

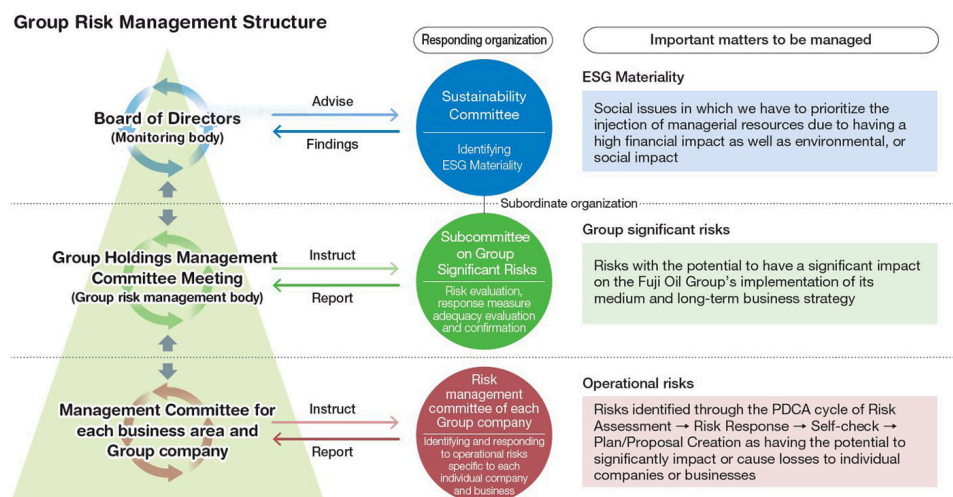
Risk Management System

Governance

The Fuji Oil Group's Sustainability Committee*1 is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue*2 of Governance, risk, and compliance (GRC) from a multi-stakeholder perspective, and recommends the results to the Board. The ESG Division Officer oversees the progress of initiatives for Risk Management System, a priority action within this material issue.

Our Group has positioned the Management Committee Meeting as its Group-wide risk management body. The committee uses a variety of information sources that account for the circumstances surrounding the Group such as risks perceived by management, ESG materiality map and the risk assessment-based risk maps of each regional headquarters and Group company. The committee selects risks that are significant to the entire Group and establishes a Group-wide risk management system to plan, implement, check the progress of, evaluate and improve overall risk response measures. These are first investigated and discussed by the Subcommittee on Group Significant Risks, then the Management Committee Meeting deliberates on and identifies Group-wide significant risks that should be recognized and addressed, and recommends to the Board as the monitoring body.

For risks specific to each Group company, the risk management committees of each company lead risk assessments to create a risk map and identify their specific operational risks.



For each significant Group-wide risk identified through the aforementioned process, we appoint an officer in charge of each risk and establish the response measures. In addition, the officer of the risk management division is in charge of promoting these measures and conducts reviews and selection of significant Group-wide risks. The officers in charge of Group significant risk management make regular progress recommends to the Board of Directors. As the monitoring body, the Board reviews recommends from the Management Committee Meeting.

*1 Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

*2 Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

Our Group operates four business segments — vegetable oils and fats, industrial chocolate, emulsified and fermented ingredients, and soy-based ingredients — covering Japan, the Americas, Europe, Southeast Asia, and China. The Group's value chain is exposed to a wide range of potential risks, including impacts on numerous fronts arising from changes in social issues, international relations and economic environments. Failure to recognize and respond to these risks may not only impact our business activities, but also have a variety of other effects such as harming our corporate brand.

Our Group has selected 12 items as significant Group-wide risks that need to be managed. We designated officers and formulated response plans for each of these risks in efforts to avoid and reduce loss. In addition, we created a framework for reporting and monitoring the status of our risk responses to the Board of Directors.

Significant Group-wide Risks in FY2024			
Risk group		No.	Risk category
Strategic risk		1	Group company management
		2	Business transformation and innovation
Financial risk		3	Finance and tax
Disaster- and accident-related risk		4	Disasters, accidents, and infectious diseases
		5	Geopolitical risk in regions related to our business
Operational risk	Product	6	Food safety
	Environment and human rights	7	Environment and human rights
	Procurement	8	Fluctuations in raw material prices
		9	Supply chains
	Legal and compliance	10	Laws & regulations, compliance
	Information systems	11	Information system and security
	Labor and human resources	12	Securing and developing human resources

* The identified significant Group-wide risks

https://www.fujioilholdings.com/en/ir/policies_and_systems/risk/

Risk management

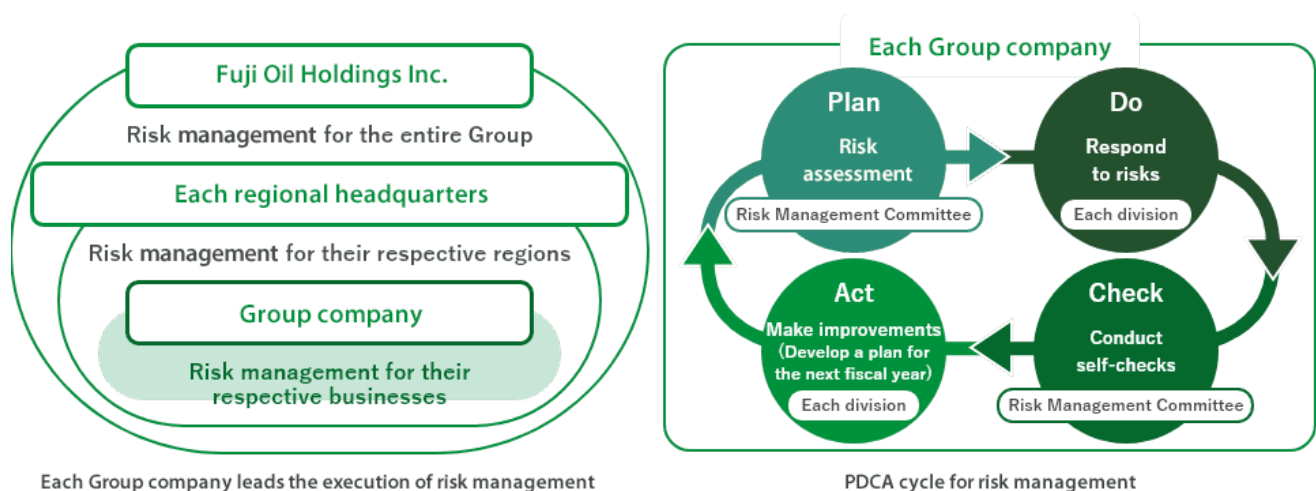
Risk management method adopted by each Group company

PDCA

Our Group clearly defined the roles of Fuji Oil Holdings Inc., companies acting as regional headquarters and Group companies, and established a Risk Management Committee at each company. The Risk Management Committee takes the lead in managing the risks at each Group company by implementing the PDCA cycle, going from assessing risks (Plan), implementing countermeasures (Do), conducting self-checks (Check), and to making improvements and developing a plan for the next fiscal year (Act). It also promotes risk management through close collaboration between Fuji Oil Holdings Inc., companies acting as regional headquarters, and Group companies. In the risk assessment, the Risk Management Committee of each Group company identifies all potential risks for the company and assesses them by plotting them on a risk map (vertical axis: degree of damage to/impact on the company; horizontal axis: likelihood of occurrence). Based on the assessment, the Committee specifies risks that would cause a significant degree of damage to/impact on the company as “significant risks.” It then decides on how to respond to all significant risks to mitigate their potential impact.

In the event of an emergency, an Emergency Headquarters will be established based on the Risk Management Committee, which promotes risk management activities in ordinary times, so that we can respond to the emergency quickly and appropriately across the Group.

Fuji Oil Group's risk management



Business continuity plan (BCP)

In recent years, numerous natural disasters, pandemics, and rising geopolitical risks resulting from war and conflict cause damage and impact that hinder continued socioeconomic activity. As a company that supplies food products that are indispensable to daily living and serve life-critical functions, the Fuji Oil Group has a social responsibility to keep delivering products to customers even in the event of such damage or impact. To that end, a business continuity plan (BCP) is essential. We are developing our BCP and implementing initiatives under the following BCP Policy in order to ensure employee safety, minimize damage to business assets, and enable the continuation or early restoration of our core businesses.

For natural disasters, we carry out a range of measures including introducing a safety confirmation system for Group employees; safety confirmation training using the safety confirmation system and an emergency contact tree; conducting periodic disaster preparedness training for major earthquakes; and securing the continuity of information systems. To also reduce the impact of various geopolitical risks and improve the Group's overall risk resilience, we work with relevant divisions based on the latest information received from regional headquarters and Group companies in order to construct and analyze risk scenarios from multiple perspectives and devise responses. Through activities like these, we strive to stage a rapid and appropriate first response in emergencies, ensure employee safety and business continuity, and minimize damage.

BCP Policy

1. Give priority to the lives of employees and visitors.
2. Prevent secondary disasters and do not disturb local communities.
3. Fulfill our responsibility as a company to supply products.

Education and awareness-raising

Fuji Oil Holdings Inc. conducts risk management education and awareness-raising activities for our Group companies through regular visits, video conferences, and other measures. In this way, we firmly establish the risk management PDCA cycle and improve the quality of risk management at each Group company.

In FY2023, we increased preparations against supply chain disruption risks, reviewed the methodology used in our annual risk assessment of Group companies, and firmly established the use of risk assessments. We use risk assessments to identify risks at regional headquarters and Group companies from multiple angles, create risk maps, and calculate and visualize the risk awareness level from the perspective of the relevant Group company, and the level of impact when the risk occurs. We also conducted risk management communication meetings both remotely and in person, shared the risk assessment results and promoted response measures, with the goal of raising the risk management level of regional headquarters and Group companies.

In addition, in FY2023 we continued providing training to eight employees newly posted to international assignments on the fundamentals of risk management and the risk management system of our Group. Through these activities, we strive to raise the risk management level of the Group companies at which they are assigned, as well as our employees' risk awareness and their sensitivity to risks.



Risk management communication meeting at Fuji Oil (Zhaoqing) Co., Ltd. (China)

Metrics and targets

○ At least 90% complete △ At least 60% complete ✕ Less than 60% complete

FY2023 Goals	FY2023 Results	Self-assessment
Strengthen risk management in the Fuji Oil Group	<ul style="list-style-type: none"> • Conducted Group-wide discussion of risks in the Subcommittee on Group Significant Risks (10 times) • Performed new risk assessments at regional headquarters and Group companies, and held risk management meetings based on the results 	○
Properly disclose information on the financial implications of climate-related risks based on the TCFD recommendations	<ul style="list-style-type: none"> • Compiled and examined the latest information on FY2024 changes in TCFD disclosure in annual securities reports • Discussed information to be disclosed in the Subcommittee on Group Significant Risks to add objectivity and validity 	○
Prepare for appropriate information disclosure regarding biodiversity based on the TNFD framework	<ul style="list-style-type: none"> • Conducted qualitative evaluation of the business impact of biodiversity issues connected to Group operations according to the LEAP approach recommended in the TNFD framework 	○

Analysis

The significant Group-wide risk items selected were discussed at the Subcommittee on Group Significant Risks and the risk management meetings with each regional headquarters and Group companies that were held on the basis of the risk assessments. Action was then promoted to help strengthen risk management throughout the entire Group.

For our TCFD disclosure, we gathered pertinent information and held discussions with the related divisions in order to specify the timing, duration and degree of impact of each risk and opportunity for each scenario. Our efforts received nominations in the FY2023 GPIF (Government Pension Investment Fund) Excellent TCFD Disclosure^{*1} selected by domestic asset managers, and were praised as highly accurate, timely and relevant.

In accordance with TNFD official recommendations for disclosure, we collected a variety of information, conducted a detailed analysis of biodiversity issues within the Group's business, and began disclosing the information in FY2024.^{*2}

Significant Group-wide risk items and TCFD and TNFD disclosure items are managed appropriately by the Chief Officer, who reports their statuses in a timely manner to the Management Committee Meeting (our Group-wide risk management body) and Board of Directors (our monitoring body) for approval.

*1 https://www.gpif.go.jp/en/investment/202405_excellent_TCFD_disclosure_en.pdf 

*2 Environmental management > Risk management

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

Biodiversity conservation and restoration (results of biodiversity-related risk analysis for palm oil and cocoa)

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

Next steps

We recognize that properly managing risks using the PDCA method and disclosing relevant information are crucial to creating a functioning risk management system and to making a risk-proof, trusted company, which is an integral part of society. To address these issues, we set the following goals for FY2024.

- Strengthen risk management in the Fuji Oil Group
- Properly disclose information on the financial implications of climate-related risks based on the TCFD recommendations
- Improve level of nature-related disclosures based on the TNFD recommendations