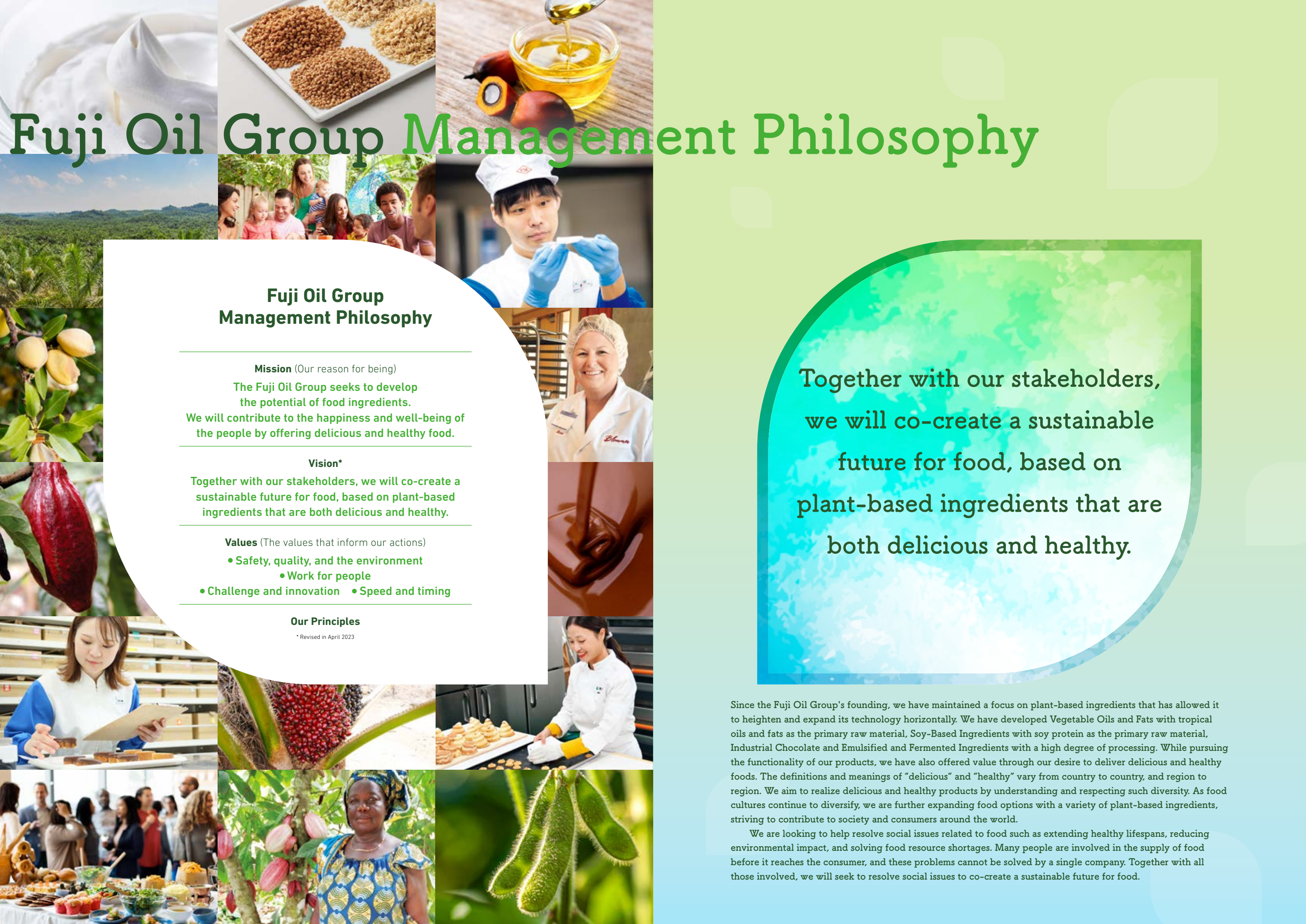


# Integrated Report

F U J I O I L G R O U P

# 2023





# Fuji Oil Group Management Philosophy

## Fuji Oil Group Management Philosophy

### Mission (Our reason for being)

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

### Vision\*

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

### Values (The values that inform our actions)

- Safety, quality, and the environment
- Work for people
- Challenge and innovation
- Speed and timing

### Our Principles

\* Revised in April 2023

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

Since the Fuji Oil Group's founding, we have maintained a focus on plant-based ingredients that has allowed it to heighten and expand its technology horizontally. We have developed Vegetable Oils and Fats with tropical oils and fats as the primary raw material, Soy-Based Ingredients with soy protein as the primary raw material, Industrial Chocolate and Emulsified and Fermented Ingredients with a high degree of processing. While pursuing the functionality of our products, we have also offered value through our desire to deliver delicious and healthy foods. The definitions and meanings of "delicious" and "healthy" vary from country to country, and region to region. We aim to realize delicious and healthy products by understanding and respecting such diversity. As food cultures continue to diversify, we are further expanding food options with a variety of plant-based ingredients, striving to contribute to society and consumers around the world.

We are looking to help resolve social issues related to food such as extending healthy lifespans, reducing environmental impact, and solving food resource shortages. Many people are involved in the supply of food before it reaches the consumer, and these problems cannot be solved by a single company. Together with all those involved, we will seek to resolve social issues to co-create a sustainable future for food.



# Editorial Policy

■ The Fuji Oil Group publishes the Integrated Report and the Sustainability Report annually as tools for communicating with our stakeholders.

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

■ *Integrated Report 2023* was prepared in accordance with the following editorial policy:

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

● **Reference Guidelines**

The International Integrated Reporting Framework issued by the IFRS Foundation  
"Guidance for Collaborative Value Creation 2.0," Ministry of Economy, Trade and Industry

● **Scope of Coverage**

Activities of the Fuji Oil Group

Major Group Companies ➡ P111

● **Company Names**

Company names are presented as follows: Fuji Oil Holdings; FUJI OIL HOLDINGS INC. (holding company), FUJI OIL CO., LTD.; Regional headquarters in Japan; the Fuji Oil Group/the Group; All Group companies in Japan and outside of Japan, including FUJI OIL HOLDINGS INC.

● **Period Covered**

Fiscal 2022 (April 1, 2022–March 31, 2023)  
Details of some prior and more recent activities and initiatives are also included.

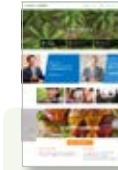
● **Forward-Looking Statements**

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



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

**Fact Book 2023**  
➡ [https://www.fujioilholdings.com/ir/library/fact\\_book/](https://www.fujioilholdings.com/ir/library/fact_book/)



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

**Sustainability Report 2023 (scheduled to be issued in October 2023)**  
➡ <https://www.fujioilholdings.com/en/sustainability/>

Point

## Points of Focus of *Integrated Report 2023*

In May 2022, the Fuji Oil Group announced its current mid-term management plan, Reborn 2024 (fiscal 2022 to fiscal 2024). In April 2023, we revised the Vision of the Fuji Oil Group Management Philosophy. We edited the *Integrated Report 2023* to focus on the following three points with the objective of demonstrating our progress on policies related to achieving the mid-term management plan and groupwide initiatives towards realizing our Group Vision.

1. The first point is to present our value creation story, which details how the sustainability initiatives of the Group and those of society are aligned. Sustainability initiatives along our value chain thus far have been related to controlling business risks. However, revising the Vision of the Fuji Oil Group Management Philosophy led to clarification on the type of value creation we can achieve through creating opportunities and leveraging our competitive advantages. In the section The Fuji Oil Group's Value Creation, we introduce the activities we are promoting to seize business opportunities through the utilization of ESG materiality. In the Strategy and Performance section, we introduce specific initiatives related to value creation.
2. The second point is to convey our progress under the mid-term management plan. Amid dramatic changes in industry structure and the operating environment, we believe it is necessary to provide detailed information in the Integrated Report to communicate the initiatives and progress of the Fuji Oil Group's mid-term management plan, which is formulated to promote sustainable medium- to long-term improvements in corporate value.
3. The third point is to discuss our co-creation with stakeholders. The process of delivering food to the tables of consumers involves complex supply chains and a great many stakeholders. Through the Integrated Report, we include messages from our sustainable procurement partners, customers, and employees to convey the perspectives and passion of our various stakeholders.

Through *Integrated Report 2023*, we hope to provide greater understanding of our value creation story over the short-, medium-, and long-terms.

IR team

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## Our Business

### Fuji Oil Group

# Businesses

We support a diverse food culture with plant-based ingredients. We pursue originality with our business portfolio, which comprises the Vegetable Oils and Fats Business, the Industrial Chocolate Business, the Emulsified and Fermented Ingredients Business, and the Soy-Based Ingredients Business. Through these businesses, we offer niche products with high market shares.

## Our Sustainability

### Fuji Oil Group

# Sustainability

We aim to realize a sustainable future for food and improve the corporate value of the Fuji Oil Group by creating social value through the provision of solutions that meet the expectations of all stakeholders based on a clear grasp of social issues in the value chain, including environmental issues, human rights, and mental and physical health.

## Expansion of Four Businesses

Net Sales ..... ¥**557.4** billion

Operating Profit ..... ¥**10.9** billion

\* FY2022 results

## High Market Shares in Diverse Markets

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

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

Soy Protein Ingredients ..... No. **1** in Japan

\* Company estimates

## Building a Sustainable Food Value Chain

Traceability of Main Raw Materials ..... Palm oil TTM\*<sup>1</sup> **100%**, TTP\*<sup>2</sup> **93%**

Note: FY2022 results

\*<sup>1</sup> TTM: Traceability to mill

\*<sup>2</sup> TTP: Traceability to plantation

### Expanding Food Options for Consumer

We are developing various genres and menus of delicious plant-based food products that consider the health of people and the earth.



## Environmental Initiatives

Environmental Vision 2030 ..... CO<sub>2</sub> emissions **26%** reduction\*

Note: FY2022 results \* Scope 1 + Scope 2 / Base year: 2016 for all consolidated subsidiaries

### CDP Investor Questionnaires 2022

- "A" rating from CDP in 2022 for water security and forests, and "A-" rating for climate change (December, 2022)
- Selected as a Supplier Engagement Leader (February, 2023)



# Fuji Oil Group at a Glance

Based on the spirit of the Fuji Oil Group Management Philosophy, we hold the vision: Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy. Accordingly, the Group aims to contribute to realizing a sustainable society by promoting sustainability management and enhancing co-creation with stakeholders.

## Our Technologies

### Fuji Oil Group

# Research and Development

Since our founding, we have leveraged our proprietary technologies, pursued the potential of plant-based food ingredients, and created diverse products. We aim to develop sustainable plant-based ingredients based on deliciousness and healthiness by integrating technologies cultivated in our four businesses: the Vegetable Oils and Fats Business, the Industrial Chocolate Business, the Emulsified and Fermented Ingredients Business, and the Soy-Based Ingredients Business.

## Pursuing Originality and Cultivating Technological Capabilities

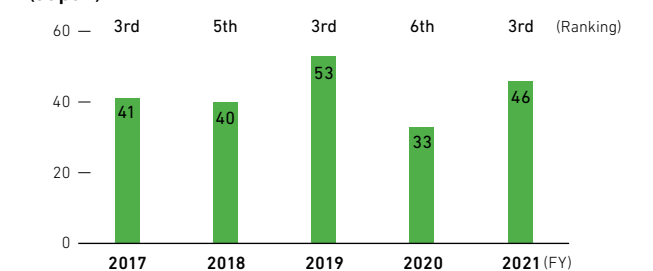
Number of patent applications\* ..... In Japan: **3,954**

..... Outside of Japan: **3,294**

Note: Cumulative totals of All Fuji oil Group companies

\* As of March 31, 2023

## Number of Registered Patents in the Field of Food Chemistry (Japan)



■ Number of registered patents (left scale)

Note: Patents of FUJI OIL CO., LTD.

\* Ranking in the field of food chemistry by the Japan Patent Office (see Japan Patent Office Annual Report)

## Our Global Expansion

### Fuji Oil Group

# Global Expansion

We first entered Southeast Asia in the 1970s and have since expanded our business overseas network into the Americas, Europe, and China. In diverse food markets with different regional preferences, we are developing products that meet the various needs of each market.

## Total of 39 Companies\*<sup>1</sup> Operating in 14 Countries and Regions

● Japan	Net Sales* <sup>2</sup> ¥ <b>189.6</b> billion	● Southeast Asia	Net Sales* <sup>2</sup> ¥ <b>65.1</b> billion	● Europe	Net Sales* <sup>2</sup> ¥ <b>40.9</b> billion
	Number of Employees* <sup>2</sup> <b>1,703</b>		Number of Employees* <sup>2</sup> <b>1,171</b>		Number of Employees* <sup>2</sup> <b>221</b>
● Americas	Net Sales* <sup>2</sup> ¥ <b>232.5</b> billion	● China	Net Sales* <sup>2</sup> ¥ <b>29.3</b> billion		
	Number of Employees* <sup>2</sup> <b>1,856</b>		Number of Employees* <sup>2</sup> <b>848</b>		

\*<sup>1</sup> Number of consolidated subsidiaries as of March 31, 2023

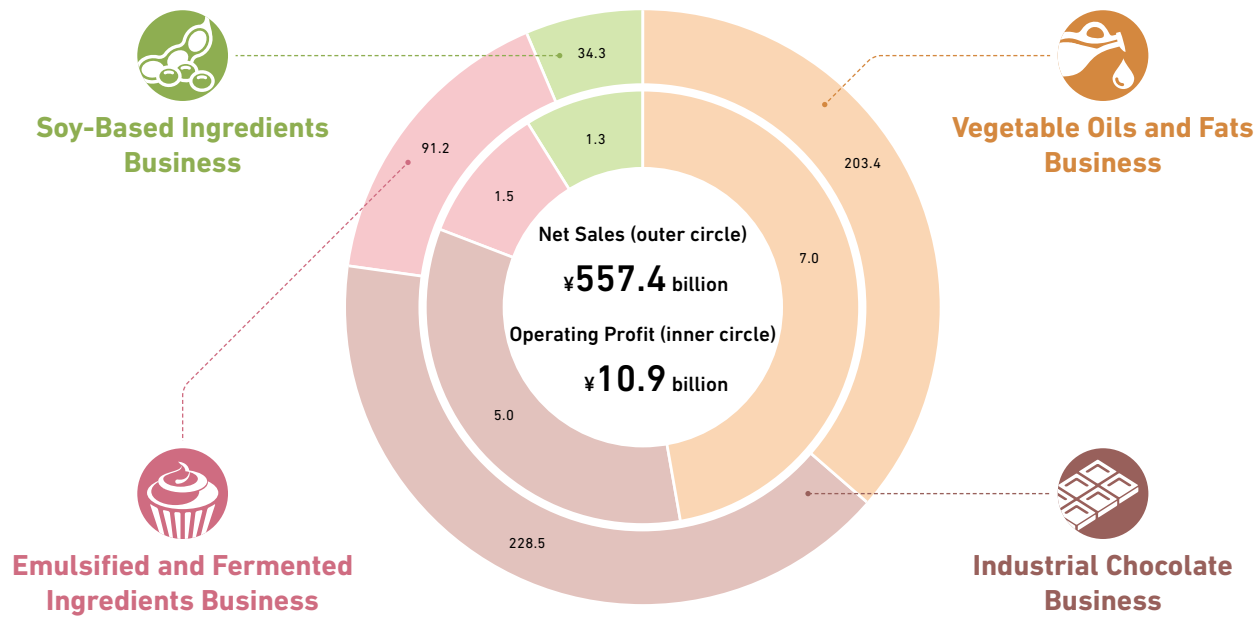
\*<sup>2</sup> Net Sales: FY2022 results

Number of Employees: Number of employees of FUJI OIL HOLDINGS INC. and consolidated subsidiaries as of March 31, 2023 (excluding temporary employees)



# Fuji Oil Group Business

The Fuji Oil Group operates in 14 countries and regions with its operations focused on four businesses: Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-Based Ingredients. We have provided food solutions by our R&D capability enabled to drawing out the potential of plant-based ingredients, our production technology and unique business portfolio cultivated over a more than 70-year history. We will adapt to global food market change and diversification as we continue to provide value to our customers and consumers.



## Point

### Formulating a Unique Business Portfolio Based on Our Core Technology

The Fuji Oil Group has developed proprietary separation technology for raw materials such as palm, cocoa, and soybeans and offers ingredients featuring various properties and functions. We also create new ingredients featuring special functionality by applying proprietary recombination technology to blend and process these unique ingredients and other food ingredients. These processes may appear complex, but we have established a framework rooted in our Vegetable Oils and Fats Business that enables effective utilization of product ingredients within the scope of our unique business portfolio.

Also, by combining the technologies cultivated in each of our four businesses, we have established unique core technology for achieving delicious taste that enables us to provide surprisingly delicious foods using only plant-based ingredients.

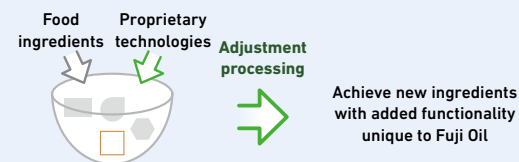
#### Separation Technology (Fractionation / Segregation)

Natural oils and fats are composed of multiple oils and fats components. We obtain unique materials by separating and extracting oil and fat ingredients with differing melting points and properties.



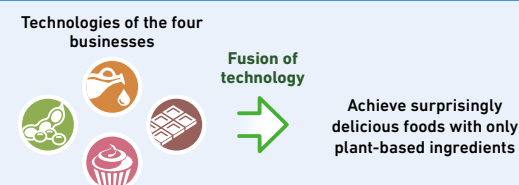
#### Recombination Technology (Adjustment Processing)

We combine separated ingredients with our proprietary technology and other food ingredients, and then adjust and process to refine properties and flavors, creating new food ingredients that fulfill various demands.

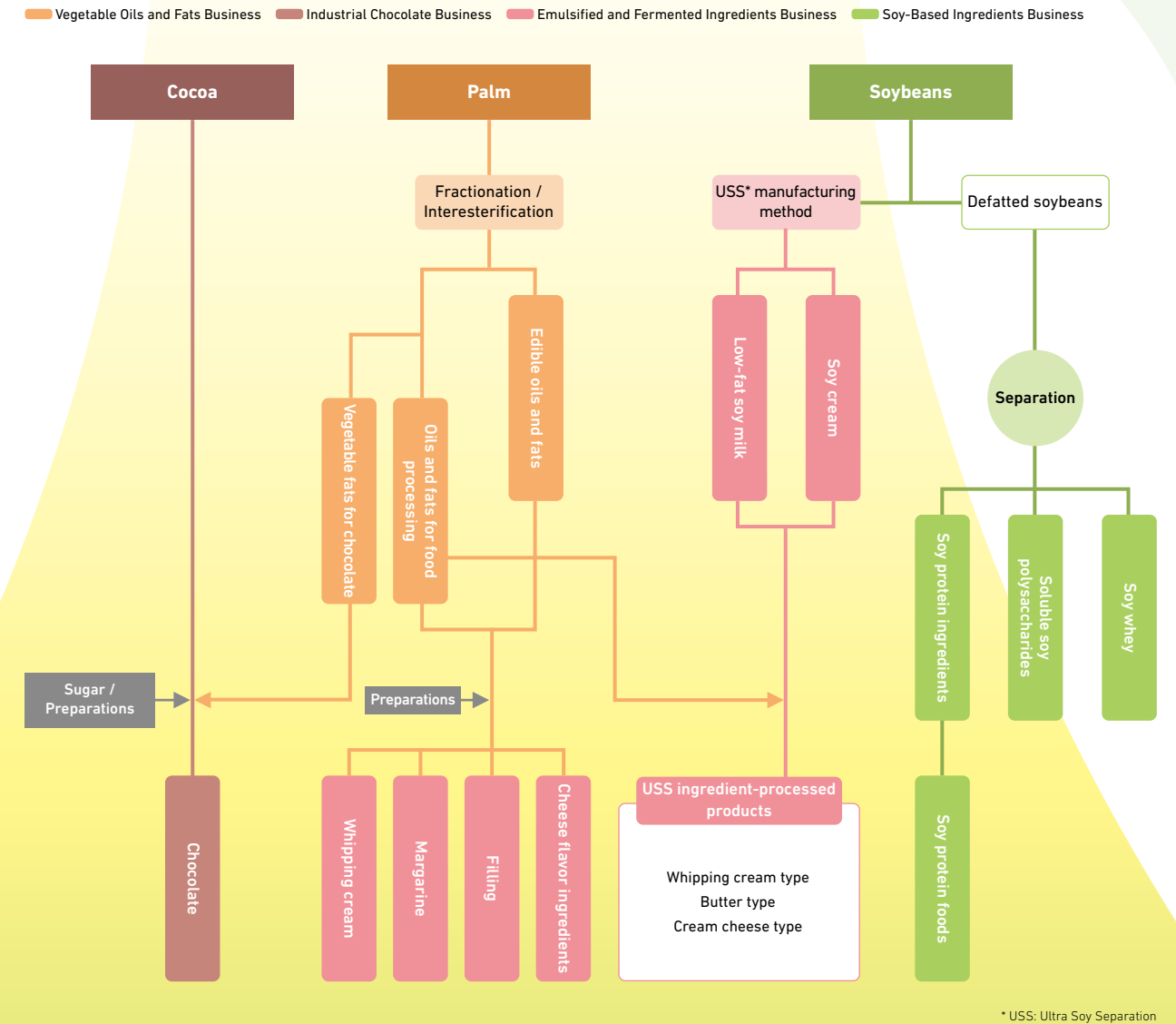


#### Fusion of technology

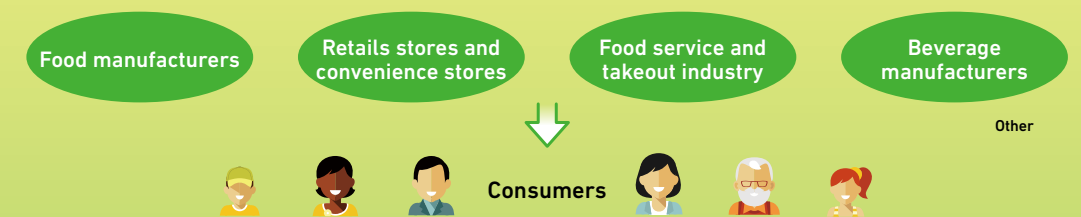
We combine the technologies cultivated in each business, including technology related to vegetable oils and fats, plant proteins, and emulsification and fermentation, to create surprisingly delicious foods using only plant-based ingredients.



## Developing Four Businesses Based on Palm, Cocoa, and Soybeans as Main Raw Materials



## To Customers and Consumers



## Creating Further Value in Response to Social Transformation

The Fuji Oil Group's Value Creation → P20

### Our Constant Creation of Value



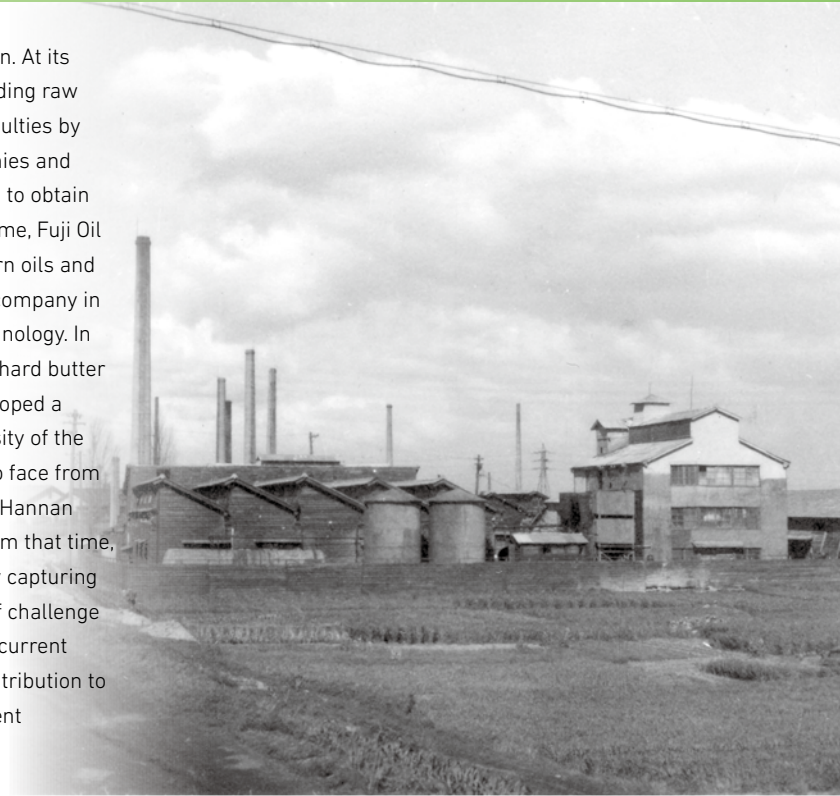
### Our Value Going Forward





## History of Challenge and Innovation That Began by Setting Our Sights on Tropical Oils and Fats

Fuji Oil was the last entrant in the oil refining industry in Japan. At its founding, Fuji Oil was forced to make difficult decisions regarding raw material procurement and financing. We overcame such difficulties by developing products that distinguished us from other companies and assembling a unique business portfolio. As it was challenging to obtain soybeans and other primary oils and fats ingredients at the time, Fuji Oil established technological capabilities for utilizing southeastern oils and fats such as coconut and palm. In 1951, we became the first company in Japan to extract oil from copra using pressure extraction technology. In 1955, we also became the first company in Japan to produce hard butter from the crushing of palm kernels. In the 1960s, Fuji Oil developed a range of defatted soybean products, contributing to the diversity of the Japanese diet. Despite the financial struggles we continued to face from the time of our founding, in 1967 we decided to construct the Hannan Plant at a cost of ¥5.5 billion (final cost about ¥8.0 billion). From that time, the Fuji Oil Group has achieved steady growth by successfully capturing demand during periods of high economic growth. The spirit of challenge and innovation seen in our history has been carried on in the current Fuji Oil Group Management Philosophy and in the spirit of contribution to customers, which was incorporated into our Basic Management Principles established in 1960.



## Co-Creation with Customers Bringing Together Development, Production, and Sales



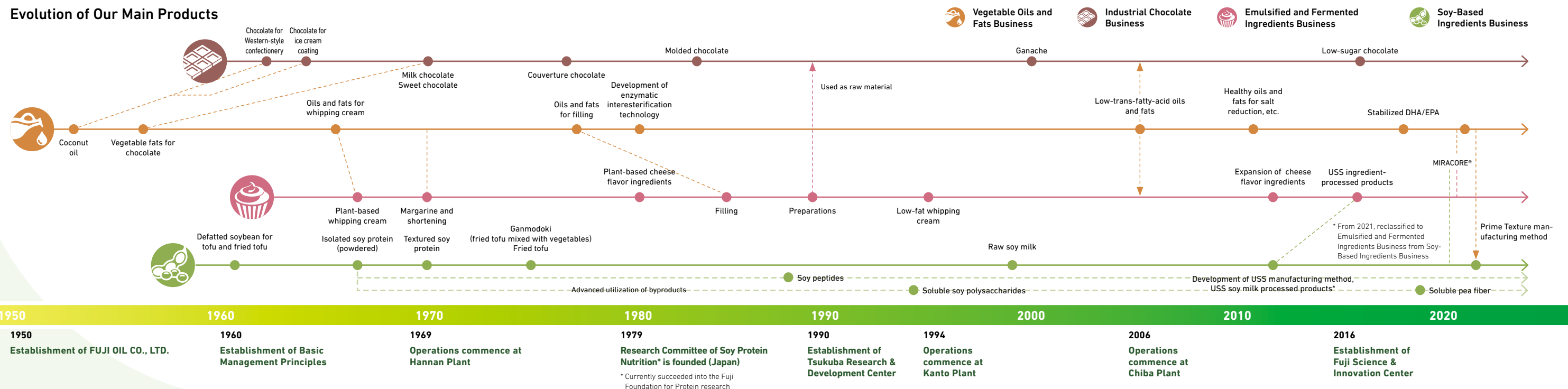
In 1970s Japan, Fuji Oil worked to expand its business, playing a supporting role in Japan's food industry, by catering to the requirements of customers and tapping into latent demand through a coordinated approach to development, production, and sales. By establishing a system to provide a variety of products such as oils and fats, chocolate, whipping cream, soybeans, and soy protein in an appropriate and timely manner with a thorough focus on food safety and quality, the Company has succeeded in securing stable demand as a B2B ingredient manufacturer. As well as responding to customer requirements, we have taken steps to build a system to develop materials and provide solutions to meet changing customer needs, such as by opening FUJISUNNY PLAZA sites and the Tsukuba Research and Development Center, where we co-create with customers based on our oils and fats and soy protein technologies. In addition to meeting the requirements of food manufacturers, which have been our longstanding customers, we are contributing to food culture while increasing food diversification by promoting co-creation with convenience stores, the food service sector, and beverage manufacturers. Behind the overwhelming presence Fuji Oil has built in Japan is the unique position it has established through co-creation with customers, in which development, production, and sales have worked in unison.

### Fuji Oil Group:

# History of Its Origin and Progress

Since its founding, Fuji Oil has continued to develop its own unique way, with tropical oils and fats and soy protein ingredients at the core of its business. With an attitude of striving for challenge and innovation, without imitating others, we have created many technologies and materials that are firsts in Japan and the world, contributing to the happiness and well-being of the people by offering delicious and healthy food.

### Evolution of Our Main Products





## Expanding Business Areas and Business Portfolio

In addition to business expansion in Japan, Fuji Oil expanded its business globally and, in 2015, transitioned to a holding company structure. Through M&As in Brazil and the United States, the Fuji Oil Group became the world's third-largest manufacturer of industrial chocolate.



Blommer Chocolate Company



FUJI VEGETABLE OIL, INC.

### Expansion of Global Business Sites

- 1981** Establishment of FUJI OIL (SINGAPORE) PTE. LTD. in Singapore
- 1987** Establishment of FUJI VEGETABLE OIL, INC. in the United States
- 1992** Establishment of FUJI OIL EUROPE in Belgium
- 1995** Establishment of FUJI OIL (ZHANG JIA GANG) CO., LTD. in China

### Acceleration of M&A

- 2015** HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA (Brazil)
- 2016** GCB SPECIALTY CHOCOLATES (Malaysia)\*
- 2018** INDUSTRIAL FOOD SERVICES PTY. LIMITED (Australia)
- 2019** Blommer Chocolate Company (United States)

\* Currently FUJI GLOBAL CHOCOLATE (M) SDN. BHD.

## Promoting Sustainable Raw Material Procurement and Sustainability Management

We are promoting sustainability initiatives to enhance the sustainability of the Fuji Oil Group and realize a sustainable society.

### Sustainability Initiatives

- Promotion of sustainable procurement of palm oil, cocoa, soybeans, and shea kernels
- Establishment of Environmental Vision 2030
- Establishment of Fuji Oil Group Policy on Biodiversity

### Main Raw Materials



Palm oil



Cocoa



Soybeans



Shea kernels

### Endorsement and Participation in External Initiatives

- 2004** Roundtable on Sustainable Palm Oil (RSPO)
- 2012** World Cocoa Foundation (WCF)
- 2013** UN Global Compact (UNGC)
- 2019** Task Force on Climate-related Financial Disclosures (TCFD)
- 2020** Round Table on Responsible Soy (RTRS)  
Emissions reduction targets approved by the Science Based Targets initiative (SBTi)
- 2021** Japan Business Initiative for Biodiversity (JBIB)

## Fuji Oil Group:

# Management Milestones

We have continued to evolve to lay the foundations of management to meet the diverse challenges of the changing business environment. We will continue to be reborn as a corporate group to realize our Vision.

### Vision

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

## Establishing Advanced Technologies to Help Resolve Social Issues

In striving to provide solutions to our customers, we challenge ourselves in developing unique technologies to pursue deliciousness and healthiness and to respond to sustainability and other social issues.



### Contributions to Resolving Social Issues through Unique Technologies

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li><b>2011</b> Establishment of production technology for low-trans-fat, non-tempering hard butter</li> <li><b>2012</b> Development of world's first Ultra Soy Separation (USS) manufacturing method</li> <li><b>2016</b> Development of stabilized DHA/EPA technology<br/>Establishment of production technology for cheese flavor ingredients that do not contain animal-derived raw materials</li> </ul> | <ul style="list-style-type: none"> <li><b>2021</b> Launch of technology brand MIRACORE® to add satisfaction for plant-based foods</li> <li><b>2022</b> Launch of research project on soybeans cultivation using CO<sub>2</sub><br/>Development of Prime Texture manufacturing method, new process for soy meat production<br/>Development of palm oil substitute derived from oleaginous yeast using world-leading production method</li> </ul> |
|---|---|

## Responding to Diversifying Stakeholder Needs and Promoting Growth Strategies

In addition to promoting growth strategies, dialogue with investors, and advanced governance, we are working to enhance corporate value by deepening cooperation with various stakeholders.

### Basic Policies of Mid-Term Management Plans

#### FY2014 – FY2016 "Renaissance Fuji 2016"

- Promotion and acceleration of global management
- Promotion and acceleration of technology management
- Promotion and acceleration of sustainability management

#### FY2017 – FY2020 "Towards a Further Leap 2020"

- Reinforcement of core competence
- Growth of soy business
- Development of functional, high-value-added products
- Cost reduction and unification with global standards

#### FY2022 – FY2024 "Reborn 2024"

- Strengthening of business foundation (restoring profitability and creating new value)
- Strengthening global management
- Enhancing sustainability (sustainability strategy aligned with management strategy)

### Strengthening of Corporate Governance

- 2015** Establishment of Nomination and Compensation Advisory Committee and ESG Committee\*
- 2016** Evaluation of effectiveness of Board of Directors
- 2022** Shift to company with Audit and Supervisory Committee  
\* Changed name of ESG Committee to Sustainability Committee in fiscal 2022

### Dialogue with Stakeholders

- 2007** Publication of CSR Report\*  
\* Renamed Sustainability Report in 2014
- 2018** Publication of Integrated Report





Integrated Report 2018





# Fuji Oil Group Diverse Food Cultures

The Fuji Oil Group's products are used in a wide range of food markets that are familiar to consumers in their daily lives and serve to support diverse food cultures around the world. We will continue to expand food options with healthy and delicious plant-based ingredients to support the health of people and the earth and to contribute to a sustainable future for food.

 Vegetable Oils and Fats Business

 Industrial Chocolate Business

 Emulsified and Fermented Ingredients Business

 Soy-Based Ingredients Business

## United States



### Low-Sugar Chocolate

While retaining the same taste and satisfaction of conventional chocolate, our lineup of low-sugar chocolate is contributing to people's lower consumption of sugar.



### Oils and Fats for Margarine

Our low-trans-fatty-acid oils and fats for margarine are made from ingredients such as palm oil and used in a wide variety of bread and pastries.

## Brazil



### Chocolate Filling for Sweet Pizza

By using our oil and fat blending technology, we are able to control the softness of chocolate filling, giving it both a rich flavor and a smooth texture.

## China



### Flavored Custard Featuring Ingredients

In China, we achieved commercial production of flavored custard featuring ingredients, a product that was not well known in the country. We developed a process for sterilizing, mixing, and evenly distributing filling ingredients during the custard manufacturing process. With a rich texture, this product is gaining popularity among China's young consumers.

## Europe



### Chocolate Filling for Praline

Chocolate filling with hazelnuts and almonds. We use a combination of various in-house vegetable oils and fats to prevent sugar bloom and the loss of flavor, which helps in preserving delicious taste.



### Functional Margarine for Bread

Functional margarine developed to maintain the delicious taste of bread prevents the deterioration of frozen dough and bread with long expiration dates.

## Japan



### Spraying Oils for Cereals

Spraying oils and fats serve to prevent moisture absorption and as a binder for flavoring agents. The high oxidation stability of spraying oils and fats helps products maintain their flavor for longer periods, enabling long-term distribution.



### Whipping Cream for Cakes

Our whipping cream keeps its smooth texture for several days, which supports longer expiration dates and contributes to food loss reduction.

## Southeast Asia



### Nutritional Oil Blends for Infant Formula

Vegetable oil blends for infant formula are specially formulated according to nutritional specifications and processed under optimum technical and hygienic conditions, with raw materials stringently sourced to meet food safety and product quality requirements.



### Chocolate

By providing chocolate products certified through our proprietary Sustainable Origins™ program, we contribute to the sustainable procurement of cocoa.



### Karaage (deep-fried chicken) made from Soybean Meat

By combining oil and fat and protein processing technology to reproduce the texture, mouthfeel, and juiciness of meat, soybean meat has become a new food option.



### Whipping Cream for Cakes

Whipping cream with strong shape-retention properties is ideally suited to the rich Western-style confectionery culture, including for the decoration of cakes with flowers, dragons, and other motifs.



### Chocolate for Ice Cream Coating

By using technology that controls the melting points of oils and fats, we are able to achieve a wide variety of textures and a rich selection of chocolate for ice cream coating.



### Functional Ingredients for Acidic Milk Drinks

By using a water-soluble dietary fiber made from soybean curd, it is possible to prevent sedimentation in milk drinks and maintain quality.



### Plant-Based Soup

Plant-based soup is a broth with a satisfying taste made without using animal-based ingredients.



### Coating Chocolate for Cookies

Our compound coating chocolate has a rich flavor that pairs well with cookies and is widely popular.





## Mikio Sakai

President  
Chief Executive Officer (CEO)  
FUJI OIL HOLDINGS INC.

## Mid-Term Management Plan Reborn 2024 - Successes and Issues We Face in Achieving Our Targets

In April 2023, I traveled to Brazil to participate in a ceremony at Harald to mark the completion of construction of its No. 2 Plant. Harald, which joined the Fuji Oil Group in 2015, has greatly improved productivity levels through the concerted efforts of local staff and staff assigned from Japan. Chocolate filling utilizing Fuji Oil's oils and fats technology has become a local hit and is recording significant sales. We are also beginning to see the benefits of ongoing initiatives to strengthen Harald's business platform, including collaborative efforts with the holding company to support raw material position management and responses to currency market fluctuations. In fiscal 2022, the company recorded its highest-ever sales volume and achieved profitability. The faces of the Harald employees were filled with confidence and, with the launch of operations at the No. 2 Plant, I believe the company has entered a new growth phase.

Fiscal 2022 saw significant changes in our external environment, including soaring prices for palm oil and other raw materials, prolonged supply chain disruptions, inflation, and interest rate hikes. These changes combined to make a difficult operating environment for the Fuji Oil Group. Amid such conditions, Vegetable Oils and Fats Businesses in Southeast Asia recorded favorable sales in response to recent increases in demand for certified palm oil and PALMAJU EDIBLE OIL SDN. BHD in Malaysia achieved record-high profit. Also, FUJI OIL EUROPE in Belgium recorded favorable sales of chocolate filling, a highly functional product that combines multiple oils and fats. Overall, fiscal 2022 performance of FUJI OIL EUROPE exceeded initial targets, thanks to the differentiation strategies we have been implementing. In Japan, performance began to recover from the second half of fiscal 2022 as we responded to soaring raw material prices. A common theme among these Group companies is that they have promoted business transformation and established business platforms that reflect changes in their operating environments.

On the other hand, I am painfully aware that the companies failing to achieve fiscal 2022 targets had faced issues such as implementing productivity improvements and sales price revisions to reflect higher raw material prices. I also recognize that the policy of strengthening our business foundation outlined in the mid-term management plan Reborn 2024 represents the first step toward resolving such issues. In fiscal 2023, we are advancing efforts to strengthen our business foundation in order to restore core profitability. We are also working to apply a sense of urgency to implementing our growth strategy.

Business Strategy

➔ P47

## Promotion of a Shift to a Portfolio Based on High-Value-Added Business

One of the three basic policies outlined in Reborn 2024 is to strengthen our business foundation. To achieve this policy, in addition to restoring the core profitability of existing businesses, we will actively raise awareness of capital efficiency. We will shift to a business portfolio focused on high-value-added products and concentrate management resources on core businesses and growth domains.

# CEO Message

In particular, we recognize that Blommer Chocolate Company is our highest-priority issue, and we are focusing on restoring its profitability. In 2023, we have aggressively advanced a production structure improvement project at Blommer’s Chicago plant. At the same time, we have dispatched additional senior management level personnel from the holding company to strengthen the company’s management structure and accelerate decision-making.

In April 2023, we decided to transfer the fixed assets of Fuji Oil New Orleans, LLC, a Group production site for oils and fats in the Americas. This site began operations in 2021 in the Southern United States, where markets are expected to see increased demand for palm oil, and it was positioned as a part of our growth strategy. As a manufacturing business, the decision to transfer the fixed assets of a production site was a truly difficult one. However, after careful evaluation of multiple factors, including the changing macroeconomic environment giving rise to higher capital costs and interest rates in North America, the impact on our balance sheet and cash flow, and future earnings, we came to this decision based on our commitment to the goal outlined in our mid-term management plan of realizing the shift to a business portfolio centered on high-value-added products amid ongoing stakeholder diversity. Moving forward, I will work to reposition our business portfolio to focus on high-value-added products; however, as a food manufacturer, we must first and foremost contribute to our customers. Each business must approach this portfolio shift by formulating a growth strategy and determining and evaluating future synergies, growth, and potential. As we intensify our efforts to focus on high-value-added products, I believe FUJI VEGETABLE OIL, INC., our remaining oils and fats production site in the Americas, will become increasingly important.

## Global Approach to Strengthening Business Management

Since assuming the role of CEO in 2021, I have advanced initiatives to strengthen function-axis organizations within the holding company and promote business-axis management and operations. We are beginning to see the benefits of efforts to strengthen global management, one of the three basic policies of our mid-term management plan. In fiscal 2022, we introduced raw material position management, productivity indexes management, and FUJI ROIC, all initiatives led directly by the holding company. Through these initiatives, we work to quantify businesses, visualize issues, and take a business-axis approach to management and operations.

With regard to raw material position management, the holding company has taken a central role in establishing guidelines for risk mitigation related to raw material price volatility and supported risk mitigation responses by monitoring the raw material positions of each Group company. In the past, each company promoted improvements based on individual productivity indexes. However, to promote Groupwide productivity improvements, we adopted universal productivity indexes for the entire Group. By factoring in these productivity metrics, companies will be able to identify bottlenecks and quantify their individual strengths and weaknesses. The holding company will determine resource allocation based on these metrics, which will lead to efficiency improvement initiatives. At Blommer as well, such improvement initiatives conducted in collaboration with the holding company are beginning to produce a certain level of results. As for ROIC, we adopted FUJI ROIC, which replaces invested capital with working capital and fixed assets as the denominator of the calculation formula, thereby simplifying the process of identifying coefficients for each business segment and enabling the identification of structural elements that contribute to profitability. Through an ROIC tree, we are analyzing business activities and addressing issues by setting KPIs and managing targets for each worksite. By using the ROIC tree to visualize improvement points and set KPIs, we have worked to build a highly profitable business portfolio and improved corporate value as we approach 2030.

CxOs\*1 and the dedicated functions of the holding company will play a critical role in efforts to enhance business management. We are strengthening our recruitment of human resources with expertise and experience in areas such as finance and accounting, investment management, risk

management, and digital transformation (DX). We will seek to further enhance the functions of the holding company and strengthen collaboration and share each experience with Group companies.

## Sustainability and Human Resource Strategies for Improving Corporate Value

To enhance sustainability, we have promoted a sustainability strategy and a human resource strategy unique to the Fuji Oil Group. Fuji Oil Group business relies on raw materials such as palm oil, cocoa, and soybeans, which are made possible because of our co-existence with nature and healthy ecosystems as well as our broad range of stakeholders. Activities that are conscious of the environment and human rights are a prerequisite to the continuity of our business and I am confident that initiatives to differentiate ourselves will lead to value for our customers and consumers.

The trend toward sustainability initiatives, which had been centered in Europe, is now spreading to the United States and Japan as well. Today, sustainability is not merely a form of risk avoidance; it is expected to lead to enhanced long-term corporate value. In fact, the sustainable procurement initiatives conducted by the Fuji Oil Group for raw materials such as palm oil are beginning to gain recognition in line with growing awareness of sustainability among consumers and customers. In fiscal 2017, RSPO certified oil represented nearly 17% of palm oil procured by Fuji Oil. This figure increased to nearly 58% in fiscal 2022 and demand continues to grow steadily. Our mid-term management plan includes non-financial targets and groupwide activities to achieve those targets are producing results. In fiscal 2022, we reduced Scope 1 and Scope 2 CO<sub>2</sub> emissions by a total of 26%\*2 (FY2024 target: 23% reduction\*2). For sustainable procurement, we achieved a TTP\*3 ratio of 93% (FY2024 target: 85%). We have already surpassed the non-financial targets set for the final fiscal year of the mid-term management plan.

Through our human resource strategy, I believe it is important to foster human resources who will support sustainable growth of the Fuji Oil Group. We have some 6,000 consolidated employees, of whom nearly 70% are employees in areas outside of Japan. By implementing a human resource strategy that is linked with the Group’s business strategy, we are able to apply the strengths of each Group company in the development of diverse personnel while continuing to take on challenges and achieve innovation. I believe the human resource strategy enables further growth for the overall Group. For example, by applying the knowledge and experience we have accumulated in Japan, including world-class production efficiency, product safety and reliability, and quality management, at Group companies outside of Japan, we can elevate the level of the entire Group. At the same time, diverse employees from each company are motivated in their activities to support the sustainable growth of the Fuji Oil Group.

The resolution of the increasingly complex issues of societies around the world requires constant innovation. In turn, the achievement of such innovation requires human resources of diverse capabilities and backgrounds exerting imagination and collaborating with colleagues on a scale not seen before. The key to developing such human resources is diversity, equity, and inclusion (DE&I).

The Fuji Oil Group’s ratio of female managers is roughly 30% for all Group companies outside of Japan. In Japan, this ratio remains at about 10% and we are advancing initiatives to develop workplace environments. In addition to expanding systems that support the workstyles of employees through various life events, we are addressing the fact that we have an overall low ratio of female employees, in both management and other positions, by implementing recruiting processes to raise the number of female employees who will become future leaders in management.

To foster the development of the next generation of management personnel, we are evaluating training for candidates from across the entire Group, regardless of nationality, gender, or age. We will evaluate our vision of management personnel, conduct assessments with the participation of industry experts, and analyze the characteristics of human resources to ensure fair personnel evaluations. Through this process, we will engage in systematic human



Human Resource to Support Value Creation

⇒ P64

Production Activities

⇒ P74

Financial Strategy

⇒ P35



resource development, including clarifying the strengths and weaknesses of each individual and providing opportunities to gain experience.

\*1 CxOs: Chief x Officers

\*2 Base year: 2016, all consolidated subsidiaries

\*3 TTP: Traceability to Plantation

## Further Strengthening of the Corporate Governance Structure

To raise the effectiveness of the Board of Directors, in fiscal 2022 we decided to shift to institutional design and transitioned to a company with an Audit and Supervisory Committee. Through this structure, three parties with differing roles—internal directors, outside directors, and directors serving as Audit and Supervisory Committee members—work to strengthen management supervisory functions. The Board of Directors receives various ideas from outside directors, such as incorporating quantitative data analyses into monitoring and requesting separate deliberations for each core theme. And, of course, it is not uncommon for directors to express a difference of opinions during these deliberations. Amid such interactions, comments from Audit and Supervisory Committee members based on their expertise can lead to new realizations that further stimulate discussions. With the establishment of an environment in which directors provide opinions from different perspectives and create a system of mutual checks and balances, I believe we have come closer to our ideal corporate governance structure. However, there is no end to governance reform and I want to continue to advance the evolution of our governance so that it is aligned with the times.

Strictly speaking, I believe the role of the Board of Directors is to supervise management, ascertain Groupwide risks and opportunities, and reevaluate the Company's business portfolio. Diversity in our Board of Directors is critical to ensuring our ability to deliberate issues from a broad perspective. I believe this means not only that we have diversity in terms of gender, nationality, and age, but also that our entire Board of Directors represents a diverse range of the skills required to promote Group growth. Regarding members of the Sustainability Committee, which serves as an advisory body to the Board of Directors, in addition to participation by CxOs with board voting rights, we added area representatives in fiscal 2022 and expanded participation to include business division general managers in fiscal 2023. By broadening participation, we will enhance our ability to link activities to business strategy. In addition to members with advanced knowledge of businesses and areas, the committee's various experts provide perspectives that will enable us to deliberate on risks and engage in swift decision-making.

In the past year, we have enhanced efforts to increase the efficacy of internal audits. We established an integrated audit structure to conduct systematic audits through collaboration between the Audit and Supervisory Committee and the Internal Audit Group, and promoted stronger communication between outside directors (non-Audit and Supervisory Committee Members) and the audit organization. Furthermore, we are expanding the scope of audits conducted by the Internal Audit Group to include not only accounting audits and data analysis audits mandated by law but also administrative audits. In fiscal 2023, we have taken steps to identify and provide support for processes related to production efficiency and loss reduction, cost optimization, and human resource allocation that require improvements.

Communication with employees, investors, and other stakeholders is also a critical part of corporate governance. Thus far, we have held earnings briefings for employees and engaged in dialogue with investors in Japan and overseas. I intend to continue these communication efforts with a view to improving corporate value.

### Governance

⇒ P92

### The Fuji Oil Group's Value Creation

⇒ P20



## Technology Crossover and New Value Creation through Co-Creation with Stakeholders

In April 2023, based on the spirit of the Fuji Oil Group Management Philosophy, we revised our Vision: "Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy." Amid the heightened uncertainty influencing our operating environment, we reevaluated how we should contribute to stakeholders, including society, customers, and shareholders, to ensure the Fuji Oil Group can help to resolve issues and achieve sustainable growth. Our renewed vision embodies that strong commitment. Across the world, food cultures continue to diversify, accompanying growing awareness and understanding of such considerations as religious and cultural beliefs and practices, food allergies and intolerance, and environmental impact. These various elements are driving an increasing demand for plant-based foods. One of the social contributions we must strive to make is to provide diverse menu options based on delicious and healthy plant-based foods to expand the food options of our consumers.

Since its founding, the Fuji Oil Group has focused on plant-based ingredients, particularly palm oil and soybeans, and achieved growth by continuing to create products that contribute to resolving the world's social issues. Today, plant-based foods is seen as a novel concept, but this concept is nothing new to the Group. Research into plant-based ingredients based on innovation aimed at resolving social issues is a part of the Fuji Oil Group's DNA.

The Group's four businesses center on: Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-Based Ingredients. However, crossovers incorporating the technology of each business is the key to future R&D. Products representing optimal examples of such technology crossover are MIRACORE® and Prime Soy Meat. Moving forward, we will continue to combine oils and fats with protein to create satisfying and delicious plant-based ingredients.

In the previous fiscal year, we launched GOODNOON, our flagship initiative to realize our Vision. Through GOODNOON, we will promote the creation of new markets by engaging in initiatives that transcend conventional thinking to incorporate new technologies, sales methods, product formats, and information transmission. However, this initiative is not one that we can undertake on our own. We are a B2B company. As such, we will advance this initiative based on partner cooperation, particularly as we target downstream players in our value chain. In May 2023, we collaborated with cotta Co., Ltd. to launch a new e-commerce site focused on healthy foods for the body. This new site makes it easy to purchase confections and food ingredients, with a particular focus on plant-based foods. We will continue to step up initiatives for co-creation with partners as we work to achieve our Vision.

The current mid-term management plan represents Phase I of initiatives through to 2030. In Phase I, we will strengthen our business foundation. To promote our growth strategy from Phase II onward, we will focus on strengthening our business portfolio and expanding food options with plant-based ingredients. Since its founding, the Fuji Oil Group has embraced the spirit of not imitating others. At the same time, we must be careful to avoid adopting an attitude of self-righteousness. There is a limit to what we can accomplish alone. To be able to survive and thrive in the coming age, we must cooperate with stakeholders in resolving social issues, share our respective knowledge, and encourage engagement. I am confident that this type of co-creation will lead to new value creation.

"Where there's a will, there's a way."

Through co-creation with our stakeholders, we will continue to embrace the challenge of being a company that creates value for society.

September 2023

*Mikio Sakai*

Mikio Sakai  
President  
Chief Executive Officer  
FUJI OIL HOLDINGS INC.

### New Business Field

⇒ P60

# The Fuji Oil Group's Value Creation

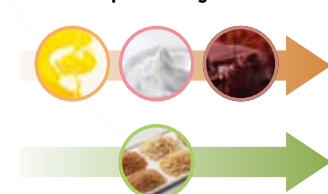
Since the Fuji Oil Group's founding, we have maintained a focus on plant-based ingredients that has allowed it to heighten and expand its technology horizontally and provide innovative products that solve the problems of customers and consumers. In addition to the value we have to date, we aim to create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



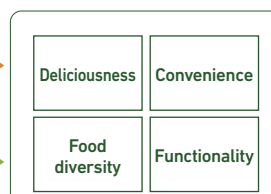
## Our Constant Creation of Value

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

### Business development by increased processing



### Maximize customer value



## Future Value Creation

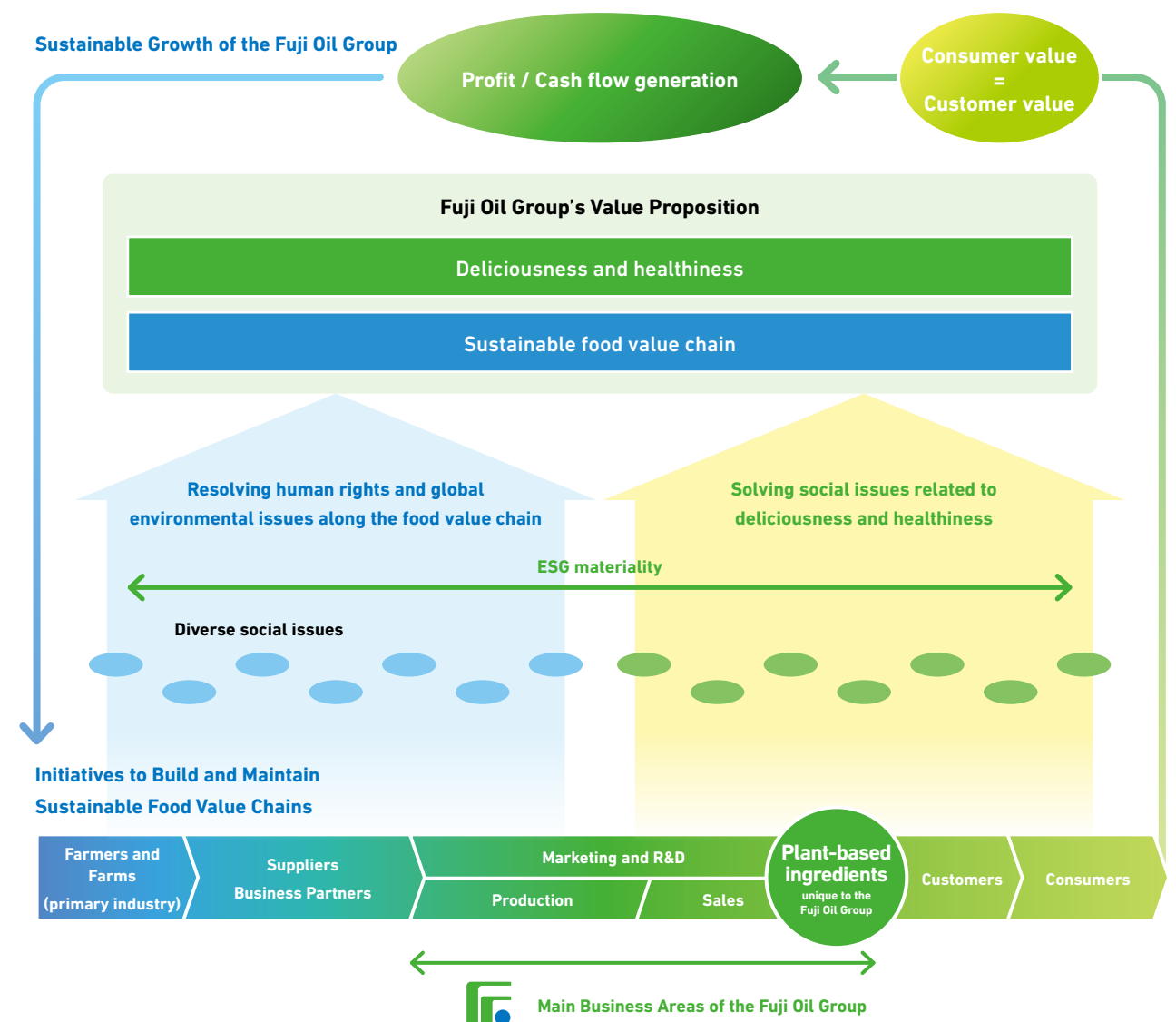
Around the globe, there is a growing awareness of the challenges of building a sustainable society and ever more integration of food and health, and there is an increasing demand for the "healthiness" of mind and body, accompanied by "delicious taste," which is translating into food where "deliciousness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

Fuji Oil Group Business ➡ P6

## Value Creation Model

### Co-Creating a Sustainable Future for Food

### Expanding Food Options with Plant-Based Ingredients



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

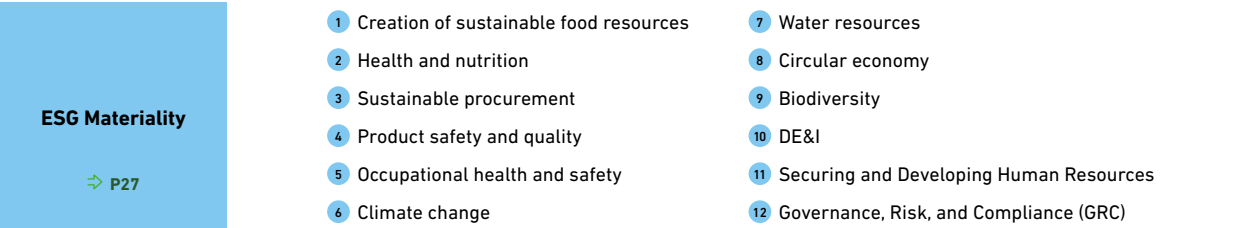
In fulfilling this function, we strive to provide solutions that meet the expectations of all stakeholders by promptly identifying social issues in the food value chain, such as global environmental issues, human rights, and mental and physical health.

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

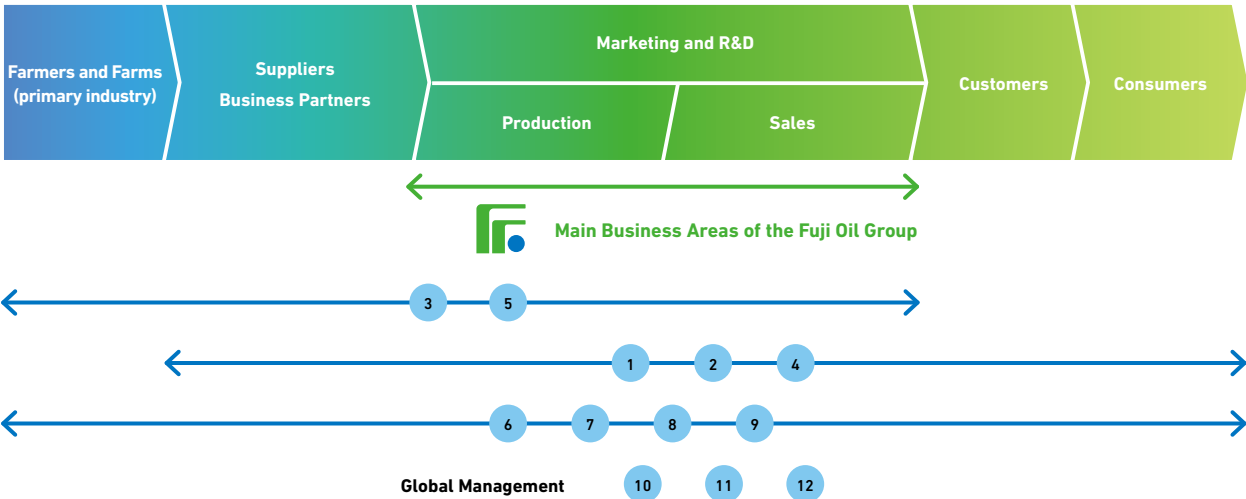


The Fuji Oil Group’s Value Creation

Identifying ESG Materiality along the Food Value Chain



Main Scope of Initiatives in ESG Materiality

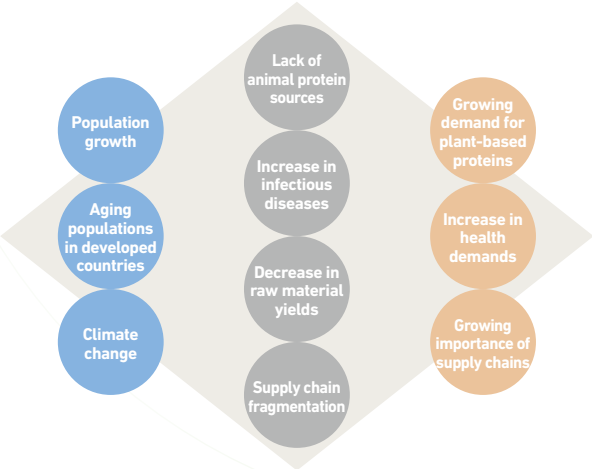


Initiatives to Capture Business Opportunities

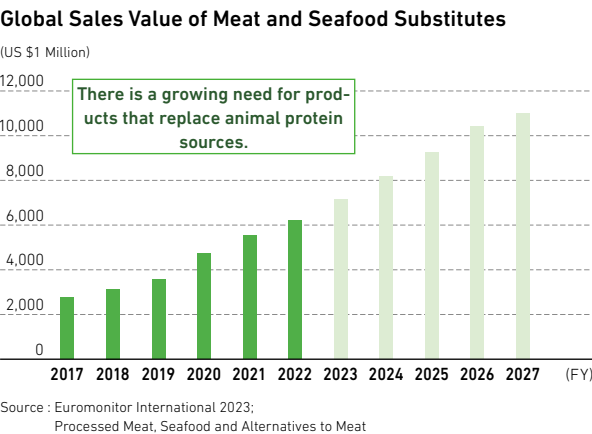
We use ESG materiality to formulate and promote management strategies to solve social issues along the food value chain through our business activities. For example, we are focusing on creating sustainable food resources by developing plant-based ingredients with deliciousness and healthiness to address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

New Business Fields ➔ P60  
R&D ➔ P77

Changes in Social Structures



Growing Need for Plant-Based Foods



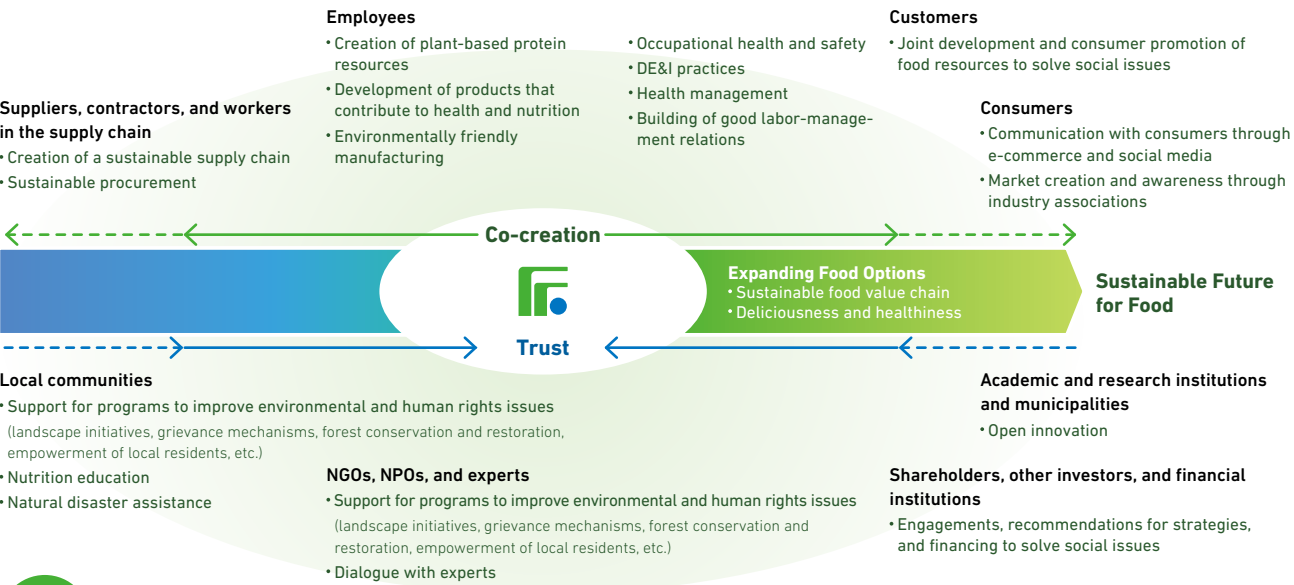
Value Creation through Co-Creation

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

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

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

Co-Creation with Stakeholders



Karl Yen Quek

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

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

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

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

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

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

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



Hiroo Maki

Management Quality  
Department Chief  
YURAKU CONFECTIONERY  
CO.,LTD.

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

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

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

Sustainable Origins™ program ➔ P53



R&D

### Development of Better-For-You Chocolates

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

**Margaret Crance**  
R&D  
Blommer Chocolate Company

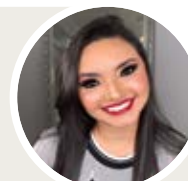


Quality Assurance

### Innovation and Challenge in the Development of Plant-Based Chocolate

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

**Ariane Melo**  
Quality Assurance  
HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA



Logistics

### Steps to Overcoming the Logistics Crisis



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

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

Research

### Technology and Materials Contributing to People's Health



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

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

Continuous Improvement

### Continuous Improvement for Sustainable Production



**Bram Pâquet**  
Continuous Improvement  
FUJI OIL EUROPE

The promotion of climate change and CO<sub>2</sub> emissions reduction initiatives requires an interdepartmental effort. While HSE and Communication teams create awareness, our teams in Production continuously analyse various factors in the production process, including heat study, with energy reduction in mind. When a more efficient manner of energy use is detected, our Engineering team gets to work to adjust the systems accordingly. Sustainable production is a matter of cooperation and continuous efforts. Through these efforts, we contribute to the creation of a society that is friendly to both the global environment and our employees.

Supply Chain Management

### Responsible Sourcing through Supplier Engagement



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

Fuji Oil Group recognizes the importance of responsible and sustainable palm oil sourcing. We support the No Deforestation, No Peat and No Exploitation (NDPE) policy and are committed to ensuring that our supply chains are free from deforestation and forced and bonded labour. Through supplier engagement, the Supply Chain Management Department works closely with our suppliers to ensure that they share our commitment to sustainability and that they are implementing sustainable practices in their operations that minimize the negative impact of palm oil production on the environment and society. We believe that by working together, we can achieve a more sustainable future for palm oil production and contribute to a more sustainable world by 2030.

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

Vision

Production

### Bright and Energetic Future through Energy-Efficient Production

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



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

Sales

### Sustainable Future for Food at Convenience Stores

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



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



Sustainability Management

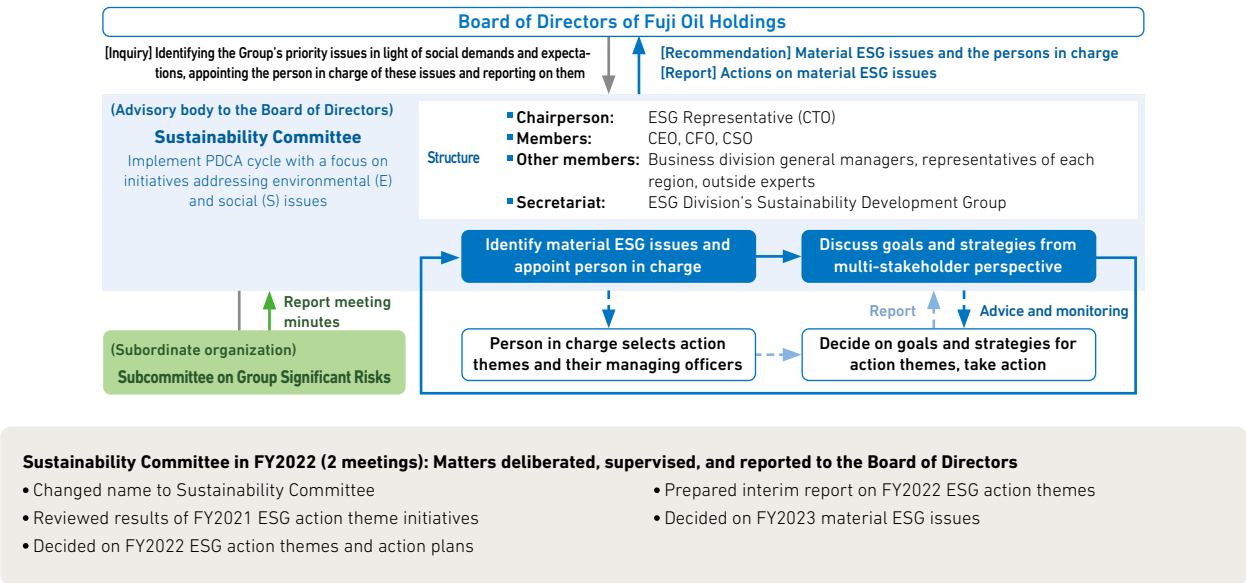
Sustainability Committee

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

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

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

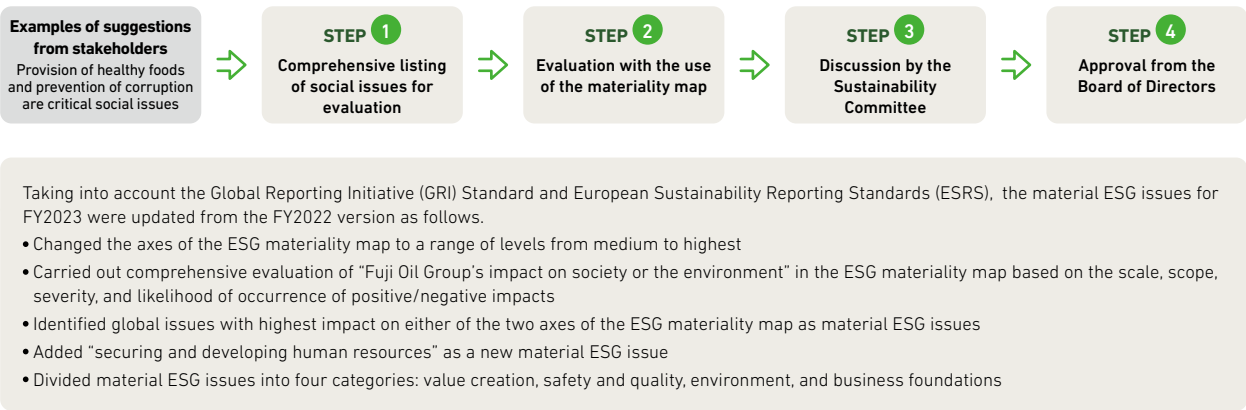
<The Function of Sustainability Committee>



ESG Materiality

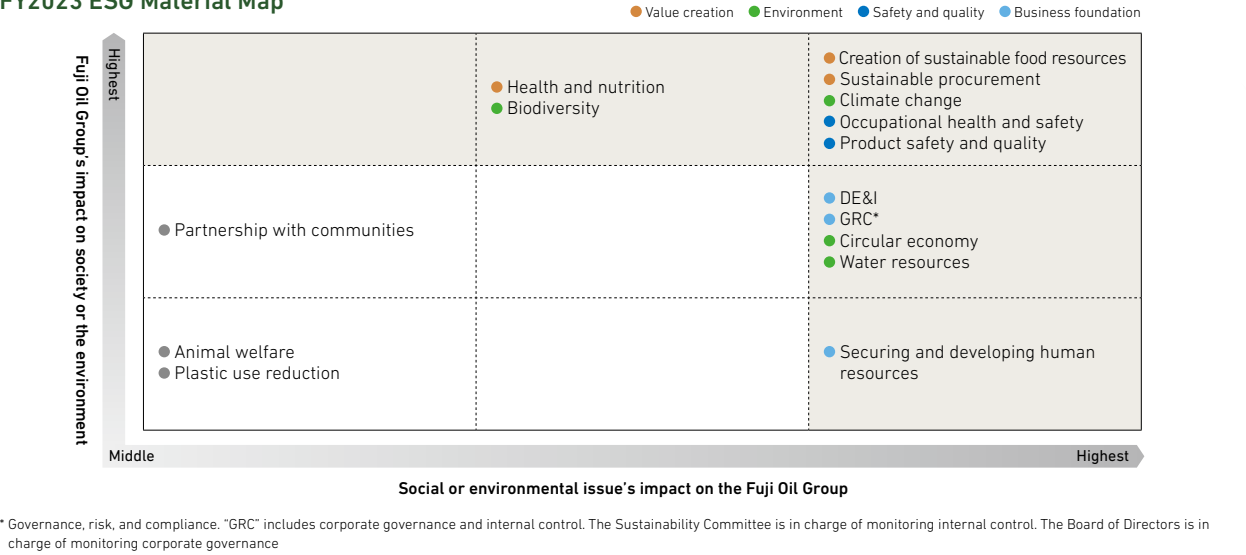
The Fuji Oil Group has established “ESG materiality” as a priority issue that relates to “sustainability-related risks and opportunities” in its value chain. We contribute to the “Creation of positive impact” or “Reduction of negative impact” by addressing material ESG issues through our business activities.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

FY2023 Identification and Selection Process of Material ESG Issues



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

FY2023 ESG Material Map




























Material ESG Issues for Fiscal 2023

Material ESG Issues	Action Theme	Person in Charge	SDGs We Aim to Support	Our Vision	FY2022 Results
● Value creation					
Creation of sustainable food resources	Creation of plant-based protein resources	CTO		Increase dietary choices to help address food supply problems and other global issues by making plant-based proteins widely and readily available to the general public	<ul style="list-style-type: none"><li>Marketed two soy meat ingredients developed to provide flavor, meat-like fibrous texture and mouthfeel</li><li>Marketed 10 processed food products (side dishes, noodle soup, confectionery, etc.) replacing meat, milk, and eggs with plant-based ingredients</li></ul>
Health and nutrition	Solutions for healthy aging	CTO		As the leading country with a super-aging society, contribute to creating a society in Japan where seniors can continue to lead better lives with a sense of purpose. Prevent senior health issues and contribute to their well-being by developing food ingredients, building a network of partners and working on bringing out these issues	<ul style="list-style-type: none"><li>Carried out human studies in collaboration with Shimane University. Showed characteristic changes in biomarkers with intake of stabilized DHA/EPA</li><li>Showed a significant increase in serum concentrations of DHA with a single intake of stabilized DHA/EPA</li><li>Drafted action plans to collaborate with municipalities on building a network of partnerships for health. Did not lead to actual partnerships because of issues with ensuring impartiality on industry-government collaborations</li></ul>
	Reduction of sugars intake	CTO		Provide nutritionally balanced food products that help prevent lifestyle-related diseases by replacing certain sugars with plant-based protein ingredients	<ul style="list-style-type: none"><li>Developed a soy protein ingredient for low-sugar/high-protein rice and noodle dishes, and used this in 11 health-oriented products</li><li>Established a recipe for sugar-free drinks to improve taste and satisfaction, and promoted this to customers</li></ul>
	Reduction of trans fatty acid content	CSO		Reduce the amount of trans fatty acids (TFA) contained in products in compliance with the WHO's recommendations and the laws and regulations of each country (in regions where the TFA intake exceeds 1% of the total daily energy intake)	<ul style="list-style-type: none"><li>11 out of 14 relevant Group companies outside Japan have completed the switch to low-TFA products (as of March 2023)</li></ul>
Sustainable procurement	Sustainable procurement of palm oil	CSO	  	<ul style="list-style-type: none"><li>Achieve “No Deforestation, No Peatland Development, No Exploitation (NDPE)” throughout the supply chain</li><li>Achieve 100% traceability to plantation (TTP) by 2030</li><li>Implement the Labour Transformation Programme (LTP*) at all direct suppliers by 2030</li></ul>	<ul style="list-style-type: none"><li>Traceability to mill (TTM): 100%</li><li>Traceability to plantation (TTP): 93%</li><li>Continue constant monitoring using satellite images</li><li>Implemented LTP at suppliers of PALMAJU EDIBLE OIL SDN. BHD (Malaysia): 61%</li></ul>
	Sustainable procurement of cocoa	CSO	  	<ul style="list-style-type: none"><li>End child labor by 2030</li><li>End Worst Forms of Child Labour defined by ILO Convention by 2025</li><li>Improve living conditions of farmers</li><li>Prevent deforestation and protect forests: Plant one million trees in cocoa-growing regions by 2030</li></ul>	<ul style="list-style-type: none"><li>89% of farm plots mapped within direct supply chain (Côte d'Ivoire, Ghana and Ecuador)</li><li>Support program in Ghana:<ul style="list-style-type: none"><li>-Conducted GPS mapping of target farms</li><li>-Monitored target farms using CLMRS</li></ul></li><li>30,846 farmers participated in the GAP** training program (Côte d'Ivoire, Ghana, Ecuador)</li><li>Finished selecting partners for continuing initiative to plant one million trees</li><li>60,000 trees planted</li></ul>
	Sustainable procurement of soybeans	CSO	  	<ul style="list-style-type: none"><li>No deforestation, no exploitation, and ensure compliance in the supply chain</li><li>Traceability achieved to primary collection points by 2025 and to the community level by 2030, or 100% procurement of RTRS*-certified products or products certified to equivalent standards</li></ul>	<ul style="list-style-type: none"><li>70% traceability</li><li>Completed supplier self-assessments</li><li>Formulated improvement plan for FY2023</li></ul>
	Sustainable procurement of shea kernels	CSO	  	<ul style="list-style-type: none"><li>Deforestation prevention and parkland protection: Plant 6,000 trees per year until 2030</li><li>Achieve traceability to the regional level: 50% by 2025, 75% by 2030</li><li>Direct procurement of shea kernels from Tebma-Kandu cooperatives: 30% by 2025, 50% by 2030</li><li>Create value in local communities: Increase permanent, direct employees at FUJI OIL GHANA LIMITED by 50% (base year: 2017)</li></ul>	<ul style="list-style-type: none"><li>6,107 trees planted</li><li>Direct procurement of shea kernels from Tebma-Kandu cooperatives: 3.4%</li><li>Permanent, direct employees at FUJI OIL GHANA LIMITED: Increased by 60% (base year: 2017)</li></ul>

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

Sustainability Management

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

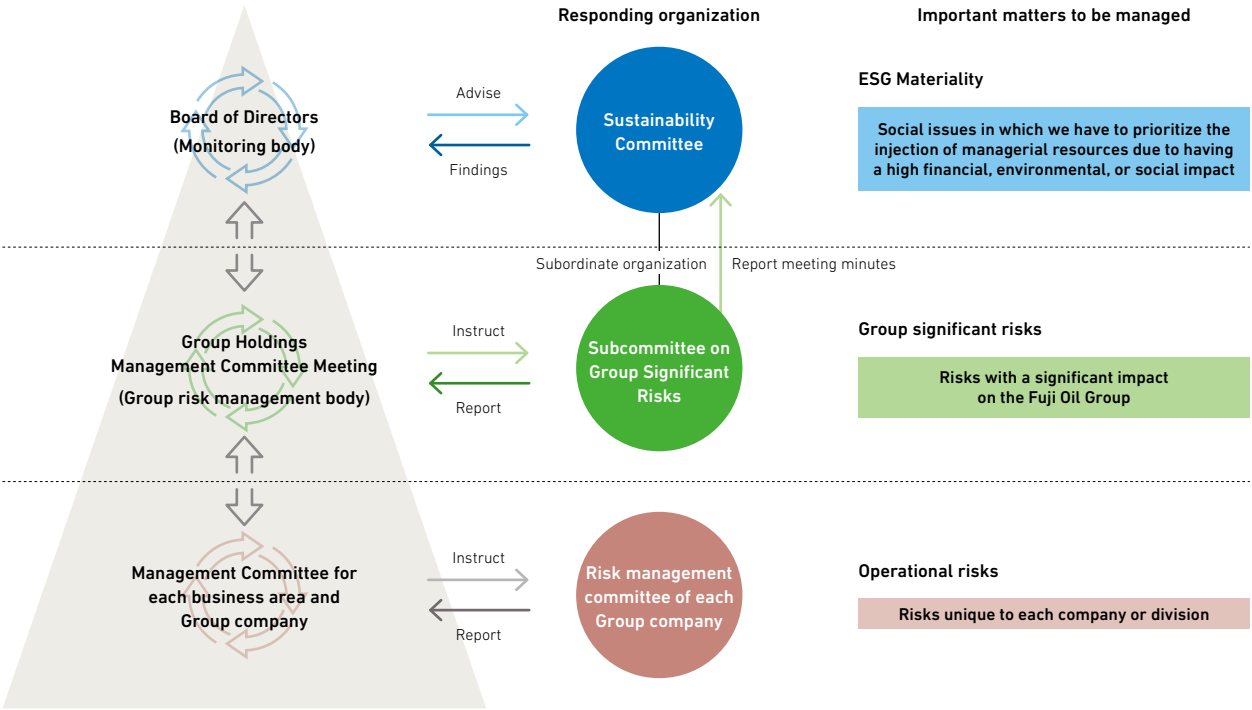
<sup>1</sup> DE&I: Diversity, Equity and Inclusion  
<sup>2</sup> GRC: Governance, Risk, and Compliance

Risk Management

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

Sustainability Committee and ESG Materiality

Group Risk Management Structure



Sustainability Committee and ESG Materiality

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

Subcommittee on Group Significant Risks and Fuji Oil Group Significant Risks

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

Operational Risks

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



Group Significant Risks

1 Risk Identification

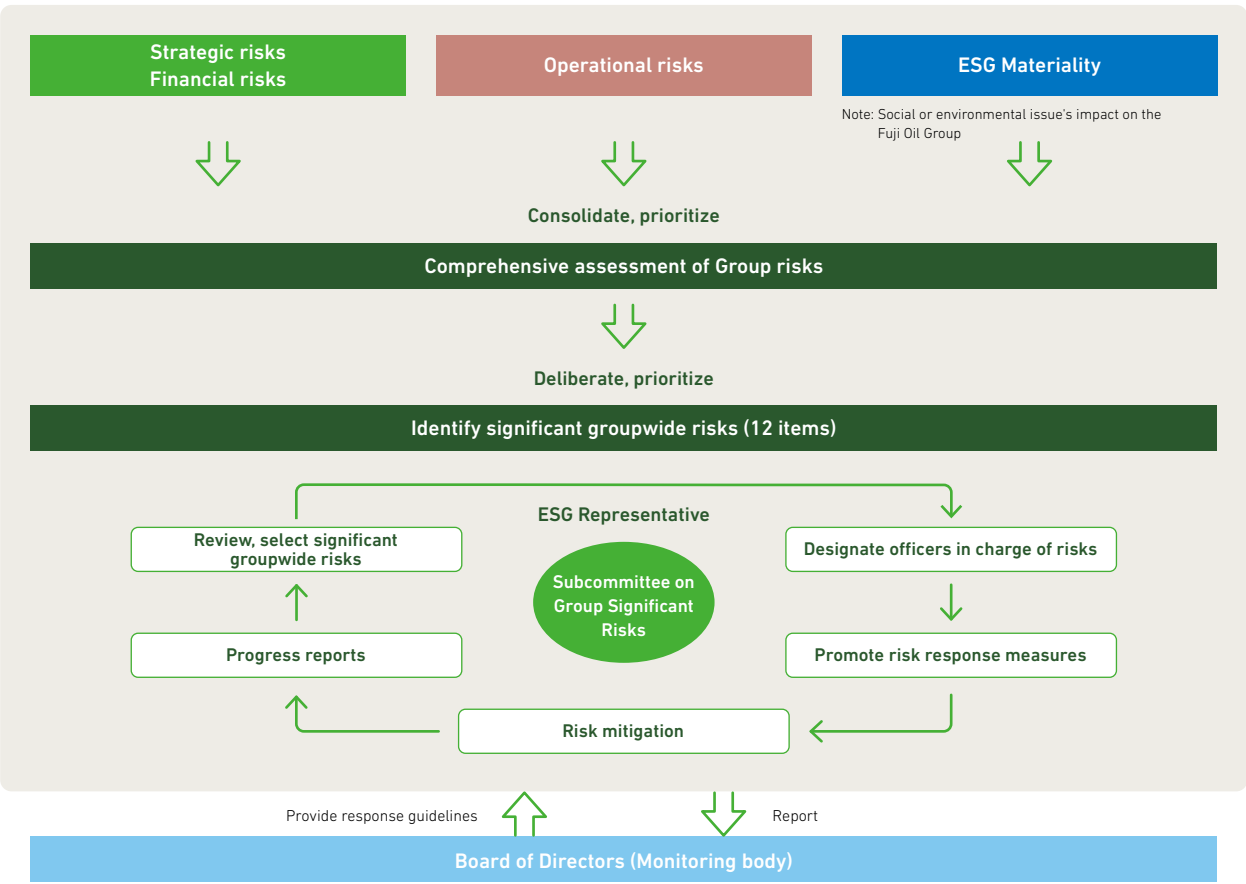
Group companies create risk maps to identify the operational risks of each company. Companies also determine strategic and financial risks at the Management Committee Meeting. The Board of Directors determines particularly significant risks by comprehensively assessing risks together with ESG materiality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

2 Risk Response and Monitoring

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

Group Significant Risk Identification and Response

Management Committee (Group Risk Management Body)



3 Monitoring of Results in Fiscal 2022

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

Fuji Oil Group Significant Risks (for fiscal 2023)

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

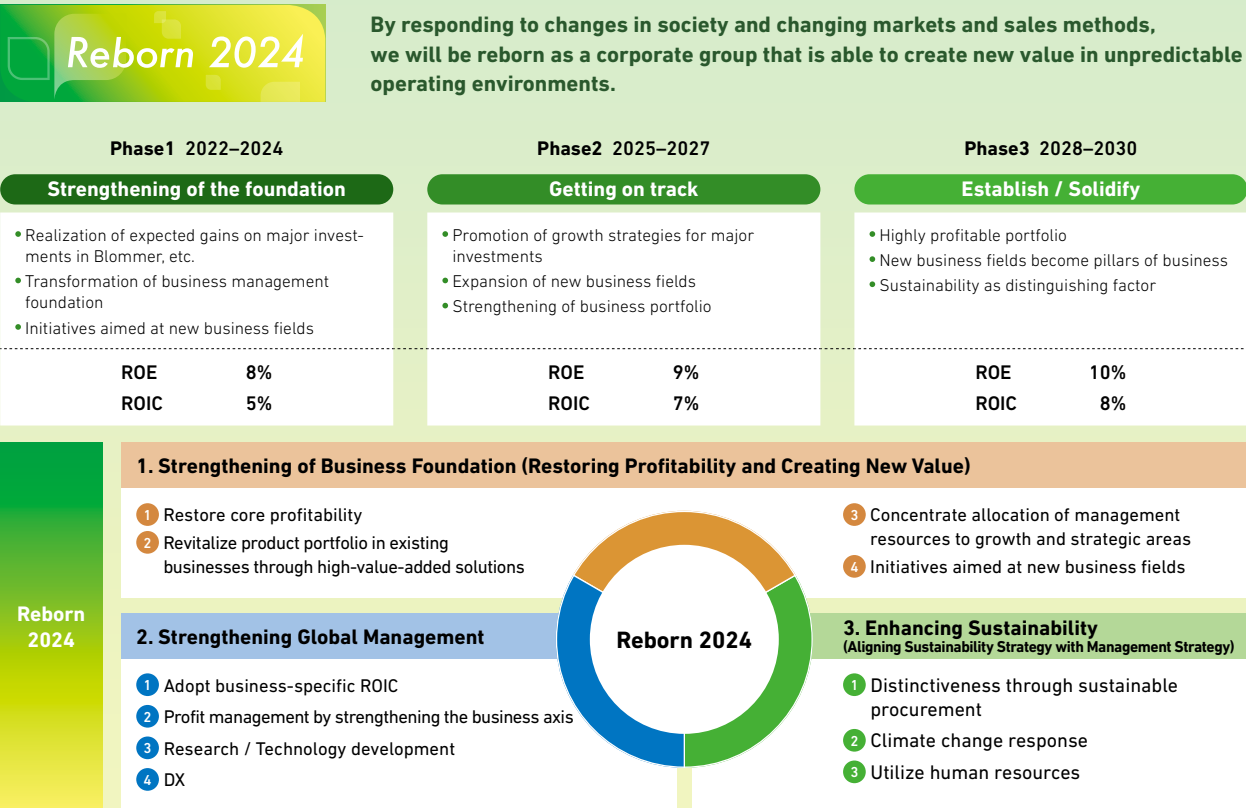
	Risk	Group significant risk	Direction of risk response	Officer in charge			
				ESG management officer in charge	CSO	CFO	CTO
1	Risks related to fluctuations in raw material prices	Fluctuations in prices of key raw materials	<ul style="list-style-type: none"><li>Establish a framework to manage the balance of raw materials throughout the Group, including the leveraging of mutually complementary strengths between business sites</li><li>Appropriately manage hedge transactions in accordance with Group policies concerning raw material procurement and hedge transactions</li></ul>				●
2	Financial and tax risk	Currency and interest rate fluctuations and international taxation	<ul style="list-style-type: none"><li>Utilize derivatives to conduct variable risk hedging and use GCM (global cash management) to mitigate liquidity risks</li><li>Establish a framework to avoid risks related to international taxation and appropriately manage tax payments</li></ul>			●	
3	Legal and compliance risk	Non-compliance with countries' laws and regulations	<ul style="list-style-type: none"><li>Reinforce global management structure of the legal affairs department</li><li>Implement rigorous compliance management throughout the Group</li></ul>	●			
4	Management risk of Group companies	Divergence from business plans due to changes in business environment Impairment of goodwill and fixed assets due to delay in progress of Group business plan and impact of changes to various rules and regulations on business	<ul style="list-style-type: none"><li>Strengthen management and promote business through Groupwide support structure</li><li>Recruit and cultivate human resources who can manage Group companies outside of Japan</li><li>Enhance asset efficiency and examine asset investment opportunities according to investment hurdle rates and exit guidelines</li><li>Ascertain trends and rapidly respond to changes in regulations and rules related to Group company location</li><li>Strengthen governance structure</li></ul>				●
5	Risks related to food safety	Incurrence of substantial costs and loss of customer trust due to significant safety- and quality-related issues	<ul style="list-style-type: none"><li>Introduce global quality control standards and formulate safety standards</li><li>Establish a framework capable of providing technological support for rapid globalization</li><li>Develop a global support structure and standardize procedures for initial response in the case of a violation; mitigate risk through the use of insurance</li></ul>	●			
6-1	Supply chain-related risk	Inability to acquire key raw materials (palm oil, cocoa, soybeans, etc.); emergence of environmental and human rights issues along the supply chain	<ul style="list-style-type: none"><li>Maintain cooperative relations with suppliers, competitors, and NGOs and promote our program to strengthen supply sources</li><li>Prevent and reduce environmental and human rights risks along the supply chain by instituting sourcing policies</li></ul>				●
6-2		Restrictions to existing raw materials and manufacturing methods due to changes in countries' regulations and social trends	<ul style="list-style-type: none"><li>Disperse risks through the diversification of oil and fat raw materials</li><li>Develop oil and fat and protein processing technology that does not use chemical catalysts or solvent processing</li></ul>				●
7	Risks related to disasters, accidents, and infectious diseases	Discontinuance of operations/deliveries and supply chain disruptions including personal and physical damage, etc., due to natural disasters, workplace accidents, and infectious diseases	<ul style="list-style-type: none"><li>Formulate business continuing planning (BCP) incorporating frameworks for leveraging mutually complementary strengths throughout the Group in preparation for the occurrence of natural disasters</li><li>Transfer risk through the use of insurance and prepare a response manual in the case of a crisis</li><li>Institute risk prediction activities throughout the Group and further reinforce safety management activities at Group companies with a high risk of accidents</li><li>Establish BCPs in preparation for the outbreak of infectious diseases to ensure the safety of employees, the continuance of business activities, and stable operation of the supply chain</li></ul>	●			
8	Risks related to information systems and security	Leakage and/or loss of information due to inadequate IT governance/security	<ul style="list-style-type: none"><li>Strengthen information security measures by utilizing an outside expert</li><li>Implement educational and awareness-raising activities to enhance the understanding of information management</li></ul>			●	
9	Risks related to human resource hiring and development	Risk of shortage of human resources needed to support global business structure or human resources capable of generating innovation corresponding to diverse values; risk of not being able to secure personnel necessary for factory operations	<ul style="list-style-type: none"><li>Establish a global human resource development and participation program</li><li>Promote diversity and embrace the engagement of senior employees</li><li>Create an environment tailored to securing human resources at Group factories</li></ul>	●			
10-1	Business transformation/reform-related risk	Inability to expand and/or transform businesses according to changes in the market environment	<ul style="list-style-type: none"><li>Build promotion structure for product development and business strategies that accurately reflect market trends</li><li>Revise the business portfolio and optimize the Group's production bases to facilitate anticipated changes to the operating environment in the future</li></ul>				●
10-2		Delays in the development of new businesses and competitive products and technology in response to market needs	<ul style="list-style-type: none"><li>Promote new core technology and product development to address global and local needs</li><li>Select and concentrate on research themes for utilizing limited human resources</li></ul>				●
10-3		Inability to make appropriate management decisions due to insufficient data sharing worldwide as a result of delays in digitization	<ul style="list-style-type: none"><li>Build system that enables formulation, sharing, and use of data related to research themes in each area</li><li>Introduce enterprise resource planning (ERP) software packages to realize global production management, inventory management, and production requests</li></ul>			●	
11-1	Environmental and human rights risks	Restrictions to business activities triggered by delayed and inadequate response to environmental issues	<ul style="list-style-type: none"><li>Formulate and adhere to our numerical environmental targets (Environmental Vision 2030)</li><li>Respond to climate change using scenario analysis based on TCFD recommendations and promote information disclosure</li><li>Promote biodiversity risk response and information disclosure based on TNFD principles</li><li>Promote technology development and research related to food loss reduction and upcycling</li><li>Promote technology development and research related to effective use and recycling of byproducts generated at plants</li></ul>	●			●
11-2		Limitations to business activities stemming from delayed and inadequate response to human rights issues	<ul style="list-style-type: none"><li>Promote respect for human rights in accordance with the Fuji Oil Group Human Rights Policy, formulated in 2017 in compliance with <i>The UN Guiding Principles on Business and Human Rights</i></li><li>Conduct human rights due diligence and, based on the findings, strengthen measures to resolve human rights issues and appropriately disclose such information</li><li>Draft and promote "human rights guidelines" for Group employees with consideration of various social issues related to human rights</li></ul>		●		
12-1	Country risk of regions comprising the Group's global network	Restrictions to business activities, temporary halt to operations, and supply chain disruption arising from outbreak of war or conflict and problems related to economic security and political, economic, or social turmoil	<ul style="list-style-type: none"><li>Review risk assumptions, formulation of response measures, and business portfolio through efforts led by Group headquarters</li><li>Implement PDCA activities to manage risks at Group companies</li></ul>		●		
12-2		Occupational fatality resulting from warfare, terrorist attacks, riots, kidnapping, or strikes	<ul style="list-style-type: none"><li>Compile information on the areas of operation of Group companies, appoint external consultants, and enhance safety training programs for employees outside of Japan</li></ul>	●			

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 <sub>2</sub> emissions (Scope 1+ Scope 2)	23%*2 reduction in total CO <sub>2</sub> 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"><li>Capture growth as markets recover</li><li>Improve profitability</li></ul>	<ul style="list-style-type: none"><li>Implemented appropriate price revisions in response to rising raw material prices</li><li>Grew sales volume of industrial chocolates in Southeast Asia, Europe, Brazil, etc.</li><li>Implemented measures for improving Blommer’s productivity</li></ul>	<ul style="list-style-type: none"><li>Implement appropriate pricing strategies and strengthen cost management</li><li>Grow sales volume by capturing demand amid market recoveries in Japan, China, and other countries</li><li>Continue measures to improve productivity at Blommer</li></ul>
Revitalize product portfolio in existing businesses through high-value-added solutions	<ul style="list-style-type: none"><li>Strengthened supply structure and expand sales of certified palm oil</li><li>Expanded sales of chocolate products using oils and fats technology at Harald and those found in Europe</li></ul>	<ul style="list-style-type: none"><li>Promote value-added products by expanding sales of certified palm oil and sustainable cocoa</li><li>Expand sales of baking ingredients through operation of cream factory in China and launch new filling products</li></ul>
Concentrate allocation of management resources to growth and strategic areas	<ul style="list-style-type: none"><li>Invested in Blommer to improve productivity</li><li>North American Oils and Fats Business: entered U.S. food service market</li></ul>	<ul style="list-style-type: none"><li>Open Harald No. 2 Plant (Brazil) for industrial chocolates in April 2023</li><li>Launch operations at cream plant in China and soluble pea fiber plant in Germany</li></ul>
Initiatives aimed at new business fields	<ul style="list-style-type: none"><li>Created capital partnership with cotta Co., Ltd., which operates an e-commerce site for confectionery and baking ingredients, to launch new sales channel</li><li>Undertook plant-based foods strategy presentation at Hotel New Otani in Tokyo in July 2022</li><li>Launched Prime Soy Meat, MIRA-Dashi®, etc.</li></ul>	<ul style="list-style-type: none"><li>Expand sales of Prime Soy Meat, MIRA-Dashi®, etc.</li><li>Expand lineup of plant-based ingredients</li><li>Promote GOODNOON activities</li></ul>
2. Strengthening Global Management		
Adopt business-specific ROIC	<ul style="list-style-type: none"><li>Promoted groupwide adoption of FUJI ROIC</li><li>Implemented ROIC improvement plans for each Group company using ROIC tree in formulating next fiscal year plans</li></ul>	<ul style="list-style-type: none"><li>Review investment regulations for business portfolio management</li><li>Periodically monitor each Group company’s ROIC improvement plan</li></ul>
Profit management by strengthening business axis	<ul style="list-style-type: none"><li>Strengthened organizational structure for business-axis management</li><li>Strengthened risk management through raw material position management, etc.</li></ul>	<ul style="list-style-type: none"><li>Strengthen business-axis management through each function of Group headquarters and support implementation of measures by area and operating company</li></ul>
Research and technology development	<ul style="list-style-type: none"><li>Developed products leveraging MIRACORE® that address SDGs and proposed products to customers</li><li>Selected research themes linked to business plans</li><li>Conducted training to develop global R&amp;D human resources</li></ul>	<ul style="list-style-type: none"><li>Conduct management of research themes using KPIs</li><li>Set research themes and allocate research resources with view to globalization</li><li>Promote sharing of R&amp;D resources and intellectual property to accelerate and strengthen global R&amp;D</li></ul>
DX	<ul style="list-style-type: none"><li>Began implementing a globally integrated ERP system for Blommer and established deployment plan for FUJI OIL CO., LTD.</li><li>Obtained certification as “Digital Transformation Certified Company” by Japan’s Ministry of Economy, Trade and Industry</li></ul>	<ul style="list-style-type: none"><li>Promote a globally integrated ERP system for Blommer and FUJI OIL CO., LTD.</li><li>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</li></ul>
3. Enhancing Sustainability (Aligning Sustainability Strategy with Management Strategy)		
Distinctiveness through sustainable procurement	<ul style="list-style-type: none"><li>Added value by increasing volume of certified palm oil procured</li><li>Formulated Fuji Oil Group Policy on Biodiversity</li></ul>	<ul style="list-style-type: none"><li>Strengthen partnerships with plantations to expand certified palm oil procurement</li><li>Preparation for TNFD information disclosure, consideration of Fuji Oil Group’s dependence on biodiversity and impact assessment</li></ul>
Climate change response	<ul style="list-style-type: none"><li>CO<sub>2</sub> reduction (Scope 1 + Scope 2): 26% reduction (compared with base year 2016)</li><li>CO<sub>2</sub> reduction (Scope 3, Category 1): 8% increase (estimate) (compared with base year 2016)</li></ul>	<ul style="list-style-type: none"><li>Prepare new CO<sub>2</sub> reduction targets</li><li>Raise CO<sub>2</sub> emissions reduction targets to meet Environmental Vision 2030</li></ul>
Utilize human resources	<ul style="list-style-type: none"><li>Established Fuji Oil Group Human Rights Policy to ensure Fuji Oil Group consistently fulfills its responsibility to respect human rights in its global business activities</li><li>Promoted foreign nationals and women in management positions of Group companies</li></ul>	<ul style="list-style-type: none"><li>Conduct annual employee engagement surveys to understand trends in sentiment and satisfaction among employees and consider measures in response to such trends</li><li>Enhance pool of candidates for future management positions and continue implementing training programs</li><li>Work to develop and secure human resources who can play active roles outside of Japan, such as through planned personnel rotations outside of Japan</li></ul>



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.

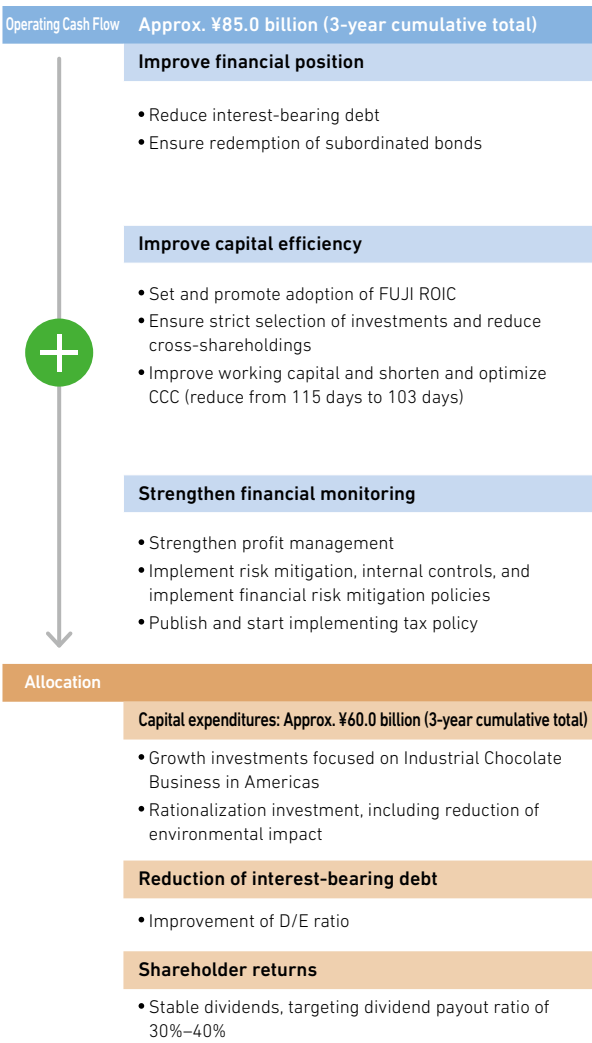
We will also incorporate FUJI ROIC, the performance indicator we adopted from Reborn 2024, into each business

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

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

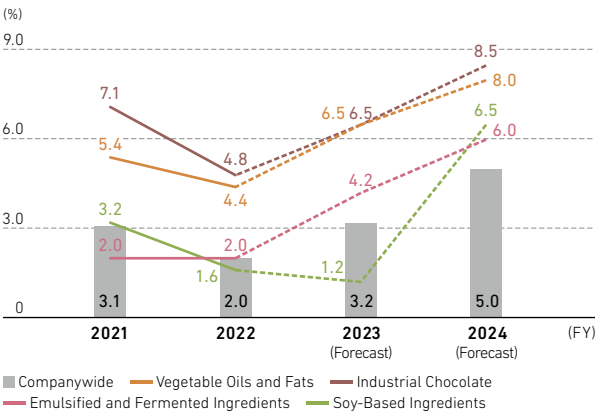
Companywide FUJI ROIC

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

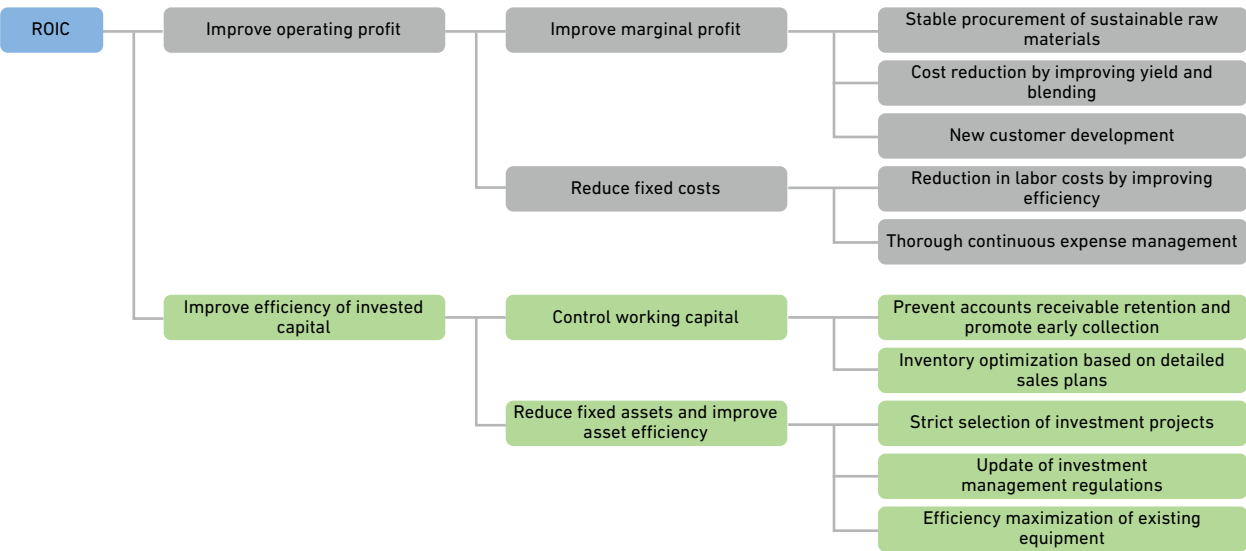
FUJI ROIC of each business unit

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

Companywide and Business-Specific FUJI ROIC



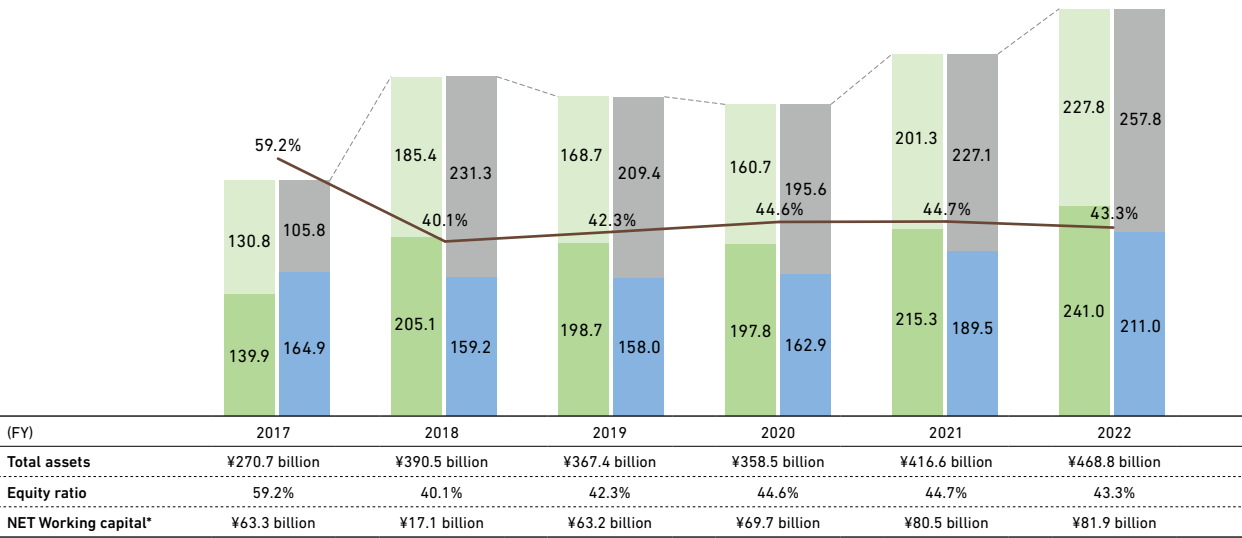
KPI Setting and Target Management Using ROIC Tree



Balance Sheet Management

Balance Sheet Composition and Equity Ratio

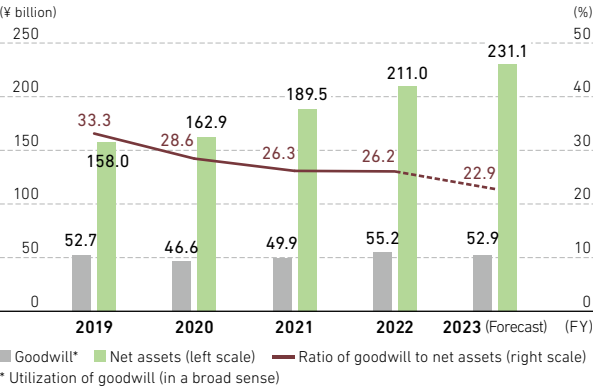
(¥ billion)



\* NET Working capital = Current assets – Current liabilities

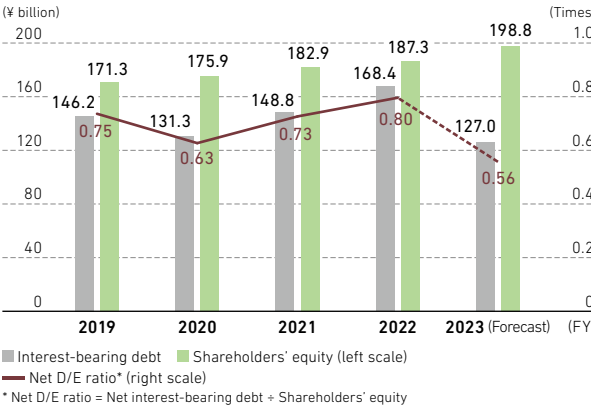
Current assets Fixed assets/Other Liabilities Net assets Equity ratio

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

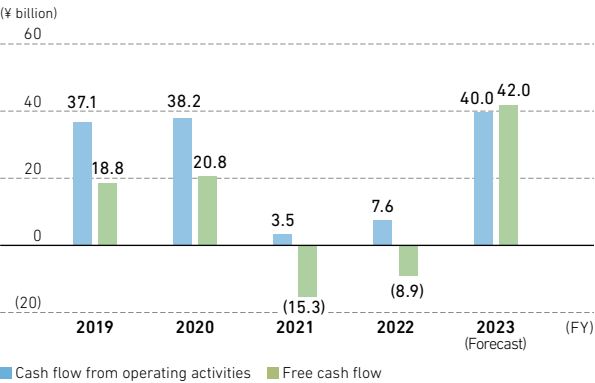
Cash Flow Management

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.

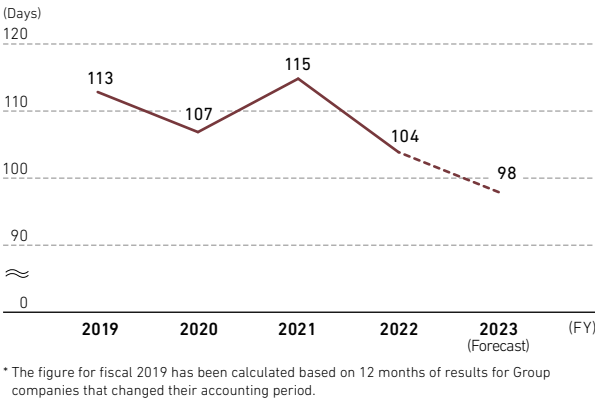
Cash Flow



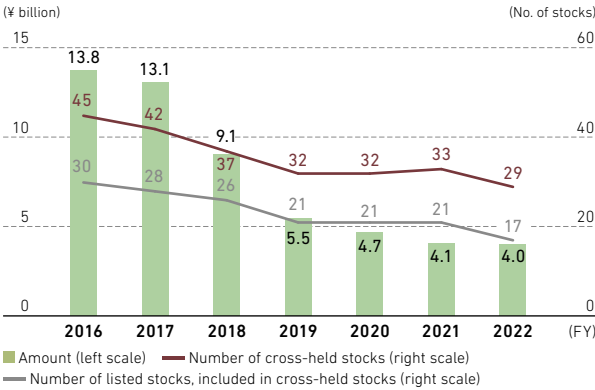
Reduction of Cross-Shareholdings

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



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

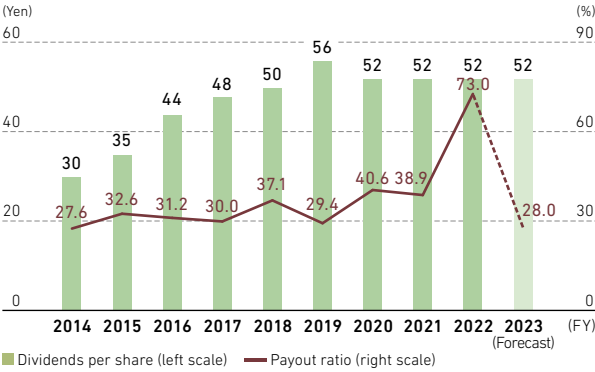
allocated ¥5.7 billion in fiscal 2022 to maintain a certain level of investments even amid the difficult business environment. We will also invest in human resources, including to foster the personnel who will support the Fuji Oil Group's future growth and to raise employee engagement.

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

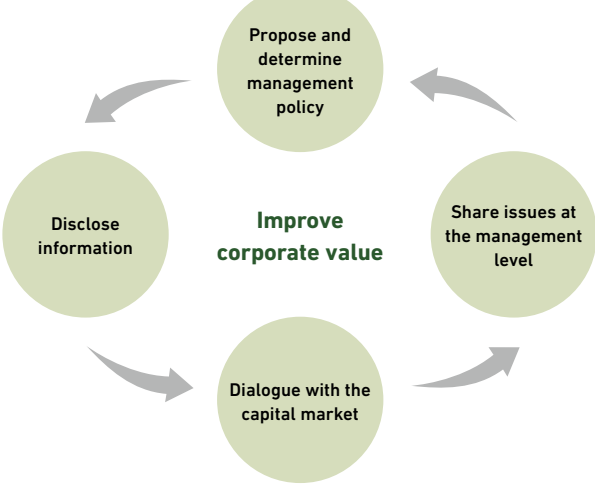
We adopted FUJI ROIC and are advancing initiatives toward improving capital efficiency on a business-specific level. We are aggressively incorporating the concept of ROIC into new investment management standards and are making decisions on business continuation or withdrawal. We recognize that the Company's 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/](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

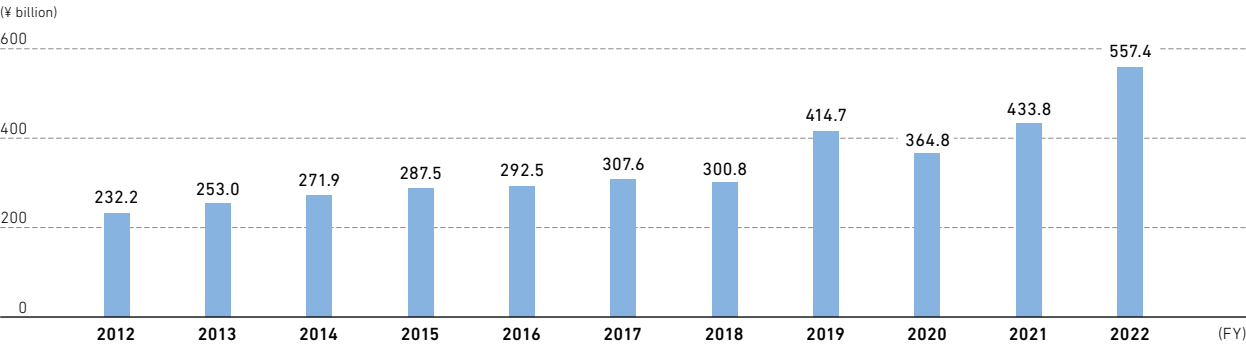
Data Highlights

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

Financial Targets

Non-financial Targets

Net Sales

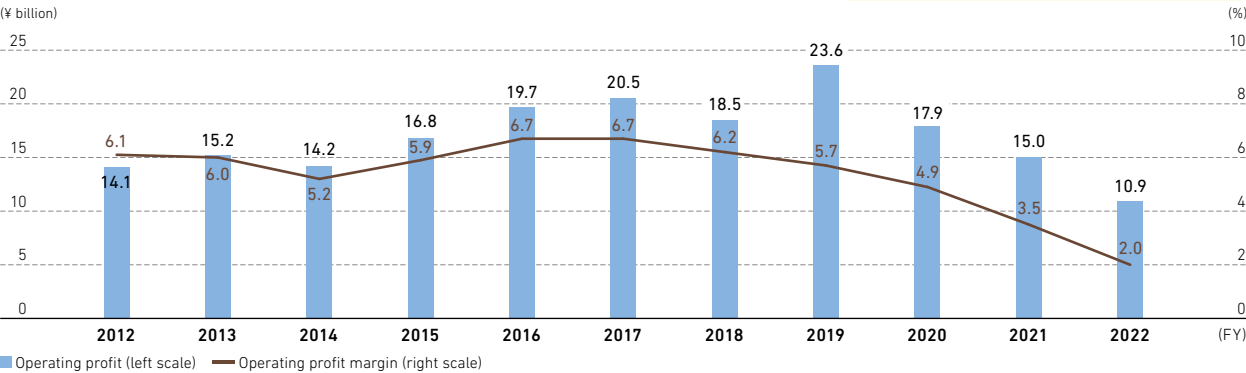


The Company's net sales are affected by fluctuations in the prices of raw materials such as palm oil, shifts in sales volume, the establishment of new plants and capital investment, and changes in the number of subsidiaries due to M&A and other factors.

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

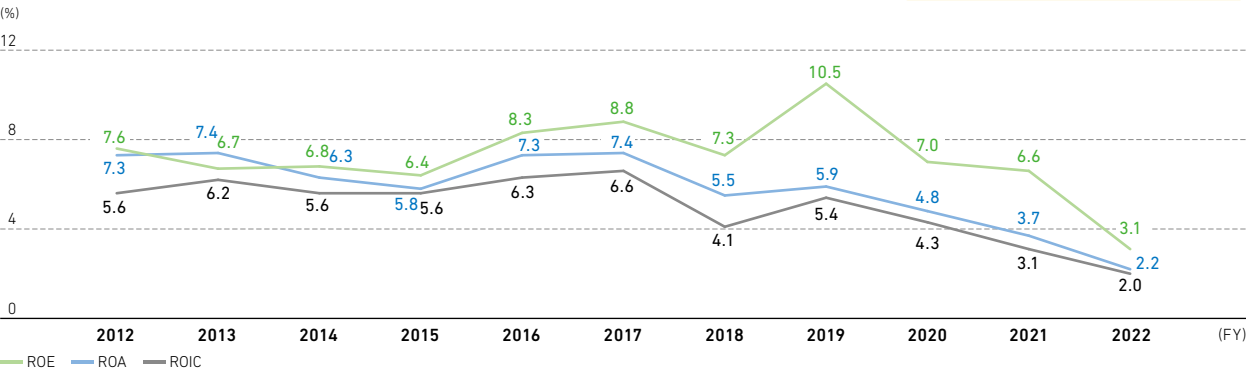


The Company's operating profit is affected by sharp rebounds in the prices of raw materials such as palm oil, changes in sales volume, increases in fixed costs arising from capital expenditures and other factors, and the incurrence of special expenses such as acquisition costs.

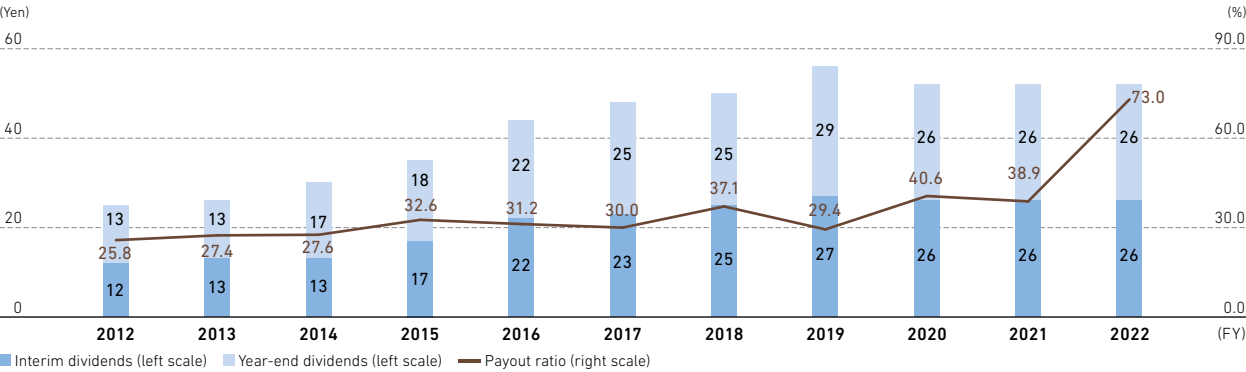
Notable Past Events

- 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.

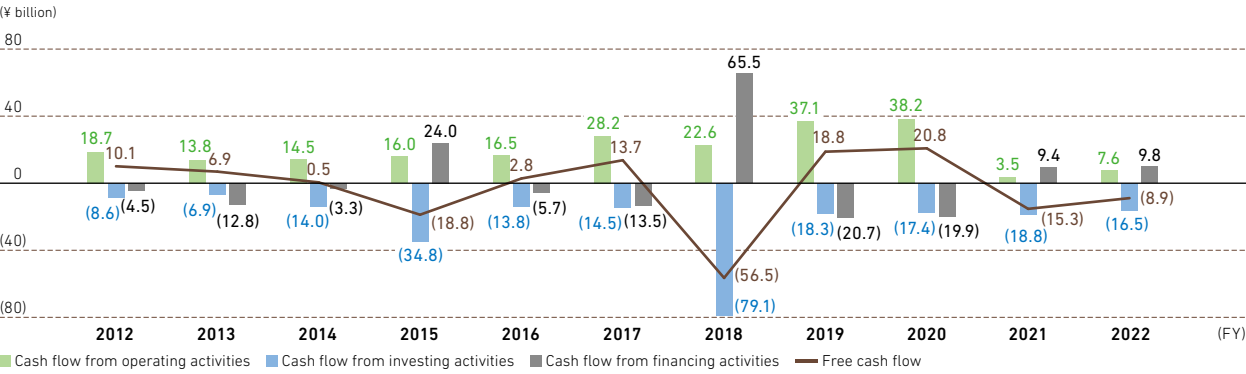
ROE / ROA / ROIC



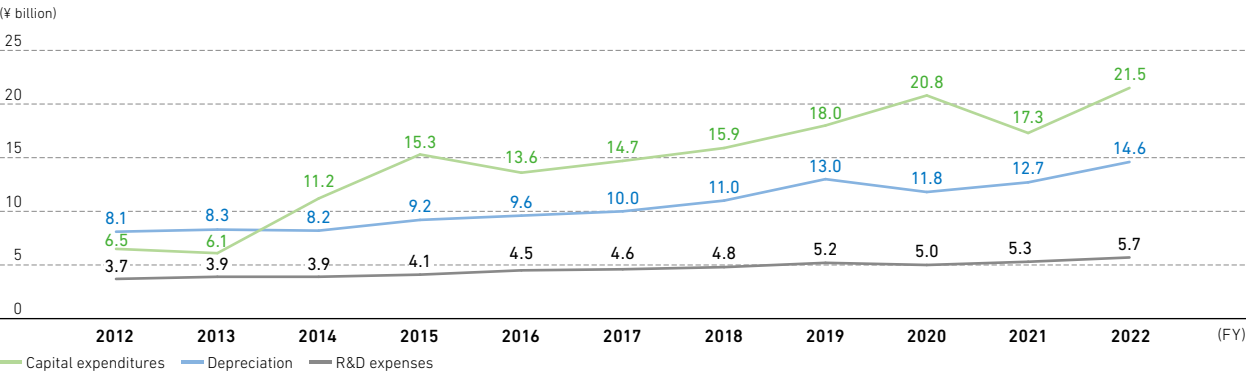
Shareholder Returns / Payout Ratio



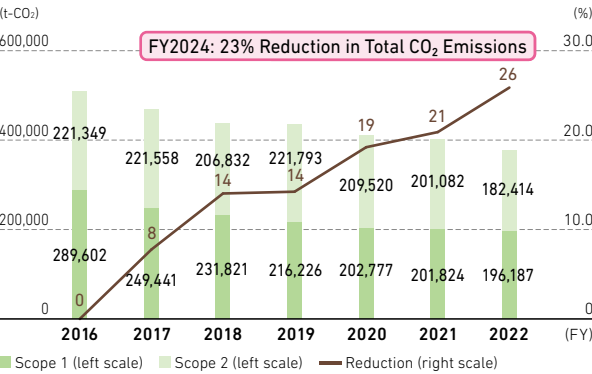
Cash Flows



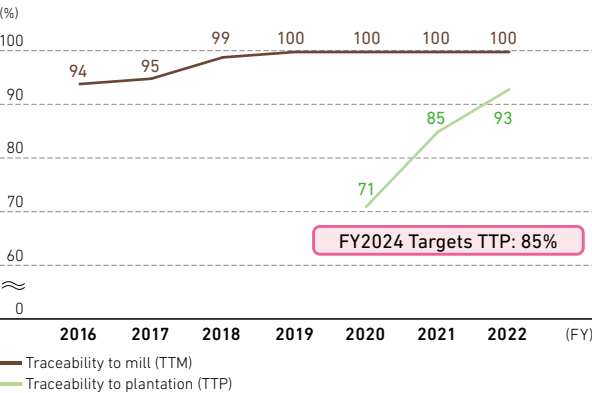
Capital Expenditures / Depreciation / R&D Expenses



CO<sub>2</sub> 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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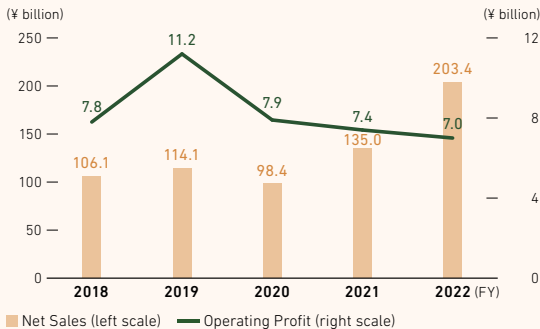
Vegetable Oils and Fats Business

- 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.



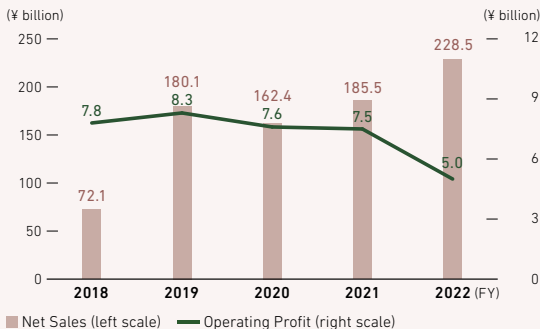
Industrial Chocolate Business

- 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.



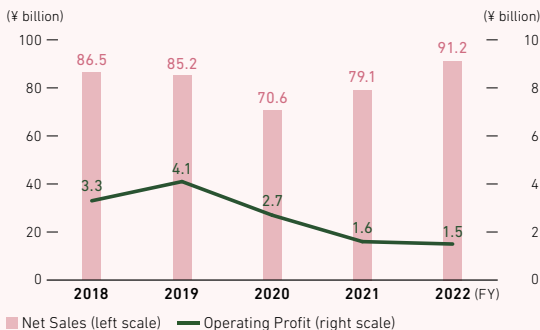
Emulsified and Fermented Ingredients Business

- 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.



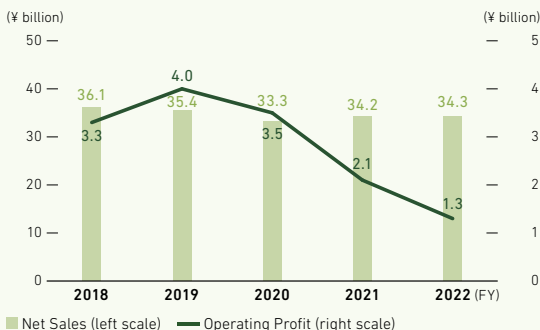
Soy-Based Ingredients Business

- 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.

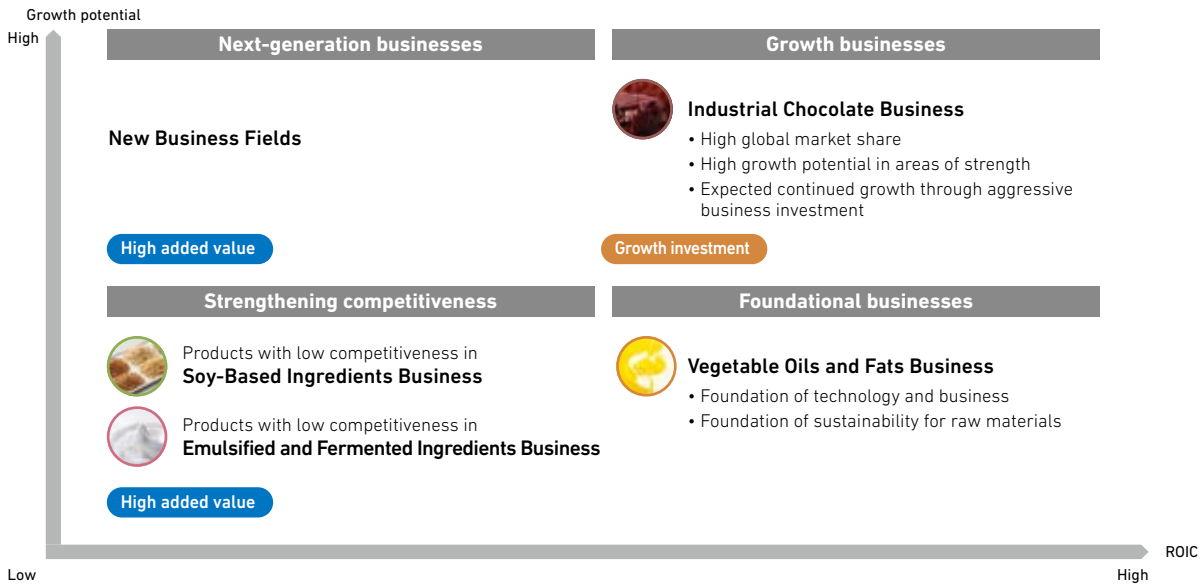
As a manufacturing business, we are maintaining our stance of engaging in business management from a mid- to long-term perspective, and we will also carefully evaluate changes in market environments and the state of competition to promote the appropriate allocation of management resources to strategic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

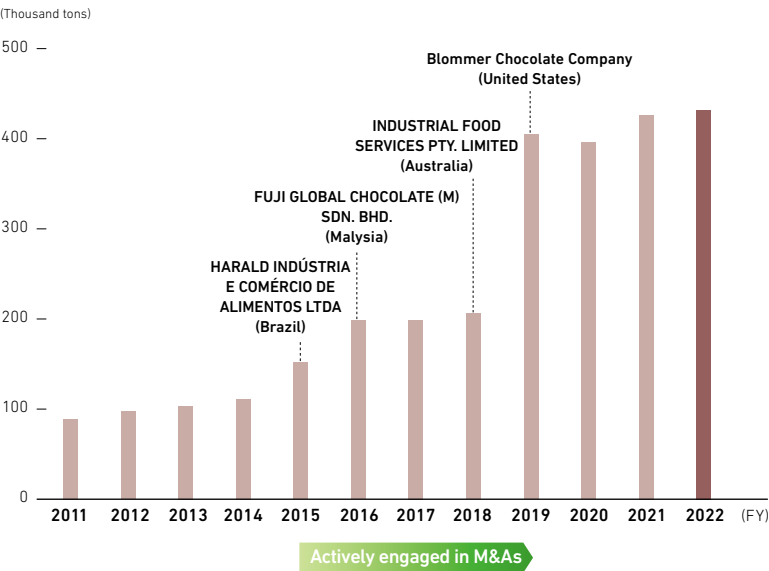
Growth Business: Growth Opportunities for Compound Chocolate

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.

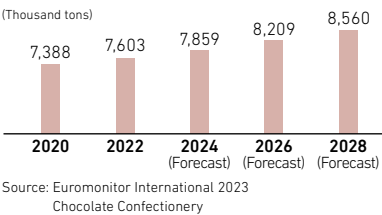
At present, Blommer is promoting investments to improve productivity. The company has improved their plant management by adopting plant-specific operations and accepting dispatched engineers from U.S. group companies. The Blommer satellite office in the Ivory Coast, a cocoa bean producer nation, oversees 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.

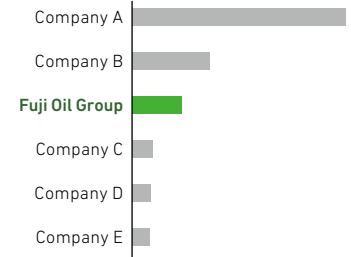
Sales Volume of Industrial Chocolates and Relevant M&As



Global Sales Volume of Chocolate Confectioneries

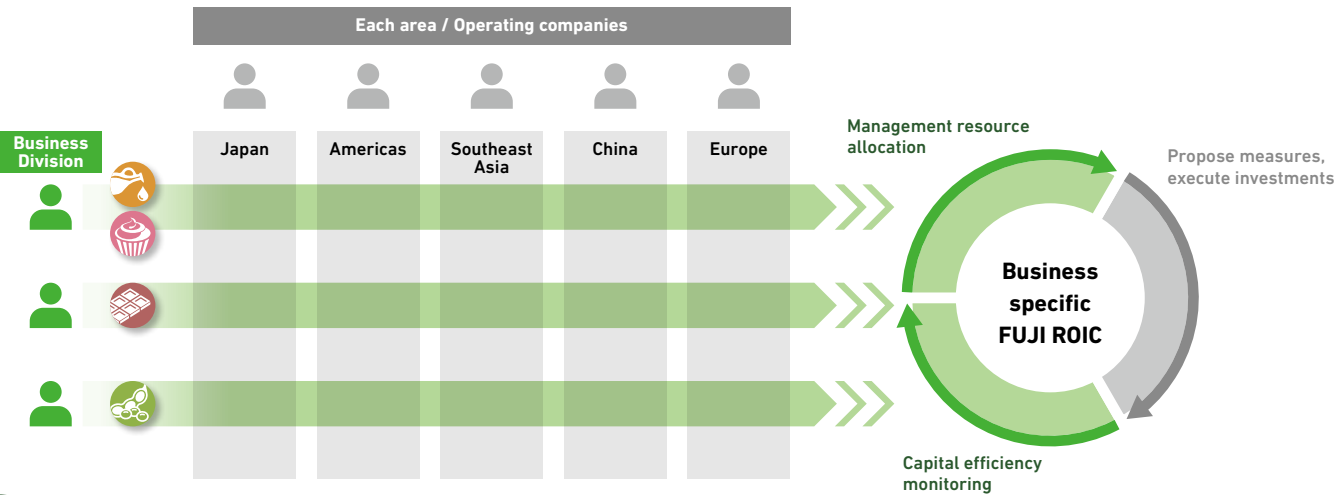


Industrial Chocolates (World's Third-Largest Share)



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.



Topics

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>

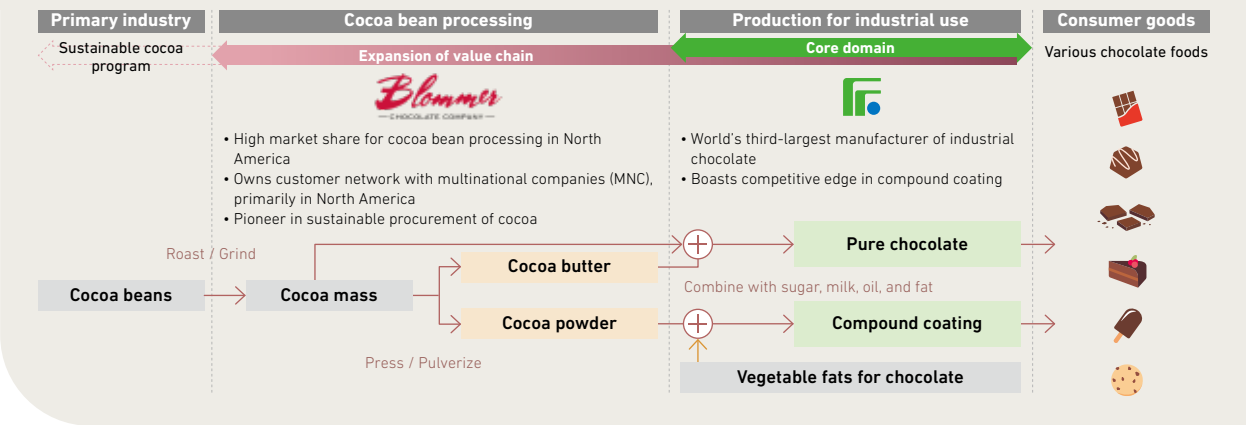
- Vegetable Oils and Fats Business: Strengthen procurement of raw materials, establishment of a logistics structure, acceptance of management personnel for the North American Oils and Fats Business, etc.
- Industrial Chocolate Business: Strengthen procurement of raw materials, acceptance of specialists 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

### 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

\* Consolidated subsidiaries as of March 31, 2023



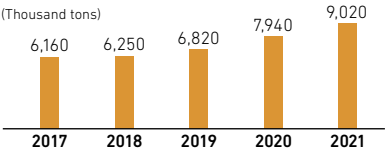
Vegetable Oils and Fats Business



## 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.

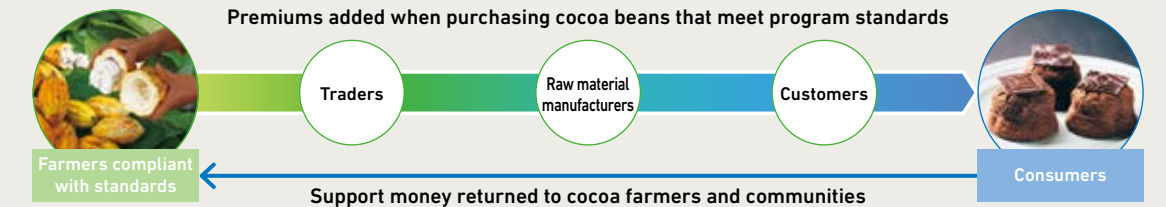


CACAO QUALY, chocolate based on the Sustainable Origins™ program

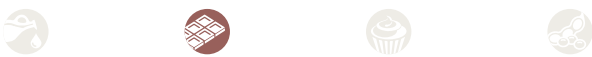
### Topics

## 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



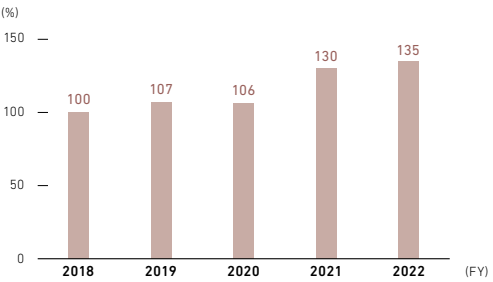
**Sergio Tango**  
CEO and President of  
HARALD INDÚSTRIA E COMÉRCIO  
DE ALIMENTOS LTDA

**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"><li>Low productivity and production capacity bottlenecking prevented sales expansion</li><li>High levels of production loss and waste</li><li>Poor quality and packaging complaints from customers</li><li>High turnover rate</li></ul>	<ul style="list-style-type: none"><li>Invested in aging plant equipment</li><li>Adopted Japanese-style production planning process</li><li>Reviewed evaluation system for manufacturing personnel</li><li>The number of complaints decreased significantly with the adoption of quality evaluations and efficiency indicators instead of production volume targets.</li><li><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.</li><li>Certified as a "Great Place to Work"</li></ul> <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

\* Consolidated subsidiaries as of March 31, 2023

### 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

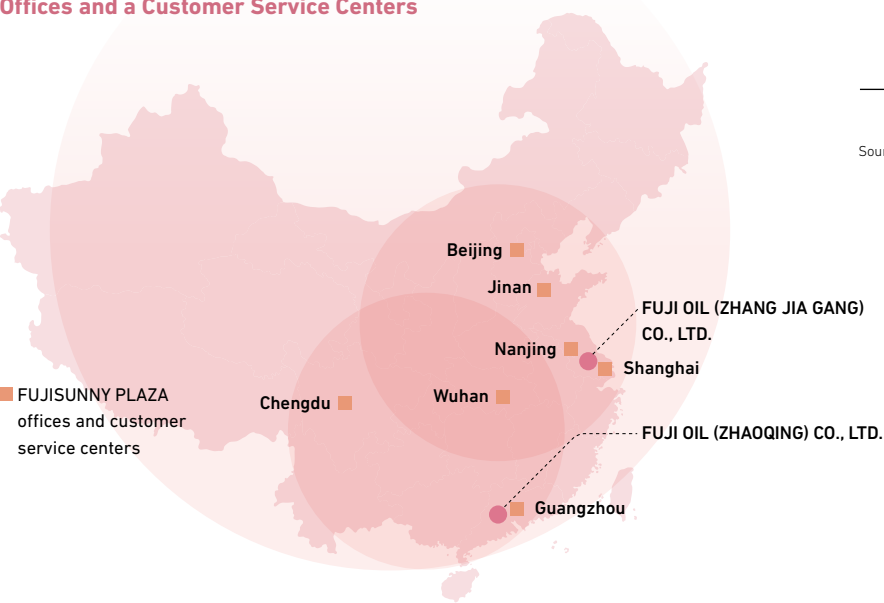


Emulsified and Fermented Ingredients Business

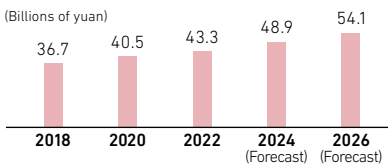
## China: Focus on New Product Development, Generating Demand by Pioneering New Channels

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



Soy-Based Ingredients Business

## 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.



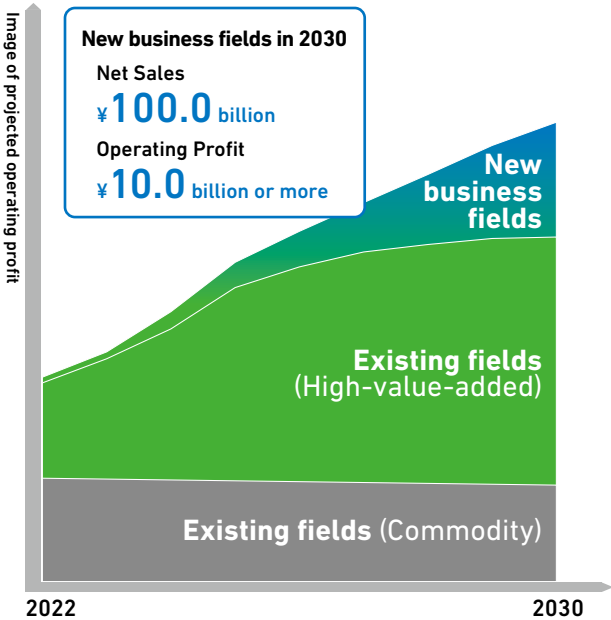
Prime Soy Meat achieves meat-like fiber, texture, and mouthfeel through a combination of oils and fats technology and soy processing technology

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



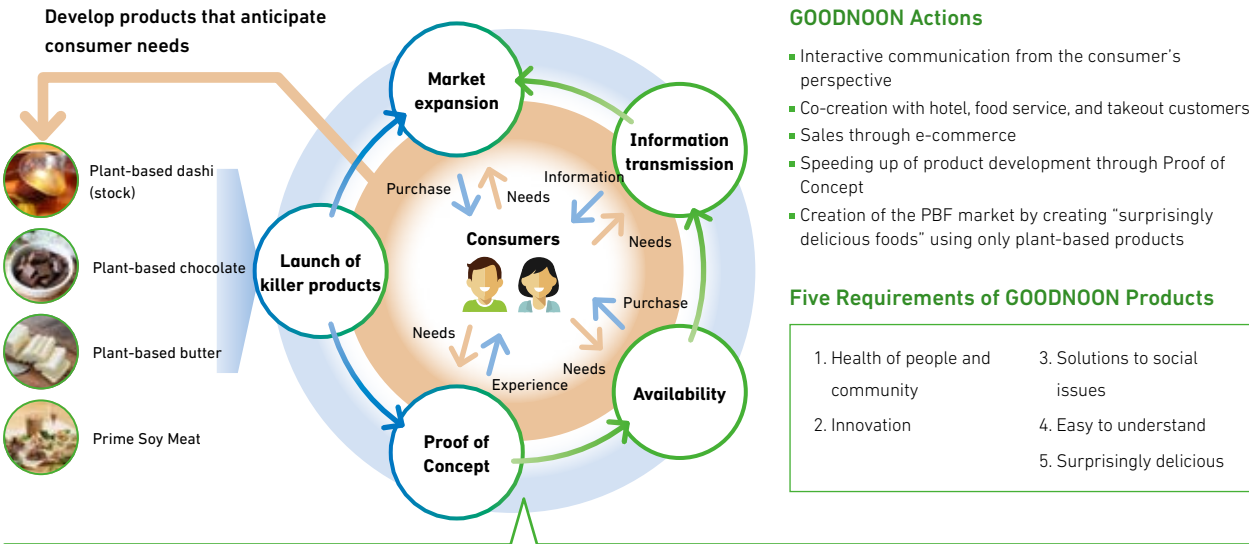
Concept

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.

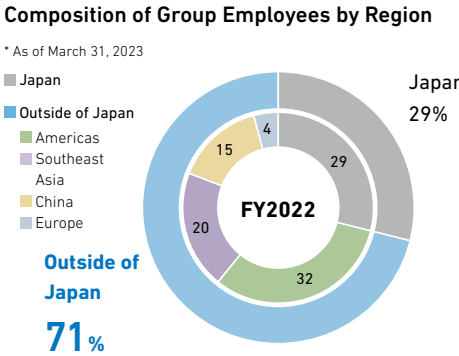
With a 73-year history in Japan as a Fuji Oil Group unparalleled in its ability to supply bakery ingredients such as oils and fats, cream, margarine, chocolate, and soy meat, we exhibited and provided samples focused on 20 new products. We also used video streaming to broadcast information from the exhibit, 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
Class 6											
Class 7-9	Key person training										Financial 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.

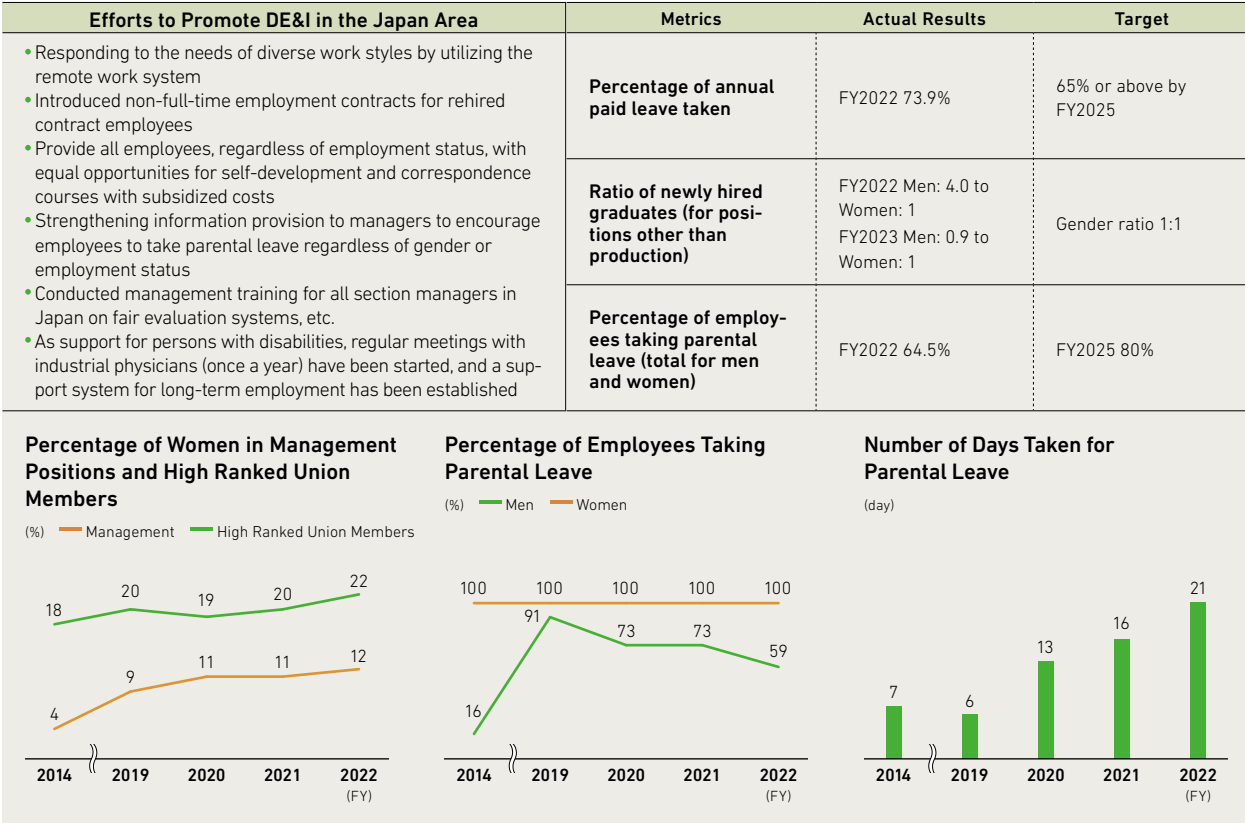


Initiatives in the Japan Area

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.





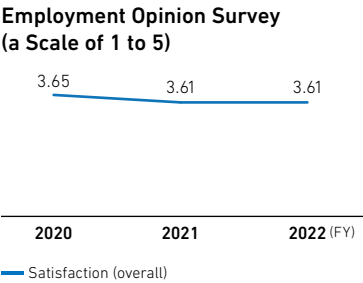
Employee Engagement

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.

\* 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

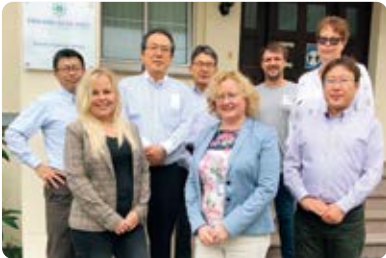
Since July 2021, a total of 30 roundtable meetings have been held as a forum of exchange between the CEO and other members of management and employees of Group companies. Beginning in fiscal 2022, we provided each overseas Group company with an opportunity for us to explain and discuss our policies toward 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)

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.

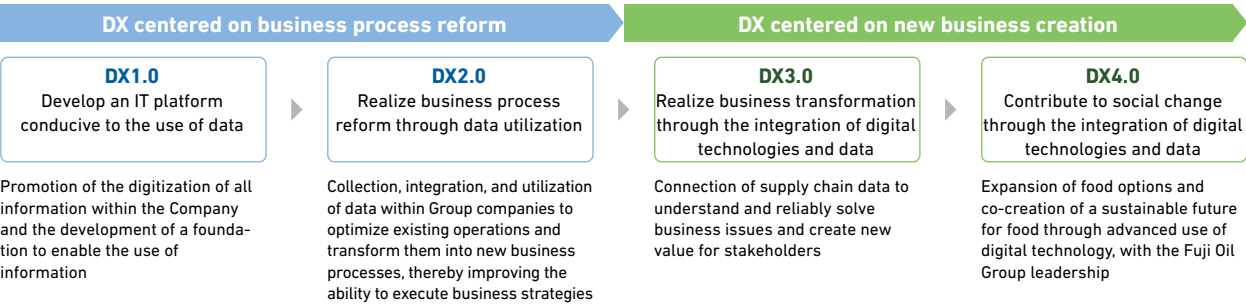
Message



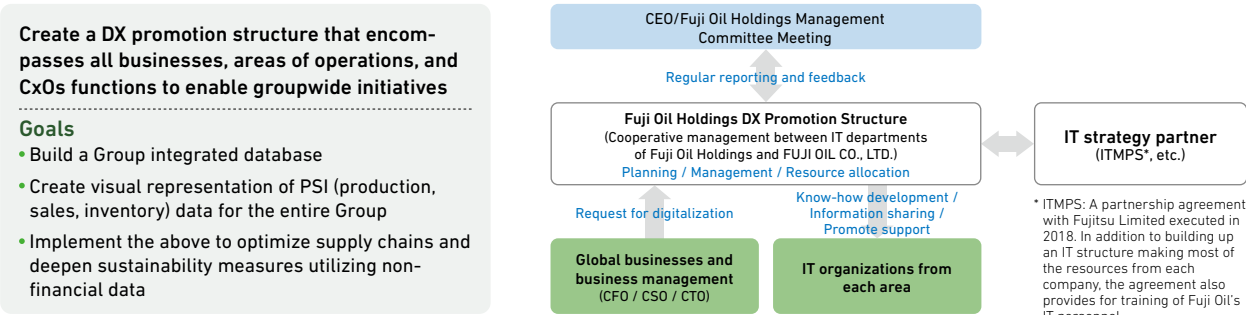
**Shinya Ohira**  
Senior Manager  
Information and Communication  
Technology Group  
FUJI OIL HOLDINGS INC.

### 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

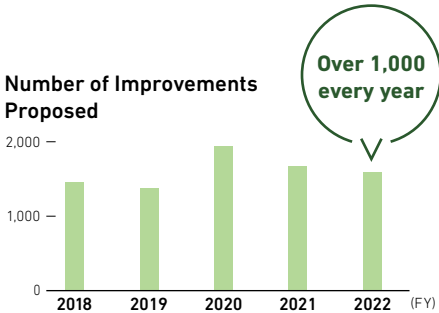
As an essential food business dedicated to protecting life, the Fuji Oil Group believes it can contribute to society through business offering plant-based food ingredients. Production is a critical activity that forms the foundation of our business. To ensure we can provide our customers with safe, reliable, 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.

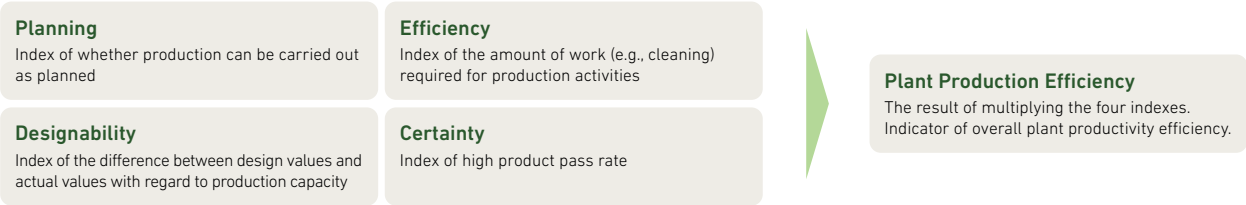
\* PIC: Productivity Improvement & Challenge



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.

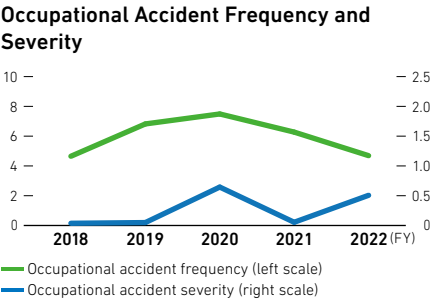
**Strengthening Our Management Foundations and Contributing to the Global Environment by Raising Productivity**

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.

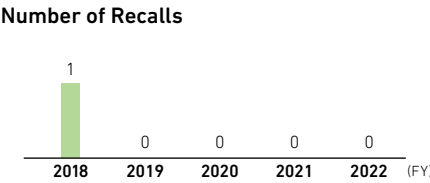
**Fiscal 2023 Initiatives**

- 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/](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.

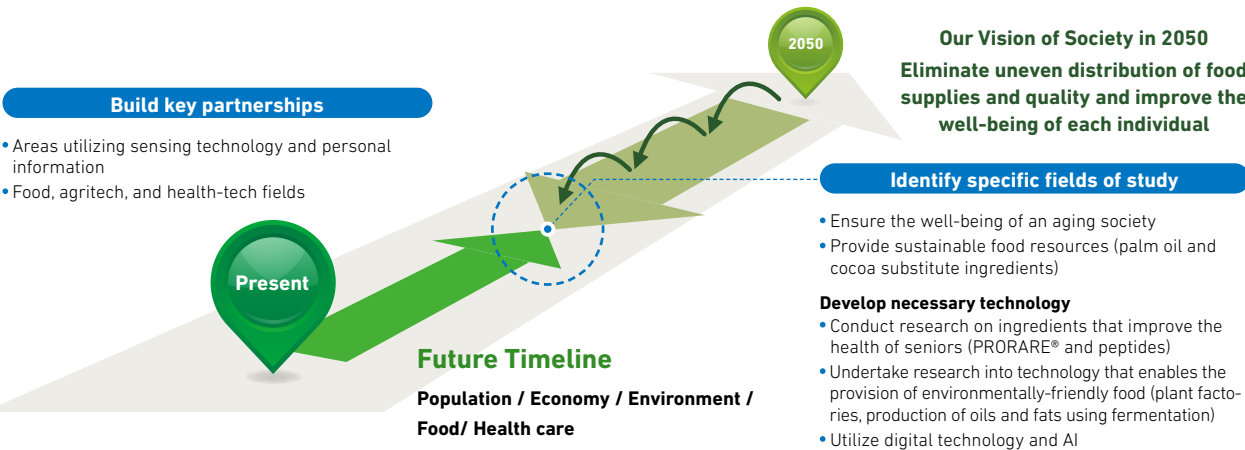
		Present	Value creation time axis	Future
Market Development	Developing customer products using our ingredients. Conducting co-creation activities with customers to generate new value for the food scene			
Ingredient Development	Focusing on new product development that responds to customer needs. Targeting 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

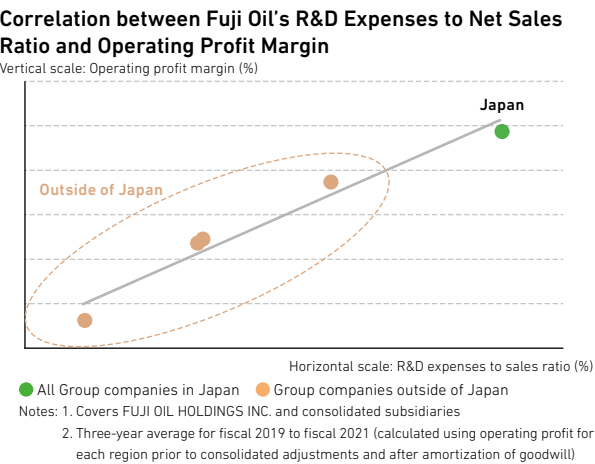
At the Research Institute for Creating the Future, we use quantitative population, economic, environmental, food, and health-care data to create a future timeline through to 2050. We are analyzing issues affecting the global environment, society, and people and working on research themes that will provide 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 CO<sub>2</sub> 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 <sub>2</sub>
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
<b>Vegetable Oils and Fats Business</b>	<ul style="list-style-type: none"><li>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 Japan</li><li>Conducted technology development for energy-saving methods for the refining of oils and fats that contribute to CO<sub>2</sub> reduction</li></ul>
<b>Industrial Chocolate Business</b>	<ul style="list-style-type: none"><li>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 society</li><li>Developed compound coating chocolates with reduced amounts of trans-fatty acids</li></ul>
<b>Emulsified and Fermented Ingredients Business</b>	<ul style="list-style-type: none"><li>Developed and expanded markets for new plant-based products, aiming to generate new value by proposing alternatives to animal-based ingredients</li><li>Increased 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</li></ul>
<b>Soy-Based Ingredients Business</b>	<ul style="list-style-type: none"><li>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 athletes</li><li>Proposed 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</li></ul>

## 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.



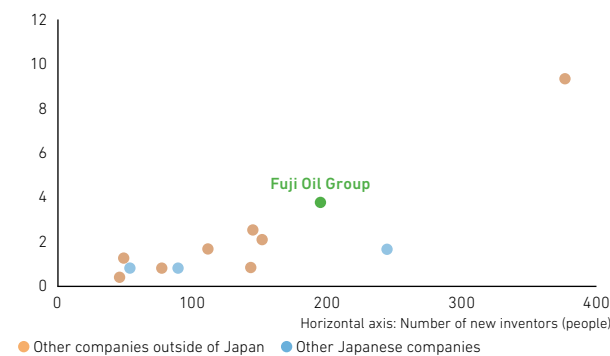
**Wan**  
(Cherdvorapong, Vipavee)  
R&D Management Division, New  
Technology Department Section 2  
FUJI OIL CO., LTD.

## 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.

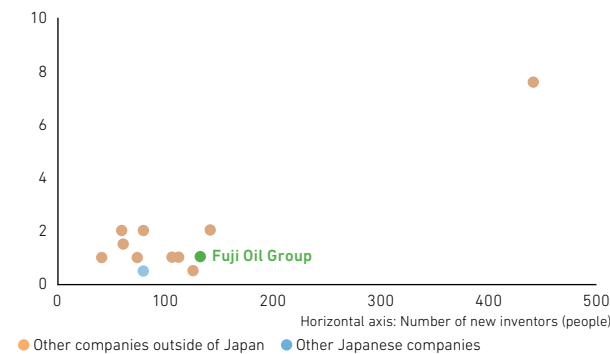
**Share of Important Patents and Number of New Inventors**  
Graph 1: Oils and Fats, Chocolate-Related

Vertical axis: Percentage share of key patents (%)



**Graph 2: PBF-Related**

Vertical axis: Percentage share of key patents (%)



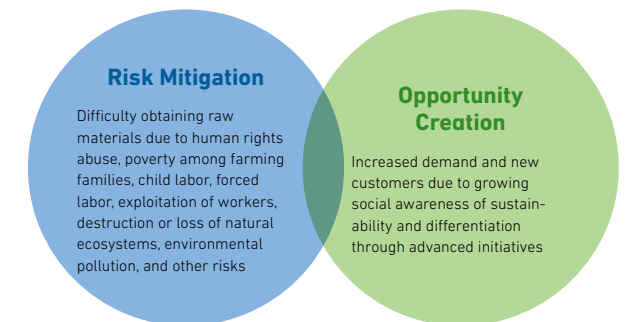
## Sustainable Procurement



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/](https://www.fujioilholdings.com/en/sustainability/palm_oil/)



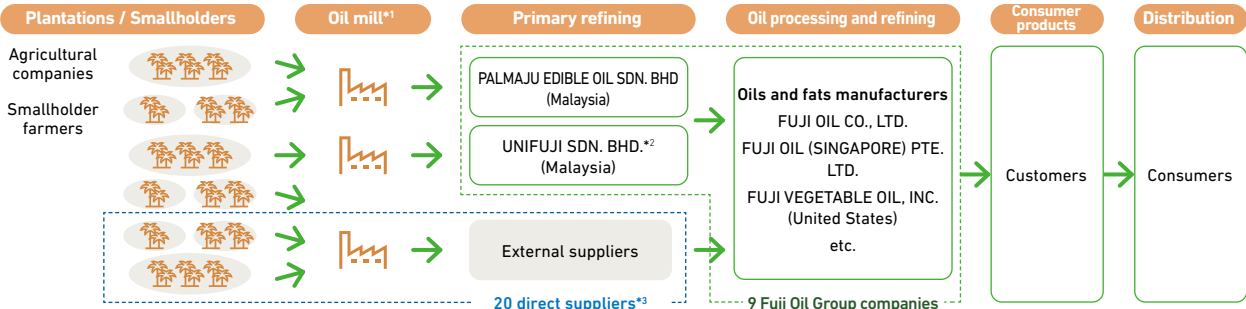
Sustainable Procurement of Palm Oil

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	
 <b>Global environment</b>	Deforestation, peatland development, biodiversity loss	No deforestation, no peatland development, no exploitation	TTP*1 100%	TTP 85%	TTP 93%
 <b>Human rights</b>	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



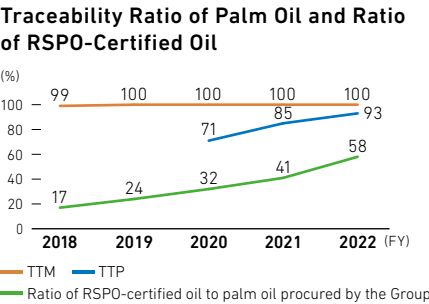
\*1 See URL for the Fuji Oil Group Palm Oil Mill List: [https://www.fujioilholdings.com/pdf/en/sustainability/supplychain\\_database/h2\\_20221\\_mill\\_list.pdf](https://www.fujioilholdings.com/pdf/en/sustainability/supplychain_database/h2_20221_mill_list.pdf)  
\*2 UNIFUJI SDN. BHD.: Joint venture 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	
<b>Ensuring traceability</b>	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
	Implementation of LTP	Provide one-on-one support to suppliers in addressing human rights related issues
<b>Identifying and remediating risks in the supply chain</b>	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
<b>Undertaking supply chain development</b>	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
<b>Operating the grievance mechanism</b>	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

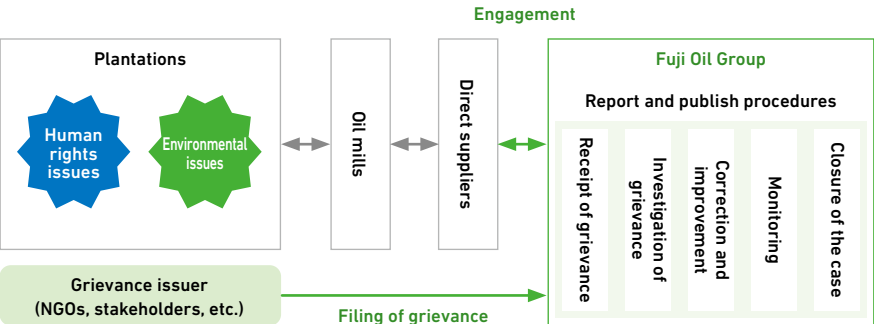
Since 2018, we have supported the Aceh Landscape Initiative in the Province of Aceh, Sumatra, Indonesia. The causes of deforestation in the region are complex and include the expansion of palm plantations, the construction of social infrastructure, and deregulation. Local governments, small-scale farmers 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"><li>• Eradication of deforestation</li><li>• Improved working conditions for farmers</li><li>• Strengthened resilience of small-holders/small-scale farmers</li><li>• Support for local communities</li></ul>

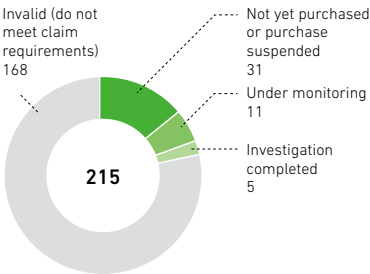
Operating the Grievance Mechanism

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/](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/>

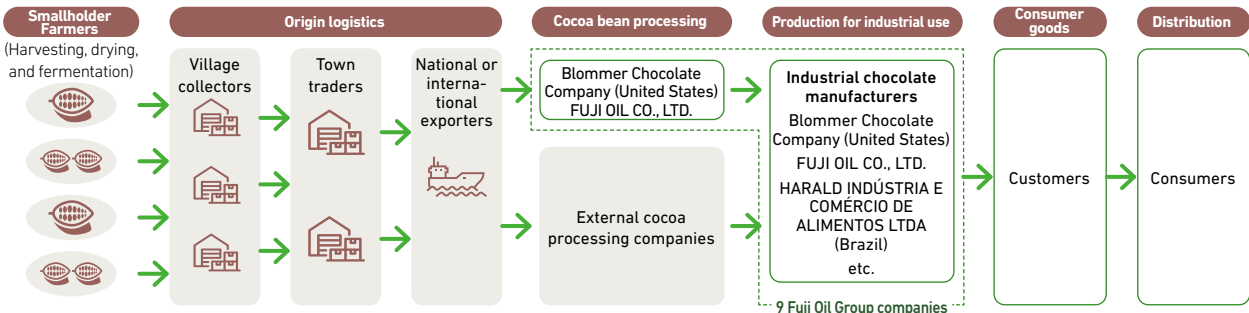
Sustainable Procurement of Cocoa

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	
 <b>Global environment</b>	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
 <b>Human rights</b>	Child labor, poverty among farming families		Elimination of child labor	No Worst Forms of Child Labor*2	<ul style="list-style-type: none"> <li>CLMRS*3 operational in 100% of farmer groups from which the Fuji Oil Group directly procures cocoa beans</li> <li>89% of farm plots mapped within direct supply chain</li> </ul>

\*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



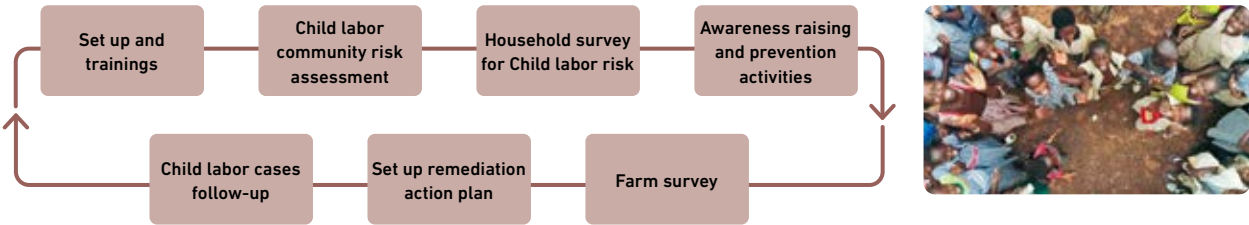
Theme		Overview of Measures
<b>Ensuring traceability</b>	Mapping with GPS	GPS mapping as a criterion for assessing hazardous child labor and deforestation
<b>Identifying and remediating risks in the supply chain</b>	Introduction of CLMRS and provision of education opportunities to children	Focus on maintaining 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"> <li>Focus on creating economic opportunities for women and supporting women’s efforts in the community</li> <li>Use satellite-based monitoring to identify, observe, and verify deforestation</li> </ul>
	Conservation and restoration of forests	<ul style="list-style-type: none"> <li>Reduce deforestation and take part in afforestation activities. Contribute to improving the livelihoods of cocoa farmers through agroforestry initiatives</li> <li>Assess deforestation risk using satellite images; achieved consistently low levels of deforestation in Blommer’s supply chain</li> </ul>

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	
 <b>Global environment</b>	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
 <b>Human rights</b>	Exploitation of indigenous peoples, local residents, and workers				



\*1 RTRS: Round Table on Responsible Soy Association

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

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/](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	
 <b>Global environment</b>	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)
 <b>Human rights</b>	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
<b>Ensuring traceability</b>	Traceability to the regional level	Secure traceability to the regional level, including procurement from Tebma-Kandu cooperatives
<b>Identifying and remediating risks in the supply chain</b>	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"> <li>Convert energy production for FUJI OIL GHANA LIMITED from mineral oil to non-fossil fuels to reduce CO<sub>2</sub> emissions and waste</li> <li>100% non-fossil energy ratio due to the use of byproducts as fuels</li> </ul>
	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
- Research into soybean cultivation using CO<sub>2</sub> captured from a waste incineration facility (CCU)
- Reducing CO<sub>2</sub> emissions by saving energy and introducing renewable energy at Group sites; reducing waste by improving processes and reducing water content of sludge
- Development of functional food ingredients by making effective use of pea fiber
- Development of manufacturing technologies to reduce environmental impact throughout the product lifecycle
- 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
- 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)
- Suppliers: Engagement with No Deforestation, No Peatland Development and No Exploitation (NDPE), introduction of Labour Transformation Programme (LTP)

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/](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"><li>• Prevent spread of infection during COVID-19 pandemic</li><li>• Strengthen management system by third-party assessment</li></ul>	<ul style="list-style-type: none"><li>• Continue to apply strict measures to prevent infection in workplaces</li><li>• Continue to improve our occupational health and safety management system by incorporating perspectives of third-party organizations</li></ul>	<ul style="list-style-type: none"><li>• 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.)</li><li>• Conduct joint remote audits of individual companies with safety officers from the regional headquarters</li></ul>
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"><li>• General: Establish Supplier Code of Conduct that applies to all suppliers and expand grievance mechanisms</li><li>• Palm oil and cocoa: Implement measures based on sourcing policies and medium-to-long-term targets</li><li>• Soy: Formulate sourcing policy and establish monitoring system</li></ul>	<ul style="list-style-type: none"><li>• Ensure suppliers are well informed of Supplier Code of Conduct</li><li>• Monitor human rights due diligence trends in European Union and apply to supply chain in timely manner</li><li>• Formulate and publish Supplier Code of Conduct, distribute to business partners</li></ul>	<ul style="list-style-type: none"><li>• Received agreement with the Supplier Code of Conduct from 71% of suppliers (as of January 2023)</li><li>• Introduced CLMRS at 100% of cocoa farms that supply the Group directly</li><li>• Completed soybean supplier self-assessments and developed improvement plans according to the results</li><li>• Conducted the Tebma-Kandu shea kernel sustainability program in Ghana</li></ul>
Diversity and inclusion (D&I), human rights in the workplace (harassment, forced labor)	Employees	<ul style="list-style-type: none"><li>• Strengthen system for promoting D&amp;I globally</li><li>• Strengthen harassment prevention measures</li><li>• Identify and reduce forced labor risks</li></ul>	<ul style="list-style-type: none"><li>• Promote DE&amp;I globally</li><li>• Consider possible mechanisms/systems for identifying and addressing human rights issues in workplaces</li></ul>	<ul style="list-style-type: none"><li>• Enacted the Fuji Oil Group Human Rights Guidelines for both Group officers and employees (March 2023)</li><li>• Began monitoring human rights risks in workplaces</li></ul>

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.

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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](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/](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 CO<sub>2</sub> 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 <sub>2</sub> emissions	Scopes 1 & 2: 40% reduction in total CO <sub>2</sub> emissions (All Group companies)*1	26% reduction	65%
	Scope 3 (Category 1): 18% reduction in total CO <sub>2</sub> 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 CO<sub>2</sub> 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

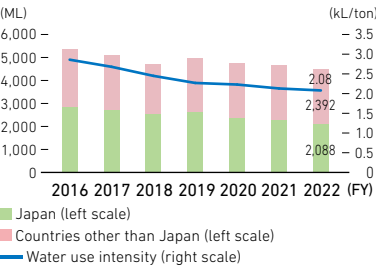
FY2022 Results

Reduced CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub>-free electricity, with 50% of Japan-based electricity purchases now CO<sub>2</sub>-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

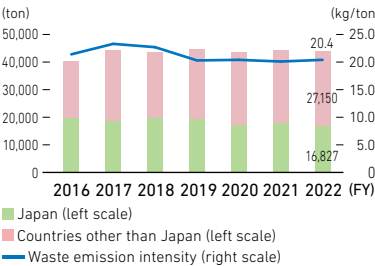
\*1 Buildings with a highly insulated exterior skin and highly efficient, energy-saving equipment and have advanced designs that aim to become net zero energy buildings (ZEBs)  
\*2 RECs: Renewable Energy Certificates  
\*3 I-REC: International Renewable Energy Certificate

Water Usage  
(All Group Companies)



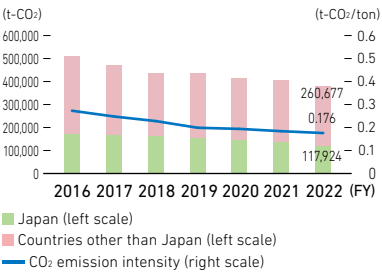
- Reviewed production line cleaning methods in Japan and reduced the need for cleaning water
- Updated production equipment outside of Japan, reduced cleaning frequency, and took measures to prevent water leakage

Waste  
(All Group Companies)

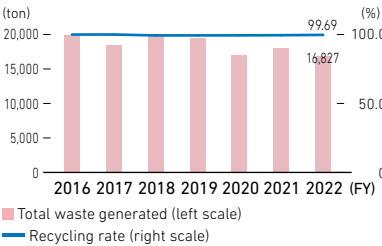


- Reduced scum sludge by installing a new dewatering machine, reduced sludge water content, and transferred control of miscellaneous metals and pallets as valuable salvage materials
- Reduced product waste through thorough product quality control and inventory control

CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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
Risks	Transition risks	Policy and regulations	1. Risks of increased costs for complying with environmental regulations	Increased costs of carbon tax adoption	As global environmental regulations become stricter in response to climate change, we face the risk of increased costs related to the adoption of a carbon tax or emissions trading in countries where Group companies are located. Risks also include increased costs related to switching to renewable energy, environmental investments, and impairment expenses for existing assets.	Within 5 years	10 years or more	Approx. ¥4.9 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			● Promote Environmental Vision 2030 to meet CO <sub>2</sub> emissions reduction target ● Promote the introduction of internal carbon pricing at all Group companies			➔ P88				
	Reputation	2. Risks related to supplier deforestation and loss of parkland	Costs increases associated with enhancing engagement responses, decrease in sales due to the suspension of transactions with major customers	● Increased costs due to enhancing engagement responses to prevent negative impact on climate change caused by our major raw material suppliers ● Amid increasing societal awareness of sustainability, sales could decline due to the suspension of transactions with major clients resulting from reputational damage to the Group if a Group supplier causes a negative impact on climate change.	Within 5 years	10 years or more	Moderate	Societal sustainability consciousness is not as high as the 1.5°C scenario. The higher tolerance for climate change results in limited cost increases associated with the Group's unique engagement improvement measures.	11 years later and beyond	10 years or more	Minor		
		Response measures			● Strengthen activities to prevent and reduce environmental risks along the supply chain based on Group procurement policy ● Make 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			● 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								
	Physical risks	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. ● Increased demand due to global population growth ● Spread 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. ● Impact of extreme weather and natural disasters above the 1.5°C scenario ● Shift to suitable land for the cultivation of major raw materials or a reduction in arable land ● Increased demand due to global population growth	11 years later and beyond	10 years or more	Moderate	
			Response measures			● Improve the sustainability of raw material procurement and promote enhancements to supply sources ● Support programs for supplier engagement and agricultural support to improve farmers' productivity, including yield improvements, and promotion of in-house programs such as farmer mentoring ● Diversification of raw materials ● Promotion of productivity improvements through seed development research in collaboration with academic institutions, governments, and industries			➔ P81 ➔ P51 ➔ P78				
Opportunities	Market	5. Opportunities to expand the plant-based food market	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. ● 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. ● 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			● Environmental conservation through the promotion of sustainable procurement ● Continue 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 businesses ● Build 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	Opportunities for increased sales by applying existing technology and new technologies in R&D to current businesses and the plant-based food products business we are working to expand. ● Global climate change is resulting in more regions and countries facing infectious disease outbreaks and increased heat-related illnesses such as heat stroke. This situation is giving rise to new health problems and greater health consciousness among people. ● Increased demand for foods for preventive nutrition to address lifestyle-related diseases such as obesity, diabetes, and dementia, the incidence of which is projected to rise rapidly around the world. ● Permeation of the values of the SDGs in society has strengthened the concept of "One Health"*4 among all generations. Demand is increasing for products that contribute to the health of the earth and people.	Within 10 years	10 years or more	Moderate	Opportunities for increased sales by applying existing technology and new technologies in R&D to current businesses and the plant-based food products business we are working to expand. ● Global climate change is resulting in more regions and countries facing infectious disease outbreaks and increased heat-related illnesses such as heat stroke. This situation is giving rise to new health problems and greater health consciousness among people. ● Increased demand for foods for preventive nutrition to address lifestyle-related diseases such as obesity, diabetes, and dementia, the incidence of which is projected to rise rapidly around the world. ● Unlike the 1.5°C scenario, the values of the SDGs and the concept of "One Health" do not disseminate through society, and the demand for products that contribute to the health of the earth and people does not grow as much as the 1.5°C scenario	11 years later and beyond	10 years or more	Moderate
		<b>Response measures</b>		● Environmental conservation through the promotion of sustainable procurement ● Continue 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 businesses ● Build a global research network and promote open innovation				➡ P81 ➡ P77			

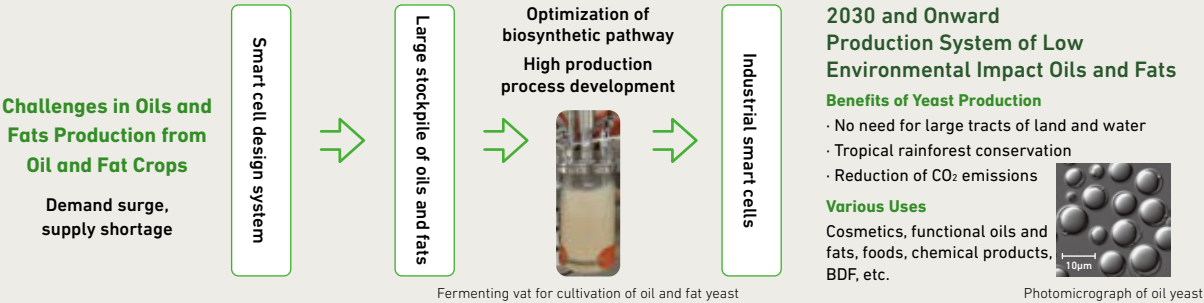
\*1. [Impact level]  
Major: "Impact on profits could be ¥10 billion or more"  
Moderate: "Impact on profits could be ¥2 billion or more but less than ¥10 billion"  
Minor: "Impact on profits could be less than ¥2 billion"  
Major, moderate, and minor impacts refer to the financial impact on the Group 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 CO<sub>2</sub> 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



Topics

Introduction of Renewable Energy

Chiba Plant of FUJII OIL CO., LTD. installed solar panels in July 2020 and a biomass boiler that uses byproduct fuels in July 2022. These efforts to introduce renewable energy reduced CO<sub>2</sub> emissions by approximately 1,100 tons in fiscal 2022, increasing our utilization rate of renewable energy. In addition, we installed solar panels at the site of FUJII OIL (ZHANG JIA GANG) CO., LTD. in August 2022, which are expected to reduce the plant's CO<sub>2</sub> emissions by approximately 2%. We will continue to actively introduce renewable energy sources into Group companies.



Biomass boiler at Chiba Plant of FUJII OIL CO., LTD.



Solar panels at FUJII OIL (ZHANG JIA GANG) CO., LTD.

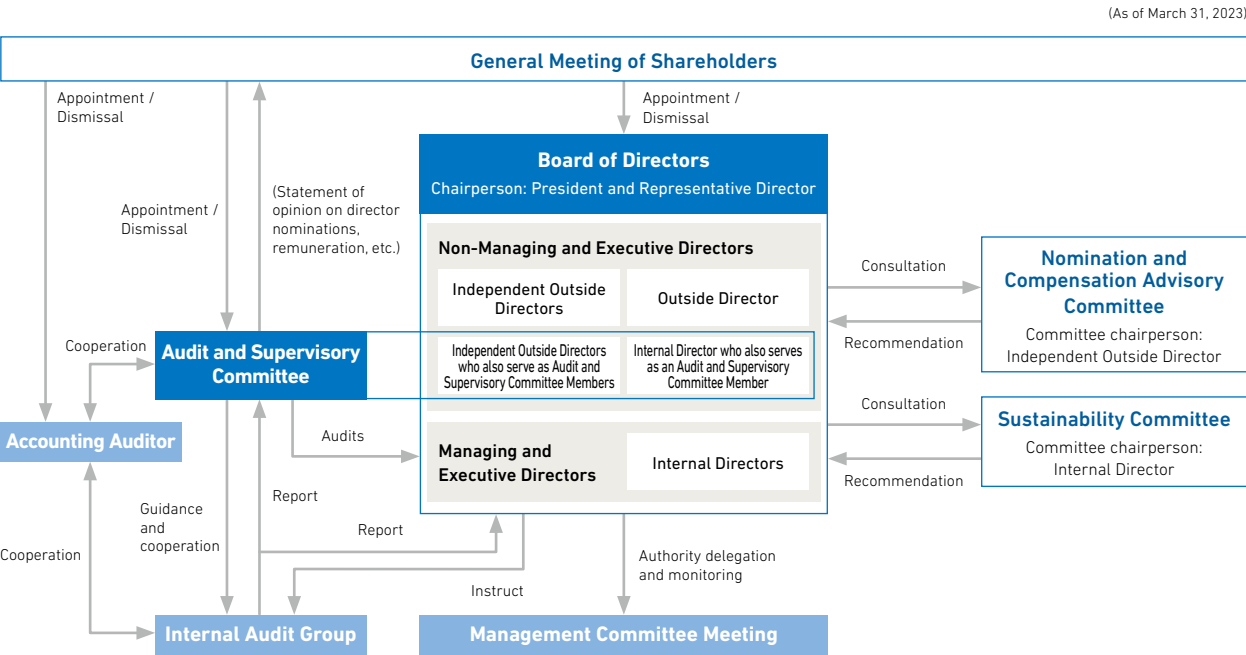
GOVERNANCE

# Corporate Governance

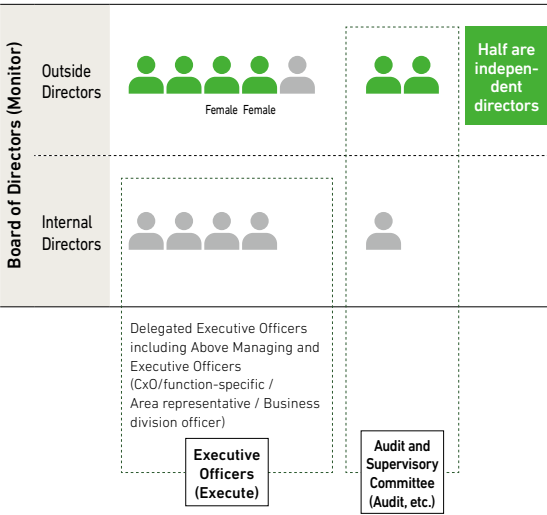
The Fuji Oil Group recognizes that corporate governance is an essential and critical foundation of sustainable improvements to corporate value. Under the General Meeting of Shareholders, the Board of Directors and the Audit and Supervisory Committee play important roles for this purpose. Furthermore, we aim to realize aggressive business development and compliant and efficient management by delegating authority to the Management Committee Meeting. The Board of Directors is responsible for supervising (monitoring) decision-making bodies and business execution regarding important matters. The Audit and Supervisory Committee is responsible for auditing the execution of duties by Directors, excluding Audit and Supervisory Committee Members. The Management Committee Meeting, whose principal members are the President and CEO, Managing and Executive Directors, and Executive Officers, is responsible for discussions that contribute to the management of the Company and support flexible and appropriate decision-making by the President and CEO, who is the top officer.

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

Governance Structure



<Audit and Execution Structure>



<Expertise of Directors>



Skills Matrix → P97

Main Organizational and Committee Structure

(As of June 28, 2023)

Company Name	FUJII OIL HOLDINGS INC.	Institutional Design	Company with an Audit and Supervisory Committee					
Organizational System	Pure holding company	Number of Outside Directors	12, including 2 female directors (7 outside directors, of whom 6 are independent outside directors)					
			Composition of directors					
Chairperson		Total	Directors excluding directors who also serve as Audit and Supervisory Committee Members			Audit and Supervisory Committee Members		Reference: Number of meetings during FY2022*1
			Internal Directors	Independent Outside Directors	Non-Independent Outside Director	Internal Director	Independent Outside Directors	
Board of Directors	President and Representative Director (Mikio Sakai)	12	4	4	1	1	2	16
Audit and Supervisory Committee	Director Full-Time Audit and Supervisory Committee Member (Makoto Shibuya)	3	—	—	—	1	2	12
Nomination and Compensation Advisory Committee	Independent Outside Director (Toshiyuki Umehara)	6	1	4	—	1	—	10
Sustainability Committee*2	Internal Director (Takashi Kadota, CTO and ESG Representative)	4	4	—	—	—	1 Advisor	2
Reference: Management Committee Meeting	President and Representative Director (Mikio Sakai)	12 <sup>3</sup>	4	—	—	1 Observer	—	24

\*1 April 1, 2022 to March 31, 2023  
\*2 Changed name from ESG Committee in FY2022  
\*3 4 Internal Directors + 8 Executive Officers

Description of Bodies

Board of Directors	The body that makes decisions on legally mandated matters related to the management of Fuji Oil Holdings and important matters such as management policies and strategies and monitors the execution of business operations. It consists of Directors (including Audit and Supervisory Committee Members) entrusted by shareholders.
Audit and Supervisory Committee	The committee that conducts investigations on the status of business and assets of Fuji Oil Holdings; audits the execution of duties by Directors (excluding Audit and Supervisory Committee Members) using the internal control system; and cooperates with and directs the Internal Audit Group to audit the appropriateness of the operations of Group companies.
Nomination and Compensation Advisory Committee	The committee that deliberates on personnel matters related to appointment and dismissal, succession planning, and compensation of the Company's Directors and Executive Officers inquiring from the Board of Directors. From the viewpoint of objectivity and transparency in making decisions, most committee members are Independent Outside Directors, and the committee is chaired by an Independent Outside Director.
Sustainability Committee	As an advisory body to the Board of Directors, the committee recommends material ESG issues and the person in charge and reports the progress toward goals and strategies for action themes. The committee is chaired by an internal director and consists of CxO, business division general managers, representatives of each region, and outside experts.
Management Committee Meeting	The body that deliberates on important matters related to the execution of business activities in the Fuji Oil Group and contributes to decision-making conducted by the President and Representative Director. It consists of the President and Representative Director, Managing and Executive Directors, and Executive Officers.

Changes in Governance Structure

(FY)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Separation of management supervision and business execution		● Transition to holding company structure Delegation of authority to regional headquarters			● Revisions to Board of Directors' regulations*		● Definition of Monitoring Perspectives		● Shift to company with Audit and Supervisory Committee
Number of directors	● 10		● 8	● 9	● 10	● 9	● 8	● 12	
Of whom, outside directors	● 2				● 3		● 4	● 7	
Committee (Advisory body to the Board of Directors)		● Establishment of Nomination and Compensation Advisory Committee and ESG Committee						● Renamed ESG Committee to Sustainability Committee	
Evaluation of effectiveness of the Board of Directors			● Evaluation of effectiveness of Board of Directors						
Remuneration system					● Formulation of Policy on Revisions to the Remuneration System	● Implementation of performance-linked share-based remuneration system		● Adoption of ESG indicators, adoption of new remuneration system that changed Executive Officers from employment-type system to delegation-style structure	
CEO succession plan					● Start considering CEO succession plan	● Start to make use of CEO performance review meetings	● Build up CEO succession plan scheme	● Begin operation of CEO succession plan scheme	

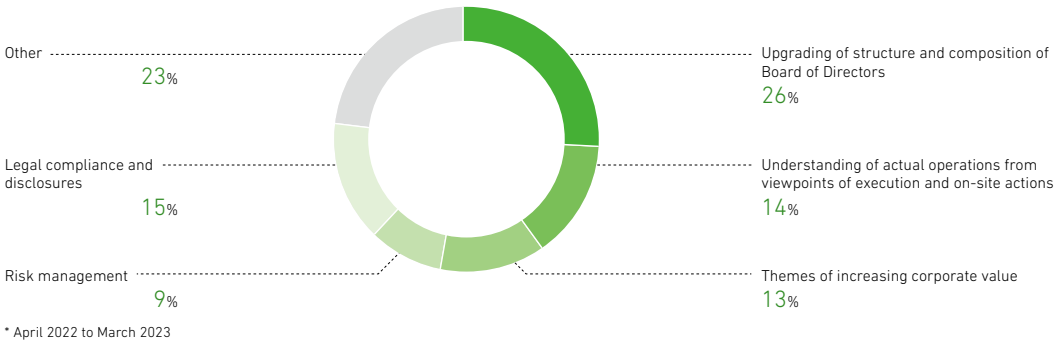
\* In addition to existing decision-making and reporting, we also established opportunities for open-minded deliberation on governance and other matters.



Board of Directors

Major Topics of Discussion at Board of Directors’ Meetings in Fiscal 2022

Discussion Topic	Number of Times Discussed	Percentage	Major Matters
Upgrading of structure and composition of Board of Directors	29	26%	Revision of Executive Officer regulations, audit structure after change in institutional design, matters for consultation by Nomination and Compensation Advisory Committee, and Corporate Governance Report related matters
Understanding of actual operations from view-points of execution and on-site actions	16	14%	Matters to be deliberated by Management Committee Meeting
Themes of increasing corporate value	15	13%	Evaluation of effectiveness of Board of Directors, mid-term management plan, disclosures related to TCFD, Sustainability Committee reports, DX, progress on research themes, revision of Fuji Oil Group Management Philosophy, and formulation of Fuji Oil Group Policy on Biodiversity
Risk management	10	9%	Review of Basic Policy for the Development of Internal Control Systems, strengthening of tax governance, work-related injuries, number of claims, results of measures taken to address major Companywide risks, internal audit activity reports, and environmental data reports
Legal compliance and disclosures	17	15%	Financial results (quarterly, annual), General Meeting of Shareholders, and various disclosures
Other	26	23%	Monthly financial reports, etc.
Total	113	100%	



Matters Considered in the FY2021 Effectiveness Evaluation of the Board of Directors	FY2022 Results
Discussion of policy and business strategy from medium- to long-term perspective	<ul style="list-style-type: none"><li>In response to rapid changes in the business environment caused by global instability, the Board of Directors also discussed matters from a short-term perspective. However, the transition to a company with an Audit and Supervisory Committee clarified that the Board of Directors is responsible for monitoring and supervising business execution, and a third-party organization made the evaluation that management control and supervisory functions have been strengthened.</li></ul>
Business strategy, allocation of management resources, and establishment of financial and non-financial management targets	<ul style="list-style-type: none"><li>The mid-term management plan Reborn 2024 presents policies and business strategies for allocating management resources as well as financial and non-financial KPIs, and it has been evaluated by a third-party organization to ascertain results. In the effectiveness evaluation, further consideration of "policy and business strategy from a medium- to long-term perspective" is needed. It was suggested that opportunities for explanations outside Board of Directors' meetings should be provided, especially with regard to "information and discussion on the direction of R&amp;D (including organizational structure and investment)."</li></ul>
Strengthening of Group governance	<ul style="list-style-type: none"><li>In terms of promoting growth strategies and strengthening portfolios, the results of the fiscal 2022 effectiveness evaluation survey showed that some progress has been made with the introduction of the area-axis management. On the other hand, there is a perception that strengthening management and business foundations is a priority in the face of uncertainties in the business environment. In this regard, through organizational revisions in April 2023, we will strengthen cooperation between each functional division of FUJI OIL HOLDINGS INC. and Group companies outside Japan and enhance global management and governance compliance at a business-axis.</li></ul>
Thorough management of progress and KPIs related to above matters with reviews and discussions by Board of Directors	<ul style="list-style-type: none"><li>Through the transition to a company with an Audit and Supervisory Committee, monitoring and supervisory functions have been strengthened, and a third-party evaluation concluded that a certain level of results had been achieved externally.</li><li>The need for discussion on the establishment of KPIs to be monitored by the Board of Directors and the accompanying discussion on the delegation of authority was confirmed, and a high level of awareness was shared that further efforts are necessary to achieve the desired state of the Board of Directors.</li></ul>

Topics

Discussions on the Formulation of a Group Biodiversity Policy

At the January 2023 Board of Directors’ meeting, it was reported on the direction that the Fuji Oil Group aims to take and the formulation of a basic policy regarding the conservation and restoration of biodiversity in relation to sustainability initiatives. With the adoption of the Kunming-Montreal Global Biodiversity Framework at the 15th Conference of the Parties to the UN Convention on Biological Diversity (COP15), the Board of Directors discussed the Company’s basic approach and action guidelines. Outside Directors commented on the need to consider the Company’s contribution in terms of R&D and technological superiority. In March 2023, we announced the Fuji Oil Group Policy on Biodiversity, and we will continue to work to conserve and restore natural eco-systems while incorporating our unique perspectives.

Fiscal 2022 Effectiveness Evaluation of the Board of Directors

To assess the efficacy of the Board of Directors for fiscal 2022, we conducted interviews with the CEO, who is the Chairperson of the Board of Directors, and the Outside Director who is the chairperson of the Nomination and Compensation Advisory Committee. We also conducted a survey of all Directors. To set the survey questions, the Secretariat the Board of Directors gathered the opinions of all Directors in advance and outsourced the formulation of the survey to a third-party organization to ensure an independent survey design that enabled the evaluation of the following: ① Confirmation of the degree of improvement in response to the issues raised in the previous fiscal year; ② Comparison of expected changes prior to transitioning to a company with an Audit and Supervisory Committee and actual results; ③ Response to new governance requirements; ④ Narrowing down of agenda items for deliberation; and ⑤ Operations management by the secretariat.

Effectiveness Evaluation Process



Evaluator	Third-party organization
Evaluation method	<ul style="list-style-type: none"><li>Survey format: All Directors (including Audit and Supervisory Committee Members) responded in writing to the organization from February 9, 2023 to February 24, 2023</li><li>Interviews (Chair of the Board of Directors and Chair of the Nomination and Compensation Advisory Committee)</li></ul>
Analysis method	Analysis of results by third-party organization to ensure anonymity

Points Evaluated

Through survey results, evaluation included the transition to a company with an Audit and Supervisory Committee to enhance the monitoring function of the Board of Directors, progress made in efforts to strengthen Group governance, active and open discussion at Board of Directors’ meetings, the emphasis placed on improving corporate value, and whether or not monitoring is actually linked to improvement in the quality of management, etc.

Issues

- On the other hand, the issues below have been identified, where the improvement of monitoring functions is still an issue, and members share a high awareness that further efforts are necessary to achieve the desired state.
- Operational challenges
    - Need for discussion on setting KPIs that should be monitored by the Board of Directors
    - Need for a clearer distinction between short-term and medium- to long-term problem domains
      - Additional themes requiring a medium- to long-term perspective
        - Progress in the execution of business strategies and the allocation of management resources (including human resources) to support them
        - Direction of R&D (including organizational structure and investment) and progress
  - Issues related to roles and functions
    - Design of opportunities for accountability outside of the Board of Directors to more appropriately share the management status of Internal Directors with Outside Directors
    - Need for discussion about delegating authority related to setting KPIs to be monitored by the Board of Directors

The Company decides on the annual agenda for the Board of Directors for the next fiscal year based on the results of deliberations by the Board of Directors concerning the effectiveness evaluation for the Board of Directors. In determining annual agenda themes, the Secretariat of the Board of Directors holds discussions with the Directors in charge of each theme and the Executive Committee Secretariat, and designs an agenda schedule for the Board of Directors so that it is linked with the Executive Committee. With the transition to a company with an Audit and Supervisory Committee, the efficacy of the Audit and Supervisory Committee is important to improving the efficacy of the Board of Directors. For this reason, in fiscal 2022, as part of the effectiveness evaluation of the Board of Directors, we have also conducted an effectiveness evaluation of the Audit and Supervisory Committee. We will develop and operate a framework to effectively improve our governance as a whole by sharing evaluation results with Directors who also serve as Audit and Supervisory Committee Members as well as all other Directors.

Topics

Communication between Outside Directors and Employees

Outside Directors held roundtable discussions with employees and visited research institutions. Outside Director Nishi held a roundtable discussion with employees of FUJI OIL HOLDINGS INC.—on the theme of our roles in Reborn 2024, the Company’s mid-term management plan—to discuss topics such as balancing sustainability and business strategy and how to build a truly global company. Outside Director Tsuji had various discussions with R&D employees during visits to research institutions of FUJI OIL CO., LTD., covering such topics as a cross-business R&D organizational structure and collaboration, ways to encourage R&D personnel, collaboration with the market and the creation of mechanisms to promote such efforts, and differentiation from competitors.



Roundtable discussion between Outside Director Nishi and the Company’s employees



Visit to a research institute by Outside Director Tsuji

Nomination and Compensation Advisory Committee

The Company established the Nomination and Compensation Advisory Committee as a discretionary advisory body to the Board of Directors. The Advisory Committee, inquiring from the Board of Directors, deliberates, reports to the Board of Directors, and monitors matters related to the nomination of Directors and Executive Officers and the director remuneration system. The committee consists of not less than three and not more than six Directors, appointed by resolution of the Board of Directors. From the viewpoint of enhancing objectivity and transparency in decision-making, the committee comprises a majority of independent Outside Directors and is chaired by an independent Outside Director.

Major Activities in FY2022

Selection of the Nomination and Compensation Advisory Committee Chair	A chair is elected every fiscal year, decided by mutual election of committee members.
Revision of rules governing the Nomination and Compensation Advisory Committee	With regard to rule matters to be deliberated, the committee reexamined the matters required of the Nomination and Compensation Advisory Committee under current circumstances, including consideration of the skills required of each Director, in order to realize the Fuji Oil Group Management Philosophy.
Review of the composition and skills matrix of the Board of Directors	The committee reviewed items in the Directors’ skills matrix and the distribution of skills, deliberated on the composition of the Board of Directors, including Outside Directors and the Executive Officer structure, and reported on these matters to the Board of Directors.
Monitoring and advice	The committee monitored the operation of the CEO succession plan and the development of next-generation management personnel, including receiving progress reports and providing advice on the progress.
Matters concerning remuneration for Directors	The committee deliberated and reported to the Board of Directors on the performance-linked remuneration in fiscal 2022 and Directors remuneration and setting KPIs of performance-linked remuneration in fiscal 2023.

CEO Reappointment Review

The Nomination and Compensation Advisory Committee has established a CEO Review Committee for the purpose of appropriately fulfilling their role in management during normal times and maximizing corporate value for various stakeholders, as well as the desirability of having the CEO continue in the position for the next fiscal year.

In fiscal 2022, a meeting was held with an independent Outside Director as a member of the CEO Reappointment Review Committee, and matters discussed were reported to the Nomination and Compensation Advisory Committee. Accordingly, the Nomination and Compensation Advisory Committee deliberated again and reported to the Board of Directors on the succession plan for the position of CEO.

CEO Succession Plan

We consider the appointment of the CEO to be one of the most important decisions of the Board of Directors. Based on the report from the Nomination and Compensation Advisory Committee in fiscal 2020, we established and commenced the operation of a CEO succession plan scheme in fiscal 2021. The Nomination and Compensation Advisory Committee provides appropriate monitoring and advice to ensure objectivity and transparency.

Policy and Process for Appointing Directors

Approach to Nominating Candidates for Directors

The skills matrix of the Board of Directors, specifying the expertise, experience, and expected role of each member, is provided below on the next page. We constantly take into consideration in regard to the composition of the Board of Directors based on expertise of skills matrix, attributes (as well as independence), years of service, gender, nationality, other aspects of diversity, changes in business environment, and other factors.

Furthermore, to ensure the independence of Outside Directors, we believe it is appropriate to set maximum terms of six years for Independent Outside Directors.

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

		Corporate Management	R&D and Technology	Global	Sustainability	Sales and Marketing	Production (Safety, quality, and the environment)	Finance and Accounting	Legal Compliance	Human Resource Development	IT / Digital Transformation	Supply Chain Management
Directors	Mikio Sakai	●		●	●	●				●		
	Tomoki Matsumoto			●				●			●	
	Takashi Kadota		●	●	●		●					
	Hiroyuki Tanaka	●		●		●		●				●
Outside Director	Hidenori Nishi*	●		●		●				●		
	Toshiyuki Umehara*	●	●				●				●	
	Tomoko Tsuji*	●	●		●							
	Rie Nakagawa*	●		●	●	●		●			●	●
	Yoshihiro Tachikawa	●		●		●						
Directors who also serve as Audit and Supervisory Committee Members	Makoto Shibuya	●						●	●			
	Ryuta Uozumi*				●			●				
	Hirohiko Ikeda*			●					●			

\* Independent directors

Policy and Process for Appointing Candidates for the Board of Directors

Based on the Fuji Oil Group Management Philosophy, our policy is to select candidates for the Board of Directors who embody the values of the Fuji Oil Group to a high degree, have a wealth of expertise and knowledge and a high level of insight, and can be expected to contribute to the further development of the Fuji Oil Group. Based on this policy, we decide on the candidates upon receiving reports from the Nomination and Compensation Advisory Committee. In fiscal 2023, Rie Nakagawa and Yoshihiro Tachikawa were appointed as Outside Directors.

Internal Directors	Reasons for Nomination as Director
Mikio Sakai	Mr. Mikio Sakai has been involved in the management of all aspects of the Group’s business and has served as President, and Chairperson of our major subsidiaries in China, the United States, and other countries. He has also served as Chief Strategy Officer (CSO) and taken the lead in our global business by utilizing his business execution and management capabilities. In 2022, he supervised the formulation of the mid-term management plan Reborn 2024 to promote the Group’s growth strategy. In addition, in order to strengthen corporate governance and improve the monitoring function of the Board of Directors, he led our transition to a company with an Audit and Supervisory Committee. Based on his career and for the reasons stated above, the Company has determined that he will be able to use his abundant experience to further contribute to the enhancement of the corporate value of the Group.
Tomoki Matsumoto	Mr. Tomoki Matsumoto has extensive business experience, mainly in finance, accounting, and corporate planning. He was appointed as Director in June 2015 and has served as Chief Financial Officer (CFO) since October of the same year, when the Company transitioned to a pure holding company, contributing to the proactive disclosure of corporate information. In addition, he is promoting the reform of the Group’s financial structure to make it globally robust by advancing efforts to generate cash flow from business growth and improve capital efficiency, especially through business management and enhanced financial governance with the introduction of ROIC. Based on his career and for the reasons stated above, the Company has determined that he will be able to use his abundant experience to further contribute to the enhancement of the corporate value of the Group.
Takashi Kadota	Mr. Takashi Kadota has many years of experience in production technology development and production equipment design in the engineering development department, where he was responsible for overseeing safety, quality, and production. He has also been stationed in the United States and China. Appointed to the Board of Directors in 2018, he has served as Chief Quality Officer and Chief “ESG” Officer and, since April 2022 as Chief Technology Officer (CTO), responsible for driving technology management. From a technological perspective, he is working to create Group synergies by improving production efficiency and establishing a global R&D structure. Based on his career and for the reasons stated above, the Company has determined that he will be able to use his abundant experience to further contribute to the enhancement of the corporate value of the Group.
Hiroyuki Tanaka	Mr. Hiroyuki Tanaka has extensive experience in sales and management in the food division of a major Japanese trading company as well as extensive experience in global business. During his transition to the Company, he has been instrumental in PMI as a Director of HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA and Blommer Chocolate Company, which are overseas Group companies. He has experience in the food business inside and outside Japan. He has served as Chief Strategy Officer (CSO) since April 2022, responsible for promoting global management within the Group, and was appointed Director in June of the same year. He is also promoting the reinforcement of business-axis management as stated in the mid-term management plan Reborn 2024. Based on his career and for the reasons stated above, the Company has determined that he will be able to use his abundant experience to further contribute to the enhancement of the corporate value of the Group.
Outside Director	Reasons for Nomination as Outside Director and Expected Roles
Hidenori Nishi Independent / Outside	Mr. Hidenori Nishi has worked for many years in a global food products business and has abundant experience as a senior corporate manager, a deep knowledge of marketing, and a high level of insight into the food industry, the Company’s core business area. He also serves as an outside director for a listed company. The Company believes that he will be able to use his many years of management experience to improve the oversight of the Company’s business operations and further improve the effectiveness of the Board of Directors. He chaired the Nomination and Compensation Advisory Committee for one year from June 2022 and he has been a member of the committee since June 2023. He has appropriately led supervisory functions in the selection of candidates for the Company’s Directors and in the determination of the remuneration for Directors and other matters from an objective and neutral standpoint.
Toshiyuki Umehara Independent / Outside	Mr. Toshiyuki Umehara has worked for many years as an engineer and business manager at a manufacturer of electronic materials, which has many top-share products in a wide range of fields such as FPD materials, automobiles, and healthcare. He has a wealth of experience as a corporate manager and deep knowledge in the fields of technology and information along with a high level of insight into technology management, where the Company has an advantage, and in the information field, which the Company is enhancing. He was also involved as a member of the Nomination and Compensation Advisory Committee and he has chaired the committee since June 2023. He proactively advises on the selection of candidates for the Company’s Directors and in the determination of the remuneration for Directors and other matters from an objective and neutral standpoint.



Corporate Governance

Outside Director	Reasons for Nomination as Outside Director and Expected Roles
<b>Tomoko Tsuji</b> Independent / Outside	After joining a major Japanese food manufacturer, Ms. Tomoko Tsuji was awarded a PhD in agriculture and engaged in research on pharmaceutical seeds at universities in the United States and elsewhere. Then, she worked in research and product development related to nutrition and functions of food products at several companies for many years while serving as director of a major Japanese health food manufacturer. In addition, she currently serves as an Outside Director for a listed company and has a wealth of experience and a high level of insight. She is also involved as a member of the Nomination and Compensation Advisory Committee, where she proactively advises on the selection of candidates for the Company's Directors and in the determination of the remuneration for Directors and other matters from an objective and neutral standpoint.
<b>Rie Nakagawa</b> Independent / Outside Newly Appointed	Ms. Rie Nakagawa has a long-standing career in machine and industrial EC companies, and she has held important positions involving FA business, user service platforms, and sustainability platforms. She also possesses abundant experience in portfolio management, cash management, and sustainability from her role as a Representative CEO. The Company expects that she will use that knowledge to contribute to improving corporate value through suitable suggestions and proposals while working to strengthen the Company's business bases and portfolio.
<b>Yoshihiro Tachikawa</b> Outside Newly Appointed	Mr. Yoshihiro Tachikawa joined a major Japanese trading company and after leaving the company in 1998, he was hired at a feed manufacturer outside Japan. He rejoined the major Japanese trading company in 2003 and was later assigned to the role of President and CEO of a functional feed manufacturing and sales company, during which time he was involved in the business transfer of FUJI OIL CO., LTD.'s enzyme-treated Copra meal. He has been active as an operation manager of many companies inside and outside Japan since he became Chief Operating Officer of the Food Resource Division of the major Japanese trading company in April 2023. The Company expects that by providing advice and recommendations in areas such as raw material procurement and business management, he will contribute to the enhancement of the corporate value of the Group.
Directors Who Also Serve as Audit and Supervisory Committee Members	Reasons for Nomination as Director Who Also Serves as Audit and Supervisory Committee Member and Expected Roles
<b>Makoto Shibuya</b>	Prior to joining the Company, Mr. Makoto Shibuya had management experience at a corporate start-up and a listed company. After joining the Company, he served as Executive Officer in charge of legal affairs and was involved in the establishment of the Group's corporate governance, compliance, and whistleblowing systems. He also has extensive experience in domestic and international legal matters. As a Certified Fraud Examiner (CFE), he has considerable experience and expertise in fraud investigation and compliance.
<b>Ryuta Uozumi</b> Independent / Outside	Mr. Ryuta Uozumi has a wealth of expertise and knowledge as a Certified Public Accountant and has many years of experience in audit work at a major audit corporation. He also has a high level of insight and experience in sustainability issues, including environmental accounting. The Company expects that he will supervise and provide advice to Directors on the execution of their duties from his professional perspective in the fields of financial accounting and sustainability.
<b>Hirohiko Ikeda</b> Independent / Outside	Mr. Hirohiko Ikeda is a corporate law specialist with specialized knowledge as an attorney at law. He has many years of experience as an attorney at law, working on corporate legal and M&A projects. He has also worked as an attorney at law in United States and has global legal experience through studying litigation and audit systems in the Asia-Pacific region. As a university lecturer, he is committed to educating young people, and has a wealth of experience and insight. The Company expects that he will supervise and provide advice to Directors on the execution of their duties from his professional perspective in the field corporate legal affairs.

Messages from Outside Directors

Message



Outside Director

Hidenori Nishi

Independent / Outside

Embarking on the Second Year of Reborn 2024

It has been four years since I assumed the position of outside director. During that time, I engaged in activities with the belief that the first step in fulfilling my role is to participate in Board of Directors' meetings from the perspective of stakeholders and to voice opinions based on my own experiences in business management. Such an approach contributes to high-level discussions that are appropriate to determining the direction of Fuji Oil Group management. My view of Reborn 2024, which was launched in fiscal 2022, is that the Company created an excellent mid-term management plan that will enable the Fuji Oil Group to be reborn. This plan is the culmination of deliberations, involving proactive participation by myself and other outside directors, on the long-term vision for the Fuji Oil Group and measures to address a rapidly changing operating environment as well as consideration of ongoing issues. At the same time, the targets set out in the plan are quite ambitious. The plan was formulated based on an understanding that its achievement will depend on the ability of executives to implement each of the outlined strategies with a sense of speed.

During fiscal 2022, in my role as an outside director, I engaged in open and lively discussions at Board of Directors' meetings based on the belief that it would be necessary to further enhance the monitoring of the plan's strategies and to engage in a rapid cycle of strategy revision, management resource reallocation, and corporate structural reform. However, those efforts were insufficient and the Group was unable to achieve its management targets.

Issues related to evolving the Board of Directors' monitoring of business execution were also evident from the results of a third-party evaluation of the effectiveness of the Board of Directors. In fiscal 2023, I will engage in timely and accurate monitoring, with a focus on the Board of Directors, to confirm the status of the execution of business strategies outlined in Reborn 2024, to conduct risk management that reflects the uncertainty of the Group's operating environment, and to ascertain the status of activities assigned to executives and employees. I will also work to enhance the Group's governance structure by incorporating proposals from the Nomination and Compensation Advisory Committee and to link those efforts to steadily improving corporate value.



Outside Director

Toshiyuki Umehara

Independent / Outside

Returning to the Beginning, Creating Opportunity through Transformation

It has been two years since I was first appointed as an Outside Director. During this time, the COVID-19 pandemic forced the world to reevaluate conventional values, leading to the formation of new values and dramatic change throughout all of society. Amid this environment, the Fuji Oil Group has embraced its mid-term management plan Reborn 2024 and worked fully toward achieving its earnings targets. To address the major issues of turning Blommer into a cash cow and raising the profit levels of the Group's global business to levels on par with Japan, it will be essential the Company takes a more direct approach that includes an increased on-site presence. From this perspective, I will work to strengthen the Group management platform supporting such initiatives and promote the visualization of on-site operations. At the same time, I will work to enhance monitoring and discussions of strategy by the Board of Directors. I believe that an important part of strengthening the Group's platform involves returning to activities aimed at promoting greater awareness of the Fuji Oil Group Management Philosophy and internal control systems. The Company must preserve, further evolve, and pass on its corporate culture and build a structure that prevents inconsistency in Group communication. Occupational and other accidents that occur are attributable to the level of the Company's foundation.

Currently, the Fuji Oil Group faces a situation where the Company is in a period of transformation during which it must reevaluate conventional judgment criteria and adopt new methods. If the Company can enhance its ability to generate cash while also demonstrating future corporate value through the realization of its vision for attractive food, then the Company will immediately see an increase in expectations from the market and its shareholders.

The Fuji Oil Group is making great social contributions through its ESG management. Without being satisfied by the Company's strong external reputation, as an outside director I want to contribute by promoting efforts that seek to combine earnings with future value to help Fuji Oil become an excellent, globally recognized food manufacturer.



Outside Director

Tomoko Tsuji

Independent / Outside

Looking Back on My First Year as an Outside Director

In fiscal 2022, I participated in every Board of Directors' meeting as a newly appointed Outside Director. My impression is that the Group encountered a very difficult year. During the first half of the fiscal year, we faced a tough operating environment that included delays in implementing price revisions, a decline in economic sentiment that resulted in lower sales volume, the need for manufacturing equipment repairs, and rising shipping costs. During the second half of the fiscal year, we saw the manifestation of problems in the operating structure of Group companies outside of Japan. I feel all the issues are related to problems that lie below the surface. In fiscal 2023, I will position identifying the true nature of these problems as my highest priority. I will share information with all members of the Board of Directors and diligently monitor the results of measures taken.

Fiscal 2023 marks the second year of the mid-term management plan Reborn 2024. In addition to rapidly identifying and avoiding current risks, it is also necessary to share a specific and detailed vision of the future beyond those risks. It goes without saying that realizing Vision for 2030 of "co-creating a sustainable future for food based on plant-based ingredients that are both delicious and healthy" will require research and technology development that enables the Company to distinguish itself in clear and innovative ways.

Also important will be how the Company converts those successes into formats that are, from the perspective of the consumer, highly accessible and easy to understand. Some companies in possession of advanced technology spend considerable time and expense in the pursuit of minor things that set them apart. However, as a result, they can also lose their competitiveness. It is important the Company not only focuses on internal perspectives, but it also engages in discussions with various external experts to clarify the true features that give its products a competitive advantage as well as the attributes that its products lack. I have led research efforts into functional food ingredients at multiple companies and have been involved in the pioneering of new markets. I will apply that experience, both my successes and my failures, as I work to ascertain the Fuji Oil Group's progress toward achieving Vision for 2030.

Messages from Newly Appointed Outside Directors .....

Message



Outside Director

Rie Nakagawa

Independent / Outside  
Newly Appointed

Supporting Endless Challenges toward Achieving Innovation

In my previous role of executive officer in charge of sustainability, I became aware of the Fuji Oil Group and its leading efforts to promote sustainability management. In particular, efforts to create a sustainable food value chain were being driven not only by top management but also by the strong leadership of various business organizations. I learned many things from the Group's united stance toward sustainability management initiatives. I am pleased to have the opportunity to contribute as one of the Company's outside directors. At the same time, I am strongly aware of the weight of this role.

In this age of VUCA\* and a dramatically changing external environment, the Fuji Oil Group—as a corporate group creating a sustainable future for food—is expected to pursue endless challenges toward achieving innovation. At the same time, not all successes the Group has had over the years have been sustainable, meaning that it must also implement business reforms and realign its distribution of management resources. In other words, the Group must engage in highly advanced and complex corporate management. More than anything, the developing of the next generation of global human resources will be the key to creating a sustainable future for food.

During several years spent at a machinery and industrial EC corporation for B2B companies, I was involved in the development of products used in factory automation, global production and procurement, digital marketing, and sustainability promotion. Although in an industry that differs greatly from the food industry, I have accumulated experiences in manufacturing that are comparable to the issues the Fuji Oil Group faces. As a consumer who loves healthy and delicious foods, and from my current perspective as someone promoting women's opportunities in the social sector, I believe I can make contributions toward developing the potential of the Fuji Oil Group. Strongly embracing this mission, I will work tirelessly with other members of the Board of Directors toward improving the corporate value of the Fuji Oil Group.

\* Volatility, Uncertainty, Complexity, and Ambiguity



Outside Director

Yoshihiro Tachikawa

Outside  
Newly Appointed

Addressing Management Issues Head-On

I have been involved in the food and feed raw materials businesses for 30 years. I have a particularly long history in the handling of functional materials, and I have worked in areas related to nutrition, health, and food safety. However, I have never experienced a period of dramatic change such as we have seen in recent years. From society to the environment and the lifestyles of individuals, as seen with words like vegan and sustainability, people's interest is focused on things linked to food. And amid continued global destabilization caused by COVID-19, war, and financial instability, there is an increasing awareness of the importance of stable supply. I intensely feel the difficulty of creating business in an environment where the values expected of society are constantly and rapidly changing.

At the same time, such change serves as a driving force for the emergence of new technology and frameworks. As such, the key is to engage strategically with responses that position change as an opportunity instead of a risk. That may be a case of "easier said than done," but Fuji Oil Group has a proven track record as a market leader that has applied its technology centered on plant-based ingredients to propel the food industry forward. I believe the Company has established a foundation that is supported by experience. To put it another way, the Company has a critical responsibility to fulfill in food and its stable supply, and I cannot help but be excited about the future.

The Reborn 2024 mid-term management plan outlines various basic policies, including the formation of a highly profitable business portfolio, supply chain enhancements for sustainable procurement, and the strengthening of management on a global level. My role is to support the steady implementation of these policies and link these efforts to developing next-generation businesses, to carefully analyze each management issue, and to engage in the frank exchange of opinions. By fulfilling that role, I believe I can contribute to the corporate value of the Fuji Oil Group and, in doing so, make contributions to a sustainable future for food. I embrace my mission as an Outside Director and will dedicate myself to taking a head-on approach to addressing Fuji Oil Group management strategy and issues.

Follow-Up Structure for Outside Directors

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

Training for Directors and Officers

We invite outside experts as lecturers to hold training sessions for all Directors, Audit and Supervisory Committee members, Executive Officers, and senior employees, including Outside Directors.

FY2022 Training Themes

(i) Grasp the latest trends in important matters that affect management ("Sustainability," "Governance," "Law," etc.)	• Deeper sustainable management and corporate governance • Latest trends in biodiversity and Fuji Oil Group's involvement • Trends in economic security legislation
(ii) Expand understanding of current conditions within the Company based on external opinions and lead discussions for improvement	• Investor feedback on <i>Integrated Report 2022</i> • Human resource development policies

Topics

Sharing and Deliberating Investor Feedback on *Integrated Report 2022* During Training for Directors and Officers

After issuing *Integrated Report 2022*, we conducted interviews with 18 institutional investors to receive their opinions and recommendations. The investors provided wide-ranging feedback on business strategy, medium- to long-term growth strategy, human resources, initiatives to improve capital efficiency, and governance, among others. Of these, we received the most suggestions regarding human resources. Based on feedback gained through these interviews, we held training for Directors and Executive Officers, sharing with them various viewpoints and led discussion on the direction of the Group's business and human resource strategies as well as the realization of the vision of the Fuji Oil Group Management Philosophy.

Policy on Protecting the Rights of Minority Shareholders

The significance of minority shareholder protection is mutually verified by ITOCHU Corporation, a major shareholder of the Company, and FUJI OIL HOLDINGS INC.

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

In December 2022, five Outside Directors (excluding Directors who also serve as Audit and Supervisory Committee Members) and three Audit and Supervisory Committee Members held a meeting to exchange various opinions on the subject of measures for the protection of minority shareholders from conflicts of interests. At subsequent meetings of the Board of Directors, individual transactions with the Company's major shareholders have been discussed on an ongoing basis, and periodic monitoring of overall transactions will be undertaken at the end of each fiscal year.

Co-Creation with ITOCHU Group ➡ P49

Approach to Executive Officer Remuneration

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

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

Performance-linked monetary remuneration (bonuses)	• This framework clarifies the scope of responsibilities and reflects the relationship between the performance contribution level of Executive Officers on the Company's business performance and individual performance for each fiscal year into the remuneration • Executive Officer performance is evaluated based on the performance of departments in charge, an individual priority issues, as well as specific indicators and targets for issues in their own departments are priority area for sustainability management issues relevant to that division. The ESG targets included in the evaluation are weighted uniformly at 10%
Performance-linked share-based remuneration (stock trust)	• The objective of this structure is to heighten the awareness of Executive Officers of their contribution to improving long-term business performance and corporate value • As with stock trust remuneration for Directors, single-year EPS (consolidated net profit per share) and consolidated ROE are adopted as KPIs

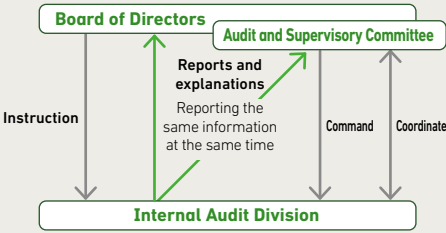


Audit and Supervisory Committee

In fiscal 2022, the Company transitioned to a company with an Audit and Supervisory Committee and is working to further strengthen and enhance its corporate governance and internal control functions. We will promote the implementation of systematic audits through collaboration between the Audit and Supervisory Committee and the Internal Audit Group and strengthen communication between Outside Directors (who are not Audit and Supervisory Committee Members) and auditing organizations.

Key Auditing Issues and Main Activities in Fiscal 2022

In light of the impact of the COVID-19 pandemic on our auditing activities, audits of Group companies and business sites that were difficult to visit were conducted through alternative means such as web-based interviews and email confirmations. In the latter half of fiscal 2022, the Company conducted on-site inspections of some Group companies outside of Japan that were deemed to have no particular obstacles to travel.

Key Auditing Issues	Major Auditing Activities Conducted
(1) Status of Group companies' management of business	<b>Audits Conducted via Interviews with Management Teams of Group Companies</b> ① Visited five Group companies outside of Japan (Singapore, Indonesia, and Thailand) ② Held lectures by full-time Audit and Supervisory Committee Members and interviews with senior management at major Group companies in Japan
(2) Monitoring of the execution of duties by Directors and the process for determining director nomination and remuneration	<b>Interviews and Exchange of Opinions with the Management Team</b> ① Conducted regular meetings with the President and CEO ② Full-time Audit and Supervisory Committee Members participated as members of the discretionary Nomination and Compensation Advisory Committee and monitored the status of examination and deliberation concerning nomination and remuneration (as one of the functions of the Audit and Supervisory Committee)
(3) Exchange of opinions and information with Outside Directors who are not Audit and Supervisory Committee Members	<b>Opinion Exchange Meetings in Remote and Face-to-face Formats</b> ① Audit and Supervisory Committee Members, Outside Directors who are not Audit and Supervisory Committee Members, and the head of the Internal Audit Division met to exchange opinions on measures necessary to prevent structural conflicts of interest between controlling shareholders and minority shareholders ② Individual meetings and exchange of opinions conducted with Outside Directors who are not Audit and Supervisory Committee Members
(4) Communication with accounting auditors	<b>Exchange of Opinions and Discussions on a Regular/Irregular Basis</b> ① Held quarterly meetings to share input on audit-related themes ② Held meetings for the accounting auditor to announce the status of audits on quarterly financial results (including exchanging opinions on KAMs) ③ Discussed other important topics related to auditing
(5) Cooperation with the Internal Audit Division	<b>Efforts to Establish an Audit System in Collaboration with the Internal Audit Division</b> ① Jointly developed an annual audit plan and gave joint explanation of the plan to the Board of Directors ② Head of the Internal Audit Division attended monthly meetings of the Audit and Supervisory Committee ③ Conducted visits and inspections of Group companies outside of Japan as a collaborative effort ④ Strengthened collaboration through dual reporting line  <b>Dual Reporting Line</b> Under Japan's revised Corporate Governance Code, a dual reporting line system is encouraged, where the Internal Audit Division reports directly to the Board of Directors and the Audit and Supervisory Committee (Audit & Supervisory Board).  If the Internal Audit Division is under the direction and control of only the CEO of the Board of Directors or other such circumstances, the division will not be able to sufficiently function independently in the event of fraud by senior management. Therefore, the same information is reported to the Audit and Supervisory Committee (Audit & Supervisory Board) at the same time.  

Outline of Activity Plan for Fiscal 2023

In addition to its primary duties of monitoring the execution of duties by Directors and the decision-making process for nominating and remunerating Directors, the Audit and Supervisory Committee will focus on the following three items in fiscal 2023.

Key Auditing Items	Main Activities Planned
(1) Further promotion of systematic audits by strengthening cooperation with the Internal Audit Division	① Attendance at monthly meetings of the Audit and Supervisory Committee by the head of the Internal Audit Division ② Regular information exchange meetings between the Audit and Supervisory Committee and the Internal Audit Division ③ Collaborative inspections of Group companies (especially business sites outside of Japan)
(2) Enhancement of three-way audits to strengthen cooperation with accounting auditors and the Internal Audit Division	① Exchange of opinions and information through regular meetings of Three-Way Audits Liaison Committee ② Study sessions on shared audit themes
(3) Enhancement of information sharing with the Board of Directors, etc., which was identified as an issue for the Audit and Supervisory Committee in the evaluation of the effectiveness of the Board of Directors	① Explanation of the activities of the Audit and Supervisory Committee at regular (semiannual) meetings of the Board of Directors ② In cooperation with the Internal Audit Division, publication and dissemination of the Audit Newsletter for internal use

Messages from Audit and Supervisory Committee Members

Message



Makoto Shibuya

Audit and Supervisory Committee Member

Looking Back on the Year Since Transitioning to a Company with an Audit and Supervisory Committee and Addressing Future Issues

The transition to a company with an Audit and Supervisory Committee in fiscal 2022 resulted in major changes to the state of conducting audits within the Company. The first indication of such changes was the strengthening of collaboration between the Audit and Supervisory Committee and the Internal Audit Division. Specifically, the committee and the division engaged in discussions from the formulation stage of audits, which enabled conducting more systematic audits. Also, during actual audit activities, the two entities collaborated to perform on-site audits on Group companies outside of Japan. These efforts dramatically increased the efficiency of audits and significantly reduced the burden placed on the department being audited. Further, the Internal Audit Division's General Manager sat in on monthly Audit and Supervisory Committee meetings and shared information with the Internal Audit Division on the status of activities carried out by the Audit and Supervisory Committee and issues identified by the committee members. Similarly, the Audit and Supervisory Committee was able to ascertain the progress status of activities carried out by the Internal Audit Division. A mutual understanding of the respective activities of the Audit and Supervisory Committee and the Internal Audit Division made it possible to identify audit-related issues on a groupwide basis.

Moving forward, I want to further enhance organizational audits by expanding on collaboration between the Audit and Supervisory Committee and the Internal Audit Department Division. At the same time, I recognize as a future issue the need to go beyond compliance audits and proactively offer opinions and recommendations that contribute to improving corporate value, based on my position as a member of the Audit and Supervisory Committee.



Ryuta Uozumi

Audit and Supervisory Committee Member

Independent / Outside

Drawing on Expertise to Enhance Supervisory Functions

With the shift to a company with an Audit and Supervisory Committee in fiscal 2022, my role changed from outside Audit and Supervisory Board member to Outside Director, Audit and Supervisory Committee member, and I began voting on resolutions of the Board of Directors. Previously, as an outside member of the Audit and Supervisory Board, my engagement was from the perspective of legal affairs and accounting. Now, the addition of a management perspective to my duties has brought about a significant change in my approach. However, there is no change in my commitment to considering the interests of minority stakeholders. Many of the other outside directors have vast business management experience at major corporations, so I learn a great deal from the discussions held during Board of Directors' meetings. In addition to participating in discussions related directly to business management, I will also actively contribute to discussions where I can apply my past experiences and diverse perspectives on such matters as ESG and sustainability, the management of ransomware and other security risks, and accounting practices.

As an outside director, Audit and Supervisory Committee member, I will proactively contribute to raising the efficacy of audits by coordinating with other Audit and Supervisory Committee members and collaborating with the Internal Audit Division.



Hirohiko Ikeda

Audit and Supervisory Committee Member

Independent / Outside

Working to Further Improve Governance

I was nominated to serve as an outside director and member of the Audit and Supervisory Committee in fiscal 2022. Unlike during my time as an outside Audit and Supervisory Board member, I have voting rights at Board of Directors' meetings. The responsibilities of an outside director serving as a member of the Audit and Supervisory Committee entails not only compliance audits but also supervisory duties to ensure adequacy. The responsibilities that come with this position are even greater than before.

For many years, I have worked as an attorney using my expertise in fields related to corporate law with a specific focus on corporate governance and M&A. Also, I have taught a course on corporate governance at Osaka University Law School. I believe the expectations placed on me as a director and Audit and Supervisory Committee Member are that I will apply my experience and expertise toward further strengthening and enhancing governance at the Company.

For major transactions with the ITOCHU Group, one of the Company's major shareholders, at Board of Directors' meetings I give particular care to evaluate transactions for their necessity and the appropriateness of transaction conditions. Moving forward, I will continue to reinforce frameworks for protecting the interests of minority shareholders and work with the Internal Audit Division toward further improving corporate governance.

Corporate Governance

Director Remuneration System

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

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

Director remuneration for fiscal 2022 was determined by the Board of Directors, within the total amount approved at the General Meeting of Shareholders, upon receiving advice and reports from the Nomination and Compensation Advisory Committee, which consists of a majority of Outside Directors. The Nomination and Compensation Advisory Committee deliberates on matters related to the total amount of director remuneration payments, the calculation method for remuneration amounts, and performance-linked indicators used in calculating remuneration amounts, and it reports the results to the Board of Directors.

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

Item	Base remuneration (fixed remuneration)	Performance-linked		Executive performance-linked monetary remuneration
		Monetary remuneration (bonuses)	Share-based remuneration (stock trust)	Monetary remuneration (individual bonuses)
President and CEO	✓	✓	✓	—
Internal Directors (excluding President)	✓	✓	✓	✓
Outside Directors	✓	—	—	—

Remuneration Composition

(Ratio when the performance-linked coefficient is 1.0 for all target KPIs in fiscal 2023)  
(%)

President and CEO	65	15	20
Directors (Senior)	60	15	20
Directors	60	15	20

- Fixed remuneration
- Performance-linked monetary remuneration (bonuses)
- Performance-linked share-based remuneration (stock trust)
- Business execution evaluation-linked monetary remuneration (individual bonuses)

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

Remuneration System for Audit and Supervisory Committee Members

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

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

Position	Number of eligible recipients	Total amount by type of remuneration (millions of yen)				Total amount of remuneration (millions of yen)
		Fixed remuneration	Monetary remuneration (bonuses)	Share-based remuneration (stock trust)	Business execution evaluation-linked monetary remuneration (individual bonuses)	
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	5	124	19	14	5	164
Audit and Supervisory Committee Members (excluding Outside Directors)	1	20	—	—	—	20
Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members)	2	13	—	—	—	13
Outside Directors	9	67	—	—	—	67
Total	17	226	19	14	5	266

- Notes: 1 In accordance with the resolution of the 94th Ordinary General Meeting of Shareholders held on June 21, 2022, the Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee as of the same date.  
2 Details on remuneration for Audit & Supervisory Board Members reflect the period prior to the transition to a company with an Audit and Supervisory Committee.  
3 The above amount includes compensation for one Director and four Audit & Supervisory Board Members who stepped down from their positions upon the adjournment of the 94th Ordinary General Meeting of Shareholders held on June 21, 2022.  
4 The above Directors’ compensation total amount does not include wages for Directors with managerial duties as Company employees.  
5 The maximum amount of remuneration for Directors prior to our transition to a company with an Audit and Supervisory Committee was resolved at the 92nd Ordinary General Meeting of Shareholders held on June 18, 2020 to be no more than ¥600 million per year (including no more than ¥50 million per year for Outside Directors). The maximum amount of remuneration for Directors (excluding Outside Directors) shall include bonuses for Directors and shall not include salaries for employees. As of the adjournment of the 92nd Ordinary General Meeting of Shareholders, the number of Directors was nine (including three Outside Directors). The maximum amount of remuneration for Directors (excluding Directors who also serve as Audit and Supervisory Committee Members) after our transition to a company with an Audit and Supervisory Committee was resolved at the 94th Ordinary General Meeting of Shareholders held on June 21, 2022 to be no more than ¥600 million per year (including no more than ¥100 million per year for Outside Directors). The maximum amount of remuneration for Directors (excluding Directors who also serve as Audit and Supervisory Committee Members and Outside Directors) shall include bonuses for Directors and shall not include salaries for employees. As of the adjournment of the 94th Ordinary General Meeting of Shareholders, the number of Directors (excluding Directors who also serve as Audit and Supervisory Committee Members) was nine (including five Outside Directors).  
6 The above includes performance-linked monetary remuneration (bonuses) for the fiscal year.  
7 The Company has introduced a performance-linked share-based remuneration plan (stock trust) for Directors (excluding Directors who also serve as Audit and Supervisory Committee Members and Outside Directors) as non-monetary remuneration.

Performance-Linked Monetary Remuneration (Bonuses)

Objective

• Heighten awareness regarding improvements to business performance every fiscal year

Individual Amount of Payment

=

Standard Amount of Remuneration by Position

• FY2023  
Target KPI: Consolidated operating profit of ¥16.5 billion in FY2023  
Note: Amount of target remuneration in the case of 100% achievement of standard KPI

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

\* Director Tomoki Matsumoto, Director Hiroyuki Tanaka

×

Performance-Linked Coefficient

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

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

KPI

Consolidated operating profit (Reason for selection: Connection to yearly KPIs, improvements to sustainable business performance and financial value)

Determination of amount and payment

Amount of remuneration is determined according to the performance results of the fiscal year under review and paid in the following fiscal year.

Total amount of payment

Up to ¥200 million

Maximum amount of individual payments to Directors

President and CEO ¥50 million  
Directors (Senior) ¥25 million  
Directors ¥20 million

Change in Performance-Linked Coefficient

— Coefficient Curve for Performance-Linked Remuneration (Bonuses)  
• Payment of target remuneration amount × 1.00 for 100% achievement of KPI  
• No payment for under 50% achievement of KPI  
• Payment of target amount × 2.00 for over 150% achievement of KPI

Performance-Linked Share-Based Remuneration (Stock Trust)

Objective

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

Individual Payment Points

=

Acquisition Method

(Thousand points)

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

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

×

Target Amount of Remuneration by Position

• FY2023  
Standard KPI: FY2023 EPS target of ¥186.12  
Note: Target amount for 100% achievement of KPI

Position	Base remuneration	Eligible Directors
President and CEO	¥16.6 million	1
Directors (Senior)*	¥8.3 million	2
Directors	¥6.7 million	1

\* Director Tomoki Matsumoto, Director Hiroyuki Tanaka

×

Performance-Linked Coefficient

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

• KPI achievement ratio = Actual KPI ÷ Target KPI × 100  
• Actual KPI = Actual amount of net income per share (EPS) for the fiscal year under review  
• Target KPI = Target amount of net income per share (EPS) for the fiscal year under review  
Note: The coefficient will be reduced by 10% when consolidated ROE is 5% or below.

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Price of Shares in the Company Acquired by the Trust

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

Acquisition Method

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

KPI

Single-year consolidated EPS and ROE (Reason for selection: Connection to KPIs in mid-term management plan, improvements to medium- to long-term business performance and corporate value)

Overview of system

Under this share-based remuneration system, Fuji Oil Holdings will establish a trust, which will hold the assets to be paid as performance-linked remuneration. The trustee will purchase shares in Fuji Oil Holdings, hold the shares, and then deliver them to each Director in an amount commensurate with the points the Director has earned. Under this system, 1 point shall be equivalent to 1 share.

Eligibility period

In principle, upon retirement of the Director

Maximum amount of trust principal

Maximum amount: ¥200 million per fiscal year

Change in Performance-Linked Coefficient

— Coefficient Curve for Business Execution Evaluation Linked Monetary Remuneration  
• Payment of target remuneration amount × 1.00 for 100% achievement of KPI  
• No payment for under 25% achievement of KPI  
• Payment of target amount × 2.00 for over 175% achievement of KPI

Business Execution Evaluation-Linked Monetary Remuneration (Individual Bonuses)

Objective

• Clarify the executive responsibilities and results of Internal Directors and reflect the degree at which performance is demonstrated in their remuneration

Business Execution Evaluation

• To be determined by the President and CEO based on the degree of achievement of company-wide performance, performance of departments in charge, an individual priority issues, as well as specific indicators and targets\* for issues in their own departments are priority areas for ESG management. Targets included in the evaluation are weighted uniformly at 10%.  
\* Set ESG goal linked with “enhancing sustainability,” a basic policy of Reborn 2024

Individual Amount of Payment

=

Target Amount of Remuneration by Position

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

\* Directors Tomoki Matsumoto, Director Hiroyuki Tanaka

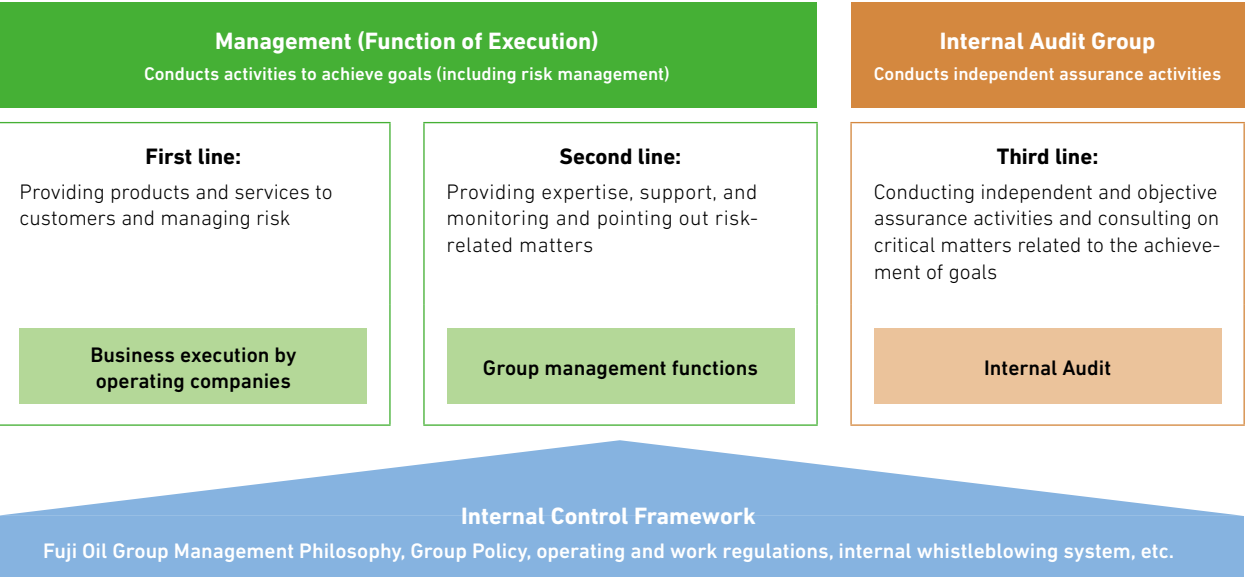
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Performance-Linked Coefficient (0–2.00)



# Group Governance

## Group Governance Structure



Directors and Executive Officers

Directors (As of July 1, 2023)



**Mikio Sakai**  
President  
Chief Executive Officer (CEO)  
HR & General Affairs

Born 1959  
Apr. 1983 Joined the Company  
Jun. 2015 Director  
Apr. 2016 Managing Executive Officer,  
Chief Strategy Officer (CSO)  
Apr. 2019 Senior Executive Officer,  
Chairman of Blommer Chocolate Company  
Apr. 2020 President of FUJI SPECIALTIES, INC.  
Apr. 2021 President and Chief Executive Officer (CEO)  
(to present)



**Tomoki Matsumoto**  
Director, Senior Executive Officer  
Chairman and CEO of Blommer Chocolate Company

Born 1960  
Apr. 1985 Joined the Company  
Jun. 2015 Director (to present)  
Oct. 2015 Chief Financial Officer (CFO)  
Apr. 2019 Senior Executive Officer (to present)  
Jul. 2023 Chairman and CEO of Blommer Chocolate  
Company (to present)



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

Born 1959  
Apr. 1985 Joined the Company  
Jun. 2018 Director (to present)  
Apr. 2019 Senior Executive Officer (to present)  
Apr. 2022 Chief Technology Officer (CTO) and  
ESG Representative (to present)



**Makoto Shibuya**  
Full-time Director  
Audit and Supervisory  
Committee Member

Born 1959  
Jun. 2005 Representative Director, IR  
Communications Co., Ltd.  
Jun. 2007 Representative Director and President,  
Banners Co., Ltd.  
Jan. 2010 Executive Officer, General Manager of Legal  
Department, Global Strategy Division  
Apr. 2014 Senior Manager of Legal & General Affairs  
Group  
Apr. 2017 Audit & Supervisory Board Member  
Jun. 2017 Director (Standing Audit and Supervisory  
Committee Member) (to present)



**Ryuta Uozumi**  
Outside Director\*1  
Independent Director  
Audit and Supervisory  
Committee Member

Born 1948  
Jun. 2003 Senior Partner at Asahi and Co.\*3  
Apr. 2004 President and Representative Director,  
AZSA Sustainability Co., Ltd.\*4  
Jul. 2010 Representative of Ryuta Uozumi Certified  
Public Accountant Office (to present)  
Jul. 2013 Representative of Uozumi Sustainability  
Research Institute (to present)  
Jun. 2018 Outside Audit and Supervisory Board  
Member, Maruichi Steel Tube Ltd. (to present)  
Jun. 2019 Audit & Supervisory Board Member  
Jun. 2020 Outside Audit & Supervisory Board Member,  
Daiei Kankyo Co., Ltd. (to present)  
Jun. 2022 Outside Director (Audit and Supervisory  
Committee Member) (to present)



**Hirohiko Ikeda**  
Outside Director\*1  
Independent Director  
Audit and Supervisory  
Committee Member

Born 1960  
Apr. 1987 Registered as an attorney; joined Oh-Ebashi  
LPC & Partners  
May 1991 Graduated from University of Virginia  
School of Law  
Sep. 1991 Worked at Weil, Gotshal & Manges LLP in  
New York  
Jun. 1992 Registered as an attorney in New York State  
Apr. 1993 Partner of Oh-Ebashi LPC & Partners  
(to present)  
Apr. 2010 Visiting Professor, Osaka University Law  
School (to present)  
Jun. 2020 Audit & Supervisory Board Member  
Jun. 2022 Outside Director (Audit and Supervisory  
Committee Member) (to present)



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

Born 1968  
Apr. 1990 Joined ITOCHU Corporation  
Oct. 2020 Director of Blommer Chocolate Company  
(to present)  
Apr. 2021 Chairman of HARALD INDÚSTRIA E  
COMÉRCIO DE ALIMENTOS LTDA  
(to present)  
Apr. 2022 Joined the Company  
Senior Executive Officer (to present)  
Jun. 2022 Chief Strategy Officer (CSO) (to present)  
Director (to present)



**Hidenori Nishi**  
Outside Director\*1  
Independent Director

Born 1951  
Apr. 1975 Joined Kagome Co., Ltd.  
Apr. 2009 President & Representative Director,  
Kagome Co., Ltd.  
Jan. 2014 Chairman of the Board of Directors &  
Representative Director, Kagome Co., Ltd.  
Jun. 2014 Outside Director, Nagase & Co., Ltd.  
Mar. 2016 Chairman of the Board of Directors,  
Kagome Co., Ltd.  
Jun. 2019 Outside Director (to present)  
Jun. 2020 Outside Director, Terumo Corporation  
(to present)



**Toshiyuki Umehara**  
Outside Director\*1  
Independent Director

Born 1957  
Apr. 1984 Joined Nitto Denko Corporation  
Jun. 2019 Representative Director, Senior Executive  
Vice President, CTO, General Manager of  
Corporate Technology Sector, Nitto Denko  
Corporation  
Jul. 2020 Executive Director, Hokkaido University  
(part-time) (to present)  
Aug. 2020 Project Professor, Keio University  
Jun. 2021 Outside Director (to present)  
Jun. 2022 Outside Director of Daiichi Kigenso Kagaku  
Kogyo Co., Ltd. (to present)  
Outside Director of ShinMaywa Industries,  
Ltd. (to present)

Executive Officers (As of July 1, 2023)

President **Mikio Sakai** Senior Executive Officer **Tomoki Matsumoto** **Takashi Kadota** **Hiroyuki Tanaka**



**Tatsuji Omori**  
Senior Executive Officer  
President of FUJI OIL CO., LTD.

Born 1960  
Apr. 2017 Executive Officer, Chief  
Operating Officer (COO)  
President of FUJI OIL CO., LTD.  
(to present)  
Jun. 2017 Director  
Sep. 2017 Senior Executive Officer  
(to present)



**Sunao Maeda**  
Senior Executive Officer  
Chief Financial Officer (CFO), Legal

Born 1967  
Jun. 2018 Group Leader, Corporate  
Planning Group  
Jun. 2021 Executive Officer President,  
FUJI EUROPE AFRICA B.V.  
(General Manager, Europe)  
Executive Vice President,  
FUJI SPECIALTIES, INC.  
Jul. 2023 Senior Executive Officer  
(to present)  
Chief Financial Officer (CFO)  
(to present)



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

Born 1961  
Apr. 2019 President, FUJI OIL ASIA PTE. LTD.  
Apr. 2021 Senior Executive Officer,  
Chief Strategy Officer (CSO)  
Division Head of Oils and Fats  
and Chocolate Business  
Division  
Apr. 2022 Executive Officer, Division  
Head of Oils and Fats Business  
Division (to present)



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

Born 1962  
Apr. 2015 President, FUJI OIL  
(SHANGHAI) MANAGEMENT  
CO., LTD.  
Apr. 2016 Executive Officer (to present)  
Jan. 2017 Chairman/President of FUJI  
OIL (CHINA) INVESTMENT CO.,  
LTD. (to present)



**Tomoko Tsuji**  
Outside Director\*1  
Independent Director

Born 1956  
Apr. 1979 Joined Ajinomoto Co., Inc.  
May 2015 Executive Officer, General Manager of  
Material Development Department,  
Yoshinoya Group Product Division,  
Yoshinoya Holdings Co., Ltd. (to present)  
Jun. 2020 Outside Director, Sundrug Co., Ltd.  
(to present)  
Jun. 2022 Outside Director (to present)



**Rie Nakagawa**  
Outside Director\*1  
Independent Director

Born 1968  
Aug. 2003 Joined MISUMI, Inc.\*2  
Oct. 2011 General Manager of FA Business Composite  
Products Division, MISUMI Group, Inc.  
Oct. 2013 President of FA Processed Products  
Business, MISUMI Group, Inc.  
Oct. 2015 Representative CEO of FA Business,  
MISUMI Group, Inc.  
Oct. 2020 Representative CEO of User Service  
Platform, MISUMI Group, Inc.  
Jan. 2022 Representative CEO of Sustainability  
Platform, MISUMI Group, Inc.  
Dec. 2022 Retired from MISUMI Group, Inc.  
Director and COO, Grameen Nippon  
(to present)  
Jun. 2023 Outside Director (to present)



**Yoshihiro Tachikawa**  
Outside Director\*1

Born 1971  
Apr. 1993 Joined ITOCHU Corporation  
Mar. 1998 Retired from ITOCHU Corporation  
Feb. 2003 Joined ITOCHU Corporation  
Apr. 2008 Assigned as President and CEO,  
JAPAN NUTRITION Co., Ltd.  
Apr. 2020 General Manager of the Grain &  
Feed Department, ITOCHU Corporation  
Apr. 2023 Chief Operating Officer of Manager,  
Food Resources Division,  
ITOCHU Corporation (to present)  
Jun. 2023 Outside Director (to present)



**Naohiro Rokukawa**  
Executive Officer  
Chairman of FUJI OIL EUROPE

Born 1967  
Apr. 2019 Executive Officer (to present)  
Apr. 2019 President, FUJI EUROPE  
AFRICA B.V.  
Apr. 2021 President, FUJI SPECIALTIES,  
INC.  
Chairman, Blommer Chocolate  
Company  
May 2022 President, Fuji Oil International  
Inc.  
Jul. 2023 Chairman of FUJI OIL EUROPE  
(to present)



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

Born 1965  
Apr. 2018 Group Leader, Soy and  
Functional Ingredients Group,  
Business Development Division  
Executive Officer (to present)  
Apr. 2019 Division Head of PBFS (Plant-  
Based Food Solutions)  
Business Division, FUJI OIL  
HOLDINGS INC. (to present)  
Apr. 2021 General Manager,  
Soy Business Division,  
FUJI OIL CO., LTD. (to present)



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

Born 1968  
Oct. 2015 Deputy Leader, R&D Strategy  
Group  
Jul. 2016 Leader, R&D Strategy Group  
Apr. 2019 Professor, Graduated School of  
Tokyo University of Agriculture  
and Technology  
Professor, Agriculture Faculty of  
Ibaraki University  
Apr. 2020 Executive Officer (to present)  
Director, Research Institute for  
Creating the Future (to present)



**Kunihiko Ogata**  
Executive Officer  
Managing Director of  
FUJI OIL ASIA PTE. LTD.

Born 1969  
Apr. 2016 General Manager, Osaka Sales  
Department, Sales Division  
Aug. 2016 General Manager, Osaka Sales  
Department, Sales Division,  
and General Manager, Osaka  
Branch  
Apr. 2022 President, FUJI OIL ASIA PTE.  
LTD. (to present)  
Jun. 2022 Executive Officer (to present)

\*1 Directors Hidenori Nishi, Toshiyuki Umehara, Tomoko Tsuji, Rie Nakagawa, Yoshihiro Tachikawa, Ryuta Uozumi, and Hirohiko Ikeda are outside directors pursuant to Article 2 (3) (v) of the Ordinance for Enforcement of the Companies Act.  
\*2 Currently, MISUMI Group, Inc.  
\*3 Currently, KPMG AZSA LLC  
\*4 Currently, KPMG AZSA Sustainability Co., Ltd



External Recognition (Abridged)

Inclusion in ESG indexes

- FTSE**
- FTSE Blossom Japan Index (third consecutive year)
  - FTSE Blossom Japan Sector Relative Index (second consecutive year)
  - FTSE4Good Developed Index (third consecutive year)
  - FTSE4Good Japan Index (third consecutive year)



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

MORNINGSTAR

- Listed in the Morningstar Japan ex-REIT Gender Diversity Tilt Indexes (GenDi J) (Selected for first time)



Built with the data and scoring methodology of Equileap, "GenDi J" is designed to emphasize the stocks of companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender. Companies are divided into five equally sized groups based on their Gender Equality Score. FUJI OIL HOLDINGS INC. is in Group 1, the highest tier of "GenDi J".

S&P/JPX

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



Environment

CDP

- "A" rating from CDP in 2022 for water security and forests, and "A-" rating for climate change
- Selected as a Supplier Engagement Leader in the CDP Supplier Engagement Rating 2022
- Selected among the top 200 Asia Pacific Climate Leaders in a joint survey by Nikkei Asia, the Financial Times (UK), and German research agency Statista (second consecutive year)



Creation of sustainable food resources / health and nutrition

- Oct. 2022 Awarded the Minister's Award for Excellence in Sustainable Raw Material Procurement by Domestic Food Manufacturing Businesses by Japan's Ministry of Agriculture, Forestry and Fisheries
- Jan. 2023 Awards for Excellence at the 2022 Nikkei Excellent Products and Services Awards organized by Nikkei Inc.
- Mar. 2023 2022 Branch Technology Award by Kansai Branch of Japan Society for Bioscience, Biotechnology, and Agrochemistry (JSBBA KANSAI)

Sustainable procurement

- Mar. 2023 Japan's Ministry of Agriculture, Forestry and Fisheries Minister's Award at the Domestic Food Manufacturer Sustainable Procurement Excellence Awards
- Apr. 2023 Perfect evaluation score in the RSP0 Shared Responsibility Scorecard

Women's empowerment, Health management

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



- Certified as Great Place to Work in Brazil in Brazil's Industrial Sector (third consecutive year) and in Regional Sector (fifth consecutive year) (HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA (Brazil))



- Named among the top 500 in the large enterprises category (White 500) of the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi



Communication with society

- Jan. 2023 Silver Award in the Sustainability Site Awards 2023 organized by the Association for Sustainability Communication
- Feb. 2023 Received the Grand Prize at the Nikkei Integrated Report Awards (for fifth consecutive year)
- Jun. 2023 Received the Best Practice Award of the Integrated Report Award 2022 organized by Nikko Research Center, Inc.

\* Formerly called the Nikkei Annual Report Awards until 2021

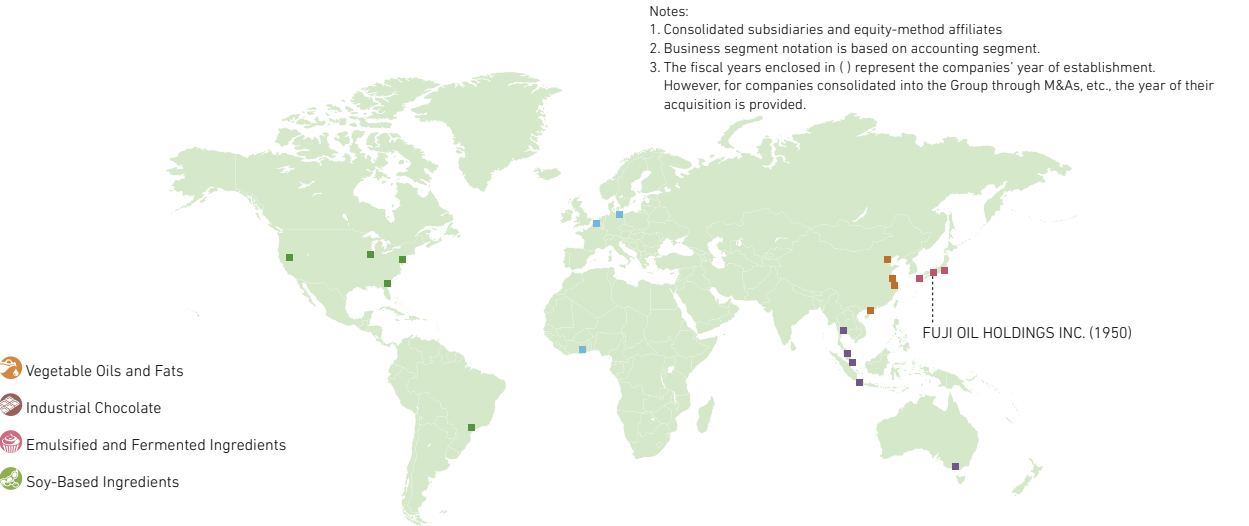
External initiatives we support and participate in

- Sep. 2004 Roundtable on Sustainable Palm Oil (RSPO)
- Feb. 2012 World Cocoa Foundation (WCF)
- Dec. 2012 UN Global Compact Network Japan (GCNJ)
- 2013 Global Shea Alliance (GSA)
- Jan. 2013 UN Global Compact (UNGC)
- 2015 Shea Network Ghana
- May 2019 Task Force on Climate-related Financial Disclosures (TCFD)
- Oct. 2019 Japan Sustainable Palm Oil Network (JaSPON)
- Apr. 2020 Platform for Sustainable Cocoa in Developing Countries
- May 2020 Round Table on Responsible Soy (RTRS)
- May 2020 Approved by the Science Based Targets initiative (SBTi)
- Jun. 2020 Palm Oil Collaboration Group (POCG)
- Apr. 2021 Japan Business Initiative for Biodiversity (JBIB)

IR Activity Results

Event for IR	FY2021	FY2022
Financial briefings for analysts and institutional investors	4	4
Briefings on each business, facility tours, briefings by outside directors	8	7
Interview		
Directors interview	58	50
IR interview	152	136
Of the above, interview on feedback of integrated report (Directors and IR)	19	18

Major Group Companies (As of July 1, 2023)



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

Japan

- FUJI OIL CO., LTD. (2015)
- HANNAN TANK TERMINAL CO., LTD. (1972)
- FUJI FRESH FOODS CO., LTD. (1973)
- F&F CO., LTD. (1989)
- FUJI SUNNY FOODS CO., LTD. (1990)
- FUJI TSUKUBA FOODS CO., LTD. (2001)
- FUJI KOBE FOODS CO., LTD. (2004)
- CHIBA VEGOIL TANK TERMINAL CO., LTD. (2005)
- OMU MILK PRODUCTS CO., LTD. (2011)

Southeast Asia

- FUJI OIL ASIA PTE. LTD. (2003)
- FUJI OIL (SINGAPORE) PTE. LTD. (1981)
- WOODLANDS SUNNY FOODS PTE. LTD. (1988)
- PALMAJU EDIBLE OIL SDN. BHD (1985)
- FUJI GLOBAL CHOCOLATE (M) SDN. BHD. (2016)
- UNIFUJI SDN. BHD. (2017)
- PT. FREYABADI INDOTAMA (1995)
- PT. MUSIM MAS-FUJI (2010)
- FUJI OIL (THAILAND) CO., LTD. (2010)
- INDUSTRIAL FOOD SERVICES PTY. LIMITED (2018)

Americas

- FUJI SPECIALTIES, INC. (1987)
- Fuji Oil International Inc. \*1 (2022)
- FUJI VEGETABLE OIL, INC. (1987)
- Fuji Oil New Orleans, LLC (2018)
- Oilseeds International, Ltd. \*2 (2022)
- RITO Partnership\*3 (2022)
- Blommer Chocolate Company (2018)
- HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA (2015)

China

- FUJI OIL (CHINA) INVESTMENT CO., LTD. (2015)
- UJI OIL (ZHANG JIA GANG) CO., LTD. (1995)
- FUJI OIL (ZHANG JIA GANG FREE TRADE ZONE) CO., LTD. (1997)
- FUJI OIL (ZHAOQING) CO., LTD. (2017)
- Blommer Chocolate Manufacturing (Shanghai) Co., Ltd.\*4 (2018)
- TIANJIN FUJI PROTEIN CO., LTD. (2004)

Europe

- FUJI OIL EUROPE (1992)
- FUJI OIL GHANA LIMITED (2012)
- Fuji Brandenburg GmbH (2019)
- CLEO Holdings B.V. (2021)

\*1 Established with 80% ownership by FUJI SPECIALTIES, INC. and 20% ownership by ITOCHU International Inc.  
\*2 Became a consolidated subsidiary through a capital contribution in kind made by ITOCHU International Inc. in May 2022

\*3 Changed to equity-method affiliate as a result of the consolidation of Oilseeds International, Ltd.  
\*4 Split off from Blommer (the Americas) in 2020

# Regarding the Issuance of *Integrated Report 2023*



**Sunao Maeda**  
CFO (Responsible for managing the disclosure of the Integrated Report)

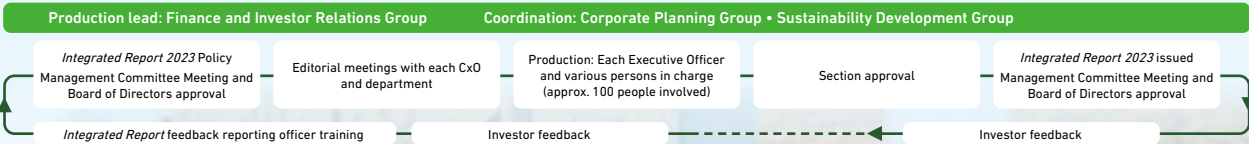
Since publishing our first *Integrated Report* in 2018, we have used the Integrated Report as a tool for enhancing communication with capital markets. In particular, to ensure the voices of our shareholders, investors, and other stakeholders are reflected in overcoming management issues, after publishing the Integrated Report, each chief officer (CxOs) engages in dialogue with institutional investors, shares feedback with directors and executive officers, and introduces key points at officer training. Through these efforts, we are working to improve our corporate value.

Following the issuance of *Integrated Report 2022*, we received opinions and recommendations from institutional investors concerning our human resources strategy, the correlation between business strategy and initiatives related to addressing environmental (E) and social (S) issues, and our business portfolio management. The management team has since been discussing the various viewpoints received through this feedback.

With the issuance of this year's report, we hope that shareholders, investors, and other stakeholders will gain a better understanding of the progress of our mid-term management plan Reborn 2024, our problem awareness, and the Fuji Oil Group's value creation goals.

Furthermore, during the preparation of *Integrated Report 2023*, we referenced and followed policies outlined in the Guidance for Collaborative Value Creation 2.0 published by the Ministry of Economy, Trade, and Industry (METI) and the Integrated Reporting Framework recommended by the IFRS Foundation. All important matters the Group recognizes as potentially impacting its short-, medium-, and long-term value creation are described in this report based on integrated thinking that was confirmed and approved by the Board of Directors on August 25, 2023. We hereby state that this report has been prepared with due care given to ensuring its transparency and integrity from the point of view of management.

## Integrated Report Production Flow



IR team members

## Corporate Profile (As of March 31, 2023)

### Company Name

FUJI OIL HOLDINGS INC.

### Headquarters

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

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

### Established

October 9, 1950

### Capitalization

¥13,208 million

### Representative

President and CEO Mikio Sakai

### Number of Employees (consolidated)

5,799

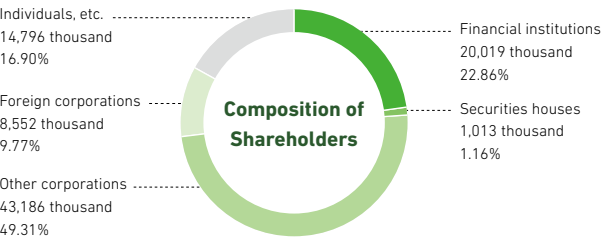
### Subsidiaries and Affiliates

39 consolidated subsidiaries

10 non-consolidated subsidiaries and affiliates

## Stock Information (As of March 31, 2023)

Total shares authorized: 357,324,000  
Number of shares outstanding: 87,569,383  
Number of shareholders: 34,782



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

### Major Shareholders (Top 10)

Shareholder name	Number of shares held (Thousands)	Ratio of shareholding* (%)
ITOCHU Food Investment, LLC	36,660	42.59
The Master Trust Bank of Japan, Ltd. (Trust account)	7,679	8.92
Custody Bank of Japan, Ltd. (Trust account)	3,230	3.75
National Mutual Insurance Federation of Agricultural Cooperatives	2,639	3.07
Fuji Oil Customer Shareholding Association	1,504	1.75
ITOCHU Corporation	1,141	1.33
Nippon Life Insurance Company	1,100	1.28
Royce Confect Co., Ltd.	1,080	1.25
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,058	1.23
Custody Bank of Japan, Ltd. / (Sumitomo Mitsui Trust Bank, Limited Employee Retirement Benefit Trust Account)	1,000	1.16
Total	57,093	66.33

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

### Stock Price and Trading Volume

(Yen / Pt)

5,000

4,000

3,000

2,000

1,000

0

2017 April

2018 April

2019 April

2020 April

2021 April

2022 April

2023 March

— FUJI OIL HOLDINGS INC. adjusted closing price (left scale) — TOPIX closing price (left scale) ■ Trading volume (right scale)

### Total Shareholder Return (TSR)

	FY2018	FY2019	FY2020	FY2021	FY2022	(Thousand shares)
Fuji Oil Holdings	119.6	84.5	96.9	68.2	68.1	25,000
TOPIX (including dividends)	95.0	85.9	122.1	124.6	131.8	





**Contact Information**

**IR Team, Finance & IR Group**  
**FUJI OIL HOLDINGS INC.**

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Higashi-Shimbashi, Minato-ku, Tokyo 105-7309, Japan

<https://www.fujioilholdings.com/en/>