



"The Natural Power of Plants"

The Nisshin Oillio Group, Ltd.

Integrated Report 2022

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The Nisshin OilliO Group Integrated Report 2022

The Nisshin OilliO Group publishes the report with the aim of communicating our medium- to long-term value creation strategy to stakeholders in an integrated manner from both financial and non-financial perspectives, which introduces our initiatives for value creation through business activities and the story of our efforts to achieve sustainability.

The business conditions surrounding our Group is becoming increasingly uncertain due to growing environmental issues on a global scale and accumulating social challenges. Against this backdrop, we started “The Nisshin OilliO Group Vision 2030 (Vision 2030),” a long-term vision in fiscal 2021 to clarify our vision and strategic guidelines. In Vision 2030, we aim to deliver “energy for living” to as many people as possible by demonstrating our strength through our business and creating shared value with society.

In this Integrated Report, we delve deeply into our Group’s value creation story, and introduce our progress in the first year of Vision 2030 through dialogues between executive officers and results of our initiatives in each priority area, centering on our Group’s strength, “mastering oils and fats.”

We hope that this report will provide you with a better understanding of the Group’s efforts to achieve growth.

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Editorial policy

Integrated Report 2022 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 International Integrated Reporting Council (IIRC), 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, 2021 to March 31, 2022

Some initiatives outside the above period are included.

Names of organizations and positions are valid as of September 30, 2022.

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

PT Indoagri Daitocacao / IADC

Intercontinental Specialty Fats (Shanghai) Co., Ltd. / ISF Shanghai

Intercontinental Specialty Fats (Italy) S.r.l. / ISF Italy

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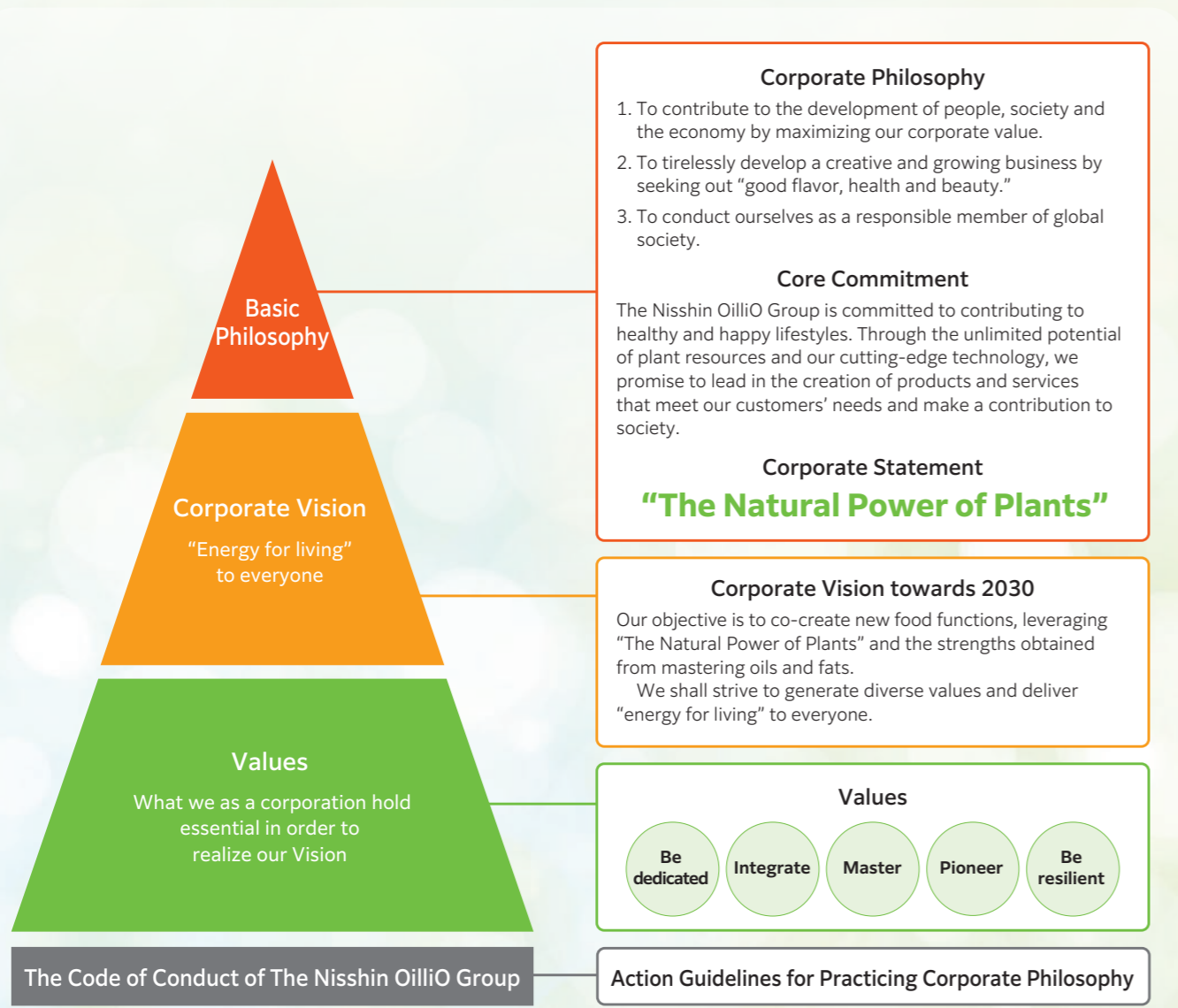
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The Essence of The Nisshin OilliO Group



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.

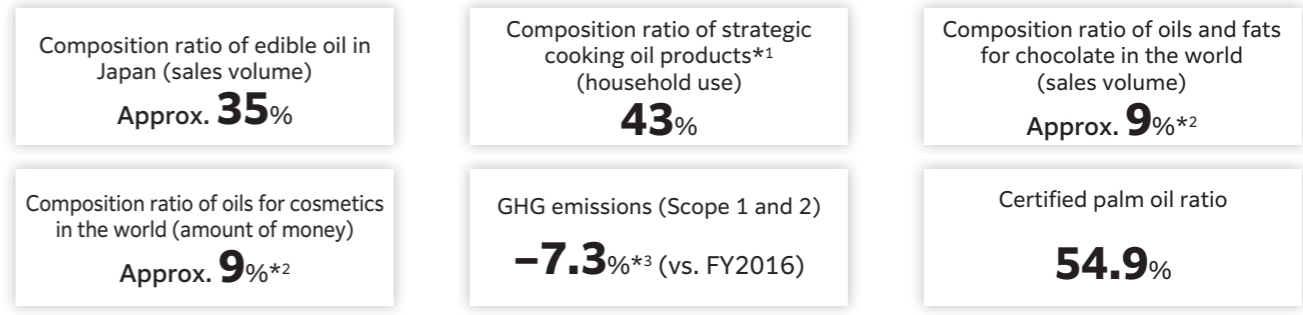
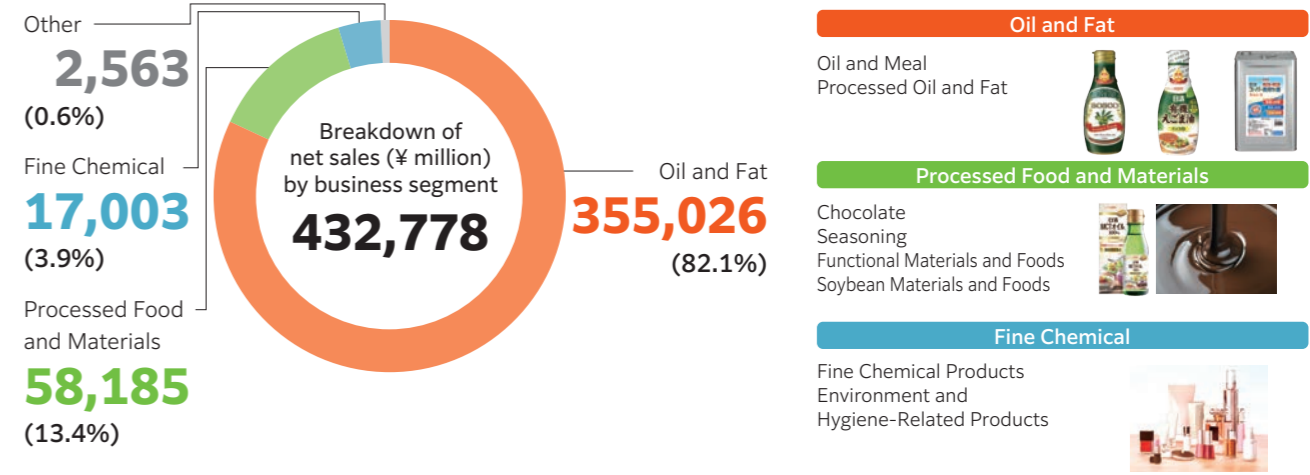
In addition to the above, we place greater importance on the following concepts in order to achieve our Corporate Vision towards 2030.

- 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.

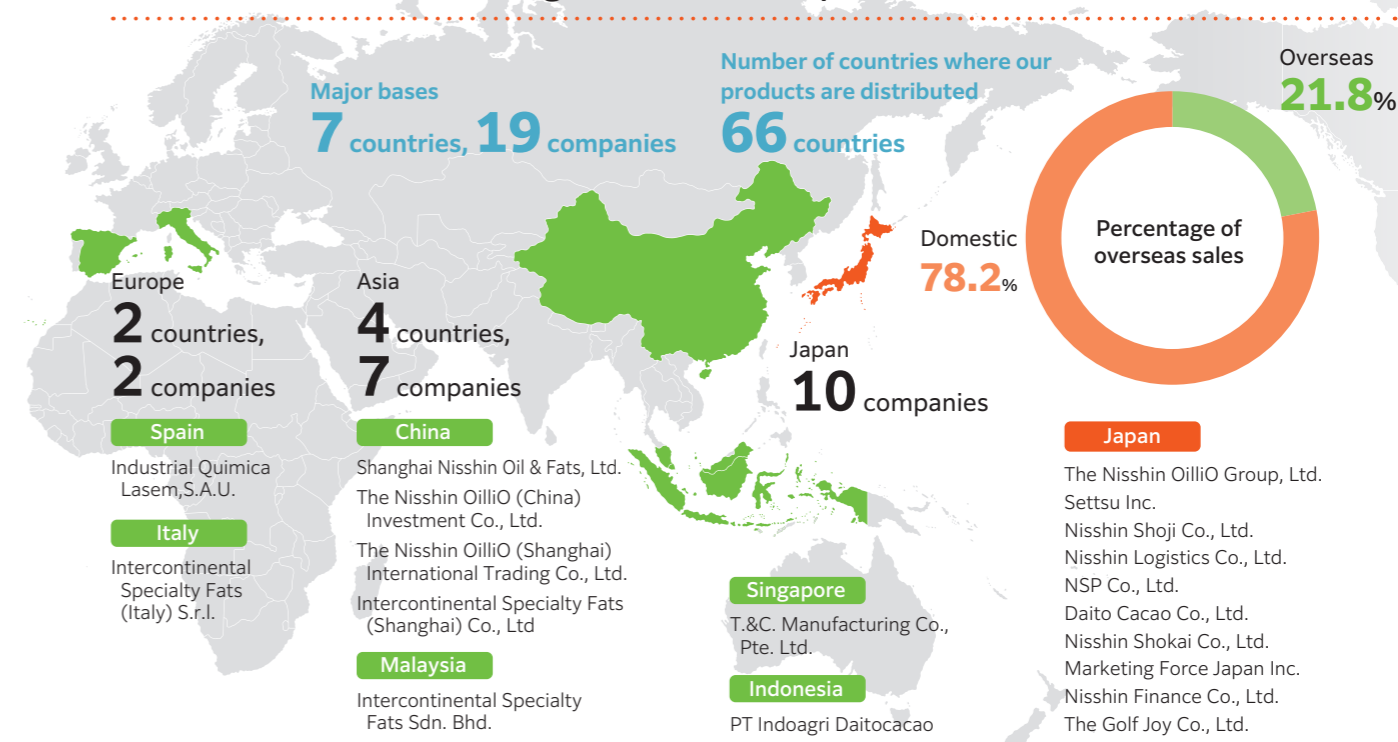
Present State (as of March 31, 2022)

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



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

We deliver high value-added products to the world



(Number of bases and group companies as of September 30, 2022)

Message from the President



T. Kuno

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

We will leverage “The Natural Power of Plants” and our in-depth expertise in the oils and fats business to deliver “energy for living” to everyone.

Review of Fiscal 2021 and Current Business Environment

Working hard to achieve our targets amid the severe business environment

Fiscal 2021 marked a milestone for The Nisshin OilliO Group as we launched our long-term vision “The Nisshin OilliO Group Vision 2030,” as well as our medium-term management plan “Value Up+” to achieve “Vision 2030.”

As the world has been gradually shifting toward a balance between preventing the COVID-19 pandemic and maintaining socioeconomic activities, we were able to achieve reasonable results, supported by the recovery of people’s movements and the return of some demand.

On the other hand, looking at the global situation, the demand for oils and fats has increased in regions that are recovering from the impact of COVID-19, the production of rapeseed has fallen due to hot and dry conditions in regions where it is grown, and the demand for biofuels has increased because of the trend toward decarbonization. For these reasons, market prices for soybeans, rapeseed and palm oil, which are main raw materials for our products, remained at historically high levels, and our Group was forced to revise edible oil prices as many as four times in the year despite our efforts to improve efficiency through cost reductions and other measures.

In 2022, we are still faced with a challenging business environment in which it is more difficult to predict the future than ever before. Russia’s invasion of Ukraine has affected all oil and fat raw materials due to the global impact of the suspension of exports of grains produced in this region. In addition to concerns over the grain supply, the disruptions to supply chains look set to continue, and there are also concerns that raw material prices will soar

and remain high over the medium to long term.

Faced with various hardships including concerns over global inflation, rising interest rates, and economic slowdown, our Group will continue to strive for the stable procurement of raw materials and stable supply of products. We will also take measures to reduce costs in all areas including purchasing, production, logistics and sales. After all these efforts, we will carefully explain the current situation and set appropriate sales prices commensurate with costs, while gaining the understanding of our business partners. Assuming that uncertainties in the business environment including climate change will continue for the time being, we will make utmost effort to achieve our performance targets while fundamentally reviewing our business structure and approach.

Progress of “Vision 2030” and Medium-term Management Plan “Value Up+”

Building foundations for CSV management

In fiscal 2021, we built various foundations to achieve the CSV goals set forth in “Vision 2030.”

With regard to the “Global Environment,” we announced our support for the Task Force on Climate-related Financial Disclosure (TCFD) in March 2021, and in October of the same year, we established the Decarbonization Advancement Office and prepared a specific roadmap for achievement of our Scope 1 and 2 GHG emissions reduction targets to launch our initiatives. Furthermore, we will set Scope 3 targets and encourage suppliers that account for 70% of the emissions from purchased products and services and transportation (upstream) to set science-based reduction targets by 2026.

Message from the President

In the "Supply Chain Connected by Trust," we are expanding the scope of our efforts to understand the actual conditions of MSPO (Malaysian Sustainable Palm Oil), a Malaysian palm oil certification standard, to deepen cooperation with production regions, and are raising awareness and enhancing monitoring of plantations. At the end of fiscal 2021, we established "The Nisshin Oillio Group Human Rights Policy" and prepared the foundation to enhance its effectiveness including human rights due diligence. In addition, some CSV goals for fiscal 2024 have been revised upward based on the results of fiscal 2021.

○ Progress of Medium-term Management Plan "Value Up+"

We have changed some of our performance targets for the medium-term management plan "Value Up+," which was launched in 2021, reflecting the significant increase in raw material prices, the corresponding revision of sales prices, and the increase in net sales through the realization of value creation. The net sales target for fiscal 2024 has been raised from ¥400 billion to ¥540 billion, an increase of ¥140 billion.

We have also added ROIC (Return On Invested Capital) as a new performance target. We have intended to make capital efficiency a management goal since the formulation of "Vision 2030" and "Value Up+." However, after thorough discussions over the past year, we have now set a target of 4.6% ROIC in view of the achievement of an 8.0% ROE and the current business environment.

The cumulative operating cash flow for four years from fiscal 2021 to fiscal 2024 has been revised from ¥70 billion to ¥50 billion due to the increase in working capital accompanied by the sharp rise in raw material costs.



○ Creating a framework for KPI management to achieve performance targets

Our Group has shifted to CSV management, and started fiscal 2021 with a strong determination to achieve our priorities set forth in "Vision 2030."

In order to clarify a concrete path to steadily achieve our targets while dealing with the current business environment, we have organized key performance indicators (KPIs) from the four perspectives of "growth potential," "aggressive investment," "sustainability" and "efficiency," and presented them in a framework (Refer to the Achievement Chart in the figure on the right). In the process, we held a series of discussions about missing capabilities and implementation in the organization to determine a direction. And based on the direction, we have been implementing concrete action plans, such as the establishment of the Market Development Dept. responsible for creating new value from a market perspective.

I believe that it was significant that we were able to deepen the discussions on "Value Up+" through the course of drawing the achievement chart and to share awareness with middle management.

The achievement chart will play a translational role to bridge the gap between our priorities set forth in "Vision 2030" and the day-to-day operations of the business. For example, with regard to growth potential, CSV goals and KPIs related to business strategies shown in "Vision 2030" are classified into the three categories of "BtoC," "BtoB" and "BtoBtoC."

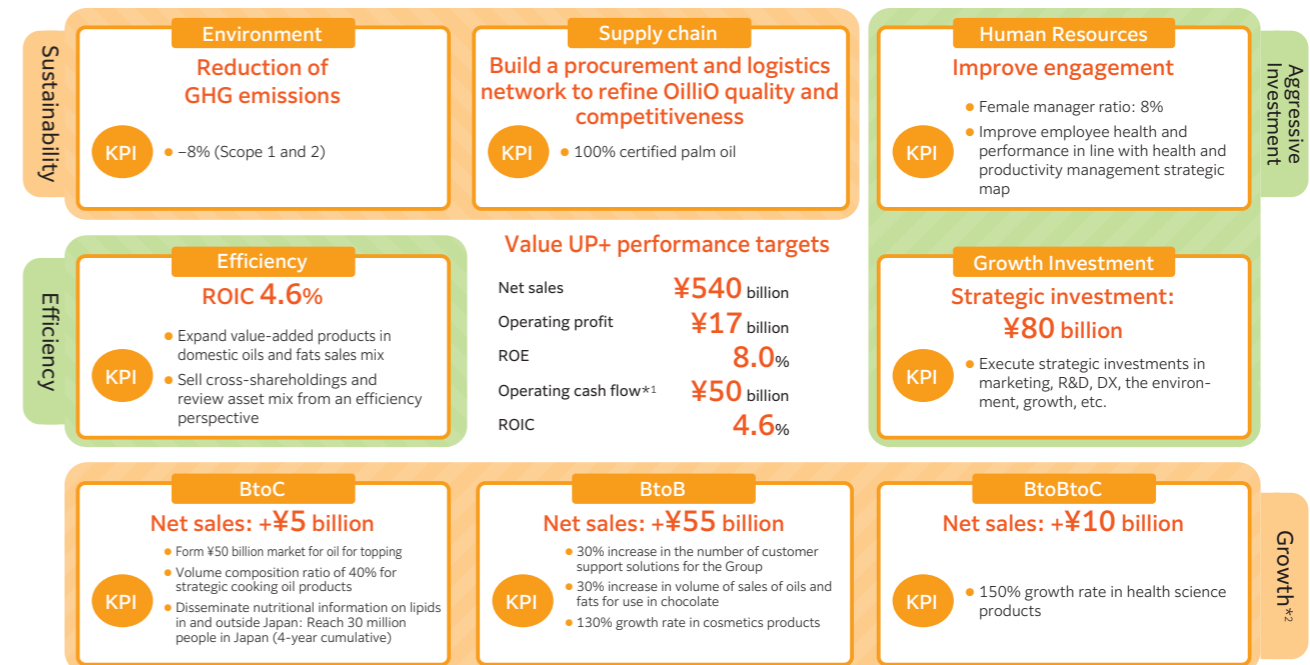
Although the environment of fiscal 2021 was unforeseeable at the start of the year, we were able to develop guidelines, including KPIs, to overcome difficulties. I mentioned in last year's Integrated Report that we would "nurture this Vision." This year, we were able to clarify ambiguous parts through detailed discussions and thus nurture the Vision as our own.

Demonstration of Strengths Through Business

○ Becoming a global top provider of oil and fat solutions by "mastering oils and fats"

Our Vision states that our objective is to co-create new food functions, leveraging "The Natural Power of Plants" and the strength obtained from mastering oils and fats. By doing so,

"Value Up+" Achievement Chart (Overview)



*1 4-year cumulative for FY2021-2024

*2 The net sales target in terms of growth represents the amount achieved through value creation not affected by sales prices revision due to the surge in prices of raw materials.

we believe that we can deliver "energy for living" to everyone.

Over the past year, we have been deepening the discussion on the strengths of our Group. As a result, we have come to the conclusion that mastering oils and fats is the foundation for co-creation. There are three major directions for mastering oils and fats, which are based on further strengthening our core competence. We will intensify the existing strengths of our Group by refining our technical capabilities in oils and fats and peripheral areas, enhancing our brand and sales capabilities, and bracing our procurement, production and logistics systems.

With this direction as our core, we will work in two directions: "creating mechanisms to create new value", which will be the next pillar of growth, and "expanding our business domains" to deliver that created value to everyone. Regarding "creation of mechanisms to create new value," we will work together with our business partners, and create new sales styles. We will also actively engage in developing products and disseminate information that will lead to market creation. Through these efforts, we will establish an inbound sales style, and create more opportunities for "co-creation" with our customers. Regarding "expansion of our business domains," while including a perspective of globalization, we will work to expand the

value provided by our Group through the expansion of functionalities of oils and fats, diversification of dining applications and purchasing opportunities for oils and fats to meet various consumer needs, and proactive efforts to solve environmental issues by utilizing plant resources.

Although we do not yet possess all of these strengths for mastering oils and fats, I believe that we have been able to clarify our capabilities by properly verbalizing our strengths and visualizing the directions to enhance our Group's capabilities. We will also maximize the potential of our Group by reinvigorating and developing organizational capabilities for mastering oils and fats. By mastering our core competence in oils and fats, we will promote creation of mechanisms to become a global top-level provider of oil and fat solutions that helps deliver "energy for living" to as many people as possible around the world.

○ "Closer than ever to our customers" to provide total solutions

Looking at oil and fat manufacturers around the world, few companies provide total solutions from the production site to the dining table on a substantial scale. In particular, only a limited number of companies have ventured into the "BtoBtoC" domain. I believe that we have a good chance to

Message from the President

demonstrate our presence in the global market by implementing measures to increase customer contact points in order to be “closer than ever to our customers.”

Our focus will be on food services, chocolate, confectionery, baking, cosmetics, and health and nutrition areas, where the Group’s resources align with global needs for solutions. We will accelerate business development in our target regions of Southeast Asia, China, Europe and North America.

○ Creating new markets by increasing customer contact points and collaborating with customers to identify their needs

During the last ten years, our sales approach in Japan has changed significantly. We have cultivated the domestic market while strengthening our customer support functions and collaborating with customers to identify their needs. By investing management resources, we have built a solid presence.

We will also take a similar approach to the global market. First, we will invest management resources in Asia and Europe, where we already have production bases and can visualize business opportunities, and in North America, where we have high expectations for future market expansion, as priority areas. Until now, we have not been able to allocate human resources to these areas due to the impact of COVID-19, but from now we plan to make rapid progress.

We have commenced preparations for our next bases, starting with the establishment of ISF (Malaysia)’s representative office in Thailand. In North America, we are working with resolute determination in conducting marketing surveys and other activities. It will take some time to implement production and development, but we will start by creating bases that will serve as a foothold.

From the three perspectives of “BtoC,” “BtoB” and “BtoBtoC,” we will enhance our value while creating synergistic effects. Our Group’s high presence in the development and sale of products for “BtoC” customers is one of the factors that earn the trust of “BtoB” customers. The demands for food services, such as ready-made meals and restaurant services, are changing significantly. Based on the trust we have cultivated, we will demonstrate our ability to respond to changes and promote co-creation with other companies. Moreover, in the global market represented by oils and fats for chocolate, we will also make proposals based on our basic policy of “Closer than ever to our customers.”

In the BtoC category, our business in the domestic household-use edible oil market continues to grow in terms of monetary amount. I believe that “pour-and-enjoy” fresh edible oils such as flaxseed oil will encourage consumers to change their behavior by their health functions, and that the frequency of and opportunities for use will continue to increase. In addition, we can expect further market expansion through creation of new categories, such as flavored oils.


The BtoBtoC business is realized when both BtoB and BtoC businesses exhibit their strengths. For example, in the segment of MCT*, which is attracting attention of many consumers, we are marketing it as functional material and promoting it from the perspective of building a fat-burning constitution in conjunction with processed food manufacturers and retailers. I also believe that we can use MCT to help solve the social issue of frailty in the future. We intend to simultaneously contribute to customers’ health, good-tasting food, and the food value chain by participating in external organizations on measures against frailty.

* MCT: Medium-Chain Triglyceride

○ Investment in non-financial capital to support “mastering”

Regarding non-financial capital, I believe that five types of capital are closely related to each other: manufacturing capital, intellectual capital, human capital, natural capital, and social relationship capital.

For example, investment in systems and machinery, that is, investment in manufacturing capital, is necessary to achieve smart factories and reduce GHG emissions. These investments will update manufacturing equipment, which will lead to higher productivity, process improvement, and value-added products, and investment for reducing GHG emissions is also investment in natural capital. Furthermore, these investments can be considered as investment in human capital because in the process of implementing these investments, the abilities of employees involved are required to be improved and promoting smart factories leads to workstyle reform. In this way, a single investment leads to multiple investments in non-financial capital, which makes for a storytelling nature.



We will achieve our CSV goals through collaboration with diverse stakeholders.

Toward Sustainable Business Management

○ Meaning of pursuing CSV management at a time of increasing uncertainty

In the process of developing priorities for “Vision 2030,” our Group has extensively discussed potential opportunities and risks. It is true that unexpected events have occurred one after another, such as the hot and dry weather in Canada that directly affected rapeseed, increasing demand for rapeseed as biofuels, and the Russian-Ukraine Crisis. However, we no longer hesitate when unexpected risks occur because we can return to “Vision 2030” as a guideline when the current situation proved to be difficult.

Regarding climate change, we conducted a scenario analysis according to the TCFD recommendations. The so-called “4°C Scenario” must be avoided at all costs because it would be impossible for us to procure raw materials stably from a long-term perspective and our business operations would be threatened. To avoid it, we need to make up-front investments toward achieving the reduction target for Scope 1 and 2 emissions. It is also necessary to deepen our business in parallel, while expanding the circle of support in the supply chains involved in Scope 3 and strengthening the relationships that allow people to act together.

The points regarding procurement that takes into consideration the environment and human rights are common to Scope 3 emissions reduction. In order to secure achievement of the set targets, it is important to ensure the traceability of the supply chain and constantly update it so

that it can be trusted by external parties.

I visit our bases in Japan about once a year to discuss the penetration of CSV with the employees. It took some time for the management to deepen the understanding of CSV management after formulating “Vision 2030,” but as the business environment is changing more rapidly, I will strive to make our employees understand it more quickly and consider it as their own issues. Awareness of CSV management is increasing amid the harsh business environment due to soaring raw material prices. Day-to-day operations and CSV are not separated, but are closely connected. Such a business environment may actually be an opportunity for achieving CSV management.

To Our Stakeholders

○ Evolving dialogue through four perspectives

Our Group will promote initiatives to achieve CSV goals and sustainable growth in line with the four perspectives of “growth potential,” “aggressive investment,” “sustainability” and “efficiency.” I believe that each of these four perspectives is related to stakeholders, for example, “growth potential” for all stakeholders centered around customers, “sustainability” for society, and “efficiency” for shareholders and investors.

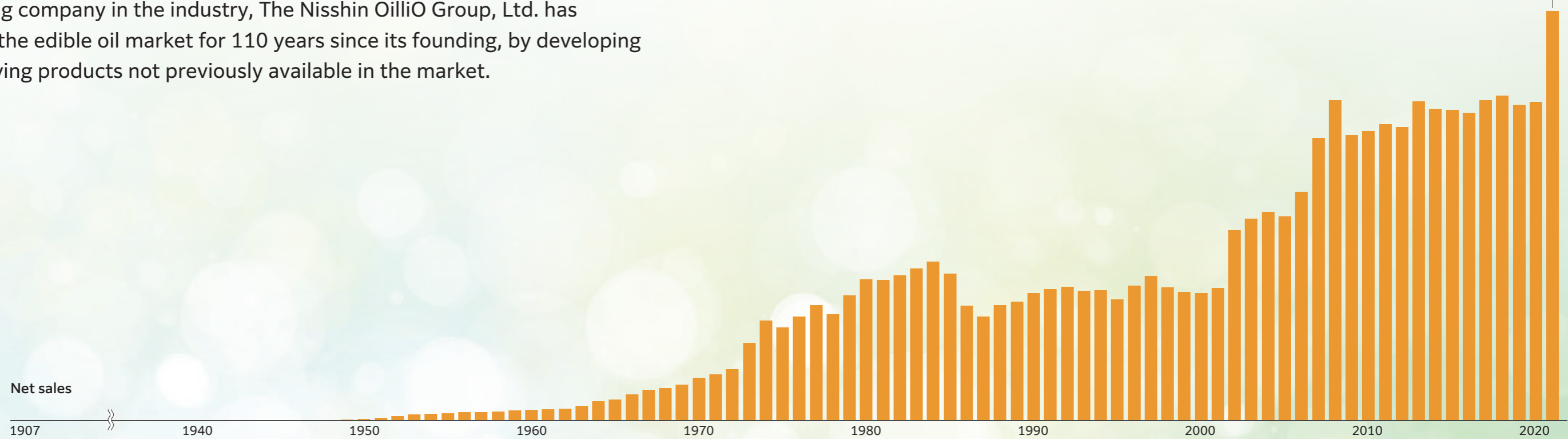
We believe that these four perspectives are important in our dialogue with stakeholders. We would greatly appreciate the continued understanding and support of our stakeholders.

Our Story of Value Creation

1. Trajectory of Growth

As a leading company in the industry, The Nisshin OilliO Group, Ltd. has expanded the edible oil market for 110 years since its founding, by developing and deploying products not previously available in the market.

¥432.7 billion
(FY2021)



Changes in dietary habits in Japan

Beginning of westernization of diet

Increased need for nutritional supplementation after the World War II

Spread of westernized diet and increased awareness of nutritional balance

Gourmet and health-conscious

Diversification of food preferences such as "healthy," "natural" and "convenient"

History of product launches

1907
Established as Nisshin Soybean Crushing Co.

1924
Launched Japan's first salad oil, *Nisshin Salad Oil*



Around 1927

- Fostering the culture of raw vegetable dining

1951
Launched edible oil gift package



Around 1959

- Fostering the spread of mid-year and year-end gift-giving culture
- Providing more accessible salad oil through mass production

1963
Yokohama Isogo Plant opened



1980
Launched *Nisshin Mayo-Dore* (purely plant-based mayonnaise-type seasoning)



1992
Launched *Nisshin Canola Oil*



- Providing mayonnaise-type seasonings for those concerned about cholesterol and eggs
- Fostering the improvement of fried food quality

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)



1996
Launched Japan's first original olive oil brand, *BOSCO Olive Oil*



- Fostering the spread and entrenchment of olive oil
- Contributing to health through the launch of FOSHU oil

2012
Launched *Ene-Pudding*



2017
Launched *Nisshin MCT Oil HC*



2015
Launched *Nisshin Flaxseed Oil* and *Nisshin Healthy-Off*



2021
Launched *Nisshin Yamitsuki Oil*



- Fostering measures for energy supplementation and undernutrition for the elderly and those in need of nursing care
- Fostering easy health of diet through proposals for new ways to eat and consume food

Value provided (Shared value)

Creating a food culture with salad oil

Offering choices of oils, fats and seasonings

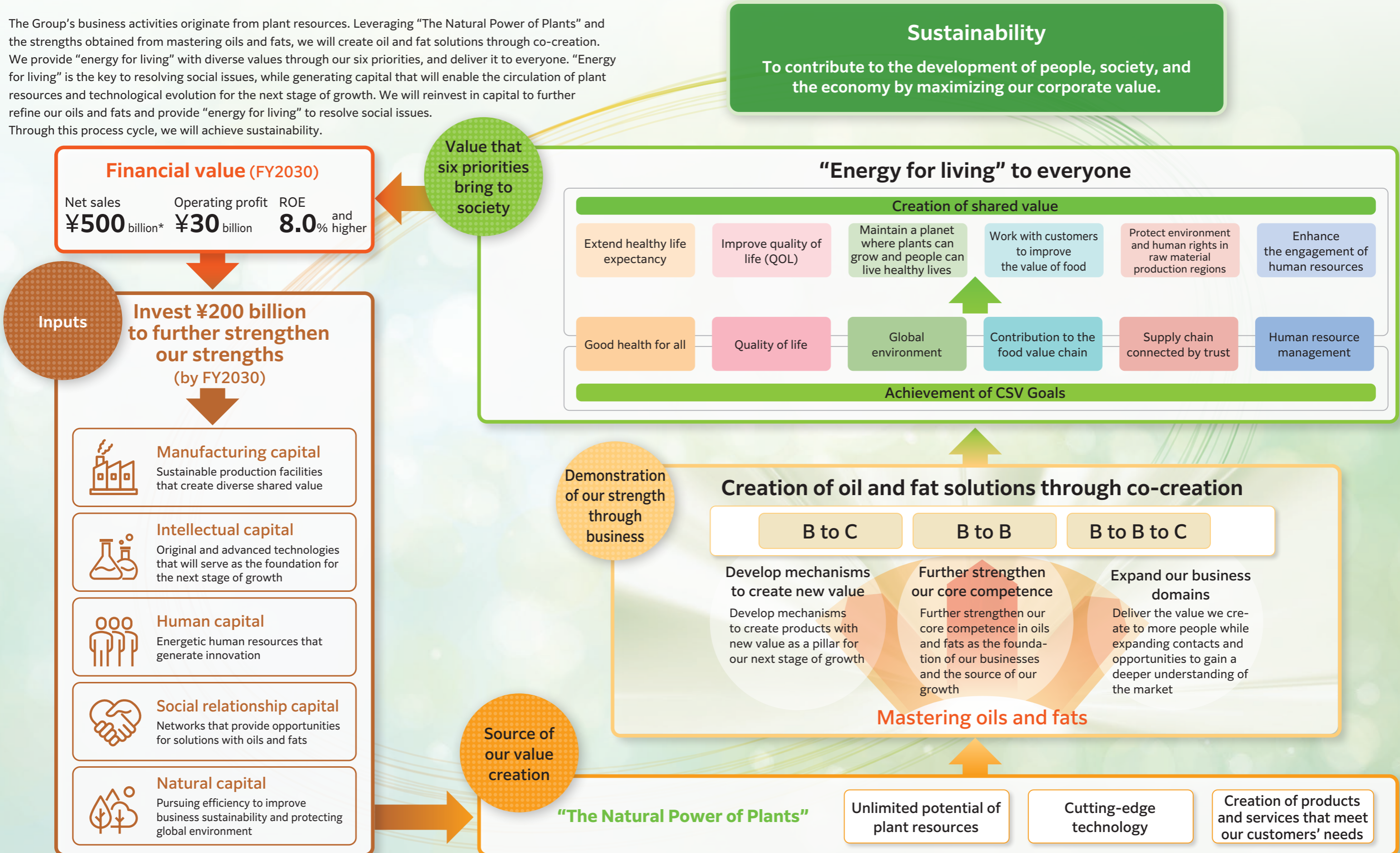
Contributing to dietary habits by adding information on usage and functionality to products

Responding to diverse needs through expansion of product lineups

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 oil and fat 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.








* The net sales figures are as of April 2021 at the time of formulation. The net sales target for fiscal 2024 has been revised upward from the initial ¥400 billion to ¥540 billion in light of the current historic rise in raw material prices. The net sales target for fiscal 2030 remains unchanged from the target set at the time of formulation as it is difficult to predict changes in the business environment. We plan to consider revising the target as appropriate in consideration of changes in the environment surrounding our business.

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 by fiscal 2024 to further strengthen the capital we have accumulated over the years in order to become a global top provider of oil and fat solutions.

Present state		Investment of ¥100 billion by FY2024*	
 <p>Manufacturing capital Sustainable production facilities that create diverse shared value</p>	<ul style="list-style-type: none"> Established 19 companies as our bases in 7 countries Stable and efficient operations achieved through continuous introduction of efficient equipment and operation management technology 	<p>Capital investment</p> <p>FY2011: ¥5.7 billion → FY2021: ¥9.2 billion</p>	<p>Expand production capacity ¥10 billion</p> <ul style="list-style-type: none"> Increase production capacity for oils and fats for chocolate, etc. <p>Investment in DX ¥5 billion</p> <ul style="list-style-type: none"> Convert the Nagoya Plant into a smart factory <p>Investment in upgrades ¥20 billion</p>
 <p>Intellectual capital Original and advanced technologies that will serve as the foundation for the next stage of growth</p>	<ul style="list-style-type: none"> Knowledge accumulated through many years of basic research into oils and fats, and expertise in product development to address customer needs and markets Strategic rollout of intellectual property to leverage our technologies and brand 	<p>Number of patents held</p> <p>FY2011: Approx. 240 → FY2021: Approx. 610</p>	<p>Mechanisms for co-creation ¥10 billion</p> <ul style="list-style-type: none"> Enhance and implement incubation functions at the Yokohama Isogo Complex Functional material marketing
 <p>Human capital Energetic human resources that generate innovation</p>	<ul style="list-style-type: none"> Corporate culture that values teamwork and a meticulous and dedicated attitude in all aspects of our operations including production, quality and customer service Fulfilling education and training system based on the policy of “education first” 	<p>Operating profit per employee</p> <p>FY2011: ¥2.1 million/employee → FY2021: ¥3.9 million/employee</p>	<p>Proactive investment in human resources</p> <ul style="list-style-type: none"> Strengthen recruitment of highly-specialized human resources with experience Expand investment in human resource development Achievement of competitive compensation levels
 <p>Social relationship capital Networks that provide opportunities for solutions with oils and fats</p>	<ul style="list-style-type: none"> (Domestic) From factory to the dining table: Connections with diverse sales channels (Overseas) Built a global network centered on processed oils and fats and fine chemicals Built a supply chain that enables sustainable business operations 	<p>Number of countries with bases</p> <p>FY2011: 5 countries → FY2021: 7 countries</p>	<p>Build a network for co-creation</p> <ul style="list-style-type: none"> Participation in value co-creation platforms, consortia, etc. <p>Further enhance sustainability of the supply chain</p> <ul style="list-style-type: none"> Ensure traceability and conduct human rights due diligence
 <p>Natural capital Pursuing efficiency to improve business sustainability and protecting global environment</p>	<ul style="list-style-type: none"> Promoting sustainable procurement by establishing the Basic Procurement Policy, Palm Oil Sourcing Policy, Soybean Sourcing Policy and Cacao Sourcing Policy Continuous CO₂ emissions reduction achieved through introduction of efficient equipment and advanced operation management technology 	<p>CO₂ emissions per unit of production</p> <p>FY2011: 0.275 t-CO₂/t → FY2021: 0.119 t-CO₂/t</p>	<p>Environmental investment ¥5 billion</p> <ul style="list-style-type: none"> Introduction of environmentally friendly production facilities Introduction of renewable energy facilities, mainly at the Sakai Plant

* The investment includes ¥50 billion (planned) for M&A.

Our Story of Value Creation

4. Demonstration of our Strength through Business

Our Group's strength lies in "mastering oils and fats." We will work to establish mechanisms to create new value and expand our business domains, while further strengthening our core competence in oils and fats. By maximizing our strengths, we will create new value in oils and fats and areas that leverage their strengths, and make a leap forward to become a global top provider of oil and fat solutions.

Create new value in oils and fats and areas that leverage their strengths, and become a global top provider of oil and fat solutions

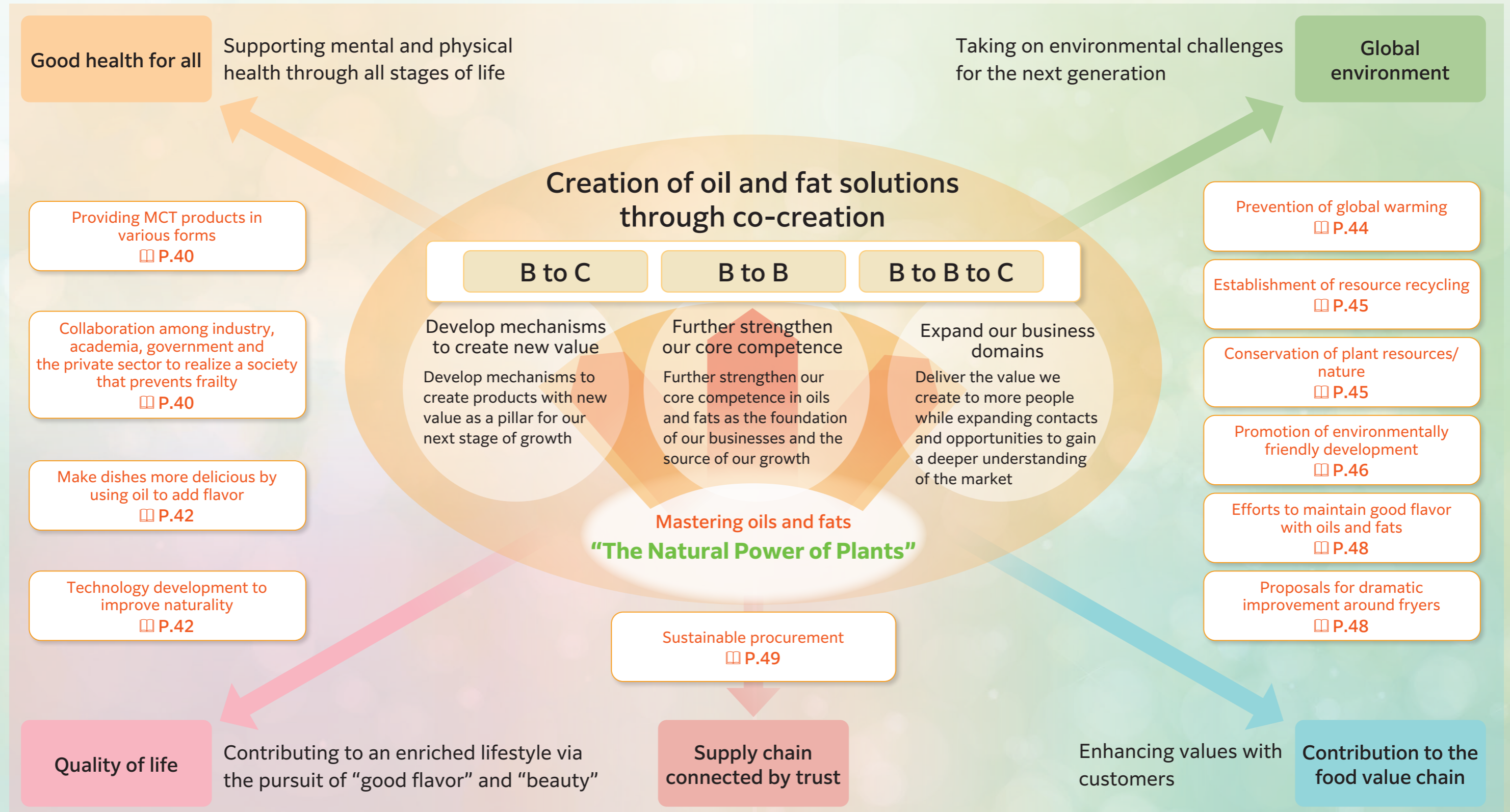


Our Story of Value Creation

5. Value that our Priorities Bring to Society

We will maximize further corporate value through value creation in our six priorities and contribute to the development of people, society, and the economy.

We will maximize our corporate value and contribute to the development of people, society, and the economy by creating shared value (CSV) with society as a growth driver 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."



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.

- We will further refine our core competence in oils and fats.
- In addition to offering products derived from oils and fats, we will leverage our strengths to serve as a platform to create new functions for food as a mechanism that allows other food and ingredient manufacturers to participate in and create new value together.
- The value of oils and fats lies in the dense, fundamental energy that people need to live. This energy also has infinite potential—to make meals more delicious, improve people’s health through their nutritional components, and increase people’s beauty and vitality.
- In addition to the fundamental energy of oils and fats and the energy of unique and diverse values, we have positioned the energy produced by materials, technologies, and businesses that exert a synergistic effect with oils and fats as “energy for living.”
- We will become a corporate group that is committed to delivering “energy for living” to as many people as possible.

Specific Targets

FY2030			
Net sales*	Operating profit	ROE	Percentage of overseas sales
¥500 billion	¥30 billion	8.0 % or higher	30 % or higher

Our six priorities



Value Up+ Achievement Chart (Overview)

Sustainability	Environment Reduction of GHG emissions KPI • -8% (Scope 1 and 2)	Supply chain Build a procurement and logistics network to refine OilliO quality and competitiveness KPI • 100% certified palm oil	Human Resources Improve engagement • Female manager ratio: 8% • Improve employee health and performance in line with health and productivity management strategic map KPI	Aggressive Investment
	Efficiency ROIC 4.6% • Expand value-added products in domestic oils and fats sales mix • Sell cross-shareholdings and review asset mix from an efficiency perspective KPI	Value UP+ performance targets Net sales ¥540 billion Operating profit ¥17 billion ROE 8.0 % Operating cash flow*1 ¥50 billion ROIC 4.6 %	Growth Investment Strategic investment: ¥80 billion KPI • Execute strategic investments in marketing, R&D, DX, the environment, growth, etc.	
	BtoC Net sales: +¥5 billion • Form ¥50 billion market for oil for topping • Volume composition ratio of 40% for strategic cooking oil products • Disseminate nutritional information on lipids in and outside Japan: Reach 30 million people in Japan (4-year cumulative) KPI	BtoB Net sales: +¥55 billion KPI • 30% increase in the number of customer support solutions for the Group • 30% increase in volume of sales of oils and fats for use in chocolate • 130% growth rate in cosmetics products	BtoBtoC Net sales: +¥10 billion KPI • 150% growth rate in health science products	

*1 4-year cumulative for FY2021-2024

*2 The net sales target in terms of growth represents the amount achieved through value creation not affected by sales prices revision due to the surge in prices of raw materials.

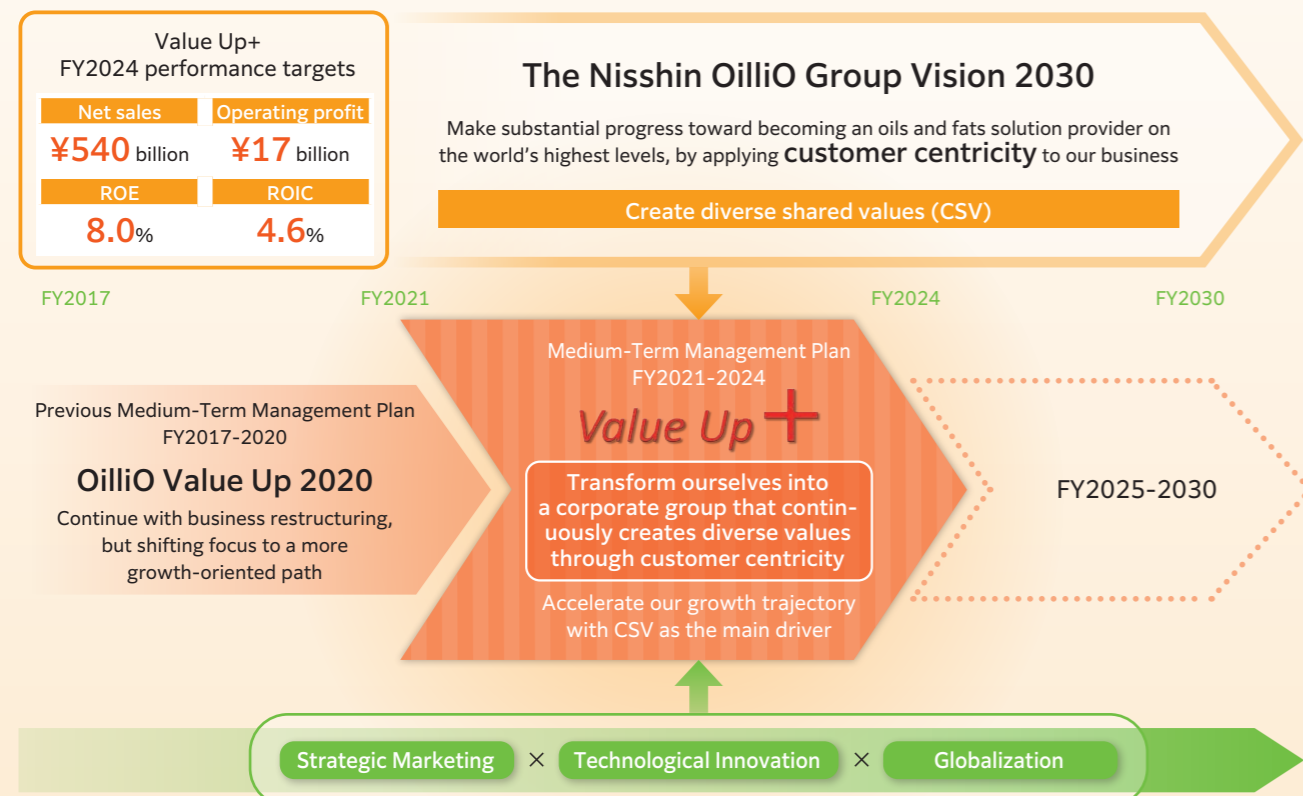
* The net sales figures are as of April 2021 at the time of formulation. The net sales target for fiscal 2024 has been revised upward from the initial ¥400 billion to ¥540 billion in light of the current historic rise in raw material prices. The net sales target for fiscal 2030 remains unchanged from the target set at the time of formulation as it is difficult to predict changes in the business environment. We plan to consider revising the target as appropriate in consideration of changes in the environment surrounding our business.

Medium-Term Management Plan, Value Up+

Medium-Term Management Plan, Value Up+

To achieve the objectives of The Nisshin Oillio Group Vision 2030, we launched in April 2021, a new medium-term management plan, titled Value Up+, which covers our specific growth strategies for the first four years of the vision. Under Value Up+, we will establish core strategies centered on the three principles of “strategic marketing,” “technological innovation,” and “globalization,” with a basic policy of “Transform ourselves into a corporate

group that continuously creates diverse values through customer centrality.” In these ways, we will accelerate our growth trajectory with CSV as the driver. 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 oil and fat solutions.



Partial change in performance targets

With regard to performance targets set out in the medium-term management plan, Value Up+, we planned at the start of the plan in 2021 to achieve net sales of ¥400 billion, operating profit of ¥17 billion, and ROE of 8.0% for fiscal 2024, as well as cumulative operating cash flows of ¥70 billion over the four years of the medium-term management plan.

However, there is a concern that prices of raw materials for edible oil will sore and remain high due to soaring market prices for main raw materials against the backdrop of increasing global demand for food and expansion of biofuel consumption, as well as grain supply instability and prolonged supply chain disruptions caused by Russia’s invasion of Ukraine.

In fiscal 2021 (ended March 2022), the first year of

Value Up+, our Group’s net sales significantly increased as a result of a substantial increase in raw material prices and the corresponding sales price revisions.

In light of these significant changes in the environment surrounding our Group, and under our policy of expanding sales through value creation we aim to achieve during the four years of Value Up+, we have revised the net sales target for fiscal 2024 upward from the initial ¥400 billion to ¥540 billion. We aim to achieve operating profit as initially planned through further sales price revisions and new value creation even in an extremely severe cost environment. However, we have revised the target for cumulative operating cash flows over the four years downward from ¥70 billion to ¥50 billion due to an increase in working capital caused by a sharp rise in raw material costs.

Making ROIC a performance indicator

Under Value Up+, improving capital efficiency is an important goal, and we have added ROIC as a performance indicator and set 4.6% as a target to be achieved in fiscal 2024, with the aim of managing our operations with

even greater awareness of the capital cost. To achieve this target, we will work to improve capital efficiency through the effective use of assets, in addition to improving the profit ratio as a result of initiatives under Value Up+.

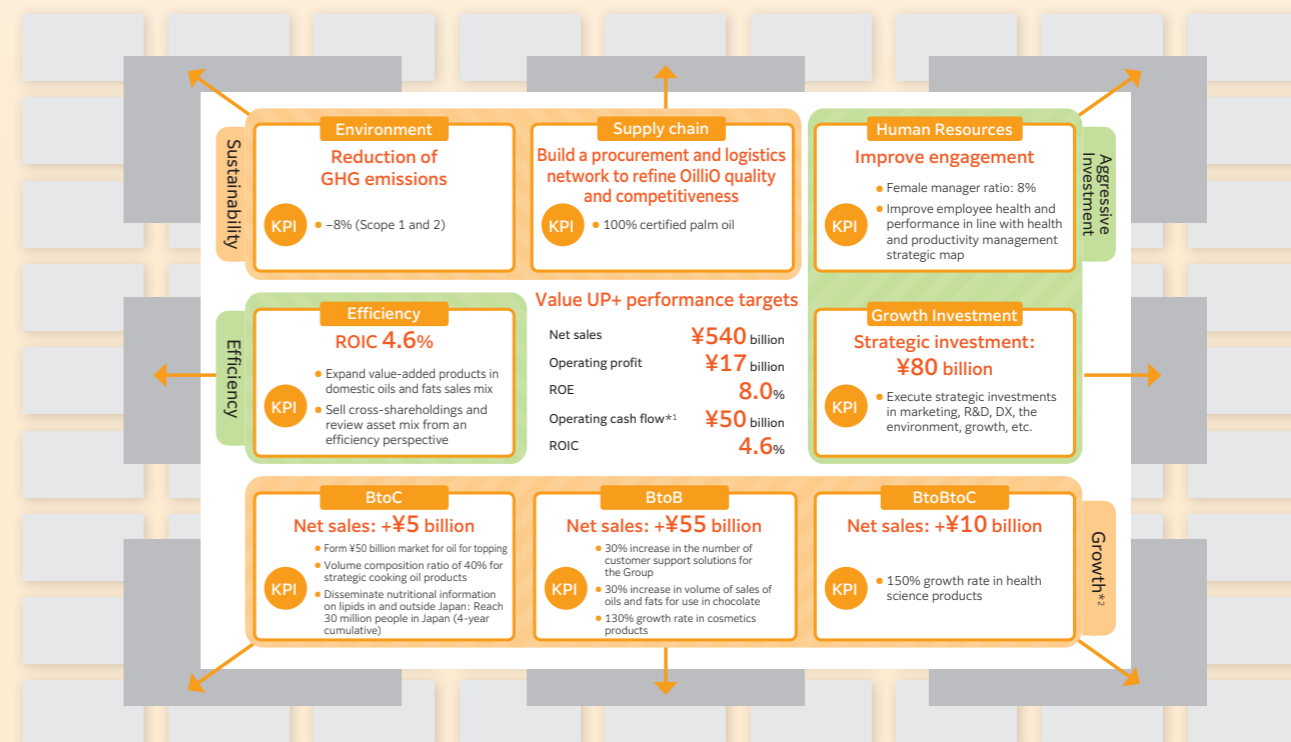
	Initial FY2024 plan		FY2024 revised	Changes
Net sales	¥400 billion	➔	¥540 billion	+ ¥140 billion
Operating profit	¥17 billion	➔	¥17 billion	No change
ROE	8.0%	➔	8.0%	No change
Operating cash flow	¥70 billion 4-year cumulative for FY2021-2024	➔	¥50 billion 4-year cumulative for FY2021-2024	-¥20 billion
ROIC	—	➔	4.6%	New goal

Established a framework for KPI management (Achievement Chart) to achieve performance targets

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 KGI including CSV goals and the specific action goals derived from the KGIs into 64 KPIs for fiscal 2022 and 2024 respectively. We will manage the progress of the plan by utilizing the framework for developing performance targets into departmental strategies and KPIs.

For example, from the perspective of “growth,” we

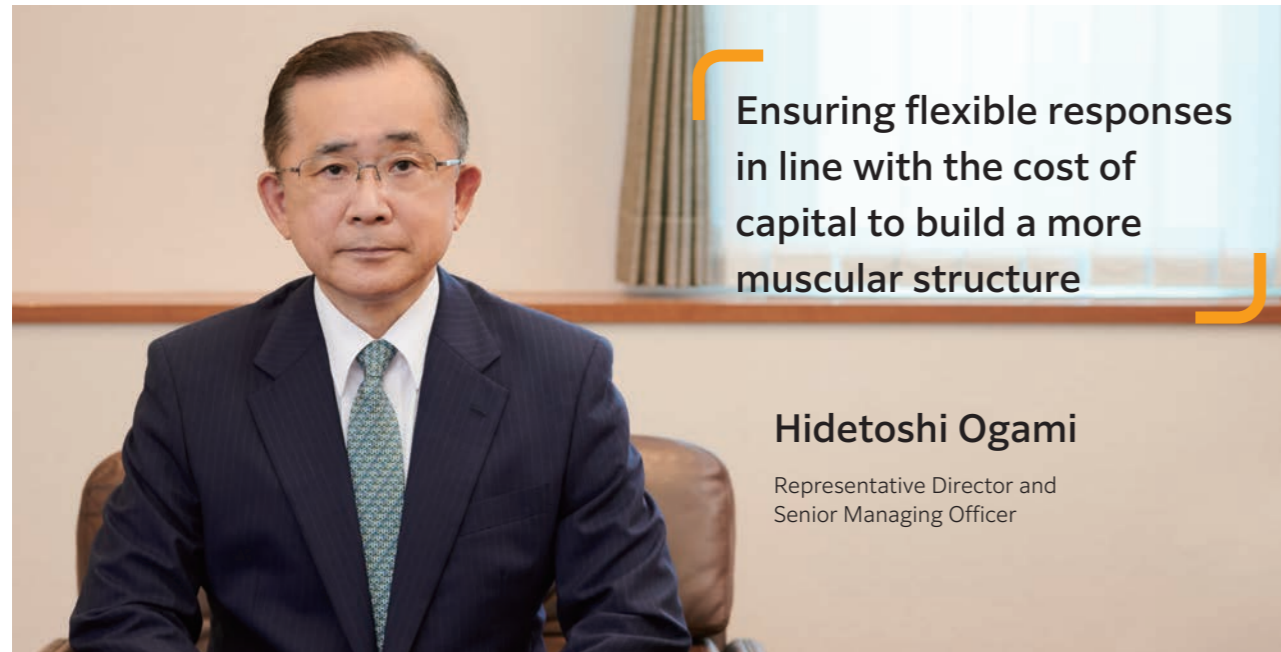
have set KPIs related to sales expansion in each domain of “BtoC,” “BtoB” and “BtoBtoC,” and from the perspective of “aggressive investment,” KPIs related to strategic investment of ¥80 billion and promotion of initiatives for utilizing human resources as intangible assets. From the perspective of “sustainability,” we have set targets for reducing GHG emissions in the environment and building a procurement and logistics network to improve quality and competitiveness in the supply chain, and from the perspective of “efficiency,” targets for improving turnover of invested capital by increasing profit ratios and enhancing asset efficiency through value-added strategies in order to achieve the ROIC target of 4.6%.



*1 4-year cumulative for FY2021-2024

*2 The net sales target in terms of growth represents the amount achieved through value creation not affected by sales prices revision due to the surge in prices of raw materials.

Message from the Director in Charge of Finance



Hidetoshi Ogami
Representative Director and Senior Managing Officer

A year of solid results despite the severe cost environment

In fiscal 2021, although demand recovered in the commercial-use and food processing fields and the fine chemicals business, consumption remained unstable due to the impact of COVID-19, such as a reactionary decline from the previous year's increase in demand for self-catering at home in the household-use field. In terms of raw material costs, the market environment remained severe with historically high grain market prices due to the recovery of demand in China, tight supply-demand balance, decrease in production due to unreasonable weather in major production regions, and quality deterioration.

We worked quickly to formulate reasonable selling prices in response to the sharp rise in grain market prices and successfully revised prices of edible oils four times a year thanks to the understanding of our business partners. This was a great achievement. Although there are differences in progress among the segments, I feel that the growth-oriented investments in each segment have delivered steady results. Furthermore, I believe that building a business portfolio with an eye toward overseas expansion and dealing with issues in Japan from a market-driven perspective have also been effective. As a result, we achieved net sales well above ¥400 billion, and also ensured a profit level exceeding ¥11.5 billion in operating profit as initially planned. For the first year of the medium-term management plan "Value Up+," we were able to prove that we had made proper business decisions.

Balance financial soundness and investment for growth, then respond with agility

Raw material prices continue to soar partly due to the impact of Russia's invasion of Ukraine. We revised some of our performance targets for the final year of "Value Up+" in light of the current situation. Net sales for fiscal 2024 were revised upward to ¥540 billion taking into account the growth in each segment from fiscal 2022 onward, and cumulative operating cash flows over four years were revised downward to ¥50 billion, reflecting the continued increase in working capital.

In order to improve cash flows, which have deteriorated due to the increase in working capital, we will focus more closely on capital efficiency. Our basic financial strategy, which focuses on a balance between financial soundness and growth-oriented investment, remains unchanged, and I believe that we are currently maintaining stable financial soundness with a capital adequacy ratio mid- 40% range and a net D/E ratio of about 0.5 times. Although the net profit margin for fiscal 2021 was 2.0% (2.8% decrease from the previous fiscal year) and the ROE fell to 5.7% (0.8% decrease from the previous fiscal year) due to a rise in net assets, we will continue working to achieve our business plan (profit plan) and thus achieve our ROE target of 8.0%. ROIC has been added as a new performance indicator since fiscal 2022, and we intend to improve efficiency by steadily implementing the measures set forth in the achievement chart, a framework for KPI management.

	FY2021	FY2022 (plan)	FY2024 (targets)
ROIC	3.6%	3.6%	4.6%
ROE	5.7%	6.0%	8.0%
Capital adequacy ratio	45.3%	43.1%	Mid- 40% range
Net D/E ratio	0.54 times	0.51 times	About 0.5 times

Although procurement interest rates are expected to rise as a result of the global shift to tighter monetary policy, we intend to respond flexibly to new financing while taking into account future interest rates and other factors.

Growth-oriented investment policies and progress

We plan to invest a cumulative total of ¥80 billion over four years in growth-oriented investment fields, of which ¥50 billion is earmarked for M&A. In particular, we will invest in "co-creation mechanisms" and "expansion of production capacity" with a view to expanding sales at home and overseas. We have started to strengthen incubation functions at the Yokohama Isogo Complex as an investment to realize value creation through co-creation with our customers by thoroughly mastering our core competence in "oils and fats" and strengthening customer support functions. In addition, to reinforce our foundation, we will make investments to convert the Nagoya Plant into a smart factory, which will improve production efficiency and workstyle reforms. As for environmental investments, we will introduce environmentally-conscious production facilities and install solar panels at each plant.

In the BtoB domain, our target is to expand sales by ¥55 billion including those for M&A. To achieve this target, we are working to expand our global network through ISF in Malaysia, which is the core of this business, and to improve our production capacity for oils and fats for chocolate. With regard to M&A, we will focus on developing customer contact points and strengthening customer support functions in Asia and Europe while carefully assessing strategies and relationships.

Human resources are the major source of sustained enhancement of corporate value. Aiming to create an organization full of vitality that generates innovation, we will

actively invest in human resources by enhancing our education and training systems, hiring highly specialized personnel, and creating a good work environment.

Improving efficiency to build a more muscular structure

Improving efficiency, a key theme of "Value Up+," requires both efforts in increasing profits and reducing assets. I believe that we can successfully increase profits by creating new value while solving issues faced by our customers in response to changes in the social environment, such as changes in consumer behavior due to the pandemic, chronic labor shortages, and rapidly rising raw material prices. In addition to setting reasonable selling prices that reflect future costs and social costs, we will work to improve profit margins by increasing the sales composition ratio of value-added products.

With regard to asset efficiency, we are working to improve inventory assets as an urgent issue in order to shorten the cash conversion cycle (CCC). The inventory balance collapsed during the two years of the pandemic as demand fluctuated sharply. In the future, we will thoroughly reduce useless stock by using AI, deep learning and other technologies to accurately grasp demand from various data available in the market, and focus on managing inventory properly while fulfilling our supply responsibilities. As for cross-shareholdings, which have attracted attention, we have already reduced our cross-shareholdings by about 20% in line with the change in our cross-shareholding policy in fiscal 2020. Since this reduction could have a significant impact on our business partners and the market, we will proceed in stages after thorough and careful dialogue with various stakeholders, while listening to their opinions. With regard to our asset holdings, we will actively remove inefficient and non-performing assets in order to build a more muscular structure.

Business Strategy

Business Environment and Major Initiatives in 2022

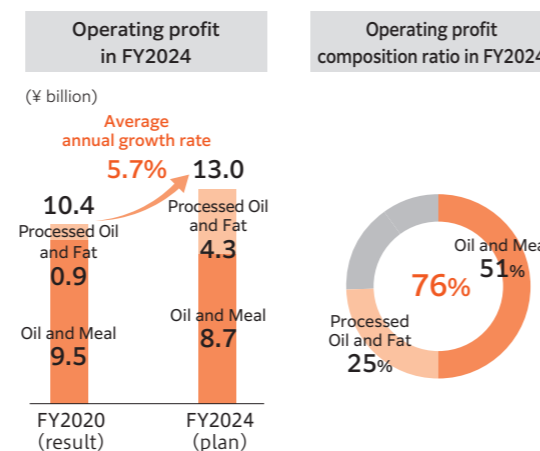
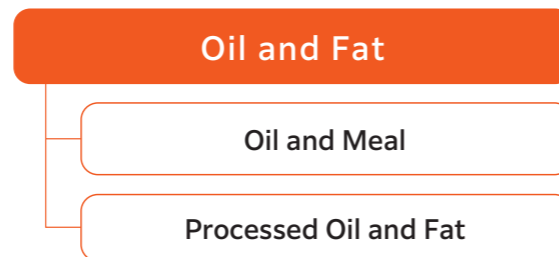
	Major external factors	Impact on segment	Initiatives and strategies
Oil and Fat	<ul style="list-style-type: none"> Changes in consumer behavior due to coexistence with COVID-19 Historically high market prices for major oil and fat raw materials 	Soaring soybean, rapeseed and palm oil prices	<ul style="list-style-type: none"> Continuous sales expansion of value-added products Structural reform for cooking oil Deepening of "needs-discovery collaboration" marketing Sales at appropriate prices commensurate with costs Sales expansion of oils and fats for chocolate in the global market
Processed Food and Materials		Gradual recovery in demand for confectionery affected by the COVID-19 pandemic Significant increase in raw material costs due to soaring market prices for oil and fat raw materials	<ul style="list-style-type: none"> Sales expansion of chocolate by demonstrating customer support functions Strengthening of mutual collaboration of BtoB and BtoC activities in the MCT segment
Fine Chemical		Recovery in demand for cosmetic ingredients Sharp rise in raw material prices due to a tight supply and demand balance for oleo-chemical products	<ul style="list-style-type: none"> Strengthening of bases in anticipation of expanding markets in China and Southeast Asia Sales at appropriate prices commensurate with costs

Oil and Fat Business

In the Oil and Meal category, we import soybeans and rapeseed and crush and refine them to manufacture oils/fats and meal. Our oils/fats are sold mainly to the domestic household-use market, as well as to the commercial-use and processing markets, while our meal is mainly sold to the livestock industry for feed. As for household-use products, we also manufacture and sell olive oil, sesame oil, and flaxseed oil as "pour-and-enjoy" fresh edible oils. They are very popular at the dinner table.

In the Processed Oil and Fat category, we use palm oil as the main raw material for the production of specialty oils and fats, centered on those for chocolate, as well as margarine and shortening for confectionery and baking. We sell these products mainly to processed food manufacturers.

Opportunities and Risks	
Opportunities	Risks
<ul style="list-style-type: none"> Increasing the 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 saving in the food industry due to manpower shortage Growing market for luxury goods due to the development of emerging countries 	<ul style="list-style-type: none"> 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



Oil and Meal

First-year results and issues

In the household-use category, we worked to further expand the market for "pour-and-enjoy" fresh edible oil by aggressively launching "flavored oil" and products that meet health needs. We also worked on "structural reform for cooking oil" by strengthening sales of strategic products such as *Nisshin Healthy-Off*, *Nisshin Canola Oil NatuMade* and *Nisshin Rice Bran Oil*.

In the commercial-use category, we strengthened our solution proposals to address issues in the restaurant and ready-to-eat meal industries, which have become evident due to the COVID-19 pandemic, focusing on customer-solution-type frying oil that prevents frying oil from increasing acid values and coloring, and value-added products that simplify cooking processes and stabilize cooking performance. In the food processing category, we collaborated with processed food manufacturers to promote initiatives to identify market needs and to create value through application and solution proposals.

On the other hand, costs continued to rise significantly throughout the year due to soaring raw material prices and other factors. We were able to phase in revisions to sales prices by carefully explaining to our business partners, but a time lag between revision of sales prices and an increase in costs during the fiscal year brought about a difficult situation in terms of profits, which were lower than the previous fiscal year.

Furthermore, with a view to establishing a joint venture company for oil extraction in the western Japan area with J-Oil Mills, Inc., we conducted a feasibility study to clarify operational and administrative issues, and continue to consider measures to realize a smooth joint venture.

For the second year

The cost environment is becoming increasingly severe due to the worsening situation of the Russia's invasion of Ukraine in addition to the structural increase in demand for oils and fats. We will continue our efforts to reduce costs in all aspects including purchasing, production, distribution and sales, and to set appropriate sales prices commensurate with raw material costs while carefully explaining to our business partners.

To achieve the management targets of the medium-term management plan, we will continue to promote initiatives for sales expansion of value-added products and structural reform for cooking oil in the household-use category through establishment of "pour-and-enjoy" fresh edible oil and development of a market for "flavored oil." In the commercial-use category, we will work to improve the quality of solutions to issues by "responding to changes" such as changes in consumer behavior, manpower shortage, rising costs and diversifying health needs for food products, and by promoting "needs-discovery collaboration" marketing. In the food processing category, we will promote initiatives to strengthen solution proposals for adding value to customer products and to build an oil and fat supply system that enables sustainable business expansion.



New products in 2022

Processed Oil and Fat

First-year results and issues

In the domestic processed oil and fat domain, in addition to revising sales prices in response to rapidly rising costs, we worked to expand sales to existing customers and acquire new customers through proposal of new products and other measures.

In the overseas processed oil and fat domain, we strengthened our technical proposal-based response to customers, and decided to make a capital investment to increase production capacity of oils and fats for chocolate to expand sales volume. In addition, as initiatives to utilize functions and bases that create Group synergies, we expanded customer support functions at ISF Shanghai to expand sales in the Chinese market, promoted production collaboration between ISF Italy and ISF (Malaysia), and proceeded with implementation and commercialization of production facilities to advance a technology for controlling trace elements. On the other hand, the importance of ensuring the stability of procurement and production increased due to uncertainty in procurement of raw materials for oils and fats for chocolate and a sharp rise in their prices caused by the worsening situation of Russia's invasion of Ukraine.



ISF Italy

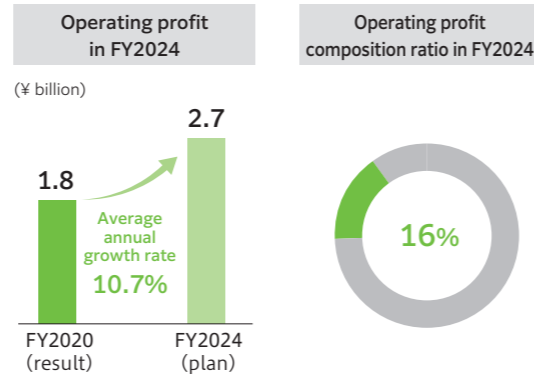
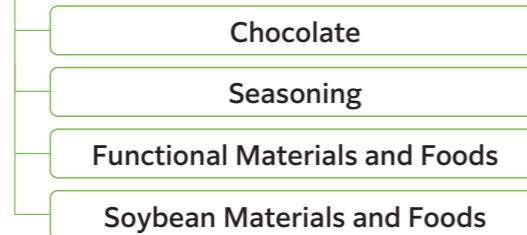


ISF Shanghai Application Center

Processed Food and Materials Business

This segment systematically brings together the Group's materials-related operations and consists of four categories: "Chocolate," "Seasoning," "Functional Materials and Foods," and "Soybean Materials and Foods." Each category manufactures and sells unique products. The Chocolate category handles commercial-use chocolate products. In recent years, we have been pursuing globalization with Daito Cacao Co., Ltd., a domestic subsidiary that newly established a base in Indonesia. The Seasoning category manages dressings and other products in Japan. The Functional Materials and Foods category oversees medium-chain triglycerides (MCTs), wellness foods, and other products. The Soybean Materials and Foods category takes care of soy protein products for processed foods and defatted soybeans, the raw material for soy sauce.

Processed Food and Materials



Opportunities and Risks	
Opportunities	Risks
<ul style="list-style-type: none"> Increasing need to prevent dementia and 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 	<ul style="list-style-type: none"> 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

First-year results and issues

In the Chocolate category, in addition to expanding sales to existing customers and acquiring new customers in Japan, IADC (Indonesia) also started business transactions with new customers, which had been delayed due to the impact of COVID-19.

In the Functional Materials and Foods category, we developed promotions for MCT as a functional material in conjunction with the media, processed food manufacturers and distributors to help customers understand MCT's functions and to foster their willingness to buy MCT products. Additionally, we upgraded and relaunched our MCT product as a food with functional claim, and promoted understanding of MCT's functions in conjunction with communication development. In the Seasoning category, we worked to expand sales by expanding our lineup of products that emphasize the health benefits of edible oils used as ingredients, and in the Soybean Materials and Foods category, we worked to expand sales by launching new products in addition to revising sales prices in response to soaring raw material prices.

On the other hand, in the Seasoning and Functional Materials and Foods categories, the impact of soaring raw material prices was significant, which brought about a difficult situation with less profits than in the previous fiscal year.



IADC



MCT-related products as a food with functional claim

For the second year

In the Chocolate category, we will expand sales by demonstrating customer support functions in Japan, and IADC (Indonesia) will increase new transactions, with the aim of steadily contributing to profit.

In the Functional Materials and Foods category, we will work to increase the amount of MCT used through continuous approaches to processed food manufacturers and commercialization of MCT products, and will also work to arouse the willingness to buy them while strengthening communication activities to promote understanding of MCT's functions in collaboration with sales. We have also acquired the "Japan Disaster Food Certification" for foods for the elderly and nursing care, and are working to support energy intake and safe hydration for the elderly, who are vulnerable to disaster.

In the Seasoning category, we will promote initiatives to improve value by pursuing health functions, such as the launch of *Nisshin MCT Dressing Sauce*, and in the Soybean Materials and Foods category, we will work to develop new soybean material products and create value through co-creation with external parties.

On the other hand, in response to a severe cost environment in which raw material prices continue to soar, we will work to revise sales prices by carefully explaining to our business partners.



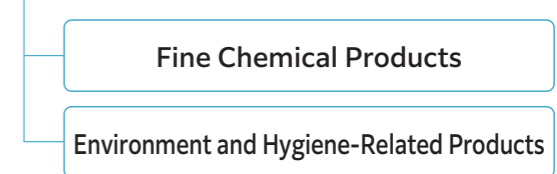
Acquired "Japan Disaster Food Certification" for foods for the elderly and nursing care and chocolate *Yama Choco*

Fine Chemical Business

The Fine Chemical business consists of two categories: "Fine Chemical Products" and "Environment and Hygiene-Related Products." In the Fine Chemicals category, we develop and sell functional materials, mainly in the cosmetics field. We are expanding this business globally with business bases located in Spain and Shanghai, in addition to Japan.

In the Environment and Hygiene-Related Products category, centered on subsidiary Settsu Inc., we make and sell alcohol products, detergents, and other items. The entire Group is also striving to develop industrial-use technologies for plant resources and address environmental issues through its products and services.

Fine Chemical



Opportunities and Risks	
Opportunities	Risks
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Delayed recovery of the inbound market, which shrank due to COVID-19 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

First-year results and issues

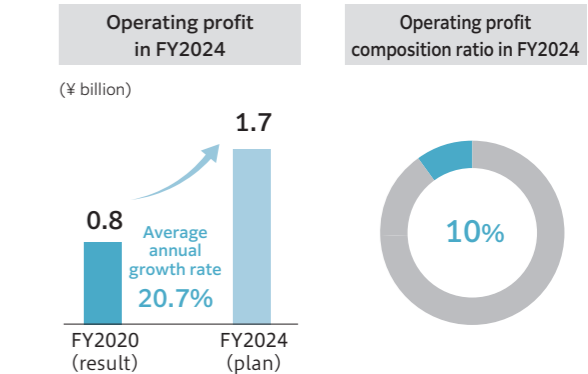
In the Fine Chemicals category, a new factory was completed at the Yokohama Isogo Plant, laying the foundation for further growth and meeting growing demand.

Although demand for oils for makeup applications, which had declined due to COVID-19 pandemic, was recovering, we worked to capture new demand for oils for cleansing and other skincare products. We promoted strengthening of technical support functions to provide strategic technical support in our key markets by, for example, functionalizing the "Technical Support Dept." at The Nisshin Oillio (Shanghai) International Trading Co., Ltd. and also developing a platform to expand the support system at IQL (Spain).

On the other hand, soaring international raw material prices led to a significant increase in costs, particularly for products outsourced overseas, and we worked to sell both cosmetic raw materials and chemical products at appropriate prices.



IQL



For the second year

In the Fine Chemicals category, we see the growing Asian markets (China and Southeast Asia) and specialty oils for cosmetics as driving forces for growth, and will expand our high-value-added global business by leveraging our strength in ester synthesis technologies.

Continuing from the first year, in order to provide technical support "closer to our customers," we will work to strengthen our global technical support to connect with each base and customer, with eastern Japan as the core, by establishing a sales office in western Japan and preparing for the establishment of a base for expansion of the Southeast Asia market.

In the Environment and Hygiene-Related Products category, the Group will work together to promote acquisition of technical data and aggressively make proposals to the market to expand the sales of plant-based lubricants.



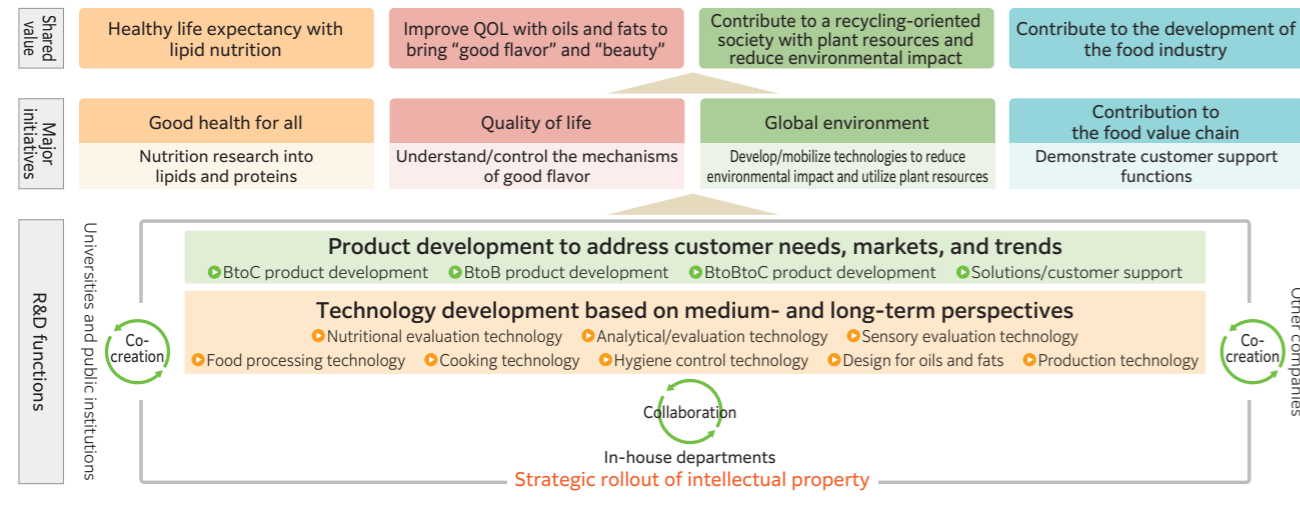
Building a global support network with Japan at its core

Fundamental Strategy

Research & Development

Based on the knowledge gained through many years of research into vegetable oils and fats, our Group has developed original technological capabilities and product development abilities to meet the diverse needs of our customers. To become “a corporate group that generates diverse value and delivers ‘energy for living’ to everyone” as we aim at under Vision 2030, we will further refine our technological capabilities in oils and fats (our core competence) and their peripheral areas, and promote R&D aimed at creating shared value in our priority areas.

We will continue to provide valuable products and services by accumulating a variety of knowledge, and combining it into concrete forms through both product development to speedily launch products in response to customer needs and market trends and technology development to create new value based on medium- and long-term perspectives. Furthermore, we will secure freedom in R&D and accelerate the creation of shared value by strategically acquiring and utilizing intellectual property and addressing intellectual property risks.



Enhancement of incubation functions

The basic policy of Vision 2030 is to develop business “closer than ever to our customer” for further growth of our Group. In the BtoB domain of the commercial-use business, our production technology, R&D and sales teams and Product Application Development Center are working together to provide optimal solutions to customer issues, as well as to develop technologies and products through co-creation with customers. In order to strengthen these development functions, we have decided to invest in the establishment of a new “Incubation Center (tentative name)” within our Yokohama Isogo Complex, which is scheduled to begin operations in 2024. By strengthening

pilot facilities and other facilities necessary for the development, and by fully utilizing incubation functions obtained comprehensively from the existing technology development center, the Incubation Center will play a role as a new base for promoting co-creation of value with customers.



From lab scale to pilot scale and even plant scale, we work with our customers for value creation and manufacturing.

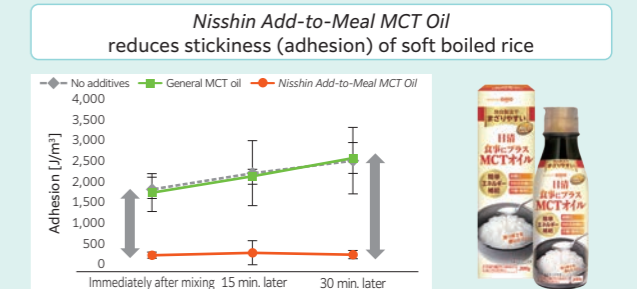
Development of MCT oil that is easy to mix and suitable for elderly care

In recent years, there has been a need to give consideration to frailty, a state of the mind and body with weakened vitality, for the elderly. Insufficient protein and energy intake among the elderly is recognized as one of the factors leading to frailty, and the government has been taking measures to address this issue, including the launch of frailty checkups in 2020.

Nisshin MCT Oil has an established reputation for increasing the energy of meals in hospitals and facilities, but one of the issues of the *Nisshin MCT Oil* at nursing care facilities was that they were concerned about oil floating and oiliness. We solved this issue by using our proprietary food processing technology to make our MCT oil easier to blend into foods, and have developed a new product *Nisshin Add-to-Meal MCT Oil*, which is easy to use for people involved in nursing care, the elderly and those in need of nursing care. At the site of nursing care, physical properties of foods are adjusted by adding water to make foods easier to eat. However, as water content increases, the nutrient concentration becomes weaker and the amount of food increases, making it difficult to finish a meal. *Nisshin Add-to-Meal MCT Oil* takes advantage of the characteristics of oils and fats to increase

the energy density of soft boiled rice and rice porridge while reducing the stickiness and making them easier to eat, making it possible for the elderly and those in need of nursing care to consume sufficient energy in a variety of foods without difficulty.

We have selected and applied for patents on emulsifiers that maximize the functions of MCT to ensure the superiority of our products. Going forward, we will continue to promote R&D efforts to solve social issues, such as measures to prevent frailty in the field of the elderly and nursing care, by utilizing the functions of oils and fats.



Value creation through strategic rollout of intellectual property

Our Group's policy for intellectual property-related activities is to secure superiority in business activities and freedom in R&D through the acquisition of intellectual property rights and response to intellectual property risks, and to promote the creation of shared value. Particularly in the area of our core competence in oils and fats, we are striving to secure sufficient intellectual property rights and establish and protect our brand in order to make a leap forward to become a global top provider of oil and fat solutions and further expand the scope of value creation. We also conduct analysis combining intellectual property information with market information and other information, and disseminate information internally that contributes to decision-making in business activities and R&D.

Our priority areas under Vision 2030 are those in which our Group aims to create shared value. Going forward, we will continue to evaluate the value of intellectual property rights we have acquired to date, and build a value creation process that actively utilizes the intellectual property rights. Furthermore, we will aggressively acquire intellectual property rights related to our co-creation activities with other companies, expansion of our business domains and global business expansion, and contribute to sustainable growth of our Group through strategic use of such rights.

Examples of patents acquired related to initiatives for priorities

Priorities	Patent summary
Good health for all	<ul style="list-style-type: none"> Expand the use of healthy oils and fats (e.g., MCT) in processed foods Reduce the amount of oil in fried foods Make oils and fats easier to eat, and provide adequate energy intake in small quantity
Quality of life	<ul style="list-style-type: none"> Objectively evaluate deliciousness (crispness) of fried foods Make chocolate that is heat-resistant and melts in the mouth Enhance moisture-retaining property and pigment dispersibility with ester oil for cosmetics
Global environment	<ul style="list-style-type: none"> Produce bioethanol by fermenting meal Effectively utilize byproducts from the oil, fat and meal production processes for animal feed and fertilizer
Contribution to the food value chain	<ul style="list-style-type: none"> Suppress oil and fat oxidation to make frying oil last longer Maintain deliciousness with functional oils and fats to reduce food waste

Discovery of potential functions of ester oils for cosmetics and solution business utilizing them

Ester oil for cosmetics* is a key component in the cosmetic raw materials field of our Fine Chemical business. Cosmetics are required to have a variety of functions, including texture, color development, gloss and moisture retention, and to achieve these functions, cosmetic oils are indispensable. Using our Group's synthesis, refining and evaluation technologies, we create ester oils having various physical properties and functions required by our business partners, and they use our ester oils in cosmetics. Focusing on the fact that different customers use the same ester oil for different applications, we aggregate and analyze past cases of adoption and application to discover potential functions of the product and develop a solution

business that utilizes them. We will further draw out the potential of ester oils through evaluation and analysis technologies and marketing, and deliver high-quality and high-performance products that meet customer needs.

* Oil component obtained by dehydration reaction of carboxylic acid and alcohol

Major functions that ester oil can give to “cosmetics”



Fundamental Strategy

Transforming Our Production System

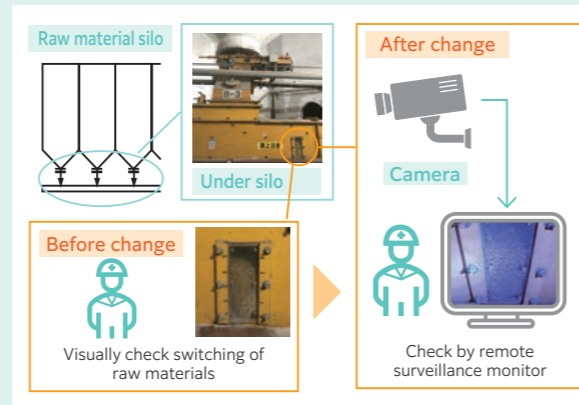
A key objective of Vision 2030 is to create our various shared values in terms of supply. To this end, we are transforming our production system into a next-generation structure that highlights the strengths of each production base and enhances our comprehensive capabilities through integrated management. Production serves as the foundation for strengthening our business competitiveness in oils and fats, our core competence. Accordingly, we will expand various initiatives both within our domestic production bases and across the entire Group. These include establishing a supply system for wide-ranging products that will enable us to address global environmental issues and expand our business domains.

In order to transform our production system into a next-generation structure by 2030, we have started specific

capital investment plans for the Nagoya Plant Smart Factory Concept and the Sakai Plant Sustainability Center Concept. While continuing to work on common issues, each base will define its unique strength to quickly find solutions to individual issues and disseminate best practices horizontally to other bases and Group companies including ISF (Malaysia). In this way, we will embrace the challenge of accelerating the pace of production structure reforms. Specifically, we will clarify the ideal state of the Group's production structure, including by addressing environmental issues, adopting information and communication technology (ICT), and promoting workstyle reform to help diverse human resources play active roles. Ultimately, we will establish a next-generation production structure that is embodied in all of our plants.

Nagoya Plant Smart factory that utilizes ICT

For our smart factory, we will introduce digital technology into production facilities but also boldly and radically reform our existing operations and then introduce the latest digital technology. We have positioned the Nagoya Plant as a development base for our smart factory, and have started concrete initiatives. For example, we are working to reduce workload by remotely monitoring existing operations, such as patrolling manufacturing sites and switching types of raw materials, while preparing to introduce a digital infrastructure (manufacturing execution management system) to improve operational efficiency.



Sakai Plant Sustainability center that utilizes 100% renewable energy

The Sakai Plant Sustainability Center Concept is to first implement intensive initiatives, such as measures to reduce GHG emissions, promotion of palm oil procurement and introduction of environmentally friendly containers and packaging at the Sakai Plant, and after sufficient verification and validation, spread them to other bases and Group companies, and then to the entire supply chain. As part of our efforts to reduce GHG emissions,

we are preparing to introduce solar power generation facilities utilizing the PPS (Power Purchase Agreement) system and biomass boilers using byproducts and waste oil generated during the refining process as fuel. In addition, we have decided to invest in a filling line for environmentally friendly containers, and are proceeding with preparations for the introduction of such containers.

Interview

Mastering Core Competence in Oils and Fats to Realize CSV

The Director and Executive Officers responsible for sales, customer support, market development, and research and development talked about how the Group will evolve its strengths by mastering its core competence in oils and fats and what kind of initiatives they are taking to co-create new value, including their enthusiasm for achieving CSV goals.



Masato Saegusa
 Director and Managing Officer
 General Manager, Food Product Division
 Responsible for branch operations
 and sales promotion



Taiji Teraguchi
 Executive Officer
 Responsible for market development,
 national account sales, and Product
 Application Development Center



Masayuki Sato
 Executive Officer
 General Manager, Technical Division
 General Manager, Production
 Engineering Dept.
 Responsible for Central Research
 Laboratory and intellectual properties

What are the strengths of each department? And how will you evolve them in the future?

Saegusa Just as *Nisshin Salad Oil* launched in 1924 influenced the westernization of Japanese diet, we have always proposed new values to society through edible oils since its founding. These factors have led to our current brand reputation, as well as the trust and empathy from consumers and distributors, which forms an important foundation for our sales capabilities. Our sales departments place a priority on accurately identifying values that customers demand in response to the diversification of the social environment and lifestyles, and delivering products in a timely manner. We would like to further refine our brand by improving analytical abilities using marketing tools and by developing and implementing strategies in collaboration with sales teams.

Teraguchi The strength of the customer support departments is to make value-added proposals that can only be realized with oils and fats by developing applications for customers with ready-to-eat meals, at restaurants, processed foods, and confectionery and baked products

fields through the pursuit of technological development of "good flavor" functions and "cooking" functions utilizing our oil and fat technologies. For manufacturers of ready-to-eat meals and processed foods, we focus on proposing solutions using functional oils and fats, as well as proposing materials and applications that meet the health needs of consumers. In the future, to further deepen our initiatives, we will strengthen communication with customers, promote initiatives through co-creation, and expand application functions and customer support functions.

Sato The strength of the research and development departments is that we have accumulated advanced technology and expertise through accumulation of research and development related to analysis, data analysis and evaluation of oils and fats, and oil and fat processing. In particular, we have actual production facilities for almost all of oil and fat processing processes, and have operational skills to make full use of them. In the future, we will combine oils and fats with other materials to create new functions that are difficult to create with oils and fats alone, and contribute to business expansion of the Group by expanding the areas where we can demonstrate our technological strengths.



What kind of efforts are you making to expand incubation functions in order to create new value?

Sato Incubation originally means “sitting on eggs” and “hatching,” and refers to activities that link technology acquisition to actual production to develop, foster and support new businesses, products and services. We link the numerous technologies we have accumulated, either alone or in combination, to our customers’ manifest or potential needs. We will make the most of our accumulated proprietary technologies as important assets, and work together with the market development department to transform them into products and services that will be recognized by our customers.

Teraguchi We plan to expand the space for applications at the incubation center (tentative name) to be built at the Yokohama Isogo Complex. To meet the diverse needs of our customers, we will enhance our application and customer support functions. I also expect emergence to occur at the incubation center as a place for problem solving and exchange of technology and information, with an awareness of open innovation and working together. I would like to create new value in a way that is trusted most by our customers.

Saegusa In addition to expanding the incubation functions, we are currently working to create more value by the inbound sales methodology as an initiative for a new sales style. Specifically, we will place the information that customers might need on our website along with related materials so that they will be interested in our company and products. Since the information is disseminated through our website, we can respond to inquiries from customers in a timely manner, and also approach customers with whom we have never had any contact. We will expand the range of applications by combining oils and fats we have refined and mastered through research and development with other materials and by developing application technologies. Then, by attracting customers with whom we have built relationships through inbound sales and therefore adding

new co-creation, we can expect to see the emergence of solutions that we were not aware of before. Using the expansion of incubation functions as a hook, I would like to make a seamless value creation mechanism function, in which research, customer support, sales and production are integrated, to further increase the quantity and quality of the value that our company can provide.

How do you feel about the changing needs of consumers and users? And, how are you responding to such needs?

Teraguchi The diversification of cooking and eating styles at home and the growing awareness of health among consumers have led to increased attention to the use of edible oils, their nutritional components and health functions. For example, people are beginning to enjoy salads in simple ways with dressings using oil as the main ingredient, such as olive oil and lemon, or flaxseed oil and black vinegar. Our “pour-and-enjoy” edible oils were accepted as products that captured the trend well. The use of olive oil, flaxseed oil, green perilla oil, MCT and other oil products that emphasize the types of oils and fats and their nutritional components are spreading from household use to use in ready-to-eat meals and restaurant industries, and are beginning to be used for processed foods. In particular, inquiries about MCT have increased for use in beverages, canned foods, confectionery, sweets, and so on, following the renewal of *Nisshin MCT Oil* as a “food with functional claims.” I believe that the role of the customer support function is to provide timely and speedy solutions to issues of customers by making the most of the oil and fat functions.

Saegusa Consumers’ purchasing behavior has changed, and they are now interpreting information obtained from the mass media as their own issues, and then disseminating and spreading it through social media and other means. I feel that the conventional one-way marketing is no longer enough to meet consumers’ diverse needs. I feel that the needs for “taste” are also diversifying, and to respond to these needs, we are currently offering *Nisshin Yamitsuki Oil* and *BOSCO Seasoning Oil* series as “flavored oil” products. With regard to strategies for these products, we are working on diverse consumer sentiment to create a market by raising awareness of these products through mass media and increasing contact with consumers through dissemination using social media, events and opportunities for experience in order to encourage consumers to use these products as seasonings that make food tasty.

Sato Information linking food and health has become easier to obtain through the Internet and other media, but on the other hand, there is also a great deal of misinformation. In our product development, we are also required to deliver products and information as a set so

that correct information is conveyed to customers in an easy-to-understand manner. For example, the development of food with functional claims is part of our efforts to help customers select products correctly. There has also been an even greater interest in products with people, society and the environment in mind, and solving social issues such as decarbonization and reduction of food waste is the very competitive power of a company. A wide range of co-creation is essential to solve issues while accurately responding to various changes in customer needs. Currently, we are accelerating co-creation with Nisshin Global Research Center in Malaysia and other organizations to contribute to development of new markets and creation of new businesses. We are also actively developing collaboration with external parties, such as joint development with supplier companies and joint research with universities and public institutions.

What is your enthusiasm for achieving the CSV goals?

Sato The research and development departments focus on three of our six priorities, which are particularly relevant: “Good health for all,” “Quality of life” and “Global environment.” For “Good health for all,” we will continue to explore lipid nutrition to develop products and provide information based on our knowledge of lipid nutrition, with the aim of contributing to the improvement of our physical constitution and condition as well as the extension of healthy life expectancy. We will also improve the nutritional status of the elderly through development of products that help the elderly consume energy in small amounts by taking advantage of the characteristics of oils and fats. For “Quality of life,” we will establish technologies to freely control deliciousness by understanding and investigating the mechanism of deliciousness generated by oils and fats. For “Global environment,” we are working on development to effectively use limited food resources without waste, development of production technologies such as oil and fat processing that uses less energy, and development of containers and packaging that have less environmental impact. Specifically, we



aim to further advance our company’s proprietary oxidation block method*1, SL method*2 and UL method*3. I believe that by relating one technology to issues in other areas, we will be able to solve issues in multiple areas.

Teraguchi For customers, curbing rising costs and addressing labor shortages are urgent issues. The customer support department aim to be the first choice for the customer, by identifying market trends and needs and creating products and services that answers to issues such as “tastiness,” “nutritional balance,” “reduction of food waste,” “environment” and “convenience.” Furthermore, we would like to grasp changes in the environment and needs with our customers and contribute to one of our Priorities, “Contribution to the food value chain,” through solution proposals and their implementation.

Saegusa The basic policy of the product planning and sales departments, which are close to customers, is to foster customer satisfaction, expectations and trust through value creation and continuous provision of solutions. It is based on the idea that getting closer to our Vision will result in achievement of our CSV goals. Recent specific examples include the launch of an inbound website for healthcare workers in the wellness field and the BtoBtoC product development for MCT oil, which we expect will contribute to increasing the number of people to whom we provide lipid health information in the Priority area of “Good health for all.” For “Global environment,” we are promoting the introduction of environmentally friendly materials such as recycled PET and bio-polyethylene in our household-use products. We are also working on food waste and logistics issues such as extending best-before dates and using the year and month format for labelling of them. We will promote these initiatives in cooperation across departmental boundaries, and aim to achieve our CSV goals by mastering our core competence in oils and fats.

*1 A method that prevents oil oxidation by filling the space between the cap to the liquid surface with nitrogen (Patent No. 4601711)
 *2 Abbreviation for Super Long method, a method that suppresses increases in acidity during frying (Patent No. 5274592)
 *3 Abbreviation for Ultra Long method, a method that improves oil longevity compared with conventional methods

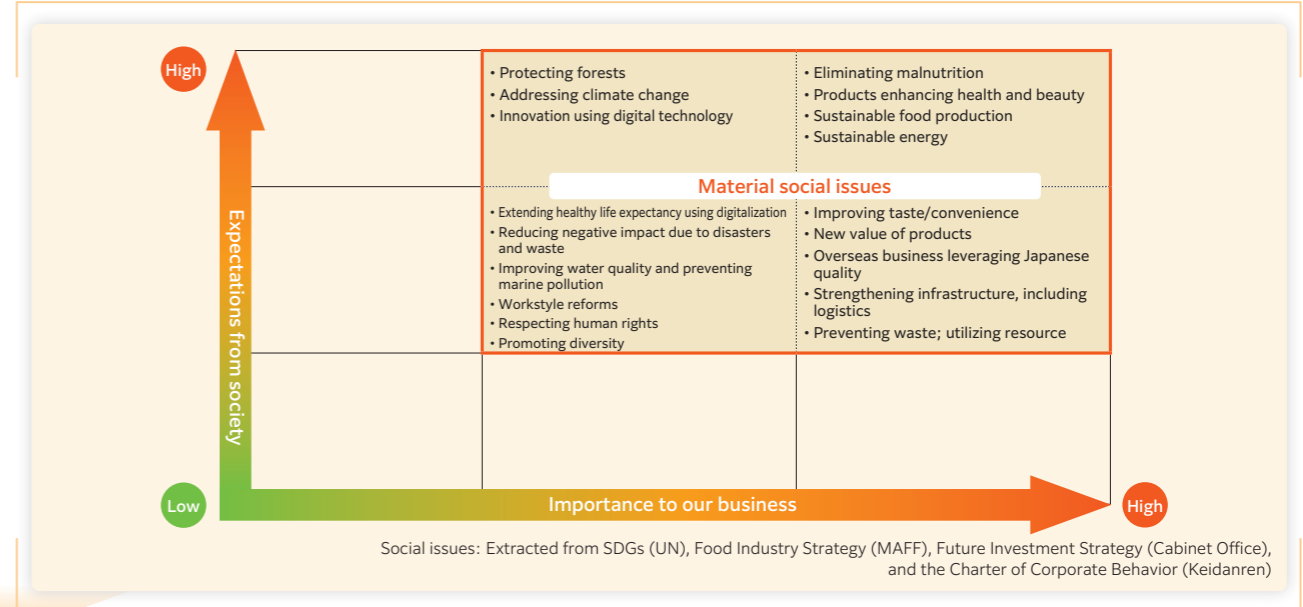
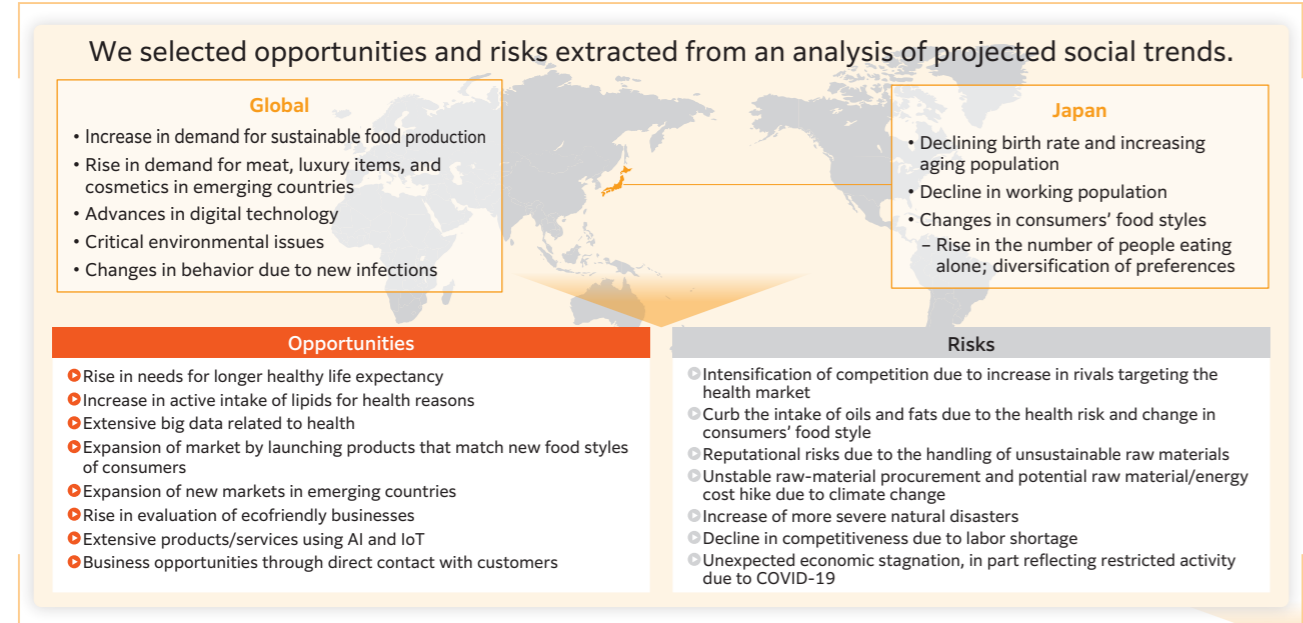
Identifying Our Priorities

To achieve the goals of Vision 2030, we have identified six priorities that the Group must focus on. Creating shared value (CSV) together with society by resolving issues related to the priorities will drive our future growth.

(1) Project members, led by executive officers, analyzed opportunities and risks for the Group based on social trends expected in 2030. At the same time, we referred to the SDGs and other sources and, among the many issues facing society, pinpointed around 40 items that may affect the value creation of the Group. We then evaluated these issues based on two factors—"magnitude of needs from a social perspective (Expectations from society)" and "whether or not to proceed from a business perspective (Importance to our business)"—and identified 18 items deemed to be material social issues.

(2) With respect to the material social issues, we made a comprehensive assessment of risks, opportunities, and the Group's strengths. We then consolidated them into six priorities and set CSV goals for each.

(3) Based on advice from outside experts, discussions with outside directors, and multiple deliberations within the Sustainability Committee and the Management Council, the Board of Directors decided on the six priorities and CSV goals.



Our six priorities and CSV goals

Priorities	Purposes	Shared value	CSV goals	FY2022 goals	FY2024 goals	FY2030 goals
Good health for all	Supporting mental and physical health through all stages of life	• Leverage our knowledge of lipid nutrition to provide products and services that help extend people's healthy life expectancy	Growth rate of health science products that generate health and energy in diverse life stages (vs. FY2019)	130%	150%	200%
			Develop products that enhance people's good health based on knowledge of lipid nutrition	• Launch of new products	• Improvement and renewal of existing products	
Quality of life	Contributing to an enriched lifestyle via the pursuit of "good flavor" and "beauty"	• Help improve people's quality of life (QOL) by providing products and services that deliver "good flavor" and "beauty"	Number of people provided with lipid health information (cumulative total from FY2021)	15 million people	30 million people	100 million people
			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 the occasion of the 100th anniversary of <i>Nisshin Salad Oil</i>	Corporate brand recognition rate: 90%	
Global environment	Taking on environmental challenges for the next generation	• Reduce greenhouse gas emissions and mitigate the impact of climate change on the Group • Realize a recycling-oriented society based on our recognition that resources are finite • Continue developing containers and packaging with low environmental impact • Provide products and services that benefit society through our environmental solution-oriented business	Create products that highlight the "good flavor" and "beauty" of food	Development of market for "flavored oil"	Creation of a new category of edible oils	
			Growth rate for sales of products that realize "beauty" (vs. FY2019)	110%	130%	200%
Contribution to the food value chain	Enhancing values with customers	• Foster the development of the domestic food and livestock industries by providing a stable supply of oils, fats, and meal • Work with customers to develop new functions and applications for plant resources, centered on oils and fats, and thus expand our solutions business • Maximize the functions of oils and fats to prevent edible food from being thrown away • Utilize plant resources to meet new consumption preferences and ensure stable food supplies	Reduction ratio of GHG emissions (Scope 1 and 2, vs. FY2016)	8%	8%	31%
			Reduce use of plastic containers and packaging, and promote resource recycling	Encourage suppliers accounting for 70% of the emissions from purchased products and services and transportation (upstream) to set science-based reduction targets by 2026	Percentage of environmentally friendly materials introduced for household-use products: 70%*	Goal to be set
Supply chain connected by trust	Making a more resilient and flexible supply chain, with integrity	• Engage in procurement with proper consideration to the environment and human rights • Deploy our network to ensure continuous, stable procurement amid expanding global demand for oils and fats • Continue working to enhance the sustainability of logistics, which is the infrastructure of our entire society • Fulfill our responsibility as a manufacturer of oils and fats by delivering safe and secure products	Develop products and services that positively impact the environment utilizing plant resources	Development of products that positively impact the environment: 15 cases (cumulative)	Development of products that positively impact the environment: 30 cases (cumulative)	Goal to be set
			Ensure a stable supply of food energy in Japan	6%+	6%+	6%+
Human resource management	Enhancing the engagement of diverse human resources, improving organizational strength	• Provide working environments and systems that enable diverse human resources to fully demonstrate their abilities, and thus improve employee job satisfaction • Create a corporate culture that respects the human rights of all employees and encourage them to play an active role as members of the Group • Establish an effective group management system in order to continue serving as a corporate group that is trusted by all stakeholders	Growth rate of customer support solutions (vs. FY2019)	100%	130%	150%
			Percentage of certified palm oil sourced	Promotion of initiatives toward 100% certified palm oil sourced	100%	100%
			Percentage of RSPO-SG-certified palm oil sourced	50%	50%	50%
			Ensure traceability to plantation	Palm oil 80%	Palm oil 100%	Palm oil 100% Palm kernel oil 100%
			Promote initiatives to enhance the sustainability of soybeans	Development and disclosure of soybean sourcing policy	Initiatives to enhance the sustainability of soybeans	
			Procure sustainable cacao	Development and disclosure of cacao sourcing policy	Sustainable cacao sourcing	
			Joint transport system coverage rate (area ratio)	33%	50%	50%
			Percentage of employees feeling highly engaged in their work	Implementation of departmental measures to improve engagement: 100%	Percentage of employees feeling highly engaged in their work: 70%	Percentage of employees feeling highly engaged in their work: 80%
			Female manager ratio	Percentage of female participation in educational opportunities to develop core human resources such as future managers: 20%+ Female manager ratio: 6%	Female manager ratio: 8%	Female manager ratio: 20%

* Among household-use products, edible oils and gifts are targeted.

Our Priorities for Realizing the Goals of Vision 2030

1 Good health for all

Supporting mental and physical health through all stages of life

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 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 with life-long vitality.



Shared value

- Leverage our knowledge of lipid nutrition to provide products and services that help extend people’s healthy life expectancy

CSV goals

Goals	FY2021 results	FY2022 goals	FY2024 goals	FY2030 goals
Growth rate of health science products that generate health and energy in diverse life stages (vs. FY2019)	112%	130%	150%	200%
Develop products that enhance people’s good health based on knowledge of lipid nutrition	Launched foods with functional claims such as “Nisshin MCT Oil”	<ul style="list-style-type: none"> • Launch of new products • Improvement and renewal of existing products 		
Number of people provided with lipid health information (cumulative total from FY2021)	8.08 million people	15 million people	30 million people	100 million people



Initiatives in FY2021 and Toward FY2022

In fiscal 2021, we focused on developing products that enhance people’s good health based on knowledge of lipid nutrition, and upgraded and re-released *Nisshin MCT Oil* as a food with functional claims to “reduce body fat and waist size” for persons with relatively high BMI*. With the aim of revitalizing the MCT market, we are promoting initiatives to create easy-to-understand stories about MCT’s functions and provide health information through the media and other means in order to increase consumer awareness. We are also promoting the appeal of sports and MCTs by disseminating the characteristics of MCTs which are easily converted into energy through platforms for citizen runners.

Along with activities to raise awareness of the functions of MCTs, we conducted promotional activities (development of BtoBtoC) in conjunction with processed food manufacturers and distributors, and launched our own product *Nisshin MCT Dressing Sauce* as a food with functional claims to “reduce body fat and waist circumference” for persons with relatively high BMI.

In addition to MCT products, we submitted a

notification for a food with functional claims for *Nisshin Healthy Savory Sesame Oil Sesamin Plus* that “sesamin and sesamol lower LDL cholesterol,” and launched it as a new product.

In fiscal 2022, we will continue to strengthen the development of BtoBtoC for MCT products. In addition to raising awareness, we will develop communication measures to promote a better understanding of the functions of MCTs, such as “what MCTs can do for us,” and carry out activities to make MCTs useful for the health of as many people as possible. We will also provide health information on ingredients other than MCTs, such as omega-3, in an effort to improve health literacy of consumers.

As for the CSV goal “Growth rate for sales of products that contribute to society through the power of health and energy (vs. FY2019),” the goal for fiscal 2024 was revised upward from 130% to 150% at the start of fiscal 2022, mainly due to steady progress in initiatives for MCT-related products.

* An index of body size calculated from weight and height

Social issues

People’s healthy lifestyles at diverse life stages

Nisshin Oillio’s value creation

Providing MCT products in various forms

Medium-chain fatty acids, the main component of MCTs, are contained in breast milk, cow’s milk and other dairy products, and in nuts and seeds of *Palmae* plants such as coconut and palm. Compared to long-chain fatty acids found in ordinary edible oils, MCTs are digested and absorbed more quickly and converted into energy more easily. Having conducted R&D on MCTs for more than 50 years, we have obtained evidence for the ability of MCTs to enhance lipid metabolism and other abilities. In 2021, we upgraded and re-released *Nisshin MCT Oil* as a food with functional claims.

In order to increase opportunities for consumers to easily use MCTs in their daily lives, we have been collaborating with other companies in areas where MCTs have good affinity as materials and where consumer

awareness and needs are high, as well as promoting awareness of the functions of MCTs in the market. Currently, multiple processed foods containing MCTs as raw materials are sold in stores. We will continue to contribute to people’s healthy lifestyles with life-long vitality with “delicious meals” based on knowledge of lipid nutrition by providing MCT products in various forms.

Growth rate of health science products that generate health and energy in diverse life stages
112%
(vs. FY2019)



Social issues

Frailty/Pre-frailty

Nisshin Oillio’s value creation

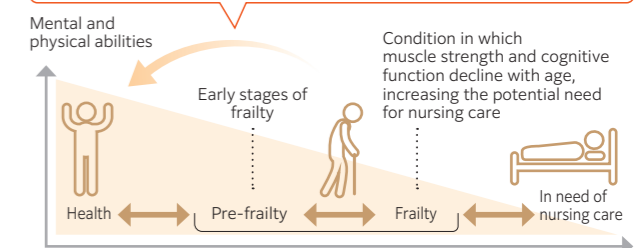
Collaboration among industry, academia, government and the private sector to realize a society that prevents frailty

Frailty refers to a state of weakened vitality of the mind and body that accompanies aging. Including people with pre-frailty, an early stage of frailty, more than 40% of people aged 65 and older are said to suffer from frailty. As the number of elderly people increases, the need for preventive measures is increasing, and it is considered that nutrition, exercise and social participation are important for prevention. As a food manufacturer, we believe we can help prevent frailty from a nutritional standpoint, and so have been participating in the “Industry-Academia Collaboration Project, Institute of Gerontology, The University of Tokyo,” which aims to solve issues associated with an aging society through collaboration among universities, companies and local governments, since fiscal 2021.

In order to realize a society without frailty, we are working with several food manufacturers and distributors to conduct activities for consumers at supermarkets and other locations to raise awareness of frailty prevention. In terms of nutrition to prevent frailty, it is important to be aware of

eating a variety of foods and consuming adequate amounts of energy and protein. The elderly, in particular, tend to eat less and may lack energy without realizing it. They can easily compensate for the lack of energy by including a small amount of high-energy oil and fat in their ordinary diet. We will contribute to extending healthy life expectancy by widely disseminating the characteristics of oils and fats and how to use them to the elderly.

Become healthy through appropriate measures utilizing oils and fats



Our Priorities for Realizing the Goals of Vision 2030

2 Quality of life

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

“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

- Help improve people’s quality of life (QOL) by providing products and services that deliver “good flavor” and “beauty”

CSV goals

Goals	FY2021 results	FY2022 goals	FY2024 goals	FY2030 goals
Provide “good flavor” to the dining table and refine our brand to foster enrichment of people’s lives	Promoted initiatives to create a new flavored oil category	Development and launch of products that provide new value to customers on the occasion of the 100th anniversary of <i>Nisshin Salad Oil</i>		Corporate brand recognition rate: 90%
Create products that highlight the “good flavor” and “beauty” of food	Launched <i>Nisshin Yamitsuki Oil Asian Phakchi</i> and three types of <i>BOSCO Seasoning Oil</i> as products to spread a new way of using oil to add flavor	Development of market for “flavored oil” • Launch of new products • Improvement and renewal of existing products	Creation of a new category of edible oils	
Growth rate for sales of products that realize “beauty” (vs FY2019)	105%	110%	130%	200%

Initiatives in FY2021 and Toward FY2022

In fiscal 2021, we worked to create a new category of edible oils for household use called “flavored oil.” In response to the growing trend toward eating at home, we expanded the lineup of *Nisshin Yamitsuki Oil* and launched *BOSCO Seasoning Oil* as products to meet the need to eliminate a mundane food routine at home to create a new eating habit of using oil to add flavor. In the field of edible oils for commercial use, we expanded our “Ingredient Oil” series of flavored oil to enable anyone to easily create authentic tastes.

Daito Cacao’s two products won awards at “International Chocolate Awards* 2020-21 World Final,” an international chocolate competition, and Daito Cacao’s particular taste-making technique received international recognition.

In the area of beauty, our solution proposals that met customers’ needs, such as skin care applications,

were popular. Therefore, based on the results of fiscal 2021, we have revised the CSV goal for fiscal 2024 of “growth rate for sales of products that realize beauty (vs. FY2019)” upward from 120% to 130%.

In fiscal 2022, we will expand our product lineup with the aim of establishing a new market for oils to add flavor. Concurrently, we are developing communication measures, such as sample distribution at events and projects on social networking sites, to provide opportunities for customers to experience this new eating habit. Furthermore, in the area of beauty, we will work to enrich people’s lives in terms of both good flavor and beauty by, for example, building a system that allows us to provide technical support globally so that we can provide the value of our products to more customers.

* Competition aimed at supporting cacao producers and the growth and development of the chocolate market by evaluating high-quality chocolate

Social issues
Diverse needs for “good flavor”

Nisshin Oillio’s value creation
Make dishes more delicious by using oil to add flavor

In recent years, the personalization of food has progressed and the needs for good flavor have become more diverse, with each person seeking a favorite taste even when sitting around the same dining table.

One of the good flavors of edible oils is their aroma. Olive oil and sesame oil have a unique aroma, and they enhance 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, it becomes possible to create a complex flavor that combines many ingredients in a single bottle of oil. *Nisshin Yamitsuki Oil* and *BOSCO Seasoning Oil* were developed as flavored oils with outstanding flavors as seasonings by using our seasoning and flavoring techniques to find a combination that matches the aroma and richness of base oil.

By using flavored oil for cooking or pouring it over a dish, you can easily change the taste of your usual dishes as you like. With our easy-to-use flavored oil, we are responding to diversifying needs for good flavor.



Social issues
Demand for natural cosmetics

Nisshin Oillio’s value creation
Technology development to improve naturality

Global interest in cosmetics that appeal to consumers with natural and organic ingredients is increasing. For a long time, there were various definitions and interpretations of natural and organic cosmetics, but now an ISO international standard defines an index for indicating the percentage of natural and organic ingredients so that consumers can compare products based on the same criteria.

In order to satisfy the values of customers who seek natural cosmetics and to minimize CO₂ emissions, we are developing technologies to improve the natural origin content (“naturality”) in cosmetic raw materials specified by ISO. It is also true that mineral oil-derived ingredients have excellent functions and qualities that can be added to cosmetics, such as structural diversity and high stability. To replace mineral oil-derived

ingredients with naturally-derived (plant-derived) ingredients, we are focusing on improving application technologies for evaluation, such as searching for the optimal molecular structure of compounds and blending them into final products including lipsticks and milky lotions. We are also conducting joint research with relevant institutions.



Our Priorities for Realizing the Goals of Vision 2030

3 Global environment

Taking on environmental challenges for the next generation

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

- Reduce greenhouse gas emissions and mitigate the impact of climate change on the Group
- Realize a recycling-oriented society based on our recognition that resources are finite
- Continue developing containers and packaging with low environmental impact
- Provide products and services that benefit society through our environmental solution-oriented business

CSV goals



Goals	FY2021 results	FY2022 goals	FY2024 goals	FY2030 goals
Reduction ratio of GHG emissions (Scope 1 and 2, vs. FY2016)	7.3%*1	8%	8%	31%
Reduction ratio of GHG emissions (Scope 3)	Aggregated FY2019 and FY2020 results to set goals	Encourage suppliers accounting for 70% of the emissions from purchased products and services and transportation (upstream) to set science-based reduction targets by 2026		
Reduce use of plastic containers and packaging, and promote resource recycling	<ul style="list-style-type: none"> Discussed the direction of our response to the problem of plastics Decided to invest in a filling line for environmentally friendly containers at the Sakai Plant 	<ul style="list-style-type: none"> Introduction of bio-polyethylene for household-use products Establishment of an ecofriendly container production system 	Percentage of environmentally friendly materials introduced for household-use products: 70%*2	Goal to be set
Develop products and services that positively impact the environment utilizing plant resources	<ul style="list-style-type: none"> Development of products that positively impact the environment: 10 cases New approaches and proposals for industrial applications such as lubricants, inks, and adhesives 	Development of products that positively impact the environment: 15 cases (cumulative)	Development of products that positively impact the environment: 30 cases (cumulative)	Goal 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 analyzes medium- to long-term risks and opportunities associated with climate change, and analyzes and grasps its financial impact. We expressed our support for the TCFD recommendations in March 2021, and are working to enhance information disclosure to investors and other stakeholders.

We considered and identified risks and opportunities in the TCFD recommendations based on scenario analysis assuming a world in which the temperature has risen by 2°C and 4°C since the Industrial Revolution. For those risks and opportunities that exert a substantial impact on our business activities, we considered countermeasures against them and estimated the financial impact.

With regard to the four disclosure items recommended by the TCFD recommendations, "governance," "strategy," "risk management" and "metrics and targets," we have been taking the following actions.

- Governance:** Established a climate change response setup (office of Corporate Sustainability Management and Decarbonization Advancement Office)
- Strategy:** Promote initiatives for sustainable procurement and product development with less greenhouse gas emissions and with consideration for naturality
- Risk management:** Assessment of significance of risks by the Risk Management Committee
- Metrics and targets:** Formulated Environmental Targets for 2030, aiming to reduce greenhouse gas emissions (Scope 1, 2 and 3)

For details, please refer to pages 73-74.

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 sustainability as set forth in "Vision 2030."

- Theme 1: Prevention of global warming
- Theme 2: Establishment of resource recycling
- Theme 3: Conservation of plant resources/nature
- Theme 4: Promotion of environmentally friendly development

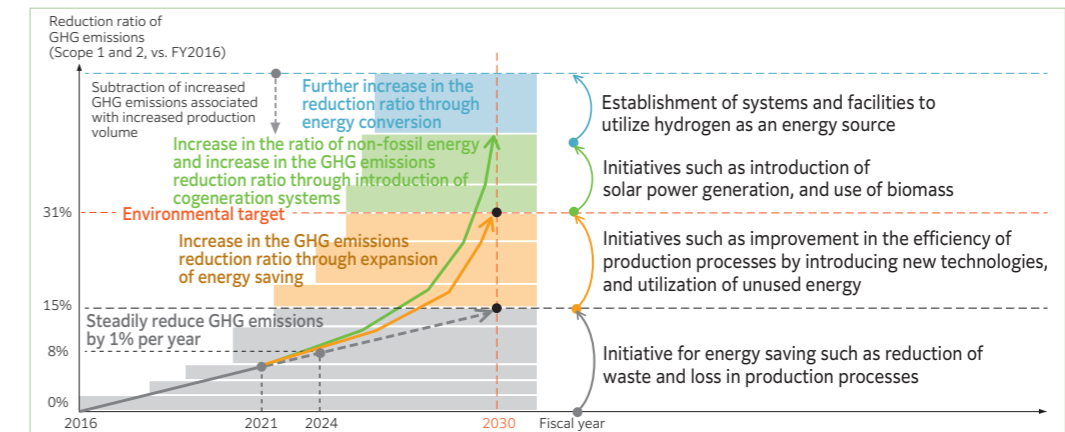
Theme 1 Prevention of global warming

Formulation of strategic roadmap to promote decarbonization

Our Group has set a goal of reducing Scope 1 and 2 GHG emissions by 31% in fiscal 2030 compared to fiscal 2016. In order not only to achieve the goal but also to promote proactive initiatives, in fiscal 2021, we formulated a strategic roadmap to promote decarbonization. While steadily making energy-saving efforts, including reduction of waste and loss in production processes, we will expand the effects of GHG emissions reduction by implementing further energy-saving measures, such as improving the efficiency

of production processes by introducing new technologies, studying the use of unused energy, and expanding the installation of cogeneration facilities at overseas production sites. In addition, in order to increase the ratio of renewable energy in the energy we use, we are promoting the introduction of solar power generation and the use of biomass, and we also plan to establish systems and facilities to utilize hydrogen as an energy source by 2030. We will continue to make these efforts in all areas as our core activities.

Strategic roadmap to promote decarbonization



Setting a goal for Scope 3 GHG emissions reduction

In order to reduce GHG emissions in the supply chain, in addition to the goal for reduction of Scope 1 and 2 GHG emissions, we set a goal for reduction of Scope 3 GHG emissions in fiscal 2021. The calculation of our Group's Scope 3 GHG emissions revealed that categories related to

sourcing of the main raw materials (soybeans, rapeseed and palm oil) accounted for a large portion of GHG emissions. We will work with suppliers and other parties involved in the sourcing of the main raw materials over the medium to long term to reduce GHG emissions throughout the supply chain.

Our Priorities for Realizing the Goals of Vision 2030 **3 Global environment** Sustainability activities

Theme 2 **Establishment of resource recycling**

■ **Effectively utilize water resources in production activities**

We have obtained ISO 14001 Environmental Management System certification for all of our production plants in Japan, and are monitoring and controlling water consumption. Since water is used in production processes for edible oils and for cleaning equipment, we are working to reduce the amount of water used through water conservation and recycling.

As part of our initiatives in 2021, we upgraded the cooling system at the Nagoya Plant so that all cooling water used in the edible oil refining process can be recycled. As a result of this initiative, we reduced the water usage per unit of production for industrial use in the refining process at the Nagoya Plant in fiscal 2021 by 44% from the previous fiscal year.



■ **Water risk assessment**

Plants such as soybeans and rapeseed, which are used as raw materials for edible oil, require water for their growth, and weather conditions such as drought can decrease yields and increase cultivation costs. Therefore, maintaining a growing environment that provides access to sufficient amounts of good quality water is crucial for our Group's business activities. Using Baseline Water Stress, which is an Aqueduct assessment

indicator published by the World Resources Institute (WRI) as a tool for assessing water risks, we conducted a primary assessment of water stress at our production plants in Japan (in Kanagawa, Aichi, Osaka and Okayama prefectures) and the major production areas of raw materials for soybean oil and palm oil used by our Group. As a result, it was found that no water was taken from water resources in areas with high water stress.

Theme 3 **Conservation of plant resources/nature**

■ **Mangrove planting activity by ISF**

ISF (Malaysia) has been planting mangroves since 2019 as part of its nature conservation activities. "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 CO₂ sink in combating global warming.

We have drawn up a plan to plant at least 4,000 mangrove trees over three years from 2022 to 2024, and have partnered with "Selangor with Global Environment Centre (GEC)," an environmental NPO, to plant trees in Sabak Bernam, Selangor. Planting 4,000 mangrove trees is expected to result in the absorption of 80 tons of CO₂ per year. In addition to tree-planting activities by

our employees, we also plan to provide opportunities for local communities and students to learn about the role mangroves play in the ecosystem, thus raising awareness of sustainability among our employees and local communities.



Theme 4 **Promotion of environmentally friendly development**

■ **Expand use of recycled PET plastic for edible oil containers**

We have been designing our products taking environmental impact reduction into account, for example, by reducing the weight of plastic containers for edible oil and developing labels and cap films that are easy to sort. Furthermore, we have expanded our efforts to utilize recycled PET plastic, and since the spring of 2020, we have been using recycled PET plastic from recycled PET bottles for some of the labels and cap films for 600g PET bottle containers for edible oil. Since the spring of

2021, we have gradually introduced recycled PET plastic for containers, and as of September 2022, its use has expanded to include labels, cap films and containers for some 400g and 600g PET bottle products.

We will continue to strengthen our efforts. For example, in the fall of 2022, we plan to introduce biomass materials made from plant-derived resources for 1,000g plastic containers.

■ **Starting demonstration experiments for realizing recycling of plastic containers for edible oil**

In recent years, there has been a growing movement to promote recycling of plastic resources for the sake of the environment and effective use of resources. With the enactment of "The Plastic Resource Circulation Act" in April 2022, there is a growing need for companies and local governments that handle plastics to address "3R + Renewable" economic activities that facilitate plastic recycling.

While manufacturers of beverages and daily

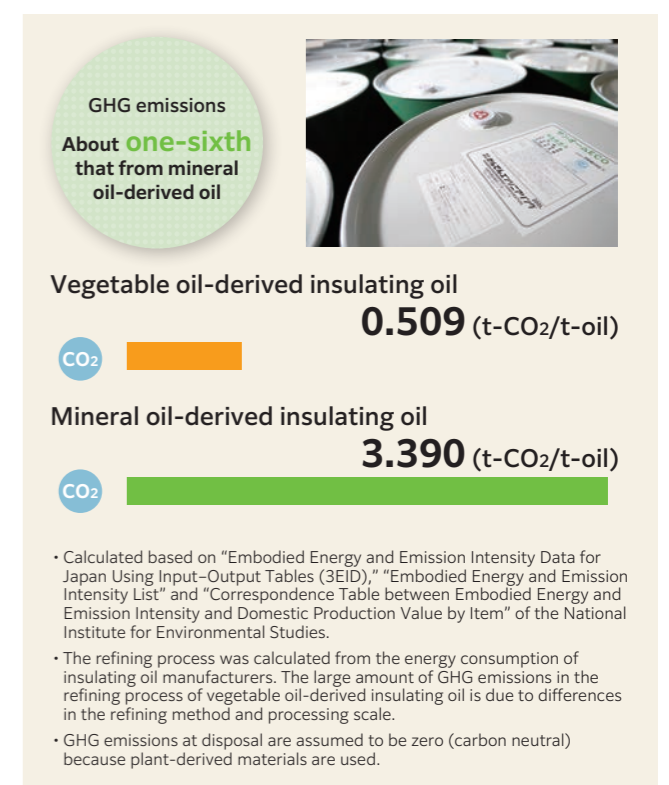
necessities are making progress in recycling PET bottles, a system for collecting and recycling PET bottles for edible oil has not been widely established due to the difficulty of cleaning them in the recycling process. With a view to recycling plastic containers for edible oil in the future, we are working with recyclers, local governments, government agencies, and relevant organizations and companies to prepare for various demonstration experiments to solve the issue.

■ **Utilization of plant resources for electric insulating oil**

Insulating oil is used to insulate or cool electrical equipment such as transformers and capacitors. Insulating oils are often derived from mineral oil because they require excellent electrical insulating properties and chemical stability.

We supply manufacturers of insulating oil with rapeseed oil in response to the need to develop environmentally friendly insulating oil, which they use to manufacture and sell insulating oil. The amount of GHG emissions from rapeseed oil-derived insulating oil is one-sixth that from mineral oil-derived insulating oil, and the oil is easily decomposed by microorganisms in case of leakage into the natural environment due to natural disasters such as earthquakes or floods.

On the other hand, there are technical issues with insulating oil that is derived from vegetable oil. We are working with insulating oil manufacturers to solve these issues so that environmentally friendly insulating oil can be utilized in more diverse situations.



Our Priorities for Realizing the Goals of Vision 2030

4 Contribution to the food value chain

Enhancing values with customers

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

- Foster the development of the domestic food and livestock industries by providing a stable supply of oils, fats, and meal
- Work with customers to develop new functions and applications for plant resources, centered on oils and fats, and thus expand our solutions business
- Maximize the functions of oils and fats to prevent edible food from being thrown away
- Utilize plant resources to meet new consumption preferences and ensure stable food supplies

CSV goals

Goals	FY2021 results	FY2022 goals	FY2024 goals	FY2030 goals
Ensure stable supply of food energy in Japan (ratio of total domestic energy)	7.5%	6%+	6%+	6%+
Growth rate of customer support solutions (vs. FY2019)	83%	100%	130%	150%



Initiatives in FY2021 and Toward FY2022

Customer support is a key initiative in solving social issues in the food value chain and enhancing the value that BtoB customers create, by proposing optimal products and operations in situations where customers use products of our Group mainly in the BtoB domain, together with our solid technical knowledge.

In fiscal 2021, in the Oil and Fat business in Japan, we continued to propose solutions based on the themes of "simplification of cooking processes," "cost control" and "stabilization of cooking standards (cooking quality)" against the backdrop of changes in consumer behavior due to COVID-19, labor shortages and rising costs.

In the overseas oil and fat business, ISF (Malaysia) continued to improve quality in response to various demands, while providing specialty fats to customers around the world through the dissemination of

technical information, development of products in response to consumers' requests, and proposals for applications and solutions using such products.

In addition, we have established an application development base at ISF Shanghai to provide proposals and technical support to meet local needs.

In the environment and hygiene-related business, Settsu Inc. proposed solutions to suppress the generation of bacteria and viruses in silos in port areas across the country, utilizing our knowledge of surfactant technology and hygiene.

Despite our proactive proposal activities, the number of customer support solutions was lower than in fiscal 2019 due in part to restrictions on movement imposed to contain the COVID-19 pandemic.

In fiscal 2022, we will continue to provide a stable supply of oils, fats and meal and promote customer support activities to help customers solve their issues.

Social issues Food waste

Nisshin Oillio's value creation Efforts to maintain good flavor with oils and fats

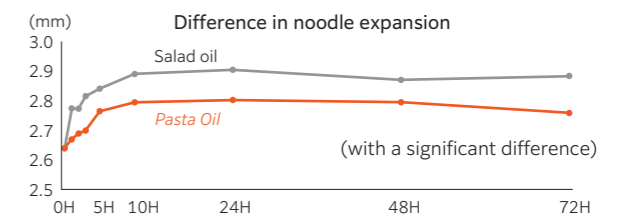
In the field of ready-to-eat meals, the value of prepared food products such as lunch boxes, even if they can be eaten from a perspective of food hygiene, may be impaired due to reasons such as loss of deliciousness and bad appearance, leading to their disposal. We have developed *Nisshin Olive Pasta Oil*, an exclusive product to solve these issues in pasta cooking, which not only maintains the ease of loosening noodles even after time has passed, but also maintains the glossy surface of noodles and keeps their firm texture without becoming soggy. By utilizing the functions of oils and fats to help develop food products that taste good even after time has passed, we will contribute to solving the social issue of food waste faced by the food industry.

In the area of household-use edible oils, we will re-examine the shelf life of edible oil products based on our results over the years such as improvement in manufacturing processes and adoption of new containers, and will extend the shelf life of some of our products starting in fiscal 2023. In addition, we are promoting initiatives to reduce food waste, such as changing the labeling of expiration dates from "year, month and day" to "year and month."

By using *Pasta Oil*, sauce adherence and glossy noodle surface are maintained



Using *Pasta Oil* reduces expansion over time



Cooking conditions:
 (1) Tighten boiled noodles in water and coat them with oil. Then, cook them as usual.
 (2) Measure the diameter of the noodles at intervals starting immediately after cooking (amount of oil added: 2% of the weight of boiled noodles).
 Ingredients: Dried noodles (1.6mm spaghetti). Cooked as Japanese-style Neapolitan pasta and observed

Social issues Labor shortages and rising costs

Nisshin Oillio's value creation Proposals for dramatic improvement around fryers

Labor shortages are a major issue at sites where ready-to-eat meals are cooked and at restaurants, and so there is a need to provide products that require as little human labor as possible without compromising quality. In particular, changing the oil used for fryers requires a lot of labor, while the frequency of oil changes directly affects the costs borne by customers of ready-to-eat meals and restaurant services.

Therefore, in order to extend the time until oil is disposed of as waste oil, we hold seminars for our customers to explain the theoretical aspects of why oils and fats deteriorate and why certain operations are effective for extending the period of use. We then propose operations to be actually performed at cooking sites, such as how to control fryer temperature and how to handle food to be fried, together with offering products such as oils and fats with a long-lasting function, acid value test papers to measure the degree of deterioration of oil, and

detergents for fryers. By offering comprehensive proposals that include not only oils and fats and operations but also peripheral tools, we maximize the duration for which oils and fats can be used in a tasty and safe manner, while reducing the frequency of oil changes and helping our customers take measures against labor shortages and control rising costs. Furthermore, we are also working to protect the global environment by carefully using limited food resources.



Maximize the length of time the oil can be used

Our Priorities for Realizing the Goals of Vision 2030

5 Supply chain connected by trust

Making a more resilient and flexible supply chain, with integrity

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

- Engage in procurement with proper consideration to the environment and human rights
- Deploy our network to ensure stable procurement amid expanding global demand for oils and fats
- Continue working to enhance the sustainability of logistics, which is the infrastructure of the whole of society
- Fulfill our responsibility as a manufacturer of oils and fats by delivering safe and secure products

CSV goals



Goals	FY2021 results	FY2022 goals	FY2024 goals	FY2030 goals
Percentage of certified palm oil sourced	54.9%	Promotion of initiatives toward 100% certified palm oil sourced	100%	100%
Percentage of RSPO-SG-certified* oil sourced	49.6%	50%	50%	50%
Ensure traceability to plantation	Palm oil 68.5% Palm kernel oil 30.5%	Palm oil 80%	Palm oil 100%	Palm oil 100% Palm kernel oil 100%
Promote initiatives to enhance the sustainability of soybeans	Survey on the actual status of Brazilian soybeans, consideration of joining the Round Table on Responsible Soy (RTRS), etc.	Development and disclosure of soybean sourcing policy	Initiatives to enhance the sustainability of soybeans	
Procure sustainable cacao	Survey on the actual conditions of production areas and customer needs	Development and disclosure of cacao sourcing policy	Sustainable cacao sourcing	
Joint transport system coverage rate (area ratio)	32.6%	33%	50%	50%

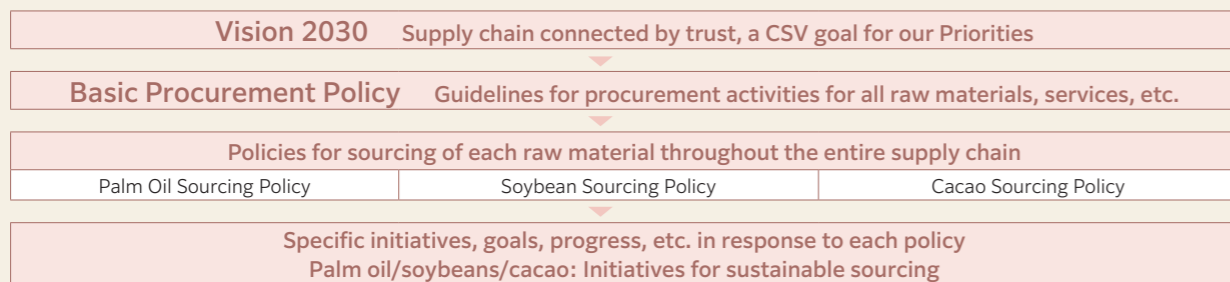
* RSPO: Roundtable on Sustainable Palm Oil SG: Segregation (one of the RSPO's authentication methods)

Sustainable raw material sourcing in consideration of society and the environment

The realization and development of a sustainable society through business activities requires efforts by not only our Group but also the entire supply chain. Based on this recognition, we established the "Nisshin Oillio Group Basic Procurement Policy" in 2018 and are expanding our efforts based on this policy.

As for the sourcing of raw materials, we have established sourcing policies for each major raw material. We newly formulated the "Palm Oil Sourcing Policy" in 2018 and the "Soybean Sourcing Policy" and "Cacao Sourcing Policy" in July 2022 to address social and environmental issues throughout the entire supply chain.

Nisshin Oillio's initiatives for sustainable raw material sourcing



Sustainable sourcing of palm oil

Regarding palm oil, there are calls for initiatives to bolster sustainability. We will work to strengthen our efforts to influence the supply chain in tandem with ISF (Malaysia), which leads our palm oil business. In 2018, we formulated the "Palm Oil Sourcing Policy," and also signed on to the "NDPE Declaration," which advocates no deforestation, no new development of peat lands, and no exploitation of indigenous people and workers. In 2019, we established an action plan to (1) promote sustainable palm oil sourcing, (2) reduce and improve risks (in the supply chain) through risk assessment of mills and engagement with suppliers, (3) disclose

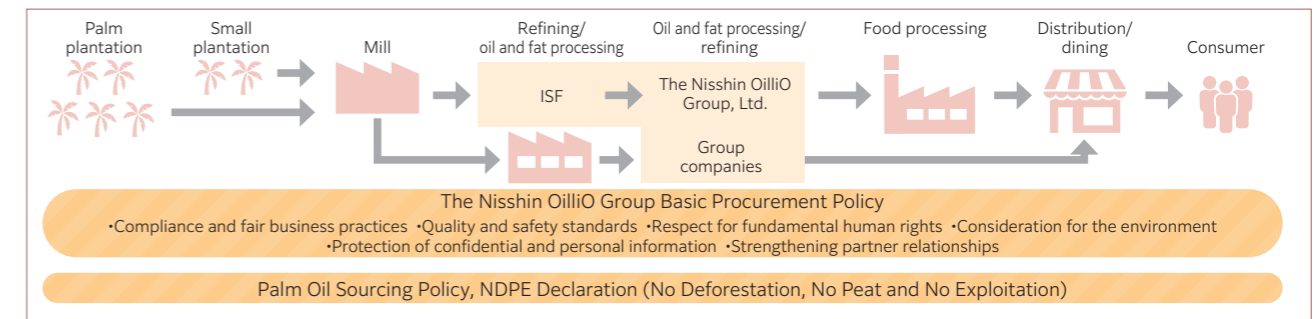
information to ensure transparency, and (4) raise sustainability awareness among our employees.



Sustainable palm oil sourcing site (ISF)

Please visit our website for the action plan and its progress.
https://www.nisshin-oillio.com/company/sustainability/sustain/procurement_policy2.html

Palm Oil Supply Chain



Sustainable sourcing of soybeans

With regard to sourcing of soybeans, since deforestation and human rights in production areas in South America have been pointed out as social and environmental risks, our Group has conducted surveys on the status of soybean production and distribution in soybean-producing countries. In 2021, we drafted our "Soybean Sourcing Policy" to improve consideration for the environment and respect for fundamental human rights in the production areas through the supply chain, and published it on our website in July 2022. We will continue to survey the status and promote sourcing based on this Policy.

https://www.nisshin-oillio.com/company/sustainability/sustain/procurement_policy_soy.html

Sustainable sourcing of cacao

With regard to sourcing of cacao, child labor on cacao plantations, deforestation, poverty (low productivity and income), health and safety, and gender inequality have been pointed out as social and environmental risks. To address these risks, Daito Cacao Co., Ltd., which manufactures and sells chocolate for commercial use, has been involved in fair trade, joining the World Cacao Foundation in 2013 and obtaining the international UTZ Certification in 2017. Furthermore, the Group as a whole considered our "Cacao Sourcing Policy" in 2021 and published it in July 2022. The entire Group will continue to work together to improve sustainable sourcing and traceability of cacao.

https://www.nisshin-oillio.com/company/sustainability/sustain/procurement_policy_cacao.html

5 Supply chain connected by trust

Initiatives for sustainable palm oil sourcing at ISF

ISF (Malaysia) manufactures products centered on specialty fats made from palm oil harvested and refined in production areas, and sells them to customers in more than 50 countries around the world. ISF's sales volume in 2021 totaled about 600,000 tons, up 10% from 2020.

For ISF, which uses palm oil as the main raw material, ensuring sustainability in the supply chain is critical. Therefore, in 2017, we formulated the "Sustainable Palm Oil Policy" and the "Supplier Code of Conduct" as basic policies to ensure sustainability, and are working with the industry to comply with the "NDPE Declaration (No Deforestation, No Peat and No Exploitation)."

In September 2021, we discussed the "Sustainable Palm Oil Policy" with Proforest, a non-profit organization that supports responsible production and procurement of agricultural products, and revised it to give greater consideration to human rights ("No Exploitation"), which is also reflected in the "Supplier Code of Conduct."

Another important step in ensuring sustainability is to grasp traceability in the supply chain. By doing so, we will become more aware of our suppliers' situations and social and environmental risks within the supply chain, and be able to take measures to reduce such risks. ISF has set a goal of achieving 100% traceability to plantation (TTP) of palm oil and

palm kernel oil by 2025; as of December 2021, it has achieved 72.9% for palm oil and 31.8% for palm kernel oil. In particular, achieving 100% TTP for palm kernel oil is a difficult goal due to the complexity of the supply chain. However, we will work with related parties to improve the rate of traceability.

We have been conducting risk assessments of mills, mainly those of RSPO-certified companies, in cooperation with Proforest. From 2022, we will conduct sustainability surveys (re-collection of basic information) targeting all suppliers to promote awareness of ISF's "Sustainable Palm Oil Policy" and ensure sustainability in the supply chain.

For more information, please visit the ISF website.
<https://isfsb.com/sustainable-palm-oil-policy/>



Initiatives for human rights issues

Addressing human rights issues is a natural social responsibility, and also contributes to addressing management risks. In March 2022, our Group established "The Nisshin Oillio Group Human Rights Policy" based on the "United Nations Guiding Principles on Business and Human Rights." Based on the Human Rights Policy, our Group will widely practice group-wide initiatives to respect human rights, aiming to gain greater trust from society and contribute to creating a sustainable society.

The Nisshin Oillio Group Human Rights Policy

Under our Human Rights Policy, our Group has established the following policy and systems to promote initiatives for human rights.

- Formulation of basic policy
- Human rights due diligence
- Contact for consultations
- Relief measures
- Education
- Dialogue with stakeholders
- Information disclosure

https://www.nisshin-oillio.com/company/sustainability/human_rights/

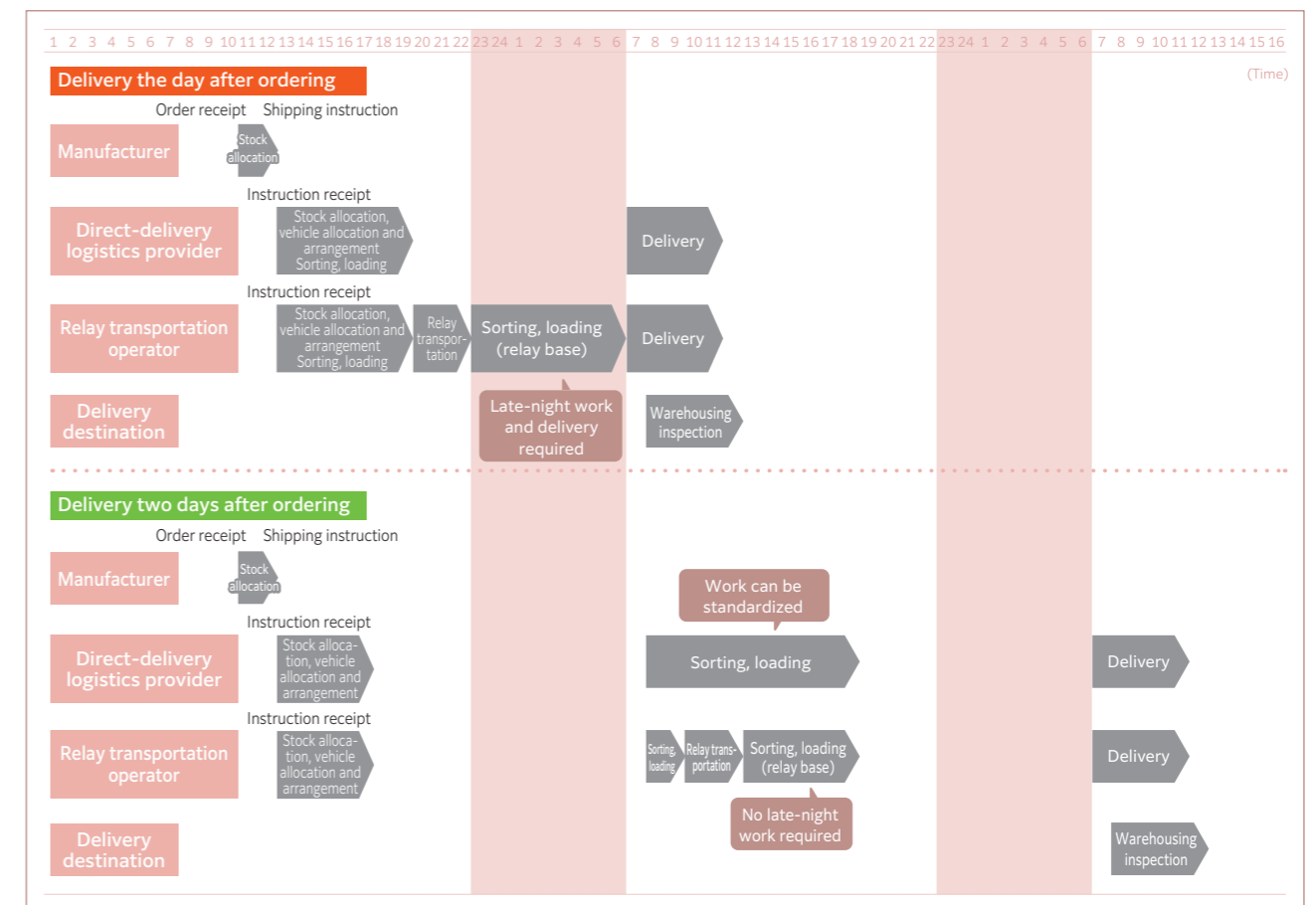
Extending delivery lead times to build sustainable logistics

The logistics environment is facing challenges such as a chronic shortage of drivers, reducing GHG emissions and other environmental conservation measures. With regard to logistics in the food processing industry, the working environment for workers, including short lead times, night work, long waiting hours, and incidental work such as sorting and inspection, has been pointed out as an issue. In 2024, as part of the "Work Style Reform Act," the maximum annual working hour limit of 960 hours will

be applied to vehicle drivers, so there is a pressing need to review logistics operations.

Since 2019, we have been working to extend lead times from order receipt to delivery in order to reduce the burden of delivery and ancillary operations, while continuing dialogue with our business partners. We will continue to expand our efforts in cooperation with our business partners and related organizations to improve logistics operations and realize stable delivery.

Example of change in logistics operations by extending delivery lead times



Strengthening the quality management system for the entire Group

We have established a system to deliver safe, secure and high-quality products and services to our customers through our unique quality management system, "Oillio QMS." In addition, the Quality Management Committee, a deliberation committee established by the Executive Board, identifies management issues related to quality assurance and deliberates and confirms implementation of the Group's policies and measures, while supervising the Oillio QMS.

In fiscal 2021, we established common regulations for the Group, including rules for the involvement of the management of each Group company in the quality management and the maintenance of conformity with quality-related laws and regulations. We will improve the level of quality management of the entire Group and strengthen the quality management system through clarification and compliance with the rules. We will continue to develop an effective system and promote necessary measures.

Our Priorities for Realizing the Goals of Vision 2030

6 Human resource management

Enhancing the engagement of diverse human resources, improving organizational strength

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

- Provide working environments and systems that enable diverse human resources to fully demonstrate their abilities, and thus improve employee job satisfaction
- Create a corporate culture that respects the human rights of all employees and encourages them to play an active role as members of the Group
- Establish an effective group management system in order to continue serving as a corporate group that is trusted by all stakeholders

CSV goals

Goals	FY2021 results	FY2022 goals	FY2024 goals	FY2030 goals
Percentage of employees feeling highly engaged in their work	Conducted engagement surveys Percentage of employees feeling highly engaged in their work: 64.6%	Implementation of departmental measures to improve engagement: 100%	70%	80%
Ratio of female managers	Percentage of female participation in educational opportunities: 25.2% Ratio of female managers: 4.6%	Percentage of female participation in educational opportunities to develop core human resources such as future managers: 20%+ Ratio of female managers: 6%	8%	20%



■ Career development support and working environment improvement to promote the advancement of women

In order to encourage diverse human resources to play active roles, we are stepping up the hiring of highly specialized human resources and actively appointing diverse human resources regardless of gender or age to build an organization where employees have opportunities to maximize their abilities and characteristics.

Among these measures, we are focusing on promoting the advancement of women as an important means to realize diversity. We are actively hiring female employees, supporting women's career development, and creating a working environment where women can play active roles under the action plan for promoting the advancement of women.

Specifically, we have set a goal of "100% rate of childcare leave for both male and female employees," aiming to achieve a balance between productivity improvement and work-life balance by eliminating gender differences in work-styles through a company-wide review of work and vacation styles including those of male employees. In April 2022, we began arranging interviews between employees eligible for childcare leave and their superiors and made it a principle for employees to take childcare leave. We are working to achieve a balance between childcare and work, starting

with establishing a system and working environment.

At the same time, the number of female employees who are responsible for core operations of the organization has been steadily increasing through systematic development such as training to foster future managers and proactively assigning female employees to important projects within the company. We will accelerate such efforts and trends to increase the number of female employees involved in making business decisions.

External evaluation

We have received the following certification from the Ministry of Health, Labour and Welfare: "Eruboshi Certification (Stage 2)" as a company with excellent initiatives to promote the advancement of women; and "Platinum Kurumin Certification" as a company with excellent childcare support based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



■ Initiatives to increase engagement of employees

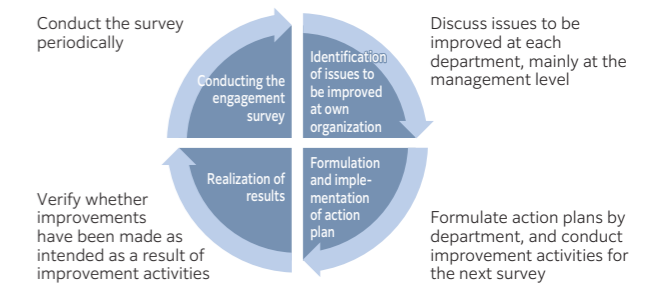
Instilling our Basic Philosophy and Vision 2030 in each employee, promoting communication within and outside the workplace, and developing working environments in which employees feel highly engaged and comfortable in their work will increase their willingness to contribute

proactively to the organization and their work, which will eventually strengthen organizational capabilities and enhance corporate value. Based on this concept, we are working to create various systems and environments to increase the engagement of employees.

Conducting employee engagement surveys

We have been conducting engagement surveys since fiscal 2021 to quantitatively visualize the state of engagement throughout the company and at each workplace to identify issues, and to utilize the results for company-wide human resource strategy and workplace management. After the survey, the results are shared with the executives and managers of each organization. Then, we hold seminars to improve engagement, and also carry out reviews and identify issues to realize a better workplace, leading to the formulation of an action plan to improve engagement in each organization and take action for improvement.

Management cycle to increase engagement



■ Promotion of health management

We are actively supporting the maintenance and enhancement of employees' health as it is both the foundation of happiness for individuals and their families and also an important asset for the sustainable development of the Group.

We have established three priority measures: "lifestyle diseases prevention," "promotion of smoking cessation," and "mental health," and are making efforts to prevent diseases, improve dietary habits, support smoking cessation, and promote exercise and communication.

In implementing plans, the Health and Productivity Management Dept., which supervises health management, works with the management, persons in charge of health promotion at each business site, the health insurance union and the labor union to provide a variety of content that helps employees to become more aware of self-care and to establish healthy lifestyles. Many employees actively participate in it.

For health indicators and their progress, please visit our website.
https://www.nisshin-oillio.com/company/sustainability/health_management/

Specific efforts

- Thorough implementation of health checkups (health checkup rate in FY2021: 100%) and stress checks (stress check rate in FY2021: 97.5%), and enhancement of optional health checkups and follow-up systems
- Implementation of the health point program (incentive measures to raise health awareness and encourage behavioral changes by awarding points for health promotion efforts)
- The company cafeteria acquired three stars under the Certification System for Healthy Meals and Food Environment, and provides healthy menus in accordance with the "Smart Meal" standards.
- Holding a health program utilizing our products (MCT oil products) and a "Balance Diary," a food self-check app jointly developed by our company and the Tokyo Metropolitan Geriatric Hospital and Institute of Gerontology
- Providing financial support for the cost of smoking cessation treatment, and a program to easily experience smoking cessation using smoking cessation gum

External evaluation

We have been certified as one of the "Health and Productivity Management Outstanding Organizations 2022 (Large Enterprise Category, White 500)" under the Health and Productivity Management Outstanding Organizations Recognition Program jointly implemented by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. Among our Group companies, Daito Cacao and Settsu have been certified as "Health and Productivity Management Outstanding Organizations 2022" in the Large Enterprise Category and the Small and Medium-Sized Enterprise Category, respectively. In addition, NSP has been continuously certified as "Class AAA," the highest rank in the Yokohama Health and Productivity Management Certification System by Yokohama City since 2019.



Corporate Governance

Management Structure As of September 30, 2022

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, corporate sustainability management, information systems, grain sourcing and meal supply
 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
 General Manager, Production Coordination
 Responsible for decarbonization advancement, logistics management, Yokohama Isogo Complex, Yokohama Isogo Plant, Nagoya Plant, Sakai Plant, Mizushima Plant, safety management and 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 Managing Officer
 Date of birth: May 26, 1961
 Responsible for corporate planning, personnel and general affairs, corporate communications, and quality assurance
 Apr. 1985: Joined the Company
 May 2009: Executive Officer
 Apr. 2014: Managing Officer
 June 2016: Director and Managing Officer (to present)



Yoshiharu Okano
 Director and Managing Officer
 Date of birth: September 6, 1962
 Responsible for global business, fine chemicals business (including sales and marketing)
 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 OilIIO (China) Investment Co., Ltd.



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



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



Nobuyuki Watanabe
 Audit & Supervisory Board Member (Standing)
 Date of birth: May 26, 1963
 Apr. 1987: Joined the Company
 Apr. 2019: Executive Officer
 June 2022: Audit & Supervisory Board Member (Standing) (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: Head, Bar Association Tokyo Three Tama Branch
 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 (to present)
 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



Masahiko Oka
 Managing Officer
 Deputy General Manager, Food Product Division
 Responsible for strategic product development

Hiroshi Nashinoki
 Managing Officer
 General Manager, Processed Oil/Fat & Soy Protein Division
 Responsible for marketing, bakery and specialty fats; strategic business planning; and Product Application Development Center

Katsuaki Yamanouchi
 Executive Officer
 Deputy CEO, Intercontinental Specialty Fats Sdn. Bhd.

Takahiro Saito
 Executive Officer
 General Manager, Tokyo Branch
 General Manager, Retail Support Marketing Dept.

Taiji Teraguchi
 Executive Officer
 Responsible for market development, national account sales, and Product Application Development Center

Kenji Koike
 Executive Officer
 General Manager, Strategic Sourcing & Supply Management
 General Manager, Meal & Grain Sales

Masayuki Sato
 Executive Officer
 General Manager, Technical Division
 General Manager, Production Engineering Dept.
 Responsible for Central Research Laboratory and intellectual properties

Hiroshi Nagaoka
 Executive Officer
 General Manager, Osaka Branch
 General Manager, Osaka Administration Dept.

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

Hitoshi Kyuma
 Executive Officer
 General Manager, Marketing, Processed Oil/Fat Dept.
 Assistant General Manager, Processed Oil/Fat & Soy Protein Division
 Responsible for bulk oil delivery support

Koyo Nonaka
 Executive Officer
 General Manager, Corporate Planning Dept.
 Responsible for strategic DX management

Osamu Kawabe
 Executive Officer
 General Manager, Financial Dept.

Skills matrix

The following is a skills matrix that lists the knowledge, experience, and capabilities 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
Takahisa Kuno	●	●	●	●	●		●			
Hidetoshi Ogami	●	●	●	●	●					●
Yasushi Kawarasaki		●						●	●	
Arata Kobayashi		●			●					
Yoshiharu Okano			●			●	●		●	
Masato Saegusa							●			
Isao Yamamoto	●	●	●	●					●	
Emi Machida		●		●		●				
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 possess.

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

Organizational structure	Company with an Audit & Supervisory Board
Board of Directors Chair	Takahisa Kuno (Representative Director and President)
Board of Directors (including Outside Directors)*1	9 Directors (incl. 3 Outside Directors)
Audit & Supervisory Board (including Outside Audit & Supervisory Board Members)*1	4 Members (incl. 2 Outside Members)
Board of Directors meetings (Results: Number of meetings held, attendance rates of Directors and Audit & Supervisory Board Members)*2	Number of meetings held: 13; Attendance rates: Directors: 99%, Audit & Supervisory Board Members: 100%
Audit & Supervisory Board meetings (Results: Number of meetings held, attendance rate)*2	Number of meetings held: 19; Attendance rate: 100%
Term of office for Directors	1 year
Audit firm	Deloitte Touche Tohmatsu LLC
Performance-linked compensation system	Applicable

*1 As of June 24, 2022
*2 Results of FY2021

Board of Directors

The Board of Directors comprises nine Directors (three of whom are independent Outside Directors) and is chaired by the President. The Board deliberates on and determines matters prescribed in laws and regulations and important managerial matters and is responsible for the management of the Group and supervision of the execution of business operations. The Board consists of Directors with abundant experience in managing the Company and highly independent Outside Directors with in-depth knowledge regarding corporate management.

Audit & Supervisory Board

The Audit & Supervisory Board comprises four Audit & Supervisory Board Members (two of whom are independent Outside Members). The members conduct audits of Directors' performance of duties and Executive Officers' execution of business, in accordance with the auditing policies, audit plan, and division of responsibilities established by the Audit & Supervisory Board. They attend meetings of the Board of Directors and other important meetings, and review the status of business operations and assets. The members maintain close ties with the accounting auditor and the Internal Audit Department, and exchange opinions and information to provide for effective and efficient auditing.

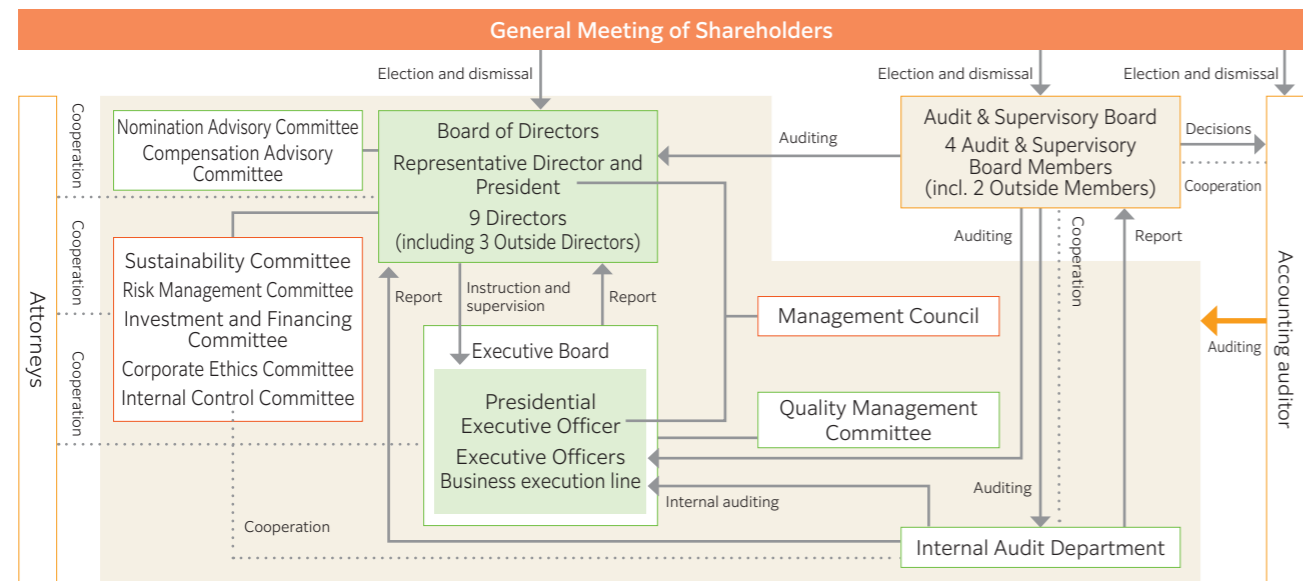
Nomination Advisory Committee, Compensation Advisory Committee

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. The Committee comprises four members, including the Representative Director and President, who chairs the Committee, and three Outside Directors. The Compensation Advisory Committee engages in deliberations, including reviews of the compensation system for the Directors, and deliberations on details of compensation, and reports the findings to the Board of Directors. The 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 majority of the members of both Committees are outside officers for the purpose of enhancing independence, objectivity, and accountability.

Corporate Officer System, Executive Board

The Corporate Officer System was adopted in order to implement quick decision-making that responds readily to environmental changes. Corporate Officers are given authority for business execution by the Board of Directors, and, in accordance with the management plan and policies of the Board of Directors, execute business operations under the supervision of the Directors in charge. In addition, the Executive Board was established. It is chaired by the President and comprises all the other Executive Officers. The Executive Board decides on significant issues within the authority delegated by the Board of Directors, and checks and reports on the progress of business operations. The standing Audit & Supervisory Board Members attend the Executive Board meetings in order to audit the execution of business operations.

Corporate Governance System



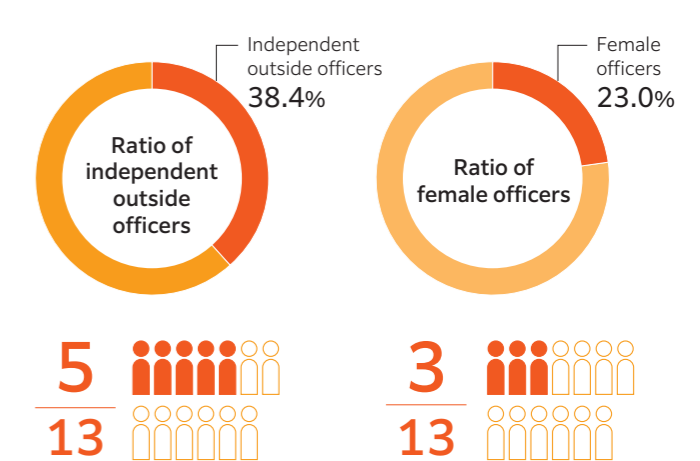
Notes: 1. The standing Audit & Supervisory Board Members attend Management Council and Risk Management Committee meetings as observers.
2. Aside from the above, a meeting body has been organized to secure the effectiveness of auditing, through activities such as regular information exchange and sharing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

Status of Advisory Committees (FY2021)

(●: Chairperson, ○: Member)

Name Position	Nomination Advisory Committee	Compensation Advisory Committee
	Number of times attended	Number of times attended
Takahisa Kuno Representative Director and President	● 4/4 times	● 4/4 times
Sayuri Shirai Outside Director	○ 4/4 times	○ 4/4 times
Isao Yamamoto Outside Director	○ 4/4 times	○ 4/4 times
Emi Machida Outside Director	○ 4/4 times	○ 4/4 times
Tomotake Kusamichi Audit & Supervisory Board Member (Outside)	— —	○ 3/4 times
Sayaka Sumida Audit & Supervisory Board Member (Outside)	— —	○ 4/4 times

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



Evaluation of the Effectiveness of the Board of Directors

Questionnaire-based surveys including self-evaluation and opinion hearing are implemented each fiscal year among the Directors and Audit & Supervisory Board Members who comprise the Board of Directors, with regard to the composition of the members of the Board of Directors, operation of Board meetings, monitoring

functions, and other issues. The results are disclosed after deliberation by the Board of Directors. The results of the evaluation of the effectiveness of the Board of Directors for fiscal 2021 were reported and deliberated at the Board of Directors meeting. The summary is as follows.

1. Board of Directors' Initiatives in Fiscal 2021 to Improve the Effectiveness

■ (1) "Deepening of discussions on medium- to long-term corporate strategies"

The Board of Directors set items to be deliberated intensively at the Board of Directors meetings with regard to important management themes, and actively exchanged opinions on them. In addition, department managers explained the strategies and issues of the medium-term management plan at separate meetings from the Board of Directors meetings to deepen the Directors' understanding of the strategies and issues.

Examples of items deliberated

- Environmental Targets for 2030 and capital investment for CO₂ emission reduction
- Capital investment in Intercontinental Specialty Fats Sdn. Bhd.
- Improvement in capital efficiency
- Initiatives for enhancing corporate value based on demands from the capital market
- Disclosure based on the FSB Task Force on Climate-related Financial Disclosures (TCFD) framework
- Management plan for fiscal 2022

■ (2) "Further strengthening the monitoring functions of the Board of Directors, including risk management"

The following improvements were made to strengthen the monitoring functions of the Board of Directors.

- The Board of Director's meeting was held in April with the aim of creating and invigorating time for discussion through reports from various committees, including the Sustainability Committee and Risk Management Committee
- Participation of the standing Audit & Supervisory Board Members in the Risk Management Committee with the aim of strengthening the monitoring functions
- Quarterly reported the status of dialogues with shareholders and investors
- Operational improvements such as introduction of internal carbon pricing to reduce CO₂ emissions through revisions of the Investment and Financing Regulations, introduction of investment profitability evaluation based on capital costs, verification of the medium- to long-term investment plans, and strengthening of the monitoring functions
- Reported the results of operational audits by the Internal Audit Department directly to the Board of Directors

2. Details of the Evaluation of the Effectiveness of the Board of Directors for Fiscal 2021

The Company conducted a questionnaire-based survey of Directors and Audit & Supervisory Board Members (13 people in total) comprising the Board of Directors on the following matters to evaluate the effectiveness of the Board of Directors in fiscal 2021, with the support of an external organization to ensure objectivity.

- | | |
|--|--|
| (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) Own efforts |
| (5) Performance of the Internal Directors | (11) Review |
| (6) Performance of the Outside Directors | |

Based on the survey results, the Board of Directors discussed them with the President and all Outside Officers, and then discussed them at the Board meeting to make a final evaluation.

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	(2) Items with room for improvement	(3) Issues to be deliberated
<ul style="list-style-type: none"> • Basic sustainability policy, including ESG and SDGs initiatives, and initiatives and disclosure to enhance the policy • Proper settings of KPIs to enable the Company to achieve sustainable growth, whether financial or non-financial 	<ul style="list-style-type: none"> • Providing opportunities for training required of officers (e.g., acquisition of necessary knowledge of roles and responsibilities) • Fostering free and open-minded discussions from a company-wide perspective as a supervisor of management 	<ul style="list-style-type: none"> • Consideration from diversified perspectives to eliminate P/B ratio below 1x • Deepening of groupwide risk management • Consideration of the optimal governance system, including organization design, to realize our vision

4. Initiatives to Further Improve the Effectiveness

In order to further improve the effectiveness of the Board of Directors, we will work on items to be improved and issues to be deliberated. In fiscal 2022, the Board of Directors will exercise its monitoring functions from all perspectives especially in light of the drastic changes in the management environment, such as disruption of supply chains due to Russia-Ukraine crisis and the resulting impact on raw material procurement and costs.

In fiscal 2022, as a new initiative, an off-site meeting

by the members of the Board of Directors was held to intensively discuss management issues. Continuous efforts will be made to improve the effectiveness of the Board of Directors by deepening communication between internal and outside officers.



Off-site meeting held in July 2022

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.

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

Corporate Governance

The Groupwide performance factor is determined within the range of 0.5 to 1.5 based on the financial indicators, depending on the achievement of the single-year target and the achievement of the annual average growth rate target of the consolidated operating profit, and the achievement of the single-year target of ROIC, as shown in the table below. 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). These performance indicators are adopted with the aim of appropriately evaluating and reflecting the increase in corporate value in terms of profit and capital efficiency.

Determinant factors			Evaluation weight	FY2022 targets	
Groupwide performance	Financial indicators	Consolidated operating profit	Single-year target	70%	¥13,000 million
			Annual average growth rate	10%	¥14,481 million
		ROIC	Single-year target	20%	3.6%

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

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 (stock delivery trust).

Stock-based compensation to be paid consists of a fixed portion of 80% and a performance-linked portion of 20%. Points are granted in June of each year in accordance with the stock delivery regulations, and in principle, shares are

delivered at the time of retirement, in proportion to the number of points granted. Points are granted based on the basic amount set by position, and 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	FY2024 targets	
Groupwide performance	Non-financial indicators	(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%
			Medium-term target for ratio of female managers	50%	8.0%

FY2021 Total Amount of Compensation by Director Position, Total Amount of Compensation by Type and Number of Recipient

Directors' and Audit Supervisory Board Members' position	Total amount of compensation (million yen)	Total amount of compensation by type (million yen)			Number of recipients (persons)
		Basic compensation (fixed compensation)	Bonuses (performance-linked compensation)	Stock-based compensation (non-monetary compensation)	
Directors (excluding Outside Directors)	260	179	59	22	7
Audit & Supervisory Board Members (excluding Outside Members)	42	42	—	—	2
Outside Directors	32	32	—	—	3
Outside Audit & Supervisory Members	14	14	—	—	2

Notes: 1. Number of recipients includes one Director who resigned during the fiscal year.
 2. The total amount of compensation for Directors does not include the employee wage portion for Directors who currently serve as employees.
 3. The total amount of compensation for Directors includes the amount of Director compensation for one Director assigned to the Company from outside of the Company, which is paid to the assignor company by the Company. (This Director is not eligible for stock-based compensation.)
 4. Bonuses include the amount recorded as expenses in fiscal 2021 and the difference between the total amount of the bonus paid in July 2021 and the amount recorded as expenses in fiscal 2020.

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. The candidates for Audit & Supervisory Board Member are decided by the Board of Directors upon obtaining the agreement of the Audit & Supervisory Board.

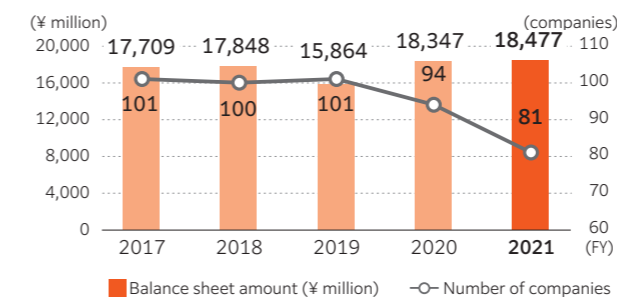
	Reason for election
Isao Yamamoto Outside Director	Mr. Isao Yamamoto has utilized his knowledge and experience in financial markets and overall corporate management, cultivated through years of activities as a securities analyst as well as a financial advisor, in the management of the Group. In particular, he has actively made statements on management strategies and enhancement of capital efficiency and invigorated the discussions at the Board of Directors meetings. Furthermore, he has actively expressed his views to improve governance as a member of the Nomination Advisory Committee and the Compensation Advisory Committee, and these facts show that he has appropriately supervised and provided advice to management. For the reasons above, the Company expects to enhance the Board of Directors' functions with Mr. Yamamoto's expertise.
Emi Machida Outside Director	With her extensive knowledge and experience in her field of expertise as a Certified Public Accountant, Ms. Emi Machida has utilized her four-year experience of serving as an Outside Audit & Supervisory Board Member of the Company in the management of the Company. In particular, she has actively expressed her opinions on corporate governance from the perspectives of accounting, risk management, etc., and invigorated the discussions at the Board of Directors meetings. Furthermore, she has actively expressed her views to improve governance as a member of the Nomination Advisory Committee and the Compensation Advisory Committee. These facts show that she has appropriately supervised and provided advice to management. For the reasons above, the Company expects to enhance the Board of Directors' functions with Ms. Machida's expertise.
Naomi Eto Outside Director	Ms. Naomi Eto has abundant experience based on her practical experience at companies in the fields of corporate governance and compliance. The Company expects her to utilize her knowledge and experience in the management of the Company and to enhance the Board of Directors' functions as a member of the Nomination Advisory Committee and the Compensation Advisory Committee through supervision of and provision of advice to management.
Tomotake Kusamichi Outside Audit & Supervisory Board Member	The Company expects Mr. Tomotake Kusamichi to utilize his knowledge and experience in his field of expertise as an attorney at law to improve auditing quality.
Sayaka Sumida Outside Audit & Supervisory Board Member	The Company expects Ms. Sayaka Sumida to utilize her knowledge and experience in her field of expertise as a Certified Public Accountant to improve auditing quality.

Initiatives Regarding Cross-Shareholdings

The social environment surrounding cross-shareholdings has changed significantly in recent years, amidst the markets' growing interest in cross-shareholding and the introduction and revision of the Corporate Governance Code. Against this backdrop, the Company has 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. The Company held shares of 94 companies at the end of fiscal 2020, but in fiscal 2021, sold shares of 17 companies (those of 13 companies were all sold, those of 4 companies were partially sold, and the sales amount of the shares of 17 companies was ¥1,333 million). As a result, the number of companies of which shares we held at the end of fiscal 2021 decreased to 81 companies. However, the calculated amount on the balance sheet increased to ¥18,477 million due to an increase in the prices of shares we held compared to the end of the previous fiscal year.

Status of Cross-shareholdings



Internal Control

The Group positions and operates its internal control system as an important factor for improving corporate value. To comply with the Companies Act, the Group has formulated the Basic Policy on Internal Control Based on the Companies Act, under which it established and operates the policy, system and rules regarding the management structure, compliance, risk management, and other matters. The Group has also established the basic policy on compliance with the

Financial Instruments and Exchange Act, and continues to strengthen and improve its internal control system.

For further information (in Japanese only):
Basic Policy on Internal Control Based on the Companies Act
https://www.nisshin-oillio.com/company/corporate/basic_policy/

Status of Internal Control System
https://www.nisshin-oillio.com/inv/management/financial_governance.html

Corporate Governance Compliance

Basic Policy

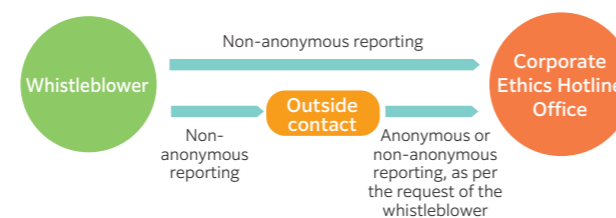
The Group considers compliance as more than merely complying with laws and regulations, but also with business ethics and societal norms. As such, the Code of Conduct of The Nisshin Oillio Group is positioned as a set of action guidelines for both complying with societal norms and realizing the Group's 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 with a strong sense of responsibility. As members of society, they 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 a 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. In addition to existing important themes such as appropriate working hour management, harassment-free workplace, intellectual property protection, trade secret management, human rights protection, and anti-corruption, matters related to current issues are also taken into consideration, including countermeasures against infectious diseases, the transmission of personal information overseas, and workstyle reforms. This monitoring process provides opportunities for reflection and insights with regard to the measures being carried out.

Compliance Training

The Group conducts ongoing training and awareness-raising activities for Directors, Corporate Officers and employees with the aim of promoting and reinforcing compliance. Every October is designated as "Corporate Ethics Month," and lectures are held on corporate ethics-related themes. In fiscal 2021, we invited Mr. Yuichi Okabe and Mr. Seiichiro Hori from SGS Japan Inc. as lecturers to hold an online lecture on the theme of "Business and Human Rights," in which they discussed the background of growing importance of respect for human rights in supply chains, policies and rules to protect human rights, and human rights requirements in the SEDEX audit program, which is widely adopted in the food industry.

Establishment of Human Rights Policy

The Group recognizes that its business may, directly or indirectly, exert an impact on human rights. Therefore, to ensure respect for the human rights of all people involved in our business, we have established The Nisshin Oillio Group Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights in March 2022. We will implement human rights due diligence to identify any negative impact of our business on human rights and to prevent and alleviate such impact, and also will regularly disclose the status of initiatives based on this policy.

Revision of Code of Conduct

The Nisshin Oillio Group Code of Conduct 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. 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.

Risk Management

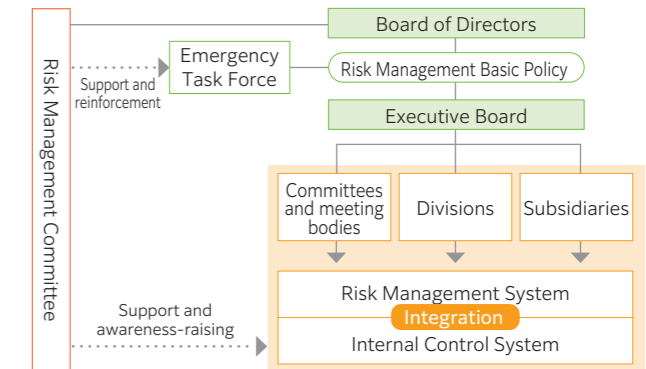
Basic Policy

In addition to producing stable revenue through our main business activities, the Group's risk management objectives are aimed at fulfilling our corporate social responsibilities, further increasing our corporate value, and

achieving sustainable growth. Our basic policy is to utilize appropriate measures to address all forms of risk, and in the event that a risk materializes, to take prompt and optimal actions to minimize any damage that may occur.

Risk Management System

The Risk Management Committee, which is one of the deliberation committees established by the Board of Directors, 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 using a risk-based approach, designated departments for managing key risks, and engages in risk management using the PDCA (Plan-Do-Check-Act) cycle. In addition, the committee also formulates BCPs (Business Continuity Plans) for dealing with issues such as earthquakes and influenza epidemics, with a high priority on countermeasures.



Risks Related to Business

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

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

For further information (in Japanese only):
<https://www.nisshin-oillio.com/inv/management/risk.html>

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 →

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.

In fiscal 2021, we launched "Vision 2030" and

"Value Up+," our medium-term management plan. In conjunction with these, we established a dedicated IR department and enhanced coordination between the related divisions. We are improving our information disclosure by increasing the frequency of disclosure and dialogue activities, while also enriching their content.

Dialogue with Outside Director

Achieving management goals and further improving corporate value through enhancement of the Board of Directors

The Nisshin Oillio Group values dialogue with Outside Directors to strengthen its corporate governance. President Kuno and Outside Director Yamamoto looked back on the past year and talked about what initiatives they will take to improve corporate value in the future.

Dialogue



Takahisa Kuno
Representative Director and President



Isao Yamamoto
Outside Director



How would you evaluate the moves to strengthen corporate governance over the past year?

Kuno Our Group is now moving from the stage of developing systems to the stage of creating effectiveness to strengthen corporate governance. In particular, the Board of Directors is working to expand the scope of its deliberations and improve the quality of them, reflecting the evaluations of the effectiveness. The enhancement of the Board of Directors' deliberations also had a lot to do with the formulation of the Achievement Chart to achieve our medium-term management plan.

Yamamoto Regarding the Board of Directors, I appreciate that its deliberations have become more fulfilling than before. In fiscal 2021, the first year of "Vision 2030" and the medium-term management plan, various topics were discussed to realize them. The heads of each business division explained their business strategies, followed by a question-and-answer session. To further deepen the dialogue among Internal and Outside Directors in the future, I believe that the off-site meeting held by the members of the Board of Directors in July 2022 is a step forward.

Generally, there is a belief that outside directors should act as representatives of shareholder interests. I would like to continue to contribute to improving the quality of discussions and decision-making at the Board of Directors meetings, bearing in mind the promotion of strategies from a long-term perspective, improvement of their execution

(including incentives), disclosure of information on the linkage between strategy development and long-term value creation, and enhancement of dialogue with the capital market for their correction and renovation.

Kuno At the off-site meeting held in July, in order to increase the probability of achieving the medium-term management plan, we were able to have a thorough discussion, with the opinions of outside officers, about the path toward solid management of "profitability and capital efficiency" by digging deep into the story toward "growth." I believe that by refining the story into a convincing path through subsequent board deliberations and management councils, we will be able to apply it to the execution side.

Director Yamamoto also attended the meetings of the Nomination Advisory Committee and the Compensation Advisory Committee. How were the activities of both committees during the past year?

Yamamoto The Nomination Advisory Committee discussed the selection of new Outside Directors, and the Compensation Advisory Committee specifically discussed the ideal way of disclosure regarding the compensation system, as well as the compensation composition and evaluation criteria. I appreciate that both committees have open discussions and the diversity of skills and experience of the members of the committees is ensured. In the future, in order to make the Nomination Advisory Committee further functional, I feel that it is necessary to enhance the talent pool and each committee member's understanding of such talent.

The business environment changed drastically in fiscal 2021. What are your thoughts on management achievements and issues in this environment?

Kuno In the ever-changing business environment in fiscal 2021, the Board of Directors was required to communicate and make decisions more promptly than ever before. In the midst of a historical rise in raw material prices, I believe that one of our accomplishments is that we were able to acquire ability to support our business operations by appropriately sharing the management policy, the progress of price revisions, and the status of dialogue with our shareholders at Board of Directors meetings. As the business environment becomes even more uncertain, it is necessary to review the strategies set forth in the medium-term management plan and planned investments. The Achievement Chart is designed to ensure the realization of the medium-term management plan, "Value Up+." We will establish a system to review the progress of the plan by implementing the PDCA cycle based on the Achievement Chart for each year and periodically sharing the progress at Board of Directors meetings.

Yamamoto In fiscal 2021, I believe that it was a great achievement that the management execution side of the Board of Directors placed the highest priority on achieving the operating profit target at an early stage and actually achieved it.

I think that SDGs and ESG movements triggered by changes in global environment and society suggest structural changes in the business environment. In addition, with changing consumer lifestyles and a sign of de-globalization, we are in a very fast-changing management environment. It will probably become necessary for us to conduct strategic reviews more frequently than ever before to determine what that means for the Group, how we modify our strategies, whether we need to change the priority of our strategic targets, and whether we need to review our human resources policy, and so on. Based on such reviews, I feel that we are required in this fast-changing environment to make decisions promptly by asking questions such as: (1) Will it lead to long-term profits?, (2) Will it benefit our customers?, (3) Will it benefit our employees?, (4) Will it benefit our business partners and other clients?, and (5) Will it benefit the community?

Furthermore, the Group is trying to promote a leap forward to become a global top provider of oil and fat solutions in the future. Issues to be addressed to achieve this goal include (1) enhancing human resources and improving motivation to promote our strategies, (2) improving our mobility in fund raising, (3) promoting external growth strategies, (4) strengthening the profitability of existing businesses, and (5) enhancing our sustainability management. I believe that the Group will be able to put them into practice as it realizes "Value Up+" based on the Achievement Chart.

What specific initiatives are you taking to increase value over the medium to long term?

Yamamoto First of all, I believe that the publication of the first integrated report last year was a step forward in enhancing the provision of useful information to shareholders and investors. I think that the promotion of management with CSV goals will lead to an increase in shareholder value and a rise in the stock price, but in order to increase long-term profits and long-term corporate and shareholder value, the Group needs to develop a process to essentially examine profitability and capital efficiency. It is important to retranslate the impact on capital cost and free cash flow at the level of individual corporate activities and to let the entire organization know that the linkage between on-site business execution and an increase in corporate and shareholder value is secured. At the same time, it is also important to carefully explain to the capital and stock markets how the promotion of "Vision 2030", or management with CSV goals, lead to corporate and shareholder value, while disclosing specific information.

Kuno Six of the eight KGIs set in the Achievement Chart lead directly or indirectly to the realization of our priorities, and two important perspectives of "efficiency" and "aggressive investment" were added to realize the six KGIs. The achievement of the KGIs will lead to the achievement of management goals, which in turn will lead to increased shareholder value. I hope to gain the understanding of the capital and stock markets by presenting a more concrete growth story, clarifying our strategies to improve profitability and efficiency, and carefully explaining the probability of framework integration and harmonization. To this end, I would like to ask Director Yamamoto and other outside officers for their opinions and guidance. I look forward to your continued support for the further growth of our Group in the future.



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Business Performance

Recognition, analysis and review of business performance for the FY2021

Analysis of business performance (consolidated)

	FY2020 (¥ million)	FY2021 (¥ million)	YoY change (¥ million)	YoY change (%)
Net sales	336,306	432,778	96,471	128.7
Operating profit	12,324	11,670	(654)	94.7
Ordinary profit	13,836	12,648	(1,187)	91.4
Net profit attributable to owners of parent	9,244	8,595	(649)	93.0

(1) Status of business performance

In the fiscal 2021, conditions in the Japanese economy remained challenging overall, though some movement toward a recovery was seen amidst intermittent measures to control the COVID-19 pandemic.

The global economy was on a gradual recovery path due to both the curbing of infections and renewed economic activity, although the situation differs by country and region. That said, Russia's invasion of Ukraine has led to a sharp rise in energy, resource, and grain prices, added to which are concerns about prolonged supply chain disruptions, global inflation fears, and rising interest rates, as well as concerns about a global economic slowdown in Europe, China, and elsewhere. Uncertainty about the future is growing.

In this environment, the Group has made concrete efforts to realize its management targets, while responding to new lifestyles and consumer behavior impacted by COVID-19. These efforts have been made under the policies of its new medium-term management plan "Value Up+" (FY2021-2024). The plan aims to achieve sustainable growth through the creation of diverse values shared with society, leveraging the "Natural Power of Plants" as a basis for value creation.

As a result, consolidated financial results for the fiscal 2021 were

as shown above. Note that the effect of the decrease in net sales caused by the adoption of new revenue recognition standards was ¥5,695 million, while the impact on profit and loss was minor.

Our Group's consolidated net sales increased by 28.7% year on year to ¥432,778 million mainly due to our initiatives related to sales prices in the oil and fat segment against the backdrop of soaring raw material prices and other factors.

By segment, Oil and Fat increased by 33.4% year on year to ¥355,026 million, Processed Food and Materials by 9.5% year on year to ¥58,185 million, and Fine Chemical by 19.8% year on year to ¥17,003 million, and the Other business decreased by 9.6% year on year to ¥2,563 million.

As for profit, despite efforts to reduce costs and revise sales prices, there was a time lag between revision of sales prices and an increase in costs during the fiscal year. As a result, it was not possible to cover the increase in costs such as soaring raw material prices. Operating profit decreased by 5.3% year on year to ¥11,670 million, ordinary profit by 8.6% year on year to ¥12,648 million, and net profit attributable to owners of parent by 7.0% year on year to ¥8,595 million.

Factors that may have a significant impact on the business performance of our Group include fluctuations in foreign exchange rates and global prices of ingredients.

(2) Analysis of business performance by segment

Net sales (consolidated)

Name of segment		FY2020 (¥ million)	FY2021 (¥ million)	YoY change (¥ million)	YoY change (%)
Oil and Fat Business	Oil and Meal	212,514	267,840	55,325	126.0
	Processed Oil and Fat	53,617	87,186	33,568	162.6
	Sub total	266,132	355,026	88,894	133.4
Processed Food and Materials Business		53,146	58,185	5,038	109.5
Fine Chemical Business		14,194	17,003	2,808	119.8
Other Business		2,834	2,563	(270)	90.4
Total		336,306	432,778	96,471	128.7

Operating profit (consolidated)

Name of segment		FY2020 (¥ million)	FY2021 (¥ million)	YoY change (¥ million)	YoY change (%)
Oil and Fat Business	Oil and Meal	9,548	4,716	(4,831)	49.4
	Processed Oil and Fat	870	4,258	3,387	489.3
	Sub total	10,419	8,975	(1,444)	86.1
Processed Food and Materials Business		1,810	1,672	(138)	92.4
Fine Chemical Business		792	1,336	544	168.7
Other Business		(28)	351	380	—
Elimination among segments/Adjustments		(668)	(665)	2	—
Total		12,324	11,670	(654)	94.7

Overview by segment

Oil and Fat Business

Net sales increased due to sales price revisions against the backdrop of soaring raw material prices and a rise in meal unit prices and sales volume. Operating profit, on the other hand, declined, significantly affected by soaring raw material prices and other factors.

[Procurement environment for raw materials]

In the procurement of raw materials, a broad year-on-year rise in the market for major raw materials and the weakening of the yen against the U.S. dollar versus the previous fiscal year saw significant price increases for both soybeans and rapeseed.

Market prices of major raw materials

The market price of soybeans rose to the US\$16 per bushel level in mid-May against the backdrop of tight supply and demand for U.S. soybeans due to vigorous purchasing by China and expectations of increased demand for biofuels. Subsequently, the price dropped to the US\$11 level due to improved production in the U.S. and favorable plantings in South America. Prices moved upward again, however, after the new year, as concerns over production cuts in South America increased. Prices rose further, to the US\$17 level for the first time since 2012, due to growing concerns over grain supply caused by Russia's invasion of Ukraine, resulting in significantly higher prices compared to the previous period.

The market price for rapeseed reached a record high of C\$1,000 per metric ton in May due to tightening global supply and demand caused by the impact of reduced production of rapeseed in Europe as well as expectations of increased demand for biofuels. Subsequently, the price continued to rise against the backdrop of tight global supply and demand due to a major cutback in production and deteriorating quality caused by hot, dry weather in Canada. Further, the price hit another record high at the C\$1,100 level in March due to growing concerns over grain supply caused by Russia's invasion of Ukraine, and moved significantly higher year on year.

Exchange rates

The yen weakened further against the U.S. dollar in the first half of the year due to expectations for a recovery in the U.S. economy and a consequent rise in U.S. long-term interest rates, and in the second half of the year, the dollar rose to the 116-yen level against a backdrop of a downsizing of monetary easing in the U.S. and rising expectations for higher interest rates. Further, at the start of the year, added pressure on the weak yen from real demand brought a substantial expansion of the trade deficit, which in March resulted in the U.S. dollar's rise to the 120-yen level for the first time since 2016, and a year-on-year weakening of the yen against the dollar.

[Meal sales]

Soybean meal sales volume increased as a result of efforts to expand sales in line with a recovery in crushed oil volume, while compound feed production volume remained about flat year on year. Net sales also rose on rising feed material prices against a backdrop of tight global supply and demand for soybeans and corn, resulting in higher unit sales prices. Sales of rapeseed meal increased due to higher sales volume resulting from a recovery in crushed oil volume and higher blending rates for compound feed, as well as higher sales prices in conjunction with rising feed ingredient prices.

[Sales of oil and fat, processed oil and fat]

Oil and fat

In oils and fats, the Group was able to phase in revisions to sales prices by carefully explaining to its business partners and clients the background behind the sharp rise in costs in the commercial-use, food processing, and household-use sectors.

Sales volume in the commercial-use and food processing sectors saw a gradual recovery in demand after falling significantly in the previous fiscal year due to the impact of COVID-19. The Group worked to expand sales and find new customers through "needs-discovery collaboration" marketing and proposals for value-added products with additional functions such as "customer-solution-type" frying oil with long-lasting functions and *Nisshin Cooked-Rice-Solution Oil*, resulting in an increase in sales volume.

Sales volume in household-use products declined in reaction to significant sales growth in the previous fiscal year driven by increased demand for eating at home. However, in anticipation of continuous growth in the household market, the Group made efforts to expand sales of value-added products such as sesame oil and olive oil, and nurture markets and create new demand for "pour-and-enjoy" fresh edible oil and "flavored oil."

As a result, net sales of oils and fats rose overall, but operating profit fell due to the enormous impact of soaring raw material prices.

Processed oil and fat

In the overseas sector of processed oil and fat, sales increased at Intercontinental Specialty Fats Sdn. Bhd. of Malaysia due to higher sales prices in line with soaring palm oil market prices and an increase in sales volumes. Operating profit also rose due to a rise in unit sales prices and a recovery in sales volume, as well as the impact of the mark-to-market valuation of palm oil transactions.

In the domestic processed oil and fat sector, the Group was able to phase in revisions to sales prices by carefully explaining to business partners and clients the background behind the sharp rise in costs. Sales volume also saw a gradual recovery in demand after falling significantly in the previous fiscal year due to the impact of COVID-19. Meanwhile, sales volume and net sales increased due to efforts to expand sales to existing customers and develop new customers through new product proposals and other measures. Operating profit declined due to the significant impact of soaring raw material prices.

Processed Food and Materials Business

An increase in sales volume and sales at appropriate prices saw net sales rise, though operating profit was lower due to the impact of soaring raw material prices and other factors.

Sales volume for chocolate products rose at Daito Cacao Co., Ltd. as a result of efforts to expand sales of chocolate products to existing customers and develop new customers amid sluggish demand for confectionaries, mainly as souvenirs. T.&C. Manufacturing Co., Pte. Ltd. (Singapore) was impacted by Japan's switching to use domestically produced butter and skim milk powder instead of premixed products, resulting in a decline in sales volumes for confectionary ingredients and other products (premixed products). Sales volume increased at PT Indoagri Daitocacao, partly because of the start of transactions with new customers, which had been delayed due to the impact of COVID-19. Because of these factors, both net sales and operating profit for chocolate as a whole rose year on year.

In seasonings, in addition to *Nisshin Dressing "Diet"* and other core products, the Group worked to expand sales by enhancing its lineup of products emphasizing the health benefits of edible oils, including *Nisshin Flaxseed Dressing*, *Nisshin Green Perilla Dressing*, and *Nisshin MCT Dressing Sauce*. As a result, net sales increased with higher sales volume, though operating profit declined due primarily to the impact of soaring raw material prices.

In functional materials and foods, the Group worked to expand sales by renewing the MCT oil HC series to indicate its use as a food with functional claim (reduces body fat and waist size for those with a high BMI), and by developing communications that link media strategies using TV commercials and social media with

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in-store sales promotions. As a result, sales volumes increased and net sales rose, but operating profit fell due to the significant impact of soaring raw material prices.

In soybean materials and foods, the Group worked to revise sales prices for food soybeans and meal used to manufacture soy sauce in conjunction with soaring raw material prices, and expanded sales through newly launched soy protein products. Both net sales and operating profit increased as a result.

Fine Chemical Business

A recovery in demand brought a rise in sales volume, which, along with the revision of selling prices, resulted in an increase both in net sales and operating profit.

Fine chemical products saw a year-on-year increase in both net sales and operating profit, driven by a recovery in demand for cosmetic ingredients in Japan and overseas and growth in overseas sales thanks to capturing of new demand for skincare applications, primarily for cleansing, as well as sales at appropriate prices in line with costs.

In environment and hygiene-related products, net sales were flat year on year on steady sales of alcohol preparations in the midst of the ongoing COVID-19 pandemic. However, operating profit declined due to a decrease in sales of high-margin products and soaring raw material prices.

Other Business

In the Other business segment including information systems, net sales were down, but operating profit increased year on year.

Net Sales by Region

Sales to Asia, including Malaysia and China, increased by 48.8% year on year to ¥54,523 million. Sales to other regions, including Europe and the United States, increased by 78.2% year on year to ¥39,730 million, owing to the increased sales to Europe and the United States by Intercontinental Specialty Fats Sdn. Bhd. Overseas sales accounted for 21.8% of consolidated net sales, up by 4.3 percentage points from the previous fiscal year.

Financial Position and Cash Flows

Status of Financial Position and Business Performance

(1) Analysis of financial position

(¥ million)

	End of March, 2021	End of March, 2022	YoY change
Total assets	292,154	344,506	52,352
Total liabilities	138,894	180,192	41,298
Total net assets	153,259	164,314	11,054

Total assets at the end of fiscal 2021, stood at ¥344,506 million, up by ¥52,352 million from the end of fiscal 2020. The main reasons for this increase were increases of ¥19,820 million in accounts receivable-trade, ¥24,657 million in inventories, ¥281 million in property, plant and equipment, and ¥876 million in investment securities.

Liabilities stood at ¥180,192 million, up by ¥41,298 million from the end of fiscal 2020. The main reasons for the increase

were increases of ¥5,870 million in trade payables, ¥25,959 million in short-term borrowings, and ¥12,389 million in long-term borrowings.

Net assets stood at ¥164,314 million, an increase of ¥11,054 million from the end of fiscal 2020. The main factors in the increase were increases of ¥4,061 million in retained earnings, ¥3,009 million in treasury shares, and ¥3,198 million in foreign currency translation adjustment.

(¥ million)

	Reporting segments						Other Business	Total	Adjustments	Amount in the consolidated statements of income
	Oil and Fat Business		Processed Food and Materials Business	Fine Chemical Business	Total	Total				
	Oil and Meal	Processed Oil and Fat					Sub total			
Depreciation	4,904	1,417	6,321	1,693	739	8,754	121	8,876	—	8,876
Change in tangible and intangible assets	6,598	1,006	7,605	1,153	469	9,228	20	9,249	—	9,249

By segment, assets increased by ¥51,331 million in Oil and Fat, ¥116 million in Processed Food and Materials, ¥2,085 million in

Fine Chemical, but the Other business decreased by ¥695 million compared to the end of fiscal 2020.

(2) Status of cash flows

(¥ million)

	FY2020	FY2021
Cash flows from operating activities	6,340	(26,631)
Cash flows from investing activities	(14,626)	(9,327)
Cash flows from financing activities	(5,814)	34,473
Net increase (decrease) in cash and cash equivalents	(14,295)	(1,381)
Cash and cash equivalents at end of period	9,256	7,875

Consolidated cash and cash equivalents at the end of fiscal 2021 stood at ¥7,875 million, a decrease of ¥1,381 million from the end of fiscal 2020.

Cash Flows from Operating Activities

Operating activities used net cash of ¥26,631 million. The main factors increasing cash were profit before income taxes of ¥12,095 million, depreciation of ¥8,876 million, and increase in trade payables of ¥5,018 million. The main factors decreasing cash were an increase in accounts receivable-trade of ¥18,920 million, an increase in inventories of ¥22,681 million, and income taxes paid of ¥3,538 million.

Cash Flows from Investing Activities

Investing activities used net cash of ¥9,327 million. The main factor decreasing cash was purchase of property, plant, and equipment of ¥10,138 million.

Cash Flows from Financing Activities

Financing activities provided net cash of ¥34,473 million. The main factors increasing cash was a net increase in short-term borrowings of ¥24,080 million and proceeds from long-term borrowings of ¥18,870 million. This was partially offset by repayment of long-term borrowings of ¥5,144 million and a decrease in cash for dividends paid of ¥2,759 million.

Capital Expenditure and Research & Development

Status of capital expenditure

Based on a growth investment to realize the "Vison 2030", the Group made capital expenditure of ¥9,249 million, mainly in Oil and Fat and Processed Food and Materials, with emphasis on profitability of investments, taking into consideration strategic

characteristics, importance and urgency. In the fiscal 2021, investments amounted to ¥7,605 million in Oil and Fat, ¥1,153 million in Processed Food and Materials, ¥469 million in Fine Chemical, and ¥20 million in the Other business.

(1) New installation, etc. of important facilities

Company name	Office name (location)	Name of segment	Description of facilities	Estimated investment amount		Method of raising funds	Start date	Scheduled date of completion	Capabilities to be increased after completion
				Total amount (¥ million)	Amount already paid (¥ million)				
The Nisshin Oillio Group, Ltd.	Yokohama Isogo Complex (Isogo-ku, Yokohama City, Kanagawa)	Oil and Fat, Processed Food and Materials, and Fine Chemical	Incubation function, pilot facilities, and R&D facilities	5,170	558	Own fund and borrowings	Jan. 2022	May 2024	Capabilities of research and development, trial production and evaluation, and low-volume production
Intercontinental Specialty Fats Sdn. Bhd.	Head office and plant (State of Selangor, Malaysia)	Oil and Fat	Processed oil and fat production facilities	3,525	417	Own fund and borrowings	Jul. 2021	Dec. 2023	Increase in production capacity

(2) Removal, etc. of important facilities

There are no plans for removal of important facilities, except for removal for periodical renewal of facilities.

Status of research & development

Total R&D expenses in the fiscal 2021 were ¥2,702 million (¥2,495 million in the fiscal 2020). The overview of R&D expenses and initiatives by segment are as follows.

(¥ million)

	Oil and Fat Business	Processed Food and Materials Business	Fine Chemical Business	Total
FY2021	1,704	546	452	2,702

Oil and Fat Business

1. Oil and meal

As the health value of oil and fat is being reevaluated, we are developing products that will create new markets and expand the overall market. In addition to creating values based on safety, security, good flavor and health, we will pursue development that maximizes the potential of plant resources while addressing issues such as reducing environmental impact and food waste.

2. Processed oil and fat

Oil and fat play an important role in the deliciousness of confectionery and baking products, such as flavor, texture, and a "melt-in-the-mouth" feeling. We develop products including margarine, shortening, oil and fat for chocolate and cream, and materials for confectionery and baking, based on our oil and fat processing technologies such as interesterification and fractionation

technology. In addition, we cooperate with our Group's Intercontinental Specialty Fats Sdn. Bhd., which produces palm oil, the main raw oil of the above-mentioned products, our Group's Daito Cacao Co., Ltd., which sells chocolate for commercial use, and their R&D departments to conduct our research and development to meet the needs in areas ranging from oil and fat production to application development.

Processed Food and Materials Business

Viewing oil and fat as materials, we are developing products and applications to deliver "good flavor" and "health" functions of oil and fat to customers through a variety of processed foods. Specifically, we are engaged in research, development and commercialization of chocolate, seasonings, functional materials and foods, soybean foods and materials, etc.

Fine Chemical Business

In the cosmetics area, we are working to develop high performance materials and plant-derived materials that can be widely deployed in the cosmetics industry from a global perspective. In the chemical products area, we are promoting development directly linked to customers, focusing on materials for information-related fields and lubrication applications. In the food area, we are working to improve the quality of MCT products, which are leading products, and to develop new functional materials.

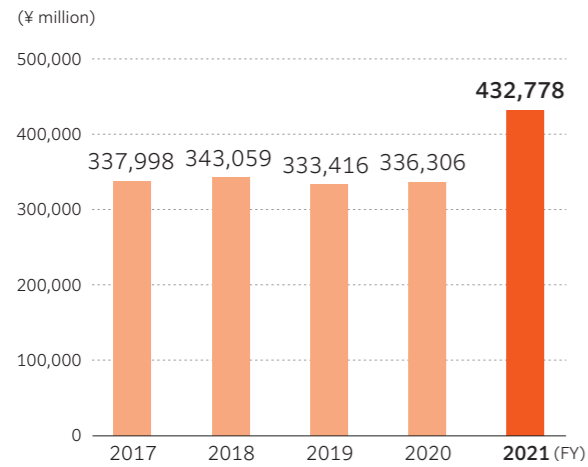
Performance and Corporate Information

Financial Highlights

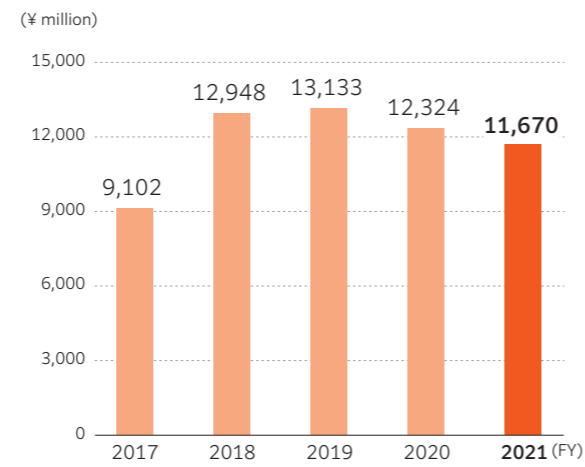
For non-financial information, please refer to SUSTAINABILITY Data Book 2022 on our website.
<https://www.nisshin-oillio.com/english/sustainability/report/>



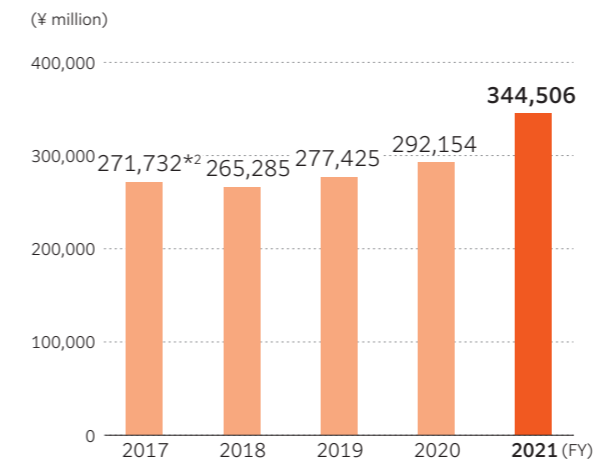
Net sales



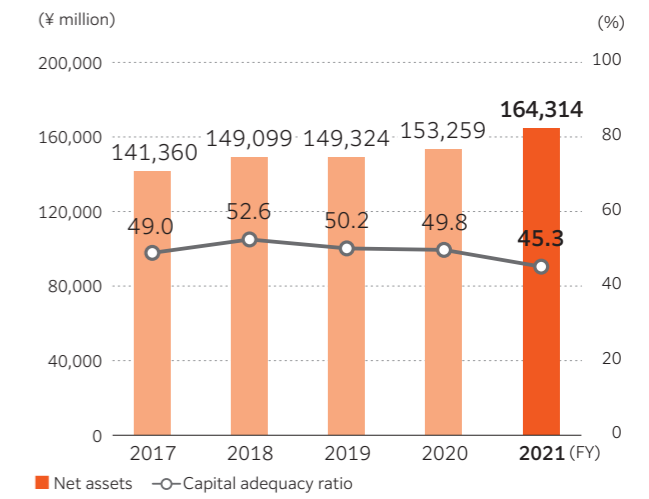
Operating profit



Total assets

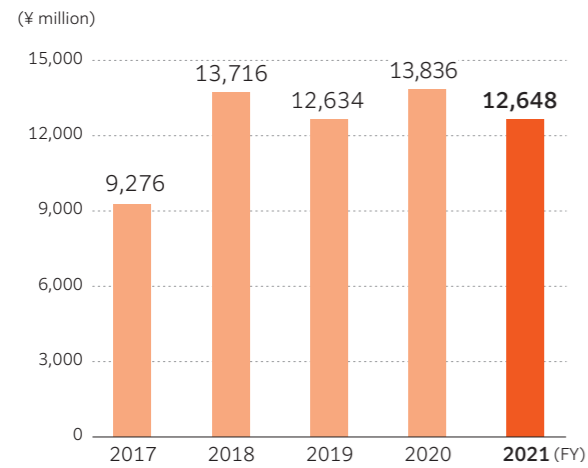


Net assets/Capital adequacy ratio

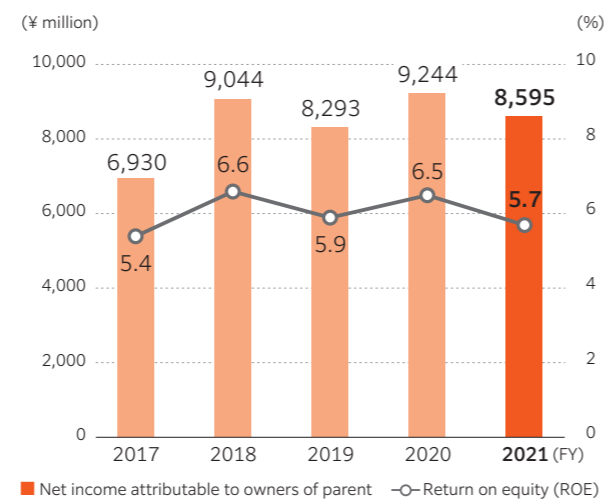


*2 Figures for fiscal 2017 have been restated retroactively to reflect the application of "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc."

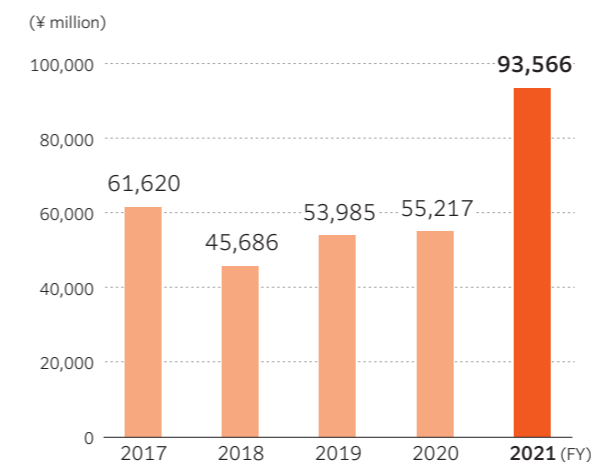
Ordinary profit



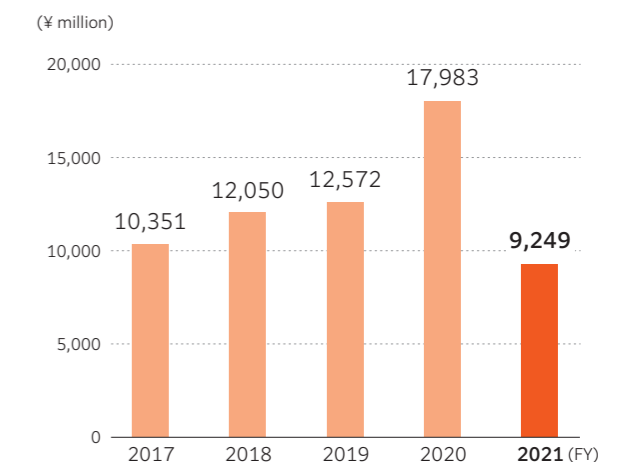
Net profit attributable to owners of parent/ Return on equity (ROE)



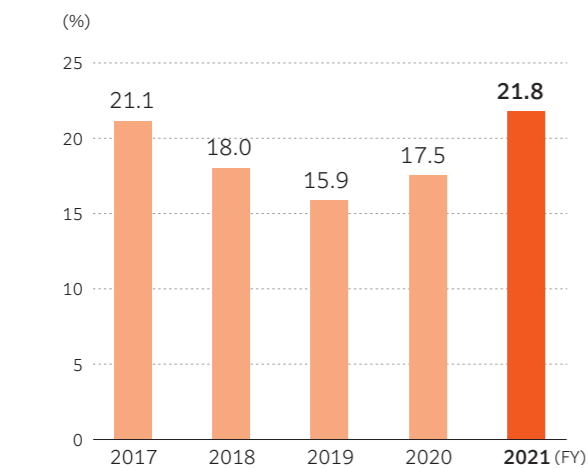
Interest-bearing debt



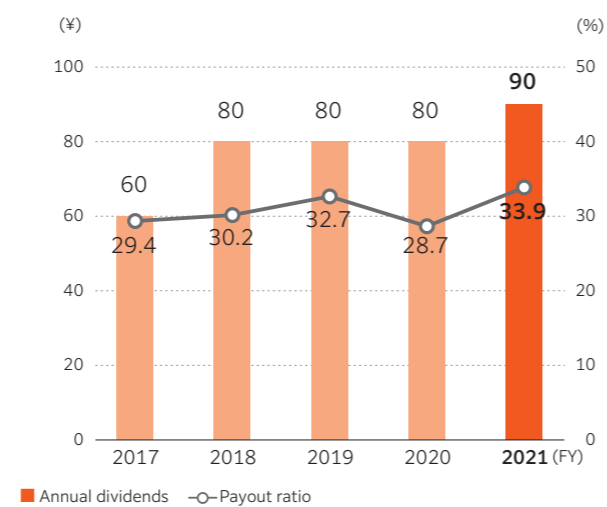
Capital expenditure



Overseas sales ratio

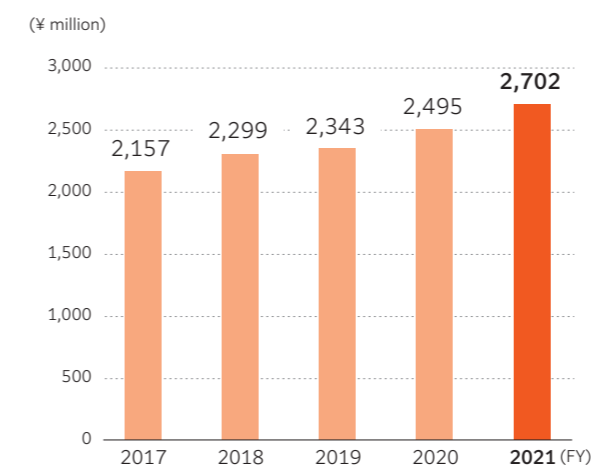


Annual dividends*1/Payout ratio

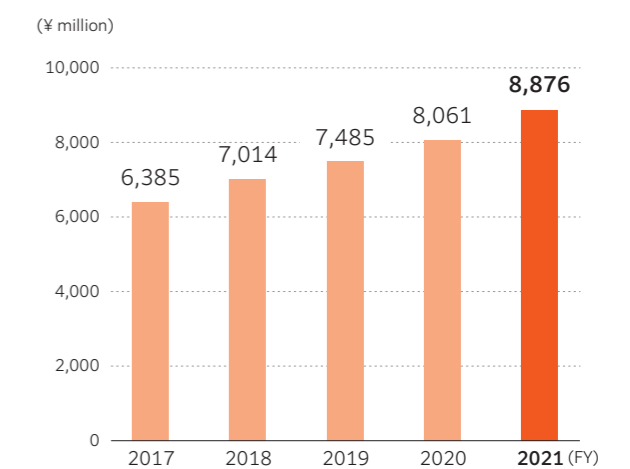


*1 The Company conducted a 5:1 reverse stock split for shares of common stock on October 1, 2017. Dividends paid prior to the reverse stock split have been adjusted to reflect post-split values.

R&D expenses



Depreciation



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

1. Four Disclosure Items Recommended by the TCFD

Disclosure items	Response status
Governance	<ul style="list-style-type: none"> Matters prescribed in laws and regulations and important managerial matters, including the resolution of issues associated with climate change, are deliberated on and decided by the Board of Directors. The Sustainability Committee, established as a deliberation committee for the Board of Directors, discusses basic policy plans and strategic measures toward achieving sustainability and reports its results to the Board of Directors. Most recently, we have set Environmental Targets for 2030, endorsed the TCFD recommendations, and established a climate-change response setup (office of Corporate Sustainability Management and Decarbonization Advancement Office).
Strategy	<ul style="list-style-type: none"> Under "Vision 2030," we will elevate environmental protection and raw-material sustainability, which constitute the foundations of our business, to the highest global level. We are purchasing the same raw materials from multiple producing areas and diversifying our supply chains in order to address the risks of decreases in production volume and increases in the price of plant materials due to changes in climate patterns, as well as the increased demand for such sustainability-considerate raw materials as certified oil. Recognizing that product development resulting in low greenhouse gas emissions will provide opportunities for increased sales, we are developing products and services that have a positive impact on the environment. Recognizing the movement in the cosmetics industry to pursue naturality* in raw materials as business opportunities, the Company aims to become a leading company in cosmetics oils.
Risk management	<ul style="list-style-type: none"> The Risk Management Committee has identified risks associated with climate change as major financial and strategic risks to our business. Major risks for the entire Group are evaluated in three stages after being analyzed for their degree of impact and likelihood of occurrence. Furthermore, their timelines are divided into short, medium, and long terms. Risk assessments are reported to the Board of Directors by the Risk Management Committee and are monitored by the Internal Audit Department.
Metrics and targets	<ul style="list-style-type: none"> In our Environmental Targets for 2030, we advocate the reduction of greenhouse gas (GHG) emissions and set the following targets: <ul style="list-style-type: none"> Scope 1 and 2: In compliance with science-based targets, reduce GHG emissions by 31% by fiscal 2030 (compared to fiscal 2016) Scope 3: Encourage our suppliers, which account for the equivalent of 70% of emissions related to purchased goods and services, as well as transportation and delivery (upstream), to set science-based reduction targets by 2026.

* Plant-based preferences and environmental considerations

2. Climate-Change Scenario Analysis

As a premise for our climate-change scenario analysis, we assumed a world in which the temperature has risen 2°C and 4°C since the Industrial Revolution and considered and identified the risks and opportunities in both cases. At the

same time, we considered measures for risks and opportunities that would exert a substantial impact on our Group's business operations and estimated the financial impact.

<https://www.nisshin-oillio.com/english/sustainability/tcfd/>

Climate-Related Risks

As risks expected to exert a substantial impact on our business operations, the 2°C scenario includes increased costs due to carbon taxes and the purchase costs of CO₂ emission credits, and the 4°C scenario includes increased procurement costs as a result of lower raw-material production linked to the greater frequency and severity of

natural disasters. In the latter case, it is also expected that there would be reduced capacity to supply our products and corresponding declines in sales due to such incidents as flooding and power outages at production plants caused by typhoons or other disasters.

Risk classification	Impact on business		Impact level	
Transition risks	Policy and legal	Carbon pricing	<ul style="list-style-type: none"> There is a risk that the cost of energy, containers, transportation, and so on will increase due to hikes in and further introduction of carbon taxes. Due to the introduction of CO₂ emissions trading schemes, purchase costs for emission credits could arise. 	High
		Lawsuits	<ul style="list-style-type: none"> As climate change prompts shifts in the social environment and stricter laws and regulations, there is a risk of being subject to lawsuits for supply-chain law violations, forest destruction, or human-rights issues. 	Medium
	Technology	Switch to decarbonization equipment and production methods	<ul style="list-style-type: none"> Capital investment expenses will increase due to large-scale equipment installations for the decarbonization of our production systems. There is a risk that investments do not prove to be as effective as expected. There is a risk that breakthrough technologies cannot be introduced due to a shortage of funds. 	High
	Market	Increased sustainability-considerate purchasing behavior	<ul style="list-style-type: none"> Regarding palm oil and other materials, purchasing behavior toward products that guarantee sustainability will gain momentum. As a result, there is a risk that raw-material costs will rise. In the case that sustainability cannot be guaranteed, there is a risk that consumers will drift away due to the decline in product value, and sales will drop. 	High
Physical risks	Reputation	Acceleration of investment and financing with consideration for sustainability and climate change	<ul style="list-style-type: none"> If our efforts to address sustainability and climate change are delayed, or if information disclosure regarding the status of company efforts is inadequate, there could be a risk of declines in our stock price and stalled financing. There is a risk that the spread of unfavorable rumors about the Company could diminish our corporate value. 	Medium
	Acute	Greater frequency and severity of natural disasters at raw-material producing areas and production sites	<ul style="list-style-type: none"> If there were a rise in damage from hurricanes, flooding, and so on in raw-material producing areas, there is a risk that procurement costs would increase as a result of price rises linked to reduced production. If production sites were damaged, there is a risk that our production, sales, and logistics capabilities would temporarily be diminished, and sales would decrease. 	High
Chronic		Changing weather patterns (rising temperatures, changes in precipitation, etc.)	<ul style="list-style-type: none"> If weather patterns were to fluctuate drastically, there is a risk that our procurement costs would increase due to raw-material price rises linked to the reduced production of soybeans, palm oil, and other core raw materials. There is a risk that the quality and safety of our raw materials, as well as the stability of our product supply, would be adversely affected. 	Medium

Climate-Related Opportunities

As an opportunity that would exert a substantial impact on our business operations, we can cite the fact that stable raw-material procurement will be possible since no significant decline in the growth of plants for our raw materials was observed whether the temperature rise was 2°C or

4°C. Furthermore, since such factors as the development and sale of products curbing CO₂ emissions and the use of sustainable raw materials would lead to enhanced customer satisfaction, we see a good opportunity here to increase sales.

Opportunity classification		Impact on business	Impact level
Resource efficiency	Improved energy efficiency	<ul style="list-style-type: none"> As a result of the introduction of efficient equipment and advanced production management, we can improve energy efficiency at production sites and reduce production costs. 	High
Energy source	Use of renewable energy	<ul style="list-style-type: none"> Responding to customer requirements for reduced supply-chain emissions, we will manufacture and sell products that use renewable energy. This will lead to enhanced customer satisfaction and thus increased sales. 	Medium
Products and services	Development of products with low CO ₂ emissions	<ul style="list-style-type: none"> Responding to customer requirements for reduced supply-chain emissions, we will develop products with low CO₂ emissions from a life-cycle assessment perspective. This will lead to enhanced customer satisfaction and thus increased sales. 	High
Market	Increased sustainability-considerate purchasing behavior	<ul style="list-style-type: none"> Demand for sustainability-considerate materials (products) that contribute to forest conservation is spreading. In the case of palm oil, which has the largest production volume among oils and fats, since the supply of certified palm oil leads to strengthened relations with our business partners and the acquisition of new opportunities for sales, we can achieve increased sales. 	High
	Growing demand for plant-derived products in the cosmetics industry	<ul style="list-style-type: none"> For the Fine Chemical Business, which targets the cosmetics industry in which naturality is burgeoning, the demand for plant-derived products is growing and our sales are expected to increase. Its development into a core business second only to the Oil and Fat Business will lead to the stabilization of revenue for the entire Group. 	High
Resilience	BCP strengthening	<ul style="list-style-type: none"> By strengthening our Business Continuity Planning (BCP) in preparation for the greater frequency and severity of natural disasters stemming from climate change, it will be possible to maintain product supply systems in times of emergency and raise our corporate social value. As a result, in addition to increased net sales and higher share prices, this will contribute to our fund procurement advantage. 	Medium
	Promotion of the recycling of containers and packaging and stable procurement	<ul style="list-style-type: none"> Our procurement of raw materials for containers can be stabilized and our corporate value improved by establishing plastic resource recycling and switching to bioplastic and plastic container alternatives. 	Medium

Measures for Climate-Related Risks and Opportunities

Measures for the risks and opportunities that could substantially impact the Group's business operations are shown below. Among other things, we will endeavor to reduce our CO₂ emissions, ensure sustainable raw-material procurement that gives consideration to the environment and human rights, comply with laws and avoid lawsuits,

develop and sell value-added products, and strengthen our BCP in regard to natural disasters.

Going forward, we will continue to examine impact levels and, over the longer term, analyze such matters as the growth of plant materials, core energy sources, and changes in customer demands.

Entries		Measures
Risks	Opportunities	
Carbon pricing	Improved energy efficiency	<ul style="list-style-type: none"> Targeting a 31% reduction in greenhouse gas emissions by 2030 compared with the fiscal 2016 level. Extensive energy conservation activities, transition to more efficient equipment, and introduction of new technologies. Proactive installation of equipment utilizing internal carbon pricing.
Transition to decarbonization equipment and production methods		<ul style="list-style-type: none"> Strengthening procurement of certified raw materials giving consideration to the environment and human rights. <ul style="list-style-type: none"> Expansion of the number of palm-oil supply-chain sites certified by the Roundtable on Sustainable Palm Oil (RSPO) (segregated [SG] and mass balance [MB]) Priority expansion of RSPO-certified SG products required especially in Europe Preparations for the procurement of Malaysian Sustainable Palm Oil (MSPO) and Indonesian Sustainable Palm Oil (ISPO) to enable the sale of multiple certified oils Promotion of procurement activities to improve the sustainability of such raw materials as soybeans. Fostering of awareness of certified raw materials among customers and consumers. Development of products and services that positively impact the environment, such as the development of low greenhouse-gas-emission products. Mitigation of the risk of lawsuits by ensuring strict legal compliance, including by stakeholders involved in our supply chain.
Increased orientation toward sustainability considerations	Growing demand for plant-derived products in the cosmetics industry	<ul style="list-style-type: none"> New establishment of a fine-chemical products plant within the Yokohama Isogo Plant with the aim of increasing the production capacity of value-added esters and creating a facility eligible for cosmetics certification. Expansion of sales globally in anticipation that the cosmetics market centered on China will recover and expand after the COVID-19 pandemic.
Greater frequency and severity of natural disasters		<ul style="list-style-type: none"> Diversification of suppliers, dispersion of raw-material producing areas, and enhanced quality check systems to stabilize the supply of raw materials and control the risk of price rises. Planning for production base reinforcements to protect against storm and flood damage, earthquakes, and so on; implementation of earthquake resistant reinforcements for shore embankments, oil manufacturing facilities, and other utilities at the Yokohama Isogo Plant in 2021. Securing of a stable supply of raw materials for containers and packaging by investing in companies recycling plastic materials; in addition, promotion of the development of plastic container alternatives.

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, 2022)
Net sales	¥432,778 million (consolidated; fiscal year ended March 31, 2022)
Number of employees	2,987 (consolidated; as of March 31, 2022)




Directors and Audit & Supervisory Board Members (as of September 30, 2022)

Representative Director and President	Takahisa Kuno	
Representative Director	Hidetoshi Ogami	
Directors	Yasushi Kawarasaki	Arata Kobayashi
	Yoshiharu Okano	Masato Saegusa
Directors (Outside)	Isao Yamamoto	Emi Machida
	Naomi Eto	
Audit & Supervisory Board Members (Standing)	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 Plant, Central Research Laboratory, Hokkaido Branch, Tohoku Branch, Kanto Shin-etsu Branch, Tokyo Branch, Chubu Branch, Osaka Branch, Chugoku 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>1 Yokohama Isogo Complex Site area: Approx. 233,100 m²</p> 	<p>2 Nagoya Plant Site area: Approx. 98,800 m²</p> 
<p>3 Sakai Plant Site area: Approx. 28,800 m²</p> 	<p>4 Mizushima Plant Site area: Approx. 110,000 m²</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.
Nisshin Oillio Business Staff Co., Ltd.
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.
COFCO Nisshin (Dalian) Co., Ltd.
President Nisshin Corp.
Zhangjiagang President Nisshin Food Corp.

Notes: 1. Information on this page is valid as of March 31, 2022 (except for "Directors and Audit & Supervisory Board Members" and "Major Group Companies").
2. Major Group companies include equity-method affiliates.

Stock Information

Status of Shares (as of March 31, 2022)

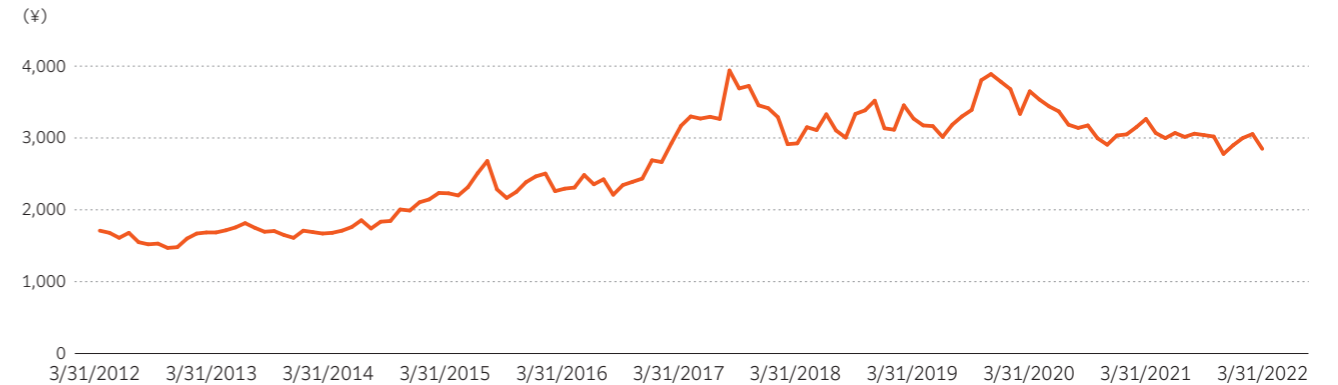
Authorized	77,670,000 shares
Issued	32,485,514 shares (excluding 1,230,743 shares of treasury stock)
Number of shareholders	42,433

Principal Shareholders (as of March 31, 2022)

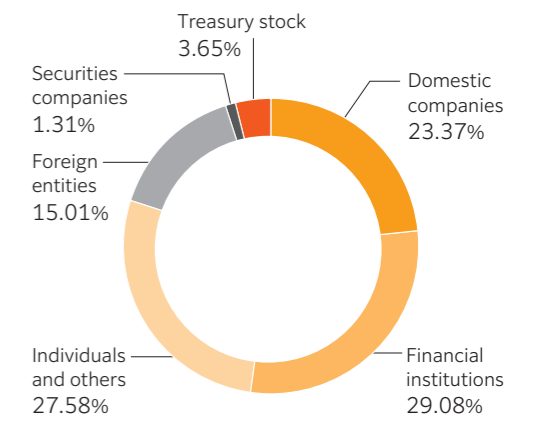
	Share-holdings (thousands)	Percentage of total shares (%)
Marubeni Corporation	5,200	16.01
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,100	12.62
Custody Bank of Japan, Ltd. (Trust Account)	1,818	5.60
Sompo Japan Insurance Inc.	703	2.16
Aioi Nissay Dowa Insurance Co., Ltd.	669	2.06
DFA International Small Cap Value Portfolio	647	1.99
Kikkoman Corporation	470	1.45
Taisei Corporation	462	1.42
STATE STREET BANK WEST CLIENT - TREATY 505234	384	1.18
MUFG Bank, Ltd.	379	1.17

Notes: 1. The Nisshin Oillio Group holds 1,230,743 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



Breakdown of Shareholders (as of March 31, 2022)



Domestic companies	312 entities; 7,881,131 shares
Financial institutions	36 entities; 9,799,658 shares
Individuals and others	41,828 entities; 9,300,556 shares
Foreign entities	224 entities; 5,062,384 shares
Securities companies	32 entities; 441,785 shares
Treasury stock	1 entity; 1,230,743 shares

Note: The pie chart shows the percentage of shares.

Websites



Corporate information
<https://www.nisshin-oillio.com/english/>



Investor Information
<https://www.nisshin-oillio.com/english/inv/>



SUSTAINABILITY Data Book 2022
<https://www.nisshin-oillio.com/english/sustainability/report/>