

Governance, Strategy, Metrics and Targets, Risk Management

- ✓ Governance
- ✓ Strategy, metrics and targets
- ✓ Risk management

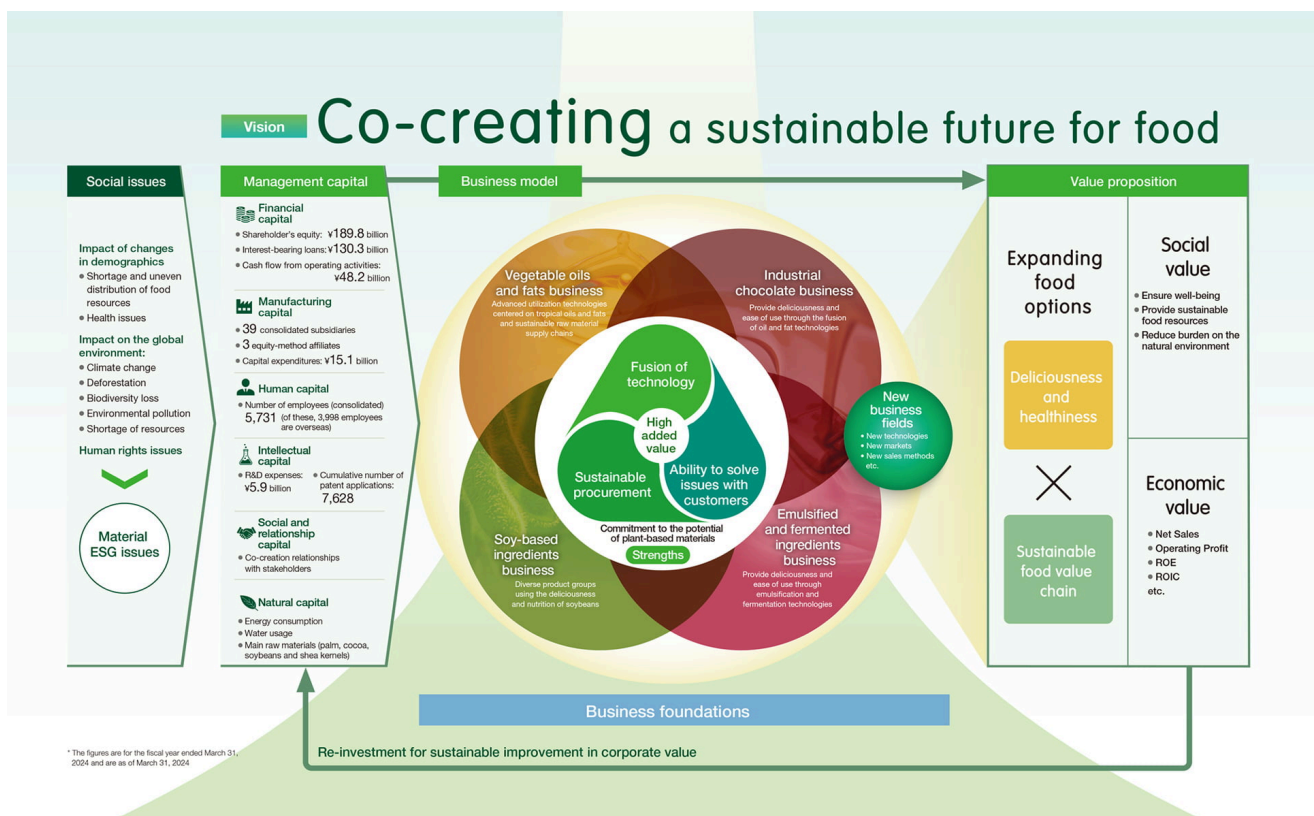
Fuji Oil Group's sustainability management

GRI:2-23

The Fuji Oil Group practices sustainability management through the efforts of all its employees, and aims to contribute to developing a sustainable society together with stakeholders based on its vision in the Fuji Oil Group Management Philosophy: "Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy." As a company with a midstream function in the food value chain, all our Group employees strive to quickly perceive social issues in the value chain related to the global environment, human rights, or personal wellbeing, in order to reduce risks and provide solutions that meet the expectations of all our stakeholders and create social value. By doing so, we believe that we can create a sustainable future for food and enhance corporate value for the Group. Deriving profit from valuable and timely product solutions and reinvesting that profit into the creation of more sustainable food systems, we can create a fast-moving virtuous cycle that achieves both sustainable business growth and development in society.

The Fuji Oil Group's value creation goals

Our Group aims to achieve a sustainable future for food by growing sustainably itself through a circular value creation process. We utilize our management resources based on our management strategy, combining the strengths of our four businesses to create products unique to our Group and develop value propositions. These value propositions become value for customers, and in turn value for consumers. Profits and cash flow are used to strengthen our financial base for sustainable growth, as well as reinvested in expanding our value propositions and creating new value, as we continue to help improve sustainability throughout the food value chain.



Board of Directors and Sustainability Committee

GRI:2-9, 12, 13, 14, 16, 24, 26, 3-3

Our Group is a company with an Audit and Supervisory Committee, and has established the Sustainability Committee*¹ as an advisory body to the Fuji Oil Holdings Inc. Board of Directors to monitor the risks and opportunities related to sustainability. The Board of Directors*² supervises, directs, and approves matters recommended by the committee, as well as decides on the direction of the Group over the medium to long term.

Based on our Sustainability Committee Rules, the committee meets at least twice a year to identify the material ESG issues from the medium- to long-term perspective of environmental and social sustainability and our sustainable corporate management. It also deliberates on and monitors the goals and strategies of material ESG issues from a multi-stakeholder perspective, and recommends to the Board of Directors. Moreover, the committee is responsible for receiving progress and performance reports on priority actions for each material issue, and providing advice and monitoring progress.

The committee is chaired by the CEO*³ and composed of chief officers with voting rights, other executive officers, the heads of each business division, outside directors and the ESG Advisor, and conducts deliberations from a medium- to long-term perspective while further enhancing the link between our business strategies and material ESG issues. Under this committee, we have the Subcommittee on Group Significant Risks to identify significant Group-wide risks and assess adequacy of the strategies for managing them, with the goal of systematically reducing the risks that can damage the Group's corporate value.

*1 Established in 2015, the ESG Committee was renamed in May 2022 to clarify its role in relation to the Board of Directors, which is responsible for corporate governance.

*2 Appointed a director with extensive knowledge on sustainability. Through executive training, the board is building the knowledge and expertise needed to ensure its monitoring function from an ESG perspective.

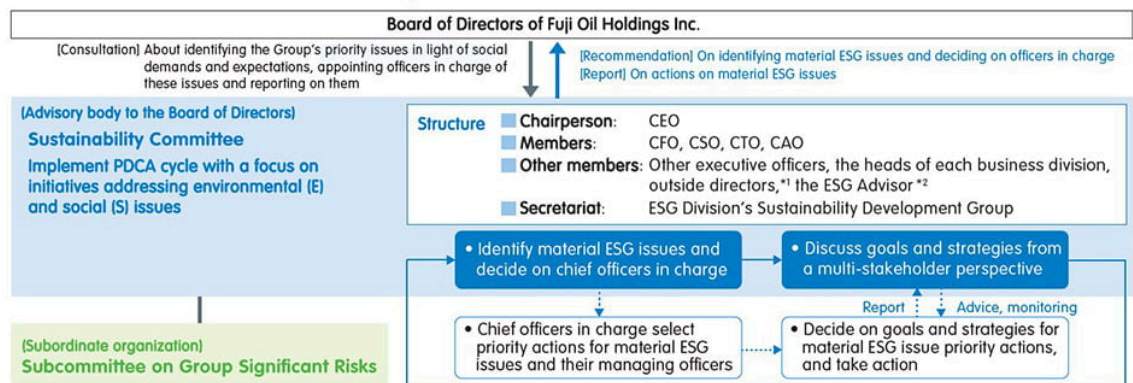
<https://www.fujioilholdings.com/en/about/governance/system/>

*3 Appointed as of June 27, 2024 following the election of officers.

Sustainability Committee: Matters deliberated in FY2023

Date of meeting	Matters for deliberation	Example discussions in recommendations and reports to the Board of Directors
First April 2023	<ul style="list-style-type: none"> Review FY2022 results of ESG initiatives Decide FY2023 ESG action plans 	Target levels for material ESG issues; initiatives for material ESG issues and how they lead to medium- to long-term corporate value
Second November 2023	<ul style="list-style-type: none"> Interim report on FY2023 ESG initiatives FY2024 material ESG issues and chief officers in charge 	Disclosure mediums and content; views on human capital management and promotion of DE&I
Third January 2024	<ul style="list-style-type: none"> Material ESG issue priority actions for FY2024 	The Group's approach to food safety and progress of current initiatives, such as priority actions set according to social interests and needs

The function of the Sustainability Committee (FY2024)



*1 Rie Nakagawa, outside directors

*2 Mariko Kawaguchi, the ESG Advisor

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

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

In this system, evaluations are carried out by the President and CEO based on the Group's business performance, the performance of the division overseen by each internal director, as well as the degree of achievement of metrics and targets set for specific priority issues and Group-wide material sustainability management issues relevant to their division. In line with the key policy of enhancing sustainability (sustainability strategy aligned with our management strategy) in Reborn 2024, our Medium-Term Management Plan, the ESG targets included in the executive evaluation are weighted at a fixed rate of 10% of the evaluation score. The same evaluation system is also applied to executive officers.

In FY2022, Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. established guidelines for setting targets within the managerial system that are in line with management perspective for higher than section managers. Following these guidelines, targets are set for not only short-term profits but also non-financial areas set forth in the Medium-Term Management Plan, such as human capital and other sustainability-related themes, and these performance targets are appropriately weighted and included in evaluations.

ESG Award

In FY2017, the Fuji Oil Group established the ESG Award to annually recognize Group companies and departments that have contributed to sustainability management.

In FY2023, the award went to Fuji Oil Ghana Ltd. and the Kuala Lumpur team (Malaysia) of the Supply Chain Management (SCM) Group, which is in charge of managing the entire Group supply chain.

Fuji Oil Ghana Ltd. was recognized for having completely transitioned to non-fossil fuels, for its employees' continual skill development, and for its contribution to the empowerment of women farmers and parkland conservation through continuous communication with cooperatives in the Tebma-Kandu shea kernel sustainability program.

The highly specialized members of the SCM Group's Kuala Lumpur team conducted sustainable procurement activities based in the local area that have greatly contributed to increasing palm oil traceability to plantation and to improving regional environmental and human rights issues.

See the pages below for related activities.

Sustainable Procurement of Shea Kernels

https://www.fujioilholdings.com/en/sustainability/she_kernel/

Sustainable Procurement of Palm Oil

https://www.fujioilholdings.com/en/sustainability/palm_oil/

Strategy, metrics and targets

Risks and opportunities in the value chain

GRI:2-6, 3-1, 2, 3, 303-1, 304-2, 306-1

Our Group is a food ingredient manufacturer with operations in 14 countries and regions* and with four business segments: Vegetable Oils and Fats Business, Industrial Chocolate Business, Emulsified and Fermented Ingredients Business, and Soy-Based Ingredients Business. We develop, manufacture, and sell various food ingredients, and our customers range widely from food manufacturers to restaurants, convenience stores, and retail stores.


Our main raw materials such as palm oil, cocoa and soybeans are involved in a number of environmental and human rights issues throughout the food value chain, which stretches from production to consumption and disposal. Priority issues in the value chain that are related to sustainability risks and opportunities are identified as Group material ESG issues, which are used as a management strategy tool to help solve issues through our business.





By addressing our material ESG issues to create a positive impact and reduce our negative impact, we aim to reduce risks and create opportunities for our business.


* Consolidated subsidiaries, as of March 31, 2024. See ESG Databook p.15 for details.


Material ESG issues for FY2024


Our material ESG issues for FY2024 are listed below. Please refer to the relevant webpages for details on our basic approach, goals and the status of initiatives concerning each issue.

Position	Material ESG issues	Impact	Priority action/Chief officer in charge	Our vision/ Medium- to long-term goal
Value Proposition	<p>Product safety and quality</p>  <p>As a food manufacturer, placing top priority on ensuring safe and quality food products is a prerequisite in our business. Our Group provides safe, reliable and sustainable products to all of its customers to in turn provide better food choices to consumers.</p>	<p><u>Negative impacts to be reduced</u></p> <p>Health damage, violation of food laws and regulations</p>	<p>→ Ensuring Product Safety and Quality Control</p> <p>ESG Division Head</p>	<p>Ensure that the Fuji Oil Group is never a cause for complaints for any of the products it manufactures.</p>
	Deliciousness and Healthiness	<p>Health and nutrition</p>  <p>Amid concerns about health issues increasing as people transition to new life stages or adopt different dietary and lifestyle habits, there is a need to create a society in which they can lead purposeful lives free from disability. We help ensure that health and well-being remain balanced with the enjoyment of food. We do this by expanding the options for foods that help promote health and well-being and prevent cognitive decline in older people, and by reducing the use of substances that do not comply with quality requirements.</p>	<p><u>Creating positive impacts</u></p> <ul style="list-style-type: none"> Achieve people's lifelong well-being Achieve both deliciousness and healthiness 	<p>→ Solutions for Health and Well-being</p> <p>CTO</p>
<p>Creation of sustainable food resources</p>  <p>There are growing concerns about shortages of protein sources, increase in environmental impacts and uneven food distribution due to population growth. We work on the development of plant-based proteins with low environmental impact in order to curb the environmental deterioration caused by increased food production. Moreover, we are increasing food choices and contributing to a healthy diet by responding to the diverse needs of each country and region, such as food traditions and values, preferences and allergies.</p>		<p><u>Creating positive impacts</u></p> <ul style="list-style-type: none"> Provide an abundance of food settings with diverse food options Help eliminate uneven distribution of food resources and improve health through a sustainable supply of protein sources Reduce environmental impact by increasing consumption of plant-based food ingredients (reduce CO₂ emissions and water consumption) 		<p>→ Reduction of Process Contaminants*1 in Oils and Fats</p> <p>CSO</p>
			<p>→ Creation of Diverse Plant-based Ingredients</p> <p>CTO</p>	<p>Make plant-based foods widely and readily available and increase dietary choices to help address food supply problems and broaden new business fields.</p>

Position	Material ESG issues	Impact	Priority action/Chief officer in charge	Our vision/ Medium- to long-term goal
Sustainable food value chain	<p>Climate change</p>  <p>Climate change is an urgent issue for the sustainability of our businesses, which rely on agricultural products for most of our raw materials. We contribute to mitigating climate change by cutting CO₂ emissions not only within our business operations but also throughout our supply chain.</p>	<p><u>Negative impacts to be reduced</u></p> <p>CO₂ emissions across the supply chain</p>	<p>→ CO₂ Emissions Reduction</p> <p>ESG Division Head</p>	<p><u>Environmental Vision 2030</u> Scope 1 and 2: 40% reduction (absolute) Scope 3 (Category 1): 18% reduction (absolute) Achieve both by 2030 (based year: FY2016) Note: Approved by the Science Based Targets initiative (SBTi)</p>
	<p>→ Environmentally Responsible Production</p> <p>CTO</p>		<p>Reduce CO₂ emissions in our supply chain and create high value-added products through stable procurement of raw materials and development of environmentally beneficial technologies.</p>	
	<p>Water resources</p>  <p>Water is widely used as a raw material as well as in the manufacturing process. We enhance the sustainability of limited water resources by reducing the amount of water used and proper water management at each process in our business operations.</p>	<p><u>Negative impacts to be reduced</u></p> <ul style="list-style-type: none"> • Water resource depletion • Water resource pollution 	<p>→ Water Use Reduction</p> <p>ESG Division Head</p>	<p><u>Environmental Vision 2030</u> 20% reduction in water use (intensity) by 2030 (base year: FY2016).</p>
	<p>→ Waste Reduction</p> <p>ESG Division Head</p>		<p><u>Environmental Vision 2030</u> 10% reduction in waste (intensity) by 2030 (base year: FY2016)</p>	
<p>Circular economy</p>  <p>Effectively using food resources without generating waste is essential to achieving a circular economy. The entire Group is committed to reducing waste and developing upcycling technologies.</p>	<p><u>Negative impacts to be reduced</u></p> <p>Consumption of excess energy and food resources.</p>	<p>→ Reduction and Upcycling of Food Loss and Waste</p> <p>CTO</p>	<p>Contribute to reducing food loss and waste throughout the value chain through technology innovation and reuse/upcycling of byproducts.</p>	
<p>Biodiversity</p>  <p>While benefitting from rich natural ecosystems, the business activities of the Fuji Oil Group affect biodiversity as well as climate change. We are working to conserve and restore biodiversity, in order to help create a society in harmony with nature.</p>		<p><u>Negative impacts to be reduced</u></p> <p>Loss of natural ecosystems</p>	<p>→ Biodiversity Conservation and Restoration</p> <p>ESG Division Head</p>	<p>Build a nature-positive value chain</p>

Position	Material ESG issues	Impact	Priority action/Chief officer in charge	Our vision/ Medium- to long-term goal
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Value Proposition</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Sustainable food value chain</p>	<p>Sustainable procurement</p>  <p>There are pressing issues that need to be addressed in the regions that produce the key and strategic raw materials used in our businesses. These are deforestation and destruction of natural ecosystems due to plantation developments, forced labor and child labor. We conduct our business activities based on our Supplier Code of Conduct and responsible sourcing policies as part of securing sustainable procurement for the future. Going forward, we will continue to work on reducing our environmental impact and addressing human rights issues in production regions.</p>	<p><u>Negative impacts to be reduced</u></p> <ul style="list-style-type: none"> • Human rights violations due to outdated labor practices • Poverty of farmers • Child labor, forced labor • Exploitation of Indigenous Peoples, local residents and workers • Destruction or loss of natural ecosystems • Land use conversion • Pollution from improper waste disposal 	<p>→ Sustainable Procurement of Palm Oil</p> <p>CSO</p>	<p><u>Medium- to long-term goal</u> No Deforestation, No Peatland Development, No Exploitation (NDPE)</p> <p><u>Sustainable procurement commitment</u></p> <ul style="list-style-type: none"> • Achieve 100% traceability to plantation (TTP) by 2030 • Implement the Labour Transformation Programme (LTP) at all direct suppliers by 2030
			<p>→ Sustainable Procurement of Cocoa</p> <p>CSO</p>	<p><u>Medium- to long-term goal</u> Reforestation, elimination of child labor</p> <p><u>Sustainable procurement commitment</u></p> <ul style="list-style-type: none"> • End child labor by 2030 • Plant one million trees in cocoa-growing regions by 2030
			<p>→ Sustainable Procurement of Soybeans</p> <p>CSO</p>	<p><u>Medium- to long-term goal</u> No deforestation, no exploitation</p> <p><u>Sustainable procurement commitment</u> Ensure traceability to the community level by 2030, or 100% procurement of RTRS-certified products or products certified to equivalent standards.*2</p>
			<p>→ Sustainable Procurement of Shea Kernels</p> <p>CSO</p>	<p><u>Medium- to long-term goal</u> Forest conservation, support for women's empowerment</p> <p><u>Sustainable procurement commitment</u></p> <ul style="list-style-type: none"> • Deforestation prevention and parkland protection: Plant 6,000 trees/year until 2030 • Traceability to the regional level: 75% by 2030 • Procurement of shea kernels from Tebma-Kandu program: 50% by 2030 • Percentage of shea kernels crushed and fractionated (separated) in West Africa: 100% by 2030 • Non-fossil fuel energy*3 used by Fuji Oil Ghana Ltd. (for steam generation): 100% • Percentage of Group-donated warehouses being used to generate alternative income for Tebma-Kandu cooperatives: 80%*4

Position	Material ESG issues	Impact	Priority action/Chief officer in charge	Our vision/ Medium- to long-term goal
Business Foundations	<p>Occupational health and safety</p>  <p>Employee safety is the foundation of our business activities. If a serious accident or serious property damage occurs, it will have a huge impact on employees, their families, local communities and on greater society, and will also affect production activities. We create a safe and secure workplace by ensuring the health and safety of our employees, based on the idea that safety comes first.</p>	<p><u>Negative impacts to be reduced</u></p> <ul style="list-style-type: none"> • Serious accidents or serious property damage accidents • Work-related injury, illness, or poor health • Outbreak of infectious disease in the workplace 	<p>➔ Reducing Occupational Accidents and Property Damage</p> <p>ESG Division Head</p>	<p>Place top priority on safety and respect for humanity. Keep all Group companies accident-free by creating safe and comfortable workplaces.</p>
	<p>DE&I*5</p>  <p>Creating a workplace that accepts diverse values and encourages individuality is crucial for innovation and for responding to diversifying customer needs and values. We respect the diversity of our employees and practice our Fuji Oil Group Management Philosophy to “Work for people” so that all our employees can make the most of their abilities.</p>	<p><u>Creating positive impacts</u></p> <ul style="list-style-type: none"> • Provide equitable opportunities and fair evaluations • Promote decent work • Leverage the creativity of diverse and highly specialized teams <p><u>Negative impacts to be reduced</u></p> <p>Discrimination based on nationality, gender, race, age, sexual orientation, character, or disability.</p>	<p>➔ Promotion of DE&I*6</p> <p>CAO</p>	<ul style="list-style-type: none"> • Equity: Remove barriers experienced by people from disadvantaged communities, provide equitable opportunities and conduct fair evaluations • Inclusion: Build a corporate culture that fosters feelings of belonging among all employees • Diversity: Harness diversity for our business model and value creation
	<p>Securing and developing human resources</p>  <p>Securing the human resources that create new value and developing the skills and competence expected of each individual are required for growth of both the Group and its employees, and for enhancing our business competitiveness. We will continue to carry out measures and foster an organizational culture that encourages employee independence and engagement.</p>	<p><u>Creating positive impacts</u></p> <ul style="list-style-type: none"> • Improve employee engagement • Leverage the creativity of diverse and highly specialized teams 	<p>➔ Securing and Developing Human Resources</p> <p>CAO</p>	<ul style="list-style-type: none"> • Further increase number of specialists in every field, with many of our talents contributing to increasing corporate value in the face of changes in and outside Japan • Have successor candidates always ready to take over for key positions (executive officers, general managers, section managers)
	<p>GRC*7</p>  <p>In a highly uncertain business environment, building resilience and conducting risk-proof business management is vital. We aim to enhance corporate value by strengthening Group governance through initiatives to minimize chance of risk occurrence and impact in case of occurrence, such as by strengthening the Business Continuity Plan (BCP) and information security, and by conducting fair business practices.</p>	<p><u>Negative impacts to be reduced</u></p> <ul style="list-style-type: none"> • Damage to society or human life • Destruction or loss of natural ecosystems • External damage or loss caused by information leaks • Corruption, bribery, anti-competitive behavior, and other violations of laws and regulations 	<p>➔ Risk Management System</p> <p>ESG Division Head</p> <p>➔ Information Security Management</p> <p>CFO</p> <p>➔ Fair Business Practices</p> <p>Legal Division Head</p> <p>➔ Group Governance</p> <p>CSO</p>	<p>Earn the trust of society by demonstrating high reliability and risk management capability.</p> <p>Sustainably develop the Group through responsive systems and enhanced measures to counter IT security risks that have significant impacts on business management.</p> <p>Earn the trust of all stakeholders by conducting business fairly, transparently, and with integrity.</p> <p>Enhance corporate value through the establishment of an effective Group governance system.</p>

Position	Material ESG issues	Impact	Priority action/Chief officer in charge	Our vision/ Medium- to long-term goal
			 Corporate Governance CSO	Improve corporate value through appropriate functioning of the Board of Directors.

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

*2 Round Table on Responsible Soy Association (RTRS)

*3 Shea olein created as a byproduct when fractionating shea butter is used as biomass fuel.

*4 A new KPI set in FY2024 after achieving our KPI for regional value creation of "Permanent, direct employees at Fuji Oil Ghana Ltd.: 50% increase (base year: 2017)" as of FY2022. This is the percentage of shea kernel storage warehouses donated by Fuji Oil Ghana Ltd. that are being used to generate income by storing other harvested products in vacant space or during periods outside of the shea season.

*5 Diversity, equity and inclusion

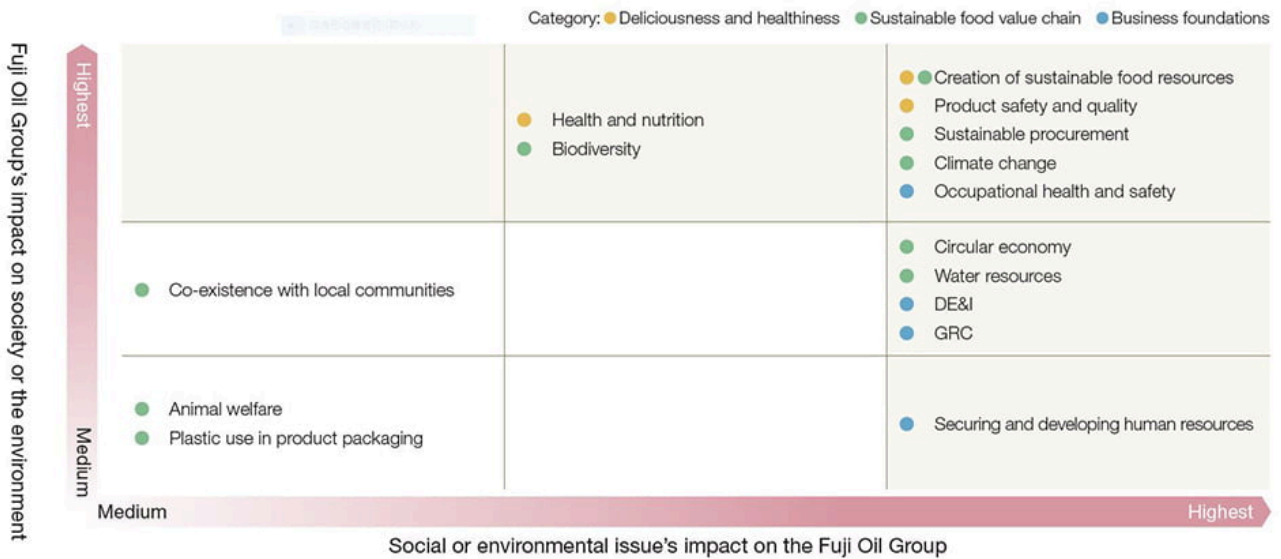
*6 A term encapsulating the concepts and practices of providing equitable opportunities and evaluations and developing and leveraging diverse talent through inclusive management.

*7 Governance, risk, and compliance. GRC includes corporate governance and internal control perspectives, but issues involving internal control are monitored by the Sustainability Committee. Corporate governance is monitored by the Board of Directors.



FY2024 material ESG issues and FY2023 targets and results (PDF, 4.46MB)

FY2024 ESG materiality map



Process of selecting material ESG issues for FY2024

Each year, the Fuji Oil Group conducts a review based on its assessment of new global issues and stakeholder engagement, and selects material ESG issues and priority actions for the following fiscal year. For these material issues, managing officers are appointed under the supervision of the chief officer in charge to decide on targets and measures for promoting initiatives.

In FY2023, we reviewed our list of social issues and assessed the materiality of selected sustainability issues on two axes: (1) Fuji Oil Group's impact on society or the environment and (2) social or environmental issue's impact on the Fuji Oil Group.*1 The draft ESG materiality map for FY2024 was created following discussions involving chief officers in charge of specific material ESG issues, heads of each business division, the presidents of regional headquarters, and internal and external experts, as well as consideration of investor and other stakeholder views. The Sustainability Committee then deliberates on the draft, and reports the results to the Fuji Oil Holdings Inc. Board of Directors for approval. During these discussions we also investigate the sustainability issues selected from our review of the social issues list to confirm if they should be added as material ESG issues.

The material ESG issues for FY2024 were changed*2 from FY2023 as follows.

- Changed the material ESG issue categories to the value propositions of “Deliciousness and Healthiness,” “Sustainable Food Value Chain” and “Business Foundations” from the standpoint of integrating Group value creation processes
- Added “Reduction of Process Contaminants in Oils and Fats” as a priority action for material ESG issue “Health and Nutrition” in light of rising social and customer demand
- Removed “Reduction of Trans Fatty Acid Content” and “Reduction of Sugars Intake” from priority actions as we have made progress towards targets

*1 “Fuji Oil Group’s impact on society or the environment” is an overall evaluation based on the scale, scope and severity, and likelihood of occurrence of positive and negative impacts

*2 Updated in FY2023 referencing Global Reporting Initiative (GRI) and European Sustainability Reporting Standards (ESRS)

Identification and selection process



* The social issues list is created referencing international disclosure guidelines and standards (ESRS, GRI, IFRS, SASB, SDGs, OECD Guidelines for Multinational Enterprises), evaluation criteria of sustainability ratings organizations (e.g., MSCI, WBA), material issues of food companies around the world, principles and themes of industry organizations, our Group’s long-term research themes, and expert advice.

Risk management

Risk management system

<https://www.fujioilholdings.com/en/sustainability/risk/>

Education

GRI:2-17

At our Group, we conduct educational and awareness-raising activities for officers and employees to inform them of external sustainability trends and about the Group’s thinking and activities on sustainability in order to integrate sustainability management across the Group.

FY2023 sustainability awareness training for officers and employees

Participants	Type	Topic	Purpose
All directors in Japan including outside directors, Audit and Supervisory Committee members, and executive officers	Briefing	Investor feedback on the 2023 Integrated Report	Enact feedback from investors on the integrated report published that year in order to improve next fiscal year’s integrated report and raise corporate value through further stakeholder dialogue
Employees at Group companies in and outside Japan*	E-learning course Languages: Japanese, English, Chinese, Portuguese	Examples of the Group’s sustainability management and initiatives	Deepen understanding of sustainability management and promote initiatives in each region (FY2023 participation rate: 90.7%)
Officers and employees at Group companies in and outside Japan	Company communications website Languages: Japanese, English, Chinese, Portuguese	Sustainability information from in and outside the Group	Deepen understanding of sustainability management and stay informed of sustainability actions at other Group companies

* Scope: Our Group’s employees who have a company email address and use a computer in their daily work.