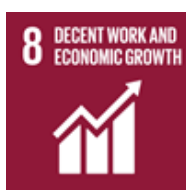


Sustainability

Hitozukuri (Fostering People)

SDGs of particular focus for achievement



Activity report FY2018

Human resource development

Priority theme

Contents

Basic approach/Objective/Progress/
Promotion System/Development of global
human resources/Cultivating Managers/
Career Support System

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- Total training expenses in FY 2018 (approximate)
- Training expenses per employee
- Number of new hires
- Total turnover rate for regular employees
- Voluntary turnover rate for regular employees
- Average years of continuous employment

Achievement of Diversity Priority theme

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Basic approach/Objective/Progress/
Promotion System/Promotion of Diversity
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Use of various programs

- Number of program users by gender
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Employee Data

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- Breakdown of employee (as of March 31, 2019)
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- Fuji Oil Co., Ltd. Ratio of women in managerial positions
- Number of FUJI OIL HOLDINGS INC. Directors (as of March 31, 2019)
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Sustainability

Human resource development

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- ▼ **Objective**
- ▼ **Progress**
- ▼ **Promotion System**
- ▼ **Specific Initiatives**
 - Development of global human resources
 - Cultivating Managers
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Basic approach

The Fuji Oil Group believes that to continue contributing to society while responding to every change in the business environment, it is important to develop an organization and people capable of responding flexibly to any unforeseen circumstances. Based on this belief, in addition to supporting employees' autonomous learning, we focus our efforts on the fostering of managers, who support global business expansion, to strengthen our organizational capability and the development of global human resources.

The Fuji Oil Group considers its human resources to be the key to creating value for society. We have established our Human Resources Policy based on the idea that a company and its employees support each other's growth.

Human Resources Policy

1. Providing highly motivated employees with a workplace where they are encouraged to make the most of their abilities.
2. As a global company, providing a working environment where a diverse range of employees are encouraged to play an active role.
3. Establishing and operating a fair and equitable personnel system (appraisal/benefits/training).
4. Providing well-structured educational and training programs and creating a corporate culture that supports the fostering of one's skills and capabilities.
5. Supporting diversified working styles and providing a safe workplace that is comfortable to work in.

Objective

By 2020, build the foundation of a global personnel system, and identify and develop human resources with the potential to play an active role globally and in each area.

Progress

As in last fiscal year, in FY 2018 we focused on the development of globally competitive human resources and the fostering of managers. In addition to providing global human resource training to 14 selected employees, Fuji Oil Co., Ltd. provided training for newly appointed managers to develop their management skills.

Promotion System

Promotion System

Establishment of the global personnel framework

In order for the Fuji Oil Group to continue to contributing to society by practicing its Management Philosophy, the action principles that all Group officers and employees must follow, each Group company sets and commits to targets for the implementation of the Philosophy. All Group companies have set their targets for FY 2019.

We also encourage Group companies to hold in-house workshops on the Group Management Philosophy to provide employees with the opportunity to discuss what they can do to achieve the set targets, based on the culture and customs of each region and country. Group companies will decide the future direction, considering the insights gained from such discussions.

Moreover, amid the growing importance of Group-wide human resource development and utilization, we aim to build a global personnel framework for the identification, selection, training and appointment of executive candidates. To this end, we begin by conducting interviews with executive candidates.

<Comments from participants in Fuji Oil Group Management Philosophy workshops>

- We have the responsibility not only to follow the Group's safety, quality and environmental policy, but also to communicate the Group's Philosophy to our suppliers and customers. I think that, sales personnel, who interact directly with customers, should play the role of explaining the Philosophy to customers. (Brazil)

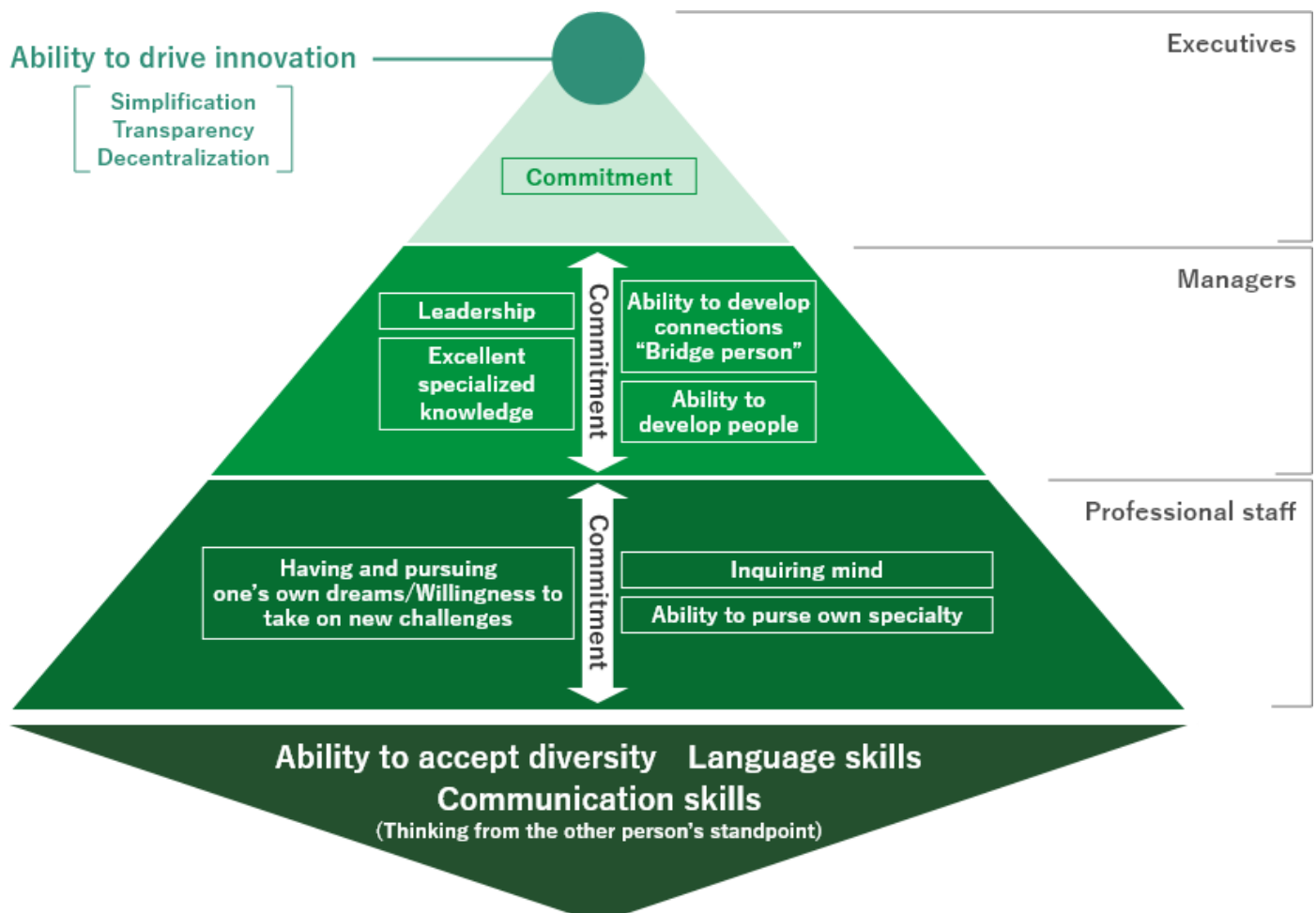
- I think that "Work for people" is a comprehensive idea that encompasses everything. Being safe yourself, making high-quality products, protecting the environment, generating new technologies, and contributing to the local community—I think everything connects to "Working for people."(The U.S.)

Specific Initiatives

Development of global human resources

The Fuji Oil Group advocates the development of global human resources in the personnel strategy of its Mid-Term Management Plan. Based on the idea that the growth of a company arises from the growth of its people, we are conducting initiatives to recruit, promote and develop human resources who can demonstrate their capabilities globally.

Skills and abilities that the Fuji Oil Group expect its employees to have in order to be global human resources



To cultivate global human resources who can consistently demonstrate high levels of performance, whether in Japan or overseas, Fuji Oil Co., Ltd. has conducted global human resources training as a new initiative since FY 2016.

This training program lasts about six months, and involves training on global communication, MBA knowledge, leadership skills and language skills (English), and the delivery of presentations for executives. In FY 2018, a total of 14 people participated in the training, including those with experience working overseas, those assigned to overseas posts, and those working with global business partners. We will develop competent global leaders by combining this training with career path training.



Global human resources training (Japan)

<Comments from a participant in FY 2018 global human resources training>

Global Talent Strategy Group, Fuji Oil Holdings

In this training, I was able to learn the essence of global communication, and practical business skills through hands-on training of actual business activities such as telephone meetings and presentations in English.

In global HR management work, I frequently work with HR department staff at overseas Group companies and conduct interviews with job applicants with foreign backgrounds. I use what I learned from this training in various scenes of work. I will strive to contribute to the Group-wide development of global human resources by applying the know-how I have gained through the training in my daily work.

Cultivating Managers

To train and develop candidates for future management positions, since FY 2016 we have conducted a training program that incorporates performance assessments.

This training is designed to help trainees understand what a manager should be like, and objectively identify their own strengths and weaknesses. This training program also involves post-training feedback meetings in which trainees receive feedback from their supervisors and HR Development staff members, and on-the-job training (from planning to review). We aim to achieve the steady growth of the trainees by ensuring the close involvement of supervisors and other relevant people in the training.

Human resource development program at Fuji Oil Europe (Belgium)

Fuji Oil Europe, a Fuji Oil Group company, developed a leadership program in FY 2016 to improve team performance.

The objective of the program is to build a strong organization capable of surviving in a complex and rapidly changing world, by supporting and improving employees' resilience (ability to adapt to environmental changes).

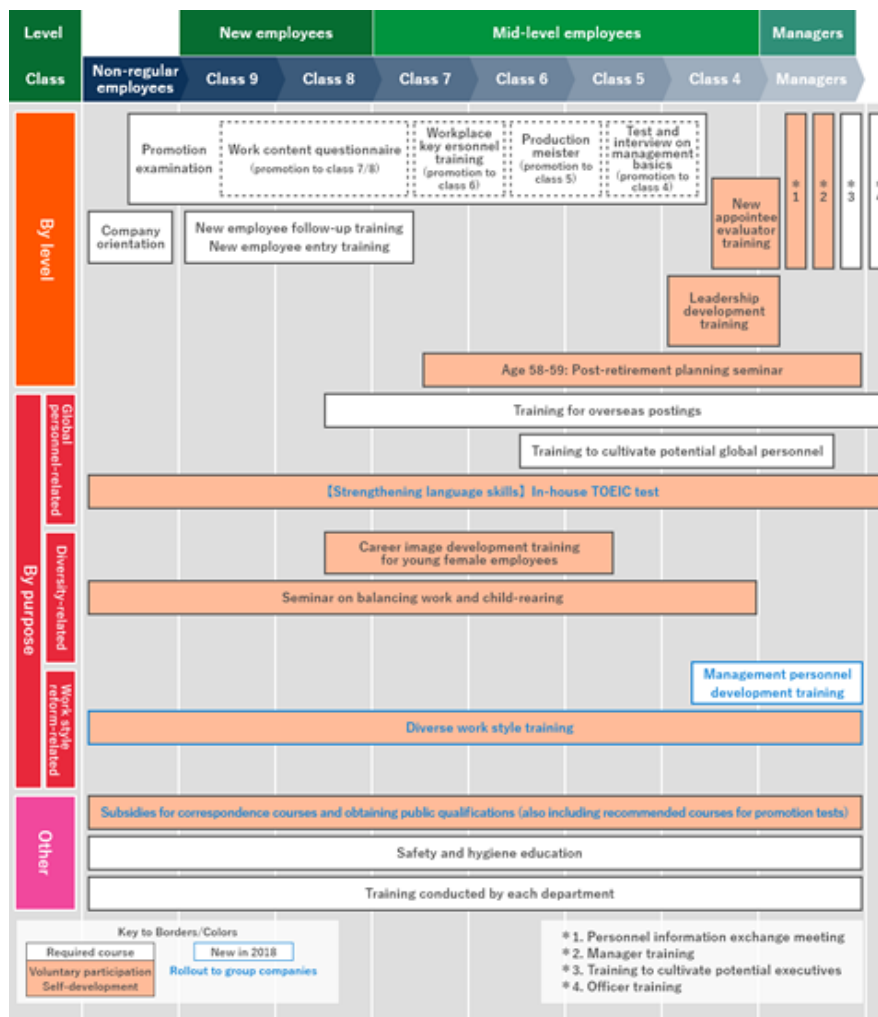
This training program begins by helping employees understand their own preferred style of leadership, using the behavior assessment tool "DISC Model." People will be more motivated to change their behaviors by understanding recognizable and adaptable behavioral characteristics and identifying the environment and method that ensures optimal performance,. Also, understanding your own preferred leadership style and those of your team members and sharing them within your team will help deepen your understanding of yourself and others, and improve communication within the team. Fuji Oil Europe will continue to conduct this program in all departments, to raise employee motivation.

Career Support System

In addition to providing hierarchical training programs for executives, managers, general employees and new hires, Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. support employees' skill development through various programs, including providing financial assistance to employees taking correspondence courses. In addition, we have introduced the "Career Advancement Communication Sheet" to help employees visualize their career progression. Each employee has a meeting with his/her supervisor once a year to review the progress made toward his/her goals and discuss his/her career aspirations, based on his/her career advancement communication sheet. This system aims to facilitate

employees' career development and promote the appropriate assignment of employees to ensure everyone can work to the best of his/her abilities.

Fuji Oil Co., Ltd. Training System (FY 2018)



Employee attitude surveys

FUJI OIL HOLDINGSINC. and Fuji Oil Co., Ltd. regularly conducts employee attitude surveys to help create a workplace where every employee can work energetically and in good health while demonstrating his/her abilities to the fullest. We solicit feedback through surveys, on a wide range of issues including workplace environment and systems, and use such feedback to improve existing systems/programs and develop new measures.

Data

Expenses for development of human resources

Total training expenses in FY 2018 (approximate)
(FUJI OIL HOLDINGSINC. and Fuji Oil Co., Ltd.)

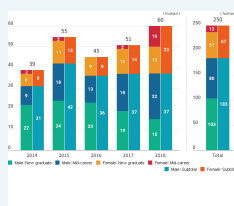
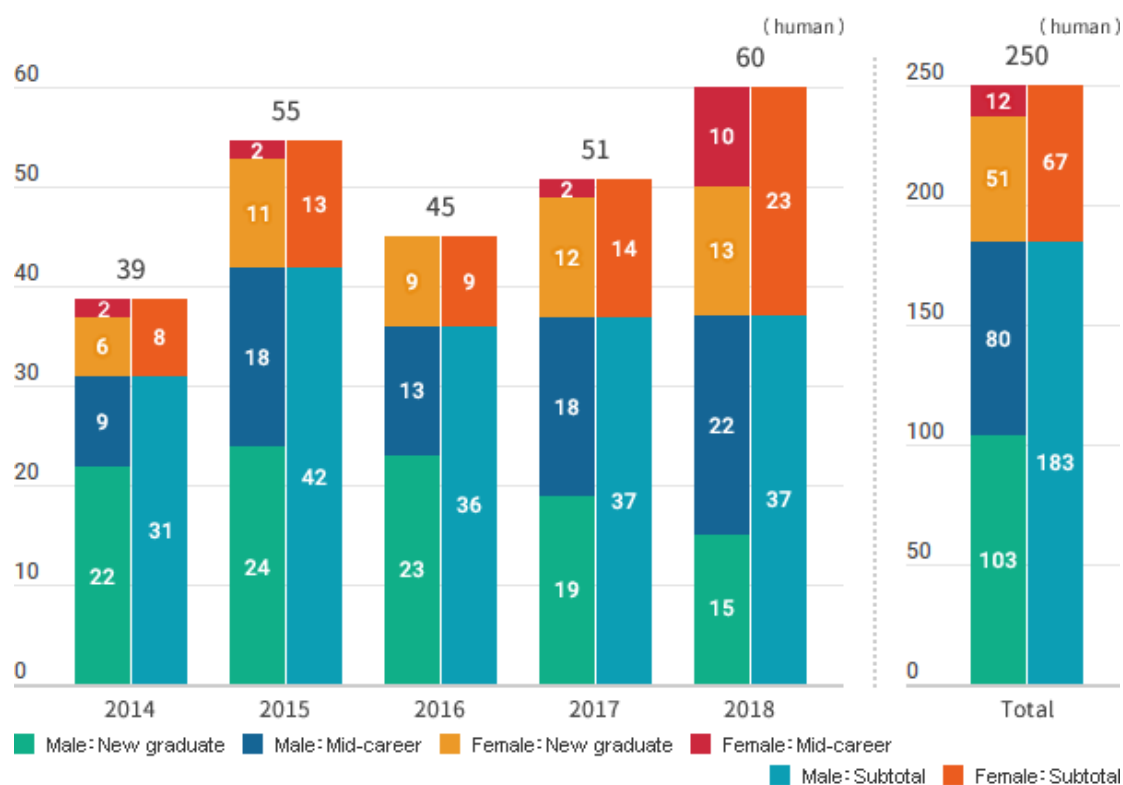
Approximately
¥25,858,000

Training expenses per employee
(FUJI OIL HOLDINGSINC. and Fuji Oil Co., Ltd.)

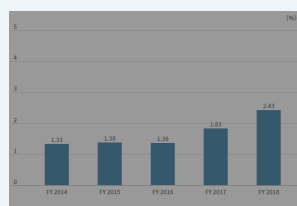
Approximately ¥20,170

Recruiting and turnover

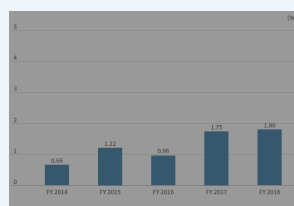
Number of new hires



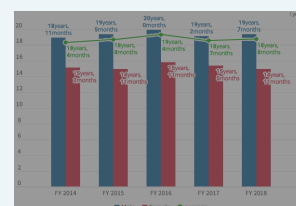
Number of new hires



Total turnover rate for regular employees



Voluntary turnover rate for regular employees



Average years of continuous employment

*Figures for 2015 and thereafter are the total for FUJI OIL HOLDINGSINC. and Fuji Oil Co., Ltd.

*Figures for 2014 is for Fuji Oil Co., Ltd. before the shift to a holding company structure

Sustainability

Achievement of Diversity

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- ⌵ **Specific Initiatives**
 - Promotion of Diversity in Japan • Working style reform
 - External Evaluation • Dialogue between Labor and Management
- ⌵ **Data**

Basic approach

As a corporate group operating globally, the Fuji Oil Group believes that respecting the diversity of attributes and values of human resources is its social responsibility.

Amid constant changes in the values of society, in order for the Fuji Oil Group to continue to fulfill its corporate social responsibilities as a food ingredient manufacturer, it is essential to accurately understand changes in society and provide value that helps resolve social issues. Just responding to problems (apparent needs) is not enough. In the future, it will become increasingly important to demonstrate creativity in anticipating the rapid change in social situation, and identifying and tackling issues that need to be addressed (hidden needs). Homogeneous groups will demonstrate limited creativity. Diverse human resources with different values and individualities are the source of the Fuji Oil Group's competitiveness, enabling it to continue to create value for a sustainable society.

The Fuji Oil Group has expressed the core value of "Work for people" in its Group Management Philosophy, which is the action principle to be followed by all officers and employees of the Group. This means that in doing business, we must always look at things from the other person's point of view. This is the basic principle that guides us in our efforts to provide value to society while embracing diversity.

Fuji Oil Basic Diversity Policy

- We will accelerate the creation and delivery of new value to society by seeking talented individuals from diverse backgrounds and by fostering a corporate culture, where everyone can demonstrate their abilities to the fullest.

1. Pay attention to diversity in personnel composition at all stages of employment, including: recruitment, training and job assignment/promotion.
2. Implement flexible personnel systems so that diverse human resources can fully demonstrate their abilities.
3. Use diverse human resources in a strategic manner, thereby contributing to society and company growth.

Objective

Ratio of women in managerial positions of 20%* by 2020 (Japan)

Establishment by 2020 of an environment in which diverse employees, including older and disabled employees, can work with vigor (Japan)

*We promote, since FY 2016, the active participation of women with the aim of achieving a ratio of women in managerial positions of 20% by FY 2020 (Japan). The ratio of women in managerial positions increased to 10.53% as of April 2019. However, since it seems difficult to achieve the target of 20%, we plan to revise and set a new target by the end of FY 2019. Although employees' mindsets have changed considerably following the setting of the ambitious target of 20%, we have experienced several problems in securing the absolute number of eligible candidates, developing candidates, providing continuous career support for female employees, and promoting understanding in the workplace.

Based on stakeholders' long-term expectations for achieving gender equality, which is one of the SDGs, by the end of FY 2019 we plan to (1) redefine our basic approach to diversity, (2) establish a diversity promotion system that includes the management of Group companies, and (3) identify diversity issues in each area and reformulate a medium-term roadmap and goals.

Progress

In FY 2018, we promoted the establishment of a foundation for promoting diversity in Japan, which we designated as a priority area in terms of diversity promotion. We worked to develop systems to promote diverse working styles, including the trial introduction of the telecommuting system at Fuji Oil Co., Ltd. Furthermore, based on dialogue with the labor union, we are working to develop a personnel system under which diverse human resources can work energetically and are evaluated fairly, according to their abilities and performance. We will continue to review our personnel system to create a workplace environment where individuals with diverse backgrounds can demonstrate their best performance.

Promotion System

Fuji Oil Holdings established the ESG Committee as an advisory body to the Board of Directors to promote ESG management. The ESG Committee meets regularly to discuss important matters relating to ESG, including diversity, and make reports and proposals to

the Board of Directors.

In Japan, the Fuji Active Network (FAN) was established, under the supervision of the HR Department, as a cross-departmental organization to promote diversity. The FAN recommends necessary measures to the HR Department and implements employee awareness-raising activities.

Personnel System to Support Diversity

Since FY 2015, Fuji Oil Co., Ltd. promotes the reforms of its personnel system to promote the active participation of diverse human resources capable of responding flexibly to changes in the business environment and to reflect employees' contribution to business success more appropriately in their treatment.

Progress of personnel system reforms

Fiscal year	Item implemented	Details
FY 2015 – FY 2017	Management Personnel system reform	Salary system reform (introduction of pay based on job classification) Evaluation system reform (clarification of responsibility for results) Human resource development promotion (multifaceted evaluation)
	Expansion of flextime system	Elimination of restrictions on reasons for using flextime
FY 2018	Union members Personnel system reform	Salary system reform (abolition of age-linked wages / allocation according to results / adjustment of allowances to fit individual circumstances)
FY 2019 (Plan)	Reduction of working hours Revision of the holiday and leave system	Work style reform, creation of an environment where employees can take leave more easily, revision of the welfare program

Specific Initiatives

Promotion of Diversity in Japan

Support for the active participation of women

For the Fuji Oil Group to continue contributing to society through business activities as a food ingredient manufacturer, it is important to accurately identify and quickly respond to changes in society. We believe that women's sensibilities, capabilities and creativities are essential to that end. Under this belief, we are focusing our efforts on empowering more women in the workplace, so they can fully demonstrate their unique sensibilities and capabilities.

In Japanese society and in our Group, key themes for diversity promotion are support for career continuation and expansion of work areas for women, as well as support for women's career progression to managerial positions.

Currently, we have been promoting workplace improvements by incorporating women's perspectives. As part of such efforts, we have promoted 5S activities (seiri [sort], seiton [set in order], seiketsu [shine], seiso [standardize], and shitsuke [sustain]). We will accelerate our efforts to create a workplace and work systems that enable female employees to continue working energetically, while at the same time promoting management reforms.

We have also been working to promote more female employees to managerial positions. Currently, with the aim of achieving the target of a female management ratio of at least*20% by FY 2020, we are working on the provision of opportunities and the training and development of female employees. At first, when we set the target (in April 2016), the ratio of women in managerial positions was 3.78%, but increased to 10.53% in April 2019. However, we concluded that due to issues in the development of next-generation female managers, it is difficult to achieve the target. Therefore, we decided to revise the target by the end of FY 2019. In FY 2019, we also plan to (1) redefine our basic approach to diversity, (2) establish a diversity promotion system that includes the management of Group companies, and (3) identify diversity issues in each area and reformulate a medium-term roadmap and goals. In Japan, the priority area for our diversity efforts, we will develop a vision and specific measures for women's empowerment to ensure female employees can fully demonstrate their abilities.

Furthermore, Hiroshi Shimizu, President and CEO of Fuji Oil Holdings Inc. endorsed the "Declaration on Action" by "A Group of Male Leaders Who Will Create a Society in Which Women Shine,"**which was formed under the initiative of the Cabinet Office, and sends out a message to employees and society, regarding the importance of diversity in management.

*Scope of total: FUJI OIL HOLDINGS INC. + Fuji Oil Co., Ltd. – Employees temporarily transferred overseas

**A Group of Male Leaders Who Will Create a Society in Which Women Shine Following the kick-off meeting for "Supporting Women to Shine" held on March 28, 2014 at the office of the Prime Minister in Japan, there has been a

nationwide movement by leaders in various industries to support women who will and do shine in various fields. Under these circumstances, the "Declaration on Action by a Group of Male Leaders Who Will Create a Society in Which Women Shine" was announced by male leaders of the companies actively engaged in promoting the empowerment of women.



Hiring of regional limited employees and regular employees

From FY 2017, Fuji Oil Co., Ltd. changed the status of its "semi-regular employees," who had fixed-term employment contracts, to "regional limited employees" without a fixed term. Moreover, the Group conducts a test once a year for highly motivated non-regular employees wishing to become regular employees. In FY 2019, six non-regular employees passed the test and were promoted to regular employees. We will continue to actively promote talented and highly motivated individuals to regular employees through this system.

Support for the active participation of older workers

Fuji Oil Co., Ltd. set its retirement age at 60, but has a reemployment system in place for older workers that allows employees to extend their employment to the maximum legislated retirement age of 65. Individual interviews are held one year before retirement and at the time of retirement to offer job assignments according to each person's motivation and abilities. In addition, since FY 2016 we have conducted a "Life Plan Seminar" for employees in their late fifties to consider their post-retirement life plans. The seminar provides an opportunity for participants to design their lives after retirement to help them achieve self-fulfillment and a better work-life balance after retirement.

Strategic employment of foreign nationals

Fuji Oil Co., Ltd. recruits people of various nationalities whose skills and capabilities meet its business needs. Non-Japanese employees are working in various fields such as research and development, planning and administration. There is no difference in treatment on grounds of nationality. We assign employees based on their skills, abilities and how these fit with the job requirements. We also work to create a workplace that

respects different religions and customs. In FY 2018, four new foreign employees joined the company. In FY 2019, several foreign nationals are scheduled to enter the company.

Support for the active participation of disabled people

For many years, Fuji Oil Co., Ltd. has consistently promoted the employment of people with disabilities. We have made steady efforts to raise employee awareness and increase opportunities for employees with disabilities to play active roles in the workplace while considering the characteristics of each individual.

Working style reform

Overview of promotion of working style reform

As one of the important measures Fuji Oil Co., Ltd. promotes a working style reform. In FY 2016, the "Creative Work Project" (current CWORK Promotion Committee) was established as a cross-departmental organization. Four reform initiatives were implemented to reduce the total actual working hours and improve the work-life balance while increasing productivity: awareness reform, operational reform, system reform and workplace reform.

In FY 2017, in conjunction with the expansion of the flex-time system, the telework system (work at home, satellite work, and mobile work) was introduced to the Sales Divisions on a trial basis. In FY 2018, the telework system was expanded to Development and Staff Divisions. In FY 2019, we plan to further expand the telework system to other divisions. The telework system has been well received by employees, with positive comments such as: "The telework system allows us to work flexibly in terms of time and place. It allows me to better balance my work and family life."

To promote telework, it is necessary to realize ways of working that are not bound by time and place. We are now working to improve the efficiency of communication and information sharing, by promoting the paperless initiative (electronization of work flow, etc.) and meeting reforms (introduction of video conferences) using IT. As part of such efforts, in FY 2019, we introduced Office365 company-wide, to improve work efficiency and thereby improve the productivity and work-life balance of employees.

<Comments from a user of short-time work program (Corporate Staff Division)>

Since returning to work after giving birth to my second child, I have used the telework system. I work in the early morning. Because my available time is limited, I have become able to work more efficiently. I feel more confident to take more

difficult and challenging tasks, without hesitating due to short work hours. This has led to increased job satisfaction, helping me gain confidence to step up my career while raising my children.

Support for active career development

Support for active career development

Programs	
During pregnancy	<ul style="list-style-type: none">• Interview prior to childcare leave (with HR staff, supervisor and leave-taker)• Consultation services during pregnancy (poor physical condition, etc.)
During childcare leave	<ul style="list-style-type: none">• Guaranteed bonus (20%)• Extension of childcare leave (until the end of April in the child's second year)• Information sharing through company-provided iPad• Child-rearing concierge service (including support for finding a nursery school)• Interview prior to returning to work (Confirmation of working style after returning to work, using the communication sheet)
After returning to work	<ul style="list-style-type: none">• Shortened working hours (until the child enters the first year of elementary school)• Follow-up exchange meeting for employees returning to work after childcare leave, with the participation of supervisors• Subsidy for babysitter and childcare support service expenses• Work-at-home system• Temporary leave for accompanying spouse on overseas assignment• Comeback Entry Program (Rehiring system)

External Evaluation

As an evaluation of the initiatives described above, Fuji Oil Co., Ltd. has been awarded "the Platinum Kurumin Mark", a certification with even higher requirements than the Kurumin Mark.*

*Kurumin Mark: A certification awarded by the Minister of Health, Labour and Welfare to companies complying with childcare support standards



Dialogue between Labor and Management

Fuji Oil Co., Ltd. recognizes the importance of dialogue between labor and management and, as such, focuses on building a relationship of mutual trust.

The management and the labor union actively discuss labor issues, holding an informal central labor-management monthly session where both parties exchange information on the company's business conditions and its business policy. Furthermore, the management and the labor union hold labor-management consultation sessions to discuss the promotion of employees, bonus payments and a review of in-house rules, when necessary; in line with the labor contract. Both parties will enter negotiations and discussions on these matters after fully sharing information on the company's earnings position, business trends, various management-related issues and social trends. With the increasing globalization of business, accelerating population aging, and the growing importance of work-life balance, it is increasingly necessary to promote future diversity . Under these circumstances, we will continue striving to improve our personnel system, through labor-management dialogue.

Data

Use of various programs

Number of program users by gender (Fuji Oil Co., Ltd. + FUJI OIL HOLDINGS INC.)

(Employees)

	Male	Female	Total
Number of employees who took childcare leave in FY 2018 (including pre- and post-partum leave)	28	17	45
Number of employees using the shorter work hour system in FY 2018 (for childcare)	0	25	25
Number of employees who took nursing care leave in FY 2018	0	0	0
Three-year retention rate of employees who took childcare leave in FY 2015*	100.0%	88.9%	92.6%

*FY 2018 retention rate of employees who took childcare leave in FY 2015

Percentage of annual paid vacation days taken (FY 2018: Fuji Oil Co., Ltd. + FUJI OIL HOLDINGS INC.)

Percentage of annual paid vacation days taken	63.0%
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Employee Data

Number of the Fuji Oil Group employees by region

(as of March 31, 2019 for Group companies in Japan and December 31, 2018 for Group companies outside Japan)*)

(Employees)

	Japan	Europe and America	Asia	Total (Consolidated)
Total	1,883	1,849	2,231	5,963
Male	1,510	1,403	1,685	4,598
Female	373	446	546	1,365

*The data for Blommer Chocolate Company are as of January 27, 2019.

FUJI OIL HOLDINGS INC. Breakdown of employee (as of March 31, 2019)

(Employees)

	Male	Female	Total
Regular employees*/temporary employees	101	34	135
Regional limited employees	0	1	1
Contract employees	0	1	1
Average age (of employees)	47 years, 1months	36 years, 5months	44 years, 4months

*Includes executive officers

Fuji Oil Co., Ltd. Breakdown of employees (as of March 31, 2019)

(Employees)

	Male	Female	Total
Regular employees*/temporary employees	950	192	1,142
Regional limited employees	109	53	162
Contract employees	49	33	82
Average age (of employees)	43 years, months	39 years, months	43 years, months

*Includes executive officers

Number of the Fuji Oil Group managers

(as of March 31, 2019 for Group companies in Japan and December 31, 2018 for Group companies outside Japan*)

(Employees)

	Japan	Europe and America	Asia
Male	361	161	174
Female	37	61	60
Total	398	222	234

*The data for Blommer Chocolate Company are as of January 27, 2019.

Fuji Oil Co., Ltd. Ratio of women in managerial positions

(%)

	April 2015	April 2016	April 2017	April 2018	April 2019
Ratio of women in managerial positions	3.15	3.78	5.56	8.24	10.53

*Figures before FY 2017: Fuji Oil Holdings Inc. + Fuji Oil Co., Ltd.; figures after FY 2018: Fuji Oil Holdings Inc. + Fuji Oil Co., Ltd. - employees on loan to overseas Group companies

Number of FUJI OIL HOLDINGS INC. Directors (as of March 31, 2019)

(Employees)

Male	8
Female	1
Female	9

Rehiring (FY 2018 / Fuji Oil Co., Ltd. + FUJI OIL HOLDINGS INC.)

People rehired	29
Rehiring rate	96.7%

Recruitment of disabled people (FY 2018 monthly average / Fuji Oil Co., Ltd. + FUJI OIL HOLDINGS INC.)

Disabled people recruited	35
Recruitment rate for disabled people	2.20%

Sustainability

Health Management

SDGs of particular focus for achievement



Activity report FY2018

Promoting Occupational Safety and Health Priority theme

Contents

Basic approach/Objective/Progress/Promotion System

[Data]

- Number of Lost-Time Injuries per Thousand Employees (4 Days or More)
- Frequency Rate of Labor Accidents
- Severity Rate of Labor Accidents
- Status of acquisition of OHSAS18001 certification (as of March 2019)
- Acquisition status of ISO 45001: 2018 certification (as of March 2019)

Maintenance and Promotion Employee Health Priority theme

Contents

Basic approach/Objective/Progress/Promotion System/Measures to protect employees/Health awareness raising and educational activities/Measures to improve employees' dietary habits and physical fitness/External Recognition

[Data]

- Number of employees eligible to receive health examinations
- Number of examinees
- Number of employees with observed anomalies
- Secondary health examination/Treatment required
- Not examined /Not reported
- Working hours per employee
- Average monthly overtime per employee
- Rate of absence due to illness

For more details



For more details



Sustainability

Promoting Occupational Safety and Health

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Basic approach

The Fuji Oil Group Management Philosophy places "safety, quality and the environment" as the first of its values; and among them, "safety" is the issue we must give the highest priority for our continuing growth. For safety and health, the Fuji Oil Group established its Health Management Declaration in January 2017; setting the following six items as Basic Policy of Safety and Health.

Under the slogan: "Let's create a safe workplace together by observing the rules and sharing our experience", we strive to protect the lives of our employees and all the people working at our business sites, and achieve zero lost-time injuries.

Basic Policy of Safety and Health

1. The base of our thought is the dignity of human life.
2. The base of our safety activities is the participation by all our officers and employees.
3. Every manager has a responsibility for safety.
4. Good physical and mental health makes you a safer worker.
5. Making our workplace safe.
6. Becoming aware of and avoiding safety risks.

Objective

Continue to prevent all serious accidents at all group companies

Progress

The Fuji Oil Group works to reduce labor accidents by collecting and analyzing data on the conditions leading to labor accidents at group companies in Japan and overseas, and by providing feedback to the group companies.

In FY 2018, the number of labor accidents at Group companies in Japan totaled 27, four above the previous fiscal year, while the number of lost-time injuries decreased by three from the previous fiscal year to four. Most labor accidents included cuts, bruises and burns.

The number of labor accidents at Group companies outside Japan in FY 2018 was 43, eleven down from the previous fiscal year. and lost-time injuries decreased by nine from the previous fiscal year to 32. Most labor accidents comprised burns, cuts and falls.

We will continue striving to prevent the occurrence of labor accidents through the proper implementation of safety measures, the observance of specified work procedures, and hazard prediction activities.

Promotion System

Promotion System

To promote ESG management, Fuji Oil Holdings established the ESG Committee as an advisory body to the Board of Directors. The ESG Committee meets regularly to discuss important matters relating ESG, including occupational safety and health, and make reports and proposals to the Board of Directors.

In FY 2018, under the overall control of the Chief Quality Officer (CQO), various Group-wide initiatives for occupational safety and health were undertaken. In line with the Fuji Oil Group Management Philosophy, the Productivity Promotion Group, works in cooperation with each Fuji Oil Group company to eliminate accidents and raise the level of health management. This is done by conducting occupational safety and health audits at each production site to assess risks and addressing identified risks. The Productivity Promotion group was established under the CQO.

We consider labor-management dialogue important for the promotion of occupational safety and health, . For example, in accordance with the labor agreement, a Safety and Health Committee meeting is held at Fuji Oil Co., Ltd., each month to discuss employees' expectations and concerns regarding occupational safety and health.

Educational and awareness-raising activities

Fuji Oil Group implements various measures in recognition that prevention of labor accidents at manufacturing sites as one of its most important responsibilities.

We conduct checks to identify dangerous operations and situations that can lead to accidents and take necessary measures. We also promote the PDCA cycle for risk management, and promote daily hiyari-hatto (near-miss events) activities.

At business sites in Japan, a preventive measure against human errors was implemented; "Yubisashi Kosho [pointing and calling] Promotion Activities" started in March 2016 under the slogans "Call and point" and "Point once for each operation." Gradually, the practice of pointing and calling has taken root at each site. We will continue striving to further establish the practice of "pause and confirm," which is the basis of occupational safety. Group companies outside Japan are implementing safety activities to prevent labor accidents, including establishment of the Safety and Health Committee, safety patrols, safety communication activities, and safety meetings. At a FY 2018 safety conference for Group companies outside Japan, information was shared on the status of occurrence of labor accidents in FY 2017 and the progress of countermeasures.

Furthermore, recognizing the importance of raising employee safety awareness across the Group, we promote measures to increase safety awareness among employees. Such measures include the installation of electronic bulletin boards to remind workers every day to take safety precautions, and the establishment of safety experience rooms to allow workers to experience dangerous situations firsthand.



Safety meeting at a Group company outside Japan
(Indonesia)



Safety Conference for Group companies in the Asian
region, organized by Fuji Oil Asia (Singapore)



Safety Bulletin Board (Japan)



Safety experience room set up in a Group company in China

Assembly at a business site

We established a "Safety/Quality/Environmental Activity" category in our management awards program in FY 2016, to recognize departments and Group companies that have made outstanding efforts in the fields of "food safety, security and quality," "the environment," and "occupational safety and health."

In FY 2018, two sites in Japan received commendations for their achievement of zero labor accidents in the previous fiscal year (FY 2017).

Data

These data show the number per thousand workers, frequency rate, and severity rate of labor accidents for employees of the Fuji Oil Group.

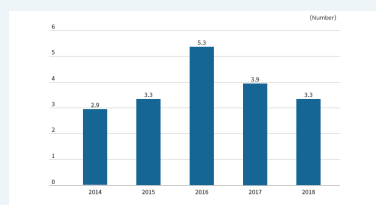
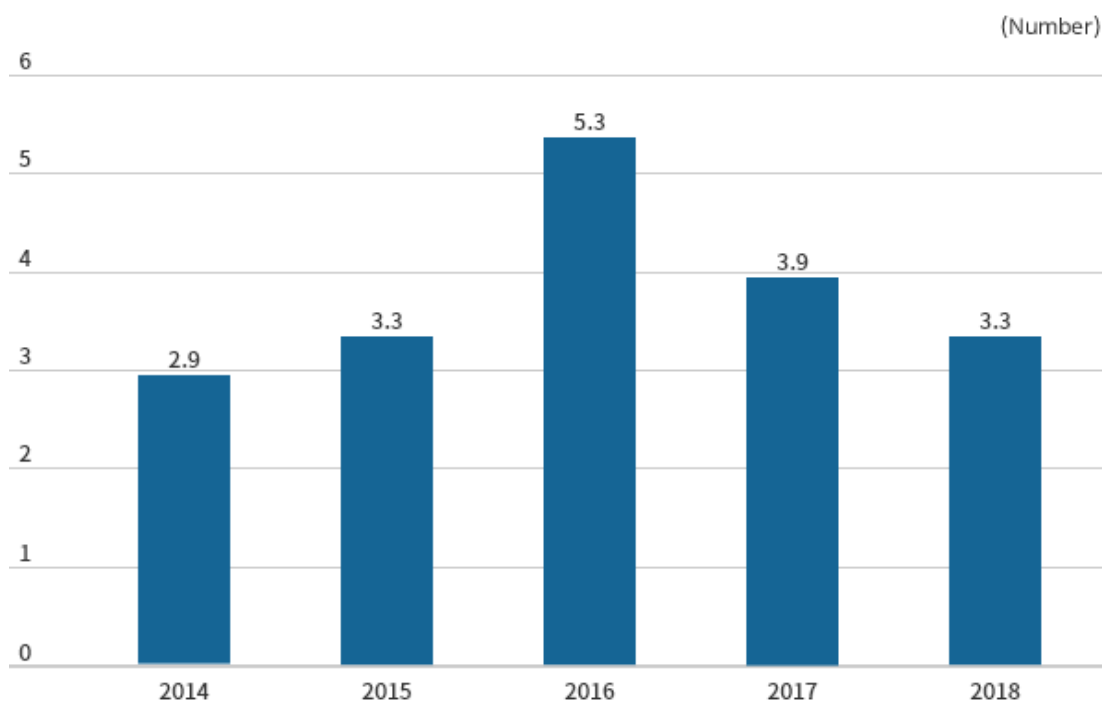
Because the number of labor accidents decreased at Group companies inside and outside Japan, the number of lost-time injuries per thousand workers, and the frequency rate* and severity rate** of labor accidents declined year on year. We will continue to promote safety activities with the aim of achieving zero labor accidents.

*Frequency rate: Number of labor accident victims per million working hours

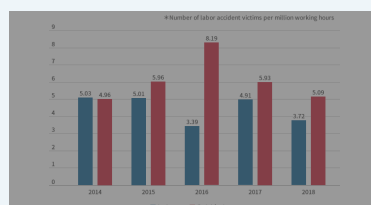
**Severity rate: Accident severity expressed as the number of days lost per 1,000 working hours

Labor accidents

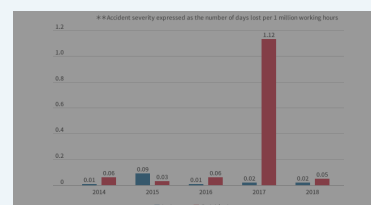
Fuji Oil Group Number of Lost-Time Injuries per Thousand Employees (4 Days or More)



Fuji Oil Group Number of Lost-Time Injuries per Thousand Employees (4 Days or More)



Fuji Oil Group Frequency Rate of Labor Accidents*



Fuji Oil Group Severity Rate of Labor Accidents**

Status of acquisition of management certifications

Status of acquisition of OHSAS18001 certification
(as of March 2019)

PT. Musim Mas-Fuji (Indonesia)

Acquisition status of ISO 45001: 2018 certification
(as of March 2019)

Woodlands Sunny Foods Pte. Ltd. (Singapore)

Sustainability

Maintenance and Promotion Employee Health

CONTENTS LIST

- ▼ **Basic approach**
- ▼ **Objective**
- ▼ **Progress**
- ▼ **Promotion System**
- ▼ **Specific initiatives**
 - Measures to protect employees
 - Health awareness raising and educational activities
 - Measures to improve employees' dietary habits and physical fitness
- ▼ **External Recognition**
- ▼ **Data**

Basic approach

In January 2017, we announced the Fuji Oil Group Health Management Declaration, which states that we will proactively engage in health management. Based on this declaration, we set the following Mid-Term Management Plan objectives: “contributing to society by creating the future of delicious and healthy foods” and “ensuring the health and happiness of Fuji Oil Group employees”. We will continue to act to support our employees in maintaining and improving their health in areas as prevention of lifestyle-related illness and mental health problems.

Fuji Oil Group Health Management Declaration

In Fuji Oil Group's Management Philosophy, we set forth our Vision: "We seek to contribute to the society by creating the future of delicious and healthy foods; using our core technologies in oils & fats and soy."

Health is important not only for the happiness of our employees and their families, but also to raise the strength of our Group. So here, Fuji Oil Group declares that we proactively engage in Health Management.

The highest priority in Health Management is the health and happiness of our employees. If our

employees can enjoy their lives and work actively, it will lead to the enhancement of our corporate value.

The most important thing for Health Management is individual health awareness. In other words, we need to take care of our own health.

We will keep 'health' in mind, and will work "ethically, righteously, positively and vigorously."

We can then work for people, solve their problems, and drive forward our contribution to society.

As part of Health Management, we take actions to support our employees to sustain and improve their health. Specifically, we shall implement initiatives in areas as prevention of lifestyle-related illness and mental health problems, and also activities to promote physical strength.

1st of January, 2017

FUJI OIL HOLDINGS INC.

President and CEO Hiroshi Shimizu

Objective

We established the following objectives for 2020.

Improve health awareness among employees and actively conduct health promotion measures.

Establish a system to enable visualization of employee health condition.

Reduce the incidence of lifestyle-related diseases among employees and the number of employees with mental health issues.

Roll out measures to group companies in Japan and overseas.

Progress

- Established an employee health promotion system (enhanced health guidance and health management promotion systems).
- 100% of employees received health examinations. Secondary examination rate was 94.3% (down 1.6% from the previous fiscal year).
- Percentage of employees taking stress checks at Fuji Oil Co., Ltd.: 93.9% (up 2.5% from the previous fiscal year)
- Made efforts to raise employees' health awareness (installed health measurement systems at major business sites).
- Introduced delicious and healthy menus (using Fuji Oil's soy products) in company cafeterias.
- Fuji Oil Holdings was certified as an Excellent Enterprise of Health and Productivity Management (White 500) (February 2019).

Promotion System

The Fuji Oil Group promotes Group-wide health management initiatives under the overall control of the Chief Strategy Officer (CSO). The Health Management Promotion Group was established in the HR & Administration Division of Fuji Oil Co., Ltd., to plan measures and make improvements to health-related issues. An employee health support system was also established, comprising occupational physicians, public health nurses, nurses, occupational health counselors and other experts.

Specific initiatives

Measures to protect employees

We conduct regular health examinations. In FY 2018, the percentage of employees receiving health examinations at Fuji Oil Co., Ltd. was 100% (94.3% for secondary examinations).

To help preventing mental health problems, we offer stress checks and we encourage all employees to receive counseling. In FY 2018, 93.9% of employees took stress checks. In the future, we will work to visualize the physical and mental health of our employees by using a health management system. We also plan to conduct surveys with Group companies in and outside Japan to check their health management status and health awareness, and to roll out effective measures across the Group.

Highlights: Results of stress check implementation

Stress checks are useful for improving workplaces. In FY 2018, we created workplace improvement plans and conducted follow-up training for high-risk workplaces based on the results of stress checks.

Health awareness raising and educational activities

In FY 2018, health measurement instruments (for blood pressure, body composition and activity level) were installed at the Hannan Business Operations Complex, Tokyo Regional Office and Osaka Branch Office to help employees manage their own health.

Also, to promote awareness of work style reform throughout the company, we have created the "CWORK Award" program, which includes the health awareness-raising category. The establishment of a mechanism that encourages each department to set a goal that will contribute to better health (such as "switching from bus commuting to bicycle commuting") has led to increased health awareness among employees.

As part of efforts to enhance health guidance, in April 2019, we launched a full scale operation of the health management system to visualize health management. The health management system enables employees to track their own health data (health examination results, etc.), leading to increased employee health awareness. Furthermore, in addition to encouraging our employees to participate in the food education project (providing on-demand lessons for elementary school students) as lecturers, we will plan and implement physical fitness promotion events to inspire employees to promote their own health.

Measures to improve employees' dietary habits and physical fitness

In addition to planning/conducting health-related events such as lectures on dietary habits improvement and training to prevent mental health disorders, we promote the provision of delicious and healthy menus incorporating Fuji Oil's soy and other products, at company cafeterias in Japan.

To promote the physical fitness of employees, each business site will plan and hold events such as walking and yoga classes.



Poster displaying healthy menu items offered at a company cafeteria

External Recognition

Certified as an Excellent Enterprise of Health and Productivity Management (White 500)

In February 2019, Fuji Oil Holdings was certified as an Excellent Enterprise of Health and Productivity Management 2019 in the large enterprise category (White 500) for the second straight year, under the Excellent Enterprise of Health and Productivity Management certification system conducted by Japan's Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi.

Moreover, two Group companies in Japan, Fuji Sunny Foods Co., Ltd. and Omu Milk

Products Co., Ltd., were also certified in the large enterprise category (White 500) and the small to medium-scale enterprise category, respectively.

The Fuji Oil Group will strive to earn high recognition and trust from stakeholders by vigorously promoting Group-wide health management efforts.



Data

Health Examinations

		Total of business sites in Japan (FY2018)	
		(Employees)	(%)
Rates of employees receiving examinations and anomaly observation*	Number of employees eligible to receive health examinations	1,466	
	Number of examinees	1,466	100%

		Total of business sites in Japan (FY2018)	
		(Employees)	(%)
	Number of employees with observed anomalies	971	66.2%
Secondary health examination/Treatment required*	Secondary health examination/Treatment required	473	32.3%
	Not examined /Not reported	27	5.7%

*FUJI OIL HOLDINGSINC. and Fuji Oil Co., Ltd.

Working hours

	Work record data for FY 2018	
Average monthly overtime per employee*	159.1	Hours/month
Average monthly overtime per employee*	17.0	Hours/month

*FUJI OIL HOLDINGSINC. and Fuji Oil Co., Ltd.

Rate of absence due to illness

FY 2018 Rate of absence due to illness*	1.27 %
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*Includes only employees taking time off or leave for injury or illness.

*FUJI OIL HOLDINGSINC. and Fuji Oil Co., Ltd.

Sustainability

Risk Management

SDGs of particular focus for achievement



Activity report FY2018

Effective Risk Management

Priority theme

Contents

Basic approach/Objectives/Progress/
Promotion System/
Identification of the Group's Significant
Risks/Climate change and water risks /
Business Continuity Plan (BCP)/Information
security/Protection of Intellectual Property

For more details



Stable Procurement of Raw Materials

Priority theme

Contents

Basic approach/Objectives/Progress/
Response to procurement risks due to
climate change/Response to the risk of
procurement stoppage due to large-scale
disasters/CSR Procurement Guidelines and
supplier surveys

For more details



Penetration Awareness of Compliance

Priority theme

Contents

Basic approach/Objectives/Progress/
Promotion System/
A framework for thorough compliance/

Creation of a Corporate Governance System

Priority theme

Contents

Basic approach/Objectives/Progress/
Holding Company Structure and the Fuji Oil
/Corporate Governance

Prevention of corruption / Political contributions / Violation of compliance

For more details →

For more details →

Sustainability

Effective Risk Management

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- ⌵ **Basic approach** ⌵ **Objectives** ⌵ **Progress** ⌵ **Promotion System**
- ⌵ **Response to Specific Risks**
 - Identification of the Group's Significant Risks • Climate change and water risks
- ⌵ **Business Continuity Plan (BCP)** ⌵ **Information security**
- ⌵ **Protection of Intellectual Property**

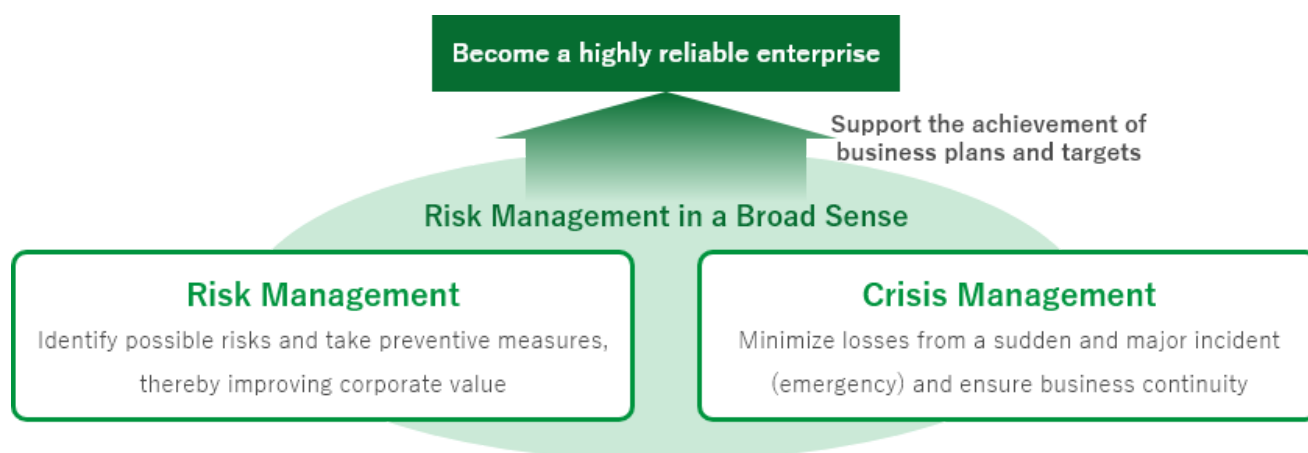
Basic approach

The Fuji Oil Group believes that risk management* is management itself. Risk management is essential for the Group to continue contributing to society through delicious and healthy food, ; from the perspectives of business continuity, legal compliance, and meeting the expectations and demands of society, our shareholders and investors.

By promoting Risk Management, we aim to become a highly reliable enterprise that earns the trust of society.

*Risk Management: Preventing the occurrence of risks related to corporate management and minimizing losses and impact when risks occur, to achieve business plans and targets

Positioning of Risk Management in the Fuji Oil Group



Objectives

- By 2020, each group company should independently and autonomously go through the PDCA cycle for Risk Management and each function of FUJI OIL HOLDINGS INC. should provide comprehensive support for optimal response to risks by each group company, based on the holding company structure.
- By 2020, main group companies should complete the formulation of BCP.

Progress

Fuji Oil Holdings held a risk management meeting with each Group company to understand the implementation status of risk management, propose measures for the Fuji Oil Group's common risks, and share information regarding crises.

Regarding BCP formulation, Fuji Oil Holdings selected major Group companies that should formulate BCP, and explained to them the significance of this.

Also, safety confirmation drills and other emergency drills were conducted at business sites in Japan to strengthen response capabilities in emergency situations (such as large-scale disasters).

Promotion System

Risk Management Promotion System

To promote ESG management, Fuji Oil Holdings established the ESG Committee as an advisory body to the Board of Directors. The ESG Committee meets regularly to discuss important matters relating ESG, including risk management, and make reports and proposals to the Board of Directors.

The Fuji Oil Group promotes Group-wide risk management initiatives under the overall control of the officer in charge of risk management and compliance at Fuji Oil Holdings.

PDCA

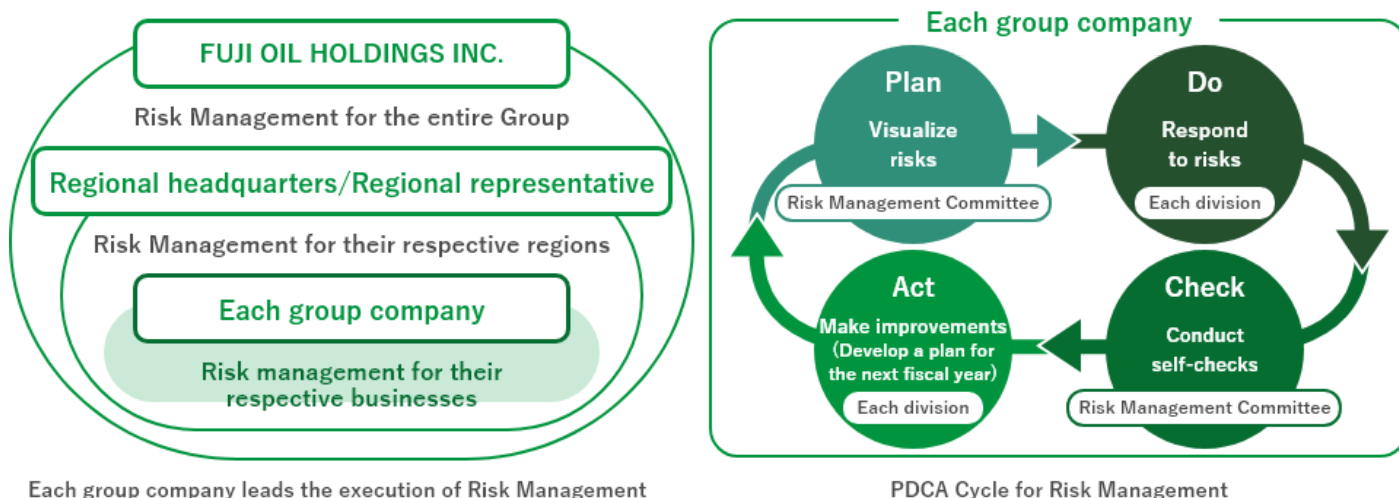
The Fuji Oil Group established a global risk management system, as one of the foundations for the holding company structure to which the Group shifted in October 2015.

Fuji Oil Holdings Inc., the regional headquarters (representative companies) and each Group company; and established a Risk Management Committee at each Group company. Each Risk Management Committee plays a leading role in the annual implementation of the PDCA cycle: Plan (identify all possible risks and select major risks) → Do (implement

countermeasures) → Check (conduct checks) → Act (take improvement action toward the next fiscal year). The Fuji Oil Group promotes risk management through close collaboration among Fuji Oil Holdings, regional headquarters (representative companies) and each Group company.

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 an emergency quickly and appropriately as the Fuji Oil Group.

The Fuji Oil Group's Risk Management



Risk assessment method

The Risk Management Committee of each Group company takes the central role in identifying as many of its own company's risks as possible and assessing them by plotting them on a risk map (vertical axis: degree of damage to/impact on the company; horizontal axis: possibility of occurrence). As a result of the assessment, the Committee specifies risks that would cause a significant degree of damage to/impact on its company as "significant risks," and decides how to respond to all "significant risks" to mitigate the potential impact. Through this process, each company conducts risk management that makes clear which risks it should manage on a priority basis and works to prevent risks, minimize loss when risks occur, and maintain business continuity.

Topics: Effects of Risk Management

A Group company in the United States, which introduced a risk management system, identified hurricane-related damage (injuries to employees, damage to plant and production equipment, etc.) as significant risk; and formulated procedures for employee evacuation and plant operation suspension to mitigate risks.

Although this Group company was hit by two large hurricanes in FY 2018, thanks to the

formulated procedures, they were able to respond efficiently and effectively to emergency situations, and minimize negative impact on stakeholders.

Education and awareness-raising activities

We conduct risk management education and awareness-raising activities for our group companies through regular visits, video conferences and other measures, to firmly establish the PDCA cycle for risk management and improve the quality of risk management at each group company. In addition, we educate employees being newly posted abroad on the fundamentals of risk management and the risk management system of the Fuji Oil Group in their pre-assignment training.

Incentives

In 2016, we established a CSR category in our management awards program to recognize departments and Group companies that have made outstanding efforts to contribute to society through their business activities. In this category, we present awards to Group companies and departments that have fulfilled their social responsibilities by effectively conducting risk management.

Response to Specific Risks

Identification of the Group's Significant Risks

Based on the results of annual risk assessments of Group companies, we identify significant risks common to the Fuji Oil Group as "common Group risks." For the significant risks identified as common Group risks, the person in charge of each risk at Fuji Oil Holdings manages the relevant risk as a management theme, and supports Group companies in taking measures to address risks.

For example, for information security risk, one of the common Group risks, the responsible department is the ICT Group of Fuji Oil Holdings. The ICT Group provides regular e-learning courses and visits Group companies to increase employee understanding and awareness of information security.

[Fuji Oil Group's Significant Risks]

- Fluctuations in raw material prices
- Fluctuations in currency market
- Risks inherent to engaging in overseas markets

- Capital expenditure recovery risks
- Risks related to food safety
- Supply chain environmental and social risks
- Risks related to disasters and accidents
- Risks related to information systems and information security
- Risks related to human resource hiring and development

Climate change and water risks

Fuji Oil Holdings, which is responsible for formulating the Group's overall management strategy, manages the risks and opportunities associated with climate change and water. The C"ESG"O is responsible for climate change issues and the use of water resources. Under the leadership of the C"ESG"O, through their expert perspectives, relevant divisions, including the CSR/risk management division and the environmental division, collect information on climate change and water from publicly disclosed data and through dialogue with industry groups and stakeholders.

The Group's climate change and water strategies are developed based on the collected information. These strategies are reported at meetings of the ESG Committee, which is an advisory body to the Board of Directors, and proposed to the Board of Directors. Climate change- and water-related risks are managed through the Group-wide risk management system.

Regarding climate change risks, the Fuji Oil Group declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) on May 2019. In the future, we will work to visualize the degree of impact of climate change risks on our business, through participation in the TCFD Consortium and dialogues with stakeholders.

Climate change-related risks (FY 2018)

Regulatory risk	Risk of decreased production at some group companies in China because of operational restrictions from the local administrative authorities
Physical risk	Risk of injury to employees, damage to equipment and suspension of production if a hurricane directly hits the operating area of a group company in the United States

Climate change-related opportunities (FY 2018)

Regulations	Local governments in some parts of the West Opportunity to increase demand for Fuji Oil soy protein ingredients due to promotion of "Meatless Mondays" by some local governments in
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	Europe and the United States and expansion of plant-based protein market
Physical impact	Opportunity for increased demand for the Fuji Oil Group's soy protein products such as soy meat if beef cattle production declines due to a livestock feed shortage caused by drought or other factors

Major water-related risks (FY 2018)

The risk of Group companies in China receiving production suspension orders due to discharging wastewater that fails to meet the effluent quality standards stipulated in the effluent regulations in China

Major water-related opportunities (FY 2018)

Opportunity for increased demand for the Fuji Oil Group's soy protein products such as soy meat if beef cattle production declines due to livestock feed shortages caused by drought or other factors

Business Continuity Plan (BCP)

Basic approach

The Fuji Oil Group Management Philosophy sets forth its Vision to "contribute to society by creating the future of delicious and healthy foods." We believe that business continuity is a prerequisite to achieving our vision, and that a business continuity plan (BCP) is vital to ensure the continuity of operations.

We will promote our BCP under the following basic policies to ensure employee safety and minimize damage to business assets in order to enable the continuation or early restoration of core businesses.

Basic 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.

Initiatives

Revision of BCP based on a major disaster scenario

Fuji Oil Co., Ltd. is working to revise and restructure existing BCPs to make them more effective. The revisions are scheduled to be completed by the end of FY 2019. Major Group companies outside Japan are promoting the formulation of BCPs. The formulation of BCPs at major overseas Group companies is scheduled to be completed by the end of 2020.

Ensuring information system continuity in the event of a natural disaster (ICT-BCP)

In the event of a natural disaster or other incident, information systems are the foundation of business continuity.

The Fuji Oil Group has established a robust data center to operate core systems and other important operational systems.

In addition, assuming a scenario of damage to the data center, we have secured operating system continuity with the construction of a DR site* at a remote location. As a result, even if the data center is affected, operations can resume at the DR site within a few hours to half a day. Moreover, we are preparing for prompt response in the event of a disaster by conducting DR site switchover exercises once a year.

See "Sustainable Procurement" for our response to procurement risks due to climate change or large-scale disasters.

▶ <https://www.fujioilholdings.com/en/csr/sustainable/>

*DR site: Disaster Recovery site

Information security

Basic approach

The Fuji Oil Group is working to improve its security level to safeguard against threats surrounding information systems, and protect and maintain the confidentiality, integrity and availability of information assets. We have formulated Information Management Regulations, Information Security Regulations, and Information Security Guidelines, and provided employee education on a continual basis to ensure that all employees understand and follow these regulations.

Technically, we are taking multilayered measures including mechanisms to prevent unauthorized access from outside the Group's information systems and to protect against computer viruses. We will further raise our information security level through a process of review, verification and improvement.

Information security management system

To address threats to information assets, the Fuji Oil Group established an information security management system under the Risk Management Committee. We appointed a Chief Information Management Officer and CSIRT (Computer Security Incident Response Team) at Fuji Oil Holdings. We also appointed a person in charge of information management and a person in charge of information security at each Group company to ensure quick response in the event of an emergency and promote employee awareness-raising activities in ordinary times.

Information security education for employees

In FY 2018, the Fuji Oil Group designated October and November as Group Governance and Information Security Reinforcement Months, and conducted e-learning training for all Fuji Oil Group members. Furthermore, we held briefing sessions for managers on information management regulations at each Group company. We will continue working to improve employee information security literacy through education, training and other measures.

Protection of Intellectual Property

Obtaining intellectual property rights and setting a system to prevent the Fuji Oil Group's infringement of such rights owned by other companies

Based on the Fuji Oil Group Management Philosophy, the Group set forth rules on handling of intellectual property rights associated with inventions and other creative works made by its employees while on duty. These rules are set in the Regulations on the Handling of Employee Inventions and the Fuji Oil Group Regulations on Intellectual Property Management. We protect intellectual property by obtaining patents and other intellectual property rights for employee inventions and other creative works and by strictly managing our technological know-how to ensure its confidentiality. We also routinely keep a close watch on information regarding patents and other intellectual property rights of other companies to avoid infringing on them.

Educational and awareness-raising activities

Fuji Oil Co., Ltd. holds study sessions whenever necessary as part of its efforts to spread correct understanding of intellectual property.

During FY 2018, a training seminar on intellectual property was held in February 2019 for new research and development employees who had joined the company six months earlier. The intention was to spread basic knowledge regarding intellectual property. The participants were briefed about intellectual property rights and their significance, as well as rules applied to in-house inventions.

Moreover, intellectual property training was held in October 2018 for general managers and group leaders in the development divisions to deepen their understanding of the regulations regarding the certification of and compensation for inventors.

Sustainability

Stable Procurement of Raw Materials

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▼ **Basic approach** ▼ **Objective** ▼ **Progress**

▼ **Specific initiatives**

- Response to procurement risks due to climate change
- Response to the risk of procurement stoppage due to large-scale disasters
- CSR Procurement Guidelines and supplier surveys

Basic approach

Crop failure due to climate change and disruption of the supply chain due to natural disasters have a major impact on stable procurement of sustainably produced raw materials. As a response to these procurement risks, we strive to build a structure for stable procurement of raw materials under normal conditions.

Basic Purchasing Policy

In 2010, Fuji Oil Co., Ltd. formulated the Basic Purchasing Policy, in accordance with which we conduct all procurement activities.

1. We stably procure high-quality raw materials from a wide variety of business partners at reasonable prices through fair and equitable deals while strictly complying with applicable laws and social norms. (Fairness, legal compliance and ethics)
2. In order to accomplish the above objectives, we achieve coexistence and co-prosperity with our business partners by deepening collaboration through joint creative activities. (Partnerships)
3. We consider the global environment, labor, human rights, etc., in our procurement. (Social responsibility), in order to contribute to the realization of a society that can develop sustainably.

Objective

Fulfill the responsibility to supply products to stakeholders by strengthening resilience to risks such as climate change and ensuring stable procurement.

Progress

The following are ongoing measures.

- Increase in the number of production areas
- Purchase from multiple suppliers

Specific initiatives

Response to procurement risks due to climate change

Global warming will bring higher temperatures, a rise in sea levels and changes in precipitation patterns; resulting in increased frequency of extreme weather events such as floods, droughts and heat waves.

Our Group uses agricultural products as raw materials, therefore these climate changes are likely to affect our supply and demand of agricultural products, and therefore pose a significant threat to our stable procurement of raw materials. ,. .To prepare for such risks, we promote the procurement of raw materials from multiple sources and suppliers, in addition, we secure raw materials by concluding long-term contracts with suppliers who ensure a stable supply.

Response to the risk of procurement stoppage due to large-scale disasters

It is important to ensure business continuity for the entire supply chain in the event of a large earthquake or other natural disaster. As countermeasure to the risk of delays in raw material supply due to disasters, Fuji Oil Group companies in Japan confirm the response systems of their suppliers through questionnaire-based surveys.

In FY 2018, based on the results of questionnaire surveys, we worked in cooperation with suppliers to ensure business continuity in the supply chain, by taking BCP*-related measures (securing multiple production sites, storing goods in multiple locations, etc.).

*BCP : Business Continuity Planning

CSR Procurement Guidelines and supplier surveys

CSR Procurement Guidelines

We believe that cooperation with business partners is essential to achieve sustainable procurement. For this reason, we drawn up and announced our CSR Procurement Guidelines (2nd Edition), which includes a list of matters requested of suppliers by four group companies in Japan – Fuji Oil Co., Ltd., TORAKU FOODS CO., LTD., FUJI FRESH FOODS CO., LTD., , and OMU MILK PRODUCTS CO., LTD.

For information on responding to procurement risks due to climate change and large-scale disasters, refer to the ["Effective Risk Management"](#) section.

▶ [CSR Procurement Guidelines \(2nd Edition\) PDF \(140KB\)](#) 

Conducting supplier surveys to promote stable procurement

To ensure that procurement is undertaken in accordance with the CSR Procurement Guidelines (second edition), we explain the Guidelines to our business partners (manufacturers and trading companies) and conduct questionnaire surveys. In FY 2018, we held briefing sessions to explain our procurement policies to our suppliers, we evaluated suppliers based on the questionnaire results, and visited them to perform on-site audits and provide support for improvement.

We will maintain close communication with suppliers to achieve the stable procurement of safe, reliable and sustainable raw materials.

Sustainability

Penetration Awareness of Compliance

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- ⌵ **Basic approach**
- ⌵ **Objectives**
- ⌵ **Progress**
- ⌵ **Promotion System**
- ⌵ **Specific initiatives**
 - A framework for thorough compliance
 - Prevention of corruption
 - Political contributions
 - Violation of compliance

Basic approach

The Fuji Oil Group complies with laws and regulations, as well as internal policies and rules, as a matter of course, and sees; acting with a strong sense of ethics in daily business operations as crucial to meeting society's expectations and needs of (i.e. stakeholders).

This basic concept of compliance is included in the Fuji Oil Group Management Philosophy, which we formulated when the Group shifted to a holding company structure in October 2015.

Furthermore, we defined the Fuji Oil Group Three Principles of Code of Conduct to clarify specific behaviors that all Group members are expected to follow in order to embody the basic concept of compliance.

Fuji Oil Group Three Principles of Code of Conduct

1. Comply with the rules

We will comply with all applicable laws and regulations in each country and region where we operate.

We will act in accordance with the Company rules and regulations.

We will observe social norms and meet social expectations and trust.

2. Act with integrity

We will act in accordance with our conscience.

We will not hide any mistakes or failures.

We will make reporting and explanations based on the facts, in a timely and appropriate manner.

3. Conduct fair business

We will conduct fair and appropriate business transactions.

We will distinguish between work and private life and will not commit any dishonest acts.

We will respect the human rights of people involved in our business activities and consider diversity of

race, gender and religion.

We will not engage in any form of extortion or bribery.

We will not allow intervention by antisocial forces.

Objectives

By 2020, we aim for the commitment to this values and principles of the Fuji Oil Group Management Philosophy throughout the entire Group.

Progress

In FY 2018, in addition to implementing existing training programs such as on-site training at Group companies in and outside Japan, and hierarchical training (new employees, employees assigned to overseas sites, etc.), we designated the month of October as "Compliance and Information Security Reinforcement Month," during which, various activities were carried out at major Group companies in and outside Japan. This activities included e-learning and compliance awareness surveys. We will analyze the results of e-learning and awareness surveys to identify weak areas, response tendencies, etc. and develop future compliance measures based on the analysis results.

Promotion System

Promotion System

The officer in charge of risk management and compliance has been appointed at Fuji Oil Holdings, under whose leadership compliance initiatives for the entire Group are implemented.

Establishment of a hotline system

The Fuji Oil Group Whistleblower Hotline is in place at Group companies in Japan. In FY 2018, as part of efforts to promote fair transactions, we set up a fair trade helpline for cooperating companies in specified fields. Overseas, a hotline system (the Fuji Oil Group's Compliance Helpline) is also available for employees at Group companies outside Japan. To create an environment that facilitates reporting, in addition to an internal whistleblowing hotline, we established an external whistleblowing hotline. The external hotline is operated by an outside law firm to ensure the confidentiality and anonymity of informants. Over the last few years, the number of reports received annually throughout the entire Group has remained in the range of five to 10. Upon receipt of a whistleblowing

report, we promptly investigate the details of the report, make necessary corrective measures, and provide feedback to the informant. We strive to make our hotline system more widely known throughout the entire Group.

Monitoring

We monitor the status of compliance implementation including at overseas group companies, in cooperation with Audit & Supervisory Board members and departments responsible for internal audits.

Since FY 2018, we have visited Group companies outside Japan to conduct on-site inspections using the compliance checklist (prepared in consideration of laws, regulations and risks specific to the region).

Specific initiatives

A framework for thorough compliance

Business Conduct Guidelines

We revised the Fuji Oil Group Business Conduct Guidelines, which explain our principles of action in the Fuji Oil Group Management Philosophy using representative case studies encountered in various daily duties. The guidelines are available in seven languages, including Japanese, and are successively distributed to all employees in booklet and PDF form.

Compliance training

We visit business bases in and outside Japan to investigate their compliance status and needs, and to help raise employee awareness in areas requiring priority attention. In addition, the Legal Affairs Department and the HR Department collaboratively provide compliance training to employees at career milestones, such as when they enter the company and when they are assigned to overseas posts. In FY 2018, we designated the month of October as "Compliance and Information Security Reinforcement Month" and conducted e-learning training (in Japanese, English and Chinese) for employees in and outside Japan.

Prevention of corruption

In addition to compliance with the Antimonopoly Law, the prevention of bribery and corruption is one of our priority compliance areas related to fair transactions. We have established anti-bribery and corruption rules that can be globally applied, and make particular efforts to raise awareness of anti-bribery and corruption among employees. Overseas, in FY 2018 we conducted awareness-raising activities at Group companies in China. Through dialogue with local staff, we work to communicate the importance of anti-bribery and corruption compliance and the magnitude of losses in the event of a violation.

Political contributions

The Fuji Oil Group does not make political donations.

Violation of compliance

There were no serious compliance violations relating to the Fuji Oil Group's operations in FY 2018.

Sustainability

Creation of a Corporate Governance System

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Basic approach

Through the realization of effective corporate governance, FUJI OIL HOLDINGS INC. aims to prevent situations that would harm corporate value, such as violation of laws and regulations, fraud or misconduct, and to strive for sustainable growth and improvement of corporate value over the medium to long term. We positioned corporate governance as an important mechanism for decision-making that is transparent, fair, prompt and resolute, in order to meet the expectations of stakeholders such as shareholders, customers, other business partners, our officers and employees, and society.

To ensure the confidence of shareholders, we consider it important to conduct flexible and rational decision-making and business execution and to enhance the functions for monitoring and supervising management.

With this in mind, we appoint multiple outside directors and outside Audit & Supervisory Board members, take care of the independence of the Audit & Supervisory Board and the effectiveness of audits by the members.

To expedite decision-making, the Fuji Oil Group shifted its management structure to a pure holding company structure through an incorporation-type company split, separating management from execution, thereby promoting delegation of authority to its regional headquarters, which are operating companies. Meanwhile, as the global headquarters, FUJI OIL HOLDINGS INC. is engaged in formulating strategies for group management and for managing group subsidiaries.

▶ [Fuji Oil Holdings Corporate Governance Guidelines PDF \(76KB\)](#) 

Objectives

By 2020, internal control processes should be established in each group company and frameworks for increasing business process efficiency and reducing the occurrence of losses should be created and upgraded.

Progress

We promoted improvement activities at Group companies in and outside Japan, by distributing a check sheet created by Fuji Oil Holdings to them. Also, after identifying areas needing improvement at each Group company through internal audits, the manager in charge of each identified area at Fuji Oil Holdings provided guidance for improvement to each Group company. These activities led to improved operational efficiency and progress in efforts toward common Group targets.

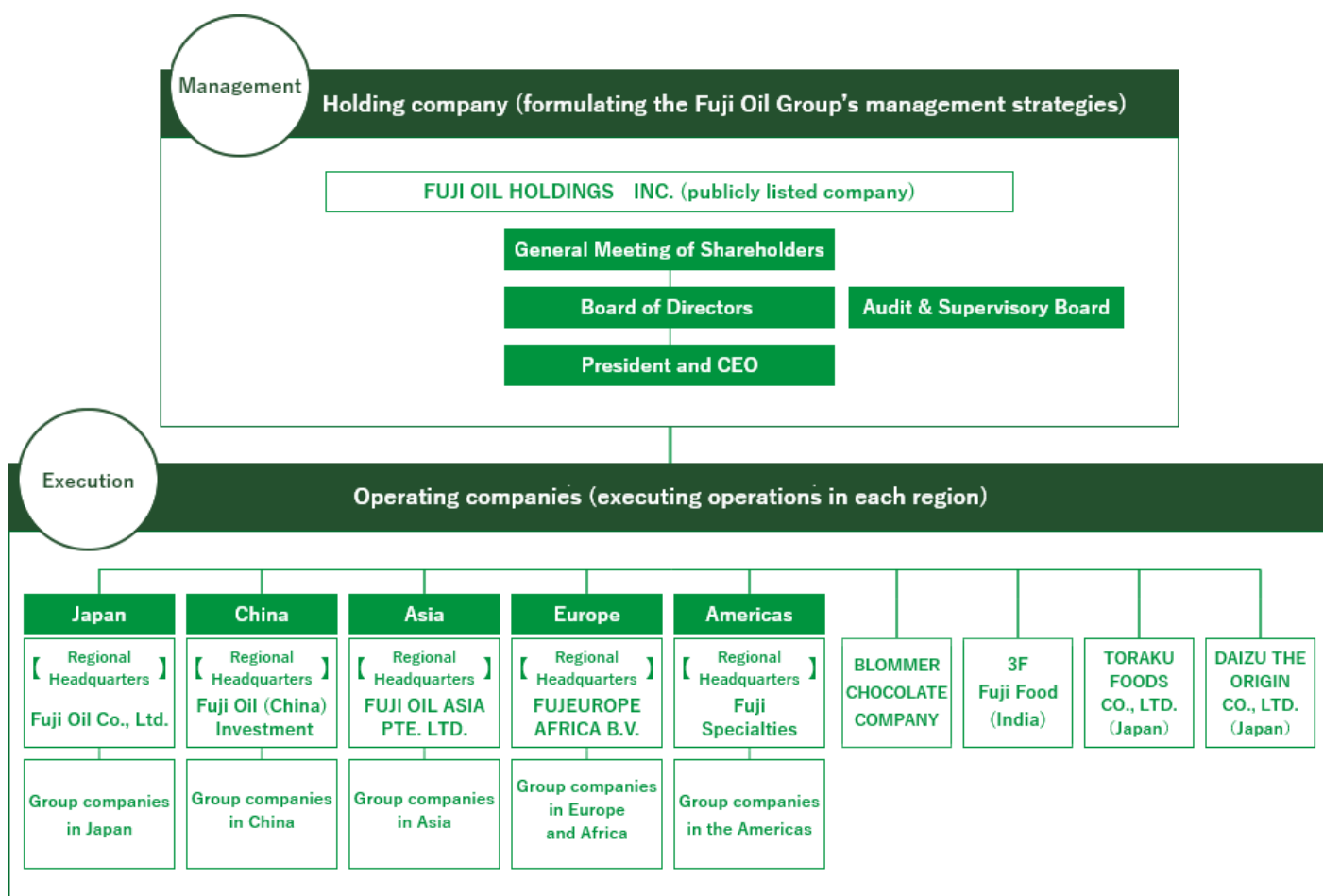
Specific initiatives

Holding Company Structure and the Fuji Oil

Group Management Philosophy

On October 1, 2015, the Fuji Oil Group shifted its management structure to a holding structure under a pure holding company. Under this new structure, we aim to enhance our strategic functionality, achieve sustainable growth, and increase our earning capacity.

Fuji Oil Group Management Structure (as of March 2019)



Purposes of the holding company structure

1. Strengthening governance

As centralized oversight becomes more important due to the increasing diversity in employee nationalities and other factors, we will strengthen governance functions, primarily in FUJI OIL HOLDINGS INC.

2. Enhancing the Group's strategic functionality

We will implement, especially global strategies that enable the entire Group to achieve sustainable growth, with FUJI OIL HOLDINGS INC. as the core.

3. Hitozukuri (fostering people)

People devise strategies and implement governance. We will change the way we evaluate people and the way we work because we believe that it is to recruit people on a global basis and develop them optimally based on Group-wide allocation.

4. Creating new businesses

To realize our desired vision for "How we want to be in 2030", we will implement a business expansion strategy, including M&A, and a growth strategy to create new

businesses by making technological innovations.

Establishment of the Fuji Oil Group Management Philosophy

The Fuji Oil Group Management Philosophy states action principles that should be observed worldwide by all group managers and employees in order for our group to achieve sustainable growth, inheriting our foundation's DNA and fulfilling our social responsibilities. Established together with the shift to a holding company structure on October 1, 2015, the Management Philosophy is a unifying force for Group management.

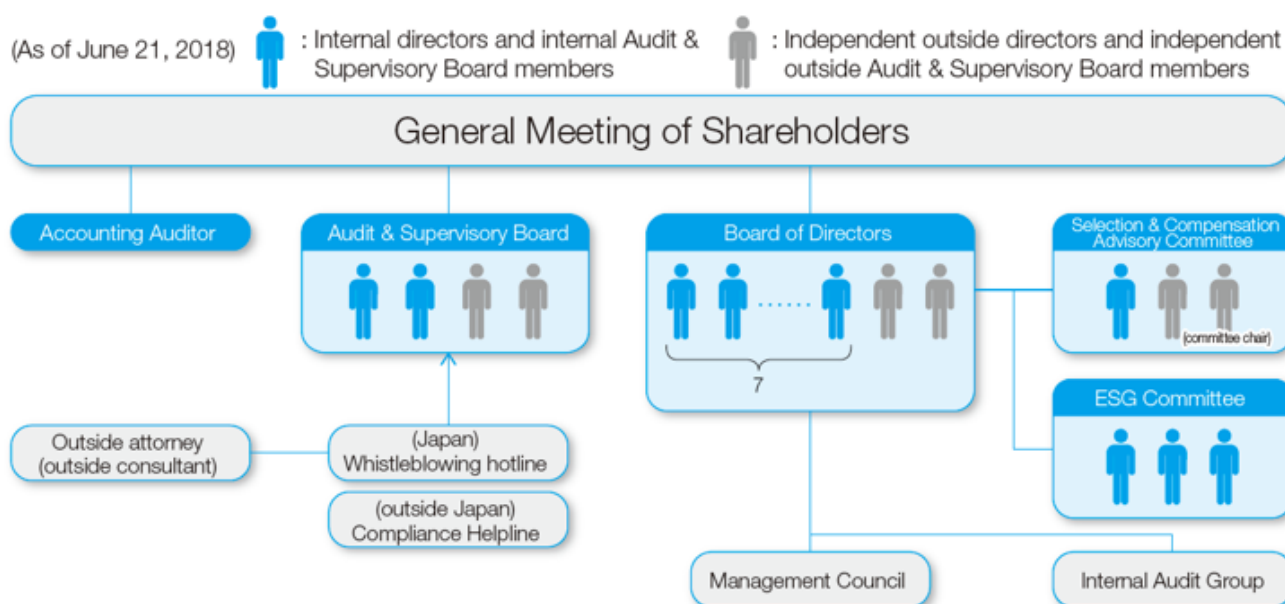
See the following web page for more details on the Fuji Oil Group Management Philosophy.

▶ <https://www.fujioilholdings.com/en/about/constitution/>

Corporate Governance

Corporate Governance Structure

Corporate Governance Functions



Board of Directors

Based on the rules of the Board of Directors, meetings of the Board of Directors are held once a month. Extraordinary meetings are held from time to time as necessary. Matters stipulated by laws and regulations and other important matters are deliberated and resolved, and the status of the directors' execution of duties is reported.

Results of the Analysis and Evaluation of the Effectiveness of the Board of Directors

In FY 2018, we mainly checked the progress of the measures taken to address the issues identified in the FY 2017 effectiveness evaluation of the Board of Directors.

1.Overview of evaluation (targets, evaluation process, question items)

Targets: Five directors and two auditors

Progress check of the identified issues: President and CEO, outside directors, two standing Audit & Supervisory Board members

Overall questions for new directors: three newly appointed directors (including one outside director)

Evaluation process: Interviews by a third-party organization and result analysis that guarantees anonymity

2.Question items:

- I. Composition and structure of the Board of Directors
- II. Management and duties of the Board of Directors
- III. Items for deliberation by the Board of Directors
- IV. Supervisory function of the Board of Directors
- V. Supervision function of the Board of Directors by Audit & Supervisory Board members
- VI. Participation at Board of Directors Meetings
- VII. Respecting the opinions of shareholders

3.Results of evaluation

Through the Board of Directors effectiveness evaluation which involved a third-party institution, it was confirmed that improvements were made since the previous fiscal year. Specifically, due to an increase of one outside director and organizational revision (review of CxOs), the diversity of the Board of Directors was strengthened, and the role of the Board of Directors was further clarified.

Regarding future tasks that need to be carried out by the Board of Directors, the strengthening of the Group's governance was identified as a priority, as a large-scale acquisition is scheduled this year. Also, the following items were identified as needing improvement: discussions regarding medium- to long-term strategies, appropriate supervision of the execution of those strategies, and the clarification of the role and function of the Nomination and Compensation Advisory Committee.

The Board of Directors discussed future policies based on the report from the third-party institution on the Board effectiveness evaluation. As a result, it was decided to begin formulating an action plan for the issues listed in the evaluation results.

Based on the evaluation results and activities stated above, the Board of Directors plans to continue to evaluate its effectiveness in order to further upgrade its functions, and

strengthen corporate governance, thereby promoting the continuous improvement of corporate value.

Audit & Supervisory Board

The Audit & Supervisory Board discusses and decides on audit policies and audit plans, and reports, resolves and decides on other important matters related to auditing. A total of 13 meetings were held during the 91st term (April 1, 2018 to March 31, 2019).

Nomination and Compensation Advisory Committee

In October 2015, we established the Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors for transparency in the processes of officer appointments and executive compensation decisions. A total of 11 Meetings were held during the 91st term (April 1, 2018 to March 31, 2019).

ESG Committee

The ESG Committee was established in October 2015 as an advisory body to the Board of Directors to accelerate and promote activities related to ESG (Environment, Social, and Governance). It contains the following subcommittees: Safety, Quality and Environment, Human Resources Development, Sustainable Procurement, Governance and Solutions through Creation of Foods. The ESG committee discuss and make reports to the Board of Directors regarding these areas.