FUJI OIL CO., LTD.

Solutions for Health and Well-being



✓ Governance ✓ Strategy ✓ Risk management ✓ Metrics and targets ✓ Specific initiatives

Governance

The Fuji Oil Group has established the Sustainability Committee*1 as an advisory body to the Board of Directors that is chaired by the President and CEO. From a multi-stakeholder perspective, the committee deliberates on and monitors Solutions for Health and Wellbeing, a priority action to address material ESG issues,*2 and makes recommendations to the Board. The Group implements related initiatives under the oversight of the Head of R&D Headquarters, the Executive Officer.

*1 Governance, Strategy, Risk Management, Metrics and Targets > Governance https://www.fujioil.co.jp/en/sustainability/sustainability_management/#governance

*2 Governance, Strategy, Risk Management, Metrics and Targets > Metrics and targets https://www.fujioil.co.jp/en/sustainability/sustainability_management/#index

Strategy

As we transition into super-aging societies and face escalating healthcare costs and the potential collapse of social security systems, people have become more aware of the need for living healthy and fulfilling lives. We need solutions that balance physical health and mental well-being, leading to longer, healthy lives. The Fuji Oil Group provides food ingredients such as vegetable oils and fats, and plant-based proteins for delicious and healthy food. As such, our social mission as a company is to meet these needs.

Poor lifestyle habits, excessive sugar intake and salt intake, overeating or undereating, and lack of exercise can eventually lead to various mental and physical disorders.* For example, excessive sugar intake carries the risk of developing lifestyle-related diseases such as diabetes and obesity, which in turn can lead to many serious diseases, as well as declining cognitive function.

Failing to respond to this growing health awareness would affect our brand image, undermine the trust of our stakeholders, and run the risk of damaging our corporate value and the reputation of our stakeholders.

We conduct research to create products aimed at restoring pre-disease states to health. In doing so, we believe that, even as they age, people will be able to achieve their ideal fitness and continue to maintain their social connections, with bodies that can move and do whatever it is they want.

With this concept of preventing pre-disease through food, our Group is helping address physical and mental health issues faced by people around the world. Furthermore, we believe that all our efforts will result in an increase in our corporate value as well.

* Includes poor appetite, physical or mental pain and low mood. Also called mild disorder or pre-disease state.

Risk management

The Fuji Oil Group systematically manages risks and opportunities related to Food Safety and Health, an area of sustainability matters that address material ESG issues, in alignment with group significant risks.

Group significant risks

Risk type: Strategy/ Products/ Procurement

https://www.fujioil.co.jp/en/ir/policies_and_systems/risk/

The Group conducts human subjects research to prove the efficacy of foods, with the aim of contributing to solving physical and mental health issues. We recognize the risk of failing to consider subject safety and ethical concerns in this research involving human subjects. For this reason, we have established an Institutional Review Board (IRB) which reviews and approves clinical trials to ensure that research is conducted safely and ethically.

Institutional Review Board for clinical trials involving human subjects

At our Group, we believe that in order to work on issues related to health and well-being through food, and conduct research to create products aimed at restoring pre-disease states to health, we need to prove their efficacy in humans. Research involving human subjects requires high ethical standards and privacy protection. To achieve this, we have established an Institutional Review Board (IRB) registered with Japan's Ministry of Health, Labour and Welfare's reporting system, *1 with doctors, experts, and ordinary people who have undergone research ethics training by the Association for the Promotion of Research Integrity (APRIN) as members. The IRB reviews all human clinical trials involving the Group and also conducts follow-up evaluations after the trials.

At our research and development centers, we focus on DHA/EPA*2 and soy peptides*3 among other various food ingredients that help to promote health. We carry out human trials as proofs of concept (PoC) to shed light on the benefits of consuming these ingredients in food. For example, we have been working on determining whether there are health benefits to making easily oxidized DHA extremely resistant to oxidation.

- *1 MHLW's Research Ethics Review Committee Reporting System (in Japanese)
- *2 Docosahexaenoic acid (DHA)/ eicosapentaenoic acid (EPA). These are fatty acids that are recommended to be consumed from food because they are inefficiently synthesized by the body. Studies have shown that DHA/EPA have various health benefits, including preventing memory and concentration loss, and reducing triglyceride levels.
- *3 Peptides are substances created in the process of breaking down proteins. Peptides formed by the enzymatic breakdown of soy proteins are called soy peptides.

Metrics and targets

 \bigcirc At least 90% complete \triangle At least 60% complete imes Less than 60% complete

FY2024 Goals	FY2024 Results	Self-assessment
Expand the market for foods that help improve health and well-being	Soy milk ingredients like soy milk cream butter and fermented soy milk ingredients have been shown to improve flavor and texture as well as being healthy. Increased adoption and growing use of these ingredients in the bakery market	0
Establish superior health benefits of stabilized DHA/EPA	Testing of soft capsules containing PRORARE® (stabilized DHA) confirmed superior efficacy in terms of taste and health functions. We now need to find ways to utilize these findings.	Δ

Analysis

Expanding the market for foods contributing to health and well-being

Enhanced protein
 High-protein foods can be an effective nutritional supplement for people who may not have time to cook and eat nutritionally

balanced meals every day. Our granular soy protein Proleena CP01 has been adopted in convenience stores' healthy bread products.

Additive-free products

We have developed Grand Delica[®] Pure, an additive-free cooking cream that provides the emulsifying properties and milky taste required of cream without using additives. This has been adopted by users including convenience stores.

Establishing the superior health benefits of stabilized DHA/EPA

We are researching PRORARE®, a stabilized DHA product with extremely low oxidative deterioration of DHA oil, focusing on the advantages of minimizing oxidation and the functionality of DHA. Our research has identified several effects indicating the superiority of PRORARE®. We now need to find ways to utilize these findings and communicate the benefits of PRORARE® to customers. We will continue to work on this, including publishing papers about our research findings, to expand the uptake of PRORARE®. (Please refer to "Specific initiatives" below for more details.)

Next steps

To provide solutions to issues related to health and well-being through food, it is important to establish evidence of the health benefits and superiority of our food ingredients, and to create the motivation for consumers to want to consume these ingredients. With these in mind, we will work towards the following goals for FY2025:

• Publish evidence and obtain functional claims to support sales promotion by promoting the superior taste and health benefits of stabilized DHA

Specific initiatives

Benefits of taking DHA oil with extremely low oxidation

DHA oil is promising to be effective in preventing dementia, and is generally ingested in the form of a soft capsule containing the functional oil. However, currently available soft capsules containing DHA/EPA have a problem with the characteristic odor (fishy odor peculiar to oxidative deterioration of ω -3 fatty acids) that accompanies oxidative deterioration of the oil. The odor of deteriorated oil experienced when burping after taking the capsule has also been cited as a reason for discontinuing their intake. We believe that the stabilized DHA-rich oil PRORARE®, with its extremely low oxidative deterioration of DHA oil, would not cause any bad or unpleasant smell when burping, even when taken in soft capsule form. To test this, we asked volunteers to take soft capsules containing PRORARE® or general DHA oil. During the trial, a survey given to the subjects (conducted with the subjects not knowing whether they were taking PRORARE® or general DHA oil) showed that the group who took PRORARE®, with low oxidative deterioration of DHA oil, did not experience any bad or unpleasant smell when burping. In contrast, among subjects who took soft capsules containing general DHA oil, 67% of the respondents said they noticed a bad smell in their burp, and 93% said the odor was unpleasant, showing the superiority of $\mathsf{PRORARE}^{\$}$ in terms of eliminating odor.

We have also confirmed that taking low oxidation PRORARE® has a positive effect on intestinal flora (patent pending). Going forward, in addition to the physiological functions of DHA, we will also study the mechanism by which we sense the oxidation



of DHA oil and conduct an emotional analysis of what makes people prefer and want to consume DHA.

Reduced-sugar and sugar-free chocolate

Blommer Chocolate Company (U.S.) offers a range of sugar-free, low-sugar and reduced-sugar chocolate products.

Sales in Blommer's health and wellness segment are growing in North America. Blommer is working to expand sales of its Discovery brand of reduced-sugar chocolate.

The Discovery product range, which includes reduced-sugar coatings (milk, dark, white), inclusions, and ice cream coatings, has a wide range of applications from caramel to chocolate chip cookies.

As well as finding a balance between deliciousness and health, Blommer will continue to explore new sugar alternatives through ongoing research and development to fulfil our customers' needs.