

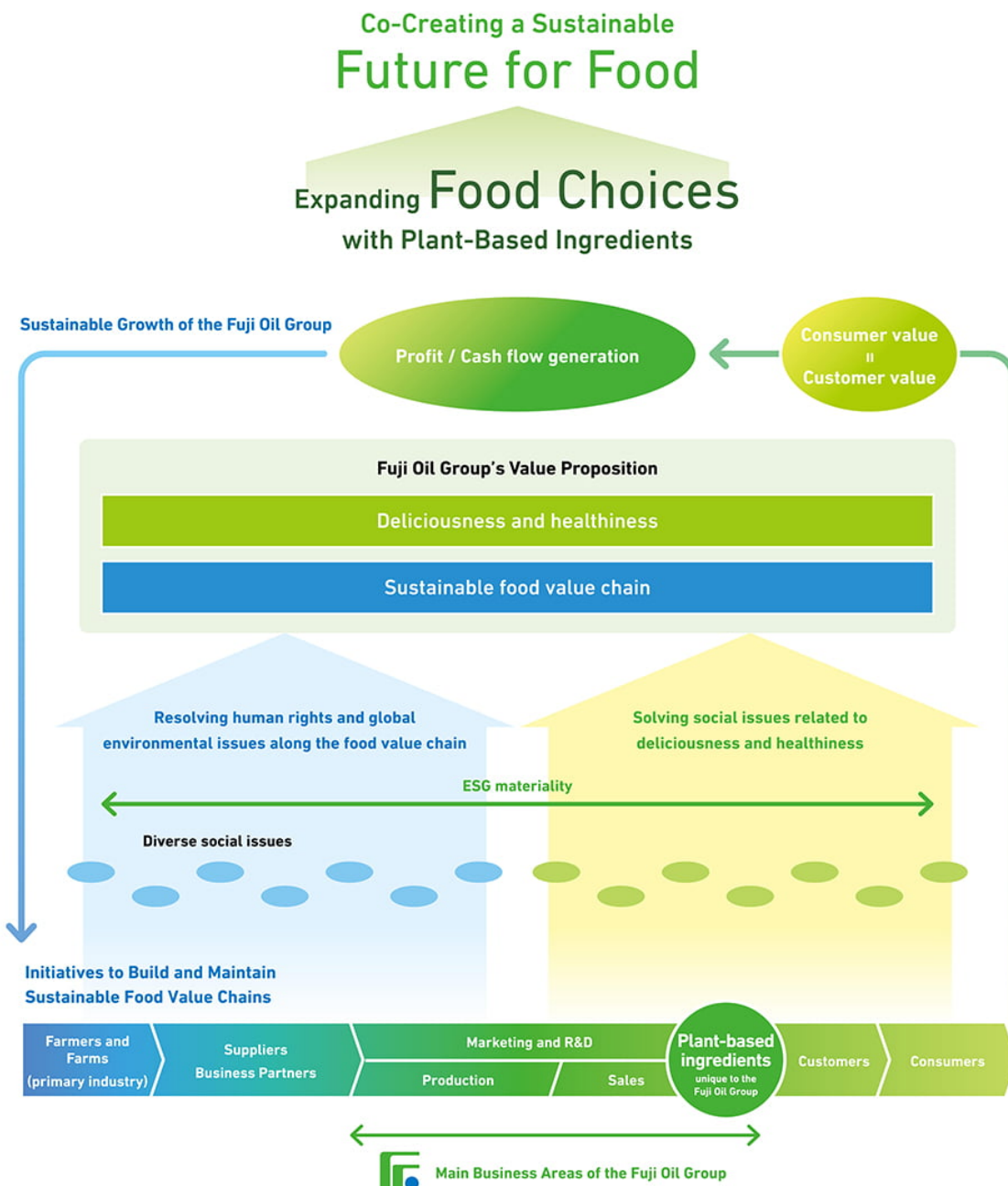
Sustainability Management

Basic approach

The Fuji Oil Group promotes sustainability management through our 2030 Vision: “Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy.”

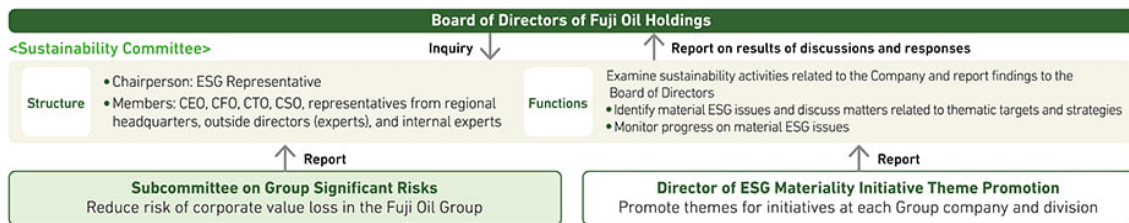
For us, sustainability management is a process of co-creating value as a unified enterprise and in partnership with our stakeholders. It is the practice of being perceptive of social issues in the value chain — whether those issues relate to the global environment, human rights, or personal wellbeing — and creating social value through solutions that meet the expectations of all stakeholders, and thus contributing to a more sustainable food future and higher corporate value for the Group. By deriving profit from valuable and timely product solutions and reinvesting that profit into the creation of more sustainable food systems, we can create a fast-moving virtuous cycle that achieves both sustainable business growth and development in society.

The Fuji Oil Group's Value Creation Goals



Sustainability management system

The Fuji Oil Group created the position of C“ESG”O at Fuji Oil Holdings Inc. in April 2019 to integrate sustainability awareness throughout the Group. We believe that the role fulfilled its purpose and that we have now entered a second stage in which all employees serve as sustainability champions. We removed the C“ESG”O position in April 2022, with each department now overseeing ESG efforts. In place of the C“ESG”O, we assigned a director to oversee all ESG affairs within the Group, as ESG Representative. The ESG Representative is tasked with overseeing sustainability management in cooperation with the Board of Directors to meet stakeholder expectations toward sustainable business growth and contribution to society. Since 2015, the ESG Committee has served as an advisory body to the Fuji Oil Holdings Inc. Board of Directors for promoting and monitoring Group-wide and cross-business sustainability initiatives. Since corporate governance (G) is performed by the Board of Directors, we changed the name of this committee in FY2022 to Sustainability Committee to clarify its role in implementing PDCA for initiatives focused on environmental (E) and social (S) factors. The Sustainability Committee meets at least twice a year to identify ESG issues that are material to the Group and that form a basis for sustainability management. The committee also discusses targets and strategies for ESG initiatives from a medium- to long-term and multi-stakeholder perspectives. This committee reports to the Board of Directors, which then decides on the Group’s material ESG issues and on the direction over the medium to long term. The committee is formed by the ESG Representative (who serves as chair), executive officers, internal and external experts and, since FY2022, representatives from regional headquarters. By incorporating local social issues into the committee’s discussions, we hope to create a stronger link between business strategy and local initiatives. We also created the Subcommittee on Group Significant Risks to identify significant Group-wide risks and assess strategies for managing them. The goal is to systematically reduce risks that can impair the Group’s corporate value. The Sustainability Development Group serves as the Sustainability Committee’s secretariat. It monitors social trends related to ESG, injects stakeholder voices into the materiality assessment and internal stakeholder engagement processes, and works to build the Group’s sustainability management systems.



Sustainability Development Team (SDT)

The Sustainability Development Team (SDT) is a team of experts created in May 2021 at Fuji Europe Africa B.V. to serve as an ESG information hub. SDT is located in the Netherlands, a country recognized as a pioneer in sustainability. The SDT monitors the latest information and legislative trends related to sustainability, identifies future risks and opportunities, and incorporates these into business decision-making to raise the Fuji Oil Group’s profile as a sustainability leader. Through membership in industry groups, the SDT also networks with other organizations, explores ways to transform risks into new business opportunities, and introduces new metrics for assessing the Group’s social impacts.

In FY2021, the SDT conducted the Group’s first sustainability assessment of shea butter. This was done through the participation in the Roundtable for Product Social Metrics, a multinational business network that developed a methodology for assessing the social impact of products and services from a lifecycle approach. To meet customers’ sustainability needs, the SDT also promotes business activities in line with EU regulatory trends and calculates the carbon footprint of the Group’s products.



SDT members (Fuji Europe Africa B.V.)

Education

At the Fuji Oil Group, we conduct educational and awareness-raising activities for directors and employees to inform them of external ESG trends and about the Group’s thinking and activities on sustainability. The goal is to integrate sustainability management across the Group.

In FY2021, we held an ESG and Sustainability Training program for general managers of Group companies in Japan, and a Fuji Oil Group ESG Management e-learning course for Group employees worldwide. The e-learning course had a completion rate of 83.7%.* A post-course survey showed that taking the course improved employees’ understanding of sustainability management. We also invited external experts to provide training to all directors (including outside directors), auditors, executive officers, and senior employees. The training focused on the topics outlined below.

1. Staying on top of latest trends relevant to management (sustainability, governance, law, etc.)

FY2021 training topics (lecture by external experts)

- ESG and sustainable corporate value growth
- Objectives of Japan's revised Corporate Governance Code
- Keys to DX success that all executives should know
- Points of focus when reorganizing a business across borders

2. Assessing the Group based on external stakeholder inputs and discussing ways to improve

FY2021 training topics (facilitators: financial and IR divisions)

- Investor feedback on Integrated Report 2021

We also use an internal communication site (in Japanese, English, Chinese, and Portuguese) to broadcast internal and external information on sustainability and offer Group members daily opportunities to learn, cultivate values and gain new insights into sustainability management.

* Targeted at employees who have a company email address and use a computer in their day-to-day operations.

Incentives

ESG Management Award

The Fuji Oil Group established the ESG Management Award as an award program to annually recognize Group companies and departments that have contributed to the promotion of sustainability management.

In FY2021, the award went to the procurement department of Fuji Oil Holdings Inc. This team was applauded for their contributions in achieving the KPIs announced by the Sustainability Committee, developing ambitious targets for palm and cocoa (the Fuji Oil Group's first long-term targets in sustainable procurement), and laying the foundation for future sustainable procurement initiatives through the creation of a Global Sustainable Sourcing Committee. Furthermore, their work was instrumental in reducing environmental and human rights risks, earning outside recognition, and enhancing the Group's corporate value.

Director compensation (executive performance-linked cash remuneration) related to ESG

In FY2022, the Fuji Oil Group introduced an evaluation system pertaining to the executive performance of internal directors who concurrently serve executive roles (excluding the representative director). The purpose of introducing this evaluation system is to better clarify the executive responsibilities and achievements of individual directors and link their performance to compensation levels, considering that these directors are responsible for important and strategic business operations that impact the achievement of the Group's financial targets and improvements in our corporate value.

In this system, evaluations are carried out by the President and CEO based on the Group's business performance, the performance of the division overseen by each internal director, as well as the degree of achievement of metrics and targets set for specific priority issues and Group-wide material sustainability management issues relevant to their division. The ESG targets included in the executive evaluation are weighted at a fixed rate of 10% of the evaluation score.

The same evaluation system is also applied to executive officers as of June 2022, when a delegated executive officer system was introduced.