

# Message from the ESG Representative

## Addressing social issues as a Group toward sustainable social development

The COVID-19 crisis, the situation in Ukraine, and other recent upheavals have brought socioeconomic issues such as logistics disruptions, rising poverty, and human rights abuses into sharp relief more than ever before. At the same time, concerns are mounting over the growing global climate crisis and biodiversity loss. Both are serious threats to agriculture and fisheries, which are highly dependent on the natural world. Under these circumstances, I believe that transitioning toward a food industry that is conscious of human rights, climate change and biodiversity conservation is a necessity, as these are issues that directly affects our corporate value.

The Fuji Oil Group is engaged in sustainability management, aiming at a sustainable future of food and at raising our corporate value. We have entered the second stage of our ESG initiatives — developing roots to turn our current top-down efforts into Group-wide initiatives.



From April 2022 on, our regional headquarters representatives are included in the Sustainability Committee, together with our chief officers. This Committee is an advisory body to the Board of Directors. With this we established a framework that integrates our sustainability initiatives into our corporate and regional strategies. The Committee sets ESG-related KPIs, as well initiatives to achieve these KPIs, on the basis of creating new social and economic value from a multi-stakeholder perspective for the medium- to long-term. Regarding sustainable food resources, we work to expand food choices for our customers and consumers by creating healthy plant-based products with low environmental impact, through the development of plant-based protein ingredients as substitutes for animal meat and dairy and through our time-tested technologies for good taste, which combine oils and fats with protein. We also work to reduce food loss and waste through upcycling. In FY2021, we launched a soil conditioner made from soy whey, which is generated in the soy protein processing process in Japan. In FY2022, we will also promote Group-wide collaboration on diversification of plant-based functional ingredients, such as providing soluble pea fiber for the European market. Furthermore, in response to the growing health awareness worldwide, we will continue to develop low-sugar products that are still delicious and filling, as well as conduct research on the physical and mental health issues of elder people.

With respect to raw material procurement, we formulated the Fuji Oil Group Supplier Code of Conduct in April 2021. In June, we also issued sourcing policies for soybeans and shea kernels, following those for palm oil and cocoa beans. At the same time, we set medium- to long-term targets for 2025 and 2030 for each raw material. We will continue to hold dialogues with our suppliers and business partners to get their views on the raw material procurement of the Group, with the aim of strengthening our engagement on human rights and environmental issues across the supply chain and achieving our 2030 targets.

For climate action, we set the stage for our activities to reduce carbon emissions by launching environmental data collection systems for CO<sub>2</sub> emissions, water use and waste. We also consider the implementation of internal carbon pricing in Japan. Following the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, we reviewed our climate change scenarios and performed a quantitative financial impact assessment. In recognition of our various environmental efforts, we received a triple A rating in the categories of climate change, water security and forests from the environmental non-profit organization CDP for the second consecutive year. In our new Medium-Term Management Plan from FY2022, we plan to review our Environmental Vision 2030 and set new targets for water use and CO<sub>2</sub> emissions reduction to meet the 1.5°C target, as well as create a roadmap toward carbon neutrality. Additionally, we will formulate a Group policy on biodiversity to boost our environmental efforts.

For human resources, we are further developing our current diversity initiatives and enhancing our diversity, equity and inclusion (DE&I) efforts. Currently, we identified regional and company-specific human resource issues, through interviews at Group companies outside Japan. These issues differ depending on the historical background and business characteristics of individual companies. From FY2022 on, we intend to deepen our internal communication to find improvement measures, secure and train human resources to support global management, and carry out optimal job assignments.

The Fuji Oil Group will continue to work together with all our employees to quickly identify social issues across the value chain, provide solutions that meet the expectations of all our stakeholders, and create new value toward a sustainable future of food.

A handwritten signature in black ink, appearing to read 'Takashi Kadota'.

Takashi Kadota  
Director, Senior Executive Officer  
Chief Technology Officer (CTO) and ESG Representative  
Fuji Oil Holdings Inc.