

# Integrated Report

# 2024

FUJI OIL GROUP



## Fuji Oil Group Management Philosophy

### Mission (Our reason for being)

The Fuji Oil Group seeks to develop the potential of food ingredients.

We will contribute to the happiness and well-being of the people by offering delicious and healthy food.

### 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.

### Values (The values that inform our actions)

- ◆ Safety, quality, and the environment
- ◆ Work for people
- ◆ Challenge and innovation
- ◆ Speed and timing

### Our Principles

*Fuji Oil Group Management Philosophy*



## 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

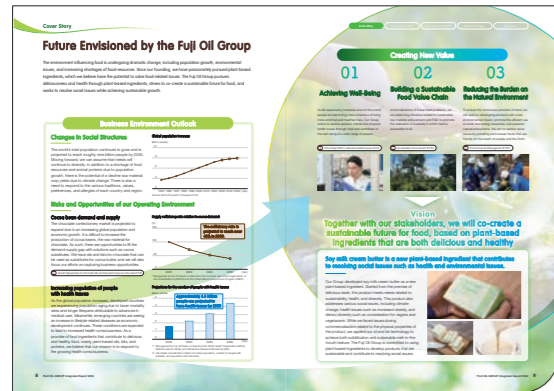
Since our founding, the Fuji Oil Group has focused on the possibilities of plant-based ingredients, particularly tropical oils and fats and soy protein. Over the years, we have enhanced and expanded our technology to develop businesses centered on vegetable oils and fats, industrial chocolate, emulsified and fermented ingredients, and soy-based ingredients. Driven by a desire to offer delicious, healthy products, in addition to pursuing product functionality, our product development is also rooted in creating and providing value. The definitions and meanings of “delicious” and “healthy” vary from country to country, and region to region. We aim to realize delicious and healthy products by understanding and respecting such diversity. As food cultures continue to diversify, we are further expanding food options with a variety of plant-based ingredients, striving to contribute to society and consumers around the world.

We are looking to help resolve social issues related to food such as extending healthy lifespans, reducing environmental impact, and solving food resource shortages. Many people are involved in the supply of food before it reaches the consumer, and these problems cannot be solved by a single company. Together with all those involved, we will seek to resolve social issues to co-create a sustainable future for food.



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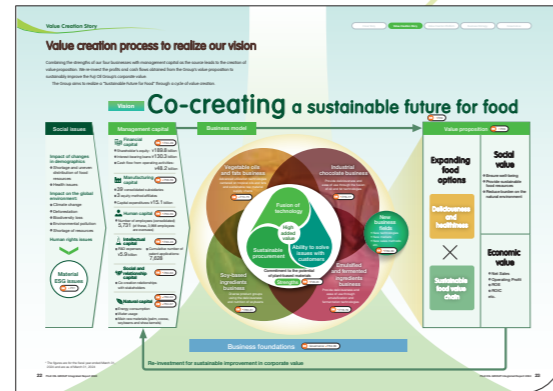
## Cover Story



Through our cover story, we introduce how a commitment to plant-based ingredients led to the founding of the Fuji Oil Group, our growth through the present, and our path for future growth.

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### Editorial Policy

- The Fuji Oil Group publishes the Integrated Report and the Sustainability Report annually as tools for communicating with our stakeholders. The Integrated Report provides a general overview of our Group business and outlines our medium- to long-term strategies. By communicating this information, we hope to encourage our stakeholders to continue engaging with us in enhancing our corporate value. On the other hand, the Sustainability Report complements the sustainability information in the Integrated Report and aims to comprehensively and honestly report our approach and initiatives to address the Group's impact on sustainability to a broad range of stakeholders.
- Integrated Report 2024 was prepared in accordance with the following editorial policy:
  - (1) Report in a transparent manner on the Group's measures for strengthening its business by incorporating the views of stakeholders obtained through discussions, as well as on issues and matters that may be construed negatively by readers
  - (2) Provide information to investors and our wide range of other stakeholders within and outside the Group to enhance their awareness of the Group's business model and value creation story over the short, medium, and long terms
  - (3) Deepen discussions that contribute to management improvement through the production process

### Reference Guidelines

- The International Integrated Reporting Framework issued by the IFRS Foundation
- "Guidance for Collaborative Value Creation 2.0," Ministry of Economy, Trade and Industry

### Company Names

- Company names are presented as follows:
- Fuji Oil Holdings; FUJI OIL HOLDINGS INC. (holding company)
  - FUJI OIL CO., LTD.; Regional headquarters in Japan
  - the Fuji Oil Group/the Group; All Group companies in Japan and outside of Japan, including FUJI OIL HOLDINGS INC.

### Scope of Coverage

Activities of the Fuji Oil Group  
Furthermore, business segment notations are indicated based on accounting segments.



### Period Covered

Fiscal 2023 (April 1, 2023–March 31, 2024)  
Details of some prior and more recent activities and initiatives are also included.

### Forward-Looking Statements

Forward-looking statements such as earnings forecasts of the Fuji Oil Group and other projections contained in this report reflect the Group's current analysis based on information available at the time of publication. Please be aware that actual results may differ from these forward looking statements due to various factors such as economic trends and the environment surrounding the Group.

### Point

#### Points of Focus of Integrated Report 2024

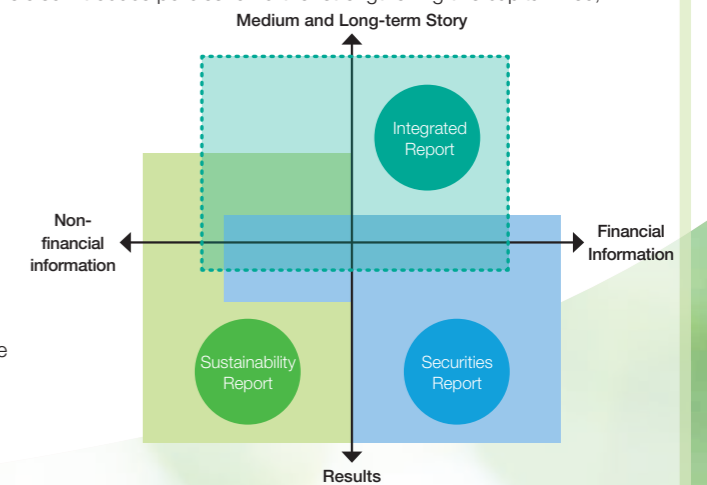
From this fiscal year, we further clarify the roles of each medium and position the Integrated Report as a tool for conveying our medium- and long-term growth story. To achieve the vision of the Fuji Oil Group Management Philosophy, we held internal deliberations to reevaluate our value creation process to identify how Group capital and strengths were being used and how that use was leading to value creation. In the chapters, Value Creation Platform, Business Strategy, and Governance, we introduce specific initiatives related to each element comprising our value creation process. Overall, this Integrated Report serves as a comprehensive expression of our medium- and long-term growth story.

In "Value Creation Platform," we introduce initiatives related to the six forms of management capital we have cultivated over the years that serve as the source of our sustainable growth. We also introduce policies for further strengthening this capital. Also, through an article featuring a conversation between the CTO and an Outside Director, we introduce how our R&D serves as a strength for the Group.

In "Business Strategy," we introduce initiatives for value creation based on our strengths in fusing technology, working with customers to resolve issues, and sustainable procurement. These strengths are part of the unique business model we have developed through our commitment to plant-based ingredients and technology related to vegetable oils and fats and soy protein.

In "Governance," to increase the transparency of the Board of Directors, we provide information on the efficacy evaluation process and details of the Board of Directors' evaluation and identified issues. Additionally, we also provide details on deliberations, one of the major initiatives for the Board of Directors newly adopted from this fiscal year.

Through the 2024 Integrated Report, we hope to provide better understanding of the Fuji Oil Group value creation story.



# Trajectory of Fuji Oil Group Value Creation

Since our founding, the Fuji Oil Group has achieved growth by strengthening our technology with a focus on tropical oils and fats and soy protein, and by contributing to customers, consumers, and stakeholders based on a commitment of not imitating others while striving to take on new challenges and pursue innovation.

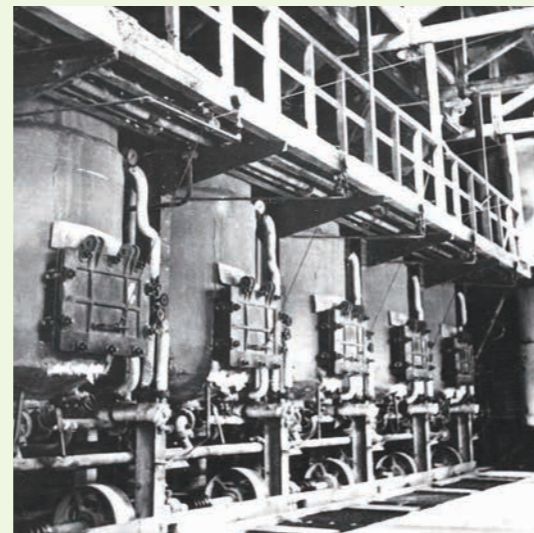
## The Fuji Oil Group's Consolidated Net Sales



## 1950~

### Origin of our Commitment to Plant-Based Ingredients

In 1950, the Osaka oil mill of Fuji Sanshi became independent as an oil refinery, resulting in the founding of Fuji Oil Co., Ltd. Fuji Oil, which started as a latecomer in Japan's oils and fats industry, found it difficult to procure sufficient oil and fat raw materials such as soybeans and rapeseed. Amid such an operating environment, Fuji Oil focused on solid fats from Tropical regions, which were relatively unused in Japan at the time. Adhering to our founding spirit of not imitating others, Fuji Oil became Japan's first company to successfully extract palm oil using the compression extraction method. From that success, we built a business foundation based on unique raw materials and technology.



Japan's first compression extractor for tropical oils

## 1960~

### Establishment of Fuji Oil's Business Model for Utilizing Oil and Fat Technology

Since our founding, Fuji Oil has engaged in the research and development of vegetable oils and fats and soy proteins. By applying the technology we have cultivated over the years, we established the current Fuji Oil business model centered on four businesses.

#### Vegetable Oils and Fats Business

In 1955, we complete construction of Japan's first oil and fat solvent separation plant, enabling the manufacturing of hard butter, the origin of oils and fats for chocolate.

#### Emulsified and Fermented Ingredients Business

In 1968, we achieved the world's first direct heat sterilization of high-fat content cream, leading to the creation of whipping cream based on production using commercial aseptic filling.

History of Fuji Oil Solutions ▶ P38

#### Industrial Chocolate Business

In 1962, we established a unique cocoa butter extraction method based on cocoa bean oil extraction utilizing palm oil milling (pressure milling).

#### Soy-Based Ingredients Business

Since our founding, we have engaged in research and development with a focus on soy protein as a future food resource. In 1966 we established a method for producing soy protein with gel-forming properties.

## 1970~

### Establishing a Unique Position Through Co-creation with Customers

Since our founding, Fuji Oil has embraced the concept of contributing to customers as one of our basic management policies. We work to expand business as a food company by solving customer problems and identifying latent needs. We opened Fuji Sunny Plaza as a base for co-creation with customers. In addition to our existing customers, mainly food manufacturers, we also promote co-creation with convenience stores, restaurants, and beverage manufacturers. Fuji Oil has continued to achieve growth by contributing to Japan's diversifying food culture.



Fuji Sunny Plaza Tokyo (Seminar)

## 1980~

### Expanding Business Domains

Since 1980, we have been developing business globally with the aim of establishing a supply chain and expanding sales. We established a base in Southeast Asia for securing raw materials and manufacturing, and later established Group companies in the Americas, Europe, and China to develop new markets. In recent years, we have advanced M&A, including Harald in 2015 and Blommer in 2019, becoming the world's third largest commercial chocolate manufacturer.

## 2010~

### Promoting Sustainable Management

In the Mid-term Management Plan, Global & Quality 2013, we announced in 2011, we set the basic policy of promoting sustainable management. Under this policy, we launched initiatives to resolve food issues through our core business by accurately identifying social issues related to our value chain, including global environmental issues, human rights, and mental and physical health, and proactively providing solutions. Sustainability initiatives not only reduce risks, but also lead to higher added value and improved competitive advantages for our Group.

Sustainability Management ▶ P30

# Current State of the Fuji Oil Group

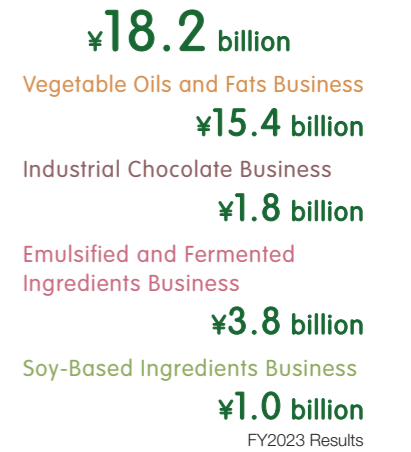
The Fuji Oil Group operates in 14 countries and regions with a focus on four businesses: Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-Based Ingredients. We provide food solutions by leveraging our R&D, production technology, and a unique business portfolio cultivated over our 70-year history that is structured to maximize the potential of plant-based ingredients. Moving forward, we will continue to respond to diversity and changes in the global food market as we strive to provide even greater value to our business partners and consumers.



### Net Sales



### Operating Profit



**Vegetable Oils and Fats Business**

Share (Company estimate) | Vegetable Fats for Chocolate (CBE)\*: **World's top 3**

\* Vegetable fats for chocolate with the same physical properties as cocoa butter

**Industrial Chocolate Business**

Share (Company estimate) | Industrial Chocolate: **No. 3 worldwide**, **No. 1 in Japan**

**Emulsified and Fermented Ingredients Business**

Share (Company estimate) | Fillings: **No. 1 in China**

**Soy-Based Ingredients Business**

Share (Company estimate) | Soy Protein Ingredients: **No. 1 in Japan**, Soluble Soy Polysaccharides: **No. 1 worldwide**

## Core Product Line



Vegetable fats for chocolate



Frying oils and fats



Pure chocolate



Compound coating chocolate\*1



Whipping cream



Margarine



Soy protein isolate



Textured soy protein



Powdered oils and fats



Fats and oils for chilled confectionery



Chocolate for ice cream coating



Molded chocolate



Cheese flavor ingredients



Fillings



Soy protein foods



Soluble soy polysaccharides

\*1 Chocolate made of Vegetable fats for chocolate

## Global Expansion

Global Business Network  
**14** countries and regions

Number of employees  
**5,731**

Ratio of overseas employees  
**70%**



Number of employees

Japan	1,733
Americas	1,798
Southeast Asia	1,168
China	827
Europe	205

\* As of March 31, 2024

## Sustainability

Traceability of Main Raw Materials  
Palm oil

TTM\*1 **100%**, TTP\*2 **95%**

Note: FY2023 results  
\*1 TTM: Traceability to mill  
\*2 TTP: Traceability to plantation

Environmental Vision 2030

CO<sub>2</sub> emissions **29% reduction**\*3

Note: FY2023 results  
\*3 Scope 1 + Scope 2 / Base year: FY2016 for all consolidated subsidiaries

## Research and Development

Number of patent applications

In Japan: **4,133**  
Outside of Japan: **3,495**

Note: Cumulative totals of All Fuji Oil Group companies  
As of March 31, 2024

# Future Envisioned by the Fuji Oil Group

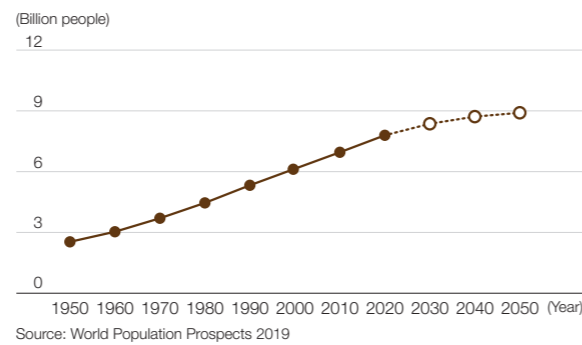
The environment influencing food is undergoing dramatic change, including population growth, environmental issues, and increasing shortages of food resources. Since our founding, we have passionately pursued plant-based ingredients, which we believe have the potential to solve food-related issues. The Fuji Oil Group pursues deliciousness and health through plant-based ingredients, strives to co-create a sustainable future for food, and works to resolve social issues while achieving sustainable growth.

## Business Environment Outlook

### Changes in Social Structures

The world's total population continues to grow and is projected to reach roughly nine billion people by 2050. Moving forward, we can assume that needs will continue to diversify. In addition to a shortage of food resources and animal proteins due to population growth, there is the potential of a decline raw material crop yields due to climate change. There is also a need to respond to the various traditions, values, preferences, and allergies of each country and region.

Global population increase

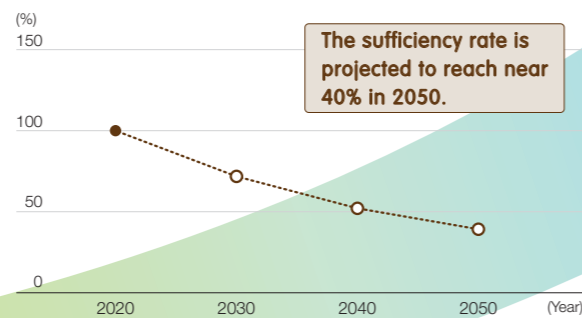


### Risks and Opportunities of our Operating Environment

#### Cocoa bean demand and supply

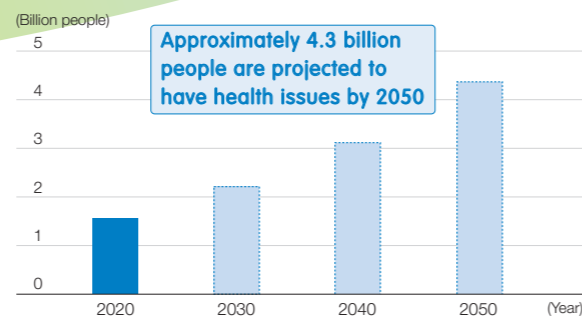
The chocolate confectionery market is projected to expand due to an increasing global population and economic growth. It is difficult to increase the production of cocoa beans, the raw material for chocolate. As such, there are opportunities to fill the demand-supply gap with solutions such as cocoa substitutes. We have oils and fats for chocolate that can be used as substitutes for cocoa butter, and we will also focus our efforts on capturing business opportunities.

Supply sufficiency rate relative to cocoa demand



Growth Opportunities for Chocolate Oils and Fats and Compound Chocolate ▶ P70

Projections for the number of people with health issues



#### Increasing population of people with health issues

As the global population increases, developed countries are experiencing population aging due to lower mortality rates and longer lifespans attributable to advances in medical care. Meanwhile, emerging countries are seeing an increase in lifestyle-related diseases as economic development continues. These conditions are expected to lead to increased health-consciousness. As a provider of food ingredients that contribute to delicious and healthy food, mainly plant-based oils, fats, and proteins, we believe that our mission is to respond to the growing health consciousness.

\*1. Reorganized by Fuji Oil based on data from the World Health Organization (WHO), National Cancer Center, and Alzheimer's Disease International (ADI).  
\*2. Calculated of predicted numbers for obese population, number of people with diabetes, and population with dementia.

## Creating New Value

01

### Achieving Well-Being

As life expectancy increases around the world, people are becoming more conscious of living more enriched and healthier lives. Our Group works to resolve people's mental and physical health issues through food and contribute to the well-being of a wide range of people.

Promoting R&D to Resolve Health Issues ▶ P42



02

### Building a Sustainable Food Value Chain

Amid indications of future food problems, we are advancing initiatives related to sustainable raw material procurement and R&D to promote the realization of a society in which food is accessible to all.

Sustainable Procurement ▶ P60



03

### Reducing the Burden on the Natural Environment

To ensure the continuous provision of food, we will work on developing products with a low environmental impact, promote the efficient use of water and energy resources, and preserve natural ecosystems. We aim to resolve social issues by providing plant-based foods that are friendly for the health of people and the Earth.

Environmental Management ▶ P64



## 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

Soy milk cream butter is a new plant-based ingredient that contributes to resolving social issues such as health and environmental issues.

Our Group developed soy milk cream butter as a new plant-based ingredient. Started from the premise of delicious taste, this product meets needs related to sustainability, health, and diversity. This product also addresses various social issues, including climate change, health issues such as increased obesity, and dietary diversity such as consideration for vegans and vegetarians. While we faced issues during commercialization related to the physical properties of the product, we applied our oil and fat technology to achieve both solidification and a desirable melt-in-the-mouth texture. The Fuji Oil Group is committed to using plant-based ingredients to develop products that are sustainable and contribute to resolving social issues.



# CEO Message



## Mikio Sakai

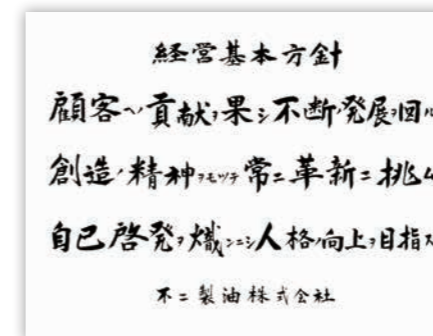
President  
Chief Executive Officer (CEO)  
FUJI OIL HOLDINGS INC.

We will continue to embrace our social mission as a corporation that contributes to sustainability for people and the Earth while striving to create new value.

### DNA of the Fuji Oil Group Cultivated since our Founding

Driven by climate change and geopolitical risks, cocoa prices reached historic highs in April 2024. One cause was poor harvests due to unseasonable weather. The impact of this factor could potentially subside in the future. However, over the medium- and long-term, cocoa supply is expected to fall short of demand due to global population growth, climate change, and economic growth in emerging nations. With our strengths in vegetable fats for chocolate and compound chocolate, I am confident that the Fuji Oil Group will come to serve an even greater purpose in society. To ensure our ability to achieve sustainable growth, I believe we must embrace and further build on the DNA of the Fuji Oil Group cultivated since our founding.

In 1981, the basic management policy of the Group was revised as follows.



This management policy and the Group Management Philosophy formulated later have been valued and passed down through the Fuji Oil Group over generations. Our predecessors and this current generation are connected by a spirit of challenge and innovation embraced over the years. Today, achieving growth will require that work

collectively as a Group to further strengthen that commitment to challenge and innovation. I want us to be a company that is connected by our mind.

Since our founding, we have embraced that DNA to contribute to the creation of food lifestyles enriched by plant-based ingredients. As a food ingredient manufacturer, we go beyond simply offering food ingredients based on market needs. We work with customers to identify issues in a process of co-creation that results in a final product for the customer. Our ability to offer this process of co-creation is a source of the value we provide and a strength of our Group.

[History of our Solutions ▶ P38](#)

Supporting our co-creation with customers is the cultivated within each business and the synergy we generate by fusing those various technologies. Back in the 1970s, achieving the stable provision of fresh cream for commercial confectionery production was difficult. However, by combining oils and fats technology with emulsification technology, we developed a plant-based whipping cream to achieve whipping cream with a long shelf life. This fusion of technology created new value for society, including enabling customers nationwide to enjoy shortcake. More recently, we used technologies to develop the GOODNOON line of products, which are based on the concept of providing satisfying foods made from plant-based ingredients. Through GOODNOON, we have created new perspectives and market needs that will serve as a foundation for our future growth.

Taking a pioneering approach to sustainability initiatives under the spirit of challenge and innovation is something that has turned into a major strength for the Group. When I

## CEO Message



was assigned to a position in the US, my negotiations with NGOs involved in environment issues left an impression that the world was on the cusp of major change. That led to Fuji Oil becoming one of the first companies in Japan to engage in sustainability initiatives. Today, certified palm oil accounts for over half of all the palm oil we handle. We also have achieved traceability almost the way to the palm plantation or oil mill. These sustainability initiatives are another strength for the Fuji Oil Group, and they also

contribute to profits. [Sustainable Procurement ▶ P60](#)

My experience working in China and the US provided me the opportunity to view Fuji Oil Japan from the outside. It enabled me to gain a greater appreciation for the Fuji Oil Group DNA cultivated since our founding. I believe we can export this DNA overseas to overwhelmingly exert our strengths. To that end, we will seek to incorporate Japanese knowhow into overseas Group companies to promote further differentiation for Group companies.

## Changes in the Cocoa Market Environment as a Chance for Growth

Amid concerns of food shortages due to climate change and population growth, the environment influencing the Fuji Oil Group has changed dramatically since the COVID-19 pandemic in 2020. Since then, raw material prices skyrocketed for palm oil in 2021, for sunflower oil in 2022, and for cocoa in 2024. Additionally, global logistics disruptions and continuous inflation provided the opportunity for us to realize that there was no longer such as thing as a stable supply chain. The need for the stable supply of food sources will only increase moving forward. In such times, the social mission of the Fuji Oil Group has become more important than ever. On chocolate markets,

in particular, recent fluctuations in cocoa prices and concerns about future resource shortages create a market environment that is highly susceptible to dramatic change.

The chocolate we produce is a compound chocolate. Compound chocolate allows the volume of cocoa used to be adjusted by substituting a portion of the cocoa butter with vegetable fats for chocolate, which are comprised of raw materials such as palm oil or sunflower oil. Using our oil and fat technology, we are able to allocate various functionality to chocolate, including giving it a more melt-in-the-mouth texture or making it more resistant to bloom or flavor degradation. We also are able to apply this

technology to other products such as soft chocolate and fillings, expanding the possible combinations of chocolate and bread or confections. [▶ P70](#) In this way, possessing a unique business portfolio comprised of both the oils and fats business and the chocolate business, we are able to use compound chocolate to build a competitive advantage. And, by strengthening the development of our vegetable fats for chocolate and our compound chocolate, we are able to contribute to resolving the medium- and long-term issues facing the chocolate market.

Recent fluctuations in cocoa prices are driving concerns about a slowdown in consumption. Amid such conditions, we have received a great many inquiries from customers the world for our vegetable fats for chocolate and compound chocolate. Positioning the Vegetable Oils and Fats business and the Industrial Chocolate business as growth sectors, we will prioritize the allocation of management resources towards these businesses. We are addressing medium- and long-term issues by turning these market conditions into opportunities for the Fuji Oil Group to generate business synergy.

At Blommer, which joined the Fuji Oil Group in 2019, we have worked to address the problems the company has faced since acquisition. However, amid an operating environment of dramatic change, profitability declined due

to the emergence of issues that required handling. As a result, we recorded extraordinary losses for the third quarter of FY2023. In March 2024, we then announced structural reforms for Blommer [▶ P20](#) and are steadily advancing reforms towards growing Blommer into a core company for the Industrial Chocolate business.

The expansion of compound chocolate will be vital to advancing these Blommer structural reforms. In the US, primarily pure chocolate is consumed. As such, since acquisition, we have produced and sold mainly pure chocolate that does not use vegetable oils and fats. However, facing a future of increasing raw material risks, there is potential for dramatic change in the US market environment. As such, I want to expand the domain of the Fuji Oil Group, which excels at compound chocolate that incorporates oil and fat technology. The US is the world's largest market for chocolate confectioneries, and Blommer has established strong recognition and competitive strengths in the US. We can generate massive synergy by promoting problem resolution-oriented proposals incorporating the Fuji Oil Group's strengths in compound chocolate. We will treat these changes in our operating environment as an opportunity, and work steadily towards adhering to the roadmap we have outlined for Blommer structural reforms.

## Achieving Dynamic Growth During the Next Mid-term Management Plan

Our current Mid-term Management Plan, Reborn 2024, is based on our commitment of being reborn as a corporate group that is capable of creating new value. Under this plan, we have placed our highest priority on strengthening our business platform. Of course, I fully understand that strengthening our platform is not as exciting business expansion or growth investments. However, I believe that we cannot achieve our Phase 2, getting on trajectory, without strengthening our platform by restoring basic profitability, concentrating management resources on growth and strategic domains, and shifting to a portfolio based on high-added-value products. Such initiatives will enable us to respond to the various issues that manifested during the dramatic changes in our external environment over the past several years. We are steadily seeing the results of various policies implemented over the past two years.

[Details of Basic Policies of the Mid-term Management Plan ▶ P32](#)

For the Vegetable Oils and Fats business, we will strengthen supply chain management by reinforcing our basic policies on the procurement of raw materials such as palm oil. We are building a structure that enables us to produce competitive and high-quality products as well as

rapidly implement our sales strategy. While we sold off the Fuji Oil New Orleans, LLC, we also decided to establish a joint venture with Johor Plantations Group Berhad to strengthen sustainable procurement initiatives. Moving forward, I am confident that further advancing our procurement of traceable and sustainable raw materials will create added value for our Group.

The Industrial Chocolate business benefited from the synergy generated by investments to increase capacity at HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA, and FUJI OIL EUROPE and the oil and fat technology of the Fuji Oil Group. The compound chocolate developed by the Group has helped increase competitiveness in each area and steadily elevate the Group's presence. In particular, Harald succeeded in the vertical launch of its No. 2 plant to increase production volume for products using oil and fat technology. I expect that these developments will lead to additional growth for the Group.

The Emulsified and Fermented Ingredients business has advanced whipping cream R&D in Japan. The business has expanded revenues by contributing to



## CEO Message

resolving customer issues, including extended the expiration dates of customer products. In China, the business constructed a new cream plant and is working to expand sales by strengthening its sales structure. In Southeast Asia, the company will work to rapidly improve profitability by restructuring its product portfolio.

Over the past few years, the Soy-based Ingredients business has worked to restructure assets, including reorganizing unprofitable businesses and withdrawing from certain businesses. The business will strengthen its development and sales of high-added-value products centered on plant-based foods, health, nutrition, and functionality to accelerate the construction of a new product portfolio.

During the period of this Mid-term Management Plan, in addition to a business-axis platform enhancements, we are also advancing efforts to strengthen our global business management. In particular, the adoption of the FUJI ROIC and plant productivity metrics enables us to quantitatively ascertain and analyze the status of individual companies, including overseas companies, to create a positive ripple effect for the entire Group.

The FUJI ROIC [▶ P47](#) is a metric for the Fuji Oil Group that can be incorporated into operations on a business-axis basis. By breaking down the FUJI ROIC, we

set KPI that are easy for each Group company and department to work towards. We have also confirmed the correlation between the FUJI ROIC and standard ROIC. Through the FUJI ROIC, we are increasing capital efficiency, improving our PBR, and increasing our corporate value.

Looking at plant productivity metrics [▶ P58](#), it is clear that plants with high productivity have high profit margins, as is evident from the fact that they can produce numerous products stably and efficiently. At the same time, we have advanced the adoption of these metrics in overseas Group companies to address the issue of incorporating the frameworks and know-how that enabled us to achieve high productivity in Japan. As a result, we are steadily seeing results, including improved profit margins.

Group companies in Japan have been working to enhance sustainability efforts from an early stage, and the importance of sustainability has already taken hold within the Group. The Fuji Oil Group views sustainability and business activities as two sides of the same coin. In recent years, external parties have also begun to recognize the added value of sustainable initiatives.

In FY2024, the final year of the current Mid-term Management Plan, we will complete efforts to strengthen our platform and advance measures aimed at achieving dramatic growth during the next mid-term management plan.

through our DNA into overseas business. We will continue to focus on human resource development to build a structure that allows us to permeate our DNA and strengths globally.

In particular, under this new structure, we will promote a human resource system that enables continuous career development from a global and company-wide perspective. This is an organizational structure through which each group company belongs to a business division, making it easy to organize personnel rotations so that each employee can achieve growth within a consistent human resources development plan. We are striving to develop human resources who will contribute to the permeation of Fuji Oil Group's strengths overseas.

The global environment surrounding food is changing daily, and we are facing medium- to long-term social problems such as environmental issues such as climate change and biodiversity, food issues due to population growth, and issues related to people's physical and mental health. The Fuji Oil Group aims to be a company that contributes to the realization of a sustainable future for food by proactively working to resolve social issues, promoting sustainability for people and the Earth, and achieving sustainable growth. Through our endeavors, we are taking on the never-ending mission of delivering happiness to people around the world.



## Business-axis Enhancements to Increase Corporate Value

From April 2025, the Fuji Oil Group will transform from a pure holding company to a business holding company. Through this transition, we will be able to better utilize current management resources to conduct efficient management, improve ROE and the FUJI ROIC, and increase corporate value.

In 2015, we transitioned to a pure holding company structure with the aim of promoting and accelerating global management. Focusing on area-specific management, we were able to accelerate overseas M&A, restructure assets, and engage in aggressive capital expenditures. This allowed each area to implement measures independently. Additionally, the holdings company strengthened group-wide governance and risk management by acquiring highly specialized human resources, promoting sustainable initiatives, and transitioning to a company with an Audit and Supervisory Committee.

On the other hand, amid continuous major changes in our business environment, there were delays in responding to changes with the limited resources in each area. Today, as management is required to be conscious of capital efficiency, the entire Group must be aware of the demands from the capital market and raise awareness of

capital efficiency. With this in mind, in addition to initiatives specific to each area individual companies, we recognize that we can increase the effectiveness of our measures by strengthening business-axis management. This will enable us to optimize overall operations.

As such, to address these issues and achieve sustainable growth, we made the decision to transition to a business holdings company structure. By strengthening business-axis management and delegating authority, we will be able to respond more quickly to rapid changes in our business environment. Additionally, we will incorporate the DNA and strengths we have cultivated since our founding into overseas business to promote sustainable growth and improve capital efficiency. We believe that by jointly managing the domestic and overseas companies of each business, and by strengthening the supply chains and specialized areas of each business, we can make accurate business-specific decisions to improve capital efficiency and expand profits.

Human resource development [▶ P51](#) is most important to the Fuji Oil Group achieving sustainable growth. As stated earlier, we can demonstrate our overwhelming advantages by incorporating the strengths cultivated

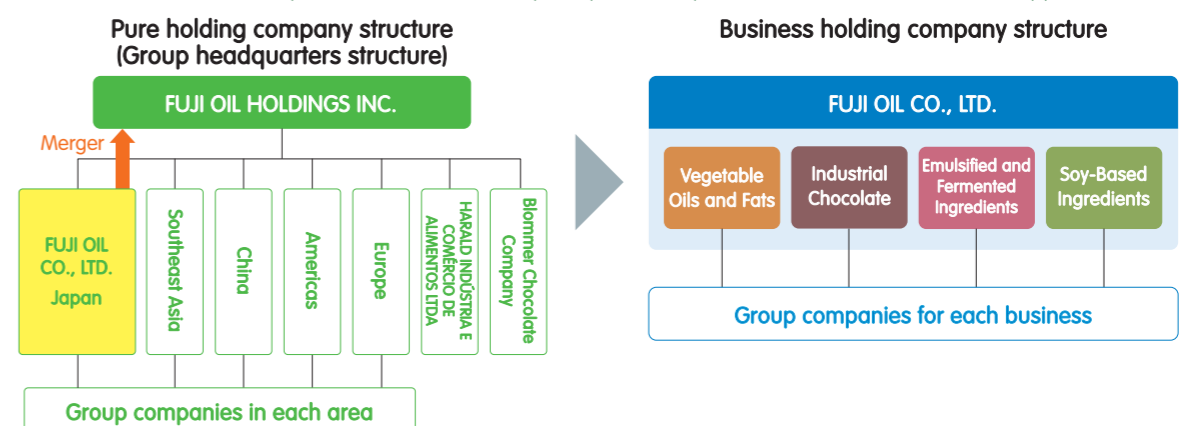
### Achievements and challenges in the group headquarters system (pure holding company system)

- |   |   |
|---|---|
| <p><b>Results</b></p> <ul style="list-style-type: none"> <li>Accelerate M&amp;A</li> <li>Strengthen functions such as sustainability, finance and accounting, and governance</li> </ul> | <p><b>Issues</b></p> <ul style="list-style-type: none"> <li>Issues across the entire supply chain for each business</li> <li>Strengthening sustainability measures</li> <li>Appropriate allocation of human resources and career development of global human resources</li> </ul> |
|---|---|

▶ We must strengthen management based on a company-wide business-axis approach rather than optimizing individual companies and areas.

### Transition to a business holding company system from April 2025

While continuing to strengthen business management from the function-based approach that we have cultivated thus far, we aim to maximize business profits through the centralized management of human resources and other business resources to improve the FUJI ROIC and plant productivity metrics from the business-axis approach.



# Conversation between CEO and Outside Director

In an age of increasing uncertainty, it is critical to have a management plan that takes an expansive approach, from the short-term to the long-term, to both dreams and realities.

2024 represents the final fiscal year of the current Mid-term Management Plan, Reborn 2024. Also, we announced structural reforms for Blommer in March 2024. CEO Mikio Sakai and Outside Director Rie Nakagawa sat for a conversation to discuss the status of progress for Reborn 2024, the path leading up to the formulation of the next mid-term management plan, and the initiatives the Fuji Oil Group will undertake towards achieving medium- and long-term growth.

**It is important to properly assess the risks and opportunities associated with management issues the company is attempting to address and establish a framework that enables flexible responses**

**Nakagawa** During this Mid-term Management Plan, I think the company saw the materialization of risk factors with the potential to significantly impact profitability. The company faced various unpredictable issues, including skyrocketing raw material prices, procurement concerns, and human resource fluidity. The company entered the final year of the Mid-term Management Plan, Reborn 2024, during what is considered the age of VUCA\*. Mr. Sakai, how do you look back on the company's progress thus far?

**Sakai** As you mention, we have seen multifaceted change in our external environment. I think our responses and policies to address those changes ultimately exposed issues and weaknesses in our business platform. One of the basic policies of Reborn 2024 has been to advance initiatives towards strengthening our business platform. However, to put it simply, latent issues and weaknesses we did not recognize in a stable environment became evident

\* Volatility, Uncertainty, Complexity, and Ambiguity



## Mikio Sakai

President  
Chief Executive Officer (CEO)  
FUJI OIL HOLDINGS INC.

Mr. Mikio Sakai joined the Fuji Oil Group in 1983. He has experience as president of major Group subsidiaries in regions such as China and the U.S. and was appointed as a director in June 2015. After serving as Chief Strategy Officer, in April 2019 he became Chairman of Blommer Chocolate Company, the Group's core chocolate business in North America. He has held his current role as President and CEO since April 2021.

in abnormal times. In particular, responding to raw material market prices and other external factors required that we strengthen management from a business-axis perspective.

**Nakagawa** In recent years, the Fuji Oil Group has achieved growth by aggressively pursuing M&A. I feel that success in a stable environment led to the Fuji Oil letting its guard down in terms of risk management for companies added to the Group. It is necessary be prepared for various issues based on the constant assumption that changes in the external environment can lead to unpredictable events. Thinking about sustainable growth for the Fuji Oil Group moving forward, I believe the company needs to conduct thorough internal evaluations of risk scenarios, discuss the potential impact on business, and outline response measures. Mr. Sakai what is your view on this matter?

**Sakai** We rapidly implemented measures to address the points you mentioned. However, we still need to engage in fundamental deliberations as we prepare to formulate the next mid-term management plan. We are also advancing structural changes to be implemented from FY2025. These changes will ensure that we assess risks and opportunities associated with future potential changes in our operating environment, and

balances short-term business plans with the pursuit of our medium- and long-term vision.

Being able to take a step back to ensure the comprehensive monitoring of various risk factors will require that we strengthen our global business management. This was a point of focus for Reborn 2024 as well. One measure was the adoption of the FUJI ROIC. When we sold off the fixed assets of Fuji Oil New Orleans in April 2023, our decision was based on an analysis using the FUJI ROIC. By shifting to a business portfolio with high added value, the oils and fats business in the Americas achieved record high profit in FY2023. We also adopted plant productivity metrics to monitor the status of overseas plants. These metrics are confirmed regularly at Management Committee meetings. Ascertaining operating conditions in a timely manner not only leads to early responses to issues, it also contributes to important management decisions.

**Nakagawa** As you suggest, Mr. Sakai, the goal of global business management is not only to calculate the performance results of each organization, but also for the Group main office to identify the issues facing each Group company early on to enable swift decision-making on a company-wide level. The oils and fats business in the Americas is one example, and I hope to see the company make rapid progress in applying the FUJI ROIC towards the strategic reevaluation of its entire business portfolio.

**Sakai** Through the structural changes from FY2025 and the upcoming mid-term business plan, we will quantify the capital costs and returns of each business. From there, we will conduct the dynamic allocation of management resources to promote the shift to a high-added-value portfolio and increased profitability.

**Nakagawa** The company made steady progress on implementing a sustainability strategy that is aligned with its business strategy, one of the basic policies of Reborn 2024. The company's pioneering approach to engaging in sustainability initiatives has been highly evaluated by the market, and that approach has supported the company in its establishment of a global competitive advantage. The ability to cultivate sustainability, which is essential to growth strategy, into a core part of your business platform is the result of the diligent efforts of your employees. I believe that enhancing your revenue model by leveraging sustainability and developing the human resources that will enable you to promote sustainability globally will serve to further strengthen Fuji Oil's human capital and intellectual capital on a group-wide level.

**Sakai** While we are making progress on initiatives related to themes such as sustainable procurement and making contributions to the issue of climate change, the Group does face the issue of strengthening our human resource platform, including fostering the development of human resources necessary to implement these initiatives. This will be a point of focus for us over the medium- and long-term as we strive to achieve sustainable growth for

that we outline and dynamically implement response measures. We will transition to a business holding company structure and better clarify management responsibilities. At the same time, we will also strengthen our risk management structure. This will enable us to dynamically allocate management resources in the event some unpredictable change triggers a risk so that we are able to resolve the issue.

**Nakagawa** It is important that the formulation of a mid-term management plan based on this new structure be based not only on predictions of future risks, but also on an approach that accounts for both dreams and realities. The company's mission of co-creating a sustainable future for food has the potential for various new businesses. That is why I hope you will take the approach of outlining the dreams that encompass the company's larger vision while also conducting back casting based on the realities of detailed measures needed to achieve those dreams. An effective and feasible strategy is one that comprises a good balance of long-term targets and short-term implementation plans.

**Sakai** Certainly, our business environment is changing continuously. To mitigate risks while achieving sustainable growth, we will formulate a strategy that

## Conversation between CEO and Outside Director



the Fuji Oil Group. Not only we will continue to address this issue through Reborn 2024, I position human resource development as a core theme for which we will further enhance our efforts during the next mid-term management plan.

### Blommer structural reforms to propel the US chocolate business to a new stage of growth and differentiation

**Nakagawa** The poor performance at Blommer is something that has been the topic of deliberations numerous times at Board of Directors' meetings and in offline discussions. While it did take significant time to fully ascertain conditions and analyze structural causes, thanks to the efforts of the reform team and the executive officers involved, the company was able to announce structural reforms in March 2024. Through Board of Directors' meetings, I want to strengthen the monitoring of progress to ensure that these structural reforms steadily produce results.

**Sakai** I deeply regret that it took so much time to ascertain, analyze, and respond to various issues, including production troubles at the Chicago plant in 2022, inflation, major interest rate hikes, and rising cocoa bean prices from the latter half of 2023. To get our response back on trajectory, in 2023 we dispatched former CFO Matsumoto to accelerate the speed of management decisions and engage in company-wide deliberations concerning Blommer structural reforms. To ensure the company's ability to stability secure revenues moving forward, we will increase the ratio of high-added-value products to shift the company's focus from quantity to quality. We also

recognize that rebuilding the processed cocoa business is critical to controlling the impact of market price volatility. Demand for sustainability in cocoa bean procurement is increasing yearly. To ensure stability in both quality and supply based on an approach that gives due consideration to the environment and human rights, we plan to engage in the reevaluation and rebuilding of all workflow processes, from Blommer's procurement policies to its sales strategy.

**Nakagawa** On one hand, the company's strategy entails structural reforms involving the closure of the Chicago plant and the rebuilding of the company's business platform. On the other hand, you are pursuing a new strategy of using Blommer to shore up a new chocolate business for the US market. These strategies must be advanced simultaneously, and I very excited to see how the Fuji Oil maximizes its strengths to incorporate its culture and methods into Blommer's business and engage in the US market, which is the world's largest chocolate market. Simply exporting Japan's strengths into the company is not enough. What will prove critical is how Fuji Oil localizes those strengths to permeate them into Blommer and the US market.

Mr. Sakai, as someone who was heavily involved in the US business, how do you view the ongoing transformation of Blommer?

**Sakai** My policy will be to share the Fuji Oil Group vision and reinforce themes such as safety and quality management and productivity. We will protect the Blommer's traditions and legacy while shifting to a style rooted in Fuji Oil business practices. We have three strengths, management accounting that can identify the profitability of individual products, high productivity by Japanese way, and a differentiation strategy grounded in our oil and fat technology. I view these three strengths have been cultivated in Japan over the years, so I want to work steadily towards adopting to Blommer. I am confident that we can transform Blommer and achieve growth by establishing this platform and fusing these practices with the company's existing sales capabilities.

**Nakagawa** Achieving that will require valuing the Fuji Oil DNA while also working together with local customers and employees to build a unique corporate culture for the US subsidiary. In particular, I hope to see the company focus on leadership development and organizational enhancements that proactively seeks involvement from local human resources.

**Sakai** After the decision to close the Chicago plant, we proceeded carefully to ensure due consideration was given to all stakeholders. As a result, we were able to close the plant successfully. That decision also triggered a change in awareness at Blommer. We will engage in dialogue with local staff while incorporating the strengths of the Fuji Oil Group as we make every effort to achieve steady growth for Blommer.

### Human resource development and sustainability as a part of growth strategy

**Nakagawa** The phrase "human resources" has come up often in today's conversation. Mr. Sakai, in your view, what type of human resources does the Fuji Oil Group requires to implement its growth strategy?

**Sakai** Human resource development are critical to achieving sustainable growth. Our first step is to permeate an increased understanding of the Fuji Oil vision among all employees. From there, the key will be to develop human resources capable of globally expanding the strengths that the Fuji Oil Group has cultivated over the years. At the same time, I recognize that future issues we must address include developing director candidates, strengthening our human resource development structure, enhancing internal education, hiring personnel with dedicated expertise. We must also focus on personnel rotations and pursue human resource development that achieves a balance between generalists and specialists.

**Nakagawa** Younger generations tend to seek motivation and results within a few years of joining a company. In that sense, perhaps the company should provide challenges and opportunities to gain various experience from an early stage. For example, begin by helping employees develop expertise, even in a limited sense, and then helping them gain experience by having them fulfill various roles. I think this would foster a growing sense of connection to their own role within the Fuji Oil strategy. This would lead to a developing sense of responsibility to customers, business partners, the company, and all of society. I believe creating an environment that enables engagement in various challenges is essential to promoting the type of human resource development that help create the future of the company.

**Sakai** I see. Thank you for such sound advice. Earlier, you mentioned the dreams of the Fuji Oil Group. I view this as advancing towards our Group vision. However, it can be difficult for an employee to connect on a personal level with a vision, or understand how their own work is linked to that vision. In that sense, I also want to consider activities that help employees understand on a personal level how their daily work is linked to our future vision and how the collective activities of everyone working for the Fuji Oil Group steadily advance us towards fulfilling our dreams. I also think it is important for young employees working in Japan to experience working overseas from an early stage. Recently, I spoke with several young employees being assigned to an overseas Group company. They were all excited about the opportunity to work overseas and had high hopes for achieving personal growth overseas. Hearing that made me very happy.

**Nakagawa** I visited a plant recently and saw many female employees working energetically in the product prototype facilities. What is your view on the Fuji Oil Group overall in terms of providing women opportunities for career advancement?



**Sakai** Not limited to women, I believe it is important to create an environment and systems that enable all employees to feel motivated and energetic. I believe that workstyles and life plans will continue to diversify. As the number of women entering the workplace increases, companies will face various issues related to returning to work after long-term childcare leave and childcare leave rates among male employees. I want to make sure we make improvements in these areas and create comfortable work environments.

**Nakagawa** Workstyles in today's labor market have changed and diversified significantly. I look forward to the company engaging in trial and error as it proactively pursues effective initiatives.

It is also important for the company to engage in sustainable supply chain management. Companies are expected to promote sustainability among all stakeholders from a global perspective. This includes the company's responsibilities as a supplier, safety and quality, human rights, the environment, and raw material procurement.

As an Outside Director, I will maintain a long-term perspective and work to enhance dialogue with you and other members of the Board towards helping the company work to increase its corporate value.

**Sakai** Fuji Oil has always been a pioneer in sustainability issues, including in terms of the procurement of our main raw materials such as palm oil and cocoa. Promoting sustainability is essential to achieving sustainable growth for the Group. We will pursue the possibilities of plant-based ingredients and, as a corporate Group that works to resolve health and environment issues, lean on internal and external wisdom to engage in management that enables sustainable growth for us as a company and for society. I look forward to working as one towards achieving growth for the Fuji Oil Group.

# Structural Reforms of Blommer

FY2023 resulted in an extremely difficult business environment for Blommer. I want to offer my sincere apologies to everyone for the concerns the business as caused. Blommer announced structural reforms in March 2024. Through deliberations concerning structural reforms and with the successful completion of the first step in those reforms, the closure of the Chicago factory, Blommer has become unified team. I strongly feel that the company is now in a position to make a new start.

The major changes in the operating environment and market values including Blommer are expected to continue. However, Blommer will steadily advance preparations to build a solid business foundation and establish earning power that will contribute to stakeholders. These efforts including launching a new product line, ELEVATE, which uses vegetable fats for chocolate (CBE), strengthening R&D and sales, and conducting capital expenditures for the Campbellford Plant in Canada.

Blommer's strengths remain its brand recognition on the US market, its reputation among customers, and its cocoa bean procurement capabilities that the Company has cultivated since its founding. The strengths of the Fuji Oil Group include technological capabilities and the ability to help resolve customer issues. We believe we can create synergy through the fusion of these strengths. All Blommer employees are committed to working together to promote a transformation.

**Tomoki Matsumoto** Senior Executive Officer,  
Chairman of Blommer Chocolate Company

**Blommer Corporate Overview**

- Established • 1939
- Business • Industrial Chocolate Business
- Plants • 2 plants in the U.S., 1 plant in Canada
- Share • No. 2 for market share in the US (No. 2 for chocolate, No. 1 for cocoa)

**Volume Proportion by Products Type (FY2023)**

- Processed Cocoa Products: 23%
- Chocolate Products (Pure Chocolate): 48%
- Chocolate Products (Compound Chocolate): 29%

### Business Opportunities

- Projecting stable demand growth for the domestic market
- Increased demand for compound chocolate due to rising cocoa market prices
- Market diversification due to increasing health consciousness
- Technological synergy within the Fuji Oil Group

#### Chocolate Confectionery Market Size by Region

Region	Percentage
U.S.	21%
Other Americas	12%
Europe	47%
Asia / Oceania	15%
Middle East / Africa	5%

Quote: Euromonitor Chocolate Confectionery

#### North American Market Growth by Category

In addition to continued growth in the chocolate confectionery market, Blommer is also expected to be a catalyst for market expansion.

Quote: Euromonitor Geography North America Category Chocolate Confectionery, Ice Cream, Protein/Energy Bars

### Competitive advantage

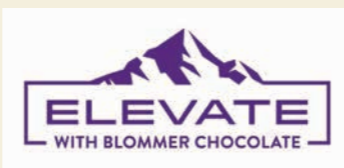
- Brand strength cultivated since founding
- Sustainable initiatives in West Africa, a cocoa-producing region
- Customer network in the US

### Issues

- Stability of production structure
- Volatility of performance due to cocoa market prices

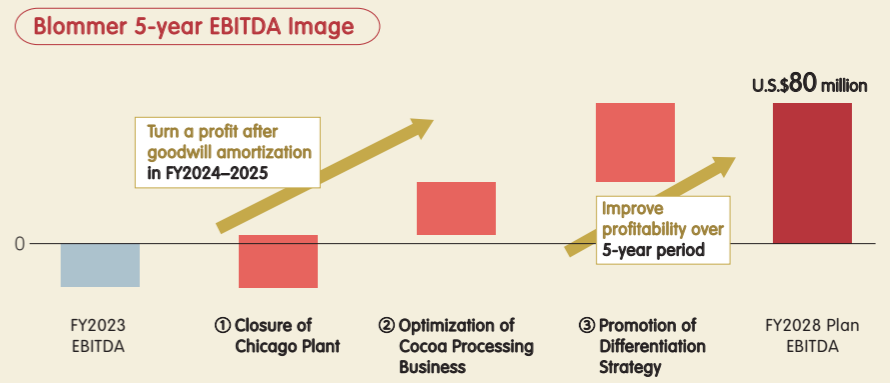
## Launch of new brand that leverages oil and fat technology

In June 2024, Blommer announced a new product line called ELEVATE, which uses vegetable fats for chocolate (CBE). This is a highly functional compound chocolate that incorporates the Fuji Oil Group's oil and fat technology. Amid fluctuation in market prices for cocoa butter, we are strengthening our development as a new brand that meets the changing demands of customers in the US market.



## Blommer Structural Reform Plan

Blommer's structural reform plan was announced in March 2024. Blommer is a growth driver for the Industrial Chocolate business, and restoring the company's profitability will greatly contribute to the Group's long-term growth. Through the successful completion of structural reforms, Blommer will be reborn into a company that plays a central role in value creation by the Fuji Oil Group.



### 1 Closure of Chicago Plant

Blommer has been contributing to the US chocolate market for many years from Chicago, where the company was founded. We have decided to close the Chicago factory due to multiple factors, including delays in improving production facilities following COVID-19, rising costs due to inflation, trouble securing human resources, and decreased sales volume due to a decline in consumption. As structural reforms, we will transfer production to other factories as we aim for an improvement of approximately \$30 million in FY2024 compared to the previous fiscal year.

### 2 Optimization of Cocoa Processing Business

Blommer has been operating as the largest processor of cocoa in the US, but cocoa bean procurement requires long-term contracts and long-term inventory. This has led to issues such as earnings volatility and commoditization. As structural reforms, we will reduce external sales of processed cocoa products and reduce cocoa bean inventory to reduce management costs and improve working capital.

Changed to a policy focused on reducing sales to customers and mainly using cocoa as a raw material for internal production.

### 3 Promotion of Differentiation Strategy

Combining Blommer's customer and sales network and the Fuji Oil Group's oil and fat technology, we will expand sales of high value-added products by making problem-solving proposals centered on compound chocolate. We plan to open a new research center in Chicago in the fall of 2024. Furthermore, the Campbellford factory is scheduled to launch operations of new equipment in FY2026. This facility will feature new equipment that will expand production capacity for high-value-added products.

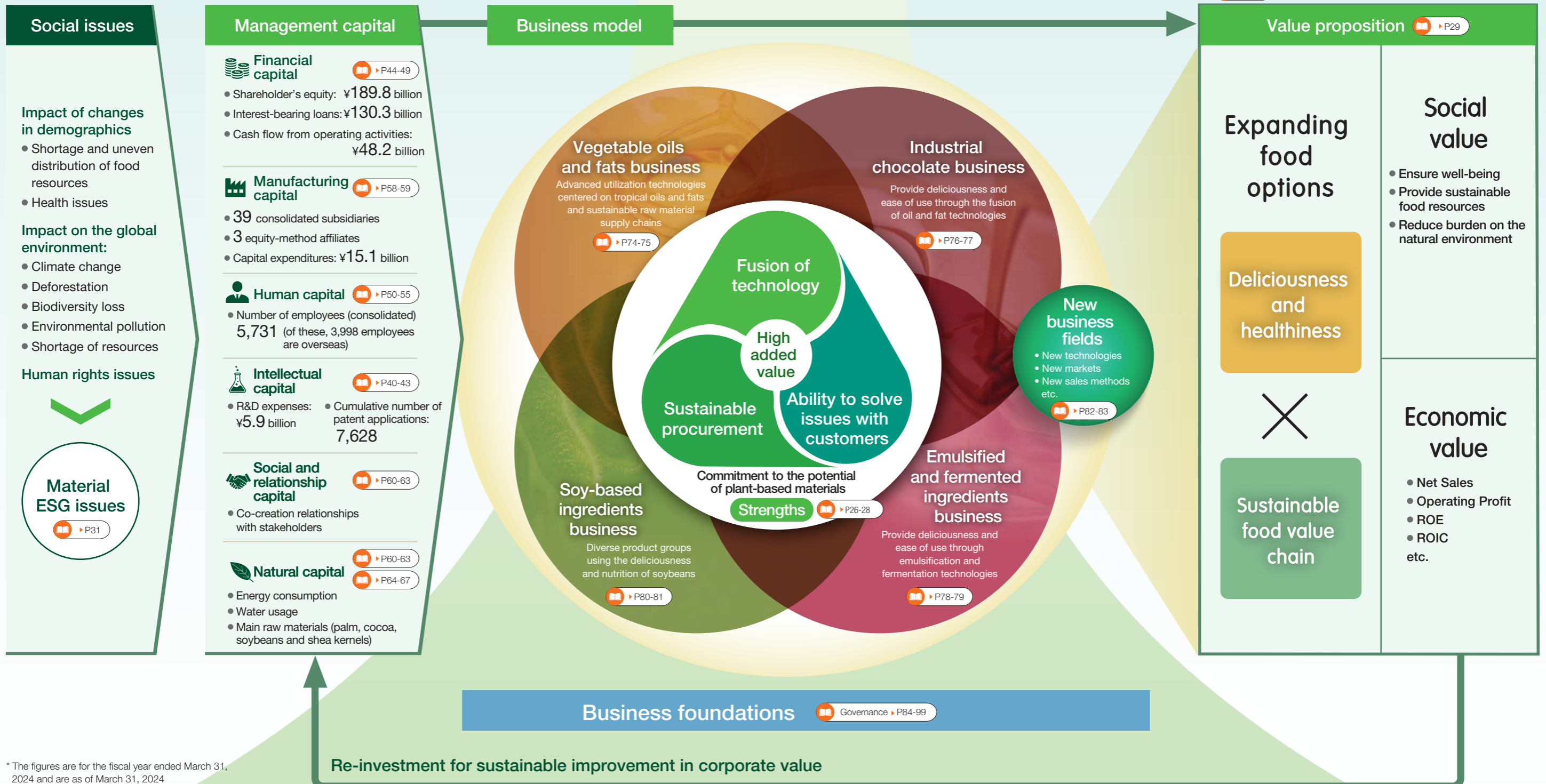
# Value creation process to realize our vision

Combining the strengths of our four businesses with management capital as the source leads to the creation of value proposition. We re-invest the profits and cash flows obtained from the Group's value proposition to sustainably improve the Fuji Oil Group's corporate value.

The Group aims to realize a "Sustainable Future for Food" through a cycle of value creation.

## Vision

# Co-creating a sustainable future for food



\* The figures are for the fiscal year ended March 31, 2024 and are as of March 31, 2024

# Realizing our Vision

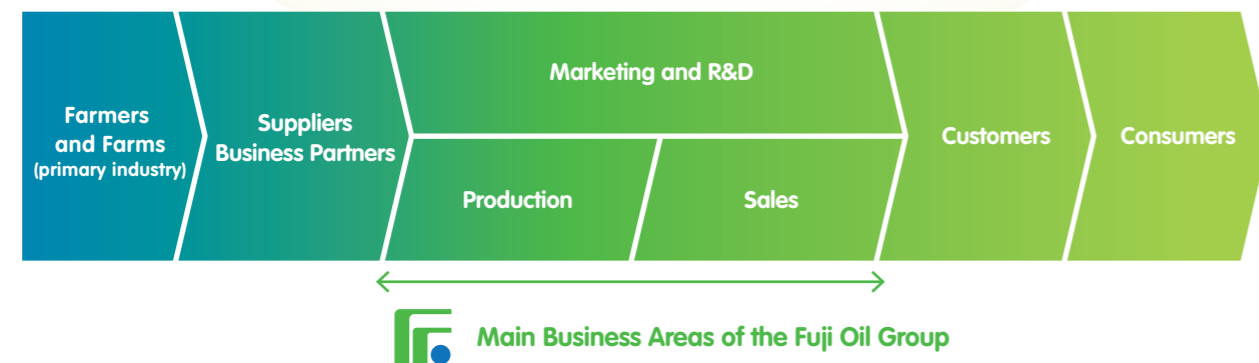
Since our founding, the Fuji Oil Group has created value by focusing on plant-based ingredients, enhancing technology, and offering ingredients that resolve the problems of our customers and business partners. In addition to existing value, we strive to create value that contributes to a sustainable society.

## 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

Actions to Achieve the Vision	2030 Targets
Creating innovative plant-based ingredients to form a highly profitable business portfolio	<ul style="list-style-type: none"> <li>• ROE 10%</li> <li>• ROIC 8%</li> </ul>
Creating social value by undertaking and contributing to resolving social issues related to the food value chain	<ul style="list-style-type: none"> <li>• Achieve sustainable procurement commitment</li> <li>• Achieve Environmental Vision 2030</li> </ul>
Implementing human resource development and corporate culture reform	<ul style="list-style-type: none"> <li>• Work to provide an environment that motivates globally diverse human resources to undertake new challenges and achieve innovation. United toward achieving growth.</li> </ul>

Many stakeholders are involved in the complex supply chain required to deliver food to consumers. Engaging in value creation initiatives across the entire value chain, including consumers, is critical to achieving a sustainable future for food. The Fuji Oil Group fulfills functions in the mid-stream of this value chain. Through our R&D and production activities, we work to provide solutions that meet the expectations of all stakeholders.



# Fuji Oil Group Management Capital

Since our founding, the Fuji Oil Group has cultivated six types of management capital that serve as the source of our sustainable growth. We will further strengthen our management capital and create additional value through our business model.

## Financial capital

- Shareholder's equity: **¥189.8 billion**
- Interest-bearing loans: **¥130.3 billion**
- Cash flow from operating activities: **¥48.2 billion**

A financial platform built by reinvesting the profit and cash flow gained through Group business activities into sustainable increases in corporate value

**Policies for further enhancement**

- Increase capital efficiency
- Improve financial soundness

▶ P44-49

## Manufacturing capital

- **39** consolidated subsidiaries
- **3** equity-method affiliates
- Capital expenditures: **¥15.1 billion**

Manufacturing sites and capacity for the Group's stable quality production of the safe, reliable products we offer customers

**Policies for further enhancement**

- Increase quality and efficiency of production activities
- Share knowhow throughout the entire Group

▶ P58-59

## Human capital

- Number of employees (consolidated) **5,731** (of these, 3,998 employees are overseas)

Human resources to support Group business activities and sustainable growth

**Policies for further enhancement**

- Hiring, development, and appropriate assignment of human resources to support global operations
- Promote DE&I
- Strengthen communication

▶ P50-55

## Intellectual capital

- R&D expenses: **¥5.9 billion**
- Cumulative number of patent applications: **7,628**

Group technological innovation, research results, and the technical capabilities to support the creation of products that contribute to resolving social issues

**Policies for further enhancement**

- Strengthening global research structure
- Promoting R&D that leads to health for people and the Earth

▶ P40-43

## Social and relationship capital

- Co-creation relationships with stakeholders

Relationships of co-creation we have built with stakeholders as a company that exists in the mid-stream of the food value chain

**Policies for further enhancement**

- Risk mitigation and opportunity creation through co-creation with stakeholders

▶ P60-63

## Natural capital

- Energy consumption
- Water usage
- Main raw materials (palm, cocoa, soybeans and shea kernels)

The energy and water resources that are essential to Group business activities and the natural ecosystems (forests, water, soil, etc.) required to produce our main raw materials

**Policies for further enhancement**

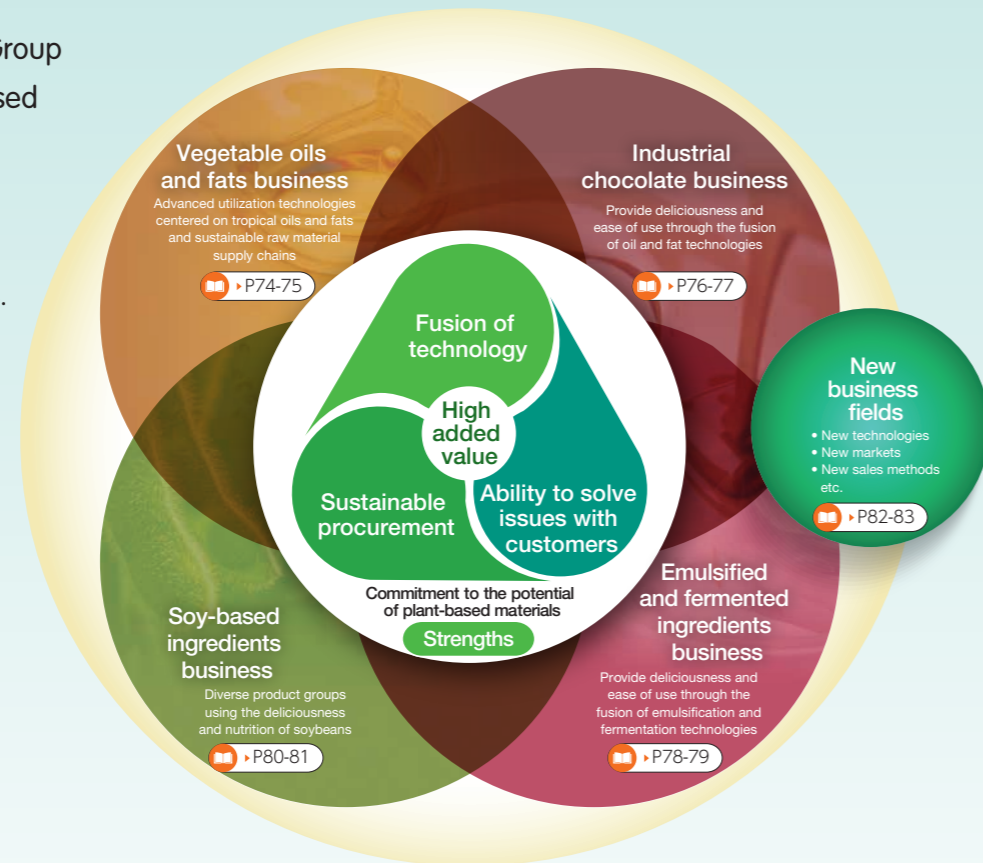
- 2030 Environment Vision
- Initiatives for sustainable procurement

▶ P60-63 ▶ P64-67

\* Figures for FY2023, based on information available as of March 31, 2024

# Fuji Oil Group Strengths

Since our founding, our Group has focused on plant-based ingredients, enhancing and expanding our technology to develop business in four domains.



## Fusion of technology

Since our founding, the Fuji Oil Group has focused on plant-based ingredients and developed technology unique to each business to establish a distinctive product portfolio. In addition to using the unique technology in each business we have cultivated over the years to create new products, we also pursue a fusion of the technologies of each business to transcend boundaries and create new safe and reliable products that contribute to the added value and competitiveness of our product portfolio.



### Examples of initiatives

#### MIRACORE®

Research into deliciousness that began at the Research Institute for Creating the Future in 2015 led to creation of MIRACORE® as a technology brand in 2021. Aiming to realize a future where people can enjoy choosing plant-based foods, this technology combines vegetable oils and fats with proteins to create a sense of satisfaction. This is a technology that can only be achieved by FUJI OIL, which has a 70-year history of commitment to researching plant-based oils and fats and protein.



## Strengths cultivated by pursuing the possibilities of plant-based ingredients

### Vegetable oils and fats business

- Core technology of the Fuji Oil Group for which we have pursued innovation to enable the advanced utilization of various oils and fats
- Aiming for sustainable social and business activities, our supply chain is rooted in trust-based relationships built on partnerships with plantations and farmers

### Industrial chocolate business

- Chocolate manufacturing technology supported by innovative oil and fat technology
- High-quality compound chocolate that combines workability that contributes to customer manufacturing and logistics processes, attributes such as heat resistance that contribute to ease of use, and a melt-in-your-mouth texture and rich flavor for the deliciousness that customers desire

### Emulsified and fermented ingredients business

- Oil and fat emulsification technology that provides processing stability during customer manufacturing and logistics processes and shape retention and other attributes that contribute to ease of use
- A wide range of ingredients achieved through a fusion of fermentation technology to achieve the deliciousness customers desire

### Soy-based ingredients business

- R&D to bring out the natural deliciousness of soybeans
- A diverse product selection created through research into the functional ingredients contained in soy protein

### New business fields

- Initiatives to shift our revenue structure to a focus on high added value
- Proposals rooted in problem resolution that incorporate new technology, new markets, new sales methods

## Sustainable procurement

To realize a sustainable society, our Group promotes supplier engagement to engage in initiatives aimed at resolving environmental and human rights issues facing the regions where our main raw materials are produced. Our advanced sustainability initiatives not only help reduce risks, but also contribute to creating added value and improved competitive advantages for our Group. For example, with palm oil, we have received many inquiries from customers who agree with our Group philosophy and initiatives. This has led to the creation of new sales opportunities. Through sustainable procurement, we aim to create social value and increase our corporate value.

### Examples of initiatives

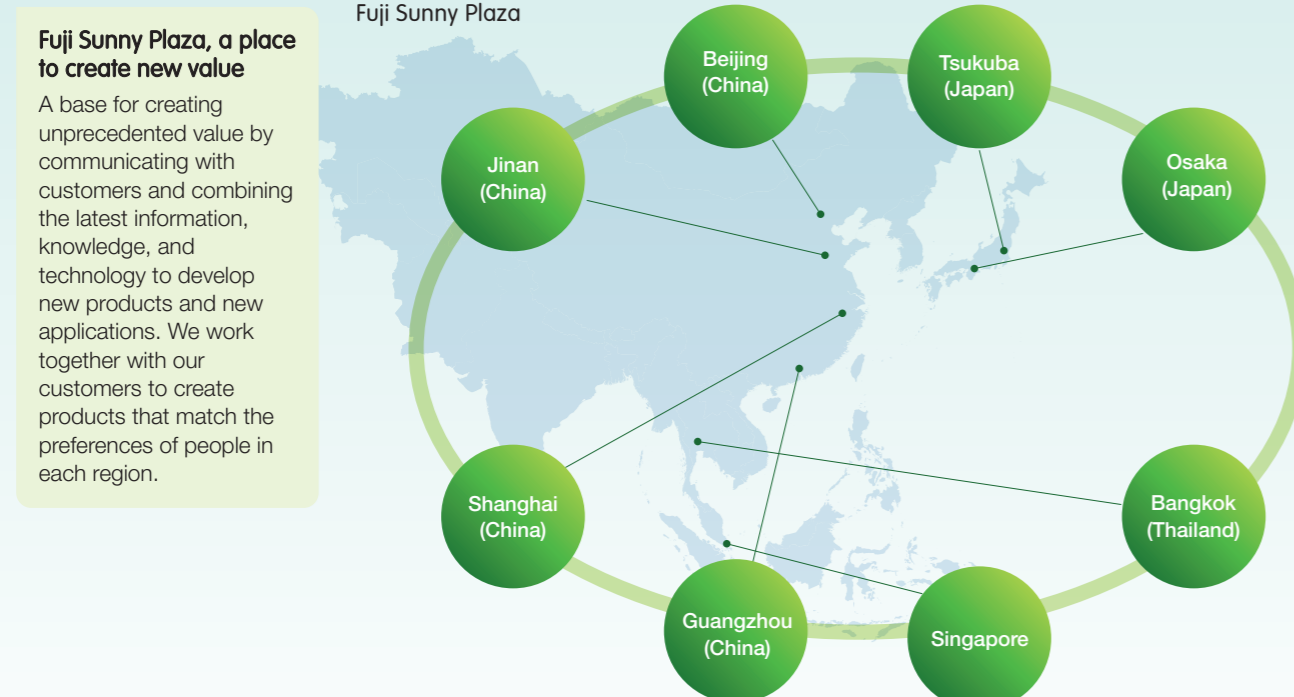
#### Expand sustainable products

Demand for products that take sustainability into consideration is growing in the West as well as Japan, China, and Southeast Asia. Our Group is working to strengthen our supply chain for RSPO-certified oils and our unique cocoa farmer support program, Sustainable Origin. These initiatives serve as a source of added value.



### Ability to solve issues with customers

As a food ingredients manufacturer, our Group strives to be a best partner that works with customers to contribute to resolving global food issues and create new value in the world of food based on our founding spirit of “Challenge and Innovation”. As a part of product sales, we work together with customers to resolve problems in all perspectives, including by providing information on market trends that contributes to customer product development, and by proposing improvements to manufacturing processes to improve the workability of customer products. As food diversification progresses, we are creating a framework for creating new value for business partners, consumers, and society.



**Fuji Sunny Plaza, a place to create new value**  
A base for creating unprecedented value by communicating with customers and combining the latest information, knowledge, and technology to develop new products and new applications. We work together with our customers to create products that match the preferences of people in each region.

### Examples of initiatives

**Co-creation with customers at PLAZA (Harald)**  
With the cooperation of the development division in Japan, Harald developed the raw chocolate “Nama Choko” for the Brazilian market, and made a product proposal to customers at the Harald PLAZA. Harald and Ofner (cafe chain), who were interested in the delicious taste and wonderful melt-in-your-mouth texture of Nama Choko, worked together to explore the product’s potential. This led to the creation of dessert fillings and trendy cookie applications using Nama Choko. Nama Choko not only has a great texture when eaten as is, but it also has excellent stability when baked. Harald also introduced products from the Japanese market, which served as a reference for customer product development. Ofner’s social media site is filled with consumer feedback on products using Nama Choko.

**Thales R. Giraldo**  
CTO  
HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA

**Creating new trends together with customers**  
At Harald, our strength lies in research and development that focuses on customer needs. Through co-creation, which combines customer needs with our expertise and technology, we create new trends in the market and create innovative products with high added value. Our R&D supports customers from concept planning to product launch. We produce unique results that have received high praise from customers. We will continue to strengthen our relationships so that our customers come first, and seize opportunities that will lead to sales of new products in line with the Fuji Oil Group strategy.

# Value provided by the Fuji Oil Group

With the economic growth of each country, material wealth is sought after, and since our founding, our Group has provided products that resolve the issues facing business partners and consumers. By creating new materials with new value, we have been able to improve the taste, functionality, and quality of our customers’ final products, contributing to the development and transformation of food culture.

Today, as consumers become more conscious about food and health, efforts are being made to create products that are both delicious and good for the body. This means creating products that are both delicious and healthy, and making contributions to the sustainable food value chains, which will in turn contribute to the realization of a sustainable society. Through business activities that leverage our strengths, our Group will contribute to our stakeholders by creating social value and economic value.

**Expanding Food Options with Plant-Based Ingredients**

Deliciousness and healthiness

×

Sustainable food value chain

**Social value**  
Through our business activities, our Group strives to reduce the impact on the natural environment. By supplying sustainable food resources, we contribute to the realization of consumer well-being through the joy of food, improved health, employment, and respect for human rights.

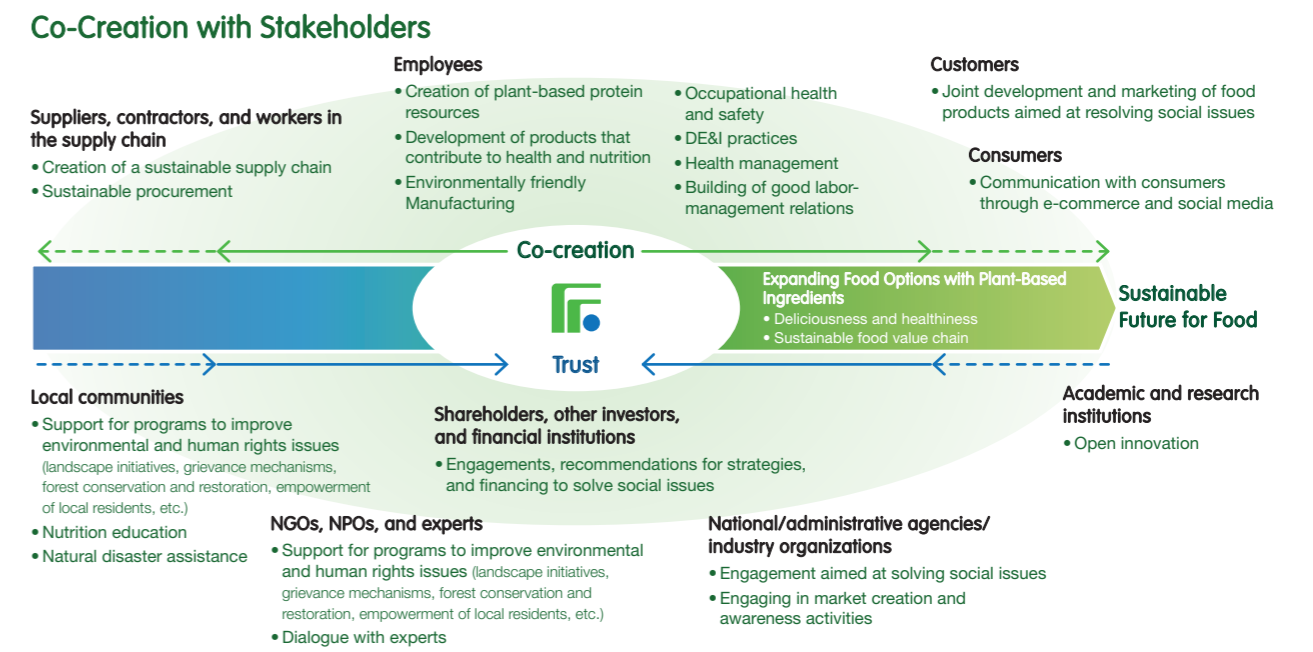
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**Economic value**  
The value our Group provides can be viewed as value for customers = value for consumer. We reinvest the profits and cash flow we earn into strengthening our financial base to support sustainable growth for the Group. We strive to enhance our provided value and create new value.

# Value Creation through Co-Creation

As a midstream player in the food value chain, the Fuji Oil Group will promote co-creation with various stakeholders. We will strengthen our engagement with upstream and downstream players, provide a sustainable food value chain, and pursue deliciousness and healthiness with our unique plant-based ingredients to expand food options for consumers.

Through these efforts, we will increase the added value and competitive advantage of our products. At the same time, we will reduce the cost of our business activities, thereby enhancing both the social value and the corporate value of our Group.





# Sustainability Management

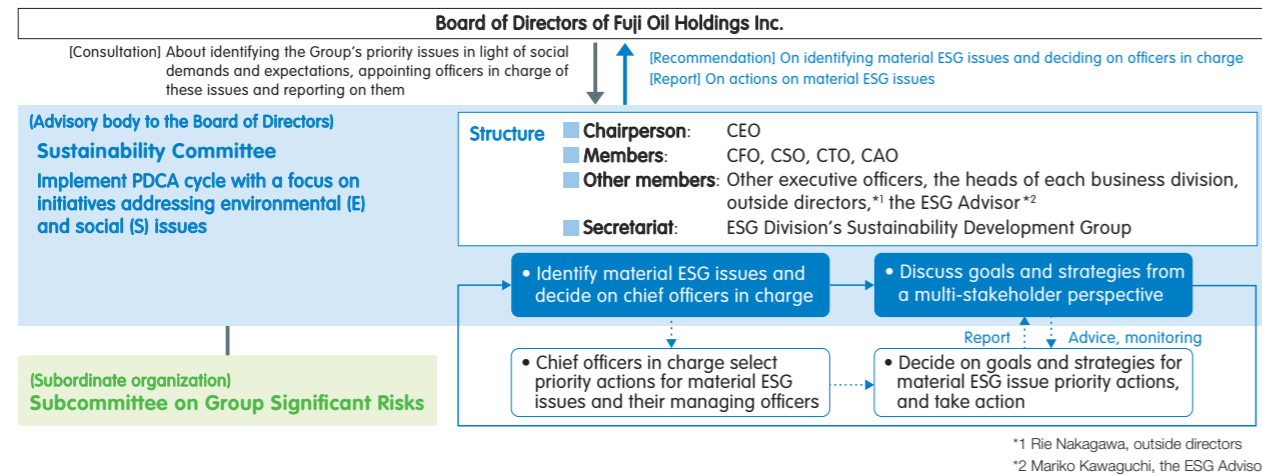
“Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy.” This is the vision we outline in the Fuji Oil Group Management Philosophy. We aim to realize a sustainable future for food and improve the corporate value of the Fuji Oil Group. To accomplish this, all employees of the Group will maintain a quick grasp of the social issues along our value chain, including global environmental issues, human rights, and the mental and physical health of people. This will enable us to create social value, not only by mitigating supply chain risks, but also by providing solutions that meet the expectations of all stakeholders.

## Sustainability Committee

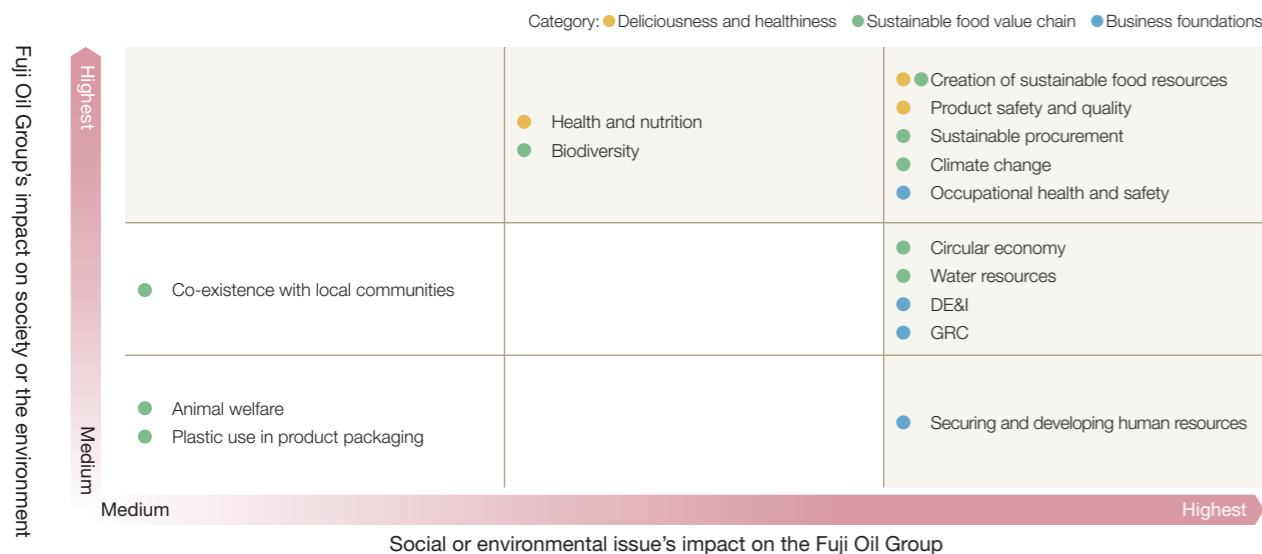
The Fuji Oil Group is a company with an Audit & Supervisory Committee. We also established a Sustainability Committee to serve as a voluntary advisory body to the Board of Directors by monitoring risks and opportunities related to sustainability. The Board of Directors receives Recommendations from this Committee to provide guidance, approval, and supervision, as well as make decisions on the medium- and long-term direction of the Group.

This Committee convenes at least twice a year, as outlined in Sustainability Committee Regulations, to identify material ESG issues and evaluate progress toward realizing goals and strategies related to these issues from the medium- to long-term perspective of environmental and social sustainability and sustainable corporate management. The Committee deliberates these issues from a multi-stakeholder perspective and issues Recommendations to the Board of Directors. The Committee is responsible for receiving reports on the status of progress and results of initiatives related to each material ESG key issue, and providing advice and conducting monitoring.

## The function of the Sustainability Committee (FY2024)



## FY2024 ESG materiality map



Please refer to Sustainability Report 2024 for details on sustainability management and our initiatives regarding material ESG issues.

Sustainability Management ▶ [https://www.fujiholdings.com/en/sustainability/sustainability\\_management/](https://www.fujiholdings.com/en/sustainability/sustainability_management/)

## Material ESG issues for FY2024

Category	Material ESG issues	Chief officer in charge/ Priority action	Our vision/ Medium- to Long-Term Goals
Value proposition	Deliciousness and healthiness	Product safety and quality ESG Division Head Ensuring Product Safety and Quality Control	Ensure that the Fuji Oil Group is never a cause for complaints for any of the products it manufactures. ▶ P58-59
		Health and nutrition CTO Solutions for Health and Well-being	Create a society in which people can lead purposeful lives with both mental and physical health, in the face of increasing health issues arising from changes in life stages and from dietary and lifestyle habits. ▶ P42
		CSO Reduction of Process Contaminants*1 in Oils and Fats	Reduce process contaminant levels in line with market expectations.
	Sustainable food value chain	Creation of sustainable food resources CTO Creation of Diverse Plant-based Ingredients	Make plant-based foods widely and readily available and increase dietary choices to help address food supply problems and broaden New Business Fields.
		Climate change ESG Division Head CO <sub>2</sub> Emissions Reduction	Environmental Vision 2030 Scope 1 and 2: 40% reduction (absolute) Scope 3 (Category 1): 18% reduction (absolute) Achieve both by 2030 (based year: FY2016) Note: Approved by the Science Based Targets initiative (SBTi) ▶ P66-67
		CTO Environmentally Responsible Production	Reduce CO <sub>2</sub> emissions in our supply chain and create high value-added products through stable procurement of raw materials and development of environmentally beneficial technologies.
		Water resources ESG Division Head Water Use Reduction	Environmental Vision 2030 20% reduction in water use (intensity) by 2030 (base year: FY2016). ▶ P66-67
		Circular economy ESG Division Head Waste Reduction	Environmental Vision 2030 10% reduction in waste (intensity) by 2030 (base year: FY2016) ▶ P66-67
		CTO Reduction and Upcycling of Food Loss and Waste	Contribute to reducing food loss and waste throughout the value chain through technology innovation and reuse/upcycling of byproducts.
		Biodiversity ESG Division Head Biodiversity Conservation and Restoration	Build a nature-positive value chain ▶ P64-65
Business foundations	Sustainable procurement	CSO Sustainable Procurement of Palm Oil	No Deforestation, No Peatland Development, No Exploitation (NDPE) ▶ P60-61
		CSO Sustainable Procurement of Cocoa	Reforestation, elimination of child labor ▶ P62
		CSO Sustainable Procurement of Soybeans	No deforestation, no exploitation ▶ P63
		CSO Sustainable Procurement of Shea Kernels	Forest conservation, support for women's empowerment ▶ P63
Occupational health and safety	ESG Division Head Reducing Occupational Accidents and Property Damage	Place top priority on safety and respect for humanity. Keep all Group companies accident-free by creating safe and comfortable workplaces. ▶ P58-59	
DE&I*2	CAO Promotion of DE&I*3	Equity: Remove barriers experienced by people from disadvantaged communities, provide equitable opportunities and conduct fair evaluations ▶ P53-55 Inclusion: Build a corporate culture that fosters feelings of belonging among all employees Diversity: Harness diversity for business model and value creation	
Securing and developing human resources	CAO Securing and Developing Human Resources	Increase number of specialists in every field compared to the status quo, with many of our talents contributing to increasing corporate value in the face of changes in and outside Japan Have successor candidates always ready to take over for key positions (executive officers, general managers, section managers) ▶ P50-52	
GRC*4	Risk Management System	ESG Division Head	Earn the trust of society by demonstrating high reliability and risk management capability. ▶ P94
		CFO	Sustainably develop the Group through responsive systems and enhanced measures to counter IT security risks that have significant impacts on business management.
	Fair Business Practices	Legal Division Head	Earn the trust of all stakeholders by conducting business fairly, transparently, and with integrity.
		CSO	Enhance corporate value through the establishment of an effective Group governance system. ▶ P97
Corporate Governance	CSO	Improve corporate value through appropriate functioning of the Board of Directors. ▶ P84-85	

\*1 Trace elements that are introduced or formed during the production process.

\*2 Diversity, equity and inclusion

\*3 A term encapsulating the concepts and practices of providing equitable opportunities and evaluations and developing and leveraging diverse talent through inclusive management.

\*4 Governance, risk, and compliance

# Progress for our Mid-Term Management Plan, Reborn 2024

The environment surrounding the Fuji Oil Group continues to see a lack of transparency as social instability and Chinese economic slowdown attributable to tense international situations drive concerns of an economic slowdown and we have faced soaring costs for certain raw materials due to unseasonable weather and other factors.

Amid such an environment, during the period of the Mid-Term Management Plan, Reborn 2024, our Group has worked to strengthen our business platform with our highest priority being to restore the profitability of current assets and business and enhancing our financial position.

Promoting business-axis management, we will steadily execute profit improvement measures for each Group company and optimize management resource distribution. We will advance the shift to a high-value-added portfolio focused on products. We are working to improve our corporate value by engaging in management focused on capital costs and uses ROE and FUJI ROIC as performance metrics.

## Reborn 2024

By responding to changes in society and changing markets and sales methods, we will be reborn as a corporate group that is able to create new value in unpredictable operating environments.

Phase1 2022–2024	Phase2 2025–2027	Phase3 2028–2030
<b>Strengthening of the foundation</b>	<b>Getting on track</b>	<b>Establish / Solidify</b>
<ul style="list-style-type: none"> <li>Realization of expected gains on major investments in Blommer, etc.</li> <li>Transformation of business management Foundation</li> <li>Initiatives aimed at new business fields</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of growth strategies for major Investments</li> <li>Expansion of new business fields</li> <li>Strengthening of business portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Highly profitable portfolio</li> <li>New business fields become pillars of business</li> <li>Sustainability as distinguishing factor</li> </ul>
<span style="background-color: #008000; color: white; border-radius: 50%; padding: 5px;">ROE 8%</span> <span style="background-color: #008000; color: white; border-radius: 50%; padding: 5px; margin-left: 20px;">ROIC 5%</span>	<span style="background-color: #008000; color: white; border-radius: 50%; padding: 5px;">ROE 9%</span> <span style="background-color: #008000; color: white; border-radius: 50%; padding: 5px; margin-left: 20px;">ROIC 7%</span>	<span style="background-color: #008000; color: white; border-radius: 50%; padding: 5px;">ROE 10%</span> <span style="background-color: #008000; color: white; border-radius: 50%; padding: 5px; margin-left: 20px;">ROIC 8%</span>

## Reborn 2024

### 1. Strengthening of Business Foundation (Restoring Profitability and Creating New Value)

- Restore core profitability
- Revitalize product portfolio in existing businesses through high-value-added solutions
- Concentrate allocation of management resources to growth and strategic areas
- Initiatives aimed at new business fields

### 3. Enhancing Sustainability (Aligning Sustainability Strategy with Management Strategy)

- Distinctiveness through sustainable Procurement
- Climate change response
- Utilize human resources

### 2. Strengthening Global Management

- Adopt business-specific ROIC
- Profit management by strengthening the business axis
- Research / Technology development
- DX

## Reborn 2024 Management Plan Targets

Financial Item	FY2024 Targets	FY2023 Results	FY2022 Results	Non-Financial Item	FY2024 Targets	FY2023 Results	FY2022 Results	
Operating Profit	¥23.5 billion	¥18.2 billion	¥10.9 billion	CO <sub>2</sub> emissions (Scope 1+ Scope 2)	23%*2 reduction in total CO <sub>2</sub> emissions	29% reduction	26% reduction	
ROE	8.0%	3.0%	3.1%		Sustainable procurement (Palm oil)	TTP*3 ratio 85%	95%	93%
FUJI ROIC*1	5.0%	3.5%	2.0%					
Shareholder Returns	Dividend payout ratio 30%–40%	Dividend payout ratio 68.5%	Dividend payout ratio 73.0%					

\*1 FUJI ROIC = Operating profit after tax / (Working capital + Fixed assets)

\*2 Base year: 2016, all consolidated subsidiaries

\*3 TTP: Traceability to Plantation

Progress of Efforts in FY2023

Future Measures to Achieve Mid-Term Management Plan Targets

### 1. Strengthening of Business Foundation

<b>Restore core profitability</b> • Capture growth as markets recover • Improve profitability	<ul style="list-style-type: none"> <li>Conducted raw material position management and implemented appropriate price revisions based on a business-specific basis</li> <li>Grew sales volume by capturing demand driven by a recovery in inbound demand on Japanese markets</li> <li>Formulated structural reforms to restore profitability to Blommer businesses. We closed the Chicago plant</li> </ul>	<ul style="list-style-type: none"> <li>Continued raw material position management and appropriate price revisions for each business</li> <li>Designed Group-wide productivity metrics and managed those metrics to efficiently increase productivity</li> <li>Steadily implemented Blommer structural reform plan</li> </ul>
<b>Revitalize product portfolio in existing businesses through high-value-added solutions</b>	<ul style="list-style-type: none"> <li>To strengthen our supply structure for certified palm oil, we decided to establish a joint venture in Malaysia for the manufacturing and sales of high-value-added oil and fat products using sustainable palm oil as raw materials.</li> </ul>	<ul style="list-style-type: none"> <li>Advanced shift to high-value-added products by expanding sales of certified palm oil and vegetable fats for chocolate</li> <li>Respond to laws and regulations and soaring raw material prices by shifting to value-added products supported by our sustainable procurement capabilities and by fusing technologies related to oils and fats and chocolate</li> <li>Apply Group technology towards promoting the shift to high-value-added products for Harald chocolate</li> </ul>
<b>Concentrate allocation of management resources to growth and strategic areas</b>	<ul style="list-style-type: none"> <li>April 2023: Sold the fixed assets of Fuji Oil New Orleans</li> <li>April 2023: Expanded production capabilities by launching operations at the Harald No. 2 plant</li> <li>April 2023: Launched operations a polysaccharide plant in Europe</li> <li>August 2023: Launched operations at a cream plant in China</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened supply structure for certified oils and fats to a market that is projected to see growth in Europe and other regions</li> <li>Strengthened Group supply structure for CBE products, which is seeing increased demand</li> </ul>
<b>Initiatives aimed at new business fields</b>	<ul style="list-style-type: none"> <li>Expanded sales of soy cream butter (Soy Lait Beurre), made from a fusion of our proprietary soy processing and oil and fat technologies.</li> <li>Launched products such as a plant-based dashi that incorporates MIRACORE® technology</li> <li>Launched the EC media cotta tomorrow as a new sales channel</li> </ul>	<ul style="list-style-type: none"> <li>Accelerated sales expansion for products such as a plant-based dashi that incorporates MIRACORE® technology</li> <li>Launched products and engaged in sales promotion activities for GOODNOON, a brand specializing in plant-based products</li> <li>Strengthened digital sales for plant-based foods and other products</li> </ul>

### 2. Strengthening Global Management

<b>Adopt business-specific ROIC</b>	<ul style="list-style-type: none"> <li>Set FUJI ROIC improvement strategies for each company and conducted progress monitoring</li> <li>The Management Committee started regular reviews of key factors related to the FUJIROIC, including operating capital and investment progress</li> </ul>	<ul style="list-style-type: none"> <li>Review investment regulations for business portfolio management</li> <li>Creation of a framework for improving Group capital efficiency through the implementation of FUJI ROIC (set KPI, manage goals, continue deliberations) strategies by each company</li> </ul>
<b>Profit management by strengthening business axis</b>	<ul style="list-style-type: none"> <li>Strengthened management through a business-axis approach to enhance the management of risks inherent to each business and strengthen alliances between Group companies</li> <li>Strengthened business-axis management to support strategy implementation by Group companies</li> </ul>	<ul style="list-style-type: none"> <li>In addition to strengthening ongoing Group responses related to finance, accounting, and production management, we improved business-specific management to promote the optimal distribution of management resources and enhancements to response capabilities</li> </ul>
<b>Research and technology Development</b>	<ul style="list-style-type: none"> <li>Promoted research themes linked to global business strategy</li> <li>Managed research themes from a medium- and long-term perspective based on annual KPI and milestones</li> <li>Adopted new technology information management and strengthen global IP strategy</li> </ul>	<ul style="list-style-type: none"> <li>Accelerated globalization of R&amp;D</li> <li>Strengthened global IP strategy and promoted optimization of R&amp;D</li> </ul>
<b>DX</b>	<ul style="list-style-type: none"> <li>Promoted adoption of a globally integrated ERP system for Blommer and FUJI OIL CO., LTD.</li> <li>Adopt response solutions for strengthening overall Group IT security</li> </ul>	<ul style="list-style-type: none"> <li>Promote a globally integrated ERP system for Blommer and FUJI OIL CO., LTD.</li> <li>Consolidate management information of each Group company accumulated in a globally integrated system into an integrated database as an information infrastructure for promoting Group management</li> </ul>

### 3. Enhancing Sustainability (Aligning Sustainability Strategy with Management Strategy)

<b>Distinctiveness through sustainable procurement</b>	<ul style="list-style-type: none"> <li>Strengthened partnerships with plantations to promote expansion of certified palm oil</li> <li>Prepared for TNFD-based information disclosure (disclosure in Sept. 2024)</li> </ul>	<ul style="list-style-type: none"> <li>In response to EU laws and regulations, we engaged in Group internal partnerships to promote a global customer response and secure a competitive advantage</li> </ul>
<b>Climate change response</b>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> reduction (Scope 1 + Scope 2): 29% reduction (compared with base year 2016)</li> <li>CO<sub>2</sub> reduction (Scope 3, Category 1): 27% increase (estimate) (compared with base year 2016)</li> </ul>	<ul style="list-style-type: none"> <li>Promote energy conservation activities, introduction of renewable energy</li> <li>Promoted supplier engagement</li> </ul>
<b>Utilize human resources</b>	<ul style="list-style-type: none"> <li>Conducted engagement surveys to ascertain organizational trends and evaluate response measures aligned with each area</li> <li>Strengthened communication between management and Group employees through direct dialogue and conferences</li> </ul>	<ul style="list-style-type: none"> <li>Implemented response measures in each area based on engagement survey results</li> <li>Continued working to enhance human resource pool of candidates for management positions and continued to implement education program</li> <li>Fostered and secured human resources for overseas positions, evaluated management candidate selection and development plans for overseas locations</li> </ul>

# Conversation between the CTO and Outside Directors

## Exerting our unparalleled technical superiority to create food ingredients that contribute to the food of tomorrow.

We arranged a conversation between Akihiro Nakamura, who assumed the position of CTO from FY2024, and Outside Director Tomoko Tsuji on the topic of how the Fuji Oil Group can further advance its already impressive technological capabilities to create value amid the Group's pursuit of sustainable growth.

**The true strength of R&D is the willingness to challenge ourselves to new business fields that seem beyond our reach**

**Nakamura** Having assumed the position of CTO from this fiscal year, I will work to further strengthen technological capabilities towards improving the corporate value of the Fuji Oil Group. I am looking forward to exchanging opinions with Outside Director Tsuji, a specialist in the food domain, regarding the state of our R&D aimed at promoting medium- to long-term growth. Through our conversation, I hope to convey to our stakeholders how the Fuji Oil Group will pursue value creation.

**Tsuji** During my many years of involved in food R&D, on numerous occasions I often hear food manufacturers mention how Fuji Oil was a valued partner in their manufacturing operations. It made me realize that, through its technological capabilities Fuji Oil was making great contributions to the business of its customers. In that sense, what represents the source of Fuji Oil's technological capabilities?

**Nakamura** In food development, we have always set our highest priority theme as providing functional food ingredients that resolve the problems of our customers. All of our products, including vegetable fats for chocolate, margarine, fillings, and whipping cream, are food ingredients featuring distinctive physical functions, and we have been able to use these ingredients to contribute to resolving customer issues. The core technology that enables us to create such functional food ingredients is our separation technology. Separation technology allows us to separate the various components of a raw material such as oil, fat, and protein based on purpose-specific functions. We then identify the physical properties and biological functions of each separated component and create proprietary functional food ingredients by combining useful components. Fuji Oil excels at technology involving this type of raw material utilization. Since our founding, with separation technology at the center, we have accumulative knowledge concerning increasing the added value of ingredients.

**Tsuji** Your competitors also engage in R&D, and I imagine it would be difficult to differentiate yourselves from

the competition solely through the accumulation of technological capabilities. How does Fuji Oil utilize technology to increase the added value of its products and what types of initiatives do your researchers pursue?

**Nakamura** I think one of Fuji Oil's strengths is our ability to create new technology without being constrained by conventional thinking. One example is soluble soy polysaccharides (\*a water-soluble dietary fiber made from okara with a variety of functions such as acting as a protein stabilizer in acidic milk drinks and desserts, and maintaining the quality of processed foods such as cooked noodles and sushi), a product that boasts functions that differentiate it from other ingredients. Over numerous years, soluble soy polysaccharides has contributed to the market as a pillar of our Soy-Based ingredient business. In fact, we took an approach to this product that completely differs from the typical manufacturing process for polysaccharides. Conventional industry thinking has been that polysaccharides degrade at temperatures exceeding 100°C. However, Fuji Oil uses a manufacturing process based on proprietary technology that enables us to overcome this norm and extract polysaccharides at temperatures exceeding 120°C without suffering any degradation. This is just one example, but the strength of Fuji Oil's R&D lies in our challenging spirit. We are willing to relentlessly pursue various approaches and challenge ourselves to new business fields that seem beyond our reach. This spirit drives our ability to establish various distinctive technologies and continuously contribute to resolving customer issues.

Another strength of the Fuji Oil Group is that we focus on the development of applications that enable us to convert the functional properties of our ingredients to market value. The strength of Fuji Oil R&D also lies in our business model; in addition to understanding the needs of customers and utilizing internal alliances on fundamental research and ingredient development, our business model is also centered on the approach of collaborating with customers towards resolving customer problems. Moving forward, we will continue to pursue value-added product and technology R&D based on a mindset of continuously challenging ourselves to resolving the problems facing society and our customers.



### Tomoko Tsuji

Independent Outside Director

Serving as an Outside Director since June 2022. After joining a major domestic food manufacturer, Tsuji earned her Ph.D. in Agriculture and went on to be involved in research on pharmaceutical seeds at a US university and other institutions. Tsuji later built a career at various companies in Japan, spending numerous years overseeing research and product development related to food nutrition and function. Tsuji has also served as a director at a major domestic health food manufacturer. She possesses advanced expertise related to R&D in the food sector, the domain in which we operate.

**Providing markets the results of R&D conducted from a global perspective and linking those results to increased value provision**

**Tsuji** In March of this year, you identified the promotion of a differentiation strategy as one of the pillars of your structural reform plan for Blommer. Moving forward, it will be important for Fuji Oil and Blommer to generate synergy but maximizing the potential of Fuji Oil's technology on a global scale.

**Nakamura** I completely agree. The global utilization of the technology and knowledge we have accumulated at Fuji Oil is important. By sharing in Japan information on the initiatives being undertaken by overseas Group companies, we can gather wisdom from both sides to create new strengths. For example, as a storied chocolate manufacturer, Blommer possesses knowledge related to pure chocolate and cacao beans. At the same time, Fuji Oil has cultivated technology related to oils and fats and compound chocolate in numerous markets, such as Fuji Oil Group confectionery

### Akihiro Nakamura

Fuji Oil Holdings, Inc.  
Senior Executive Officer, Chief Technology Officer (CTO)

After joining Fuji Oil in 1994, Nakamura spent several years in the R&D Division, where he was involved in the Company's development of the world's first commercialized soluble soy polysaccharides. Nakamura helped create and expand the functional ingredient business and, at business headquarters and in the Marketing Division, he collaborated with business partners on new business creation. Since April 2019, Nakamura has served as a professor at Tokyo University of Agriculture and Technology and Ibaraki University College of Agriculture. In April 2020, he also assumed the role of Director of the Research Institute for Creating the Future. Nakamura took on his current role of CTO in April 2024.

and bakery ingredients. I believe we must combine this knowledge and technology to create new value and increase performance on US markets.

**Tsuji** The concept of cross-border is an important theme for food. With the food sector in particular, customer needs and preferences will vary depending on the country. As such, researchers engaging in international exchange and collaborative research is essential in terms of Fuji Oil expanding business in foreign markets. However, my impression is that the company has not made significant advancements in globalization. Beyond simply dispatching personnel overseas, there is also a need to develop human resources capable of transcending organizational or national borders to advance research based on sharing ideas with global collaborators.

**Nakamura** Food culture is something that is unique to each area and market. In that sense, it is important that we not only share Japanese technology, but also engage in R&D activities based on close interaction with local staff

## Conversation between the CTO and Outside Directors



and those markets. We hold regular meetings with the R&D supervisors of each area to ensure we are constantly exchanging information. As you suggest, essential to this process is the development of human resources capable of exerting their capabilities on a global stage, so this is something that will be a point of focus moving forward. Rather than limiting our development to within Japan or any respective specific region, we will continuously maintain a broad perspective, apply the technological capabilities Fuji Oil has cultivated towards new markets, and then work those perspectives into our activities. In other words, I believe that repeated value creation through cross-overs will lead to improvements in the overall value provided by the Fuji Oil Group.

### Delivering technology to markets to create value and spark innovation

**Tsuji** Part of the Fuji Oil Group Management Philosophy is the Group 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. I conducted research related to health for many years, and I believe that, with health initiatives, it is important that you have a clear definition of what health means. Society changes constantly and peoples needs are diversifying. In such an environment, how does Fuji Oil define health and what can Fuji Oil provide towards achieving that definition of health?

**Nakamura** At Fuji Oil, we view health as the broad definition of providing food that helps achieve well-being; prosperity for both mind and body. We are constantly engaging in fundamental research on ingredients and technology that contribute to human health. For example, this includes DHA and EPA, which are believed to assist cognitive functions, and protein ingredients, which contribute to the formation of healthy bodies.

At the same time, we offer society a vast assortment of food ingredients, from chocolate, to emulsified and

fermented foods, to soy-based products. And, by applying our newly developed MIRACORE® technology, we believe we can offer delicious and healthy plant-based foods that provide complete nutrition. In terms of creating a sustainable future for food, a stable supply system for environmentally-friendly food sources is extremely important. We must also value the health of our earth. The supply stability of palm and cacao has been a concern for years, but we are advancing initiatives to promote a stable supply of food sources. For example, R&D related to substitute ingredients for palm and cacao is an essential research theme towards Fuji Oil achieving medium- and long-term growth and the realization of a sustainable future for food.

**Tsuji** Sustainability initiatives we surely be essential to the future of the Fuji Oil Group. One major issue is how you promote that value to customers and consumers to close the gap between the Company and its customers. I feel like this is a point in time in which the technological capabilities of Fuji Oil are being tested.

**Nakamura** Throughout our history, Fuji Oil has listened to customers about their problems to work together towards providing solutions. In other words, the Company has achieved growth by repeating the process of co-creation. Needless to say, fundamental research in areas such as new material creation is important. However, amid diversification in society, it is the ability to ascertain customer and consumer needs that enables us to close that gap between business and consumer. We must strive to drive new innovation by proposing products, including potential applications, that are aligned with markets and society.

**Tsuji** As you suggest, I believe that looking beyond simply enhancing your technological capabilities and working close the distance between the Company and your customers with the goal of sparking innovation is an initiative that will lead to sustainable growth for Fuji Oil. As someone who dedicated her life to R&D, I feel the weight of my role in assisting Fuji Oil further expand its strengths. As an Outside Director, I will work to diligently towards fulfilling my duties.

**Nakamura** Thank you. As CTO, my role is not only to lead R&D activities, but also to combine technology and marketing to spark innovation. I will continue working to help Fuji Oil expand its strengths and achieve sustainable growth. Thank you for your time today.



## Research Institute for Creating the Future

The Research Institute for Creating the Future uses a future timeline created using quantitative information on population, economy, environment, food, and healthcare to identify social issues that may occur in the future. In particular, the Institute projects that business opportunities exist in eliminating the demand-supply gap for palm oil and cacao. On the other hand, surviving in a world of increasing uncertainty requires that we further refine our research on vegetable oils and fats and protein. We must also build more resilient technologies to support next generation food systems. In addition to working to resolve social issues from a medium- and long-term perspective, we must also respond to short- and medium-term issues. We will incorporate concepts of technology marketing, set themes to develop promising growth markets in the near future, and steadily implement initiatives to create a bright future. At the Research Institute for Creating the Future, our motto is to make plant-based foods more delicious and create a sustainable and bright future. We will strengthen our cooperation with partners who share this view towards contributing to the health of the earth and people.



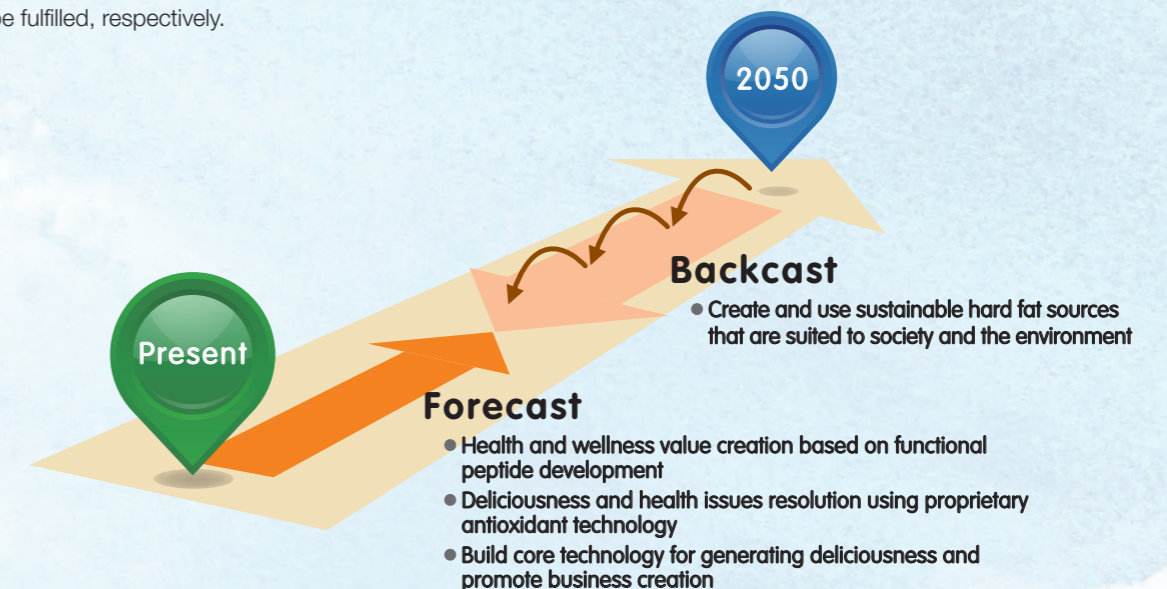
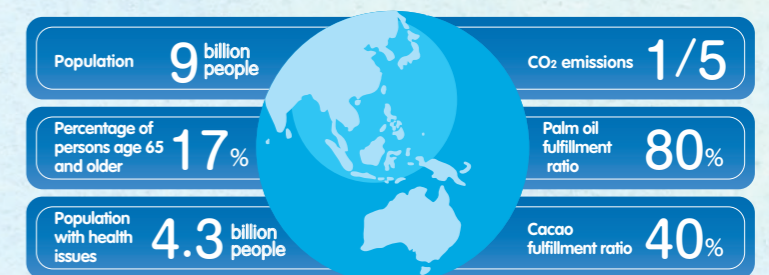
**Setsuo Tsujii**  
Research Institute for  
Creating the Future



### Future Timeline

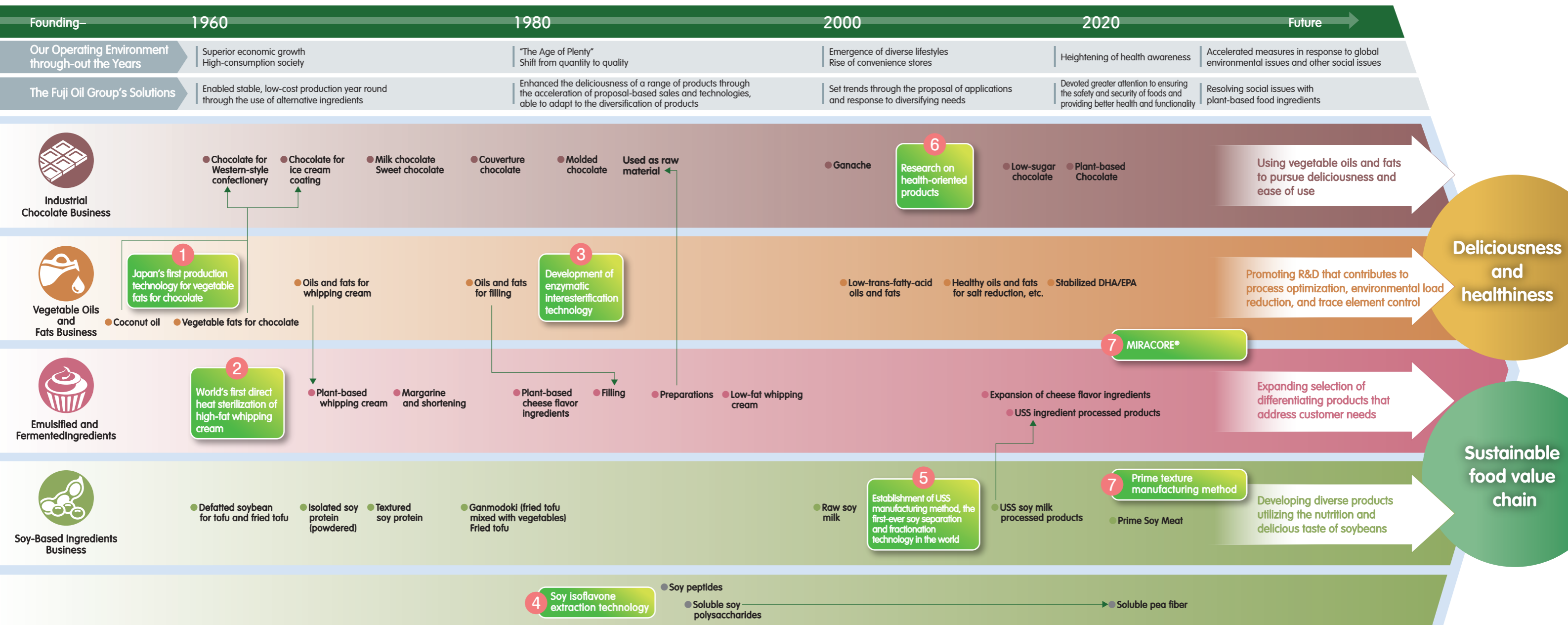
Population / Economy / Environment / Food/ Health care

The world in 2050, 17% of the world's 9.0 billion people are age 65 and older, and roughly half of the world's total population, some 4.3 billion people, are suffering from obesity, diabetes, or dementia. It is projected that productivity improvements will see CO<sub>2</sub> emissions reduced to roughly 20% of current volumes. As for palm oil demand and cacao demand, it is projected that only 80% and 40% will be fulfilled, respectively.



# History of Solutions

Throughout our history, we have used various technology to provide solutions that meet the needs of the time. Moving forward, we will continue fusing the technology we have cultivated to respond to the world's rapidly changing issues.



**Production of Japan's First-Ever Equivalent Fats for Cocoa Butter**

We succeeded in the production of fats that serve as an alternative to cocoa butter, the first of such kind in Japan. The stable, low-cost supply of these equivalent fats contributed to the realization of Japan's chocolate culture.

1

**Development of PlantBased Whipping Cream as Alternative to Fresh Cream**

Extended the shelf life of cream to enable long-distance distribution and the dissemination of products nationwide.

2

**Evolution of Vegetable Fats for Chocolate**

Used enzymatic transesterification technology to enable the manufacturing of vegetable fats for chocolate with functionality. Contributed to the diversification of products using chocolate.

3

**Research into advanced uses of soy isoflavone extraction led to development of soluble soy polysaccharides**

Enabled advanced uses for okara, a by-product, to contribute to improving convenience aligned with a variety of lifestyles by preventing precipitation in acidic milk drinks and through use as an anti-binding agent for noodles and cooked rice.

4

**Development of Soy Cream and Low-Fat Soy Milk Utilizing USS Manufacturing Method**

We developed the world's first soy separation technology and rolled out a variety of processed foods, such as cheese alternatives derived from soybeans, which will play a significant role in expanding our variation of plant-based food products.

5

**Strengthened development of healthy chocolate that is loved by a wide variety of consumers**

From high-protein types and types containing polyphenols and a variety of other healthy ingredients, our Group's unique product line enables thorough quality control during the manufacturing process.

6

**Creating new value through a fusion of technology**

Aiming to improve the added value and competitive advantage of Group products by creating new technologies and new materials by transcending the boundaries of each business to fuse various technologies. MIRACORE® and our prime texture manufacturing method are examples of this technology fusion.

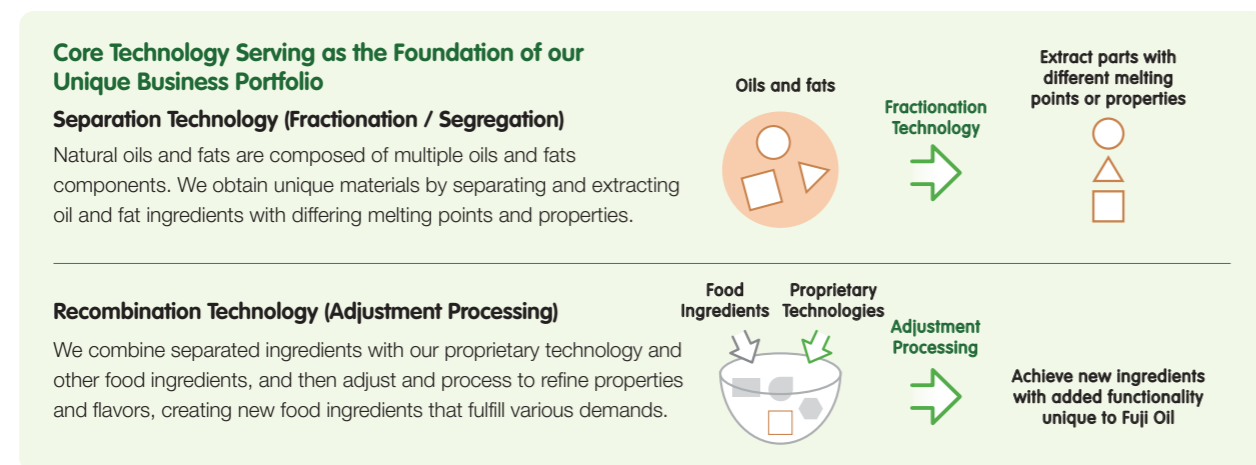
7

# R&D Strategy Intellectual Capital

Since our founding, the Fuji Oil Group has focused on plant-based raw materials with the aim of developing food ingredients that deliver health to people and the Earth. We have developed a diverse range of plant-based food products based on an approach of maximizing the use of raw materials and valuing the potential of upcycling. Some of the products we have developed include functional oils and fats made from raw materials such as palm and coconut, emulsified and fermented ingredients incorporating those functional oils and fats, including chocolate ingredients and whipping cream, separated soy protein and soy meat made from soy pulp, and soluble soy polysaccharides. We also have begun leveraging our years of experience researching oils and fats and proteins to launch plant-based businesses that pursue added value. One of our successes in this area is MIRACORE®, a technology that uses the power of plants to provide meat-like deliciousness and satisfaction. Acting as One Team, the Fuji Oil Group is pursuing the global expansion of our plant-based products made with proprietary technology as we strive to create products that contribute to the realization of a sustainable, people- and earth-friendly society.

## Fuji Oil Group Product Development Technology

The Fuji Oil Group has developed proprietary separation technology for raw materials such as palm, cocoa, and soybeans and offers ingredients featuring various properties and functions. We also create new ingredients featuring special functionality by applying proprietary recombination technology to blend and process these unique ingredients and other food ingredients.



We are also creating new value by fusing the technologies of these four businesses. We are leveraging the unique product and technology portfolio that the Fuji Oil Group has cultivated over the years through our advancements in technology related to plant-based ingredients.



Our Group's greatest strength lies in the fusion of our unique portfolio and the technology from each business. Through successes such as combining oil and fat technology and chocolate manufacturing technology to improve the functionality of vegetable fats for chocolate, this fusion has contributed to our Group securing a competitive advantage. In new business fields, we are further advancing this fusion of technology to develop new product groups. New Business Fields ▶ P82-83

Moving forward, we will continue to create plant-based ingredients that expand food options as we focus on expanding products that support a sustainable future for food.

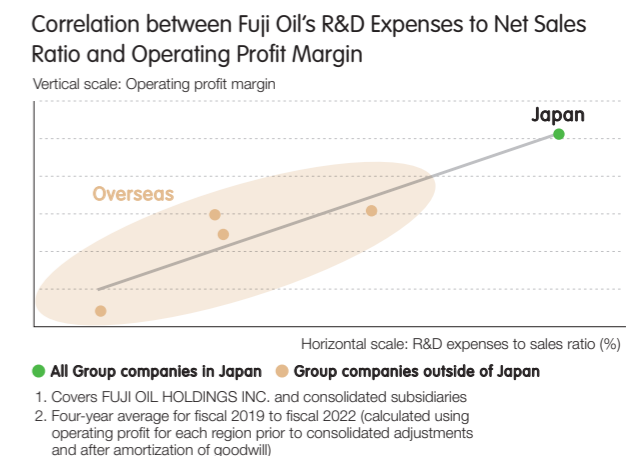
## R&D Structure

Plant-based oils and fats, industrial chocolate, emulsified and fermented ingredients, and soy-based ingredients. In these four business fields, we engage in co-creation with customers and create new value on the food scene. At the Research Institute for Creating the Future, we are challenging ourselves to innovation with the aim of using technology to resolve social issues and create new value for customers based on our vision of life and society in 2050.

		Present	Value creation time axis	Future
<b>Market Development</b>	Developing customer products using our ingredients. Conducting co-creation activities with customers to generate new value for the food scene			
<b>Ingredient Development</b>	Focusing on new product development that responds to customer needs. Targeting global niche and high-value-added markets			
<b>Research Institute for Creating the Future</b>	Analyzing issues affecting the global environment, society, and people, and developing innovative technology and ingredients			

## Efforts to Strengthen Our Global R&D Structure

European and North American markets expect companies to take action to achieve the sustainability and have strict requirements for compliance, safety, and security. On the other hand, Southeast Asian and Chinese markets are price-sensitive and demand speed in new product development. Needs have diversified due to the development and transformation of food culture and changes in social issues. We have entered an era in which it is no longer possible to survive amid global competition simply on the strength of R&D fields we focused on in the past. As we work to make up for the lack of research resources in each area, Japan will play a central role in strengthening the R&D capabilities of the Fuji Oil Group.



## Global R&D Training

Members of the market development team at Fuji Oil (China) Investment Co., Ltd. came to Japan, where together with members of the market development team at Fuji Oil Co., Ltd., they worked on application development for confectionery and bakery products incorporating cream and other products made by Fuji Oil (China) Investment Co., Ltd. Since returning to China, the members have incorporated the technology they acquired into proposals and are working towards adoption by customers.

## Seminar at the Professional Manufacturing Confectioners Association (PMCA)

Three members of our Group held a seminar at the Professional Manufacturing Confectioners Association (PMCA), a highly regarded gathering of confectionery and snack professionals in the United States. At the seminar, Blommer introduced how Fuji Global Innovation Center Europe (GICE) used transatlantic virtual collaborations to strengthen Group internal co-creation towards addressing key points of caution and the latent risks involved in blending sugar substitutes into chocolate, as well as how the company is addressing future potential risks.

\* PMCA: Professional Manufacturing Confectioners Association



## R&D Strategy

### Advancing R&D Towards Resolving Health Issues

Amid a growing desire to live healthier lives, society has a need for products and services that contribute to extending healthy lifespans. Fuji Oil is a company that offers food ingredients, mainly vegetable oils, fats, and soy proteins, that contribute to delicious foods and health. As a company operating in this domain, it is our mission to respond to such needs. Through food, we continuously strive to resolve issues related to mental and physical health. We believe that our R&D success and the commercialization of products based on that R&D can contribute to the well-being of a great many people. Our desire is to support the efforts of every person striving to maintain the mental and physical well-being that allows them to live their best life. By providing delicious, healthy foods, the Fuji Oil Group will contribute to resolving the world's issues related to mental and physical health based on the idea of preventing mental and physical disorders.

#### Prorea® DHA Oil Created Using Proprietary Technology

DHA, one of the components found readily in seafood, is recognized for its contributions to health. However, DHA provides challenges as a food additive because of its rapid oxidation. Fuji Oil is advancing research into Prorea®, a DHA that uses our proprietary technology to constrain oxidation. Results from sample testing have already indicated that there is no noticeable deterioration in flavor caused by oxidation. Constraining oxidation will make it easier to add to food products, contributing to the realization of a future in which anyone can achieve daily DHA supplementation through delicious foods.



We are also looking at the potential of controlling oxidation to create towards maximizing the true functions of DHA. In a study where elderly persons consumed drinking milk containing Prorea® for one year, we observed the maintenance and improvement in cognitive function as well as contributions to bone health.\*1

There are issues related to DHA in terms of sustainable procurement. However, Fuji Oil has achieved stable procurement for Prorea® by using algae oil instead of fish oil as the source of our DHA. Amid a time of changing demographics, we have established a superior position by not only making health contributions, but making sure that our contributions are sustainable. Moving forward, we will continue our R&D towards sustainable solutions.

\*1. Reference: Ichinose, et al, J Oleo Sci., 2021

### Co-Creation Through Open Innovation Based on Industry-Academia Collaboration

To acquire technologies that we do not possess in-house and to speed up new business development, we are building an industry-academia collaboration consortium with research institutes inside and outside Japan. We are also promoting open innovation with our European R&D center serving as a hub. Main themes include the reduction of the environmental impact of key raw materials such as palm, cocoa, and soybeans; technological development that contributes to stable procurement; and research on plant-based foods. We will promote the acquisition of new technology and the development of global human resources, and we are working to increase our R&D speed to accelerate our creation of social value.

#### Participated in PlantPROMISE Consortium Led by Wageningen University & Research

Fuji Oil participated in the PlantPROMISE Consortium led by Wageningen University & Research for three and a half years. Our objective was to acquire the advanced technology and expertise that is essential to developing next-generation new ingredients incorporating plant-based protein. In a friendly yet competitive environment working with researchers from top-class universities and food and machine manufacturers from around the world, we were able to experience the speed of global research and understand the mechanisms involved in global industry-academia collaborations. Through our participation, we gained expertise that had not existed in our Group, and we are currently working on applications for the technology we acquired. Additionally, a paper on "emulsification stability achieved using plant-based protein" written by one of our researchers was published and we are currently preparing to publish two other papers on research related to meat substitutes.

### Global IP Management and Strategy

Since our founding, Fuji Oil has positioned plant-based raw materials such as palm, cacao, and soybeans as our fundamental ingredients. We have applied research results accumulated over numerous years and our technological strengths to offer high-value-added products.

We have built a patent portfolio based on our success in enhancing our core technologies to establish a distinctive competitive advantage on the market and the position to set prices.

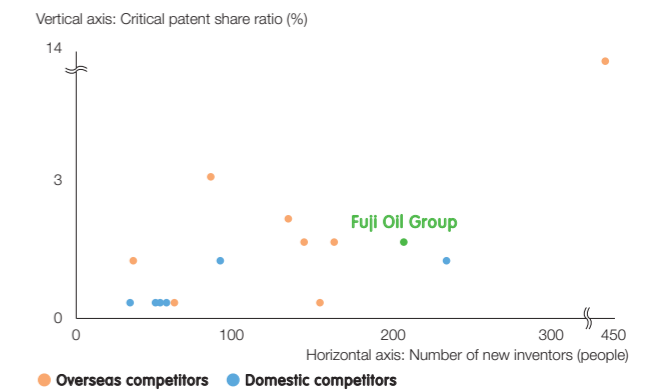
In the fields of vegetable oils and fats and industrial chocolate, our share ratio of patents with the potential to influence our market superiority or price-setting position is among the highest in Japan. Furthermore, our investments in human resource investments necessary to generate future critical patents (refers to the number of new inventors) are among the highest of any competitor in Japan or overseas. At the same time, the number of patent applications from overseas offices is relatively low in comparison to the number from locations in Japan. This is an issue we must work to address.

A category analysis of patents related to plant-based foods (PBF) indicated a sharp rise recently in our patent applications involving a fusion of PBF-related technology and emulsification and fermentation-related technology such as margarine, cream, milk, and cheese substitutes. This could be considered a trait unique to Fuji Oil as a company engaged in these four business domains.

Moving forward, we will continue to combine the technology cultivated through these four businesses and engage in co-creation as we aim to create value by producing sustainable plant-based ingredients.

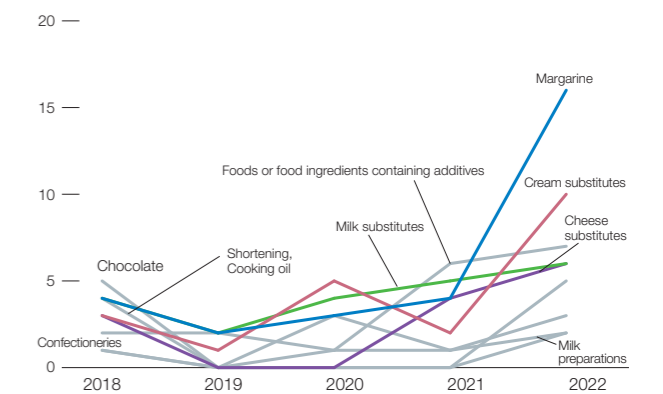
Furthermore, we will collaborate with overseas sites to advance the construction and implementation of IP strategy from a business-specific perspective. This will enable us to enhance our global market superiority and price-setting position. From FY2022, we are also tapping external experts to conduct patent information and product value analyses. These results are disseminated to researchers as valuable IP information and provided to management as recommendations to assist in business and R&D policy decision-making.

#### Critical patent share ratio and number of new inventors (oils and fats, chocolate-related)



- Figures for oils and fats, chocolate-related patents indicate patents related to oils and fats and chocolate since 2013 defined as a sampled population based on patent classification. Important patents are defined as those that fall within the top 5% of the population in terms of number of citations.
- Calculated by counting only inventors who have filed new applications since 2013.
- Companies with a critical patent share ratio exceeding 1% are displayed in the graph.

#### Trends in patent classifications for PBF-related patents



\* Total number of Fuji Oil patents applicable to margarine, cream, milk, and cheese substitutes from the international patent classification granted to PBF-related patents over the past 10 years (2013-2022).

#### Examples of Patents Contributing to Value Creation

##### (1) "Method for manufacturing foods that can substitute eggs with vegetable ingredients" [Patent No. 6790400 "Egg-like baked solidified foods"]

Eggs are widely consumed in the restaurant industry and food retail stores as, for example, scrambled eggs and fried eggs. However, the lack of egg supply has been highlighted as a social problem, and there is an increasing need to reduce the volume of eggs consumed by adopting alternative methods. By combining vegetable protein and soybean cream using our soybean processing material technology, we made it possible to provide a food with a rate of substitutability for eggs.

##### (2) "Reducing the amount of salting agents used in foods" [Patent No. 6635268 "Method for producing oils and fats that enhance salt taste"]

The salty taste provided by salt is indispensable to delicious food. However, consumers concerned about lifestyle-related diseases such as heart disease and high blood pressure tend to choose foods with less salt. This led to a need to reduce salt content and improve taste.

Thus, we made it possible to reduce the amount of salting agents used in foods and beverages by creating oils and fats that enhance the taste of salt. This was achieved by combining the vegetable oil technology that we have accumulated over the years with our emulsification and fermentation material technology.

# Message from the CFO

## Continuous Striving to Strengthen our Financial Platform and Improve Capital Efficiency

Sunao Maeda

Senior Executive Officer and Chief Financial Officer (CFO)  
Legal/ Information Disclosure



### Results from FY2023 and Problem Recognition

When I assumed the position of CFO in July of last year, I made the promise that I would contribute to improving corporate value, and that I would fulfill this promise by focusing on capital efficiency to improve our financial position and strengthen the management foundation of the Fuji Oil Group.

FY2023 saw significant fluctuations in foreign currency markets, interest rates, and the price of raw materials such as cacao. Responding to this business environment was no easy task. However, amid such an environment, we achieved operating cash flow of 48.2 billion yen (initial target for FY2023 was 40 billion yen), a net D/E ratio of 0.54 (initial target: 0.56), and a FUJI ROIC of 3.5% (initial target: 3.2%). While still not satisfied with our progress, I do view these results as representing a certain level of success.

The selling off of fixed assets for the US oils and fats business announced in May of last year represented a measure aimed at strengthening our business foundation, one of the basic policies of the Mid-Term Management Plan, Reborn 2024. In addition to strengthening our

response to a change in our business environment, we also achieved improvements in our financial position, contributing greatly to improvements in free cash flows (FY2022: -8.9 billion yen; FY2023: 57.0 billion yen). On the other hand, incorporating the abovementioned sale of fixed assets into initial plans for FY2023, we set a target ROE of 7.6%. However, with an actual FY2023 ROE of 3.0%, we fell well short of this target. This was due to multiple factors, including extraordinary losses (10.1 billion yen in total (additional goodwill expenses of 6.4 billion yen and impairment losses on fixed assets of 3.7 billion yen)) recorded for Blommer as announced in January of this year.

Business financial metrics improved in FY2023 thanks to significant improvements in operating cash flow, which was the result of balance management efforts throughout the entire Group. At the same time, we will further enhance efforts to improve capital efficiency as we look to improve profitability, enhance our management foundation, and reevaluate our business portfolio.

### FY2024 Financial Management Policy

Under the policies of the Mid-Term Management Plan, Reborn 2024, we are aggressively working to improve our financial position, increase capital efficiency, and strengthen financial monitoring in an effort to strengthen our management foundation by shoring up finances.

In FY2024, we will diligently conduct a cause analysis for the results and issues from the previous fiscal year. We will further strengthen policies that contributed to results and implement more effective measures to address issues. We are positioning FY2024 as a year to get arrange priorities and prepare ourselves for the upcoming Mid-Term Management Plan.

We recognized that our highest priority issue is to first strengthen the Group's financial base, and then ensure the steady implementation of structural reforms at Blommer. As such, we will execute the various financial policies needed to support those structural reforms. During the first quarter of FY2024, we were able to maintain financial soundness by continuing to engage in capital procurement based on equity assessments. As a redemption method for the 35 billion yen in subordinated bonds we issued in 2019, we secured 25 billion yen in subordinated bonds and 10 billion yen in subordinated loans. Executing this type of capital procurement method to earn the trust of the

markets is incredibly important to building a financial base. We also view this type of long-term capital procurement that addresses future trends in Japanese interest rates as an effective way to build the Group's debt portfolio. We will now unite as a Group towards building the financial capital and financial infrastructure necessary to implement Blommer structural reforms.

As the final fiscal year of the Mid-Term Management Plan, we are focused on improving the FUJI ROIC. When we originally formulated the Mid-Term Management Plan, we set a target of 5% for FY2024. However, the target we set for FY2024 at the beginning of the fiscal year was 3.7%. The decision to set a target below the target value

outlined in the Mid-Term Management Plan is mainly the result of three factors: 1) the working capital increase for Blommer attributable to rising raw material prices, 2) the first year of structural reforms at Blommer would have limited benefit towards improving operating cash flow, and 3) the increase in operating cash flow due to yen depreciation. On the other hand, each Group company and business has room to further improve FUJI ROIC structural factors (FUJI ROIC Tree). From FY2023, the Management Committee began conducting regular reviews and providing feedback on their results. Through that feedback, we will work to edge closer to the target figure of 5%.

### Mid-Term Management Plan Reborn 2024 Strategy and Targets



### Allocation

- Capital expenditures: Approx. ¥60.0 billion (3-year cumulative total)**
  - Growth investments focused on Industrial Chocolate Business in Americas
  - Rationalization investment, including reduction of environmental impact
- Reduction of interest-bearing debt**
  - Improvement of D/E ratio
- Shareholder returns**
  - Stable dividends, targeting dividend payout ratio of 30%–40%

FY2023 Results	FY2024 Plan
<b>Operating Cash Flow: ¥48.2 billion</b> <ul style="list-style-type: none"> <li>Interest-bearing debt decreased by 38.1 billion yen due to a decrease in working capital attributable to stable raw material prices and the sale of fixed assets of the North American oils and fats business.</li> </ul>	<b>Operating Cash Flow: ¥31.0 billion</b> <ul style="list-style-type: none"> <li>Refinance subordinated bonds reaching first call</li> <li>Manage interest-bearing debt to address rising interest rates</li> </ul>
<ul style="list-style-type: none"> <li>Each company established FUJI ROIC improvement measures and monitoring progress</li> <li>Management Committee conducting regular reviews of FUJI ROIC</li> <li>Sold stock of three companies held as cross-shareholdings</li> <li>Reduced CCC by 2 days YoY (to 102 days)</li> </ul>	<ul style="list-style-type: none"> <li>Create a framework for improving Group capital efficiency through the FUJI ROIC measures of each company</li> <li>Review of investment management rules for business portfolio management</li> <li>Continue to reduce cross-shareholdings</li> <li>Reduce CCC by 5 days YoY (to 97 days)</li> </ul>
<ul style="list-style-type: none"> <li>Strengthened profit management Consolidated the accounting period of Blommer</li> <li>Published tax policy and started implementation</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen profit management</li> </ul>
<ul style="list-style-type: none"> <li>Capital expenditures: ¥15.1 billion Blommer: ¥3.7 billion Harald (No. 2 Plant): ¥1.4 billion</li> </ul>	<ul style="list-style-type: none"> <li>Capital investments: Strict Selection</li> </ul>
<ul style="list-style-type: none"> <li>Net D/E ratio: 0.54</li> </ul>	<ul style="list-style-type: none"> <li>Net D/E ratio of 0.65</li> </ul>
<ul style="list-style-type: none"> <li>Year-end dividend: ¥52 Dividend payout ratio: 68.5%</li> </ul>	<ul style="list-style-type: none"> <li>Forecast year-end dividend: ¥52 Forecast dividend payout ratio: 44.7%</li> </ul>



## Message from the CFO

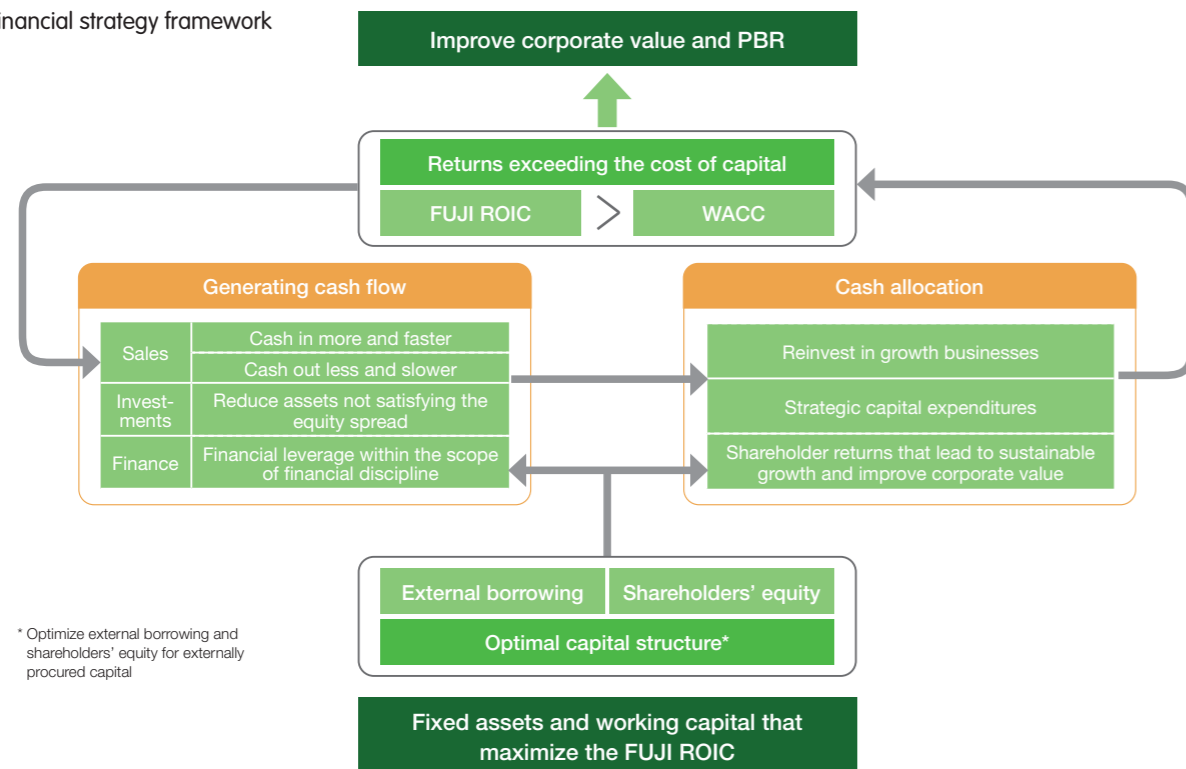
### Medium- to Long-Term Financial Strategy

Through the Mid-term Management Plan, Reborn 2024, we are implementing various measures based on three basic policies. In particular, our decisions on the allocation of management resources such as financial and manufacturing capital will be key to our success in implementing policies such as rehabilitating Blommer, building endurance against market conditions for raw materials such as palm and cacao, injecting management resources in growth and strategic fields, and shifting to a high-value-added product portfolio. The FUJI ROIC serves as the criteria for making those decisions.

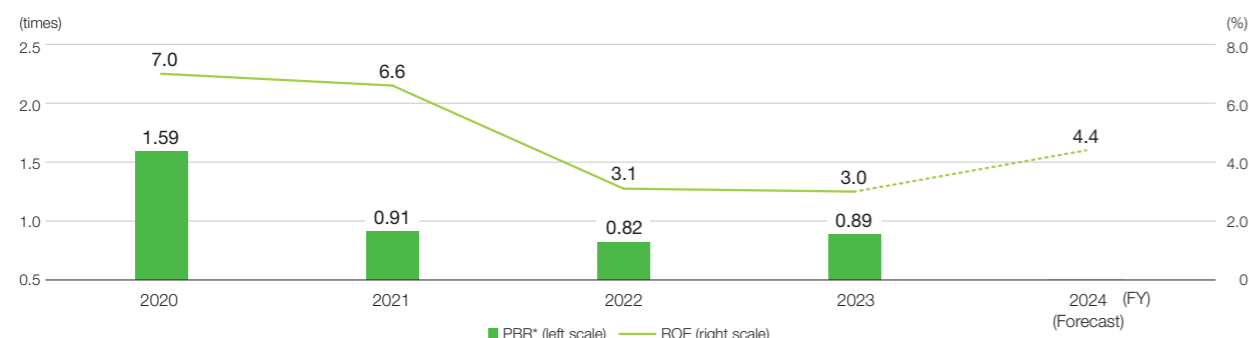
There is no change in policies such as injecting financial capital in strategic fields and using the FUJI ROIC to

strengthen business management. Amid dramatic fluctuations in domestic and international interest rates and foreign currency markets, we will reevaluate the balance of our long and short-term borrowings and further promote cash management to build an optimal capital structure. We will then strengthen our ability to generate cash flow and make cash allocation decisions based on the FUJI ROIC to generate returns that exceed capital costs. Through the repetition of this cycle, we will improve our corporate value and PBR, and set ourselves on a trajectory to achieve our 2030 targets (ROI: 10%, FUJI ROIC: 8%).

Financial strategy framework



Annual trends in PBR and ROE



### Promoting the FUJI ROIC to increase capital efficiency

Our Group has adopted the FUJI ROIC, which sets working capital and fixed assets, our main uses for capital, as the denominator. Using the FUJI ROIC, we set evaluation units and measure, analyze, and evaluate capital efficiency.

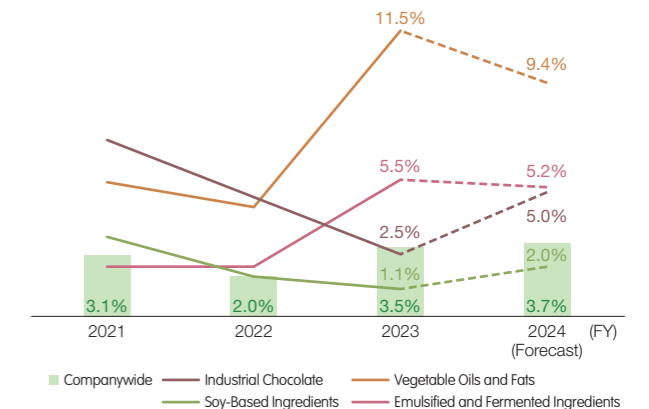
Looking at business-specific FUJI ROIC, the Vegetable Oils and Fats business achieved dramatic improvement in FY2023 due to selling off the fixed assets of the US oils and fats business and achieving record high operating profit. The Emulsified and Fermented Ingredients business also recorded growth on improved revenues in Japan and Southeast Asia. On the other hand, FUJI ROIC for Industrial Chocolate and Soy-based Ingredients was stagnant. However, the Industrial Chocolate business is implementing structural reforms at Blommer and the Soy-based Ingredients business is reevaluating its portfolio, including restructuring its soy protein foods plants, towards rapid improvement.

Additionally, each company conducts a tree analysis for each FUJI ROIC component to formulate KPIs and implement measures towards effectively improving capital efficiency. The Group as a whole is steadily producing results.

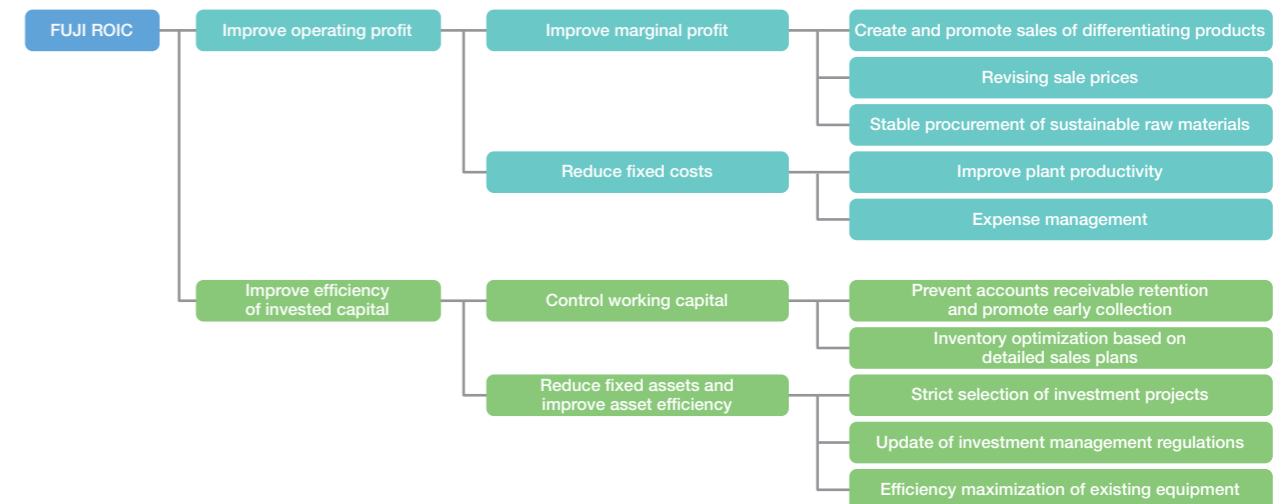
FUJI ROIC

$$\text{FUJI ROIC} = \frac{\text{Operating profit after tax}}{\text{Working capital} + \text{Fixed assets}}$$

Companywide and Business-Specific FUJI ROIC



KPI Setting and Target Management Using FUJI ROIC Tree



**Akihiro Kitani**  
FUJI OIL HOLDINGS INC.  
Team Leader  
Planning & Control Team  
Consolidation Accounting Group

Based on the cooperation of each company, we are creating a framework for the FUJI ROIC to continue serving as a tool for improving capital efficiency.

Specifically, we are engaged in discussions with major companies regarding working capital, an important element of FUJI ROIC, and we regularly conduct reviews at Management Committee meetings. Throughout the year, we monitor the improvement measures designed by each company at the budget review stage.

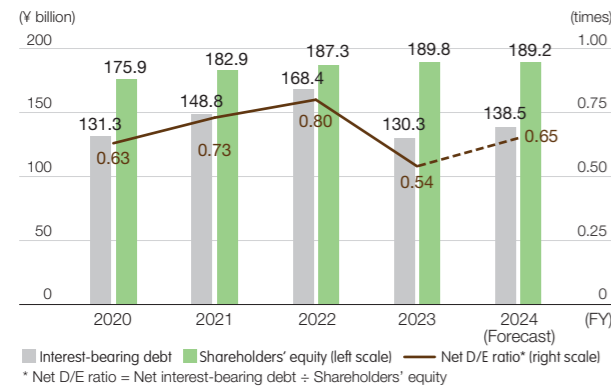
As we carry out these activities, I feel that Group companies are proactively evaluating their own balance sheets and capital efficiency, and that their understanding and awareness are have changed significantly. We will continue to work with each company to contribute to improving the capital efficiency of the entire Group.

## Message from the CFO

### Building a Sound Financial Base

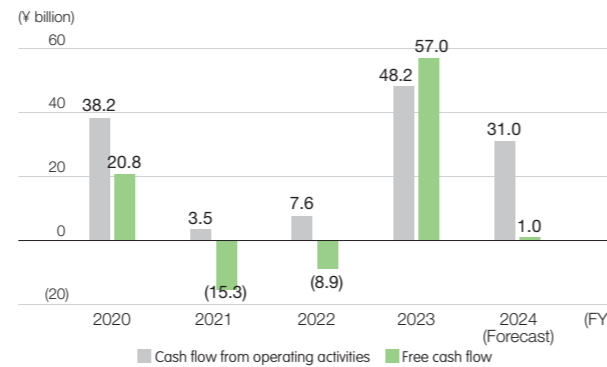
Our Mid-term Management Plan, Reborn 2024, outlines a three-year cumulative operating cash flow target of 85 billion yen. As indicated earlier, we improved our financial position in FY2023. We are moving into a period of rising interest rates not only overseas but also in Japan. As such, we believe that controlling financing

#### Net D/E Ratio\*



costs is a critical issue. To further improve capital efficiency, we will enhance our cash management and utilize Group financing. We will continue to focus on building a sound financial base through steady profit growth and cash flow management.

#### Cash Flow



### Building Financial Infrastructure

As our company is developing and expanding business globally, we recognize the urgent need to improve the IT environment serving as the foundation of our business management as well as the need to strengthen our IT governance.

We are implementing various measures, including global core system integration, to promote a digital transformation (DX) that will enable us to use our infrastructure as a platform for the aggressive utilization of

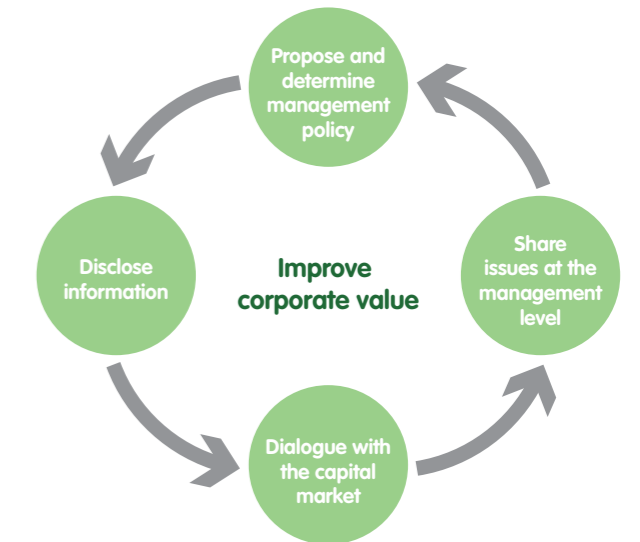
digital and data towards transforming our business. This year, we launched operations of a backbone system at Blommer. This will enable timely management decisions based on data and further accelerate the realization of structural reforms at the company. To strengthen governance, we continue to conduct Group-wide activities such as IT security audits and system operation process evaluations as we strive to ensure the protection of Group information assets.

### Improving our corporate value through dialogue with the market

We recognize that dialogue with capital markets is an important matter that contributes to increasing corporate value. At Fuji Oil, the CEO, myself as CFO, and other directors and executives, including outside directors, actively participate in dialogue. We listen sincerely to the opinions of investors and analysts, and work to incorporate those voices into improving management. We are also strengthening individual dialogue through our Integrated Report and by focusing on medium- to long-term strategies, including non-financial information. In FY2023, we received many opinions concerning Blommer impairment losses, structural reforms, and the penetration and utilization of the FUJI ROIC. The management team held repeated discussions based on the points of view we received.

We believe that communication with our stakeholders is extremely important. By enhancing the disclosure of both financial and non-financial information, we aim to provide highly transparent information, enhance dialogue with capital markets, improve the quality of management, and increase our corporate value.

Cycle of increasing corporate value through dialogue with the market



### Steadily provide shareholder returns and conduct growth investments

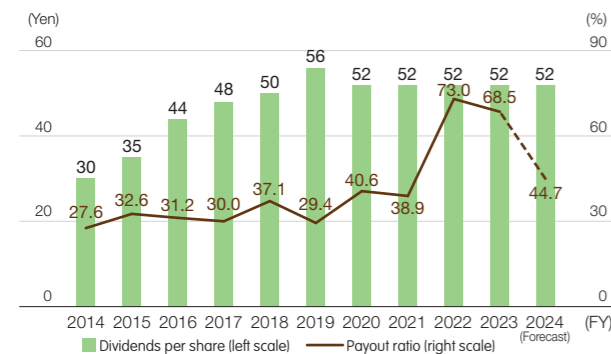
Since our founding, we have deepened proprietary technology and provided new value to solve customer problems. To maximize our technological strengths and achieve sustainable growth, we must continue investing financial capital into growth businesses. It is my responsibility to plan, implement, and evaluate the various financial strategies necessary to make such investments. My commitment is to improving the corporate value as the outcome of fulfilling those responsibilities.

With this in mind, we will use the FUJI ROIC to practice management that is more conscious of capital costs. By linking business operations and Group financial goals, we

will improve our ability to generate cash flow as well as optimize cash flow allocation. This management will lead to sustainable growth for the Fuji Oil Group.

We also recognize that shareholder returns are an important issue to sustainable business growth. The dividend payout ratio for FY2023 was 68.5%, exceeding our dividend policy (payout ratio of 30% to 40% and the issuance of stable and continuous dividends). We will continue to pursue improvements in our stock value over the medium- to long term through business growth and improvements in capital efficiency while also issuing dividends in line with our dividend policy.

#### Dividends per Share / Payout Ratio



	Growth investments	Asset replacement
	Established joint venture with JPG/Southeast Asia (Start of operations scheduled for FY2026)	Fuji Oil New Orleans Sale of fixed assets/Americas (US) (FY2023)
	Start of operations at Harald No. 2 plant/Americas (Brazil) (FY2023)	Closed Blommer Chicago plant/Americas (US) (FY2024)
	Start of operations at Fuji Oil (Zhaoqing) cream plant/China (FY2023)	—
	Start of operations at Fuji Brandenburg soluble pea fiber plant/Europe (FY2023)	Sale of soy protein foods plant/Japan (FY2024)

\* Johor Plantations Group Berhad

#### IR Activity Results

Event for IR	FY2022	FY2023
Financial briefings for analysts and institutional investors	4	4
Briefings on each business, facility tours, briefings by outside directors	7	6
<b>Interview</b>		
Directors interview	50	66
IR interview	136	121
Of the above, interview on feedback of integrated report (Directors and IR)	18	24

# Message from the CAO

## Strengthening Link to Business Strategy to Achieve Growth for the Fuji Oil Group

**Taro Takahashi**  
Executive Officer  
Chief Administrative Officer (CAO)



My name is Takahashi. I assumed the position of CAO in June 2024. Since joining the company, I have been involved in a wide range of operations, from R&D and sales to business planning. I have also held positions at multiple offices in the Fuji Oil Group, both in Japan and overseas. I have had numerous opportunities to gain experience in various environments. Despite various difficulties, I also learned a lot and was always able to take a fresh approach to things. I want to apply those valuable experiences towards providing and promoting growth opportunities for diverse human resources. As it takes time to develop human resources, I will work to build a human resources strategy that is linked to management and business strategies. This will enable diverse human resources to demonstrate their abilities, actively take on challenges, and pursue innovation. I will strive to foster an organization and culture where human resources unite towards achieving continuous growth.

### Human Resource Strategy

The Fuji Oil Group has expanded business through large-scale M&A conducted during the previous mid-term management plan. As a result, nearly 70% of Group consolidated employees work in overseas areas.

Such change further solidifies my belief that the key to realizing the vision of the Fuji Oil Group Management Philosophy and to realizing sustainable growth for the Group is for each and every member of the Group to be able to exert their potential and achieve grow. To this end, in FY2023, we created the Fuji Oil Group Human Resources Strategy. Our aim is to establish an organization where human resources, who are diverse not only in terms of nationalities, but also gender, experience, and skill, can work together as one and continuously take on new challenges. We will work to develop human resources and foster a corporate culture by implementing policies linked to management and business strategies in a timely manner.

#### Fuji Oil Group's Human Resource Strategy



\* ER: Employee Relationship

# The Human Resources Supporting Value Creation

Human Capital

## Human resources policy and major policies of the Mid-term Management Plan "Reborn 2024"

Management policy	Priority issues	Main policies
Timely implementation of policies linked to business strategy aligned with our operating environment	<b>1. Securing, developing, and appropriately deploying human resources to support global business</b>	<p>The hiring and development of human resources capable of demonstrating their abilities on the global stage are essential to being able to continuously promote and expand business globally</p> <p><b>Main measures until FY2023</b></p> <ul style="list-style-type: none"> <li>Promoted top succession</li> <li>Developed next-generation management personnel</li> <li>Post management (Japan)</li> <li>Training and hiring of human resources stationed overseas (Japan)</li> </ul> <p><b>Major future measures</b></p> <ul style="list-style-type: none"> <li>Revise executive compensation system</li> <li>Selection of executive candidates and evaluation of training plans overseas</li> <li>Training in Japan for overseas subsidiary members</li> </ul>
	Transforming into an organization that is highly adaptable to environmental changes	<p><b>2. Promote DE&amp;I</b></p> <p>Work to foster a sound corporate culture and global competitiveness</p> <ul style="list-style-type: none"> <li>Business model and value creation that generates diversity</li> <li>Eliminate barriers felt by people in disadvantaged situations and provide fair opportunities and evaluations (equity)</li> <li>Foster a corporate culture that increases the sense of belonging among all employees (inclusion)</li> </ul> <p><b>3 Strengthening communication</b></p> <p>As an organization with strong trust-based relationship, we aim to improve engagement by promoting smooth communication.</p> <p><b>Main measures through FY2023</b></p> <ul style="list-style-type: none"> <li>Effective use of the employee communication platform FUJI Connect</li> <li>Permeate understanding within the Group concerning new products such as MIRA-Dashi®</li> </ul> <p><b>Future major policies</b></p> <ul style="list-style-type: none"> <li>Sharing good practices through FUJI Connect</li> <li>Permeating the Group vision by disseminating examples of "co-creating a future for food"</li> </ul>
		<p>Revisions to human resource system (Japan)</p> <p>Expansion of policies supporting career autonomy (Japan)</p> <p>Adoption of internal recruitment system and side job system (Japan)</p> <p>Recruitment of mid-career personnel (Japan)</p> <p>Secure diversity in management</p> <p>Promote DE&amp;I activities</p> <p>Incorporate engagement surveys and implement response measures in each area based on results</p> <p>Formulate Fuji Oil Group human rights guidelines</p> <p>Measures to reduce Presenteeism<sup>*1</sup> or Absenteeism<sup>*2</sup> by enhancing line care, etc. (Japan)</p> <p>Improve work environments (Japan)</p>
Implement medium- to long-term policies to realize the vision of the Fuji Oil Group Management Philosophy		

\*1 Presenteeism: A person who is employed but has declining work efficiency due to mental or physical illness.  
\*2 Absenteeism: A person who is absent and unable to perform work due to mental or physical illness

## 1 Securing, developing, and appropriately deploying human resources to support global operations

We are focusing on policies for securing and developing human resources to support the Group's sustainable growth, which we identify as our ideal human resources. We will provide support for autonomous career development so that each individual can achieve continuous growth based on their own trajectory. As a core policy linked to our business strategy, we are promoting the hiring and development of human resources who can exert their potential on the global stage, the key to continuously promoting and expanding business globally. Through this strategy, we will achieve sustainable growth for the entire Group.

**Issues** Hiring and development of human resources who can exert their capabilities on the global scale, the key to continuously promoting and expanding business globally

**Initiatives** Development and advancement of candidates for overseas assignment

**Overseas trainees**  
A program for assigning young employees overseas that we have conducted for many years while upgrading the format as necessary. Currently, the program consists of language and business training based on the skills of selected candidates. Business training involves experiencing the Fuji Oil Group's business overseas through OJT at overseas Group companies. This program is unique in that it offers participants the opportunity to engage in Group business from a broad perspective.

**New! Overseas human resources development measures**

- New training program**  
We will expand the training programs available in Japan for those planning to work overseas. We will use tools such as workflow simulations, language training, and lifestyle and culture training to help human resources make immediate contributions at their assigned locations.
- Enhancing language training**  
We have a variety of menus from beginner to advanced, as well as the group training and AI-based apps, to help raise the level of the entire company.
- Trainee report meetings**  
Widely share throughout the company to make promote awareness of the overseas trainee system.

## Developing next-generation management personnel

### Securing and developing management personnel

Since FY2020, Fuji Oil Holdings has held next-generation management human resources development conferences. Aiming to develop future candidates for management positions, we select candidates from throughout the Group, regardless of nationality or gender, and hold multifaceted conferences on global and dynamic development and training. Since FY2021, we have been working on defining parameters for management posts within Fuji Oil Holdings and FUJI OIL CO., LTD., and selecting successor candidates. Through the appropriate selection and preparation of successor candidates, we are supporting the succession of the Groups direction and values. By fostering the development of many leaders for multiple types of positions, we are ensuring the stability of the entire organization. Furthermore, by identifying and developing new leaders for the future, we are ensuring our ability to continuously strengthen overall Group leadership.



### HR system revisions

Fuji Oil Holdings and Fuji Oil Co., Ltd. are working on organization development to ensure a high level of adaptability to changes in our environment. With this in mind, we revised our HR system for management positions in FY2022 and for union members in FY2024. For both, we adopted a course-specific HR system designed to help identify career paths within the Group and promote increased awareness of autonomous career formation. As a manufacturing Group that operations different business, co-creation that transcends business and functional borders leads to value creation. These new systems are based on utilizing the diverse and advanced expertise of individuals while, at the same time, sending a clear message outlining the importance of promoting team-driven creation, taking on challenges, and co-creation.

### Education and training system

We are increasing both the quantity and quality of our education program to develop human resources capable of performing even in times of dramatic change in our external environment. We also made enhancements to the FUJI Learning Café, the program launched in FY2023 to stimulate employee motivation towards self-growth. We have established a system that support the autonomous development of employees.

#### FUJI OIL CO., LTD. FY2024 Training System for Regular Employees

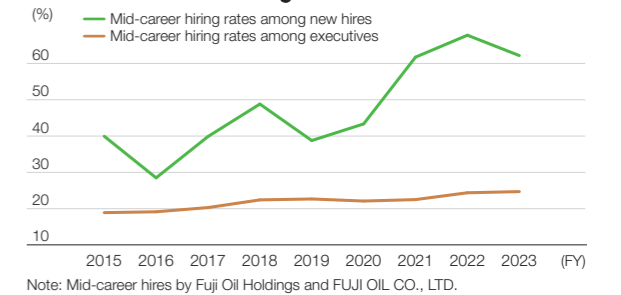
Tier	Rank-based	Management philosophy	Management PGM	GLOBAL PGM	Business college (Business skills)	DX IT	Communication/ mind skills	Cafeteria	Career	Money
	Required	Selection-based	Selection and application-based	Required	Free					
MG/ MSP	General manager training Training for newly appointed managers		EMP/MMP				1on1	Listening, line care training	Senior money plan Careers in your 40s	Investment education basics, practical training Investment education DC
BO/ CO3	BO/CO3 training after promotion	Business overview seminar for mid-career hires	Management skills Development training	Speaking Training ADVANCED GLOBAL selection PGM Pre/post assignment follow-up	Logical thinking (3) Finance and accounting ManagementGame				Senior careers Careers in your 40s	
BO/ CO2	BO/CO2 training after promotion	Division training		Conversational English app Overseas trainees Speaking training		DX/IT mind	Assertive communication Resilience	FUJI Learning Café Female education	Life stage money plan Careers in your 30s Careers in your 20s	
BO/ CO1	New hire training Follow-up training				Logical thinking (2) Logical thinking (1)					

## Mid-career hiring

Since transitioning to a holding company structure in 2015, we have actively hired mid-career personnel with the aim of incorporating new skills and diverse perspectives into management, including our global business management.

With mid-career hires growing within the organization and being promoted to executive positions, we are also increasing diversity in Group decision-making.

### Trends in mid-career hiring rates



## 2 Promoting DE&I

The Code of Conduct in the Fuji Oil Group Management Philosophy outlines that “We will respect the diversity, character, and individuality of Fuji Oil Group employees.” Under the Fuji Oil Group Diversity Vision formulated in 2020, we are conducting activities to promote DE&I based on this vision. We believe that promoting DE&I is one of the most important issues to achieving a corporate culture that is connected to the strengths of the Fuji Oil Group.

We conduct engagement surveys to identify points that need to be addressed in our promotion of DE&I, and to visualize points of improvement.

### Ensuring diversity by management

The diversity ratio (foreigners, women) for Management Committee members at domestic and overseas group companies is 40% (as of April 1, 2024).

At domestic Group companies with particularly low rates, we promoted the appointment of women as outside directors and outside auditors to develop female management personnel by cultivating motivation towards participation in management. As a result, the ratio of women increased from 13% (April 1, 2023) to 15% (April 1, 2024).

Responding to a complex and rapidly changing business environment requires that diverse perspectives be reflected in management decisions. As such, we will continue to promote diversity in management.

### Corporate culture reform initiatives in China

In the China area, we have positioned corporate culture reform as a critical policy. This is a prerequisite to surviving in on domestic markets and against fierce competition from other companies. We are working to increase compliance awareness among employees and strengthen leadership, especially among management personnel. In FY2023, there was a change in top management in the China area. Aligned with that timing, we held a three-day group training session in Shanghai mainly targeting the managers of domestic operating companies in China. At the meetings, we disseminated the Fuji Oil Group policies and business management policies for the new fiscal year. We also held joint meetings on domestic sales strategies. Additionally, we provided opportunities to directly explain the importance of compliance to all employees. This included conducting caravans and on-site training to provide explanations of policies, regulations, and work rules at each company and base in the area.

### Initiatives to promote DE&I in Japan

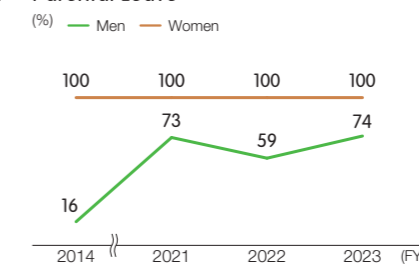
Fuji Oil Holdings and FUJI OIL CO., LTD. have adopted a variety of systems, including a telecommuting program, satellite offices, and a flextime system without core time, to promote workstyle reforms that are essential to achieving DE&I. We apply the perspectives of diverse human resources to make advancements in important areas such as promoting the active participation of seniors, persons with disabilities, and non-fulltime employees, and creating opportunities for women. To promote these initiatives, we have set short-term milestone goals and are working on steady improvements.

Metrics	Actual Results	Target
Percentage of annual paid leave taken	FY2022 73.2%	65% or above by FY2025
Ratio of newly hired graduates (for positions other than production)	FY2023 Men: 0.9 to Women: 1 FY2024 Men: 1 to Women: 1.4	Gender ratio 1:1
Percentage of employees taking parental leave (total for men and women)	FY2022 75.9%	FY2025 80%

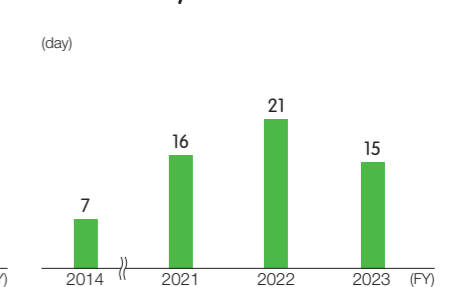
#### Percentage of Women in Management Positions and High Ranked Union Members



#### Percentage of Employees Taking Parental Leave



#### Number of Days Taken for Parental Leave



Introduction of engagement survey in Japan

In FY2023, we began conducting engagement surveys for employees of Fuji Oil Holdings and FUJI OIL CO., LTD. Twice a year, we create numerical visualizations of nine key drivers that measure job satisfaction and then identify and evaluate issues for the company as a whole and for each organization. We then prioritize these issues and make improvements. We have also adopted a system that enables the immediate browsing of results. By disclosing the results of their own organization to the heads of each organization, we support autonomous improvement activities by each organizational unit.

From the results for FY2023, our first year of analysis, we were able to confirm that the Fuji Oil Group has established a culture that promotes entrusting employees to make decisions. This is evident from the scores for "interpersonal relations" and other elements related to "interdepartmental cooperation", one of the structural elements of "organizational culture". This was also seen in the scores for "decision-making authority", one of the structural elements of "workplace duties". These results indicate that the Fuji Oil Group has established a corporate culture that serves as the platform for the "team-driven results" and "co-creation" outlined as the goals of this new system. This also indicates that the strengths of this culture are rooted in added value such as fusing technology and our ability to work with customers towards resolving issues.

On the other hand, we identified "philosophy and strategy" as a Group-wide issue. We understand that our management team and employees are close and we that have an open culture. However, due to our B-to-B business format, it can be difficult for employees to grasp the overall direction of business. As the group develops, the forces impacting the Group become stronger. We recognize that this is an important issue that needs to be addressed. There is also the reality that our scores for "a culture of taking on challenges" and "provision of career opportunities", which are structural elements of "organizational culture", fall below average scores for the food industry. Despite embracing the spirit of challenge has been a part of the Fuji Oil Group DNA since our founding, this spirit has not permeated the Group as a part of our corporate culture. We recognize this as a priority issue that must be addressed. We will apply these survey results towards increasing efforts to improve engagement. We will strive to be a Fuji Oil Group in which employees can work with a sense of pride, and that enables growth both as a Group, and for individuals.

Engagement survey scores

	Response rate	Overall score
2nd (Conducted in Jan. 2024)	91.7%	66

Category-specific score



\* Reference display: FY2022 food industry average score

Strengths

Item: "Organizational culture"  
Interdepartmental cooperation (good relationships with colleagues)

Item: "Workplace duties"  
Discretion (culture of leaving it to others)

Issues and measures

Philosophy/strategy

Items such as sense of connect to the mission and vision, understanding of and satisfaction with management policy and business strategy, and pride in company operations were low, making these the highest priority issues for the Group.

Policies

- Regarding dialogue meetings between the president of Fuji Oil Holdings and group company employees, including overseas personnel, in FY2023, we held small discussion groups with employees in Japan and employees seconded overseas. (Applicable persons: Approximately 200 personnel) The president also visited multiple business sites to discuss important management issues and hold in-person briefings that were open to all employees.
- The president of Fuji Oil Co., Ltd. participated in training sessions for each department and explained management policies. Additionally, we launched two-way communication videos for conveying the president's message and answering employee questions.
- Aiming to further improve the sense of participation in management among employees, we increased stock purchase incentives from 5% to 10%. We are aiming to increase the participation rate in the stockholding association (participation rate: 50% as of December 2023\*).

\* Eligible persons: Employees of Fuji Oil Group Headquarters and FUJI OIL CO., LTD.

A culture of taking on challenges

Recognizing the following as "organizational culture" elements that need to be strengthened

- Providing career opportunities
- A culture of taking on challenges

Policies

- In FY2023, we began internal recruitment on a trial basis. Two departments have published job openings for all directly hired employees. This makes it possible to transfer across job categories, which can be difficult with regular reassignments. This will be standardized starting in FY2024, after which regular internal recruitment will be conducted.
- From FY2024, we adopted a side job system for non-fulltime employment types of work. Additionally, we consolidated all systems and measures to support career challenges, including existing systems for overseas trainees and dietary education teachers, into "Career Challenge", through which we will monitor total number of applicants.

Cultural reform by promoting circuit activities

One of the issues I noticed since taking over as president was a lack of speed.

Responding to accelerating changes in our operating environment requires that we address and resolve the issues facing business partners and customers with a sense of speed. In 2022, I launched a project called "Circuit Activities", for which I directly serve as leader, with the goal of speeding up Group-wide PDCA cycles. I have used video streaming and participation in the training sessions of each department to communicate why Circuit Activities are necessary. To ensure that Circuit Activities do not end as a mere ideal, I directly participated in the discussions and set circuit goals and KPI for the entire organization. In FY2024, the third year of this project, we established a subcommittee to encourage the use of generative AI in business operations. Members recruited through open recruitment are taking on this challenge. While it takes time to change awareness and behavior, through directed communication and the creation of a framework, we will improve the quality and speed of each individual's work and evolve into a company that resolves issues.



Tatsuji Omori  
President of FUJI OIL CO., LTD.



3 Strengthening Internal and External Communication

We created the company website FUJI Connect as a tool for two-way communication that ensures mental security while promoting understanding and appreciating each other. We aim to create a corporate culture where members with diverse perspectives help each other and leverage global synergy.

Issues Promoting participation-based inner communication centered on Vision

Initiatives Strengthening communication through the group website

Through our internal website FUJI Connect, we held an app download campaign promotion and that included the chance for survey respondents to win chocolates from various companies. It was an opportunity to enjoy the cross-group communication typical of the Fuji Oil Group by understanding the distinctive products of each Group company. Through the survey, we will plan department relays and executive interviews to enhance communication by creating more appealing content. As values and workstyles become more diverse, each company will benefit from being able to communicate in a way that realistically conveys respective feelings and opinions. We are achieving this by utilizing the features and videos unique to the format of a web-based company newsletter. Members with diverse perspectives can help each other and generate global synergy. By understanding and appreciating each other, we will ensure psychological security and create a place where we can engage in free and stimulated communication.

Publication of Group image video

In March 2024, we created a Group image video that reflects our Group Vision. For content related to business introductions and sustainability initiatives, we incorporated opinions from not only Japan but also group companies outside Japan. Content is designed to be applicable on a section-specific basis, ensuring usability in a variety of situations. We have received feedback that the content warmth with a good blend of illustrations and real photos that clearly express how our company aims to contribute to society.



# Achieving a Sustainable Future for Food

Every employee at Fuji Oil takes a proactive role towards realizing our Group Vision and achieving sustainable growth.



**Sum Zi Qi**  
FUJI OIL (SINGAPORE) PTE. LTD  
R&D

## Unlocking new opportunities through Low-Trans Specialty Fats

Developing low trans specialty fats can be a strategic decision that aligns with consumer trends towards healthier eating habits. By leveraging the benefits of Low-Trans Specialty Fats, we can tap into emerging markets and cater to health-conscious consumers through product development, marketing strategies and research collaboration. I believe our effort can strengthen Fuji products to stand out in the market and continue a sure footing in the industry. Creating a sustainable future for food involves practices that promote healthier diet: plant-based or low trans diet. By working together to prioritize sustainability in our food systems, we can help ensure a healthier earth for generations to come.

## Reversing a negative trend

Deforestation is a major issue in Côte d'Ivoire and Ghana, which together produce nearly two-thirds of the world's cocoa supply. Deforestation is normally conducted by those engaged in illegal logging for timber but smallholders often move in afterwards and establish cocoa farms on the fertile soil. To discourage this movement, boost household income and reverse the trend, we sensitize farmers on the environmental damage, help provide access to credit for income diversification as well as actually planting forest and indigenous fruit trees in cocoa growing communities. Through these efforts we contribute to saving the environment and helping society achieve their goals!



**Carolin Fesenberg**  
Blommer Chocolate Company  
Sustainability

## Creating a sustainable world through plant-based protein

I am involved in the production and management of plant-based protein ingredients. One of my responsibilities is to prioritize safety while collaborating with other departments to improve production efficiency.

The production of plant-based protein involves large volumes of energy, including water and steam, so we are reevaluating our daily tasks from every angle to promote improvement activities, both conventional and non-conventional.

Plant-based protein ingredients are intermediate ingredients that are not provided to consumers directly. However, we are confident that the safe and reliable products we produce can help resolve global food shortages and environment issues, and can contribute to the realization of a sustainable future for food.



**Takeshi Shibuki**  
FUJI OIL CO., LTD  
Soy Business Division, Soy Ingredients  
Production Department

## A future for food for our children that we can take pride in

The term sustainable came up more frequently these last few years in my daily meetings with customers. I conduct sales for certified palm oil and provide proposals, sales, and after-care for certified cacao raw materials through our sustainable origin program. These are both areas in which Fuji Oil can contribute to sustainability.

However, beyond simply selling products, I work to help customers understanding the meaning behind the use of certified raw materials. I believe this effort connects us to not only our stakeholders, but also all the children in society and all the children who will be born into the future. My goal is to help make a better future for food.



**Hidekazu Watanabe**  
FUJI OIL CO., LTD  
Sales Division, Sales Department I

## Making delicious sweets available to everyone

I am developing a sweets application using Fuji Oil products. In 2023, Japan faced an egg crisis. However, we were able to protect consumers' love for sweets by applying the plant-based technology we have cultivated over the years to propose substitutes.

Plant-based sweets is still a niche market, but we were able to get products on the shelves of convenience stores and supermarkets by developing incredibly delicious products.

We will continue developing sustainable and inclusive sweets in hopes of bringing smiles to everyone.



**Hikari Oda**  
FUJI OIL CO., LTD  
Marketing Solution Department I  
R&D Management Division

## Energy conservation activities to promote an environmentally friendly society

I am involved in operations related to construction, where I promote energy conservation activities. In 2022, we adopted solar panels to reduce our energy consumption. Aiming to further reduce energy consumption, this year we modified the aeration ventilation system of our drainage process. These modifications enable automated control for appropriate airflow, reducing the electricity used for the ventilator.

We will continue to build on such initiatives to contribute to the creation of a society that friendly for the global environment and employees.



**Li Zhiming**  
FUJI OIL (ZHANG JIA GANG) CO., LTD.  
Equipment Development

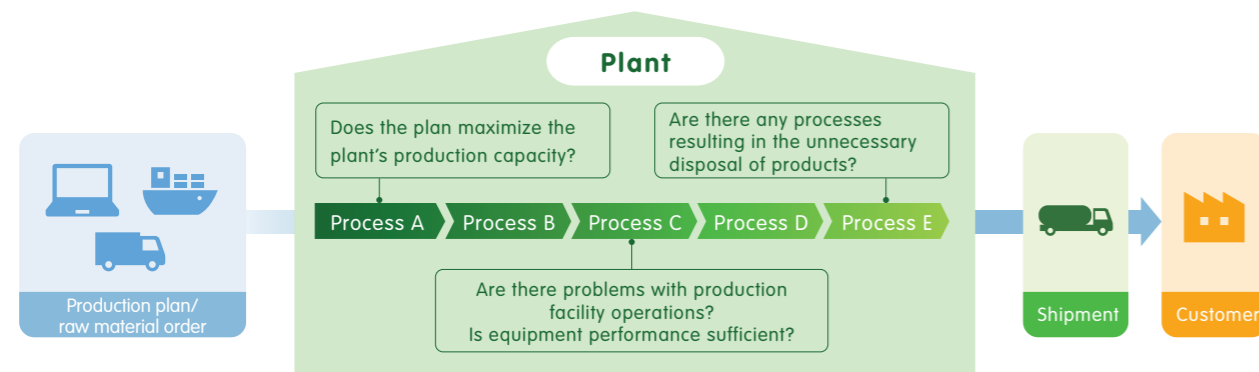
# Production Activities Manufacturing Capital

As an essential food business dedicated to protecting life, the Fuji Oil Group believes it can contribute to society through business offering plant-based food ingredients. Production is a critical activity that forms the foundation of our business. To ensure we can provide our customers with safe, reliable, quality products without supply delays, technological skill and detailed responses specific to each production site are required. By striving to improve the quality and efficiency of Group production activities, including the sharing of know-how cultivated by Group companies, we will continue meeting the needs of customers and consumers around the world.

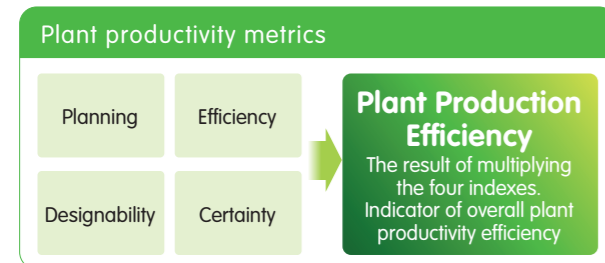
## Productivity Improvement Initiatives

As part of the Fuji Oil Group's efforts to strengthen our management foundation, in FY2022 we adopted Group-wide common productivity metrics. This enables us to focus on plant productivity improvements that promote increased utilization rates for existing equipment and reduce manufacturing costs.

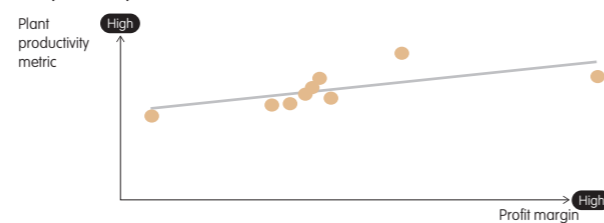
Plants are expected to achieve the stable manufacturing of planned production volume. Plant productivity metrics visualize the impact daily malfunctions, equipment operating status, and product pass/fail rates have on plant productivity. We will use these metrics to stimulate Group plant productivity improvement activities.



Based on the above-mentioned approach, the Fuji Oil Group ascertains the productivity of each plant by multiplying five metrics related to plant production efficiency by the four metrics of planning, efficiency, designability, and certainty. For example, for major companies in the Industrial Chocolate business, there is somewhat of a correlation between plant productivity metrics and profit margin. Using plant productivity metrics, we clarify the strengths and weaknesses of each company to identify and share beneficial case studies from each Group company. This contributes to improving plant productivity and leads to increased profit margins. The Management Committee also regularly monitors plant productivity metrics and uses gained insight towards management decisions on matters such as the appropriate allocation of management resources and investments.



Relationship between plant productivity and profit margin at major companies in the Industrial Chocolate business



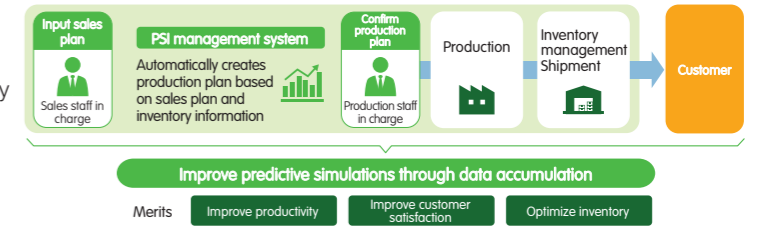
\* Created based on FY2023 results from nine sites (companies and plants) in the Industrial Chocolate business

## Reducing product waste by improving manufacturing processes

At the Blommer Union City plant, we worked to reduce the volume of product waste generating during production processes. To identify areas on which to focus our efforts, we held discussions with members of the Production and Maintenance departments to determine an order of priority, after which we launched improvement activities. During this work, we focused on waste resulting from product dough spillage. By adopting an improvement example from a Fuji Oil Group Industrial Chocolate business operating company, we were able to make improvements to the equipment that was the source of the problem. As a result, product waste volume generated from that process was reduced by 56%.

## PSI management system integration to pursue further productivity improvements and optimize inventory

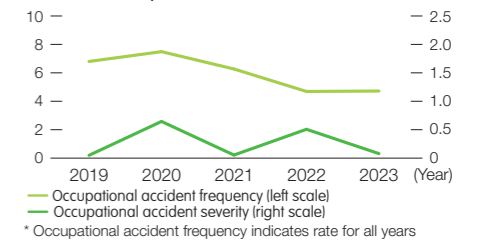
In June 2023, Fuji Oil Co., Ltd. adopted a PSI management system to comprehensively manage the three elements of sales, production, and inventory. We began by integrating the system into the Industrial Chocolate business and the Emulsified and Fermented Ingredients business. A PSI management system links sales, inventory, and production plans to improve planning accuracy and increase productivity. The system also features alert functions to enable the early detection of excessive or insufficient inventory, which leads to stable provision. Thanks in part to the benefits of the PSI management system, for FY2023 we reduced the number of product days in inventory by roughly 4%. From October 2024, we will start operating the system in the Vegetable Oils and Fats business and the Soy-based Ingredients business.



## Occupational Safety

In the Fuji Oil Group Management Philosophy, the first of our Values that inform our actions is "safety, quality, and the environment." Among these three, the Group places top priority on "safety" to achieve continuous growth. Our aim is to protect the lives and health of our employees and all the people working at our business sites and to eliminate occupational accidents.

Occupational Accident Frequency\* and Severity



\* Occupational accident frequency indicates rate for all years

## Safety awareness improvement education

Based on the approach that increasing sensitivity to danger leads to improved safety awareness, we established safety training classrooms in Fuji Oil Co., Ltd. and Fuji Oil (Zhangjiagang) Co., Ltd. (China). At other overseas Group companies the classroom gradually provides VR-based training designed to experience the danger. At domestic Group companies, we aim to increase safety awareness by providing safety education and experience-based classroom education where employees learn about past history and accidents to promote compliance with rules and prevent past mistakes. We also provide training for responding to natural disasters and have installed sensor lights, which are effective for evacuations in the event of a blackout. We are working to create an environment that enables employees to work safely and with peace of mind.

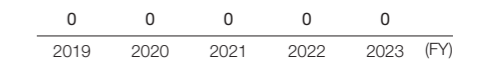


Fuji Vegetable Oil VR Experience

## Food safety, security, and quality

As a participant in food supply chains, we have a potential impact on food safety. As such, we recognize it as essential that we reinforce food safety and quality management at every step, from product design and raw material procurement to manufacturing, shipment, and the delivery of products to our customers.

Number of Recalls



## Increase quality awareness among employees

At each Group company, the quality assurance division or department responsible for quality assurance plans and implements educational activities based on the conditions of their local region. These activities are designed to increase quality awareness among employees. At Fuji Oil Co., Ltd., we outline a code of conduct and support the initiatives undertaken by each plant. We also provide health and hygiene seminars. At overseas Group companies, we work to increase awareness by holding events such as "Quality Safety Month" (Fuji Oil (Zhangjiagang) Co., Ltd. (China)), "Quality and Food Safety Day" (Harald), and a "Quality and Food Safety Culture Promotion Program" (Freyabadi Indotama).



In-house study group at Freyabadi Indotama

# Sustainable Procurement

Social and Relationship Capital

Natural Capital

For more details on sustainable procurement, please refer to our 2024 Sustainability Report.

Sustainable Procurement ▶ <https://www.fujioilholdings.com/en/sustainability/procurement/>

The Fuji Oil Group's Vision is to co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy, together with our stakeholders. A responsible supply chain is essential to achieve this vision. We foster relationships of trust with suppliers to address environmental and social issues in the supply chain, and engage in environmental conservation, respect for human rights, fair business practice, risk management and other initiatives; with the aim of achieving sustainable growth for all three parties: suppliers, the Group and society.

## Fuji Oil Group Supplier Code of Conduct

Suppliers are our key partners in achieving a sustainable society as represented by the UN SDGs (Sustainable Development Goals). Through cooperation with our suppliers, we aim for sustainable development and prosperity of all three parties involved: suppliers, the Group, and society. This approach is also stipulated in the Fuji Oil Group Supplier Code of Conduct formulated and published in April 2021. We ask our suppliers in all countries and regions where we do business to comply with the code and to follow other specific procurement policies of the Group. At the end of January 2024, we had received the signatures of about 70% of our suppliers. We will continue working to realize a sustainable society with suppliers who have agreed to support us in our efforts and to reach out to those who have yet to give their response.

## Response to EU Deforestation Regulation (EUDR)

The EU Regulation on Deforestation-free products (EUDR) was enacted in June 2023, with enforcement started on December 30, 2024. This regulation applies to the palm oil and cocoa we handle. Amid Group-wide efforts to further strengthen our sustainable procurement, we will work to create new value for our business.

### Turning challenge into added value

Fuji Oil has long been working tirelessly securing transparency and traceability of its supply chain evaluating its impact to environment and human rights and also responding to the expectations of customers ranging from global national brands to major US retailers. Initiatives includes participation in RSPO since its founding, establishing UniFuji, a joint venture company that integrates plantation, oil mill and a refinery, and allocating Fuji's own human resources to support and embrace farmers and also women in West Africa, origin of our two strategic key raw materials, cocoa and shea.

As of June 2024, there still are numerous and unforeseen challenges for complying to EUDR requirements. Nevertheless, Fuji Oil Europe appointed a new DD officer and established a new dedicated team, which will collaborate with the Group's sustainability hubs in Amsterdam, Netherlands and Kuala Lumpur, Malaysia. Through this collaboration, the company established a workflow through which they will not only ensure legal compliance, but also work to build a system that delivers added value to customers in the form of safety and security.

\*1. RSPO: Roundtable on Sustainable Palm Oil  
\*2. DD: Due Diligence

### Message



**Naohiro Rokukawa**  
Chairman of FUJI OIL EUROPE

For more details on sustainable procurement of palm oil, please refer to our 2024 Sustainability Report.

Sustainable Procurement of Palm Oil ▶ [https://www.fujioilholdings.com/en/sustainability/palm\\_oil/](https://www.fujioilholdings.com/en/sustainability/palm_oil/)

## Sustainable Procurement of Palm Oil

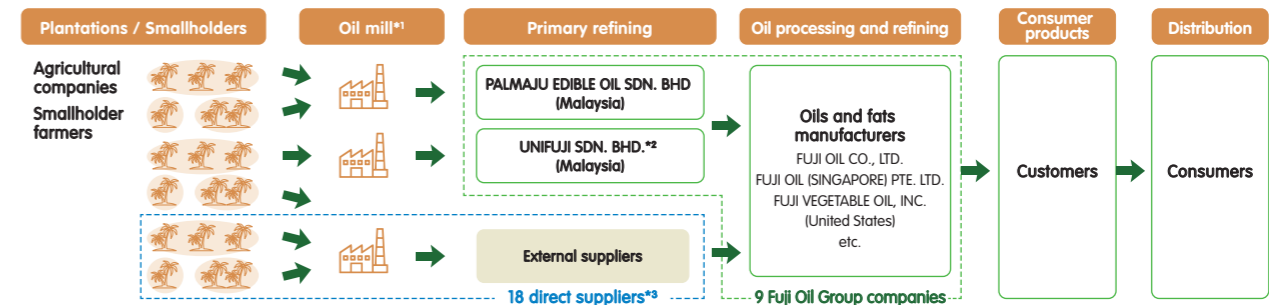
### Procurement Policy: Responsible Palm Oil Sourcing Policy (2016)

Social Issue	Social Issues in the Supply Chain	Medium- to Long-Term Goals	KPIs		FY2023 Results
			2030	2025	
<b>Global Environment</b>	Deforestation, peatland development, biodiversity loss	No deforestation, no peatland development, no exploitation	TTP*1 100%	TTP 85%	TTP 95%
<b>Human Rights</b>	Forced labor; child labor; exploitation of indigenous peoples, local residents, and workers		Labor environment improvement program rate of application: 100% (all direct suppliers)	Labor environment improvement program rate of application: 100% (all PAL**2 suppliers)	Labor environment improvement program rate of application: 74% (PAL**2 suppliers)

\*1 TTP: Traceability to Plantation  
\*2 PALMAJU EDIBLE OIL SDN. BHD (Malaysia): Oils and fats production site of a wholly owned subsidiary of FUJI OIL HOLDINGS INC.



### Palm Oil Supply Chain and the Group's Approach to Social Issues



\*1 See URL for the Fuji Oil Group Palm Oil Mill List:  
\*2 UNIFUJI SDN. BHD.: Joint venture with United Plantations Berhad, a farming company that shares the same values for sustainable palm oil production  
\*3 As of December 2023

Group's Approach	Theme	Summary of initiatives
<b>Securing traceability</b>	TTM*/TTP	Integrated the TTP system in all suppliers
	Use of self-evaluation tools	FY2023 submission rates for self-evaluation surveys and action plans: PAL direct suppliers: 100%, indirect suppliers: 76%, submissions from plantations: 5
	Application of the Labor Transformation Program (LTP)	Providing suppliers man-to-man support for human rights-related issues. Applying to 74% of PAL suppliers
<b>Identifying and improving supply chain risks</b>	Engagement for achieving zero deforestation	Combines TTP data and satellite data to verify that no deforestation is occurring within the Group's supply region. Suppliers are provided reports on latent deforestation risks, and we request the implementation of response measures and monitoring.
	Support for small-scale farmers in Sabah, Malaysia	Supporting acquisition of RSPO and other certifications, and environment rehabilitation-oriented agricultural projects
	Landscape Initiative (Indonesia, Malaysia)	Collaborates with local government and other stakeholders to support a framework for regional efforts to make improvements, including protecting forests and supporting local communities
<b>Supply chain development</b>	Establishment of UniFuji	Established UjiFuji through a joint venture with United Plantations, which shares our aspirations for sustainable palm oil and launched operations in 2018. Contributes to improving the Fuji Oil Group's procurement ratio for certified oils
	Decided on establishment of a joint venture	We collaborated with Johor Plantations Group Bhd. to establish a joint venture for the manufacturing and sales of high-added-value oil and fat products using sustainable palm as raw materials. Planning to launch operations in FY2026.
<b>Operating a grievance mechanism</b>	Construction of a grievance mechanism (complaint processing)	Upon receipt of a grievance from stakeholders, we respond based on outlined procedures and provide quarterly disclosure on our homepage featuring a list of grievances and the status of progress for response

\* TTM: Traceability to Mill

### Landscape Initiative in Malaysia

A Landscape Initiative is a methodology that aims to achieve sustainability goals for an entire region through collaborations by various stakeholders. In addition to the Aceh region in Indonesia, where we have been participating since 2018, our Group has participated in the Southern Central Forest Spine (SCFS) region initiative in Malaysia since 2022. The SCFS Initiative involves multiple stakeholders across the region working together in a variety of areas, including achieving 100% traceability to plantations, improving labor practices, and coexistence between humans and wildlife around palm oil plantations and forests.

For traceability, collaboration with dealers who act as intermediaries between small-scale farmers and oil mills is important. In FY2023, we held workshops for dealers in cooperation with major oil mills to provide data collection training. Additionally, we engaged in dialogue with refinery partners and government agencies such as MPOB\*1 and MSPO\*2 to create a single platform for collecting traceability data.

To improve labor practices, we engaged in a joint initiative with Malaysia's Ministry of Human Resources and Ministry of Plantation and Commodities to develop guidance for companies to improve labor standards. The collaboration between two important government agencies on labor practices issues strengthens the message to suppliers and encourages stronger labor standards.

SCFS is one of our Group's major palm oil resourcing regions. We will continue to promote traceability and NDPE\*3 in the region while collaborating with various stakeholders through this initiative.

\*1 MPOB: Malaysian Palm Oil Board  
\*2 MSPO: Malaysian Sustainable Palm Oil  
\*3 NDPE: Zero deforestation, zero peatland development, zero exploitation



"Get It Right" is a joint initiative with the Malaysian Ministry of Human Resources and Ministry of Plantation and Commodities



## Sustainable Procurement

For more details on sustainable procurement of cocoa, please refer to our 2024 Sustainability Report.

Sustainable Procurement of Cocoa ▶ <https://www.fujioilholdings.com/en/sustainability/cocoa/>



## Sustainable Procurement of Cocoa

### Sourcing Policy: Responsible Cocoa Beans Sourcing Policy (2018)

Social Issue	Social Issues in the Supply Chain	Medium- to Long-Term Goals	KPIs		FY2023 Results
			2030	2025	
<b>Global Environment</b>	Deforestation, climate impacts on producing regions, biodiversity loss		1 million trees planted**	500,000 trees Planted	145,748 trees planted along our direct procurement supply chain in the Ivory Coast (total: 315,748 trees)
<b>Human Rights</b>	Child labor, poverty among farming families	Reforestation, elimination of child labor	Elimination of child labor	No Worst Forms of Child Labor**	<ul style="list-style-type: none"> <li>CLMRS** covers 100% of the farmer groups in the Fuji Oil Group's direct procurement supply chain (Ivory Coast, Ghana)</li> <li>Covering 60% of farmers in direct procurement supply chains with effective and sustainable child protection and HRDD** systems that assess and address child labor (Ivory Coast, Ghana)</li> </ul>

\*1 We plan to plant a variety of shade tree saplings, totaling one million trees over a 10-year period from 2021 through 2030.

\*\* The International Labour Organization (ILO) Convention No. 182, known as the Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, prohibits hazardous work that may harm the health, safety, or morals of children. This includes the sale and trafficking of children, debt bondage, forced or compulsory labor, prostitution and pornography, illegal activities such as crime, and recruitment of children for use in armed conflict.

\*\*3 Child Labour Monitoring and Remediation System

\*\*4 human rights due diligence

Group's Approach	Theme	Overview of initiative
<b>Ensuring traceability</b>	Polygon mapping	Implementing polygon mapping as a standard for child labor prevention and deforestation evaluation
	Adopting CLMRS and providing educational opportunities for children	Creating an environment to prevent child labor and a system to correct violations of child human rights along the supply chain
<b>Identifying and improving supply chain risks</b>	Supporting cocoa farmers	Supporting farmers participating in the program in implementing GAP (agricultural production process management) and practicing cocoa cultivation that gives consideration to climate change
	Community development and women's empowerment	Implementing projects to create economic opportunities for women, such as providing literacy courses and establishing savings and loan associations
	Forest conservation and regeneration	<ul style="list-style-type: none"> <li>Afforestation in Ghana and Ivory Coast</li> <li>Assessing deforestation risk using satellite images</li> <li>Blommer participates in the Cocoa and Forests Initiative and works with the governments of Ivory Coast and Ghana to reduce deforestation and preserve and regenerate forests</li> </ul>

### Forest conservation and regeneration

We are working on agroforestry\* with the aim of securing long-term profits for cocoa farmers and local communities, reducing carbon footprints, creating a deforestation-free supply chain, and preserving and restoring natural ecosystems.

Our Group has set a goal of planting 1 million trees in cocoa producing areas by 2030, and has planted a total of 315,748 trees since 2020. We aim to promote cocoa agroforestry and community reforestation, strengthen the resilience of producers and communities affected by climate change, and contribute to carbon sequestration and biodiversity protection.

Regarding deforestation monitoring, we have partnered with Satelligence, a global leader in geospatial forest monitoring, since FY2022, and are working to assess and counter deforestation risks in Ivory Coast, Ghana, and Ecuador. Utilizing satellite imagery, we are gaining insight on landscape and farms, such as changes in tree canopy, carbon changes in and around cocoa farms, deforestation risk assessment, identification of shady cocoa areas, and carbon sequestration monitoring. A real-time risk alert system also improves Blommer's ability to quickly address drivers of deforestation and forest degradation. In 2023, we monitored an area of over 110,000 km<sup>2</sup> across Ivory Coast, Ghana, and Ecuador. No deforestation was observed during the 2022-2023 cocoa season.

\* Agroforestry: A land management system that combines perennial trees with crops and animals to generate environmental and economic benefits. In the context of cocoa production, this typically includes a combination of cocoa trees, non-cocoa trees that provide benefits such as shade, and agricultural plants that produce fruit, nuts, and wood.



For more information on our sustainable procurement of soybeans, please refer to our 2024 Sustainability Report.

Sustainable Procurement of Soybeans ▶ <https://www.fujioilholdings.com/en/sustainability/soy/>



## Sustainable Procurement of Soybeans

### Procurement Policy: Responsible Soybeans and Soy Products Sourcing Policy (2021)

Social Issue	Social Issues in the Supply Chain	Medium- to Long-term Goals	KPIs		FY2023 Results
			2030	2025	
<b>Global Environment</b>	Deforestation, biodiversity loss		Traceability achieved to community level, or 100% procurement of RTRS**	Traceability achieved to primary collection points, or 100% procurement of RTRScertified products or products certified to equivalent Standards	<ul style="list-style-type: none"> <li>Understand traceability status by promoting dialogue with suppliers in North America and China</li> <li>Traceability to the primary collection site: 83%</li> </ul>
<b>Human Rights</b>	Exploitation of indigenous peoples, local residents, and workers	No deforestation, no Exploitation	certified products or products certified to equivalent standards		

\*\*1 RTRS: Round Table on Responsible Soy Association

Group's Approach	Theme	Overview of initiative
<b>Ensuring traceability</b>	Tracing across the supply chain to primary collection points	<ul style="list-style-type: none"> <li>Completed evaluation of supplier self-assessments</li> <li>For soybeans from North America and China, identify the supply chain from farmers to the primary collection point where soybeans are collected and stored</li> <li>After 2025, track soybean supply chain further upstream to the community level</li> </ul>
<b>Identifying and improving supply chain risks</b>	Gathering information through RTRS	Joined RTRS in 2020 and formulated a sourcing policy after gathering information. As the next step, plan initiatives for each region

For more information on our sustainable procurement of shea kernel, please refer to our 2024 Sustainability Report.

Sustainable Procurement of Shea Kernels ▶ [https://www.fujioilholdings.com/en/sustainability/shea\\_kernel/](https://www.fujioilholdings.com/en/sustainability/shea_kernel/)



## Sustainable Procurement of Shea Kernels

### Procurement Policy: Responsible Shea Kernels Sourcing Policy (2021)

Social Issue	Social Issues in the Supply Chain	Medium- to Long-Term Goals	KPIs		FY2023 Results
			2030	2025	
<b>Global Environment</b>	Loss of parkland		(1) Tree planting 6,000 trees/year **	(1) 6,000 trees planted per year	(1) 9,364 trees planted per year
		Forest conservation, support for women's empowerment	(2) Traceability to the regional level, including procurement from Tebma-Kandu cooperative*: 75%	(2) 50%	(2) 88%
			(3) Shea kernel procurement ratio from the Tebma-Kandu program: 50%	(3) 30%*4	(3) 19%
			(4) Shea kernel oil extraction and separation ratio in West Africa: 100%	(4) 100%	(4) 100%
<b>Human Rights</b>	Poverty among farming families		(5) Ratio of non-fossil energy used at Fuji Oil Ghana*3 (steam-generated oil): 100%	(5) 100%	(5) 97.6%
			(6) Utilization rate for warehouses donated by the Fuji Oil Group to promote alternative income for the Tebma-Kandu cooperative: 80%	(6) 20%	(6) —

\*1. Plans to plant 6,000 seedlings, mainly shea trees, per year starting from 2021.

\*2. Registered cooperative under the Tebma-Kandu program

\*3. Shea olein, a byproduct of shea butter separation, is used as biomass fuel.

\*4. 10%, 10%, and 15% are set as KPI for 2021, 2022, and 2023, respectively.

Group's Approach	Theme	Overview of initiative
<b>Ensuring traceability</b>	Traceability to regional level	Securing Traceability to the regional level, including procurement from the Tebma-Kandu cooperative
	Green space conservation of shea tree habitat	Planting shea seedlings and providing training on cultivation techniques to farmers
<b>Identifying and improving supply chain risks</b>	Reducing environmental impact through energy conversion	Converts energy used in production at Fuji Oil Ghana from mineral oil to non-fossil fuels to promote reductions in CO <sub>2</sub> emissions and waste products
	Tebma-Kandu Program	Promoting programs with women's cooperatives to implement responsible shea kernel procurement policies. We aim to improve the skills of our members and contribute to regional value creation by providing training in areas such as preliminary financing and quality control.

### Promotion of shea kernel sustainability program

As a promotion program to realize the Policy on Responsible Shea Kernel Procurement, we launched the shea kernel sustainability program Tebma-Kandu with 23 women's cooperatives in northern Ghana. The program is now in its fourth year. In addition to conventional activities such as tree planting and improving the traceability of shea kernels, we are working with Degas, a Japanese start-up company that provides IT-based farmer support services in northern Ghana, to incorporate IT into the collection of shea kernels to improve traceability.

# Environmental Management Natural Capital

Please refer to Sustainability Report 2024 for details on our environmental management.

Environmental Management ▶ [https://www.fujioilholdings.com/en/sustainability/environmental\\_management/](https://www.fujioilholdings.com/en/sustainability/environmental_management/)

Ecosystem services, which society relies on and which underpin all economies, have been declining due to intensifying climate change and biodiversity loss in recent years. In addition, the deteriorating natural environment worldwide is becoming a threat to management. The Fuji Oil Group recognizes that changes in the climate and nature are important both in terms of risks and opportunities for all the Group's business activities. We are striving to appropriately respond to these risks by working to reduce CO<sub>2</sub> emissions, conserve the natural ecosystem and sustainably use natural capital. At the same time, we are developing technologies and products which will have a positive impact on the natural environment by incorporating the nature positive\* concept to obtain business opportunities.

\* A concept to stop and reverse the loss of biodiversity to put nature on the path to recovery.

## Biodiversity

The Fuji Oil Group formulated the Fuji Oil Group Policy on Biodiversity in March 2023. This policy summarizes our basic approach and code of conduct to biodiversity. Based on this policy, we will avoid or reduce the negative impact on biodiversity in our value chain and work to conserve and restore natural ecosystems with solutions based on nature. We will put biodiversity on the path to recovery by 2030 through continued co-creation with stakeholders. We will then contribute to the realization of a society which coexists with nature by 2050.

### Nature-related risk analysis for palm oil and cocoa

We evaluated the points of contact with nature and the dependence and impacts on nature and ecosystem services in palm oil- and cocoa-producing countries in line with the LEAP approach\* advocated by the Task Force on Nature Disclosures (TNFD) in fiscal 2023. We identified priority regions and points of concern (corresponding to L3, L4, E2, E3 and E4 in the LEAP approach). The nature-related risks we extracted from this analysis are general risks in the producing countries instead of specific risks limited to the Fuji Oil Group's value chain. We have not disclosed the specific regions and place names for reasons in our business strategy.

\* An integrated approach to evaluating nature-related issues developed by the TNFD. It includes points of contact with nature, relationship of dependency on nature, impacts, risks and opportunities.

### Analysis results on nature-related risk in palm oil producing countries

TNFD category	Dependency									Impact driver				
	Provisioning services		Regulating and maintenance services						Land/ freshwater/ ocean use		Pollution (soil, water, air pollution)			
Water resources	Water stress	Water shortage risk	Soil and water purification, air filtration, solid waste remediation	PM2.5	Flood risk	Water flow regulation	Soil erosion distribution	Soil sediment retention	Soil quality regulation	Pollination	Old-growth forest/ peatland/ mangrove/ wetland distribution, etc.	BOD	PM2.5	Pesticide use
Significance	○	△	○	○	◎	△	○	△	○	×	◎	○	○	×

◎ High significance ○ Medium significance △ Low significance × Insufficient data, etc.

**Dependencies** We learned that the importance of flood risks is high. Moreover, we found some regions with high water stress in Thailand and Indonesia. We also learned that there are some regions in Indonesia where water pollution due to nitrogen may be worsening beyond the ecosystem service of water purification.

**Impacts** We found there is a high level of importance to the impact from converting virgin forests, peatland, mangroves, wetlands and other land highly significant from the perspective of ecosystems into farms. The southern part of Thailand and the northern part of East Malaysia are especially important regions from the conservation priority and protected region perspective. If pollution or another issue occurs, it is thought the impact on the surrounding ecosystem will be large. We reaffirmed the significance of introducing environmental restoration agriculture for smallholder farmers who the Group has been supporting in the northern part of East Malaysia since 2016.

### Analysis results of nature-related risk in cocoa producing countries

TNFD category	Dependency									Impact driver				
	Provisioning services		Regulating and maintenance services						Land/ freshwater/ ocean use		Pollution (soil, water, air pollution)			
Water resources	Water stress	Water shortage risk	Soil and water purification, air filtration, solid waste remediation	PM2.5	Flood risk	Water flow regulation	Soil erosion distribution	Soil sediment retention	Soil quality regulation	Pollination	Old-growth forest/ peatland/ mangrove/ wetland distribution, etc.	BOD	PM2.5	Pesticide use
Significance	△	△	○	○	◎	◎	◎	◎	◎	×	◎	○	×	×

◎ High significance ○ Medium significance △ Low significance × Insufficient data, etc.

**Dependencies** We learned that there is a high level of importance to flood risks, soil and sediment retention, and soil quality maintenance. Soil erosion may increase flood risks. In addition, if floods or soil erosion occur in regions with thin soil, there is a danger that the soil quality will be seriously affected. These indicators are high in some regions in the Ivory Coast. We found that this may lead to procurement risks from a disaster risk and soil fertility perspective.

**Impacts** We established there is a high level of importance to the impact from converting virgin forests, peatland, wetlands and other land highly significant from the perspective of ecosystems into farms in West Africa. The results of this location analysis reaffirmed the significance of the tree-planting activities the Group is carrying out in Ghana and the Ivory Coast from an ecosystem integrity perspective.

Please refer to Sustainability Report 2024 for details on our biodiversity conservation and restoration.

Biodiversity Conservation and Restoration ▶ <https://www.fujioilholdings.com/en/sustainability/biodiversity/>

### Nature-related risks and opportunities across the Fuji Oil Group's value chain

Based on our dependence on and impact assessment of nature and ecosystem services, we have identified a comprehensive set of nature-related risks and opportunities that the Group will address.

Type	No.	Risk/ Opportunity	Potential impacts	Risk reduction	Opportunity creation	Strategies (○ Risk reduction, ◎ Opportunity creation)
Transition risks	1	Tougher enforcement of regulations, new regulations	<ul style="list-style-type: none"> <li>Increased cost of complying with regulations*1 for the Group</li> <li>Fines, suspension of operations and sales, loss of credibility, reparations and others due to legal violations</li> </ul>	●		<ul style="list-style-type: none"> <li>Keep informed of the various regulations and share with everyone concerned</li> <li>Cooperate with external stakeholders on laws and regulations (e.g., EUDR)</li> </ul>
	2	Soaring raw material prices, unstable raw material supply	<ul style="list-style-type: none"> <li>Increased cost of complying with regulations*2 at major raw material suppliers</li> <li>Increased demand for certified raw materials (e.g., RSPO, RTRS) due to tougher regulations</li> </ul>	●	●	<ul style="list-style-type: none"> <li>Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*4</li> <li>Increase suppliers' understanding of certification systems and strengthen supply system*4,9</li> </ul>
	3	Exclusion from business dealings	<ul style="list-style-type: none"> <li>Decline in public credibility if evidence of deforestation, peatland development or human rights violations emerges from major raw material suppliers, resulting in the loss of markets and customers</li> </ul>	●		<ul style="list-style-type: none"> <li>Implement actions to achieve sustainability KPIs on NDPE*13 and eliminating child labor*5,7</li> <li>Promote initiatives to prevent deforestation and restore forests*5,7,8</li> <li>Reduce impact on ecosystems in farmlands and surrounding areas, reduce chemical use*5,7,10</li> <li>Raise awareness and conduct capacity building of stakeholders*5,7,8</li> </ul>
	4	Lower competitiveness due to inadequate response to change in consumer behavior and environmental concerns	<ul style="list-style-type: none"> <li>Decline in competitiveness due to delay in response to the biodiversity demands of markets and customers</li> </ul>	●	●	<ul style="list-style-type: none"> <li>Implement actions to achieve sustainability KPIs on NDPE and eliminating child labor*5,7</li> <li>Implement measures to manage reputational risks in partnership with NGOs*6</li> <li>Promote business strategies that take advantage of changes in social trends as opportunities</li> <li>Enhance initiatives to address global issues</li> </ul>
	5	Development and spread of alternative biological resources	<ul style="list-style-type: none"> <li>Increased development and production costs due to growing demand for products that use alternative raw materials in consideration of biodiversity</li> </ul>	●	●	<ul style="list-style-type: none"> <li>Offer sustainable food using plant-based ingredients*11</li> <li>Explore new alternative raw materials*12</li> <li>Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3</li> </ul>
Reputation	6	Development and spread of alternative biological resources	<ul style="list-style-type: none"> <li>Consumer boycotts and criticism from consumers, NGOs and local residents</li> <li>Decline in public credibility, resulting in the loss of markets and customers</li> </ul>	●	●	<ul style="list-style-type: none"> <li>Implement actions to achieve sustainability KPIs on NDPE and eliminating child labor*5,7</li> <li>Implement measures to manage reputational risks in partnership with NGOs*6</li> <li>Promote initiatives to prevent deforestation and restore forests*5,7,8</li> <li>Reduce impact on ecosystems in farmlands and surrounding areas, reduce chemical use*5,7,10</li> <li>Raise awareness and conduct capacity building of stakeholders*5,7,8</li> <li>Disclosure of high-quality information on nature-related risks and opportunities</li> </ul>
	7	Damage to reputation among consumers and society	<ul style="list-style-type: none"> <li>Company stocks excluded from ESG funds if our response strategies to nature-related risks and opportunities are evaluated as inadequate, resulting in a slump in stock prices</li> </ul>	●	●	
Acute risks	8	Unintentional introduction of invasive species and GMO crops	<ul style="list-style-type: none"> <li>Consumer boycotts and criticism from consumers, NGOs and local residents</li> <li>Decline in public credibility, resulting in the loss of markets and customers</li> </ul>	●	●	<ul style="list-style-type: none"> <li>Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3</li> <li>Explore new alternative raw materials*12</li> <li>Reduce number and distance of transportation</li> </ul>
	9	Increase in flooding and storm surges	<ul style="list-style-type: none"> <li>Damaged factories and suspension of operations</li> <li>Disruption in supply chains</li> </ul>	●		<ul style="list-style-type: none"> <li>Enhance the resilience of our business sites</li> <li>Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3</li> </ul>
	10	Biological resource depletion	<ul style="list-style-type: none"> <li>Reduced production volume due to changes in the growing environment of major raw materials, resulting in higher raw material prices</li> </ul>	●	●	<ul style="list-style-type: none"> <li>Promote initiatives to conserve and restore biological resources*7,8</li> <li>Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3</li> </ul>
	11	Water resource depletion, pollution from wastewater	<ul style="list-style-type: none"> <li>Reduced supply volume due to crop failure of major raw materials or suspension of operations at suppliers, resulting in higher raw material prices</li> </ul>	●	●	<ul style="list-style-type: none"> <li>Promote initiatives to conserve and restore water resources*7,8</li> <li>Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3</li> </ul>
Chronic risks	12	Lower farmland productivity	<ul style="list-style-type: none"> <li>Decline in farmland productivity in regions producing our raw materials, resulting in higher raw material prices</li> <li>Environmental destruction of farmlands at suppliers, making procurement difficult</li> </ul>	●	●	<ul style="list-style-type: none"> <li>Promote initiatives to conserve and restore farmland productivity*7,8</li> <li>Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3</li> </ul>
	13	Dairy cattle grazing and excrement	<ul style="list-style-type: none"> <li>Consumer boycotts and criticism from consumers, NGOs and local residents</li> <li>Decline in public credibility, resulting in the loss of markets and customers</li> </ul>	●		
	14	Decline in raw material harvest due to decrease in pollinators	<ul style="list-style-type: none"> <li>Decline in volume of raw material harvests due to decline in percent fruit set, resulting in procurement shortage</li> </ul>	●		<ul style="list-style-type: none"> <li>Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3</li> </ul>
Systemic risks	15	Ecosystem destabilization	<ul style="list-style-type: none"> <li>Decline in volume of raw material harvests due to ecosystem collapse in countries and regions growing our raw materials, resulting in procurement shortages</li> </ul>	●		

\*1 Potential regulations on land use, water use, pesticides, chemical substances, plastics, waste, greenhouse gas emissions, water/soil/air pollution, mandatory due diligence on raw materials, new regulations, among others

\*2 Potential regulations on land use, water use, pesticides, chemical substances, plastics, waste, greenhouse gas emissions, water/soil/air pollution, among others

\*3 Sustainable Procurement Management <https://www.fujioilholdings.com/en/sustainability/procurement/>

\*4 [https://www.fujioilholdings.com/en/pdf/news/2024/240125\\_en.pdf](https://www.fujioilholdings.com/en/pdf/news/2024/240125_en.pdf) (Notice of Establishment of Joint Venture Company by Consolidated Subsidiary)

\*5 Sustainable Procurement of Palm Oil [https://www.fujioilholdings.com/en/sustainability/palm\\_oil/](https://www.fujioilholdings.com/en/sustainability/palm_oil/)

\*6 FUJI OIL GROUP Grievance Mechanism [https://www.fujioilholdings.com/en/sustainability/grievance\\_mechanism/](https://www.fujioilholdings.com/en/sustainability/grievance_mechanism/)

\*7 Sustainable Procurement of Cocoa <https://www.fujioilholdings.com/en/sustainability/cocoa/>

\*8 Sustainable Procurement of Shea Kernels [https://www.fujioilholdings.com/en/sustainability/she\\_a\\_kernel/](https://www.fujioilholdings.com/en/sustainability/she_a_kernel/)

\*9 Sustainable Procurement of Soybeans <https://www.fujioilholdings.com/en/sustainability/soy/>

\*10 [https://www.fujioil.co.jp/news/2021/\\_icsFiles/fieldfile/2021/10/04/211012.pdf](https://www.fujioil.co.jp/news/2021/_icsFiles/fieldfile/2021/10/04/211012.pdf) (Launched "SoyBio MA," upcycled soy whey for bioremediation of soil, in Japanese)

\*11 Creation of Diverse Plant-based Ingredients [https://www.fujioilholdings.com/en/sustainability/food\\_resources/](https://www.fujioilholdings.com/en/sustainability/food_resources/)

\*12 <https://www.fujioilholdings.com/pdf/news/2022/20221004Newsrelease.pdf> (Palm oil substitute derived from oleaginous yeast achieved world-leading production volume (98 g/l), in Japanese)

\*13 NDPE: Zero deforestation, zero peatland development, zero exploitation

## Environmental Management

### Environment Initiatives

Please refer to ESG Data Book for details.

ESG Data Book ▶ <https://www.fujioilholdings.com/pdf/en/sustainability/download/esg2024.pdf>

#### Targets and Progress of Environmental Vision 2030

Category	2030 Targets	FY2023 Results <sup>*1</sup>	Rate of Achievement (under Environmental Vision 2030)
CO <sub>2</sub> emissions	Scopes 1 & 2: 40% reduction in total CO <sub>2</sub> emissions (All Group companies) <sup>*1</sup>	29% reduction	73%
	Scope 3 (Category 1): 18% reduction in total CO <sub>2</sub> emissions (All Group companies) <sup>*2</sup>	27% increase <sup>*3</sup>	Not achieved
Water usage	20% reduction in water intensity (All Group companies) <sup>*1</sup>	33% reduction	166%
Waste <sup>*4</sup>	10% reduction in waste intensity (All Group companies) <sup>*1</sup>	15% reduction	153%
Resource recycling	Maintain a recycling rate of at least 99.8% (All Group companies in Japan)	99.85%	achieved

\*1 Base year: FY2016, all consolidated subsidiaries

\*2 Scope 3 (Category 1) data excludes two production sites in Australia and the United States

\*3 Recalculated emissions for FY2016, FY2022, and FY2023 using emissions factors of IDEA ver. 3.3 and LULUCF (land use, land-use change, and forestry) Regulations.

\*4 Waste data excludes two production sites in Australia and Germany.

#### FY2023 Results

##### Reduced CO<sub>2</sub> emissions (all Group companies)

###### ● Introduction renewable energy

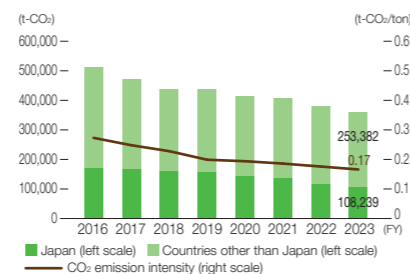
- Operation of solar power in a total of 11 sites in the Fuji Oil Group (new operation at two sites outside of Japan and one site in Japan)
- Use of a Green Power Certificate by the FUJI OIL CO., LTD. and use of RECs\* by Blommer

\* RECs: Renewable Energy Certificates

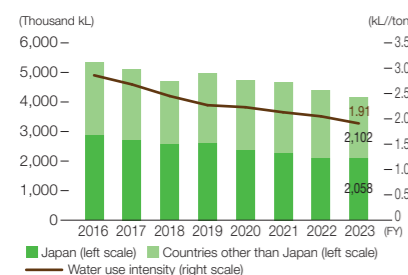
###### ● Energy conservation in production equipment:

- Started energy conservation patrols aimed at stimulating energy conservation activities and encouraging self-reliance (production sites in Japan)
- Reuse of exhaust heat collected from production processes and introduction of a steam supply control system (production sites in Japan)
- Improvement in energy efficiency by introducing small boilers (production sites outside of Japan)
- Optimization of the flow rate in cold water pumps and switch to highly efficient motors (production sites outside of Japan)

#### CO<sub>2</sub> Emissions (All Group Companies)

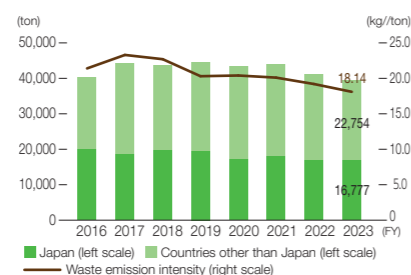


#### Water Usage (All Group Companies)



- Optimization of water usage on protein production lines (production sites in Japan)
- Improvement in water reclamation systems and review of production equipment cleaning frequency (production sites outside of Japan)

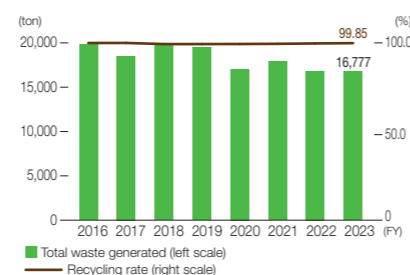
#### Waste (All Group Companies)



- Improvement in the dewatering efficiency of scum sludge (production sites in Japan)
- Sale of waste white clay and oil for EU ISCC-certified\* bio-fuel use (production sites outside of Japan)

\* ISCC certification: An international certification program to certify companies and organizations which manufacture products using biomass, reclaimed goods and other sustainable raw materials.

#### Waste Recycling (All Group Companies in Japan)



- Maintained a high recycling rate, greatly exceeding the 95% target set by the Food Recycling Law
- Ensured thorough separation of waste

#### Future policy initiatives

- Increase CO<sub>2</sub> emission reduction levels to achieve 2030 target (promote energy conservation activities, introduction of renewable energy, and engagement with key suppliers)
- Consider new reduction targets relating to water whose 2030 targets we have already achieved

### FUJI OIL (SINGAPORE) PTE. LTD.: reusing industrial wastewater as pure water

FUJI OIL (SINGAPORE) PTE. LTD. has introduced a new water purification system. This system filters industrial wastewater into high-purity reclaimed water which meets the standards of the Ministry of Environment and Water Resources. The company then reuses the water in its cooling tower. In addition to reducing water usage, appropriately managing precious water resources leads to a reduction in the energy used to treat the nation's water. This water purification system is comprised of a multi-stage filter. The filter removes suspended solids and fine solid particles. After that, a reverse osmosis membrane is used to remove microbes, bacteria and similar.



Newly introduced water purification system

### FUJI OIL EUROPE: upcycling waste white clay as certified biomass raw materials

FUJI OIL EUROPE sells all of the white clay it uses in its oil and fat refining process as ISCC EU-certified\*<sup>1</sup> biomass energy raw materials. This initiative contributes to resource circulation. These biomass raw materials are fermented together with other organic matter to generate methane gas. The methane gas is then combusted in a CHP\*<sup>2</sup> system to generate green electric power and heat.

\*1: A certification standard covering biomass, waste, residue and similar for the EU market based on the European Renewable Energy Directive.

\*2: A cogeneration system which simultaneously generates electricity and supplies heat.



Spent white clay to be upcycled as biomass energy material

## Human Rights Management

The Fuji Oil Group formulated the Fuji Oil Group Human Rights Policy in April 2017. In the spirit of "Work for People," as expressed in the Fuji Oil Group Management Philosophy, the policy clearly sets the basis for respecting and protecting the human rights of people within the Group and its supply chains who can be affected by its business activities. Furthermore, we formulated the Fuji Oil Group Human Rights Guidelines as concrete guidelines to respond to human rights in March 2023. The aim of these guidelines is to ensure the Group's employees fulfill their responsibilities in our business activities with a common understanding to respecting human rights.

For more details on human rights management, please refer to our 2024 Sustainability Report.

Human Rights Management ▶ [https://www.fujioilholdings.com/en/sustainability/human\\_rights/](https://www.fujioilholdings.com/en/sustainability/human_rights/)

### Implementation of human rights due diligence

The Fuji Oil Group implements human rights due diligence in accordance with the UN Guiding Principles on Business and Human Rights as part of fulfilling our responsibility to respect human rights. In addition, we conduct human rights impact assessments with advice from external experts in accordance with the process advocated in those UN guiding principles to identify and evaluate actual or potential adverse human rights impacts that we may be involved in through our business activities and to identify critical issues that should be addressed on a priority basis.

#### Human rights risks identified in the second human rights impact assessment (fiscal 2020) and achievements in fiscal 2023

Human Rights Risk (2nd Assessment)	Relevant Stakeholder Group	Special Points to Confirm/Consider (Recommended by Experts)	Actions	FY2023 Results
Occupational health and safety	Employees	<ul style="list-style-type: none"> <li>Prevent spread of infection during COVID-19 pandemic</li> <li>Strengthen management system by third-party assessment</li> </ul>	<ul style="list-style-type: none"> <li>Continue to apply strict measures to prevent infection in workplaces</li> <li>Continue to improve our occupational health and safety management system by incorporating perspectives of third-party organizations</li> </ul>	<ul style="list-style-type: none"> <li>Five companies conducted joint on-site audits of individual companies with safety officers from the regional headquarters in each area</li> </ul>
Human rights of supply chain workers (focusing on working environment on plantations, occupational health and safety, non-discrimination and equal opportunity, forced and child labor, land rights)	Supply chain workers	<ul style="list-style-type: none"> <li>General: Establish Supplier Code of Conduct that applies to all suppliers and expand grievance mechanisms</li> <li>Palm oil and cocoa: Implement measures based on sourcing policies and medium-to-longterm targets</li> <li>Soy: Formulate sourcing policy and establish monitoring system</li> </ul>	<ul style="list-style-type: none"> <li>Ensure suppliers are well informed of Supplier Code of Conduct</li> <li>Monitor human rights due diligence trends in European Union and apply to supply chain in timely manner</li> <li>Formulate and publish Supplier Code of Conduct, distribute to business partners</li> </ul>	<ul style="list-style-type: none"> <li>Received agreement with the Supplier Code of Conduct from 70% of suppliers (as of January 2024)</li> <li>100% of farmer groups in the Group's direct procurement supply chain are covered by CLMRS (Ivory Coast and Ghana)</li> <li>Ensuring traceability to the first collection point for soybeans: 83%</li> <li>Implemented the Tebma-Kandu shea kernels sustainability program in Ghana and procured 19% of our shea kernels from women's cooperatives through this program</li> </ul>
Diversity and inclusion (D&I), human rights in the workplace (harassment, forced labor)	Employees	<ul style="list-style-type: none"> <li>Strengthen system for promoting D&amp;I globally</li> <li>Strengthen harassment prevention measures</li> <li>Identify and reduce forced labor risks</li> </ul>	<ul style="list-style-type: none"> <li>Promote DE&amp;I globally</li> <li>Consider possible mechanisms/ systems for identifying and addressing human rights issues in workplaces</li> </ul>	<ul style="list-style-type: none"> <li>Shared a message from our top management and raised awareness to prevent harassment during the Human Rights Week we hold in December every year</li> <li>Strengthened harassment prevention measures by establishing "watch harassment videos and publicize the reporting counter" as one of the required themes in the departmental training</li> </ul>

\* Fuji Oil Holdings and FUJI OIL CO., LTD.

Promotion of DE&I ▶ P53

# Message from the CSO

In FY2024, the final year of our Mid-Term Management Plan, Reborn 2024, we will strengthen our business foundation to restore profitability and advance preparations for a growth stage during our upcoming mid-term management plan.

Hiroyuki Tanaka

Senior Executive Officer, Chief Strategy Officer (CSO) Division Head of Chocolate Business Division, Chairman of HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA



## Strengthening our business foundation

In a business environment that has increasingly lacked certainty since 2020 due to factors such as COVID-19 and the situation in Ukraine, we have promoted initiatives aimed at addressing the need to increase the ability of individual operating companies to make rapid business management decisions while also strengthening business management by the holding company. As CSO, I am taking a business-axis management approach to ascertaining the business environments of each operating company and cooperating with each area and operating company to restore basic profitability. We will achieve this by strengthening risk management for supply chains related to raw material procurement and supporting the implementation of business policy. We will also advance the appropriate allocation of management resources to each business, prioritizing the distribution of management resources to Vegetable Oils and Fats and Industrial Chocolate, which we position as growth domains. For Vegetable Oils and Fats, we are responding to increasing

demand for certified oils, which has grown in recent years, particularly in Europe, by aggressively strengthening our supply structure for sustainable, certified oils in Southeast Asia. For Industrial Chocolate, the launch of the No. 2 plant at Harald (Brazil) will enable us to respond to increasing chocolate demand in Brazil and provide high-value-added products that incorporate the Group's technology and expertise. We will also seek to pioneer new markets by injecting new products. During the current Mid-Term Management Plan, Reborn 2024, Blommer, our North American chocolate business, saw the manifestation of management issues attributable to significant changes in the market environment. To make fundamental reforms to address these management issues, in March 2024 we formulated and announced a structural reform plan. While implementing these response measures, we will work to further strengthen the business foundation and improve profitability. Through these efforts, we will strive for Group growth as we head towards 2030.

## Business strategy incorporating our competitive advantages

Since our founding, the Fuji Oil Group has worked to recognize and resolve customer issues, by further tapping into the potential of our Group's technology. Through this approach, we have expanded our Vegetable Oils and Fats, Industrial Chocolate, Emulsification and Fermentation Ingredients, and Soy-based Ingredients businesses. We believe that our Group's competitive advantage lies in our ability to resolve problems, not only through the unique technologies of each business, but also through a fusion of the technologies possessed by these businesses. To achieve value provision based on deliciousness and health with the goal of promoting consumer well-being, we pursue a fusion of technology that goes beyond the boundaries of each business. We strive to create high-value-added products in what we call new business domains.

At the same time, to contribute to the realization of a sustainable society, we strive to resolve social issues,

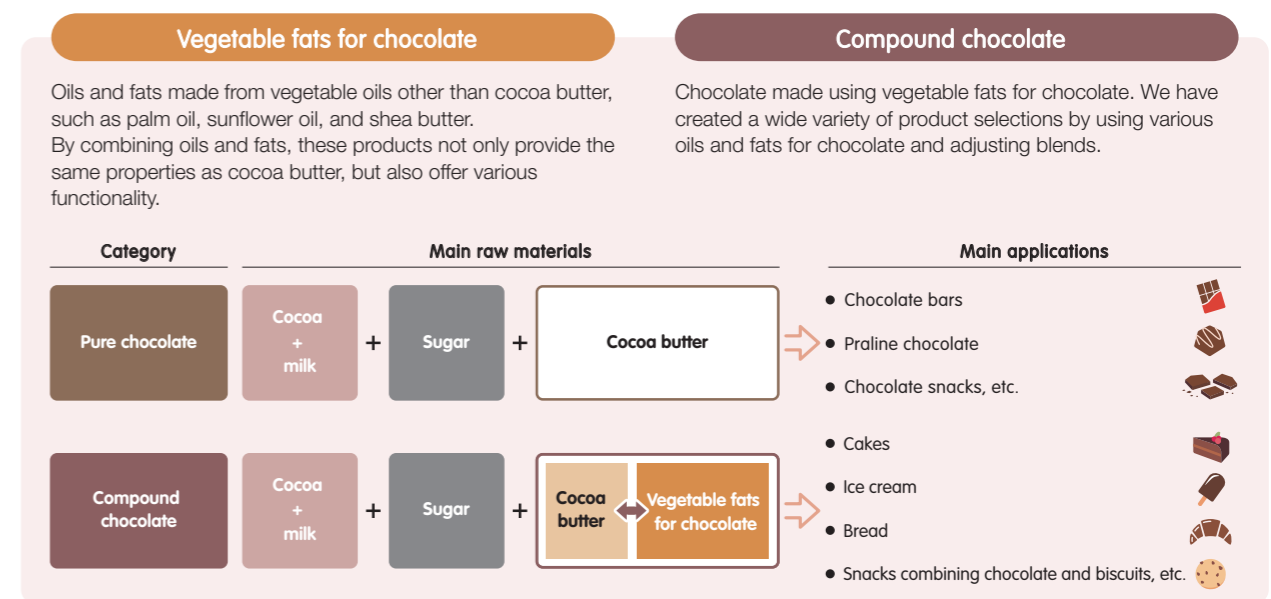
including environmental and human rights issues along our supply chain, through our business activities by building trust-based relations with suppliers and stakeholders who share our respect for the environment and human rights. In addition to promoting initiatives aimed at increasing engagement, we are also promoting the sustainable procurement of key raw materials, which we view as one of our competitive advantages. We are working to strengthen our sustainable raw material supply chain. In January 2024, we established a joint venture with Johor Plantations Group Berhad, a Malaysian palm oil and palm kernel oil manufacturer, to manufacture and sell high-value-added oil and fat products made from sustainable palm oil. Moving forward, we will generate profits by steadily promoting business strategy that leverages these competitive advantages.

# Business Strategy

Growth Businesses

## Growth opportunities for vegetable fats for chocolate and compound chocolate

At the time of its founding, the Fuji Oil Group began with the processing of tropical oils such as palm and coconut oil before succeeding in developing a vegetable oil for chocolate (CBE). Centered on tropical oils, the Group pursued innovation in technology for the advanced utilization of various oils and fats. In the Industrial Chocolate business, one of the Group's strengths is in compound chocolate, a functional and high-value-added product that is supported by the technical innovation the Group has achieved in vegetable fats for chocolate over the years. As a result, the Fuji Oil Group boasts a top share of global markets. Fluctuations in raw material prices due to climate change and the supply and demand balance are challenges that many food companies are facing, and that will also impact our Group's business. We will secure a competitive advantage by creating distinctive products that combine the oil and fat technology and chocolate manufacturing technology we have cultivated over the years as well as procuring raw materials through the Group's supply chain. We will then link those efforts to growth opportunities for chocolate oil and fat and compound chocolate.



## Strengthening supply structure for vegetable fats for chocolate

Our Group boasts a Top 3 global share for vegetable fats for chocolate, and we have strengths in our ability to supply products based on multiple manufacturing methods and raw materials, costs, and stable supply. In addition to palm oil and sunflower oil as vegetable fats for chocolate, we are also expanding and improving our supply structure centered on existing fat and oil production bases in North America, Japan, and Southeast Asia. This will enable us to meet the increasing demand for shea butter, which is used as a raw material for chocolate. We are also diversifying the raw materials we use as vegetable fats for chocolate. In October 2023, Fuji Oil Ghana expanded its shea butter production capacity and expanded its production system for vegetable fats for chocolate. We will work to strengthen the Group's supply structure for vegetable fats for chocolate, a segment that is expected to see increased demand in the future.

## Compound chocolate for high-value-added products

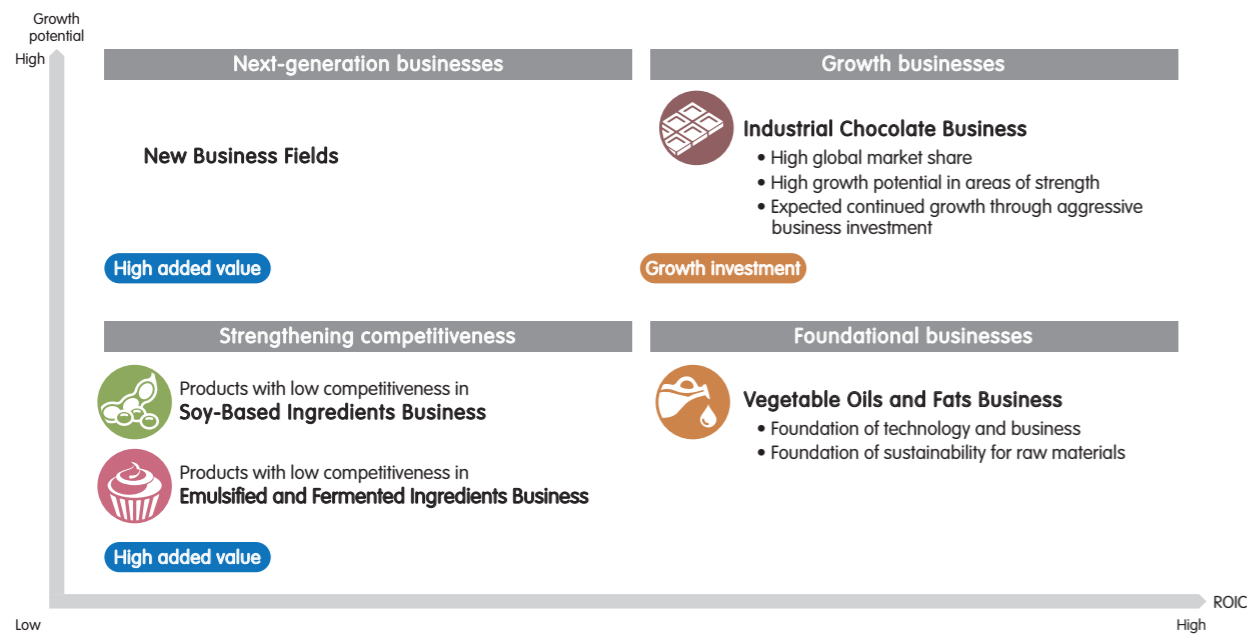
We are leveraging business synergy generated through a fusion of technology related to vegetable fats for chocolate and our chocolate manufacturing technology. Our strength is in high-quality compound chocolate that has the deliciousness that consumers desire. We can provide our customers with products offering ease of use, including workability during product manufacturing processes, heat resistance for distribution processes, and characteristics such as a smooth melt-in-the-mouth texture and rich flavor. We also utilize application technology developed in Japan, including for compound chocolate confections and bakery goods, to offer proposals that meet customer and market needs in each country. Through these activities, we will further strengthen our development of high-value-added products.

## Business Strategy

### Business Portfolio Management

The Fuji Oil Group is engaged in the Vegetable Oils and Fats, Industrial Chocolate, Emulsification and Fermentation Ingredients, and Soy-based Ingredients businesses. We create products based on the oil and fat, chocolate manufacturing, emulsification and fermentation, and protein processing technologies unique to each business that we have cultivated over our long history. Additionally, we transcend the boundaries of each business by integrating various technologies. We aim to create problem-resolving products that meet market needs and provide high added value.

At the same time, we will also pursue appropriate business portfolio management for each business by assessing products for their marketability and competitive advantage in each region.



### Co-creation with ITOCHU

More than ever before, we will pursue co-creation with ITOCHU, a major shareholder of the Fuji Oil Group, by mutually leveraging the strengths of both companies, promoting growth strategies for existing businesses, strengthening business management capabilities, and promoting initiatives for new businesses.

#### Main business-specific initiatives

**Vegetable Oils and Fats:** Strengthen raw material procurement, build a logistics system, hire management personnel for the North American oils and fats business, etc.

**Industrial Chocolate:** Strengthen procurement of raw materials, hire specialists and management personnel for Blommer, etc.

**New business expansion:** Collaborations in the logistics field related to the development of plant-based food products

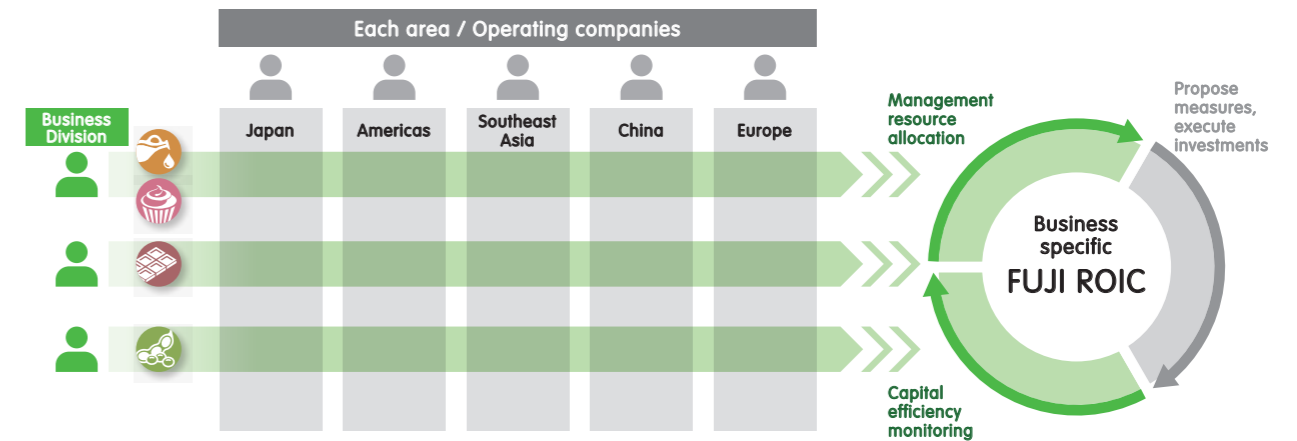
#### Initiatives related to strengthening business management

Dispatch human resources involved in financial accounting, IT security improvement, and public relations functions to ITOCHU to benefit from know-how in areas such as human resource development, global management, and Group governance.

Furthermore, initiatives conducted with ITOCHU are in accordance with policies concerning the protection of minority shareholder rights.

### Promoting business-axis management

In 2015, we adopted a structure of area-specific business management. In addition to this structure, we are strengthening our business-axis management. This will enable us to respond to the changes facing our business environment in recent years by practicing business management from the perspective of each business: Vegetable Oils and Fats, Industrial Chocolate, Emulsification and Fermentation Ingredients, and Soy-based Ingredients. Through this approach, the management of each business is overseen by each operating company as before. Additionally, working under the CSO, each division also shares responsibility for profits for the entire business. Working together with each operating company, we strive to improve capital efficiency from a shared perspective that is based on the FUJI ROIC. This also supports management by ensuring the optimal allocation of management resources and the formulation and implementation of appropriate measures.



### Risk management related to raw material procurement and market price fluctuations

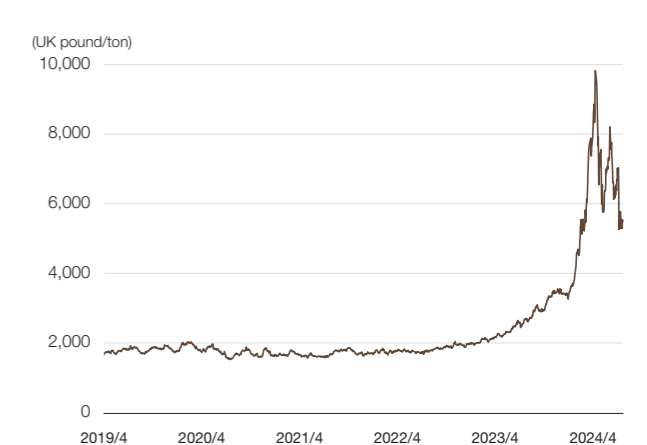
Due to increasing uncertainty in the business environment, the prices of the Group's main raw materials are fluctuating significantly. Fluctuations in raw material prices have a significant impact on the performance of each group company. In response, since FY2022, we have strengthened the rules for the position management of major raw materials as part of our governance and risk management for each Group company. We hold regular meetings between the procurement staff of the main Group companies and relevant departments at the Group headquarters. In addition to monitoring compliance to operating rules, we also monitor the status of raw material procurement based on market trends. To address the recent rise in the price of cocoa raw materials facing the Industrial Chocolate business, we are securing and maintaining a stable supply through long-term contracts that ensure stable supply and possession of physical raw materials. In response to slumps in demand due to price increases, we will stimulate customer demand by providing a variety of products centered on compound chocolate, an area in which our Group has a competitive advantage.

Trends in palm oil prices (RBD-PO/FOB)/MALAYSIA (USD/ton)



Source: Market (relative) prices

Trends in cocoa prices (UK pound/ton)



Source: ICE Futures Europe Exchange (London)

# Business Overview

## Vegetable Oils and Fats Business

### Core Product Line

- Edible oils and fats
- Oils and fats for food processing
- Vegetable fats for chocolate

### Main Applications

- Chocolate
- Margarine
- Infant formula
- Instant noodles
- Snacks
- Ice cream

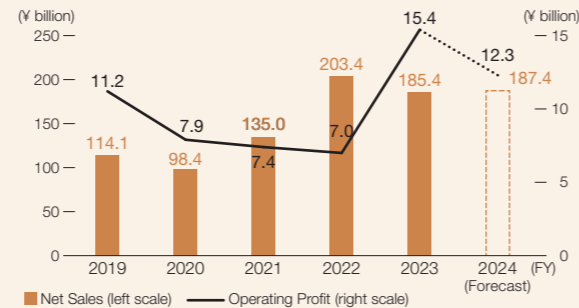
### Main Raw Materials

- Palm oil
- Shea butter
- Sunflower oil
- Coconut oil
- Palm kernel oil

### Results and Forecast by Area

	FY2023		FY2024 Forecast	
	Net Sales	Operating Profit	Net Sales	Operating Profit
Japan	57.0	5.8	59.0	4.9
Americas	63.0	4.3	60.9	2.8
Southeast Asia	26.5	2.1	26.0	2.5
China	3.3	0.0	3.6	(0.0)
Europe	35.5	3.1	37.9	2.0
<b>Total</b>	<b>185.4</b>	<b>15.4</b>	<b>187.4</b>	<b>12.3</b>

### Net Sales / Operating Profit



### FY2023 Business Situation

**Net Sales** ..... **¥185.4 billion (down ¥18.1 billion yoy)**

Net sales decreased due to declined sales prices to reflect stable prices for palm oil, our main raw material, and lower sales by the transfer of fixed assets of Fuji Oil New Orleans.

**Operating Profit** ..... **¥15.4 billion (up ¥8.4 billion yoy)**

Operating profit increased thanks to improved profitability to reflect stable raw material prices in Japan, the Americas, and Europe, and the transfer of fixed assets of Fuji Oil New Orleans, which recorded operating losses in the previous fiscal year.

## Emulsified and Fermented Ingredients Business

### Core Product Line

- Whipping cream
- Cheese flavor ingredients
- Margarine
- Preparations
- Fillings

### Main Applications

- Western-style confectioneries
- Beverages
- Bread
- Products for cooking applications

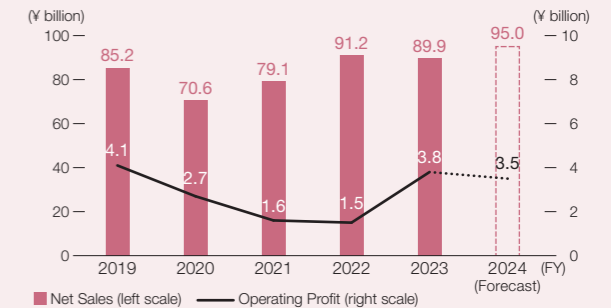
### Main Raw Materials

- Vegetable Oils and Fats
- Dairy ingredients
- Sugar

### Results and Forecast by Area

	FY2023		FY2024 Forecast	
	Net Sales	Operating Profit	Net Sales	Operating Profit
Japan	59.0	3.5	59.7	2.8
Southeast Asia	14.4	(0.3)	14.9	0.0
China	16.4	0.6	20.4	0.7
<b>Total</b>	<b>89.9</b>	<b>3.8</b>	<b>95.0</b>	<b>3.5</b>

### Net Sales / Operating Profit



### FY2023 Business Situation

**Net Sales** ..... **¥89.9 billion (down ¥1.3 billion yoy)**

Net sales decreased due to lower sales volume and declined sales prices to reflect falling raw material prices in Southeast Asia and China.

**Operating Profit** ..... **¥3.8 billion (up ¥2.3 billion yoy)**

Operating profit increased thanks to higher sales volume of whipping cream in Japan and improved profitability in China.

## Industrial Chocolate Business

### Core Product Line

- Pure chocolate
- Chocolate for ice cream coating
- Molded chocolate
- Compound coating chocolate

### Main Applications

- All products using chocolate
- Chocolate confectioneries, Western-style confectioneries, Sweet baked goods, ice cream

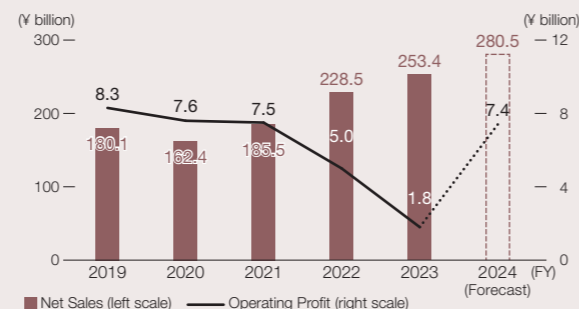
### Main Raw Materials

- Cocoa
- Vegetable fats for chocolate
- Sugar

### Results and Forecast by Area

	FY2023		FY2024 Forecast	
	Net Sales	Operating Profit	Net Sales	Operating Profit
Japan	46.3	6.3	49.4	5.4
Americas	170.2	(6.7)	185.0	0.1
Southeast Asia	19.6	1.3	26.6	1.5
China	7.9	0.2	9.4	0.0
Europe	9.5	0.7	10.1	0.4
<b>Total</b>	<b>253.4</b>	<b>1.8</b>	<b>280.5</b>	<b>7.4</b>

### Net Sales / Operating Profit



### FY2023 Business Situation

**Net Sales** ..... **¥253.4 billion (up ¥24.9 billion yoy)**

Net sales increased thanks to higher sales prices to reflect higher raw material prices, increased sales volume in Brazil and Europe, and the effect of yen depreciation.

**Operating Profit** ..... **¥1.8 billion (down ¥3.1 billion yoy)**

Operating profit decreased due to lower sales volume against stagnant demand in the confectionery market and worsening of profitability caused by soaring raw material prices and increased fixed cost in the U.S., despite increases in sales volume in Brazil and Europe.

## Soy-Based Ingredients Business

### Core Product Line

- Soy protein ingredients (granulated soy protein, textured soy protein)
- Soy protein foods
- Functional ingredient (soluble soy polysaccharides, peptides)

### Main Applications

- Ham and sausages
- Ingredients for food service and school lunches
- Frozen food and prepared foods
- Beverages
- Protein and health foods
- Instant noodles

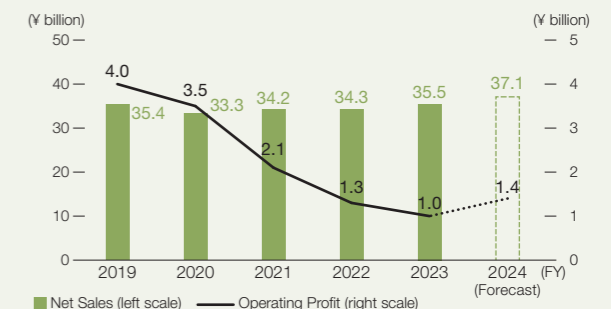
### Main Raw Materials

- Soybeans

### Results and Forecast by Area

	FY2023		FY2024 Forecast	
	Net Sales	Operating Profit	Net Sales	Operating Profit
Japan	34.7	1.6	36.0	1.6
China	0.8	0.3	0.9	0.4
Europe	0.0	(0.9)	0.2	(0.7)
<b>Total</b>	<b>35.5</b>	<b>1.0</b>	<b>37.1</b>	<b>1.4</b>

### Net Sales / Operating Profit



### FY2023 Business Situation

**Net Sales** ..... **¥35.5 billion (up ¥1.2 billion yoy)**

Net sales increased thanks to higher sales prices to reflect higher raw material prices due to the effect of yen depreciation.

**Operating Profit** ..... **¥1.0 billion (down ¥0.2 billion yoy)**

Operating profit decreased due to increased depreciation cost for a new plant in Europe.

\* Due to a change in the accounting periods of 19 consolidated companies outside of Japan, fiscal 2019 figures reflect the results for these subsidiaries for the 15-month period from January 1, 2019 to March 31, 2020. Due to changes in the accounting periods of subsidiaries INDUSTRIAL FOOD SERVICES PTY. LIMITED and Blommer Chocolate Manufacturing (Shanghai) Co., Ltd., fiscal 2022 is the 15-month period ended March 31, 2023 and the 14-month period ended March 31, 2023, respectively.

\* In fiscal 2021, certain products included in the Soy-Based Ingredients Business were reclassified to the Emulsified and Fermented Ingredients Business. The figure for fiscal 2020 is shown for reference purposes only.

# Vegetable Oils and Fats Business

The Vegetable Oils and Fats business takes a sustainable approach to procuring a wide range of oil and fat raw materials. This includes palm oil, palm kernel oil, and coconut oil from Southeast Asia, sunflower oil, rapeseed oil, soybean oil, and rice oil from Europe and the Americas, and shea butter from West Africa. The business also manufactures reliable, safe and distinctive oil and fat products using proprietary refining and processing technology. The business not only supply these products to food companies, but also to the Group's own Industrial Chocolate business and Emulsified and Fermented Ingredients business. We position Vegetable Oils and Fats as the foundation of our technology and business.

## Strategy Direction Expanding sustainable supply chain

We will apply the approach of building a traceable and sustainable supply chain cultivated through our procurement of palm oil and palm kernel oil to the procurement of other oils and fats. We aim to build a supply chain that achieves accountability for the environment, human rights, and biodiversity by introducing cutting-edge technology, engaging in tree-planting activities, and pursuing efficiency in processing.

FY2023 Results	FY2024 Key Points
<ul style="list-style-type: none"> <li>Improved profitability by strengthening cost control</li> <li>Increased revenues by selling at appropriate prices</li> <li>Expanded raw material supply chain in anticipation of increasing demand for traceable raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Build a Group supply structure and expand sales of vegetable fats for chocolate, which are expected to see increased demand</li> <li>Stabilize production through emphasis on production equipment maintenance</li> <li>Respond to environment and human rights due diligence in Europe</li> </ul>

Social Issues and Needs	Risks and Opportunities
<ul style="list-style-type: none"> <li>Procurement that achieves environment, human rights, and biodiversity accountability</li> <li>Initiatives for carbon neutrality</li> <li>Increased health consciousness</li> </ul>	<ul style="list-style-type: none"> <li>Risks associated with the EU's mandatory environment and human rights due diligence: Position this as an opportunity to differentiate ourselves and promote enhancements to the Group's sustainable supply chain</li> <li>Risk of a contracting chocolate market due to rising prices and shortages of cocoa-related products attributable to reduced production in major production areas in West Africa: Position this as an opportunity to expand sales of vegetable fats for chocolate (CBE)</li> </ul>
Competitive Advantages	Issues
<ul style="list-style-type: none"> <li>Certified palm oil supply structure Build a group network for supplying sustainable oil and fat raw materials produced by group companies in Southeast Asia to our Group manufacturing sites in various areas around the world</li> <li>Vegetable fats for chocolate (CBE) We maintain a global Top 3 share. We are able to supply products based on multiple manufacturing methods and raw materials, and we have strengths in terms of cost and stable supply</li> </ul>	<ul style="list-style-type: none"> <li>Increasing material and capital expenditure costs</li> <li>Rise in raw material and logistics costs due to geopolitical risks such as the ongoing Russia-Ukraine conflict and deterioration of conditions in the Middle East</li> </ul>

<b>Share</b> • Vegetable Fats for Chocolate (CBE) <b>World's top 3</b>	<b>Segment Assets</b> ¥127.6 billion	<b>Net Sales</b> ¥185.4 billion
<b>Annual Production Volume</b> Approx. 900,000 tons	<b>Number of Employees</b> 977	<b>Operating Profit</b> ¥15.4 billion
<b>Operating Base</b> * Consolidated subsidiaries as of March 31, 2024 7 countries, 16 companies	<b>R&amp;D Expenses</b> ¥0.9 billion	<b>FUJI ROIC</b> 11.5%
	<b>Capital Expenditures</b> ¥3.9 billion	

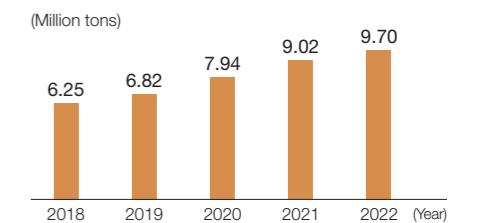
\* FY2023 results

## High-added-value through distinctive raw materials

### Decision to establish joint venture with Johor Plantations Group Berhad (JPG)

In January 2024, our group decided to establish a joint venture with Johor Plantations Group Berhad (JPG), a palm oil and palm kernel manufacturing company in Malaysia. We will secure high-quality, traceable, and sustainable raw material palm oil through JPG's well-managed plantations, and manufacture and sell high-value-added palm oil products. While focusing on sales to the European market, we will also respond to increasing demand in other regions as we work to resolve global food and health issues and contribute to society.

### Sales volume of RSPO-certified palm oil worldwide



Reference: RSPO Impact Update, RSPO Impact Report 2022, RSPO Impact Report 2019  
 Applicable period: Jan. 1 to Dec. 31 of each year  
 \* Including Book and Claim

### Controlling trace elements

Demand for oils and fats with controlled trace amounts is increasing, especially in Europe. Trace elements in oils and fats are unintentionally related to various processes, from the harvesting and transportation of raw materials to the oil extraction, processing, and refining at plants. Our Group views the control of trace elements as a strategy for differentiation. We promote alliance strategies with oil and fat raw materials suppliers, strive to secure high-quality raw materials, and constantly adopt the optimal manufacturing technology and equipment. We have established a structure that allows us to stably supply sustainable, high-quality products. These efforts have already contributed to improved profitability in Asia and Europe, and we will continue to implement these initiatives moving forward.

### Striving to be environmentally and people friendly

Fuji Oil's oil and fat plants in Asia are charged with the mission of supplying palm oil and fats to all areas of the world, both to the Group and external sales. Traceable and sustainable vegetable oils and fats that are kind to the earth and people are a point of differentiation, not only in terms of being certified products, but also in terms of quality. As a result, these products are increasingly being recognized externally for their added value. We also believe that stably securing these materials, and processing and providing them based on customer needs will contribute to the value of customer products.

We will continue to strengthen our quality control system as we strive to contribute to society and promote business growth. This includes pursuing collaborations with palm plantations and ensuring that we meet increasingly strict quality standards by upgrading the analytical instruments used in our production sites.

### Message



**Kunihiko Ogata**  
 Managing Director of  
 FUJI OIL ASIA PTE. LTD.

## Direction of North American Oils and Fats Business

### New value creation through Group synergy

Markets have finally settled after the turbulence caused by the sharp rise in oil and fat raw material prices in 2021, and the sharp fall the following year. As a result, the North American Oils and Fats business recorded favorable results in 2023. However, the oil and fat market in North America saw major refining companies expand production capacity as competition in the commodities market is expected to intensify.

Fuji Vegetable Oil will work to expand its market share by leveraging its technological and product strengths in vegetable fats for chocolate and high value-added oils. The company will also seek to take advantage of the premium oil sales network and diverse procurement capabilities of Oil Seeds International, which joined the Group in 2022. We will strengthen collaborations while working to create new added value, including procuring raw materials from Group companies in Asia and collaborating on product development with Blommer. We will strengthen vertical collaborations within the Group in a way that is unique to the Fuji Oil Group.

### Message



**Hitoshi Shindachi**  
 President of FUJI  
 SPECIALTIES, INC.  
 President of Fuji Oil  
 International Inc.



# Industrial Chocolate Business

We manufacture and sell a variety of chocolates for industrial use, including for confectionery, bakery, and frozen desserts. In addition to product development that incorporates the latent market needs in each country, we also work to strengthen the Group's overall industrial chocolate product development and supply capabilities by enhancing sustainable cocoa procurement and utilizing our own technology related to vegetable fats for chocolate.

## Strategy Direction Development of compound chocolate that incorporates oil and fat technology

Industrial chocolate by the Fuji Oil Group requires quality and design that suits the customer use cases and concepts. By combining our wide variety of capabilities related to oils and fats, we will provide compound chocolate products that meet the diversifying needs of our customers on a global level. Furthermore, since COVID-19, consumer health awareness has increased, as has demand for health-oriented products such as low-sugar chocolate and protein-enriched chocolate. These markets are expected to see continued growth, and we will pursue product development that anticipates market needs.

FY2023 Results	FY2024 Key Points
<ul style="list-style-type: none"> <li>Sales volume increased due to manufacturing equipment upgrades and increasing production in markets with higher demand</li> <li>In Japan, inbound demand is recovering and convenience store demand is favorable</li> <li>Blommer profitability decreased due to a decline in sales volume attributable to sluggish market conditions, soaring raw material prices, and rising interest rates</li> </ul>	<ul style="list-style-type: none"> <li>Steadily implement efforts to build a stable supply structure for Blommer</li> <li>Revise sales price in response to soaring cocoa prices</li> <li>Develop compound chocolate using fat and oil technology for chocolate</li> <li>Stable procurement of raw materials</li> </ul>

Social Issues and Needs	Risks and Opportunities
<ul style="list-style-type: none"> <li>Increased awareness of human rights, the environment, and biodiversity among workers in cocoa bean producer regions</li> <li>Increasing demand for ethical products focused on health and sustainability (low sugar, protein content, plant-based products, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>In response to price fluctuation risks and procurement risks for cocoa, vegetable oils and fats, etc.: Create sales opportunities for compound chocolate</li> <li>Further increases in labor costs, transportation costs, and energy costs</li> <li>Producer nations and importing countries moving to introduce policies related to cocoa sustainability</li> </ul>
Competitive Advantages	Issues
<ul style="list-style-type: none"> <li>Business synergy within the group Product development based on a fusion of Group internal businesses, technology, and ingredients for product differentiation by increasing added value. For example, using vegetable fats for chocolate to add functionality.</li> <li>Customer relationships and service We respond to diversifying customer needs and gain customer trust by developing products closely tied to the market, proposing applications that take advantage of product characteristics, and utilizing Group know-how in production processing technology and production management.</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate price revisions in response to issues such as sudden rises in cocoa prices and foreign exchange risks.</li> <li>Market penetration for sustainable cocoa</li> <li>Improving recognition on global markets</li> </ul>

<b>Share</b> Industrial Chocolate No. 3 worldwide, No. 1 in Japan	<b>Segment Assets</b> ¥212.9 billion	<b>Net Sales</b> ¥253.4 billion
<b>Annual Production Volume</b> Approx. 400,000 tons	<b>Number of Employees</b> 2,670	<b>Operating Profit</b> ¥1.8 billion
<b>Operating Base</b> * Consolidated subsidiaries as of March 31, 2024 8 countries, 11 companies	<b>R&amp;D Expenses</b> ¥1.3 billion	<b>FUJI ROIC</b> 2.5%
	<b>Capital Expenditures</b> ¥6.7 billion	

\* FY2023 results

## Capital expenditures to capture demand and shift to high-added-value

### HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA (Brazil)

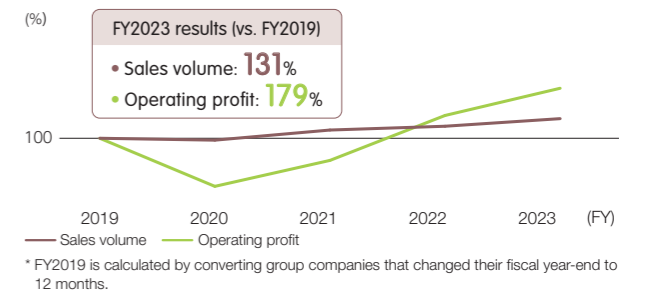
With operations at the new plant launched in April 2023 going smoothly and the establishment of a production system that can meet the needs of customers and the market, Harald achieved its highest sales volume in FY2023 since joining the Fuji Oil Group in 2015. In response to the sharp rise in cocoa prices, we will improve our product mix and sales channel mix, and work to further improve and strengthen our production system to capture market demand, which is expected to grow. We will improve profitability by leveraging Group technology and knowledge to develop new products with strong competitive superiority and provide them to the Brazilian market.

We will also utilize the application center opened in the new plant as a place for co-creation with customers. This will create new value by accelerating the development of new products that respond to customer needs and promoting market growth.



Harald Application Center

Sales volume/Operating profit  
Industrial Chocolate Business in Brazil, Southeast Asia (FY2019 = 100%)



### INDUSTRIAL FOOD SERVICES PTY. LIMITED (Australia)

We strengthened our production structure by increasing chocolate supply capabilities in Australia, making it possible to capture demand for Made in Australia products. This led to strong sales in FY2023. From 2024 onwards, we will continue making enhancements to our production structure to capture demand in the confectionery and frozen dessert markets.

## Increase differentiating products

Consumer demand for ethical products is increasing, and Better-For-You (BFY) products, which contribute to health and sustainability, are increasingly garnering attention. The Fuji Oil Group aims to become the No. 1 manufacturer for the global BFY market. The Group is working as one to expand our lineup of distinctive products, including low-sugar products and high-protein chocolate products.

In Japan, we are developing the market for plant-based, animal product-free chocolate using ingredients that are in compliance with Sustainable Origins, our proprietary program for supporting sustainability. We will continue efforts to contribute to the health of people and the earth.

**New Business Fields ▶ P82** Blommer boasts the top market share in the US for sugar-free and low-sugar chocolates. These products are highly marketable for their health appeal and the use of substitute sugar blending technology. We have developed the Discovery Series, which has a natural taste despite boasting a low sugar content. The adoption of this product in markets such as frozen desserts, bakery products, and nutrition bars is increasing steadily.



Better-For-You Products





# Emulsified and Fermented Ingredients Business

Our Emulsified and Fermented Ingredients business is based on our proprietary emulsification and fermentation technology. In addition to compound products that use a combination of vegetable oil and dairy ingredients (whipping cream, margarine, fillings, cheese flavor ingredients, etc.), we have also launched to market plant-based products that do not use dairy ingredients. This business manufactures and sells functional and delicious confectionery and bakery ingredients to markets in Japan, Southeast Asia, and China. The business also exports various prepared products from Asia to the Japanese market.

## Strategy Direction Strengthening the overseas cream business

Aiming to increase operating rates for the cream plant in China, for which we launched operations in August 2023, we will improve the skills of sales staff in China, develop a product lineup that meets customer needs, and introduce new products that differentiate us from our competitors. We will also advance measures such as introducing new products and making comprehensive proposals that are linked to product groups. We will also conduct marketing campaigns throughout Asian markets in collaboration with Group companies in Southeast Asia, which boasts high operating rates, to strengthen complementary relationships between Asia and China.

FY2023 Results	FY2024 Key Points
<ul style="list-style-type: none"> <li>Increased revenue through price revisions and higher sales volume to restaurants and convenience stores (Japan)</li> <li>Profit recovered on improved profitability of confectionery and bakery products to Asian countries (Southeast Asia)</li> <li>Launched operations at cream plant (China)</li> </ul>	<ul style="list-style-type: none"> <li>Launch products using new technology (Japan)</li> <li>Recover sales volume by improving production structure, launching new products, and implementing pricing strategy (Southeast Asia)</li> <li>Expand the cream business and expand sales of key products based on market and customer strategies (China)</li> </ul>

Social Issues and Needs	Risks and Opportunities
<ul style="list-style-type: none"> <li>Efforts to improve efficiency, save labor, and reduce workloads to address labor shortages and rising labor costs</li> <li>Declining birthrates and population aging in developed countries</li> <li>Increased awareness of food loss issues and reduction efforts</li> </ul>	<ul style="list-style-type: none"> <li>To address fluctuations in raw material import costs due to exchange rate fluctuations, we will meet demand by proposing compound products (cream, cheese, etc.) (increased opportunities for selling compound products due to higher prices of overseas dairy products, etc.)</li> <li>In response to concerns about the prolonged economic downturn in China, adopt differentiation strategies using proposal-based sales and customer-oriented products</li> <li>Decrease in sales volume due to changes in quantity needs from customers</li> </ul>
Competitive Advantages	Issues
<ul style="list-style-type: none"> <li>Product lineup featuring originality Use unique raw materials and technology to differentiate ourselves by developing products with added functionality</li> <li>Exporting Japan Quality to overseas markets Export confectionery and bakery materials developed and sold in Japan to overseas markets through Group companies</li> </ul>	<ul style="list-style-type: none"> <li>Differentiation and pricing strategy for cream products in China</li> <li>Restructuring sales structure in China and Southeast Asia</li> </ul>

<b>Share</b> • Fillings No. 1 in China	<b>Segment Assets</b> ¥59.1 billion	<b>Net Sales</b> ¥89.9 billion
<b>Annual Production Volume</b> Approx. 220,000 tons	<b>Number of Employees</b> 1,161	<b>Operating Profit</b> ¥3.8 billion
<b>Operating Base</b> * Consolidated subsidiaries as of March 31, 2024 4 countries, 9 companies	<b>R&amp;D Expenses</b> ¥1.0 billion	<b>FUJI ROIC</b> 5.5%
	<b>Capital Expenditures</b> ¥2.6 billion	

\* FY2023 results

## Manufacturing aligned with trends

### Manufacturing aimed at providing deliciousness and resolving social issues

While ascertaining trends that change on a yearly basis, we strive to manufacture products that leverage the technological capabilities our Group has cultivated over the years to provide distinctive products. We pursue growth by capturing demand with a focus not only delicious foods, but also on proposals that can help customers resolve social issues such as labor shortages.

### Custard focused on handmade deliciousness

Custard is an indispensable ingredient for confectionery and bakery industry, but it requires skill to make and quality can be difficult to stabilize. Also, due to recent labor shortages, there are widespread complaints about a lack of the manpower needed to prepare custard. Flowmarish®, which we launched in FY2023, uses a new manufacturing method that recreates the flavor and texture of hand-cooked custard; offering the light texture and looseness of hand-cooked custard with the deliciousness of eggs and milk. We have received much praise from customers who have struggled with the production of hand-cooked custard and view Flowmarish as a product that can help resolve their labor shortages and other issues.



Hand-cooked custard filling Flowmarish®

## Initiatives in China

### New challenges in major markets to drive dynamic change

In China, the market environment worsened in FY2023 due to the effects of a zero-COVID policy that continued for more than three years and a real estate market recession. These factors triggered more frugal purchasing trends as consumers focused on quality and price. At the same time, high-quality Chinese products are attracting attention in confectionery and bakery markets due to a cultural trend called Guochiao\*, which combines traditional Chinese culture with modern culture. Amid such circumstances, we launched operations at a cream production plant in Guangdong Province in August 2023. This added cream to the confectionery and bakery ingredients we offer, better positioning our Group to pursue customer satisfaction in China. In FY2024, we will transform our organizational structure to one that can quickly respond to changes, actively promote comprehensive and high-value-added proposals, including application development, and create new initiatives aimed at the challenge of exporting "Japanese Quality" into the massive Chinese market.



We are proposing applications for Western-style confectionery and bakery products, and we are seeing increased adoption, including the launch of sales of egg tarts containing cream.



Whipping cream from the new plant in China

## Message

### Embracing the motto of Speed and Innovation!

The prioritization of the nationalism over privatization following the pandemic brought an end to the era of mass consumption, during which companies could sell what they made, and thrust China into a new phase. Amid such change, the country also saw consumer upgrades and rapid changes in trends. To respond to these diverse values, in FY2024 we will actively promote initiatives to improve customer value. We will be reborn as an organization that focuses on human resource development to create customer value and provides services tailored to market and regional characteristics. We aim to create a culture where employees can take on challenges without fear of failure, and an organizational foundation that promotes growth in a fun and rewarding manner. Embracing the slogan of speed and innovation, we will work together with many of our colleagues to take on challenges as one unit.



**Koji Kemmochi**  
 President of FUJI OIL (CHINA) INVESTMENT CO., LTD.



# Soy-Based Ingredients Business

In response to various food-related social issues and consumer demands, we develop and propose products focused on the deliciousness, nutrition, health, and functionality of soybean, and develop a wide range of products ranging from ingredients to foods. As a pioneer in soybean ingredients, we will continue to contribute to the health of the earth and people.

Strategy Direction

## A problem-solving business that takes advantage of the deliciousness and nutrition of soybeans

In Japan, where for many years we have maintained a top share in plant-based products that utilize the nutritional and functional properties of soybeans (powdered soy protein, granular soy protein, soy polysaccharides, soy peptides, etc.), we will further expand our ability to provide timely responses to customer needs. Through the fusion of soy proteins, vegetable oils and fats, and emulsification and fermentation technology, we deliver surprising deliciousness using plant-based ingredients. We offer satisfying deliciousness, even with plant-based ingredients.

FY2023 Results	FY2024 Key Points
<ul style="list-style-type: none"> <li>Expanded sales by launching new soy protein ingredients (powder and granules)</li> <li>Restructuring of the soy protein food business progressed as planned</li> <li>The soybean polysaccharide business is performing well due to strong sales of beverages adopting this product.</li> <li>Expanded sales of plant-based dashi (MIRA-Dashi®)</li> </ul>	<ul style="list-style-type: none"> <li>Increase sales by introducing new products for soy protein materials (powder and granules)</li> <li>Steadily implement restructuring of soy protein food business</li> <li>Strengthen overseas sales</li> <li>Promote sales growth for plant-based dashi (MIRA-Dashi®)</li> </ul>

Social Issues and Needs	Risks and Opportunities
<ul style="list-style-type: none"> <li>Concerns about global protein shortage</li> <li>Continuously increasing health demand</li> <li>Growth of the international plant-based food market</li> </ul>	<ul style="list-style-type: none"> <li>Current growth slowdown in Japan's plant-based food market</li> <li>Developing the overseas plant-based food market using food tech originating from Japan</li> <li>Building a competitive advantage by expanding sustainable procurement</li> </ul>
Competitive Advantages	Issues
<ul style="list-style-type: none"> <li>Competitiveness through the accumulation and fusion of technology We have many years of knowledge and technology regarding soybeans, and have the ability to create new food ingredients and strong competitiveness by combining the emulsification of oils and fats with fermentation technology.</li> <li>Build a broad customer base By developing a wide range of products in conjunction with other businesses, we have built a broad customer base and trust-based relationships in various markets in the food industry. Our accumulated know-how allows us to propose products for a variety of applications and markets.</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in profitability of commodity products and delay in sales growth for high value-added products</li> <li>Sustainable raw material procurement</li> </ul>

<b>Share</b> <ul style="list-style-type: none"> <li>Soy protein ingredients No. 1 in Japan</li> <li>Soluble soy polysaccharides No. 1 worldwide</li> </ul>	<b>Segment Assets</b> ¥45.2 billion	<b>Net Sales</b> ¥35.5 billion
<b>Operating Base</b> * Consolidated subsidiaries as of March 31, 2024 4 countries, 8 companies	<b>Number of Employees</b> 456	<b>Operating Profit</b> ¥1.0 billion
<b>R&amp;D Expenses</b> ¥1.2 billion	<b>Capital Expenditures</b> ¥1.8 billion	<b>FUJI ROIC</b> 1.1%

\* FY2023 results

## Strengthening development of high-value-added products

### Developing plant-based products with deliciousness as a prerequisite

Looking ahead to the future of food, the transition from animal-based foods to plant-based sources is sure to progress moving forward. The expansion of our Group's business involving plant-based sources for fats and proteins, two of the three major nutrients, is a major strength for our group. Soybeans are a nutritious food that readily contain high quantities of protein and fats. Soybeans are also relatively easy to grow and are produced in large quantities around the world, making them indispensable for the diet of the future. In addition to the knowledge of soybeans we have accumulated over many years and for which we have made various innovations, we will respond to the challenges facing our customers and society by developing and proposing delicious products in a timely manner that combine various technology, including vegetable oils and fats and emulsification and fermentation.

### Contributing to diverse consumption scenes with the ability to solve problems in a timely manner

Soy protein is valued for improving flavor, nutrition, and health, and is used as a raw material for a variety of processed foods, health foods, and beverages. Protein has become more familiar to consumers in the form of powders and chilled drinks, but there are issues with dispersibility and ease of consumption. We focus on this issue and contribute to resolving it by providing customers with products that improve on these issues. The lack of human resources is also a major issue for food manufacturing companies. Many food manufacturers are looking to resolve this problem by simplifying their manufacturing processes without sacrificing taste. We will continue working to support our customers and society by developing and proposing new products that help resolve problems.

Message



**Kiyohito Suzuki**  
 Division Head of PBF (Plant-Based Food) Division  
 Soy Business Division of FUJI OIL CO., LTD.

## Improving our business structure

We are currently restructuring the soy protein food business. In FY2023, Fuji Fresh Foods closed its Sasayama plant to become a dedicated sales company. We used this as an opportunity to consolidate sales functions for the home delivery market, one of its main customers, into Fuji Fresh Foods. Furthermore, in 2024, we transferred FUJI TSUKUBA FOODS CO., LTD. to streamline our business as we continue restructuring to improve profitability.

Transfer of non-core businesses	Japan: 4 sites FY2017: Soy protein ingredients/soy protein foods FY2023: Soy protein foods FY2024: Soy protein foods China: 4 sites FY2018: Powdered soy protein ingredients FY2019: Soy protein foods (2 sites) FY2021: Soy protein foods
Growth investments	FY2018/2019: Japan/China: Increased polysaccharide production capacity FY2019: Europe: Started construction of new plant in Germany FY2020: Japan: Launched operations at new Chiba plant

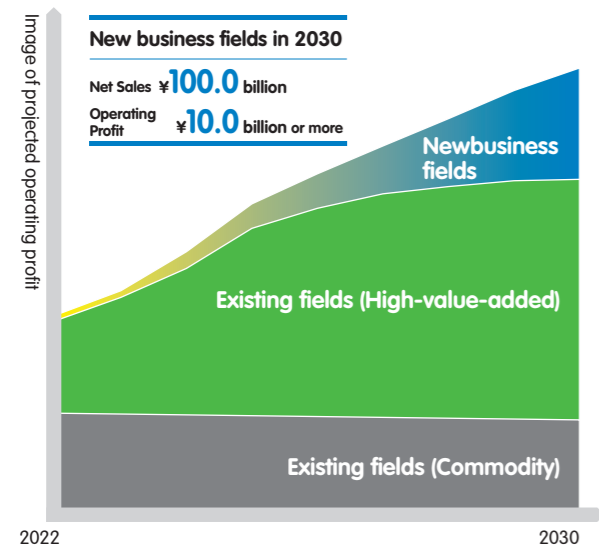
## Promoting Growth

Shipments of granular soy protein, including soy meat, increased year on year thanks to the full-scale resumption of economic activities. An increase in inbound demand and the expansion of applications beyond meat processing, including snacks and cereals, also contributed. Prime Soy Meat received the Grand Prize in the 2022 Nikkei Excellent Products and Services Awards. The adoption is progressing, including increased adoption in the dining industry. Moving forward, we will add new approaches, including conducting marketing activities through the Plant Based Lifestyle Lab and establishing new approaches such as e-commerce sales through cotta tomorrow, which is operated by our venture business cotta Co., Ltd. Additionally, we are supporting the growth of the soybean meat market by upgrading supply capabilities through our Chiba factory, which began operating in 2020.

# New Business Fields

As social conditions change dramatically, it is necessary to transform business models and portfolios. To achieve a sustainable future for food, we will create new value and challenge ourselves to creating next-generation businesses that can achieve high growth and profits. In FY2022, we announced GOODNOON, the flagship that will lead our challenges in new business fields. Pursuing the potential of plant-based materials, in addition to establishing new technology, we will also transform our sales approaches and information dissemination methods. We will also improve the added value of our existing product lineup and aim to shift to a highly profitable business portfolio.

## Our Image of New Business Fields in 2030



## Points of Expansion

- New technology
- New sales methods
- Groupwide activities and new market development
- Information transmission

## Promote GOODNOON Actions to Realize Our Vision



## Concept

The Fuji Oil Group's "delicious and easy-to-understand" plant-based food (PBF) sets the standard for a new era through focusing on the health of people and the earth, increasing options, and creating a world where all people can truly enjoy healthy and delicious food.

The technology, the culture of challenge, and new business cycles created through GOODNOON activities focused on plant-based resources will promote the creation of value in existing and new business fields.

## Expansion into new business fields

In FY2023, we made progress by expanding sales of soy milk cream butter (Soilebeur), which combines our proprietary soybean processing and fat and oil technologies. We also launched vegetable soup stock products using MIRACORE® technology and launched cotta tomorrow as a new e-commerce sales channel. To expand into new business fields, we will promote product development and sales expansion for GOODNOON with a focus on the deliciousness of plant-based foods.

### Soy Lait Beurre



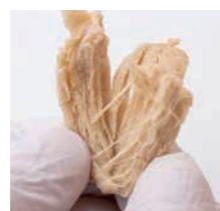
A vegetable butter-like material with over 60% soybean-derived ingredients. While maintaining the deep richness of soybeans, it has an overwhelming melt-in-your-mouth texture and a light, refreshing aftertaste that brings out the flavor of the ingredients paired with it. This product significantly reduces cholesterol compared to butter.



### Prime Soy Meat



This product uses our Prime Texture manufacturing method, a new manufacturing method that applies the soybean and oil processing technology cultivated by the Fuji Oil Group. This product achieves both a meat-like chew and a melt-in-your-mouth texture, which until now was considered difficult.



### MIRA-Dashi®



This is a plant-based flavor ingredient (dashi) created using MIRACORE®, a technology that provides the satisfaction typical of animal products without relying on animal ingredients. It is now possible to develop new menus that can be delivered to a wide range of customers while also contributing to addressing labor shortages by enabling easy preparation.



### Plant-based Chocolate

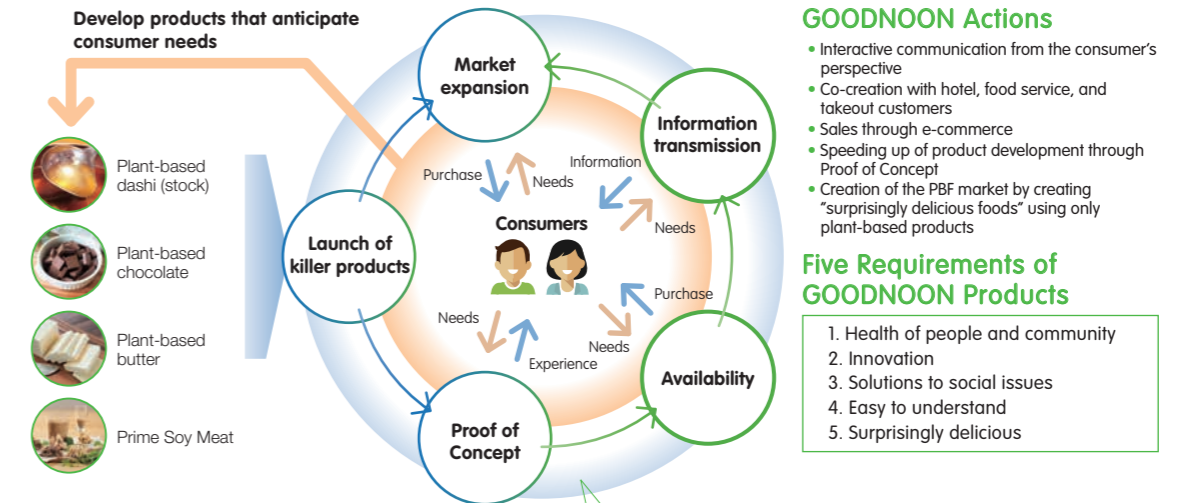


Due to environmental issues and the diversification of values, society has an increasing need for alternatives to animal-based foods. We have developed chocolate that is surprisingly milky even though it contains no animal milk ingredients. The raw materials we use are also in compliance with Sustainable Origin, our Group's proprietary sustainability support program.



## Establishment of a New Business Cycle

Under the Reborn 2024 mid-term management plan, we began strengthening our efforts in Japan to establish a new business cycle and thereby create a framework to nurture highly profitable businesses.



### GOODNOON Actions

- Interactive communication from the consumer's perspective
- Co-creation with hotel, food service, and takeout customers
- Sales through e-commerce
- Speeding up of product development through Proof of Concept
- Creation of the PBF market by creating "surprisingly delicious foods" using only plant-based products

### Five Requirements of GOODNOON Products

1. Health of people and community
2. Innovation
3. Solutions to social issues
4. Easy to understand
5. Surprisingly delicious

## Industry-Government-Academia-Private Collaboration for Market Creation

Plant Based Lifestyle Lab (P-Lab), a general incorporated association, was established in 2021 to promote and educate people about adopting a plant-based food (PBF) lifestyle and to realize a sustainable society through the use of PBF products (Representative Director: Pasona Group Inc.; Directors: Kagome Co., Ltd. and FUJI OIL HOLDINGS INC.; Auditor: Pasco Shikishima Corporation). As of July 2024, 54 companies were members of this association. Together, they are promoting efforts through industry-government-academia-private collaboration, including food manufacturers, food service companies, community website operators, trading companies, relevant ministries such as the Ministry of Agriculture, Forestry and Fisheries and the Consumer Affairs Agency, and academia, to expand the use of PBF and create markets for such foods.

## Co-creation with restaurants

Through our co-creation with restaurants in Japan and overseas, there are an increasing number of places where customers can enjoy menus that incorporate MIRA-Dashi®, a GOODNOON product.

### Launched sales of Koyasan Noodles

In November 2023, in response to increasing inbound demand and health consciousness, Kadohama Sohonpo Co., Ltd. released three Koyasan noodles using MIRA-Dashi®. This is a vegetable-based, gluten-free noodle developed through a collaboration of four companies: Kadohama, Ryuhokushin Co., Ltd., a salt ramen specialty store, Nankai Electric Railway Co., Ltd., and GOODNOON. The satisfying noodles, which use the company's original sesame paste in the soup, provide a delicious taste unique to Mt. Koya not only to inbound customers, but to a wide range of visitors, including children.



Kadohama-style Koyasan noodles (clear broth)

### Development of vegan Japanese food in Singapore

Since 2023, Veg-An, a restaurant in Singapore that offers Japanese home-cooked meals combining plant-based and vegan styles, offers menu selections that utilize MIRA-Dashi®. Veg-An's menu has expanded with the use of MIRA-Dashi®C400 (a bonito-style seafood soup stock). The restaurant is constantly releasing new menu items that allow vegans and vegetarians in Singapore to enjoy a wide variety of Japanese flavors.



An example of MIRA-Dashi® usage menu

## Distributing information via our website

The MIRACORE® brand website and MIRA-Dashi® product website were launched in April 2024. In addition to disseminating information on the characteristics of our products and technology, we will actively provide examples of co-creation with outside parties.



MIRACORE® website



MIRA-Dashi® website

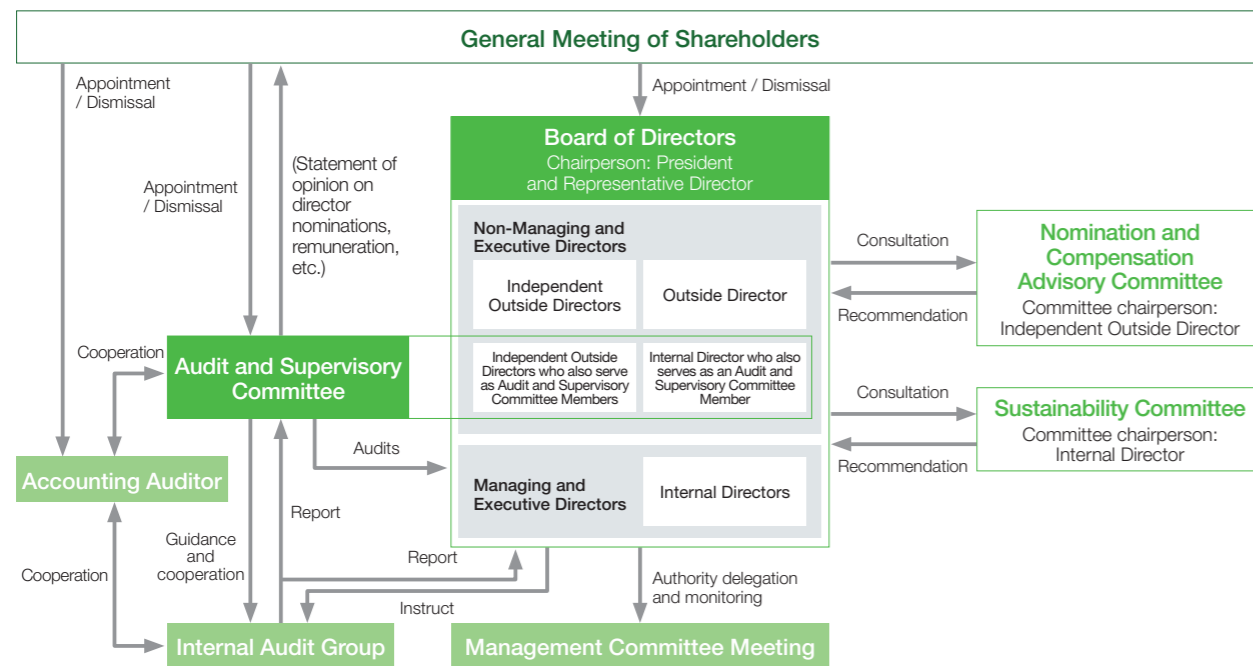
# Corporate Governance

The Fuji Oil Group recognizes that corporate governance is an essential and critical foundation of sustainable improvements to corporate value. Under the General Meeting of Shareholders, the Board of Directors and the Audit and Supervisory Committee play important roles for this purpose. Furthermore, we aim to realize aggressive business development and compliant and efficient management by delegating authority to the Management Committee Meeting. The Board of Directors is responsible for supervising (monitoring) decision-making bodies and business execution regarding important matters. The Audit and Supervisory Committee is responsible for auditing the execution of duties by Directors, excluding Audit and Supervisory Committee Members. The Management Committee Meeting, whose principal members are the President and CEO, Managing and Executive Directors, and Executive Officers, is responsible for discussions that contribute to the management of the Company and support flexible and appropriate decision-making by the President and CEO, who is the top officer.

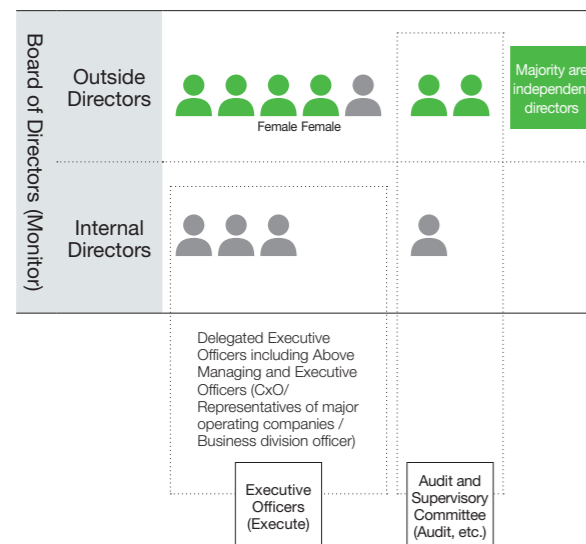
Effective internal governance (Group governance) is a prerequisite to ensuring the efficacy of corporate governance. With this in mind, we work to ensure awareness of business policies and work regulations throughout the entire Group. Additionally, our various business departments and the Internal Audit Division engage in monitoring activities.

## Governance Structure

(As of June 27, 2024)



## Audit and Execution Structure



## Expertise of Directors



Skills Matrix ▶ P89

## Main Organizational and Committee Structure

(As of June 27, 2024)

Company Name	FUJI OIL HOLDINGS INC	Institutional Design	Company with an Audit and Supervisory Committee					
Organizational System	Pure holding company	Number of Outside Directors	11, including 2 female directors (7 outside directors, of whom 6 are independent outside directors)					
Chairperson	Composition of directors						Reference: Number of meetings during FY2023 <sup>*1</sup>	
	Total	Internal Directors	Independent Outside Directors	Non Independent Outside Director	Internal Director	Independent Outside Directors		
<b>Board of Directors</b>	<b>President and Representative Director (Mikio Sakai)</b>	11	3	4	1	1	2	16
<b>Audit and Supervisory Committee</b>	<b>Director Full-Time Audit and Supervisory Committee Member (Yusuke Togawa)</b>	3	—	—	—	1	2	12
<b>Nomination and Compensation Advisory Committee</b>	<b>Independent Outside Director (Toshiyuki Umehara)</b>	6	1	4	—	1	—	10
<b>Sustainability Committee<sup>*2</sup></b>	<b>Internal Director (Mikio Sakai, CEO)</b>	5 <sup>*3</sup>	3	1 Advisor	—	—	—	3
<b>Reference: Management Committee Meeting</b>	<b>President and Representative Director (Mikio Sakai)</b>	12 <sup>*4</sup>	3	—	—	1 Observer	—	26

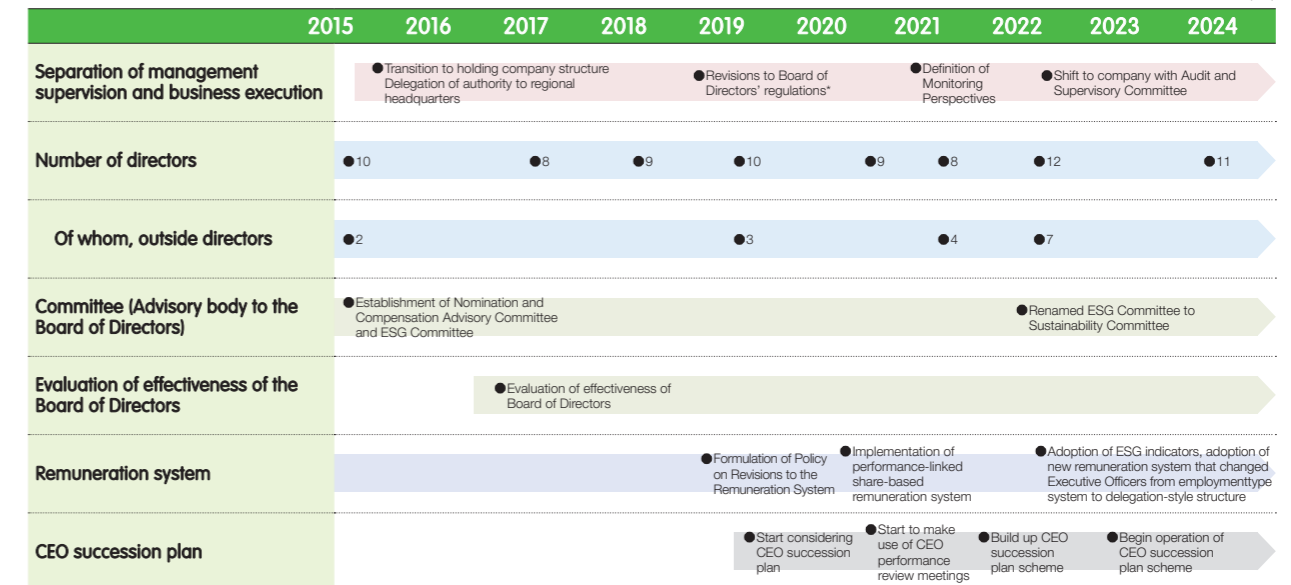
<sup>\*1</sup> April 1, 2023 to March 31, 2024  
<sup>\*2</sup> Changed name from ESG Committee in FY2022  
<sup>\*3</sup> 3 Internal Directors + 2 Executive Officers  
<sup>\*4</sup> 3 Internal Directors + 9 Executive Officers

## Description of Bodies

<b>Board of Directors</b>	The body that makes decisions on legally mandated matters related to the management of Fuji Oil Holdings and important matters such as management policies and strategies and monitors the execution of business operations. It consists of Directors (including Audit and Supervisory Committee Members) entrusted by shareholders.
<b>Audit and Supervisory Committee</b>	The committee that conducts investigations on the status of business and assets of Fuji Oil Holdings; audits the execution of duties by Directors (excluding Audit and Supervisory Committee Members) using the internal control system; and cooperates with and directs the Internal Audit Group to audit the appropriateness of the operations of Group companies.
<b>Nomination and Compensation Advisory Committee</b>	The committee that deliberates on personnel matters related to appointment and dismissal, succession planning, and compensation of the Company's Directors and Executive Officers inquiring from the Board of Directors. From the viewpoint of objectivity and transparency in making decisions, most committee members are Independent Outside Directors, and the committee is chaired by an Independent Outside Director.
<b>Sustainability Committee</b>	The committee deliberates important issues and strategies to promote sustainability management taking into account the expectations and demands of society as an advisory body to the Board of Directors. It then reports its findings to the Board of Directors. With the CEO serving as the Chairperson, the committee consists of CxOs with voting rights, other Executive Officers, heads of business divisions, Outside Directors and ESG Advisors.
<b>Management Committee Meeting</b>	The body that deliberates on important matters related to the execution of business activities in the Fuji Oil Group and contributes to decision-making conducted by the President and Representative Director, Managing and Executive Directors, and Executive Officers.

## Changes in Governance Structure

(FY)



\* In addition to existing decision-making and reporting, we also established opportunities for open-minded deliberation on governance and other matters.

# Board of Directors

## Major topics of discussion at Board of Directors' meetings in fiscal 2023

Classification	Major topics
<b>Roles and responsibilities of the Board of Directors</b>	Evaluation of effectiveness of Board of Directors, matters for consultation with the Nomination and Compensation Advisory Committee, and Audit and Supervisory Committee activity reports, etc.
<b>Reports on execution status</b>	Monthly reports and matters to be deliberated by Management Committee Meeting, etc.
<b>Corporate value improvement</b>	Response to important management issues (Blommer Chocolate Company (United States) structural reform), business strategies (investment projects and business portfolio), mid- to long-term research theme progress, sustainability strategies, and Sustainability Committee reports, etc.
<b>Risk management</b>	Response to Group significant risks, occupational accident and complaint reports and response, and environmental data reports, etc.
<b>Legal compliance and disclosures</b>	Financial results (quarterly, annual), General Meeting of Shareholders, and various disclosures
<b>Internal controls etc.</b>	Policies and regulations, internal reports, and internal audit activity reports and plans, etc.

## Main initiatives by the Board of Directors in fiscal 2023

We aimed to stimulate discussions from a mid- to long-term perspective and to enhance opportunities to explain the execution status in fiscal 2023 based on the deliberations in the evaluation of effectiveness of Board of Directors conducted last year. Based on those targets, we strived to improve the effectiveness of the Board of Directors by holding focused discussions with the multifaceted perspectives of each Director.

Discussion topics	Overview
<b>The Fuji Oil Group's sustainability strategy</b>	Report contents <ul style="list-style-type: none"> <li>Situation surrounding the Group's sustainability management                             <ul style="list-style-type: none"> <li>Increasing social demand to respond to climate change, biodiversity, human rights and other risks arising in the value chain, and to create value from a sustainability perspective</li> <li>Accelerating pace of sustainability-related legislation mainly in Europe</li> </ul> </li> <li>Current issues and responses in the Group's sustainability management and the Group's initiative policy for the next Mid-term Management Plan</li> </ul>
	Main discussions <ul style="list-style-type: none"> <li>Opinions were exchanged on the direction of the Group which is increasing corporate value by promoting a sustainability strategy linked to our business strategy to realize our vision.</li> </ul>
<b>Mid- to long-term research themes and measures for commercialization</b>	Report contents <ul style="list-style-type: none"> <li>Priority themes promoted by the Research Institute for Creating the Future, which is responsible for the Group's mid- to long-term research, and roadmaps and measures for commercialization</li> <li>Research Institute for Creating the Future's initiatives to contribute to sustainability management (promote open innovation etc.)</li> </ul>
	Main discussions <ul style="list-style-type: none"> <li>Opinions were exchanged on the importance of promoting research themes through milestone management based on changes in the external environment, intellectual property strategies, and research strategies which understand customer value in each country and region where each group company has a base.</li> </ul>
<b>Blommer Chocolate Company (United States) structural reform</b>	Report contents <ul style="list-style-type: none"> <li>Analysis of the impact on profitability from changes in the external environment since acquisition</li> <li>Importance of the company to the Group based on trends in the world's largest chocolate market of the United States and trends in competitors</li> <li>Blommer Chocolate Company's (United States) issues and its measures to respond to them</li> <li>Structural reform plan and promotion structure, etc.</li> </ul>
	Main discussions <ul style="list-style-type: none"> <li>In addition to Board of Directors' meetings, we established opportunities outside of those meetings to hold repeated careful discussions from the multifaceted perspectives of all the Directors in response to detailed explanations from executive those in charge of execution about the optimization of management resource allocation and business areas, differentiation strategies, and the appropriateness of the structural reform plan</li> </ul>

### Message

#### Messages from Outside Directors

##### Board of Directors: reborn to take on challenges

We have been focusing on decision-making and execution oversight to realize the three policies we set forth in Reborn 2024 in Board of Directors' meetings since fiscal 2022. We have been continuously working with everyone involved in execution to tackle the difficult issues identified through discussions based on opinions from diverse perspectives in a rapidly changing business environment where it is not possible to erase a sense of uncertainty. In particular, following on from the transfer of fixed assets relating to vegetable oils and fats business in North America, we have been working with those locally on structural reform at Blommer Chocolate Company (United States) to realize a high-value-added portfolio. We have conducted a review from acquisition to the present. Together with this, we have evaluated the Fuji Oil Group's competitiveness in the future commercial chocolate market. This evaluation clarified the priority business areas, production structure reorganization, management structure strengthening and other issues. We have been taking concrete measures for those issues since the end of fiscal 2023. The Board of Directors has been holding discussions in response to these complex issues. In addition, separate opportunities have been provided to Outside Directors in particular to ensure that there is sufficient information to consider the issues and that there are opportunities for multifaceted exchanges of opinions. I think many bitter and harsh words have been said to those within the Company at times. However, I believe that is an essential step to obtaining better results. We will enter a phase from fiscal 2025 in which we will implement the Mid-term Management Plan following on from Reborn 2024 with a new management structure. We will continue to face many more difficult issues, not only in terms of business. Nevertheless, I intend to contribute to the more effective operation of the Board of Directors.

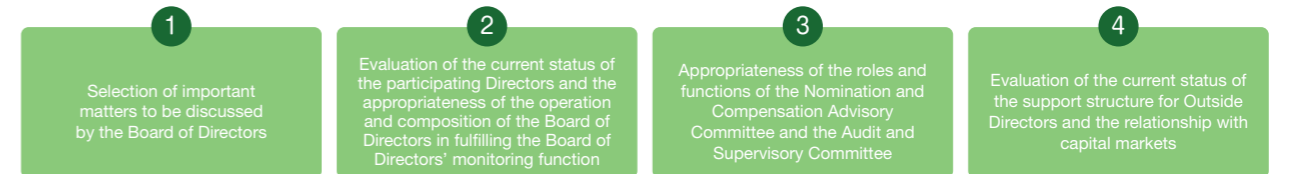


**Hidenori Nishi**  
Outside Director

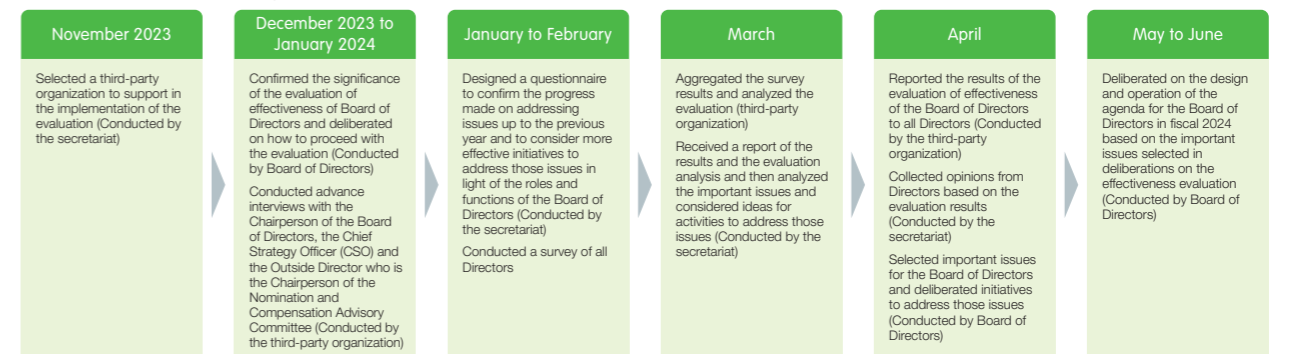
Independent / Outside

## Fiscal 2023 effectiveness evaluation of the Board of Directors

To evaluate the effectiveness of the Board of Directors for fiscal 2023, we conducted interviews with the President, the Chief Strategy Officer (CSO) in charge of the Secretariat of the Board of Directors and the Outside Director who is the Chairperson of the Nomination and Compensation Advisory Committee. We also conducted a survey of all Directors. The Secretariat of the Board of Directors conducted this survey with the support of a third-party organization for the following aims to consider even more concretely initiatives to address issues in light of the roles and functions of the Company's Board of Directors in addition to confirming progress made on addressing issues identified up to the previous year.



### Effectiveness evaluation process



### Points evaluated

As a result of the survey, the Company determined that both the Internal Directors and Outside Directors share a sense of issues and hold open discussions by participating in Board of Directors' meetings with an awareness of the roles they should play in aiming for a monitoring-type Board of Directors.

### Issues

On the other hand, the following issues were identified. The Board of Directors recognizes and shares the view it should aim to further improve its effectiveness through initiatives to address these issues.

#### 1. Issues related to operation

It is necessary to stimulate discussions from a mid- to long-term and bird's-eye perspective. The themes of those discussions should include the following:

- Appropriateness of management resource allocation to support the formulation and implementation of mid- to long-term business strategies
- Human resource development and measures to realize business strategies, etc.

#### 2. Issues related to roles and functions

Lively discussions should be encouraged by further increasing opportunities to explain and provide information on the execution status necessary for monitoring to Outside Directors to strengthen monitoring functions. Communication between Internal and Outside Directors should be further stimulated.

We must work on eliminating the asymmetry of information relating to business operation, execution status and other areas between Internal and Outside Directors to address the above issues. To achieve that, it is also necessary to further stimulate discussions with the multifaceted perspectives of each Director on the Company's mid- to long-term management issues. In response to the results of the evaluation of effectiveness of Board of Directors, the Company is deliberating on what discussions are necessary at Board of Directors' meetings, selecting the themes which should be the focus of discussions by the Board of Directors in fiscal 2024 and designing the annual agenda schedule. Moreover, the Secretariat of the Board of Directors holds discussions with the Directors in charge of each theme and the Secretariat of the Management Committee Meeting on this annual agenda. Linking this agenda with the agenda of the Management Committee Meeting encourages deliberations which contribute to management on the executive side.

In addition, as a company with an Audit and Supervisory Committee, there is a need for the Company to ensure the effectiveness of the Audit and Supervisory Committee to improve the effectiveness of the Board of Directors. We will again conduct an evaluation of effectiveness of the Audit and Supervisory Committee this year as part of the evaluation of effectiveness of Board of Directors. We will then share the evaluation results with not only Directors Who Also Serve as Audit and Supervisory Committee Members but with all the Directors. We will develop and operate a framework to effectively improve the Company's governance as a whole.

# Nomination and Compensation Advisory Committee

The Company established the Nomination and Compensation Advisory Committee as a discretionary advisory body to the Board of Directors. The Advisory Committee, inquiring from the Board of Directors, deliberates, reports to the Board of Directors, and monitors matters related to the nomination of Directors and Executive Officers and the director remuneration system. The committee consists of not less than three and not more than six Directors, appointed by resolution of the Board of Directors. From the viewpoint of enhancing objectivity and transparency in decision-making, the committee comprises a majority of independent Outside Directors and is chaired by an independent Outside Director.

## Major Activities in FY2023

<b>Selection of the Nomination and Compensation Advisory Committee Chair</b>	A chair is elected every fiscal year, decided by mutual election of committee members.
<b>Review of the composition and skills matrix of the Board of Directors</b>	The Committee reviewed items in the Directors' skills matrix and the distribution of skills, deliberated on the composition of the Board of Directors, including Outside Directors, and reported on these matters to the Board of Directors.
<b>Matters concerning nominations</b>	The Committee deliberated on new Director candidates, the Executive Officer structure and Executive Officer candidates, and reported on these matters to the Board of Directors.
<b>The Committee conducted monitoring and provided advice on human resource development</b>	The committee monitored the operation of the development of next-generation management personnel, including receiving progress reports and providing advice on the progress.
<b>Matters concerning remuneration for Directors</b>	The committee deliberated and reported to the Board of Directors on the performance-linked remuneration in fiscal 2023 and Directors remuneration and setting KPIs of performance-linked remuneration in fiscal 2024.

## CEO Reappointment Review

The Nomination and Compensation Advisory Committee has established a CEO Review Committee for the purpose of appropriately fulfilling their role in management during normal times and maximizing corporate value for various stakeholders, as well as the desirability of having the CEO continue in the position for the next fiscal year.

In fiscal 2023, a meeting was held with an independent Outside Director as a member of the CEO Reappointment Review Committee, and matters discussed were reported to the Nomination and Compensation Advisory Committee. Accordingly, the Nomination and Compensation Advisory Committee deliberated again and reported to the Board of Directors on the succession plan for the position of CEO.

## Message

### Messages from Outside Directors

#### Let's get it done in one go!

I was appointed as an Outside Director in 2021 in the middle of the COVID-19 pandemic. It has already been four years since then. The Group achieved a recovery in results in fiscal 2023 thanks to the tireless efforts of CEO Sakai, our other officers and our employees. This fiscal year is the final year of the Mid-term Management Plan Reborn 2024. We recognize that it is now the time to steadily implement our promised Blommer Chocolate Company (United States) structural reform and its growth strategy to demonstrate results as a capital-efficient company while making thorough preparations for it to become an operating holding company starting in fiscal 2025.

Against this background, I have been serving as the Chairperson of the Nomination and Compensation Advisory Committee since last year.

Four Independent Outside Directors representing the shareholders play a central role in important company matters (CEO reappointment review, succession plans and the remuneration system, etc.) on the Committee. The role of the Committee is to interview the CEO and to exchange opinions in-depth. It then reports its findings to the Board of Directors. I also participated in meetings with investors and analysts who have expectations in the Company in my position as Chairperson of the Committee. I will continue to serve as Chairperson again this year. I am determined to focus my energies on this important role.



**Toshiyuki Umehara**  
Outside Director  
Chairperson of the Nomination and Compensation Advisory Committee  
Independent / Outside

## Policy and Process for Appointing Directors

### Approach to Nominating Candidates for Directors

The skills matrix of the Board of Directors, specifying the expertise, experience, and expected role of each member, is provided below on the next page. We constantly take into consideration in regard to the composition of the Board of Directors based on expertise of skills matrix, attributes (as well as independence), years of service, gender, nationality, other aspects of diversity, changes in business environment, and other factors. Furthermore, to ensure the independence of Outside Directors, we believe it is appropriate to set maximum terms of six years for Independent Outside Directors.

### Skills Matrix (Especially Areas Where Candidates Can Be Expected to Demonstrate Their Expertise and Experience)

		Corporate Management	R&D and Technology	Global	Sustainability	Sales and Marketing	Production (Safety, quality, and the environment)	Finance and Accounting	Legal Compliance	Human Resource Development	IT / Digital Transformation	Supply Chain Management
Directors	Mikio Sakai	●		●	●	●				●		
	Hiroyuki Tanaka	●		●		●		●				●
	Sunao Maeda	●		●				●	●			
Outside Director	Hidenori Nishi*	●		●		●				●		
	Toshiyuki Umehara*	●	●	●			●				●	
	Tomoko Tsuji*	●	●		●							
	Rie Nakagawa*	●		●	●	●		●			●	●
Directors who also serve as Audit and Supervisory Committee Members	Yoshihiro Tachikawa	●		●		●						
	Yusuke Togawa							●	●	●		
	Hirohiko Ikeda*			●					●			
	Yasuhiro Tani*			●	●			●				

\* Independent directors

### Policy and process for appointing candidates for the Board of Directors

Based on the Fuji Oil Group Management Philosophy, our policy is to select candidates for the Board of Directors who embody the values of the Fuji Oil Group to a high degree, have a wealth of expertise and knowledge and a high level of insight, and can be expected to contribute to the further development of the Fuji Oil Group. Based on this policy, the Board of Directors selected Sunao Maeda as a candidate for the Board of Directors upon receiving reports from the Nomination and Compensation Advisory Committee in fiscal 2024.

In addition, the Audit and Supervisory Committee appointed Yusuke Togawa, a Director Who Also Serves as an Audit and Supervisory Committee Member, and Yasuhiro Tani, an Outside Director Who Also Serves as an Audit and Supervisory Committee Member, upon receiving opinions on their appropriateness from the Nomination and Compensation Advisory Committee.

### Policy on protecting the rights of minority shareholders

The Company has appointed an Outside Director from the ITOCHU Group, a major shareholder, to obtain management advice based on an objective external perspective, experience and knowledge. Nevertheless, the Group's business activities and management decisions are not restricted by our major shareholders. We execute business after deciding upon important matters relating to business execution in the Management Committee Meeting based on the policy we have established to prevent transactions contrary to the interests of our shareholders in the Fuji Oil Holdings Corporate Governance Guidelines.

When important or non-routine transactions with the ITOCHU Group arise, the ITOCHU Group and the Company mutually confirm the necessity of protecting minority shareholders and then discuss the appropriateness of entering into those transactions. Furthermore, the Board of Directors confirms we have not entered into any transactions with a conflict of interests by reviewing non-routine and highly important transactions with the ITOCHU Group at the end of each fiscal year. Together with this, it deliberates on the prevention of transactions with a conflict of interests on an ongoing basis.

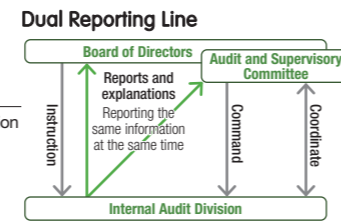
# Audit and Supervisory Committee

We transitioned to being a company with an Audit and Supervisory Committee based on a resolution at the Ordinary General Meeting of Shareholders in June 2022. The Audit and Supervisory Committee is working on organizational audits through strengthened cooperation with the Internal Audit Division to contribute to improving trust from stakeholders and organizational performance.

## Annual key auditing items and their implementation status

The Audit and Supervisory Committee further cooperated with the Internal Audit Division to engage in audit activities in accordance with their respective roles and functions in fiscal 2023. Moreover, the Committee resumed on-site visits to group companies outside Japan with the end of the COVID-19 pandemic. In addition, it engaged in new activities such as checking whether there will be any conflicts of interests between major and minority shareholders and evaluating its effectiveness as an audit and supervisory committee.

Key auditing items	Major auditing activities conducted
(1) Status of Group companies' management of business	<ul style="list-style-type: none"> <li>Business audits conducted via interviews with the management teams of group companies</li> <li>Visits made to five group companies outside Japan (United States, Germany, Netherlands and Belgium)</li> <li>Held interviews with management teams at major group companies and operating bases in Japan</li> </ul>
(2) Monitoring of the execution of duties by Directors and the process for determining Director nomination and remuneration	<ul style="list-style-type: none"> <li>Interviews and exchanges of opinions with the management team</li> <li>Held meetings with the President &amp; CEO and others in charge of execution</li> <li>Full-time Audit and Supervisory Committee Members participated as members of the discretionary Nomination and Compensation Advisory Committee</li> <li>Monitored the status of examination and deliberation concerning the nomination and remuneration of Directors (as one of the supervisory functions of the Audit and Supervisory Committee)</li> </ul>
(3) Communication with accounting auditors	<ul style="list-style-type: none"> <li>Exchange of opinions and discussions on a regular/irregular basis</li> <li>Held quarterly meetings to share input on audit-related themes</li> <li>Held meetings for the accounting auditor to announce the status of audits on quarterly financial results (including exchanging opinions on major considerations in audits)</li> <li>Discussed other important topics related to auditing</li> </ul>
(4) Cooperation with the Internal Audit Division	<ul style="list-style-type: none"> <li>Initiatives relating to organizational audits in cooperation with the Internal Audit Division</li> <li>Jointly developed an annual audit plan and gave joint explanation of the plan to the Board of Directors</li> <li>Head of the Internal Audit Division attended monthly meetings of the Audit and Supervisory Committee and reported on the status of the activities by the Internal Audit Division</li> <li>Promoted collaboration through dual reporting line</li> </ul>
(5) Initiatives to prevent conflicts of interests between major and minority shareholders	<ul style="list-style-type: none"> <li>All Audit and Supervisory Committee members interviewed the Director &amp; CSO and the person in charge of the Purchasing Division responsible for the practical aspects of procuring raw materials. As a result of hearing about the status of transactions with major shareholders (mainly the process for purchasing raw materials), the Committee confirmed that there were no conflicts of the interests. The Committee reported the results to the Board of Directors.</li> </ul>



## Evaluation of effectiveness of the Audit and Supervisory Committee

**Objective**

There is no requirement for an evaluation of effectiveness of the Audit and Supervisory Committee in the Corporate Governance Code. Nevertheless, to improve mid- to long-term corporate value and to meet stakeholder expectations, the Audit and Supervisory Committee conducted an evaluation of effectiveness of the Audit and Supervisory Committee. The Committee conducted this evaluation to improve its effectiveness by proactively reviewing its activities as a body which plays a part in governance together with the Board of Directors in addition to submitting audit reports.

**Evaluation points**

The Audit and Supervisory Committee classified auditing activities into 16 categories, set a total of 57 items to check and conducted a four-stage evaluation on each item to evaluate whether it is conducting systematic and efficient audits and whether it is fully demonstrating its functions.

**Issues**

Similar to the issues identified in the evaluation on the Audit and Supervisory Committee in the evaluation of effectiveness of Board of Directors, we recognized the necessity of mutual understanding with the Board of Directors and active communication with other Directors as issues in the evaluation of effectiveness of the Audit and Supervisory Committee as well.

**Main evaluation items in the evaluation of effectiveness**

- Composition, functions and operation of the Audit and Supervisory Committee
- Monitoring and verification of the internal controls system
- Monitoring of the legal compliance structure and risk management structure
- Three-way audit structure and group audit structure
- Monitoring and verification of financial reports and disclosures
- Responses based on the Corporate Governance Code
- Responses to sustainability

### Outline of Activity Plan for Fiscal 2024

In addition to its primary duties of monitoring the execution of duties by Directors and the decision-making process for nominating and remunerating Directors, the Audit and Supervisory Committee will focus on the following three items in fiscal 2024.

Key audit themes	Main activities planned
(1) Confirmation that there are no conflicts of interests between major and minority shareholders (as ongoing monitoring from fiscal 2023)	The Committee will interview those in charge of the relevant internal divisions and execution directly involved in transactions to purchase raw materials from ITOCHU Corporation, a major shareholder. It plans to share the results of those interviews with the Board of Directors and to make recommendations as necessary.
(2) Confirmation of the status of business management in major group companies (in Japan and outside of Japan)	While ensuring consistency with the Internal Audit Division's annual audit plan, the Audit and Supervisory Committee plans to conduct on-site audits of operating bases which it judges to be important and requiring priority audits for the Group's business management.
(3) Enhancement of three-way audits to strengthen cooperation with accounting auditors and the Internal Audit Division	The Committee intends to hold planned meetings as an opportunity to exchange information and opinions to learn toward strengthening cooperation and improving the audit quality and level.

## Message

### Messages from Audit and Supervisory Committee members

#### Aiming for highly effective audits

I have experience with various roles - human resources, corporate planning, financial accounting, business department supervision and information systems - at the regional headquarters in Japan. I have also had opportunities to use and improve the legal mindset and knowledge I gained from my major at university in that process. I am now serving as an Audit and Supervisory Committee member. I will continue to take advantage of those experiences to strengthen corporate governance and internal controls by exchanging information and sharing awareness with Internal and Outside Directors and cooperating closely with the Accounting Auditor and Internal Audit Division. I will respond flexibly to changes in the institutional design by monitoring the execution of duties by Directors and working with an emphasis on confirmation through dialogue on important points. At the same time, against this background, I will continue to conduct highly effective audits in a broad sense with the goal of contributing to improving the effectiveness of the Board of Directors.



**Yusuke Togawa**  
Committee Member  
Full-time Audit and Supervisory

#### Striving to improve governance to increase corporate value



**Hirohiko Ikeda**  
Committee Member  
Audit and Supervisory  
Independent / Outside

I have worked as a lawyer specializing mainly in corporate law with a focus on corporate governance and M&A-related areas for about 37 years. I am in charge of teaching corporate governance at Osaka University Law School. I believe the expectations placed on me by shareholders and investors are that I will apply my experience and expertise toward further strengthening and enhancing governance at the Company.

The Company has entered into business partnerships in various fields with ITOCHU Group, a major shareholder. I understand that this is creating synergies by leveraging the strengths of both companies. Moreover, the Board of Directors carefully examines important transactions between the Company and ITOCHU Group, especially in terms of the necessity of those transactions and the rationality of their terms, from the perspective of protecting the interests of minority shareholders. Nevertheless, the Audit and Supervisory Committee also received a detailed explanation from those in charge of executing those transactions to confirm the fairness of them in the previous fiscal year.

I will continue to cooperate with the Internal Audit Division to further improve the governance structure, including the management of conflicts of interests between major and minority shareholders, in the future. In this way, I want to do my best to contribute to improving the Company's mid- to long-term corporate value.

#### Ensuring the value relevance of non-financial information

"The percentage of a company's market capitalization contributed to by profits and net assets has steadily declined from more than 90% in the 1950s to approximately 50% at present" (*The End of Accounting and The Path Forward for Investors and Managers* by Lev & Gu, 2016)

This was a shocking statement for those involved in accounting around the world. It is now only possible to assess half of a company's value with its securities report alone. The remaining half is non-financial information. This is where the significance of integrated reports lies today.

I have been paying attention for a long time to the Group's excellent non-financial information disclosures as an accountant. I have now been given the responsibility for monitoring this from the inside as an Audit and Supervisory Committee member.

How is the Group striving to continually create corporate value with its six sources of capital? I would like to carefully examine the appropriateness of both the financial and non-financial information disclosed so that shareholders, investors and all other diverse stakeholders can accurately determine its path and propriety.



**Yasuhiro Tani**  
Committee Member  
Audit and Supervisory  
Independent / Outside

# Director Remuneration System

The remuneration of the Company's Directors (excluding Outside Directors and Outside Audit and Supervisory Committee Members) is based on a performance-linked remuneration system that aims to further clarify the link between director remuneration and the Company's business performance and equity value and to heighten the awareness of Directors regarding their contribution to improving the Company's business performance and corporate value over the medium to long term through their sharing of risks and interests regarding stock price fluctuations with shareholders.

- <Basic Policy>**
- Establish a remuneration structure that promotes the sharing of value with shareholders and other stakeholders
  - Establish a remuneration structure that raises awareness of improvements to medium- to long-term performance and increases in corporate value

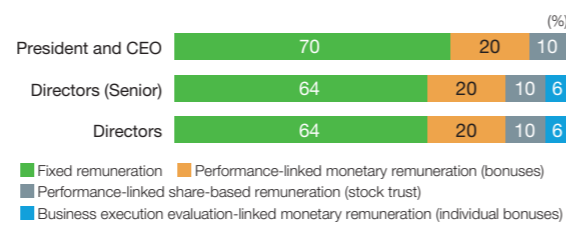
Director remuneration for fiscal 2024 was determined by the Board of Directors, within the total amount approved at the General Meeting of Shareholders, upon receiving advice and reports from the Nomination and Compensation Advisory Committee, which consists of a majority of Outside Directors. The Nomination and Compensation Advisory Committee deliberates on matters related to the total amount of director remuneration payments, the calculation method for remuneration amounts, and performance-linked indicators used in calculating remuneration amounts, and it reports the results to the Board of Directors.

## Director Remuneration System (Excluding Outside Audit and Supervisory Committee Members)

Item	Base remuneration (fixed remuneration)	Performance-linked		Executive performance-linked monetary remuneration (individual bonuses)
		Monetary remuneration (bonuses)	Share-based remuneration (stock trust)	
Internal President and CEO	✓	✓	✓	—
Internal Directors (excluding President)	✓	✓	✓	✓
Outside Directors	✓	—	—	—

## Remuneration Composition

(Ratio when the performance-linked coefficient is 1.0 for all target KPIs in fiscal 2024)



In the future, we will aim for a remuneration composition ratio of fixed remuneration : performance-linked monetary remuneration (bonuses) : performance-linked share-based remuneration = 1:1:1. This composition ratio is designed to raise the ratio of performance-linked remuneration while improving performance and corporate value. Outside directors receive only fixed remuneration in light of their roles and independence.

## Remuneration System for Audit and Supervisory Committee Members

In light of their roles and independent standing, remuneration for Directors who are Audit and Supervisory Committee Members is comprised solely of fixed remuneration. Remuneration is discussed by the Audit and Supervisory Committee and set to an amount within the maximum total remuneration amount prescribed via a resolution by the General Meeting of Shareholders. Furthermore, we also reference survey data from external expert bodies concerning remuneration levels for Directors who are Audit and Supervisory Committee Members.

## Total Amount of Remuneration by Position, Total Amount by Type of Remuneration, and Number of Eligible Recipients

Position	Number of eligible recipients	Total amount by type of remuneration (millions of yen)				Total amount of remuneration (millions of yen)
		Fixed remuneration	Monetary remuneration (bonuses)	Share-based remuneration (stock trust)	Business execution evaluation-linked monetary remuneration (individual bonuses)	
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	4	118	27	8	4	159
Audit and Supervisory Committee Members (excluding Outside Directors)	1	27	—	—	—	27
Outside Directors	9	70	—	—	—	70
<b>Total</b>	<b>14</b>	<b>216</b>	<b>27</b>	<b>8</b>	<b>4</b>	<b>257</b>

Notes: 1 The above amount includes compensation for two Directors who stepped down from their positions upon the adjournment of the 95th Ordinary General Meeting of Shareholders held on June 28, 2023.  
 2 The above Directors' compensation total amount does not include wages for Directors with managerial duties as Company employees.  
 3 At the 94th Ordinary General Meeting of Shareholders convened on June 21, 2022, a resolution was passed to set remuneration amounts for directors (excludes directors serving as Audit & Supervisory Committee members) as an amount not to exceed six million yen per year (of which, remuneration to outside directors shall be an amount not to exceed one million yen per year). Furthermore, remuneration amounts for directors (excludes directors serving as Audit & Supervisory Committee members and outside directors) shall include directors' bonuses and shall not include employee wages. The number of directors as of the adjournment of said Ordinary General Meeting of Shareholders was nine (of whom, five were outside directors).  
 4 The above includes performance-linked monetary remuneration (bonuses) for the fiscal year.  
 5 The Company has adopted performance-linked stock remuneration (stock ownership plan) as non-monetary remuneration for directors (excludes directors serving as Audit & Supervisory Committee members and outside directors). At the 94th Ordinary General Meeting of Shareholders convened on June 21, 2022, a resolution was passed concerning the details of the performance-linked stock remuneration (stock ownership plan). Via said resolution, the trust period of the stock ownership plan was set to three years (pursuant to a resolution by the Company board of directors, said trust period may be extended to a period not to exceed five fiscal years) and 6 million yen was set at the total maximum amount to be contributed by the Company as funds for the acquisition of Company stock to be issued to eligible directors (excludes directors serving as Audit & Supervisory Committee members and outside directors). The number of directors as of the adjournment of said Ordinary General Meeting of Shareholders was four (excludes directors serving as Audit & Supervisory Committee members and outside directors).  
 6 The amount for performance-linked stock remuneration (stock ownership plan) is indicated as the amount recorded as expenses in accordance with the stock remuneration system for which a resolution was passed at the 94th Ordinary General Meeting of Shareholders convened on June 21, 2022.  
 7 At the 94th Ordinary General Meeting of Shareholders convened on June 21, 2022, as resolution was passed setting remuneration for directors serving as Audit & Supervisory Committee members as an amount not to exceed one million yen per year. The number of directors serving as Audit & Supervisory Committee members as of the adjournment of said Ordinary General Meeting of Shareholders was three.

## Performance-Linked Monetary Remuneration (Bonuses)

- Objective**
- Heighten awareness regarding improvements to business performance every fiscal year

Individual Amount of Payment

### Standard Amount of Remuneration by Position

• FY2024  
**Target KPI: Consolidated operating profit of ¥20.0 billion in FY2024**  
 Note: Amount of target remuneration in the case of 100% achievement of standard KPI

Position	Base remuneration	Eligible directors
President and CEO	¥16.0 million	1
Directors (Senior)*	¥ 8.0 million	2
Directors	¥ 6.4 million	0

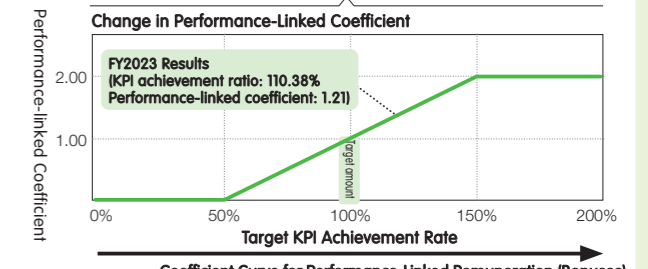
\* Director Hiroyuki Tanaka, Director Sunao Maeda

### Performance-Linked Coefficient

KPI achievement ratio	Performance-linked coefficient
150% or more	2.00
50%–150%	(Actual KPI ÷ Target KPI – 0.5) × 2 Round up to two decimal places
Less than 50%	0

• KPI achievement ratio = Actual KPI ÷ Target KPI × 100  
 • Actual KPI = Actual amount of consolidated operating profit for the fiscal year under review  
 • Target KPI = Target amount of consolidated operating profit for the fiscal year under review

KPI	Consolidated operating profit (Reason for selection: Connection to yearly KPIs, improvements to sustainable business performance and financial value)
Determination of amount and payment	Amount of remuneration is determined according to the performance results of the fiscal year under review and paid in the following fiscal year.
Total amount of payment	Up to ¥200 million
Maximum amount of payments to Directors	President and CEO ¥50 million Directors (Senior) ¥25 million Directors ¥20 million



- Payment of target remuneration amount × 1.00 for 100% achievement of KPI
- No payment for under 50% achievement of KPI
- Payment of target amount × 2.00 for over 150% achievement of KPI

## Performance-Linked Share-Based Remuneration (Stock Trust)

- Objective**
- Further clarify the link between director remuneration and the Company's business performance and equity value and heighten the awareness of Directors regarding their contribution to improving the Company's business performance and corporate value over the medium to long term through their sharing of risks and interests regarding stock price fluctuations with shareholders
  - Expand the sharing of value with stakeholders by heightening awareness regarding improvements to business performance every fiscal year

Individual Payment Points

(Thousand points)

Position	Maximum number of points*
President and CEO	25.0
Directors (Senior)	12.5
Directors	10.0

\* Maximum number of points awarded to eligible recipients: 100,000 points per fiscal year

### Target Amount of Remuneration by Position

• FY2024  
**Standard KPI: FY2024 EPS target of ¥116.33**  
 Note: Target amount for 100% achievement of KPI

Position	Base remuneration	Eligible Directors
President and CEO	¥8.1 million	1
Directors (Senior)*	¥4.1 million	2
Directors	¥3.3 million	0

\* Director Hiroyuki Tanaka, Director Sunao Maeda

### Performance-Linked Coefficient

KPI achievement ratio	Performance-linked Coefficient
175% or more	2.00
25%–175%	(Actual KPI ÷ Target KPI – 0.25) × 1.33 Round up to two decimal places
Less than 25%	0

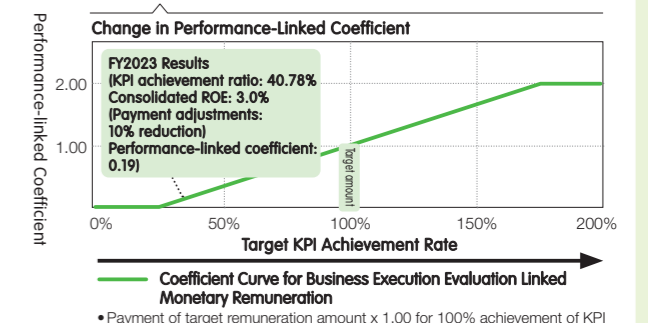
• KPI achievement ratio = Actual KPI ÷ Target KPI × 100  
 • Actual KPI = Actual amount of net income per share (EPS) for the fiscal year under review  
 • Target KPI = Target amount of net income per share (EPS) for the fiscal year under review  
 Note: The coefficient will be reduced by 10% when consolidated ROE is 5% or below

### Price of Shares in the Company Acquired by the Trust

For shares acquired by the trustee, the method of acquisition, the number of acquired shares, and the price of acquired shares are determined at the meeting of the Board of Directors and disclosed to the public on the same day.

Acquisition Method	Price of acquired shares
Disposal of treasury stock held by the Company	Closing price of Company shares on the Tokyo Stock Exchange (TSE) on the business day prior to the meeting of the Board of Directors to determine third-party assignment (shares incorporated into trust) under the system
Stock exchange market (including after-hours trading)	Price of Company shares purchased from the stock exchange market after determination of share acquisition under the system at the meeting of the Board of Directors

KPI	Single-year consolidated EPS and ROE (Reason for selection: Connection to KPIs in mid-term management plan, improvements to medium- to long-term business performance and corporate value)
Overview of system	Under this share-based remuneration system, Fuji Oil Holdings will establish a trust, which will hold the assets to be paid as performance-linked remuneration. The trustee will purchase shares in Fuji Oil Holdings, hold the shares, and then deliver them to each Director in an amount commensurate with the points the Director has earned. Under this system, 1 point shall be equivalent to 1 share.
Eligibility period	In principle, upon retirement of the Director
Maximum amount of trust principal	Maximum amount: ¥200 million per fiscal year



- Payment of target remuneration amount × 1.00 for 100% achievement of KPI
- No payment for under 25% achievement of KPI
- Payment of target amount × 2.00 for over 175% achievement of KPI

## Business Execution Evaluation-Linked Monetary Remuneration (Individual Bonuses)

- Objective**
- Clarify the executive responsibilities and results of Internal Directors and reflect the degree at which performance is demonstrated in their remuneration

Business Execution Evaluation

- To be determined by the President and CEO based on the degree of achievement of company-wide performance, performance of departments in charge, an individual priority issues, as well as specific indicators and targets\* for issues in their own departments are priority areas for ESG management. Targets included in the evaluation are weighted uniformly at 10%.

\* Set ESG goal linked with "enhancing sustainability," a basic policy of Reborn 2024

Individual Amount of Payment

### Target Amount of Remuneration by Position

Position	Base remuneration	Eligible directors
Directors (Senior)*	¥2.3 million	2
Directors	¥1.8 million	0

\* Director Hiroyuki Tanaka, Director Sunao Maeda

### Performance-Linked Coefficient (0–2.00)

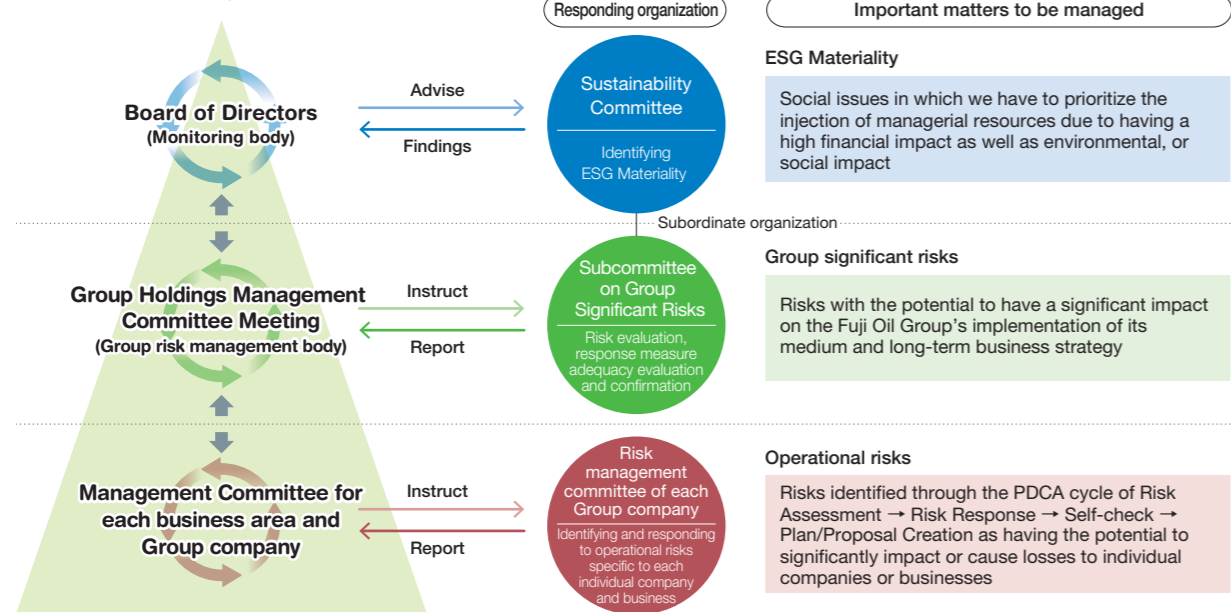


# Risk Management

The Fuji Oil Group operates its four main businesses in Japan, the Americas, Europe, Southeast Asia, and China. As such, our Group value chain is subject to various latent risks, including being impacted by social issues and changes in the economic environment. Our Group positions the Fuji Oil Holdings Management Committee as the body responsible for group-wide risk management. We use information sources that reflect the environment influencing Group operations to make a comprehensive analysis of factors such as the potential degree of impact on operations, the probability of occurrence, and the timing of manifestation. Based on this analysis, we identify group significant risks and then propose and implement response measures. We then confirm progress, evaluate efficiency, and promote improvements to these measures. Furthermore, under the supervision of the Board of Directors, we are building a corporate risk management system to manage risks.

## Fuji Oil Group Risk Management Structure

### Group Risk Management Structure



## Group Significant Risks

### Identifying group significant risks

Fuji Oil Holdings works to comprehensively ascertain risks, including Group strategy risks, financial risks, and ESG materiality where the “degree of impact on the Group caused by social and/or environmental issues” would be significant. The Subcommittee on Group Significant Risks evaluates and discusses these risks, after which the Group Holdings Management Committee (the Group risk management body) identifies significant risks that should be recognized and addressed on the Group level. The Management Committee further issues a report to the Board of Directors, which serves as the risk monitoring body.

Additionally, to respond to risks unique to each Group company, the Risk Management Committee of each company takes the lead on conducting risk assessments to create risk maps, which are then used to identify operational risks specific to each company.

### Responding to and monitoring group significant risks

We designate supervisors and outline response measures for identified group significant risks. To confirm the status of response measure implementation as well as the reevaluation and selection of group significant risks by the supervisors of the divisions in charge of risk management, supervisors for group significant risks issue regular reports to be confirmed by the Board of Directors, which serves as the monitoring body. To promote risk mitigation, the status of progress for issues related to each of the 12 group significant risks identified in FY2023 were discussed at Subcommittee on Group Significant Risks, and the results of these meetings were reported as necessary to the Management Committee. After the status of progress for response measures is issued to the Group Holdings Management Committee, the supervisors of group significant risk will issue reports to the Board of Directors. Furthermore, the Board confirmed the causes of manifested risks and the appropriateness and timeliness of response measures.

# Fuji Oil Group Significant Risks

Our group identified the following 12 significant risks that could have a significant impact on investor judgments and as requiring management. The Group has designated a risk response supervisor for each risk, and has formulated response policies. Please note that statements regarding future matters are determined to be reasonable by the Company based on information available as of March 31, 2024.

Risk type	No.	Risk category	Group significant risk	Direction of risk response	Officer or Division Head in charge				Correlation to ESG Materiality
					GRC	OTC	CAO	ESG Management	
Strategy Risk	1	Group management	Risk of significant deviations from business plans due to rapid changes in the business environment (raw material prices, financial markets, geopolitics, etc.) due to insufficient functioning of governance.	To maintain and grow the corporate value of our Group, we will strengthen Group governance by promoting the following: <ul style="list-style-type: none"> <li>Promote awareness and reinforce the Group governance structure and rules</li> <li>Build a business axis-based group support structure and strengthen management</li> <li>Conduct thorough preliminary evaluation of investment projects and post-investment reviews (monitor asset efficiency)</li> <li>Respond rapidly to changes in laws and regulations related to business operations</li> <li>Provide education to human resources responsible for management of group companies</li> </ul>	●				GRC Group governance
	2-1	Business transformation/reform	Risk that Group profitability could decline due to the inability to provide high added value in existing areas in response to changes in the market environment, or delays in new business creation	<ul style="list-style-type: none"> <li>Build a system to enable the promotion of product development and business strategies that accurately capture market trends</li> <li>Reevaluate business portfolio based on assumption of future business environment changes, overall optimization of production bases</li> </ul>	●				Creation of sustainable food resources
	2-2		Risk of delays in the development of competitive products and technologies that respond to changes in market needs and lead to new businesses, which could result in a decline in Group growth potential	<ul style="list-style-type: none"> <li>Promote new core technology and product development based on needs</li> <li>Strengthen R&amp;D information management structure and promote prompt information sharing</li> </ul>			●		
2-3	Risk that the Group's competitive advantage could decline due to reliance on individualized business processes caused by delays in digitalization or a failure to make appropriate data-driven management decisions		<ul style="list-style-type: none"> <li>Adopt an ERP package to build a global integrated management platform</li> <li>Improve global business management using operational data gained from ERP</li> </ul>			●			
Financial Risk	3	Finance and tax	Risk of drastic fluctuations in financial markets (exchange rates, interest rates) (non-operating valuation losses) Risk of higher-than-expected tax burden due to international taxation and divergence of opinions with authorities	<ul style="list-style-type: none"> <li>Use hedging methods such as foreign exchange contracts and diversified hedging based on specified rules</li> <li>Adjust long-short debt balance based on interest rate trends</li> <li>Build a management structure for international tax risk avoidance and appropriate payment of taxes</li> </ul>			●		—
Disasters and accident risk	4	Disasters, accidents, and infectious diseases	Risk of death or injury to employees due to disasters, accidents, infectious diseases, etc., or damage to the company or supply chain that results in a suspension of factory operations and product supply	<ul style="list-style-type: none"> <li>Develop a BCP that incorporates a mutually complementary system within the Group to prepare for the occurrence of natural disasters</li> <li>Develop a response manual in the event of a crisis, risk transfer through insurance</li> <li>Permeate risk prediction activities on Group level and further strengthen management activities at Group companies with a high risk of accidents</li> <li>Review COVID-19 response and strengthen infectious disease BCP response, including incorporating employee safety and supply chain stabilization</li> </ul>				●	Product safety and quality
	5-1	Geopolitical risks in regions related to operations	Risk of business activities being restricted due to the outbreak of war or conflict, economic security issues, political, economic, or social turmoil resulting in a temporary suspension of business or supply chain disruption	<ul style="list-style-type: none"> <li>Have Group Holdings take a lead role in risk assessment, response measure development, and the revaluation of business portfolios.</li> <li>Promote risk management PDCA activities by Group companies</li> </ul>				●	GRC Risk management system
	5-2		Risk of death or injury to employees due to war, terrorism, riots, kidnapping, strikes, etc.	<ul style="list-style-type: none"> <li>Gather information on Group company locations and strengthen overseas safety education for employees</li> </ul>			●		
Products	6	Food safety	Risk of health damage, major losses, and loss of market and customer trust due to serious safety or quality issues	<ul style="list-style-type: none"> <li>Adopt global quality control standards and outline safety standards</li> <li>Structure capable of providing technical support for rapid global expansion</li> <li>Establish procedures for initial response in the event of a violation, establish a global support structure, and use insurance to mitigate risks</li> </ul>				●	Product safety and quality
Environment and human rights	7-1	Environment and human rights	Risk that business activities could be restricted or that the Group could suffer a loss of social trust due to insufficient or delayed responses to environmental issues	<ul style="list-style-type: none"> <li>Formulate and comply with the internal environmental numerical targets (Environmental Vision 2030)</li> </ul>				●	Climate change Water resources Circular economy
				<ul style="list-style-type: none"> <li>Promote climate change response and information disclosure through scenario analysis based on TCFD recommendations</li> <li>Promote biodiversity measures and information disclosure based on the TNFD approach</li> <li>Reduce food loss and practice upcycling</li> </ul>			●	Climate change Biodiversity Circular economy	
Operation risk	8	Raw material prices	Risk of damage to profits due to cost increases for main raw material caused by market fluctuations	<ul style="list-style-type: none"> <li>Build a Group management structure for raw material balance, including mutual complementing (accommodation) between sites</li> <li>Manage hedge transactions appropriately based on Group policies regarding raw material purchasing and hedging</li> </ul>				●	—
				<ul style="list-style-type: none"> <li>Maintain collaborative relationships with suppliers, industry partners, and NGOs, and strengthen supply sources by promoting in-house programs</li> <li>Prevent and reduce environmental and human rights risks along the supply chain by establishing sourcing policies</li> <li>Cooperate with customers, suppliers, and industry organizations to comply with EUDR and other laws and regulations</li> </ul>			●	Sustainable procurement	
Procurement	9-2	Supply chain	Risk that the use of existing raw materials and manufacturing methods could be restricted due to changes in regulations and social trends in each country, thus making it impossible to supply products desired by markets and customers	<ul style="list-style-type: none"> <li>Disperse risks by diversifying raw material oils and fats</li> <li>Research environmentally friendly products and technologies</li> </ul>				●	Creation of sustainable food resources
				<ul style="list-style-type: none"> <li>Strengthen the global management structure of the Legal Affairs Division</li> <li>Ensure thorough compliance management on a company-wide level</li> </ul>			●	GRC Fair Business Practices	
Legal and information system	11	Information/security	Risk of information leaks or damage due to insufficient IT governance/security	<ul style="list-style-type: none"> <li>Strengthen information security measures by bringing in external experts</li> <li>Provide education and awareness activities to improve information management awareness</li> <li>Secure advanced IT security personnel (internal and external)</li> </ul>				●	GRC Information security management
Labor and human resources	12	Securing and developing human resources	Risks that could hinder business continuity due to the occurrence of the following: <ul style="list-style-type: none"> <li>Lack of human resources to support the global management structure</li> <li>Lack of innovative human resources capable to adapting to diverse perspectives</li> <li>Difficulty securing personnel necessary for plant operations</li> </ul>	<ul style="list-style-type: none"> <li>Create global human resource development and utilization programs</li> <li>Promote DE&amp;I and utilize senior human resources</li> <li>Create an environment for securing human resources for the plants of each Group company</li> </ul>				●	DE&I Securing and developing human resources

\* Governance, Risk and Compliance

# Follow-up Structure for Outside Directors

The secretariat to the Board of Directors works to provide information to Outside Directors by holding preliminary briefings before Board of Directors' meetings and providing monthly reporting to the Board of Directors on matters discussed by the Management Committee (executive side). In cooperation with related internal functions, newly appointed Outside Directors are provided a summary of Group business and organization, main relevant regulations such as Board of Directors regulations, and an overview of operations by the Board of Directors (effectiveness evaluation results). We strive to provide necessary support so that newly appointed Outside Directors can more smoothly participate in discussions at Board of Directors' meetings.

## Support Structure for Officers

We provide continuous support to improve the quality of Directors and other members of senior management.

### Details of FY2023 activities:

- (i) We held discussions to further understanding of the Company's current position based on outside opinions and to plan for improvements. (Target: All Directors, including Outside Directors, and Executive Officers)
- (ii) To further understanding of the roles and functions expected of Directors, we provided opportunities to attend seminars on trends in corporate governance practices in Japanese companies and on the current status of the Boards of Directors. (Target: All Directors, including Outside Directors)

### Topics

We provided opportunities for Outside Directors to communicate with employees, including visits to major business sites and participation in results briefings. In FY2023, upon assuming as an Outside Director, Mr. Nakagawa was provided an overview of operations from those in charge of business and operating divisions at the group headquarters, an explanation of the Group's status and issues, and an opportunity to directly exchange opinions with employees by visiting the Fuji Oil Co., Ltd. Hannan Office.



## Message

### Messages from Outside Directors

#### The ideal state of the Board of Directors for increasing corporate value

Since being appointed as an Outside Director, I have taken a head-on approach to addressing the Fuji Oil Group's strategies and issues. Changes in the external environment during this period have been extremely dramatic, with the futures price of cocoa beans, a main raw material for the Group, reaching an all-time high; at times, even exceeding the futures price of copper. Furthermore, the Fuji Oil Group was forced to record extraordinary losses for its North American chocolate business due to aging factory equipment, soaring interest rates and raw material prices, and significant changes in the labor market. It was a difficult year during which business management proved difficult.

In this environment of uncertainty, I feel that it is increasingly important and essential to have open and frank discussions about company business strategy. Each Outside Director applies their own knowledge and experience to engage in management from a perspective different from the thinking of internal directors. I will strive to contribute to increasing the corporate value of the Fuji Oil Group, which is entering the final year of its Mid-Term Management Plan, Reborn 2024, by diligently engaging in discussions and providing honest recommendations at Board of Directors' meetings.



**Yoshihiro Tachikawa**  
Outside Director

Outside


# Group Governance

## Concept of group governance

The Group began to expand overseas on a full-scale basis in the 1980s. We now have major bases in 14 countries. The pace of social change is continuing to accelerate. Against this backdrop, we need to quickly respond to social issues and needs in each country and region for the Group to continue creating value for society. On the other hand, we believe the concept of group governance is important to promote the management of our entire group in countries and regions with different values, cultures and business practices. We recognize the need to prioritize strengthening our management and business foundations nowadays when there is increasing uncertainty in the business environment. Accordingly, we strive to strengthen global business management, governance and compliance by emphasizing cooperation between the functional departments of Fuji Oil Holdings and overseas group companies and by exercising and monitoring control functions along both the function-axis and business-axis in the execution of business operations. There is a growing need to examine and consider responses in each business and to then promote those responses even more promptly in response to rapid changes in the global economic and social environment since the COVID-19 pandemic and geopolitical risks. We will continue to strengthen business management on the function-axis we have cultivated so far. At the same time, we have decided to transition to an operating holding company system on April 1, 2025. The aim of the transition is to promote and strengthen business strategies by centrally managing and optimally allocating management resources, including human resources, along the business-axis.

## Internal Control Framework

The Fuji Oil Group enacted the Fuji Oil Group Management Philosophy in October 2015 to share our values among our officers and all our employees and to serve as the grounds establishing the priority standards for the judgement and actions that are the basis of group governance. Moreover, we have established basic policies for group management including the Fuji Oil Management Regulations to embody the Fuji Oil Group Management Philosophy. At the same time, we are promoting the construction of an effective group governance structure by establishing regulations which define the procedures for each functional department to appropriately execute business.

<b>Fuji Oil Group Management Philosophy</b>	<ul style="list-style-type: none"> <li>• Embodies the values and standards of conduct the Group shares throughout the organization toward realizing its vision and our mission and represents the foundation of the Group's management</li> <li>• Activities conducted to promote awareness of the Group Management Philosophy</li> </ul>	 Fuji Oil Group Management Philosophy ▶ P1 Strengthening Communication ▶ P55
<b>Group Policy</b>	<ul style="list-style-type: none"> <li>• To realize the Fuji Oil Group Management Philosophy, we formulated the Group Policy</li> </ul>	
<b>Operating and Work Regulations</b>	<ul style="list-style-type: none"> <li>• Total of 30 Group Policy regulations and rules, including operating regulations in regard to decision-making authority, regulations on the division of duties, and work regulations that stipulate the procedure for the appropriate execution of duties by each function and department</li> </ul>	

## Internal audits

The Internal Audit Group audits the Company and the Group's companies in terms of the establishment and operation of internal control systems and processes, including internal controls related to financial reporting, based on the Internal Audit Regulations. The Internal Audit Group gives reports to the Board of Directors in a timely fashion on the results of the internal audits of the Company and the Group's companies and recommendations relating to the appropriateness of operations. In addition, to improve the efficiency of internal audits, the Internal Audit Group operates in cooperation with the Internal Audit Division of FUJI OIL CO., LTD., a Japanese operating company (subsidiary).

### FY2023 Results

<b>Internal audit results</b>	<ul style="list-style-type: none"> <li>• Business audits: Conducted business audits on 12 Group companies outside Japan in the seven countries of Singapore, Malaysia, China, Ghana, Belgium, Germany and the United States</li> <li>• Evaluated internal controls: Evaluated Companywide internal controls related to financial reporting for the Fuji Oil Group and 21 consolidated subsidiaries; evaluated internal controls related to business processes for five consolidated subsidiaries</li> </ul>
<b>Internal audit results</b>	<ul style="list-style-type: none"> <li>• Reported to Board of Directors, Management Committee Meeting, Audit and Supervisory Committee Members, and departments in charge of Group internal control functions (ESG department, compliance departments, accounting departments, safety/quality/environment departments, etc.); promoted improvements to internal control systems by directly raising issues and making improvement proposals</li> <li>• Strengthened mutual cooperation with accounting auditor KPMG AZSA LLC and Audit and Supervisory Committee Members</li> </ul>
<b>Internal Audit Division structure (as of March 2024)</b>	<ul style="list-style-type: none"> <li>• Planning to increase the sophistication of audits, staffed the Internal Audit Group with those who have the qualifications of Certified Internal Auditors (CIAs), Certified Information System Auditors (CISAs), Certified Fraud Examiners (CFEs) and Qualified Internal Auditors (QIAs)</li> </ul>



From left: Yasuhiro Tani, Yusuke Togawa, Toshiyuki Umehara, Sunao Maeda, Rie Nakagawa and Mikio Sakai

From left: Hidenori Nishi, Hiroyuki Tanaka, Tomoko Tsuji, Yoshihiro Tachikawa and Hirohiko Ikeda

## List of Directors (As of July 1, 2024)

### Mikio Sakai (Born 1959)

President  
Chief Executive Officer (CEO)

- Apr. 1983 Joined the Company
- Jun. 2015 Director
- Apr. 2016 Managing Executive Officer  
Chief Strategy Officer (CSO)
- Apr. 2019 Senior Executive Officer  
Chairman of Blommer Chocolate Company
- Apr. 2020 President of FUJI SPECIALTIES, INC
- Apr. 2021 President and Chief Executive Officer (CEO) (to present)

### Hiroyuki Tanaka (Born 1968)

Director, Senior Executive Officer  
Chief Strategy Officer (CSO)  
Division Head of Chocolate Division  
Chairman of HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA

- Apr. 1990 Joined ITOCHU Corporation
- Oct. 2020 Director of Blommer Chocolate Company (to present)
- Apr. 2021 Chairman of HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA (to present)
- Apr. 2022 Joined the Company  
Senior Executive Officer (to present)  
Chief Strategy Officer (CSO) (to present)
- Jun. 2022 Director (to present)

### Sunao Maeda (Born 1967)

Director, Senior Executive Officer  
Chief Financial Officer (CFO), Legal, Information Disclosure

- Apr. 1990 Joined the Company
- Jun. 2018 Group Leader, Corporate Planning Group
- Jun. 2021 Executive Officer President, FUJI EUROPE AFRICA B.V. (General Manager, Europe)
- Jul. 2023 Senior Executive Officer (to present)  
Chief Financial Officer (CFO) (to present)
- Jun. 2024 Director (to present)

### Rie Nakagawa (Born 1968)

Outside Director\*1  
Independent Director

Independent / Outside

- Aug. 2003 Joined MISUMI, Inc.\*2
- Oct. 2013 President of FA Processed Products Business, MISUMI Group, Inc.
- Oct. 2015 Representative CEO of FA Business, MISUMI Group, Inc.
- Oct. 2020 Representative CEO of User Service Platform, MISUMI Group, Inc.
- Jan. 2022 Representative CEO of Sustainability Platform, MISUMI Group, Inc
- Dec. 2022 Retired from MISUMI Group, Inc.  
Director and COO, Grameen Nippon (to present)
- Jun. 2023 Outside Director (to present)
- Jun. 2024 Outside Director of Duskin Co.,Ltd. (to present)

### Yoshihiro Tachikawa (Born 1971)

Outside Director\*1

Outside

- Apr. 1993 Joined ITOCHU Corporation
- Mar. 1998 Retired from ITOCHU Corporation
- Feb. 2003 Joined ITOCHU Corporation
- Apr. 2008 Assigned as President and CEO, JAPAN NUTRITION Co., Ltd
- Apr. 2020 General Manager of the Grain & Feed Department, ITOCHU Corporation
- Apr. 2023 Chief Operating Officer of Manager, Food Resources Division, ITOCHU Corporation (to present)
- Jun. 2023 Outside Director (to present)

### Yusuke Togawa (Born 1963)

Director  
Full-time Audit and Supervisory Committee Member

Audit and Supervisory Committee

- Apr. 1986 Joined the Company
- Oct. 2012 Head of Management Office, Emulsification & Fermented Food Division
- Apr. 2018 General Manager of Management Administration Department
- Apr. 2021 General Manager of Corporate Planning Division
- Jun. 2024 Director (Standing Audit and Supervisory Committee Member) (to present)

### Hidenori Nishi (Born 1951)

Outside Director\*1  
Independent Director

Independent / Outside

- Apr. 1975 Joined Kagome Co., Ltd.
- Apr. 2009 President & Representative Director, Kagome Co., Ltd
- Jan. 2014 Chairman of the Board of Directors & Representative Director, Kagome Co., Ltd
- Jun. 2014 Outside Director, Nagase & Co., Ltd.
- Mar. 2016 Chairman of the Board of Directors, Kagome Co., Ltd.
- Jun. 2019 Outside Director (to present)
- Jun. 2020 Outside Director, Terumo Corporation (to present)

### Toshiyuki Umehara (Born 1957)

Outside Director\*1  
Independent Director

Independent / Outside

- Apr. 1984 Joined Nitto Denko Corporation
- Jun. 2019 Representative Director, Senior Executive Vice President, CTO, General Manager of Corporate Technology Sector, Nitto Denko Corporation
- Jul. 2020 Executive Director, Hokkaido University (part-time) (to present)
- Aug. 2020 Project Professor, Keio University
- Jun. 2021 Outside Director (to present)
- Jun. 2022 Outside Director of Daiichi Kigenso Kagaku Kogyo Co., Ltd. (to present)  
Outside Director of ShinMaywa Industries, Ltd. (to present)

### Tomoko Tsuji (Born 1956)

Outside Director\*1  
Independent Director

Independent / Outside

- Apr. 1979 Joined Ajinomoto Co., Inc.
- May 2015 Executive Officer, General Manager of Material Development Department, Yoshinoya Group Product Division, Yoshinoya Holdings Co., Ltd. (to present)
- Jun. 2020 Outside Director, Sundrug Co., Ltd. (to present)
- Jun. 2022 Outside Director (to present)

### Hirohiko Ikeda (Born 1960)

Outside Director, Audit and Supervisory Committee Member\*1  
Independent Director

Audit and Supervisory Committee

Independent / Outside

- Apr. 1987 Registered as an attorney; joined Oh-Ebashi LPC & Partners
- May 1991 Graduated from University of Virginia School of Law
- Sep. 1991 Worked at Weil, Gotshal & Manges LLP in New York
- Jun. 1992 Registered as an attorney in New York State
- Apr. 1993 Partner of Oh-Ebashi LPC & Partners (to present)
- Apr. 2010 Visiting Professor, Osaka University Law School (to present)
- Jun. 2020 Audit & Supervisory Board Member
- Jun. 2022 Outside Director (Audit and Supervisory Committee Member) (to present)
- Jun. 2023 Outside Director, The Kyoto Shimbun Holdings Co., Ltd. (to present)

### Yasuhiro Tani (Born 1956)

Outside Director, Audit and Supervisory Committee Member\*1  
Independent Director

Audit and Supervisory Committee

Independent / Outside

- Oct. 1981 Joined Asahi & Co.\*3
- Apr. 1985 Registered as a certified public accountant
- Apr. 1986 Representative of the Tani Certified Public Accountant Office (to present)
- May 2003 Registered as a tax accountant
- Sept. 2004 Visiting Professor, Beijing Central University of Finance and Economics
- Apr. 2006 Professor, Graduate School of Management, GLOBIS University (to present)
- Jun. 2020 Outside Corporate Auditor of Rohto Pharmaceutical Co., Ltd. (to present)
- Mar. 2021 Outside Director of Noritz Corporation (Audit and Supervisory Committee Member) (to present)
- Jun. 2024 Outside Director (Audit and Supervisory Committee Member) (to present)

\*1 Directors Hidenori Nishi, Toshiyuki Umehara, Tomoko Tsuji, Rie Nakagawa, Yoshihiro Tachikawa, Hirohiko Ikeda and Yasuhiro Tani are outside directors pursuant to Article 2 (3) (v) of the Ordinance for Enforcement of the Companies Act.

\*2 Currently, MISUMI Group, Inc.





\*3 Currently, KPMG AZSA LLC

# Data Highlights (FY2019 to FY2023)

FUJI OIL HOLDINGS INC. and Consolidated Subsidiaries  
For the fiscal years ended/As of March 31, 2020 to March 31, 2024

## Performance Highlights

(Millions of yen)

		FY2019*1	FY2020	FY2021	FY2022*2	FY2023
<b>Results</b>						
Net sales		414,727	364,779	433,831	557,410	<b>564,087</b>
Operating profit		23,598	17,911	15,008	10,940	<b>18,213</b>
Ordinary profit		22,359	17,565	14,360	9,690	<b>16,791</b>
Profit before income taxes		23,279	17,020	16,289	9,903	<b>18,015</b>
Profit attributable to owners of parent		16,375	11,014	11,504	6,126	<b>6,524</b>
EBITDA		41,485	34,261	32,397	31,177	<b>45,263</b>
<b>Results by Business Segment</b>						
 Vegetable Oils and Fats Business	Net sales	114,104	98,413	134,976	203,448	<b>185,350</b>
	Operating profit	11,203	7,872	7,401	7,021	<b>15,439</b>
	Segment assets	81,953	92,962	116,982	142,466	<b>127,603</b>
	ROA*3 (%)	13.7	8.5	6.3	4.9	<b>12.1</b>
 Industrial Chocolate Business	Net sales	180,068	162,445	185,540	228,513	<b>253,408</b>
	Operating profit	8,324	7,608	7,548	4,973	<b>1,840</b>
	Segment assets	170,437	150,980	174,966	197,669	<b>212,939</b>
	ROA*3 (%)	4.9	5.0	4.3	2.5	<b>0.9</b>
 Emulsified and Fermented Ingredients Business*4	Net sales	85,192	69,567	79,146	91,164	<b>89,855</b>
	Operating profit	4,054	3,018	1,617	1,490	<b>3,793</b>
	Segment assets	55,999	49,045	55,510	58,834	<b>59,067</b>
	ROA*3 (%)	7.2	6.2	2.9	2.5	<b>6.4</b>
 Soy-Based Ingredients Business*4	Net sales	35,360	34,353	34,167	34,284	<b>35,472</b>
	Operating profit	4,016	3,169	2,149	1,277	<b>1,040</b>
	Segment assets	37,232	43,648	44,708	46,872	<b>45,248</b>
	ROA*3 (%)	10.8	7.3	4.8	2.7	<b>2.3</b>
<b>Results by Region</b>						
Japan	Net sales	165,179	152,863	166,533	189,627	<b>197,037</b>
	Operating profit	17,418	15,140	14,127	13,247	<b>17,301</b>
Americas	Net sales	156,733	138,072	166,074	232,542	<b>233,190</b>
	Operating profit	2,874	3,200	584	(2,972)	<b>(2,371)</b>
Southeast Asia	Net sales	46,211	33,925	45,504	65,097	<b>60,499</b>
	Operating profit	3,206	1,294	1,902	3,356	<b>3,166</b>
China	Net sales	22,792	21,685	27,111	29,273	<b>28,363</b>
	Operating profit	2,225	1,670	999	(33)	<b>1,069</b>
Europe	Net sales	23,809	18,232	28,607	40,869	<b>44,995</b>
	Operating profit	1,974	303	1,101	1,248	<b>2,930</b>
<b>Group administrative expenses</b>		(4,000)	(3,756)	(3,688)	(3,792)	<b>(3,910)</b>

\*1 Due to the change in the accounting period of 19 consolidated companies outside of Japan, the fiscal 2019 figures reflect 15 months (January 1, 2019 to March 31, 2020) of results for these subsidiaries.

\*2 Due to changes in the accounting periods of subsidiaries INDUSTRIAL FOOD SERVICES PTY. LIMITED and Blommer Chocolate Manufacturing (Shanghai) Co., Ltd., fiscal 2022 is the 15-month period ended March 31, 2023 and the 14-month period ended March 31, 2023, respectively.

\*3 Reference figures calculated based on the formula: segment operating profit ÷ segment assets

\*4 In fiscal 2021, certain products were reclassified from the Soy-Based Ingredients Business to the Emulsified and Fermented Ingredients Business

## Financial Highlights

(Millions of yen)

	FY2019*1	FY2020	FY2021	FY2022*2	FY2023
<b>Balance Sheet Summary</b>					
Current assets	168,662	160,736	201,334	227,771	<b>236,858</b>
Fixed assets	198,459	197,589	215,156	240,922	<b>233,332</b>
<b>Total assets</b>	<b>367,365</b>	<b>358,511</b>	<b>416,617</b>	<b>468,789</b>	<b>470,221</b>
Current liabilities	105,484	91,017	120,840	145,891	<b>146,936</b>
Fixed liabilities	103,894	104,604	106,282	111,914	<b>78,993</b>
Interest-bearing loans	146,232	131,309	148,769	168,417	<b>130,286</b>
<b>Total liabilities</b>	<b>209,379</b>	<b>195,621</b>	<b>227,122</b>	<b>257,806</b>	<b>225,929</b>
<b>Total net assets</b>	<b>157,986</b>	<b>162,890</b>	<b>189,495</b>	<b>210,983</b>	<b>244,291</b>
<b>Cash Flow Summary</b>					
Cash flow from operating activities	37,058	38,205	3,537	7,594	<b>48,242</b>
Cash flow from investing activities	(18,302)	(17,395)	(18,807)	(16,487)	<b>8,803</b>
Free cash flow	18,755	20,809	(15,269)	(8,893)	<b>57,045</b>
Cash flow from financing activities	(20,674)	(19,931)	9,387	9,804	<b>(50,007)</b>
Capital expenditures	18,042	20,824	17,286	21,512	<b>15,119</b>
Depreciation expenses	12,960	11,773	12,680	14,584	<b>14,850</b>
R&D expenses	5,231	4,994	5,280	5,744	<b>5,878</b>
<b>Per Share Data (Yen)</b>					
Stock price, at year-end	2,608	2,953	1,980	1,923	<b>2,390.5</b>
EPS	190.51	128.14	133.84	71.27	<b>75.90</b>
BPS	1,808.65	1,861.67	2,168.13	2,359.34	<b>2,700.95</b>
Dividends per share	56	52	52	52	<b>52</b>
Payout ratio (%)	29.4	40.6	38.9	73.0	<b>68.5</b>
<b>Financial Indicators</b>					
ROA (%)	5.9	4.8	3.7	2.2	<b>3.6</b>
ROE (%)	10.5	7.0	6.6	3.1	<b>3.0</b>
Net profit margin (%)	3.9	3.0	2.7	1.1	<b>1.2</b>
Total asset turnover ratio (%)	1.13	1.01	1.12	1.26	<b>1.20</b>
Financial leverage (Times)	2.4	2.2	2.2	2.3	<b>2.0</b>
ROIC (%)	5.4	4.3	3.1	2.0	<b>3.5</b>
Net D/E ratio = Interest-bearing debt/Shareholders' equity (%)	0.75	0.63	0.73	0.80	<b>0.54</b>
Equity ratio (%)	42.3	44.6	44.7	43.3	<b>49.4</b>
Cash conversion cycle*3 (Days)	113	107	115	104	<b>102</b>
Goodwill (in a broad sense)	52,686	46,648	49,861	55,192	<b>51,712</b>
Amortization of goodwill	2,399	2,071	2,160	2,629	<b>9,091</b>
Ratio of goodwill to net assets (%)	33.3	28.6	26.3	26.2	<b>21.2</b>
<b>Other</b>					
Employees (Persons)	5,874	5,679	5,623	5,799	<b>5,731</b>

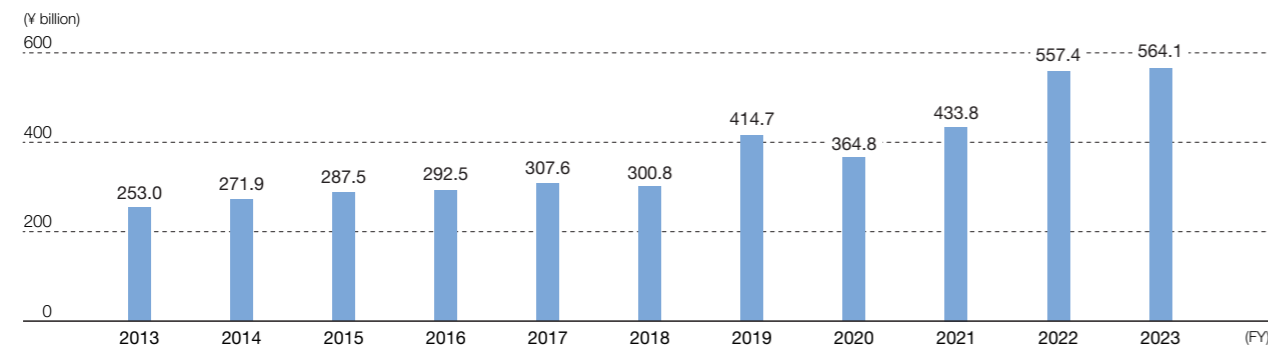
\*1 Due to the change in the accounting period of 19 overseas consolidated subsidiaries, the fiscal 2019 figures reflect 15 months (January 1, 2019 to March 31, 2020) of results for these subsidiaries

\*2 Due to changes in the accounting periods of subsidiaries INDUSTRIAL FOOD SERVICES PTY. LIMITED and Blommer Chocolate Manufacturing (Shanghai) Co., Ltd., fiscal 2022 is the 15-month period ended March 31, 2023 and the 14-month period ended March 31, 2023, respectively.

\*3 The figure for fiscal 2019 has been calculated based on 12 months of results for FUJI OIL GROUP Integrated Report Group companies that changed their accounting period.

## Data Highlights

### Net Sales

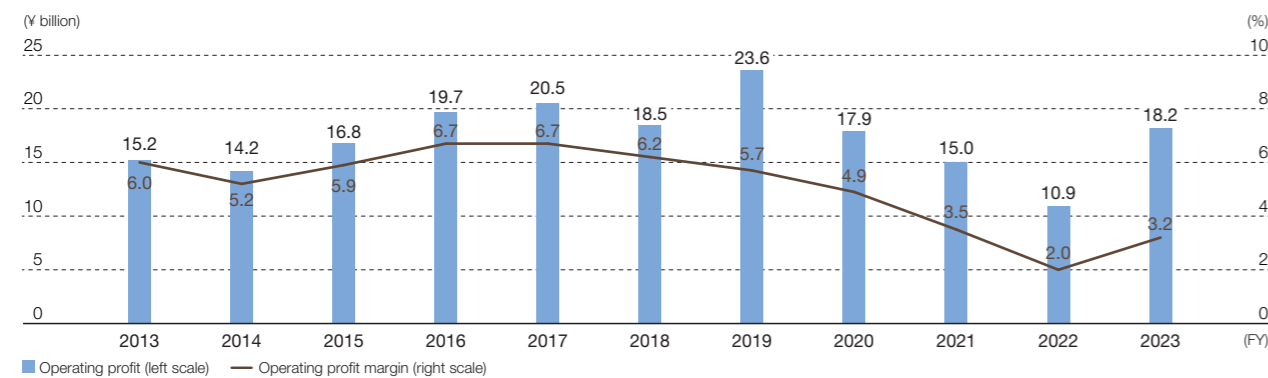


The Company's net sales are affected by fluctuations in the prices of raw materials such as palm oil, shifts in sales volume, the establishment of new plants and capital investment, and changes in the number of subsidiaries due to M&A and other factors.

#### Notable Past Events

- Fiscal 2020: Net sales declined in the wake of COVID-19 and its resulting impact on the diminished sales volume of industrial chocolates and other products.
- Fiscal 2021: Net sales improved significantly due to a recovery in demand from the effects of COVID-19 and the impact of sales price revisions in response to higher prices of raw materials.
- Fiscal 2022: Net sales increased significantly due to the full-year operation of Fuji Oil New Orleans, LLC, as well as to the impact of continued sales price revisions in response to the sharp rise in raw material prices that has persisted since the previous fiscal year.
- Fiscal 2023: Revenue increased despite the sale of the fixed assets of Fuji Oil New Orleans due to higher raw material prices and yen depreciation.

### Operating Profit / Operating Profit Margin

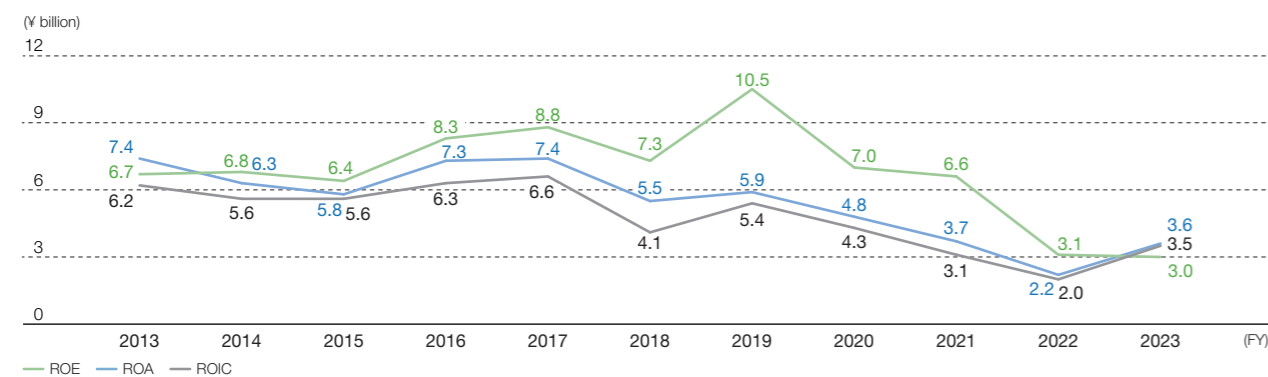


The Company's operating profit is affected by sharp rebounds in the prices of raw materials such as palm oil, changes in sales volume, increases in fixed costs arising from capital expenditures and other factors, and the incurrence of special expenses such as acquisition costs.

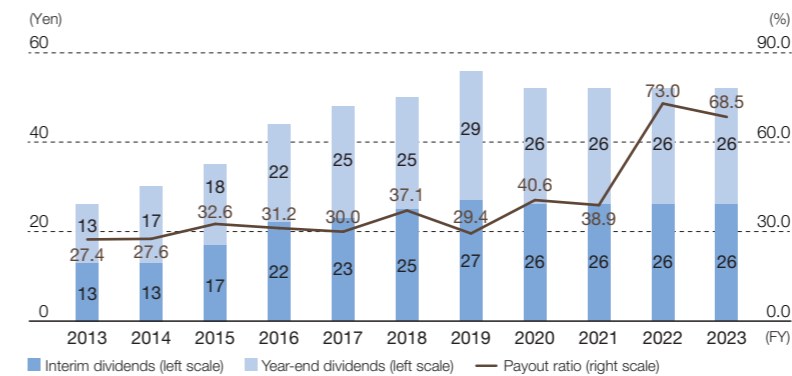
#### Notable Past Events

- Fiscal 2019: Operating profit increased as a result of the change in the accounting period
- Fiscal 2021: Operating profit declined due to lower profitability stemming from the increase in raw material prices as well as higher fixed costs associated with new plant operations and inflation
- Fiscal 2022: Operating profit decreased due to lower profitability caused by the continued sharp rise in raw material prices from the previous fiscal year as well as cocoa processing facility problems at Blommer and higher fixed costs due to inflation.
- Fiscal 2023: Profit increased on improved profitability for the Vegetable Oils and Fats business

### ROE / ROA / ROIC



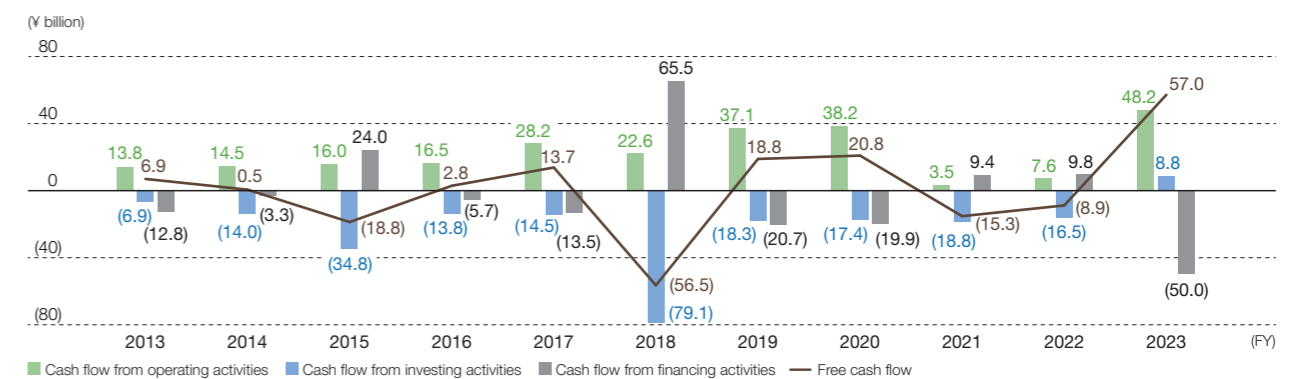
### Shareholder Returns / Payout Ratio



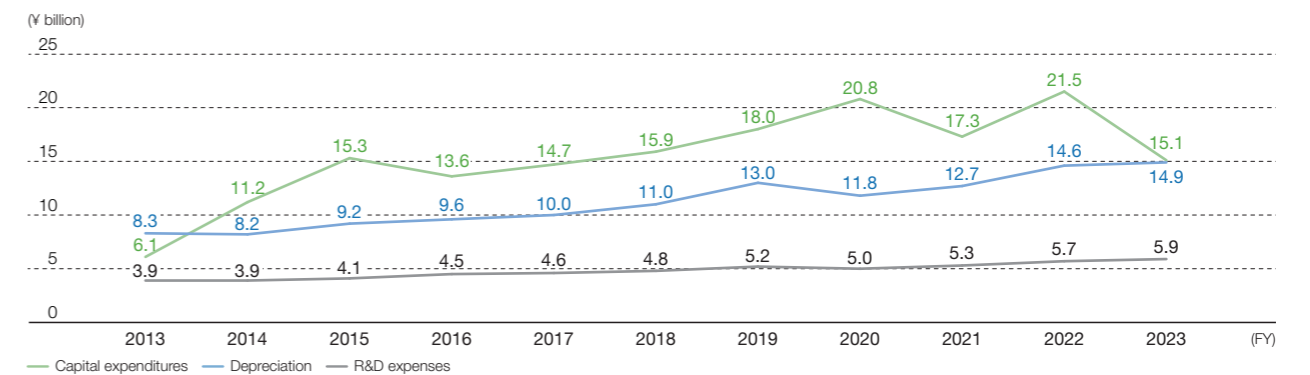
### Cross-Shareholdings



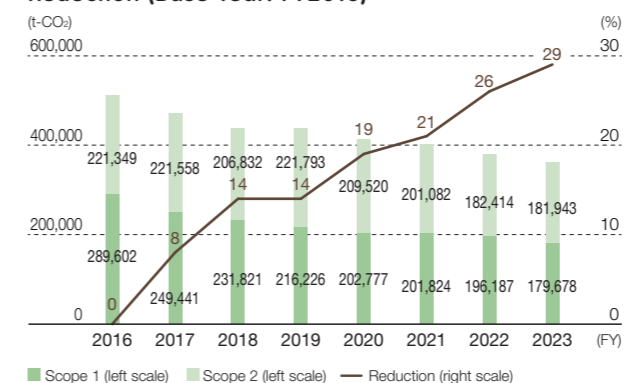
### Cash Flows



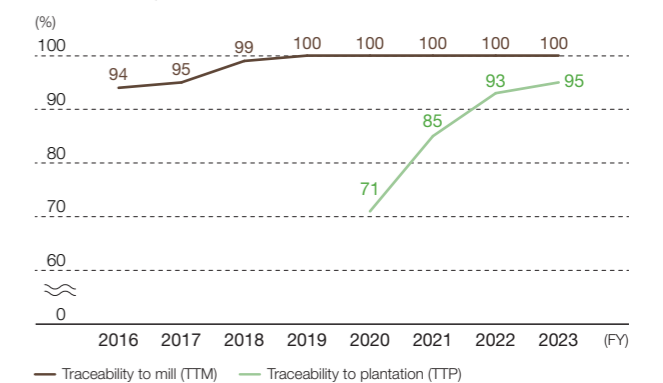
### Capital Expenditures / Depreciation / R&D Expenses



### CO<sub>2</sub> Emissions (Scope 1 + Scope 2) / Reduction (Base Year: FY2016)



### Traceability of Palm Oil (TTM\*1 / TTP\*2)



\*1 TTM: Percentage of palm oil procured by the Group that can be traced back to the mill  
\*2 TTP: Percentage of palm oil procured by the Group that can be traced back to the palm plantation. The Group began measuring TTP in fiscal 2020.

## Executive Officers

Mikio Sakai

Hiroyuki Tanaka

Sunao Maeda



**Tomoki Matsumoto**  
Senior Executive Officer  
Chairman of Blommer  
Chocolate Company



**Tatsuji Omori**  
Senior Executive Officer  
President of FUJI OIL CO., LTD.



**Akihiro Nakamura**  
Senior Executive Officer  
Chief Technology Officer (CTO)



**Hitoshi Shindachi**  
Executive Officer  
President of FUJI SPECIALTIES, INC.  
President of Fuji Oil International Inc.



**Naohiro Rokukawa**  
Executive Officer  
Chairman of FUJI OIL EUROPE



**Kiyohito Suzuki**  
Executive Officer  
PBF (Plant-Based Food) Division  
Soy Business Division,  
FUJI OIL CO., LTD.



**Kunihiko Ogata**  
Executive Officer  
Managing Director of  
FUJI OIL ASIA

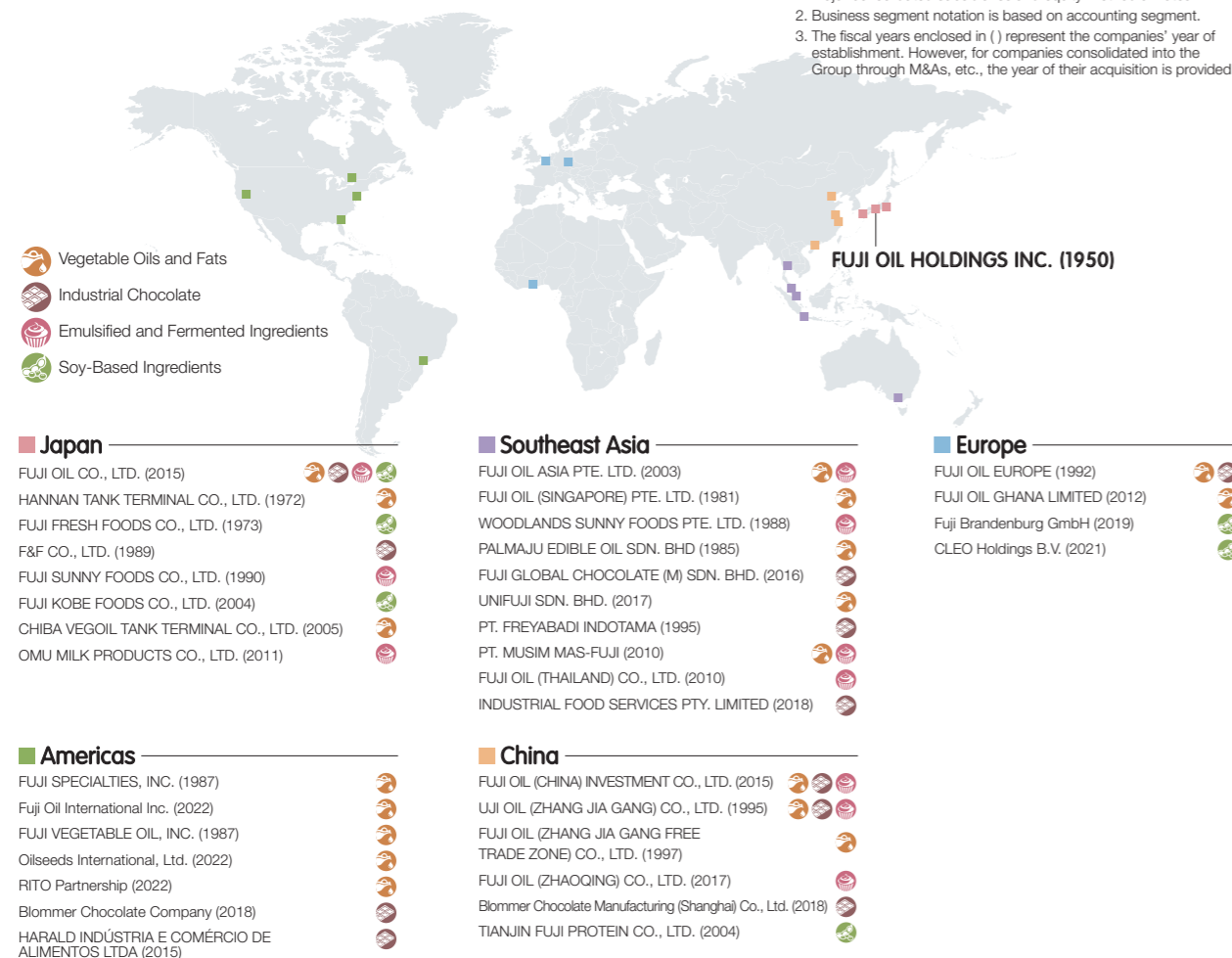


**Koji Kemmochi**  
Executive Officer  
President of FUJI OIL (CHINA)  
INVESTMENT CO., LTD.



**Taro Takahashi**  
Executive Officer  
Chief Administrative Officer (CAO)

## Major Group Companies (As of August 1, 2024)



## External Recognition (Abridged)

### Inclusion in ESG indexes

#### FTSE

- FTSE Blossom Japan Index (fourth consecutive year)
- FTSE Blossom Japan Sector Relative Index (third consecutive year)
- FTSE4Good Developed Index (fourth consecutive year)
- FTSE4Good Japan Index (fourth consecutive year)



FTSE4Good



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that FUJI OIL HOLDINGS INC. has satisfied the requirements to become a constituent of the FTSE4Good Index Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index.

#### MORNINGSTAR

- Listed in the Morningstar Japan ex-REIT Gender Diversity Tilt Indexes (GenDi J) (second consecutive year)



Built with the data and scoring methodology of Equileap, "GenDi J" is designed to emphasize the stocks of companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender. Companies are divided into five equally sized groups based on their G

#### S&P/JPX

- Listed in the S&P/JPX Carbon Efficient Index (eighth consecutive year)



### Environment

- Selected among the top 350 Asia Pacific Climate Leaders in a joint survey by Nikkei Asia, the Financial Times (UK), and German research agency Statista (third consecutive year)

### Creation of sustainable food resources / health and nutrition

- Oct. 2022 Awarded the Minister's Award for Excellence in Sustainable Raw Material Procurement by Domestic Food Manufacturing Businesses by Japan's Ministry of Agriculture, Forestry and Fisheries
- Jan. 2023 Awards for Excellence at the 2022 Nikkei Excellent Products and Services Awards organized by Nikkei Inc.
- Mar. 2023 2022 Branch Technology Award by Kansai Branch of Japan Society for Bioscience, Biotechnology, and Agrochemistry (JSBBA KANSAI)
- Dec. 2023 Received the 53rd Food Industry Technological Achievement Award (Product and Technology Category) sponsored by the Shokuhin Sangyo Shimbunsha Co., Ltd.
- May. 2024 Received the Medal with Yellow Ribbon at the 2024 Spring Medals

Please refer to Sustainability Report 2024 for details on external recognition and external initiatives.

Stakeholder Engagement ▶ [https://www.fujioilholdings.com/en/sustainability/stakeholder\\_engagement/](https://www.fujioilholdings.com/en/sustainability/stakeholder_engagement/)  
External Recognition ▶ <https://www.fujioilholdings.com/en/sustainability/evaluation/>

### Sustainable procurement

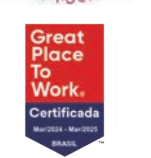
- Mar. 2023 Japan's Ministry of Agriculture, Forestry and Fisheries Minister's Award at the Domestic Food Manufacturer Sustainable Procurement Excellence Awards
- Apr. 2023 Perfect evaluation score in the RSPO Shared Responsibility Scorecard

### Women's empowerment, Health management

- "Platinum Kurumin" certification from Japan's Ministry of Health, Labour and Welfare



- Certified as Great Place to Work in Brazil's Industrial Sector (third consecutive year) and in Regional Sector (fifth consecutive year) (HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA (Brazil))



- Named among the top 500 in the large enterprises category (White 500) of the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi



### Communication with society

- Jan. 2024 Silver Award in the Sustainability Site Awards 2023 organized by the Association for Sustainability Communication (second consecutive year)
- Jul. 2024 Received the Best Practice Award of the Integrated Report Award organized by Nikko Research Center, Inc.

### External initiatives we support and participate in

- Sep. 2004 Roundtable on Sustainable Palm Oil (RSPO)
  - 2012 World Cocoa Foundation (WCF)
- Dec. 2012 UN Global Compact Network Japan (GCNJ)
  - 2013 Global Shea Alliance (GSA)
- Jan. 2013 UN Global Compact (UNGC)
  - 2015 Shea Network Ghana
- Dec. 2016 Male Leaders Coalition for Empowerment of Women by the Japan's Cabinet Office
- Mar. 2017 The Consumer Goods Forum
- May 2019 Task Force on Climate-related Financial Disclosures (TCFD)
- Oct. 2019 Japan Sustainable Palm Oil Network (JaSPON)
- Apr. 2020 Platform for Sustainable Cocoa in Developing Countries
- May 2020 Round Table on Responsible Soy (RTRS)
- May 2020 Approved by the Science Based Targets initiative (SBTI)
- Jun. 2020 Palm Oil Collaboration Group (POCG)
- Apr. 2021 Japan Business Initiative for Biodiversity (JBIB)

## Regarding the Issuance of Integrated Report 2024

Since 2018, we have published an integrated report for our shareholders, investors, and stakeholders as a representation of how our Group provides new value to society and how we will continue to achieve growth. After each annual publication, we receive feedback from numerous stakeholders. We share those voices with management and discuss how to further enhance the content of this report.

Following the publication of the FY2023 Integrated Report, we particularly received feedback and questions concerning our medium- and long-term value creation and growth strategy, and the competitive advantages of the Fuji Oil Group. The FY2024 Integrated Report is edited with a focused on comprehensively including financial and non-financial information from the perspective of the new value creation process we adopted from this fiscal year. We hope this Report will help further understanding of our Company for stakeholders.

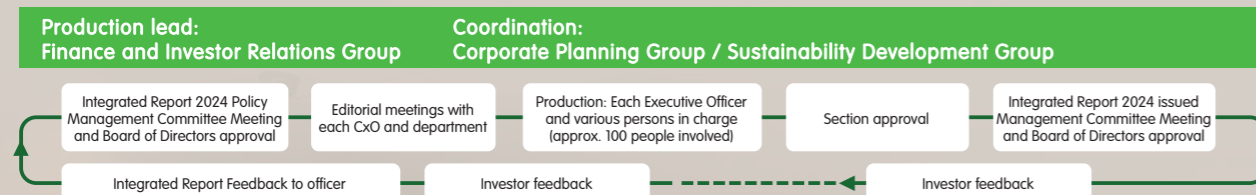
Furthermore, the Board of Directors confirmed and approved the creation of this Report as been in line with guidelines related to the METI Guidance for Collaborative Value Creation 2.0 and the International Integrated Reporting Framework recommended by the IFRS. We hereby declare that this report has been prepared in accordance with the views of management, from the perspective of ensuring transparency and honesty.



**Sunao Maeda**

CFO (Responsible for managing the disclosure of the Integrated Report)

### Integrated Report Production Flow

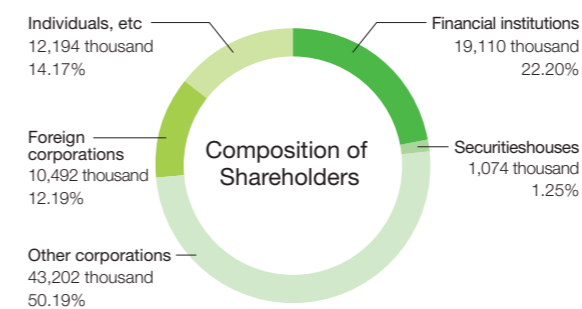


## Corporate Profile (As of March 31, 2024)

- **Company Name**  
FUJI OIL HOLDINGS INC.
- **Headquarters**  
Daibiru Honkan Building, 3-6-32 Nakanoshima, Kita-ku, Osaka 530-0005, Japan  
Note: Registered location of headquarters: 1 Sumiyoshi-cho, Izumisano-shi, Osaka
- **Established**  
October 9, 1950
- **Capitalization**  
¥13,208 million
- **Representative**  
President and CEO Mikio Sakai
- **Number of Employees (consolidated)**  
5,731
- **Subsidiaries and Affiliates**  
39 consolidated subsidiaries  
10 non-consolidated subsidiaries and affiliates

## Stock Information (As of March 31, 2024)

Total shares authorized: 357,324,000  
Number of shares outstanding: 87,569,383  
Number of shareholders: 33,603



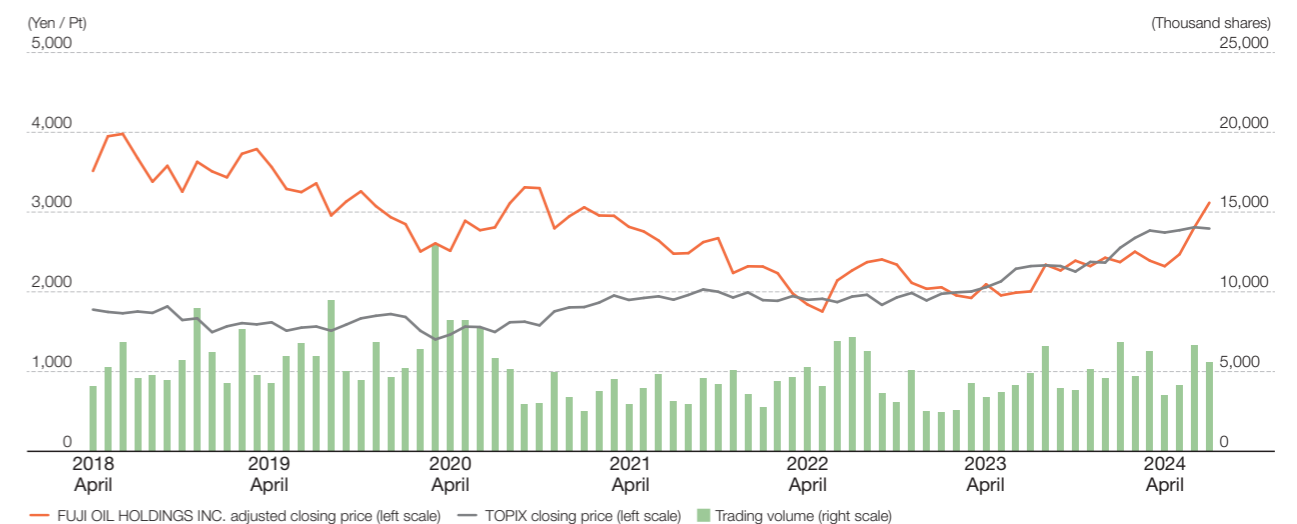
Notes: 1 The ratio is calculated excluding treasury shares (approx. 1,494 thousand shares)  
2 Number of shares is rounded down to the nearest thousand shares.

### Major Shareholders (Top 10)

Shareholder name	Number of shares held (Thousands)	Ratio of shareholding* (%)
ITOCHU Food Investment, LLC	36,660	42.59
The Master Trust Bank of Japan, Ltd. (Trust account)	6,703	7.79
Custody Bank of Japan, Ltd. (Trust account)	4,069	4.73
National Mutual Insurance Federation of Agricultural Cooperatives	2,179	2.53
Fuji Oil Customer Shareholding Association	1,511	1.76
GOVERNMENT OF NORWAY	1,247	1.45
ITOCHU Corporation	1,141	1.33
Nippon Life Insurance Company	1,100	1.28
Royce' Confect Co., Ltd	1,080	1.25
Tokio Marine & Nichido Fire Insurance Co., Ltd	1,058	1.23

\* The ratio of shareholding is calculated excluding treasury shares (approx. 1,494 thousand shares)

## Stock Price and Trading Volume



### Total Shareholder Return (TSR)

	FY2019	FY2020	FY2021	FY2022	FY2023
Fuji Oil Holdings	70.3	80.8	56.5	56.3	70.0
TOPIX (including dividends)	90.5	128.6	131.2	138.8	196.2



# **FUJI OIL HOLDINGS INC.**

## **Contact Information**

**IR Team, Finance & IR Group  
FUJI OIL HOLDINGS INC.**

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<https://www.fujioilholdings.com/en/>