



**Integrated
Report**

FUJI OIL GROUP

2020

Plant-Based Food Solutions

We believe that plants possess an infinite power for good. By harnessing that power, we will create food ingredients that are delicious, improve people's well-being, and protect the planet.

Through our plant-based solutions, we will stay ahead of our time, inventing answers that anticipate tomorrow's problems. We will help provide sustenance for growing populations, support our aging societies, and meet global demands for better health.

Editorial Policy

This Integrated Report serves to fulfill the following important functions: (1) promote awareness of the Group's business model to a wide range of readers in Japan and overseas, (2) convey our value creation story for the short, medium, and long terms, and (3) communicate our management policies and ESG initiatives to stakeholders within and outside of the Group.

In accordance with these objectives, we have prepared our Integrated Report for the fiscal year ended March 31, 2020 by referencing the disclosure framework of the International Integrated Reporting Council (IIRC) and by underlining the correlation of information and our relationship with various stakeholders.

By strengthening our mutual understanding with stakeholders through dialogues and the use of this report, we will create a virtuous cycle for the growth of our management.

• **Scope of Coverage**

Activities of the Fuji Oil Group

• **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 overseas, including Fuji Oil Holdings Inc.

• **Period Covered**

Fiscal 2019 results for Fuji Oil Holdings Inc. and Group companies in Japan (April 1, 2019–March 31, 2020) and mainly 2019 results (January 1, 2019–March 31, 2020) for Group companies outside Japan. (Note: Fiscal 2019 is a 15-month period for overseas Group companies, excluding Blommer and Industrial Food Services, due to the consolidation of their accounting period.) 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 environment surrounding the Group.

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Hiroshi Shimizu

President and CEO
Fuji Oil Holdings Inc.

Plant-Based Food Solutions

Becoming a Company That Contributes to a Sustainable Society through Food

Innovation toward Further Growth

The world continues to change as we speak.

Global environmental issues and digital transformation, such as AI and the IoT, have gained prominence in recent years while the spread of COVID-19 has had a massive impact worldwide in 2020.

The Fuji Oil Group has been severely impacted by COVID-19 as well, with employees in the United States and Brazil contracting the virus, which in some cases has tragically resulted in death. However, our employees have banded together as one to keep our factories running, and despite a temporary stoppage in our operations, we have been able to continue to deliver our products to customers across the globe. Having said that, the impact on economic activities from lockdowns around the world is believed to continue for a while, and the future still remains unclear.

In light of all this, Fuji Oil celebrated the 70th anniversary of its founding this year.

We were the last company to enter the industry for edible oils and fats in Japan. When the Company was established, we were lacking in brands, raw materials, sales capabilities, and corporate strength, and we therefore overcame these deficiencies by engaging in the business of using palm oils as raw materials, which was unprecedented for this industry at the time. Despite such challenges, we have evolved to where we are now through our engagement in the development and proposal of ingredients that help resolve the concerns of customers. Regardless, when I look ahead to the next 30 years, I cannot say with certainty that we will continue to grow at this rate.

We are currently in the middle of a disruptive situation that cannot be overcome through our existing measures. In order to remain a company that is unrattled even by such a pandemic and what may follow, I will enforce change within the Company with a strong sense of urgency.

Amid expectations of a global food shortage as a result of an increase in the global population to 9.7 billion by 2050, the concept of the Sustainable Development Goals (SDGs) created by the United Nations is being widely adopted. In other words, there is no better opportunity for resolving “customer issues” through our technological capabilities. By backcasting from the ideal company we envision, we are pressing forward with Plant-Based Food Solutions (PBFS) as a way to resolve existing social issues through plant-based materials. Over the years, we have pursued the development of products by drawing on

C“ESG”O SECTION
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our technologies to attain higher levels of sophistication and quality. However, in this day and age, it is not only about the value of the product itself; it is also about finding resolutions to the social issues surrounding that product. Addressing the concerns of society and contributing to the realization of a sustainable society through our “work for people” Management Philosophy is, I believe, the raison d’être of the 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

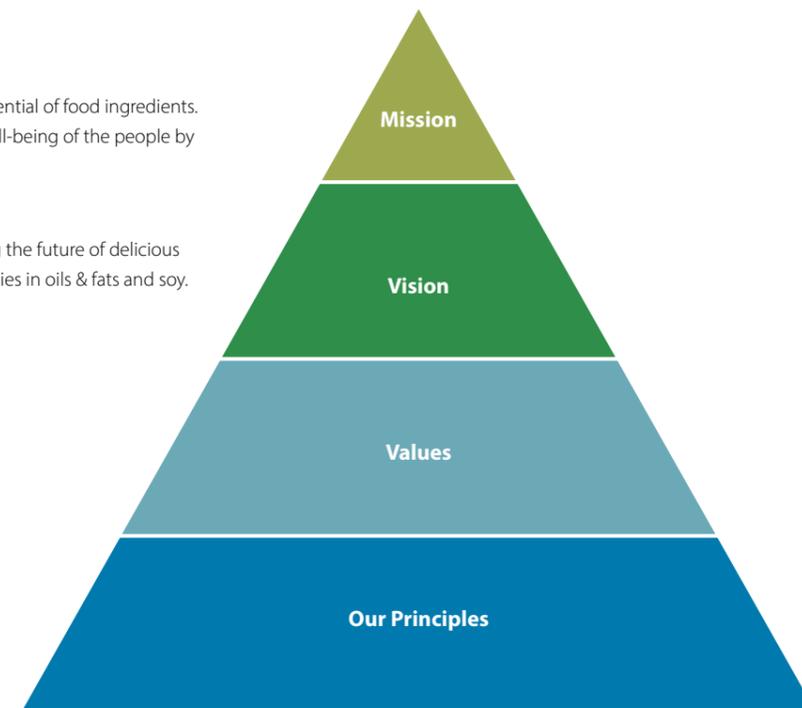
We seek to contribute to society by creating the future of delicious and healthy foods using our core technologies in oils & fats and soy.

Values

(The values that inform our actions)

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

Our Principles



Progress of Medium-Term Management Plan

When the Fuji Oil Group’s medium-term management plan—Towards a Further Leap 2020—was launched in fiscal 2016, we set out to achieve its four basic policies of (1) reinforcement of core competence, (2) growth of soy business, (3) development of functional high-value-added products business, and (4) cost reduction and unification with the global standard.

Underachievement of Results in Fiscal 2019

Fiscal 2019 was the third year of our medium-term management plan. We implemented reforms toward the final year of the plan and set out to achieve steady growth for both the newly acquired Blommer and all of our existing businesses.

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Facilitated by a robust business foundation, our domestic business in Japan reported record operating income. We also saw brisk results in the Vegetable Oils and Fats, Emulsified and Fermented Ingredients, and Soy-Based Ingredients businesses. However, the Industrial Chocolate Business fell significantly below its targets in fiscal 2019 due to the inability to meet its expected production volume, rising costs, loss of futures transactions from not being able to apply mark-to-market accounting, and other factors at Blommer. As a result, the Group’s operating results fell short of their targets under the medium-term management plan for the second year in a row.

In regard to our basic policy of “reinforcement of core competence,” we acquired Harald (Brazil, in 2015), Fuji Global Chocolate (M) (Malaysia, in 2016), Industrial Food Services (Australia, in 2018), and Blommer Chocolate Company (United States, in 2019) and concentrated resources into the expansion of our Industrial Chocolate Business. However, it goes without saying that we still have issues to address. I am strongly aware that we must proceed with a sense of urgency to generate a greater amount of cash flow from this business. We will bolster our concentration of management resources in the Industrial Chocolate Business in our quest to improve earnings as early as possible.

In terms of the “growth of soy business,” in fiscal 2020, we commenced operations of our new plant in Chiba Prefecture for production of soy meat (textured soy protein) to meet new demands within the plant-based food market in Japan.

As for the “development of functional high-value-added products business,” we broke ground on the construction of our new polysaccharide plant in Germany. We are proceeding with measures to establish this new plant as a foothold for the expansion of our business in the European market.

We will continue to move forward with the initiatives we have been promoting over the medium to long term in our pursuit of establishing a high-value-added business that can contribute to the resolution of social issues.

Culminating Our Efforts “Toward a Further Leap” in Fiscal 2020

The challenging climate surrounding the Fuji Oil Group’s business is expected to continue in fiscal 2020. While we have already announced our performance forecasts, which reflect a certain level of impact of COVID-19, it is unclear how long the impact on society and the economy will continue. However, I believe that such times of crisis present opportunities to unite as a group and evolve together. In May 2020, we announced the sale of a domestic Group company involved in the emulsified and fermented ingredients business, and we will actively proceed with efforts to depart from our non-core businesses. Moreover, we will take a top-down approach to curb capital and business expenditures and reduce costs.

Under its current medium-term management plan, which kicked off in fiscal 2017, the Group has worked to further its globalization, step up its governance practices, and direct its attention to ESG management.

As the final year of our current plan, fiscal 2020 will be a culmination of our efforts “toward a further leap.” With that said, from a profitability standpoint, we unfortunately do not expect to reach the targets laid out in the plan due to the impact of COVID-19.

We are currently mapping out our new medium-term management plan toward its launch in fiscal 2021, and are fully considering the impact of this situation in the process. In order to paint an image of our growth under the new plan, in fiscal 2020 we will be fully committed to expanding the earnings of our overseas chocolate business and strengthening sustainable procurement, and cap off our efforts toward innovation, which we have been advancing during the period of our current plan.



CEO

CFO SECTION
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SPECIAL FEATURE:
Advancing to the Next Stage
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Sustainable Procurement
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Expansion of Earnings in Overseas Chocolate Business

The expansion of earnings in the overseas chocolate business is of utmost priority to the Fuji Oil Group. While we have formed a foundation for this business through the acquisitions of Harald and Blommer, we have not been able to achieve sufficient results in terms of profitability. Our reorganization this year involved the delegation of management responsibilities for these two companies to the regional representative of the U.S. As a result, we will move forward with relentless determination to strengthen our overseas chocolate business.

Five years have passed since the acquisition of Harald, and the business has shown improvements. We have appointed a new president and are on track toward the establishment of a second plant. While the economy in Brazil is currently volatile due to the spread of COVID-19, we will set the stage for our turnaround after the containment of the virus by demonstrating why we have the largest market share in this country.

As for Blommer, it has been a year since its acquisition and some issues are starting to emerge. In fiscal 2019, we established a joint procurement scheme with ITOCHU Corporation to introduce a system that can minimize fluctuations in the settlement of futures contracts. We are also making steady progress with upgrades to facilities, which we have not been able to do sufficiently until now. The combination of Blommer's time-tested strengths and Fuji Oil's technologies and know-how is sure to bring about remarkable growth.

Both the United States and Brazil have been severely affected by the spread of COVID-19. It is precisely for this reason, however, that I would like to see us unite as one and press aggressively forward to revamp our management of these companies.

Strengthening of ESG Management through New Sustainable Procurement Initiatives

The Fuji Oil Group is reinforcing its ESG management and promoting new initiatives, particularly for its sustainable procurement of core ingredients.

In addition to palm oil, which we have been promoting to date, we announced a long-term policy in June 2020 that includes initiatives on cacao sustainability. For the Fuji Oil Group, which became the world's third-largest manufacturer of industrial chocolates in the wake of the acquisition of Blommer, ensuring cacao sustainability is an important social responsibility. While drawing on the experience and insights of Blommer, we will engage in new initiatives through the united efforts of the entire Group.

Stepping Up Our Efforts to Establish a Global Management Foundation

The strengthening of our global management is a lingering issue that needs to be addressed immediately. In spite of our rapid business expansion worldwide over the last few years since our transition to a holding company structure in fiscal 2015, we are only halfway through our goal of establishing a global management foundation.

We are localizing management at our Group companies overseas, which includes the appointment of a member of our local personnel as president at nine of these companies. During the period of our current medium-term management plan, we established a regional headquarters in each region and are steadily advancing toward the development of a global management framework. However, we must formulate and implement an even more localized strategy if we want to compete on a global scale. We will continue to move along on that front by taking full advantage of the Fuji Oil Group's diversity.

In fiscal 2019, we made huge strides with the long-awaited unification of accounting periods at our overseas Group companies. As a result, regardless of the impact of COVID-19, we have made progress with the development of a system for assessing the

circumstances of our Group companies outside of Japan as well as with the reinforcement of our foundation for Groupwide management.

Turning our focus to corporate governance, in fiscal 2020 we revised the composition of the Board of Directors and made amendments to our compensation system.

Governance is not simply about building the framework. We must take into account a number of issues, including the role of the Board of Directors and the Management Committee Meeting and the balance between management and execution, as we move forward. We will continue to examine how we can improve our corporate governance at the Fuji Oil Group as well as the role of our global governance.

Striving to Become a Staple in the Global Community

We, at the Fuji Oil Group, are embracing our goal of becoming a staple in the global community through Plant-Based Food Solutions. Over the years, we have contributed to realizing the sustainability of global food cultures through our production of alternative oils and fats and alternative proteins. We have also engaged in the creation of a sustainable supply chain for palm oil, cacao bean, and soybeans, our core ingredients. Going forward, we will continue to address the concerns of society through the eyes of our customers and consumers, and will strive to become a staple in the global community.

In order for the Fuji Oil Group to become a staple in the global community, I believe we must take a different approach. Especially in light of recent global environmental issues and drastic changes taking place in this digital era, we must not limit ourselves to past successes. Resolving global environmental issues is clearly not possible if the business is strictly focused on the Japanese market. Moreover, with the advancement of AI and the IoT, we are entering a new age in which we are expected to conduct direct sales to consumers while continuing to move forward with B2B sales. Amid this global trend, I would like to proceed from the top down in declaring the new vision of the Fuji Oil Group while being open-minded to the use of external resources.

While there are risks like those we did not foresee with COVID-19, such crises may also lead to opportunities. Throughout its history, the Fuji Oil Group has operated its business according to its belief of contributing to a sustainable society through PBFS. The role of society is undergoing significant changes due to the spread of COVID-19. And for that reason, I am convinced that now is the time to turn our long-held belief of PBFS as a sustainable food into actual business opportunities. In fiscal 2020, we will proceed steadily with the expansion of earnings in the overseas chocolate business and the strengthening of sustainable procurement. While doing so, we will remain mindful of the Group's "work for people" Management Philosophy as we backcast from being a staple of the global community, which we envision for the future, to make fiscal 2020 a year in which we take the Fuji Oil Group to new heights.

September 2020

Hiroshi Shimizu

Hiroshi Shimizu
 President and CEO
 Fuji Oil Holdings Inc.

Corporate Governance
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CFO SECTION

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 Please refer to *Fact Book 2020* for more details on our financial performance.
https://www.fujiioilholdings.com/en/ir/library/fact_book/



Message from the CFO

Our Roles and Responsibilities Amid Uncertainties Surrounding COVID-19

Tomoki Matsumoto
 Director
 Senior Executive Officer,
 Chief Financial Officer (CFO)



The global economy and consumption activities continue to suffer against the backdrop of COVID-19. In light of this situation, it is crucial that we ascertain its monumental impact on our current operating performance and business activities, maintain cash liquidity, and improve our financial soundness, while examining how we will balance business and capital investments after the containment of COVID-19. The Fuji Oil Group has revised its limits and priorities for investments as well as its business portfolio with the primary goal of generating operating cash flow and securing free cash flow of ¥10.0 billion or more on an annual basis. In addition, we are striving to sustain and enhance our capital procurement capabilities and maintain cash liquidity, which are critical to the sustainability of our business.

In fiscal 2019, we recorded our highest figures ever for both revenue and operating profit, partly due to the irregular 15-month accounting period at our overseas Group companies stemming from the consolidation of accounting periods. Our operating cash flow of ¥37.1 billion was also a record, while free cash flow amounted to ¥18.8 billion and interest-bearing debt fell ¥14.2 billion from the previous fiscal year. Meanwhile, we were unable to achieve the target we laid out for our cash conversion cycle (CCC). Our ratio of goodwill to net assets was 33%, a high level despite its drop of 5 percentage points year on year, and therefore we must continue to expand the profits of

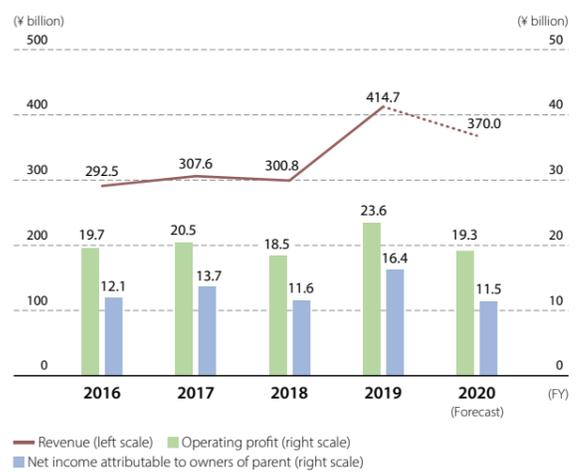
Blommer and Harald.

Fiscal 2020 will be a year in which we will be expected to reach our targets as it is the final year of our current medium-term management plan, "Towards a Further Leap 2020." However, due to delays in the profitability of our new businesses and the impact of COVID-19, we unfortunately will not be able to achieve the target for operating profit that we set out in the plan.

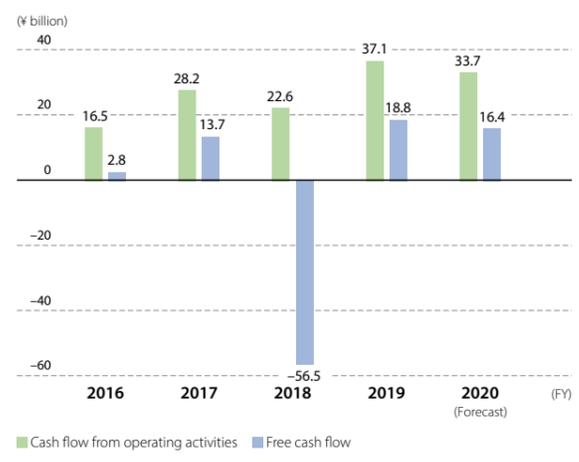
In terms of our financial management policy, we were able to realize our financial governance reinforcement measures of consolidating the accounting period and unifying core systems according to plan, and while we expect to exceed our four-year target for total operating cash flow of ¥100.0 billion set out under the medium-term management plan, our equity ratio and net D/E ratio—indicators of our financial soundness—fell below their targets while ROE is not expected to reach its target of 10%.

Because of the uncertainties surrounding our business, I believe that it is extremely imperative that we engage in dialogue with our investors. Through repeated dialogue with investors on the Group's current situation, measures for improvement, and growth strategies, we will obtain opinions and suggestions on the issues and expectations of the Group and reflect them in our management to enhance the quality of our operations and improve corporate value.

Revenue/Operating Profit/ Net Income Attributable to Owners of Parent



Cash Flows



FY2019 Results

Delays in Realizing Results in the Industrial Chocolate Business

In the wake of the consolidation of accounting periods of 19 overseas Group companies, our operating profit increased ¥2.4 billion due to the additional three months of figures. However, when the impact of temporary factors in the previous and current fiscal years are excluded, our operating income was substantively on a par with the year before due to the offsetting impact of losses from Blommer's cacao futures valuations. Meanwhile, Harald suffered a decline in operating profit over the previous fiscal year, due largely in part to the weakening Brazilian real. As a result, improving the profitability of the Industrial Chocolate Business, in which we are concentrating investments, has become an urgent issue. As for our other businesses, Fuji Oil Co., Ltd. in Japan achieved record operating profit on the back of a favorable performance in the Vegetable Oils and Fats Business; and while a temporary halt to our operations in China due to the impact of COVID-19 led to a ¥0.4 billion decline in operating profit, this was compensated by the brisk results of the Vegetable Oils and Fats Business in North America and Europe.

Performance Forecast for FY2020

Revenue and Operating Profit Expected to Fall in the Wake of COVID-19

While we anticipated higher operating profit in the Industrial Chocolate Business due to a recovery of profits by Blommer, operating profit for the Group as a whole is projected to decline year on year according to our assumed financial impact of COVID-19,* which indicates that operating profit will be affected by ¥3.9 billion in the first six months of fiscal 2020.

* Assumed Financial Impact of the spread of COVID-19

- Impact on operating profit: ¥3.9 billion ↓ First half: ¥3.9 billion ↓ ; Second half: Not reflected

- Impact by region: Japan: ¥1.5 billion ↓ Americas: ¥1.8 billion ↓ Southeast Asia: ¥0.3 billion ↓ China: ± ¥0 Europe: ¥0.3 billion ↓

- Impact on sales volume (taking into account the status of consumer trends and postponement and cancellation of customer orders in each country)

- Loss of anticipated demand for beverages and other special procurements due to the postponement of the Tokyo Olympic and Paralympic Games and the contraction of food service and souvenir markets in Japan

- An 11% decline over first-quarter forecasts projected for overseas

Vegetable Oils and Fats Business

FY2019 Results

In fiscal 2019, revenue in the Vegetable Oils and Fats Business declined in both Japan and overseas as a result of sales centered on profitability particularly for vegetable fats for chocolate, which is one of our strategies for the reinforcement of core competence. Conversely, we saw operating profit increase both domestically and overseas, owing to the sales growth of high-value-added products in Japan as well as improved profitability in Europe and the sales growth of high-value-added products in the Americas.

FY2020 Forecast

In fiscal 2020, we anticipate year-on-year declines in both revenue and operating profit. The impact of sales declines stemming from the spread of COVID-19 is projected to lead to an ¥11.1 billion drop in revenue, while lower profitability resulting from higher raw material prices and the impact of COVID-19 in Japan, the Americas, and other regions, are expected to contribute to a ¥0.4 billion slide in operating profit.

Industrial Chocolate Business

FY2019 Results

In fiscal 2019, the Industrial Chocolate Business saw a surge in revenue on the strength of the overseas market with the consolidation of Blommer Chocolate Company in the United States, which we have designated as an area of focus, and this outweighed the lower sales in chocolate for ice creams in the Japanese domestic market. On the contrary, the business suffered a decline in operating profit primarily because of the deterioration in profitability triggered by the impact of the weakening Brazilian real on raw material procurement in Brazil, as well as the reduced profit stemming from the reversal of Blommer's cocoa futures valuation gains.

FY2020 Forecast

In fiscal 2020, we forecast revenue to decrease in reflection of the projected ¥19.0 billion impact on sales of COVID-19. Meanwhile, operating profit is expected to rise by virtue of being able to control cocoa futures valuation gains and losses at Blommer and sales growth in the second half of the year, which will offset the anticipated ¥2.5 billion impact of COVID-19 in such regions as Japan and the Americas (United States and Brazil).

Emulsified and Fermented Ingredients Business

FY2019 Results

The Emulsified and Fermented Ingredients Business saw a decline in revenue in fiscal 2019 following lackluster sales of margarine and preparations. Meanwhile, the business recorded higher operating profit owing to the sales growth of whipping cream and other products and higher production efficiency resulting from the restructuring of its product portfolio.

FY2020 Forecast

In fiscal 2020, we expect revenue to fall as a result of the anticipated ¥8.9 billion impact on sales of COVID-19. Operating profit is also projected to slide due to an expected ¥0.6 billion impact of COVID-19 in Japan and Southeast Asia, despite our outlook of operating profit remaining unchanged in China.

Soy-Based Ingredients Business

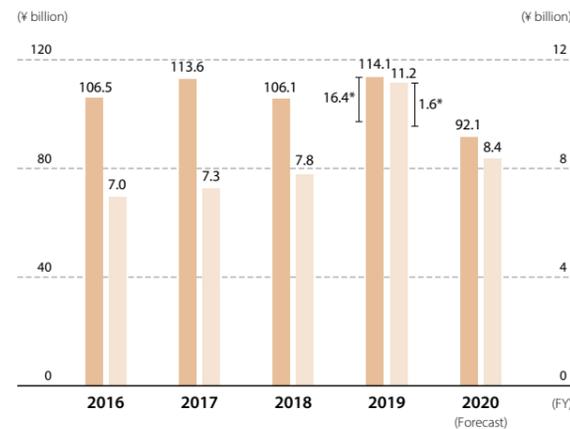
FY2019 Results

In fiscal 2019, the Soy-Based Ingredients Business saw a decline in revenue due to the impact on the overseas market of the sale of a Chinese subsidiary in fiscal 2018. Conversely, the business achieved higher operating profit by virtue of brisk sales of soy protein foods, as well as soy protein ingredients underpinned by expansion of the functional high-value-added business in the Japanese domestic market, which offset the impact of the absence of profits from the Chinese subsidiary on our overseas market.

FY2020 Forecast

In fiscal 2020, we forecast lower revenue as a result of the projected impact of COVID-19 on sales totaling ¥4.2 billion. Operating profit is also expected to fall as a consequence of the anticipated ¥0.3 billion impact of the spread of COVID-19 and the incurrence of costs for the establishment of a new plant in Europe, which outweighed contributions from the launch of operations of a new plant in Japan.

Revenue/Operating Profit

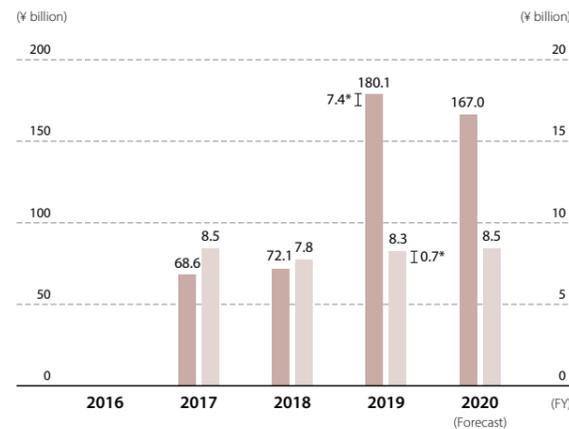


■ Revenue (left scale) ■ Operating profit (right scale)

* Figures reflect the impact of the change in accounting period.

Notes: 1. In fiscal 2019, the Oils and Fats Business was renamed the Vegetable Oils and Fats Business.
2. In fiscal 2019, the Vegetable Oils and Fats Business in Europe was split off into the Vegetable Oils and Fats Business and the Industrial Chocolate Business. The figures for fiscal 2018 have been retroactively adjusted to reflect this change.

Revenue/Operating Profit

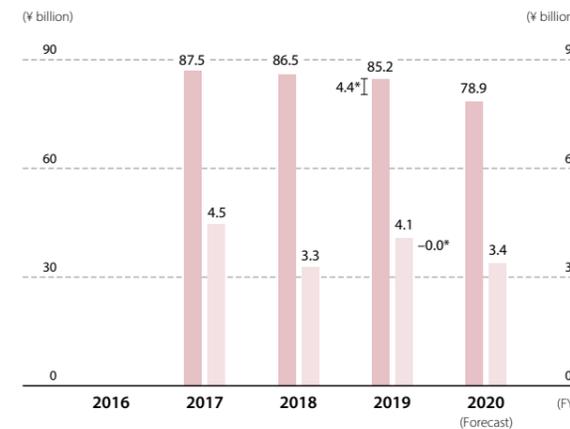


■ Revenue (left scale) ■ Operating profit (right scale)

* Figures reflect the impact of the change in accounting period.

Note: In fiscal 2019, the Confectionery and Bakery Ingredients Business was split off into the Industrial Chocolate Business and the Emulsified and Fermented Ingredients Business. The figures for fiscal 2017 and fiscal 2018 have been retroactively adjusted to reflect this change. Meanwhile, the figures for fiscal 2016 are not shown as they have not been retroactively adjusted.

Revenue/Operating Profit

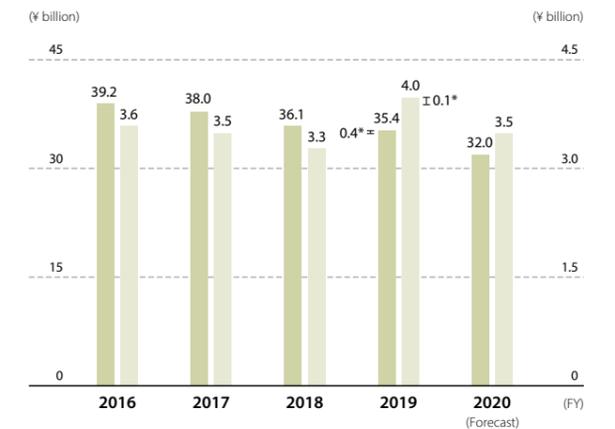


■ Revenue (left scale) ■ Operating profit (right scale)

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Revenue/Operating Profit



■ Revenue (left scale) ■ Operating profit (right scale)

* Figures reflect the impact of the change in accounting period.

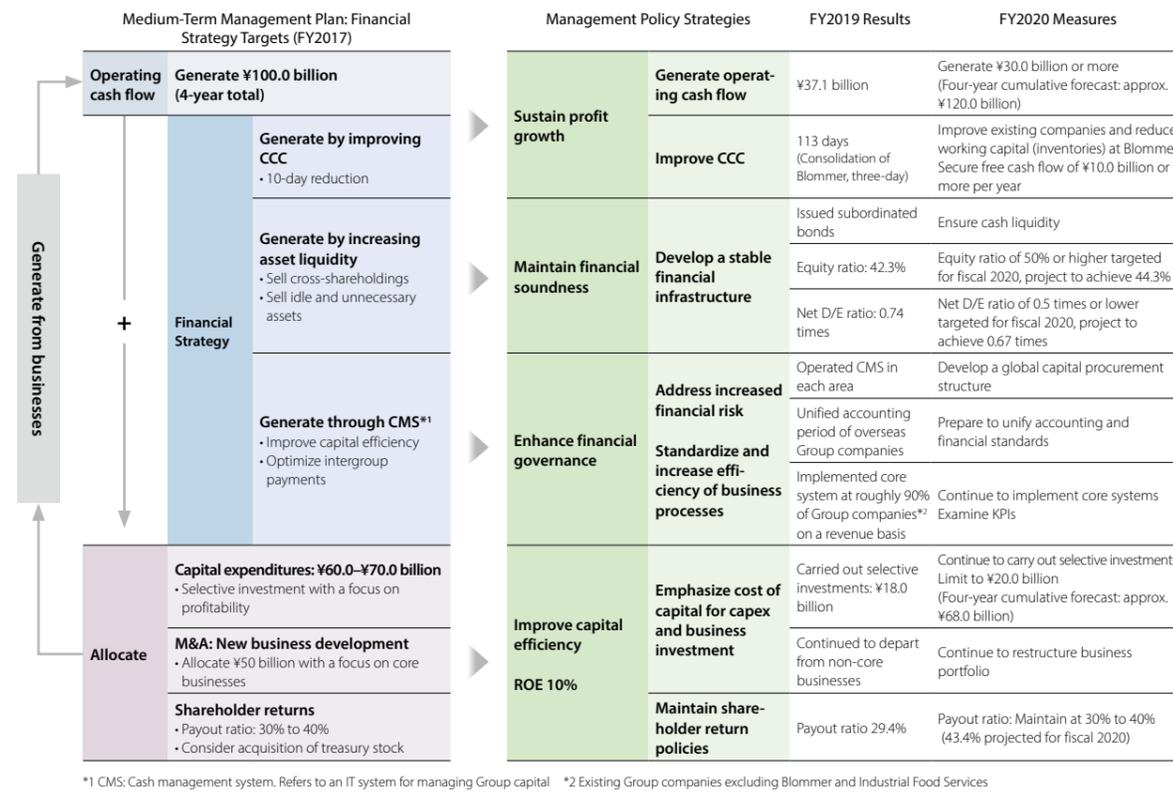
Note: In fiscal 2019, the Soy Business was renamed the Soy-Based Ingredients Business.

Financial Strategy

Financial Strategy

In our current medium-term management plan, we adopted the four core strategies of (1) generate cash flows through sustainable profit growth and improvement of CCC, (2) maintain financial soundness based on business characteristics and risks, (3) strengthen financial governance through standardization of work processes and improvement of operational efficiency, and (4) improve capital efficiency through the restructuring of our business portfolio, as the pillars of our financial management policy, and we continue to strive toward their achievement throughout the Group.

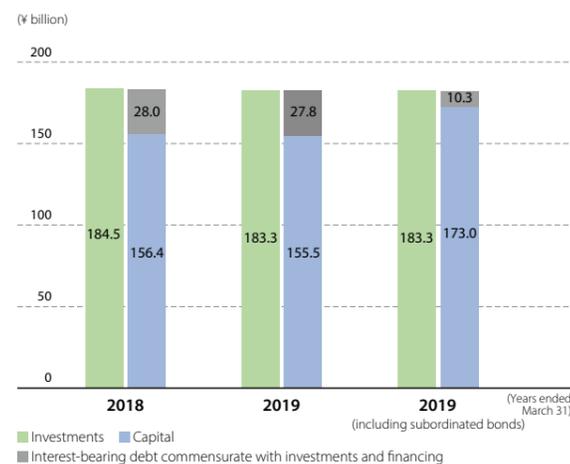
Amid uncertainties surrounding our business due to COVID-19, we will proceed with the necessary measures to minimize its impact on our operations while maintaining cash liquidity and enhancing our financial stability.



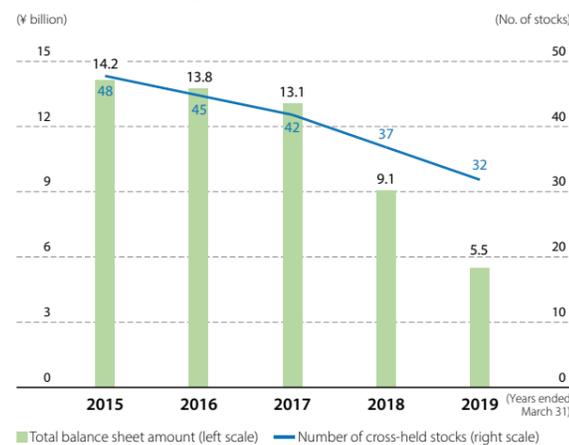
Capital Policy: Improving Capital Efficiency to Enhance Corporate Value over the Medium to Long Term

The Fuji Oil Group's basic capital policy is to generate sustainable cash flow by maintaining financial discipline and improving financial soundness while carrying out growth investments that outperform capital costs.

Investments and Financing

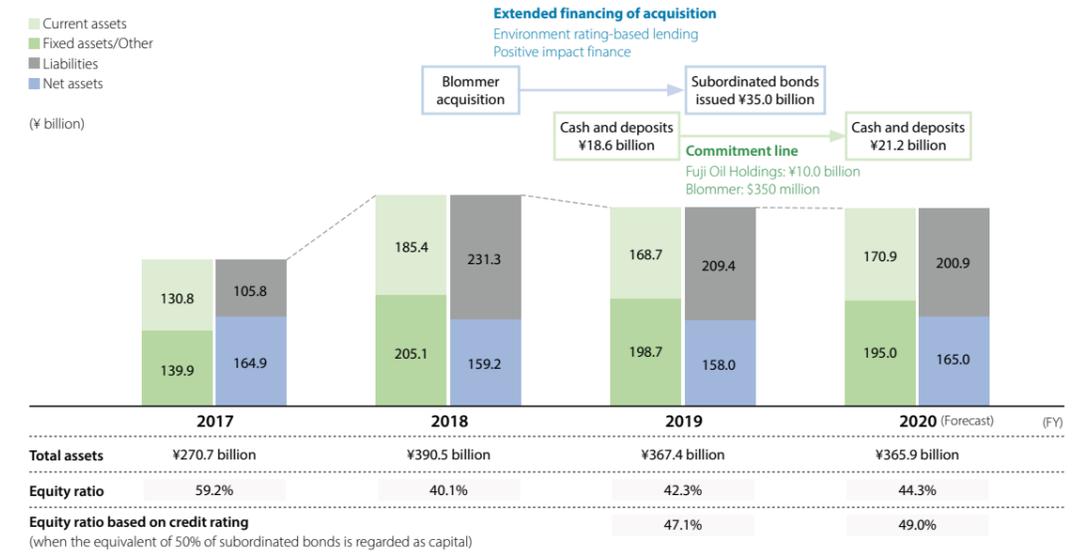


Cross-Shareholdings



Balance Sheet Management

As of March 31, 2020, the Fuji Oil Group's interest-bearing debt, which increased with the acquisition of Blommer, was ¥146.2 billion, a decline of ¥14.2 billion from a year ago. We financed a portion of the acquisition by issuing ¥35.0 billion in subordinated bonds to ensure sound finances and maintain and improve capital efficiency. Going forward, we intend to continue carrying out growth investments that emphasize the cost of capital while generating cash flow and maximizing capital efficiency in order to achieve a net D/E ratio of 0.5 times or lower over the medium term.



Reducing Interest-Bearing Debt and Ensuring Cash Liquidity

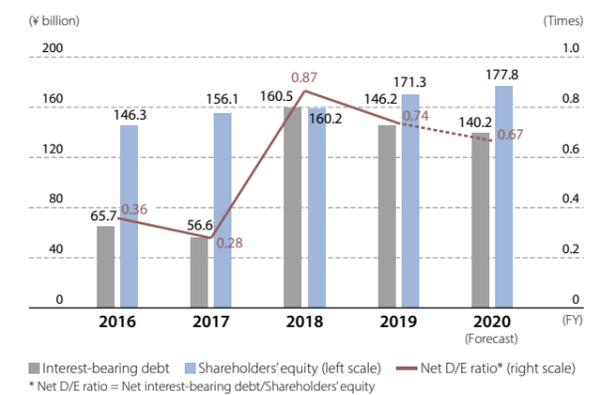
As a result of the acquisition of Blommer for ¥64.6 billion, our interest-bearing debt climbed to ¥160.5 billion and our net D/E ratio deteriorated to 0.9 times at the end of fiscal 2018. We regard the optimization of our capital structure as a pressing issue and, as a result, we have been working to reduce our interest-bearing debt. In fiscal 2019, we achieved a ¥14.2 billion decrease in interest-bearing debt and improved our net D/E ratio to 0.7 times through a reduction in working capital by optimizing inventory, the sale of cross-shareholdings, and the streamlining of our business portfolio. Moreover, the net D/E ratio was 0.6 times if the equivalent of 50% of ¥35.0 billion in subordinated bonds issued in June 2019 is regarded as capital. Moving ahead, we will work to reduce our assets and evolve the Group's financial structure to improve capital efficiency and mitigate financial risk.

Further, in preparation for unforeseen events such as COVID-19 and natural disasters, we have concluded commitment lines with financial institutions to ensure cash liquidity.

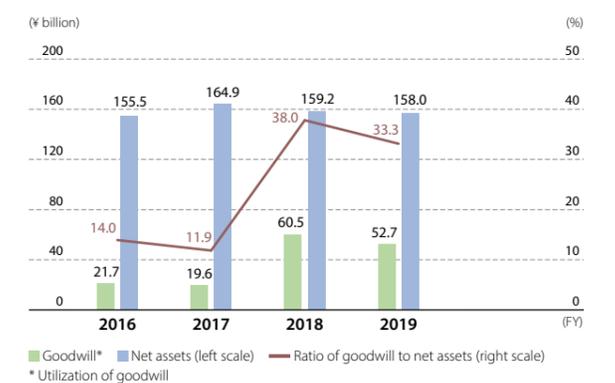
Improving Our Ratio of Goodwill to Net Assets

With the acquisition of Blommer, at the end of fiscal 2018 our goodwill amounted to ¥60.5 billion and our ratio of goodwill to net assets escalated to 38%. While our ratio of goodwill to net assets improved to 33% at the end of fiscal 2019 due to amortization of goodwill and other factors, I feel that it is still too high. Looking ahead, we must direct our attention to the development of a stable financial infrastructure, particularly for the subsidiaries we have acquired, by stepping up our sustainable profitability.

Net D/E Ratio



Ratio of Goodwill to Net Assets



Cash Flow Management

In order to maintain and improve our financial discipline, we must reduce interest-bearing debt while generating free cash flow of ¥10.0 billion or more annually through steady profit growth and improvement of CCC. We will reduce the amount of capital expenditures in which we will invest by assessing each investment opportunity while departing from non-core businesses and further reducing cross-shareholdings to control cash flow.

Free cash flow	<ul style="list-style-type: none"> FY2019: Free cash flow of ¥18.8 billion (record high) FY2020: Ensure free cash flow of ¥10.0 billion or more through careful selection of investments due to impact of COVID-19
Capital expenditures	<ul style="list-style-type: none"> Limit capital expenditures in fiscal 2020 to ¥20.0 billion or less
Business investment	<ul style="list-style-type: none"> Depart from non-core businesses and reduce cross-shareholdings
CCC	<ul style="list-style-type: none"> Continue to improve cash conversion cycle to generate free cash flow

	FY2016 Results	FY2017 Results	FY2018 Results	FY2019 Results*1	FY2020 Forecast
CCC	110 days	103 days	105 days*2	113 days*3	104 days
Account receivable	74 days	76 days	—	62 days	62 days
Wholesale assets	65 days	57 days	—	75 days	68 days
Trade payable	29 days	30 days	—	25 days	26 days

Blommer's cacao bean procurement joint procurement scheme with ITOCHU Corporation

*1 FY2019 reflects the change in the accounting period of overseas Group companies (excluding Blommer and Industrial Food Services) (12 → 15 months).
 *2 FY2018 CCC: Blommer is not included.
 *3 FY2019 CCC: Calculated by converting to 12 months for overseas Group companies that apply 15-month financial statements

Maximizing Free Cash Flow

In fiscal 2019, we generated our highest operating cash flow on record of ¥37.1 billion by means of profit growth and the reduction of working capital. While capital expenditures are indispensable to the sustainable growth of the Fuji Oil Group, we are carefully selecting investments that outperform capital costs in order to enhance our capital efficiency. In addition, for CCCs that are not showing signs of improvement, we will take the necessary measures to improve our inventory management and collection of notes and accounts receivable—trade. Moreover, we will look to strengthen our financial infrastructure by moving forward with the departure from non-core businesses and the reduction of cross-shareholdings, while maximizing our free cash flow.

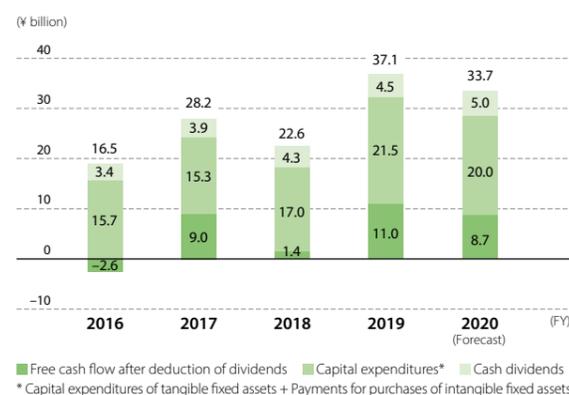
Our free cash flow after the payment of dividends is, in principle, appropriated to the repayment of interest-bearing debt and the reduction of financing costs.

Shareholder Return Policy

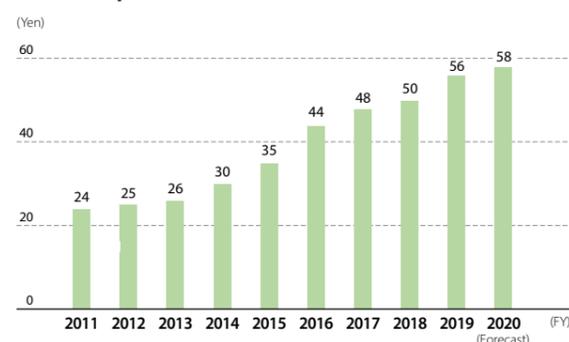
Our basic policy on shareholder returns is to provide stable, consistent dividends, and we have designated a dividend payout ratio of 30%–40% as the management target under our current medium-term management plan.

In fiscal 2019, we paid annual dividends of ¥56 per share. Despite the impact of COVID-19, in fiscal 2020 we will place emphasis on the provision of stable dividends, and plan to increase the total dividend for the ninth consecutive year to ¥58 per share.

Free Cash Flow after Deduction of Dividends



Dividends per Share



Building Our Management Foundation by Strengthening Financial Governance and Enhancing IT Infrastructure

Amid the increasing globalization of its business, the Fuji Oil Group is moving forward with global integration centered on Fuji Oil Holdings based on its awareness that it must transform optimally as a Group and standardize its work processes in order to compete on a global scale.

From the perspective of strengthening financial governance, we are proceeding with the development of a global capital management structure, the consolidation of accounting periods, and the unification of core systems, and are putting in place a system infrastructure to improve operating efficiency worldwide and enhance visualization. In terms of the unification of core systems, an effort we have been undertaking since fiscal 2017, we had completed their implementation at nearly 90% of our existing Group companies, excluding Blommer and Industrial Food Services, on a net sales basis as of the end of fiscal 2019. This has led to better visualization of information in real time and lower risk associated with maintaining systems through the centralized management of Fuji Oil Holdings. As part of our next step, we are currently examining measures on how we will reflect this information on management. Meanwhile, in fiscal 2019 we consolidated the accounting periods of Group companies overseas and eliminated the three-month time lag that had existed between our domestic and overseas companies. Through this achievement, we will compare and verify the status of Group companies in a timelier manner, appropriately allocate resources, and step up the pace of our implementation of business strategies.

In our current medium-term management plan, we set forth four major pillars as a strategy for the IT Division: (1) develop a core system for global management, (2) improve the efficiency of and evolve our operations through the use of big data and AI, (3) enhance information security on a Companywide level and develop an emergency response system, and (4) cultivate and assemble a framework for IT personnel. In order to manage our continuously evolving systems and continue adapting to the trends of society, we concluded a partnership agreement with Fujitsu Limited in 2018. While forging ahead with the advancement of our IT system by drawing on Fujitsu's resources and know-how, we will devote our immediate attention to the nurturing of our IT personnel, who are well-versed in our business, and fully leverage IT as a management infrastructure.



Strengthening Management through Dialogue with Capital Markets

The suggestions and input we receive from all of our investors and analysts are of a highly informative nature. I believe that such dialogue with capital markets is imperative to enhancing our corporate value. For that reason, we bear in mind the views of everyone involved, share them with the management team, and reflect them in the management of our operations.

We constantly strive to improve our IR disclosure through activities such as opportunities to engage in direct dialogue with the management team centered on the CFO, tours of our business sites across the globe, and small meetings to delve into specific themes, while examining ways to provide investors and analysts with a better understanding of our business. In addition, we are enhancing our dialogue with individual investors focused on our medium- to long-term strategies, including non-financial information, based on our Integrated Report.

We also pursued improvements to our disclosure of quarterly results to enhance its clarity as a result of the multiple significant changes made to our disclosure in fiscal 2019, including the consolidation of Blommer into the Group and the change in the accounting periods of overseas Group companies. As our operating environment in fiscal 2020 will be even more uncertain due to the spread of COVID-19, we have disclosed our forecast for the year to serve as a guide for understanding the circumstances of the Fuji Oil Group. As we proceed forward, we will continue to enhance our dialogue with capital markets toward our goal of raising the quality of our management and improving corporate value.



11-Year Financial Highlights

Fuji Oil Holdings Inc. and Consolidated Subsidiaries
For the fiscal years ended/As of March 31, 2010 to March 31, 2020

(Millions of yen)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017*1	FY2018*2	FY2019*3
Results											
Revenue	213,229	222,714	236,594	232,161	253,004	271,903	287,537	292,547	307,645	300,844	414,727
Operating profit	17,960	16,590	12,983	14,147	15,241	14,211	16,840	19,694	20,481	18,525	23,598
Ordinary profit	17,363	16,243	13,017	13,847	14,798	13,405	14,121	19,712	19,983	18,176	22,359
Income before income taxes	16,507	14,648	12,869	13,416	13,880	13,282	14,492	18,103	18,833	16,538	23,279
Net income attributable to owners of parent	10,726	9,783	8,290	8,336	8,164	9,330	9,227	12,105	13,742	11,582	16,375
EBITDA	26,767*4	25,192	21,199	21,999	23,521	22,240	26,479	29,882	31,027	29,983	40,767
R&D expenses	3,489	3,622	3,723	3,666	3,930	3,944	4,017	4,459	4,613	4,758	5,231
Capital expenditures	7,793	7,599	6,185	6,500	6,128	11,156	15,347	13,611	14,689	15,943	18,042
Depreciation expenses	9,239	8,799	8,432	8,058	8,319	8,232	9,206	9,593	9,995	10,992	12,960
Total assets	174,275	174,435	183,862	197,142	202,206	223,625	266,877	272,109	270,731	390,524	367,365
Merchandise and finished goods	30,759	34,580	34,829	36,642	41,396	45,159	49,963	52,398	48,341	85,211	79,462
Current assets	81,307	86,166	97,913	106,819	109,476	118,556	130,869	132,455	130,805	185,435	168,662
Fixed assets	92,956	88,265	85,948	90,322	92,729	105,069	136,007	139,653	139,925	205,088	198,459
Current liabilities	55,261	48,119	51,099	57,656	51,694	57,902	66,482	69,576	67,460	168,333	105,484
Fixed liabilities	20,345	23,095	23,299	17,950	15,387	14,909	51,607	47,051	38,372	62,963	103,894
Interest-bearing loans	44,572	39,720	37,719	37,040	28,940	29,568	60,000	65,667	56,613	160,454	146,232
Total net assets	98,668	103,220	109,464	121,534	135,124	150,813	148,787	155,480	164,897	159,227	157,986
Cash flow from operating activities	23,984	13,536	16,853	18,713	13,781	14,496	16,027	16,521	28,206	22,637	37,058
Cash flow from investing activities	(7,546)	(9,214)	(6,080)	(8,605)	(6,916)	(13,957)	(34,824)	(13,760)	(14,510)	(79,104)	(18,302)
Free cash flow	16,438	4,322	10,773	10,107	6,865	538	(18,797)	2,760	13,695	(56,467)	18,755
Cash flow from financing activities	(13,370)	(5,500)	(5,224)	(4,472)	(12,773)	(3,294)	24,040	(5,662)	(13,452)	65,487	(20,674)
Per share data (Yen)											
EPS	124.78	113.81	96.44	96.98	94.98	108.55	107.35	140.83	159.87	134.75	190.51
BPS	1,095.58	1,143.82	1,205.49	1,342.25	1,490.00	1,693.76	1,655.70	1,753.54	1,863.83	1,819.74	1,808.65
Dividend per share	24	24	24	25	26	30	35	44	48	50	56
Payout ratio (%)	19.2	21.1	24.9	25.8	27.4	27.6	32.6	31.2	30.0	37.1	29.4
Financial indicators											
Overseas sales ratio (%)	28.6	29.9	30.3	29.9	33.2	35.2	37.4	39.4	42.9	43.2	60.2
Operating profit margin (%)	8.4	7.4	5.5	6.1	6.0	5.2	5.9	6.7	6.7	6.2	5.7
ROE (%)	12.0	10.2	8.2	7.6	6.7	6.8	6.4	8.3	8.8	7.3	10.5
ROA (%)	10.0	9.3	7.3	7.3	7.4	6.3	5.8	7.3	7.4	5.5	6.0
ROIC (%)	7.4	6.7	5.1	5.6	6.2	5.6	5.6	6.4	6.7	4.0	5.1
Current ratio (%)	147.1	179.1	191.6	185.3	211.8	204.8	196.8	190.4	193.9	110.2	159.9
Net D/E ratio (times)	0.4	0.3	0.2	0.2	0.1	0.1	0.3	0.4	0.3	0.9	0.8
Financial leverage (times)	1.9	1.8	1.8	1.7	1.6	1.5	1.9	1.8	1.7	2.5	2.4
Equity ratio (%)	54.0	56.4	56.4	58.5	63.3	65.1	53.3	55.4	59.2	40.1	42.3
Other											
Employees	3,524	3,574	3,882	4,034	4,408	4,367	5,141	5,056	5,092	5,963	5,874

*1 From fiscal 2018, the Company has reclassified deferred tax assets under investments and other assets, and deferred tax liabilities under fixed liabilities based on Accounting Standards Board of Japan Statement No. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting." Results for fiscal 2017 have been retroactively adjusted to reflect the change.

*2 Due to the use of the provisional accounting method for business integrations in fiscal 2019, the fiscal 2018 figures have been reflected using this method.

*3 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.

*4 EBITDA for fiscal 2009 is for reference purposes only.



Overview of the Fuji Oil Group

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The History Behind the Fuji Oil Group's Solutions

In 2020, the Fuji Oil Group celebrated the 70th anniversary of its founding. We have continued to provide solutions that are in tune with the times through the use of our various technologies. As we move forward, we will continue to resolve the issues surrounding our rapidly changing world through the leveraging of our long-cultivated technology.

Our Operating Environment throughout the Years

- Superior economic growth
- High-consumption society

- "The Age of Plenty"
- Shift from quantity to quality

- Emergence of diverse lifestyles
- Rise of convenience stores

- Heightening of health awareness

- Accelerated measures in response to global environmental issues and other social issues

1950

1960

1970

1980

1990

2000

2010

2020

The Fuji Oil Group's Solutions

- Enabled stable, low-cost production year round through the use of alternative ingredients

- Enhanced the deliciousness of a range of products through the acceleration of proposal-based sales and technologies, able to adapt to the diversification of products

- Set trends through the proposal of applications and response to diversifying needs

- Devoted greater attention to ensuring the safety and security of foods and providing better health and functionality

- Resolving social issues with plant-based food ingredients

1955

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.



1963

Release of Chocolate Coating for Western-Style Confectioneries

Enhanced the deliciousness of Western-style confectioneries and advanced the diversification of products.



1983

Evolution of Vegetable Fats for Chocolate

Facilitated customers in diversifying their lineup of chocolate confectioneries.



1984

Rollout of Diverse Line of Molded Chocolates

Expanded the potential of customers' products and created new value.



Early 2000s

Health-Conscious Oils and Fats

We accelerated the rollout of our low-trans-fatty-acid oils and fats in various regions to address the worldwide issue of trans-fatty acids. As a result, we were able to respond promptly to consumer needs for the safety and security of food.



2016

Release of Low-Sugar Chocolates

We realized a combination of deliciousness and health through the release of this product.



Vegetable Oils and Fats

1955 Japan's first production technology for vegetable fats for chocolate



Industrial Chocolates

1962 Application of copra crushing technology to produce cocoa bean oil



Emulsified and Fermented Ingredients

1968 World's first direct heat sterilization of high-fat whipping cream



Soy-Based Ingredients

1966 Establishment of manufacturing method for soy protein with gel-formation capabilities



1980 Enzymatic interesterification technology

Early 1980s Start of research in the production of Japan's first chocolate chips

1980 Development of Japan's first plant-based cheese alternatives through the use of fermentation technology



2007 Technology for achieving low trans fat through enzymatic interesterification

2001 O/W emulsified chocolate production technology

2004 Light deterioration and resistance technology for whipping cream

2016 DHA/EPA stabilization technology

2000s Research on health-oriented products

2012 Development of plant-based food through the use of USS materials

R&D Activities That Became the Wellspring of Our Solutions



1961 Launch of Granulated Soy Protein



1968 Development of Plant-Based Whipping Cream as Alternative to Whipping Cream
Extension of shelf-life of cream and dissemination across Japan.



Latter Half of 1970s Enhancement of Flavor of Soy Protein Ingredients
Rolled out products with enhanced flavor to markets for processed marine and meat products, thereby raising the standard of food products and differentiating them from competitors.



1990 Plant-Based Cheese Alternatives
Proposed manufacturing methods and cheese alternatives as raw material for tiramisu, a once greatly popular dessert in Italy and an instant success in Japan.



1995 Water-Soluble Soy Polysaccharides
We provided greater convenience through the development of solutions to prevent the precipitation of acidic milk drinks and improve the separation of noodles.



2013 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.

- Deliciousness and health
- Sustainability

Integration of the Group's long-cultivated alternative technologies and know-how

Development of sustainable foods that help to resolve social issues

Plant-Based Food Solutions (PBFS)

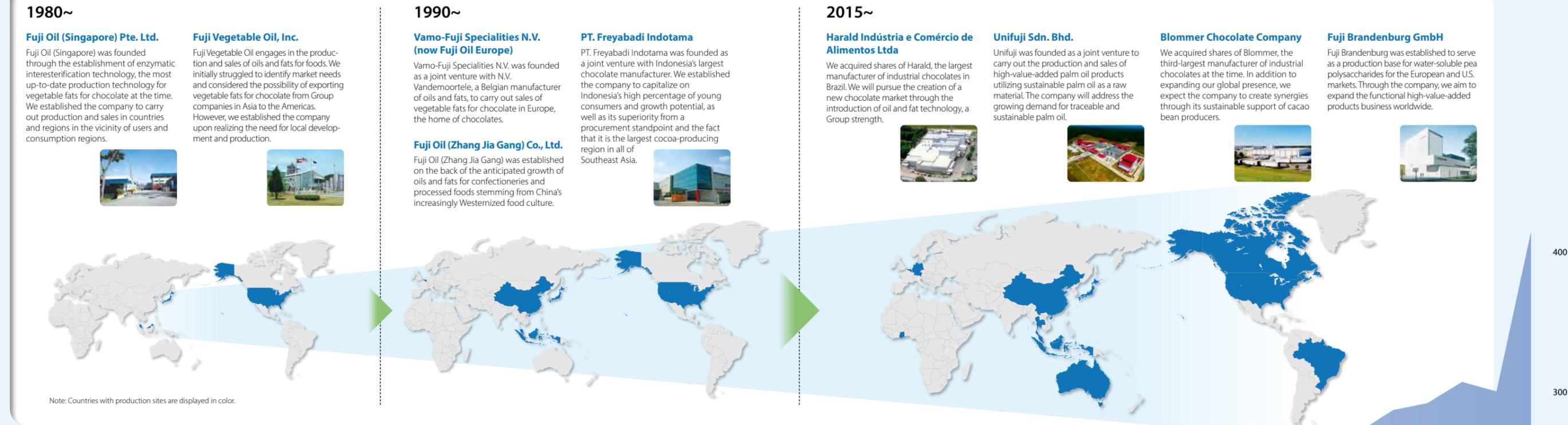
The History Behind the Fuji Oil Group's Overseas Expansion

The Fuji Oil Group has expanded its business across the globe by striving to enhance sales in global markets in line with its growth stage from the securing of raw materials to vegetable fats for chocolate and confectionery and bakery ingredients. We are currently accelerating the implementation of our strategies in not only Japan but around the world, based on resolving social issues through industrial chocolates and plant-based food.

Targets of Overseas Expansion

- Emphasis on local development and production to capture market needs
- Global rollout of vegetable fats for chocolate through the leveraging of new technology
- Entry into regions with projected growth in demand
- Rapid expansion of a range of products involving a high degree of processing, from oils and fats to ingredients for confectionery bread
- Establishment of production bases by anticipating growth in demand of ingredients
- Growth in demand of ingredients for confectionery bread in Southeast Asia
- Expansion of region of operations for Industrial Chocolate Business
- Strengthening of management in each region through regional headquarters
- Focus on sustainable procurement (palm and cacao) and sustainable growth

1950 1960 1970 1980 1990 2000 2010 2020



The Fuji Oil Group's Consolidated Revenue: Domestic and Overseas Ratios

(¥ billion)

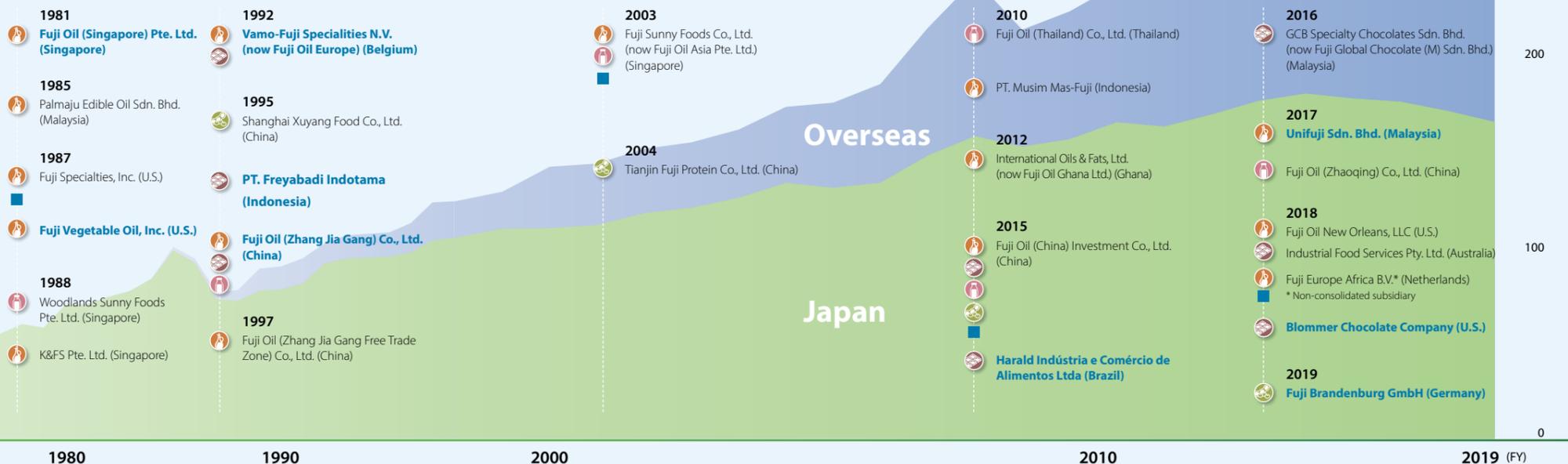
- Notes: 1. Mainly consolidated subsidiaries and equity-method affiliates
2. Business segment notation is based on accounting segment.
3. The fiscal years shown represent the companies' year of establishment. However, for companies consolidated into the Group through M&As, the year of their acquisition is provided.

■ Japan ■ Overseas

1950 Establishment of Fuji Oil Co., Ltd.
Fuji Oil Co., Ltd. was formed through the spin-off of the oil mill of Fuji Sanshi Co., Ltd. Fuji Oil centered its operations on copra (coconut), an oil and fat raw material from tropical regions, which was not the focus of its competitors' businesses. This is where our pursuit of distinctiveness all began, when we discovered copra in the tropics and applied it in our creation of coconut oil.

- Vegetable Oils and Fats
- Industrial Chocolate
- Emulsified and Fermented Ingredients
- Soy-Based Ingredients
- Regional headquarters

Note: As it is based on segment classifications for accounting purposes, it may conduct production and sales activities for products in other segments.



The Fuji Oil Group at a Glance

Revenue

¥**414.7** billion
(¥386.1 billion)

Operating Profit

¥**23.6** billion
(¥21.2 billion)

Year of Establishment

1950

Number of Employees (consolidated)

5,874

Global Business Network

15 countries and
regions

Number of Consolidated Subsidiaries

40

Note: Due to the change in the accounting period of certain overseas Group companies, the fiscal 2019 figures include 15 months of results for these companies. The figures in parentheses () represent 12 months of results for the period of April 1, 2019 to March 31, 2020, and are for reference purposes only.

Vegetable Oils and Fats Business

VEGETABLE OILS AND FATS

▶▶▶ P44



■ **Revenue** (outer circle)
¥**114.1** billion (¥97.7 billion)
Ratio of Total Revenue
27.5%

■ **Operating Profit** (inner circle)
¥**11.2** billion (¥9.6 billion)
Ratio of Total Operating Profit*1
40.6%

Overview

The Vegetable Oils and Fats Business manufactures oils and fats for food processing, edible oils and fats, vegetable fats for chocolate, and other products through the use of palm oil and palm kernel oil as main ingredients. It boasts a global sales network and is one of the world's top three manufacturers of vegetable fats for chocolate.

Share*2

• Vegetable fats for chocolate:
World's Top 3

Main raw materials

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



Industrial Chocolate Business

INDUSTRIAL CHOCOLATE

▶▶▶ P45



■ **Revenue** (outer circle)
¥**180.1** billion (¥172.7 billion)
Ratio of Total Revenue
43.4%

■ **Operating Profit** (inner circle)
¥**8.3** billion (¥7.6 billion)
Ratio of Total Operating Profit*1
30.2%

Overview

The Industrial Chocolate Business engages in the manufacture and sale of industrial chocolates for use in confectioneries, bakery products, ice cream, and a wide assortment of other products. It owns the third-largest global market share and the Group consists of Fuji Oil, which boasts the leading market share in Japan, Harald Indústria e Comércio de Alimentos Ltda, which holds the largest share in Brazil, and Blommer Chocolate Company, a leading industrial chocolate manufacturer in the U.S.

Share*2

• Industrial chocolate:
**No. 3 Worldwide,
No. 1 in Japan**

Main raw materials

- Cacao
- Sugar
- Vegetable fats for chocolate



Emulsified and Fermented Ingredients Business

EMULSIFIED AND FERMENTED INGREDIENTS

▶▶▶ P46



■ **Revenue** (outer circle)
¥**85.2** billion (¥80.8 billion)
Ratio of Total Revenue
20.5%

■ **Operating Profit** (inner circle)
¥**4.1** billion (¥4.1 billion)
Ratio of Total Operating Profit*1
14.7%

Overview

The Emulsified and Fermented Ingredients Business manufactures whipping cream, margarine, fillings, cheese-like ingredients, USS soy milk processed products, preparations, and other products. It operates in Japan, Southeast Asia, and China, and boasts the largest market share for fillings in China.

Share*2

• Fillings:
No. 1 in China

Main raw materials

- Vegetable Oils and Fats
- Dairy ingredients
- Sugar
- Cocoa



Soy-Based Ingredients Business

SOY-BASED INGREDIENTS

▶▶▶ P47



■ **Revenue** (outer circle)
¥**35.4** billion (¥34.9 billion)
Ratio of Total Revenue
8.5%

■ **Operating Profit** (inner circle)
¥**4.0** billion (¥3.9 billion)
Ratio of Total Operating Profit*1
14.6%

Overview

The Soy-Based Ingredients Business manufactures soy protein ingredients (granular and textured soy protein), soy protein foods (deep-fried tofu, *ganmodoki*, etc.), and functional ingredients (water-soluble soy polysaccharides, peptides, etc.). It boasts the leading market share in Japan for soy protein ingredients and in the world for water-soluble soy polysaccharides.

Share*2

• Soy protein ingredients:
No. 1 in Japan

• Water-soluble soy polysaccharides:
No. 1 Worldwide

Main raw materials

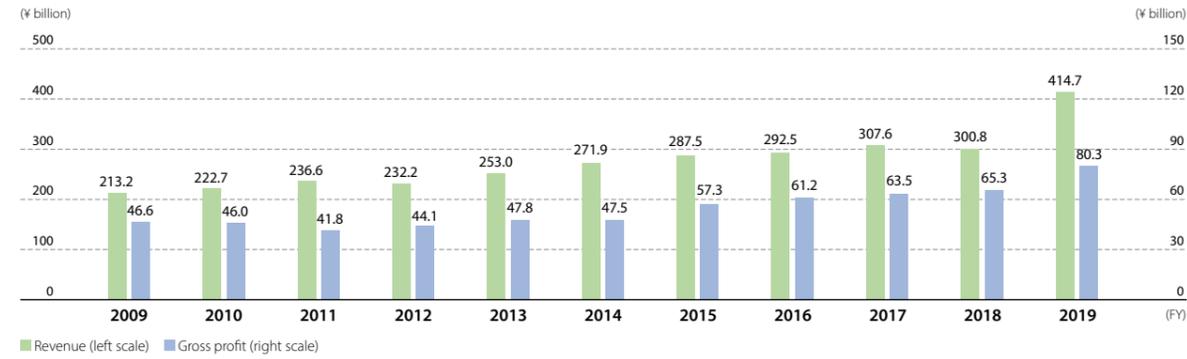
- Soy



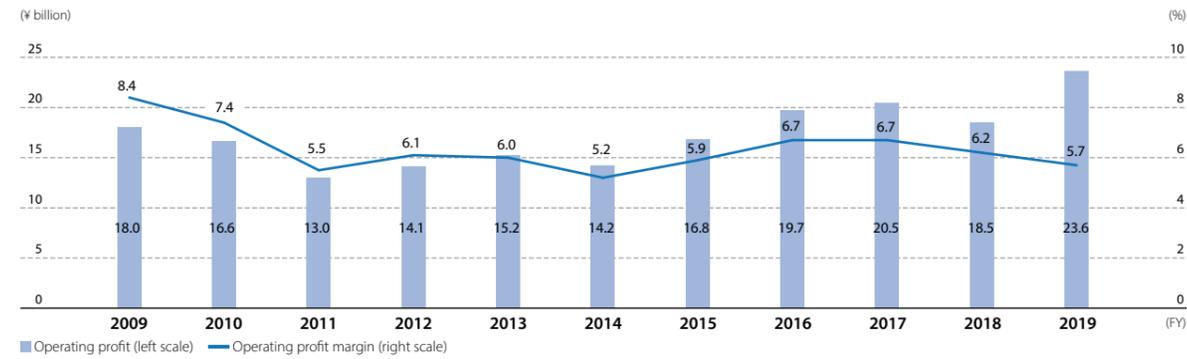
*1 Composition of operating profit includes Group administrative expenses of ¥4.0 billion.
*2 Company estimate

Financial Highlights

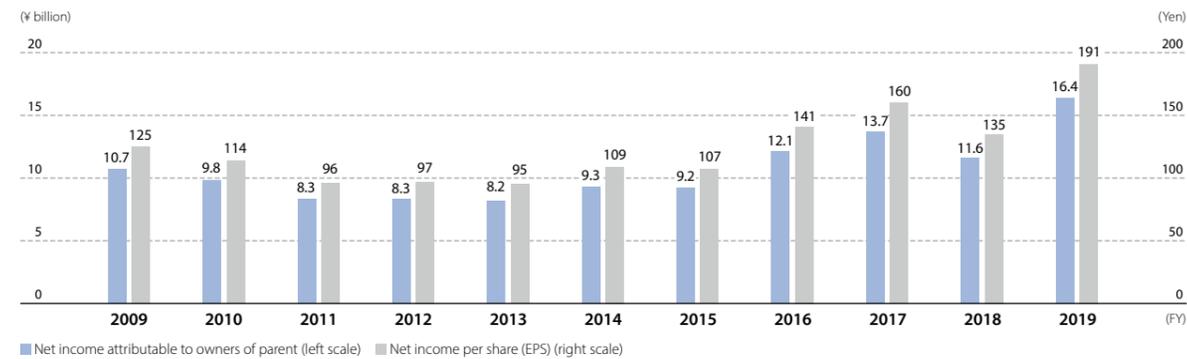
Revenue/Gross Profit



Operating Profit/Operating Profit Margin



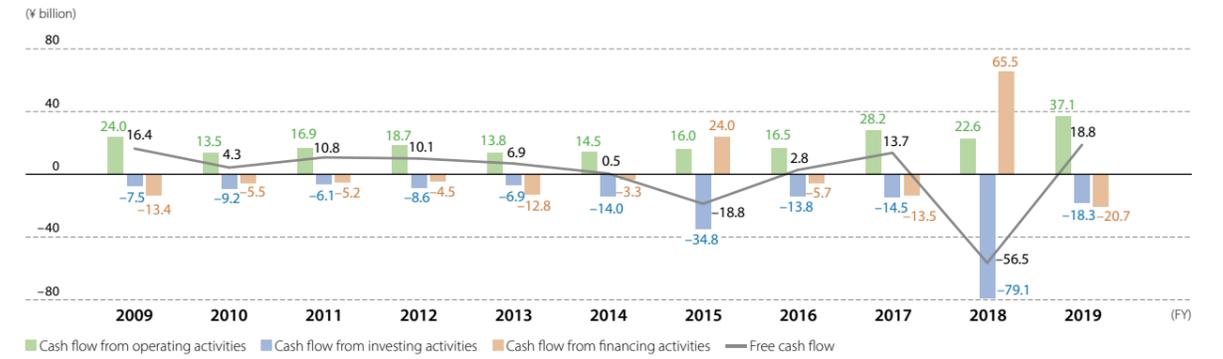
Net Income Attributable to Owners of Parent/Net Income per Share (EPS)



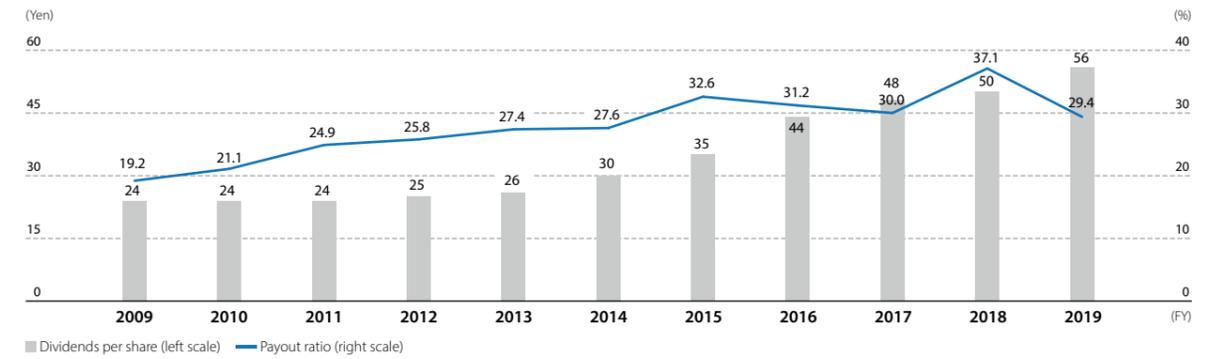
ROE/ROA/ROIC



Cash Flows



Dividends per Share/Payout Ratio

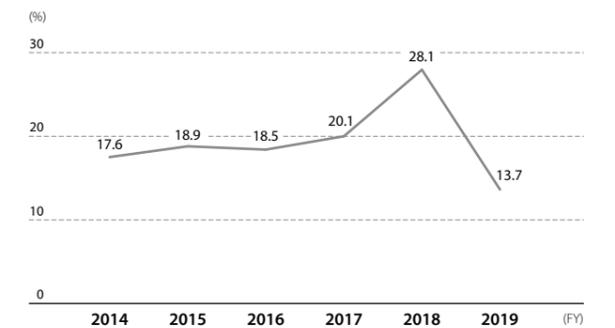


Cash Conversion Cycle

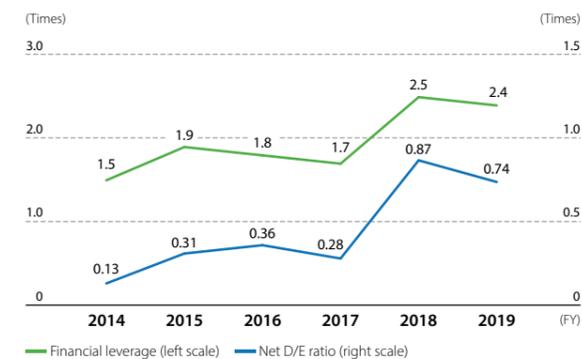


*1 The impact of the consolidation of Blommer's balance sheet has not been reflected in the figure for fiscal 2018.
*2 The figure for fiscal 2019 has been calculated based on 12 months of results for Group companies that changed their accounting period.

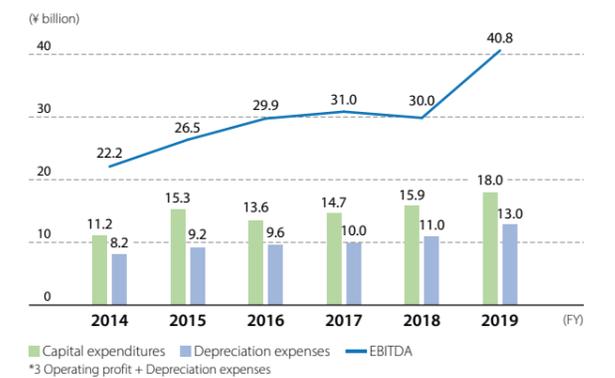
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Financial Leverage/Net D/E Ratio



Capital Expenditures/Depreciation Expenses/EBITDA*



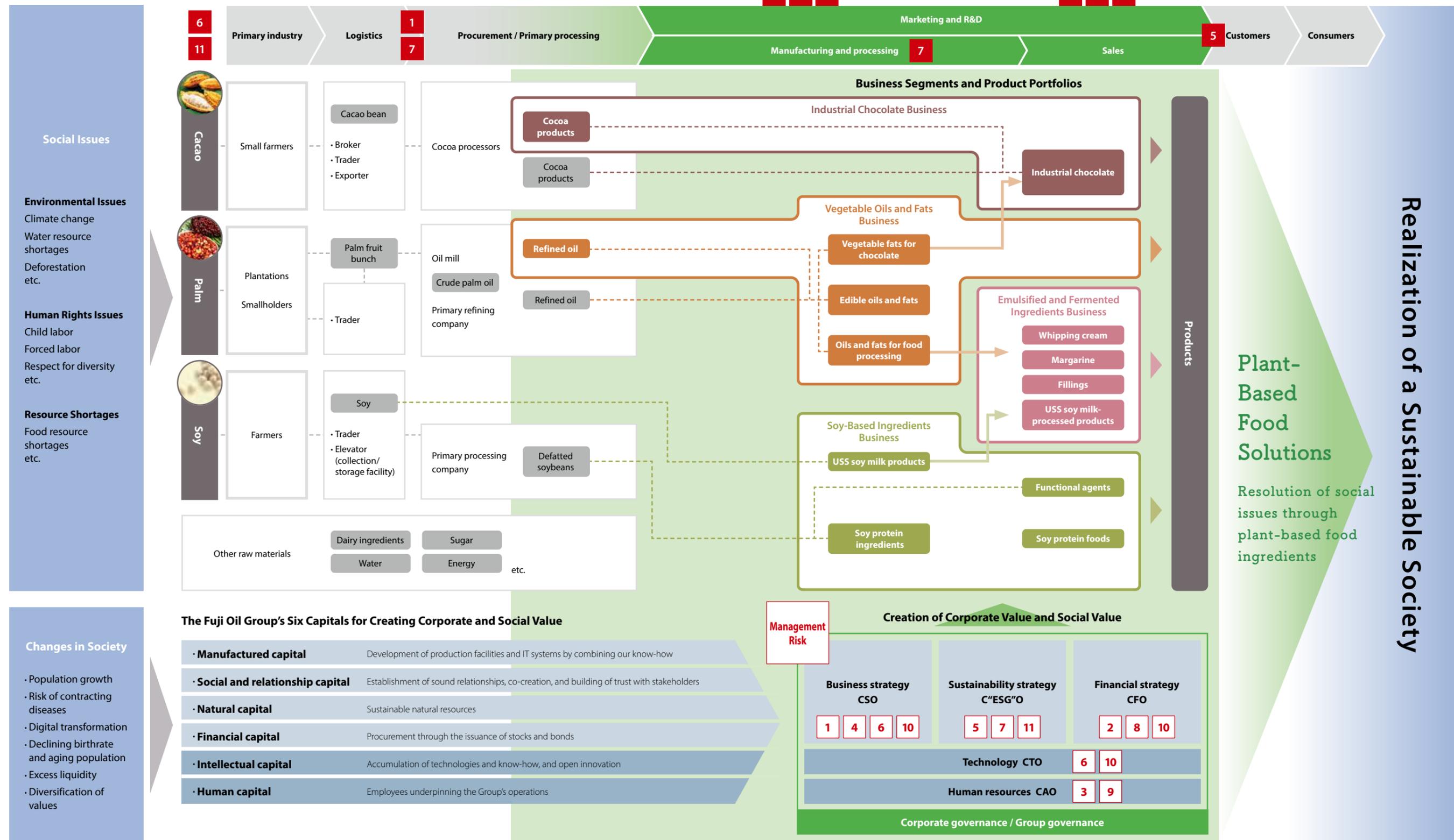
The Fuji Oil Group's Value Chain and Business Risks

Seeking to resolve the issues of society through plant-based food ingredients, the Fuji Oil Group aims to achieve sustainable growth while managing its business with the goal of helping to realize a sustainable society.

The Fuji Oil Group is expanding its business in the four segments of Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-Based Ingredients across the globe, including in Japan, China, and other parts of Asia, North and South America, and Europe and Africa. We have also honed our R&D capabilities to unlock the full potential of plant-based ingredients and cultivated our production technology over the last 70 years. By merging these strengths with our product lineup to enhance added value, we have continued to expand our business.

Social issues, the changing economic environment, and other factors are having a direct influence on our value chain. While we are well aware of the variety of risks inherent in our value chain, we have identified 11 major risks from those that may have a significant impact on our business and are working to mitigate business risks through our risk management activities.

- Risk Item**
- 1 Risks related to fluctuations in raw material prices
 - 2 Financial and tax risk
 - 3 Legal and compliance risk
 - 4 Management risk of Group companies
 - 5 Risks related to food safety
 - 6 Supply chain-related risk
 - 7 Risks related to disasters and accidents
 - 8 Information system/security-related risk
 - 9 Risks related to human resource hiring and development
 - 10 Business transformation/reform-related risk
 - 11 Environmental risk



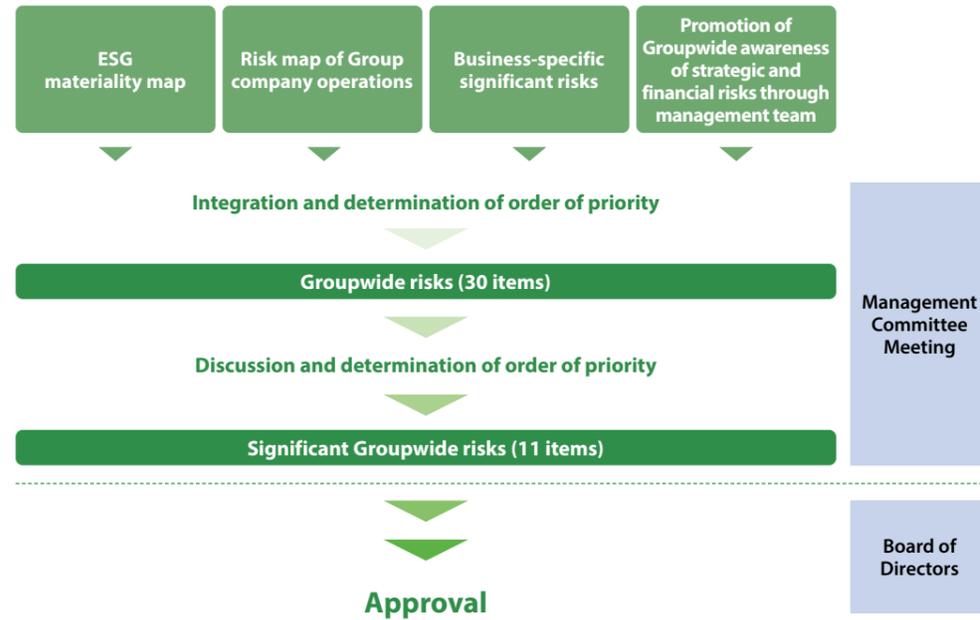
Business Risks

The Fuji Oil Group's Risk Management Structure

As the Fuji Oil Group operates its business throughout the globe, a variety of risks are inherent in the scope of its operations. With the objective of managing such risks, we have developed the following risk management structure.

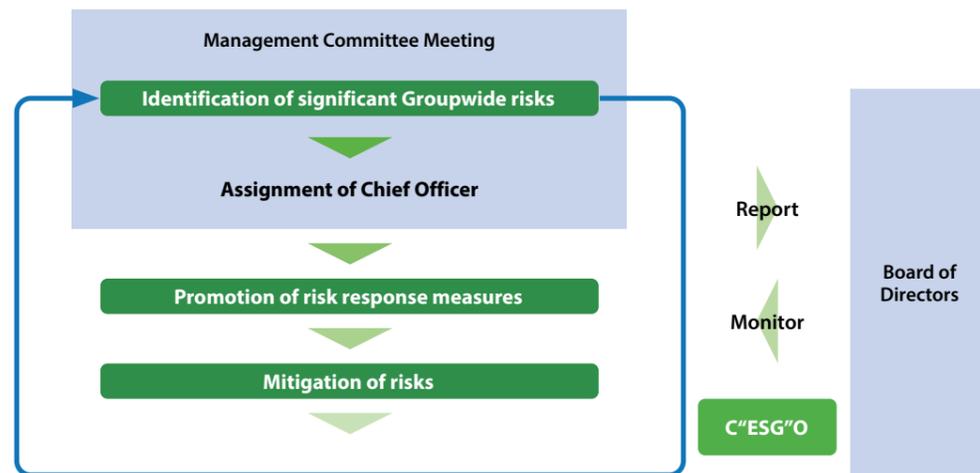
1 Risk Identification

At each Group company, we create a risk map and identify operational risks while determining strategic and financial risks through the Management Committee Meeting. After comprehensively identifying risks through such measures, we determine risks that are of particular significance through the Board of Directors.



2 Risk Monitoring

For the aforementioned significant risks, we designate a Chief Officer and establish risk response measures for each risk. In addition, these risks are monitored primarily by the C"ESG"O, who is the Chief Officer in charge of risk management, and are reported regularly to the Board of Directors.



The Fuji Oil Group's Significant Risks

We have selected the following 11 items as significant risks to be monitored by the Fuji Oil Group, and have designated a Chief Officer and formulated a risk response plan for each risk. In addition, the status of responses is reported to the Board of Directors, and we have put in place a framework for monitoring these risks. Moreover, with regard to forward-looking statements, the Fuji Oil Group has determined them to be appropriate based on information currently available as of March 31, 2020.

Risk Item	Significant Groupwide Risks	Risk Response Measures	Chief Officer in Charge					
			CAO	C"ESG"O	CFO	CSO	CTO	
1 Risks related to fluctuations in raw material prices	Fluctuations in prices of main raw materials	<ul style="list-style-type: none"> Establish a framework to manage the balance of raw materials throughout the Group, including the leveraging of mutually complementary strengths between business sites Appropriately manage hedge transactions in accordance with Group policies concerning raw material procurement and hedge transactions 					●	
2 Financial and tax risk	Fluctuations in currencies and interest rates; imposition of taxes overseas	<ul style="list-style-type: none"> Hedge fluctuation risk through the use of derivatives and reduce liquidity risk through global cash management Establish a framework to avoid risks related to international taxation and appropriately manage tax payments 			●			
3 Legal and compliance risk	Violation of countries' laws and regulations and hindrance to businesses through amendments to laws and regulations	<ul style="list-style-type: none"> Reinforce global management structure of Legal Affairs Department Implement rigorous compliance management throughout the Group 	●					
4 Management risk of Group companies	Impairment of goodwill and fixed assets due to delay in progress of business plan	<ul style="list-style-type: none"> Strengthen management and promote business through Groupwide support structure Recruit and cultivate human resources who can manage overseas companies Enhance asset efficiency and assess investment opportunities according to investment hurdle rates and exit guidelines 					●	
5 Risks related to food safety	Incurrence of substantial costs and loss of customer trust due to significant safety- and quality-related issues	<ul style="list-style-type: none"> Introduce global quality control standards and formulate safety standards Establish a framework capable of providing technological support for rapid globalization Develop a global support structure and standardize procedures for initial response in the case of a violation; mitigate risk through the use of insurance 		●				
6 Supply chain-related risk	<ul style="list-style-type: none"> Inability to acquire main raw materials (palm, cacao, soybean, etc.); emergence of environmental and human rights issues along supply chain Restrictions to existing raw materials and manufacturing methods due to changes in countries' regulations 	<ul style="list-style-type: none"> Maintain cooperative relations with suppliers, competitors, and NGOs and promote our program to strengthen supply sources Prevent and reduce environmental and human rights risks along the supply chain by instituting sourcing policies Disperse risks through diversification of oil and fat raw materials Develop oils and fats and protein processing technology that does not use chemical catalysts or solvent processing 					●	
7 Risks related to disasters and accidents	Discontinuance of operations/deliveries and cause of personal and physical damage, etc., due to workplace accidents, natural disasters, infectious diseases, political uncertainties, operational disruptions, and other factors	<ul style="list-style-type: none"> Formulate BCPs incorporating framework for leveraging mutually complementary strengths throughout the Group Transfer risk through the use of insurance and prepare a response manual in the case of a crisis Institute risk prediction activities throughout the Group and further reinforce safety management activities at Group companies with a high risk of accidents 		●				
8 Information system/security-related risk	Leakage and/or loss of information due to inadequate IT governance/security	<ul style="list-style-type: none"> Strengthen information security measures by utilizing an outside expert Implement educational and awareness-raising activities to enhance understanding of information management 			●			
9 Risks related to human resource hiring and development	Lack of human resources to facilitate global management structure and to create innovation tailored to diverse values	<ul style="list-style-type: none"> Establish a global human resource development and participation program Promote diversity and embrace the engagement of senior employees Create an environment tailored to securing human resources at Group factories 		●				
10 Business transformation/reform-related risk	<ul style="list-style-type: none"> Inability to expand and/or transform businesses according to changes in market environment Delays in development of new businesses and competitive products and technology in response to market needs Inability to make appropriate management decisions due to insufficient data sharing worldwide as a result of delays in digitization 	<ul style="list-style-type: none"> Develop a framework capable of promoting product development and business strategies that accurately reflect the trends of PBFS that capture market needs Revise business portfolio and optimize the Group's production bases to facilitate anticipated changes to the operating environment in the future Establish an organizational framework capable of developing products that address global and local needs and select and concentrate on themes for utilizing limited human resources Introduce ERP software packages to realize global production management, inventory management, and production requests 					●	
11 Environmental risk	Delayed and inadequate response to environmental issues	<ul style="list-style-type: none"> Formulate and adhere to our numerical environmental targets (Environmental Vision 2030) 		●				

Risks Related to the Spread of COVID-19

While we expect the spread of epidemics, the occurrence of wars, and the emergence of other global issues to have an adverse effect on our value chain, we certainly cannot mitigate these risks through the efforts of the Fuji Oil Group alone, nor can we predict the frequency of their occurrence. The anticipated impact on the Group and the status of its measures against COVID-19, which began to spread on a global scale around January 2020, are as follows.

1	Decline in demand	We are witnessing signs of a decline in demand for certain products as a result of lockdowns and people staying at home around the world. Of particular significance is the noticeable drop in inbound demand stemming from the absence of foreign visitors to Japan. However, as we are a provider of food ingredients, the impact of the reduced demand on our business has been limited due to the increase in consumption of food products at home.
2	Discontinuance of factory operations to prevent spread of virus	Preventing the spread of COVID-19 at our factories is of the utmost importance to the continuance of our production. For the most part, our non-production-department employees work from home in order to ensure their safety and well-being. If by any chance an employee were to contract the virus, we have in place a procedure for recommencing production in a timely manner by isolating that employee as well as those in close contact with him or her and disinfecting the facility where they were stationed. In this way, we have established a framework that prevents any hindrance to the continuation of our product supply.
3	Impact on procurement of raw materials and resources	The Group's main raw materials include palm, cacao, and soybean, which must be imported from their country of origin. While we have yet to encounter such issues, we anticipate possible declines in the cultivation of raw material crops, such as palm, cacao, and soybean, as well as restrictions to exports as a result of the curtailment of the operation of ports, shipping services, etc. We may also experience setbacks in terms of our secondary resources through the curtailing of our production and logistics functions.
4	Logistics disruptions and surge in logistics costs	While the continuous operation of our factories is our highest priority, from the viewpoint of our customers, we must also ensure the stable operations of our shipping, truck, rail, and other delivery methods. Meanwhile, regardless of whether our delivery methods are operating stably or not, we expect our logistics costs to rise if we do not see improvements in demand.
5	Disruptions to deliveries due to discontinued operations of customers; delay in recovery of accounts receivable due to deteriorating results	In the United States and other countries, certain customers have temporarily shut down their factories as a result of COVID-19, which has reflected negatively on our sales results. While we have yet to encounter such issues, we can expect the drastic sales declines of our customers resulting from lockdowns and people staying at home to possibly lead to the inability to secure sufficient liquidity and make payments.
6	Slowdown in R&D and delays in expansion of production capacity due to lags in facility construction and upgrades	The establishment of new factories and renovations to existing ones in line with our production expansion plan are currently underway, but they may fall behind schedule due to the impact of COVID-19. While we expect the short-term impact of these delays to be limited, they may hinder our long-term plans. Just like our non-production-department employees, our R&D personnel generally work from home to ensure their safety and well-being, and as a result, we have scaled down our R&D efforts for the time being. We believe there will be temporary delays in our development of new technologies and products.

Highlight

A Relationship of Mutual Support Formed through Chocolates

As the world deals with trying times due to the impact of COVID-19, the Fuji Oil Group is expanding its circle of support around the world through the efforts of its Group companies, such as the donation of chocolates to healthcare institutions and the strengthening of relationships between employees.

Encouraging Healthcare Workers Confronting COVID-19

With the hope of providing some peace of mind to the healthcare workers who have been bravely confronting COVID-19 and will continue to do so for a while longer, and in accordance with our "work for people" Management Philosophy, Fuji Oil Group companies are donating chocolates and other in-house products to local healthcare facilities. We have received messages of gratitude and photos of smiling faces from many healthcare workers and facilities.

Blommer

- Donation of chocolates to multiple healthcare facilities
- Donation to the World Cocoa Foundation

FUJI OIL HOLDINGS INC.

- Support of project to provide boxed lunches to healthcare workers featuring dishes made by a renowned chef

FUJI OIL EUROPE

- Donation of chocolates to multiple healthcare facilities

FUJI OIL

- Donation of chocolates to multiple healthcare facilities
- Provision of products developed in-house to NPOs and Kodomo Shokudo (an organization that provides free meals to children and their parents)
- Cooperation with the Japanese Red Cross Society on the provision of emergency blood donations

FUJI OIL GHANA

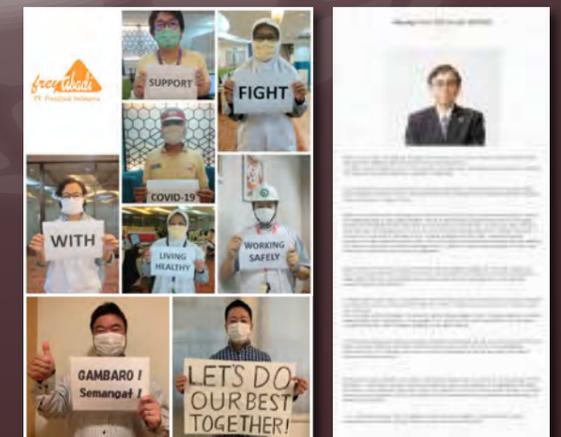
- Donation of hygiene products (including gloves, disinfectants, thermometers, and soaps) to local governments

Harald

- Donation of chocolates to multiple healthcare facilities

The Collective Efforts of Our Group Employees

At the Fuji Oil Group, the Emergency Headquarters of Fuji Oil Holdings, chaired by the CEO, and the Emergency Headquarters of each region, chaired by the heads of the respective regions, collaborate to exchange information and measures on a daily basis. The Group companies and their employees also encourage each other and provide various forms of mutual support such as the supply of goods. Fuji Oil Holdings held a message relay, consisting of letters of encouragement from the CEO himself and the heads of each region, for the Group employees who are currently working tirelessly in their respective positions. Moreover, our support for each other during these trying times extends across the entire Group and beyond the restriction and boundary regulations of each country, such as the words of encouragement sent by our expat employees currently back in Japan to their coworkers in Southeast Asia.



Company poster of PT. Freyabadi Indotama (upper left) and words of encouragement sent to Southeast Asia by expat employees who have tentatively returned to Japan

Message relay, which was held a total of seven times

The Fuji Oil Group's Management Structure

In 2015, the Fuji Oil Group shifted to a holding company system.

As the domestic market matures and competition intensifies on a global scale, we must act with a sense of urgency to develop a global management structure in order to realize the Group's strategies and corporate philosophy while maximizing corporate value.

Moreover, in light of the rising need to address the increasing focus on ESG and digital transformation in recent years, global management through a holding company system has become even more important.

The Group will look to continue to strengthen its system for executing global management with the aim of realizing sustainable growth and improvements in corporate value.

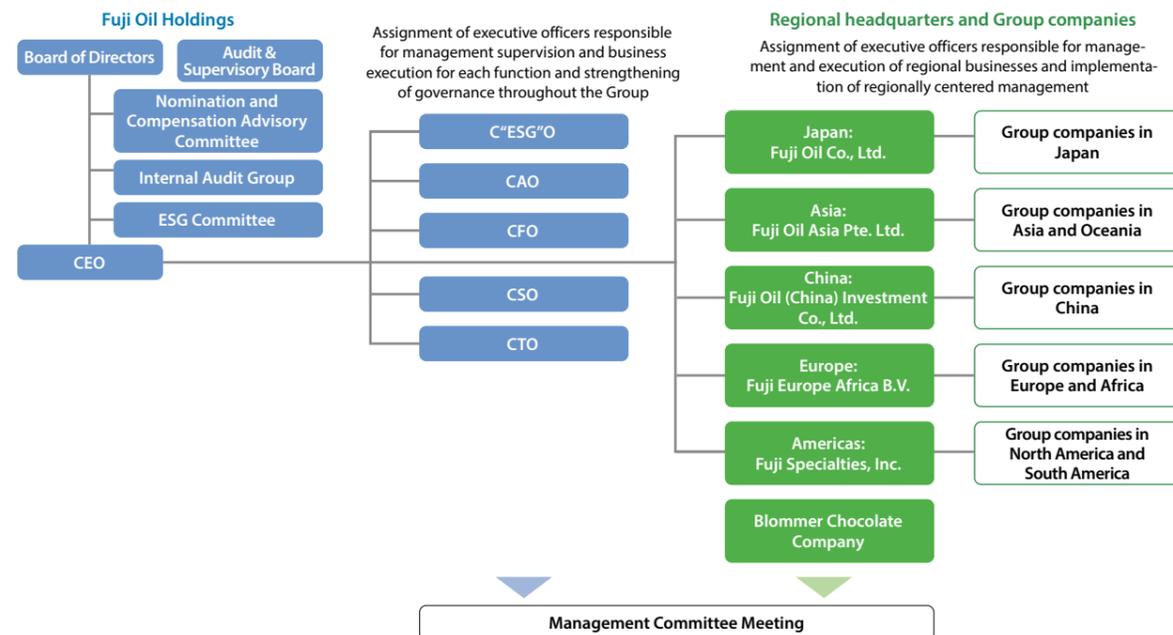
Our Desired Management Structure

<p>Swift Decision-Making and Market Response throughout Our Regions</p> <ul style="list-style-type: none"> Strengthen the functions of and delegate greater authority to regional headquarters to accelerate decision-making Implement product and sales measures based on competitive costs by comprehending the values of each region 	<p>Formulation of Group Strategies and Strengthening of Supervisory Function</p> <ul style="list-style-type: none"> Clarify and strengthen the functions of the organization in charge of mapping out strategies for realizing the Group's objectives Strengthen the Group's monitoring system for each region and profession 	<p>Development of Framework for the Utilization of Global Human Resources</p> <ul style="list-style-type: none"> Recruit, cultivate, and provide "human resources who enable transformation" by embracing diversity Construct a global human resource management system (human resource governance, Group personnel function [compensation, etc.], Group human resource management)
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Formulation of Global Management Structure

The Fuji Oil Group has in place the Management Committee Meeting consisting of the officers responsible for the execution of all business activities (regarding each function and regional representative) in Japan and overseas, in order to make swift decisions on matters related to business execution globally and across the Group. The Management Committee Meeting is in charge of matters related to business execution while the Board of Directors is responsible for management supervision (monitoring).

Overview of Management Structure (FY2020)



Chief Officers in Charge of Management of the Fuji Oil Group

 <p>Hiroshi Shimizu President and CEO</p>	<p>Message from the CEO >>> P 2</p> <p>Plant-Based Food Solutions Becoming a Company That Contributes to a Sustainable Society through Food</p>
 <p>Tomoki Matsumoto Director and Senior Executive Officer Chief Financial Officer (CFO)</p>	<p>CFO SECTION >>> P 8</p> <p>Our Roles and Responsibilities Amid Uncertainties Surrounding COVID-19</p>
 <p>Yasuhiro Maruhashi Senior Executive Officer Chief Strategy Officer (CSO)</p>	<p>CSO SECTION >>> P 36</p> <p>Continuing to Transform and Adapt to the Changing Social Environment Amid COVID-19</p>
 <p>Haruyasu Kida Senior Executive Officer Chief Technology Officer (CTO)</p>	<p>CTO SECTION >>> P 68</p> <p>Establishing a Global R&D System for Our New Era</p>
 <p>Takashi Kadota Director and Senior Executive Officer Chief "ESG" Officer (C"ESG"O)</p>	<p>C"ESG"O SECTION >>> P 74</p> <p>Instilling an Awareness of Our Sustainability Initiatives in Every Employee</p>
 <p>Takeshi Takasugi Director and Senior Executive Officer Chief Administrative Officer (CAO)</p>	<p>CAO SECTION >>> P 82</p> <p>Driving Innovation through Diversity</p>



CSO SECTION

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Regional Strategy	48		



Message from the CSO

Continuing to Transform and Adapt to the Changing Social Environment Amid COVID-19

Yasuhiro Maruhashi
Senior Executive Officer
Chief Strategy Officer (CSO)



Review of Progress of Medium-Term Management Plan

The Fuji Oil Group adopted “reinforcement of core competence,” “growth of soy business,” and the “development of functional high-value-added products business” as the basic policy of its current medium-term management plan. Under “reinforcement of core competence,” we set out to deviate from our unstable earnings structure and build a business portfolio that can continue to help realize a sustainable society and enhance the globalization of our profitable businesses. Under “growth of soy business” and the “development of functional high-value-added products business,” we looked to establish a sustainable business that contributes to the resolution of social issues.

In addition, the Group worked to reinforce its management foundation through “cost reduction and unification with the global standard” in order to become a truly global company.

Reinforcement of Core Competence

When viewing our current medium-term management plan from the perspective of *Kishotenketsu*, a description of the structure and development of East Asian narratives as introduction, development, twist, and conclusion, fiscal 2019 was the year of the “twist.” Over the past year, we reflected on our efforts to date on the “reinforcement of core competence” and set our sights on proceeding toward a new direction.

In particular, we are focused on addressing the urgent issue of generating returns that were commensurate with the significant amounts we have invested recently in the chocolate business. While our profits in the fiscal year from Blommer Chocolate Company, which we acquired in fiscal 2018, were significantly below expectations, we have identified the issues for management to address, and are concentrating our management resources on enhancing production efficiency and strengthening hedging functions with futures transactions. While fiscal 2020 will be a year in which we will feel the impact of COVID-19, I am convinced that our management issues will be resolved and our results will begin to flourish thereafter.

In regard to Harald, which we acquired in fiscal 2015, we have been improving its profit margin through upgraded production facilities, higher quality owing to better employee training, enhanced production efficiency, and the development of new products. Due to the significant impact of COVID-19, we unfortunately anticipate significant declines to both net sales and operating profit in fiscal 2020. Having said that, we will steadily move ahead with measures that look ahead to post-COVID-19.

In the area of industrial chocolates, for which the Fuji Oil Group is now the third-largest company in the world, we are forging a global network that currently consists of nine companies across the globe. We are leveraging the strengths of our highly efficient Japanese production technology, our ability to utilize oil and fat technology, our sustainable procurement activities in Europe and the United States, and the brand power of Blommer, as well as our distinctive product lines and ability to accommodate excess production capacity. In these ways, we have continued to broaden the scope of our Group synergy and to enhance profitability of the entire Group, and these efforts will bear fruit in fiscal 2020 and beyond.



Confirmation of progress at business sites conducted by dispatched specialists

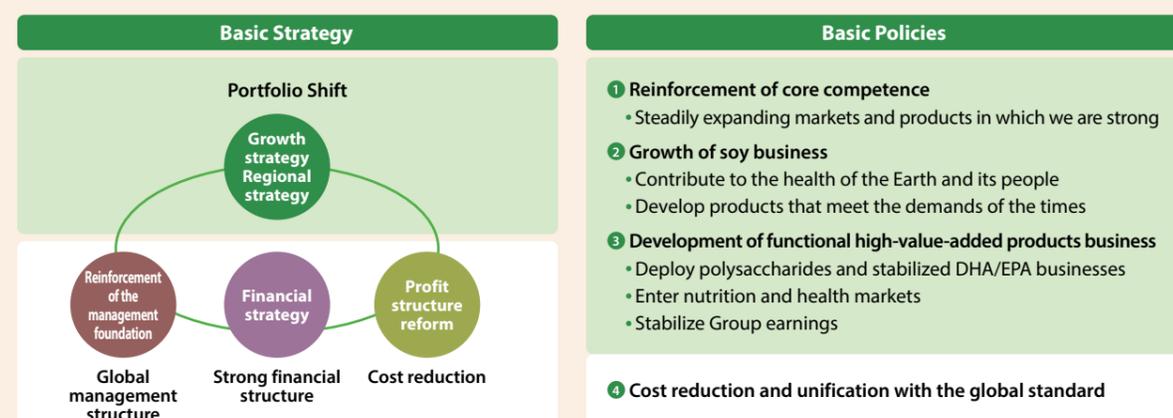
Message from the CSO

Growth of Soy Business

In terms of the growth of our soy business, we have overcome challenges one after another through our commitment to contributing to the health of the Earth and its people based on the Group's "work for people" Management Philosophy. And now we are starting to see opportunities for growth in this business. Recently, we have witnessed growing worldwide popularity for meat alternative products containing plant-based protein, and this trend has intensified due to the spread of COVID-19. The soy meat market in Japan has grown dramatically as well, and this will serve as a tailwind toward the immediate achievement of brisk sales at the new textured soy protein plant in Chiba Prefecture, which commenced operation in July 2020.

Development of Functional High-Value-Added Products Business

As for the development of functional high-value-added products business, sales of the stabilized DHA/EPA business have commenced in Japan. We are also proceeding with the implementation of production facilities overseas and are getting set to kick off activities within the year toward the launch of the stabilized DHA/EPA business. We have been accumulating scientific data to promote sales of these products, through which we can expect sufficient progress in fiscal 2020. Construction at our production plant in Germany for the polysaccharide business, which utilizes peas as a raw material, has been extended due to the impact of COVID-19, but it is slated to commence operations in fiscal 2022. We have already begun sales activities using the prototypes produced at our Tianjin Factory in China, and the positive feedback we have received from markets tells me that the launch of functional high-value-added products in the country is just around the corner.



Item	FY2016 Results (base year)	FY2017 Results	FY2018 Results	FY2019 Results*	FY2020 Forecast	Medium-Term Management Plan: FY2020 Target
ROE	8.3%	8.8%	7.3%	10.5%	7.2%	10.0%
EPS	¥140.8	¥159.9	¥134.7	¥190.5	¥133.8	EPS CAGR 8% or higher
EPS growth rate	31.2%	13.5%	-15.7%	—	—	Operating profit CAGR 6% or higher
Operating profit	¥19.7 billion	¥20.5 billion	¥18.5 billion	¥23.6 billion	¥19.3 billion	Dividend payout ratio 30%–40%
Operating profit growth rate	16.9%	4.0%	-9.5%	—	—	Four-year total forecast ¥100 billion
Shareholder returns (Dividend payout ratio)	31.2%	30.0%	37.1%	29.4%	43.4%	10-day reduction
Operating cash flow	¥16.5 billion	¥28.2 billion	¥22.6 billion	¥37.1 billion	¥33.7 billion	Four-year total forecast ¥71.6 billion
CCC	110 days	103 days	105 days*2	113 days*3	104 days	—
Amount of capital investment	¥13.6 billion	¥14.7 billion	¥15.9 billion	¥18.0 billion	¥23.0 billion	—
M&A	—	—	Blommer and Industrial Food Services	—	—	¥50 billion in secured funds

*1 FY2019 reflects the change in the accounting period of overseas Group companies (excluding Blommer and Industrial Food Services, 12 → 15 months).

*2 FY2018 CCC: Blommer is not included.

*3 FY2019 CCC: Calculated by converting to 12 months for overseas Group companies that apply 15-month financial statements

Basic Policies	Medium-Term Management Plan "Towards a Further Leap 2020 (2017-2020)"				
	FY2017 Results	FY2018 Results	FY2019 Results	FY2020 Plan	
Reinforcement of core competence	Vegetable Oils and Fats	<ul style="list-style-type: none"> Establishment of Unifuji 	<ul style="list-style-type: none"> Start of operations at Unifuji United States Started construction of a new factory 	<ul style="list-style-type: none"> Expanded sales of Unifuji products Europe Consolidated shea nut extraction business in Ghana into the Group 	<ul style="list-style-type: none"> United States Commence operations at new factory (2021)
	Industrial Chocolate	<ul style="list-style-type: none"> Americas Improved earnings of Harald Japan Enhanced production capacity 	<ul style="list-style-type: none"> Americas Acquired shares of Blommer Southeast Asia Acquired shares of Industrial Food Services (Australia) 	<ul style="list-style-type: none"> Japan Increase production of colored chocolate Americas Consolidated Blommer into the Group and conducted PMI Implemented new cacao bean procurement scheme for future transactions Launched Global Chocolate Unit Meeting 	<ul style="list-style-type: none"> Capital expenditures for Blommer Capital expenditures for Harald Strengthen Group collaboration in Asia and China
	Expansion of sales in Asia / Other	<ul style="list-style-type: none"> China Commenced construction of new factory Americas Captured growing demand Southeast Asia Improved production capacity 	<ul style="list-style-type: none"> China Started operations of new factory China Established FUJISUNNY PLAZA Jinan 	<ul style="list-style-type: none"> China Year-round contributions from new factories 	<ul style="list-style-type: none"> Japan Transfer Toraku Foods Co., Ltd. Southeast Asia Restructure preparations business
Growth of soy business	Selection	<ul style="list-style-type: none"> Sakai Factory closed Ishikawa Factory divested 	<ul style="list-style-type: none"> China Transferred Jilin Fuji Protein 	<ul style="list-style-type: none"> China Transferred Shandong Longteng Fuji Foodstuffs Co., Ltd. 	
	Concentration	<ul style="list-style-type: none"> Increased sales of high-value-added products Japan Created soybean market 		<ul style="list-style-type: none"> Established new PBFS Division Opened "UPGRADE Plant based kitchen" in Daimaru Shinsaibashi Store 	<ul style="list-style-type: none"> Japan Commence operations at new soy meat factory (Chiba Prefecture)
Development of functional high-value-added products business	Polysaccharide business		<ul style="list-style-type: none"> Japan Commenced production of water-soluble soy polysaccharides 	<ul style="list-style-type: none"> China Reinforced production facilities Europe Established new factory in Germany 	<ul style="list-style-type: none"> Commence full-scale operations at new factory in Germany to expand overseas sales of polysaccharides (fiscal 2022)
	Stabilized DHA/EPA business	<ul style="list-style-type: none"> Japan Acquired labels for functional foods Japan Released Company products for sale online 	<ul style="list-style-type: none"> United States Acquired Self-Affirmed GRAS designation 	<ul style="list-style-type: none"> Japan Expanded applications and continued to increase sales 	<ul style="list-style-type: none"> Southeast Asia Expand sales Establish production facilities in Southeast Asia
Cost reduction and unification with the global standard	Financial strategy	<ul style="list-style-type: none"> Developed global CMS infrastructure Implemented core systems 	<ul style="list-style-type: none"> Commenced operation of core systems and global CMS at certain business sites Restructured the Group's financial system Introduced new investment standards 	<ul style="list-style-type: none"> Implemented core system at roughly 90% of Group companies on a revenue basis* Introduced withdrawal guidelines Unified accounting period 	<ul style="list-style-type: none"> Continue to implement core systems Continue with preparations to unify accounting standards
	Other management infrastructure	<ul style="list-style-type: none"> Established the Production Productivity Management Group Supply chain management team commenced operations 	<ul style="list-style-type: none"> Established headquarters in the Americas and Europe Responsible Cacao Sourcing Policy Introduced grievance mechanism Formulation of Environmental Vision 2030 	<ul style="list-style-type: none"> Established C"ESG"O 	<ul style="list-style-type: none"> Declare commitment to sustainable procurement and commence operation Commence operation of new executive compensation system

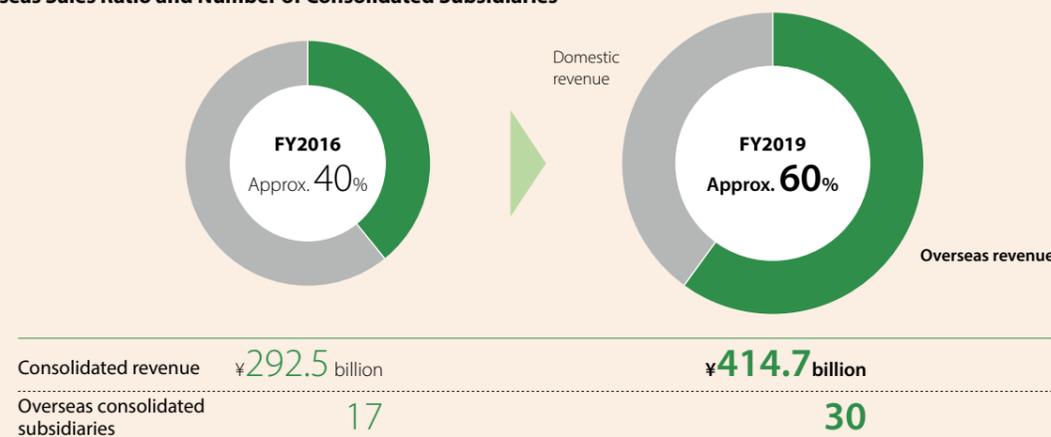
* Existing Group companies excluding Blommer and Industrial Food Services

Cost Reduction and Unification with the Global Standard

In terms of cost reduction and unification with the global standard, when our medium-term management plan was drawn up in fiscal 2016, the Fuji Oil Group already had 17 companies overseas and an overseas sales ratio of around 40%.

We were convinced that controlling our global operations entirely from Japan was a difficult task, and therefore decided to entrust the operation of our overseas Group companies to their respective regions. With the aim of realizing sustainable growth and clarifying the roles of each region and of Fuji Oil Holdings, the latter became a holding company and a regional headquarters was established in each region. By delegating a certain level of authority to these regions, we were able to speed up the pace of decision-making and tailor the sales of our products to the needs of each area. However, our inexperience in global governance, which we had anticipated from the beginning, began to show when we started expanding our overseas network through M&As, even after the acquisition of Harald in fiscal 2015. For our new medium-term management plan, which will be unveiled in fiscal 2021, we will look into updating our management approaches as a part of our ongoing efforts to strengthen global governance.

Overseas Sales Ratio and Number of Consolidated Subsidiaries



Impact of COVID-19 on Current Medium-Term Management Plan

The spread of COVID-19, which we certainly did not anticipate when our current medium-term management plan was drafted, has transformed the entire global economy. This goes well beyond mere short-term setbacks to the economy to the extent of major changes to our social structure, and this impact will be reflected in our targets for fiscal 2020, the final year of our current medium-term management plan. We will continue to push forward with our basic policies of “reinforcement of core competence,” “growth of soy business,” “development of functional high-value-added products business,” and “cost reduction and unification with the global standard.” While doing so, we will do whatever we can to prevent the spread of COVID-19 to secure our production infrastructure, reform work styles through emphasis on telecommuting, and enhance labor productivity. Unfortunately, however, I cannot envision our being able to overcome the fall in consumption caused by the spread of COVID-19 simply through our hard work and dedication.

In Japan, the spread of COVID-19 has had a tremendous impact on the food service industry, chocolates for the souvenir market, and emulsified and fermented products, while overseas, sales of chocolate products have been hit hard in the United States and Brazil, where there have been a high number of cases of the virus.

In fiscal 2020, we will continue with our efforts to adjust our sales channels to more promising markets and gear our product development toward e-commerce sales in each region, and devote our attention to the important issue of adapting to the changing social structure stemming from the spread of COVID-19.



Group employees working from home

The Launch of Our New Medium-Term Management Plan in Fiscal 2021

For our new medium-term management plan, we must shed light on how we will tie together our long-term management strategy based on backcasting from our vision for 2050 and short-term management strategy based on forecasting, and specify our strategies to this end. The foundation for our long-term management strategy is our business model of earning profits through the pursuit of solutions for sustainability and a better world in the future. Meanwhile, our short-term management strategy is founded on our business model of earning profits by reinforcing core competence with a sense of urgency and generating appropriate returns.

One outcome we expect from linking our long-term and short-term management strategies together is the creation of PBFS through a management strategy that focuses on achieving differentiation through technology.

We believe PBFS is all about combining our technologies in oils and fats and proteins to develop core ingredients that form the foundations of new food products and contribute to resolving social issues in the process. The key concept is delivering delicious solutions through technology. We are in the process of determining the aims of our new core technologies and are considering their use at production facilities. During the period of our new medium-term management plan, we will aim to realize new ingredients from these technologies and map out a growth strategy that aggressively pursues future growth through the management resources generated from our current core competence.



Digital transformation has been a topic of conversation within the business world since around 2015, but I get the sense that this has intensified from the spread of COVID-19. It is difficult to foresee consumer behavior and work styles returning to how they were before COVID-19, and therefore back office transformations, reforms to distribution and sales methods by leveraging digital technology, and the improvement of R&D productivity are all issues we must address with a sense of urgency. Over the course of the next medium-term management plan, we hope to realize the digital transformation that is sought after by the Fuji Oil Group.

Further, we must also continue with our efforts to strengthen Group governance, which we have not been able to fully accomplish during the period of our current medium-term management plan. Our regionally minded management strategy has, however, proven to be capable of accurately identifying the circumstances of each area and responding in a timely manner, even for COVID-19.

Nonetheless, there are a number of differences distinguishing each region such as scale of area and the history behind its current state, the existing environment, urgent issues, and criteria for sustainable growth, and as such, we cannot address all regions in the same manner. Under our new medium-term management plan, we will examine the objectives we hope to realize in the various regions and look to form a governance structure that is more conducive to the current circumstances of each area.

Fuji Oil Holdings will focus on strengthening its governance capabilities by drawing up a cross-regional global strategy (to resolve common issues and allocate management resources to priority areas), drafting a sustainable procurement strategy from the vantage point of the medium to long term as well as a cross-regional, international human resource strategy, and refining its financial policy and functions regarding safety, quality, and the environment.

The world has witnessed a series of unprecedented events in recent years such as the dramatic transformation to our lifestyles due to the spread of COVID-19 and the resulting changes in our consumption structure, as well as the rapid advancement of digital transformation. The magnitude of the impact of these events has greatly exceeded our expectations.

I am convinced that those who decide not to adapt to these changes will continue to falter. Going forward, the Fuji Oil Group will continue to work relentlessly to change in step with society.

Management of Business Segments and Regions

Since our transition to a holding company system in 2015 with the aim of achieving sustainable growth, we have developed a management structure optimized for our entire operations by focusing on our business execution in our five regions while promoting global strategies centered on our four business lines.

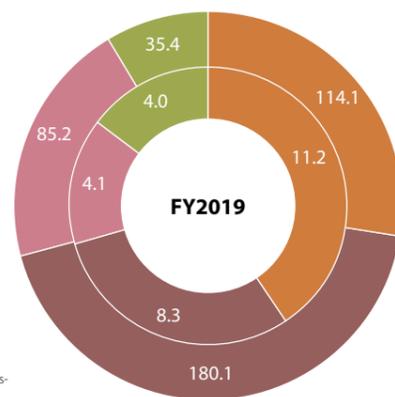
The Significance of Our Business-Centered Management

Amid the increasing globalization of our business, there is a growing need for global strategies based on our business lines. From fiscal 2020, we will step up our capability to formulate global strategies for each of our core global product lines by business unit managers and further optimize these efforts throughout the Group. We will also design and execute strategies in the form of supply chain development, integration of sustainability programs, global customer response, joint procurement, and enhancement of brand value, and create synergies through global integration.

Revenue by business (outer) / Operating profit by business (inner)

(¥ billion)

- Vegetable Oils and Fats
- Industrial Chocolate
- Emulsified and Fermented Ingredients
- Soy-Based Ingredients



Note: The figures in the chart above do not include Group administrative expenses and consolidated adjustments.

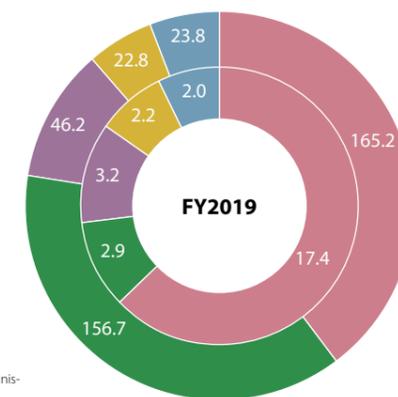
The Significance of Our Region-Centered Management

In the food business, which is deeply rooted in the culture and tastes of each country, it is important to localize management and respond swiftly to changes in the operating environment. For that reason, we delegate the authority necessary for making management decisions to each region whenever possible in order to increase the efficiency and speed of our management. During the period of our current medium-term management plan, we successfully established a headquarters in each region. From fiscal 2020, we will establish more clarity in the authority and responsibilities of each region and manage our operations by entrusting each region with the responsibility of formulating and executing regional strategies based on our Group strategy.

Revenue by region (outer) / Operating profit by region (inner)

(¥ billion)

- Japan
- Americas
- Southeast Asia
- China
- Europe



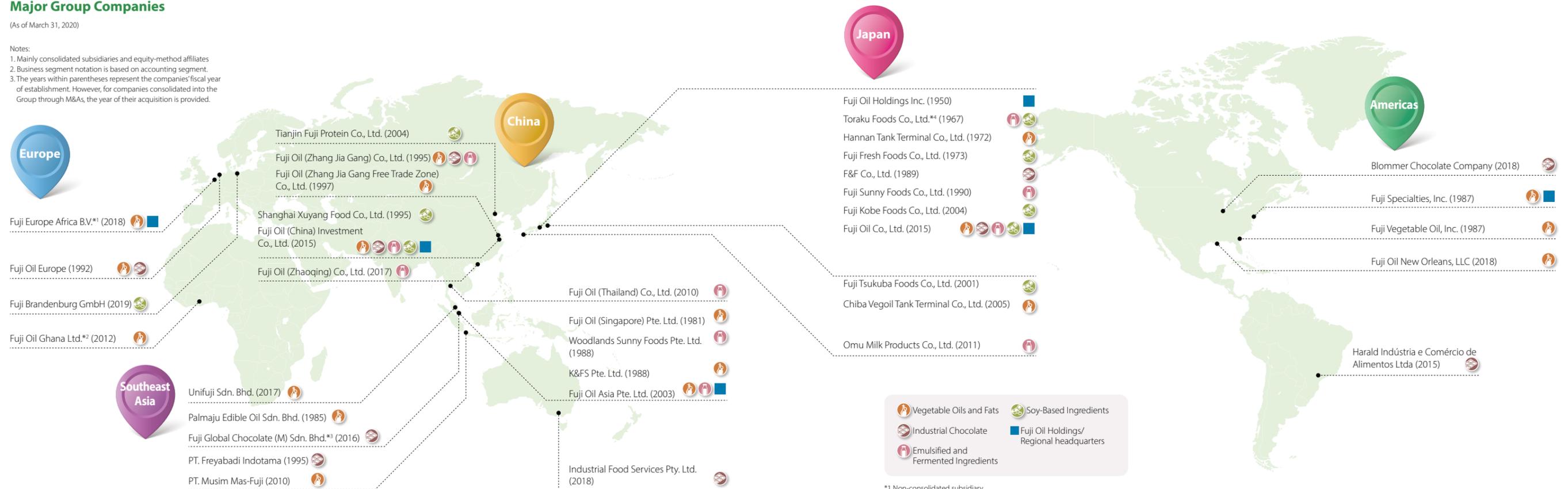
Note: The figures in the chart above do not include Group administrative expenses and consolidated adjustments.

Major Group Companies

(As of March 31, 2020)

Notes:

1. Mainly consolidated subsidiaries and equity-method affiliates
2. Business segment notation is based on accounting segment.
3. The years within parentheses represent the companies' fiscal year of establishment. However, for companies consolidated into the Group through M&As, the year of their acquisition is provided.



*1 Non-consolidated subsidiary
 *2 Renamed from International Oils & Fats Ltd. on December 11, 2019
 *3 Renamed from GCB Specialty Chocolates Sdn. Bhd. on August 6, 2019
 *4 Transferred on July 1, 2020

Vegetable Oils and Fats Business

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

Strategic Directions

Enhancing Profitability through the Shift to High-Value-Added Products

With an eye to enhancing profitability while operating production lines at close to full capacity in each region, it is imperative that the Vegetable Oils and Fats Business minimizes its expenditures on new capital while shifting its focus toward high-value-added products. Moving forward, we will gear our efforts toward the introduction of high-value-added products in vegetable fats for chocolate for which the market continues to grow, and the health market, which is an area of interest for consumers.

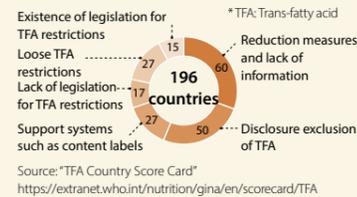
Business Environment

- Cooperation with industry peers for the complementation of raw materials
- Maintenance of efficient production while operating at full capacity
- Diminishing profitability as a result of a fiercely competitive environment
- Sluggish economy

Market Trends

- Growing demand for sustainable raw materials
- Acceleration of need for safe and secure ingredients
- Greater consumption of processed foods and other products and reduced demand for eating out spurred by rising "nest-dweller consumption"

Results of Trifluoroacetic Acid (TFA)* Reduction in the World's 196 Countries



Competitive Advantages and Challenges

Competitive Advantages

- Customer sentiment gained through commitment to high standards of quality
- First-mover advantage earned as a result of leading the industry in patent applications
- Creation of synergies with other segments
- Stabilization of production system through supply chain management of intermediate materials within the Group

Challenges

- Restrictions on supply chain management due to dependence on third parties for primary raw materials
- Risk of environment- and human rights-related disputes through over-dependence on palm oil as raw material
- Limited presence in untapped markets
- Long overdue situation for replacement of outdated product portfolio

Business-Specific Risks and Responses

Risks	Responses
Tightening of regional regulations on trans-fatty acids	Promptly introduce oils and fats low in trans-fatty acids through the use of interesterification technology
Commoditization of value-added products due to intensifying competition	Introduce value-added products that cannot be emulated by competitors through the use of proprietary raw materials and technology
Risk of inability to address rapid growth in demand for sustainable raw materials with existing supply chain	Strengthen ties with suppliers capable of providing quality raw materials

FY2019 Results

- Favorable sales of vegetable fats for chocolate in Japan and the Americas
- Robust sales of sustainable palm oil produced by Unifuji Sdn. Bhd.
- Backlog in sales of oils and fats for confectionery in Southeast Asia

Priorities in FY2020

- Response to new values stemming from the spread of COVID-19
- Institution of production system in stabilized DHA/EPA business overseas
- Establishment of infrastructure tailored to diversification of oil and fat raw materials
- Creation of synergies with Industrial Chocolate Business



Launch of Manufacturing Facility in Singapore for Stabilized DHA/EPA

We have decided to establish a manufacturing facility at Woodlands Sunny Foods Pte. Ltd. in Singapore to serve as a production base for stabilized DHA/EPA and expand its sales overseas. Slated to commence operations in December 2020, the facility will be equipped with a system for promoting sales particularly to the United States, China, and other countries in Asia.

Exterior view of Woodlands Sunny Foods Pte. Ltd.



Industrial Chocolate Business

- ▶ Tempering chocolates*¹
- ▶ Non-tempering chocolates*²
- ▶ Chocolate for ice cream coating
- ▶ Colored chocolate
- ▶ Molded chocolate

*¹ Tempering chocolates: Chocolates that are stabilized under controlled temperatures (tempered) to offer a smooth and glossy finish that melts in the mouth.
*² Non-tempering chocolates: Chocolates that do not undergo tempering. While their cacao content is limited, they can be used in baked goods and a wide range of other applications.

Strategic Directions

Showcasing Our Strengths to the World by Uniting as One and Fine-Tuning Our Production Sites

With the aim of contributing to the happiness and well-being of people through delicious and healthy food, the Industrial Chocolate Business will draw on its technologies dedicated to oils and fats and cacao to provide chocolate and compound coating to a range of markets across the globe and contribute to the sustainability of cacao. We will raise the competitiveness of the Fuji Oil Group to new heights by boosting the capacity and efficiency of our production sites in each region to respond to the needs of respective markets in a timely manner, and by drawing on the Group's synergies generated through the acquisition of Blommer Chocolate Company.

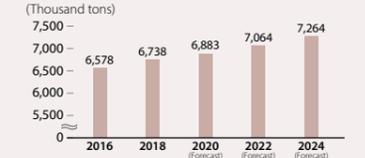
Business Environment

- Expansion of global market for chocolate and compound coating
- Growing need for sustainable cacao
- Forming of oligopolies along value chain
- Presence of major players and fierce competition
- Change in values stemming from the spread of COVID-19

Market Trends

- Increasing trend toward ethical consumption
- Greater demand for healthy, reduced-sugar products
- Advancement of Asia-Pacific region
- Growth of compound coating products
- Increased demand in bakery market

Market Trend for Chocolate and Compound Coating



Competitive Advantages and Challenges

Competitive Advantages

- Expertise in cacao sustainability
- Development of relationships with multinational companies in North America and Japanese companies in Asia
- Portfolio of technologies for oils and fats, bakery products, soy-based ingredients, and other applications
- Accumulation of know-how in operation of production sites

Challenges

- Heightening of the Group's profile in global markets
- Enhancement of added value
- Strengthening of cost competitiveness
- Realization of benefits from Group collaboration

Business-Specific Risks and Responses

Risks	Responses
Trend toward implementation of policies related to cacao sustainability in producing and importing countries	Focus on cacao sustainability by drawing on Blommer's expertise
Rising labor costs and declining working-age population	Boost operational efficiency and implement labor-saving measures
Lower sugar consumption due to greater focus on health	Provide delicious reduced-sugar products that contribute to better health

FY2019 Results

- Progression of Blommer's post-merger integration
- Formulation of new growth strategy for Harald and start of planning for plant expansion
- Growth of sales of high-value-added products in Japanese market
- Improvement and restoration of profitability of Freyabadi (Thailand) Co., Ltd.*

* Company not accounted for by the equity method

Priorities in FY2020

- Expansion of program on cacao sustainability and its promotion in Japanese market
- Enhancement of production efficiency at Blommer plants in North America
- Creation of synergies between Blommer plants in China and Fuji Oil (Zhang Jia Gang) Co., Ltd.'s plant
- Development and release of global products to raise the Group's profile



At Blommer plants in North America, we will put in place a structure for responding to greater demand by increasing the efficiency of our production. A program for productivity improvements has been implemented at each of our plants, which has enabled us to identify issues at an early stage. We will endeavor to resolve our current production-related issues and transition to a production structure that emphasizes greater efficiency by forging ahead with the automation of our production lines.

Productivity Improvement Program



Emulsified and Fermented Ingredients Business

- ▶ Whipping cream
- ▶ Margarine
- ▶ Fillings
- ▶ Plant-based cheese alternatives
- ▶ USS processed soy products



Strategic Directions

Enhancing Our Productivity and Added Value through the Integration of Product Lines and Production Bases

In the Emulsified and Fermented Ingredients Business, we will center our management efforts on improving production efficiency while speeding up the consolidation of product lines and selection of optimal markets. We will enhance profitability by rolling out products that contribute to better health, centered on plant-based ingredients, and stepping up the differentiation of our products in terms of functionality and quality by boosting their added value.

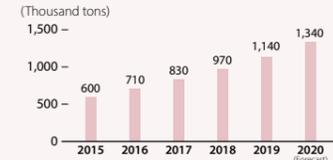
Business Environment

- Diminishing market share and profitability due to fierce competition
- Sluggish economy
- Unstable supply of dairy ingredients
- Regulations on trans-fatty acids (China and other countries in Asia)
- Necessity for response to the issue of food loss (Japan)

Market Trends

- Shrinking souvenir market and rising "nest-dweller consumption"
- Expanding bread market, and growing cream market due to preference for natural ingredients (China)
- Shrinking market for sweet baked goods and growing market for side dish breads (Japan)

Cream Market in China



Source: Shanghai Zhongshang Business Investigation Co., Ltd.

Competitive Advantages and Challenges

Competitive Advantages

- Impact of brand power of Japanese products in overseas markets
- Expertise and production know-how regarding compound products
- Ability to adjust physical properties through the use of the Company's raw materials for oils and fats
- Growing demand for products utilizing sustainable raw materials

Challenges

- Overdependence on specific industries and customers
- Fierce competition for procurement of raw ingredients
- Timely releases of similar products by competitors

Business-Specific Risks and Responses

Risks	Responses
Cost competitiveness in Asia	Effectively utilize oils and fats generated from manufacturing processes and strengthen ties with suppliers
Intensifying competition for core products in China	Further differentiate margarine and fillings from competitors by pursuing higher quality standards
Cost of dairy ingredients	Introduce new flavor-centered products that help address the global shortage of dairy products

FY2019 Results

- Lower sales volume stemming from competitive bread market (China)
- Intense competition in preparations business (Southeast Asia)
- Promotion of sales of whipping cream products to dessert market (Japan)

Priorities in FY2020

- Introduction of new flavor-centered products (China)
- Creation of synergies with the Vegetable Oils and Fats Business and PBFS Business (Japan and other countries in Asia)
- Response to unstable supply of dairy ingredients
- Response to new values stemming from the spread of COVID-19



Released for sale to the Japanese market, Soy lait Beurre is a butter made of soy milk cream, of which over 60% of its ingredients are derived from soy beans, and does not contain animal-based ingredients. Soy lait Beurre is low in cholesterol and trans-fatty acids compared with ordinary butter and therefore caters to the rising health consciousness of society. Soy lait Beurre has received rave reviews from customers since its release and continues to gain in popularity.



Soy cream butter "Soy lait Beurre"

Soy-Based Ingredients Business

- ▶ USS soy milk products
- ▶ Soy protein ingredients
- ▶ Soy protein foods
- ▶ Water-soluble soy polysaccharides

Strategic Directions

Promoting Food-Tech to Address the Diversifying Demand for Food

Addressing the global food crisis and extending healthy life expectancy are major social issues that must be resolved. By combining the Fuji Oil Group's existing technologies across business lines, we will develop the Soy-Based Ingredients Business into a highly competitive business that grows sustainably through its contribution to deliciousness and health.

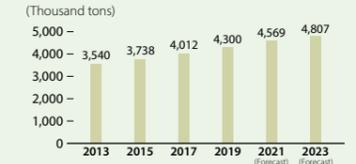
Business Environment

- Business activities aimed at realizing social sustainability
- Rapid trend toward eliminating the use of animal-based ingredients
- Intensifying competition in plant-based food market
- Securing of market share of minimally processed products by competitors overseas
- Ongoing restructuring of companies in plant protein market

Market Trends

- Dramatic growth of plant-based food market
- Global expansion of protein market
- Continuous increase in demand for healthy foods, etc.
- Growth of soy meat market
- Spread of immunostimulation-related products

Meat-Alternative Market



Source: Euromonitor International: Packaged Food/ Meat Substitute

Competitive Advantages and Challenges

Competitive Advantages

- Food-Tech incorporating the development of differentiated elemental technologies
- Production technology and quality assurance system
- Extensive customer base spanning a wide range of markets

Challenges

- Price competitiveness in commodities
- Procurement of highly competitive key raw materials
- Overemphasis on soybeans as a raw material amid diversifying demand

Business-Specific Risks and Responses

Risks	Responses
Intensifying competition in plant-based food market	Differentiate from competition through a combination of the Fuji Oil Group's proprietary technologies
Environmental issues regarding soybean raw materials	Participate in the Round Table on Responsible Soy Association (RTS) and expand supplier network from the perspective of business continuity plans (BCPs)

FY2019 Results

- Acceleration of selection and concentration; transfer of unprofitable businesses in China
- Groundbreaking of production site for soluble pea polysaccharides
- Construction of new plant for textured soy protein (soy meat)
- Opening of store specializing in plant-based foods; establishment of system for collecting consumption data

Priorities in FY2020

- Operation of new plant for textured soy protein (soy meat) and promotion of its sales
- Development of new products leveraging Food-Tech's combination of technologies
- Examination of possible development of new site aimed at expanding plant-based food market



In 2019, Fuji Brandenburg GmbH was established in Germany to serve as a production site for the supply of soluble pea polysaccharides*—a function-enhancing ingredient—to the U.S. and European markets. By drawing on our knowledge of soluble soy polysaccharides and related technologies accumulated in Japan, we will strive to respond to global needs while expanding the entire market for functional ingredients.

* A functional ingredient produced from the dietary fiber contained in peas



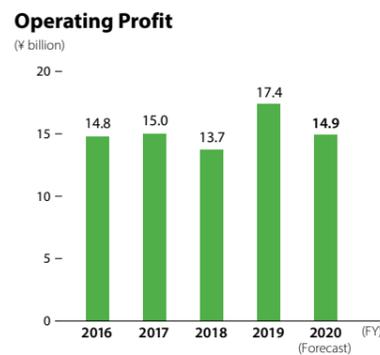
Fuji Brandenburg GmbH (rendering)

Regional Strategy



Japan

-  Vegetable Oils and Fats
-  Industrial Chocolate
-  Emulsified and Fermented Ingredients
-  Soy-Based Ingredients



FY2019 Results

- Achievement of record operating income in domestic business
- Continuation of sales growth in vegetable fats for chocolate
- Improvement of earnings through growing demand for palm oil
- Transition to high-value-added chocolates in line with market needs
- Greater demand and use of soy protein products based on increased focus on health
- Improvement of profitability in Emulsified and Fermented Ingredients Business

FY2020 Forecasts

- Reinforcement of competitiveness for vegetable fats for chocolate
- Greater use of fractionated palm oil products
- Strengthening of competitiveness for chocolates
- Increase in production capabilities and expansion of the use of soy protein ingredients
- Development of ingredients and products that demonstrate the appeal of PBFS
- Expansion in procurement of sustainable raw materials

Letting Our Plant-Based Food Ingredients Provide Solutions to Social Issues

In Japan, a country in which its society is aging faster than anywhere else in the world, the issue of a labor shortage, due to Japan's declining and aging population, will continue to be an area of focus going forward. The spread of COVID-19 has driven us into uncharted territory with a downturn in the GDP growth rate and drastic changes expected in the manufacturing sector. In light of such conditions, along with our continued efforts to develop products that address the issue of labor shortages, we will direct more attention to plant-based food (PBF), for which we believe in demand will grow with the heightening of awareness of the issues facing the global environment.

The Fuji Oil Group will strive to resolve such social issues by drawing on its plant-based food ingredients. Fiscal 2020 will undoubtedly be a challenging year due to the spread of COVID-19 and its adverse impact on the food service and souvenir markets stemming from the disappearance of inbound demand and the postponement of the Tokyo Olympic and Paralympic Games. However, as a countermeasure, we will make our utmost effort to leverage the capabilities of our PBF solutions and increase the sale of products for the home-meal market. As another countermeasure, we expanded the production capacity of our new textured soy protein plant in Chiba Prefecture, which we unveiled in July 2020.

While the massive typhoons and earthquakes and other natural disasters occurring across the globe and the risks they pose are matters of concern, we will put forth every effort to ensure the stable supply of sustainable food ingredients by stepping up our transformation through BCPs and digitization.

Moving forward, the Fuji Oil Group will remain committed to its unwavering beliefs and continue to contribute to the achievement of the SDGs through its main business. We will accomplish this by strengthening ESG management, adapting to the needs of society, and promoting the innovation of foods, centered on PBFs, based on our concept of "deliciousness and health."

JAPAN

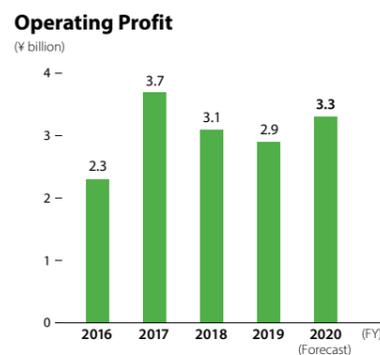
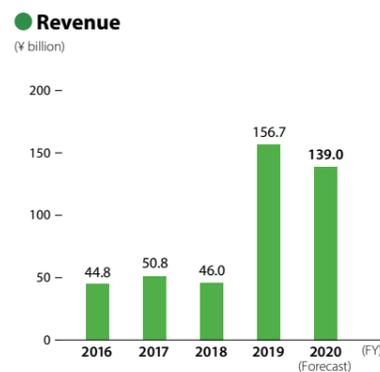


Tatsuji Omori
President
Fuji Oil Co., Ltd.



Americas

-  Vegetable Oils and Fats
-  Industrial Chocolate



FY2019 Results

- Blommer**
- Creation of new markets in accordance with greater focus on health
 - Drastic growth in sales of high-value-added products
 - Emergence of issues involving production bottlenecks
 - New trends in producing nations such as LID*

Fuji Vegetable Oil

- Brisk sales of vegetable fats for chocolate
- Improvements in profitability thanks to favorable position for raw materials

Harald

- Greater production stability and higher sales volume
- Higher cost of raw materials due to weakening Brazilian real

FY2020 Forecasts

- Blommer**
- Temporary decline in quantity demanded
 - Diversifying needs and greater sales opportunities
 - Improvements to productivity and quality management structure
 - Operation of proprietary cacao procurement program

Fuji Vegetable Oil

- Decline in quantity for food service sector
- Maintenance of brisk results in vegetable fats for chocolate

Harald

- Expansion of small-lot packaging despite decline in volume
- Implementation of demand-based pricing strategy

Strengthening of Structure Based on ESG Management

With the acquisition of Blommer Chocolate Company on the basis of our "reinforcement of core competence," a key measure under the current medium-term management plan, we succeeded in adding a new operating base for our chocolate business in North America. In addition, we are currently undergoing construction on a new oil and fat processing plant in New Orleans, Louisiana, which will serve as a new hub for the expansion of our Vegetable Oils and Fats Business going forward.

While the oils and fats business and the chocolate business are basically two sides of the same coin when it comes to our history and technology, the Americas region, through the combination of Harald in South America and Blommer and Fuji Vegetable Oil in North America, has become an area of prime importance to the Fuji Oil Group.

The economies of both North America and South America were hit hard by the impact of COVID-19, and while it appears as though it will take a while for their recovery, the growing demand for improved safety and security, better health, and a cleaner environment is projected to continue as we move forward. In order to make a swift recovery, we must strengthen the framework of each company while anticipating changes in consumer needs to develop new products and reinforce our factory operations with safety, security, health, and the environment as our top priority.

Over the medium to long term, we will look to forge ahead with the development of efficient supply chain management centered on the oils and fats business in the Americas region. Through the establishment of a collective framework between each region, we will also work to reduce the cost of raw materials, promote sales of distinctive products at Group companies, increase sales of vegetable fats for chocolate and compound coating, and develop our next generation of talent, all the while striving to resolve the issues affecting all regions, particularly within Europe.

The Fuji Oil Group will aim to resolve the issues of society by drawing on its oil and fat technology and its unique products leveraging the technological strengths of Group companies. We will also roll out our long-cultivated, highly productive operational capabilities at business sites in the Americas. In so doing, the Fuji Oil Group will work to ensure that it is deemed a necessary part of American society and that it becomes a company that "works for people" while being fully committed to safety, security, health, and the environment.

THE AMERICAS

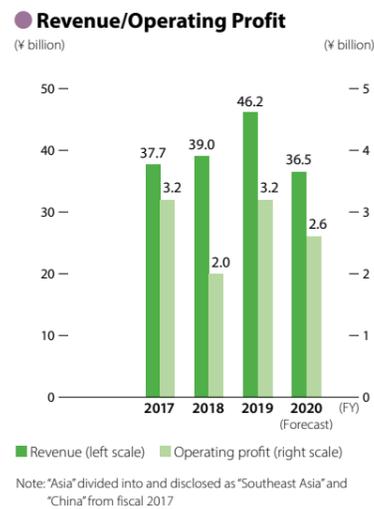


Mikio Sakai
Chairman of Blommer
Chocolate Company
President of Fuji
Specialties, Inc.

* Living income differential

Southeast Asia

- Vegetable Oils and Fats
- Industrial Chocolate
- Emulsified and Fermented Ingredients



- #### FY2019 Results
- Expansion of Industrial Chocolate Business
 - Stabilization and expansion of Thai business
 - Growth of sustainable palm oil business
 - Early settlement of accounts through implementation of SAP
- #### FY2020 Forecasts
- Expansion of Industrial Chocolate Business
 - Expansion of market through implementation of region-specific marketing strategies
 - Strengthening of efficiency and streamlining of regional management functions
 - Development of markets through advancement of applications of oil and fat products

Leveraging the Group's Collective Strengths to Overcome the Fierce Competition

While the food market in Southeast Asia has been growing in step with the region's economy, competition has been intensifying year after year with the entry of prominent local enterprises and global competitors. Fuji Oil Asia Pte. Ltd.'s customers consist of globally active companies that aim to realize a sustainable world as envisioned through the SDGs, such as heightened awareness of health in Europe and the United States and conservation of the global environment. Fuji Oil Asia's customers also include companies with deep roots in the regions of emerging nations, such as those in Southeast Asia and Africa.

As the needs of developed countries shift at even greater speeds while the needs of developing countries differ from those of the West in that their preferences and eating habits are based on local production, the gap between the two is quite evident as shown by their inequalities in income levels. How we address these contrasting demands by finding the right balance represents our medium-term management issue.

Moreover, the restrictions enforced by the governments of each country as a result of COVID-19 have brought about a temporary plunge in sales in the form of plummeting demand for non-essential goods. Nonetheless, as our business centers on the provision of food, which is essential to the lives of consumers, we will continue to operate our business by taking the appropriate measures to prevent the spread of the disease. Looking ahead, we will assemble the strengths of each Group company to embrace and continue to grow our business in the "new normal."

As we proceed forward, we will continue to build on the trust we have earned from our customers over the course of our history and provide deliciousness and health to people and the greater society.

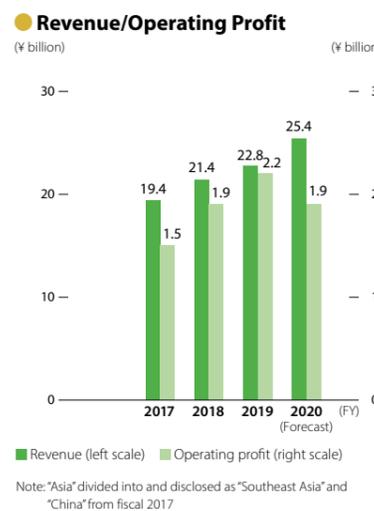
SOUTHEAST ASIA



Hitoshi Shindachi
Managing Director
Fuji Oil Asia Pte. Ltd.

China

- Vegetable Oils and Fats
- Industrial Chocolate
- Emulsified and Fermented Ingredients
- Soy-Based Ingredients



- #### FY2019 Results
- Achievement of record operating income at Fuji Oil (Zhang Jia Gang) Co., Ltd.
 - Firm maintenance of leading share in China's fillings market
 - Development of sales promotion structure for functional ingredients in China
 - Selection and concentration, and transfer of Shandong Longteng Fuji Foodstuffs Co., Ltd.
 - Decision on construction of whipping cream plant
- #### FY2020 Forecasts
- Reinforcement of chocolate business through participation of Blommer
 - Development of differentiated products for bakery ingredients
 - Strengthening of management geared toward 1,000-employee structure
 - Foray into "food for specified health uses (FOSHU)" market
 - Preparations for establishment of new plant-based meat market

Resolving Issues through Plant-Based Food Ingredients by Adapting to the Diversification of Food and Increased Health-Consciousness in China

In China, despite the massive impact of COVID-19, the Fuji Oil Group was able to fully recover within a relatively short period of time thanks to its rigorous measures to prevent the spread of the disease.

In fiscal 2020, we will direct our attention to the following two points. First is the establishment of a stable development structure for our entire operations in China through our relentless efforts to bolster governance at existing businesses. Second is the creation of a new pillar by embracing China's markets with high growth potential and taking proactive measures to excel there. For the latter, it is crucial that we view China's society and markets from a global perspective, and not a Japanese one.

As China is an enormous market, there is an ongoing battle with the world's major corporations involving significant amounts of investment. To win out against the world's major players and respond to any type of change, we will continue to bolster our corporate framework.

In 2049, China will celebrate the 100th anniversary of the founding of the People's Republic of China and is projected to become the world's No. 1 economic powerhouse by this time. The nation is also expected to take the lead in promoting measures toward the achievement of a better global environment.

Moreover, China's thriving economy has sped up the pace of the diversification of food and raised the demand for better health in the country.

By adapting together with its changing society and confronting the issues facing people and the world, the Fuji Oil Group will help resolve China's social issues through the supply of plant-based food ingredients.

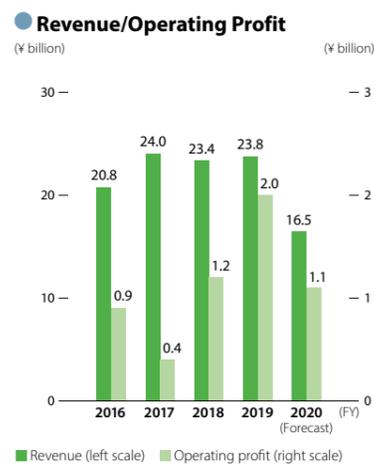
CHINA



Masataka Minemura
President
Fuji Oil (China) Investment Co., Ltd.

Europe

- Vegetable Oils and Fats
- Industrial Chocolate
- Soy-Based Ingredients



- #### FY2019 Results
- Fuji Oil Europe achieved record-high operating income
 - Fuji Oil Ghana Ltd. stabilized its operations
 - Fuji Brandenburg GmbH was established
 - PBFS Open Innovation projects were launched
- #### FY2020 Forecasts
- Pursue Vegetable Oils and Fats Business and shea nuts procurement with a focus on sustainability
 - Expand industrial chocolate production capacity
 - Pursue strategic collaboration with the Americas region
 - Set up Sales & Development function for Functional Ingredients business
 - Plan to establish new European PBFS business

Contributing to the Group through Sustainability

Our mission is to contribute to the Group by executing businesses reflecting the latest trends and global standards in food and sustainability that have been introduced in Europe. Meanwhile, a challenging business environment continues, not only because of existing social issues such as Brexit, immigration, or the North-South, East-West divide in Europe but also due to the transformation of social values, the market environment, and consumer behaviors, triggered by COVID-19.

The spread of the virus has redefined sustainable consumption to "materializing Shared Value through social, environmental, and economic activities" from its traditional environmental, climate, and animal welfare framework. It has forced us to review whether Shared Value is provided to all of our stakeholders, not just to our direct suppliers, vendors, or customers in the supply chain.

Going forward, Fuji Oil Europe Africa will focus on Innovation and Sustainability to continue to provide solutions in Oils & Fats, Industrial Chocolates, and Functional Ingredients. It is expected that half of the EU population will become potential Plant-Based Food consumers by 2030, mainly consisting of millennials and Generation Z. Our quest to offer solutions to social issues will also include planning and initiating new European PBFS business, targeting such consumers.

EUROPE



Naohiro Rokukawa
Managing Director
Fuji Oil Europe Africa B.V.

Sustainable Procurement

See Sustainability Report 2020 for more information about our sustainable procurement activities.
<https://www.fujiioilholdings.com/en/csr/>

We are committed to producing results through procurement initiatives aimed at accomplishing the goals of the UN SDGs.



Hiroshi Shinano
 Executive Officer
 General Manager, Oils & Fats and Chocolate Division

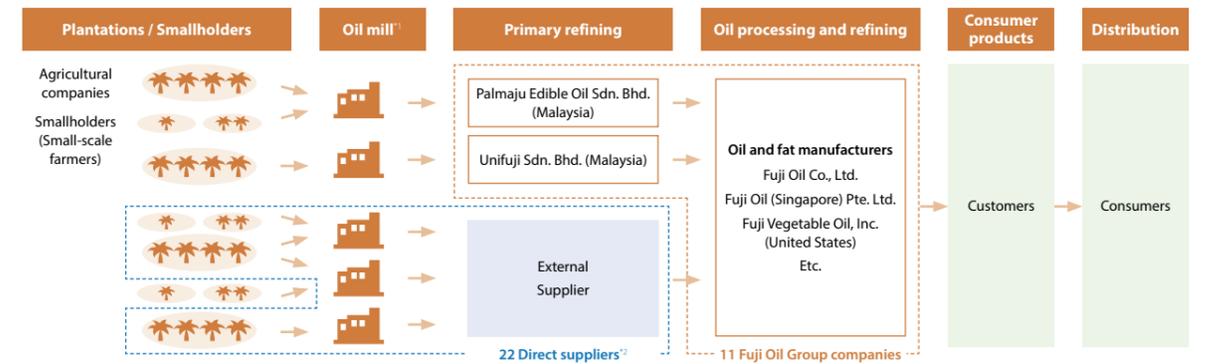
Humanity is currently locked in a battle against the new foe that is COVID-19. This battle reminds us of the importance of realizing a sustainable society, and underscores our long-term commitment to address supply chain issues facing the industry and the Fuji Oil Group. In 2020, we announced new initiatives in support of our vision. We are committed to contributing to efforts to fight the deforestation that is a cause of global climate change and to the resolution of human rights issues affecting agricultural workers in Africa and other areas. One such issue is child labor. The United Nations Sustainable Development Goals (SDGs) call for the elimination of all forms of child labor by 2025. However, current conditions suggest that this goal will be difficult to accomplish. The standalone efforts of private-sector companies alone will not be enough to address these issues. Rather, we recognize that resolving these issues will require collaboration with government agricultural production agencies, industry organizations, customers and consumers, and NPOs and NGOs. This collaboration will need to be pursued alongside efforts to develop results-producing frameworks in actual business activities. In the food industry, the commitment to address environmental and human rights issues associated with business activities is becoming a requirement, and inquiries and requests regarding this matter from various customers are on the rise. Moreover, we are also witnessing increases in communication with NPOs and NGOs.

Fuji Oil's business activities are founded on the belief that plant-based food ingredients can contribute to the resolution of social issues. In line with this belief, we actively respond to the environmental and human rights issues seen across the supply chains for major raw materials. We are committed to the essential strategy of changing to sustainable sources for all the materials we use and elevate the sustainability of the Group's business. This recognition prompted us to announce our medium- to long-term sustainable procurement commitment in 2020. Through initiatives based on the key performance indicators (KPIs) defined in this commitment, we will accelerate activities across the Group.

Industry Efforts in Major Businesses and Fuji Oil's Sustainability Directives

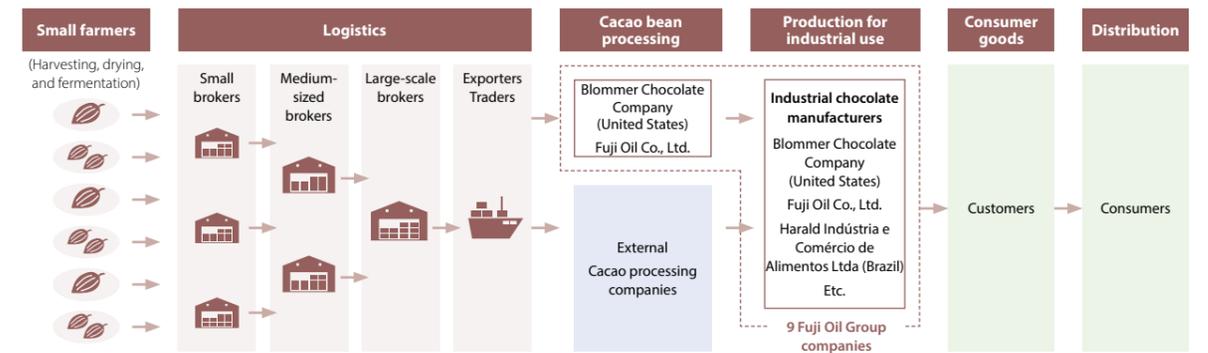
Business	Industry Efforts	Directives
Vegetable Oils and Fats Business	<ul style="list-style-type: none"> Fully committed, ongoing efforts to prevent deforestation in Indonesia and Malaysia Improvement of palm fruit bunch traceability through continued use of the Roundtable on Sustainable Palm Oil (RSPO) as a core platform while incorporating new methodologies Diversification of oil and fat raw materials to alleviate dependence on palm-based raw materials 	Establishment of sustainable procurement commitment (see next page)
Industrial Chocolate Business	<ul style="list-style-type: none"> Support of the living income differential (LID) in Ghana and Côte d'Ivoire in 2019 and active engagement in the discussion for due diligence legislation in the European Union and the United States Recognition of issues intrinsically linked to business sustainability and SDG goals and acceleration of Groupwide initiatives 	Establishment of sustainable procurement commitment (see next page)
Soy-Based Ingredients Business	<ul style="list-style-type: none"> Increased attention turned toward environmental and human rights issues amid global growth in consumption Decision to join the Round Table on Responsible Soy Association (RTS) in fiscal 2020 and further promotion of sustainable procurement together with value chain representatives 	Formulation of procurement policies and KPIs by mid-2021

Palm Oil Supply Chain and Position of the Fuji Oil Group



*1 More than 1,300 oil mills registered in July–December 2019, oil mill list
 *2 As of May 31, 2020

Cacao Supply Chain and Position of the Fuji Oil Group



Sustainable Procurement Commitment for Eliminating Child Labor and Preventing Deforestation

In June 2020, Fuji Oil established medium- to long-term targets as part of its sustainability procurement commitment for palm oil and cacao beans. In addition, KPIs were defined and disclosed to accelerate activities in this regard.

	Medium- to long-term target	Current status 2025	2025	2030	Final goal
Palm	Deforestation prevention	52% TTP*1	75% TTP	100% TTP	NDPE*2
	Exploitation prevention	Improved working environment: 10% (Major subsidiary)	Improved working environment: 100% (Major subsidiary)	Improved working environment (All direct suppliers)	
Cacao	Child labor	CLMRS*3 Blommer direct supply: 97%	WFCL*4: Zero	Child labor: Zero	Eliminate child labor, eradicate deforestation
	Reforestation	130,000 trees planted (Current program)	500,000 trees planted	1 million trees planted	

This KPI will be reviewed in the next two years in line with changes in social conditions.

*1 TTP: Traceability to Plantation
 *2 NDPE: No Deforestation, No Peatland Development, and No Exploitation
 *3 CLMRS: Child Labour Monitoring and Remediation System
 *4 WFCL: Worst Forms of Child Labor

Sustainable Procurement of Palm Oil

The Fuji Oil Group has pioneered a new food culture by continuously pursuing palm oil's potential as a key raw material.

Compared to other oil and fat raw materials, palm oil boasts superior production efficiency and is one of the main consumable materials in the world. Accordingly, it is unlikely to completely replace the use of palm oil with other materials. We recognize that sustainable procurement of this material is part of our responsibility in addressing the social and environmental issues in the palm oil industry, and therefore, we established the Responsible Palm Oil Sourcing Policy.

The Fuji Oil Group's Responsible Palm Oil Sourcing Policy

<https://www.fujioilholdings.com/pdf/en/csr/sustainable/160310.pdf>

In March 2016, we established the Responsible Palm Oil Sourcing Policy for the Fuji Oil Group. In this policy, we commit ourselves to procuring palm oil produced in a responsible manner from suppliers that respect both people and the environment.

Key Commitments

Compliance with NDPE standards

- No deforestation of High Conservation Value (HCV) or High Carbon Stock (HCS) areas
- No new peatland development
- No exploitation of indigenous peoples, communities, or workers

Resolutions to Social and Environmental Issues Surrounding the Palm Oil Industry

- To ensure the prevention of deforestation and resolve human rights issues in the supply chain, we engage in continuous communication with suppliers in line with the Fuji Oil Group's Responsible Palm Oil Sourcing Policy and related commitments.
- In addition to promoting certified oil, Fuji Oil enhances its sustainable commitments by implementing new approaches that include grievance mechanisms, landscape approach, satellite monitoring, and the Labor Transformation Program (LTP).

KPIs

- ① To achieve 100% TTP rate by 2030 (52% at present)
- ② To ensure 100% of the suppliers of Palmaju Edible Oil* are engaged in the LTP by 2025

* Palmaju Edible Oil is a 100%-owned refinery located on-site at Fuji Oil and is a strategic palm source for other refineries of Fuji Oil.

FY2020 Policies and KPIs

Maintain 100% rate of traceability to oil mills (TTM) for palm fruit bunch and raise TTP rate to 60% by March 31, 2021 (52% in fiscal 2019)

The Fuji Oil Group's Approach



Full Operation Targeted at Unifuji

Unifuji Sdn. Bhd. is a joint venture with United Plantations Bhd., which shares our mission to ensure sustainable procurement of palm oil. Unifuji secures high-quality and sustainably produced palm oil as a raw material from United Plantations farms and produces high-value-added palm oil products for sale, based on our fractionation technology, which is one of our strengths.

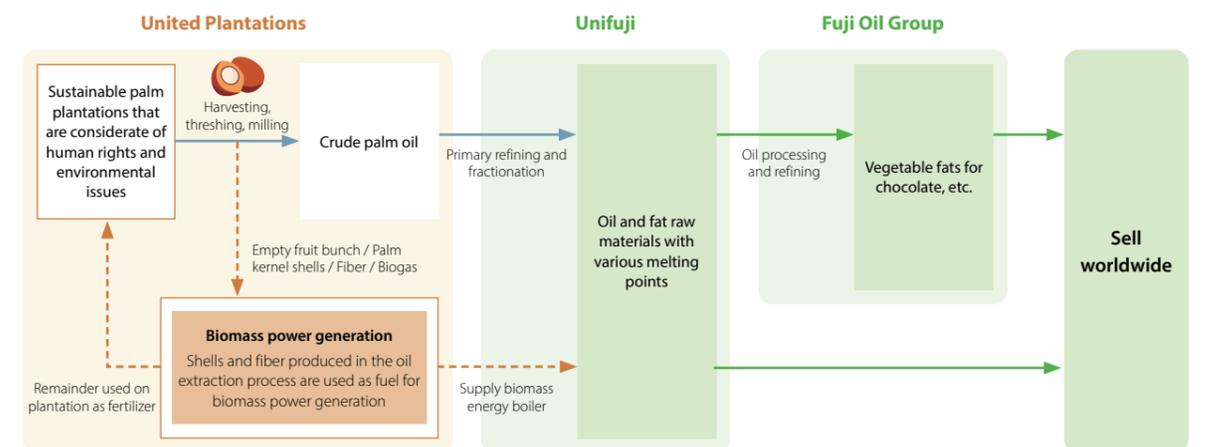
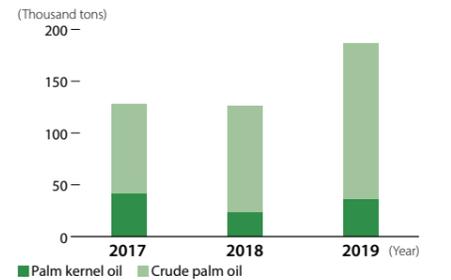
In fiscal 2019, chocolate confection manufacturers from across the globe as well as customers from Japan were invited to the premises of Unifuji to take part in a discussion with a representative from partner United Plantations on the importance of creating shared value and practicing sustainable procurement. In addition, through the systematic commencement of approximately 60% of processes receiving official quality verification from customers or public certification for compliance with standards, the rate of the Group's oils that are RSPO certified was increased from 17% to 24%.

Meanwhile, demand is steadily growing for sustainable palm oil compliant with "No Deforestation, No Peatland Development, and No Exploitation (NDPE)" standards, increasing the importance of Unifuji in our oils and fats business. Positioning Unifuji as a central pillar of Groupwide sustainable palm oil procurement efforts, we will target full operation of this company in fiscal 2020.



Part of the vast plantation area of United Plantations

Fuji Oil Group's RSPO-Certified Oil Transaction Volume



Voice of Representative

Value Magnified through Group Network

On January 17, 2019, Unifuji commenced full-fledged operation, with the King of Malaysia in attendance, and this company has since been diligently advancing sales channel measures aimed at major customers. High praise has been received for Unifuji's simple proprietary supply chain, which allows for complete traceability, and for its green carbon footprint, enabling this company to form strategic partnerships with major multinational companies. In fact, one of these partners went as far as to crown Unifuji as its sustainability champion in April 2019.

Today, the value created through Unifuji's simple and completely traceable supply chain is being magnified through the Fuji Oil Group's network. Looking ahead, Unifuji will pursue growth by accelerating its efforts in Europe, North America, and Asia while partnering with other multinational companies. The tools it is utilizing in this undertaking include its ability to offer raw materials with unparalleled quality, complete traceability, and exhaustive contamination management.

Teo Yong Wah

Managing Director
Fuji Oil (Singapore) Pte. Ltd.
Managing Director
Palmaju Edible Oil Sdn. Bhd.
Director
Unifuji Sdn. Bhd.



Sustainable Procurement

Revised Grievance Mechanism

A grievance mechanism was established in May 2018 to address supplier non-compliance in regard to Fuji Oil's Responsible Palm Oil Sourcing Policy and to ensure that suppliers undertake improvement efforts concerning environmental and social issues in the supply chain. As of June 30, 2020, a total of 147 grievance cases had been recorded in our public grievance list. Out of the 108 cases in which transactions have been confirmed, 9 have been closed completely, 45 have been closed on the condition that follow-up monitoring will be performed, 11 have been suspended, and 43 have monitoring in progress, which involves Fuji Oil working together with suppliers to address issues.

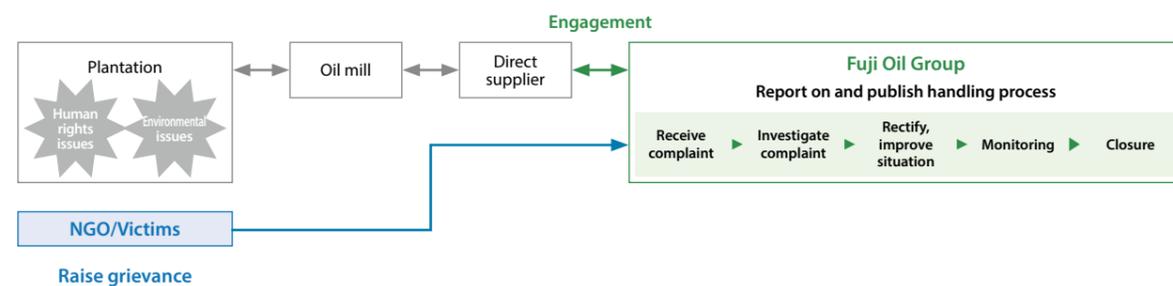
This approach is used to pursue improvements in deforestation and human rights issues when companies are judged based on social and environmental issues.

In fiscal 2020, we revised our grievance procedure. This revision entailed redefining the targets of engagement, the enhancement of initiatives aimed at all direct and indirect suppliers across the value chain through the introduction of suspend-and-engage protocol, and clarifying grievance-related processes. This new procedure has enabled us to enhance our responses to the requests of stakeholders and to ramp up initiatives based on our Responsible Palm Oil Sourcing Policy.

Grievance Procedure



Grievance Mechanism



Participation in Priority Transformation Landscape Initiatives in Indonesia

On the island of Sumatra in Indonesia, Fuji Oil is engaged in a landscape initiative established by Earthworm Foundation, Fuji Oil's sustainability partner. This initiative uses a landscape approach*¹ in which it works together with various stakeholders to protect precious tropical rainforests threatened by plantation development and encroachment in Aceh Province on Sumatra.

Deforestation in this area is a result of an intricate web of factors such as the expansion of palm plantations, poor social infrastructure, and weak law enforcement. For this reason, although we are advancing toward a sustainable supply chain together with direct suppliers, there is a limit to what can be accomplished by Fuji Oil alone. The landscape initiative, which involves local government agencies, suppliers, and NGOs engaging in communication with local oil mills, plantations, and smallholders, is imperative for protecting High Carbon Stock (HCS) forests using the High Carbon Stock Approach.*² Fuji Oil participated in a site visit in 2019, where progress was witnessed and a meeting was held together with the district government to discuss issues and provide support in strengthening the resilience of local communities and people's livelihoods and palm companies' NDPE commitments.

*1 The landscape approach entails pursuing region-wide improvements through joint efforts with multiple stakeholders, including palm plantations, NGOs, local communities, and government agencies.

*2 The High Carbon Stock Approach provides a scientific methodology for distinguishing forest areas for protection from degraded lands with low carbon and helps protect community land rights and the livelihoods of people in the community.



A multi-stakeholder dialogue with the local district government



A school where local women and children are taught sound agricultural practices and the diversifying of cash crops

Sustainable Procurement of Cacao

Consumption of chocolate is growing on a global scale. At the same time, West Africa, the primary producer of cacao, an important ingredient in chocolate, faces a myriad of social issues. As the third-largest producer of industrial chocolate in the world, the Fuji Oil Group recognizes the importance of its role in the development, execution, and maintenance of sustainable systems to support the cacao farming family.

The Fuji Oil Group's Responsible Cacao Sourcing Policy

https://www.fujioilholdings.com/en/news/2018/_icsFiles/afieldfile/2018/08/07/180808_2.pdf

In August 2018, we announced our Responsible Cacao Sourcing Policy, which outlined a strategy for cooperation with a wide range of stakeholders in the cacao supply chain to achieve the procurement of sustainably grown cacao throughout our business. In 2020, concrete KPIs were established in this regard by incorporating the sustainability policies and methodologies of Blommer.

Key Commitments

- Improving the livelihood of cacao farmers
- Eliminating child labor from our supply chain
- Preventing deforestation and protecting forests

Initiatives for Addressing Social Issues Surrounding the Cacao and Chocolate Industry

- Child labor is a serious issue in Côte d'Ivoire and Ghana, where around 2 million people are working on cacao plantations. Factors contributing to this social issue include low wages for agricultural workers and a lack of access to high-quality education.
- Global action is being taken on this front, with movements in the European Union toward legally requiring monitoring to prevent child labor and the implementation of more rigorous requirements by U.S. Customs and Border Protection.
- As a member of the World Cocoa Foundation, the Fuji Oil Group has announced its support for the living income differential (LID) of Côte d'Ivoire and Ghana and is advancing initiatives together with the cacao and chocolate industry using the platforms formed by the foundation and the governments of these countries.

KPIs

Child Labor

The Fuji Oil Group seeks to decrease the number of cases of worst forms of child labor to zero, as defined by the International Labour Organization (ILO),* by 2025 in order to eliminate all forms of child labor across the cacao bean and cacao product supply chain by 2030.

Target 8.7 of the UN SDGs aims for the elimination of the worst forms of child labor by individuals under 18 no later than 2025.

* ILO Convention No. 182, established in 1999, defines the following as among the worst forms of child labor.

1. Slavery including trafficking, conscription and other forms of forced labor, and debt bondage
2. Use in or trafficking for prostitution, pornography, or sexual performances
3. Use in or trafficking for drug production or dealing or other illicit activities
4. Other forms of labor that threaten to violate the safety, well-being, or ethical treatment of children

Blommer has implemented a Child Labour Monitoring and Remediation System (CLMRS) to improve monitoring against child labor. Fuji Oil's headquarters will build upon this system as part of its requirements for the enactment of Program Bean.

Reforestation

Fuji Oil aims to distribute one million trees in cacao cultivation regions by 2030 with consideration paid to the diversity and multi-use aspects of tree varieties.

The Fuji Oil Group is implementing the landscape model to prevent deforestation. One example of efforts on this front is the distribution of forest trees in regions negatively impacted by the expansion of cacao farming. Blommer has continued to advance these efforts as part of its initiatives and as a founding member of the Cocoa & Forests Initiative. The distribution of shade and other trees brings benefits by helping create optimal humidity levels for cacao cultivation and by facilitating coexistence with animals and insects.

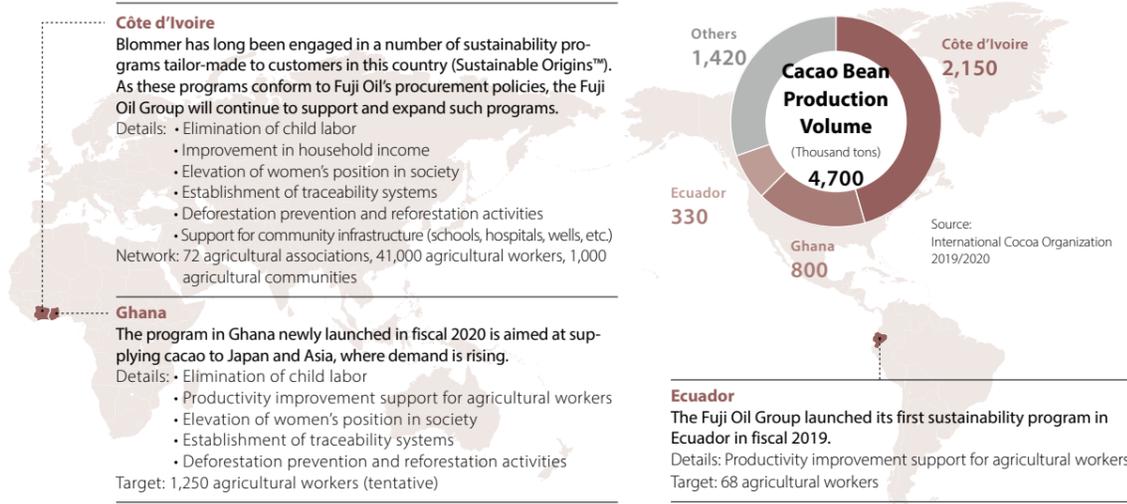
The Fuji Oil Group's Approach

- 1 Pursuit of Greater Authority and Effectiveness
- 2 Groupwide Improvement of Initiatives
- 3 Establishment and Companywide Entrenchment of Concrete KPIs
- 4 Support for Education Aimed at Elimination of Child Labor

Sustainable Procurement

Status of Fuji Oil Group Initiatives

Cacao grows in regions located within 20 degrees latitude of the equator, meaning that the primary producing countries are in West Africa and South America. The Fuji Oil Group is advancing sustainable procurement programs in three countries with particularly large production volumes. Through these programs, the Group is fulfilling its social responsibilities via activities in Côte d'Ivoire, the foremost producer of cacao and where Blommer is engaged in a large-scale program; Ecuador, where the Fuji Oil Group commenced a program in fiscal 2019; and Ghana, the second-largest producer of cacao and where a program was launched in fiscal 2020.



Voice of Representative

For nearly 20 years, Blommer has been leading the cocoa industry through our development of comprehensive and innovative sustainability programs around the world. Building off our early learning, our award-winning Sustainable Origins™ platform today sets the standard for cocoa sustainability. Now as part of the Fuji Oil Group, I welcome the opportunity of what together we can achieve. By uniting Blommer's experience with Fuji Oil's clear vision and commitment to sustainability, we can create a pathway to help lead the industry in its efforts to solve the challenges that remain, provide the critical support necessary for our customers to reach their sustainability goals, and ensure that the farming community is provided the opportunity to succeed.

Kip Walk
Senior Director,
Corporate
Sustainability
Blommer Chocolate
Company



* Sustainable Origins™ is Blommer's basic sustainability policy. It encapsulates Blommer's strong commitment to cacao producers and their communities around the world and represents the vision for responsibility toward sustainable cacao production and protection of the livelihoods of agricultural workers that Blommer has continued to cherish since its founding in 1939.

1 Pursuit of Greater Authority and Effectiveness

Having welcomed Blommer into the Group, we have adjusted our membership in major cacao industry associations worldwide to allow for greater sharing of information between Group companies.

Membership in Major Cacao Industry Associations Worldwide

Association	Headquarters	Fuji Oil Group Member
WCF World Cocoa Foundation	U.S.	Fuji Oil Holdings Blommer
CMAA Cocoa Merchants' Association of America	U.S.	Blommer
FCC Federation of Cocoa Commerce	UK	Fuji Oil Holdings* Blommer
ECA European Cocoa Association	Belgium	Fuji Oil Europe
CAA Cocoa Association of Asia	Singapore	Fuji Oil Asia*

* Scheduled for affiliation in fiscal 2020

2 Groupwide Improvement of Initiatives

Evolution of Blommer's Methodologies

Blommer was a principal member engaged in the establishment of the World Cocoa Foundation. Quick to focus on implementing internal cacao sustainability programs, this company was a pioneer in the pursuit of a sustainable cacao bean industry. Going forward, the Fuji Oil Group will continue to utilize the experience and methodologies Blommer has forged over the years while improving the level of Groupwide initiatives as it endeavors to grow businesses that contribute to society.

Deforestation Prevention and Reforestation Activities

We are committed to end deforestation in West Africa while at the same time advancing reforestation initiatives in this region. To this end, we are expanding the reforestation activities Blommer has conducted to date and the provision of agricultural training aimed at limiting the growth of plantation sizes through improved productivity and increasing the income of agricultural workers. In addition, we plan to plant one million trees on plantations in cacao-producing regions by 2030 with consideration paid to biodiversity.



Fuji Oil's Program Bean

The Fuji Oil Group's Program Bean (Sustainable Origins™) sustainability program is being implemented with a comprehensive range of requirements pertaining to certification, protection of children, deforestation, tree planting, agricultural guidance, and support for commencement of agricultural operations. This program was previously in place in Ecuador and Côte d'Ivoire and newly introduced in Ghana in fiscal 2020.

As a result, cacao beans procured from these countries can now be treated as UTZ Certified and Rainforest Alliance MB Certified beans.



3 Establishment and Companywide Entrenchment of Concrete KPIs

Concrete targets for KPIs have been set through coordination and discussion with Blommer's sustainability team.

In addition, training sessions for sales and business administration divisions have been held to spread and entrench awareness regarding social issues pertaining to cacao beans, industry actions, and Group policies with an eye to growing sustainable industrial chocolate businesses.



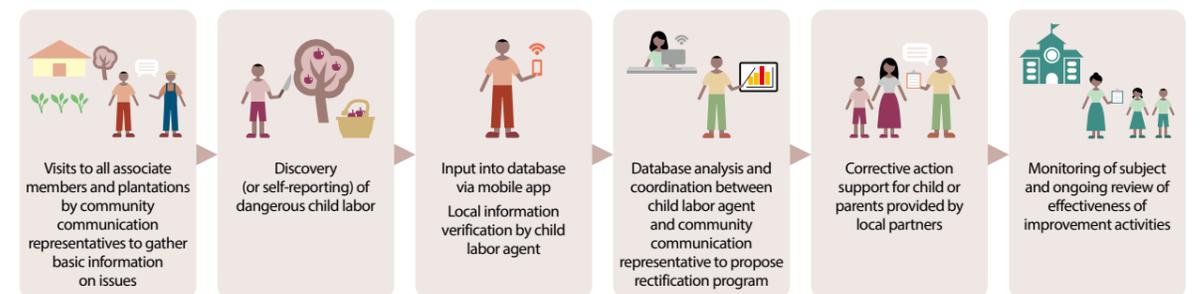
4 Support for Education Aimed at Elimination of Child Labor

Child Labour Monitoring and Remediation Systems

The World Cocoa Foundation is developing a new framework for combating child labor through coordination between the governments of Côte d'Ivoire and Ghana as well as the World Bank and UNICEF. Meanwhile, the Fuji Oil Group has signed a letter of intent with the Jacobs Foundation of Switzerland expressing its intent to donate a total of US\$1 million over a five-year period to the Child Learning and Education System and Early Learning and Nutrition Facility programs that the foundation is developing in Côte d'Ivoire to support youth education and provide information on nutrition for young children.

At the same time, we are advancing highly effective initiatives through the development of CLMRSs under Program Bean.

CLMRS Framework



Advancing to the Next Stage of Our Chocolate Business

The Fuji Oil Group's Chocolate Business originated with the development of vegetable fats for chocolate, and since then, the Group has become the world's third-largest industrial chocolate manufacturer as a result of the acquisition of Blommer Chocolate Company. Amid rapid globalization and expansion of our scope of business, we will take our efforts to a whole new level in order to fully leverage our long-cultivated strengths throughout the Group.

Since its 2015 acquisition of Harald, the leading manufacturer of industrial chocolate in Brazil, the Fuji Oil Group has been actively pursuing M&As. The Group acquired Blommer, one of the leading industrial chocolate manufacturers in the United States, in 2019, which propelled its global presence. Until the Blommer acquisition, we held a large share of the industrial chocolate market in Japan and other parts of Asia, but our share of the European and U.S. markets, our main battlegrounds, was next to zero as we had not established a footing of any kind. Moreover, as the Group rolled out the Industrial Chocolate Business based on its development of vegetable fats for chocolate, unlike the world's top manufacturers, the business hinged on the latter half of the supply chain encompassing cacao bean plantations, cacao bean processors, industrial-use manufacturers, consumer product manufacturers, and consumers. Because this implied that we could not directly engage in the supply chain up to the stage of procuring cacao beans, we assumed it would be difficult to address the rigorous demands for raw material sustainability that we had projected would ensue thereafter. Nonetheless, the consolidation of Blommer into the Fuji Oil Group has allowed us to lay the groundwork for overcoming our biggest weaknesses of establishing a foundation for our U.S. business and securing sustainable raw materials (cacao beans) through our ability to draw on Blommer's years of experience with cacao bean plantations and a significant share of the U.S. market. As a result, our Industrial Chocolate Business has vaulted onto its next stage.

Our business is currently the main cash cow of the Fuji Oil Group's operations, accounting for a significant share of the Group's profits. In order to continue in this role, we will steadily implement the various measures that will be explained in this section and devote our full attention to continuing to expand the business. Further, the emergence of global crises, such as the spread of COVID-19 which we are currently contending with, can induce massive changes to consumption trends and industry structures. I realize that we are tasked with the major responsibility of generating cash to be able to prepare ourselves for such catastrophes.

Scientific evidence suggests that chocolates provide pleasure and comfort. For that reason, chocolate will likely garner more and more demand as the world struggles to deal with this ongoing feeling of hopelessness. In addition, as societies continue to age worldwide, we may start to see chocolate products that melt more easily in the mouth as well as those with nutrition in mind. Moreover, the Group boasts unique strengths in the form of technologies for oils and fats as well as protein, which are capable of unlocking the range of possibilities of chocolates. We will develop unparalleled products that are clearly distinct from those of our competitors with the goal of delivering new value for chocolate to each and every consumer across the globe.



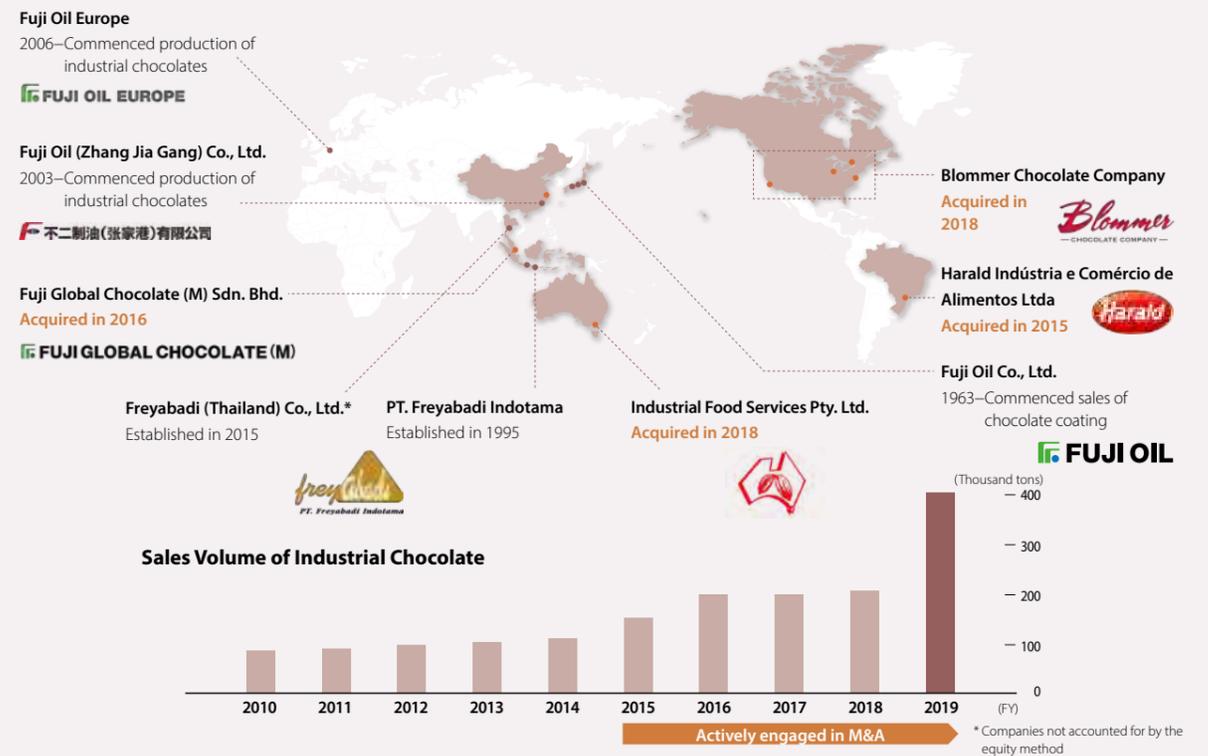
Peter Blommer
President and CEO
Blommer Chocolate Company

Mikio Sakai

Mikio Sakai
Chairman of Blommer Chocolate Company
President of Fuji Specialties, Inc.

Establishment of a Global Structure

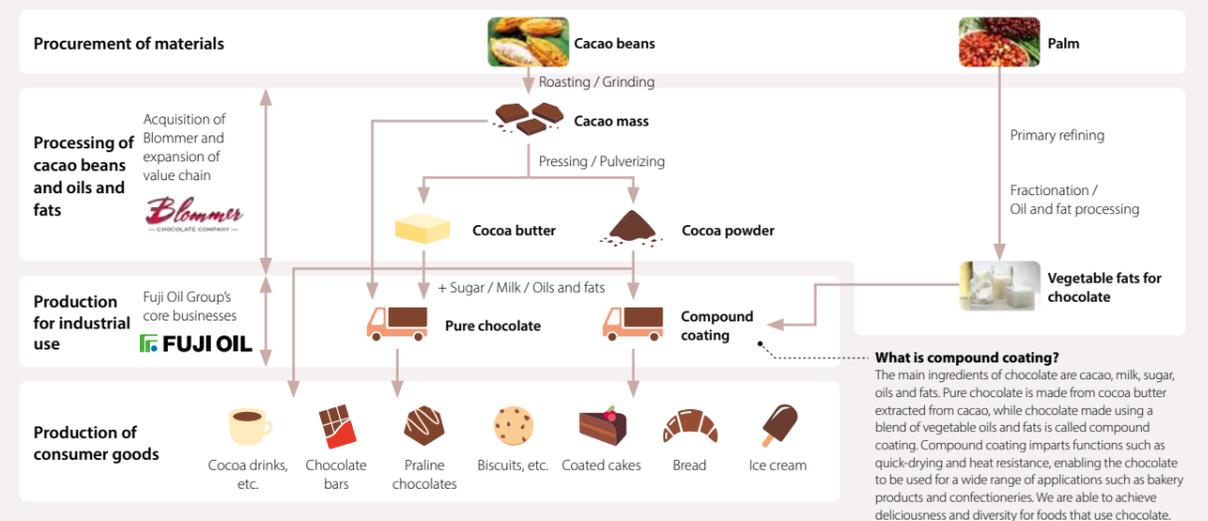
The Fuji Oil Group supplies industrial chocolate to 16 business sites in 10 countries around the world, centered on the Pacific Rim, in accordance with the preferences and needs of customers in each region. Our overseas sales ratio, which was around 30% of our overall sales in 2010, was nearly 80% in 2019.



Strengthening Sustainability through the Expansion of Our Value Chain

The Group has accumulated know-how on vegetable fats for chocolate (Vegetable Oils and Fats Business) over the course of its history and has become one of the three largest companies in the world, backed by its strengths in compound coating. Through the addition of Blommer, we have expanded our presence in the value chain to include upstream processes through to the procurement of cacao raw materials, in which we had not directly engaged previously, and forged ahead with initiatives for the sustainability of cacao, for which we faced a series of issues in the past.

Value Chain of the Chocolate Business



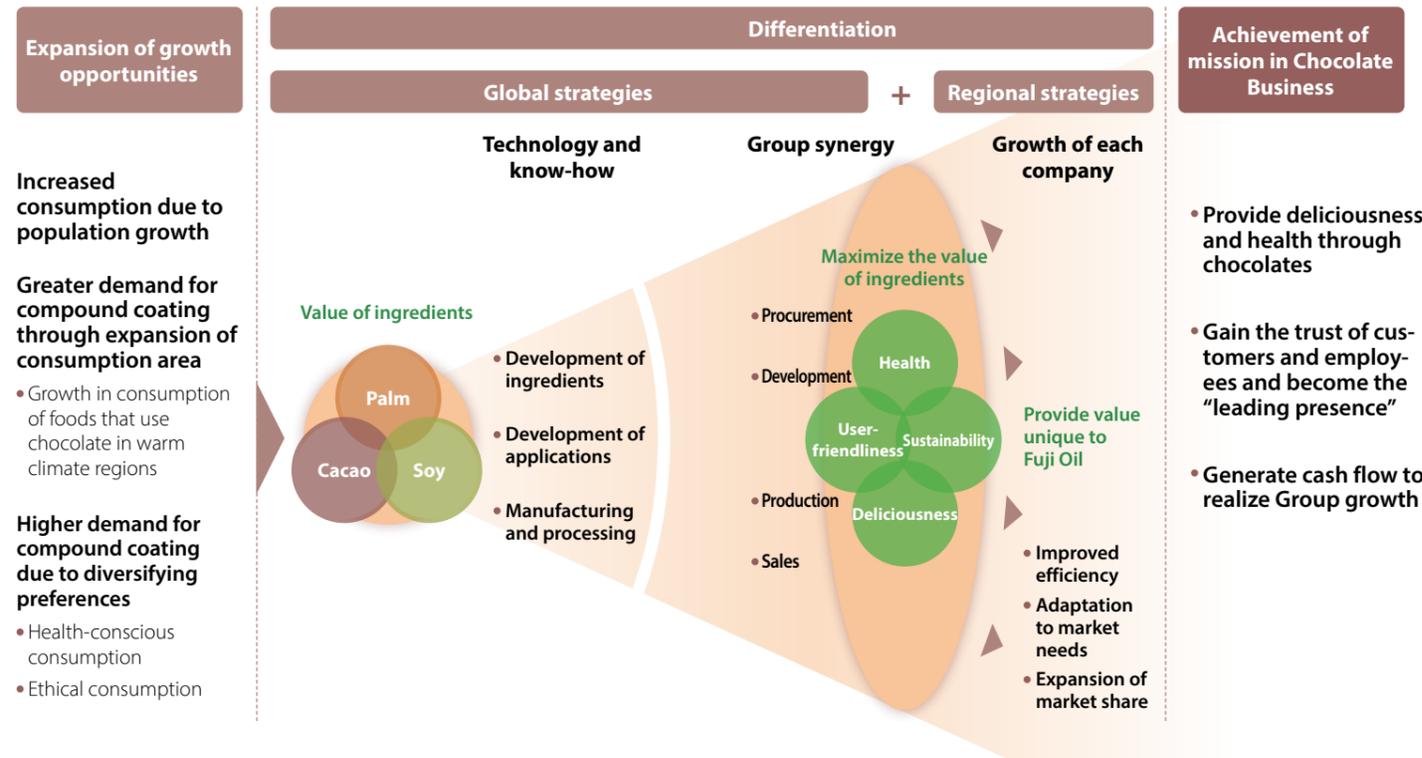
SPECIAL FEATURE

Advancing to the Next Stage of Our Chocolate Business

Global Strategy of the Chocolate Business

The Fuji Oil Group has increased its business transactions with multinational companies, and this has enhanced the need to step up the collective efforts of its regional bases. Through the sharing of our long-cultivated production and development technologies, as well as our know-how in raw material procurement, we are proceeding with efforts to fully capitalize on our strengths as a Group.

Growth Strategy



Collaborating toward Maximizing Group Strengths

Global Chocolate Unit Meeting

The Fuji Oil Group holds its Chocolate Global Summit, where representatives of the chocolate business of their respective companies gather from around the world. The summit consists of the following four subcommittees, which discuss and share information on their respective issues.

Development Subcommittee:

Conducts planning and development of global products

Sales Subcommittee:

Collaborates as a Group on sales to multinational companies, etc.

Raw Material Procurement Subcommittee:

Pursues the creation of Group synergies through raw material procurement

Technology and Production Subcommittee:

Shares information on technologies and enhances productivity



Embracing Our Efforts toward Multinational Companies

Previously, we responded to customer needs through the individual efforts of our Group companies. However, we have transitioned to a structure that allows us to respond as a Group in order to enhance our sales to multinational companies. By drawing on Blommer's customer relations, we will boost the level of our sales collaboration between Group companies utilizing our supply systems in Asia, the Americas, and Europe.

Sharing of Production Know-How and Optimal Use of Production Capacity

At the Fuji Oil Group, we are enhancing the productivity of our entire organization through the sharing of our outstanding production technology in Japan with Group companies.

We have dispatched experienced personnel in the production and development departments to the companies we acquired in an effort to pass down our long-cultivated know-how.

Moreover, in order to maximize the use of our production capacity in each region, we expand our production at factories that are operating at less than full capacity. In fiscal 2019, we conducted a production transfer in China, from Fuji Oil (Zhang Jia Gang) Co., Ltd. to the Shanghai plant of newly acquired Blommer, with the goal of optimizing the production structure of the entire Group.

Sustainable Procurement

With the addition of Blommer, a company well-versed in cacao plantations and processing and advanced in sustainable procurement, we have laid the foundation for the stable procurement of sustainable cacao. We will continue to expand our sustainability efforts across the Group through the sharing of Blommer's experience and know-how in cacao procurement.



Global expectations as a chocolate manufacturer devoted to sustainability

Formulation of Sourcing Policy

Chocolate is made through the use of cacao, which has been connected to environmental and social issues, as the main ingredient. In 2018, the Fuji Oil Group formulated its Responsible Cacao Sourcing Policy and has established the following targets.

KPIs for Resolving Issues

1 Child Labor

The Fuji Oil Group seeks to decrease the number of cases of worst forms of child labor to zero, as defined by the International Labour Organization (ILO), by 2025 in order to eliminate all forms of child labor across the cacao bean and cacao product supply chain by 2030.

2 Reforestation

Fuji Oil aims to distribute one million trees in cacao cultivation regions by 2030 with consideration paid to the diversity and multi-use aspects of tree varieties.

Sustainable Procurement of Cacao

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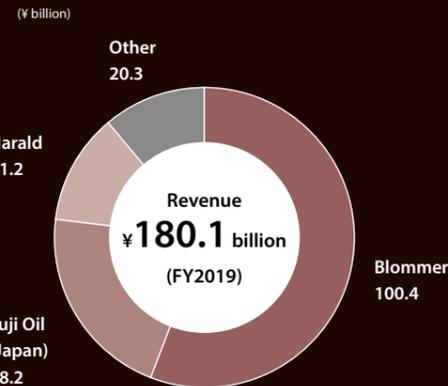
SPECIAL FEATURE

Advancing to the Next Stage of Our Chocolate Business

The Development of Our Group Companies Going Forward

In this section, we will introduce the initiatives and the future developments of Blommer, Fuji Oil Co., Ltd., and Harald, our core companies, based on the global strategies of the Industrial Chocolate Business.

Revenue Accounted for by Industrial Chocolate Business



Note: Due to the change in the accounting period, the figures shown for Harald represent 15 months of results.

Blommer



Boasts the Second-Largest Share in North America and a Leader in the Chocolate and Cacao Industries

Market Characteristics

- The world's largest industrial chocolate market
- Rising demand for premium products with a focus on health consciousness

Strengths

- An established presence among industry groups
- Sustainable procurement
- Relationships with multinational companies
- Strong brand power



Our Growth to Date and Direction Going Forward

In fiscal 2018, Blommer joined the Fuji Oil Group. While the focus of its business is the supply of chocolate and cacao products to multinational companies, Blommer has recently been expanding the scope of its premium products, such as sugar-free chocolates, as a result of the rising demand for health-conscious products. Meanwhile, we have been striving to enhance productivity through capital investments and other initiatives, in response to the diversification of market needs and the urgent need for the development of a more-efficient production structure. Also, with the aim of guiding the Group toward realizing sustainable growth and helping to resolve the issues of society, we will speed up the pace of our sustainable procurement initiatives for cacao beans (the main ingredient of chocolate) and roll them out to each Group company.



The addition of Blommer Chocolate Company to the Fuji Oil Group has afforded us the ability to leverage our global network of production sites to benefit our multinational customers as well as to introduce innovative new products through our combined technological capabilities in cacao and oils and fats. We are excited to embark on our collaboration across the Fuji Oil Group to address the issues of child labor and deforestation throughout the cocoa supply chain and advance the scope and impact of our sustainability programs.

Looking ahead, we will proceed with programs and invest in facilities to enhance production with the aim of improving operational efficiency and reducing costs. We will also invest in growth with a focus on value-added products to meet consumer trends toward health and wellness.

Peter Blommer
President and CEO



Fuji Oil (Japan)



Boasts the Largest Share in Japan and the Distinctive Ability to Respond to Customer Needs

Market Characteristics

- Consists of companies of various sizes
- A diverse product mix
- Spearheaded by compound coating

Strengths

- Vegetable fats for chocolate, in which we hold the leading share in Japan
- BCP response through expansion of business sites
- Distinct ability to respond to customer needs



Our Growth to Date and Direction Going Forward

Fuji Oil has been engaged in the sale of industrial chocolate in Japan since the 1960s, built on the success of its vegetable fats for chocolate, which have comprised the core of the Company since its founding. By leveraging our capabilities in oils and fats, we have differentiated ourselves from the competition by developing chocolates that are in tune with the times and have expanded the compound coating market. Moving forward, we will look to address the rising demand for health-conscious products amid Japan's declining birthrate and aging population, and contribute to sustainability.

Our History of Development Tailored to Market Characteristics

Economic growth and the spread of foods that use chocolate	Growth in sales of compound coating through oil and fat technology
Increase in inbound demand and growth of souvenir market	Growth in sales of colored chocolates
Aging population and labor shortage	Growth of molded chocolates that can be used without dissolving or processing
Increase in demand for health-conscious products and need for sustainability	Expansion of products that contribute to better health, such as supplement ingredients, and sustainable procurement initiatives

Fuji Oil has developed into the company it is today, or, in other words, the largest industrial chocolate manufacturer in Japan, through its customers' acknowledgement of the deliciousness and functionality of its products as true value.

However, people's values change with the times and therefore, in addition to deliciousness and functionality, we will be expected to contribute to sustainability as a new form of value moving forward.

Cacao, the main ingredient in chocolate, has been connected to child labor and other issues. Such issues should not exist whatsoever, particularly when chocolates are consumed by children as well. Through the harnessing of Blommer's procurement capabilities in sustainable cacao, we will adapt to the changing values while striving to realize the sustainable growth of our business.

Tatsuaki Hirose
Director
Sales Division Manager
Tokyo Regional Office
Manager



Harald



Boasts the Largest Share in Brazil and Exceptional Brand Power

Market Characteristics

- Vigorous demand during Easter
- Spearheaded by compound coating

Strengths

- Reliability built on years of experience
- An expansive sales network
- A product lineup that extends beyond those of competitors



Our Growth to Date and Direction Going Forward

Since its addition to the Fuji Oil Group in 2015, Harald has been working to solidify its foothold by devoting its attention to the handling of quality- and packaging-related complaints as well as to the upgrading of its aging facilities and the procurement of adequate amounts of capital. Our efforts to take the business to the next level have proven to be a success, and Harald has transformed into a company that is a great place to work for everyone.

If we are to continue to grow as a company, it is imperative that we fast-track our development of new products and entry into new markets. With this in mind, we renewed our management team and put in place a structure designed to take a more offensive approach. Looking ahead, we will continue to enhance our productivity while looking to expand facilities to introduce products into markets where we will take an offensive stance. In doing so, by fiscal 2029 we will have expanded our sales volume by around 1.5 times over that of fiscal 2019.

Reduce the Number of Claims and Employee Turnover Rate

	Number of claims	Employee turnover rate
FY2014	Approximately 2,300 cases	2.13%
	↓ Reduced to one-tenth Aim for complete elimination	↓ Reduction of employee turnover rate by nearly one-half
FY2019	Approximately 230 cases	1.16%

Harald has adopted a strategy for realizing sustainability across its entire supply chain, which includes the achievement of social and economic growth for low-income consumers. Meanwhile, due to the impact of COVID-19, all of our commercial activities came to a halt for several months, which involved a series of store closures.

The economy in Brazil was hit hard and Harald was no exception. Harald is currently carrying out measures to recover sales volume, such as promoting sales to industrial markets.

At the same time, we will move forward with the implementation of strategies toward the "new normal" by repositioning our brands in existing markets, expanding into new markets such as ice cream, and invigorating our innovative capabilities and portfolio through our alliance with the Fuji Oil Group.

Sergio Tango
President and CEO



SPECIAL FEATURE

Creating the Future through Plant-Based Oils and Fats and Soy Protein Ingredients

— Medium- to Long-Term Strategy for Plant-Based Food Solutions —

Structural Reforms in Business Portfolio

Selection and Concentration in Soy-Based Ingredients Business

In our current medium-term management plan, "Towards a Further Leap 2020," we identified "selection and concentration of business" as one of our strategies for prompting the further leap of the Soy-Based Ingredients Business. In terms of selection, we strengthened our business structure through the transfer of shares and settlement of five companies and plants during the period of the plan. In regard to concentration, we tapped into brisk demand for plant-based protein, plant-based foods, and acidic milk drinks, and ramped up the production capacity of polysaccharides at our plants in Japan and China, which led to favorable results for soy protein and polysaccharides. As a result, our profits have been rising in line with our forecasts. Moreover, with the start of operation of our new plant in Chiba Prefecture for textured soy protein, which is expected to continue to grow in demand, and the groundbreaking of our new plant in Germany for polysaccharides, we have laid the foundation to compete on the global stage.

Business Portfolio



Dramatic improvements in profitability of Soy-Based Ingredients Business through steady restructuring of our portfolio

Segment Assets and Segment ROA*1



1 Segment ROA = Segment profit/Segment assets
 *2 Segment profit does not include Group administrative expenses
 *3 Fiscal 2019 results reflect the unification of accounting periods of consolidated Group companies. The Soy-Based Ingredients Business includes 15-month figures for a Group subsidiary in China that changed its account closing month from December to March. The segment profit for this subsidiary over the period of January to March 2020 was ¥92 million.

In our next medium-term management plan, we will center our focus on polysaccharides and soy protein and continue to promote high-value-added products within our product portfolio. Through the use of peas as a raw material at our new polysaccharide plant in Germany, we will facilitate the proposal of products to customers that are reluctant to using soy-derived products and put in place a framework that caters to the global market for acidic milk drinks. Moreover, due to social issues such as climate change and population growth, the demand for plant-based protein is growing at a rapid pace. From the perspectives of efficiency, nutrition, and functionality as well as their ability to be grown in various regions, soybeans are considered an important raw material. By leveraging the Fuji Oil Group's distinctive and combined technologies and co-creation efforts with customers to create deliciousness, richness, and flavor through plants, we will strive to raise the level of our competitiveness in soy protein going forward.



Kiyohito Suzuki
 Executive Officer
 PBFS (Plant-Based Food Solutions) Business Division



Assessing the Potential of PBFS through the Fuji Oil Group's Pop-Up Store

In September 2019, we opened "UPGRADE Plant based kitchen," a pop-up store where customers can taste and experience "deliciousness, health, and the environment," the values of PBFS adopted by the Fuji Oil Group. Designed under the concept of a dining scene in 2050, the store offers *karaage* fried chicken, lasagna, and other dishes that are made with plant-based ingredients, such as cheese made from soy milk and soy meat prepared through our proprietary soybean processing technology, instead of their traditional animal-based ingredients. The delicious and innovative dishes featured at the store are spearheading the plant-based food market and spurring the arrival of greater business opportunities. We will draw on the combination of our intermediate processed products developed for the store and accumulated purchasing data for B2B sales.

UPGRADE Plant based kitchen was created to enable the Fuji Oil Group, a company built on B2B transactions, to find out what actions must be taken for the market to embrace plant-based foods, by directly engaging with consumers. The highly valuable purchasing-related data we have gained as a result of our success in releasing plant-based foods to the market ahead of everyone else will be utilized toward the growth of our business going forward. We have also earned high praise from our peers overseas as a major player in the plant-based food industry in Asia, for not only our handling of ingredients but also for our proactive and direct engagement with consumers.



Ikuko Ono
 Soy Products and Food Ingredient Group
 PBFS Business Division
 Fuji Oil Holdings Inc.

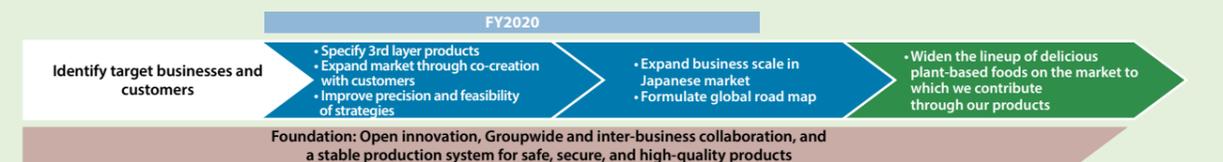
Contributing to the Sustainability of Delicious and Delightful Meals

To sustain and earn the appreciation for plant-based foods from millennials and Generation Z, our target consumers of PBFS, they must be delicious. With this in mind, we will discover new technology that embraces "deliciousness" and combine our existing technologies (1st layer) to create ingredients that deliver the flavor and richness that are difficult to achieve through plant-based foods (2nd layer). By combining this with our existing products and providing it as a differentiated product (3rd layer), we will aim to realize more deliciousness in a wider variety of plant-based foods on the market.



Our Core Business Sectors and Road Map

Looking ahead, we will direct our attention to the functional ingredients business centered on polysaccharides, the health and nutrition business centered on plant-based protein and peptides, and the plant-based food (PBF) business centered on plant-based soups, dairy alternatives (butter, cheese), flavor seasonings, and soy meat. We are advancing each business according to the road map below with our sights set on the next medium-term management plan.



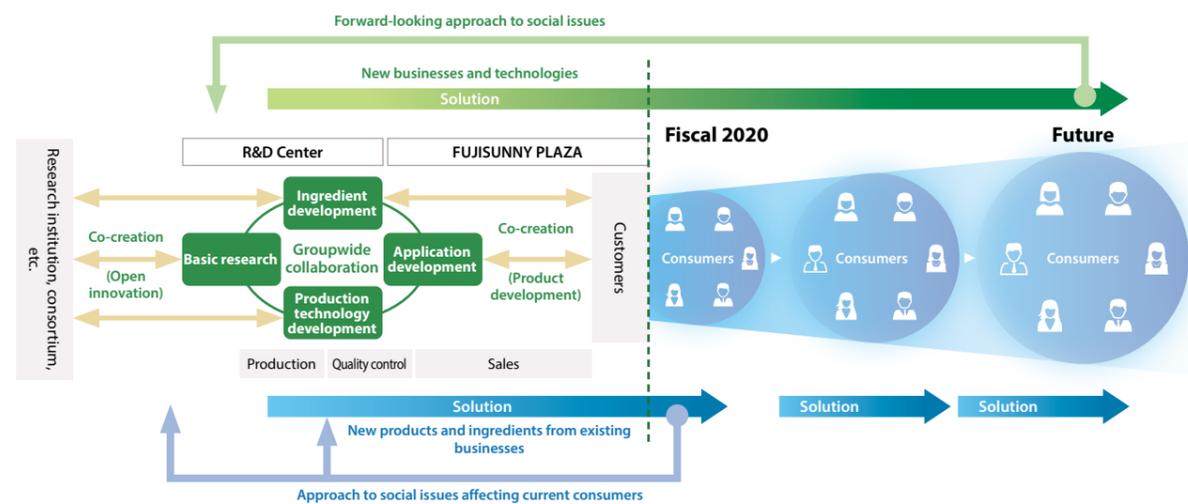


CTO SECTION

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Short-Term and Long-Term Approaches toward the Resolution of Social Issues



By approaching social issues from both short-term and long-term perspectives, we are conducting R&D activities toward the creation of new products, new technologies, and new businesses that realize Plant-Based Food Solutions. Moreover, in a bid to promote innovation, we are stepping up our open innovation efforts with universities and research institutes in Japan and overseas, as well as our co-creation activities with customers.

Message from the CTO

Establishing a Global R&D System for Our New Era

Haruyasu Kida
Senior Executive Officer
Chief Technology Officer (CTO)



Through the acquisition of Blommer Chocolate Company, the Fuji Oil Group took a significant step forward with the globalization of its corporate structure and boosted its overseas sales ratio to roughly 60%. However, from an R&D standpoint, our core resources are still heavily concentrated in Japan and we must quickly establish an R&D system tailored to the needs of a truly global company. To that end, we have set out "the establishment of an R&D network conducive to a global company" and "the introduction of new technology and businesses that will serve as the pillars of Fuji Oil for the next 20 to 30 years" as issues to be addressed. Recognizing the urgency of such issues, we are working unstintingly toward their resolution.

In an effort to construct our global R&D network, we engage in active discussions with our overseas Group companies through TIEMs (Technical Information Exchange Meetings) and R&D working teams to share information on global issues and work toward resolving them. The Company is also placing emphasis on the globalization of its R&D staff in Japan by promoting open innovation with universities and research institutions around the world and dispatching researchers to its overseas bases.

In addition, our R&D into new technology

(backcasting), which will serve as the pillar of Fuji Oil for the next 20 to 30 years, and the flourish of new businesses that we are currently focused on (forecasting) are imperative to our ongoing growth. With this in mind, Fuji Oil restructured its organizational and evaluation systems in fiscal 2020, involving the addition of the New Business Development Department, which was previously the Marketing Group, to the Research Institute for Creating the Future. Moreover, we will move forward with the selection and concentration of themes for the medium to long term. In addition to raising the added value of its plant-based foods through the use of integrated food solution technology, which is currently a key theme, the Company will concentrate on and engage in areas that need to be addressed right away in order to do its part as a business to help resolve social issues by 2050.

The staggering global impact of the spread of COVID-19 this year has reminded me of the fact that Japan is a part of a borderless global society in which the human race can still be vulnerable and defenseless. By anticipating the changes to people's lifestyles and values in our world after COVID-19, we will reflect on the ways in which we can contribute to global recovery through our belief in working for the benefit of humanity and set the stage for our new era.

Pursuit of an R&D Framework Underpinning Global Management

As a step toward its future goal of establishing a robust R&D framework underpinning global management, the Fuji Oil Group is enhancing its Groupwide R&D framework that draws on the capabilities of its domestic resources.

	Fiscal 2020	First Step	Projected Future
R&D Employees	<p>Heavy concentration of resources in Japan</p> <p>Japan: 70% Overseas: 30%</p>	<p>Development of Japan-centric network and strengthening of overseas business</p> <p>• Incorporate overseas project mission into ingredient development team in Japan</p>	<p>Establishment of R&D Centers in regions outside of Japan and Singapore and pursuit of a more robust global R&D structure</p> <p>Japan: 50% Overseas: 50%</p>
R&D Centers	<p>Japan: Fuji Science & Innovation Center Tsukuba Research and Development Center</p> <p>Overseas: Asia R&D Center</p>	<p>• Strengthen Groupwide network</p> <p>• Review allocation of R&D resources</p>	<p>Establishment of R&D Centers in China, Europe, and North America</p>

The Fuji Oil Group's Technology

Embracing Change toward the Creation of Our New Era

The speed with which values are shifting is increasing across the globe. We will engage in concerted Groupwide efforts to improve our R&D activities with the aim of resolving the world's social issues and spearheading the Fuji Oil Group's growth into the future.

Research and Development System

Fuji Oil is stepping up its research and development through the close collaboration of its basic research (R&D Division for Future Creation), ingredient development, application development, and engineering development teams.

Basic Research (R&D Division for Future Creation)	Ingredient Development	Application Development	Engineering Development (Engineering)
			
Explore new possibilities for plant-based food ingredients and devote our attention to themes that breed resolutions to social issues over the medium to long term	Hone the development of new products tailored to customer needs	Implement co-creation activities with customers by drawing on the capabilities of FUJISUNNY PLAZA; leverage Fuji Oil's products to develop captivating products for customers that bring excitement to consumers	Develop production processes in a timely manner and establish new plants and production facilities by embracing safety, quality, and the environment

Confronting the Challenge of Creating the Future of Foods

At the Research Institute for Creating the Future, we assess the issues of society, the environment, and humanity that will emerge in the future and conduct research aimed at resolving such concerns. In fiscal 2020, Fuji Oil was reformed into an organization tasked with the missions of exploring new food resources, creating new ingredients and technologies that underpin Plant-Based Food Solutions (PBFS), and ascertaining market values and a society imbued with new technology based on *Kotozukuri* (creating movements). We will continue to realize new value through our research on plant-based food ingredients centered on the agricultural food industry. By harnessing the strengths of its technology to facilitate the achievement of long-term, sustainable growth, the Fuji Oil Group will strive to become a company that creates the future of foods.



Akihiro Nakamura
Executive Officer
Research Institute for Creating the Future

Initiatives Tailored to the Changing Operating Environment

Global-Minded R&D Initiatives

With the aim of building an R&D framework that facilitates our global management, we are working to share information with the R&D departments of our overseas Group companies. Our R&D efforts in Japan are taking center stage and we are steering our co-creation activities across the globe. Moreover, we are forging and bolstering our Groupwide network in a bid to roll out the proprietary ingredients and technology developed at our various operating bases worldwide to other regions in a timely manner.

Resolving Issues through the Reinforcement of Our Global R&D Network

Innovation entails the cooperation of diverse human resources with different values to work toward a common goal. At the Fuji Oil Group, we share information on global issues and work to resolve them by holding TIEMs on a regular basis and organizing R&D working teams for critical issues.

TIEM (Technical Information Exchange Meeting)

TIEMs are meetings that assemble R&D personnel working in similar lines of business around the world with the goal of sharing technology and market information, exchanging information on new products and technology, honing the skills of R&D staff, and improving communication between Group companies.



R&D Working Teams

R&D working teams engage in the swift resolution of global research-related issues that are difficult to resolve merely through the capabilities of a single company.



Promoting Open Innovation

The Company actively promotes open innovation on a global scale with the aim of stepping up the growth of new businesses and acquiring technology currently not in its portfolio. We will develop industry-academia collaboration consortiums with research institutions worldwide and participate in other consortiums overseas with a view to creating new value.

Main Objectives of Open Innovation

- 1 Expedite the growth of new businesses: Acquisition of technology for PBFS, etc.
- 2 Acquire technology currently not in the Company portfolio: Approaches to upstream processes related to social environments such as climate change, etc.

Europe 1 2

- Participation in Foodvalley NL
- Participation in Plant Protein in Cheese, an industry-government-academia consortium organized by NIZO
- Participation in PlantPROMISE, an industry-government-academia consortium organized by Wageningen University & Research

China 1 2

- Joint research on delicious and healthy food with Huadong Hospital of Fudan University and Northeast Agricultural University

Japan 1 2

- Invitations to university faculty members through a cross-appointment system with Ibaraki University
- Participation in OPERA (Program on Open Innovation Platform with Enterprises, Research Institute and Academia)

Southeast Asia and Oceania 1 2

- Joint research with the Institute of Chemical and Engineering Sciences (ICES), a research institute in Singapore
- Joint research with CSIRO (Commonwealth Scientific and Industrial Research Organisation), a national research institute in Australia

Americas 2

- Participation in Nutrition Capital and promotion of joint research and investment with startup companies

Overseas Study and Training Programs for Cultivating Human Resources and Collecting Information

The Company actively dispatches its R&D staff to its overseas bases in order to collect information from abroad and nurture its global network.

In fiscal 2018, an employee was dispatched to the University of Copenhagen (Denmark), while in fiscal 2019 another employee was dispatched to Wageningen University & Research (the Netherlands), which will play host again in fiscal 2020. In fiscal 2020, we are also planning to conduct overseas training programs in Europe and Canada. (As of April 2020)

Creating Environments That Allow Our Researchers to Excel

We are forging ahead with our efforts in human resource development and reforming our organizational culture in our mission to further evolve Fuji Oil's tradition of freely and energetically embracing new challenges and to realize innovation that is different from our existing technology. In addition to providing its researchers with opportunities to pursue new challenges, such as the in-house Intrapreneur System and the dispatch of personnel to overseas bases, the Company is revising its evaluation system for researchers and putting in place a framework for recognizing the efforts of those who strive to improve.



Vipavee Cherdvorapong
Fuji Oil Co., Ltd.
Soy Ingredients Research and Development Section 3



Fuji Oil's soy meat, offering various types of fiber and granules for an array of uses



First product certified with JPVS Vegan Recommendation Mark*

* JPVS Vegan Recommendation Mark
Certified by the Japan Vegetarian Society (JPVS), the JPVS Vegan Recommendation Mark recognizes vegan food products that prohibit the use of honey and animal-based food ingredients in their raw materials and are rigorously examined for contamination during the production process.

Creating Products That Contribute to Healthy Lifestyles and Delicious Foods

I have been proposing soy meat to the Group's various customers based on its PBFS concept. As a part of this effort, we have engaged in the development of vegan food products with major convenience store chains to accommodate the diversification of food and the increasing health consciousness of consumers. I must admit that the inability to use animal-based raw ingredients certainly posed a challenge. However, the combined effects of the fiber and granules of our soy meats, which vary in terms of size and texture, have allowed us to achieve the tenderness of regular meat, and the ability to evenly disperse their juiciness through the use of oil and fat technology resulted in the creation of a delicious product. Going forward, we would like to continue working to develop new products toward our goal of contributing to the healthy lifestyles of consumers and delicious foods.



Presentation of exhibit by students of HAS University of Applied Sciences and Fuji Europe Africa employees



Pizza containing Soy Delice plant-based cheese



Liz Kamei, Ph.D.
Director of Open Innovation & External Partnerships
Fuji Europe Africa B.V.



Creating Win-Wins through Open Innovation!

With the aim of shifting the development of next-generation plant-based cheese alternatives into high gear, I participated in a "Plant Cheese" research consortium as a part of efforts to promote open innovation and met with the students of HAS University of Applied Sciences (the Netherlands). We served as a mentor for the students for their graduation project that involved conducting market research on plant-based cheese alternatives in Europe. Through this involvement, we not only contributed to the project's remarkable results but also gained some valuable experience. Fuji Oil's Soy Delice brand was showcased at the event, which was seen as an opportunity to establish a new food industry network in Europe. The consortium turned out to be a win-win situation for both the students and Fuji Oil alike, as it led to the creation of new value for Fuji Europe Africa. A win for all!



Sotaro Iwabuchi
Fuji Oil Co., Ltd. Food Product Group
Engineering Development Department,
Safety and Quality Management
and Production Technology Division



New chocolate factory at Kanto Plant, launched in 2019



A multifaceted team of experts who share their know-how to establish an optimal production process

Innovating a Manufacturing Process That Facilitates the Global Rollout of Technology

In devising a manufacturing process for chocolate, which is commonly used even in the healthcare and souvenir markets, a variety of factors such as flavor, physical features, color, and form must be taken into account from the perspective of the research department. At the new chocolate factory located on the site of the Kanto Plant, the Engineering Development Department assembled a new manufacturing process that generates a wide assortment of products at high volume without compromising operability or production efficiency. In addition to installing instrumentation devices that monitor and control each process with the aim of ensuring safety, our ultimate priority, we have stepped up the quality and security of the use of such devices and developed automated technology in response to the issue of labor shortages. We are being counted on to expand our technology worldwide.

Moving forward, we will raise the level of our global business even further by innovating manufacturing processes and globalizing our technology.



Development of chocolate products at Harald



Participating member of TIEM in fiscal 2019



Rosileide Siqueira Ferreira
Harald Indústria e Comércio de Alimentos Ltda
R&D Coordinator



Developing Products by Drawing on the Strengths of Our Group Network

Through our participation in TIEM, we have been able to deepen our understanding of market and product trends and the status of Group companies as well as exchange information on the latest issues in research and development. The lively interaction between participants and the countless exchange of insights have expanded the knowledge of everyone involved and led to greater opportunities for product development. TIEM has allowed us to learn about the ways in which customers resolve certain issues and acquire know-how on oil and fat technology, which we have been utilizing greatly in our development of Harald products.

The R&D departments at our various Group companies each play a central role in the growth of our Chocolate Business. I believe the Chocolate Business is proceeding along the right path thanks to the cooperation and the continuous exchange of insights between the R&D departments. In this way, we will come together as a Group to speed up the pace of our innovation for resolving global concerns.

We will advance technology and product development to resolve the concerns of societies across the globe through our collective Groupwide efforts.

The Fuji Oil Group has continued to invent revolutionary technologies from new vantage points.

Guided by its DNA of "work for people," which has been ingrained in its workforce since its founding, the Group will adapt accordingly to changes in the times, no matter how fast the pace of change may be. We will engage in research and development to uncover the future of the world of food by co-creating internally and externally and collaborating as a Group.





C“ESG”O SECTION

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Human Rights 79

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Priority Themes (Materiality) 80

 Please refer to *Sustainability Report 2020* for more information on our activities regarding ESG.
<https://www.fujioilholdings.com/en/csr/>



Message from the C“ESG”O

Instilling an Awareness of Our Sustainability Initiatives in Every Employee

Takashi Kadota
Director and Senior Executive Officer
Chief “ESG” Officer (C“ESG”O)



To shed more light on its Management Philosophy of “work for people” and its approach to “addressing the concerns of society,” the Fuji Oil Group has appointed a C“ESG”O and declared its commitment to strengthen ESG management.

In addition to assessing the current state of society and the Company, the main role of the C“ESG”O is to backcast from the future we foresee to identify the issues of society, and share this information and collaborate with the R&D Department, business divisions, and other areas to determine Fuji Oil’s envisioned role and communicate these efforts inside and outside the Company.

The prerequisites for such efforts are food and occupational safety. The Productivity Management Group at Group headquarters functions as a hub for our network of occupational safety and quality control departments at Group companies worldwide and engages in activities to strengthen the safety of the entire Fuji Oil Group.

Moreover, the ESG Committee, which serves as an advisory body to the Board of Directors, examines a wide range of social issues, including the environment, human rights within the supply chain, health, food supply, food loss, diversity, and governance, from a variety of angles and ties them to our business activities to consider how we can help resolve such issues

through our business. For instance, in terms of environmental issues, we have been directing our attention to the reduction of CO₂ emissions. In March 2020, we acquired certification under the Science Based Targets initiative (SBTi).^{*} While the targets for achieving Environmental Vision 2030 have been revised in accordance with the new SBT standards and should in no way be taken lightly, the Group’s headquarters, with myself at the helm, will take the lead in uniting the Group as one toward the achievement of this goal.

The short-sighted view to realizing sustainability may involve many constraints and costs. However, by pursuing such measures ahead of everyone else, I believe our costs will eventually turn into assets and contribute to the growth of the Group as a company that is the preferred choice among customers. In fiscal 2020, my top priority is the communication I will have with each and every employee. The role of each employee in contributing to sustainability is crucial for the Company’s continued growth, and for that reason, I will guide the Group in the right direction by ensuring that this awareness exists in all of our employees.

* Jointly established in 2015 by the CDP, the United Nations Global Compact, the World Resources Institute (WRI), and World Wildlife Fund (WWF), the Science Based Targets initiative (SBTi) sets science-based targets for the reduction of greenhouse gas emissions and certifies companies that achieve these targets. In October 2019, the SBTi changed its criteria for setting emissions reduction targets from the previous 2°C above pre-industrial levels to 1.5°C.

The Fuji Oil Group’s ESG Management

In accordance with the Fuji Oil Group Management Philosophy, the Fuji Oil Group is promoting ESG management with the goal of realizing both the sustainable growth of the Group and a sustainable society by way of resolving social issues through its business (Plant-Based Food Solutions). We have identified ESG management priority themes, which serve as concrete goals for promoting ESG management.

Overview of the Fuji Oil Group’s Management



Safety, Quality, and the Environment

Please refer to Sustainability Report 2020 for more information on our activities regarding safety, quality, and the environment.
<https://www.fujioilholdings.com/en/csr/>

In the Fuji Oil Group Management Philosophy, the Group has declared safety, quality, and the environment as the values each and every employee must uphold when conducting business activities. These values stem from the organizational climate that has been established at the Fuji Oil Group based on our employees' awareness of the importance of and approach to establishing a culture and climate devoted to safety, quality, and the environment by adhering to rules and regulations and improving their daily habits.



An explosion occurred at an oil and fat extraction plant on December 22, 1991, in which eight precious lives were lost



December 22 has been designated as "Safety Awareness Day" to remember those who lost their lives in the accident

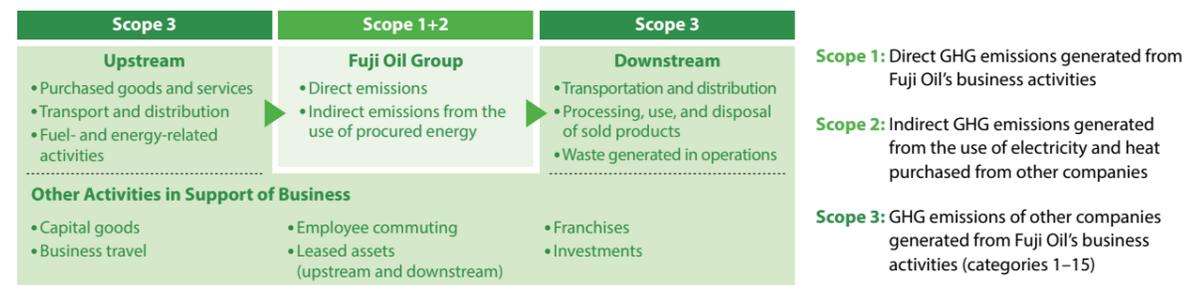
The following is an excerpt from the Group Management Philosophy: "Safety, quality, and the environment"

The most important value that a food company must fulfill is food product safety. Assurance of quality is vital in maintaining safety, yet its prioritization must not exert negative impacts on the environment. Safety, quality, and the environment have always been, and must continue as, the highest-priority foundations of our management. Safety also encompasses labor safety. We lost precious lives in a past accident. For a company, employees are an irreplaceable asset. Ensuring workplace safety so that employees can work with peace of mind and can exert their individual capabilities is a basic requisite for a company.

Environment

Acquisition of SBTi Certification

The Fuji Oil Group has established new fiscal 2030 targets for its greenhouse gas (GHG) emissions of reducing Scope 1 and 2 emissions by 40% and Scope 3 (Category 1) emissions by 18% compared with fiscal 2016. The Company has compiled data on Scope 3 emissions for the first time to identify the amount of GHG emissions generated throughout its entire supply chain. The medium-term GHG emission reduction target set by Fuji Oil Group companies worldwide has been approved by the Science Based Targets initiative (SBTi).



Revisions to Environmental Vision 2030 and Promotion of Its Awareness

The Fuji Oil Group has revised its Environmental Vision 2030, which it introduced in 2018, in accordance with the acquisition of SBTi certification. Under the revised standard, the Group's target of reducing CO₂ emissions by 24% has been changed to reducing Scope 1 and 2 emissions by 40% and Scope 3 (Category 1) emissions by 18%. In addition to creating economic value, we will continue to step up our environmental conservation efforts toward the realization of Environmental Vision 2030 as a member of society that engages in business worldwide.

Targets and Progress of Environmental Vision 2030

Category	FY2030 Targets	FY2019 Results	Rate of Achievement*3 (under New Environmental Vision 2030)
Reduction of CO₂ emissions (Groupwide)	Reduce total Scope 1 and 2 emissions by 40%*1 Reduce Scope 3 (Category 1) by 18%*2	Reduced by 16%	40%
Reduction of water use (Groupwide)	Reduce by 20%*1 per unit of production	Reduced by 24%	100%
Reduction of waste (Groupwide)	Reduce by 10%*1 per unit of production	Increased by 10%	0%
Recycling of resources (domestic Group companies)	Maintain recycling rate of 99.8% or higher through FY2030	99.33%	Not achieved

*1 Base year: FY2016
 *2 CO₂ emissions for the base year (FY2016) were calculated for the first time in 2020 for Scope 3 emissions.
 *3 Based on new targets for Environmental Vision 2030, implemented in April 2020, for which the reduction of CO₂ emissions was revised from 24% to 40%

Support for Recommendations of the Task Force on Climate-related Financial Disclosures

In May 2019, the Fuji Oil Group announced its support of the Task Force on Climate-related Financial Disclosures (TCFD). Moving forward, we will promote information disclosure according to the TCFD's four recommendation areas of governance, strategy, risk management, and metrics and targets.

Information Disclosure on Four Areas of Recommendation by the TCFD

Governance	We have established the ESG Committee, which is chaired by the C"ESG"O and meets at least twice a year, as an advisory body to the Board of Directors with the aim of strengthening ESG management. The details of discussions pertaining to sustainability strategies, including those on climate change, and their consideration stemming from each meeting are presented to the Board of Directors and reflected in management strategies.
Strategy	A scenario analysis we conducted determined that if the global average temperature were to rise by 4°C, the resulting natural disasters could halt our operation and significantly impact the procurement of some of our key raw materials. In response to such climate change risk, we will raise the levels of our energy conservation, renewable energy, and other efforts to reduce CO ₂ emissions throughout the Group and help realize a decarbonized society. Meanwhile, we also envision benefits for the Fuji Oil Group from climate change as a decarbonized society would likely expand the market for plant-based foods, a strength of the Group. Looking ahead, we will utilize scenario analysis to determine the impacts on our global development and finances and reflect the findings in our management strategies. <small>Note: Please refer to Sustainability Report 2020 for more information on our scenario analysis.</small>
Risk Management	In fiscal 2019, we established our Companywide risk management system within the Management Committee Meeting for the selection and management of climate change and other important risks based on our various information sources on the Group's operating environment. The details of discussions and responses conducted within the Management Committee Meeting are reported to the Board of Directors at least once a year.
Metrics and Targets	Environmental Vision 2030 designates the achievement of a 40% reduction in total CO ₂ emissions and a 20% reduction in water use per unit of production in fiscal 2030 compared with fiscal 2016 standards. As we proceed forward, we will fine-tune our environmental conservation efforts toward the achievement of our Environmental Vision 2030 targets.

Environmental Efforts of Group Companies

Solar Power Generation at Rinku Plant

In a bid to reduce CO₂ emissions, one of the targets under Environmental Vision 2030, in February 2020 we installed and commenced operation of solar power generators at our Rinku Plant. This will contribute to a reduction in CO₂ emissions of approximately 10% at this plant. The Rinku Plant is situated in an area directly in front of Osaka Bay that offers a spectacular backdrop of Kansai International Airport, Akashi-Kaikyo Bridge, and Awaji Island. Going forward, we will look to reap the benefits of our renewable energy at this plant through the production of environment-friendly chocolates.



Use of Renewable Energy at Osaka Headquarters

The Fuji Oil Group is undertaking efforts toward the use of environment-friendly renewable energy at its Osaka Headquarters. Through the acquisition of a renewable energy certificate, we will utilize solar power generators installed in Kochi Prefecture to reduce our CO₂ emissions by up to approximately 43 t-CO₂ in fiscal 2020.



Use of Recycled Water at Fuji Oil Europe

Through the joint efforts of neighboring Oleon NV. and De Watergroep, a supplier of drinking water, Fuji Oil Europe has developed a method for using canal water as process water. This method consists of pumping up brackish water from canals and relaying it through a process of ultrafiltration, reverse osmosis, and a number of sterilizations to produce drinkable water. Nearly 93% of Fuji Oil Europe's extracted water is used to generate process water. Through this initiative, we are working to address the issue of groundwater abstraction, which is a source of tap water contamination.

Voice of Representative

Fuji Oil Europe actively promotes efforts in water and energy consumption and waste disposal management from a long-term perspective. We have been operating a heat recovery network throughout our plant for the last 15 years, which has led to a 30% reduction in gas consumption and an 80% reduction in cooling water. In addition, solar panels are installed on the roof of our packaging plant, which account for 1% of our annual energy consumption. In 2020, we are planning to install a gas cogeneration system, which will contribute to 90% of the plant's energy consumption. As for waste, 90% will be recycled, of which 85% will be used by our partner company for its green energy production. Through the collective efforts of everyone at Fuji Oil Europe, we will continue to do our part to tackle environmental issues.

Ronny Voorspools

Fuji Oil Europe
 Technical Director
 Fuji Oil Ghana
 Managing Director



Assurance of Product Quality and Safety

For the Fuji Oil Group, providing safe and secure products to society is a prerequisite for its business activities as a food manufacturer. The Group has established the Basic Policy of Quality in order to provide safe products, which customers can use with peace of mind. In accordance with this policy, we produce products by adopting a customer-oriented approach in all processes from product design through to delivery of the product to customers.

FY2019 Initiatives

Establishment of Network for Quality Control Managers	We have instituted a network that allows quality control managers of Group companies to share food-related information with each other.
Dissemination of Quality Assurance Regulations	With the objective of raising awareness of the Quality Assurance Regulations, we have prepared a manual on the Quality Assurance Activities outlined in the regulations and distributed it to Group companies.

Occupational Safety and Health

The Fuji Oil Group Management Philosophy places “safety, quality, and the environment” at the top of its values, among which “safety” is the most pressing issue for our continued growth. In keeping with our slogan of “establishing a safe workplace together by adhering to rules and sharing our experiences,” we will do everything in our power to ensure the safety of our employees and of those working at our business sites, and prevent the occurrence of occupational accidents.

FY2019 Initiatives

We conducted risk prediction activities either prior to the start of daily operations or at the start of irregular operations at all of our production sites, including those that were already engaged in such activities. At Group companies with a high risk of accidents, we tallied up a list of unsafe areas and conditions and promoted measures toward their improvement, in addition to conducting risk prediction activities.

Category	FY2019 Results	
Fuji Oil Group accidents resulting in lost work time per 1,000 employees (lost work time of four or more days)		2.9
Fuji Oil Group occupational accidents	Frequency rate	Japan 2.89 Overseas 8.62
	Severity rate	Japan 0.006 Overseas 0.07

Development of Initiatives and Measures Going Forward

In 2018, we appointed a new Safety Manager at Fuji Oil Asia Pte. Ltd., a Group company in Asia, as part of our efforts to promote safety at its plants as well as the region in general. In 2020, we began conducting audits at Group companies under Fuji Oil Asia through the joint efforts of the Production Productivity Management Group and Fuji Oil Asia, in order to further enhance the safety of our work environments.



The Safety Manager of Fuji Oil Asia attending Group company audits to help realize safe work environments

Voice of Representative

Previously, the safety standards, knowledge, and infrastructure at each of our factories were inadequate. For that reason, we worked to improve the safety culture and capabilities of each factory through the implementation of daily Tool Box Meetings, establishment of safety standards as reference guidelines, regular occupational safety workshops, improvements to the reporting of incidents and improved analytical skills for incident prevention, sharing of information based on past incidents, and support for improvement through audits. These efforts have improved the safety awareness of our employees and have allowed them to identify foreseeable risks and carry out appropriate risk controls.

Ensuring occupational safety is the starting point of our business activities as a manufacturer. In collaboration with Fuji Oil Holdings, we will do whatever we can to ensure the safety of our employees while making the most of our know-how accumulated through our business.

Tan Chin Chye

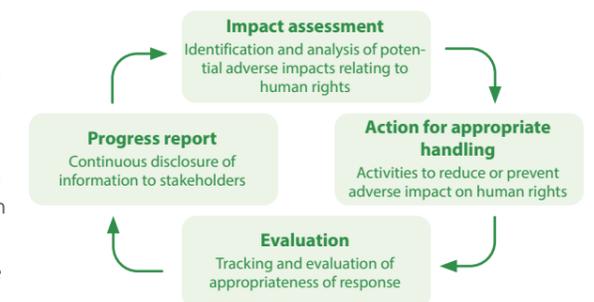
Fuji Oil Asia
Regional Safety
Manager



Human Rights Policy and Human Rights Due Diligence

Based on its value of “work for people”—the Fuji Oil Group Management Philosophy—the Fuji Oil Group believes that it is its duty to carry out business activities by respecting the rights of each and every person involved in its business. In accordance with the UN Guiding Principles on Business and Human Rights, we formulated and implemented the Fuji Oil Group Human Rights Policy in April 2017. As a means for its enforcement, we undertook efforts to carry out human rights due diligence. In 2017, we conducted our first human rights impact assessment through the participation of external experts, from whom we have received valuable advice toward our efforts to minimize identified risks. We are planning to conduct our second impact assessment in fiscal 2020.

Human Rights Due Diligence PDCA Cycle



Human Rights Impact Assessment

Identified Human Rights Risk	Specific Areas of Concern	Measure	Progress
1. Training and Educational Activities for Group Employees	① Lack of framework within the Human Rights Policy for inducing the actions of employees	Implementation of training and educational activities	① Creation of e-learning video on human rights in Japanese, English, and Chinese, and its distribution through the intranet ② Establishment of Human Rights Week in December 2019 to strengthen in-house sharing of information ③ Promotion of Human Rights Policy in various training sessions and educational activities
	② Lack of understanding of human rights risk within merged companies and recently acquired Group companies	Management of human rights risk within each company's risk management system	① Explanations to risk management committee at each Group company ② Measures at Group companies • Sedex audit • Questionnaires to staffing agencies and contractors
	③ Lack of understanding of human rights risk related to dispatched and contract employees		
2. Grievance Mechanism	Existence of internal reporting system within the Group but lack of grievance mechanism for the supply chain	Establishment of grievance mechanism for supply chain	Establishment and implementation of grievance mechanism regarding palm oil (Please see page 56 for more information.)
3. Supply Chain of Raw Materials	Exposure of palm and cacao to particularly high human rights risks	Promotion of sustainable procurement	Ongoing promotion of activities based on Responsible Palm Oil Sourcing Policy and Responsible Cacao Sourcing Policy (Please see pages 54 and 57 for more information.)

Fuji Oil Group Human Rights Week

With the aim of raising awareness of the Human Rights Policy, we designated December 4–13, 2019 as Fuji Oil Group Human Rights Week, and with the participation of the Chief Administrative Officer and the C“ESG“O, we promoted the sharing of information on business and human rights within the Group. Human Rights Week featured messages from management and e-learning videos, as well as such programs as diversity seminars through which employees were able to realize the connection between human rights and the Group’s “work for people” management philosophy, reflect on the importance of human rights, and understand Fuji Oil’s objectives for valuing human rights.



e-learning video shown during Human Rights Week

Internal Whistleblower System

At Group companies in Japan, in addition to the operation of the Fuji Oil Group Whistleblower Hotline, we have established an external hotline, which is operated by a law firm outside of the organization. Through such measures, we are committed to establishing an environment that allows whistleblowers to feel assured when reporting incidents by ensuring their confidentiality and anonymity.

Meanwhile, we have in place the Fuji Oil Group Compliance Helpline at Group companies overseas to offer the same support for our employees outside of Japan. The Group’s Internal Reporting Regulations prohibit the dismissal and/or unfair treatment of employees for reporting an incident, and stipulates that those who treat such employees in an unfair manner will be subject to disciplinary action according to their employment and other regulations.

Moreover, with the aim of continuing to promote fair transactions, in fiscal 2018, we began operating the Fair Trade Helpline for cooperating companies in specified fields. Over the last few years, we have received five to 10 reports annually. Upon receipt of a report, we promptly investigate the details, take the necessary corrective actions, and provide feedback to the whistleblower. We are putting forth every effort to further enhance awareness and improve the operation of our whistleblower systems throughout the Group.



Information on our internal whistleblower system is provided in the Green Book, a compilation of the Group’s action guidelines available in eight languages.

Promotion of Initiatives for ESG Management Priority Themes (Materiality)

Please refer to *Sustainability Report 2020* for more information on our activities regarding Initiatives for ESG Management Priority Themes (Materiality).
<https://www.fujioilholdings.com/en/csr/>

ESG Management Priority Themes (Materiality)

To realize contributions to the sustainable development of society as well as its own sustainable growth and the creation of value for society through its business activities, the Fuji Oil Group has identified ESG management priority themes.

FY2020 Materiality Map

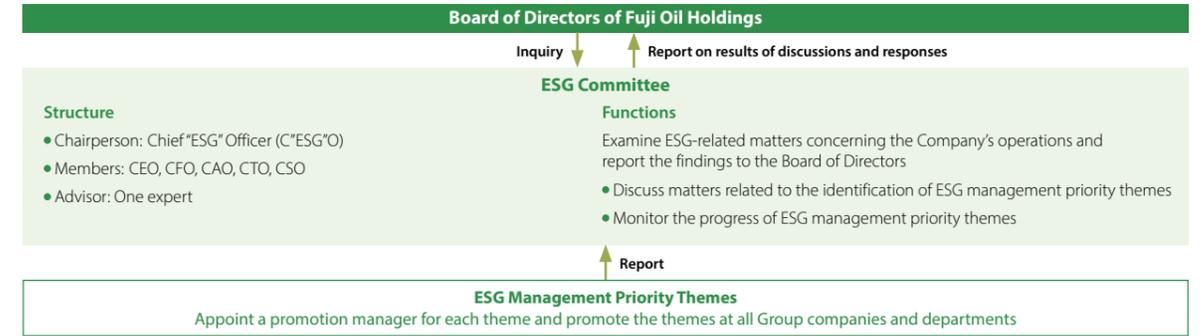
Please refer to *Sustainability Report 2020* for information on the materiality identification process.

Stakeholder expectations	High	Priority area (handled by the ESG Committee and managed at Group level)			
		Low	Medium	High	
	High		<ul style="list-style-type: none"> Food loss reduction Environmentally friendly manufacturing 	<ul style="list-style-type: none"> Foods creation Sustainable procurement (main raw materials)* Assurance of product quality and safety Occupational safety and health Climate change 	<ul style="list-style-type: none"> Conservation of water resources Resource efficiency and waste reduction Diversity Risk management Governance
	Medium	<ul style="list-style-type: none"> Labor human rights (in-house) 			
	Low	<ul style="list-style-type: none"> Sustainable procurement (materials other than main raw materials) Coexistence with communities 		<ul style="list-style-type: none"> Human resource development 	
		Low	Medium	High	
		Basic areas (handled by relevant companies and divisions)			
		Importance to business strategy			

* Biodiversity is included in the important perspectives for sustainable procurement.

ESG Committee

With the aim of strengthening our ESG management to further fulfill the expectations of our stakeholders, we have established the ESG Committee to serve as an advisory body to the Board of Directors of Fuji Oil Holdings. The ESG Committee meets at least twice a year to discuss issues, targets, and strategies for the Fuji Oil Group to continue fulfilling its corporate social responsibilities, and to review the progress of ESG management priority themes. The committee engages outside experts as advisors in order to incorporate social perspectives.



ESG Management Priority Themes (Materiality) Please refer to *Sustainability Report 2020* for details on our progress on ESG Management Priority Themes (Materiality) in fiscal 2019.

Category	Priority Area	ESG Management Priority Themes	Targets	Focus SDGs	FY2020 Objectives (Targets of the Fuji Oil Group unless specified otherwise)	CxO in Charge	Relevant Page
Areas to create initiatives leading the industry, taking advantage of the business characteristics of the Fuji Oil Group	1 Foods creation	Providing solutions to food resources shortages	<ul style="list-style-type: none"> Establish alternative technologies and disseminate environment-friendly plant-based food ingredients—a substitute for animal protein and dairy products—to address the concerning issue of food resource shortages in the future 	2, 3	<ul style="list-style-type: none"> Commercialize meat alternative products (patties, nuggets, etc.) made of plant-based food ingredients Commercialize plant-based seasoning for cooking Expand lineup of plant-based cheese-like food products 	CTO	Pages 66, 67
		Response to excessive sugar intake concerns	<ul style="list-style-type: none"> Provide nutritionally balanced food products that help prevent lifestyle-related diseases by replacing certain sugars with plant-based protein ingredients 	3	<ul style="list-style-type: none"> Develop plant-based food ingredients that boost the protein content of staple foods (bread, cereal, etc.) 		
		Reduction of trans fatty acid contents	<ul style="list-style-type: none"> Reduce the amount of trans-fatty acids contained in products in compliance with the WHO's recommendations and the laws and regulations of each country 	3	<ul style="list-style-type: none"> Fuji Oil Co., Ltd.: Assemble a system that meets the needs of customers for oil and fat products with low- or non-trans fat Overseas Group companies: Set a target value for minimizing trans fat 		Page 44
	2 Sustainable procurement (main raw materials)	Sustainable procurement of palm oil	<ul style="list-style-type: none"> Achieve "No Deforestation, No Peatland Development, No Exploitation (NDPE)" throughout the supply chain To achieve 100% traceability to plantations (TTP) for palm fruit bunches throughout the supply chain by 2030 To implement the Labour Transformation Programme** at all suppliers of Palmaju Edible Oil Sdn. Bhd. by 2025 	8, 10, 12, 13, 15	<ul style="list-style-type: none"> Maintain 100% rate of traceability to oil mills (TTM) for palm fruit bunch throughout the supply chain Realize 60% traceability to plantations (TTP) for palm fruit bunch throughout the supply chain Promote the introduction of a "Suspension (transaction suspension) and Engagement Protocol" as part of supply chain improvement activities and of the grievance mechanism 	CSO	Pages 52–59
Sustainable procurement of cacao		<ul style="list-style-type: none"> Promote Responsible Cacao Sourcing Policy Plant one million trees on cacao farms by 2030 End the "worst forms of child labour" defined by ILO Convention by 2025 	4, 8, 10, 12, 13, 15	<ul style="list-style-type: none"> Launch a new program for supporting cacao farmers in Ghana toward the elimination of child labor 			
Sustainable procurement of soybeans (including GMO issues)		<ul style="list-style-type: none"> Promote sustainable procurement of soybeans and defatted soybeans 	12, 13, 15	<ul style="list-style-type: none"> Establish an outline of our policies on the sustainable procurement of soybeans 			
Areas to be addressed as the basis of our business activities	3 Assurance of product quality and safety	Ensuring thoroughgoing food safety and quality	<ul style="list-style-type: none"> Ensure that the Fuji Oil Group is never a cause for complaints for any of the products it manufactures 	12	<ul style="list-style-type: none"> Heighten awareness of the importance of quality among employees to ensure that we do not become a recipient of serious quality-related complaints Proceed with the development of a quality-improvement network 		
	4 Occupational safety and health	Promoting occupational safety and health	<ul style="list-style-type: none"> Place top priority on safety and respect for humanity. Keep all Group companies accident free by creating safe and comfortable workplaces 	8, 10	<ul style="list-style-type: none"> Improve awareness of occupational safety among employees to completely eliminate the occurrence of serious labor accidents and large-scale incidents 		
	5 Climate change	CO ₂ emissions reduction	<ul style="list-style-type: none"> Reduce Scope 1 and 2 CO₂ emissions (total volume) by 40% and Scope 3 (Category 1) emissions by 18% compared with 2016 (base year) by 2030 Note: Acquisition of SBT certification 	13, 13, 13, 13	<ul style="list-style-type: none"> Promote the reduction of CO₂ emissions in an effort to realize Environmental Vision 2030 by supporting and raising awareness at Group companies Consider the implementation of internal carbon pricing Introduce an environmental data collection system Increase the accuracy of our Scope 3 emissions data and devise measures toward their reduction 	C"ESG"O	Pages 75–78
	6 Conservation of water resources	Water usage reduction	<ul style="list-style-type: none"> 20% reduction in base-unit water usage by 2030 (compared with base year of 2016) 	6, 12, 13	<ul style="list-style-type: none"> Promote the reduction of water use in an effort to realize Environmental Vision 2030 by supporting and raising awareness at Group companies Introduce an environmental data collection system 		
	7 Resource efficiency and waste reduction	Waste reduction	<ul style="list-style-type: none"> 10% reduction in base-unit waste by 2030 (compared with base year of 2016) 	12, 13, 13	<ul style="list-style-type: none"> Promote the reduction of waste in an effort to realize Environmental Vision 2030 by supporting and raising awareness at Group companies Introduce an environmental data collection system 		
		Packaging materials reduction (including plastic trash issues)	Note: Plan to organize specific approaches to ESG management priority themes, on which we are undertaking efforts throughout the Group in fiscal 2020	12, 13	<ul style="list-style-type: none"> Survey the amount of packaging materials used at overseas Group companies 		
	8 Food loss reduction	Food loss reduction	<ul style="list-style-type: none"> Contribute to reducing food loss throughout the value chain by developing technologies that extend the best-before date of our products Note: Plan to organize more comprehensive approaches to the issue of food loss while undertaking efforts on ESG management priority themes throughout the Group in fiscal 2020 	13	<ul style="list-style-type: none"> Reduce food loss by extending the best-before date of products and reprocessing products in the bread market 	CTO	—
	9 Environmentally friendly manufacturing	Development of manufacturing methods with low environmental impact	<ul style="list-style-type: none"> Establish processing technologies that do not use chemical and organic solvent treatment, which has high environmental impact, in an effort to realize Environmental Vision 2030 	6, 12, 13	<ul style="list-style-type: none"> Develop oil and fat processing technologies that do not use chemical catalysts or organic solvent processing Develop technologies that significantly reduce CO₂ emissions 		
	10 Diversity	Implement diversity management	<ul style="list-style-type: none"> Facilitate management through innovations spurred by maximizing the capabilities of our diverse human resources 	5, 8, 10, 10	<ul style="list-style-type: none"> Fuji Oil: Promote the active engagement of senior employees who aspire to continue working Fuji Oil: Establish department targets that ensure fair competition and promote measures to heighten awareness among management (including seminars on unconscious bias) Fuji Oil: Create a comfortable workplace environment for people with disabilities in an effort to embrace diversity 	CAO	Pages 83–86
	11 Risk management	Practice of diversity management	<ul style="list-style-type: none"> Earn the trust of society by demonstrating high reliability and risk management capability 	12, 13	<ul style="list-style-type: none"> Promote risk management throughout the Group Support the recommendations of the TCFD Institute BCPs at main Group companies 	C"ESG"O	Pages 28–32, 77
Information security management		<ul style="list-style-type: none"> Reform processes through the use of information and communications technology (ICT) and create corporate value Facilitate the achievement of Group governance through the use of safe and secure ICT 	13, 13	<ul style="list-style-type: none"> Achieve COBIT** Level 4 information security management maturity model 	CFO	Page 15	
12 Governance	Group governance	<ul style="list-style-type: none"> Enhance corporate value through the establishment of an effective Group governance system 	12, 13	<ul style="list-style-type: none"> Develop a management execution system according to the Group Policy Promote understanding of the Group Management Philosophy and Group Policy 	CSO	Overall report	
	Improvement of corporate governance	<ul style="list-style-type: none"> Improve corporate value through appropriate management of the Board of Directors** 	12, 13	<ul style="list-style-type: none"> Enhance management of the Board of Directors by further strengthening its monitoring function 	CAO	Pages 88–100	

*1 A program for protecting the rights of employees

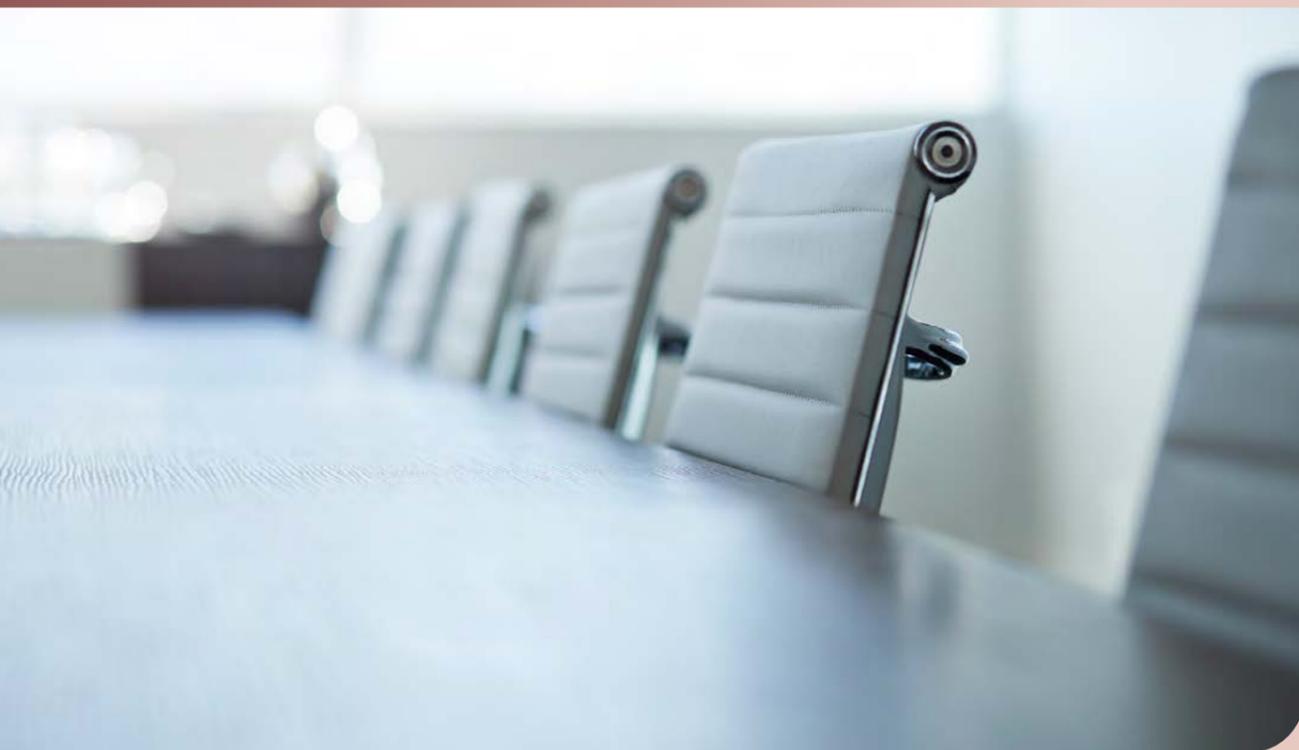
**2 A framework for measuring the maturity of IT governance, evaluated on a scale of 0 to 5; currently at Level 3

**3 Decisions on important management issues and supervision of management



CAO SECTION

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Message from the CAO

Driving Innovation through Diversity

Takeshi Takasugi
 Director and Senior Executive Officer
 Chief Administrative Officer (CAO)



My name is Takeshi Takasugi and I was appointed the Chief Administrative Officer (CAO) of the Fuji Oil Group in April 2020. Previously, I was the head of the business development division at Fuji Oil Holdings and directed the Group's operations in the Americas region. While we are making progress with our localization efforts in each area, we believe we can take greater advantage of our human resources and opportunities across the globe. With this in mind, my biggest mission is to quickly move ahead with our efforts to raise awareness of diversity, which underpins Group growth, and put in place a system and infrastructure that facilitates the achievement of that goal.

Our global network currently consists of 40 consolidated subsidiaries in 15 countries and regions, which are supported by the hard work of nearly 6,000 employees. Some have worked at Fuji Oil for years while there are others who joined after building up experience elsewhere. At Fuji Oil, realizing diversity is not only about achieving gender equality; it involves the gathering of people from different nationalities and backgrounds to develop and grow together

toward a common goal. This will form the source of our capabilities for generating new products and sales methods and strengthen our technological skills and production technologies. The collaboration of companies with diverse cultures is certainly not an easy task as it leads to conflicts and confusion from time to time. However, I believe that overcoming this barrier will help the Group gradually improve its ability to realize diversity and achieve substantial growth.

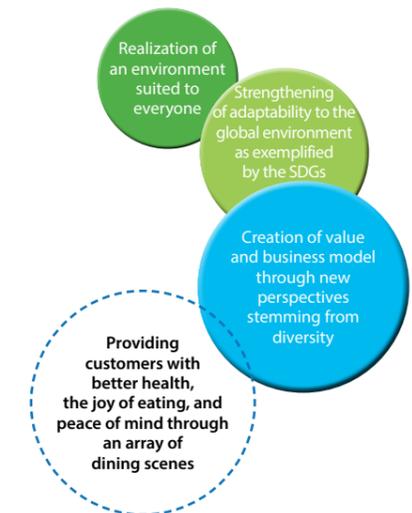
We have adopted "Embracing Diversity" as the theme of this year's Fuji Oil Group Diversity Vision. Because diversity is not something that can be easily achieved, the joy that comes from its achievement is simply amazing. Our ultimate aim is to realize diversity by way of having our diverse global workforce challenge each other to generate new innovations. To that end, we will continue with our efforts outlined in the medium-term management plan of establishing a human resource system that enables our global employees to grow and contribute in the most optimal way possible and forming a strong leadership team that can steer the global Fuji Oil Group forward.

The Fuji Oil Group's Diversity Vision

Embracing Diversity

Encouraging our diverse global human resources to challenge each other to generate new innovations.

While embracing this process, we will continue to "work for people" and contribute to society with our sights set on providing deliciousness and health in an array of dining scenes to our diverse customers across the globe.



Hitozukuri (Fostering People)

Global Human Resource Strategy Centered on Diversity

In our aim to establish a global structure on the back of our 2015 acquisition of Harald and the transition to a holding company structure, we felt the need to address the issue of our human resource strategy and system being based on a traditional Japanese approach. With this in mind, as part of our medium-term management plan, we forged ahead with the development of a global structure that can respond flexibly and swiftly to the changing business environment by establishing a framework that develops employees to become globally active through collaboration with each region.

Matters to Be Achieved/Resolved by FY2020

Globalization, diversification and localization of Fuji Oil Group human resources and the improvement of organizational productivity

Basic Policies of the Medium-Term Management Plan

- Develop systems and mechanisms for the finding and development of talent capable of performing on the global stage
- Build a global personnel system through regional collaboration
- Build a global structure that can respond flexibly and swiftly to changes in the operating environment through the promotion of diversity

Our Achievements to Date

① Promoting Localization

In order to evolve our business of food ingredient sales, which caters to the needs of food and social issues in all corners of the globe, we must have a sound understanding of the various cultures and customs, preferences, and sales channels, and make swift decisions and manage our business by adapting to the changing values and operating environment. For that reason, we pressed forward with localization based on our policy of appointing local employees to lead our major overseas Group companies. Looking ahead, we will continue to develop a solid group of leaders that will guide our global organization forward.



Fuji Oil Europe
Jon van den Bremen



Fuji Oil (Singapore) Pte. Ltd.
Teo Yong Wah



Fuji Oil (Zhang Jia Gang) Co., Ltd.
Yan Shangwen



Blommer Chocolate Company
Peter Blommer



Fuji Vegetable Oil, Inc.
Andrew Bunger



Fuji Oil Ghana Ltd.
Ronny Voorspoels



PT. Freyabadi Indotama
William Chuang



Industrial Food Services Pty. Ltd.
Andrew Ellis



Harald Indústria e Comércio de Alimentos Ltda
Sergio Tango

② Standardizing Compensation Systems and Evaluation Methods

The compensation system for the presidents of major overseas Group companies consists of a quantitative evaluation of results according to the business characteristics of each country as well as a qualitative evaluation, which includes implementation of the Fuji Oil Group Management Philosophy. Moreover, in order to set competitive standards of compensation that are appropriate for securing exceptional human resources and to provide appropriate incentives for achieving Groupwide management targets, we have begun the formulation of our Fuji Oil Holdings Guidelines. As we move forward, we will step up our efforts in human resource governance by providing fair compensation and clarifying and ensuring the transparency of our compensation determination process.

③ Identifying Employees Brimming with Potential and Provision of Opportunities for Global Engagement

The Fuji Oil Group is pursuing to identify those employees who have the potential to eventually become a part of the management team and those who can thrive on a global scale. We have created a database consisting of certain employees working at major overseas Group companies up until fiscal 2019. We also conducted career-related questionnaires and interviews with some employees to get a grasp of their career vision. Through such efforts, we have worked aggressively to not only dispatch employees from Japan to our Group companies overseas, but to also promote the dispatch of employees between our Group companies worldwide. Moreover, we are expanding our initiatives involving the collaboration of representatives from each country, such as the efforts of our R&D Department. (Please see page 70 for more information.)

④ Strengthening Awareness of Group Management Philosophy through Global Training Systems

To the Fuji Oil Group, its Group Management Philosophy embodies the values and standards of conduct it shares throughout the organization toward the realization of its vision and raison d'être, and represents the foundation of its management. We believe the rigorous implementation and sharing of the Group Management Philosophy represents the root of our strengths as an organization and leads to the fulfillment of our Mission. With this in mind, we have incorporated programs into our various training systems to promote awareness of the Group Management Philosophy as a part of our management development efforts.

Working Sessions on Promotion of Group Management Philosophy

In fiscal 2018 and fiscal 2019, we held working sessions to discuss the value of the Fuji Oil Group Management Philosophy.



With the goal of raising awareness of the values of the Fuji Oil Group and incorporating them into its day-to-day activities, Harald held working sessions consisting of five phases through collaboration with members of Fuji Oil Holdings to express the true essence of these values.

These sessions enabled the employees to grow increasingly aware of their own actions and to ensure that the matters they engage in going forward align with the mission, vision, and values of the Group. I believe the sessions were a great experience as we were able to learn about the significance of Harald's contributions to people's lifestyles through the workplace and to realize even more about how rewarding it is to work there.



Geise Andrade

Harald Indústria e Comércio de Alimentos Ltda
Senior Executive HR Manager

Training Program for New Presidents

In fiscal 2019, we conducted a training program at Fuji Oil Holdings for three newly appointed presidents of overseas Group companies. Among the items on the agenda were tours of our business sites in Japan and presentations to enhance their awareness of Fuji Oil's history and Group Management Philosophy.



The newly appointed president training program is critical to instilling an awareness of the Group's history, corporate culture, and management structure, and was inspired by the Group's principles, which embrace resolutions to issues facing the world in which we, as a company and as individuals, and future generations will live.

In keeping with these principles, Fuji Oil Europe pledges to further leverage its synergies and advance with the sharing of opportunities within the Group. We will embrace the full-fledged expansion of our capabilities in filling and compound products while continuing to provide sustainable solutions to oil and fat products. At the same time, we will fast-track our product development and innovation as an innovator of delicious, healthy, and sustainable food solutions for plant-based oils, fats, and cacao, and create a stimulating and pleasant workplace environment.



Jon van den Bremen

Fuji Oil Europe
Managing Director

Training Program for a Select Team of Managers in China

We held a four-day training program for our management team in China with the aim of enhancing awareness of the Fuji Oil Group, including its Management Philosophy, strengthening leadership skills, and developing a human resource network throughout the Group.



Eleven managers, including myself, were selected from various locations in China to participate in a training program at Fuji Oil Holdings. Through this program, we were able to fine-tune our Group management capabilities and deepen our knowledge of the Group's history, policies, and businesses, as well as ESG management and the Group Management Philosophy. The program was also a success in terms of the strong ties we were able to establish between Group companies.

Moreover, as this was the first visit to our headquarters in Japan for many of the managers, we were able to learn about our core products and our rigorous safety management structure through tours of Fuji Oil Holdings and factories. The program helped instill more confidence in us and motivate us to do whatever is necessary to achieve sustainable growth of the Fuji Oil Group.



Tang Zhengzheng

Fuji Oil (China) Investment Co., Ltd.
Finance and Accounting, Corporate Management Division

Hitozukuri (Fostering People) / Compliance

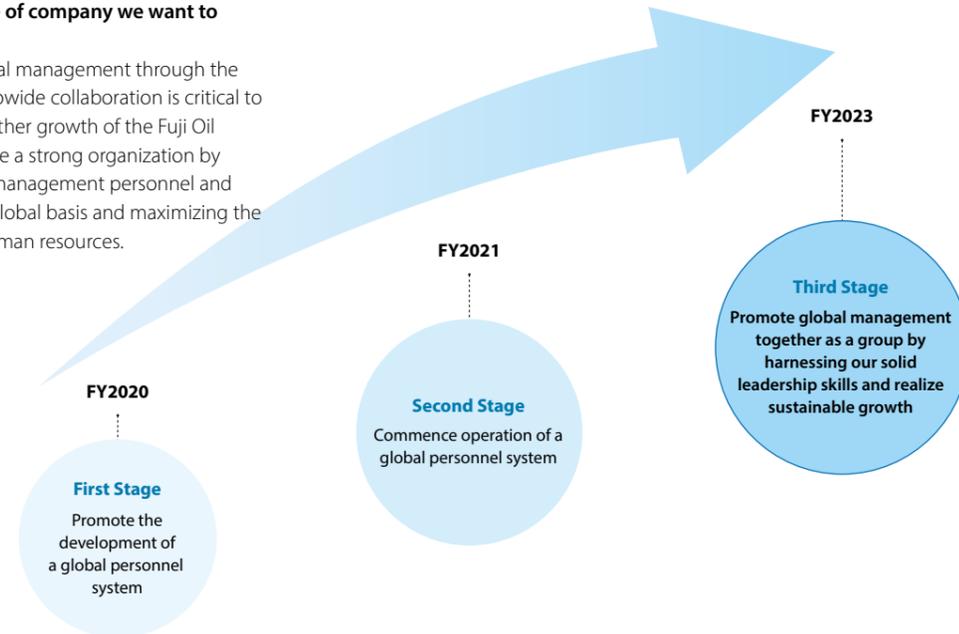
Our Next Step

The Fuji Oil Group will undertake various measures with the goal of realizing its Future Vision in fiscal 2023.

Our Future Vision

Our vision of the type of company we want to be in FY2023

The promotion of global management through the strengthening of Groupwide collaboration is critical to the achievement of further growth of the Fuji Oil Group. We will assemble a strong organization by developing a team of management personnel and business leaders on a global basis and maximizing the value of our diverse human resources.



Reinforcement of Infrastructure Underpinning Global Management

Expanding Our Global Communication

Over the past five years, the Fuji Oil Group has welcomed Harald (Brazil), Industrial Food Services (Australia), Blommer (the United States), and other companies into the fold. All of these companies are well-known in their respective countries and they contribute to the Group not only financially but also through their success in various markets, human resource development, raw material procurement, and a wide range of other areas. From a public relations perspective, we must strengthen our external communication throughout the Group as well as our communication within as we proceed forward. We believe that gaining global recognition is a key element to expanding our business and securing human resources in the years ahead. We will strive to find new settings where we can convey our Group message to various stakeholders and raise awareness of the Fuji Oil Group. As for our internal communication, we will introduce new communication tools on top of our existing print media and intranet to raise the level of unity within the Group.



In May 2020, the heads of various regions delivered messages to encourage Group employees at high risk of contracting COVID-19.



A widening spirit of mutual support at Fuji Oil Group companies worldwide

Global Laws and Regulations

Amid the acceleration of growth worldwide, we anticipate a higher number of projects in each region and the evolution of businesses possessing intellectual property going forward. Moreover, there will be greater urgency to globalize the Legal Affairs Department such as through adherence to the laws and regulations of each country. We will deploy a legal affairs manager at each business site and step up our networking capabilities with the legal affairs manager and law firms. In addition, we will work to improve the legal awareness of global core members at our various Group companies through training sessions.

Enhancement of Compliance Awareness

An officer in charge of risk management and compliance has been appointed at Fuji Oil Holdings, under whom we implement compliance initiatives Groupwide. The Legal Affairs Department at Fuji Oil Holdings engages in the planning of various measures and the improvement of issues on raising awareness of compliance throughout the entire Group. Upon receipt of timely reports from the Legal Affairs Department, the Management Committee Meeting and the Board of Directors at Fuji Oil Holdings conduct a review of compliance initiatives.



Monitoring

We monitor the status of compliance implementation including at overseas Group companies, in cooperation with the departments responsible for internal audits. Since fiscal 2018, we have visited Group companies overseas to conduct on-site inspections using our compliance checklist (prepared in consideration of laws, regulations, and risks specific to the region).

Initiatives to Enhance Compliance Awareness

Business Ethics Guidelines

We compiled the Fuji Oil Group Business Ethics Guidelines (*Green Book*), which explain our principles of action in the Fuji Oil Group Management Philosophy using representative case studies of our daily business activities. The guidelines are available in eight languages and are distributed to all employees in booklet and PDF form. We also provide new employees with training on the content of the guidelines.



Compliance Training

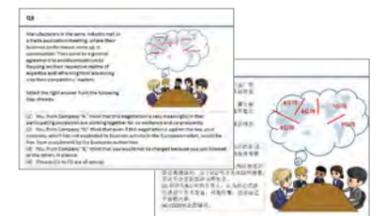
The Legal Affairs Department collaborates with the Human Resources Department and other related departments to provide compliance training, visit domestic and overseas business sites to investigate their compliance status and needs, and help raise employee awareness in areas requiring immediate attention.



e-Learning

With the aim of enhancing compliance awareness throughout the Group, in fiscal 2018, we designated the month of October as "Compliance and Information Security Awareness Month." Since then, we have been conducting e-learning training programs (in Japanese, English, Chinese, and Portuguese) for Group employees.

In order to raise the level of our compliance awareness measures in the following fiscal year, we are evaluating the status of our training programs and the feedback received from our employees at business sites.



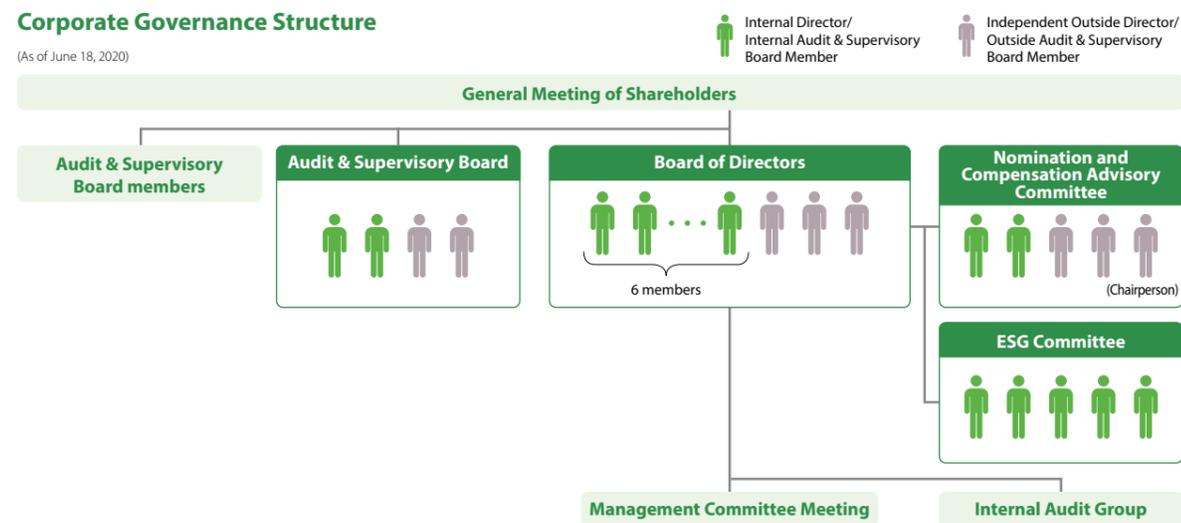
Corporate Governance

Basic Approach

The Fuji Oil Group has established the Fuji Oil Group Management Philosophy to serve as a universal policy for the operation of its business and as a foundation for conducting its business activities. To realize the principles set forth in the Group Management Philosophy, we have declared the strengthening and reinforcement of corporate governance as one of our priority issues for management. Through the realization of effective corporate governance, the Company aims to prevent the occurrence of situations that could harm its corporate value, including violations of laws and regulations, fraud, or misconduct, as well as promote sustainable growth and increase its medium- to long-term corporate value. Therefore, corporate governance is a vital framework for meeting the expectations of our stakeholders, including shareholders, clients and business partners, Company executives and employees, and greater society, ensuring fair and rapid decision-making.

Corporate Governance Structure

(As of June 18, 2020)



Status of Corporate Governance

(As of June 18, 2020)

Company Name	Fuji Oil Holdings Inc.	Organizational System				Pure Holding Company
Institutional Design	Company with an Audit & Supervisory Board	Number of Outside Directors				3 (including one woman)
Composition						
	Chairperson	Total	Internal Directors	Independent Outside Directors	Audit & Supervisory Board Members	Reference: Meetings during FY2019*1
Board of Directors	President (Hiroshi Shimizu)	13	6	3	4 (including 2 outside members)	16
Management Committee Meeting	President (Hiroshi Shimizu)	14*2	6	0	Observer	23
Nomination and Compensation Advisory Committee	Independent outside director (Kazuhiro Mishina)	5	2	3	Observer	15
ESG Committee	Internal director (Takashi Kadota, C"ESG"O)	5	5	—	—	3
Audit & Supervisory Board	Standing Audit & Supervisory Board member (Makoto Shibuya)	4	0	0	4 (including 2 outside members)	12

*1 April 2019 to March 2020

*2 Includes eight executive officers appointed by the president

(Reference) Disclosure of Information Regarding Corporate Governance
 • Corporate Governance Guidelines: https://www.fujioilholdings.com/en/ir/policies_and_systems/governance/
 A set of guidelines for executives and employees of the Fuji Oil Group for the achievement of sound corporate governance
 • Corporate Governance Report: https://www.fujioilholdings.com/en/ir/library/governance_report/
 Disclosure based on the principles of the Corporate Governance Code

Background to Reform of Corporate Governance Structure

In order to accelerate its decision-making process, the Fuji Oil Group transitioned to a pure holding company structure and separated the execution of business and the supervision of management, thereby delegating authority to its operating companies that serve as regional headquarters. Meanwhile, Fuji Oil Holdings plans strategies for Group management as well as managing and providing support to Group subsidiaries. We are constantly pursuing improvements to our corporate governance structure because we believe that functional and appropriate decision-making and business execution, as well as the strengthening of monitoring and supervisory functions of management, are critical to earning the trust and meeting the expectations of shareholders and other stakeholders.

(FY)

	2014	2015	2016	2017	2018	2019	2020
Separation of management supervision and business execution			● Transition to holding company structure Delegation of authority to regional headquarters				
Number of directors	● 12	● 10		● 8	● 9	● 10	● 9
Of whom, outside directors	● 1	● 2				● 3	
Committee	● Audit & Supervisory Board		● Establishment of Nomination and Compensation Advisory Committee and ESG Committee				
Evaluation of effectiveness of the Board of Directors				● Evaluation of effectiveness of the Board of Directors			
Compensation system	● Performance-linked compensation system		● Revision to amount of compensation of Audit & Supervisory Board members		● Formulation of Policy on Revisions to the Compensation System	● Implementation of performance-linked compensation system	
CEO succession plan						● Consideration of CEO succession plan	

Evaluation of Effectiveness of the Board of Directors

We evaluate the effectiveness of the Board of Directors in a manner that ensures objectivity and transparency with the aim of enhancing the function of the Board of Directors, strengthening corporate governance, and further improving corporate value. In FY2019, we conducted the evaluation based primarily on our progress on issues identified in the previous year's evaluation.

Results of Evaluation of Effectiveness in FY2017

Improvements

- Proactively engaged in efforts to improve governance
- Inaugurated the Board of Directors' meetings through leadership of President Shimizu and the insight of outside directors
- Established a culture that respects all opinions and ideas of directors and outside Audit & Supervisory Board members, and conducted open and lively discussions at the Board of Directors' meetings

Projected Improvements and Strengthening of Functions Going Forward

- Strengthen the supervisory function of the Board of Directors of the holding company
- Clarify the role of the Nomination and Compensation Advisory Committee and further improve its functions
- Enhance the diversity of the Board of Directors

Results of Evaluation of Effectiveness in FY2018

Improvements

Strengthened the diversity and clarified the roles of the Board of Directors through an increase in the number of outside directors and organizational reform (review of selection of corporate officer members and personnel)

Future Initiatives

Enhance Group governance in line with large-scale acquisition

Projected Improvements and Strengthening of Functions Going Forward

- Enhance discussions on medium- to long-term strategies and appropriately monitor their execution
- Clarify the roles and functions of the Nomination and Compensation Advisory Committee

Results of Evaluation of Effectiveness in FY2019

Identified Matters

- President Shimizu's strong leadership and the Board of Directors' sharp awareness toward improving governance
- Strong sense of urgency to transform into a global company

Issues to Address Going Forward

- Governance-related issues associated with global companies (strengthening of supervisory function as the Board of Directors of a holding company, etc.)

Overview of Evaluation

- Survey** : Conducted with 10 directors and four Audit & Supervisory Board members
- Interview** : • Reported to the president and CEO on the status of progress on issues
 • Asked general questions to one new outside director and one new outside Audit & Supervisory Board member
- Evaluation Process** : Third-party interviews and analysis of results based on anonymity

Question Topics

- Composition and structure of the Board of Directors
- Management and duties of the Board of Directors
- Matters for deliberation by the Board of Directors
- Supervisory function of the Board of Directors
- Status of structure and activities of the Nomination and Compensation Advisory Committee
- Status of activities concerning issues identified in the previous fiscal year

Discussion between Outside Directors

Path of Globalization of the Fuji Oil Group and Creation of Medium- to Long-Term Value

The Fuji Oil Group is rapidly globalizing its operations and reforming its management structure in its quest to become a staple in the global community. The following is a discussion between three outside directors on how they view this undertaking and the management issues they perceive. These individuals also offered advice for the Group to follow in the future.



Kazuhiro Mishina
Director
Independent Director



Yuko Ueno
Director
Independent Director



Hidenori Nishi
Director
Independent Director

Note: This three-way dialogue was conducted through an online system on June 1, 2020.

Mishina

I became a director at Fuji Oil in 2013. In the years that followed, I witnessed the Company's transition to the holding company system in 2015 and then proceeded to boldly embrace change on its quest to become a staple in the global community. One of the largest changes Fuji Oil has undertaken recently is its globalization efforts. Today, I would like to discuss the topic of the globalization of the Fuji Oil Group with Ms. Yuko Ueno, who became an outside director of the Company in 2018, and Mr. Hidenori Nishi, who took up the position of outside director in 2019.

First, I would like to hear your opinion on this subject, Ms. Ueno.

Ueno

At the Fuji Oil Group, overseas sales account for more than 60% of total revenue. Accordingly, the Group could be said to

be on its way to becoming a global conglomerate when you look at the numbers. Furthermore, the 2018 acquisition of Blommer Chocolate Company brought with it operations on par with those of the domestic operations of Fuji Oil. The fact that these operations are positioned overseas, in North America no less, means that this acquisition granted the Group a second major base of operations, placing it in a position in which it should be considering further globalization.

Looking at the Group as a whole, I sense a need to strengthen area-specific management systems given the Group's rapid globalization. The Group must also acquire the specialized insight and expertise required for post-merger integration of overseas companies along with the necessary human support. Another pressing task is the creation of global governance systems. Although the short-term performance of specific regions cannot be ignored, it is now important to foster management that can account for the

“ Although the short-term performance of specific regions cannot be ignored, it is now important to foster management that can account for the characteristics of specific regions and for market conditions from a long-term perspective. ”

characteristics of specific regions and for market conditions from a long-term perspective.

Nishi

You mentioned a long-term perspective. The way I see it, a sense of shared recognition has not been sufficiently established within the Fuji Oil Group with regard to fundamental concepts such as the type of global conglomerate it seeks to become and its concept of globalization.

For example, there are some food industry players that can be called global companies in terms of both name and substance that supply the same products in all regions of operation. Conversely, the Fuji Oil Group does not necessarily offer the same products in every region. Accordingly, it is only natural for the path of its globalization to differ from that of global companies with more cross-regional consistency in their product lineups.

One may then ask: What path should the Fuji Oil Group take in its globalization? As far as overarching direction, I believe that the Fuji Oil Group will be taking a global perspective toward markets, bringing management and corporate governance practices in line with global standards, while tailoring operations to specific regions. However, there is some doubt with regard to whether all employees are going about their daily work based on a shared recognition of this direction. It would no doubt be best for the Fuji Oil Group to move on to the next stage after it has first clarified its vision for the global conglomerate it wishes to become and shared this vision throughout the organization.

Mishina

In fact, when it comes to globalization, the Fuji Oil Group has been undertaking full-fledged overseas expansion since the 1980s. However, the globalization achieved through this expansion was limited to placing bases in China and other parts of Asia in order to acquire the raw materials needed for operating business in Japan at lower prices or to manufacture products in a more affordable manner. In other words, the Group was primarily expanding overseas for the purpose of capitalizing on the cost benefits of emerging countries.



The Fuji Oil Group's current globalization efforts, however, are something completely different. These efforts are aimed at claiming a share of the markets of developed countries, which represents a new approach toward globalization for the Group.

Moreover, prior globalization efforts were focused on businesses, with expansion into overseas markets, the establishment of bases and local joint ventures, and other aspects of operations performed on a by-business basis. Conversely, the Group's new globalization approach is based on regions. In this approach, regional headquarters are set up to oversee specific regions, and authority is delegated to these headquarters. The result is a system that allows for a more comprehensive effort to explore overseas markets as other businesses enter into markets where previously only individual businesses had operations.

As a result, the Fuji Oil Group is currently at a stage in which both of these globalization approaches are being advanced at the same time. This lends to your point, Mr. Nishi, that a shared recognition of globalization has not been established within the Fuji Oil Group.

Ueno

It is important for the Fuji Oil Group to advance a new globalization approach oriented around regions of operation. However, I feel that the idea that operations should be guided by Japan is still too strongly engrained in the Group. Regional headquarters need to directly head efforts to develop operations shaped based on the characteristics of their specific region. The creation of a system in which this is possible is of utmost importance to the Fuji Oil Group. Success in building these systems will hinge on the Group's ability to construct frameworks for collecting and tracking accurate information on local market conditions, needs, and consumer demand and using this information to stimulate demand within their respective regions. If, for example, foundations for healthy business activities based on a shared understanding of the Fuji Oil Group Management Philosophy can be established, it will enable locally hired employees to guide overseas operations as members of upper management.

Nishi

Tying this back to what Ms. Ueno said, the most important area needing to be changed in order for the Fuji Oil Group to advance its new approach toward globalization is how human resources are viewed and utilized. Based on my experience, I think I can be of help by utilizing my experience in global meetings. At such meetings, I could monitor the areas that the management of overseas companies are focusing on and the type of human resources needed to accomplish these aims and offer advice on how to evaluate and utilize human resources throughout the Group's management.

Mishina

On the subject of human resources, the Fuji Oil Group's previous globalization approach entailed positioning staff in Asia and other areas of overseas operation in order to transmit and entrench the operating practices used in Japan. Under the new approach, however, this situation is reversed—the Group is in need of human resources that can learn from their experiences overseas. Overseas regions present a scale that exceeds that of the Fuji Oil Group's conventional operations. For this reason as well, the ability to identify and cultivate individuals capable of learning from overseas business partners will be crucial to advancing this new globalization approach. Examples of what the Group must learn from such partners include how to view markets and project near-future trends as well as the specific methods of approaching certain types of customers that should be adopted based on this knowledge.

Ueno

The Fuji Oil Group excels at developing technologies. I therefore want to see the Group more fully capitalizing on its unique core technologies. Up until now, the Group has focused on developing products in response to the needs of the businesses that were its direct customers, gathering consumer information through these customers, in a model that had it serving consumers indirectly through such businesses. I therefore see a need for the Group to develop a business model that creates demand based on its core technologies going forward. For this purpose, it will need frameworks that enable it to gather consumer

information directly in order to identify the wants and needs of markets and share this information throughout the organization.

Fuji Oil opened UPGRADE Plant based kitchen in 2019. I believe that this establishment can function as a venue for co-creation with customers as Fuji Oil employees will be able to engage in business negotiations with the business operators that are its customers while watching consumers partake of dishes using soy meat and other ingredients. I suspect that this venue will provide a bridgehead for the shift toward demand creation-oriented product development.

Mishina

Up until now, the discussion has primarily focused on the issues facing the Group. However, I do not feel as though the Fuji Oil Group is behind its peers. Food trends originate from developed countries. Accordingly, the fact that the Group was able to develop a platform that gives it direct access to those countries through its new globalization approach is a significant success of this approach. Moreover, the Blommer acquisition enabled the Group to incorporate multinational companies and other players capable of influencing global food trends into its network.

The Group was also able to achieve operating profit exceeding ¥20.0 billion, a hurdle it had previously been unable to surpass. It is true that the Group's income growth had been stagnant for a number of years, but I feel that it has since been able to return to a growth track. This is another major success of the new globalization approach.

Yet another success of this approach was the progress made in management based on environmental, social, and governance (ESG) factors. In terms of environmental factors, Unifuji Sdn. Bhd., which commenced operation in the second half of 2018, will have an important role to play. Using the sustainable palm oils produced by United Plantations Bhd. and the Fuji Oil Group's fractionation technologies, this company manufactures high-value-added palm oil products, making the Group a forerunner in the field of palm oil among Japanese companies. Furthermore, in 2020 the Group declared its medium- to long-term commitment to running abreast with

“ Food trends originate from developed countries. Accordingly, the fact that the Group was able to develop a platform that gives it direct access to those countries through its new globalization approach is a significant success of this approach. ”

major overseas players in the cacao field. In this manner, the Group's initiatives are beginning to move toward a new stage.

As for social factors, the Group's ability to transmit information is improving. The Group is proactive in transmitting information pertaining to plant-based food solutions, whether it be UPGRADE Plant based kitchen, which Ms. Ueno mentioned just a moment ago, or the release of the *Mame-mage* series of soy milk-processed products made using the Ultra Soy Separation method. This proactive information disclosure extends to investor relations activities, which have seen an increased range of information provided to investors via integrated reports and other venues.

In regard to governance, we are seeing rapid progress. While I used to be the only outside director, we now have two more. Other advances have included the revision of office compensation systems and the separation of the oversight function of the Board of Directors from the execution function of the Management Committee Meeting. Meanwhile, vigorous debate is taking place in relation to such topics as standards for selecting and dismissing the CEO, the creation of a succession plan, and policies pertaining to the balance, diversity, and scale of the Board of Directors. Moreover, the new Board members that joined in fiscal 2020 were chosen based, in part, on the opinions of us outside directors.

Ueno

It is my impression that the Fuji Oil Group is very passionate about ESG management. Each Chief Officer has been assigned a specific ESG theme, and they evaluate progress in ESG initiatives based on their respective themes. The initiative and ambition of the Group rings through these efforts.

ESG management is now viewed as an essential practice expected of all global companies. For this reason, the Fuji Oil Group's advocacy of ESG management, and how President Shimizu is soliciting its importance both inside and outside of the Group, has significant meaning in terms of the Group's ability to grow on the global stage.

Nishi

I am truly amazed with President Shimizu's communication on ESG matters and the foresight this indicates. I also feel that the Group is engaged in various initiatives that are impressive even when looked at on a standalone basis. Unfortunately, the Group still lacks the autonomous frameworks for ensuring that such initiatives are advanced consistently on an ongoing basis.

Communication is vital to realizing such frameworks. It is, of course, important to implement initiatives of a high caliber. However, the ability to communicate those initiatives to stakeholders and receive feedback is equally important. Through such an ongoing process of communication, the Fuji Oil Group should be able to generate a virtuous cycle that delivers the type of resolutions to ESG issues that only it can.

This type of communication may not have been necessary when

the Fuji Oil Group was developing traditional business-to-business operations. At this time, the Company was likely primarily focused on communication with customers, neglecting to communicate with consumers or, in other words, society except for through its customers. It was probably not significantly motivated to devote such efforts and money toward communicating with society directly. Going forward, however, it will be absolutely essential for Fuji Oil to ramp up communication with consumers and the greater society and leave an impact on them if it is to promote ESG management and achieve sustainable growth.

The recent increase in interest in ESG management could be seen as an indication of a change in society's priorities. The global COVID-19 pandemic has made the idea of the “new normal” a topic of frequent discussion. Rather than the “new normal,” however, I prefer to think of it in terms of “new priorities.” As we move past this catastrophe, I expect that we will see even greater changes in society's priorities. As the Fuji Oil Group addresses these social trends, it might find itself needing to review its own management priorities.

Mishina

In closing, I would like for all of us to share what we hope to accomplish as outside directors. Ms. Ueno, would you please go first?

Ueno

The Fuji Oil Group is dedicated to empowering female employees, and this conviction is manifesting in a gradual increase in female representation in management positions. The ratio of women among overseas managers is also high, but ratios of women in senior management positions remain low both inside and outside of Japan. It is my hope that the Group will take steps to nurture the ambitions of female employees and heighten their career awareness to increase the number of women in senior management positions. Such improvement could be pursued by introducing job rotation programs to empower female employees and otherwise enhancing human resource development programs.

Meanwhile, it would be desirable for the Group to employ a wider range of individuals from the perspectives of promoting diversity and of cultivating future management candidates. Accordingly, as the Nomination and Compensation Advisory Committee discusses the development of succession plans, it should turn more attention to the talented human resources that can be found overseas. The Fuji Oil Group only stands to become stronger by growing into an organization that encourages contributions from diverse human resources.

I would also like members of the Fuji Oil Group to proactively form connections and collaborate with people outside of the organization who work in different fields and industries and are equipped with different skills. Communication and alliances with outside individuals with different backgrounds can give rise to creative innovation the likes of which has not been seen



before, thereby transforming businesses and shaping technological progress toward the future. In particular, I want to encourage people in technology and other R&D fields to embrace this approach.

The economic and social conditions surrounding companies are undergoing great change. Against this backdrop, as an outside director, I hope to adopt the perspectives of a diverse range of stakeholders to contribute to the ongoing growth and medium- to long-term improvement value of the Fuji Oil Group. I have experience in marketing, branding, and research and development. I therefore look to offer proactive advice to the Group at Board of Directors' meetings and other occasions in order to support it in recruiting and cultivating flexible human resources capable of responding to change and in providing an environment conducive to innovation.

Nishi

The Fuji Oil Group possess distinctive technologies and has developed a firm customer base in Japan. The Group thus had the option to continue developing its traditional business model, without pursuing substantial changes. However, it did not choose this option, rather electing to embrace challenges that would not have been faced in its previous business model through its global expansion, plant-based food solutions, and ESG management efforts. I became an outside director at Fuji Oil when it was in the process of tackling these challenges. I therefore want to do what I can to ensure that this undertaking can prove meaningful to members of the Fuji Oil Group as well as to its stakeholders.

Corporate governance tends to paint the image of passive initiatives, such as those pertaining to compliance. Quite the contrary, I believe that corporate governance initiatives have the potential to drive accelerated growth in corporate value. However, these initiatives can lack effectiveness if they are prefaced on the traditional view that only management should govern the company. The ability to effectively enhance corporate governance hinges on the extent to which a company is able to involve stakeholders in these efforts. The first step in involving stakeholders should be to increase the range of opportunities for dialogue with employees to shrink the distance between labor

and management and reform awareness. Through this process, efforts should also be made to have the internal staff of the Fuji Oil Group recognize us as members of the same team working toward the shared goal of improving corporate value. I am confident that such efforts will increase the effectiveness of corporate governance initiatives while helping shape governance systems that are meaningful and beneficial to society.

Mishina

The Fuji Oil Group Management Philosophy, established in 2015, states "work for people" as one of the Group's central values. I take this statement as being a simple explanation of the very core of the Group's business model. The process of addressing the issues faced by customers and creating product concepts that match their needs through diligent work and innovation is a source of profit. I think that Fuji Oil is a company that works for people in the truest sense as it is the success of its customers that drives its growth. This approach toward growth has continued to drive our commitment to the evolution of food.

People in areas such as Europe and the United States, areas where the Fuji Oil Group is striving to develop operations through its new globalization approach, often have an "if it's not broken, don't fix it" type of mentality. For this reason, it is not uncommon for popular products to continue to be sold as is, without any additional improvements. This situation presents an opportunity for the Fuji Oil Group to claim success. If the Group continues to adhere to its value of "work for people" on the global stage, thereby contributing to the evolution of food across the globe, I anticipate that it will become a presence that can drive change in such social tendencies and in people's views toward food.

In order to become such a presence, it will become more important than ever for the Fuji Oil Group to think about how it can reinforce its unique sense of identity, no matter where it is operating, and to foster solidarity within the Group. It will also be crucial for the Group to increase the number of employees that have a strong sense of identity as members of the Fuji Oil Group, regardless of their nationality or gender. ESG management is being enhanced as one facet of these efforts, and I feel that the role for us outside directors to play in supporting corporate governance is growing ever larger. Recognizing this fact, I hope to contribute to the Fuji Oil Group as a member of the same team, working toward the shared goal of improving corporate value, as articulated by Mr. Nishi.

“ The ability to effectively enhance corporate governance hinges on the extent to which a company is able to involve stakeholders in these efforts. ”

The Role of the Board of Directors

Duties of the Board of Directors

The Fuji Oil Holdings Corporate Governance Guidelines stipulate that in accordance with the provisions of the Companies Act, the Board of Directors shall supervise the execution of duties of Managing Directors and Executive Officers, along with deciding on the execution of important business matters of the Company.

Main Agenda Items of the Board of Directors

While there are several items to be determined, discussed, and reported on by the Board of Directors, the main items are as follows. (The items listed below are examples.)

① Matters regarding laws and resolutions of the Companies Act, etc. (Determination of agenda items at the General Meeting of Shareholders, etc.)

Discussions are held in a lively manner while considering plans for the future and resolving and deliberating on agenda items.

② Discussions on matters regarding long-term strategies and sustainability, etc.

Discussions are held in a lively manner on matters pertaining to long-term business strategies and sustainability initiatives, which are deemed necessary to realizing sustainable improvements in corporate value, and decision-making related to the execution of business is delegated to executive officers.

③ Matters regarding continued deliberation by the Board of Directors through cooperation with advisory committees (Review of executive compensation system, succession plan, etc.)

Matters consulted by the Board of Directors with the Nomination and Compensation Advisory Committee are reported by the Nomination and Compensation Advisory Committee and deliberated by the Board of Directors in a timely manner. At the General Meeting of Shareholders held on June 18, 2020, a resolution was passed for a revision to the executive compensation system and, as a result, a performance-linked compensation system for managing directors was introduced.

④ Status of progress of strategies and measures of the Group and operating companies and medium-term management plan

The status of progress of strategies and measures, including those discussed in this report, and of the medium-term management plan, is confirmed by the Board of Directors after receiving concrete reports from regional headquarters on their results, as well as their issues and measures going forward, in a timely manner.

⑤ Status of management of core operating companies (including reports on post-merger integration)

The status of management of core operating companies is reported, and the status of progress of structural reforms, including their issues and details of measures going forward, is confirmed, in a timely manner.

⑥ Status of internal control, risk management, and compliance implementation

The status of implementation of internal control in accordance with reports from the Internal Audit Group, etc., is confirmed, and the progress of development and operation of the risk management system is monitored. Furthermore, the importance and the status of improvement plans, including recurrence prevention measures, concerning issues pertaining to safety, quality, compliance, etc., arising at operating companies are verified.

Approach to Diversity of the Board of Directors

The Company currently has nine directors (of whom three are independent outside directors, including one female director), and therefore one-third of all directors are outside directors. At the Fuji Oil Group, we deem the importance of ensuring diversity of the Board of Directors (including gender, nationality, and expertise) when selecting director candidates. We strive to ensure the objectivity and transparency of the candidate selection process based on the reports of the Nomination and Compensation Advisory Committee, which is chaired by an outside director.



Director Compensation System

FY2019: Amount and Calculation Method of Director Compensation

Items	Method used in FY2019	
	Board of Directors	Audit & Supervisory Board members
Decision procedure	Within the total amount resolved at the General Meeting of Shareholders • Amount of annual compensation for directors of up to ¥600 million (Of which, the amount of annual compensation for an outside director is up to ¥30 million. Includes bonuses of directors and excludes the portion of employee compensation for directors who concurrently serve as employees)	Within the total amount resolved at the General Meeting of Shareholders • Amount of annual compensation for Audit & Supervisory Board members of up to ¥100 million
Compensation	Determined by a resolution of the Board of Directors upon reports from the Nomination and Compensation Advisory Committee Fixed compensation (monthly salary*) + Short-term performance-based bonus (bonus based on individual and company performance**) Note: Outside directors only receive fixed compensation.	Discussion among Audit & Supervisory Board members Fixed compensation (monthly salary**3)

*1 Annual compensation according to position and responsibilities, with reference to survey data from external agencies
 *2 Takes into consideration factors such as short-term results, business environment, stock price and dividend trends
 *3 Appropriate level for roles and duties using survey data from external agencies. In consideration of independence, fixed compensation is based on responsibilities and full-time or part-time duties.

Total Amount of Compensation by Position, Total Amount by Type of Compensation, and Number of Eligible Recipients

Position	Total amount of compensation (millions of yen)	Total amount by type of compensation (millions of yen)				Number of eligible recipients (persons)
		Base compensation	Stock option	Bonuses	Retirement benefits and provision for retirement benefits	
Directors (excluding outside directors)	295	202	—	92	—	7
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	54	54	—	—	—	2
Outside directors/Outside Audit & Supervisory Board members	51	51	—	—	—	6

Notes: 1. The above includes compensation for one outside Audit & Supervisory Board member who retired at the conclusion of the 91st Ordinary General Meeting of Shareholders.
 2. The above includes bonuses for directors for fiscal 2019.
 3. The above total amount of compensation of directors does not include employee compensation for directors who concurrently serve as employees.

New Director Compensation System, Effective as of FY2020 (Introduction of performance-based compensation system)

In accordance with the basic policies related to corporate governance, the Company has decided to revise its director compensation system in order to promote sustainable improvements in the Group's corporate value and the sharing of value with stakeholders, as well as to allow directors to appropriately carry out their duties related to management supervision and business execution.

After continuous discussions concerning the role of director compensation by the Nomination and Compensation Advisory Committee, which consists mainly of outside directors, and upon deliberations by the Board of Directors, we introduced a new director compensation system that further clarifies the relationships between director compensation and the Company's business performance and equity value.

Current System

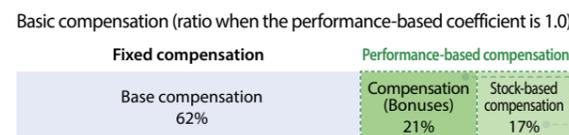
Position	Base compensation (Fixed compensation)	Bonuses
Director (Internal)	✓	✓
Director (Outside)	✓	—



- Goals**
- Further clarify the relationships between director compensation and the Company's business performance and equity value
 - 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

New Director Compensation System

Position	Base compensation (Fixed compensation)	Performance-based Compensation (Bonuses)	
		Compensation (Bonuses)	Stock-based compensation
Director (Internal)	✓	✓	✓
Director (Outside)	✓	—	—



Performance-Based Compensation (Bonuses)

Objective

- Heighten awareness regarding improvements to business performance every fiscal year

Amount of Individual Payment

Amount of Base Compensation by Position

• FY2020
 Standard KPI: Consolidated operating profit of ¥23.7 billion in FY2020
 Note: Amount of base compensation in the case of 100% achievement of standard KPI

Position	Base compensation	Eligible directors
Director (President)	¥19.0 million	1
Directors (Senior)	¥9.5 million	3
Directors	¥7.6 million	2

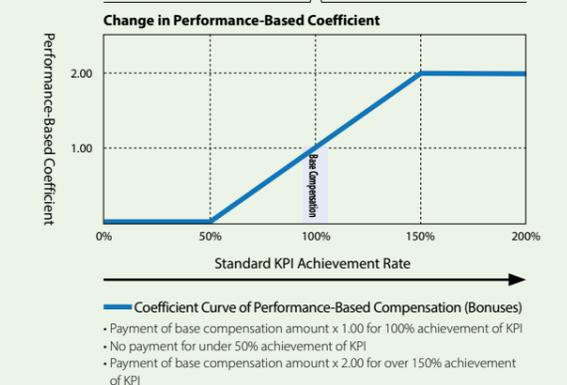
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Performance-Based Coefficient

KPI achievement ratio	Performance-based coefficient
150% or more	2.00
50%–150%	$(\text{Actual KPI} + \text{Standard KPI} - 0.5) \times 2$ Round up to two decimal places.
Less than 50%	0

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

KPI	Consolidated operating profit
Determination of amount and payment	Amount of compensation 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 individual payments to directors	Director (President) ¥50 million Directors (Senior) ¥25 million Directors ¥20 million



Performance-Linked Compensation

Objectives

- Further clarify the link between director compensation 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

Points Awarded for Individual Payments

Awarding Method (Thousand points)

Position	Maximum number of points
Director (President)	25.0
Directors (Senior)	12.5
Directors	10.0

Amount of Base Compensation by Position

• FY2020
 Standard KPI: FY2020 EPS target of ¥192
 Note: Amount of base compensation for 100% achievement of KPI

Position	Base compensation	Eligible directors
Director (President)	¥17.3 million	1
Directors (Senior)	¥8.7 million	3
Directors	¥6.9 million	2

Performance-Based Coefficient

KPI achievement ratio	Performance-based coefficient
175% or more	2.00
25%–175%	$(\text{Actual KPI} + \text{Standard KPI} - 0.25) \times 1.33$ Round up to two decimal places.
Less than 25%	0

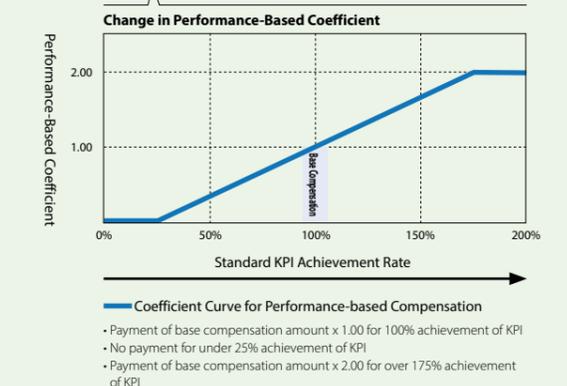
• KPI achievement ratio = Actual KPI ÷ Standard KPI × 100
 • Actual KPI = Actual amount of net income per share (EPS) for the fiscal year under review
 • Standard KPI = Standard amount of net income per share (EPS) for the fiscal year under review
 Note: Amount of compensation will be reduced by 10%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

Price of Company Shares Acquired by Trust

For shares acquired by the trust, 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 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
Overview of system	Under this stock-based compensation system, Fuji Oil Holdings will establish a trust, which will hold the assets to be paid as performance-based compensation. 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. In principle, upon retirement of the director
Eligibility period	Maximum amount: ¥200 million per fiscal year Maximum number of points awarded to eligible recipients: 100,000 points per fiscal year
Maximum amount of trust principal	



Directors, Audit & Supervisory Board Members, and Executive Officers

(As of June 18, 2020)

Directors



Hiroshi Shimizu
 President
 Chief Executive Officer (CEO)
 Born July 1, 1953

Apr. 1977 Joined the Company
 Jun. 2004 Director
 Apr. 2013 President and Chief Executive Officer (CEO) (to present)
 Oct. 2015 Chief Executive Officer (CEO) (to present)

Mr. Hiroshi Shimizu was appointed as a director in June 2004 and has acted as President and CEO since April 2013. During the transition to a pure holding company in October 2015, he directed the reform of the management system and set the foundation for realizing the improvement of corporate value through sustainable growth of the Group, by delegating authority to regional headquarters and by strengthening overall governance functions in the Group.



Mikio Sakai
 Director
 Senior Executive Officer
 Chairman of Blommer Chocolate Company
 President of Fuji Specialties, Inc.
 Born October 6, 1959

Apr. 1983 Joined the Company
 Jun. 2015 Director (to present)
 Apr. 2019 Senior Executive Officer, Chairman of Blommer Chocolate Company (to present)
 Apr. 2020 President of Fuji Specialties, Inc. (to present)

Mr. Mikio Sakai has experience as president of important subsidiaries of the Group in regions such as China and the U.S. and was appointed as a director in June 2015. He later served as Chief Strategy Officer, and since April 2019, he has taken the lead in the international business by making full use of his business execution and management capabilities as Chairman of Blommer Chocolate Company, which is the Company's core chocolate business in North America.



Tomoki Matsumoto
 Director
 Senior Executive Officer,
 Chief Financial Officer (CFO)
 Born December 20, 1960

Apr. 1985 Joined the Company
 Jun. 2015 Director (to present)
 Oct. 2015 Chief Financial Officer (CFO) (to present)
 Apr. 2019 Senior Executive Officer (to present)

Mr. Tomoki Matsumoto has a wealth of business experience mainly in finance, accounting, and corporate planning, and was appointed as a director in June 2015. He has served as Chief Financial Officer since October 2015, when the Company made the transition to a pure holding company structure, and has contributed to the proactive disclosure of Company information.



Tatsuji Omori
 Director
 Senior Executive Officer
 President of Fuji Oil Co., Ltd.
 Born April 28, 1960

Apr. 1983 Joined the Company
 Apr. 2017 President of Fuji Oil Co., Ltd. (to present)
 Jun. 2017 Director (to present)
 Apr. 2019 Senior Executive Officer (to present)

Following many years of experience working in the Sales Department, Mr. Tatsuji Omori served as president of a Group subsidiary in China and general manager. Since April 2017, he has taken the lead in domestic business by making full use of his business execution and management capabilities as President of Fuji Oil Co., Ltd., which is the core of the Group companies.



Takashi Kadota
 Director
 Senior Executive Officer,
 Chief ESG Officer (C"ESG"O)
 Born April 2, 1959

Apr. 1985 Joined the Company
 Jun. 2018 Director (to present)
 Apr. 2019 Chief ESG Officer (C"ESG"O) (to present)
 Senior Executive Officer (to present)

Mr. Takashi Kadota has worked in the engineering development department for a long period of time; has been responsible for overseeing safety, quality, and production; and has spent time living in the United States and China. Since April 2018, he has been in charge of safety, quality, and environmental strategies for the Group as Chief Quality Officer of the Company. Since April 2019, he has been responsible for promoting ESG management as Chief ESG Officer.



Takeshi Takasugi
 Director
 Senior Executive Officer,
 Chief Administrative Officer (CAO)
 Born July 16, 1959

Apr. 1982 Joined ITOCHU Corporation
 Apr. 2017 Joined the Company
 Apr. 2019 Senior Executive Officer (to present)
 Apr. 2020 Chief Administrative Officer (CAO) (to present)
 Jun. 2020 Director (to present)

Mr. Takeshi Takasugi has experience working in sales and management within the food sector for a major Japanese trading company and is well versed in overseas business. After joining the Company, he was involved in the development of its overseas business and served as the president of regional headquarters in the Americas. He has a wealth of experience in the food business in both Japan and overseas, and has been in charge of promoting global management for the Group as the Chief Administrative Officer (CAO) since April 2020.



Kazuhiro Mishina
 Director*¹
 Independent Director
 Born September 23, 1959

Sep. 1989 Assistant Professor, Harvard Business School
 Apr. 1997 Assistant Professor, The School of Knowledge Science, Japan Advanced Institute of Science and Technology
 Oct. 2004 Professor at Graduate School of Business Administration, Kobe University (to present)
 Jun. 2012 Outside Director, NICHIREI CORPORATION
 Jun. 2013 Outside Director (to present)
 Jun. 2016 Outside Director, Nippon Paint Holdings Co., Ltd.

Mr. Kazuhiro Mishina is an academic who has years of experience in the forefront of corporate economic research such as corporate strategies and theory of corporate managers. He has not directly engaged in corporate management, but he works as an outside director at multiple companies and has highly specialized knowledge along with a wealth of experience.



Yuko Ueno
 Director*¹
 Independent Director
 Born July 7, 1954

May 1981 Established World Design Corporation
 Sep. 2010 President and CEO of Ueno Distribution Strategy Laboratory Co., Ltd. (to present)
 Jun. 2016 Councilor of Incorporated Educational Institution Kobe Shoin Women's University
 Jun. 2018 Outside Director (to present)
 Apr. 2020 Trustee (part-time), Kobe University (to present)

Ms. Yuko Ueno has worked as a marketing consultant for many years, and has provided consultation to many companies and local government agencies, etc. In addition, she is involved in corporate management as a manager, works as an outside director for a listed company, and has a wealth of experience as well as an advanced level of insight.



Hidenori Nishi
 Director*¹
 Independent Director
 Born January 6, 1951

Apr. 1975 Joined Kagome Co., Ltd.
 Jun. 2009 President & Representative Director, Kagome Co., Ltd.
 Jun. 2014 Chairman of the Board of Directors & Representative Director, Kagome Co., Ltd.
 Jun. 2014 Outside Director, Nagase & Co., Ltd.
 Jun. 2016 Chairman of the Board of Directors, Kagome Co., Ltd.
 Jun. 2019 Outside Director (to present)
 Jun. 2020 Outside Director, Terumo Corporation (to present)*²

Mr. Hidenori Nishi has worked for many years in a global food products business and has abundant experience as a corporate manager, a deep knowledge of marketing, and a high level of insight into the food industry, the Company's core business area. The Company believes that he can help strengthen the oversight of the Company's business execution and further enhance the effectiveness of the Board of Directors by utilizing his years of management experience and drawing on his current role as an outside director of a listed company.

Audit & Supervisory Board Members



Makoto Shibuya
 Standing Audit & Supervisory Board Member
 Born October 25, 1959



Takehiko Sumiya
 Standing Audit & Supervisory Board Member
 Born July 16, 1958



Ryuta Uozumi
 Outside Audit & Supervisory Board Member*³
 Independent Audit & Supervisory Board Member
 Born February 24, 1948



Hirohiko Ikeda
 Outside Audit & Supervisory Board Member*³
 Independent Audit & Supervisory Board Member
 Born June 21, 1960

Executive Officers

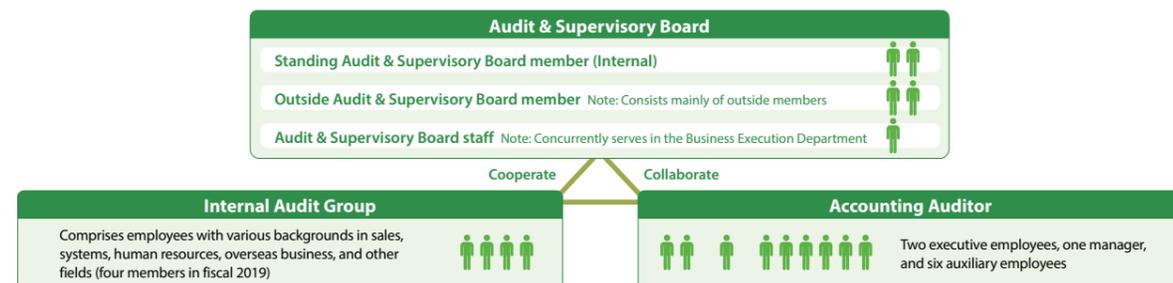
- Haruyasu Kida** Senior Executive Officer Chief Technology Officer (CTO)
- Yasuhiro Maruhashi** Senior Executive Officer Chief Strategy Officer (CSO) Member of the Board of Fuji Oil Co., Ltd.
- Masataka Minemura** Executive Officer President of Fuji Oil (China) Investment Co., Ltd.
- Hiroshi Shinano** Executive Officer Oils & Fats and Chocolate Division
- Hitoshi Shindachi** Executive Officer Managing Director of Fuji Oil Asia Pte. Ltd.
- Naohiro Rokukawa** Executive Officer Managing Director of Fuji Europe Africa B.V.
- Kiyohito Suzuki** Executive Officer PBFS (Plant-Based Food Solutions) Division
- Akihiro Nakamura** Executive Officer Research Institute for Creating the Future

*¹ Directors Kazuhiro Mishina, Yuko Ueno, and Hidenori Nishi are outside directors pursuant to Article 2 (3) (v) of the Ordinance for Enforcement of the Companies Act.
 *² Appointed on June 25, 2020
 *³ Outside Audit & Supervisory Board members Ryuta Uozumi and Hirohiko Ikeda are outside Audit & Supervisory Board members pursuant to Article 2 (3) (v) of the Ordinance for Enforcement of the Companies Act.

Initiatives on Enhancing the Effectiveness of Three-Way Audits

1. Cooperation between the Audit & Supervisory Board, Internal Audit Group, and Accounting Auditor (Three-Way Audit)

The Audit & Supervisory Board, Internal Audit Group, and Accounting Auditor conduct audits according to their respective roles and responsibilities, and share information, collaborate on audits of Group companies, and follow up on the results of audits together as a group. In this way, we have established a framework for strengthening the effectiveness of their audits.



2. Overview of the Audit & Supervisory Board's Audit Activities

The Audit & Supervisory Board has formulated an annual action plan by considering the risks and issues involved in the four areas of (1) directors' execution of duties, (2) business execution, (3) internal control, and (4) accounting audits. The audit activities of each area are outlined in the chart below. The Audit & Supervisory Board has provided advice and recommendations on the matters identified through these audit activities to the directors and the Business Execution Department.

Area	Audit & Supervisory Board members
Execution of Duties by Directors	<ul style="list-style-type: none"> Attendance at Board of Directors' meetings Interviews with other directors Exchange of opinions between Audit & Supervisory Board members and the director in charge (governance system, etc.)
Business Execution	<ul style="list-style-type: none"> Audit of headquarters, business sites, subsidiaries, etc. (domestic and overseas) Attendance as an observer at meetings of the Management Council Meeting Interview with the Business Execution Officer (department chair)
Internal Control	<ul style="list-style-type: none"> Explanations on internal audit plan and reports on audit results from the Internal Audit Group Holding of Liaison Committee meetings with the Internal Audit Group
Accounting Audits	<ul style="list-style-type: none"> Explanations on audit plan and reports on quarterly reviews and audit results from the accounting auditor on a regular basis Other meetings with the accounting auditor on an ad-hoc basis Implementation of accounting auditor evaluations

3. Key Auditing Issues and Activities in FY2019

Key Auditing Issues	Main Activities
1 Validity of decision-making process	Audits on Group Companies and Divisions Conducted a series of audits at each Group company based on interviews with the management team and division managers • Japan: Eleven bases (seven Fuji Oil business sites, four domestic Group companies) and six functional divisions (operational control, safety and the environment, logistics, raw materials, human resources and general affairs, and ICT) • Overseas: Five bases in three countries (Singapore, Indonesia, and China)
2 Confirmation of audit status by the accounting auditors of Group companies	
3 Confirmation of compliance promotion status	
4 Operational status of risk management system	
5 Other extraordinary circumstances (Confirmation of operational status at major Group companies, communication with accounting auditor on implementation of KAM (Key Audit Matters))	Follow-up of Audit Results In addition to providing advice and recommendations to audited divisions, for any individually identified matters that may have an impact on the management of the entire Group, we presented these issues and provided recommendations to the President and CEO at regular meetings, and submitted for review to the heads of management all important matters and matters requiring improvement identified through audit activities during the year.
6 Confirmation of consistency of details regarding ESG disclosed in the Integrated Report, Sustainability Report, Corporate Governance Report, and other materials	Communication with Accounting Auditors and Assessment of Appropriateness of Accounting Audits On top of regular meetings with the accounting auditor on quarterly and year-end reviews and other matters, we held additional meetings to exchange opinions on key audit-related topics (16 meetings during the year). In addition, we assessed the impartiality of audit results from the accounting auditor in accordance with the Company's accounting auditor assessment standards and evaluated the appropriateness of his or her reappointment.

4. Key Auditing Issues to Address in FY2020

In fiscal 2020, we will look to enhance the effectiveness of our audits even further by addressing such key issues as establishing an internal control system at major overseas Group companies, communicating with accounting auditors involved in KAM (Key Audit Matters), and assessing the post-COVID-19 status of operations at Group companies.

Regarding the Issuance of *Integrated Report 2020*



Tomoki Matsumoto
CFO
(Responsible for managing the disclosure of the Integrated Report)

Integrated Report 2020 represents the third incarnation of our Integrated Report.

The 2018 edition provided a general overview of the Fuji Oil Group while associating the concept of Plant-Based Food Solutions with our business. Meanwhile, the 2019 edition centered on the Group's global integration, which was prompted by the acquisition of Blommer Chocolate Company. And this year we have issued *Integrated Report 2020*, which details the Group's long-term strategy as well as its approach to financial strategy and global governance in order to realize this long-term strategy, based on the theme of transforming toward growth.

Moreover, the 2020 edition was prepared in reference to and in accordance with the policies and principles of the *International Integrated Reporting Framework* of the International Integrated Reporting Council (IIRC) and the *Guidance for Collaborative Value Creation* of the Ministry of Economy, Trade and Industry in Japan.

Integrated Report 2020 was compiled with a focus on communicating our value creation story over the short, medium, and long terms from the perspectives of our chief officers by taking into account the investments and outcomes in their respective areas. *Integrated Report 2020* has been approved by the Board of Directors and was prepared while taking transparency and integrity into account on the basis of management perspectives.

The rapid globalization of our business and the growing need for measures in response to geopolitical changes, natural disasters, and pandemics will completely redefine our approach to management.

And because we are currently bounded by such changes, this Integrated Report is all the more essential for communicating the state of the Fuji Oil Group as well as its medium- to long-term growth story to readers across the globe. We also intend on utilizing this report as an information tool for our dialogues with each of our stakeholders toward improving our management and enhancing our corporate value. I look forward to continuing to engage in active and candid dialogue with all of our stakeholders and would like to ask everyone for their continued support as we move forward.



CFO Tomoki Matsumoto and IR team members

Evaluation from Society

ESG-Related
<ul style="list-style-type: none"> MSCI Japan ESG Select Leaders Index MSCI Japan Empowering Women Index (WIN) MSCI Japan Empowering Women (WIN) Select Index S&P/JPX Carbon Efficient Index
<ul style="list-style-type: none"> "A" score in CDP Forests Questionnaire "A-" score in CDP Climate Change Questionnaire "A-" score in CDP Water Questionnaire
<ul style="list-style-type: none"> Certified as an Excellent Enterprise of Health and Productivity Management 2019 (White 500) by the Ministry of Economy, Trade and Industry Received the Platinum "Kurumin" certification from the Ministry of Health, Labour and Welfare

The inclusion of FUJI OIL HOLDINGS INC. in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of FUJI OIL HOLDINGS INC. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

IR-Related	The Group's Major External Initiatives
<ul style="list-style-type: none"> Selected for "most improved integrated report" by Government Pension Investment Fund's asset managers Received the Award of Excellence in Nikkei Annual Report Awards 2019 Recognition from Institutional Investor magazine in the All-Japan Executive Team 2020 Rankings (Beverages, Food & Tobacco Sector) Most Honored Companies: 1st Best CEO: 1st Best CFO: 1st Best IR Team: 1st IR Professional: 1st & 2nd Best ESG: 1st 	<ul style="list-style-type: none"> United Nations Global Compact Task Force on Climate-related Financial Disclosures Science Based Targets initiative The Consumer Goods Forum RSPO (Roundtable on Sustainable Palm Oil) JaSPON (Japan Sustainable Palm Oil Network) Global Shea Alliance World Cocoa Foundation Platform for Sustainable Cocoa in Developing Countries RTRS Association (Round Table on Responsible Soy)

Corporate Profile / Stock Information

(As of March 31, 2020)

Corporate Profile

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 yen

Representative

President and CEO Hiroshi Shimizu

Number of Employees (consolidated)

5,874

Subsidiaries and Affiliates

40 consolidated subsidiaries

14 non-consolidated subsidiaries and affiliates

Share Data

Total shares authorized: 357,324,000

Number of shares outstanding: 87,569,383

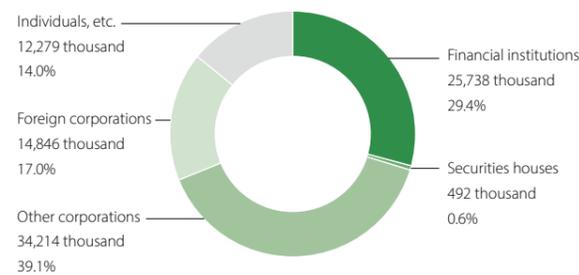
Number of shareholders: 23,764

Major Shareholders (Top 10)

Shareholder name	Number of shares held (Thousands)	Ratio of shareholding* (%)
ITOCHU Food Investment, LLC	28,509	33.17
The Master Trust Bank of Japan, Ltd. (Trust account)	4,476	5.21
Japan Trustee Services Bank, Ltd. (Trust account)	4,208	4.90
National Mutual Insurance Federation of Agricultural Cooperatives	2,639	3.07
Fuji Oil Customer Shareholding Association	1,632	1.90
Japan Trustee Services Bank, Ltd. (Trust account 9)	1,390	1.62
ITOCHU Sugar Co., Ltd.	1,130	1.31
JP MORGAN CHASEBANK 385174	1,114	1.30
Nippon Life Insurance Company	1,100	1.28
Sumitomo Mitsui Banking Corporation	1,078	1.25

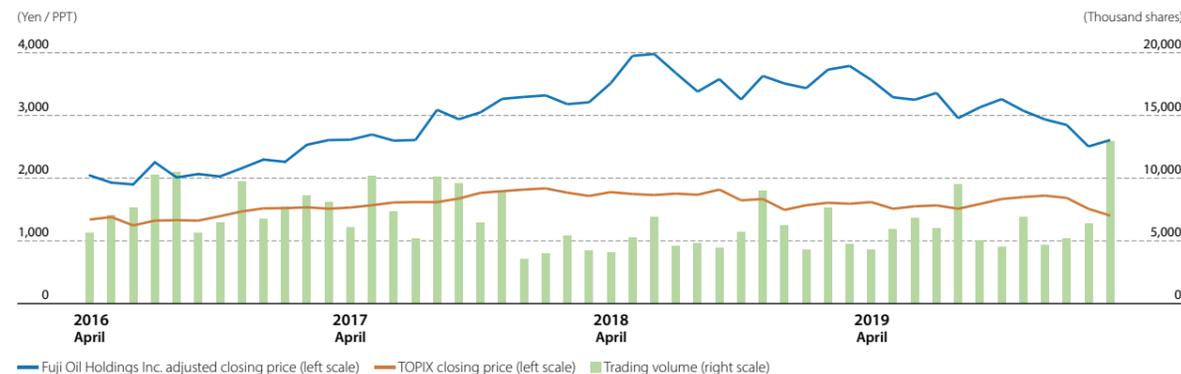
*The ratio of shareholding is calculated excluding treasury shares (1,611 thousand shares).

Composition of Shareholders



Notes: 1. Includes 1,611,869 shares of treasury stock and 33,383 shares of less than one unit
2. Includes 2 share units in the name of Securities Depository Corporation
3. Number of shares is rounded down to the nearest thousand shares.

Stock Price and Trading Volume



Information Disclosure Tools



Fact Book 2020

https://www.fujioilholdings.com/en/ir/library/fact_book/

Fact Book 2020 has been issued as a separate publication for use in conjunction with *Integrated Report 2020* by analysts, investors, and all other stakeholders in their assessment and analysis of the Group's performance.

Contents of Fact Book 2020

Fact Book 2020 presents the following items in the form of data and graphs.

Consolidated Financial Statements

- Consolidated Balance Sheets
- Consolidated Income Statements
- Consolidated Statements of Comprehensive Income
- Consolidated Cash Flow Statements

Data by Business Segment

- Vegetable Oils and Fats Business
- Industrial Chocolate Business
- Emulsified and Fermented Ingredients Business
- Soy-Based Ingredients Business

Notes to the Consolidated Financial Statements (Abbreviated)

Main Non-Financial Data

- Environment
- Society
- Governance

Financial Analysis

- Indicators
- FY2019 Results
- FY2020 Forecast

Data by Region

- Revenue and Operating Profit by Area Segment and Business



Sustainability Report 2020

<https://www.fujioilholdings.com/en/csr/>

The sustainability report is issued to provide a comprehensive report on our views regarding our impact on society and our initiatives for sustainability to a broad range of stakeholders. *Sustainability Report 2020* is the first such report to be prepared in accordance with the core items of the Global Reporting Initiative (GRI) Standards. Additionally, we have released our *ESG Data Book* and GRI Standard Comparison Table for the first time.

Contents of Sustainability Report 2020

Sustainability Report 2020 consists of four sections.

ESG Management

Message from the C"ESG"O, and details regarding the Group's approach to and promotion structure for ESG management, priority themes (materiality) for ESG management, and stakeholder engagement as a foundation for ESG management

Activities in FY2019

Details regarding the Group's approach to and promotion structure for themes related to the environment (E), society (S), and governance (G), a outline of fiscal 2019 initiatives, and a report on measures against COVID-19

Relevant Materials

ESG Data Book, GRI Standard Comparison Table, and *Sustainability Report 2020* (PDF)

Editorial Policy

The sustainability report's editorial policy (including the period covered and scope of coverage)





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