



"The Natural Power of Plants"

The Nisshin Oillio Group, Ltd.

Integrated Report 2021

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—The Nisshin Oillio Group Integrated Report 2021—

For some time, The Nisshin Oillio Group has published its Corporate Report to introduce its business activities and annual ESG initiatives. From 2021 onwards, we have decided to publish a 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.

In this first issue of the integrated report, *Integrated Report 2021*, we introduce the Group's vision and prospects for achieving sustainability, focusing on "The Nisshin Oillio Group Vision 2030," a long-term management plan started in fiscal 2021.

The world is faced with increasing uncertainties, evidenced by worsening environmental problems on a global scale, accumulating social challenges, and the global COVID-19 pandemic. In addition to global lifestyle changes that reflect these factors, business conditions surrounding the Group are changing drastically due to progressive diversification. As a corporate citizen, meanwhile, we are required more than ever to help realize a sustainable society. Against this backdrop, we formulated "The Nisshin Oillio Group Vision 2030" to clarify our vision and strategic guidelines. Here, our aim is to achieve sustainable growth for the Group and help build a sustainable society.

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

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Integrated Report 2021 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).

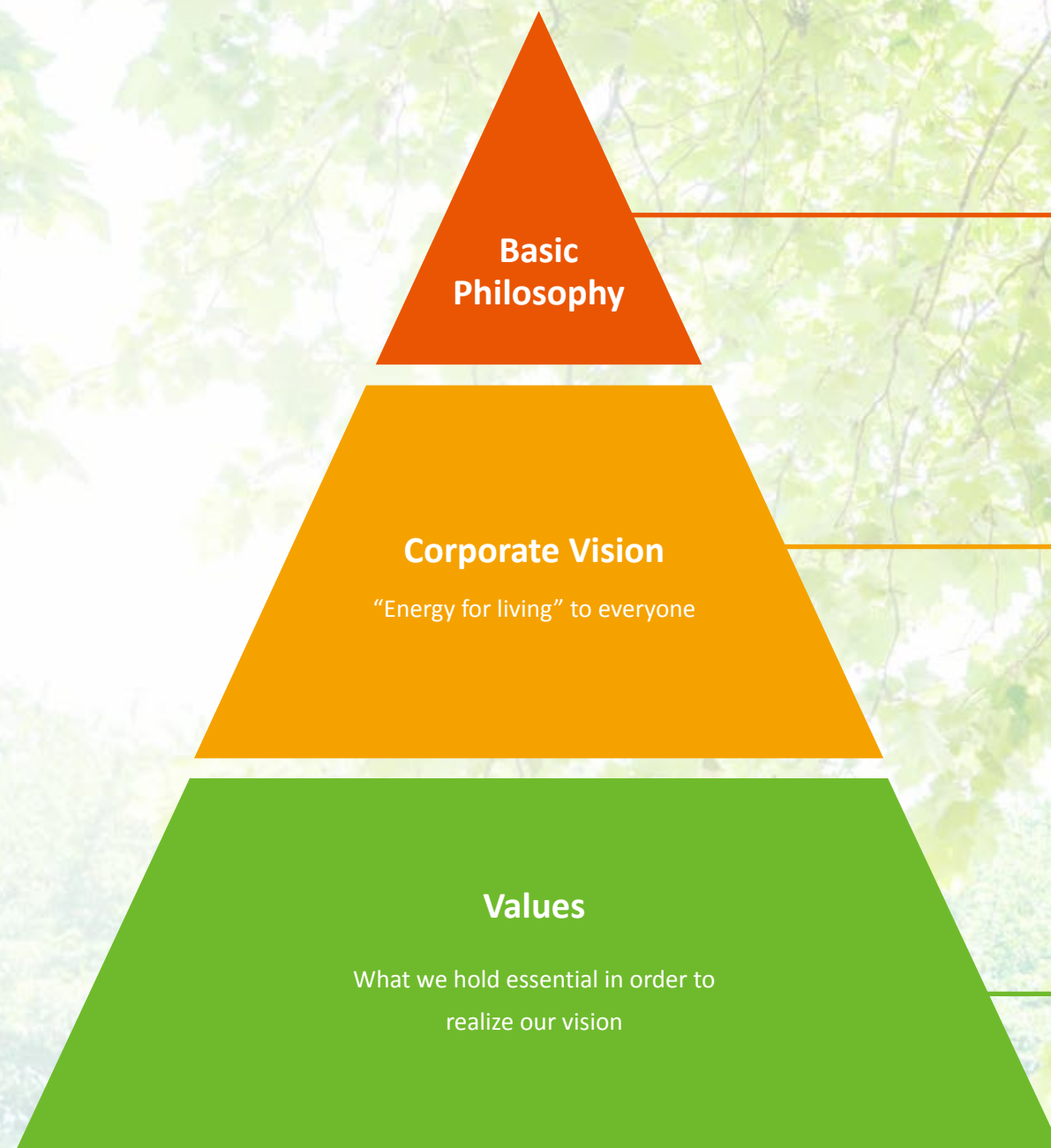
Reporting period

April 1, 2020 to March 31, 2021
Some initiatives outside the above period are included.
Names of organizations and positions are valid as of October 11, 2021.

Scope of report

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

The Essence of The Nisshin OilliO Group



Corporate Philosophy

1. Contribute to the development of people, society, and the economy by maximizing our corporate value.
2. Tirelessly develop a creative and growing business by seeking out “good flavor, health, and beauty.”
3. Conduct ourselves as a responsible member of global society.

Core Commitment

The Nisshin OilliO Group is committed to contributing to healthy and happy lifestyles. Through the unlimited potential of plant resources and our cutting-edge technology, we promise to lead in the creation of products and services that meet our customers’ needs and make a contribution to society.

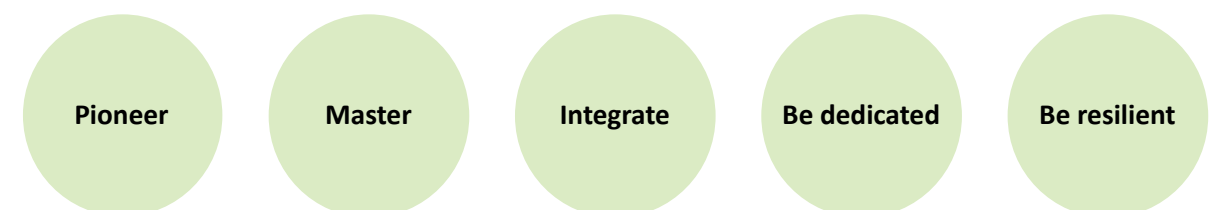
Corporate Statement

“The Natural Power of Plants”

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 value and deliver “energy for living” to everyone.

Values



Our History of Value Creation

For more than 110 years, the Group has created value that can be shared with society. As a leading company in the field of vegetable oils, we will help people achieve healthy and happy lives (well-being) by leveraging “The Natural Power of Plants” to deliver value through a variety of sales channels, from the factory to the dinner table. This attitude has never changed and will not change in the future.

Net Sales

1907 1950 1960 1970 1980 1990 2000 2010 2020 (Fiscal year)

¥336.3 billion
(fiscal 2020)

1907-

Early days

1907

Established as Nisshin Soybean Crushing Co. by Kihachiro Okura (left) and Kyujiro Matsushita (right)



1918

Name changed to The Nisshin Oil Mills, Ltd.

1924

Launched Japan's first “salad oil”



1945-

Expansion of business base

1951

Introduced the industry's first edible oil gift set



1959

R&D institute established

1963

Yokohama Isogo Plant opened



1970-

New business development

1973

Full-scale entry into fine chemical business

1980

Launched Nisshin Mayo-Dore (mayonnaise-type seasoning)

1992

Launched Nisshin Canola Oil

1995

Formed capital and business alliance with Wakou Shokuhin Co., Ltd.

1996

Launched BOSCO Olive Oil



2000-

Rebirth as a new company

2002

The Nisshin Oil Mills, Ltd., Rinoru Oil Mills Co., Ltd., and Nikko Oil Mills Co., Ltd. integrated their operations to form The Nisshin Oil Group, Ltd.

2003

Launched Healthy Resetta, a government-authorized food for specified health uses (FOSHU)



2005

Took equity stake in Malaysia-based Intercontinental Specialty Fats Sdn. Bhd.



2007

100th anniversary

Formed capital and business alliance with PIETRO Co., Ltd.

2009

Took equity stake in Daito Cacao Co., Ltd.

2010-

Toward the next 100 years

2010

Launched Nisshin MCT Oil



2011

Took equity stake in Spain-based Industrial Química Lasem, S.A.U.

2015

Launched “Fresh Keep” bottle



2024

100th anniversary of Nisshin Salad Oil launch

History

Shared Value

- ▶ Fostering the spread of raw vegetable dining culture

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

- ▶ Providing plant-derived, high-quality cosmetic ingredients
- ▶ Making mayonnaise-type seasonings available to those concerned about cholesterol and egg allergies
- ▶ Fostering the improvement of fried food quality
- ▶ Fostering the spread and entrenchment of olive oil

- ▶ Enabling people concerned about body fat and cholesterol to enjoy cooking oil through the launch of FOSHU oil, highlighting the contribution that cooking oil can make to health

- ▶ Improving product taste and making it easier to ingest nutritional ingredients through our “pour and enjoy” proposal for fresh edible oil as a new way of dining

Nisshin OilliO Group Presence

As a leading company in the field of vegetable oils, we have delivered oils and fats not only for household use, but also for commercial use in the restaurant and food service industries. Our products are also used as raw materials for processing by food manufacturers, as well as in cosmetics and pharmaceuticals. Our mission is to benefit society by leveraging “The Natural Power of Plants” to maximize the potential of oils and fats and thus expand our business both domestically and globally.

Major bases (consolidated)

7 countries, **21** companies

Europe

2 countries, **2** companies



Industrial Química Lasem

Japan

12 companies



Yokohama Isogo Plant



Nagoya Plant



Mizushima Plant

Asia

4 countries, **7** companies



Intercontinental Specialty Fats



Sakai Plant

Number of countries where our products are distributed (consolidated)

68 countries

Main production bases



Indoagri Daitocacao

Breakdown of net sales by business segment (fiscal 2020, consolidated)

Fine Chemical

¥**14.2** billion
4.2%



Processed Food and Materials

¥**50.0** billion
14.9%



Food energy supply (fiscal 2020, consolidated)

Providing energy for around **7%** of Japan's food consumption

* Total energy content of food products manufactured and distributed in Japan by the Group and meat raised from meal made by the Group

Number of patents disclosed (fiscal 2020, non-consolidated)

74 patents

Others

¥**2.9** billion
0.9%

Oil and Fat

¥**269.2** billion
80.0%



Production bases (as of March 2021, consolidated)

6 countries, **9** companies

13 bases

Certified palm oil ratio (sourced in January–December 2020, consolidated)

46.9%

**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.**

Takahisa Kuno

Representative Director and President
The Nisshin Oillio Group, Ltd.

Photo taken in Nisshin Oillio's head office garden

Formulating The Nisshin Oillio Group Vision 2030

In fiscal 2021, we launched The Nisshin Oillio Group Vision 2030, our long-term vision to be achieved by 2030, as well as Value Up+, our new medium-term management plan for the first four years of Vision 2030. Our purpose in establishing Vision 2030 is to share our future vision and strategies based on a long-term perspective to achieve sustained growth and help build a sustainable society.

There are two main beliefs that led to establishing Vision 2030. First, we believe that companies need to develop strategies that include addressing social challenges. The world is facing increasing future uncertainty, evidenced by worsening environmental problems on a global scale, mounting social challenges, and the global COVID-19 pandemic. These issues have resulted in changes in global consumption and lifestyle behavior, and the business conditions surrounding our Group are also undergoing drastic change due to ongoing diversification. Engaging in business is not possible without sustainability. Moreover, people are demanding more than ever that, as a corporate citizen, we help realize sustainability in society.

Second, we must take a long-term perspective to achieve sustained growth. The business environment is experiencing major changes and new trends are appearing, and just creating medium-term management plans that resemble previous plans, as we have in the past, is not enough to tackle the emerging challenges. Instead, we need to clarify our objectives from a long-term perspective. For example, what kind of presence do we want to have? What kind of value do we want to create for society? We decided to target growth using backcasting based on our long-term vision.

Vision for 2030

In formulating Vision 2030, we reconfirmed our mission, vision, and values, which we established around 20 years ago. Our Corporate Philosophy, core commitment, and corporate statement (“The Natural Power of Plants”) still effectively represent our reason for being. “The Natural Power of Plants” in particular speaks to the source of our value creation, and we will continue to embrace this notion. Moreover, Vision 2030 clarifies oils and fats as our core strength (core competence). We will continue building on this strength and use it to drive growth.

What can “The Natural Power of Plants” give us? To put it another way, what value can we offer society through our

products and services via the mastering of oils and fats? The value of oils and fats lies in the dense, fundamental energy they deliver 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 enhance people’s beauty and vitality. Building on oils and fats’ ability to deliver fundamental energy and create unique and diverse value, we position the energy from materials, technologies, and businesses created through synergies with oils and fats as “energy for living.”

Oils and fats have high affinity with other foods. From our activities in oils and fats, we have contacts with customers in channels touching their daily lives. Leveraging these contacts, we aim to deliver “energy for living” to as many people as possible. To this end, we will provide a platform for creating new functions for food open to other food and ingredient manufacturers where we can create new value together.

Going further, we will pursue becoming a leading provider of oil and fat solutions globally and expand the scope of our value creation. We are targeting a business scale with consolidated net sales of ¥500 billion, operating profit of ¥30 billion, and ROE of 8.0% or higher by fiscal 2030.

Six priorities (CSV targets)

In Vision 2030, we established six priorities to focus on. In setting these priorities, we identified opportunities and risks based on social trends projected to emerge in Japan and around the world. We also selected and evaluated in depth a number of current social challenges, both in terms of the magnitude of the need and importance to our businesses.

We will achieve sustained growth by aligning our efforts to address social challenges with our reason for being, which is our unique approach to creating shared value (CSV), and use this as a growth driver. For each priority, we will use CSV targets as performance indicators and track the progress of our efforts to achieve these targets each year.

Basic policy: Develop business closer to customers

The basic policy of Vision 2030 is to develop business closer than ever to our customers, meaning future customers as well as existing ones. Customers are our most important contact point with wider society. Most answers to social challenges can be obtained by providing solutions and interacting with customers. We will not be able to fulfill our mission to resolve social challenges unless we get closer to our customers. We will continue pursuing our core competence of oils and fats

and developing new products that address social challenges and incorporate new trends from a market perspective. Providing solutions based in oils and fats is the path to realizing our aspirations.

New business segments

Timed with the start of Vision 2030, we reorganized our business segments to deliver value creation into the three segments of Oil and Fat, Processed Food and Materials, and Fine Chemical.

In the Oil and Fat segment, we will further refine our core competence by integrating all business segments related to oils and fats, including processed segments, to be the driver for our entire Group. We are aiming to become one of the world’s top corporate groups in specialty fats, including chocolate oils and fats.

In the Processed Food and Materials segment, we will refine our application technologies and food development capabilities to create value that attracts fans in terms of good taste and health. We will also streamline our business in food materials, including chocolate, seasonings, and soybeans, as well as functional materials centered on medium-chain triglycerides (MCTs), to capture changing food trends and respond quickly to market needs. With this, we seek to create a virtuous cycle where the value of our oils and fats consistently increases.

In the Fine Chemical segment, we will leverage our advantages in ester synthesis technology to be a leader in cosmetic oils and strengthen our global presence. At the same time, we will pursue new value creation by utilizing plant resources in environment- and hygiene-related businesses.

Growth scenario (increasing sales, improving profitability, and reinforcing our business foundation)

In Vision 2030, we have identified the keys to achieving our growth scenario as increasing sales, improving profitability, and reinforcing our business foundation.

Increasing sales is positioned as the central player in our growth scenario. Sales represent the sum total of the value we create and are the source of our profits. We have set sales-related strategies and targets in the BtoC, BtoB, and BtoBtoC categories accordingly.

In the BtoC category, we will continue expanding our business in the household product market by solving consumer problems and improving satisfaction from the consumer’s perspective, primarily through household-use products.

This will entail further building on our strong relationships with retailers and our planning experience and expertise. At the same time, we will work to better understand the needs of consumers, share information on lipid nutrition, and develop products that consumers want.

In the BtoB category, we are focusing mainly on edible oils for restaurants, ready-to-eat meals, and processing as well as oils and fats for chocolate. Here, we aim to solve users’ problems and create value through co-creation by expanding our user support. We will also aggressively pursue M&A and other investments to expand sales in Japan and global markets.

In the BtoBtoC category, we will work together with other companies to create new value from a market-driven perspective. Working independently or in collaboration with processed food manufacturers and retailers, we will leverage new products and services to co-create value and drive higher sales. In the MCT segment, for example, we are pursuing new initiatives for fat-burning diets (ketogenic effects) and prevention of frailty. Establishing a presence in the BtoBtoC market is difficult, so we plan to leverage our activities in the BtoC and BtoB markets to help us move into the BtoBtoC arena. We must first strengthen our BtoC and BtoB performance to build our BtoBtoC business.

Turning to improving profitability, we will work to ensure that the selling prices we set reflect future costs and social costs, while revising our product portfolio and cost structure and improving supply chain efficiencies. We will also take steps to improve our ROE by streamlining and using assets effectively, pursuing an optimal capital structure, and strengthening profitability through aggressive investing.

In the area of reinforcing our business foundation, our focus will be on R&D, our human resource strategy, and reorganizing our production structure to achieve sustained growth and ensure our competitive advantage.

R&D will be harnessed to create new value by developing products and services that meet customer needs, market conditions, and trends. Our technology development will take a medium- to long-term perspective, starting from the shared value in each priority area of Vision 2030.

In the priority area of good health for all, for example, we have identified the shared value of “leveraging our lipid nutrition know-how to provide products and services that contribute to extended healthy life expectancy.” In addition to developing products that lead to improved health outcomes, we will go beyond our activities to date to communicate information on lipid health and promote new initiatives in the priority areas.

Focusing on the six priorities, we will create shared value unique to our Group.



Our human resource strategy is based on proactive growth-oriented investments in human resources to build up the organizational capabilities that will drive dramatic business expansion. We want to create an organization that is engaged and generates innovation, and to do this, we need a human resource management system that is strategic, meticulously planned, and makes full use of employees' abilities. We also want employees to feel motivated in their work and will create systems and workplace conditions to improve employee engagement. As part of this initiative, we will shift to a compensation system that emphasizes roles, results, and expertise to deliver greater job satisfaction.

Turning to our production structure, we are pursuing a next-generation structure that capitalizes on the strengths of our production facilities—four domestic bases and one base in Malaysia, Intercontinental Specialty Fats, with integrated management driving our overall capabilities. For example, we will convert the Nagoya Plant into a smart factory with ICT infrastructure and the Sakai Plant into a sustainability center powered by 100% renewable energy. These are just some of the ways we will leverage the unique strengths of each production base across our Group to transition to a next-generation structure by 2030.



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

New Medium-Term Management Plan (Value Up+)

Review of the previous medium-term management plan

Under our previous Oillio Value Up 2020 medium-term management plan (April 2017 to March 2021), we focused on attaining stable earnings through adjustments to our profit structure and improved efficiencies in the general-purpose materials business while targeting growth in value-added businesses. Successful outcomes included achieving our consolidated operating profit target of ¥13 billion in fiscal 2019, one year ahead of schedule.

Other major outcomes of Oillio Value Up 2020 were more robust product portfolio with a greater mix of value-added products, sales activities based on needs finding in the BtoB category, providing user support to deliver better solutions, and building a new global supply chain. We also lowered costs, built an energy network with reduced CO₂ emissions, and formed future-oriented alliances in the oil milling business.*

One area where we fell short, however, was developing new businesses in the health science field. We also encountered difficulties in stabilizing operations at overseas sites and expanding our production capacity. Our biggest challenge remains to be improving profitability. While in the past our operating income and profitability have steadily grown in real terms over cycles of three to four years, this growth has been insufficient. Given that the stock market views us as having relatively high profit volatility, I believe we need to make improvements here.

* See p. 55 for information on our energy network and p. 41 for information on future-oriented alliance.

Positioning of Value Up+

Under Value Up+, we will implement strategies that align with Vision 2030. Oillio Value Up 2020 emphasized globalization,

technological innovation, and strategic marketing, and we will continue to pursue and deepen our initiatives in these three areas to realize our corporate vision and basic policy for growth centered on becoming closer to our customers. We named our plan Value Up+ with this in mind. Making deeper inroads in these three areas, we are seeking to build new ways to create value, realize mastery of oils and fats, and expand our business domains.

In terms of strategic marketing, our planning and sales activities so far have focused on strong relationships with wholesalers, mass merchandisers, and other retailers. Under Value Up+, we will maintain our close relationships with retailers and continue to build on them while also shifting our focus to the consumers beyond them.

In marketing functional materials, we will work with our food processing manufacturer and retailer partners to generate market demand by drawing on evidence-based nutritional research on MCTs to shape and promote scenarios that highlight consumer needs. Placing greater emphasis than ever on consumer-focused strategic marketing will lead to new value for our products and services and new business domains to develop with our partners.

Technological innovation involves transforming the environmental changes and opportunities identified in strategic marketing into products and services by harnessing research, development, and production. We are first aiming to improve product value by delivering greater health and taste through our R&D on oils and fats, our core competence in Vision 2030. We will also enhance our technological capabilities in oils and fats as well as the sustainability of our raw materials, aiming to become a global leader in these areas.

Globalization meanwhile will drive business development in new domains and our expansion strategy. We will mobilize our core competence in oils and fats to become a top global provider of oil and fat solutions. Our target regions are Southeast Asia, China, Europe, and North America, with focus areas in food services, chocolate, confectionery, baking, cosmetics, and health and nutrition. We need a robust business foundation and supply chain to pave the way for this global growth. First, we will stabilize operations at our global sites, where we targeted investments under Oillio Value Up 2020, and then increase our production capacity to drive our expansion strategy and pursue greater sustainability in raw materials. Next, we will leverage our user support and bases to build our market presence while promoting alliances and M&A to strengthen our business and generate synergies.

Strengthening ESG

Our business assets are derived from plant resources—soybeans, rapeseed, and palm—so our environmental efforts are directly connected to the sustainability of our business. With this in mind, we have established our Environmental Targets for 2030 and will embrace future-oriented challenges to pass down a healthy global environment to future generations. The direction and targets set in Vision 2030 and the Environmental Targets for 2030 are interlinked, and attaining our environmental targets is critical to achieving our growth scenario.

Our social value reflects the significance of our existence in the world. This is why we are integrating our activities for the six priorities defined in Vision 2030 with the kind of value we want to create for society. Our reason for being and our social value are determined by how we deploy our core competence in oils and fats for the benefit of all. We believe that resolving social challenges related to the six priorities will enhance our significance in the world.

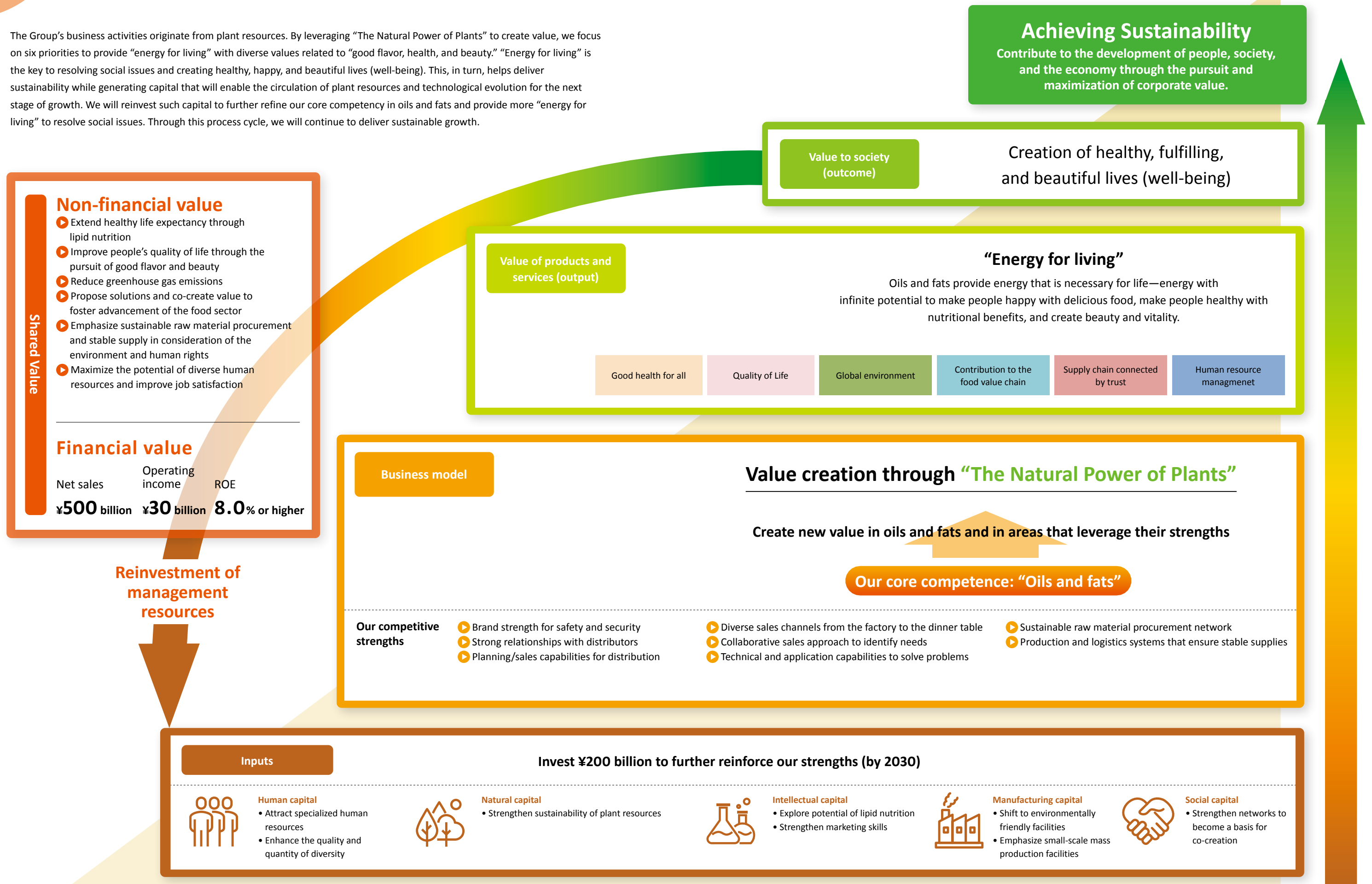
The basic objective of corporate governance is to deliver sustained growth and enhance corporate value over the medium and long term. This means improving sustainability and corporate value for all of our diverse stakeholders, achieved through collaboration with those stakeholders. We need to embrace a common vision, goals, and plans as well as establish robust mechanisms that increase the certainty of achieving them. We also need to improve our communications in this area. As part of creating Vision 2030, we defined our values, a set of values for employees to base their actions on. These will serve as a guidepost for achieving our 2030 targets.

The Nisshin Oillio Group will take action to create shared value for the six priorities set forth in Vision 2030. We are determined to realize this vision over the coming 10 years and will aim even higher and revise our CSV targets as necessary.

I ask for the continued understanding and support of our stakeholders as we embark on this journey.

Our Value Creation Model

The Group's business activities originate from plant resources. By leveraging "The Natural Power of Plants" to create value, we focus on six priorities to provide "energy for living" with diverse values related to "good flavor, health, and beauty." "Energy for living" is the key to resolving social issues and creating healthy, happy, and beautiful lives (well-being). This, in turn, helps deliver sustainability while generating capital that will enable the circulation of plant resources and technological evolution for the next stage of growth. We will reinvest such capital to further refine our core competency in oils and fats and provide more "energy for living" to resolve social issues. Through this process cycle, we will continue to deliver sustainable growth.



Future Aspirations

The Group believes that the driver of future growth lies in creating shared value (CSV) that is diverse through the resolution of social issues. With this in mind, we formulated The Nisshin Oillio Group Vision 2030 (hereinafter, Vision 2030) to clearly illustrate our aspirations for 2030 and our strategic guidelines from a long-term perspective. Our aim here is to achieve sustainable growth into the future and thus help build a sustainable society. In April 2021, meanwhile, we launched our new medium-term management plan, titled Value Up+, as a specific growth strategy covering the first four years of Vision 2030.

Previous medium-term management plan

FY2017–2020

Value Up! 2020

Shifting our focus to a more growth-oriented path while continuing our business structure reforms

FY2020		
	Results	vs FY2016
Operating income	¥12.3 billion	+¥2.1 billion
ROE	6.5%	+0.2 pts
EPS growth rate	5.8%	—
Operating cash flow	¥55.1 billion (4-year cumulative for FY2017–2020)	—

New medium-term management plan

FY2021–2024

Value Up+

Transform ourselves into a corporate group that continuously creates diverse values through customer centricity

	FY2024 (plan)	Change
Net sales	¥400 billion	Average annual growth: 4.4%
Operating income	¥17.0 billion	Average annual growth: 8.4%
ROE	8.0%	+1.5 pts (vs FY2020)
Operating cash flow	¥70.0 billion (4-year cumulative for FY2021–2024)	+¥14.9 billion (vs previous medium-term management plan)

Our six priorities

Good health for all

Contribution to the food value chain

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 value 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.

Targets

FY2030

Net sales	Operating income	ROE	Overseas sales ratio
¥500 billion	¥30 billion	8% or higher	30% or higher

Quality of life

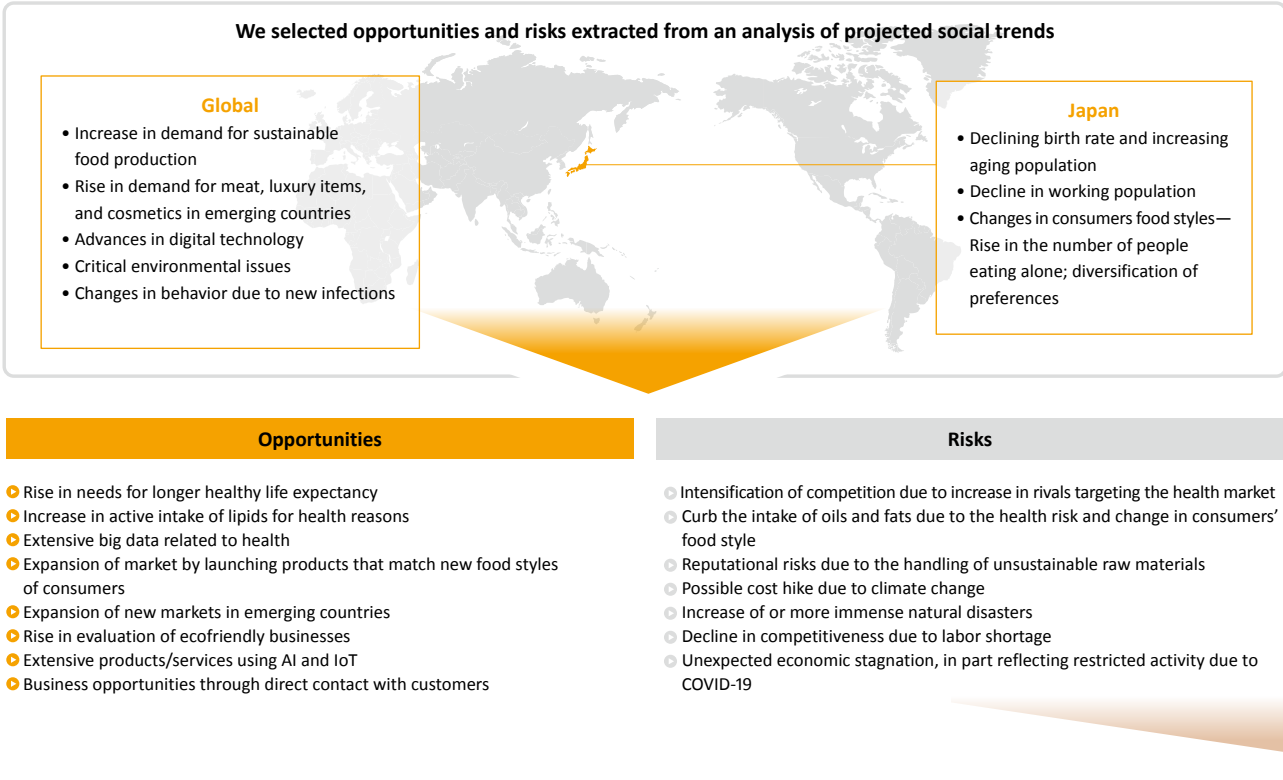
Global environment

Supply chain connected by trust

Human resource management

Identifying Our Priorities

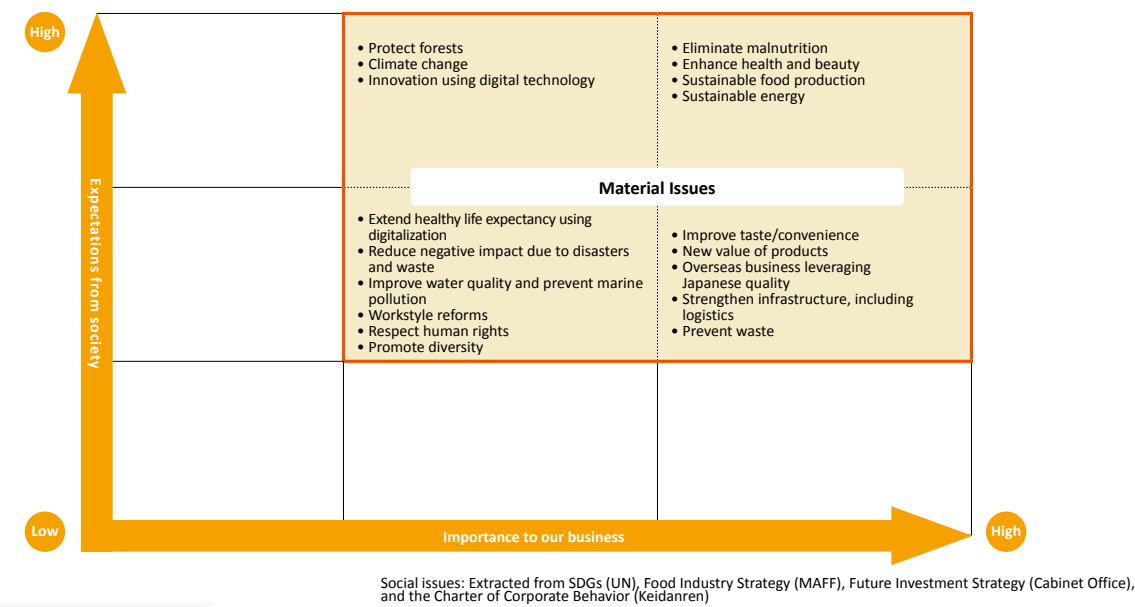
To achieve the goals of Vision 2030, we have identified six priorities that the Group should focus on. Creating shared value (CSV) together with society by resolving issues related to the priorities will drive our future growth.



- (1) Project members, led by executive officers, analyzed opportunities and risks for the Group based on social trends expected between now and 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.



Priorities	Purposes	Shared value	CSV goals	FY2024 goals	FY2030 goals
Good health for all	Supporting mental and physical health through all stages of life	<ul style="list-style-type: none">• Leverage our knowledge of lipid nutrition to provide products and services that help extend people’s healthy life expectancy	Growth rate for sales of products that contribute to society through “the power of health and energy” (vs. FY2019) Develop products that enhance people’s good health based on knowledge of lipid nutrition Number of people provided with lipid health information (total, from FY2021)	130%	200%
Quality of life	Contributing to an enriched lifestyle via the pursuit of “good flavor” and “beauty”	<ul style="list-style-type: none">• Help improve people’s quality of life (QOL) by providing products and services related to oils and fats that deliver “good flavor” and “beauty”	Provide “good flavor” to the dining table and refine our brand to foster enrichment of people’s lives Create products that highlight the “good flavor” and “beauty” of food Growth rate for sales of products that realize “beauty” (vs. FY2019)	30 million people (cumulative)	100 million people (cumulative)
Global environment	Taking on environmental challenges for the next generation	<ul style="list-style-type: none">• 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• Leverage our business, which centers on resolving environmental issues, to provide products and services that benefit society	Reduction ratio of GHG emissions (Scope 1 and 2, vs. FY2016) Reduction ratio of GHG emissions (Scope 3) Reduce use of plastic containers and packaging, and promote resource recycling Develop products and services that positively impact the environment utilizing plant resources	8%	31%
Contribution to the food value chain	Enhancing value with customers	<ul style="list-style-type: none">• 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	Ensure stable supply of food energy in Japan (ratio of total domestic energy) Growth rate of customer support solutions (vs. FY2019)	6%+	6%+
Supply chain connected by trust	Making a more resilient and flexible supply chain with integrity	<ul style="list-style-type: none">• 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	Percentage of certified palm oil sourced Percentage of RSPO-SG-certified palm oil sourced Ensure traceability to plantation (palm oil and palm kernel oil) Promote initiatives to enhance the sustainability of soybeans Procure sustainable cacao Joint transport system coverage rate	100% — Palm oil 100% Palm kernel oil 100%	100% 50%
Human resource management	Enhancing the engagement of diverse human resources and improving organizational strength	<ul style="list-style-type: none">• 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 management system in order to continue serving as a corporate group that is trusted by all stakeholders	Percentage of employees feeling highly engaged in their work Female manager ratio	50% 70% 8%	50% 80% 20%

Our Priorities for Realizing Vision 2030

Priority 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 proposing “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.

Social environment/issues

- Japan: Increasing number of under-nourished and dementia patients alongside the aging of the population; medical costs also rising
- Global: Some countries face increases in lifestyle-related diseases due to over-nourishment; others face serious under-nourishment among infants
- Overflow of health information and consumer confusion

Specific efforts to resolve issues

- Expand range of products and services related to lipid nutrition and provide a variety of options with easy-to-understand information to benefit the health of customers
- Utilize the high-calorie content of oils and fats to develop and market tasty products that improve the nutritional status of the elderly and provide them with energy in small amounts
- Continue disseminating accurate information about vegetable oils and fats, and step up efforts to build a positive image for vegetable oils and fats
- Offer personalized dietary suggestions to prevent customers from over- or under-nourishment and enable them to ingest the optimal amount and type of fat

Impact on the Group

- Increasing role of food in preventing disease; expanding business opportunities
- ▲ People starting to control intake of oils and fats to prevent over-nourishment
- ▲ Value of products not properly conveyed to customers due to information overload
- Providing easy-to-understand information that resonates with customers enables them to choose the most suitable products

▲ Risk ● Opportunity



Shared value

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

CSV goals

- Growth rate for sales of products that contribute to society through “the power of health and energy” (vs FY2019): 200%
- Develop products that enhance people’s good health based on knowledge of lipid nutrition
- Number of people provided with lipid health information (cumulative since FY2021): 100 million



Above figures are target values for FY2030

Achieving the CSV goals

Verify the health benefits of lipids and plant proteins and disseminate them widely to society

I am currently focusing on obtaining evidence through clinical trials on the function of continuous intake of MCTs to enhance fat burning during daily activities. Oils and fats are basic foods that we eat every day, and by adding the value of “information” to them, we have the potential to benefit the health of many people. We want to instill the scientifically proven effects of oils and fats by explaining them in an easy-to-understand manner to the world.

To benefit the health of all people, we believe it is important to not only provide consumers with easy-to-understand information on the health advantages of lipids, but also create a mechanism for consumers to experience the benefits of our products and use them continuously. With this in mind, we will deepen cooperation with other departments and outside entities and actively adopt new means of information dissemination, in order to convey the appeal of oils and fats to consumers in a clear and enjoyable manner. In addition to diet, daily activities and other habits are also important in addressing health issues. Therefore, we will emphasize research that will help extend people’s healthy life expectancy by encouraging healthy lifestyles in addition to eating habits.



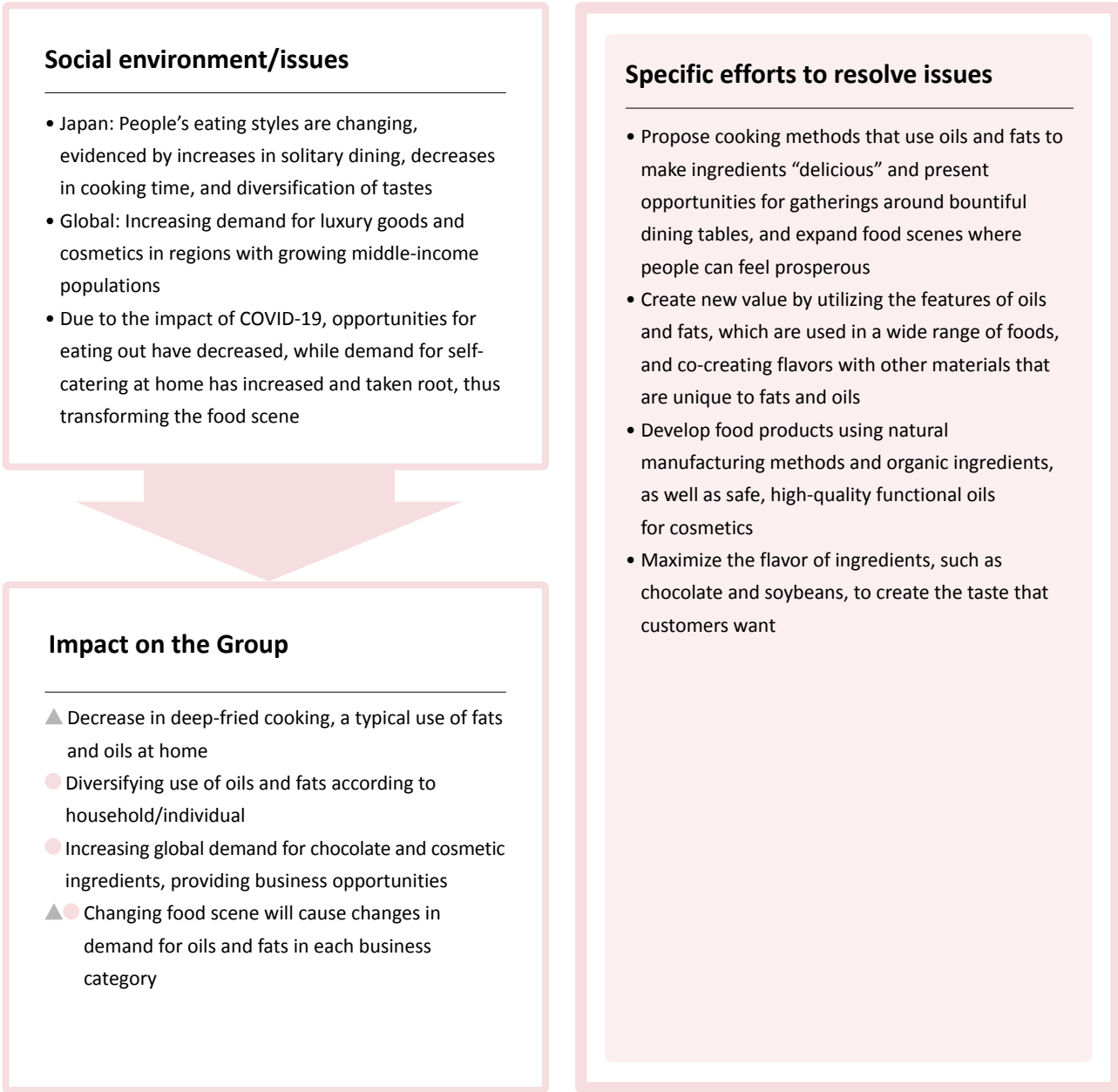
Shougo Tsujino
Technical Division
Central Research Laboratory

Our Priorities for Realizing Vision 2030

Priority 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.



▲ Risk ● Opportunity



Shared value

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

CSV goals

- Provide “good flavor” to the dining table and refine our brand to foster enrichment of people’s lives
- Create products that highlight the “good flavor” and “beauty” of food
- Growth rate for sales of products that realize “beauty” (vs FY2019): 200%

Above figures are target values for FY2030

Achieving the CSV goals

Develop valuable products that emphasize “good flavor” and “beauty”

I am involved in the development of household-use cooking oil, as well as sales planning and promotion. My work includes identifying customer needs and insights based on market trends and marketing surveys. I also collaborate with the Central Research Laboratory, sales departments, and other divisions to develop product concepts, select container designs, and promote sales. I try to create products that customers feel they want to use or buy when those products are lined up on the store shelves.

I believe that our priority of “quality of life” is the fundamental concept for product development. Food is necessary for life, and when good flavor is added to it, it creates a feeling of happiness, I believe. By pursuing “good flavor” and “beauty” through product development, we will provide our customers with feelings of joy and affluence. I am currently focusing particular attention on creating a new category of “flavored oil” and am working hard every day to further enhance the “delicious value” of oil.

Going forward, I will endeavor to keep up with the changing times and customer needs, improve our existing brands, and create products that are close to our customers through menu proposals that only our Group can provide.



Natsumi Yamaguchi
Home-use Product Group
Strategic Product Development

Priority 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.

Social environment/issues

- Need to reduce greenhouse gas emissions to levels consistent with the Paris Agreement in order to mitigate global climate change
- Increase in natural disasters, such as droughts and windstorms, due to climate change
- Growing need to understand and strategically address risks and opportunities related to climate change
- Increasingly apparent impact of microplastics on marine ecosystems and human health

Impact on the Group

- ▲ Climate change poses risks to the stable procurement of raw materials and rising costs, while new factors, such as energy costs and carbon taxes, will also drive up costs
- ▲ Increasing number and severity of natural disasters could cause damage to production facilities and otherwise threaten our business continuity
- Appropriate responses to environmental issues and information disclosure could help enhance corporate value
- Proper utilization of plant resources could create new business opportunities to address environmental issues

▲ Risk ● Opportunity

Specific efforts to resolve issues

- Proactively introduce new technologies and take other measures to reduce greenhouse gas emissions throughout the supply chain
- Support TCFD* recommendations and promote analysis of risks and opportunities in response to climate change
- Promote recycling of waste materials in production processes, continue striving to achieve zero emissions, and reduce water consumption
- Reduce volume of plastic used in container and packaging materials and promote use of environmentally friendly plastics (vegetable-based, biodegradable, recycled)
- Transform the Sakai Plant the Company's first facility to become a sustainability center, and expand this initiative across the entire Group
- Establish mechanisms, such as internal carbon pricing, to facilitate investments in environmental initiatives
- Promote vegetable oil as an alternative to mineral oil in industrial applications, study new ways to utilize biomass, and establish businesses that address environmental issues

* TCFD: Task Force on Climate-related Financial Disclosures

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
- Leverage our business, which centers on resolving environmental issues, to provide products and services that benefit society

CSV goals

- Reduction ratio of GHG emissions (Scope 1 and 2, vs FY2016): 31%
- Reduction ratio of GHG emissions (Scope 3): To be disclosed in FY2021
- Reduce the use of plastic containers and packaging and promote resource recycling
- Develop products and services that positively impact the environment utilizing plant resources



Above figures are target values for FY2030

Achieving the CSV goals

Contribute to the global environment through various sustainability-related initiatives

Our Corporate Sustainability Management team is responsible for setting themes for the Group's sustainability initiatives and developing strategies. It also helps implement and monitor the progress of those strategies.

The Group aims to create diverse value through "The Natural Power of Plants." Accordingly, contributing to the global environment is an important theme that goes to the heart of our corporate activities. Establishing "global environment" as one of our six priorities is meaningful for the Group to continue its business in the future. Specific goals, such as reducing CO₂ emissions and use of plastic containers, cannot be achieved by one department alone, but require the understanding and cooperation of many stakeholders, both inside and outside the Group. We will strive to foster the sustainable growth of the Group by sharing environmental awareness internally and conveying information on our environmental efforts to consumers and other stakeholders.



Haruka Kohama
Corporate Sustainability Management

Our Priorities for Realizing Vision 2030

Priority 4:

Contribution to the food value chain

Enhancing value 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 is 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.



Social environment/issues

- Declining international competitiveness of the domestic edible-oil manufacturing business due to progressive trade agreements, such as the Trans-Pacific Partnership (TPP), and intensifying international competition in securing food resources
- Increasing consumer and corporate demand for new products and value
- Labor shortages in Japan due to decline in working-age population
- Global problem of food loss
- Emergence of industries that support food supply in regions and countries with growing populations and middle-income groups

Specific efforts to resolve issues

- Promote alliance strategies to ensure the sustainability of the edible-oil manufacturing business
- Engage in emergent sales practices and continue stepping up development of proposals to address the ever-changing issues of customers
- Develop applications to combine oils/fats with other materials to develop new foods, raw materials for processing, and the like
- Strengthen development of technologies for maintaining the deliciousness and extending the shelf life of food
- Respond to new trends in food, such as the replacement of meat and milk with plants, which are expected to help resolve food shortages in the future and whose market continues to expand

Impact on the Group

- ▲ Reduced profitability of the edible-oil manufacturing business due to shrinking domestic livestock industry and competition with imported meal
- Increasingly sophisticated functions and roles required of oils and fats due mainly to labor shortages and food loss issues
- Increasing business opportunities to provide products and services that may help resolve social issues
- Evolving food industry in emerging countries that can lead to business opportunities

▲ Risk ● Opportunity

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

- Stable supply of food energy in Japan (ratio of total domestic energy): 6% or higher
- Leverage user support functions to provide optimal solutions
- Growth rate of customer support solutions (vs FY2019): 150%



Above figures are target values for FY2030

Achieving the CSV goals

Focus on the sustainability of the edible-oil manufacturing business to ensure stable supply

The Strategic Sourcing & Supply Management team is responsible for the stable procurement of safe oilseed materials and the formulation of supply strategies for oils, fats, and meal based on the concept of total optimization. It also oversees the Group's overall edible-oil manufacturing business.

In the edible-oil manufacturing business, rising global food demand and climate change have led to increasing uncertainty in stable procurement of raw materials. There is also concern about the impact of TPP and other trade agreements on the domestic livestock industry. In this context, we believe it is important to ensure the sustainability of the edible-oil manufacturing business to secure stable supplies of oils, fats, and meal, and to foster development of the domestic food and livestock industries.

One of our CSV goals is "Stable supply of food energy in Japan (ratio of total domestic energy): 6% or higher." We can achieve this target by supplying both protein and fats from meat of livestock raised on feed made from the meal generated by oil manufacturing. Our plan is to strengthen our domestic oil manufacturing system, including through collaboration with other companies in the industry, and reinforce ties with suppliers, related industries, and distributors, both in Japan and overseas. In the process, we will ensure the sustainability of our edible-oil manufacturing business and thus achieve our CSV goals.

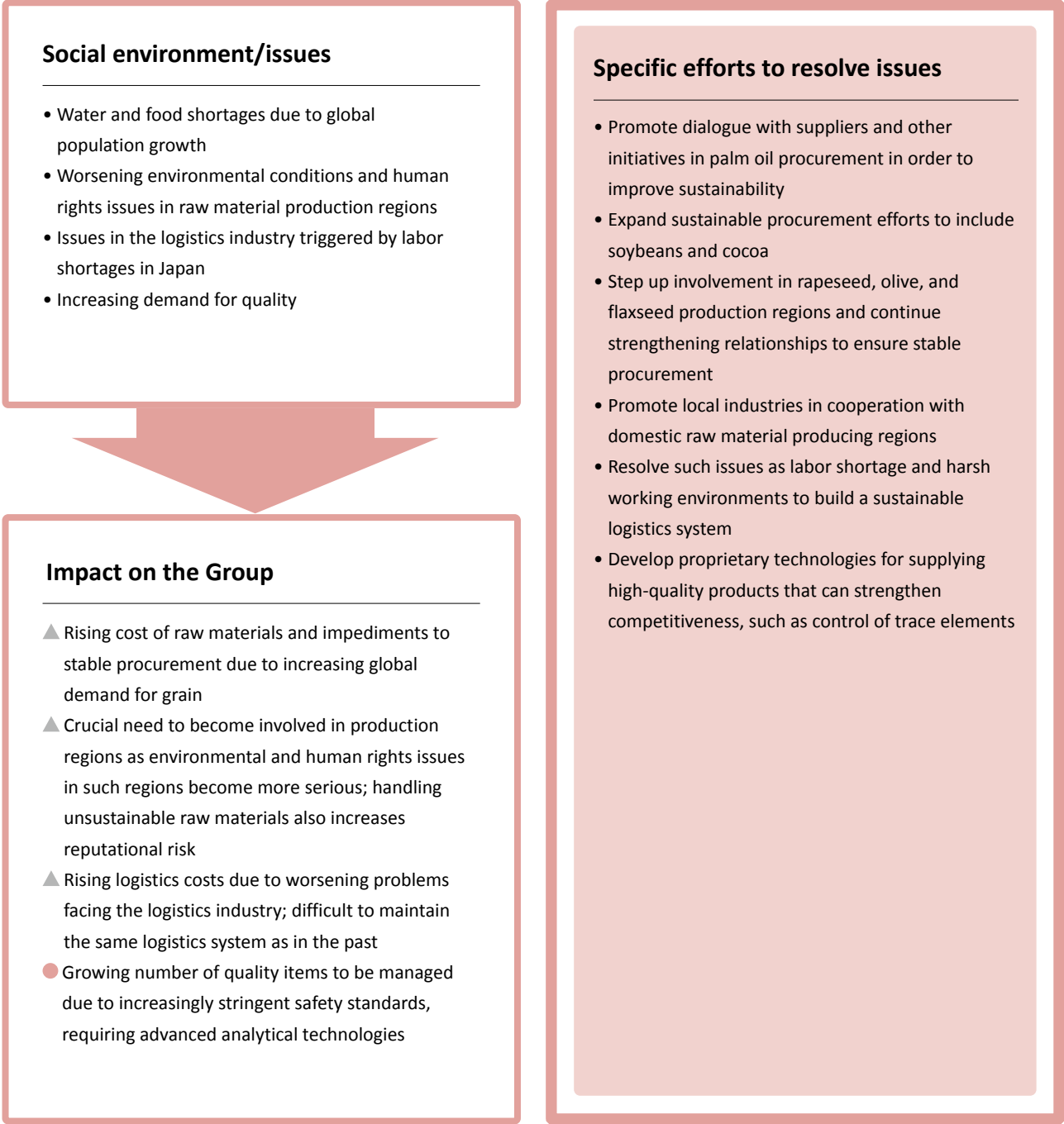


Kunihiko Tanabe
Assistant General Manager
Strategic Sourcing & Supply Management

Priority 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 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.



▲ Risk ● Opportunity



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 our entire society
- Fulfill our responsibility as a manufacturer of oils and fats by delivering safe and secure products

CSV goals

- Procure palm oil with emphasis on the environment and human rights
 - Percentage of certified palm oil sourced: 100%
 - Percentage of RSPO-SG-certified* oil sourced: 50% in FY2030
 - Traceability to plantations: 100% (palm oil, palm kernel oil)
- Promote initiatives to increase the sustainability of soybeans
- Engage in sustainable cocoa procurement
- Establish a sustainable logistics system
- Coverage of joint transportation system: 50%

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

Above figures are target values for FY2030

Achieving the CSV goals

Build relationships of trust to achieve sustainable procurement

I am responsible for promoting sustainability strategies and initiatives at Intercontinental Specialty Fats. In line with the Group's palm oil procurement policy, I work with our suppliers to improve sustainability in the upstream supply chain.

Our pursuit of sustainability in palm oil extends from suppliers to customers. By continuing to provide safe, high-quality, and sustainable products, I believe we can build relationships of trust throughout the supply chain.

Relationships based on trust with suppliers are important for achieving our CSV goals. We can only build such relationships if we listen carefully to each other's opinions and work together. As consumers are becoming more and more concerned about the social environment, I believe we can have a more positive impact on society if all stakeholders in the supply chain gain a better understanding of CSPO*. This will enable us to embrace challenges and opportunities together.

* CSPO: Certified sustainable palm oil



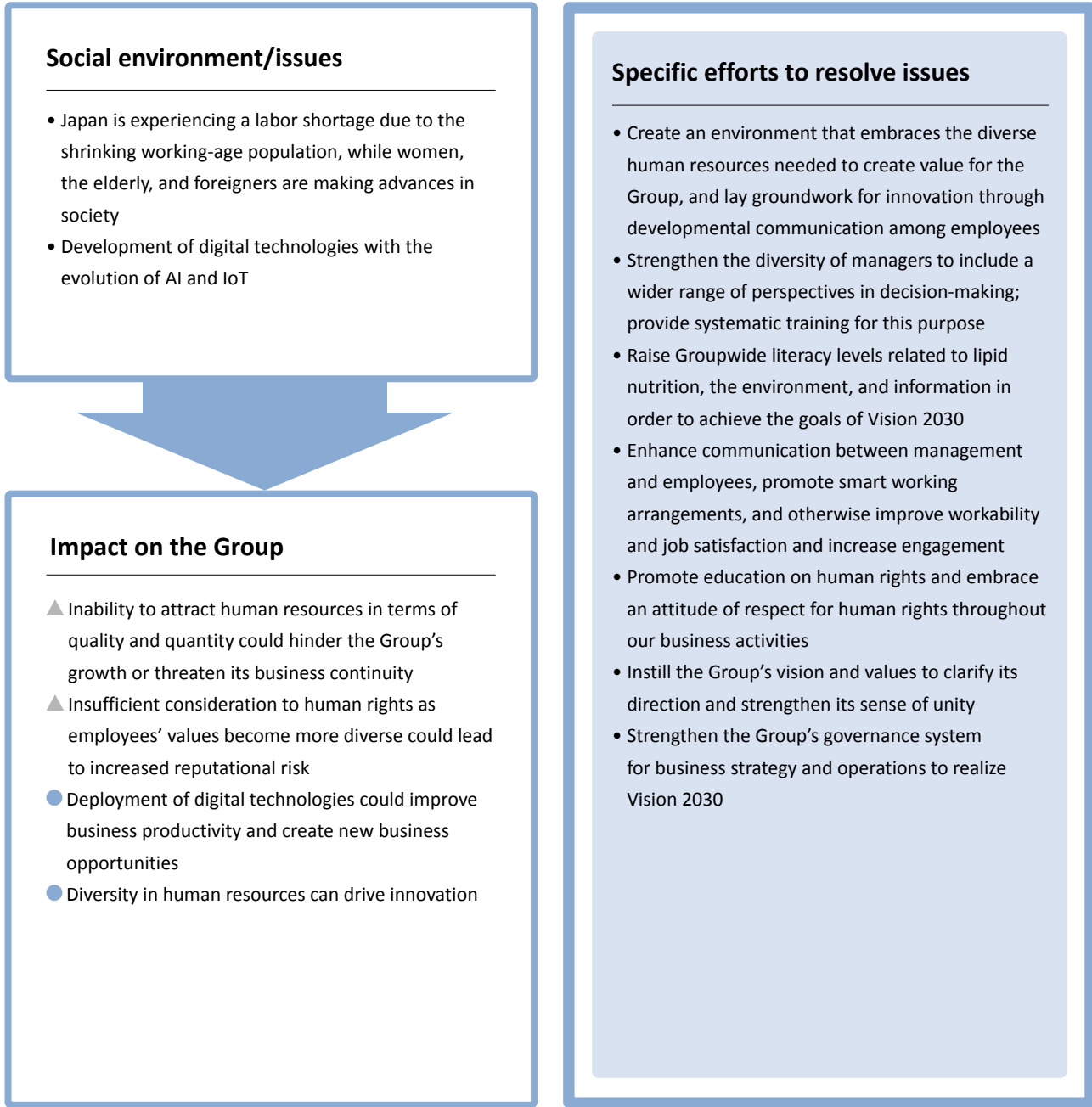
Hoo Boon Han
Intercontinental Specialty Fats Sdn. Bhd.



Priority 6: **Human resource management**

Enhancing the engagement of diverse human resources and 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 experiences. 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.



▲ Risk ● Opportunity

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 encourage them to play an active role as members of the Group
- Establish an effective management system in order to continue serving as a corporate group that is trusted by all stakeholders

CSV goals

- Percentage of employees feeling highly engaged in their work: 80%
- Ratio of female managers: 20%



Above figures are target values for FY2030

Achieving the CSV goals

Create an organization that leverages the individuality and potential of its employees

I plan education and training programs and promote smart working arrangements in my role as secretariat of the Workstyle Promotion Council, in addition to the design and operation of our human resource system.

I believe that autonomous growth of each individual is key to enhancing organizational capabilities. With this in mind, I am working to create frameworks and mechanisms for growth by providing various learning opportunities and career planning support so that employees can grow while pursuing the objectives of our organization.

In today’s world, where social structures are changing dramatically and people’s values are diversifying, organizations that can deploy human resources with new perspectives and advanced expertise will be able to create value in a sustainable manner, I believe. Also, human resource management is becoming more and more important for diverse individuals to unite and work toward common goals. Now more than ever, I’d like to pick up on the thoughts of each employee and help build an organization that makes the most of each individual’s personality and potential.



Yoko Watanabe
Human Resources Group
Personnel & General Affairs Department

Starting Value Up+

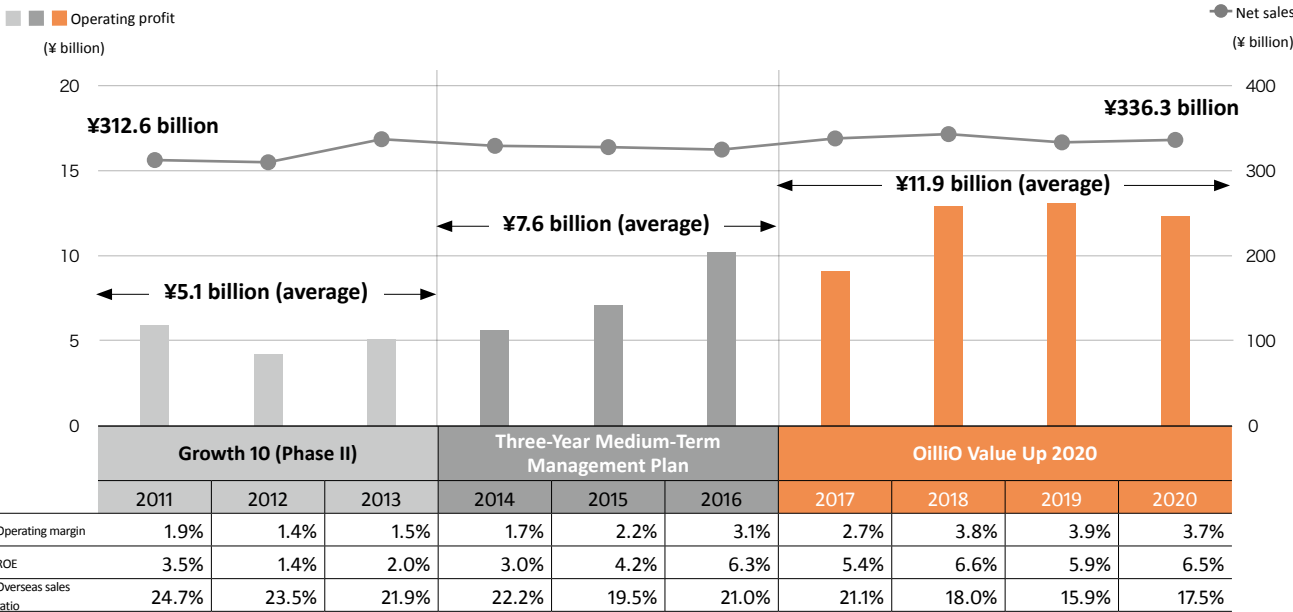
Review of the previous medium-term management plan

The basic policy of our previous medium-term management plan, Oillio Value Up 2020, was to “continue reforms of our business structure while shifting our focus to a growth trajectory” under the principles of “Strategic Marketing,” “Technological Innovation,” and “Globalization,” and we advanced our business accordingly.

We successfully achieved a key performance indicator, operating income of ¥13 billion or more, in fiscal 2019, one year ahead of schedule. In fiscal 2020, the spread of COVID-19

led to a year-on-year decline in operating income, but we achieved record-high figures for ordinary income and net income attributable to owners of parent. Compared with the past 10 years, we have steadily increased profit levels and strengthened overall profitability.

Over the four years of the plan, we also generated cumulative operating cash flows of ¥55.1 billion, exceeding our target of ¥50.0 billion.



On the other hand, we did not reach our targets for ROE or average annual EPS growth. In fiscal 2020, we posted ROE of 6.5% (target of 7.0%) and average annual EPS growth of 5.8% (target of 8.0%), so raising these figures is a key challenge for the future.

With respect to sales expansion, we made progress in broadening the domestic household-use market by proposing new ways to use oils and fats, such as “pour-and-enjoy” fresh edible oil, and presenting the nutritional and health benefits of our products.

In fiscal 2020, the domestic household-use market for oils and fats reached a record high of ¥166,785 million, growing 10.4% year on year in weight terms and 8.0% in value terms (according to our research). Over the past four years, the Group posted average annual growth in sales of household-use oils and fats of 12.4%, well above its initial target of 3%.

In the fields of commercial-use and processed oils and fats, we achieved annual average sales growth of 4.8%, exceeding our target of 2%, by combining the strengths of the Group in sales activities based on needs finding and incorporating user support functions.

However, we did not reach our growth rate targets for overseas sales and sales in the health science field. To do so,

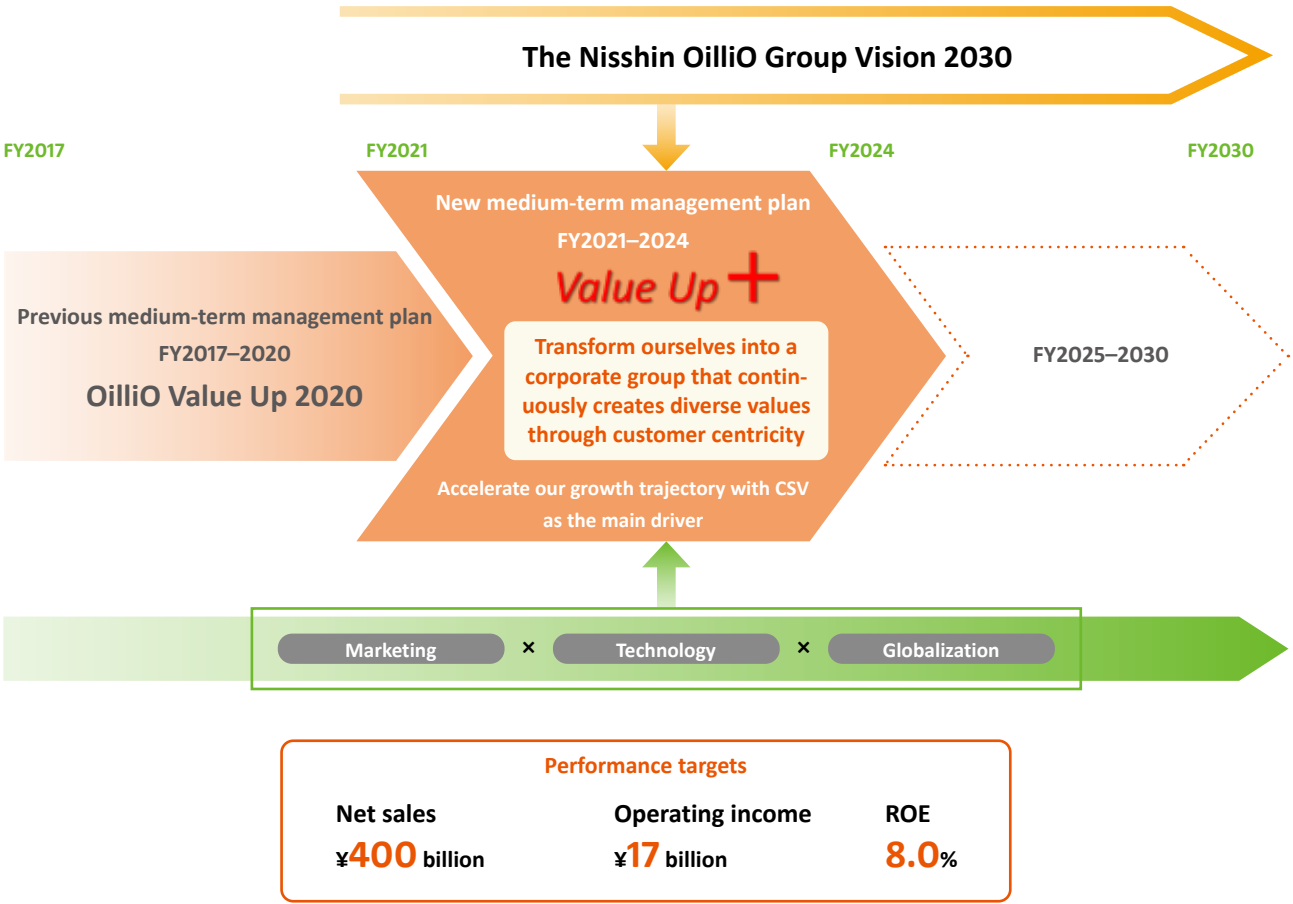
we must ensure the stable operation of new business bases and expand production capacity at existing bases. In the health science field, our challenge going forward is to use CSV to resolve social issues related to the health of all people.

Regarding enhancement of profitability, we made strides in increasing sales of functional oils for commercial use that help address specific customer issues and enhanced our product portfolio by increasing the ratio of value-added product categories. We also made continuous cost reductions, mainly in production and logistics. Over the past four years, we reduced such costs by ¥3 billion, having targeted ¥2 billion, and will pursue further improvements.

As for fundamental reinforcement, we made several major achievements, including forming a business alliance with J-Oil Mills, Inc. to ensure a stable and sustainable supply of food in Japan, reducing CO₂ emissions through the establishment of an energy network, and establishing policies to foster sustainable business management. However, some issues remain to be addressed, such as forming alliances in the oil refining sector, making concrete efforts to achieve our Environmental Targets for 2030, and entrenching our policy of sustainable procurement.

Value Up+: Positioning and performance targets

To achieve the objectives of Vision 2030, in April 2021, we launched 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 centricity.” In these ways, we will accelerate our growth trajectory with CSV as the driver. With respect to performance indicators, we are targeting consolidated net sales of ¥400 billion, operating income of ¥17 billion, and ROE of 8.0% by fiscal 2024, as well as cumulative operating cash flows of ¥70 billion over the four years of the plan.



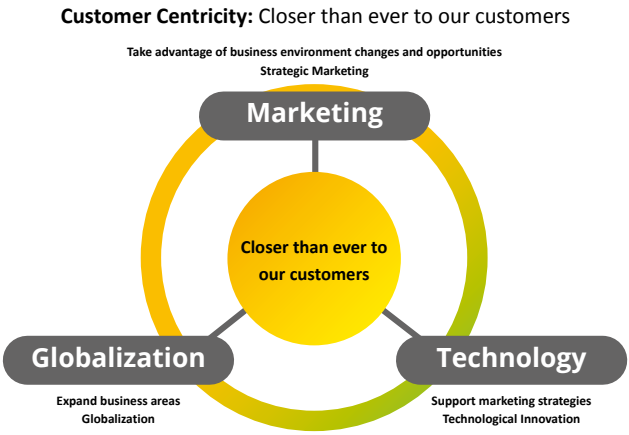
	FY2019 (result)	FY2020 (result)	FY2021 (plan)	FY2024 (plan)	Change
Net sales	¥333.4 billion	¥336.3 billion	¥360 billion	¥400 billion	Average annual growth 4.4%
Operating income	¥13.1 billion	¥12.3 billion	¥11.5 billion	¥17 billion	Average annual growth 8.4%
ROE	5.9%	6.5%	5.2%	8.0%	Compared with FY2020 +1.5 pts
Operating cash flows	—	¥55.1 billion (4-year cumulative for FY2017–2020)	—	¥70 billion (4-year cumulative for FY2021–2024)	Compared with previous plan +¥14.9 billion

* The above estimated figures are valid as of the beginning of fiscal 2021.

Growth Scenario

Basic policy for growth

In Vision 2030, our basic policy is “Customer Centricity: Closer than ever to our customers” in order to achieve further growth of the Group. In this context, we will further advance our efforts centered on the three principles of “Strategic Marketing,” “Technological Innovation,” and “Globalization,” which were adopted as key elements in the management vision of Oillio Value Up 2020, our previous medium-term management plan. We will develop our business closer to our customers by practicing marketing that captures environmental changes and opportunities, utilizing and pursuing technology to support our marketing strategies, and expanding our business areas globally.



Becoming a global top provider of oil and fat solutions

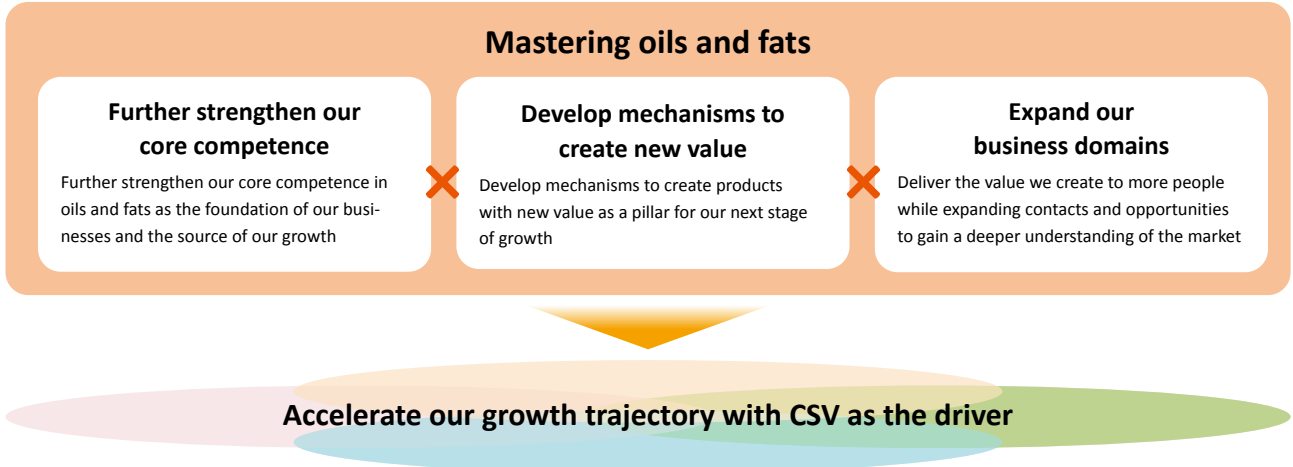
By clarifying that the Group’s core competence lies in oils and fats, and by further reinforcing it as a driving force for growth, we will pursue our strategy of increasing sales in Japan and leap forward to become a global top provider of oil and fat solutions, thereby expanding the scope of value creation.

Mastering our core competence in oils and fats

In order to achieve the objectives of Vision 2030, we have once again clarified that the core competence of the Group lies in oils and fats. This refers not only to the manufacture and sale of oils and fats, but also to our comprehensive capabilities in the oils and fats business, from R&D and raw material procurement to manufacture, processing and application technologies, sales, and the entire supply chain that links them. In order to master our core competence, we will first refine our knowledge and technologies in oils and fats and their peripheral areas, which are our strengths, and then reinforce our brand and sales capabilities, as well as our procurement, production, and

logistics systems. We will combine these strengths with strategies to expand our business domains using mechanisms to create new value. These include value creation through collaboration, as well as new sales styles, such as marketing of functional materials. We will also step up globalization and create markets for different types of processed foods with oils and fats, and expand opportunities for purchasing in various situations. In these ways, we will deliver “energy for living,” which represents value provided by the Group, to as many customers as possible and resolve issues related to our priorities.

Note: See p. 39 for our global strategy and p. 40 for our functional material marketing strategy.



Leverage our strengths in oils and fats to achieve CSV

In Vision 2030, we have positioned CSV as a growth driver in our efforts to create value through our businesses. In other words, we will accelerate our growth trajectory by grasping social issues, trends, and new fashions in our priority areas. At the same time, we will leverage our strengths in oils and fats to create value in the various relationships (ecosystems) surrounding our Group and obtain the commensurate economic rewards. For example, we will use medium-chain triglycerides (MCTs) to address lifestyle-related diseases and frailty/

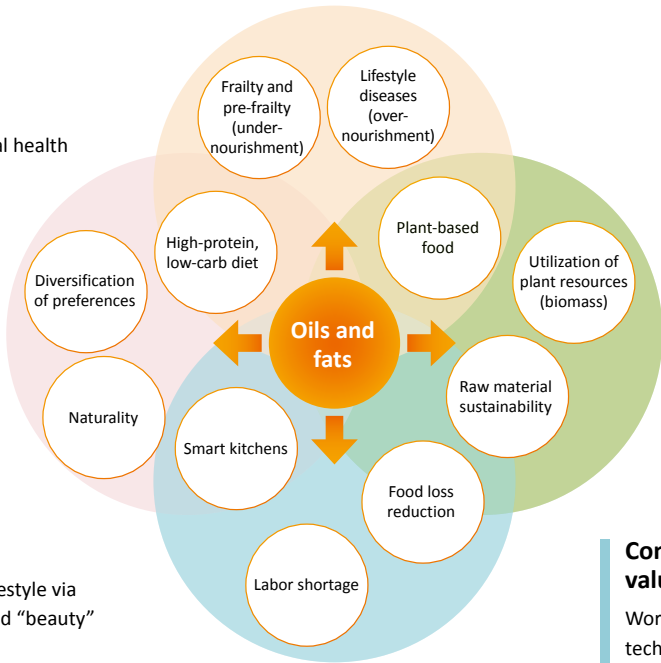
pre-frailty (weakened vitality of the mind and body) and otherwise provide health value. We will also create diverse value through oils and fats in the context of new trends in food, such as plant-based food, which has attracted attention in recent years, while also providing solutions to such issues as food loss and labor shortages. By offering products and services centered on oils and fats in these ways, we will create shared value with society and work to realize growth and a sustainable society.

Good health for all

Supporting mental and physical health through all stages of life

Global environment

Taking on environmental challenges for the next generation



Quality of life

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

Contribute to the food value chain

Work together with customers to refine technologies, products, and services and enhance the value that customers create

Three basic strategies

Under Value Up+, we will develop our businesses based on the three core strategies of “sales expansion,” “enhancement of profitability,” and “fundamental reinforcement.”

With respect to “sales expansion,” we will drive further growth of the domestic household market by leveraging the value of oils and fats in the BtoC domain of the household-use business. We will also enhance our solutions for domestic and global markets in the BtoB domain of the commercial-use business. In the BtoBtoC domain, which offers new potential for value creation, we will work together with other companies to create new value from a market-driven perspective.

In relation to “enhancement of profitability,” we will work relentlessly to formulate selling prices that reflect future costs and social costs, while reforming our product portfolio and cost structure and improving supply chain efficiency.

As for “fundamental reinforcement,” we will pursue transformation to enhance our sustainability and competitive advantage while building a governance system to realize value creation.

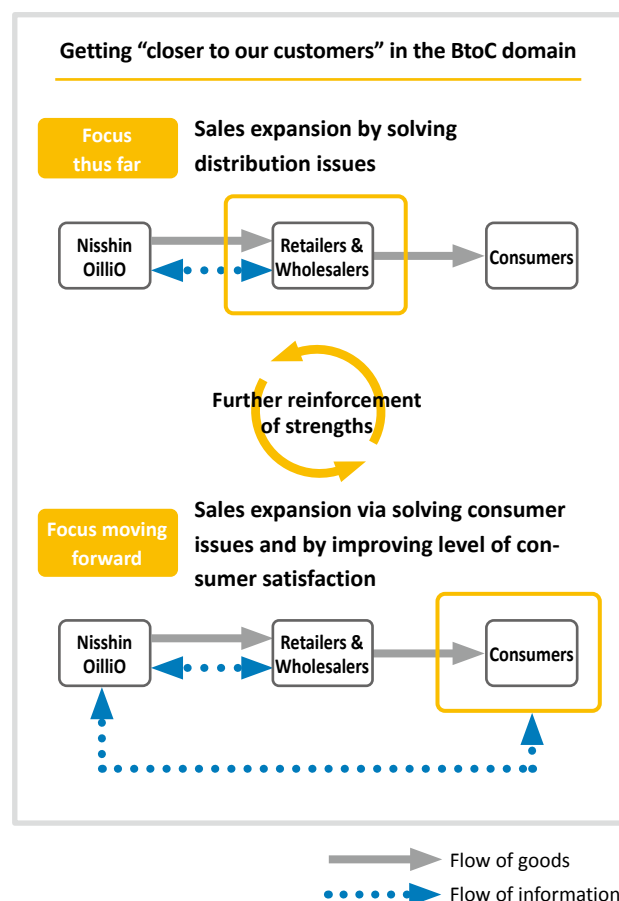
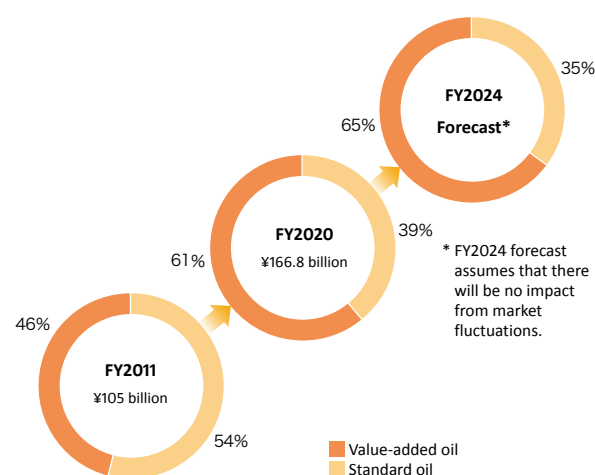
Sales expansion	BtoC +¥5 billion	Expand domestic household-use market by improving value of oils and fats	Growth investments through FY2024 ¥80 billion * Includes M&As * Excludes replacement of aging equipment (¥20 billion)
	BtoB +¥55 billion	Implement solutions and M&As in domestic and global markets	
	BtoBtoC +¥10 billion	Create new value through market inception and co-creation	
Enhancement of profitability		Improve margins, further reform cost structure, and boost supply chain efficiency	
Fundamental reinforcement		Make transformational investments targeting “sustainability” and “competitive edge”	
		Develop a governance system to realize value creation	

Sales expansion strategy (BtoC)

In the BtoC domain, we will shift our emphasis from addressing issues with distributors, such as mass merchandisers and wholesalers, to solving the challenges of consumers and improving their satisfaction. Here, we will further reinforce our brand reputation for safety and security, our traditional strength, while maintaining strong relationships with distributors and enhancing our planning and sales capabilities for distribution. At the same time, we will continue spearheading growth of the domestic household-use market by grasping consumer needs, seeking and disseminating information on lipid nutrition, and strengthening our ability to develop products that resonate with consumers.

The domestic household-use market has expanded by more than ¥50 billion over the 10-year period from fiscal 2011 to fiscal 2020. With notable strengths in this market, we have sought to popularize value-added oils, such as “pour-and-enjoy” fresh edible oil, leading market expansion in the process. The domestic household-use market has grown and diversified significantly, especially in the past few years, reaching a record high of ¥166.8 billion in fiscal 2020. For the time being, we expect total consumption of vegetable oils and fats to remain steady as people shift away from carbohydrates for their energy intake. Against this backdrop, in our Value Up+ medium-term management plan, we will further enhance the value of oils and fats through various communications centered on lipid health information. We will also work to generate new demand for “pour-and-enjoy” fresh edible oil and other value-added oils, add value to our cooking oils, develop products that address emerging health-related needs, and create categories that offer new tastes and uses of edible oils.

Changes in size and category structure of the domestic household-use market (value)



PICK UP

Delivering new ways of using oil to add flavor

Our series of “pour-and-enjoy” fresh edible oils, launched in 2015, has helped spread the concept of using raw oil for flavoring among consumers, leading to the creation of a new category.

In the subsequent stage of our “pour-and-enjoy” fresh edible oil strategy, we have launched products that offer a new way of using oil to add flavor. In addition to meeting consumer expectations for “good taste,” these products are designed to meet the needs of people stuck in a “mundane food routine” due to the shift to self-catering at home. They also address the needs of people who want to season their food according to their personal preferences. We will continue focusing on the insights of consumers and delivering products that satisfy them.

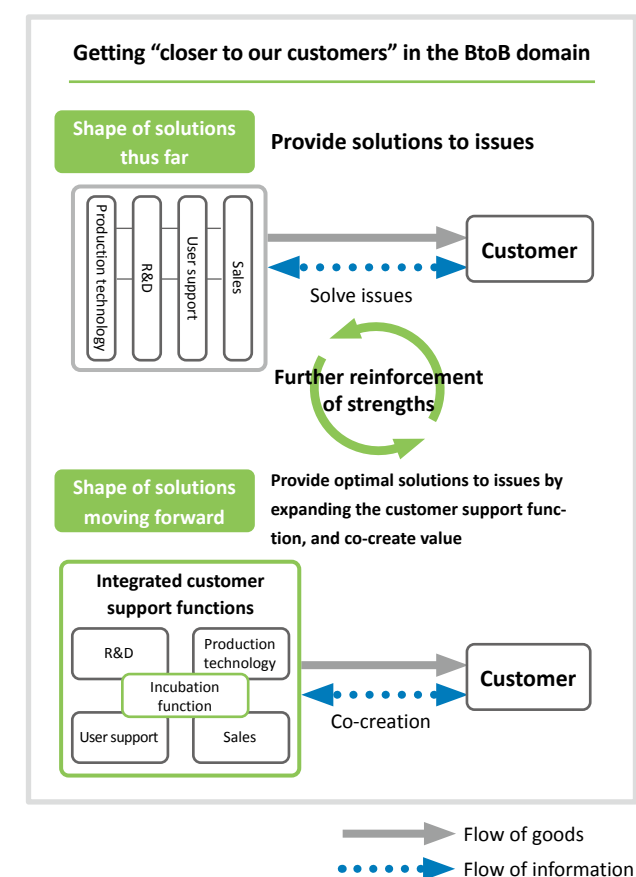


Sales expansion strategy (BtoB)

In the BtoB domain, the entire Group will strengthen its solutions in the domestic and global markets. Making the best use of our broad sales channels, our production technology, R&D, user support, and sales teams have been working together to provide solutions to challenges. Going forward, we will establish a system in which these teams work together organically to perform incubation functions. By providing user support with a greater sense of unity than ever before, we will not only provide optimal solutions to problems but also create value through co-creation with our customers.

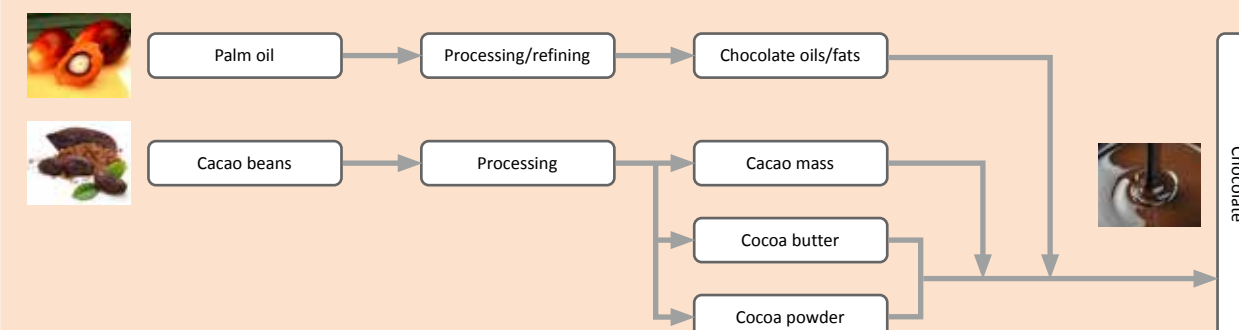
Chocolate oils/fats strategy

Under our Value Up+ medium-term management plan, in the BtoB domain, we will target sales growth spearheaded mainly by Malaysia-based Intercontinental Specialty Fats. Our aim is to become one of the world’s top providers of chocolate oils and fats in terms of sales volume. According to our estimates, demand for chocolate products will continue to grow steadily, and the market for chocolate oils and fats is expected to grow at an average annual rate of around 2% toward fiscal 2024. In this growing market, we will fully mobilize bases established in the previous medium-term management plan while also establishing new bases. In addition, by building a global user support system and providing optimal solutions to customers in Asia, Europe, and North America, we will work to expand sales volume by an average of about 6% per year, exceeding market growth. As for palm oil, the main raw material for chocolate fats, we will set specific targets for sustainability, such as percentage of certified oil and traceability, and forge ahead with initiatives to achieve those targets.



PICK UP Oils and fats that affect the taste of chocolate

Chocolate is made by processing cacao beans to produce cacao mass, cocoa butter, and cocoa powder, which are then mixed with sugar and milk powder for hardening. Instead of cocoa butter, chocolate fats (substitute fats) made from palm oil and the like can also be used. Chocolate is used in a variety of foods, including bread and ice cream. Using oils and fats in chocolate enables us to add functionalities that are difficult to obtain with cocoa butter alone. For example, such chocolate does not melt even when baked and also hardens quickly at room temperature. The Group’s technology is utilized around the world to enhance the deliciousness of food made with chocolate.



Global strategy

Taking advantage of our core competence in oils and fats, we aim to take a great leap forward to become the top global provider of oil and fat solutions by 2030. In this context, we have set our target areas as Southeast Asia/China, Europe, and North America, and our focus categories as food services, chocolate, confectionery/baking, cosmetics, and health/nutrition. In addition to oils and fats, we will demonstrate our

technological strength in chocolate and other processed foods and materials, as well as fine chemicals. Under our Value Up+ medium-term management plan, we have set a milestone target of ¥80 billion in overseas sales and an overseas sales ratio of 20%, and we will actively utilize investments, including in M&As, as we chart a course to achieve our goals for 2030.

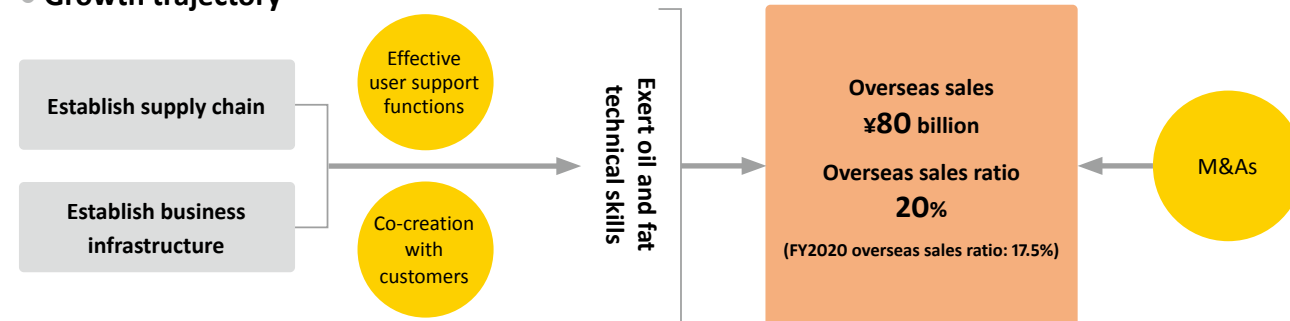
Target areas

Southeast Asia/China

Europe

North America

Growth trajectory



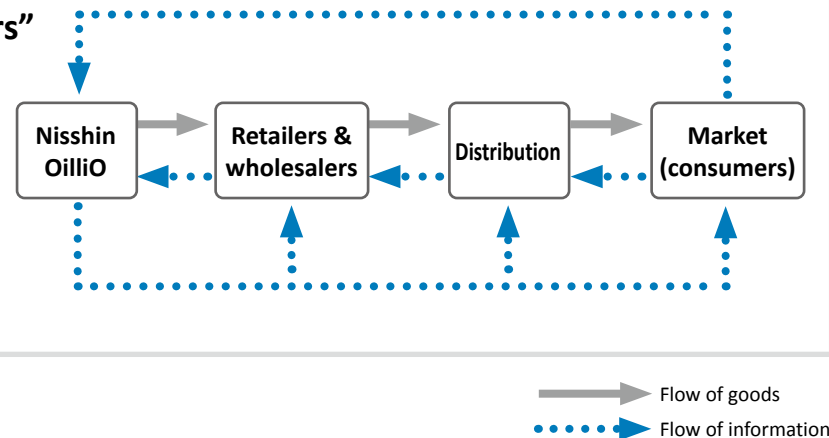
Sales expansion strategy (BtoBtoC)

Our BtoBtoC strategy is clearly defined for the first time in our Value Up+ medium-term management plan. Specifically, we will leverage the strengths of the Group, which has broad-ranging sales channels from the factory to the dinner table, to evolve our BtoC and BtoB initiatives and continue working on

these as mechanisms for co-creating new value. We will also achieve sales expansion by leveraging our strengths in oils, fats, and related materials while co-creating new value from a market-driven perspective, either proactively or through participation with others.

Getting “closer to customers” in the BtoBtoC domain

Co-creating new value with the market as the starting point by leveraging the strengths of materials and ingredients



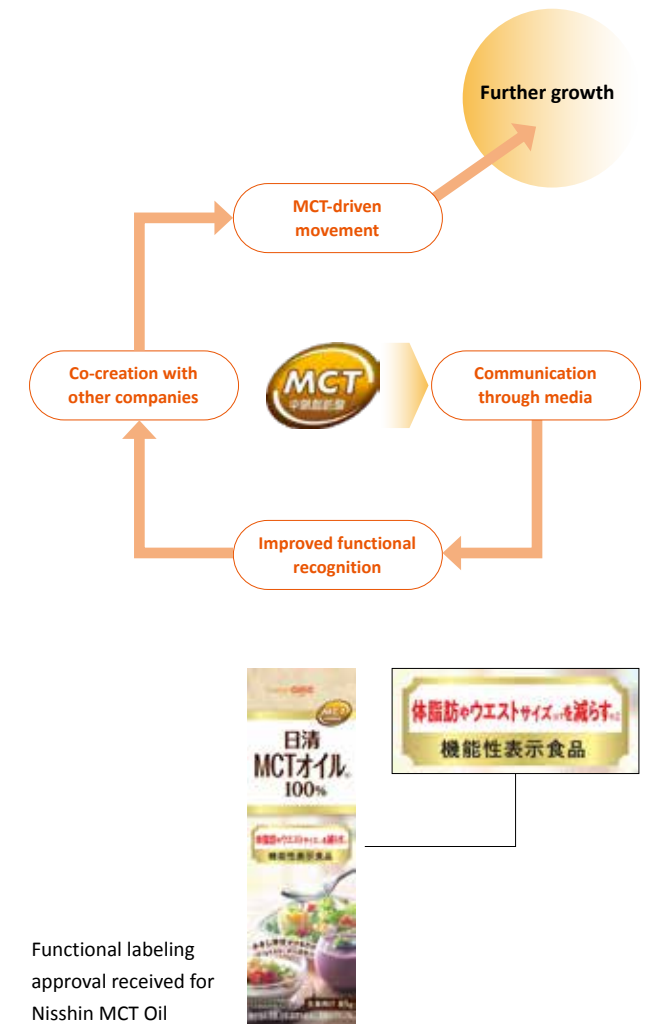
MCT strategy in the BtoBtoC domain

Having conducted R&D on MCTs for more than 40 years, we have obtained evidence about the ability of MCTs to enhance lipid metabolism. In the BtoBtoC domain, we will engage in marketing that highlights the benefits of MCTs as functional materials and communicate those benefits through the media in the form of easy-to-understand scenarios. In addition, we will upgrade and re-release Nisshin MCT Oil, a household-use product, as a food with functional claims, with information about body fat and waist size*¹ reduction*² shown on the label. We will also use the label to increase awareness of the functions of MCTs in our communications.

In addition to raising awareness of the functions of MCTs, we will promote co-creation initiatives in areas where MCTs have a good affinity as materials and where consumer awareness and needs are high. According to our estimates, in the food-related healthcare market, the market potential for processed foods related to fat burning, especially functional materials, is expected to be around ¥30 billion in fiscal 2024 (growth rate of 10% from fiscal 2020). In this market, we will roll out a variety of initiatives, including joint development with other companies, with the aim of creating an MCT-based movement.

Meanwhile, our research to date has revealed evidence about the effectiveness of MCTs in treating frailty and pre-frailty (weakened vitality of the mind and body). We will continue stepping up efforts to address social issues using MCTs.

*¹ Waist circumference
*² Persons with relatively high BMI



Developing new mechanisms in each area

In order for the Group to grow amid a maturing market and a declining population due to aging in Japan, it is essential to develop new mechanisms in each of our business areas. Our aim is to achieve sales expansion through these various mechanisms.

In the BtoC domain of the household-use business, we will create a new category by offering the deliciousness of edible oils and proposing new ways to enjoy them. To this end, we will deploy data and other methods to strengthen our marketing efforts in order to understand consumer insights and reflect them in our products, which we hope will lead to the creation of new business categories.

In the BtoB domain, which is our commercial-use business, we will work actively to create final products together with users, in addition to proposing ways to resolve their problems. By adding value to each final product, we will earn the confidence and trust of users. In addition to understanding consumers and co-creating value with users through marketing, we will increase awareness of the functions of oils and fats. Increased awareness attracts new potential partners, which eventually leads to value co-creation for the BtoBtoC domain.



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

Business Profile

Oil and Fat Business

To strengthen our core competence in oils and fats and clearly demonstrate our competitive advantage, in April 2021, we reclassified our business segments and established the “Oil and Fat” business, consisting of two categories: “Oil and Meal” and “Processed Oil and Fat.”

In the Oil and Meal category, we import soybeans and rapeseed and mill 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. We also make and sell olive oil, sesame oil, flaxseed oil, and other “pour-and-enjoy” fresh edible oils that 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.

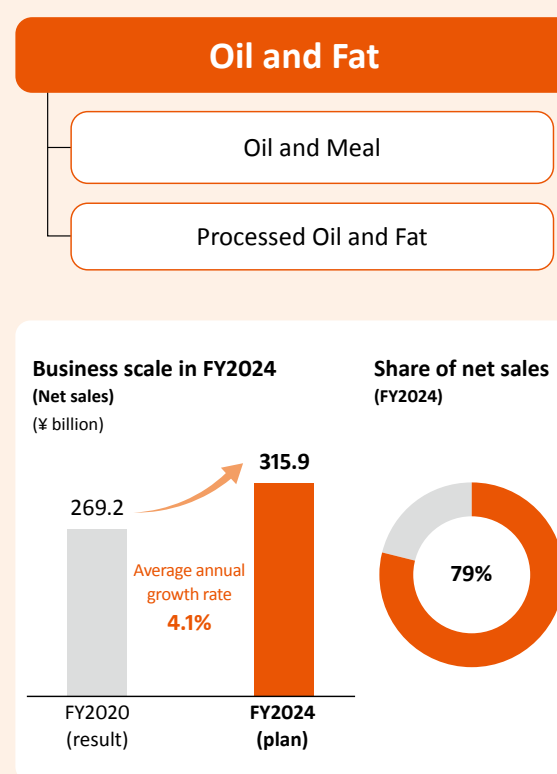
Opportunities and Risks

Opportunities

- 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

Risks

- Intensifying competition in the health-targeted market
- The shift away from cooking oils in households due to reduced cooking opportunities
- Risk of unstable procurement of raw materials and rising costs due to drastic climate change and increasing global demand for oils and fats
- Delayed recovery of the restaurant market, which shrank due to COVID-19



Oil and Meal



Masahiko Oka

Managing Officer
Deputy General Manager,
Food Product Division
Responsible for strategic product
development and mail-order business

Mastering our core competence in oils and fats

In the household-use field, our strength lies in the loyalty our customers have given to our brand for many years. This has enabled us to make a wide range of proposals and create a market niche. In the commercial-use field, we have provided solutions using knowledge gained from doing business with partners in multiple domains. This has given us technical and proposal capabilities that have earned the trust of customers. We believe that honing our brand, technology, and proposal capabilities will help us master our core competence in oils and fats and further strengthen our products for future growth.

The oils and meal business interfaces with all channels that support the lives of consumers, from the factory to the dinner table. By earning the strong trust of customers in all sectors of the business—household-use, commercial-use, and processing—we have gained a high market share. As a leading provider of edible oils in Japan, we will work to achieve sustainable growth by creating value that resonates with our customers while continuously providing solutions, increasing customer satisfaction and product value, and fostering the expectations and trust of customers.

Points to reinforce

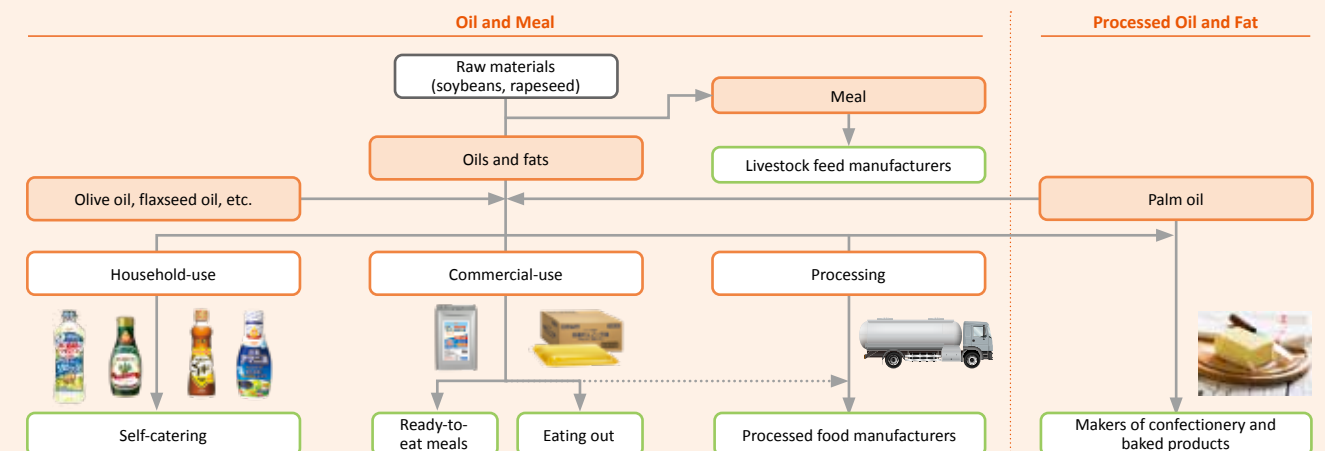
- Consumer analysis capabilities to understand the diversifying and changing needs of customers
- Integrated marketing capabilities and area strategies that fully leverage our interfaces with various channels

Future-oriented alliance

Sharing a common understanding of the long-term issues faced by the domestic oil refining sector, in March 2020, the Company signed a basic business alliance agreement with J-Oil Mills, Inc., covering the upstream areas of the oil milling process (crude oil and meal production). The aim of the alliance is to ensure a stable supply of oil in the future and support Japan’s food industry through the development of the oil refining sector. Since May 2021, the Company and J-Oil Mills have been discussing the establishment of a venture company to jointly invest in manufacturing facilities in Kurashiki City, Okayama Prefecture. This is the first step toward the nationwide integration of two companies’ domestic oil milling functions.

Our aspirations

- In addition to creating new value for our oils and fats, we will serve as an engine to generate new value in other businesses as a driving force for the entire Group.
- We will further strengthen the Group’s core competence in oils and fats, as well as its global and domestic bases to gain a competitive advantage.
- In the maturing domestic market, we will further accelerate value-adding and work to reallocate assets and improve capital efficiency.
- To expand our overseas business, we will leverage Group synergies to entrench our position in existing markets and form alliances in new markets, while aiming to become a global top-level corporate group in specialty fats centered on chocolate oils and fats.



Processed Oil and Fat

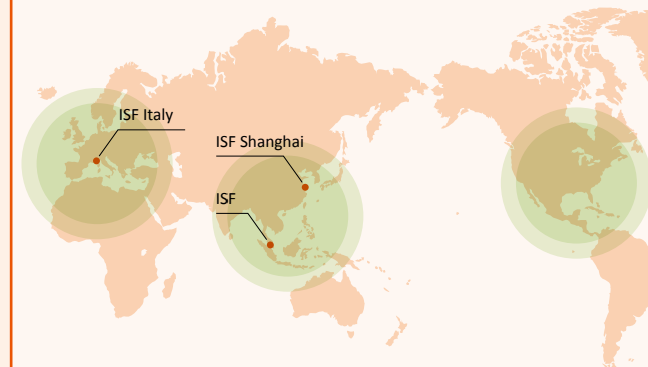


Hiroshi Nashinoki

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

Aiming to become a top global provider of specialty fats

The Processed Oil and Fat business, which accounts for a high percentage of overseas sales, is the driving force behind our global strategy. In this business, we have built a value chain centered on Intercontinental Specialty Fats (ISF), which makes and sells specialty fats and palm oil. Our strength lies in our ability to develop products and provide solutions with a view to demonstrating their functions in chocolate and other end-user products. While further refining our oil and fat processing technologies and promoting sustainability-conscious procurement, we will aim to become a top global player in the field of specialty fats.



In the Processed Oil and Fat business, we will target Asia, Europe, and North America, with ISF taking the lead. Here, we will demonstrate our oil and fat processing technologies and user support functions to capture the growth of the chocolate market. By expanding our sales volume of specialty fats, we aim to become one of the world leaders in this business.

Points to reinforce

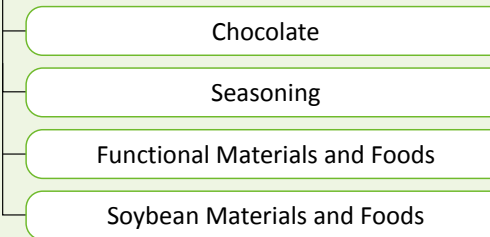
- Fully utilize bases established during the previous medium-term management plan (ISF Italy, ISF Shanghai) and establish new bases
- Establish a global user support system in priority areas
- Pursue sustainable procurement of raw materials

Business Profile

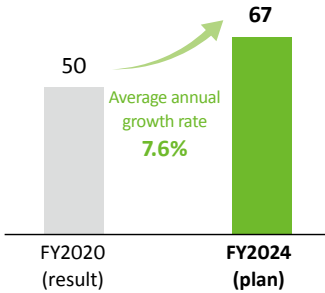
Processed Food and Materials Business

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.

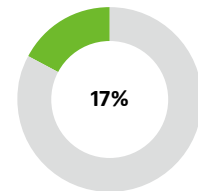
Processed Food and Materials



Business scale in FY2024
(Net sales)
(¥ billion)



Share of net sales
(FY2024)



Opportunities and Risks

Opportunities

- 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

Risks

- Intensifying competition in markets targeting the elderly and preventive medical treatment
- Reputational risk from handling unsustainable raw materials
- Risk of unstable procurement of raw materials and rising costs due to drastic climate change
- Slow recovery of the souvenir food market, which shrank due to COVID-19

Our aspirations

- To create new value, we will step up coordination of businesses that have been built up by each division and Group company so that we can make investment decisions and undertake monitoring as a single strategic unit to make the business scalable.
- We will leverage our strength in handling materials and refine our application technologies to further strengthen our position in oils and fats and create a virtuous cycle that generates diverse value.
- United as a Group, we will serve as a "platform for creating new functions for food" with participation of other companies.

FOCUS Crystalline oils and fats (Product name: Enequick)

With our proprietary technology, we have developed a powdered fat product containing around 90% MCTs. The texture is smooth and cool, making it easy to eat even when you have no appetite. Since it is made of 100% oil and fat, it has the advantage of increasing energy in small amounts. It is also effective in addressing under-nourishment among elderly people who are eating less. The product has been well received by hospitals and nursing care facilities, and we plan to further expand sales in the future.



Taiji Teraguchi

Executive Officer
General Manager, National Account Sales Dept.
General Manager, Product Application Development Center
Responsible for processed foods and materials business planning

Develop applications to create more value

While the Group's core business is oils and fats, it distinguishes itself by also handling processed foods and materials in areas peripheral to oils and fats. One of our strengths is our technological capability to combine these materials to develop new applications. Because we handle fats and proteins—two of the three key food nutrients—we can play a significant role in contributing to society through food. To address new trends in the food industry, we will create value through technological development by collaborating across the Group, including in the field of oils and fats.



Shigeyuki Takeuchi

President and Representative Director,
Daito Cacao Co., Ltd.

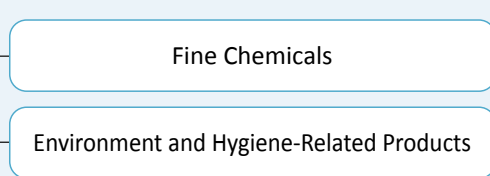
Leveraging our strengths to provide optimal solutions

Daito Cacao manufactures high-quality products for commercial use under an integrated in-house system covering everything from cacao beans to chocolate. Our strength lies in our ability to freely control desired tastes and flavors through our experience and production technologies, cultivated over the years as a specialized manufacturer. Another strength is our ability to utilize the technical capabilities of The Nisshin Oillio Group for oils and fats that affect the texture of chocolate. We will bring together these strengths to develop and provide optimal solutions to meet diverse needs.

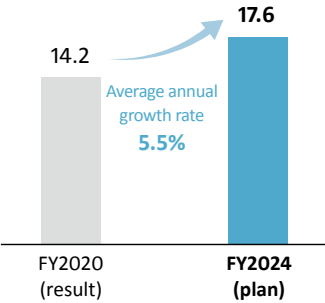
Fine Chemical Business

The Fine Chemical business consists of two categories: "Fine Chemicals" 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.

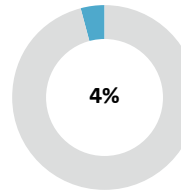
Fine Chemical



Business scale in FY2024
(Net sales)
(¥ billion)



Share of net sales
(FY2024)



Opportunities and Risks

Opportunities

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

Risks

- Delayed recovery of the cosmetics and inbound markets, which shrank due to COVID-19
- Decline in competitiveness due to handling of unsustainable raw materials and lack of certification
- Intensifying competition among environmentally friendly businesses

Our aspirations

- We will accelerate global expansion as a leading company in cosmetic oils and intensify our presence in the global market.
- We will leverage alliance strategies that maximize synergies with our ester synthesis technologies to expand our business domains.
- We will use "The Natural Power of Plants" to create new value and launch problem-solving businesses.

FOCUS New factory

The global cosmetics market continues to grow on the back of economic development in emerging countries, and demand for cosmetic oils as raw materials is also rising. With this in mind, the Group has established a new facility for fine chemicals at its Yokohama Isogo Plant that began operations in April 2021. The resulting 1.5-fold increase in production capacity has prepared us to meet growing demand and establish a foundation for further growth. We are also increasing our MCT production capacity. With the Yokohama Isogo Plant at the core of our Groupwide MCT strategy, we will address various kinds of quality-related demands and contribute to stable supplies.



Yoshiharu Okano

Director and Managing Officer
Responsible for global business and fine chemicals business (incl. sales and marketing)

Becoming a leading company in cosmetic oils

In the area of fine chemicals, centered on cosmetic oils, the Group is renowned for its ability to leverage oil processing and refining technologies, cultivated in the edible oil business, to provide high-quality products. With our advanced technological capabilities, we are expanding our businesses not only in Japan, but also in China, Southeast Asia, Europe, and the United States. To provide strategic support in our key markets, we will strengthen our technical support functions and build a global support network connecting our business units and overseas bases to provide further value.

Message from the Director in Charge of Finance

Steadily performing our growth strategy

Hidetoshi Ogami

Representative Director and Senior Managing Officer

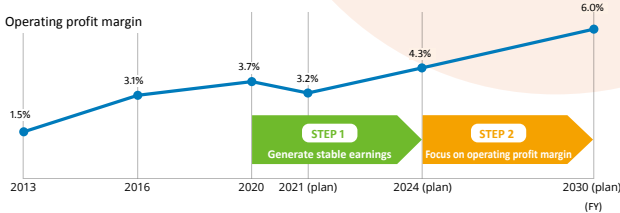


Stable earnings and improved operating profit margin

Our basic strategy to improve profitability is built on five major pillars: offering reasonable prices that reflect future costs and social costs, expanding our value-added businesses and products, boosting supply chain efficiencies, restructuring our product portfolio, and further reforming our cost structure. With grain prices now at historically high levels, we have announced multiple price revisions, and we will do our utmost to carefully explain the basis for our prices and gain the understanding of our business partners to ensure that we can set appropriate sales prices.

We are also rolling out priority initiatives to generate stable revenue and improve our operating margin. In the household-use field, for example, we will strategically shift from general-purpose products to value-added products while also creating additional value with our cooking oils. In the commercial-use and processing fields, we will expand and activate our user support to provide optimal solutions to challenges users face while creating new value through co-creation. In the area of processed oils and fats, we will leverage our oil processing technologies and user support, targeting Asia, Europe, and North America to increase sales of oils and fats for chocolates. In the area of processed foods and materials, we will strive for solid returns on our investments in the chocolate business, engage in marketing for functional food ingredients with a focus on MCT, and add further value to our soybean products. And in the fine chemicals business, we will capture growth in Asian cosmetics

markets, particularly in China, where the economy has largely recovered from the COVID-19 pandemic, while accelerating our global expansion driven by specialty oils. We will continue working on each of these priority initiatives to reduce our earnings' volatility and increase profitability.



ROE improvement

To reach our ROE target of 8.0%, it is essential that we achieve the targets we have set in our business plan (profit plan) and execute both our financial and capital strategies. Specifically, we will manage the key performance indicators of profitability (net profit margin), asset efficiency (total asset turnover), and financial leverage. Our policy on profitability improvement is as mentioned earlier. With regard to asset efficiency, we will create specific improvement plans to shorten the cash conversion cycle (CCC) while setting targets to achieve through Groupwide activities. With regard to cross-shareholding, which has recently received increasing attention, we have shifted to a policy of not engaging in cross-shareholding in principle, except when it is deemed beneficial to maintain and strengthen our business competitiveness (through capital/business alliances and other partnerships) or achieving rapid business growth and development (through investments to develop new business domains). Because reducing our cross-shareholdings may significantly impact our business partners and the market, we will proceed in phases while building understanding of our policy through dialogue. In terms of financial leverage, we will pursue an optimal capital structure and return profits to shareholders targeting a total return ratio of 50%.

	FY2020 (results)	FY2024 (plan)
ROE	6.5%	8.0%
×		
(Profit margin) (1) Net profit margin Net income ÷ Net sales	2.8%	3.1%
×		
(Asset efficiency) (2) Total asset turnover Net sales ÷ Total assets	1.2 times	1.2 times
×		
(3) Financial leverage Total assets ÷ Equity (Net worth)	2.0 times	2.2 times

Financial and investment strategies

Our basic financial strategy is to pursue an optimal capital structure with a focus on improving ROE, while maintaining a balance with financial soundness.

On the revenue side, we expect to generate a cumulative ¥80 billion over four years through operating cash flows (¥70 billion) and asset reductions (¥10 billion) from selling off cross-shareholdings, streamlining inefficient assets, and improving our CCC. We view improving our CCC as key to strengthening our cash-generating efficiency. In particular, we will consider and implement specific actions to reduce our inventory assets while ensuring stable product supply.

With regard to financing, capital investments and shareholder returns will be covered by our operating cash flows including asset reductions over the cumulative four-year period, meaning that we will be able to meet all of our financing needs through refinancing. Accordingly, we do not expect to increase our interest-bearing debt. We will also consider ESG and sustainability finance as well as other methods as part of this refinancing. Meanwhile, we will turn to financing when we decide to invest in businesses (M&A).

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.

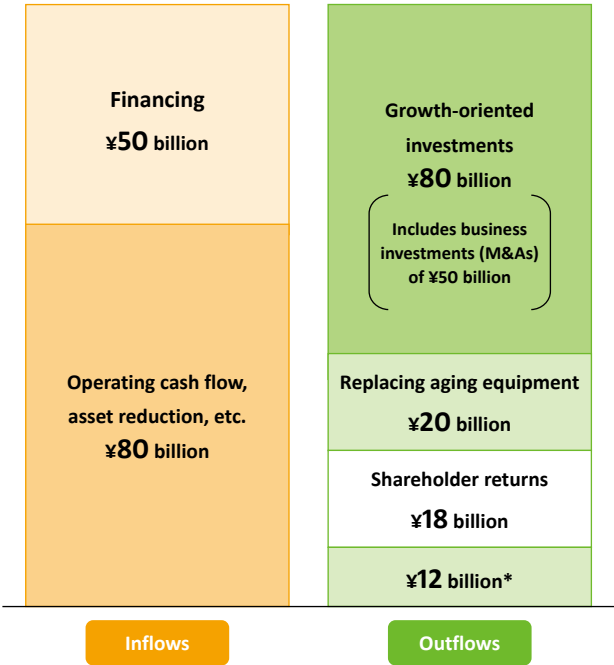
Within this M&A, the BtoB field is where we expect to achieve the largest revenue increase in our new medium-term management plan. As part of this achievement, we are looking to acquire customer contact points overseas and build a user support system as priority initiatives.

In addition, we plan to invest a cumulative total of ¥20 billion over the next four years in identifying and replacing aging facilities. We are also targeting a cumulative total shareholder return ratio of 50% over the same period, and we will pay stable dividends and make flexible share buybacks to achieve this target.

Achieving our performance targets

Under Value Up+, we have set the priority initiatives of strengthening profitability and improving capital efficiency. We will strengthen profitability through our business based on three growth scenarios—expanding sales, enhancing profitability, and fortifying our foundation. At the same time, we will steadily execute our investment strategy (¥80 billion over four years, including ¥50 billion for M&A) to realize the growth

Four-year cumulative cash flows



* Increases in working capital and cash/deposits

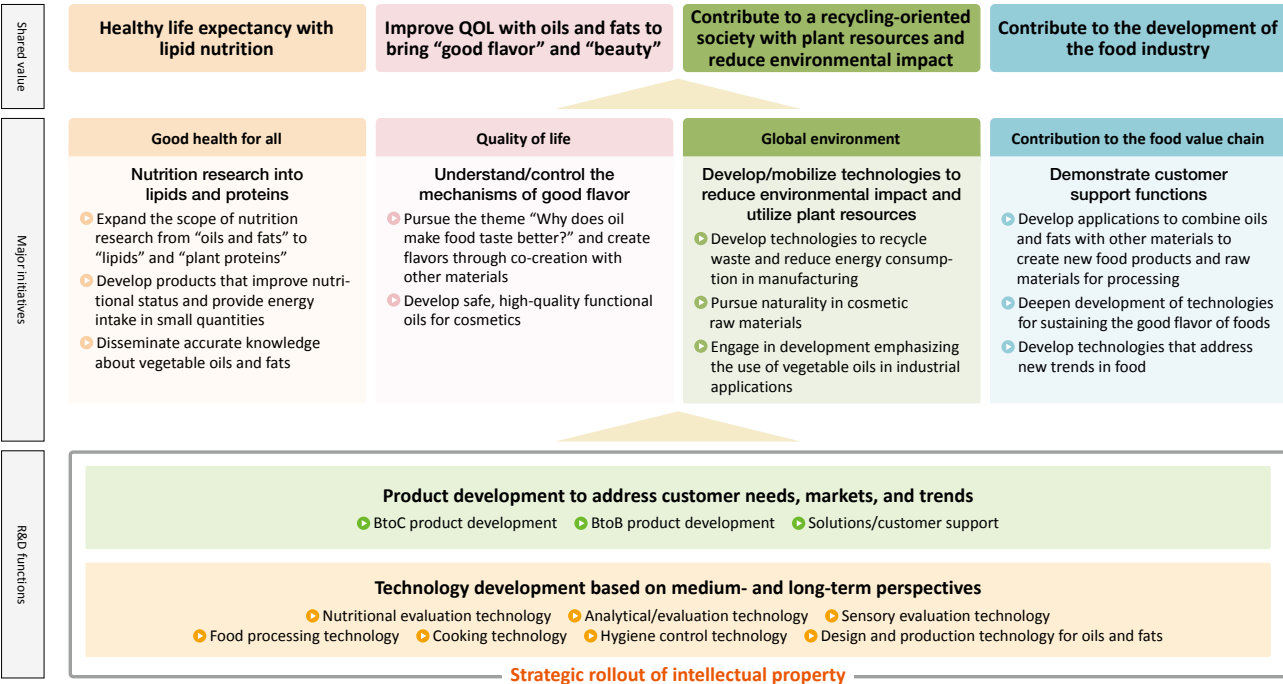
scenarios. We will maintain our financial soundness by generating a cumulative total of ¥80 billion in cash flows over the next four years to support growth-oriented investments. We are setting higher targets for three performance indicators—profitability (net profit ratio), asset efficiency (total asset turnover), and financial leverage—to improve our capital efficiency and achieve an 8.0% ROE. Capital efficiency is the most important element of Value Up+, and we are committed to implementing various strategies to achieve our targets.



Research & Development

Through many years of research into vegetable oils and fats, the Group has created added value through continuous innovation. This reflects our belief that original and advanced technological capabilities are the foundation for supporting business growth. Going forward, we will promote R&D aimed at creating shared value in each of our priority areas under Vision 2030.

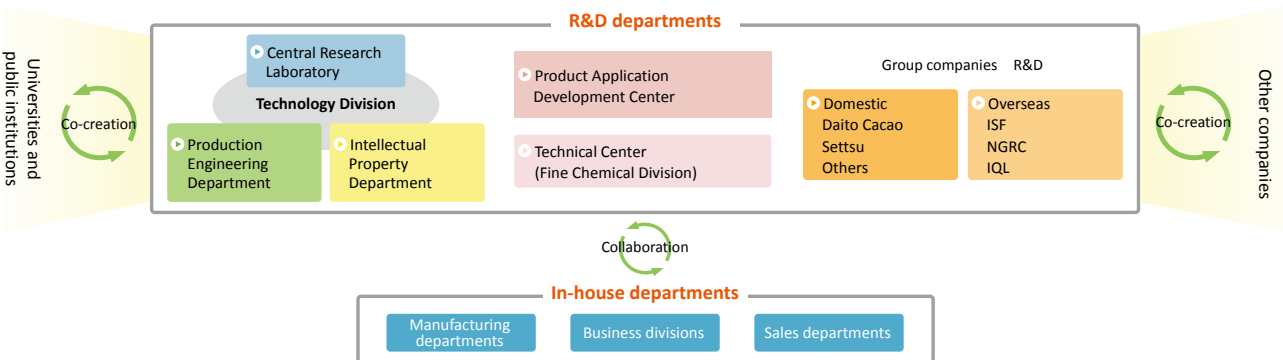
Based on knowledge gained through many years of basic research into oils and fats, we have identified health functions that oils and fats play in our bodies and the taste-related functions they play in foods, and we will use various technologies to refine these functions to meet the diverse needs of our customers. Each of our divisions will work together to promote both technology development—ongoing development based on medium- and long-term perspectives—and product development conducted flexibly over short time periods according to customer needs and market trends.



R&D function

We have established multiple entities within our Yokohama Isogo Complex, which serves as the core base for the Group’s R&D activities. Specifically, these are the Central Research Laboratory, which is responsible for R&D on oils and fats (our core competence) and processed foods using oils and fats; the Product Application Development Center, which spearheads our BtoB businesses from a technical perspective; the Production Technology Development Department, which is responsible for deepening our basic production technologies and integrating production and R&D to ensure smooth commercialization and improved productivity; the Technical Center of the Fine Chemical Division, which handles R&D for the Group’s fine chemical business; and the Intellectual Property Department, which manages and strategically utilizes intellectual property.

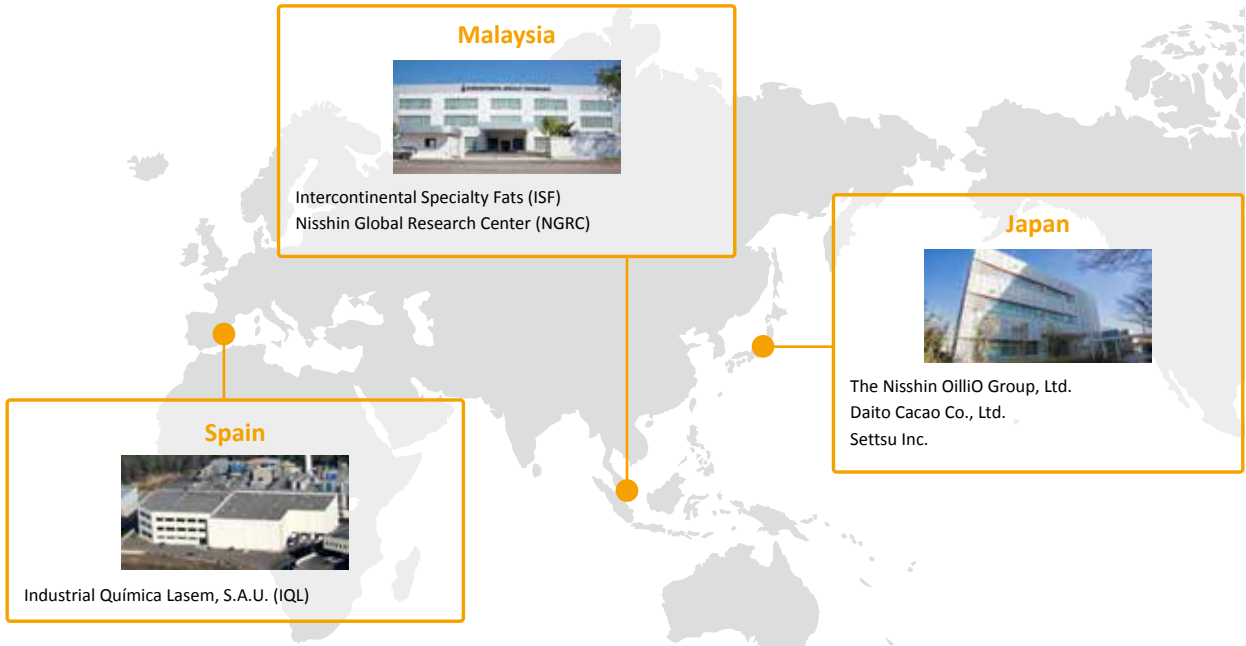
In addition, we are working closely with Intercontinental Specialty Fats (ISF), Daito Cacao, Settsu, and other Group companies to promote initiatives that highlight the strengths of each participant. Through joint research with universities and public institutions, meanwhile, we focus on creating new value by leveraging the Group’s comprehensive capabilities.



Our R&D foothold overseas

We have established the Nisshin Global Research Center (NGRC) in Malaysia, a major palm oil producing country, to enable us to address the increasingly sophisticated needs of palm oil, which will assume greater presence in the future. With NGRC in close cooperation with ISF, our manufacturing/sales base in Malaysia for palm oils and fats and specialty fats, we will provide products and value sought by our global customers through speedy development of products and technologies.

In Spain, meanwhile, we acquired Industrial Química Lasem, S.A.U. (IQL), a manufacturing and sales base for fine chemical products. Through collaboration with our R&D departments in Japan, IQL is working to quickly address the needs of customers, especially in Europe.



Good health for all

R&D that contributes to extended healthy life expectancy

Medium-chain triglycerides (MCTs) are digested and absorbed more quickly than ordinary oils and are also easily converted into energy. In recent years, the use of MCTs has been growing, as ordinary people are now including them in their diets.

In our R&D activities, we use knowledge we have gained from the elderly and athletes to obtain evidence of the benefits of taking MCTs in daily life. We verify our findings in clinical trials and present the results in overseas papers, as well as at conferences in Japan and overseas*.

Going forward, we will expand the scope of our nutritional research to include lipids, which are trace components of fats and oils, as well as plant proteins. We will also work to address health issues, such as over- and under-nourishment, thereby contributing to extended healthy life expectancy. In addition, we will continue disseminating information on the appropriate intake of lipids to support the foundation of a sustainable society from a health perspective.



Evidence presentation on MCTs

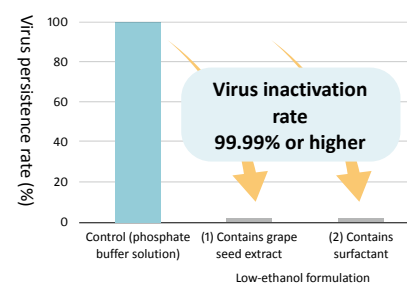
* For more details, please see the website below.
<https://www.nisshin-oillio.com/company/rd/conference/index.html?category=1200>

Research & Development

Contributing to the food value chain Helping ease supply and demand of ethanol for disinfectant use

Settsu Inc., which manufactures and sells alcohol products and detergents, has been conducting research into the antiviral effects of grape seed extract for many years. The spread of COVID-19 in 2020 resulted in a tightening of the supply—demand balance in Japan for high-concentration ethanol products needed for disinfection, leading to calls for the supply of low-concentration ethanol products with higher safety and efficacy. To address this issue, we conducted joint research with Osaka Prefecture University to verify the effects of a low-concentration ethanol formulation containing grape seed extract and specific surfactants on COVID-19 and found that it inactivated* the virus by 99.99% or higher. Settsu was one of the first to propose ethanol formulations based on the results of this research to the market, thus helping ease the tight supply—demand balance for high-concentration ethanol for disinfection. We will continue conducting in-depth R&D and contributing to society through our products and services.

* Inactivate: To cause a pathogen to lose its infectivity or virulence.



Contributing to the food value chain Developing products that meet the needs of business partners

We are using our expertise in commercial-use edible oils to provide products, services, and solutions that meet the needs and challenges of our business partners in the ready-made meal and restaurant service sectors. For example, we developed our Super-Long-Lasting Oil Series of deep-frying oil to address the problem of oil deterioration, a major issue for customers who make fried foods. By reviewing conventional oil and fat manufacturing methods from a new perspective, we identified a method that suppresses increases in acidity, coloring, and odor, which are indicators of frying oil deterioration. By combining the SL method*¹ and the UL method*², we have realized long-lasting benefits that include suppressing the increase in acidity by around 30% compared with conventional offerings.

*1. The SL (super-long) method suppresses increases in acidity during frying. (Patent No. 5274592)
*2. The UL (ultra-long) method improves oil longevity compared with conventional methods.



Nisshin Super-Long-Lasting Oil

Creating New Value to Transform the Market

At The Nisshin Oillio Group, R&D is the driving force for the next stage of growth. To continue creating valuable products and services, we need to accumulate broad-ranging knowledge and have the technological expertise in order to combine ideas and give shape to products. To achieve this goal, we are promoting R&D covering both technology development and product development. In technology development, we are working to create new technologies from medium- and long-term perspectives. In product development, we respond quickly and flexibly to meet customer needs and market trends.

To strengthen our R&D system, in April 2021, we newly established the Technical Division to oversee the Central Research Laboratory, Production Engineering Department, and Intellectual Property Department. These reforms will enable us to step up functional coordination and promote rapid responses. By further enhancing our R&D capabilities, we will embrace the challenge of creating new value that would become a game-changer in the market.



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

Transforming Our Production System

A key objective of Vision 2030 is to create our various competitive advantages 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.

Until now, we have strengthened our competitiveness by operating our four domestic production bases in unison, with the Yokohama Isogo Plant, our largest production base in Japan, serving as the “mother factory” and spearheading technological development and manufacturing operations. To transform our production structure into a next-generation one by 2030, each production base will hone its own strengths, including Intercontinental Specialty Fats (ISF) in Malaysia, and reinforce our overall capabilities by sharing best practices with other bases and the Group as a whole.

Key points Build a sustainable supply system that creates diverse shared value
1. Rigorously strengthen the competitiveness of our oils and fats business 2. Establish a broad product supply system 3. Resolve environmental issues

Transform major production bases Each base will hone its own strengths

Yokohama Isogo Plant	Nagoya Plant	Sakai Plant	Mizushima Plant	ISF
“Mother factory” that promotes technology development	“Smart factory” that utilizes ICT	Sustainability center that utilizes 100% renewable energy	Core base for oils, fats, and meal	Sustainable palm oil procurement base

Expand across the entire Group

Transform into a next-generation production structure by 2030

● Create value from the customer's perspective ● Spearhead the international competitiveness of the oil-manufacturing sector ● Adopt environment-friendly technologies ● Further improve productivity ● Realize sustainable procurement ● Create rewarding workplaces

Challenge of implementing speedy production structure reforms

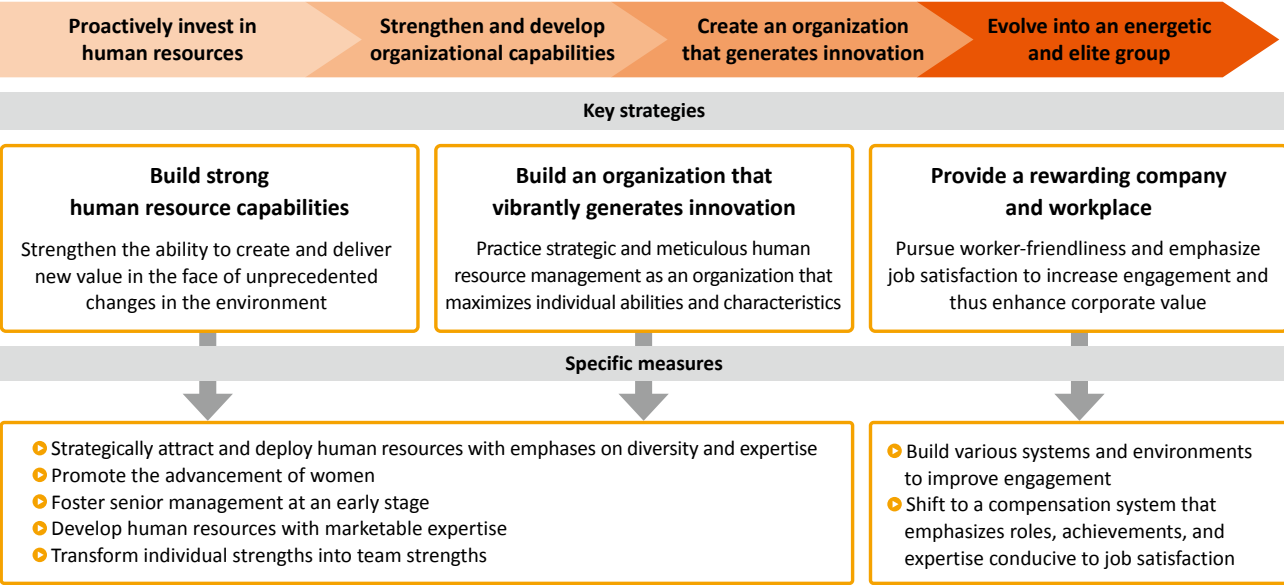
The key factor that always underpinned the Group's growth is its optimized, robust production system. Each of our plants has worked hard to make improvements and accumulate knowledge in the course of solving common problems. In the process, they have fulfilled their mission of ensuring stable product supplies. Going forward, we will switch to policies aimed at achieving Vision 2030 with even greater speed. While continuing to work on common issues, each plant will define its unique strength to quickly find solutions to individual issues and deploy them cross-laterally. 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 ICT and other technologies, and reviewing workstyles 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.



Yasushi Kawarasaki
Director and Senior Managing Officer
General Manager, Production Coordination
Responsible for corporate sustainability management, decarbonization advancement, logistics management, Yokohama Isogo Plant, Nagoya Plant, Sakai Plant, Mizushima Plant, safety management and disaster prevention

Human Resource Strategy

Through proactive growth-oriented investments in human resources, we will strengthen and develop our organizational capabilities and dramatically expand our businesses. Our aim is to build an organization full of vitality that generates innovation by addressing changes in the environment and utilizing human resources with greater awareness of diversity and expertise than ever before. By practicing human resource management that maximizes the abilities and characteristics of each employee, we will create various systems and environments that allow employees to feel fulfilled in their work while striving to address issues, thereby increasing engagement and further enhancing corporate value.



Message from the Director in Charge of Sustainability

We are working Groupwide on our environmental targets toward the achievement of our corporate vision



Yasushi Kawarasaki

Director and Senior Managing Officer
General Manager, Production Coordination
Responsible for corporate sustainability management, decarbonization advancement, logistics management, Yokohama Isogo Plant, Nagoya Plant, Sakai Plant, Mizushima Plant, safety management and disaster prevention

Environmental targets for 2030

A wide range of social issues have emerged around the world, including intensifying natural disasters caused by climate change, the noticeable impact of ocean plastics on ecosystems and human health, and worsening environment and human rights challenges in resource-production regions.

Amidst these circumstances, governments are taking action on the environment, including the Japanese government's declaration to reduce greenhouse gas emissions by 46% by 2030 and legislation on plastic resource circulation, as well as the EU's plans to introduce a carbon border tax in 2023. At The Nisshin Oillio Group as well, we declared our support for the TCFD in March 2021, and decided to introduce internal carbon pricing (ICP) in anticipation of the need for environmental investment and paying carbon taxes in the future. In addition, the CSV goals in our Vision 2030 commit us to "procurement that takes into consideration the environment and human rights," and set the goal of sourcing 50% of our palm oil as RSPO-certified and segregated (SG). In addition to setting these goals, we are strengthening our environmental initiatives and the systems to advance them, including by establishing an internal cross-functional TCFD task team and a sustainable procurement promotion team as well as the Sakai Plant Sustainability Center Concept Project.

We previously set our Environmental Targets 2020 (FY2013–2020) and have been engaging in a wide range of related initiatives to achieve decarbonization and a circular economy. Meanwhile, the wider society now expects companies to do more than just take what actions they can now, and set long-term strategic goals and work toward them. Part of the background to establishing the Environmental Targets for 2030 is our belief that we need to create this shared understanding throughout our Group.

As our business is based on plant resources, the sustainability of our business is inextricably linked to conserving the global environment and resources. As such, we will contribute to sustainable development in society by minimizing the impact of our business activities on the environment, while building new business domains that contribute to solving environmental issues.

Initiatives for the Environmental Targets for 2030

The initiatives in the Environmental Targets for 2030 involve the following key themes: prevention of global warming, establishment of resource recycling, conservation of plant resources and nature, and promotion of environmentally friendly development.

For the prevention of global warming, we will reduce climate change impacts by setting new targets for reducing greenhouse gasses in line with the Paris Agreement, introducing systematic energy conservation activities and innovative technologies, and advancing the use of renewable energy. In establishing resource recycling, we will contribute to creating a circular economy by maintaining a resource-recycling rate of 99% or higher in our production processes, making more effective use of byproducts, and recycling water resources used in production. To conserve plant resources and nature, we will expand our procurement of sustainable raw materials such as certified palm oil, and conduct tree planting and other nature conservation activities. In terms of environmentally friendly development, we will reduce the amount of plastic we use in containers and packaging and promote their recycling as well as replace them with plant-derived materials, while ramping up development of products and services that help solve environmental issues.

Environmental initiatives leading the achievement of our Vision 2030

In our Vision 2030, we established six priorities based on our forecast of risks and opportunities and the social issues that we should be working to solve through our businesses. The Environmental Targets for 2030 are specific initiatives and goals to be executed for the environment-related priorities of 1) the global environment and 2) a supply chain connected by trust. These targets align with our environmental philosophy and policy. Implementing the Environmental Targets for 2030 initiatives and achieving these targets represent a growth driver of The Nisshin Oillio Group. Without these initiatives, we will not be able to achieve our Corporate Vision towards 2030 of delivering "energy for living" to everyone.

Solving environmental issues requires a wide range of expertise, so it is essential that we work together across our business divisions and expand our collaboration to external companies and organizations so that we consolidate expertise as we work on these solutions.

To advance the sustainable procurement of plants, in fiscal 2020, we expanded the scope of our sustainable procurement team to include soybeans and cacao in addition to palm oil. We also collaborated on initiatives with Group companies Daito Cacao and Intercontinental Specialty Fats (ISF). In addition, we established the TCFD task team, which has begun an analysis of the opportunities, risks, and financial impact of climate change on our businesses. The Sakai Plant Sustainability Center Concept Project, which was launched in January 2021, now has a cross-functional team with members from production, quality assurance, business, environment, and other divisions. It aims to create new value by consolidating measures to

reduce CO₂ emissions and other initiatives at the Sakai Plant. The project plans to utilize the expertise and infrastructure of external companies and expand the successful practices we gain to other locations and Group companies, and then throughout the whole supply chain. Examples of our expanding external collaboration include becoming an investor in R Plus Japan, Ltd., which promotes development and commercialization of resource-recycling technology for used plastics, and joining CLOMA, which is working to solve the issue of marine plastic pollution, in November 2020.

Achieving our Environmental Targets for 2030 will require Groupwide efforts that go beyond the efforts of some of our divisions. As such, we believe that it is vital to enhance our environmental education, so that all Group employees have a deeper understanding of current environmental issues.

Creating Environmental and Social Value

The environmental and social value that The Nisshin Oillio Group is uniquely capable of creating embodies the vision outlined in our Vision 2030. For our Group, whose business is based on plant resources, "The Natural Power of Plants" remains the driving force of all of our activities. We have accumulated expertise and achieved growth by harnessing the various possibilities of plant resources over many years. Vision 2030 seeks to create wide-ranging value from further mastery of oils and fats. We formulated the Environmental Targets for 2030 as one of the conditions for achieving Vision 2030, and position each of these targets as the driving force of our activities. We believe that our Group's commitment to achieving these targets will enable us to create value that only The Nisshin Oillio Group can provide.



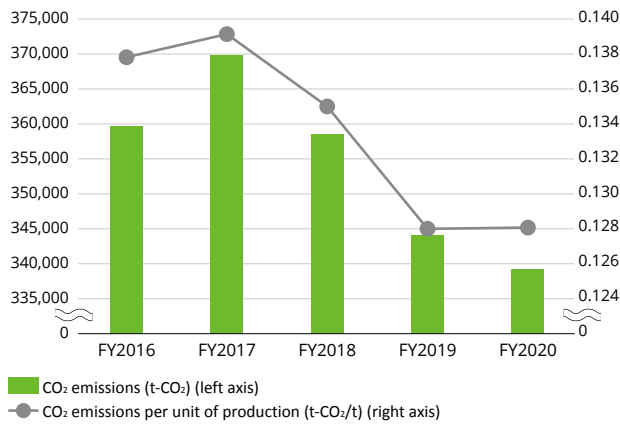
Theme 1 Preventing Global Warming

Global warming will increase the occurrence of natural disasters, such as droughts and damage from wind and water. It also poses a variety of risks for our stable procurement of plant resources as raw materials. The Nisshin Oillio Group bases its business activities on plant resources, and protecting the growing environment of our plant resources is, in and of itself, the sustainability of our business. It is essential for the Group to strive to prevent global warming, which is deeply connected to our business activities.

Initiatives to Date

One of our main initiatives up to fiscal 2020 was building an energy network that served as a mechanism for energy exchange at a Company-wide level. In this network, we partnered with JFE Engineering Corporation and installed cogeneration systems and provided on-site energy services at our Yokohama Isogo Plant and Nagoya Plant. These systems utilize the power-transmission network to exchange generated energy with our Sakai Plant and Mizushima Plant. This is the first initiative in Japan that optimizes the process of procurement to supply of energy at all production sites nationwide, and due to this system, we were able to reduce our CO₂ emissions by 20.9% (from fiscal 1990 levels) in fiscal 2020. It also allowed us to reduce our energy procurement costs by reforming our cost structure. This initiative has realized the simultaneous creation of environmental value and reduction of costs, by ensuring a stable supply of electric power and greatly reducing our CO₂ emissions. Although our initial expectation was that the general practice was to install cogeneration systems only on a single-plant basis, we added two completely new elements: the concept of extending the generated power nationwide and incorporating the procurement capabilities of

Trends in CO₂ Emissions Per Unit of Production at the Group Level



other companies. These were the key points in thinking outside the box and co-creating value with external partners.

One of our targets for fiscal 2030 is the reduction of greenhouse gases in the supply chain. To achieve this goal, we have set the target of reducing the Group's emissions under Scopes 1 and 2 by 31% (from fiscal 2016), with a milestone of an 8% reduction by fiscal 2024. As of fiscal 2020, we have thus far achieved a 5.5% reduction at the Group level, with a 16% reduction on a non-consolidated basis.

FOCUS 2020

Realizing “Worksite Wisdom”: Winning the 7th Yokohama Climate Change Countermeasures Award

Our Yokohama Isogo Plant upgraded the distillation column used in the edible oil refinery, an energy-intensive facility, to a more efficient model, and reduced its annual CO₂ emissions in fiscal 2019 by approximately 700 tons. The plant has also carried out other energy conservation initiatives, including converting lighting to LED, switching the blowers used in manufacturing processes to use inverters, and enhancing the efficiency of conveyor belt transportation. These initiatives reduced CO₂ emissions by approximately 1,280 tons.

We do not limit our environmental initiatives to major measures: we also value “worksite wisdom” and focus on ideas and improvement of activities right where the work takes place. This series of initiatives at our Yokohama Isogo Plant was the fruit of creativity and worksite ingenuity, and earned the 7th Yokohama Climate Change Countermeasures Award from the City of Yokohama. This is the second time the plant has won this award, with the first being in fiscal 2018.



Example of upgraded equipment: distillation column

Toward Achievement of Our 2030 Targets

We have continuously reduced our CO₂ emissions by 1% or more each year in a repeated and planned manner by introducing more efficient equipment and upgrading our operation management system supported by our workplace capabilities. We have been progressing steadily toward achieving our targets, including continuously receiving an “S” rating under the rating system for classifying ecofriendly businesses under Japan’s Act on Rationalizing Energy Use. In our 2030 targets, we have set a major target of reducing CO₂ emissions by 31% from fiscal 2016 levels and are promoting its achievement through new methods that take into account the impact of climate change.

Signing on to the TCFD

In March 2021, the Group announced that it had signed on to the FSB’s Task Force on Climate-related Financial Disclosures (TCFD). The TCFD recognizes companies’ responses to climate change as measures to address long-term risks and create opportunities for management. It aims to promote the application of such measures in corporate strategies, and to accelerate information disclosure and dialogue with investors and other stakeholders.

This process of analysis visualizes the risks, opportunities, and responses of future corporate activities, and leads to the active reduction of CO₂ emissions through a restructuring of businesses, as well as introduction of more efficient and innovative production facilities and new energy. If and when the Group finds an opportunity to effectively reduce CO₂ emissions, it may utilize internal carbon pricing (ICP) to promote CO₂ reduction initiatives.



Future Priority Initiatives

Promoting Utilization of Renewable Energy and Deploying to the Group

The Group is promoting the utilization of renewable energy to prevent global warming. The core of this undertaking is the Sakai Plant Sustainability Center Concept Project, launched in January 2021. This project has started evaluating our measures to reduce CO₂ emissions and collecting information for environment-related technologies, in preparation for the future.

Leveraging what we have learned from building our energy network, we will obtain new expertise through active exchanges with external companies, including the utilization of power purchase agreements (PPAs) to install the solar panels of power generation partners on our properties. In addition, we will expand the use of renewable energy by sharing the expertise we gain with other Group companies, including ISF, Industrial Química Lasem, Daito Cacao, and Settsu.

The introduction of a carbon border tax is already planned for 2023 in Europe, which is the main sales area of ISF. Similarly, debates over the carbon tax hike have already begun in Japan. An analysis based on the findings of the TCFD shows that the cost increases due to carbon taxes would pose a downside risk of becoming a barrier to trade, but with an appropriate response, could also bring opportunities to meet customer demand. As such, the Group will promote the reduction of CO₂ emissions through the use of renewable energy, while utilizing methods, such as ICP and others.



ISF's solar panels

Theme 2 Establishing a Resource Recycling System

The Nisshin Oillio Group supports the idea of “zero emissions,” which aims to build a recycling-oriented society. Aiming for zero emissions, we value our plant materials, water, energy, and other materials, and strive to reuse them, while also working to utilize all materials completely, without creating scraps.

There is increasing international interest in the circular economy: minimizing the amounts of raw materials that are purchased and consumed, while making effective use of stock on hand and creating added value. In addition to such measures, the Group will expand its resource recycling through actions to add value to the byproducts of our manufacturing processes, reuse water resources, and recycle plastics.

Initiatives to Date

Under our “Environmental Targets 2020” (FY2013-2020), we set and worked toward two goals: (1) continuing to achieve zero emissions in our production processes (resource recycling rate of 99% or higher), and (2) reducing water usage per unit of production from our manufacturing activities by 8% by fiscal 2020 (from fiscal 2012 levels).

In fiscal 2020, our resource recycling rate was 99.95%, continuing our unbroken streak of zero emissions since fiscal 2005.

In fiscal 2020, we reduced our water usage per unit of production by 17.8%, which greatly exceeded our target. We believe that this was the result of the installation of equipment that enabled proper management of water usage in each division, as well as our efforts to use water efficiently.

▶ Key Initiatives to Achieve Our 2030 Targets

Promoting Resource Recycling in Production Processes

In fiscal 2020, the Group manufactured products (edible oils and oilseed meal) from approximately 2 million tons of raw materials on a non-consolidated basis, and generated approximately 20,000 tons of byproducts from its manufacturing processes. Past initiatives aimed at increasing the resource recycling rate of byproducts by reusing raw materials for fatty acids for chemical products, as well as expanding their use in animal feeds through additional pH balancing and drying processes. In fiscal 2005, we achieved a resource recycling rate of 99% or higher, and we have continued to achieve this rate every year up to fiscal 2020.

With regard to our 2030 targets, we will work to continuously achieve rates of 99% or higher, including at our domestic Group companies, Settsu and Daito Cacao.



Settsu head office



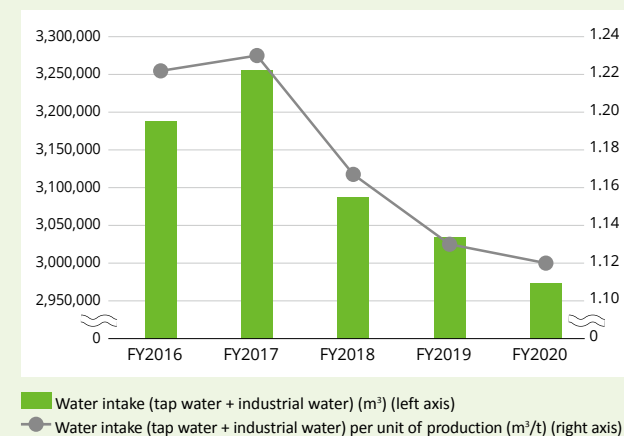
Daito Cacao Nakai Plant

Effectively Utilize Water Resources in Production

In fiscal 2013, we set the goal for our Environmental Targets 2020 of reducing water usage (tap water and water for industrial use) per unit of production by 8% from fiscal 2012 levels. Under ISO 14001, we managed the amount used by each process at each facility on a monthly basis, and implemented improvements in water usage. As a result, we have reduced our water usage continuously since fiscal 2013, and in fiscal 2020 reduced it by 17.8%.

Going forward, we will expand our efforts toward the efficient use of water to include water reuse, and have begun studies on the collection and reprocessing of wastewater from our production processes to convert it into graywater. We will promote the recycling of industrial water with a view toward employing third-party technologies in mind.

Trends in Water Usage and Usage Per Unit of Production in the Group as a Whole



**Zero emissions
(resource recycling rate of
99% or higher)**



Reduction of water usage

Theme 3 Environmentally Friendly Product Development

The issue of plastics is linked to such matters as the depletion of fossil fuels; the limits of an economy based on mass production, mass consumption, and massive waste; global warming caused by CO₂ emissions from combustion; and the resulting impact on ocean ecosystems. The Group is playing an active role in efforts to create social value from circular resources, in collaboration with other companies and organizations, while striving to reduce the amount of plastic used in our containers.

The Group's oil and fat products have a broad scope of use, including home use, commercial use, and use in processing, ranging from use in foods to industrial uses. We will cultivate common ground with our customers, in an effort to develop products and services that create new environmental value.

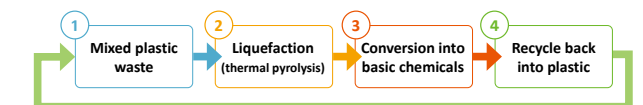
Initiatives to Date (Plastics)

In fiscal 2020, we focused on the following initiatives to expand the resource cycle of plastics.

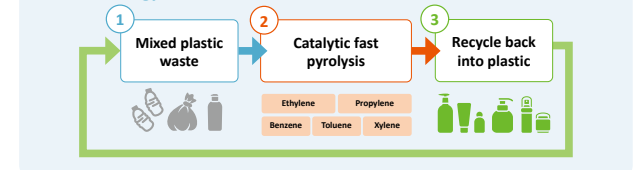
- Began utilizing recycled PET plastic in 600g PET bottles for edible oil; will expand this effort to 400g PET bottles, starting in fall 2021
- Made a capital investment in R Plus Japan, Ltd., which promotes technology development and commercialization of resource recycling for used plastics
- Joined CLOMA (Japan Clean Ocean Material Alliance), which works to resolve the issue of ocean plastics

R Plus Japan: Technology to Recycle Resources from Used Plastics

Existing technology



New technology



▶ Key Initiatives to Achieve Our 2030 Targets

Environmentally Friendly Containers and Packaging/Plastic Resource Cycle

We will work on the following priority measures to reduce plastic containers and packaging, and promote the resource cycle.

- (1) Develop product designs and novel containers that lead to reduced plastic usage
- (2) Develop containers and technologies that facilitate recycling, and set up recycling systems in communities
- (3) Promote replacement of conventional materials with recyclable materials that enable resource recycling and plant-derived materials

As we advance the above initiatives, we will collaborate with environment-related enterprises and actively join groups for raw materials, containers, distribution, and recyclers.



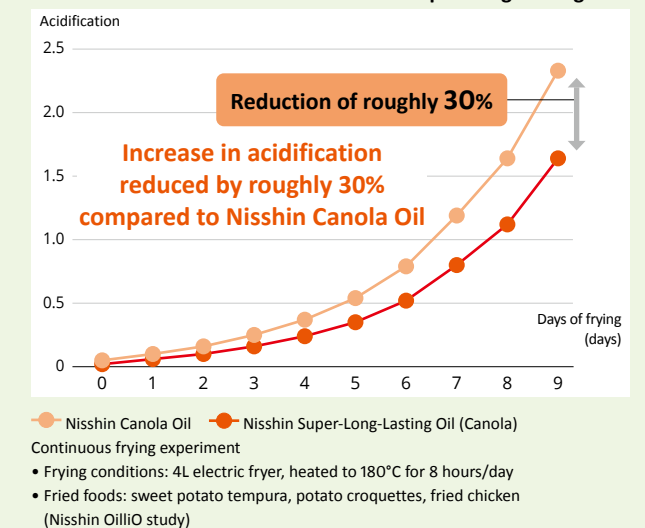
Example product using recycled PET plastic:
Nisshin Canola Oil 600g PET

Environmentally Friendly Products (New Products and Services)

As the demand for oils and fats increases worldwide, there is a need to reduce the usage of oils and fats themselves; reduce CO₂ emissions throughout the supply chain, from the procurement of raw materials to production and use; and develop products that lead to reduced food loss.

We are developing technologies to manufacture oils that may suppress the increase in acid value during frying. This will make the oils last longer. In 2019, we launched an oil product, Nisshin Long-Lasting Less-Absorbed Oil (long-lasting oil that is absorbed less strongly by food), which reduces the acidification increase by roughly 20% compared to Nisshin Canola Oil. Furthermore, in April 2021, we launched the product, Nisshin Super-Long-Lasting Oil that functionally reduces the acidification increase by roughly 30% compared to Nisshin Canola Oil.

Acidification Reduction Effect of Nisshin Super-Long-Lasting Oil



Theme 4 Plant-Based Resources/Nature Conservation

Under Vision 2030, we have set three of our priorities as “good health for all,” “quality of life” and “contribution to the food value chain,” and we are committed to contributing to society by leveraging our strength in oils and fats. Thus, we believe that we cannot earn the trust of our customers if the oils and fats that we use do not take into account the environment and human rights.

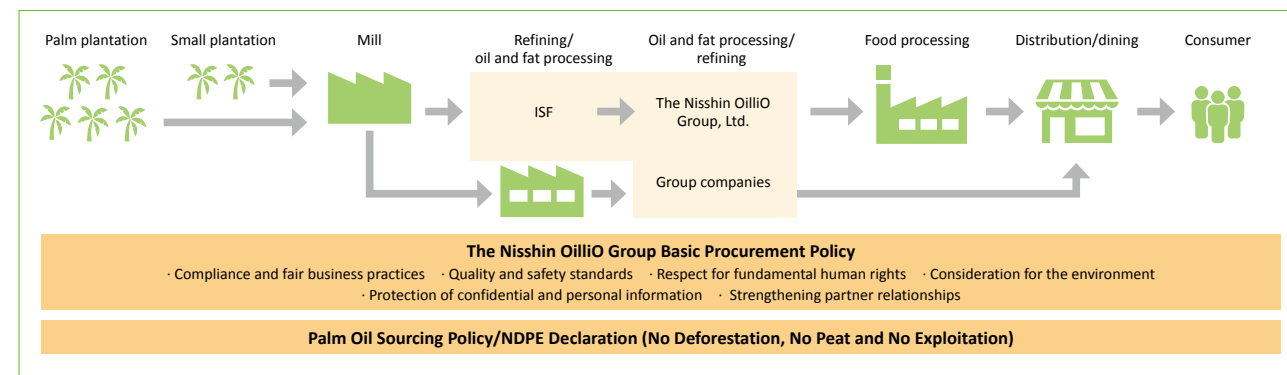
Regarding palm oil in particular, there is demand for initiatives to bolster sustainability. We will work to strengthen our efforts to influence the supply chain in tandem with ISF, which leads our palm oil business.

Initiatives to Date

In 2018, The Nisshin OilliO Group formulated the Nisshin OilliO Group Basic Procurement Policy and Palm Oil Sourcing Policy, and also signed on to the NDPE Declaration. We have since strengthened our efforts to progressively increase the sustainability of palm oil, including the establishment of an action plan in 2019.

In 2019, the Group formed an internal cross-functional

Palm Oil Supply Chain



Initiatives toward Sustainable Palm Oil Sourcing Led by ISF

The Nisshin OilliO Group’s palm oil business operates globally, led by ISF in Malaysia. ISF’s strength is in specialty fats using palm oil. It sells products in fields ranging from foods to personal care, and its supply chain extends to Asia, Europe, North America, and South America. In transactions with global enterprises, ISF has rolled out initiatives to meet demanding requirements from its trading partners for consideration of quality, the environment, and human rights in its palm oil.

In order to source high-quality, sustainable palm oil, ISF selects suppliers within a range that allows for appropriate management and maintenance, and carries out dialogue and collaboration. ISF is advancing an initiative to enable 100%

traceability of palm oil and palm kernel oil to the plantation by 2025, and as of 2020, ISF has reached 75.6% traceability for palm oil.

In 2020, ISF achieved its target of 100% RSPO or MSPO* certification for all direct suppliers. All 52 direct suppliers are MSPO certified, while 30 of 52 direct suppliers are RSPO certified.

In addition, ISF is actively working to improve its supply chain, including engagement with suppliers and risk assessment of mills in collaboration with NGOs. ISF is also incorporating third-party views, including grievance handling logs and use of Malaysia’s first environmentally conscious funding.

* Malaysian Sustainable Palm Oil certification program



Visit to a palm plantation



Supplier workshop

Key Initiatives to Achieve Our 2030 Targets

Sustainable Sourcing of Palm Oil

Under the Environmental Targets for 2030, we are aiming to achieve certification for 100% of our palm oil by fiscal 2022, 100% traceability of palm oil to the plantation by fiscal 2024, and 100% traceability of palm kernel oil to the plantation by fiscal 2030. We have also set a new goal of sourcing 50% of palm oil as RSPO-SG-certified.

Palm oil certification programs accepted under the Tokyo Olympic and Paralympic procurement standards include RSPO, MSPO, and ISPO*, each of which have their own unique features. By creating a system that allows us to supply oil with certifications supported by our customers, we provide choices for our customers, and achieve the sustainability of palm oil through the expansion of certified oils.

* Indonesian Sustainable Palm Oil certification program



Sustainable palm oil sourcing site (ISF)

Initiatives to Increase the Sustainability of Soybeans and Cacao

With regard to soybeans, our CSV goals include “promote initiatives to enhance the sustainability of soybeans.” We will continue to survey the status of soybean sustainability and consider concrete measures to facilitate sustainability through the supply chain.

With regard to cacao, our CSV goals include “procure sustainable cacao.” Group company Daito Cacao Co., Ltd., which manufactures and sells raw materials for chocolate, joined the World Cacao Foundation in 2013, and obtained the international UTZ Certification in 2017. We will continue to advance initiatives to respond to major sustainability issues.



Promote Nature Conservation Activities

As part of our activities to protect the natural environment and contribute to society, we have performed cooperative activities such as volunteering to plant mangroves in Malaysia and working to restore the eelgrass beds in Tokyo Bay. Although we were unable to carry out sufficient activities in fiscal 2020 due to the impact of the COVID-19 pandemic, we plan to continue our initiatives, going forward.



Planting mangroves in Malaysia



Volunteering in eelgrass bed restoration in Tokyo Bay

Directors and Audit & Supervisory Board Members (as of October 11, 2021)



Directors

- 1 Takahisa Kuno**
Representative Director and President
- 2 Hidetoshi Ogami**
Representative Director and Senior Managing Officer
- 3 Yasushi Kawarasaki**
Director and Senior Managing Officer
- 4 Arata Kobayashi**
Director and Managing Officer
- 5 Yoshiharu Okano**
Director and Managing Officer
- 6 Masato Saegusa**
Director and Managing Officer

- 7 Sayuri Shirai**
Outside Director
- 8 Isao Yamamoto**
Outside Director
- 9 Emi Machida**
Outside Director

Audit & Supervisory Board Members

- 10 Takashi Fujii**
Audit & Supervisory Board Member (Standing)
- 11 Katsuhito Oba**
Audit & Supervisory Board Member (Standing)
- 12 Tomotake Kusamichi**
Audit & Supervisory Board Member (Outside)
- 13 Sayaka Sumida**
Audit & Supervisory Board Member (Outside)

Career Summaries (as of October 11, 2021)

Directors

Takahisa Kuno

Representative Director and President
Responsible for corporate management
and internal audit
Date of birth: October 29, 1961

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 positions
Chairman, Intercontinental Specialty Fats Sdn. Bhd.
Chairman, Japan Oilseed Processors Association

Arata Kobayashi

Director and Managing Officer
Responsible for corporate planning, personnel and
general affairs, corporate communications, and
quality assurance
Date of birth: May 26, 1961

Apr. 1985: Joined the Company
May 2009: Executive Officer
Apr. 2014: Managing Officer
June 2016: Director and Managing Officer (to present)

Sayuri Shirai

Outside Director
Date of birth: January 2, 1963

Apr. 2006: Professor, Faculty of Policy Management,
Keio University
Apr. 2011: Member, Policy Board, Bank of Japan
Apr. 2016: Special Guest Professor, Faculty of Policy
Management, Keio University
Apr. 2016: Visiting Research Fellow, Asian Development
Bank Institute
June 2016: Outside Director, the Company
(to present)
Sept. 2016: Professor, Faculty of Policy Management,
Keio University (to present)
Jan. 2020: Senior Advisor, EOS at Federated Hermes
(to present)

Significant concurrent position
Professor, Faculty of Policy Management,
Keio University

Hidetoshi Ogami

Representative Director and Senior Managing
Officer
Responsible for corporate finance, information
systems, grain sourcing and meal supply
Date of birth: February 1, 1961

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)

Yoshiharu Okano

Director and Managing Officer
Responsible for global business,
fine chemicals business (incl. sales and marketing)
Date of birth: September 6, 1962

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 OilIIIO (China) Investment Co.,
Ltd.

Isao Yamamoto

Outside Director
Date of birth: May 2, 1957

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

Significant concurrent position
President, Enterprising Investment, Inc.

Yasushi Kawarasaki

Director and Senior Managing Officer
General Manager, Production Coordination
Responsible for corporate sustainability manage-
ment, decarbonization advancement,
logistics management, Yokohama Isogo Plant,
Nagoya Plant, Sakai Plant, Mizushima Plant,
safety management and disaster prevention
Date of birth: August 31, 1958

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)

Masato Saegusa

Director and Managing Officer
General Manager, Food Product Division
Responsible for branch operations and
sales promotion
Date of birth: September 22, 1960

Apr. 1984: Joined the Company
Apr. 2014: Executive Officer and General Manager,
Tokyo Branch
Apr. 2019: Managing Officer
June 2021: Director and Managing Officer (to present)

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 (to present)
June 2020: Outside Auditor, Yakult Honsha Co., Ltd. (to
present)

Significant concurrent position
Certified Public Accountant
Outside Auditor, Yakult Honsha Co., Ltd.

Audit & Supervisory Board Members

Takashi Fujii

Audit & Supervisory Board Member
(Standing)
Date of birth: September 27, 1954

Apr. 1998: Joined the Company
June 2000: General Manager, Business
Financial Dept.
Apr. 2002: Executive Officer
June 2003: Director
June 2009: Director and Managing
Officer
June 2016: Director and Senior Managing
Officer
June 2018: Audit & Supervisory Board
Member (Standing) (to
present)

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)

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

Executive Officers

Masahiko Oka

Managing Officer
Deputy General Manager,
Food Product Division
Responsible for strategic product
development and mail-order business

Taiji Teraguchi

Executive Officer
General Manager, National Account Sales
Dept.
General Manager, Product Application
Development Center
Responsible for processed foods and
materials business planning

Hiroshi Nagaoka

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

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

Nobuyuki Watanabe

Executive Officer
General Manager, Logistics Dept.
General Manager, Yokohama Isogo
Complex

Takashi Segawa

Executive Officer
General Manager, Personnel & General
Affairs Dept.
Assistant General Manager,
Productivity Management Dept.
Responsible for Business Support Center

Katsuaki Yamanouchi

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

Kenji Koike

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

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

Takahiro Saito

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

Masayuki Sato

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

Koyo Nonaka

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

Skills matrix

The following is a skills matrix that lists the knowledge, experience, and capabilities of Directors.

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							●			
Sayuri Shirai		●		●					●	
Isao Yamamoto	●	●	●	●					●	
Emi Machida		●		●		●				

Note: The above table does not represent the complete range of knowledge and expertise that the Directors 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 its 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 toward 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 value 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: 11 Attendance rates: Directors: 100%, Audit & Supervisory Board Members: 95.5%
Audit & Supervisory Board meetings (Results: Number of meetings held, attendance rate)*2	Number of meetings held: 19 Attendance rate: 98.7%
Term of office for Directors	1 year
Audit firm	Deloitte Touche Tohmatsu LLC
Performance-linked compensation system	Applicable

*1 As of June 29, 2021
*2 Results of FY2020

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.

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.

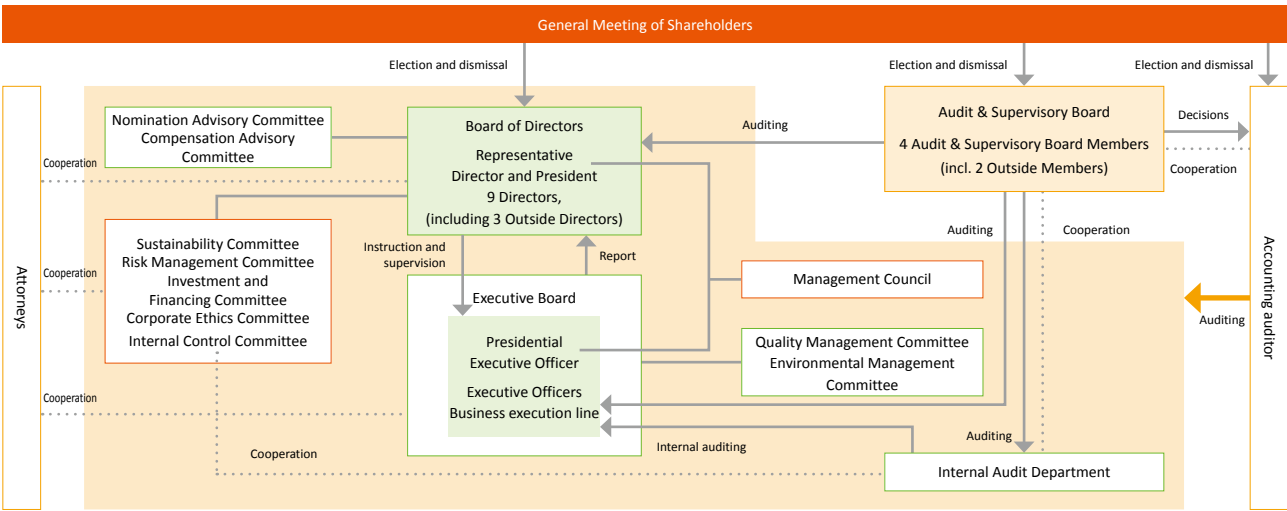
Audit & Supervisory Board

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 Corporate 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.

Various Committees

The Sustainability Committee was established in June 2020 to spearhead business activities leveraged by the Group’s own style of CSV (creating shared value). Through these efforts, we strive to realize sustainability, which will lead to sustainable growth of the Group and sustainable development of society. For the Group’s compliance and risk management structure, various committees have been established, such as the Corporate Ethics Committee and Risk Management Committee. These committees provide findings from experts’ perspective, oftentimes working with corporate legal counselors and other advisors.

Corporate Governance System



Notes:
1. The standing Audit & Supervisory Board Members attend Management Council 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.

Steps toward Strengthening Corporate Governance

The Company understands the enhancement of corporate governance to be one of its priorities for corporate management, in order to maintain and improve its relationship of trust with society. The Company continues to elevate its corporate governance, with the aim of responding to changes in the business environment and social needs, and to meet the trust and expectations of shareholders and other stakeholders.

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Board of Directors		Implemented effectiveness evaluations of the Board of Directors					
		Elected one female Director				Increased the number of female Directors (from one to two)	
Number of Directors	9	9	9	9	8	9	9
Of which, number of Outside Directors	2	2	2	2	2	3	3
Of which, the ratio of Outside Directors	22%	22%	22%	22%	25%	33%	33%
Number of Audit & Supervisory Board Members	4	4	4	4	4	4	4
Of which, the number of Outside Audit & Supervisory Board Members	2	2	2	2	2	2	2
Compensation for Directors and Corporate Officers				Introduced a stock-based compensation plan			
Committees					Established the Compensation Advisory Committee		
						Established the Nomination Advisory Committee	
						Established the Sustainability Committee	

Evaluation of the Effectiveness of the Board of Directors

Questionnaire-based surveys 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, circumstances regarding corporate governance, and other issues. The President and the Outside Officers discussed the outcome of the fiscal 2020 survey and concluded that the effectiveness of the Board of Directors was generally ensured for that fiscal year. Of the two issues raised in fiscal 2019, the issue of “deepening of discussions on medium- to long-term corporate

strategies” is deemed to have been improved by sufficiently conducting deliberations regarding Vision 2030 and the medium-term management plan “Value UP+,” and the Company will enhance discussions aimed at achieving the medium-term management plan during fiscal 2021. With regard to the issue of “further strengthening the monitoring functions of the Board of Directors, including risk management,” the Company reviewed and deliberated on management plans of major overseas bases and reported on challenges along with methods to deal with those challenges, but it remains an issue to be addressed for further improvement.

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.

In determining individual compensation for Directors, the Compensation Advisory Committee, which is an advisory body to the Board of Directors, deliberates on the overall compensation plan for Directors and advises the Board of Directors accordingly. The Board then makes decisions with reference to the advice from the committee.

Composition Ratios of Compensation

The composition ratios of basic compensation, bonuses and stock-based compensation (in the case of a 100% bonus payout) are as follows: approximately 60%, 30% and 10%, respectively, for the Representative Director and Chairman and Representative Director and President, and approximately 70%, 20% and 10%, respectively, for other Directors (excluding Outside Directors).

Calculation Method

Basic compensation (fixed compensation)

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

Bonuses (performance-linked compensation)

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

Bonuses for individual Directors are determined using the following formula, based on Groupwide performance and individual evaluation, as well as a qualitative factor.

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

- The Groupwide performance factor is determined within the range of 0.5 to 1.5, based on the financial indicators and non-financial indicators shown on the following page. 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, and further strengthening sustainability management by setting the achievement of ESG targets as a major management goal toward the realization of a sustainable society.
- 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).

Components of the Groupwide Performance Factor

(Evaluation weight)

Groupwide performance	Financial indicators	Consolidated operating profit	Achievement of the single-year target	60%
			Achievement of the annual average growth rate target	10%
		ROIC	Achievement of the single-year target	20%
	Non-financial indicators	Contribution to sustainability	Achievement of ESG targets	10%

Stock-based compensation (non-monetary compensation)

Stock-based compensation as a medium- to long-term incentive 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). In accordance with the stock delivery regulations, points based on the basic amount set by position are granted in June of each year, and in principle, shares are delivered at the time of retirement, in proportion to the number of points granted (30% of such compensation is paid in cash).

FY2020 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)	249	179	50	19	6
Audit & Supervisory Board Members (excluding Outside Members)	42	42	—	—	2
Outside Directors	29	29	—	—	3
Outside Audit & Supervisory Board Members	14	14	—	—	3

Notes:

1. The amount of performance-linked compensation shown above is the amount charged as expenses in fiscal 2020.
2. The amount of compensation for Directors does not include the employee wage portion for Directors who concurrently serve as employees.
3. The amount of compensation for Directors includes the amount of Director compensation for one Officer 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 non-monetary compensation.)

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
Sayuri Shirai Outside Director	Ms. Sayuri Shirai has utilized her knowledge and experience in the management of the Company gained through her research activities in the areas of the world economy and finance, international activities, and career as a monetary policy expert, serving as a Member of the Policy Board of the Bank of Japan. She has invigorated the discussions at the Board of Directors meetings, especially based on her research and practical experiences in the area of sustainability (ESG). 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. Shirai’s expertise.
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.
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. The Company held shares of 101 companies at the end of fiscal 2019, and of 94 companies at the end of fiscal 2020.

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/
Compliance with the Financial Instruments and Exchange Act
https://www.nisshin-oillio.com/inv/management/financial_governance.html

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 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.

Efforts to Promote Compliance

Monitoring

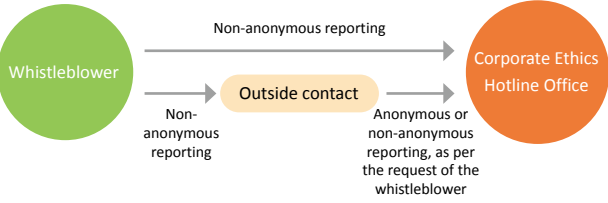
The Group regularly monitors the status of measures to address the legal risks in various fields on a Groupwide basis. Matters related to current issues are also taken into consideration, including countermeasures against infectious diseases, the transmission of personal information overseas, and workstyle 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 2020, we invited Mr. Hitoshi Yoshida, a visiting lecturer from the Japan Institute for Women’s Empowerment & Diversity Management, to hold an online lecture entitled, “Creating a Harassment-Free Workplace,” in which he discussed the provision of guidance to subordinates and workplace management as methods of harassment prevention.

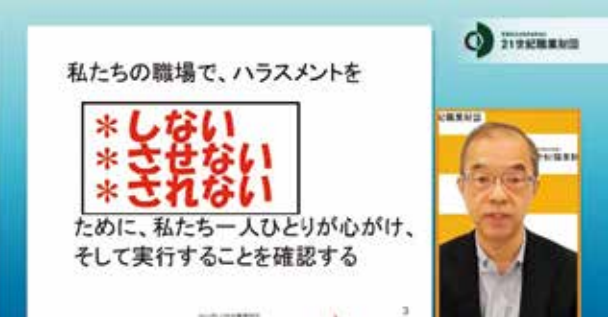
Group have a full and complete understanding of the Credo, and actively conduct business with a strong sense of responsibility. As members of society, they comply with all relevant laws and regulations, and behave in a manner that conforms to societal ethics and conventional wisdom.

The Nisshin Oillio Group Corporate Ethics Hotline



Sustainable Procurement

Compliance on a whole supply chain level has become an essential aspect, in line with the trends of the era. In response, the Group has formulated the Nisshin Oillio Group Basic Procurement Policy, and defined procurement action guidelines that cover not only compliance and quality, but also environmental issues, human rights, and other significant matters. In particular, we have also formulated a Palm Oil Sourcing Policy, and are implementing measures aimed at upholding our commitments to NDPE (No Deforestation, No Peat, No Exploitation) and traceability for transactions involving palm oil, for which sustainability is regarded as a vital issue. We have published a concrete action plan on our website and are actively rolling out measures for the plan.



Online lecture meeting on harassment prevention

Risk Management

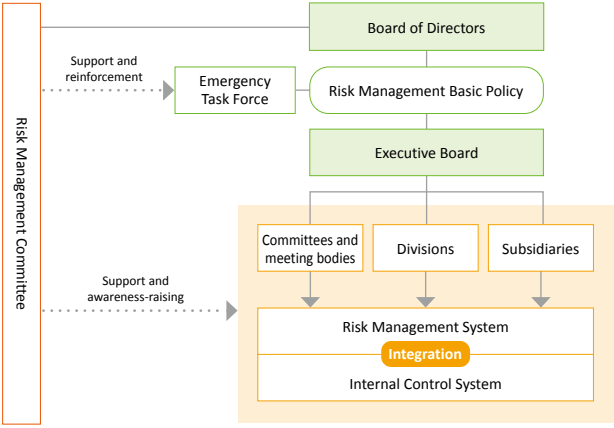
Basic Policy

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

(2) Changes in the product market, both in Japan and overseas

(3) Earthquakes, tsunamis, extreme weather (storm and flood damage, etc.), and large-scale accidents

(4) Food safety

(5) Ingredient procurement

(6) Environmental and human rights issues within the Group’s supply chain

(7) Operation of overseas sites
- (8) Infectious and communicable diseases, etc. (impact of responses to COVID-19)

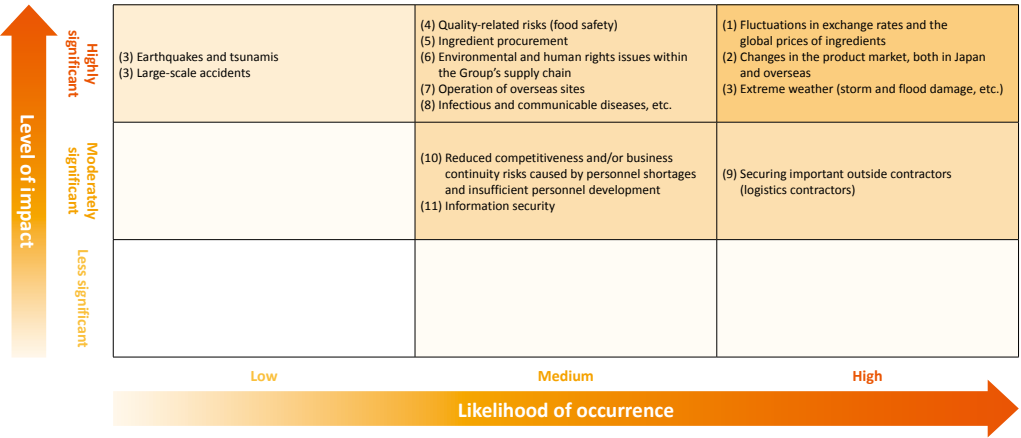
(9) Securing important outside contractors (logistics contractors)

(10) Reduced competitiveness and/or business continuity risks caused by personnel shortages and insufficient personnel development

(11) Information security

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

Risk Matrix (Important risks identified)



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.

Message from an Outside Director

Building a New Business Model that Contributes to Solving Environmental and Societal Issues

Against the backdrop of a global rise in environmental, social, and governance (ESG) investing, moves to push companies to adopt sustainable management practices from ESG perspectives have been a growing trend in recent years. The principal goal of ESG investing is to ensure the achievement of two key objectives that had been agreed by the global community in 2015. The first of these is the Sustainable Development Goals (SDGs), which encompass economic, climate, and social challenges. The second is the major phasedown of greenhouse gas emissions that had been agreed at the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change, the so-called Paris Agreement, whose initiative aims to limit the increase in the global average temperature by the end of the century to less than 2°C (compared to the temperature prior to the industrial revolution), and preferably to keep the increase within 1.5°C.

While it goes without saying that businesses are continuously working to improve their yearly profitability, they must also consider whether their business model helps address the environmental and social objectives I just mentioned. Even if a company earns short-term profit, unless it provides products and services that contribute to the long-term resolution of environmental and social issues, it will eventually lose the trust of investors, consumers, and suppliers, become less competitive, and fall by the way-side. The COVID-19 pandemic that began in 2020 has once again drawn attention to various problems such as health and medical care challenges, economic vulnerabilities, and gender inequality. Even though greenhouse gas emissions fell in 2020 as a result of reduced economic and social activity from lockdowns and other restrictions, the average global temperature was also confirmed to have risen by roughly 1.2°C, and this serves as a reminder that rising temperatures are connected to the steadily growing number of natural disasters.

In this setting, The Nisshin Oillio Group announced Vision 2030 in 2021, raising awareness to tackle environmental and social issues as a corporate citizen with more dedication than ever. In the past, the Group has developed medium-term management plans that set financial targets for the following four-year period and worked to achieve them. With Vision 2030, the Group decided to establish a relatively long-term vision that covers a 10-year span in addition to medium-term management plans to undertake sustainable management Groupwide. The Board of Directors and corporate staff divisions engaged in numerous discussions and revised the plan repeatedly before announcing it as Vision 2030. Vision 2030 contains more than a dozen numerical targets (CSV



Sayuri Shirai
Outside Director

targets) to be achieved by 2030 and commits the Group to achieving these targets. For example, a CO₂ emissions reduction target of 31% was set (compared to fiscal 2016), and the targets for both certified sustainable palm oil and palm oil traceability are aimed at 100% with the support of suppliers. Other targets seek to increase the ratio of female managers and improve the work-life balance of all employees.

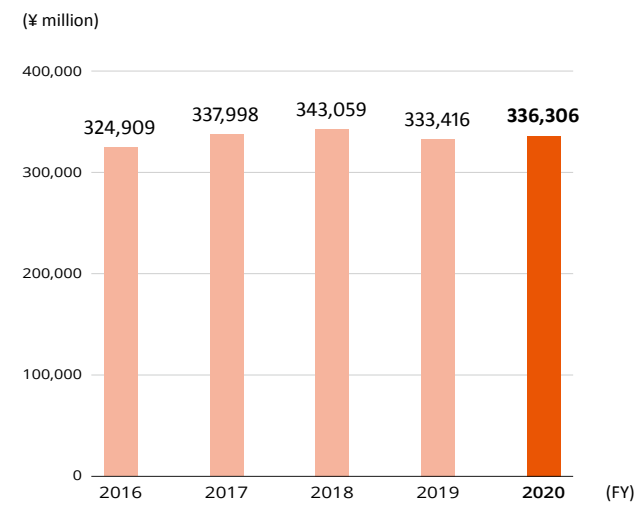
Reducing greenhouse gas emissions and addressing environmental issues will require a shift from meat-focused diets to those with more vegetables and beans. The Nisshin Oillio Group already provides customers with a variety of products, primarily oils and fats, based on “The Natural Power of Plants.” The Group will leverage this strength, while supporting quality of life through the pursuit of good flavor, health and beauty for customers around the world. It will continue to invest in R&D and facilities and will be even more proactive in the collaborations with other companies both in Japan and overseas as it further globalizes its operations in Asia, Europe, and other regions. As an Outside Director, I will regularly study The Nisshin Oillio Group’s progress on these targets in Board of Director meetings and strive to firmly establish sustainable management within the Group.

Financial Highlights

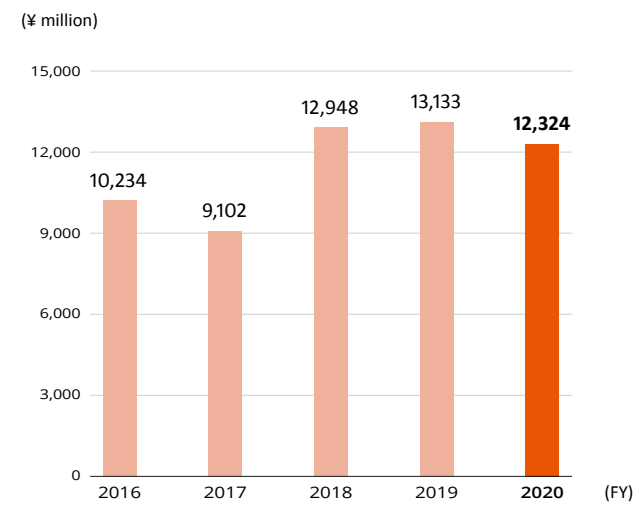
For non-financial information, please refer to Sustainability Data Book 2021.
<https://www.nisshin-oillio.com/english/sustainability/report/>



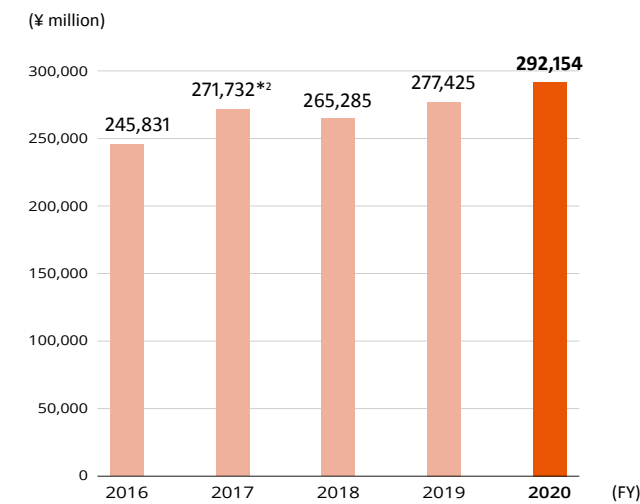
Net sales



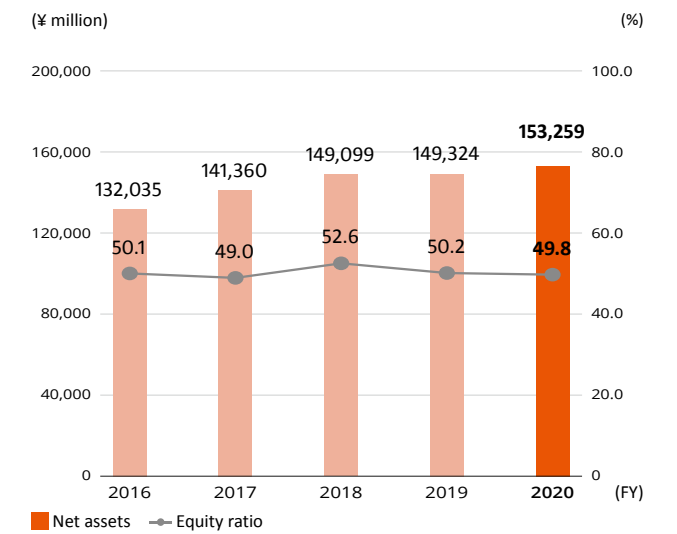
Operating profit



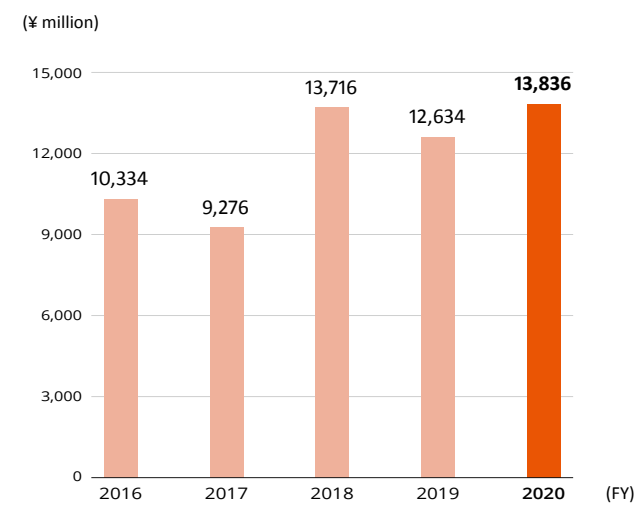
Total assets



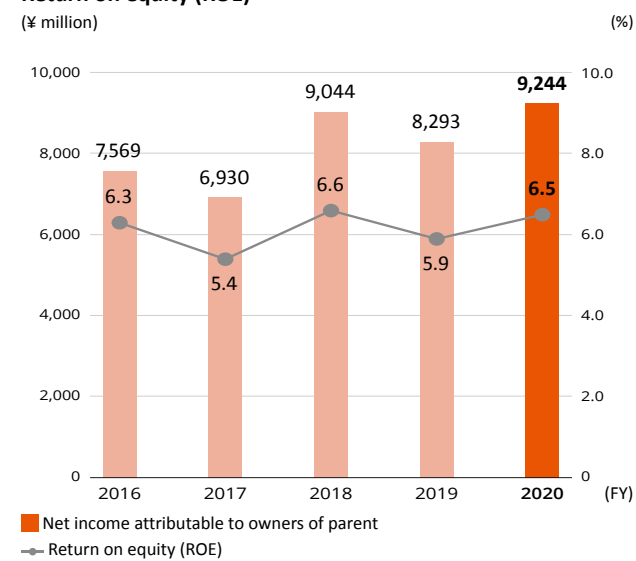
Net assets/Equity ratio



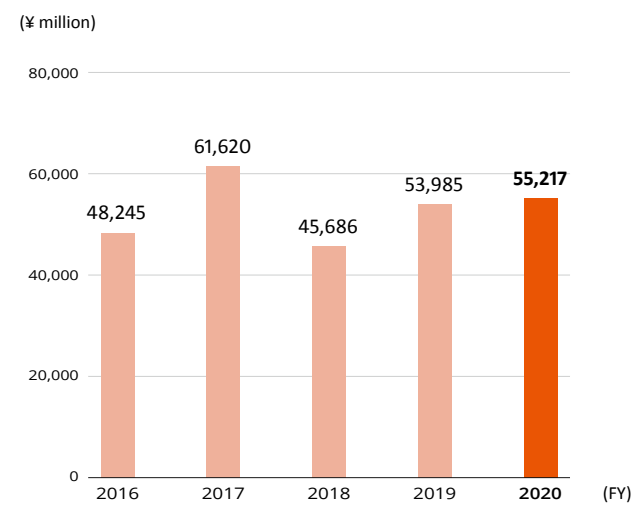
Ordinary profit



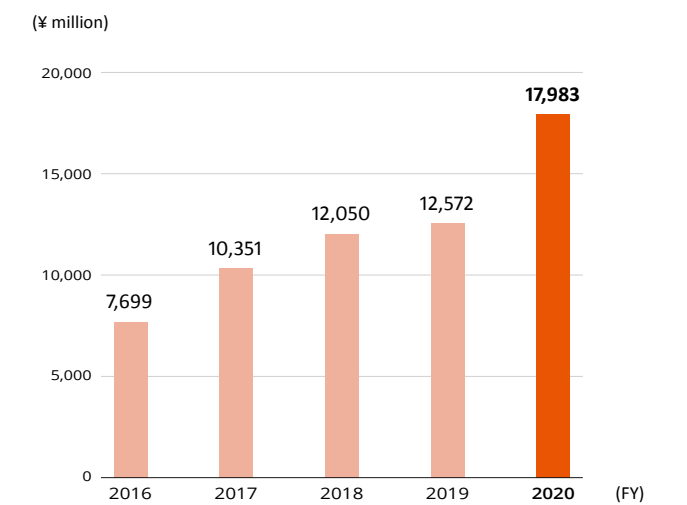
Net profit attributable to owners of parent/ Return on equity (ROE)



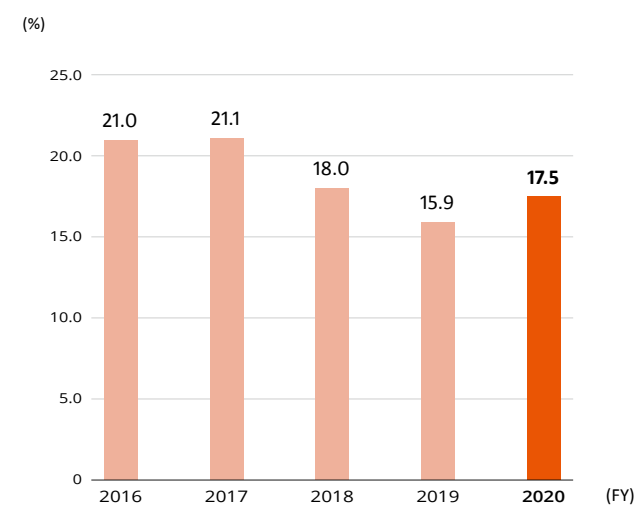
Interest-bearing debt



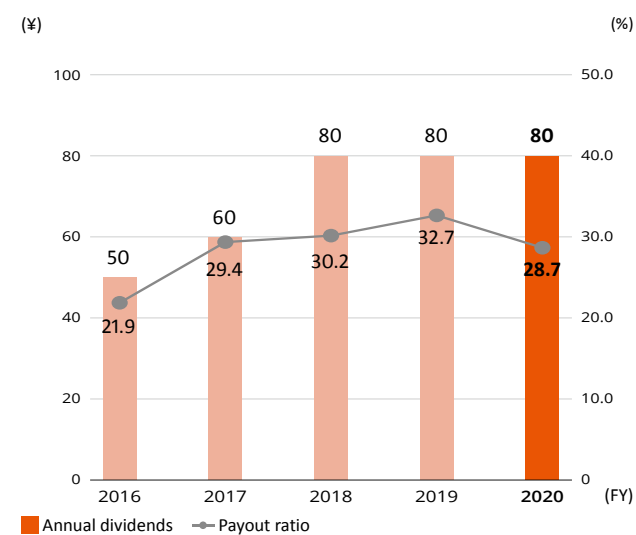
Capital expenditure



Overseas sales ratio

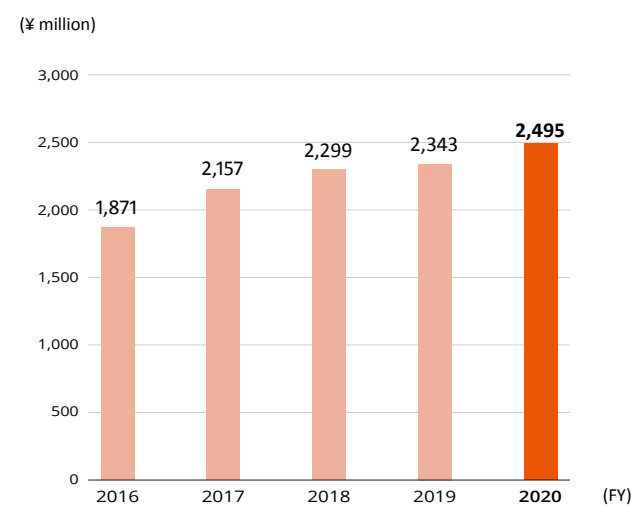


Annual dividends*1/Payout ratio

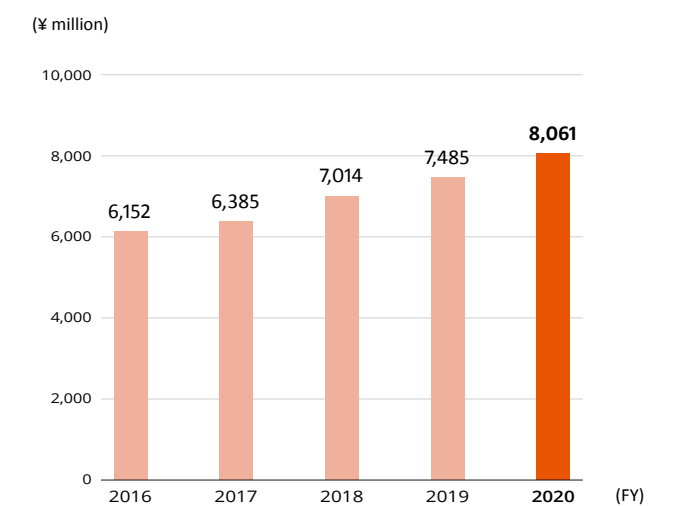


*1. The Company conducted a 5:1 reverse stock split for shares of common stock on October 1, 2017. Dividends paid prior to the reverse stock split have been adjusted to reflect post-split values.

R&D expenses



Depreciation



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, 2021)
Net sales: ¥336,306 million
(consolidated; fiscal year ended March 31, 2021)
Number of employees: 3,001 (consolidated; as of March 31, 2021)

Directors and Audit & Supervisory Board Members (as of October 11, 2021)

Representative Director and President Takahisa Kuno	Directors (Outside) Sayuri Shirai Isao Yamamoto Emi Machida
Representative Director Hidetoshi Ogami	Audit & Supervisory Board Members (Standing) Takashi Fujii Katsuhito Oba
Directors Yasushi Kawarasaki Arata Kobayashi Yoshiharu Okano Masato Saegusa	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



① Yokohama Isogo Complex

Site area: Approx. 233,100 m²



② Nagoya Plant

Site area: Approx. 98,800 m²



③ Sakai Plant

Site area: Approx. 28,800 m²



④ Mizushima Plant

Site area: Approx. 110,000 m²



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.
Mogi Tofu Co., Ltd.
Yamakiu Transport 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 Nissin Oillio (China) Investment Co., Ltd.
The Nissin 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, 2021 (except for "Directors and Audit & Supervisory Board Members").
2. Major Group companies include equity-method affiliates.

Stock Information

Status of Shares (as of March 31, 2021)

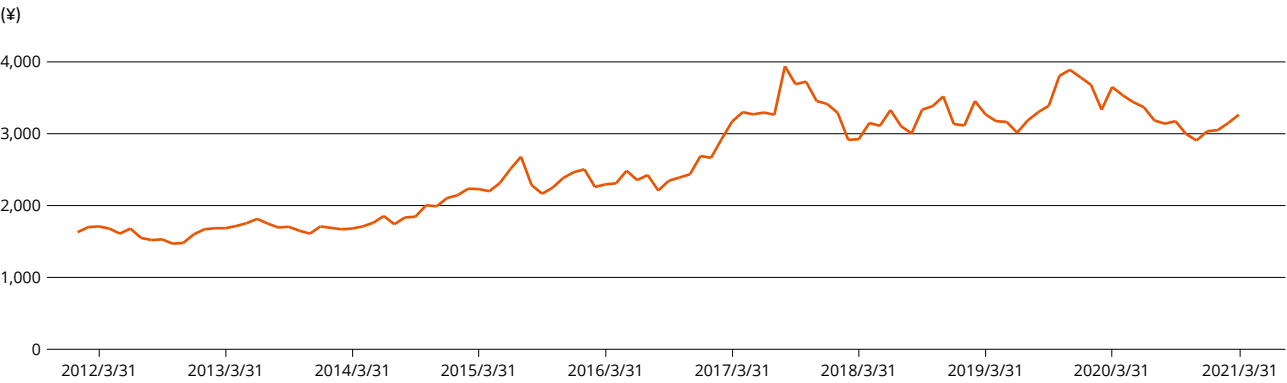
Authorized: 77,670,000 shares
Issued: 32,469,980 shares (excluding treasury stock)
Number of shareholders: 34,260

Principal Shareholders (as of March 31, 2021)

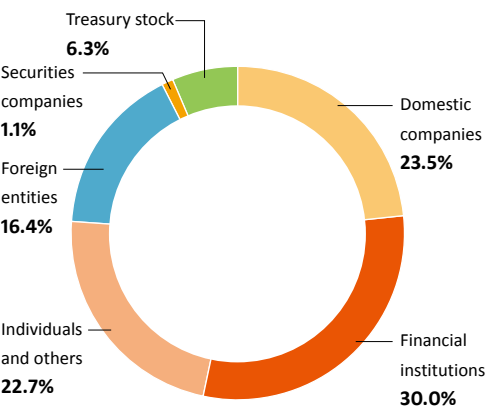
	Shareholdings (thousands)	Percentage of total shares issued (%)
Marubeni Corporation	5,200	16.02
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,555	7.87
Custody Bank of Japan, Ltd. (Trust Account)	1,906	5.87
Sompo Japan Insurance Inc.	1,004	3.09
Aioi Nissay Dowa Insurance Co., Ltd.	669	2.06
DFA International Small Cap Value Portfolio	622	1.92
Kikkoman Corporation	470	1.45
Taisei Corporation	462	1.42
Custody Bank of Japan, Ltd. (Trust Account No. 5)	394	1.22
JPMC GOLDMAN SACHS TRUST JASDEC LENDING ACCOUNT	389	1.20

Notes: 1. The Nisshin Oillio Group holds 2,197,877 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.
3. Pursuant to a resolution of the Board of Directors meeting held on February 9, 2021, the Company purchased 951,600 shares of treasury stock during the fiscal year under review.
4. Pursuant to a resolution of the Board of Directors meeting held on February 9, 2021, the Company cancelled treasury stock as follows.
Type of shares cancelled: Common stock
Total shares cancelled: All treasury stock purchased in 3. above (951,600 shares)
Date of cancellation: April 30, 2021

Changes in Share Price



Breakdown of Shareholders (as of March 31, 2021)



Domestic companies	290 entities; 8,138,724 shares
Financial institutions	48 entities; 10,394,912 shares
Individuals and others	33,662 entities; 7,879,776 shares
Foreign entities	227 entities; 5,687,551 shares
Securities companies	32 entities; 369,017 shares
Treasury stock	1 entity; 2,197,877 shares

Websites



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



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



• Sustainability Data Book 2021
<https://www.nisshin-oillio.com/english/sustainability/report/>