



From an international Japanese company to a truly global company, we will promote change and growth in a single stroke.

Mikio Sakai

Member of the Board
Chief Strategy Officer (CSO)

■ Fuji Oil Group's Business Model

Become a Plant-Based Food Solutions Company That Operates Globally

The Fuji Oil Group is becoming a truly global company that contributes to society through deliciousness and health. Our transition is well underway. In October 2015, we announced the transition of our management strategy internally and externally, steering decisively toward global management with our shift to a holding company structure.

In 2015, among other key events, we applied the Corporate Governance Code, the Government Pension Investment Fund (GPIF) signed the Principles for Responsible Investment (PRI) supported by the United Nations, which also adopted the SDGs, and COP 21* was adopted under the Paris Agreement. It was a year of major turning points globally, even in the corporate business environment. Bearing in mind these global changes, looking to the future it will be essential to unify our management foundation to align with global standards and rebuild as a world-class corporate brand to compete globally. Furthermore, having comprehensively examined megatrends in areas such as demographic dynamics, resources and the environment, as well as our corporate scale, we have reaffirmed that rather than seeking to achieve the scale of a global major, we should aim to become a company that can grow sustainably by focusing on business fields in which we can differentiate ourselves based on our technological capabilities.

In addition, the Fuji Oil Group believes that plants represent a way to resolve population, resource, environmental and other issues facing society. Accordingly, we have redefined ourselves as a provider of Plant-Based Food Solutions. We have dealt in palm, cocoa, and soybeans since our founding, and intend to demonstrate the value of our existence as a global company that continues to provide solutions to social issues through plant-based food products made using plant-based raw materials. To that end, ESG will be the foundation of our management and we will continue to work on a business strategy that will contribute to achieving the sustainable development objectives (SDGs) adopted by the United Nations.

* Conference of the Parties. It refers to the United Nations Framework Convention on Climate Change at the 21st Conference of Parties.

■ Progress of the Mid-Term Management Plan

Core Competencies Drive Results but Establishing New Businesses and Quickly Improving Infrastructure are Issues to Be Addressed.

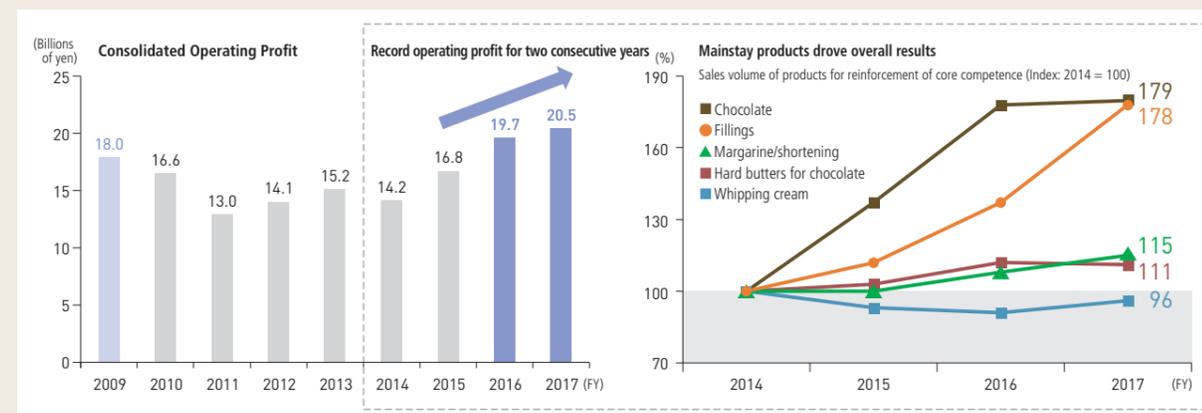
The Mid-Term Management Plan “Towards a Further Leap 2020” covers the period in which we will establish the foundations to achieve the great leap to become the organization we want to be. The change from the previous rolling method to the four-year mid-term management plan was undertaken mainly to carry out medium-to-long-term investment in facilities and make improvements to the overseas area structure. It is also important to set the direction for our value creation in order to resolve social issues and formulate basic strategies to achieve sustainable corporate growth and contribute to a sustainable society.

During the four years of the mid-term management plan, there are many issues to be addressed, such as R&D and production base improvements, our governance structure, the soundness of our financial structure and the unification of information and communications technology (ICT) and purchasing systems. Among them, we believe that the most important issue is reinforcing our human resources. Human resources capable of understanding and shaping consumer needs while maintaining our base in technology will be indispensable for creating and providing value in the form of solutions that correspond with each region. In the Fuji Oil Group Management Philosophy, we have set forth “Work for people” as one of its Values (The values that inform our actions), and have emphasized to all employees that their job is to continuously create value for people, and that such value is value for our Company as well. We are concentrating not only on creating technically superior products but also aiming to make providing solutions to issues part of our DNA. Also, in deepening our global business, it is important to know the cultures and business customs of the regions in which we do business in order to form connections. For this reason, we are accelerating mid-career recruitment over the four years of the current mid-term plan.

In FY 2017, we achieved record high operating profit for the second consecutive term.

Among the basic policies of the mid-term management plan are measures for “reinforcement of core competence” aimed at expanding the scale and profitability of existing businesses. These measures achieved the best results and drove overall performance.

Results of Measures for Reinforcement of Core Competence



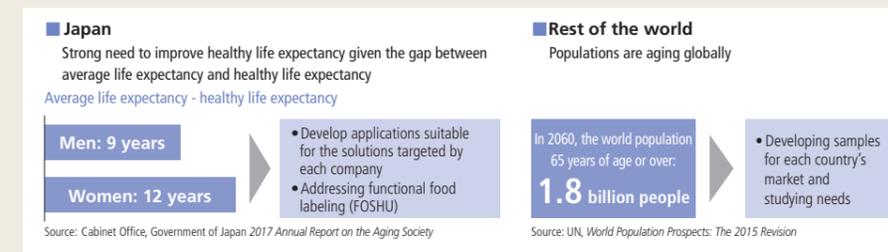
With regard to “growth of soy business,” we are using selection and concentration to promote the restructuring of businesses that are commoditizing, with the intention of transforming them into higher-value-added businesses.

In “development of functional high-value-added products business,” the stabilized DHA and EPA business has not progressed as quickly as initially planned, so we are aiming for early commercialization.

Improving our global brand power and procuring sustainable raw materials, which we are addressing through cost reduction and unification with global standards, are also significant issues. For this reason, we newly established the joint venture Unifuji Sdn. Bhd. with United Plantations Bhd., a Malaysian palm plantation company, for the purpose of manufacturing and selling palm oil products. Unifuji began fractionating and selling sustainable palm oil in July 2018. In addition, as a response to global standards, we are conducting initiatives such as unification of core ICT systems and restructuring legal affairs, personnel affairs, governance, and organizational structures in each area, but we recognize that there are still issues regarding the speed at which these infrastructure improvements are progressing.

In FY 2018, we will push forward with our management plan, centering on the promotion of our Soy Business as the flagship of our Plant-Based Food Solutions, and on our efforts to foster global human resources that take on challenges around the world to achieve our Vision.

Stabilized DHA and EPA Business



■ Future Strategy

Taking a Further Leap Forward, Looking Forward to Change Rather Than Fearing It

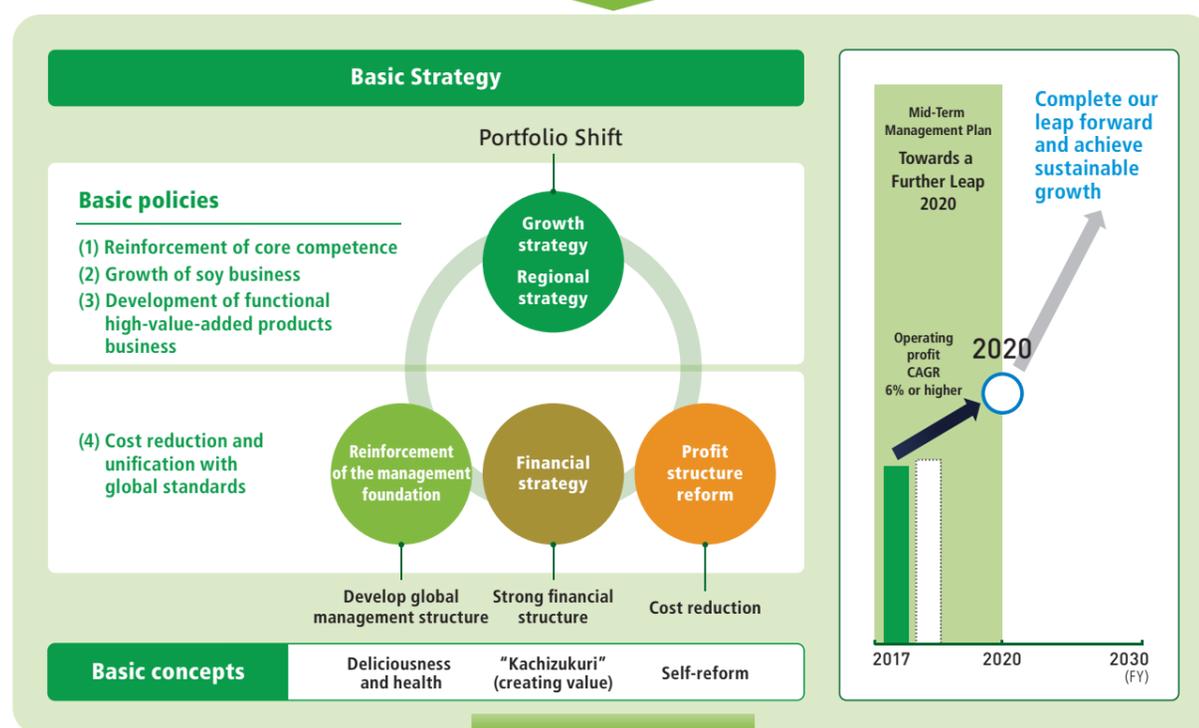
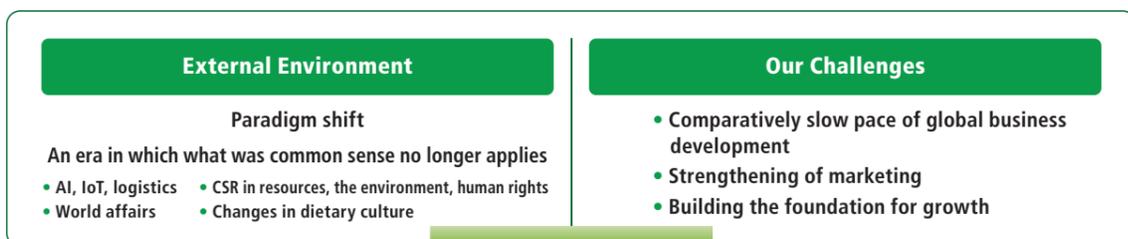
We believe that delegation of authority will be key in strengthening our global management foundation. For that reason, we will further advance the localization of our operations to become a company that can compete globally. Acceptance of diversity and finding points of commonality are the challenges Japanese companies must address in order to grow globally. Japanese companies and Japanese people in general have so far tended to seek out differences between individuals. On the other hand, differences are a given in multiracial, multi-ethnic societies, where the starting point is to search for things that people have in common. We need to start by finding things in common. In other words, we believe that by looking for unifying points, while remaining respectful of differences, we can create shared values. Based on the Fuji Oil Group Management Philosophy, we plan to establish an evaluation system promoting delegation of authority, centered on our Values (the values that inform our actions). If we can share these Values widely, we believe it will be possible to delegate responsibility for management to each local area.

The current mid-term management plan lays out a transformational and growth strategy from “how we should be” in 2020 to “how we want to be” in 2030. In order to achieve this leap to how we want to be, and to push forward in creating a foundation for competing globally, it is essential that we look forward to change rather than fearing it. I constantly communicate to our employees that they should embrace – not fear – constant change, because without constant change, we cannot survive. With our milestone of how we should be in 2030, we will continue to change as we anticipate the future.

Mid-Term Management Plan

Towards a Further Leap 2020 (2017-2020)

Four years in which we will complete the foundation for our leap forward



	FY 2017 results	FY 2018 forecast	FY 2020 target		FY 2017 results	FY 2018 forecast	FY 2020 target
ROE	8.8%	8.8%	10.0%	Cash flow from operating activities	¥28.2 billion	¥30.2 billion	Four-year total ¥100 billion
EPS	¥160	¥163	CAGR ¹ 8% or higher	CCC²	103 days (7-day reduction)	100 days (3-day reduction)	10-day reduction
Operating profit growth	+4.0%	+4.0%	CAGR ¹ 6% or higher	Capital investment	¥14.7 billion	¥20 billion	Four-year total ¥60-¥70 billion
Shareholder returns (Dividend payout ratio)	30.0%	30.7%	30-40%	M&A	—	—	¥50 billion in secured funds

1. Compound annual growth rate 2. Cash conversion cycle

Reinforcement of core competence

Steadily expanding markets and products in which we are strong

Item	Area	FY 2017 results	FY 2018 policies
Expanding the chocolate business	Japan Southeast Asia China Brazil	<ul style="list-style-type: none"> Expanded sales of high-value-added products Continued sales expansion utilizing new base in Malaysia Established a new chocolate team Specialized in specific markets to secure earnings 	<ul style="list-style-type: none"> Promoting a shift to high-value-added products Expanding sales over a wide area, including the Middle East and Oceania
	Europe M&A	<ul style="list-style-type: none"> Increased chocolate sales volume Continued exploration 	<ul style="list-style-type: none"> Maintaining and improving profitability, restoring sales volume by introducing new products Expanding sales of products that use sustainable raw materials Continuous exploration
Sales expansion in Asia	Southeast Asia China	<ul style="list-style-type: none"> Increased production capacity to expand cream sales Expanded sales of margarine and fillings for the bakery products market 	<ul style="list-style-type: none"> Expanding sales of four confectionery products through country-specific targeting New factory scheduled to start operations in the second half of 2018. Investment amount: Roughly CNY400 million (about ¥5 billion)
Expansion of the Oils and Fats Business	Americas	<ul style="list-style-type: none"> Decided to establish new manufacturing and sales bases 	<ul style="list-style-type: none"> Proceed toward start of operations in 2020

Growth of Soy Business

In pursuit of health for the Earth and its people
Provide products that meet the demands of the times (flexitarian)

Item	FY 2017 results	FY 2018 policies
Final stage of structural reforms	<ul style="list-style-type: none"> Sakai Factory (soy protein ingredients) closed Ishikawa Factory (protein) divested 	<ul style="list-style-type: none"> Restructure the China business Restructure the soy protein food products business
Expand into the plant protein market	<ul style="list-style-type: none"> Increase sales of high-value-added products Expanded sales of soy protein ingredients for the health and nutrition market Created a soybean market Expanded sales of soy meat 	<ul style="list-style-type: none"> Soy protein ingredients Enhance production efficiency and step up expansion into the health and nutrition market Expand into the flexitarian market Roll out soy meat and soy cheese in Japan and overseas USS earnings contribution

Development of functional high-value-added products business

Develop the stabilized DHA and EPA and polysaccharides businesses
Enter the field of nutrition and health
Work to stabilize Group earnings

Item	FY 2017 results	FY 2018 policies
Stabilized DHA and EPA business	<ul style="list-style-type: none"> Acquired FOSHU designation (triglycerides) Sold products containing DHA and EPA (mail order) 	<ul style="list-style-type: none"> Acquire evidence related to brain function Develop samples for overseas expansion
Polysaccharides business	<ul style="list-style-type: none"> Soluble soy polysaccharides Maintained the strong performance of the previous year 	<ul style="list-style-type: none"> Soluble soy polysaccharides Increase production capacity, expand sales in Japan and China Further work on new polysaccharides

Cost reduction and unification with global standards

Reconfigure the organizational structure to improve the production efficiency of the entire Group
Improve competitiveness
Global unification of core systems, unification of accounting period

Item	FY 2017 results	FY 2018 policies	
Strengthening of the management foundation	Sustainable procurement	<ul style="list-style-type: none"> Establishment of Unifuji announced Supply chain management team commenced operations 	<p>Sustainable procurement</p> <ul style="list-style-type: none"> Start of operations of Unifuji Introduce grievance mechanisms
	Corporate brand	<ul style="list-style-type: none"> Determined brand promises, established a full-time team Commenced consideration of concrete policies 	<ul style="list-style-type: none"> Start cacao program
	ESG Committee	<ul style="list-style-type: none"> Redefined CSR priority areas 	<p>Complete formulation of Environmental Vision 2030</p> <p>ESG Committee</p> <ul style="list-style-type: none"> Promotion of priority themes, centered on the ESG Committee
Financial strategy	CCC	<ul style="list-style-type: none"> Set targets for each company, and formulated and implemented policies 	<p>CCC</p> <ul style="list-style-type: none"> Ensure penetration of policies, advance the policies of each division
	Global CMS ¹	<ul style="list-style-type: none"> Completed the construction of foundations, introduced sequentially 	<p>Global CMS</p> <ul style="list-style-type: none"> Commence operations in China and the United States
	Unification of core systems	<ul style="list-style-type: none"> Started introduction in overseas areas 	<p>Unification of core systems</p> <ul style="list-style-type: none"> Commence operations in China and the United States
Profit structure reform	Earlier settlement of accounts	<ul style="list-style-type: none"> Started preparations 	<p>Global capital management</p> <ul style="list-style-type: none"> Restructure the Group financial system in each area
	Production Productivity Management Group	<ul style="list-style-type: none"> Auditing conducted by each company 	<p>VGP² utilization</p>

1. Cash management system 2. Virtual global procurement

Segment Strategies

Oils and Fats Business

Delivering the Building Blocks of Delicious, Healthy Food to the World's Dining Tables

Geographical Areas of Business	Japan, Asia (Southeast Asia, China), Americas (United States) and Europe	Basic Policies of the Mid-Term Management Plan	Reinforcement of core competence (hard butters for chocolate) Development of functional high-value added products business (stabilized DHA and EPA)
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As well as containing one of the three most important nutrients, oils and fats provide the basis for deliciousness and flavor. By using raw materials from tropical regions that are solid at room temperature, such as palm and coconut oil, we develop

safe, secure and healthy oils and fats, as well as a variety of oils and fats that contribute to health. In this way, we support delicious foods around the world.

Main Products and Solutions

Oils for food processing	Ingredients key to making food delicious, such as confectionery oils and fats that are ideal for making pleasant-tasting confectioneries, emulsified oils and fats that enhance the mouthfeel of foods and powdered oils and fats that make it easier to disentangle noodles.
Flavor-enhancing oils	Oils that bring out saltiness, sourness, and piquancy with even a small amount of seasoning, helping to reduce sodium in processed foods, which is desirable from the viewpoint of preventing lifestyle-related diseases. In addition, cooking oils effective for reducing sodium that show promise for food service applications in hospitals and facilities for the elderly.
Oils and fats for powdered infant formula	High-quality oils and fats manufactured using technologies and methods in compliance with strict safety standards to help supplement the nutrition of infants around the world.
Hard butters for chocolate	Created from vegetable oils such as palm oil, hard butters for chocolate are used in the manufacture of chocolate to impart various functions and other qualities. When hard butters are mixed with chocolate, these functions – including preventing the chocolate from melting in warm climates, or causing it to solidify and dry quickly when applied to biscuits – expand the variety and flavor of confectioneries and bakery products containing chocolate.



Hard butters for chocolate

Business Positioning

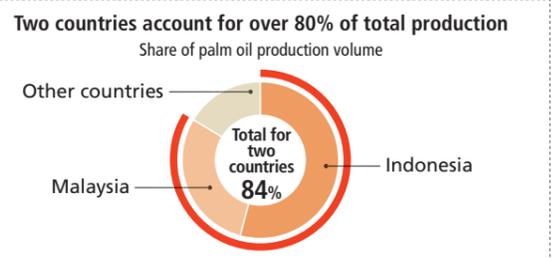
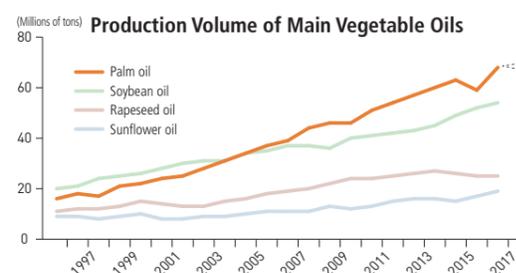
Technical Foundation and Core Businesses That Support the Entire Group

Since our founding, we have worked to deepen our separation and adjustment processing technologies for oils and fats to create original ingredients and distinctive products. The Oils and Fats Business began manufacturing Japan's first hard butters for chocolate in 1955, and after that began producing chocolate itself, among other products. This became the foundation for

technologies in the present day chocolate and Confectionery and Bakery Ingredients businesses. The Oils and Fats Business expanded outside Japan early on, in 1973, establishing a global sales network, customer relationships and a network of Group companies that have become the foundation for the Fuji Oil Group's business.

Business Characteristics

Palm oil comes from the oil palm, which grows in tropical regions such as Southeast Asia. It is easier to process and less expensive than other plant-based oils and fats, and for these reasons, is used in a wide range of applications from foods to chemicals. Palm oil has the highest production volume of any oil raw material in the world, and demand is anticipated to continue to grow, given global concerns about population growth. Indonesia and Malaysia account for more than 80% of total palm oil production, and because palm oil from these countries is widely used around the world, global supply chain management affects competitiveness. The business is also characterized by transactions conducted based on globally uniform prices and product quality standards. In addition, the oils and fats business is a process industry, where economies of scale and cost-cutting are essential for price competitiveness.



Source: Oil World 2018

Business Environment

- Multiple global players
- Expansion of scope of upstream businesses of plantation owners

SWOT Analysis

S	<ul style="list-style-type: none"> • Enzymatic interesterification technology* • Product quality, stable supply • Ability to innovate: healthy oils and fats, etc. 	W	<ul style="list-style-type: none"> • Price competitiveness in commodities
O	<ul style="list-style-type: none"> • Sustainable procurement • Increasing demand 	T	<ul style="list-style-type: none"> • Rising health consciousness • Regulatory changes in various countries

* A technology that recombines oils and fats at the molecular level, using enzymes as catalysts. It can be used to obtain hard butters with qualities similar to cacao butter used in chocolate from general-purpose oils such as sunflower oil.

Strategic Directions

Contributing to Health

Focusing on the provision of solutions to burgeoning health problems and rising awareness of safety and security around the world, we are concentrating on expanding our range of oil and fat products that are made with health in mind and contribute to health.

In recent years, we have decided to establish a new base in New Orleans (United States), capable of responding to expanding demand for palm oil that is low in trans-fatty acids, in accordance with the relevant U.S. FDA Circular.¹

Furthermore, we have made our stabilized DHA and EPA² business one of the pillars of our mid-term management plan, and will contribute to extending healthy life expectancy given the progression of aging worldwide.

1. Released by the U.S. Food and Drug Administration (FDA) in June 2015, it mandates that from June 2018 oils containing trans-fatty acids, which are said to increase the risk of heart disease, are not to be used for food applications.
2. Our proprietary core technology that enables stable admixture of anti-oxidant ingredients not readily soluble in oils and fats, thus suppressing the fishy odor caused by oxidation and making dietary intake of DHA and EPA from various foods possible.

Strengthening the Competitiveness of Global Business

We are strengthening our competitiveness in the Oils and Fats Business based on supplying low-cost, technically superior fats and oils that support our product lineup in the confectionery and bakery ingredients business, which we aim to expand globally.

In addition to expanding overall sales volume across the Group, under the leadership of Fuji Oil Holdings we aim to improve our competitiveness by strengthening supply chain management, reducing procurement costs through virtual global procurement (VGP) activities, and implementing Group-wide efficiency improvements.

Highlight

Establishment of Unifuji

Promoting sustainable procurement of palm oil and responsible supply of products to consumers and customers is positioned as a crucial component of the Group's business strategy. Unifuji Sdn. Bhd. is a joint venture with United Plantations Bhd., which shares our mission to ensure sustainable procurement of palm oil. Unifuji is scheduled to begin operations in the second half of 2018. United Plantations operates farms that recognize the importance of both the environment and the rights of laborers in ensuring sustainable production. Unifuji secures high-quality and sustainably produced palm oil as a raw material from United Plantations farms and produces high-value-added palm oil products for sale, based on our fractionation technology, which is one of our strengths. Unifuji's factories will be located on United Plantations farms and use energy generated from biomass and wastewater.



The Unifuji building



Rail lines in farms deliver palm fruit clusters to oil mills, maintaining high quality and traceability.

Segment Strategies

Confectionery and Bakery Ingredients Business

Enriching the Quality of Life with Deliciousness and Health

The main use for these products is in discretionary items such as confectionery and bakery products, which enrich the quality of life. While always keeping health in mind, we aim to contribute significantly to satisfying people's desire for delightful food, in accordance with the culture and level of development of their respective countries. We develop a wide range of ingredients

necessary for baked goods and confectioneries, such as chocolate, cream, margarine and fillings.

At the same time, we take our responsibilities to society seriously in all the regions where we do business by improving the lives of everyone involved in the supply chain.

Business Positioning

In Pursuit of Deliciousness and Solutions, with Basic Oil and Fat Technologies as Our Foundation

We began developing chocolate products in 1963 to meet the needs of customers using hard butters for chocolate production. From this point, we grew in response to requests from local bakeries and confectioners, expanding into other product lines. Supported by a foundation of oil and fat technologies responsible for melt-in-your-mouth texture and outstanding flavor, we have

pursued higher added value for finished products in our confectionery and bakery ingredients business, which we now operate in nine countries. It is our core business, representing about 60% of our revenue, and we are strengthening it in accordance with "Reinforcement of core competence," one of the basic policies of our mid-term management plan.

Business Characteristics

Unlike the Oils and Fats Business, which does business in a uniform fashion internationally, the Confectionery and Bakery Ingredients Business must be firmly rooted in each region and developed in a way that is appropriate for that region. Tastes and trends in discretionary items such as confectionery and bakery products can differ depending on the local culture. There is also tremendous diversity in how products are sold at stores in these markets and in the distribution channels through which these products find their way to consumers. For these reasons, we aim to expand this business by contributing to solving the unique challenges of each country, based upon deep roots in each local region, achieved through close relationships cultivated with local customers and country-specific marketing.

Confectionery and Bakery Ingredients Business ①

Emulsified and Fermented Food Business

Geographical Areas of Business Japan and Asia (Southeast Asia and China)

Basic Policies of the Mid-Term Management Plan Reinforcement of core competence

With basic oils and fats technologies as our foundation, we have been pursuing deliciousness and solutions to address the diverse needs of customers and consumers through the development of products that combine adjustment processing

technologies such as emulsification and fermentation. Our lineup of easy-to-use products that maintain their deliciousness is used by diverse businesses around the world, including confectionery manufacturers and convenience stores.

Main Products and Solutions

Cream	Highly workable, great-tasting whipping cream that leverages our sophisticated emulsification and sterilization technologies. We bring out the inherent deliciousness of the ingredients and provide lasting flavor.
Margarine	Our margarine has superior workability and is manufactured from a foundation of plant-based oils and fats rich in flavor akin to milk and brown butter. It helps add variety to confectionery products.
Fillings	Custard ingredients with melt-in-your-mouth homemade deliciousness, cheese flavor ingredients that stay soft even when cool, and other ingredients. Our diverse lineup offers opportunities to encounter new experiences in deliciousness.
USS processed soy products	Cream cheese-type ingredients and whipping cream that use low-fat soymilk and soymilk cream made using the USS manufacturing method as main raw materials. As well as bringing out the inherent flavor of the ingredients, this opens the door to new tastes in diverse menus by adding full-bodied richness to the deliciousness of soybeans.

Business Environment

- Growth markets, centered on Asia
- Intense competition with many players

SWOT Analysis

<ul style="list-style-type: none"> • Deliciousness and functionality through oils and fats and adjustment processing technologies • Ability to respond to customer needs • Safety and security • Ability to procure auxiliary materials through the preparations business* 	<p>W</p> <ul style="list-style-type: none"> • Price competitiveness in commodities
<p>O</p> <ul style="list-style-type: none"> • Sustainable procurement 	<p>T</p> <ul style="list-style-type: none"> • Rising health consciousness • Regulatory changes in various countries

* In Singapore, we procure, prepare, and process a rich variety of dairy ingredients and plant-based oils and fats for use by the Fuji Oil Group or for sale as confectionery products and cooking ingredients.

Strategic Directions

Expanding Business and Getting a Good Understanding of the Market

In Japan, our previous aim was to replace fresh cream, butter and other dairy products, as well as to strengthen their functionality; however, we now plan to set ourselves apart by launching new products using the value of plant-derived ingredients and raw materials themselves.

In Asia, we will pursue cost competitiveness by strengthening cooperation between local and Japanese technicians, and making full use of the Asia R&D Center. In addition, we aim to expand existing business by leverage our strengths in deliciousness and a total lineup of solutions that includes chocolate.

In growth markets, we will focus on securing future demand by promoting sales of Fuji Oil Group products to broaden awareness of the deliciousness that the Group can offer. Through this awareness, we will grow together with these markets, securing market share and establishing a firm grip on future demand.

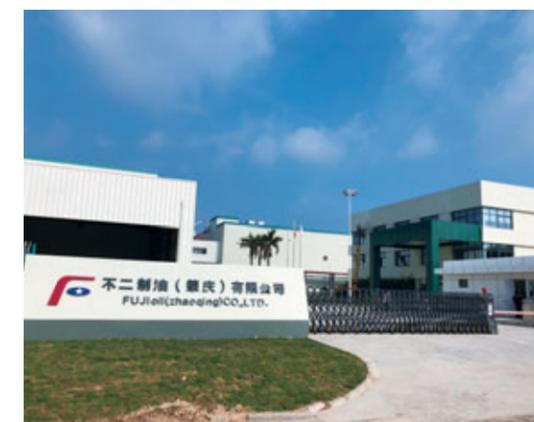
Highlight

Start of Operations at Fuji Oil (Zhaoqing) Co., Ltd., Our Second Facility in China

In China, eating habits are changing rapidly and coffee shop chains are likewise expanding, mainly in major cities. Chinese people are developing a taste for baked goods, not just in coastal areas, but also in the interior.

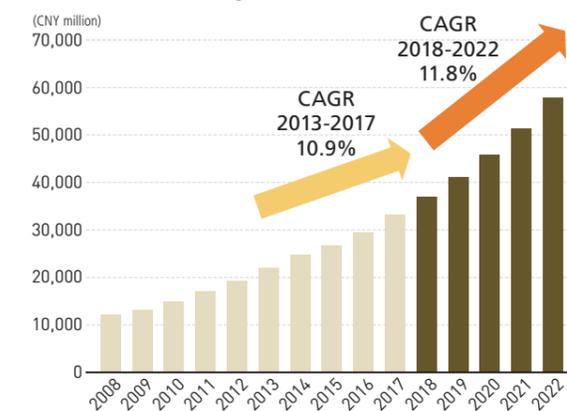
Our custard cream for bakery products and other filling ingredients are selected for their quality and flavor as well as for their safety and security as a Japanese brand. These products are driving the bakery products market. Until now we have expanded sales throughout mainland China from our first factory in Zhangjiagang, but because total sales

volume for our fillings has been strong, increasing 160% year on year, production at this factory has reached capacity. Therefore, from the second half of 2018 we will start operations at a second factory in China. Furthermore, we are reinforcing our policy of building close relationships with our customers by expanding and enhancing our sales offices and FUJISUNNY PLAZAs. Through these initiatives, we aim to deliver safe, secure and delicious food products to dining tables throughout China.



Second factory in China

Retail Sales of Bakery Products in China



Source: Euromonitor International 2018

Segment Strategies

Confectionery and Bakery Ingredients Business 2 Chocolate Business

Geographical Areas of Business	Japan, Asia (Southeast Asia, China), Americas (Brazil) and Europe	Basic Policies of the Mid-Term Management Plan	Reinforcement of core competence
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Using the hard butters for chocolate from our underlying basic oil and fat technologies, and the processing technologies we have cultivated over many years in Japan, we develop industrial use chocolate for various applications.

We specialize in making compound chocolates for combining with other food ingredients, including ice cream, confectioneries and bakery products, as well as sugarless chocolate that requires

advanced manufacturing technologies. Above all, we are strong in processing technologies that yield deliciousness. In Japan, we maintain top market share in industrial use chocolate in terms of total sales volume, and as chocolate is a major business driving profit growth for the entire Fuji Oil Group, we have also prioritized global expansion.

What is compound chocolate?

Chocolate whose main ingredients include hard butters for chocolate (see page 32) as the fat and oil component, together with cacao, milk and sugar. Using hard butters for chocolate imparts functions such as quick-drying and heat resistance, enabling the chocolate to be used for a wide range of applications such as bakery products and confectioneries.

Broadly speaking, there are two types of hard butters for chocolate: tempering and non-tempering. By matching the type to the intended application we achieve deliciousness and diversity for foods that use chocolate.



Business Positioning

Core Business for Demonstrating Our Strengths and Working toward Global Growth

We have supported the market for chocolate products by working closely with customers and seeking solutions that meet their needs as Japan's eating habits change.

Going forward, we will consider hard butters for chocolate as part of our chocolate business in working to expand the business worldwide.

The Group's chocolate business is highly profitable because it pursues solutions in terms of both flavor and technology. It is

positioned as a core business of the Company because of the technologies we possess in hard butters for chocolate and the strength we demonstrate in development. Under the basic policy "reinforcement of core competence" set forth in the mid-term management plan, we are implementing strategies aimed at global growth and promoting intensive resource allocation.

Business Environment

- Growth markets, centered on Asia
- Competition is intense due to presence of large players

SWOT Analysis

<ul style="list-style-type: none"> • Advanced chocolate processing and manufacturing technologies • Basic technologies for oils and fats that provide the foundation for melt-in-your-mouth deliciousness • Ability to respond to customer needs • On-site ability to achieve solutions that meet customer needs 	<ul style="list-style-type: none"> • Supplying products that balance quality and cost appropriately for each region • Stable and competitive procurement of cacao as a raw material
<ul style="list-style-type: none"> • Increased demand due to changing eating habits in emerging countries 	<ul style="list-style-type: none"> • Sustainable procurement of cacao beans • Entry of competitors, intensifying competition

Strategic Directions

Expanding Scale of Global Business

After acquiring Brazil-based Harald Indústria e Comércio de Alimentos S.A. in 2015, we became number four in the world in terms of sales volume of industrial use chocolate, earning a solid position amid the global competition. We seek to expand the scale of our business to compete globally, principally by leveraging our strengths in compound chocolate.

Demand for chocolate products is expected to grow in emerging countries, and these countries often have warm climates. In warm areas, we expect that demand for confectionery and bakery products that include chocolate will expand, rather than demand for chocolate itself. As a result, we plan to expand chocolate products making full use of our strengths in compound chocolate. By also building close relationships with our local customers, we will grow alongside them and expand the scale of our business.

Meanwhile, in Japan, the Americas and Europe, where consumption is already high, we aim to improve our presence by contributing to resolving social issues such as health awareness and the decreasing labor force. We will concentrate our resources on growth, including consideration of aggressive M&A, and develop into a powerful business capable of competing globally for the long term.

Strategy for Each Geographical Area

Japan	Asia	Americas	Europe	Other areas
To address labor shortages, we will focus on products that require a high degree of processing such as molded chocolate.	Utilizing our new bases in Australia and Malaysia, we will expand sales of strong products tailored to regions beyond Southeast Asia.	We will increase the quantity of new products that leverage our oil and fat technologies, and improve production efficiency by alleviating seasonal fluctuations.	We will leverage synergies with the Oils and Fats Business, aiming to expand our business using special chocolates incorporating our advanced technological capabilities as our strength.	We will continue seeking ways to expand our business into growth markets and markets where consumption is high.

Highlight

Responsible Cacao Sourcing Policy

The procurement of cacao, which is an important raw material for the chocolate business, faces complex and interconnected challenges. With demand growing, there may be shortages in the supply of cacao in the future resulting from the aging of farming communities and/or their abandonment of cacao farming; the aging of cacao trees; climate change; and low productivity due to limitations of cultivation materials and knowledge of cultivation techniques. There are also complex human rights and environmental issues in the cacao supply chain,

including poverty among farmers, child labor, deforestation and soil pollution.

The Fuji Oil Group made key commitments (listed below) in order to bring continuous happiness to the world with its cacao-based products, and to contribute to the UN SDGs.

To fulfill these commitments, we announced our Responsible Cacao Sourcing Policy in August 2018. We cooperate with a wide range of stakeholders in the cacao supply chain to accomplish the procurement of sustainably grown cacao throughout our business.

Key Commitments	1. Improving the livelihood of cacao farmers	We will improve the livelihood and productivity of cacao farmers through the provision of comprehensive support, including training (for example, on farming methods, soil management and appropriate use of fertilizers and pesticides) and interest-free or low interest micro finance.
	2. Eliminating child labor from our supply chain	We will seek to eliminate child labor from our supply chain through monitoring and the provision of remedies; raising awareness in cacao farming communities; creating an environment that ensures access to education; and other measures that may be appropriate.
	3. Preventing deforestation and protecting forest	We will seek to prevent deforestation in our supply chain and to protect forest through monitoring and the provision of remedies; providing appropriate education and support to farmers; and other measures that may be appropriate.

We will develop an implementation plan for the above commitments, monitor implementation of the plan, and report on our progress.

Segment Strategies

Soy Business

Creating a New Future

Geographical Areas of Business	Japan and Asia (China)	Basic Policies of the Mid-Term Management Plan	Growth of soy business, development of functional high-value-added products business (polysaccharides business)
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The Fuji Oil Group is the only comprehensive manufacturer of soy food products in the world, and has worked on soybean research for the more than half a century since its founding.

Through technologies developed based on accumulated research, we have opened up a whole new world of soybean products by providing high-performance food ingredients such as soy protein ingredients, soy peptides, water soluble soy

polysaccharides and soy protein food products, as well as maximizing use of premium soymilk products created by the world's first USS manufacturing method for processed food. We will continue to contribute to human nutrition and health through soy and to develop products that showcase the inherent deliciousness of soybeans.

Main Products and Solutions

Soy protein ingredients	Powdered and granular food ingredients with high protein content that not only contribute to enhancing and stabilizing the quality of processed meat and fish products, but are also used as a protein replacement and as a meat substitute.
Functional agents	Soluble soy polysaccharides that are excellent for preventing the precipitation of milk components in acidic milk drinks, and soy peptides that are excellent for digestion and absorption as well as effective for muscle strengthening and recovery from fatigue. Utilizing these functions helps add variety to beverages and processed rice products.
USS soymilk products	The world's first patented manufacturing method for separating soymilk into low-fat soymilk and soymilk cream, leaving the inherent deliciousness of soybeans. It has led to an expanding range of processed products with diverse functionality and deliciousness not found in conventional soymilk products. Not only does this enable the use of soybeans to manufacture foods traditionally derived from eggs and milk, such as mayonnaise and cheese, but its range of applications is broadening to encompass various menus and food products due to the deliciousness it delivers.

New Soymilk Ingredients Created by the USS Manufacturing Method



Business Positioning

Making Our Determination to Contribute to Society the Pillar of Next-Generation Businesses

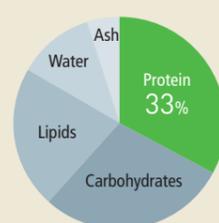
Masataro Nishimura, the key founding figure of the Company, predicted the depletion of food resources and nutritional health issues throughout the world, and was determined that the soy business would contribute to society. In 1961, we started the advanced use of the protein from defatted soybeans. Subsequently, we pursued unsurpassed technologies to fully utilize the power of soybeans and have grown into the world's only comprehensive processor and manufacturer of soy food products, cultivating both knowledge and technologies. Recently, the transition to a plant-based diet has progressed worldwide and flexitarian lifestyles are increasing, mainly among millennials in the United States and Europe. The plant protein market is also expected to expand due to future global population growth coupled with the depletion of protein resources.

The Fuji Oil Group will promote development in emerging countries and work to contribute to the health of the Earth and its

people mainly with products showcasing the inherent deliciousness of soybean products created using the USS manufacturing method, including soy meat products with the same texture as meat.

Composition of U.S.A. Dried Soybeans

Soybeans contain a good balance of amino acids and are rich in beneficial protein



Source: Subdivision on Resources, the Council for Science and Technology, Ministry of Education, Culture, Sports, Science and Technology, *Standard Tables Of Food Composition In Japan, Fifth Revised and Enlarged Edition*

Business Environment

- Chinese companies are on the rise in fields involving a low degree of processing
- The market for plant-based protein shows signs of growth amid ongoing major restructuring among food companies worldwide.

SWOT Analysis

<ul style="list-style-type: none"> • Broad knowledge and technologies relating to soybeans • Broad customer base and know-how regarding deliciousness cultivated in the Oils and Fats Business and the Confectionery and Bakery Ingredients business • Ability to respond to customer needs 	<p>W</p> <ul style="list-style-type: none"> • Cost competitiveness in commodities • Do not own a source of the main raw materials
<ul style="list-style-type: none"> • Global trend toward a plant-based diet • Aging societies and health issues centered on Japan and China 	<p>T</p> <ul style="list-style-type: none"> • Sustainable procurement of soybeans

Strategic Directions

Implementing Selection and Concentration in Pursuit of Solutions to Grow the Branches and Leaves of the Soy Tree

We are revising our traditional business structure and pushing ahead with structural reforms based on the principles of selection and concentration.

In "selection," we are divesting and downsizing unprofitable business and bases. In FY 2017, we revised our supply chain for soy protein ingredients, and transferred some production bases for soy protein food products. We are continuing to reconfigure our business structure in FY 2018.

In "concentration," we have focused our efforts on creating a market targeting the shift to solution-oriented product portfolios. The market has begun to recognize the value of soybeans, as seen in the expansion of applications for soy protein ingredients and the increasing attention that soybean meat has been attracting. Aiming for further solutions as we move forward, we will gradually develop the Soy Tree and improve our global competitiveness by increasing the level of our materials processing through full use of our oil and fat technologies and our emulsification and fermentation technologies.

In addition, we will work to expand our lineup of functional high-value-added businesses centered on the strong polysaccharides business, which is expected to grow further. We aim to develop these products to help support a highly profitable business capable of providing next-generation solutions.

Highlight

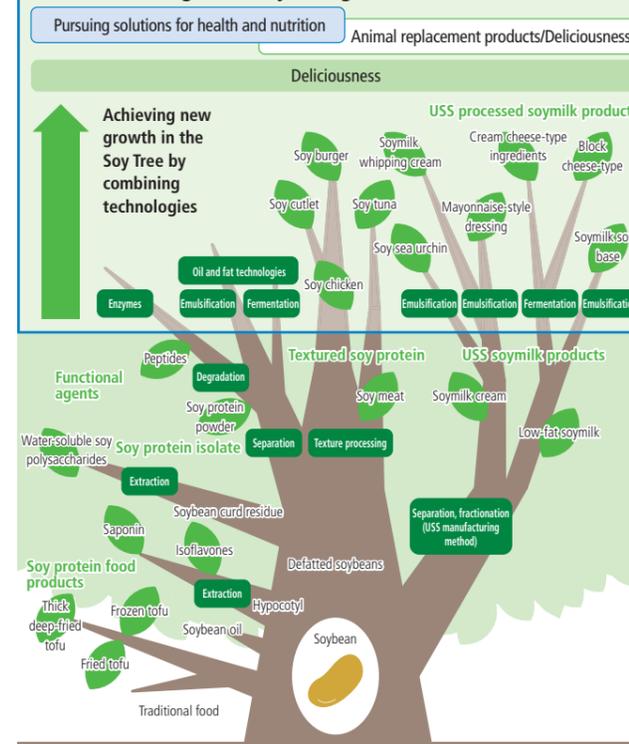
Growing the Soy Tree

Raw milk is transformed through various processes, including separation, fermentation and emulsification, into foodstuffs such as fresh cream, cheese and yogurt, bringing various types of deliciousness to the dining table. This spread of products is called the "Milk Tree."

We intend to help the "Soybean Tree" grow even larger. With the establishment of the USS manufacturing method, we have opened up a path to expanding processed products that take full advantage of the inherent deliciousness of soybeans. The range of items such as whipping cream, cheese-type ingredients and mayonnaise-style dressings is growing, just like the Milk Tree. Soy protein ingredients have long functioned in roles supporting animal proteins, such as improving the texture and maintaining the quality of ham and sausages, but in recent years new products and technologies have successively emerged that feature soybeans in leading roles.

Going forward, not only will we make use of the value of the soybean in and of itself, but we will also utilize the technologies and the expertise in deliciousness that we have cultivated in the Oils and Fats Business and the Confectionery and Bakery Ingredients Business, as well as our customer networks, to solve social problems through deliciousness and health. In this way, we intend to grow the Soy Tree even larger by extending its branches and leaves.

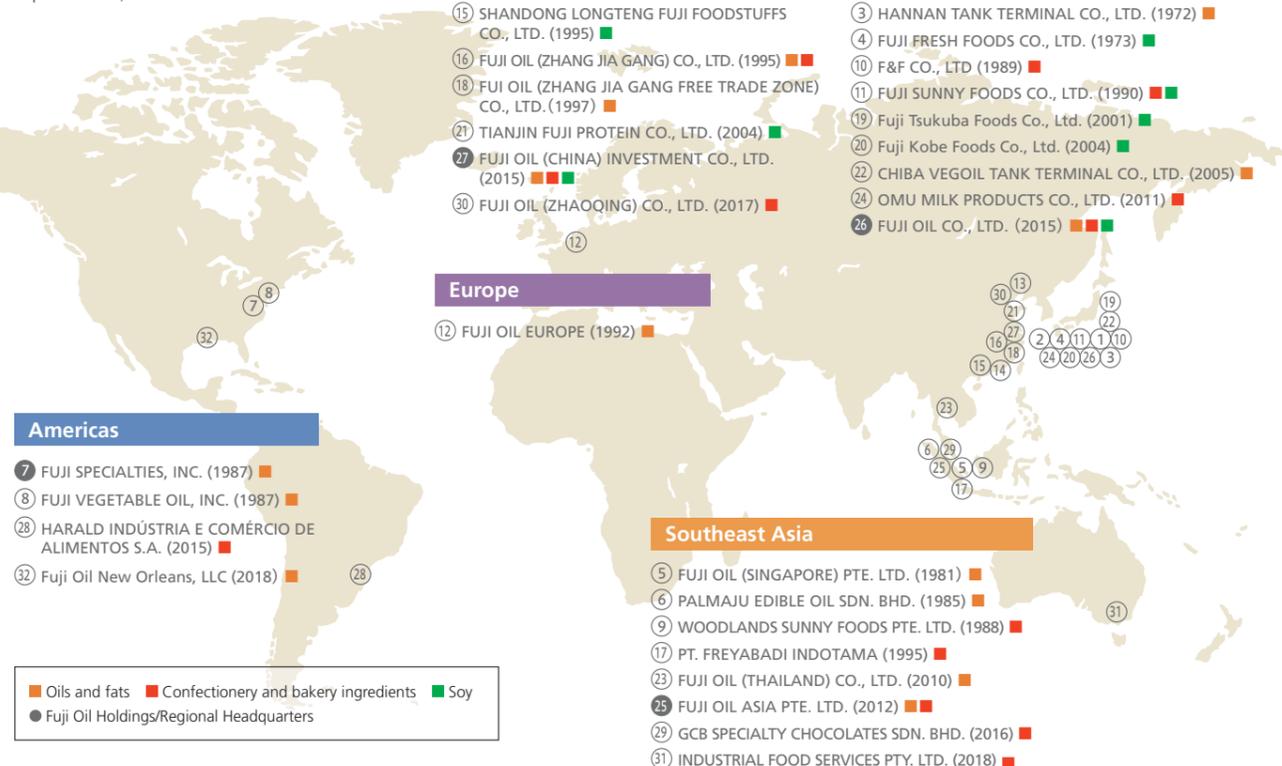
Contributing to Society through Deliciousness and Health



Geographical Area Strategies

Consolidated subsidiaries

(As of July 31, 2018; listed in order of year of establishment or year of consolidation, in parentheses)



Japan

- Oils and Fats
- Confectionery and Bakery Ingredients
- Soy

Social Issues	<ul style="list-style-type: none"> Declining birthrate and aging society Shortages in the labor market
Opportunities and Risks	<ul style="list-style-type: none"> Responding to demand for sustainable raw materials Market price/exchange rate fluctuations Increases in visitors to Japan (inbound demand)
Strengths	<ul style="list-style-type: none"> Safe, secure and high-quality products Technological capabilities Broad customer base
Issues	<ul style="list-style-type: none"> Insufficient production capacity for main products Aging facilities at the Hannan Business Operations Complex plants Declining profitability of emulsified and fermented product business such as cream and margarine

Main Products

- Oils and Fats: Oils and fats for food processing / Hard butters for chocolate
- Confectionery and Bakery Ingredients: Chocolate / Cream / Margarine / Fillings / USS processed soymilk products
- Soy: Soy protein ingredients / Soy protein food products / Functional agents / USS soymilk products

Main Customers

- Major food manufacturers / Confectionery manufacturers / Beverage manufacturers / Bakeries and confectioners / Convenience stores / Restaurants / Food service

Strategy Resolve social issues by providing plant-based food ingredients to contribute to the health of the Earth and its people

- Focus on resolving social issues to achieve sustainable growth**

Due to Japan's declining birthrate and aging society, it faces difficult social challenges such as narrowing the gap between average life expectancy and healthy life expectancy and shortages in the labor market. We are working toward the development of plant-based food ingredients from various angles, and making progress through solution-oriented management that resolves these social issues by providing deliciousness and health. Our aim is to achieve sustainable growth in the shrinking Japanese market.

Aging society Proposal of food ingredients, such as stabilized DHA and EPA and soy meat, that promote longer life expectancy and health

Labor shortage Proposal of food ingredients that are labor-saving for our customers
Menu proposals through coordinated business

What is co-creation?
By utilizing the Group's ingredient technologies and our broad customer networks, we aim to promote "Monozukuri (creating products)" and "Kotozukuri" (creating movements) to solve social issues through co-creation with our customers to meet social needs.

(Example)

- Capturing inbound demand**

Although Japan's population is aging, the number of visitors to Japan is expected to reach 40 million per year by 2020 and to continue growing. We will capture inbound demand by strengthening initiatives in the restaurant and souvenir markets.

Undaunted by Change, We Take on Challenges to Enhance Our Corporate Value

"Aging" and "labor shortage" have become keywords for the future of Japanese business. In order to achieve sustainable growth despite the shrinking market and rapidly changing business environment, it is essential that we pursue solutions to these social issues through plant-based food ingredients.

In the chocolate business, we will promote labor saving to address shortages in the labor market by reinforcing our production of highly processed molded chocolate. In our emulsified and fermented food business, we aim to differentiate ourselves through plant-based food ingredients and pursue solutions to our customers' labor shortages by bringing stakeholders together. In the Oils and Fats Business, we will accelerate the commercialization of stabilized DHA and EPA, with the aim of narrowing the gap between average life expectancy and healthy life expectancy in an aging society. With regard to the organizational structure of our research and sales divisions, we are moving forward with reforms that will emphasize achieving solutions to social challenges. In addition to generating cash to drive growth across the entire Group, an important mission of the Japan business is to create technologies and develop human resources that will serve as a foundation for value creation. By leveraging IT and revising and expanding our systems, we are promoting health management and work style reform. Change requires considerable energy, but we are committed to taking on the challenge together and achieving growth as we work to realize our mission "to contribute to society by creating the future of delicious and healthy food," as outlined in the Fuji Oil Group Management Philosophy.



Tatsuji Omori
Member of the Board
Executive Officer, Fuji Oil Holdings Inc.
President, Fuji Oil Co., Ltd.

Geographical Area Strategies

Southeast Asia

Oils and Fats

Confectionery and Bakery Ingredients

Main Products | Oils and Fats: Hard butters for chocolate / Oils and fats for powdered infant formula
Confectionery and Bakery Ingredients: Chocolate / Margarine / Fillings

Main Customers | Major food manufacturers / Confectionery manufacturers / Confectioners and bakeries / Restaurant chains / Convenience stores

Social Issues	<ul style="list-style-type: none"> Increase in lifestyle-related diseases accompanying economic growth Sustainable palm oil production
Opportunities and Risks	<ul style="list-style-type: none"> Economic growth and changes in the dietary culture of each country Intensifying competition
Strengths	<ul style="list-style-type: none"> Safety, secure and high-quality products
Issues	<ul style="list-style-type: none"> Total balance of management at each base Country-specific marketing

Strategy Pursue solutions to social problems at both the global and local levels

- Delivering sustainable palm oil to the world through our Group companies**
We have many production bases in Indonesia and Malaysia, the largest producers of palm oil, which is a main raw material of the Group. These bases serve as a business foundation for the entire Group. In addition to making full use of the operations of the newly established Unifuji, we aim to streamline existing sites and promote supply chain management to strengthen the competitiveness and increase the corporate value of the entire Group.
- Confectionery and bakery ingredients: Country-specific marketing**
It is vital to take an individualized approach for each country, taking into account factors such as the religious beliefs, ethnicity, and preferences of the culture, as well as the stage of development and inherent social issues. In addition to promoting the utilization of technology developed in Japan and the Asia R&D Center, we will concentrate on management of Southeast Asian companies through regional headquarters and country-specific marketing in order to secure a share of each country's growth.

Responding to social issues in intensely competitive environments

Southeast Asia is a fiercely competitive market where companies from all over the world vie for share with each other and with local companies that have long histories in their regions. In order to overcome the competition and contribute to society through deliciousness and health, it is essential that each Group company moves ahead with individual strategies tailored to the characteristics of its business and the circumstances of each country while remaining true to the spirit of the Fuji Oil Group Management Philosophy. In addition, we intend to use Fuji Oil's plant-based food ingredients to help resolve health issues that tend to increase with economic development, such as obesity and diabetes.

We will deal with management challenges and work passionately, yet rationally, to further contribute to our customers.



Yasuhiro Maruhashi
Executive Officer, Fuji Oil Holdings Inc.
Managing Director, Fuji Oil Asia Pte. Ltd.

China

Oils and Fats

Confectionery and Bakery Ingredients

Soy

Main Products | Oils and Fats: Oils for food processing / Hard butters for chocolate
Confectionery and Bakery Ingredients: Margarine / Fillings / Chocolate / Cream
Soy: Soy protein / Functional agents / Soy food products

Main Customers | Food, beverage, health food, confectionery manufacturers / Bakeries and confectioners / Convenience stores and other retailers

Social Issues	<ul style="list-style-type: none"> Rapidly aging society, increase in lifestyle-related diseases
Opportunities and Risks	<ul style="list-style-type: none"> Changes in eating habits and social environment Intensifying competition
Strengths	<ul style="list-style-type: none"> Ingredients development and application capabilities Safe, secure and high-quality products
Issues	<ul style="list-style-type: none"> Selection and concentration for effective use of capital

Strategy Make sustainable contributions to Chinese society through deliciousness and health

- Develop products in line with social changes and expand sales**
We are responding to the rapid diversification in eating habits. With regard to the increased consumption of baked goods, we will strengthen our production, sales, and development bases for confectionery and bakery ingredients and sell these products across a wider area. We are also working on product development to respond to growing health awareness, and aim to expand sales of such products in the future.
- Provide solutions to dramatic increases in the elderly population and lifestyle-related diseases**
Leveraging our technological capabilities, knowledge, and application capabilities for soybean ingredients, we will promote product development that utilizes diverse plant-based food ingredients. With products close to the end market, we will seek to provide solutions to health issues associated with aging and social development.

Becoming a business entity that develops steadily, making a sustainable contribution to Chinese society through deliciousness and health

In China, there are major opportunities for social contribution because the social environment and market needs are changing quickly. The ideals and technologies of the Fuji Oil Group are exactly what China currently needs. We believe that social challenges such as diversification of eating habits and the increase in the elderly population and lifestyle-related diseases can be resolved by applying the ideals and technologies of the Fuji Oil Group. We aim to become a business entity that can make a sustainable contribution to Chinese society by moving in harmony with social and market trends, and by using plant-based food ingredients, especially those that demonstrate our strengths in the field of health and nutrition.



Masataka Minemura
Executive Officer, Fuji Oil Holdings Inc.
President, Fuji Oil (China) Investment Co., Ltd.

Americas

Oils and Fats

Main Products | Oils and Fats: Edible oils / Oils for food processing / Hard butters for chocolate

Main Customers | Major food manufacturers / Restaurants

Social Issues	<ul style="list-style-type: none"> Health (obesity) problems
Opportunities and Risks	<ul style="list-style-type: none"> Changes in food-related laws and regulations
Strengths	<ul style="list-style-type: none"> Low trans-fatty acid palm oil, stable supply capability
Issues	<ul style="list-style-type: none"> Early expansion of production capacity

Strategy Pursue what is best for each area and strengthen country-specific sales strategies

In the wake of the release of a U.S. FDA Circular, demand for palm oil with a low trans-fatty acid content is increasing in the United States. In March 2018, we decided to establish a new production base. We are preparing for an early start of operations with the aim of expanding our supply area and establishing a global position as a manufacturer of oil and fat ingredients.

Brazil

Confectionery and Bakery Ingredients

Main Products | Confectionery and Bakery Ingredients: Chocolate

Main Customers | Major confectionery manufacturers / Bakeries, confectioners / Restaurants / Confectionery ingredient wholesalers

Social Issues	<ul style="list-style-type: none"> Economic downturn, high unemployment rate
Opportunities and Risks	<ul style="list-style-type: none"> GDP growth, risk of exchange rate fluctuations
Strengths	<ul style="list-style-type: none"> Branding, sales channels
Issues	<ul style="list-style-type: none"> Fluctuations caused by seasonal factors, production capacity

Strategy Use oil and fat technologies to bring new food delight to the Brazilian market

Possessing unique sales channels and strong brand power, Harald Indústria e Comércio de Alimentos S.A. joined the Fuji Oil Group in 2015, and has been strengthening its management foundation. In the future, we aim to grow by surprising and delighting the Brazilian market with novel chocolate products that make full use of our expertise in oil and fat technologies.

Aiming to contribute to our huge market in its entirety through deliciousness and health

The Fuji Oil Group's investments in the Oils and Fats Business in the United States and the chocolate business in Brazil have grown into businesses capable of achieving solid results in those regions. In the future, we will further expand our Oils and Fats Business and chocolate business in the huge market of the Americas, which has one billion people and a combined GDP of U.S.\$27 trillion, accounting for one-third of the world's GDP. In the United States, the market for plant-based foods is rapidly expanding due to heightened awareness of health and the environment. First, we will respond to the health and environmental needs of the United States by providing our USS processed soymilk products. In the future, we will strive to expand our business by providing plant-based food ingredients that contribute to deliciousness and health throughout the Americas.



Takeshi Takasugi
Executive Officer, Fuji Oil Holdings Inc.
President, Fuji Specialties, Inc.

Europe

Oils and fats

Confectionery and bakery ingredients

Main Products | Oils and fats: Oils for food processing / Hard butters for chocolate
Confectionery and bakery ingredients: Chocolate
Note: Accounting segment is oils and fats only

Main Customers | Major food manufacturers

Social issues	<ul style="list-style-type: none"> Ethical consumption*
Opportunities and Risks	<ul style="list-style-type: none"> Rise in demand for sustainable raw materials
Strengths	<ul style="list-style-type: none"> Direct procurement of sustainable raw materials (palm oil, shea butter, etc.)
Issues	<ul style="list-style-type: none"> Sustainable growth under intense competition

Strategy Expand the range of high-performance, high-quality oil and fat products using sustainable raw materials

We are focusing on healthy oils and fats, high-performance specialty fats for confectioneries, and niche high-performance chocolate. In the near future, we will start handling sustainable palm oil from Unifuji, which is scheduled to begin operations in 2018, and accelerate product rollouts in response to social needs.

* Consumption involving the selection of environmentally and socially conscious products and services in order to realize a better society

Understanding the age we live in and creating the future of food

It is not easy to survive in the European market, which is saturated and crowded with major global players, but we will continue to strive for success. Europe is a source of global food trends. Expansion of ethical consumption and trends that emphasize the value of quality and functionality also offers great opportunities. In our sales strategy and product development, we will focus on improving efficiency, flexibility and creativity, as well as strengthening our provision of solutions to social issues by promoting sustainable procurement and open innovation. In these ways, we will create the future of food.



Bernard Cleenewerck
President, Fuji Oil Europe