FUJI OIL CO., LTD.

Governance, Strategy, Risk Management, Metrics and Targets

- ∨ Fuji Oil Group's sustainability management ∨ Governance ∨ Strategy and risk management ∨ Metrics and targets
- ✓ Risk management

Fuji Oil Group's sustainability management

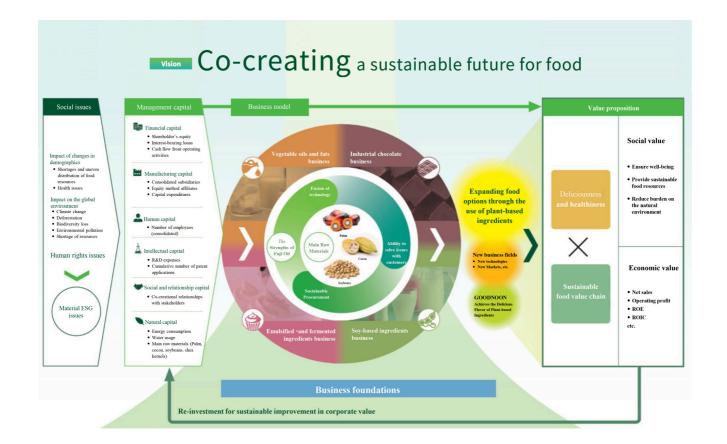
GRI: 2-23

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 shared 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." Before food reaches consumers, it passes through complex supply chains involving numerous stakeholders. Tackling food-related social issues requires collaboration across the entire value chain, from upstream production areas of raw materials to consumers. As a Group with a midstream function in the food value chain, all our employees strive to quickly identify social issues in the value chain, including personal well-being, global environmental issues, and human rights, working to create social value not only by reducing the risks associated with these issues, but also by providing solutions that meet the expectations of all our stakeholders. By doing so, we believe that we can create a sustainable future for food and enhance corporate value for the Group.

By generating profits through products that meet newly growing demands and help address global food issues, and reinvesting those profits to help build 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. Based on our management strategy, we utilize our management resources, combining the strengths of our four businesses to create plant-based ingredients that are unique to our Group. We believe that our Group delivers value through these plant-based ingredients that expand our food options and build delicious, healthy and sustainable food value chains. 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.



Governance

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 Board of Directors to monitor the risks and opportunities related to sustainability. The Board of Directors*² receives recommendations and reports from the committee, and 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 makes recommendations 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 President and CEO, and is composed of the COO, CFO, the heads of each business headquarters and functional divisions, and the ESG Advisors (outside directors). It facilitates coordination between our management strategies and material ESG issues, incorporates outside perspectives, and conducts deliberations from a medium- to long-term perspective.

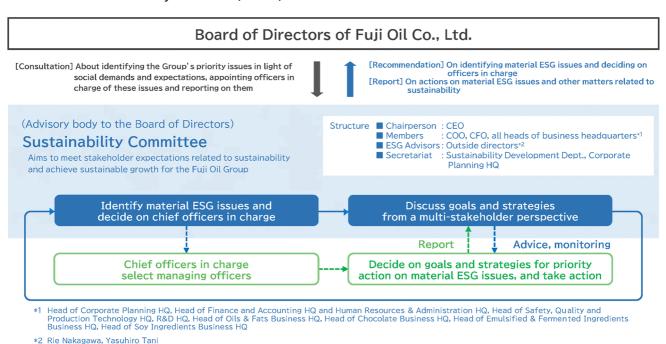
- *1 Established in 2015, the ESG Committee was renamed in May 2022 to clarify its role in relation to the Board of Directors, which is responsible for corporate governance.
- *2 Appointed directors with extensive knowledge on sustainability. Through executive training, the board is building the knowledge and expertise needed to ensure its monitoring function from an ESG perspective.

https://www.fujioil.co.jp/en/about/governance/system/

Sustainability Committee: Matters deliberated in FY2024

Date of meeting	Matters for deliberation	Example discussions in recommendations and reports to the Board of Directors
First April 2024	Review FY2023 results of ESG initiativesDecide FY2024 ESG action plans	How to evaluate progress on material ESG issues in light of social conditions
Second October 2024	 Review progress on first half of FY2024 ESG initiatives and identify challenges to overcome Mandatory disclosure of sustainability-related information 	Consistently engage with material ESG issues and DE&I programs and other initiatives across the company after transitioning to a operating holding company structure
Third December 2024	Determine FY2025 material ESG issues and chief officers in charge	Political power shift in the United States and global trends in sustainability disclosure

The function of the Sustainability Committee (FY2025)



Incentives GRI: 2-19

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

In FY2022, the Fuji Oil Group introduced an evaluation system pertaining to the executive performance of 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, the final evaluation is carried out by the President and CEO, based on the degree of achievement across a set of specific metrics and targets. While separate numeric metrics may be set based broadly on the group-wide business performance, the performance of the division overseen by each internal director, as well as particular priority issues, 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 mandatory setting of 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 Co., Ltd. established guidelines for setting targets within the managerial system that are in line with management

perspective. 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.

In April 2025, the Group transitioned its company structure from a pure holding company to a operating holding company. Under the new organizational structure, the Nomination and Compensation Advisory Committee held discussions to define the roles and responsibilities of directors and executive officers, as well as to restructure the remuneration system to provide incentives for contributing to company growth from their respective positions.

As a result, a new remuneration system for directors and executive officers has been introduced in July 2025. Under this system, non-financial common KPIs linked to material ESG issues have been set as performance-linked indicators for both directors and executive officers. This framework incentivizes actions that enhance corporate value while aligning more closely with stakeholders' expectations.

Company awards: President's Award/ESG Award

In FY2017, the Fuji Oil Group established the ESG Award, presented annually by management to recognize Group companies and departments that have contributed to sustainability management. The ESG Award, along with other company awards, is decided by a selection committee composed of internal directors, and then approved by the Management Committee Meeting. The President's Award, the highest recognition among company awards, is granted to Group companies and divisions that have demonstrated outstanding efforts.

In FY2024, Fuji Oil Europe (Belgium) received the President's Award in recognition of its overall performance on contribution to sustainability management and profitability. The company achieved both cost reduction and resource circulation by selling all of the spent bleaching earth from its manufacturing process as raw material for biomass energy certified under ISCC EU.* In addition to making a significant contribution to profitability, the company was recognized as a model for other Group companies and was honored with the President's Award.

The ESG Award for FY2024 went to Fuji Oil (Singapore) Pte. Ltd. The company contributed to resource circulation by providing added value to waste oil, which was previously sold as raw material for soap, and selling it as raw material for ISCC EU-certified* biomass energy. Moreover, in terms of manufacturing, the company introduced a new filtration system to recycle wastewater, significantly reducing water use intensity compared to the previous fiscal year. The company was also highly commended for its environmental contribution, including a reduction in carbon dioxide emission intensity compared to the previous fiscal year.

* The International Sustainability & Carbon Certification (ISCC) is a global certification system certifying businesses and organizations that manufacture products using biomass, recycled goods and other sustainable raw materials.

Strategy and risk management

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 15 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 raw materials 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, 2025. See ESG Databook p.14 for details. https://www.fujioil.co.jp/pdf/en/sustainability/download/esg2025.pdf#page=14

Material ESG issues for FY2025

Our material ESG issues for FY2025 are listed below. Please refer to the relevant webpages for details on our basic approach, goals and the status of initiatives concerning each issue.

ⅎ	Material ESG issues			
Theme	Area of sustainability matters	Priority action/Chief officer in charge	Impact	Our vision
Deliciousness and Healthiness	Food Safety and Health As a food manufacturer, placing top priority on ensuring safe and quality food products is a	Ensuring Product Safety and Quality Control [Chief officer in charge] Head of Safety, Quality and Production Technology Headquarters / Executive Officer	Negative impacts to be reduced Health damage, violation of food laws and regulations	Ensure that the Fuji Oil Group is never a cause for complaints for any of the products it manufactures
	prerequisite in our business. Amid the growing concern about health issues, we help ensure that health and wellbeing remain balanced with the enjoyment of food. We do this by expanding the options for foods that help promote health and wellbeing and prevent cognitive decline in older people, and by minimizing the use of substances that do not comply with quality requirements.	Reduction of Process Contaminants*1 in Oils and Fats [Chief officer in charge] Head of Oils & Fats Business Headquarters / Senior Executive Officer	Positive impacts to be created Achieve people's lifelong well-being Achieve both deliciousness and healthiness	Reduce process contaminant levels in line with market expectations
		Solutions for Health and Well-being [Chief officer in charge] Head of R&D Headquarters / Executive Officer	riealtiliress	Clearly communicate the health value of our products that help build a society where people are mentally and physically healthy and lead purposeful lives. Expand the range of health values offered by our products
Sustainable Food Value Chain	Environmentally Responsible MONOZUKURI (Product Development and Manufacturing Practices) Amid concerns about shortages of protein sources, increasing environmental impact, and uneven food distribution due to population growth, we are working to develop plant-based proteins with low environmental impact, reduce food loss and waste	Creation of Diverse Plant- based Ingredients [Chief officer in charge] Head of R&D Headquarters / Executive Officer	Positive impacts to be created 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 plantbased food ingredients (reduce CO ₂ emissions and water consumption)	Make plant-based foods widely and readily available. Increase dietary choices to help address food supply problems, and broaden new business fields
	and promote upcycling, and build a circular food system. In order to ensure the sustainability of our business, which relies on agricultural products for most of its raw materials, we must urgently	Reduction of Food Loss and Waste and Upcycling [Chief officer in charge] Head of R&D Headquarters / Executive Officer	Negative impacts to be reduced Inefficient resource consumption and waste generation	Contribute to reducing food loss and waste across the value chain through technology innovation and reuse/upcycling of byproducts

⊒	Material ESG issues			
Theme	Area of sustainability Priority action/Chief of matters in charge		Impact	Our vision
Sustainable Food Value Cha	address environmental issues, including climate change. To this end, we are working to reduce CO ₂ emissions, water consumption and waste, and to conserve biodiversity within our business operations and throughout our supply chain.	Establishment of Circular Food Systems [Chief officer in charge] Head of R&D Headquarters / Executive Officer		Develop soybean utilization technologies that contribute to a low-impact, sustainable circular economy that is resilient to the effects of climate change.
		CO ₂ Emissions Reduction [Chief officer in charge] Head of Safety, Quality and Production Technology Headquarters / Executive Officer	Negative impacts to be reduced CO ₂ emissions across the supply chain	Environmental Vision 2030/2050 FY2050 target: Net zero for total scope 1, 2 and 3 GHG emissions FY2030 target: Total scopes 1 and 2 GHG emissions: 42% reduction Total scope 3 (Category 1) GHG emissions: 25% reduction Total FLAG-related GHG emissions: 30.3% reduction (base year: FY2020)
		Water Use Reduction [Chief officer in charge] Head of Safety, Quality and Production Technology Headquarters / Executive Officer	Negative impacts to be reduced Water resource depletion Water resource pollution	Environmental Vision 2030/2050 FY2030 target: 20% reduction in water use volume per production volume (base year: FY2020)
		Waste Reduction [Chief officer in charge] Head of Safety, Quality and Production Technology Headquarters / Executive Officer	Negative impacts to be reduced Inefficient resource consumption and waste generation	Environmental Vision 2030/2050 FY2030 target: 10% reduction in waste volume per production volume (base year: FY2016) FY2030 target for Group companies in Japan: Maintain a recycling rate of 99.8% or higher
	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.	Biodiversity Conservation and Restoration [Chief officer in charge] Head of Corporate Planning Headquarters / Executive Officer	Negative impacts to be reduced Loss of natural ecosystems	Build a nature-positive value chain
		Sustainable Procurement of Palm Oil [Chief officer in charge] Head of Oils & Fats Business Headquarters / Senior Executive Officer	Negative impacts to be reduced Human rights violations due to outdated labor practices Poverty of farmers Child labor, forced labor Exploitation of Indigenous Peoples, local residents and workers	Medium- to long-term goal No Deforestation, No Peatland Development, No Exploitation (NDPE) Sustainable procurement commitment • Achieve 100% traceability to plantation (TTP) by 2030 • Implement the Labor Transformation Program (LTP) at all direct suppliers by 2030
		Sustainable Procurement of Cocoa [Chief officer in charge] Chief Operating Officer (COO) and Head of Chocolate Business Headquarters / Senior Executive Officer	 Destruction or loss of natural ecosystems Land use conversion Pollution from improper waste disposal 	Medium- to long-term goal Reforestation, elimination of child labor Sustainable procurement commitment End child labor by 2030 Plant one million trees in cocoa-growing regions by 2030

Theme	Material E	ESG issues		
	Area of sustainability matters	Priority action/Chief officer in charge	Impact	Our vision
Sustainable Food Value Chain	Going forward, we will continue to work on reducing our environmental impact and addressing human rights issues in production regions.	Sustainable Procurement of Soybeans [Chief officer in charge] Head of Soy Ingredients Business Headquarters / Executive Officer		Medium- to long-term goal No deforestation, no exploitation Sustainable procurement commitment Ensure traceability to the community level by 2030, or 100% procurement of RTRS*2-certified products or products certified to equivalent standards
		Sustainable Procurement of Shea Kernels [Chief officer in charge] Head of Oils & Fats Business Headquarters / Senior Executive Officer		Medium- to long-term goal Forest conservation, support for women's empowerment Sustainable procurement commitment 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 storage buildings being used to generate alternative income for Tebma-Kandu cooperatives: 80%*4
	Employee safety is the foundation of our business 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. In addition, creating a workplace that accepts diverse values and	Promotion of DE&I*5,6 [Chief officer in charge] Chief Financial Officer (CFO) and Head of Human Resources & Administration Headquarters / Senior Executive Officer	Positive impacts to be created Provide equitable opportunities and fair evaluations Promote decent work Leverage the creativity of diverse and highly specialized teams Negative impacts to be reduced Discrimination based on nationality, gender, race, age, sexual orientation, character, or disability.	 Equity: Remove barriers experienced by people from disadvantaged communities, provide equitable opportunities and conduct fair evaluations Inclusion: Build a corporate culture that fosters a feeling of belonging among all employees Diversity: Harness diversity for our business model and value creation
	encourages individuality as well as acquiring and developing human resources is crucial for innovation and for responding to diversifying customer needs and values and enhancing our competence.	Human Resources [Chief officer in charge] Chief Financial Officer (CFO) and Head of Human Resources & Administration Headquarters / Senior Executive Officer	Positive impacts to be created Improve employee engagement Leverage the creativity of diverse and highly specialized teams	 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, department managers, section managers)

4	Material E	SG issues		Our vision
Theme	Area of sustainability matters	Priority action/Chief officer in charge	Impact	
Sustainable Food Value Chain	To this end, we respect the diversity of our employees, foster an organizational culture that promotes employee autonomy and engagement, and practice our Fuji Oil Group Management Philosophy to "Work for people" so that all our employees can make the most of their abilities.	Reducing Occupational Accidents and Property Damage [Chief officer in charge] Head of Safety, Quality and Production Technology Headquarters / Executive Officer	Negative impacts to be reduced Serious accidents or serious property damage accidents Work-related injury, illness, or poor health Outbreak of infectious disease in the workplace	Place top priority on safety and respect for employees. Keep all Group companies accident-free by creating safe and comfortable workplaces
Business (Information Security 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.	Information Security Management [Chief officer in charge] Chief Financial Officer (CFO) and Head of Finance and Accounting Headquarters / Senior Executive Officer	Negative impacts to be reduced Damage to society or human life Destruction or loss of natural ecosystems External damage or loss caused by information leaks Corruption, bribery, anticompetitive behavior, and other violations of laws and regulations	Sustainably develop the Group through responsive systems and enhanced measures to counter IT security risks that have significant impacts on business management
Business Conduct	Fair Business Conduct 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.	→ Operation of a Trustworthy Whistleblowing System Promoting Fair Business Practices [Chief officer in charge] Chief Financial Officer (CFO) and Head of Legal Division / Senior Executive Officer		Earn the trust of all stakeholders by conducting business fairly, transparently, and with integrity

- *1 Process contaminant: Trace elements that are introduced or formed during the production process.
- *2 RTRS: Round Table on Responsible Soy Association
- *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 buildings 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 DE&I: 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.



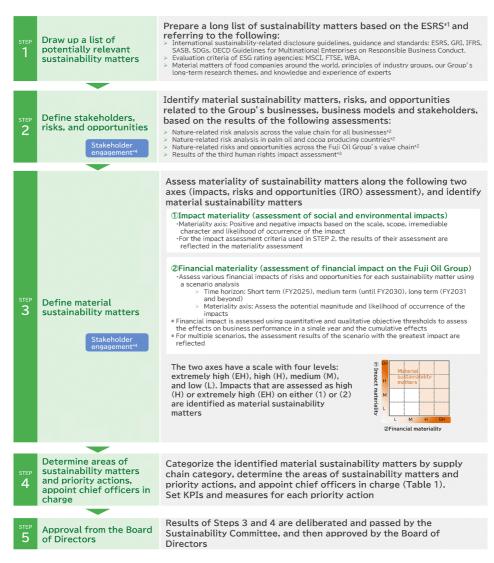
FY2025 material ESG issues and FY2024 targets and results (PDF, 2.64MB)

Material ESG issues assessment process for FY2025

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.

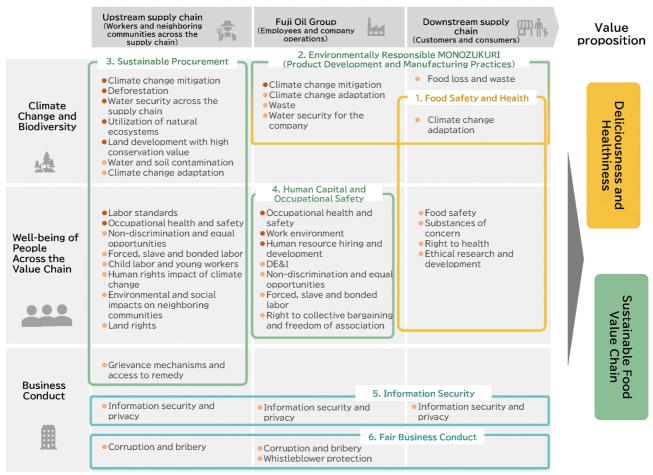
In FY2024, we changed our identification and selection process to align with the European Sustainability Reporting Standards (ESRS). We identified our material ESG issues for FY2025 based on an assessment of materiality along two axes: (1) impact materiality (assessment of social and environmental impacts) and (2) financial materiality (assessment of financial impacts on the Fuji Oil Group).

Material ESG issues assessment process (conducted in FY2024)



- *1 ESRS: European Sustainability Reporting Standards
- *2 https://www.fujioil.co.jp/en/sustainability/environmental_management/
- *3 https://www.fujioil.co.jp/en/sustainability/human_rights/
- *4 Experts in the process of selecting material ESG issues (sustainability management in general), experts on human rights and biodiversity, institutional investors, our Group officers, outside directors, business divisions, functional divisions, finance divisions, and research and development divisions

Determine areas of sustainability matters and priority actions, appoint chief officers in charge (Table 1).



- Material social issues assessed as extremely high in either impact materiality or financial materiality
- Material social issues assessed as high in either impact materiality or financial materiality



	Material ESG issues Chief officer in charge				
Theme	No.	Area of sustainability matters Priority action		Chief officer in charge	
Deliciousn ss and Healthines	1	Food Safety and Health	① Ensuring Product Safety and Quality Control	Head of Safety, Quality and Production Technology Headquarters	
			Reduction of Process Contaminants in Oils and Fats	Head of Oils & Fats Business Headquarters	
ess			Solutions for Health and Well-being	Head of R&D Headquarters	
0, 10				Head of R&D Headquarters	
	2	Environmentally Responsible MONOZUKURI	 Reduction and Upcycling of Food Loss and Waste Establishment of Circular Food Systems 	Head of R&D Headquarters	
Sustainable		(Product Development and Manufacturing Practices)	CO ₂ Emissions Reduction Water Use Reduction Waste Reduction	Head of Safety, Quality and Production Technology Headquarters	
nak		Sustainable Procurement	Biodiversity Conservation and Restoration	Head of Corporate Planning Headquarters	
	3		① Sustainable Procurement of Palm Oil	Head of Oils & Fats Business Headquarters	
Food			Sustainable Procurement of Cocoa	Chief Operating Officer (COO) and Head of Chocolate Business Headquarters	
Value			Sustainable Procurement of Soybeans	Head of Soy Ingredients Business Headquarters	
			Sustainable Procurement of Shea Kernels	Head of Oils & Fats Business Headquarters	
Cha	4	Human Capital and Occupational Safety	Promotion of DE&I	Chief Financial Officer(CFO)	
äin			6 Securing and Developing Human Resources	and Head of Human Resources & Administration Headquarters	
			Reducing Occupational Accidents and Property Damage	Head of Safety, Quality and Production Technology Headquarters	
Busin Cond	5	Information Security	Information Security Management	Chief Financial Officer (CFO) and Head of Finance and Accounting Headquarters	
ness duct	6	Fair Business Conduct	 Operation of a Trustworthy Whistleblowing System Promoting Fair Business Practices 	Chief Financial Officer (CFO) and Legal Division Officer	

Risk management

Risk management system https://www.fujioil.co.jp/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.

FY2024 sustainability awareness training for officers and employees

Participants	Туре	Topic	Purpose
Members of the Board of Directors	Briefing	Investor feedback on the Integrated Report 2024	Enact feedback from investors on the integrated report published that year in order to deepen discussions that serve to help management and raise corporate value through further stakeholder dialogue
Officers and employees at Group companies in and outside Japan	Posts on the 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
Sustainability Committee members: Directors, executive officers, outside directors, and related divisions	In-person study sessions Language: Japanese	Mandatory disclosure of sustainability-related information	Understand the need for sustainability- related information disclosure and recognize the actions that management should take
New employees	In-person study sessions Language: Japanese	Sustainability management at Fuji Oil Co., Ltd.	Gain an understanding of the sustainability-related issues and initiatives in Fuji Oil's businesses
Employees at Group companies in and outside Japan	Company communications website (Messages from our top management) Languages: Japanese, English, Chinese, Portuguese	Business and human rights, compliance, and other issues	Instill an understanding of business and human rights, and compliance