



Foundation of Value Creation

The Fuji Oil Group is striving to strengthen the foundation of value creation in order to continue sustainable growth and co-create a sustainable future for food. The Group's value creation is supported by our operations, our understanding of and response to social issues, including environmental and human rights issues along the value chain, and our human resources. Group headquarters is taking the initiative in maintaining and strengthening this foundation of value creation, improving the competitive advantage of the Group as a whole.

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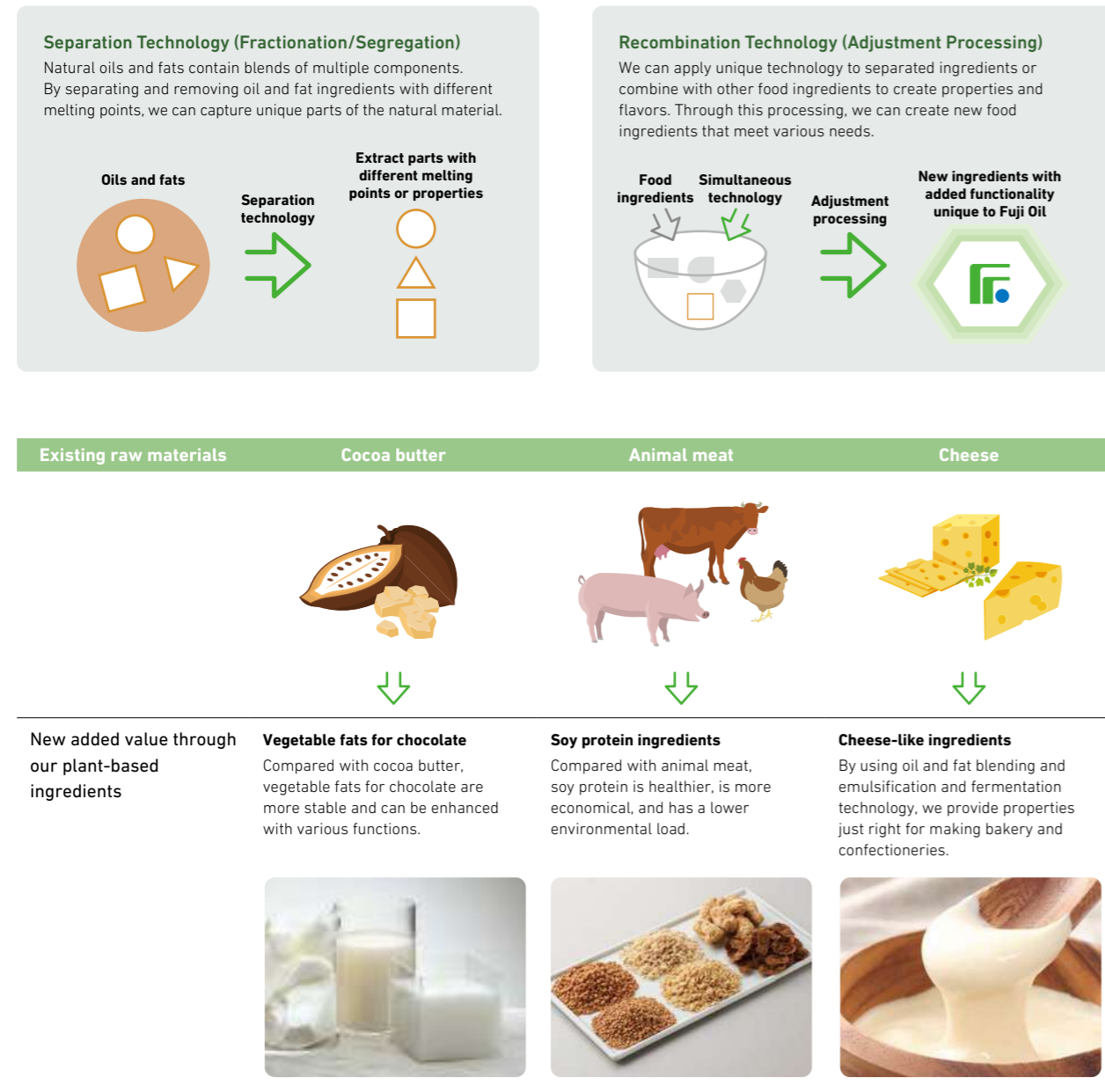
Research and Development

The Fuji Oil Group has achieved growth by earning the trust of its customers. This trust is rooted in our ability to apply unique technology toward pursuing value provision for our customers. As we strive to create a sustainable future for food, our R&D mission is the creation of sustainable plant-based ingredients. Through collaboration among R&D divisions and co-creation activities with external partners, we promote R&D activities that take both short- and long-term approaches to resolving social issues. At the same time, we work to strengthen the correlation between R&D and business strategy to increase the speed of commercialization and profit creation.

Fuji Oil Group Product Development Technology

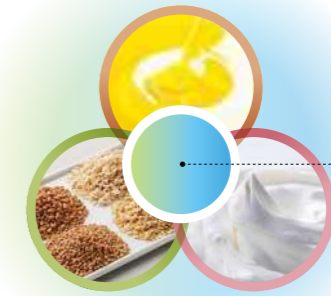
History of Using “Separation Technology” and “Recombination Technology” to Create New Ingredients Offering New Value

When Fuji Oil was founded in 1950, we set our sights on southeastern oils and fats such as coconut and palm, which were not common in Japan, as a way to secure raw materials and distinguish ourselves. We apply our core technologies—separation technology and recombination technology—to achieve the advanced use of those raw materials. In addition to providing delicious flavor, we also offer added value, such as convenience and functionality. Through this model, we have created new ingredients and contributed to the development and transformation of food culture.



New Core Technology Achieving Surprisingly Delicious Foods with Plant-Based Ingredients

We take advantage of the Fuji Oil Group's distinctive product and technology portfolio, which is rooted in refined core technology related to plant-based ingredients, to advance the fusion of vegetable oils and fats, vegetable proteins, and emulsification and fermentation technology. By establishing technology that provides surprisingly delicious foods as a new core technology, we create plant-based ingredients that expand food options while focusing on the creation of products that support a sustainable future for food.



Combining technology in the creation of surprisingly delicious taste using only plant-based ingredients
Fuji Oil Group's proprietary core technology

Initiatives Focused on New Business Creation → P74

Three-Pronged R&D Structure for Creating Value-Added Products



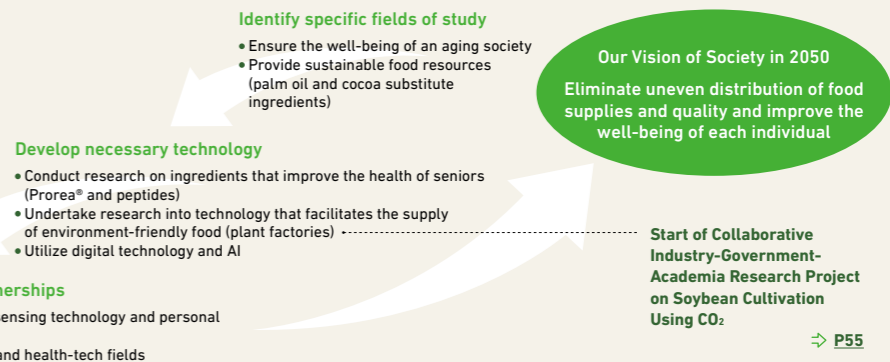
Research Institute for Creating the Future

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. The institute treats social issues related to an aging society and sustainable food sources as particularly important. The institute is developing food ingredients that take advantage of cognitive function improvement benefits and the newly discovered bone metabolism improvement function of Prorea®, a highly stabilized DHA/EPA that received the JSBBA Award for Achievement in Technological Research in 2022. The institute is also developing sustainable oil and fat raw materials and is engaged in advanced research in fields such as genome editing. In R&D activities, speed and timing are of the utmost priority. The Research Institute for Creating the Future collaborates with Food Tech Studio – *Bites!*, which is operated by U.S.-based Scrum Ventures, and has begun collaborative work with multiple other start-up companies. We will continue to accelerate innovation.



Akihiro Nakamura

Executive Officer
Research Institute for
Creating the Future



Ingredient Development

While product development gives us the ability to respond to the requests of customers, it also requires us to have the ability to analyze market needs and predict the ingredients that customers and consumers will need. We create samples in our R&D labs before eventually moving to mass production at one of our plants. We advance development in a way that ensures we provide our customers with ingredients of stable quality. By testing various combinations of raw materials, blends, and manufacturing methods, we work to offer a variety of customer and consumer value through our products.



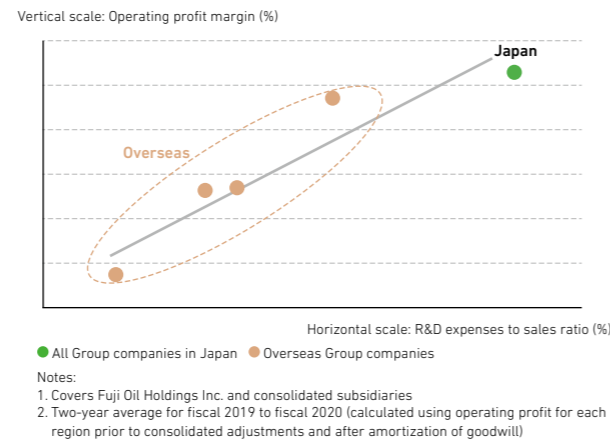
Market Development

We use ingredients developed through R&D to create recipes that appeal to consumers. We work to resolve all types of customer issues, from providing information on market trends to improving plant processes and workability. We established FUJISUNNY PLAZA as centers for co-creation with customers in Japan, China, and elsewhere in Asia. In 2022, we opened our first application lab at Blommer Chocolate Company (U.S.) (→ P70). We are working with customers to create products tailored to consumer preferences in each region.

R&D Structure to Support Group Growth

Currently, the Fuji Oil Group's distribution of human resources and investments for R&D are focused on Japan, which is impacting area profitability. We also recognize the problem of the incomplete nature of R&D strategy integration into our area strategy. We are working to resolve these issues by strengthening the Group network and strengthening our global R&D centers and open innovation, and we will promote the creation of a management structure linked to our strategic targets. To leverage our high-quality intellectual property toward improving our business competitiveness, we will advance our patent strategy and increase the speed of product development and our response to global social issues.

Correlation between Fuji Oil's R&D Expenses to Net Sales Ratio and Operating Profit Margin



Strengthening the Group Network

GTC (Global CTO Committee)

The GTC comprises the Group headquarters Chief Technology Officer (CTO) and CTOs of each area with the objectives of engaging in early information exchange on new technology and products to expand into other areas and of rapidly resolving global issues.

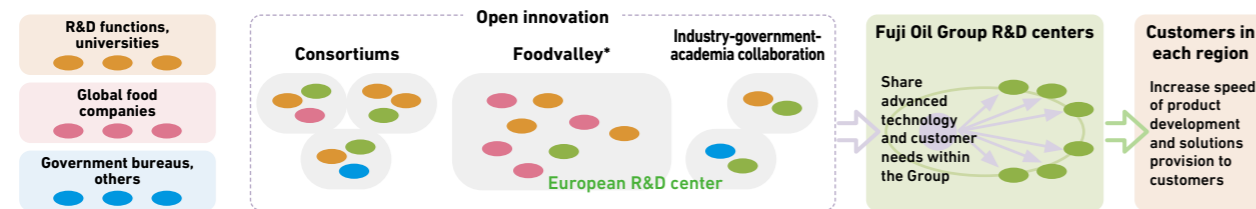
TIEMs (Technical Information Exchange Meetings)

TIEMs bring together R&D personnel working in similar businesses from around the world with the goals of sharing technology and market information, exchanging information on new products and technology, refining the skills of R&D staff, and improving communication among Group companies.



Strengthening Our Global R&D Centers and Open Innovation

We will build and proactively participate in industry-academia collaboration consortiums with domestic and overseas research institutions and use our European R&D center as a hub to promote open innovation. We will promote the acquisition of new technology and the development of global human resources, and we are working to increase our R&D speed to accelerate our creation of social value.



* Foodvalley: A general name given to an area of Wageningen, Netherlands, with a concentration of food-related companies, universities, and research institutions. Over 270 companies take part in building a network to accelerate the global transition to a sustainable food supply system.

VOICE of Representative



Liz Kamei
(center right)
Head of Fuji Oil Global Innovation Center Europe (GICE)

Concentrating Group Strengths to Create New Value and Resolve Social Issues

The world is changing at an alarming rate. By combining the Fuji Oil Group's core strengths with new technologies developed by our partners, we can innovate and create new value with a sense of speed. Fuji Oil Global Innovation Center Europe (GICE), our base for R&D in Europe, was established to create sustainable solutions by leveraging open innovation and a unique ecosystem of partners to resolve social issues. GICE is located on the Wageningen University & Research campus in the Netherlands, with easy access to universities, start-ups, and multinationals. The center is active in three public-private consortiums as well as involved in technical evaluations for several companies, including start-ups in the Netherlands and the United Kingdom. We also work with Group companies in Asia, Europe, and the Americas to leverage expertise within our global R&D organization and maximize value creation for the entire Group.

Group Intellectual Property Strategy

Since our founding, we have used plant-based raw materials such as palm oil, cocoa, and soybeans as our basic raw materials and have applied research results and technological capabilities cultivated over many years to provide high-value-added products.

We have built a patent portfolio based on results refined using our core technology, and we leverage our distinctive products to maintain market dominance and pricing power.

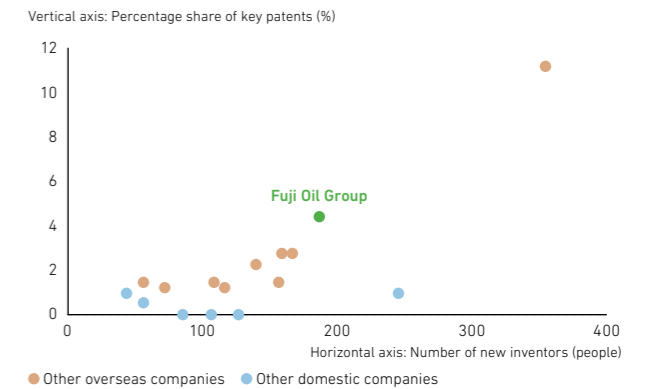
For oils and fats and the chocolate-related business*¹ (see Graph 1) and the plant-based food (PBF) business*² (see Graph 2), we maintain Japan's leading share of important patents*³ with the potential to impact our market dominance and pricing power. Our investments in human resources for future important patents (approximately equal to the number of new inventors*⁴) rank high in comparison with both domestic and overseas competitors.

Moving forward, we will continue to outline and execute intellectual property strategies linked to our business. We will also continue to invest in human resources in core technology fields to enhance our global market dominance and pricing power.

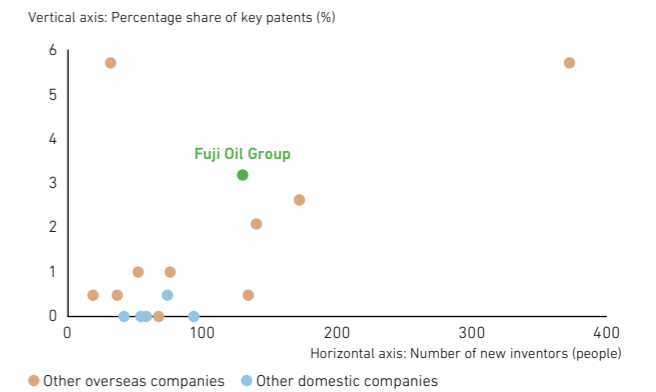
We also regularly review our intellectual property portfolio to examine rights maintenance costs in each country and engage in strategic allocation for new patent application and rights acquisition costs. We will continue to raise the asset value of our intellectual property through forward-looking investments.

*¹ Defines the patent group extracted based on patent classifications related to oils and fats, chocolate, etc., over the past 10 years (since 2011).
*² Defines the patent group extracted based on the patent classification and keywords related to plant-based food in the past 10 years (since 2011).
*³ Defined as important patents included in the top 5% of cited patents.
*⁴ Calculated by aggregating only inventors who filed new applications in the past 10 years (since 2011).

Share of Important Patents and Number of New Inventors



Graph 2: PBF-Related



R&D Human Resource Development

We actively dispatch R&D personnel overseas to participate in study and training programs as well as invite R&D personnel to Japan from various countries for technical training. These initiatives promote overseas information gathering and network building and help our R&D personnel develop global perspectives. In 2022, we will conduct training in Japan for R&D staff from Harald Indústria e Comércio de Alimentos Ltda and Blommer Chocolate Company and also accept internship students from European universities.

VOICE of Representative



Li Yan Jesse
Fuji Oil (China) Investment Co., Ltd.
New Business Division

Meeting the Challenge as an Overseas Trainee

After joining Fuji Oil Co., Ltd., I was assigned to the market development team for East Asia, where I learned about markets in Hong Kong and Taiwan. Later, I was involved in confectionery and bakery development and customer service for the Japanese market. In 2022, I was dispatched as an overseas trainee to the New Business Division of Fuji Oil (China) Investment Co., Ltd., where I will receive practical training for two years. I want to apply the development technology, marketing knowledge, and language skills I have cultivated so far to make contributions on a global scale.

Highlights

R&D Human Resource Development | Cultivating a Culture of Challenge and Innovation in Japan

Fuji Oil Co., Ltd. engages in various initiatives to promote innovation. These initiatives include a system for researchers from different specialties to form a team and take ownership toward rapid commercialization. We hold a CHALLENGE DAY, where employees can engage in initiatives that they consider important. We also sponsor the Idea Contest, through which employees give form to highly creative ideas and evaluate each other's ideas. These efforts encourage researchers to openly engage in challenge and innovation and further the cultivation of a culture and human resources that drive innovation.



Idea Contest

Production Activities

As an essential food business dedicated to protecting life, the Fuji Oil Group believes it can contribute to society through business offering plant-based food ingredients. Production is a critical activity that forms the foundation of our business. To ensure we can provide our customers with safe, reliable, quality products without supply delays, technological skill and detailed responses specific to each production site are required. By striving to improve the quality and efficiency of Group production activities, including the sharing of know-how cultivated by Group companies, we will continue meeting the needs of customers and consumers around the world.

Productivity Improvement Initiatives

Bottom-Up Improvement Activities (Japan)

Fuji Oil Co., Ltd. has engaged in PIC* activities since 2008. Through these activities, we identify issues facing each production department and clarify problems identified by workers. Staff participate in small-group discussions to share knowledge with a view to increasing work and production efficiency and improving safety. Through PIC activities, we develop human resources who are capable of identifying and resolving problems on their own.



* PIC: Productivity Improvement & Challenge

Plant Design and Support by Engineers

Engineers from the Engineering Development Department engage in production technology research, production process development and improvement, and production plant construction. The important aspect of production facility design is to improve safety, environmental friendliness, and quality while realizing cost reductions. In the adoption of new production technology, the Production Department and the Maintenance Department collaborate to realize optimal plant facilities.

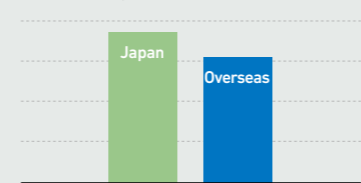


Initiatives for Fundamental Improvements to Group Productivity

Problem Awareness and Direction of Initiatives

- From April 2021, assigned dedicated staff to promote Groupwide productivity improvements at overseas Group companies
- Created five unique indicators, mainly related to facility productivity, to enable visual representations of productivity
- Used analysis results of indicators to identify and improve the weaknesses of each Group company and implemented the following Groupwide initiatives: ① **promote and standardize preventative maintenance** and ② **promote the sharing of production know-how**
- Linked the above activities to profit generation by reducing unscheduled production stoppages and increasing production capacity without the need for major capital investments

Unique Indicators Used to Quantify and Analyze Region-Specific Productivity



① Promote and Standardize Preventative Maintenance

- During the period of the new mid-term management plan, aim to standardize a preventative maintenance approach throughout the Group to reduce sudden failures
- Shared educational materials in fiscal 2021, and from fiscal 2022 engage in communication to promote adoption and standardization

② Promote the Sharing of Production Know-How

- Use unique indicators to stimulate communication between Group headquarters and overseas Group companies, identify issues related to production activities, and improve productivity by sharing production technology and know-how

VOICE of Representative



Shoji Miyamoto
Chief Industrial Officer (CIO)
Harald Indústria e Comércio de Alimentos Ltda

Continuous Productivity Improvements through Kaizen Initiatives

In recent years, we have strengthened our *kaizen* (continuous improvement) initiatives and produced significant results, including reduced complaints, reduced waste, and improved productivity. These initiatives include not only infrastructure improvement but also improvements in approaches taken by individual production members in evaluating the results they achieved through specific actions and through repeating successful processes. By understanding the pattern behind the process of winning (value creation), we engage in a cycle of *kaizen* that leads to continuous self-improvement. The accumulation of these successful experiences also becomes a visual representation for employees to see how they contribute to the Company's performance.

The next step in this process is what we call the "Why-Why analysis." We encourage each employee to autonomously engage in analysis to shorten the time between identifying the real cause (pursuing the true nature of things) and taking action. This process helps us reduce lost opportunities. We will continue encouraging employees to engage in and improve on the *kaizen* process and link these efforts to productivity improvements for the Company.

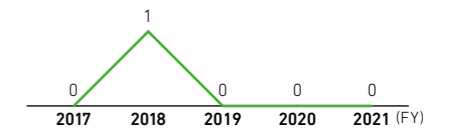


Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on our initiatives regarding assurance of product safety and quality. Ensuring Product Safety and Quality → https://www.fujioilholdings.com/en/sustainability/food_quality/

Ensuring of Product Safety and Quality

Providing safe, quality products is a prerequisite for a food manufacturer. The Fuji Oil Group has established a Basic Policy of Quality and a quality assurance system that we continually work to improve. This system covers all steps in the value chain from product design to delivery to the customer (both B2B customers and end consumers), with the highest priority placed on product safety and quality consistency.

Number of Recalls



Highlights

Improving Employee Quality Awareness

Each Group company conducts in-house seminars and hygiene workshops based on measures to provide employees with a basic knowledge of food safety and quality control and to firmly establish these activities. In addition, each company is working to raise quality awareness among employees through its own activities, such as participation in Quality Month and Food Safety Day.



Creating a Network among Quality Personnel

To mitigate or eliminate potential quality control risks at Group companies, and to promote collaboration toward rapid resolution in the event a problem occurs, we are building a network that allows companies to share their respective resources. The quality personnel of each company engage in information sharing, including information on advanced analytical techniques, to realize improvements in our quality assurance system.

Fiscal 2022 Initiatives

- Heighten employee quality awareness to achieve zero cases of quality-related complaints
- Raise quality awareness of employees in order to achieve zero serious quality-related complaints, strengthen communication with quality managers at Group companies, and promote a food safety culture and the sharing of quality-related information

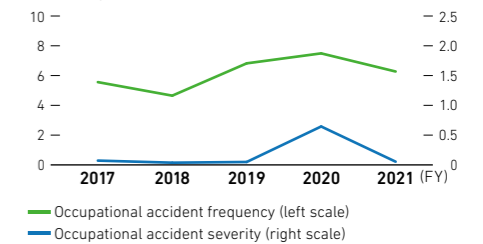


Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on our initiatives regarding occupational safety. Promoting Occupational Health and Safety → <https://www.fujioilholdings.com/en/sustainability/safety/>

Occupational Safety

In the Fuji Oil Group Management Philosophy, the first of our values that inform our actions is "safety, quality, and the environment." Among these three, the Group places top priority on "occupational safety" to achieve continuous growth. We promote occupational health and safety through the six items of the Basic Policy of Safety and Health. Our aim is to protect the lives and health of our employees and all the people working at our business sites, and eliminate work-related accidents.

Occupational Accident Frequency and Severity



Highlights

Implementing Occupational Health and Safety Audits

In fiscal 2021, Fuji Oil Co., Ltd., which acts as a regional headquarters, conducted audits of nine domestic sites. Our Group headquarters also performed audits of four overseas production sites via online conferences. By using a wearable camera*, we are able to visually check sites through live video streaming even from locations in Japan.



Conducting an audit via online conference

* A camera worn on the body that can record video hands-free

Adopting Safety Training Equipment that Uses VR

We have begun VR training that allows employees to experience hazardous situations. We believe that using VR to experience occupational accidents, which employees cannot experience under normal conditions, will lead to their increased safety awareness. In fiscal 2021, Fuji Oil (Zhaoqing) Co., Ltd. (China) adopted this system of VR training, and we will recommend its use to other Group companies in the future.



VR training at PT. Freyabadi Indotama

Fiscal 2022 Initiatives

- Continue to practice pointing and calling and other activities to raise safety awareness
- Conduct risk prediction training and continue activities to promote safety awareness
- Ensure greater safety awareness by adopting safety simulators using VR

Sustainable Procurement

Our Vision for 2030 is the co-creation of a sustainable future for food, and we believe that building a responsible supply chain is essential to realize this vision. Suppliers are our key partners in finding solutions to social issues in the supply chain, such as human rights. We will work with our suppliers on environmental conservation, respect for human rights, fair business practices, risk management, and other challenges, aiming for sustainable development of suppliers, Group companies, and society as a whole.

Our Commitment to and KPIs in Sustainable Procurement of Key Raw Materials

| Raw Materials | Palm oil | | Cocoa | |
|--|--|--|--|---|
| | Global environment | Human rights | Global environment | Human rights |
| Social Issues in the Supply Chain | Deforestation, peatland development | Forced labor; child labor; exploitation of indigenous peoples, local residents, and workers | Deforestation, climate impacts on producing regions, biodiversity loss | Child labor, poverty among farming families |
| Medium- to Long-Term Goals | No deforestation, no peatland development, no exploitation | | Reforestation, elimination of child labor | |
| Procurement Policy | Responsible Palm Oil Sourcing Policy (2016) | | Responsible Cocoa Beans Sourcing Policy (2018) | |
| 2030 | 100% TTP ¹ | Implement Labour Transformation Programme (LTP) to all direct suppliers | 1 million trees planted ³ | Elimination of child labor |
| KPIs | | | | |
| 2025 | 85% TTP | Implement Labour Transformation Programme (LTP) to all suppliers of Palmaju Edible Oil (Malaysia) ² | 500,000 trees planted | No Worst Forms of Child Labor ⁴ |
| FY2021 Results | 85% TTP | 27% (All suppliers of Palmaju Edible Oil (Malaysia)) | 100,000 trees planted | <ul style="list-style-type: none"> Launched CLMRS⁵ at 100% of communities from which Blommer Chocolate Company (U.S.) directly purchases cocoa beans Conducted GPS mapping at 87% of the cocoa farms supplying cocoa beans directly from which to Blommer Chocolate Company (U.S.) |

| Raw Materials | Soybeans | | Shea kernels | |
|--|--|--|--|--|
| | Global environment | Human rights | Global environment | Human rights |
| Social Issues in the Supply Chain | Deforestation, biodiversity loss | Exploitation of indigenous peoples, local residents, and workers | Loss of parkland | Poverty among farming families |
| Medium- to Long-Term Goals | No deforestation, no exploitation | | Forest conservation, support for women's empowerment | |
| Procurement Policy | Responsible Soybeans and Soy Products Sourcing Policy (2021) | | Responsible Shea Kernel Sourcing Policy (2021) | |
| 2030 | Traceability achieved to community level, or 100% procurement of RTRS ⁶ -certified products or products certified to equivalent standards | | 6,000 trees planted per year ⁷ | <ul style="list-style-type: none"> ① Traceability to village level: 75% ② Direct procurement of shea kernels from Tebma-Kandu cooperatives: 50% ③ Percentage of shea kernels crushed and fractionated (separated) in Ghana: 100% |
| KPIs | | | | |
| 2025 | Traceability achieved to primary collection points, or 100% procurement of RTRS-certified products or products certified to equivalent standards | | 6,000 trees planted per year | <ul style="list-style-type: none"> ④ 50% ⑤ 30%⁸ ⑥ N/A ⑦ Non-fossil fuel energy⁹ use by Fuji Oil Ghana Ltd.: 100% (2023 target, base year: 2021¹⁰) ⑧ Permanent, direct employees at Fuji Oil Ghana Ltd.: 50% increase (base year: 2017) |
| FY2021 Results | Created self-assessment tool for suppliers and began assessing conditions at each supplier | | 6,000 trees planted per year | <ul style="list-style-type: none"> ① 30% ② 2.5% ③ 100% ④ 93% ⑤ 42% increase (base year: 2017) |

¹ TTP: Traceability to Plantation
² Palmaju Edible Oil Sdn. Bhd. (Malaysia): An oils and fats manufacturer wholly owned by Fuji Oil Holdings Inc.
³ We plan to plant a variety of shade tree saplings, totaling one million trees over a 10-year period from 2021 through 2030.
⁴ The International Labour Organization (ILO) Convention No. 182, known as the Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, prohibits hazardous work that may harm the health, safety, or morals of children. This includes the sale and trafficking of children, debt bondage, forced or compulsory labor, prostitution and pornography, illegal activities such as crime, and recruitment of children for use in armed conflict.
⁵ CLMRS: Child Labour Monitoring and Remediation System
⁶ RTRS: Round Table on Responsible Soy Association
⁷ We plan to plant mainly shea tree saplings at a pace of 6,000 trees per year starting in 2021.
⁸ Our KPIs for years 2021, 2022 and 2023 are 10%, 15% and 20%, respectively.
⁹ We plan to use shea kernel meal, a byproduct of oil production, and other raw materials as non-fossil fuels.
¹⁰ Our current non-fossil fuel rate as of 2021 is 75%.



Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on our initiatives regarding sustainable procurement. Sustainable Procurement Management → <https://www.fujioilholdings.com/en/sustainability/procurement/>

Supplier Code of Conduct

Suppliers are our key partners in achieving a sustainable society as represented by the UN SDGs (Sustainable Development Goals). We formulated and announced the implementation of the Fuji Oil Group Supplier Code of Conduct in April 2021, aiming for sustainable development of "suppliers," "the Fuji Oil Group," and "society" through joint development. We have asked our suppliers in all regions to observe these standards, to coordinate their actions according to our principles, and to respond to an agreement to this effect (supplier responses scheduled for collection in fiscal 2022). Going forward, we will continue to work with our suppliers that agree to comply with these standards to realize a sustainable society.

System for Promoting Sustainable Procurement

The Group's CSO is in charge of managing sustainable procurement of our key raw materials palm oil, cocoa, and soybeans as well as of strategic raw materials like shea kernels. In addition, the progress and results of sustainable procurement, as an element of our ESG materiality, are verified by the Sustainability Committee, which serves as an advisory body to the Board of Directors.

M E S S A G E



Hitoshi Shindachi
 Executive Officer
 Oils and Fats and
 Chocolate Division
 Supply Chain Management
 Group Leader

Collaborate with Business Divisions to Expand Sustainable Products and Create Markets

With the spread of COVID-19, natural disasters, and geopolitical crises, the importance of building a sustainable supply chain has become even more critical. The Group has focused on resolving issues in the supply chain of key raw materials since joining the RSPO¹ in 2004, and has been a pioneer among Japanese companies in launching a palm oil grievance mechanism and a program to support palm and cocoa farmers, which are moving forward as planned. The ideal way of building a healthy and sustainable supply chain is to realize a cycle of events that includes not only procuring raw materials with consideration for the global environment and human rights, but also selling products made from those materials at reasonable prices. In Europe, the Americas, and Australia, initiatives to pay premiums to support production areas throughout the supply chain have become commonplace. However, action is needed in other areas to foster awareness of contributions to sustainable products and to create markets. The development and promotion of attractive products is necessary to stimulate demand, learning from the leading efforts of Group companies in the West. During the period of the new mid-term management plan, we will take our activities one step further and focus on expanding our sustainable products with cooperation from our business divisions in order to gain the understanding of our customers, consumers, and society.

¹ Roundtable on Sustainable Palm Oil

VOICE of Representative



Wong Kok Seng
 Sustainability Manager
 Supply Chain Management
 Fuji Oil Holdings Inc.

Toward the Development of a Sustainable Palm Oil Supply Chain

The European Commission released its draft regulation on human rights and environmental due diligence, requires large EU companies, and non-European companies doing business in Europe, to assess their actual and potential human rights and environmental impacts throughout their operations and supply chains. It is part of our responsibility to ensure supply chain transparency to take prioritized action to prevent, mitigate, and remedy the identified gaps. Through our supplier engagement program, we support our suppliers in capacity building¹ to fulfil the sustainability requirements. This is also a stepping stone for our suppliers to achieve their RSPO/MSP0²/ISPO³ certification, of which the minimum requirements are guaranteed and governed.

¹ To build and improve necessary competencies
² MSP0: Malaysian Sustainable Palm Oil
³ ISPO: Indonesian Sustainable Palm Oil



Andy Harner
 Blommer Chocolate Company
 Sustainability
 Vice President Sustainability, Cocoa
 Sustainability Global Project Lead

Cocoa Sustainability Is a Responsibility, a Requirement, and an Opportunity

Our Fuji/Blommer chocolate business depends on a fragile cocoa network of farmers, families, and communities impacted by complex social and environmental issues. The Fuji Oil Group recognizes its responsibility and is committed to eliminating child labor and deforestation. Sustainability goes beyond being "a right thing to do" and is becoming a legislated requirement in chocolate-consuming countries. While sustainability challenges are great, the opportunities are greater. We partner with customers and suppliers to benefit farmers and their families with cocoa sustainability programs that improve household incomes, eliminate child labor, enable education, promote gender equality, and provide plants for farming and reforestation.

Sustainable Procurement

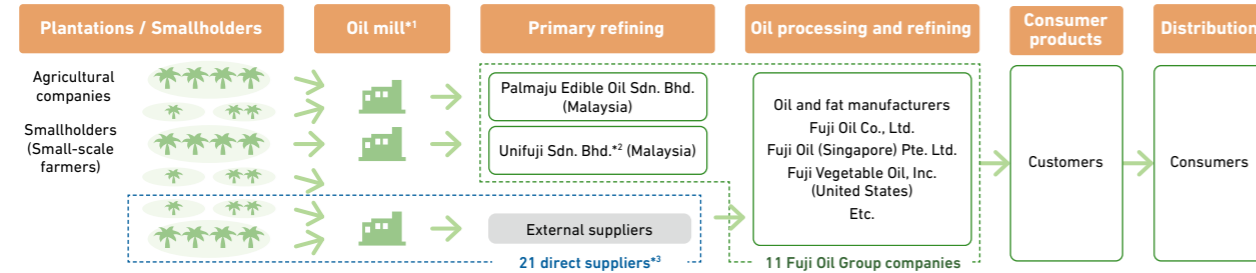


Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on our initiatives regarding sustainable procurement of palm oil. Sustainable Procurement of Palm Oil → https://www.fujiioilholdings.com/en/sustainability/palm_oil/



Sustainable Procurement of Palm Oil

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



*1 More than 1,400 oil mills were registered in the July–December 2021 list of oil mills (mill list).
*2 Unifuji: A joint venture with United Plantations Berhad, a farming company that shares the same values for sustainable palm oil production
*3 As of December 31, 2021

| Social Issue | Solution-Based Approach | Overview of Measures | Location/Scope |
|--------------------|--|--|---------------------------------------|
| Global environment | Satellite-based monitoring | Identify, monitor, and verify activities along our supply chain that contribute to deforestation through the use of satellite images and information to realize improvements in the supply chain and to provide appropriate action regarding cases in the grievance list | Indonesia, Malaysia, Papua New Guinea |
| | Engagement toward zero deforestation | ⇒ Highlights | Malaysia |
| Human rights | Implementation of LTP*1 | ⇒ Highlights | Malaysia |
| Global environment | Aceh Landscape Initiative*2 | Initiative conducted jointly by multiple stakeholders, including local governments, NGOs, private corporations, and plantations, to prevent forest damage and expand the landscape approach of improvement efforts in the region as a whole to 70% of the Aceh Province | Aceh Province, Indonesia |
| | Use self-assessment Tools for Transformation (T4T)*3 | Provide support to suppliers as they self-evaluate efforts, understand to what level they have achieved the Group's procurement policy, and make improvements | Malaysia |
| Human rights | Scale up procurement of certified oil | Promote an increase in the amount of certified palm oil procured by the Group by expanding supply capacity of Unifuji. The ratio of certified palm oil in 2021 was a 41% of the total amount handled (an increase from 32% the year prior). | Worldwide |
| | Grievance mechanism | Updated the grievance list every quarter in 2021, in addition to beginning monthly reporting to internal and external stakeholders. Status of Grievance List (as of the end of March 2022): Total of 261 cases | The Group's palm oil supply chain |

*1 LTP: Labour Transformation Programme
*2 Aceh Landscape Initiative: Supporting landscaping efforts in Aceh Province, Indonesia
*3 T4T: Tools for Transformation

Challenges Toward Initiatives

- Improvements to Traceability to Plantation (TTP) in the form of addressing supply chain complexity and information confidentiality will take time.
- While it will take time to investigate all cases in the grievance list through satellite-based monitoring of deforestation prevention, it is important to publish investigation findings on a regular basis to maintain transparency.
- Promotion of sustainable procurement requires all suppliers up and down the supply chain to take initiative, which makes it essential to deepen cooperation with various stakeholders.

Engagement toward Zero Deforestation

In Malaysia, we are continuously working with stakeholders such as plantations, farmers, and oil mills to combat deforestation caused by palm plantation development. Through the use of traceability to plantation and satellite-based monitoring, we have been able to confirm that 83% of the supply chain for Palmaju Edible Oil is not involved with deforestation.

In addition, the Group is preparing to implement engagements related to zero deforestation for land developers in the southern region of Peninsula Malaysia, a part of the supply chain for Palmaju Edible Oil.

Labour Transformation Programme (LTP)

Collaborating with the Earthworm Foundation, a non-profit organization, we have implemented the Labour Transformation Programme (LTP) along our supply chain since 2017. The LTP is a program to support suppliers in creating frameworks to identify and improve labor-related issues, and it is being introduced to direct suppliers of Palmaju Edible Oil. We continued to implement the LTP even amid the COVID-19 pandemic by working online, and we have completed engagements with two suppliers of this company.

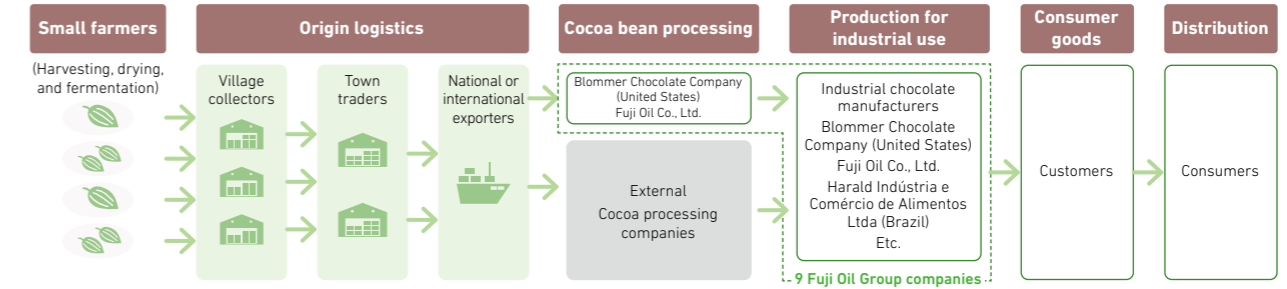


Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on our initiatives regarding sustainable procurement of cocoa. Sustainable Procurement of Cocoa → <https://www.fujiioilholdings.com/en/sustainability/cocoa/>



Sustainable Procurement of Cocoa

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



| Social Issue | Solution-Based Approach | Overview of Measures | Location/Scope |
|--------------------|--|---|---|
| Global environment | Restore forests by planting trees in plantations and surrounding areas | Reduce deforestation and take part in afforestation activities | Worldwide (especially Ghana, Côte d'Ivoire) |
| | | Contribute to improving the livelihoods of cocoa farmers through agroforestry initiatives | |
| Human rights | Introduce CLMRS* and provide educational opportunities to children | Focus on maintaining an environment that prevents child labor and creating a framework to rectify any violations of children's rights along the supply chain Establish CLMRS at each community in every village that supplies cocoa beans to Blommer | West Africa (Ghana, Côte d'Ivoire) |
| Global environment | Implement community development program | For farmers participating in the program, introduce Good Agricultural Practices (GAP) and support cocoa cultivation in consideration of climate change | West Africa (Ghana, Côte d'Ivoire) |
| | | Focus on creating economic opportunities for women and supporting women's efforts in the community | |

* CLMRS: Child Labour Monitoring and Remediation System

Challenges Toward Initiatives

- It is important to improve farmers' livelihoods, protect children, provide educational opportunities to female cocoa farmers, and protect and restore forests, among other issues.
- 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 resolve.
- In the regions where programs will be implemented, we must assess the issue of child labor and provide agricultural training to improve farmers' livelihoods, which is a factor behind the child labor issue. However, engaging with local communities and gaining their understanding will take time.

Conserving and Restoring Forests by Planting Trees

In 2021, we partnered with One Tree Planted, a non-profit organization based in the United States, to plant 100,000 saplings of various types in cocoa farms and surrounding areas in the western region of Ghana. This project will return a tree canopy to the buffer zone along the forest protection area and be a path to maintaining the forest environment and ecosystem. The distribution of various types of saplings to cocoa farmers will contribute to the protection of cocoa trees and the improvement of farmland soil. In addition, the cocoa farmers can sell the fruits and spices harvested from these planted trees to supplement their income. This tree-planting initiative, also called agroforestry, is a way to contribute to the livelihoods of farmers.

©One Tree Planted

Support for Cocoa Farmers

We are engaged in addressing challenges along our supply chain by directly supporting cocoa farmers in Côte d'Ivoire, Ghana, and Ecuador through the implementation of GAP and cocoa cultivation in consideration of climate change. Farmers and communities taking part in these programs receive a premium for their provided cocoa beans, leading to an increase in household income. These premiums are also paid out as compensation for any additional work required to meet the Group's standards or any third-party standards, which contributes to strengthening the supply chain. In 2021, we implemented support programs for 1,250 cocoa farmers* in Ghana.

* This figure refers to the 2020 to 2021 cocoa harvest cycle (October 1, 2020 to September 30, 2021).

Sustainable Procurement



Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on our initiatives regarding sustainable procurement of soybeans. Sustainable Procurement of Soybeans → <https://www.fujioilholdings.com/en/sustainability/soy/>



Sustainable Procurement of Soybeans

| Social Issue | Solution-Based Approach | Overview of Measures | Location/Scope |
|---------------------------|---|--|---------------------|
| Global environment | Trace supply chain to primary collection points | <ul style="list-style-type: none"> While we currently oversee 100% of our distribution record in Japan, certain issues arise with some disconnect between the Responsible Soybeans and Soy Products Sourcing Policy and each supplier. Overseas, we have an issue with ensuring traceability to primary collection points, where soybeans are transported and collected from a large number of commercial farms. | U.S., Canada, China |
| Human rights | Gather information through RTRS membership | <ul style="list-style-type: none"> We joined RTRS in 2020 and formulated a sourcing policy after gathering information. The next step is to plan initiatives for each region. | U.S., Canada, China |

Challenges Toward Initiatives

- While sustainable procurement of soybeans targets soybeans and soy protein raw materials from North America and China, it is important to improve traceability to understand problems in the producing areas.

Highlights

Procurement of Non-Genetically Modified Soybeans

We procure soybean raw materials only from North America, China, and Japan, all of which are non-genetically modified (non-GM) soybeans. In North America, both GM soybeans* and non-GM soybeans are distributed in large quantities. Therefore, we place strict controls on soybeans produced in North America to ensure that non-GM soybeans shipped to us are cultivated, transported, and stored separately from GM soybeans.

In China, which is another major source of soybeans for us, the cultivation of GM soybeans is prohibited. In recent years, however, GM soybeans have been imported to China as raw materials for oil extraction. Therefore, it has become increasingly important to manage non-GM soybeans through strict separation from GM soybeans. Regarding the procurement of soybeans from China, we continue to respond to strict management requirements through close cooperation among our Group companies while adopting management know-how from Fuji Oil Co., Ltd.

* Genetically modified (GM) soybeans: Soybeans that have been engineered through gene recombination to produce a more stable yield by adding functions such as herbicide resistance



Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on our initiatives regarding sustainable procurement of shea kernels. Sustainable Procurement of Shea Kernels → https://www.fujioilholdings.com/en/sustainability/shea_kernel/



Sustainable Procurement of Shea Kernels

| Social Issue | Solution-Based Approach | Overview of Measures | Location/Scope |
|---------------------------|---|---|----------------|
| Global environment | Conserve parkland where shea trees grow | <ul style="list-style-type: none"> Plant shea seedlings and contribute to parkland conservation Cooperate with local NGOs to train farmers in appropriate tree management methods | Ghana |
| Global environment | Reduce environmental impact by shifting to non-fossil fuel energy in Fuji Oil Ghana Ltd | <ul style="list-style-type: none"> Convert energy needed for production from mineral oil to non-fossil fuels to reduce CO₂ emissions and eliminate waste Use byproducts of the shea butter production process as fuel to reduce the amount of firewood used, reducing deforestation and saving water | Ghana |
| Human rights | Create value in local communities | → Highlights | Ghana |

Challenges Toward Initiatives

- Women are traditionally involved in the harvesting and processing of shea kernels. Because of this, it is important to contribute to supporting the economic independence of female farmers while respecting regional customs.
- Effective progress of Tebma-Kandu programs requires frequent and efficient communication with women's cooperatives in the supply chain, which are scattered across a large area and in some cases speak different languages.

Highlights

Tebma-Kandu Program

Fuji Oil Ghana Ltd. established the Tebma-Kandu shea kernel sustainability program in March 2021. We are working with 23 women's cooperatives in the northern region of Ghana by providing warehouse sponsorships, advance financing, and quality control training, with plans to increase the ratio of direct procurement from these cooperatives. This initiative will reach out to 20,000 female farmers to contribute to their empowerment and raise the productivity of their cooperatives. We also aim to enhance supply chain traceability for Fuji Oil Ghana, improve the quality of the harvested shea kernels, and create value in local communities in Ghana.



DX

The Fuji Oil Group's DX Vision Aiming to Enhance Group Business and Operations Management

The Fuji Oil Group is striving to reform itself into a corporate group that presents new customer value propositions through plant-based ingredients. We are using digital technology as the management platform to support that reform, and we will aggressively engage in developing human capital with digital skills.

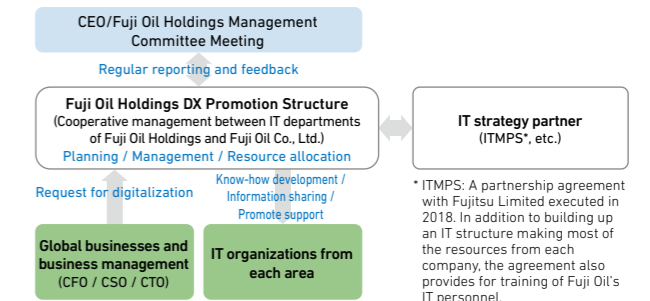
We are introducing a globally integrated ERP system into Group companies and utilizing internal and external data to enhance global operational management that transcends area of operation or business sector.

Creating a Structure for Effectively Promoting DX and the Efficient Distribution of Management Resources

Create a DX promotion structure that encompasses all businesses, areas of operations, and chief officer functions to enable Groupwide initiatives

Goals

- Build a Group integrated database
- Create visual representation of PSI (production, sales, inventory) data for the entire Group
- Implement the above to optimize supply chains and deepen sustainability measures utilizing non-financial data



* ITMPS: A partnership agreement with Fujitsu Limited executed in 2018. In addition to building up an IT structure making most of the resources from each company, the agreement also provides for training of Fuji Oil's IT personnel.

Initiatives Supporting DX

- Positioning cybersecurity as a management issue, we will respond to increasingly advanced and complex cyber threats by establishing an internal CSIRT* structure and engaging in activities to strengthen our resistance to cyberattacks. These activities include conducting global security internal audits and educational programs to improve employee awareness.
- Through our IT partnership with Fujitsu Limited (ITMPS), we will develop human resources with advanced digital skills and strengthen system development.
- We will conduct data management and analysis training for the entire Group to help increase IT literacy and permeate DX, and we plan to implement cross-division rotations of personnel with digital skills.

* CSIRT: Computer Security Incident Response Team

Build a Digital Platform for Supporting Reforms and Promote DX-Driven Business Reforms

Currently, the Fuji Oil Group is in the process of adopting a globally integrated ERP system that will serve as the digital platform for Group management. Through this system, we will consolidate financial governance, business process standards, and accounting periods. Ultimately, we plan for the integrated system to cover more than 90% of Group companies (based on consolidated net sales). By creating an integrated database, business data collection and advanced data analysis will help us better recognize business status. Through the introduction of the FUJI ROIC (→ P33), we will also accelerate our business decision-making on issues such as management resource allocation, investments, and withdrawal.

Fuji Oil Co., Ltd. is implementing the PSI Reform Project, which targets DX-driven business reforms for production and sales that will increase the productivity and competitiveness of existing businesses. By introducing a PSI balance-management system, we will optimize and standardize business processes to avoid individual dependency. We will also optimize demand and supply planning to maintain appropriate inventory levels, which will reduce losses and improve customer response.

VOICE of Representative



Atsuko Tomeoka
Fuji Oil Asia Pte. Ltd.
Finance & Admin IT Manager

IT-Driven Positive Impact Creation to Offer Value to Management and Customers

Through participation in the ITMPS ERP implementation project and by receiving various training, I have gained a strong awareness of IT-driven positive impact creation. I believe the true role of IT is to go beyond simple workflow optimization and to provide positive value that contributes to management strategy and decision-making. As the companies are relatively small-scale here in the Southeast Asia region, including in Singapore where I am currently working, IT utilization and value provision are not that advanced.

I am diligently working to resolve this issue, so that IT will provide additional value to management and customers. I will align our strategies with the Group's overall digital promotion strategy while working closely with ITMPS to conduct the best practices for our area.



Special Conversation

Utilizing and Strengthening Intangible Assets for Group Growth



Takashi Kadota

Director
Senior Executive Officer,
Chief Technology Officer (CTO)
and ESG Representative

Profile

For many years, Mr. Kadota worked in the Company's Engineering Development Department, and his experience includes managing safety, quality, and production. He also spent time in the United States and China. Mr. Kadota previously served as Fuji Oil Chief Quality Officer (CQO) and C-ESG O. From April 2022, Mr. Kadota assumed the role of Chief Technology Officer (CTO) overseeing production technology and R&D while also serving as ESG Representative.

Toshiyuki Umehara

Independent
Outside Director

Profile

Mr. Umehara has served as a Fuji Oil Independent Outside Director since June 2021. His experience includes many years working as an engineer and business manager at Nitto Denko Corporation, a company that has produced numerous products boasting top shares in several fields, including FPD materials, automobiles, and health care. Mr. Umehara has vast knowledge related to the technology management and information fields.

How do we use our technical strengths and other intangible assets toward realizing further Group growth? A dialogue between CTO Takashi Kadota, newly appointed in fiscal 2022, and Outside Director Toshiyuki Umehara.

Kadota

Today, I would like to discuss technology. Technology is a broad theme, but I think the term can be divided into two categories. The first technology category is the product development that helps create products. The other category is the production technology incorporated into production sites to enable mass production. One of our Group strengths has been maintaining high standards for these two categories of technology. That is one of the reasons why Fuji Oil is considered a technology leader. Our product development is supported by the Fuji Science & Innovation Center and the R&D centers we have established across the globe. Production technology is built on numerous processes implemented by the Engineering Development Department to improve productivity. While there is still significant room for improvement at the production sites of our overseas Group companies, overall the Fuji Oil Group has established a high global standard. At the same time, we face the issue of superior technology not resulting in profitability, which indicates we must improve our R&D efficiency. By analyzing R&D efficiency at Group companies, we see a correlation between our R&D expenses to net sales ratio and our operating profit margin. The operating profit margin for the Fuji Oil Japan Group, which boasts vast R&D resources, tends to be higher than operating profit margins of Group companies in other regions. However, I do not think improving profitability for the Group overall is simply a

matter of increasing R&D investments in Group companies. The first thing we must do is utilize technology dispersed unevenly through the Group. For example, the Research Institute for Creating the Future, which is located in Japan, is creating a framework for collaborating on research themes facing overseas Group companies. In addition to creating superior products, I believe it is also critical we continuously maintain an awareness of costs.

Umehara

Needless to say, high quality is important. However, recently there has been an increased focus on a balance between performance and costs. It is difficult to improve cost-competitiveness if you are evaluating product development and production technology at different stages. The incorporation of production technology functions into R&D is one way to evaluate final production costs from the outset of work on important research themes.

Kadota

You are absolutely right. The divergence of product development and technology development makes it impossible to improve product quality or production efficiency. In the past, engaging in technology development after the completion of basic processes during the production development phase required time, and that left no room to explore better

production methods. As CTO, I intend to manage all technology, including production technology, to help us establish a more advanced technology portfolio to achieve a balance between high performance and costs.

Umehara

Speaking from experience, when I served as R&D manager at a manufacturing company in the electronic materials sector, it was apparent that the company faced the problem of R&D efficiency. It had not produced a new large-format product for some time. One of the factors causing this problem was the issue of R&D theme management. Research themes are set based on a roadmap that outlines a 5- or 10-year period, but real-world changes occur much more quickly. By the time the company produced research results, those results were already out of touch with the value demands of society. Research built on investments of time and capital were not producing any returns. To address this issue, the company began regularly reevaluating research themes based on the 3C* concept. This approach enabled the company to identify domains of success and more strictly manage decisions on whether or not to continue engaging in specific research themes.

* 3C refers to Customer, Competitor, and Company.

Kadota

Continuous improvement in research theme management is important. The Group's fundamental research, the "zero to one" research that enables us to turn ideas into products, tends to require long research periods. Some themes stretch over a 10-year period. Sometimes market trends will change during these long research periods. We are working to shorten research periods and use appropriate theme management to speed up our research. One initiative in this area is the Global Research Strategy (GRS) Group. The GRS Group, which reports directly to the CTO, works to incorporate changes in market trends into the Group's fundamental research and R&D strategies. In the past, we managed research themes by having each research center in charge of R&D create a roadmap for each center. However, with the involvement of the GRS Group, we will manage and reevaluate R&D roadmaps for consistency with Group policies and market trends to support turning research into commercial products.

Umehara

I think a group perspective to roadmap management is an effective approach. It's not uncommon to find R&D value in completely unexpected places. In the future, the Company may find that sources of technology that could become important assets for Fuji Oil as a group already lie dormant within Group companies. It is important to take inventory of existing Group technology and implement this dormant technology within the framework of the Group's strategic investment budget.

Kadota

We will continue to value the pursuit of product functionality as a prerequisite of technology theme management. However, most important is our pursuit of deliciousness and healthiness. People desire deliciousness and healthiness in the foods they eat. As a food manufacturer, we must look at the sustainability of our raw materials and manufacturing processes as the foundation of our business. We prioritize this perspective as a core part of all our R&D activities.

Umehara

It is also important that the Company thoroughly protects its intangible assets, which are the core assets of the Fuji Oil Group that enable it to pursue deliciousness, healthiness, and sustainability. Therefore, the Fuji Oil Group must ensure that it strategically secures patents and trademarks. One important aspect of a patent strategy is pursuing value for existing business through patented technology. Another key point is assessing the potential to gain net sales through technology licensing and royalties. I am sure this is already a key area of focus, but strategically establishing a patent network will enable the Company to gain net sales from both tangible value achieved through the sale of products based on patented technology and intangible value achieved through royalties.

Kadota

With regard to our patent strategy, we have begun working on the areas you just mentioned. The Fuji Oil Group has numerous patents, but what's most important is quality. We are advancing a patent strategy for building a high-quality patent network that will serve as a barrier against our competitors.

Umehara

Today, we are no longer in an age of clearly defined markets, where each market segment has a few recognized leaders. We will often see numerous companies transcend industry borders to engage in growth segments. In such an environment, the key to victory lies in the ability to accelerate efforts while efficiently generating profits. As you suggest, the key is incorporating additional functions, such as production technology and sustainability, into R&D themes and accurately implementing the Company's patent strategy. I believe such a unified approach will further ensure that the Fuji Oil Group continues to be recognized as a competitive and sustainable corporation.

Kadota

I will continue working toward that goal. Thank you for your time today.

Environment Initiatives



Please refer to Sustainability Report 2022 (scheduled to be issued in October 2022) for details on our initiatives regarding environment.
Environmental Management → https://www.fujioilholdings.com/en/sustainability/environmental_management/

In recent years, global-scale problems associated with climate change, such as global warming, have become increasingly serious, affecting the lives of people and corporate business activities. The intensification and increased frequency of extreme weather events and biodiversity loss are threats to our operations that could jeopardize the stable procurement of agricultural products, our main raw material. Therefore, we believe that incorporating consideration for the global environment into our business activities is the very foundation of our operations. To enhance the sustainability of our business, the Fuji Oil Group has established the Basic Policy of Environmental Integrity and formulated Environmental Vision 2030, working on a Groupwide effort to reduce CO₂ emissions, water usage, and waste with the goal of achieving reduction targets by 2030. In addition, by conducting scenario analyses based on TCFD recommendations, we are identifying risks and opportunities associated with climate change, quantifying the financial impact, and incorporating these results into our business strategies.

Targets and Progress of Environmental Vision 2030

| Category | 2030 Targets | FY2021 Results ^{*1} | Rate of Achievement (under Environmental Vision 2030) |
|---|--|------------------------------|---|
| CO ₂ emissions (All Group companies) | Scopes 1 & 2: 40% reduction in total CO ₂ emissions ^{*1} | 21% reduction | 52% |
| | Scope 3 (Category 1): 18% reduction in total CO ₂ emissions ^{*2} (All Group companies) | 0.1% increase | 0% |
| Water usage (All Group companies) | 20% reduction in water intensity ^{*1} | 25% reduction | 124% |
| Waste (All Group companies) ^{*3} | 10% reduction in waste intensity ^{*1} | 6.1% reduction | 61% |
| Resource recycling (All Group companies in Japan) | Maintain a recycling rate of at least 99.8% | 99.47% | Not achieved |

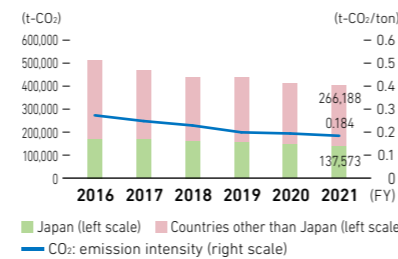
^{*1} Base year: 2016
^{*2} Scope 3 (Category 1) data excludes one production site in Australia.
^{*3} Waste data excludes one production site in Australia.

FY2021 Results

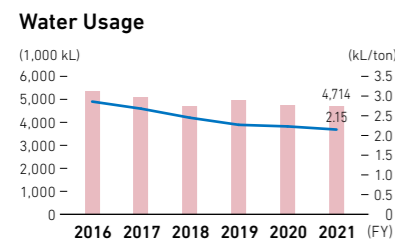
Reduced CO₂ Emissions

- Began using solar power generation at two production facilities
- Increased solar power operation rates at production sites that installed solar power in previous year
- Changed aeration blower motor of wastewater treatment facility to inverter control
- Introduced first EVs as company vehicles at Hannan Business Operations Complex
- Scope 3 (Category 1) emissions increased due to increase in purchased amount of raw materials associated with the higher production volume

CO₂ Emissions (All Group Companies)

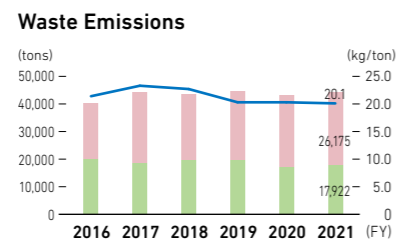


Water Usage (All Group Companies)



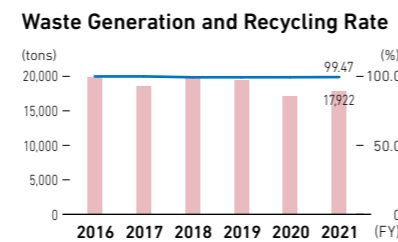
- Reduced cleaning water by re-examining production line cleaning methods
- Increased use of new production lines, reduced number of times equipment was cleaned
- Implemented water conservation by repairing leaks during production process

Waste (All Group Companies)



- Reduced amount of waste by reducing weight and volume of sludge by lowering its water content
- Reduced amount of product waste by improving stable production through process improvement

Resource Recycling (All Group Companies in Japan)



- Maintained a high recycling rate greatly exceeding the 95% target set by the Food Recycling Law
- Ensured thorough separation of waste

Future Policy Initiatives

- Begin timely data collection through environmental data collection system and raise awareness of environmental measures throughout the Group
- Promote and raise level of reduction and recycling activities through internal dissemination of Environmental Vision 2030 and environmental audits
- Examine and initiate supplier engagement to reduce total Scope 3 (Category 1) CO₂ emissions
- Study and develop new reduction targets to further reduce water consumption

Climate Change Initiatives

In Support of TCFD Recommendations

In May 2019, the Fuji Oil Group announced its support of the TCFD. We will work to actively disclose information in accordance with the four areas outlined in TCFD recommendations.

Information Disclosure on the Four Areas of Recommendation by the TCFD

1. Governance

- Under the management of the ESG Representative, we oversee risks and opportunities associated with climate change through our Group risk management structure.
- We 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.

2. Strategy

- Our domestic and major overseas Group companies have conducted scenario analysis based on the recommendations of the TCFD. Through this analysis, they have identified risks and opportunities associated with climate change and conducted qualitative and quantitative assessments of financial impact. (Reference: Assessing Risks, Opportunities, and Financial Impact Associated with Climate Change)

We continuously promote measures to reduce CO₂ emissions based on our Environmental Vision 2030, including energy conservation activities and the use of renewable energy, which are initiatives that will have a positive impact on the Company, society, and the earth.

- The plant-based food market is projected to grow based on concerns of the negative impact on climate change caused by the conversion of forest land into agricultural land for farming and livestock. Based on our Vision for 2030 of pursuing healthy, delicious foods using plant-based ingredients to co-create a sustainable future for food, the Group engages in environmental conservation by promoting sustainable procurement. By providing plant-based food ingredients, one of our greatest strengths, we are working to resolve social issues related to achieving a decarbonized society.

3. Risk Management

- Based on a Group risk management structure and through the Management Committee Meeting, we propose, implement, evaluate, and improve response measures for significant Group risks (⇒ P30).
- We position climate change risk as a significant risk, and we manage this risk through our Group risk management structure. Details on responses are reported to the Board of Directors (at least once per year).

4. Metrics and Targets

- Environmental Vision 2030 targets: For Scopes 1&2, reduce CO₂ emissions by a total of 40% by 2030^{*1}.
- To achieve the targets outlined in our Environmental Vision 2030, we are proactively engaging in efforts in our production sites, including conducting energy conservation activities, installing new facilities that use less energy, and advancing the use of renewable energy. To further improve the accuracy of Scope 3 emissions data, we are evaluating methods to reduce Category 1 facilities, which have high emission levels. We are also conducting activities to promote internal awareness toward achieving the targets associated with our SBT certification.
- Since fiscal 2022, Fuji Oil Co., Ltd. has been conducting the trial adoption of internal carbon pricing^{*2}. We plan to use this framework in investment plans, as an incentive for promoting energy conservation, and in guidelines for investment decision-making.

^{*1} Environmental Vision 2030 CO₂ emissions reduction target: Reduce Scopes 1&2 CO₂ emissions (total volume) by 40% and Scope 3 (Category 1) emissions (total volume) by 18% compared with 2016 (base year)
Scope 1: Direct GHG emissions generated from Fuji Oil's business activities
Scope 2: Indirect GHG emissions generated from the use of electricity, heat, and steam purchased from other companies
Scope 3: GHG emissions of other companies generated from Fuji Oil's business activities (categories 1-15) Category 1: Raw materials
Note: See our Sustainability Report 2022 for details. Environmental Management <https://www.fujioilholdings.com/en/sustainability/environment/management/>
^{*2} Internal carbon pricing: Framework in which companies set unique carbon prices to promote low-carbon investments and policies

Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on our initiatives regarding assessing risks, opportunities, and financial impact associated with climate change.
 → <https://www.fujiolioilholdings.com/en/sustainability/risk/>

Assessing Risks, Opportunities, and Financial Impact Associated with Climate Change


| | Risks and opportunities | Financial impact | Projected Financial Impact in and around 2050 | | | | | | | | |
|---|--|---|---|---|---------------------------|------------------------|---|---|---------------------------|------------------------|--|
| | | | 1.5°C scenario | | | | 4.0°C scenario | | | | |
| | | | Details of risks and opportunities | Occurrence timing | Impact timing | Impact level* | Details of risks and opportunities | Occurrence timing | Impact timing | Impact level* | |
| Risks | Policy and regulations | Increased costs of carbon tax adoption | As global environmental regulations become stricter in response to climate change, we face the risk of increased costs related to the adoption of a carbon tax or emissions trading in countries where Group companies are located. Risks also include increased costs related to switching to renewable energy, environmental investments, and impairment expenses for existing assets. | Within 5 years | 10 years or more | Approx. ¥4.2 billion** | Environmental regulations are not as strict as the 1.5°C scenario and carbon tax expenses are not significant, but costs could increase due to the adoption of a carbon tax in countries where Group companies are located. | Within 10 years | 10 years or more | Approx. ¥500 million** | |
| | Transition risks | 2. Risks related to supplier deforestation and loss of parkland | Costs increases associated with enhancing engagement responses, decrease in sales due to the suspension of transactions with major customers | <ul style="list-style-type: none"> Increased costs due to enhancing engagement responses to prevent negative impact on climate change caused by our major raw material suppliers Amid increasing societal awareness of sustainability, sales could decline due to the suspension of transactions with major clients resulting from reputational damage to the Group if a Group supplier causes a negative impact on climate change. | Within 5 years | 10 years or more | Moderate | Societal sustainability consciousness is not as high as the 1.5°C scenario. The higher tolerance for climate change results in limited cost increases associated with the Group's unique engagement improvement measures. | 11 years later and beyond | 10 years or more | Minor |
| | | | | | | | | | | | |
| | Acute risks | 3. Risk of intensifying natural disasters due to extreme weather | Losses in Group companies caused by storm and flood damage | The increasing frequency and impact of storm and flood damage could cause losses or the suspension of operations in the United States and to Japanese Group companies with operations in areas where hurricanes and typhoons frequently occur. | 11 years later and beyond | 10 years or more | Moderate | Increasing frequency and threats of storm and flood damage exceeding the 1.5°C scenario could result in more extensive damage or the suspension of operations at Group companies. | Within 10 years | 10 years or more | Major |
| Response measures <ul style="list-style-type: none"> Draft a BCP that incorporates a structure for mutual support between Group companies, create response manuals to address risk occurrence, and enroll in insurance to promote risk transferal → P45 | | | | | | | | | | | |
| Chronic risks | 4. Concerns over rising costs and shortages of key raw materials worldwide | Decreased sales due to decline in ability to procure key raw materials | Due to the following factors, the yield of key raw materials could decrease and the supply amount could become insufficient, which would hinder the production of certain products and result in reduced sales. <ul style="list-style-type: none"> Impact of extreme weather and natural disasters Increased demand due to global population growth Insufficient increases in cultivated land to match the world's population growth due to changes in agricultural methods, including tighter restrictions on forest development | Within 10 years | 10 years or more | Minor | The following factors could cause a significant decrease in yield and a supply shortage of key raw materials, which could significantly hinder the production of most products and significantly reduce sales. <ul style="list-style-type: none"> Impact of extreme weather and natural disasters above the 1.5°C scenario Move to suitable land for cultivation of major raw materials or reduction in crop land Increased demand due to global population growth | 11 years later and beyond | 10 years or more | Moderate | |
| | | | | | | | | | | | Response measures <ul style="list-style-type: none"> Improve the sustainability of raw material procurement and promote enhancements to supply sources → P44 Support programs for supplier engagement and farmer yield improvement → P67 Diversification of raw materials → P55 Promotion of productivity improvements through seed development research in collaboration with academic institutions, governments, and industries |
| Opportunities | Market | Increased sales of plant-based proteins (meat substitutes, dairy substitutes, etc.) | Opportunities for significant increases in sales by strengthening the competitiveness of products that take advantage of the following factors. <ul style="list-style-type: none"> Increased consumption of plant-based proteins and significant growth in global markets, particularly among Millennials, Gen Z, and vegetarians While demand for meat and dairy products is expanding in low- and middle-income nations, climate change had a negative impact on the livestock industry and demand for plant-based proteins is increasing as a supplement to address global supply shortages of meat and dairy products. Japan, the United States, and Europe are shifting away from their high dependence on animal proteins, and there is growing demand for plant-based proteins in Sub-Saharan Africa and South Asia due to protein deficiencies. | Within 5 years | 10 years or more | Moderate | Opportunities for significant increases in sales by strengthening the competitiveness of products taking advantage of the following factors. <ul style="list-style-type: none"> Unlike the 1.5°C scenario, sustainability-oriented consumption behavior will not grow but demand for livestock meat and dairy products will increase, especially in low- and middle-income nations. On the other hand, climate change above the 1.5°C scenario could have a negative impact on the livestock industry that drives demand for plant-based proteins to make up for growing global shortages in meat and dairy products. Demand for plant-based proteins is expanding in Japan, the United States, and Europe due to the shift away from a high dependence on animal protein, and in Sub-Saharan Africa and South Asia due to the lack of protein resulting from population growth. | 11 years later and beyond | 10 years or more | Minor | |
| | | | Response measures <ul style="list-style-type: none"> Viewing changing market environments and needs as an opportunity, promote resolving social issues through plant-based ingredients → P63 Build a structure for product development and business strategy, review our business portfolio, and optimize production sites → P40 Build a global research network and promote open innovation | | | | | | | | |

| | | | | | | | | | | | |
|---------------|------------|--|---|---|-----------------|------------------|----------|---|---------------------------|------------------|----------|
| Opportunities | Resilience | 6. Opportunities related to addressing new health concerns arising from climate change | Increased sales on growing consumer needs related to improved immunity, higher nutrition and protein, and low-sugar content | Opportunities for increased sales by applying existing technology and new technologies in R&D to current businesses and the plant-based food products business we are working to expand. <ul style="list-style-type: none"> Global climate change is resulting in more regions and countries facing infectious disease outbreaks and increased heat-related illnesses such as heat stroke. This situation is giving rise to new health problems and greater health consciousness among people. Increased demand for foods for preventive nutrition to address lifestyle-related diseases such as obesity, diabetes, and dementia, the incidence of which is projected to rise rapidly around the world. Permeation of the values of the SDGs in society has strengthened the concept of "One Health" among all generations. Demand is increasing for products that contribute to the health of the earth and people. | Within 10 years | 10 years or more | Moderate | Opportunities for increased sales by applying existing technology and new technologies in R&D to current businesses and the plant-based food products business we are working to expand. <ul style="list-style-type: none"> Global climate change is resulting in more regions and countries facing infectious disease outbreaks and increased heat-related illnesses such as heat stroke. This situation is giving rise to new health problems and greater health consciousness among people. Increased demand for foods for preventive nutrition to address lifestyle-related diseases such as obesity, diabetes, and dementia, the incidence of which is projected to rise rapidly around the world. Unlike the 1.5°C scenario, the values of the SDGs and the concept of "One Health" do not disseminate through society, and the demand for products that contribute to the health of the earth and people does not grow as much as the 1.5°C scenario. | 11 years later and beyond | 10 years or more | Moderate |
| | | | | | | | | | | | |

*1. [Impact level]
 Major: "Impact on profits could be ¥10 billion or more"
 Moderate: "Impact on profits could be ¥2 billion or more but less than ¥10 billion"
 Minor: "Impact on profits could be less than ¥2 billion"
 Major, moderate, and minor impacts refer to the financial impact on the Group in and around 2050 and reflect estimates made under certain conditions based on our current portfolio, financial status, Group business performance, and other factors. The assessment of financial impact is based on this impact level but may fluctuate.
 *2. The impact level of "increased costs of carbon tax adoption" for Financial Impact under "Risks of increased costs for complying with environmental regulations" is based on an assumption of in and around 2030. This impact level is calculated using carbon tax projections for each country based on IEA, IPCC, etc., and estimated Group CO₂ emissions.
 *3. "One Health": A concept that recognizes protecting the health of ecosystems and animals leads to protecting people's health and that considers the health of people, animals, and ecosystems as one.


Start of Collaborative Industry-Government-Academia Research Project on Soybean Cultivation Using CO₂

In May 2022, Fuji Oil Holdings launched a research project on growing soybeans using CO₂ in collaboration with Saga City, National University Corporation Saga University (Saga University), and ITOCHU ENEX CO., LTD. This research project is an initiative aimed at carbon recycling and CO₂ reduction by effectively utilizing CO₂ in the production of food resources. As a first step, we will commence a verification test at a pilot facility at Saga University with the aim of researching efficient soybean cultivation by taking advantage of the characteristics of soybeans that grow faster by absorbing more CO₂. In the future, we will consider the production of domestically cultivated soybeans by plant factories using CO₂ recovered from CCU (Carbon dioxide Capture and Utilization) at a waste incineration plant located in Saga City.



Promotion of Appropriate Energy Management

The Energy Management Office promotes such activities as the monitoring and visualization of energy use, practical use of management standards, human resource development through management education, and the dissemination of energy-related information. We have remodeled our energy management organization from the ground up, creating the Energy Management Representative Committee among Fuji Oil Group companies in Japan. We offer energy management information within and outside the Company as well as energy management qualification information through *Environment Energy Times*, a newly created source for sharing information, and bulletin boards and TV screens in cafeterias. In addition, we reviewed the Energy Management System*1 set out in the Energy Conservation Act*2 based on the opinions of third-party organizations in order to achieve highly efficient energy use through such means as using electric motors and steam pressure.



Company car (EV) and Energy Management Office members at Hannan Business Operations Complex

*1 A manual on operation, maintenance, and inspection of energy-consuming facilities and other items
 *2 Law concerning rationalization of energy use, etc.

Biodiversity Initiatives and Policy Formulation

Along with climate change countermeasures, biodiversity conservation and restoration are important issues for business continuity. In particular, the production of plant-based raw materials relies heavily on the blessings of nature, including ecosystems, water resources, and soil. With this in mind, we promote eco-friendly procurement of raw materials. To contribute to Nature Positive by 2030 a global goal for nature, in fiscal 2022 we will assess the relationship between our business activities and biodiversity along the supply chain, identify key risks, and formulate a Group response policy. We will publicly announce our policy in fiscal 2023. In addition, we plan to disclose the dependence and impact of our business activities on nature, risk management, and goals in accordance with the framework of the TNFD, a task force that is still in development.

Considering Human Rights



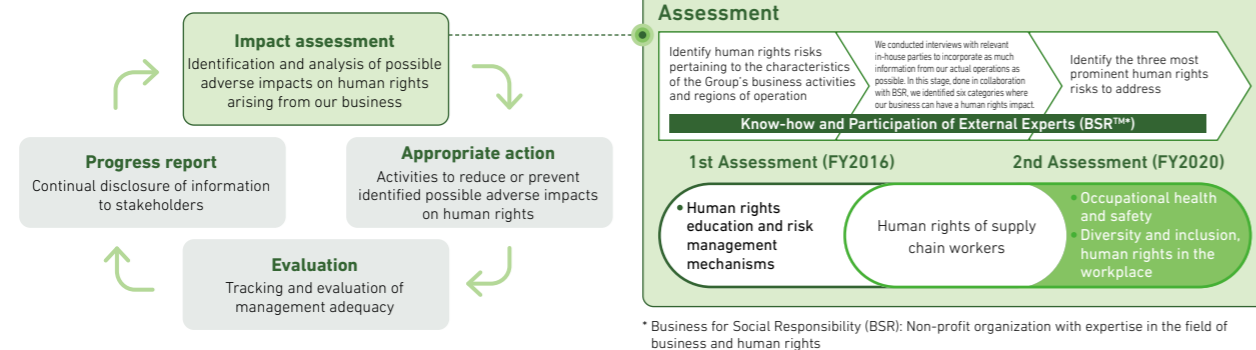
Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on our initiatives regarding considering human rights. Human Rights Management → https://www.fujiolioholdings.com/en/sustainability/human_rights/

“Work for people,” a value set forth in the Fuji Oil Group Management Philosophy, forms the basis for our belief that we must respect the human rights of all who can be 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. *The UN Guiding Principles on Business and Human Rights (UNGPR)*, which present the fundamental principles to respecting human rights in corporate activities, clearly state that businesses also have the responsibility to respect human rights. The principles require that businesses comply with all the applicable laws and regulations to respect human rights. The Group stipulates its “implementation of the responsibility to respect human rights” in the Human Rights Policy and conducts human rights due diligence as part of fulfilling its responsibilities.

Overview of Human Rights Due Diligence



| Human Rights Risk (2nd Assessment) | Relevant Stakeholder Group | Special Points to Confirm/Consider (Recommended by Experts) | Actions | FY2021 Results |
|--|----------------------------|--|---|---|
| Occupational health and safety | Employees | <ul style="list-style-type: none"> Prevent spread of infection during COVID-19 pandemic Strengthen management system by third-party assessment | <ul style="list-style-type: none"> Continue to apply strict measures to prevent infection in workplaces Continue to improve our occupational health and safety management system by incorporating perspectives of third-party organizations | <ul style="list-style-type: none"> Promoted staggered working hours, remote work, and flextime system Carried out Group COVID-19 vaccination programs at business sites Carried out joint remote audits of individual companies which included safety officials from regional headquarters |
| 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"> Ensure suppliers are well informed of Supplier Code of Conduct Monitor human rights due diligence trends in European Union and apply to supply chain in timely manner Formulate and publish Supplier Code of Conduct, distribute to business partners | <ul style="list-style-type: none"> Formulated and published Supplier Code of Conduct, distributed to business partners Established Sustainable Development Team as hub for ESG information in Fuji Europe Africa B.V. Promoted initiatives in line with palm oil and cocoa beans sourcing policies Formulated soybeans and soy products and shea kernel sourcing policies, created and disclosed related KPIs |
| Diversity and inclusion (D&I), 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 DE&I globally Consider possible mechanisms/systems for identifying and addressing human rights issues in workplaces | <ul style="list-style-type: none"> Identified human rights issues in each region and incorporated in our material ESG issues for FY2022 Conducted lectures about harassment in management training Posted informational posters on harassment prevention during Human Rights Week, informed and raised awareness among managers |

VOICE of Expert



Asako Nagai
BSR
Managing Director

The Fuji Oil Group has established a human rights policy based on the UNGP and strives to promote human rights due diligence. With regard to sustainable procurement, considered by BSR a key issue, we have established a comprehensive policy covering all suppliers and are executing it based on KPIs and medium-to-long-term targets. For palm oil, the establishment of a grievance mechanism and disclosure for suppliers are highly commendable.

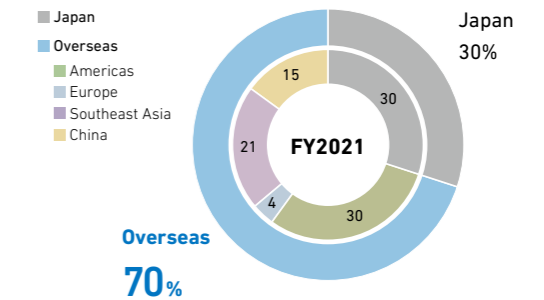
At the same time, we would like to expand the disclosure of information to Group employees regarding their working environment, occupational health and safety, and human rights initiatives, including initiatives against forced labor. Furthermore, I look forward to the development of more global initiatives for diversity and inclusion.

Human Resources to Support Value Creation

Human resources are important assets that support the sustainable growth of a company. The expansion of a diverse workforce will lead to growth and development of the Fuji Oil Group as its human resources continue to work energetically toward new challenges and reform as one—creating new businesses, technologies, and products.

As the Fuji Oil Group has continued to globalize its operations, 70% of its total workforce of approximately 6,000 employees now consists of overseas personnel. We believe that creating an environment and culture in which this diverse workforce can thrive will be the foundation upon which we as a group can contribute to society and continue to grow. With that in mind, we are focused on promoting DE&I as well as human resource development to support globalization.

Composition of Group Employees by Region



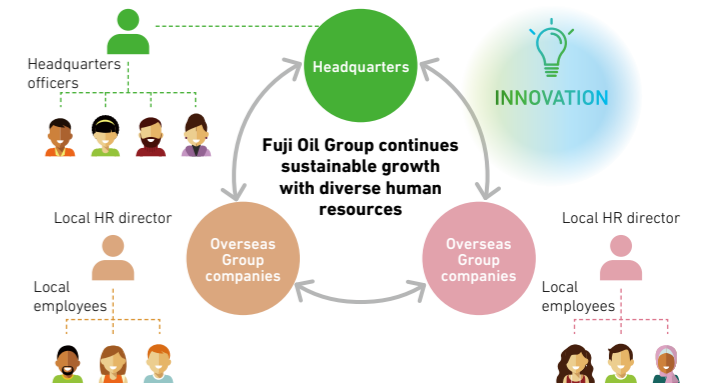
Goals and Basic Policies of Our Human Resource Strategy

What We Aim to Be

The Fuji Oil Group has set the following goals for 2030 to articulate what the Group aims to be as a whole in order to grow sustainably while utilizing the talents of all of its employees.

- Be a group rich in workforce diversity, where all employees are treated equitably and feel a sense of unity as they grow and develop.
- Be a group with a diverse workforce that generates ideas, leading to high productivity, innovation, and sustainable growth.
- Be a group that carries out human resource development in each area, with local personnel playing important roles in various fields

Our Goal for 2030



Basic Policies in the Mid-Term Management Plan

Three Policies in the Mid-Term Management Plan Related to Human Resources

- Promotion of DE&I**
 - Recognize DE&I issues in each area of the Group's operations and implement a PDCA cycle for improvement
- Human Resource Development to Support Global Management**
 - Further localization of executives of Group companies
 - Promotion and establishment of a system for human resource development in each area of the Group's operations
- Strengthening of Communication**
 - Dialogue between Group headquarters and each area of the Group's operations to help spread Group policies and understanding of issues

Goal for the Mid-Term Management Plan (FY2022 to FY2024)

- To realize greater diversity of Management Committee members from throughout the Group (female and non-Japanese personnel)

Goal for 2030

- To realize an optimal workplace environment in which all employees of the Group have a desire to contribute and are able to engage proactively in their work and for the organization

M E S S A G E



Taro Hotani
Fuji Oil Holdings Inc.
Division Head, Global HR
Group and Fuji Oil Co., Ltd.
Division General Manager,
Human Resources &
Administration Division

Toward Sustainable Growth of the Group through an Out-of-the-Box Human Resource Structure and Training Emphasizing Individual Characteristics

We believe that the diverse perspectives and opinions of each and every employee will drive action toward improvement and reform, leading to the creation of new value. Sustainable growth of the Group requires that employees acquire diverse and advanced expertise and demonstrate their capabilities. Human resource development and the promotion of DE&I are important issues that support these efforts.

In addition, in order to strengthen the development of management personnel who will lead the Fuji Oil Group in the future, Group headquarters and each of its areas of operation collaborate to understand the current situation and issues in that area, consider necessary measures, and engage in systematic human resource development. We aim to provide opportunities to acquire diverse expertise and to enhance our education system to enable individual employees to independently shape their careers so that both the employee and the Group can grow together. This approach includes, for example, providing opportunities for global growth through our trainee system of dispatching employees not only from Japan to overseas but also from overseas to Japan.

Human Resources to Support Value Creation



Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on our initiatives regarding promotion of DE&I. Diversity Management → <https://www.fujioilholdings.com/en/sustainability/diversity/>

1 Promotion of DE&I

The Fuji Oil Group has evolved its existing diversity promotion efforts and is doubling down on its efforts for DE&I. We have strengthened such efforts because, in order to cope with a complex business environment, a diverse workforce that thinks with “different minds” is needed. It is essential to make the most of the individuality and abilities of all employees.

Diversity + Equity & Inclusion



Removing barriers felt by those at a disadvantage and providing an environment and equitable opportunities for all to flourish

Fostering a corporate culture where the power of diversity is functional, where the voice of all employees brings value, and where people can feel a sense of belonging

Effectiveness of DE&I Promotion

- Business risk mitigation
- Improved returns through new value creation

DE&I Promotion Efforts of Overseas Group Companies

In fiscal 2021, through surveys conducted with our overseas Group companies, we identified differing human resource challenges depending on the historical background and business characteristics of the operational area and individual company. In fiscal 2022, a new person was appointed to take on the role of advancing DE&I in each region and company, and the Sustainability Committee at Group headquarters meets twice a year to deliberate and monitor DE&I activities. Because of the diversity of historical backgrounds and business characteristics, we have not set uniform goals for the entire Group. Instead, we promote DE&I efforts for each area and individual companies in the spirit of the Fuji Oil Group Management Philosophy, aiming to reduce business risks for the Group and improve returns through new value creation.

Highlights

Harald (Brazil)

Harald considers the DE&I an essential pillar to enhance the value of work for people and to promote a fair condition in and for society. So, we are designing DE&I actions to create a work environment characterized by inclusive leadership, equality, bias and discrimination free, and fairness of opportunity.



Geise Andrade

Senior Administrative & HR Manager
Harald Indústria e Comércio de Alimentos Ltda

In 2021, Harald set targets to improve the DE&I aligned with the Sustainability matrix from 2021 to 2023. We already gave a workshop for our leaders to raise awareness and clarify unconscious bias. We also implemented a blind resume in the recruitment process promoting equality and focused on women's recruitment as well as people over 50 y.o. But to accomplish our goal, we need to draw some ergonomic improvement plans for our operational area to welcome these new employees. This year, we did a DE&I live for all employees, and we ran a survey to update the gender. We also asked them if they would like to be part of the diverse group so that we can promote improvement discussions. Today our focus is to keep raising the number of women, people over 50 y.o, and also African descendants' employees so that in 2023 we are going to focus on the LGBTQIA+ public. Moreover, we have revised our practices to create a more equal environment. We do believe that by doing our part, we will contribute to a more DE&I society.

* A comprehensive acronym for members of the sexual minority not included in conventional gender identity.



DE&I live broadcast information

Blommer (U.S.)

We created a DE&I Council at Blommer with volunteers from throughout the organization. Within the council are four pillar teams and four local councils. Our four pillar teams are commissioned to review and recommend changes under the following objectives: Culture of Inclusion, Workforce Representation, Community Engagement and Customer/Supplier Engagement. Our four local councils discuss all aspects of DE&I and will bring recommendations to our pillar team leaders and create community volunteer opportunities for our employees.



Jamie Broad

DE&I Council Chairperson
Blommer Chocolate Company

Blommer began its DE&I journey with an employee survey in 2021. From those results, we created our DE&I Council, presented its objectives to the organization, and asked for volunteers. In May 2022, DE&I council's four pillar teams and local councils started to create specific action plans to institute measurable changes and establish Key Performance Indicators (KPIs) to communicate our transformation to the organization and broader community.

We are starting to recognize DE&I within policy and procedures by updating to our holiday schedule to be more inclusive to all religions and creating Mother's Rooms at all our locations. Additionally, we have implemented monthly training with our Executive team and DE&I Council members to learn, discuss and outline how to realize our DE&I goals at Blommer.

I volunteered to lead the DE&I Council soon after its inception because I am passionate about diversity and inclusion inside and outside of Blommer. With our Vice Chair, Carly Meck, and all our leaders and volunteers, I'm excited to help create a culture at Blommer where all our employees feel valued and safe to be their true selves.



Chicago plant subcommittee member

DE&I Promotion Efforts in Japan

Fuji Oil Co., Ltd. is the core company within the Group and an important industrial firm in Japan. Amid the many issues related to DE&I in Japan, such as the aging population, the role of women, and diversity, which are pressing issues recognized on the world stage, we are actively reforming our corporate culture and systems based on our unique problem analysis and are pushing forward with the implementation of measures to resolve these issues.

Highlights

Fostering Career Development Regardless of Gender and a Corporate Culture That Is Easy to Work In

Since the second half of the 1990s, Fuji Oil Co., Ltd. has been engaged in bottom-up activities across divisions to promote the reform of its corporate structure, including support for the empowerment of women. Through various system reforms, we have established a structure that allows employees to develop their careers regardless of life events. Approximately half of the women currently in management positions have raised or are raising children. There has also been progress in appointing more career-driven women, with an increase in the ratio of women in management positions.

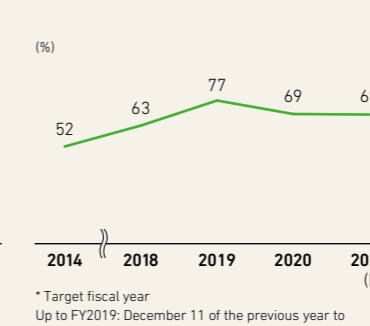
At the same time, we place importance on the challenges that individual employees face and on ambitious career development, regardless of gender or individual circumstances. For this reason, we have not set any KPIs focused on gender, and we aim to support individual employees and foster a corporate culture that is easy to work in for all employees. We strive to provide equitable systems and opportunities, as well as educational opportunities regardless of employment status, and promote hiring the right person for the job. In recent years, paid leave utilization has remained at approximately 70%. In contrast, paternity leave utilization, which was approximately 40% in 2018, has surpassed 70% for two years in a row, in 2020 and 2021, primarily reflecting a shift in the mindset of male employees.

We will continue to create an environment in which each and every employee, regardless of gender or age, can develop their career while facing life events with the freedom to act independently. We aim to be a company that grows together with its employees.

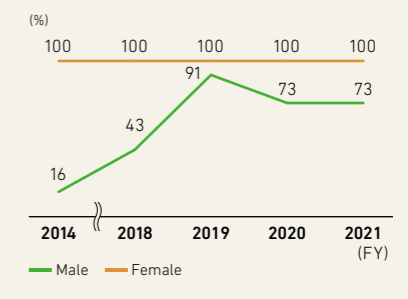
Percentage of Women in Management Positions and High Ranked Union Members



Percentage of Annual Paid Leave Taken*



Percentage of Employees Taking Parental Leave



* Target fiscal year
Up to FY2019: December 11 of the previous year to December 10 of the current year; FY2020 and thereafter: April 1 of the current year to March 31 of the following year



Hiroko Yonemoto

Fuji Oil Co., Ltd.
Cooked & Processed Food Section
Marketing Solution Department II
Senior Manager

Voice of Female Senior Manager

Fuji Oil's R&D departments have employees across a wide range of age groups as well as a significant number of female employees, which allows us to pursue our food development activities from diverse perspectives on a day-to-day basis. The development of food products creates a workplace where the strengths of its members of various backgrounds and experiences, including gender, can be utilized, as their experiences and impressions of daily eating settings and cooking processes can provide hints in identifying issues. Similarly, there is a significant number of women in management positions. It is reassuring to have colleagues with whom we can share our daily concerns and work-related issues and give each other encouragement.

As diversity in working styles continues to grow into the future, I hope that more managers and higher-level personnel will become models for career development in areas even out of work, such as balancing dual-career households, childcare, or nursing care while working. Through such efforts, I would like to see each employee have the ability to choose a better way to work and make our labs lively workplaces.

Older Employees in Action

We consider maximizing the potential of our older employees, who are highly motivated to work even after retirement, as one of the key measures to promote DE&I. In fiscal 2021, we conducted a complete review of our reemployment system and revised the system to increase the number of work options for senior employees to allow them to best demonstrate their abilities, even after reemployment. In fiscal 2022, we will also provide career education program for older employees nearing retirement age and establish a system that enables them to continue their careers even after retirement.



Career education program for older employees

Creation of Employment Opportunities for People with Disabilities

Although we were not able to collaborate with local schools or conduct plant tours during the unprecedented times of fiscal 2021 due to COVID-19, we were able to promote better understanding of employing people with disabilities in the workplace, leading to job creation. Also, through support center staff, we are focusing on efforts to retain employees by conducting periodic interviews with them following their employment. As a result, although the employment rate for people with disabilities temporarily decreased in fiscal 2020 due to an increase in job turnover, we were able to secure an employment rate in fiscal 2021 that was slightly higher. We will continue to provide thorough retention support for employees.

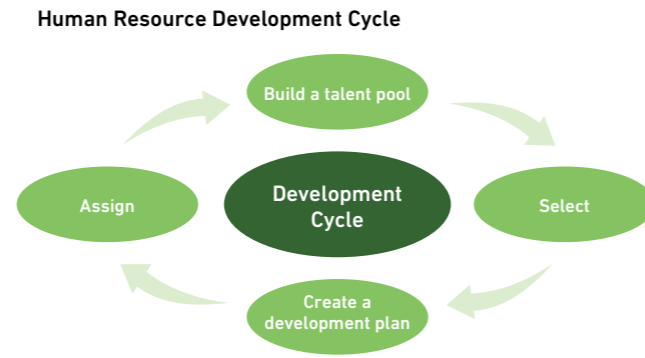
Human Resources to Support Value Creation



Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on our initiatives regarding human resource development. Human Resource Development → https://www.fujioilholdings.com/en/sustainability/human_resources/

Talent Development Committee: Improving Diversity in Management

To compete on the world stage as a corporate group that operates globally, our organization needs reform in diversity, and diversity promotion among management personnel, including those at Group headquarters, is an important issue. In fiscal 2020, we launched the Talent Development Committee for the purpose of developing future management personnel, and we have been holding multifaceted conferences on the global and strategic training of candidates. In fiscal 2021, we clarified requirements for future management personnel and implemented measures based on these requirements. We aim to develop diverse management personnel who will lead the Group, regardless of nationality, gender, or other factors.



2 Human Resource Development to Support Global Management

The Fuji Oil Group believes that in order to continue contributing to society it is important to create an organization and train people that can respond flexibly to change. Based on the idea that a company and its employees mutually grow and support each other, we are focusing on supporting education and strengthening our organization so that individual employees can improve their abilities independently.

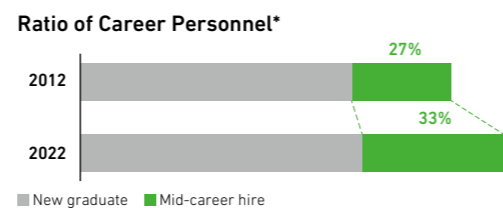
We will continue to strengthen the creation of a structure where people can grow in each of our global areas and reform our organizational culture toward challenge and innovation. Such efforts will allow each individual to think and act independently with a mindset of improvement and reform, to demonstrate diverse and advanced expertise and capabilities, and to flourish within the organization. In addition, with the acceleration of our overseas strategies, we are promoting and developing human resources who can demonstrate their capabilities globally as key management resources to continuously promote and expand our business around the world.

Training and Promotion of Human Resources for Global Group Companies

| Issue | Results of Initiatives in FY2021 |
|---|---|
| Visualization of human resources and expansion of opportunities for them to play active roles | Implemented inter-company transfers across countries to support career development and in 2018 began gathering information on candidates for executive management positions at major overseas Group companies Focused on expanding opportunities for diverse human resources to demonstrate their abilities and play active roles in the right place at the right time |
| Localization of local top management | Promoted localization of the top management of major overseas Group companies to promote strategies that are more closely related to individual markets Provided various human support and training to share Group policies |
| Global grade management and Talent Development Committees by area | From fiscal 2022, take steps to organize and implement a global grade system Under the current mid-term management plan, area-based Talent Development Committees will be initiated to promote the development and succession of candidates for management personnel in each area of operation. |

Securing and Development of Human Resources to Support Globalization

| Issue | Initiative |
|---|--|
| Increase recruitment of career personnel | Actively recruit career personnel with the aim of acquiring global business management skills that are newly required as business strategies are developed and incorporate new and diverse perspectives into management |
| Gain global experience | As a means to expand our base of human resources with a global business mindset, continue to dispatch personnel to Group companies and implement the overseas trainee system launched in fiscal 2021, even as the COVID-19 pandemic persists |
| Nurture experts to support business strengths | Aiming for global business growth, emphasize the strengthening of specialized human resources who will accelerate the enhancement and sharing of know-how within the Group |



* Percentage of mid-career hires compared with the total number of full-time employees (union members + managers) at Fuji Oil Co., Ltd. and Group headquarters

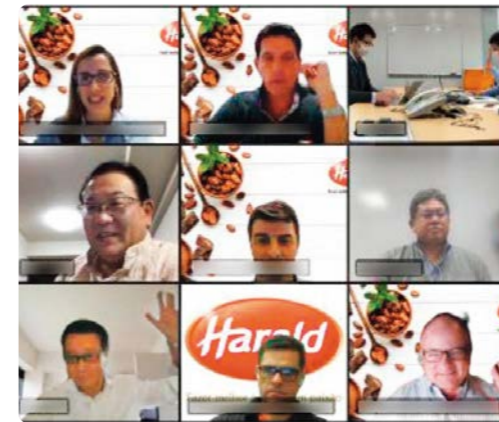
R&D Human Resource Development → P41 Initiatives Supporting DX → P49

3 Strengthening of Communication

We are strengthening communication within the Group and enhancing a sense of unity by, for example, increasing opportunities for close dialogue between management and Group employees. We are also bolstering communication to various stakeholders around the world to raise awareness of the Fuji Oil Group.

Round-Table Meeting

We have started to host round-table meetings as a forum for dialogue between the CEO and executive members of each Group company. These small-scale meetings were used as a forum in the first half of fiscal 2021 to discuss with company members in each area the CEO's policies and in the second half to discuss the premise of the new mid-term management plan.



Round-table meeting with Harald

Information Transmission through Social Media

We are strengthening our information transmission through social media, mostly through the use of LinkedIn and Twitter. We are spreading information not just from Fuji Oil Holdings, but from each Group company, and creating a sense of unity as a group by referencing each other's posts.



International Women's Day mosaic art (Employees from all Group companies took photos making the symbolic "V" pose and created mosaic art to post online.)

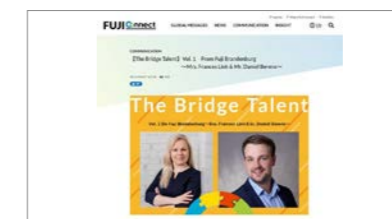
Strengthening Intra-Group Communication, e-Learning, and Training

The internal communication website launched in fiscal 2021 offers a wide range of content in four languages, from messages from management to initiatives undertaken by each Group company. The articles are easy to read and cover familiar topics, fostering a sense of unity within the Group. In fiscal 2021, e-learning on the Group's Management Philosophy and DE&I was provided in nine languages, with 95% of those eligible* having taken the courses. In addition, we continue to provide e-learning and training on sustainability management, human rights, and compliance.

*People eligible for these courses
In Japan: All officers and employees regardless of employment status
Overseas: All officers and employees who are loaned a PC from the company



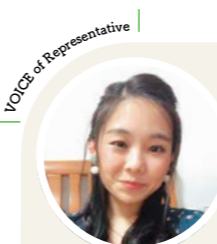
Company communication website front page



Introduction page for Bridge Talent



E-learning related to DE&I



Compliance Training to Safeguard an Organization's Interests while Achieving Aggressive Growth

Ivy Heng
Fuji Oil Asia Pte. Ltd.
Sales Assistant
Manager

Aggressive growth plans must also be governed by appropriate risk management. The fragile global supply chain has created many new business opportunities, including sales to competitors. The compliance group training organized by Group headquarters provided extensive insights into seizing business opportunities while complying with anti-competitive agreements; knowledge that is critical. My team and I feel fortunate and grateful to be imparted such paramount knowledge from the various trainings conducted by Group headquarters. I hope that our Fuji Oil colleagues can attend similar courses to safeguard both individual and company interests while achieving greater growth and results for our organization.