

The Fuji Oil Group's Value Creation

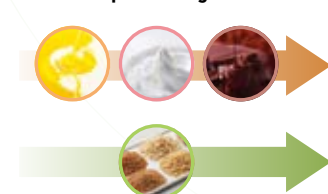
Since the Fuji Oil Group's founding, we have maintained a focus on plant-based ingredients that has allowed it to heighten and expand its technology horizontally and provide innovative products that solve the problems of customers and consumers. In addition to the value we have to date, we aim to create new value that contributes to a sustainable society.



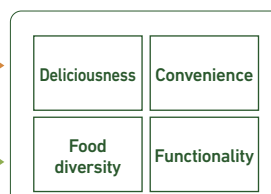
Our Constant Creation of Value

The foundations of the Fuji Oil Group are built on the Vegetable Oils and Fats Business with tropical oils and fats as the primary raw material, and the Soy-Based Ingredients Business with soy protein as the primary raw material. Furthermore, we have developed our Industrial Chocolate Business and Emulsified and Fermented Ingredients 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 ingredients with new value, adding deliciousness and function, and improving the quality of our customers' end products.

Business development by increased processing



Maximize customer value



Future Value Creation

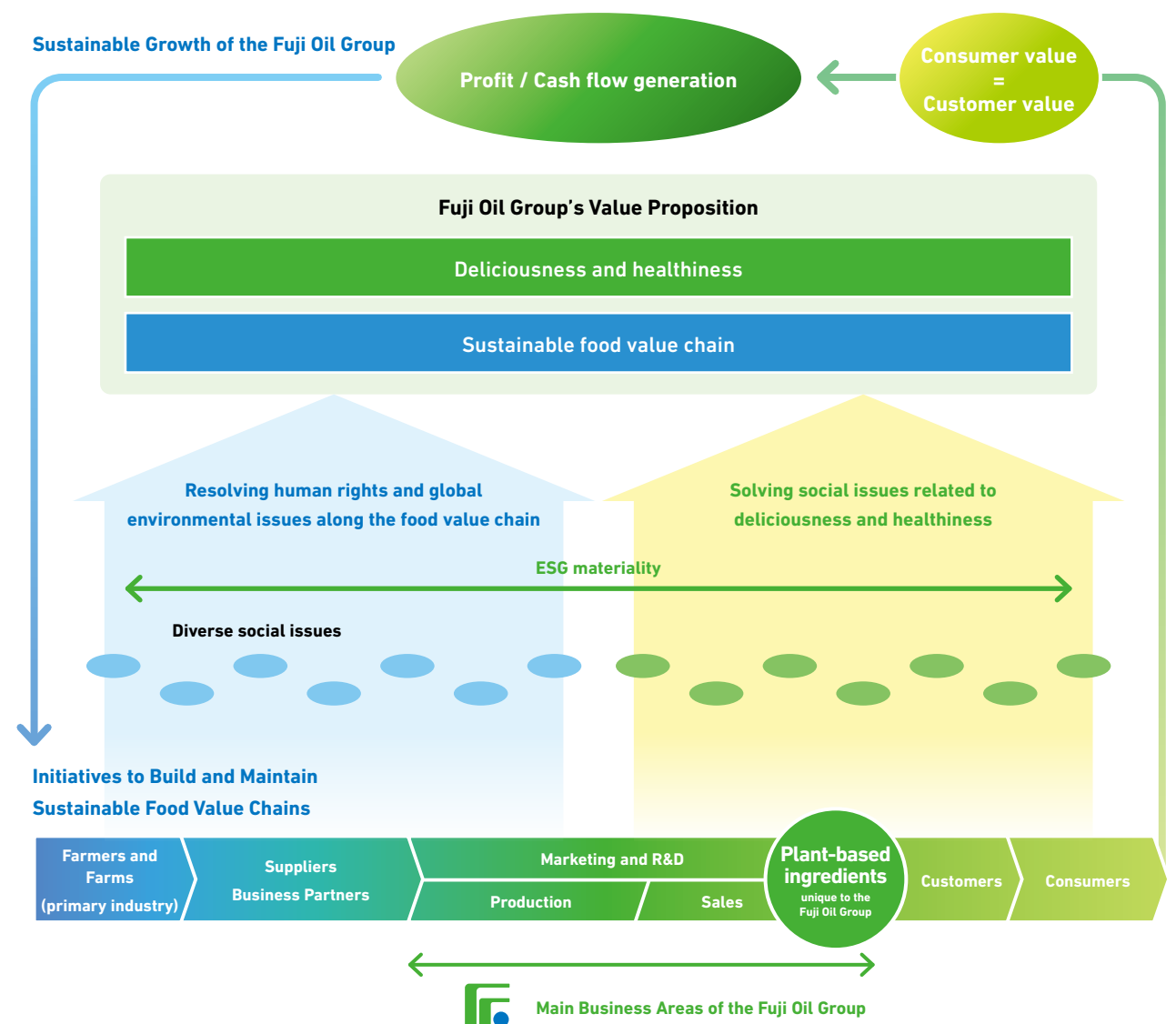
Around the globe, there is a growing awareness of the challenges of building a sustainable society and ever more integration of food and health, and there is an increasing demand for the "healthiness" of mind and body, accompanied by "delicious taste," which is translating into food where "deliciousness 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 food options for consumers.

Fuji Oil Group Business ➡ P6

Value Creation Model

Co-Creating a Sustainable Future for Food

Expanding Food Options with Plant-Based Ingredients



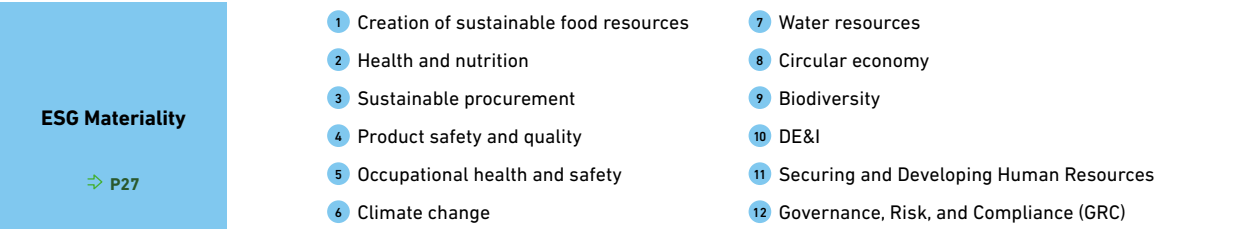
The Fuji Oil Group performs a midstream function in the food value chain, manufacturing and selling plant-based ingredients that are unique to the Fuji Oil Group in R&D and production.

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.

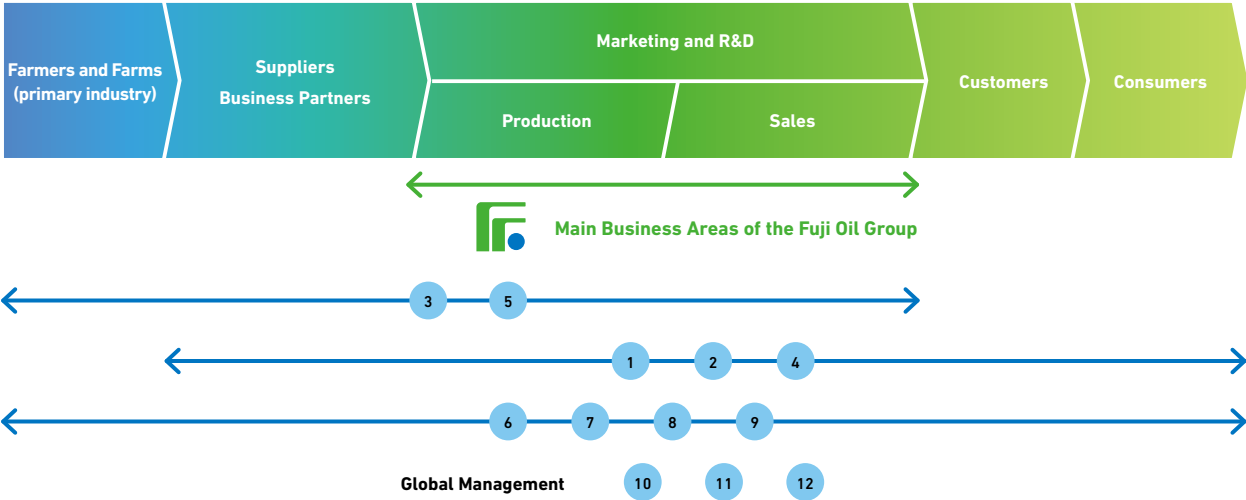
We aim to achieve sustainable growth of the Group and actualize a cycle of value creation through co-creating a sustainable future for food by expanding food options for consumers.

The Fuji Oil Group’s Value Creation

Identifying ESG Materiality along the Food Value Chain



Main Scope of Initiatives in ESG Materiality

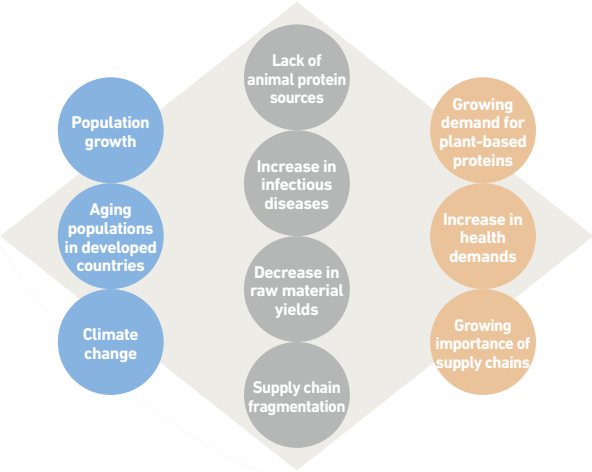


Initiatives to Capture Business Opportunities

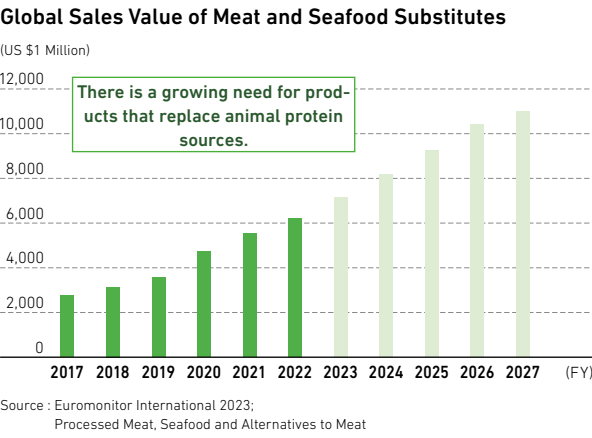
We use ESG materiality to formulate and promote management strategies to solve social issues along the food value chain through our business activities. For example, we are focusing on creating sustainable food resources by developing plant-based ingredients with deliciousness and healthiness to address future concerns of food resource and protein shortages. We are researching and developing products that contribute to health and nutrition to resolve physical and mental health challenges such as aging and lifestyle-related diseases. By promoting sustainable procurement of palm oil, cocoa, soybeans, and shea kernels, our key raw materials, we aim to build relationships of trust with suppliers and customers and grow as an ingredient manufacturer of choice among our stakeholders.

New Business Fields ➔ P60
R&D ➔ P77

Changes in Social Structures



Growing Need for Plant-Based Foods



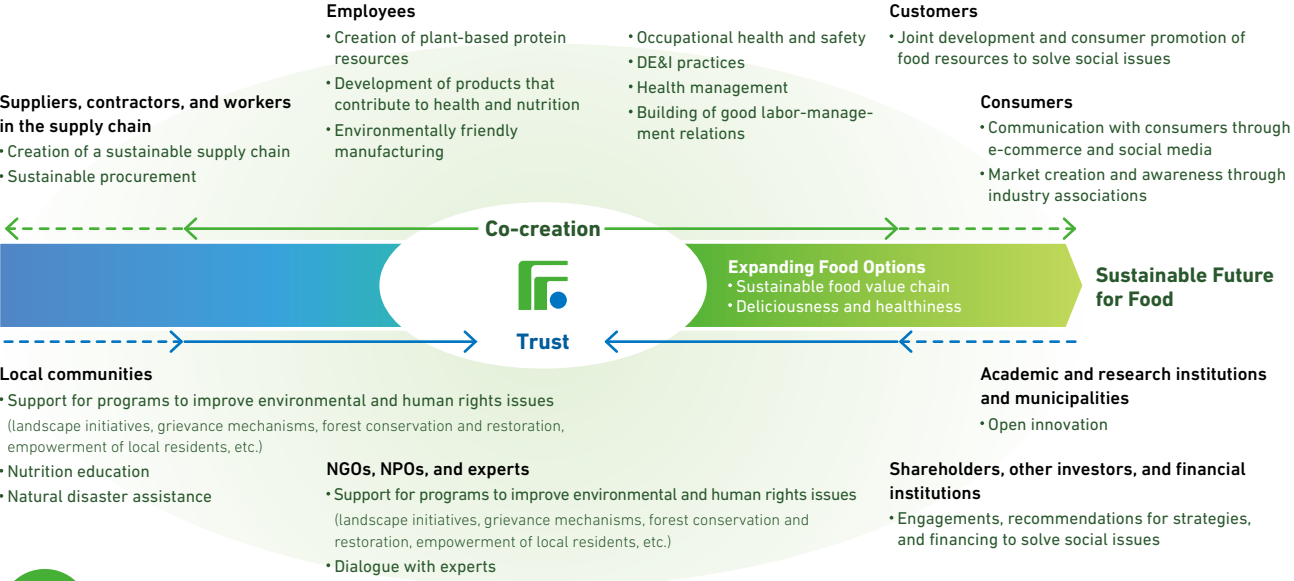
Value Creation through Co-Creation

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 promote co-creation with various stakeholders. We will strengthen our engagement with upstream and downstream players, provide a sustainable food value chain, and pursue deliciousness and healthiness with our unique plant-based ingredients to expand food options for consumers.

Through these efforts, we will increase the added value and competitive advantage of our products. At the same time, we will reduce the cost of our business activities, thereby enhancing both the social value and the corporate value of our Group.

Co-Creation with Stakeholders



Karl Yen Quek

Regional Director-
Malaysia, Thailand, Vietnam,
India and China
NPO
Earthworm Foundation

Collaboration between Fuji Oil and Earthworm Foundation Unlocks Value in the Supply Chain

Working together since 2016, the Fuji Oil Group and Earthworm Foundation continue to collaborate on tackling environmental and social challenges in the palm oil supply chain. As a keen contributor to two landscape programs in Malaysia and Indonesia, the Fuji Oil Group collaborates across a broad range of activities.

For example, in Malaysia, the Fuji Oil Group is actively shaping labor initiatives and solutions through discussion on the development and implementation of an effective operational grievance mechanism for upstream suppliers. The Fuji Oil Group also engages actively with fresh fruit bunches for palm oil (FFB) dealer traceability initiatives and in improving traceability data collection with MPOB.*1 In parallel, we continue to work on supplier engagement to mitigate social challenges through the Labour Transformation Program (LTP).

In Indonesia, there is an increasing focus on the region of Aceh Singkil, where efforts have been directed at building capacity with companies and smallholder farmers on ISPO*2 certification, sustainability policies, and HCV*3 identification and protection of the landscape.

We look forward to driving transformation together with Fuji Oil Group.

*1 MPOB: Malaysian Palm Oil Board *2 ISPO: Indonesian Sustainable Palm Oil *3 HCV: High Conservation Value



Hiroo Maki

Management Quality
Department Chief
YURAKU CONFECTIONERY
CO.,LTD.

A Chance to Think About the Happiness of Children through Our Products

We are implementing the Smile Cacao Project to create an opportunity for many customers to think about the child labor issues associated with cocoa beans used in readily available confectionery. Since September 2022, we have switched all cocoa-derived raw materials used in our Black Thunder chocolate bar and sourced ingredients in consideration of eliminating child labor. We now source raw materials through Fuji Oil's Sustainable Origins™ program.

Under this program, we pay a premium when we purchase raw materials, including cocoa-derived raw materials, and work to give back to the farmland where we purchased the materials. By 2025, we plan to switch all cocoa-derived raw materials used in our products in line with this program. Through co-creation with Fuji Oil, we will continue our efforts to eliminate child labor.

Sustainable Origins™ program ➔ P53

R&D

Development of Better-For-You Chocolates

I research and develop chocolate products that are Better-For-You, meaning that they are reduced-sugar, sugar-free, or with no sugar added. Replacing sugar as an ingredient is complex, but it is a challenge I am happy to take on. I am honored that the chocolate products I have developed are healthier alternatives to conventional chocolates that people can enjoy. In the future, I would like to continue developing products that contribute to individuals' overall well-being with solutions that provide healthy indulgence and enhanced nutrition.

Margaret Crance
R&D
Blommer Chocolate Company

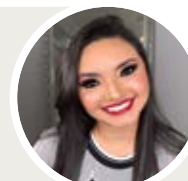


Quality Assurance

Innovation and Challenge in the Development of Plant-Based Chocolate

Harald is always innovating, and the development of plant-based products brought something different to the market in response to the needs of consumers, who are increasingly health-conscious. For this development project, I was able to contribute to the evaluation of suppliers especially the selection of raw material which has a creamy taste without milk is a differential of this project, thereby ensuring a safe, quality product that is aligned with the sustainability strategies of the Group. Participation in this project was very important for our professional growth because it allowed us to align the expectations of our customers and their needs and to keep up with current global social issues.

Ariane Melo
Quality Assurance
HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA



Logistics

Steps to Overcoming the Logistics Crisis



Yasuhiro Naoi
Procurement and Logistics Division,
Logistics Department
FUJI OIL CO., LTD.

The logistics industry in Japan is facing an escalating driver shortage, with projections indicating that by 2030 the industry will be unable to deliver cargo equivalent to approx. 35% of demand in Japan. The Fuji Oil Group also requires immediate improvements to its current logistics structure as labor shortages could cause delays in receiving imported cargo. To establish a sustainable logistics structure while also working to control cost increases and achieve cost reductions, we will adopt specified delivery times, reduce ancillary work and wait times, better schedule order arrivals, consolidate pallets, disperse delivery sites for imported cargo, raise loading ratios, and reselect partners.

Research

Technology and Materials Contributing to People's Health



Takashi Ichinose
Research Institute for Creating the Future,
New Material Creating Group
FUJI OIL HOLDINGS INC.

We are striving to improve people's health and well-being by researching the health functions of such products as a peptide developed using proprietary technology and a highly stabilized DHA/EPA (PRORARE®). We believe that preventive health from an early age is critical to maintaining long-term health. We are using Fuji Oil Group technology and materials to engage in R&D that will contribute to extending healthy lifespans through food and the realization of a society that provides happy and fulfilling lives for all.

Continuous Improvement

Continuous Improvement for Sustainable Production



Bram Pâquet
Continuous Improvement
FUJI OIL EUROPE

The promotion of climate change and CO₂ emissions reduction initiatives requires an interdepartmental effort. While HSE and Communication teams create awareness, our teams in Production continuously analyse various factors in the production process, including heat study, with energy reduction in mind. When a more efficient manner of energy use is detected, our Engineering team gets to work to adjust the systems accordingly. Sustainable production is a matter of cooperation and continuous efforts. Through these efforts, we contribute to the creation of a society that is friendly to both the global environment and our employees.

Supply Chain Management

Responsible Sourcing through Supplier Engagement



Hu Ning Shing
Supply Chain Management Department
FUJI OIL ASIA PTE. LTD.

Fuji Oil Group recognizes the importance of responsible and sustainable palm oil sourcing. We support the No Deforestation, No Peat and No Exploitation (NDPE) policy and are committed to ensuring that our supply chains are free from deforestation and forced and bonded labour. Through supplier engagement, the Supply Chain Management Department works closely with our suppliers to ensure that they share our commitment to sustainability and that they are implementing sustainable practices in their operations that minimize the negative impact of palm oil production on the environment and society. We believe that by working together, we can achieve a more sustainable future for palm oil production and contribute to a more sustainable world by 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.

Vision

Production

Bright and Energetic Future through Energy-Efficient Production

I am involved in the production and management of oils and fats, and I work to ensure safe and environmentally friendly operations. The refinement of oils and fats requires consuming large volumes of electricity and steam, meaning this process has a significant impact on the environment. As such, I focus on making improvements, both large and small, that lead to energy conservation. By promoting activities that give consideration to the Sustainable Development Goals (SDGs), I hope to contribute not only to the development of the Fuji Oil Group but also to the futures of various stakeholders and future generations.



Kaneda Shinya
Oils & Fats Business Division, Oils & Fats Production Department
FUJI OIL CO., LTD.

Sales

Sustainable Future for Food at Convenience Stores

I undertake sales and marketing of products made from sustainable ingredients to convenience stores in Japan. The convenience stores I work with have adopted the goal of procuring sustainable raw materials, and I struggle daily with how best to propose and convey the need for sustainable raw materials to end users and manufacturers. However, I believe proposals are important, and I will work in collaboration with my customers to achieve our common goals and realize a sustainable future for food.



Minami Matsuda
Sales Division,
Sales Department II
FUJI OIL CO., LTD.

Sustainability Management

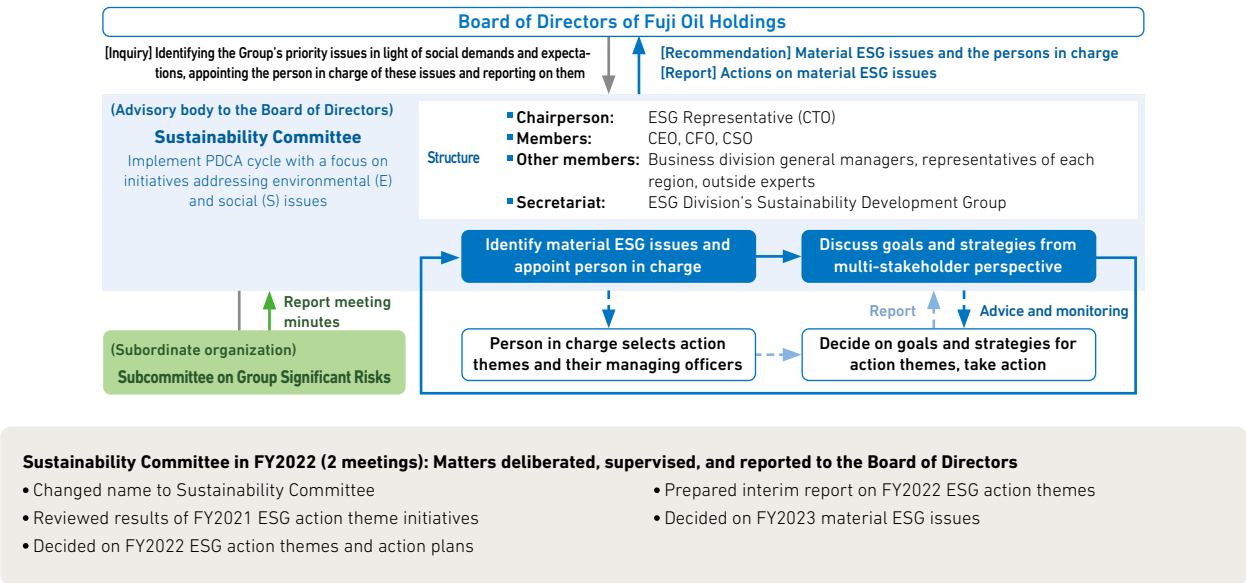
Sustainability Committee

At the Fuji Oil Group, the ESG Representative works with the Board of Directors to oversee groupwide initiatives and carry out sustainability management activities with all employees.

The Sustainability Committee, an advisory body to the Board of Directors chaired by the ESG Representative, is composed of CxOs, the heads of each business division, regional representatives, and external experts.

The committee oversees the establishment of material ESG issues as well as progress toward realizing goals and strategies for action themes from the medium- to long-term perspective of environmental and social sustainability and sustainable corporate management. It also deliberates from a multi-stakeholder perspective and reports to the Board of Directors. Accordingly, the Board of Directors supervises, directs, and approves matters reported by the committee as well as decides on the direction of the Group's sustainability management over the medium to long term.

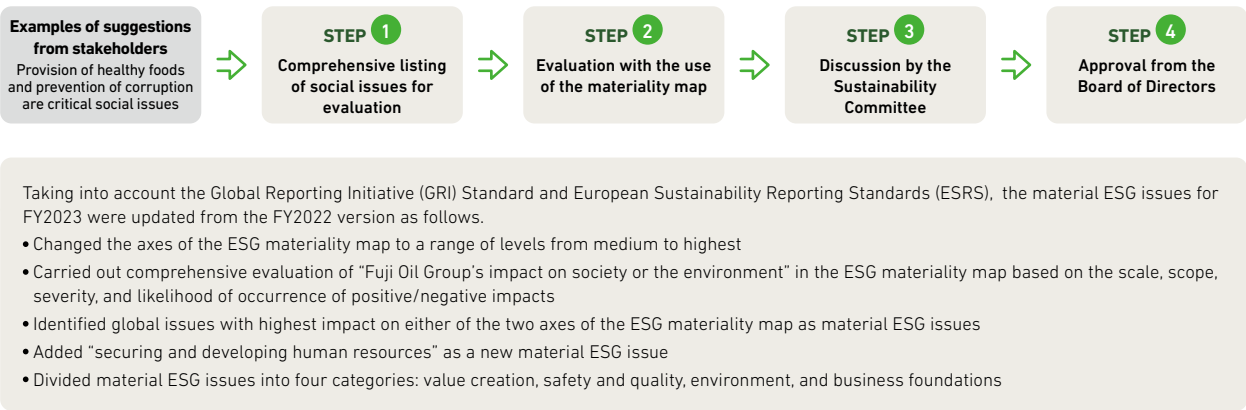
<The Function of Sustainability Committee>



ESG Materiality

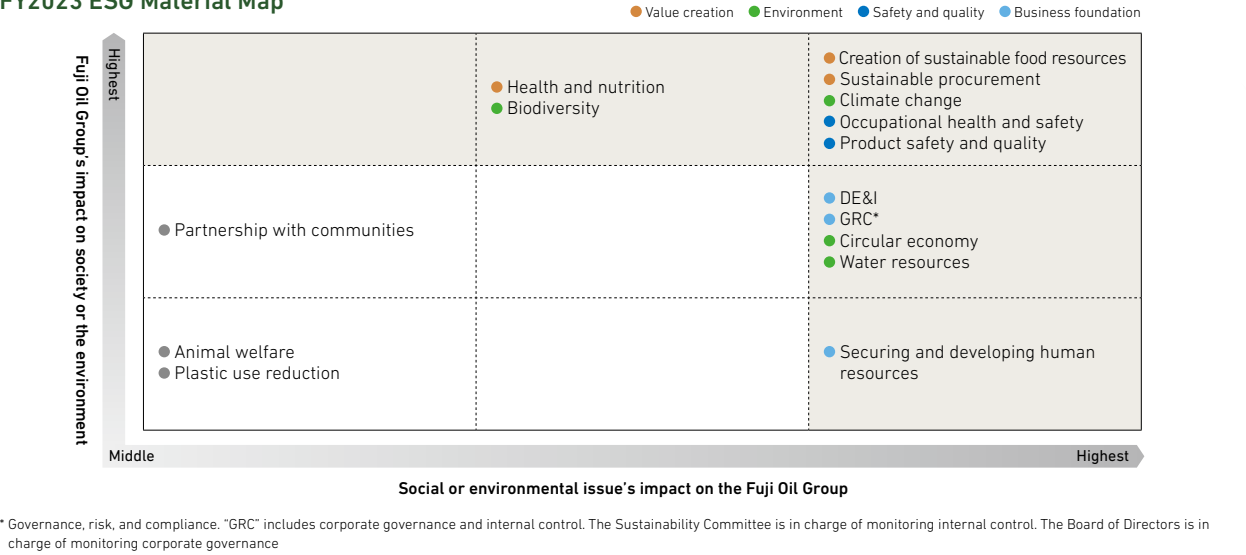
The Fuji Oil Group has established “ESG materiality” as a priority issue that relates to “sustainability-related risks and opportunities” in its value chain. We contribute to the “Creation of positive impact” or “Reduction of negative impact” by addressing material ESG issues through our business activities. We review ESG materiality once a year based on new social issues and input received through dialogue with our stakeholders. The person in charge (CxOs, division director in charge, or general manager in charge) determines specific targets, measures, and the person responsible for promoting the materiality identified as well as promotes initiatives to achieve these targets.

FY2023 Identification and Selection Process of Material ESG Issues



Please refer to Sustainability Report 2023 (scheduled to be issued in October 2023) for details on our initiatives regarding material ESG issues. Social Impact and Material ESG Issues → <https://www.fujioilholdings.com/en/sustainability/materiality/>

FY2023 ESG Material Map




























Material ESG Issues for Fiscal 2023

| Material ESG Issues | Action Theme | Person in Charge | SDGs We Aim to Support | Our Vision | FY2022 Results |
|--|---|------------------|--|--|--|
| Value creation | | | | | |
| Creation of sustainable food resources | Creation of plant-based protein resources | CTO | SDG 2: Zero Hunger | Increase dietary choices to help address food supply problems and other global issues by making plant-based proteins widely and readily available to the general public | <ul style="list-style-type: none">Marketed two soy meat ingredients developed to provide flavor, meat-like fibrous texture and mouthfeelMarketed 10 processed food products (side dishes, noodle soup, confectionery, etc.) replacing meat, milk, and eggs with plant-based ingredients |
| Health and nutrition | Solutions for healthy aging | CTO | SDG 3: Good Health and Well-being | As the leading country with a super-aging society, contribute to creating a society in Japan where seniors can continue to lead better lives with a sense of purpose. Prevent senior health issues and contribute to their well-being by developing food ingredients, building a network of partners and working on bringing out these issues | <ul style="list-style-type: none">Carried out human studies in collaboration with Shimane University. Showed characteristic changes in biomarkers with intake of stabilized DHA/EPAShowed a significant increase in serum concentrations of DHA with a single intake of stabilized DHA/EPADrafted action plans to collaborate with municipalities on building a network of partnerships for health. Did not lead to actual partnerships because of issues with ensuring impartiality on industry-government collaborations |
| | Reduction of sugars intake | CTO | SDG 3: Good Health and Well-being | Provide nutritionally balanced food products that help prevent lifestyle-related diseases by replacing certain sugars with plant-based protein ingredients | <ul style="list-style-type: none">Developed a soy protein ingredient for low-sugar/high-protein rice and noodle dishes, and used this in 11 health-oriented productsEstablished a recipe for sugar-free drinks to improve taste and satisfaction, and promoted this to customers |
| | Reduction of trans fatty acid content | CSO | SDG 3: Good Health and Well-being | 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) | <ul style="list-style-type: none">11 out of 14 relevant Group companies outside Japan have completed the switch to low-TFA products (as of March 2023) |
| Sustainable procurement | Sustainable procurement of palm oil | CSO | SDG 8: Decent Work and Economic Growth, SDG 12: Responsible Consumption and Production, SDG 13: Climate Action | <ul style="list-style-type: none">Achieve “No Deforestation, No Peatland Development, No Exploitation (NDPE)” throughout the supply chainAchieve 100% traceability to plantation (TTP) by 2030Implement the Labour Transformation Programme (LTP*) at all direct suppliers by 2030 | <ul style="list-style-type: none">Traceability to mill (TTM): 100%Traceability to plantation (TTP): 93%Continue constant monitoring using satellite imagesImplemented LTP at suppliers of PALMAJU EDIBLE OIL SDN. BHD (Malaysia): 61% |
| | Sustainable procurement of cocoa | CSO | SDG 5: Gender Equality, SDG 8: Decent Work and Economic Growth, SDG 12: Responsible Consumption and Production, SDG 13: Climate Action | <ul style="list-style-type: none">End child labor by 2030End Worst Forms of Child Labour defined by ILO Convention by 2025Improve living conditions of farmersPrevent deforestation and protect forests: Plant one million trees in cocoa-growing regions by 2030 | <ul style="list-style-type: none">89% of farm plots mapped within direct supply chain (Côte d'Ivoire, Ghana and Ecuador)Support program in Ghana:<ul style="list-style-type: none">Conducted GPS mapping of target farmsMonitored target farms using CLMRS30,846 farmers participated in the GAP** training program (Côte d'Ivoire, Ghana, Ecuador)Finished selecting partners for continuing initiative to plant one million trees60,000 trees planted |
| | Sustainable procurement of soybeans | CSO | SDG 12: Responsible Consumption and Production, SDG 13: Climate Action | <ul style="list-style-type: none">No deforestation, no exploitation, and ensure compliance in the supply chainTraceability achieved to primary collection points by 2025 and to the community level by 2030, or 100% procurement of RTRS*-certified products or products certified to equivalent standards | <ul style="list-style-type: none">70% traceabilityCompleted supplier self-assessmentsFormulated improvement plan for FY2023 |
| | Sustainable procurement of shea kernels | CSO | SDG 12: Responsible Consumption and Production, SDG 13: Climate Action | <ul style="list-style-type: none">Deforestation prevention and parkland protection: Plant 6,000 trees per year until 2030Achieve traceability to the regional level: 50% by 2025, 75% by 2030Direct procurement of shea kernels from Tebma-Kandu cooperatives: 30% by 2025, 50% by 2030Create value in local communities: Increase permanent, direct employees at FUJI OIL GHANA LIMITED by 50% (base year: 2017) | <ul style="list-style-type: none">6,107 trees plantedDirect procurement of shea kernels from Tebma-Kandu cooperatives: 3.4%Permanent, direct employees at FUJI OIL GHANA LIMITED: Increased by 60% (base year: 2017) |

*1 LTP: Labour Transformation Programme
*2 GAP: Good Agricultural Practices
*3 RTRS: Round Table on Responsible Soy Association

Sustainability Management

| ESG Materiality | Action Theme | Person in Charge | SDGs We Aim to Support | Our Vision | FY2022 Results |
|---|---|---------------------------------------|---|--|---|
| ● Environment | | | | | |
| Climate change | CO ₂ emissions reduction | ESG Division Head |  | Scope 1 and 2: 40% reduction (absolute) Scope 3 (Category 1): 18% reduction (absolute) Achieve both by 2030 (based year: 2016) | • Scope 1 and 2 (total): 26% reduction (base year: 2016) |
| | Environmentally responsible production | CTO |    | 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 | <ul style="list-style-type: none"> Established a new enzyme-based oil and fat processing technology which uses less chemicals than the conventional technique Started development of a soybean plant production site using the waste heat and CO₂ generated by a waste incineration facility, working with Saga City, Saga University, and ITOCHU ENEX Co., Ltd. Regarding the practical use of new raw materials for oils and fats developed by breeding, some components were confirmed to affect product quality |
| Water resources | Water use reduction | ESG Division Head |   | 20% reduction in water use (intensity) by 2030 (base year: 2016) | 27% reduction (base year: 2016) |
| Circular economy | Waste reduction | ESG Division Head |  | 10% reduction in waste (intensity) by 2030 (base year: 2016) | 4.7% reduction (base year: 2016) |
| | Reduction and upcycling of food waste | CTO |  | Contribute to reducing food loss and waste throughout the value chain through technology innovation and reuse/upcycling of byproducts | <ul style="list-style-type: none"> Established technologies to improve longevity and resistance to degradation over time. Brought seven products to market Confirmed effectiveness of soluble pea fiber as a stabilizer for acidic plant protein drinks |
| Biodiversity | Biodiversity conservation and restoration | ESG Division Head |   | Build a nature positive value chain | Established and published the Fuji Oil Group Policy on Biodiversity |
| ● Safety and quality | | | | | |
| Product safety and quality | Safety and quality | ESG Division Head |  | Ensure that the Fuji Oil Group is never a cause for complaints for any of the products it manufactures | Zero cases of serious accidents and serious property damage accidents |
| Occupational health and safety | Ensuring product safety and quality | ESG Division Head |   | Place top priority on safety and respect for humanity. Keep all Group companies accident free by creating safe and comfortable workplaces | <ul style="list-style-type: none"> One serious accident and zero serious property damage accidents One fatal accident at FUJI VEGETABLE OIL, INC. (United States) |
| ● Business foundations | | | | | |
| DE&I ^{*1} | DE&I management | Division Head of HR & General Affairs |    | <ul style="list-style-type: none"> 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 for business model and value creation | <Groupwide> <ul style="list-style-type: none"> Increased diversity of the Management Committee Meeting (with foreign nationals and women) to 45% (as of April 1, 2023) Selected candidates for the next generation of executive talents from across the entire Group and expanded the pool of human resources Sent two trainees from Japan on international assignments <Each company> Refer to the following page and Sustainability Report2023 DE&I ➡ P68 |
| Securing and Developing Human Resources | Securing and Developing Human Resources | Division Head of HR & General Affairs |    | <ul style="list-style-type: none"> Increase number of specialists in every field compared to the status quo, with many of our talents contributing to maintaining and expanding our market share in the face of changes in and outside Japan Have successor candidates ready to take over for key positions (executive officers, general managers, section managers) | Not included in material ESG issues in FY2022 |
| GRC ^{*2} | Risk management system | ESG Division Head |   | <ul style="list-style-type: none"> Earn the trust of society by demonstrating high reliability and risk management capability | <ul style="list-style-type: none"> Conducted groupwide discussion of risks at the Subcommittee on Group Significant Risks (four times in total) Performed risk assessments at regional headquarters and Group companies with new tools, and held risk management meetings based on the results Compiled the latest information for FY2023 changes to TCFD disclosure in annual securities reports Discussed the information to be disclosed at the Subcommittee on Group Significant Risks to add objectivity and validity Gathered the latest information on TNFD, investigated biodiversity issues connected to Group operations, and conducted a qualitative assessment of their impact on our business |
| | Information security management | CFO |  | <ul style="list-style-type: none"> Reform processes and create corporate value through the use of information and communications technology (ICT) Facilitate the achievement of Group governance through the use of safe and secure ICT | <ul style="list-style-type: none"> Serious security incidents: 0 Revised the Group's Information Security Regulations to follow cyber risk trends and carried out onsite evaluations of measures taken by companies in accordance with the revised regulations (five companies in total) |
| | Strong compliance | Legal Division Head |  | Earn the trust of all stakeholders by conducting business fairly, transparently, and with integrity | <ul style="list-style-type: none"> There were no serious violations of laws and regulations affecting Fuji Oil Group business operations Conducted risk assessments of cartel at Group companies and relevant individual interviews at sites assessed as high risk. Introduced measures in response to the above results We received a 93.2% positive response rate to the question, "When business and compliance are in conflict, is there a culture of prioritizing compliance?" (a 2.6 point increase over previous year) |
| | Group governance | CSO |  | Enhance corporate value through the establishment of an effective Group governance system | <ul style="list-style-type: none"> In April 2023, as a preliminary step toward enhancing awareness of the Group Management Philosophy, we provided guidance on the revision of our Vision to all Group companies. The revision of our Vision began with management-level interviews, followed by two deliberations at the FUJI OIL HOLDINGS INC. Management Committee Meeting and a resolution by the Board of Directors Transitioned to a company with an Audit and Supervisory Committee, with the Board of Directors conducting oversight focused on monitoring management execution |
| | Corporate governance | CSO |  | Improve corporate value through appropriate functioning of the Board of Directors | Board of Directors with a focus on supervising (monitoring) corporate management resulting from the transition to a company with an Audit and Supervisory Committee |

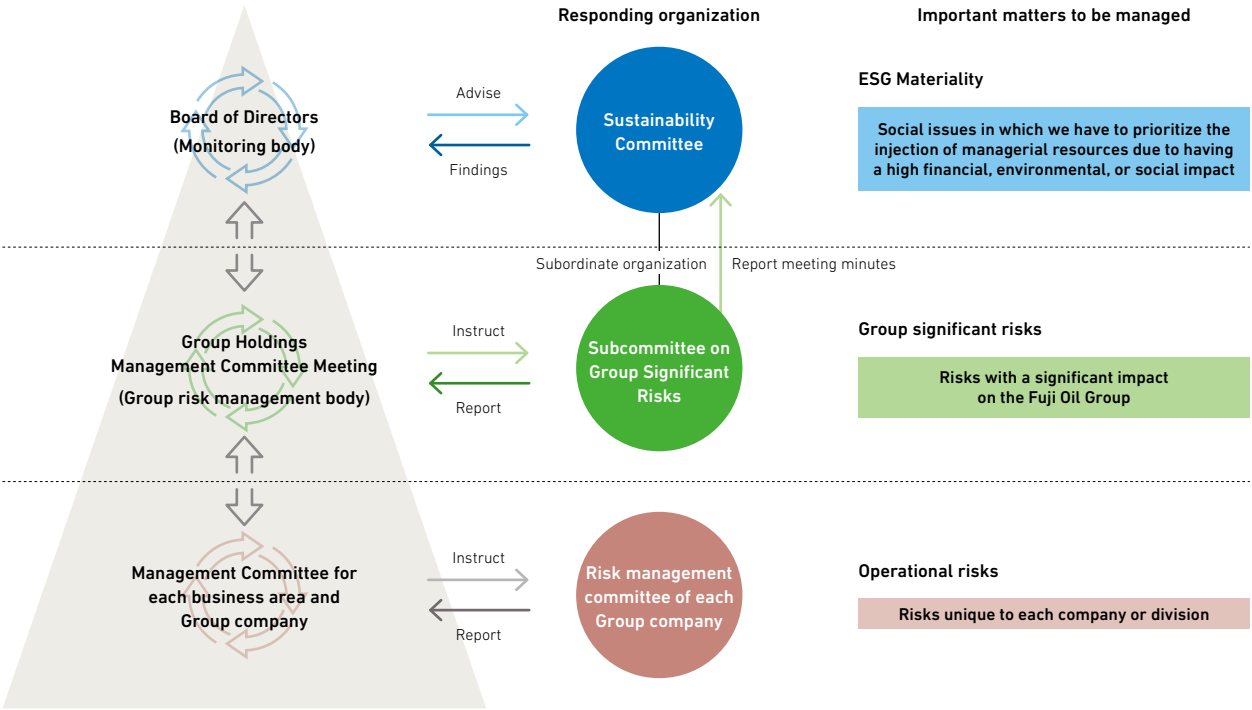
*1 DE&I: Diversity, Equity and Inclusion
 *2 GRC: Governance, Risk, and Compliance

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.

Sustainability Committee and ESG Materiality

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: Fuji Oil Group's impact on society or the environment, and social or environmental issue's impact 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.

Group Significant Risks

1 Risk Identification

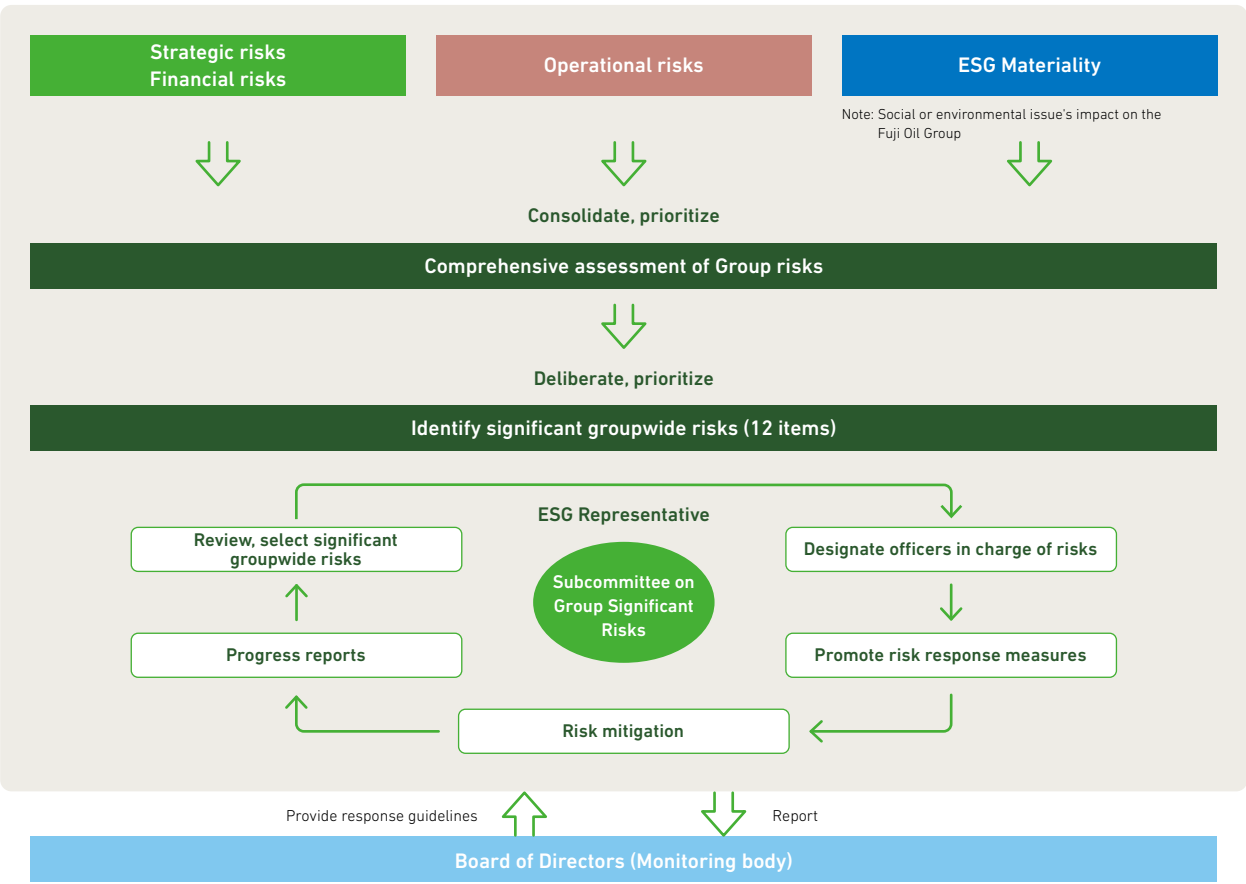
Group companies create risk maps to identify the operational risks of each company. Companies also determine strategic and financial risks at the Management Committee Meeting. The Board of Directors determines particularly significant risks by comprehensively assessing risks together with ESG materiality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

2 Risk Response and Monitoring

The Management Committee is positioned as the Group risk management body. The Management Committee 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)



3 Monitoring of Results in Fiscal 2022

Each designated CxOs advanced response measures for the 12 significant risks identified in fiscal 2022. Reports on progress and issues were discussed by Subcommittee on Group Significant Risks and then submitted to the Board of Directors to promote risk mitigation, when necessary.

Fuji Oil Group Significant Risks (for fiscal 2023)

We selected the following 12 items as significant risks requiring management. For each risk, we designate a chief officer and formulated response plans. In addition, we created a framework for reporting and monitoring the status of our risk responses to the Board of Directors. Furthermore, forward-looking statements constitute reasonable judgments made by the Fuji Oil Group based on information available as of March 31, 2023.

| | Risk | Group significant risk | Direction of risk response | Officer in charge | | | |
|------|--|--|---|----------------------------------|-----|-----|-----|
| | | | | ESG management officer in charge | CSO | CFO | CTO |
| 1 | Risks related to fluctuations in raw material prices | Fluctuations in prices of key raw materials | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Reinforce global management structure of the legal affairs department Implement rigorous compliance management throughout the Group | ● | | | |
| 4 | Management risk of Group companies | Divergence from business plans due to changes in business environment 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 | <ul style="list-style-type: none"> Strengthen management and promote business through Groupwide support structure Recruit and cultivate human resources who can manage Group companies outside of Japan 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 Strengthen governance structure | | | | ● |
| 5 | Risks related to food safety | Incurrence of substantial costs and loss of customer trust due to significant safety- and quality-related issues | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> 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 capable of generating innovation corresponding to diverse values; risk of not being able to secure personnel necessary for factory operations | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Promote new core technology and product development to address global and local needs 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 | <ul style="list-style-type: none"> Build system that enables formulation, sharing, and use of data related to research themes in each area 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 | <ul style="list-style-type: none"> 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 risk response and information disclosure based on TNFD principles Promote technology development and research related to food loss reduction and upcycling Promote technology development and research related to effective use and recycling of byproducts generated at plants | ● | | | ● |
| 11-2 | | Limitations to business activities stemming from delayed and inadequate response to human rights issues | <ul style="list-style-type: none"> Promote respect for human rights in accordance with the Fuji Oil Group Human Rights Policy, formulated in 2017 in compliance with <i>The UN Guiding Principles on Business and Human Rights</i> 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 outbreak of war or conflict and problems related to economic security and political, economic, or social turmoil | <ul style="list-style-type: none"> Review risk assumptions, formulation of response measures, and business portfolio through efforts led by Group headquarters Implement PDCA activities to manage risks at Group companies | | ● | | |
| 12-2 | | Occupational fatality resulting from warfare, terrorist attacks, riots, kidnapping, or strikes | <ul style="list-style-type: none"> Compile information on the areas of operation of Group companies, appoint external consultants, and enhance safety training programs for employees outside of Japan | ● | | | |