



"The Natural Power of Plants"

The Nisshin Oillio Group, Ltd.

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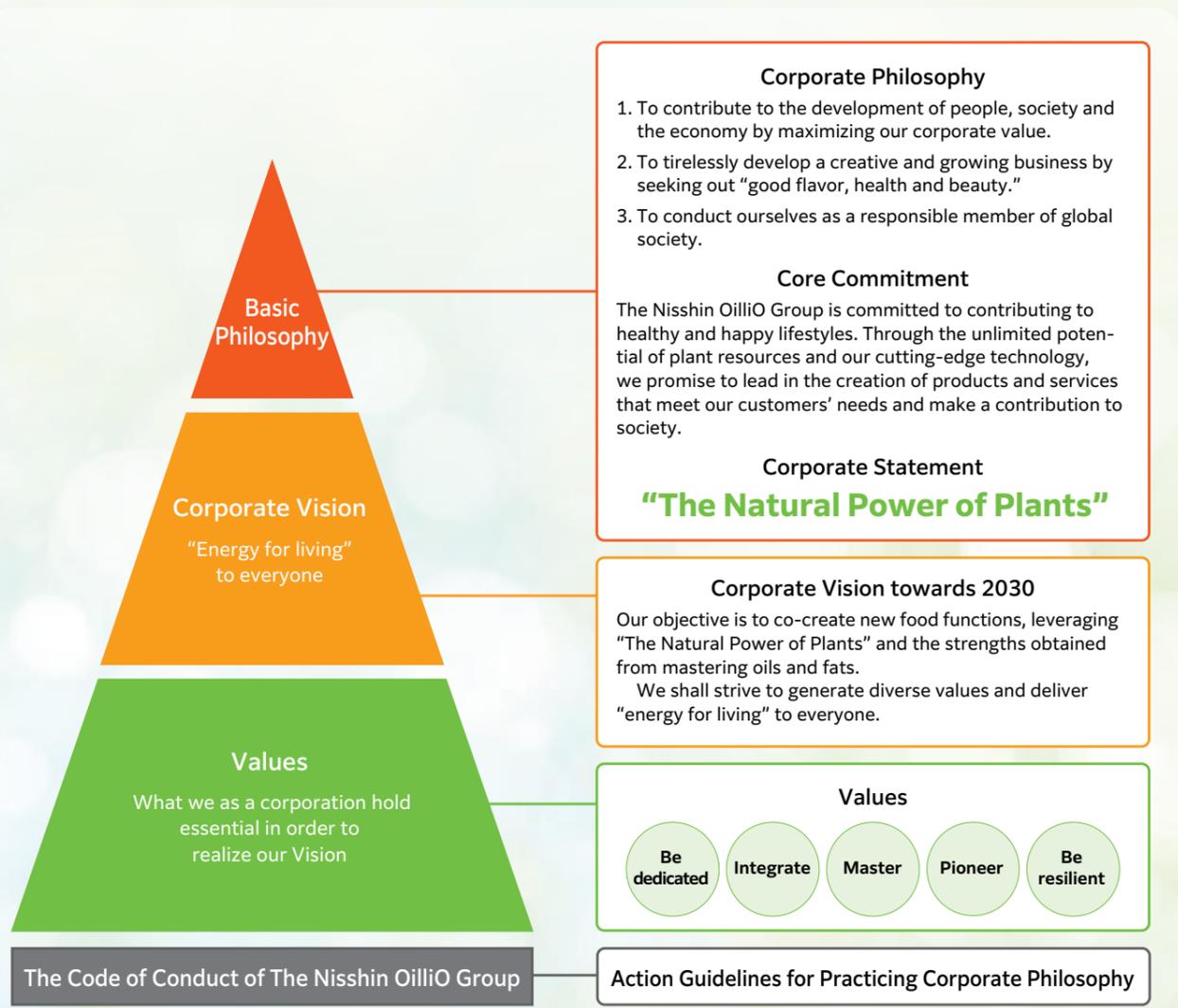
# Integrated Report 2023

Integrated Report 2023

## The Nisshin Oillio Group, Ltd.

1-23-1 Shinkawa, Chuo-ku, Tokyo 104-8285, Japan  
Contact: Public Relations & Investor Relations Department  
Phone: +81-3-3206-5109  
Website: <https://www.nisshin-oillio.com/english/>  
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# The Essence of The Nisshin OilliO Group



## Five Values

Since its establishment in 1907, our Group has cherished a meticulous attitude of **"being dedicated"** in all aspects of our operations including product development, production, quality and customer service. We also value our teamwork and organizational capabilities that **"integrate"** people, which are deeply rooted in our corporate culture, since we have developed with manufacturing as our starting point.

In addition to the above, we place greater importance on the following concepts in order to achieve our Corporate Vision towards 2030.

- We must **"Master"** our strength, or core competence in oils and fats, which is the source of our Group's competitiveness.
- In order to create diverse values, we must **"pioneer"** new domains by taking on challenges of unknown business domains, areas of business development, and technical fields.
- As we head into an era of rapid change, there are things that must change and things that must not change. In other words, **"resilient"** adaptability combines an attitude of accepting changes and making changes, with an attitude of not changing our strong points.
- We must develop our business closer to customers than ever before by leveraging our **"integration"** with various networks.

The five Values of **"Be dedicated," "Integrate," "Master," "Pioneer"** and **"Be resilient"** are the basis of our actions.

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## The Nisshin OilliO Group Integrated Report 2023

The Nisshin OilliO Group publishes the Integrated Report to inform stakeholders of our medium- to long-term value creation strategy from both financial and non-financial perspectives. In this report, we introduce our initiatives for value creation through our business activities and the story of our efforts to realize sustainability.

In this report, efforts to achieve growth through value creation in each of the priority areas of Vision 2030 will be illustrated, as well as the progress and initiatives of the medium-term management plan, Value Up+.

### Editorial policy

Integrated Report 2023 is published as a means to communicate The Nisshin OilliO Group's medium- to long-term value creation activities from both financial and non-financial perspectives. We hope that all stakeholders, especially shareholders and other investors, will understand our story of long-term corporate value creation. In producing this report, we referred to the International Integrated Reporting Framework, published by the IFRS Foundation, as well as the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation, published by Japan's Ministry of Economy, Trade and Industry (METI).

### Reporting period

April 1, 2022 to March 31, 2023  
Some initiatives outside the above period are included.  
Names of organizations and positions are valid as of September 30, 2023.

### Scope of report

This report covers the entire Group, including The Nisshin OilliO Group, Ltd. and its consolidated subsidiaries (domestic and overseas). However, some initiatives pertain only to The Nisshin OilliO Group, Ltd. on a non-consolidated basis.

### Organization names in this report

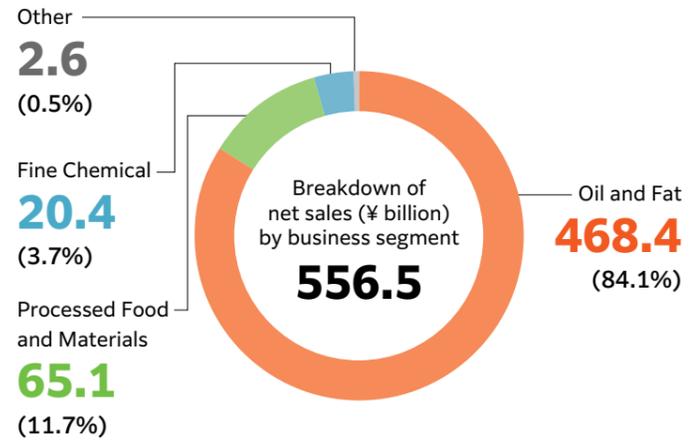
The Nisshin OilliO Group, Ltd. on a non-consolidated basis is referred to as the "Company" and the entire group including The Nisshin OilliO Group, Ltd. and its consolidated subsidiaries (domestic and overseas) is referred to as the "Group." Abbreviations are used in some cases for the following companies.

### Company name / Abbreviation

Intercontinental Specialty Fats Sdn. Bhd. / ISF  
Industrial Quimica Lasem, S.A.U. / IQL  
T.&C. Manufacturing Co., Pte. Ltd. / T&C  
PT Indoagri Daitocacao / IADC  
Intercontinental Specialty Fats (Shanghai) Co., Ltd. / ISF Shanghai  
Intercontinental Specialty Fats (Italy) S.r.l. / ISF Italy  
Nisshin Global Research Center Sdn.Bhd. / NGRC

## Present State (as of March 31, 2023)

### Strong presence in the edible oil market as a leading company in the field of vegetable oils



#### Oil and Fat

Oil and Meal  
Processed Oil and Fat



#### Processed Food and Materials

Chocolate  
Seasoning  
Functional Materials and Foods  
Soybean Materials and Foods



#### Fine Chemical

Fine Chemical Products  
Environment and Hygiene-Related Products



Composition ratio of edible oil in Japan (sales volume)  
**Approx. 35%**

Composition ratio of strategic cooking oil products\*1 (household use)  
**51%**

Composition ratio of oils and fats for chocolate in the world (sales volume)  
**Approx. 9%\*2**

Composition ratio of oils for cosmetics in the world (amount of money)  
**Approx. 9%\*2**

GHG emissions (Scope 1 and 2)  
**-8.6%\*3** (vs. FY2016)

Traceability to palm oil plantations  
**90.9%**

Number of employees  
**3,001** (consolidated)

\*1 Functional products, healthy oils, etc.  
\*2 Our estimate  
\*3 Calculated using the latest emission factor at the time of drafting the report

### Current major bases

	Function	Business
Japan	Manufacturing/ Sales/Research	Oil and Fat Processed Food and Materials Fine Chemical
China	Sales	Oil and Fat Fine Chemical
Malaysia	Manufacturing/ Sales/Research	Oil and Fat
Indonesia	Manufacturing/ Sales	Processed Food and Materials
Singapore	Manufacturing/ Sales	Processed Food and Materials
Italy	Manufacturing/ Sales	Oil and Fat
Spain	Manufacturing/ Sales	Fine Chemical



Yokohama Isogo Complex

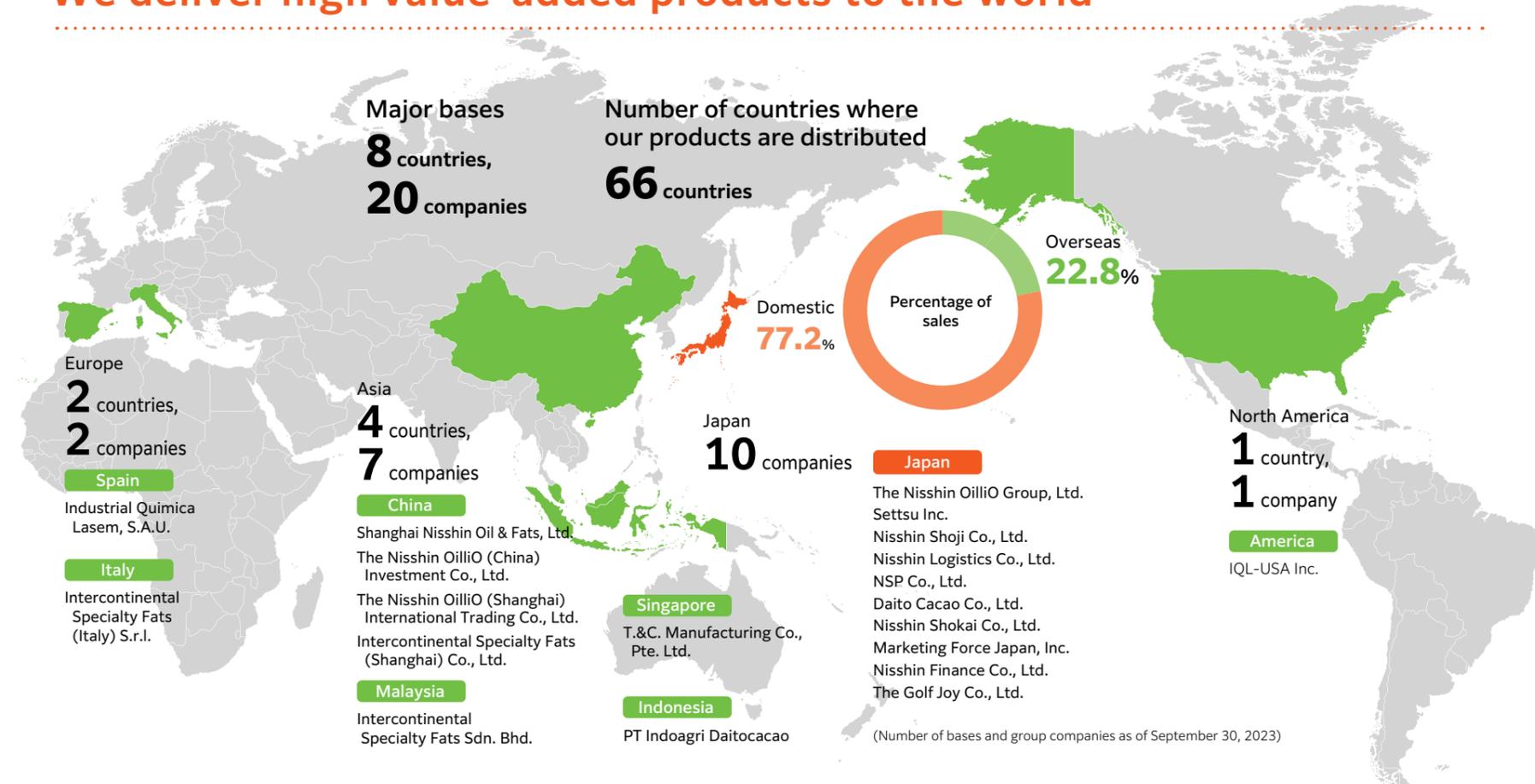


ISF (Malaysia)



IQL (Spain)

### We deliver high value-added products to the world



## Message from the President



*T. Kuno*

**Takahisa Kuno**  
 Representative Director and President  
 The Nisshin OilliO Group, Ltd.

# Delivering “energy for living” to everyone.

### Creating social and economic value by helping customers solve issues to become a global top provider of oils and fats solutions

#### Demonstrating our strong ability to respond to historically high costs

Based on the Group’s long-term vision “The Nisshin OilliO Group Vision 2030” (hereinafter Vision 2030), our aim is to leverage “The Natural Power of Plants” and our in-depth expertise in the oils and fats business to deliver “energy for living” to everyone. We have established the goal of creating social and economic value by helping customers solve issues as we seek to become a global top provider of oils and fats solutions. To this end, in fiscal 2021, we launched Vision 2030 alongside our medium-term management plan Value Up+. During the first two years of Value Up+, we experienced an extremely uphill management environment wrought by a variety of factors including the prolonged COVID-19 pandemic, soaring raw material prices, and the trend toward a weakening of the yen against other major currencies.

Among these factors, the Russian invasion of Ukraine, one of the world’s largest producers of grain, in February 2022 played a significant role in generating uncertainty. Concerns over supply spread to soybeans, rapeseed, and palm oil, resulting in historically high prices. In addition, the impact of climate change induced drought on the supply of raw materials, and the global trend toward the use of vegetable oils for biofuel as part of global efforts toward decarbonization are also factors contributing to soaring prices. Furthermore, rising energy costs added severity to this already difficult situation.

In response, we have taken measures to reduce costs in all areas, including procurement, production, logistics and sales. Based on the relationship of trust we have cultivated with our customers over the years, we have carefully explained the current situation to them to set appropriate sales prices. We have also been steadily building up profit in our high value-added businesses, such as processed oils

and fats and fine chemical, demonstrating our resilience against market fluctuations at home and abroad.

#### Promoting business based on a long-term vision, even during times of unexpected market changes

In formulating Vision 2030, we have established specific priorities (materialities) in anticipation of the various risks and opportunities. Although the business environment has changed more than anticipated since its formulation, Vision 2030, which aims to deliver growth through the creation of value that is shared with society, still serves as a reliable guideline, even under such difficult circumstances. The question is, how do we best achieve value creation; the key theme of Vision 2030 and Value Up+. As we confront new and potential challenges brought about by changes in the environment and social landscape, Vision 2030 sets our basic policy of aiming to “be closer than ever to our customers,” as the cornerstone of all our activities. During the first two years of Value Up+, I believe we have been successful in driving forward our business with urgency, with our response to the recent cost increases and our initiatives aimed toward value creation.

#### Reasons behind the revisions to the 2030 performance targets and the path toward achieving them

##### Pursuing asset efficiency to achieve performance targets adapted for the current business environment

Due to major changes in our business environment over the past two years, we have had to make revisions to our performance targets for fiscal 2030. As a consequence of our efforts to formulate sales prices commensurate with recent soaring costs, we have been able to expand sales and, as of fiscal 2022, we have exceeded the ¥500 billion in net sales level that we had set as the target for our business for fiscal 2030. However, we anticipate that the business environment will undergo further major changes, making it difficult to predict levels for net sales and operating profit margin.

## Message from the President



In light of the problem with the P/B ratio remaining below 1x, we have been engaged in on-going discussions since July 2022 to revise our performance targets in line with our intention to focus more than ever before on the Group's asset efficiency and profitability.

In accordance with this, we have set two performance targets for 2030 in terms of ROE and ROIC, and lifted our ROE target from 8% or more to 10%. Also, as part of efforts to promote initiatives across various business domains for achieving a ROE of 10%, we have set a ROIC target of 7%. However, we have not changed the core philosophy of Vision 2030, which is to raise the Group's top line results through the creation of new value to

generate profits. Regarding growth potential, we have also maintained the target of ¥30 billion in operating profit set in our initial plan.

### Three initiatives aimed at achieving performance targets for fiscal 2030

In order to achieve a ROIC of 7%, we are engaged in the following three initiatives: "Achieving steady growth and improved profitability in the domestic oils and fats business," "Expanding our global market presence in the processed oils and fats business and fine chemical business," and "Developing new markets in North America."

With our efforts to expand in the North American market in particular, where emphasis is placed upon "naturalness" (plant-based preferences and attention to environment) and traceability, we will leverage our strengths in bringing together our capabilities in production, development and sales, all the while increasing our points of contact with customers.

Until present, we have built our relationships of trust with our customers by "mastering oils and fats." In particular, our ability to offer our customers a combination of "physical (functional) quality" for controlling the physical properties and tastes of foodstuffs through oils and fats, "consistent quality" by ensuring the safety and security of oils and fats, and "social qualities" such as the sustainable procurement of raw materials, gives us our competitive edge as a Group. For example, at ISF in Malaysia, we have enhanced physical (functional) quality of products by making improvements to our production technology, ensured safety and security through the use of trace-elements control technology, and delivered social quality through the procurement of palm oil from sources compliant with efforts to respect the environment and

human rights, traceability in our supply chain, and the pursuit of reductions in our CO<sub>2</sub> emissions (Scope 3). As part of our efforts to expand in the North American market, we are looking at applying these strengths to build businesses across multiple fields in ways that leverage the Group's oils and fats processing technology and insight. By combining a variety of our businesses, including in food service (oils and fats for restaurants and ready-to-eat meals), oils and fats for chocolate, hardstocks (solid oils and fats used as raw materials for processed oils and fats and processed food), and cosmetic raw materials, we hope to make gradual progress into the market as we test out various ideas with regard to what is of value to customers.

To expand the Group's business domains, we will continue to take on the challenge of expanding into the global markets represented by Asia (including Japan), Europe, and North America. In Asia and Europe, we will expand by adding to our current footholds and further strengthening our relationships with our customers. We will seek to identify the unique characteristics of the North American market and consider collaborating with local partners who can share our values.

### Demonstrating strengths

#### Leveraging the breadth and depth of our customer contact points to help provide timely solutions that enable us to "be closer than ever to our customers"

While our strengths as a Group consist in "mastering oils and fats," I believe our greatest advantage is the diverse customer relationships we have built up over the years, including those catering to household use, commercial use, and for processing. By providing solutions to our customers, we generate new value and further improve the relationships of mutual understanding and trust we have cultivated with them thus far. Based on the trusting relationships with customers, we take the knowledge we have gained through these opportunities and apply it to other businesses. While we continue to make steady and unfaltering progress along this path, I can't help but feel that the difficulties of the issues customers face are gradually increasing. We strive to resolve customer issues, both apparent and potential, by focusing on processes leading to value creation.

We have been swift as a company to see changes in lifestyles and society and to quickly make proposals reflecting these changes. For example, labor shortages and high costs are some of the issues faced by commercial-use customers of oils and fats in Japan. In response to increased demand for ready-to-eat meals in place of demand for eating at restaurants following the spread of COVID-19, we have unearthed new issues that need to be addressed in terms

of oils and fats and are providing solutions in response to these. Furthermore, as the lifestyles of household-use product users diversify, it seems like what customers demand of edible oils is also becoming more diverse. Looking at cooking oils, for example, we saw strong levels of public support and a rapid expansion of sales for *Nisshin Healthy-Off*, which curtails the absorption of oil when foods are deep-fried. At the same time, we are expanding our lineup of products to meet a variety of customer demands, including the launch of *Nisshin Canola Oil Half-use*, a product which allows consumers to cook with only half the amount of oil they normally would use.

I believe our Product Application Development Center plays a massive role in allowing us to promptly respond to customer issues. The Center began operations in 2014 and has nurtured customer contact points by building a foundation as a partner with food services, businesses handling ready-to-eat meals, and processed foods manufacturers.

The Center's main customers are Japan-based food services, ready-to-eat meal businesses, and manufacturers of processed foods, with whom we have collaborated on occasion to unearth specific needs and to further expand our foothold in the domestic market. Similar functions are also performed by ISF in Malaysia. Our Fine Chemicals team provides technical support to customers, too. Furthermore, our Central Research Laboratory also provides technical solutions directly to customers.

#### Strengthening customer contact points across the entire value chain and creating new value together, utilizing digital technologies

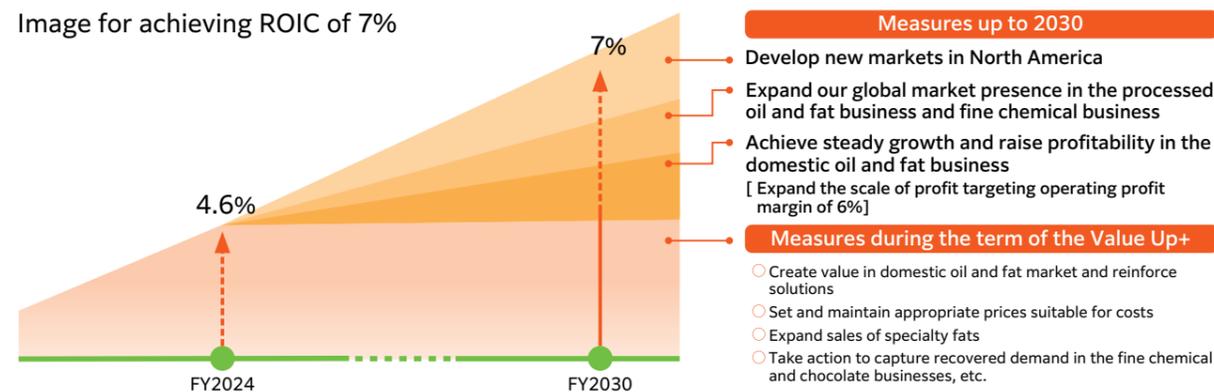
We are taking a more proactive approach to strengthening points of contact with customers throughout the value chain, which we see as a priority issue. As part of this effort, we are currently constructing an "incubation center" (tentative name) at our Yokohama Isogo Complex.

Incubation originally means "hatching," whereas in the business context we use the term to mean activities linking technology acquisition to actual production as part of the process to develop, foster and support new businesses, products and services. In addition to using the center for making value propositions, we also hope to utilize it as a space for co-creation where we work together with our customers on developing new offerings to lead to new ideas for problem solving and value creation. Furthermore, in development, we also recognize the importance of the process from lab-scale to actual production. By expanding facilities for pilot scale activities and continuing with the building and improvement of manufacturing processes, we will be able to meet customer expectations with increased speed and flexibility.

### Measures to Achieve ROE of 10% (by 2030)

We set the ROIC target value at 7% to achieve ROE of 10% by implementing measures in each business segment

Image for achieving ROIC of 7%



## Message from the President

We have positioned product application functions to help customers develop solutions for issues during the adoption of new products. In addition to this, we also believe it is even more important to further improve our customer support functions to provide follow-up services after delivery. We will also focus our efforts on building points of contact with “potential customers” who are yet-to-be customers of the Company. One new thing we are trying is the use of a dedicated website to build online points of contact with potential commercial-use business customers. For household-use product users also, we hope to strengthen our contact with each and every customer who is considering a purchase through digital means, for example, at a retail store.

Our aim is to deepen our understanding of our customer’s needs through the use of digital technology, which we hope will lead to further value creation. In order to achieve this, we must engage in the process of digital transformation and transform the way we work and think. We have discussed extensively the necessity of digital transformation, and I now feel that we have arrived at a Companywide consensus on the matter. So that we may strengthen our business through digital transformation, we will promote investment in human capital, such as by acquiring the necessary human resources and by expanding educational activities.

### CSV as a driver of growth to create economic and social value

#### Achieving our vision by meeting our CSV goals

The Group has positioned CSV (creating shared value) as a driver of growth and believes the heart of value creation lies with the creation of social and economic value. Certain social issues that are different from what we had anticipated when formulating the six priorities (materialities) in Vision 2030 have emerged on the back of the prolonged COVID-19 pandemic and soaring prices of raw materials. In light of these emerging social issues, we believe it is necessary for us to review our CSV goals where necessary, and more clearly than ever before, communicate the value that we create for our customers. We have listened to our stakeholders with regard to what they expect from the Group and are now seeing a solid response to the initiatives we implemented in these key priorities. We are proceeding with each initiative with a strong determination to succeed under the belief that accomplishing our CSV goals will allow us to deliver “energy for living” to everyone, as we set out in Vision 2030.

For example, in the “Good health for all” priority, our aim is to use our knowledge of lipid nutrition to help contribute to the healthy lives of all. I feel there is a lot of scope for us

to contribute to solutions regarding people’s health and physical condition through long-term measures, such as those relating to the food people eat day to day. To that end, we also recognize the importance of not only product development, but also of dissemination of information relating to lipid nutrition. Such value creation is something that will be realized through the eating habits and social lives of people. However, we recognize it will be difficult for one company alone to maximize the potential of any such efforts, and that is why we hope to co-create with other companies and engage in industry-academia-government collaborations and other such initiatives.

The Group aims to help find solutions to social issues through the provision of oils and fats solutions. However, the possibility of a future shortage of edible oils and fats remains, due to an increasing global population, the effects of climate change, and the appropriation of oils and fats into raw materials for biofuel production. And, for this reason, it is important that we are involved in the technical side of sustainable production of raw materials. We are to begin work on developing technologies for acquiring raw materials, going beyond the framework for current meal-based crops, complementing vegetable oils and fats both qualitatively and quantitatively. We believe it is our mission as a leading company in the industry to push forward such technological development in collaboration with academia and government so that it will be possible to ensure a stable supply of oilseed materials into the future.

Under “Global environment,” we are now aiming to achieve carbon neutrality by 2050. The reduction of greenhouse gases is an issue on a global scale and, for a business such as ours that is based on plant resources, it is something directly linked to the sustainability of the Group. We will approach this issue from an even higher perspective and continue to promote reductions in GHG emissions.

Under “Supply chain connected by trust,” the importance of ensuring traceability and building monitoring systems is growing as part of our efforts to ensure the human rights of people involved in the palm oil procurement process and to help us reduce our greenhouse gas emissions (Scope 3). We will build a system that is trusted by external partners and that can be quickly improved when deficiencies appear and is updated on a regular basis. We also plan to make steady improvements Groupwide in terms of information disclosure relating not only to palm oil but also to our procurement of other raw materials and environmental issues.

#### Promoting diverse/layered human resources and fostering an energetic corporate culture in pursuit of further resolution of issues

We will proactively invest in human capital as we seek to

realize the Group’s vision. The corporate culture of the Company can be best summed up as “dedicated.” To date, we have earned the trust of our customers and created value by thoroughly addressing functional issues such as the physical properties of oils and fats, as well as safety issues, with much dedication. I believe this corporate culture is one of the key assets of the Company and one which must never be lost. It is important for us to continue adopting this dedicated approach to tackling issues, regardless of how many areas need addressing, including implementing more detailed responses to quality-related issues and also in terms of social quality such as ensuring traceability in our supply chain. Furthermore, with the increasing difficulty of our clients’ issues and management challenges, we feel it is necessary to have a diverse and multi-layered workforce to realize innovation.

Thus far, our policy with regard to the development of human resources has been to prioritize education and focus on a small number of elite employees. We will not falter in our commitment to the policy of prioritizing education; however, it is now clear we must become an organization that is more diverse and layered with the focus on many rather than just a select few. To enable the realization of our vision of delivering “energy for living,” which is a core part of Vision 2030, we must not limit ourselves to working with just existing customers and in areas where we are already strong, but stretch ourselves to find potential new customers and explore other areas where we are weak or have not yet set foot in. And we must ensure that this unwavering commitment is instilled throughout the entire organization.

To that end, we have designed a new human resources system. Starting this year, the new system not only promotes diversity and layering of management and specialist staff, but also supports individual employee growth and a willingness to challenge oneself and rewards achievement and hard work. Also, given that whether diverse human resources can fully demonstrate their capabilities depends largely on the ability of management, we will also make improvements to the management capabilities so we can make the most of the individualities of non-management employees and maximize our capacity as an organization.

When it comes to creating value while being “closer than ever to our customers,” communication is of utmost importance and cannot be achieved without an ability to understand and empathize with customers. Our aim is to put an emphasis on diversity in a way that not only improves the talents of individual employees, but also improves the entire team’s ability to understand customers. And this enables us to become a “strong company” that can meet the vision we have set for ourselves.

Building on our core strength of being a company

dedicated to achieving performance targets, it is our belief that making further investments into human capital will lead to creating even more value and innovation into the future. We hope to build and bring to full fruition a resilient organizational structure that will allow us to achieve our goals.

### To our stakeholders

#### Promoting dialogue through four perspectives

With the aim of steadily implementing the initiatives that comprise Vision 2030, we have established a framework for managing KPIs (Achievement Chart) to be used during the implementation period of Value Up+. (Refer to P. 23) We will continue to promote initiatives based on the four perspectives of “growth potential,” “aggressive investment,” “sustainability,” and “efficiency” as part of our efforts to realize Vision 2030. Each of these four perspectives is related to stakeholders; for example, “growth potential” for all stakeholders with a focus on customers, “sustainability” for society, and “efficiency” for shareholders and investors. These four perspectives are all interconnected, and I believe realizing each of them in unison will result in new value creation for the Group.

We would greatly appreciate your continued understanding and support.



# Our Story of Value Creation

## 1

# Trajectory of Growth

In the 110 years since its establishment in 1907, The Nisshin OilliO Group has been bringing delicious and healthy foods to the dining table, always remaining in step with the dietary habits of the times.

Through the “mastering oils and fats,” we are continuously working to co-create diverse forms of value as we seek to further expand the market for our products.

### 1907 to 1924

#### Founding

In 1907, Kihachiro Okura and Kyujiro Matsushita founded the company “Nisshin Soybean Crushing Co.” The name Nisshin is made up of two characters denoting Japan and China. In 1924, we launched Japan’s first salad oil, *Nisshin Salad Oil*.  
 1907 Established as “Nisshin Soybean Crushing Co.”  
 1924 Launched Japan’s first salad oil, *Nisshin Salad Oil*



#### Value provision (Shared value)

The launch of our salad oil helped popularize the habit of eating raw vegetables.

### 1925 to 1959

#### Creating a food culture with salad oil

As gas, electricity, and water systems spread to houses and life progressed, a wave of western food culture washed over the country, bringing with it the increased use of salad oil in the home. The Company contributed to popularizing the use of salad oil in the general household by offering consumers demonstrations at events on how to prepare salad dressings and mayonnaise.  
 1951 Launched edible oil gift set



We proposed methods for how to use salad oil at home, in response to the wave of westernization of food.

### 1960 to 1979

#### Growth of core products and introduction of new businesses

As the types of foods diversified, *Nisshin Salad Oil* was able to grow as a leading brand of salad oil on the back of Company efforts to improve quality, innovate technologically, and to adopt new types of container.  
 1963 Yokohama Isogo Plant opened  
 1973 Full-fledged introduction of Fine Chemical business



We helped increase awareness of salad oils and other edible oils.

### 1980 to 1999

#### New product and business domain development

We launched a range of products that not only met the growing demand for healthy, gourmet, and luxury products, but that also focused on ease-of-use.  
 1980 Launched *Nisshin Mayo-Dore* (purely plant-based mayonnaise-type seasoning)  
 1992 Launched *Nisshin Canola Oil*  
 1996 Launched Japan’s first original olive oil brand, *BOSCO Olive Oil*



We created a new market for edible oils that met demands for healthy and gourmet options.

### 2000 to 2009

#### Birth of a new company

The Nisshin OilliO Group, Ltd. was established in 2002. In addition to developing products that provided added functionality such as foods for specified health uses, we also provided consumers with a range of information such as how to use the product in a way that leveraged the unique characteristics of our products, thereby contributing positively to the dietary habits of the population.  
**2002**  
 The Nisshin Oil Mills, Ltd., Rinoru Oil Mills Co., Ltd., and Nikko Oil Mills Co., Ltd. integrated their operations to form The Nisshin OilliO Group, Ltd.  
 2003 Launched *Healthy Resetta*, a government-authorized food for specified health uses (FOSHU)  
 2005 Capital participation in Malaysia’s Intercontinental Specialty Fats Sdn. Bhd. (ISF)  
 2009 Capital participation in Daito Cacao Co., Ltd.



We contributed to new dietary habits, including providing products with added functionality.

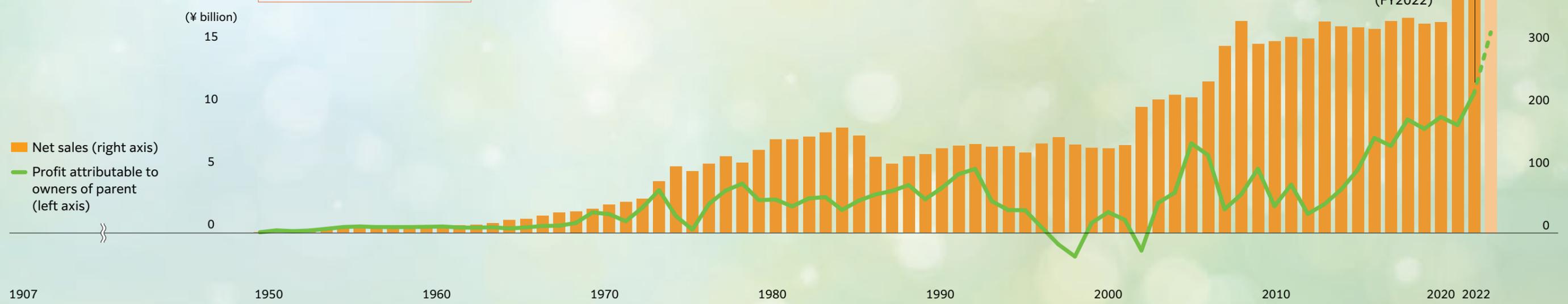
### 2010 to present

#### The challenge to co-create diverse forms of value

In response to diversifying consumer demand for foodstuffs that are healthy, natural, convenient, etc., we expanded our lineup of products. We also started proactively expanding overseas, through the establishment of bases in Asia and Europe.  
 2011 Capital participation in Industrial Quimica Lasem, S.A.U. (IQL) (Spain)  
 2012 Launched *Ene-Pudding*  
 2015 Launched *Nisshin Flaxseed Oil* and *Nisshin Healthy-Off*  
 2017 Launched *Nisshin MCT Oil HC*  
 2021 Launched *Nisshin Yamitsuki Oil*  
 2023 Launched carton container type products



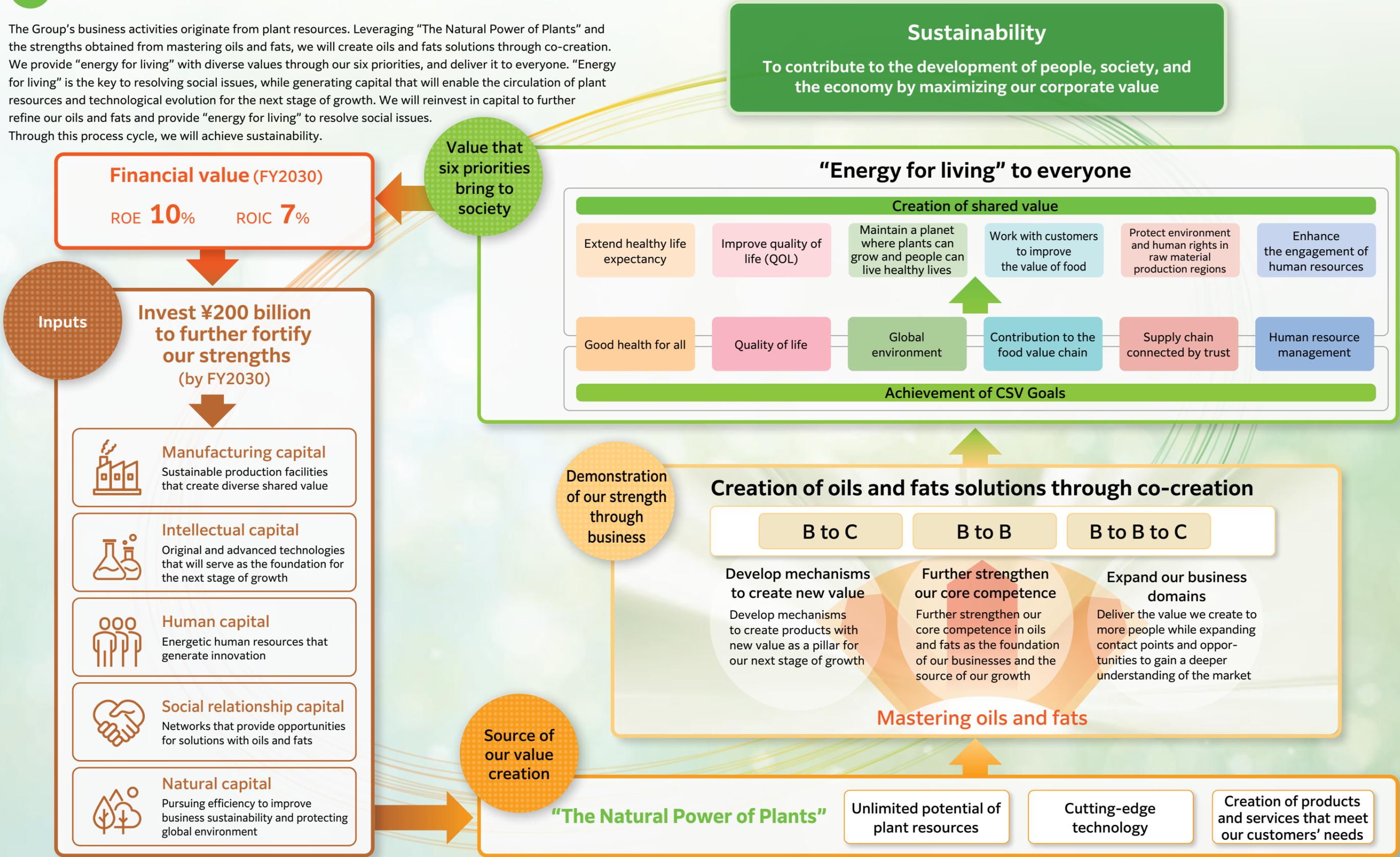
We expanded our range of products in response to a diversification of consumer lifestyles.



**Our Story of Value Creation**

# 2 Value Creation Model

The Group's business activities originate from plant resources. Leveraging "The Natural Power of Plants" and the strengths obtained from mastering oils and fats, we will create oils and fats solutions through co-creation. We provide "energy for living" with diverse values through our six priorities, and deliver it to everyone. "Energy for living" is the key to resolving social issues, while generating capital that will enable the circulation of plant resources and technological evolution for the next stage of growth. We will reinvest in capital to further refine our oils and fats and provide "energy for living" to resolve social issues. Through this process cycle, we will achieve sustainability.



# Our Story of Value Creation

## 3 Inputs

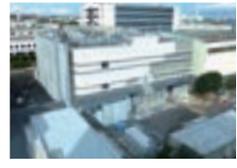
The core competence of The Nisshin OilliO Group lies in “oils and fats.” We will invest ¥100 billion during the period of our “Value Up+” medium-term management plan to further strengthen the capital we have accumulated over the years in order to become a global top provider of oils and fats solutions.

Present state		Invest ¥100 billion during the period of Value Up+*1	
 <p><b>Manufacturing capital</b> Sustainable production facilities that create diverse shared value</p>	<ul style="list-style-type: none"> <li>Established 20 companies in 8 countries as our bases</li> <li>Stable and efficient operations achieved through continuous introduction of efficient equipment and operation management technology</li> </ul> <p><b>Capital investment</b></p> <p>FY2012: ¥6.6 billion → FY2022: ¥10.2 billion</p>	<p><b>Expand production capacity</b> ¥10 billion</p> <ul style="list-style-type: none"> <li>Increase production capacity for oils and fats for chocolate, etc.</li> </ul>	<p><b>Investment in DX</b> ¥5 billion</p> <ul style="list-style-type: none"> <li>Convert the Nagoya Plant into a smart factory</li> </ul> <p><b>Investment in upgrades</b> ¥20 billion</p>
 <p><b>Intellectual capital</b> Original and advanced technologies that will serve as the foundation for the next stage of growth</p>	<ul style="list-style-type: none"> <li>Knowledge accumulated through many years of basic research into oils and fats, and expertise in product development to address customer needs and markets</li> <li>Strategic rollout of intellectual property to leverage our technologies and brand</li> </ul> <p><b>Number of patents held</b></p> <p>FY2012: Approx. 240 → FY2022: Approx. 640</p>	<p><b>Mechanisms for co-creation</b> ¥10 billion</p> <ul style="list-style-type: none"> <li>Enhance and implement incubation functions at the Yokohama Isogo Complex</li> <li>Functional material marketing</li> </ul>	
 <p><b>Human capital</b> Energetic human resources that generate innovation</p>	<ul style="list-style-type: none"> <li>Corporate culture that values teamwork and a meticulous and dedicated attitude in all aspects of our operations including production, quality and customer service</li> <li>Fulfilling education and training system based on the policy of “education first”</li> </ul> <p><b>Operating profit per employee</b></p> <p>FY2012: ¥1.5 million/employee → FY2022: ¥5.4 million/employee</p>	<p><b>Proactive investment in human resources</b> ¥2 billion*2</p> <ul style="list-style-type: none"> <li>Strengthen recruitment of highly-specialized mid-career human resources</li> <li>Increase investment in developing human resources (strengthening of specializations, reskilling)</li> <li>Design a system for achieving competitive compensation levels</li> <li>Build an environment that increases employee job satisfaction and comfort</li> </ul>	
 <p><b>Social relationship capital</b> Networks that provide opportunities for solutions with oils and fats</p>	<ul style="list-style-type: none"> <li>(Domestic) From factory to the dining table: Connections with diverse sales channels</li> <li>(Overseas) Built a global network centered on processed oils and fats and fine chemicals</li> <li>Built a supply chain that enables sustainable business operations</li> </ul> <p><b>Number of countries with bases</b></p> <p>FY2012: 5 countries → FY2023: 8 countries</p>	<p><b>Build a network for co-creation</b></p> <ul style="list-style-type: none"> <li>Participation in value co-creation platforms, consortia, etc.</li> </ul>	<p><b>Further enhance sustainability of the supply chain</b></p> <ul style="list-style-type: none"> <li>Ensure traceability and conduct human rights due diligence</li> </ul>
 <p><b>Natural capital</b> Pursuing efficiency to improve business sustainability and protecting global environment</p>	<ul style="list-style-type: none"> <li>Promoting sustainable procurement by establishing the Basic Procurement Policy, Palm Oil Sourcing Policy, Soybean Sourcing Policy and Cacao Sourcing Policy</li> <li>Continuous CO2 emissions reduction achieved through introduction of efficient equipment and advanced operation management technology</li> </ul> <p><b>CO2 emissions per unit of production</b></p> <p>FY2012: 0.269 t-CO2/t → FY2022: 0.121 t-CO2/t</p>	<p><b>Environmental investment</b> ¥5 billion</p> <ul style="list-style-type: none"> <li>Introduce environmentally friendly production facilities</li> <li>Introduce renewable energy facilities, mainly at the Sakai Plant</li> </ul>	

### Examples of investment



**Manufacturing capital**  
ISF (Malaysia) boasts the strength to provide oils and fats solutions that meet the diverse needs of customers through the combined utilization of advanced fractionation and enzymatic interesterification technologies. Interesterification technology using proprietary powdered enzymes has low environmental impact and high productivity, making it an important technology in the manufacturing of oils and fats for chocolate. So that we may increase our sales of oils and fats for chocolate, we have decided to increase investment in our interesterification capabilities, which we aim to have up and running by 2024.



**Intellectual capital**  
We are in the process of building an incubation center (tentative name) at our Yokohama Isogo Complex. Its completion will expand our pilot facilities, linking lab scale operations to actual manufacturing. We are also aiming to use the facility as a place for the exchange of technology and information, for increasing opportunities to work with our customers, to help find solutions to various problems, and the co-creation of new forms of value. By leveraging these functions that the facility will provide, we will be able to quickly respond to any issues facing our customers. Preparations are under way to maximize the utilization of this facility upon its completion for operation in the spring of 2024.



**Natural capital**  
Co-generation systems use natural gas and other sources to generate electricity and allow waste-free use of energy by utilizing the heat generated during this process. Thus far, we have installed co-generation systems at our Yokohama Isogo Complex and Nagoya Plant in Japan, which we are using to help us reduce our greenhouse gas emissions. We have decided to introduce this system at ISF (Malaysia) and are proceeding with construction with the aim of having it operational at some point within fiscal 2024. When the system is in operation, we expect to deliver approximate reductions in greenhouse gas emissions of 14,000 t per year.

\*1 The investment includes ¥50 billion (plan) for M&A.  
\*2 The Nisshin OilliO Group, Ltd. only

## Our Story of Value Creation

# 4 Group Strengths

The Group's strength lies in the "mastering oils and fats." By maximizing this strength, we will create new value and take the leap to become a global top provider of oils and fats solutions

## Becoming a global top provider of oils and fats solutions



## Group Strengths Mastering Oils and Fats

Our Story of Value Creation

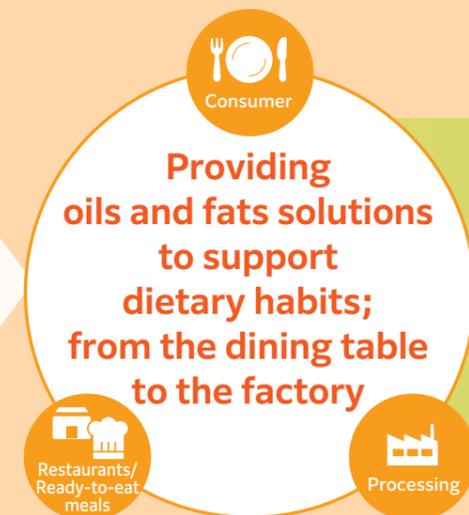
# 5 Demonstrating Our Strengths in the Oils and Fats Value Chain

By “mastering oils and fats,” the Group provides oils and fats solutions to support the dietary habits of a wide variety of customers; from the dining tables of consumers to the kitchens of restaurants and ready-to-eat meal businesses, all the way to the factories of processed food manufacturers. By utilizing the knowledge we obtained through our interactions with a diverse range of customers in instances of co-creation, we are able to innovate further and increase our ability to help customers tackle issues and to create new value. Rolling this process out globally will enable us to realize our vision of “becoming a global top provider of oils and fats solutions.”

Group strengths

Mastering Oils and Fats

- Mechanisms to create new value**
  - Value creation through collaboration
  - Value creation through new sales styles
  - Product development and information dissemination that lead to market creation
- Further strengthen core competence**
  - Technologies in oils and fats and their peripheral areas
  - Procurement, production and logistics capabilities
  - Brand and sales capabilities
- Expand business domains**
  - Globalization
  - Diversification of opportunities for consuming and purchasing oils and fats
  - Expanding value provision



Further innovation through co-creation with a wide range of customers

## A global top provider of oils and fats solutions

The Group will be recognized globally for its ability to find solutions and create new value through its use of advanced technologies in the oils and fats and related domains.

- BtoC**  
An unshakable position as the No.1 brand of cooking oil for household-use in Japan
- BtoB**  
Absolute trust from global manufacturers
- BtoBtoC**  
A business model realizable only by having diverse sales channels

From demonstration of strengths to value provision

		Mechanisms to create new value			Further strengthen our core competence			Expand our business domains		
Direct communication by the Group	Indirect influence from the Group	Value creation through collaboration	Value creation through new sales styles	Product development and information dissemination that lead to market creation	Technologies in oils and fats and their peripheral areas	Procurement, production and logistics capabilities	Brand and sales capabilities	Globalization	Diversification of opportunities for consuming and purchasing oils and fats	Expanding value provision
	<b>BtoC</b> <b>BtoBtoC</b>	Co-creation leading to the realization of “good flavor, health, and beauty”	Contributing to healthy dietary habits through lipid nutrition	Creating new food cultures through edible oil				Improving the quality of life for global consumers	Creating opportunities to more easily incorporate oils and fats into people’s lives	
	<b>BtoB</b>	↑ Creating a space and system for developing customer products in collaboration with customers to increase the scope and quality of our efforts to help find solutions to issues and to create value	↓ Expanding sales of customer products through the creation of markets for lipids and healthy products	Providing products and solutions that can help resolve the various onsite issues faced by our customers				↑ Improving the quality of final products through the provision of Japan-quality detail-oriented oils and fats solutions	Expanding the scope of customer products, businesses and services based on the use of oils and fats	
	<b>BtoB</b>			Providing oil and fat products and solutions that will help increase the value of customer products						

Our Story of Value Creation

# 6 CSV Goals in Our Priorities (Materialities)

The Group will create shared value with society through solutions to issues related to our six priorities: "Good health for all," "Quality of life," "Global environment," "Contribution to the food value chain," "Supply chain connected by trust," and "Human resource management." In achieving the CSV goals of our six priorities, we will deliver "Energy for living" to everyone and help realize sustainability.

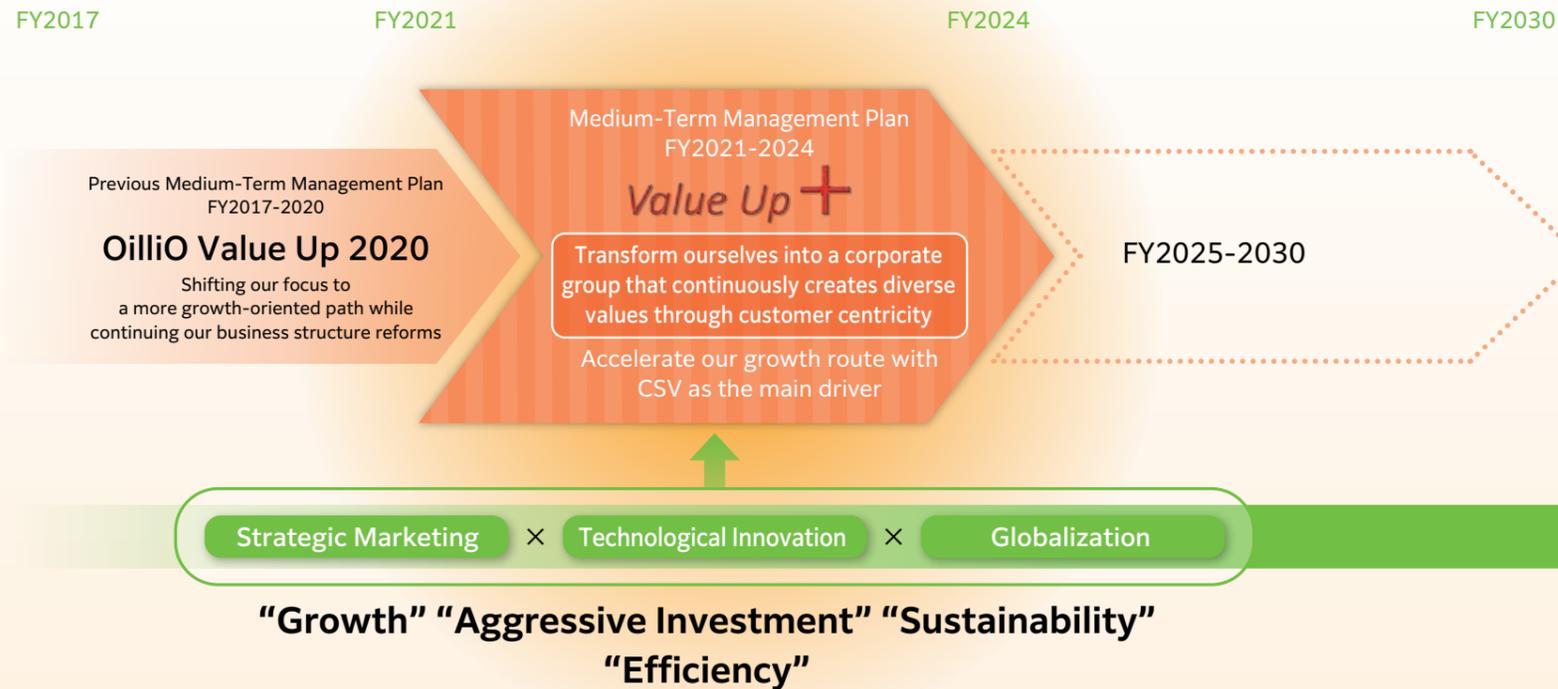


Priorities	Specific efforts	Initiatives	FY2023 targets	FY2024 targets	FY2030 targets	
<b>Good health for all</b> Supporting mental and physical health through all stages of life	Provide products and services based on our knowledge of lipid nutrition	Improvement of growth rate for health science products that generate good health and energy in diverse life stages (vs. FY2019)	140%	150%	200%	
		Development of products that enhance people's good health based on knowledge of lipid nutrition	Acquire evidence relating to frailty-prevention and metabolism improving functions and launch products (at least seven products)	Acquire evidence relating to frailty-prevention and metabolism improving functions and launch products (cumulative total of at least 20 products from fiscal 2022)	Acquire evidence relating to solutions to personal health-related issues (improving body constitution and controlling physical condition and develop products)	
		Increasing the number of people provided with health information relating to optimal intake of lipids (cumulative total from FY2021)	50 million people (cumulative)	60 million people (cumulative)	100 million people (cumulative)	
<b>Quality of life</b> Contributing to an enriched lifestyle via the pursuit of "good flavor" and "beauty"	Provide products and services that deliver "good flavor" and "beauty"	Provide "good flavor" to the dining table and refine our brand to foster enrichment of people's lives	Development and launch of products that provide new value to customers on occasion of the 100th anniversary of <i>Nisshin Salad Oil</i>		Corporate brand recognition rate: 90%	
		Creation of products that highlight the "good flavor" and "beauty" of food	Contribute to the richness of the dining tables through the popularization of edible oils that can make food delicious simply through pouring		Contribute further to the enrichment of food by creating new categories based on the concept of edible oils	
		Improvement of growth rate for sales of products that realize "beauty" (vs. FY2019)	140%	150%	200%	
<b>Global environment</b> Taking on global environmental challenges for the next generation	Maintain a planet where plants can grow and people can live healthy lives	Reduction ratio of GHG emissions (Scope 1 and 2, vs. FY2016)	9% reduction	10% reduction	50% reduction	
		Reduction ratio of GHG emissions (Scope 3) (vs. FY2020: Initiatives begin from categories 1 and 4)	Obtain science-based reduction targets and commitments by 2026, from suppliers covering 70% of purchased products/services and transportation (upstream) emissions.		25% reduction	
		Reduction of use of plastic containers and packaging and promotion of resource recycling	Introduction of environmentally friendly materials for household-use products and development of products based on the concept of reducing plastic resin	Introduction ratio of environmentally friendly materials for household-use products: 70%*	Target to be set	
		Develop products and services that positively impact the environment utilizing plant resources (cumulative total from FY2021)	50 (cumulative)	80 (cumulative)	Target to be set	
<b>Contribution to the food value chain</b> Enhancing values with customers	Refine technology, products, and services together with customers	Ensure a stable supply of energy from food in Japan (ratio of total domestic energy)	6%+	6%+	6%+	
		Improvement of growth rate for customer support solutions (vs. FY2019)	120%	130%	150%	
<b>Supply chain connected by trust</b> Making a more resilient and flexible supply chain with integrity	Contribute to build a sustainable supply chain from upstream to downstream	Developing and deepening business operations based on respect for human rights	Begin human rights due diligence for high priority suppliers	Full-scale human rights due diligence operations on the supply chain	Target to be set	
		Improving traceability to plantations	Palm oil: Developing effective initiatives to realize and maintain 100% traceability		Palm oil: 100%	
		Promoting sustainable sourcing of soybeans	Formulation and publication of sustainable sourcing action plan		Sustainable sourcing of soybeans premised on stable supply	
		Promoting sustainable sourcing of cacao			Sustainable sourcing of cacao premised on stable supply	
		Building a sustainable and competitive logistics system	Expanding F-LINE co-distribution functions to improve loading efficiency	20%	20%	30%
<b>Human resource management</b> Enhancing the engagement of diverse human resources and improving organizational strength	Improve the organizational capabilities and job satisfaction of diverse human resources	Building the foundations for DX promotion	Achieve 100% Groupwide digital literacy type education	Implementation of specialized education for fostering personnel for DX promotion and workplace placement	Target to be set	
		Reinvigorating and developing organizational capabilities	Expansion of global human resources	Beginning of educational program for registered employees on the global human resources registration system	Increase of registered employees on the global human resources registration system; global workplace placement (FY2023 to 2024 - Total 10 employees)	Target to be set
		Increase percentage of employees feeling highly engaged in their work	66%	70%	80%	
		Increasing employee diversity	Increasing female manager ratio	7%	8%	20%

**Realizing sustainability**  
By helping find solutions to social issues through our business activities, we will create shared value with society and realize sustainable growth for the Group and the sustainable development of society

\* Applies to edible oils and gifts among the household-use products.

# Vision 2030 and Medium-Term Management Plan, Value Up+



## The Nisshin OilliO Group Vision 2030

**Our objective is to co-create new food functions, leveraging “The Natural Power of Plants” and the strengths obtained from mastering oils and fats.**

**We shall strive to generate diverse values and deliver “energy for living” to everyone.**

- The core competence of the Group lies in “oils and fats.” By continuing to master oils and fats, we can continue to create oils and fats solutions through co-creation.
- The value of oils and fats lies in the fundamental energy that people need to live. There are also no limits to how this energy can make meals more delicious, improve people's health through their nutritional components, and increase people's beauty and vitality.
- We have positioned the diverse values of the oils and fats that we provide through our six priorities, along with the energy produced by materials, technologies, and businesses that exert a synergistic effect with oils and fats, as “energy for living.”
- Our aim is to become a corporate group that will deliver “energy for living” to as many people as possible.

## Value Up+ Achievement Chart (Overview)

Sustainability	<b>Environment</b> <b>Reduction of GHG emissions</b> KPI • -10% (Scope 1 and 2)	<b>Supply Chain</b> <b>Build a procurement and logistics network to refine “OilliO quality” and competitiveness</b> KPI • Implement effective measures to achieve and maintain 100% traceability back to the plantation.	<b>Human Resources</b> <b>Improve engagement</b> KPI • Female manager ratio: 8% • Improve employee health and performance in line with Health and Productivity Management Strategic map.	Aggressive investment
	<b>Value Up+ Performance Targets</b>			
	<b>Efficiency</b> <b>ROIC 4.6%</b> KPI • Expand value-added products in the domestic oils and fats sales mix. • Sell cross-held shares and review asset mix from an efficiency perspective.	Net sales <b>¥540 billion</b> Operating profit <b>¥17 billion</b> ROE <b>8.0%</b> Operating cash flow*1 <b>¥40 billion</b> ROIC <b>4.6%</b>	<b>Growth Investment</b> <b>Strategic investment ¥80 billion</b> KPI • Execute strategic investments in marketing, R&D, DX, the environment, growth, etc.	
Efficiency	<b>BtoC</b> <b>Net sales +¥5 billion</b> KPI • Form ¥50 billion market for “pour-and-enjoy” fresh edible oil. • Aim for a volume composition ratio of 60% for strategic cooking oil products. • Disseminate nutritional information on lipids in and outside Japan: Reach 60 million people in Japan (4-year cumulative).	<b>BtoB</b> <b>Net sales +¥55 billion</b> KPI • 30% increase in the number of customer support solutions for the Group • 15% increase in the volume of sales of oils and fats for use in chocolate • 50% growth in sales of beauty-enhancing products	<b>BtoBtoC</b> <b>Net sales +¥10 billion</b> KPI • 50% growth in sales of health science products	Growth*2

### Performance Targets



### Our Six Priorities

Good health for all	Quality of life	Global environment
Contribution to the food value chain	Supply chain connected by trust	Human resource management

\*1 4-year cumulative for FY2021-2024

\*2 Net sales target in terms of growth is the amount of sales expansion through value creation, not inclusive of the impact of sales price revisions in response to higher raw material prices.

# Reviewing the Performance Targets of Vision 2030

## Background and details of revisions to targets

“The Nisshin OilliO Group Vision 2030,” which sets out the Group’s Corporate Vision towards 2030, includes the basic policy of “Developing our business closer to customers than ever before.” Based upon this policy, the Group is proceeding with initiatives aimed at making the jump to becoming a global top provider of oils and fats solutions. Until now, our stated goals under Vision 2030 have been for net sales of ¥500 billion, operating profit of ¥30 billion, and a ROE of 8% or higher, all to be reached by fiscal 2030. However, uncertainty persists due to major changes concerning the business conditions surrounding the Group, including high global demand for oils and fats on the back of population increases, and historically high costs for edible oils in response to

increasing demand for biofuels and the emergence of new geopolitical risks. Despite such difficult circumstances, we recognize the importance of reliably delivering a return on invested capital that exceeds the cost of shareholders’ equity and of aiming to sustainably improve our corporate value. For this reason, we have positioned ROE as our most important metric and have set the target of delivering a ROE of 10% by fiscal 2030. In order to attain this ROE target, we have set a new ROIC target of 7%. In strengthening business management in both operating profit and invested capital, we are building a structure that will be able to deliver returns on investment commensurate with capital costs, regardless of the business environment.

### Original Targets

Net sales: ¥500 billion Operating profit: ¥30 billion ROE: 8% or higher

### Revised Targets

ROE: 10% ROIC: 7%

## Achieving a ROE of 10% (fiscal 2030)

In order to achieve our target of a 10% ROE by fiscal 2030, we have set an ROIC target of 7% and are actively engaged in initiatives in each business domain. During the “Value Up+” period, which runs through fiscal 2024, we are aiming for a ROIC of 4.6%, which we hope to achieve by adding value and strengthening the quality of our solutions in the domestic oil and fat market, formulating and maintaining appropriate sales prices commensurate with costs, making improvements to our profitability through expanded sales of specialty fats, steadily capturing the recovery in demand in the fine chemical and chocolate businesses after the COVID-19 pandemic and

expanding sales therein. We will also make revisions to our asset mix from an efficiency perspective, including the selling of cross-held shares. Furthermore, with an eye toward fiscal 2030, we will mainly be focusing on achieving steady growth and improving profitability in domestic oils and fats, expanding our global presence in the processed oil and fat business and fine chemical business, and developing new markets in North America. For each business, we will set KPIs for ROIC, scale of expanding sales, and operating profit growth, and then formulate specific strategies and implement initiatives with the aim of achieving these KPIs.

### ROE Target

Working to improve profitability and raise asset efficiency with targets of ROE of 8% in FY2024 and 10% in FY2030

\* To achieve the Groupwide ROE target, we are working to improve the profitability of each business unit by making ROIC a management indicator



## Business domain initiatives targeting fiscal 2030

### (1) Steady growth and improved profitability in domestic oil and fat business

KPI Operating profit growth: 5%; ROIC: 5%

Our efforts to date in the domestic oil and fat business have included creating innovation and adding value to the market through mechanisms designed to elicit changes in consumer behavior and the building of strong relationships of trust with customers achieved through, thorough quality control, stable supply, and the provision of solutions. Furthermore, during this past two years in which costs have reached unprecedentedly high levels, we have been able to formulate

appropriate sales prices through careful dialog with our customers and have strengthened our ability to respond to stable earnings, even amid market fluctuations. Through these efforts, we will demonstrate our solid presence in the domestic oil and fat market and strive to build and expand markets by leveraging our unique technical capacity to create new forms of value. We will also formulate a new price equilibrium unique to the Company that beats the market average and thereby strengthen the profitability of our domestic oil and fat business.

### (2) Expansion of our global market presence in the processed oil and fat business and fine chemical business

KPI Operating profit growth: 6%; ROIC: 8%

We are aiming to take the step into becoming a global top provider of oils and fats solutions and are working to expand our global sales and market presence in the processed oil and fat and fine chemical businesses. In the domain of processed oil and fat, we will establish ourselves as a global leader of specialty fats by improving our technological capabilities for controlling physical and functionality issues that meet the diverse needs of our customers, quality control at the trace ingredient level, our ability to respond to social quality issues

related to sustainability, our connections with our customers, and our supply chain, which we will deliver by combining the collective strengths of the Group. Furthermore, by linking in with efforts to expand sales of specialty fats, we will strengthen the value chain in our chocolate business in Japan and Asia more broadly, through which we hope to increase the scale of our profits. In the fine chemical domain, in addition to improving our technical support functions in the ASEAN region and in China, we will also strengthen our access to growth markets by expanding sales of ester oils through the introduction of new materials and formulations.

### (3) Developing new markets in North America

KPI Sales expansion: +¥50 billion; ROIC: 10%

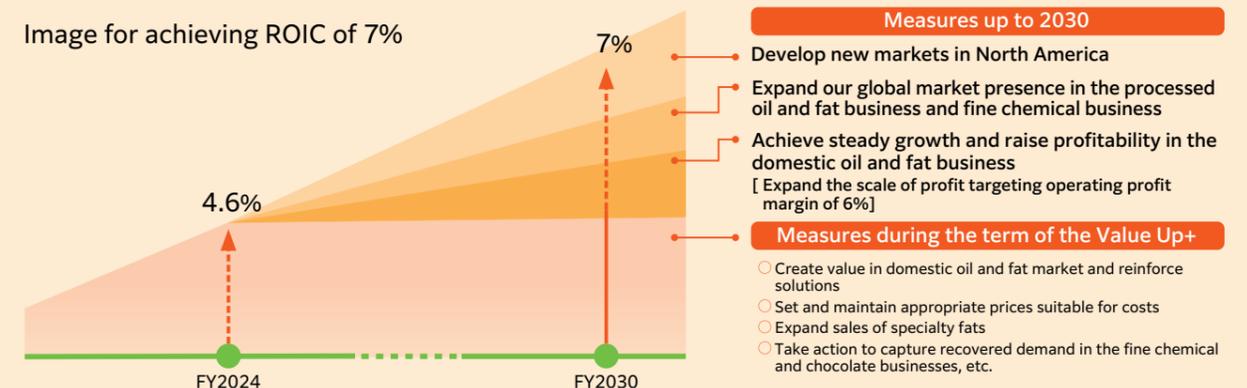
We will develop our business in North America from scratch; however, the market for food products in the United States, particularly processed foods, is large and is expected to grow in future on the back of the growing population. The food market has a strong preference for naturalness and traceable raw ingredients/materials. By providing applications and solutions that utilize the Group’s technology for processing

oils and fats along with our knowledge base, we are aiming to build an added-value type of business model. In collaboration with partners, we will build a business that combines multiple fields in target areas where we can leverage the Company’s technologies and know-how, such as in the food service industry (oils and fats for restaurants and ready-to-eat meals), oils and fats for chocolate, hardstocks (solid oils and fats for use as raw ingredients for processed oil and fat and processed food and materials), and cosmetic raw materials.

### Measures to Achieve ROE of 10% (by fiscal 2030)

We set the ROIC target value at 7% to achieve ROE of 10% by implementing measures in each business segment

Image for achieving ROIC of 7%



## Message from the Director in Charge of Finance



### Improving the P/B ratio of below 1x

The Company's share price level has long had a P/B ratio of below 1x. We recognize that this is an important management issue. This was the theme of an off-site meeting of the members of the Board of Directors held in July 2022, in which lively discussions were held regarding the making of improvements to the P/B ratio, led by outside directors with extensive experience in financial markets. There was continued consensus that management challenges, including "improvement of asset efficiency," have constricted the P/B ratio below 1x. Therefore, we have undertaken full-scale efforts to improve this, together with ROE.

### Reviewing long-term performance targets

In FY2022, we were able to achieve our operating profit target even in an environment of historically high raw material prices, and we feel that our various efforts to date have been successful. In light of this business environment, we have made changes to our performance targets for fiscal 2030, switching from the previous metrics focused on the items such as net sales and operating profit to ones representing efficiency of management, with our new targets being an ROE of 10% and an ROIC of 7%. Based on the assumption of recent shareholders' equity cost being around 6 to 7%, we are working to improve profitability and asset efficiency with the aim of achieving a ROE of 8% by fiscal 2024, which represents the final year of Value Up+, and, in the long term, an ROE of 10% by fiscal 2030 as levels which should ensure that asset efficiency exceeds capital cost.

Furthermore, in order to meet our targets for ROE, we must improve our profitability in the business segments

in which we operate. To measure the profitability of these various business segments and promote initiatives aimed at achieving our ROE targets, we added ROIC to our performance targets as of fiscal 2022.

By improving profitability in our various businesses, we are aiming for a Group-wide ROIC of 7% by fiscal 2030. Using ROIC as the basis for future management practices, we hope to strengthen our BS perspective more than ever before.

We are working to improve ROIC on two fronts: profit (numerator) and invested capital (denominator). We believe that the key factors to improve ROIC are to improve operating margin in terms of profit and to reduce assets in terms of invested capital.

### Improving profit and invested capital

In order to improve our operating profit margin, it is necessary that we ascertain the appropriate sales prices, including both future and social costs, and find a suitable price equilibrium commensurate with value proposition. We are working to increase the sales composition ratio of value-added products by creating new forms of value by, for example, responding to changes in the social environment and finding solutions to customer issues.

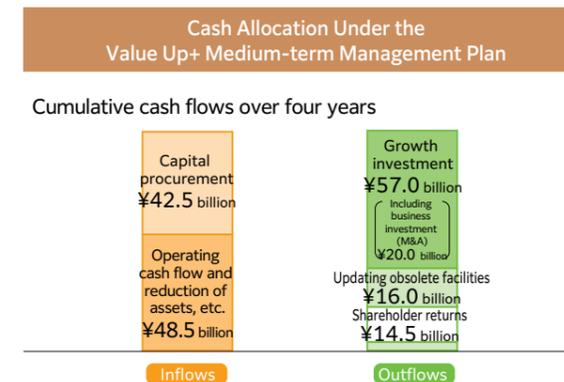
When it comes to invested capital, we consider our approach from the perspective of both financing and assets.

On the financing side, it is important to find the optimal asset mix between liabilities and equity capital. We will meet our investment funding needs to realize the goals of Vision 2030 by using the net D/E ratio of around 0.5x, in addition to the operating cash flow we generate, while maintaining our financial soundness.

One of the issues on the assets front is finding a way to reduce assets. One measure we are working on is to reduce our cross-shareholdings. In fiscal 2020, the Company decided on a policy on cross-shareholdings, where it was decided, in principle, not to hold these shares. A sales amount of ¥3.1 billion was recorded for the two years starting from fiscal 2021, with a ratio of cross-shareholdings in the consolidated equity capital as of the end of fiscal 2022 of 9.6%. We will continue our dialogue with our business partners to promote further reductions.

Another issue we are facing in terms of assets is reducing working capital. We see the imminent logistics issues for 2024 not simply as a risk, but rather an opportunity for reducing inventory. With a view toward reforming SCM (supply chain management), we will proceed with the making of digital investments. We are planning to formulate a data-driven production plan leveraging a wide variety of data and based on statistical methods as part of efforts to build a supply and demand management system based on the principle of "one-piece flow." In doing this, we would be able to maximize stock reduction and shorten the CCC (cash conversion cycle), all without disrupting our ability to provide a stable supply of products.

### Growth investments in the medium-term management plan



In the Group's medium-term management plan Value Up+, we initially set an investment amount of ¥80 billion over four years as a KPI for growth investment. However, owing to the effects of the COVID-19 pandemic, business investments (M&As) are behind schedule, meaning that we are now forecasting growth investment to be ¥57 billion. As part of efforts to create new value, we will invest around ¥5 billion in the construction of an "incubation center" at our Yokohama Isogo Complex. Our aim for this center is to facilitate co-creation through open innovation toward the creation of new forms of value. Although we have revised our four-year cumulative operating CF targets downward,

we remain committed to the basic approach of our financial strategy and will continue to focus on achieving a balance between ensuring financial soundness and growth investment.

### Penetration of KPIs into the workplace via the "Achievement Chart"

In order for us to achieve our goals, it is important that we link them to actions that form part of the PDCA cycle. As a first step, we are holding in-house study sessions to promote understanding of ROIC among employees who were previously unfamiliar with this financial metric and to enable them to act proactively. We are also working to find ways to visualize the actions of each employee in the workplace in such a way that can be leveraged to help improve ROIC. In the medium-term management plan Value Up+, we prepared an Achievement Chart (Refer to P. 23) as a framework to attain our business goals and set 8 KGI (key goal indicators) and 64 KPIs. This breaks down on granular level as targets for individual employees and serves the role of linking the specific actions that each employee should take to the performance target of improving ROIC. The degree to which these goals are being met are checked and updated on a yearly basis.

### Improving value through dialogue with stakeholders

With regard to evaluations of the Company by the market, we have reflected on the fact that our dialogue with the stock market has been inadequate and, in response, formulated an "IR Strategy" in October 2020. We have revamped our information disclosure and dialogue activities and significantly strengthened our IR structure. The opinions and requests we receive from dialogue with our shareholders and investors are discussed at length in Board of Directors' meetings and measures are put in place to realize them. On the back of our efforts to strengthen management and increase our information disclosure, we ourselves are feeling the change.

Fostering the understanding of our shareholders and investors will be important if we are to resolve the matter of the P/B ratio remaining below 1x. Over the past several years, I feel that interest in the Company's activities has steadily increased, so that our share price has been evaluated higher than before, which I believe is one of the results of our efforts to improve communication. In order to further strengthen this trend, we will continue to make improvements to our disclosure of both financial and non-financial information so that the growth of the Company can be seen with more certainty.

# Progress of Medium-term Management Plan, Value Up+

## Medium-Term Management Plan, Value Up+

As part of efforts to realize The Nisshin Oillio Group Vision 2030, since fiscal 2021 we have been busy implementing our medium-term management plan Value Up+ as a specific growth strategy covering the first four years of Vision 2030. With Value Up+ we are working to accelerate our growth trajectory with CSV as the main driver in accordance with our basic policy of "Transforming ourselves into a corporate

group that continuously creates diverse values through customer centrality." By clarifying that the Group's core competence lies in oils and fats, and by further reinforcing it as a driving force for growth to expand the scope of value creation, we aim to pursue our strategy of increasing sales in Japan and leap forward to become a global top provider of oils and fats solutions.

## Status of management metrics

### Results for fiscal 2022 and outlook going forward

During the first two years of the medium-term management plan Value Up+, we have been operating under an extremely challenging business environment resulting from the prolonged effects of the COVID-19 pandemic, historically high costs for the raw materials required for oils and fats, and rising costs for both energy and logistics. Through careful explanations of the current situation based on the relationships of trust we have built with our business partners, we have been able to formulate sales prices commensurate with these rising costs. Furthermore, owing to factors such as increased profits overseas, in fiscal 2022, we were able to record net sales, operating profit, ROE, and ROIC all in excess of our initial targets. On the other hand, operating cash flow fell below initial expectations due to the impact

of increased working capital required to cover the soaring costs of raw materials.

With regard to ROE for fiscal 2023, although we expect that total assets turnover will reduce as a result of lower raw material costs, we are planning to maintain the ROE of 7.0% from fiscal 2022 to fiscal 2023 due to the improved profit margins in domestic oils and fats. We will realize steady improvements to profitability through pricing strategies for domestic oils and fats, the provision of technical solutions, and through value-creation type initiatives. In order to improve cash flow and asset efficiency, we will also implement management practices focused on ensuring asset efficiency more than ever before.

	FY2021 results	FY2022 results	FY2023 (plan)	FY2024 targets
Net sales	¥432.7 billion	¥556.5 billion	¥540 billion	¥540 billion
Operating profit	¥11.6 billion	¥16.1 billion	¥16 billion	¥17 billion
ROE	5.7%	7.0%	7.0%	8.0%
Profit margin on sales	2.0%	2.0%	2.1%	2.3%
Total asset turnover	1.4	1.6	1.4	1.5
Financial leverage	210%	230%	230%	230%
Cumulative operating cash flows	-¥26.6 billion	-¥26.2 billion	¥12.5 billion	¥40.0 billion
ROIC	4.1%	4.5%	4.4%	4.6%

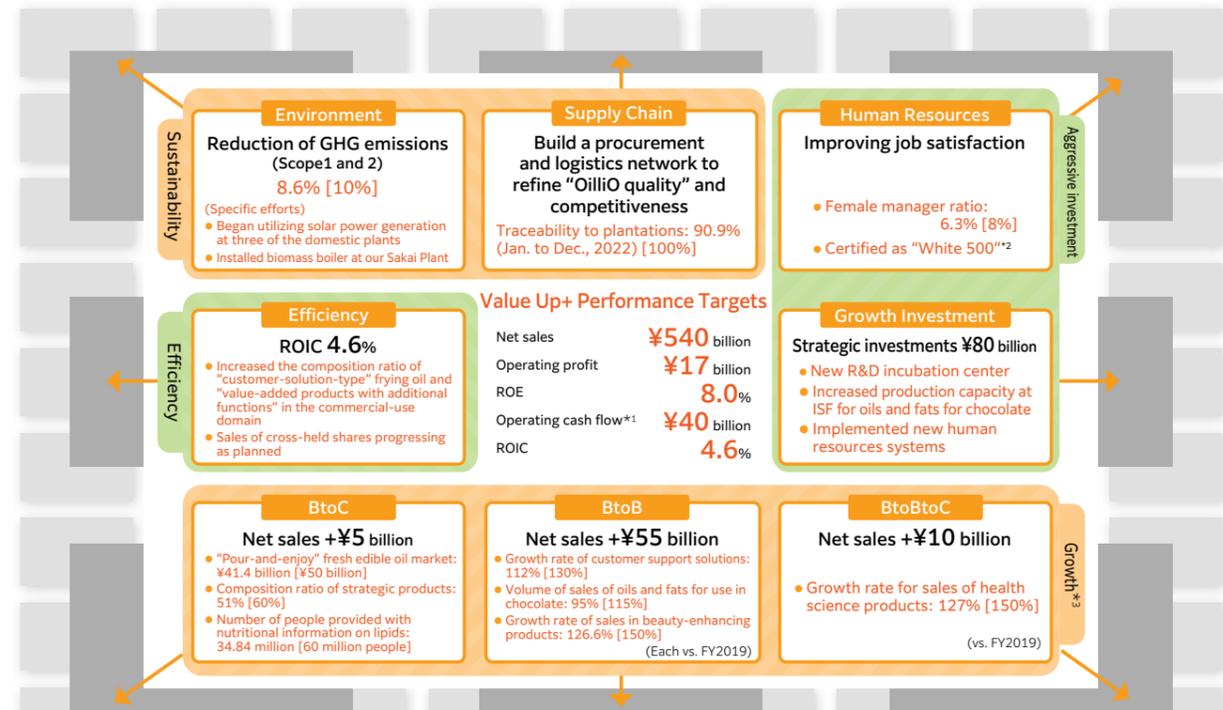
\* ROE: Profit / ((Equity capital at start of period + Equity capital at end of period) ÷ 2)  
 ROIC: (Operating profit after tax + Equity in earnings of affiliates) / ((Invested capital at start of period + Invested capital at end of period) ÷ 2)

## Progress of achievement chart

We have established a framework for KPI management (achievement chart) during the period of Value Up+ with the aim of steadily implementing initiatives in each priority area to achieve the objectives of Vision 2030. We have organized our initiatives to achieve the performance targets set out in Value Up+ from the four perspectives of "growth," "aggressive investment," "sustainability" and "efficiency,"

and have developed the targets into eight KGIs including CSV goals and the specific action goals derived from the KGIs into 64 KPIs, through which we are managing the progress of our plan. (Refer to P. 23 for KPIs for fiscal 2024)

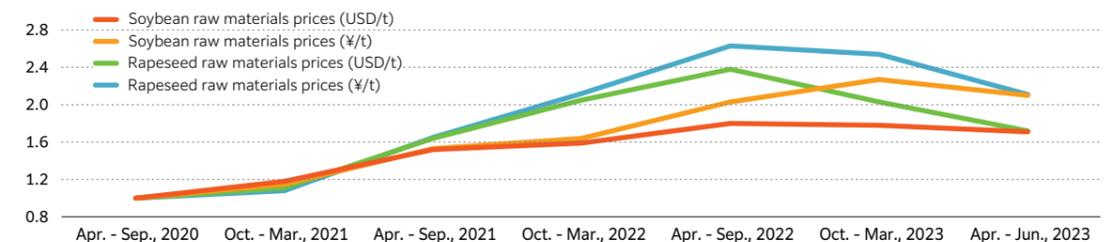
The progress we have made in fiscal 2022 against the KPI targets set for fiscal 2024 as laid out in this framework are as follows: [ ]: FY2024 targets



\*1 4-year cumulative for FY2021-2024 \*2 "Health and Productivity Management Organization"(Ministry of Economy, Trade and Industry)  
 \*3 Net sales target in terms of growth is the amount of sales expansion through value creation, not inclusive of the impact of sales price revisions in response to higher raw material prices.

## TOPICS Soaring raw materials prices and context

Over the past two years, the raw materials prices for soybeans and rapeseed have soared to historic highs. The reason behind this is three-tiered. The first tier is increased demand for oils and fats due to global population growth. The second tier is increased demand for oils and fats as biofuels to reduce GHG emissions in various countries. Finally, the third tier comprises decrease in the harvest of oilseeds due to heat waves and other abnormal weather conditions, the historic depreciation of the yen, and the impact of Russia's invasion of Ukraine on grain market prices. Although the situation with regard to the third tier of factors is starting to ease in some areas, the situation with regard to the first and second tiers is expected to remain tight owing to structural issues.



\* Index with Apr. - Sep., 2020 set as 1 (aggregated by the Company)

# Business Strategy

## Oil and Fat

Oil and Meal

Processed Oil and Fat

Continue to increase the value of oils and fats, serving as the propulsion engine behind the Group

### Business characteristics

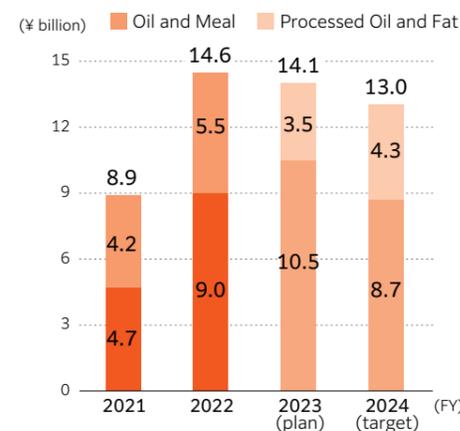
#### Oil and Meal

- The business will be primarily based in Japan on diverse plant resources, such as soybeans, olive, sesame, and flaxseed
- In the areas of household-use, commercial use, and food processing, the Company holds the top share (sales volume) of the domestic cooking oil market (approx. 35%)

#### Processed Oil and Fat

- Expansion of businesses with palm oil as the primary raw material, both domestically and globally
- Overseas sales account for the majority of our processed oil and fat sales thanks to the trust we have earned from global manufacturers of processed foods
- The global share of oils and fats for chocolate, which is a strategic product for us, is approximately 9% (by sales volume)

### Operating profit



### Key products

#### Oil and Meal

Household-use Commercial-use Food processing Meal



#### Processed Oil and Fat

Margarine Oils and fats for chocolate



### Opportunities and Risks

#### Opportunities

- Increasing number of people actively consuming oils and fats for health purposes
- Expanding market for ready-to-eat foods due to diversification of eating styles
- Increasing need for labor savings in the food industry against the backdrop of labor shortages
- Expanding market for luxury goods due to the development of emerging countries

#### Risks

- Intensifying competition in the health-targeted market
- The shift away from cooking oils in households due to reduced cooking opportunities
- Risks of unstable procurement of raw materials and rising costs and geopolitical risks due to drastic climate change and increasing global demand for oils and fats
- Slowdown in market growth due to prolonged geopolitical risks

### Business strategy

#### Oil and Meal

- To continue selling edible oils at an appropriate price based on the idea of improving its value and to promote the formation of new markets based on the concept of good value
- To improve the value of edible oils for household-use and to continue to expand the market through "structural reform for cooking oil" and "evolution of 'pour-and-enjoy' fresh edible oil"
- To formulate a new price equilibrium by increasing the composition ratio of "customer-solution-type" frying oils and value-added products with additional functions, and to promote the capturing of apparent demand through the solution of issues
- To promote a deeper understanding of commercial-use products users and foundation-building initiatives geared toward reform of our sales style

#### Processed Oil and Fat

- To promote the differentiation of the Group's products by combining ISF's (Malaysia) strengths, which is to say control over physical properties and quality, food safety, and raw material sustainability
- To promote the introduction of equipment for optimizing processes for increasing production capabilities in view of expanding sales for oils and fats for chocolate
- To establish production systems using new manufacturing methods for improving quality control operations
- To develop new business by improving intra-Group collaboration, including with ISF Italy, ISF Shanghai, and IADC (Indonesia) in particular
- To consider strengthening bases and formulating business strategies with an eye toward expanding target markets (Europe, North America, Southeast Asia)

### TOPICS Establishment of an oilseed processing joint venture in the western Japan area

The Company will establish an oilseed processing joint venture company in the western Japan area with J-Oil Mills, Inc. on October 2, 2023 based on a shared understanding of the long-term issues facing the oil refining industry in Japan. The name of this new company shall be "Oilseed Processing Partners Japan, Ltd." The aim of both companies is to work together as partners to build a joint-management type operation that will ensure the international competitiveness of Japan's oil processing industry and



a stable supply of oil over the long term. With this initiative, we are aiming to construct a next-generation mill that will enable us to better address issues facing the environment and society, including efforts to build smart factories and to decarbonize society.

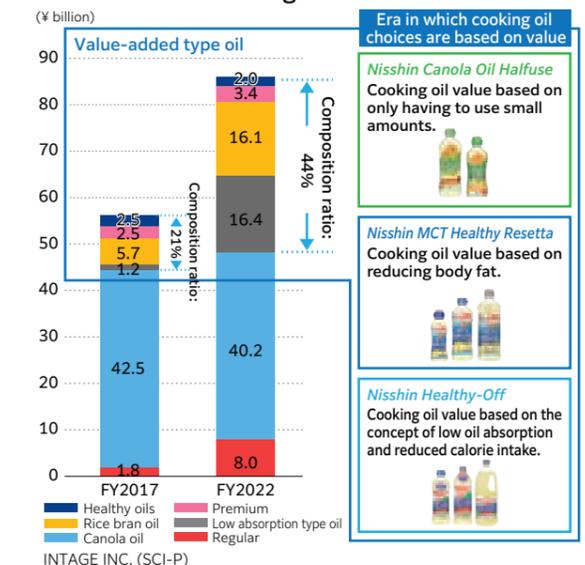
### TOPICS Continuing to offer value to consumers and reforming the market structure for cooking oils

Ever since the launch in 1924 of *Nisshin Salad Oil*, the Company has continued to offer society new forms of value through provision of edible oils. In more recent years, we have begun offering a variety of value-added cooking oil products, including those for reducing calorie intake from fried foods and reducing body fat.

Following the rocketing of raw materials prices in the period from fiscal 2021 to fiscal 2022, we have been revising our prices based on detailed discussions with our customers with regard to the cost environment. And it is precisely because of these rising prices that consumers have become more keen on the value of edible oils and the products they select. Back in 2017, the composition ratio of value-added type oils in the cooking oil category was around 21%; however, in fiscal 2022, this figure increased to 44%.

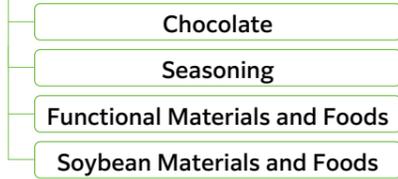
Moving forward, we hope to help increase the vitality of the market by proposing products that meet the diverse demands of consumers.

#### Structure of the cooking oil market



Business Strategy

Processed Food and Materials

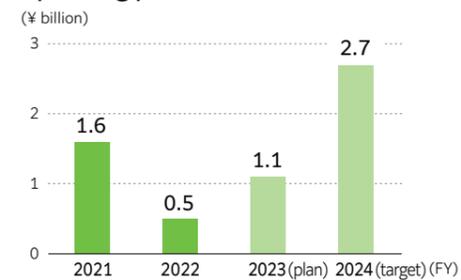


Creating a virtuous cycle that continues to enhance the value of oils and fats as part of the value chain

Business characteristics

- Chocolate and seasonings are businesses that use oils and fats as base ingredients. We continue to refine application technologies in this sector as part of the oils and fats value chain, through which we aim to improve the value of oils and fats
- In recent years we have accelerated the global spread of our chocolate business
- The market size of MCTs, a strategic product for functional materials and foods, is on an expansion trend

Operating profit



Opportunities and Risks

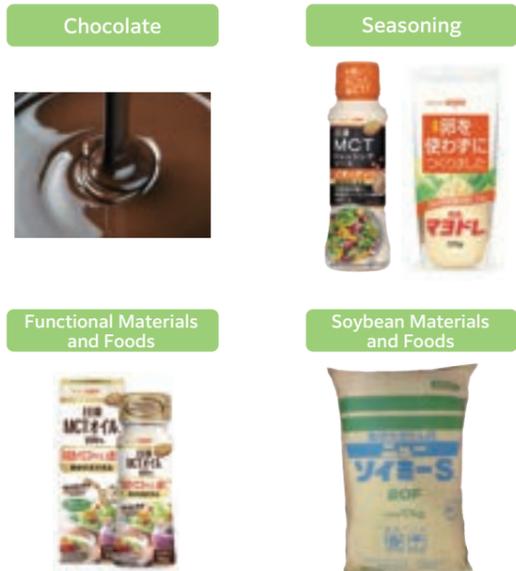
Opportunities

- Increasing need to prevent frailty and pre-frailty due to aging society
- Expanding market for luxury goods due to the development of emerging countries
- Diversifying factors required for good taste and functions required of food materials
- Increasing demand for plant-based foods

Risks

- Intensifying competition in markets targeting the elderly and preventive medical treatment
- Reputational risk from handling unsustainable raw materials
- Risk of unstable procurement of raw materials and rising costs due to drastic climate change and geopolitical risks

Key products



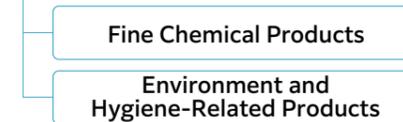
Business strategy

- To look to further develop our chocolate business in the Asian market by leveraging the synergistic effects of oils and fats for chocolate
- To increase the number of products that use MCT in the functional materials and foods business by continuing to approach manufacturers of processed foods as well as efforts to commercialize products and to follow up with distributors

TOPICS Global praise for the consistent taste of our chocolate

Daito Cacao is a specialized manufacturer of chocolate that delivers commercial-use products of consistent quality by employing a production system that processes carefully-selected cacao beans based on integrated production methods. The distinctively crafted flavor of the chocolate is recognized around the world and has won awards for two consecutive years at an international chocolate competition.

Fine Chemical

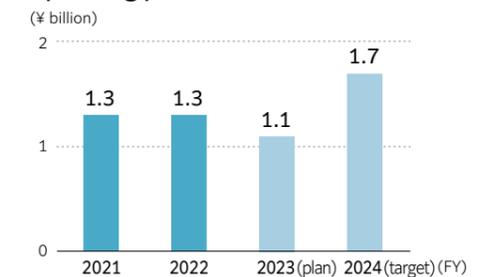


Leveraging the superiority of our ester synthesis technologies to become a leading company of cosmetic oils

Business characteristics

- Fine chemicals use ester synthesis technology as its core technology through which a high level of quality stability has been achieved
- We have earned the trust of both domestic and global manufacturers of cosmetics and have a global share in cosmetics oils of approximately 9% (by monetary value)
- We are developing our business free from borders; the overseas sales ratio of cosmetic raw materials is approximately 40%

Operating profit



Opportunities and Risks

Opportunities

- Increasing domestic demand on the back of a recovery in the inbound market
- Increasing international demand for the safe use of chemicals
- Growing demand for plant-derived materials in cosmetics
- Expanding cosmetics market due to development of emerging countries
- Growing recognition of environmentally friendly businesses

Risks

- Decline in competitiveness due to handling of unsustainable raw materials and lack of certification
- Risk of unstable procurement of raw materials and rising costs due to drastic climate change and geopolitical risks
- Slowdown in market growth due to prolonged geopolitical risks
- Intensifying competition among environmentally friendly businesses

Key products



Business strategy

- To strengthen technological proposals for increasing sales in Asia, Europe and North America and to expand sales by steadily capturing demand in the domestic market, which is undergoing a recovery
- To discover the potential functions of specialty cosmetic oils by leveraging our technical support functions and to develop a global solutions business in collaboration with our overseas bases

TOPICS Announcement of new products with enhanced "naturalness"

Amid growing global interest in cosmetics developed around the concepts of natural and organic materials, we developed new products with enhanced "naturalness" (plant-based preference and attention to environment) in terms of the raw materials used in their production. There are, however, limitations of functionality and quality in cosmetics made from naturally-derived ingredients, but we are focusing our research and development

efforts on finding ways to overcome issues as we search the balance between "naturalness" and functionality. We announced two new products at an exhibition held in May 2023, which attracted interest of many visiting customers from both Japan and overseas. Moving forward, we will continue to develop natural and original products while keeping a close eye on changes and trends in the laws and regulations in different countries.

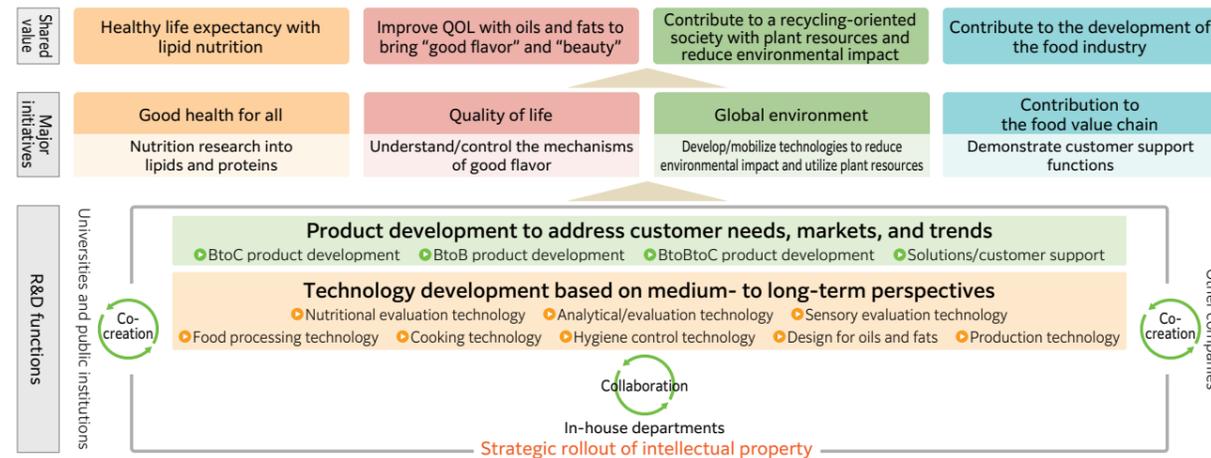
## Fundamental Strategy

# Research & Development



The Group responds to the diverse needs of its customers and to the issues facing society, including in terms of health, good taste, convenience, and reduced environmental impact, by leveraging its capabilities in technology and development based on its know-how accumulated over many years through its research into vegetable oils and fats. Based on our strength in technology with regard to evaluating the good flavor of oils and fats, evaluating nutrition, and the manufacturing and processing of oils and fats, we will increase collaboration and co-creation efforts both within and outside the Group as part of efforts to engage in research and development geared toward creating

shared value under each of the priorities set out in Vision 2030. So that the Company may become a global top provider of oils and fats solutions, it is vital that we master our core competencies and develop advanced original technological capacities. It is also necessary, then, to have the ability to offer such capacities to our customers to avail of these in a timely and sustainable manner. It is for this reason that we are focusing our efforts on laying the foundations for strengthening our strategic intellectual property-related activities and organizational capabilities through proactive investments in intellectual capital and human capital.



## Our intellectual capital

### R&D expenses

**¥3,128 million**  
(FY2022; consolidated)

### Number of Research Division personnel

**146**  
(as of March 31, 2023; non-consolidated)

### Number of patents held

**Approx. 640**  
(FY2022; consolidated)

### Number of joint research projects

**36**  
(FY2022; consolidated)

### R&D expenses



### Number of patents held



## Intellectual property strategy

### - Strategic intellectual property activities for encouraging the creation of shared value through MCT -

The Group's intellectual property strategy is focused on promoting the creation of shared value, ensuring our superiority in business operations and freedom in research and development. For example, MCT, for which we have been engaged in research and development for many years, can give the body energy more readily than regular oil, and so is used in a wide variety of scenarios, including improvement of undernutrition in the elderly, nutritional supplementation for sports, and also preventing lifestyle-related diseases. Extending healthy life expectancy and preventing lifestyle-related diseases are social issues that are not limited to Japan. Therefore, we are promoting the creation of shared value through MCT based on strategic intellectual property activities with the aim of these activities being applied on a global scale.

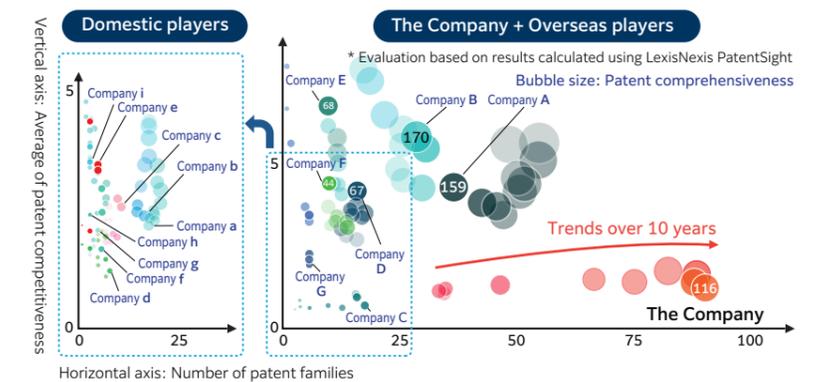
The Company possesses a great many patent rights (approx. 110 in Japan and approx. 120 overseas) delivered through knowledge on MCT cultivated over the years. We have an overwhelming competitive edge domestically in the food sector in particular, where we are on an equal footing to top global companies (see graph). Through our patenting of foods made using MCT, we have been able to prevent certain foods from being monopolized by competitors and therefore ensure an environment in which customers, who are users of these products, may compete freely with each other. In addition to promoting functionality by registering key messages relating to MCT as trademarks, we also developed a proprietary MCT logo which we use not just for use by the Company but also to indicate

that a processed food product was jointly developed using the Company's MCT.

As we proceed, we will continue with initiatives to add further value to, and to increase profitability of, MCT. For example, we have applied for a patent for a container with improved cleaning performance by reducing the MCT's adhesion and a product for helping prevent the aging of cooked rice so as to help prevent food loss. Furthermore, with an eye to future co-creation initiatives with external parties and global expansion, we are working to ascertain the relative levels of superiority with regard to the Company versus other players so as to help avoid the risk of infringements. In addition, as well as promoting the functions of MCT, we are striving to create new value by creating and implementing intellectual property strategies based on information aggregation, analysis, etc.



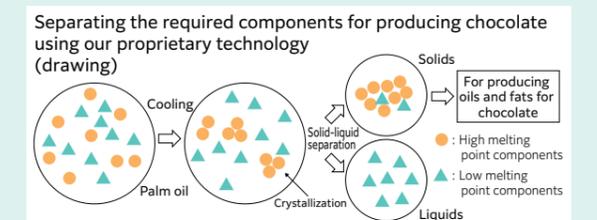
### Changes in the scale of patented assets\* related to MCT food applications



## Improving palm oil processing technology to better meet the needs of the global market

Through efforts to increase sales of oils and fats for chocolate and other specialty fats, the Group is aiming to become one of the world's leading companies by fiscal 2024. We are working to realize an increase in sales of high value-added products and to expand sales volumes. In order to achieve this goal, it is indispensable that we develop technologies for the processing of palm oil, which is one of the main raw ingredients used in the production of oils and fats for chocolate. Palm oil is comprised of multiple oil and fat components with different melting points. Therefore, in order to extract oil and fat components suitable for chocolate applications, advanced technology is required to control oil and fat crystals. In a collaboration between ISF and NGRC (both in Malaysia) along with the Group's Technical Division, we have improved our oil and fat processing technology and established technology for extracting high-quality palm oil components that produce a clean and melt-in-the-mouth texture achieved through controlling the creation of crystal polymorphs. ISF is leveraging this technology to introduce equipment for increasing the production

of oils and fats for chocolate. We are working together as a Group to strengthen our capacity for producing innovation and to allow us to better address social issues facing the world today, such as efforts to reduce our environmental impact, and to better respond to customer demands, such as ensuring both good flavor and "naturalness."\* We are also looking to improve the speed of our product development so as to ensure that we can continue to provide new oil and fat solutions.



\* Plant-based preferences and attention to environment

## Fundamental Strategy

# Transforming Our Production System



Production is an important foundation for us to strengthen the competitiveness of our core competence: oils and fats. It is therefore essential that we are able to respond nimbly to changes in the environment surrounding the manufacturing sector. A key objective of Vision 2030 is to create our various shared values through sustainable supply systems. To this end, we are transforming our production system into a next-generation structure that highlights the strengths of each production base and enhances our comprehensive capabilities through integrated management.

In order to ensure momentum in realizing this transformation

by 2030, we are strengthening these comprehensive capabilities by having ISF (Malaysia) and our other production bases refine their respective strengths and by ensuring that their knowledge base and success stories are shared horizontally with other bases and across the Group as a whole.

Efforts to transform the Nagoya Plant into a smart factory and the Sakai Plant into a sustainability center are underway at the respective work sites. Upon examining the results of these transformations and any issues that may present themselves, we will make this information openly available for use by the entire Group.

**Key points**

Achieving sustainable supply systems that create diverse shared value

1. Thorough strengthening of our competitiveness in the oil and fat business
2. Establishing supply systems for a broad range of products
3. Addressing environmental issues

**Transformations of key production bases**      **Each production site refines its relative strengths**

<p><b>Yokohama Isogo Plant</b> The mother factory, serving as the driving force behind our technological development</p>	<p><b>Nagoya Plant</b> Smart factory that utilizes ICT technology</p>	<p><b>Sakai Plant</b> Sustainability center that utilizes 100% renewable energy</p>	<p><b>Mizushima Plant</b> Core operational base for oils and fats/oil and meal</p>	<p><b>ISF</b> Sustainable palm oil sourcing base</p>
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Roll out to entire Group

**Transforming our production system into a next-generation structure by 2030**

- Customer-driven value creation
- Realization of sustainable procurement
- Making further improvements to productivity
- Implementation of environment-related technologies
- Leading the way in international competitiveness in the oil extraction industry
- Realizing workplaces that are rewarding to work in

## Manufacturing capital characteristics

**Number of production bases:**

**12** sites across **8** companies in **6** countries (FY2022)

(1) Japan: The Company (4 sites), Settsu (Sakai), Daito Cacao (Nakai)  
 (2) Malaysia: ISF (Port Klang, Dengkil)  
 (3) Spain: IQL  
 (4) Singapore: T&C  
 (5) Indonesia: IADC  
 (6) Italy: ISF Italy

**Scale of production:**

Approx. **2.8** million t (FY2022)

\* Total for the Company, Settsu, Daito Cacao, ISF, and IQL

**Nagoya Plant: Value-added labor productivity**

**6.8** %

[Time spent on generation: approx. 14,000 hours/year equivalent] (as of August 31, 2023)

\* Index representing the added value generated by each employee. Calculating the time created by transforming the Nagoya Plant into a smart factory as added value

**Sakai Plant: Ratio of non-fossil fuel energies**

Ratio of electrical energy from non-fossil sources: **5.9** %

Ratio of thermal energy from non-fossil sources: **9.2** % (FY2022)

\* Ratio of energy used at Sakai Plant from non-fossilized sources when both electrical and thermal energy are set to 100

## Nagoya Plant: Transformation into a smart factory through radical reform of operations and leveraging of ICT **DX**

We are proceeding with efforts to transform the Nagoya Plant into a smart factory by undergoing radical reform of existing operations and the introduction of the latest ICT, allowing us to deliver productivity improvements, workstyle reforms, and to acquire and pass-on our technological capabilities. In the future, with an eye toward collaboration with other worksites, our aim is for the plant to be a place for sustainable and constructive production.

Specifically, upon reviewing the necessity for certain operations, we introduced ICT tools (cameras, sensors, etc.) and AI to the worksite, allowing us to monitor all camera images and data from digital instruments from the mechanical equipment operations room. By minimizing the work that has to be done on-site by employees, we are hoping to free up time and reduce employee workloads.

Furthermore, so that we can build a shipping process that is not reliant on human input, we are making reforms to shipping operations for lorries used for processed foods, etc. We are also making progress on digitalization, including the introduction of

a shipping management system, covering a range of operations; from the receiving of lorries through to product loading, weighing, quality checks, and other shipping-related operations. We expect that this will result in positive workstyle reforms for employees engaged in shipping operations and reduced waiting time for drivers.



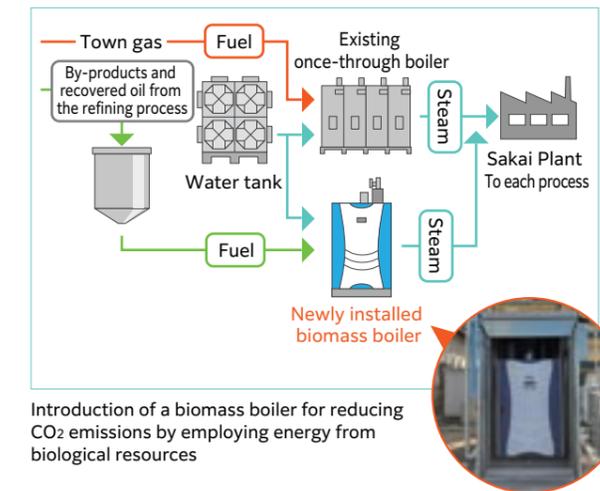
Reception of lorries using reception terminals and automatic issuance of tickets/slips

## Sakai Plant: Sustainability Center Concept to support the realization of "Environmental Targets for 2030"

We are working to convert the Sakai Plant into a Sustainability Center based on the two axes of "Implementation of environment-related technologies" and "Palm oil sustainability" as we look to realize our goals of "Prevention of global warming" and "Conservation of plant resources/nature" as set out in "Environmental Targets for 2030."

With regard to the "Implementation of environment-related technologies," we have introduced solar power generation equipment using the PPA model at the Yokohama Isogo Plant, Nagoya Plant, and Sakai Plant. The equipment is being phased in stages starting from December 2022, with the equipment at the Sakai Plant entering full-scale operations in February 2023. Furthermore, a biomass boiler was installed at the Sakai Plant in December 2022, with trial operations underway as of February 2023. We are moving away from fossil fuel type energy sources by using biological (biomass) type energy sources such as from by-products and recovered oil generated during the refining process.

With regard to "Palm oil sustainability," we have introduced equipment to produce certain products as SG\*2 products, which is one of the RSPO\*1 certified oil management methods.



Introduction of a biomass boiler for reducing CO<sub>2</sub> emissions by employing energy from biological resources

\*1 Roundtable on Sustainable Palm Oil  
 \*2 Segregated (one of RSPO's authentication methods)

## Building the digital infrastructure for reform of supply chain management (SCM) **DX**

Building an efficient supply chain is important if we are to realize a sustainable supply system. As part of this, we are working to implement planning systems for realizing advanced SCM, including systems for optimizing inventory management. We are planning to formulate a supply and demand plan based on demand forecasts made using statistical and AI techniques drawn from past results, etc., and to

further link them to production planning at production sites. By realizing optimal supply and demand management based on data realized through reform to the planning process and the introduction of the aforementioned system, and by looking to reduce inventory while ensuring stable supply of products, we hope to see fewer days required for inventory turnover.

# Feature

## Roundtable Discussion

### Continuing to create new value by co-creating within and outside the Group as we seek to become a global top provider of oils and fats solutions

The Nisshin OilliO Group is proactively expanding overseas with the aim of becoming a global top provider of oils and fats solutions. In this roundtable discussion, the heads of ISF, Fine Chemical, North America Business Promotion, and R&D talk about their current efforts to expand into new markets and create more value, as well as the current status and future outlook of their respective divisions.



**Takashi Ishigami**  
CEO  
ISF



**Yoshiharu Okano**  
Director and Managing Officer  
Responsible for global business and fine chemicals business



**Hiroshi Nashinoki**  
Managing Officer  
General Manager, Strategic Business Development, North America  
Responsible for Product Application Development Center



**Masayuki Sato**  
Managing Officer  
General Manager,  
Technical Division

#### What are the strengths of your business? Please let us know some of the points your business is well regarded for in the global market.

**Ishigami** ISF sells intermediate raw materials made primarily from palm oil to BtoC businesses, such as manufacturers of chocolate and confectionaries. We are well regarded in the industry for our ability to ensure a stable provision of high quality goods. We have built strong relationships of trust with customers in Europe in particular with whom we have been doing business for more than 30 years, and for whom ISF is regarded as a “Front runner in the industry in terms of the quality of its oils and fats, service, and know-how.”

**Okano** The Fine Chemical business (hereinafter, “FC business”) began exporting products overseas around 40 years ago and is currently developing cosmetic raw materials businesses in South Korea, the United States, Europe, China, and various countries in Southeast Asia. We have bases in China and Spain where we have built relationships of trust through direct technical exchange with our customers. Our functional ester oils, in particular, are regarded as world-class products for their quality and uniqueness, and have led to borderless expansion. It can take time for highly functional materials with unique characteristics to penetrate into markets, but, by making efforts to evaluate the raw materials used and develop new formulations from the customer perspective, we have been trying in recent times to shorten the time to their adoption. Through this, we have been able to realize a high rating from major global cosmetics companies.

**Sato** One of the greatest strengths of our research and development activities is that we have a variety of technologies for processing oils and fats and equipment for actual production. By leveraging these aspects, we have been able to realize a range of unique

products, such as *Nisshin MCT Healthy Resetta* and oils and fats for chocolate. Another of our strengths is that we possess technologies for manufacturing and quality control of a truly diverse variety of oils and fats. And our ability to continuously explore good flavors, lipid nutrition, and health functions originally produced by oils and fats, develop products, and provide information based on evidence are also our strengths. The areas where there is an affinity between the needs of the global market and the Group’s resources include foodservice, chocolate, confectionery/bakery, cosmetics, and health/nutritional products. We will maximize “The Natural Power of Plants” by further deepening our oils and fats processing technologies and lipid nutrition, and by further pursuing good flavors. We will develop applications and solutions that meet the needs of the global market in these fields through co-creation with our customers.

#### How do you feel about the recent changes affecting the global markets? And what is your response moving forward?

**Nashinoki** North America is a market in which we are making a full-scale entry and, just as Mr. Sato alluded to earlier, we will look to exploit those areas that have a high degree of affinity with the Company’s resources. North America is a region with both advanced food tech and a strong focus on health-oriented and organic food stuffs. A lot of these types of global food trends begin in North America, and so meeting the needs of the North American market might lead to meeting global trends.

**Ishigami** When it comes to sustainability, I think we should follow in the footsteps of the global trends originating in Europe. In future, the EUDR\*1 will make it impossible to sell products in Europe unless the manufacturers can show that they are not involved in deforestation. We comply with global standards and regulations by working in

collaboration with other companies to secure a number of routes of procurement for our raw materials, with increased transparency, and to select superior raw materials by putting our technology to work. In order to maintain our strengths, we believe that it is important that we change the ways we do things in accordance with the surrounding environment and the people we are working with. Or, to put it another way, we need to change to sustain our business.

**Okano** We are seeing similar trends in cosmetics, primarily in Europe, where demand for “clean beauty” is increasing. In addition to requirements for “naturalness” (plant-based preferences and attention to environment), it is also essential that we respond to calls around sustainability, such as RSPO\*2. This year, we will develop two new products that not only meet these needs, but also add functionality, a feature which is a strength of the Company. We have begun market research in preparation for the launch of these products, with the products being received well. Cosmetics are luxury goods, and while the need for safety and functionality is constant worldwide, there is also a growing interest in sustainability. In Japan and Asia, there is still a strong emphasis on cost compared to Europe and the United States, and I feel that the trend is only beginning to change now.

**Sato** Ever since the COVID-19 pandemic, there has been even more interest in matters of health maintenance, preventive medicine and sustainability of the environment. Research and development requires more global collaboration, a more flexible approach and greater innovation than ever before. Members of our R&D team in Malaysia are exposed to different cultures, approaches, and ideas on a daily basis. I believe that placing yourself in areas where issues exist and communicating with local researchers and business people provides the opportunity to see those issues as your own and to take the lead in formulating responses. Using the Group’s overseas bases as a foundation, we will expand our international network and build relationships of co-creation with our customers.

\*1 EU Deforestation Regulation  
\*2 Roundtable on Sustainable Palm Oil

#### What are your strategies for developing new markets?

**Nashinoki** In order to realize Vision 2030, it is essential to develop the North American market where future market expansion can be expected for Nisshin OilliO. In North America, which is at the forefront of global food trends, we will develop a business based around finding solutions to common issues through market-focused efforts to grasp customer needs and through the “mastering oils and fats.” This expansion in the North American market is part of a Group-wide strategy we will implement using the “All Nisshin” system. In addition to leveraging the strengths of ISF, we will also demonstrate our Group’s strengths in areas relevant to the North American market by collaborating with our domestic technology divisions and by engaging in co-creation with our customers and partners, thereby building businesses in multiple areas. We will also proactively invest in M&A as a means to supplement production equipment, technology, and sales channels.

**Ishigami** As for ISF, while we will, as Mr. Nashinoki mentioned, broaden the scope of our activities further into the North American market, we will also look to expand sales in other regions, particularly Europe and Asia where we already have bases. When it comes to finding partners, we are considering palm oil plantations and businesses who handle refining on a consignment basis, with whom we can share a portion of the roles.

**Okano** In the FC business, we have been working together with local agents to further expand our sales in North American markets. In addition, IQL (Spain) opened a new distribution base in the United States to help develop new markets and to help expand sales of

lubricant raw materials. In future, we hope to see some synergy generated through this Group-wide expansion into the United States market. In terms of new markets, our focus is on developing and expanding the market for cosmetic raw materials in Southeast Asia; a region where we expect to see significant growth. We also have an eye on establishing a base in the region. In collaboration with local agents, we will hold regular seminars and invite customers and, as part of in-bound marketing efforts, invite local researchers to visit the Company for technical training.

#### What are your ambitions for the future?

**Nashinoki** By leveraging the Company’s strengths in the areas of health, good flavor, and functionality to develop businesses in response to the needs of the local market, we hope to realize a dramatic expansion of our North American business. First things first, we must sow the seeds we hope will yield the sprouts of new added value business during the implementation period of the Value Up+ plan. We will start from small beginnings, but by investing resources, we hope to push forward aggressively. We will also promote the provision of opportunities for employees who want to take on the challenge of overseas business.

**Ishigami** ISF will continue to expand its current global operations in greater depth, and at the same time, as the Group’s spearhead in global expansion, ISF will strive to accumulate diverse experience, information, and knowledge to help realize its goal of becoming a “global top-level oils and fats solutions company.”

**Okano** The FC business is the main producer of MCT (medium-chain triglycerides) and will continue to work with IQL (Spain) from securing raw materials to production to ensure a stable supply of high-quality products. In addition, the technology division of the FC business is scheduled to move to the Incubation Center (tentative name), which is due to be opened at the Yokohama Isogo Complex in 2024. This will lead to the creation of new value by promoting collaboration with other R&D divisions and sharing knowledge from different industry perspectives cultivated in cosmetics and chemicals, leading to the realization of our vision.

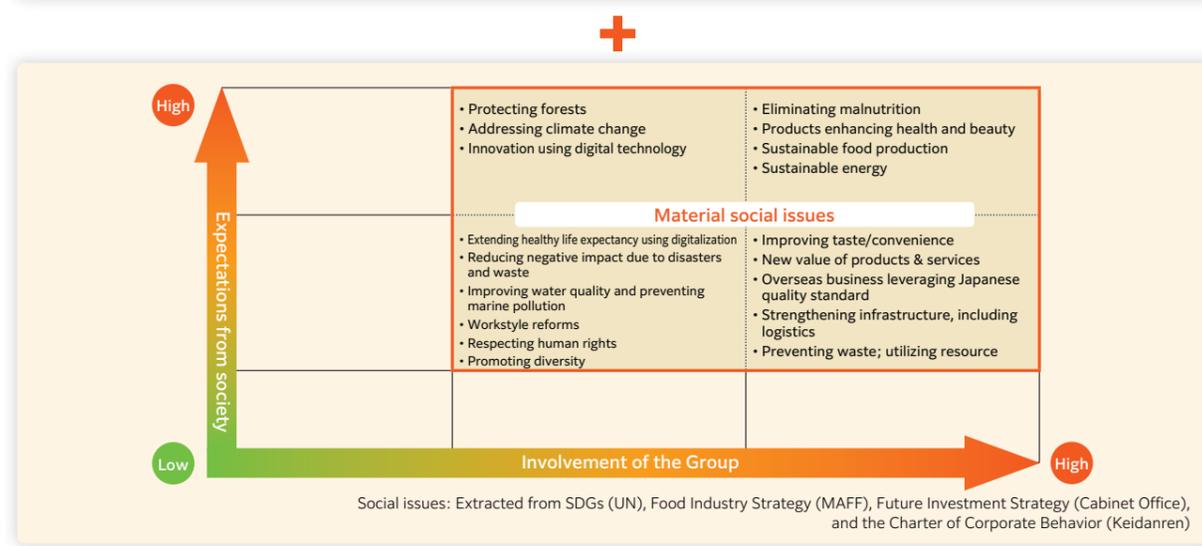
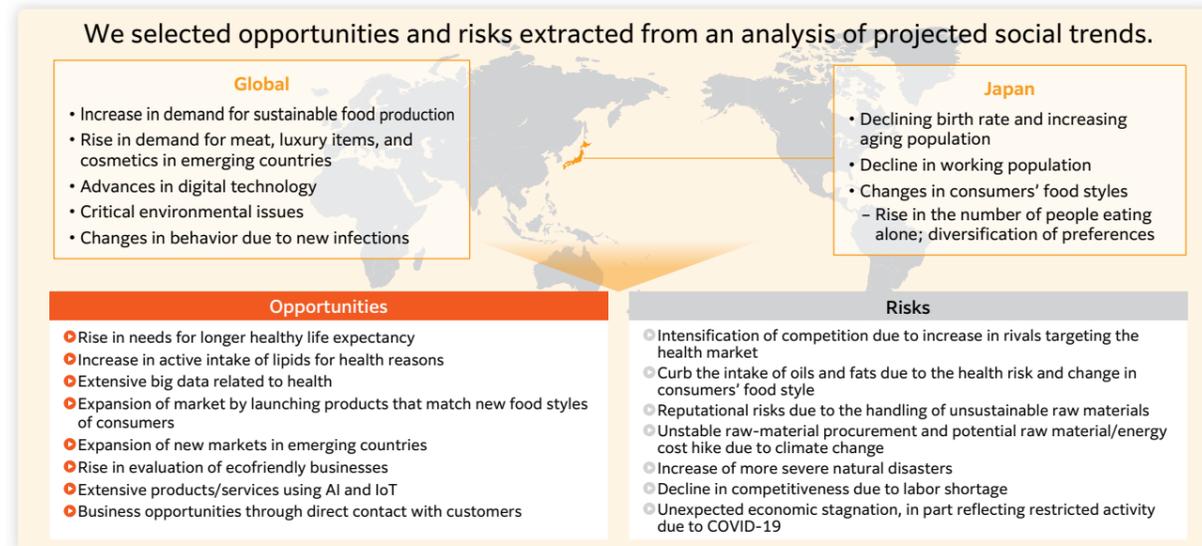
**Sato** The R&D department also hopes to make maximum use of the incubation center as a place to realize value creation. To compete at the global top level, it is necessary to accurately respond to market demands. Research and development is the heart and driver of this process, and we will continue to provide advanced solutions and products at the cutting edge of technology to secure a sustainable competitive advantage that is uniquely ours. The key to this is co-creation. We will play a central role in the transformation toward becoming a “global top-level oils and fats solutions company” by collaborating with companies, universities, and other organizations to create diverse perspectives and ideas, enhance the potential for solutions and innovation, form partnerships, and lead to the next level of collaboration.



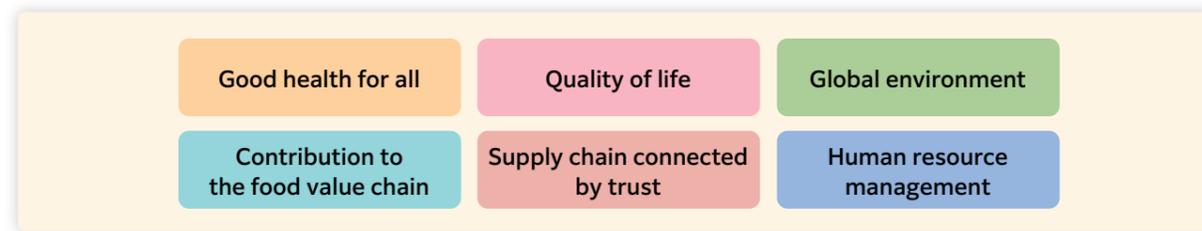
# Identifying Our Priorities (Materialities) for Realizing the Goals of Vision 2030 and Governance

To achieve the goals of Vision 2030, we have identified six priorities that the Group should focus on. Creating shared value (CSV) together with society by resolving issues related to the priorities will drive our future growth. In addition to analyzing risk and opportunity for the Group based on the social trends predicted for 2030, we have also identified important social issues that are likely to impact upon value creation. We evaluated them based on two axes: "the scale of the needs being demanded by society" and "the degree of involvement by the Group." Based on this analysis, we have made conclusive determinations, including on matters such as the Group's areas of strength, identified six priorities, set CSV goals in those areas, and furthered initiatives toward the realization of the goals of Vision 2030.

## Process for identifying priorities (during formulation of Vision 2030)



## Our six priorities and CSV goals



## Reviewing CSV Goals

Two years have passed since the Group formulated Vision 2030, and in that time the environment surrounding the business has changed dramatically, including changes in consumer awareness and purchasing behaviors, as well as increased demand from society for sustainable production and procurement. In response to this, we have recently identified new risks and opportunities of the Group and reconfirmed the social issues that require action. Through

the process outlined below, we have reviewed a number of our CSV goals, focused mainly on the issues of "Global environment," "Supply chain connected by trust," and "Human resource management." We will continue to keep on top of changes in the environment and periodically review our goals in accordance with any such changes.

### Key changes in the social environment highlighted following review of CSV goals

Priorities reviewed	Key changes in the social environment
Global environment	Increased demand for reductions in emissions of greenhouse gasses in response to worsening situation regarding the environment Expansion of initiatives targeting the prevention of loss of biodiversity as a result of deforestation, natural disasters, etc.
Supply chain connected by trust	Review of the government's logistics policy and enactment of legislation to address various issues stemming from labor shortages in the logistics industry
Human resource management	Diversification of human resources and specialized abilities for creating new forms of value Expansion of investment in human capital

\* For details on the Group's CSV goals, refer to the Priorities pages (P.43 - P.60)

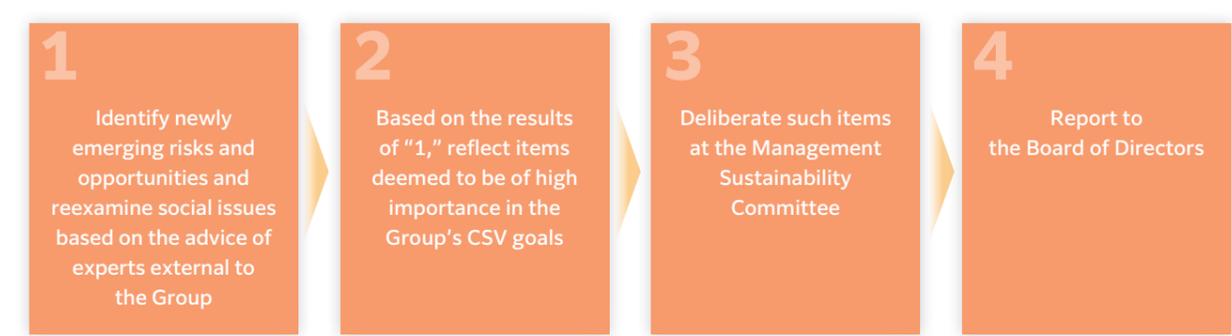
## Governance system toward the achievement of the Group's CSV goals

The Company has established the Management and Sustainability Committee, a deliberative committee of the Board of Directors. The committee deliberates on such matters as the sustainable growth of the Group, formulating basic policies to contribute to the sustainable development (sustainability) of society, and important issues to realize the Group's vision. Examples of significant themes deliberated include identifying important risks and opportunities and considering social

issues that may impact upon the Company's businesses as well as the setting and reviewing of priorities, CSV goals and other specific initiatives. The details of these deliberations are reported to the Board of Directors as appropriate, who then make resolutions on any such matters deemed particularly important.

\* The Management Sustainability Committee was established in July 2023 to help further strengthen the Group's corporate governance structure with a particular focus on the functions of the Board of Directors. For details on the Group's corporate governance system, refer to P.66.

## Process for reviewing CSV Goals



Our Priorities for Realizing the Goals of Vision 2030

# 1 Good health for all

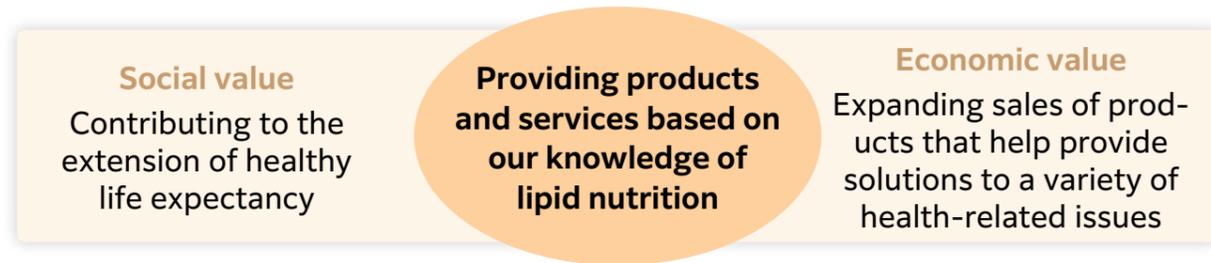
The Group has conducted research into vegetable oils and fats for many years. We continue to improve the nutritional value of our products and enhance our processing technologies so that we can provide oils and fats as delicious foods and safe, high-quality materials. By offering “delicious meals” and “diet-conscious lifestyles and habits” that suit different life stages and health conditions, we contribute to people’s healthy lifestyles for life-long vitality.



Shared value and social impact

## Supporting mental and physical health through all stages of life

As part of our goal to build mental and physical health through all stages of life, we are working on a variety of initiatives aimed at tackling the issues of undernutrition, overnutrition, personal health, etc.



**Koyo Nonaka**  
Executive Officer, Deputy General Manager, Food Product Division  
Responsible for household-use business strategy, commercial-use business strategy, and wellness foods business strategy

## Contributing to health-related issues through business development based on our knowledge of lipid nutrition

The Group’s core competence lies in oils and fats, and we have persevered in thoroughly honing our competence. For example, for more than 50 years, we have been researching and developing MCT oil, which has garnered much attention these days. As such, our knowledge on the way lipid nutrition can contribute to a person’s health is based on many years’ worth of knowledge accumulation. However, efforts to popularize this fact about lipid nutrition cannot be limited to just the Company. I feel that

claim to possess the functions of MCT, and its use is clearly widening.

Also, Japan is subject to the phenomenon of being a super-ageing society whereby frailty, the last step before a person requires nursing care, continues to be a social problem that needs addressing. The Company believes that it can contribute to alleviating this issue by making improvements to energy intake deficiencies from a nutrition standpoint. We believe that it is important that we make proposals not just to hospitals and the nursing care industry, but that we also look to make approaches to areas involved in the provision of day to day foods. In recent years, we have seen “pour-and-enjoy” fresh edible oils such as flaxseed oil and olive oil increasingly find their way to the dinner table. And, as part of that, I feel that efforts to encourage consumers to easily make up for energy deficiencies with a little extra intake of something delicious will serve as a meaningful route to help prevent frailty.

each manufacturer along the food value chain must help achieve this by demonstrating its own uniqueness. Oils and fats are but two materials and there is a limit to what we can achieve alone; however, being materials, one of their main strengths is that they can be effectively utilized in collaborations and co-creation activities with a wide variety of partners. In fact, one can see that the manufacturers of processed foods, convenience stores and the like are already selling a great many products which

Although one of our CSV goals is to “Disseminate nutritional information on lipids to 100 million people,” I feel that it is important that we learn how the information we disseminate to consumers resonates with them and whether it actually leads to behavioral changes or purchases. To help us achieve this, we are shifting to a more comprehensive approach to marketing that will include the use of digital technologies.

Key initiatives and vision

- We will expand the scope of products and services that we offer with regard to lipid nutrition and provide a variety of options accompanied by easy to understand information to help ensure the healthy lifestyles of our customers.
- We will develop and release delicious products that can provide energy from only small amounts by utilizing the high calories of oils and fats, with the aim of improving the nutritional intake of the elderly.
- We will continue to disseminate information concerning vegetable oils and fats with the aim of further transforming the image of vegetable oils and fats into a more positive one.
- We will leverage general consumer data concerning health statuses, preferences, etc., to better understand consumers and acquire knowledge concerning lipid nutrition and how it relates to personal health issues (improving one’s constitution, controlling one’s physical condition, etc.).
- We will make suggestions regarding diet-conscious lifestyles and habits to help our customers avoid nutritional deficiencies or imbalances and to enable them to intake the optimal amount and types of lipids.
- Through these initiatives, we will help improve the sales of the Group’s products and further extend the healthy life expectancy of people.

CSV goals



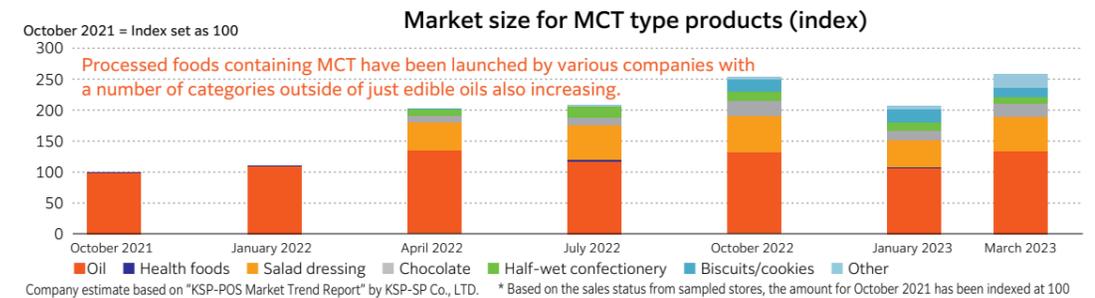
Initiative	FY2022 results	FY2023 targets	FY2024 targets	FY2030 targets
Improvement of growth rate for health science products that generate health and energy in diverse life stages (vs. FY2019)	126.6%	140%	150%	200%
Development of products that enhance people’s good health based on knowledge of lipid nutrition	Launched 11 products, including food with the functional claim of “reducing body fat and waist size” and nutritional supplements, such as “Nisshin MCT Dressing Sauce” (two versions), “Nisshin MCT Mayonnaise Sauce,” and “Nisshin MCT Resetta (remodel)” Food for Specified Health Uses	Acquire evidence relating to frailty-prevention and metabolism improving functions and launch products (at least seven products)	Acquire evidence relating to frailty-prevention and metabolism improving functions and launch products (cumulative total of at least 20 products from fiscal 2022)	Acquire evidence relating to solutions to personal health-related issues (improving body constitution and controlling physical condition) and develop products
Increasing the number of people provided with health information relating to optimal intake of lipids (cumulative total from FY2021)	34.84 million people (cumulative)	50 million people (cumulative)	60 million people (cumulative)	100 million people (cumulative)

## Notifications of new functional claims with MCT Functional materials that can respond to an even broader scope of health-related issues

Medium-chain fatty acids, the main components of MCTs, are also contained in the nuts and seeds of Palmae plants such as coconut and palm as well as in breast milk, cow’s milk and other dairy products. Compared to long-chain fatty acids found in ordinary edible oils, MCTs are digested and absorbed more quickly and converted into energy more easily. In addition to being used in our own products as functional foods for “reducing body fat and waist size,” distributors and manufacturers of processed foods also use our products as raw materials. In response, we have been widely developing products that contain MCT as a raw

ingredient, with the market growing by approximately 250% in the 18 months since October, 2021. In 2023, we notified a new functional claim of “MCT facilitates fat burning in daily activities.”

Moving forward, we will develop, including through co-creation with other companies, MCTs as functional materials that can respond to personal health-related issues, such as those related to body constitutions and physical condition. In doing this, we will increase opportunities for consumers to more easily incorporate our products into their daily lives, helping people lead healthy and vibrant lives.



Our Priorities for Realizing the Goals of Vision 2030

# 2 Quality of life

“Good flavor” and “beauty” are important components of people’s personal values, and satisfying these values will help people lead happy lives. Through our pursuit of “good flavor” and “beauty,” we will continue enhancing people’s quality of life (QOL) and creating value that can be shared with society, and thus enrich people’s lives.



Shared value and social impact

## Contributing to an enriched lifestyle via the pursuit of “good flavor” and “beauty”

We provide “good flavor” to the dining table and work to improve the value of our brand to foster enrichment of people’s lives



**Junji Fukuda**  
General Manager,  
Household-use Business Strategy  
Division

## Leveraging the technologies and relationships of trust we have fostered over the years to propose a new food culture

In the hundred years since the launch of *Nisshin Salad Oil*, the Company has been contributing to food culture through its edible oils. For example, with the launch of *BOSCO* olive oil, as well as helping introduce olive oil to the dining table at home, we are also trying to inspire an Italian style dining culture in which people sit down together and chat in an easy-going manner as they enjoy their meals. It used to be the case that when we talked about the nice flavor of an oil it was in reference to the flavor of the dish made with that oil; however, through the Group’s efforts to popularize the use of olive oil in the market, there has been a greater understanding of the flavor of the oil itself, which has, in turn, led on to the development in recent years of “pour-and-enjoy” fresh edible oils and “flavored oils.”

However, influencing food culture through edible oils is not

something that can be done over night. In order for the Group to actualize a product, we must have in place the appropriate capacities for research and development and manufacturing technologies. To deliver a new product to the market, we must first have the sales and marketing capabilities to convince retailers and distributors of such products. The Company has built up relationships of trust with retailers over many years. I feel that we have laid the foundations by which we will be supported by our partners to make a variety of challenging proposals. In my opinion, combining these elements with the insights of consumers will deliver results in terms of “Creating new food cultures.”

Consumer demands are becoming increasingly diverse and complex as changes occur in society and the environment; however, the essence of what we are required to do as a food manufacturer, that is to say to respond to demands for good flavor, has not changed. We will continue to challenge ourselves to meet these demands through a process of trial and error free from the fear of failure.

Key initiatives and vision

- We will propose cooking methods that make ingredients even more delicious through the use of oils and fats, bountiful dining tables and opportunities for gatherings, and expand the dining scene where people can feel a sense of abundance.
- We will leverage the characteristics of oils and fats used in a wide range of foods to make tastes through co-creation with other ingredients and create new value.
- We will provide products that appeal to consumers, including foods made using natural methods and organic ingredients and safe, high quality, and functional oils for use in cosmetics.
- We will create the tastes that our customers desire by maximizing the natural deliciousness of ingredients such as chocolate and soy.
- Through these initiatives, we will create markets for products that appeal to customers, such as those known for bringing “good flavor,” “beauty,” and, more than anything, “naturalness.” In addition, we will also expand sales of our own products and improve “people’s quality of life (QOL).”

CSV goals

Initiative	FY2022 results	FY2023 targets	FY2024 targets	FY2030 targets
Provide “good flavor” to the dining table and refine our brand to foster enrichment of people’s lives	Promotion of development of products that utilize the Company’s specialized technologies	Development and launch of products that provide new value to customers on occasion of the 100th anniversary of <i>Nisshin Salad Oil</i>		Corporate brand recognition rate: 90%
Creation of products that highlight the “good flavor” and “beauty” of food	Launched six flavored oil products as products to spread a new way of using oil to add flavor	Contribute to the richness of the dining tables through the popularization of edible oils that can make food delicious simply through pouring		Contribute further to the enrichment of food by creating new categories based around the concept of edible oils
Improvement of growth rate for sales of products that help realize “beauty” (vs. FY2019)	126.6%	140%	150%	200%

## Expanding our lineup of flavored oils to respond to diversified needs for good flavor

Flavors of edible oils are enhanced by aroma. Olive oil and sesame oil have a unique aroma, and they enrich the flavor and taste when poured over food or stir-fried. In addition, many of the aromatic ingredients contained in spices, herbs and potherbs are easily soluble in oil, and by skillfully dissolving them in edible oil using seasoning and flavoring techniques, it becomes possible to create a complex flavor that combines many ingredients in a single bottle of oil. In this way, we have developed flavored oils with outstanding flavors as seasonings, including the launch of *Nisshin Yamitsuki Oil*

and *BOSCO Seasoning Oil*. *PIETRO CHEF’S* was added to the lineup in 2023, with three brand comprising 10 different flavors on offer.

In recent years, demands concerning flavor have become increasingly diversified. Flavored oil allows users to easily change the taste of usual dishes to suit their own tastes. We will help provide consumers with richer dietary lifestyles through proposals for new dietary habits based on the idea of “adding flavor with oil” and through our diverse lineup of products.

● *Nisshin Yamitsuki Oil*



● *BOSCO Seasoning Oil*



● *PIETRO CHEF’S*



Our Priorities for Realizing the Goals of Vision 2030

# 3 Global environment

Since our business is based on plant resources, protecting the global environment and resources is key to the sustainability of our business. For the next generation, we will strive to minimize the environmental impact of our business activities with an eye to the future, with the aim of realizing a decarbonized and recycling-oriented society. At the same time, we will develop business domains that help resolve environmental issues.



Shared value and social impact

## Taking on environmental challenges for the next generation

We will engage in efforts to utilize plant resources to reduce greenhouse gases, realize a recycling-oriented society, help find solutions to plastic-related issues, and to help prevent soil and water pollution



**Eiji Yokoyama**  
General Manager, Production Coordination  
General Manager, Environmental Solutions

## Tackling issues facing the global environment through practical efforts and ambitious strategies

The global environment is for us, a company whose business is based on plant resources, a key theme in ensuring that we can continue to operate with stability. So that we may respond to the increasingly difficult tasks of decarbonization, recycling of used plastics, etc., we will study and research all possible means toward this and share our findings throughout the Group as part of efforts to realize our 2030 CSV goals.

is important that such practical efforts involve the participation of all employees who will hopefully bring their own unique perspectives and ideas, that we steadily turn our efforts at each manufacturing site into tangible results, and that we continually aim to do that little bit extra in terms of making reductions. Ambitious strategies must comprise "strategic defossilization" of energy sources through external collaborations. We will proactively work to introduce new technologies by working in collaboration with corporations that have decarbonization technologies, energy supply companies, local governments, etc.

Furthermore, we are also aiming for "HYDROGEN READY" by 2030. So that we may realize, as early as possible, the utilization of hydrogen as an energy source, we have decided to introduce high efficiency gas turbine co-generation facilities at our Yokohama Isogo Complex with an eye to implementing hydrogen mixed combustion. In preparation for the hydrogen supply that we expect to come to fruition in the near future, we will take on the challenge of becoming a leading force in the industry in terms of demand for the fuel.

In addition to these initiatives, we will ensure that the knowledge we have garnered through previous successful implementation cases, etc., is spread out laterally throughout the Group, which we hope will lead on to a virtuous circle in service of the realization of a sustainable society.

As we look to reduce our GHG emissions, we have established our "strategic roadmap to promote decarbonization" through which we aim to realize a 50% reduction by fiscal 2030. This is a highly ambitious target that requires a 6.7% reduction every year starting from fiscal 2024. Given that we expect an increase in our CO<sub>2</sub> emissions due to business expansion in future, we have decided to promote initiatives in two stages: (1) "Practical efforts" by which we will steadily build up means to more efficiently use energy; and (2) "Ambitious strategies" in which we will seek to acquire next-generation fuels such as hydrogen. It

Key initiatives and vision

- As part of aims to deliver carbon neutrality by 2050, we will proactively introduce a range of new technologies, such as hydrogen combustion, and promote efforts to reduce greenhouse gases across the entire supply chain.
- The Group's businesses both benefit from and impact upon ecosystems. We recognize that biodiversity has a significant impact on the sustainability of our businesses and, so, we have endorsed TNFD (Taskforce on Nature-related Financial Disclosures) and are making preparations for analyses and disclosures of the risks and opportunities surrounding matters related to biodiversity.
- We will promote efforts to reduce the amount of plastic used in containers and packaging, to use environmentally friendly materials, and to build systems for recycling.
- We will build a business that is able to find solutions to environmental issues, including through efforts to promote the use of vegetable oils in place of mineral oils in factory based applications and to consider new ways of utilizing biomass.
- Through these efforts, we will make sure that the next generation inherit a global environment in which the stable provision of plant resources, which serve as the base of the Group's businesses, can be ensured.

CSV goals



Initiative	FY2022 results	FY2023 targets	FY2024 targets	FY2030 targets
Reduction ratio of GHG emissions (Scope 1 and 2, vs. FY2016)	8.6% reduction*1	9% reduction	10% reduction	50% reduction
Reduction ratio of GHG emissions (Scope 3) (vs. FY2020: Initiatives begin from categories 1 and 4)	In collaboration with the Japan Oilseed Processors Association, we promoted the setting of quantitative targets for ensuring reductions in CO <sub>2</sub> through the Canada-Japan Canola Consultations and the Japan-U.S. Partnership	Acquire science based reduction targets for FY2026 and commitment toward such from suppliers, who account for 70% of the emissions from purchased products and services and transportation (upstream)		25% reduction
Reduction of use of plastic containers and packaging and promotion of resource recycling	<ul style="list-style-type: none"> <li>Introduced bio-polyethylene into some of the household-use products (1,000 g)</li> <li>Enhanced our ecofriendly container production system</li> </ul>	Introduction of environmentally friendly materials for household-use products and development of products based on reduced plastic resin designs	Introduction ratio of environmentally friendly materials for household-use products: 70%*2	Target to be set
Develop products and services that positively impact the environment utilizing plant resources (cumulative total from FY2021)	27 (cumulative)	50 (cumulative)	80 (cumulative)	Target to be set

\*1 Calculated using the latest emission factor at the time of report preparation  
\*2 Among household-use products, edible oils and gifts are targeted.

## Response to Task Force on Climate-related Financial Disclosures (TCFD)

Recognizing that addressing climate change, which has a major impact on plant growth, is an important management theme, our Group endorsed the recommendations of the TCFD in 2021, analyzes medium- to long-term risks and opportunities associated with climate change, and analyzes and grasps its financial impact.

In fiscal 2022, we conducted a review of our governance system, and moving forward, we plan to review the information we disclose in accordance with changes in the environment and to ensure that the correct procedure for responding to the TCFD guidelines is disseminated internally throughout the Group.

For details, see the Company website: <https://www.nisshin-oillio.com/english/sustainability/tcfd/>

## Environmental targets 2030

In 2021, we formulated "Environmental Targets for 2030" with "Global environment" and "Supply chain connected by trust" as our main priorities, out of six priorities set out in Vision 2030. We have set long-term strategic goals for each of the four

themes in accordance with the environmental philosophy and policy pursued by the Group to date, and are working to achieve the vision set forth in Vision 2030.

### Theme 1 Prevention of global warming

- Reduction of greenhouse gas emissions along the supply chain
- Promoting the use of renewable energy

### Theme 2 Establishment of resource recycling

- Promoting recycling in the manufacturing process
- Effectively utilizing water resources in production activities

### Theme 3 Conservation of plant resources/nature

- Promotion of sustainable procurement
- Promotion of nature conservation activities

### Theme 4 Promotion of environmentally friendly development

- Reducing use of plastic containers and packaging, and promoting resource recycling
- Developing products and services that positively impact the environment utilizing plant resources

## Theme 1 Prevention of global warming

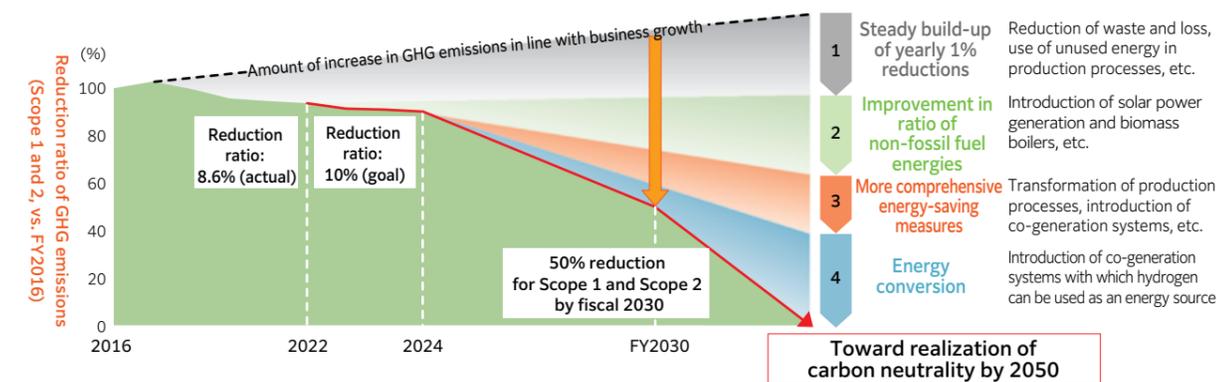
### ■ Implementation of review of targets toward the realization of carbon neutrality by 2050

In recent years, as risks associated with climate change become increasingly severe and the transition toward a decarbonized society becomes ever more pressing, movements toward a reduction in greenhouse gas emissions have begun to accelerate on a global scale. In response to this situation, the Group has revised its GHG emissions reduction targets for 2030 relating to Scope 1 and Scope 2 aiming towards carbon neutrality by 2050. We have also set new quantitative targets for 2030 with regard to Scope 3, and have begun efforts starting with categories 1 and 4, for which we have especially high emission rates.

One specific initiative is the formulation of the strategic roadmap to promote decarbonization targeting Scope 1 and Scope 2. We have steadily built up initiatives relating to the saving of energy in our manufacturing processes as well as made efforts to make even further improvements in the efficiency of our processes through the introduction of new

technologies. We have also been promoting the introduction of equipment targeting an increase in the ratio of use of non-fossil fuels. The Group introduced internal carbon pricing in 2021 which is used as an important index when formulating new measures or making decisions around capital investment. We have also begun the construction of systems and equipments for utilizing hydrogen as an energy source and have decided to introduce high efficiency gas turbine co-generation facilities at our Yokohama Isogo Complex with an eye to implementing hydrogen mixed combustion. With an eye on the development status of the hydrogen supply network, we are aiming to use hydrogen as an energy source at the complex from 2027 and onward. With this, we hope to become an industry leader in the utilization of hydrogen. We will also use it as a platform for its social implementation.

### Strategic roadmap to promote decarbonization



### ■ Introduction of solar power generation equipment

We are proceeding with the introduction of solar power generation equipment across the Group as part of efforts to improve the ratio of non-fossil fuel energies that we use in our operations. Domestically, we have introduced solar power generation equipment using the PPA model\* at the Yokohama Isogo Plant, Nagoya Plant, and Sakai Plant, which began providing power as of December, 2022. As a result of these installations, the combined power generating capacity of all three plants is now 700 kWp, with an annual power output of 1,027 MWh, with which we expect to reduce our annual GHG emissions by approximately 371t. Overseas, ISF (Malaysia) began installing solar panel equipment at its two plants in 2021, giving a power generating capacity of 1,440 kWp. In fiscal 2022, the amount of power generated was 1,569 MWh, delivering a reduction in GHG emissions of approximately 1,381 t. IQL (Spain) began installing solar panels in 2022 and has installed them on the rooftops of

almost all of its offices and warehouse buildings. The annual power-generation is 473 MWh. During the summer months, in which there are long sunny days, it expects that the panels will cover close to 20% of monthly energy usage.

\* A system by which a power generation company installs solar power generation equipment at its own expense on the premises of a company or some other party with demand for such. The power generation company owns the equipment and is responsible for its maintenance. The power generated by the power generating equipment is then supplied to the demand-side party.



IQL (Spain) solar panels



ISF Dengkil Plant (Malaysia) solar panels

## Theme 2 Establishment of resource recycling

### ■ Conducting demonstration experiments through industry-academia-government collaboration toward the realization of recycling plastic containers for edible oil

The plastic containers used for edible oils and seasonings are made from a wide variety of materials and removing the leftover contents of such containers that have been recovered is difficult. Currently there are no means to recycle or systems to collect these containers. The Company has set the aim of developing a recycling system and is working together with Kawasaki City (Kanagawa Prefecture) on a proof of concept for the recovery of used plastic containers used for edible oils and seasonings that have been disposed of by households in the Kawasaki City region (certain areas). We installed collection boxes in four locations within the city for people to dispose of used plastic containers that had been used for edible oils and seasonings. This enabled us to get a better picture of the actual situation regarding how many containers can be recovered and the levels of contamination within them. By conducting interviews with participating citizens and recycling businesses

who worked with us on the proof of concept test, we were able to clarify the issues in terms of the development of recycling technologies and the efficient recovery of containers. This initiative was selected by the Ministry of the Environment as a project for its "FY2022 Program for Supporting Municipalities to Promote Plastic Resource Circulation." Moving forward, we will demonstrate our recycling technology and think about ways to provide even more effective methods of collection as we work to find solutions to the challenges identified during the proof of concept initiative.



Recovery box

## Theme 3 Conservation of plant resources/nature

### ■ Mangrove planting activity by ISF

ISF (Malaysia) has been planting mangroves since fiscal 2019. "Mangrove" is a generic term for plants that grow naturally in shallow waters such as estuaries in tropical and subtropical regions. In recent years, mangroves have attracted attention for their effectiveness as a CO<sub>2</sub> sink in combating global warming.

The area next to Sabak Bernam, Selangor, where the planting has been taking place, is an important region for the local communities, for whom fishing is the key to their livelihood and also serves as a riparian buffer zone. However, due to factors such as the unfinished constructions of aquaculture developments, the mangrove habitats are currently in an extremely bad state. Together with the environmental NPO Selangor with Global Environment Centre (GEC), ISF is aiming to revitalize and then conserve the dilapidated mangrove forests in the area and has formulated a plan to plant

8,000 mangrove trees over a three year period starting from 2022. In fiscal 2022, 2,500 trees were planted, with planting efforts continuing thereafter. We expect that planting 8,000 mangrove trees will result in 160 t of CO<sub>2</sub> being absorbed annually. Other initiatives we have been engaged in including efforts to raise awareness among local communities regarding sustainability, including the role that mangroves play in the ecosystem, with our aim being to work together with these local communities to conserve biodiversity.



Group employees participate in tree planting activities

## Theme 4 Promotion of environmentally friendly development

### ■ Launch of edible oil in carton containers that are both environmentally considerate and easy to use

In September 2023, we launched a carton type container for some of the popular oil products as a new option to help meet the demand from customers for greater choice with regard to the use of environmentally friendly materials. In addition to reducing the amount of plastic used in the container by roughly 55% relative to our 400-g PET bottle product, we are also using environmentally conscious materials such as FSC-certified paper and biomass plastics in the product. After use, it can be folded up into a small size, reducing the volume it takes up when disposed of. Furthermore, to help improve

usability for customers, we have added a slit that allows customers to easily see the amount of oil remaining along with a 2-way cap that can be used according to the amount of oil required.



Lineup of carton container products

\* An international system that certifies appropriate management of forests with the aim of achieving sustainable use and conservation of forests

Our Priorities for Realizing the Goals of Vision 2030

# 4 Contribution to the food value chain

Amid rising global demand for oils and fats, the ways in which people use them are diversifying alongside changes in society and the environment. With this in mind, we will deploy technologies to further enhance the value of plant resources and realize solutions that society demands through co-creation with our customers. Through the stable provision of products and services that offer peace of mind and create value, we will contribute to the food value chain.



Shared value and social impact

## Enhancing values with customers

We are working to ensure the stable supply of oils, fats and meal, develop foods with new value, maintain good flavors in food, extend expiry dates, and find solutions to future food solutions, etc.



Key initiatives and vision

- We will promote alliance type strategies toward ensuring the sustainability of the oil processing business.
- We will promote emergent sales processes and strengthen proposals and sustainable development targeting the finding of solutions to constantly changing customer issues.
- We will develop applications for products through combinations of oils and fats with other materials so as to develop new foods and raw materials for food processing.
- We will deepen our technological development to maintain the good flavor of foods and to extend best-before dates.
- We will work on developing alternative lipids with the aims of “building new production schemes” and “acquiring new meal resources and functional materials.”
- We will respond to new food trends, such as finding replacements for meat and dairy products through plants, which are expected to help eliminate future food shortages and whose market continues to grow.
- Through these initiatives, we, as a key player in the food value chain, will continue to ensure the stable provision of oils, fats and meal. Additionally, we will work to improve the value of our customers’ products, who mainly operate in the eat-in and eat-out sector or are manufacturers of processed foods, by which we will expand our sales and business as a Group.

CSV goals



Initiative	FY2022 results	FY2023 targets	FY2024 targets	FY2030 targets
Ensure a stable supply of food energy in Japan (ratio of total domestic energy)	7.5%	6%+	6%+	6%+
Improvement of growth rate for customer support solutions (vs. FY2019)	112%	120%	130%	150%

## Providing solutions that meet customer demands to improve customer satisfaction



**Ichirou Hidaka**  
General Manager, Product Application Development Center

At the Product Application Development Center, we use application technologies to propose functions that leverage the value of oil and fat, soy ingredients, etc., to meet the demands of, and tackle the issues facing, customers, primarily customers in the commercial-use and food processing domains as well as confectioners and bakers. This is leading to the provision of new solutions and the development of new markets.

In response to recent changes in the environment surrounding food, such as increased awareness of environmental issues and soaring costs for food resources and materials, we have been engaged in efforts to help customers tackle the issues they are facing through proposals linked to the use of technology for improving the taste of ingredients and how long they last or the use of more environmentally-friendly packaging.

Furthermore, in addition to looking to develop new markets in collaboration with our sales teams, we have also been working to strengthen our follow-up services for customers. We are aiming to improve customer satisfaction levels by visiting customers’ worksites or having them visit us so as to provide information on trends in different types of dishes, to provide strategic follow-up and solutions for specific products, etc. and by providing timely and highly accurate technical follow-ups. As the declining birthrate continues apace domestically, it is expected that an increasing number of our customers will direct their attention overseas. As well as making further efforts to increase our level of collaboration with our overseas Group companies and ensure we have the tools in place to better capture markets on a global level, we will also refine our application skills so that we may maximize our ability to demonstrate the value of oils and fats.

By understanding the changes in the environment and the demands of the market from the customer point of view, we are able to provide oil and fat based products and solutions that appeal on grounds of “good flavor,” “less food waste,” and “convenience.” In addition to this, we also contribute to the food value chain by offering solutions in response to changing circumstances in society, such as rising costs and the growing popularity of plant based foods.

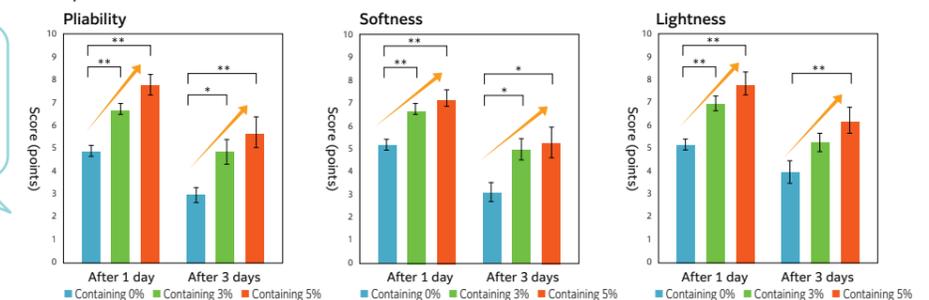
## Extending the shelf life of bread through the development of functional oils and fats

Oils and fats play a major role in delivering the chewy and crunchy textures that comprise much of the appeal of breads and confectionary. Because of the importance it plays in ensuring the delicious flavor that one expects, it is vital that the texture is maintained to avoid a situation in which the value of the product is lost, thereby leading to waste. Through our customer support functions, we have identified the need to maintain a soft texture through the combination of oils and fats and functional ingredients if we are to reduce food waste in the production of bread. And, in service of this, we have developed functional oils and fats that can help resolve these issues.

By kneading functional oils and fats into the dough and increasing the dough’s water content, we have found that the ideal light and soft texture of the bread can be maintained over a longer time period, thereby extending its shelf-life.

In utilizing these customer support functions, we will demonstrate our ability to address customer issues with oils and fats and help improve the value of the products of our business partners, which should, in turn, provide greater opportunity for growth of the Group’s businesses.

Using functional oils and fats to improve people’s perceptions of a bread’s pliability, softness, and lightness



[Testing method] Baked buns containing 3% or 5% functional oils and fats. The buns containing no functional oils and fats were frozen one day after baking. The defrosted product was then marked out of five for each evaluation item. Sensory evaluation was performed by 10 members of the Company’s application development team one and three days after baking. \*\* Difference at 1% level of significance \* Difference at 5% level of significance

Our Priorities for Realizing the Goals of Vision 2030

# 5 Supply chain connected by trust

As a supplier of important materials and energy contained in Japanese food, we will strive to build a stable supply chain for the future by using raw materials that are produced in a sustainable manner and always focusing on the quality of our products until they are delivered to our customers. We will also build relationships of trust with our customers and society through the supply of safe products and highly transparent communication.



Shared value and social impact

## Making a more resilient and flexible supply chain with integrity

We are engaged in efforts to protect the environment and human rights in upstream raw material production regions, ensure no deforestation, no peat, no exploitation; improve the sustainability of downstream logistics, and to provide safe and secure oils and fats



Key initiatives and vision

- We promote human rights education and pursue a stance of respecting human rights across all business operations.
- As part of the palm oil procurement process, we recognize that being able to ensure traceability all the way back to the plantation is of utmost importance if we are to protect the environment and human rights in raw material production regions. To that end, we are formulating an action plan toward ensuring such and helping find solutions to related issues.
- We will promote the formulation of an action plan so that we may expand our efforts toward sustainable procurement to include soybeans and cacao.
- As part of efforts to help find solutions to a range of issues, including labor shortages and harsh working environments, we will build a sustainable logistics system based on alliances within the Company and industry.
- We will develop proprietary technologies that will allow us to provide high quality products that can give us a competitive edge such as technologies for controlling trace elements.
- Through these initiatives, we will build a sustainable supply chain from upstream to downstream whereby we will expand our business opportunities by making this supply chain one of the key competitive strengths of the Group.

CSV goals



Initiative	FY2022 results	FY2023 targets	FY2024 targets	FY2030 targets
Developing and deepening business operations based on a respect for human rights	Dissemination of human rights policy throughout the Group Began operations on human rights due diligence	Begin human rights due diligence for high priority suppliers	Full-scale human rights due diligence operations on the supply chain	Target to be set
Improving traceability to plantations	Palm oil: 90.9% (Jan. to Dec. 2022)	Palm oil: Developing effective initiatives to realize and maintain 100% traceability		Palm oil: 100%
Promoting sustainable sourcing of soybeans	Formulated a sourcing policy for soybeans, announced in July	Formulation and publication of sustainable sourcing action plan	Sustainable sourcing of soybeans premised on stable supply	
Promoting sustainable sourcing of cacao	Formulated a sourcing policy for cacao, announced in July		Sustainable sourcing of cacao premised on stable supply	
Building a sustainable and competitive logistics system				
Expanding F-LINE co-distribution functions to improve loading efficiency	14%	20%	20%	30%
Reducing the amount of time truck drivers spend at work (within the Company's plants)		Avg: 90 mins as of end of FY2023	Avg: 60 mins	Avg: within 30 mins

## Sustainable palm oil procurement from ISF across the entire Group



Khoo Yoke Lian  
CMO, ISF

As a global company, we must ensure that there is transparency in our palm oil supply chains owing to the potential risks associated with deforestation and labor practices. ISF has been working on procuring RSPO certified oil since 2011 with 50% of all current raw materials procurement being RSPO\*1 SG\*2 certified oil. Through this procurement, we are striving to be ethical and sustainable in our

business operations. We are also committed to on-going efforts to discover and improve upon these efforts so that we may have a positive impact on the environment, local communities and the industry as a whole.

Our initiatives relating to palm oil sustainability have evolved over time. When we first began efforts to tackle the problem, the industry as a whole was largely uninterested in matters of

sustainability; however, the situation has changed greatly these past years, with a lot of companies now announcing support for "NDPE\*3." In addition, in accordance with EUDR\*4, any companies who cannot prove that there has been no deforestation within their palm oil supply chains will be prohibited from selling their products in the EU. This is expected to have a huge impact on the procurement of palm oil destined for the EU market in future.

Every employee at ISF, from management and down, understands our commitment to ensuring the sustainable procurement of palm oil and works in unison to help realize that, including through programs to help improve the livelihoods of smallhold farmers, the strengthening of local communities, and the promotion of responsible practices across the industry. By strengthening our governance around the matter of palm oil sustainability across the entire Group, we hope to see yet more progress in such initiatives in future too.

\*1 Roundtable on Sustainable Palm Oil  
\*2 Segregation (one of the RSPO's authentication methods)  
\*3 No Deforestation, No Peat, No Exploitation  
\*4 EU deforestation regulations

## Initiatives to respect human rights

Respect for human rights is a natural responsibility demanded of companies by society. It is also a business risk management issue. The Group is committed to establishing a human rights policy, human rights due diligence, and grievance mechanisms as the main framework of its efforts, and to disclose the status of its activities to the public as appropriate.

As part of our human rights due diligence, in fiscal 2022 we conducted a survey of domestic and overseas Group companies to better ascertain the presence of human-rights related issues in the Group. Based on the results of this survey, we categorized the Group's business domains including our procurement partners, as follows: agricultural, general manufacturing, and non-manufacturing. We

then organized and analyzed any human rights risks present based on severity and likelihood in accordance with those human rights deemed to be of a global standard. Based on this, we then formulated a roadmap for future human rights related initiatives.

Furthermore, so that we could ensure that such initiatives are promoted throughout the Group, we held briefing sessions for the management of each of the Group companies where we disseminated our vision for initiatives concerning respect of human rights.

From fiscal 2023 and onward, we will steadily proceed with such activities while constantly looking to find ways to improve our roadmap as we aim to realize our vision of a "Supply chain connected by trust."

### Roadmap

	FY2022	FY2023-2025	FY2026-
Human rights due diligence	<ul style="list-style-type: none"> <li>Ascertaining the presence of human-rights related issues within the Group</li> <li>Analyzing and identifying human rights risks</li> </ul>	<ul style="list-style-type: none"> <li>Building a human rights due diligence system and strengthening traceability for all suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Continued implementation based on human rights due diligence system</li> </ul>
Grievance mechanism	<ul style="list-style-type: none"> <li>Review of existing systems, including Corporate Ethics Hotline</li> </ul>	<ul style="list-style-type: none"> <li>Building of a grievance mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Operations based on grievance mechanism, continuous improvements</li> </ul>
Information disclosure			<ul style="list-style-type: none"> <li>Appropriate disclosing of information on the Company website, in integrated reports, etc.</li> </ul>

For details, see the Company website: [https://www.nisshin-oillio.com/english/sustainability/human\\_rights/](https://www.nisshin-oillio.com/english/sustainability/human_rights/)

■ Sustainable sourcing of palm oil

**Importance of traceability in ensuring sustainable sourcing of palm oil**

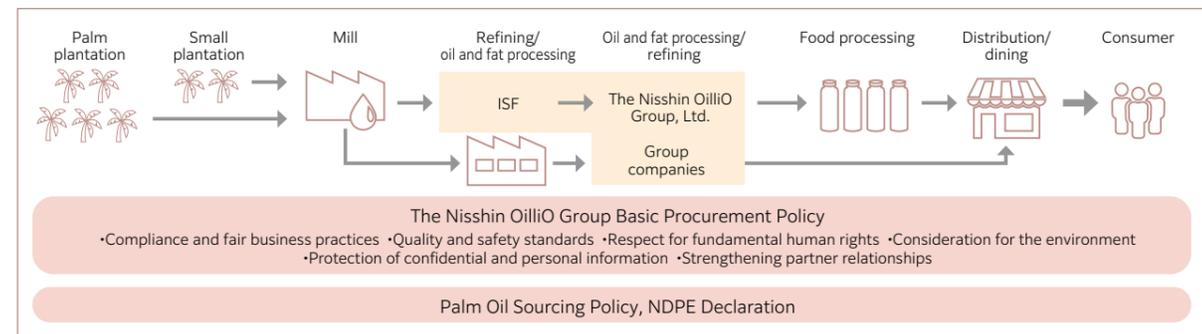
The Group manufactures frying oil, margarine and shortening, and oils and fats for chocolate and other products using palm oil as raw materials produced primarily in Malaysia and Indonesia. Palm oil is easily processable and produces a high per unit yield. For this reason, it is used in a wide range of products, including foods, and has become the most produced and used vegetable oil in the world. However, when it comes to palm oil, there is a range of social issues including the preservation of the natural environment and biodiversity at its production regions and the respecting of human rights of indigenous populations and the people working at the plantations. In light of this, the Group is aiming to build a sustainable palm oil supply chain and is working on initiatives aimed at realizing this.

In 2018, we established the “Nisshin OilliO Group Basic

Procurement Policy” as an overall policy for matters of procurement which we have requested that all our suppliers comply with. We have also established the “Palm Oil Sourcing Policy,” and have declared that we will build a traceable and transparent palm oil supply chain that complies with NDPE\*. In order to realize the goals of NDPE, it is important that we understand whether there is preservation of forests and respect of human rights at the plantations and mills of our procurement partners and that we provide technical and financial support as necessary. The first step on this journey is to work with all stakeholders on the supply chain to ensure there is traceability along the chain, starting from the plantations and crushing plants all the way through to the refinery and eventually the Group itself. In light of this, the Group has set the CSV goal of achieving 100% traceability all the way back to the plantation by fiscal 2030 (90.9% as of fiscal 2022).

\* No Deforestation, No Peat, No Exploitation

**Palm Oil Supply Chain**



■ Action plan for 2030: Improving traceability and environment/human rights related initiatives

**(1) Building a traceable and transparent supply chain**

RSPO’s SG certified oil can be traced back to the mills using that system. In 2022, we improved the ratio of SG certified oil procurement to 51% and, using fact-finding surveys, we also improved traceability back to plantations to 90.9%. By maintaining a ratio of RSPO SG certified oil—one of the indicators used for our action plan—of at least 50% and by making 100% of our oil certified oil, including MSPO\*, we are aiming for a plantation traceability ratio of 100%.

\* Malaysian Sustainable Palm Oil

**(2) Conducting plantation working environment surveys in collaboration with stakeholders**

In fiscal 2022, with the support of NPOs, we conducted a survey on working environments and employment targeting the Group, plantations, and one of our customers, a major chocolate manufacturer in Europe, whereby we then formulated improvement recommendations and an action plan. This was a meaningful initiative in the sense that it involved collaboration between so many stakeholders along the supply chain; from upstream to downstream.

**(3) Protecting forests and respecting human rights by supporting smallhold farmers**

In fiscal 2023, we will begin support of our plantations, our major European chocolate manufacturer customer, and smallhold farmers. This is an initiative by which we will provide support to plantations in obtaining RSPO certification and by which the Group procures certified oil and supplies it to the customers. By increasing the productivity of smallhold farmers, we can help curb expansion of plantations that involve the development of forests, which should lead to more respect for human rights by ensuring more stable incomes, the prevention of child labor, improvements in working environments, etc.

**(4) Promoting Scope 3 reductions in the palm oil supply chain**

The Group is building relationships of trust with various stakeholders, including plantations, mills, and distributors, so as to promote GHG emissions reductions in the palm oil supply chain, whereby we aim to make a 25% reduction by fiscal 2030 (vs. fiscal 2020). Since fiscal 2019, we have been planting mangroves in Malaysia as part of efforts to increase sources for absorbing CO<sub>2</sub> and to restore ecosystems.

For details on the action plan, see the Company website: [https://www.nisshin-oillio.com/company/sustainability/sustain/procurement\\_policy2.html](https://www.nisshin-oillio.com/company/sustainability/sustain/procurement_policy2.html).

■ Sustainable sourcing of soybeans

We formulated the Group’s Soybean Sourcing Policy in July 2022, whereby we are working to make improvements in matters of environmental considerations and respect for human rights in areas of soybean production through the supply chain. We have been conducting surveys on soy production and logistics in production regions for some time, based upon which we are considering measures to improve sustainability together with our suppliers. Within fiscal 2023, we plan to formulate a targeted action plan, including becoming member of a certification body.



**Toshihiro Nonaka**  
Manager, Oil & Oilseeds Group, Strategic Sourcing & Supply Management

■ Building a sustainable logistics system

Against the backdrop of a chronic driver shortage, we are now in an era in which shippers are screened by transportation companies. From April 2024, the maximum annual overtime limit for vehicle drivers will be set to 960 hours. This will make truck supply and demand even more tight and may lead to a situation where the fear of articles “not being able to be shipped” would be an unfortunate reality.

In light of this situation, we plan to lease a large external warehouse near our Yokohama Isogo Plant during fiscal 2023 where we will consolidate our inventory stored in and around the Isogo Plant. By doing this, we expect that we will shorten the time drivers are required to wait for cargo and for handling it. We also expect that it will improve the efficiency of work by increasing the amount of space given for shipping work.

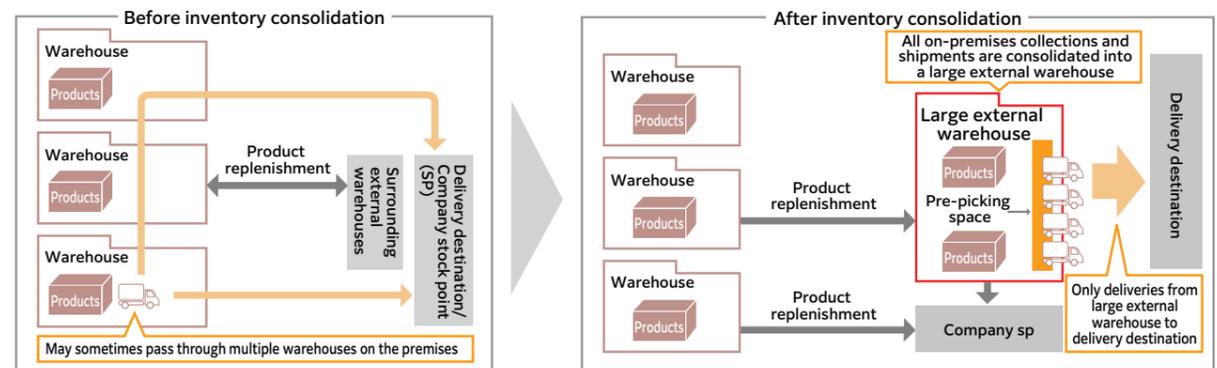
■ Sustainable sourcing of cacao

We manufacture and sell chocolate for commercial use to which end we have joined the World Cacao Foundation (WCF) and have obtained certification from the Rainforest Alliance (RA). These initiatives are a part of efforts to help find solutions to social and environmental issues that may arise along the cacao supply chain. We are currently in the process of formulating an action plan involving initiatives such as the development of RA certified products and the strengthening of traceability. In accordance with the Group’s Cacao Sourcing Policy, the Group is working as a single entity to help find solutions to various issues.



**Hirotaka Hidaka**  
General Manager, Business Promotion Office Daito Cacao Co., Ltd.

**Before-After Inventory Consolidation at Warehouse (Figure)**



■ Reconstructing IT systems of quality standards

In operating our unique quality management system, “OilliO QMS,” the Company is building a system for delivering safe and secure products and services to customers and for ensuring that there are on-going improvements.

The Company has established quality standards for its production activities, covering each of the raw material, semi-finished, and final product stages which we utilize for quality management purposes. We have also internally developed a new centralized management system called “Q-base” for

managing quality standards data, which we put into operation in July 2023. “Q-base” not only allows for quality standards data to be shared between production management systems, but also allows for us to quickly establish quality standards for new products, etc., thereby contributing to accurate, efficient, and speedy quality management. This will also help us build the information infrastructure required for the smart factory transformation we are currently pursuing at our domestic production bases.

Our Priorities for Realizing the Goals of Vision 2030

# 6 Human resource management

Creativity based on diverse perspectives is essential for the sustainable growth of the Group. We strive to realize diversity and work constantly to emphasize employees' health and education, and create opportunities for employees to gain a wide range of experience. This will enable us to increase the job satisfaction of every employee and thus enhance our organizational capabilities and drive innovation in every aspect of our value chain.



Shared value and social impact

## Enhancing the engagement of diverse human resources and improving organizational strength

We are engaged in initiatives to provide working environments and systems that enable diverse human resources to fully demonstrate their abilities, to improve employee job satisfaction, to foster a new corporate culture, and to empower diverse human resources



**Takashi Segawa**  
Executive Officer  
General Manager, Personnel & General Affairs Dept.  
General Manager, Health and Productivity Management Dept.  
Responsible for Business Support Center

### From a small elite-focused approach to a diverse and substantial organization

For a long time, the Company demonstrated its competitive edge through its human resources education system based on the principle of "education first" and by maintaining an efficient and muscular key personnel system based on a small and elite selection of employees. With the aim of encouraging all our employees to aspire to be the very best, we now provide employees with tasks from a young age with a view to allowing them to move their way up through the organization and

organization built on a breadth and depth that can leverage diversity. We must concentrate the knowledge and wisdom of diverse human resources and expand the areas in which the Group operates and its potential so that we may expand on a global level, develop new markets, and challenge ourselves to tackling even greater technological issues. In service of this, we are promoting the strategic training and recruitment of experienced specialist mid-career hires and working to strengthen our human resources capacity through measures including the establishment of a global human resources registration system and developing a pool of candidates to join our team of global human resources.

We will start a new personnel system in October 2023. This new personnel system aims to build an energetic culture in our organization driven by growth and job satisfaction. In addition to strengthening our management capabilities so as to allow us to maximize the diverse individualities of employees (capabilities, experience, values, etc.), we will also provide employees with opportunities to challenge themselves and grow for which we will reward their hard work. In doing this, we hope to connect employee growth to the sustainable development of the Company.

challenge them to take on a broad variety of work. Fostering the next generation is now the most important task of leaders within the Group and forms a key part of the Company's DNA.

However, as the market environment grows in complexity and the issues that require addressing become even more difficult to find solutions to, I feel that it is important that we evolve away from a system based on a small elite to an

### Investment in human capital

If we are to realize sustainable development for the Group, it is essential that we build an environment in which employees share in our vision as a company and that they are keen to dedicate themselves to their job with passion and with a sense of job satisfaction. As part of this, we are promoting proactive investments in human resources and in the reform of our organization and management so that we can strengthen the organizational capabilities of the Group using the growth and job satisfaction of each employee as a driver to realize Vision 2030.

By strategically implementing initiatives that help employees realize their own individual growth and demonstrate their capabilities from a long-term perspective, including the expansion of our human resources, investment in education, and the building of an environment in which employees feel comfortable in their work, we will foster and solidify an organizational culture in which all employees are committed to helping the Company realize its vision as well as one that enables them to improve their own capabilities and act with autonomy as they grow.

Key initiatives and vision

- In order to realize the Group's vision, we will proactively invest in human capital for the purposes of expanding our human resources as required for value creation and for strengthening and developing our organizational capabilities. In particular, we will make focused investments in education for human resources that will promote global business.
- So that we can reach a position in which our vision is realized, we will raise the base level of literacy with regard to lipid nutrition, environment, information throughout the Group.
- We will build an environment that welcomes diverse human resources required for the Group to create new forms of value. We will also lay the foundations for delivering innovation through constructive communication between employees.
- We will improve managerial diversity and incorporate a broad range of perspectives into decision making processes. To this end, we will implement strategic type education.
- We will enhance communication between management and employees, promote "smart work" (flexible working environment, with IT) and other measures to improve "ease of work" and "job satisfaction," and increase employee engagement.
- Through these initiatives, we will create a robust organization capable of triggering innovation intermittently. Thus we will make the leap to "become a global top provider of oils and fats solutions."

CSV goals



Initiative	FY2022 results	FY2023 targets	FY2024 targets	FY2030 targets
Reinvigorating and developing organizational capabilities				
Building the foundations for DX promotion	Company-wide introduction of digital literacy type education system	Achieve 100% company-wide digital literacy type education	Implementation of specialized education for fostering personnel for DX promotion and workplace placement	Target to be set
Expansion of global human resources	Introduction of registration system for global human resources	Beginning of educational program for registered employees on the global human resources registration system	Increase of registered employees on the global human resources registration system; global workplace placement (FY2023 to 2024 - Total 10 employees)	Target to be set
Increase percentage of employees feeling highly engaged in their work	<ul style="list-style-type: none"> <li>Implementation of action plan at all divisions targeting improvements in employee engagement</li> <li>Percentage of employees feeling highly engaged in their work: 63.0%</li> </ul>	66%	70%	80%
Increasing employee diversity				
Increasing female manager ratio	Percentage of female participation in educational opportunities to develop core human resources: 23.4% Female manager ratio: 6.3% (as of April 1, 2023)	7%	8%	20%

Investment in human capital

Human resources strategy

Basic policy

- Build an organization with depth that leverages diversity
- Build new partnerships between employees and the Company
- Accelerate employee growth
- Strengthen management and make it more sophisticated

Proactive investment in human resources + Organization and human resource management transformation

Health management

Investments to maintain and improve the health of the employees

## Human capital investment

We will proactively invest in human resources as our most important capital for value creation. We will enhance organizational capabilities by fostering an energetic organizational culture that maximizes the abilities and innovation of each employee with diverse experiences and values, thereby realizing the corporate vision set forth in Vision 2030.

### Human capital investment and KPI

**Human resources strategy** Proactive investment in human resources and organization and human resource management transformation

**Building of robust human resources**

- **Build the optimum human resources portfolio to robustly execute our corporate strategy**
  - Increase educational opportunities
  - Strengthen the training of specialized human resources
  - Increase the employee base level for business and digital skills
  - Clarification of the expected duties and mission for each employee; strengthen and demonstrate specialist skills

**Building an organization that generates innovation**

- **Provide opportunities for diverse human resources to fully demonstrate their unique capabilities and characteristics**
  - Diversification of decision-making personnel (promote active participation of female employees, acquisition of highly specialized human resources)
  - Management that leverages diversity

**Improving employee job satisfaction**

- **Ensure employee well-being and build a healthy and energetic organizational culture**
  - Realization of a competitive system for the treatment of employees
  - Promotion of flexible and diverse working styles
  - Providing opportunities for employees to challenge themselves and grow
  - Initiatives to improve engagement across the Company and organizations

	FY2022 results	FY2024 targets	FY2030 targets
Annual education and training expenses per full-time employee	¥68,000	¥80,000	Set based on necessary skills development and optimal education method
Building the foundations for DX promotion	Group-wide introduction of digital literacy type education system	Implementation of specialized education for fostering personnel for DX promotion and workplace placement	Set based on business strategy, etc.
Education of global human resources	Introduction of registration system for global human resources Training to foster a global mindset (attended by 53 persons)	Increasing registered employees Placement in global operations (Total of 10 employees between FY2023 and FY2024)	Set with an eye to future global expansion
Ratio of experienced human resources to new hires in managerial and general courses	34.9%	Proactively recruit as appropriate in accordance with the development of our business strategy	Set in consideration of the optimum human resources portfolio as based on future business strategies
Ratio of female managers	6.3% (as of April 1, 2023)	8%	20%
Ratio of employees taking annual paid leave	75.6%	80%	90%
Ratio of employees taking childcare leave	Male: 70.0% Female: 100%	100% for both male and female employees	

\* Results based on Company data

### Outputs

Percentage of employees feeling highly engaged in their work

FY2022 results	FY2024 targets	FY2030 targets
63.0%	70.0%	80.0%

Company culture that values detail-oriented and dedicated attitudes and teamwork

+

Transforming into an organizational culture with energetic and diverse human resources

→

Improving employee engagement

Creating value through innovation

Improving productivity

Becoming a global top provider of oil and fat solutions

**Health management** Investments to maintain and improve employee health

- **Being a company in which each employee works with energy and enthusiasm**
  - Setting "lifestyle diseases prevention," "promotion of smoking cessation," and "mental health" as priority measures

External evaluation regarding health management	Certified as Health & Productivity Management Outstanding Organization (White 500)	Aim to maintain certification
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**Proactive investment in human resources**

Active roles of diverse human resources

We believe that leveraging the diverse strengths of each employee is important for achieving sustainable growth and improving our corporate value. To that end, we are promoting education and the building of an in-house environment in which our human resources can work to their fullest based in their own diverse capabilities, experience, sensitivities, and values.

One way we are doing this is by working to promote the active participation of female employees and proactively recruiting female employees. Furthermore, in order to build an environment in which it is easier for female employees to access opportunities to participate in decision making and in leadership roles, we are engaged in efforts to provide strategic education and job-rotation type training. We are also expanding our support for female employees to achieve a better work-life balance, starting with efforts around childcare.

In addition, in securing the specialized human resources required to promote our corporate strategy toward further growth, we are seeking to expand our recruitment of external human resources, to strengthen our training of internal human resources, and to improve training for those human resources who will be responsible for the next generation.

Education of global human resources

As part of its aim to "become a global top provider of oil and fat solutions," the Company has launched a global human resources registration system for recruiting employees who will play an active role on the global stage. We accept applications from candidates who will show an independent spirit to take on new challenges in helping the Group's overseas companies and domestic companies grow their overseas businesses, from which we will form a pool of candidates. In addition to using this system for placing employees, it is also used to provide registered employees with educational programs based around their various experiences overseas and language abilities. This is used to encourage these global human resources to improve their capabilities and to work to their fullest.

Building the foundations for DX promotion

With the aim of laying the foundations for a transformation of our business model and for innovative reform of our business operations, we are implementing an educational program which all employees will participate in designed to improve their knowledge and skills regarding digital utilization and for fostering a mindset that will help deliver digital transformation. Furthermore, in order to promote digital transformation and lay the foundations for innovation among employees, we held an in-house appeal for ideas regarding digital transformation back in 2022. The four teams that passed the final round continue to work with great energy toward the actualization of their proposals with the support of the Company.

**Organization and human resource management transformation**

Utilization of engagement surveys

Since 2021, we have been conducting periodic surveys regarding the state of engagement of our employees. To help improve the job satisfaction of employees, we utilize the results of these surveys to help build Group-wide human resource strategies and to manage workplaces. After the survey, we analyze the results, identify issues, and consider possible countermeasures. We also release the results of the survey by organization to corporate officers and managers whereby those managers then lead efforts to come up with points for improvement for their own organization on a division/department level of granularity. All this feeds into our efforts to formulate an action plan and take actions to improve employee engagement.

Reforming our personnel system

In October 2023, we will introduce a new personnel system that will form the basis for an energetic organizational culture and through which we aim to build a strong relationship of trust between the Company and employees and through which we hope that both will grow together. The basic philosophy of the new personnel system is to "Value Up employees and organizations with their diverse strengths." In order that all our employees can aim high and demonstrate their individuality in realizing growth and results, we are making reforms focused on goal management/evaluation systems, systems for treatment of employees, and education and training systems. In doing this, we will look to draw out to the maximum extent the ambition and capabilities of each employee, allowing the Company to realize an even more in-depth form of human resource management.

**Promotion of health management**

We proactively support efforts to maintain and improve the physical and mental health of our employees so that they may work with job satisfaction and great energy and lead healthy and fulfilling lives. We are developing a range of measures focusing on "lifestyle diseases prevention," "promotion of smoking cessation," and "mental health" in collaboration with management, persons in charge of health promotion at each business site, the health insurance union, and the labor union, with efforts led primarily by the Health and Productivity Management Department, which is the organization tasked with overseeing these efforts.

For health indicators and their progress, please visit our website: [https://www.nisshin-oillio.com/company/sustainability/health\\_management/](https://www.nisshin-oillio.com/company/sustainability/health_management/)

Corporate Governance

Management Structure (as of September 30, 2023)

Directors



**Takahisa Kuno**  
 Representative Director and President  
 Date of birth: October 29, 1961  
 Responsible for corporate management and internal audit  
 Apr. 1985: Joined the Company  
 June 2008: Executive Officer  
 Apr. 2014: Managing Officer  
 June 2014: Director and Managing Officer  
 June 2017: Representative Director and President (to present)  
**Significant concurrent position**  
 Chairman, Intercontinental Specialty Fats Sdn. Bhd.



**Hidetoshi Ogami**  
 Representative Director and Senior Managing Officer  
 Date of birth: February 1, 1961  
 Responsible for corporate finance, digital innovation, strategic sourcing & supply management and meal & grain sales  
 Apr. 1983: Joined the Company  
 July 2004: Executive Officer  
 June 2005: Director  
 June 2011: Managing Officer  
 June 2013: Director and Managing Officer  
 June 2018: Director and Senior Managing Officer  
 June 2019: Representative Director and Senior Managing Officer (to present)



**Yasushi Kawarasaki**  
 Director and Senior Managing Officer  
 Date of birth: August 31, 1958  
 Responsible for production coordination, logistics management, Yokohama Isogo Complex, Mizushima Complex/Plant, environmental solutions, and safety management & disaster prevention  
 Apr. 1984: Joined the Company  
 June 2011: Executive Officer  
 Apr. 2017: Managing Officer  
 June 2018: Director and Managing Officer  
 Apr. 2021: Director and Senior Managing Officer (to present)



**Arata Kobayashi**  
 Director and Senior Managing Officer  
 Date of birth: May 26, 1961  
 Responsible for sustainable business management, personnel and general affairs, public relations & investor relations, quality assurance, and publicity & advertising  
 Apr. 1985: Joined the Company  
 May 2009: Executive Officer  
 Apr. 2014: Managing Officer  
 June 2016: Director and Managing Officer  
 Apr. 2023: Director and Senior Managing Officer (to present)



**Masato Saegusa**  
 Director and Senior Managing Officer  
 Date of birth: September 22, 1960  
 General Manager, Food Product Division  
 Responsible for branch operation and Osaka Complex  
 Apr. 1984: Joined the Company  
 Apr. 2014: Executive Officer  
 Apr. 2019: Managing Officer  
 June 2021: Director and Managing Officer  
 Apr. 2023: Director and Senior Managing Officer (to present)



**Yoshiharu Okano**  
 Director and Managing Officer  
 Date of birth: September 6, 1962  
 Responsible for global business and fine chemicals business  
 Apr. 1987: Joined Marubeni Corporation  
 Apr. 2013: General Manager, Livestock Feed Operation  
 Apr. 2015: General Manager, Second Grain Dept.  
 Apr. 2017: Senior Operating Officer, Grain Division  
 Apr. 2019: Joined the Company as Managing Officer  
 June 2019: Director and Managing Officer (to present)  
**Significant concurrent position**  
 President, The Nisshin Oillio (China) Investment Co., Ltd.



**Isao Yamamoto**  
 Outside Director  
 Date of birth: May 2, 1957  
 Apr. 1981: Joined Nomura Research Institute, Ltd.  
 Jan. 1991: Head, Strategic Advisory Group, Nomura Research Institute  
 Jan. 2002: Co-Head and Managing Director, Investment Banking Division, Merrill Lynch Japan Securities Co., Ltd.  
 Nov. 2003: President & CEO, The Institute for Securities Investment & Governance K.K.  
 July 2006: Auditor, MASSTUNE, Inc. (currently MINKABU THE INFONOID, Inc.)  
 Sept. 2007: Director, MASSTUNE, Inc. (currently MINKABU THE INFONOID, Inc.)  
 Nov. 2009: President, Enterprising Investment, Inc. (to present)  
 June 2011: Outside Director, Sony Financial Holdings Inc. (currently Sony Financial Group Inc.)  
 June 2019: Outside Director, the Company (to present)  
 Oct. 2019: Board Member, Scenera, Inc. (to present)  
**Significant concurrent position**  
 President, Enterprising Investment, Inc.



**Emi Machida**  
 Outside Director  
 Date of birth: February 7, 1964  
 Mar. 1990: Registered as Certified Public Accountant (to present)  
 July 2004: Member, Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)  
 July 2012: Resigned from Deloitte Touche Tohmatsu LLC  
 Apr. 2013: Part-time Auditor, Deposit Insurance Corporation of Japan  
 June 2016: Outside Audit & Supervisory Board Member, the Company  
 June 2020: Outside Director, the Company (to present)  
 June 2020: Outside Auditor, Yakult Honsha Co., Ltd. (to present)  
**Significant concurrent positions**  
 Certified Public Accountant  
 Outside Auditor, Yakult Honsha Co., Ltd.



**Naomi Eto**  
 Outside Director  
 Date of birth: May 2, 1956  
 Apr. 1979: Joined Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation)  
 Mar. 2009: Executive Officer, Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation)  
 Responsible for general affairs and corporate communications  
 Sept. 2011: Executive Officer, Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation)  
 Responsible for environment  
 Feb. 2014: Executive Officer, Zensho Holdings Co., Ltd. Senior General Manager, Group CC Dept.  
 June 2014: Director, Zensho Holdings Co., Ltd. Senior General Manager, Group CC Dept.  
 Jan. 2015: Director, Zensho Holdings Co., Ltd. Senior General Manager, Group General Affairs Dept.  
 June 2020: Resigned as Director, Zensho Holdings Co., Ltd.  
 June 2020: Outside Director, Morinaga & Co., Ltd. (to present)  
 June 2022: Outside Director, the Company (to present)  
 June 2022: Outside Director, Nippon Yakin Kogyo Co., Ltd. (to present)  
**Significant concurrent positions**  
 Outside Director, Morinaga & Co., Ltd.  
 Outside Director, Nippon Yakin Kogyo Co., Ltd.

Audit & Supervisory Board Members



**Katsuhito Oba**  
 Audit & Supervisory Board Member (full-time)  
 Date of birth: March 12, 1962  
 Apr. 1985: Joined the Company  
 Apr. 2015: General Manager, Business Promotion  
 June 2019: Audit & Supervisory Board Member (full-time) (to present)



**Nobuyuki Watanabe**  
 Audit & Supervisory Board Member (full-time)  
 Date of birth: May 26, 1963  
 Apr. 1987: Joined the Company  
 Apr. 2019: Executive Officer  
 June 2022: Audit & Supervisory Board Member (full-time) (to present)



**Tomotake Kusamichi**  
 Audit & Supervisory Board Member (Outside)  
 Date of birth: October 18, 1972  
 Oct. 2003: Registered as attorney at law (Dai-ichi Tokyo Bar Association) (to present)  
 Apr. 2017: Vice-president, Dai-ichi Tokyo Bar Association  
 Apr. 2018: Deputy Director, Tokyo District Office of Japan Legal Support Center (to present)  
 June 2019: Outside Audit & Supervisory Board Member, the Company (to present)  
**Significant concurrent position**  
 Attorney at law



**Sayaka Sumida**  
 Audit & Supervisory Board Member (Outside)  
 Date of birth: January 28, 1961  
 May 1988: Registered as Certified Public Accountant (to present)  
 May 1999: Member, Asahi & Co. (currently KPMG AZSA LLC)  
 May 2006: Partner, KPMG AZSA LLC  
 July 2010: Executive Board Member, Japanese Institute of Certified Public Accountants  
 Feb. 2017: Business Accounting Council Member, Financial Services Agency  
 Mar. 2020: Resigned from KPMG AZSA LLC  
 June 2020: Outside Audit & Supervisory Board Member, the Company (to present)  
 June 2020: Outside Audit & Supervisory Board Member, Furukawa Electric Co., Ltd. (to present)  
 June 2020: Outside Director and Audit and Supervisory Committee Member, ADVANTEST CORPORATION (to present)  
**Significant concurrent positions**  
 Outside Audit & Supervisory Board Member, Furukawa Electric Co., Ltd.  
 Outside Director and Audit and Supervisory Committee Member, ADVANTEST CORPORATION

Corporate Officers

- |  |  |  |   |
|--|--|--|---|
| <p><b>Masahiko Oka</b><br/>                 Managing Officer<br/>                 General Manager, Processed Oil/Fat &amp; Soy Protein Division<br/>                 Responsible for bulk oil delivery support</p> | <p><b>Hiroshi Nashinoki</b><br/>                 Managing Officer<br/>                 General Manager, Strategic Business Development, North America<br/>                 Responsible for Product Application Development Center</p>  | <p><b>Masayuki Sato</b><br/>                 Managing Officer<br/>                 General Manager, Technical Division</p>   | <p><b>Katsuaki Yamanouchi</b><br/>                 Executive Officer<br/>                 Assistant General Manager, Technical Division</p>   |
| <p><b>Takahiro Saito</b><br/>                 Executive Officer<br/>                 General Manager, Tokyo Branch<br/>                 General Manager, Retail Support Marketing Dept.</p>                        | <p><b>Taiji Teraguchi</b><br/>                 Executive Officer<br/>                 Responsible for market development, national account sales, and Product Application Development Center</p>   | <p><b>Kenji Koike</b><br/>                 Executive Officer<br/>                 General Manager, Marketing, Processed Oil/Fat Dept.<br/>                 Assistant General Manager, Processed Oil/Fat &amp; Soy Protein Division</p> | <p><b>Takashi Segawa</b><br/>                 Executive Officer<br/>                 General Manager, Personnel &amp; General Affairs Dept.<br/>                 General Manager, Health and Productivity Management Dept.<br/>                 Responsible for Business Support Center</p> |
| <p><b>Hitoshi Kyuma</b><br/>                 Executive Officer<br/>                 General Manager, Strategic Sourcing &amp; Supply Management<br/>                 General Manager, Meal &amp; Grain Sales</p>   | <p><b>Koyo Nonaka</b><br/>                 Executive Officer<br/>                 Deputy General Manager, Food Product Division<br/>                 Responsible for household-use business strategy, commercial-use business strategy, and wellness foods business strategy</p> | <p><b>Osamu Kawabe</b><br/>                 Executive Officer<br/>                 Representative Director, Oilseed Processing Partners Japan, Ltd. (scheduled to assume position on Oct. 2, 2023)</p>                                 |   |

\* Includes some positions scheduled to be assumed on Oct. 2023

Independence and Diversity of Board of Directors and Audit & Supervisory Board



## Dialogue with Outside Directors

### Expecting further enhancement of corporate value through solution provision and proactive information dissemination

The Nisshin OilliO Group strives to achieve on-going improvements to its corporate value by incorporating the views and opinions of its outside directors into the Group's management. What is needed to further increase corporate value in the future? We sat down with directors Yamamoto, Machida, and Eto to discuss about the current issues facing the Group and its long-term vision.



**Naomi Eto**  
Outside Director

**Isao Yamamoto**  
Outside Director

**Emi Machida**  
Outside Director

#### What is the role of an outside director?

**Yamamoto** Our governance structure is evolving as we move into the second half of the medium-term management plan, to which end we have started a new management sustainability committee. We are busy considering strategies for the next medium-term plan, and I am participating as someone who can bring a different perspective to the team. By leveraging my prior experiences working as a securities analyst and in investment banking and venture capital businesses, I hope to contribute to improvements in the quality of decision making by the Board of Directors from the viewpoint of capital markets.

**Machida** Thus far, I have worked as an advisor on matters concerning accounting audit, internal control, and risk, as well as work relating to public offering of shares. In addition to offering specialist advice on matters of finance, disclosures, and risk, I also try to speak from the perspective of a consumer. Also, while executives must respond to each of the issues at hand, I think it

is important for outside directors to ask questions from a much broader perspective regarding the positioning and roles of these respective issues in relation to the future.

**Eto** I have long been involved in work positioned at the point of contact between companies and society, such as public and shareholder relations for the manufacturing and restaurant industries. I would like to make proposals regarding risk and compliance centered around responding to demands from society and promoting corporate understanding within society. Also, while medium-term management plans are typically designed to be implemented over a three-to-four-year period, I, as an outside director, feel that it is important to raise issues from the perspective of business plans that are ten years or more in scope. For the manufacturing industry in particular, research and development take a long time. In times of rapid change and of the world undergoing significant transformation, I never miss an opportunity to ask executives if they're thinking about the future.

#### What are your thoughts on the current challenges to improving corporate value?

**Yamamoto** The Company's P/B ratio continues to be below 1x and this was a major theme at the first off-site meeting of the Board of Directors held last year. When we proposed the idea to President Kuno, he immediately decided to make it an issue to be addressed. We discussed measures to analyze internal and external issues as to why P/B ratio is low and ways to increase profitability and growth so as to improve it, as well as proactive ways to handle investor relations to better communicate this to the market and how to target investors.

**Eto** There have been frequent discussions over this past year with regard to how best to improve the P/B ratio, and I feel that awareness of the issue is increasing among management. I think efforts to improve the situation need to be tackled from three perspectives. The first concerns the Group's earning capacity. Now that we have put in place the foundations for improving our earning capacity, the opinions of analysts have changed significantly. The second perspective concerns obtaining the understanding of external parties. With the foundations in place, we now need to foster an understanding from people external to the Company with regard to future initiatives to expand overseas. The third perspective is about expectations for the Group's earning capacity in future. Making the Group global is, of course, important, but at the heart of that is, more than anything, our technological capacity. I think it might be a good idea for the Group to challenge and communicate the message at an even higher level.

**Yamamoto** With regard to the Group's earning capacity, I think it is encouraging that we have been able to show leadership in the industry this past two years, during which market prices for raw materials had soared, in the form of reformulating prices, which I think has established a foundation for us to become more offensive. If we are to grow, we cannot take drastic measures unless we have the strength to make upfront investments.

**Machida** Amid discussions on P/B ratio and ROE, we have recently seen a focus on ROIC in particular, with discussions on how to improve it within a situation where assets such as inventories and accounts receivables are expanding. We will continue to make upfront investments in terms of capital investments while ensuring that we keep control of the overall balance. I believe that we were able to produce results in fiscal 2022 under difficult circumstances, setting the stage for the next step for the Group.

**Yamamoto** In terms of growth, we discussed specific measures at the off-site meeting targeting the North American market, after which, projects aimed at their implementation got rolling very quickly. Also, my impression is that, in response to the results of the evaluation of the effectiveness of the Board of Directors, the Board of Directors is steadily tackling the issues facing them, including the introduction, two years ago, of deliberative discussion time prior to decision-making at board meetings.

**Machida** Before the holding of Board of Directors meetings, we always receive advance explanatory materials and engage



in frank conversations with the next-generation leaders of the Group. I am really grateful that we are given the opportunity to understand the items up for deliberation ahead of time, before voicing our opinions. For some of the items up for deliberation, I sometimes ask purposely provocative questions with the hope of encouraging discussion among the members.

**Eto** I assumed the role of outside director one year ago and think that the system of having advanced explanations, set items for deliberation, resolutions, and discussions, which all take place before any decision making, is well thought out. As the advanced explanatory materials provide us the opportunity to get to know about the backgrounds of the relevant people in charge of particular divisions and initiatives, I was originally under the impression that the system was designed to work alongside the Nomination Advisory Committee, but I guess it had already been subject to some major changes by that point. Although everyone is working very diligently and seriously, Mr. Yamamoto occasionally likes to step on the accelerator of initiatives a little bit.

**Yamamoto** The Nisshin OilliO Group is a very constant and dedicated company and, so, I think it's necessary sometimes to give it a little push. I think it would be a good idea if we stretched ourselves beyond boundaries a little more during these lively discussions on the Group's growth.

#### What does the Group need to reach the next level? And what are your expectations?

**Yamamoto** In order for the Group to realize its vision of becoming a global top provider of oils and fats solutions, it is particularly essential that we develop global human resources. In order to expand our global human resources, it is also necessary to think about the Group's compensation system. It is important that we also consider initiatives relating to diversity. In the latter-half of the 2020s, I imagine it will become more commonplace for non-Japanese people to become executive officers, and so I think we can assume that there will be local people who will be in charge of certain subsidiaries. Therefore, it is important that we prepare for that.

**Eto** I too think that human resources and technical capacity are important. We must, based on corporate strategy, ascertain what we lack in terms of human resources and technical

## Dialogue with Outside Directors



capacity with an eye to the future. Speaking honestly, I think we need a little more diversity in our human resources. I think the Group should show a little more urgency in dealing particularly with the ratio of female managers. After all, I think that there are many opportunities in the food industry for female employees to play an active role.

**Machida** I heard that there were a lot of challenges in bringing ISF to where it is today, but I think that we need to leverage that experience and what we learned from those challenges in the development of the Group's global human resources. I believe that there are frequent exchanges of human resources at an operational level with ISF, but I don't think this situation is communicated particularly well.

I also believe that to realize the Group's Vision 2030, delivering "energy for living" to everyone, will be deeply intertwined with future global issues surrounding food security. To support people's dietary livelihoods, we must improve the functionality of the edible oils and fats and deliver nutrition to all regions of the world. And for that, we must also address global environmental issues. Global corporations are facing stricter demands on their activities concerning the environment than ever before, particularly in Europe. In order to achieve carbon neutrality by 2050, we must, as a company involved in the handling of plant resources, initiate activities from a wide perspective of such issues.

**Eto** When it comes to "mastering oils and fats" too, I think there are still areas where we can make more of "The Natural Power of Plants." If the Group can clearly articulate what kind of company it aims to be under the vision "Becoming a global top provider of oils and fats solutions" and tackle the issues of technology development from the perspective of finding solutions to global issues from a broader stance, I believe that it will be able to deliver technology that can respond to issues of biodiversity and food shortages brought about by population growth. I think such achievements will serve as a great strength to the Group, and it is our responsibility as a company that operates in this kind of business. It is my hope that the persons who go on to serve as the next leaders of the Group focus on development and the challenge of growing the business with an eye toward the future of the planet. Seeing as how we are moving out into the world as one of the leading

manufacturers in Japanese industry, I would like for us to adopt the stance of helping develop "solutions for all."

**Yamamoto** Yes, indeed. I strongly agree with that. I would like The Nisshin OilliO Group to internalize the spirit of wanting to help find solutions to global issues and to demonstrate that positivity to the outside. And I feel that the Group has the capacity to do just that. Furthermore, looking at the present situation, which is to say the management of the Group over the next two to three years, I think that we need to ensure that there is an optimal system in place for pursuing synergy between the various companies making up the Group's business portfolio, and to think about how we will best achieve that.

**Machida** From the perspective of Group management, we must make sure that we verbalize the Group's aims as we proceed to expand overseas and that we become more integrated and be on the same page. Then our corporate image will be stronger and enable us to better communicate with investors.

**Yamamoto** In terms of information disclosure, I feel that we must be innovative in how we communicate the information. Over the past few years, the concept behind edible oils has changed from being focused on transferring heat during cooking or as an energy source to one centered around being a "pour-and-enjoy" fresh edible oil or a supplement-type oil; from having a negative image in terms of health to one that generates new positive values regarding health and nutrition; moving from the kitchen to the dining table. In doing this, we have made proactive efforts to disseminate information with regard to the downstream side of things on the supply chain, but, moving forward, we must also make more efforts to disseminate information upstream in addressing global issues. I think, because we are conscientious, we have not been particularly great at communicating these initiatives.

**Machida** While we have been engaged in various measures to ensure the traceability of our raw materials and the stable supply of products, it is my impression that these measures, unfortunately, have not been communicated well. Integrated reports are a suitable tool for disseminating information due to the freedom and potential that they offer, and so I hope that they will be used more actively in future for communication with stakeholders.



## Corporate Governance

### Basic Policy

The basic philosophy of The Nisshin OilliO Group is to contribute to the development of people, society and the economy by maximizing its corporate value. The Group seeks to contribute to realizing sustainability with the aim of continuing to be trusted by all stakeholders. In The Nisshin OilliO Group Vision 2030, the Group has established priorities for solving social issues and creating value, and set forth strategic guidelines to achieve growth through the creation of value that is shared with society and the Corporate Vision towards 2030. Under

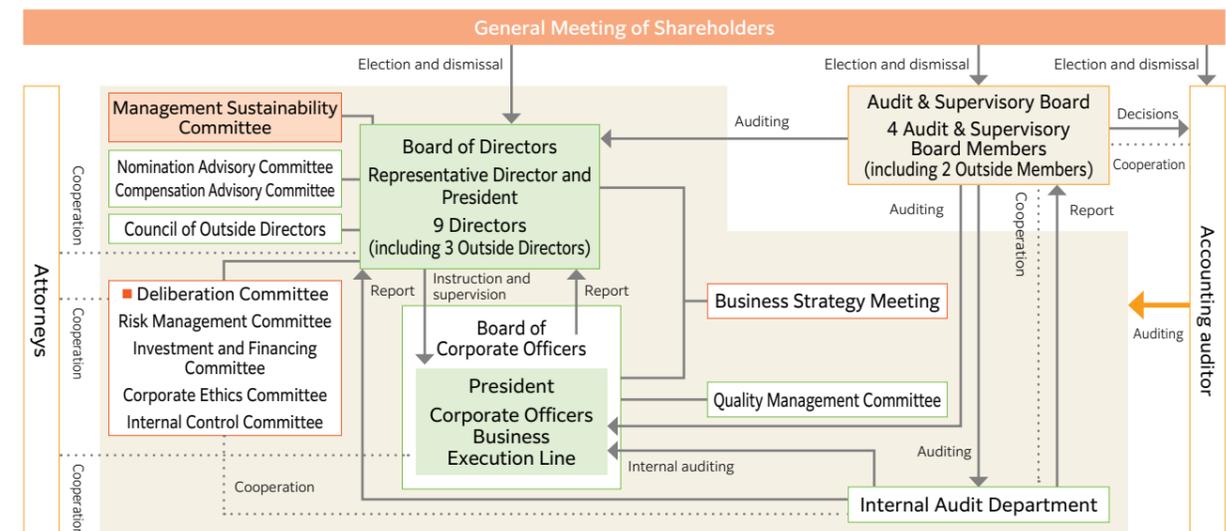
this policy, the Group will strive to establish a solid relationship with all stakeholders and build stronger trust, while enhancing its corporate governance.

### Corporate Vision towards 2030

Our objective is to co-create new food functions, leveraging "The Natural Power of Plants" and the strengths obtained from mastering oils and fats. We shall strive to generate diverse values and deliver "energy for living" to everyone.

### Outline of Corporate Governance

#### Corporate Governance System



Notes: 1. The full-time Audit & Supervisory Board Members attend Management Sustainability Committee, Risk Management Committee, and Business Strategy Meetings as observers.  
2. Aside from the above, a meeting body has been organized to secure the effectiveness of auditing, through activities such as regular information exchange and sharing between full-time Audit & Supervisory Board Members and corporate staff divisions.

Meeting Bodies, etc.	Mission	Number of independent Outside Directors and Members
Board of Directors	<ul style="list-style-type: none"> <li>Deliberating on and determining matters prescribed in laws and regulations and important managerial matters</li> <li>Management of the Group and supervision of the execution of business operations</li> </ul>	3/9
Audit & Supervisory Board	<ul style="list-style-type: none"> <li>Conducting audits of Directors' performance of duties and Executive Officers' execution of business</li> </ul>	2/4
Board of Corporate Officers	<ul style="list-style-type: none"> <li>Deciding on significant issues within the authority delegated by the Board of Directors</li> <li>Reporting and checking on the progress of business operations</li> </ul>	—
Nomination Advisory Committee	<ul style="list-style-type: none"> <li>Deliberating and evaluating candidates for Director, and decision-making on a draft list of candidates</li> </ul>	3/4
Compensation Advisory Committee	<ul style="list-style-type: none"> <li>Reviewing of the compensation system for the Directors, and deliberating on details of compensation</li> </ul>	5/6
Management Sustainability Committee	<ul style="list-style-type: none"> <li>Drafting basic policies for realizing the sustainable growth of the Group and the sustainable development of society (sustainability)</li> <li>Deliberating important issues relating to the realization of the Group's long-term corporate vision</li> </ul>	1/10
Business Strategy Meeting	<ul style="list-style-type: none"> <li>Deliberating issues facing business strategy relating to the realization of our medium-term management plan</li> </ul>	—
Council of Outside Directors	<ul style="list-style-type: none"> <li>Improving understanding of our business among Outside Directors and strengthening cooperation</li> <li>Exchanging of opinions to help improve the operations of Directors</li> </ul>	5/5

## Skills matrix of Directors and Audit & Supervisory Board Members

	Name	Corporate management	Sustainability (ESG)	Business investment	Finance/Accounting	Human resource management	Legal affairs/Risk management	Sales/Marketing	Production/R&D	International experience	IT/Digital
Directors	Takahisa Kuno	●	●	●	●	●		●			
	Hidetoshi Ogami	●	●	●	●	●		●			●
	Yasushi Kawarasaki		●						●	●	
	Arata Kobayashi		●			●	●				
	Masato Saegusa							●			
	Yoshiharu Okano			●			●	●		●	
	Isao Yamamoto	●	●	●	●					●	
	Emi Machida		●		●		●				
Audit & Supervisory Board Members	Naomi Eto	●	●				●				
	Katsuhito Oba						●	●			
	Nobuyuki Watanabe				●		●				
	Tomotake Kusamichi						●				
	Sayaka Sumida				●		●			●	

Note: The above table does not represent the complete range of knowledge and expertise that the Directors and Audit & Supervisory Board Members (including candidates for such) possess.

## Initiatives to improve effectiveness of the Board of Directors

### 1. Initiatives in Fiscal 2022 to Improve Effectiveness

Based on the evaluation results for fiscal 2021, in fiscal 2022, we took the following actions to further improve the effectiveness of the Board of Directors.

#### ■ (1) Increasing the depth of deliberations on important management issues

In addition to “Deliberations,” which was included in the agenda of the Board of Directors meeting in fiscal 2021, we established an “off-site meeting” in fiscal 2022, where all members of the Board of Directors would participate. This endeavor would increase the time for intensive deliberation on important management topics and let the members hold discussions throughout the day, resulting in a lively exchange of opinions.

#### Key items for deliberation by the Board of Directors

- Strategic roadmap to promote decarbonization
- Progress report regarding conversion of the Nagoya Plant into a smart factory
- Formulation of the “Soybean Sourcing Policy” and the “Cacao Sourcing Policy”
- Specific initiatives with regard to growth and profitability in light of the Corporate Vision towards 2030
- Medium- to long-term investment plans
- Management plan for fiscal 2023
- Initiatives for enhancing corporate value based on demands from the capital market

#### Agenda of off-site meeting for fiscal 2022

- Supply chain strategy for oils and fats and meal materials
- Issues facing efforts to improve P/B ratio and countermeasures
- Growth scenarios in view of improvements to the Group's corporate value
- Investor relations strategy in view of taking leap to become a global top provider of oils and fats solutions

#### ■ (2) Strengthening the monitoring functions of the Board of Directors

In order to strengthen the monitoring functions of the Board of Directors, we held discussions on the following themes:

- Impact of the Russian invasion of Ukraine on plans for large-scale capital investment
- Reviewing the level of capital costs in the business strategy
- Consideration of specific themes highlighted at the off-site meeting in relation to certain issues

(Growth scenarios in view of improvements to the Group's corporate value, building a global business, capital investment planning in domestic bases, etc.)

### 2. Details of the Evaluation of the Effectiveness of the Board of Directors for Fiscal 2022

The Company conducted a questionnaire-based survey of Directors and Audit & Supervisory Board Members (13 people in total) comprising the Board of Directors to evaluate the effectiveness of the Board of Directors in fiscal 2022, with the support of an external organization to ensure objectivity. Based on the survey results, the President and all Outside Officers had a discussion, and then the Board of Directors discussed the survey results at the Board meeting to finalize evaluation.

#### Survey items

- |  |  |
|--|--|
| (1) Composition of the members of the Board of Directors | (7) Support system for Directors and Audit & Supervisory Board Members |
| (2) Operation of Board meetings                          | (8) Training   |
| (3) Discussions at Board meetings                        | (9) Dialogues with shareholders (investors)                            |
| (4) Monitoring functions of the Board of Directors       | (10) Self-initiated measures   |
| (5) Performance of the Internal Directors                | (11) Overall evaluation  |
| (6) Performance of the Outside Directors                 |  |

### 3. Evaluation Results

We concluded that the effectiveness of the Board of Directors was generally ensured. Individual topics related to the survey results are as follows.

#### (1) Highly evaluated items

- Basic policy on sustainability and initiatives and disclosures toward the improvement of such
- The Outside Directors understand their role of supervising management from the perspective of sustainable growth of the company and medium- to long-term improvement in the corporate value and that they are fulfilling that role to the extent required.
- Feedback to the Board of Directors with regard to the status of dialogue with shareholders (investors)
- A compensation plan for management has been set up in which determinations on specific compensation amounts are made based on information provided by the Compensation Advisory Committee

#### (2) Items for deliberation and addressing during fiscal 2023 as a matter of priority as extracted from “Items with room for improvement”

- On-going considerations and monitoring of policies for improving the P/B ratio
- Systematic identification, consideration, and monitoring of significant risks and opportunities associated with the Group's corporate strategies
- Improving the effectiveness of the Group's management systems over its various business domains, the business strategies of Group companies, and the results from investments, etc.
- Setting more appropriate KPIs in terms of both financial and non-financial aspects to help improve sustainable improvements in the corporate value of the company

### 4. Initiatives to Further Improve Effectiveness

In order to further improve effectiveness, we will deepen our level of discussion regarding matters extracted from the survey that require deliberation and addressing as a matter of priority and will form responses as necessary. In fiscal 2023, we will continue to hold off-site meetings for attendance by the members of the Board of Directors to intensively discuss management issues. We will also continue efforts to improve the effectiveness of the Board of Directors by seeking to deepen communication between internal and outside officers.

#### (1) Establishment of Management Sustainability Committee

In July 2023, we established the Management Sustainability Committee as a space for tackling sustainability-related issues from a broad perspective and have positioned the committee as a core part of our corporate governance policy (the previous Sustainability Committee has been discontinued). By deliberating important issues and employing the PDCA cycle toward the realization of the Corporate Vision, this committee will help us improve accuracy and strengthen the effectiveness of the Group's governance.

#### Examples of themes deliberated at the Management Sustainability Committee

- Formulating management plans and monitoring the progress of such plans
- Formulation of priorities relating to risks and opportunities
- Individual sustainability themes (decarbonization, supply chains, human rights, etc.)
- Medium- to long-term investment plans
- Dialog with the market, sharing of information, and related responses (CGC responses, deliberation of important themes for integrated reporting, etc.)

#### (2) Continued holding of off-site meetings

In fiscal 2023, we will continue to hold off-site meetings for attendance by the members of the Board of Directors to intensively discuss management issues. We will also continue efforts to improve the effectiveness of the Board of Directors by seeking to deepen communication between internal and outside officers.

#### Themes of off-site meeting for fiscal 2023

- Value creation through marketing and technology
- Research initiatives into alternatives to lipids and potential for development of related technologies
- Market Development strategy, Product Application Development Center strategy, National Account Sales Department strategy
- Creating of new marketing for the Food Product Division
- Marketing strategy for the Processed Oil/Fat & Soy Protein Division
- North American business concept

Off-site meeting held in September 2023



## Compensation Plans for Directors and Audit & Supervisory Board Members

Compensation for Directors of the Company, excluding Outside Directors, consists of basic compensation as a fixed compensation, bonuses as performance-linked compensation, and stock-based compensation as a medium- to long-term incentive. Compensation for Outside Directors and Audit & Supervisory Board Members consists of only basic compensation, as emphasis is placed on the performance backed by their expertise and experience from their respective independent viewpoints.

### Basic policy on compensation for Directors

- Must encourage the realization of the Corporate Philosophy
- Should be designed in such a way that it reflects the Company's medium-term corporate strategy and it should incentivize sustainable improvements in the Group's corporate value
- Should be at a level that allows the Group to secure quality personnel with management capabilities
- Should be designed to be transparent, fair, and rational from the perspective of accountability to shareholders, general employees, and other stakeholders, and decisions should be made to ensure this based on appropriate processes

### Composition Ratios of Compensation

The standard composition ratios of basic compensation, bonuses and stock-based compensation for Directors excluding Outside Directors are as follows: approximately 58%, 27% and 15%, respectively, for the Representative Director and Chairman and the Representative Director and President, and approximately 68%, 17% and 15%, respectively, for other Directors (See the figure on the right).

Chairman and President		
Basic compensation	Bonuses	Stock-based compensation
58	27	15

Other Directors (excluding Outside Directors)		
Basic compensation	Bonuses	Stock-based compensation
68	17	15

### Calculation Method

#### Basic compensation (fixed compensation)

The basic compensation is aimed at increasing the Directors' motivation to accomplish their duties as well as clarifying their responsibilities. It is determined by position, in light of the significance of their duties, and paid in cash as monthly fixed compensation.

#### Bonuses (performance-linked compensation)

Bonuses as performance-linked compensation are aimed at enhancing the link between compensation and performance, and raising awareness toward achieving the medium-term management plan. The amount is determined based on the performance for the fiscal year (from April to March of the following year) and paid in cash in July of the following year.

Bonuses for individual Directors are determined using the following formula, based on Groupwide performance and

individual evaluation, as well as a qualitative factor.

#### Formula

Individual bonuses = Basic bonus by position x Bonus factor  
 Bonus factor = Groupwide performance factor x Individual evaluation factor ± Qualitative factor

The basic bonus amount by position is determined based on the aforementioned standard composition ratios for compensation.

The Groupwide performance factor is determined based on the three financial indicators in the table below. Each of the degrees of achievement are multiplied by the evaluation weights and added together, and then determined within the range of 0.5 to 1.5.

Determinant factors		Evaluation weight	FY2022 targets	FY2022 results	FY2023 targets
Consolidated operating profit	Single-year target	70%	¥13,000 million	¥16,186 million	¥16,000 million
	Single-year target based on annual average growth rate*1	10%	¥14,481 million	¥16,186 million	¥15,697 million
ROIC	Single-year target	20%	3.6%	4.5%*2	4.4%

\*1 "Single-year target based on annual average growth rate" is based on the level of consolidated operating profit for fiscal 2020 (¥12,324 million), which was the final year of the previous medium-term management plan. It is a target value that is set for each fiscal year based on an annual average growth rate of 8.4% which was calculated from the target value for fiscal 2024 (¥17,000 million), which is the final year of the current medium-term management plan.

\*2 ROIC was previously calculated as operating profit after-tax/average invested capital at the end of the period. However, from the results for fiscal 2022, it has been changed to a method that reflects "Share of loss (profit) of entities accounted for using equity method." Further, in calculating the Groupwide performance factor for FY2022, the degrees of achievement are calculated using the actual value of 4.3%, which is based on the calculation method before these aforementioned changes were made.

The reason that we selected these three financial indicators is that we wanted to appropriately evaluate and reflect growth in corporate value from the perspective of profit and asset efficiency. The individual evaluation factor is determined within the range of 0.8 to 1.2, depending on the achievement of the KPIs of the business for which the Director is responsible. The qualitative factor may be used to add to or deduct from the

bonus factor, upon deliberation regarding the effects of the actions as strategic responses to deal with unforeseen and unavoidable changes in the business environment and situation.

In accordance with the above indicators, the bonus factor is determined within the range of 0.4 to 1.8, in principle (the maximum range is between 0 and 2.0, including the qualitative factor).

#### Stock-based compensation (medium- to long-term incentive compensation)

Stock-based compensation further clarifies the link between compensation for Directors and stock prices. It also aims to raise the Directors' awareness of contributing to the improvement of the medium- to long-term growth of business performance and an increase in corporate value, by sharing the profits and risks from fluctuations in stock prices with shareholders. It is paid through the stock-based compensation plan, which uses a trust. Under this system, shares are delivered at the time of retirement, in proportion to the number of points granted. (Of this, 30% is paid in cash for use as funds for paying tax.)

Stock-based compensation to be paid consists of a

fixed portion of 80% and a performance-linked portion of 20%. The percentage of points for the performance-linked portion is determined within the range of 0% to 200% according to the table below, based on the achievement of ESG targets set for the period of medium-term management plan as non-financial indicators (contribution to sustainability).

These performance indicators are adopted with the aim of further strengthening sustainability management by setting the achievement of ESG targets as a major management goal toward the realization of a sustainable society, including medium- to long-term perspectives.

Determinant factors		Evaluation weight	FY2022 targets	FY2022 results	FY2023 targets
(Contribution to sustainability) Achievement of ESG targets	Medium-term target for reduction ratio of GHG emissions (Scope 1 and 2, vs. FY2016)	50%	8.0%	8.6%	10.0%
	Medium-term target for ratio of female managers*	50%	6.0%	6.3%	8.0%

\* The base date for targets and results for fiscal 2022 in terms of the ratio of female managers was calculated as April 1, 2023, while the base date for the targets for fiscal 2024 is to be calculated as April 1, 2025.

### Process for Determining Compensation

When determining the policies for determining individual compensation, etc., of Directors and for determining the individual compensation, etc. for Directors, the Compensation Advisory Committee deliberates the general content of the compensation system for Directors and report their conclusions to the Board of Directors who then make the final decision. As the compensation amount for each individual Director is determined based on the above procedure, the Board of Directors judges that the decisions are in accordance with the policy for determining such compensation.

#### Compensation Advisory Committee

The Compensation Advisory Committee comprises six

members, including the Representative Director and President, who chairs the Committee, three Outside Directors and two Outside Audit & Supervisory Board Members. The Committee mainly deliberates on the following matters, the contents of which are then reported to the Board of Directors.

- Policy on determining the details of compensation, etc., for individual Directors
- Details of compensation, etc., for individual Directors
- Review of Director compensation systems, levels, results, performance indicators, etc., based on survey data, etc.

In fiscal 2022, the Compensation Advisory Committee met a total of three times. The contents of the deliberations of these meetings are as detailed below.

### Results of Activities

#### First meeting (May 2022) - Determinations made on the following:

- Individual bonus amount based on Groupwide performance for fiscal 2021 and individual evaluations regarding the goals set at the beginning of the period (contributions to single-year performance, contributions to the Group's future (growth, asset efficiency, ESG))
- Stock-based compensation for fiscal 2021
- Proposal for officer compensation for fiscal 2022 (changes in composition ratio/levels of compensation, changes in bonus results factor, change to a performance-linked stock-based compensation system)

#### Second meeting (November 2022):

Reviewing trends in officer compensation systems based on the results of a survey conducted by an external organization targeting major domestic business groups that are similar in business scale to the Group and reviewing the Group's own officer compensation system

#### Third meeting (March 2023):

Deliberating policies on information disclosures for securities reports, etc., based on the "Cabinet Office Order on Disclosure of Corporate Affairs"

## Nomination and Election of Directors and Audit & Supervisory Board Members

In selecting the candidates for Director or Audit & Supervisory Board Member, the Company aims to build an optimal system where individuals will be able to appropriately fulfill their roles and responsibilities, and properly address the management issues of the Group. Accordingly, the candidates are nominated in line with the policy of considering individual experience, knowledge and expertise, the overall scale of the Board of Directors or the Audit & Supervisory Board, as well as the balance among the candidates who would comprise these bodies. The Company has established the Nomination Advisory Committee, which engages in deliberations, including the determination of the policy on election and dismissal of Directors, deliberation and evaluation of candidates for Director, and decision-making on a draft list of candidates. Based on these deliberations by the Nomination Advisory Committee, the Board of Directors decides on the candidates for Director and the management executive team.

### Nomination Advisory Committee

The Nomination Advisory Committee comprises four members, including the Representative Director and President, who chairs the Committee and three Outside Directors. The Nomination Advisory Committee engages in deliberations, including deliberation and evaluation of candidates for Director, and decision-making on a draft list of candidates, and reports the findings to the Board of Directors.

In fiscal 2022, the Nomination Advisory Committee met a total of two times. The contents of the deliberations of these meetings are as detailed below.

### Results of activities of Nomination Advisory Committee

- First meeting (November 2022):  
Deliberations on the future governance system, succession plans, and management structure for fiscal 2023
- Second meeting (February 2023):  
Deliberations on election of Directors for fiscal 2023

## Initiatives Regarding Cross-Shareholdings

The social environment surrounding cross-shareholdings has changed significantly in recent years, amidst the markets' growing attention to cross-shareholding and the introduction and revision of the Corporate Governance Code. In addition, under the Group's medium-term management plan, "Value Up+," improving asset efficiency is an important goal. Against this backdrop, in fiscal 2020, the Company shifted its policy so as to not engage in cross-shareholdings, in principle, except in cases where such cross-shareholding is considered to lead to maintaining and strengthening

business competitiveness through capital and business tie-ups and business collaborations, or achieving expeditious business growth and expansion through investment and other measures aimed at developing new business areas.

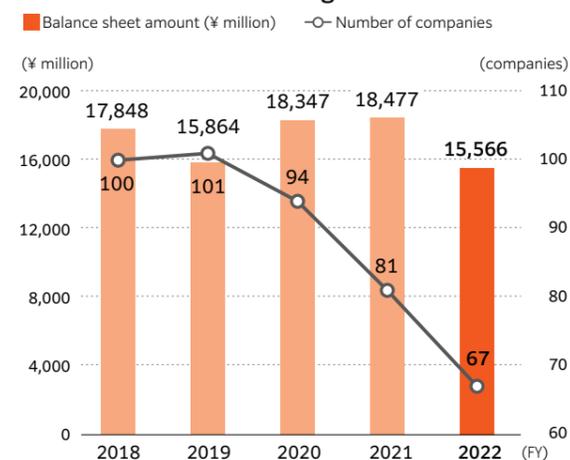
In line with this basic policy, the Company has re-examined the reasons for each of the existing cross-shareholdings, and is working to reduce cross-shareholdings in phases while obtaining the understanding of its business partners through mutual dialogue because the reduction may have a significant impact on them and the markets.

### Evaluation items

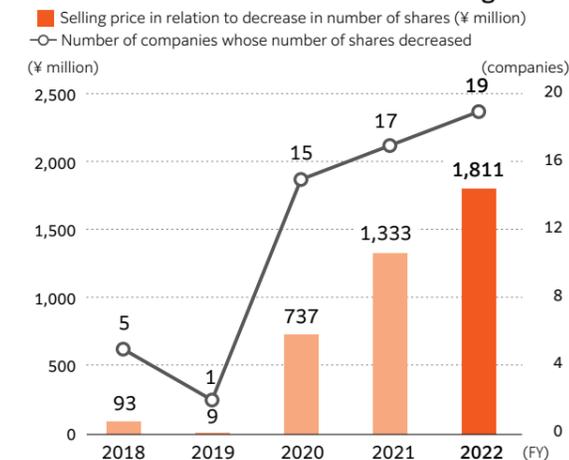
The Company evaluates and reviews qualitative items such as the purpose of holdings, etc., and quantitative items such as net sales and profit for the two most recent years, dividend income, and profit (loss) on valuation of shares.

Qualitative items	Purpose of holdings, history of acquisition, presence/absence of business relationship with Group, strategic significance/benefits of holdings, risks relating to business transaction continuity/stability in event of sale
Quantitative items	Net sales and profits for the most recent two years (sales partners only), annual dividend income/profit (loss) on valuation of shares, and benefits/risks and capital costs associated with holdings

### Status of Cross-shareholdings



### Status of Reductions in Cross-shareholdings



## Enhancing Engagement through IR Activities

Based on our healthy growth and stable business results, the Group has a policy of improving its corporate value, while building positive relationships with shareholders and

investors through the appropriate disclosure of information and constructive dialogue.

### Our Aim

In addition to making the leap to becoming a global top provider of oils and fats solutions, we must also increase our presence in the stock and investment markets as we seek to become a company recognized globally

### IR Activity Policies

- (1) Expanding the scope of IR activities overseas and strengthening our targeting strategies domestically
- (2) Strengthening information disclosures (financial/non-financial information) in light of encouraging new investments and strengthened holdings
- (3) Accelerating and enhancing English language disclosures as part of infrastructure development for overseas IR activities
- (4) Strengthening our approaches for new customer bases for individual investors

## Results of key IR activities

With the aim of improving understanding and expectations with regard to strategies and measures aimed at realizing the Company's Corporate Vision, we are striving to improve the content of dialogue with shareholders and investors while maintaining collaboration with all relevant divisions, including the President and the members of the management, the PR and IR Dept., the Corporate Planning Dept., the Financial Dept., and Corporate Sustainability Management.

During fiscal 2022, we held a total of 125 meetings (including information briefings) primarily with securities analysts, domestic and overseas institutional investor analysts and fund managers. With regard to information briefing sessions for institutional investors, we held a business strategy briefing session in March 2023, themed on "value

creation initiatives in the domestic oil and fat business," in addition to four financial results briefings held across the year. We also held two online information briefing sessions for individual investors during the year.

The status of the dialogues and the valuable opinions and concerns gained from the dialogues are reported to the Board of Directors on a quarterly basis as feedback to management. Based on what we have learned, we continued with our deliberations and linked them to efforts to enhance corporate value, by, for example, providing clear explanations at the fiscal 2022 Financial Results Briefing regarding changes to financial targets under Vision 2030 and strategies for achieving them.

## Status and details of IR dialogues in fiscal 2022

	Number of sessions	Details	Key questions and details of dialogue
Financial results briefing	4	Overview of quarterly financial results, progress of medium-term management plan, etc.	<ul style="list-style-type: none"> <li>• Trends and outlook for sales prices in response to fluctuations in raw materials costs</li> <li>• Status of growth strategy from the medium-term management plan</li> <li>• Specific measures for improving return on capital, etc.</li> </ul>
Business strategy information briefing session	1	Initiatives to create value in the domestic oil and fat business	<ul style="list-style-type: none"> <li>• Changes in profitability due to the value added nature of the market</li> <li>• How to demonstrate the Company's competitive advantage for future earnings' growth</li> <li>• Strategy for future sales prices in line with changes in the cost environment, etc.</li> </ul>
Online information briefing sessions for individual investors	2	Business overview, growth strategy, etc.	<ul style="list-style-type: none"> <li>• Background, status, and outlook for sales price revisions</li> <li>• Impact on medium- to long-term strategy due to changes in the environment</li> <li>• Status of initiatives to reduce GHG emissions, etc.</li> </ul>
Meetings	118	Details on financial results, trends in business performance, progress of medium-term management plan, individual business strategies, ESG, etc.	<ul style="list-style-type: none"> <li>• Trends in short-term business performance, assumptions and thinking behind outlook</li> <li>• In-detail look at the Group's respective business domains toward achieving the medium-term management plan</li> <li>• Status of ESG-related initiatives focused on achieving CSV goals, etc.</li> </ul>

## Corporate Governance

# Risk Management

### Basic Policy

The Group defines "risk" as any uncertainty that could have a negative influence on efforts to realize Vision 2030 and the medium-term management plan Value Up+, as well as on businesses that the Group operates. Thus the Group is engaged in efforts to manage and control such risk. In

addition to producing stable revenue through our main risk management initiatives, we aim to fulfill our social responsibilities, further increase our corporate value, and achieve growth.

### Risk Management System

The Risk Management Committee comprehensively manages risks for the Group. It has prepared an emergency system for dealing with risks that have materialized, and for undertaking crisis responses against them. The Risk Management Committee has created risk maps based on the level of impact and likelihood of occurrence through which it manages measures for dealing with individual risks. In addition, the committee prioritizes these measures based on the potential impact level of any such risks that may emerge, which it then sets as key risks. The committee then engages in risk management using the PDCA (Plan-Do-Check-Act) cycle centered around the designated department.

The Risk Management Committee reports to the Board of Directors on Group-wide risk evaluations along with policies, statuses, etc., regarding responses to these risks. Since fiscal 2021, full-time Audit & Supervisory Board Members have attended Risk Management Committee meetings as observers. Furthermore, up-to-date reviews on various

issues, including rules for accounting, credit management, and information security management, are performed on an on-going basis, with revisions and preparations for new rules and regulations then implemented as required. The Internal Audit Department then audits the status of compliance with regard to these various regulations in the Group's business operations.

With regard to the Company's information management system, we have established rules and regulations and operating standards for the Board of Directors as well as rules and regulations for the management operations of the Board of Corporate Officers and the management of documentation to ensure that the system enables the Board of Directors to confirm the status of business execution by Corporate Officers. In order to improve the convenience of information gathering for Outside Directors and Outside Audit & Supervisory Board Members, we have allowed access to the same IT system as that used by Internal Directors and Corporate Officers.

### Risks Related to Business

We consider the following risks to be of particular importance to the Group and its business activities.

- |  |  |
|--|--|
| (1) Fluctuations in foreign exchange market and the global prices of ingredients | (8) Response to changes in consumer needs  |
| (2) Changes in the product market, both in Japan and overseas                    | (9) Operation of overseas sites  |
| (3) Earthquakes, tsunamis, and extreme weather (storm, flood damage, etc.)       | (10) Infectious and communicable diseases, etc. (response to COVID-19)   |
| (4) Quality-related risks (food safety)  | (11) Information security  |
| (5) Ingredient procurement   | (12) Large-scale accidents   |
| (6) Climate change and environment   | (13) Securing important outside contractors (logistics contractors)  |
| (7) Human rights   | (14) Reduced competitiveness and/or business continuity risks caused by personnel shortages and insufficient personnel development |

#### Risk Matrix (Important risks identified)

Level of Impact ↑ Highly significant Moderately significant Less significant	(3) Earthquakes and tsunamis (12) Large-scale accidents	(4) Quality-related risks (food safety) (5) Ingredient procurement (6) Climate change and environment (7) Human rights (8) Response to changes in consumer needs (9) Operation of overseas sites (10) Infectious and communicable diseases, etc. (11) Information security	(1) Fluctuations in exchange rates and the global prices of ingredients (2) Changes in the product market, both in Japan and overseas (3) Extreme weather (storm, flood damage, etc.)
		(14) Reduced competitiveness and/or business continuity risks caused by personnel shortages and insufficient personnel development	(13) Securing important outside contractors (logistics contractors)
	Low	Medium	High
	Likelihood of occurrence →		

## Compliance

### Basic Policy

The Group considers compliance as more than merely complying with laws and regulations, but also with business ethics and societal norms. As such, the Code of Conduct of The Nisshin Oillio Group is positioned as a set of action guidelines for both complying with societal norms and realizing the Group's Corporate Philosophy. All Directors, Corporate Officers and employees of The Nisshin Oillio

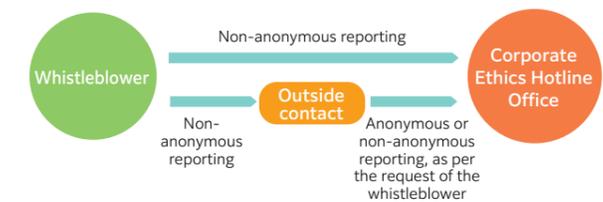
Group have a full and complete understanding of the Code of Conduct, and actively conduct business operations with a strong sense of responsibility.

As members of society, we comply with all relevant laws and regulations, and behave in a manner that conforms to societal ethics and conventional wisdom.

### Group Corporate Ethics System

In addition to the standard organization reporting routes, the Group has also established The Nisshin Oillio Group Corporate Ethics Hotline. The hotline enables employees throughout the Group, including subsidiaries, to directly provide management with important information regarding corporate ethics violations or legal violations in the field. The information submitted via the hotline is reviewed by the Corporate Ethics Committee and is dealt with appropriately. The Group takes due care to protect the privacy of whistleblowers and responds with strict actions on a corporate level against any unfavorable treatment of or retribution against them.

#### The Nisshin Oillio Group Corporate Ethics Hotline



### Efforts to Promote Compliance

#### Monitoring

The Group regularly monitors the status of measures to address the legal risks and compliance in various fields on a Groupwide basis, both in Japan and overseas, and also is committed to the promotion of compliance. In addition to existing important themes such as ensuring a harassment-free workplace, intellectual property protection, trade secret management, human rights protection, insider trading prevention, anti-corruption, and promotion of the whistleblower system, matters related to current issues are also taken into consideration, including workstyle reforms, the status of the passing on of prices to customers, and partnership building declarations. This monitoring process provides opportunities for reflection and insights with regard to the measures being carried out.

#### Compliance Education

The Group conducts ongoing education and awareness-raising activities for Directors, Corporate Officers and employees with the aim of promoting and reinforcing compliance.

In light of the situation in which more flexible workstyles such as working-from-home are becoming more embedded, we expanded the content of the online training section of the compliance training for fiscal 2022 to include themes such as protection of personal information, contracts, and proper subcontracting type transactions.

We are also looking for ways to enrich the content of the standard group training sessions, to which end we have run, among other things, a legal affairs seminar targeting newly appointed Directors at our subsidiaries.

#### Revision of Code of Conduct

The Code of Conduct of The Nisshin Oillio Group is a set of action guidelines for realizing the Group's Corporate Philosophy. In April 2022, we revised the Code of Conduct in light of our initiatives to realize Vision 2030.

The revised Code of Conduct also specifies the pursuit of value for each stakeholder, environmental initiatives, posture of constant search, creation and reform, compliance with laws and societal ethics, and fair business practices and anticorruption.

In order to ensure that the purpose of the revised Code of Conduct is understood well throughout the Group, we implemented information briefing sessions (including online) at the Company and subsidiaries. Furthermore, any issues relating to the Code of Conduct were covered and addressed in the yearly Compliance Challenge.

All Directors, Corporate Officers and employees of the Group have a full and complete understanding of the Code of Conduct, comply with all relevant laws and regulations as members of society, and actively conduct business with a strong sense of responsibility to behave in a manner that conforms to societal ethics and conventional wisdom.



Information briefing session relating to Code of Conduct taking place at a subsidiary company

# Management's Discussion and Analysis of Financial Position and Results of Operation (MD&A)

## Business Performance

Recognition, analysis and review of business performance for fiscal 2022

### Analysis of business performance

#### (1) Status of business performance

Although the global economy showed signs of a recovery in fiscal 2022, primarily in the United States and Europe, there are concerns of a recession on the back of supply chain disruptions caused by Russia's invasion of Ukraine and tighter monetary policies in various countries to help curb inflation.

There was also a slight movement toward a recovery in the Japanese economy following the easing of movement restrictions in place since the COVID-19 pandemic. However, owing to rising prices in response to soaring raw materials and energy prices, there are concerns about deteriorating corporate profits and a stagnation in the consumer mindset.

In this environment, results for the fiscal year ended March 31, 2023 were as follows: Net sales increased by 28.6% year on year to ¥556,565 million, operating profit increased by 38.7% year on year to ¥16,186 million, ordinary profit increased by 28.4% year on year to ¥16,242 million, and profit attributable to owners of parent increased by 29.8% year on year to ¥11,157 million while ROE increased by 1.3 points year on year to 7.0% and ROIC increased by 0.4 points year on year to 4.5%.

The overseas sales ratio in fiscal 2022 increased by 1.1 points year on year to 22.8%. Sales to Asia, including Malaysia and China, and sales to other regions, including Europe and the United States, increased due to higher sales prices on the back of soaring raw materials prices and the impact of foreign currency translation.

#### (2) Status of business segments

##### Oil and Fat Business

In the Oil and Fat Business segment, there has been increased demand for oils and fats on the back of the recovery in the global economy following the COVID-19 pandemic as well as a continuation of rising prices for raw materials resulting from supply concerns following Russia's invasion of Ukraine and the on-going weakening of the yen against the U.S. dollar in response to divergence in monetary policy between Japan and the United States. Amid this situation, we have been fully committed to improving productivity and cost reductions and have been working to formulate appropriate sales prices. Furthermore, by focusing our efforts on expanding sales of value-added products, creating new markets, and strengthening the quality of our solutions proposals, both net sales and operating profit increased.

##### Processed Food and Materials Business

In the Processed Food and Materials Business segment, despite revisions to sales prices and the impact of foreign currency translation at overseas subsidiaries, etc., net sales increased but operating profit fell mainly due to the effect of rises in the cost of sales ratio.

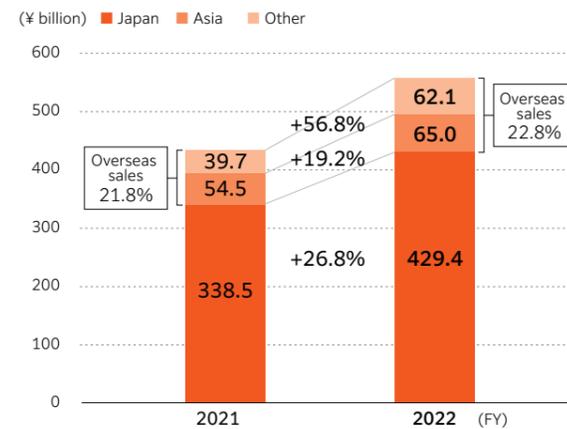
##### Fine Chemical Business

In the Fine Chemical Business segment, despite lower sales volumes, primarily of general-purpose products, following the slowdown in the recovery in demand both domestically and overseas, both net sales and operating profit increased due to strong sales at our European subsidiary and efforts to sell at appropriate prices relative to increased raw materials prices.

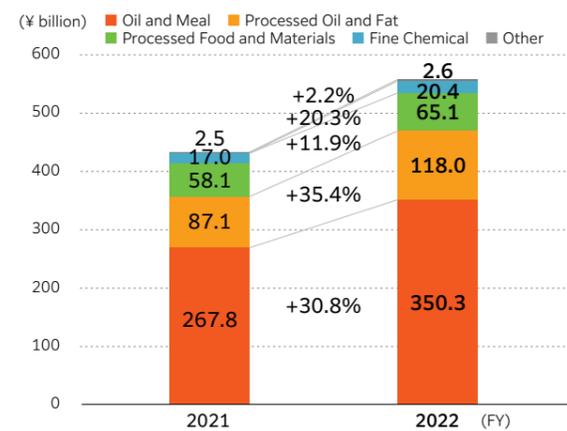
##### Other

In other Business segment, including IT systems, both net sales and operating profit increased.

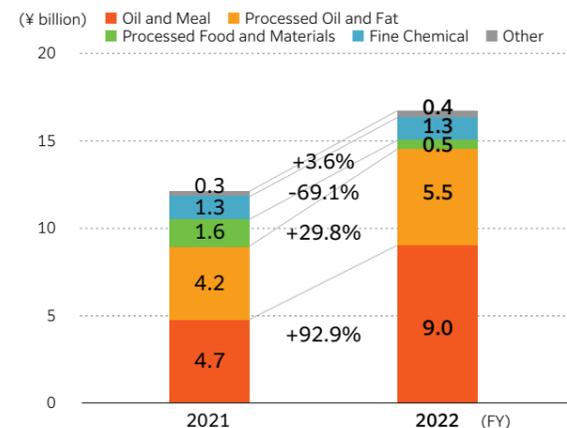
### Net sales by region



### Net sales by segment



### Operating profit by segment



## Financial Position and Cash Flows

Status of financial position and business performance

### (1) Status of financial position

Total assets at the end of fiscal 2022, stood at ¥374,453 million, up by ¥29,946 million from the end of fiscal 2021. The main reasons for this increase were increases of ¥11,378 million in accounts receivable-trade, ¥21,229 million in inventories, and ¥449 million in intangible assets.

Liabilities stood at ¥203,034 million, up by ¥22,842 million from the end of fiscal 2021. The main reasons for the increase were increases of ¥6,217 million in trade payables, ¥1,901 million in accrued expenses, ¥2,700 million in income taxes payable, and ¥14,118 million in long-term borrowings.

Net assets stood at ¥171,418 million, up by ¥7,104 million from the end of fiscal 2021. The main factors in the increase were increases of ¥7,520 million in retained earnings and ¥2,570 million in foreign currency translation adjustment.

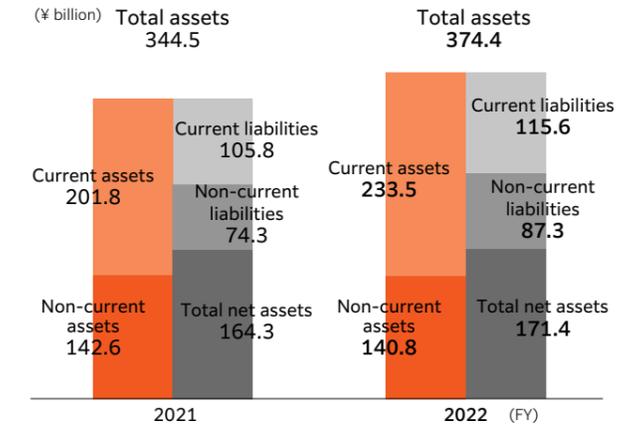
### (2) Status of cash flows

Operating activities provided net cash of ¥398 million. The main factors increasing cash were profit before income taxes of ¥15,323 million, depreciation of ¥9,388 million, and increase in trade payables of ¥4,187 million. The main factors decreasing cash were an increase in accounts receivable-trade of ¥9,416 million and an increase in inventories of ¥19,710 million.

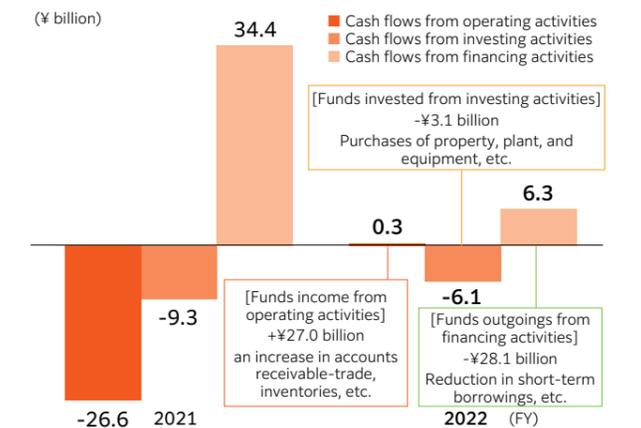
Investing activities used net cash of ¥6,143 million. The main factor decreasing cash was purchase of property, plant and equipment of ¥7,232 million.

Financing activities provided net cash of ¥6,342 million. The main factors increasing cash was a net increase in short-term borrowings of ¥1,091 million and proceeds from long-term borrowings of ¥15,012 million. There was also a decrease in cash due to repayment of long-term borrowings of ¥6,812 million and dividends paid of ¥2,919 million.

### Changes in total assets



### Changes in cash flow



## Capital Expenditure and Research & Development

### Status of capital expenditure

In accordance with our basic policy of continuing with business restructuring, by shifting focus to a more growth-oriented path, the Group made capital expenditure of ¥10,270 million, mainly in Oil and Fat and Processed Food and Materials Businesses, with emphasis on profitability of investments, taking into

consideration strategic characteristics, importance and urgency. In fiscal 2022, investments amounted to ¥8,672 million in Oil and Fat Business, ¥1,193 million in Processed Food and Materials Business, ¥360 million in Fine Chemical Business, and ¥444 million in the Other Business.

### Status of research & development

Total R&D expenses in fiscal 2022 were ¥3,128 million (¥2,702 million in fiscal 2021). The breakdown of R&D expenses by segment is as follows.

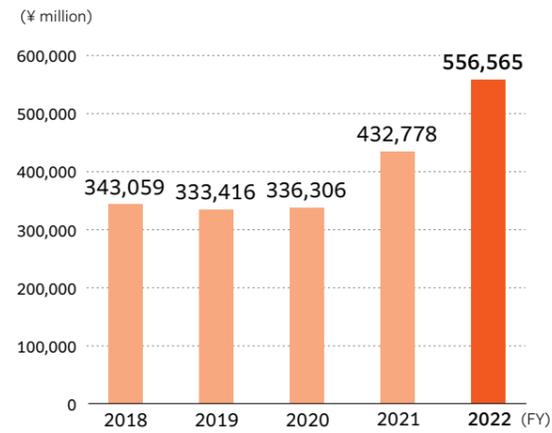
FY2022 (¥ million)			
Oil and Fat Business	Processed Food and Materials Business	Fine Chemical Business	Total
2,010	576	542	3,128

Performance and Corporate Information

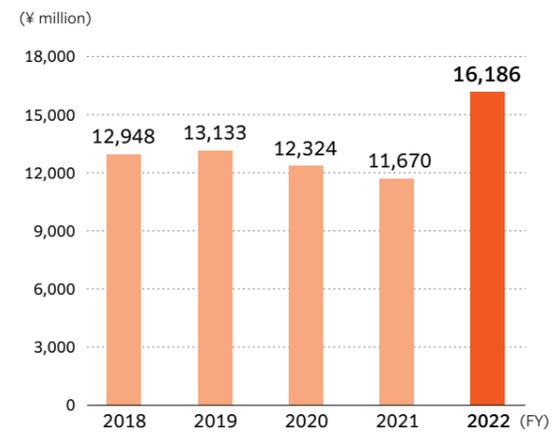
Financial/Non-Financial Highlights

Financial Highlights

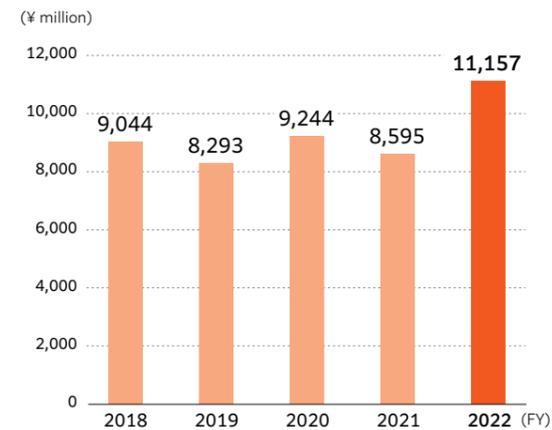
Net sales



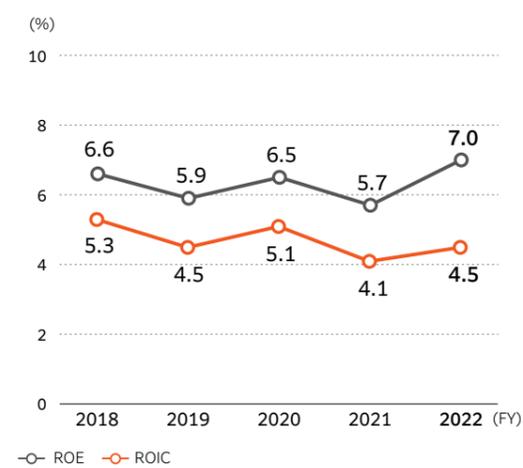
Operating profit



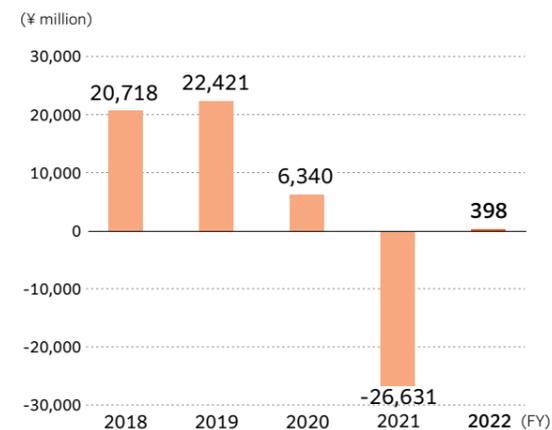
Net profit attributable to owners of parent



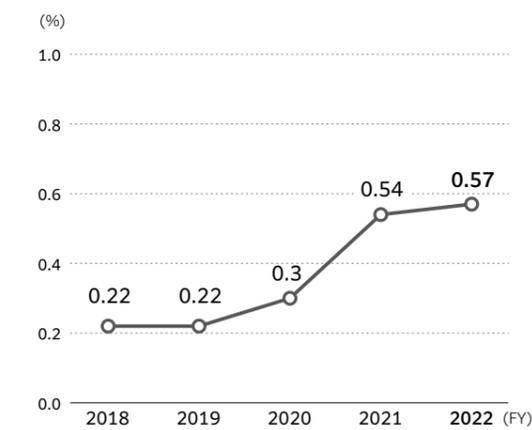
ROE/ROIC



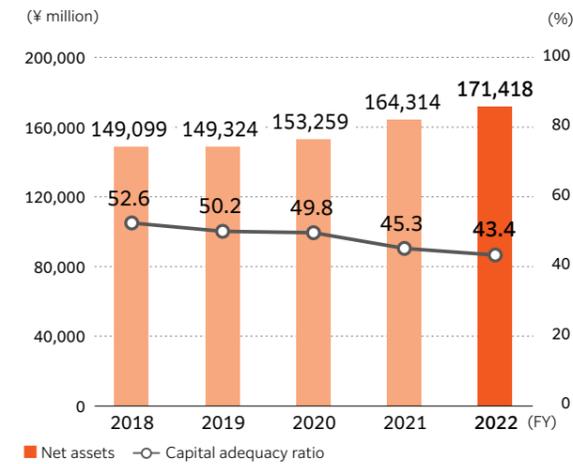
Operating cash flows



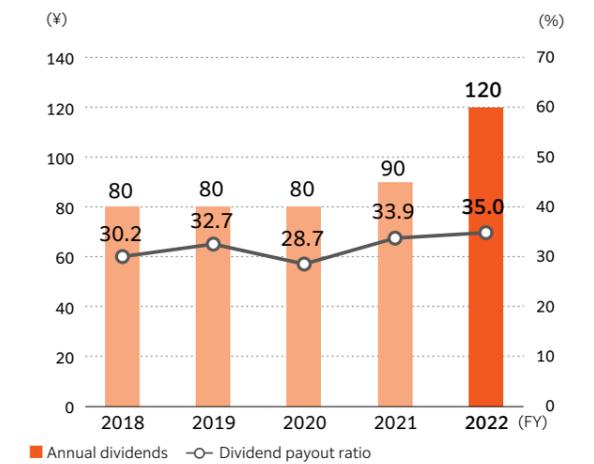
Net D/E ratio



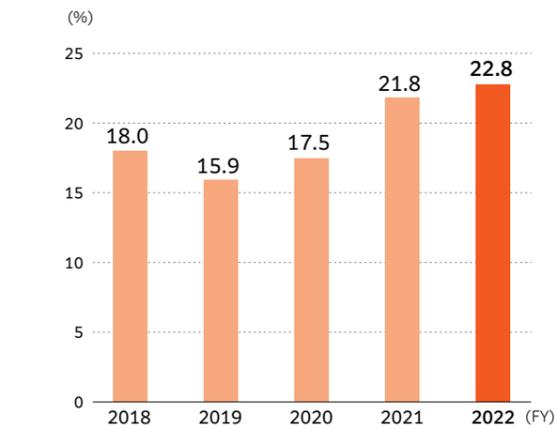
Net assets/Capital adequacy ratio



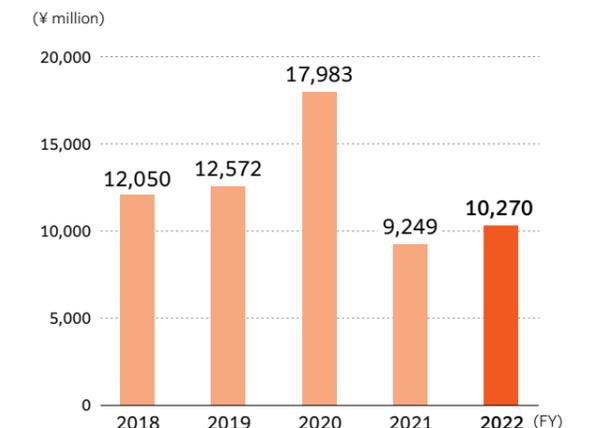
Annual dividends/ Dividend payout ratio



Overseas sales ratio

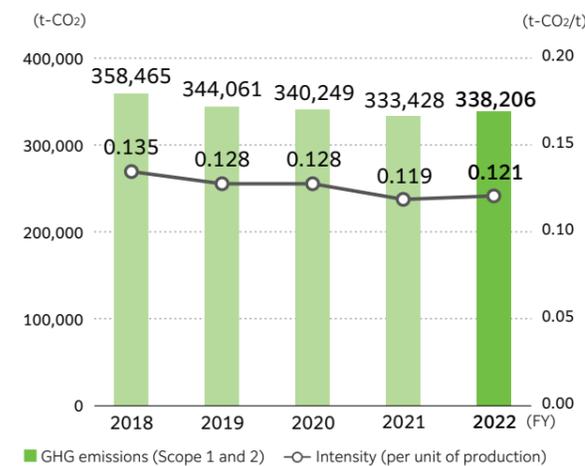


Capital expenditure

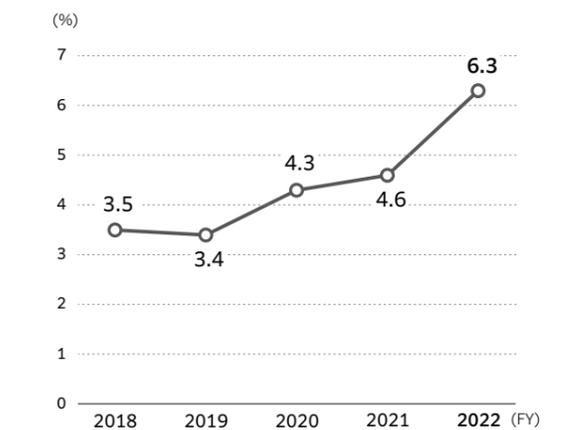


Non-Financial Highlights

GHG emissions (Scope 1 and 2) / Intensity (per unit of production)



Ratio of female managers



For non-financial information, please refer to SUSTAINABILITY Data Book on our website.  
<https://www.nisshin-oillio.com/english/sustainability/report/>



# Company Information

## Company Profile

Company name	The Nisshin Oillio Group, Ltd.
Head office	1-23-1 Shinkawa, Chuo-ku, Tokyo 104-8285, Japan
Telephone	+81-3-3206-5005
Paid-in capital	¥16,332 million (as of March 31, 2023)
Net sales	¥556,565 million (consolidated; fiscal year ended March 31, 2023)
Number of employees	3,001 (consolidated; as of March 31, 2023)

## Directors and Audit & Supervisory Board Members

Representative Director and President	Takahisa Kuno	
Representative Director	Hidetoshi Ogami	
Directors	Yasushi Kawarasaki Masato Saegusa	Arata Kobayashi Yoshiharu Okano
Directors (Outside)	Isao Yamamoto Naomi Eto	Emi Machida
Audit & Supervisory Board Members (full-time)	Katsuhito Oba	Nobuyuki Watanabe
Audit & Supervisory Board Members (Outside)	Tomotake Kusamichi	Sayaka Sumida

## Domestic Network

Osaka Office, Yokohama Isogo Complex (Yokohama Isogo Plant), Nagoya Plant, Sakai Plant, Mizushima Complex (Mizushima Plant), Central Research Laboratory, Hokkaido Branch, Tohoku Branch, Kanto Shin-etsu Branch, Tokyo Branch, Tokai-hokuriku Branch, Osaka Branch, Chu-shikoku Branch, Kyushu Branch, Morioka Sales Office, Koriyama Sales Office, Niigata Sales Office, Nagano Sales Office, Saitama Sales Office, Yokohama Sales Office, Shizuoka Sales Office, Hokuriku Sales Office, Shikoku Sales Office, Okayama Sales Office, Kagoshima Sales Office, Yokohama Kanagawa Office

## Four Domestic Production Sites

<p><b>1 Yokohama Isogo Complex</b> Site area: Approx. 233,100 m<sup>2</sup></p> 	<p><b>2 Nagoya Plant</b> Site area: Approx. 98,800 m<sup>2</sup></p> 
<p><b>3 Sakai Plant</b> Site area: Approx. 28,800 m<sup>2</sup></p> 	<p><b>4 Mizushima Complex</b> Site area: Approx. 110,000 m<sup>2</sup></p> 



## Major Group Companies (Japan)

Settsu Inc.
Nisshin Shoji Co., Ltd.
Nisshin Logistics Co., Ltd.
NSP Co., Ltd.
Daito Cacao Co., Ltd.
Nisshin Shokai Co., Ltd.
Marketing Force Japan, Inc.
Nisshin Finance Co., Ltd.
The Golf Joy Co., Ltd.
Oilseed Processing Partners Japan, Ltd. (establishment scheduled for Oct 2, 2023)
PIETRO Co., Ltd.
Wakou Shokuhin Co., Ltd.
Saiwai Trading Co., Ltd.

## Major Group Companies (Overseas)

Shanghai Nisshin Oil & Fats, Ltd.
The Nisshin Oillio (China) Investment Co., Ltd.
The Nisshin Oillio (Shanghai) International Trading Co., Ltd.
Intercontinental Specialty Fats Sdn. Bhd.
Industrial Química Lasem, S.A.U.
T.&C. Manufacturing Co., Pte. Ltd.
PT Indoagri Daitocacao
Intercontinental Specialty Fats (Shanghai) Co., Ltd.
Intercontinental Specialty Fats (Italy) S.r.l.
IQL-USA Inc.
COFCO Nisshin (Dalian) Co., Ltd.
President Nisshin Corp.
Zhangjiagang President Nisshin Food Corp.

Notes: 1. Information on this page is valid as of September 30, 2023, except where otherwise noted.  
2. Major Group companies include equity-method affiliates.

# Stock Information

## Status of Shares (as of March 31, 2023)

Authorized	77,670,000 shares
Issued	32,577,766 shares (excluding 1,138,491 shares of treasury stock)
Number of shareholders	42,102

## Principal Shareholders (as of March 31, 2023)

	Shareholdings (thousands)	Percentage of total shares (%)
Marubeni Corporation	5,200	15.96
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,372	13.42
Custody Bank of Japan, Ltd. (Trust Account)	2,490	7.65
Sompo Japan Insurance Inc.	703	2.16
DFA International Small Cap Value Portfolio	650	2.00
Kikkoman Corporation	470	1.44
Taisei Corporation	462	1.42
MUFG Bank, Ltd.	379	1.16
STATE STREET BANK WEST CLIENT - TREATY 505234	355	1.09
Aioi Nissay Dowa Insurance Co., Ltd.	334	1.03

Notes: 1. The Nisshin Oillio Group holds 1,138,491 shares of treasury stock, but it is not listed among the principal shareholders above.  
2. The percentage of total shares issued is calculated excluding treasury stock.

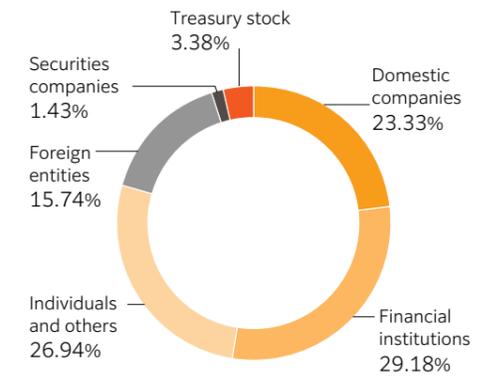
## Changes in Share Price



## Websites

	Corporate information <a href="https://www.nisshin-oillio.com/english/">https://www.nisshin-oillio.com/english/</a>
	Investor Information <a href="https://www.nisshin-oillio.com/english/inv/">https://www.nisshin-oillio.com/english/inv/</a>
	Sustainability <a href="https://www.nisshin-oillio.com/english/sustainability/">https://www.nisshin-oillio.com/english/sustainability/</a>
	Sustainability Data Book <a href="https://www.nisshin-oillio.com/english/sustainability/report/">https://www.nisshin-oillio.com/english/sustainability/report/</a>

## Breakdown of Shareholders (as of March 31, 2023)



Domestic companies	317 entities; 7,867,051 shares
Financial institutions	32 entities; 9,839,458 shares
Individuals and others	41,467 entities; 9,082,635 shares
Foreign entities	250 entities; 5,308,163 shares
Securities companies	35 entities; 480,459 shares
Treasury stock	1 entity; 1,138,491 shares

Note: The pie chart shows the percentage of shares.

## Inclusion in Indices

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



## Certification of Third-party Organizations



Indices/third-party organization certification, etc.

<https://www.nisshin-oillio.com/company/sustainability/certification/>