



The Nisshin Oillio Group, Ltd.

Palm Oil Sourcing Report 2025

NISSHIN
oillio

"The Natural Power of Plants"

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Chapter 1 Introduction

1. About this report

This report systematically summarizes the palm oil initiatives of The Nisshin OilliO Group. Palm oil is an essential raw material for the Group's business activities. We aim to become a global top provider of oils & fats solutions by collaborating with various stakeholders in the value chain, with The Natural Power of Plants—a combination of plant resources with unlimited potential, refined technological expertise, and value creation capacity—as the source of our value creation.

This report is designed to provide an overview of our initiatives, including goals and progress. The Group will continue to work with stakeholders around the world to advance the sustainable sourcing and use of palm oil.

Editorial policy

This report describes the approach and activities of the Group in palm oil procurement. It mainly covers The Nisshin OilliO Group, Ltd. and its Group company Intercontinental Specialty Fats Sdn. Bhd. (Malaysia) ("ISF") in FY2024 (April 1, 2024 to March 31, 2025), but may include some activities outside this period.

The sustainability information in this report is self-declared and not assured by any third party.

2. Summary of FY2024

Increased percentage of certified oil



Palm oil only:
FY2024
77.7% ↑ 10.8 pt.
(FY2023: 66.9%)

Including palm kernel oil,
fatty acids, etc.:
FY2024
67.3% ↑ 9.2 pt.
(FY2023: 58.1%)



Supported smallholders

Collaboration between global confectionery manufacturer Ferrero, Hap Seng (one of the Group's main sourcing plantations), and Group company ISF

Helped smallholders acquire RSPO (Roundtable on Sustainable Palm Oil) certification

Engaged with oil mills

ISF is partnering with Dara-Lam Soon, a palm oil mill in Pahang, Malaysia

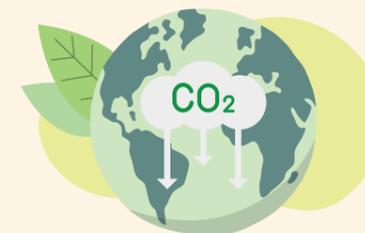
**At oil mills and plantations:
Conducted due diligence on employment practices and investigated actual working conditions**



Reduced CO₂ emissions

Gas Malaysia Energy and Services (GMES) and ISF signed a new gas supply agreement

Used certified biomethane (green gas)



Expanded afforestation area

Up to FY2024:

8,000 trees (4 ha)

planted, and began considering programs to continue expanding the afforestation area



Chapter 2

Policies

1. Vision 2030 and approach to sustainability

The Nisshin OilliO Group, as a leading company in vegetable oils and fats, has earned strong support in Japan's edible oil market while delivering high-value-added products to the world.

As global environmental challenges increasingly affect society, we recognize our responsibility as a corporate citizen to contribute to sustainable development. In our business, we have centered on soybean, rapeseed, palm, and other plant-based resources, leveraging The Natural Power of Plants to create value. Preserving a future where plants can thrive and people can live healthily is essential for achieving sustainable growth over the long term. Thus, we believe it is important to handle raw materials with consideration for sustainability in response to changes in the global environment, including climate change.

The Nisshin OilliO Group has set out The Nisshin OilliO Group Vision 2030 ("Vision 2030") as a guiding principle for the goals and strategies for 2030. We aim to create shared value with society by solving social issues through our business activities, thereby achieving both the sustainable growth of our Group and the sustainable development of society—in other words, realizing sustainability. Of our six priorities—the material areas on which the Group is focusing its efforts—"Global environment" and "Supply chain connected by trust" are most intertwined with palm oil procurement. For these priorities, we will implement environmentally and human rights-conscious procurement practices and collaborate with stakeholders to build a stable supply chain for the future.



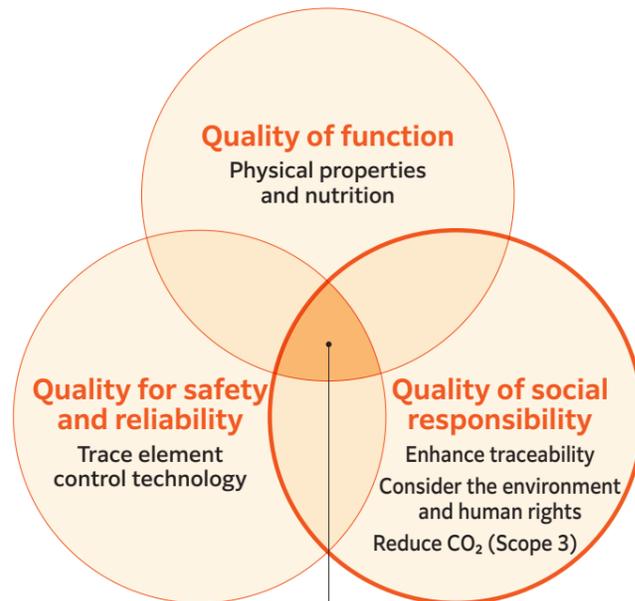
2. The Group's approach for palm oil sustainability

We view the resolution of environmental and human rights issues involving palm oil—a key raw material—and the enhancement of its sustainability as directly linked to the sustainable growth of the Group. Toward this end, we must develop a full understanding of our supply chain and implement the following initiatives in tandem: 1. Work on environmental and human rights issues upstream at palm plantations and oil mills; 2. Share social value created through solving environmental and human rights issues with downstream manufacturers and consumers. The Group includes ISF, a palm oil refining and processing manufacturer in Malaysia, which can serve as a link between upstream palm plantations and downstream customers. Collaborating with NGOs and other third parties and participating in initiatives promoted by NGOs are effective ways to build a transparent supply chain. We will continuously implement environmental and human rights education for executives and employees, fostering awareness and enhancing initiatives across the entire Group.

3. Business strategies and sustainable palm oil

Under Vision 2030, our Group is striving to become a global top provider of oils & fats solutions. To achieve this vision, it is essential to expand our presence in the global market within the processed oils and fats sector and fine chemical business, both of which use palm oil as primary raw material. Our Group operates in the processed oils and fats sector, both domestically and internationally, and has leveraged our strengths by providing products and services that combine three key qualities: 1) quality of function (physical properties and nutrition), 2) quality for safety and reliability, and 3) quality of social responsibility. This has enabled us to build trust-based relationships with stakeholders, including global confectionery companies, and to expand the business.

In recent years, as environmental legislation and mandatory requirements have expanded, the demand for corporations to respect the environment and human rights has rapidly increased. Our Group views this heightened demand as an opportunity for advancement. By meeting the challenges for sustainable palm oil procurement, we will enhance traceability and elevate “the quality of social responsibility” for the respect of the environment and human rights. This will strengthen our products and services by combining the three qualities, serving as the driving force for growth in our palm-oil-based business.



Competitive strength: Provide products and services that combine the three qualities

The mounting demand for respect for the environment and human rights is an opportunity for growth.

- Focus on sustainable palm oil procurement to enhance the quality of social responsibility and provide a higher level of products and services that combine the three qualities

Enhance traceability to plantations

- Strengthen supply chain management
- Build trust with plantations and processors to create opportunities to enhance quality of function and quality for safety and reliability

- Strengthen relationships and expand solutions with customers in Europe and the U.S.
- Contribute to improving sustainability of palm oil in Japan

Promotion of sustainable palm oil

In the global expansion of our palm oil-based businesses, we believe it is essential to manage the palm oil supply chain with firmly established traceability to plantations.

Our presence in Malaysia allows us to more effectively identify and address supply chain issues through direct engagement with local stakeholders. Also, we can directly convey the “quality of social responsibility,” demanded by downstream processors and consumers, to upstream plantations and oil mills through ISF. By sharing sustainability values throughout the entire value chain, we must collaborate to advance initiatives addressing environmental and human rights challenges.



Sakai Plant



ISF Dengkil Factory (Malaysia)

Meanwhile, in Japan, we aim to expand the value chain by enhancing the value and stabilizing the supply of functional frying oils, margarine and shortening, confectionery fats, chocolate products, among other products.

In addition to environmental and human rights challenges, we anticipate future global population growth, expansion of biofuel demand, and geopolitical risks. We believe it is crucial to elevate our Group’s level of engagement, centered on Malaysia, to build a competitive sustainable palm oil supply chain and expand solutions. Through these efforts, we ultimately aim to contribute to enhancing the sustainability of all palm oil used in Japan.

4. Policies involving palm oil

The Group has established policies involving palm oil and is promoting initiatives accordingly. In 2018, we formulated the Palm Oil Procurement Policy and committed to No Deforestation, No Peat, No Exploitation (NDPE).

Our policies pertaining to our palm oil business are as follows.

List of relevant policies

Policy/Declaration	Main contents (excerpts)	Establishment date
Palm oil	Palm Oil Procurement Policy <ul style="list-style-type: none"> No development of high carbon stock (HCS) forests or high conservation value (HCV) areas for new plantings No new development of peatland No exploitation of rights of indigenous people or local communities, and respect the principles of free, prior, and informed consent (FPIC) 	June 2018
	NDPE Declaration <ul style="list-style-type: none"> No Deforestation No Peat No Exploitation Protect HCV and HCS forests 	December 2018
Environment	Environmental policies <ul style="list-style-type: none"> Comply with environmental laws and regulations Promote environmental protection with the aim of realizing a decarbonized, recycling-oriented society that coexists with nature Develop and provide products and services that are naturally and environmentally conscious Continuously improve environmental performance throughout the Group 	November 2009
	Biodiversity Policy <ul style="list-style-type: none"> Conserve and restore the ecosystem Comply with domestic and international laws, regulations, and treaties throughout our entire value chain Strengthen communication with local communities Educate employees and collaborate with stakeholders Develop technologies to help minimize and mitigate impacts on the ecosystem 	December 2023
	Water Policy <ul style="list-style-type: none"> Assess the use of water resources Use water resources effectively Comply with laws and regulations Reduce environmental impact Work with local communities on initiatives and education 	December 2023
Human rights	Human Rights Policy <ul style="list-style-type: none"> Uphold internationally recognized human rights <ul style="list-style-type: none"> No discrimination No forced labor or child labor No harassment Conduct human rights due diligence Establish a contact for consultations and whistleblowing, and adopt remedial measures Engage in dialogue and discussion with stakeholders Disclose information about initiatives Note: This policy is followed by all officers and employees of the Group.	March 2022
Supply chain	Basic Procurement Policy <ul style="list-style-type: none"> Fair business practices Safety, security, and stable supply Respect human rights Consideration for the environment Protect confidential and personal information Strengthen relationships with partners and suppliers Note: This policy applies to all of the raw materials and services used by the Group.	June 2018
	Supplier Guidelines <ul style="list-style-type: none"> Comply with laws and regulations Anti-corruption, fair trade Safety and quality standards Respect human rights, occupational health and safety Comply with environmental laws, regulations, and standards Remedial measures Note: This guideline applies to all suppliers involved in the Group's products and services.	March 2024
	Quality Policy (in Japanese only) <ul style="list-style-type: none"> Quality management system Obtain ISO 9001 certification Establish a Quality Management Committee Note: Group companies in Japan and overseas have introduced ISO 9001, ISO 22000, and other international standards and norms as appropriate.	May 1995

NDPE Declaration

We are taking steps to establish a traceable, transparent palm oil supply chain that complies with our commitment to No Deforestation, No Peat, No Exploitation (NDPE).

The Nisshin Oillio Group declares its compliance with NDPE:

- No development of high carbon stock (HCS) forests or high conservation value (HCV) areas for new plantings
- No new development of peatland regardless of the depth of development, and promotion of the best management practices (BMPs) for existing oil palm plantations on peat soils
- No use of fire in land preparation including for planting and replanting, and no burning of wastes generated by land preparation
- Identify and reduce greenhouse gas emissions in existing operations
- No exploitation of rights of indigenous people or local communities, and respect the principles of free, prior, and informed consent (FPIC) to operate on lands on which they hold legal, communal, or customary rights
- No discrimination based on sexual orientation, gender, religion, race, disability, age, political affiliation, marital status, or national origin
- Comply with laws in respective countries in terms of freedom of association and right to bargain collectively for employees
- Eliminate all forms of illegal, forced, bonded, and child labor
- Follow responsible recruitment practices for all labor including migrant, contract, and temporary workers
- Prevent and prohibit corruption, including extortion and bribery
- Comply with applicable laws and regulations in respective countries and regions with business transactions in progress. If any contradiction arises between globally recognized human rights and the laws or regulations of a country or region, compliance will honor the principles of international human rights

(Published December 2018)

Approach to high conservation value areas

High conservation value (HCV) areas are places in forests of high value in terms of biodiversity, the ecosystem, local communities, culture, and many other aspects. There are six categories of HCV areas based on location and characteristics. Protecting HCV areas will help conserve and restore biodiversity. HCV areas are evaluated based mainly on ecological, social, and cultural value, while high carbon stock (HCS) areas are evaluated in terms of forest value based primarily on carbon stock.

So as stated in our Palm Oil Procurement Policy, we do not make new plantings in HCV or HCS areas.

Chapter 3

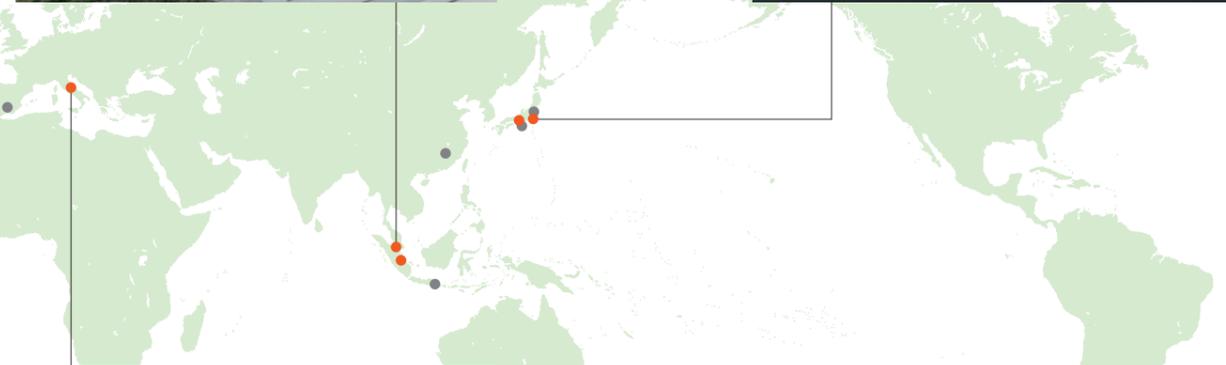
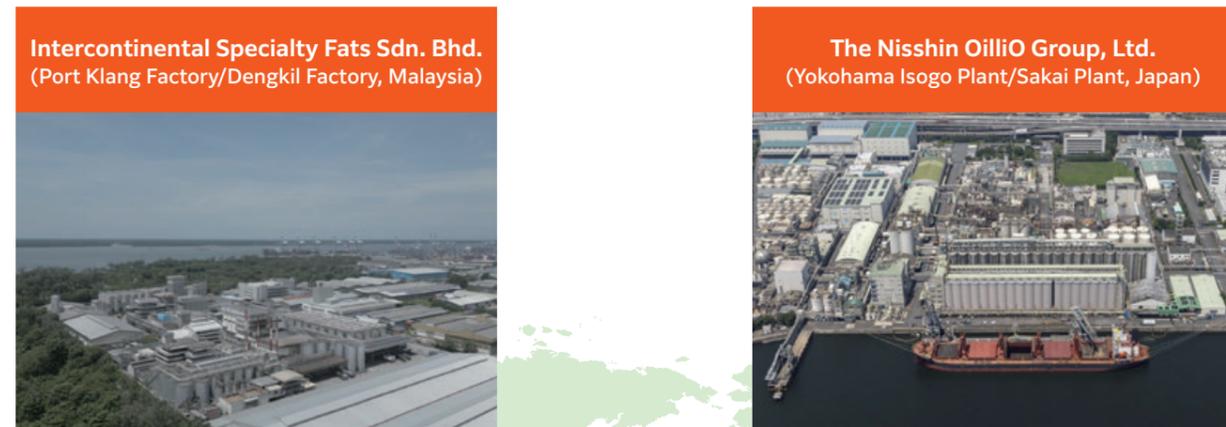
Traceability

1. The Nisshin OilliO Group supply chain

Group locations involved in palm oil business

The Group operates a total of five palm oil refining facilities domestically and internationally, all of which hold RSPO certification.

ISF in Malaysia holds both RSPO and MSPO certifications, contributing to the advancement of sustainable palm oil.



Other Group companies involved in palm oil business

Country	Company name
Japan	Daito Cacao Co., Ltd.
	Settsu Inc.
China	Intercontinental Specialty Fats (Shanghai) Co., Ltd.
Indonesia	PT Indoagri Daitocacao
Spain	Industrial Química Lasem, S.A.U.

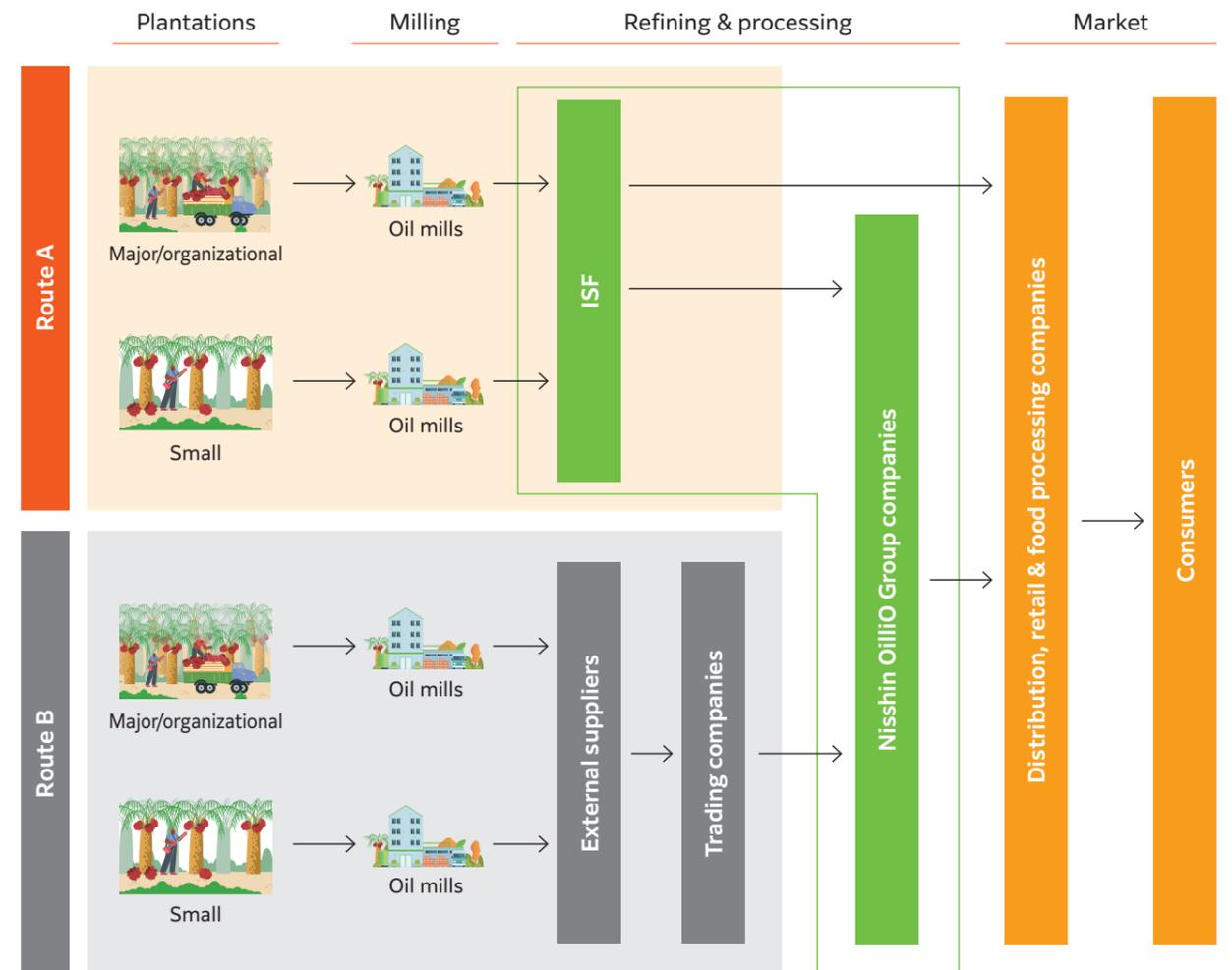
2. Palm oil procurement routes and evaluation

Palm oil procurement routes

Among the plants and factories operated by our Group, two in Japan, two in Malaysia, and one in Italy have palm oil refining facilities/capabilities. Our palm oil procurement routes can be broadly divided into the following two categories.

Route A Palm oil procurement route centered on ISF

Route B Intermediate product procurement route from third-party suppliers through trading companies



Through the Tier 1 suppliers of each Group company, we request compliance with our Group procurement policies and supplier guidelines across the entire supply chain. We are also progressively implementing human rights due diligence (Self-Assessment Questionnaire and on-site visits) for Tier 1 suppliers, working to resolve supply chain issues through risk identification, assessment, corrective action, and monitoring.

3. Palm oil certification systems

Sustainable palm oil certification systems

International and country-specific certification systems have been established to promote sustainable palm oil production. The following three are recognized as the primary palm oil certification systems.

Roundtable on Sustainable Palm Oil (RSPO)

RSPO is a certification system operated by an international non-profit multi-stakeholder organization. Its participants include a diverse range of stakeholders, among them producers, processors, consumer goods manufacturers, retailers, financial institutions, and environmental NGOs. It establishes comprehensive standards for environmental protection (protecting forests and peatlands, maintaining biodiversity) and social responsibility (indigenous people's land rights, workers' rights).



This product contributes to the production of certified sustainable palm oil.
RSPO: Roundtable on Sustainable Palm Oil



Malaysian Sustainable Palm Oil (MSPO)

MSPO is a certification system led by the Malaysian government. It covers the palm oil industry in Malaysia and sets standards for environmental management, labor practices, community relations, and transparency based on compliance with the country's laws and regulations.

Indonesian Sustainable Palm Oil (ISPO)

ISPO is a certification system led by the Indonesian government. It covers the palm oil industry in Indonesia and is based on compliance with the country's laws and regulations. It sets standards for land use, environmental management, working conditions, and relations with local residents.



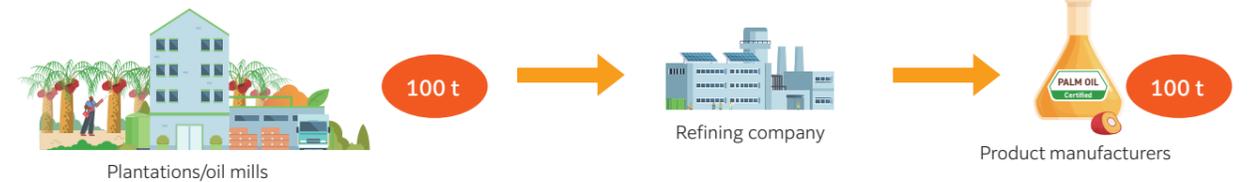
Supply chain certification model: Ensuring traceability

The supply chain (SC) certification system has been established to manage the distribution of sustainable palm oil. The system has evolved within RSPO certification, and comprises the following four certification models.

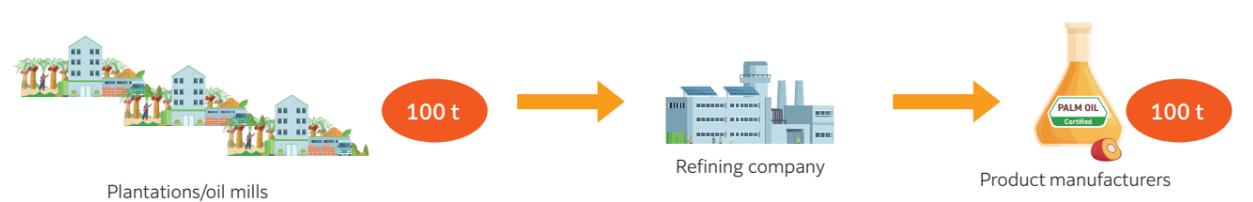
Certification model	Abbreviation	Overview
Identity Preserved	IP	Palm oil is sourced from a single certified plantation and segregated from other palm oils during the distribution process. No mixing is allowed, even between certified plantations, making the palm oil fully traceable back to the plantation.
Segregated	SG	Palm oil is sourced from multiple certified plantations and mixed with other certified oils but segregated from non-certified oils during the distribution process.
Mass Balance	MB	Palm oil is sourced from a single or multiple plantations and certified and non-certified oils are mixed during the distribution process, but the volume of certified oil is recorded in a ledger and the percentage of certified oil of purchased products is guaranteed.
Book & Claim	B&C	B&C is a certified credit trading model that does not involve the physical distribution of certified oil. This model is recommended only to supplement the shortfalls of other certification models.

Scope does not include palm kernel oil, fatty acids, etc.

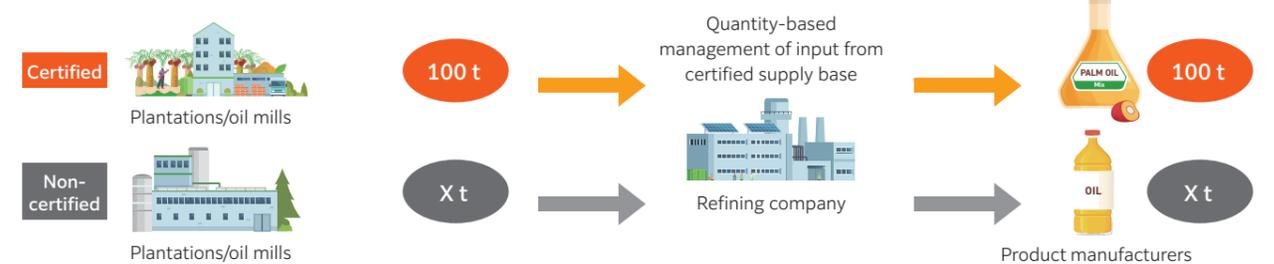
Identity Preserved (IP)



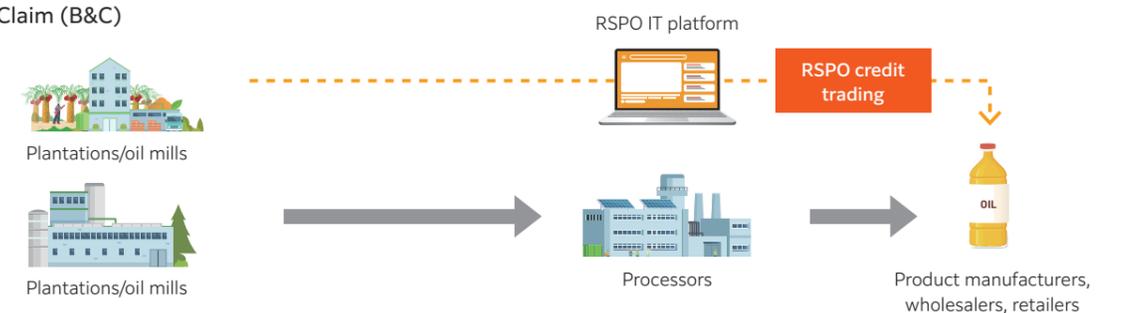
Segregated (SG)



Mass Balance (MB)



Book & Claim (B&C)



Chapter 4

Initiatives

The Nisshin OilliO Group is actively working with stakeholders to address the various issues affecting the palm oil industry.

4. Traceability to oil mills and plantations and percentage of certified oil

| Progress of traceability in The Nisshin OilliO Group

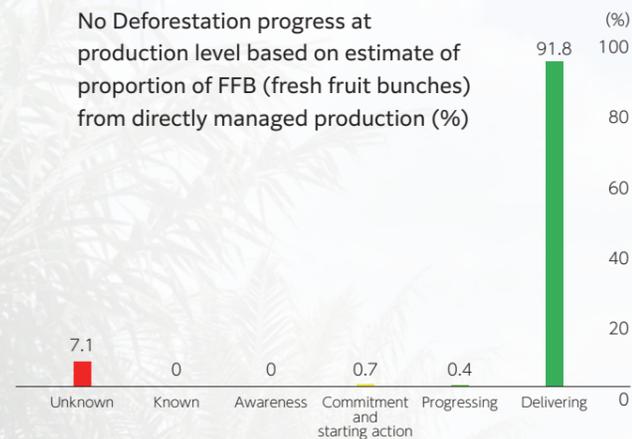
To resolve environmental and human rights issues involving palm oil and to improve sustainability, we must first understand our own supply chain and then work together with our suppliers. The Group is making efforts to improve traceability, particularly at ISF in Malaysia.

FY2024 results

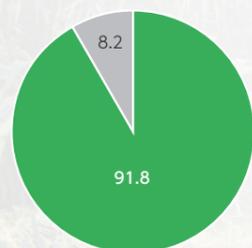
Traceability to oil mills	Traceability to plantations	Percentage of certified oil		Percentage of non-certified oil
99.8%	92.9%	77.7%		22.3%
		RSPO	MSPO	
		72.9%	4.8%	

The Group monitors suppliers' compliance with their zero-deforestation commitments using the NDPE Implementation Reporting Framework (NDPE IRF*) developed by the Palm Oil Collaboration Group. The results shown in the graphs below are based on the Group's self-disclosure/self-reporting.

* NDPE IRF: <http://www.ndpe-irf.net/>



Estimated percentage of deforestation-free FFB (%)



1. Issues in the palm oil industry

Palm oil is produced from the oil palm, a plant that grows in equatorial tropical regions. Palm oil can only be produced in certain environments; Indonesia and Malaysia account for roughly 80% of the world's palm oil production. Although palm oil is very useful in our daily lives, several societal issues have surfaced in its production, including the following.

Deforestation



Areas that were once tropical rainforests have been cleared and transformed into palm plantations.

► Possible consequences: Potential loss of biodiversity and depletion of water resources

Peatland development



Peatlands store vast amounts of CO₂, and as they are developed, this CO₂ is released into the atmosphere.

► Possible consequences: Accelerated global warming, loss of biodiversity

Violation of indigenous people's rights



Deforestation and peatland development affect the natural environment and can threaten the livelihoods of the indigenous people who live in those areas.

► Possible consequences: Human rights issues, including violations of indigenous people's rights

Labor problems



Plantations and oil mills are located in adjacent areas and both require a significant labor force.

► Possible consequences: Human rights issues, namely forced labor and child labor

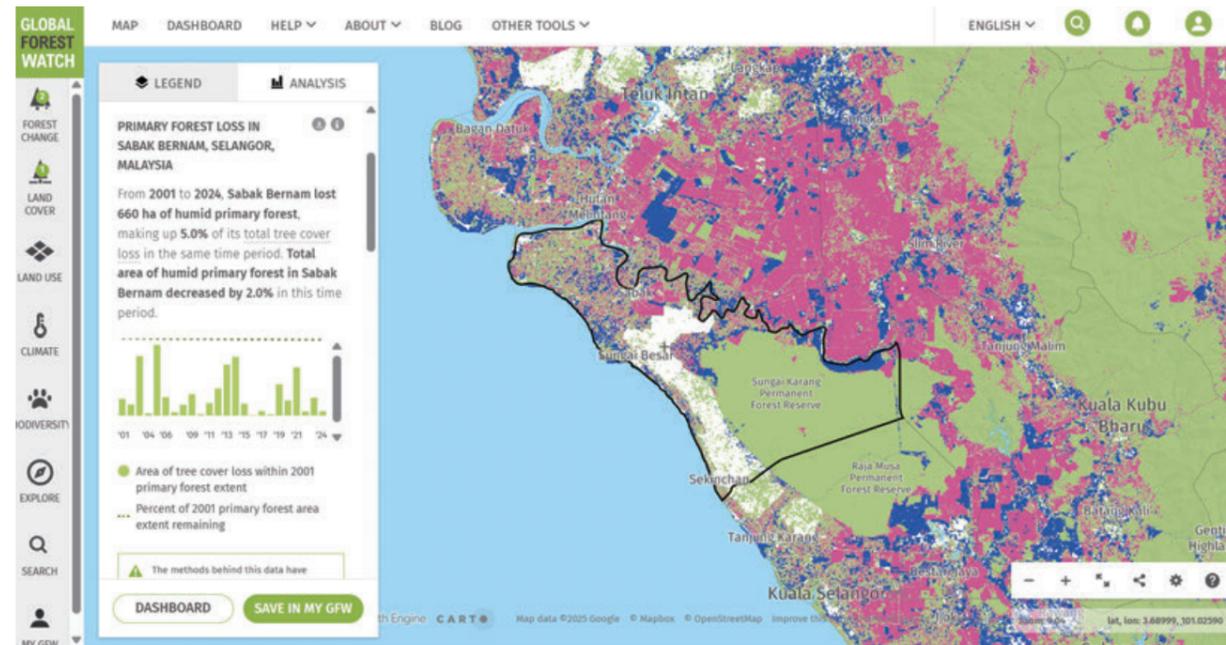
2. Group initiatives

| Investigation of deforestation using satellite imagery

Our Group utilizes satellite monitoring tools such as Global Forest Watch and Google Earth to track land use changes and deforestation within our supply chain. By analyzing satellite imagery, we can identify areas experiencing deforestation, assess compliance with our sourcing policies, and swiftly implement appropriate measures to mitigate environmental risks. Furthermore, in Malaysia, our key sourcing country, we engaged external consultant Inovasi Agriplot* to conduct due diligence and supply chain monitoring. This initiative strengthens our sustainable raw material sourcing and ensures transparency.

* Inovasi Agriplot: <https://www.agriplot.earth/>

A satellite image of Sabak Bernam area, Selangor, Malaysia



Source: Global Forest Watch (<https://www.globalforestwatch.org/>)
Green indicates forested areas, pink indicates deforested areas

| Support for smallholders

As part of the Group's responsible sourcing efforts, it is essential to advance social and environmental initiatives. By the same token, we believe that supporting smallholders is crucial in our sustainable palm oil initiatives.

Smallholders, which are the primary suppliers of palm oil, generally lack the resources to meet international standards for sustainable palm oil. Therefore, ISF collaborates with suppliers and specialized organizations to provide smallholders with the resources necessary to obtain certifications such as RSPO.

Through these initiatives, our Group aims to build a sustainable and transparent supply chain for the future.

Plan and promote a Smallholder Support Program (direct support)

We launched the Smallholder Support Program, which connects plantations (upstream) with customers (downstream), in 2023 with plans to run it for three years. We are working with our customer Ferrero*¹ to provide education and other practical support to smallholders working under Hap Seng*² (one of the Group's major sourcing plantations) so that they can acquire RSPO certification. Once the smallholders are certified, we purchase their SC certified oil and turn it into products that we supply to Ferrero.

*1 A chocolate-focused Italian food product company operating worldwide
*2 A plantation company based in Malaysia, listed on the Malaysian stock exchange



Photo from a Smallholder Support Program activity

Participate in POCG working groups (indirect support)

The Palm Oil Collaboration Group (POCG), facilitated by the non-profit organization Proforest brings together companies from every stage of the palm oil supply chain to accelerate effective implementation of NDPE commitments. ISF participates in this collaboration to ensure collective progress toward sustainable industry standards. The POCG includes four active working groups that support production of smallholders and forest protection, promote efforts and cooperation in solving human rights issues, provide tools for monitoring NDPE implementation, and develop effective approaches to problems and objectives.



Visit to smallholder LKM Trading Sdn Bhd

Mangrove restoration activities

Since 2019, we have been planting mangroves in Malaysia as an activity to conserve and restore biodiversity. “Mangroves” is a collective term for plants that grow naturally in estuaries and other shallow waters in tropical and subtropical regions. In recent years, mangroves have attracted attention as a carbon stock in efforts to combat global warming. Over a three-year period starting in 2022, we planted 8,000 trees on 4 ha of land in an area adjacent to Sabak Bernam in the state of Selangor. According to a project report by Global Environment Centre (GEC)*, a Malaysian non-profit organization, an assessment of carbon storage in the tall-stilt mangrove (*Rhizophora apiculata*) planting area implemented in 2025 estimated approximately 2.46 tons C/ha for a 1-hectare planting site. This indicates that the planted trees absorbed approximately 9.04 tons of CO₂ equivalent. Subsequent studies have shown that several species have returned to the area as a result of the afforestation—a proof of our contribution to the restoration of the ecosystem. Many Group employees have participated in this initiative, helping us raise sustainability awareness across the Group.

* Report by GEC: <https://gec.org.my/reference-project/mangrove-rehabilitation-tree-planting-maintenance-in-kampung-dato-hormat-sabak-bernam/>

	Unit	FY2022	FY2023	FY2024	Total
Afforested area	ha	1.25	1.00	1.75	4.00
Number of trees planted	trees	2,500	2,000	3,500	8,000

Images of afforested areas in Sabak Bernam, Selangor



2020



2025

Species that have returned as a result of afforestation



Mangrove firefly
Pteroptyx valida



Mudskipper
Periophthalmus modestus



Collared kingfisher
Todiramphus chloris



Mangrove apple
Sonneratia caseolaris

Greenhouse gas (GHG) reduction initiatives

The Group’s Scope 3 CO₂ emissions are roughly 4.9 million tons (FY2024), 91% of which fall into Category 1 (purchased goods and services) and Category 4 (upstream transportation and distribution). In FY2023, we set a new numerical target to reduce Scope 3 emissions by 25% by FY2030 (compared with FY2020) as a CSV goal under Vision 2030, and have begun targeted efforts starting with the highest-emission categories, 1 and 4. We are also aiming for a 25% reduction by FY2030 (compared with FY2020) in the palm oil supply chain.

Initiative	Results		Target
	FY2023	FY2024	FY2030
Scope 3 CO ₂ emissions reduction rate (compared with FY2020, starting with Categories 1 and 4)	Began detailed discussions with US and Canadian industry groups via the Japan Oilseed Processors Association on methods of calculating CO ₂ emissions from main raw materials (soybean, rapeseed)	<ul style="list-style-type: none"> Held detailed discussions with Canadian industry groups via the Japan Oilseed Processors Association on methods of calculating CO₂ emissions. Conducted interviews with Brazilian industry groups Utilized environmentally conscious vessels (docked at Nagoya Plant in November) Requested cooperation from business partners to visualize and reduce CO₂ emissions 	25% reduction*

* Includes palm oil initiatives

Scope 3 emissions reduction initiatives

We believe that to reduce Scope 3 emissions, it is more effective to approach business partners in the supply chain through government agencies and industry groups in the countries where the raw materials are purchased, rather than approaching them individually. For palm oil, we will encourage Malaysian government agencies in charge of palm oil to set Scope 3 emissions reduction targets, and will also ask plantations to set CO₂ reduction targets and cooperate in reporting CO₂ emissions associated with palm oil.

Additionally, the RSPO certification system’s principles and criteria (P&C) require forest protection, prohibit peatland cropping, mandate planning and reporting of GHG emissions reductions, and call for the efficient use of fossil fuels and expansion of renewable energy. By increasing the percentage of RSPO-certified palm oil among the palm oil we procure (see p. 13), we will reduce Scope 3 emissions in our supply chain.

Use of certified biomethane (green gas)

To support the transition to low-carbon energy, we used certified biomethane (green gas) in 2025.



Water policy, water risk assessment, and initiatives

Water policy

Global demand for water is growing annually due to increasing population, economic growth, and climate change, while at the same time, droughts, floods, and deteriorating water quality are becoming more common. For the Group, which draws its source of value creation from The Natural Power of Plants, water is also an indispensable and precious resource for cultivating raw materials and manufacturing products. Therefore, by promoting the reduction of water use in our operations and managing water risks throughout our supply chain, we are contributing to the conservation of water resources and the sustainable continuation of our business.

We formulated The Nisshin OilliO Group Water Policy on December 22, 2023.

See Chapter 2. Policies (p. 7) for the Group's Water Policy.

Water risk assessment

Palm, soybean, and rapeseed, which are used as raw materials for edible oil, cannot live without water for their growth. Weather conditions such as drought can decrease yields and increase cultivation costs. Maintaining a nurturing environment with access to good quality and sufficient quantities of water is crucial for the Group's business activities. We use Aqueduct, a water assessment tool launched by the World Resources Institute (WRI), to evaluate water risk. Using Baseline Water Stress metric in this tool, we conducted a primary assessment of water stress at our production plants in Japan (in Kanagawa, Aichi, Osaka, and Okayama Prefectures) and the major production area of raw materials for soybean oil and palm oil used for the Group's products. The results confirmed that no water was taken from water resources in areas with high water stress.

We also implement water quality control during intake and discharge at our production plants and strive to comply with regulations on the use of pesticides and chemical substances.

Initiatives to reduce water risks

Effectively utilize and recycle water resources in production activities

Under Environmental Targets for 2030, we have set the target of reducing water consumption intensity in our production activities by 16% in FY2030 compared with FY2016. All our domestic production plants have acquired ISO 14001 certification for environmental management systems and are monitoring and managing their water consumption. By managing monthly usage per process at each plant and improving water usage methods, we achieved a 9% reduction in FY2023. Our plants use water in the manufacturing process for edible oils and for cleaning equipment among other uses. We are working to reduce usage through water conservation and recycling.

Statistics on water consumption

	Unit	FY2016 (base year)	FY2020	FY2021	FY2022	FY2023	FY2024
Total water intake	m ³	11,038,776	11,667,082	11,773,740	11,895,113	8,211,279	8,247,612
Drinking water and industrial water	m ³	3,188,776	2,973,969	2,958,399	2,893,249	2,976,097	3,010,090
Seawater	m ³	7,850,000	8,660,052	8,780,333	8,966,730	5,199,058	5,201,866
River water	m ³	0	0	0	0	0	0
Groundwater	m ³	-	33,061	35,008	35,134	36,124	35,656
Total wastewater volume	m ³	10,129,232.4	11,150,066	11,172,239	10,948,356	7,416,287	7,061,904
Sewers	m ³	0	0	0	0	0	0
Sea/ocean regions	m ³	10,129,232.4	11,150,066	11,172,239	10,948,356	7,416,287	7,061,904
Rivers	m ³	0	0	0	0	0	0
Other	m ³	0	0	0	0	0	0
Water intake per unit of production (drinking water and industrial water)	m ³ /t	1.22	1.12	1.06	1.03	1.12	1.11

Scope: The Nisshin OilliO Group, Ltd., Settsu Inc., Daito Cacao Co., Ltd., Intercontinental Specialty Fats Sdn. Bhd., Industrial Química Lasem, S.A.U.
 Note: Figures for total water intake and seawater in FY2021 and total wastewater volume and sea/ocean regions in and after FY2020 have been revised as a result of reviewing the calculation methods. Additionally, the method of calculating seawater intake was changed in FY2023.

Water intake and discharge in areas with high water stress

	Unit	FY2023	FY2024
Percentage of total water intake from areas with water stress	%	0	0
Percentage of total water discharge to areas with water stress	%	0	0

Scope: The Nisshin OilliO Group, Ltd., Settsu Inc., Daito Cacao Co., Ltd., Intercontinental Specialty Fats Sdn. Bhd., Industrial Química Lasem, S.A.U.

Percentage of raw materials procured from areas with high water stress (as of March 2025)

	Evaluation results
Soybean	0
Palm oil	0

Number of incidents of non-compliance related to permissions, standards, and laws/regulations with regard to water volumes, water quality, or both [non-consolidated]

	FY2020	FY2021	FY2022	FY2023	FY2024
Number of incidents	0	0	0	0	0

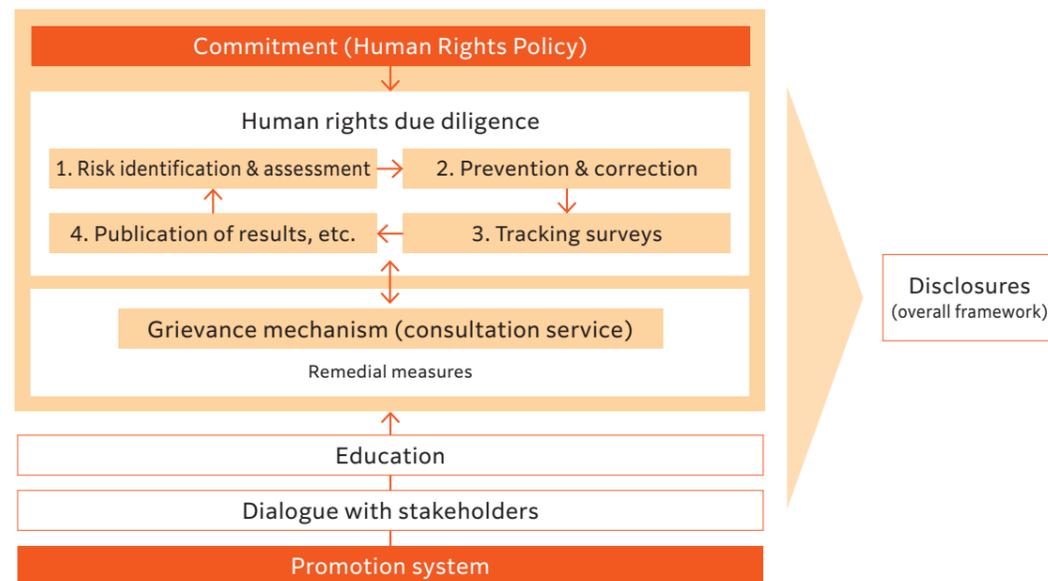
Human rights efforts

Recognizing that our business may directly or indirectly affect human rights in our supply chain, we promote group-wide efforts to respect human rights in line with the United Nations Guiding Principles on Business and Human Rights. The Group shall respect human rights as stipulated in the International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Declaration on Fundamental Principles and Rights at Work. To clarify these efforts, the Group has formulated a Human Rights Policy and The Nisshin Oillio Group Supplier Guidelines. We require not only our Group officers and employees but also our suppliers to understand and comply with the policy and guidelines, ensuring their effective application. Our main human rights framework comprises commitments under our human rights policy, human rights due diligence for the Group and our supply chain, and remedial measures under our grievance mechanism. We publish the details of our efforts on our website as appropriate.* Furthermore, we consider it vital to instill the importance of respecting human rights through education for management and employees, and to understand and respond to stakeholders' views and requests through dialogue.

Based on this thinking, as a human rights due diligence initiative along the palm oil supply chain, we worked with Dara-Lam Soon, which owns and operates palm oil mills and plantations in Pahang, Malaysia, to verify whether the process of recruiting and hiring employees was conducted appropriately. We also surveyed the working conditions and living environments of the workers at the site.

* See Human rights efforts (https://www.nisshin-oillio.com/english/sustainability/supply_chain/human_rights/respect.html)

Overview of the Group's human rights efforts



Human rights due diligence

In accordance with the process advocated in the UN Guiding Principles on Business and Human Rights, the Ministry of Economy, Trade and Industry's Guidelines on Respecting Human Rights in Responsible Supply Chains, and other publications, we identify and assess human rights risks throughout our supply chain and implement human rights due diligence while receiving advice from outside experts.

Communities and workers

The Group ensures worker safety by providing personal protective equipment and mandating its use in accordance with the conventions of the International Labor Organization (ILO). We also strive to prevent accidents through regular disaster prevention drills and training. We conduct SAQs* to confirm the appropriateness of these practices across all Group companies.

Additionally, to respect the rights of local residents and indigenous peoples, we are deepening our understanding by engaging with local communities where we conduct business activities and provide opportunities to learn about indigenous cultures and customs.

* Self-Assessment Questionnaire

Sustainability education

To achieve Vision 2030, we have positioned sustainability education as the foundation for company-wide education to ensure that every employee understands and is committed to sustainability. We launched human rights education at our Company in FY2024, and in FY2025, we expanded the scope to include environmental education for all Group companies. We believe that understanding the environment and human rights is essential for promoting two of our six priorities: "Global environment" and "Supply chain connected by trust." We will continue to provide sustainability education so that everyone is aware of environmental and human rights issues in the context of their work, which will foster employee awareness and enable us to contribute to resolving societal issues through our business.

Environmental education

Through environmental education, we communicate the Group's vision, goals, and initiatives across all Group companies, ensuring that environmental considerations are integrated into our business activities. We also organize on-ground activities that allow employees to experience and understand current environmental issues first-hand.

In FY2025, we hosted environmental events, lectures, and seminars to enable employees to engage with environmental issues while raising awareness.

Lectures



Education begins with understanding the Group's goals and initiatives

Environmental events



We hosted beach cleanups as environmental events at the Head Office and Isogo Complex.

Seminars



An underwater photographer was invited to deliver a seminar on marine environmental pollution and plastic recycling.

Human rights education

We promote our human rights policy and human rights efforts among the Group's management and employees through training, briefings, and other means. Additionally, we position respect for human rights as one of the foundations of our human resource development and implement education accordingly.

Number of participants in human rights education

FY2023	FY2024
303	1,446

Scope: The Nisshin Oillio Group, Ltd. only

Chapter 5

Governance

1. Supervision by the Board of Directors

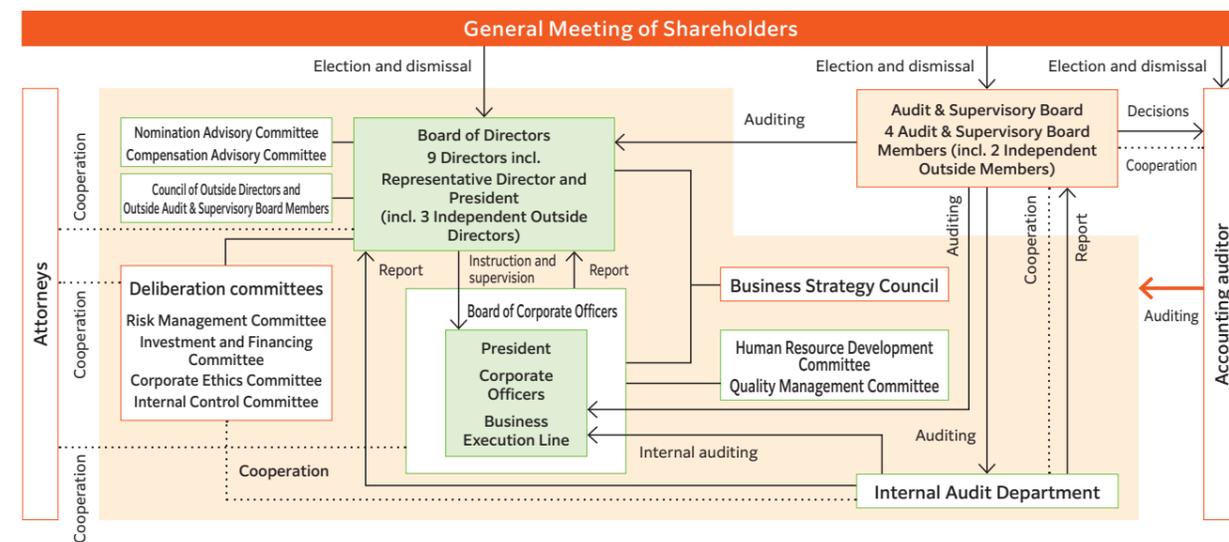
Business Strategy Council

The Nisshin Oillio Group's Board of Directors has established the Business Strategy Council, a deliberation committee that formulates basic policies to contribute to the company's sustainable growth and sustainable development of society. The council also deliberates on key issues for achieving the vision outlined in Vision

2030. The council's critical themes include identifying key risks and opportunities impacting our business (including environmental and human rights issues), examining societal issues, and deliberating on setting and revising our priorities, CSV goals, and specific initiatives. The contents are reported to the Board of Directors as appropriate, and particularly important matters are resolved by the Board of Directors.

The Board of Directors is thus responsible for addressing issues as the environment and human rights, as well as monitoring progress toward goals. The Board of Directors also takes proactive steps to resolve issues, obtaining sufficient insight from outside experts when necessary.

Corporate governance structure chart



Environmental management promotion system

The Group has established environmental policies aimed at achieving sustainable growth of our Group and sustainable development for society, and centrally manages environmental activities across the entire Group. In line with these environmental policies, each department, business site, and Group company has established an environmental management system and implements the setting, execution, and monitoring of environmental targets and measures. Of the six priorities established in Vision 2030, the Group has formulated

Environmental Targets for 2030 with "Global environment" and "Supply chain connected by trust" as the main priorities to be addressed.



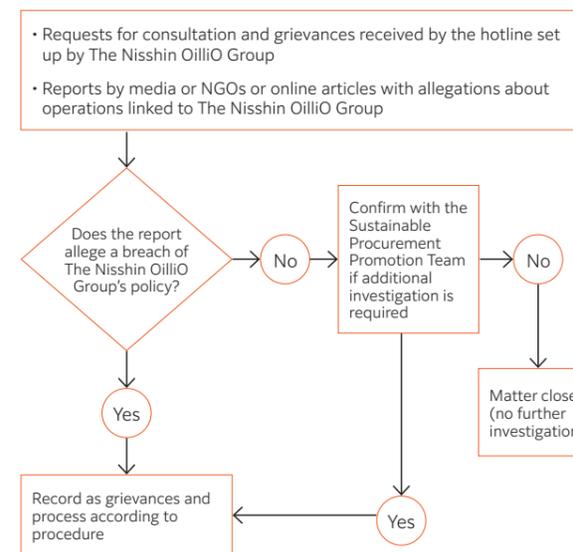
2. Operation of the grievance logs

Grievance logs are a system that allows external stakeholders to seek consultation and lodge grievances if the Group is in violation of its Palm Oil Procurement Policy. The Group examines and investigates the details of these grievances, formulates solutions and action plans, notifies the relevant parties, and conducts ongoing monitoring.

Timelines, internal management status, and other records for each grievance are disclosed on the Company and ISF (Malaysia) websites in an effort to ensure transparency. By communicating our Group's responses and perspectives regarding stakeholder feedback, we strive to build trust with our stakeholders.

The table below provides an overview of the number of grievances.

Grievance mechanism process* flow



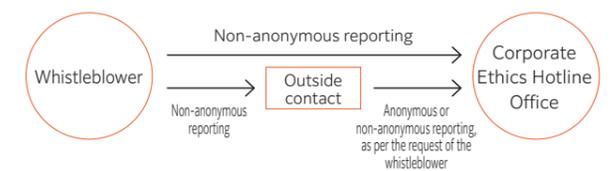
Overview of the number of grievances (as of September 2025)

	Closed	Deferred	Monitoring	Under investigation
The Nisshin Oillio Group	12	3	11	0
ISF	11	0	6	4

Note: For the Group's records, see the Sustainability Data Book (<https://www.nisshin-oillio.com/english/sustainability/report/data.html>)

We have also established The Nisshin Oillio Group Corporate Ethics Hotline* for whistleblowing and other internal reporting systems. The hotline also covers requests for consultation and reports regarding human rights. The information submitted via the hotline is reviewed by the Corporate Ethics Committee and is dealt with appropriately.

The Nisshin Oillio Group Corporate Ethics Hotline



* See p. 34 of the [Sustainability Data Book](#)

Chapter 6

Indicators and goals

The Nisshin Oillio Group manages activities and performance based on goals and results on our six priorities, Environmental Targets for 2030, and the Palm Oil Action Plan.

1. CSV goals (goals and results)

Global environment

CSV goal		Results			
Item	FY2030	FY2021	FY2022	FY2023	FY2024
Reduction rate of Scope 1 and 2 emissions (compared with FY2016)	50%	7.3%	8.6%	18.6%	20.7%

Supply chain connected by trust

CSV goals		Results			
Item	FY2030	FY2021	FY2022	FY2023	FY2024
Traceability to palm oil plantations	100%	68.5%	90.9%	92.7%	92.9%
Business activities based on human rights	Establish mechanisms to prevent human rights violations	-	Disseminated our human rights policy throughout the Group, and began conducting human rights due diligence	Established Supplier Guidelines, began providing guidance to high-priority suppliers, administered the SAQ and made site visits to manufacturing partners	Administered the SAQ to high-priority soybean, rapeseed, and palm oil procurement and logistics partners

2. Environmental Targets for 2030: Promote nature conservation (goals and results)

Environmental Targets for 2030		Results			
Item	FY2030	FY2021	FY2022	FY2023	FY2024
Increase the percentage of certified palm oil	100%	54.9%	59.6%	66.9%	77.7%
Reduce water consumption intensity in production activities (compared with FY2016)	-16%	-13.1%	-15.4%	-10.8%	-9.5%
Afforested area (ha)	-	-	1.25	1.00	1.75
Number of trees planted (trees)	-	-	2,500	2,000	3,500

3. Palm Oil Action Plan (plan and results)

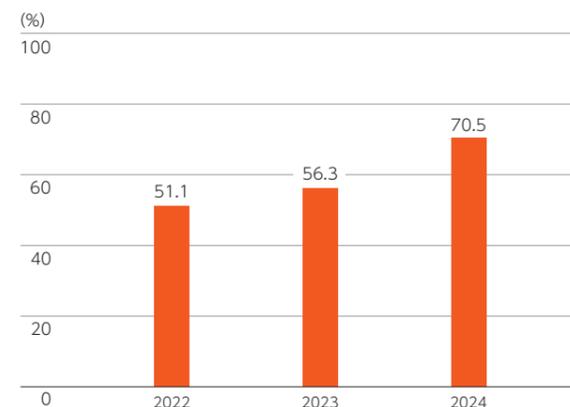
Action plan		Results		
Item	Specific actions	KPIs	2024	
1 Establish a traceable, transparent supply chain	Procure certified palm oil and ascertain traceability to plantations	Over 50% RSPO-certified SG palm oil by 2030	70.5%	
		100% certified palm oil by 2030	77.7%	
2 Protect forests and respect human rights by helping smallholders increase their productivity and profitability	Plan and promote a Smallholder Support Program (direct support)	Help smallholders acquire RSPO and other certifications		
		Number of smallholders	4	
3 Reduce Scope 3 emissions in the palm oil supply chain	Engage Malaysian palm oil related government agencies to reduce CO ₂ emissions for palm oil and utilize a certified oil system	100% procurement of RSPO- or MSPO-certified oil by Group company ISF by 2025	72%	
		Absorb CO ₂ through afforestation	Number of trees planted	8,000
		Afforested area	4 ha (FY2022–FY2024)	

4. Palm oil traceability and percentage of certified palm oil (results)

	Percentage of certified oil*		Percentage of RSPO-certified SG oil	Traceability to oil mills	Traceability to plantations	
	Palm oil, palm kernel oil, fatty acids, etc.	Palm oil	Palm oil	Palm oil, palm kernel oil, fatty acids, etc.	Palm oil	Palm kernel oil
January–December 2024	67.3%	77.7%	70.5%	99.8%	92.9%	91.3%
January–December 2023	58.1%	66.9%	56.3%	99.6%	92.7%	80.9%
January–December 2022	52.3%	59.6%	51.1%	98.8%	90.9%	72.7%

* Certified by RSPO, MSPO, ISPO, or verified by a third-party organization

Percentage of RSPO-certified SG palm oil



5. Due diligence on human rights in the supply chain (results)

Action	Results		
	2022	2023	2024
Number of SAQ	Group companies: 18	Suppliers: 40	Group companies: 18 Suppliers: 24
Description	(1) Classified the supply chain into agricultural, general manufacturing, and non-manufacturing sectors, and analyzed each based on severity and likelihood of occurrence corresponding to each of the internationally required human rights items (2) Administered the SAQ to 18 major subsidiaries and sub-subsidiaries and used the results to establish The Nisshin Oillio Group Human Rights Guidelines	(1) Established The Nisshin Oillio Group Supplier Guidelines (2) Administered the SAQ to 40 manufacturing partners as part of the supplier survey (3) Visited two of the companies to which the SAQ was administered	(1) Administered the SAQ to 18 major subsidiaries and sub-subsidiaries, mainly to check on their compliance with The Nisshin Oillio Group Human Rights Guidelines (2) Administered the SAQ to 24 major raw material suppliers as part of the supplier survey Visited four of the companies to which the SAQ was administered

* For other data, see The Nisshin Oillio Group [Sustainability Data Book](#)

Chapter 7

External initiatives

The Nisshin Oillio Group participates in industry associations and, through networks with stakeholders in related industries, carries out activities that contribute to further development of the palm oil industry. We also undergo external evaluation of Group initiatives and are taking steps to further improve our activities in addition to proactively disclosing information based on a global framework.

1. Participation in external initiatives

The Group participates in the following external initiatives to promote ESG activities.

For more information, visit [this page](#).



<https://rspo.org/>



<https://unglobalcompact.org/>

2. External evaluation and disclosures

External evaluation

Name	Overview	Results and evaluation
Carbon Disclosure Project (CDP) 	An international evaluation of disclosures on climate change, forest protection, and water security	Water security: A Climate change: A- Forests: A- (FY2025 results) Scope: The Nisshin Oillio Group, Ltd.
Sustainability Policy Transparency Toolkit (SPOTT) 	An ESG transparency evaluation tool, specifically focused on the palm oil industry	Rank: 43rd (out of 100 companies) Total score: 62.8% (FY2025 result)

Disclosures

Item	Logo	Overview	Disclosure details
Task Force on Climate-related Financial Disclosures (TCFD)		A global framework for companies to disclose risks and opportunities related to climate change	Disclosure of details about initiatives based on the four proposed pillars (Governance, Strategy, Risk Management, and Metrics & Targets) Link: https://www.nisshin-oillio.com/english/sustainability/environment/tcfd.html
Taskforce on Nature-related Financial Disclosures (TNFD)		A global framework for companies to disclose risks and opportunities related to natural capital and biodiversity	Identification of dependence and impact on natural capital, disclosure of details about initiatives on risks and opportunities Link: https://www.nisshin-oillio.com/english/sustainability/environment/tnfd.html