

# Corporate Governance Report

Last Update: June 22, 2018  
FUJI OIL HOLDINGS INC.  
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Securities Code: 2607  
<https://www.fujioilholdings.com/en>

The corporate governance of FUJI OIL HOLDINGS INC (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

Through the realization of effective corporate governance, the Company aims to prevent the occurrence of situations that could harm the Company's corporate value, including legal violations, corruption, or scandals, as well as promote sustainable growth and increase our medium- to long-term corporate value. We position corporate governance as a vital framework for meeting the expectations of our stakeholders, including shareholders, clients and business partners, Company executives and employees, and general society, and ensuring fair and rapid decision-making.

### [Reasons for Non-compliance with the Principles of the Corporate Governance Code] - Updated

[Principle 1-4 - Cross-shareholding] At present, the Company retains listed stocks for the purpose of strategic shareholding. As of March 31, 2018, the Company retains 28 issues for the purpose of strategic shareholding. Of these, the Company retains 16 issues that are not cross-held shares, with the target company holding no strategic shares of the Company's stock. After submitting our Corporate Governance Report on November 6, 2015, in accordance with Corporate Governance Code and the Fuji Oil Holdings Corporate Governance Guidelines, we conducted a review to validate the practicality of stock retained as strategic shareholdings and not for investment purposes. This review included an evaluation of the importance of maintaining and strengthening business alliances and transactions, stock stability, and the actual profitability of transactions. As a result, we will progress with the selloff of issues we deem it practical to sell. Furthermore, at the end of the fiscal year, we issued a report to the Board of Directors on shares sold during the fiscal year under review, reviewed the status of cross-held shares, and outlined standards for judging the practicality of continued retention. Said standards consist of three parts: transaction amount standards, dividend amount standards, and valuation gain standards. Using these three sets of standards, we will continue to make judgments on continued retention based on a comprehensive evaluation of actual profits from transactions as we continue to eliminate cross-shareholding.

Furthermore, although we have not established uniform standards for exercising voting rights on motions related to listed shares retained as cross-shareholding, we conduct comprehensive evaluations of whether or not said motions comply with our stock retention policy as well as whether or not we can expect said motion to benefit efficient and healthy corporate management and increase our corporate value.

Furthermore, in fiscal 2017 we further advanced the selloff of cross-held shares. In addition to selling all shares of two issues retained as cross-held shares, we also sold off a portion of another issue. We will continue to eliminate cross-held shares in accordance with the policies outlined in the Fuji Oil Holdings Corporate Governance Guidelines.

## **[Disclosure Based on the Principles of the Corporate Governance Code] - Updated**

<Corporate Philosophy / Medium-Term Management Plan / Corporate Governance Policy>

1) The Company established the Fuji Oil Group Management Philosophy as our corporate philosophy and publish this Management Philosophy on our website.

([www.fujioilholdings.com/en/about/constitution/](http://www.fujioilholdings.com/en/about/constitution/))

We also drafted a Medium-Term Management Plan and publish this Plan on our website

([www.fujioilholdings.com/en/about/management\\_plan/](http://www.fujioilholdings.com/en/about/management_plan/)). [Principle 3-1(i)]

2) The Company established the Fuji Oil Holdings Corporate Governance Guidelines as principles and guidelines to be referenced in relation to corporate governance and these guidelines on our website.

[Principle 3-1(ii)]

<Board of Directors>

1) Under " Board of Directors, etc. System" in the Fuji Oil Holdings Corporate Governance Guidelines, the Company outlines and discloses provisions stipulating that two or more members of the Board of Directors be Outside Directors. [Principle 4-8]

2) Under "Duties of the Board of Directors" in the Fuji Oil Holdings Corporate Governance Guidelines, the Company outlines and discloses provisions stipulating that excluding matters requiring resolutions by the Board of Directors in accordance with provisions outlined in law or internal regulations, decision-making related to the execution of business shall be delegated appropriately to managing directors and executive officers. [Supplemental principle 4-1-1]

3) Company management is organized to enable the Board of Directors to conduct proactive and substantive deliberations and also ensure that the appropriate number of members to enable rapid decision-making. At present, there are nine members of the Board of Directors. For both inside and outside director candidates, we nominate people of excellent character and knowledge. Particularly for outside directors, we nominate candidates with superior expertise in fields such as corporate management and business strategy to ensure we receive a broad perspective of opinions during the development of management strategy and the auditing of business execution. In doing so, we aim for outside directors to contribute to increasing the Company's corporate value. At present, of the 13 people who attend Board of Directors' meetings, four people are independent outside directors (two outside directors, two outside Audit & Supervisory Board members) as defined by securities exchange provisions. These directors provide opinions to the Board of Directors from an independent, neutral perspective. [Supplemental principle 4-11-1]

<Management team compensation decisions, nomination policies, etc.>

1) The Company outlines compensation for directors as being within a range determined at the General Meeting of Shareholders in accordance with "Compensation, etc., for Directors and Audit & Supervisory Board Members" in the Fuji Oil Group Holdings Governance Guidelines, and decided by the Board of Directors following fair and transparent deliberation by the Nomination and Compensation Advisory Committee. [Principle 3-1(iii)]

2) Under "Selection Criteria, etc., for Director Candidates and Audit & Supervisory Board Member Candidates" in the Fuji Oil Holdings Corporate Governance Guidelines, the Company outlines selection standards and procedures for choosing director or Audit & Supervisory Board member candidates.

[Principle 3-1(iv)]

3) The Company outlines that the reasons for nominating director / Audit & Supervisory Board member candidates must be deliberated by the Board of Directors and then reported to the Nomination and Compensation Advisory Committee, an advisory committee to the Board of Directors that is chaired by an outside director. As of the 88th Ordinary General Meeting of Shareholders, the individual reasons for nominating each director or Audit & Supervisory Board member candidate are disclosed via publication in the reference materials included with the convening notice for the Ordinary General Meeting of

Shareholders. Furthermore, to ensure the independence of Audit & Supervisory Board member candidates, during the selection process highest priority is placed on the opinion of the Audit & Supervisory Board, which also references the Nomination and Compensation Advisory Committee report. [Supplemental principle 3-1(v)]

<Directors, Audit & Supervisory Board Members>

1) Under "Support System and Training Policy for Directors and Auditors" in the Fuji Oil Holdings Corporate Governance Guidelines, the Company outlines and discloses provisions stipulating that directors and Audit & Supervisory Board members continuously be provided the information and knowledge concerning business activities required to monitor operations both at the time of their appointment and after their appointment. The Company also outlines guidelines for the training of directors and Audit & Supervisory Board members in order to provide the opportunities necessary to fulfill the roles required of them. [Supplemental principle 4-14-2]

2) Under "Selection Criteria, etc., for Director Candidates and Auditor & Supervisory Board Member Candidates" in the Fuji Oil Holdings Corporate Governance Guidelines, the Company stipulates that the Company shall outline and publish standards related to the independence of outside directors. [Principle 4-9]

3) The status of Company directors and Audit & Supervisory Board members with simultaneous appointments at other listed companies is disclosed in the reference materials included with the convening notice for the Ordinary General Meeting of Shareholders and we disclose Ordinary General Meeting of Shareholders convening notices on the Company website. [Supplemental principle 4-11-2]

4) To ensure a higher level of objectivity when conducting the FY2017 Board of Directors efficacy evaluation in accordance with Corporate Governance Code (supplemental principle 4-11-3) on efficacy evaluations for Board of Directors and to further enhance our corporate governance, we newly incorporated an evaluation method involving interviews by third-party institutions. Evaluation overview, evaluation results, and future initiatives are as outlined below.

1. Evaluation overview (target, evaluation process, question)

Target: Directors and Audit & Supervisory Board Members (total of 12 people, of which four are outside directors)

Evaluation process: Interviews by third-party institution and anonymous analysis of results

2. Questions:

I. Board of Directors structure and system

II. Board of Directors management and duties

III. Board of Directors matters for deliberation

IV. Board of Directors supervisory function

V. Board of Directors supervisory function by Audit & Supervisory Board

VI. Status of involvement at Board of Directors' meetings

VII. Respect given to shareholder opinions

3. Evaluation results

Through the Board of Directors evaluation involving a third-party institution, we were able to confirm the following: (a) Proactive governance improvement initiatives, (b) President's leadership and outside director opinions stimulating Board of Directors, and (c) Culture of respecting outside directors and the Board of Directors conducting free and constructive deliberations.

On the other hand, the following were identified as points for future improvement and enhancement: (a) Enhance supervisory functions as Board of Directors of a holdings company, (b) Clarify role and improve functions of the Nomination and Compensation Advisory Committee, and (c) Enhance diversity of the Board of Directors.

As measures going forward, the third-party report concerning the Board of Directors efficacy evaluation

will be applied towards drafting an action plan to address issues identified in the results of the FY2018 Board of Directors evaluation. Furthermore, the Board of Directors will continue to deliberate medium- and long-term issues. The Company Board of Directors plans to continue conducting efficacy evaluations in order to further improve the functions of the Board of Directors.

[Supplemental principle 4-11-3]

<Other>

1) Under "Prevention of Trade Contrary to the Interests of Shareholders" in the Fuji Oil Holdings Corporate Governance Guidelines, the Company outlines and discloses provisions requiring that transactions involving a director, Audit & Supervisory Board member, major shareholder, etc. that are deemed important or irregular transactions shall be subject to approval by the Board of Directors. [Principle 1-7]

2) Under "Dialog With Shareholders" in the Fuji Oil Holdings Corporate Governance Guidelines, the Company outlines and discloses provisions requiring the creation of a structure and initiatives to promote constructive dialog with shareholders. [Principle 5-1]

## 2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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### [Status of Major Shareholders] - Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
Itochu Food Investment, LLC	28,119,132	32.71
Japan Trustee Services Bank, Ltd. (Trust account)	4,830,600	5.62
The Master Trust Bank of Japan, Ltd. (Trust account)	4,692,300	5.46
National Mutual Insurance Federation of Agricultural Cooperatives	2,639,000	3.07
JP MORGAN CHASE BANK 385174	1,475,900	1.72
Fuji Oil Customer Shareholding Association	1,345,222	1.56
Japan Trustee Services Bank, Ltd. (Trust account 9)	1,267,800	1.47
Itochu Sugar Co., Ltd.	1,130,000	1.31
Nippon Life Insurance Company	1,100,667	1.28
Sumitomo Mitsui Banking Corporation	1,078,398	1.25

Controlling Shareholder (excluding parent company)	----
Parent Company	None

Supplementary Explanation

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## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Type of Business	Foods
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000

Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

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**5. Other Special Circumstances which may have Material Impact on Corporate Governance**

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	16
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	2
Number of Independent Directors	2

#### Outside Directors' Relationship with the Company (1) - Updated

Name	Attribute	Relationship with the Company*											
		a	b.	c	d.	e	f.	g	h.	i	j.	k	
Kazuhiro Mishina	Academic											Δ	
Yuko Ueno	Other												

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"Δ" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Board member

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board members are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2) - Updated

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Kazuhiro Mishina	○	<p>A professor at the Kobe University Graduate School of Business Administration. In past fiscal years, the Company has provided support research donations to Kobe University where Mr. Mishina works as a university professor but this is a small amount of less than 1 million yen per year and does not impact the director's independence.</p> <p>Designated as an independent director as defined in security exchange provisions.</p>	<p>Professor Mishina has a long history working on the front lines of research activities in the field of corporate economics, including business strategy and management theory. We hope to take advantage of Mr. Mishina's high level of expertise and vast experience by having him attend Board of Directors' meetings to provide an independent perspective on business monitoring and supervision in order to ensure the objective, neutral, and fair supervision of business execution.</p> <p>As there are no special interest relations between Mr. Mishina and the Company, we have judged there is no risk of conflicts of interest and designate Mr. Mishina as an independent director.</p>
Yuko Ueno	○	<p>Representative director of Ueno Distribution Strategy Laboratory. Designated as an independent director as defined in security exchange provisions.</p>	<p>Yuko Ueno has spent several years serving as a marketing consultant for many companies and municipal agencies. In addition to running her own company, she also has vast experience and knowledge serving as an outside director for listed companies. We hope to take advantage of Ms. Ueno's high level of expertise and vast experience by having her attend Board of Directors' meetings to provide an independent perspective on business monitoring and supervision in order ensure the objective, neutral, and fair supervision of business execution.</p> <p>As there are no special interest relations between Ms. Ueno and the Company, we have judged there is no risk of conflicts of interest and designate Ms. Ueno as an independent director.</p>

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination and Compensation Advisory Committee	Nomination and Compensation Advisory Committee
All Committee Members	3	3
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

1. Purpose of establishing Nomination and Compensation Advisory Committee

As a company that has established an Audit & Supervisory Board, we have created a Nomination and Compensation Advisory Committee as a monitoring and supervision body for the Board of Directors.

The Nomination and Compensation Advisory Committee is chaired by an outside director and examines Board of Director personnel and compensation. The Committee serves to strengthen corporate governance by ensuring objectivity and accountability related to decisions on appointments and compensation.

2. Role of Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee carefully deliberates the following matters when consulted by the Company Board of Directors and issues a report on the Board of Directors.

(1) Human resource matters related to directors and other management personnel

- Policies and procedures related to directors and other management personnel
- Matters indicated in motions submitted to the General Meeting of Shareholders related to the nomination and removal of directors and Audit & Supervisory Board members
- Matters related to the nomination and removal of the representative director and managing directors
- Matters concerning the work assigned to directors
- Matters concerning the nomination and removal of executive officers
- Matters related to training policies and systems for directors and other management personnel

(2) Compensation matters related to directors and other management personnel

- Policies and systems related to director compensation
- Matters indicated in motions submitted to the General Meeting of Shareholders related to compensation for directors and Audit & Supervisory Board members
- Matters concerning evaluations when deciding individual director compensation
- Matters related to compensation for directors and other management personnel when consulted by the Board of Directors

3. Committee structure: the Nomination and Compensation Advisory Committee is comprised of three or more members nominated via a vote by the Board of Directors (however, at least half must be outside directors).



**[Audit & Supervisory Board]**

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board members	4

Cooperation among Audit & Supervisory Board members, Accounting Auditors and Internal Audit Departments - Updated

Audit & Supervisory Board members work in close cooperation with accounting auditors by receiving audit plans and reports from and via information exchanges with accounting auditors. Audit & Supervisory Board members receive audit results and improvement plans from internal audit departments in the form of audit reports and hold regular liaison meetings with internal audit departments to ensure close cooperation. Meetings between Audit & Supervisory Board members, accounting auditors, and internal audit departments are held to promote mutual cooperation and improve audit efficiency. Furthermore, the Audit & Supervisory Board holds Group company audit liaison meetings to establish audit systems and conduct information sharing.

Appointment of Outside Audit & Supervisory Board members	Appointed
Number of Outside Audit & Supervisory Board members	2
Number of Outside Audit & Supervisory Board members designated as Independent Directors	2

Outside Audit & Supervisory Board member's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b.	c	d.	e	f.	g	h.	i	j.	k	l	m
Minoru Matsumoto	CPA										Δ			
Kouichi Kusao	Lawyer													

\* Categories for "Relationship with the Company"

\* "○" when the Auditor & Supervisory Board member presently falls or has recently fallen under the category;

"Δ" when the Auditor & Supervisory Board member fell under the category in the past

\* "●" when a close relative of the Auditor & Supervisory Board member presently falls or has recently fallen under the category;

"▲" when a close relative of Auditor & Supervisory Board member fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Audit & Supervisory Board member of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Board member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board member himself/herself only)
- k. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board members are mutually appointed (the Audit & Supervisory Board member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board member himself/herself only)
- m. Others

Outside Audit & Supervisory Board member's Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board member	Supplementary Explanation of the Relationship	Reasons of Appointment
Minoru Matsumoto	○	Previously worked as an executive manager at KPMG AZSA LLC. Designated as an independent director as defined in security exchange provisions.	As a CPA, Mr. Matsumoto possesses expertise in finance and accounting, and through his participation in the monitoring and supervision of Company operations as an Independent Audit & Supervisory Board members, we hope to ensure the objective, neutral, and fair supervision of business execution. As there are no special interest relations between Mr. Matsumoto and the Company, we have judged there is no risk of conflicts of interest and designate Mr. Matsumoto as an independent director.
Kouichi Kusao	○	Attorney with Kusao Law Offices. Designated as an independent director as defined in security exchange provisions.	Mr. Kusao is an attorney with expert knowledge in corporate legal affairs. Mr. Matsumoto serves as an independent director for multiple firms and he possesses vast expertise and knowledge. Through his participation in the monitoring and supervision of Company operations as an Independent Audit & Supervisory Board member, we hope to ensure the objective, neutral, and fair supervision of business execution. As there are no special interest relations between Mr. Kusao and the Company, we have judged there is no risk of conflicts of interest and designate Mr. Kusao as an independent director.

**[Independent Directors/Audit & Supervisory Board members]**

Number of Independent Directors/Audit & Supervisory Board members	4
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Matters relating to Independent Directors/Audit & Supervisory Board members

We designate as Independent Directors all outside directors who fulfill the qualifications as independent directors.

**[Incentives]**

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation

We calculate changes in bonuses mainly using consolidated ordinary income as a benchmark.

Recipients of Stock Options	
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Supplementary Explanation

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**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation - Updated

Details of directors' compensation for our Company (FYE March 2018)  
The total amount of director's compensation allocated for Company directors and Audit & Supervisory Board members is as follows.  
Directors (including outside directors) 295 million yen  
Audit & Supervisory Board members (including outside Audit & Supervisory Board members) 64 million yen  
Total (outside directors and outside Audit & Supervisory Board members) 360 (41) million yen

(Notes)  
1. The above amount includes compensation for four directors and one Audit & Supervisory Board member who stepped down from their positions upon adjournment of the 89th Ordinary General Meeting of Shareholders.  
2. The above includes directors' bonuses for the current fiscal year.  
3. The above directors' compensation total amount does not include wages for directors with managerial duties as Company employees.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Company director compensation was voted at the 84th Ordinary General Meeting of Shareholders convened on June 26, 2012 to be no more than 600 million yen per year as the maximum compensation amount for directors (of which, no more than 30 million yen per year for outside directors), and voted at the 89th Ordinary General Meeting of Shareholders convened on June 22, 2017 to be no more than 100 million yen per year as the maximum compensation amount for Audit & Supervisory Board members.

Director compensation is determined via a vote by the Board of Directors, which references a report from the Nomination and Compensation Advisory Committee. Audit & Supervisory Board member compensation is determined via a vote by the Audit & Supervisory Board.

Director compensation consists of fixed remuneration in the form of a monthly salary as well as individual and company performance-linked bonuses. The payment standard is an annual amount that is commensurate to the responsibilities of each position while also referencing of survey data from outside expert agencies. Changes in bonuses are determined based on the use of consolidated ordinary income as a benchmark.

Audit & Supervisory Board member compensation consists solely of fixed remuneration in the form of a monthly salary. The payment standard is an annual amount that is commensurate to role and responsibilities while also referencing of survey data from outside expert agencies.

Furthermore, outside directors and outside Audit & Supervisory Board members are paid fixed compensation only.

**[Supporting System for Outside Directors and/or Audit & Supervisory Board Members] - Updated**

Outside directors do not have dedicated staff but we have systems for supporting them, including the Legal Affairs Group and Internal Audit Group providing support as necessary.

For outside Audit & Supervisory Board members, we established the Audit & Supervisory Board Section, which works based on directions from the Audit & Supervisory Board, to support Audit & Supervisory Board members. Personnel evaluations, benefits and other matters concerning the independence of employees who support the work of Audit & Supervisory Board members are handled by the Audit & Supervisory Board. Personnel transfers involving these employees are conducted with the consent of the Audit & Supervisory Board. We believe it appropriate to designate dedicated personnel for such positions but at present these positions are filled by employees from other relevant departments within the Company.

**[Retired presidents/CEOs holding advisory positions (consultant, adviser, etc.)]**

Information on retired presidents/CEOs holding advisory positions (consultant, adviser, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term

Number of retired presidents/CEOs holding advisory positions (consultant, adviser, etc.)	— people
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Others - Updated

At the regular Board of Directors' meeting held in May 2016, the Company voted to eliminate the former system that allowed retired directors or Audit & Supervisory Board members take a position as consultant or adviser (both positions eligible for pay) regardless of their specific position or duties after stepping down. At the same time, the vote enables the Company to assign or consign work to said persons as consultants in cases where there are duties or positions suited to retired directors or Audit & Supervisory Board members and they are deemed appropriate for said position. Additionally, at the same Board of Directors' meeting the Company voted to abolish the system through which the representative director assumes the position of Company

chairperson upon retirement from the position of representative director.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) - Updated

The functions and operations of each organization and department in the current system are as follows.

### 1. Basic explanation of company organization

The Company established the Board of Directors as the decision-making and supervisory body related to important matters and the Audit & Supervisory Board as an auditing body. As voluntary agencies, the Company also established the Management Council, the Nomination and Compensation Advisory Committee, and the ESG Committee. To accelerate decision-making, our Group switched to a pure holding company structure to separate the supervision and execution of operations. We are advancing with the consignment of authority to the operating companies that serve as regional headquarters. On the other hand, as a global headquarters, the Company conducts Group management strategy planning and provides Group subsidiary management and support.

### 2. Details of company organizations

#### (Board of Directors)

We outline Board of Directors Regulations and in principle conduct monthly Board of Directors' meetings and, as necessary, Provisional Board of Directors' meetings. The Board of Directors deliberates and votes legally mandated matters and important matters, and report on operations conducted by members of the Board of Directors.

#### (Management Council)

The Management Council is an advisory body to the president that meets once per month. The members consists mainly of the president and managing directors. The Council sufficiently deliberates issues at the Management Council meetings and monitors activities to contribute to decision-making conducted by the president and Board of Directors. This ensures the creation and enhancement of a system for legal compliance and the efficient execution of business activities.

#### (Nomination and Compensation Advisory Committee)

In October 2015, the Company established the Nomination and Compensation Advisory Committee to clarify the decision-making process for nominating and compensating directors and serve as an advisory body to the Board of Directors. As of June 21, 2018, the committee is chaired by the outside director Kazuhiro Mishina and consists of a total of three members, the others being outside director Yuko Ueno and the Company representative director and president. During our 90th fiscal period, the committee met seven times.

#### ESG (Environment, Society, Governance) Committee

The ESG Committee conducts comprehensive initiatives related to ESG (Environment, Society, and Governance) by providing recommendations and advice to the Board of Directors concerning important matters such as "safety, quality, and the environment", "personnel development", "sustainable procurement", "governance", and "food creation solutions".

#### (Audit & Supervisory Board)

The Audit & Supervisory Board met 12 times during the 90th fiscal period to vote on audit policies and audit plans, and report, vote, and decide on important matters related to audits.

### 3. Status of audits

Internal audits are conducted by the five members of the Internal Audit Department in accordance with Internal Audit Regulations. Audits entail examining the organization and operational status of internal controls systems and processes, including internal controls related to financial reporting. Internal audit results are reported to the Board of Directors, the representative director and president, Audit & Supervisory Board members, and relevant departments. We also draft improvement proposals.

Audit & Supervisory Board members (four, of which two are outside Audit & Supervisory Board members) attend Board of Directors meetings and other important internal meetings. Additionally, they exchange opinions with the representative director, interview with business divisions and corporate staff departments, examine subsidiaries, and partner with an auditing firm. Through these initiatives, we work to improve the efficacy and efficiency of audits.

4. Status of accounting audit (FYE March 2018)

We have concluded an accounting audit contract with KPMG AZSA LLC. There are no particular interests of note between our Company and KPMG AZSA LLC or the KPMG AZSA LLC managing executives who work on our audits. Furthermore, KPMG AZSA LLC institutes voluntary measures to ensure that managing executives are not involved in our Company accounting audits beyond a specified period of time.

The name and audit history of the CPA in charge of audits as well as the structure of employees involved in audit work are as follows.

Name of CPA in charge of audits

Designated Limited Liability Employee, Tomoyuki Ono, Executive Employee (consecutive years conducting audits: 3 years)

Designated Limited Liability Employee, Seiko Ohashi, Executive Employee (consecutive years conducting audits: 1 year)

Structure of auxiliary employees involved in audit work

CPAs - 6, other staff - 9

**3. Reasons for Adoption of Current Corporate Governance System - Updated**

We believe functional and practical decision-making and business execution, and efforts to strengthen management monitoring and supervisory functions are vital to earning the trust and meeting the expectations of shareholders and stakeholders. To enhance our management monitoring and supervisory functions, our Company established a Board of Directors, which consists of seven internal directors and two outside directors, as well as an Audit & Supervisory Board consisting of two internal Audit & Supervisory Board members and two outside Audit & Supervisory Board members. Additionally, we established a Nomination and Compensation Advisory Committee to deliberate consultations from the Board of Directors regarding director nominations and compensation. We believe it important to make continuous efforts to improve our corporate governance structure.

Our reasons for establishing an Audit & Supervisory Board to enable the full-time Audit & Supervisory Board members to gather internal information that contributes to audits and share that information with internal Audit & Supervisory Board members. Furthermore, this enables collaborations that ensure information is reported to outside Audit & Supervisory Board members. Furthermore, from the perspective of management monitoring functions, independent outside Audit & Supervisory Board members who are also attorneys or CPAs providing their expert opinions with the Board of Directors contribute to appropriate deliberations and the supervision of business execution by the Board of Directors.

We established the ESG Committee as an advisory body to the Board of Directors in recognition of initiatives related to the environment, society, governance, cultivating positive corporate culture, and personnel development are core management issues to making social contributions and increasing our corporate value. The ESG Committee consists of five subcommittees on "safety, quality, and the environment", "personnel development", "sustainable procurement", "governance", and "food creation solutions". The ESG Committee conducts regular reviews and issues reports to the Board of Directors.

We believe that by adopting this structure we can realize highly transparent, healthy management.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights - Updated

	Supplementary Explanations
Early Notification of General Shareholder Meeting	We practice the early delivery of the General Meeting of Shareholders' convening notice and conduct internet disclosure prior to delivery. (Status of implementation) 90th Ordinary General Meeting of Shareholders (held June 21, 2018) Convening notice mailing date: June 1 (19 days prior) Convening notice pre-mailing web disclosure: May 25 (26 days prior)
Scheduling General Meeting of Shareholders Avoiding the Peak Day	We set a date for the Ordinary General Meeting of Shareholders that, to the extent possible, avoids primary peak day. (Status of implementation) 90th Ordinary General Meeting of Shareholders (held June 21, 2018) This year, the primary peak day for companies with financial accounting at the end of March is estimated to be June 28. As such, we have set our meeting to a date prior to that peak date.
Allowing Electronic Exercise of Voting Rights	We allow shareholders to exercise voting rights over the internet via a PC or smartphone.
Participation in Electronic Voting Platform	We also allow the use of the electronic voting platform.
Providing Convocation Notice (Summary) in English	We provide an English version of our meeting notice summary and publish it to our website.
Other	1. We publish our convening notice on our website. 2. After the conclusion of the General Meeting of Shareholders, we publish meeting details and voting results on our website.

#### 2. IR Activities - Updated

	Supplementary Explanations	Explanation from representative
Preparation and Publication of Disclosure Policy	Published on company website. <a href="http://www.fujioilholdings.com/en/ir/policies_and_systems/disclosure_policy/">www.fujioilholdings.com/en/ir/policies_and_systems/disclosure_policy/</a>	
Regular Investor Briefings for Individual Investors	Holding shareholder conferences for individual investors after the General Meeting of Shareholders	Yes
Regular Investor Briefings for Analysts and Institutional Investors	We hold earnings conferences for annual accounting and after first half accounting, during which the president explains earnings and responds to Q&A. We also hold teleconferences for the first and third quarters during which the CFO explains earnings and responds to Q&A. Additionally, the president and other members of management attend theme-specific meetings with domestic and overseas analysts and institutional investors.	Yes
Regular Investor Briefings for Overseas Investors	Conducted a caravan in North America. We will continue to conduct regularly in Europe and North America to engage with our institutional investors.	Yes
Posting of IR Materials on Website	We publish marketable securities reports, quality reports, earnings summaries, timely disclosure of	

	information other than earnings information, General Meeting of Shareholders convening notices, earnings conference materials, shareholder briefings, corporate governance reports, and other information related to stocks. <a href="http://www.fujioilholdings.com/en/ir/index.html">www.fujioilholdings.com/en/ir/index.html</a>	
Establishment of Department and/or Manager in Charge of IR	The Company CFO manages all IR activities and the IR Team within the IR and Corporate Communication Group serves as the department responsible for IR. The IR Team collaborates with relevant internal departments and Group companies to promote fair and accurate IR activities. Director in charge of IR: Tomoki Matsumoto, Director and Chief Financial Officer (CFO)	

### 3. Measures to Ensure Due Respect for Stakeholders - Updated

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company established the Fuji Oil Group Management Philosophy as our corporate philosophy and publish this Management Philosophy on our website ( <a href="http://www.fujioilholdings.com/en/ir/index.html">www.fujioilholdings.com/en/ir/index.html</a> ) as a declaration of our commitment to tasty foods and health. We established the CSR and Risk Management Group as the department for promoting CSR and ensuring corporate activities that contribute to sustainable growth for society. To ensure all our Group activities contribute to a sustainable society, the CSR and Risk Management Group overseas communication with stakeholders and promotes the resolution of society's problems through our products and business processes. We established the ESG Committee as an advisory group for the Board of Directors. The ESG Committee consults with external experts to gauge the expectations of society and promotes CSR by evaluating strategies and provide activity progress reports. Issues deliberated by the ESG Committee are reported to the Board of Directors.
Implementation of Environmental Activities, CSR Activities etc.	(CSR activities) Our Group outlines core CSR themes based on stakeholder expectations and Group business strategies to continue contributing to society through our business activities. We contribute to a sustainable society by promoting core CSR themes. ( <a href="http://www.fujioilholdings.com/en/csr/">www.fujioilholdings.com/en/csr/</a> ) In July 2017, we published our 2017 Sustainability Report. This report outlines our CSR approach and progress for stakeholders. On July 2018, we plan to publish our 2018 Sustainability Report on our company website.  (Environmental Protection Activities) Our Group outlines basic environmental policies through which we promote environmental protection activities with a focus on reducing CO <sub>2</sub> emissions, reducing water use, and reducing waste. In September 2000, we earned ISO14001 certification for Hannan Business Operations Complex, our main production plant. Through December 2010, we earned the same certification for all 6 domestic production plants and our research center. ( <a href="http://www.fujioilholdings.com/en/csr/environment/">www.fujioilholdings.com/en/csr/environment/</a> ) Our Group uses agricultural produce as one of our main raw materials. As such, we promote sustainable procurement with a focus on the environment and human rights. ( <a href="http://www.fujioilholdings.com/en/csr/sustainable/">www.fujioilholdings.com/en/csr/sustainable/</a> )
Development of Policies on Information Provision to	We believe it vital that we provide transparent information disclosure to all stakeholders, including shareholders, investors, clients, business partners,



Stakeholders	<p>NGO, and the local community. We emphasize the voluntary disclosure of management information, including corporate information, financial information, and information concerning ESG. We outline our approach to information disclosure in our Disclosure Policy. (<a href="http://www.fujioilholdings.com/en/ir/policies_and_systems/disclosure_policy/">www.fujioilholdings.com/en/ir/policies_and_systems/disclosure_policy/</a>)</p>
Other	<p>(Activities supporting the engagement of female employees) We believe diversity is a key factor in resolving social issues. We promote the engagement of women as a part of diversity promotion efforts. As of April 2018, our Group's ratio of women in management positions is 24.8% in Asia (excluding Japan), 21.3% in Europe, and 8.24% in Japan (Fuji Oil Co., Ltd.). We view Japan as our most important area and we are working to increase the ratio of women in management positions at Fuji Oil Co., Ltd. to 20% or higher by Fiscal 2020.</p> <p>Embracing the slogan of "Building Motivating Careers", we approach promoting women's engagement based on five major strategies.</p> <ol style="list-style-type: none"> <li>1. Conduct childcare leave follow-up seminars with participation from not only workers with children, but also from their superiors.</li> <li>2. Financial support for the use of childcare and family care services</li> <li>3. Support childcare support using external services</li> <li>4. Promote the use of childcare leave by male employees</li> <li>5. Enhance systems based on the diversification of workstyles</li> </ol> <p>From Fiscal 2017, we eliminated the need to report reasons for the use of flextime schedules and incorporated a telework system.</p> <p>Of the above five policies, we are in particular promoting the use of childcare by male employees. In Fiscal 2017, approximately 44.4% of male employees used childcare leave. (<a href="http://www.fujioilholdings.com/en/csr/human/">www.fujioilholdings.com/en/csr/human/</a>)</p>

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development - Updated

Our Group has developed and maintains internal control systems and processes to promote workflow efficacy and efficiency, the reliability of financial reporting, ensure legal compliance, ensure financial health, and reinforce risk management.

1. Outline Principles in our Fuji Oil Group Management Philosophy and reinforce policies among employees.
2. To address compliance, we established subcommittees related to compliance within the ESG Committee to prepare for infractions of Principles and Corporate Ethics. The Principles serves as our corporate culture through which we reinforce compliance education and training. If managerial corrective action in response to a compliance infraction do not function, employees are encouraged to file a report through our whistleblowing system. We are ensuring management efficacy by outlining Internal Reporting Regulations and establishing a Whistleblowing Helpline at an external legal office.
3. We established Basic Information Management Guidelines and other internal regulations for information management to ensure appropriate information storage and management.
4. We address risk management by outlining the Risk Management Regulations and the governance subcommittee, which is a part of the ESG Committee and oversees business risk management. Furthermore, we have established a risk management system that includes designating a managing supervisor for each major risk category within each group.
5. We clarify the decision-making process by outlining internal regulations concerning division of labor and decision-making regulations.
6. We have established internal regulations to clarify work authority and responsibilities to evaluate, manage, and control the mission and workflow processes of each organization. We also use monitoring functions to continuously monitor the efficacy of internal control systems.
7. We established the Hitozukuri (Fostering People) subcommittee within the ESG Committee to conduct activities that contribute to an environment for internal controls by promoting the development of appropriate corporate culture.
8. As a system for ensuring the appropriateness of workflow throughout our corporate Group, which consists of the Company and its subsidiaries, we have established the Fuji Management Regulations, etc. as standards for Group decision-making and other Group functions. We have established similar systems within each Group company and require that each Group company obtain approval and issue reports on core issues outlined in Group Guidelines (Operating Regulations Concerning Decision Authority).  
To promote Group risk and compliance management, we have established appropriate risk management systems and compliance systems in line with company scope and organizational structure. Furthermore, we provide advice and guidance to ensure appropriate compliance with the Principles outlined in the Fuji Oil Group Management Philosophy.  
Furthermore, the Audit Group and Audit & Supervisory Board members collaborate to conduct audits related to the appropriateness of Group companies activities, and provide advice or warnings concerning corrections as necessary. Furthermore, we have established a structure for reporting audit results to the Group representative director and our Board of Directors.
9. To ensure the appropriateness of financial reporting and ensure the effective and appropriate submission of internal control reports mandated in the Financial Instruments and Exchange Act, our internal controls system functions to continuously evaluate and improve systems.

### 2. Basic Views on Eliminating Anti-Social Forces

Our Company and our Corporate Group have outlined the Fuji Oil Group-Business Conduct Guidelines as the basis for our compliance structure. We outline a basic policy prohibiting contact or engagement with illegal entities or antisocial forces that threaten public safety or social order. We are a member of the Corporate Defense Federation Council through which we partner with police to conduct necessary information exchanges. We also proactively cooperate with legal advisors to ensure rapid and appropriate response to antisocial forces.

## V. Other

### 1. Adoption of Anti-Takeover Measures

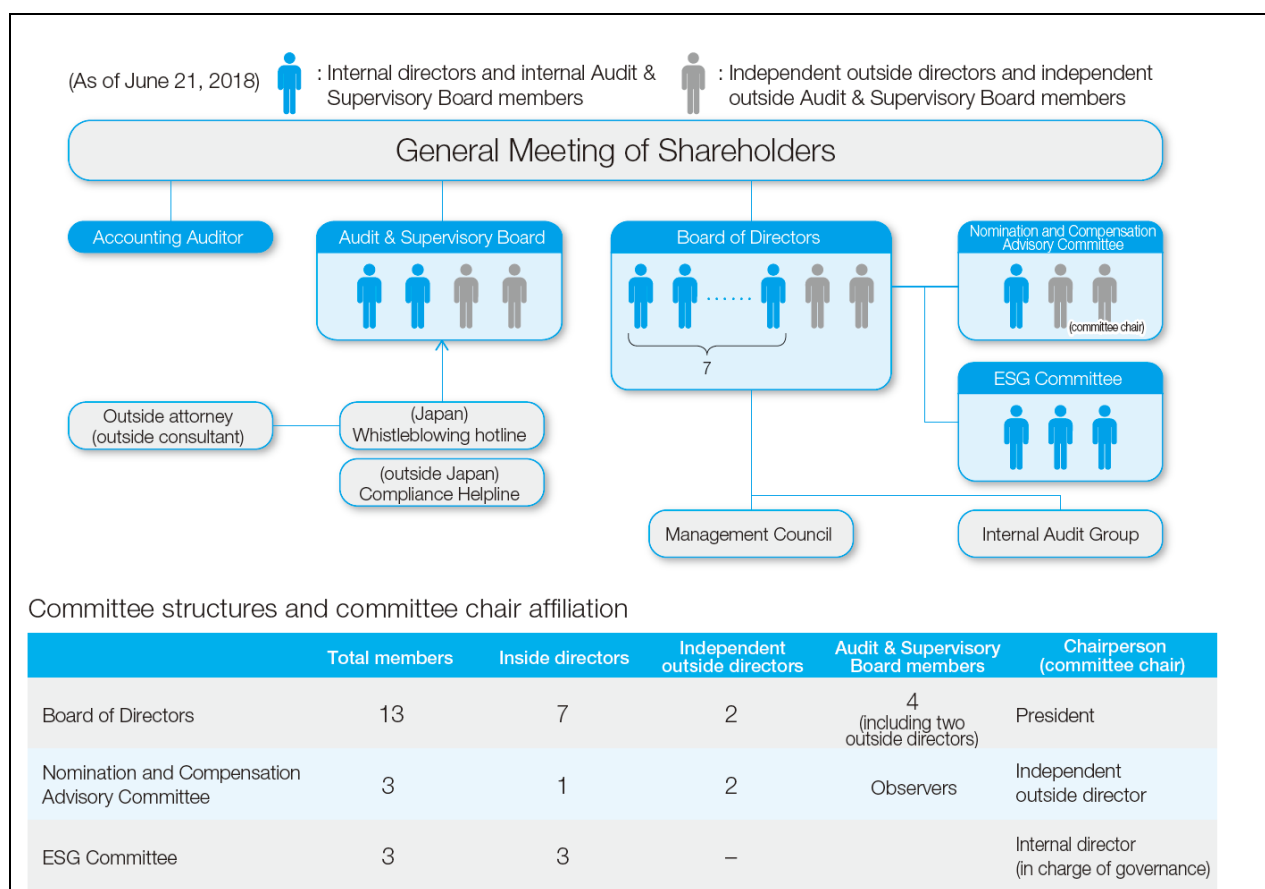
Adoption of Anti-Takeover Measures - Updated	Not Adopted
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Supplementary Explanation

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### 2. Other Matters Concerning to Corporate Governance System

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**Internal systems related to timely disclosure**

