

Conversation between the CTO and Outside Directors

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

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

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

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

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

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

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

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

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

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



Tomoko Tsuji

Independent Outside Director

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

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

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

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

Akihiro Nakamura

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

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

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

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

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

Conversation between the CTO and Outside Directors



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

Delivering technology to markets to create value and spark innovation

Tsuji Part of the Fuji Oil Group Management Philosophy is the Group Vision: Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy. I conducted research related to health for many years, and I believe that, with health initiatives, it is important that you have a clear definition of what health means. Society changes constantly and peoples needs are diversifying. In such an environment, how does Fuji Oil define health and what can Fuji Oil provide towards achieving that definition of health?

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

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

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

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

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

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

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



Research Institute for Creating the Future

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



Setsuo Tsujii
Research Institute for
Creating the Future



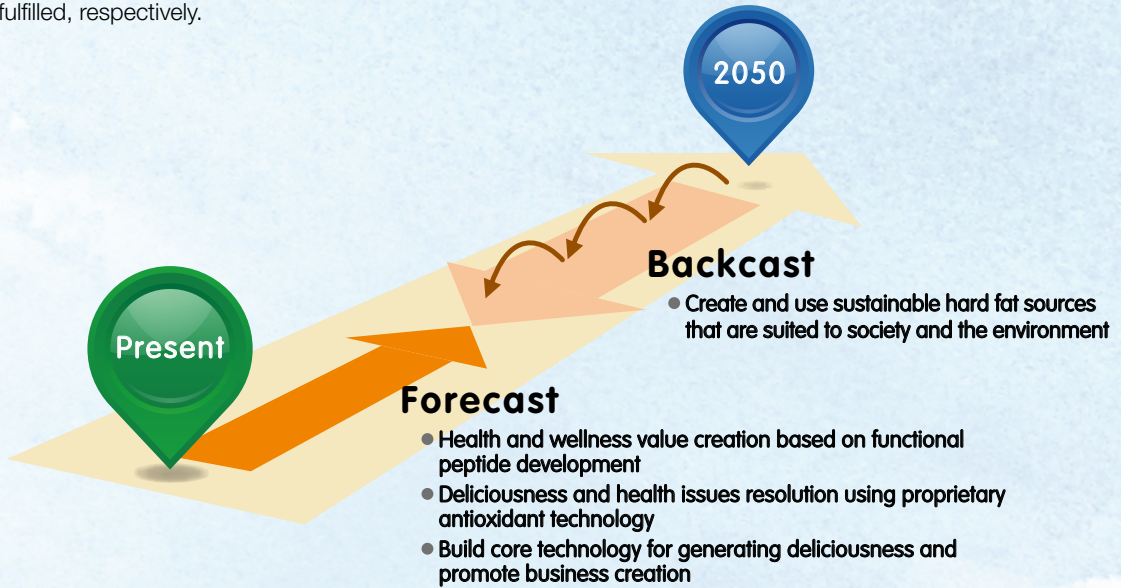
Future Timeline

Population / Economy / Environment / Food/ Health care

The world in 2050, 17% of the world's 9.0 billion people are age 65 and older, and roughly half of the world's total population, some 4.3 billion people, are suffering from obesity, diabetes, or dementia. It is projected that productivity improvements will see CO₂ emissions reduced to roughly 20% of current volumes. As for palm oil demand and cacao demand, it is projected that only 80% and 40% will be fulfilled, respectively.

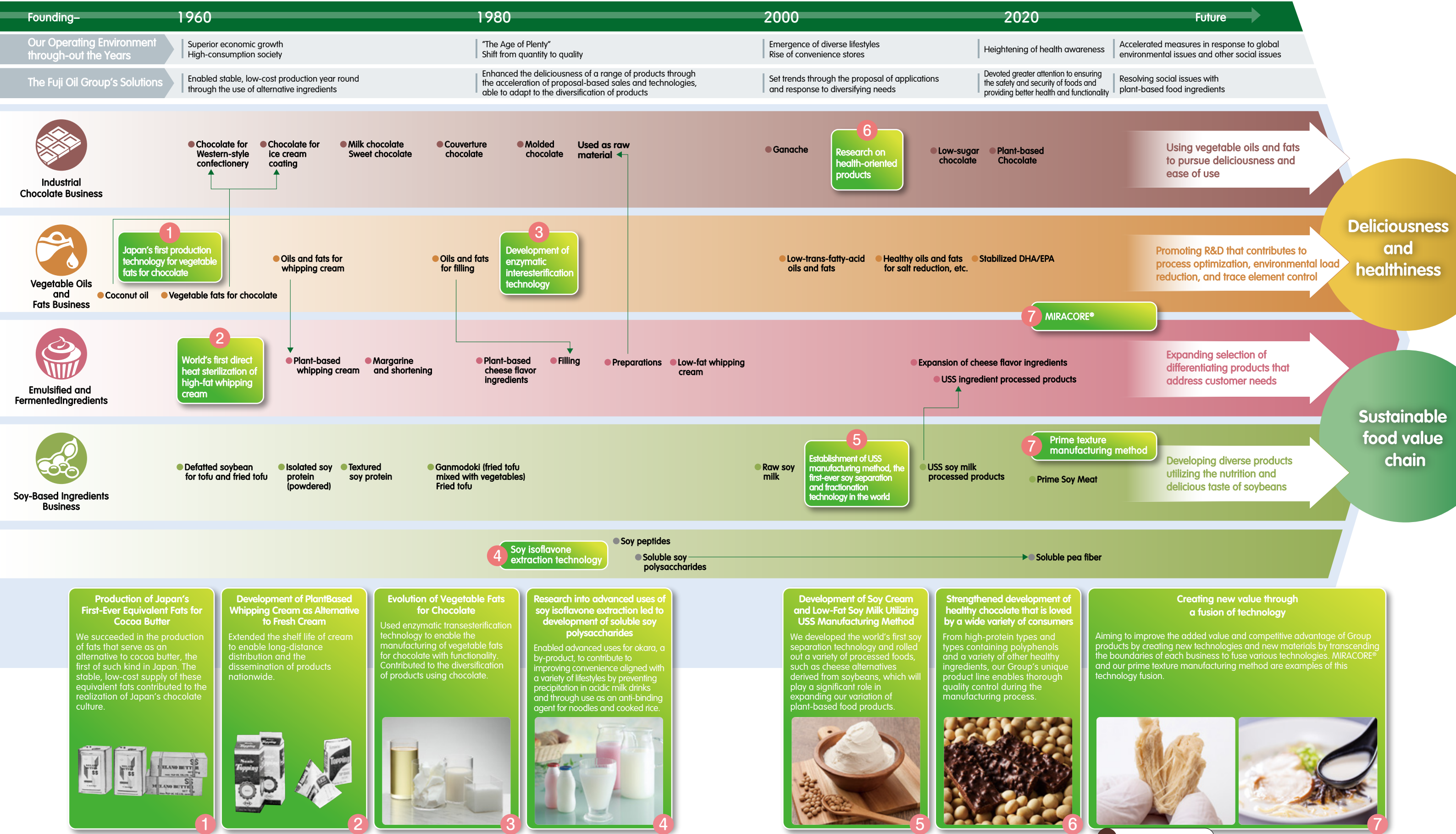


Fulfillment ratio relative to palm oil and cacao demand



History of Solutions

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



R&D Strategy

Intellectual Capital

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

Fuji Oil Group Product Development Technology

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

Core Technology Serving as the Foundation of our Unique Business Portfolio

Separation Technology (Fractionation / Segregation)

Natural oils and fats are composed of multiple oils and fats components. We obtain unique materials by separating and extracting oil and fat ingredients with differing melting points and properties.

Oils and fats

Fractionation Technology

Extract parts with different melting points or properties

Recombination Technology (Adjustment Processing)

We combine separated ingredients with our proprietary technology and other food ingredients, and then adjust and process to refine properties and flavors, creating new food ingredients that fulfill various demands.

Food Ingredients

Proprietary Technologies

Adjustment Processing

Achieve new ingredients with added functionality unique to Fuji Oil

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

Fusion of Technology to Create New Value

We combine the technologies cultivated in each business, including technology related to vegetable oils and fats, plant proteins, and emulsification and fermentation, to create surprisingly delicious foods using only plant-based ingredients.

Technologies of the four Businesses

Fusion of Technology

Achieve 'surprisingly delicious foods' with only plant-based ingredients

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

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

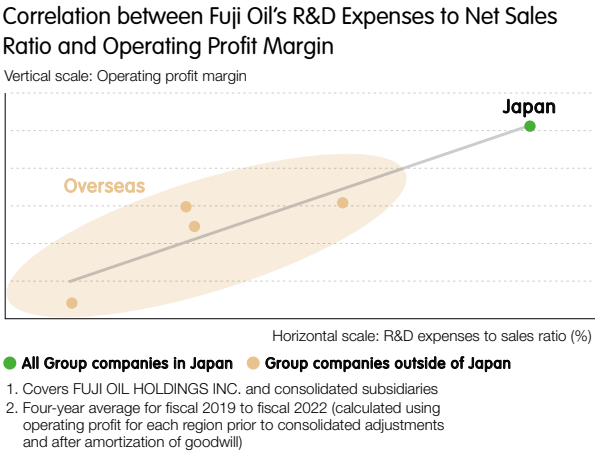
R&D Structure

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

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

Efforts to Strengthen Our Global R&D Structure

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



Global R&D Training

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

Seminar at the Professional Manufacturing Confectioners Association (PMCA)

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

* PMCA: Professional Manufacturing Confectioners Association



R&D Strategy

Advancing R&D Towards Resolving Health Issues

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

Prorea® DHA Oil Created Using Proprietary Technology

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

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

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

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



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

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

Participated in PlantPROMISE Consortium Led by Wageningen University & Research

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

Global IP Management and Strategy

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

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

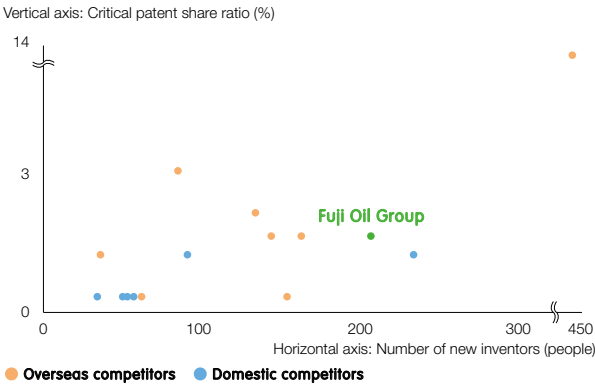
In the fields of vegetable oils and fats and industrial chocolate, our share ratio of patents with the potential to influence our market superiority or price-setting position is among the highest in Japan. Furthermore, our investments in human resource investments necessary to generate future critical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

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

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

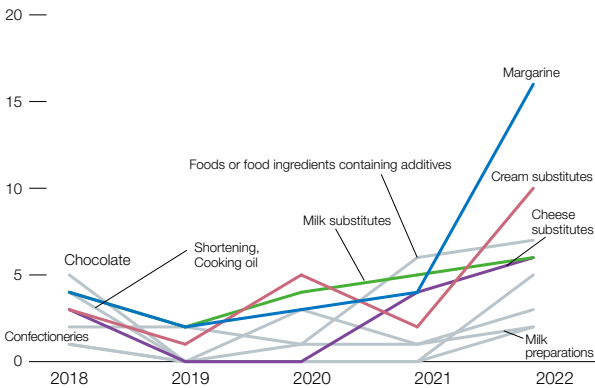
Furthermore, we will collaborate with overseas sites to advance the construction and implementation of IP strategy from a business-specific perspective. This will enable us to enhance our global market superiority and price-setting position. From FY2022, we are also tapping external experts to conduct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

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



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

Trends in patent classifications for PBF-related patents



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

Examples of Patents Contributing to Value Creation

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

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

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

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

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

Message from the CFO

Financial Capital

Continuous Striving to Strengthen our Financial Platform and Improve Capital Efficiency

Sunao Maeda

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



Results from FY2023 and Problem Recognition

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

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

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

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

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

FY2024 Financial Management Policy

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

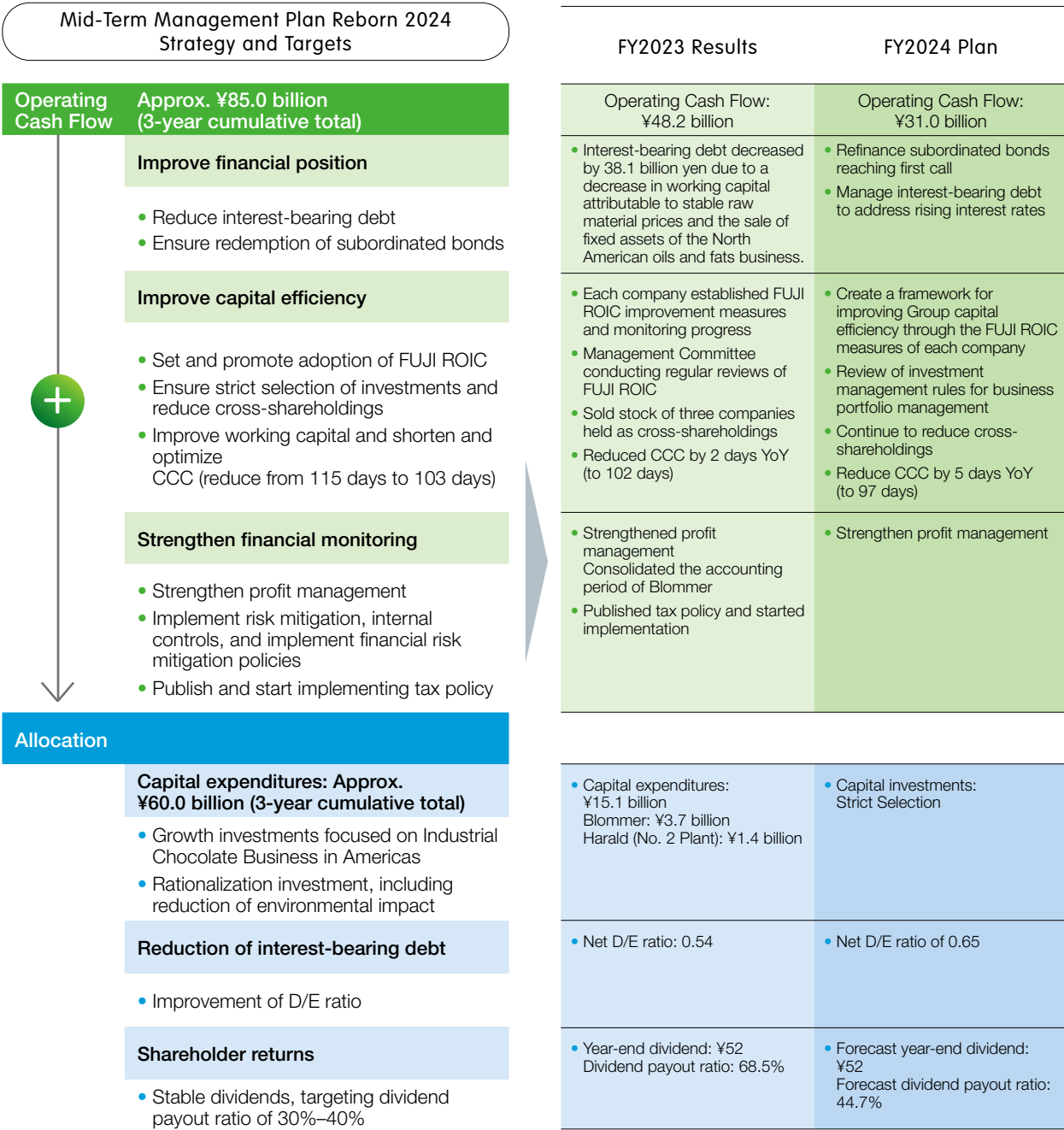
In FY2024, we will diligently conduct a cause analysis for the results and issues from the previous fiscal year. We will further strengthen policies that contributed to results and implement more effective measures to address issues. We are positioning FY2024 as a year to get arrange priorities and prepare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

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

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

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

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



Message from the CFO

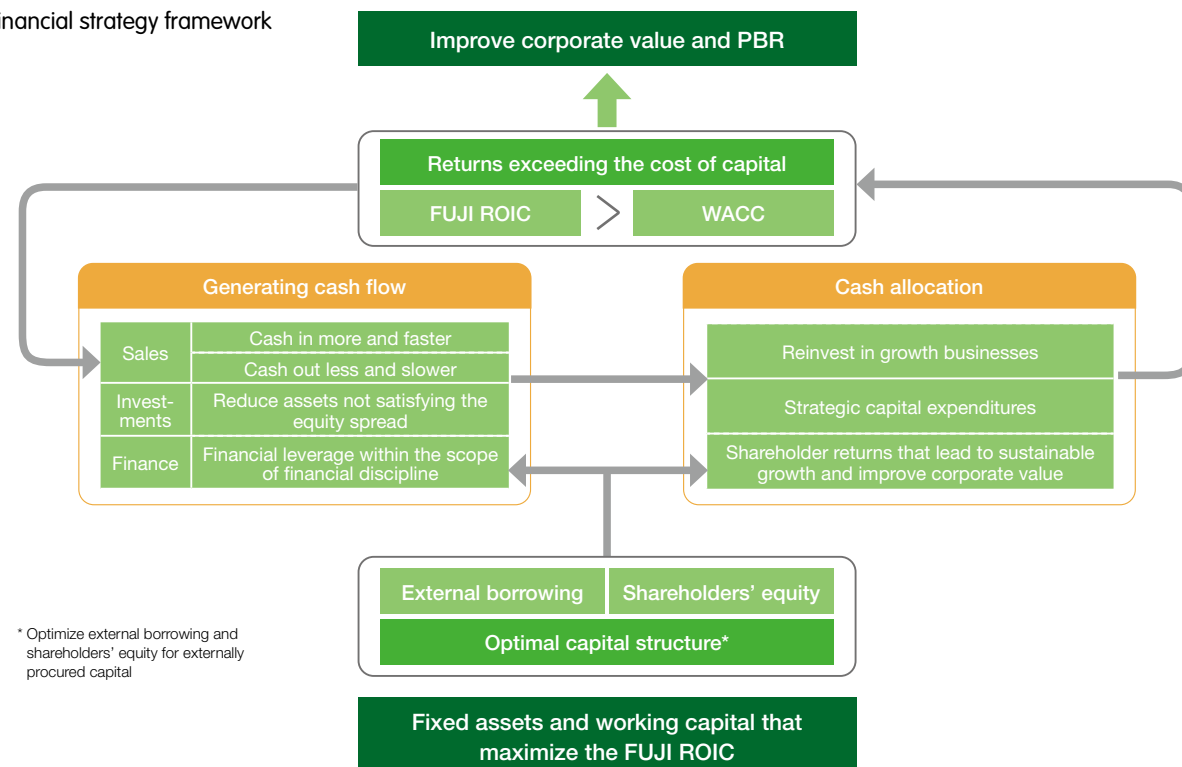
Medium- to Long-Term Financial Strategy

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

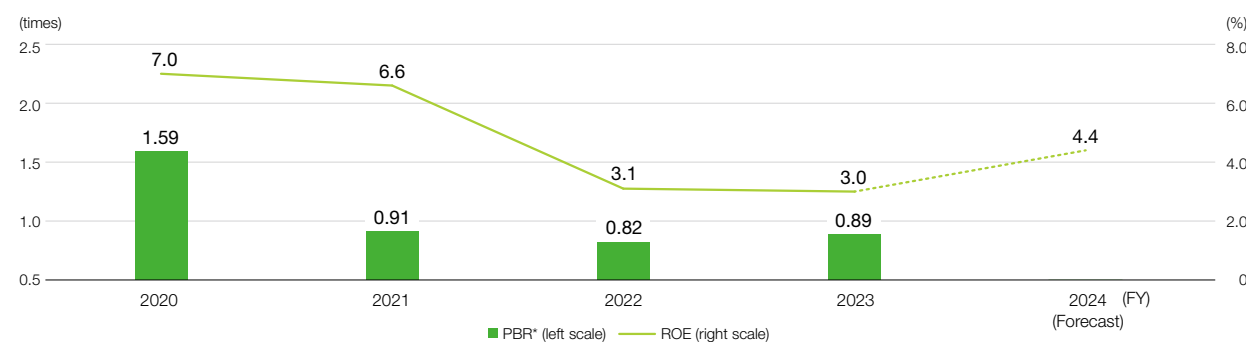
There is no change in policies such as injecting financial capital in strategic fields and using the FUJI ROIC to

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

Financial strategy framework



Annual trends in PBR and ROE



Promoting the FUJI ROIC to increase capital efficiency

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

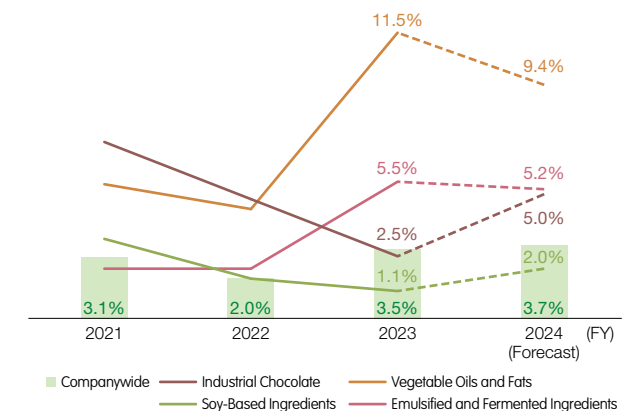
Looking at business-specific FUJI ROIC, the Vegetable Oils and Fats business achieved dramatic improvement in FY2023 due to selling off the fixed assets of the US oils and fats business and achieving record high operating profit. The Emulsified and Fermented Ingredients business also recorded growth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

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

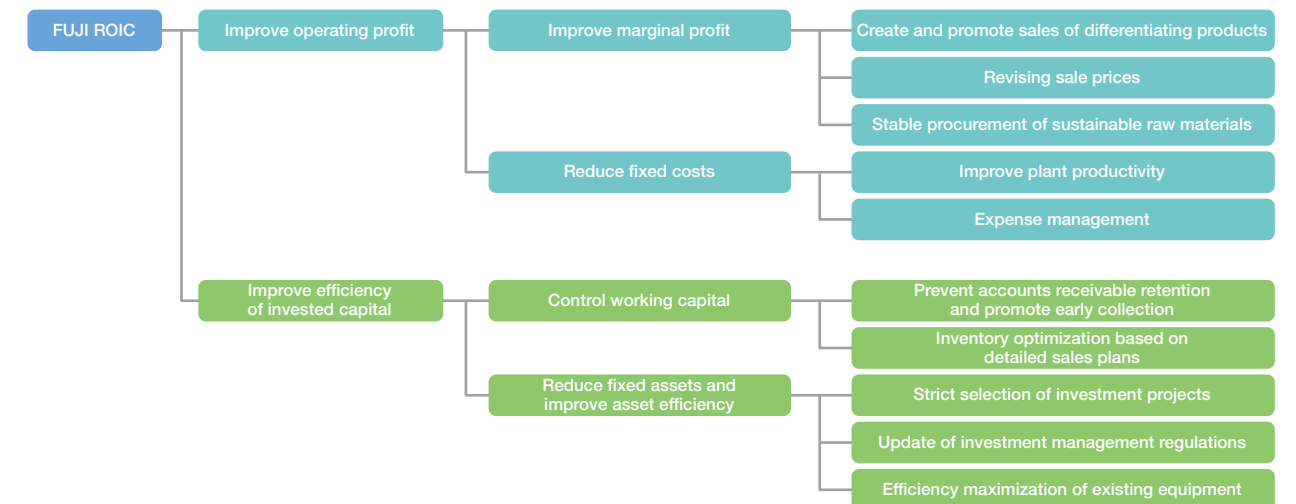
FUJI ROIC

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

Companywide and Business-Specific FUJI ROIC



KPI Setting and Target Management Using FUJI ROIC Tree



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

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

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

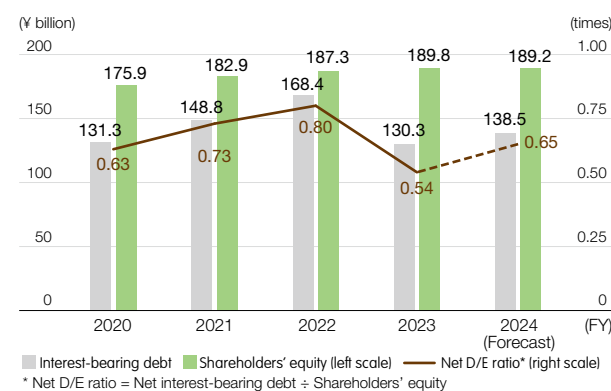
As we carry out these activities, I feel that Group companies are proactively evaluating their own balance sheets and capital efficiency, and that their understanding and awareness are have changed significantly. We will continue to work with each company to contribute to improving the capital efficiency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

Message from the CFO

Building a Sound Financial Base

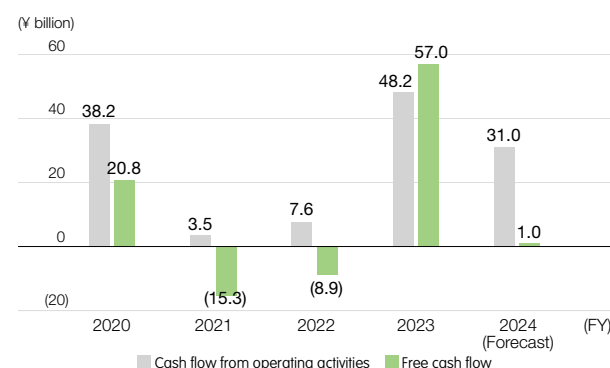
Our Mid-term Management Plan, Reborn 2024, outlines a three-year cumulative operating cash flow target of 85 billion yen. As indicated earlier, we improved our financial position in FY2023. We are moving into a period of rising interest rates not only overseas but also in Japan. As such, we believe that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

Net D/E Ratio*



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

Cash Flow



Steadily provide shareholder returns and conduct growth investments

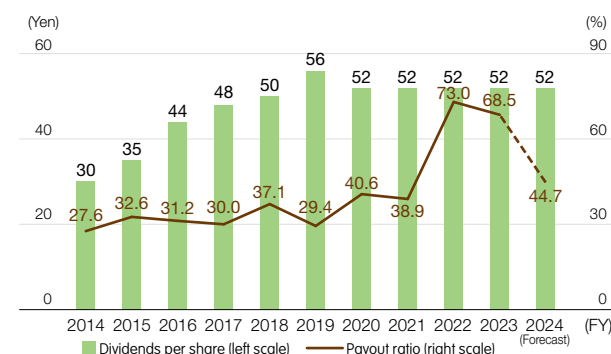
Since our founding, we have deepened proprietary technology and provided new value to solve customer problems. To maximize our technological strengths and achieve sustainable growth, we must continue investing financial capital into growth businesses. It is my responsibility to plan, implement, monitor,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








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

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

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

Dividends per Share / Payout Ratio



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

* Johor Plantations Group Berhad

Building Financial Infrastructure

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

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

digital and data towards transforming our business.

This year, we launched operations of a backbone system at Blommer. This will enable timely management decisions based on data and further accelerate the realization of structural reforms at the company.

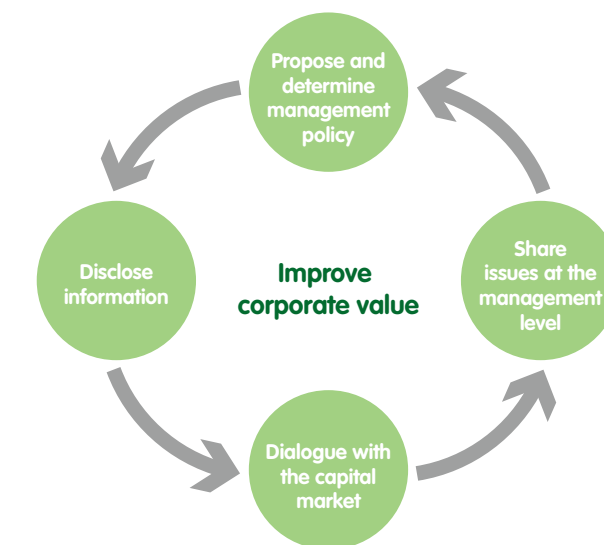
To strengthen governance, we continue to conduct Group-wide activities such as IT security audits and system operation process evaluations as we strive to ensure the protection of Group information assets.

Improving our corporate value through dialogue with the market

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

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

Cycle of increasing corporate value through dialogue with the market



IR Activity Results

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

Message from the CAO

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

Taro Takahashi

Executive Officer
Chief Administrative Officer (CAO)



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

Human Resource Strategy

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

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

Fuji Oil Group's Human Resource Strategy



* ER: Employee Relationship

The Human Resources Supporting Value Creation

Human Capital

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

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

*1 Presenteeism: A person who is employed but has declining work efficiency due to mental or physical illness.

*2 Absenteeism: A person who is absent and unable to perform work due to mental or physical illness

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

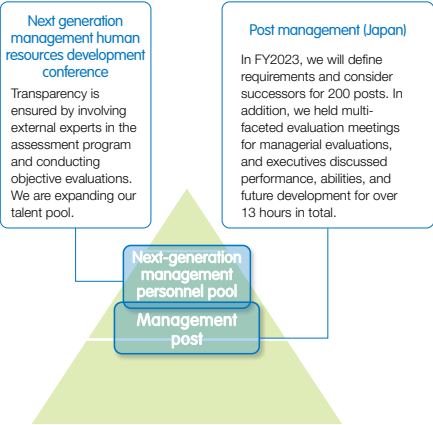
We are focusing on policies for securing and developing human resources to support the Group's sustainable growth, which we identify as our ideal human resources. We will provide support for autonomous career development so that each individual can achieve continuous growth based on their own trajectory.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

Issues	Hiring and development of human resources who can exert their capabilities on the global scale, the key to continuously promoting and expanding business globally	
Initiatives	Development and advancement of candidates for overseas assignment	
<p>Overseas trainees</p> <p>A program for assigning young employees overseas that we have conducted for many years while upgrading the format as necessary. Currently, the program consists of language and business training based on the skills of selected candidates. Business training involves experiencing the Fuji Oil Group's business overseas through OJT at overseas Group companies. This program is unique in that it offers participants the opportunity to engage in Group business from a broad perspective.</p>		<p>New! Overseas human resources development measures</p> <ol style="list-style-type: none"> New training program We will expand the training programs available in Japan for those planning to work overseas. We will use tools such as workflow simulations, language training, and lifestyle and culture training to help human resources make immediate contributions at their assigned locations. Enhancing language training We have a variety of menus from beginner to advanced, as well as the group training and AI-based apps, to help raise the level of the entire company. Trainee report meetings Widely share throughout the company to make promote awareness of the overseas trainee system.

Developing next-generation management personnel

Securing and developing management personnel

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



HR system revisions

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

Education and training system

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

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

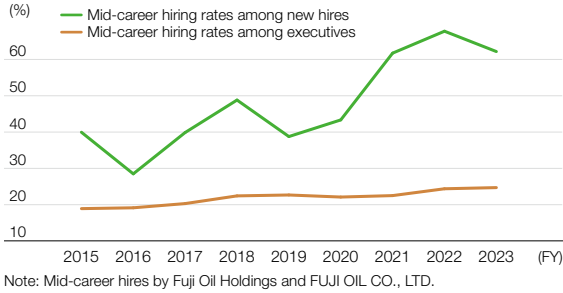
Tier	Rank-based	Management philosophy	Management PGM	GLOBAL PGM		Business college (Business skills)	DX IT	Communication/ mind skills	Cafeteria	Career	Money
	Required		Selection-based	Selection and application-based		Required		Free			
MG/ MSP	General manager training Training for newly appointed managers	Business overview seminar for mid-career hires OJT training	EMP/MMP	Speaking training ADVANCED Conversational English app GTEC test Overseas trainees GLOBAL selection PGM Prepost assignment follow-up	Logical thinking (3) Finance and accounting ManagementGame	1to1	DX/IT mind	Assertive communication Resilience	Listening, line care training FUJI Learning Café	Senior careers Careers in your 40s Careers in your 30s Careers in your 20s	Senior money plan Investment education basics, practical training Life stage money plan Investment education DC
BO/ CO3	BO/CO3 training after promotion		Management skills Development training								
BO/ CO2	BO/CO2 training after promotion										
BO/ CO1	New hire training Follow-up training										

Mid-career hiring

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

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

Trends in mid-career hiring rates



2 Promoting DE&I

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

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

Ensuring diversity by management

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

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

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

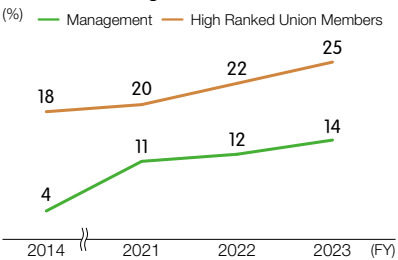
Corporate culture reform initiatives in China

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

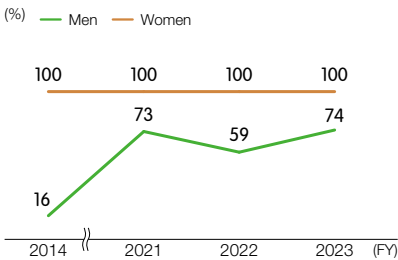
Initiatives to promote DE&I in Japan

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

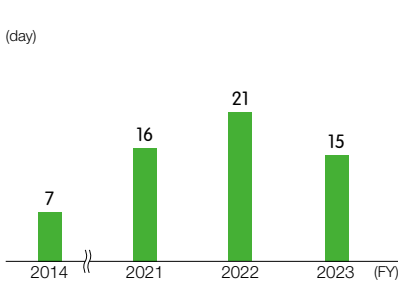
Percentage of Women in Management Positions and High Ranked Union Members



Percentage of Employees Taking Parental Leave



Number of Days Taken for Parental Leave



Introduction of engagement survey in Japan

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

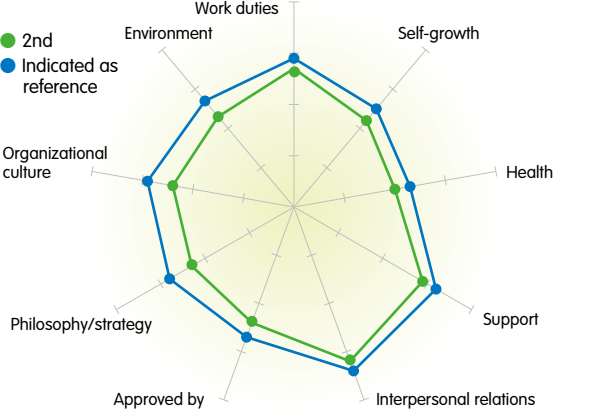
From the results for FY2023, our first year of analysis, we were able to confirm that the Fuji Oil Group has established a culture that promotes entrusting employees to make decisions. This is evident from the scores for “interpersonal relations” and other elements related to “interdepartmental cooperation”,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

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

Engagement survey scores

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

Category-specific score



* Reference display: FY2022 food industry average score

Strengths

Item: “Organizational culture”

Interdepartmental cooperation (good relationships with colleagues)

Item: “Workplace duties”

Discretion (culture of leaving it to others)

Issues and measures

Philosophy/strategy

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

Policies

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

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

A culture of taking on challenges

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

- Providing career opportunities
- A culture of taking on challenges

Policies

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

Cultural reform by promoting circuit activities

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

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



Tatsuji Omori

President of FUJII OIL CO., LTD.



3 Strengthening Internal and External Communication

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

Issues Promoting participation-based inner communication centered on Vision

Initiatives Strengthening communication through the group website

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

Publication of Group image video

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



Achieving a Sustainable Future for Food

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



Unlocking new opportunities through Low-Trans Specialty Fats

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

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

The term sustainable came up more frequently these last few years in my daily meetings with customers. I conduct sales for certified palm oil and provide proposals, sales, and after-care for certified cacao raw materials through our sustainable origin program. These are both areas in which Fuji Oil can contribute to sustainability. However, beyond simply selling products, I work to help customers understanding the meaning behind the use of certified raw materials. I believe this effort connects us to not only our stakeholders, but also all the children in society and all the children who will be born into the future. My goal is to help make a better future for food.



Reversing a negative trend

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



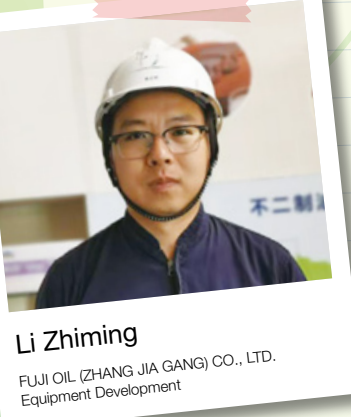
Making delicious sweets available to everyone

I am developing a sweets application using Fuji Oil products. In 2023, Japan faced an egg crisis. However, we were able to protect consumers' love for sweets by applying the plant-based technology we have cultivated over the years to propose substitutes. Plant-based sweets is still a niche market, but we were able to get products on the shelves of convenience stores and supermarkets by developing incredibly delicious products. We will continue developing sustainable and inclusive sweets in hopes of bringing smiles to everyone.



Creating a sustainable world through plant-based protein

I am involved in the production and management of plant-based protein ingredients. One of my responsibilities is to prioritize safety while collaborating with other departments to improve production efficiency. The production of plant-based protein involves large volumes of energy, including water and steam, so we are reevaluating our daily tasks from every angle to promote improvement activities, both conventional and non-conventional. Plant-based protein ingredients are intermediate ingredients that are not provided to consumers directly. However, we are confident that the safe and reliable products we produce can help resolve global food shortages and environment issues, and can contribute to the realization of a sustainable future for food.



Energy conservation activities to promote an environmentally friendly society

I am involved in operations related to construction, where I promote energy conservation activities. In 2022, we adopted solar panels to reduce our energy consumption. Aiming to further reduce energy consumption, this year we modified the aeration ventilation system of our drainage process. These modifications enable automated control for appropriate airflow, reducing the electricity used for the ventilator. We will continue to build on such initiatives to contribute to the creation of a society that friendly for the global environment and employees.

Production Activities

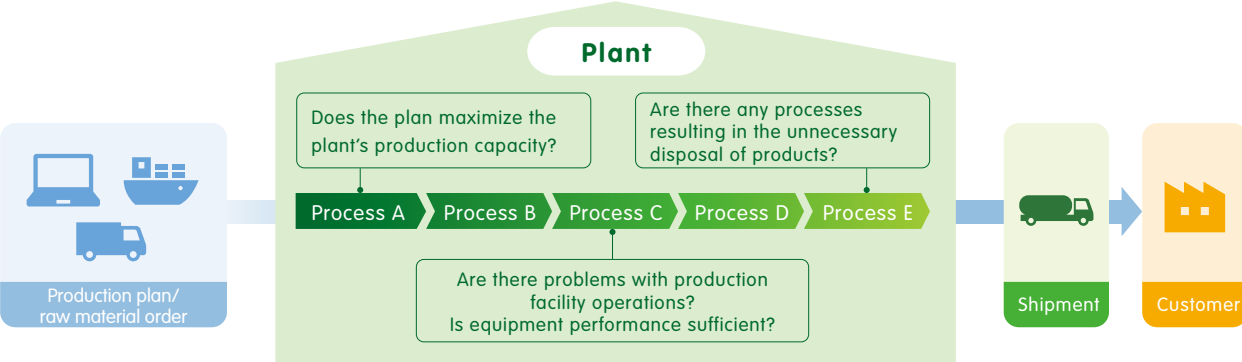
Manufacturing Capital

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

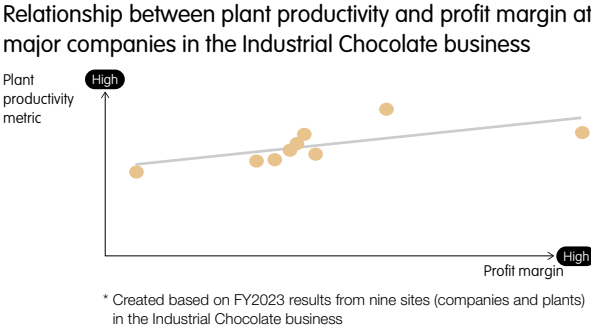
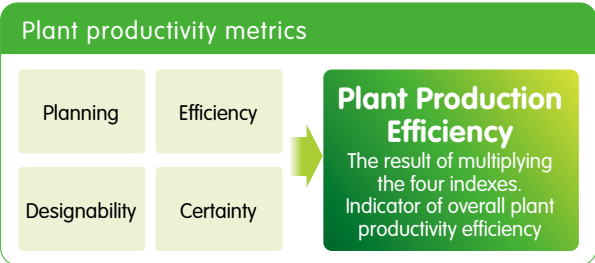
Productivity Improvement Initiatives

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

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



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

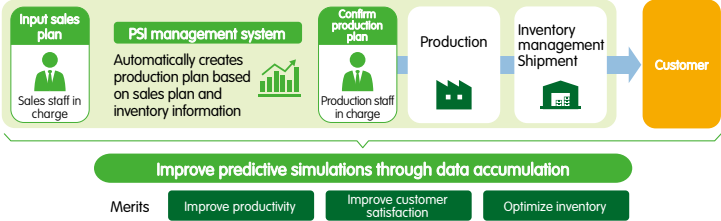


Reducing product waste by improving manufacturing processes

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

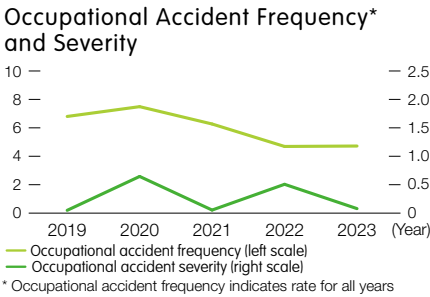
PSI management system integration to pursue further productivity improvements and optimize inventory

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



Occupational Safety

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



Safety awareness improvement education

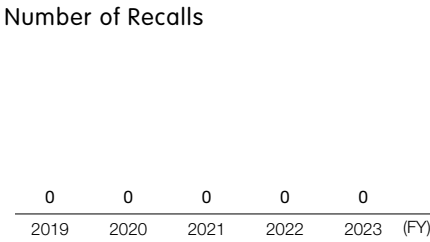
Based on the approach that increasing sensitivity to danger leads to improved safety awareness, we established safety training classrooms in Fuji Oil Co., Ltd. and Fuji Oil (Zhangjiagang) Co., Ltd. (China). At other overseas Group companies the classroom gradually provides VR-based training designed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



Fuji Vegetable Oil VR Experience

Food safety, security, and quality

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




Increase quality awareness among employees


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



In-house study group at Freyabadi Indotama

Sustainable Procurement

 Social and Relationship Capital

 Natural Capital

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

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

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

Fuji Oil Group Supplier Code of Conduct

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

Response to EU Deforestation Regulation (EUDR)

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


Turning challenge into added value

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

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

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

Message





Naohiro Rokukawa
Chairman of FUJI OIL EUROPE

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

 Sustainable Procurement of Palm Oil ▶ https://www.fujioilholdings.com/en/sustainability/palm_oil/

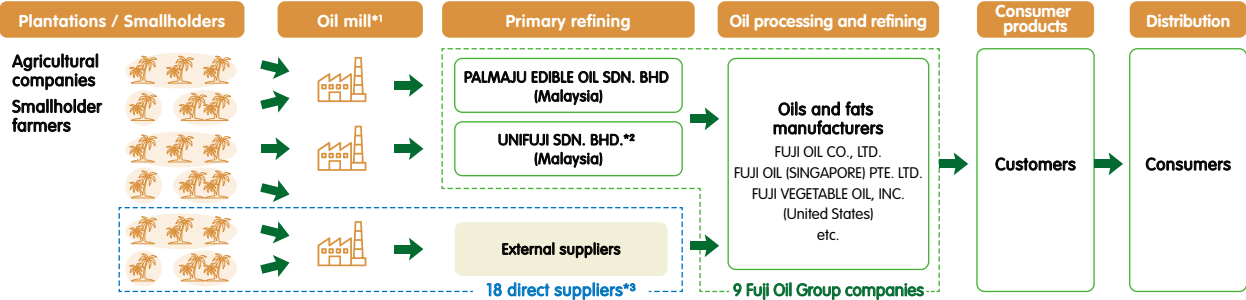
Sustainable Procurement of Palm Oil

Procurement Policy: Responsible Palm Oil Sourcing Policy (2016)

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

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

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



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

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

* TTM: Traceability to Mill

Landscape Initiative in Malaysia

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

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

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

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

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



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



Sustainable Procurement

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

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

Sustainable Procurement of Cocoa

Sourcing Policy: Responsible Cocoa Beans Sourcing Policy (2018)

Social Issue	Social Issues in the Supply Chain	Medium- to Long-Term Goals	KPIs		FY2023 Results
			2030	2025	
 Global Environment	Deforestation, climate impacts on producing regions, biodiversity loss		1 million trees planted*1	500,000 trees Planted	145,748 trees planted along our direct procurement supply chain in the Ivory Coast (total: 315,748 trees)
 Human Rights	Child labor, poverty among farming families	Reforestation, elimination of child labor	Elimination of child labor	No Worst Forms of Child Labor*2	<ul style="list-style-type: none">CLMRS*3 covers 100% of the farmer groups in the Fuji Oil Group's direct procurement supply chain (Ivory Coast, Ghana)Covering 60% of farmers in direct procurement supply chains with effective and sustainable child protection and HRDD*4 systems that assess and address child labor (Ivory Coast, Ghana)

*1 We plan to plant a variety of shade tree saplings, totaling one million trees over a 10-year period from 2021 through 2030.
*2 The International Labour Organization (ILO) Convention No. 182, known as the Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, prohibits hazardous work that may harm the health, safety, or morals of children. This includes the sale and trafficking of children, debt bondage, forced or compulsory labor, prostitution and pornography, illegal activities such as crime, and recruitment of children for use in armed conflict.
*3 Child Labour Monitoring and Remediation System
*4 human rights due diligence

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

Forest conservation and regeneration

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

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

Regarding deforestation monitoring, we have partnered with Satelligence, a global leader in geospatial forest monitoring, since FY2022, and are working to assess and counter deforestation risks in Ivory Coast, Ghana, and Ecuador. Utilizing satellite imagery, we are gaining insight on landscape and farms, such as changes in tree canopy, carbon changes in and around cocoa farms, deforestation risk assessment, identification of shady cocoa areas, and carbon sequestration monitoring. A real-time risk alert system also improves Blommer's ability to quickly address drivers of deforestation and forest degradation. In 2023, we monitored an area of over 110,000 km² across Ivory Coast, Ghana, and Ecuador. No deforestation was observed during the 2022-2023 cocoa season.

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




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

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

Sustainable Procurement of Soybeans

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

Social Issue	Social Issues in the Supply Chain	Medium- to Long-term Goals	KPIs		FY2023 Results
			2030	2025	
 Global Environment	Deforestation, biodiversity loss		Traceability achieved to community level, or 100% procurement of RTRS*1 certified products or products certified to equivalent standards	Traceability achieved to primary collection points, or 100% procurement of RTRScertified products or products certified to equivalent Standards	<ul style="list-style-type: none">Understand traceability status by promoting dialogue with suppliers in North America and ChinaTraceability to the primary collection site: 83%
 Human Rights	Exploitation of indigenous peoples, local residents, and workers	No deforestation, no Exploitation			

*1 RTRS: Round Table on Responsible Soy Association



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

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

Sustainable Procurement of Shea Kernels ▶ https://www.fujioilholdings.com/en/sustainability/shea_kernel/

Sustainable Procurement of Shea Kernels

Procurement Policy: Responsible Shea Kernels Sourcing Policy (2021)

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

*1. Plans to plant 6,000 seedlings, mainly shea trees, per year starting from 2021.
*2. Registered cooperative under the Tebma-Kandu program
*3. Shea olein, a byproduct of shea butter separation, is used as biomass fuel.
*4. 10%, 10%, and 15% are set as KPI for 2021, 2022, and 2023, respectively.

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

Promotion of shea kernel sustainability program

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



Environmental Management



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

Environmental Management ▶ https://www.fujioilholdings.com/en/sustainability/environmental_management/

Ecosystem services, which society relies on and which underpin all economies, have been declining due to intensifying climate change and biodiversity loss in recent years. In addition, the deteriorating natural environment worldwide is becoming a threat to management. The Fuji Oil Group recognizes that changes in the climate and nature are important both in terms of risks and opportunities for all the Group's business activities. We are striving to appropriately respond to these risks by working to reduce CO₂ emissions, conserve the natural ecosystem and sustainably use natural capital. At the same time, we are developing technologies and products which will have a positive impact on the natural environment by incorporating the nature positive* concept to obtain business opportunities.

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

Biodiversity

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

Nature-related risk analysis for palm oil and cocoa

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

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

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

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

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

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

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

Analysis results of nature-related risk in cocoa producing countries

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

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

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

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

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

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

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

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

Type	No.	Risk/ Opportunity	Potential impacts	Risk reduction	Opportunity creation	Strategies (○: Risk reduction, ◎: Opportunity creation)
Transition risks	1	Tougher enforcement of regulations, new regulations	● Increased cost of complying with regulations*1 for the Group ● Fines, suspension of operations and sales, loss of credibility, reparations and others due to legal violations	●		○ Keep informed of the various regulations and share with everyone concerned ○ Cooperate with external stakeholders on laws and regulations (e.g., EUDR)
	2	Soaring raw material prices, unstable raw material supply	● Increased cost of complying with regulations*2 at major raw material suppliers ● Increased demand for certified raw materials (e.g., RSPO, RTRS) due to tougher regulations	●	●	○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3 ◎ Increase suppliers' understanding of certification systems and strengthen supply system*4, 5
	3	Exclusion from business dealings	● Decline in public credibility if evidence of deforestation, peatland development or human rights violations emerges from major raw material suppliers, resulting in the loss of markets and customers	●		○ Implement actions to achieve sustainability KPIs on NDPE*13 and eliminating child labor*5, 7 ○ Promote initiatives to prevent deforestation and restore forests*5, 7, 8 ○ Reduce impact on ecosystems in farmlands and surrounding areas, reduce chemical use*5, 7, 10 ○ Raise awareness and conduct capacity building of stakeholders*5, 7, 8
	4	Lower competitiveness due to inadequate response to change in consumer behavior and environmental concerns	● Decline in competitiveness due to delay in response to the biodiversity demands of markets and customers	●	●	○ Implement actions to achieve sustainability KPIs on NDPE and eliminating child labor*5, 7 ○ Implement measures to manage reputational risks in partnership with NGOs*5 ◎ Promote business strategies that take advantage of changes in social trends as opportunities ◎ Enhance initiatives to address global issues
	5	Development and spread of alternative biological resources	● Increased development and production costs due to growing demand for products that use alternative raw materials in consideration of biodiversity	●	●	◎ Offer sustainable food using plant-based ingredients*11 ◎ Explore new alternative raw materials*12 ○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3
	6	Development and spread of alternative biological resources	● Consumer boycotts and criticism from consumers, NGOs and local residents ● Decline in public credibility, resulting in the loss of markets and customers	●	●	○ Implement actions to achieve sustainability KPIs on NDPE and eliminating child labor*5, 7 ○ Implement measures to manage reputational risks in partnership with NGOs*5 ○ Promote initiatives to prevent deforestation and restore forests*5, 7, 8 ○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3 ○ Raise awareness and conduct capacity building of stakeholders*5, 7, 8 ◎ Disclosure of high-quality information on nature-related risks and opportunities
	7	Damage to reputation among consumers and society	● Company stocks excluded from ESG funds if our response strategies to nature-related risks and opportunities are evaluated as inadequate, resulting in a slump in stock prices			
	8	Unintentional introduction of invasive species and GMO crops	● Consumer boycotts and criticism from consumers, NGOs and local residents ● Decline in public credibility, resulting in the loss of markets and customers	●	●	○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3 ◎ Explore new alternative raw materials*12 ◎ Reduce number and distance of transportation
	9	Increase in flooding and storm surges	● Damaged factories and suspension of operations ● Disruption in supply chains	●		○ Enhance the resilience of our business sites ○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3
	10	Biological resource depletion	● Reduced production volume due to changes in the growing environment of major raw materials, resulting in higher raw material prices	●	●	◎ Promote initiatives to conserve and restore biological resources*7, 8 ○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3
Physical risks	11	Water resource depletion, pollution from wastewater	● Reduced supply volume due to crop failure of major raw materials or suspension of operations at suppliers, resulting in higher raw material prices	●	●	◎ Promote initiatives to conserve and restore water resources*7, 8 ○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3
	12	Lower farmland productivity	● Decline in farmland productivity in regions producing our raw materials, resulting in higher raw material prices ● Environmental destruction of farmlands at suppliers, making procurement difficult	●	●	◎ Promote initiatives to conserve and restore farmland productivity*7, 8 ○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3
	13	Dairy cattle grazing and excrement	● Consumer boycotts and criticism from consumers, NGOs and local residents ● Decline in public credibility, resulting in the loss of markets and customers	●		○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies*3
	14	Decline in raw material harvest due to decrease in pollinators	● Decline in volume of raw material harvests due to decline in percent fruit set, resulting in procurement shortage	●		
Systemic risks	15	Ecosystem destabilization	● Decline in volume of raw material harvests due to ecosystem collapse in countries and regions growing our raw materials, resulting in procurement shortages	●		

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

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

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

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

*5 Sustainable Procurement of Palm Oil https://www.fujioilholdings.com/en/sustainability/palm_oil/

*6 FUJI OIL GROUP Grievance Mechanism https://www.fujioilholdings.com/en/sustainability/grievance_mechanism/

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

*8 Sustainable Procurement of Shea Kernels https://www.fujioilholdings.com/en/sustainability/she_a_kernel/

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

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

*11 Creation of Diverse Plant-based Ingredients https://www.fujioilholdings.com/en/sustainability/food_resources/

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

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

Environmental Management

Environment Initiatives

Please refer to ESG Data Book for details.

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

Targets and Progress of Environmental Vision 2030

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

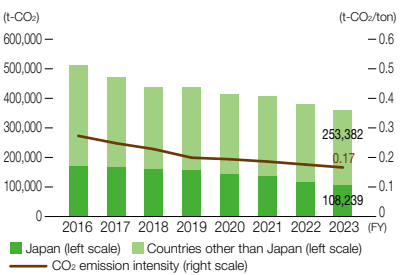
*1 Base year: FY2016, all consolidated subsidiaries
*2 Scope 3 (Category 1) data excludes two production sites in Australia and the United States
*3 Recalculated emissions for FY2016, FY2022, and FY2023 using emissions factors of IDEA ver. 3.3 and LULUCF (land use, land-use change, and forestry) Regulations.
*4 Waste data excludes two production sites in Australia and Germany.

FY2023 Results

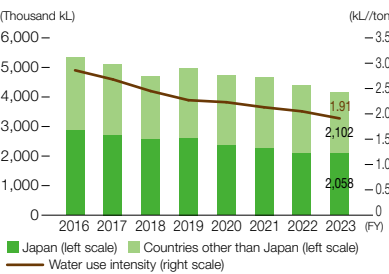
Reduced CO₂ emissions (all Group companies)

- Introduction renewable energy
 - Operation of solar power in a total of 11 sites in the Fuji Oil Group (new operation at two sites outside of Japan and one site in Japan)
 - Use of a Green Power Certificate by the FUJI OIL CO., LTD. and use of RECs* by Blommer
- * RECs: Renewable Energy Certificates
- Energy conservation in production equipment:
 - Started energy conservation patrols aimed at stimulating energy conservation activities and encouraging self-reliance (production sites in Japan)
 - Reuse of exhaust heat collected from production processes and introduction of a steam supply control system (production sites in Japan)
 - Improvement in energy efficiency by introducing small boilers (production sites outside of Japan)
 - Optimization of the flow rate in cold water pumps and switch to highly efficient motors (production sites outside of Japan)

CO₂ Emissions (All Group Companies)

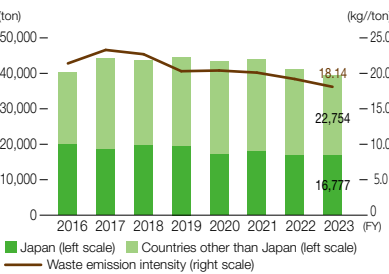


Water Usage (All Group Companies)



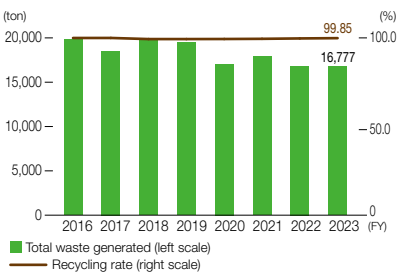
- Optimization of water usage on protein production lines (production sites in Japan)
- Improvement in water reclamation systems and review of production equipment cleaning frequency (production sites outside of Japan)

Waste (All Group Companies)



- Improvement in the dewatering efficiency of scum sludge (production sites in Japan)
 - Sale of waste white clay and oil for EU ISCC-certified* bio-fuel use (production sites outside of Japan)
- * ISCC certification: An international certification program to certify companies and organizations which manufacture products using biomass, reclaimed goods and other sustainable raw materials.

Waste Recycling (All Group Companies in Japan)



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

Future policy initiatives

- Increase CO₂ emission reduction levels to achieve 2030 target (promote energy conservation activities, introduction of renewable energy, and engagement with key suppliers)
- Consider new reduction targets relating to water whose 2030 targets we have already achieved

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

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



Newly introduced water purification system

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

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



Spent white clay to be upcycled as biomass energy material

*1: A certification standard covering biomass, waste, residue and similar for the EU market based on the European Renewable Energy Directive.
*2: A cogeneration system which simultaneously generates electricity and supplies heat.

Human Rights Management

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

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

Human Rights Management ▶ https://www.fujioilholdings.com/en/sustainability/human_rights/

Implementation of human rights due diligence

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

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

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

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

Promotion of DE&I ▶ P53