

Sustainability

Improvement of Corporate Governance

Focus SDGs



Management information

Relation between themes and business activities

The Fuji Oil Group monitors the direction of its business and operations fitness in a timely manner. We do this to respond to expectations of society and stakeholders, and to keep improving our corporate value. Our stakeholders include shareholders, investors and business partners. Corporate Governance is the basis of a system intended for this, and we believe that it is crucial to continue improving and developing it.

Basic approach

Through effective corporate governance, the Group aims at preventing situations that would harm corporate value, such as violation of laws and regulations, fraud, and misconduct. We also aim at the sustainable growth of the company and the improvement of corporate value over the medium to long term. We position corporate governance as an important mechanism for decision-making to meet the expectations of society as well as stakeholders, such as shareholders, customers, business partners, and our officers and employees, which is transparent, fair, prompt, and resolute.

To accelerate decision-making, the Group shifted its management structure to a pure holding company. This was done through an incorporation-type company split; separating

management from execution, thereby promoting delegation of authority to the regional headquarters, which are also operating companies. Meanwhile, FUJI OIL HOLDINGS INC. formulates strategies for group management and managing Group companies from a global perspective.

- ▶ [Fuji Oil Holdings Corporate Governance Guidelines PDF \(76KB\)](#) 

Promotion system

We promote corporate governance improvement initiatives under the supervision of the Chief Administrative Officer (CAO). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

- ▶ <https://www.fujioilholdings.com/en/csr/approach/>

Objectives / Results

FY 2019 objectives

- Formulate and implement an action plan based on the results of the evaluation of board effectiveness.

FY 2019 results

* Refer to “Evaluation of the effectiveness of the Board of Directors” of the “Specific initiatives” section.

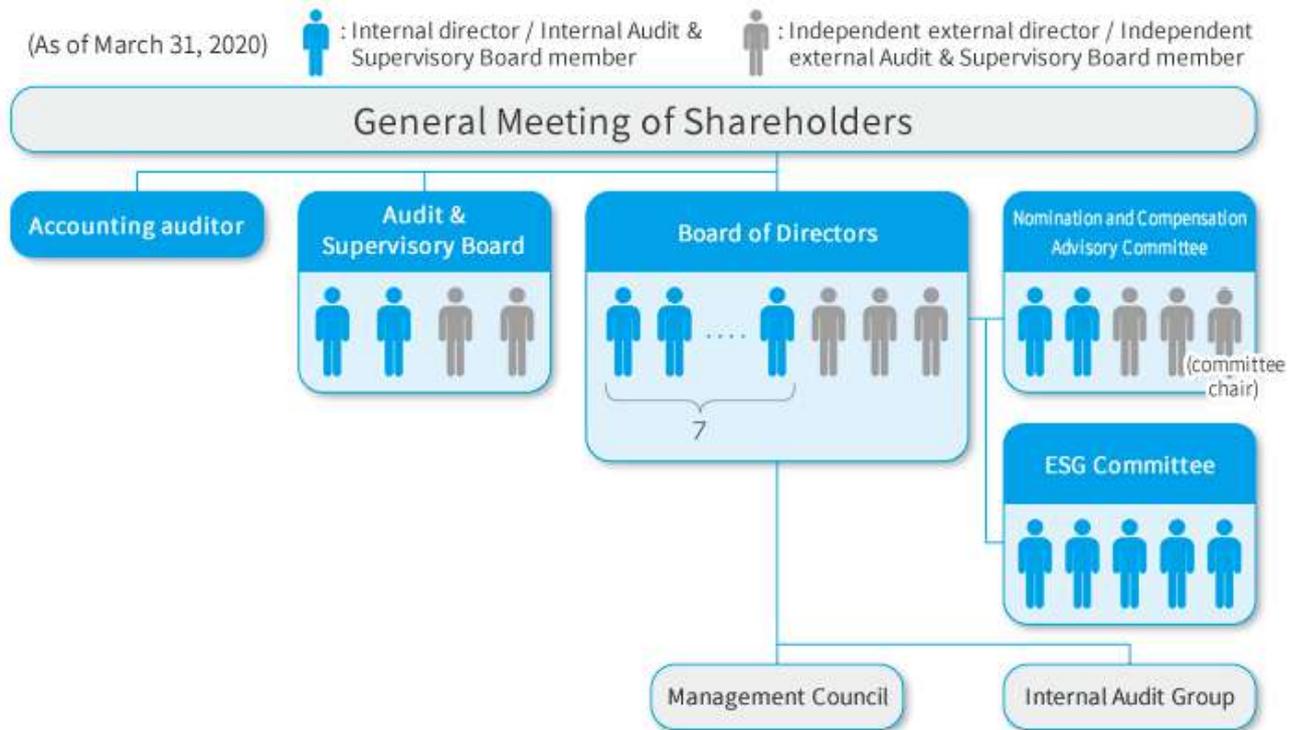
Next Step

* Refer to “Evaluation of the effectiveness of the Board of Directors” of the “Specific initiatives” section.

Specific initiatives

Corporate Governance Structure

Corporate Governance Functions



Board of Directors

Following the rules of the Board of Directors, this Board meets once a month. Additionally, extraordinary meetings are held from time to time when necessary. The Board of Directors deliberates matters stipulated by laws and regulations, important matters related to business management; and monitors the status of operations.

Audit & Supervisory Board

The Audit & Supervisory Board deliberates and decides on audit policies, audit plans, and other important activities related to auditing. It also reports and gives advice to directors and executive departments regarding important matters that have been identified through audit activities.

Nomination and Compensation Advisory Committee

In October 2015, we established the Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors. This Committee is formed mainly by external directors, to ensure transparency in the processes of officer appointments and

executive compensation. A total of 15 Meetings were held during the 92nd term (April 1, 2019 to March 31, 2020).

ESG Committee

The ESG Committee deliberates on important matters related to ESG (Environment, Social, and Governance), makes proposals and reports to the Board of Directors. These matters include: solutions through foods creation, assurance of product quality and safety, sustainable procurement, environment, diversity, occupational safety and health, governance, and risk management.

Evaluation of the effectiveness of the Board of Directors

FUJI OIL HOLDINGS INC. undertakes a yearly third-party evaluation of the Board of Directors effectiveness through a questionnaire and an interview. The evaluation results are fed back to the Board of Directors. This is followed up by deliberations on how to operate from the following fiscal year on. In the FY 2019 evaluation, we mainly checked the progress of the measures taken to address the issues identified in the FY 2018 evaluation (e.g.: enhancing global and group governance, in particular, at companies that were incorporated into the Group through M&A).

1. Evaluation Overview (targets, evaluation process, question items)

Targets: Questionnaire: 10 directors and 4 auditors

Interview: Progress check of the identified issues; President and CEO

General questions for a newly appointed director and a newly appointed auditor (one person each)

Evaluation process: Third-party anonymous survey and analysis of results

2. Question items

- I . Composition and structure of the Board of Directors
- II . Management and duties of the Board of Directors
- III . Items for deliberation by the Board of Directors
- IV . Supervisory function of the Board of Directors
- V . Structure and activity status of the Nomination and Compensation Advisory Committee
- VI . Status of improvement activities concerning the issues to be tackled in FY 2019

3. Results of evaluation

Through the Board of Directors effectiveness evaluation which involved a third-party institution, the following two points were confirmed: (1) The President exerts strong leadership in improving governance, and the Board of Directors members also have a high level of awareness, and (2) Each officer is aware that our transformation into a global company is an urgent task under drastic changes in the business environment. Two major points were confirmed as future issues for the Board of Directors: (1) Need to strengthen improvement activities, although some improvements have been made on the issues identified in the FY 2019 evaluation, and (2) It is necessary to further enhance its supervisory (monitoring) function as the Board of Directors of the holding company. FUJI OIL HOLDINGS INC. will continue to evaluate the Board of Directors effectiveness, through the PDCA improvement cycle, to improve its operation and to enhance corporate governance. We will also promote the continuous improvement of corporate value.

Internal control system

As part of the internal control processes, the Internal Audit Group and each functional group conduct audits and operating audits, respectively. The Internal Audit group operates under the direct control of the Board of Directors.