

Corporate Governance

Policy

Through effective corporate governance, the Fuji Oil Group aims to prevent situations that would harm corporate value — such as violation of laws and regulations, fraud and misconduct — as well as improve medium- to long-term corporate value and sustainable growth throughout the Group. We position corporate governance as an important mechanism for meeting the expectations of stakeholders such as shareholders, customers, other business partners, Group officers and employees, and the general public, and ensuring transparent, fair, timely and decisive decision-making process.

Our basic policy for corporate governance is set forth in the Fuji Oil Holdings Corporate Governance Guidelines.

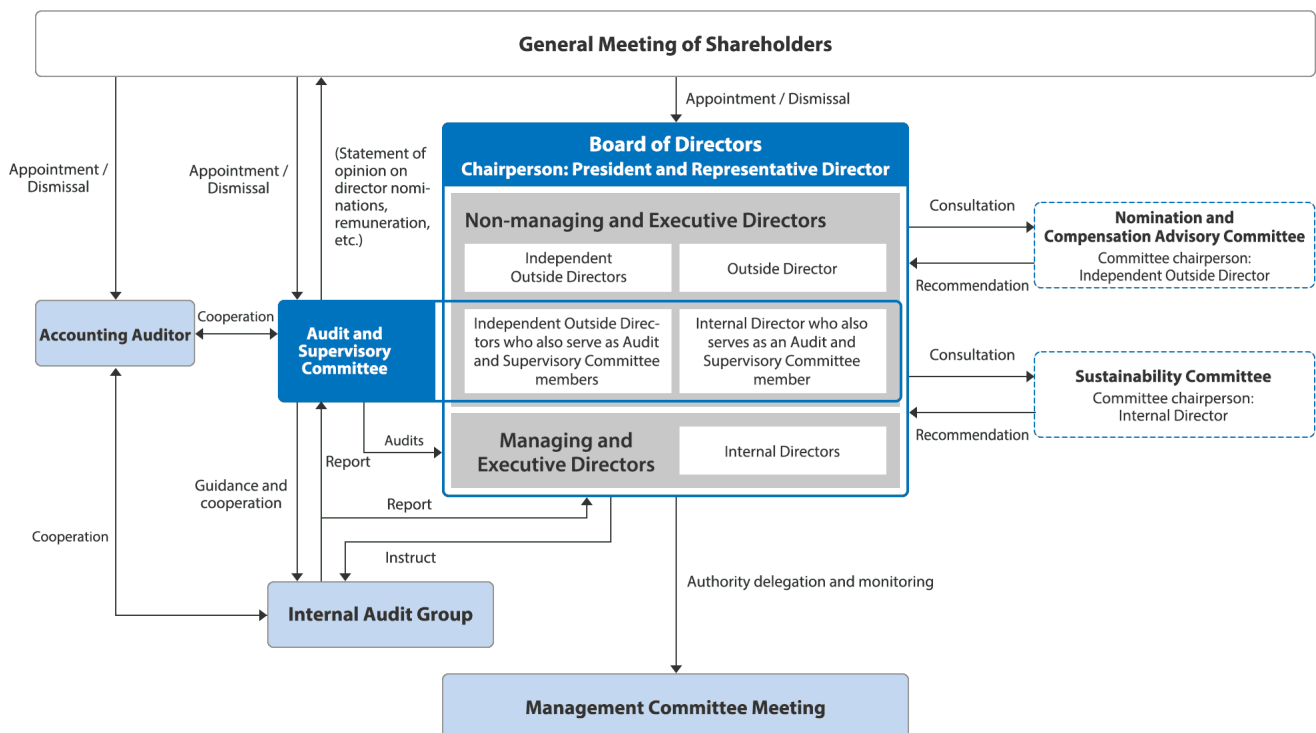
Fuji Oil Holdings Corporate Governance Guidelines (PDF, 74KB) 

Governance

GRI : 2-9, 10, 11

Corporate governance structure

(As of June 27, 2024)



Board composition

Directors (excluding Audit and Supervisory Committee members): 8				Audit and Supervisory Committee members: 3		Total
Representative Director	Managing and Executive Officers (Internal directors)	Independent Outside Directors (excluding Audit and Supervisory Committee members)	Outside Directors (excluding Audit and Supervisory Committee members)	Independent Outside Directors who also serve as Audit and Supervisory Committee members	Internal Directors who also serve as Audit and Supervisory Committee members	
1	2	4	1	2	1	11

Our Group has established the Nomination and Compensation Advisory Committee^{*1} and the Sustainability Committee^{*2} as advisory bodies to the Board of Directors.

The Nomination and Compensation Advisory Committee is formed by a majority of independent outside directors, including its chairperson. This Committee deliberates on matters referred to it by the Board of Directors — such as the CEO succession plan, review of executive structure including CEO reappointment, and review of director remuneration KPIs — from the perspective of ensuring transparency and objectivity, and makes recommendations to the Board.

The Sustainability Committee deliberates on issues material to our Group to carry out Sustainability Management, reports on ESG activities, and makes recommendations on material ESG issues and other matters to the Board of Directors.

Furthermore, as part of our efforts to further strengthen corporate governance, under the Chief Strategy Officer (CSO) we have set a Secretariat of the Board of Directors and a Secretariat of the Management Committee, which is an advisory body to the President and CEO. By keeping both Secretariats under the supervision of the CSO, we aim to promote interconnection between both meetings (to accurately reflect the requests and instructions from the Board of Directors in the business execution, among others), and enhance corporate governance from the perspectives of both execution and monitoring.

*1 Corporate Governance System

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

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

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

Strategy

The Fuji Oil Group monitors the direction of our business and the appropriateness of our business operations in a timely manner to make proper judgments and act timely and decisively on each business decision as well as prevent legal and regulatory violations, fraud, misconduct or other occurrences that could harm corporate value. We do this to continue improving our corporate value as well as to respond to the expectations and demands of diverse stakeholders, including shareholders, investors, customers and business partners. Corporate governance is the practice of creating a system and actually running the system for that purpose.

If we are unable to respond to the demands of stakeholders including society, we may lose trust, miss out on business opportunities, or be unprepared to handle risk, which could damage our corporate value as a result. Conversely, we believe that responding appropriately to these demands will cultivate trust and allow us to gain business opportunities that lead to an increase in corporate value. This is why we put great focus on continuously improving our corporate governance.

Moreover, in order to meet stakeholder expectations and fulfill their trust, as a company with an Audit and Supervisory Committee, we strive to further strengthen the audit and supervisory functions of the Board of Directors as well as promote the separation of audit and supervisory functions from business operations in order to enable faster Group management decision-making and business operations.

Risk management

Risk Management System

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

Group Governance > Internal control system

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

Effectiveness evaluations

GRI : 2-18

Fuji Oil Holdings Inc. uses a third-party institution every year to evaluate and examine the effectiveness of the Board of Directors to ensure directors are fulfilling their roles and responsibilities appropriately. The results are provided as feedback to the Board in order to confirm improvements from the previous fiscal year, as well as to identify and share issues, and to work on and verify solutions. This is done repeatedly each year to further improve the Board's effectiveness.

In the effectiveness evaluation of the Board of Directors for FY2023, we conducted interviews with the President and CEO, the Chief Strategy Officer (CSO) who oversees the Board Secretariat, and the outside director who is the chair of the Nomination and Compensation Advisory Committee. We also evaluated all directors by conducting a survey. Through the support of a third-party

institution, the Board Secretariat designed and conducted the survey with the following objectives to confirm if issues identified up to FY2022 are improving, as well as to more concretely examine our improvement efforts in light of the role and function of the Board.

1. Assess the selection of important topics that should be discussed by the Board
2. Make a current assessment of participating directors and the suitability of Board operations and structure in fulfilling its monitoring function
3. Assess suitability of the roles and functions of the Nomination and Compensation Advisory Committee and Audit and Supervisory Committee
4. Make a current assessment of the support system for outside directors and their relationships with capital markets

Metrics and targets

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

FY2023 Goals	FY2023 Results	Self-assessment
<p>Set agendas and conduct more discussions with a medium- to long-term perspective</p>	<ul style="list-style-type: none"> • Conducted discussions incorporating the diverse perspectives of each director on agendas regarding the Group's sustainability strategy and the direction of and measures for R&D • The Board of Directors effectiveness evaluation found that the Board needs to further promote discussion and monitoring from a broad perspective focusing on medium- to long-term policies and business strategies, confirming that it is necessary to narrow down future Board agendas through delegation of authority to the executive side, and to conduct monitoring and discussions that utilize the diverse perspectives of outside directors. 	<p style="text-align: center;">△</p>
<p>Strengthen management supervision (monitoring) function by alleviating information asymmetry between internal and outside directors, and gaining proper understanding of current business operations</p>	<ul style="list-style-type: none"> • Conducted explanatory meetings of our businesses led by personnel in charge, and organized visits to company sites (plants, research institutes) for outside directors to provide them with information conducive to management supervision. Executive officers also provided briefings regarding progress on our Group's material management issues (multiple times, including during Board of Directors meetings). In the effectiveness evaluation, these efforts helped obtain positive results that the Board is ensuring opportunities to explain and discuss material management issues, and that progress can be seen. • In terms of strengthening the Board's management supervision function, we recognized that it is necessary to further increase opportunities to present and share information on business operations to encourage active discussion. 	<p style="text-align: center;">○</p>

Analysis

The Board of Directors effectiveness evaluation for FY2023 found that, as Fuji Oil Holdings Inc aims towards a monitoring-style board, both internal and outside directors share how they view each issue at Board meetings while recognizing what roles each type of director should play, and that open discussions are being held. On the other hand, the following issues were indicated.

1. Operational challenges

Need for more active discussion from a medium- to long-term, holistic perspective.

The themes to address are:

- Appropriate allocation of management resources to support the establishment and execution of medium- to long-term business strategies
- Human resources development and policies to achieve business strategies

2. Issues related to roles and functions

- For enhanced monitoring function: Further opportunities for executive officers to make briefings and share information conducive to management supervision with outside directors in order to promote active discussion
- Greater encouragement of active communication between internal and outside directors

To improve upon the above issues, we see it necessary to work to resolve the asymmetry in information on business operations and management execution that is known by internal and outside directors, and to encourage more active discussion on medium- to long-term management issues incorporating the diverse perspectives of each director. Each director shares a commitment to increasing the effectiveness of the Board of Directors by working to improve upon these issues.

Next steps

In light of the results of the FY2023 Board of Directors effectiveness evaluation, the Board will deliberate on what discussions are necessary to improve corporate value. Based on these deliberations, we will work on the following goals for FY2024.

- Set yearly agenda themes that the FY2024 Board of Directors should focus on, and encourage active discussion
- Promote deliberations that are conducive to management on the executive side by linking Board of Directors and Management Committee Meeting agendas
- Improve corporate governance by strengthening the monitoring of executive-side progress on requests received from the Board

* Refer to the following webpage and documents for details on other governance structures.

Corporate Governance Report (PDF, 836.23KB) 

NOTICE OF THE 96TH ORDINARY GENERAL MEETING OF SHAREHOLDERS (PDF, 251.46KB) 

Related documents

ESG Data Book (PDF 2.85MB) 