omori
President
Fuji Oil Co., Ltd.



Americas

- Fuji Specialties, Inc. (1987)
- Fuji Vegetable Oil, Inc. (1987)
- Harald Indústria e Comércio de Alimentos Ltda (2015)
- Fuji Oil New Orleans, LLC (2018)
- Blommer Chocolate Company (2018)

Europe

- Fuji Oil Europe (1992)
- Fuji Oil Ghana Ltd. (2012)
- Fuji Europe Africa B.V.*1 (2018)
- Fuji Brandenburg GmbH (2019)
- CLEO Holdings B.V. (2021)

China

- Fuji Oil (China) Investment Co., Ltd. (2015)
- Shanghai Xuyang Food Co., Ltd. (1995)
- Fuji Oil (Zhang Jia Gang) Co., Ltd. (1995)
- Fuji Oil (Zhang Jia Gang Free Trade Zone) Co., Ltd. (1997)
- Tianjin Fuji Protein Co., Ltd. (2004)
- Fuji Oil (Zhaoqing) Co., Ltd. (2017)
- Blommer Chocolate Manufacturing (Shanghai) Company Ltd.*2 (2018)

Japan

- Fuji Oil Co., Ltd. (2015)
- Hannan Tank Terminal Co., Ltd. (1972)
- Fuji Fresh Foods Co., Ltd. (1973)
- F&F Co., Ltd. (1989)
- Fuji Sunny Foods Co., Ltd. (1990)
- Fuji Tsukuba Foods Co., Ltd. (2001)
- Fuji Kobe Foods Co., Ltd. (2004)
- Chiba Vegoil Tank Terminal Co., Ltd. (2005)
- Omu Milk Products Co., Ltd. (2011)

Jitsuo Sasaki
Managing Director
Fuji Oil Asia Pte. Ltd.



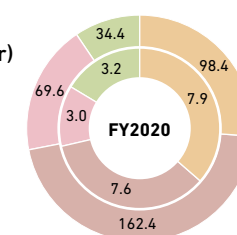
Southeast Asia

- Fuji Oil Asia Pte. Ltd. (2003)
- Fuji Oil (Singapore) Pte. Ltd. (1981)
- Palmaju Edible Oil Sdn. Bhd. (1985)
- Woodlands Sunny Foods Pte. Ltd. (1988)
- K&FS Pte. Ltd. (1988)
- PT. Freyabadi Indotama (1995)
- PT. Musim Mas-Fuji (2010)
- Fuji Oil (Thailand) Co., Ltd. (2010)
- Fuji Global Chocolate (M) Sdn. Bhd. (2016)
- Unifuji Sdn. Bhd. (2017)
- Industrial Food Services Pty. Ltd. (2018)

*1 Non-consolidated subsidiary
*2 Split off from Blommer (the Americas) in 2020

Revenue by business (outer) / Operating profit by business (inner)
(¥ billion)

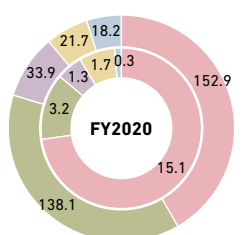
Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, Soy-Based Ingredients



Notes: 1. The figures in the chart above do not include Group administrative expenses and consolidated adjustments.
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.

Revenue by region (outer) / Operating profit by region (inner)
(¥ billion)

Japan, Americas, Southeast Asia, China, Europe

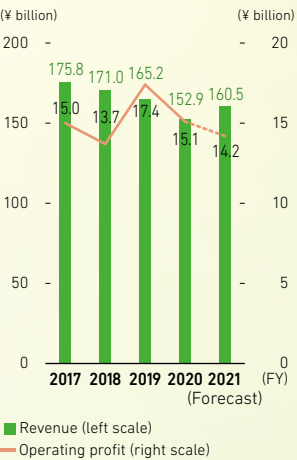


Notes: 1. The figures in the chart above do not include Group administrative expenses and consolidated adjustments.
2. Fiscal 2020 results reflect retroactively adjusted figures for soy milk and USS soy milk products, which were reclassified to the Emulsified and Fermented Ingredients Business as of fiscal 2021.

Regional Strategy

Japan

Revenue / Operating Profit



Perception of Macro Environment	Market Trends
<ul style="list-style-type: none">Transformation of social climate amid COVID-19 pandemicContinuously deflating Japanese economy and upsurge in global raw material marketAging population and declining working population = Likelihood of longer healthy lifespanGrowing need for ESG management toward realizing the SDGs	<ul style="list-style-type: none">Favorable performance of competitively priced products (consumed during deflation) and collaboratively designed products (that offer new value and act as a slight treat for oneself) in light of COVID-19Greater emphasis on healthier lifestyles stemming from the impact of longer hours spent at home due to tele-work and lack of exerciseGrowing interest toward mitigating environmental impact and in sustainable procurement

Promoting the Innovation of Foods Centered on Plant-Based Ingredients on the Basis of “Deliciousness and Health”

The declining 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.

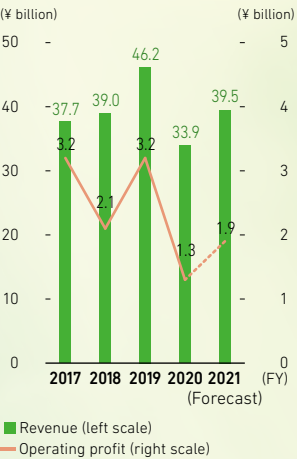
In light of such conditions, the Fuji Oil Group will continue to remain fully committed to the development of products that contribute to longer healthy lifespans, while devoting even more attention to plant-based foods, which will likely see greater demand as a result of the growing interest in the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

Moving forward, the Fuji Oil Group will remain committed to its unwavering 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 PBFs, based on our concept of “deliciousness and health.”

Southeast Asia

Revenue / Operating Profit



Perception of Macro Environment	Market Trends
<ul style="list-style-type: none">Region consisting of various ethnicities, religions, and food cultures, and levels of economic development that differ from country to countryLow-income countries are achieving high organic growth while high-income countries are entering their stage of maturity	<ul style="list-style-type: none">High-income earners have a greater need for delicious foods and value the importance of safety, peace of mind, health, and the environmentMid- and low-income earners continue to value the importance of pricesMust adhere to sustainability and traceability standards as a global supply base for tropical oils and fats

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

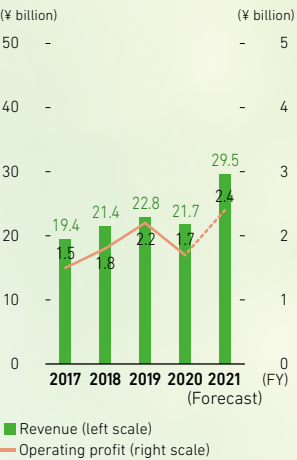
In the Industrial Chocolate Business, we will draw on our four manufacturing bases to closely accommodate the market and customer needs of each country and tap into new markets while delving deeper into existing markets. For the confectionery and bakery product market, we will leverage our technology developed in Japan to uncover the market for high-quality, high-value-added products, while strengthening cost competitiveness and targeting our volume zone. As for the supply of oil and fat 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 FUJISUNNYPLAZA 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.

China

Revenue / Operating Profit



Perception of Macro Environment	Market Trends
<ul style="list-style-type: none">GDP projected to become highest in the world by 2030 (accounting for a quarter of total GDP worldwide)Population aged 65 and older on the verge of reaching 200 million people. Diversification and rejuvenation of senior market, including the wealthy classEarnest efforts now being made to resolve decarbonization and other environmental issues	<ul style="list-style-type: none">Ongoing changes in consumption patterns stemming from COVID-19 = Growing need for solutions to the issue of social distancing, such as grocery shopping for meals at home and food delivery servicesNew health-conscious food culture becoming widespread amid COVID-19 = Rapid spread of plant-based meat culture

Three Core Pillars Poised 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 FUJISUNNYPLAZA customer service centers, which operate primarily within the seven urban centers of China.

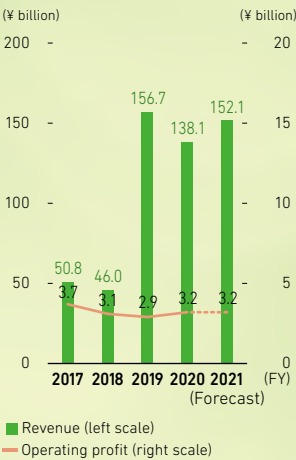
In the chocolate business, we expanded our production capacity through the contributions of Blommer (Shanghai), realizing a framework that accommodates further growth of our sales going forward. We will strive to maintain our market position for the Emulsified and Fermented Ingredients Business, develop the chocolate business to comprise our second core pillar, and lay the groundwork for establishing plant-based protein ingredients as our third core pillar.

Regional Synergies

We are exploring the possibility of drawing on our nationwide sales structure to promote sales of chocolates and plant-based protein ingredients. Aiming to reinforce ESG management, we will restructure our organization through the spin-off of our production and sales companies, building a framework capable of realizing sustainable growth. In addition, our production sites will undergo upgrades to become even more optimal and competitive.

Americas

Revenue / Operating Profit



Perception of Macro Environment	Market Trends
<ul style="list-style-type: none">Drastic economic recovery spurred by economic measures and timely administering of vaccines in response to COVID-19, the effects of which has sparked extreme labor shortages and nationwide logistical challenges (North America)Oils and fats market undergoing structural changes as a result of the new U.S. Administration's emphasis on renewable energy (North America)New consumption patterns emerging from changes in needs associated with lingering COVID-19 pandemic (South America)	<ul style="list-style-type: none">Changes in consumers' behaviors, rapid growth of ethical consumption (North America) and inclination toward wellness consumption (South America)Increase in online shopping precipitated by the impact of COVID-19 (Americas)

Reinforcing Our Core Competence and Accommodating Market Changes

In the Americas, the economies are positioned to improve drastically during post-COVID-19 era. To align with strong demand recovery, we will prioritize setting new production lines in addition to optimizing and enhancing our existing production facilities, which have been underway since FY2019, and reinforcing our supply chain for both oils and fats and chocolates. The pandemic has motivated consumers to once again seek safety, security, wellness, and environmental solutions. In the U.S., the new Administration's commitment to environmental issues is accelerating ethical consumption, while in Brazil, a significant level of emphasis on wellness has become apparent. By accommodating the needs for sustainable and ethical consumption, the Group aims to differentiate itself from the competition. This will entail developing and launching new products that align with the needs of the fast changing market, adapting our production capabilities to a new product portfolio, and opening up new sales channels.

Regional Synergies (Americas and Europe)

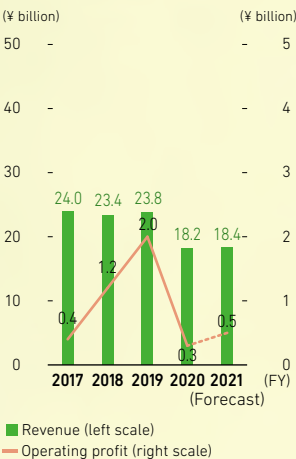
In the U.S. and Europe, the need for timely response and adequate solutions concerning safety, security, wellness, and the environment are continuing to grow. Fuji Specialties, Inc. will focus on tackling challenges such as maintaining a reliable supply chain, securing sufficient sustainable raw materials, managing highly volatile market risks, and creating new value-added products that answer the needs of diversified and varying consumption patterns by combining 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 materials, and communication have been created 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 to launch a new lineup 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.

Europe

Revenue / Operating Profit



Perception of Macro Environment	Market Trends
<ul style="list-style-type: none">Recovery of Eurozone from the impact of COVID-19 (GDP and consumer spending)EU Green Deal and economic relief fund in Europe, 30% of which is allocated to climate change	<ul style="list-style-type: none">Economically resilient from fourth quarter of fiscal 2020 amid lockdownsRevival of retail sector to levels above pre-pandemic standardsContinuously growing attention on climate change among millennials and Generation Z in post-COVID-19 era

Resolving the Issues of Society through Innovative and Sustainable Products

We will incorporate new trends and global standards regarding food and sustainability into our business practices in Europe, 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 attention to ethical consumption.

Regional Synergies

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

Regional Strategy



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

- ▶ Chocolates
- ▶ Snacks
- ▶ Instant noodles
- ▶ Ice cream
- ▶ Infant formula
- ▶ Margarine, etc.



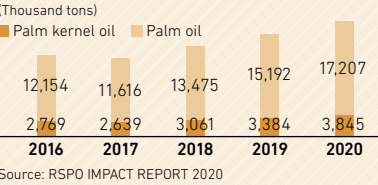
Market Trends and Business Opportunities

- Growing demand for sustainable raw materials
- Increasing need for safe and secure ingredients
- Greater consumption of processed foods spurred by demand associated with people staying at home
- Anticipated recovery of food service sector and gift markets
- Growing 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 sustainable raw materials

Global Production Volume of RSPO-Certified Oil



Activities of Key Players and Competitive Landscape

- Acceleration in the establishment of a sustainable raw material supply chain
- Expansion of plant-based product lineup
- Increase in the policy implementation toward addressing environmental and human rights issues
- Greater media exposure of competitors

Specific Risks

- Lower profitability of products due to intensifying competition
- Possibility of dispute risk arising from overdependence on palm oil
- Lack of infrastructure in response to sustainability needs
- Restrictions on supply chain stemming from dependence on third parties for raw materials
- Emergence of new competitors

Strategic Directions

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.

FY2020 Results

- Sales volume for the Group overall fell roughly 10% as a result of COVID-19
- Brisk demand for infant formula oils and fats in Chinese and other Asian markets
- Deterioration of profits stemming from surging prices in raw material market
- Firm demand for vegetable fats for chocolate in Japanese market
- Lower profits in Europe reflecting sluggish souvenir market

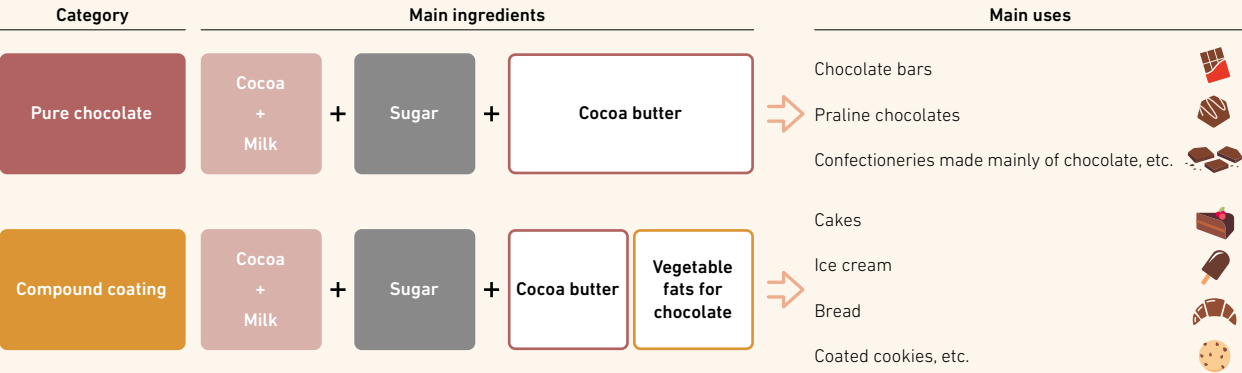
Priorities in FY2021

- 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 other raw materials
- Strengthen synergies between Group businesses
- Steadily promote measures to address priority issues in each region

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."

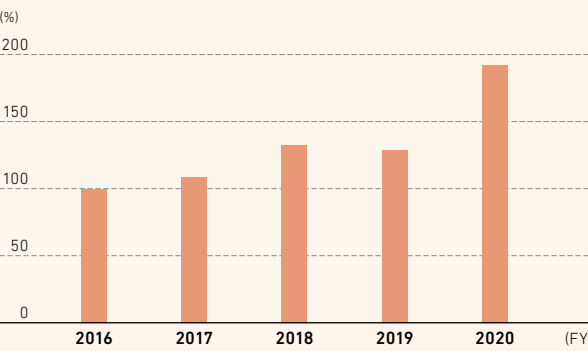
The Fuji Oil Group will draw on its long-cultivated know-how in vegetable fats for chocolate to contribute to the growing markets of foods containing chocolate across the globe.



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 Tebma-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.

Shea Butter Production at Fuji Oil Ghana (fiscal 2016 = 100%)



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.



New refinery in New Orleans, Louisiana (currently under construction)

Toward the Launch of the New Orleans Refinery



Greg Phillips
Fuji Vegetable Oil, Inc.
Vice President of Operations

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 a 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.*

* Better-for-you products: A category of products that pay due consideration to health, society, and the environment.

Core Product Line

- Industrial chocolate
 - Tempering chocolates*1
 - Non-tempering chocolates*2
- | |
|---------------------------------|
| Chocolate for ice cream coating |
| Colored chocolate |
| Molded chocolate |

Main Applications

- All products containing chocolate
 - Chocolate confectioneries
 - Western-style confectioneries
 - Sweet baked goods
 - Ice cream, etc.

*1 Chocolates that are stabilized under controlled temperatures (tempered) to offer a smooth and glossy finish that melts in the mouth.

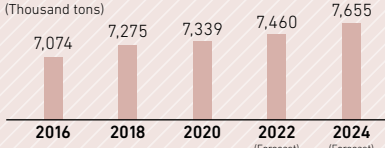
*2 Chocolates that do not undergo tempering. While their cocoa content is limited, they can be used in baked goods containing chocolate confectionery and a wide range of other applications.



Market Trends and Business Opportunities

- Greater demand for healthy, reduced-sugar products
- Solid demand for chocolate confectioneries
- Growing demand for sustainable products
- Growth of compound coating products
- Expansion of e-commerce market

Market Trend for Chocolate and Compound Coating



Source: Euromonitor International 2021: Packaged Food/Chocolate Confectionery

Competitive Advantages

- Expertise and know-how in cocoa sustainability
- Development of relationships with multinational companies in North America and Japanese companies in Asia
- Portfolio of technologies for oils and fats, bakery products, soy-based ingredients, and other applications
- Accumulation of know-how in production-site operations
- Scale of the Group's chocolate business

Challenges and Areas of Improvement

- Productivity growth
- Heightening of profile in global markets
- Enhancement of added value
- Strengthening of cost competitiveness
- Realization of benefits from Group collaboration

Activities of Key Players and Competitive Landscape

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

Specific Risks

- Trend toward implementation of policies related to cocoa sustainability in producing and importing countries
- Lower sugar consumption due to greater focus on health
- Changes in customers' markets spurred by transformation of lifestyles

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 and cocoa 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.

FY2020 Results

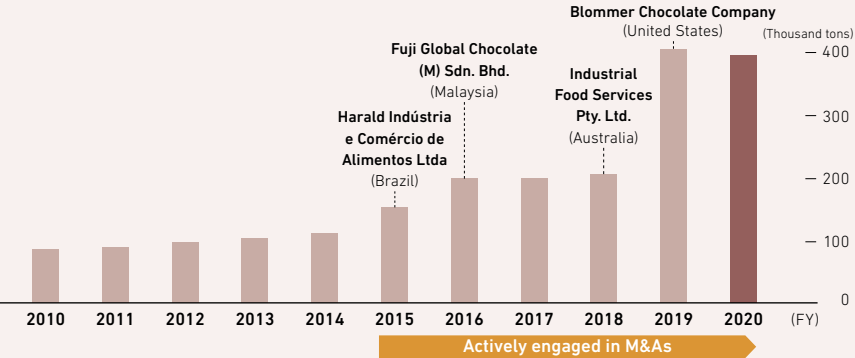
- Announced medium- to long-term sustainable cocoa procurement targets
- Launched cocoa bean certification program in Ghana
- Mitigated impact of cocoa bean raw material market on Blommer
- Developed synergies between Blommer (Shanghai) and Fuji Oil (Zhang Jia Gang) Co., Ltd.
- Held remote seminars to comply with restrictions arising from COVID-19
- Saw brisk sales of products for at-home consumption market
- Faced intense competition for products in souvenir market

Priorities in FY2021

- Expand sales volume in response to anticipated recovery in demand
- Move forward with capital investment plan to realize greater productivity at Blommer plants in North America
- Promote sales of reduced-sugar and other better-for-you products
- Bolster lineup of sustainable products
- Boost production capacity of Fuji Oil Europe
- Maintain productivity amid COVID-19 pandemic

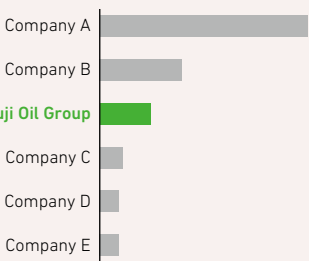
Boasting the World's Third-Largest Share in the Industrial Chocolate Market through Proactive Engagement in M&As

Sales Volume of Industrial Chocolates and Relevant M&As



Industrial Chocolates (World's Third-Largest Share)

Note: According to Group research



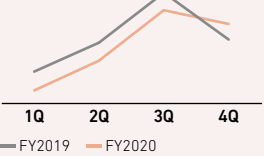
Trends in Japanese Market

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 raise it beyond 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.



Various products tailored to the needs of a changing market

Quarterly Sales Volume of Industrial Chocolate Business (Japan)



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 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 confectionery 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 borne 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.



Product made by PT. Freyabadi Indotama (Indonesia)

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 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.

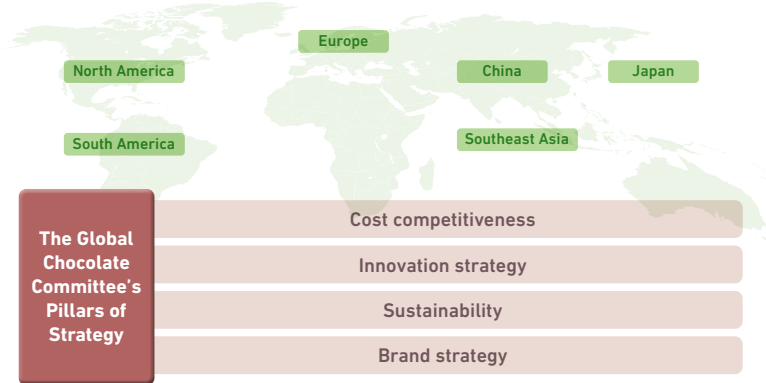


Filling product made by Fuji Oil Europe

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.



While delegating the formulation and execution of the specific strategies for each region to our regional bases and Group companies, which are closely attuned to their respective markets, we will join forces as a Group to boost operational efficiency. This will entail the creation of synergies through collaboration on raw material procurement and mutual sales of each other's products, as well as the sharing of the long-cultivated know-how of each company with designs on raising the Group's competitiveness to new heights. We will also proceed with the measures necessary to improve our level of recognition as a Group among customers seeking to expand their presence overseas.

The four pillars of strategy listed above were selected in accordance with the committee's Groupwide efforts to improve efficiency.

Harald



Key FY2020 Results	Key FY2021 Forecasts
<ul style="list-style-type: none">• Deteriorating profitability as a result of high raw material prices reflecting a weakening Brazilian real• Recovery of sales volume in second half of fiscal 2020, despite the repercussions of COVID-19• Held remote workshops and other marketing-related activities to accommodate changes in business environment	<ul style="list-style-type: none">• Pursue profitability improvements through price revisions• Promote sales of products likely to see growing demand for at-home use• Conduct sales promotion activities• Enhance productivity and proceed with plan to bolster production capacity

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 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 restoring the sales volume for our compounds for confectionery ingredients while focusing 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.



A popular chocolate-filled product



A dessert pizza with chocolate filling

Blommer



Key FY2020 Results	Key FY2021 Forecasts
<ul style="list-style-type: none">• Lower sales volume and decreased productivity impacted by COVID-19• Higher operating income due to impact of cocoa futures• Profitability of cocoa products affected by global market margins	<ul style="list-style-type: none">• High demand for chocolate products aligning with economic recovery• Depressed market margins for cocoa products• Successful implementation of productivity improvement measures to enhance sales of low-sugar chocolate products

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 revive our aging facilities and automate its production lines, and carry out capital investments to expand production capacity, efficiency, and quality. Together with an improved and reliable supply chain, we are committed to serving the needs of our customers and enhancing our sales.



Face shields worn at our production sites



Sugar-free chocolate products



VOICE
of
Group company
executive

Sergio Tango

President and CEO
Harald Indústria e Comércio de Alimentos Ltda

Harald joined Fuji Oil in 2015, and since then, we have made great strides in our efforts to reduce product claims and improve our productivity. In fiscal 2020, the COVID-19 pandemic greatly impacted Brazil, not only economically but also in terms of market structure. Harald experienced a number of difficulties, but we all worked together to successfully manage and control the challenging situation. We have been able to bring our products to market, thanks to the great efforts of our employees in preventing infection. In fiscal 2021, Harald will continue to deliver its best performance, grow strategic markets, reform its product portfolio, and monitor the construction of its second factory in order to guarantee future growth.



VOICE
of
Group company
executive

Peter Blommer

President and CEO
Blommer Chocolate Company

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 our line of products made of plant-based ingredients, which emulate the deliciousness of animal-based ingredients.

Core Product Line

- ▶ Whipping cream
 - ▶ Margarine
 - ▶ Fillings
 - ▶ Preparations
 - ▶ USS soy milk products*
 - ▶ USS processed soy products
- ▶ Plant-based cheese alternatives

* 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 (China 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 (China)

Bread Market in China

(Billions of yuan)



Source: Euromonitor International 2021; Sales of Bread in China

Challenges and Areas of Improvement

- Cost competitiveness of dairy ingredients
- Overdependence on certain industries and customers
- Delays in revenue realization from plant-based materials

Activities of Key Players and Competitive Landscape

- Entry of competitors into plant-based food market (Japan)
- Rapid development and launch of similar products (China)
- Price revisions triggered by surging costs of raw materials (China)
- Intensifying price competition fueled by COVID-19 (Asia)

Specific Risks

- Surging raw material costs of dairy and other ingredients
- Disrupted logistics overseas spurred by COVID-19
- Need for establishment of plant-based food market (Japan)
- Prolonged stagnation of food service market due to COVID-19 (Japan and the rest of Asia)

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 ice cream markets (Japan)
- Higher revenue and operating profit posted from second quarter, owing to market recovery and sales promotion measures (China)
- Shedding of costs via reduction/exemption 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

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

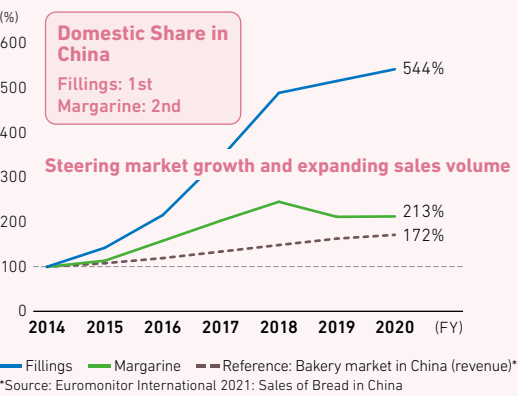
China: Solidifying Our Presence in Bakery Filling Ingredients

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 gruel.

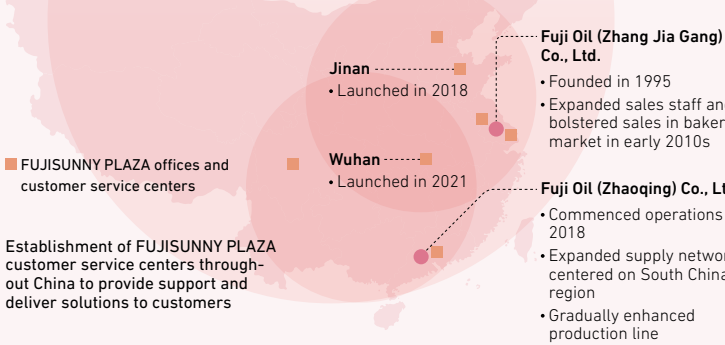
At the Fuji Oil Group, we have put a framework in place that allows us to promptly detect the developments of growth markets and build a supply network that encompasses the entire region of China. In China, the number of bakeries and retailers selling bread continues to grow in not only the urban centers 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%)



*Source: Euromonitor International 2021; Sales of Bread in China

A sales network spanning entirely across China consisting of approximately 100 wholesalers, primarily two production sites, and seven FUJISUNNY PLAZA offices and customer service centers



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 new line of hit products.



Sales tactic utilizing social media

Mahua, a baked snack that caught on in China in fiscal 2020

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 lineups, 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.



Establishment of brands demonstrating the appeal of plant-based food solutions



Popular sweets made entirely out of plants



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/peptides

Main Applications

- ▶ Ham, sausages, protein, healthy foods, etc.
- ▶ Frozen foods, bakery products, confectioneries, healthy and nutritious foods, prepared foods, etc.
- ▶ Foods served at restaurants, commercial caterings, school lunches, instant noodles, etc.
- ▶ Acidic 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 increase in demand for healthy foods
- Higher demand for frozen foods consumed at home and lower demand for frozen foods used commercially
- Spread of immunostimulation-related products



Activities of Key Players and Competitive Landscape

- Overseas brands securing market share of minimally processed products
- Start-ups at the forefront of plant-based meats
- Ongoing restructuring of companies in plant protein market
- Promotion of "food tech" by the Ministry of Agriculture, Forestry and Fisheries in Japan
- Strengthening of investment in plant-based foods

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

Challenges and Areas of Improvement

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

Specific Risks

- Intensifying competition in plant-based food market
- Environmental issues regarding soybean raw materials
- Sustainable procurement of raw materials

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 technology 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 protein 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

- Brisk 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 precooked noodles sold at convenience stores (Japan)
- Broke ground 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 east-west 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)

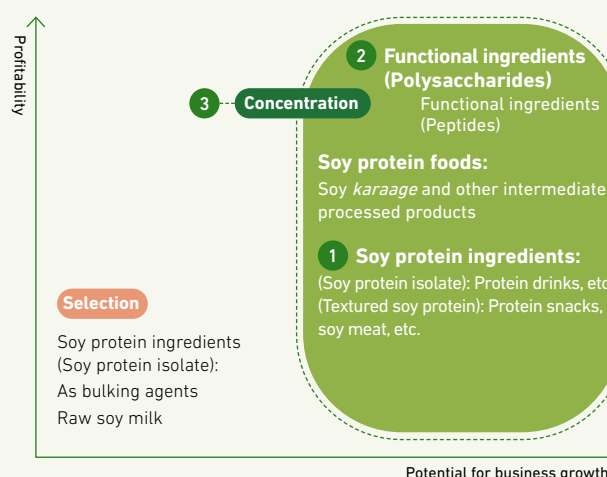
Our History of Structural Reforms

The Soy-Based Ingredients Business has experienced a significant growth in profitability as a result of its steadily enhanced business structure facilitated by "the selection and concentration of business." Going forward, we will shift our efforts into high gear in order to expand our lineup of strategic products.

Outcomes

Transfer of non-core businesses	Japan (two operating bases): Soy protein isolate and soy protein foods (2017) China (two operating bases): Soy protein isolate (2018) Soy protein foods (2019)
Growth investments	Japan and China: Ramped up production capacity for polysaccharides (2018 and 2019) Japan: Commenced operations of new plant in Chiba (2020) Europe: Broke ground on new plant in Germany (2019)

Business Portfolio



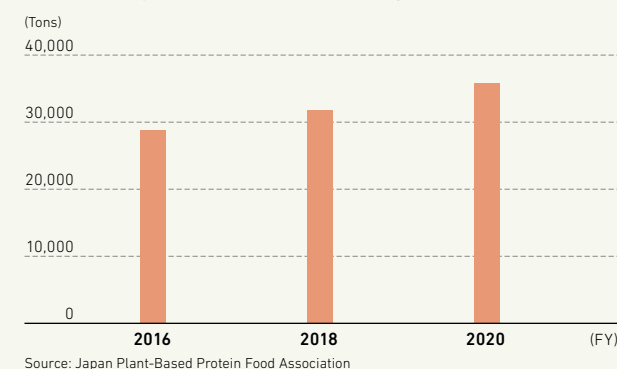
1 Japan: Addressing the Rising Demand for Protein with Soy Protein Ingredients

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 as well 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 Japan.

In the area of soy protein isolate, we supply ingredients of consistent quality to accommodate the growing demand for protein drinks 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 Chiba and our existing plant in Hannan, Osaka, in response to the rising demand for ingredients used in cereal, 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.

* Protein Crisis: A deterioration in the supply-demand balance of protein projected to take place around the year 2030 at the earliest as a result of population growth and an improved diet worldwide

Textured Soy Protein Production in Japan



Lotteria's "soy BBQ cheeseburger"



New Chiba Plant (commenced operations in July 2020)

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 accompany 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.



Fuji Brandenburg GmbH (slated to commence operations in 2022)

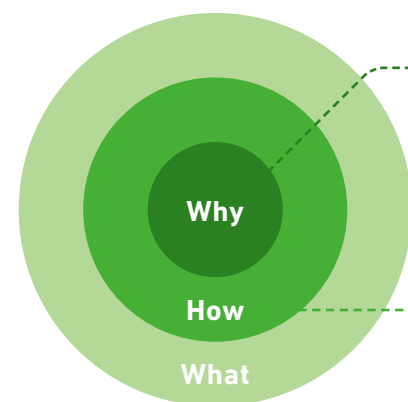
3 Continuous Growth of Ingredients for Plant-Based Foods

→ P70

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.

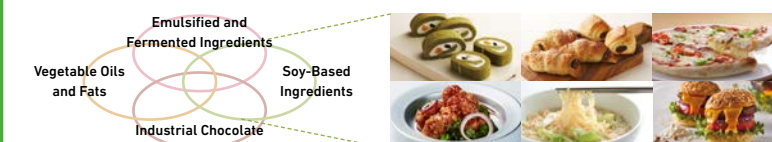


Ensuring the Health of the Earth and Its People by Contributing to Healthy Lifestyles and Hearty Meals for All

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, Emulsified 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.



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 Partnership in Food Technology working team, we strive to actively promote open innovation and enhance the growth of the unique Japanese plant-based food market.

Our Intended Course of Action

① Deliciousness

Example:
Plant-based seasonings
×
Polysaccharides
×
Vegetable oils and fats
×
Emulsification and fermentation technology

Delicious foods that offer a sense of satisfaction through the use of plants
→
Maintain deliciousness of foods for take-out, etc.

② Health and Nutrition

Example:
Plant-based protein
×
Polysaccharides
×
Vegetable oils and fats

Plant-based protein drinks, foods, etc., that contribute to the development of healthy minds and bodies
→



Kiyohito Suzuki

Executive Officer
PBFS (Plant-Based Food Solutions) Business Division

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 continuing growth in the years ahead. Such initiatives include the start of operations of the Chiba 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 by investing 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 half 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 human resource capabilities. Valuing the importance of profiting now while nurturing our assets for the future, we will manage our business with speed and agility to introduce new products that demonstrate our commitment to consumers and transcend the boundaries of our business.

FY2020 Results

Japan	• Bolstered production capacity and structure • Developed methods to facilitate direct communication with consumers and established schemes to promote joint public-private initiatives that enhance the popularization of plant-based foods
Overseas	• Underwent business liquidation and invested in a food tech venture capital

From FY2021

Japan	• Created new products through integration of technologies • Drew up strategies and determined investment priorities toward the formulation of future medium-term management plans

FY2022 Onward

	• Generate results in Japan and subsequently expand to China, Europe, and the U.S. • Establish plant-based seasoning business

Ensuring Deliciousness through Our Commitment to Technology

We introduced the MIRACORE™ brand based on its concept of "a core technology that delivers hearty, delicious meals to all through the power of plants." As a technology that utilizes the power of plants to offer animal-derived deliciousness and satisfaction, MIRACORE™ is primed to become widely known as a solution for delicious plant-based foods.



Case Example:

We formed a joint project with Chikaranomoto Holdings Co., Ltd., the owner of the popular ramen brand Ippudo, through which we developed a *tonkotsu* (literally meaning, pork bone or pork bone broth) flavored soup that offers the richness and deep flavor of *tonkotsu* soup but without the use of pork bone. As a result, in February 2021 Ippudo launched the *Plant-Based Akamaru* ramen, which emulates the flavor of their famed *Akamaru* ramen, without the use of any animal-based ingredients in the soup, noodles, and toppings. Available only for a limited time, *Plant-Based Akamaru* ramen won the favor of ramen enthusiasts as its 10,000 or so limited servings sold out immediately.

Through surveys and social media, those customers who were able to try *Plant-Based Akamaru* ramen expressed that they had no idea it was made entirely of plants; that it was so delicious they drank all the soup; that they were in awe of the fact it contained no animal-based ingredients; that it greatly exceeded their expectations; and that they hope it will be added to the regular menu.



Tsutomu Saito

Fuji Oil Co., Ltd.
General Manager
New Technology Department
Fuji Oil Holdings Inc.
Senior Manager
New Material Creating Group
Research Institute for Creating the Future

Realizing plant-based solutions for *tonkotsu* ramen—a highly popular dish even outside of Japan—was thought to be quite a tall task. However, the way we saw it was that if a plant-based *tonkotsu* ramen could be created with a high degree of perfection, this would inspire a diverse range of food solutions for people all over the world. While we encountered a series of obstacles along the way due to this being our first time to engage in any sort of development with Ippudo, everyone involved united as one to ensure that our goal was realized. The outcome of everyone's hard work and dedication was *Plant-Based Akamaru*, a delicious bowl of ramen, or rather, the plant-based version of Ippudo's famed *Akamaru* that can be enjoyed by everyone, including those who cannot and do not consume animal-based foods. Ippudo is exploring the possibility of adding *Plant-Based Akamaru* to its regular menu in response to the slew of requests and rave reviews from its customers. Moving forward, we will continue to hone our technology in our aim to communicate the essence of deliciousness one product after another for a variety of genres.

Note: *Plant-Based Akamaru* is currently unavailable as it was served only for a limited time.

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 resolving 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 Pasona Group, Inc., we will help improve the health of the Earth and its people and ensure 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 agricultural, health, beauty, tourism, and education.

Stepping Up the Pace of Plant-Based Food Solutions Overseas

We have decided to invest in UNOVIS NCAP 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 synergy with our existing global businesses.





CTO
SECTION

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.

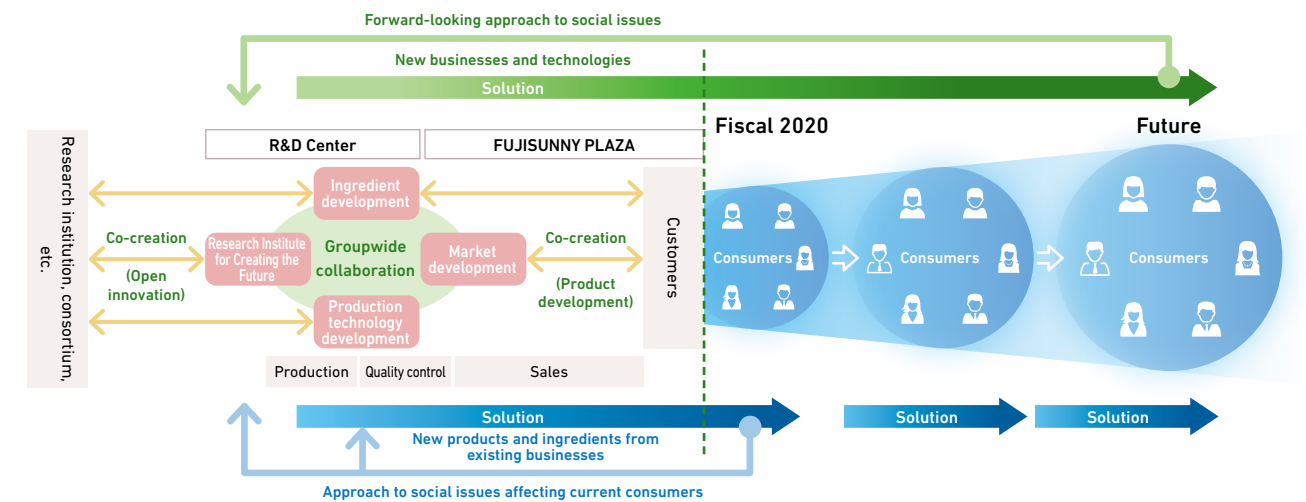
The COVID-19 pandemic, which has wreaked havoc across the globe, has fueled significant changes to consumer awareness and behavior. The rapidness of these changes has surpassed our expectations and, for that reason, the Group must step up the pace of its reforms in order to keep up with the rest of the 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

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.

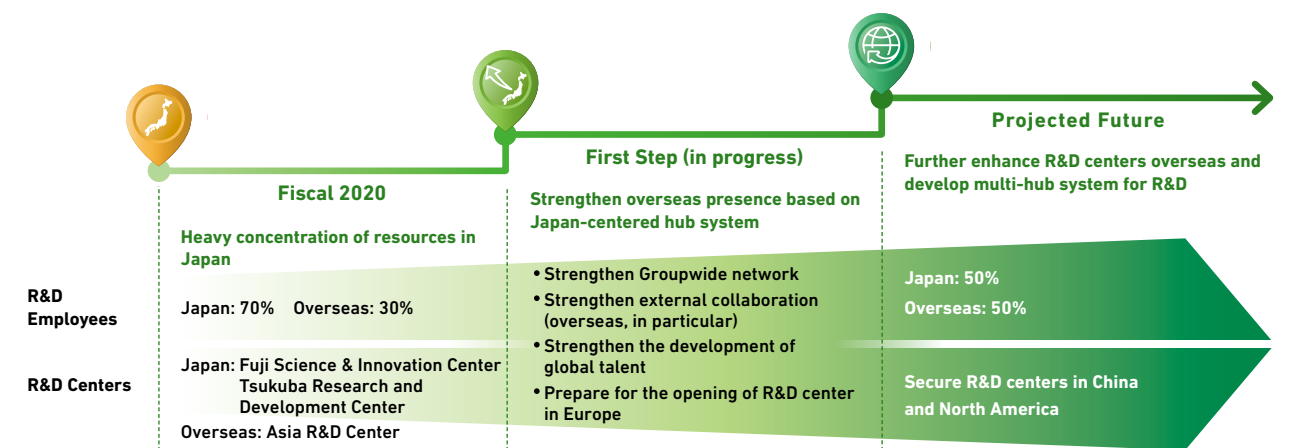
Forging an R&D Structure That Facilitates Group Growth

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 → P73

2. Introduction of New Technology and Businesses That Serve as the Pillars of Future Growth → P75

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



① 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 together 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.

VOICE of Representative



Mike Boen
Fuji Vegetable Oil, Inc.
Research and Development Chemist

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 Palmaju Edible Oil in 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.

② 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: Acquisition of technology for PBFS, etc.
- 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

Americas ②

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

Europe ① ②

- Participation in Food Valley NL
- Participation in Plant Protein in Cheese, an industry-government-academia consortium organized by NIZO
- Participation in PlantPROMISE, an industry-government-academia consortium organized by Wageningen University & Research
- Opening of Global Innovation Center Europe (GICE)

Southeast Asia and Oceania ① ②

- Joint research with the Institute of Chemical and Engineering Sciences (ICES), a research institute in Singapore
- Joint research with CSIRO (Commonwealth Scientific and Industrial Research Organisation), a national research institute in Australia

Japan ① ②

- Joint course through a cross-appointment system with Ibaraki University
- Participation in OPERA (Program on Open Innovation Platform with Enterprises, Research Institute and Academia)
- Partnered with Food Tech Studio – Bites! to help resolve food-related social issues with companies worldwide
- Established Plant Based Lifestyle Lab (P-Lab) at 15 companies in Japan to promote awareness of plant-based foods

VOICE of Representative



Liz Kamei, Ph.D.
FUJI EUROPE AFRICA B.V.
Director of Open Innovation & External Partnerships

Opening of Fuji Oil Global Innovation Center Europe in Fiscal 2021

Global Innovation Center Europe (GICE), 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 of 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.

③ 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.

VOICE of Representative



Naoki Shirotani
Fuji Oil Co., Ltd.
Co-creation Technology Development Section
New Technology Department

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

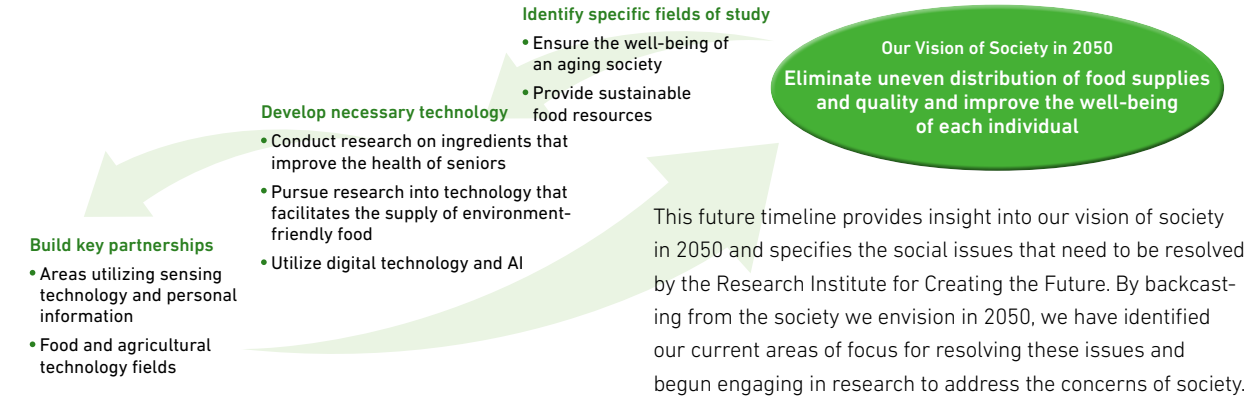
VOICE of Representative



Akihiro Nakamura
Executive Officer
Research Institute for Creating the Future

Our Ambitious Pursuit of Resolutions to Social Issues by 2050!

At the Research Institute for Creating the Future, we assess 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 reformed into an organization tasked with the missions of exploring sustainable food resources, creating new and delicious plant-based food 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.



Participation in Food Tech Studio – Bites!

Speed and timing are of the utmost priority 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.



C“ESG”O SECTION

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 30% 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 (PBFS). 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.

^{*} SBT: A joint initiative designed to urge companies to set targets science-based for the reduction of greenhouse gas emissions



Takashi Kadota
Director and Senior Executive Officer
Chief “ESG” Officer (C“ESG”O)

Role of the C“ESG”O Section

As the secretariat of the ESG Committee, the C“ESG”O Section is in charge of being the first to identify the issues and needs of society, while promoting the sustainable development of society and continuous improvement of corporate value by uniting the relevant divisions and Group companies together. The C“ESG”O Section is also tasked with disclosing information to stakeholders and addressing material issues pertaining to safety, quality, and the environment.

As we proceed forward, we will actively incorporate our views on creating shared value to fulfill the expectations of stakeholders by providing greater value to society and the economy and continuing to maximize our corporate value.



Human Rights



Please refer to *Sustainability Report 2021* (scheduled to be issued in October 2021) for details on our human rights initiatives.

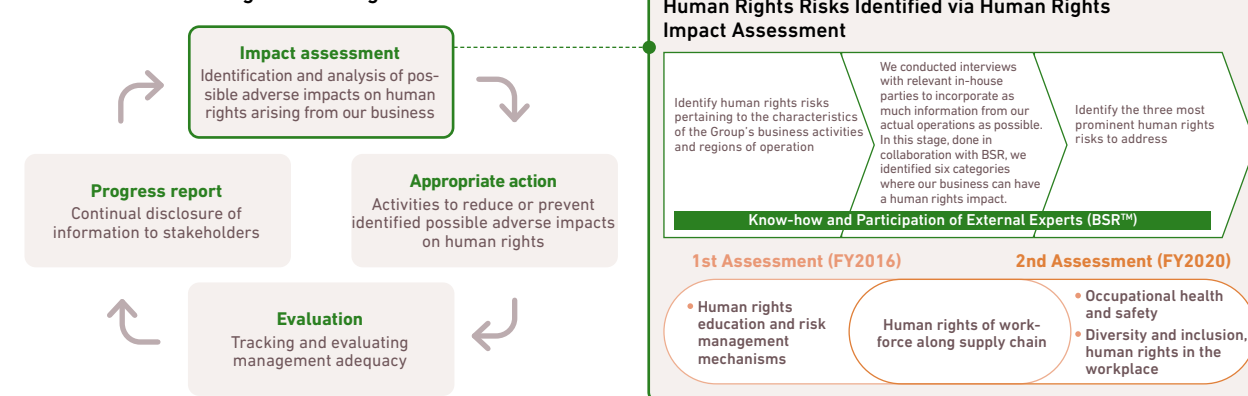
→ https://www.fujiioilholdings.com/en/sustainability/social/human_rights/

“Work for people,” a value set forth in the Group’s Management Philosophy, forms the basis for our belief that we must respect the human rights of the individuals impacted by our business activities worldwide.

Identifying and Reducing Human Rights Risks

Utilizing the opportunity presented by its participation in the 2016 United Nations Forum on Business and Human Rights and its dialogues with stakeholders, the Fuji Oil Group reformulated its way of thinking about human rights and announced the Fuji Oil Group Human Rights Policy in April 2017. In addition, we carry out human rights due diligence in an effort to fulfill our responsibility of respecting human rights. In fiscal 2020, our second human rights impact assessment was held through which the most prominent human rights risks to address were identified. Looking ahead, we will pursue measures to mitigate the risks identified in the assessment over the medium term.

Overview of Human Rights Due Diligence



Human Rights Risk (1st Assessment)	Progress of Measures to Reduce Human Rights Risk
Human rights education and risk management mechanisms	<ul style="list-style-type: none"> Conducted human rights education within the Group (held Human Rights Week, distributed educational videos) Explained human rights risks to Group companies Incorporated human rights risks into Group companies’ risk assessment process
Human rights of supply chain workers (focusing on working environment on plantations, occupational health and safety, non-discrimination and equal opportunity, forced and child labor, land rights)	<ul style="list-style-type: none"> Promoted sustainable procurement of palm oil Pursued sustainable procurement of cocoa Established and operated a grievance mechanism for palm oil

Human Rights Risk (2nd Assessment)	Relevant Stakeholder Group	Special Points to Confirm/Consider (Recommended by Experts)	Course of Action Going Forward
Occupational health and safety	Employees	<ul style="list-style-type: none"> Enactment of infection-control measures amid spread of COVID-19 Enhancement of management system through the participation of third parties 	<ul style="list-style-type: none"> Continuous adoption of strict infection-control measures in the workplace Further enhancement of occupational health and safety management system by incorporating third-party perspectives
Human rights of supply chain workers (focusing on working environment on plantations, occupational health and safety, non-discrimination and equal opportunity, forced and child labor, land rights)	Supply chain workers	<ul style="list-style-type: none"> General: Establish supplier code of conduct that applies to all suppliers and expand grievance mechanisms Palm oil and cocoa: Implement measures based on sourcing policies and medium-to-long-term targets Soy: Formulate sourcing policy and establish monitoring system 	<ul style="list-style-type: none"> Formulation of Supplier Code of Conduct and sourcing policies for soybeans and shea kernel and continuous promotion of awareness-raising activities and measures in line with medium- to long-term targets
Diversity and inclusion, human rights in the workplace (harassment, forced labor)	Employees	<ul style="list-style-type: none"> Strengthen system for promoting D&I globally Strengthen harassment prevention measures Identify and reduce forced labor risks 	<ul style="list-style-type: none"> Promote diversity, equity and inclusion (DE&I) globally Consider possible mechanisms/systems for identifying and addressing human rights issues in the workplace

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 as, 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.



An explosion occurred at an oil and fat extraction plant on December 22, 1991, in which eight precious lives were lost



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

Occupational 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.

FY2020 Target		FY2020 Results		Next Step
• Improve awareness of occupational safety among employees to completely eliminate the occurrence of serious accidents and serious property damage accidents		• Prepared and distributed materials on hazard-prediction and pointing and calling activities • One case of serious accident • Zero cases of serious property damaged accidents		• Continue to implement pointing and calling and awareness-raising activities • Ensure greater safety awareness through adopting safety simulators using virtual reality (VR)

Category		2019 Results	2020 Results
Fuji Oil Group Number of Lost-Time Injuries per Thousand Employees (4 Days or More)		2.9	4.7
Fuji Oil Group occupational accidents	Frequency rate	Japan 2.89 Overseas 8.62	4.03 9.00
	Severity rate	Japan 0.006 Overseas 0.07	0.004 0.924

Fatal Accident at Unifuji Sdn. Bhd.

For serious accidents, one person had a fatal accident at Unifuji in Malaysia.*1 In response, overseas Group companies conducted comprehensive safety inspections of all work requiring work permits*2 and worked to prevent the recurrence of similar accidents in Group companies.

*1 Equity-method affiliate
*2 Work requiring work permits: Hazardous work such as hot work and work in oxygen-deficient environments

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 Targets		FY2020 Results		Next Step
• Heighten awareness of the importance of quality among employees to ensure that we do not become a recipient of serious quality-related complaints • Proceed with the development of a quality-improvement network		• Zero cases of serious quality-related complaints • Created a platform for sharing quality-related information		• Increase quality awareness of employees • Strengthen cooperation between quality assurance managers by encouraging use of the quality-related information platform

Environment



Please refer to *Sustainability Report 2021* (scheduled to be issued in October 2021) for details on our environmental initiatives under Environmental Vision 2030.
⇒ <https://www.fujioilholdings.com/en/sustainability/environment/management/#vision2030>

Targets and Progress of Environmental Vision 2030

Category	2030 Targets	FY2020 Results*1	Rate of Achievement (under New Environmental Vision 2030)
CO ₂ emissions (All Group companies)	Scopes 1 & 2: 40% reduction in total CO ₂ emissions*1	19% reduction	48%
	Scope 3 (Category 1): 18% reduction in total CO ₂ emissions*2 (All Group companies)	6% increase	0%
Water usage (All Group companies)	20% reduction in water intensity	22% reduction	100%
Waste (All Group companies)	10% reduction in waste intensity	1% increase	0%
Resource recycling (All Group companies in Japan)	Maintain a recycling rate of at least 99.8%	99.37%	Not achieved

*1 Base year: FY2016
*2 Scope 3 (Category 1) data excludes one production site in Australia.
*3 Waste data excludes one production site in Australia.

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 use

- 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 pallet 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

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 Hannan 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 Sunny Foods Pte. Ltd. (Singapore) installed solar power generators, maximizing 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.

Takahiro Nakai (left) and Katsutoshi Kodai (right) of the Production Technology Division Maintenance Department of Fuji Oil Co., Ltd.

Solar panels installed on rooftop



CAO
SECTION

Realizing Diversity, Equity and Inclusion

The human resources of a company are a valuable asset to the realization of its sustainable growth. The Fuji Oil Group's roughly 6,000 employees in Japan and overseas and their development as a member of our team, contributing new ideas and creating new technologies and businesses, are an integral part of our continuous growth as a company. We at the Fuji Oil Group constantly strive to create a workplace environment in which our employees are able to demonstrate their full potential and contribute to our success. With that said, we emphasize the significance of respecting employee diversity, providing equal opportunities, and developing a strong sense of belonging to our company and workplace, while contributing to the development of each individual.

With a view to ensuring diversity throughout the Group, this year we proceeded with the launch of employee development initiatives, including a training program designed to assemble a diverse management team for the future and activities to promote localization of regional management. We have also implemented an overseas trainee system and a program to promote interregional employee interaction to develop the global mindsets 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 gaps 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 road map 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.

高杉 豪

Takeshi Takasugi
Director and Senior Executive Officer
Chief Administrative Officer (CAO)

Diversity, Equity and Inclusion

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.

Focus Areas to Promote Diversity

On the Diversity Vision for fiscal 2020 and beyond, the Fuji Oil Group defined gender, nationality, generation, specialization and experience as focus areas to promote diversity. We foresee awareness and system reforms to enable all our employees to use their diverse background and individuality as their strengths.



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 globally active talent through collaborations with each region. Promoting global management by way of strengthening the cooperation of the Group as a whole will prove critical to the ongoing growth of the Fuji Oil Group. With this in mind, we will nurture talent across the globe and form a sound organization that fully unleashes the values of our diverse personnel.

Achievements

- Identified employee candidates for management positions at overseas Group companies and created a database consisting of employee information
- Assigned employees from one overseas Group company to another for the first time
- Bolstered alliances with regions overseas to promote local recruitment for positions filled by employees dispatched from Japan
- Established Talent Development Committee to promote diversity of management team at Group headquarters

Medium-Term Management Plan (2017–2020)—Basic Policy

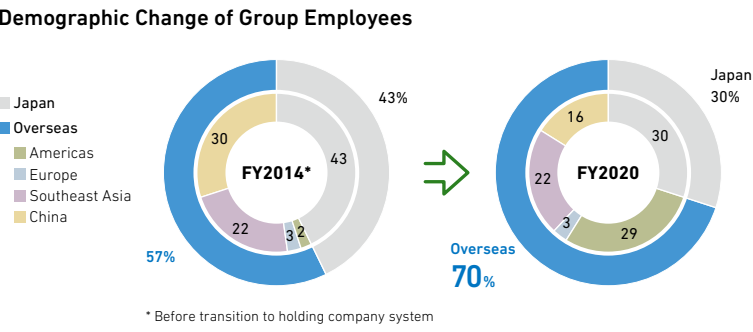
- Develop systems and mechanisms for the recruiting and development of talent capable of performing on the global stage
- Build a global personnel system through regional collaboration
- Build a global structure that can respond flexibly and swiftly to changes in the operating environment through the promotion of diversity

Our Vision for the Future

Promote global management together as a group by unleashing our solid global leadership skills

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.

VOICE of Employee

Katy Revels
Development and Process Manager,
Fuji Oil Europe

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.

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 to one that 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.

VOICE of Employee

Atsuhiko Arima
Senior Manager,
Raw Materials
Procurement Section,
Procurement Dept.,
Fuji Oil Co., Ltd.

I worked in Singapore for nine years, where I was able to broaden my expertise and horizons through my experience mainly in the purchasing of raw materials and operational control, as well as my involvement in sales, finance, and, in particular, the establishment of Unifuji Sdn. Bhd. This experience has paid dividends in my day-to-day duties and communication both internally and externally as a specialist in raw material procurement since returning to Japan. Moreover, the many friendships I have developed through work and other activities overseas are what I value the most and have enriched my life. I hope that many other employees will be able to utilize their overseas experience as a stepping stone toward further growth in the future.

Initiatives to Promote the Advancement of Diverse Employees

Please refer to *Sustainability Report 2021* (scheduled to be issued in October 2021) for details on our human resource initiatives.

Human resources
⇒ https://www.fujioilholdings.com/en/sustainability/social/human_resources/

Practice diversity management
⇒ <https://www.fujioilholdings.com/en/sustainability/social/diversity/>

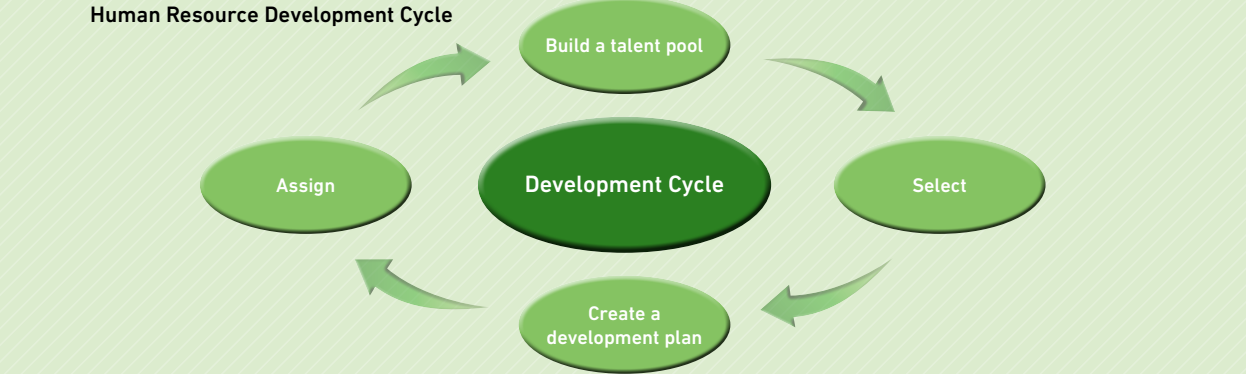
Theme	Example Initiative
Active engagement of senior employees	• Implement career development training programs tailored to senior employees
Empowerment of women	• Provide support for women returning to work after childcare leave via full-scale implementation of telework system
LGBTQ/Sexual minorities	• Promote awareness among management and conduct on-the-job training

VOICE of Employee

Kumiko Soejima
General Manager,
Human Resources
Department
Fuji Oil Co., Ltd.

We live in a VUCA (volatile, uncertain, complex, and ambiguous) world in which the wide range of values and experiences of our diverse personnel can be utilized to their fullest, spurring sheer satisfaction for each individual and further solidifying our organization and business.

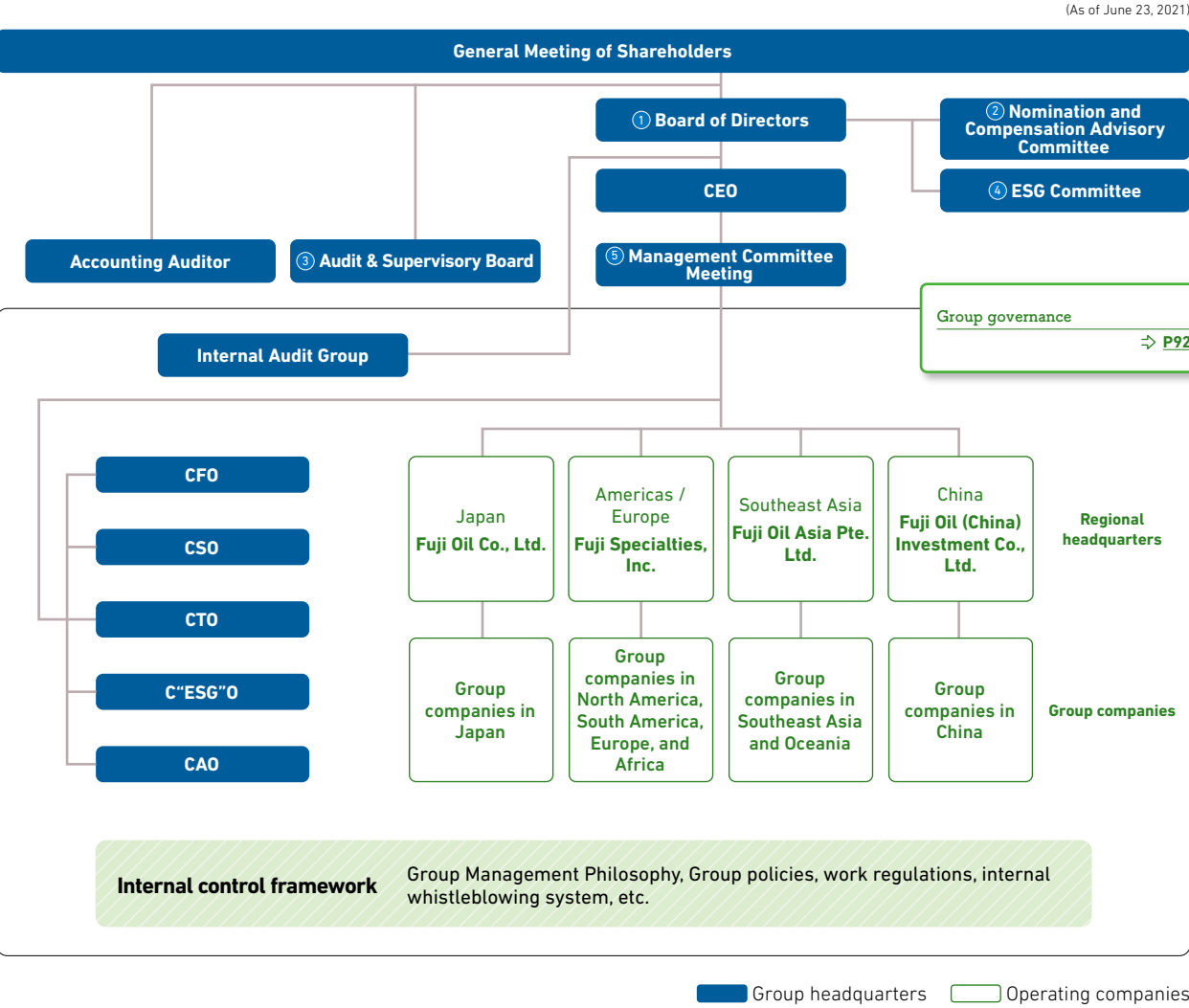
To that end, the Fuji Oil Japan Group is working to provide opportunities for our diverse employees to shine while instilling awareness and encouraging the support of our management team through seminars and consultations on a continuous basis. In addition, we will proceed ahead with the introduction of career development programs that enable seniors—a generation where work styles are diversifying in particular—to draw up their careers after retirement right away.



The Role of Governance We Envision

For the Fuji Oil Group, corporate governance serves an important and indispensable framework for its continuous enhancement of corporate value. The Management Committee Meeting and the Board of Directors play an integral role in strengthening the Group's corporate governance, with emphasis placed on decisions regarding business execution by the Management Committee Meeting and on the monitoring of the status of business execution by the Board of Directors. The two committees work together, fulfilling their respective roles, and in turn, work to expand the business in a swift and aggressive manner while strengthening the Group's management structure. Along with these efforts, effectively functioning Group governance is essential to realizing effective corporate governance. To ensure such Group governance, efforts are made to promote awareness of business policies and work regulations across the entire organization while conducting monitoring activities through the relevant functions and divisions and the Internal Audit Group.

Governance Structure



Please refer to our website for more details on our corporate governance.
⇒ <https://www.fujioilholdings.com/en/about/governance/>

Corporate Governance

Main Organizational and Committee Structure

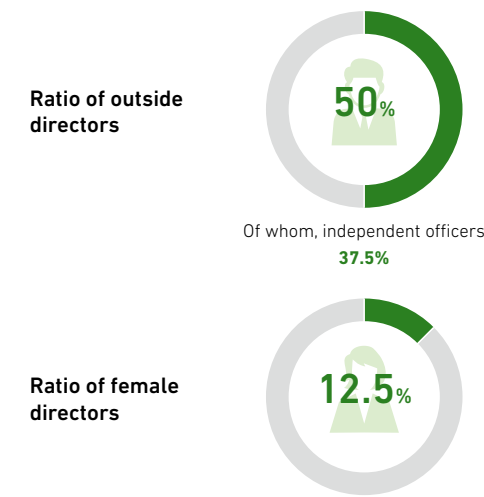
(As of June 23, 2021)

Company Name	Fuji Oil Holdings Inc.	Organizational System	Pure holding company					
Institutional Design	Company with an Audit & Supervisory Board	Number of Outside Directors	Four (including one female director and three independent directors)					
		Composition						Reference: Meetings during FY2020* ¹
	Chairperson	Total	Internal Directors	Outside Directors	(Independent Outside Directors)	Full-Time Audit & Supervisory Board Members	Independent Outside Audit & Supervisory Board Members	
① Board of Directors	President (Mikio Sakai)	12	4	4	(3)	2	2	16
② Nomination and Compensation Advisory Committee	Independent outside director (Yuko Ueno)	5	2	3	(3)	—	Observer	16
③ Audit & Supervisory Board	Standing Audit & Supervisory Board member (Makoto Shibuya)	4	—	—	(—)	2	2	16
④ ESG Committee	Internal director (Takashi Kadota, C“ESG”O)	4	4	—	(—)	—	Advisor	2
⑤ Reference: Management Committee Meeting	President (Mikio Sakai)	13* ²	4	—	(—)	Observer	—	26* ³

*1 April 2020 to March 2021
*2 Four internal directors and nine executive officers
*3 Including two meetings held on an ad-hoc basis

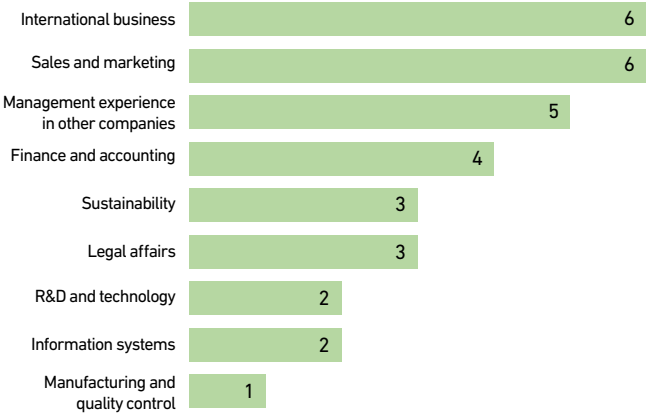
Roles	
1 Board of Directors	Makes decisions on legally required matters and important matters pertaining to management policies and strategies that may impact the Group's management, in addition to monitoring business execution. The committee consists of directors and Audit & Supervisory Board members entrusted by shareholders.
2 Nomination and Compensation Advisory Committee	Reports on the nomination and compensation of directors upon receiving requests from the Board of Directors. From the perspective of ensuring objectivity and transparency when making decisions, the committee consists mainly of independent outside directors and is chaired by an independent outside director.
3 Audit & Supervisory Board	The committee consists of Audit & Supervisory Board members, half of whom are outside members, and audits the status of business execution of the directors.
4 ESG Committee	Presides over all aspects of the Group's ESG activities as an advisory body to the Board of Directors and reports on the status of activities, issues, and measures for improvement pertaining to ESG activities to the Board of Directors. The committee is chaired by the C“ESG”O and consists of the CEO, the chief officers and managers in charge of ESG themes, and external experts.
5 Management Committee Meeting	Deliberates on important matters pertaining to the Group's management and assists the CEO in decision-making on certain matters. The committee consists of chief officers who concurrently serve as executive officers and representatives of regional headquarters.

Composition of the Board of Directors



Expertise of Directors and Audit & Supervisory Board Members

Note: Please refer to page 88 for details on the skills matrix. (Persons)



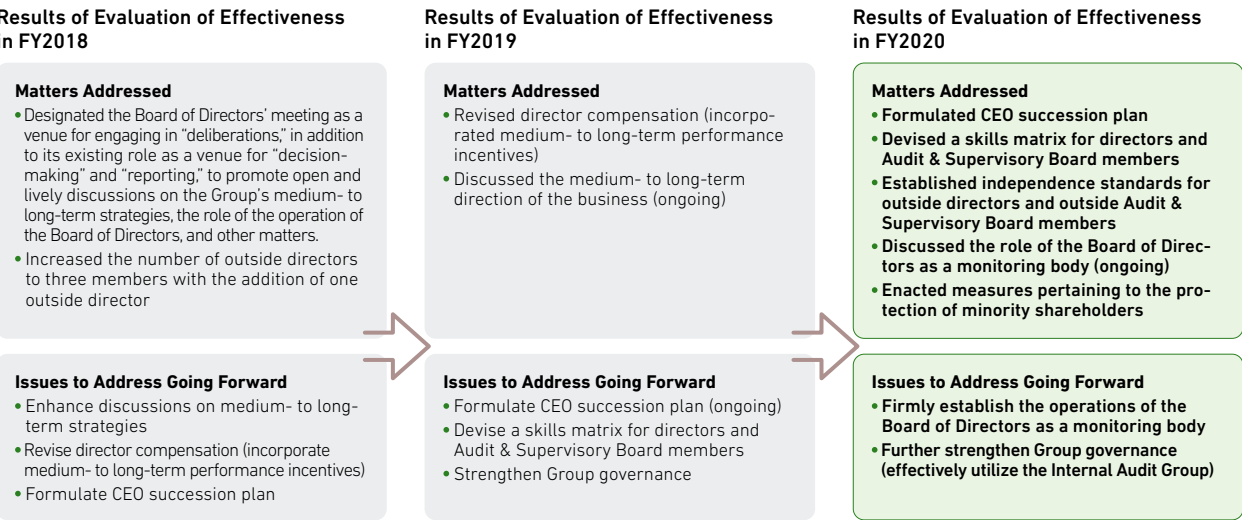
Our Approach Going Forward

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 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 improvement and proposes the 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.

Evaluation Method	Main Question Topics
Evaluator: Third-party institution Research Method: Survey (10 directors and four Audit & Supervisory Board members) <small>Note: The evaluation process also involved third-party interviews in prior years. However, the evaluation process for fiscal 2020 was based solely on surveys that centered on confirming the issues uncovered in fiscal 2019.</small> Evaluation Process: Analysis of results by third-party institution based on its anonymity and report of findings to the Board of Directors	1. Assessment of progress on improvements to identified issues 2. Matters to be deliberated on at Board of Directors' meetings 3. Assessment of measures in response to recent changes in business environment (COVID-19, digital transformation)



Overview of Discussions at Board of Directors' Meetings

At the Board of Directors' meetings, deliberations are held on what matters take priority for discussion toward improvements, based on the results of the evaluation of effectiveness of the Board of Directors, in addition to important matters of business execution and other prescribed matters.


Through such deliberations, 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	Main Topics of Discussion in Fiscal 2020
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? And, is the assessment for IV above reflected appropriately on human resources?	① Progress on the Development of New Businesses <ul style="list-style-type: none">Status of progress on overall strategies and projects aimed at the development of global plant-based food solutions businessesPositioning of new investments in light of overall strategies, developments going forward and business synergies that come with high hopes, and risks to look out for ② Establishment of Functional Framework That Forms the Foundation for Business Development <ul style="list-style-type: none">Gain control over areas of Group governance in need of improvement that were identified through audits by the Internal Audit Group and examine measures to address these areas going forwardConfirm the status of development of compliance and information security activities on a global scale and verify areas in need of further measures ③ Status of Progress on Post-Merger Integration (PMI) of Companies That Underwent M&As <ul style="list-style-type: none">Confirm the monthly financial results and business forecasts going forwardConfirm progress of main PMI management itemsConfirm the status of establishment of business operation system

Main Items for Discussion at the Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee is chaired by an independent officer (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	(2) Compensation-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	(1) Compensation 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



Yuko Ueno
Outside Director
Independent Director
Chairperson, Nomination and Compensation Advisory Committee

Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee conducts lively and meaningful discussions centered on independent outside directors, who have varying knowledge and backgrounds. As an advisory body to the Board of Directors, the committee has the important role of ensuring a high level of objectivity and transparency through the appropriate engagement, advice, and supervision of the independent outside directors, when considering such important matters as the nomination process for directors and planning and management processes of the compensation system. By incorporating objective and neutral perspectives, the committee also works to strengthen the supervisory function of the Board of Directors.

Following our reporting on the new officer compensation system in fiscal 2019, based on requests from the Board of Directors, we deliberated on the CEO succession plan and the new officer system in fiscal 2020 and reported the findings to the Board of Directors. Our new CEO and officer system were inaugurated in April 2021 upon deliberations by the Board of Directors. The operational scheme of the CEO succession plan, on which discussions were ongoing since fiscal 2019, was refined while commencing the CEO nomination/removal process, which included review meetings and interviews. At the same time, a series of discussions were held on the separation of the supervisory and execution functions of the Board of Directors, while a new officer system that excludes directors of the Group's operating companies was decided, setting the stage for the Board of Directors' first step as a monitoring body.

Recent years have seen the need for more sophisticated governance that takes into account changes in the business environment of companies and amendments to the corporate governance code. On the strength of the leadership of our new CEO, the Group will strive to build a strong organization across the globe. To that end, the Nomination and Compensation Advisory Committee will constantly work to create an intense yet positive atmosphere between the Board of Directors and the shareholders and other stakeholders.

Designation of New CEO Nomination Process

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 reelection 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 U.S. After serving as a director since June 2015, he became chief strategy officer (CSO), and in April 2019, he took on the role of chairman of Blommer 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 of 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

(As of June 23, 2021)

	Management Experience in Other Companies	International Business	Sustainability	Finance and Accounting	R&D and Technology	Sales and Marketing	Information Systems	Legal Affairs	Manufacturing and Quality Control
Directors	Mikio Sakai								
	Tomoki Matsumoto								
	Takashi Kadota								
	Takeshi Takasugi								
Outside Directors	Yuko Ueno								
	Hidegori Nishi								
	Toshiyuki Umehara								
	Shuichi Miyamoto								
Audit & Supervisory Board Members	Makoto Shibuya								
	Takehiko Sumiya								
	Ryuta Uozumi								
	Hirohiko Ikeda								

Independent officers
Note: Up to three areas in which the director is expected to make the most of his or her expertise and experience are listed.

Independence 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 officers), executive officers, or employees of Fuji Oil Holdings or a subsidiary of Fuji Oil Holdings (the Group, hereafter)
2	Directors, Audit & Supervisory Board members, executive officers, or employees of the Group's major shareholders* * The Group's 10 largest shareholders at the time of nomination (including indirect shareholders)
3	Directors, Audit & Supervisory Board members, executive officers, or employees of companies that consider the Group as a major business partner* * Business partners of which an amount in the equivalent of 2% or more of their consolidated annual sales in the most recent fiscal year came from amounts paid by the Group
4	Directors, Audit & Supervisory Board members, executive officers, or employees of the Group's major business partners* * (i) Business partners that contributed to an amount in the equivalent of 2% or more of the Group's consolidated annual sales in the most recent fiscal year (ii) Business partners that invested in an amount in the equivalent of 2% or more of the Group's consolidated total assets as of the end of the most recent fiscal year
5	Directors, Audit & Supervisory Board members, executive officers, or employees of companies to which the Group dispatches directors
6	Consultants, accounting experts, or legal experts who, in addition to director compensation, have received benefits in the average annual amount of ¥10 million or more in cash or other assets over the past three years from the Group
7	Those who currently correspond to or have corresponded within the past 10 years to condition 1 above
8	Those who currently correspond to or have corresponded within the past five years to any of conditions 2-6 above
9	Spouses, relatives with the second degree of kinship, and cohabiting relatives of those who correspond to any of conditions 1-8 above

Messages from Newly Appointed Directors



Toshiyuki Umehara
Outside Director

Until fiscal 2020, I worked for roughly 40 years at a manufacturer of various materials used in electronics. During that time, my roles included engineer of the company's production technology department, production manager and business manager of the business department, and chief technology officer for the entire company at the head office division. While the industries may be different, I have a strong emotional connection to the Fuji Oil Group, which has made countless contributions to society as a food ingredient manufacturer as it continues to hone its technological capabilities, develop value-added products, and draw on its B2B capabilities.

The unprecedented pandemic has changed our lifestyles drastically as well as the needs and values of society. Such shifts in our lifestyles and society present opportunities for even greater growth toward the creation of new value. In addition to realizing sustainable growth through contributions to the SDGs and other efforts, I surely believe that the Group can take further leaps forward by establishing a business model that cannot be replicated by others. The external business environment has changed constantly over the years, with global recessions such as the financial crisis of 2007-2008, the acceleration of commoditization, and the changing values of the current era. The Group's next wave of growth will hinge on the ability to invigorate its fundamental strengths and promote structural reforms toward overcoming such changes in its business environment.

I will sincerely put my heart and soul into the continuous growth of the Fuji Oil Group.



Shuichi Miyamoto
Outside Director

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 increasingly 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.

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.

- Examples of Training Themes
- Developments 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 (antitrust law, anti-bribery law, etc.)

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 ① new transactions (valued at ¥1.0 billion or more annually) and ② 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.

Director Compensation System

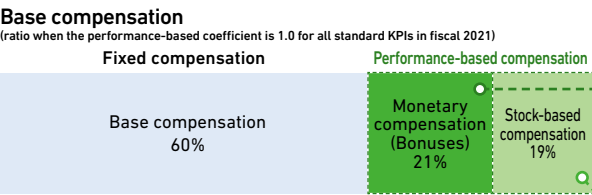
The compensation of our directors (excluding outside directors) is based on a performance-based compensation system that aims to further clarify the relationship between director compensation and the Company’s business performance and equity value, and heighten the awareness of directors regarding their contribution to improving the Company’s business performance and corporate value over the medium to long term through their sharing of risks and interests regarding stock price fluctuations with shareholders.

- 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.

Director Compensation System

Position	Base compensation (Fixed compensation)	Performance-based	
		Monetary compensation (Bonuses)	Stock-based compensation
Directors (Internal)	✓	✓	✓
Directors (Outside)	✓	—	—



In the future, we will aim for a compensation composition ratio of base compensation : monetary compensation (bonuses) : stock-based compensation = 1:1:1. This is designed to raise the ratio of performance-linked compensation while improving performance and corporate value.

Based on survey data on director compensation from external agencies, the Nomination and Compensation Advisory Committee deliberates on compensation standards and reports the results to the Board of Directors, upon taking into consideration the standards of companies of similar business and scale. Outside directors and Audit & Supervisory Board members receive only base compensation (fixed compensation) from the viewpoint of their roles and independence.

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 by 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

Position	Number of eligible recipients (persons)	Total amount by type of compensation (millions of yen)			Total amount of compensation (millions of yen)
		Base compensation (Fixed compensation)	Monetary compensation (Bonuses)	Non-monetary compensation*1 (Stocks)	
Directors (excluding outside directors)	8*2	175	30	32	237*3
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	3*4	54	—	—	54
Outside directors / Outside Audit & Supervisory Board members	6	54	—	—	54
Total	17	283	30	32	345

*1 Amount reported as expenses based on the stock compensation system approved at the Ordinary General Meeting of Shareholders
*2 Includes two directors who resigned upon the conclusion of the 92nd Ordinary General Meeting of Shareholders
*3 Excludes portion of employee compensation for directors who concurrently serve as employees
*4 Includes two Audit & Supervisory Board members who resigned upon the conclusion of the 92nd Ordinary General Meeting of Shareholders
Notes: 1. At the 92nd Ordinary General Meeting of Shareholders, the amount of compensation for directors was determined to be no more than ¥600 million per year (of which, the amount of compensation for outside directors is to be no more than ¥50 million per year). Meanwhile, the maximum amount of compensation for directors (excluding outside directors) includes director bonuses and does not include the portion of employee compensation. The number of directors as of the conclusion of the 92nd Ordinary General Meeting of Shareholders was nine (of whom, three were outside directors).
2. At the 92nd Ordinary General Meeting of Shareholders, the amount of contributions that can be made in the form of funds to acquire the Company’s shares necessary for issuance to directors eligible for performance-based compensation (Trust) during the three-year period between the fiscal year ended March 31, 2021 and the fiscal year ending March 31, 2023, was determined to be no more than ¥600 million. The number of directors (excluding outside directors) as of the conclusion of the 92nd Ordinary General Meeting of Shareholders was six.
3. At the 89th Ordinary General Meeting of Shareholders held on June 22, 2017, the amount of compensation for Audit & Supervisory Board members was determined to be no more than ¥100 million per year. The number of Audit & Supervisory Board members as of the conclusion of the 89th Ordinary General Meeting of Shareholders was four.

Performance-based Compensation (Bonuses)

Objective

- Heighten awareness regarding improvements to business performance every fiscal year

Amount of Individual Payment

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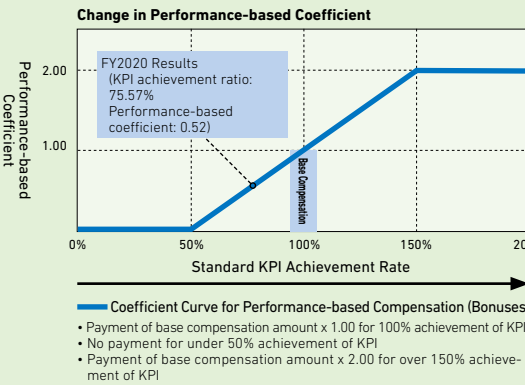
Amount of Base Compensation by Position		
• FY2021 Standard KPI: Consolidated operating profit of ¥23.7 billion in FY2021 Note: Amount of base compensation in the case of 100% achievement of standard KPI		
Position	Base compensation	Eligible directors
Director (President)	¥19.0 million	1
Directors (Senior)*	¥9.5 million	1
Directors	¥7.6 million	2

* Director Tomoki Matsumoto

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Performance-based Coefficient	
KPI achievement ratio	Performance-based coefficient
150% or more	2.00
50%-150%	(Actual KPI + Standard KPI - 0.5) × 2 Round up to two decimal places
Less than 50%	0

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



KPI	Consolidated operating profit (Reason for selection: Connection to yearly KPIs, improvements to sustainable business performance and financial value)
Determination of amount and payment	Amount of compensation is determined according to the performance results of the fiscal year under review and paid in the following fiscal year
Total amount of payment	Up to ¥200 million
Maximum amount of individual payments to directors	Director (President) ¥50 million Directors (Senior) ¥25 million Directors ¥20 million

Performance-linked Compensation

Objectives

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

Points Awarded for Individual Payments

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Amount of Base Compensation by Position		
• FY2021 Standard KPI: FY2021 EPS target of ¥192 Note: Amount of base compensation for 100% achievement of KPI		
Position	Base compensation	Eligible directors
Director (President)	¥17.3 million	1
Directors (Senior)*	¥8.7 million	1
Directors	¥6.9 million	2

* Director Tomoki Matsumoto

×

Performance-based Coefficient	
KPI achievement ratio	Performance-based coefficient
175% or more	2.00
25%-175%	(Actual KPI + Standard KPI - 0.25) × 1.33 Round up to two decimal places
Less than 25%	0

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

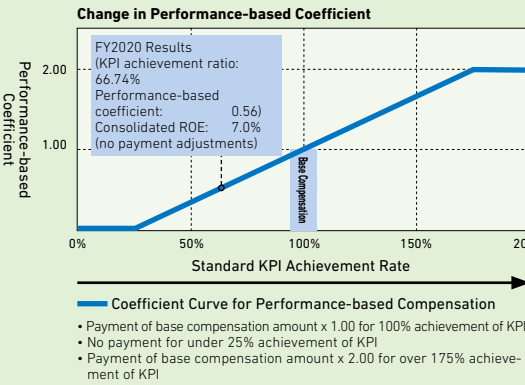
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Price of Company Shares Acquired by Trust

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

Acquisition Method

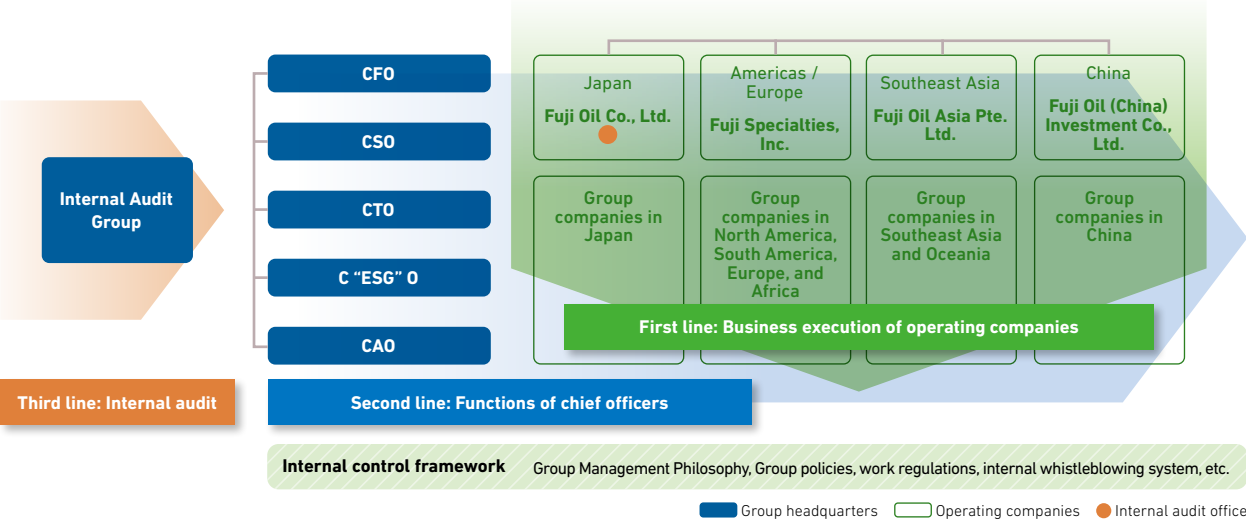
Acquisition method	Price of acquired shares
Disposal of treasury stock held by the Company	Closing price of Company shares on the Tokyo Stock Exchange (TSE) on the business day prior to the meeting of the Board of Directors to determine third-party assignment (shares incorporated into trust) under the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



KPI	Single-year consolidated EPS and ROE (Reason for selection: Connection to KPIs in medium-term plan, improvements to medium- to long-term business performance and corporate value)
Overview of system	Under this stock-based compensation system, Fuji Oil Holdings will establish a trust, which will hold the assets to be paid as performance-based compensation. The trustee will purchase shares in Fuji Oil Holdings, hold the shares, and then deliver them to each director in an amount commensurate with the points the director has earned. Under this system, 1 point shall be equivalent to 1 share.
Eligibility period	In principle, upon retirement of the director
Maximum amount of trust principal	Maximum amount: ¥200 million per fiscal year

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.



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*1 have been established for domestic Group companies, while the Fuji Oil Group's Compliance Helpline*2 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 contact 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 as well as to improve its operation.

*1 An external hotline for subcontractors in specified fields established to continue promoting fair transactions
*2 An internal whistleblowing system for Group company employees

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.

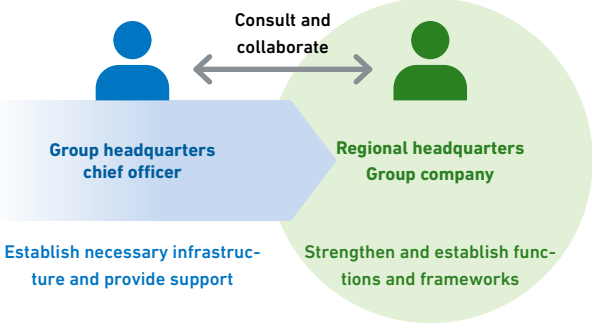
Second Line

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.

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.



CxO	Main Initiatives for Strengthening the Group's Control Functions	
CFO	<ul style="list-style-type: none">• Reduce financial risk in the COVID-19 era (maintain cash liquidity and borrowing limits, strengthen credit control)• Improve cash flow creation and cash conversion cycle, ensure investment control (strictly adhere to criteria for investment and business withdrawals)• Integrate and reinforce core IT system• Enhance information security, implement IT training programs for employees and IT audits	CFO SECTION ⇒ P42
CSO	<ul style="list-style-type: none">• Establish and monitor rules for management and reporting of raw material position• Formulate and promote management of Supplier Code of Conduct and responsible sourcing policies for various raw materials• Manage Group companies linked to regional headquarters• Develop an organizational structure that promotes the establishment and execution of Groupwide strategies (Global Sustainable Sourcing Committee, Global Chocolate Committee, etc.)	CSO SECTION ⇒ P52
CTO	<ul style="list-style-type: none">• Develop a platform for the construction of a global R&D network (to promote sharing and use of information, etc.)• Strengthen Groupwide collaboration through the exchange of technical information between Group companies (Technical Information Exchange Meeting, TIEM) and the holding of conferences involving leaders of R&D of each region• Establish a platform for the development and use of global intellectual property strategies (operation of highly secure information sharing system, etc.)	CTO SECTION ⇒ P72
C "ESG" O	<ul style="list-style-type: none">• Establish, monitor, and provide support for the Group's safety- and quality-related standards• Establish, monitor, and provide support for company-specific KPIs toward the implementation of environmental vision• Establish, monitor, and provide support for technology and facility management standards toward productivity improvements• Promote global networking between persons in charge	C "ESG" O SECTION ⇒ P76
CAO	<ul style="list-style-type: none">• Promote awareness of Group Management Philosophy• Strengthen compliance (→ P94 Highlights)• Cultivate human resources among regional management• Strengthen global employee relationships and public relations (→ P94 Highlights)	CAO SECTION ⇒ P80

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. the 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.

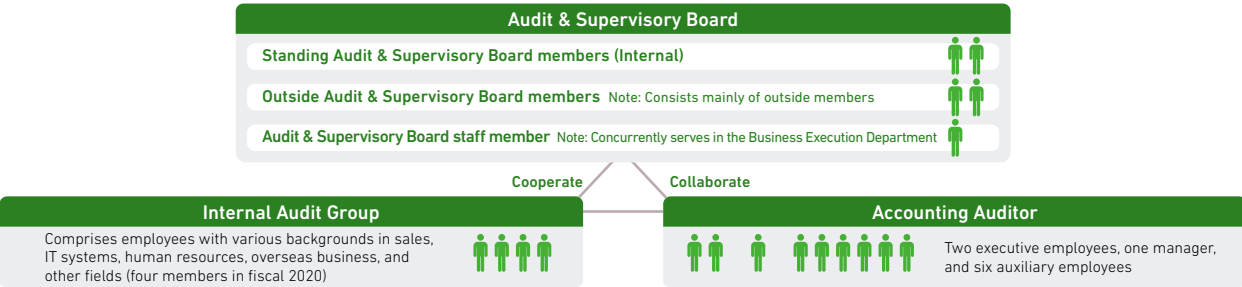
Group Governance Goals for Fiscal 2021

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 their 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.

(1) Execution of Duties by Directors	<ul style="list-style-type: none">• Attendance at Board of Directors' meetings• Regular meetings with the representative director (once a month, in principle)• Exchange of opinions between managing directors and Audit & Supervisory Board members (on financial results, governance structure, etc.)	Audit & Supervisory Board Members
(2) Business Execution	<ul style="list-style-type: none">• Meetings with representatives of regional headquarters overseas (remote interviews through the use of a web-based meeting system)• Attendance of two full-time Audit & Supervisory Board members as observers at Management Committee Meetings• Interviews as necessary with the presidents and department heads (general managers, section chiefs) of Group companies in Japan	
(3) Internal Control	<ul style="list-style-type: none">• Liaison Committee meetings with the Audit & Supervisory Board and the Internal Audit Group• Exchange of information with full-time Audit & Supervisory Board members and Internal Audit Group members	
(4) Accounting Audits	<ul style="list-style-type: none">• Explanations of audit plans, reporting of quarterly reviews, and reporting of audit results to business sites by accounting auditor• Exchange of opinions concerning key audit matters (KAMs) with the accounting auditor• Other meetings with the accounting auditor on an ad-hoc basis• Assessment of appropriateness of accounting auditor	

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.

Key Auditing Issues		Main Activities
① Status of Group companies' management of business	Audits conducted via interviews with the management team of Group companies	① Web-based meetings with the representatives of regional headquarters overseas (Americas, Europe, Asia, and China) ② Meetings with the representatives of major business sites in Japan
② Assessment of status of directors' execution of duties	Interviews and exchange of opinions with management team	① Exchange of opinions on issues impacting the overall management of the Group in regular meetings with the president and CEO (once a month, in principle) ② Hearing of status of execution in meetings and interviews with the CAO, CFO, et al.
③ Communication with accounting auditors	Exchange of opinions and discussions on a regular/irregular basis	① Quarterly meetings to share input on audit-related themes ② Meetings for the accounting auditor to announce the status of audits on quarterly financial results ③ Meetings to share input on KAMs
④ Cooperation with the Internal Audit Group	Exchange of opinions with the Internal Audit Group	① Roundtable discussions with the Audit & Supervisory Board, including outside Audit & Supervisory Board members (on a regular basis) ② Share information with full-time Audit & Supervisory Board members (as necessary)

3. Important Audit-Related Issues to Address in Fiscal 2021

“Assess the status of business management of Group companies in the post-pandemic era,” “establish and monitor operations of the internal control processes of major 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

Directors



Mikio Sakai

President
Chief Executive Officer (CEO)

Born October 6, 1959

Apr. 1983 Joined the Company
Jun. 2015 Director
Apr. 2016 Managing Executive Officer, Chief Strategy Officer (CSO)
Apr. 2019 Senior Executive Officer, Chairman of Blommer Chocolate Company
Apr. 2020 President of Fuji Specialties, Inc.
Apr. 2021 President and Chief Executive Officer (CEO) (to present)

Mr. Mikio Sakai was appointed President and Chief Executive Officer (CEO) in April 2021 after serving as a director since June 2015. He has been involved in the management of all aspects of the Group's business to date and has experience as president of important subsidiaries of the Group in regions such as China and the United States. He later served as Chief Strategy Officer, and since April 2019, he has taken the lead in the international business by making full use of his business execution and management capabilities as Chairman of Blommer Chocolate Company, which is the Company's core chocolate business in North America.



Tomoki Matsumoto

Director
Senior Executive Officer,
Chief Financial Officer (CFO)

Born December 20, 1960

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

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



Takashi Kadota

Director
Senior Executive Officer,
Chief "ESG" Officer (C"ESG"O)

Born April 2, 1959

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

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



Takeshi Takasugi

Director
Senior Executive Officer,
Chief Administrative Officer (CAO)

Born July 16, 1959

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

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



Yuko Ueno

Director*¹
Independent Director

Outside Director

Born July 7, 1954

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

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



Hidenori Nishi

Director*¹
Independent Director

Outside Director

Born January 6, 1951

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

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



Toshiyuki Umehara

Director*¹
Independent Director

Outside Director

Born September 3, 1957

Apr. 1984 Joined Nitto Denko Corporation
Jun. 2019 Representative Director, Senior Executive Vice President, CTO, General Manager of Corporate Technology Sector, Nitto Denko Corporation
Jul. 2020 Executive Director, Hokkaido University (part-time) (to present)
Aug. 2020 Project Professor, Keio University (to present)
Jun. 2021 Outside Director (to present)

Mr. Toshiyuki Umehara has worked for many years as an engineer and business manager at a manufacturer of electronic materials, which has many top-share products in a wide range of fields such as FPD materials, automobiles, and health care. He has a wealth of experience as a corporate manager and deep knowledge in the fields of technology and information along with a high level of insight into technology management, where the Company has a competitive advantage, and the information field, which the Company is working toward further reinforcement.



Shuichi Miyamoto

Director*¹

Outside Director

Born May 5, 1965

Apr. 1989 Joined ITOCHU Corporation
Apr. 2021 Associate Executive Officer, Chief Operating Officer of Provisions Division, ITOCHU Corporation (to present)
Jun. 2021 Outside Director (to present)

Mr. Shuichi Miyamoto has been consistently engaged in the food-related business since joining a major Japanese trading company. He has a wide range of experience, including the handling of raw materials, secondment to operating companies, and overseas assignments (Singapore and Thailand), and has been involved in overall food business and operating company management overseas. He has been in charge of a number of operations in Japan and overseas since he became Chief Operating Officer of the Provisions Division in April 2019.

Audit & Supervisory Board Members



Makoto Shibuya

Standing Audit & Supervisory Board Member

Born October 25, 1959

Jun. 2005 Representative Director, IR Communications Co., Ltd.
Jun. 2007 Representative Director and President, Banners Co., Ltd.
Jan. 2010 Joined the Company
Apr. 2014 Executive Officer
General Manager of Legal Department, Global Strategy Division
Apr. 2017 Senior Manager of Legal & General Affairs Group
Jun. 2017 Audit & Supervisory Board Member (to present)

Mr. Makoto Shibuya has management experience at a corporate start-up and a listed company. After joining the Company, he worked as an executive officer in charge of legal affairs and was involved in the establishment of corporate governance, compliance systems, and whistleblowing systems at the Company and the Group. He also has extensive experience in domestic and overseas legal matters and has considerable experience and expertise in fraud investigation and compliance as a qualified CFE (certified fraud examiner).



Takehiko Sumiya

Standing Audit & Supervisory Board Member

Born July 16, 1958

Apr. 1983 Joined the Company
Apr. 2011 President of Toraku Foods Co., Ltd.
Apr. 2017 Chief Marketing Officer (CMO)
Jun. 2017 Director
Apr. 2019 Chief Administrative Officer (CAO)
Senior Executive Officer
Jun. 2020 Audit & Supervisory Board Member (to present)

Mr. Takehiko Sumiya was appointed as a Director of the Company in June 2017 after having held important positions in the sales and marketing divisions of the Company. Also, he has been engaged in the management of the Company as the Chief Administrative Officer (CAO) and has served as president of former subsidiary Toraku Foods Co., Ltd. (total term of office: 7 years). His knowledge of the Company is vast and he has extensive experience at the Company as well as in its related businesses and corporate management.



Ryuta Uozumi

Outside Audit & Supervisory Board Member*²
Independent Audit & Supervisory Board Member

Independent Officer

Born February 24, 1948

Jun. 2003 Senior Partner at Asahi and Co.*³
Apr. 2004 President and Representative Director, AZSA Sustainability Co., Ltd.*⁴
Jul. 2010 Representative of Ryuta Uozumi Certified Public Accountant Office (to present)
Jul. 2013 Representative of Uozumi Sustainability Research Institute (to present)
Jun. 2018 Outside Audit and Supervisory Board Member, Maruichi Steel Tube Ltd. (to present)
Jul. 2019 Audit & Supervisory Board Member (to present)
Jun. 2020 Outside Audit & Supervisory Board Member, Daiiei Kankyo Co., Ltd. (to present)

Mr. Ryuta Uozumi has a wealth of expertise and knowledge as a certified public accountant and has many years of experience in auditing at a major audit corporation. He also has a high level of insight and experience in sustainability issues, including environmental accounting.



Hirohiko Ikeda

Outside Audit & Supervisory Board Member*²
Independent Audit & Supervisory Board Member

Independent Officer

Born June 21, 1960

Apr. 1987 Registered as an attorney; joined Oh-Ebashi LPC & Partners
May 1991 Graduated from University of Virginia School of Law
Sep. 1991 Worked at Weil, Gotshal & Manges LLP in New York
Jun. 1992 Registered as an attorney in New York State
Apr. 1993 Partner of Oh-Ebashi LPC & Partners (to present)
Apr. 2010 Visiting Professor, Osaka University Law School (to present)
Jun. 2020 Audit & Supervisory Board Member (to present)

Mr. Hirohiko Ikeda is a corporate law specialist with specialized knowledge as an attorney at law. He has many years of experience as an attorney at law, working on corporate legal and M&A projects. He has also worked as an attorney at law in the United States and has global legal experience through studying litigation and audit systems in the Asia Pacific region. As a university lecturer, he is committed to educating and training young people and has a wealth of experience and insight in law and education.

(As of July 1, 2021)

Executive Officers

Tatsuji Omori	Senior Executive Officer	President of Fuji Oil Co., Ltd.	Kiyohito Suzuki	Executive Officer	General Manager of PBFS (Plant-Based Food Solutions) Division
Haruyasu Kida	Senior Executive Officer	Chief Technology Officer (CTO)	Akihiro Nakamura	Executive Officer	Soy Business Division, Fuji Oil Co., Ltd.
Hitoshi Shindachi	Senior Executive Officer	Chief Strategy Officer (CSO)	Sunao Maeda	Executive Officer	Managing Director of Fuji Europe Africa B.V. (General Manager of European Region)
Masataka Minemura	Executive Officer	General Manager of Oils & Fats and Chocolate Division	Jitsuo Sasaki	Executive Officer	Executive Vice President of Fuji Specialties, Inc.
Naohiro Rokukawa	Executive Officer	Member of the Board of Fuji Oil Co., Ltd.			Managing Director of Fuji Oil Asia Pte. Ltd.
		President of Fuji Oil (China) Investment Co., Ltd.			
		President of Fuji Specialties, Inc.			
		Chairman of Blommer Chocolate Company			

*1 Directors Yuko Ueno, Hidenori Nishi, Toshiyuki Umehara, and Shuichi Miyamoto are outside directors pursuant to Article 2 (3) (v) of the Ordinance for Enforcement of the Companies Act.
*2 Audit & Supervisory Board members Ryuta Uozumi and Hirohiko Ikeda are outside Audit & Supervisory Board members pursuant to Article 2 (3) (v) of the Ordinance for Enforcement of the Companies Act.
*3 Currently, KPMG AZSA LLC
*4 Currently, KPMG AZSA Sustainability Co., Ltd.

Regarding the Issuance of *Integrated Report 2021*



Tomoki Matsumoto
CFO
(Responsible for managing the disclosure of the Integrated Report)

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.

Key editorial team members



Production Flow of *Integrated Report 2021*

In publishing *Integrated Report 2021*, revisions were made to the internal coordination system and production flow, while communicating information on our business-specific strategies in an easy-to-understand manner and clearly conveying our value creation process.



Note: Approximately 80 relevant personnel

Corporate Profile / Stock Information

(As of March 31, 2021)

Corporate Profile

Company Name

Fuji Oil Holdings Inc.

Headquarters

Daibiru Honkan Building, 3-6-32 Nakanoshima, Kita-ku, Osaka 530-0005, Japan

Note: Registered location of headquarters: 1 Sumiyoshi-cho, Izumisano-shi, Osaka

Established

October 9, 1950

Capitalization

¥13,208 million

Representative

President and CEO Mikio Sakai

Note: Appointed in April 2021

Number of Employees (consolidated)

5,679

Subsidiaries and Affiliates

38 consolidated subsidiaries

10 non-consolidated subsidiaries and affiliates

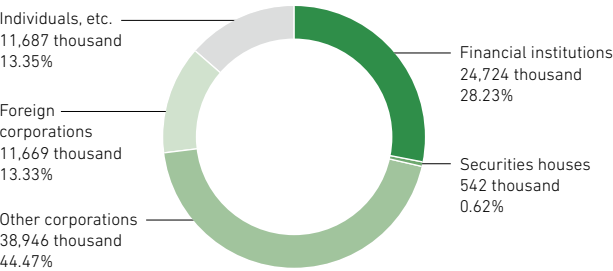
Stock Information

Total shares authorized: 357,324,000

Number of shares outstanding: 87,569,383

Number of shareholders: 23,794

Composition of Shareholders



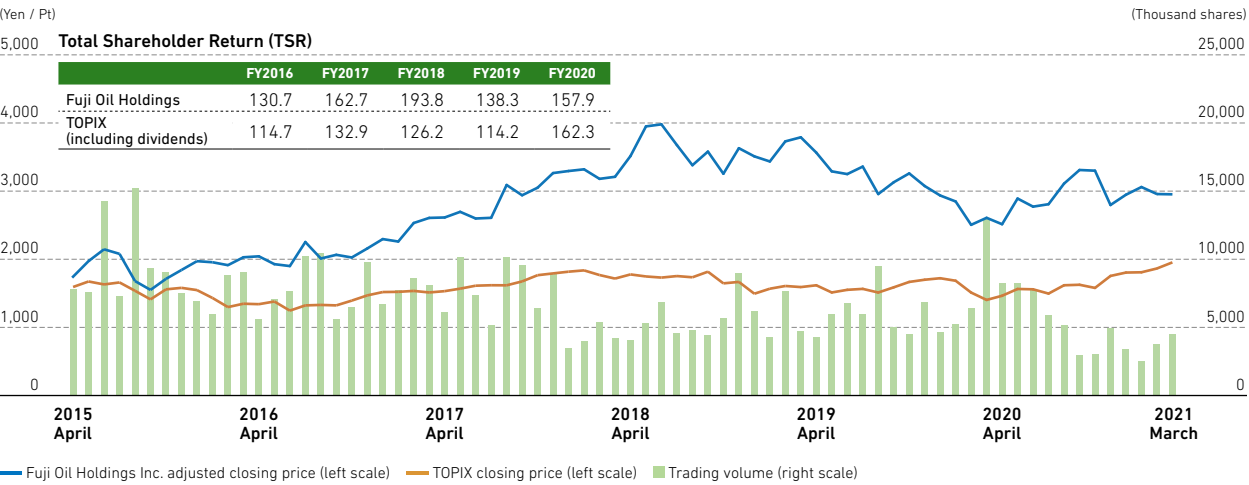
Notes: 1 1,494,196 shares of treasury stock are included in "individuals, etc."
2 Number of shares is rounded down to the nearest thousand shares.

Major Shareholders (Top 10)

Shareholder name	Number of shares held (Thousands)	Ratio of shareholding* (%)
ITOCHU Food Investment, LLC	33,219	38.59
The Master Trust Bank of Japan, Ltd. (Trust account)	4,783	5.56
Custody Bank of Japan, Ltd. (Trust account)	3,648	4.24
National Mutual Insurance Federation of Agricultural Cooperatives	2,639	3.07
Fuji Oil Customer Shareholding Association	1,409	1.64
ITOCHU Sugar Co., Ltd.	1,130	1.31
Nippon Life Insurance Company	1,100	1.28
Sumitomo Mitsui Banking Corporation	1,078	1.25
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,058	1.23
The Norinchukin Bank	1,049	1.22
Total	51,117	59.38

* The ratio of shareholding is calculated excluding treasury shares (approx. 1,494 thousand shares).

Stock Price and Trading Volume





Contact Information

IR Team, Finance & IR Group

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