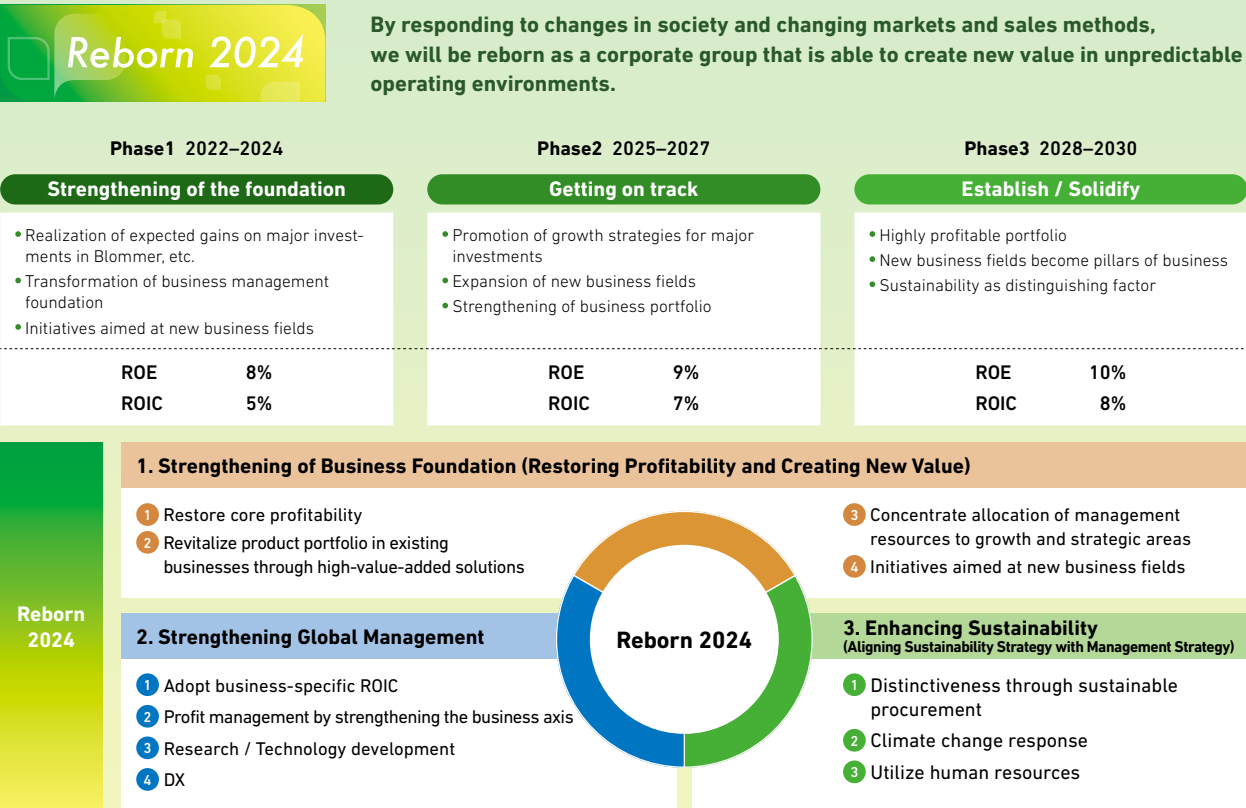


Mid-Term Management Plan

Progress of Reborn 2024

The destabilization of the global economy caused by the COVID-19 pandemic dramatically affected the social structure of countries around the world. Having entered the era of the after-COVID “new normal,” the global economy is showing signs of recovery, supported by robust demand. On the other hand, economic uncertainty is expected to remain due to increasing geopolitical risks and other factors.

To fulfill the value creation envisioned by the Fuji Oil Group in this drastically changing market environment, we are acutely aware that we must strengthen our foundation with the priorities of steadily restoring profitability from our current assets and operations and improving our financial position. The Group has designated the three years from fiscal 2022 to fiscal 2024 as a period for strengthening its management foundation to transform itself into a corporate group that creates new value and, to that end, is implementing its mid-term management plan Reborn 2024.



Reborn 2024 Management Plan Targets

Financial Item	FY2024 Targets	FY2022 Results	FY2021 Results
Operating Profit	¥23.5 billion	¥10.9 billion	¥15.0 billion
ROE	8.0%	3.1%	6.6%
FUJI ROIC*1	5.0%	2.0%	3.1%
Shareholder Returns	Dividend payout ratio 30%~40%	Dividend payout ratio 73.0%	Dividend payout ratio 38.9%

Non-Financial Item	FY2024 Targets	FY2022 Results	FY2021 Results
CO ₂ emissions (Scope 1+ Scope 2)	23%*2 reduction in total CO ₂ emissions	26% reduction	21% reduction
Sustainable procurement (Palm oil)	TTP*3 ratio 85%	93%	85%

*1 FUJI ROIC = Operating profit after tax / (Working capital + Fixed assets)
*2 Base year: 2016, all consolidated subsidiaries
*3 TTP: Traceability to Plantation

Progress of Efforts in FY2022		Future Measures to Achieve Mid-Term Management Plan Targets
1. Strengthening of Business Foundation		
Restore core profitability <ul style="list-style-type: none">Capture growth as markets recoverImprove profitability	<ul style="list-style-type: none">Implemented appropriate price revisions in response to rising raw material pricesGrew sales volume of industrial chocolates in Southeast Asia, Europe, Brazil, etc.Implemented measures for improving Blommer’s productivity	<ul style="list-style-type: none">Implement appropriate pricing strategies and strengthen cost managementGrow sales volume by capturing demand amid market recoveries in Japan, China, and other countriesContinue measures to improve productivity at Blommer
Revitalize product portfolio in existing businesses through high-value-added solutions	<ul style="list-style-type: none">Strengthened supply structure and expand sales of certified palm oilExpanded sales of chocolate products using oils and fats technology at Harald and those found in Europe	<ul style="list-style-type: none">Promote value-added products by expanding sales of certified palm oil and sustainable cocoaExpand sales of baking ingredients through operation of cream factory in China and launch new filling products
Concentrate allocation of management resources to growth and strategic areas	<ul style="list-style-type: none">Invested in Blommer to improve productivityNorth American Oils and Fats Business: entered U.S. food service market	<ul style="list-style-type: none">Open Harald No. 2 Plant (Brazil) for industrial chocolates in April 2023Launch operations at cream plant in China and soluble pea fiber plant in Germany
Initiatives aimed at new business fields	<ul style="list-style-type: none">Created capital partnership with cotta Co., Ltd., which operates an e-commerce site for confectionery and baking ingredients, to launch new sales channelUndertook plant-based foods strategy presentation at Hotel New Otani in Tokyo in July 2022Launched Prime Soy Meat, MIRA-Dashi®, etc.	<ul style="list-style-type: none">Expand sales of Prime Soy Meat, MIRA-Dashi®, etc.Expand lineup of plant-based ingredientsPromote GOODNOON activities
2. Strengthening Global Management		
Adopt business-specific ROIC	<ul style="list-style-type: none">Promoted groupwide adoption of FUJI ROICImplemented ROIC improvement plans for each Group company using ROIC tree in formulating next fiscal year plans	<ul style="list-style-type: none">Review investment regulations for business portfolio managementPeriodically monitor each Group company’s ROIC improvement plan
Profit management by strengthening business axis	<ul style="list-style-type: none">Strengthened organizational structure for business-axis managementStrengthened risk management through raw material position management, etc.	<ul style="list-style-type: none">Strengthen business-axis management through each function of Group headquarters and support implementation of measures by area and operating company
Research and technology development	<ul style="list-style-type: none">Developed products leveraging MIRACORE® that address SDGs and proposed products to customersSelected research themes linked to business plansConducted training to develop global R&D human resources	<ul style="list-style-type: none">Conduct management of research themes using KPIsSet research themes and allocate research resources with view to globalizationPromote sharing of R&D resources and intellectual property to accelerate and strengthen global R&D
DX	<ul style="list-style-type: none">Began implementing a globally integrated ERP system for Blommer and established deployment plan for FUJI OIL CO., LTD.Obtained certification as “Digital Transformation Certified Company” by Japan’s Ministry of Economy, Trade and Industry	<ul style="list-style-type: none">Promote a globally integrated ERP system for Blommer and FUJI OIL CO., LTD.Consolidate management information of each Group company accumulated in a globally integrated system into an integrated database as an information infrastructure for promoting Group management
3. Enhancing Sustainability (Aligning Sustainability Strategy with Management Strategy)		
Distinctiveness through sustainable procurement	<ul style="list-style-type: none">Added value by increasing volume of certified palm oil procuredFormulated Fuji Oil Group Policy on Biodiversity	<ul style="list-style-type: none">Strengthen partnerships with plantations to expand certified palm oil procurementPreparation for TNFD information disclosure, consideration of Fuji Oil Group’s dependence on biodiversity and impact assessment
Climate change response	<ul style="list-style-type: none">CO₂ reduction (Scope 1 + Scope 2): 26% reduction (compared with base year 2016)CO₂ reduction (Scope 3, Category 1): 8% increase (estimate) (compared with base year 2016)	<ul style="list-style-type: none">Prepare new CO₂ reduction targetsRaise CO₂ emissions reduction targets to meet Environmental Vision 2030
Utilize human resources	<ul style="list-style-type: none">Established Fuji Oil Group Human Rights Policy to ensure Fuji Oil Group consistently fulfills its responsibility to respect human rights in its global business activitiesPromoted foreign nationals and women in management positions of Group companies	<ul style="list-style-type: none">Conduct annual employee engagement surveys to understand trends in sentiment and satisfaction among employees and consider measures in response to such trendsEnhance pool of candidates for future management positions and continue implementing training programsWork to develop and secure human resources who can play active roles outside of Japan, such as through planned personnel rotations outside of Japan

Message from the CFO



Focus on Capital Efficiency and Improving Our Financial Position

Sunao Maeda

Senior Executive Officer,
Chief Financial Officer (CFO)

In July 2023, I assumed the role of CFO. Since joining the Company, I have worked mainly in finance and accounting in Japan as well as in Europe and Southeast Asia. I will apply my cumulative experience toward understanding our operating environment from a global perspective. I promise to promote a balance between financial stability and capital efficiency of the Fuji Oil Group and contribute to strengthening our management foundation and enhancing corporate value. In addition to implementing our full-year operating plan to achieve fiscal 2023 targets and the policies outlined in Reborn 2024, our mid-term management plan, I will also advance responses to our constantly changing operating environment in order to build a sound financial base.

Fiscal 2022 was a tough year for the Fuji Oil Group. While markets did shift toward mild economic growth as the global economy began to rebound from the impact of the COVID-19 pandemic, the environment influencing the Group continued to lack transparency due to global inflation, declining economic sentiment driven by monetary tightening, and soaring energy costs and raw material prices. Earnings reflected increased net sales and decreased profits, with the Vegetable Oils and Fats Business and the Industrial Chocolate Business in the United States, the Emulsified and Fermented Ingredients Business in China, and the Soy-Based Ingredients Business in Japan all recording significant declines in profits. Also, while we did reduce CCC by 11 days in part due to currency factors, the impact of higher raw material prices and yen depreciation resulted in interest-bearing debt increasing by ¥19.6 billion and the net D/E ratio worsened to 0.80, representing a decline of 0.07 points compared with the end of fiscal 2021.

Looking to accelerate action to address management issues that manifested in fiscal 2022, in fiscal 2023 we are projecting decreased net sales and increased profits. Factors contributing to higher profits include a recovery from the impact of temporary profit decline factors in fiscal 2022,

including such issues as cocoa processing equipment malfunctions at Blommer in the United States, and ongoing efforts to implement appropriate sales price revisions.

As for our financial strategy, in addition to the forementioned factors contributing to increased profits, we will also control operating cash flow with a focus on working capital to improve our financial position. Working on the assumption of a return to stability in raw material prices, we are planning to control inventory to further reduce CCC by six days to 98 days, which will generate ¥40.0 billion in operating cash flow. The Company will continue to allocate management resources while giving due consideration to capital efficiency to reduce interest-bearing debt by ¥40.0 billion compared with the end of fiscal 2022, with plans to reduce interest-bearing debt to ¥127.0 billion by the end of fiscal 2023. We project net D/E ratio will reduce to 0.56 at the end of fiscal 2023.

With Reborn 2024, we have adopted FUJI ROIC as a new tool for promoting business portfolio management. In April 2023, in light of changes in our external environment, we transferred the fixed assets of Fuji Oil New Orleans Group, a production site for oils and fats in the United States, as part of a shift to a business portfolio focused on high-value-added products. These initiatives related to our financial position will not only contribute to resolving management issues but also generate synergy with efforts to strengthen business-axis management, further promote the shift from existing domains to high-value-added new business fields, and contribute to sustainable growth for the Fuji Oil Group.

We recognize the concern among stakeholders regarding recent performance. The Fuji Oil Group is committed to uniting toward achieving the performance targets outlined for fiscal 2023, restoring problem businesses to profitability, and working to improve its financial position.

Financial Strategy

Efforts Aimed at Strengthening Our Financial Structure and Improving Capital Efficiency

Even amid a difficult operating environment of stagnant sales volume due to rising raw material prices and the impact of the COVID-19 pandemic, concerns of a recession due to global inflation and the burden of high interest rates, we will work to recover performance while strengthening our ability to generate cash. From 2022, the United States and countries in Europe in particular have continued policies of raising interest rates, and that has occurred simultaneously with ongoing yen depreciation. This situation has created an environment in which both foreign currency debt cost and balance sheet control have become critical issues. We will strengthen our financial structure by increasing efforts to diversify capital procurement while hedging foreign currency and interest rate risks.

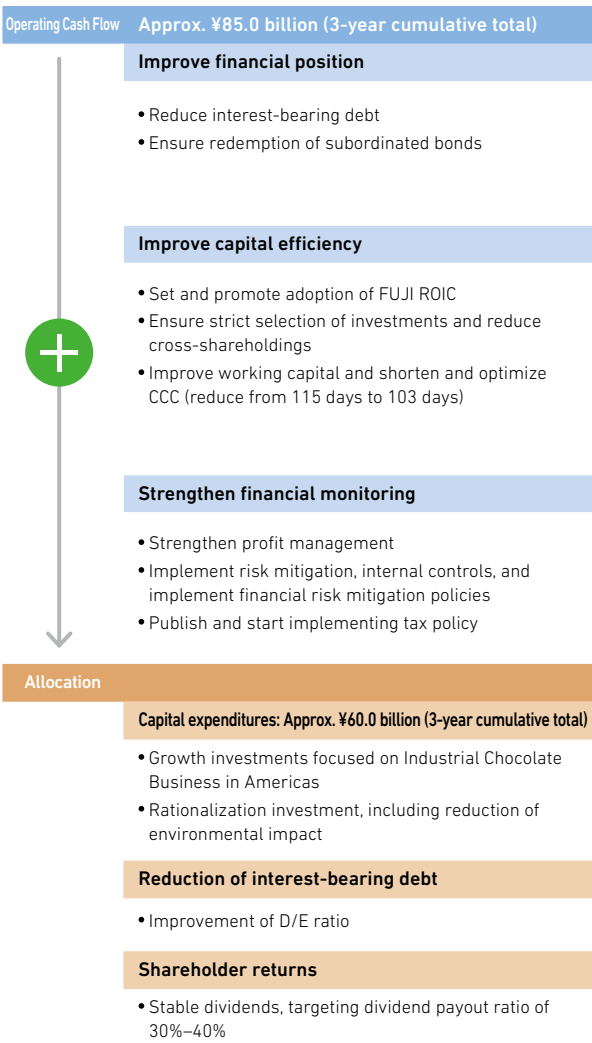
We will also incorporate FUJI ROIC, the performance indicator we adopted from Reborn 2024, into each business

division and at the workplace level as we unite as a Group toward raising our capital efficiency and strengthening our financial structure. As part of selection and concentration with a focus on capital efficiency, in fiscal 2023 we transferred the fixed assets of Fuji Oil New Orleans, LLC, for which we will record an extraordinary gain of approximately ¥12.0 billion. This was a difficult decision as the plant was part of our growth strategy and had already received significant capital injection, but I believe it was a truly meaningful decision in terms of acting from the perspective of ROIC management.

Furthermore, June 2024 marks the first call* for subordinated bonds issued after acquiring Blommer. Fiscal 2023 will be an important year in terms of advancing preparations for this first call.

* For subordinated bonds with early redemption clauses, the first call represents the first accelerated redemption date among redemption dates stipulated at the time of issuance.

Mid-Term Management Plan Reborn 2024
Strategy and Targets



FY2022 Results	FY2023 Plan
Operating Cash Flow: ¥7.6 billion	Operating Cash Flow: ¥40.0 billion
<ul style="list-style-type: none">• Interest-bearing debt rose by ¥19.6 billion due to increase in working capital to address rising raw material prices	<ul style="list-style-type: none">• Reduce interest-bearing debt by transferring fixed assets of North American Vegetable Oils and Fats Business• Prepared for the first call of subordinated bonds
<ul style="list-style-type: none">• Adopted ROIC management• Sold stock of four companies held as cross-shareholdings• Reduced CCC by 11 days YoY (to 104 days)	<ul style="list-style-type: none">• Work to improve ROIC by setting KPIs and introducing target management at workplace level• Update investment management regulations• Continue reducing cross-shareholdings• Reduce CCC by 6 days YoY (to 98 days)
<ul style="list-style-type: none">• Strengthened profit management• Switched to uniform accounting periods for two consolidated subsidiaries• Published and started implementing tax policies	<ul style="list-style-type: none">• Strengthen profit management• Continue efforts to switch to uniform accounting period for Blommer, last company with different accounting period
<ul style="list-style-type: none">• Capital expenditures: ¥21.5 billion• Blommer: ¥3.9 billion• Harald (No. 2 Plant): ¥3.9 billion	<ul style="list-style-type: none">• Capital investments: Strict selection
<ul style="list-style-type: none">• Net D/E ratio: 0.80	<ul style="list-style-type: none">• Net D/E ratio of 0.56
<ul style="list-style-type: none">• Year-end dividend: ¥52• Dividend payout ratio: 73.0%	<ul style="list-style-type: none">• Forecast year-end dividend: ¥52• Forecast dividend payout ratio: 28.0%

Financial Strategy

Efforts to Improve FUJI ROIC

From the start of Reborn 2024, the Fuji Oil Group has been incorporating FUJI ROIC into Group management. Serving as a metric that enables us to ascertain and manage capital efficiency for each business and management unit, FUJI ROIC sets working capital and fixed assets as the denominator value. In fiscal 2022, in addition to stagnant operating profit particularly in the Americas, the Group experienced an increase in working capital due to soaring raw material prices and yen depreciation resulted in higher yen conversion costs for capital in foreign currency. As a result, company-wide FUJI ROIC worsened to 2.0%.

In fiscal 2023, we plan to raise companywide FUJI ROIC to 3.2% by improving the core profitability of Group companies, continuing to apply strict standards to capital investments, and controlling working capital. To achieve this plan, from fiscal 2023 each Group company worksite is adopting a budget creation process by using an ROIC tree to conduct a factor

analysis of structural elements that contribute to capital efficiency. Based on this approach, we began conducting target management by outlining feasible measures and setting KPIs for each location, thereby creating an approach whereby, through the common term ROIC, management and worksites unite toward improving capital efficiency. This framework also involves the holding company conducting regular monitoring of major KPIs and, as necessary, having its business divisions and administrative functions provide support.

To strengthen business portfolio management, in fiscal 2023 we will reevaluate investment management regulations related to new investments and the review and withdrawal decision-making process for after investments have been made. These new investment management regulations will aggressively incorporate ROIC to promote more appropriate decision-making at each management level and promote the formation of a strong business portfolio.

FUJI ROIC

FUJI ROIC

=

Operating profit after tax

Working capital + Fixed assets

FY2024 Targets

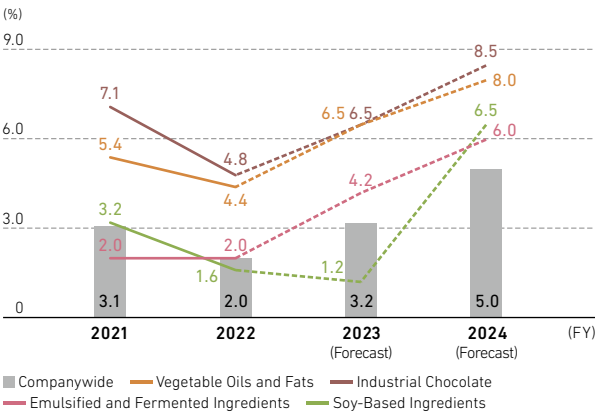
Companywide FUJI ROIC

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

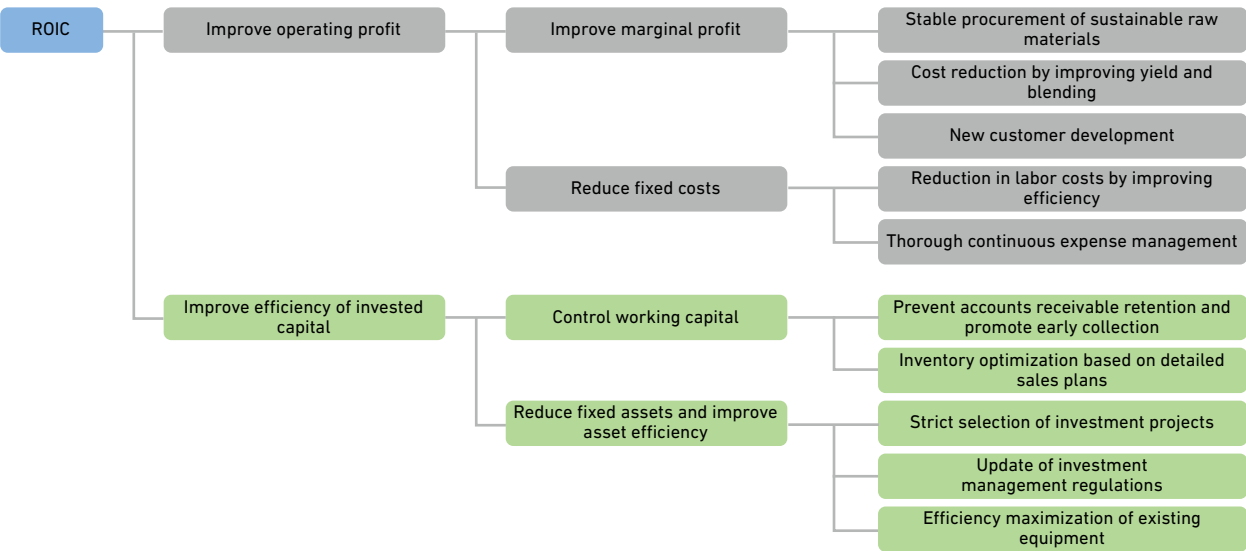
FUJI ROIC of each business unit

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

Companywide and Business-Specific FUJI ROIC



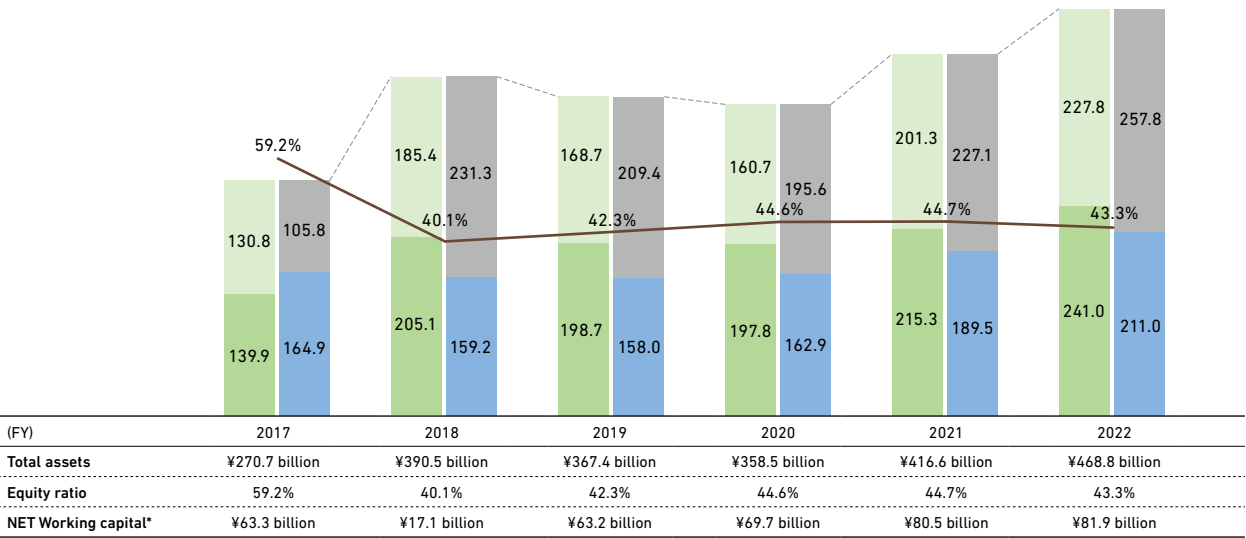
KPI Setting and Target Management Using ROIC Tree



Balance Sheet Management

Balance Sheet Composition and Equity Ratio

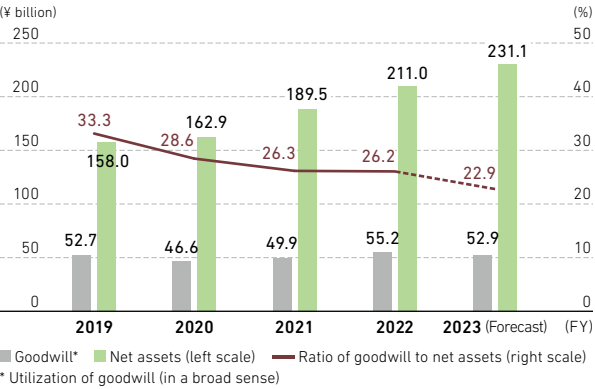
(¥ billion)



* NET Working capital = Current assets – Current liabilities

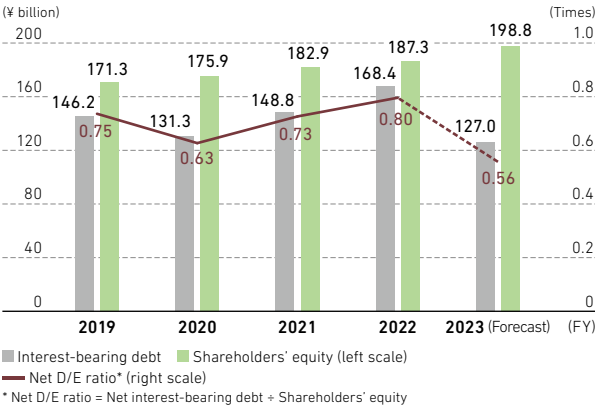
Current assets Fixed assets/Other Liabilities Net assets Equity ratio

Ratio of Goodwill* to Net Assets



* Utilization of goodwill (in a broad sense)

Net D/E Ratio*



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

Total assets have been on an increasing trend since fiscal 2017. In fiscal 2018, total assets increased on the acquisition of Blommer (Industrial Chocolate Business), and working capital has increased since fiscal 2021 due to rising raw material prices.

In fiscal 2022, the price of foreign currency asset conversion ballooned due to yen depreciation, causing total assets to reach ¥468.8 billion at fiscal year-end. Of that amount, goodwill (general) amounted to ¥55.2 billion, with the ratio of goodwill to net assets remaining firmly above 20%. Also, interest-bearing debt in fiscal 2022 reached ¥168.4 billion, with the net D/E ratio worsening to 0.80. From the perspective of improving capital efficiency and strengthening our financial structure, I believe it critical that we improve our balance sheet.

In fiscal 2023, we will continue to promote the business portfolio management initiatives commenced during the previous fiscal year. Additionally, we will reduce interest-bearing debt to improve our balance sheet and the net D/E ratio. To further strengthen the Group's financial position, we will build a sound balance sheet by accelerating efforts to strengthen our business platform and improve profitability.

Financial Strategy

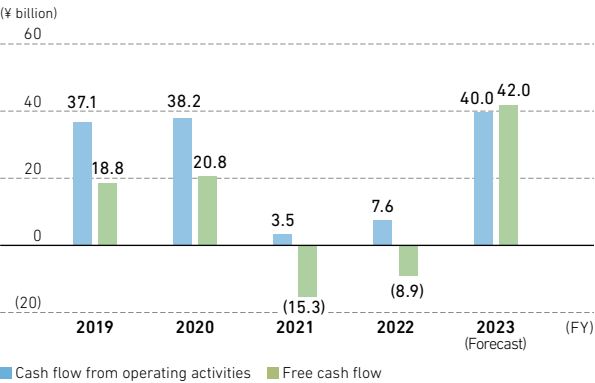
Cash Flow Management

For the cumulative three-year period of Reborn 2024, we are targeting total operating cash flow of approximately ¥85.0 billion. In fiscal 2022, working capital increased due to higher raw material prices, which resulted in cash flow from operating activities of ¥7.6 billion, meaning we were unable to achieve the large-scale improvements outlined in plans at the beginning of the period. Also, while we controlled cash flow from investing activities, investment amounts were beyond what could be covered by operating cash flow, thereby resulting in two consecutive years of negative free cash flow.

Accordingly, to ensure we maintain financial discipline, we are prioritizing the generation of ¥10.0 billion or more per

year in free cash flow through steady profit growth and CCC reduction. In fiscal 2023, we forecast cash flow from operating activities of ¥40.0 billion and free cash flow of ¥42.0 billion on a reduction in working capital attributable to a drop in the price of palm oil, one of our key raw materials, and the transfer of fixed assets in the North American Vegetable Oils and Fats Business. Moving forward, not only will we pursue increased profits by engaging in high-value-added businesses, but we will also focus on generating free cash flow by implementing various policies such as reducing working capital (improve CCC) and strict selection of capital investments.

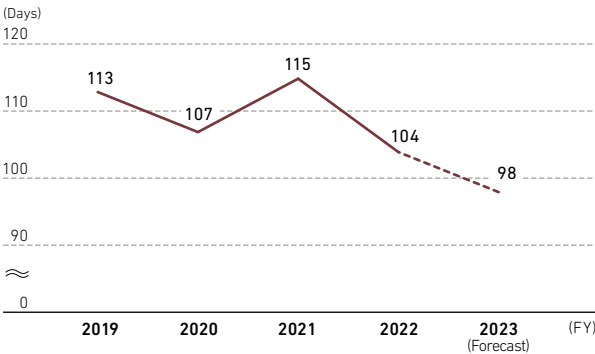
Cash Flow



Reduction of Cross-Shareholdings

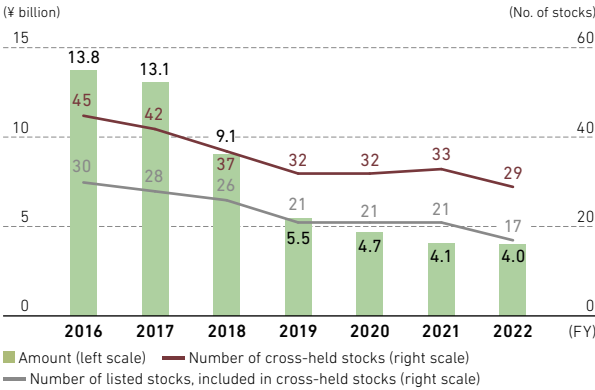
The Fuji Oil Group has worked to reduce cross-shareholdings since fiscal 2015 following the enforcement of Japan's Corporate Governance Code. As of the end of fiscal 2022, approximately 70% of the total acquired value of shares that we had owned have been sold compared with fiscal 2015. Furthermore, of listed shares we had retained, we have completely sold all of our holdings in 16 listed stocks. Moving forward, we will continue to evaluate our holdings through comparisons with the cost of capital. Even in cases where we deem the retention of cross-shareholdings to be reasonable, we will reduce holdings of those stocks as we work to improve our capital efficiency and financial position.

Cash Conversion Cycle



* The figure for fiscal 2019 has been calculated based on 12 months of results for Group companies that changed their accounting period.

Cross-Shareholdings



State of Capital Investment

In April 2023, operations commenced at the Fuji Brandenburg plant and the Harald No. 2 Plant, and a cream production factory in China began operating in August. For Blommer, we plan to make capital investments of ¥10.0 billion over the three-year period of Reborn 2024 to address aging facilities and production bottlenecks. We will continue to conduct capital investments to maximize current assets and to promote safety and security. I believe these investments are important to responding to market demand, supporting growth, and promoting capital efficiency.

Company Name		
Blommer Chocolate Company Americas (United States) / Industrial Chocolate Business	Capital investments to address aging facilities and resolve production bottlenecks	
HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA Americas (Brazil) / Industrial Chocolate Business	April 2023: No. 2 Plant commenced operations	
Fuji Brandenburg GmbH Europe (Germany) / Soy-Based Ingredients Business (soluble pea fiber)	April 2023: Commenced operations	
FUJI OIL (ZHAOQING) CO., LTD. China / Emulsified and Fermented Ingredients Business	August 2023: Commenced operations	

Investments in Intangible Assets to Promote Growth

In addition to business investments and capital investments, we will also engage in investments in intangible assets to create new value.

We plan to allocate roughly ¥4.0 billion toward DX to adopt a globally integrated ERP systems during the period of Reborn 2024. For R&D, the source of future profits, we

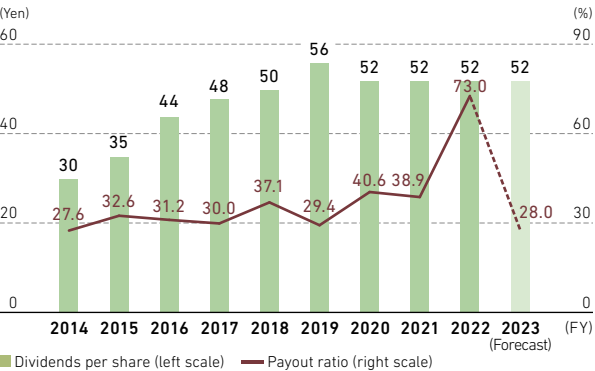
allocated ¥5.7 billion in fiscal 2022 to maintain a certain level of investments even amid the difficult business environment. We will also invest in human resources, including to foster the personnel who will support the Fuji Oil Group's future growth and to raise employee engagement.

Shareholder Return Policy

As a management target for dividends during the period of Reborn 2024, we have set a dividend payout ratio of 30%–40%, and our policy is to strive for the stable and continuous issuance of dividends. In accordance with this policy, we plan to pay a full-year dividend of ¥52 per share in fiscal 2023, the same amount as in the previous fiscal year.

Since the COVID-19 pandemic, we have kept full-year dividends at ¥52. In order to prepare for unforeseen circumstances, further enhancement of our financial structure is an issue. Moving forward, we will continue to evaluate shareholder returns based on a comprehensive analysis of growth investments needed for future business development, profit levels, and dividend payout ratios, among other factors.

Dividends per Share / Payout Ratio



Responses to Address Capital Efficiency and Stock Price Levels

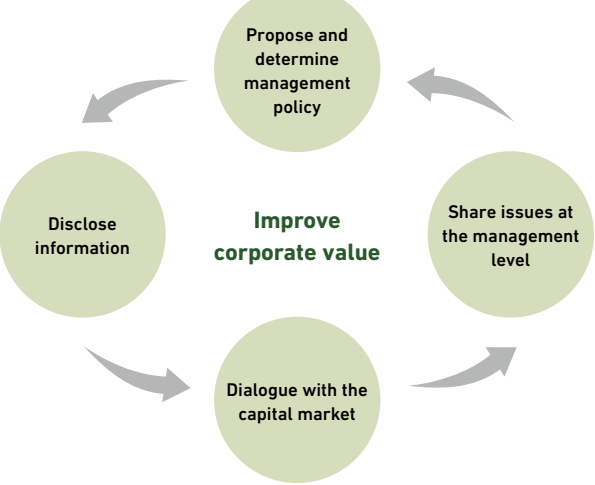
We adopted FUJI ROIC and are advancing initiatives toward improving capital efficiency on a business-specific level. We are aggressively incorporating the concept of ROIC into new investment management standards and are making decisions on business continuation or withdrawal. We recognize that the Company's stock price has not risen because our

result of Blommer, acquired in our Group, has not met expectations as well and our overall results have been sluggish due to high raw material of the Fuji Oil Group. We will strive to improve corporate value by rebuilding business at Blommer and returning to a growth trajectory.

Improvements in Corporate Value by Communicating with Capital Markets

We recognize that communicating with capital markets is an important part of contributing to improvements in corporate value. Led by the Company's CEO and CFO, directors, including outside directors, and senior management personnel proactively engage in external communication. We listen closely to the opinions of investors and analysts and work to incorporate that feedback into improving the Company's management. By using the Integrated Report, we are also strengthening efforts to engage in specific dialogue focused on the direction of our medium- to long-term strategy, including perspectives related to non-financial information. We will continue working to enhance our communication with capital markets as we strive to improve the effectiveness of management and enhance our corporate value.

Cycle of Corporate Value Improvements through Communication







Data Highlights (FY2018 to FY2022)

FUJII OIL HOLDINGS INC. and Consolidated Subsidiaries
For the fiscal years ended/As of March 31, 2019 to March 31, 2023



Fact Book 2023
➡ https://www.fujioilholdings.com/en/ir/library/fact_book/

Performance Highlights

(Millions of yen)						
		FY2018*1	FY2019*2	FY2020	FY2021	FY2022*3
Results						
Net sales		300,844	414,727	364,779	433,831	557,410
Operating profit		18,525	23,598	17,911	15,008	10,940
Ordinary profit		18,176	22,359	17,565	14,360	9,690
Profit before income taxes		16,538	23,279	17,020	16,289	9,903
Profit attributable to owners of parent		11,582	16,375	11,014	11,504	6,126
EBITDA		31,224	41,485	34,261	32,397	31,777
Results by Business Segment						
 Vegetable Oils and Fats Business	Net sales	106,140	114,104	98,413	134,976	203,448
	Operating profit	7,825	11,203	7,872	7,401	7,021
	Segment assets	79,826	81,953	92,962	116,982	142,466
	ROA*4 (%)	9.8	13.7	8.5	6.3	4.9
 Industrial Chocolate Business*5	Net sales	72,100	180,068	162,445	185,540	228,513
	Operating profit	7,756	8,324	7,608	7,548	4,973
	Segment assets	191,034	170,437	150,980	174,966	197,669
	ROA*4 (%)	4.1	4.9	5.0	4.3	2.5
 Emulsified and Fermented Ingredients Business*5 *6	Net sales	86,492	85,192	69,567	79,146	91,164
	Operating profit	3,320	4,054	3,018	1,617	1,490
	Segment assets	58,197	55,999	49,045	55,510	58,834
	ROA*4 (%)	5.7	7.2	6.2	2.9	2.5
 Soy-Based Ingredients Business*6	Net sales	36,110	35,360	34,353	34,167	34,284
	Operating profit	3,289	4,016	3,169	2,149	1,277
	Segment assets	37,041	37,232	43,648	44,708	46,872
	ROA*4 (%)	8.9	10.8	7.3	4.8	2.7
Results by Region						
Japan	Net sales	170,959	165,179	152,863	166,533	189,627
	Operating profit	13,722	17,418	15,140	14,127	13,247
Americas	Net sales	46,030	156,733	138,072	166,074	232,542
	Operating profit	3,103	2,874	3,200	584	(2,973)
Southeast Asia*7	Net sales	39,022	46,211	33,925	45,504	65,097
	Operating profit	2,098	3,206	1,294	1,902	3,356
China*7	Net sales	21,410	22,792	21,685	27,111	29,273
	Operating profit	1,788	2,225	1,670	999	(33)
Europe	Net sales	23,422	23,809	18,232	28,607	40,869
	Operating profit	1,165	1,974	303	1,101	1,248
Group administrative expenses		(3,665)	(4,000)	(3,756)	(3,688)	(3,792)

*1 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.
*2 Due to the change in the accounting period of 19 consolidated companies outside of Japan, the fiscal 2019 figures reflect 15 months (January 1, 2019 to March 31, 2020) of results for these subsidiaries.
*3 Due to changes in the accounting periods of subsidiaries INDUSTRIAL FOOD SERVICES PTY. LIMITED and Blommer Chocolate Manufacturing (Shanghai) Co., Ltd., fiscal 2022 is the 15-month period ended March 31, 2023 and the 14-month period ended March 31, 2023, respectively.
*4 Reference figures calculated based on the formula: segment operating profit ÷ segment assets
*5 In fiscal 2019, the Confectionery and Bakery Ingredients Business was split off into the Industrial Chocolate Business and the Emulsified and Fermented Ingredients Business. Meanwhile, the figures for fiscal 2018 is shown for reference purposes only.
*6 In fiscal 2021, certain products were reclassified from the Soy-Based Ingredients Business to the Emulsified and Fermented Ingredients Business
*7 In fiscal 2019, the Asia region was split off into the Southeast Asia region and China region. The figures for fiscal 2018 is shown for reference purposes only

FUJII OIL HOLDINGS INC. and Consolidated Subsidiaries
For the fiscal years ended/As of March 31, 2019 to March 31, 2023

Financial Highlights

(Millions of yen)					
	FY2018*1	FY2019*2	FY2020	FY2021	FY2022*3
Balance Sheet Summary					
Current assets	185,435	168,662	160,736	201,334	227,771
Fixed assets	205,088	198,459	197,589	215,156	240,922
Total assets	390,524	367,365	358,511	416,617	468,789
Current liabilities	168,333	105,484	91,017	120,840	145,891
Fixed liabilities	62,963	103,894	104,604	106,282	111,914
Interest-bearing loans	160,454	146,232	131,309	148,769	168,417
Total liabilities	231,297	209,379	195,621	227,122	257,806
Total net assets	159,227	157,986	162,890	189,495	210,983
Cash Flow Summary					
Cash flow from operating activities	22,637	37,058	38,205	3,537	7,594
Cash flow from investing activities	(79,104)	(18,302)	(17,395)	(18,807)	(16,487)
Free cash flow	(56,467)	18,755	20,809	(15,269)	(8,893)
Cash flow from financing activities	65,487	(20,674)	(19,931)	9,387	9,804
Capital expenditures	15,943	18,042	20,824	17,286	21,512
Depreciation expenses	10,992	12,960	11,773	12,680	14,584
R&D expenses	4,758	5,231	4,994	5,280	5,744
Per Share Data (Yen)					
Stock price, at year-end	3,790	2,608	2,953	1,980	1,923
EPS	134.75	190.51	128.14	133.84	71.27
BPS	1,819.74	1,808.65	1,861.67	2,168.13	2,359.34
Dividends per share	50	56	52	52	52
Payout ratio (%)	37.1	29.4	40.6	38.9	73.0
Financial Indicators					
ROA (%)	5.5	5.9	4.8	3.7	2.2
ROE (%)	7.3	10.5	7.0	6.6	3.1
Net profit margin (%)	3.8	3.9	3.0	2.7	1.1
Total asset turnover ratio (%)	0.77	1.13	1.01	1.12	1.26
Financial leverage (Times)	2.5	2.4	2.2	2.2	2.3
ROIC (%)	4.1	5.4	4.3	3.1	2.0
Net D/E ratio = Interest-bearing debt/Shareholders' equity (%)	0.87	0.75	0.63	0.73	0.80
Equity ratio (%)	40.1	42.3	44.6	44.7	43.3
Cash conversion cycle*4 (Days)	105	113	107	115	104
Goodwill (in a broad sense) (Millions of yen)	60,504	52,686	46,648	49,861	55,192
Amortization of goodwill (Millions of yen)	709	2,399	2,071	2,160	2,629
Ratio of goodwill to net assets (%)	38.0	33.3	28.6	26.3	26.2
Other					
Employees (Persons)	5,963	5,874	5,679	5,623	5,799

*1 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.
*2 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.
*3 Due to changes in the accounting periods of subsidiaries INDUSTRIAL FOOD SERVICES PTY. LIMITED and Blommer Chocolate Manufacturing (Shanghai) Co., Ltd., fiscal 2022 is the 15-month period ended March 31, 2023 and the 14-month period ended March 31, 2023, respectively.
*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.

STRATEGY AND PERFORMANCE

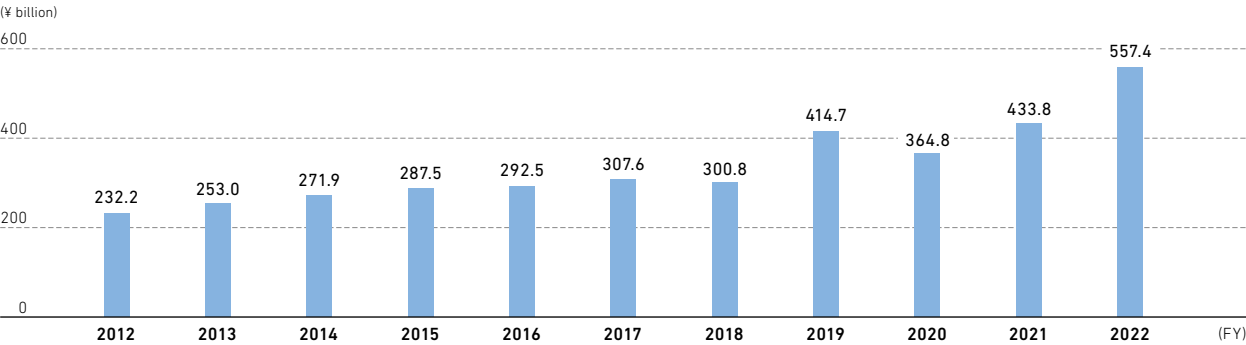
Data Highlights

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

Financial Targets

Non-financial Targets

Net Sales

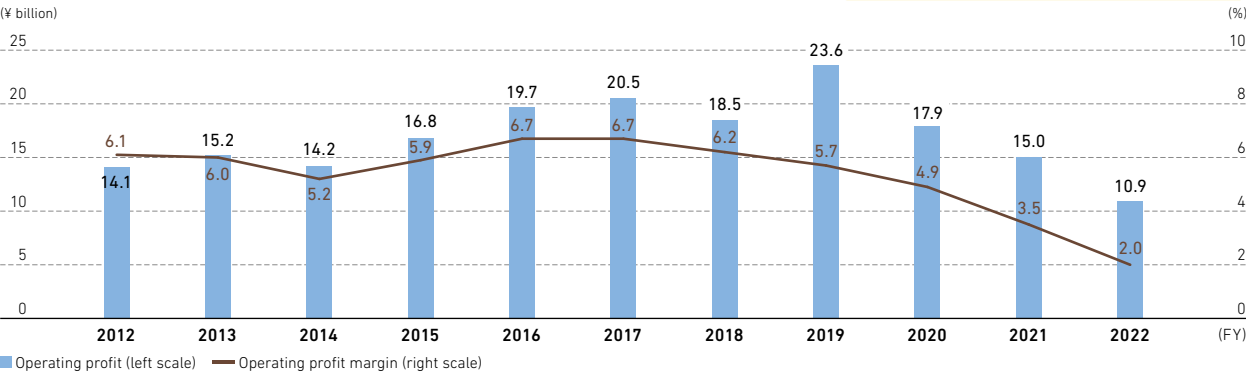


The Company's net sales are affected by fluctuations in the prices of raw materials such as palm oil, shifts in sales volume, the establishment of new plants and capital investment, and changes in the number of subsidiaries due to M&A and other factors.

Notable Past Events

- Fiscal 2019: Net sales increased thanks to new 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 consolidated companies outside of Japan.
- 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: Net sales 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.
- Fiscal 2022: Net sales increased significantly due to the full-year operation of Fuji Oil New Orleans, LLC, as well as to the impact of continued sales price revisions in response to the sharp rise in raw material prices that has persisted since the previous fiscal year.

Operating Profit / Operating Profit Margin

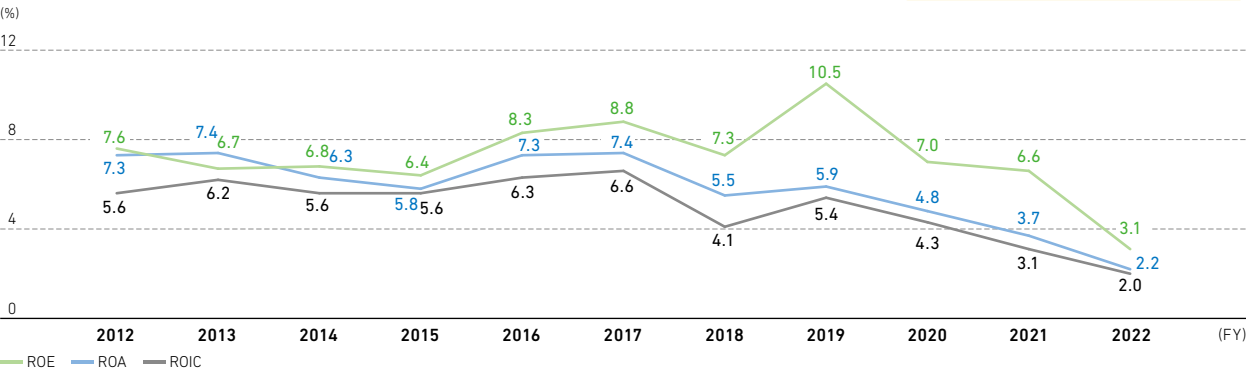


The Company's operating profit is affected by sharp rebounds in the prices of raw materials such as palm oil, changes in sales volume, increases in fixed costs arising from capital expenditures and other factors, and the incurrence of special expenses such as acquisition costs.

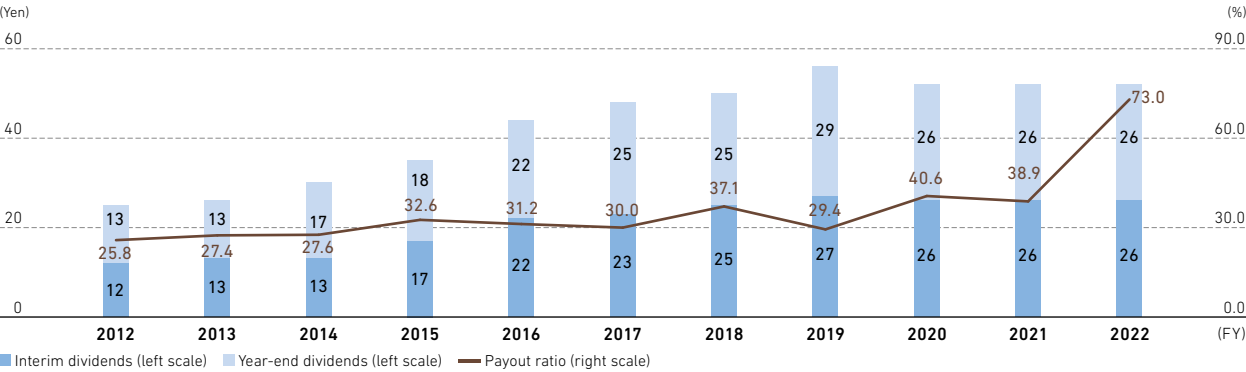
Notable Past Events

- 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.
- Fiscal 2022: Operating profit decreased due to lower profitability caused by the continued sharp rise in raw material prices from the previous fiscal year as well as cocoa processing facility problems at Blommer and higher fixed costs due to inflation.

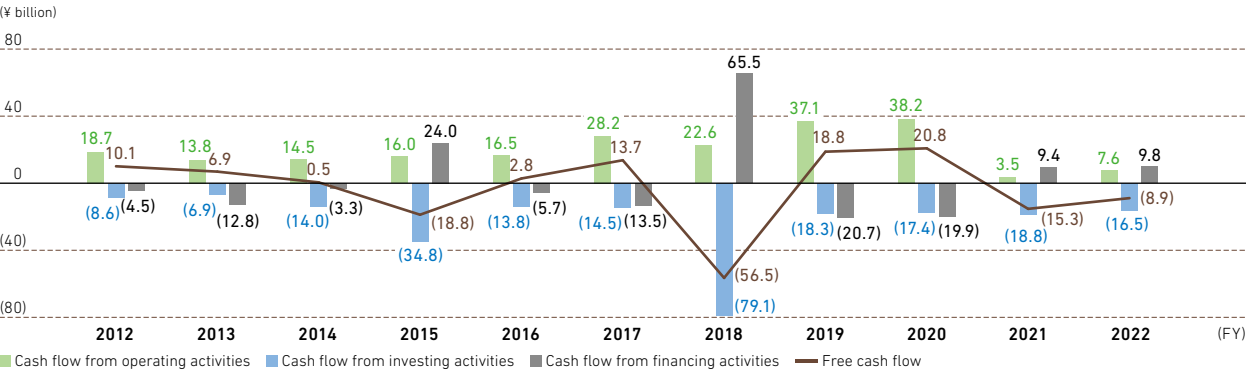
ROE / ROA / ROIC



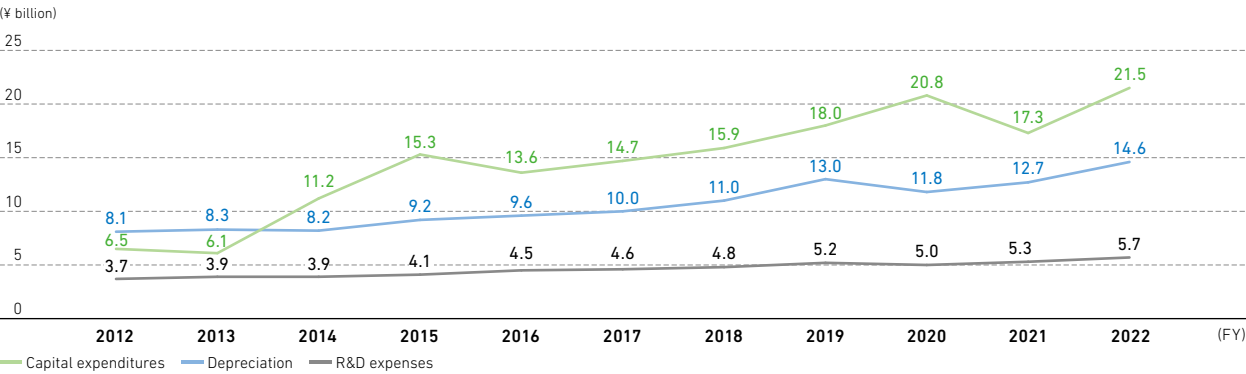
Shareholder Returns / Payout Ratio



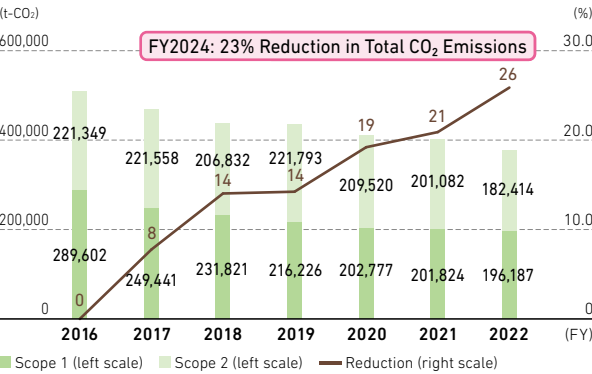
Cash Flows



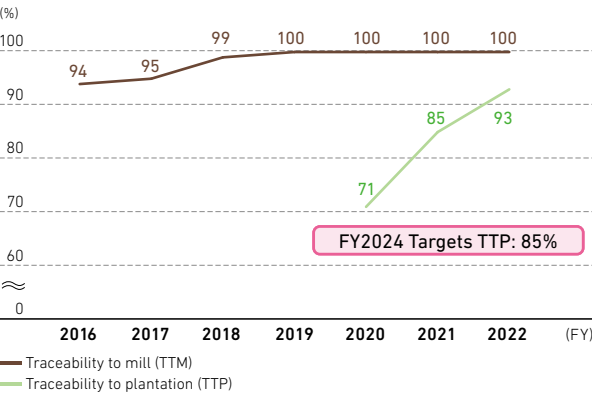
Capital Expenditures / Depreciation / R&D Expenses



CO₂ Emissions (Scope 1 + Scope 2) / Reduction (Base Year: 2016)



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



*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.

Business Overview

Overview	Net Sales / Operating Profit	Results and Forecast by Area	FY2022 Business Situation
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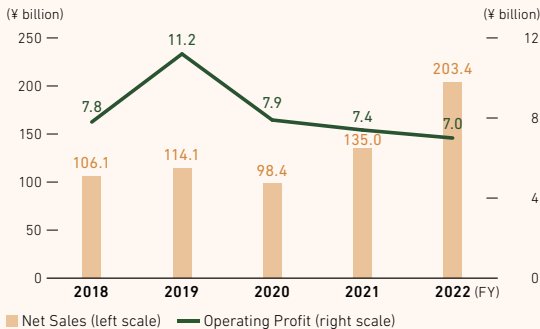
Vegetable Oils and Fats Business

- Core Product Line**

 - Edible oils and fats
 - Vegetable fats for chocolate
- Main Applications**

 - Chocolate
 - Margarine
 - Infant formula
 - Instant noodles
 - Snacks
 - Ice cream etc.
- Main Raw Materials**

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



	FY2022		FY2023 Forecast	
	Net Sales	Operating Profit	Net Sales	Operating Profit
Japan	56.4	4.0	56.7	3.8
Americas	79.2	(0.9)	64.4	2.0
Southeast Asia	30.9	3.0	29.7	1.6
China	3.4	(0.2)	3.1	(0.2)
Europe	33.6	1.4	29.6	1.2
Total	203.4	7.0	183.5	8.5

Net Sales

¥203.4 billion (up ¥68.5 billion yoy)

Net sales increased significantly due to higher sales prices to reflect rising prices of raw materials such as palm oil, our main raw material, higher sales volume resulting from the launch of operations at the new plant in Americas, and the effect of yen depreciation in foreign exchange rates.

Operating Profit

¥7.0 billion (down ¥0.4 billion yoy)

Despite strong sales in Southeast Asia in the first half of the fiscal year, operating profit decreased due to increased depreciation expenses and other fixed costs associated with the launch of operations at the new plant in the Americas.



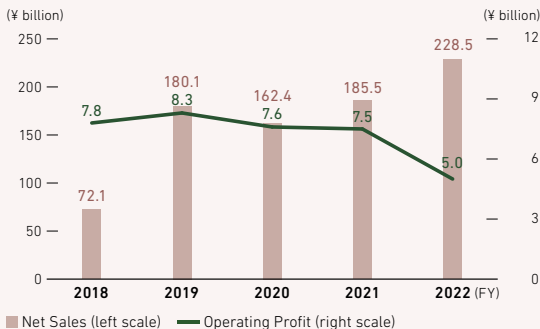
Industrial Chocolate Business

- Core Product Line**

 - Pure chocolate
 - Chocolate for ice cream coating
 - Compound coating chocolate
 - Molded chocolate
- Main Applications**

 - All products using chocolate
 - Chocolate confectioneries, Western-style confectioneries, Sweet baked goods, ice cream, etc.
- Main Raw Materials**

 - Cocoa
 - Sugar
 - Vegetable fats for chocolate



	FY2022		FY2023 Forecast	
	Net Sales	Operating Profit	Net Sales	Operating Profit
Japan	42.2	5.6	44.6	5.3
Americas	153.3	(2.0)	155.8	1.3
Southeast Asia	18.2	0.9	19.8	1.4
China	7.5	0.0	7.1	(0.1)
Europe	7.3	0.4	7.9	0.3
Total	228.5	5.0	235.2	8.2

Net Sales

¥228.5 billion (up ¥43.0 billion yoy)

Net sales increased due to the effect of yen depreciation in foreign exchange rates and higher sales prices to reflect rising raw material prices.

Operating Profit

¥5.0 billion (down ¥2.6 billion yoy)

Despite higher sales volume in Brazil, Europe, and Southeast Asia, operating profit decreased because of lower sales volume at Blommer due to cocoa processing equipment malfunctions and lower sales volume in Japan.



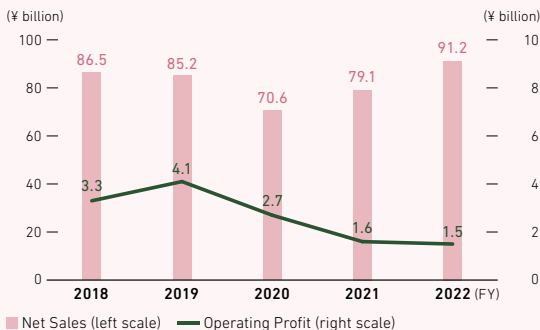
Emulsified and Fermented Ingredients Business

- Core Product Line**

 - Whipping cream
 - Cheese flavor ingredients
 - Margarine
 - Preparations
 - Fillings
- Main Applications**

 - Western-style confectioneries
 - Beverages
 - Bread
 - Products for cooking applications, etc.
- Main Raw Materials**

 - Vegetable Oils and Fats
 - Sugar
 - Cacao
 - Dairy ingredients



	FY2022		FY2023 Forecast	
	Net Sales	Operating Profit	Net Sales	Operating Profit
Japan	57.7	2.2	58.7	2.0
Southeast Asia	16.1	(0.4)	17.6	0.2
China	17.4	(0.2)	19.0	0.8
Total	91.2	1.5	95.3	3.1

Net Sales

¥91.2 billion (up ¥12.0 billion yoy)

Net sales increased due to higher sales prices to reflect rising raw material prices and the effect of yen depreciation in foreign exchange rates.

Operating Profit

¥1.5 billion (down ¥0.1 billion yoy)

Despite higher sales volume of whipping cream and other products in Japan and improved profitability in Southeast Asia, operating profit decreased due to lower sales volume in China.



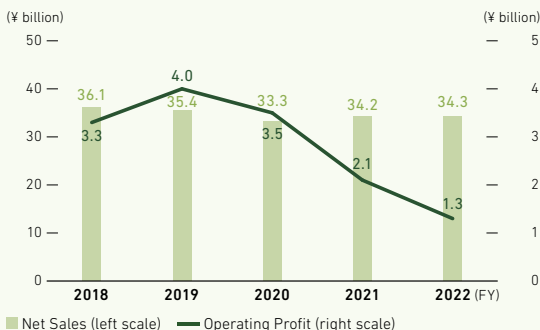
Soy-Based Ingredients Business

- Core Product Line**

 - Soy protein ingredients (granulated soy protein, textured soy protein)
 - Soy protein foods
 - Functional ingredients (soluble soy polysaccharides, peptides)
- Main Applications**

 - Ham and sausages
 - Ingredients for food service and school lunches
 - Beverages
 - Protein and health foods
 - Frozen food and prepared foods
 - Instant noodles
- Main Raw Materials**

 - Soybeans



	FY2022		FY2023 Forecast	
	Net Sales	Operating Profit	Net Sales	Operating Profit
Japan	33.2	1.3	34.8	1.3
China	1.0	0.3	1.1	0.4
Europe	–	(0.4)	0.1	(0.7)
Total	34.3	1.3	36.0	1.0

Net Sales

¥34.3 billion (up ¥0.1 billion yoy)

Despite the transfer of the soy protein foods business in China in the previous fiscal year, net sales increased due to higher sales prices to reflect rising raw material prices in Japan.

Operating Profit

¥1.3 billion (down ¥0.9 billion yoy)

Operating profit decreased due to lower sales volume of soy protein ingredients and soy protein foods in Japan as well as costs associated with the new plant in Europe.

Notes:
1 Due to the application of the provisional accounting method for business combinations in fiscal 2019, fiscal 2018 figures have been reflected using this method.
2 Due to a change in the accounting periods of 19 consolidated companies outside of Japan, fiscal 2019 figures reflect the results for these subsidiaries for the 15-month period from January 1, 2019 to March 31, 2020.

3 In fiscal 2021, certain products included in the Soy-Based Ingredients Business were reclassified to the Emulsified and Fermented Ingredients Business. The figure for fiscal 2020 is shown for reference purposes only.
4 Due to changes in the accounting periods of subsidiaries INDUSTRIAL FOOD SERVICES PTY. LIMITED and Blommer Chocolate Manufacturing (Shanghai) Co., Ltd., fiscal 2022 is the 15-month period ended March 31, 2023 and the 14-month period ended March 31, 2023, respectively.

Message from the CSO



Focus on Strengthening our Business Foundation and Promote Profitability Recovery

Hiroyuki Tanaka
Senior Executive Officer
Chief Strategy Officer (CSO)
Division Head of Chocolate Business Division
Chairman of HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA

We have entered the second year of Reborn 2024, the Mid-Term Management Plan in May 2022, which outlines policies of strengthening our business foundation, strengthening global business management, and enhancing sustainability. I believe that business operations in an external environment of increasing uncertainty requires that we both strengthen the business execution capabilities of individual operating companies and strengthen the business-axis management capabilities of FUJI OIL HOLDINGS INC.

As CSO, I will focus on strengthening our business foundation and promote our recovery to the profitability levels outlined in the mid-term management plan.

Promoting the Management of Area and Each Companies by Business-axis

Since adopting a holdings company structure in fiscal 2015, we delegated authority to each region and operating company, and achieved growth by aggressively pursuing growth opportunities for each business and market. Through this approach, we engaged in M&A to expand operations and conducted new capital investments to achieve a certain level of results. However, our environment has seen increasing uncertainty caused by the COVID-19 pandemic and increasing geopolitical risks such as the situation in Ukraine. As such, we decided that in addition to a business management structure centered on autonomy for each region and operating company, we also needed to further strengthen our business-axis management structure by segmenting the functions of the holdings company.

As CSO, I will work with each region and operating company to execute strategy by ascertaining the business environment of each operating company from business-axis perspective, strengthening risk management related to raw material purchasing, and appropriately distributing management resources based on a comprehensive view of all businesses.

Growth Strategy and Business Strategy

Our growth strategy will focus on realizing profitability for the M&A and new capital investments conducted during the periods of the previous mid-term management plan. We will increase profits by achieving expected revenues from Blommer (United States) and growth driven by the launching of operations at the Harald (Brazil) No. 2 plant. We will also establish a new cream production line in China and increase the volume of production for chocolate products by increasing production lines in Europe, Australia, and Indonesia.

For Vegetable Oils and Fats business, we will respond to future demand for certified palm oil, which has increased recently mainly in Europe, by aggressively working to strengthen our supply chain in Southeast Asia. As for our initiative to undertake the challenge of new business fields by combining technologies from our various businesses with plant-based ingredients, we will begin by first establishing a foundation for the Japanese market.

Portfolio Optimization

We will optimize our portfolio by reviewing future growth potential with consideration given to capital costs across all businesses. During the previous mid-term management plan, we restructured certain businesses in China and, in April 2023, decided to transfer the fixed assets of the North American oils and fats business.

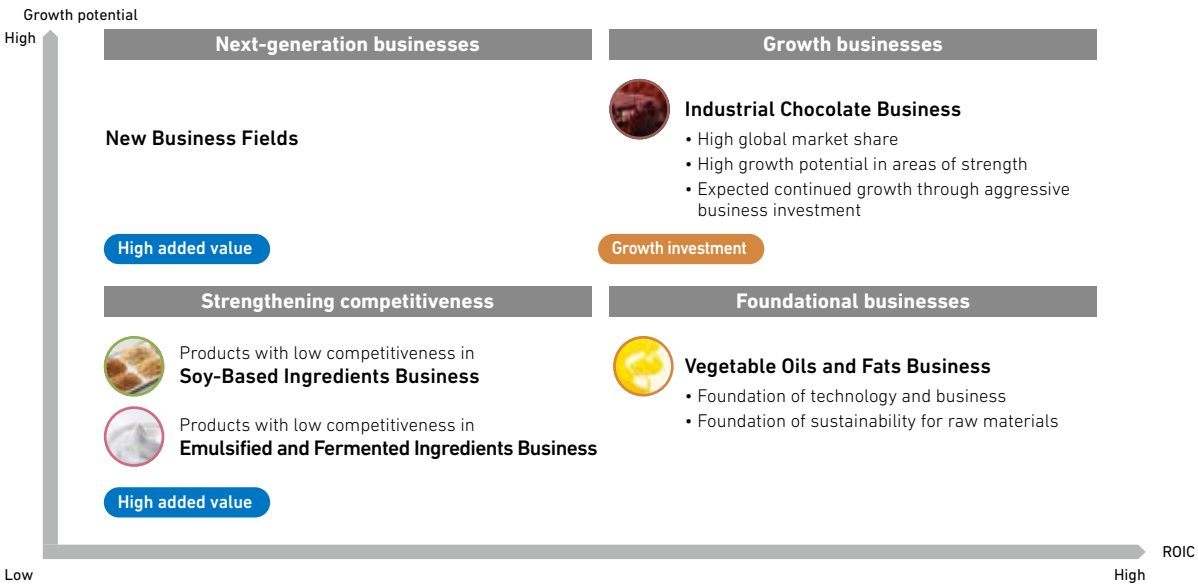
As a manufacturing business, we are maintaining our stance of engaging in business management from a mid- to long-term perspective, and we will also carefully evaluate changes in market environments and the state of competition to promote the appropriate allocation of management resources to strategic and growth segments.

Business Strategy

Business Portfolio Management

The Fuji Oil Group operates Vegetable Oils and Fats Business, Industrial Chocolate Business, Emulsified and Fermented Ingredients Business, and Soy-Based Ingredients Business. Thus far, each business has been linked by the oil and fat technologies at the core of our business. However, going forward, we will further promote the fusion of technologies related to oils and fats, emulsification and fermentation, and protein processing to develop problem-solving products that meet the needs of the market while shifting to a focus on high-value-added products.

At the same time, we will pursue appropriate business portfolio management by carefully evaluating the marketability and competitive advantage in each region for existing products.



Shift to High-Value-Added Products in Each Business

The general policy of the Fuji Oil Group is to build a highly profitable product portfolio by increasing the ratio of high-value-added products in each business.

In both the Soy-Based Ingredients Business and the Emulsified and Fermented Ingredients Business, we will combine Group technologies and products in a new market approach to providing plant-based ingredients that meet the needs of the times from the perspective of our customers. In July 2022, we held a strategy briefing session for products leveraging our proprietary MIRACORE® technology and plant-based foods such as Prime Soy Meat and Soy Lait Beurre. Furthermore, as a new sales channel, we entered into a capital and business alliance with cotta Co., Ltd., an e-commerce site for confectionery and bakery ingredients.

For the Vegetable Oils and Fats Business, in response to the recent increase in demand in areas such as Europe and the Americas, we are strengthening our supply structure for certified palm oil in Southeast Asia and are promoting sales expansion throughout the Group.

Topics

Transferred the Fixed Assets of Fuji Oil New Orleans, LLC

In April 2023, we transferred the fixed assets of Fuji Oil New Orleans, LLC for the purpose of replacement the asset portfolio of the North American Oils and Fats Business.

The company was conceived and built in 2017 with the aim of capturing growing demand for tropical oils and fats in the southern United States. Demand for tropical oils and fats in the United States, including demand in this same region, increased as expected but the market environment has changed significantly since the initial conception due to numerous factors such as some substitution of soybean oil with other vegetable oils, rising capital costs in the United States due to rising interest rates, and construction delays due to changes in the labor market. In light of these changes, we decided to transfer these assets to shift to a focus on high-value-added products as is outlined in Reborn 2024.

However, there is no change in the importance of the North American Oils and Fats Business moving forward. Centered on FUJI VEGETABLE OIL, INC., which has been a core company, and Oilseeds International, Ltd., which became a Group company in fiscal 2022, we will expand our lineup of high-functional oil and fat products, such as certified palm oil and vegetable fats for chocolate to promote synergy with Blommer and other Group companies.

Business Strategy

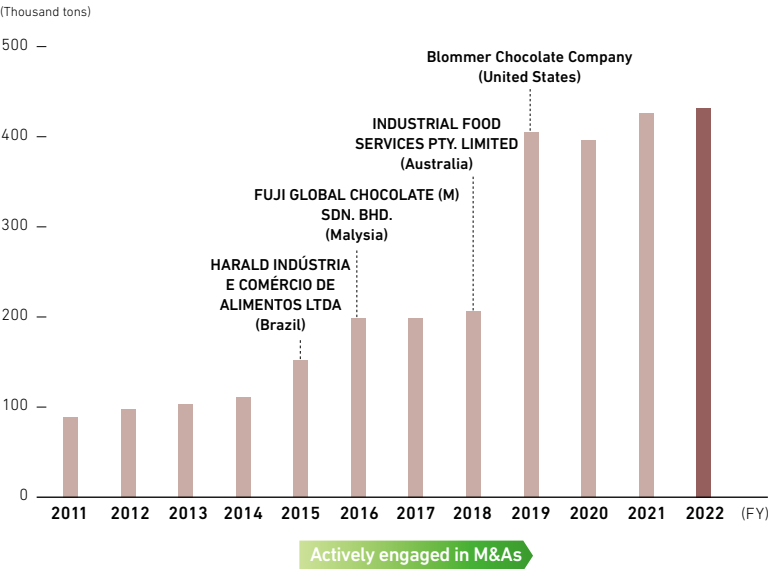
Growth Business: Growth Opportunities for Compound Chocolate

The Fuji Oil Group has strengths in functional, high-quality compound chocolate supported by proprietary technologies related to vegetable fats for chocolate, and we hold a leading market share among companies around the world. We believe that continuous growth can be expected for chocolate and chocolate confectioneries, and that further business development is possible through our technologies for vegetable fats for chocolate and our confectionery technologies related to compound chocolate that we have developed in Japan over many years. In recent years, we have expanded our business through large-scale M&A such as the acquisition of Harald in Brazil and Blommer in the United States. With the acquisition of Blommer, in addition to acquiring a business platform in the world's largest market, we also acquired raw material procurement capabilities for ingredients such as cocoa beans and a manufacturing base for processed cocoa products. These M&A worked to strengthen our supply chain.

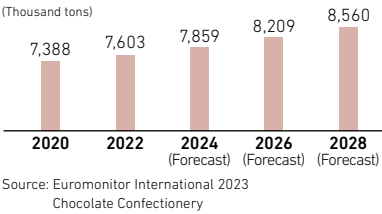
At present, Blommer is promoting investments to improve productivity. The company has improved their plant management by adopting plant-specific operations and accepting dispatched engineers from U.S. group companies. The Blommer satellite office in the Ivory Coast, a cocoa bean producer nation, oversees the Sustainable Cocoa Program in collaboration with suppliers. The program ensures that the cocoa used in Blommer is sourced in ways that contribute to forest conservation, child protection, and improving the livelihoods of cocoa farmers and their communities.

Harald built No.2 plant with the aim of capturing the ever-growing demand and developing and producing new products by further utilizing technologies related to applications and vegetable fats for chocolate.

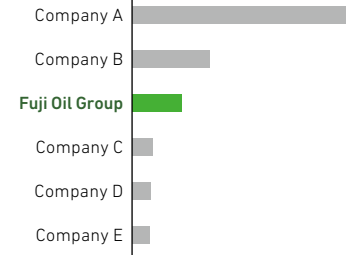
Sales Volume of Industrial Chocolates and Relevant M&As



Global Sales Volume of Chocolate Confectioneries

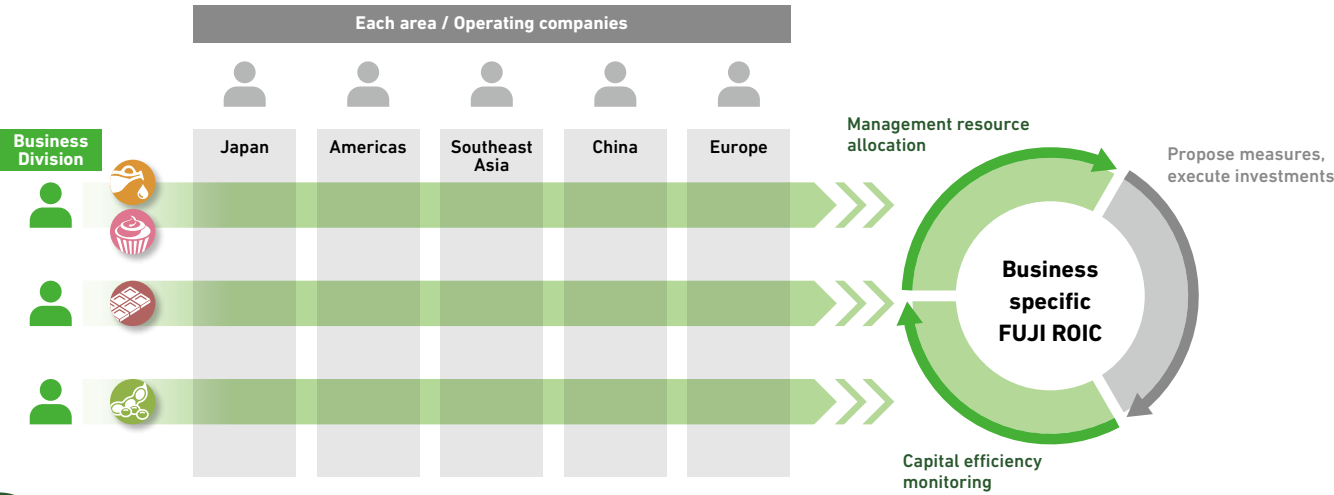


Industrial Chocolates (World's Third-Largest Share)



Promote Business-Axis Management

Since transitioning to a holding company structure in 2015, we have engaged business operations centered on area-axis market and customer response under regional management structure. However, following the rapid rise in raw material market prices and changes in the global economic environment driven by COVID-19 and the emergence of geopolitical risks such as the situation in Ukraine, we reached the conclusion that our Group needed to approach business management and operations from the perspectives of each business: Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-Based Ingredients. In addition to the existing structure of the management of each operating company being responsible for operations, each business division working under the CSO will also share responsibility for profitability, and will work together with each area and operating company to apply the FUJI ROIC towards the common goal of improving capital efficiency and supporting operations through initiatives such as optimal allocation of management resources and the planning and implementation of business policy.



Strengthen Risk Management through Raw Material Position Management

The prices of the Group's main raw materials are also fluctuating significantly due to heightened uncertainty in our operating environment. Since major raw material prices have a significant impact on the performance of each Group company, we are strengthening raw material position management as part of governance and risk management for each Group company. We have formulated rules for managing the position of major raw materials and fully adopted these rules in fiscal 2022. We hold regular meetings between the procurement staff of major Group companies and the departments in charge at the holdings company to monitor the status of procurement.

Co-Creation with ITOCHU Group

Working with the ITOCHU Group, a major shareholder, we will promote co-creation by mutually utilizing the strengths of both companies more than ever while increasing efforts to strengthen growth strategies for existing businesses, enhance management capabilities, and develop new businesses.

<Major initiatives by segment>

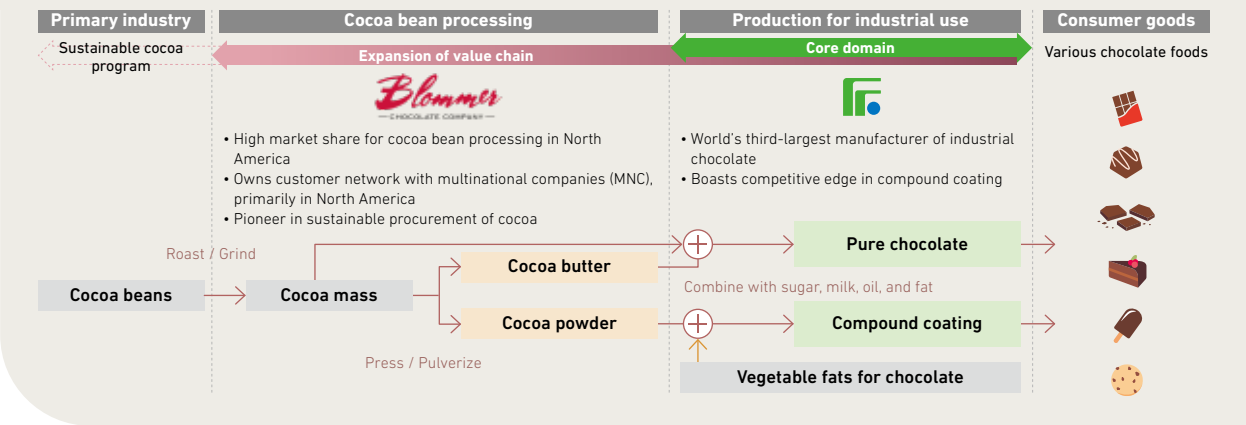
- Vegetable Oils and Fats Business: Strengthen procurement of raw materials, establishment of a logistics structure, acceptance of management personnel for the North American Oils and Fats Business, etc.
- Industrial Chocolate Business: Strengthen procurement of raw materials, acceptance of specialists and management personnel at Blommer, etc.
- New business expansion: Cooperate with ITOCHU Group mainly in expansion of plant-based products (including distribution functions)

<Initiatives related to strengthening business management>

For areas such as finance and accounting, IT security enhancement, and public relations functions, foster human resource development and gain know-how in fields such as global management, group governance, etc. by dispatching human resources to ITOCHU. In our efforts with ITOCHU Group, we are operating in accordance with the Policy on Protecting the Rights of Minority Shareholders.

Strengthen Sustainability by Expanding Value Chain

By adding Blommer to our Group, we are expanding our value chain upstream to the domain of cocoa raw materials, which will enable us to enhance our cacao sustainability initiatives.





Vegetable Oils and Fats Business

Strengthen the Value Chain to Promote a Shift to High-Value-Added Products

The Fuji Oil Group's Vegetable Oils and Fats Business began production outside of Japan in the 1970s with the establishment of sites in the Philippines and Malaysia. Operations commenced with the processing of tropical oils and fats, mainly coconut and palm oil for the Japanese market. After overcoming a period of growing pains, Fuji Oil saw potential in vegetable fats for chocolate (CBE) and further expanded to offer products such as chocolate, plant-based whipping cream, and margarine as the Company developed into a provider of confectionery and bakery ingredients. Today, the Vegetable Oils and Fats Business has developed into a core business, operating in seven countries. Striving for the realization of a people- and environment-friendly society, Fuji Oil is focused on business and social contribution activities that are sustainable by achieving harmony with nature and that value limited natural resources. We have also worked to collaborate with producers and farmers from early on. Our final goal is to engage in traceable and sustainable raw material procurement for all the ingredients we supply to our manufacturing bases around the world. A sustainable society cannot be achieved without the consideration of biodiversity. At the same time, efforts to improve productivity are at the core of our business activities and an overriding goal of the Company. As we head toward 2030, in addition to engaging in appropriate procurement of raw materials while giving consideration to geopolitical issues, we will listen carefully to the needs of local communities and supply products that are suited to our customers. We will promote business activities that achieve a balance of social contribution and business growth by constantly striving for innovation that is aligned with the times and by creating products with higher added value.



Hitoshi Shindachi

Executive Officer
Division Head of Oils & Fats Division
E&F Group Leader
Supply Chain Management

Direction of Strategies during the Mid-Term Management Plan

Strengthen Raw Material Position Management and Cost Management to Restore Core Profitability

In addition to implementing appropriate price revisions, we will improve core profitability by strengthening business-axis management. These efforts will include raw material position management, cost management, and using productivity indexes to monitor efficiency. We will further distinguish ourselves and increase revenues by enhancing sustainable procurement efforts through such steps as raising procurement volumes and product grades for various raw materials such as palm oil, shea kernels, and soybeans.

Social issues and needs

- Growing awareness of the environment and biodiversity and expanding demand for sustainable raw materials
- Increasing use of vegetable oils for green energy and creation of new demand
- Growing awareness of human rights among workers in the supply chain and expanding demand for certified oil

Competitive advantages

• Global network

We achieve timely supply of sustainable oils and fats processed by Group companies in Southeast Asia to Fuji Oil Group production sites around the world.

• Vegetable fats for chocolate (CBE)

In the world's top three, we utilize multiple production methods and raw materials, which is a strength in terms of costs and stable supply

Risks and opportunities

- Potential risk of disputes related to palm oil raw materials and creation of business expansion opportunities through mitigation of dispute risks
- Soaring cost of shea kernels and strengthened cost-competitiveness by establishing a network for direct procurement of shea kernels

Issues

- Volatility in raw material prices
- Rising shipping and logistics costs

Share

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

Annual Production Volume

Approx. 900,000 tons

Operating Base

7 countries, 16 companies

* Consolidated subsidiaries as of March 31, 2023

Segment Assets

¥142.5 billion

Number of Employees

967

R&D Expenses

¥0.9 billion

Capital Expenditures

¥3.7 billion

Net Sales

¥203.4 billion

Operating Profit

¥7.0 billion

FUJI ROIC

4.4%

* FY2022 results



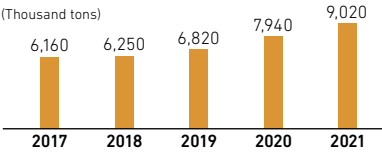
Vegetable Oils and Fats Business



Strengthen the Supply Chain for Certified Palm Oil to Promote High-Value-Added Products

Demand for certified palm oil is expanding every year, mainly in Europe and the United States. The percentage of RSPO certified oil handled by Fuji Oil Group increased from 41% in fiscal 2021 to 58% in fiscal 2022. Our oil and fats procurement sites in Southeast Asia raw materials to Group companies in Japan, the Americas, Europe, and China. As the handling of certified oil is linked to our differentiation strategies, the establishment and strengthening of the Group supply chain is one of our key initiatives. In Japan, demand for certified oils is increasing in part due to government policies to promote sustainable imports. Moving forward, we will continue to strengthen relations with existing and new raw material suppliers to ensure our ability to respond to growing demand.

Sales Volume of Certified Sustainable Palm Oil



Source: <https://www.rspo.org/> (RSPO's corporate website)
Period Covered: January 1 - December 31 of each year
* Note: Please refer to the website below for details on certification standards: <https://rspo.org/certification/supply-chains>

Sustainable Procurement of Palm Oil → P82

Advance Raw Material Diversification and Expand the Vegetable Fats for Chocolate Production Structure

To respond to yearly increases in demand for shea butter as a raw material used in vegetable fats for chocolate, we are expanding our supply structure with a focus on existing oils and fats production sites in North America, Japan, and Southeast Asia. At FUJI OIL GHANA LIMITED, we are expanding capacity by improving efficiency at every stage, from raw material procurement to production, with fiscal 2022 production volume increasing nearly two-fold compared with fiscal 2018.

Message



Naohiro Rokukawa

Executive Officer
Chairman of FUJI OIL EUROPE

Convert Sustainability Efforts into Customer Value

In Europe, in addition to mandating sustainability reporting, which promotes supply chain transparency, and environmental and human rights due diligence, restrictions are being enacted on products transported into and sold within the region. FUJI OIL EUROPE acted early to advance preparations for compliance with new laws and regulations by collaborating with Group oils and fats processing sites in Southeast Asia to establish raw material traceability. At the same time, our customers are also faced with responding to these new laws and regulations. Instead of efforts by any single company, our response will require an efficient, collaborative effort that encompasses all players along the value chain. Our sustainability initiatives, which incorporate B2B businesses linking downstream and upstream operations, will not only ensure compliance with the rules but also consider the value we provide to customers.

Reevaluate Our Strategy for the Americas

The decision to transfer the fixed assets of Fuji Oil New Orleans, LLC was the first step toward a gradual shift to raw material diversification and high-value-added products and away from a strategy of large-scale expansion centered on palm oil, which we established prior to the COVID-19 pandemic. In fiscal 2023, we will review the product portfolio of FUJI VEGETABLE OIL, INC. while strengthening collaboration among Group companies in North America, Asia, and Africa as we work to increase sales of high-value-added products such as vegetable fats for chocolate and certified palm oil. At Oilseeds International, Ltd., we plan to continue maximizing Group synergy while expanding sales of premium oils.

Message



Masahiko Okita

President of
FUJI SPECIALTIES, INC.
Acting President of
Fuji Oil International Inc.
Acting Chairman & COO of
Blommer Chocolate Company

Promote New Value Creation through Group Synergy

In the North American market, FUJI VEGETABLE OIL, INC. holds a significant share of the high-value-added oils and fats segment, particularly vegetable fats for chocolate. To build on this strength, we will bolster Group collaboration among North American operating companies to further increase our market share. We will continue to utilize our diverse raw material procurement capabilities and the North American premium oil sales network of Oilseeds International, Ltd. which joined the Group in 2022, to increase our handling of sunflower oil and other premium oils. Additionally, we will challenge ourselves to boost new value creation, including proposals for the introduction of products applying oils and fats technology to the Blommer, which has sales network in the North American chocolate market. For the North American Vegetable Oils and Fats Business, we will strengthen collaboration among Group companies to create initiatives unique to the Fuji Oil Group.



Industrial Chocolate Business

Strengthen the Business Foundation and Improve Profitability

We have positioned the Industrial Chocolate Business as a strategic business of the Group. With our strength in functional, high-quality compound chocolate made possible through our technologies for vegetable fats for chocolate, the business commands a leading share of the global market for industrial chocolate. In addition to drawing on our technologies for vegetable fats for chocolate, we also saw the potential for global growth centered on recombination technology related to compound chocolate, technology developed over many years in Japan. To that end, we have achieved business expansion by engaging in large-scale M&A in recent years. During the mid-term management plan, Reborn 2024, we will strengthen our business platform—restoring profitability and creating new value—by realizing profits from the M&A conducted thus far.

At Blommer Chocolate Company, we are adopting plant-specific operations management to strengthen our production structure. Also, to leverage Group capabilities, we have dispatched engineers from Group companies in North America to improve factory operations. We will strive to realize the earnings potential of Blommer by tapping into its history and brand recognition in North American markets and through efforts by the Fuji Oil Group to strengthen the company's production structure and product development capabilities.



Hiroyuki Tanaka

Senior Executive Officer
Chief Strategy Officer (CSO)
Division Head of Chocolate Division
Chairman of HARALD INDÚSTRIA E
COMÉRCIO DE ALIMENTOS LTDA

Direction of Strategies during the Mid-Term Management Plan

Strengthen the Production Structure to Improve Profitability and Expand Sales of High-Value-Added Products

At Blommer (United States), we will ensure stable production at the Chicago plant, at which production structure improvements were delayed, and then raise overall production capacity and advance the development of Better-For-You products ahead of a projected recovery in the U.S. market. At Harald (Brazil), following the launch of operations at the No. 2 Plant, we will expand the production structure for existing products and advance new product development utilizing the Group's oils and fats technology. At PT. FREYABADI INDOTAMA (Indonesia), we completed production structure expansion, and in fiscal 2023 we are expanding production structures at INDUSTRIAL FOOD SERVICES PTY. LIMITED (Australia) and FUJI OIL EUROPE (Belgium). Through these efforts, we aim to raise profitability by utilizing oils and fats technology and expanding sales of Better-For-You products and sustainable products.

Social issues and needs

- Growing awareness of human rights, the environment, and biodiversity among workers in cocoa producing areas
- Increased demand for healthy and sustainable food products (low-sugar, plant-based, and other products)

Competitive advantages

• Group business synergy

We aim for sustainable differentiation by combining Group businesses, technology, and materials, such as adding functionality by using vegetable fats for chocolate, to engage in product development capabilities and increase product added value.

• Customer relationships and customer service

We earn the trust of customers by working as a group to leverage product development and application proposals aligned with market needs as well as know-how, such as production processing technology and production management, to respond to the needs of customers.

Risks and opportunities

- Price fluctuation risks and procurement risks for cocoa and sugar
- Further increases in labor costs, transportation costs, and energy costs
- Movements to introduce policies regarding cocoa sustainability in producer and importer nations

Issues

- Delays in productivity improvements at Blommer's Chicago plant
- Appropriate price revisions to reflect soaring raw material prices, foreign exchange risks, and other factors
- Market penetration of sustainably produced cocoa
- Need for greater brand recognition in global markets

Share

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

Annual Production Volume

Approx. 400,000 tons

Operating Base

8 countries, 11 companies

* Consolidated subsidiaries as of March 31, 2023

Segment Assets

¥197.7 billion

Number of Employees

2,620

R&D Expenses

¥1.2 billion

Capital Expenditures

¥10.5 billion

Net Sales

¥228.5 billion

Operating Profit

¥5.0 billion

FUJI ROIC

4.8%

* FY2022 results



Industrial Chocolate Business

Develop High-Value-added Products

We will pursue the development of high-value-added products by utilizing our oils and fats technology, strengthening sustainable procurement of cocoa, developing Better-For-You products that offer deliciousness and healthiness, and proposing applications linked to customer and market needs.

Expand Our Product Lineup by Utilizing the Technology of Vegetable Oils and Fats

Industrial Chocolate Business is developing a variety of products in each area and working to expand sales with a focus on chocolate filling utilizing our oils and fats technology. In the European market, we provide chocolate filling containing hazelnuts and almonds. In Brazil, we offer soft chocolate filling for sweet pizza. In Southeast Asia, we provide chocolate filling for bread that is bake resistant and has reduced oil migration. And in the Japanese market, we are offering a soft chocolate with machine compatibility that is ideal for mass production. Moving forward, we will strengthen initiatives in other areas such as the Americas, where we believe there is scope for further expansion.



Promote Better-For-You Products

Better-For-You (BFY) products are gaining attention in the market due to growing health-related demand for food products. Aiming to be No. 1 in the global BFY market, the Fuji Oil Group is engaged in an united effort to expand its lineup of BFY products that differentiate it from the competition, including low-sugar products and products with enhanced nutritional functions.

Amid heightened health-consciousness in the United States and other markets around the world, there is a growing consumer trend toward reduced sugar intake, which is driving demand for products such as no-sugar-added and sugar-free chocolates. In response, we are working to expand sales of chocolates with reduced or no sugar content. In the Japanese market, we are developing products and markets for plant-based chocolate.



Better-For-You products

Expand Lineup of Sustainable Products

Demand for sustainable products is increasing not only in Europe and the United States but also in Japan, China, and Southeast Asia. Centered on Blommer's knowledge of sustainable programs, the Fuji Oil Group is establishing a procurement structure for sustainable products.

In the Japanese market, since fiscal 2022 we have worked to expand sales of the CACAO QUALY chocolate product line, which is based on the Fuji Oil Group's Sustainable Origins™ program. In response to social transformation, demand for sustainable products is expanding further, and we are receiving many new inquiries from customers.

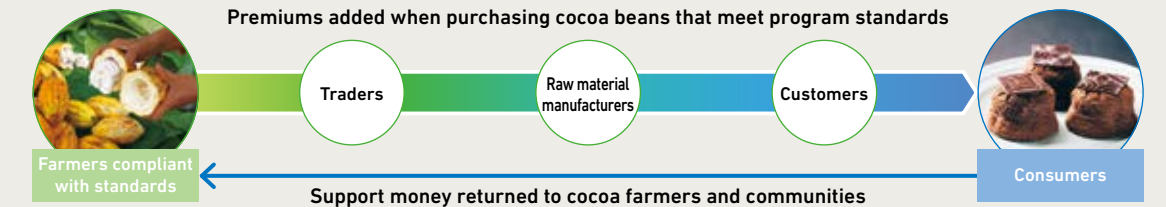


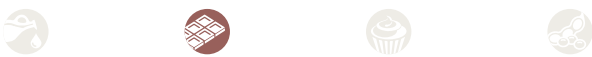
CACAO QUALY, chocolate based on the Sustainable Origins™ program

Topics

Implement the Sustainable Origins™ Program

Sustainable Origins™ is the Fuji Oil Group's proprietary sustainability support program. As demand for chocolate increases globally, the industry faces numerous human rights and environmental issues, such as the use of child labor at cocoa production sites and deforestation. The Sustainable Origins™ program aims to build a sustainable and healthy structure for cocoa production and procurement by supporting action that helps to resolve these types of issues faced by production sites and by paying a premium (support money) to farmers and communities for cocoa beans that meet program standards.





Improve Productivity and Increase Production Capacity

HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA (Brazil)

Message



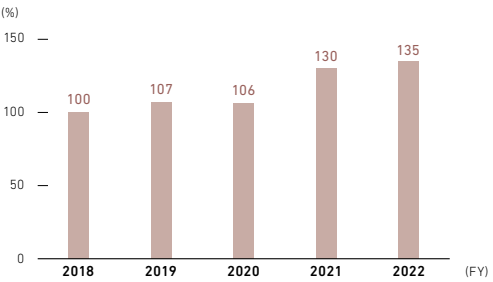
Sergio Tango
CEO and President of
HARALD INDÚSTRIA E COMÉRCIO
DE ALIMENTOS LTDA

Harald Had a Record Year, Thanks to Connection and Synergy!

The year 2022 was a remarkable one for Harald in terms of operational profit and preparation for the future. This was possible thanks to teamwork and huge efforts from all employees, obtaining impressive results in terms of productivity for every activity done during the year. During 2022, in every department of Harald, we obtained those gains in productivity following the *kaizen* philosophy. Besides that, we innovated on our market approach with new products and new media campaigns, obtaining an impressive increase in our market share in Brazil. We also built our new plant during 2022. This project was executed on time and on budget. Now, we have 20% more capacity and have a solid and consistent base for our future growth. It is a special moment to be part of Harald. We are all proud of that and we look forward to a brilliant future.

Harald joined the Fuji Oil Group in 2015. At the time, improvements in productivity and quality consistency were urgent issues facing the company. We made investments to address aging facilities and implemented reforms such as adopting a Japanese-style production planning process to realize continuous improvement. Through *kaizen* initiatives, we are continuing a process of individual employees using their respective knowledge, acting, and then evaluating the results. Thanks to these efforts, the company has achieved significant success, reducing customer complaints and production loss and waste and improving productivity. In fiscal 2022, the company recorded its highest sales volume since joining the Fuji Oil Group. In April 2023, the company launched operations at its No. 2 Plant to establish a two-plant production structure for responding to customer and market demand. We will promote further production structure optimization and increase profitability by launching new products, such as sugar-free chocolate and chocolate filling based on our oils and fats technology, to capture new customer demand and further improve the product mix.

Harald Sales Volume (FY2018 = 100%)



* 12-month sales volume from January to December for 2018 and 2019 and from April to March for 2020 onward



Construction completion ceremony at the No. 2 Plant

Issues at the Time of Joining the Group	Measures and Results
<ul style="list-style-type: none">Low productivity and production capacity bottlenecking prevented sales expansionHigh levels of production loss and wastePoor quality and packaging complaints from customersHigh turnover rate	<ul style="list-style-type: none">Invested in aging plant equipmentAdopted Japanese-style production planning processReviewed evaluation system for manufacturing personnelThe number of complaints decreased significantly with the adoption of quality evaluations and efficiency indicators instead of production volume targets.<i>Kaizen</i> initiatives led to improved employee engagement through the accumulation of successful workplace experiences, which entailed employees introducing their own ideas, putting them into action, and evaluating the results, as well as a significant reduction in turnover rates.Certified as a "Great Place to Work" <p>Harald (Brazil) Recognized as a "Great Place to Work" → P69</p>

FUJI OIL EUROPE (Belgium)

Europe is a market with a strong awareness of ethical consumption, health-consciousness, and food safety. FUJI OIL EUROPE provides European markets with a variety of high-value-added products, including products made from sustainable raw materials and products guaranteed as highly safe. The company's strengths include the ability to develop and produce oils, fats, and chocolate and offer chocolate fillings that utilize the properties of oils and fats.

With a recovery from sluggish consumption brought about by the COVID-19 pandemic, the company responded to growing gift demand and expanded production capacity to achieve record-high sales volumes in fiscal 2022. In fiscal 2023, the company is further increasing production capacity to capture market demand while expanding its lineup of distinctive products.

Blommer Chocolate Company (United States)

Employees Uniting on Revitalization of Blommer and Shift to Growth Trajectory



Tomoki Matsumoto

Senior Executive Officer,
Chairman and CEO of
Blommer Chocolate Company

Since its founding in 1939 and over three generations of the Blommer family, Blommer has contributed to the formation of chocolate culture in the United States. By creating products and providing quality and deliciousness, Blommer has contributed to resolving the issues of customers while building relationships with cocoa bean producers. Approaching the five-year mark since its acquisition by the Fuji Oil Group, the reality is that Blommer has not achieved the profits expected at the time of acquisition due. This has been due to a number of external factors, such as COVID-19, the labor environment, logistics disruptions, sudden interest rate hikes, and rising personnel costs driven by inflation, as well as various internal factors such as trouble caused by deteriorating production facilities.

As I take over as company CEO, I want to identify three tasks as priority issues: ① Returning to the basics of product creation (structural reforms), ② Rebuilding trust-based relationships with customers, and ③ Cultivating a sense of unity between management and employees. I also recognize that rebuilding the Chicago Plant is the most urgent task towards revitalizing Blommer from these difficult conditions and shifting to a growth trajectory. The only way we will achieve the revitalization of Blommer is by steadily building a track record of successes, one step at a time. Everything comes down to the capabilities of each employee, myself included, to implement these tasks. Blommer has cultivated a passion for chocolate over 80 years. We will unite and apply that passion towards ensuring that Blommer remains a company that provides innovative products and services that stimulate the curiosities and taste buds of people all across the United States.

Looking Back on Fiscal 2022

Blommer's fiscal 2022 earnings were significantly below plans. In addition to a decline in operating rates during the second half due to trouble with raw material processing facilities at the Chicago Plant, the company also faced rising manufacturing costs associated with the external procurement of certain intermediate raw materials purchased as substitute materials. Furthermore, the decline in the economic environment caused by inflation and interest rate hikes in America triggered a slowdown in sales and, in particular, a downturn in sales of high-value-added products, as well as an increase in inventory storage expenses.

Fiscal 2023 Initiatives

Theme	Key Measures
Plant-specific operations management (GM Structure)	We will continue efforts to further strengthen the plant-specific operations management (GM Structure) we launched in fiscal 2022 to promote stable production, increase production efficiency, conduct plant-specific facility investments, optimize repair cost management, and secure production personnel.
Inventory optimization	The interest burden on raw material inventory caused by U.S. interest rate hikes is increasing significantly. We will work to optimize inventory levels through cooperative efforts by production, procurement, and sales.
Customer-oriented sales activities	The American chocolate market is facing a short-term period of adjustment due to the impact of declining economic sentiment. We will engage in aggressive sales activities based on a customer-first perspective to strengthen our trust-based relationships with customers.
Changes to our organizational structure	On July 1, 2023, we implemented changes to our organizational structure to strengthen our Production, Procurement, Sales, and Administrative divisions. We appointed four Senior Vice Presidents to oversee each division, delegating the responsibilities and authority needed to accelerate the speed of organizational management and increase each division's ability to respond to our uncertain market environment. Through this new structure, we will aim to eliminate the transitional factors that led to production troubles at the Chicago Plant last fiscal year and work to restore the core profitability from the second half onward fiscal 2023.





Emulsified and Fermented Ingredients Business

Aim to Become a Leading Company in the Chinese Confectionery and Bakery Market

In the Emulsified and Fermented Ingredients Business, we are steadily pursuing expansion rooted in each area as we head toward 2030. The market in China, in particular, saw drastic demand fluctuations due to the COVID-19 pandemic and sluggish consumption in fiscal 2022 due to a decline in economic performance. However, the market itself still has room for growth. We will continue to pursue expansion in this massive market by launching Chinese production of our mainstay margarine and filling products as well as whipping cream. We will also strengthen sales channels as we aim to become a leading company in the confectionery and bakery market.

In the Japanese market, we will demonstrate our superior ability to respond to customer needs and target diverse needs by taking the offensive with original, proposal-based sales initiatives and by launching new products into the market. In addition, we will engage in the consolidation and elimination of product lines based on product cycles while working to develop more competitive, value-added products.

In Southeast Asia, we will return to a customer-oriented approach and take steps to realize improving productivity, as we pursue growth by engaging in new challenges to generate demand.

While collaborating among our three bases in Japan, China, and Southeast Asia, we will develop products that target diverse needs from the customer's perspective and create markets by launching plant-based foods and other new products.



Hitoshi Shindachi

Executive Officer
Division Head of Oils & Fats Division
E&F Group Leader
Supply Chain Management

Direction of Strategies during the Mid-Term Management Plan

Respond to Changes in the External Environment and Pursue Improved Profitability and Added Value

In response to soaring raw material prices and energy costs, we will seek to improve profitability by implementing appropriate revisions of sales prices in all business areas. On the other hand, as a growth strategy, we will expand sales of plant-based products in Japan and promote business development in domains where we will take on new business fields as we head toward 2030. In China, we commenced operations at a new cream plant, expanded sales of high-value-added fillings and margarine, and developed new hit products to further elevate our position as the No. 1 market share for fillings in China.

Social Issues and Needs

- Soaring raw material prices and growing consumer sentiment to save due to accelerating global inflation
- Trends toward work reduction and labor-saving initiatives due to labor shortages and rising labor costs

Competitive Advantages

• Original product lineup

We keep ahead of the competition with our lineup of cream, margarine, fillings, and other confectionery and bakery ingredients that feature functionality imparted through our oils and fats technology and unique concepts.

• Retention of proprietary plant-based ingredients

We were one of the first companies to adopt plant-based cheese flavor ingredients, and we offer delicious, high-quality plant-based ingredients derived from the combination of oils and fats technology with soy processing technology, including plant-based whipping cream, soy butter, and plant-based cheese.

Risks and Opportunities

- Impact of the egg shortage caused by the avian flu outbreak and growing demand for egg substitutes
- Decrease in the number of dairy farms in Japan, soaring dairy ingredient prices outside of Japan, and increased demand for plant-based products

Issues

- Cost-competitiveness of dairy ingredients
- Delays in reflecting rising raw material prices and energy costs in sales prices

Share

- Fillings
No. 1 in China

Annual Production Volume

Approx. 250,000 tons

Operating Base

4 countries, 9 companies

Segment Assets

¥58.8 billion

Number of Employees

1,105

R&D Expenses

¥0.9 billion

Capital Expenditures

¥4.5 billion

Net Sales

¥91.2 billion

Operating Profit

¥1.5 billion

FUJI ROIC

2.0%

* FY2022 results

* Consolidated subsidiaries as of March 31, 2023

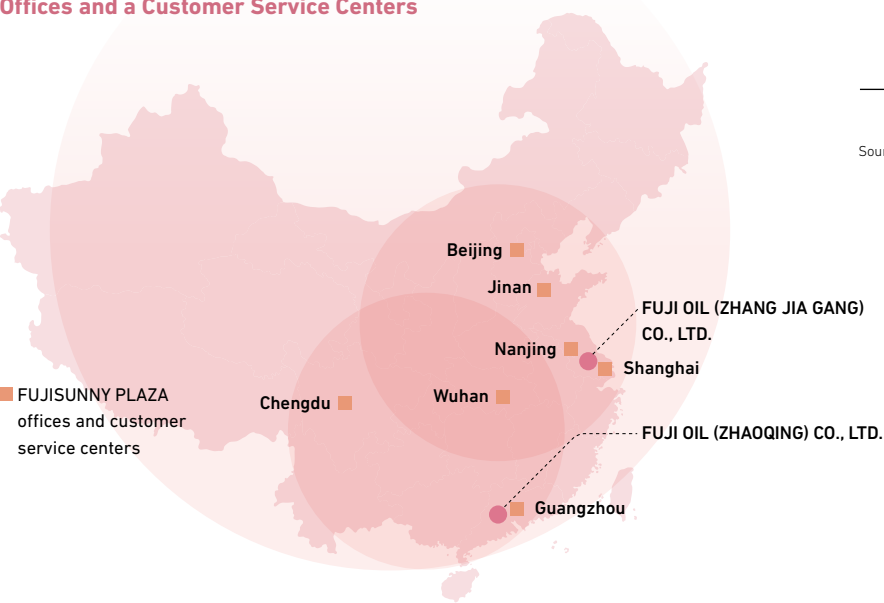


Emulsified and Fermented Ingredients Business

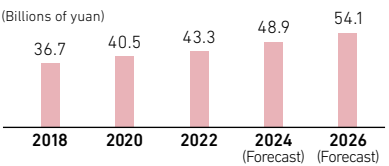
China: Focus on New Product Development, Generating Demand by Pioneering New Channels

In fiscal 2022, consumption was sluggish due to the impact of the COVID-19 pandemic and we were unable to conduct our usual sales activities due to strict restrictions on movement. During that time, we used web seminars and various information tools at six FUJISUNNY PLAZA offices and a customer service centers in China to engage in non-contact sales activities. We also adopted sales strategies to respond to sluggish consumption and soaring raw material prices. In anticipation of the end of the COVID-19 crisis, we also advanced preparations to engage the market, including reforming our sales structure, expanding sales channels into potential markets, and developing new products. In fiscal 2023, we started operations at a new cream production factory to strengthen our supply structure. In addition to our main products of fillings, margarine, fats and oils, and chocolate, we also have new cream. We will actively make comprehensive, high-value-added proposals for these products and their specific use cases and contribute to customers and consumers.

Sales Network Spanning Entirely Across China, Consisting of Approximately 100 Wholesalers, Primarily Two Production Sites, and Six FUJISUNNY PLAZA Offices and a Customer Service Centers



Size of the Bread Market in China



Source: Euromonitor International 2023: Sales of Bread in China



A new cream production factory in China

Japan: Strengths Lie in Distinctive Products that Grasp Customer Needs and Speedy Responses

In Japan, the strength of our Emulsified and Fermented Ingredients Business lies in our distinctive products that grasp customer needs and our ability to provide speedy responses to meet those needs. Sales activities, market development, and material development come together to not only solve immediate problems but also create value by anticipating changes in customer and consumer needs. In fiscal 2022, the market environment changed significantly due to rising prices, yen depreciation, and uncertainties in raw material supply. However, by positioning change as a business chance, we made cost reduction proposals that incorporate new oils and fats technology and advanced efforts to stabilize raw material supply by utilizing the preparations business in Southeast Asia.



Whipping cream based on a new manufacturing method Gateau Revis

Southeast Asia: Sales Expansion into New Markets and Shift to Value-Added Products

In addition to conventional confectionery and bakery ingredients, we are promoting a variety of value-added products, including products offering deliciousness and functionality, to meet latent demand in the food and beverage market. In fiscal 2022, amid continued restrictions on movement due to the COVID-19 pandemic, we reevaluated our activities in information distribution to customers through product social media, and we are now engaged in proactive customer proposal activities so that we can accurately grasp the diverse needs of consumers in Southeast Asian countries.



Soy-Based Ingredients Business

Implement Business Optimization through Selection and concentration and the Promotion of High-Value-Added Products

When considering future food supply, plant-based protein is one of the most important food resources. Since the 1960s, the Fuji Oil Group has continued to develop a diverse range of soy protein ingredients, and it has maintained the top share of the Japanese market for many years. Moving forward, we will continue to make social contributions by creating high-value-added products that help to resolve social issues and respond to the needs of consumers. The direction of our business strategy is to expand the functional ingredients business and to achieve surprisingly delicious foods with plant-based ingredients.

Soluble soy polysaccharides, one of our mainstay products, are a functional agent made from okara (fibrous bean curd residue), which is produced during the soy protein manufacturing process. Moving forward, we will strengthen our soy protein ingredients business through expansion outside of Japan. As the movement of people around the world returns to normal, and the number of foreign visitors to Japan recovers, there is an urgent need to enhance support for people with dietary requirements by providing plant-based foods. The Group offers a variety of products, such as Prime Soy Meat, plant-based dashi (MIRA-Dashi®*), and plant-based butter (Soy Lait Beurre), to help a diverse range of people enjoy delicious, satisfying meals made from plant-based ingredients. By offering a full lineup of products, we will make plant-based foods familiar to everyone.

* Plant-based soup stock based on MIRACORE® technology



Kiyohito Suzuki

Executive Officer
Division Head of PBF (Plant-Based Food)
Division
Soy Business Division of
FUJI OIL CO., LTD.

Direction of Strategies during the Mid-Term Management Plan

Launch New, Distinctive Products that Reflect the Market Environment and Promote GOODNOON Actions

The market environment surrounding segments of the food industry has changed significantly in the past few years, and as a consequence B2B companies are also expected to change in order to anticipate consumer needs and develop and propose products with a sense of speed. We will work to recover sales volume and improve profitability through the timely launch of distinctive products that reflect changes in the market environment.

Today, the promotion of plant-based foods in Japan requires a different approach to that of the past. At Plant-Based Lifestyle Lab (P-LAB), companies across various domains work together to promote plant-based food in Japan. At the same time, by promoting GOODNOON actions within the Fuji Oil Group, we will create more products and sales spaces that lead to new value creation.

New Business Fields → P60

Social Issues and Needs

- Concerns about a global shortage of protein-rich foods
- Continued increase in health-related demand for food products
- Expansion of the plant-based food market

Competitive Advantages

- Competitiveness through the accumulation and fusion of technologies

We have many years of accumulated knowledge and technology related to soybeans and possess the ability to create new food ingredients with strong competitiveness through the fusion of oils and fats and emulsified and fermented technologies, which creates a unique business portfolio.

- Creation of a 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.

Risks and Opportunities

- Slowdown in growth of the plant-based food market and continued market expansion
- Development of the global plant-based food market through food tech originating from Japan
- Building up of a competitive advantage by expanding sustainable procurement

Issues

- Declining profitability of commodity products and delayed rollout of high-value-added products
- Sustainable raw material procurement

Share

- Soy protein ingredients No. 1 in Japan
- Soluble soy polysaccharides No. 1 worldwide

Operating Base

4 countries, 8 companies

* Consolidated subsidiaries as of March 31, 2023

Segment Assets

¥46.9 billion

Number of Employees

557

R&D Expenses

¥1.2 billion

Capital Expenditures

¥2.8 billion

Net Sales

¥34.3 billion

Operating Profit

¥1.3 billion

FUJI ROIC

1.6%

* FY2022 results



Japan: Launch of New, Distinctive Products

There is a renewed awareness among consumers of the importance of protein intake for maintaining health and improving performance, and products that cater to this need are both increasing in number and diversifying in form. At the same time, the need for vegetable protein is growing in line with greater consideration of global environmental issues and the protein crisis.* The Fuji Oil Group works to provide for the needs of the Japanese market by enhancing the flavor and physical properties of its soy protein ingredients.

As Japan's only domestic manufacturer of granulated soy protein, we ensure food safety and security and are advancing the shift to high-value-added products. We are also working to further raise quality, including by enhancing flavor and protein dispersibility, and develop products based on the concepts related to growing demand for high-protein foods. At the same time, we are strengthening product development with a focus on health and nutrition and are promoting sales expansion in markets outside of Japan, mainly in Southeast Asia, and we are achieving a certain level of results.

For textured soy protein, we will work to expand the range of applications in the existing market by focusing on improved mouthfeel and texture. We will also look to enter the restaurant, hotel, and other food service markets with our next-generation product, Prime Soy Meat.

For functional ingredients, we will strengthen sales to the growing acidic milk drinks market.

* Protein Crisis: A forecast that the balance of protein supply and demand will begin to collapse as early as 2030 due to population growth and improvements in the quality of diets around the world.



Our low-sugar, high-protein "soy rice" concept, adopted mainly by convenience stores

China: Expansion of Sales Channels to Meet Increasing Health-Related Demand for Food Products

Under the government policy of Healthy China 2030, the Food for Special Medical Purposes (FSMP) certification system was established with standards set by the government for the purpose of ensuring food product safety and security and revitalizing domestic industries. Enteral nutrition formulas used in medicine are also included under this system. As companies across industries move to acquire this certification, the Group sees this trend as an opportunity to expand sales of soybean peptides, which have excellent digestibility and absorption. Raw materials for medical and healthcare products require high functionality, based on the premise of safety and quality, and we will respond to customer demands by maintaining stringent production and quality control. In the future, we will focus on medical applications while also working to capture a wide range of health-related demand, including fitness and beauty markets.

Europe: Global Expansion of Polysaccharides

Soluble soy polysaccharides, first developed by the Fuji Oil Group, are a type of water-soluble dietary fiber derived from soybeans. Among various food applications, this ingredient is being increasingly used in acidic milk drinks. The market for acidic milk drinks, which have an excellent image of being healthy, is expanding across regions, meaning that a global product supply system is required.

In fiscal 2021, the Fuji Oil Group established a production site in Germany for the supply of soluble pea fiber made from pea residues to European and North American markets, with plant operations beginning in April 2023. By utilizing the knowledge of soluble soy polysaccharides cultivated in Japan, we will establish a structure for Group collaboration to expand business.

Topics

Prime Soy Meat Earns the Award for Excellence at 2022 Nikkei Excellent Products and Service Awards

At the 2022 Nikkei Excellent Products and Services Awards, sponsored by Nikkei, Inc., Prime Soy Meat, which we launched in August 2022, earned the Award for Excellence. The product was recognized for achieving both "meat-like fiber and texture" and "mouthfeel," which had been considered difficult until now. Also, the adoption of Prime Soy Meat for the ceremony's buffet menu at Hotel New Otani promoted its recognition among attendees.

From a technical perspective, this product adopts the prime texture manufacturing method, a new soy meat production method that applies the oils and fats technology and soy processing technology cultivated by the Fuji Oil Group. We will continue to develop delicious products and co-create new food options.



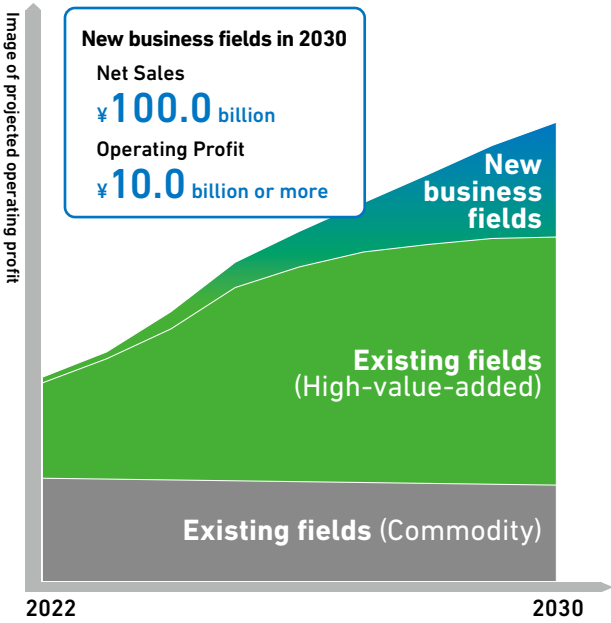
Prime Soy Meat achieves meat-like fiber, texture, and mouthfeel through a combination of oils and fats technology and soy processing technology

Business Strategy

New Business Fields

Amid drastically changing social conditions, it is necessary we reform our business model and business portfolio. Toward realizing a sustainable food future, we will take on the challenge of developing next-generation businesses that can create new value, achieve solid growth, and generate high profits. In fiscal 2022, we announced our flagship GOODNOON initiative, which will take the lead in developing new business fields. We will pursue the possibilities of plant-based ingredients, not only by establishing new technologies but also by transforming our approach to sales methods and information transmission. We will also enhance the added value of existing product lines to transform our operations for improved profitability.

Our Image of New Business Fields in 2030



Points of Expansion

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

Promote GOODNOON Actions to Realize Our Vision



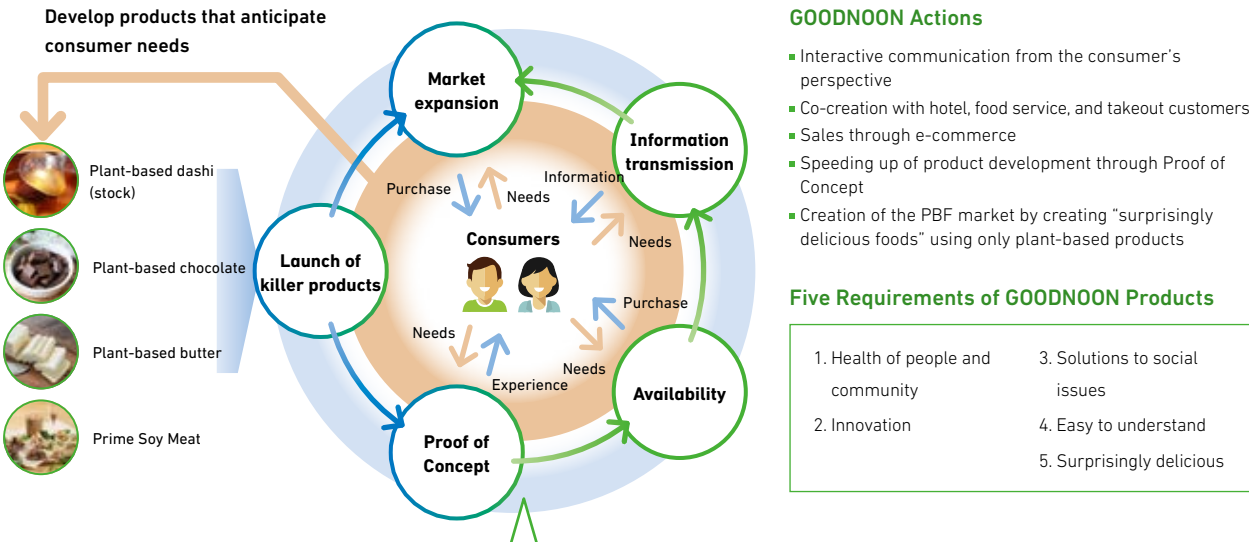
Concept

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 options, and creating a world where all people can truly enjoy healthy and delicious food.

The technology, the culture of challenge, and new business cycles created through GOODNOON activities focused on plant-based resources will promote the creation of value in existing and new business fields.

Establishment of a New Business Cycle in Japan

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



Industry–Government–Academia–Private Collaboration for Market Creation

Plant Based Lifestyle Lab (P-Lab), a general incorporated association, was established in 2021 to promote and educate people about adopting a plant-based food (PBF) lifestyle and to realize a sustainable society through the use of PBF products (Representative Director: Pasona Group Inc.; Directors: Kagome Co., Ltd. and FUJI OIL HOLDINGS INC.; Auditor: Pasco Shikishima Corporation). As of June 2023, 48 companies were members of this association. Together, they are promoting efforts through industry–government–academia–private collaboration, including food manufacturers, food service companies, community website operators, trading companies, relevant ministries such as the Ministry of Agriculture, Forestry and Fisheries and the Consumer Affairs Agency, and academia, to expand the use of PBF and create markets for such foods.

Topics

Proof of Concept / Develop products that anticipate consumer needs

More Accessible Plant-Based Foods (PBF)—Co-creation with Hotel New Otani

We are promoting co-creation activities with Hotel New Otani in order to provide consumers with a sustainable and satisfying PBF experience. Through the exchange of opinions with the hotel's chefs, various PBF dishes were developed utilizing soy protein products and soy milk based products. Hotel New Otani's buffet restaurant has put together a menu based on the theme of "Tasty and Healthy," providing a setting where customers can experience firsthand the deliciousness of PBF dishes.



Tripe-style soy meat stew with tomatoes

Availability

Launch of Social Media E-commerce Site "cotta tomorrow" with the Theme of "Friendly to the Body"

In May 2023, FUJI OIL CO., LTD. and cotta Co., Ltd. jointly launched "cotta tomorrow," a social media e-commerce site, with the theme of "friendly to the body." The "cotta tomorrow" site sells a wide variety of healthy foods, including plant-based food (PBF) products. The site also provides information and recipes based on the concept of "something a little better for you and me." Through "cotta tomorrow," Fuji Oil's PBF products will be rolled out gradually and more people will be able to use the site as an easy shopping experience for Fuji Oil products.



Message



Tsuyoshi Akiyama

Executive Officer
Assistant to Chief Executive of
Commercial Food Products
General Manager, Delicatessen &
Raw Materials
Nippon Access, Inc.

Promoting Plant-Based Foods (PBF) in Home Meal and Food Service Markets

From early on, we had our eyes on the potential of the PBF market, with the belief that the key to creating and expanding the market would be to raise awareness of PBF products in the ready-to-use and ready-to-eat foods of restaurants, convenience stores, and supermarkets. We focused on karaage (deep-fried chicken), which has overwhelming product power in restaurants and the home meal market, and worked with Fuji Oil Group to develop products for these markets. We purposely named our product NAZOKARA® (literally "fried mystery"), instead of promoting it as soy meat, with the intention of conveying a sense of deliciousness to the consumer when eating the product unaware of it being plant-based. With the cooperation of the Japan Karaage Association, the Karaage & NAZOKARA® Bowl project, conducted with a major convenience store chain, allowed consumers across Japan to taste a variety of styles of our NAZOKARA®. We will continue to develop products with Fuji Oil Group to expand PBF in home meal and food service markets.

Global Expansion

Initiatives with Charoen Pokphand Foods Public Co., Ltd. (Thailand)

We have established a partnership with Charoen Pokphand Foods Public Co., Ltd. (CP Foods), a food manufacturer in Thailand, for plant-based product development. Through collaboration between the two companies, bringing together Fuji Oil Group's superior plant-based ingredients and CP Foods' product development capabilities, we launched the groundbreaking plant-based Meat Zero* products. CP Foods continues to expand its business in Thailand and other countries around the world.



* Sold in Japan as Field Good products

IPPUDO to Offer Plant-Based Ramen at All U.S. Locations

All U.S. IPPUDO and Kuro-Obi locations now offer plant-based ramen leveraging MIRACORE® (as of May 2023).



IPPUDO SF Yerba Buena (San Francisco)

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

Business Strategy

FUJI OIL CO., LTD. (Japan)



Co-Creation to Promote Business that Resolves Social Issues



Tatsuji Omori
President of FUJI OIL CO., LTD.

The business environment in Japan is undergoing significant change: soaring raw material prices and energy costs, changing lifestyles brought about by the COVID-19 pandemic, an accelerating decline in the birth rate and an aging population, and growing awareness of social sustainability. Our mission is to position these changes as opportunities and to create a business that resolves social issues.

Embracing GOODNOON as our flagship initiative for achieving our Vision for 2030, we are promoting the creation of new business. **(New Business Fields → P60)** In fiscal 2023, we newly established the Fundamental Seasoning Business Development Department and the Digital Sales Section. In addition to accelerating product development leveraging MIRACORE®, which realizes the unique deliciousness and sense of satisfaction of animal products using plant-based ingredients, we are also challenging ourselves to implement new sales formats and step up information transmission.

(R&D → P77)

As a result of those efforts, Ippudo adopted MIRACORE® for use in its plant-based ramen. This dish was offered to members of the media outside of Japan at the International Media Center during the G7 Hiroshima Summit held in May 2023, where it received high praise.



Scene from the G7 Hiroshima Summit, from left: Tatsuji Omori President of FUJI OIL CO., LTD.; Tomoyuki Yamane Representative Director and CEO of Chikaranomoto Holdings Co., Ltd.

Creating Sustainable Food Resources

We are proactively engaging in sustainable procurement of raw materials. In addition to our increased handling of certified palm oil, we launched Sustainable Origins™, our proprietary program for cocoa. Through this program, we are working to expand sales of chocolate applying cocoa beans that have been responsibly sourced and contribute to resolving the issues facing farmers. In March 2023, we received the Ministry of Agriculture, Forestry and Fisheries Award for Excellence in Sustainable Raw Material Procurement in the Domestic Food Manufactures category, the highest honor. We are proud to be recognized by society for our sustainability efforts and that these efforts are contributing to our value as a corporation.



Minister of Agriculture, Forestry and Fisheries' Award for Excellence in Sustainable Raw Material Procurement in the category of Domestic Food Manufacturers

Creating Pleasant Workplace Environments and Increasing Employee Engagement

Recognizing that employee health is a critical management policy in enhancing the quality of our human resources, we promote the creation of workplace environments that contribute to the physical and mental health and vitality of our employees.

We diligently communicate with employees concerning the importance of workplace health checks. We have achieved a 100.0% health check completion rate and a 92.6% completion rate for secondary health checks. In addition to regularly conducting employee surveys and applying the results to improving our workplace environments, we also coordinate with occupational health and safety staff and counselors to support the maintenance of employee physical and mental health. In fiscal 2022, we increased the number of occupational health and safety physicians on staff to strengthen our support structure for employees. Also, in January 2023, we renovated our employee cafeteria and began offering our F-Lunch menu selection, which uses soy meat made in-house, aiming to raise awareness about healthy eating habits and foster loyalty among employees.

In recognition of these efforts, we were selected among the White 500 in the Certified Health & Productivity Management Outstanding Organizations Recognition Program for the sixth consecutive year. We will continue to actively engage in initiatives aimed at maintaining and promoting the health and well-being of our employees.



Our renovated employee cafeteria and F-Lunch menu

FUJI OIL ASIA PTE. LTD. (Southeast Asia)



Pursuit of a Stronger Foundation



Kunihiko Ogata
Managing Director of
FUJI OIL ASIA PTE. LTD.

Fiscal 2022 saw historic rises in raw material prices in addition to rapid increases in land, labor, and energy costs. In response to these conditions, we united to implement enhanced cost reduction measures while working to gain the understanding of customers regarding appropriate pricing strategy. We would like to express our sincere gratitude for the cooperation we received.

In fiscal 2023, we continue to see a challenging operating environment but we will build a stronger foundation by assembling the know-how cultivated in each country and by each company and sharing that information throughout the region. At the same time, we will work to create safe, comfortable workplace environments that bring smiles to the faces of our employees. We also seek to foster employees, who aggressively pursue new ideas to contribute to the food supply and health of Asia.

Our approach to the market will be to focus on diversifying needs, strengthen the functions of FUJI SUNNY PLAZA (application development), and generate collaboration between each business. In addition, we will propose products with distinctive added value and promote product development based on a market-in approach.

We will also accelerate environmental initiatives, including the installation of solar panels.

Topics

Regional Safety Meeting

A total of 36 members from 10 manufacturing sites across five countries in Southeast Asia, including members from the Safety and Quality Promotion Team at FUJI OIL HOLDINGS INC. gathered at FUJI OIL ASIA PTE. LTD. the regional headquarters. This meeting served to reinforce awareness that safety is a prerequisite of management and our highest priority. Companies from each country gave presentations on safety initiatives and shared examples of unique measures they have implemented. We will continue to hold regular safety meetings with a view to maintaining and improving safety awareness.

FUJI OIL (CHINA) INVESTMENT CO., LTD. (China)



Commitment to Winning against the World's Toughest Competition!



Masataka Minemura
Chairman / President of
FUJI OIL (CHINA) INVESTMENT
CO., LTD.

We would like to extend our sincere gratitude to our customers for their continued understanding and cooperation as well as to our employees for their tireless efforts amid unparalleled disruption caused by the COVID-19 pandemic and the impact of drastic fluctuations in raw material prices. Such disruption further accelerated changes in China's consumer spending habits and food culture. The position of China in global markets continues to strengthen and moving forward the country will attract even more of the world's leading enterprises. The Chinese market is both the world's largest and the world's most demanding. At the same time, as China continues to experience food diversification and increasing health consciousness among consumers, there will be a growing need for our products and technology. We will contribute to the lives of Chinese people and to Chinese society by providing delicious and healthy food. Together with the people of China, I am confident we can create even more delicious and healthier dietary lifestyles.

With a sense of both pride and responsibility in being an integral part of the world's biggest, most demanding market, we are committed to providing the best products and winning against the toughest competition.

Topics

Participation at 25th Bakery China, Attended by Almost 300,000 People

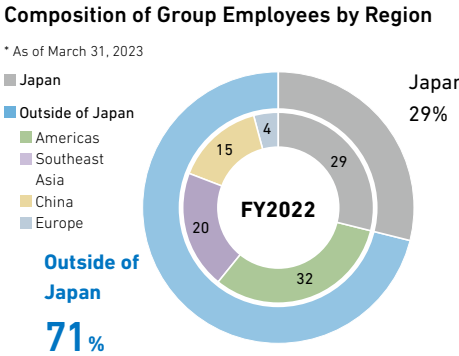
In 2023, we again participated in Bakery China, the bakery industry's largest exhibition in China. Nearly 300,000 people attended the event, which was held in a massive, 28,000-square-meter exhibition center in Shanghai.

With a 73-year history in Japan as a Fuji Oil Group unparalleled in its ability to supply bakery ingredients such as oils and fats, cream, margarine, chocolate, and soy meat, we exhibited and provided samples focused on 20 new products. We also used video streaming to broadcast information from the exhibit, distinguishing ourselves from the competition and promoting the unique appeal of Fuji Oil Group.

Exhibition at 25th Bakery China

Human Resource to Support Value Creation

The Fuji Oil Group's contribution to the world's food supply and globalization has resulted in approximately 71% of its total consolidated employees being outside of Japan. For our Group to contribute to society and continue to grow, we must create an environment and culture in which diverse human resources can play an active role. Human resources are the backbone of a company's activities and are essential assets that support the Company's sustainable growth. We believe the growth of our diverse human resources, who work vigorously towards challenge and innovation and continue to create new businesses, technologies, and products as a united body, will lead to the Group's further development.



Human Resource Strategy Linked to Business Strategy

In recent years, the Group has expanded its business through mergers and acquisitions outside of Japan, investing in growth in new markets, and transferring businesses and assets to improve capital efficiency. These are all ways for the Group to contribute to the world's food supply as a global food manufacturer and to sustainably increase corporate value.

Amid these changes, we believe that the Mission of the Fuji Oil Group Management Philosophy and sustainable Group growth can be achieved by harnessing the capabilities of the diverse human resources of the Fuji Oil Group. We are committed to providing growth opportunities and a workplace environment that enables our Group's global and diverse workforce to maximize their capabilities as a united force toward realizing our Vision.

In our human resource strategy, we are working to develop human resources from a medium- to long-term outlook to realize the Vision of the Fuji Oil Group Management Philosophy. Our human resources strategy aims as a global food manufacturer are to, enhance corporate value and achieve sustainable growth for our employees as well as for the Group. To realize the goal of our human resource strategy, our diverse human resources must continue to proactively take on challenges by demonstrating their strengths and working as one team to enhance corporate value.

While we recognize that the growth and development of human resources and the exercise of their capabilities will take time over the medium- to long-term, the Group's activities related to human resources will align with the Group's management plan and business strategy while responding flexibly to changing circumstances.

Fuji Oil Group's Human Resource Strategy



* ER: Employee Relationship

Human Resources Policy of the Mid-Term Management Plan Reborn 2024

- 1 Securing, Developing, and Appropriately Assigning Human Resources to Support Global Management
- 2 Promotion of DE&I
- 3 Strengthening of Communication

Overview of Human Resources Policy

To achieve the goal of the human resource strategies, measures are set promptly to realize the Vision of the Fuji Oil Group Management Philosophy in the medium- to long-term, and the measures are linked to the business strategy in response to the business environment.

Main Measures

Training candidates for future management positions	Develop selected candidates for the succession of essential posts
Recruitment and hiring	Support for work rotations outside of Japan, recruitment of career personnel, and active careers for older employees
DE&I	Promote foreign nationals and women in the management of Group companies
Work environment improvement and well-being	Health management and formulation of Fuji Oil Group Human Rights Guidelines
Personnel system design and operation	Introduction of a personnel system that maximizes individual expertise

To sustain the Group's business activities and support its growth, we develop management personnel to assume executive officer and management posts at the Group's major companies. We also hire career personnel following our business strategy and systematically rotate personnel for the future. We have established a system that allows older employees to play an active role in passing on the knowledge and skills of our skilled employees to the next generation.



Taro Hotani
Division Head,
HR & General Affairs
FUJI OIL HOLDINGS INC.
Division Head,
HR & General Affairs
FUJI OIL CO., LTD.

Achieving Sustainable Group Growth through a Human Resources Strategy Linked to Business Strategy

Our human resource strategy aims "to achieve sustainable growth and enhance corporate value for both the Group and its employees as a food manufacturer that contributes globally."

From the viewpoint of management continuity, we are promoting a CEO succession plan, the development of next-generation management personnel candidates, and other measures in which eligible candidates are selected from the entire Group without regard to nationality, gender, or other factors. We aim to achieve sustainable growth for the entire Group through a strategy for the recruitment, development, and appointment of human resources that is aligned with our business strategy. We also expect our highly diverse employees to demonstrate their capabilities and grow and develop through timely measures in response to changing circumstances in the business environment and measures to realize the Vision of the Group Management Philosophy over the medium to long term. These measures include the global trainee program, which is part of our global human resource development initiative, and the creation of a comfortable work environment by encouraging employees to take childcare leave and establishing remote work systems.

1 Securing, Developing, and Appropriately Assigning Human Resources to Support Global Management

Aiming to become an organization that continuously delivers results while acting autonomously with an improvement and reform mindset and demonstrating diverse and advanced expertise and capabilities, we focus on activities such as securing excellent human resources and providing career support to help each individual improve their abilities autonomously. In addition, we are promoting and developing human resource who can demonstrate their global capabilities, which is critical to the continuous promotion and expansion of our business worldwide.

Developing Global Management Human Resources

Since fiscal 2020, FUJI OIL HOLDINGS INC. has implemented the Next-Generation Management Talent Development Committee to develop candidates for future management personnel. Multifaceted discussions are being held on the global and strategic development of the candidates. In addition, external experts participate in the assessment program to ensure objective evaluation and transparency, allowing us to select candidates from the entire Group, regardless of nationality or gender, and promote the development of diverse management-level human resource candidates who will lead the Group.

Securing and Developing Human Resources

Efforts to develop human resources were promoted by each company as “human resources development” until fiscal 2022. However, from fiscal 2023, “securing and developing human resources” has been added as a material ESG issue as a groupwide initiative. In fiscal 2023, FUJI OIL CO., LTD. established a new Human Resource Development section to plan and operate a comprehensive recruitment and training program, which is designed to prepare training programs for all employees, regardless of their employment status.

Recruitment of Career Personnel

We are actively recruiting career personnel to acquire global business management skills newly required as business strategies are developed, allowing us to incorporate new and diverse perspectives into management.

* Percentage of mid-career hires in the total number of regular employees (union members + managers) at FUJI OIL CO., LTD. and FUJI OIL HOLDINGS INC. as of April 1.

Training through e-Learning

E-learning courses on compliance, IT security, and sustainability management are provided to entire Group company employees. In the area of compliance, in fiscal 2022, we conducted e-learning (available in nine languages) on antitrust law.

E-learning Results Provided to Entire Group Company Employees

Theme			Attendance ratio (%)
Compliance	2020	Important laws and regulations related to our business, and basics of contracts	92.1
	2021	Prevention of corruption	95.4
	2022	Antitrust law	95.6
Information security	2020	Anti-Fraudulent email and Data Protection	97.5
	2021	Anti-Phishing	93.5
	2022	Ransomware	96.2
Sustainability management	2020	SDGs and ESG management	90.0
	2021	The Fuji Oil Group's Sustainability Management	83.7
	2022	The Fuji Oil Group's Sustainability Management	87.8

Targeted Participants Compliance and information security: directors, executive officers and employees who are allocated with an email address by the companies and use PC for normal business Sustainability management: In fiscal 2020, direct employees of FUJI OIL HOLDINGS INC. and FUJI OIL CO., LTD.; in fiscal 2021 and 2022, all direct employees with company computers

Human Resource Development Initiatives in the Japan Area

Theme	Initiative
Talent Development Committees	To develop section managers with bright futures, FUJI OIL CO., LTD. proposed requirements for each post and selected candidates in fiscal 2022, and 16 of the candidates chosen underwent a practical training program for about nine months, including planning new businesses and making presentations to directors.
Gain global experience	The global trainee program for selected employees began in earnest in fiscal 2021. The second group of employees started language training in fiscal 2022. After six months of language training outside of Japan, the employees began business training centered on on-the-job training at the Group companies outside of Japan. We encourage the employees to develop practical skills to identify and solve problems independently and to absorb and accept different cultures, customs, and environments. We strive for the early development of future candidates for management positions at Group companies globally.
Nurture experts to support business strengths	Aiming for global business growth, emphasize the strengthening of specialized human resource who will accelerate the enhancement and sharing of know-how within the Group. In fiscal 2022, FUJI OIL CO., LTD. began a six-month English speaking skills training program for 11 employees who work in jobs requiring frequent use of English daily.
FUJI Learning Cafe	In addition to the existing correspondence courses, a new program called FUJI Learning Cafe was introduced in fiscal 2023 with the aim of making learning a habit. The program fosters a culture in which employees think about their careers on their own and their supervisors support them.

FUJI OIL CO., LTD. Fiscal 2023 Training System for Regular Employees

Class	By level	Selective management program	Selective global program			Business skill, regular training						
Manager	Training to improve organizational management skills	Training to cultivate potential executives	English speaking training Advanced class Regular class	Global trainee training	Pre-departure training for assignments outside Japan	Logical thinking training	Training conducted by each department	FUJI Learning Cafe	Distance learning	Resilience training	Second career & life plan	
Class 4	New manager training	Training to develop management skills										
Class 5											Career design	Financial training
Class 6												
Class 7-9	Key person training											
	New employee training Follow-up training											
Tentative job offer period	Prospective employee training											

Voices of Participants in the Global Trainee Program



Akimitsu Shiro
Production Productivity Management Group
FUJI OIL HOLDINGS INC.

Production Improvement Activities at Blommer Union City Plant

In April 2021, I received language training in Boston, and from November 2021 to March 2023, I worked at Blommer Union City Plant in California. During the training, I tried to improve productivity improvement activities such as increasing production capacity and reducing product waste. Through the discussion with the members of Union City plant, we shared many ideas for improvement and significantly reduced product waste generated in the production process. In addition, we started a Kaizen (continuous improvement) reward system to create a culture of improvement and received ideas from a variety of department, including production, engineering, quality, warehouse and or so. I would like to apply my learning and experience from this training to my future work.



Ryo Matsui
Oils & Fats R&D Department, Oils & Fats Business Division
FUJI OIL CO., LTD.

Acquiring a Wide Range of Oils and Fats Businesses and a Global Perspective

After six months of language training in Boston from April 2021, I received operational training at FUJI OIL (SINGAPORE) PTE. LTD. until March 2023, where I learned a wide range of Oils and Fats Business operations, including development, production, sales, and raw material purchasing. In accompanying the sales team, I learned firsthand that there are far more cases in which customers require sustainability-related initiatives than in Japan. In the second half of the training, I organized a workshop event which invited 14 companies from four countries. The event provided an opportunity to build teamwork with the international staff and reaffirm each customer's different tastes and our positioning. In the future, I would like to incorporate the things and ideas I learned during the training into my work.



Topics

Training Among Group Companies Outside of Japan

In September 2022, FUJI OIL (SINGAPORE) PTE. LTD. invited FUJI OIL (THAILAND) CO., LTD. and WOODLANDS SUNNY FOODS PTE. LTD. employees for training on the basics of production equipment maintenance and vibration measurement management, as well as a plant tour. Each company shared issues in their manufacturing processes and discussed how to solve them.



2 Promotion of DE&I

We recognize that a diverse workforce is needed to keep pace with a complex and rapidly changing business environment. It is crucial to make the most of their individuality and abilities. To this end, the Group is evolving its existing diversity promotion efforts and strengthening its activities in DE&I.

Ensuring Diversity by Management


To keep pace with a complex and rapidly changing business environment, we promote diversity in our management team, as management decisions require a variety of perspectives. The average percentage of diversity (foreign nationals and women) among the members of the Management Committee in each Group company across the Group increased from 42% in fiscal 2022 to 45% in fiscal 2023.

	FY2022	FY2023
Diversity of Management Committee Meeting Members (Foreign Nationals and Women)	42%	45%


Note: As of April 1

Promoting DE&I Activities Throughout the Group


<DE&I Promotion Managers>




Shoko Kuroki
FUJI OIL HOLDINGS INC.




Robert W. Karr, Jr.
Blommer




Geise Andrea Harald




Pam Brinck
FUJI VEGETABLE OIL, INC.



Junko Sakamoto
FUJI OIL ASIA PTE. LTD.



Tang Xiujuan
FUJI OIL (CHINA) INVESTMENT CO., LTD.



Carmen Alvarado Ascencio
FUJI EUROPE AFRICA B.V.

Group Company Initiatives Outside of Japan

Area	Initiative
Promotion of DE&I	
Blommer (United States)	Established a DE&I committee with internal volunteers to provide monthly DE&I leadership training for all employees, advice, assistance on implementing flexible leave policies to accommodate employee diversity, and an updated diversity-conscious employee handbook
Harald (Brazil)	Continued to promote DE&I actions to create a work environment characterized by inclusive leadership, equality, bias and discrimination-free, and fairness of opportunity. Conducted live DE&I seminars and a survey of all employees to reassess gender identity. Achieved the target of 5% increase year-over-year of employees that are women, over 50, or of African descent.
Promote Organizational Culture Reform	
FUJI VEGETABLE OIL, INC. (United States)	Conducted leadership training for supervisors. Established relationships with vocational schools in target areas and began full-scale activities to acquire human resources.
Southeast Asia	A flextime system was introduced and revised to promote a work style suited to the new post-COVID-19 values and promoted efforts to embody the Group Management Philosophy into the evaluation system.
China	Held workshops for all employees in all regions of China to spread the Group's Vision and other information. Established new communication channels for employees to consult and report problems. The region also achieved the target of 50% women or locally based executives.
Europe	Focused on employee engagement activities by holding regular council meetings consisting of employee representatives and management.

Topics

Harald (Brazil) Recognized as a “Great Place to Work”

HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA was recognized in the Great Place to Work (GPTW) rankings in the Brazil Industry Category (third consecutive year) and the São Paulo Baruei Region Category (fifth consecutive year). Harald promotes a diverse and respectful workplace where employees are challenged to take the initiative.

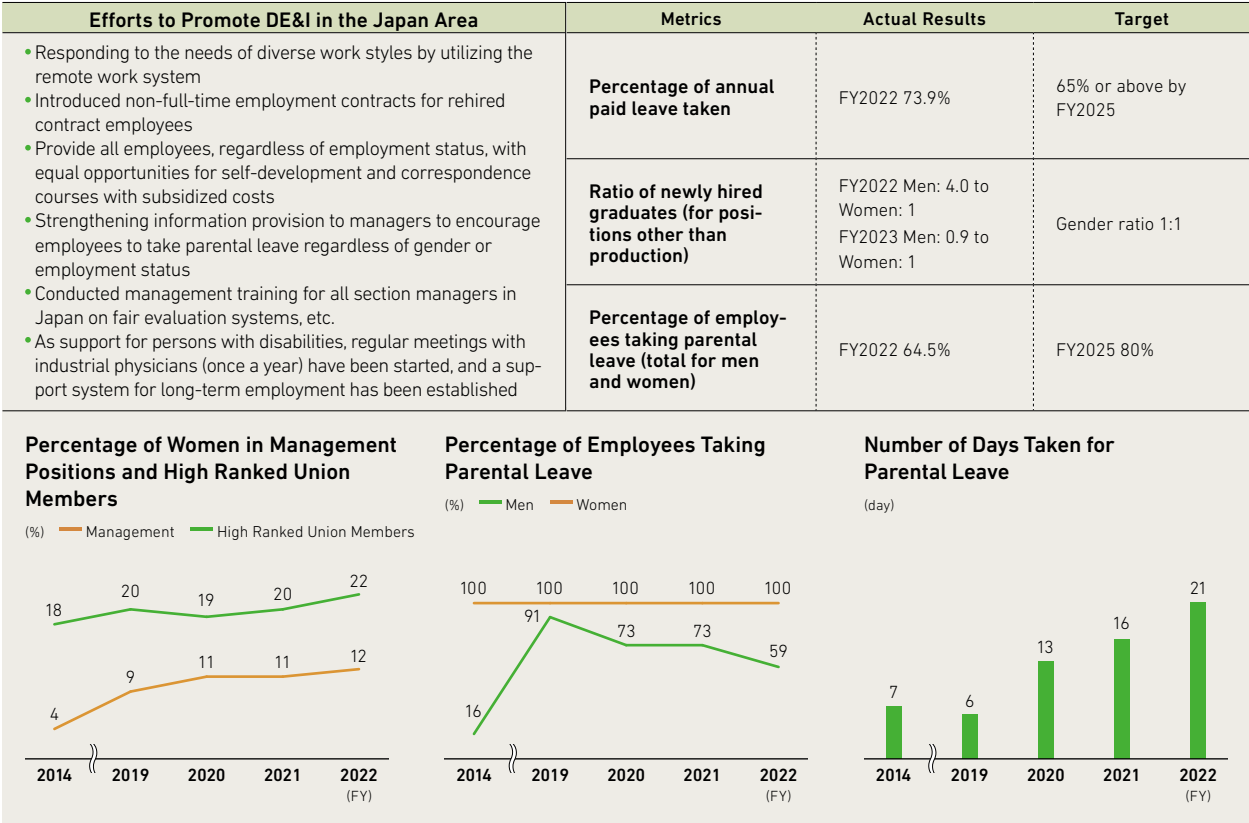


Initiatives in the Japan Area

FUJI OIL CO., LTD. has introduced various systems, such as a remote working system and a flex system with no core hours, to support employees trying to overcome life events and actively build their careers.

Regarding the utilization of older employees, the reemployment system was revised to allow for various choices. This revision went into effect in April 2022. Concerning the employment of persons with disabilities, we strive to develop workplaces and create a comfortable working environment so they can play an active role in many workplaces. However, as of April 1, 2023, we have yet to meet the statutory employment ratio, and we will further strengthen our recruitment efforts in fiscal 2023.

The percentage of women in management positions is in the 10% range, partly due to the low percentage of women in the overall workforce. Although the ratio of men employees in production positions is significant due to differences in biological physique and physical strength, we hope to gradually bring the ratio of men and women employees closer to an even ratio by targeting a 1:1 ratio of newly hired graduates for positions other than production. We also aim to eventually bring the ratio of men and women in management positions closer to 1:1 through fair evaluation of their abilities. In terms of parental leave, we will improve the environment and raise awareness to ensure that employees not only take parental leave but take an appropriate number of days off.



Employee Engagement

We conduct an annual employee opinion survey of employees for FUJI OIL HOLDINGS INC. and FUJI OIL CO., LTD. We collect candid opinions from a wide range of perspectives on the workplace environment and systems and feed the results of our analysis back to management and supervisors to improve operations and the workplace environment. In fiscal 2022, the overall satisfaction score remained high relative to public scores, keeping the same score as in fiscal 2021.

On the other hand, a lack of understanding of Company policies were given as individual issues, and efforts were made to improve understanding of these policies by distributing videos and explaining employees at departmental training sessions.

We plan to conduct a groupwide engagement survey* starting in fiscal 2023. To more accurately understand employee job satisfaction and worthwhileness, which conventional employee opinion surveys cannot measure, we will analyze the survey results and link them to measures to further enhance job satisfaction.

* Common engagement survey of consolidated subsidiaries, excluding Blommer and Harald. For Blommer and Harald, for whom we have traditionally conducted engagement surveys, we will continue to use our conventional engagement surveys for ease of reference to past figures.

Employment Opinion Survey
(a Scale of 1 to 5)



2020	2021	2022 (FY)
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— Satisfaction (overall)

* Survey of direct employees of FUJI OIL HOLDINGS INC. and FUJI OIL CO., LTD. Responses are rated on a scale of 1 to 5.

3 Strengthening Internal and External Communication

To create a working environment where diverse human resources can grow, we strive to foster a sense of unity as a Group by increasing opportunities for dialogue between management and group employees, activities to raise awareness of participation in management, and health management.

Round-Table Meeting

Since July 2021, a total of 30 roundtable meetings have been held as a forum of exchange between the CEO and other members of management and employees of Group companies. Beginning in fiscal 2022, we provided each overseas Group company with an opportunity for us to explain and discuss our policies toward achieving the goals of the mid-term management plan. FUJI OIL CO., LTD. and other Group companies held a small meeting for general managers to discuss the Group's growth and goals. We aim to draw on the insights and opinions of our employees and incorporate their perspectives into our management strategies. In fiscal 2023, we will further increase opportunities for dialogue and enhance unity within the Group.



Dialogue at FUJI OIL HOLDINGS INC. (CEO)



Dialogue at Tsukuba Research and Development Center (CEO)



Dialogue with European Group companies (CTO)

Topics

Spreading Information from Management

Information is regularly dispatched from management to employees. During the COVID-19 pandemic, we posted reviews of global financial results and a message from the president on the Company's internal website. In May 2023, the CxOs and the President of FUJI OIL CO., LTD. held financial results briefings for employees at four major locations in Japan. During the Q&A sessions, directors and employees exchanged opinions on "expectations for employees to achieve the mid-term management plan," "future policies for certified palm oil," and other topics.



Financial results briefing for employees

FUJI Connect-Internal Communication Website

With the advancement of globalization and diversification, communication has become more critical than ever for employees from various backgrounds to communicate with each other and promote co-creation. To address these issues, we launched an internal communication website in fiscal 2021 to share information globally and connect employees. In fiscal 2022, we expanded the content to include messages from the management team, introductions to each of the Company's sites, including outside of Japan, examples of initiatives to achieve the mid-term management plan, explanations of key themes within the Company, and plans for contributions. Through this internal communications website, we aim to create a sense of unity and improve employee engagement. The Company offers the content in four languages to make them accessible to employees worldwide. We have also introduced a smartphone app to increase accessibility for production and sales staff. More than 1,700 articles (total in four languages) were published between July 2021 and the end of March 2023. We intend to expand the program as a forum for dialogue and problem-solving within the Group.



CEO message



In-house interviews on biodiversity policy



Introduction of Cote d'Ivoire Representative Office Blommer



"Everyone's Sky" - A collection of 300 photos of the sky taken by Group employees

Communication Among Group Companies

We are strengthening information post through social media, particularly LinkedIn and X (Twitter). We are increasing our communications from Fuji Oil Holdings and each Group company, and through mutual references, we are communicating in a unified manner as a Group. For example, on International Women's Day, World Food Safety Day, and other international days designated by the United Nations, we create a joint groupwide post introducing our initiatives and policies and post them from various locations.



Mosaic art of employees' smiles for the New Year



Video posts of safety awareness messages from Group companies on the World Day for Safety and Health at Work



Messages about DE&I posted on International Women's Day



On World Food Safety Day, we communicated the importance of the supply chain and groupwide efforts to ensure food safety and quality

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.

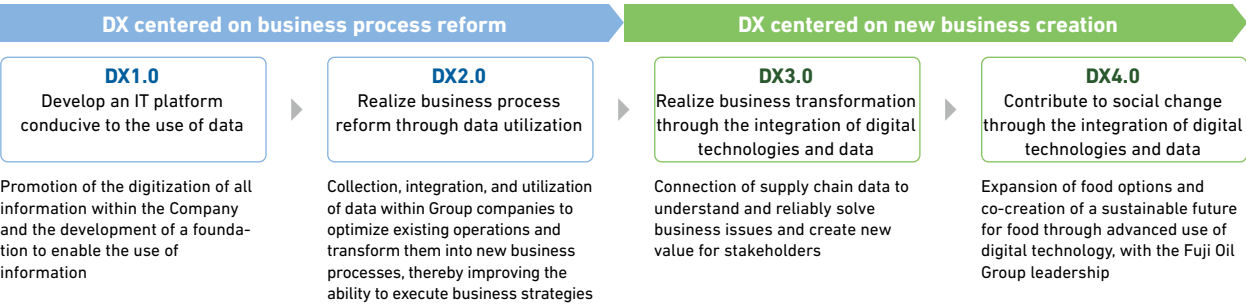
Message



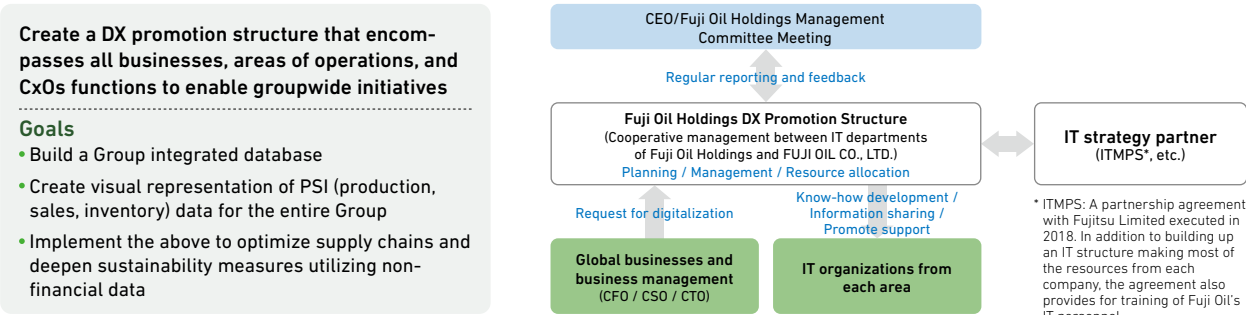
Shinya Ohira
Senior Manager
Information and Communication
Technology Group
FUJI OIL HOLDINGS INC.

DX Strategy to Support the Group’s Growth

Amid increasing uncertainty in society and markets, we recognize that business process transformation through the effective use of digital technologies and data is essential to ensure our continued competitive advantage going forward. With the process standardization by globally integrated ERP system, and the advancement of business and business management by utilizing the data obtained from this system, we will reach the stage of DX2.0 throughout the Company. We regard attaining DX2.0, which realizes business transformation through the use of data, as the creation of DX infrastructure in the Fuji Oil Group, and we hope to create high added value through future DX3.0 initiatives and those beyond.



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



Production Activities

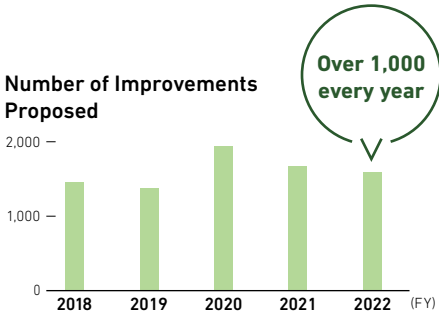
As an essential food business dedicated to protecting life, the Fuji Oil Group believes it can contribute to society through business offering plant-based food ingredients. Production is a critical activity that forms the foundation of our business. To ensure we can provide our customers with safe, reliable, 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 a deep-rooted organizational culture in which each and every employee thinks about ways to improve operations, production efficiency, and safety, with more than 1,000 proposals for improvement received from employees each year. Beginning in fiscal 2023, our policies and goals have changed to focus on improving the quality of the proposals received. In PIC* activities, in which small groups discuss and make improvements, presentations are held twice a year, during which outcomes leading to improved productivity and reduced environmental impact are put forward. Through these activities, we are developing human resources who are capable of identifying and resolving problems on their own.

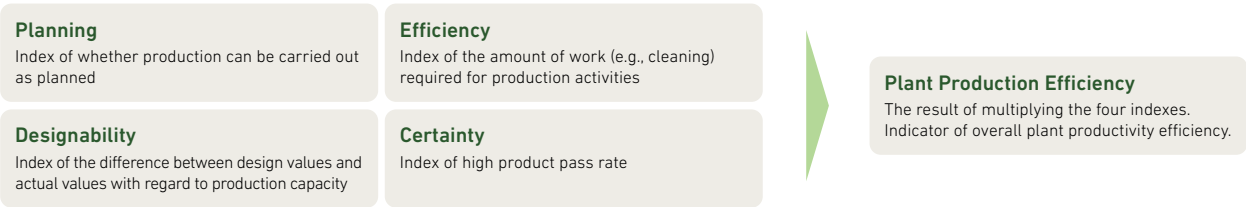
* PIC: Productivity Improvement & Challenge



Initiatives for Fundamental Improvements to Group Companies Outside of Japan

Promoting the Adoption of Groupwide Productivity Indexes

By visualizing the productivity of the entire Group, we can identify the strengths and weaknesses of each plant and promote appropriate allocation of management resources. Going forward, we will introduce a system of productivity indicators to Group companies, seeking to invigorate productivity-related communication within the Group.



Promoting and Establishing Preventive Maintenance

We are promoting the introduction of preventive maintenance with the aim of reducing the number of sudden failures that hinder improvements to plant productivity. We promote Group productivity improvements by analyzing examples of failures to prevent their recurrence, communicating with workers using analysis to improve their performance, and sharing cases of sudden failures among Group members for horizontal deployment.



Message

Yoshiaki Hiramatsu
Division Head, ESG Division
FUJI OIL HOLDINGS INC.

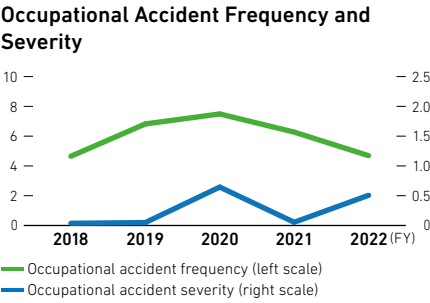
Strengthening Our Management Foundations and Contributing to the Global Environment by Raising Productivity

As a manufacturer, production activities are the core and foundation of our business activities. Highly efficient production activities lead to stable, low manufacturing costs and a stronger business foundation, helping to reduce wasteful use of resources, including raw materials and energy, and therefore contributing to the global environment. The use of common productivity indexes within the Group makes it possible to compare production efficiency among companies and among plants. Based on such analysis, we will establish priorities and allocate appropriate management resources for improvements to raise productivity in an effective and speedy manner.

Please refer to Sustainability Report 2022 (scheduled to be issued in October 2023) for details on our initiatives regarding occupational safety. Promoting Occupational Health and Safety → <https://www.fujiioilholdings.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 “safety” to achieve continuous growth. Our aim is to protect the lives and health of our employees and all the people working at our business sites and to eliminate occupational accidents.



Fatal Accident at FUJI VEGETABLE OIL, INC.

During fiscal 2022, a fatality was reported as a serious workplace accident at FUJI VEGETABLE OIL, INC. In response, members of the Production Productivity Management Group of FUJI OIL HOLDINGS INC. visited the site, and together with the local team, investigated the cause and took measures to prevent a recurrence and conducted a safety audit of the entire plant. Subsequently, we also conducted general safety inspections at other Group companies outside of Japan with a view to strengthening accident prevention.

Implementation of Occupational Health and Safety Audits

In fiscal 2022, 10 production sites in Japan were audited by the Safety, Quality, and Environment Audit Team of the Safety, Quality, and Environment Audit Office at FUJI OIL CO., LTD., the regional headquarters in Japan. For Group companies outside of Japan, the Production Productivity Management Group of Fuji Oil Holdings conducted occupational health and safety audits remotely at three production sites and on-site audits at four sites. At audited production sites, improvements were made in response to the corrective action items identified and follow-up assessments were conducted to chart the sites' progress. By continuing this cycle of audit, improvement of items marked for corrective action, follow-up, and audit, we aim to create a workplace free of occupational accidents.

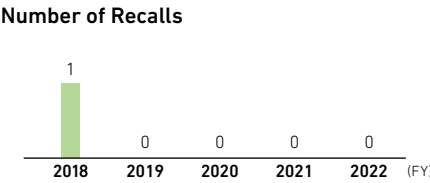
Fiscal 2023 Initiatives

- Continue to practice pointing and calling and other activities to raise safety awareness
- Continue programs that promote understanding of the effectiveness of hazard prediction training
- Continue efforts to raise safety awareness, including adopting safety training equipment that uses VR

Please refer to Sustainability Report 2023 (scheduled to be issued in October 2023) for details on our initiatives regarding assurance of product safety and quality. Ensuring Product Safety and Quality → https://www.fujiioilholdings.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.



Creation of 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 2023 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

Message from the CTO



Strengthening the R&D Functions That Support the Operations of the Fuji Oil Group, and Work Towards Achieving a Sustainable Future For Food

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

The Fuji Oil Group has contributed to customers and society over the years by pursuing the potential of plant-based ingredients and offering a diverse range of products.

Product development capabilities that enable us to create unique products and production technology capabilities that allow us to achieve stable production at our plants have always supported our operations. To further enhance these capabilities, we are working to strengthen Group alliances by establishing a framework for applying Japanese technology to Group companies outside of Japan.

The world is changing at an ever-increasing pace, and the global food market is no exception. Superior technology alone will not lead to the Group's continued development if the commercialization of that technology takes too long. At all R&D organizations in the Fuji Oil Group, we are advancing efforts to promote rapid commercialization of R&D themes. Furthermore, FUJI OIL HOLDINGS INC. and FUJI OIL CO., LTD. are promoting stepped-up R&D by setting research themes linked to the Group's business strategy and ESG materiality and conducting KPI management. At the Research Institute for Creating the Future, which oversees fundamental research based on a medium- to long-term perspective, we created a timeline that extends through to 2050 and is based on an analysis of megatrends that will influence the Fuji Oil Group going forward. Applying this analysis, the R&D institute is working to create the core technologies that will enable us to incorporate change into our business operations. For each research theme, we set milestones through to commercialization, with the goal of achieving implementation within three to ten years. To accelerate the speed of our R&D, from fiscal 2023 we have adopted a team structure with designated team leaders and transferred workplace authority to staff in charge and further clarified their responsibilities. The leaders select younger,

mid-career employees who they anticipate will still be active within the Group in 2050. Research themes are determined based on the Group's business strategy and include domains related to functional ingredients for next-generation oils and fats, cocoa, taste, and plant-based foods. Also, we position sustainability as the foundation of all research themes. Thus far, we have responded to sustainability as part of efforts to address future risks and reduce costs. Now, however, I believe sustainability initiatives are critical to ensuring our ability to seize future opportunities and achieve sustainable growth for the entire Group.

We aim to establish our research center in Europe as an R&D hub that has functions second only to those in Japan. This represents one of the initiatives we are implementing to resolve the issue of an overemphasis on Japan in our distribution of R&D human resources and investment capital. In addition to our existing track record of joint research with universities and start-ups, from fiscal 2023 we will engage in proprietary fundamental research and application development aimed at responding to the needs of European markets.

I believe it is the patents we have secured based on fundamental research that continue to support Fuji Oil Group operations. We will promote groupwide an intellectual property strategy focused on patent quality that combines the value of technological capabilities with market value to build a globally powerful patent network. Furthermore, we will strengthen our efforts related to research in core technology that can be applied toward resolving potential issues that could manifest in the future. We aim to realize sustainable growth by incorporating such core technology into our product development initiatives.

We will continue our efforts to strengthen the R&D functions that support the operations of the Fuji Oil Group and work toward achieving a sustainable future for food.

R&D

Since its founding in 1950, the Fuji Oil Group has pursued the creation of new value and contributed to society by providing this value to customers. During a period of limited resources, we focused on tropical oils and fats such as coconut and palm, which were not yet common in Japan, with the goal of securing raw materials and distinguishing ourselves from the competition. We have contributed to the development and transformation of food culture through the advanced application of our unique separation technology and recombination technology, creating new ingredients with added value in the form of convenience, functionality, and deliciousness. Today, as we expand the plant-based ingredients developed utilizing our proprietary technology to markets around the globe, we continuously challenge ourselves to new technical innovation and the creation of products that contribute to resolving social issues. The Fuji Oil Group operates as one team, united in working toward the realization of a sustainable and people-friendly society.

R&D Structure

Leveraging Our Unique Business Portfolio to Create New Value for the Food Scene

Through co-creation activities with customers, we are generating new value for the food scene in our four business segments of Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-Based Ingredients. At the Research Institute for Creating the Future, we are working toward further innovation and the creation of new value from the perspective of society and lifestyles in 2050.

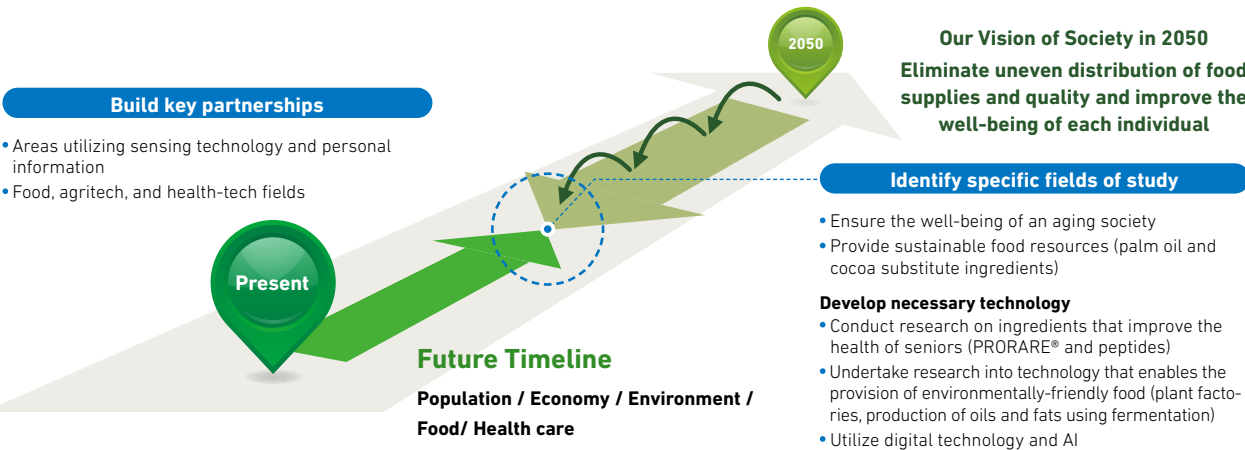
		Present	Value creation time axis	Future
Market Development	Developing customer products using our ingredients. Conducting co-creation activities with customers to generate new value for the food scene			
Ingredient Development	Focusing on new product development that responds to customer needs. Targeting global niche and high-value-added markets			
Research Institute for Creating the Future	Analyzing issues affecting the global environment, society, and people, and developing innovative technology and ingredients			



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

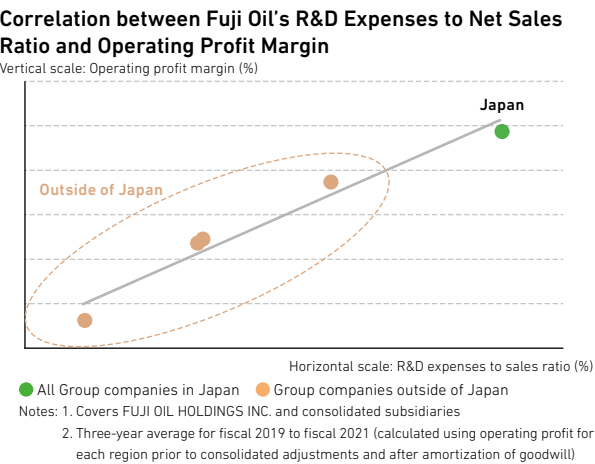
Research Institute for Creating the Future

At the Research Institute for Creating the Future, we use quantitative population, economic, environmental, food, and health-care data to create a future timeline through to 2050. We are analyzing issues affecting the global environment, society, and people and working on research themes that will provide solutions to the world's social problems. We believe population aging and sustainable food sources are pressing social issues. Our efforts include applying our proprietary stabilized DHA/EPA (PRORARE®) to discover and commercialize new health functions, using yeast *Lipomyces starkeyi* to develop potential palm oil alternatives, and utilizing CO₂ in the production of domestically cultivated soybeans by plant factories for use as an ingredient in plant-based foods (PBF). We are also engaged in leading-edge research in genome editing. Speed and timing are of the utmost importance in R&D activities. At the Research Institute for Creating the Future, we are collaborating with numerous start-ups, in addition to our alliance with venture capital company Unovis, as we seek to further promote open innovation.



Efforts to Strengthen Our Global R&D Structure

European and North American markets expect companies to take action to achieve the SDGs and have strict requirements for compliance, safety, and security. On the other hand, Southeast Asian and Chinese markets are price-sensitive and demand speed in new product development. Needs have diversified due to the development and transformation of food culture and changes in social issues. We have entered an era in which it is no longer possible to survive amid global competition simply on the strength of R&D fields we focused on in the past. As we work to make up for the lack of research resources in each area, Japan will play a central role in strengthening the R&D capabilities of the Fuji Oil Group.



Topics

Global R&D as One Team

R&D management from each area gathers to hold regular online meetings. In fiscal 2022, we expanded our understanding of new products and technologies through joint training at our R&D center in Japan, bringing together Blommer, Harald, and INDUSTRIAL FOOD SERVICES. We will continue to work on strengthening our research structure as a global R&D team.



Development Based on the Concepts of Sustainability and Health-Consciousness

Promoting Open Innovation Based on Industry–Academia Partnerships

To acquire technologies that we do not possess in-house and to speed up new business development, we are building an industry–academia collaboration consortium with research institutes inside and outside Japan. We are also promoting open innovation with our European R&D center serving as a hub. Main themes include the reduction of the environmental impact of key raw materials such as palm, cocoa, and soybeans; technological development that contributes to stable procurement; and research on plant-based foods.

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.

Partner	Research theme
Foodvalley, centered on Wageningen University & Research (Netherlands)	Clean label solutions for structuring plant-based foods The impact of a wide variety of dietary lipids on microbiota composition and functionality
Saga University, ITOCHU ENEX	Soybean cultivation using CO ₂
Niigata University of Pharmacy and Medical and Life Sciences	Production technology development for palm oil alternatives Environment Initiatives ➡ P91
Ibaraki University	Collaborative courses through a cross-appointment system
Temasek Polytechnic (Singapore)	Plant-based versions of Singapore's local cuisine
Ryukoku University	Industry–academia projects for enhancing the attractiveness of plant-based products

Topics

Joint Development of Plant-Based Food with Temasek Polytechnic (Singapore)

Singapore is the first country in the world to approve cultured meats and other advanced initiatives in food technology, and many global food companies have located their Asian research bases in the country. Jointly, teams from Temasek Polytechnic, a higher education institution in Singapore, and the Fuji Oil Group have succeeded in reproducing the texture, appearance, and flavor of four of Singapore's local heritage dishes—laksa, beef rendang, and chicken and beef satay—based on the 100% plant-based concept using Prime Soymeat and products leveraging MIRACORE®.



Speeding up the Commercialization of Materials to Help Resolve Social Issues and Making Proposals to Customers

Development of MIRACORE® Products, a Core Technology that Solves Issues in the Plant-Based Food Market

We have newly established the Fundamental Seasoning Business Development Department at FUJI OIL CO., LTD. to accelerate the product development of our proprietary technology MIRACORE®, which realizes the unique deliciousness and sense of satisfaction of animal-based products using plant-based ingredients. We will promote the revitalization of the plant-based food market by launching product lines (such as MIRA-Dashi®) that continuously leverage MIRACORE®.



Topics

Contributing to Food Loss Reduction by Promoting Frozen Bread and Recycling Unsold Bread

While frozen foods with long storage periods are garnering attention as a solution to the problems of food loss, quality deterioration of frozen foods during long-term storage is recognized as an issue. The Fuji Oil Group has developed GRANDMOIST, a bread dough kneading ingredient that prevents the deterioration of taste and texture over time. By maintaining quality during the freezing period, it is possible to extend product expiration dates, which leads to reduced food loss.

Also, we have been making proposals to bakeries on ways of recycling unsold bread and turning it into a higher-priced item, and this initiative has been well received.



Cake bread made using unsold bread

KPI Management Linked to Business Strategy

We have set R&D themes based on sustainability measures that are aligned with our business strategy and ESG materiality. Each R&D department at Fuji Oil Holdings and FUJI OIL CO., LTD. implements management using KPI targets to ensure speedy R&D linked to business strategy. The progress of R&D themes is discussed and managed at regular review meetings for each department and through Group bodies, such as the Sustainability Committee.



Example of Business-Specific Initiatives of FUJI OIL CO., LTD.

Business	Examples of initiatives undertaken in FY2022
Vegetable Oils and Fats Business	<ul style="list-style-type: none">Against the backdrop of resource conservation and population growth, focused on the development and market penetration of alternatives to animal proteins that meet growing demand for plant-based products in Japan and outside of JapanConducted technology development for energy-saving methods for the refining of oils and fats that contribute to CO₂ reduction
Industrial Chocolate Business	<ul style="list-style-type: none">Launched two types of plant-based chocolate—milk type and white type—that do not use any dairy ingredients and are friendly to the global environment, people, and societyDeveloped compound coating chocolates with reduced amounts of trans-fatty acids
Emulsified and Fermented Ingredients Business	<ul style="list-style-type: none">Developed and expanded markets for new plant-based products, aiming to generate new value by proposing alternatives to animal-based ingredientsIncreased use of whipping cream that is delicious even when frozen and thawed, which can contribute to production scheduling of chilled desserts and the extension of product shelf life
Soy-Based Ingredients Business	<ul style="list-style-type: none">Commercialized granulated soy protein that combines soy protein and medium-chain triglycerides (MCT) as a new ingredient for improving the nutritional health of active seniors and casual athletesProposed and built a track record for the "soy rice" concept, which mainly features low sugar and high protein, the key features of textured soy protein, and continued to develop even more suitable products

Leveraging Our Group Intellectual Property Strategies

Since our founding, we have used plant-based raw materials such as palm oil, cocoa, and soybeans as our key raw materials and have applied our 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.

In fields related to oils and fats and the chocolate-related business*1 (Graph 1) and plant-based foods (PBF)*2 (Graph 2), we are among Japan's leading companies in terms of domestic market share of important patents*3 that can affect market superiority and pricing power. In terms of investment in human resources to generate future important patents (approximately equal to the number of new inventors),*4 we rank higher than our competitors in Japan and outside of Japan. On the other hand, the number of patent applications filed by our research centers outside of Japan is low compared with the number of patent applications filed by our R&D centers in Japan, and that is an issue we must address.

Moving forward, we will collaborate with research centers outside of Japan to formulate and implement business-axis intellectual property strategies and raise our global market superiority and pricing power. Since fiscal 2021, we have been using external experts to analyze patent information and product value, disseminate intellectual property information that could be useful to researchers, and provide management reports on proposals that are useful for business and R&D policies.

*1 Defines the patent group extracted based on patent classifications related to oils and fats, chocolate, etc., over the past 10 years (since 2012)
 *2 Defines the patent group extracted based on the patent classification and keywords related to plant-based food in the past 10 years (since 2012)
 *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 2012)
 Note: The graphs show major companies with shares of important patents exceeding 1%

R&D Human Resource Development

To gather information outside of Japan, build networks, and acquire and develop R&D human resources with a global perspective, we actively dispatch R&D personnel outside of Japan as well as invite R&D human resources from each area to Japan for technical training. In fiscal 2022, we provided training for Harald and Blommer R&D staff in Japan and accepted interns from European universities.

At FUJI OIL CO., LTD., we are fostering an environment that promotes innovation and human resource development by encouraging each researcher to freely pursue challenges with an open mind. We have adopted a system through which researchers from different specialties form teams to take ownership and strive for early commercialization. We also hold a CHALLENGE DAY where researchers are able to challenge themselves to tackle themes they think are important. Additionally, we conduct the Idea Contest to encourage researchers to give form to and celebrate highly creative ideas.

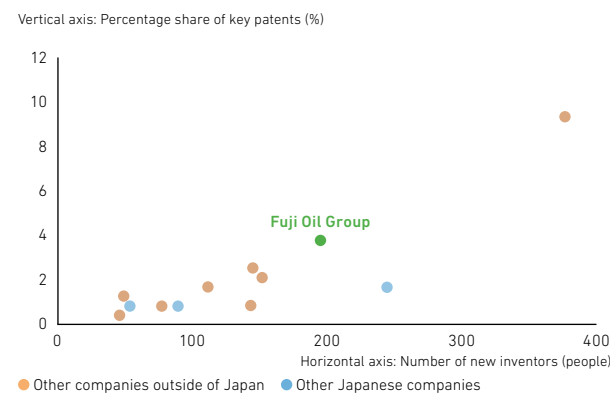


Wan
(Cherdvorapong, Vipavee)
R&D Management Division, New
Technology Department Section 2
FUJI OIL CO., LTD.

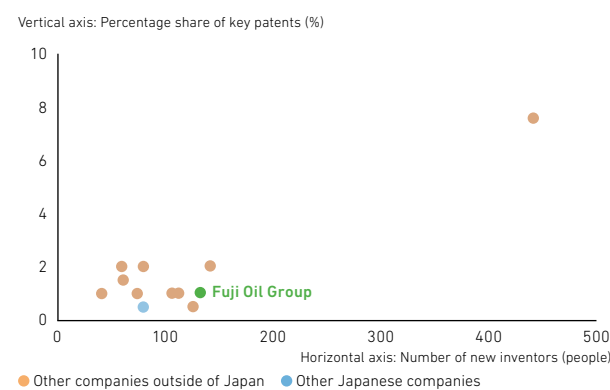
Expanding My Knowledge by Participating in an International Project

I joined Fuji Oil in 2018 and have been involved in the development of various plant-based products based on raw materials derived from soybeans. In 2022, I had the opportunity to participate in Clean Label Solutions for Structuring Plant-Based Foods, an international project focused on plant-based proteins conducted by Wageningen University & Research in the Netherlands. This project aims to use various kinds of plant-based proteins to resolve issues facing clean label foods and to improve the appeal of these foods. The project allowed us to explore not only soy products but other plant-based protein products of interest to other manufacturers. I also had the opportunity to study at Wageningen for two weeks, where I expanded my understanding of the microstructures of these products, and to get to know members of Fuji Global Innovation Center Europe (GICE). This experience strengthened my determination to take advantage of the technology development and marketing know-how that I have cultivated thus far and reinforced my desire to work on the global stage in the future.

Share of Important Patents and Number of New Inventors
Graph 1: Oils and Fats, Chocolate-Related



Graph 2: PBF-Related



Sustainable Procurement

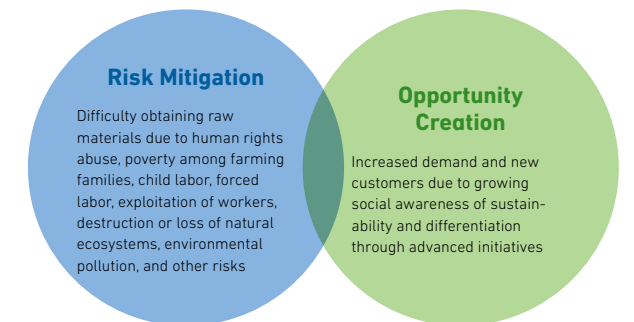
Please refer to Sustainability Report 2023 (scheduled to be issued in October 2023) for details on our initiatives regarding sustainable procurement.

Sustainable Procurement Management → <https://www.fujiioholdings.com/en/sustainability/procurement/>

The Fuji Oil Group's Vision is to co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy, together with our stakeholders. A responsible supply chain is essential to achieve this vision. We foster relationships of trust with suppliers to address environmental and social issues in the supply chain, and engage in environmental conservation, respect for human rights, fair business practice, risk management and other initiatives; with the aim of achieving sustainable growth for all three parties: suppliers, the Group and society.

Promotion of Activities to Reduce Risks and Create Opportunities

We are working toward helping to resolve environmental and human rights issues in regions where our key and strategic raw materials—palm oil, cocoa, soybeans, and shea kernels—are produced. By advancing such efforts, we are reducing risks while strengthening the Group's added value and competitive advantage. For example, in the case of palm oil, we have received many inquiries from customers who share our philosophy and support our initiatives, leading to the creation of sales opportunities. Through sustainable procurement, we will both create social value and enhance corporate value.



Fuji Oil Group Supplier Code of Conduct

Suppliers are our key partners in achieving a sustainable society as represented by the UN SDGs (Sustainable Development Goals). Through cooperation with our suppliers, we aim for sustainable development and prosperity of all three parties involved: suppliers, the Group, and society. This approach is also stipulated in the Fuji Oil Group Supplier Code of Conduct formulated and published in April 2021. We ask our suppliers in all countries and regions where we do business to comply with the code and to follow other specific procurement policies of the Group. At the end of January 2023, we had received the signatures of about 71% of our suppliers. We will continue working to realize a sustainable society with suppliers who have agreed to support us in our efforts and to reach out to those who have yet to give their response.

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.

Topics

Receiving a Perfect Score on the RSP0 Shared Responsibility Scorecard

In April 2023, the Roundtable on Sustainable Palm Oil (RSPO) released its Shared Responsibility Scorecard, which discloses the overall Shared Responsibility (SR) performance of RSPO members based on their reported commitments. The Fuji Oil Group was the only Japanese company to receive a perfect score of 10 points (28 companies out of 1,724 received a perfect score).



Receiving the Minister of Agriculture, Forestry and Fisheries Award in the “Award for Excellence in Sustainable Raw Material Procurement by Domestic Food Manufacturing Businesses”

FUJII OIL CO., LTD. received the Minister of Agriculture, Forestry and Fisheries Award, the highest award, in the "Award for Excellence in Sustainable Raw Material Procurement by Domestic Food Manufacturing Businesses" organized by Japan's Ministry of Agriculture, Forestry and Fisheries. Fuji Oil was recognized for "setting targets for sustainable procurement of palm oil, cocoa, and other raw materials that have a large impact on its business," "introducing a grievance mechanism and achieving progress toward implementing this mechanism at production sites," and "being committed to communicating information to stakeholders."



Sustainable Procurement

Please refer to Sustainability Report 2023 (scheduled to be issued in October 2023) for details on our initiatives regarding sustainable procurement of palm oil. Sustainable Procurement of Palm Oil → https://www.fujioilholdings.com/en/sustainability/palm_oil/



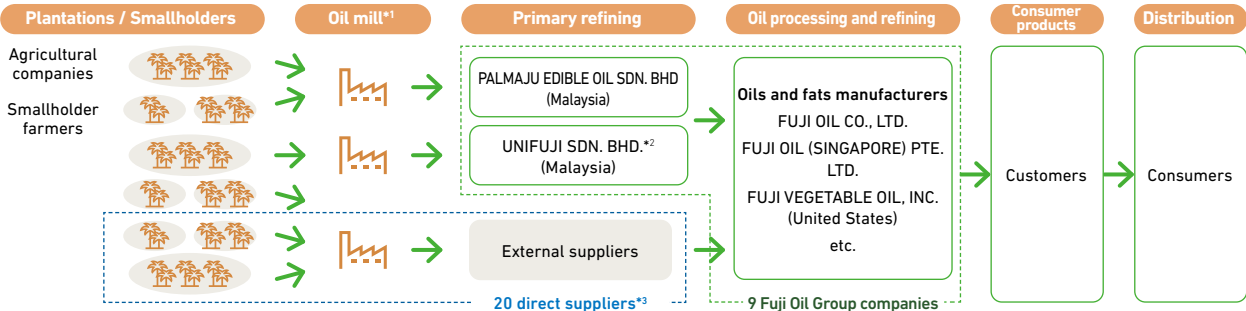
Sustainable Procurement of Palm Oil

Procurement Policy: Responsible Palm Oil Sourcing Policy (2016)

Social Issue	Social Issues in the Supply Chain	Medium- to Long-Term Goals	KPIs		FY2022 Results
			2030	2025	
 Global environment	Deforestation, peatland development, biodiversity loss	No deforestation, no peatland development, no exploitation	TTP*1 100%	TTP 85%	TTP 93%
 Human rights	Forced labor; child labor; exploitation of indigenous peoples, local residents, and workers		Labour Transformation Programme (LTP) implementation rate: 100% (all direct suppliers)	LTP implementation rate: 100% (all suppliers of PALMAJU EDIBLE OIL SDN. BHD*2 (Malaysia)	LTP implementation at suppliers of PALMAJU EDIBLE OIL SDN. BHD (Malaysia): 61%

*1 TTP: Traceability to Plantation
*2 PALMAJU EDIBLE OIL SDN. BHD (Malaysia): Oils and fats production site of a wholly owned subsidiary of FUJI OIL HOLDINGS INC.

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



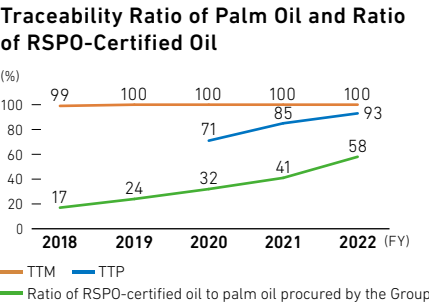
*1 See URL for the Fuji Oil Group Palm Oil Mill List: https://www.fujioilholdings.com/pdf/en/sustainability/supplychain_database/h2_20221_mill_list.pdf
*2 UNIFUJI SDN. BHD.: Joint venture with United Plantations Berhad, a farming company that shares the same values for sustainable palm oil production
*3 As of December 2022

Theme	Overview of Measures	
Ensuring traceability	TTM*1 and TTP	Implement the TTP system for all suppliers
	Use of self-assessment tools	Support suppliers as they self-evaluate efforts, understand to what level they have achieved the Group’s procurement policy, and make improvements—100% submission rate from direct suppliers
Identifying and remediating risks in the supply chain	Implementation of LTP	Provide one-on-one support to suppliers in addressing human rights related issues
	Engagement toward zero deforestation	Work with dealers of palm fresh fruit bunches (FFB*2) to address deforestation and potential risks
	Satellite-based monitoring and verification of forests	Use satellite images to identify, monitor, eliminate, and verify deforestation
	Support for smallholders in Sabah, Malaysia	Provide farmers with training in certification, including RSPO*3, and organic farming methods
	Landscape initiative (Indonesia and Malaysia)	Introduce mechanisms to work with local governments and other stakeholders to improve the community, including eliminating deforestation and supporting local communities
Undertaking supply chain development	Establishment of UNIFUJI SDN. BHD.	Contribute to increasing the ratio of certified oil procurement in the Fuji Oil Group through the establishment of UNIFUJI SDN. BHD., a joint venture with United Plantations Berhad, which shares the same values for sustainable palm oil production, that began operations in 2018
Operating the grievance mechanism	Establishment of a grievance mechanism	Accept grievances from NGOs and plantations and smallholders and respond to them according to the procedure manual and disclose the list of grievances and their progress quarterly

*1 TTM: Traceability to Mill
*2 Companies that intermediate between smallholders and oil mills, providing land management support to smallholders and selling fresh fruits bunches (FFB) to oil mills.
*3 RSPO: Roundtable on Sustainable Palm Oil

Ensuring Traceability

The initial step in advancing sustainability initiatives is to ensure traceability. The Fuji Oil Group fully traced more than 1,400 oil mills in fiscal 2019, and we achieved a 93% TTP ratio in fiscal 2022. The percentage of RSPO-certified oil has been increasing year by year, and RSPO-certified oil accounted for 58% of palm oil procured by the Fuji Oil Group in fiscal 2022. As a B2B company, it is impossible to raise the percentage of certified oil through our own efforts alone. In addition to conducting educational activities for customers and consumers, we are building partnerships with plantations that can handle certified oil to ensure that supply meets needs.



Identifying and Remediating Risks in the Supply Chain

Labour Transformation Programme (LTP)

..... LTP implementation rate of PALMAJU EDIBLE OIL **61%**

To reduce human rights risks at supply sites, we have supported suppliers build capacity through face-to-face programs for plantation and local factory managers and others since 2017. In addition to the Company’s direct suppliers, the program has been expanded to include indirect suppliers.



Meeting with a supplier

Verification and Monitoring of Deforestation Using Satellite Images

..... Deforestation in PALMAJU EDIBLE OIL’s supply chain **100%** no involvement

We work with plantations, small-scale farmers, oil mills, and other stakeholders to address deforestation and other potential risks. We help suppliers develop or improve traceability systems to monitor the risk of deforestation. Satellite-based monitoring verified that 100% of PALMAJU EDIBLE OIL’s supply chain was free of any involvement in deforestation in fiscal 2022.

Landscape Initiative

..... Initiative in Aceh Province, Indonesia, expanded to **3.9** million hectares

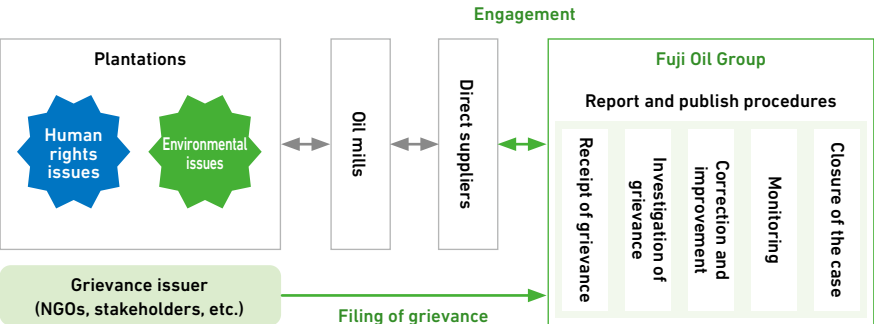
Since 2018, we have supported the Aceh Landscape Initiative in the Province of Aceh, Sumatra, Indonesia. The causes of deforestation in the region are complex and include the expansion of palm plantations, the construction of social infrastructure, and deregulation. Local governments, small-scale farmers and local communities, the palm oil supply chain, corporations, NGOs, and thematic experts are working together to make improvements at palm plantations throughout the region. Beginning in 2021, the scope of the initiative was expanded to an area of approximately 3.9 million hectares. In 2022, the initiative was extended to landscapes in the Southern Central Forest Spine, a palm oil sourcing area in Peninsular Malaysia.

Targets of the Initiative
<ul style="list-style-type: none">• Eradication of deforestation• Improved working conditions for farmers• Strengthened resilience of small-holders/small-scale farmers• Support for local communities

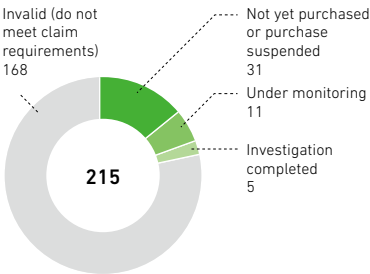
Operating the Grievance Mechanism

The Fuji Oil Group has formulated a grievance mechanism to engage suppliers on supply chain environmental and human rights issues that have been raised by stakeholders, based on the Responsible Palm Oil Sourcing Policy, and to address such issues with partners to improve the situation. The objective of the mechanism is to support and strengthen the implementation of our palm oil procurement policy through grievance handling. We recognize feedback and input from our stakeholders is valuable in increasing transparency in our supply chain and helping to confirm the state of our procurement policy. We began operating the grievance mechanism in May 2018 and report the progress of all grievances quarterly on our website.

Overview of the Grievance Mechanism



Number of Grievance List Acceptances (Jan-Dec 2022)



* As of December 31, 2022

FUJI OIL GROUP Grievance Mechanism → https://www.fujioilholdings.com/en/sustainability/grievance_mechanism/



Sustainable Procurement

Please refer to Sustainability Report 2023 (scheduled to be issued in October 2023) for details on our initiatives regarding sustainable procurement of cocoa. Sustainable Procurement of Cocoa → <https://www.fujiioilholdings.com/en/sustainability/cocoa/>

Sustainable Procurement of Cocoa

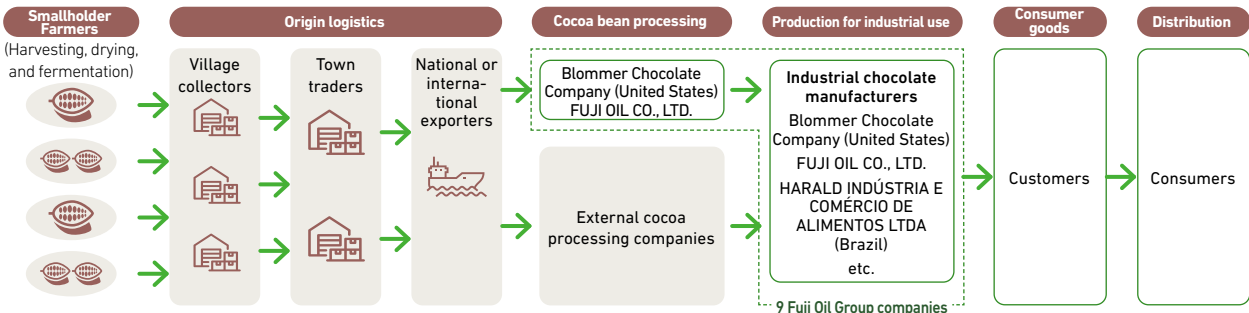


Sourcing Policy: Responsible Cocoa Beans Sourcing Policy (2018)

Social Issue	Social Issues in the Supply Chain	Medium- to Long-Term Goals	KPIs		FY2022 Results
			2030	2025	
 Global environment	Deforestation, climate impacts on producing regions, biodiversity loss	Reforestation, elimination of child labor	1 million trees planted*1	500,000 trees planted	60,000 trees planted
 Human rights	Child labor, poverty among farming families		Elimination of child labor	No Worst Forms of Child Labor*2	<ul style="list-style-type: none"> CLMRS*3 operational in 100% of farmer groups from which the Fuji Oil Group directly procures cocoa beans 89% of farm plots mapped within direct supply chain

*1 We plan to plant a variety of shade tree saplings, totaling one million trees over a 10-year period from 2021 through 2030.
*2 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.
*3 Child Labour Monitoring and Remediation System

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



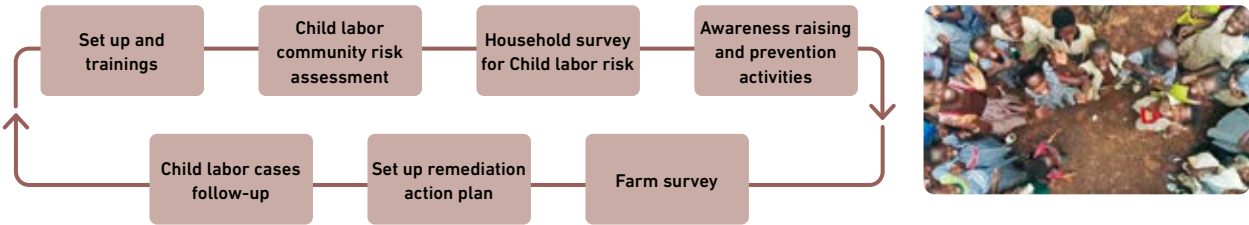
Theme		Overview of Measures
Ensuring traceability	Mapping with GPS	GPS mapping as a criterion for assessing hazardous child labor and deforestation
Identifying and remediating risks in the supply chain	Introduction of CLMRS and provision of education opportunities to children	Focus on maintaining an environment that prevents child labor and creating a framework to rectify any violations of children’s rights along the supply chain
	Support for cocoa farmers	For farmers participating in the program, introduce Good Agricultural Practices (GAP) and support cocoa cultivation in consideration of climate change
	Community development and women’s empowerment initiatives	<ul style="list-style-type: none"> Focus on creating economic opportunities for women and supporting women’s efforts in the community Use satellite-based monitoring to identify, observe, and verify deforestation
	Conservation and restoration of forests	<ul style="list-style-type: none"> Reduce deforestation and take part in afforestation activities. Contribute to improving the livelihoods of cocoa farmers through agroforestry initiatives Assess deforestation risk using satellite images; achieved consistently low levels of deforestation in Blommer’s supply chain

Child Labour Monitoring and Remediation System (CLMRS)

..... CLMRS operational in **100%** of farmer groups from which the Fuji Oil Group directly procures cocoa beans

CLMRS is being established to create an environment for preventing child labor and a mechanism to correct violations of children’s rights in the supply chain.

Overview of CLMRS





Sustainable Procurement

Please refer to Sustainability Report 2023 (scheduled to be issued in October 2023) for details on our initiatives regarding sustainable procurement of soybeans. Sustainable Procurement of Soybeans → <https://www.fujiioilholdings.com/en/sustainability/soy/>

Sustainable Procurement of Soybeans



Procurement Policy: Responsible Soybeans and Soy Products Sourcing Policy (2021)

Social Issue	Social Issues in the Supply Chain	Medium- to Long-Term Goals	KPIs		FY2022 Results
			2030	2025	
 Global environment	Deforestation, biodiversity loss	No deforestation, no exploitation	Traceability achieved to community level, or 100% procurement of RTRS*1 certified products or products certified to equivalent standards	Traceability achieved to primary collection points, or 100% procurement of RTRS-certified products or products certified to equivalent standards	70% traceability to primary collection points
 Human rights	Exploitation of indigenous peoples, local residents, and workers				

*1 RTRS: Round Table on Responsible Soy Association



Theme		Overview of Measures
Ensuring traceability	Tracing across the supply chain to primary collection points	<ul style="list-style-type: none"> Completed evaluation of supplier self-assessments For soybeans from North America and China, identify the supply chain from farmers to the primary collection point where soybeans are collected and stored After 2025, track soybean supply chain further upstream to the community level
Identifying and remediating risks in the supply chain	Gathering information through RTRS	<ul style="list-style-type: none"> Joined RTRS in 2020 and formulated a sourcing policy after gathering information As the next step, plan initiatives for each region

Please refer to Sustainability Report 2023 (scheduled to be issued in October 2023) for details on our initiatives regarding sustainable procurement of shea kernels. Sustainable Procurement of Shea Kernels → https://www.fujiioilholdings.com/en/sustainability/shea_kernel/

Sustainable Procurement of Shea Kernels



Procurement Policy: Responsible Shea Kernels Sourcing Policy (2021)

Social Issue	Social Issues in the Supply Chain	Medium- to Long-Term Goals	KPIs		FY2022 Results
			2030	2025	
 Global environment	Loss of parkland	Forest conservation, support for women’s empowerment	① 6,000 trees planted per year*1 ② Traceability to regional level: 75% ③ Direct procurement of shea kernels from Tebma-Kandu cooperatives: 50% ④ Percentage of shea kernels crushed and fractionated (separated) in West Africa: 100%	① 6,000 trees planted per year ② 50% ③ 30%*2 ④ 100% ⑤ Non-fossil fuel energy*3 use by FUJI OIL GHANA LIMITED: 100% (2023 target) ⑥ Permanent, direct employees at FUJI OIL GHANA LIMITED: 50% increase (base year: 2017)	① 6,107 trees planted per year ② 93.3% ③ 3.4% ④ 100% ⑤ 100% ⑥ 60% increase (base year: 2017)
 Human rights	Poverty among farming families				

*1 We plan to plant mainly shea tree saplings at a rate of 6,000 trees per year, starting in 2021.
*2 Our KPI for fiscal 2023 is 15%.
*3 Oil meal after shea kernel extraction is used as a non-fossil fuel for steam generation.

Theme		Overview of Measures
Ensuring traceability	Traceability to the regional level	Secure traceability to the regional level, including procurement from Tebma-Kandu cooperatives
Identifying and remediating risks in the supply chain	Conservation of parkland where shea trees grow	Plant shea seedlings and train farmers on proper planting practices
	Reducing environmental impact by shifting energy sources	<ul style="list-style-type: none"> Convert energy production for FUJI OIL GHANA LIMITED from mineral oil to non-fossil fuels to reduce CO₂ emissions and waste 100% non-fossil energy ratio due to the use of byproducts as fuels
	Creating value in local communities	Undertake Tebma-Kandu program initiatives

Tebma-Kandu Program

Together with 23 women’s cooperatives in northern Ghana, FUJI OIL GHANA LIMITED launched Tebma-Kandu, a sustainability program for shea kernels, in March 2021, with plans to expand the number of cooperatives to 52 in fiscal 2023. The initiative will reach out to approximately 20,000 female farmers, providing warehouse sponsorships, advance financing, and quality control training to help empower female farmers and raise the productivity of their cooperatives.

In fiscal 2022, traceability to the regional level, including procurement from Tebma-Kandu cooperatives, improved significantly from the target of 35.0% to 93.3%. On the other hand, the Tebuma-Kandu cooperatives has 100% traceability, but unfortunately, due to poor crop yields in the area covered by the Tebma-Kandu program, the direct procurement ratio from the cooperatives did not reach the target of 10.0%. However, through close communication with women’s cooperatives, we have received constructive feedback on managing and operating cooperatives, and trust in the program and the empowerment of cooperatives are steadily increasing.



Discussions with Tebma-Kandu women’s cooperatives

Biodiversity

Please refer to Sustainability Report 2023 (scheduled to be issued in October 2023) for details on our Biodiversity. Biodiversity conservation and restoration → <https://www.fujioilholdings.com/en/sustainability/biodiversity/>

While benefitting from rich natural ecosystems, the business activities of the Fuji Oil Group affect biodiversity as well as climate change. We are working with stakeholders to conserve and restore biodiversity in the locations around the world where we source our raw materials and where we do business.

We published the Fuji Oil Group Policy on Biodiversity in March 2023, setting out our basic approach to biodiversity and action guidelines. Based on this policy, we will avoid or reduce negative impacts on biodiversity throughout the value chain, work to conserve and restore natural ecosystems with nature-based solutions, and contribute towards nature positive global goals.

* In accordance with the Kunming-Montreal Global Biodiversity Framework adopted at the 2022 United Nations Biodiversity Conference (COP15), the global goal is to halt and reverse nature loss by 2030 and to realize a society living in harmony with nature by 2050.

Fuji Oil Group Policy on Biodiversity

Code of conduct

- 1. Assess the dependence and impact of business activities on biodiversity in the value chain, and work to conserve and restore the natural ecosystem.
- 2. Avoid and mitigate any negative impact of business activities on biodiversity, and restore and revitalize biodiversity, throughout the value chain.
- 3. Promote innovative research and development to reduce any negative impact on biodiversity and to create business opportunities throughout the value chain.
- 4. Comply with national laws and respect international agreements on biodiversity.
- 5. Promote stakeholder awareness and support their capacity building.
- 6. Respect the rights of indigenous peoples and other social minorities and vulnerable groups.
- 7. Promote partnerships with various stakeholders to enhance the effectiveness of biodiversity conservation and restoration, and to coexist in harmony with local communities.



Initiatives to Address Biodiversity Issues

We are working to address the following biodiversity issues throughout the value chain, in terms of both reducing negative impacts and creating positive impacts.

Prevention of Deforestation and Promotion of Reforestation

- Palm oil production areas: Satellite monitoring of forests to identify and protect high conservation value forests (HCV) and high carbon stock (HCS) forests
- Cocoa production areas: Tree planting and forest monitoring
- Shea kernel production areas: Parkland conservation

Impact on Farmlands and Surrounding Ecosystems; Reducing the Use of Chemicals

- Palm oil production areas: Good Agricultural Practices (GAP), UNIFUJI SDN. BHD.: harnessing ecosystems for pest control, expansion of certified palm oil, support for small-scale farmers to introduce regenerative agriculture
- Cocoa production areas: Support for introduction of agroforestry and GAP
- Development and promotion of soil conditioners made by upcycling soy whey (a byproduct of the production process)

Climate Change (Reducing Emissions of Greenhouse Gases, Reducing Waste)

- Shea kernel production areas: Using byproducts (e.g. shea kernel meal) as fuel after oil extraction
- Reducing CO₂ emissions by saving energy and introducing renewable energy at Group sites; reducing waste by improving processes and reducing water content of sludge
- Development of manufacturing technologies to reduce environmental impact throughout the product lifecycle
- Research into soybean cultivation using CO₂ captured from a waste incineration facility (CCU)
- Development of functional food ingredients by making effective use of pea fiber
- Reducing customer food waste by developing technologies to maintain the freshness and deliciousness of food
- Development of palm oil alternatives using oleaginous yeast

Use of Water Resources

- Reducing water usage at Group sites

Stakeholder Engagement & Capacity Building

- Raw material production areas/farms: Landscape initiative, empowerment of female farmers, parkland management training for female farmers
- Suppliers: Engagement with No Deforestation, No Peatland Development and No Exploitation (NDPE), introduction of Labour Transformation Programme (LTP)
- Employees: Raising awareness through internal communication sites (Japanese, English, Chinese, Portuguese) and sustainability training (for management level in Japan and Group companies in Japan and other countries)

Human Rights

Please refer to Sustainability Report 2023 (scheduled to be issued in October 2023) for details on our human rights. Human Rights Management → https://www.fujioilholdings.com/en/sustainability/human_rights/

The Fuji Oil Group established the Fuji Oil Group Human Rights Policy in April 2017. In the spirit of “Work for People,” as expressed in the Fuji Oil Group Management Philosophy, the policy clearly sets the basis for respecting and protecting the human rights of people within the Group and its supply chains who can be affected by its business activities. The policy applies to all employees and officers of the Group. It also stipulates that we will encourage our business partners and suppliers to support this policy and respect human rights.

Identifying and Reducing Human Rights Risks

The Fuji Oil Group clearly states in the Fuji Oil Group Human Rights Policy its “implementation of the responsibility to respect human rights.” We conduct human rights due diligence to fulfill that responsibility. In addition, we conduct human rights impact assessments with advice from external experts in accordance with the process advocated in *The UN Guiding Principles on Business and Human Rights* to identify and evaluate actual or potential adverse human rights impacts that we may be involved in through our business activities and to identify critical issues that should be addressed on a priority basis.

Human Rights Risks Identified in the Second Human Rights Assessment (fiscal 2020) and Achievements in Fiscal 2022

Human Rights Risk (2nd Assessment)	Relevant Stakeholder Group	Special Points to Confirm/Consider (Recommended by Experts)	Actions	FY2022 Results
Occupational health and safety	Employees	<ul style="list-style-type: none">• Prevent spread of infection during COVID-19 pandemic• Strengthen management system by third-party assessment	<ul style="list-style-type: none">• Continue to apply strict measures to prevent infection in workplaces• Continue to improve our occupational health and safety management system by incorporating perspectives of third-party organizations	<ul style="list-style-type: none">• Relax restrictions to prevent infection in accordance with national and local government policies (company infection prevention measures, quarantine period for infected individuals and close contacts, mask wearing, etc.)• Conduct joint remote audits of individual companies with safety officers from the regional headquarters
Human rights of supply chain workers (focusing on working environment on plantations, occupational health and safety, non-discrimination and equal opportunity, forced and child labor, land rights)	Supply chain workers	<ul style="list-style-type: none">• General: Establish Supplier Code of Conduct that applies to all suppliers and expand grievance mechanisms• Palm oil and cocoa: Implement measures based on sourcing policies and medium-to-long-term targets• Soy: Formulate sourcing policy and establish monitoring system	<ul style="list-style-type: none">• Ensure suppliers are well informed of Supplier Code of Conduct• Monitor human rights due diligence trends in European Union and apply to supply chain in timely manner• Formulate and publish Supplier Code of Conduct, distribute to business partners	<ul style="list-style-type: none">• Received agreement with the Supplier Code of Conduct from 71% of suppliers (as of January 2023)• Introduced CLMRS at 100% of cocoa farms that supply the Group directly• Completed soybean supplier self-assessments and developed improvement plans according to the results• Conducted the Tebma-Kandu shea kernel sustainability program in Ghana
Diversity and inclusion (D&I), human rights in the workplace (harassment, forced labor)	Employees	<ul style="list-style-type: none">• Strengthen system for promoting D&I globally• Strengthen harassment prevention measures• Identify and reduce forced labor risks	<ul style="list-style-type: none">• Promote DE&I globally• Consider possible mechanisms/systems for identifying and addressing human rights issues in workplaces	<ul style="list-style-type: none">• Enacted the Fuji Oil Group Human Rights Guidelines for both Group officers and employees (March 2023)• Began monitoring human rights risks in workplaces

Remediation Mechanisms

Whistleblowing System for Group Employees and Subcontractors

An internal reporting system has been established for Group employees and some subcontractors.

Covered under System	Whistleblowing System
Group Companies in Japan	Fuji Oil Group Whistleblower Hotline, an outsourced whistleblowing hotline
Third-party partners in Japan	Fair Trade Helpline
Group companies outside Japan	Fuji Oil Group's Compliance Helpline

Mechanisms for Addressing Human Rights and Environmental Risks in the Supply Chain

We operate our grievance mechanism under our Responsible Palm Oil Sourcing Policy. For human rights and environmental issues in the supply chain raised by the Group's stakeholders, we work with our partners to engage with suppliers to address the issues.

Sustainable Procurement of Palm Oil → P82

Topics

Fuji Oil Group Human Rights Guidelines

Through human rights impact assessments, we recognized the challenge of formulating specific responses to human rights issues in the workplace and among employees, and that led to our establishment of the Fuji Oil Group Human Rights Guidelines in March 2023. Based on the Fuji Oil Group Human Rights Policy, the guidelines serve Fuji Oil Group workplaces and apply to all Group employees and officers. They are intended to ensure that the Fuji Oil Group consistently fulfills its responsibility to respect human rights in its global business activities. The guidelines are prepared in the nine languages mainly used by Group employees, which ensures greater understanding among employees.

Fuji Oil Group Human Rights Guidelines → https://www.fujioilholdings.com/pdf/en/sustainability/policy/human_rights_guideline230301.pdf

Environment Initiatives

Please refer to Sustainability Report 2023 (scheduled to be issued in October 2023) for details on our initiatives regarding environment. Environmental Management → https://www.fujioilholdings.com/en/sustainability/environmental_management/

In recent years, global environmental issues have become increasingly serious, affecting people’s lives and corporate business activities. In particular, intensifying climate change and biodiversity loss are becoming threats to our operations that hinder the stable procurement of agricultural products. Integrating consideration for the global environment into business activities is now a management imperative. The Group accelerated its environmental efforts by establishing the Basic Policy of Environmental Integrity in 2015 and its Environmental Vision 2030 in 2018, which includes SBT-certified CO₂ reduction targets. In May 2019, we expressed our endorsement of the TCFD and, in accordance with its recommendations, we disclose information about the risks and opportunities of climate change affecting our business activities.

Targets and Progress of Environmental Vision 2030

Category	2030 Targets	FY2022 Results*1	Rate of Achievement (under Environmental Vision 2030)
CO ₂ emissions	Scopes 1 & 2: 40% reduction in total CO ₂ emissions (All Group companies)*1	26% reduction	65%
	Scope 3 (Category 1): 18% reduction in total CO ₂ emissions (All Group companies)*2	12% increase	Not achieved
Water usage	20% reduction in water intensity (All Group companies)*1	27% reduction	135%
Waste*3	10% reduction in waste intensity (All Group companies)*1	4.7% reduction	47%
Resource recycling	Maintain a recycling rate of at least 99.8% (All Group companies in Japan)	99.69%	Not achieved

*1 Base year: 2016, all consolidated subsidiaries *2 Scope 3 (Category 1) data excludes two production sites in Australia and the United States. *3 Waste data excludes one production site in Australia.

Environmental Impact Reduction Activities in Japan

Group companies in Japan will switch all purchased electricity to CO₂ free electricity by 2030 to achieve the Environmental Vision 2030. In addition, FUJI OIL CO., LTD. will promote low-carbon investment by fully introducing an internal carbon pricing* system in fiscal 2023, which was operated on a trial basis in fiscal 2022. Furthermore, to raise employee awareness, we show educational videos on the Environmental Vision 2030 and measures to reduce environmental impact with signage in the employee cafeteria and offices.

* Framework in which companies set unique carbon prices to promote low-carbon investments and policies

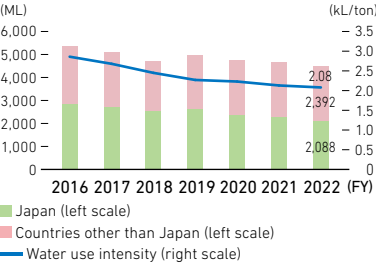
FY2022 Results

Reduced CO₂ Emissions

- Received ZEB Ready*1 certification at new welfare building at the Hannan Plant of FUJI OIL CO., LTD. which opened in December 2022 at production sites, implement on-site CO₂ reduction activities based on steam loss diagnosis results
- Increased the number of Fuji Oil Group sites with solar power generation systems to eight, with the addition of a site outside of Japan
- Continued to actively introduce CO₂-free electricity, with 50% of Japan-based electricity purchases now CO₂-free
- Introduced RECs*2 in the United States and I-REC*3 in Brazil and used green power for electricity consumption at the Tokyo Office in Japan

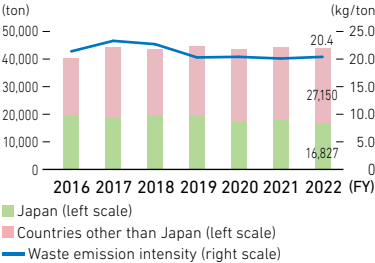
*1 Buildings with a highly insulated exterior skin and highly efficient, energy-saving equipment and have advanced designs that aim to become net zero energy buildings (ZEBs)
*2 RECs: Renewable Energy Certificates
*3 I-REC: International Renewable Energy Certificate

Water Usage
(All Group Companies)



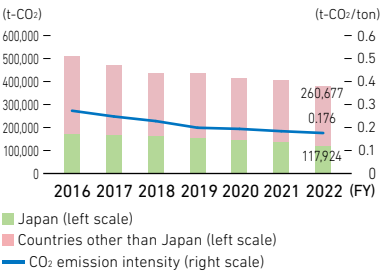
- Reviewed production line cleaning methods in Japan and reduced the need for cleaning water
- Updated production equipment outside of Japan, reduced cleaning frequency, and took measures to prevent water leakage

Waste
(All Group Companies)

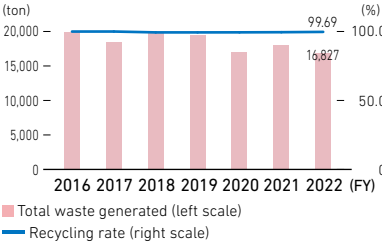


- Reduced scum sludge by installing a new dewatering machine, reduced sludge water content, and transferred control of miscellaneous metals and pallets as valuable salvage materials
- Reduced product waste through thorough product quality control and inventory control

CO₂ Emissions (All Group Companies)



Waste Recycling
(All Group Companies in Japan)



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

Future Policy Initiatives

- Increase emission reduction levels to achieve 2023 target (promote energy conservation activities, introduction of renewable energy, and engagement with key suppliers)
- Consider new reduction targets for CO₂ and water

Responding to Climate Change Risks

The Group has endorsed the Task Force on Climate-related Financial Disclosures (TCFD). Based on TCFD recommendations, we proactively disclose information on the four areas of governance, strategy, risk management, and metrics and targets.

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

- Group companies in Japan and major Group companies outside of Japan have conducted scenario analysis based on the recommendations of the TCFD. Through this analysis, they have identified risks and opportunities associated with climate change and conducted qualitative and quantitative assessments of financial impact. (Reference: Assessing Risks, Opportunities, and Financial Impact Associated with Climate Change)
We continuously promote measures to reduce CO₂ emissions based on our Environmental Vision 2030, including energy conservation activities and the use of renewable energy, which are initiatives that will have a positive impact on the Company, society, and the earth.
- As the values of the SDGs, such as for global warming, become more prevalent, the plant-based food market is expected to expand, compensating for growing consumption of plant-based food products, especially among millennials and Generation Z, as well as the shortage of protein supply due to global transformation of food systems and population growth. The Group is committed to the Fuji Oil Group Management Philosophy that “together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy.” Accordingly, we will work to resolve social issues in a decarbonized society by considering environmental conservation through sustainable procurement of raw materials and by providing plant-based materials, in which the Group has strengths.

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

- 2030 target*1: Reduction of CO₂ emissions
40% reduction in total Scope 1 + Scope 2 emissions (All Group companies) (compared with base year 2016)
18% reduction in total Scope 3 (Category 1) emissions (All Group companies*2) (compared with base year 2016)
- To achieve the goals of Environmental Vision 2030, we will actively engage in energy-saving activities at production sites, introduce new equipment that uses less energy, and advance the use of renewable energy. In addition, we will work on supplier engagement to reduce Category 1 emissions, the highest emissions produced within Scope 3.
- In fiscal 2022, FUJI OIL CO., LTD. introduced internal carbon pricing on a trial basis. We plan to roll out this system to all Group companies and use it as a guideline for investment planning, energy conservation promotion incentives, investment decision-making, and other purposes.

*1 • 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 to 15)
• Category 1: Products and services purchased
*2 Excluding two production sites in Australia and the United States

Environment Initiatives



Please refer to Sustainability Report 2023 (scheduled to be issued in October 2023) for details on our initiatives regarding assessing risks, opportunities, and financial impact associated with climate change.
Risk Management System ➡ <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	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. ¥4.9 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. ¥600 million*2
				Response measures <ul style="list-style-type: none">Promote Environmental Vision 2030 to meet CO₂ emissions reduction targetPromote the introduction of internal carbon pricing at all Group companies							➡ P88
		Reputation	Costs increases associated with enhancing engagement responses, decrease in sales due to the suspension of transactions with major customers	<ul style="list-style-type: none">Increased costs due to enhancing engagement responses to prevent negative impact on climate change caused by our major raw material suppliersAmid 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 <ul style="list-style-type: none">Strengthen activities to prevent and reduce environmental risks along the supply chain based on Group procurement policyMake a Supplier Code of Conduct well known*3							➡ P81
	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 U.S. 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 in the U.S. area and Japan, which are prone to hurricane and typhoon damage.	Within 10 years	10 years or more	Major
				Response measures <ul style="list-style-type: none">Draft a BCP that incorporates a structure for mutual support between Group companies, create response manuals to address risk occurrence, and enroll in insurance to promote risk transferal							
	Chronic risks	4. Concerns over rising costs and shortages of key raw materials worldwide	Decreased sales due to decline in ability to procure key raw materials	Due to the following factors, the yield of key raw materials could decrease and the supply amount could become insufficient, which would hinder the production of certain products and result in reduced sales. <ul style="list-style-type: none">Increased demand due to global population growthSpread of SDGs values in society may lead to tighter restrictions on forest development and changes in agricultural practices, such as regenerative agriculture, and may not be possible to expect the amount of arable land to increase to keep pace with global population growth	Within 10 years	10 years or more	Minor	The following factors could cause a significant decrease in yield and shortages in the supply of key raw materials, which could significantly hinder the production of most products and significantly reduce sales. <ul style="list-style-type: none">Impact of extreme weather and natural disasters above the 1.5°C scenarioShift to suitable land for the cultivation of major raw materials or a reduction in arable landIncreased demand due to global population growth	11 years later and beyond	10 years or more	Moderate
				Response measures <ul style="list-style-type: none">Improve the sustainability of raw material procurement and promote enhancements to supply sourcesSupport programs for supplier engagement and agricultural support to improve farmers' productivity, including yield improvements, and promotion of in-house programs such as farmer mentoringDiversification of raw materialsPromotion of productivity improvements through seed development research in collaboration with academic institutions, governments, and industries							➡ P81 ➡ P51 ➡ P78
	Market	5. Opportunities to expand the plant-based food market (meat substitutes, dairy substitutes, etc.)	Increased sales of plant-based proteins market (meat substitutes, dairy substitutes, etc.)	Opportunities for significant increases in sales by strengthening the competitiveness of products that take advantage of the following factors. <ul style="list-style-type: none">Increased consumption of plant-based protein and significant expansion of the global market as the values of the SDGs become more prevalent in society and sustainability-oriented values are reflected in consumer behavior, particularly among Millennials, Gen Z, and vegetarians.While demand for meat and dairy products is expanding in low- and middle-income nations, climate change had a negative impact on the livestock industry and demand for plant-based proteins is increasing as a supplement to address global supply shortages of meat and dairy products. Japan, the United States, and Europe are shifting away from their high dependence on animal proteins, and there is growing demand for plant-based proteins in Sub-Saharan Africa and South Asia due to protein deficiencies.	Within 5 years	10 years or more	Moderate	Opportunities for significant increases in sales by strengthening the competitiveness of products taking advantage of the following factors. <ul style="list-style-type: none">Unlike the 1.5°C scenario, sustainability-oriented consumption behavior will not grow but demand for livestock meat and dairy products will increase, especially in low- and middle-income nations. On the other hand, climate change above the 1.5°C scenario could have a negative impact on the livestock industry that drives demand for plant-based proteins to make up for growing global shortages in meat and dairy products. Demand for plant-based proteins is expanding in Japan, the United States, and Europe due to the shift away from a high dependence on animal protein, and in Sub-Saharan Africa and South Asia due to the lack of protein resulting from population growth.	11 years later and beyond	10 years or more	Minor
				Response measures <ul style="list-style-type: none">Environmental conservation through the promotion of sustainable procurementContinue to provide plant-based ingredients, one of the Group's greatest strengths, to help resolve social issues related to achieving a decarbonized society and cultivate next-generation businessesBuild a global research network and promote open innovation							➡ P81 ➡ P77

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	Within 10 years	10 years or more	Moderate	Opportunities for increased sales by applying existing technology and new technologies in R&D to current businesses and the plant-based food products business we are working to expand. <ul style="list-style-type: none">Global climate change is resulting in more regions and countries facing infectious disease outbreaks and increased heat-related illnesses such as heat stroke. This situation is giving rise to new health problems and greater health consciousness among people.Increased demand for foods for preventive nutrition to address lifestyle-related diseases such as obesity, diabetes, and dementia, the incidence of which is projected to rise rapidly around the world.Permeation of the values of the SDGs in society has strengthened the concept of "One Health"*4 among all generations. Demand is increasing for products that contribute to the health of the earth and people.	Opportunities for increased sales by applying existing technology and new technologies in R&D to current businesses and the plant-based food products business we are working to expand. <ul style="list-style-type: none">Global climate change is resulting in more regions and countries facing infectious disease outbreaks and increased heat-related illnesses such as heat stroke. This situation is giving rise to new health problems and greater health consciousness among people.Increased demand for foods for preventive nutrition to address lifestyle-related diseases such as obesity, diabetes, and dementia, the incidence of which is projected to rise rapidly around the world.Unlike the 1.5°C scenario, the values of the SDGs and the concept of "One Health" do not disseminate through society, and the demand for products that contribute to the health of the earth and people does not grow as much as the 1.5°C scenario	11 years later and beyond	10 years or more	Moderate
							Response measures <ul style="list-style-type: none">Environmental conservation through the promotion of sustainable procurementContinue to provide plant-based ingredients, one of the Group's greatest strengths, to help resolve social issues related to achieving a decarbonized society and cultivate next-generation businessesBuild a global research network and promote open innovation				➡ P81 ➡ P77

*1. [Impact level]
Major: "Impact on profits could be ¥10 billion or more"
Moderate: "Impact on profits could be ¥2 billion or more but less than ¥10 billion"
Minor: "Impact on profits could be less than ¥2 billion"
Major, moderate, and minor impacts refer to the financial impact on the Group in and around 2050 and reflect estimates made under certain conditions based on our current portfolio, financial status, Group business performance, and other factors. The assessment of financial impact is based on this impact level but may fluctuate.
*2. The impact level of "increased costs of carbon tax adoption" for Financial Impact under "Risks of increased costs for complying with environmental regulations" is based on an assumption of in and around 2030. This impact level is calculated using carbon tax projections for each country based on IEA, IPCC, etc., and estimated Group CO₂ emissions.
*3 Supplier Code of Conduct: The Supplier Code of Conduct was formulated to communicate the Group's comprehensive approach to procurement to all its suppliers. The Supplier Code of Conduct is a policy that supersedes existing guidelines and policies and requires all suppliers to comply with a series of principles, including environmental protection, and to take preventive and remedial measures to identify and correct any violations of this code of conduct.
*4. "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.

Topics

World's Highest Production of Palm Oil Substitute from Oilseed Yeast

Participating in the NEDO*1 *Bio-Monozukuri* project "Development of Bio-based Production Technology to Accelerate Carbon Recycling," FUJII OIL HOLDINGS INC. and Niigata University of Pharmacy and Medical and Life Sciences are working together to develop sustainable oils and fats for the realization of a decarbonized society. To develop and implement industrial smart cells for oils and fats yeast that can produce a large amount of oils and fats by 2030 through a smart cell*2 design system, we are working with participating institutions to optimize the biosynthesis pathway*3 of oils and fats and to develop high-production processes for oils and fats through engineering methods. In 2022, we achieved world's highest production (98 g/L/6 days) of palm oil substitute from oil and fat yeast. In the future, we aim to improve the production rate of oils and fats and the yield of oils and fats to sugar and realize a carbon-recycling oils and fats supply system in Japan around 2050 using industrial smart cells with the world's highest oil and fat productivity.

*1 New Energy and Industrial Technology Development Organization *2 Cell optimized by artificially extracting the substance-producing capacity of biological cells
*3 Metabolic flow of synthesis and accumulation of oils and fats in yeast cells

