FUJI OIL HOLDINGS INC.

Integrated Report

FUJI OIL GROUP

2022




Vision for 2030

Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy.









Fuji Oil Group Management Philosophy

Mission (Our reason for being)

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

Fuji Oil Group Management Philosophy

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

Vision for 2030

Based on the spirit of the Fuji Oil Group Management Philosophy, we have formulated our Vision for 2030, which outlines the contributions we should make in anticipation of 2030, and announced this vision in May 2022. In pursuit of Vision for 2030, we have divided the nine years leading up to 2030 into three phases.





Editorial Policy

- The Fuji Oil Group publishes the Integrated Report and the Sustainability Report annually as tools for communicating with our stakeholders.
  The Integrated Report provides a general overview of our Group business and outlines our medium- to long-term strategies. By communicating this information, we hope to encourage our stakeholders to continue engaging with us in enhancing our corporate value. On the other hand, the Sustainability Report complements the sustainability information in the Integrated Report and aims to comprehensively and honestly report our approach and initiatives to address the Group's impact on sustainability to a broad range of stakeholders.

- *Integrated Report 2022* was prepared in accordance with the following editorial policy.
  ① Report in a transparent manner on the Group's measures for strengthening its business by incorporating the views of stakeholders obtained through discussions, as well as on issues and matters that may be construed negatively by readers
  ② Provide information to investors and our wide range of other stakeholders within and outside the Group to enhance their awareness of the Group's business model and value creation story over the short, medium, and long terms
  ③ Deepen discussions that contribute to management improvement through the production process.

Reference Guidelines
The International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC)
"Guidance for Collaborative Value Creation," Ministry of Economy, Trade and Industry

Scope of Coverage
Activities of the Fuji Oil Group

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

Period Covered
Fiscal 2021 (April 1, 2021–March 31, 2022)
Details of some prior and more recent activities and initiatives are also included.

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

The performance data over the long term is provided as a separate edition of the integrated report.

Fact Book 2022
https://www.fujioilholdings.com/en/ir/library/fact_book/

The Group's approach and initiatives concerning impacts on the sustainability of society are reported in a honest and comprehensive manner.

Sustainability Report 2022 **(scheduled to be issued in October 2022)**
https://www.fujioilholdings.com/en/sustainability/

Evaluation from Society (Abridged)

ESG-Related

CDP
- Triple A rating from CDP in 2021 for all three categories: climate change, water security, and forests (highest rating for second consecutive year)

MSCI
- Listed in the MSCI Japan ESG Select Leaders Index (sixth consecutive year), MSCI Japan Empowering Women (WIN) Index (fourth consecutive year), and MSCI Japan Empowering Women (WIN) Select Index (fourth consecutive year)

2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX
2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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FTSE
- Listed in the FTSE4GOOD Developed Index, FTSE4GOOD Japan Index, FTSE Blossom Japan Index (second consecutive year), and FTSE Blossom Japan Sector Relative Index (Selected for the first time)

FTSE4Good
FTSE Blossom Japan
FTSE Blossom Japan Sector Relative Index

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that FUJI OIL HOLDINGS INC. has satisfied the requirements to become a constituent of the FTSE4Good Index Series and FTSE Blossom Japan Sector Relative Index.

S&P/JPX
- Listed in the S&P/JPX Carbon Efficient Index (sixth consecutive year)

Health management and Other
- "Platinum Kurumin" certification from Japan's Ministry of Health, Labour and Welfare
- Listed in national rankings of Great Place to Work in Brazil Harald Indústria e Comércio de Alimentos Ltda (Brazil)
- Named among the top 500 in the large enterprises category (White 500) of the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi

2022 健康経営優良法人 Health and productivity ホワイト500

IR-Related

February 2022	Received the Grand Prize at the Nikkei Integrated Report Awards (for fourth consecutive year)
February 2022	Selected as an "excellent integrated report" (for second consecutive year) and "most improved integrated report" (for second time) by the Government Pension Investment Fund (GPIF)

* Formerly called the Nikkei Annual Report Awards until 2020

External initiatives we support and participate in

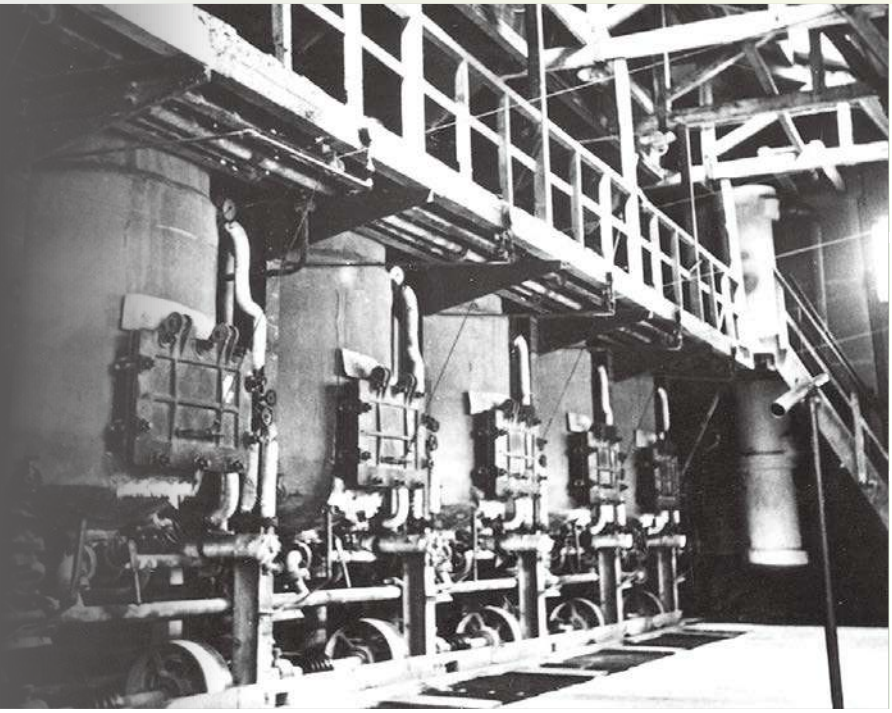
September 2004	Roundtable on Sustainable Palm Oil (RSPO)
February 2021	World Cocoa Foundation (WCF)
December 2021	UN Global Compact Network Japan (GCNJ)
2013	Global Shea Alliance (GSA)
January 2013	UN Global Compact (UNGC)
2015	Shea Network Ghana
December 2016	Male Leaders Coalition for Empowerment of Women by the Japan's Cabinet Office
March 2017	The Consumer Goods Forum
May 2019	Task Force on Climate-related Financial Disclosures (TCFD)
October 2019	Japan Sustainable Palm Oil Network (JaSPON)
April 2020	Platform for Sustainable Cocoa in Developing Countries
May 2020	Round Table on Responsible Soy (RTRS)
May 2020	Approved by the Science Based Targets initiative (SBTi)
June 2020	Palm Oil Collaboration Group (POCG)
April 2021	Japan Business Initiative for Biodiversity (JBIB)

Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on these evaluations and initiatives.
Stakeholder engagement https://www.fujioilholdings.com/en/sustainability/stakeholder_engagement/

Contents

Challenge and Innovation

As the last entrant in the oil refining industry, Fuji Oil has been able to develop its own unique way by tirelessly taking on new challenges and pioneering new paths. Our attitude of striving for challenge and innovation, without imitating others, is the foundation of Fuji Oil's craftsmanship.



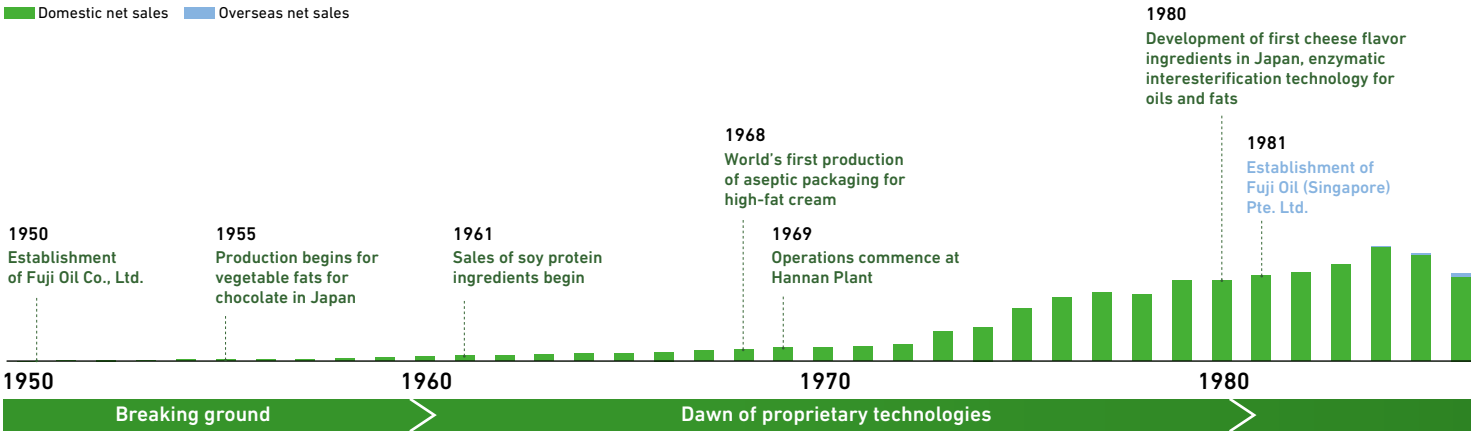
(Photo: Press extraction equipment for southeastern oils and fats originated in Japan)

Contribute to the Happiness and Well-Being of People through Delicious and Healthy Food

Since our founding, we have heightened our technology and created new valuable materials, with southeastern oils and fats and soy protein ingredients at the core of our business. We have been pursuing, realizing, and evolving the possibilities of food ingredients, while maintaining our intent to contribute to the joy of eating and good health, which will also contribute to society and the earth.

Fuji Oil Group's DNA and History

Fuji Oil Group Consolidated Net Sales

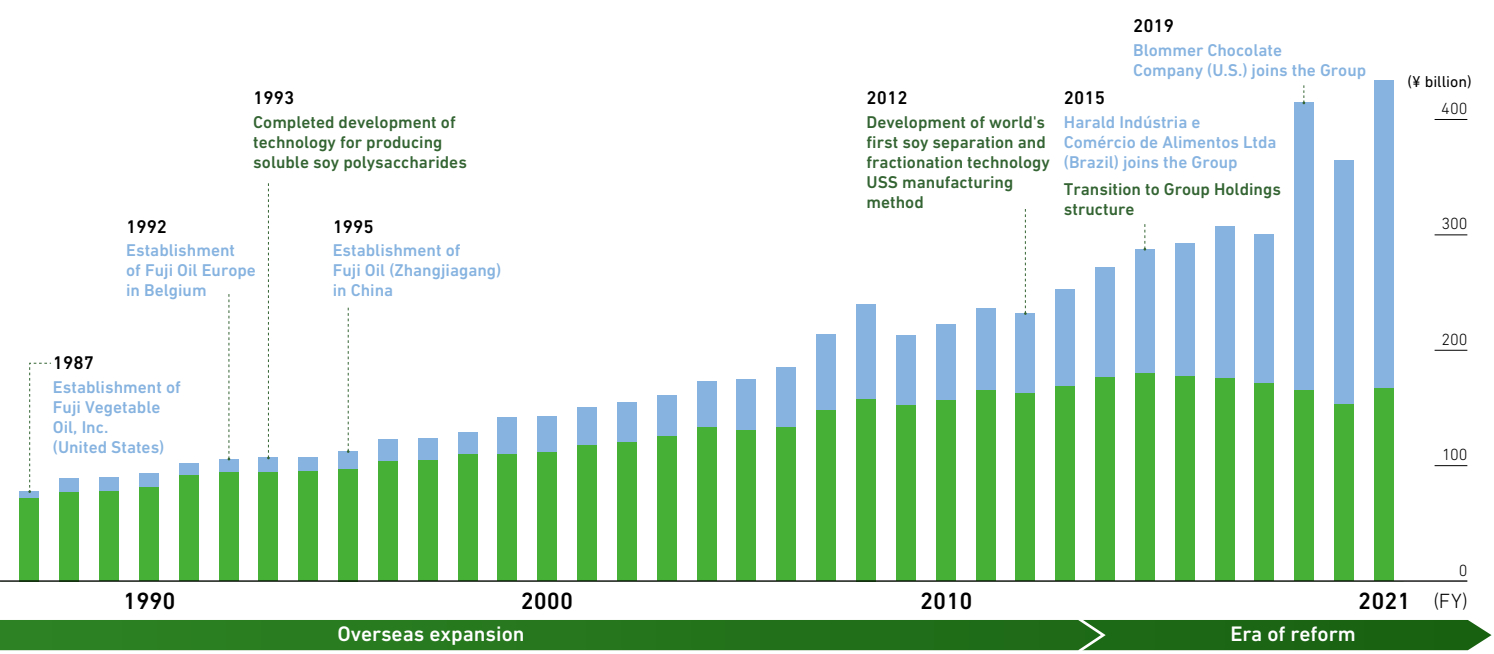


Safety, Quality, and the Environment

As a food manufacturer, we are committed to ensuring food safety and quality, conducting business activities in an environmentally friendly manner, and ensuring the occupational safety of our employees, who are our most precious asset. We are committed to upholding this spirit as the premise of our management and a value that all of our employees should hold in their actions.

Contribute to Our Customers

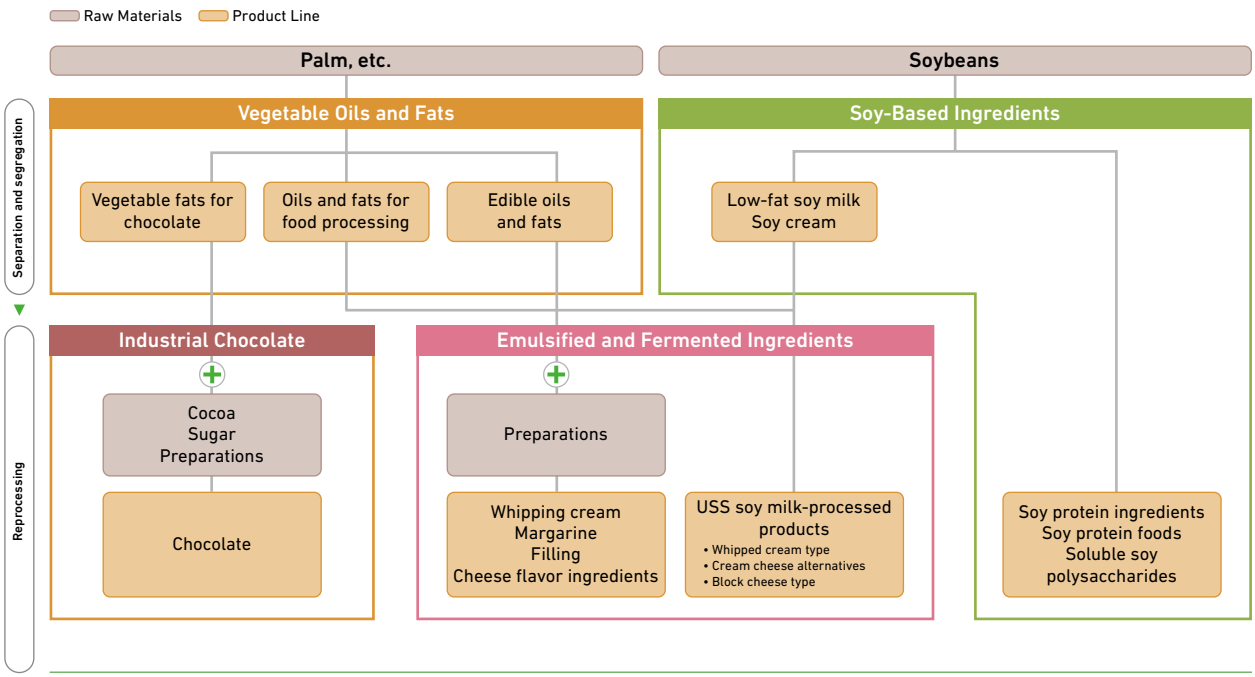
Since its foundation, Fuji Oil's basic philosophy has been that our first responsibility is to contribute to our customers and that we will also achieve growth by providing better products that our customers demand. This spirit is carried forward in the Basic Management Principles and in the Fuji Oil Group Management Philosophy formulated in 2015. We aim to be a company that pursues contributions to customers, consumers, and stakeholders, while achieving sustainable growth.



Fuji Oil Group Businesses

Global Development of Four Main Businesses

Business Strategy ⇨ P62

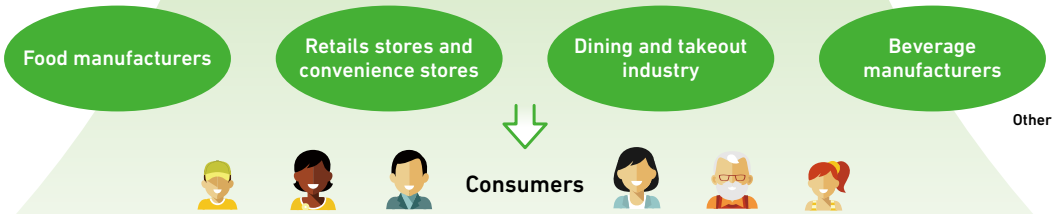


Creating the Next "Surprisingly Delicious" Food with Plant-Based Ingredients

Initiatives Focused on New Business Creation ⇨ P74

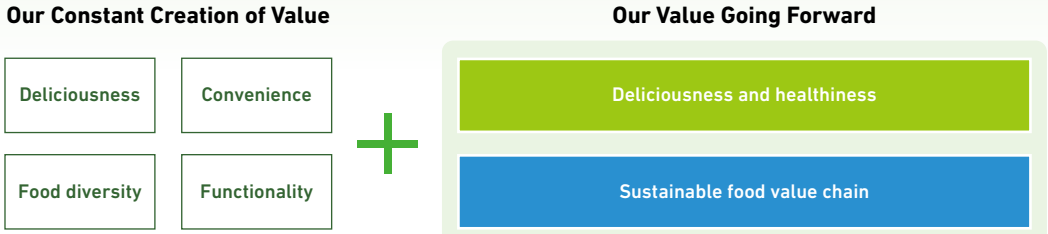
Integration of technologies

To Customers and Consumers



Creating Further Value in Response to Social Transformation

The Fuji Oil Group's Value Creation ⇨ P14



At a Glance (FY2021 Results)

Soy-Based Ingredients Business

Share (Company estimate)

Soy Protein Ingredients: No. 1 in Japan

Soluble Soy Polysaccharides: No.1 worldwide

Core Product Line


Soy protein isolate


Textured soy protein


Soy protein foods


Soluble soy polysaccharides

Emulsified and Fermented Ingredients Business

Share (Company estimate)

Fillings: No. 1 in China

Core Product Line


Whipping cream


Margarine


Cheese flavor ingredients


Fillings

Net Sales (outer circle)

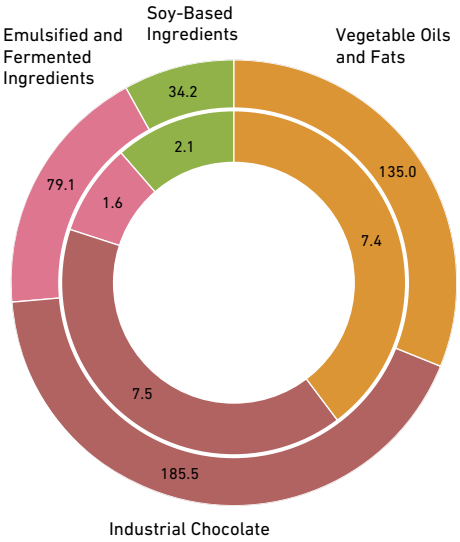
¥433.8 billion

Operating Profit (inner circle)

¥15.0 billion

(Unit: ¥ billion)

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



Vegetable Oils and Fats Business

Share (Company estimate)

Vegetable Fats for Chocolate (CBE)*1: World's top 3

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

Core Product Line


Vegetable fats for chocolate


Frying oils and fats


Powdered oils and fats


Fats and oils for chilled confectionery

Industrial Chocolate Business

Share (Company estimate)

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

Core Product Line


Pure chocolate*2


Compound coating chocolate*3


Chocolate for ice cream coating


Molded chocolate

*2 Chocolate made of cocoa butter derived from cocoa beans
*3 Chocolate made of other vegetable oils and fats

Results by Region
Net Sales (outer circle)
Operating Profit (inner circle)

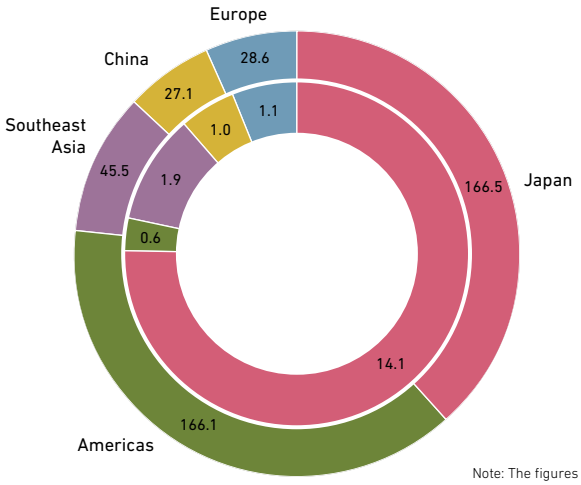
(Unit: ¥ billion)

Global Business Network

14 countries and regions

Number of Consolidated Subsidiaries

37



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

Mikio Sakai

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

Profile

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

Message from the CEO

Expanding Food Options with Delicious and Healthy Plant-Based Ingredients

Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy. This embodies the Fuji Oil Group's newly formulated Vision for 2030.

Since its founding, the Fuji Oil Group has embraced "accomplishing customer satisfaction" as one of the Fuji Oil Basic Management Principles. By handling plant-based raw materials, such as southeastern oils and fats and soy protein, not offered by other companies, we have created products that differentiate Fuji Oil from its competitors. Fuji Oil is built on the rich history of its predecessors and their dedication to product development, by cultivating production technology to support stable product supply, and their tireless commitment to challenge and innovation. This history of dedication and commitment represents the DNA of the Fuji Oil Group.

Global food markets are undergoing dramatic change. The global economy faces destabilization due to the continuing impact of the COVID-19 pandemic and the geopolitical risks stemming from the situation in Ukraine. Furthermore, there is growing demand for stepped-up responses to human rights and environmental issues in the form of traceability along the entire supply chain. Amid such social transformation, as a manufacturer of intermediate ingredients, the Fuji Oil Group recognizes that to secure sustainable growth for the Group it has an overriding mission to contribute to customers and consumers by providing high-value-added products that help resolve social issues related to food.

One of the social contributions we must strive for is to expand our food options for consumers by offering a vast selection of menus featuring delicious and healthy products made from plant-based ingredients.

With shortages of food resources and environmental issues attributed to world population growth, there are high expectations that global consumption of plant-based foods will increase. However, I believe that "deliciousness" is an issue that must be addressed if society is to achieve a greater level of consumption of plant-based foods in people's daily lives. The flip-side of the food issue is that it is difficult for consumers to continue eating foods that they do not perceive as delicious, even if they know that consuming these foods will help resolve social issues. At the same time, "healthiness" is another important issue. Deliciousness and healthiness are irrevocably linked in the sense that by eating well you can at the same time extend your healthy lifespan. In this regard, well-being must also be considered when thinking about future food lifestyles.

The Fuji Oil Group is addressing these issues head-on. We have already achieved breakthroughs in technology that allow us to create deliciousness solely with plant-based ingredients. We also excel at developing products that provide various functionalities and we are engaged in research related to health and nutrition.

We will expand food options for consumers by combining technology related to the two pillars of deliciousness and healthiness to make further technological advances and expand the applicability of our technology. I have no doubt that the Fuji Oil Group will succeed in this endeavor because, since the early stages of its founding, it has focused on the potential of plant-based ingredients and used those ingredients as the basis for developing processing technology. With plant-based ingredients, we will pursue deliciousness and healthiness and achieve our vision of co-creating a sustainable future for food.

The Fuji Oil Group's Value Creation
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Mid-Term Management Plan: Reborn 2024

To realize our Vision for 2030, we broke down the nine years leading up to 2030 into three, 3-year phases and outlined a vision for medium- to long-term growth. Phase I of this vision is our new mid-term management plan, Reborn 2024 (fiscal 2022 to fiscal 2024). Our slogan for Reborn 2024 is "We will be reborn as a corporate group that is able to generate new value." This slogan represents my personal desire to convey the Fuji Oil Group's commitment to everyone, both to personnel within the Group and to external stakeholders.

In a difficult external environment where we face issues such as the continuing impact of COVID-19 and rising raw material prices, I recognize the Group has struggled to implement speedy responses both as a unified organization and as individual Group companies. It is critical that we strengthen our analysis of the external environment and the operating environment and conduct regular monitoring of important management metrics in order to avoid missing signs of change. The Fuji Oil Group has focused on B2B business since its founding but, moving forward, I want us to be reborn into a corporate group that is capable of increasing the speed of its business management and responding flexibly to change. We can accomplish this transformation by constantly working to identify trends in the external environment and among consumers, by taking a proactive approach, and by repeating the process of implementing specific measures and then validating those measures.

Strengthening the Foundation: Mid-Term Management Plan (Fiscal 2022 to Fiscal 2024) Reborn 2024

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With that in mind, during the period of our new mid-term management plan Reborn 2024, we will focus on strengthening our business foundation. The new plan is rooted in the CEO management policy I introduced when I took over as CEO and the three basic policies outlined. Among the various themes related to those policies, I am particularly focused on three issues: restoring core profitability; undertaking profit management by strengthening the business axis; and utilizing human resources. I want to bring a sense of speed to implementing initiatives related to these three issues.

CEO Management Policy	Key policy of the New Mid-Term Management Plan "Reborn 2024"	
Commitment to profit	Strengthening of business foundation (restoring profitability and creating new value)	① **Restore core profitability** ② Concentrate allocation of management resources to growth and strategic areas ③ Revitalize product portfolio in existing businesses through high value-added solutions ④ Initiatives aimed at new business fields
Strengthening Group main office functions and strategies	Strengthening global management	① Adopt business-specific ROIC ② **Profit management by strengthening the business axis** ③ Research / Technology development ④ DX
Enhancing efforts related to the sustainability demand by society	Enhancing sustainability (Sustainability strategy aligned with management strategy	① Distinctiveness through sustainable procurement ② Climate change response ③ **Utilize human resources**

To restore core profitability, I want to begin by realizing a recovery in Group profit to fiscal 2019 levels. Over the past two years, profit levels declined due to the impact of COVID-19 and rising raw material costs. However, the strength of our Group businesses has not declined. I believe a major cause of profit declines was our slowness to act in implementing cost management and appropriate price revisions when our operating environment saw the rapid rise in raw material costs. We will restore our core profitability by strengthening management and addressing these issues on a business-specific level.

To undertake profit management by strengthening the business axis, we will aggressively promote differentiation strategies as a Groupwide initiative. We will shift from our previous focus on sales volume to an appropriate approach that prioritizes profit amount and profit margin. We will also reevaluate our product portfolio to focus on high-value-added products. From April 2022, we shifted to a focus on business-specific management. Our transition to a structure that further strengthens our matrix management for each region and business will

lead to increased efficiency by enabling us to visualize profit management for each business and engage in centralized management of the supply chain for our key raw materials. Steps that encourage the Group to focus on investment efficiency will enable portfolio changes in ways that can be difficult for areas to decide on their own. Such steps will also promote resource allocation based on consideration of the cost of capital. Through these efforts, I want Fuji Oil to be reborn into a corporate group that can conduct business portfolio management. On a business-specific level, we will strengthen risk management by engaging in raw material position management and product cost management as well as implement appropriate price revisions. Overall, these efforts will increase the speed and efficiency of our business management.

With regard to the utilization of human resources, I believe that if we cannot draw on the strengths of our diverse employees in our operations we will not be able to ensure our competitiveness and improve our corporate value. The percentage of our employees who are seeking diverse workstyles is increasing. And there are various ways in which they can contribute to the Company. With that in mind, we are advancing our efforts related to diversity, equity and inclusion (DE&I). To respond to diversifying values and improve our corporate value, we will open up career opportunities within the Group, such as posts and projects, regardless of nationality, gender, or age. We will select diverse people objectively by evaluating achievements and potential. By 2030, we will also improve the diversity (nationality, gender, etc.) of executive officers who are members of the Board of Directors and the Management Committee.

We also need to reform our human resource system in order to make the most of our personnel diversity. Specifically, the personnel systems of Japanese companies, based on the framework of lifetime employment, are more uniform than overseas systems, and I feel that hinders diversity acceptance and the utilization of talented personnel in Japan. By making our personnel systems more flexible, employees will be able to choose a career plan based on factors such as their own ambitions and familial circumstances. Also, more flexible personnel systems will enable us to adopt open recruitment for positions in the same way as is done overseas.

Human Resources to Support Value Creation
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Instead of adhering to a framework of lifetime employment, I want us to provide workplaces where personnel who seek to contribute to the Group's philosophy and mission can play active roles, regardless of their history of employment with the Group, even in cases of short-term employment.

We will also strengthen dialogue with employees. I regret the fact that communication between management and Group employees has been insufficient thus far due to the increase in employee numbers resulting from business expansion and because of the COVID-19 pandemic. Employees and management need to communicate with each other about what they are thinking, the issues they are facing, and their thoughts on the future. At the same time, management needs to communicate regarding recent changes in our business environment and on the details of dialogue with investors. By improving communication among the various members of the Group, we are committed to creating a sound and stable organization in which personnel feel they are able to share their concerns and mistakes immediately with team members, including their superiors.

Sustainability Management and Corporate Governance

Amid major social changes, efforts to address human rights and global environmental issues will not only reduce business risks but also contribute to differentiation and improved management speed, which will in turn lead to value for consumers. That is why the Group regards efforts toward resolving these issues as important.

Most of the key raw materials for the products offered by the Group are sourced in Asia and Africa and are the result of the local climates and the people who work in the countries in those regions. Without those natural and human resources, we would be unable to provide high product quality or realize stable supplies. Food is essential to life, and people expect high quality

and stable supply. That is why, we recognize that providing solutions to various social issues throughout our value chain, from raw materials to consumers, is a prerequisite for the continuation of our business. All people working in the Fuji Oil Group are expected to regard sustainability management as an absolute must in their daily work. We must all constantly challenge ourselves to make concrete improvements toward building a sustainable food value chain.

For this reason, more than ever before it is essential that we work together with stakeholders along our value chain, including raw material suppliers, customers, and partners. The continued development of the Fuji Oil Group also depends on us striving for a sustainable future for food and further strengthening our co-creation activities toward the establishment of a stable food chain.

For all Group employees to work together toward enhancing co-creation with stakeholders while further promoting sustainability management, we are implementing reforms to clarify execution responsibilities.

Fuji Oil Group Risk Management

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In fiscal 2019, we established the position of C"ESG"O to promote and drive sustainability management. However, from fiscal 2022, we have eliminated the position to transition to a structure that better enables us to tackle sustainability as a Companywide issue. Furthermore, we changed the name of the ESG Committee to the Sustainability Committee and restructured the organization into a forum for discussions mainly focused on environment (E) and society (S). Governance (G) was redefined as a matter of importance that should be promoted by the Board of Directors and the Management Committee.

We also organized our ESG materiality into three categories: Value creation; Safety, quality, and environment; and Business foundation.

Governance

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Along with sustainability management, ensuring fair, transparent, and appropriate governance is a major requisite for management. I feel that governance is often understood in terms of management and supervision in Japan. However, the word governance is derived from the Latin word *gubernare*, which refers to steering a ship. The essence of governance is to unite all members of a group, to thoroughly implement compliance and risk management, and to work toward realizing goals efficiently and with a sense of speed to improve corporate value. I want the Fuji Oil Group to be a corporate group that does not imitate others and always takes on challenges, and I firmly believe that the execution of business management should be about continuously tackling new challenges.

In June 2022, we changed the institutional design of the Board of Directors and transitioned to a company with an Audit and Supervisory Committee. In addition to strengthening management monitoring functions and raising corporate governance to an even higher level, we will work to speed up management by promoting the division of roles between business execution and management supervision. Governance is a continuously evolving concept, and we intend to evolve it further by 2030, when we are set to achieve our Vision for 2030.

The role played by outside directors has become even more important. The Board of Directors engages in lively exchanges of opinions, with the outside directors providing their opinions on our management direction by drawing on their experience and background and from their perspectives as external stakeholders. We also welcomed their various suggestions and advice when formulating the new mid-term management plan, and I believe we were able to formulate a highly feasible plan.

Continuous dialogue with investors is also an important element of corporate governance. Through proactive dialogue, I will present the Company's position as well as the direction in which I am seeking to take the Company. Also, by discussing management issues from the perspective of our KPIs, such as return on invested capital (ROIC), I will work to improve our corporate value.

All members of management are moving in the same direction toward the achievement of Vision for 2030. I believe that the role of the executive officers is to constantly take on challenges to realize that goal and that a new critical mission of the Board of Directors is to manage and supervise business execution from a third-party perspective. Step by step, we will move steadily toward achieving a governance system that performs its desired functions.

Reborn 2024 to Pursue Medium- to Long-Term Growth

To achieve further development of the Fuji Oil Group through both social contribution and sustainable growth, it is vital we effectively execute our mid-term management plan Reborn 2024 and realize our Vision for 2030.

During the period of the current mid-term management plan, which represents Phase I of Vision for 2030, our first priority is the recovery of Group profit to previous levels. At the same time, we will promote the development of new business pillars that we will align with the Vegetable Oils and Fats Business and the Industrial Chocolate Business.

Since its founding, the Fuji Oil Group has remained committed to plant-based ingredients and has contributed to customers and society by creating innovative products based on its unique manufacturing methods and product development technology. This DNA is also represented in our company name "Fuji (不二)," which means "like no other."

Research and Development
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In July 2022, we announced our flagship initiative GOODNOON. The entire Group will promote the development of product groups made from plant-based ingredients and that focus on deliciousness and texture. Without being bound by conventional frameworks, we will also engage in information dissemination through social media marketing and other platforms, adopt new sales methods such as e-commerce, and challenge ourselves to introduce new product formats such as ready-to-eat and ready-to-use products while promoting sales in the home meal and food service markets. During the period of the current mid-term management plan, we will continue to promote our research structure, production, and sales in the Japanese market. And we intend to introduce our newly developed products to the world during the period of the next mid-term management plan. In 2030, we are targeting sales of ¥100 billion from products that match the GOODNOON concept.

Initiatives Focused on New Business Creation
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From the perspective of ongoing changes in world affairs and risk management, we believe that to achieve sustainable growth as a group, we must grow our overseas business to a profit level that is on par with Japan. The strengthening of our overseas business is an urgent task for the period of the current mid-term management plan, but to do so will involve more than simply increasing sales volume. Through efforts to increase the sales ratio of high-value-added products that represent the distinctive nature of the Fuji Oil Group and to expand our customer base, we will raise the profitability of our overseas business.

From a stakeholder perspective, the Fuji Oil Group is expected to achieve sustainable growth while contributing to society. My mission as CEO is to pass the Company on to future generations in a better shape than when I took over. The Fuji Oil Group has a history of more than 70 years, but it is impossible for the products and processes of the past to continue to be successful. A company is a living thing, and it will not survive unless it continues to adapt. The future survival of the Fuji Oil Group will depend on the three-year period from fiscal 2022 to fiscal 2024 and it being reborn into a corporate group that is able to generate new value.

September 2022

Mikio Sakai

President
Chief Executive Officer
Fuji Oil Holdings, Inc.



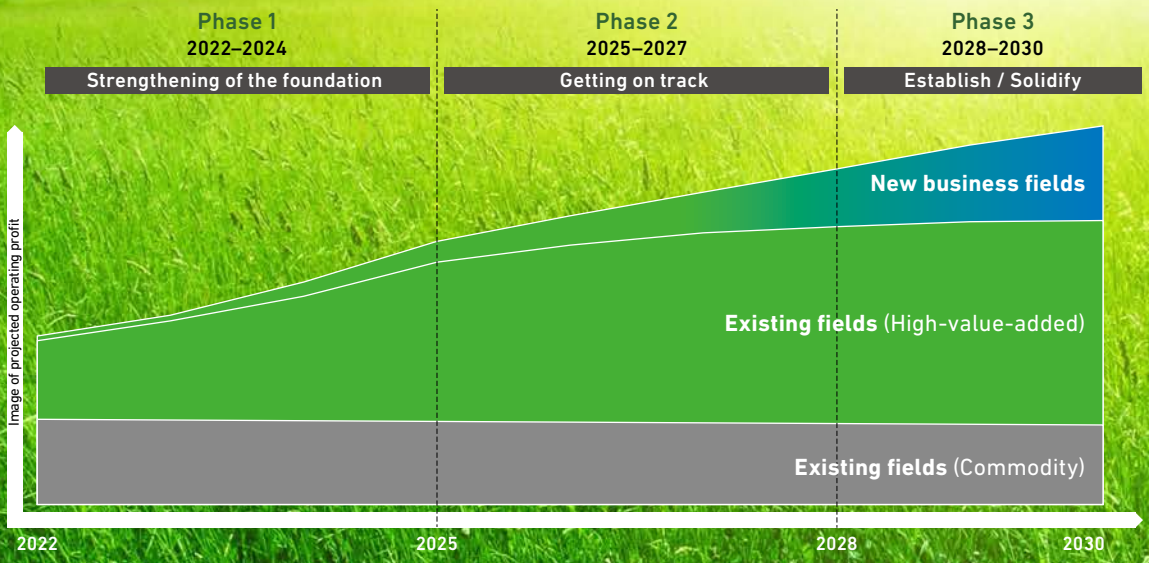
The Fuji Oil Group's Value Creation

Vision for 2030

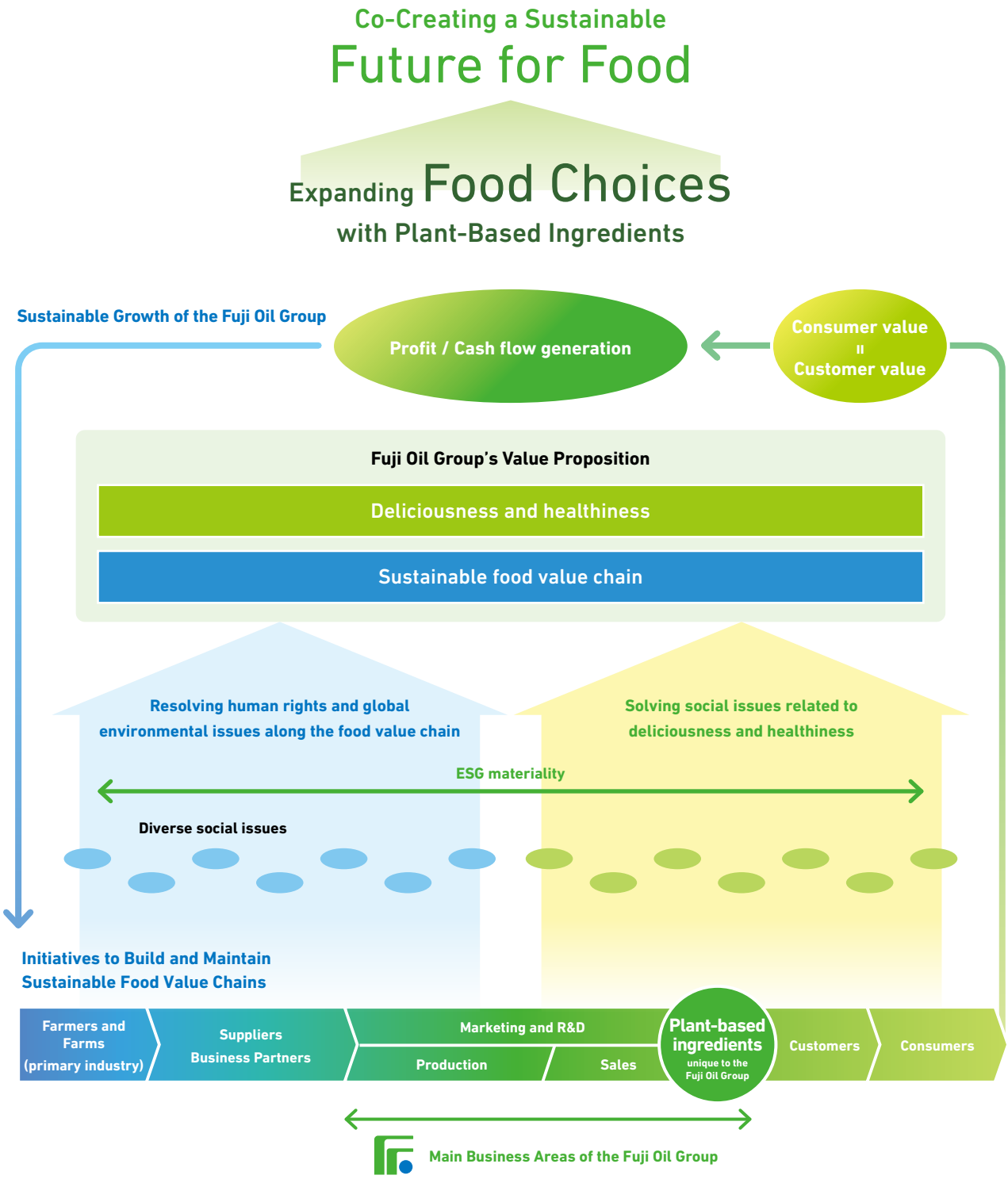
Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy.

Actions to Achieve the Vision	2030 Targets
Creating innovative plant-based ingredients to form a highly profitable business portfolio	• ROE 10% • ROIC 8%
Creating social value by undertaking and contributing to resolving social issues related to the food value chain	• Achieve sustainable procurement commitment • Achieve Environmental Vision 2030
Implementing human resource development and corporate culture reform	• Work to provide an environment that motivates globally diverse human resources to undertake new challenges and achieve innovation. United toward achieving growth

Growth to 2030



The Fuji Oil Group's Value Creation Goals



The Fuji Oil Group performs a midstream function in the food value chain, manufacturing and selling plant-based ingredients that are unique to the Group's R&D and production activities.

In fulfilling this function, we strive to provide solutions that meet the expectations of all stakeholders by promptly identifying social issues in the food value chain, such as global environmental issues, human rights, and mental and physical health.

We aim to achieve sustainable growth of the Group and actualize a cycle of value creation through co-creating a sustainable future for food by expanding consumers' food choices.

The Fuji Oil Group's Value Proposition

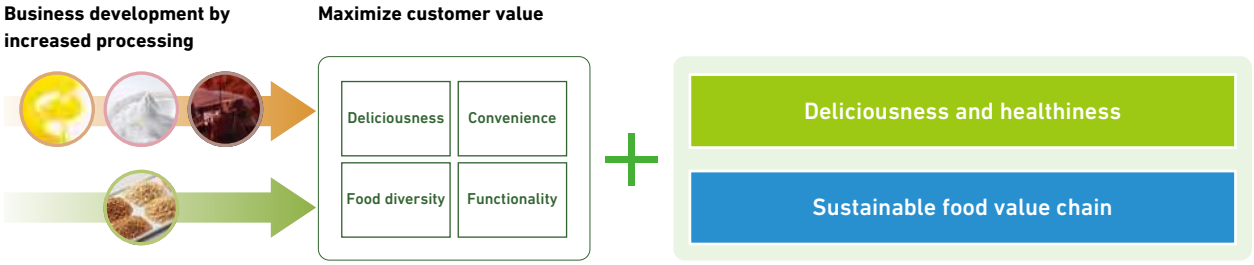
Our Constant Creation of Value

The foundations of the Fuji Oil Group are built on the Vegetable Oils and Fats Business, primarily centered on southeastern oils and fats, and the Soy-Based Ingredients Business, primarily centered on soy protein. Furthermore, we have developed our Emulsified and Fermented Ingredients Business and Industrial Chocolate Business with the aim of maximizing our value proposition by increasing product processing. The foundation of our ability to provide products that have met the specific needs of customers and consumers to date is the Group's unique business portfolio based on these four main businesses. In the midst of demand for material affluence as economies grow around the world, we have contributed to the development and transformation of food culture by creating new materials with new value, adding deliciousness and function, and improving the quality of our customers' end products.

Reference: Research and Development ⇨ P38

Future Value Creation

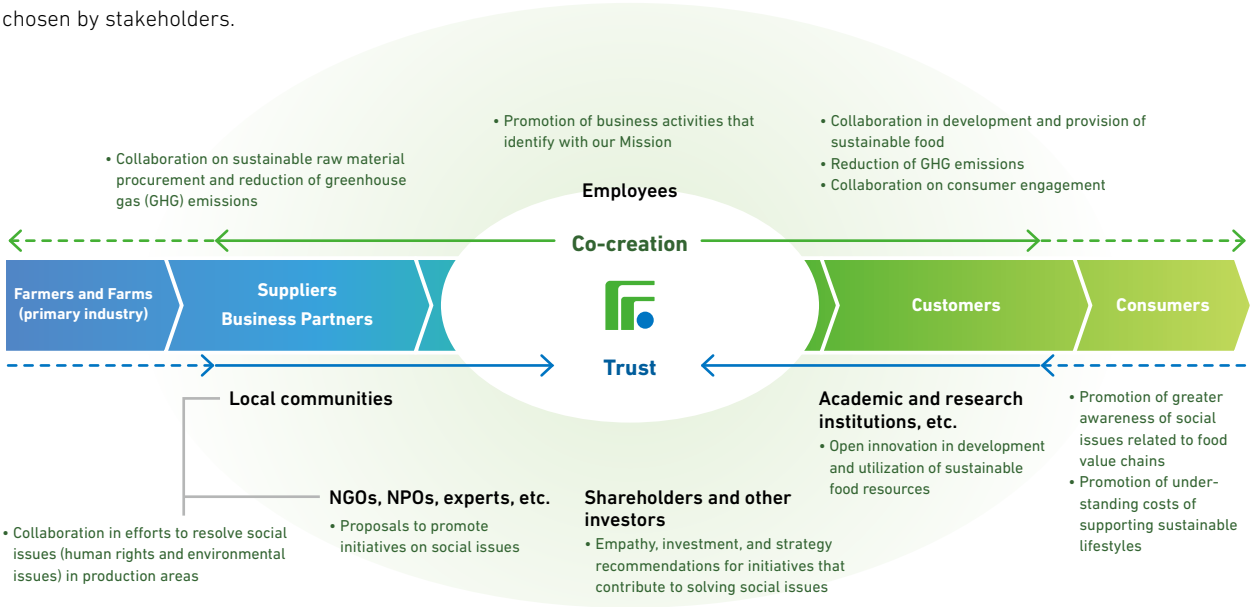
Around the globe, there is a growing awareness of the challenges of building a sustainable society and ever more integration of food and health, and there is an increasing demand for the "healthiness" of mind and body, accompanied by "delicious taste," which is translating into food where "deliciousness and healthiness" can coexist. Another growing consumer value is that food is produced in a "sustainable food value chain." The Group will provide these values with plant-based ingredients to expand consumers' food choices.



Value Creation through Co-Creation

A complex supply chain and many stakeholders are involved before food reaches the consumer. Social issues, such as human rights and environmental issues, cannot be solved by a single company alone; they must be addressed by the entire value chain, including consumers.

As a midstream player in the food value chain, the Fuji Oil Group will further focus on co-creation with various stakeholders. We will strengthen our engagement with both upstream and downstream players to build a sustainable food value chain and pursue deliciousness and healthiness to achieve a sustainable future of food. Also, we aim to realize further growth by earning the trust of our stakeholders through co-creation and demonstrating our strength as a raw material manufacturer worthy to be chosen by stakeholders.



Strengthening of the Foundation: Mid-Term Management Plan (Fiscal 2022 to Fiscal 2024)

Reborn 2024

In the face of continued uncertainty due to the COVID-19 pandemic, soaring raw material prices, and increasing geopolitical risks, the business environment surrounding the Group's operations is becoming increasingly uncertain. We are also aware of various issues, such as our insufficient response to changes in the business environment and delays in new business creation, and the monetization of M&A projects and capital investments. In light of these circumstances, we believe that we need to improve our business profitability and to respond to change with greater speed. In a business environment that is expected to undergo even greater and faster change, in order for the Group to fulfill the value creation envisioned in its Vision for 2030, the Group must prioritize the recovery of profitability from its current assets and operations and the strengthening of its financial position to reinforce its foundation.

To those ends, we have divided the period up to 2030 into three, 3-year phases. Phase 1 is the Reborn 2024 mid-term management plan, the period for strengthening our business platform so that we can evolve into a corporate group that generates new value.

Reborn 2024

By responding to changes in society and changing markets and sales methods, we will be reborn as a corporate group that is able to generate new value in unpredictable operating environments.

Phase1 2022–2024	Phase2 2025–2027	Phase3 2028–2030
Strengthening of the foundation	**Getting on track**	**Establish / Solidify**
• Realization of expected gains on major investments in Blommer, etc. • Transformation of business management foundation • Initiatives aimed at new business fields	• Promotion of growth strategies for major investments • Expansion of new business fields • Strengthening of business portfolio	• Highly profitable portfolio • New business fields become pillars of business • Sustainability as distinguishing factor
ROE 8% ROIC 5%	ROE 9% ROIC 7%	ROE 10% ROIC 8%

2030

Vision

Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy.

Actions to achieve

- Forming a highly profitable business portfolio
- Creating social value
- Implementing human resource development and corporate culture reform

Reborn 2024

1. Strengthening of Business Foundation (Restoring Profitability and Creating New Value)

1. Restore core profitability
2. Concentrate allocation of management resources to growth and strategic areas
3. Revitalize product portfolio in existing businesses through high value-added solutions
4. Initiatives aimed at new business fields

2. Strengthening Global Management

1. Adopt business-specific ROIC
2. Profit management by strengthening the business axis
3. Research / Technology development
4. DX

3. Enhancing Sustainability (Aligning Sustainability Strategy with Management Strategy)

1. Distinctiveness through sustainable procurement
2. Climate change response
3. Utilize human resources

2017–2021

Recognition

Business environment changes

- Lifestyle changes triggered by COVID-19
- Changes in values and ways of communication
- Increased market volatility due to climate and supply/demand changes
- Reaffirmation of geopolitical risk occurrence
- Increasing demands on companies to achieve sustainable development goals (SDGs)

Factors behind failure to achieve previous mid-term management plan and sluggish earnings

- Insufficient response to changes in business environment (COVID-19, high raw material prices)
- Delays in new business creation and new plant construction
- Delays in monetization of M&A projects and capital investments
- Failure to achieve plan for high-value-added product groups

Strengthening of the Foundation: Mid-Term Management Plan (Fiscal 2022 to Fiscal 2024) Reborn 2024

Basic Policies and Management Objectives of the Mid-Term Management Plan

1. Strengthening of Business Foundation (Restoring Profitability and Creating New Value)

The Fuji Oil Group has established its business portfolio by increasing the processing of southeastern oils and fats and soy protein (⇨ P16), but in the midst of dramatic changes in the business environment, profitability is declining mainly due to less competitive product lines. In addition, in order to forming a highly profitable business portfolio for 2030, we must revitalize our portfolio with high-value-added products in existing business areas and take on the challenge of entering new value-added business areas. We will strengthen our business foundation to restore profitability and create new value.

			Relevant Pages
① **Restore core profitability**	Restore basic profitability by strengthening management and cost control for profitability improvement while steadily capturing demand in promising growth markets		Business Strategy ⇨ P62
	● Capture market growth recovery • U.S., Brazil / Chocolate demand • China / Bakery market expansion • Recovery of demand decline from COVID-19	● Achieve profitability improvement • Improved production efficiency • Strengthened cost management and implemented appropriate pricing strategy • Strengthened logistics cost reduction	
② **Concentrate allocation of management resources to growth and strategic areas**	Concentrate management resources and achieve business growth through new locations and increased capacity		
	● Vegetable oils and fats: Fuji Oil New Orleans, LLC (U.S.)	● Emulsified and fermented ingredients: New plant for cream (China)	
	● Industrial chocolates: Harald Indústria e Comércio de Alimentos Ltda, second plant (Brazil)	● Soy-based ingredients: New plant for soy protein (Japan)	
③ **Revitalize product portfolio in existing businesses sthrough high-value-added solutions**	Focus on differentiated products throughout the Group and promote portfolio revitalization with high-value-added products in existing business areas	Growth potential High Next-generation businesses: New Business Fields Growth businesses: Industrial Chocolate Business Restructured businesses: Products with low competitiveness in Soy-Based Ingredients Business; Products with low competitiveness in Emulsified and Fermented Ingredients BusinessBusiness Foundational businesses: Vegetable Oils and Fats Business Low High ROIC	Business Strategy Business Portfolio Management ⇨ P63
④ **Initiatives aimed at new business fields**	Create new sales methods and sales destinations, expand into new business fields		Business Strategy Initiatives Focused on New Business Creation ⇨ P74

2. Strengthening Global Management

As the domestic market matures and competition becomes increasingly global, our challenge is to build a global management structure to realize the Group's strategy and maximize corporate value while fulfilling the Group Management Philosophy. Since the transition to a Group headquarters system in 2015, we have promoted various initiatives to strengthen Group governance and corporate governance, and we have worked to enhance global management. However, we recognize that we were unable to respond to changes in the business environment in a timely manner, such as the COVID-19 pandemic and soaring raw material prices in fiscal 2020 to 2021. Under the new mid-term management plan, in addition to the adoption of ROIC management by business segment as a measure to improve business profitability, we will promote the reinforcement of our four business axes in order to shift to a highly capital-efficient management structure and business portfolio with a sense of speed that can address cross-area issues.

				Relevant Pages
① **Adopt business-specific ROIC**	Adopt FUJI ROIC to improve effectiveness of global business management			Financial Strategy ⇨ P32
	● Promote business portfolio management	● Monitor area strategy and allocate management resources		
② **Profit management by strengthening business axis**	Implement cross-area business axis monitoring and strengthened profit management			Business Strategy ⇨ P62
	● Implement profit responsibility by business division	● Take lead in purchasing raw materials and establishing supply chain management	● Be involved in area pricing and sales policies	

				Relevant Pages
③ Research and technology development	Strengthen speedy, global R&D linked to business strategy			Research and Development ⇨ P38
	● Globally launch to market new products based on concepts of sustainability and health-consciousness	● Form link with business strategy and KPI management	● Strengthen global R&D	
④ DX	Achieve global business management sophistication through DX and new market development through transformation to internet-based approach			DX ⇨ P49
	● Adopt and develop uniform core system for Group companies	● Build and use integrated database to promote management optimization	● Use data visualization to optimize supply chains and monitor management benchmarks on business-specific basis	

3. Enhancing Sustainability (Aligning Sustainability Strategy with Management Strategy)

As part of its DNA since its founding, the Fuji Oil Group has placed importance on environmental considerations and collaboration with local communities. Also, over the term of the previous mid-term management plan (fiscal 2107 to fiscal 2020), the Fuji Oil Group significantly developed its sustainability management activities, including the establishment of the position of ESG Representative, formulation of Environmental Vision 2030 and sustainable procurement commitments for each main raw material and the strengthening of initiatives. With the launch of the new mid-term management plan, we have entered the second stage of our sustainability efforts and will evolve from our previous top-down promotion structure to Groupwide activities. Of course, human resources are the true source of business continuity. We believe that it is an important management foundation for the Group's human resources to be able to work toward our goals with diverse perspective, to be provided with fair opportunities, and to be evaluated appropriately, thereby leading to the continued growth of the Group. We will deepen diversity, DE&I and promote the development of human resources and the acquisition of human resources who can play a key role in value creation.

				Relevant Pages
① Distinctiveness through sustainable procurement	Promote sustainable procurement and address biodiversity risks			Sustainable Procurement ⇨ P44
	● Promote a commitment to sustainable sourcing for palm oil, cocoa, soy beans, and shea kernels	● Promote biodiversity risk response and TNFD (Taskforce on Nature-related Financial Disclosures) principles		
② Climate change response	● Promote and brush up on Environmental Vision 2030			Environment Initiatives ⇨ P52
③ Utilize human resources	Implement corporate culture reform			Human Resources to Support Value Creation ⇨ P57
	● Promote diversity, equity and inclusion (DE&I)	● Hire, develop, and appropriately place human resources who support global management	● Strengthen internal and external communication	

Reborn 2024 Management Plan Targets

Financial

Item	FY2024	FY2021 Results
Operating profit	¥23.5 billion	¥15.0 billion
ROE	8.0%	6.6%
ROIC	5.0%	3.1%
Shareholder returns	Dividend payout ratio 30%–40%	Dividend payout ratio 38.9%

Non-Financial

Item	FY2024	FY2021 Results
CO_2 emissions (Scope 1+ Scope 2)	23%*1 reduction in total CO_2 emissions	21% reduction
Sustainable procurement (Palm oil)	TTP*2 ratio 85%	85%

*1 Base year: 2016, all consolidated subsidiaries
*2 TTP: Traceability to Plantation

Special Three-Person Discussion

Background and Motivation behind the Formulation of the New Mid-Term Management Plan

Background and Evaluation of Formulation

Question

Let's begin by asking you, Mr. Nishi, what are your thoughts looking back on the formulation of Reborn 2024, the Group's new mid-term management plan, and looking ahead to future challenges?

Nishi

In today's rapidly changing external environment, it's difficult to outline a vision of the next few years, which made it especially difficult to formulate a mid-term management plan. Despite this environment, I respect that the Company has outlined appropriate policies and has positioned itself to move toward realizing its Vision for 2030. Even during the formulation process, the Company fully consulted with us, the outside directors, and we participated in discussions as appropriate, so there was no stress in that sense. On the other hand, the Company has set some high goals, and they will not be easy to achieve. In particular, I want to pay close attention to whether each of the strategies the Company has set can be implemented with a sense of urgency.

Sakai

When formulating the plan, we at first evaluated the internal and external environments influencing the

Hidenori Nishi

Independent Outside Director

Profile

Mr. Hidenori Nishi has served as an Outside Director of Fuji Oil Holdings Inc. since June 2019. He worked for many years as the president and CEO of Kagome Co., Ltd., a global food products business. He has abundant experience as a corporate manager, a deep knowledge of marketing, and a high level of insight into the food industry, the core business area of the Fuji Oil Group.

Mikio Sakai

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

Profile

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

In May 2022, the Fuji Oil Group outlined its Vision for 2030: Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy. As Phase I of our initiatives to realize this vision, we announced a new mid-term management plan, Reborn 2024.

CEO Mikio Sakai, newly appointed CSO Hiroyuki Tanaka, and Outside Director Hidenori Nishi took part in a three-person discussion on the plan's implementation to achieve the Group's Vision for 2030.

Group. In addition to the destabilization of the global economy due to COVID-19, we also recognized geopolitical risks caused by the Russia–Ukraine conflict. And we reevaluated the previous mid-term management plan. We took those steps in order to identify the direction the Fuji Oil Group should take moving forward and how we should contribute to stakeholders, including efforts related to social issues, our customers, and our shareholders. Reborn 2024 is the result of discussions held among management members, led by the CSO Group. These discussions covered the issues and measures that the Fuji Oil Group needs to address in order to achieve its Vision for 2030. We focused on identifying key indicators that we must monitor at all times. While some aspects need further improvement, I believe we are close to what we were aiming for with the mid-term management plan. This plan clarifies which performance indicators to use to identify the causes when results deviate from plans and which countermeasures to implement. As Mr. Nishi pointed out, we have set some high goals, but we will embrace a sense of speed toward steadily implementing the strategies outlined for the next three years in order to realize our 2030 vision.

Hiroyuki Tanaka

Director
Senior Executive Officer
Chief Strategy Officer (CSO)
Chairman of Harald Indústria e Comércio de Alimentos Ltda

Profile

Mr. Hiroyuki Tanaka has extensive experience in sales and management in the food division of a major Japanese trading company, and he also has extensive experience in overseas business. During his transition to the Company, he has been instrumental in Post Merger Integration (PMI) as a director of Group companies Harald Indústria e Comércio de Alimentos Ltda and Blommer Chocolate Company. He has experience in the food business both domestically and internationally. From June 2022, as Chief Strategy Officer, he has been responsible for driving global management within the Group.

Three Basic Policies

Strengthening of Business Foundation

Question

The new mid-term management plan sets out three basic policies: strengthening of business foundation (restoring profitability and creating new value); strengthening global management; and enhancing sustainability (aligning sustainability strategy with management strategy). Toward strengthening of business foundation, the Company positioned high-value-added businesses as new business fields and announced a new business model using new technologies and new materials to achieve "surprisingly delicious foods" using only plant-based ingredients.

Nishi

The trend of economic development in various regions around the world remains unchanged. And people with financial flexibility will tend to seek higher added value in food. With these trends in mind, it makes sense for the Fuji Oil Group to pursue growth by focusing on the high-value-added market as a new business field. However, when talking about added value, it is not enough to simply improve product quality. Diversification is also necessary. For example, after carefully assessing the needs of each region or sales channel, there may be opportunities to provide service-related solutions that contribute to reductions in labor and utility costs for client companies.

Tanaka

I also have some thoughts about this new business field. The Group originally achieved growth based on high-value-added businesses. One could say that the Company entered the commodities field as a latecomer in order to further solidify its foundation through the expansion of scale. Although commodity businesses have high cost ratios, raw material prices were relatively stable between 2015 and 2020, which supported a stable earnings base for the Group. However, the risks associated with changes in the external environment have suddenly materialized. The Group is embracing a conservative approach to investment, which centers on predicting issues before they materialize and making capital investments to prevent problems in advance rather than after they occur. In the commodity business as well, I believe this preventive perspective is necessary and that we must build a foundation that is resistant to change. I also believe that stabilizing the commodity business is an unavoidable issue that we must face if we intend to promote initiatives in new business fields.

Sakai

Thus far, we have differentiated our products through technologies related to physical properties, such as manufacturing oils and fats for chocolate with good melting properties or improving yield. As Mr. Nishi mentioned earlier, moving forward we will also have to promote differentiation through intangible improvements, such as proposing solutions related to client services and packages. The most important premise for this

differentiation is "deliciousness." The eating of plant-based foods that don't taste good to solve social issues is something that is honorable in theory, but it is not a sustainable solution. People want to contribute to solving food resource shortages and environmental problems while enjoying delicious meals. The Group's mission is to further improve food quality and expand food options in order to realize a sustainable food future.

Strengthening Global Management

Question

Another of the basic policies of the new mid-term management plan, strengthening global management, outlines a future direction based on a global management approach by adding business-specific management to area-specific management. In the past, Mr. Nishi, you have identified the need for the Fuji Oil Group to clarify its vision as a global corporate group. Please tell us how you see our approach to this issue.

Nishi

The food segment is diverse and changes rapidly to adapt to market trends. I don't think there is an absolute correct answer to what is the right management method when conducting business globally. I do think, however, there are three types of management models. The first is results management. As long as the desired result is obtained, the process should be left to the local sites. The second is process management, which prescribes on-site actions based on principles and brand guidelines. The third is strategy management, which is positioned between results management and process management. At this time, I think the Fuji Oil Group should adopt this third model. If too much authority is delegated to areas based on the results management model, it will be difficult to generate synergy from integration. The environments impacting each Group company vary too significantly to implement process management. Once business in each area gets on track, it may be possible to use a results management model. However, at this point in time, I think the Group requires a business-specific strategic management model that is centered on strategy.

Tanaka

My impression is that when we introduced the regional headquarters system in 2015 to strengthen area-specific management, we turned too much toward results management. I experienced this as a director at Harald and Blommer, but delegating authority to areas certainly does strengthen on-site capabilities. At the same time, the flow of information relies on the area management company that organizes what happens locally, after which the CSO receives this information and submits it to management meetings at Group headquarters. This approach often resulted in the Group headquarters taking a passive role. When a company is operating smoothly that may have been fine, but when faced with major changes in the environment, like we are seeing now, many issues arise about which individual companies are not able to make decisions independently. Such a situation led to us being slow to act and delays in our responses. For the next three years in this period of heightened uncertainty, we are planning to proceed with a management model that resembles process management. From there, we will shift to strategy management, as you suggested Mr. Nishi. As a first step, during the period of the new mid-term management plan, we will clarify the division of roles between the executive officers in charge of business at Group headquarters and regional headquarters and take other measures to strengthen our supply chain and build a foundation for risk management.

Sakai

There are two main reasons behind the decision to strengthen business-specific management. The first is to strengthen risk management. Due to a series of unexpected changes in our external environment,

including COVID-19 and the Russia–Ukraine conflict, we have seen the materialization of major risks that impact the entire Group, especially our supply chain. Area-specific management tends to stop at analyzing risks for each Group company or region. Our goal is to strengthen business-specific management in order to raise our awareness of comprehensive risks that affect the entire Group. The second is to make more effective use of important resources such as human capital. With area-specific management, resource allocation across areas did not go smoothly. We intend to strengthen our business-specific management to promote optimal resource allocation throughout the Group.

Nishi

The Fuji Oil Group most certainly has tangible assets and intangible assets, particularly human capital and technology, that are not being fully utilized. In addition to new initiatives, I think it is also important to identify existing assets at each site and use indicators to see if these assets are being used effectively. This type of review of our assets will definitely also lead to improvements in management efficiency.

Sakai

We do not plan to make any large capital investments during the period of the new mid-term management plan. We view the major issue with our production sites as being whether or not we can make the most effective use of the assets we currently hold to generate profits. In terms of pursuing efficiency, we adopted ROIC management. However, it is not simply a matter of selling off a business that is not generating profits. We have to consider multiple aspects, including our reputation in individual markets and our connections with customers. In some cases, the utilization of certain assets cannot be expressed in figures, such as human capital. On the other hand, it is also true that we lacked a sense of capital costs. More than ever before, we need to consider whether the profitability of invested capital is sufficient compared with its capital costs. We recognize that, as we are entrusted with funds from our shareholders, it is essential to promote management with an awareness of capital costs.

Enhancing Sustainability

Question

The third basic policy is to enhance sustainability. Please tell us how you see linking the Group's sustainability strategy and management strategy and the pursuit of corporate value improvements.

Nishi

As I see it, there are two types of sustainability issues: those that must be addressed as a minimum and those that must be addressed strategically to enhance competitiveness. The former are issues that often do not have returns commensurate with costs but are considered unavoidable for the survival of a company and require taking creative approaches to sustainability themes and combining those themes with other themes. The latter are issues that support the profit base from a medium- to long-term perspective by promoting initiatives that enhance corporate capabilities and competitiveness. Although many Japanese companies are hesitant to bring such initiatives to the forefront, overseas companies are pushing them forward without hesitation, which may be due to a growing global sentiment that sustainability initiatives are imperative to a company's survival. The Fuji Oil Group must also work with an even greater sense of urgency. Doing so will require real investments and optimal allocation of human resources—one of the important tasks of the CSO.

Tanaka

The Group handles many raw materials that are closely linked to global environmental and human rights issues, such as deforestation and child labor. We will continue to address these issues to fulfill our social responsibilities. From a business perspective, however, there is a limit to how much sustainability can be converted into profits. To reiterate what Mr. Nishi said, I feel that it is an urgent issue to improve the attractiveness of actual products while simultaneously providing the combined value associated with being sustainable.

Sakai

Fuji Oil accounts for approximately 60% of Japan's commercial chocolate production and nearly 40% of Japan's palm oil imports. As long as we account for such large market shares, we must lead the industry and tackle sustainability issues strategically. It is critical that we not only allocate funds to sustainability, but that we also create a mechanism for our customers to recognize the value of sustainable products.

Promoting a Strategy for Communicating with Local Sites

Question

So far, we have discussed the new mid-term management plan, but importantly the plan must be introduced at each of the Group's worksites and put into action. What do you think is necessary to increase the feasibility of Vision for 2030 of working together with stakeholders to co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy?

Nishi

What I would like to pay most attention to in this first year is to what extent employees will talk about Reborn 2024 in their own words. I think it's good that there are various interpretations of Reborn 2024. Individual employees will come up with their own opinions on how they should approach Reborn 2024, and those opinions will eventually reach Mr. Tanaka. I believe that collectively these opinions will serve as a catalyst for a rebirth.

Sakai

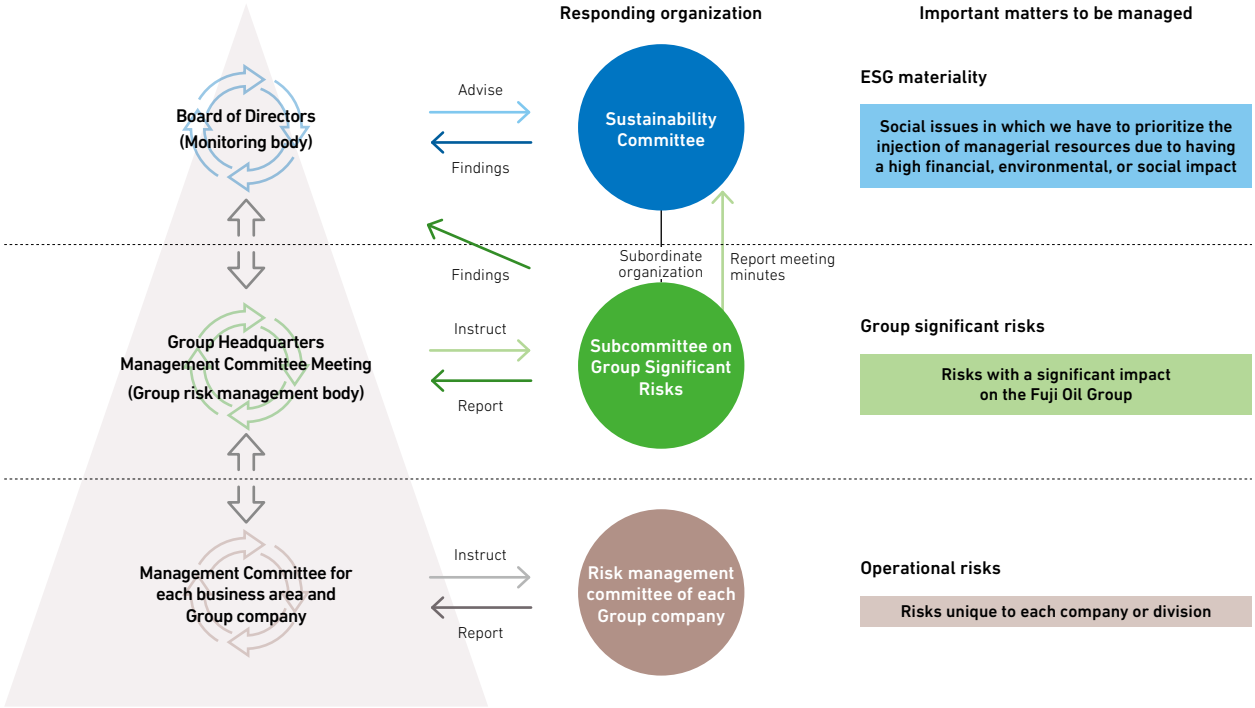
This year, I would like to actively step up communication with Group companies in particular and to use this period to close the distance between Group headquarters and individual companies, including those in Japan. We will push forward under Reborn 2024 as a way for the Group to come together as one and be reborn into a new Fuji Oil Group.

Fuji Oil Group Risk Management

The Fuji Oil Group conducts business activities in various areas of Japan, the Americas, Europe, Southeast Asia, and China. In these areas, our business expands across four segments: Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-Based Ingredients. As a result of these global operations, the Fuji Oil Group's value chain is impacted by social issues and changes in the socioeconomic environment, and this also means that there are various latent risks associated with the Group's value chain. In response to these risks, we have established a Groupwide risk management structure for comprehensive risk management. Under this structure, we position the Management Committee as the body in charge of risk management for the entire Group. We analyze risks, including risks identified by management (strategic and financial risks), risks associated with our ESG materiality map, and operational risks, based on information sources covering the Group's various operating environments. Based on that information, we make comprehensive judgments on the impact on operations, the possibility of occurrence, and the potential timing of manifestation. From those judgments, we then draft and implement countermeasure proposals, confirm progress, and conduct assessments to make improvements.

Fuji Oil Group Risk Management Structure

Group Risk Management Structure



Sustainability Committee and ESG Materiality

We established the Sustainability Committee as an advisory body to the Fuji Oil Group Board of Directors to promote and supervise Group sustainability. This committee works to identify ESG materiality from the perspective of medium- and long-term and multiple perspectives. The committee identifies the direction of universal initiatives, targets, and KPIs and monitors the progress of themes related to materiality. We analyze the importance of social issues related to ESG materiality from two perspectives: the impact the Fuji Oil Group has on society and the impact social issues have on the Fuji Oil Group. Based on this analysis, we identify high-priority matters.

Subcommittee on Group Significant Risks and Fuji Oil Group Significant Risks

During the implementation of business strategy aligned with the Group's medium- and long-term direction, we identify risks recognized as having a serious impact on the Group as significant risks, and we engage in risk mitigation. Since fiscal 2022, we have worked to reduce the risk of damage to our corporate value by evaluating risk proposals and assessing and confirming the adequacy of response measures via the Subcommittee on Group Significant Risks. The subcommittee is established as a subordinate organization to the Sustainability Committee and involves participation from a diverse range of members.

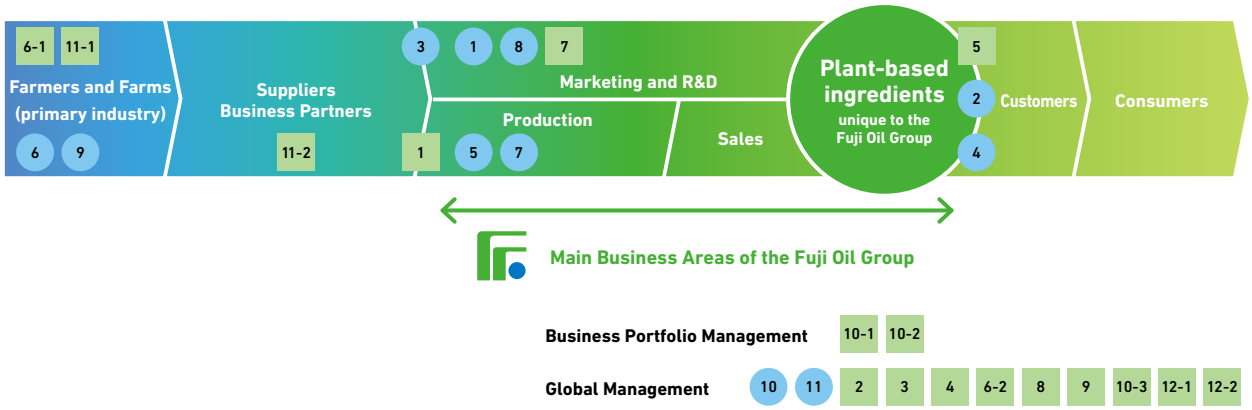
Operational Risks

We have established risk management committees within each of our Group companies. These committees implement a PDCA cycle consisting of risk assessment, risk response, self-checks, and improvement (plan proposals for the next fiscal year). These committees work with the Fuji Oil Group headquarters, regional headquarters, and Group companies to identify and respond to operational risks. During risk assessments, these committees identify risks within their own companies and use risk maps (vertical axis: company losses/impact level, horizontal axis: possibility of occurrence) to evaluate and designate risks with the potential of significant losses or a serious impact as "significant risks." The committees determine response methods for significant risks and work to mitigate these risks.

ESG Materiality

P28

1. Creation of sustainable food resources
2. Health and nutrition
3. Sustainable procurement
4. Product safety and quality
5. Occupational health and safety
6. Climate change
7. Water resources
8. Circular economy
9. Biodiversity
10. DE&I
11. Governance, risk, and compliance (GRC)



Group Significant Risks

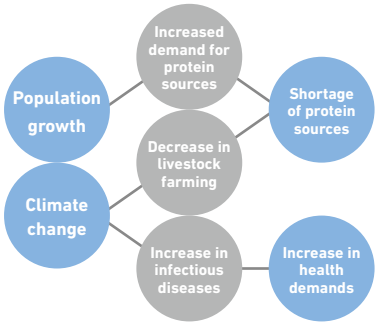
P30

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

Converting Risks into Business Opportunities

The various social issues associated with climate change and global population growth are risks with the potential to impact our business and operating environment. At the same time, we believe the changes in demands for food sources and changes in consumer spending habits associated with these social issues represent new opportunities for growth. We will challenge ourselves to develop next-generation businesses that target the plant-based food markets expected to see future growth driven by changing social structures and expanding needs.

Changes in Social Structures

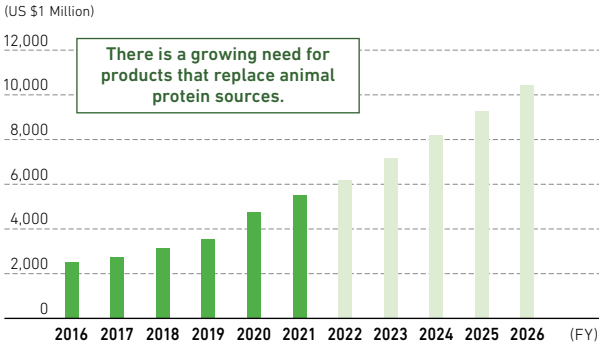


Assessing Risks, Opportunities, and Financial Impact Associated with Climate Change

P54

Growing Need for Plant-Based Foods

Global Sales Value of Meat and Seafood Substitutes



Source: Euromonitor International 2022
: Processed Meat, Seafood and Alternatives to Meat

Initiatives Focused on New Business Creation

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ESG Materiality

Our Material ESG Issues

The Fuji Oil Group identifies material ESG issues as areas where we can contribute, through our business activities, to the sustainable development of society, our own sustainable growth and the creation of value for society. Material ESG issues contribute to two of the four activity areas* for promoting sustainability management: "Creation of positive impact" and "Reduction of negative impact." We perform a materiality assessment once a year based on the input received through our dialogue with stakeholders, including suggestions on new social issues.

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

FY2022 Identification and Selection Process of Material ESG Issues

Suggestions from stakeholders (Examples)
Biodiversity initiatives are an important social issue.

STEP 1 Compile a comprehensive list* of social issues subject to assessment

STEP 2 Assess by using a materiality map

STEP 3 Exchange opinions with internal and external parties (Stakeholder engagement)

STEP 4 Discussion within the Sustainability Committee

STEP 5 Approval from the Board of Directors

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

The fiscal 2022 ESG Materiality Map and material ESG issues have been updated primarily from the following perspectives.
- Adopted expressions on the vertical and horizontal axes of the ESG Materiality Map that highlight the concept of double materiality and conducted an analysis emphasizing the degree of the Group's impact on society
- Organized "Health and nutrition" and "Biodiversity" as independent social issues, which have been of growing interest to stakeholders since the analysis in fiscal 2021
- Slightly modified the names of some social issues to better align with stakeholder concerns (e.g., "Creative food solutions" to "Creation of sustainable food resources")

FY2022 ESG Materiality Map

● Value creation ● Safety, quality, and environment ● Business foundation

Impact of the Fuji Oil Group on society				
Highest		● Health and nutrition ● Biodiversity	● Creation of sustainable food resources ● Sustainable procurement*1	● Product safety and quality ● Climate change
Higher	• Partnership with communities		● Occupational health and safety ● Water resources ● Circular economy	● DE&I*2 ● GRC*3
High	• Plastic use reduction • Animal welfare		• Human resource development	
	High	Higher	Highest	
	Impact of social issues on the Fuji Oil Group			

*1 "Sustainable procurement" includes important issues such as respect for human rights, biodiversity conservation, and forest conservation.
*2 Diversity, equity and inclusion
*3 Governance, risk, and compliance. "GRC" includes corporate governance and internal control. The Sustainability Committee is in charge of monitoring internal control. The board of directors is in charge of monitoring corporate governance.

Sustainability Committee*

The Sustainability Committee was established as an advisory body to the Board of Directors of Fuji Oil Holdings Inc. for the purpose of putting more strength behind sustainability management to meet the expectations of stakeholders. The committee meets at least twice a year to identify ESG issues that are material to the Fuji Oil Group and form a basis for sustainability management and to discuss targets and strategies for ESG initiatives from medium- to long-term, multi-stakeholder perspectives. The committee reports to the Board of Directors, which makes decisions on the Group's material ESG issues and direction over the medium to long term. In fiscal 2022, we have added representatives from regional headquarters to the committee's membership, which also includes the ESG Representative (who serves as chairperson), executive officers, and internal and external experts. By incorporating local social issues into the committee's discussions, we hope to create a stronger link between business strategy and local initiatives.

* Since 2015, the ESG Committee had served as an advisory body to the Fuji Oil Holdings Inc. Board of Directors for promoting and monitoring Groupwide and cross-business sustainability initiatives. Because corporate governance (G) is a matter to be handled by the Board of Directors, we changed the name of this committee in fiscal 2022 to the Sustainability Committee, considering its role in implementing PDCA for initiatives focused on environmental (E) and social (S) factors.

Board of Directors of Fuji Oil Holdings

<Sustainability Committee>

Inquiry ↓ / ↑ Report on results of discussions and responses

Structure
- Chairperson: ESG Representative
- Members: CEO, CFO, CTO, CSO, representatives from regional headquarters, outside directors (experts), and internal experts

Functions
Examine sustainability activities related to the Company and report findings to the Board of Directors
- Identify material ESG issues and discuss matters related to thematic targets and strategies
- Monitor progress on material ESG issues

↑ Report

Subcommittee on Group Significant Risks
Reduce risk of corporate value loss in the Fuji Oil Group

↑ Report

Director of ESG Materiality Initiative Theme Promotion
Promote themes for initiatives at each Group company and division

Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on our initiatives regarding ESG Materiality.
Social Impact and ESG Materiality ⇨ https://www.fujioilholdings.com/en/sustainability/materiality/

Material ESG Issues for Fiscal 2022

ESG Materiality	Action Theme	Person in Charge	SDGs We Aim to Support	Our Vision	FY2021 Results
Value creation					
Creation of sustainable food resources	Creation of plant-based protein resources	CTO	2	Establish alternative technologies and disseminate environment-friendly plant-based food ingredients—a substitute for animal protein and dairy products—to address the concerning issue of food resource shortages in the future	• Marketed 10 soy meat food products (e.g., plant-based nuggets) and ingredients that can replace animal meat ingredients or meat products • Marketed 5 plant-based milk and cream products (e.g., Almond Whip)
Health and nutrition	Solutions for healthy aging	CTO	3	Contribute to well-being among elderly people by addressing health issues and removing lifestyle limitations	• Published research presenting new evidence on the health functions of stabilized DHA/EPA • Registered a DHA-fortified milk beverage under the Foods with Function Claims (FFC) system • Made plans for building a network of partnerships dedicated to preventing dementia
	Reduction of sugars intake	CTO	3	Provide nutritionally balanced food products that help prevent lifestyle-related diseases by replacing certain sugars with plant-based protein ingredients	• Developed and commercialized food ingredients that increase the percentage of protein in staple foods • Successfully developed protein-fortified staple food ingredients in the lab
	Reduction of trans fatty acid content	CSO	3	Reduce the amount of trans-fatty acids (TFA) contained in products in compliance with the WHO's recommendations and the laws and regulations of each country (in regions where the TFA intake exceeds 1% of the total daily energy intake)	Of relevant Group companies outside Japan, 10 out of 14 completed the switch to low-TFA products (as of March 2022)
Sustainable procurement	Sustainable procurement of palm oil	CSO	8, 12, 13, 15	• Achieve "No Deforestation, No Peatland Development, No Exploitation (NDPE)" throughout the supply chain • Achieve 100% traceability to plantation (TTP) by 2030 • Implement the Labour Transformation Programme (LTP) at all direct suppliers by 2030	• Traceability to mill (TTM): 100% • TTP: 85% • No deforestation: Conducted routine monitoring of the palm oil supply chain using satellite images (Malaysia, Indonesia, Papua New Guinea) • LTP implementation at all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia): 27%

	Sustainable procurement of cocoa	CSO	4, 8, 12, 13, 15	• End child labor by 2030
				• End Worst Forms of Child Labour defined by ILO Convention by 2025
				• Improve living conditions of farmers
				• Prevent deforestation and protect forests: Plant one million trees in cocoa-growing regions by 2030
					• GPS mapping: Mapped 87% of farms that are direct suppliers of Blommer Chocolate Company (U.S.)
					• Support program in Ghana:
					  • Implemented at 1,250 farmers
					  • Conducted surveys of 1,200 households in the supply chain
					  • Provided education against hazardous child labor and Worst Forms of Child Labour
					• Provided GAP*1 instruction to farms that are direct suppliers
					• Planted 100,000 trees in western Ghana

	Sustainable procurement of soybeans	CSO	12, 13, 15	• No deforestation, no exploitation, and ensure compliance in the supply chain • Achieve traceability to primary collection points by 2025 and to the community level by 2030, or 100% procurement of RTRS*2-certified products or products certified to equivalent standards	• Set medium-term goals and KPIs • Created a self-assessment tool for suppliers and began assessing conditions at each supplier • Identified and sorted the different definitions of "community" for each supplier country
	Sustainable procurement of shea kernels	CSO	1, 8, 10, 15	• Deforestation prevention and parkland protection: Plant 6,000 trees per year until 2030 • Achieve traceability to the village level: 50% by 2025, 75% by 2030 • Direct procurement of shea kernels from Tebma-Kandu cooperatives: 30% by 2025, 50% by 2030 • Create value in local communities: Increase permanent, direct employees at Fuji Oil Ghana Ltd. by 50% (base year: 2017)	• Planted 6,000 trees • Direct procurement of shea kernels from Tebma-Kandu cooperatives: 2.5% • Permanent, direct employees at Fuji Oil Ghana Ltd.: Increased by 42% (base year: 2017)
Safety, quality, and the environment					
Product safety and quality	Assurance of product safety and quality	ESG Representative	12	Ensure that the Fuji Oil Group is never a cause for complaints for any of the products it manufactures	Serious quality-related complaints: 0
Occupational health and safety	Promoting occupational health and safety	ESG Representative	3, 8	Place top priority on safety and respect for humanity; keep all Group companies accident free by creating safe and comfortable workplaces	Zero cases of serious accidents and serious property damage accidents
Climate change	CO_2 emissions reduction	ESG Representative	7, 13	Environmental Vision 2030 Reduce Scopes 1&2 CO_2 emissions (absolute) by 40% and Scope 3 (Category 1) emissions (absolute) by 18% by 2030 (base year: 2016) Note: Approved by the Science Based Targets initiative (SBTi)	• Scopes 1&2 (total): 21% reduction • Scope 3 (Category 1): 0.1% increase
	Environmentally responsible production	CTO	6, 9, 12	Technologies developed for eliminating chemicals, capturing and utilizing carbon (CCU), and other applications to reduce the Group's global environmental impact across its value chain	• Environmental impact reduction assessment of new enzyme-based oil and fat processing technology: Estimated 20% reduction of CO_2 emissions; enzyme reaction rates at the actual production plant did not reach the target • Began CCU project in soybean production
Water resources	Water use reduction	ESG Representative	6, 12	Environmental Vision 2030 20% reduction by 2030 (base year: 2016)	25% reduction
Circular economy	Waste reduction	ESG Representative	12	Environmental Vision 2030 10% reduction by 2030 (base year: 2016)	5.2% reduction
	Reduction and upcycling of food waste	CTO	12	Contribute to reducing food loss and waste throughout the value chain through technology innovation and reuse/upcycling of byproducts	Developed and pitched new ingredients that maintain product quality and increased customer adoption
Biodiversity*3	Biodiversity conservation and restoration	ESG Representative	13, 15	Become nature positive in key raw material producing regions	Not included in the ESG materiality in FY2021
Business foundations					
DE&I	DE&I management*4	Division Head of Global HR Group	5, 8, 10	• Equity: Remove barriers experienced by people from disadvantaged communities; provide equitable opportunities and conduct fair evaluations • Inclusion: Build a corporate culture that fosters feelings of belonging among all employees • Diversity: Harness diversity in creating business models and for value creation	**Groupwide** • Conducted e-learning on the Group Management Philosophy • Documented the qualities required of executive managers and implemented measures based on those requirements **Japan** • Increased work-style options by revising our contracted reemployment program, expanding our telework system, etc. • Percentage of eligible male employees who took childcare leave: 73% • Provided self-development opportunities to all employees, regardless of employment arrangement • Opened new workplaces and provided follow-up support to people with disabilities to support them in achieving long-term work **Other countries** • Interviewed Group companies outside Japan on DE&I issues • Identified positions that require dispatching employees from Japan and made efforts to localize positions that do not require them
GRC*5	Risk management system	ESG Representative	12, 13	• Earn the trust of society by demonstrating high reliability and risk management capability	• Identified significant Groupwide risks and carried out appropriate risk management • Prepared climate change scenarios based on the latest reliable, objective data • Explored ways of quantifying financial impacts
	Information security management	CFO	12	• Reform processes through the use of information and communications technology (ICT) and create corporate value • Facilitate the achievement of Group governance through the use of safe and secure ICT	• Serious security incidents: 0 • Added audit items to address new threats and conducted internal audits at 13 Group companies worldwide
	Strong compliance	Legal & General Affairs Division Head	16	Earn the trust of all stakeholders by conducting business fairly, transparently, and with integrity	• Appointed staff responsible for legal affairs at each Group company and established communication lines between such staff and Fuji Oil Holdings Inc. • Had Group companies conduct a self-assessment of public official bribery risk and a self-assessment of systems for preventing bribery at higher-risk workplaces • Held antitrust compliance group trainings in Japan, China, North America, and Singapore • Conducted global e-learning on bribery prevention
	Group governance	CSO	12	Enhance corporate value through the establishment of an effective Group governance system	• Carried out an employee relations (ER) program to promote activation and mutual understanding within the Group • Conducted training for employees preparing for an assignment at another Group company outside Japan • Deepened partnership between the Internal Audit Group and the Corporate Planning Group
	Corporate governance	CSO	12	Carried out deliberations on the following at board meetings in FY2021	Carried out deliberations on the following at the board meetings in FY2021 • Agenda items that should be adopted and deliberated on for monitoring purposes • How to manage business execution to accommodate sufficient monitoring • Separation of roles between the Board of Directors and the Management Committee Meeting (the highest decision-making body for business execution)

*1 GAP: Good Agricultural Practices
*2 RTRS: Round Table on Responsible Soy Association
*3 Please refer to *Sustainability Report 2022* to learn more about our biodiversity initiatives.
Sustainable Procurement of Palm Oil
https://www.fujioilholdings.com/en/sustainability/palm_oil/
Sustainable Procurement of Cocoa
https://www.fujioilholdings.com/en/sustainability/cocoa/
Sustainable Procurement of Soybeans
https://www.fujioilholdings.com/en/sustainability/soy/
Sustainable Procurement of Shea Kernels
https://www.fujioilholdings.com/en/sustainability/shea_kernel/
*4 DE&I management: A term encapsulating the concepts and practices of providing equitable opportunities and evaluations and developing and leveraging diverse teams through inclusive management.
*5 GRC: Governance, risk, and compliance

Group Significant Risks

❶ Risk Identification

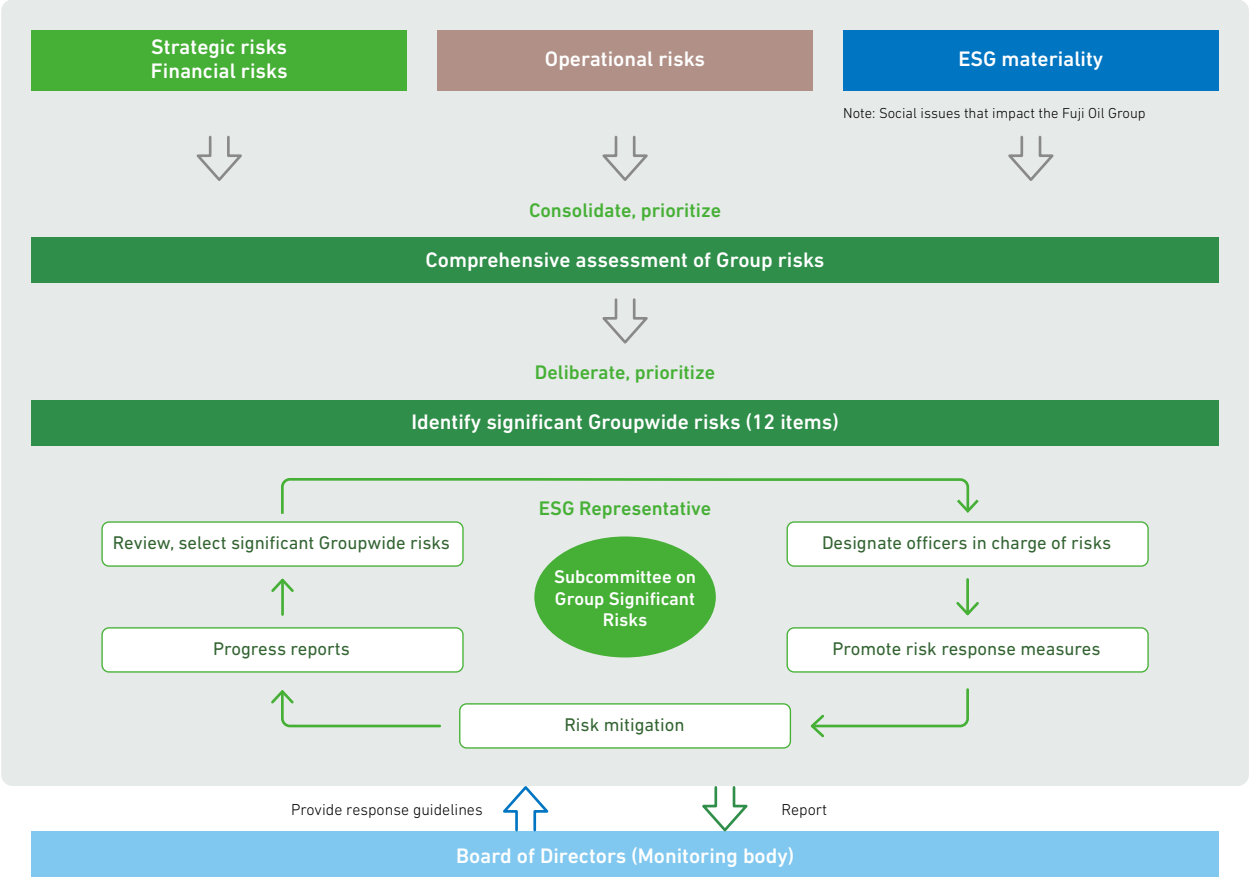
Group companies create risk maps to identify the operational risks of each company. Companies also determine strategic and financial risks at the Management Committee Meeting. The Board of Directors determines particularly significant risks by comprehensively assessing risks together with ESG materiality themes recognized as social issues that impact the Fuji Oil Group.

❷ Risk Response and Monitoring

The Management Committee is positioned as the Group risk management body. The meeting designates officers in charge of each risk and outlines responses for addressing Group significant risks identified through the process described above. The committee also receives progress reports from officers in charge and reviews and selects significant risks. These risk management processes are managed by the ESG Representative, who issues regular reports to the Board of Directors. As the monitoring body, the Board of Directors confirms reports from the Management Committee and issues instructions. Furthermore, the Board of Directors deliberates on response policies for risks with the potential to have a serious impact on the Group and emerging risks, and it issues response guidelines to the Management Committee.

Group Significant Risk Identification and Response

Management Committee (Group Risk Management Body)



❸ Monitoring of Results for Fiscal 2021

Each designated chief officer advanced response measures for the 12 significant risks identified in fiscal 2021. Reports on progress and issues were submitted to the Board of Directors to promote risk mitigation. Each officer in charge of risks also issued reports to the Board of Directors on the details and status of response implementation. Through these reports, the Board of Directors confirmed the adequacy and timeliness of responses to address factors related to emerging risks and subsequent response measures.

Fuji Oil Group Significant Risks (for fiscal 2022)

We selected the following 12 items as significant risks requiring management. For each risk, we designate a chief officer and draft response plans. Response status is reported to the Board of Directors to establish a system of monitoring. Furthermore, forward-looking statements constitute reasonable judgments made by the Fuji Oil Group based on information available as of March 31, 2022.

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

Financial Strategy

We will steadily implement financial measures to realize the key policy of "Strengthening business foundation" set forth in Reborn 2024 and practice management with an awareness of the cost of capital.

Tomoki Matsumoto

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

Financial Strategy under the New Mid-Term Management Plan Reborn 2024

In our previous mid-term management plan, "Towards a Further Leap 2020," announced in February 2017, we planned for 6% profit growth (which exceeded the global GDP rate) through organic growth and new businesses. Taking advantage of our solid financial base, we made the decision to acquire Blommer Chocolate Company in January 2019, executing the largest investment in the Group's history at ¥65.0 billion, under our plan of using all cash flow from operating activities for capital expenditures and M&A. On the other hand, in the last five years, we went forward with stock transfers of five of our consolidated subsidiaries and the reduction of cross-shareholdings as measures to improve capital efficiency.

The Group received a major shock in the souvenir and food service markets due to the constrained movement of people caused by COVID-19 pandemic lockdowns and other factors. Raw material prices began to rise due to expectations of economic recovery, and the rise in crude oil prices coincided with higher demand for soybean oil and palm oil as biomass energy. Furthermore, there have been concerns of pressure on raw material supply and demand due to Russia's invasion of Ukraine, causing raw material prices to remain at all-time highs since the beginning of 2022.

Under these circumstances, the Group was compelled to revise its initial fiscal 2021 plans with a decrease in profits of ¥3.0 billion due to price revisions not keeping pace with raw material prices as well as problems in the U.S. labor market and logistics disruptions. Higher raw material prices led to increased working capital, especially inventory value, resulting in a cash conversion cycle (CCC) of 115 days at the end of fiscal 2021, eight days worse than the previous year-end. Moreover, interest-bearing debt increased significantly from the previous year-end, to ¥148.8 billion, amid rising interest rates worldwide.

Our financial strategy under the new mid-term management plan rests on the pillars of "improving financial governance," "improving capital efficiency," and "strengthening financial monitoring." We aim to reduce interest-bearing debt and ensure steady redemption of subordinated debt. In an unstable environment where looking ahead into the future can be difficult, we believe it is important to restore the original basic earnings of each of our businesses and to use the cash flow generated to improve our financial position. In addition, in a rapidly changing environment, a digital strategy that maximizes the use of data is essential to operate on a cross-area business axis, which requires speed-focused management.

To advance business management, it is necessary to develop global human resources focused on finance and accounting. We will create an environment in which employees can grow through an educational system that enhances each person's expertise and through a rotation of talent that includes national staff. These efforts will also help us to promote diversity and strengthen our organization.

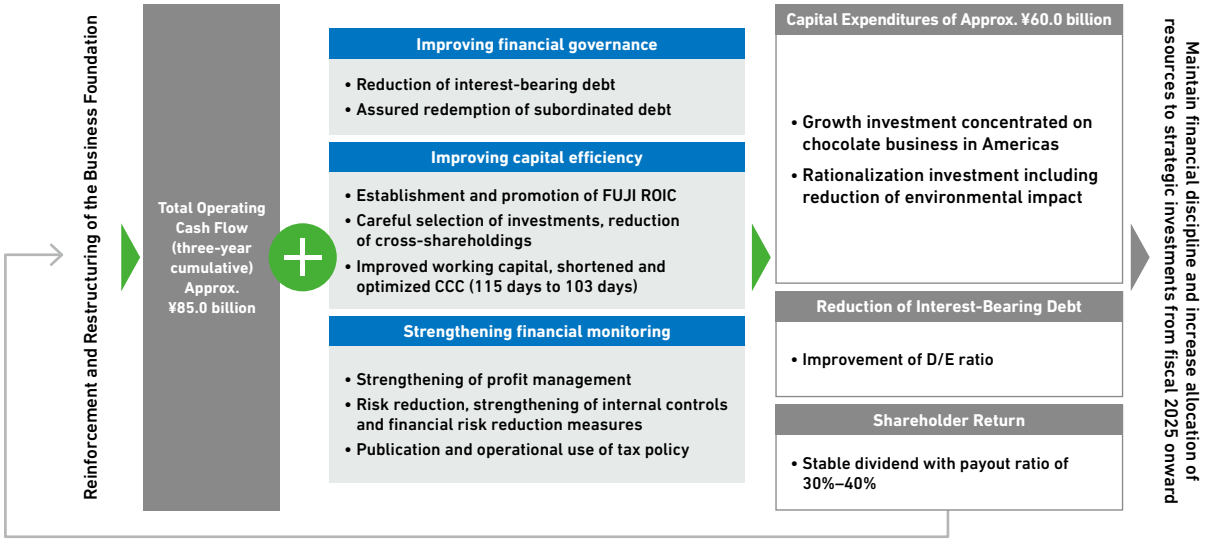
Last but not least, I believe that my most important role as CFO is to envision what Fuji Oil Holdings should be from a financial perspective, set goals that clearly define the direction of the entire Group, and work hand in hand with the Group's business strategy to take on the challenge of realizing these goals and enhance corporate value. With limited resources, it is essential to identify what investments are truly necessary for Fuji Oil Holdings, and this also means rethinking the Fuji Oil Group's mission.

Fuji Oil was founded on the spirit of not imitating others

but using unique technology to engage in challenges and reforms that contribute to global food culture. We will continue to invest in human resources, intellectual property, and innovative new products that carry on the spirit of our founding. I believe that this is the root source of Fuji Oil's value.

We will continue to strive to improve our corporate value by ensuring that our stakeholders understand the current state of the Group, our growth strategy, and the mid-term management plan and by reflecting in our management their opinions and suggestions regarding their expectations of the Group.

Increase Capital Efficiency to Improve Financial Structure



Introduction of ROIC

While the Group has traditionally used ROE, which expresses capital efficiency, as an external management indicator for Group management in addition to operating profits, we will be newly introducing ROIC as a management indicator to promote the key policies of the new mid-term management plan.

Due to a historical surge in raw material prices, the Group's working capital deteriorated significantly with worsened capital efficiency in fiscal 2021. In order to achieve sustainable growth and realize the highly profitable portfolio that we aim to achieve in our Vision for 2030 even under such a drastically changing business environment, management that pursues capital efficiency and appropriate business portfolio management are necessary. To these ends, the new mid-term management plan will actively incorporate ROIC as an indicator that enables us to understand and manage capital efficiency by business and management unit.

As the components of ROIC are broken down into KPIs for each department, the many frontline initiatives involved in the business can improve ROIC. By linking the measures from each management unit, such as improving the productivity of existing assets, improving labor efficiency, implementing thorough cost reduction, and optimizing CCC, the entire Group will have greater awareness of ROIC and regularly monitor and evaluate its performance. It is also expected that ROIC will be used as a criterion for making decisions on how to allocate resources to highly profitable businesses and carefully select investments that exceed the cost of capital, given limited resources.

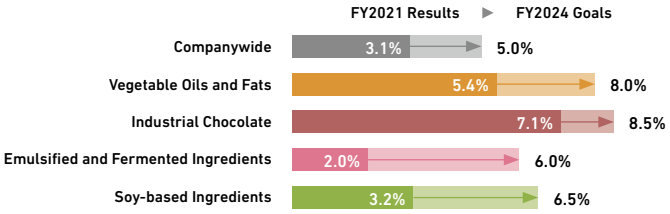
Adopted FUJI ROIC as a Tool to Promote Business Portfolio Management

$$\text{FUJI ROIC} = \frac{\text{Operating profit after tax}}{\text{Working capital + Fixed assets}}$$

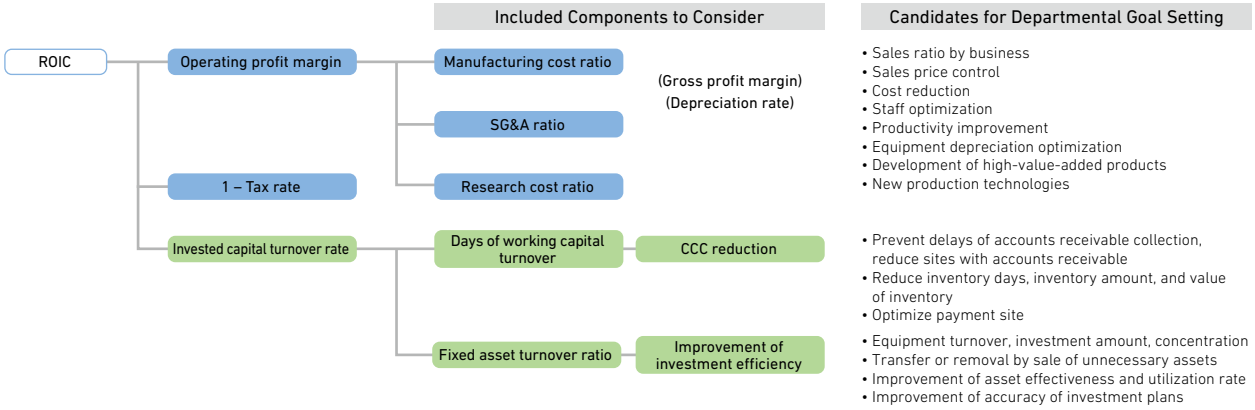
FY2024

Companywide ROIC
Achieve assumed weighted average cost of capital (WACC) (5%) during mid-term management plan period

ROIC of each business unit
Allocate management resources in business units to achieve assumed cost of capital (6%)



Through such business management, each business unit will work to allocate resources and improve efficiency with an awareness of the cost of capital, allowing each of them to achieve their own ROIC goals. And by strengthening our business portfolio, we aim to achieve a Companywide ROIC of 5.0% in fiscal 2024, the final year of our mid-term management plan.



Introduction of FUJI ROIC with the Aim of Improving Management Efficiency

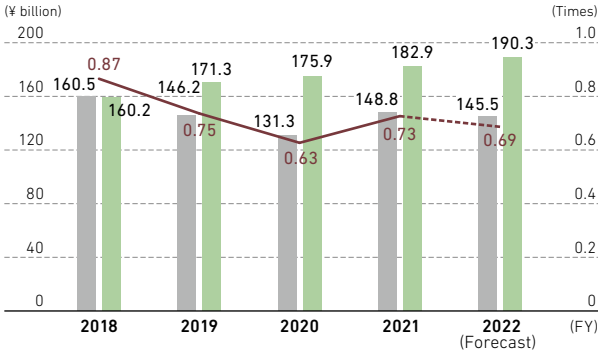
ROIC is a measure of business efficiency using invested capital and operating profit after tax, where invested capital generally uses interest-bearing debt and shareholders' equity. As these items are not assigned to individual management units such as companies and businesses, it was difficult to measure the management efficiency of these units.

Therefore, working capital and fixed assets that can be attributed to each management unit will be used as a pseudo-type of invested capital, and this will be introduced as FUJI ROIC and adopted as a KPI in the new mid-term management plan. Each management unit will identify and analyze its own FUJI ROIC and work on efficiency-oriented improvement measures to further enhance corporate value for the Company as a whole.

Promotion of Interest-Bearing Debt Reduction

Although we have made good progress in reducing interest-bearing debt, which increased as a result of the Blommer acquisition, interest-bearing debt began to increase in fiscal 2021 mainly due to a rise in working capital. We aim to establish an optimal capital structure that will allow us to steadily increase earnings while appropriately managing cash flow and promoting aggressive growth investments.

Net D/E Ratio*

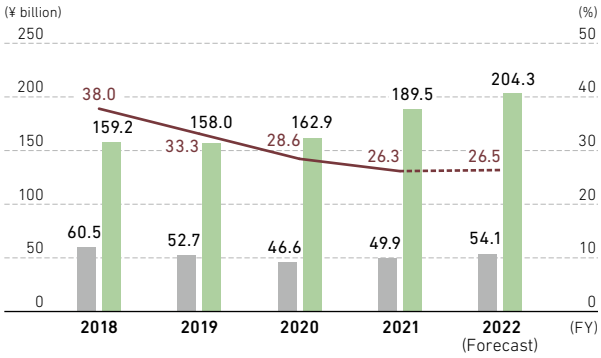


* Net D/E ratio = Net interest-bearing debt ÷ Shareholders' equity

Improvement of Our Ratio of Goodwill to Net Assets

With the acquisition of Blommer, our goodwill amounted to ¥60.5 billion at the end of fiscal 2018 and our ratio of goodwill to net assets escalated to 38%. While our ratio of goodwill to net assets improved to 26% at the end of fiscal 2021 due to amortization of goodwill and other factors, we feel that it is still too high. In addition, the goodwill balance is expected to increase in fiscal 2022 as a result of reorganizing the North American Oils and Fats Business. We recognize the importance of building a stable financial infrastructure through an increase in profits by aiming to strengthen our business foundation, especially in acquired subsidiaries and restructured companies

Ratio of Goodwill* to Net Assets



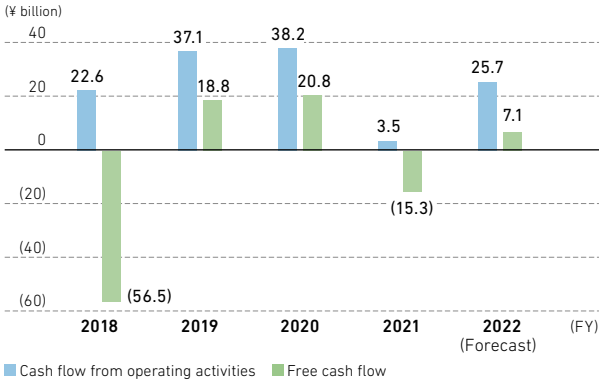
* Utilization of goodwill

Control of Cash Flow

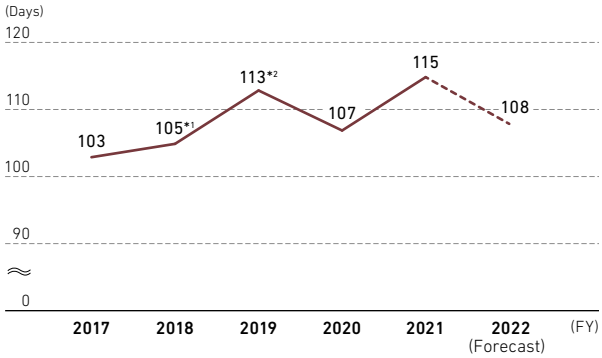
Cash flow from operating activities is targeted to reach ¥85.0 billion for the three-year cumulative period of the new mid-term management plan. In fiscal 2021, our CCC worsened by eight days from the previous year-end due to higher working capital requirements resulting from increased sales volume and higher raw material prices, leading to a significant decline in cash flow from operating activities. Although we were able to curb cash flow from investing activities, free cash flow became negative.

To maintain and improve financial discipline, our top priority is to generate free cash flow of ¥10.0 billion or more annually through steady profit growth and by shortening the CCC. We will keep capital expenditures down by careful examination of projects, while controlling cash flow by reviewing our business portfolio to take a thorough look at our businesses and further reducing cross-shareholdings.

Cash Flow



Cash Conversion Cycle



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

State of Capital Investment

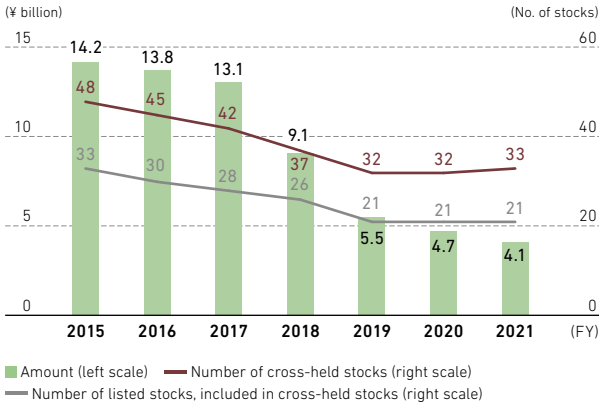
Business investments made to establish new locations and increase production capacity are scheduled to be sequentially put into operation, and we will use the funds for further growth investments by recovering the investment through early return to profitability. We will also invest management resources in improving production efficiency, particularly in Blommer, and focus on strengthening our business foundation.

	Company Name	Region	Core Products	2021	2022	2023	2024
NEW	Fuji Oil New Orleans, LLC	Americas	Vegetable oils and fats	UP			
NEW	Fuji Brandenburg GmbH	Europe	Soluble pea polysaccharides		UP		
Expansion	Harald Indústria e Comércio de Alimentos Ltda, second plant	Americas	Chocolate			UP	
Expansion	Fuji Oil (Zhaoqing) Co., Ltd.	China	Whipping cream			UP	

Reduction of Cross-Shareholdings

The Group has been working to reduce its cross-shareholdings since fiscal 2015, when the Corporate Governance Code became effective. As of the end of fiscal 2021, compared with the end of fiscal 2015, approximately 70% of the total acquired value of shares that we had owned have been sold, and we completely sold all of our holdings in 12 listed stocks. We will continue to examine our holdings in comparison with the cost of capital and reduce the types of stocks even those we judge to be reasonable to hold in order to improve capital efficiency and financial strength.

Cross-Shareholdings



Tax Governance

The need to strengthen the tax governance of multinational corporate groups is growing globally, and external disclosure of corporate tax policies is becoming a global standard. In 2022, the Fuji Oil Group formulated the "FUJI OIL GROUP Tax Policy" to indicate its basic approach to taxation and to define the tax governance structure that the Group should pursue. The Group is committed to fully understanding and complying with its tax principles principles and to properly maintaining and operating its governance structure in order to sustainably improve its corporate value.

FUJI OIL GROUP Tax Policy (Excerpts)

Our Tax Principles

• Groupwide Compliance with Laws and Regulations

In accordance with the Fuji Oil Group Management Philosophy, we will comply with the tax laws and regulations of society and continue to maintain high ethical standards. We will also engage in corporate activities rooted in our communities, actively contribute to society through payment of taxes, and disclose accurate tax information to our shareholders in an appropriate and timely manner.

• Governance Controls and Risk Management

Our tax strategy is to implement governance controls and risk management to ensure that the above principles are understood and adhered to within the Group. Governance, internal controls, and risk management, which constitute the tax strategy, are managed by Fuji Oil Holdings, Inc. The CFO of Fuji Oil Holdings Inc. is ultimately responsible for them.

• Tax Cost Optimization

Based on the above principles, the Group will strive to optimize tax payments by making appropriate use of tax incentives in line with business purposes and the objectives of the laws of each country, eliminating double taxation through the use of tax treaties, and selecting consolidated tax payment systems, thereby minimizing excessive tax payments and leading to sound maintenance and improvement of corporate value.

FUJI OIL GROUP Tax Policy
https://www.fujioilholdings.com/pdf/en/sustainability/policy/tax_policy220331.pdf

Financial Risk Management

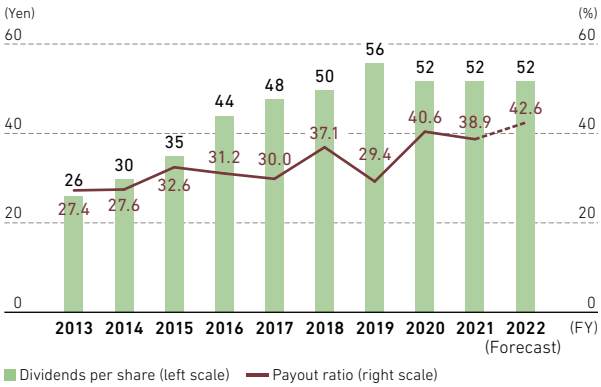
As the global economy attempts to recover from the COVID-19 pandemic, interest rates and exchange rates remain unstable due to changes in monetary policy in various countries with concerns over inflation. In addition, as country risks such as Russia's invasion of Ukraine have become apparent, the environment surrounding the Group has become highly unpredictable. We are reducing the financial risk of fluctuating interest rates and foreign exchange by fixing interest rates and utilizing foreign exchange forward contracts. We will strengthen financial monitoring by enhancing profit management and upgrading internal controls through close cooperation with regional headquarters.

Shareholder Return Policy

Our management target for dividends during the new mid-term management plan period is a dividend payout ratio of 30%–40%, which is in line with our policy of providing stable, consistent dividends. Based on this policy, we plan to pay an annual dividend of ¥52 per share in fiscal 2022, which is the same amount as the fiscal year prior.

We had increased our dividends year-on-year for eight consecutive years through fiscal 2019. However, with the onslaught of the COVID-19 pandemic, the current challenge at hand is to keep a sturdy financial foundation in order to prepare for any unforeseen circumstances. To ensure optimal capital allocation moving forward, we will continue to consider shareholder return based on growth investments necessary for future business development, profit levels, dividend payout ratios, and other factors.

Dividends per Share / Payout Ratio



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.

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.

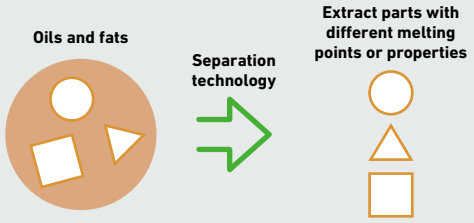
Fuji Oil Group Product Development Technology

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.

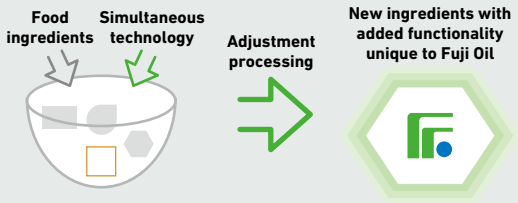
Separation Technology (Fractionation/Segregation)

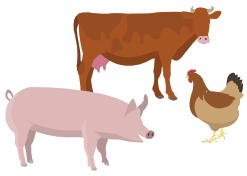
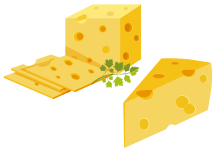
Natural oils and fats contain blends of multiple components. By separating and removing oil and fat ingredients with different melting points, we can capture unique parts of the natural material.



Recombination Technology (Adjustment Processing)

We can apply unique technology to separated ingredients or combine with other food ingredients to create properties and flavors. Through this processing, we can create new food ingredients that meet various needs.

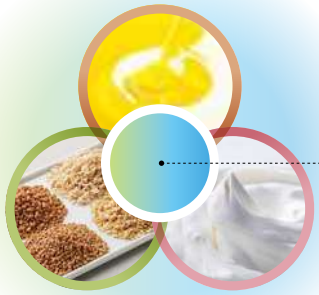


Existing raw materials	Cocoa butter	Animal meat	Cheese
			
New added value through our plant-based ingredients	**Vegetable fats for chocolate** Compared with cocoa butter, vegetable fats for chocolate are more stable and can be enhanced with various functions.	**Soy protein ingredients** Compared with animal meat, soy protein is healthier, is more economical, and has a lower environmental load.	**Cheese-like ingredients** By using oil and fat blending and emulsification and fermentation technology, we provide properties just right for making bakery and confectioneries.
			

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.

Initiatives Focused on New Business Creation ➪ P74



Combining technology in the creation of surprisingly delicious taste using only plant-based ingredients

Fuji Oil Group's proprietary core technology

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

Identify specific fields of study
- Ensure the well-being of an aging society
- Provide sustainable food resources (palm oil and cocoa substitute ingredients)

Develop necessary technology
- Conduct research on ingredients that improve the health of seniors (Prorea® and peptides)
- Undertake research into technology that facilitates the supply of environment-friendly food (plant factories)
- Utilize digital technology and AI

Build key partnerships
- Areas utilizing sensing technology and personal information
- Food, agritech, and health-tech fields

Our Vision of Society in 2050
Eliminate uneven distribution of food supplies and quality and improve the well-being of each individual

Start of Collaborative Industry-Government-Academia Research Project on Soybean Cultivation Using CO_2
➪ P55

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.

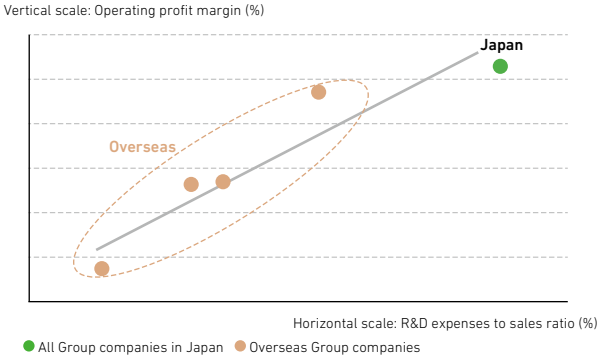
Market Development

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



Notes:
1. Covers Fuji Oil Holdings Inc. and consolidated subsidiaries
2. Two-year average for fiscal 2019 to fiscal 2020 (calculated using operating profit for each region prior to consolidated adjustments and after amortization of goodwill)

Strengthening the Group Network

GTC (Global CTO Committee)

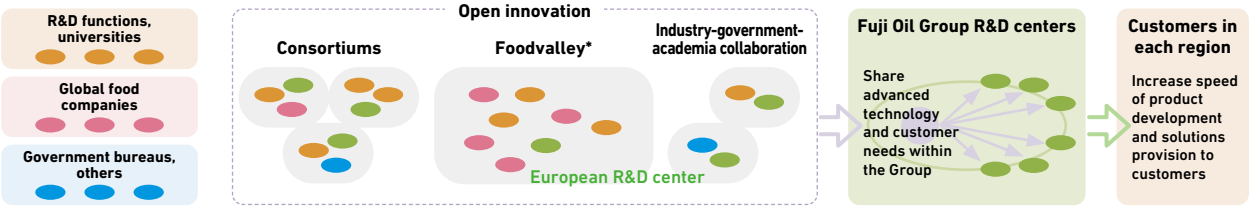
The GTC comprises the Group headquarters Chief Technology Officer (CTO) and CTOs of each area with the objectives of engaging in early information exchange on new technology and products to expand into other areas and of rapidly resolving global issues.

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

Concentrating Group Strengths to Create New Value and Resolve Social Issues

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

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.

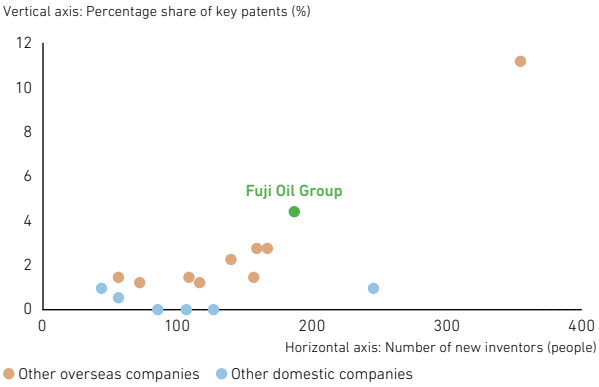
For oils and fats and the chocolate-related business*1 (see Graph 1) and the plant-based food (PBF) business*2 (see Graph 2), we maintain Japan's leading share of important patents*3 with the potential to impact our market dominance and pricing power. Our investments in human resources for future important 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.

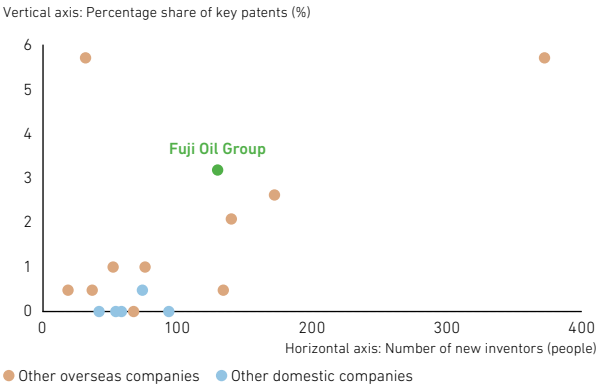
We also regularly review our intellectual property portfolio to examine rights maintenance costs in each country and engage in strategic allocation for new patent application and rights acquisition costs. We will continue to raise the asset value of our intellectual property through forward-looking investments.

*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 1: Oils and Fats, Chocolate-Related



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

Meeting the Challenge as an Overseas Trainee

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

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

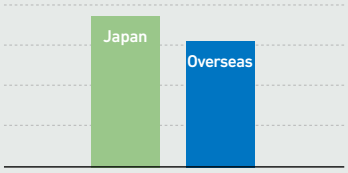
Engineers from the Engineering Development Department engage in production technology research, production process development and improvement, and production plant construction. The important aspect of production facility design is to improve safety, environmental friendliness, and quality while realizing 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.

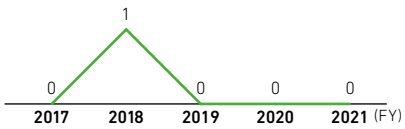
The next step in this process is what we call the "Why-Why analysis." We encourage each employee to autonomously engage in analysis to shorten the time between identifying the real cause (pursuing the true nature of things) and taking action. This process helps us reduce lost opportunities. We will continue 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

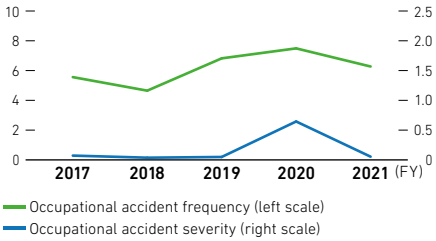
- Heighten employee quality awareness to achieve zero cases of quality-related complaints
- Raise quality awareness of employees in order to achieve zero serious quality-related complaints, strengthen communication with quality managers at Group companies, and promote a food safety culture and the sharing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

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

Conducting an audit via online conference

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)	
KPIs 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	• Launched CLMRS*5 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 whichto 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)	
KPIs 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	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	① 50% ② 30%*8 ③ N/A ④ Non-fossil fuel energy*9 use by Fuji Oil Ghana Ltd.: 100% (2023 target, base year: 2021*10) ⑤ 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	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.

MESSAGE

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 RSPO* 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.

* 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 building*1 to fulfil the sustainability requirements. This is also a stepping stone for our suppliers to achieve their RSPO/MSPO*2/ISPO*3 certification, of which the minimum requirements are guaranteed and governed.

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

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

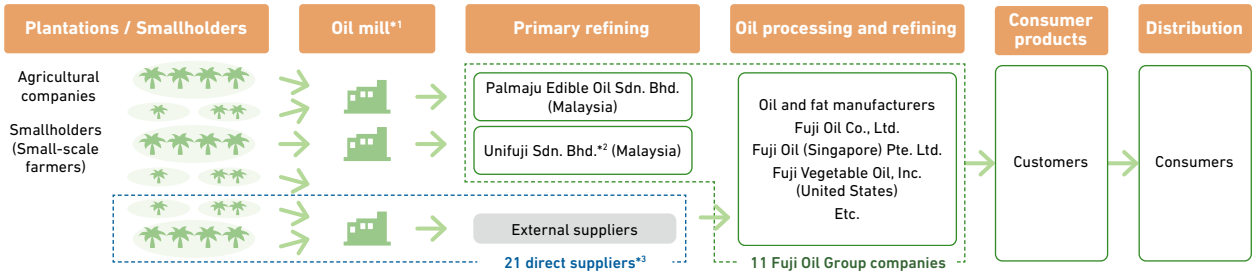
Cocoa Sustainability Is a Responsibility, a Requirement, and an Opportunity

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.

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.fujioilholdings.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 / Human rights	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
	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.

Highlights

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.

Highlights

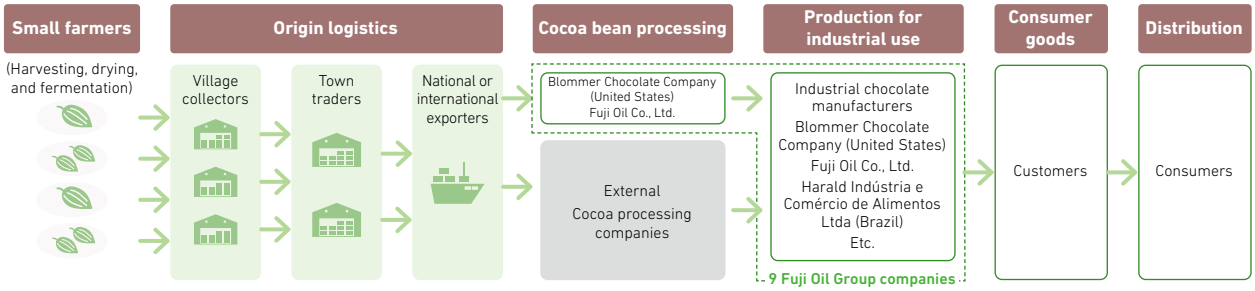
Labour Transformation Programme (LTP)

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.fujioilholdings.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 • Contribute to improving the livelihoods of cocoa farmers through agroforestry initiatives	⇨ Highlights	Worldwide (especially Ghana, Côte d'Ivoire)
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 CLRMS at each community in every village that supplies cocoa beans to Blommer		West Africa (Ghana, Côte d'Ivoire)
Global environment Human rights	Implement community development program	• For farmers participating in the program, introduce Good Agricultural Practices (GAP) and support cocoa cultivation in consideration of climate change • Focus on creating economic opportunities for women and supporting women's efforts in the community	⇨ Highlights	West Africa (Ghana, Côte d'Ivoire)

* 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.

Highlights

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

Highlights

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).

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	• 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	• 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	• Plant shea seedlings and contribute to parkland conservation • Cooperate with local NGOs to train farmers in appropriate tree management methods	Ghana
	Reduce environmental impact by shifting to non-fossil fuel energy in Fuji Oil Ghana Ltd	• Convert energy needed for production from mineral oil to non-fossil fuels to reduce CO_2 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.

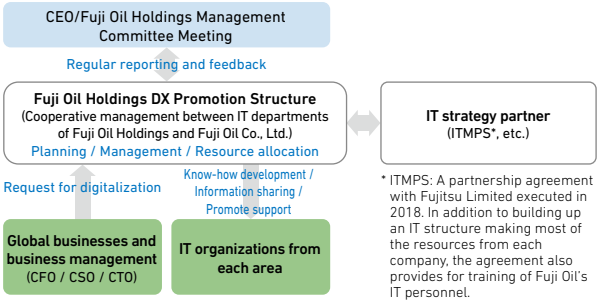
We are introducing a globally integrated ERP system into Group companies and utilizing internal and external data to enhance global operational management that transcends area of operation or business sector.

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 work-flow 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 CO_2 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

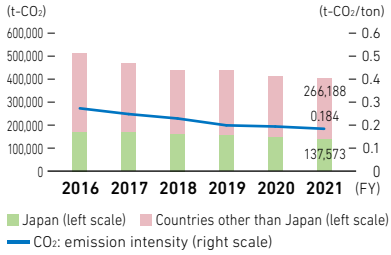
*1 Base year: 2016
*2 Scope 3 (Category 1) data excludes one production site in Australia.
*3 Waste data excludes one production site in Australia.

FY2021 Results

Reduced CO_2 Emissions

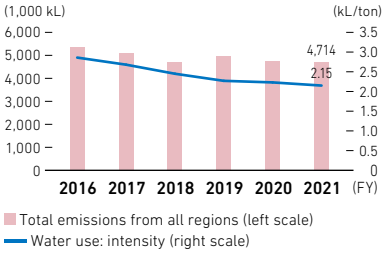
- Began using solar power generation at two production facilities
- Increased solar power operation rates at production sites that installed solar power in previous year
- Changed aeration blower motor of wastewater treatment facility to inverter control
- Introduced first EVs as company vehicles at 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

CO_2 Emissions (All Group Companies)



Water Usage (All Group Companies)

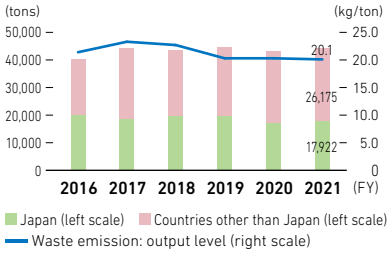
Water Usage



- 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)

Waste Emissions

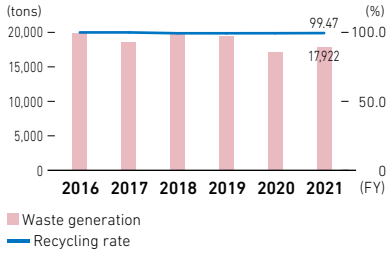


* As the amount of materials (such as valuable waste) that should be excluded from waste volume under Fuji Oil Group standards was included in waste volume at some Group companies, waste volume was revised and its waste intensity was recalculated after base year 2016.

- 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)

Waste Generation and Recycling Rate



- 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) CO_2 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

1. 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 CO_2 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.

2. 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 CO_2 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 CO_2 emissions reduction target: Reduce Scopes 1&2 CO_2 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.fujioilholdings.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*1	Details of risks and opportunities	Occurrence timing	Impact timing	Impact level*1
Risks	Transition risks	Policy and regulations	1. Risks of increased costs for complying with environmental 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*2	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*2
					Response measures: ● Promote Environmental Vision 2030 to meet CO_2 emissions reduction target (P52) ● Introduce internal carbon pricing (P53)							
		Reputation	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	• 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
					Response measures: ● Strengthen activities to prevent and reduce environmental risks along the supply chain based on Group procurement policy ● Draft a Supplier Code of Conduct (P45)							
	Physical risks	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: ● 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							
		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. • 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. • 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: ● Improve the sustainability of raw material procurement and promote enhancements to supply sources • Support programs for supplier engagement and farmer yield improvement (P44) • Diversification of raw materials (P67) • Promotion of productivity improvements through seed development research in collaboration with academic institutions, governments, and industries (P55)							
Opportunities		Market	5. Opportunities to expand the plant-based food 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. • 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. • 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: ● Viewing changing market environments and needs as an opportunity, promote resolving social issues through plant-based ingredients • Build a structure for product development and business strategy, review our business portfolio, and optimize production sites (P63) • Build a global research network and promote open innovation (P40)							

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. • 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"*3 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. • 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
				Response measures ● Viewing changing market environments and needs as an opportunity, promote resolving social issues through plant-based food ingredients • Build a structure for product development and business strategy, review our business portfolio, and optimize production sites • Build a global research network and promote open innovation							

→ P63
→ P40

*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 CO_2 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.

Highlights

Start of Collaborative Industry-Government-Academia Research Project on Soybean Cultivation Using CO_2

In May 2022, Fuji Oil Holdings launched a research project on growing soybeans using CO_2 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 CO_2 reduction by effectively utilizing CO_2 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 CO_2. In the future, we will consider the production of domestically cultivated soybeans by plant factories using CO_2 recovered from CCU (Carbon dioxide Capture and Utilization) at a waste incineration plant located in Saga City.

Highlights

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

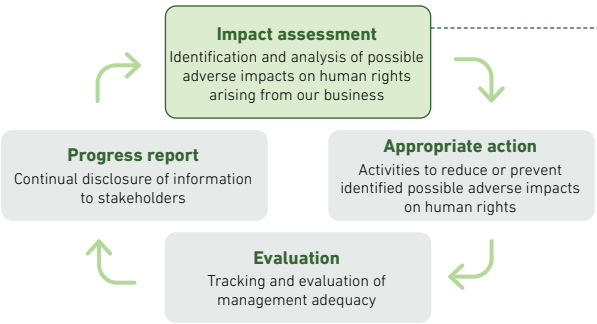
Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on our initiatives regarding considering human rights.
Human Rights Management ⇨ https://www.fujioilholdings.com/en/sustainability/human_rights/

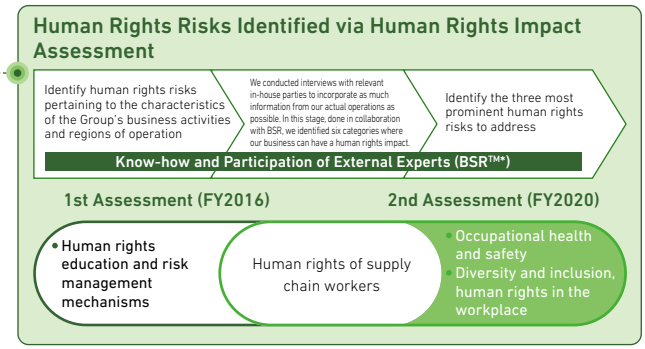
"Work for people," a value set forth in the Fuji Oil Group Management Philosophy, forms the basis for our belief that we must respect the human rights of all who can be impacted by our business activities worldwide.

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 (UNGP)*, 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





* Business for Social Responsibility (BSR): Non-profit organization with expertise in the field of business and human rights

Human Rights Risk (2nd Assessment)	Relevant Stakeholder Group	Special Points to Confirm/Consider (Recommended by Experts)	Actions	FY2021 Results
Occupational health and safety	Employees	• Prevent spread of infection during COVID-19 pandemic • Strengthen management system by third-party assessment	• 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	• 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	• 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	• 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	• 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	• Strengthen system for promoting D&I globally • Strengthen harassment prevention measures • Identify and reduce forced labor risks	• Promote DE&I globally • Consider possible mechanisms/ systems for identifying and addressing human rights issues in workplaces	• 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.

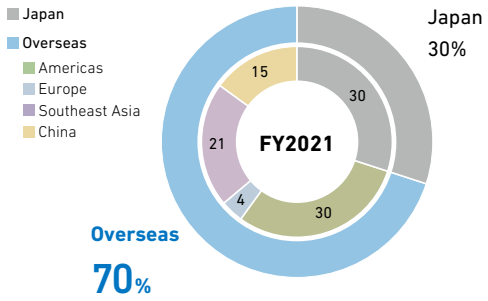
At the same time, we would like to expand the disclosure of information to Group employees regarding their working environment, occupational health and safety, and human rights initiatives, including initiatives against forced labor. Furthermore, I look forward to the development of more global initiatives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



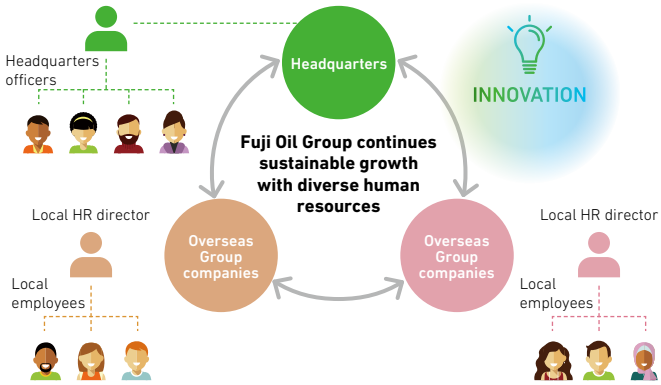
Goals and Basic Policies of Our Human Resource Strategy

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

1. **Promotion of DE&I**
   - Recognize DE&I issues in each area of the Group's operations and implement a PDCA cycle for improvement
2. **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
3. **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

MESSAGE

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.

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 →

- **Equity**: Removing barriers felt by those at a disadvantage and providing an environment and equitable opportunities for all to flourish
- **Inclusion**: 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.

DE&I live broadcast information

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.

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.

Chicago plant subcommittee member

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'sour 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.

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

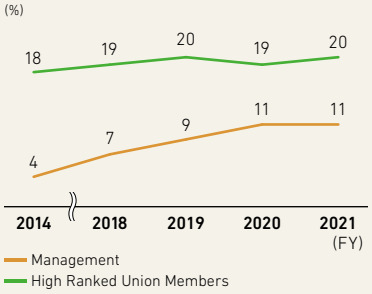
Fostering Career Development Regardless of Gender and a Corporate Culture That Is Easy to Work In

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.

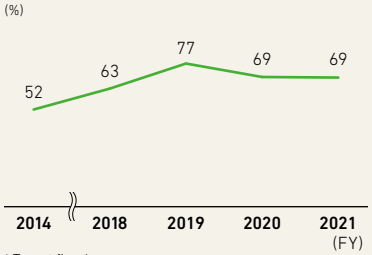
At the same time, we place importance on the challenges that individual employees face and on ambitious career development, regardless of gender or individual circumstances. For this reason, we have not set any KPIs focused on gender, and we aim to support individual employees and foster a corporate 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

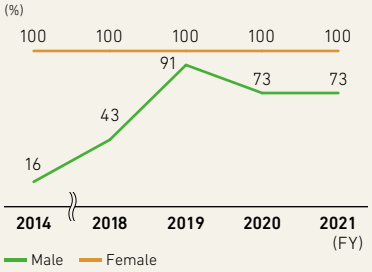


Percentage of Annual Paid Leave Taken*



* 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

Percentage of Employees Taking Parental Leave



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

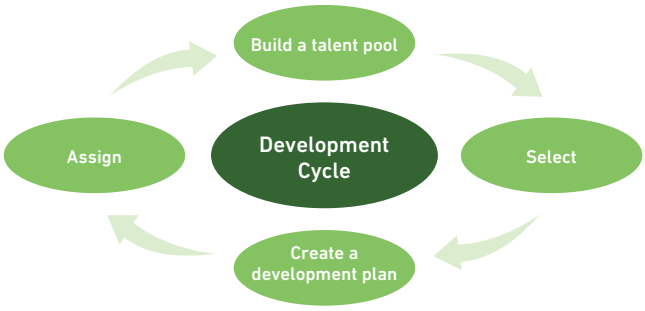
Although we were not able to collaborate with local schools or conduct plant tours during the unprecedented times of fiscal 2021 due to COVID-19, we were able to promote better understanding of employing people with disabilities in the workplace, leading to job creation. Also, through support center 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.

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.

Human Resource Development Cycle



❷ 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 **Ratio of Career Personnel***  * 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
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 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 "X" 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.

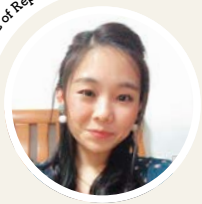
*People eligible for these courses
In Japan: All officers and employees regardless of employment status
Overseas: All officers and employees who are loaned a PC from the company

Company communication website front page

Introduction page for Bridge Talent

E-learning related to DE&I

VOICE of Representative



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

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

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.

Business Strategy

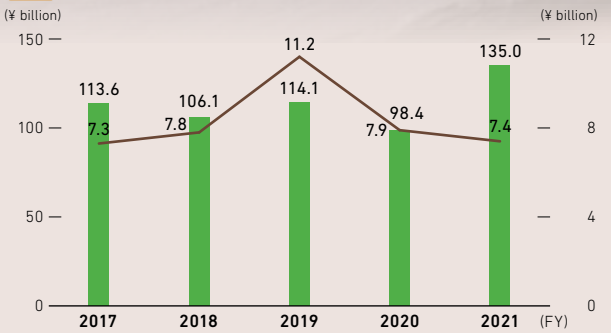
After transitioning to a Group headquarters system in 2015, we adopted a management system centered on execution by business area to achieve sustainable development. Simultaneously, we promoted business management and global strategies based on our four business axes, with the aim of achieving overall optimization.

Under the new mid-term management plan, we will strengthen management by business axis while promoting the development of new business fields that transcend the boundaries of the four businesses to nurture businesses that create new value.

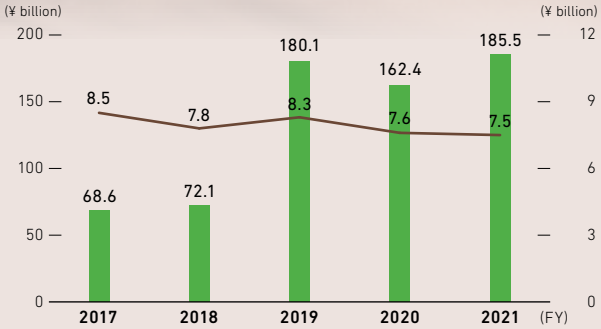
Net Sales by Business/Operating Profit by Business

Net sales (left scale) — Operating profit (right scale)

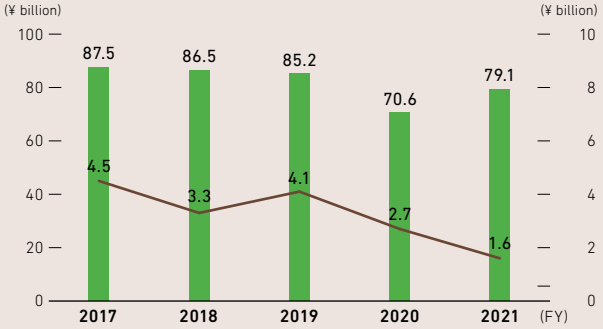
Vegetable Oils and Fats Business



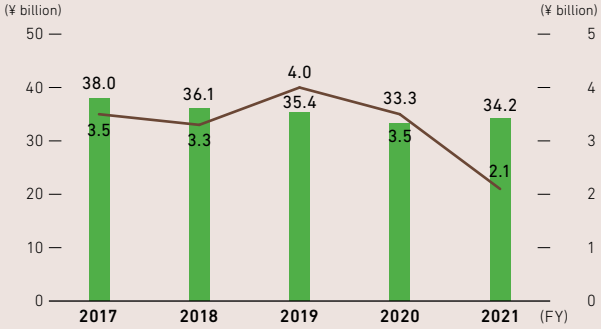
Industrial Chocolate Business



Emulsified and Fermented Ingredients Business*



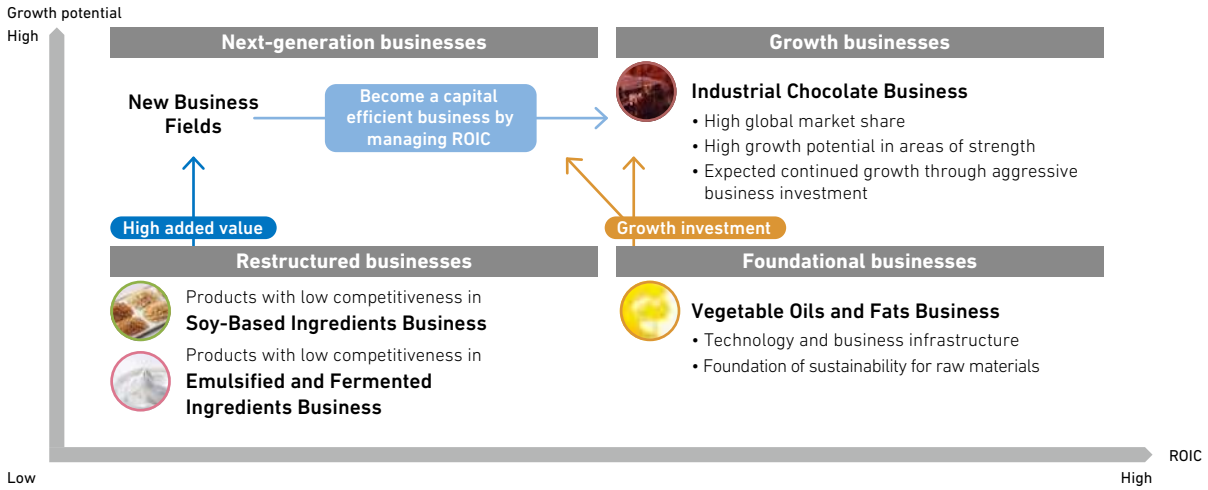
Soy-Based Ingredients Business*



* Soy milk and USS soy milk products included in the Soy-Based Ingredients Business have been reclassified to the Emulsified and Fermented Ingredients Business from fiscal 2021, so fiscal 2020 results have been retroactively adjusted.

Business Portfolio Management

Under the new mid-term management plan Reborn 2024, FUJI ROIC (➪ P33) has been introduced as a tool to promote both portfolio management and business management in order to continue sustainable growth in a rapidly changing business environment.



① Focus on Businesses with High Growth Potential

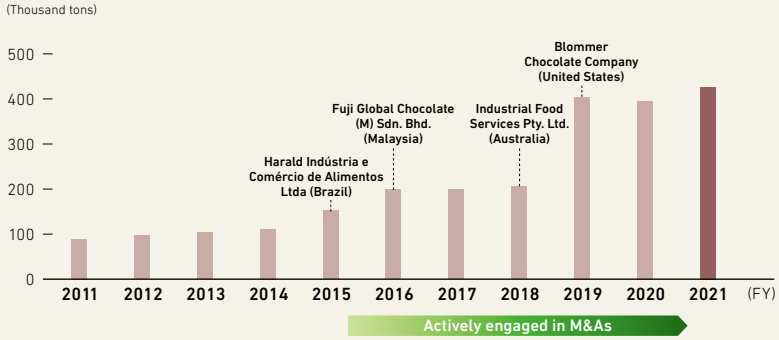
In addition to allocating resources to the Industrial Chocolate Business, we are focusing on initiatives focused on new business creation (➪ P74) as next-generation businesses with differentiated product groups in high-growth markets.

Highlights

<Growth Business> Growth Opportunities for Compound Chocolate

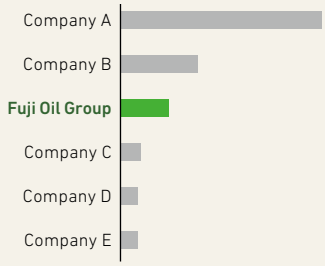
The Fuji Oil Group's strength lies in functional, high-quality compound chocolate supported by our own technologies for vegetable fats for chocolate and the world's leading share of industrial chocolate. With the increasing variety of food in developed countries and an expected increase in demand for chocolate products in emerging countries that have an abundance of warm regions, compound chocolate, which can be combined with a variety of foods and is adaptable to different temperature zones, is expected to grow at a high rate. Therefore, we believe that we can expect profitable and high-growth business by concentrating our investments in the Industrial Chocolate Business, with a focus on compound chocolate. To this end, we are working on focused allocation of resources, including M&A.

Sales Volume of Industrial Chocolates and Relevant M&As



Industrial Chocolates (World's Third-Largest Share)

Note: According to Group research



② Shift to High Value-Added Products in Each Business

In existing business areas, our overall policy is to increase the proportion of higher value-added product lines and build a highly profitable product portfolio within each business. Under Reborn 2024, we are strengthening our four business axes and reinforcing management using FUJI ROIC.

Management of Business Segments and Regions

Management of Business Segments

Amid the increasing globalization of our business, there is a growing need for us to implement global strategies, such as building a global supply chain and addressing the needs of customers worldwide. To this end, we are strengthening our design and execution of strategies in the form of supply chain development by business segment, the integration of sustainability programs, global customer response, and the strengthening of procurement abilities.

Management of Regions

The development of the food business, which is deeply rooted in the cultures and tastes of people in regions across the globe, entails timely responses to changes in customer needs, customer preferences, and food environments in each region. For that reason, we have established headquarters in each of the regions we have operating bases to which we delegate the authority necessary for making management decisions to increase the efficiency and speed of our management.

Strengthened and Improved Effectiveness of Business Segments under Reborn 2024

In recent years, each region has been entrusted with enforcement and oversight authority, and the business divisions have supported Groupwide performance. However, recognizing the recent increase in uncertainty and rapid changes in the business environment, we will strengthen our business axes in Reborn 2024 to enhance our risk management, strengthen our supply chain, and bolster our response to the promotion of sustainable procurement.

FY2022 Onward Organizational Structure and Management Cycle

Organizational structure

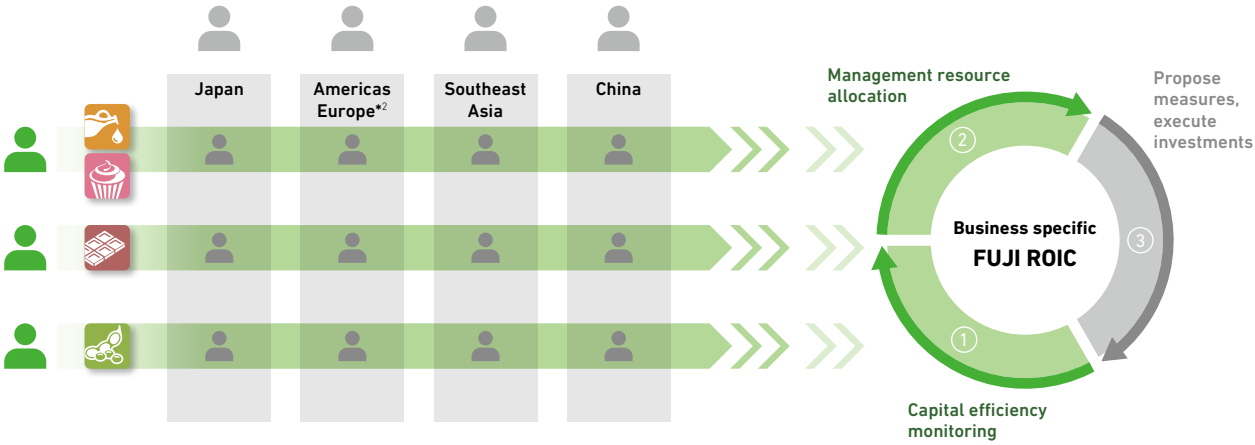
Each region
- Profit responsibility
- KPI promotion manager assigned by Group headquarters to strengthen functional axis design

Business division
- Business unit manager takes profit responsibility along each business axis and collaborates with areas
- Business divisions take lead in purchasing raw materials and establishing SCM*1
- Involvement in pricing and sales policies in each area by strengthening product and market matrix management

Management cycle

Business division

Based on FUJI ROIC:
① Monitor area strategy
② Allocate management resources to strengthen business portfolio



*1 SCM: Supply Chain Management
*2 From fiscal 2021, we restructured the control system for Europe and the Americas. Blommer and Harald changed to being under the direct control of the head office.

Highlights

Appropriate Pricing Strategies

In fiscal 2022, all regions and segments are facing a challenging business environment in terms of costs due to unprecedented fluctuation in prices of main raw materials and energy.

In this business environment, the Group will continue to implement timely and accurate pricing policies to strive for stable operations. In addition, in order to take appropriate action, we will strengthen our management response to the market environment and future forecasts through product and market matrix management.

Furthermore, we have been working to unify our core systems since the previous mid-term management plan. We are taking steps to improve profitability by utilizing integrated information, raising the accuracy of analyses, and strengthening collaboration among administrative and strategic divisions.

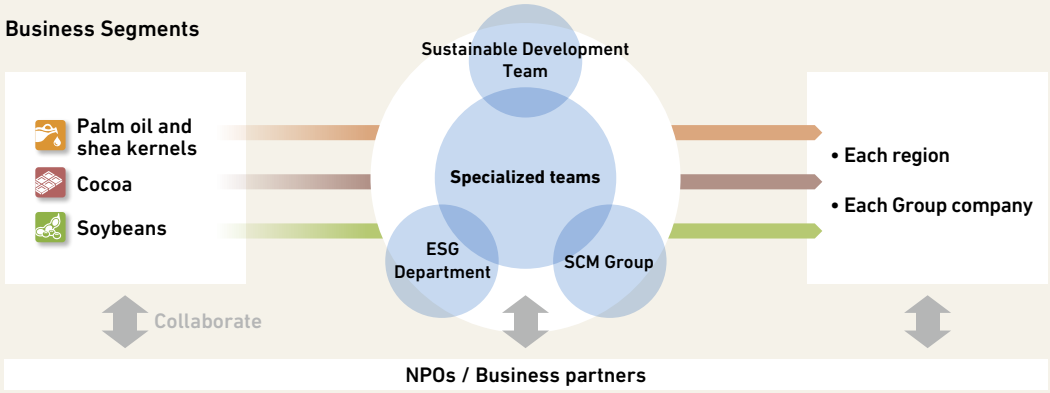
Highlights

Sustainable Business Expansion Initiatives Centered on the Business Axis

We are pushing for further enhancement with a structure operated primarily on each of our four business axes with regard to sustainable procurement of each main raw material and the creation of sustainable products.

Under the leadership of managers responsible for each business axis, specialized teams, such as the Sustainable Development Team (SDT), the ESG Department, and the Supply Chain Management (SCM) Group, are strengthening their functions and deepening cooperation among regions and individual Group companies to promote early recognition of risks and speedier response.

The SDT is a team of experts created in May 2021 at Fuji Europe Africa B.V. to serve as an ESG information hub. SDT is located in the Netherlands, a country recognized as a pioneer in sustainability. SDT monitors the latest information and legislative trends related to sustainability, identifies future risks and opportunities, and incorporates these into business decision-making to raise the Fuji Oil Group's profile as a sustainability leader. Through membership in industry groups, SDT also networks with other organizations and explores ways to transform risks into new business opportunities and introduce new metrics for assessing the Group's social impacts.



Co-Creation with ITOCHU Group

Through co-creation efforts with ITOCHU Group, one of our major shareholders, we are strengthening our business management and new business initiatives.

<Main Initiatives by Business>

- Vegetable Oils and Fats Business: Strengthen procurement of raw materials, expand U.S. Oils and Fats Business.
- Industrial Chocolate Business: Strengthen procurement of raw materials, M&A, and PMI support
- New business expansion: Cooperate with ITOCHU Group mainly in expansion of plant-based products (including distribution functions), examine exit strategies

Collaboration with Oilseeds International ⇨ P67

<Other Initiatives to Improve Management Skills>

- Acquire know-how and undertake human resource training in finance and economics, raw material position management, global management, and Group governance through mutual personnel exchange

Note: In our efforts with ITOCHU Group, we are operating in accordance with the Policy on Protecting the Rights of Minority Shareholders.

Policy on Protecting the Rights of Minority Shareholders ⇨ P87

Vegetable Oils and Fats Business

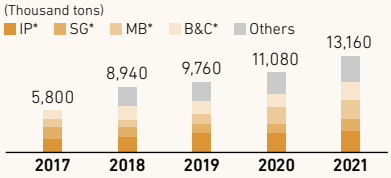
The Vegetable Oils and Fats Business is the foundation of our business and technology. In addition to growth in North America, we will increase our overall Group competitiveness by improving procurement and management capabilities for oil and fat raw materials as well as through supply chain transparency. Accompanying the hastening trend toward decarbonization, our operating environment has been changing dramatically in response to societal needs and regulations. In this environment, we will continue to be progressive and flexible in developing businesses that are friendly to people and our planet.

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

Operating Environment

- Rising raw material prices (short-term)
- Expansion of vegetable oils and fats use in renewable energy market
- Growing demand for sustainable raw materials
- Increasing health consciousness and shift to high-value-added products
- Logistics disruptions and rising logistics costs

Sales Volume of Certified Sustainable Palm Oil



Source: https://www.rspo.org/ (RSPO's corporate website)
* Note: Please refer to the website below for details on certification standards.
https://rspo.org/certification/supply-chains

Trends among Players and Competitive Environment

- Response to rising raw material costs (short-term)
- Clear stance on human rights and environmental issues
- Acceleration of sustainable procurement collaborations
- Intensifying competition in healthy food and plant-based food segments

Competitive Advantages

- **Global Network**
  Ensure timely supply of sustainable oil and fat raw materials produced by Group companies in Southeast Asia to the Group's production sites around the world
- **Vegetable Fats for Chocolate (CBE*)**
  Maintain top 3 share of global market: In contrast to our competitors who produce using a single method, we utilize multiple production methods or raw materials, which gives us advantages in terms of cost and stable supply.

* CBE: Cocoa Butter Equivalent, vegetable fats for chocolate with properties equivalent to cocoa butter

Vegetable fats for chocolate

Issues and Weaknesses

- Delays in promoting raw material diversification and raw material price fluctuations
- Appropriate revision of sales prices to reflect raw material price increases
- Procurement of sustainable raw materials
- Imbalance in target markets

Specific Risks

- Impact of logistics disruptions on raw material procurement
- Declining profitability due to price competition
- Insufficient supply chain infrastructure to support sustainable procurement
- Potential dispute risks related to palm oil raw materials

Direction of Strategies during the Mid-Term Management Plan Period

Strengthen Competitiveness by Expanding Our U.S. Business and Enhancing Our Supply Chain

In the face of headwinds from COVID-19 and unprecedented high raw material prices, it is crucial to create a portfolio that can generate stable net sales streams. In order to secure new growth in the U.S. market, we will strengthen our supply chain for sustainable palm oil, diversify our raw materials, and engage in new markets. Through these initiatives, we aim to enhance our lineup of competitive products, which will lead to improved profitability and create stable growth for our business.

FY2021 Results

- Implemented sales price revisions to reflect rising raw material prices
- Obtained various certifications needed for full-scale operation of new North American plant
- Captured strong demand for chocolate confectionery fats
- Achieved sales expansion in line with recovery of European markets

FY2022 Key Points

- Continue fiscal 2021 responses to address rising raw material prices
- Build supply chain that contributes to stable supply of raw materials
- Promote initiatives to improve operating efficiency of new plant in North America
- Create synergy with Oilseeds International

Share (Company estimate)
- Vegetable fats for chocolate (CBE): World's top 3

Annual Production Volume
Approx. 1 million tons

Main Raw Materials
- Palm oil
- Palm kernel oil
- Coconut oil
- Sunflower oil
- Shea butter

Strengthen Operations in the United States

Launch of Second North American Plant

Fuji Oil New Orleans, LLC, our second production and sales base in the United States, began preliminary operations in August 2021 and commenced full-scale operations thereafter in October 2022. In addition to capturing growing demand associated with population growth in Southern United States and exerting the competitive advantage of our low-trans-fatty-acid oils and fats, we will establish a BCP structure for North America, where natural disasters are common. We will coordinate with our No. 1 plant, Fuji Vegetable Oil, Inc., to expand our geographical sales areas and increase market share.


April 2022 plant opening ceremony

Collaboration with Oilseeds International

In December 2021, we announced the establishment of Fuji Oil International Inc., a joint venture with ITOCHU International Inc., and with that Oilseeds International, Ltd. joined the Fuji Oil Group in May 2022. Thus far, our U.S. Vegetable Oils and Fats Business has been mainly focusing on sales of frying oil and chocolate confectionery fats, in which palm oil and coconut oil are key raw materials, to food manufacturers. Now, the high-value-added product lineups of rice bran oil and high oleic sunflower oil and the food service customer base of Oilseeds International will enable us to expand our product portfolio and market reach. We aim to increase our net sales in the U.S. oils and fats markets, which have seen dramatic change due to shifts in economic conditions and government policy.

VOICE of Group Company CEO

Charlie Libby
Oilseeds International, Ltd.
President and Chief Executive Officer

On behalf of the Oilseeds International team, I want to express how enthusiastic we all are to become part of the Fuji Oil Group. The U.S. market is at an inflection point as demand is higher for specialty oils while supply is constrained by world economic and political pressures. This situation will create opportunities for growth, serving current and new clients, as well as for collaboration with other Fuji Group companies. We are excited to grow together.

Strengthening the CBE Business by Reinforcing Our Sustainability Approach

Establishing a Sustainable Raw Material Supply Structure

Customer demand for sustainable palm oil continues to increase. We are facing a growing need to establish an internal supply chain that enables the stable supply of oil and fat raw materials that meet the required standard.

Fuji Oil Asia Pte. Ltd., in addition to Unifuji Sdn. Bhd., which sets our benchmark for sustainable palm oil, will further strengthen relations with suppliers as we work to expand sustainable vegetable fats for chocolate.

VOICE of Customer

Tom Vicars
Procurement & Logistics Director
The Arnott's Group

The Arnott's Group is committed to creating a more sustainable future, one in which we have greater accountability and transparency across our supply chains. We're targeting 100% sustainable key ingredients by 2035 and have only been able to get to where we are today with the support of our suppliers, like Fuji Oil Asia. As a key ingredient supplier, Fuji Oil Group, share a vision to create a sustainable food future, providing us with cocoa butter equivalent made with RSPO certified palm oil, that is 100% traceable and segregated. Arnott's has been using 100% segregated RSPO palm oil since 2015. We look forward to continuing to strengthen our partnership, based around shared values and a shared commitment to a better future for the planet and its people.

Establishing a Stable Supply Structure by Diversifying CBE Raw Materials

To ensure stable supplies and increase the competitiveness of our CBE raw materials, we will promote raw material diversification and sustainable procurement. We will also work to further advance our production technology. We will diversify raw materials and strengthen our ability to secure stable supplies by increasing shea butter refining capacity at Fuji Oil Ghana Ltd. and expanding collaborations with ITOCHU Group and other suppliers of key raw materials.

Industrial Chocolate Business

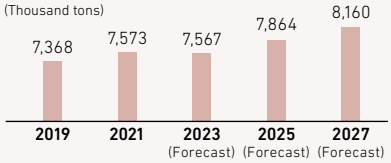
We have positioned the Industrial Chocolate Business as a strategic business of the Company. In addition to tailoring our product development to each local market, we will strengthen the sustainable procurement of cocoa-derived raw materials and utilize our proprietary oil processing technology to enhance the supply capabilities and product appeal of the Group overall. The Group strives to be a supplier of chocolate and compound coating that is recognized and selected by customers around the world for its stable supply of chocolate that is aligned with the health of people and the earth.

Hiroyuki Tanaka
Director
Senior Executive Officer
Chief Strategy Officer (CSO)
Chairman of Harald Indústria e Comércio de Alimentos Ltda

Operating Environment

- Demand recovery after COVID-19
- Market instability caused by geopolitical risks
- Relatively stable trends in cocoa prices
- Increased demand for health-conscious, sustainable products
- Rising consumption in emerging markets (increased demand for compound coating)

Global Sales Volume of Chocolate Confectioneries



Source: Euromonitor International 2022: Chocolate Confectionery

Trends among Players and Competitive Environment

- Consolidation and realignment, downstream engagement by players
- Expansion strategies aligned with demand recovery
- Expanding sustainable product supply, industrial alliances
- Production facility upgrades and personnel hiring
- Response to digitization

Competitive Advantages

- **Group Business Synergy**
  Use vegetable fats for chocolate to enhance functionality; distinguish ourselves from competitors by combining Group businesses, technology, and materials to engage in product development capabilities and increase the added value of products
- **Customer Relationships and Customer Service**
  Earn the trust of customers through customer service that has been refined by means of the Group's know-how, including product development, and application proposals aligned with market needs, production processing technology, and production management

Accumulate quality control know-how for each production process

Issues and Weaknesses

- Delays in productivity improvements at Blommer Chocolate Company
- Resistance to product commoditization
- Permeation into sustainable cocoa markets
- Need for greater recognition in global markets
- Need to generate merits of Group alliances

Specific Risks

- Price fluctuation risks and procurement risks for cocoa and vegetable fats for chocolate
- Logistics disruptions and further increases in personnel, shipping, and energy costs
- Trends in policies related to cocoa sustainability in producer nations and import nations

Direction of Strategies during the Mid-Term Management Plan

Improve and Strengthen Production Structure to Increase Profitability and Develop Value-Added Products

We continue working toward productivity improvements at Blommer. We have started construction of a new production plant at Harald Indústria e Comércio de Alimentos Ltda, and we enhanced performance in each area of production to achieve growth that outpaces market growth. We will strengthen collaborations among global chocolate production hubs to utilize Group knowledge and know-how in developing Better-For-You (BFY) products, which contribute to improved health, and sustainable products.

FY2021 Results

- Overall Group sales volume recovered. Raw material prices and fixed costs increased to constrain profits.
- Japan saw growth in sales to food service market and convenience stores. Sales to souvenir market struggled.
- Profitability declined on increased personnel and shipping costs at Blommer.
- Sales volume in Brazil grew. Recovery from impact of COVID-19 in Indonesia was delayed.

FY2022 Key Points

- Continuation of recovery in sales volume to meet demand
- Continued impact of high raw material costs and fixed expenses
- Continued price revisions at Blommer to improve profits
- Improvements to product mix and construction of second plant in Brazil

Share (Company estimate)
- Industrial chocolate:

No. 3 worldwide, No. 1 in Japan

Annual Production Volume

Approx. 400,000 tons

Main Raw Materials
- Cocoa
- Sugar
- Vegetable fats for chocolate

Expanding Sales in Brazil

Accelerate Profitability Improvement Policies

The Brazilian market was significantly impacted by COVID-19, but the chocolate market recovered rapidly. Despite the impact of higher raw material costs and currency market fluctuations, the chocolate market continues to record firm sales. In fiscal 2021, Harald achieved its highest ever sales volume since joining the Fuji Oil Group.

Due to limited extra production capacity at the No. 1 plant, we are building a second plant on the adjacent lot, with plans to begin operations in the first half of fiscal 2023. Through this two-plant structure, we will optimize production and launch new products, such as no-sugar-added chocolate and chocolate filling based on oils and fats technology, to improve profitability by capturing new customers and improving our product mix.

New chocolate filling products

No. 2 Plant currently under construction

Focusing on Product Distinctiveness for the Entire Group

Better-For-You Products

BFY products are gaining attention in the market for their health contributions. The Group is striving to be No. 1 in the global BFY market. Our global chocolate production hubs will engage in a united effort toward enhancing our distinctive product lineup, including low-sugar products and products with fortified nutritional functions.

BFY products

Low-Sugar Chocolate

Increasing health consciousness in the United States and other global markets is driving demand for less sugar consumption, including for products such as no-sugar-added and sugar-free chocolates. In the U.S. market, Blommer already supplies sugar-free chocolate for industrial use and has established a solid market share while accumulating recipes and production knowledge. Blommer and Japanese sites will lead a global Group effort to implement initiatives that promote global product development skills sharing and production hub optimization.

"Discovery" product lineup with reduced sugar using Incredo® Sugar technology

VOICE of Partner

Kelly Thompson
SVP, Head of DouxMatok North America

Providing sugar reduced products with no taste compromise is an ambitious goal. We are thrilled to marry DouxMatok's Incredo® Sugar*1 with Blommer's great chocolate and expertise in this market. The launch of the Discovery*2 product line allows exciting innovation and product opportunities across the spectrum of confectionery, baking and dairy products. We look forward to expanding our partnership within Fuji Oil Group.

*1 Sugar developed by DouxMatok that maintains sweetness regardless of the amount used
*2 Launched in May 2022 as a brand for a new product line used by Incredo® Sugar. Plan to expand lineup under the assumption that it will be used in chocolate-type chips and a wide range of other food products.

Expanding Sustainable Chocolate

In the West, demand for sustainable products is expanding, and it is projected to grow in Japan and Southeast Asia. We are establishing a procurement structure for sustainable cocoa using Blommer's knowledge of sustainable programs.

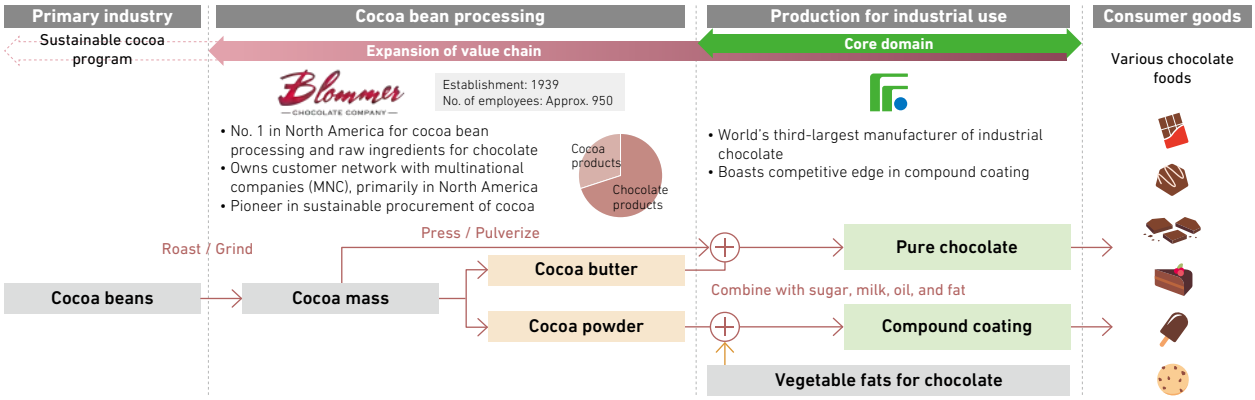
Sustainable Procurement of Cocoa ⇨ P47

In the Japanese market, from fiscal 2022 we commenced sales of products reflecting our original Sustainable Origins™ program. As society changes, demand for sustainable products is increasing, and we are receiving inquiries from numerous customers.

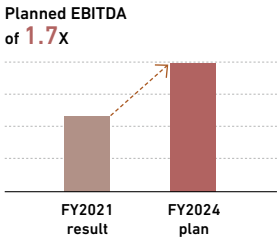
CACAO QUALY, a chocolate based on the Sustainable Origins™ program

Blommer Chocolate Company Profitability Improvement

Since acquiring Harald, Brazil's largest chocolate company, the Fuji Oil Group has aggressively engaged in M&A. In 2019, we added Blommer, a major U.S. integrated chocolate manufacturer, to the Fuji Oil Group to expand our upstream value chain and increase our global presence, becoming the world's third-largest manufacturer of industrial chocolate.



Key Points in the Mid-Term Management Plan



While we recognize that improving productivity is an issue for Blommer, improvements would require continued capital investments to upgrade aging facilities and resolve production bottlenecks. However, we faced numerous factors that affected our ability to implement a smooth cycle of improvements. In particular, a strong economy combined with the COVID-19 pandemic immediately following acquisition changed the landscape of the U.S. labor market, making it difficult to secure personnel and leading to delays in facility investments. In response, from fiscal 2022 we are taking steps to improve our business management structure and have appointed a Chief Operating Officer (COO) (⇨ P71). For the period of the new mid-term management plan, we have outlined goals for improving profitability and securing a path for growth.

We will take advantage of the new application lab we established in fiscal 2021 with the goal of increasing the rate of BFY products (⇨ P69). At the same time, we will generate technical synergy within the Group to develop products with high added value and strengthen our customer service.

Opening of a New Application Lab


Chocolate kitchen

In January 2022, we opened a new application lab in Chicago to serve as a place for promoting a new collaborative structure that generates development synergy between Blommer's chocolate technology and the Fuji Oil Group's oils and fats technology. The lab will also help realize the R&D vision of Blommer.

The application lab is equipped with two kitchens: a dedicated kitchen for chocolate and a high-temperature application kitchen for bakery and confections, such as baked and fried confections. The chocolate kitchen is positioned next to a large room to invite customers for training, idea evaluation, and demonstrations. The lab features facilities with temperature management functions that are ideal for creating sample confections.

Through the application lab, we will proactively create proposals and collaborate with customers in new product development and development support tailored to our customers.

VOICE of Representative

Melissa Tisoncik
VP, R&D and QA
Blommer Chocolate Company

The R&D Application Lab in downtown Chicago represents an expansion of R&D capabilities, full of new and improved ways to support the business as well as research and development. Since the lab's opening, we have engaged with over 20 customers, developed more than 15 new concepts/prototypes, provided hands-on trouble-shooting, and hosted multiple customer-facing activities. Customers are intrigued and excited about what we are doing within this space. We plan to show them more of this creative solution mindset for future endeavors and feel it is just the beginning of a bright future.

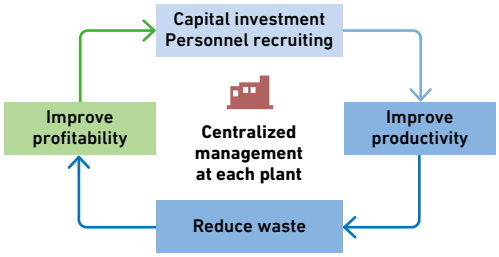



Initiatives from FY2022

Innovating a Business Management Structure and Creating a Positive Improvement Cycle

Changes in Business Management Structure

We have appointed a COO to strengthen Blommer's overall operations management (centralized management of sales, production, and product development). Under the COO, we will position each of the four plants as business divisions and allocate management authority to each plant to enable its centralized management. As part of this structure, we will implement the following policy cycle.



Theme	Key Measures
1. Undertake capital investments and personnel recruiting	**Conduct optimal regional production, strengthen recruiting of engineers** Blommer has four plants in the United States and Canada, with each plant responding to different demand trends depending on the region it serves. We will evaluate optimal product compositions for each plant region and strengthen recruiting to match local wage standards. **Promote capital investments to address aging facilities and resolve bottlenecks** We will improve productivity by engaging in capital investments for facilities in line with productivity declines and production capacity bottlenecking. (Planned investment of ¥10 billion over 3 years)
2. Improve quality, productivity, and occupational safety	**Enhance support from Group headquarters and standardize management methods** We will further improve support from Group headquarters to strengthen production process management and production planning methods and to standardize preventative maintenance and practices related to ensuring occupational safety. Also, we will improve quality and productivity while reducing occupational accidents and reducing waste.
3. Improve profitability	**Strengthen cost management, implement large-scale price revisions in fiscal 2022** We will reinforce cost management in line with Fuji Oil Group standards and conduct appropriate price revisions. **Enhance portfolio of high-value-added products** We will review our business structure and product portfolio to enhance the ratio of BFY and other highly profitable products.

VOICE of Group Company COO

David Meggs
Chief Operating Officer
Blommer Chocolate Company

My background lies in the food industry, in engineering, R&D, and various commercial and leadership roles, and now five years with Blommer. The main challenges I've faced since assuming the COO position are inflation levels not seen in over four decades and continued operational challenges due to labor and equipment reliability. With regard to our operational challenges, we are hiring a new general manager from Fuji Vegetable Oil in North America for our Chicago facility to help turn around our operations, and we have multiple initiatives ongoing with improved preventative maintenance execution and better reporting of downtime causes to assist with root cause and corrective actions.

I am very excited about the growth prospects for Blommer and believe the best is yet to come. We are positioned well for sustained improvement through the rest of the mid-term management plan and beyond.

Emulsified and Fermented Ingredients Business

Share (Company estimate)
- Fillings: No. 1 in China

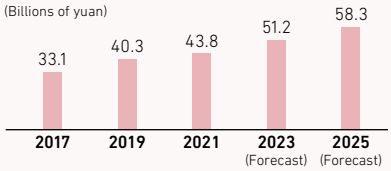
Annual Production Volume
Approx. 250,000 tons

Main Raw Materials
- Vegetable oils and fats
- Dairy ingredients
- Sugar
- Cocoa

Operating Environment

- Growth in takeout and delivery markets
- Increase in bread varieties in markets in China
- Trans-fats reduction regulations (China and other Asian countries)

Sales Amount of Bread Market in China



Source: Euromonitor International 2022: Sales of Bread in China

Trends among Players and Competitive Environment

- Pricing and market share competition due to higher raw material prices
- Competitors' entry into plant-based food market (Japan)
- Development speed of similar products accelerating (China)

Competitive Advantages

- **Original Product Lineup**
  Our lineup of cream, margarine, fillings, and other confectionery and bakery ingredients—with functionality imparted through our oils and fats technology and unique concepts—keeps us ahead of our competitors.
- **Ownership of Proprietary Plant-Based Ingredients**
  We are an early adopter of plant-based cheese alternatives, and we offer numerous delicious plant-based ingredients that derived from the combination of oils and fats technology with soy processing technology, including plant-based whipping cream, soy butter, and plant-based cheese.

Plant-based butter "Soy lait Beurre"

Issues and Weaknesses

- Cost-competitiveness of dairy ingredients
- Delays in reflecting rising raw material costs into sales prices
- Overdependence on specific industries/customers
- Delays in making PBF products profitable

Specific Risks

- Rising cost of dairy ingredients and other raw materials
- Logistics disruptions and shutdowns
- Product obsolescence and rise of competitor products
- Speed of new product development and monetization

Direction of Strategies During the Mid-Term Management Plan Period

Respond to Rising Raw Material Costs and Expand Sales of High-Value-Added Products

We will improve profitability by responding to the current spike in raw material and commodity prices and appropriately optimizing sales prices in all regions. As a growth strategy, we will enhance and expand sales of PBF products in Japan, with the aim of promoting the PBF business as a strategic domain over the period to 2030. For the growing bakery market in China, we will expand sales of filling products and upgrade our cream production lines.

FY2021 Results

- Demand recovery from impact of COVID-19
- Solid sales of cream to convenience stores and Western-style confectioneries market
- Revised pricing in response to rising raw material prices
- Expansion of filling production lines (China)

FY2022 Key Points

- Set appropriate sales prices to reflect rising raw material costs
- Develop and expand sales of PBF products
- Expand ingredient sales by proposing hot-selling products in China

Initiatives Focused on New Business Creation ⇨ P74

Highlights

Promote Growth Strategy for the Chinese Market

To continue expanding sales in the Chinese bakery market, which is projected to record strong growth, we are constructing a new cream plant, which will commence operations in the first half of fiscal 2023. We are also putting our efforts into expanding sales in all regions in China and utilizing online marketing activities (⇨ P82), which is a medium to nurture the next hot-selling products.

Strengthen Business Profitability Management and Pricing Strategies

Profitability declined in fiscal 2021 due to a significant increase in raw material costs. Our business domain specific management structure will be strengthened in collaboration with Group headquarters. Through product and market matrix management, we will improve our profitability by promoting business profitability management, strengthening pricing strategies, and streamlining our product portfolio.

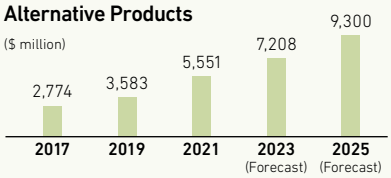
Soy-Based Ingredients Business

Share (Company estimate)
- Soy protein ingredients: No. 1 in Japan
- Soluble soy polysaccharides: No. 1 worldwide

Main Raw Materials
- Soy

Operating Environment
- PBF market and soy meat market growth
- Global growth in protein market
- Continued increases in health-related demand for food products

Sales Amount of Global Meat and Fish Alternative Products



Source: Euromonitor International 2022: Processed Meat, Seafood and Alternatives to Meat

Trends among Players and Competitive Environment
- Competition from grain majors and Chinese manufacturers
- Protracted pricing competition
- Growing investments in plant-based food market
- Rise of startups and corporate restructuring with focus on plant-based meat products

Competitive Advantages
- **Competitiveness Maintained by Accumulated Technologies and Combination with Those across Business Portfolios**
  We have new food ingredient development strengths and strong competitiveness rooted in many years of accumulated experience and technology related to soybeans, which we combine with those from other unique business portfolios in oils and fats and emulsified and fermented ingredients.
- **Building of Diverse Customer Base**
  We have accumulated know-how by developing a diverse lineup of products across segments to build a customer base and strong relations in various segments of the food industry. We are capable of providing proposals that are not limited by specific application or market.

Prime Soy Meat offering the fibrous texture, chewiness, and tenderness of meat realized through the integration of oil fat technology

Issues and Weaknesses
- Ability to procure competitive raw materials
- Raw material sources dependent on soybeans amid diversifying market needs
- Pricing competition from commodity products
- Delays in profitability for high-value-added products

Specific Risks
- Intensifying competition in plant-based food market
- Sustainable procurement of raw materials
- Focus on envirnmental impact of soybeans

Direction of Strategies During the Mid-Term Management Plan Period

Strengthen Development of High-Value-Added Products to Build Distinctive Portfolio

We will distinguish ourselves from the competition and increase profitability by shifting toward a high-value-added product portfolio for the Soy-Based Ingredients Business. In Japan, we will appropriately adjust sales prices and expand sales of high-value-added products. In Europe, with the launch of a new plant, we will seek a rapid shift to profitability by developing new markets in addition to the acidic milk drinks market.

FY2021 Results
- Profitability declined on continued rise in raw material prices
- New plant contributed to increased sales of soy protein ingredients (Japan)
- Sales to Japan decreased but sales of functional ingredients within China were firm (China)
- Test sales of soluble pea fiber conducted (Europe)

FY2022 Key Points
- Adjust sales prices to reflect rising raw material costs
- Expand sales of high-value-added products and develop new markets in strategic domains (Japan)
- Expand local sales of functional ingredients and increase production efficiency to reduce costs (China)
- Prioritize costs related to launch of new plant (Europe)

Initiatives Focused on New Business Creation ⇨ P74

Highlights

Increase High-Value-Added Products and Develop New Markets for Soy Protein Ingredients

We will introduce new products with improved flavor and function into the growing protein market to create new value and stimulate the market. We are also focusing on new application development, including extending food expiration dates and reducing food loss by using a new formulation containing soy-based ingredients that helps maintain the texture of the wrappers used in chilled dumplings.

Image of adopted product

Expand the Polysaccharide Business Area

In fiscal 2022, production will begin at Fuji Brandenburg GmbH, a site for the manufacture and sale of soluble pea fiber. Beginning with sales targeting use in acidic milk drinks, a market that is expected to grow in Europe, we will expand sales by developing new applications and markets.

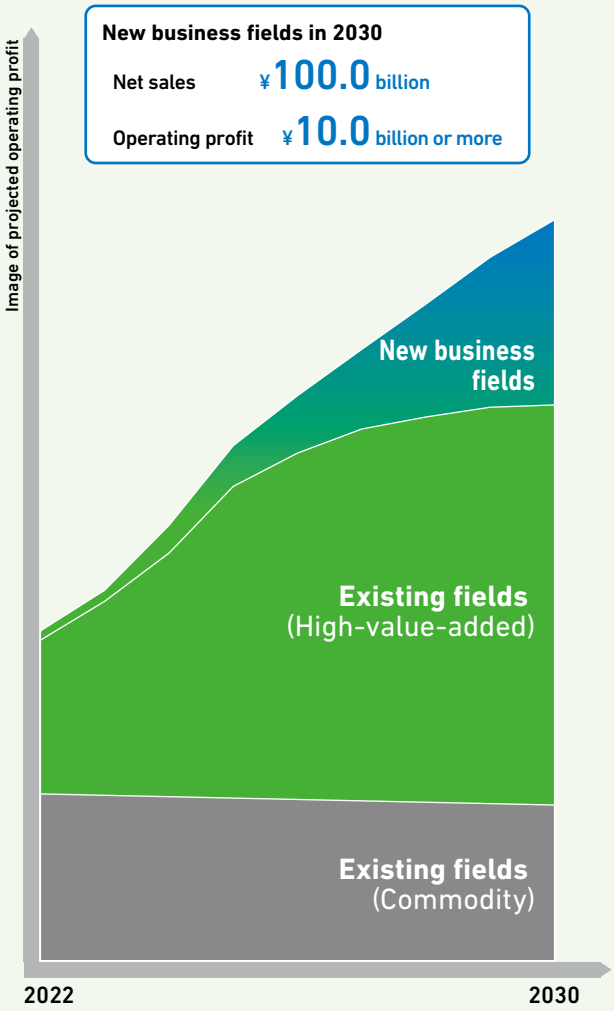
Fuji Brandenburg

Initiatives Focused on New Business Creation

In the midst of drastically changing social conditions, it is necessary to build a business portfolio that can garner expectations for high profitability and high growth. As part of efforts targeting new business fields, we will focus on developing next-generation businesses that can contribute to a sustainable food future and achieve high profitability and high growth by creating new value. In other words, we aim to broaden consumers' food choices by expanding the range of differentiated, iconic product lines that deliver "surprisingly delicious foods" using only plant-based ingredients.

In new business fields, we will also try to transform our approach to new technologies and sales methods. By doing so, we aim to realize a highly profitable business portfolio by promoting value-added enhancement of existing product lines.

Our Image of New Business Fields in 2030



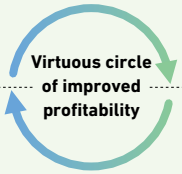
Expansion of New Business Fields (Technology and Product Development)

Points of expansion

- **New technology**
- **New sales methods**
- **Groupwide activities and new market development**
- **Information transmission**

Expansion through growth of iconic product lines

- Accelerate business cycles and drive growth through GOODNOON actions
- Create new pillar of business through buildup of iconic GOODNOON product line



Expansion of Existing High Value-Added Fields

Growth through value-added enhancement of existing product lines

- Improve profitability through application of technologies and products in new business fields
- Strengthen culture of taking on challenges and accelerate business cycles through Groupwide branding and other activities

Existing lower value-added product lines

- Achieve shift in portfolio through strengthening business management
- Shift to higher value-added products

MESSAGE

Kiyohito Suzuki
Executive Officer
PBF Business Division

Under our new mid-term management plan Reborn 2024, guided by our slogan "We will be reborn as a corporate group that is able to generate new value," we will take on challenges that we have never faced before. In order to be "reborn," each and every employee must have the appropriate level of commitment. To this end, we launched the top-down, Groupwide flagship initiative GOODNOON. Through "surprisingly delicious foods" achieved using only plant-based ingredients, we will pursue this initiative to establish GOODNOON as a new business field that becomes our third core pillar, aligned with the Vegetable Oils and Fats Business and the Industrial Chocolate Business.

“Deliciousness” to Expand Food Selections

Flagship

GOOD NOON

The Fuji Oil Group’s “delicious and easy-to-understand” plant-based food (PBF) sets the standard for a new era through focusing on the health of people and the earth, increasing choice, and creating a world where all people can truly enjoy healthy and delicious food.


Plant-based chocolate


Plant-based butter


Plant-based dashi (stock)


Prime Soy Meat


Plant-based cheese

Sustainable raw materials

Business activities that pay consideration to the environment and human rights

Technologies unique to Fuji Oil Group that realize deliciousness

GOODNOON product line

- Solutions to social issues
- Uniqueness
- Easy to understand
- Health of people and community
- Surprisingly delicious

Killer products to drive shift in stages

Integration of a wide range of technologies

MIRACORE®

A technology platform that allows for emulating the deliciousness and satisfaction afforded by animal-based foods in plant-based ingredients

USS Manufacturing Method

The world’s first patented technology that divides soybeans into two parts: soymilk cream and low-fat soymilk

Prime Texture Manufacturing Method

A new soy meat production method that applies accumulated soybean and oils and fats processing technologies to achieve both “meat-like fiber and texture” and “mouthfeel” while taking advantage of the delicious taste of soybeans

Texture and mouthfeel

Animal-based products

Surprisingly delicious

Texture and mouthfeel

Plant-based products

Expanding Food Choices and Setting New Food Standards

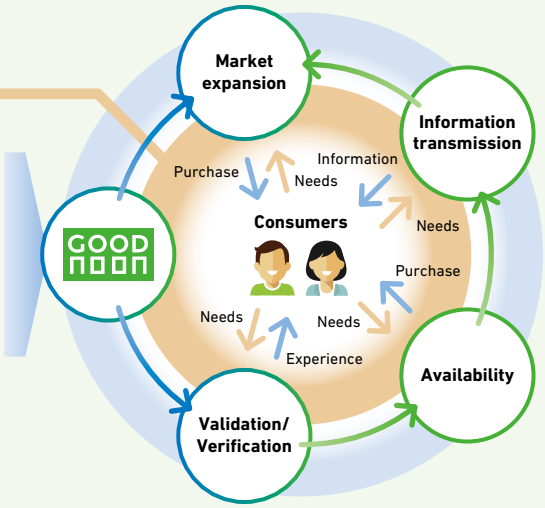
Realizing a world where everyone can truly enjoy food

Achieving diverse and sustainable food systems

Establishment of a New Business Cycle in Japan

Under the Reborn 2024 mid-term management plan, we will begin by strengthening our efforts in Japan to establish a new business cycle and thereby create a scheme to nurture highly profitable businesses.

Develop products that anticipate consumer needs



GOODNOON Actions

- Interactive communication from the consumer's perspective
- Co-creation with hotel, dining, and takeout customers
- Sales through e-commerce
- Speeding up of product development through verification testing
- Creation of PBF market by creating "surprisingly delicious foods" using only plant-based products

Area Strategy Japan ⇨ P80

Market Creation

Plant-Based Lifestyle Lab (P-Lab)

In March 2021, 15 supporting companies from across various business domains in Japan established the Plant-Based Lifestyle Lab (P-LAB)*. In the following October, P-LAB became a general incorporated association and commenced full-scale activities with the aim of promoting and educating people about culinary lifestyles with PBF and realizing a sustainable society through the use of PBF. Currently, a total of 44 companies (as of August 2022) are members of P-LAB. These companies are working to contribute to the spread and expansion of PBF and the formation of a market for PBF, with the goal of "creating a society in which PBF can be a natural part of everyday life."

The member companies will promote diverse initiatives through industry, private-sector, academia, and government collaboration, including among food manufacturers, food service companies, community website creators, trading companies, and universities as well as relevant ministries such as the Ministry of Agriculture, Forestry and Fisheries and the Consumer Affairs Agency.

* Representative Director: Pasona Group Inc.; Directors: Kagome Co., Ltd., Fuji Oil Holdings Inc.; Auditor: Pasco Shikishima Corporation

Activities

Creating an Information Infrastructure	Implementing Public Awareness Events	Promoting Open Innovation	Establishing Standards and Certification Business
Disseminate information and conduct surveys of consumers and industry participants	Conduct PBF events, seminars, nutrition education, and other activities	Build a network of exchange with industry-academic partnerships and organizations, including those based overseas	Raise awareness of the value of PBF and a plant-based lifestyle

Market Creation through Co-Creation with Customers

We hold a majority share of the soy protein ingredients market in Japan, and we have been cultivating the PBF market from an early stage. In that context, we have contributed to the creation of PBF in the Japanese market through co-creation with many of our customers, making us a driving force in market creation. Nowadays, many customer-unique, plant-based brands and similar products have been launched using our differentiated plant-based ingredients.

Nippon Access, Inc.
"NAZOKARA",
supervised by the Japan "KARAAGE" Association

Chikaranomoto Holdings Co., Ltd.
IPPUDO "Plant-Based Akamaru"

Kagome Co., Ltd.
"Plant-Based" series
"Soy Meat Keema Curry" and others

Calbee, Inc.
"Plant Based Calbee" series
Planty Plantie

PBF Strategy Presentation

In July 2022, a PBF strategy presentation was held at Hotel New Otani in Tokyo. In addition to a strategy presentation by Mr. Omori, President of Fuji Oil Co., Ltd., Ms. Kurosu, President of cotta Co., Ltd., and Mr. Nakajima, Executive Managing Director and Executive Chef of New Otani Co., Ltd., spoke about the realization of higher consumer demand for PBF in their presentations. At the presentation's food tasting, Hotel New Otani chefs prepared 10 dishes, including desserts, that were a fusion of Japanese, Western, and Chinese cuisine and completely plant-based, allowing attendees to experience a range of "surprisingly delicious foods."

Completely plant-based Japanese, western, and Chinese menus

Strategy presentation by Fuji Oil President Omori

Scene of taste experiment site

A crowd of reporters in attendance

VOICE of Partner

Meeting the Needs of Consumers through Product Appeal and Messaging Power

Akiko Kurosu
President
cotta Co., Ltd.

Through social media and other means, it has been observed that consumer interest is shifting away from the recent boom in the "social media attractiveness" of food to the essential needs for healthy, safe, and environmentally friendly food. Now, we are seeing strong signs of the PBF boom taking root. We will work to make Fuji Oil's product power available to more consumers through our ability to spread information.

VOICE of Partner

Working Together to Create Sustainable Food

Shinsuke Nakajima
Executive Managing Director
Executive Chef
New Otani Co., Ltd.

We share with Fuji Oil the goal of creating sustainable food, and we have begun working with Fuji Oil to achieve this goal. As we come to realize the growing diversity of food on a daily basis, we are developing an assortment of menu items based on Fuji Oil's ingredients and technological capabilities. We feel that our mission is to contribute to solving various social issues, such as global environmental changes and food crises.

Strategies for Overseas Expansion

While our GOODNOON actions will begin with a focus on Japan, the next phase will see us making various strategic moves to expand the business overseas as well.

• Venture Capital Investment

We have invested in the Unovis NCAP Fund II*. We will pursue synergies through our existing global business network by participating in a wide range of alternative protein business areas and leveraging the Group's processing technologies for oils and fats and proteins.

* A leading food tech-focused fund created and managed by Unovis Asset Management B.V., a pioneer in the management of food tech-focused funds worldwide

• Open Innovation

Fuji Oil's R&D departments are collaborating with the European R&D center GICE and APICA, a newly founded alternative protein R&D center in Southeast Asia, newly founded in fiscal 2022, in undertaking wide-ranging research and development. We are also deepening our efforts to collaborate with startups and other companies with a focus on creating cutting-edge technologies that could become game changers in the market.

Research and Development ⇨ P38
Area Strategy ⇨ P80

Special Conversation

The Fuji Oil Group's Challenges toward Co-Creating a Sustainable Future for Food

Yuko Ueno

Independent Outside Director

Profile

Serving as an independent outside director since June 2018, Ms. Ueno has worked as a marketing consultant for many years, providing consulting services to various companies and local government agencies.

Kiyohito Suzuki

Executive Officer
PBF Division

Profile

Joined the Company in 1989. He possesses a wealth of knowledge on plant-based ingredients through his experience as the Group Leader of the Soy and Functional Ingredients Group of the Business Development Division. He has held his current role since April 2019.

Under Reborn 2024, the Fuji Oil Group's new mid-term management plan from fiscal 2022 to fiscal 2024, the Group establishes PBF as a new business field and is working toward further innovation of PBFs.

In this section, we feature a conversation between Kiyohito Suzuki, General Manager of the PBF Division, and Independent Outside Director Yuko Ueno.

Ueno

I have just tasted a dish made from only PBF ingredients, and I am very surprised by the level of deliciousness that has been reproduced compared with a dish I tried before. The beef stew was so satisfying—not only the sauce, but also the chunky pieces of meat. I couldn't believe the dish was made from plant-based ingredients. I now realize that Fuji Oil's technology has advanced to the point that, if no one told you, you'd mistakenly think dishes made solely from PBF ingredients were made from animal products.

Suzuki

The point of our new approach is technology that enhances the feeling of "plant-based, but satisfying." Many consumers find that PBFs are less satisfying than animal-based foods. By taking a comprehensive look at the components of cells of animal- and PBFs, we found that animal-based foods are mainly composed of water, oils and fats, and protein while PBFs are composed of water and carbohydrates. With our PBFs, we thought that, if we could reproduce the oils and fats and protein found in animal-based foods, we would be able to create "surprisingly delicious foods" with plant-based ingredients. The combination of Fuji Oil's technological advancements—such as MIRACORE® and our prime texture and USS manufacturing methods—makes it possible for us to reproduce various dishes to a level comparable with those using animal-based foods. For example, depth of flavor is created from animal-based foods by making chicken or beef bone broth in Europe and the United States and by making soup stock in Japan. These methods create flavors that provide a sense of satisfaction. We are able to reproduce that sense of satisfaction with PBF materials. The texture of the meat you just complimented us on uses our oils and fats and soy protein technology to reproduce the fibrous texture, juiciness, and mouthfeel of animal meat. In the future, we believe that providing a wide variety of menus featuring PBF ingredients will become a strength of the Fuji Oil Group.

Ueno

In the new business fields outlined in the mid-term management plan, "create distinctive products and drive activities" is positioned as a Companywide project, and you are promoting branding based on this concept. Beyond simply promoting the Company's advanced technological capabilities, promotions that delve deeper into what defines the deliciousness made possible by those capabilities might shorten the distance between the Company and consumers, leading to increased brand strength. Also, I think that through such efforts it will be easier for investors to understand the strategy that the Fuji Oil Group is targeting. In order to develop business in the global market, the Group must create delicious food ingredients and products that match the diverse food cultures of individual countries. At the same time, it is also necessary to promote the fact that the Group has the technology to do so.

Suzuki

Traditionally, Fuji Oil has pursued concepts such as "separation" and "recombination" to create distinguishing ingredients. This is a product development approach that emphasizes functionality and physical characteristics, but simply pursuing ingredients and materials does not lead to deliciousness. Innovative deliciousness is created from an infinite number of combinations of ingredients and materials. That also leads to inspiration and empathy. The Fuji Oil Group wants to contribute to the future of food by returning to the origin of deliciousness and creating new deliciousness by combining plant-based materials. Every country has its own food culture. Also, people's tastes vary. With plant-based materials, we would like to realize a future where more people can choose food without distinction, a world where we can expand the circle of empathy through Fuji Oil products.

Ueno

To promote deliciousness created in this way, it will require creating a new business cycle to develop highly profitable business, which the Company outlines in its explanation on new business fields in Reborn 2024. It is my understanding that the Group will expand areas of new business fields by launching killer products. In that regard, how will it proceed?

Suzuki

To begin with, it is important that we change the mindset of the Company. Thus far, Fuji Oil has been a B2B company, for the most part considering itself as fulfilling a supporting role. But is that good enough? With our business environment changing drastically and a lack of transparency about what will sell in an age of uncertainty, I ask myself if the same methods we relied on before are good enough. Even as a B2B enterprise, we have to understand what consumers are thinking and wanting. It is also important to clarify the issues that need resolving and accelerate the cycle of business engagement and commercialization. In that sense, we do have to change. We recently launched the GOODNOON concept, a flagship initiative for the Fuji Oil Group and a strategy for achieving our Vision for 2030. I hope to turn this initiative into one that top management powerfully lends its support to and that motivates employees to move to proactively engage in getting behind Group initiatives.

Ueno

The Group asserts that it will be "reborn" through Reborn 2024, and I feel that thinking properly reflects that declaration. I hope you will advance this initiative. As a concrete strategy in new business fields, the Group is aiming for growth in mass markets by using hotels and food trucks to validate new killer products, such as soy meat produced using new manufacturing methods. The Company is also developing EC (e-commerce) sites and raising awareness through social media and public relations activities. However, until now, the Fuji Oil Group has accumulated little know-how in the areas of EC site management and social media marketing, so I am concerned about potential tactical weaknesses. How will the Group ensure a high operating profit margin?

Suzuki

Through its B2B business, the Group has built strong relationships with client companies in various industries. We are also promoting activities through P-Lab (⇨ P76) to popularize PBFs. We believe that these connections and co-creation efforts will be a great strength toward establishing a new business cycle. As you mentioned, we have limited experience and know-how in EC site management and social media marketing, so we would find it difficult to do by ourselves. In EC site management, we are proceeding with the cooperation of cotta Co., Ltd. For social media marketing, we are cooperating with GREE Lifestyle, Inc. With the help of these two companies, I believe such activities will surely become a strength for the Fuji Oil Group.

Ueno

The success or failure of this strategy will likely come down to whether or not the Group can build a new business cycle by supplementing functions that it does not have through collaborations with other companies. The Group also needs to speed up business execution while improving quality. There are many difficulties ahead, but this is necessary for the future of the Fuji Oil Group. As the Company is committed to "PBF demand creation," it must go beyond creating innovation to also creating trends. The new mid-term management plan divides the Company's vision for growth through 2030 into three phases. What steps do you envision for new business fields?

Suzuki

In the first three years, we already have an image of which products to sell to which markets. For the following three years, we see exciting developments emerging from current technology seeds, but I feel that how we foster those seeds will be very important. I believe that our Vision for 2030 can be achieved by cultivating that technology.

The Fuji Oil Group will take on the challenge of new markets, but it must always stay at the forefront to gain the advantage of being first. Complacency just because we built up the soy business for over 60 years will see us left behind in no time. To stay ahead of the curve, it is important that we keep innovating. This initiative is still in its infancy, but it will continue to work toward growth in new business fields, as outlined in the mid-term management plan to achieve our Vision for 2030 of "Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy."

Ueno

As you said, amid future uncertainty and a lack of predictability, it is important to keep changing to stay ahead and to "continue to be reborn." I hope that the Company continues to be reborn and leads the way toward 2030 based on the vision it has outlined. I look forward to the Fuji Oil Group realizing its potential and innovations that will contribute to a sustainable society.

Area Strategy

Japan

MESSAGE

Tatsuji Omori
President
Fuji Oil Co., Ltd.

Creation of New Value in an Increasingly Uncertain Business and Social Environment

Japan is facing a business environment of unprecedented raw material price hikes and a weak yen in response to recent changes in world affairs. Under these circumstances, the most important issues to focus on in fiscal 2022 are thorough cost reduction and appropriate price revision to ensure business continuity.

At the same time, we will continue our efforts to provide new value. We will further focus on the development of products that contribute to the improvement of healthy life expectancy and plant-based food ingredients, for which demand is expected to increase due to growing interest in the global environment. Our business efforts will expand out from Japan with our flagship operation GOODNOON to realize our Vision for 2030: "Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy."

We will improve the speed of our business processes by promoting digitization through cooperation and collaboration among all divisions and strengthening our management foundation to cope with the rapid pace of drastic social change. We will also strive to create a workplace environment where employees can work energetically with a sense of security, despite the difficult business environment.

Topics

Providing New Value with Plant-Based Ingredients

We have been focusing on the development and sales of plant-based ingredients and PBFs, which have been generally well-received by our customers. However, challenges remained in providing delicious taste. To address this issue, we are launching GOODNOON, a line of products offering new value based on the concept of "surprisingly delicious foods," and promoting the development of new sales methods. For the time being, our plans revolve around killer products, such as Prime Soy Meat, plant-based chocolate, plant-based butter, plant-based dashi (stock), and plant-based cheese.

We will continue to develop problem-solving businesses with plant-based ingredients based on "delicious and healthy" and create new value by changing markets and sales methods.

GOODNOON killer products

Topics

Taking on New Approaches—Consumers, Takeout, and Dining

We will accelerate collaboration with EC sites, digital marketing operations, and top food brands. We will enhance our proposal power by utilizing information obtained from consumers in our database and take on the challenge of expanding sales in the domestic takeout and dining markets.

cotta Co., Ltd.
We have entered into a capital and business alliance with cotta, an EC portal site for confectionery and baking ingredients with 1.7 million members. Together, we will promote the development of business activities that are closer to the consumer's perspective by focusing on social issues and communicating our efforts widely to consumers.

GREE Lifestyle, Inc.
The world is overflowing with information via the internet, and social media has permeated the lifestyles of many. We will promote digital marketing through collaboration with GREE Lifestyle in order to be closer to consumers.

Americas

Area Structure in the Americas

In fiscal 2022, the Vegetable Oils and Fats Business in North America was consolidated under the regional holding company and Industrial Chocolate Business companies Blommer Chocolate Company (United States) and Harald Indústria e Comércio de Alimentos Ltda (Brazil) have been placed under the direct supervision of Group headquarters.

Industrial Chocolate Business ⇨ P68

MESSAGE

Naohiro Rokukawa

Chairman and President of Blommer Chocolate Company
President of Fuji Specialties, Inc.
President of Fuji Oil International, Inc.

Launch of a New North American Strategy through Integrated Area Management

The North American Vegetable Oils and Fats Business must adapt to unprecedented changes in the business environment: including inflation, disrupted logistics, low unemployment in the United States, structural changes in the North American oils and fats industry due to emphasis on renewable energy, and record-high commodity prices. Coping with these changes, the Fuji Oil Group is tasked to build a new North American strategy through the optimization of its three operations, Oilseeds International, Ltd., Fuji Vegetable Oil, Inc., and Fuji Oil New Orleans, LLC, in collaboration with Blommer. The transformation of the external environment is forcing the companies in the area not to rely on their past successes but to illustrate a bold picture of the future and execute their plans meticulously.

We aim to deliver stable, high-quality products to markets with extremely uncertain prospects by seeking more efficient on-site and logistics operations, keeping abreast of trends in the renewable energy industry, which is also being affected by Russia's invasion of Ukraine,and pursuing new markets and product portfolios through integrated operations as the North American Vegetable Oils and Fats Business and joint efforts with Blommer.

Topics

Maximizing Group Synergies

Since the consolidation of Oilseeds International into the Group umbrella in May 2022, the management consisting of Fuji Vegetable Oil and Fuji Oil New Orleans formed a task force, which began putting together a grand design for the future. It also plans to hold a strategy session with Riceland Foods, Inc., Oilseeds International's joint venture partner and the largest rice-gathering cooperative in the United States, to help realize the Fuji Oil Group's aspiration in both liquid oils and tropical oils and fats.

In addition, Blommer and Fuji Vegetable Oil have begun joint discussions on new markets and new products, focusing on R&D and new market segments since April, aiming to maximize synergies in the North American area.

Member of Riceland Foods, Inc. and Oilseeds International

Europe

MESSAGE

Maeda Sunao

Managing Director
Fuji Europe Africa B.V.

Creation of New Value through Proactive Sustainability Initiatives

In Europe, the center of food and sustainability, we have established a European R&D center and a dedicated sustainability development team to strengthen communication throughout the Group. In addition, we are taking steps to coordinate with various legislation and compliance measures, such as obligations for environmental and human rights related due diligence and the European Green Deal*1. Fuji Oil Europe has set the goal of becoming a Best in Class Green Deal Supplier*2. In new business, production will begin at Fuji Brandenburg GmbH, our production base for soluble pea fiber for the European and U.S. markets. Together with our employees, we will actively respond to the demands of society and take on the challenge of creating new value.

*1 The European Green Deal is a comprehensive new European Union economic growth strategy, launched by the European Commission in December 2019, that aims to balance climate change action and economic growth.
*2 Our goal is not only to comply with regulations and guidance but also to create new value through the best service in the industry.

Topics

Moving to Strategically Expand the PBF-Related Business in Europe

Fuji Oil Global Innovation Center Europe (GICE) (⇨ P40) is the center of our efforts to create new businesses that will become the pillars of our next-generation operations. In Europe, where PBF originated, the emergence of startup companies and the development of new technologies are remarkable, and we are proactively working toward unearthing and identifying such companies and technologies to the best of our ability. By combining cutting-edge technologies, open innovation, and the unique technologies of the Fuji Oil Group, we aim to be a game changer in the provision of innovative and sustainable solutions to social issues.

GICE researcher

Southeast Asia

MESSAGE

Kunihiko Ogata
Managing Director
Fuji Oil Asia Pte. Ltd.

Focus on Diverse Markets with an Approach Not Bound by the Past

In the diverse food markets of Southeast Asia, startups and PBF companies are emerging at a speed that is a far cry from the past, and the market structure is undergoing major change. Fuji Oil Asia Pte. Ltd. cannot be bound to the past and must take a leap up to the next level. We will build a structure that enables us to earn stable profits regardless of the market environment. We will also focus on differentiating ourselves from our competitors, building a sustainable palm oil supply chain (⇨ P46), creating added value for our products, and strengthening our proactive approach to the PBF market, which we believe will lead us to a turning point in the next three years. In the markets of Southeast Asia and Oceania, where Fuji Oil Asia targets more than 1.2 billion people, we will provide a balanced allocation of resources based on our assessment of each country's market and growth areas.

Topics

Promoting a Product Mix Strategy

In R&D, we will develop products for health needs that are increasing year by year and for the food service market, where recovery is expected. Since the establishment of the R&D Center in 2015, we have consolidated development staff from each business field into one location. However, from fiscal 2022, we will be transitioning to a structure where the development staff with their shared technologies and know-how will work for individual Group companies. Through integrated management of production, sales, and development, we are improving the speed at which technologies are incorporated into products and reviewing the product mix of each company.

Alternative Protein Innovation Center Asia (APICA), which began operations in fiscal 2022

China

MESSAGE

Masataka Minemura
President
Chairman and General Manager
of Fuji Oil (China)
Investment Co., Ltd.

Fresh Start as a Company That Work for People

The Chinese market demands technologies and products that will realize the Group's Management Philosophy. In order to continue contributing to the Chinese society through deliciousness and healthiness, we are determined to transform ourselves into a strong company by focusing on profits and further enhancing our awareness of norms under our mid-term management plan Reborn 2024.

It has been close to 30 years since we began our operations in China. We will continue to pursue food safety and security and leverage the trust and brand power we have built, while strengthening compliance to become a company where employees can work with peace of mind and be rewarded for their efforts. We are also aware of China's great influence on the global environment and would like to contribute to solving environmental issues.

Topics

Maintaining Our Position with Sales to the Chinese Bakery Market

In the wake of the COVID-19 crisis, where the movement of people has been restricted, we are putting greater effort into setting up web-based training sessions. We are also steadily expanding FUJISUNNY PLAZA customer service centers. In Zhangjiagang, we opened an R&D center with a focus on new product development. In Tianjin, we opened an R&D office for our Soy-Based Ingredients Business.

We will continue to promote support for local customers through our R&D offices and plaza customer service centers throughout China to take the lead in the speed-focused Chinese market.

Our webinars that attract tens of thousands of viewers



Governance

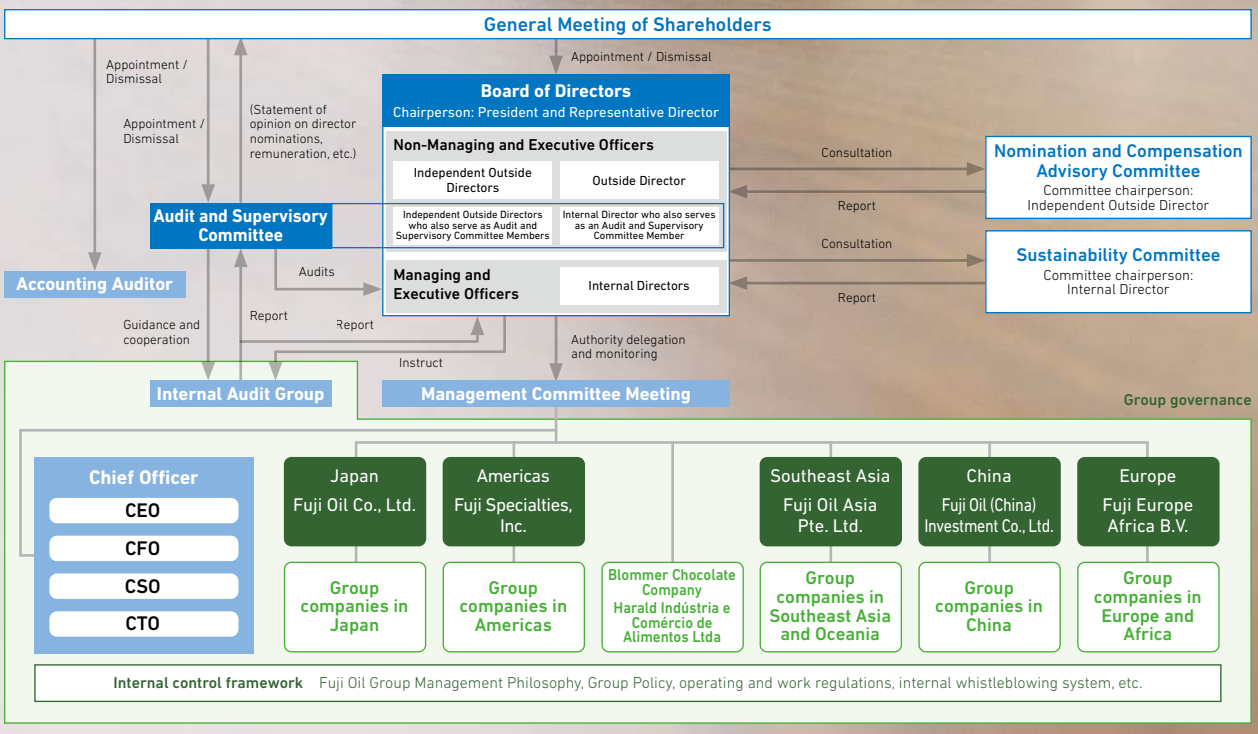
The Fuji Oil Group recognizes that corporate governance is an essential and critical foundation of sustainable improvements to corporate value. Three key organizations play integral roles in fulfilling the Fuji Oil Group's corporate governance: the Board of Directors, the Audit and Supervisory Committee, and the Management Committee. Through the activities of these bodies, we aim for aggressive business development and the realization of compliant and efficient management. The Board of Directors is responsible for supervising (monitoring) decision-making bodies and business execution regarding important matters. The Audit and Supervisory Committee is responsible for auditing the execution of duties by directors, excluding Audit and Supervisory Committee members. The Management Committee, whose main members are the President and CEO and managing and executive officers, engages in deliberations that contribute to management and makes rapid decisions related to business execution.

Effective internal governance (Group governance) is a prerequisite to ensuring the efficacy of corporate governance. With this in mind, we work to ensure awareness of business policies and work regulations throughout the entire Group. Additionally, our various business departments and the Internal Audit Division engage in monitoring activities.

Please refer to our website for more details.
https://www.fujioilholdings.com/en/about/governance/

Governance Structure

(As of June 21, 2022)



Corporate Governance

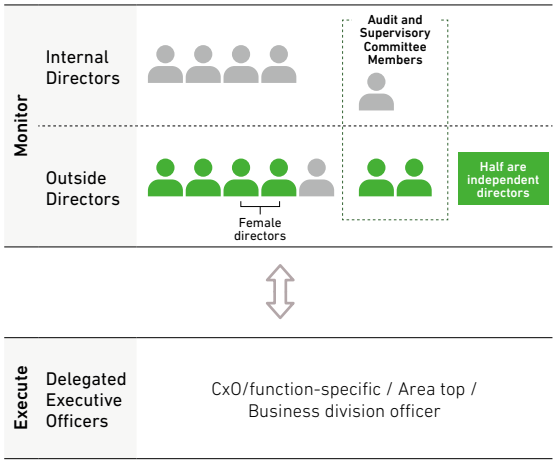
Background to Reform of Corporate Governance Structure

To separate business execution and supervisory functions and to enable rapid business development under a good governance system, we shifted to a pure holding company system in 2015. Since then, we have continued to delegate authority to regional headquarters, which act as operating companies. We believe that swift decision-making and business execution and strengthened supervisory functions for business execution are critical to meeting the expectations of our shareholders and other stakeholders. With this in mind, we have engaged in initiatives aimed at strengthening corporate governance. Most recently, as a new expression of our strong commitment and determination to implementing such initiatives, we decided to shift from a company with Auditors to a company with an Audit and Supervisory Committee.

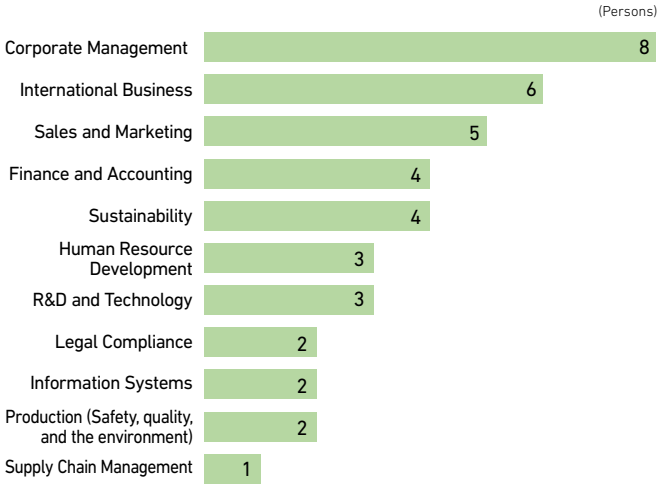
Key Points of Changes to the Corporate Governance Structure in Fiscal 2022

1. **Shift to a company with an Audit and Supervisory Committee to promote sustainable growth and improve our corporate value**
   - Further strengthened the supervisory functions of the Board of Directors by appointing directors who are also Audit and Supervisory Committee members to serve as members of the Board of Directors
   - Improved the speed of business execution by delegating the execution of certain important business to directors
2. **Further improve management transparency and objectivity**
   - Increased the number of independent outside directors by one. Of the total of 12 directors, 6 of the 7 outside directors are independent outside directors.

Monitoring and Execution Structure



Expertise of Directors



Skills Matrix ⇨ P88

(FY)

	2015	2016	2017	2018	2019	2020	2021	2022
Separation of management supervision and business execution		● Transition to holding company structure Delegation of authority to regional headquarters			● Revisions to Board of Directors' regulations*1		● Definition of Monitoring Perspectives	● Shift to company with Audit and Supervisory Committee
Number of directors	● 10		● 8	● 9	● 10	● 9	● 8	● 12
Of whom, outside directors	● 2				● 3		● 4	● 7
Committee (Advisory body to the Board of Directors)	● Establishment of Nomination and Compensation Advisory Committee and ESG Committee*2							
Evaluation of effectiveness of the Board of Directors			● Evaluation of Effectiveness of Board of Directors					
Remuneration system					● Formulation of Policy on Revisions to the Remuneration System	● Implementation of performance-linked share-based remuneration system		● Adoption of ESG indicators, adoption of new remuneration system that changed executive officers from employment-type system to delegation-style structure
CEO succession plan						● Start considering CEO succession plan	● Start to make use of CEO performance review meetings	● Build up CEO succession plan scheme

*1 In addition to existing decision-making and reporting, we also established opportunities for open-minded deliberation on governance and other matters.
*2 Changed the ESG Committee name to Sustainability Committee in fiscal 2022.

Main Organizational and Committee Structure

(As of June 21, 2022)

Company Name	Fuji Oil Holdings Inc.	Organizational System	Pure holding company
Institutional Design	Company with an Audit and Supervisory Committee	Number of Outside Directors	12, including 2 female directors (7 outside directors, of whom 6 are independent outside directors)

	Chairperson	Composition of directors						
		Total	Directors excluding directors who also serve as Audit and Supervisory Committee Members			Directors who also serve as Audit and Supervisory Committee Members		Reference: Number of meetings during FY2021*1
			Internal Directors	Independent Outside Directors	Non-Independent Outside Director	Internal Directors	Independent Outside Directors	
Board of Directors	President and Representative Director (Mikio Sakai)	12	4	4	1	1	2	16
Audit and Supervisory Committee	Director Full-time Audit and Supervisory Committee member (Makoto Shibuya)	3	—	—	—	1	2	12 (Audit & Supervisory Board)
Nomination and Compensation Advisory Committee	Independent outside director (Hidenori Nishi)	6	1	4	—	1	—	10
Sustainability Committee*2	Internal director (Takashi Kadota, CTO and ESG Representative)	4	4	—	—		1 Advisor	2 (ESG Committee)
Reference: Management Committee Meeting	President and Representative Director (Mikio Sakai)	12*3	4	—	—	1 Observer		24

*1 April 1, 2021 to March 31, 2022
*2 Changed name from ESG Committee in FY2022
*3 4 Internal Directors + 8 Executive Officers

Board of Directors

Main Activity Results (FY2021)

1. Discussions on requirements for the Board to better perform its monitoring functions → Highlights
2. Discussions on the new mid-term management plan → Highlights
3. Confirmation of application for listing on the Prime Market and confirmation of compliance with Japan's revised Corporate Governance Code → Highlights
4. Internal Audit Group activity plan and audit report
5. Decisions on important business execution, including business restructuring projects
6. Confirmation and discussion of matters reported by the Nomination and Compensation Advisory Committee

Highlights

Discussions on Requirements for the Board to Better Perform Its Monitoring Functions

To strengthen the monitoring functions of the Board of Directors and enable faster business execution, we deliberated and decided to shift to a company with an Audit and Supervisory Committee in fiscal 2022. To make sure institutional design changes would be more than superficial changes, initially we discussed what is necessary for the Board of Directors to fully exert its monitoring functions, and then we examined the state of business execution and management by executives. Next, we deliberated throughout the year on which areas to focus. After this deliberation and preparation by the Board of Directors, at the General Meeting of Shareholders on June 21, 2022 we decided to shift to a company with an Audit and Supervisory Committee.

Note: We are gradually addressing matters requiring improvement on the executive side, including management methods related to business performance and forecasts and the Group's overall risk management, as recommended by the Board of Directors (mainly outside directors).

Highlights

Discussions on the New Mid-Term Management Plan

Fiscal 2021 was the timing of our formulation of a new mid-term management plan. We sought involvement from outside directors from the outset of this plan formulation process. Led by the Board of Directors, we held discussions multiple times concerning the direction of medium- to long-term strategy and on how to disclose that information (effective methods of internal and external explanations).

Highlights

Confirmation of Application for Listing on the Prime Market and Confirmation of Compliance with Japan's Revised Corporate Governance Code

We discussed and validated whether we have a governance system suitable for companies to be listed on the Prime Market in compliance with the Corporate Governance Code revised June 2021. Matters recognized as requiring enhancement, including a review of our business portfolio, were considered and incorporated during the formulation process of the new mid-term management plan mentioned above.

Please refer to *Corporate Governance Report* for details.
https://www.fujioilholdings.com/en/about/governance/

Evaluation of Effectiveness of the Board of Directors

An evaluation of effectiveness of the Board of Directors is held each year through the involvement of a third-party institution to ensure objectivity and transparency. The Board of Directors discusses improvement measures for issues identified through evaluation results. The Board provides guidance to executives on necessary measures and appropriately confirms that improvement measures are steadily being implemented. This process represents our PDCA cycle for improving the effectiveness of Board management. The effectiveness evaluation of the Board of Directors for fiscal 2021 took place just prior to our move to a company with an Audit and Supervisory Committee. As such, we focused on what is needed to ensure system functionality and to effectively strengthen governance. The evaluation was conducted from the perspective of comprehensively evaluating Board operations thus far and aiming for further improvements.

Evaluation Method

Evaluator: Third-party institution
Research Method: Questionnaire (8 directors and 4 Audit & Supervisory Board members) and interview (Chairman of the Board of Directors)
Evaluation Process: Analysis of results by third-party institution based on its anonymity and report of findings to the Board of Directors

Evaluation Targets (Questionnaire Topics)

1. Improvement status of issues identified from the previous evaluation
2. Review of evaluation of Board management for the fiscal 2021
3. Meaningful deliberations (what is our highest-priority focus in terms of what the Board should be?)
4. Operating as a company with an Audit and Supervisory Committee (what changes are particularly important to the Board of Directors?)
5. Evaluation of activities of the Nomination and Compensation Advisory Committee
6. Support system for outside directors
7. Communication with investors and shareholders
8. Overall summary
9. Activity self-evaluation

Effectiveness of Evaluation Results

	FY2019	FY2020	FY2021
Matters Addressed	• Revised director remuneration (incorporated medium- to long-term performance incentives) • Discussed the medium- to long-term direction of the business (ongoing)	• Formulated a CEO succession plan • Devised a skills matrix for directors and Audit & Supervisory Board members • Established independence standards for outside directors and outside Audit & Supervisory Board members • Discussed the role of the Board of Directors as a monitoring body (ongoing) • Enacted measures pertaining to the protection of minority shareholders	**Confirmed the Board of Directors will expand deliberations mainly on the following matters or set and monitor KPIs (ascertain progress and improvement status)** • Deliberated on Companywide policy and business strategy from a medium- to long-term perspective (ongoing) • Confirmed progress of management resource allocation, including business strategy execution and human resources necessary to support execution • Drafted global HR policy, including human resource development and DE&I promotion • Strengthened Group governance • Analyzed causes and confirmed recovery measures when core KPIs fall below plans
Issues to Address Going Forward	• Formulate a CEO succession plan (ongoing) • Devise a skills matrix for directors and Audit & Supervisory Board members • Strengthen Group governance	• Firmly establish the operations of the Board of Directors as a monitoring body • Further strengthen Group governance (effectively utilize the Internal Audit Group)	**Confirm the following improvements will be made in relation to operation of the Board of Directors** • Enhance information provision to outside directors, including conducting preliminary briefing sessions (ongoing) • Improve time allocation and materials for effective and efficient Board management • Set agenda items that promote deliberations from a medium- to long-term perspective and an overall perspective

Points of Fiscal 2022: Strengthen Governance Effectiveness

Regarding the operation of the Board of Directors, in fiscal 2022 we have established the Secretariat of the Board of Directors under the supervision of the Chief Strategy Officer (CSO). The Secretariat is in charge of planning and management for the Board of Directors. By keeping both the Secretariat of the Board of Directors and the Secretariat of the Management Committee under the supervision of the CSO, we aim to promote unity and interconnection between both meetings, such as accurately reflecting the requests and instructions of the Board of Directors to executives, and enhance the effectiveness of corporate governance from the perspectives of both execution and monitoring.

In recognition of problems based on the effectiveness evaluation of the Board of Directors, we will continue monthly deliberations of specific themes as well as an annual schedule of matters to be deliberated by the Board of Directors. Through these deliberations, we will set specific goals and KPIs for matters recognized as future initiatives in the fiscal 2021 effectiveness evaluation of the Board of Directors and regularly follow up on progress.

Throughout the above deliberations, we work to ensure that there is no discrepancy between the thinking and suggestions of directors, particularly outside directors, and how that information is received by executives and employees. For specific matters such as business management methods and planning procedures, we create opportunities for timely dialogue between outside directors, executives, and employees.

Message from Outside Director

MESSAGE

Shuichi Miyamoto
Outside Director

My Year As an Outside Director at Fuji Oil Holdings

During my first year as an outside director at Fuji Oil Holdings, I attended all the Board of Directors' meetings. The meetings are shorter than in the past, but they are still long meetings that require hard work. The managing directors and outside directors engage in heated deliberations that could be described as intense battles. At first, I was somewhat reserved as I was concerned about being viewed as an outside director from a major shareholder. However, I quickly engaged without being overwhelmed by the intensity of the deliberations. The level of expertise displayed by other outside directors and members of the Audit and Supervisory Committee, as well as the accuracy of recommendations rooted in that expertise, is humbling. Adding to this is the diligent leadership of President Sakai, who also serves as Chairman of the Board. His attentive consideration to others only serves to expand mutual understanding among the participants. Amid the impressive and sometimes awe-inspiring exchanges, I pour my all into making meaningful contributions.

One of the most important roles of the Board of Directors is to contribute to sustainable improvements in profits and to the creation of organizational structures to support those efforts. In particular, the Fuji Oil Group must address issues of globalization and issues related to shifting to an area management structure, and it must also respond to society's expectations that the Group will be a leader in ESG management. At the same time, the Fuji Oil Group must take on the challenge of expanding its advanced technology beyond B2B and embracing a market-in concept. The Group must not only address these many issues but must also serve as a leader in driving aggressive innovation.

Since the planning phase, the new mid-term management plan has been thoroughly deliberated at meetings of the Board of Directors. During each meeting, the outside directors expressed their frank opinions. Reborn 2024 is the result of significant and broad-based deliberations. We must view confirming the efficacy and results of this management plan as one of our most important missions.

Policy on Protecting the Rights of Minority Shareholders

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

- For (1) new transactions (valued at ¥1.0 billion or more annually) and (2) business partnerships deemed to be important to the Fuji Oil Group, conducted with the ITOCHU Group, both companies will engage in discussions on the appropriateness of such transactions, from the perspective of minority shareholder protection. Matters uncovered as a result of these discussions will be deliberated on and resolved at the Board of Directors' meeting in order to ensure the transparency and appropriateness of our decisions.
- The Board of Directors will verify the status of transactions with the ITOCHU Group at the end of every fiscal year.

Co-Creation with ITOCHU Group ⇨ P65

Nomination and Compensation Advisory Committee

Results of Main Activities (FY2021)

- CEO succession plan
- Nomination and dismissal of directors
- Revisions to executive officer system (adoption of delegation-style structure)
- Remuneration system of directors

CEO Succession Plan

We consider the appointment of our CEO to be one of the most important decisions of the Board of Directors. Based on the report from the Nomination and Compensation Advisory Committee in fiscal 2020, we established and commenced the operation of a CEO succession plan in fiscal 2021. The Nomination and Compensation Advisory Committee, which consists of independent outside directors, appropriately advises and supervises to ensure objectivity and transparency.

Policy and Process for Appointing Directors

Approach to Nominating Candidates for Directors

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

Skills Matrix (Especially Areas Where Candidates Can Be Expected to Demonstrate Their Expertise and Experience)

		Corporate Management	International Business	Sustainability	Supply Chain Management	Human Resource Development	R&D and Technology	Sales and Marketing	Production (Safety, quality, and the environment)	Finance and Accounting	Legal Compliance	Information Systems
Directors	Mikio Sakai	●	●	●		●		●				
	Tomoki Matsumoto		●							●		●
	Takashi Kadota			●			●		●			
	Hiroyuki Tanaka	●	●		●			●		●		
Outside Directors	Yuko Ueno*	●				●		●				
	Hidenori Nishi*	●	●			●		●				
	Toshiyuki Umehara*	●					●		●			●
	Shuichi Miyamoto	●	●					●				
	Tomoko Tsuji*	●		●			●					
Director who also serves as an Audit and Supervisory Committee Member	Makoto Shibuya	●								●	●	
	Ryuta Uozumi*			●						●		
	Hirohiko Ikeda*		●								●	

* Independent directors

About the Appointment of Directors in Fiscal 2022

We have appointed Audit and Supervisory Committee members as members of the Board of Directors to further strengthen the supervisory functions of the Board. Furthermore, by delegating some important business execution to directors, we are working to improve the speed of business execution. We have also increased the number of independent outside directors by one in fiscal 2022 with the aim of further enhancing management transparency and objectivity. We appointed Tomoko Tsuji as an independent outside director to contribute to enhancing our corporate value by receiving advice and opinions based on her abundant experience and keen insight in the fields of research and product development, an issue in the skills matrix of our directors that needed to be addressed.

Message from Newly Appointed Director

MESSAGE

Tomoko Tsuji
Outside Director
Independent Director

Proprietary Technology Turning Risks into Opportunities!

Today, amid a sudden pandemic that swept across the globe, Russia's invasion of Ukraine, and persistent environmental issues, conditions facing corporate management are increasingly difficult due to a variety of events that could be viewed as threats to humanity. Even the Fuji Oil Group, which plays a key role in supporting the enriched food lifestyles of consumers, has not been immune to such events, as it faces serious issues ranging from raw material procurement to response to environmental issues. Amid such circumstances, society's focus on PBFs—as a source of protein that is environment-friendly and efficient and an essential element for humanity—is growing.

The Fuji Oil Group has embraced a new Vision for 2030. Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy. This vision represents a commitment by the Fuji Oil Group to contribute to a future for humanity by drawing on its competitive strengths in this field. Fuji Oil boasts raw material procurement capabilities, technical strengths backed by a history of ingredient research and numerous successes related to pursuing deliciousness, and the ability to develop various application methods for a single raw material. I believe these strengths are meant to do more than simply respond to environmental and food shortage issues. We must apply these strengths in supporting human health and in the hope that we will continuously pursue deliciousness. I also view technical strengths and information reliability as parts of a larger machine. What is important is how we go about promoting the appeal of products and services with value. I want to help the Fuji Oil Group apply its many strengths and support efforts to convey rapidly and broadly the value it offers.

Follow-Up Structure for Outside Directors

Through cooperation with the relevant internal functions of the Group, the Secretariat of the Board of Directors provides explanations on the Group's business situation and framework, relevant principal regulations such as those of the Board of Directors, and operational status of the Board of Directors (results of evaluation of effectiveness). In these ways, the Group provides the support necessary to enable newly appointed outside directors to participate in discussions at Board of Directors' meetings in a steady manner. Since fiscal 2021, we have taken steps to enhance information provision by holding preliminary briefings for outside directors prior to Board of Directors' meetings and to provide monthly reporting to the Board of Directors on matters deliberated by the Management Committee (executive side).

Officer Training

We invite outside experts as lecturers to hold training sessions for all directors, Audit and Supervisory Committee members, executive officers, and senior employees, including outside officers.

FY2021 Training Themes

(i) Grasp the latest trends in important matters that affect management ("Sustainability," "Governance," "Law," etc.)	• ESG and sustainable improvements in corporate value • Objectives of the revised Corporate Governance Code • Keys to DX success that management should know • Points of focus when reorganizing cross-border business
(ii) Expand understanding of current conditions within the Company based on external opinions and hold discussions for improvement	• Investor feedback on *Integrated Report 2021*

Approach to Executive Officer Remuneration

To strengthen business execution functions, we abolished the employment-type executive officer system and, in June 2022, have adopted a delegation-style executive officer system. As a result, we delegate authority to executive officers under a structure designed to increase the ratio of performance-linked share-based remuneration in total remuneration. This new structure rewards the results of business execution for each fiscal year. In principle, the period in which executive officers receive shares in the Company is up until they retire as executive officers.

Performance-Linked Remuneration: Adding Performance-Linked Share-Based Remuneration (Stock Trust), Not Only Executive Performance-Linked Cash Remuneration (Bonuses)

Performance-linked cash remuneration (bonuses)	• This framework clarifies the scope of responsibilities and reflects the relationship between the performance contribution level of executive officers on the Company's business performance and individual performance for each fiscal year into the remuneration. • In the evaluation, the performance of the division overseen by each executive officer, as well as the degree of achievement of metrics and targets set for specific priority issues and Groupwide material sustainability management issues relevant to their division, is assessed. Executive officer performance is evaluated based on the performance of the division overseen by the executive officer as well as the degree of achievement of metrics and targets set for specific priority issues and Groupwide material sustainability management issues relevant to that division. The ESG targets included in the evaluation are weighted uniformly at 10%.
Performance-linked share-based remuneration (stock trust)	• The objective of this structure is to heighten the awareness of executive officers of their contribution to improving long-term business performance and corporate value. • As with stock trust remuneration for directors, single-year EPS (consolidated net income per share) and consolidated ROE are adopted as KPIs.

Director Remuneration System

The remuneration of the Company's directors (excluding outside directors and outside Audit and Supervisory Committee members) is based on a performance-linked remuneration system that aims to further clarify the link between director remuneration and the Company's business performance and equity value and to heighten the awareness of directors regarding their contribution to improving the Company's business performance and corporate value over the medium to long term through their sharing of risks and interests regarding stock price fluctuations with shareholders.

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

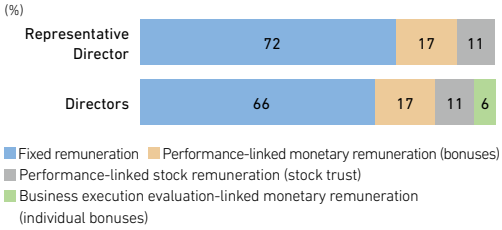
Director remuneration for fiscal 2021 was determined by the Board of Directors, within the total amount approved at the General Meeting of Shareholders, upon receiving advice and reports from the Nomination and Compensation Advisory Committee, which consists of a majority of outside directors. The Nomination and Compensation Advisory Committee deliberates on matters related to the total amount of director remuneration payments, the calculation method for remuneration amounts, and performance-linked indicators used in calculating remuneration amounts, and it reports the results to the Board of Directors.

Director Remuneration System (Excluding Outside Audit and Supervisory Committee Members)

Item		Base remuneration (fixed remuneration)	Performance-linked		Executive performance-linked cash remuneration (individual bonuses)
			Cash remuneration (bonuses)	Share-based remuneration (stock trust)	Cash remuneration (individual bonuses)
Internal	Representative Director	✓	✓	✓	—
Internal	Directors (excluding President)	✓	✓	✓	✓
Outside	Directors	✓	—	—	—

Remuneration Composition

(Ratio when the performance-linked coefficient is 1.0 for all standard KPIs in fiscal 2022)



In the future, we will aim for a remuneration composition ratio of fixed remuneration : performance-linked cash remuneration (bonuses): performance-linked share-based remuneration = 1:1:1. This composition ratio is designed to raise the ratio of performance-linked remuneration while improving performance and corporate value. Outside directors receive only fixed remuneration in light of their roles and independence.

Remuneration System for Audit and Supervisory Committee Members

In light of their roles and independent standing, remuneration for directors who are Audit and Supervisory Committee members is comprised solely of fixed remuneration. Remuneration is discussed by the Audit and Supervisory Committee and set to an amount within the maximum total remuneration amount prescribed via a resolution by the General Meeting of Shareholders. Furthermore, we also reference survey data from external expert bodies concerning remuneration levels for directors who are Audit and Supervisory Committee members.

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

Position	Number of eligible recipients (persons)	Total amount by type of remuneration (millions of yen)			Total amount of remuneration (millions of yen)
		Fixed remuneration	Performance-linked remuneration		
			Cash remuneration (bonuses)	Share-based remuneration (stock trust)	
Directors (excluding outside directors)	6*1	142	11	23	178*2
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)*3	2	54	–	–	54
Outside directors / Outside Audit & Supervisory Board members	7	58	–	–	58
Total	15	254	11	23	290

*1 Includes three directors who resigned upon the conclusion of the 93rd Ordinary General Meeting of Shareholders
*2 Excludes the portion of employee remuneration for directors who concurrently serve as employees
*3 Includes two Audit & Supervisory Board members who resigned upon the conclusion of the 93rd Ordinary General Meeting of Shareholders
Notes: 1. At the 92nd Ordinary General Meeting of Shareholders, the amount of remuneration for directors was determined to be no more than ¥600 million per year (of which, the amount of remuneration for outside directors was to be no more than ¥50 million per year). Meanwhile, the maximum amount of remuneration for directors (excluding outside directors) includes director bonuses and does not include the portion of employee remuneration. The number of directors as of the conclusion of the 92nd Ordinary General Meeting of Shareholders was nine (of whom, three were outside directors).
2. At the 92nd Ordinary General Meeting of Shareholders, the amount of contributions that can be made in the form of funds to acquire the Company's shares necessary for issuance to directors eligible for performance-linked remuneration (stock trust) during the three-year period between the fiscal year ended March 31, 2021 and the fiscal year ending March 31, 2023 was determined to be no more than ¥600 million per year. The number of directors (excluding outside directors) as of the conclusion of the 92nd Ordinary General Meeting of Shareholders was six.
3. At the 89th Ordinary General Meeting of Shareholders, the maximum amount of remuneration for Audit & Supervisory Board members was determined to be no more than ¥100 million per year. The number of Audit & Supervisory Board members as of the conclusion of the 89th Ordinary General Meeting of Shareholders was four.

Performance-Linked Monetary Remuneration (Bonuses)

Objective

- Heighten awareness regarding improvements to business performance every fiscal year

Individual Amount of Payment =

Standard Amount of Remuneration by Position

- FY2022
Standard KPI: Consolidated operating profit of ¥16.5 billion in FY2022

Note: Amount of target remuneration in the case of 100% achievement of standard KPI

Position	Base remuneration	Eligible directors
President and Representative Director	¥13.2 million	1
Director (Senior)*	¥6.6 million	1
Directors	¥5.3 million	2

* Applies to Director Tomoki Matsumoto

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

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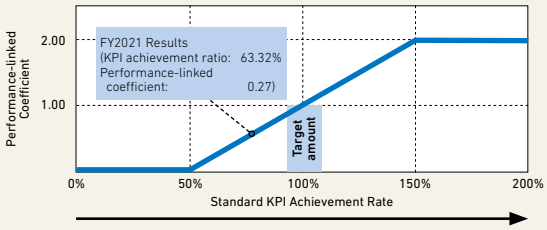
Performance-Linked Coefficient

KPI achievement ratio	Performance-linked coefficient
150%	2.00
50%–150%	(Actual KPI ÷ Standard KPI – 0.5) × 2 Round up to two decimal places
Less than 50%	0

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

Change in Performance-Linked Coefficient



Coefficient Curve for Performance-linked Remuneration (Bonuses)

- Payment of target remuneration amount x 1.00 for 100% achievement of KPI
- No payment for under 50% achievement of KPI
- Payment of target amount x 2.00 for over 150% achievement of KPI

Performance-Linked Stock Remuneration

Objectives

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

Individual Payment Points =

Awarding Method

(Thousand points)

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

* Maximum number of points awarded to eligible recipients: 100,000 points per fiscal year

Standard Amount of Remuneration by Position

- FY2022
Standard KPI: FY2022 EPS target of ¥122

Note: Target amount for 100% achievement of KPI

Position	Base remuneration	Eligible directors
President and Representative Director	¥8.8 million	1
Director (Senior)*	¥4.4 million	1
Directors	¥3.6 million	2

* Applies to Director Tomoki Matsumoto

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Performance-Linked Coefficient

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

- KPI achievement ratio = Actual KPI ÷ Standard KPI x 100
- Actual KPI = Actual amount of net income per share (EPS) for the fiscal year under review
- Standard KPI = Standard amount of net income per share (EPS) for the fiscal year under review

Note: Amount of remuneration will be reduced by 10% when consolidated ROE is 5% or below.

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Price of Shares in the Company Acquired by the Trust

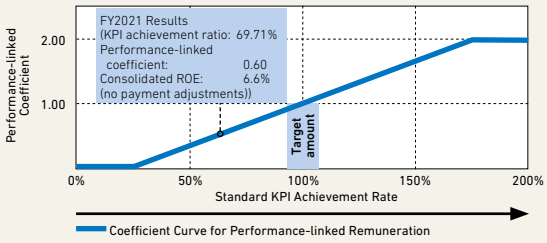
For shares acquired by the trustee, the method of acquisition, the number of acquired shares, and the price of acquired shares are determined at the meeting of the Board of Directors and disclosed to the public on the same day.

Acquisition Method

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

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

Change in Performance-Linked Coefficient



Coefficient Curve for Performance-linked Remuneration

- Payment of target remuneration amount x 1.00 for 100% achievement of KPI
- No payment for under 25% achievement of KPI
- Payment of target amount x 2.00 for over 175% achievement of KPI

Business Execution Evaluation-Linked Monetary Remuneration (Individual Bonuses)

Note: Introduced in fiscal 2022

Objective

- Clarify the executive responsibilities and results of internal directors and reflect the degree at which performance is demonstrated in their remuneration

Business Execution Evaluation

- Evaluations are carried out by the President and Representative Director based on the Group's business performance and the performance of the division overseen by each internal director, as well as the degree of achievement of metrics and targets set for specific priority issues and Groupwide material sustainability management issues relevant to their division.

Individual Amount of Payment =

Standard Amount of Remuneration by Position

Position	Base remuneration	Eligible directors
Director (Senior)*	¥2.3 million	1
Directors	¥1.8 million	2

* Applies to Director Tomoki Matsumoto

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Performance-Linked Coefficient (0–2.0)

Audit and Supervisory Committee

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

With our transition to a company with an Audit and Supervisory Committee from fiscal 2022 onward, we will promote auditing activities that contribute to further strengthening and enhancing corporate governance and internal control.

1. Key Auditing Issues and Main Activities in Fiscal 2021

Due to the impact of the COVID-19 pandemic on our auditing activities, web-based interviews were held with overseas Group companies as on-site audit interviews became difficult. In Japan, audits were either carried out in person or through web-based interviews while confirming the circumstances surrounding COVID-19 at the time.

Key Auditing Issues	
(1) Status of Group companies' management of business	**Audits conducted via interviews with the management team of Group companies** ① Meetings with the representatives of regional headquarters overseas (Europe, China) (mainly via the Web) ② Meetings with the managers of sites (subsidiaries) in Japan (in-person visit)
(2) Assessment of status of directors' execution of duties	**Interviews and exchange of opinions with management team** ① Exchange of opinions on issues related to corporate governance in meetings with the president and CEO (Particular emphasis on topics related to changes in establishing institution in FY2022) ② Hearing of status of execution in meetings and interviews with the CAO, C"ESG"O, etc., and then implement recommendations by the Audit and Supervisory Board members
(3) Communication with accounting auditors	**Exchange of opinions and discussions on a regular/irregular basis** ① Quarterly meetings to share input on audit-related themes ② Meetings for the accounting auditor to announce the status of audits on quarterly financial results (including exchanging opinions on KAMs) ③ Discussion of other important topics related to auditing (including KAMs)
(4) Cooperation with the Internal Audit Division	**Exchange of opinions with the Internal Audit Division** ① Roundtable discussions with the Audit and Supervisory Board, including outside Audit and Supervisory Board members ② Share information with full-time Audit and Supervisory Board members ③ Exchange of opinions on collaboration toward transition to a company with an Audit and Supervisory Committee

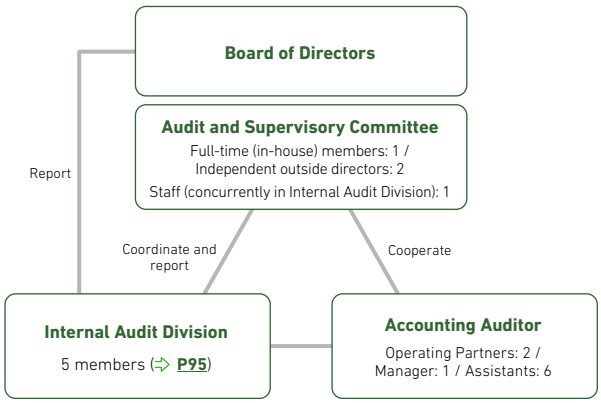
2. Inauguration of the Fiscal 2022 Audit and Supervisory Committee

In fiscal 2022, we will establish an integrated audit structure, conduct systematic audits through collaboration between the Audit and Supervisory Committee and the Internal Audit Group, and promote stronger communication between Outside Directors (non-Audit and Supervisory Committee Members) and the audit organization.

Audit and Supervisory Committee Outline of Activities

- Supervision (verifying validity) in addition to audit (audit of legality) over the Board of Directors
- Conducting more systematic audits using the internal control system
- Clear operation of dual reporting lines (multiple lines of command, order and reporting)

Integrated Audit Structure



Outline of Activity Plan for FY2022
(1) Regular monthly information exchange meetings between the Audit and Supervisory Committee and the Internal Audit Division
(2) Head of Internal Audit Division to be present at regular (monthly) Audit and Supervisory Committee meetings
(3) Establish an annual audit plan with cooperation between the Audit and Supervisory Committee and the Internal Audit Division Audit and Supervisory Committee will mainly conduct audits in the area of corporate governance, while the Internal Audit Division will conduct audits in the area of internal control.
(4) Hold regular meetings to exchange opinions and information between Outside Directors (excluding directors who also serve as Audit and Supervisory Committee Members), the Audit and Supervisory Committee, and the Internal Audit Division—also exchange opinions at separate timely opportunities depending on the theme

Messages from the Audit and Supervisory Committee Members

Makoto Shibuya

Audit and Supervisory Committee member

Collaborating with the Internal Audit Division to Conduct Organized and Efficient Audits

One of the greatest merits of shifting to a company with an Audit and Supervisory Committee is deeper collaboration with the Internal Audit Division. I believe this collaboration will enable us to establish a structure for conducting organized and efficient audits and contribute to strengthening our corporate governance and internal controls. Previously, when visiting a Group company during an audit, I was asked about the differences between internal audits and audits carried out by corporate auditors. To me, this was an indication of the understanding Group employees have of audits. Moving forward, I feel that the Audit and Supervisory Committee working in unison with the Internal Audit Division to conduct audit activities will lead to increased understanding within the Company. The roles and responsibilities of the Audit and Supervisory Committee and the Internal Audit Division differ, but they share the common objective of contributing to improvements in corporate value through their audit work. We are strengthening collaboration by having the General Manager of the Internal Audit Division support the Audit and Supervisory Committee and by engaging in exchanges of opinions from the audit plan development phase and cooperating with audit activities related to common issues.

In fiscal 2022, we have commenced our new mid-term management plan, Reborn 2024. Group companies will launch initiatives aligned with this plan and take on commitments to reinvent themselves. However, any acceleration in new initiatives can also lead to new forms of stress. As a full-time Audit and Supervisory Committee member, I will contribute to improving audit efficacy by using the Group's internal networks to promote smooth communication. From fiscal 2022, I have also been appointed to the Nomination and Compensation Advisory Committee. As a member of this committee, I will monitor diligently the effectiveness of processes related to nominating directors and deciding on director compensation.

Ryuta Uozumi

Independent Outside Audit and Supervisory Committee member

Independent Director

Taking Advantage of My Diverse Experience in My Areas of Expertise

With the shift to a company with an Audit and Supervisory Committee, I was appointed to serve as a director and a member of the Audit and Supervisory Committee. With this honor comes an even greater level of nervousness and excitement. As a member of the Audit and Supervisory Committee, I engage in audit activities in cooperation with the full-time members and the Internal Audit Division. In addition to expressing opinions from my perspective as an outside director and member of the Audit and Supervisory Committee, I believe it also important we work toward establishing a framework for incorporating examples of good practices identified during internal audits into the operating systems of other offices and plants.

From the perspective of sustainability, the Company is engaged in excellent social initiatives such as sustainable procurement, which has resulted in continuous improvements. At the same time, I think there is room for improvement when it comes to initiatives related to climate change, including progress management of quantitative information related to reductions in CO_2 emissions. Such sustainability-related matters are increasingly being deliberated by the Board of Directors, and I hope to provide perspective on these matters based on experience I gained in third-party verification of sustainability information during my time at a major audit corporation. Having graduated with a university degree in electrical engineering, then working on the design of electronic circuits and serving as a department general manager of information management, I shifted careers to work at an accounting firm. Taking advantage of my diverse experience in my areas of expertise, I am focused on increasing the use of IT in corporate management and interested in promoting such activities.

Management must apply both logic and practical thinking. Faced with the need to respond to an uncertain future, we should not be bound by conventional thinking. I will offer opinions based on my own experiences in the hope of contributing to decision-making by a board of directors that is supported by diversity.

Hirohiko Ikeda

Independent Outside Audit and Supervisory Committee member

Independent Director

Drawing on My Experience as a Corporate Attorney to Further Improve Governance

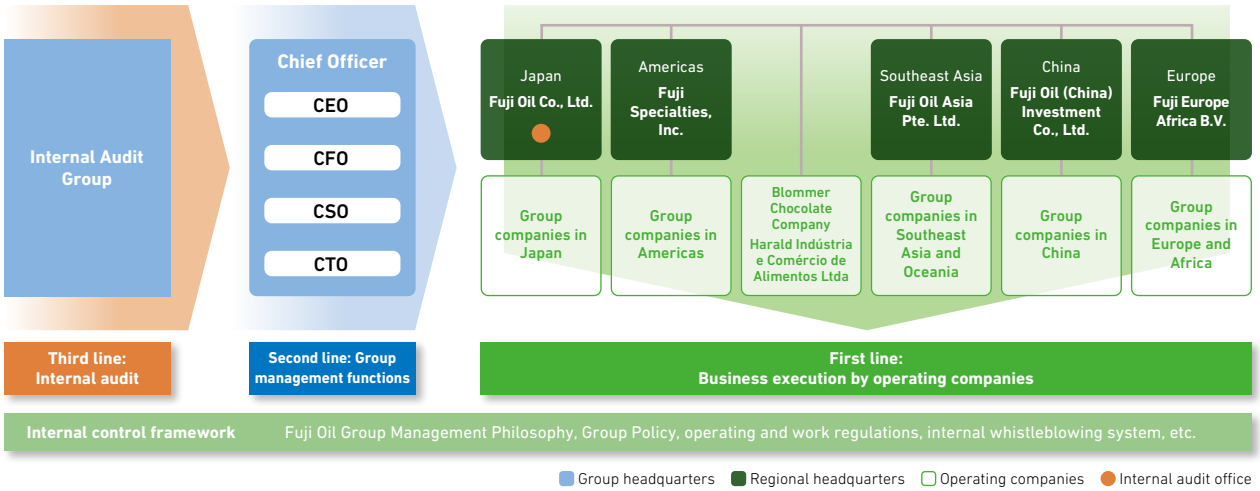
For nearly 35 years, I have worked as an attorney specializing in corporate law, specifically corporate governance and M&A. Also, I have taught the Corporate Governance course at the Osaka University Law School since the founding of the Osaka University Law school. With such a background, I believe I am expected to contribute to further enhancing and expanding corporate governance at the Company.

At Fuji Oil Holdings, half of the directors are independent outside directors and the Nomination and Compensation Advisory Committee, half of whose members are independent outside directors, takes a leading role in the replacement of top management. The Company is implementing a range of initiatives related to strengthening governance.

ITOCHU Group is a major shareholder of Fuji Oil Holdings, and the two companies have engaged in business partnerships in various fields. We are generating synergies that take advantage of both groups' strengths. We carefully examine transactions with the ITOCHU Group deemed to be important to the Fuji Oil Group to confirm transaction necessity and the appropriateness of transaction conditions. Moving forward, we will further strengthen our systems and frameworks for protecting the interests of minority shareholders. I want to make whatever contributions I can toward ensuring due consideration is given to minority interests while striving to generate synergies with the ITOCHU Group and enhance our corporate value.

Group Governance

Group Governance Structure



Internal Control Framework

Fuji Oil Group Management Philosophy	• Embodies the values and standards of conduct the Group shares throughout the organization toward realizing its vision and our reason for being and represents the foundation of the Group's management **Fuji Oil Group Management Philosophy** ⇨ P1 • Activities conducted to promote awareness of the Group Management Philosophy **Strengthening of Communication** ⇨ P61
Group Policy	• To realize the Fuji Oil Group Management Philosophy, we formulated the Group Policy.
Operating and Work Regulations	• Total of 30 Group Policy regulations and rules, including operating regulations in regard to decision-making authority, regulations on the division of duties, and work regulations that stipulate the procedure for the appropriate execution of duties by each function and department
Whistleblowing System	• For Group companies in Japan, we have established the Fuji Oil Group Whistleblower Hotline, a whistleblowing hotline outsourced to an outside law firm, and the Fair Trade Helpline*. For overseas Group companies, we have established the Fuji Oil Group's Compliance Helpline. * An external hotline for subcontractors in specified fields established to continue promoting fair transactions ***Sustainability Report 2022*** ⇨ https://www.fujioilholdings.com/en/sustainability/governance/compliance/

First Line: Business Execution by Operating Companies

Regions and Businesses

After transitioning to a holding company structure in 2015, the Fuji Oil Group established headquarters in all regions of operations.

The Group's regional headquarters strive to enhance their functions and frameworks through the establishment of various regulations to appropriately carry out business matters based on the Group Policy and through the development of a control environment, such as participation in the Board of Directors' meetings of Group companies. In this manner, our regional headquarters direct and monitor the control functions for the appropriate execution of business matters of Group companies, which represent the front lines of our business. From fiscal 2022, we have adopted FUJI ROIC and strengthened business-specific management (⇨ P33) to improve collaborations between regions and businesses and increase the speed of business execution (⇨ P64).

Responding to Operational Risks

We have established a risk management committee within each Group company, and we identify and respond to operational risks while collaborating with Group headquarters, regional headquarters, and each Group company. (⇨ P26)

Each Group company's risk management committee is chaired by the president of the respective company. Each committee is responsible for deciding on a risk management system for the company, formulating annual policies and implementation plans, and monitoring the company's risk management activities. Regional headquarters are also required to implement risk management plans and monitor the Group companies they supervise.

Second Line: Group Management Functions

Changes to the CxO Structure

In October 2015, we established a management system based on a group headquarters system to pursue management localization and optimization for the entire Group. In each region, an executive officer is assigned to the top of the regional headquarters, while an executive officer responsible for the execution of functions and businesses as well as Group control is assigned to Group headquarters.

From fiscal 2022, we have changed our CxO structure. The CEO will take a more direct role in leading global legal affairs, which was previously overseen by the Chief Administrative Officer (CAO), as well as in the planning and promotion of organizational, personnel, and human resource strategies that contribute to global management. At the same time, we are promoting a global public relations strategy that is integrated with our global business strategy and that places PR functions previously overseen by the CAO under the supervision of the CSO. Regarding the promotion of sustainability management, we believe that we have entered the second phase of implementation for each business strategy. As such, we have abolished the C"ESG"O position, for which the chief officer previously served as the driving force behind sustainability management. Instead, Director Kadota will concurrently serve as ESG Representative.

Mission of Each Chief Officer (CxO)

CEO	• Oversee business execution as the CEO in charge of business operations
CFO	• Strengthen financial management capacity and manage corporate activities by formulating and executing financial and accounting strategies • Provide accurate and highly transparent investor relations (IR) information on corporate activities to stakeholders in an appropriate manner • Direct the planning and execution of IT strategies and make adjustments toward Companywide optimization
CSO	• Conduct the planning of Group vision, medium- to long-term management strategies, and global business strategies and promote Groupwide collaborations and strategies • Support the CEO in drawing up and executing strategies and make adjustments toward Groupwide optimization • Establish a basic policy for mergers and partnering strategies • Take charge of managing Group company businesses
CTO	• Propose policies and strategies related to research and development for the entire Group to facilitate continuous Group growth • Promote commercialization by creating new business themes through technological innovation • Build a global research system and create solutions-oriented businesses through innovation

Third Line: Internal Audit

Internal Audits

The Internal Audit Division established the Internal Audit Group as an organization under the direct supervision of the Board of Directors. The Internal Audit Group audits the appropriateness of the operations of the Company and Group companies based on internal audit regulations. The group also supervises the status and implementation of internal control systems and processes, including internal controls related to financial reporting. The Board of Directors (or the CEO, the representative in charge of business execution) receives reports on the group's activities and results of internal audits.

To improve the efficiency of internal audits, we also operate in cooperation with the internal audit office (5 people), which is the internal audit division of Fuji Oil Co., Ltd., a domestic operating company (subsidiary).

FY2021 Results

Internal audit results	• Business audit: Conducted business audits of 5 overseas Group companies in 4 countries: Indonesia, Malaysia, Thailand, and the Philippines • Evaluated internal controls: Evaluated Companywide internal controls related to financial reporting for the Company and 17 consolidated subsidiaries; evaluated internal controls related to business processes for 5 consolidated subsidiaries
Internal audit results	• Reported to Board of Directors, Management Committee, Audit & Supervisory Board members, and departments in charge of Group internal control functions (ESG departments, compliance departments, accounting departments, safety/quality/environment departments, etc.); promoted improvements to internal control systems by directly raising issues and making improvement proposals • Strengthened mutual cooperation with accounting auditor KPMG AZSA LLC and Audit & Supervisory Board members
Internal audit division staff (As of March 2022)	• Number of people: 5 • Encouraged staff to acquire international qualifications related to auditing and accounting to improve quality of audits (Total number of certified staff: CIA: 3, CISA: 2, CFE: 1, USCPA: 1)* * CIA: Certified Internal Auditor; CISA: Certified Information Systems Auditor; CFE: Certified Fraud Examiner; USCPA: United States Certified Public Accountant

Directors and Executive Officers

(As of June 21, 2022)

Directors

Mikio Sakai

President
Chief Executive Officer (CEO)

Born 1959

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

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

Tomoki Matsumoto

Director
Senior Executive Officer,
Chief Financial Officer (CFO)

Born 1960

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

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

Takashi Kadota

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

Born 1959

Apr. 1985	Joined the Company
Jun. 2018	Director (to present)
Apr. 2019	Senior Executive Officer (to present)
Apr. 2022	Chief Technology Officer (CTO) and ESG Representative (to present)

Mr. Takashi Kadota has worked in the engineering development department for many years; has been responsible for overseeing safety, quality, and production; and has spent time living in the United States and China. Having experience as Chief Quality Officer and ESG Representative, he has served as Chief Technology Officer since April 2022, driving technology management.

Hiroyuki Tanaka

Director
Senior Executive Officer,
Chief Strategy Officer (CSO)
Chairman of Harald Indústria e Comércio de Alimentos Ltda

Born 1968

Apr. 1990	Joined ITOCHU Corporation
Oct. 2020	Director of Blommer Chocolate Company (to present)
Apr. 2021	Chairman of Harald Indústria e Comércio de Alimentos Ltda (to present)
Apr. 2022	Joined the Company Senior Executive Officer (to present) Chief Strategy Officer (CSO) (to present)
Jun. 2022	Director (to present)

Mr. Hiroyuki Tanaka has extensive experience in sales and management in the food division of a major Japanese trading company, and he also has extensive experience in overseas business. During his transition to the Company, he has been instrumental in PMI as a director of Group companies Harald Indústria e Comércio de Alimentos Ltda and Blommer Chocolate Company. He has experience in the food business both domestically and internationally. From April 2022, as Chief Strategy Officer, he has been responsible for driving global management within the Group.

Yuko Ueno

Outside Director*1
Independent Director

Born 1954

May 1981	Established World Design Corporation
Jun. 2006	Outside Director, GUNZE LIMITED
Sep. 2010	President and CEO, Ueno Distribution Strategy Laboratory Co., Ltd. (to present)
Jun. 2018	Outside Director (to present)
Apr. 2020	Trustee (part-time), Kobe University (to present)

Ms. Yuko Ueno has worked as a marketing consultant for many years and has provided consultation to many companies and various agencies. She is involved in university management and human resource development as an officer and lecturer at various universities. In addition, she manages her own company, serves as an outside director of a listed company, and has a wealth of experience as well as a high level of insight.

Hidenori Nishi

Outside Director*1
Independent Director

Born 1951

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

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

(As of June 21, 2022)

Directors

Toshiyuki Umehara

Outside Director*1
Independent Director

Born 1957

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

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

Shuichi Miyamoto

Outside Director*1

Born 1965

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

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

Tomoko Tsuji

Outside Director*1
Independent Director

Born 1956

Apr. 1979	Joined Ajinomoto Co., Inc.
May 2015	Executive Officer, General Manager of Material Development Department, Yoshinoya Group Product Division, Yoshinoya Holdings Co., Ltd. (to present)
Jun. 2020	Outside Director, Sundrug Co., Ltd. (to present)
Jun. 2022	Outside Director (to present)

Ms. Tomoko Tsuji, after joining a major Japanese food manufacturer, obtained a doctorate in agriculture and was involved in research on pharmaceutical seeds at universities in the United States and other institutions. Later, she was engaged in research on nutrition and function of foods and product development at various companies for many years, also serving as a director of a major Japanese health food manufacturer. She serves as an outside director of a listed company and has a wealth of experience and a high level of insight.

Makoto Shibuya

Full-time Director
Audit and Supervisory Committee Member

Born 1959

Jun. 2005	Representative Director, IR Communications Co., Ltd.
Jun. 2007	Representative Director and President, Banners Co., Ltd.
Jan. 2010	Joined the Company
Apr. 2014	Executive Officer, General Manager of Legal Department, Global Strategy Division
Apr. 2017	Senior Manager of Legal & General Affairs Group
Jun. 2017	Audit & Supervisory Board Member
Jun. 2022	Director (Standing Audit and Supervisory Committee Member) (to present)

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

Ryuta Uozumi

Outside Director
Independent Director
Audit and Supervisory Committee Member*1

Born 1948

Jun. 2003	Senior Partner at Asahi and Co.*2
Apr. 2004	President and Representative Director, AZSA Sustainability Co., Ltd.*3
Jul. 2010	Representative of Ryuta Uozumi Certified Public Accountant Office (to present)
Jul. 2013	Representative of Uozumi Sustainability Research Institute (to present)
Jun. 2018	Outside Audit and Supervisory Board Member, Maruichi Steel Tube Ltd. (to present)
Jun. 2019	Audit & Supervisory Board Member
Jun. 2020	Outside Audit & Supervisory Board Member, Daiei Kankyo Co., Ltd. (to present)
Jun. 2022	Outside Director (Audit and Supervisory Committee Member) (to present)

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

Hirohiko Ikeda

Outside Director
Independent Director
Audit and Supervisory Committee Member*1

Born 1960

Apr. 1987	Registered as an attorney; joined Oh-Ebashi LPC & Partners
May 1991	Graduated from University of Virginia School of Law
Sep. 1991	Worked at Weil, Gotshal & Manges LLP in New York
Jun. 1992	Registered as an attorney in New York State
Apr. 1993	Partner of Oh-Ebashi LPC & Partners (to present)
Apr. 2010	Visiting Professor, Osaka University Law School (to present)
Jun. 2020	Audit & Supervisory Board Member
Jun. 2022	Outside Director (Audit and Supervisory Committee Member) (to present)

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

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

Directors and Executive Officers

(As of June 21, 2022)

Executive Officers

President

Mikio Sakai*
Chief Executive Officer (CEO)

Executive Officers

Finance
IT

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

Research and Development
Production
ESG

Takashi Kadota*
Senior Executive Officer,
Chief Technology Officer (CTO)
ESG Representative

Industrial Chocolate

Hiroyuki Tanaka*
Senior Executive Officer,
Chief Strategy Officer (CSO)
Chairman of Harald Indústria e Comércio de Alimentos Ltda

* Concurrently serves as director and executive officer

Vegetable Oils and Fats

Hitoshi Shindachi
Executive Officer
General Manager of Oils and Fats Business Division
Supply Chain Management Group Leader

Born 1961
Apr. 2019 President, Fuji Oil Asia Pte. Ltd.
Apr. 2021 Senior Executive Officer, Chief Strategy Officer (CSO) General Manager, Oils and Fats and Chocolate Business Division
Apr. 2022 Executive Officer, General Manager of Oils and Fats Business Division (to present)

PBF

Kiyohito Suzuki
Executive Officer
General Manager of PBF Business Division
General Manager of Soy Business Division, Fuji Oil Co., Ltd.

Born 1965
Apr. 2018 Group Leader, Soy and Functional Ingredients Group, Business Development Division
Apr. 2019 Executive Officer (to present) General Manager, PBFS (Plant-Based Food Solutions) Business Division, Fuji Oil Holdings Inc. (to present)
Apr. 2021 General Manager, Soy Business Division, Fuji Oil Co. Ltd. (to present)

Japan

Tatsuji Omori
Senior Executive Officer
President and CEO of Fuji Oil Co., Ltd.

Born 1960
Apr. 2017 Executive Officer, Chief Operating Officer (COO) President and CEO, Fuji Oil Co., Ltd (to present)
Jun. 2017 Director
Sep. 2017 Senior Executive Officer (to present)

Americas

Naohiro Rokukawa
Executive Officer
Chairman of Blommer Chocolate Company
President of Fuji Specialties, Inc.
President of Fuji Oil International, Inc.

Born 1967
Apr. 2019 Executive Officer (to present)
Apr. 2019 President, Fuji Europe Africa B.V.
Apr. 2021 President, Fuji Specialties, Inc. (to present) Chairman, Blommer Chocolate Company (to present)
May 2022 President, Fuji Oil International, Inc. (to present)

China

Masataka Minemura
Executive Officer
Chief Executive for China
Chairman, President of Fuji Oil (China) Investment Co., Ltd.

Born 1962
Mar. 2016 President, FUJI OIL (SHANGHAI) MANAGEMENT CO., LTD.
Apr. 2016 Executive Officer (to present) General Manager, FUJI OIL (SHANGHAI) MANAGEMENT CO., LTD.
Jan. 2017 Chairman and General Manager, Fuji Oil (China) Investment Co., Ltd. (to present)

Southeast Asia

Kunihiko Ogata
Executive Officer
President of Fuji Oil Asia Pte. Ltd.

Born 1969
Apr. 2016 General Manager, Osaka Sales Department, Sales Division
Aug. 2016 General Manager, Osaka Sales Department, Sales Division, and General Manager, Osaka Branch
Apr. 2022 President, Fuji Oil Asia Pte. Ltd. (to present)
Jun. 2022 Executive Officer (to present)

Europe

Sunao Maeda
Executive Officer
President of Fuji Europe Africa B.V.

Born 1967
Jun. 2018 Group Leader, Corporate Planning Group
Jun. 2021 Executive Officer (to present) President, Fuji Europe Africa B.V. (General Manager, Europe) (to present) Executive Vice President, Fuji Specialties, Inc. (to present)

Research and Development

Akihiro Nakamura
Executive Officer
Director of Research Institute for Creating the Future

Born 1968
Oct. 2015 Deputy Leader, R&D Strategy Group
Jul. 2016 Leader, R&D Strategy Group
Apr. 2020 Executive Officer (to present) Director, Research Institute for Creating the Future (to present)

Management's Discussion and Analysis

Fact Book 2022
https://www.fujioilholdings.com/en/ir/library/fact_book/

FY2021 Results

Net sales

¥433.8 billion (up ¥69.1 billion yoy)

Net sales increased due to increases in raw material prices and a recovery in demand from the COVID-19 crisis.

Operating profit

¥15.0 billion (down ¥2.9 billion yoy)

Operating profit decreased due to lower profitability caused by higher raw material prices and increased fixed costs at new plants, etc.

Performance Forecast for FY2022

Net sales

¥480.0 billion (up ¥46.2 billion yoy)

Net sales are expected to increase due to higher raw material prices as well as contribution of new plants extending their service through the entire financial year.

Operating profit

¥16.5 billion (up ¥1.5 billion yoy)

Operating profit is projected to increase due to improvements in productivity, appropriate price revisions in accordance with higher raw material prices, and other factors.

Vegetable Oils and Fats Business

Net sales

FY2021 Results: Increased due to higher raw material prices.
Performance Forecast for FY2022: Projected to increase due to higher raw material prices.

(¥ billion)

Net sales	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	35.2	43.4	+8.2	43.7	+0.3
Americas	30.3	43.8	+13.5	75.5	+31.7
Southeast Asia	15.0	21.0	+6.0	23.0	+2.0
China	2.7	3.0	+0.3	1.8	−1.2
Europe	15.2	23.8	+8.6	24.5	+0.7
Total	**98.4**	**135.0**	**+36.6**	**168.5**	**+33.5**

Operating profit

FY2021 Results: Decreased due to lower profitability caused by higher raw material prices and increased fixed costs from new plants.
Performance Forecast for FY2022: Despite improvements in utilization rates at new plants, expected to decrease due to lower profitability caused by higher raw material prices.

(¥ billion)

Operating Profit	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	4.5	3.8	−0.6	3.4	−0.4
Americas	1.9	0.3	−1.6	1.5	+1.1
Southeast Asia	1.1	2.1	+1.0	1.0	−1.1
China	0.2	0.0	−0.2	−0.2	−0.2
Europe	0.1	1.2	+1.2	1.0	−0.3
Total	**7.9**	**7.4**	**−0.5**	**6.8**	**−0.6**

Industrial Chocolate Business

Net sales

FY2021 Results: Increased due to higher sales volume.
Performance Forecast for FY2022: Projected to increase due to growth in sales volume.

(¥ billion)

Net sales	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	36.3	39.5	+3.3	41.8	+2.3
Americas	107.7	122.2	+14.5	124.9	+2.7
Southeast Asia	9.7	12.5	+2.8	13.4	+0.9
China	5.6	6.4	+0.8	5.0	−1.4
Europe	3.1	4.8	+1.8	4.9	+0.1
Total	**162.4**	**185.5**	**+23.1**	**190.0**	**+4.5**

Operating profit

FY2021 Results: Decreased due to the absence of gains from cocoa futures and increase in fixed costs, despite the effect of higher sales.
Performance Forecast for FY2022: Projected to increase due to improved profitability of Blommer.

(¥ billion)

Operating Profit	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	5.9	6.3	+0.5	6.0	−0.3
Americas	1.3	0.2	−1.0	1.9	+1.6
Southeast Asia	0.3	0.7	+0.3	1.0	+0.4
China	−0.2	0.1	+0.3	−0.3	−0.4
Europe	0.2	0.2	−0.1	0.1	−0.1
Total	**7.6**	**7.5**	**−0.1**	**8.8**	**+1.2**

Emulsified and Fermented Ingredients Business

Net sales

FY2021 Results: Increased due to higher sales volume.
Performance Forecast for FY2022: Projected to increase due to increases in raw material prices and sales volume.

(¥ billion)

Net sales	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	49.7	51.3	+1.6	51.4	+0.1
Southeast Asia	9.2	12.0	+2.8	11.7	−0.3
China	11.7	15.9	+4.2	17.5	+1.6
Total	**70.6**	**79.1**	**+8.5**	**80.6**	**+1.5**

Operating profit

FY2021 Results: Decreased due to lower profitability caused by higher raw material prices.
Performance Forecast for FY2022: Projected to increase due to efforts in improving profitability.

(¥ billion)

Operating Profit	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	1.5	1.8	+0.3	1.5	−0.3
Southeast Asia	−0.2	−0.9	−0.7	0.0	+0.9
China	1.3	0.5	−0.8	1.2	+0.7
Total	**2.7**	**1.6**	**−1.1**	**2.8**	**+1.2**

Soy-Based Ingredients Business

Net sales

FY2021 Results: Increased due to higher sales volume.
Performance Forecast for FY2022: Projected to increase due to increases in raw material prices and sales expansion measures.

(¥ billion)

Net sales	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	31.6	32.3	+0.7	39.6	+7.3
China	1.7	1.9	+0.2	1.1	−0.8
Europe	—	—	—	0.2	+0.2
Total	**33.3**	**34.2**	**+0.8**	**40.9**	**+6.7**

Operating profit

FY2021 Results: Decreased due to lower profitability caused by increased raw material prices.
Performance Forecast for FY2022: Projected to increase due to promotion of appropriate pricing.

(¥ billion)

Operating Profit	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	3.3	2.0	−1.3	2.6	+0.5
China	0.3	0.3	−0.0	0.5	+0.2
Europe	−0.1	−0.3	−0.2	−0.6	−0.3
Total	**3.5**	**2.1**	**−1.3**	**2.5**	**+0.3**

Data Highlights

Fact Book 2022
https://www.fujioilholdings.com/en/ir/library/fact_book/

Fuji Oil Holdings Inc. and Consolidated Subsidiaries
For the fiscal years ended/As of March 31, 2018 to March 31, 2022

Performance Highlights

(Millions of yen)

		FY2017*1	FY2018*2	FY2019*3	FY2020	FY2021*4
Results						
Net sales		307,645	300,844	414,727	364,779	**433,831**
Operating profit		20,481	18,525	23,598	17,911	**15,008**
Ordinary profit		19,983	18,176	22,359	17,565	**14,360**
Income before income taxes		18,833	16,538	23,279	17,020	**16,289**
Net income attributable to owners of parent		13,742	11,582	16,375	11,014	**11,504**
EBITDA		32,098	31,224	41,485	34,261	**32,397**
Results by Business Segment						
Vegetable Oils and Fats Business	Net sales	113,578	106,140	114,104	98,413	**134,976**
	Operating profit	7,288	7,825	11,203	7,872	**7,401**
	Segment assets	—	79,826	81,953	92,962	**116,982**
	ROA*5	—	9.8	13.7	8.5	**6.3**
Industrial Chocolate Business*6	Net sales	68,557	72,100	180,068	162,445	**185,540**
	Operating profit	8,483	7,756	8,324	7,608	**7,548**
	Segment assets	—	191,034	170,437	150,980	**174,966**
	ROA*5	—	4.1	4.9	5.0	**4.3**
Emulsified and Fermented Ingredients Business*6	Net sales	87,505	86,492	85,192	69,567	**79,146**
	Operating profit	4,472	3,320	4,054	3,018	**1,617**
	Segment assets	—	58,197	55,999	49,045	**55,510**
	ROA*5	—	5.7	7.2	6.2	**2.9**
Soy-Based Ingredients Business	Net sales	38,004	36,110	35,360	34,353	**34,167**
	Operating profit	3,546	3,289	4,016	3,169	**2,149**
	Segment assets	—	37,041	37,232	43,648	**44,708**
	ROA*5	—	8.9	10.8	7.3	**4.8**
Results by Region						
Japan	Net sales	175,764	170,959	165,179	152,863	**166,533**
	Operating profit	14,971	13,722	17,418	15,140	**14,127**
Americas	Net sales	50,795	46,030	156,733	138,072	**166,074**
	Operating profit	3,709	3,103	2,874	3,200	**584**
Southeast Asia*7	Net sales	37,681	39,022	46,211	33,925	**45,504**
	Operating profit	3,246	2,098	3,206	1,294	**1,902**
China	Net sales	19,429	21,410	22,792	21,685	**27,111**
	Operating profit	1,487	1,788	2,225	1,670	**999**
Europe	Net sales	23,974	23,422	23,809	18,232	**28,607**
	Operating profit	430	1,165	1,974	303	**1,101**
Group administrative expenses		(3,308)	(3,665)	(4,000)	(3,756)	**(3,688)**

*1 From fiscal 2018, the Company has reclassified deferred tax assets under investments and other assets, and deferred tax liabilities under fixed liabilities based on Accounting Standards Board of Japan Statement No. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting." Results for fiscal 2017 have been retroactively adjusted to reflect the change.
*2 Due to the use of the provisional accounting method for business integrations in fiscal 2019, the fiscal 2018 figures have been reflected using this method.
*3 Due to the change in the accounting period of 19 overseas consolidated subsidiaries, the fiscal 2019 figures reflect 15 months (January 1, 2019 to March 31, 2020) of results for these subsidiaries.
*4 In fiscal 2021, certain products were reclassified from the Soy-Based Ingredients Business to the Emulsified and Fermented Ingredients Business
*5 Reference figures calculated based on the formula: segment operating profit ÷ segment assets
*6 In fiscal 2019, the Confectionery and Bakery Ingredients Business was split off into the Industrial Chocolate Business and the Emulsified and Fermented Ingredients Business. Meanwhile, the figures for fiscal 2017 and fiscal 2018 are shown for reference purposes only.
*7 In fiscal 2019, the Asia region was split off into the Southeast Asia region and China region. The figures for fiscal 2017 and fiscal 2018 are shown for reference purposes only.

Fuji Oil Holdings Inc. and Consolidated Subsidiaries
For the fiscal years ended/As of March 31, 2018 to March 31, 2022

Financial Highlights

(Millions of yen)

	FY2017*1	FY2018*2	FY2019*3	FY2020	FY2021
Balance Sheet Summary					
Current assets	130,805	185,435	168,662	160,736	**201,334**
Fixed assets	139,925	205,088	198,459	197,589	**215,156**
Total assets	270,731	390,524	367,365	358,511	**416,617**
Current liabilities	67,460	168,333	105,484	91,017	**120,840**
Fixed liabilities	38,372	62,963	103,894	104,604	**106,282**
Interest-bearing loans	56,613	160,454	146,232	131,309	**148,769**
Total liabilities	105,833	231,297	209,379	195,621	**227,122**
Total net assets	164,897	159,227	157,986	162,890	**189,495**
Cash Flow Summary					
Cash flow from operating activities	28,206	22,637	37,058	38,205	**3,537**
Cash flow from investing activities	(14,510)	(79,104)	(18,302)	(17,395)	**(18,807)**
Free cash flow	13,695	(56,467)	18,755	20,809	**(15,269)**
Cash flow from financing activities	(13,452)	65,487	(20,674)	(19,931)	**9,387**
Capital expenditures	14,689	15,943	18,042	20,824	**17,286**
Depreciation expenses	9,995	10,992	12,960	11,773	**12,680**
R&D expenses	4,613	4,758	5,231	4,994	**5,280**
Per Share Data (Yen)					
Stock price, at year-end	3,210	3,790	2,608	2,953	**1,980**
EPS	159.87	134.75	190.51	128.14	**133.84**
BPS	1,863.83	1,819.74	1,808.65	1,861.67	**2,168.13**
Dividends per share	48	50	56	52	**52**
Payout ratio (%)	30.0	37.1	29.4	40.6	**38.9**
Financial Indicators					
ROA (%)	7.4	5.5	5.9	4.8	**3.7**
ROE (%)	8.8	7.3	10.5	7.0	**6.6**
Net income margin (%)	4.5	3.8	3.9	3.0	**2.7**
Total asset turnover ratio (%)	1.14	0.77	1.13	1.01	**1.12**
Financial leverage (Times)	1.7	2.5	2.4	2.2	**2.2**
ROIC (%)	6.7	4.0	5.1	4.0	**3.1**
Net D/E ratio = Interest-bearing debt/Shareholders' equity (%)	0.28	0.87	0.75	0.63	**0.73**
Equity ratio (%)	59.2	40.1	42.3	44.6	**44.7**
Cash conversion cycle*4 (Days)	103	105	113	107	**115**
Goodwill (General) (Millions of yen)	19,638	60,504	52,686	46,648	**49,861**
Amortization of goodwill (Millions of yen)	716	709	2,399	2,071	**2,160**
Ratio of goodwill to net assets (%)	11.9	38.0	33.3	28.6	**26.3**
Other					
Employees (Persons)	5,092	5,963	5,874	5,679	**5,623**

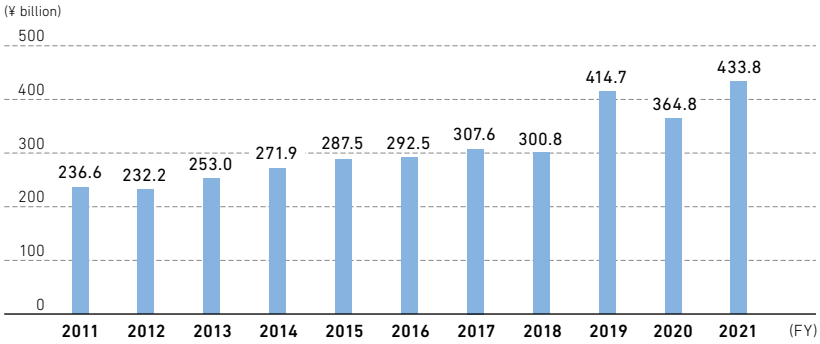
*1 From fiscal 2018, the Company has reclassified deferred tax assets under investments and other assets, and deferred tax liabilities under fixed liabilities based on Accounting Standards Board of Japan Statement No. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting." Results for fiscal 2017 have been retroactively adjusted to reflect the change.
*2 Due to the use of the provisional accounting method for business integrations in fiscal 2019, the fiscal 2018 figures have been reflected using this method.
*3 Due to the change in the accounting period of 19 overseas consolidated subsidiaries, the fiscal 2019 figures reflect 15 months (January 1, 2019 to March 31, 2020) of results for these subsidiaries.
*4 The impact of the consolidation of Blommer's balance sheet has not been reflected in the figure for fiscal 2018. The figure for fiscal 2019 has been calculated based on 12 months of results for Group companies that changed their accounting period.

Data Highlights

New Mid-Term Management Plan Reborn 2024
Management Target (FY2024)

Financial KPIs | Non-financial KPIs

Net Sales



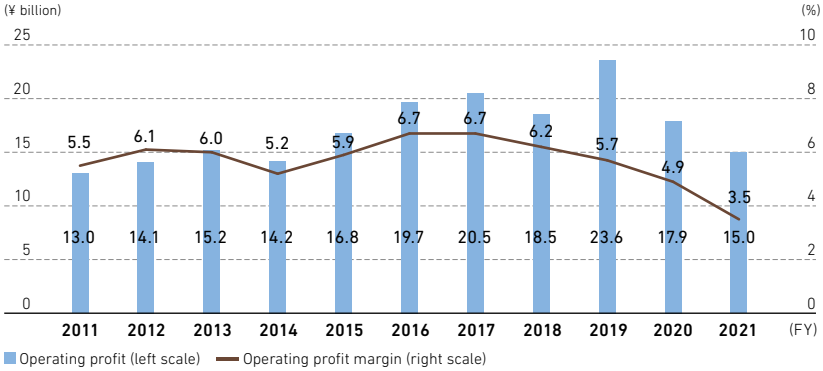
Changes in the prices of palm oil and other raw materials, shifts in sales volume, establishment of new mills and capital investment, and acquisitions and sales of subsidiaries through M&As and other means are all determinative factors for net sales.

Notable Past Events

- Fiscal 2019: A substantial increase in operating profit on the heels of the consolidation of Blommer into the Group and figures reflecting 15 months of results, as opposed to 12 months, due to a change in the accounting period of overseas subsidiaries.
- Fiscal 2020: Net sales declined in the wake of COVID-19 and its resulting impact on the diminished sales volume of industrial chocolates and other products.
- Fiscal 2021: Revenue improved significantly due to a recovery in demand from the effects of COVID-19 and the impact of sales price revisions in response to higher prices of raw materials.

Operating Profit / Operating Profit Margin

Operating Profit: ¥23.5 billion



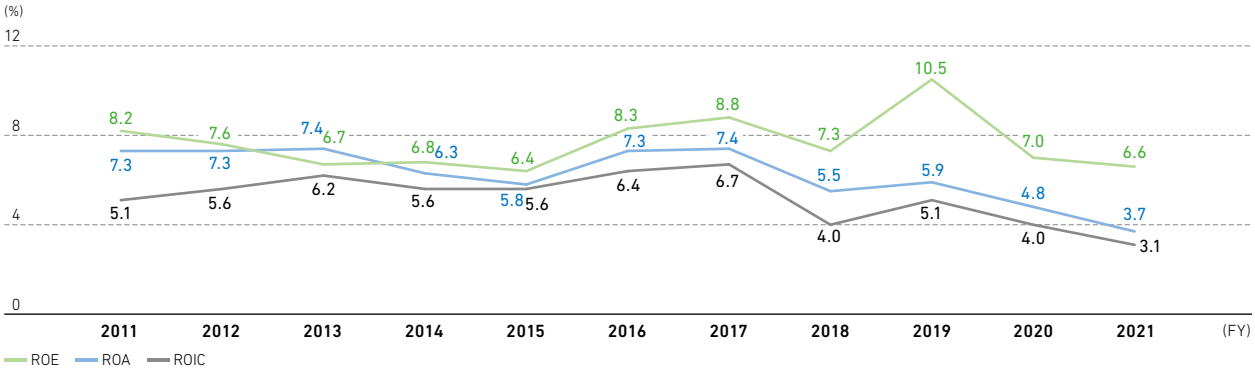
Drastic fluctuations in the prices of palm oil and other raw materials; shifts in sales volume; increases in fixed costs arising from capital investments; and the incurring of special costs resulting from business acquisitions and other transactions are all determinative factors for operating profit.

Notable Past Events

- Fiscal 2016: Operating profit grew owing to contributions from the growth of Harald in the Confectionery and Bakery Ingredients Business and higher profitability in the Soy Protein Business.
- Fiscal 2019: Operating profit increased as a result of the change in the accounting period.
- Fiscal 2021: Operating profit declined due to lower profitability stemming from the increase in raw material prices as well as higher fixed costs associated with new plant operations and inflation.

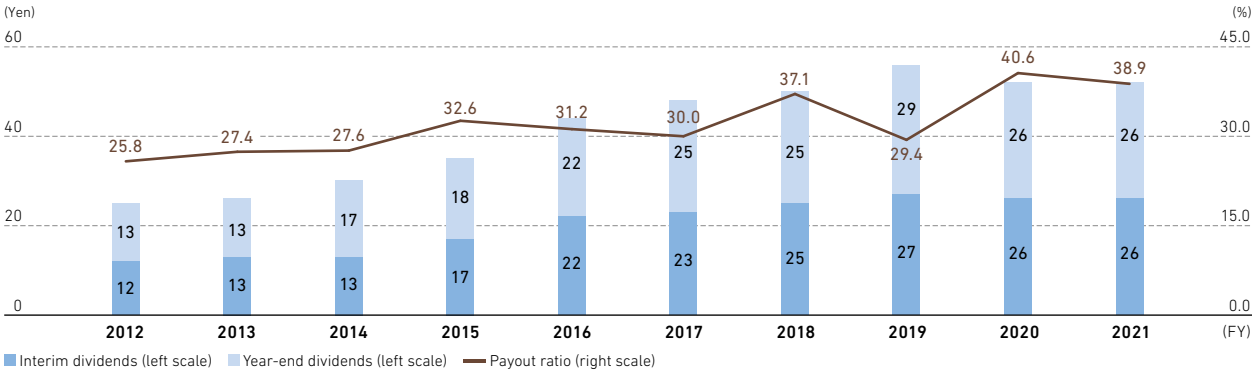
ROE / ROA / ROIC

ROE: 8.0% | ROIC: 5.0%

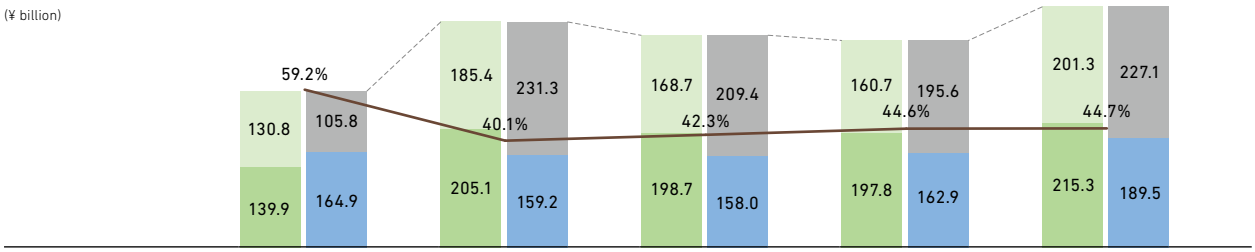


Shareholder Returns / Payout Ratio

Shareholder Returns: Payout Ratio 30%–40%



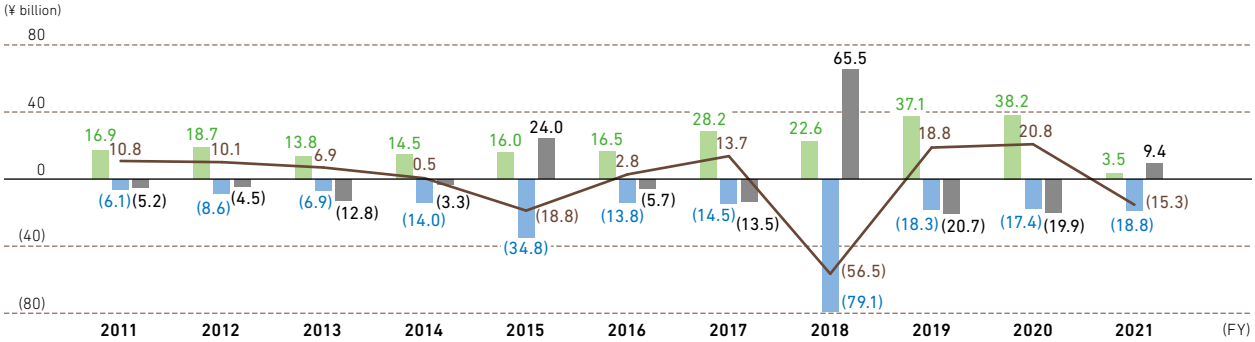
Balance Sheet Composition and Equity Ratio



(FY)	2017	2018	2019	2020	2021
Total assets	¥270.7 billion	¥390.5 billion	¥367.4 billion	¥358.5 billion	¥416.6 billion
Equity ratio	59.2%	40.1%	42.3%	44.6%	44.7%

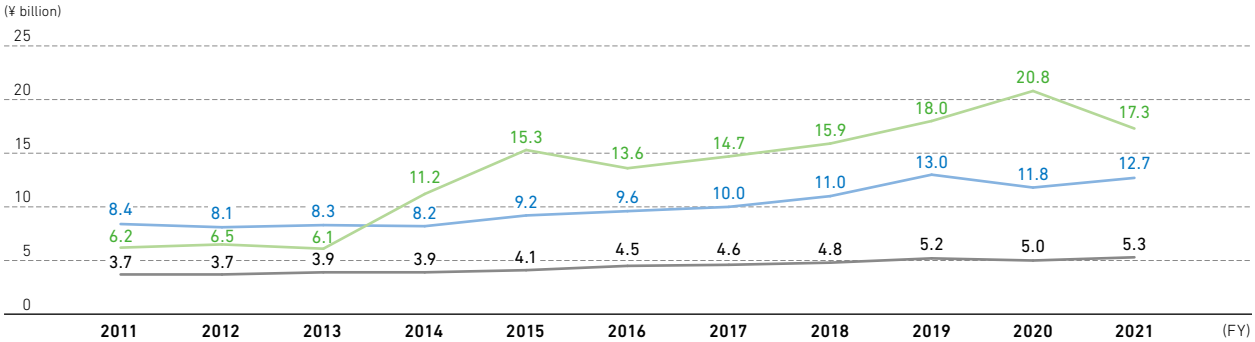
Current assets　Fixed assets/Other　Liabilities　Net assets　Equity ratio

Cash Flows



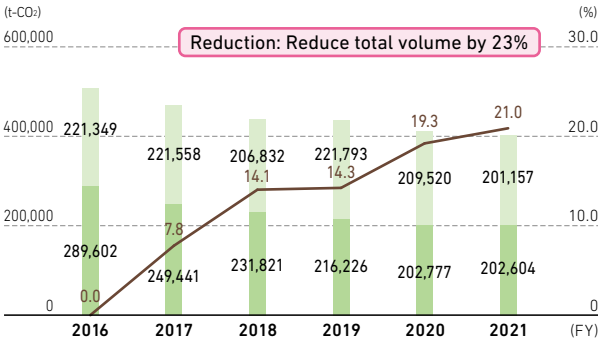
Cash flow from operating activities　Cash flow from investing activities　Cash flow from financing activities　Free cash flow

Capital Expenditures / Depreciation / R&D Expenses



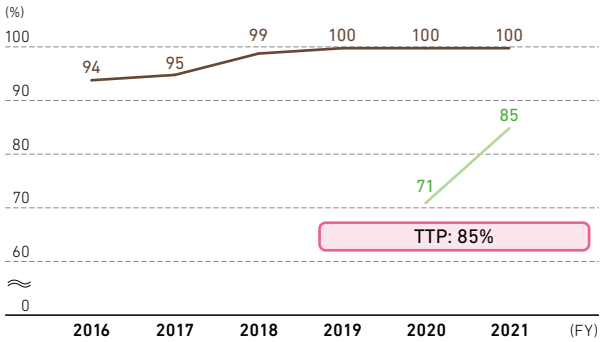
Capital expenditures　Depreciation　R&D expenses

CO_2 Emissions (Scope 1 + Scope 2) / Reduction (Base Year: 2016)



Scope 1 (left scale)　Scope 2 (left scale)　Reduction (right scale)

Traceability of Palm Oil (TTM*1 / TTP*2)



Traceability to mill (TTM)　Traceability to plantation (TTP)

*1 TTM: Percentage of palm oil procured by the Group that can be traced back to the mill
*2 TTP: Percentage of palm oil procured by the Group that can be traced back to the palm plantation. The Group began measuring TTP in fiscal 2020.

Regarding the Issuance of *Integrated Report 2022*

Tomoki Matsumoto

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

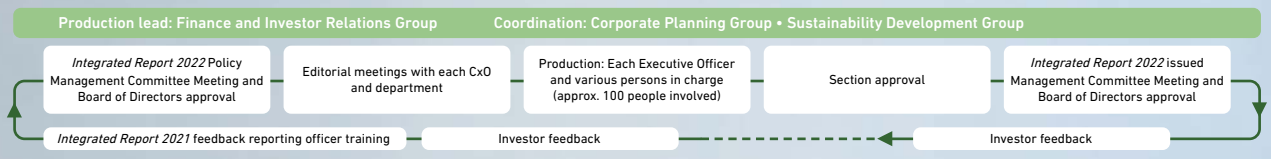
We recognize that the Integrated Report is an important tool for deepening dialogue with the capital markets and thereby enhancing our corporate value.

After publishing the Integrated Report 2021 last year, we received many suggestions from institutional investors, especially regarding the "relationship between sustainability initiatives and corporate value," "our specific contribution value in a sustainable society and how to realize it," and "business portfolio management." The management team has been discussing and formulating the new mid-term management plan based on these perspectives.

While we will continue to face difficult conditions in fiscal 2022, we hope that the short, medium, and long term value creation of our Group presented in this report and "Reborn 2024," our mid-term management plan for achieving these goals, will help investors and other stakeholders to understand our Company.

The Integrated Report 2022 was confirmed and approved by the Board of Directors on August 25, 2022, to describe all important issues that the Group is currently aware of that could affect value creation in the short, medium, and long term through integrated thinking. We hereby state that this report has been prepared with utmost importance placed on transparency and integrity, from the management point of view.

Integrated Report Production Flow



Mr. Sakai, CEO and IR team members

Corporate Profile (As of March 31, 2022)

Company Name

Fuji Oil Holdings Inc.

Headquarters

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

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

Established

October 9, 1950

Capitalization

¥13,208 million

Representative

President and CEO Mikio Sakai

Number of Employees (consolidated)

5,623

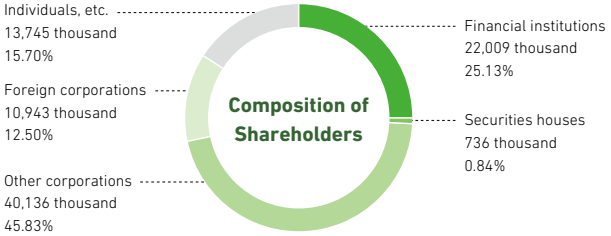
Subsidiaries and Affiliates

37 consolidated subsidiaries

10 non-consolidated subsidiaries and affiliates

Stock Information (As of March 31, 2022)

Total shares authorized:	357,324,000
Number of shares outstanding:	87,569,383
Number of shareholders:	30,596



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

Major Shareholders (Top 10)

Shareholder name	Number of shares held (Thousands)	Ratio of shareholding*(%)
ITOCHU Food Investment, LLC	33,219	38.59
The Master Trust Bank of Japan, Ltd. (Trust account)	8,340	9.69
Custody Bank of Japan, Ltd. (Trust account)	3,285	3.82
National Mutual Insurance Federation of Agricultural Cooperatives	2,639	3.07
Fuji Oil Customer Shareholding Association	1,443	1.68
ITOCHU Sugar Co., Ltd.	1,130	1.31
Nippon Life Insurance Company	1,100	1.28
Royce' Confect Co., Ltd.	1,080	1.25
Sumitomo Mitsui Banking Corporation	1,078	1.25
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,058	1.23
Total	54,374	63.17

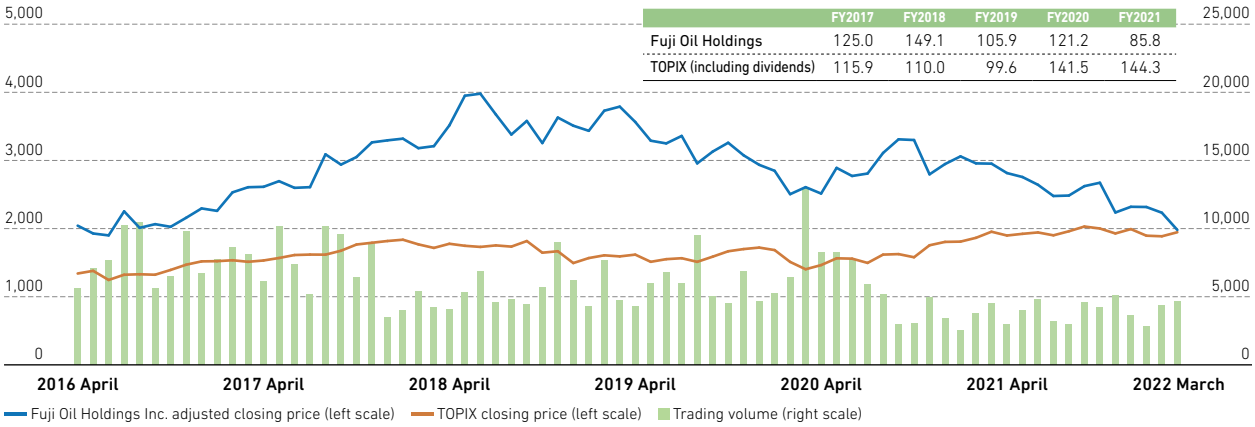
* The ratio of shareholding is calculated excluding treasury shares (approx. 1,494 thousand shares).

Stock Price and Trading Volume

(Yen / Pt)

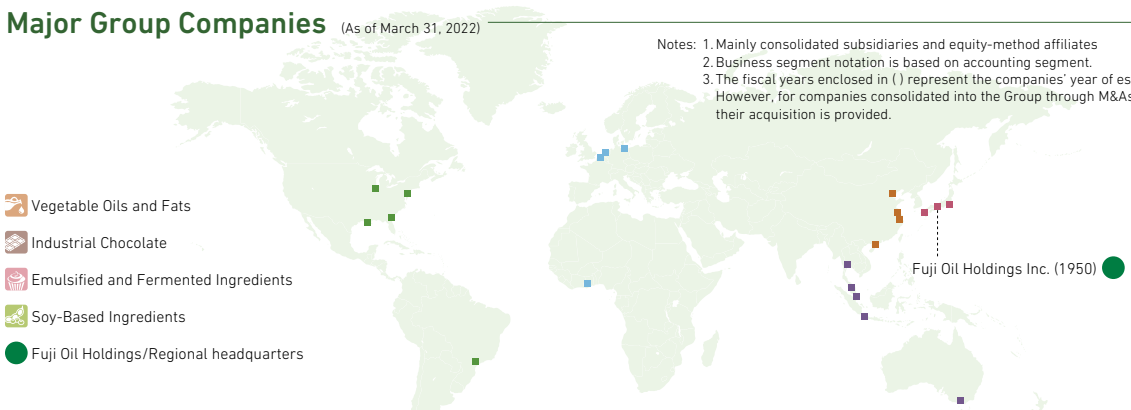
Total Shareholder Return (TSR)

	FY2017	FY2018	FY2019	FY2020	FY2021
Fuji Oil Holdings	125.0	149.1	105.9	121.2	85.8
TOPIX (including dividends)	115.9	110.0	99.6	141.5	144.3



Major Group Companies (As of March 31, 2022)

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



Americas

- Fuji Specialties, Inc. (1987)
- Fuji Oil International, Inc. (2022)*1
- Fuji Vegetable Oil, Inc. (1987)
- Fuji Oil New Orleans, LLC (2018)
- Oilseeds International, Ltd. (2022)*2
- RITO Partnership (2022)*3
- Harald Indústria e Comércio de Alimentos Ltda (2015)
- Blommer Chocolate Company (2018)

Europe

- Fuji Oil Europe (1992)
- Fuji Oil Ghana Ltd. (2012)
- Fuji Europe Africa B.V.*4 (2018)
- Fuji Brandenburg GmbH (2019)
- CLEO Holdings B.V. (2021)

Southeast Asia

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

China

- Fuji Oil (China) Investment Co., Ltd. (2015)
- Fuji Oil (Zhang Jia Gang) Co., Ltd. (1995)
- Free Trade Zone) Co., Ltd. (1997)
- Tianjin Fuji Protein Co., Ltd. (2004)
- Fuji Oil (Zhaoqing) Co., Ltd. (2017)
- Blommer Chocolate Manufacturing (Shanghai) Company Ltd.*5 (2018)

Japan

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

*1 Established with 80% ownership by Fuji Specialties, Inc. and 20% ownership by ITOCHU International Inc.
*2 Became a consolidated subsidiary through a capital contribution in kind made by ITOCHU International Inc. in May 2022
*3 Changed to equity-method affiliate as a result of the consolidation of Oilseeds International
*4 Non-consolidated subsidiary
*5 Split off from Blommer (the Americas) in 2020

FUJI OIL HOLDINGS INC.

Contact Information

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